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WIRC BULLETIN

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GST – 4 Year Child

Inside Bulletin

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

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FROM THE DESK OF CHAIRMAN

"When the going gets tough, the tough get going"-Joseph P Kennedy

Dear Friends,

A glorious year passed and as a student to a member and then representing the Institute in policy making is a dream come true and a cherished one. Like a pupa to a butterfly the metamorphosis as a wannabe student to the Chairman, WIRC and now the time has come for me to hang my boots as a Chairman, WIRC as slowly we are now approaching to a time for rotating responsibilities. It is aptly said that Change is the only constant in the world. The one who quickly adapts to the change survives as stated by Charles Darwin.

When I took over as Chairman, WIRC the COVID first wave was at it's peak. There was hope that things would ease down and the vaccine was in the process of getting approved by the World Health Organization (WHO). My #Agenda21 was many though as an ambitious action plan. It gives me immense pleasure that we have achieved 18 of the Agenda out of 21 till now. No doubt had the second wave and restrictions not been imposed we could have fructified the many other hidden agendas. Nevertheless, my commitment remains to achieve the due recognition and development and enhance the professional avenues.

The Regional Council has adopted the accounts in its meeting and soon you will be witnessing the "V Shape" recovery. We could have achieved it in spite of the Pandemic affected year. From the financial perspective, when the new team took over we had a loss of (8.95) Lakhs till September200. Subsequently, in the 2nd half of the year 2020-21we could reach a positive margin of Rs.85.01 Lakhs which is 11 times more than the loss posted in the previous half. It is to be stated here that the financial performance is one of the factors of performance measurement as we have learned in the theory of Strategic Management. This financial performance is a reflection of the multi fold activities carried out by the whole team and the end outcome was the positive margin. You must have noted various innovative activities created by the team and well received by the members and students of WIRC. Our digital footprint is widened by the efforts put in especially in the digital media and in the social media networks.

Last month, we achieved one more milestone when the Institute signed an MOU with Savitribai Phule Pune University (SPPU) to extend an academic co-operation & to stimulate and facilitate the development of collaborative and mutually beneficial programs on 25th June 2021. It was a joyous moment for me when I started my career as a student at Pune University as well as in ICMAI. SPPU is one of the top universities of India having the highest number of students for commerce and management wing. The MOU with such a recognised university is going to help ICMAI to stimulate and facilitate the development of collaborative and mutually beneficial programs, which will serve to enhance the intellectual capital and cultural development of both the organisations. We are very much thankful to Prof Nitin Karmalkar, Vice Chancellor, Prof Apurva Palekar and Mr Prasenjit Fadanvis the senate members for their extended cooperation.

Soon members will be receiving the Annual Report and financial statements for the year along with the Notice of the AGM. I urge the members to kindly go through in details and participate in the AGM to be held in an online mode and participate in large numbers.

I wish greetings to my mentors, teachers and everyone who makes us learn life in a more meaningful way. My Pranam to Gurus on the occasion of Guru Purnima. Festive greeting on the occasion of Bakri Eid.

Jai Hind

CMA Harshad S. Deshpande
Chairman, ICAI-WIRC.

Activities Undertaken during June 2021 at WIRC

- 3 Days Workshop on Basics of Employees Stock Options Plan (ESOPs) from 17th to 19th June by Mr. Anjan Babu, ACA and Registered Valuer
- Webinar on Power of Capital Markets - Unlimited Avenues & SME IPO: Alternative source of Financing on 19th June 2021 by CS Jayesh Taori - Associate Vice President, National Stock Exchange of India and CMA Amar Kakaria - Investment Banker
- Special Webinar on Blockchain and Cryptocurrency scheduled to be held on 21stJune postponed due to technical issue
- MOU with Savitribai Phule Pune University (SPPU) to extend academic co-operation and to stimulate and facilitate the development of collaborative and mutually beneficial programs on 25th June 2021.
- Webinar on Job opportunities for CMA in Middle East Countries and Africa by CMA N.V.V.Chalapathi Rao, CFO for one of the diversified Groups in Ghana & Senior Vice President (Honorary) of ISMA (Indian Society of Management Accountants) on 4th July 2021.
- Career Guidance lecture conducted by Raj Classes on 27th June 2021

What WE could achieve during 7th month

Status # Agenda 21	Completed	Total
Upto June 2021	18	21

 # Agenda 3 Focused Workshops/Trainings for members every month on an Online Platform for emerging opportunities both in employment as well as practice like IND AS / Analytics & AI / SAP & ERP / Insolvency Professional / Forensic Auditing /Valuation etc.

3 Days Workshop on Basics of Employees Stock Options Plan (ESOPs)

 # Agenda 7 PD/CEP Programmes in all small chapters periodically and jointly by ICAI-WIRC with a minimum 2 programs in year

Webinar on Power of Capital Markets - Unlimited Avenues & SME IPO: Alternative source of Financing jointly with Pimpri-Chinchwad-Akurdi Chapter

 # Agenda 9 Membership Drive & a drive to connect CMAs to the 'Benevolent Fund' Scheme

57 new members enrolled during last month

 # Agenda 11 Ensuring tie-ups with Universities, Colleges, Private Coaching and other relevant Institutions as part of the Marketing of the profession & outreach

MOU with Savitribai Phule Pune University (SPPU) to extend academic co-operation and to stimulate and facilitate the development of collaborative and mutually beneficial programs.

 # Agenda 12 Social Media Campaigns & Digital Marketing for Visibility & Branding of Profession

Flyer on Why to Join CMA Course

Membership Drive - Welcome New members on social media

FROM DESK OF CHIEF EDITOR

Dear CMA Professional Colleagues,

During the month downward trend of COVID continue. Government of India take cover vaccination from state government. All Indian's above 18 years age get free vaccination. Also, now pre-registration is also not mandatory. I urge all members to get vaccinate for protecting yourself from COVID.

1st July, 2017 a historical day for Indian tax structure by rolling out Good and Service Tax. During this 4 years GST – One nation One tax, see many changes. As July month is celebrated as GST month, theme of this bulletin is "GST – 4 Year Child". We have received excellent response from members. We have received 13 articles on the theme. Articles on the theme are published as the cover story. Articles on other professional matters are also published in the bulletin. I am thankful to all the authors for providing articles and making WIRC bulletin a Knowledge Pack.

We have also started publishing interview of CMAs who had reached a respectable position like CFO, VP, Director etc. Objective of the same is to share their experience with CMA fraternity. It will inspire young CMAs for making their career brighter. In this bulletin, we have published interview of CMA CMA Harshendra Punjawat, CFO in one of the group company of Zydus Group. I am thankful to CMA Malhar Dalwadi for conducting the interview. I request our proud CMAs those who are reached at highest position during their career to share their experience with CMA fraternity. Place reach us so that we can conduct interview.

Women empowerment is also one of the needs of the hour. We have also decided to publish at least one article from lady CMA in every bulletin. I am happy to inform you that, we have received excellent response from lady CMAs. We have received 4 articles from lady CMAs.

We have started "GST Corner" in the bulletin. GST corner contains major update related to GST during past month and due dates of GST for the current month. I am thankful to CMA Vandit Trivedi for compiling GST updates.

We have started "Direct Tax Corner" in the bulletin. Direct Tax corner contains major update related to Direct Tax during past month and due dates of Direct Tax for current month. I am thankful to CMA Harshesh Pandya for compiling the updates.

WIRC had decided to invitee advertisement from PCMAs and also from firm of PCMAs for recruitment of CMA trainees. We are also inviting advertisement from corporates.

I urge the members to share knowledge by way of article to make WIRC Bulletins Knowledge Pack.

We welcome suggestions and feedback for betterment of WIRC Bulletin.

Happy Reading !!!

With Warm Regards

CMA Ashish Bhavsar
Chairman, Editorial Board

GST @ 4 "Happy Birth Day"!!!!!!!

CMA Vinod Shete
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In a historic moment, Goods and Service Tax (GST) was implemented at Parliament's Central Hall on the intervening night of 30th June and 1st July. The launch event, being hailed as India's second tryst with destiny after Independence on August 15, 1947, saw speeches from Finance Minister the late Shri. Arun Jaitley, Prime Minister Shri. Narendra Modi, and President late Shri. Pranab Mukherjee. PM Shri. Narendra Modi, in the historic Parliament address, termed GST as Good and Simple Tax for the nation. Further, President late Shri. Mukherjee said that "GST will create a strong incentive for buyers to deal with honest and compliant sellers who pay their dues promptly,"

GST is basically an indirect tax that brings most of the taxes imposed on various goods and services at the point of manufacture, sale and consumption of goods and services under one umbrella at the National level. While in Pre GST Era, taxes were levied separately on Goods and Services.

Goods and Service Tax (GST) replaced all indirect taxes levied on goods and services by the Government, both Central and States. GST is one of the biggest Tax Reforms in India since its independence.

The initial period was very stressful for the trade and the government, but over a period of time it has stabilised to a large extent though many issues still remain unresolved. Till date there have been 44 GST Council Meetings to resolve the issues on the rate of tax, the amendments required in law, simplification of procedure etc.

Key Hits:

i) Focus on Rate Rationalisation: There were 227 items in the 28 percent slab. Time-to-time discussion by the GST Council, with members of State Governments and Industry resulting in reducing the number of 227 items to less than fifty items under 28 per cent-slab. Only luxury items are now only in the highest tax bracket. Further, the GST council focuses on the balancing of items between 18 percent slab & 12 percent slab to ease the burden of the end user by making products price competitive in the market. This would be a positive step to generate market confidence and lower prices of commodities.

ii) Compliance Awareness: Compliance Awareness has increased in the Assesse which helps to identify the loopholes in revenue collection. Timely compliances boosting GST collection over the periods and the basic principle of Seamless Credit are achievable to the large extent as well.

iii) Ease of doing business: More focus on Ease of doing business given by the Government, resultant into improving in the Ease of Doing Business rankings. The GST has played a significant role in this. Not only has GST reduced Inspector Raj, but it has also increased efficiency and more clarity in the tax system. More and more foreign businesses looking to invest in India can now have a clearer picture concerning taxes and administration.

iv) E –invoicing: By introducing E – invoicing in the system is a major reform under the GST. It helps to increase the transparency level in the Business environment and Tax systems. Availing the input credit is much easier than the earlier system, which is useful for calculating output tax liability.

v) Small Tax Payer: The GST Council has given more emphasis on the easing the compliance burden on the Small Tax Payer by introducing relaxations in the various compliance matters, encourage them to fully participate a compliant Assessee. CBIC has introduced Quarterly Return Filing and Monthly of Taxes (QRMT) Scheme for Small Tax Payer whose annual turnover is less than Rs.5 Crores, allows filing 3B return Quarterly instead of monthly.

GST has increased overall business transparency concerning taxation and governance; not only is this important from the standpoint of businesses, it is crucial for consumers as well. Consumers now have an exact idea of how much tax they are paying for the products and services they purchase. Since GST requires complete information from producers of goods and services at every step of the way and requires the complementary filing of details in the returns, tax compliance is very high now. This has presented growth opportunities for the government. Higher tax compliance means more tax revenues, so that those revenues could be used for better infrastructure, more spending for social services, etc.

Key Focus Area:

i) As per Rule 88A of CGST Act - Input tax credit on account of integrated tax shall first be utilised towards payment of integrated tax, and the amount remaining, if any, may be utilised towards the payment of central tax and State tax or Union territory tax, as the case may be, in any order. The main purpose of seamless credit flow is defeated due to change in order of utilisation of the Input Credit Tax. Due to piling up of the input tax credit, the burden on working capital increases and leads to increases in finance cost. Needless to say that, its impact on the bottom line of the business. GST Council needs to relax into the rule.

ii) According to Rule 36(4) – Central Tax – The availment of ITC with respect to the invoices or debit notes not uploaded by the supplier cannot exceed 5% of the eligible credit in respect of invoices or debit notes which have been uploaded in 2A/ 2B. In an effort to curb the menace of fake Invoices and boost tax collections, the government has limited the input tax credit (ITC) to be availed by Assesse under Goods and Services Tax (GST), in case the details have not been uploaded by the supplier. Prior to this notification, irrespective of the credit as reflected in GSTR 2A, credit was being claimed by the purchaser without any restriction, subject to the fulfilment of other conditions. Now this credit has been restricted. This requires Regular monthly reconciliation of input tax credit with vendor reporting. It will increase in the compliance burden of an Assesse. GST Council needs to review the change and find out the solution for minimum hardship to an honest taxpayer and penalise to the defaulter. The Logical and Practical solution is the need of the hour.

iii) Anti-profiteering provisions have been fraught with litigation as the current GST provisions do not prescribe any standard methodology/mechanism for taxpayers to determine the quantum of the benefits to be passed on to the consumers. Appropriate guidance from the government is awaited on this area to reduce unnecessary disputes and litigation.

iv) GST has significantly increased compliance burden with challenges, inter-alia, issuance of Regular notices by tax department for minor mismatches. In addition, the detailed formats rolled out for the annual return and reconciliation under GSTR 9 & 9C make it even more difficult for companies to disclose information, not reported in monthly returns in a financial year. Need more focus on simplifications on the various returns will help Ease of Doing Business.

v) Indian economy is majorly driven by small business unit's i.e SMEs. It will be unfair to expect small-scale business firms to make the transition to an online IT platform and expect no errors in return filing. It is an uphill task for the majority of their working staff which has little hands-on experience with IT solutions. The cost of SRP deployment is a major concern for micro-small-medium scale enterprises.

This is a major challenge before GST Council, to develop an affordable IT platform for SMEs for smooth filing of the various returns and other compliances under the GST. It will help to increase in compliances by the number of small and medium taxpayer.

vi) Formation of Tribunal: The Formation of The Tribunal is the need of the hour, mainly due to the huge number of appeals are pending. It will impact on Tax Payer by suffering long litigation, which creates uncertainty in Business. GST Council and CBIC need to take steps on priority for setting up The Tribunal being constituted with judicial and technical members.

Conclusion:

During FOUR years journey, many changes are made in tax structure to make it more and simpler. Initiatives like introducing E invoice and new formats of returns will ease the filing process, more simplification brings more transparency in taxation system as well. Continuous efforts are being made to increase the registered dealer under GST and to widen the Tax Base. The GST Council and Central Board of Indirect Taxes and Customs (CBIC) have played an important role to sort out grievances raised by taxpayers/ businesses brings more clarity about the Provisions and Rules of GST Act. Further, during the crucial period of COVID pandemic , an extension given to the filing of GST returns and many other relaxations given under the GST Act would be helpful to the Companies and individual Tax Payers to focus on resumption of business processes and to regain the business as before COVID -19.

Compliances under GST needs to be simplified and made user-friendly, especially for small and medium sector enterprises, drive towards the government's agenda of 'Ease of Doing Business'.

Few Compliments received from Members

I have been reading E-bulletins frequently, may be not in depth for each article. I see a lot of proactive change in the structure of the bulletin, articles, editorial etc. Quality has improved to a level that it must be given recognition by UGC or other authorities to recognise the papers submitted for Ph.D or other recognitions. You can try for this.

Congrats to the team including Chairman WIRC and your editorial team.

CMA B. F. Modi

My observations for Articles published recently in WIRC bulletin are as under:

1. It is truly, articles are related to Finance Profession. Every month emphasis on special topics brings the attention of authors and readers. All concern articles can be available in one issue, which is helpful to members, students, research associates.
2. Articles are precise and very lucid. Easy to grasp and can be apply in practical field.
3. Articles have practical sense. Unnecessary data, academic luxury, irrelevant matters are skipped.
4. Such articles inspire others to write and join to serve profession indirectly.

CMA P. D. Modh

4 Years Journey of GST & Future Path

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1st July will always be remembered by all the stake holders including trade & industries, tax administrations and also all the consumers, since the dream of One-Nation-One-Tax was achieved in the federal structure of India. Therefore, 1st July should be dedicated to the memory of Late Arun Jaitely. The dream of implementing One-Nation-One-Tax was achieved only due to skill of Late Arun Jaitelyji of achieving the consensus amongst all members of GST Council having different political background and agenda.

GST was designed to be "Good & Simple Tax" and to ensure lowest compliance cost. However, due to technical glitches and difficulties in the network and software developed have caused lot of hardship to the taxpayers. Therefore, new returns in the form of GSTR-3B was required to be introduced without having backup of transactions which has resulted into fake invoices rackets and therefore, was required to insert rules like Rule 36(4), 86A, 86B of CGST Rules without having any such provisions in the CGST Law and as such un-constitutional provisions. Silver line on such black shade was positive approach of the tax administration i.e. policy makers resolving the issues faced by trade and industries including lowering of taxes, frequent changes in GSTN, frequent issue of various notifications, issuing various circulars and therefore, taxpayers and tax practitioners have to face lot of difficulties. The data given below will be the mirror of frequent changes.

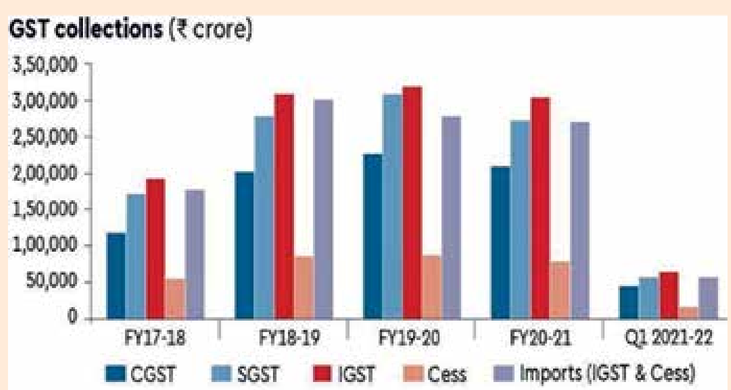
Year	Notifications	Circulars	Rate Notifications	Total
2021	30	12	10	52
2020	101	14	10	125
2019	82	50	57	189
2018	83	56	61	200
2017	87	28	97	212
Total	383	160	235	778

Frequent GST Council Meetings, where issues faced by trade & industries were getting addressed and frequency of such meeting was also high but now a days, what is observed is, frequency of the meeting is too low and subsequent interviews by some of the GST Council members reveals that there is no consensus and number of issues are deferred. It gives the worry of continuing the co-operative federalism, which we used to boost when GST was implemented.

During the 4 years, since the design which was planned could not be implemented due to technology issues, huge

racket of fake invoicing and availing wrong credit has been detected. Further to resolve such issues of fake invoice and availing Input Tax Credit without receipt of goods & services, E-Way bill was introduced and subsequently, E-Invoicing has been introduced in the staggered manner based on the turnover. Now, E-invoice has been made mandatory, when aggregate turnover is more than Rs 50 Cr.

After introduction of GST, whole world has faced recessionary trend followed by pandemics of COVID and such pandemics if continued even after 1st wave and now alarms has been raised for 3rd wave. Success of GST can be measured through the consistent collection over Rs 1 Lac Cr every month, which can be seen from the following chart.



Had there might not been the pandemics continued, government definitely might have achieved the revenue objectives and sharing to the states might have been fair. Further, GST Council and Govt needs to be applauded for certain concessions given on late filing the returns, reducing the interest rate during such period has helped trade and industries including MSME, but majority of the states have been experiencing difficulties in managing their fiscal position and have been requesting the Centre to step in to assist them. The Centre has also been finding it difficult to manage the assured compensation to states from the Compensation Cess Fund (CCF) collected on certain products and has borrowed to fund the deficit in the CCF and this has created turbulence and instability to concept of co-operative federalism.

Further, more confusions have been created by different state advance ruling authorities, which do not have any judicial member and giving contrary decision and more prone to the revenue collection than that of deciding matters judicially. More than 1300 Advance Ruling Judgements were delivered, but it has not achieved the objective to have better clarity on the tax determination and to avoid litigation. It has caused more problems than that of solutions. It was necessary to form National Advance Ruling Authority consisting judicial members therein, which will definitely help to reduce the litigations and re-impose the faith of taxpayers to avail benefit of Advance Ruling Authorities for tax certainty.

The important un-resolved problems so far, are discussed below:

- **Input Tax Credit:**

  Object of introduction of GST was to achieve seamless flow of credit and no cascading effect of taxes on the cost of goods in the hands of consumers and thereby reduction of cost. However, the same could not be achieved on the following reasons:

1) **The design, which was planned could not be achieved:** In terms of Business Process Reports, Draft GST Act and CGST Act 2017, it was expected GSTR-1 will be filed by supplier , recipient will receive GSTR-2 and recipient will accept / reject / modify the transactions and supplier will get GSTR-1A which he will confirm or modify, based on the same GSTR-3 will be auto-populated and provisional ITC will be allowed and mismatch report will be sent to the supplier and recipient and thereupon mismatch will be removed within 6 months, otherwise ITC will be reversed alongwith interest. However, due to GSTN glitches, this was never implemented and rather the whole system has been changed. GSTR-3B was introduced and matching concept has not been brought in, in terms of provisions of the sections, but Rule 36(4), Rule 86A, Rules 86B of CGST Rules 2017 was introduced without having either backing of the section or under the legal framework. All these rules are unconstitutional and the same has been held by number of high courts. Thereafter, New Section 16 (aa) has been inserted to give legal back up for matching of the credit / Rule 36 (4). however this section is yet to be notified

2) **Fake Invoices were issued by some of the taxpayers and undue credit was availed by such persons and therefore honest taxpayers have to suffer by way of receiving notices in Form ASMT-10 and un-necessarily reversal of ITC.**

3) **Blocked Credit:** List of blocked credit is increasing and thereby object of seamless credit has been lost.

4) **Limitation on availament of ITC:** The ITC is allowed to the extent of 120% which was subsequently reduced to 110% and further 105% of matched credit with GSTR-2A, which has resulted in blockage of liquidity.

5) **Suo-muto cancellation of Registration:** ITC is getting disallowed on account of receipt of goods or services from taxpayer whose registration is cancelled. Surprisingly, GSTN allows them to file the return and also such transactions are reflected in GSTR-2A but subsequently notices are issued to taxpayers for reversing the ITC on account of suo-moto cancellation of such suppliers. Taxpayer has to suffer even if there is no fault from their end.

6) **Rectification in GSTR-3B and ITC-04:** Sometimes ITC sis availed wrongly and therefore there should be a window for rectification of GSTR-3B and such window should be open till the time due date of next return. It will avoid interest. Further, ITC-04 return is for job work and there are lot of technical glitches and hence there is no mechanism to rectify the mistakes. Therefore, rectification of ITC-04 should also be allowed.

- **Refund:**

  Though Section 54 of CGST Act 2017 allows to avail refund of accumulated credit either on account of exports or inverted duty structure, rules were made contradictory to the provisions of the sections. There were frequent changes in Rule 89 and Rule 96 taking / reversing the stand taken earlier. Further, refund on account of accumulation of ITC on account of services were dis-allowed as far as inverted duty structure is concern. Further provision for realization of export proceed within specified period has been brought in. Due to confusion created by the department while changing the notification, number of exporters who has availed the benefit of EOU / advance authorisation and exported on payment of duty under the claim of refund, have been issued the notices asking them to pay back refund amount paid to them alongwith interest.

- **Litigation on account of different decisions of Advance Ruling Authorities and subsequent decision of High Courts and Supreme Courts:**

  More than 1300 decisions of advance ruling were given in last 4 years and most of the judgements are pro-revenue without appreciating legal provisions. Therefore, there was a demand of setting up of "National Advance Ruling Authority" having judicial member therein, but so far there is no progress in this matter.

Taxpayers are often faced with ambiguous or conflicting legal provisions—with not much guidance from the GST administration. They are now relying on the judiciary to obtain certainty on a host of issues such as those relating to IGST on ocean freight and price reduction under anti-profiteering measures. Simplification of such provisions will assist taxpayers in complying with the law. Setting up the GST Appellate Tribunal as well as streamlining the Advance Ruling mechanism will provide much-needed predictability.

- **Tax Administration:**

  Certain Taxpayers are under the jurisdiction of CGST officers and certain taxpayers are under the jurisdiction of SGST Officers. There is no common mechanism and understanding between central and state tax administration. Rather there are such incidences, that some of the State Govt has issued different trade notices / circulars / instructions than that of issued by CBIC. Further, exporters have to run from pillar to post for obtaining the refund of CGST portion separately and SGST portion separately. Further, there are no common standard operating procedure for addressing the issues, handling the departmental audit, resolving the taxpayer's grievances etc. etc. and therefore there is a need to issue common standard operating procedure by GST Council which will have binding effect on all officers of tax administration.

- **Un-Constitutional Provisions:**

  There is a need to re-look and re-visit the provisions of law including but not limiting to restriction on ITC, blocking of utilization of ITC, provisions of Sec 13(8)(b) of IGST Act 2017 read with Section 2(13) of IGST Act 2017. Payment of tax on reverse charge basis on ocean freight, provision w.r.t. transitional credit, denial of refund of input tax credit on services for refund under inverted duty structure, imposition of IGST on oxygen concentrator imported by individual as a gift for personal use, issue of cross-charge etc. etc. There has to be clarity in the legal framework.

- **Interface with Tax Administration:**

  It was expected that there will be no interface required with any of the office of the tax administration. However, even as on date, for obtaining the refund, issues of registration, etc. etc. interface has been made mandatory and hence it defeats the very purpose of open and transparent system and objective of implementing Good & Simple Tax. However, it is very important to note faceless assessment needs to be introduced but it should not be headless has been observed while implementing faceless income Tax Assessment and Adjudication, which was prevalent from number of high court decisions passing the strictures against the tax administration.

- **Reconciliation of Annual Accounts with Audited Financial Statement:**

  GSTR-9C was required to be submitted duly certified by Chartered Accountant or Cost Accountant, which was the protecting shield to the taxpayers. Rather than waiting for departmental person to find out errors and omissions and thereafter mandatory penalty and interest till that time is payable. Therefore, it was beneficial and protecting provision to the taxpayers to get annual return duly reconciled with financial statement from the experts to avoid the further cost of interest and mandatory penalty for un-intentional errors and omissions. But this requirement was withdrawn from the FY 2020-21.

