



WIRC BULLETIN

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WESTERN INDIA REGIONAL COUNCIL
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
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CMA Balwinder Singh, President ICAI met Mr. Pallav Mohapatra, MD and CEO of Central bank on 23rd October 2019 at Mumbai. Also seen CMA Neeraj Joshi, Chairman WIRC, CMA Chittaranjan Chattopadhyay, Chairman Banking & Insurance Committee, ICAI & CMA Ashish Thatte, CCM-ICAI



CMA Abhay Deodhar, CMA Sujata Budhkar, CMA Dr. Dhananjay V. Joshi, Padma Shri Murlikant Rajaram Petkar, CMA Amit Apte, CMA Chaitanya Mohrir, CMA Smita Kulkarni, CMA Neeraj Joshi, CMA Rahul Chincholkar, during Students Day Programme organized by Pune Chapter on 28th October 2019.



CMA Sujata Budhkar, Chairperson, CMA Rahul Chincholkar, CMA Neeraj Joshi CCM, Smt. Krishna A. Mishra, Principal Commissioner Central Taxes, Pune-I Commissionerate and Shri Amit Nayak, Assistant Commissioner Central Tax, CMA Amit Apte, Past President, CMA Narhar K. Nimkar during CEP on “The Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019” & “New Return Filing under GST” organised by Pune Chapter on 14th October 2019



CMA Dr. Dhananjay V. Joshi, Past President ICAI, felicitating Pandit Sanjay Garud on "Diwali Pahat" a Musical Program on 27th October 2019 at CMA Bhawan, Pune.

CMA Vidyarthi – E-Bulletin

With the objective to provide an interactive podium where Students can showcase their writing skills which are an important skill for excelling in career and life, WIRC had restart student's monthly E Bulletin "CMA Vidyarthi" from October 2019.

WIRC got an overwhelming response from the students. Following articles were published in October issue of CMA Vidyarthi.



Article – Activity-Based Costing (ABC) - An Effective Tool for Better Management by Sourabh Kuiya (Final Stage) - Registration No: 01131009241

Article – Importance of Audit in a \$5 Trillion Dollar economy India by Pranav P. Suryavanshi (Stage: Intermediate) Registration No 01191058540



Article – M-Learning - The Need of Today by Yashwant S. Kelkar (Final Stage) Registration No 01122006141



At the Helm



Our heartiest congratulations to CMA (Mrs.) H.K. Joshi, a Fellow Member of the Institute, who joined SCI on 5th February, 2015 as Director (Finance) and was also appointed as CFO of the Company w.e.f the same date and upon the completion of tenure of CMD Shipping Corporation of India on September 11, 2019, Mrs. Joshi is now holding additional charge of CMD, SCI.

In July 2015, she was honoured with “CMA CFO Award 2014” from the Institute. She has been the recipient of “The Most Influential CFOs of India Award” from Chartered Institute of Management Accountants, UK for two successive years, 2015 and 2016. She has also been awarded with “The Tenth India CFO Awards – Excellence in Finance to enable a Turnaround” hosted by International Market Assessment India Private Limited in association with Pierian Services in May 2016. On 3rd of February 2018, she has been conferred with the Best Woman Employee Award 1st Place (Executive Category) by the Forum of Women in Public Sector (under the aegis of SCOPE).

We wish CMA H. K. Joshi the very best for all her future endeavors.



From the Desk of Chairman

Dear CMA Professional Colleagues,

The Festive Season is over and I am sure you all are rejuvenated after enjoying the festival of lights. The Institute is gearing-up for some mega events and I am sure that all the members will support these initiatives of the Institute. Currently 2 mega events are planned in next 2-3 months

1. 20th December 2019 : National Symposium on Cost Audit in Mumbai
2. 21st & 22nd December 2019 : National Seminar on Taxation in Bhubaneswar
3. 9th to 11th January 2020 : Global Summit in New Delhi

It is our responsibility as members to participate in these events to showcase our strength and also to enrich us through deliberations in these events. I appeal to all the members to complete their registrations and participate in these mega events.

Social Media and the platforms created by it are many a times used just to score political points and criticise people in public life. I generally prefer to stay away from the discussions on such forums. But in recent past I have had wonderful experience of these social media platforms. I would like to specifically mention the case of representation to Banks, which was brought to my notice through such media and on my appeal I also received positive responses and suggestions from the members. I am thankful to all the members who responded to my request of giving feedback on issues to be included in the representation to the Banks. I am happy to share that WIRC has prepared a detailed representation for the Banks and has already started circulating the same to the bankers with a request for appointment so that we can meet them in person and explain our concerns and demands.

We have already sent our representation along with request for appointment to IDBI Bank, Kotak Mahindra Bank, State Bank of India, Union Bank of India & Bank of Baroda. I was fortunate to get opportunity to meet Sri Pallav Mahapatra, Managing Director and CEO of Central Bank of India along with our President CMA Balwinder Singh and Central Council Members CMA Chittaranjan Chattopadhyay & CMA (Dr.) Ashish Thatte. I have submitted our representation to him and put forth the difficulties faced by our members. I am hopeful that we will get positive results. I assure you that WIRC office will keep a close followup.

I appeal to all the members that if they have contacts in Banks at top management level please help WIRC to get appointment so that we can submit our representation to the correct authorities.

WIRC was invited by the Maharashtra Co-Operative Department to give suggestions on the Empanelment Process for Co-Operative Auditor Empanelment. Our delegation attended the meeting and has submitted our suggestions so as to make the empanelment process more transparent and easy for our members to apply. At the same time we have to take the feedback from the authorities with a pinch of salt, that very few of our members are actually working as auditors in Co-operatives. I am sure that with the new empanelment this picture will change and CMAs will contribute in this sector as well.

WIRC is carrying out various innovative seminars and CEPs in Mumbai for the benefit of the members. I congratulate the PD Committee led by CMA Vinayak Kulkarni sir for the same. Through this communication I would like to appeal to the members from WIRC, preferable from Mumbai to come forward and participate in these programs as Faculty / Resource Persons. I am requesting the interested members to let us know their Topic of Interest on which they can conduct CEPs so that WIRC will have a pool of resources to serve the members and students in a better way.

I am pleased to inform you that WIRC has restarted CMA Vidhyarthi, an E-Bulletin for the students by the students. The CMA Vidhyarthi was first started during my first tenure as RCM with initiative from CMA (Dr) Ashish Thatte. But it was discontinued due to some technical reasons. I am glad that the my new team has given me full support in this matter and has restarted this E-Bulletin. I convey my special thanks to CMA Ashish Bhavsar, RCM & CMA Chaitanya Mohrir, RCM for their efforts to bring out the first issue of CMA Vidhyarthi on the auspicious occasion of Diwali. I am also thankful to all the Chapters & Students for their support to this activity.

The Institute has recently introduced a mandatory special Training Program for the new Practitioners. The first batch of this training program will soon commence in Mumbai. This is a great initiative by the Institute and I am sure this will help the new entrants to the CMA Practice to Acquaint themselves with the various aspects of professional practice.

The Institute is involved in development of a lot of resource material and require active support from the members. We receive many good suggestions on the publications / research material that the Institute should come out with. The suggestions are always welcome and are definitely leading us in the right direction. But unfortunately very few members volunteer to share their knowledge and be part of the team of resource persons in such activities. I appeal to all the members to come forward whenever such an appeal is made by the Institute.

"In the long history of humankind (and animal kind too) those who learned to collaborate and improvise most effectively have prevailed - Charles Darwin"

Sincerely Yours,

CMA Neeraj Dhananjay Joshi
Chairman, ICAI-WIRC

Brief Snapshot of the activities of ICAI-WIRC

Activities during the month of October 2019 :

- WIRC had organised Series of CEP Programmes on GSTR 9 & 9C - a Detailed Analysis from 1st to 16th October 2019 at WIRC Office. Mr. Pratik Shah was the speaker.
- First issue of Student's monthly E Bulletin CMA Vidhyarthi released on the eve of Diwali



SAP Certification - An opportunity to upscale Professional Value

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SAP certification helps to validate the expertise and experience of SAP partners, software users, customers and professionals who are looking to be placed in an SAP environment.

What is SAP?

SAP is abbreviation of Systems Applications and Products in Data Processing. SAP is also the name of the Enterprise Resource Planning (ERP) software as well as the name of the company.

SAP helps organizations to integrate all information from different departments into one platform for making decisions. It is advisable to the companies that want high security of its information via entry log details, restrict pass entry for department, give access to particular person only, want customized report & quick & detail information to take decision.

Why is SAP ERP required?

Based on the manner in which the communication and data exchanged is managed, enterprise systems can be classified as:

1. Decentralized System
2. Centralized System also called as ERP system

1. Decentralized System

Since the data is managed locally at different departments, it is difficult for the departments to access the data available at the other departments in real time. It is one of the major drawbacks of a decentralized system.

Other drawbacks are:

Numerous disparate information systems are generated individually over time which is difficult to maintain.

- Integrating the data from different departments is time and money consuming.
- Inconsistencies and duplication of data may occur.
- Lack of timely information leads to customer discontent, loss of revenue and reputation.

- High inventory, material, and human resource cost.

2. Centralized System/ERP System

To overcome these drawbacks, the centralized system was invented.

These advantages are:

The data is maintained at a central location and shared with all the departments. The departments have access to the data of all the other departments on a real time basis.

- It eliminates the duplication, discontinuity and redundancy in data.
- SAP system provides control over various business processes.
- It increases productivity, better inventory management, promotes quality, reduced material cost, effective human resources management, reduced overheads boosts profits.
- Better customer interaction and increased throughput. It also improves customer service.

SAP is one of the ERP software, which has many sub-modules like - Finance, Controlling, Material management, Sales & distribution etc.

Business Processes in SAP ERP includes:

- SAP Financial Accounting (FI)
- SAP Controlling (CO)
- SAP Sales and Distribution (SD)
- SAP Production Planning (PP)
- SAP Materials Management (MM)
- SAP Quality Management (QM)
- SAP Human Capital Management (HCM)

WHAT IS SAP FICO?



- Whenever a company chooses to implement SAP - The implementation team consists of people representing each module.
- **SAP FICO** Stands for **FI** (Financial Accounting) and **CO** (Controlling).
- So, **SAP FI Consultant** means someone having exposure to **SAP Finance Module** - As SAP consultant, you will be able to suggest business re-engineering and redesigning of business process, streamlining the existing process and effective utilization of IT infrastructure.

SAP FI implementation involves SAP FI configuration. Thus, being an SAP FICO consultant our responsibility is to do SAP FI configuration which includes:

1. Maintaining chart of accounts, fiscal year variants and currencies.
2. Once the configuration is completed, the document posting will automatically be posted thereafter.
3. Enterprises will be able to view its real-time financial status. This enables enterprises to keep a track of every financial transaction and helps in finance reporting at the end of fiscal year.

SAP CO refers to Controlling. It includes:

1. Master data maintenance for cost elements, cost centers, profit centers, internal orders, functional area, statistical key figures and activity types.
2. Cost elements include all the cost and revenue accounts, cost centers and profit centers include all the departmental units that handle cost and profit of an enterprise, internal orders include all the important events and so on.
3. SAP CO implementation allows one to view the data of costs involved within internal management. It helps to get a better view of finance reporting and helps you manage records and take various decisions related to the organization.

Also, this module enables organizations to manage reporting and information database as per the requirement for their business

MY EXACT ROLE AS A SAP FICO CONSULTANT

Being **SAP FI consultant**, apart from designing the business process, we also have to pay attention to - **Legal Compliances and Reporting**.

- As **SAP FICO consultant**, it is expected to - Generate knowledge about the current business process, Design current business flows, Study current business processes and its complication, in all we can say getting through with current business setup. Flow diagrams and DFD are prepared, most of the time in Vision format; all this forms the part of AS IS document.
- Everything configured has to be documented as per their categories in the form of predefined templates; these have to be then approved by the team leads or whoever the consultant is reporting to.

- Mapping and GAP analysis are done for each module.
- Before starting configuring future business processes in SAP, the DFD/ERD are prepared, this documentation is called TO BE, which can be also said as the result of mapping and gap analysis.
- Sometimes Functional consultants are also expected to prepare test scripts for testing the configured scenarios.
- End user manual and user training are also expected from Consultants.

Now based on one's interest one can choose to be a:

- **Certified SAP Auditor**
- **SAP Consultant**
- **Certified SAP Trainer or**
- **Part of the CORE Finance team** of an Organization implementing SAP ERP.

SAP S/4HANA Finance leverages the advantages of in-memory technology and other modern user-experience innovations. By incorporating the latest technologies, the solution empowers you to transform a finance organization that can instantly analyze and capitalize on the challenges presented by today's dynamic and volatile business and regulatory environment. Examples of transformational innovation across the different functions of a finance department include the following:

1. Financial planning and analysis, product and service profitability, accounting profitability
2. Accounting and financial close enabling instantaneous financial statement insights and real-time cost control while eliminating inefficient reconciliation activities.
3. Instant visibility into working capital to drive optimal liquidity and investment planning, leading to increased cash flow and profitability.
4. Machine learning for intelligent invoice matching, which can lower days sales outstanding, with real-time receivables and payables that enable immediate reaction to collection efforts and collaboration with business partners.
5. Continuous monitoring to identify and predict fraud and cybersecurity.

CONCLUSION:

- We Finance Professionals have a better understanding of the Business Process and Accounting.
- Those individuals and consultants who already attain their SAP Certification belong to the elite group and at the same time they have an exceptional and successful career than those individuals and consultant who have not yet obtain their SAP Certification. The real success of SAP Certification is through the mixture of qualification, investment into certification and direct experience.
- In fact, industries needs SAP FICO - Finance professionals. There is a huge gap between requirement and availability of experts. ■



FAQs for services provided by Charitable and Religious Trust to an educational institute

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Q1. What shall be the Taxability under GST for Income Earned / Donation Received by Charitable Trust?

Answer:

- a) Rental Income earned from Property Let out to an Educational Institute.

As per Section 7 (a) of CGST Act 2017, Supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.

Hence, Rental Income is subjected to Goods and Services Tax.

- b) F.D. Interest / Saving Bank Interest Income.

In terms of Sl. No. 27 of notification No. 12/2017-Central Tax (Rate) dated the 28.06.2017 "services by way of (a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services)" is exempted.

Hence, Income earned through fixed deposit Interest or saving bank interest shall be exempt.

However, these amounts will be considered while calculating the total turnover of the trust.

- c) Donations Received.

Donations received by Non-Profit organisations does not constitute taxable event under GST. As receipt of donations will not satisfy business definition under GST Act and there is no element of supply of services embedded in it.

Hence, donations will not be considered in the calculation of Turnover of Charitable Trust.

Q2. What are Exemptions available on Rental Income earned by Charitable Trusts?

Answer:

Exemption has been provided through vide CGST Notification No. 12/ 2017(Rate), dated 28/06/2017, Serial No. 12, Services by way of renting of residential dwelling for use as residence.

However, for renting service, there is another exemption entry at Serial No. 13 for Non- profit organisations, which reads as follows:

Services by a person by way of:

- a) Conduct of any religious ceremony;
- b) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act:

Provided that nothing contained in entry (b) of this exemption shall apply to,

- o Renting of rooms where charges are one thousand rupees or more per day;

- o Renting of premises, community halls, kalyan mandapam or open area, and the like where charges are ten thousand rupees or more per day;
- o Renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month. .

Hence if charitable trust let out its property for above mentioned purposes, than such renting services shall be exempt under GST Law.

Q3. What shall be Valuation of Rental Services by Charitable Trust if such Rental Services are provided to Related Person?

Answer:

As per Section 15 read with Rule 28 of CGST Valuation Rules, Value of Supply between Related Persons shall be

- a) Open Market Value (Arm's Length Price) of such supply
- b) If the open market value is not available, it will be the value of supply of goods or services of like, kind and quantity. Here, the taxable person can use as reference similar goods or services or both for determining the value of supply.
- c) If the value is not determinable in the above two cases it shall be determined as per Rule 30 ie 110% of Cost of Production.
- d) Residual Method

Hence, if Charitable Trust have let out its premises to Related Person than it is advised to find Open Market Value (Arm's Length Price) of Rental Services and charge GST accordingly.

Q4. What shall be GST Implication for Sale of Books, Food, Belts, Uniform, Tai and other products by Charitable Trust to students of an Educational Institute?

Answer:

As per Section 2(17) of CGST Act 2017, Business includes

- Any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity whether or not it is for pecuniary benefit.
- Any activity or transaction in connection with or incidental or ancillary to sub clause (a)
- Any activity or transaction in nature of sub clause (a) whether or not there is volume, frequency, continuity or regularity of such transaction.

In reference to the above, we find that the word "Trade" as per Dictionary has meaning as under

As a noun it means

- The buying or selling of goods or services between people or countries.
- A particular type of business.

As a verb it means

- To buy or sell goods or services
- To exchange something for someone else

Further as per Business Dictionary, we find that Trade is a commercial transaction involving sale and purchase of a goods, services or information.

In the same way, we find that Wikipedia states that Trade is Commercial Transaction involving sale and purchase of a goods, services or information

In view of above definition, it is clear that sale of Books, Food, Belts, Uniform, Tai and other products shall be considered as Supply under GST Law.

It is immaterial whether there is any pecuniary benefit in relation to supply of such goods.

Q5. Which Exempt Services can be provided by Charitable Trust to an Educational Institute?

Answer:

Educational services with certain conditions has been exempted in CGST Notification No. 12/ 2017 (Rate), dated 28/6/2017 as amended via CGST Notification No. 2/ 2018 (Rate), dated 25/01/2018. This exemption consists of various services provided to an Educational Institute.

Services by way

- Transportation of students, faculty and staff;
- Catering, including any mid-day meals scheme sponsored by the Central Government, State Government, Union Territory;
- Security or cleaning or house-keeping services performed in such educational institution;
- Services relating to admission to, or conduct of examination by, such institution;
- Supply of online educational journals or periodicals;

Hence, Charitable Trust can provide above services to an Educational Institute and such services shall be exempt from GST.

Q6. What shall be GST Implication for Recreational Activities provided by Charitable Trusts to the Educational Institute?

Answer:

Services by way of training or coaching in recreational activities relating to arts or culture, or sports by charitable entities registered under section 12AA of the Income-tax Act 1961 are Exempt under GST.

Q7. What shall be GST implication on Sale of Published Books to students of Educational Institute?

Answer:

Sale of publications by trusts will come under the definition of business. Also, this being sale for a consideration will attract the provisions of Supply under section 7. Therefore, it will come under the ambit of GST.

However, Books covered under HSN Code 4901 and Newspapers, periodicals and monthly journals covered under HSN Code 4902 attract "Nil" rate of Tax.

But yearly printed Calendars covered under HSN Code 4910 attract 12% GST Rate.

So, publication sales will be taxable and leads to applicability of all provisions to Non-profit making entities.

Q8. A Charitable Trust is organising various Tournaments of Sports. It gets Sponsorship for organising such events from Company A:

a) Will Charitable Trust be subjected to GST if the trust is putting Banners / Advertisement of Company A?

Answer:

The CBIC vide Notification Number 13/2017 CT (rate) specified the transaction under which the liability to pay GST shall be on recipient of service under RCM. The entry number 4 of said notification is as follows:

Category of Supply of Services	Supplier of Service	Recipient of Service
Services provided by way of sponsorship to anybody corporate or partnership firm.	Any person	Any Body Corporate or Partnership Firm located in the taxable territory.

As per above entry if any person provides sponsorship service to any body corporate (i.e. Company) or to partnership firm located in taxable territory then the body corporate or partnership firm is liable to pay GST under RCM.