Path Ahead:

1. Remove difficulties and resolve un-resolved issues as mentioned above.
2. More friendly GSTN Helpdesk.
3. Deploying Data Analytics Tool to ease the burden of compliant & honest taxpayer.
4. Introduce the GST Rating System of taxpayer as envisaged.
5. Integrating the principles of design thinking in the GST compliance processes by way of pre-filled returns.
6. Establishing and fostering mutual trust and understanding with the taxpayer.
7. Re-establishing consensus and trust amongst all GST council members.
8. Resolving the issues of unpaid compensation cess to the states.
9. Quick resolution and redressal mechanism of queries and issues faced by the taxpayer
10. Inviting suggestions from trade and industries much before GST Council Meeting and decision should be taken in such meeting
11. Constitution of National Advance Ruling Authorities consisting of judicial members
12. Formation of GST Tribunals having equal representation of judiciary and technical members
13. Re-introduction of submission of GSTR-9C, which is certified by Chartered Accountant or Cost Accountant providing reconciliation of Annual Accounts with Audited Financial Statement.
14. Coverage of petroleum products in the GST Era for seamless flow of input tax credit and reduction of cost.
15. Removal of blocked credit provision

    If immediate action plan is made on the above path, then real dream of implementation of good & simple tax will be achieved, which will boost industrial growth, tax collection and also achieve the goal of making Indian economy of USD 5 trillion economy and making India superpower.

■

GST 4-Year Child

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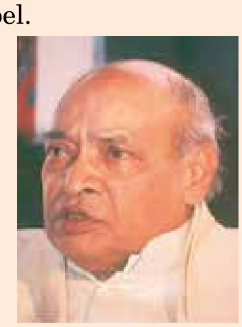
"One Nation, One Tax, One Market" Govt. of India

Both houses of parliament of Indian Govt. at Central Hall of Parliament launched GST (Goods & Service Tax) at Mid night of 30 Jun & 1 Jul 2017. It was one hundred first amendment of Indian constitution and historic events of Independent India with regards to tax reform and ease of doing business. Though the GST is just four-year-old, but it is linked with long history of civilisation in Indian subcontinent. A brief outline of indirect taxes evolution is mentioned below.

A. Evolution of GST Act

1. Indirect tax described in ancient text Ramayana (Sri Ram to Bharata) "As Sun extract water from everyplace in summer and returns it during rainy season, king should collect indirect tax from every citizen and returns it in form of infrastructure development and welfare measure. As rain support vegetation and green earth, the expenditure on infrastructure & welfare creates prosperous economy."
2. British Govt introduced Salt tax, which was strongly opposed by Mahatma Gandhi. He started famous Dandi march movement against Salt Act. The movement was strongly associated with Indian independence movement.
3. The salt act was replaced with Central Excise Act in Independent India. Excise duty were applicable on all goods (Centre List) manufactured in India or imported from abroad (CVD) except exempted items.
4. Viswanath Pratap Singh Finance Minister of Rajiv Gandhi Government Introduced Modified Value Added Tax (MODVAT) in 1986. It was the first reform in Indirect tax of Independent India.
5. Prime minister P V Narsimha Rao and Finance Minister Manmohan Singh initiated discussion on Value Added Tax at state label.



[Photo 1 – Ex PM P. V. Narsimha Rao, The architect of open market economy in India]

6. Service tax was introduced by Central Govt in July 1994 for few selected services, which was broaden in subsequent years. Every service except few were covered under service tax net by subsequent government. It proved to be a major source of revenue for central Govt.
7. Prime Minister Atal Bihari Vajpayee lead NDA government proposed single Goods & Service Tax in 1999 in consultation with Economic Advisory Panel of PM.
8. Finance Minister P Chidambaram of UPA Govt further moved ahead and proposed a GST roll out date on 1 Apr 2010. However, he failed to rollout as planned because of stiff opposition from state Govt.
9. Feb 2015, Finance Minister Arun Jaitley set another dead line of 1 st April 2017 for GST roll out. Lak Sabha passed the Constitution Amendment Bill in May 2016, which was followed by GST act.
10. Following relevant bills were passed by Lok Sabha on 29 March 2017 on approval of GST council.
    a. Central Goods and Services Tax Bill 2017 (The CGST Bill)
    b. Integrated Goods and Services Tax Bill 2017 (The IGST Bill)
    c. Union Territory Goods and Services Tax Bill 2017 (The UTGST Bill)
    d. Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill),
11. The Rajya Sabha passed these bills on 6 April 2017. 12 April 2017, it was enacted as act.
12. State Legislator of all state passed State Goods & Service Tax Bill (The SGST Bill). State of Jammu & Kashmir was last state to enact on 7 July 2017. After enactment by state Govt, it was introduced as Goods and Service Tax Act in all over India.

    It followed the principal of **"One Tax, One Nation and One Market.** " i.e unified Indirect Tax for whole nation.

B. Highlights of GST

The implementation of GST was not smooth and it passed through rough weather. Major opposition party Congress and left opposed it on various ground including buycott of historic joint session of parliament on 30 Jun 2017 midnight. The highlights of GST are following,

1. Authority - GST council consist of Finance Minister of Central Government, State Government and Union Territories is the supreme authority in respect of rules, rates and regulation under GST.
2. Administration – It is administered by agencies of both Union (Central Excise department & Central board of Indirect Tax under Finance Ministry) & State Govt (Sales tax department under Finance Ministry).
3. Applicability –
    a. All trader who earns a turnover in excess threshold limit needs to register under GST and obtain GSTIN.
        i. Rs 20 Lacs (Revised to Rs 40 Lacs) for normal category states for Goods.
        ii. Rs 10 Lacs (Revised to Rs 20 Lacs) for Special category states for Goods.
        iii. Revised threshold limit is optional to state but most of state opted for revised limit.
    b. All service provider who earns a turnover in excess of Rs 20 Lacs for normal category states and Rs 10 Lacs for special category needs to register under GST and obtain GSTIN.
    c. State category
        i. Normal category states – All state except hilly states.
        ii. Special category states – Himachal Pradesh, Sikkim, Assam, Arunachal Pradesh, Mizoram, Nagaland, Tripura, Manipur & Nagaland
    d. Trader with turnover less than Rs 75 Lacs (50 Lacs for Himachal, Sikkim and seven sisters of North-East) can opt for composition scheme except the following
        i. Having inter-state supply of products.
        ii. Its products are not chargeable to GST
        iii. Its supply services except restaurant
        iv. Supply products via e-commerce operator and mandated to collect tax at source.
4. Transaction type & GST act - It is consumption-based tax and not production-based tax. So, it benefits the state, where it is consumed.
    a. Transaction within state – Central GST (CGST) and State GST (SGST) are applicable. For union territory UTGST in lieu of SGST.
    b. Interstate state transaction – Central GST (CGST) and Integrated GST (IGST) are applicable.
    c. Import of Goods & Service – Central GST (CGST) and Integrated GST (IGST)
    d. Export of Goods & Service – Exempted.
5. Tax Slabs –
    a. Initially five slabs of tax rate were introduced as 0%, 5%, 12%, 18% and 28%.
    b. Rough, Precious and Semi-precious stone 0.25%
    c. Gold 3%
    d. 22% Cess in addition to GST of 28% on items Luxury Car, aerated drink and tobacco products.
    e. Exempted Items – Dairy products, Fresh vegetables & Fruits, Meat, Groceries items and Products of milling industries.
    f. Composition Levy – 1 % of turnover earned in the state.
    g. Out of GST scope –
        i. Alcohol for human consumption,
        ii. Crude Petroleum
        iii. High speed Diesel
        iv. Motor sprit / Petrol
        v. Natural Gas
        vi. Aviation turbine Fuel
        vii. Electricity
6. Reverse Charge Mechanism – The receiver of Goods & Services is liable to pay tax on receipt of following. Input Tax credit is applicable in case of RCM.
    a. Goods & Services from unregistered vendor.
    b. Small supplier of Goods & Service
    c. Services of transporter
    d. Services of Lawyer / Advocate
7. E-way bill – It is a type of electronic permit to ship goods from one place to other.
    a. It is applicable on movement of goods beyond 10 KM and threshold financial limit of Rs 50,000/-
    b. E-way bill must match with GST invoice.
    c. Indication of Transporter ID and PIN code is compulsory on E-way bill.
    d. Manufacturer, trader or transporter can generate E-way bill for transporting goods from origin to destination.
8. E-invoicing – Data on E-invoicing site are portable and used for various purpose.
    a. E-invoicing is applicable to all organisation having turnover more than 100 crore.
    b. Unique invoice reference number needs to be obtained by uploading the invoice on GSTN invoice registration portal.
    c. On verification from portal, digital signature needs to be attached along with QR code.
    d. Data entered on E-invoice registration portal can be used for e-way bill preparation and GST portal for GSTR 1 filling.
9. Taxes subsumed in GST
    a. Central Excise duty
    b. Value added tax of states
    c. Octroi

   d. Additional Custom duty
   e. Surcharges on above duty.
   f. Levies on Interstate transportation of goods

10. Relevant Transaction – Levied on all transaction like
   a. Purchase of Goods & Service
   b. Sale of Goods & Service
   c. Barter of Goods & Service
   d. Lease of Goods & Service
   e. Import of Goods & Service

C. The advantage of GST – Following advantages were considered while conceiving, planning and implementing GST

   a. Removing the cascading effects of indirect tax on final price of goods & Services being charged. Tax is levied on value addition. So, cost of goods will reduce.
   b. Higher threshold limit for GST registration in comparison to pre-GST periods.
   c. Composition scheme for small business to facilitate simple compliance procedure.
   d. Online facility for GST compliance. All activities like registration, filling of returns, application for refund and response to notices needs to be submitted directly on GST portal (On line mode). which speed up the process with transparency. It speeds up the process with transparency because of minimum manual / departmental interreference.
   e. Effective tool to regulate unorganised sector.
   f. Increase logistic efficiency through online documentation in electronic mode.
   g. Less compliance formalities - Few audits and compliances for businessmen, so that they can focus on value added activities.
   h. Promoting & regulating e-commerce activities adequately.

D. The dark sides of GST – GST implementation has been criticized by media, global financial institution, Industries and opposition political parties. The concerns of businessmen were tax refund delay, too much documentation and once crashing of system under weight of filling. However, like any new system GST is also having some dark sides as under.

   a. GST administration staff (Sales Tax Department & Central Excise department), professionals and businessmen had knowledge gap of online working and new GST act.

      However, professionals came forward to impart training in order to bridge the gap quickly.

[Photo 2 - Training session by CMA Mahendra Bhombe, Treasurer WIRC]

   b. Frequent amendment / notification / change of slab rates etc.- It become very difficult to businessman, professionals and GST administrator to keep a track of frequent changes in law, rules & regulation.
   c. Very tedious system to take effect of changes in case of any lapses noticed subsequently.
   d. The quantum of penalty for non-compliance is very high for small businessman. (Rs 10,000/- per month with interest, no upper limit).
   e. It is tedious for less educated businessmen to work with online portal to file return, lodge complain and reply to notices.
   f. The expected average tax slab of 18 % is still a pipe dream and presently it more than 26%.
   g. Numbers of tax slabs are very high needs more moderation to reduce it further.

E. Impact of GST on Indian Economy – The overall impacts of GST are expected to be positive for union, states, consumers, professional and businessman. As the system will stabilise the positive impact will be more visible. However, few impacts analysed below.

1. Impact of GST on Indirect Tax collection –
   a. While analysing the data released by Finance Ministry of Central Govt, it is quite clear that GST collection has increased in spite of economic slowdown because of pandemic situation.
   b. It has increased from Rs 82,294 crore (Average) in 2017-18 to Rs 1,22,047(average) crore in 2021-22. It is a positive impact worth noting.
   c. GST is successful to integrate un-accounted / parallel economy to main stream economy resulting in higher collection.
   d. Professionals are confused to explains the reason behind increase in GST collection in spite of slowdown in economy because of Covid 19. Some professional feel that GST collection will boost further with growth in economic activity after normalisation from pandemic.
   e. Bright future of Indian Economy is awaited.

Months	2017-18 Rs Crore	2018-19 Rs Crore	2019-20 Rs Crore	2020-21 Rs Crore	2021-22 Rs Crore
Apr		1,03,459	1,13,865	32,294	1,41,384
May		94,016	1,00,289	62,009	1,02,709
Jun		95,610	99,938	90,917	
July	21,572	96,483	1,02,083	87,422	
Aug	95,633	93,960	98,203	86,449	
Sep	94,064	94,442	91,917	95,480	
Oct	93,333	1,00,710	95,380	1,05,155	
Nov	83,780	97,637	1,03,491	1,04,963	
Dec	84,314	94,726	1,03,184	1,15,174	
Jan	89,825	1,02,503	1,10,818	1,19,875	
Feb	85,962	97,247	1,05,366	1,13,143	
Mar	92,167	1,06,577	97,597	1,23,902	
Average	82,294	98,114	1,01,844	94,732	1,22,047

[Table 1 – Monthly GST collection in Rs Crore; Source – Ministry of Finance]

2. Impact on GDP growth - Implementation of GST is followed by pandemic Covid 19 (two phases of nationwide lockdown). So, economists are divided over assessing the impact of "GST 4-year child" on Indian economy.
   a. The GDP growth has declined on roll out of GST and trend is continued after that.
   b. There is indication by IMF & World bank that V-shape recovery is expected in Fy 2021-22.
   c. Indian Government is targeting double digit GDP growth in 2021-22, However 2 nd phase of Covid and tense situation at LOC & LAC are likely to dampen the efforts.

   Trend of GDP growth of India in percent since 2010-11

Year	2011-12 Price	Current Price	Status	
2020-21	-7.25	-2.97	Post GST - 4 Years	Covid Pandemic
2019-20	4.04	7.75		
2018-19	6.53	10.51		
2017-18	6.80	11.03		
2016-17	8.26	11.76	NDA Govt.	
2015-16	8.00	10.46		
2014-15	7.41	10.99		
2013-14	6.39	12.97	UPA Govt.	
2012-13	5.46	13.82		
2011-12	5.24	14.43		
2010-11	8.50	19.92		

[Table 2 – GDP growth of India in %; Source – statisticstimes.com]

3. Impact of GST on direct tax in India –
   a. Direct tax collection has increased after GST implementation in India. The increase noticed in both personal income tax and corporate income tax.
   b. However, the direct tax collection had declined during Covid pandemic period.
   c. The increase in direct tax can be attributed because of availability of sales & purchase data and its access to direct tax department.
   d. GST is had a positive impact on direct tax collection.

Financial Year	Corporation Tax	Income Tax	Direct Tax
All figures are in Rs Lakh crores			
Fy 2017	4.85	3.65	8.50
Fy 2018	5.71	4.31	10.02
Fy 2019	6.63	4.73	11.36
Fy 2020	5.57	4.93	10.50
Fy 2021	4.57	4.88	9.45

Table 3; Source - Finance Ministry budget documents

4. Impact of GST on Export
   a. The export has increased in absolute term but declined in terms of % GDP.
   b. The performance in 2019 is affected by Covid 19 and showing a drop, it may be neglected.
   c. GST is having a positive impact on export growth in India,

India Exports - Historical Data		
Year	**Billions of US $**	**% of GDP**
2019	$528.30B	18.41%
2018	$538.64B	19.85%
2017	$498.26B	18.78%
2016	$439.64B	19.16%
2015	$416.79B	19.81%
2014	$468.35B	22.97%

[Table 4 – Source internet - macrotrend.net]

F. Conclusion – GST council collects feedback from professionals & businessmen. Based on the feedback received, they suggest changes during GST council meeting. It has resulted in frequent changes in GST rules, regulation, notification and slab rate. Hope, it will stabilize shortly. The rough phase of GST is expected to be over and bright future is expected.

The efforts taken by professionals, businessman and administrator to overcome all road block is appreciable. "GST - Four years child" is good learning for all. The economic indicators are showing positive result. Booming Indian economy integrated with world economy is appear to be reality and not a pipe dream.

Indian taxation system and economy are integrating with world economy. Ease of doing business in India has improved substantially after implementing GST. It will be the polestar for policy makers of India in future. The prime objective of removing cascading effect of tax on final product cost has been achieved to large extent. Indian products are expected to be cost competitive in international market.

"Jay Hind" ■

Goods and Service Tax: A 4-Year Child

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Infant has been born and come in to practical life of the Country on July 1, 2017. It started to fetch everyone's attention by discussions, arguments and website interruptions same as new born baby try to do by crying to grab everyone's attention sitting around it. By the way, it gets very positive welcome from general public. People have started to get registrations and excited about the same. Let we see its growth and improvements during these four years.

2017-18:

Threshold Limit: Initially, It was compulsory to take GST Registration for those whose aggregate turnover is above Rs.20,00,000/- during previous year and this threshold limit is of Rs.10,00,000/- in case of North Eastern and hilly States (known as Special Category States).

Opt out for Composition Scheme: Registered Person under GST was allowed to go for Composition Scheme if he has aggregate turnover is not more than Rs. 50Lakhs in a financial year. Later on from Oct'17, these limits have been increased for J&K and Uttarakhand up to Rs. 1Crore and for other States it has been up to Rs.75Lakhs. In Nov'17, further this limit has been increase from 1Crore to 1.5Crore.

GST Rates: There were 4 rate structures proposed by GST Council: 5%, 12%, 18% and 28%.

Invoice: Invoices must be 'Tax Invoice' if taxable goods or services supplied by supplier with details of CGST, SGST and IGST were differently shown under invoice. But if there are tax free goods or services supplied by supplier, then Invoice should have heading of 'Bill of Supply'.

Reverse Charge: Compulsory Reverse charge is applicable in specified services primarily covered are Services availed from

- Goods Transport Agency
- Lawyer
- Government
- Corporate Sponsorship
- Director, etc.

Further, Reverse charge is applicable if the supplier is unregistered and supply goods or services to registered person. In such case, reverse charge is applicable to registered person who has received goods or services from such unregistered person.

Returns: In very first decision, there were three returns to be filed in every month by regular supplier i.e. GSTR-1 (by 10th of the succeeding month), GSTR-2 (by 20th of the succeeding month) & GSTR-3 with Tax (by 25th of the succeeding month) but due to practical impossibility, later on GSTR-1 was delayed and GSTR-2 was not formed. Finally, Only one return was to be submitted every month i.e. GSTR-3B (Summary of Purchase and Sales) and Tax, if any, to be paid before submission of the same by 20th of the succeeding month.

Job Work: Job Worker has to register his job work as a service if his aggregate turnover of services exceeds the threshold limit of Rs.20Lakhs/ Rs. 10Lakhs.

E-Commerce: E-Commerce means supply of goods or services or both, including digital products over digital or electronic network. E-Commerce Operator is a person who owns, manages or operates digital or electrical facility or platform for electronic commerce.

It is mandatory for e-commerce operator to obtain registration without any threshold limit for turnover. They are not allowed for exemption for obtaining registration.

Input Tax Credit: ITC availability under GST is liberal as compared to the earlier Indirect Taxation System. Registered supplier can avail ITC charged on supplies made to him if these supplies are used in course or furtherance of business. Manner of taking credit:

ITC	Can be adjusted with
IGST	IGST
	CGST
	SGST
	UTGST
CGST	CGST
	IGST
SGST	SGST
	IGST
UTGST	UTGST
	IGST

GST Audit: Every registered person whose turnover during the year exceeds Rs.2Crore would get his accounts audited by Cost Accountants or Chartered Accountants.

Tax authorities by special order may exercise audit.

Special Audit can be ordered at any stage of scrutiny, inquiry, investigation or any other proceeding in case of value has not been correctly declared or credit availed is not within limits.

2018-19:

E-Way Bill: E-Way Bill was initially introduced from 1st February,2018 but later on extended and made it mandatory with effect from 1st April, 2018 for all inter-state supplies whose value is above Rs.50Lakhs in case of branch transfers, goods to be sent for Job Work, repairs, purchase return, sale on approval base.

Tax Deducted at Source: Till now, TDS was the concept of Direct Taxation and specifically of Income Tax only. But, Government has introduced this concept of TDS in Indirect Taxation through Goods & Service Tax with effect from 1st Oct, 2018.

Threshold limit to deduct TDS is determined as Rs.2.5Lakhs.

TDS Rate is 1% for CGST and 1% for SGST while 2% in case of IGST.

Tax deducted is to be paid within 10 days from the end of the month in which TDS has been deducted.

Reverse Charge: Provision of Reverse Charge in case registered person purchases goods or services from unregistered person has been withdrawn with effect from 1st February, 2019.

2019-20:

GST Registration: Threshold limit to obtain GST Registration has been increased from Rs.20Lakhs to Rs.40Lakhs and Rs.10Lakhs to Rs.20Lakhs in case of specified category states with effect from 1st April, 2019.

2020-21:

Aadhar Card as Identity: Central Board of Indirect Taxes and Customs has made Aadhar Card compulsory for new GST Registrations from 1st April, 2020.

E-Invoice: E-Invoice has been implemented with effect from 1st October, 2020 for registered persons having aggregate turnover exceeding Rs. 500 Crores. Further, this limit has been reduced to Rs. 100 Crores with effect from 1st January, 2021. On successful generation of e-invoice, a unique 64-character number is being generated, known as 'IRN-Invoice Reference Number'. E-Invoice will be digitally signed.

QRMP Scheme: Quarterly Return Monthly Payment (QRMP) Scheme has been introduced for taxpayers who are opting out to file Quarterly Return of GSTR-3B.

2021-22:

Reconciliation Statement: Reconciliation Statement which was earlier required to certify by Cost Accountant/ Chartered Accountant along with Audit Report presented by them. But now is no more requirement of their certification while self certification has been introduced by the person himself.

HSN Code: HSN code wise summary of Sales is being made mandatory in filing of GSTR-1 (Sales Return).

Still improvements as well as changes are continuous to implement in GST. So though GST becomes 4 year baby but still it tries to stand with support of Government and not find its on final structure.

Difficulties in Implementation:

It is my view that GST is boredom and very complex for businesses as it has lot of difficulties in practical life particularly about getting the Input Tax Credit.

New step of GSTR-2B is nothing but one type of duplication of GSTR-2A in which credits auto- populates after submission of GSTR-1 every month by all taxpayers. But one formality is increased from viewpoint of business persons to study GSTR-2B and accordingly you will get credit. Any additional credits are ineligible for that month.

In such scenario, It is blockage of funds as though taxpayer has ITC but as it does not reflects on portal, He has to suffer till it reflects.

For Composition Taxpayers, It is not mandatory to maintain books of accounts and keep records as per Law but in annual return, they have to show or provide each and every information of goods sold with its tax rate and GSTIN-wise.

It is ultimately bound the compositors to maintain books only because it is very difficult to provide such information without any record.

Thus, Implementation of GST has decreased paper work but considerably increased online formalities and lot of working capital investment of taxpayers.

Requirements in Future:

If Government or Central Board of Indirect Taxes and Customs want each and every information about transaction between two parties, then, in my viewpoint, they have to develop such a portal which becomes medium for any transaction like transaction will be carried out with the help of portal only.

Every information will be entered on portal at the time of transaction itself which later on auto populate as purchase or sales in taxpayer's GST account.

If such practice will be implemented, there is no chance or very lesser chances of malfunction in any transaction done by persons in the overall country which ultimately helps to reduce corruption plus helps, in case of reduction of tax rates or exemption, to make successful anti-profiteering mechanism too.

Thus, though Goods & Service Tax has been passed 4 years in India still requires a lot of improvements to make it successful in real terms...!!

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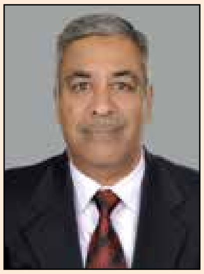
GST : Concept, Features and Impact
(A comparative study with other select countries)



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The Perspective

The fiscal policy of India took a monumental turn on July 1, 2017 as the government implemented Goods and Service Tax (GST). Goods and Service Tax is a destination-based tax that subsumes indirect taxes at both Centre and State level into a single tax with 5 slabs with option of availing input tax credit at each stage. The discussion on this reform started nearly two decades ago inspired by positive empirical evidence from nearly 160 countries around the world including some of the most advanced, emerging and developing economies. India adopted a dual GST structure based on a pragmatic federal relationship that requires both the Center and States to play a crucial role in determining GST rates

What is GST ?

Goods and Services Tax is levied on the manufacturing and sales of goods and services across the country. The tax is charged at every stage of the manufacturing process. GST is applicable for both the customer and the manufacturer. It is a destination-based tax. This means that GST is to be collected at the point of consumption. So, if a product is manufactured in Bihar and is sold in Bhopal, the tax will be levied in Bhopal. Moreover, at every stage of the manufacturing process where value is added to the product, GST is collected.

The types of GST are as follows:

- CGST (Central Goods and Services Tax): The tax is collected by the central government on the intrastate sale of goods and services.
- SGST (State Goods and Services Tax): The state government collects this tax based on the intrastate supply of services and products.
- IGST (Integrated Goods and Services Tax): The tax is charged on the supply of products and services between two states. The taxes are shared between the central and state governments.

Features of GST in India

- India's GST regime is a perfect example of cooperative federalism between Centre and states.
- The process of rationalization of GST rates can be continued except for luxury goods to prune the list of items further especially from the 28% tax bracket. Value based classification, specification-based classification, and status of buyers may be removed for simple tax structure.
- The government sincerely attempted to provide resolution for industry specific issues and achieved an equilibrium between the industry's expectations and the interest of the Revenue Department.
- Extensive cooperation and support in facilitating GST compliances by easing timelines for various GST-related compliances such as filing of GSTR 1, Annual Returns and Audit reports.
- Allocation of GST revenue to states based on consumption-based destination tax on goods & services which had led to equitable growth in Indian states.
- The GST system runs under a canopy of strong technological support and tax authorities are working in the direction of digitizing most GST services which has led to technologically driven compliance mechanisms thereby reducing personal interface.

Positive aspects of GST

Introduced as one of the biggest economic reforms by the BJP-led Modi government, the GST kicked off with the promise to streamline taxation and compliance burden. Experts also claimed that in many ways, it has streamlined the process. "Based on the one nation one tax ideology, GST has helped in reducing the cascading effect of tax considerably. Also, multiplicity of compliances under various indirect taxes has been reduced. Hence, introduction of GST in India has brought in efficiencies in indirect tax compliance, incidence and reduced the number of indirect tax authorities that a taxpayer needed to interact with. Another positive is the concept of e-invoicing which seeks to ensure greater transparency in supplier-receiver transactions. The introduction of e-way bill coupled with the crackdown on fake invoicing has helped in bringing in a substantial portion of GST revenues, which were either being evaded or under-reported, in order.

Back in 2014, India was ranked 142nd among 190 nations on the Doing Business Index. Five years of radical economic reforms and the introduction of a new indirect tax system have witnessed India steadily climbing up this index ladder. From 142nd in 2014 to 77th position last year and now to 63rd position as of October 2019 (as per World Bank's 'Doing Business' 2020 report), India has come a long way

How GST in India is different from other Countries?

France was the first country to introduce the GST to reduce tax evasion. GST is not a new term, more than 140 countries have already implemented GST models. Indian GST model is closely similar to the Canadian model of dual GST. The concept of GST is more or less same like in other countries. However rates and compliance procedures may differ from country to country looking to individual requirements of that country. A major difference can be noted that India has multiple rates of GST while in many of the countries the rate is uniform irrespective of the product. However, in India it was obvious because agriculture is not recognized as industry. Secondly when some products are charged at 0% or 5% there are bound to be some products which will be taxed at higher rates like 28%

Goods and service tax: New Zealand

- New Zealand introduced the GST in 1986. Initially, the rate of GST was 10%, which later rose to 12.5% in 1989 and finally 15% in 2010.
- The threshold limit of GST registration in New Zealand is NZ$60,000. You become liable to register if the annual turnover of your business is more than NZ$60,000 in any 12-month period.
- A registered person can opt to file returns monthly, two-monthly or six-monthly, depending upon the turnover.
- Exempted from paying GST-
  1. Supplies of residential accommodation and many financial services such as paying and collecting interest
  2. Goods and services received as a donation from non-profit entities
  3. Financial services
  4. Renting a residential dwelling etc.

Goods and service tax : Canada

Canada has Federal Goods and Service Tax(GST)& Harmonized Sales Tax. The former has just one rate of 5% and the latter varies from 0% to 15%. Returns in the country are to be filed on monthly, quarterly, on annual basis depending on the turnover. The threshold exemption limit is 30,000 Canadian Dollars.

Goods and service tax: Australia

Australia implemented the GST concept in 2000 at a rate of 10%. Australia replaced the existing taxes such as wholesale sales tax, debit tax, financial institutions duty, stamp duty on shares, leases, mortgages, and cheques. But, in Australia, 10% GST rate led to the lower revenue productivity from a tax collection standpoint. In Australia, the GST is collected by the federal government and redistributed to the six states and two territories according to the amount recommended by the Commonwealth Grants Commission (CGC) on the basis of the principle of horizontal fiscal equalization (HFE). "The aim is to achieve equality in the provision of services and infrastructure; however, it often causes friction between the states when the GST revenue is divided. The effective veto that Australian states and the commonwealth enjoys makes any GST reform difficult to achieve

Goods and service tax: Malaysia

In Malaysia, GST was introduced in the year 2015 at a rate of 6%. They have a lower GST rate of interest in comparison to other Asian Countries. It brought down the cost of doing business in Malaysia, as it shifted the tax burden from manufacturers to consumers.

Goods and service tax : Brazil, Argentina and Russia

These countries have independent VATs at the Centre and the states. About these three countries, the 2015 CEA report stated: "Differences in base and rates weaken administration and compliance, and inter-state transactions difficult to manage.

Observations of World Bank

The World Bank has pointed out that India's GST system is globally speaking, the toughest with not just the highest tax slabs but also the country with most number of tax slabs. India is among the five countries (Italy, Luxembourg, Pakistan and Ghana) that have 4 tax slabs as against 49 countries that have just one and another 28 countries that have two slabs. The World Bank has also noted that administrative tax compliances may have gone up and the burden might fall on firms given that tax refund process is slow. Multiple taxes are also a cause of high compliance cost.

Agenda for GST Reforms

1) Measures to strengthen cash flow management for taxpayers for allowing offset of CGST liability of one or more states with the CGST balance at a national level. This sort of mechanism will facilitate the taxpayers in making optimum utilization of their cash or credit balances.
2) Incentivizing end consumers to create a more compliant eco-system to prevent retailers for avoiding reporting GST on their supplies. This may also open avenues for them to avoid paying Income Tax on their income.
3) Facility on transfer of balances in Cash / Credit Ledgers across multiple GSTINs of a single legal entity.
4) Simplified one form for annual return and reconciliation instead of two forms GSTR-9 and GSTR-9C.
5) Strengthening of AAR mechanism for dispute resolution.
6) Non denial of Input credit availed by the corporates because of suppliers' default due to non-filing of returns.
7) The government needs to establish GST Tribunals to reduce litigation timelines and the pressure on courts.
8) The state authorities for Advance Ruling should ideally also have an independent jurist member, apart from a representative from the tax department.

Conclusion

It has been four years since India embarked upon the GST considered to be the most revolutionary and radical tax reform since independent India. Despite initial teething issues the move & overall progress during the last four years had generally been smooth and satisfying besides that India had witnessed a very progressive, & growth catalyst regime. It greatly helped India in achieving the ambitious government's target of bringing in ease of doing business as one India market. While the GST regime ushered in numerous benefits, particularly in terms of removing tax cascading impact, compliance simplification, smoothening supply chain, tax consolidation, it has also encountered some challenges for MSME sector, input tax reconciliation for corporates, increase of tax base and formalization of economy.

‘e-Invoicing’ Under GST

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‘e-Invoicing’ has been the biggest and one of the most talked-about changes when it comes to GST since 2019. Invoicing practices have been quite industry specific. Despite the proprietary ways of preparing invoices; the unified approach of ‘e-Invoicing’ was taken in good spirit by the overall taxpayers.

A good technology solution should be regularly updated as per goods and services tax requirements as well as flexible to support compliance obligations across jurisdictions.

INTRODUCTION

What is ‘e-Invoicing’?

‘e-Invoicing’ or ‘electronic invoicing’ is a system in which B2B invoices are authenticated electronically by GSTN for further use on the common GST portal. Under the electronic invoicing system, an identification number will be issued against every invoice by the Invoice Registration Portal (IRP) to be managed by the GST Network (GSTN). The first IRP was launched by the National Informatics Centre.

‘e-Invoicing’ is the future of billing in our country, it will eliminate the need for manual data entry while filing GSTR-1 return as well as generation of part-A of the e-way bills, as the information is passed directly by the IRP to GST portal.

How It Began? How It Is Going?

The 1st committee was set-up in May’19 to discuss the usability of E-Invoicing and prepare an e-invoicing implementation plan for India considering global implementations. Since the committee gave its recommendations, several drafts of E-Invoicing Specifications were issued and finally the E-Invoice Schema was released in January 2020.

The mandate was supposed to go LIVE from 1st April 2020. However the mandate was pushed to 1st October 2020 vide 39th GST Council meeting happened on 14h March 2020. The mandate finally went LIVE from 1st October 2020 in a phased manner.

How Does It Work?

GST ‘e-invoice’ System is a path-breaking initiative which is going to revolutionize the way businesses interact with each other. It will be yet another milestone in India’s journey in enhancing ease of doing business.

‘e-invoicing’ essentially involves reporting details of specified GST documents to a government-notified portal and obtaining a reference number.

‘e-invoicing’ has many advantages for businesses such as standardisation, inter-operability, auto-population of invoice details into GST return and other forms (like e-way bill), reduction in processing costs, reduction in disputes, improvement in payment cycles and thereby improving overall business efficiency.

CRITERIA OF APPLICABILITY

‘e-Invoice’ has been introduced in a phased manner based on the Aggregate Annual Turnover of the companies.

1. The first phase went LIVE for companies with turnover more than Rs. 500 CR on 1st October 2020.
2. The second phase went LIVE for companies with turnover more than Rs. 100 CR on 1st January 2021.

BENEFITS OF ‘e-INVOICE’

- One time reporting of B2B invoice data in the e-invoice form will reduce the reporting of the same in multiple forms (GSTR-1, e-way bill etc.).
- GSTR-1 can also be auto-populated with the e-invoice data.
- Real time auto-population of invoice details into return.
- e-Way bill can also be generated using e-Invoice data.
- Substantial reduction in transcription errors as same data will get reported to tax department as well as to buyer to prepare his inward supplies (purchase) register.
- On receipt of information through GST System, buyer can do reconciliation with his Purchase Order.
- Elimination of fake invoices.
- Reconciliation and data verification between suppliers and recipient will be seamless and thus provide better control over input tax credit computation and claim.
- The need of the paper form of the multiple copies of way bill is eliminated. Hence, a ton of paper is saved per day.
- Compliance becomes part of natural business process and supply chain system.
- Faster payment cycles
- Processing cost gets reduced
- Better Internal Controls
- Enhances overall efficiency of businesses

DOCUMENTS TO BE REPORTED UNDER ‘e-INVOICE’ PORTAL

- B2B Invoices
- Invoices issued for Export (With or without payment of Tax)
- Invoices issued for SEZ supplies (With or without payment of Tax)
- Deemed Exports
- Credit Notes
- Debit Notes

PROCESS FOR REPORTING UNDER 'e-INVOICING'

Taxpayers will continue to create their GST invoices on their own Accounting / Billing / ERP Systems.

Necessary changes on account of e-invoicing requirement (i.e. to enable reporting of invoices to IRP and obtain IRN), will be made by ERP/Accounting and Billing Software providers in their respective software. They need to get the updated version having this facility.

These invoices will now be reported to 'Invoice Registration Portal (IRP)'. On reporting, IRP will generate a unique 'Invoice Reference Number (IRN)', digitally sign it and return the e-invoice. A GST invoice will be valid only with a valid IRN.

Solutions to practical difficulties faced by clients in implementing E-Invoice System

- e-invoicing is not applicable for NIL-rated or wholly-exempt supplies. In those cases, a bill of supply is issued and not a tax invoice.
- The financial/commercial credit notes need not to be reported to IRP. only the credit and debit notes issued under Section 34 of CGST/SGST Act have to be reported.
- As per Rule 138A (2) of CGST Rules, where e-invoicing is applicable, "the Quick Reference (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer, in lieu of the physical copy of such tax invoice." So, no need to carry e-invoice print during transportation of goods.
- The cancellation request for an IRN/invoice reported to IRP can be triggered through 'Cancel API' within 24 hours from the time of reporting invoice to IRP. However, if the connected e-way bill is active or verified by officer during transit, cancellation of IRN will not be permitted. In case of cancellation of IRN, GSTR-1 also will be updated with such 'cancelled' status.
- Amendments are not possible on IRP. Any changes in the invoice details reported to IRP can be carried out on GST portal (while filing GSTR-1). In case GSTR-1 has already been filed, then using the mechanism of amendment as provided under GST. However, these changes will be flagged to proper officer for information.
- The limit for maximum number of line items which can be reported in an invoice is kept at 1000 presently. It will be enhanced based on requirement in future.
- In the e-invoice schema, the amount under 'other charges (item level)' is not part of taxable value. however, that the amount under 'other charges which are leviable to GST, e.g., freight, insurance, packing & forwarding charges etc. may be added as one more line item in the invoice.
- At present in e-invoice schema, there is no separate space for mentioning TCS (Tax Collected at Source) collected by suppliers under Income Tax Act, 1961. However, the field of "Other Charges (Invoice Level)" can be used to mention TCS where it doesn't form part of taxable value

FLOW CHART

1st Flow:

Supplier →

1. Seller to have system or offline utility to prepare/receive JSON
2. Uploads e-invoice JSON to IRP as per schema (INV-01)

Invoice Registration Portal (IRP) →

1. Validates Data
2. Generates IRN
3. Sends invoice payload to GST System

GST System

1. Rules out existence of same IRN in GST system

2nd Flow:

Supplier →

1. Receives signed JSON With IRN and E-Way Bill
2. Issue E-Invoice to Buyer With IRN and QR Code

Invoice Registration Portal (IRP) →

1. Adds QR Code
2. Signs Invoice JSON
3. Pushes data to e-Way bill system

GST System →

1. Saves invoice details in GST System
2. Auto-Populates details in GSTR 1/2A

Buyer

1. Buyer can view Invoice invoice details in their GSTR2A

As Per 'e-Way' Survey in France 2016 *(Source- GST Portal)*

Items	Paper Invoice	E-Invoice	Change
Shipment Cost	7 Euros	0.3 Euros	96% Savings
Number of invoices handled by employee in a year	6,000 paper Invoice	90,000 E-Invoices	15 times efficiency improvement
Time Savings	15 days for paper invoice	3 days for E-invoice	80% Savings

CLOSING COMMENTS

Under the GST regime of e-Invoicing this technology is playing a vital role in the business process. The process outlined in this draft paper has taken care of almost all the issues which were costing high in the existing process. In this process 52% businesses view cost reduction as the principal advantage of digital transformation.

ROAD AHEAD

Although GST system started with difficulties during the first year, the government promises improvements by such GREAT INNOVATION's. Throughout the implementation of the GST e-invoicing system, the GST Council has been listening to industry concerns and making changes.

They're still working on simplifying the GST e-invoicing portal and addressing problems with regards to the practical implementation. As these changes happen, we as the **Cost & Management Accountants Of India** have opportunities to learn and educate our clients by making them understand the contribution of such e-System's add to their profitability year after year, THANK YOU!

GST E-Invoice – The game changer

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GST e-invoice is the introduction of the digital invoice for goods and services provided by the business firm generated at the government GST portal (https://einvoice1.gst.gov.in/). E-invoicing under GST is a mechanism being introduced to curb tax evasion and enable an invoicing standard in India.

The main aim of the e-invoice generation is to check the GST evasion. After successful rollout of GST, the government is now aiming towards the anti-evasion measures to increase the revenue as well as the compliance.

Advantages of GST E-invoicing in India

The benefits of introducing E-invoice generation under GST include:

- Auto-Populated GSTR 1 (for B2B invoices)
- Auto-populated Part A for Eway Bill generation (taxpayer will have to provide vehicle details in Part B to complete EWB generation)
- Auto-sharing of uploaded invoices (on IRP) with the buyers for reconciliation.

Applicability of GST E-Invoice System

E-Invoice has been introduced in the country in a phased manner based on the Aggregate Annual Turnover of the companies.

- The first phase - for companies with turnover more than Rs.500 CR on 1st October 2020.
- The second phase - for companies with turnover more than Rs.100CR on 1st January 2021.
- In third phase E-Invoicing is mandatory from 1st April 2021 for entities whose aggregate turnover exceeds Rs. 50 crore (GST Notification 05/2021-Central Tax)

Section 2(6) of the CGST Act: “(6) “aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess; “

GST System has also given a facility to check the applicability on the E-Invoice Portal (https://einvoice1.gst.gov.in/)

E-invoice can be generated only by suppliers. The recipients and transporters cannot generate E-Invoice. E-commerce operators can generate e-invoices on behalf of the sellers on their platforms.

E-Invoicing is applicable only to B2B Business to Business (including B2G –Business to Government) transactions.

B2B Supplies include

- Domestic supplies as well as Exports (including Deemed Exports),
- Supplies to SEZ B2B and
- Supplies through E-commerce Operators

E-invoicing is not required for B2C – Business to Consumer transactions. However, for taxpayers with AATO above Rs 500 Cr, the invoices need to have self-generated QR Code.

Import transactions are also not covered under E-Invoicing

The exclusion from an E-Invoicing

The following entities are excluded from issuing e-invoice

- Insurance company
- Banking company
- Financial Institution
- NBFCs
- GTA
- Supplier of passenger transportation services
- Supplier of services by way of admission to the exhibition of cinematograph films in multiplex screens
- Special Economic Zones (SEZs) Units (Notified vide Notification No. 13/2020 and 61/2020- Central Tax)

Documents to be reported to GST System under E-Invoicing

- Invoice by Supplier
- Credit Note by Supplier
- Debit Note by Supplier

Bill of Supply, Delivery Challan and Job Work Challan are kept out of the scope of E-Invoicing.

Generating an e-invoice

1. **Invoice Creation** - Invoice is created using an accounting or billing software.
2. **Invoice Registration Number (IRN) Generation:** Supplier can generate a unique Invoice Reference Number (IRN) using a standard hash-generation algorithm. Generation of IRN by supplier is optional. In absence of IRN, the IRP system of government will generate the same.
3. **Upload on Invoice Registration Portal (IRP):** JSON file for each B2B invoice (generated through

the accounting software or any third party tool), along with the IRN, if generated is uploaded on the Invoice Registration Portal (IRP)

4. **IRP Validation of Invoice Information:** The IRP will validate the generated hash/IRN attached with JSON (if uploaded by the supplier) or generate an IRN and authenticate the file against the central registry of GST for any duplication. The IRN will be the unique identity of the E-invoice for the entire financial year.
5. **Digital Signature and QR Code Generation:** Upon successful verification, the invoice will be updated with IRP's digital signature on the invoice data and a QR code will be added to the JSON file.
6. **E-Invoice data transmission to E-Way Bill Portal and GST System:** The uploaded data will be shared with the E-way bill system and GST system which will be used for auto-population of GST Annexures for GSTR 1.
7. **E-Invoice Receipt back to Supplier's accounting system:** The portal will send the digitally signed JSON along with IRN and QR code back to the seller. The invoice will also be sent to the buyer on their registered email id.

E-Invoicing is increasingly directed by governments across the world particularly due to GST evasion.

Tax leakage and fraud using fake invoices have been an issue the government is trying to battle even before the GST era. E-invoicing in India is anticipated to put an end to this. Real time invoice reporting discourages subsequent fraudulent changes/adjustments. Besides blocking the tax leakage, the implementation of the e-invoicing under GST shall be beneficial for the taxpayers as well. ■

WIRC Welcomes New Associate Members

M.No.	NAME	CITY
50398	Anil Ashokrao Joshi	Aurangabad
50401	Balachandar R	Mumbai
50402	Shameem Mohammed J. Memon	Madgaon
50408	Pratik Pramod Pore	Navi Mumbai
50413	Omkar Prafulla Kale	Thane (West)
50421	Ram Das Shah	Waidhan
50423	Dewendra Sheshrao Bodkhe	Bhandara
50427	Shweta Shekhar Kedar	Nagpur
50430	Shruti Rahul Jindal	Nagpur
50431	Ashwin Ashok Vaidya	Pune
50439	Deepak Venkatesh Desai	Pune
50441	Sunil Prakashlal Gugale	Pune
50442	Ankita Ravindra Alahit	Thane
50446	Pranay Bhaskar Moolya	Thane
50450	Ruchita Mukesh Shah	Vadodara
50452	Shrikant Anantrao Asare	Nagpur
50453	Dhirendra Chandrashekhar Tiwari	Mumbai
50455	Manoj V Bhatia	Kalyan
50463	Sushil Karalkar	Virar (East)
50464	Pradnya Vivek Bhalerao	Navi Mumbai
50469	Kumarswamy Ramulu Gaddam	Mumbai
50470	Mayur Shrikrishna Lathi	Jalgaon
50471	Avinash Mahadeo Bhoir	Mumbai
50472	Parikshit Sudhir Pande	Aurangabad
50474	Siddhesh Kishor Kotapkar	Mumbai
50477	Puneet Lalit Patel	Aurangabad
50479	Soni Kumar Jha	Bhopal
50482	Manisha Jayant Prayag	Pune
50483	Jayesh Harishchandra Pandit	Mumbai

M.No.	NAME	CITY
50484	Dilip Rasiklal Parekh	Mumbai
50486	Manish Siyaram Khera	Pune
50505	Ravi Madansingh Rajput	Vasai (East)
50508	Ajitesh Singh	Navi Mumbai
50512	Shradha Vijay Dubey	Dombivli (East)
50517	Balasubramani D Yadav	Navi Mumbai
50518	Prashant Pradeep Kulkarni	Pimpri-Chinchwad
50521	Pranita Dilip Thakur	Navi Mumbai
50523	Tejas Kumar Sahu	Bhilai (C.G.)
50527	Farid Shafik Shaikh	Mumbai
50530	Mahin Hera	Durg
50531	Vipin Kumar Vadhera	Nagpur
50536	Swapnali Ninad Koyande	Navi Mumbai
50545	Devanshi Pradipkumar Chauhan	Gandhinagar
50547	Subesh Pal	Nagpur
50550	Priti Bhansali	Ahmadabad
50551	Sukrut Sunil Mahajani	Mumbai
50553	Sagar Gosain	Ahmadabad
50555	Aniket Ashok Vaishampayan	Pune
50556	Rahul Jain	Thane
50557	Ashok Dattatray Sarangul	Mumbai
50558	Shefaliben Mahek Gandhi	Ahmadabad
50564	Prajakta Pramod Sonsurkar	Mumbai
50574	Karan Dharmendrakumar Khatri	Ahmadabad
50577	Roopali Soni	Pune
50578	Shirin Ashfak Shaikh	Pune
50596	Shiva Akella	Navi Mumbai
50600	Vijaykumar Suryanath Maurya	Mumbai

Basics of E-Way Bill – Introduction, Generation and Need

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Since the roll out of the new regime from 1st July 2017 called Goods and Service tax Act, widely use as GST, the government is using the optimum utilisation of digital mode and electronic platform for major compliances, the initiative of go digital is managing the overall show of the tax compliance and E way bill is one of them, after introduction of eway bill department is aggressively managing the movement of the goods through the digital platform and stake holders are also abiding the nations rules and regulations. E- invoicing and E-way bill both are the pathbreaking initiative taken by the government.

According to rule 138 of the CGST rules, 2017 every registered person who makes movement of the goods and the value of the goods is exceeding Rs.50000 E-way bill is required to be generated and carried by a person in charge of the conveyance carrying the goods as required under the Goods and Services Tax Act.

E-way bill can be generated either by the Supplier or by recipient himself if the transportation is being done in own/hired conveyance or by railways by air or by Vessel, in case If the consignment is given to a transporter for transportation by road, E-way bill is to be generated by the Transporter.

There may be situation where goods are sent by a principal located in one State to a job worker who is located in another State, in the given instance the e-way bill shall be generated by the principal irrespective of the value of the consignment.

E-way bill has two Components-Part A and Part B

- Part – A (Form GST EWB-01) comprising of details of
    - GSTIN of recipient, Place of delivery (PIN Code),
    - Invoice or Challan and date,
    - Value of goods (Qty and rate), HSN code, transport document number (Goods receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number and reasons for transportation; and
- Part B (GST EWB-01) comprising of transporter details (Vehicle number).

E-way bill is to be generated from the GST Common Portal for E-Way bill system (https://ewaybillgst.gov.in) by the registered persons (Supplier or recipient) or transporters who initiate the movement of goods but before the commencement of such movement, basically it is a proof of physical movement of goods.

Further, it is necessary to upload all the information by the person who causes the movement of goods on the portal in order to generate E-Way Bill this information is to be uploaded prior to the commencement of movement of goods.

Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) will be generated by the common portal, shall be made available to the supplier, the recipient and the transporter on the common portal.

Need of E-Way Bill – To grow with the vision of becoming super power economy it is important to place rules to curb the tax evasion and E-way bill initiative is one of its which ensure that goods being transported comply with the GST Law and is an effective tool to track movement of goods and check tax compliance.

Now let's understand the practicality of E-way bill

Validity of E-way bill

The validity of an E-way Bill or a consolidated E-way Bill depends on the distance for which the goods have to be transported.

- Upto 100 KM – One day
- Every 100km or part thereof – Additional one day from the relevant date

(Each day shall be counted as 24 hrs), In general, the validity of the e-way bill cannot be extended.

The "relevant date" here means the date on which the E-Way Bill is generated.

Additionally, there might be situations where goods cannot be transported within the specified validity period due to some unforeseen circumstances. In such cases, the transporter can generate another E-Way Bill after revising the information in Part B of Form GST EWB-01.

Cancellation of E-way Bill

In normal situation it is necessary to generate Eway bill before the movement of Goods, but there are circumstances where E-Way Bill is generated but due to some reason:

- goods are either not transported or
- are not transported according to the details specified in the E-Way Bill

In the given scenario the e-way bill may be cancelled electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner within 24 hours of generation of the e-way bill. However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B of the CGST Rules, 2017.

Non- compliance of provision – Consequences thereon:

As per rule 138 of the CGST Rules 2017, tax payer needs to generate E-way bill and if it is not generated, the same will be considered as contravention of rules and tax payer may face consequences for non-compliances. As per Section 122 of the CGST Act, 2017, a taxable person who transports any taxable goods without accompany of required documents (e-way bill) shall be liable to a penalty of Rs.10,000/- or tax sought to be evaded (wherever applicable) whichever is greater.

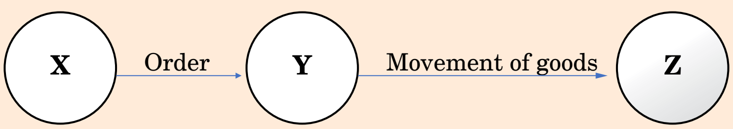
Furthermore, if any tax payer transports or stores goods in transit in a manner that is against the provisions of the Act. In such cases, following would be liable for detention or seizure:

- goods transferred
- vehicle (conveyance) used to transport such goods and
- documents relating to such goods and vehicle (conveyance)

Special cases - E way bill generation in Bill to and Ship to scenario:

In ideal scenario there are 3 parties are involved in a bill to ship to transaction, viz, party 1 who order goods to party 2 and ask to deliver the goods to party 3, kindly have a look on below mentioned illustration to understand it in better way.

- "X" is the party who has ordered "Y" to deliver the goods to "Z".
- "Y" is the party who is sending goods directly to "Z" on account of "X".
- "Z" is the ultimate recipient of goods.



2. In the above given illustration there are two supplies are involved and accordingly two tax invoices are needs to be prepared by concern parties:

- Tax Invoice -1 would be prepared by "Y" to "X".
- Tax Invoice -2 would be prepared by "X" to "Z".

Even It is clarified from the CGST Rules, 2017 either "X" or "Y" can generate the e-Way Bill, in the given situation only one e-Way Bill is required to be generated.

Blocking and unblocking of E-way bill:

Blocking:

From 02 December 2019 it empowers digital interface to block or unblock the generation of Eway bill in specific situation.

Like, If the taxpayer who has not filed 2 or more GSTR3B returns consecutively over the GST portal the automated systems will block the tax payer in generating any new Eway bill.

Unblocking:

Once the default return period is less than 2 months the system automatically unblock the Eway bill generation and tax payer allows to use the utility of generation of Eway bill.

In certain situation e waybill Is Not required to Generate.