In the given case therefore, the company A shall be liable to discharge GST liability under RCM. Charitable Trust shall not be required to charge GST.

b) Instead of Company A what will be the effect if Sports Tournament was sponsored by an Individual or HUF?

Answer:

In this case the Charitable Trust shall be liable to discharge GST liability on Forward Charge Mechanism basis because there is no such specific provision to cover this transaction under RCM.

Q 9. A Charitable Trust is running a Canteen in an Educational Institute.

- **What GST Rate is to be charged?**
- **If Charitable Trust is running the Canteen in an Educational Institution and selling directly to students as Coupon Sales? (coupon student)**

Answer:

1. Notification Number 11/2017 CT (Rate) vide entry number 7(i) specified the GST Rate in case of supply of canteen service. The relevant entry is reproduced below:

Chapter Heading	Description of Services	Rate	Condition
Heading 9963 (Accommodation, food and beverage services)	(i) Supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, other than those located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equivalent. Explanation 1.- This item includes such supply at a canteen, mess, cafeteria or dining space of an institution such as a school, college, hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such supply is not event based or occasional.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to Explanation no. (iv)]

Therefore, in the given case the charitable trust for providing the canteen service to students of educational institute shall charge GST @5% from the students. Further as per condition contained in the notification against the said entry, the charitable trust (i.e. providing canteen service) shall not be eligible to avail ITC of

GST charged on procurement of input and input service for providing the canteen service.

Q10. What shall be GST Implication for Gifts / Free Supplies by Charitable Trusts?

Answer:

- As per Clause a) of Schedule 1 of CGST Act 2017, Permanent Transfer or disposal of business assets on which Input Tax Credit is availed shall be considered as Supply even if it is made without consideration.
- If Charitable Trust has purchased any goods or fixed assets and have availed Input Tax Credit and later have permanently transferred such goods or fixed assets without consideration (Gifts or Free Supplies) still it shall be considered as Supply as per Schedule I of CGST Act 2017.
- Charitable Trust shall be required to charge GST on such free supplies
- Value of Supply shall be determined as per Rule 27 of CGST Valuation Rules 2017 ie
 - a) be the open market value of such supply;
 - b) if the open market value is not available under clause (a), be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply;
 - c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;
 - d) if the value is not determinable under clause (a) or clause (b) or clause (c), be the 110% of cost of production as per Rule 30 or Residual Method as per Rule 31.
- If Charitable Trust has not availed Input Tax Credit for GST paid on purchase / services than trust shall not be required to pay GST on Gifts / Free Supplies

Q11. Will Charitable Trust be eligible to claim Input Tax Credit for GST Paid on Works Contract Services availed in relation to Construction/ Repairs / Renovation / Modification / Alteration of its Property? Property is let out to an Educational Institute for running a school

Answer:

Works contract" has been defined u/s 2(119) of the CGST Act, 2017 as a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

"Construction" is defined under explanation to sec 17(5)(c) and (d) for the purpose of these provisions to include re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property.

Section 17(5)(c) and (d) of the Act restricts certain credits, these provisions read as under

c) Works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;

d) Goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

Hence, as per Section 17 (5) of CGST Act 2017, Charitable Trust shall not be eligible to claim Input Tax Credit for GST Paid in relation to Construction/ Repairs / Renovation / Modification / Alteration of its Property if such expenses are capitalised in their books of accounts.



DIRECTORATE OF ADVANCED STUDIES
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

INTRODUCING

SAP FICO - POWER USER COURSE

COURSE OBJECTIVES

- Bridging the Academics - Industry gap
- Create job ready manpower resource pool with the skills of SAP FICO
- Enhance employability by meeting the skill requirement of industry to address ever changing business needs.
- Build knowledge based Economy with cost effective program for World's best IT Company
- Understand industry best practices supported by SAP ERP - "Be future ready"

COURSE HIGHLIGHTS

- **Duration:** 100 Hours (3 Months)
- **Benefits**
 - Student completes his/her 100 hours training comprising of detailed theory and practical delivered through SAP LMS.
 - During the training, every student will have access to e-learning repository which a student can use to gain in depth knowledge. Student will be provided with a unique password protected ID to SAP portal.
 - Institute will provide additional 100 hours knowledge support of learning resources through doubt clearing contact classes in certain locations, live webinar classes, recorded classes and sufficient knowledge resources for the benefit of the students
 - Joint Certification of ICAI & SAP to be provided after successful completion

Course Fees:

Students and Employees of the Institute - Rs.15,000/- + GST (as applicable)

Qualified CMAs, CMA Members, Qualified Students of any Course of the Institute other than CMA - Rs.20,000/- + GST (as applicable)

1st Batch will be commencing from November 2019

For online admissions: <https://eicmai.in/advsc/Home.aspx>



Demystifying Behavioural Finance

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Much of what is known about finance and investments has come from the study of economics. Classic economics assumes that people are rational when they make economic or financial decisions. "Rational" means that people respond to incentives because their goal is always to maximize benefit and minimize costs. Not everyone shares the same idea of benefit and cost, but in a market with millions of participants, there tends to be some general consensus. This belief in rationality leads to the idea of market efficiency. In an efficient market, prices reflect "fundamental value" as appraised by rational decision makers who have access to information and are free to choose to buy or sell as their rational decisions dictate. The belief in efficiency assumes that when prices do not reflect real value, people will notice and will act on the anomaly with the result that the market "corrects" that price. People are not always rational, however, and markets are not always efficient. Behavioral finance is the study of why individuals do not always make the decisions they are expected to make and why markets do not reliably behave as they are expected to behave

What is behavioural finance ?

Financial academicians are in the midst of a debate about paradigm shift; from a neoclassical based traditional paradigm to a one that is behaviourally based. Traditionally, finance has adopted the neoclassic framework wherein financial decision makers use Bayesian techniques to make appropriate statistical judgments and decisions. The traditional finance paradigm seeks to understand financial markets using models where investors are assumed to be "rational". The main pillar of pricing in neoclassical finance is Efficient Market Hypothesis. According to EMH, market is efficient where prices fully reflect all available information at all the time. However, there is a growing body of literature that documents evidence of empirical deviations away from market efficiency and supporting stock return predictability based on various firm-specific variables. Various researchers pointed out the various facts suggesting markets are not as efficient as initially assumed. A large number of new anomalies observed by various researchers challenged the concept of EMH and reversed some of the earlier evidence favouring the concept.

Behavioural finance studies the psychology of financial decision-making and how emotions affect investment decisions. In our industry, we commonly talk about the role greed and fear play in driving stock markets. Behavioural finance extends this analysis to the role of biases in decision making, such as the use of simple rules

of thumb for making complex investment decisions. In other words, behavioural finance takes the insights of psychological research and applies them to financial decision-making. Over the past fifty years established finance theory has assumed that investors have little difficulty making financial decisions and are well-informed, careful and consistent. The traditional theory holds that investors are not confused by how information is presented to them and not swayed by their emotions. But clearly reality does not match these assumptions. Behavioural finance has been growing over the last twenty years specifically because of the observation that investors rarely behave according to the assumptions made in traditional finance theory.

Literature Review

Behavioural finance, with its roots in the psychological study of human decision-making, is a relatively new and evolving subject in the field of finance. In brief, behavioural finance is the study of investors' psychology while making investment decisions. Behavioural finance is the study of investors' psychology while making financial/investment decisions.

Sewell (2001) has defined behavioural finance as "the study of the influence of psychology on the behaviour of financial practitioners and the subsequent effect on markets". According to Shefrin (1999), "behavioural finance is the application of psychology to financial behaviour - the behaviour of investment practitioners." Lintner G. (1998) has defined behavioural finance as being study of human interprets and acts on information to make informed investment decisions. Barber and Odean (1999, p. 41) stated that "people systemically depart from optimal judgment and decision making. Behavioural finance enriches economic understanding by incorporating these aspects of human nature into financial models." Robert Olsen (1998) describes the "new paradigm" or school of thought known as an attempt to comprehend and forecast systematic behaviour in order for investors to make more accurate and correct investment decisions. Belsky and Gilovich (1999) have referred to behavioural finance as behavioural economics and further defined behavioural economics as combining the twin discipline of psychology and economics to explain why and how people make seemingly irrational or illogical decisions when they save, invest, spend and borrow money. W. Forbes (2009) defined behavioural finance as a science regarding how psychology influences financial market. This view emphasizes that the individuals are affected by psychological factors like cognitive biases in their decision-making, rather than being rational and wealth maximizing.

Emergence of Behavioural Finance:

During the 1990s, a new field known as behavioural finance began to emerge in many academic journals, business publications, and even local newspapers. The foundations of behavioural finance, however, can be traced back over 150 years. Several original books

written in the 1800s and early 1900s marked the beginning of the behavioural finance school. Originally published in 1841, MacKay's *Extraordinary Popular Delusions And The Madness Of Crowds* presents a chronological timeline of the various panics and schemes throughout history. This work shows how group behaviour applies to the financial markets of today. Le Bon's important work, *The Crowd: A Study Of The Popular Mind*, discusses the role of "crowds" (also known as crowd psychology) and group behaviour as they apply to the fields of behavioural finance, social psychology, sociology, and history. Selden's 1912 book *Psychology of The Stock Market* was one of the first to apply the field of psychology directly to the stock market. This classic discusses the emotional and psychological forces at work on investors and traders in the financial markets. These three works along with several others form the foundation of applying psychology and sociology to the field of finance. Today, there is an abundant supply of literature including the phrases "psychology of investing" and "psychology of finance" so it is evident that the search continues to find the proper balance of traditional finance, behavioural finance, behavioural economics, psychology, and sociology. The uniqueness of behavioural finance is its integration and foundation of many different schools of thought and fields. Scholars, theorists, and practitioners of behavioural finance have backgrounds from a wide range of disciplines.