There are situations where generation of Eway bill it is not mandatory and they are:

- In respect of movement of goods within such areas as are notified under rule 138(14) (d) of the SGST Rules, 2017 of the concerned State.
- If the distance is below 10km and the goods transported from seller's place to the transporter's place for further transportation.
- Goods being transported through non-motor vehicle.
- The goods transported from airport, air cargo complex and land customs station to an inland container depot or a container freight station. Provided goods are transported for clearance by customs.
- Cases with regards to specified goods such as diamond, jewellery, personal and household effects etc. These goods are prescribed in the list of items for which E-Way Bill is not needed.
- When Value of goods is below Rs.50,000

Since introduction of E way bill systems GST department has remarkably stopped the evasion of tax, in our opinion to make it more user and tax payer friendly the provision of penalty and in hand collection of tax can be reworked in the larger interest of stake holder.

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E way bills under GST– A detailed synopsis

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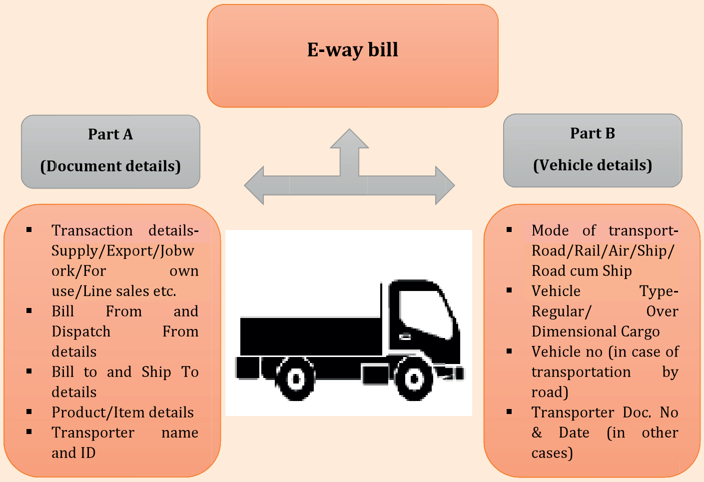
THE BACKGROUND:

GST being a tax arising on supply of goods and/or services, helms the indirect taxation scenario of the country. While transactions amounting to supply of both goods and services are covered under GST, there is a vast difference between the tax rates, place of supply, time of supply, time of invoicing; between supply of goods and that of services. The primary reason for the differentiation essentially lies in the 'form/nature of existence' of goods and services. Goods are movable and tangible whereas services are intangible, hence the concept of movability does not apply to them. When the goods are movable, in most cases the 'supply' of such goods from one person to another would involve their movement from one location to another- intra-state, inter-state or crossing national boundaries. Presence of physical movement may lead to numerous tax evasion practices indulged into by fraudulent taxpayers. In a major effort to curb such illegal or unauthorised movement of goods, GST Act has made it mandatory for the person in charge of the conveyance to carry with him an 'e-way bill' as a necessary document without which the movement of goods would be treated as unauthorised and attract penal provisions under the law.

'Electronic way bill' or 'E-way bill' is a document prescribed under the GST law to be generated on the designated common portal i.e. https://ewaybillgst.gov.in. E-way bill is a document to be necessarily generated by a registered person when there is a movement of goods of consignment value exceeding fifty thousand rupees, if not expressly exempted under the regulatory rules. Section 68 of the CGST Act 2017 which deals with the inspection of goods in movement requires the person in charge of a conveyance carrying any consignment of goods to carry along with him prescribed documents and devices. Rule 138 of CGST Rules 2017 is the corresponding rule which prescribes the document mentioned under Section 68 of the Act to be the 'E-way bill'. Rule 138A (1) (b) of CGST Rules states that 'a person in-charge of the conveyance shall carry a copy of the e-way bill in physical form or the e-way bill number in electronic form'. On simple reading, it is understood that the person in charge of the conveyance would have to carry the copy of e-way bill in electronic form (i.e. soft copy in mobile or any other similar device), however it is made clear through FAQs issued by the CBIC that the vehicle in-charge, during an inception needs to merely quote the e-way bill number to the proper tax officer i.e. there is no requirement to carry the copy of e-way bill in hard copy nor as a soft copy. However, the relevant base document i.e. the invoice, bill of supply, bill of entry (in case of imported goods) or the delivery challan would have to be carried along by the person-in-charge of the conveyance.

WHAT CONSTITUTES AN E-WAY BILL?

E-way bill being a document to be carried along with the goods that are transited through a conveyance, it is obvious to include the details of such goods being transported. E-way bill is a document supplementary to the other fundamental documents prescribed under the Act i.e. tax invoice, credit or debit note, delivery challan, etc. Thus, whenever a tax invoice (for supply of goods) or delivery challan (for reasons other than supply) is issued, Part A of the e-way bill consisting of the invoice/challan details is supposed to be furnished. On filling of relevant details in Part A, a unique temporary number is generated. Part A of the e-way bill consists of the document details such as the supplier name, GSTIN and address, the recipient details, invoice number and invoice date, description and HSN of goods. However, e-way bill is generated only after filling vehicle details in Part B. On successful reporting of details in Part B, a valid e-way bill for movement of specified goods comes into existence.



WHO CAN GENERATE AN E-WAY BILL?

I. PART A OF E-WAY BILL:

Part A of the E-way bill is required to be generated prior to movement of goods and can be generated either by:

- Registered person (either the supplier or recipient) causing movement of goods OR
- Transporter, on an authorisation from the registered person OR

- – E commerce operator or courier agency, on an authorisation from the registered person
- In cases where the transporter is not a registered person under GST, he may enroll on the e-way bill portal to get 15 digit unique transporter ID (TRANSIN). The clients may then enter this number in Part A of e-way bill for assigning goods for transportation.
- Information furnished in Part A of e-way bill is made available to the registered person to utilise the same in GSTR 1.

II. PART B OF E-WAY BILL:

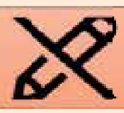
Part B of the E-way bill with vehicle details can be generated by:

- – In case of transportation by owned conveyance/ hired/public conveyance – By the registered person being a supplier or a recipient
- – In case of transportation by railways/air/vessel - By the registered person being a supplier or a recipient
- – Transporter, in cases where goods handed over to him for transportation

VALIDITY OF E-WAY BILL

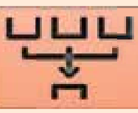
Nature of conveyance	Validity period
Over Dimensional Cargo	– One day up to 20 km
	– One additional day for every further 20 km or part thereof
Any other conveyance	– One day up to 200 km
	– One additional day for every further 200 km or part thereof

NOTEWORTHY POINTS:



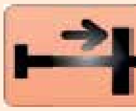
Once generated, Part A of E way bill cannot be edited or corrected. However, Part B can be subsequently updated with vehicle details in case of change in conveyance for further movement of goods.

If the e-way bill is generated with wrong information, it can be cancelled within 24 hours and new e-way bill can be generated.



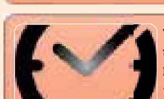
Multiple invoices cannot be clubbed to generate one e-way bill.

However, for multiple consignments being transported in one conveyance, a consolidated e-way bill in Form GST EWB 02 may be generated by indicating the serial number of e-way bills generated in respect of each such consignment.



Validity of e-way bill may be extended under exceptional circumstances such as natural calamity, law and order issues, transshipment delay, accident of conveyance etc.

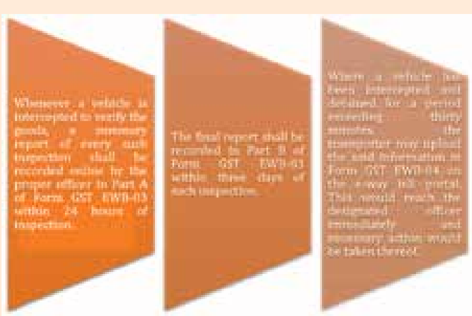
The reasons have to be explained by the transporter while extending the validity on the e-way bill portal within 8 hours from the time of its expiry.



Validity of e-way bill starts when first entry is made in Part B i.e. vehicle no. or transporter doc no. is entered for the first time. Vehicle no. can be updated 'n' number of times within the validity period of the e-way bill.

In other words, validity is not recalculated for subsequent entries in part B.

INSPECTION AND VERIFICATION OF GOODS:



RESTRICTION ON FURNISHING OF INFORMATION IN PART A OF E-WAY BILL:

No person shall be allowed to furnish the information in Part-A of Form GST EWB-01 when:

i) He has not furnished the statement in Form GST CMP-08 for two consecutive quarters (being a composition scheme taxpayer)

ii) He has not furnished the GSTR 3B returns for a consecutive period of two months (being a regular taxpayer)

iii) He has not furnished the GSTR 1 returns for any two consecutive months or quarters, as the case may be.

The concept of e-way bill has revolutionised movement of goods to a considerable extent. Further, there are regular enhancements being made in the practical modalities on the e-way bill portal. For e.g. e-way bill cannot be generated with only SAC codes (99) for services, minimum one HSN code belonging to goods is mandatory. Based on the principle of self-reporting, e-way bill compliances ensure faster movement of goods without unnecessary detention of vehicles. There is objective checking of vehicles done by the officers that aids in detection of recycling, bill trading and other frauds. Being practically implemented since April 2018, e-way bills have completed 3 years of operationalization and undeniably has been one of the key highlights of the GST system.

Celebration of GST Week

Western India Regional Council jointly with Indore-Dewas Chapter of ICAI celebrated GST Week from 3rd July to 7th July 2021.

Eminent Speakers such as Mr. Mohit Gupta, Ms. Nikita Agrawal. CMA Bhogavalli Mallikarjuna Gupta, Senior Vice President – Taxation Practices @ Arbhar Consulting Pvt. Ltd, CMA Ashok B. Nawal, Co-opted Member of Indirect Taxation Committee of ICMAI, CMA CA Kirti Joshi, (Chairman, Indore Branch of CIRC of ICAI), CA Rajender Arora, Chairman GST Committee of NIRC of ICAI.

Topics such as Input Tax Credit of Covid Expenditure, Time to Pay GST, Role of Technology in The Era of GST, Are You Prepared for Departmental GST Audit ?, Critical Issues under GST or Disputable Matters under GST and Show Cause Notices and Summons under GST and their replies were covered in 5 days series.

Webinar was co-ordinated by CMA Aniruddh Gupta, Chairman Indore Dewas Chapter of ICAI.

GST Returns

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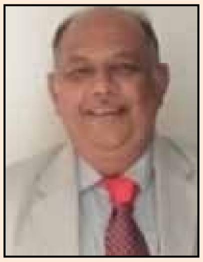

A GST return is a document containing details of all income/sales and/or expense/purchase which a taxpayer.

GST return is the detailed information containing the inward and outward supply of goods and services along with tax collected and paid. Some conditional returns also contain information about the tax deducted at source and tax collected at source.

All registered individuals, traders, organizations, and companies registered have to furnish the details of their sales and purchases of the goods and services plus the tax paid and collected. Such details are submitted by filing GST Return. This return is a basis on which the tax authorities calculate tax liability. The registered GST user will have to file the return, which includes; purchases, sales, output GST, and input credit of GST. A registered user has to submit 4 forms to file their GST return, which are; return for purchases, return for sale/supplies, monthly return, and annual return. For those who have opted for composition scheme, quarterly returns are to be submitted.

The following is the complete list of GSTR forms along with their purpose and due date.

GSTR 1

- GSTR -1 is a return form that contains the detailed information of all the outward goods and services that are undertaken by the normal registered taxpayer as per the GST Law.
- GSTR-1 contains details of invoices, debit notes, credit notes, and revised invoices for outward goods and services.
- The return is filed monthly by the 10th of next month. However, it can also be extended by the Commissioner for any class of person beyond the 10th.

GSTR 2

- In contrast to GSTR-1, GSTR-2 is the form which contains the detail information about the inward supply of goods and services.
- It contains the details of purchases made by the taxpayer from both registered and unregistered taxable persons, along with the information about debit notes, credit notes.
- The due date for filing GSTR-2 is 15th of the next month. However, the process of making any required changes and filing are usually done from 11th to 15th of the next month.

GSTR 2A

- This is a read-only document that gets auto-populated as and when the seller files GSTR-1. Thus, GSTR-2a enables the buyer to verify the details submitted by the seller.
- The buyer or the recipient also has the right to reject, accept, modify, or keep the pending invoices based on the details filled by the seller.
- It is available to each registered normal taxpayer.
- In case of any mismatch, the recipient can accept, reject, modify, or keep the pending invoices.

GSTR 3

- Similar to GSTR-2A, GSTR-3 is also auto-populated.
- It includes the information filed under the GSTR-1 and GSTR-2, along with any other liabilities related to preceding tax periods.
- It is to be filed by the 20th of next month.

GSTR 3B

- It is a summarized monthly return of outward and inward supplies.
- It is filled separately by both purchasers and suppliers.
- GSTR-3B is a self-declaration by the taxpayer of the GST tax liabilities for the concerned period.
- Every normal registered taxpayer needs to file GSTR-3B even if the tax liability is zero.
- The due date for its submission is 20th of the next month.

GSTR 4

- It is used to file quarterly returns for the taxpayers registered under the composition scheme.
- Small taxpayers with turnover upto ₹ 1.50 Cr file quarterly returns through this form.
- To reduce the tax and compliance burden for these small taxpayers, pay tax at a fixed rate, and file return quarterly.
- The due date for it is 18th of the month succeeding the quarter for which return is to be filed.

GSTR 5

- This form is for the non-resident taxable person.
- The return includes details of inward and outward supplies, tax paid or payable, interest or fee paid, and any other amount to be paid as per the GST Act.
- A non-resident taxpayer is a person who supplies goods or services occasionally. These persons do not usually have a fixed place of business or residence in India, and can also supply goods and services in any capacity.

GSTR 6

- Each Input Service Distributor needs to file GSTR-6 each month.
- It provides the details of the invoices which are issued by the ISD, and the credit has been received. It summarizes the total input tax credit available for distribution and is made available to each recipient in part B of GSTR-2A.
- The due date to file GSTR-6 is 13th of the next month for which the tax has to be paid.

GSTR 7

- It is filled by those taxpayers who are required to deduct TDS as per the GST law.
- GSTR-7 includes details like; liability towards TDS, tax deducted at source, interest, and fee paid or payable, and TDS refund (if any).
- The due date to file GSTR-7 is 10th of the next month.

GSTR 8

- It is to be filled by those e-commerce platforms which are required to deduct Tax Collected at Source as per GST law.
- The form contains the details of goods and services supplied through e-commerce platforms and the tax amount collected from suppliers.
- Under this form, operators can also make changes in the information filled about supplies in previous statements.
- The due date for this return is the 10th of the next month for which tax is to be collected.

GSTR 9

- As per section 44(1), each registered taxpayer needs to furnish an annual return for each financial year.
- It includes details of the Input tax credit, casual taxable person, person who has to pay tax under section 51 or 52, and details of the non-resident taxable person.
- In case the registered person has zero tax liability, a NIL Annual Return will be filled.
- The due date for filing GSTR-9 is 31st December after the end of the concerned financial year.

GSTR 9A

- It is the annual return for persons registered under the composition scheme.
- The details of the form include tax paid, tax refunds, inward and outward supplies, late fee, and input tax credit availed or reversed.
- The due date for filing GSTR-9A is 31st December succeeding at the end of each financial year.

GSTR 9B

- It is the annual return for the e-commerce portals which are required to collect tax at source under section 52.
- The due date for filing GSTR-9B is 31st December succeeding at the end of each financial year.

GSTR 9C

- Each registered person with an annual turnover of Rs. 2 Cr and more needs to get their accounts audited by a CA or cost accountant. Besides, the user also needs to submit the audited copy accounts, annual return, and reconciliation statement.
- The reconciliation statement is submitted in Form GSTR-9C.
- The due date for filing GSTR-9C is 31st December succeeding at the end of each financial year.

GSTR 10

- It is the final return to be filed by the user whose GST registration has got canceled.
- However, such a person does not include; person paying tax under a composition scheme, a person who is collecting TDS or TCS, an input service distributor, and a non-resident taxable person.
- The main intent for this return is to make sure that the taxpayer has paid off all outstanding tax liability. The liability is higher of;
  - a) output tax payable on finished goods, semi-finished goods, capital goods, or plant and machinery.
  - b) input tax related to such goods as mentioned above.
- The due date of filing GSTR-10 is later of:
  - a) 3 months from the date of registration getting canceled, or
  - b) date of order of cancellation.

GSTR 11

- This return is for those users who have been allotted a UIN (Unique Identification Number).
- The UIN is issued to the registered person to claim tax refunds of GST paid on the purchase of goods and services.
- The organizations who can get UIN are:
  - a) A consulate or embassy of foreign countries

b) Multilateral Financial Institutions and Organizations which are notified in the United Nations (Privileges and Immunities) Act, 1947.

c) Specialized agencies of the United Nations Organizations

d) any other class of user or person as may be specified by the Commissioner

- The due date for filing GSTR-11 is 28th of the next month in which the UIN holders received inward supplies.

GST Return Filing Online with GSTN

The implementation of GST return in India is the biggest tax reform the country has ever witnessed. As per the GST law, there are over 10 types of GST returns that are to be filled by various kinds of users for different purposes. However, the digitalization of GST portal makes it easier to file any of such return by following these steps:

1. The foremost step is to make sure that you have successfully registered with GST and have obtained the 15 digit GST identification number.
2. Now, the next step is to visit the GST portal.
3. Log in to your account using your username, password, and the captcha shown.
4. After entering into your account, click on 'Return Dashboard'.
5. In the next screen, you can see all the forms that you need to file as per your registration and business type.
6. Click the Form for which you want to file the return.
7. In the next screen, you can upload all the relevant invoices.
8. In the next step, you will be required to enter details of debit and credit notes as per the form you are filling.
9. After all the required details are entered, file your return by clicking on 'Submit'.

How to File GST Return Online?

Each manufacturer, dealer, supplier, and consumer who has registered under GST have to file GST returns each year. In the new tax system, return filing has been automated completely.

Thus, you can file GST returns online through the app or software of Goods and Service Tax Network. Below are the steps you can take to file GST return online:

- First of all, visit the GST portal and log in to your account using the 15 digit GST Identification Number allotted to you based on the state code and PAN.
- Next, upload your invoices on the GST portal. Each invoice you upload will be allotted an invoice reference number.
- The next step after uploading the invoices is to file the outward return, inward return, along with monthly return.
- The outward supply return will be filled in GSTR-1, which is available in the information section on GST Common Portal by the 10th of each month.
- The outward return for the supplies is done through GSTR-2A.
- Follow this step by verifying and modify the outward supply details along with credit and debit notes.
- The inward supplies details of the taxable goods and services need to be furnished in GSTR-2 Form.
- The recipient of GSTR-1A has the option to modify the details furnished on the outward and inward supplies later. However, the supplier has the power to either accept or reject the modifications made.

Penalty for Late Filing of Returns.

GST return filing is mandatory for all registered taxpayers, whether they are normal taxpayers of registered under composition scheme. Failing to file the return on time attracts penalty as per the GST law. A penalty of Rs. 100 per day is levied in case of delay of return for each Central Goods and Services Tax and State Goods and Services Tax. Thus, the effective late fee is Rs. 200 per day. However, the maximum late fee is limited to Rs. 5,000. In the case of IGST, there is no late fee.

In addition to late fee interest at the rate of 18% per annum is also to be paid on the amount of tax for 5.

Late Fees for not Filing Return on Time

- If GST Returns are not filed within time, you will be liable to pay interest and a late fee.
- Interest is 18% per annum. It has to be calculated by the taxpayer on the amount of outstanding tax to be paid. The time period will be from the next day of filing to the date of payment.
- Late fees is Rs. 100 per day per Act.
- So it is 100 under CGST & 100 under SGST. Total will be Rs. 200/day. Maximum is Rs. 5,000. There is no late fee on IGST. However, currently, a reduced late fees of Rs 50 per day of delay(Rs 20 for NIL return) is applicable for those who file GSTR-1 and GSTR-3B.
- There are prescribed formats for each of the above of the returns. The forms may seem complex and difficult to understand.

■

GSTR 9

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GSTR 9 is the annual return which is to be filed by every registered taxable person. It is a compilation of all monthly/quarterly returns giving details about supplies made and received under CGST, SGST and IGST. This is a complex task involving compilation and reconciliation of GSTR1, GSTR3B, GSTR2A and financial statements.

Applicability :

All the taxable persons registered under GST portal have to file GSTR 9, except the following persons who are exempt :

- Casual taxable Person
- Non resident taxable person
- Input Service Distributor
- Composition Dealer
- Person paying TDS under section 51 or 52
- Filing of GSTR9 has been made optional till now, for registered persons whose aggregate turnover is less than 2 crore

Due dates for filing GSTR 9 and penalties for late filing :

The last date for filing the GSTR 9 for the financial year is 31st December of the next financial year. i.e. for filing returns of 2020-21 the due date would be 31st December 2021. Extensions may be granted through government notifications from time to time.

The penalty for late filing of GSTR 9 is R. 100 per day; per act. i.e. Rs. 100 per day for CGST and Rs. 100 per day for SGST. So, total Rs. 200 per day. There are no penalties levied on late filing of IGST, yet.

Types of GSTR 9 :

GSTR 9 : Annual return for registered person under regular scheme

GSTR 9A : Annual return for registered person under composition scheme

GSTR 9B : Annual return for E commerce operators

GSTR 9C : Return for GST Audit (to be done by registered person whose turnover exceeds Rs. 5cr)

Filing of GSTR 9 on the portal:

While filing form GSTR 9 on the GST portal, following details are required:

Part I : Basic details of the taxable person like GSTN, Legal name, Financial year etc are required. This is data is auto populated on the portal.

Part II : Outward and Inward supplies made during the financial year. Here details like B2B supplies, B2C supplies, zero rated supplies, SEZ supplies, Nil rated and exempt supplies, Advances, RCM, Debit Notes, Credit Notes etc. is to be declared in the tables 4A to 4L and 5A to 5K. This data is fetched from GSTR 1 filed earlier by the taxpayer. Now this data has to match with financial statements. If there has been any omissions, mistakes or rectifications in the GSTR 1 during the year, the same can be corrected and updated here.

Part III : Details regarding ITC claimed, eligible, ineligible and reversed are to be given here. Data pertaining to supplies from registered dealer, supplies from unregistered dealer, supplies from registered/unregistered persons liable to reverse charge, ITC from ISD, import of goods and services, ITC as per GSTR 2A, ITC available but not claimed, ineligible ITC, IGST paid on imports, ITC available and availed/not availed on import of goods etc. is to be declared in the tables 6A to 6M, 7A to 7H and 8A to 8J. Again, this data is auto populated from GSTR 3B, ITC 03 and TRAN I & II wherever applicable. Similar to Part II, any earlier omissions or rectifications in GSTR 3B can be corrected and updated in this tables.

Part IV : Here, the details of IGST, CGST, SGST, UTGST, interest, penalties, Cess etc. paid through ITC and/or cash that is reflected in the GSTR 3B files earlier, is auto populated.

Part V : Transactions relating to previous financial year which are reported in current financial year are declared in this part. Such transactions can be declared in the first 6 months returns (Apr to Sept) of the current year or in the annual return (GSTR 9) of the previous year (upto 31st December of current year). Details regarding the transaction like supplies declared, ITC availed and reversed in the previous year and the differential tax paid, is to be furnished in table 10 to 14.

Part VI : Further details like total refund claimed, sanctioned, rejected, GST demanded, paid and payable, supplies from composition dealers, deemed supply details, HSN wise inward and outward supplies summery and late fees paid or payable; are furnished in the table 15A to 15G, 16A to 16C, 17,18 and 19.

Please note that GSTR 9 once filed, cannot be revised (some changes can be done in GSTR 9C if the taxable person is under audit). Hence, the information submitted has to be correct. Filing of an incorrect GSTR 9 will lead to payment of further tax, interests and penalties.

Records to be maintained by the Tax payer

For minimizing discrepancies in the GSTR 9 vis a vis financial statements, following records should be kept updated on monthly or quarterly basis :

- HSN wise Sales Register and Purchase Register
- HSN wise Stock Register
- Debit notes / Credit notes
- RCM Ledger
- LUT
- Transaction data pertaining to previous financial year; which is going to be reported in current financial year
- CGST/SGST/IGST ledger
- List of products and services along with HSN classification and rates
- Balance Sheet and Profit & Loss account

Verification of all the General Ledgers, reconciliation of GSTR 1 and GSTR 3B with financial statements along with justifications for differences, should be done beforehand for filing GSTR 9.

Cost Audit and GSTR 9

In the Cost Audit annexures HSN wise sales in Part A4 and consumption details in Part B2A; are reported after reconciling the same with financial statements. In Part D6, state wise data regarding GST payable, GST paid through ITC, GST paid by cash, interest and penalties levied; is submitted from GSTR 3B returns of the taxable person. This information can be aligned with GSTR 9 while filing the return. ■

Are you prepared for Departmental Audit by GST Officers?

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Section 35 of CGST Act 2017 has been amended and thereby Annual Return to be reconciled with books of accounts in Form GSTR-9C is required to be self-certified even for the year 2020-21. Therefore, State and Central GST Officers have already equipped with conducting GST Audit and started extensive training to their officers including publishing GST Audit Manual by CBIC as well as Karnataka Commercial Department. This audit will be somewhat different than that of EA-2000 Audit in the Central Excise Era or VAT Assessment by the State officers.

Departmental Audit will be carried out systematically audit and procedure thereof has been well clarified in the GST Audit Manual.

This Article provides the details w.r.t. GST Audit in the four segments:

1. Legal Provisions w.r.t. Departmental Audit, Objective & planning thereof & Methodology
2. Analysis / Desk Review prior to the start of Audit
3. Audit on the Field
4. Action Points After Audit

A. Legal Provisions w.r.t. Departmental Audit, Objective & planning thereof & Methodology

- Legal Provisions:

Section 65 of CGST Act 2017 provides for the audit

(1) The Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed.

(2) The officers referred to in sub-section (1) may conduct audit at the place of business of the registered person or in their office.

(3) The registered person shall be informed by way of a notice not less than fifteen working days prior to the conduct of audit in such manner as may be prescribed.

(4) The audit under sub-section (1) shall be completed within a period of three months from the date of commencement of the audit:

Provided that where the Commissioner is satisfied that audit in respect of such registered person cannot be completed within three months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding six months.

Explanation – For the purposes of this sub-section, the expression "commencement of audit" shall mean the date on which the records and other documents, called for by the tax authorities, are made available by the registered person or the actual institution of audit at the place of business, whichever is later.

(5) During the course of audit, the authorised officer may require the registered person,—

(i) to afford him the necessary facility to verify the books of account or other documents as he may require;

(ii) to furnish such information as he may require and render assistance for timely completion of the audit.

(6) On conclusion of audit, the proper officer shall, within thirty days, inform the registered person, whose records are audited, about the findings, his rights and obligations and the reasons for such findings.

(7) Where the audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate action under section 73 or section 74.

Similarly Rule 101 of CGST Rules 2017 specifies the Rule w.r.t. Departmental Audit

101. Audit.- (1) The period of audit to be conducted under sub-section (1) of section 65 shall be a financial year or multiples thereof.

(2) Where it is decided to undertake the audit of a registered person in accordance with the provisions of section 65, the proper officer shall issue a notice in FORM GST ADT-01 in accordance with the provisions of sub-section (3) of the said section.

(3) The proper officer authorised to conduct audit of the records and the books of account of the registered person shall, with the assistance of the team of officers and officials accompanying him, verify the documents on the basis of which the books of account are maintained and the returns and statements furnished under the provisions of the Act and the rules made thereunder, the correctness of the turnover, exemptions and deductions claimed, the rate of tax applied in respect of the supply of goods or services or both, the input tax credit availed and utilised, refund claimed, and other relevant issues and record the observations in his audit notes.

(4) The proper officer may inform the registered person of the discrepancies noticed, if any, as observed in the audit and the said person may file his reply and the proper officer shall finalise the findings of the audit after due consideration of the reply furnished.

(5) On conclusion of the audit, the proper officer shall inform the findings of audit to the registered person in accordance with the provisions of sub-section (6) of section 65 in FORM GST ADT-02.

- **Objective & planning thereof**

  Ensure No Short Payment and Identification of Risk based on the Parameters.

  (a) Detailed examination of

  i. records,

  ii. returns and

  iii. other documents - maintained / furnished by a registered person, under GST law/any other law or rules;

(b) For verification of correctness of -

(i) turnover declared;

(ii) Taxes paid

(iii) refund claimed;

(iv) input tax credit availed; and

(v) assessment of compliances with provisions of GST law and rules.

- Duration of Audit

i. Large taxpayers – 6 to 8 working days

ii. Medium taxpayers – 4 to 6 working days.

iii. Small taxpayers – 2 to 4 working days (including audit of the Deductor, who fall under the provisions of Section 51 of CGST Act, 2017 {who pay TDS} and operators who collect tax at source as per provisions of Section 52 of CGST Act, 2017

- Methodology
- Creation of Audit teams.
- Preparation of schedule on the basis of the risk assessment list provided by DG (Audit). The same is divided into annual and quarterly audit schedules.
- Allotment of taxpayers to the audit groups.
- Intimation to the Registered Person (GST ADT-01)
- Reviewing the taxpayer data - Tax Payer at a Glance (TAG), Registration, Returns, Payments, Dispute Resolution, Audit Report Utility, E-way bills & Third Party data if available.
- Conducting desk review in offline / online mode (wherever available) and uploading the result of desk review.
- Preparing the audit plan in offline / online mode (wherever available) and uploading the audit plan.
- Carrying out verification and uploading the verification report, within twenty four hours of completion of audit.
- Creation of Audit teams.
- Preparation of schedule on the basis of the risk assessment list provided by DG (Audit). The same is divided into annual and quarterly audit schedules.
- Allotment of taxpayers to the audit groups.
- Intimation to the Registered Person (GST ADT-01)
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- Conducting desk review in offline / online mode (wherever available) and uploading the result of desk review.
- Preparing the audit plan in offline / online mode (wherever available) and uploading the audit plan.
- Carrying out verification and uploading the verification report, within twenty four hours of completion of audit.
- Selection of Registered Persons for Audit
- Method of selection based on risk assessment
- Preparation of audit schedule
- Annual plan for Audit Coverage (Audit year being – 1st April to 31st March)
- Theme based coordinated audits
- Accredited status for deferring frequency of audit
- Audit of Books & Records.
- Records to be maintained by registered persons for each registration separately including principal place of business & additional place of business
  - o Goods or services imported and Exported
  - o Supplies attracting payment of tax
  - o Supplies attracting payment of tax on reverse charge
  - o Stock of goods supplied / received - opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples including raw materials, finished goods, scrap and wastage thereof
  - o Monthly production accounts with quantitative details of raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof
  - o Quantitative details of goods used in the provision of each service, details of input services utilized and the services supplied
  - o Advances received, paid and adjustments made thereto – Refund Vouchers / Payment Vouchers
  - o Details of tax payable, tax collected and paid, input tax, input tax credit claimed
  - o Register of tax invoice, credit note, debit note, delivery challan issued or received during any tax period
  - o Names and complete addresses of suppliers / customers / recipients
  - o Complete addresses of the premises where the goods are stored by him, including goods stored during transit along with the particulars of the stock stored therein
  - o Relevant documents viz invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers and e-way bills, etc

B. Analysis / Desk Review prior to the start of Audit

a) Start of the Audit

- Understanding the business of the auditee
- Understanding the software used
- Special attention to transactions not appearing in the financial accounts
- Registration
  - – Core Changes
  - – Non-Core Changes
  - – ISD
- Masters
  - – Customer
  - – Suppliers
  - – Items with HSN
  - – Services with SAC
  - – Tax Codes
  - – ITC Entitlement
- Applicability of GST
  - – Aggregate Turnover
  - – Threshold Limit
  - – Composition Scheme

- Outward Supply & Determination of Tax Liability
- Inward Supply & Eligible ITC & Reversal of ITC

b) List of Documents to be furnished prior to the audit

Following documents (duly self-attested) may be furnished to department :

1. Annexure – GSTAM-I, Annexure – GSTAM-V and Annexure-GSTAM-VI as per the proforma prescribed in GST Audit Manual 2019
2. Copy of application for GST Registration, Registration Certificate(s)
3. Copies of GSTR-1, GSTR-2A, GSTR-3B and GSTR-9 and GSTR-9C alongwith payment challans
4. Details of E-Way bill for the audit period for inward and outward supply of goods and services
5. List of Show Cause Notice issued, if any and their present status
6. Date of last Departmental Audit and the period covered. (Copy of the findings and correspondence with the department in this regards, if any)
7. Audit Report of the audit conducted by CERA, if any
8. Any other relevant records.

Statutory Documents / Records maintained under other laws for the time being in force:

1. Copies of Annual Reports (with all schedules and notes to Accounts) , Balance Sheet, Profit & Loss Account Statement, Gross Trial Balance
2. Copies of Tax Audit Reports (including all annexures) conducted under Sec 44AB of the Income Tax Act 1961
3. Copies of Form 3CEB and 3CD Reports under Section 92E of the Income Tax Act 1961,
4. Cost Audit Report (If any)
5. Copy of 26AS for the period of audit

GSTAM-I : Registered person's Master file – RPMF to be updated on regular intervals : FOR DESK REVIEW

- Name of the Registered person
- GSTIN
- Address of the Registered person
- Name of Principal place of business
- Name and address of the Corporate/Registered Office of the Registered person
- Permanent Account Number
- Description of the goods/services supplied
- Details of Additional Place of Business
- Constitution of Business
- Details of proprietor / partner / CEO / Chairman / Managing Director (as applicable
- Details of Proprietor/Partners/CEO/Chairman /Managing Director/Member etc
- Customs registration No (BIN No)
- DGFT's IEC No
- Registrar of Company's CIN No.
- Tour Operators with RTA
- Stock Brokers with SEBI
- Name and designation of the authorized person of the Registered Person

GSTAM-I : Registered person's Master file – RPMF to be updated on regular intervals : FOR DESK REVIEW

- Name of the designated bank where the GST is deposited
- Details of the Bank accounts used for business transaction with name of the bank, its specific branch and account number
- Details of Supplies made and taxes paid
- HSN -wise details of value of goods supplied and ITC paid (for 3 years).
- GST Services code-wise details of value of services supplied and ITC paid (for 3 years).
- Details of Zero rated supplies and Deemed Exports made

GSTAM-V :COMPARATIVE CHART OF ITEMS FROM FINANCIAL STATEMENTS/ RETURNS - FOR DESK REVIEW

Sl. No.	Item	Records/Registers/Accounts maintained U/S 35 CGST Act read with rule 56 of CGST Rules(+)	GSTR-9(++)	Cost Audit Report (Annual) #	Income Tax Audit Report (Annual) ##	Trial Balance (Annual)	Annual Report (Including Balance Sheet & P & L Account) (Annual) @	ITR 6 (Annual) @@
1	Quantity Manufactured	Production/manufacture account			28 b B (iii)		Schedule to Balance Sheet	Part A- QD (c) (5)
2	Goods Cleared							
	i) Quantity	inward & outward supply account of goods	**17(3)+18(3)**	Sl. No. 4 (8) of Annexure	28 b B (iv)		Schedule to Balance Sheet	Part A- QD (c) (6)
	ii) Value	Do	**17(4)+18(4)**	Sl. No. 8(1) of Annexure			Schedule to Balance Sheet	
3	GST Paid		9					
	(a) cash		9(3)					
	(b) ITC		9(4+5+6+7)					
	Credit Register			Sl. No. 11 of Annexure	22(a)			
	II) Cash Regigster			Sl. No. 11 of Annexure				
	Total GST Paid		9(3)+9(4+5+6+7)					

4	Exports (Value & Quantity)		4(C+D+E)+5 (M)	Sl. No. 4 (8) of Annexure				
	a) Under Bond							
	I) Quantity							
	b) Value						Schedule to Balance Sheet "(Earnings in Foreign Exchange - f.o.b of Exports)"	
	On payment of GST							
	(a) quantity							
	(b) value		**4(C+D)**					
5	Details of ITC taken and utilised							
a)	Opening Balance							
a)	ITC Taken		**6(O)**		**22(a)**			
b)	ITC Utilised		**9(4+5+6+7)**		**22(a)**			
c)	I) Payment of duty of goods							
d)	II) Payment of duty on Services							
e)	III) Removal of Inputs & Capital Goods as such							
6	**Consumption of major Raw material in manufacture**							
	a) Quantity				28(b)(A)(iii)		Schedule to Balance Sheet	Part A-QD (b) (4)
	b) Value						Schedule to Balance Sheet Schedules to P & L Account	
7	**Sale of Waste & Scrap**							
a)	Quantity							
b)	Value				28(b)(A)VIII 28(b)(B) VI	Under Head "Other Income"		
8	**Power & Fuel**					Under Expenditure- Power & Fuel	Annexure to Director's Report Schedules to P & L Account	
9	**Written off stocks**	Account of stock of goods			28(b)(A)VIII 28(b)(B) VI	Expenses for write off	Obsolete	

Following Ratio Analysis will indicate and identified areas where indepth audit to be carried. Certain Ratios and interpretation thereof is given below:

Ratio	Interpretation
Input Tax Credit availed (A): Total tax paid through (Electronic cash ledger + Input Tax Credit) (B) = (A)/(B) Source Document: Annual or Monthly GST returns	i) To identify wrong availlment of input tax credit ii) To identify under valuation of goods as value-addition should involve adequate difference between the two. iii) To identify removal of goods without payment of duty. iv) To identify claiming of input tax credit on inputs used in exempted products.
Use of Ratios (Goods)-2 Total Inward Supply Costs ------------------------	• This ratio shows the part of outward supply value represented by inward supply cost. The balance outward supply value represents the value

Ratio	Interpretation
Total Outward Supply Value Source: Monthly GSTR	addition on account of non-taxable elements like wages, overheads, depreciation, interest. • Theoretically, this ratio should have a bearing on the ratio of Input tax credit: Total tax payment (Sl.No.1). • If this ratio is lower than ratio at Sl.No.1 or more than previous year's ratio, it may be on account of the following: • Wrong availment of credit like cases of availing value of goods as credit or availment of credit of basic custom duties in case of import or double credit on same document. • Fraudulent availment of credit like availment of credit without receipt/ actual use of input. • Rejection/return/clearances of inputs without reversal of credit • Receipt of inputs and availment of credit but clearances of finished goods without payment of duty. • Under valuation of finished goods. • Important points to be considered: • Only taxable goods sales value should be considered. • Export value to be excluded from sales value, if export is under bond (if export was on payment of duty, in that case, export value should be included). • Exclude the GST from sales value, if details are available.
ITC availed on Capital goods/ Addition to Capital Goods	Addition to the Plant & Machinery is available from the Fixed Assets Schedule enclosed to the Balance sheet
Other income/ Total Sales	If this ratio is higher than previous period, it may be on account of the following • Under valuation of finished goods by non-inclusion of other incomes like recovery of Advertisement expenses, Packing and Forwarding Expenses in the assessable value. • Non-payment of duty on scrap/rejects/job work. GST liability on Other Income may also be examined.
Outward supply of Scrap: Total outward supplies made	If ratio in the current year is lower, it may be on account of the following: • outward supply of scrap made without payment of duty • Non receipt of scrap from job worker
Value of exempted outward supply: value of total outward supplies	• To identify outward supplies made in the guise of exempted supplies. • To identify supply of essential parts of outward supply as exempted supplies. • To identify under valuation of outward supplies by overvaluing exempted outward supp
Input tax credit availed on inputs: Purchase price of inward supplies	i) Non reversal of credit/payment of duty on inputs rejected/short received/ cleared to other units/cleared as spare during warranty period
Value of Zero-rated supply : Total supply	i) To identify outward supplies made in the guise of zero-rated supplies. ii) To identify under valuation of outward supplies by overvaluing zero rated supply outward supply
Non-GST Supply : Total supply	i) To identify outward supplies made in the guise of non-GST supplies. ii) To identify supply of essential parts of outward supply as non-GST supplies. iii) To identify under valuation of outward supplies by overvaluing Non-GST outward supply
Total cost of inputs received (both Goods & Services): Value of Taxable outward supply (say A) Credit availed: Total GST payable (say B) Source Document: 1. Profit & Loss Account;	Compare the ratio over a period of 3-4 years. If the ratio is increasing there is possibility of the following irregularities:- i) Rendering of unaccounted outward supply. ii) Undervaluation of outward supply. iii) Diversion of outward supply income into non- taxable income.

Ratio	Interpretation
2. Income &Expenditure Account (in case of non-profit organisations like clubs); and 3. GST return	Compare this ratio (A) with (B) If ratio B is greater than ratio A, then there is a possibility of wrong availment of credit either due to calculation mistake or availment of credit on inward supply being not used properly in outward supply.
Other incomes not charged to GST : Value of taxable outward Supply Source Document: 1. Profit & Loss Account; 2. Income &Expenditure Account(in case of non-profit organisations like clubs); and 3.3. GST return	Compare the ratio over a period of 3-4 years or with the Taxable person rendering the same services. If the ratio is increasing over a period of time or it is more when compared to other suppliers, then there is a possibility of under valuation by showing outward supply income as non-taxable / exempted income.
Additions to plant and machinery / fixed assets during the year : Total value of assets at the beginning of the Year Source Document: Balance Sheet	A comparison of this ratio with the rate of growth of the value of taxable outward supplyduring the year may be useful in verifying whether the value of taxable outward supply has been correctly declared.It is particularly to be checked in cases where the additions to plant & machinery / fixed assets directly impact the volume of outward supplies.
Amount of input tax credit availed on inward supply: Total tax liability on outward supply Source Document: GST returns	Compare the ratio over a period of 3-4 years. If the ratio is increasing there is the possibility of the following irregularities:- (a) Rendering of unaccounted outward supply; (b) Under valuation of outward supply; (c) Showing outward supply income as non-taxable outward supply income. (d) Inflation of inward supply credit.
Input Tax Credit (A): Total Tax paid through (Electronic cash ledger + Input Tax Credit) (B) = (A)/(B) Source Document: GST returns	i) To identify wrong availment of input tax credit ii) To identify under valuation of outward supply as value-addition should involve adequate difference between the two. iii) To identify outward supplies made without payment of GST. iv) To identify claiming of input tax credit on inward supplies used in exempted outward supplies
Input tax credit availed on Capital Goods purchased during the year : Addition to Plant & Machinery Source Document: Balance Sheet & GST return	i) Addition to the Plant & Machinery is available from the Fixed Assets Schedule enclosed to the Balance sheet.
Other Income: Outward supplies Source Document: Profit & Loss Account	If this ratio is higher than previous period, it may be on account of the following: a) Under valuation of outward supply by non-inclusion of other incomes b) GST liability on Other Income

Based on the above ratios and illustrative interpretation as mentioned above, probable risk areas will be identified and indepth audit will be done to find out whether there is excess availment of ITC of short payment of tax.

Further, Department have issued the detailed questionnaire so as to understand the process flow of taking the various decisions w.r.t. inward supply & outward supply, stores, job work, manufacturing process, distribution process, marketing plans and strategies and overall management of the company.

It is advisable to prepare the note on system flow and related questions mentioned in GST Audit Manual, departmental officer will go through the same and identify the risk parameter and prepare Risk Control Matrix before the start of the audit.

C. Audit on the Field

Department will focus audit and carry out the indepth audit in the following areas:

1 Registration (Regular)
2 Composition scheme
3 Composition Scheme for Services
4 Suspended or Cancelled registration
5 Unregistered Persons
6 Supply (Goods)
7 Supply (Services)
8 Supply (goods treated as services)
9 Supply (Immovable property)
10 Supply (Intellectual property)
11 Supply (Agricultural)
12 Supply (cess attracting articles)
13 Supply (Non-monetary consideration)

14 Supply (Barter - exchange)
15 Supply (No consideration)
16 Exit from Composition
17 No Supply
18 Money Transactions
19 Digital Currency Transactions
20 Classification (Goods)
21 Classification (Services)
22 Exemption (Goods)
23 Exemption (Services)
24 Reverse Charge (Goods)
25 Reverse Charge (Services)
26 Electronic Commerce Operator (ECO)
27 Electronic Commerce Supplier
28 Input Tax Credit (taken)
29 Input Tax Credit (utilized)
30 Input Tax Credit (reversed)
31 Input Tax Credit (blocked)
32 Input Tax Credit (cess)
33 Input Service Distributor
34 Valuation (monetary consideration)
35 Valuation (non-monetary consideration)
36 Valuation (related party transactions)
37 Valuation (deemed value notified)
38 Time of Supply
39 Place of Supply (goods domestic)
40 Place of Supply (services domestic)
41 Place of Supply (goods exports-imports)
42 Place of Supply (services exports-imports)
43 Place of Supply (SEZ)
44 High-Sea sales
45 Merchant trade
46 In-bond sales
47 Import of Goods
48 Import of Services
49 Export of Goods
50 Export of Services
51 Returns (GSTR1)
52 Returns (GSTR3B)
53 Returns (GSTR9)
54 Returns (GSTR9A)
55 Transitional activities
56 Financial records
57 Stock records
58 TDS
59 TCS
60 Job-work
61 Deemed Exports
62 EOU-STP-EPZ
63 SEZ Developer
64 SEZ Unit
65 SEZ Unit (supplies in DTA)
66 Exporters
67 UIN-holders
68 Single-GSTIN-holders
69 Multi-GSTIN-holders
76 Interest (on output tax)
77 Interest (on input tax credit)
78 Refund (beneficial schemes)
79 Refund (deemed export)
80 Refund (goods export)
81 Refund (services export)
82 Refund (EOU-EPZ-STP)
83 Refund (SEZ)
84 Refund (Tax wrongly paid)
85 Refund (excess tax paid)
86 Refund (cash balance)
87 Output tax interchange
88 Cessation or succession of business
89 Verification of 'outward supply'
90 Verification of 'inward supply'
91 Verification of 'non-monetary transactions'
92 Verification of 'deemed supply'
93 Verification of 'other income'
94 Verification of 'no supply'
95 Verification of 'input tax credit'
96 Verification of 'apportioned credits'
97 Verification of 'blocked credits'
98 Verification of 'records matching'
99 Verification of 'returns'
100 Verification of 'place of supply'
101 Verification of 'exports'
102 Verification of 'imports'
103 Transition credit
114 Cash balance refund
115 Refund due to export (goods) with payment of tax
116 Refund due to export (services) with payment of tax
117 Refund due to supply to SEZ (goods) with payment of tax
118 Refund due to supply to SEZ (services) with payment of tax
119 Refund of unutilized credit (export of goods) without payment of tax
120 Refund of unutilized credit (export of services) without payment of tax
121 Refund of unutilized credit (goods to SEZ) without payment of tax
122 Refund of unutilized credit (services to SEZ) without payment of tax

123 NO REFUND of unutilized credit (SEZ developer to SEZ unit)

124 Refund of deemed exports (to Supplier)

125 Refund of deemed exports (to Recipient)

126 Refund of inverted tax

127 Errors Master, for verification exercise

They will seek the explanation on any deviation w.r.t. following reconciliations:

- GSTR-1 & GSTR-3B and Trend Analysis thereof
- Critical analysis of GSTR-9C and reasons of provided in the reconciliation of outward supply, ITC, tax payment and other information
- Outward Supply as per GSTR-9C vis-à-vis TDS Return
- Inward Supply and TCS Return
- Submission to the Banks – CMA Report & Stock & Debtors Statement & Reconciliation with books of accounts
- Reconciliation with Cost Audit Report & Cost Sheets for outward supply, inward supply and valuation
- Material reconciliation
- Inward Supply with E-Way Bills
- Outward Supply with E-Way Bills
- Job Work with E-Way Bills

Specific Attention

They will also go through inventory records and quantitative reconciliation and also establish input output norms and will check the industry standards. Therefore, wherever quantity is adjusted on account of wrong bill of material, excess consumption, shortage and excess found during physical inventory checking etc etc. will have to be properly studied and proper explanation needs to be given.

It is also important to note, in terms of explanation provided in the Section 65 of CGST Act 2017, during the course of audit, the authorised officer may require the registered person have to

(i) to afford him the necessary facility to verify the books of account or other documents as he may require;

(ii) to furnish such information as he may require and render assistance for timely completion of the audit.

Therefore, it is advisable to prepare much in advance for departmental audit even before notice in the Form ADT-01 is received.

D. Action Points After Audit

After the audit, audit findings are placed in the Monitoring Committee Meetings (MCM) and based on the decision of MCM, audit findings will be notified in the Form ADT-02 within 30 days after the completion of GST Audit and clarification of the registered person will be sought and the same will be incorporated in the final Audit Report and the same will be placed before MCM.

Final decision will be taken by the Monitoring Committee w.r.t. issuance of notice in accordance with Section 73 & Section 74 Of CGST Act 2017 and SCN will be issued, thereby adjudication process will commence.

E. Conclusion

Department is well prepared and departmental officers are also getting trained. The points mentioned above in "Analysis / Desk Review prior to the start of Audit" will be the input for query-based system designed for assessment and desk review developed by GSTN will be used and output therefrom will be derived.

Similarly, department have devised the format for seeking data based on the verification carried out by departmental officers as a audit process will also be input for the query-based system designed for assessment and desk review developed by GSTN will be used and output therefrom will be derived.

In view of the above, it is advisable to carry out such audit by experts, prepare the working in the formats required by the department and take the preventive measures before department highlights. Once department highlights excess availment of ITC or short payment of tax or excess refund granted, then provision of mandatory penalty and interest will be the additional burden on the registered person.

Wishing all the very best on your retirement.
May you have a healthy and
happy life with your friends and family.

Shri D. K. Hariyan

Dy. Superintendent.

Superannuated on 30th June 2021
after 38 years of service.

It's time to enjoy your life.

Happy Retirement!

Departmental Audit- Only Audit in GST

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After abolition of Audit under section ___________ by a Cost Accountant and other professionals, the only way to check correctness of GST provisions remaining is GST Audit under Section 65 and 66 of CGST Act. The below are provisions of the respective sections in GST Act which will help to know more about this audit

Section 2(13) of the CGST Act, 2017 (hereinafter referred to as the 'Act') defines "Audit" as the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made thereunder

Section 65 of Central Goods and Services Act 2017 - Audit by Tax Authorities

(1) The Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed.

(2) The officers referred to in sub-section (1) may conduct audit at the place of business of the registered person or in their office.

(3) The registered person shall be informed by way of a notice not less than fifteen working days prior to the conduct of audit in such manner as may be prescribed.

(4) The audit under sub-section (1) shall be completed within a period of three months from the date of commencement of the audit:

Provided that where the Commissioner is satisfied that audit in respect of such registered person cannot be completed within three months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding six months.

Explanation.- For the purposes of this sub-section, the expression "commencement of audit" shall mean the date on which the records and other documents, called for by the tax authorities, are made available by the registered person or the actual institution of audit at the place of business, whichever is later

(5) During the course of audit, the authorised officer may require the registered person,-

(i) to afford him the necessary facility to verify the books of account or other documents as he may require;

(ii) to furnish such information as he may require and render assistance for timely completion of the audit.

(6) On conclusion of audit, the proper officer shall, within thirty days, inform the registered person, whose records are audited, about the findings, his rights and obligations and the reasons for such findings.

(7) Where the audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate action under section 73 or section 74.

Whereas Section 66 of the CGST Act also has a provision of GST Audit under special circumstances

(1) If at any stage of scrutiny, inquiry, investigation or any other proceedings before him, any officer not below the rank of Assistant Commissioner, having regard to the nature and complexity of the case and the interest of revenue, is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits, he may, with the prior approval of the Commissioner, direct such registered person by a communication in writing to get his records including books of account examined and audited by a chartered accountant or a cost accountant as may be nominated by the Commissioner.

(2) The chartered accountant or cost accountant so nominated shall, within the period of ninety days, submit a report of such audit duly signed and certified by him to the said

Assistant Commissioner mentioning therein such other particulars as may be specified:

Provided that the Assistant Commissioner may, on an application made to him in this behalf by the registered person or the chartered accountant or cost accountant or for any material and sufficient reason, extend the said period by a further period of ninety days.

(3) The provisions of sub-section (1) shall have effect notwithstanding that the accounts of the registered person have been audited under any other provisions of this Act or any other law for the time being in force.

(4) The registered person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit under sub-section (1) which is proposed to be used in any proceedings against him under this Act or the rules made thereunder.

(5) The expenses of the examination and audit of records under sub-section (1), including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner and such determination shall be final.