The investor's chief problem-and even his worst enemy-is likely to be himself. - Benjamin Graham. Psychology has a story to tell about investing, and it is different from the one economics tells," says Princeton Psychologist Daniel Kahneman. BF is the study of the influence of psychology on the behaviour of financial practitioners and the subsequent effect on markets. Behavioural finance attempts to explain and increase understanding of the reasoning patterns of investors, including the emotional processes involved and the degree to which they influence the decision-making process. Essentially, behavioural finance attempts to explain the what, why, and how of finance and investing, from a human perspective. For instance, behavioural finance studies financial markets as well as providing explanations to many stock market anomalies. Behavioural finance is the study of the influence of psychology on the behaviour of financial practitioners and the subsequent effect on market. According to behavioural finance, investors' market behaviour derives from psychological principles of decision-making to explain why people buy or sell stock. Behavioural finance focuses upon how investor interprets and acts on information to take various investment decisions. In addition behavioural finance also places emphasis on investor's behaviour leading to various

market anomalies. Behavioural Finance (BF) is the study of investors' psychology while making financial decisions. Investors fall prey to their own and sometimes others' mistakes due to use of emotions in financial decision-making.

Key Concepts in Behavioural Finance

It helps to understand some of the key concepts in behavioural finance to grasp what this study is all about. Here are some of the main ideas that stem from behavioural finance:

- **Mental Accounting** : This is the tendency of people to compartmentalize money according a certain purpose. So they divide up money and treat it differently, depending what "account" it's in. So, money in a savings bucket is treated differently than money meant for debt repayment. People tend to say that money in that savings bucket can't be used for another purpose, even if it could be used for reducing debt at 15% interest.
- **Herd Behaviour** : Following the crowd is a common investment behaviour. As the larger group does something - like buy a "hot" stock, or sell in a panic when the market drops - individuals tend to follow suit. Breaking herd mentality is one of the best things you can do for your own finances.
- **Belief in Being "Above Average"** : Most people rate their intelligence as "above average." Most people see success as something that resulted from their actions and Setbacks, are blamed on external forces. So, an investor might believe that he or she is a stock picking genius when an investment performs well. However, when that investment performs poorly, that same person, rather than believing that he or she is below average at stock picking, blames the drop on "the market" or "the economy."
- **Traits of behavioural finance** are : Investors are treated as "normal" not "rational", They actually have limits to their self-control, Investors are influenced by their own biases, Investors make cognitive errors that can lead to wrong decisions.
- **Disposition bias** : refers to when investors sell their winners and hang onto their losers. Investors' thinking is that they want to realize gains quickly. However, when an investment is losing money, they'll hold onto it because they want to get back to even or their initial price.
- **Confirmation bias** : is when investors have a bias to accepting information that confirms their already-held belief in an investment which investors accept readily to confirm and reinforce that they're correct about their investment decision-even if the information is flawed.
- **Availability bias** : occurs when investors' memory of recent events makes them biased or believe that the event is far more likely to occur again. For example, the financial crisis in 2008 and 2009 led many investors to exit the stock market. Many had a dismal view of

the markets and likely expected more economic hardship in the coming years. The experience of having gone through such a negative event increased their bias or likelihood that the event could reoccur. In reality, the economy recovered, and the market bounced back in the years to follow.

- Loss aversion : occurs when investors place a greater weightage on the concern for losses than the pleasure from market gains. In other words, they're far more likely to try to assign a higher priority on avoiding losses than making investment gains
- Familiarity bias : is when investors tend to invest in what they know, such as domestic companies or locally-owned investments. As a result, investors are not diversified across multiple sectors and types of investments, which reduces risk. Investors tend to go with investments that they have a history of or have familiarity with
- Bandwagon effect : People often value a choice based on a comparison with an anchor, even if the anchor is irrelevant. Thus, a purchase can feel like a good value if it's "discounted" from a very high sticker price, even if the sticker price was never actually its selling price. In the same vein, an investor may become displeased with his or her returns when a friend shares stories about even greater returns from a risky venture. The investor's returns haven't changed, but the reference point has.
- Illusion of control : Most of the investors make their decision under the illusion of control. For example, if a person invested money in some stocks on the basis of his own theory which later brought him lot of profit, he will continue to believe that his theory is all that he needs in the stock market. The idea of having control over making decisions without taking help from any external information, leads to failure at times. There is no theory that proves that if a person was right in one situation, will be right in everything else as well.
- Hindsight bias : People usually like to make predictions. If one of their predictions comes true, they will stick to making more. However the stock market is one of the most uncertain markets. No one can ever be sure what is going to happen next. Making decision purely on the basis of prediction will not always bring about expected outcomes.
- Emotion : Another behaviour finance dimension is related to emotion which refers to our making decisions based on our current emotional state. Our current mood may take our decision making off track from rational thinking.

The end of behavioural finance ?

It is expected that behavioural finance will continue to grow in importance. Commentators such as Richard Thayer (Thayer, 1999) have suggested that we will reach the 'end of behavioural finance' by which they mean the ideas will become sufficiently established to become part of the mainstream. In essence, at some stage all finance will be behavioural. At that point behavioural ideas will

be well embedded in the financial planning process. Eventually, individuals might wonder, "what kind of other finance is there?" At that point behavioural ideas will be routinely incorporated into models of economic and financial behaviour.

Conclusion

Because of the many flaws of accepted economic theory, behavioural finance serves as a good complement. The assumptions of perfectly rational individuals and perfect information seem to work in some situations but not all. Behavioural finance then gives explanations as to why the market behaves as it does. Most of people know that emotions affect investment decisions. People in the world of investments commonly talk about the role that greed and fear play in driving stock markets. Behavioural finance extends this analysis to the role of biases in decision making, such as the use of simple rules of thumb for making complex investment decisions. In short Behavioural finance uses psychology to provide explanation for why people/investors make irrational choices or irrational financial decisions. Behavioural finance is an interdisciplinary field that studies of how people make financial decisions in the real world. One of the core focuses of behavioural finance is to identify the shortcuts (heuristics) and other mental quirks (biases) that affect people's financial decisions, and how they can often go astray. Behavioural researchers then look for practical, empirically tested techniques to overcome these obstacles, where possible. The field is simply fascinating and helps us both understand - and improve - our financial behaviour.

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GST New Rule of Input Credit - 'Significant Impact on Cash Flow'

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Input Tax Credit:

According to Section 16 (1) of CGST Act, 2017: Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

New Rule Background:

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.

Notification No. 49/2019 - Central Tax dated 9th October, 2019

In the said rules, in rule 36, after sub-rule (3), the following sub-rule shall be inserted, namely:-

"(4) Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed 20 per cent. of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37."

Hence, the above inserted sub-rule provides that the availment of ITC with respect to the invoices or debit notes not uploaded by the supplier cannot exceed 20% of the eligible credit in respect of invoices or debit notes which have been uploaded.

As an example, eligible ITC with respect to the invoices uploaded by the vendors is Rs. 10000. Actual eligible ITC based on the invoices received is Rs. 15000. The sub-rule provides that ITC of only Rs. 2000 (20% of Rs. 10000) can be claimed additionally. Hence total ITC which can be claimed would be Rs. 12000 and not Rs. 15000.

Major concern arising out of this amendment is that A dealer who intends to avail ITC will suffer a loss of 80% of ITC (credit being restricted to 20%), if the supplier does not upload the invoices. Non-uploading of invoices by the supplier may result in the mismatch between GSTR 2A and GSTR-1/GSTR 3B would result 80% loss of ITC. It will adversely impact the working capital requirements and also the bottom line of business.

This amendment requires a taxpayer availing input tax credit to do GSTR 2A reconciliation on a monthly basis and intimate the supplier to upload/correct invoices in

his GSTR-1 on a monthly basis. In other words, all-out efforts should be made by the purchaser to force the supplier to upload the invoices issued by him.

Conclusion:

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 fulfilment of other conditions. Now this credit has been restricted. This Notification requires regular monthly reconciliation of input tax credit with vendor reporting. It will increase in the compliance burden of an Assesse.

Needless to say that, the new Rule will have a heavy impact on cash flow of taxpayers due to less amount of total credit available to the taxpayers as compared to the period prior to this notification. ■

Mandatory Capacity Building Training (MCBT)

WIRC is planning to organise six days "Mandatory Capacity Building Training" (MCBT) for Practicing Cost Accountants who have obtained the Certificate of Practice (COP) w.e.f 1st February 2019 and prospective members going to opt to Practice the Profession.

The training schedule have been designed to sensitize the new COP holders with the practical aspects of the allied areas of practice. The sessions would take them through the case studies and live examples to enhance their professional competency.

Course Fee: Rs. 5,000/- plus applicable GST

CEP Credit: 10 Hours

Session

Role of Cost Accountants in Economy

Cost & Management Accounting

Taxation

Audit & Certification

Other Allied Areas of Practice

IT Skills and Presentation

Please visit website of the Institute for further details or Click the link <https://eicmai.in/MCBT/Home.aspx>

NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulation, 1959, the Council of the Institute in its 320th Meeting held on 21st July, 2019 by virtue of power conferred therein has constituted the following Chapter of The Institute of Cost Accountants of India covering the area of Singrauli District of Madhya Pradesh.

The Institute of Cost Accountants of India - Singrauli Chapter

CETI Building, Singrauli 486 889. Madhya Pradesh



How to use your subconscious mind to remove fear

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Introduction

With this article we will try to understand the ways to remove fear. There are number of fears we do face in our day to day life. During CMA course our students facing fear of failure.

People's Greatest Enemy

It has been said that people's greatest enemy is fear. Fear is behind failure, sickness, and poor human relations. Millions of people are afraid of the past, the future, old age, insanity and death. But, fear is a thought in your mind.

Example : A small child can be paralyzed with fear when a playmate says there is a monster under the bed who will grab him in the night. But when the parent turns on the light and shows there is no monster, he is freed from fear.

In the same way, most of your fears have no reality. They are merely a conglomeration of sinister shadows, and shadows have no reality.

How to Overcome

Ralph Waldo Emerson, the great 19th century philosopher and poet, said, "Do the thing you are afraid to do, and the death of fear is certain."

e.g. Many students/members have fear the thought of standing before audience and speaking. The best way to overcome this fear is "Start Delivering speeches in front of audience."

Many times during our chapter seminar and orientation programme, we do offer students to share their feedback on programme but very few students grab the opportunity. Here I request students to grab the opportunities were ever you find the same. It will surely remove fear and also help in your career.

Steps this way to freedom from fear

- 1) Do the thing you are afraid to do. If you say to yourself with perfect confidence and faith, I am going to master this fear", you will.
- 2) Fear is a negative thought in your mind. Overcome it with a constructive thought. Confidence is greater than fear.
- 3) Fear is behind the suggestive amnesia that strikes during exam period. Student can overcome this by

affirming frequently, "I have a perfect memory for everything I need to know."

- 4) If you are afraid of failure, give attention to success. If you are afraid of sickness, dwell on perfect health.
- 5) Look at your fears; hold them up to the light of reason. Learn to laugh at your fears. That is the best medicine. Nothing can disturb you but your own thought.

I hope that our student/member will apply the simple steps to overcome on any kind of fear.

—Source - Extract from "The power of your subconscious mind"- Dr. Joseph Murphy.

Campus Placement

The Institute of Cost Accountants of India conducted Campus Placement for the June 2019 Final passed Students on 17th & 18th October 2019 at Aruna Manharlal Shah Institute of Management, Mumbai. Total 15 Companies participated in Campus and selected/shortlisted 79 Students from the passed out candidates of the current session. The highest package was from BEL amounting to Rs.10.5 lakh per annum and a median salary of Rs.7 lakh per annum (approx.).

Campus Selection

Sr. No.	Name of the Company	No. of Selection / Shortlisting
1	CITCO	9
2	Bharat Electronics Ltd. (BEL)	4
3	ITC Hotels	2
4	MAERSK	1
5	Prism Johnson	5
6	Hathway Cable & Datacom	1
7	Vedanta	11
8	WIPRO	7
9	Galaxy Surfactants	1
10	Larsen & Toubro Construction (L & T)	6
11	DEN Network	1
12	RSM Astute Consulting Group	12
13	KD Practice	5
14	Avenue Supermarts Ltd. (D-Mart)	7
15	CIPLA	0
	Total	72



Certain provisions of GST Law – Ultra-vires the Constitution of India ?

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GST Legislation of India- Historic backdrop:

Until implementation of nationwide Goods and Services Tax, in India we had a complex web of indirect taxes.

The indirect tax regime emanates from the powers conferred by the Constitution of India which was enacted by the Constituent Assembly in the year 1949. The Constitution of India was essentially adopted from the Government of India Act, 1935, passed by the then British Government for their Indian colony. This Act had provided for certain scheme of indirect taxation for the Colony. So, essentially the scheme of indirect taxation as provided in the Constitution resembled the old model followed by the British. Perhaps the exigencies of the time would not permit time enough for a thorough review of the model of indirect taxation adopted in the Constitution. S

Article 246 read with Seventh Schedule of the Constitution gives bifurcation of powers for taxation between Union and States. The Article provides three lists to categorize taxes which can be levied by the Central Government, State Governments and a Concurrent List.

The Central list of indirect taxes included Central Excise, Customs, Service Tax and Central Sales Tax. The State list of indirect taxes included Vat, Cess, Stamp Duty, taxes on vehicles, State Excise, Entertainment Tax, Luxury Tax and taxes on electricity. In addition, there were indirect taxes like Octroi, Entry Tax and Local Body Tax, which were collected by respective local bodies under authority of the State Government concerned.

The above web of indirect taxes had resulted in complications in business operations and multi level taxation of the same item. Thus, for example, on a manufactured item there was Central Excise duty to be levied by the Centre, VAT to be levied by the State Government upon sale of the product and Entry Tax or Octroi to be levied by the municipalities.

VAT would be payable on the same product more than once every time the product would move from one state to another. Octroi would be payable each time the product would enter in a different city limit. There used to be long queue of vehicles waiting to pay Octroi at city entry points, leading to long hours lost thereby.

Due to state-specific taxes, there were severe limitations posed for inter-state trade. Thus, there were invisible barriers to free trade within India. This situation was detrimental to overall economic development of the country. There was a acute need to rationalize the indirect taxation system of India.

Challenges before the Government :

Having realized the shortcomings of the indirect taxation system, the Governments appointed expert study groups to suggest improvement to the system. Attempts were made, based on the recommendations of experts, to rationalize the system so as to alleviate various drawbacks of the indirect tax regime.

However, the changes were brought about rather slowly and were in the form of 'amendments' to the existing laws. For example, initially there was no concept of Value Added Tax' (VAT) in the system. For the first time in the year 1986 MODVAT was introduced for Central Excise regime whereby input tax credit became available to taxpayers. This was followed by substitution of MODVAT by CENVAT in the year 2004 and extension of the concept of VAT to the State Sales Tax regimes in the year 2005. All these changes in the indirect tax regime were brought about through 'amendments' to the existing legislations. Thus, the basic structure of the indirect tax regime

continued in the same style as originally defined in the Constitution. These amendments could not provide solutions to the anomalies resulting under the indirect tax regime.

The anomalies which existed were, inter-alia, as follows:

- i. Cascading of taxes;
- ii. Multiplicity of taxes;
- iii. Need to deal with multiple tax authorities;
- iv. Hurdles in interstate trade;
- v. Overall obstructions to ease of doing business.

Solution to come out of the straight jacket was to substitute the entire indirect tax scheme with a single tax that would eliminate cascading of taxes by ensuring instant VAT credit on any transaction of supply anywhere in the country. This implied abolition of all existing indirect taxes and launch of a single tax in substitution.

However, many states and local bodies, especially the industrially advanced states had strong reservations to abolition of some of the existing taxes which brought in major revenues to their respective treasuries. For example, the state of Gujarat and Maharashtra would loose substantial revenue if the state VAT would be abolished. Similarly, local bodies like the Mumbai Municipal Corporation would stand to loose the major source of revenue if the Octroi duty was done away with. Thus, although very laudable, the substitution of one tax for the existing web of indirect taxes was by no means an easy task.

The first ever proposal for introduction of a nation-wide single tax was made by the UPA Government at the centre under Prime Minister Manmohan Singh. However, owing to opposition from various state governments, the proposal to introduce a single tax could not see light of the day.

It was only after a majority Government led by Prime Minister Narendra Modi got installed at the Centre in the year 2014, that introduction of the vital one-nation- one-tax proposal started taking shape under the leadership of the then Finance Minister late Arun Jaitley. The Goods and Services Tax finally brought in force from July 1, 2017 was thus a major 'reform' of the Indian indirect tax system.

It must have been a herculean task for the Government to bring together all state leaderships, assuring the states that there will be no loss of revenue, drafting a scheme of legislation that would ensure smooth subsumption of multitude of indirect taxes into one tax and smooth transition into the new tax regime.

It would have been pretty unreasonable to expect a completely flawless piece of legislation to come out at the very introduction of GST. As expected, a number of objections and grievances pointing anomalies in the GST scheme started emerging from day one. Anticipating this scenario the designers of the GST legislation had provided for the grievance redressal mechanism in the form of the GST Council. Taking note of the various concerns of taxpayers, based on the recommendations of the GST Council, a large number of Notifications and Clarifications were issued by the Central Government from time to time. Of course, these frequent changes often led to confusion for the taxpayers, and there were the critiques of GST to declare it a total failure. However, the matters are getting stabilized and the nation has started enjoying the perceived benefits of the new one-nation-one-tax regime.

Certain provisions of GST unconstitutional ?

Constitutional validity of certain provisions of GST is being

challenged and such challenges have been upheld at the High Court level. Here let us consider some of the important cases :

1. Siddharth Enterprises Vs Nodal Officer (Gujarat High Court) :

S. 140 of the CGST Act, 2017 provides for carry forward of balance input tax credit under the earlier regime. Provisions of the various sub-sections of S. 140 are to be given effect to in the manner prescribed in the relevant CGST Rules. The instant case of Siddharth Enterprises pertains to ITC credit claimed by them under the provisions of S. 140(3) of the CGST Act, 2017, on stocks in hand as on 1st July, 2017.

S.140(3) of the CGST Act. provides that a taxpayer, who was not liable to be registered under the earlier regime but is a registered person under GST, and who has in his stock as on 1st July, 2017 inputs on which duties have been paid under the earlier regime, and which are eligible for ITC under GST regime, is entitled to avail ITC in respect of such carried forward stocks.

However, as per Rule 117 of the CGST Rules, such ITC on carried forward stocks can be availed only provided the registered person files a declaration in Form TRAN 1. Further, the said Rule 117 also stipulates the date by which such declaration in Form TRAN 1 is to be filed.

Siddharth Enterprises failed to file their TRAN 1 Form by the stipulated date and consequently their claim for the relevant ITC on stocks held by them on 1st July, 2017 was rejected by the department.

In the instant case, the honorable High Court has held that transitional credit of CENVAT, etc. cannot be denied even if the requisite Form TRAN1 is not filed by the taxpayer within the prescribed due date.

The Honorable Gujarat High Court granted the appeal in favor of Siddharth Enterprises on the following grounds: (Reproduced in bold italics from the judgement of the Hon. High Court.)

- (1) Section 140(3) of the CGST Act provides for a substantive right which cannot be curtailed or defeated on account of the procedural lapses.
- (2) The entitlement of the credit of carry forward of the eligible duties is a vested right.
- (3) The rights accrued under the existing law have been saved by the CGST Act.
- (4) The right to carry forward the CENVAT credit is a constitutional right.

In this connection, the Hon. High Court has provided explanation as under :

Article 300A provides that no person shall be deprived of property saved by authority of law. While right to the property is no longer a fundamental right but it is still a constitutional right. CENVAT credit earned under the erstwhile Central Excise Law is the property of the writ-applicants and it cannot be appropriated for merely failing to file a declaration in the absence of Law in this respect. It could have been appropriated by the government by providing for the same in the CGST Act but it cannot be taken away by virtue of merely framing Rules in this regard.