(6) Where the special audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate action under section 73 or section 74.

"17. From the above provisions it is very clear that section 65 and 66 are independent of any other section and any other procedure under any other section has no bearing on Audits under Section 65 and 66. In the case of Suresh Kumar PP v/s Deputy Director DGGI before Hon. Kerala High Court and further decision is upheld by Hon Supreme Court Para 17 says that Here the challenge is to simultaneous proceedings of investigation having been commenced when already an audit was in progress. Audit under section 65 is a routine procedure to be carried out by the Commissioner in such frequency and in such manner as prescribed in the rules; which is independent of an investigation under section 67. section 67 is a more onerous procedure which can be initiated only on the satisfaction of an Officer not below the rank of a Joint Commissioner of, suppression of taxable transactions, excess claim of input tax credit, contravention of the provisions of the Act and Rules, keeping of goods and accounts in contravention of the provisions, escapement of tax, secreting of goods or material liable to confiscation or relevant or useful in any proceedings under the Act and any act leading to evasion of tax. Investigation under section 67 is no routine procedure as is an audit under section 65. In this context we cannot but observe that the appellants, on their own admission, were issued with notice dated 17-3-2020, Exhibit P2, calling for details of the LCOs. There is nothing stated in the writ petition as to how and in what manner the appellants responded to the said notice. Then by Exhibit P5 dated 15-5-2020 an audit under section 65 was initiated and later in June the investigation under section 67. Though we are not going into the merits of the suppression alleged, the appellants themselves say that it is with respect to the quantum on which GST is payable; whether it should be on the gross amounts collected by the LCO. Looking at the various proceedings it cannot be, for a moment, believed that the appellants were taken off guard by the abrupt proceedings taken under section 67 as they would allege. We do not find any infirmity in the audit and investigation proceeding being continued simultaneously. But the learned Standing Counsel informs us that in the wake of the investigation commenced, the audit would not be proceeded with."

The point of above Para is very clear that Investigation and Inspection are independent of Section 65 and 66 Audits. Hence we can conclude that Assesse is suppose to be ready for all types of Audits, Inspections, Investigations and Special Audits all the times. One burden of Audit under Section ________ is removed from the year 20-21 but all time preparing for Departmental Audit and Special Audit is needed.

A trade circular issued by the department under MCGST Act dated 21st December 2020 also speaks about indicative list of documents to be submitted or to be kept ready for departmental audit. These documents show most of the records needed under the Act to be maintained and updated by the tax payer. The indicative list is given as below:

1. Financial statements and reports- Balance Sheet, Tax Audit Report, Annual Financial Statement, Cost Audit Report, Trial Balance
2. Inward -Outward supply summary statement
3. RCM ledger and supportive documents
4. Inward -Outward supply invoices
5. Cancelled invoices due to any reason
6. Goods return (inward and outward supply) register along with credit note/debit note details
7. Inward supply Register (soft copy)
8. Outward Supply register (soft copy)
9. Zero rated supply register and supportive documents (commercial invoice, shipping bill, bill of lading, EGM , Bank realization certificate or Inward remittance certificate etc.)
10. Details of Exempted supply/Supply to SEZ dealer
11. Refund claim/availment details if any (export of good and services, inverted duty structure etc. any type of refund claimed by dealer)
12. TDS payment transactions if any
13. TRAN-1 details (details regarding credit carried forwarded from previous Act to GST Act)
14. GSTR 2A-Mismatch, unmatched transactions details
15. E-way bill transactions month wise summary statement and corresponding register
16. In case of services, FIRC (Foreign Inward Remittances), corresponding agreements, invoices, Annual Maintenance Contract copies and corresponding invoices if any
17. Details of advances received and tax payment for the same
18. Other Income/misc. income
19. Reversal/reduction of ITC
20. Scrap sales
21. Details of exempted outward supply
22. Details of zero rated supply
23. Non-GST supply
24. Job work details (inward and outward side)
25. Credit ledger Input tax credit availment summary (for Capital asset, liability. Refund claim, any other deduction
26. Cash ledger availment summary (for liability, RCM, any other deduction)
27. Reversal of ITC within 180 days due to non-payment in 180 days

The above documents may vary from case to case depending on the volume, gravity, complexity, etc of the each individual case.

From the above list and case law which was quoted shows that lot of records needs to be maintained which are not mentioned elsewhere as a list but indicative list is given and Inspections and Investigation is independent of Audit hence all records must be maintained all the time.

■

CFO Speaks

CMA Harshendra Punjawat

Interview by
CMA Malhar Dalwadi

He is Senior finance professional with a rich 23+ Years of Indian as well as international corporate experience, in various organisations and sectors such as engineering, auto ancillary, pharma, trading, textiles, power, etc. Specialising in financial controlling of mid-size companies at senior management (CFO) level. Awarded recognition from ICAI for significant contribution to industry as a finance professional.

Currently working as a CFO of a 50:50 Joint Venture between Pfizer and Zydus group, involved in exports of Oncology sterile injectable products, based out of Ahmedabad in Pharmaceutical SEZ. Reporting to board of directors, comprising of senior directors of Pfizer global and Zydus global group. Successfully handling accounts, finance, SAP, financial reporting and analysis, costing, controlling, audit, forex, treasury, Taxation, insurance, business development and growth strategy, JV, MA, new projects, risk management, compliance and business process review. Have also worked previously with Ahmedabad based growing companies such as Harsha Engineers Limited, Adani Exports Limited, Jindal Worldwide Limited, Cadila Pharmaceuticals Limited.

1. **What do you feel about your role as VP Finance of Pharma Company?**

   I feel the role of VP Finance and CFO is very important and critical, whether it is a Pharma Company or any other company. The following points indicate the value and importance of the role:

   - The role is of the custodian of the company's assets and to regularly maintain, control and value the assets of the company
   - Cash flow management for the company is very important and the role of CFO is to provide cash to the business timely and also to invest the spare cash to earn income
   - Reporting to the stakeholders is a key to the role of CFO. Timely, accurately and proper reporting to the stakeholders such as promoters, shareholders, bankers, etc, is very important and critical. CFO has to be aware of the entire business model and cycles to ensure such reporting.
   - In the recent times, compliance and corporate governance have been the key areas for any company. CFO plays an important role in ensuring compliance and corporate governance for the company and ensures good practices and due diligence.
   - Most important role of CFO is to be a part of the growth engine of the company. He plays a key role in all growth strategies such as M&A, fund raising, deployment, investments, demerger, sell off, greenfield growth, inorganic growth, etc. He plays a key role in enhancing the valuation of the company by improving the financials of the company. He plays a key role in improving the financial ratios of the company by improving the operational efficiency, optimum utilisation of resources and increasing the return on capital, eventually resulting in higher valuation of the company.

2. **What are your main constraints/ challenges you face as VP Finance of a multinational company?**

   The key challenges are:

   - Delay in getting approvals as the MNC company has a longer hierarchy and more number of stakeholders
   - More paperwork and explanatory notes, in case of any decision, whether it involves a small amount or big amount
   - Extra efforts to be done in accounting, reconciliation and reporting as dual financials have to be

maintained- one as per Indian financial year and another as per English Calendar year.

- Hiring and retaining good English speaking manpower under finance team is a great challenge since in Gujarat, manpower with good accounting skills is available, but English speaking and writing skills are very difficult to find. Hence, in house training is the only solution
- Strong controls and lack of independence sometimes are a challenge. All controls, systems, and processes are well defined and any innovative idea, which is advantageous to the company, is very difficult to implement as there will be a deviation and again approval for the deviation will be required which is again a time consuming process

3. What inspire you to pursing CMA with other professional qualification?

- CMA is more focussed on strategy and decision making
- CMA creates ownership approach where decision making is based on facts and unbiased views
- For any business set up, CMA provides all the set up tools such as types of costs, (direct, indirect, fixed, variable, etc,) pricing methodology, gross margin and net margin, break-even point, etc
- The CMA course does not require mandatory articleship and practical training, hence it could be easily pursued with self study and coaching, if required.
- CMA is focussed on overall business management, practical approach and analytical skills.

4. What is the important of costing in multiple business segment?

- Pricing decisions for the multiple segments and the company as a whole
- Accurate costing for the multiple segments and overall
- Identification and allocation of fixed expenses to multiple segments
- Finding out breakeven point for the multiple business segment and overall
- Effective utilisation of common use resources for the multiple business segment.
- Inventory management
- Effective supply chain management across multiple segment and overall.

5. How would you evaluate the role of CMA in manufacturing industry?

- Very important role, more critical than a trading business
- Close monitoring right since issue of material to packing of fixed goods.
- Ensuring proper yield, timely manufacturing, production planning
- All costs identification and proper allocation.
- Finding out break even point of the manufacturing process.
- Support in pricing decision with marketing team

6. How a CMA can helpful to industry in Cost Control and Cost Saving, especially pharma industry?

- By clearly identifying fixed and variable overheads.
- Since CMA has process knowledge, he can support in procurement of inputs and even suggest low cost alternatives to bring down the cost
- By finding out break even point, CMA can support the marketing team in getting the orders at competitive prices. IN few situations, CMA can also suggest selling the huge non moving inventory at a lower margin, thus resulting in increased cash flow and sell off of inventory.
- In case of potential business opportunity, CMA can help in deciding the pricing after considering the capacity, volumes and marginal costing.
- CMA can help in cost control by playing a crucial role in MAKE OR BUY decisions. Analysis done by CMA in MAKE OR BUY decisions may help in effective utilisation of capital for the organisation.
- Only CMA has the control and data related to per product cost. He is the person who decides the product mix for a customer and thus ensures overall high profitability per customer.

7. How a CMA's role is important for management under COVID situation to improve productive and profitability?

- Under Covid situation, there is tremendous pressure on the resources of the organisation such as manpower availability, material availability, logistics availability, declining sales, etc.
- In the above scenario, CMA can support the commercial team by quoting the marginal cost of the products so that sales can happen, but at lower margins, thus keeping the capacity utilised,
- CMA can initiate automation of products and suggest management automation techniques, since there is a scarcity of manpower in Covid scenario
- CMA can evaluate old inventory and try to consume

in the existing sales orders, may be after some rework and reprocessing.

- CMA can help commercial team for pricing and costing purpose. CMA can do lot of scenario analysis in Covid scenario where there is a lot of uncertainly in sales, purchase, production, etc. This helps in bringing visibility in operations and its financial impact.

8. **What are your views about statutory cost records maintenance and cost audit?**

   - In today's scenario, these records should be made digital and electronic
   - Statutory cost records and cost audit should be given equal importance to financial records and statutory financial audit.
   - Based on the cost records of various companies, Government should fix competitive prices of the products, in the interest of customers.
   - Overall, statutory cost records maintenance and cost audit are very important activities for compliance purpose and beneficial to management too. It can help government in regulating the prices, mainly of essential commodities, in the overall interest of the economy.

9. **Is the Cost Audit create value addition for industry?**

   - It helps in the detection of errors and fraud.
   - Brings the Cost of product at the minimum level.
   - Helps to maintain the standard budgetary cost.
   - Enables the management to take the decision accurately.
   - Keep the management aware that the Accounts are prepared according to Cost Accounting standards or not.

10. **How the performance appraisal report (PAR) by cost auditor which is laid down in earlier rules 2011 will be useful to industry?**

    - The subject matters covered by the cost auditor in PAR need to be chosen depending upon the size/ scale and type of operations, nature of the industry, management requirements, etc.
    - This gives a unique scope to an organisation to have a third eye view by an independent professional in any matter concerning to the organisation.
    - As there is no specific report format proposed or no limitation on scope/ coverage, this PAR gives true flexibility to an organisation to decide on the matter based on its requirement.
    - Due to this PAR, the new cost audit mechanism has now gone beyond the mere post-mortem certification and assurance about proper cost information and landed itself to the wider area of Management Audit.
    - Apart from the internal MIS reports, a company management now will have a detailed analysis of any measurements which are impacting or are likely to impact the performances of the company.
    - As the area covered in PAR may contain sensitive information, therefore, it is mandated that the cost auditor will submit PAR only to the management of an organisation and does not require submitting it to the government or any other authorities.

11. **Your message to young CMAs.**

    - Nothing else feels better when your hard work pays you well. Warm congratulations to you on successfully passing your exams for CMA.
    - Consistent dedication and commitment towards your studies has come as a reward to you with you becoming a Cost and Management Accountant finally.
    - Please keep in mind that the hard work is not yet over, infact in this professional world, to succeed, more dedication and hardwork will be required.
    - Clearing the exams is just a stepping stone to the entry to the financial world. It is just a certificate of capability. It does not guarantee success in future.
    - Be practical in all your activities and assignments you undertake.
    - Always think like an entrepreneur. Take ownership and accountability.
    - Always try to learn new skills, especially in this digital world, when things become obsolete fast, try to adapt and go for short term courses and certifications.
    - Don't ever think that CMA can do only costing assignments. Infact, CMAs reach to the top and become CEOs of the business. Please try to learn non costing areas also such as taxation, finance, etc. It will give you an added advantage to reach to the top.
    - Have clarity of thoughts and always have a firm stand / opinion / view in any decision. This will happen only if you have learnt hard and done indepth analysis in the matter. Don't go for half knowledge.

Management Wisdom
Article 7: An Entrepreneurial HR Manager

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There is a good amount of literature available on "Business Partnering by the HR Managers". When we go deeper into this subject, we ultimately reach a very clear conclusion that the HR managers should treat his function as a business and excel on all the six parameters of entrepreneurship. Philosophically I agree that Human Resource Management (HRM) is not just business, it is a serious matter of 'passion' too. But this is true of every function. Entrepreneurship in HRM is must for basic reasons such as (a) it directly facilitates HR managers business partnering with all the internal customers & external associates (b) all internal stakeholders take the HR managers and his HRM seriously (c) market benchmarking is possible for the quality, price & delivery of HRM services and (d) the HR manager too can aspire to become the CEO of the organization.

The first and foremost aspect of entrepreneurship is "an urge for wealth creation". This may be organically worded as 'value addition'. Every decision the HR manager takes or gives an advice the CEO, should be linked with 'wealth creation'. Right from manpower planning to deciding the CTC of a new recruit will have to be viewed commercially. The HR manager should be good at 'CBA' (Cost Benefit Analysis) so that he would be in a professional position to assess the 'manpower requisition' made by a business division. Obviously, this requires the HR manager to have thorough knowledge of the business of this business division. He should develop a ratio of "Value Added / CTC" with the help of the concerned division. ' Strategic i.e. long-term cost of manpower' at various stages of the organization's life-cycle should be a very careful financial and operational computation. The HR manager will have to build up his own benchmarks for various commercial projections of HRM.

The second important aspect of entrepreneurship is innovative or parallel thinking. Many HR managers continue to use mostly the 'proven track of human resource or employee relations management.' This is either because they want to be in a comfort zone without taking any risk of new experimentation or the organisation (a typical MNC) does not want to alter even the smallest, insignificant part of its highly systemised PMS. There is a gigantic scope to bring useful innovation in variable pay, LTS, employee engagement, empowerment through the 'profit centre' concept, employee-friendly wage structure, retiral benefits, review mechanism etc. Of course, the HR manager will have to take the first risk of convincing the management about his useful innovation.

The third important requisite of entrepreneurship is "networking" for ideas, benchmarks, moral support and appropriate resources. Here the HR manager should at least be one step ahead of his CEO in gathering and analysing new benchmarks of 'human excellence' and 'reward for such excellence'. Learning from others success and failure requires great amount of sound networking. Many HR managers with their everyday fire-fighting, do not get enough time and energy to network. In my opinion, they should check their skill of time-management. In the race of becoming everybody's saviour and building a great image, HR managers don't get enough time to sharpen their tools.

Fourth unique capability of an entrepreneur is 'visioning'. Many HR managers are good at forecasting market reaction to wage revision, response from internal customers to an HR related announcement or repercussions of a VRS. Such forecasting is more tactical. A strategic or long-term visioning gives the HR manager a status of an "authority". I have come across great visionary CHROs who caution the Board and the CEO about an impactful change related to 'talent acquisition & retention'. They would also comment on the good and bad applications of artificial intelligence to HRM. Such visionary HR managers are the eminent companions for a CEO who wants to transform the organisation into an institution.

The fifth entrepreneurial capability is 'working with speed'. Some of the present 'service and knowledge-based' giant American MNCs could reach huge market valuation because they could execute their innovative strategies at an unbelievable speed. Naturally the HR manager is a vital member of the team of "speed missionaries". Of course, speed comes with a risk. HR managers will have to design their own model of 'risk mitigation'.

The sixth and last aspect of untiring entrepreneurship is preserving mental and physical energy. During the initial days of consolidating their career, many young HR managers neglect their physical and mental health. Some of them consume excessive time in detailing every small or even insignificant aspect of routine operational exercise. HR managers should be smart in conserving their energy and using it carefully for a long successful career. An entrepreneurial HR manager is undoubtedly a great asset for every business organization! ■

Virtual CFO Services (vCFO)

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Article 6: Infrastructure, time and competencies for giving services

In this article we will briefly see Infrastructure needed, time to be devoted and competencies needed to give vCFO services successfully. There is no such formula of x+y=z but with my knowledge and experience I will try to present the same. In earlier article we briefly touched it but here we will see in detail.

vCFO services usually given by a Firm or some times on personal rapport may be given by individual also. However as a professional I will prefer to express myself as a Firm only. Individuals can always take help of outsiders and need not develop full-fledged firm with many professionals working on assignments and may be simultaneously similar assignments are going on. Here vCFO Firms (CF) needs to create adequate Infrastructure especially in choosing team to successfully compete and continue the assignments. Depending upon the scope and fees Firms can decide time to be allotted to any assignments. As we all know initial days may be more time is devoted. To successfully conduct such assignments, competencies needs to be gathered and developed in due course of time. Let's see these points one by one.

Infrastructure: Currently mainly vCFO services are offered either offline or on virtual ways. In case of Online services structure or team may be same but ways to offer may be different due to obvious reasons. However, currently most of the Offline services now are converted into hybrid models. Following diagram will explain how CF should structure to give services in this type of assignments.

vCFO Firm (CMA Assigned)

Domain Expert 1 (Professional) | **Domain Expert 2 (Professional)**

Manager 1 | **Manager 2** | **Manager 2**

Diagram 1: Organizational Structure of Firm Providing vCFO services

In the above organizational structure, bottom should be ended with full time responsibility of managers who will be involved in the assignment full time basis. In fact among the managers one of them can be budding professional who can occupy the position of Domain Expert in future. Of-course things needs to be flexible enough to accommodate different types of assignments and value of those assignments based on fees received. As discussed in above paragraphs these services needs to be differentiated in two main streams namely; Offline and Online. I will suggest professionals that due to pandemic currently we have accepted hybrid mode but in longer run this will surely not work. Hence while accepting assignment its mode of execution must be spelled along with other requisitions like compensation. Also in current situation professionals accepting such assignments should add a clause for Hybrid services in case travelling becomes difficult.

Scope of Assignment and involvement of time: One needs to be very clear on the scope of such assignments. Clients are in need of all support you give and still expect to get some more. Companies always in excitement try to push all the work on vCFO services as if full time CFO has joined the company but we need to clearly state the scope which is mainly for coordination between their own employees and various other consultants, departments and auditors etc. While discussing some case studies we will see how to restrict the scope etc. Preparing MIS, Strategy Execution, Accounting, taxation, Financing, SOP, ERP are some of the scope areas which are mainly open ended and invite difficulties for CF. Hence it is suggested that while accepting contracts with such open ended scope must be minimum of 1 year and then renewal also preferably of One Year. I personally believe after continuing for about 5-6 years in assignment, either of the above hierarchy mentioned should move to the role of a consultant. As regards to deliverables, 3 months' time i.e. reporting every quarter is better than reporting every month. If assignments are going to take longer time or may be involving of success points then reporting may change. E.g. one of the deliverables includes SME Listing or ERP implementation then possibly every success point to be defined in scope/ contract itself so that rather than reporting your success points will speak for itself. In the case of MIS or Budgeting kind of assignments/ scope reporting may be monthly but evaluation can be taken place only after a Quarter.

Following diagram will explain some scope and its quarter-wise targets/ achievable etc.

Typical Scope and its division in 4 quarters (Example)

Q1: Restructuring, Budgeting, ERP Planning, Study of Current Processes etc. Capital Restructuring of IPO etc.

Q2: New Recruitments, New Consultants if any, Materialization of Shares, SOP building, Establishment of Servers/ Licences etc.

Q3: Team Building, Update on Budgeting, Parallel usage of ERP, Valuation and Issue Pricing etc.

Q4: Handing over jobs to In-house Team, Preparation for next Budget, Roll out of ERP, Preparation of Prospectus and filing etc.

Diagram 2: Typical Scope and Time lines for achievement

In the scope of assignment while defining the same internal manpower must be defined clearly. In case of any reshuffle, retrenchment or resignation companies prefer not to fill the post as vCFO and team may take care of activities of person leaving partially and others can be taken by existing team if it is capable of taking the same. The scope should define the same very clearly. The same is applicable to consultant as well. If any consultant stopped giving services then client must be insisted in scope itself to replace him. This requires lot of time devotion and completely depending upon scope defined. Another example is strategy execution divided into 4 quarters will help CF to achieve target effectively. Of-course needless to say that next annual there can be another set of strategy and another way to execute.

Competencies as vCFO: As we have seen before also, a single person cannot have all competencies but he/she must take help of others and hence instead of doing the work on its own it's always better to have a team of professionals working on it. In some of the earlier articles we have seen competencies needed for vCFO kind of assignments. Here we will deal them in brief and all of them are self-explanatory.

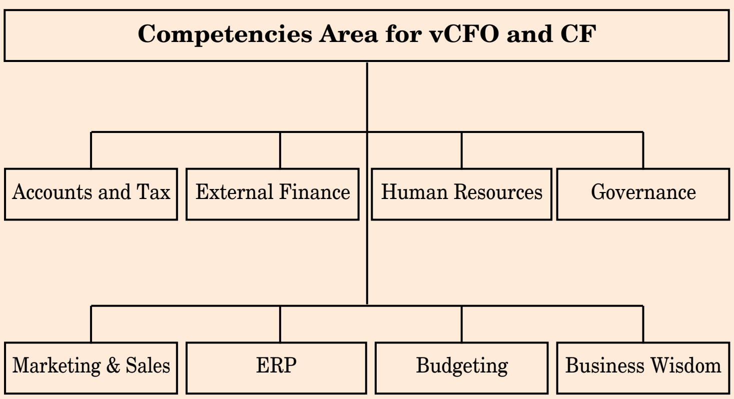

Diagram 3: Competencies by vCFO and CF

- **Accounts and Taxation:** Companies while defining scope usually have a habit of adding accounts and taxation function invariably. Here vCFO has to be cautious as just for taking assignments we accept the Tax and Accounting function and most of the time is devoted to that only. Also without help and whole hearted support of In House team the objectives of Accounts and Finance cannot be achieved. Rather as one of the goals of outsourcing CFO services is to look after Accounts and Taxation also. There is no harm in getting this added but other objectives should not be missed.

  External Finance: Yet another competency needed 'securing external finance' is must for vCFO. Companies hire virtual services over employee services is for the reason of networking of external persons and their competencies to raise the finance. is includes Working Capital Finance, Seed Finance, IPO, Strategic Investors and so many other forms.

- **Human Resource:** Yet another competency which may not be possessed by In House CFO who usually comes with certain background and the difficult for him to look after Human Resource as his/her function. Manpower Planning is not a simple job and must be performed by someone who is experienced. In fact only designing Organizational Chart of Finance Department is task in itself. Drawing SOPs, Trackers, MIS etc is not that simple. Also if company is in expansion mode and new Projects flowing in requires support to Human Resource Team also. Being involved in New Projects, vCFO also needs to undertake its needs by way of involving into Recruitment for the right choice of people.

- **Governance and Compliance:** Compliances on time helps companies to stay relevant in many context like while issuing IPO etc non-compliance in all respects is not accepted by various acts. While assuring compliances vCFO helps companies control cash flows by savings on losses, penalties compounding costs etc. To achieve better compliance and governance some kind of trackers may be established and an expert in vCFO team helps them to achieve the same.

- **Marketing and Sales:** Many companies need Marketing to be driven by Finance. Especially when budgeting system is strongly in place, marketing is largely driven by Finance. For every expense needs either budgeted or if it exceeds budget then approval of Finance. For sales also deciding selling price is usually Finance driven. Say price is known and card price is also printed but when enquiry for Institutional sales is registered the same is decided with the help of Finance.

- **ERP:** One can write pages and chapters on ERP and vCFO services. ERP is integral part of any Finance function. SMEs when upgrading usually go for ERP which may not be very popular/ known due to investment constraints. Here the unknown, lesser known and little used ERPs needs to be handled and improved. It's a huge task and help of consultants from clients' side is needed. However vCFO must have competencies to handle the same for all types of ERPs opted by client. These ERPs may not give performance as efficient and highly researched programs but still it must be made to use.

- **Budgeting:** Budgeting is always a double edged sword for small companies. It helps them to grow and it also creates hindrance for growth when they are in growth phase. It helps them by controlling expenses and creates hindrance when making provision for capital expense. vCFO has to make efforts to draw a accurate budget and every month/ quarter trace expenses as per budget, report deviations etc. These competencies are needed for all types of companies wherever professionals take vCFO assignments.

- **Business Wisdom:** Besides all vCFO and his team should have business wisdom of Clients business. E.g some clients has more share for Government Business or Tendering where as few has purely suppliers of MNCs. Both examples needs different type of internal structures, compliances, finances etc. vCFO is expected to develop wisdom to understand the business environment of client. ■

Why ESG Investing is Galloping Over the Globe?

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ECG stands like this. E for Environment, S for Social and G for Governance. To sum up, full version of ECG is Environment, Social and Governance.

Famous American finance company, MSCI spelt out ECG as follows -

- Environmental: climate change, natural resources, pollution and waste, environmental opportunities
- Social: human capital, product liability, stakeholder opposition, social opportunities
- Governance: corporate governance, corporate behavior

What is ESG investing?