- (5) It is arbitrary, irrational and unreasonable to discriminate in terms of the time limit to allow the availment of the input tax credit with respect to the purchase of the goods and services made in the pre-GST regime and post-GST regime and the same could be termed as violative of Article 14 of the Constitution of India.

(S. 16 (4) of the CGST Act permits availment of ITC on the supplies received during a financial year until the date of filing the monthly GSTR 3B Return for the month of September of the following year. Whereas ITC under S. 140(3) could be availed only within 90 days from the appointed day, i.e. until 28th September, 2017, which was

subsequently extended until 27th December, 2017.)

- (6) The doctrine of legitimate expectation also could be said to be violated.
- (7) By not allowing the right to carry forward the CENVAT credit for not being able to file the form GST TRAN- 1 within the due date would definitely have a serious impact on the working capital of the writ-applicants and such action could be termed as violative of Article 19(1) (g) of the Constitution of India.

Thus, it appears from the judgement of the Hon. Gujarat High Court that the Rule 117 of the CGST Rules is in certain respect violative of the Constitution to the extent that it stipulates time limit for filing the claim through

Form TRAN 1 for carried forward CENVAT credit accrued under the earlier regime.

2. Bharati Telemedia Ltd. :

Another case before the Hon. Delhi High Court is a writ petition filed by Bharati Telemedia Ltd. challenging validity of S. 16(2)(c), second proviso to S. 16(2)(d) and proviso to S. 16(4). Also challenged in the petition is validity of S. 43A(6) which is not yet operational.

S. 16(2)(c) stipulates as one of the prerequisites for availing ITC credit, that ITC credit cannot be availed by the recipient unless the supplier has actually paid to the Government the relevant tax. It is the case of the writ applicants that the Government has been vested with sufficient powers to recover from the supplier the unpaid dues of tax. Hence, it is not right to deprive the recipient of the ITC credit on account of the default of the supplier over whom the recipient has hardly any control. It is submitted by the appellants that this provision is violative of Article 14 of the Constitution.

The second proviso to S. 16(2)(d) stipulates that if the recipient fails to make full payment of an invoice within 180 days, the ITC availed by the recipient in respect of such invoice is to be reversed with interest. It is clear that the good intention of the legislature is to promote good business practices and protect the supplier from financial distress. However, the appellants have challenged this provision as being violative of Article 14 of the Constitution.

The said petition has also challenged the condition subject to which extension of time limit provided under 16(4) for claiming ITC to the date of filing GSTR 3B Return for the month of March 2019, in respect of the invoices for the first year of GST ending on 31st March, 2018. The condition challenged is that the benefit of extended time limit will be available only provided the supplier concerned has duly uploaded the invoice in his GSTR 1 Return. This restriction has been claimed being violative of Article 14 of the Constitution.

The petition has also challenged the constitutional validity of the S. 43(6) of the CGST Act. (S. 43(6) is yet to be notified.)

To conclude this article, as I have said earlier, framing a comprehensive legislation like the GST Laws was a herculean task. In fact the Constitution itself had to be amended to permit passing of the great Reform. It is only to be expected that certain provisions of the legislation could have crossed the limits of the edifice of the Constitution. More such cases are sure to come up for the consideration of the judiciary.

Disclaimer: The purpose of writing this article is merely to deliberate on the developments happening in the judiciary and the legislature. It is by no means an attempt to criticize the learned judiciary or the framing of the legislation. The author does not claim any responsibility for any loss or damage suffered by any entity by using the contents of this article. ■



Poison Pill Defence Strategy – 4 Case Studies

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What is Poison Pills

Poison pill is a defensive tactic employed by a target company to avoid an unfriendly takeover by another company. Poison Pill words came from the world of spying where agents/ spies are taught that it is better to have a poisonous pill rather than risking arrest by enemy camp. The following are different Poison Pills used by target company depending on situation. Each of this Poison Pill harms financially the target company, if implemented, but avoids the hostile takeover (avoiding arrest by enemy camp) -

1. **Issue of convertible Preference shares:** This works bothways. It reduces the stake of prospective acquirer because of increase in number of shares in view of conversion. Secondly, it enhances cost of acquirer in M&A making less lucrative for takeover.
2. **Right Issue:** When prospective acquirer already holds 20% or more of the target, this Right Share provision kicks in. This gives right to the existing shareholders of target company to buy extra shares at substantial discount before takeover. This dilutes the already acquired % of acquirer to lesser % because of increase of volume of additional shares. Moreover, the cost of merger increases making it impossible to takeover the target company.
3. **Bond/Debenture Issue:** This will be issued if takeover kicks in. It will make the merger encumbered and all feasibility of merger will be defeated making merger less juicy/ attractive.

Four Case Studies are produced below to show how in real corporate world, Poison Pill worked in the past.

How the name originated?

Case Study No.1 - Mesa Petroleum Vs, General American Oil Company T. Boone Pickens, legendry Oil Tycoon, chairman of Mesa Petroleum was looking to buy General American Oil. Algor Meadows, the founder chairman of General American Oil Company (GAO) of Texas died in 1978. Mesa Petroleum purchased 5% of the share of the company GAO as a first move of taking over the company. It made a tender offer to the shareholders of GAO that the Mesa Petroleum company will agree to purchase 13 million shares, or 51.2 percent of GAO's shares @ \$40 a share. Trustees of the Meadows Foundation, which owns 26 percent of the (GOA) stock was representing management. On being approached by Mr. Pickens, the directors of the trust expressed that they could sell if they get offer at \$50 per share. Mr. Pickens felt that price at \$50 per share was on higher side considering that oil

and gas market was in bad shape at that time and the price should be between \$35 to \$40 a share. It was deadlock and there is all possibility that Mesa Petroleum may pick shares from market from shareholders who were willing to sell at \$40.

Martin Lipton's law firm named Wachtell, Lipton, Rosen & Katz in New York was advisor of GAO. Martin advised GAO company's Directors to immediately issue in the market with new right shares. With this move as per advise of Martin Lipton, volume of supply of GAO's shares in the market increased substantially. The 5% shareholding of Mesa Petroleum got diluted. In case if Mesa Petroleum still wants to takeover, it will have to buy more shares than original quantities of shares making taking over more expensive. Mesa Petroleum's hostile takeover attempt got aborted courtesy Martin Lipton, the M & A lawyer. At that time, it was unique move and instantly became popular and named Poison Pill. Thereafter, this Poison Pill strategy was made as a part of legislation in America and was first time used in the litigation of Moran v. Household International in 1985.

Case Study 2: The Netflix Vs. Icahn Enterprises

Carl Celian Icahn is an American investor and founder of Icahn Enterprises, a public listed investment company in New York City. In 2012, he was holding 9.98% of shares of Netflix. He said that he was going to increase his shareholding in the company and ultimate object is to takeover the company. He opined that Netflix was undervalued and a good target for takeover. He also said that Netflix is a case of poor governance.

His proposed move virtually, was an attempt of forceful takeover. Since he was infamously known as hostile takeover man, it was become panic situation for Netflix. They called a board meeting and passed a resolution of Poison Pill in the form of Right issue.

The poison pill will be in motion when an investor holds 10% or more of Netflix's shares – or 20% in the case of institutional investors if those holding are not without approval of board of directors. This poison pill plan will be valid for three years. In the plan, the right share will be one is to one basis. With such poison pill, Netflix could make the takeover more costly for Icahn and avoided a hostile takeover.

Icahn of Icahn Enterprises reacted saying that any such poison pill should have been subject to approval of shareholders through a meeting not by a board of director meeting only and this speaks of poor governance.

After Icahn declared in 2012 that he has 9.98% holding in Netflix, the share price skyrocketed 390% in market price

and after one year of announcement of poison pill as explained above, in October 2013, Icahn disposed of 4.5% of his holding (3 million shares) and pocketed profit of about \$800 million. After sale of 4.5%, since Icahn thereafter had only 4.48%. Netflix was out of danger.

Case Study No.3 - Oracle Vs. PeopleSoft (Poison Pill)

In 2003, PeopleSoft was dominant in Payroll and HR area market share while Oracle had sizeable market share in Financials. Each other were penetrating in other exclusive space. This was a threat for Oracle.

If takeover by Oracle materializes, after SAP, Oracle will be number two software maker (corporate database business) of corporates who use to manage their finances, human resources, sales and customer relations.

Two Poison Pills in People Soft

1. First, in 1980, PeopleSoft put a poison pill, whereby in case any company takes a stake of minimum 20% in People Soft, poison pill will be implemented and million of new shares of the company will be issued.
2. Second, poison pill is un-orthodox, unique, innovative and never heard of. This poison pill was inserted in June, 2003 after Oracle declared that they will dump PeopleSoft products if takeover materializes. The second Poison Pill was introduced to assure customers of continued after sales service. "Customer assurance program which give assurance its customers refunds of as much as five times the license price in the event the companys products are not supported after a takeover". PeopleSoft's customer assurance program would be in motion in case the company is taken over within two years and after sale service is off within four years

Oracle's tender offer was sent to shareholders of PeopleSoft on June 9, 2003, as a \$16-per-share, \$5.1 billion cash bid. On 12 June, PeopleSoft Board declined the offer and advised the shareholders to follow suit. PeopleSoft communicated that offer is at the bottom and no match considering the stature of the company. Both the poison pills taken together made deal price costly by \$2 billion. Obviously, Oracle was insisting that both the pills be eliminated. Oracle realized that with these two poison pills, it will be impossible to be successful in takeover because of unviability.

To add fuel to fire, Oracle announced that it will dump PeopleSoft's products after takeover. Keeping in mind to eliminate the two Poison Pills, on June 18, Oracle revised offer upward to \$19.50 per share, or \$6.3 billion. PeopleSoft declined again the revised offer of \$19.50 per share. Thereafter, Oracle further upped the offer to \$24 per share (\$7.75 Billion). PeopleSoft founder Dave Duffield rejected saying Oracle still discounted the valuation of the company. At this point of time most shareholders agreed to sell their shares at \$24.

Thereafter, Oracle upped the price to \$26.50 per share (\$10.30 Billion). PeopleSoft accepted offer for \$26.50 per

share, that was 66% more than \$16 first offer. It was an unfriendly takeover which people Soft agreed because final price was to its satisfaction and resentment started among shareholders who agreed at \$24 a share.

Case Study No.4 - L&T Vs. Mindtree

Recent Hostile Takeover in India

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Code") by Regulation 3 has not made any distinction between friendly or hostile takeover. It is a liberal provision in favour of prospective acquirer. Not a word about defences of target company. Hence, there is no bar in imposing Poison Pill by a target company. SEBI Regulation 3 only mentions that a public announcement is necessary for acquiring more than 25% of the shareholding by an acquirer.

Recent hostile takeover of Mindtree by L&T, is the first hostile takeover after overhaul of Takeover Code, 2011. After buying 20.32% (less than 25% as per Regulation 3) from one of the promoter, they made a public announcement of further buying 31% from shareholders @ Rs.980 per share inspite of vehement protest by other promoters. Further, L&T bought additional 15% from market making it holding of of 66.32% (20.32% +31% +15%). This hostile takeover got approval of SEBI.

Before that Mindtree intimated to stock exchanges that it was holding a board meeting to consider a buy back to prevent hostile takeover. This is not an usual poison pill. We have discussed so far USA corporate cases of issuing right shares to shareholders at a discounted price if the acquirer takes a stake over may be 10% or 20% to make the deal price costly. Share buyback are meant for increasing EPS of shareholders, improve return on net worth and return on capital besides enhancing shareholders' value. However, Mindtree did not go ahead with the share buyback plan ultimately obviously because share buyback plan as per law can not buy more than 10% without special resolution and maximum 25% with special resolution. Buyback such low % can not stop a hostile takeover and L&T unopposed took control of the company.

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Mutual Fund - The best tool to achieve Financial Goals

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In my earlier article, published in May 2019 bulletin, we have understood the importance of financial planning in our life and the process of financial planning. In this article, we will attempt to understand why a mutual fund is a useful tool in financial planning.

Today, an investor has plenty of option to invest their money. They may go with a traditional investment product (like Bank FDs, Post office FDs, PPF, KVP, NSC, Real Estate, Gold, etc.) or invest in stocks, Bonds, Mutual funds, or a mixture of both. No matter what option they choose as an investor for their investments, each has its advantages and disadvantages, the suitability is the only matter. Therefore, it is imperative to evaluate each product on a certain parameter, before parking money in that particular product. The parameter can be a risk (safety), liquidity, return expectation from the product.

In the current economic outline, it is vital to invest money in a product that can deliver a return of FD interest rate + 5% additional earning. This is prerequisite to beat inflation. Traditional products are recognized for capital preservation and stable returns, but will not earn you wealth-enhancing returns over the long period and with increasing inflation, the real purchasing power of your money will likely decline.

Mutual Fund

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities such as stocks, bonds, money market instruments, and other assets. MFs are operated by professionals who manage the fund to provide best returns to the investors. Following are the types of mutual funds,

- **Equity Fund:** Invest in shares/stocks. Aim to grow faster than traditional products.
- **Debt Fund:** Invest in fixed income securities like government bonds, corporate bonds, FMPs, Gilt fund, etc..
- **Liquid Fund:** Invest in T-bills, dated securities, certificate of deposits, etc...
- **Balanced/ Hybrid Fund:** Mixture of bonds and shares/stocks bridging the gap between equity funds and debt funds.

Why Mutual Funds?

Mutual fund investment offers numerous benefits that make them the most rewarding investment option. Benefits can be summarised as below :

Expert Money Management: Mutual fund companies have fund managers to choose the company shares,

sectors and debt papers in which the pooled mutual fund investment would be invested. Fund managers are highly qualified like CFA, CMA, CA, etc... and have a strong background of experience in the field of the capital market.

Diversification: Mutual funds invest across various asset classes and company shares to mitigate risk. When one asset class underperforms, gains from other asset classes will negate the loss.

Month	SIP Investing				Lumpsum Investing		
	Fund NAV (₹)	SIP Amt (₹)	Unit Purchased	Cumulative Unit	Lumpsum Investment (₹)	Unit Purchased	Cumulative Unit
1	100	5,000	50.00	50.00	60,000	600	600
2	98	5,000	51.02	101.02	-	-	600
3	96	5,000	52.08	153.10	-	-	600
4	94	5,000	53.19	206.30	-	-	600
5	92	5,000	54.35	260.64	-	-	600
6	90	5,000	55.56	316.20	-	-	600
7	88	5,000	56.82	373.02	-	-	600
8	86	5,000	58.14	431.16	-	-	600
9	84	5,000	59.52	490.68	-	-	600
10	82	5,000	60.98	551.66	-	-	600
11	80	5,000	62.50	614.16	-	-	600
12	78	5,000	64.10	678.26	-	-	600
Total Unit				678.26			600
Avg. cost of Investment (NAV)				₹ 88.50			₹ 100
Total Investment Amount				₹ 60,000			₹ 60,000
Value at the end of 12 Months				₹ 52,904			₹ 46,800

Systematic Investment Plan option: This is the best option of investing in a mutual fund which provides the benefit of average out cost of investment (result in a lower cost of investment). An investor need not have a big amount to invest in a mutual fund, they can start with a small amount of ₹100 & ₹ 500/- monthly. It develops the habit of regular saving and help in achieving the financial goal in the long run with a small amount. The table shows the advantage of SIP investment against Lump-sum investment.

Investment safety: All mutual fund houses are under the purview of the SEBI (Securities and Exchange Board of India) and ANFI (Association of Mutual funds in India). Both bodies are government-driven. Thus, it is equally safe as bank FDs.

Liquidity: It provides a good amount of liquidity. Investors are allowed to redeem their investment at any time. No need to justify your redemption decision or searching for a buyer. An investor has to place redemption request with fund house and redemption amount will credit within 3-7 working days.

Return: A mutual fund is delivering a handsome return compare to other products in long term investment. Suppose an investor is investing ? 1,000/- monthly for 20 years in various product. At the end of the tenure, he will receive the amount mentioned in the table.

Products Name	Investment Value	Current Value	Amount in ₹
			Rate of Interest
Bank Saving Account	2,40,000	3,65,000	4.00%
Fixed Deposit /RDs	2,40,000	4,82,000	6.50%
PPF	2,40,000	6,27,000	8.50%
Gold	2,40,000	4,30,000	5.50%
Mutual Fund (Equity)	2,40,000	15,20,000	15.00%

There are many more benefits such as flexible tenure, flexibility to switch funds, investment based on goals & focus sector, tax efficiency, Ease of tracking investment daily basis.

Asset allocation according to age

Proper asset allocation is key to all kinds of financial empowerment. Even the highest-returns generating

asset like equity funds can be no use unless you do prudent asset allocation. An investor should know that the asset allocation changes according to their life-stages. The basic principle of behind age-based asset allocation is that your exposure to portfolio risk needs to reduce with age, especially being referred to the proportion of equity as a portfolio component. Refer the table to understand an ideal age-wise equity exposure in the portfolio.

Investor Age (Yr.)	Allocation of Fund (%) in portfolio	
	Equity	Debt
20-35	75-100	0-25
35-45	65-70	30-35
45-55	45-55	45-55
55-60	20-30	70-80
60+	0	100

Conclusion:

It is evident that in long term mutual fund is delivering extraordinary return compared to all other investment avenues. Thus, an investor who is looking for wealth creation through financial assets should select a mutual fund (equity fund) either through SIP option or STP

(Systematic Transfer Plan). An Investor has to self-evaluate their risk appetite and return expectation from the product, and accordingly, have to develop an asset mix of equity and debt, keeping asset allocation matrix in the mind, which help in smoothly accomplishing financial goals. For e.g. Mr. Shivan is investing ? 10,000/- per month in equity mutual fund from age of 30 years and remain invested till 60 years of age. At the time of maturity, he will receive ? 6.56 Cr. against the investment of ? 36 Lakh (if CAGR is 15%). Here CMA can play an indispensable role as a fund manager, financial/research analyst, key managerial personnel (C.I.O.) in a mutual fund house. They can be also an expert financial advisor as they are having an adequate understanding of the capital market and conceptually understand the financial activities.

Disclaimer: The contents of this article are solely for informational purpose. It does not constitute professional/personal advice or recommendation.



**MUTUAL
FUNDS**
Sahi Hai

"In printed copy of WIRC October Bulletin details of author by mistake published of CMA Nikhil Pawar instead of CMA Nikhil Mehta."



Role of CMAs in Fee Fixation of Education Institutes

CMA Rajesh Kapadia

Proper Fixation of Fees for Education Institutes is required for the following :

- 1) To ensure that the Fees charged are fair and reasonable and at the same time it provides adequate and reasonable return to the Education Institutes.
- 2) This fair and reasonable Fees Structure will enable the deserving students to take benefit of quality education provided by Education Institutes.
- 3) To achieve these two objectives, management is required to collect all possible expenses incurred as mentioned in Annexure-1.
- 4) Here, CMAs can assist the management in Devising Annexure-1 and thereafter collecting various expenditures under relevant heads.

EXPENSE CONTROL CHART – ANNEXURE -1

HEAD OF EXPENSE	CURRENT YEAR VALUE (RS. LAKHS)	%	PREVIOUS YEAR VALUE (RS. LAKHS)	%
STAFF SALARIES				
STAFF WELFARE				
ADVERTISEMENT				
AUDIT FEES				
BOOKS				
PERIODICALS				
POSTAGE				
COURIER				
PRINTING				
STATIONERY				
STUDY MATERIAL				
INTERNET CHARGES				
REPAIRS EXPENCES				
VEHICLE MAINTENANCE				
TRAVELLING				
LOCAL TRAVEL				
FOREIGN TRAVEL				
SECURITY FEES				
SEMINAR				
LAB EXPENSES				
SPORTS MATERIAL				
DEPRECIATION				
FINANCIAL EXPENSES				
TOTAL EXPENSES				
AMOUNT OF REASONABLE RETURN				
TOTAL VALUE TO BE RECOVERED AS FEES FROM STUDENTS				
NO. OF STUDENTS				
FEES PER STUDENT				

It is advisable for CMA / CMAs to first understand the nature of expenses incurred by the concerned Education Institute which will in turn enable he / she to capture all the expenses incurred under suitable expense head as per Annexure - 1 above.