ESG investing is a kind of investing that take into account the sustainability and societal effect of a company or business. ESG investments are appraised on their environmental, social, and corporate governance effect. Recent survey revealed ESG investments are more remunerative and less volatile compared to other conventional funds. ESG investing is a kind of investment oriented to social causes where ESG investors promise to back businesses and companies that have inclination on sustainability and commit to support a positive societal effect. A company's preference could be minimizing carbon emissions, to support society outreach efforts , to tax transparency, which comes under purview of ESG investing. Every companies or assets are then appraised on how far they stick to the ESG specifications. In spite of all these barometers, ESG funds are just as remunerative as conventional funds. A 2020 Morningstar survey revealed that in 2019 , in terms of return, ESG funds exceeded traditional funds, with many equals or surpassing the S&P 500.

Types of ESG investments

For aspiring investors in ESG, there are number of superior rated choices in each segment as follows.

- Environmental ESG investments: iShares Global Clean Energy ETF (ICLN) - follows the S&P Global Clean Energy Index, which is frontline platform of companies who track renewable resources
- Social ESG investments: Vanguard FTSE Social Index Fund Admiral (VFTAX) - an low-cost choice that perform only with corporates with clean labor and human rights records
- Corporate Governance ESG investments: iShares ESG MSCI USA ETF (ESGU) – each investment of company in Corporate Governance is put to scrutiny of performance of corporate governance .

ESG investing in India

Indian corporates made huge investment in their urge to save our planet. There is no official figure of investment in India. 12 Indian companies like Havells India, Godrej Consumer are to be listed in Dow Jones Sustainability Index (DJSI),2019 which are meant for ESG. UltraTech Cement were already included in the list of 10 companies globally in Dow Jones Sustainability Index (DJSI),2019 in Construction Material Industry Sector. As cement is carbon-oriented industry, UltraTech Cement has organized low carbon policy in their business way ahead to support SDG 13 (Climate change goal) based on COP21 of the United Nations Framework Convention on Climate Change. Scheme like cooler upgradation, calciner mitigation in their all plants have hugely upgraded the company's energy productivity.

Godrej enhanced bulk of renewal energy by 30% and reached 37% dimuntion of greenhouse gas emission, distracted 99.5% waste landfill, decreased specific water consumption by 32%. Company's goals is to reach 100% packaging materials recyclable, reusable, recoverable by 2025.

P&G brought in Fairy Plastic Ocean bottle consisting of 10% make of ocean plastic and 90% post-consumer recycled plastic. The 100% recyclable bottle were initiated to reveal what can be done to stop plastic waste from outreach to sea.

Initiated by Asian Paints, scheme NEW (N- Natural resources conservation, E- energy and emission curtailment, W- Waste diminution) pinpoints eco-friendly production facilities and related actions with the purposes of reduction of the effects of activities and nursing bio-diversity.

Similarly, Maruti Suzuki, PI Industries, Dabur India, Eicher Motors, Page Industries, HUL, Titan Company, JK Cement, Marico, Kansai Nerolac in their own way invested huge amount to make our plant better.

ESG funds in India has AUM (Asset under management) of Rs.10,377 crore as on April 30, 2021. Over the world, ESG AUM will surpass $53 trillion [approximately Rs.4,028 lakh crore] by 2025, according to Bloomberg.

Exhibit 1

List of ESG Investment in Mutual Funds in India as on March 2021.

	Return (%) as on March 12, 2021				
Fund (Regular/Growth option)	3 Months	6 Months	1 Year	3 Year	5 Years
Axls ESG Equity	8.53	30.02	48.04		
ICICI Pru ESG	7.45				
Quant ESG Equity	17.04				
Quantum India ESG Equity	13.63	35.97	64.30		
SBI Magnum Equity ESG	11.60	30.52	49.90	13.55	14.83
Mirae Asset ESG Sect Ldrs FOF	9.66				

Source - https://www.morningstar.in/posts/62487/esg-funds-available-india.aspx

Why ESG investing is growing over the globe?

1. Revenue or Gross Sales Growth

A sound ESG scheme helps corporates grab untapped markets and spread into existing markets also. When governments have confidence on companies , they will be liberal to offer opportunities and nod permissions many permits of starting new businesses which are avenues for boosting their way of growth. Opportunities for ESG committed companies include huge public–private infrastructure projects, mining and also many untapped, unexploited fields. These particular companies attract premium valuations than their peers. These companies need not bother any teething problems which are associated in starting normal projects because of the fact that all Government machinery will extend supports for initiating such projects. In addition, McKinsey research has depicted prospective customers in these projects will agree to pay extra over normal price because these projects are "going green." Such customers normally who decline to pay 1 percent extra , but in such cases, more than 70 percent of consumers ready to splurge extra 5 percent for buying a green product if quality standards matches like a non-green alternative specially in industries like the automotive, building, electronics, and packaging.

Exhibit 2

A strong environmental, social, and governance (ESG) proposition links to value creation in five essential ways.

	Strong ESG proposition (examples)	Weak ESG proposition (examples)
Top-line growth	Attract B2B and B2C customers with more sustainable products Achieve better access to resources through stronger community and government relations	Lose customers through poor susta-inability practices (eg, human rights, supply chain) or a perception of unsustainable/unsafe products Lose access to resources as a result of poor community and labor relations
Cost reductions	Lower energy consumption Reduce water intake	Generate unnecessary waste and pay correspo-ndingly higher waste-disposal costs
		Expend more in packa-ging costs
Regulatory and legal interventions	Achieve greater strategic freedom through deregulation Earn subsidies and government support	Suffer restrictions on advertising and point of sale Incur fines, penalties, and enforcement actions
Productivity uplift	Boost employee motivation Attract talent through greater social credibility	Deal with "social stigma," which restricts talent pool Lose talent as a result of weak purpose
Investment and asset optimization	Enhance investment returns by better allocating capital for the long term (eg, more sustainable plant and equipment) Avoid investments that may not pay o„ because of longer-term environmental issues	Suffer stranded assets as a result of premature write-downs Fall behind competi-tors that have invested to be less "energy hungry"

Source - https://www.mckinsey.com and compiled by Author

2. Cost reductions

ESG can also minimise huge costs. Additional merit by accomplishing ESG perfectly can help reducing uptrend of operating expenses (like raw-material costs and the real cost of water or carbon). All these contribute boost operating profits by nearly 60 percent. Moreover, there is a linear relation between resource efficiency (the input of energy, water, and waste employed in relation to revenue) and financial performance of corporates within different sectors. MNC like 3M realized in 1975. Immediately, they took enterprising steps against environmental risk and reaped first mover advantages against competitors. The company has saved $2.2 billion with their innovative introduction of "pollution prevention pays" (3Ps) program which not only stopped pollution up front by reshaping products, also elevated manufacturing processes, recasting equipment, and recycling and reprocess waste from production. Other companies like FedEx gradually followed this path on their way changing its entire 35,000-vehicle fleet to electric or hybrid engines and minimized fuel consumption by more than 50 million gallons.

3. Avoid regulatory and legal interventions

ESG helps minimising companies' risk of unfriendly government steps against the companies. It gives companies strategic independence to perform freely irrespective of any sector and geographies. Unfriendly action/ policy of ESG by any company may jeopardise government support. On face value, it may look simple. The value at stake may be bigger than it appears. All over world, one third of net profit are in jeopardy from state intervention. For pharmaceuticals and healthcare, the net profits at jeopardy are about 25 to 30 percent. In banking, where consumer protection are so touchy, the value at jeopardy is typically 50 to 60 percent. For the automotive, aerospace and tech sectors, where government support are existing, the value at stake can peak to 60 percent (Exhibit 3).

Exhibit 3 – In many industries, a large share of corporate profits are at stake from external engagement

Estimated share of EBITDA	Percentage (%) at stake	For example
Banks	50-60	Capital requirements, systemic regulation ("too big to fail"), and consumer protection
Automotive, aerospace and defense, tech	50-60	Government subsidies, renewable regulation, and carbon-emissions regulation
Transport, logistics, infrastructure	45-55	Pricing regulation and liberalization of sector
Telecom and media	40-50	Tariff regulation, interconnection, fiber deployment, spectrum, and data privacy
Energy and materials	35-45	Tariff regulation, renewables subsidies, interconnection, and access rights
Resources	30-40	Resource nationalism, mineral taxes, land-access rights, community reach, and reputation
Consumer goods	25-30	Obesity, sustainability, food safety, health and wellness, and labeling
Pharma and healthcare	25-30	Market access, regulation of generic drugs, pricing, innovation funding, and clinical trials

Source - https://www.mckinsey.com and compiled by Author

4. ESG can bring about alpha

Exhibit 4

Source- www.businessinsider.in/bank-of-america

Alpha is the too much return on an investment after adjusting for market-related volatility and random fluctuations. Alpha is one of the five major risk management indicators for mutual funds, stocks, and bonds. As per market analysts of stock exchange, ESG could pile up returns on your investment by maximum amount. A strategy of purchasing stocks that match ESG barometer have outperformed the market over the last five years in US. Stocks with superior ESG ratings revealed two positives. First one is bigger outperformance over to their respective reference portfolios over the sample period (Specially in the energy and food & beverage industries) and second one is these ESG portfolios showed lower volatility in all sectors if you put comparision to other companies in all industries.

5. Companies with higher ESG scores have access to cheaper capital

   It is well known ESG score is there for every company in US. It is akin to consumers credit scores. Depending on credit score, companies vary their reward on several parameters depending on their risk profile. Obviously, the cost of debt (loan) for companies with superior ESG scores can be around 2% lower than companies with adverse/inferior scores.

6. Be human and practical (Doing Good)

Another main reason that has boosted to the increase of ESG investing is that it allows you to be self satisfying mentally that you are contributing to the welfare of the planet (saving our planet for our families and our next generation) and simultaneously earning money for self. Achievement on these two fronts at the same time are rear opportunities in our lives. ESG investment is not of investing for investing sake, by default, you are giving back to our planet and in fact you are creating a positive impact on the globe. That appeals to the benevolent, humanitarian, philanthropic nature in you and each human.

7. ESG Investors are "stickier."

People who put money in companies with ESG mission (ESG investors) are value-based investors who are more vision in long future. They are not bothered about short term benefits (returns) of few quarters. They know that transformation takes time. These particular investors are not silent and inactive investors. In their zeal to implement aura and ambience of ESG and transformation in these companies in their way as per mandate, they participate as a team with companies' officials so that their goals are not derailed. They are very passionate about their long –term vision of converting our planet in their way(for better). They are value investors. These investors do not look for variation of stock prices everyday in their ESG invested companies. They know that their vision will be achieved someday in future.

Reference

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Partnership Firm Under The Indian Partnership Act, 1932

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What is partnership firm & the new process of registration under registrar of firms

Partnership Firm:

A Partnership is one of the most important forms of a business organization, where two or more people come together to form a business and divide the profits thereof in an agreed ratio. A Partnership is easy to form, and the compliance is minimal as compared to companies.

- Name given to the Partnership firm
- How should be the agreement between partners formed?
- Details of the partnership firm and the partners required in partnership deed
- Documents requirement for submission in registrar of firms (ROF)
- Process of registration

Name given to partnership firm:

Any name can be given to a partnership firm as long as you fulfill the below-mentioned conditions:

- The name shouldn't be too similar or identical to an existing firm doing the same business,
- The name shouldn't contain words like emperor, crown, empress, empire or any other words which show sanction or approval of the government.

How should be the agreement between the partners?

Partnership deed is an agreement between the partners in which rights, duties, profits shares and other obligations of each partner is mentioned.

Partnership deed can be written or oral, although it is always advisable to write a partnership deed to avoid any conflicts in the future.

Details of the partnership firm and the partners required in partnership deed:

A. General Details:

1. Name and address of the firm and all the partners
2. Nature of business
3. Date of starting of business Capital to be contributed by each partner
4. Capital to be contributed by each partner
5. Profit/loss sharing ratio among the partners

B. Specific Details:

Apart from these, certain specific clauses may also be mentioned to avoid any conflict at a later stage:

1. Interest on capital invested, drawings by partners or any loans provided by partners to firm
2. Salaries, commissions or any other amount to be payable to partners
3. Rights of each partner, including additional rights to be enjoyed by the active partners
4. Duties and obligations of all partners
5. Adjustments or processes to be followed on account of retirement or death of a partner or dissolution of firm.
6. Other clauses as partners may decide by mutual discussion

Documents requirement for submission in registrar of firms (ROF):

1. Covering letter along with Rs. 5/- court fee stamp
2. Xerox copy of covering letter
3. Form no "A" (original) notarized and having signatures of partners on each page
4. Authority letter (original)
5. Rs. 100/- stamp paper blank (original)
6. Receipt of payment for form "A".
7. Certified true copy of partnership deed by ca / advocate on first and last page
8. Certified true copy of all the documents of partners by CA / Advocate
   - Aadhar card (each partner)
   - Pancard (each partner)
   - Electricity bill
9. Certified true copy of Marathi partnership deed by CA / Advocate on first and last page

Process of Registration:

1. Arrange the documents in this order:

- Covering letter alonwith Rs. 5/- court fee stamp
- Authority letter
- Rs. 100/- stamp paper blank
- Certified copy of partnership deed by CA / Advocate
- Certified copy of Marathi partnership deed by CA / Advocate

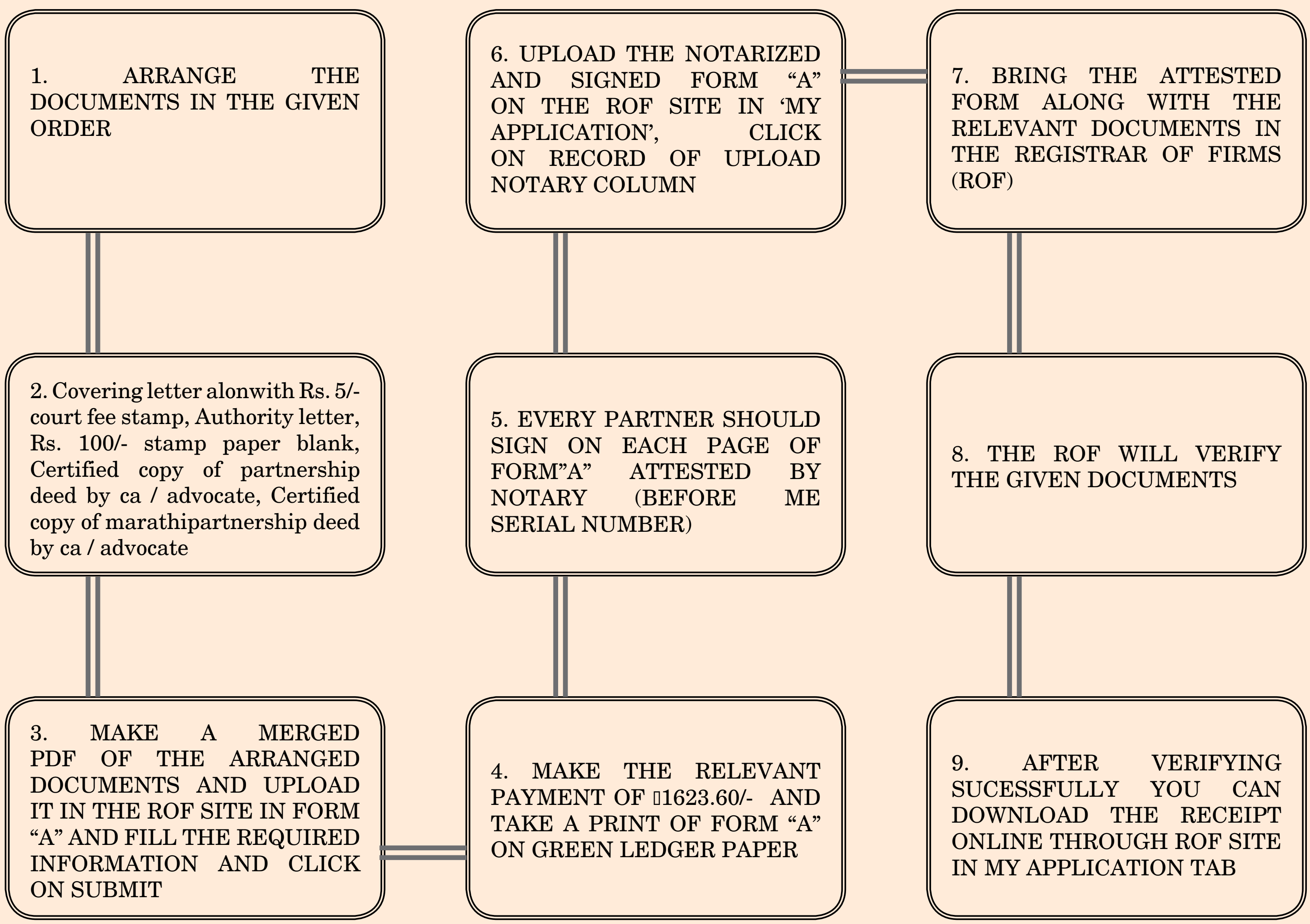
2. Make one pdf file of the above documents as arranged above
3. Open the ROF site login and select form “A” from left navigate options
4. Fill the required information
5. Do not write followings in the name of the firm
   - Messer’s, M/s, Indian, Inc., Incorporation, .com, .in, .org, association, society
6. Fill the column in Marathi properly
7. Click on submit tab
8. Upload the following relevant documents as mentioned in point 1. By scanning and merging in one pdf file
9. Make relevant payment online of Rs.1623.60/- incl. of GST@ 18%.
10. Take the print of form “A” on green ledger paper
11. EVERY PARTNER SHOULD SIGN ON EACH PAGE OF FORM “A” ATTESTED BY NOTARY (BEFORE ME SERIAL NUMBER) & UPLOAD IT TO CLICK ON MY APPLICATION, CLICK UPLOAD LINK ON RECORD OF UPLOAD NOTARY COLUMN.
12. Bring the attested form along with following documents in office.

If the registrar is satisfied with the documents, he will register the firm in Register of Firms and issue Certificate of Registration.

AFTER THE FINAL SUBMISSION OF THE PARTNERSHIP DEED COPY WITH THE RELEVANT DOCUMENTS YOU CAN DOWNLOAD THE RECEIPT FROM :

https://rof.mahaonline.gov.in – Login the Account – In my Application Download the Receipt.

Note: The Authors views are personal & will not be responsible for any cause of decision taken by referring it.



MIS Report showing Productwise Steam Cost Incl Monitoring, Controlling and Reducing of Total Steam Cost

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It is imperative for CMA Department to monitor, control & reduce Cost of Steam as Steam Systems Cost often represents a large proportion of plant total operating cost.

Steam is used in many industries.

In addition to being used to heat raw material and semi-finished products, steam is also used to evaporate, distil, boil, brew, react, agitate, clean and sterilize for a wide range of equipment in many processes.

Ensuring that a steam system is working at maximum capacity and efficiently is therefore becoming an increasingly important consideration.

And as Steam Cost often represent a large portion of plant total operating cost and of Cost of Sales, it pays to Monitor / Control / Reduce Steam Cost.

CMA Department can prepare MIS Report for Steam as per Annexure-I to help management in monitoring, controlling & reducing Steam Cost.

For this, Management needs to focus on the following:

(1) Improving Input / Output Ratio

(2) Proper Metering

(3) Reducing Transmission Losses

(4) A Category Plants / Cost Centres

(1) Improving Input/Output Ratio

Management should ensure proper selection of fuel firing equipments i.e. burners, mechanical stokes etc

In case of Coal Fired Boiler, Coal quality i.e., calorific value, deteriorates during prolonged storage.

To avoid this, old stock should be consumed before it deteriorates in quality.

Input / Output Ratio can also be improved by operating Boiler at Optimum Capacity.

(2) Proper Metering

Meters for fuel consumption, steam generated and transmitted should be provided and properly maintained.

Proper and adequate metering will facilitate proper monitoring of Input / Output Ratio

(3) Reducing Transmission Losses

Transmission losses in steam lines mean that energy lost in in the pipe lines has to be compensated by providing more energy at the boiler.

Considerable fuel savings result by proper insulation of steam lines.

It also ensures that the desired quality of steam reaches the user end.

All pipings and valves should be properly lagged and weather proofed while conveying and condensing steam.

Losses in the steam distribution system can be in the form of Steam leaks in joints, valves, gauges etc.

To minimize this, it requires insulation of entire steam distribution system which interalia includes pipes, flanges and valves.

Steam losses due to external leakages can be easily identified. Such leakages can be plugged using online sealing techniques.

(4) A Category Plants / Cost Centres

Management should focus on A Category Plants / Cost Centres which account for 70 % to 75 % of total Steam Consumption.

This is because, even a small step taken by the management with respect to these A Category Plants / Cost Centres will result in far greater advantage to the management with respect to Cost Control & Cost Reduction of Steam Cost.

Any increase in Steam Consumption without any corresponding increase in output requires focus & attention of the management.

(5) Suggestions can be invited from Employees working on Shop Floors. Company can suitably reward any good suggestion.

Annexure I

Yearwise Trend of Productwise Steam Cost as % of Total Steam Cost

YEAR	CY (Rs Lacs)	%	PY1 (Rs Lacs)	%	PY2 (Rs Lacs)	%
PARTICULARS						
Productwise Steam Cost						
Product 1						
Product 2						
Product 3						
Product 4						
Product 5						
Product 6						
Product 7						
Product 8						
Product 9						
Product 10						
Product 11						
Product 12						
Product 13						
Product 14						
Steam Cost for Other Products						
TOTAL STEAM COST						

CY = CURRENT YEAR • PY1 = PREVIOUS YEAR 1 • PY2 = PREVIOUS YEAR 2

NOTE : VIEWS EXPRESSED ARE THE PERSONAL VIEWS OF THE AUTHOR

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Website : www.icmai.in

Ref. No. G/128/6/2021 28th June, 2021

NOTIFICATION

Sub: Course Fee Waiver Scheme for CMA Students who lost earning parent/guardian due to COVID-19

The Council has granted a course fee waiver scheme in the form of scholarship to the aspiring CMA students at Intermediate and/or Final level who unfortunately lost their father or mother or guardian due to COVID 19, who were earning member of their family. The fee waiver scheme shall be applicable subject to production of proper evidence by the concerned CMA students in this regard.

CMA Kaushik Banerjee
Secretary

GST Corner

GST Notifications and Circulars – June 2021

Compiled by **CMA Vandit Trivedi**
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In the 38th GST Council Meeting (held on 28th May 2021), various proposals were discussed relating to removal of late fees, relaxation in interest payment, availability of ITC, annual compliance for F.Y. 2020-21, shifting place of supply in certain cases etc. These proposals have been made effective by issuance of series of notifications within a week's time. However, a few recommendations are yet to be notified.

1. Relaxation in Interest & waiver of late Fees from March to May 2021:

Category of Taxpayer	Month	Due Date	Late fee not to apply till	Applicability of interest
>Rs. 5 crores in PFY (Monthly taxpayer and monthly GSTR 3B filers)	March 2021	20/04/2021	05/05/2021	• 9% till 05/05/ 2021 • 18% thereafter
	April 2021	20/05/2021	04/06/2021	• 9% till 04/06/2021 • 18% thereafter
	May 2021	20/06/2021	05/07/2021	• 9% till 05/07/ 2021 • 18% thereafter
< Rs. 5 crores in PFY (Monthly taxpayer and monthly GSTR 3B filers)	March 2021	20/04/2021	19/06/2021	• Nil till 05/05/2021 • 9% thereafter till 19/06/2021 • 18% thereafter
	April 2021	20/05/2021	04/07/2021	• Nil till 04/06/2021 • 9% during the period 04/06/2021 to 04/07/2021 • 18% thereafter
	May 2021	20/06/2021	20/07/2021	• Nil till 05/07/2021 • 9% during the period 05/07/2021 to 20/07/2021 • 18% thereafter
< Rs. 5 crores in PFY (Monthly taxpayer and quarterly GSTR 3B files under QRMP	January to March 2021 **	22/04/2021	21/06/2021	• Nil till 07/05/2021 • 9% during the period 07/05/2021 to 21/06/2021 • 18% thereafter
	January to March 2021 ***	24/04/2021	23/06/2021	• Nil till 09/05/2021 • 9% during the period 09/05/2021 to 23/06/2021 • 18% thereafter
Composite Taxpayers (FORM CMP-08)	January to March 2021	18/04/2021	18/04/2021	• Nil till 03/05/2021 • 9% during the period 03/05/2021 to 17/06/2021 •18% thereafter

** Category - A States:

Chhattisgarh, Madhya Pradesh, Gujarat, Dadra and Nagar Haveli, Daman and Diu, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh

*** Category - B States:

Jammu and Kashmir, Ladakh, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Mizoram, Manipur, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha. ***(Notification No. 18 and 19/2021- Central Tax - Dated 01/06/2021)***

2. Amnesty Scheme:

CBIC has introduced an "Amnesty Scheme" for filing of pending GST Returns from July 2017 to April 2021. The below mentioned late fees will be applicable if the pending compliances are concluded between June- August 2021.

Tax liability	Late Fee applicable
Nil Tax Liability	Maximum of Rs. 500/- per return (Rs. 250/- each for CGST & SGST)
Other cases	Maximum of Rs. 1000/- per return (Rs. 500/- each for CGST & SGST)

There is no relaxation on interest liability and hence, taxpayer shall require to pay interest as per applicable rate. Post completion of the specified period, late fees shall be levied. ***(Notification no. 19/2021-CT Dated June 1, 2021)***

3. Applicability of Late fees from June 2021:

Type of Return	Tax liability / Aggregate Turnover	Late Fee
GSTR-1 / GSTR-3B (For the tax periods June 2021 onwards or quarter ending June 2021 onwards)	Tax payable is "Nil" irrespective of Turnover	Maximum of Rs. 500/- per return (Rs. 250/- each for CGST & SGST)
	Taxpayers with turnover up to Rs. 1.5 Crores in PFY not having 'Nil' tax payable	Maximum of Rs. 2000/- per return (Rs. 1000/- each for CGST & SGST)
	Taxpayers with turnover above Rs. 1.5 Crores and up to Rs. 5 Crores not having 'Nil' tax payable	Maximum of Rs. 5000/- per return (Rs. 2500/- each for CGST & SGST)
GSTR – 4 (From FY 2021-22 onwards)	Tax payable is "Nil" irrespective of Turnover	Maximum of Rs. 500/- per return (Rs. 250/- each for CGST & SGST)
	Other Taxpayers	Maximum of Rs. 2000/- per return (Rs. 1000/- each for CGST & SGST)
GSTR – 7	All Taxpayers	Rs. 50/- per day (Rs. 25/- each for CGST & SGST) Maximum of Rs. 2000/- per return (Rs. 1000/- each for CGST & SGST)

Notification No. 19, 20, 21 and 22 /2021 Central Tax - Dated June 01, 2021

4. Extension in other return/forms

Type of Return	Period	Existing Due Date	Revised Due Dates
GSTR -1	May 2021	11/06/2021	26/06/2021
IFF (Invoice furnishing facility)	May 2021	01/06/2021 to 13/06/2021	01/06/2021 to 28/06/2021
GSTR 4	F.Y. 2020-21	31/05/2021*	31/07/2021
FORM ITC-04	January to March 2021	31/05/2021**	30/06/2021

* Revised due date via notification 10/2021-Central Tax dated 01/05/2021

** Revised due date via notification 11/2021-Central Tax dated 01/05/2021

Notification No. 17,25,26 and 27 /2021-Central Tax - Dated June 01, 2021

5. Amendments in Real estate sector:

The GST law earlier provided that Developer is liable to pay GST on construction service provided to landowner in lieu of Development Rights under an area sharing arrangement at the time of issuance of Completion Certificate (CC) or first occupation (OC), whichever is earlier.

The Government has vide below mentioned notification provided that the Developer can make payment of GST on construction services provided to Landowners at any time on or before issuance of CC/OC.

Notification 3/2021-Central Tax (Rate) dated June 2, 2021

Further, the Government has also clarified that the Landowner can utilize the ITC of tax charged by Developer for payment of tax on outward liability of supply of under-construction property under the project.

Notification 2/2021- Central Tax (Rate) dated June 2, 2021

Other Amendments:

6. Change in rates of Goods & Services:

- The GST rate of Diethylcarbamazine (DEC) tablets has been reduced from 12% to 5%.
- Revised rate for GST on Maintenance, Repair, and overhaul services for ships and other vessels, engines and other components services is 5%. Earlier GST rate was 18%.

Notification No. 01 and 02/2021 Central Tax (Rate) - Dated June 2,2021

7. Place of Supply for MRO Service:

Supply of maintenance, repair or overhaul ('MRO') services in respect of ships and other vessels, their engines and other components or parts supplied to a person for use in the course or furtherance of business, the place of supply has been notified as the location of the recipient of service on the basis of effective use and enjoyment of a service.

Notification No.03 /2021 IGST - Dated June 2, 2021

8. Levy of Interest (Retrospective amendment):

A proviso under Section 50 of CGST Act was inserted by virtue of Section 112 of the Finance Act 2021 which provided that the interest shall be paid only on portion of tax paid in "Cash." The said amendment is notified with effect from 1st July 2017.

Notification No. 16 - Central Tax - Dated June 1, 2021

9. E-Invoice Applicability:

The Government departments and local authorities are removed from the requirement of issuance of e-invoice.

Notification No. 23/2021 Central Tax - Dated June 1, 2021

10. Extension in Compliance:

Time limit for completion of various actions, by any authorities or by any person, under GST Act, which falls during the period from 15/04/2021 to 29/05/2021 has been extended up to 30/06/2021. (Whenever the timelines for actions have been extended by the Supreme Courts, it would apply in that case)

Notification No. 24/2021 Central Tax - Dated June 1, 2021

11. Impact of Rule 36(4) of CGST Act:

The effect of Rule 36(4) of CGST Rules, 2017 pertaining to April, May & June 2021 should be given on cumulative basis while filing of GST return for the month of June 2021.

Notification No. 27/2021 Central Tax - Dated June 1, 2021

12. Penalty under QR Code:

Penalty for non-compliance (notification 14/2020-CT dated March 21, 2020) of provisions requiring the registered person having aggregate turnover of more than Rs. 500 crores to mention QR Code on B2C invoice has been waived for the period December 1, 2020 to September 30, 2021.

Notification No. 28/2021 Central Tax - Dated June 30, 2021

Circulars:

13. The services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations. The said exemption is also applicable to Anganwadi (pre-school)

    (Circular No. 149/05/2021-GST dated June 17, 2021)

14. Annuity paid for construction of roads is taxable services and it not covered under entry 23A of notification 12/2017 – Central Tax. (Circular No.150/06/2021-GST dated June 17, 2021)

15. Services by Central or State Board including National Board of Education, by way of conducting the examination for students is qualified as an Exempted Services. It falls under entry No 66(aa) of the exemption notification. However, other services are covered under "Taxable Services."

    (Circular No. 151/07/2021-GST dated June 17, 2021)

16. Works Contract services provided to Central/State government/ Union Territory/ Local Authority for construction of Ropeway is as a Taxable Services.

    (Circular No. 152/08/2021-GST dated June 17, 2021)

17. The service by way of milling of wheat and fortification thereof by miller, or of paddy into rice where the value of goods supplied in such composite supply exceeds 25% of the value of composite supply then the GST rate of 5% is applicable. (Circular No. 153/09/2021-GST dated June 17, 2021)

18. Guaranteeing of loans by Central or State Government to their undertaking or PSU is specifically exempt under said entry No. 34A of Notification no. 12/2017-Central Tax (Rate) dated 28.06.2017 (Circular No. 154/10/2021-GST dated June 17, 2021)

19. GST rate shall be 12% in case of supply of laterals/parts to be used solely or principally with sprinklers or drip irrigation system (classifiable under heading 8424), even if supplied separately. (Circular No. 155/11/2021-GST dated June 17, 2021)

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DIRECT TAX CORNER

Compiled by
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The CBDT has issued Circular Number. 12 dated 25/06/2021 giving relief to the taxpayers by giving extension to various compliance.

1) Objections to Dispute Resolution Panel (DRP) and Assessing Officer under section 144C of the Act. for which the last date of filing under that Section is 1'st June. 2021 or thereafter, may be filed within the time provided in that Section or by 31'st August. 2021, whichever is later;
2) The Statement of Deduction of Tax for the last quarter of the Financial Year 2020-21 , required to be furnished on or before 31'st May, 2021 under Rule 31A of the Income-tax Rules,1962 (hereinafter referred to as "the Rules"), as extended to 30'th June, 2021 vide Circular NO.9 of 2021 , may be furnished on or before 15'th July. 2021;
3) The Certificate of Tax Deducted at Source in Form No.16, required to be furnished to the employee by 15'th June, 2021 under Rule 31 of the Rules, as extended to 15'th July, 2021 vide Circular NO.9 of 2021 , may be furnished on or before 31'st July. 2021 ;
4) The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64D for the Previous Year 2020-21 , required to be furnished on or before 15'th June, 2021 under Rule 12CB of the Rules, as extended to 30'th June, 2021 vide Circular NO.9 of 2021 , may be furnished on or before 15'th July 2021 ;
5) The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64C for the Previous Year 2020-21, required to be furnished on or before 30'th June, 2021 under Rule 12CB of the Rules, as extended to 15'th July, 2021 vide Circular NO.9 of 2021 , may be furnished on or before 31'st July. 2021 ;
6) The application under Section 10(23C), 12AB, 35(1)(ii)/(iia)/(iii) and 80G of the Act in Form No. 10AF Form No.10AB. for registration! provisional registration! intimation! approval! provisional approval of Trusts! Institutions! Research Associations etc. required to be made on or before 30'th June. 2021 . may be made on or before 31'st August, 2021 ;
7) The compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB of the Act, for which the last date of such compliance falls between 1'st April,2021 to 29'th September, 2021 (both days inclusive), may be completed on or before 30'lh September, 2021;
8) The Quarterly Statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on 30'th June, 2021 , required to be furnished on or before 15'th July, 2021 under Rule 37 BB of the Rules, may be furnished on or before 31'st July, 2021 ;
9) The Equalization Levy Statement in Form No.1 for the Financial Year 2020- 21 , which is required to be filed on or before 30'th June, 2021 , may be furnished on or before 31'st July,2021 ;
10) The Annual Statement required to be furnished under sub-section (5) of section 9A of the Act by the eligible investment fund in Form No. 3CEK for the Financial Year 2020-21 , which is required to be filed on or before 29'th June, 2021 , may be furnished on or before 31'st July,2021;
11) Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending on 30'th June, 2021 , which is required to be uploaded on or before 15'th July,2021 , may be uploaded by 31'st August,2021 ;
12) Exercising of option under sub-section (1) of Section 245M of the Act in Form No. 34BB which is required to be exercised on or before 27th June 2021 may be exercised on or before 31st July 2021.

Due dates for the month of JULY-2021

1. 07-07-2021 - Due date for deposit of Tax deducted/collected for the month of June, 2021. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
2. 07-07-2021 - Due date for deposit of TDS for the period April 2021 to June 2021 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H
3. 15-07-2021 - Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of May, 2021

4. 15-07-2021 - Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of May, 2021
5. 15-07-2021 - Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of May, 2021
6. 15-07-2021 - Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending June, 2021
7. 15-07-2021 - Quarterly statement of TCS deposited for the quarter ending 30 June, 2021
8. 15-07-2021 - Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2021
9. 15/07/2021 - Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of June, 2021
10. 15-07-2021 - Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during Financial Year 2020-21

The due date for issue of certificate of TDS in respect tax deducted from the salary paid during the Financial Year 2020-21 has been extended from June 15, 2021 to July 15, 2021 vide Circular no. 9/2021, dated 20-05-2021

11. 15-07-2021 - Statement to be furnished (in Form No. 64C) by Alternative Investment Fund (AIF) to units holders in respect of income distributed during the previous year 2020-21

The due date for furnishing of statement in Form no. 64C has been extended from June 30, 2021 to July 15, 2021 vide Circular no. 9/2021, dated 20-05-2021

12. 30-07-2021 - Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2021
13. 30-07-2021 - Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA for the month of June, 2021
14. 30-07-2021 - Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IB for the month of June, 2021
15. 30-07-2021 - Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194M for the month of June, 2021
16. 31-07-2021 - Quarterly statement of TDS deposited for the quarter ending June 30, 2021
17. 31-07-2021 - Return of income for the assessment year 2021-22 for all assessee other than (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies or (d) an assessee who is required to furnish a report under section 92E.

    The due date for furnishing of return of income for Assessment Year 2021-22 has been extended from July 31, 2021 to September 30, 2021 vide Circular no. 9/2021, dated 20-05-2021
18. 31-07-2021 - Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending June 30, 2021.
19. 31-07-2021 - Statement by scientific research association, university, college or other association or Indian scientific research company as required by rules 5D, 5E and 5F (if due date of submission of return of income is July 31, 2021)
20. 31-07-2021 - Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on or before July 31, 2021)
21. 31-07-2021 - Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or 11(1) (if the assessee is required to submit return of income on or before July 31, 2021)
22. 31-07-2021 - Due date for claiming foreign tax credit, upload statement of foreign income offered for tax for the previous year 2020-21 and of foreign tax deducted or paid on such income in Form no. 67. (If the assessee is required to submit return of income on or before July 31, 2021.) ■

Congratulations!!!

6th CMA Award-2019

CMA Nikhil Subhash Pawar (M/ 42516) has been awarded CMA Young Achiever Award under the category Public -Manufacturing Small - Male.

Activities of WIRC & Chapter News

No.	Date	Title of Event	Chief Guest	Speaker/s	Brief about Event
				WIRC	
1	17 to 19th June 2021	3 Days Workshop on Basics of Employees Stock Options Plan (ESOPs)		Mr. Anjan Babu, ACA and Registered Valuer	Welcome Note was made by CMA Harshad Deshpande, Chairman WIRC. Topics such as Basics of ESOPs, Computation of fair value of options, Expenses recognition as per GAAP and InAS, Preperation of ESOP valuation report, Reporting of Assumption were covered the the 3 Days workshop.
2	19-06-2021	Webinar on Power of Capital Markets - Unlimited Avenues & SME IPO: Alternative source of Financing		CS Jayesh Taori - Associate Vice President, National Stock Exchange of India and CMA Amar Kakaria - Investment Banker	CMA Jayant Hampiholi, Chairman Pimpri Chinchwad Akurdi Cxhapter welcomed. CMA Suraj Malpure, introduced the speakers. CMA Harshad Deshpande gave Welcopme Note.Vote of thanks was proposed by CMA Dhananjay Kumar Vatsyayan, Vice-Chairman.. More than 100 members attended the webinar. The webinar was coordinated by Secretary of PCA, CMA Pradeep Deshpande.
3	01-07-2021	Celebration of GST Day	CMA Brij Mohan Sharma, Past President, The Institute of Cost Accountants of India	CMA Sanjali Dias (Deputy Commissioner with GST, Department of Maharashtra) and CMA (Dr.) Shailendra Saxena	WIRC celebrates the GST Day by organising Webinar on 1st July 2021. CMA Brij Mohan Sharma, Past President, The Institute of Cost Accountants of India was the Chief Guest and CMA Harshad Deshpande, Chairman WIRC of ICAI was Guest of Honour. CMA Mahendra Bhombe, Chairman – PD Committee & Treasurer WIRC – ICAI was the Moderator of the webinar. More than 50 members attended the webinar.
4	04-07-2021	Webinar on Job opportunities for CMA in Middle East Countries and Africa.		CMA N.V.V. Chalapathi Rao, CFO for one of the di	More than 100 members participated in the webinar.
				AHMEDABAD	
1	21-06-2021	Celebration of International Yoga Day		Shri Kaushal Vays - Yoga Trainer	CMA Haren Bhatt, Chairman welcomed Shri Kaushal Vays- Yoga Trainer, members, staff and students. Shri Kaushal Vyas gave his views on importance of Yoga. Various asana of yoga demonstrated by Shri Kaushal Vyas during the program. Program was well attended by members, staff and students. CMA Malhar Dalwadi, Secretary proposed vote of thanks to Shri Kaushal Vyas and participants.
				BARODA	
1	19-06-2021	Webinar on Angel Investment and Profe-ssional Opportunities	NA	CA (Dr.) Alok Shah	The speaker was felicited by CMA Vandit Trivedi. The Vote of thanks was given by CMA Amar Petiwala. More than 50 members and students have been benefited from the said session.
2	21-06-2021	International Day of Yoga		Mrs. Namrata Chandwani	Celebrated Yoga Day on 21st June, 2021
3	26-06-2021	Webinar on ' QRMP Scheme under GST'	NA	CA Siddharth Jadeja	The speaker was felicited by CMA Hirav H. Shah. More than 60 members and students have been benefited from the said session. The Vote of thanks was given by CMA Mihir Vyas, Vice Chairman of Baroda Chapter.
				NAVI MUMBAI	
1	25-05-2021	Counselling cum Seminar at College via googlemeet		CMA Sirish Vasant Mohite & CMA Ajay Mohan	Chairman Sirish Mohite conducted seminar for Students of Pillai College of Arts Science & Commerce on " Cost Management as a Strategy for Profit Management" Secretary CMA Ajay Mohan counselled the Students about the CMA Course
2	28-05-2021	Foundation Day - Felicitation of recently Passed Intermediate & Final Students via googlemeet			Chairman Sirish Mohite gave the welcome speech & spoke on the Importance of Celeberating Foundation Day. Management Committee Members gave their good wishes to the Students. Secretary CMA Ajay Mohan announced the names of Students who have cleared Intermediate & Final Examination and that they will be provided as Gift one book of the Institute Publication which will be of use in their career . Vice- Chairman Vaidyanathan Iyer gave the concluding remarks
3	20-06-2021	CEP on New Initiatives in HealthCare Sector – Opportunities for CMA's via googlemeet		CMA Vaidyanathan Iyer	Chairman Sirish Mohite welcomed the Speaker & Participants .The introduction of the Speaker was done by the PD Chairman CMA Vivek Bhalerao It was a good knowledge sharing session. Treasurer CMA Sushant Ghadge gave the concluding remarks and Vote of Thanks,
				PIMPRI-CHINCHWAD-AKURDI	
1	29.5.2021	Indian Banking: Current Challenges, Resolutions, Trends & Opportunities		CMA Ranjan Gunjal	CMA Dhananjay Kumar Vatsayan, Vice-Chairman of PCA Chapter has given welcome speech and CMA Pradeep Deshpande, Secretary of PCA Chapter has introduced the speaker CMA Ranjan Gunjal, Deputy General Manager, Godrej & Boyce Manufacturing Ltd., Mumbai. He further explained on the Role of Banking Sector. He also briefed on the main functions of RBI.
2	5.6.2021	Value Analysis, Value Engineering & Profit Optimisation		CMA R S Raaghavan	CMA Dhananjay Kumar Vatsyayan, Vice-Chairman & Chairman-PD Committee of PCA Chapter welcomed all. CMA Abhijeet Deshmukh has introduced the speaker CMA R S Raghavan, PCA.CMA R S Raghavan in his speech briefed about the Value Analysis as well as in Value Engineering which consists of three value – a) Cost Value b) Use Value & c) Esteem Value and the objectives behind both the cases.
3	12.6.2021	How to prepare for Departmental GST Audit		CMA Ashok Nawal	CMA Dhananjay Kumar Vatsyayan, Vice-Chairman & Chairman-PD Committee welcomed & introduced speaker CMA Ashok Nawal, Co-opted member of Indirect Taxation Committee of The Institutte (2020-21)CMA Ashok Nawal in his speech infomred that before start the Audit every Registered person has to understand the business, Understand the Software used for business, Special attention to transactions not appearing in the financial accounts, Registration, Applicability of GST etc. Records to be maintained properly by the registered persons for each registration separately including principal place of business & additional place of business.
				PUNE	
1	28.05.2021	Case Studies in Startup Valuations		CMA Rammohan Bhave, Faculty & Consultant in IFRS/ Ind AS,Valuation	ICAI Pune Chapter due to overwhelming response from members rearranged the CEP Webinar through Googlr Meet on Friday, 28th May 2021 on the subject "Case Studies in Startup Valuations ".CMA Smita Kulkarni, Secretary, ICAI-Pune Chapter welcomed and introduced the speaker.CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter welcomed and introduced CMA Amit Apte, former President, ICAI on the occasion of 62nd Foundation Day of ICAI. He expressed his wishes the Institute & CMA profession touches greatest heights.CMA Rammohan Bhave explained various cases with practical examples on IFRS.CMA Rahul Chincholkar, Member of ICAI-Pune Chapter delivered vote of thanks.

No.	Date	Title of Event	Chief Guest	Speaker/s	Brief about Event
2	29.05.2021	Students Day Program-2021 - Online - to felicitate the students who excelled in ICAI Examinations held in Dec.2019 and December 2020	Mr. Abhay Pendse2. Dr.Mrs. Charusheela Birajdar	1.CMA Amit Apte, Past President 2. CMA Neeraj Joshi, CCM,ICAI 3.CMA Dr. Sanjay Bhargave, Advisor, ICAI-Pune Chapter4. CMA Narhar Nimkar,Past Chairman 5. CMA Pramod Dube,Past Chairman 6. CMA Meena Vaidya, Past Chairperson, ICAI-Pune Chapter 7. CMA Sujata Budhkar, Chairperson, ICAI-Pune Chapter 8. CMA Abhay Deodhar, Vice Chairman, ICAI-Pune Chapter 9. CMA Smita Kulkarni, Secretary, ICAI-Pune Chapter 10. CMA Rahul Chincholkar, Chairman Student's Co-ordination Committee 11. CMA Shrikant Ippalpalli Member of ICAI-Pune Chapter	CMA Shrikant Ippalpalli Member of ICAI-Pune Chapter welcomed the participants.CMA Rahul Chincholkar, Chairman Student's Co-ordination Committee welcomed and introduced the Chief Guests and Invitees. He welcomed the students & congratulated them for choosing CMA Course for their career. Welcome address was given by Sujata Budhkar, Chairperson, ICAI-Pune Chapter.She stated due to COVID-19 pandemic ICAI-Pune Chapter arranged first time "Students Day Program-2021" through Online Video Conferencing tool to felicitate the successful students. Merit & rank holder students of December 2019 and December 2020 examinations were felicitated by Chief Guest. Total 206 students were awarded the prizes & certificates. .Program followed by student's Cultural program .
3	05.06.2021	A condolence meeting in the memory of CMA V. Kalyanaraman, former President of the Institute of Cost Accountants of India and South Asian Federation of Accountants			A condolence meeting in the memory of CMA V. Kalyanaraman, former President of the Institute of Cost Accountants of India and South Asian Federation of Accountants, was held by the Pune chapter of ICMAI through Google Meet on 05/06/2021 at 5.30 pm.The meeting observed two minute silence as a mark of respect to the departed soul and prayed to the Almighty God for keeping his soul to rest in peace in the heavenly abode. Pas Presidents : CMA Harijiban Banerjee, CMA D. C. Bajaj, CMA Vikas Deodhar, CMA Dr. Dhananjay Joshi, CMA G. N. Venkataraman, CMA Brijmohan Sharma, CMA Amit Apte, Central Council Members : CMA H Padmanabhan, and CMA V Murali, Past CCM: CMA Dr. Sanjay Bhargave, Past CCM and CMA Vimal Chand Kothari, Past CCM and more than 90 memebersacross India to pay tribute to CMA V. Kalyanaraman.
4	05.06.2021	Pre-packed Insolvency Resolution Process for MSME			Speaker CS Sushant Kulkarni explained the process for MSME .The session was very informative.CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter delivered vote of thanks.
5	11.06.2021	Cost Auditor Appointment and Report Writing		CMA Neeraj Joshi, CCM ICAI	CMA Rahul Chincholkar, Member of ICAI-Pune Chapter welcomed & introduced the Speaker to the participants.Speaker CMA Neeraj Joshi Sir explained the issues faced by new practitioners, cost audit etc.The session was very fruitful & informative.CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter delivered vote of thanks.
6	16.06.2021	Online Faculty Meet	CMA Abhay DeodharCMA Smita KulkarniCMA Rahul Chincholkar	ICAI-Pune Chapter Faculty Members	ICAI-Pune Chapter had arranged Faculty-Meet to discuss on various issues of online lectures regarding time alloted for lectures, syllabus changes ,notification communications,exam dates, online or offline batches etc.CMA Rahul Chincholkar Sir, Chairman Student's Co-ordination Committee discussed with faculties on various issues.
7	18.06.2021	Bringing AI to Business Intelligence-Cost Benefit Analysis		CMA Ajay Mahajan	ICAI Pune Chapter organised CEP Webinar on the subject "Bringing AI to Business Intelligence-Cost Benefit Analysis"on 18th June 2021 through GOOGLEMEET video conferencing tool.CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter welcomed & introduced the Speaker to the participants.CMA Rahul Chincholkar, Member of ICAI-Pune Chapter delivered vote of thanks.The session was very interactive & informative.
8	21.06.2021	International Yoga Day	1.CMA Amit Apte, Past President 2.CMA Neeraj Joshi, CCM, ICAI 3.CMA Harshad Deshpand, Chairman WIRC 4. CMA Chaitanya Mohrir & Pune Chapter MC Members.	Yog guru CMA D V Patwardhan Sir	programme was very educative and helped to create awareness about Yoga and its advantages in this Pandemic . The Yoga - Asanas and Pranayam were explained in detail with practical by Experts.CMA Neeraj Joshi, CCM,ICAI explained the importance of Yoga in this COVID-19 Pandemic. CMA N K Nimkar, Past Chairman, ICAI-Pune Chapter shared his experience about role of Yoga in health for all, CMA Smita Kulkarni, Secretary ICAI-Pune Chapter expressed her thoughts about Yoga on this occasion & delivered Vote of thanks.
9	25.06.2021	Advisory on the treatment of various items of cost in light of COVID 19		CMA Amit Apte,Past President, ICAI.	ICAI Pune Chapter organised CEP Webinar on the subject "Advisory on the treatment of various items of cost in light of COVID 19" on 25th June 2021 through GOOGLEMEET video conferencing tool.CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter welcomed & introduced the Speaker CMA Amit Apte, Past President, ICAI to the participants.Speaker discussed on the fallouts of the Pandemic on economy, challenges faced by CMAs & impact on industry & business.CMA Rahul Chincholkar, Member of ICAI-Pune Chapter delivered vote of thanks.The session was very interactive & informative.
SURAT SOUTH GUJARAT					
1	30-05-2021	Recent Changes in GST	Shri Ramesh ji Kabra-Superintendent, GST, Ahmedabad and CMA Rajendra Rathi, Past Vice-Chairman-Surat South Gujarat Chapter & GM, Indirect Tax, Reliance Industries Ltd., Ahmedabad.		Chairman, CMA Bharat Savani presented a welcome address and Vice Chairman, CMA Bhanwar Lal Gurjar gave introduction of Shri Ramesh ji Kabra. He spoke about the Recent change in GST Rate made in 43rd GST council met under the chairmanship of union finance minister, amnesty scheme to provide relief to taxpayer regarding late fee for pending returns, concession waiver, simplification of annual return, various notification and clarification with high court and supreme court judgment.Vice Chairman, CMA Nanty Shah gave introduction of the Speaker, CMA Rajendra Rathi to the members. CMA Rathi spoke about impact of GST under liquidity damage with example and question answer session with Mr Kabra ji and concluded session.

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MOU- ICAI with Savitribai Phule Pune University

The Institute of Cost Accountants of India has signed MOU with Savitribai Phule Pune University (SPPU) to to extend academic co-operation & to stimulate and facilitate the development of collaborative and mutually beneficial programs, which will serve to enhance the intellectual life and cultural development in both organizations.

SPPU is one of the premier Universities in India, providing education, research and consultancy in various areas of Technology, Science, Humanities and Social Sciences, etc having highest number of students in commerce & management wing.

President CMA Biswaroop Basu & Vice President CMA Raju Iyer during virtual signing ceremony on 25th June expressed the need for such collaborative efforts.

Vice Chancellor of SPPU Prof Nitin Karmalkar congratulated ICAI for the initiative & assured all support for the university.

CMA Harshad Deshpande, Chairman WIRC facilitated program & CMA Ashwin Dalwadi, CCM offered vote of thanks.

Theme for August 2021

Theme for August month is **Cost Audit & Cost Records – COVID Pandemic Year.**

Sub Theme:

- Cost Records – Impact of COVID
- COVID Impact for cost working – essential/ non-essential product
- Audit methods and approach under COVID environment.
- Cost Audit Report – COVID Pandemic Year
- Important Points taken care by cost auditor.

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 July 2021.**

Theme for September 2021

Theme for September month is **Infrastructure Sector – Role of CMA**

Pls. Note the final decision to consider Article/Paper is left with Chairman – Editorial Board.

To,

If undelivered please return to:
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