It may please be noted that expense heads mentioned are illustrative in nature. It is not exhaustive.

CHAPTER NEWS

AHMEDABAD

Direct Taxation Month Celebration

To celebrate Direct Taxation month, Chapter had organized seminar on 2nd October 2019. The session was chaired by Mr. Haren Bhatt, Chairman of Chapter. CMA Dakshesh Choksi, Chairman of PD & P Committee welcomed speakers, members and students and brief about technical session. The speaker CMA Dr. P G Tulsian & Mr. Saumya Sheth were felicitated by offering memento.

There were three Technical sessions Faceless Assessment, Capital gain and impact of Taxation on LLP into Ltd. Company & Conversion of firm or LLP into Ltd. Company and vice-e-versa.

Both the speakers presented their view through a nicely prepared power point presentation. The special power point presentation presented by the Institute was also shared among all the participants.

Celebration of 150th Birth Anniversary of Mahatma Gandhi on 02-10-2019.

Chapter had organized Hindi Essay Competition and Drawing Competition for students, family members of chapter's members, staff and faculties. CMA Haren Bhatt, Chairman welcomed CMA Ashish Bhavsar, Hon. Secretary of WIRC, office bearers, members, family members, staff, participants & their parents and gave brief about Essay competition and Drawing competition.

In Essay competition, subject given to participants were as under:

- Where cleanliness is sovereignty
- From Mohandas to Mahatma Gandhi
- Thoughts of Mahatma Gandhi in 21st Century.

The Chapter also organized drawing competition for students and spouse of members & staff on theme based on swatchhata & Mahatma Gandhi. CMA Ashish Bhavsar explained about Mahatma Gandhi's vision on Swatchhata. He also advised to contribute towards clean and healthy environment not only to present but also for our future generation. The Program concluded by distributing prizes to winners of both competitions and certificate of participation to all participants in hands of dignitaries on dias and judge of competition. CMA Malhar Dalwadi, Secretary proposed vote of thanks.

CEP on The Companies (Cost Records and Audit) Amendment Rules, 2019

ICAI-Ahmedabad Chapter organized CEP, Lecture meeting on The Companies (Cost Records and Audit) Amendment Rules, 2019 on 23rd October 2019. CMA Haren Bhatt, Chairman welcomed Speaker CMA Ashwin Dalwadi, CMA Ashish Bhavsar and participants. CMA Ashwin Dalwadi and CMA Ashish Bhavsar presented and explained various points' on subject. There was very health interaction between participants and speakers.

Rangoli Competition and Dhanteras Pooja

Ladies wing of ICAI-Ahmedabad Chapter has organized Rangoli Competition on 25th October 2019. In total 13 candidates including members and students had participated in Rangoli Competition.

ICAI-Ahmedabad Chapter has organized Dhanteras Pooja at chapter office on auspicious festival of Diwali on 25th October 2019. Members & Staff members had participated in Pooja.

AURANGABAD

Direct Tax Month Celebration

First word written down in the word is "37 Barleys" which was written down by an Accountant in Sumeritan Culture which was in currently named country "Iraq". The Accountant named "Kashmi" has written this to keep track of

grain store of Barleys, quoted by Mr. Vijay Netke, Dy Commissioner of Income Tax in the program on Income Tax at Aurangabad.

A seminar was organized by the Aurangabad Chapter of the Institute of Cost Accountants of India on 27th September 2019. Mr. Vijay Netke, Dy. CIT Guest for the seminar. CMA Parag Rane made a presentation on Sec 288(2) in which definition of Accountant need to be modified to include the Cost Accountant. He had cleared that in the most of the Act like GST, Custom, VAT, Excise, Service Tax, Company Law etc. CMAs are already working as Accountant and Income Tax is only exception. CMA Arun Agrawal had in detailed presentation explained "Assessment" proceeding including Search, seizure and given tips as how to face the same. Another speaker CMA Suresh Pimple explained regarding "TDS-Law and Practice", an inseparable part of collection of income tax in modern times. CMA Pravin Mohoni and CMA Srushti Bedekar conducted proceedings of the program. The program ended with thank from Secretary of Chapter CMA Kiran Kulkarni

NASIK-OJHAR

Seminar on "Insolvency & Bankruptcy Code and Importance of Intellectual Property Rights, TM & Copyrights"

Chapter in association with Nashik Chapter of WIRC of ICSI organized Half Day Seminar on 'Insolvency & Bankruptcy Code and Importance of Intellectual Property Rights, TM & Copyrights' on 05th Oct. 2019 at NIMA House, Nashik.

The seminar started with saraswati poojan with the hands of Guest speakers CS Vishram Panchpar, Adv. Shreedhar Parundekar, CMA Dipak Joshi Chairman ICAI Nasik Chapter and CS Sagar Kulkarni Chairman ICSI Nashik Chapter.

The ICSI celebrated its 51st Foundation day. On behalf of ICAI Nasik Chapter CMA Dipak Joshi Chairman of ICAI Nasik Chapter felicitated CMA CS Sagar Kulkarni Chairman of ICSI Nashik Chapter.

Adv. Shreedhar Parundekar from Pune, explained the concepts of Trademark, Copy rights with landmark case laws. The session was very useful for all members. CS Vishram Panchpar from Mumbai delivered session on Insolvency and Bankruptcy Code, 2016 with the help of case laws, amendments. He also link the topic with opportunities for members in IBC field.

The Programme ended with Vote of thanks by CS Hemant Sonawane, Vice Chairman of ICSI Nashik Chapter. The seminar was attended by CMA and CS members and students.

NAVI MUMBAI

Chapter conducted a CEP on "GST Sabka Vishwas Legacy Dispute Resolution Scheme (SVLDRS)" on 20th October 2019 at K.B. Patil College, Vashi. The speaker for this event was CMA Amit Sarker, Senior Director Deloitte Haskins & Sells LLP. The PD Committee Chairman of the Chapter, CMA Vivek Bhalerao introduced the speaker to the audience and the programme commenced with the speaker delving into the intricacies in the GST SVLDR Scheme, 2019.

The speaker provided a deep insight on the procedural aspects. The taxpayer can apply from the portal <https://cbic-gst.gov.in>. The taxpayer already registered under CE / ST can login and fill Part-B of SVLDRS Form-1. The unregistered taxpayer can register himself by filling Part-A of SVLDRS Form - 1. The speaker analyzed the benefits of the scheme namely Total waiver of interest and penalty; Immunity from prosecution; a relief of 70% from the duty demand if it is Rs. 50 lakhs or less and 50% if it is more than Rs. 50 lakhs for Cases pending in adjudication or appeal, or under investigation and audit where the duty involved is quantified on or before 30th June, 2019.; In case of an amount in arrears, the relief offered is 60% of the confirmed duty amount if the same is Rs.50 lakhs or less and it is 40% in other cases. In cases of voluntary disclosure, the declarant will have to pay full amount of disclosed

duty. The exclusions under the scheme are Cases in respect of excisable goods set forth in the Fourth Schedule to the Central Excise Act, 1944 (including tobacco and specified petroleum products); Cases for which the taxpayer has been convicted under the Central Excise Act, 1944 or the Finance Act, 1944; Cases involving erroneous refunds; Cases pending before the Settlement Commission. The audience was listening with rapt attention and was deeply enlightened with the facts. A large number of professionals and students participated in the programme. The interactive workshop came to an end with the speaker being felicitated by CMA Hari Iyer. CMA Ajay Mohan, Secretary of the Chapter proposed the vote of thanks.

PUNE

Sports Events 2019

Trekking -

To enhance the importance of sports and fitness in one's life Chapter conducted Sports Events 2019. As a part of Sports Events 2019 Chapter arranged - Trekking at Parvati Paytha on Saturday 12th October 2019 on early morning at 07.00 am to 08.00 am. CMA Neeraj Joshi, CCM, ICAI & Chairman WIRC, CMA Nagesh Bhagane, Treasurer, CMA Nilesh Kekan & CMA Prasad Joshi, Managing Committee Member, Mr. Jaydeep Mane Deshmukh, Student Representative of ICAI-Pune Chapter participated in 'Trekking'. More than 25 students & staff members attended the event enthusiastically & enjoyed "Trekking Event". Mr. Shubham Jadhav & Ms. Aditi Mokashi were the winners of Trekking Competition 2019.

Drawing, Rangoli & Carrom competitions

ICAI-Pune Chapter organized Drawing, Rangoli & Carrom competitions on Sunday 13th October 2019- at CMA Bhawan, Pune between 09.00 am to 01.00 pm. Many students participated in this competition.

CEP on "The Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019" & "New Return Filing under GST"

ICAI Pune Chapter conducted CEP on the subject "The Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019" & "New Return Filing under GST" on Monday, 14th October 2019 at CMA Bhawan, Karvenagar, Pune. Speaker for the programme were CMA Narhar K. Nimkar (Practicing Cost Accountant)

Smt. Krishna A. Mishra, Principal Commissioner Central Taxes, Pune-I Commissionerate and Shri Amit Nayak, Assistant Commissioner Central Tax were the Chief Guests for the programme.

Programme started with lighting of lamp in the hands of Chief Guests & other dignitaries.

CMA Rahul Chincholkar introduced the Chief Guests & speaker. CMA Amit Apte, Past President felicitated Chief Guest Smt. Krishna A. Mishra and CMA Neeraj Joshi CCM & Chairman WIRC felicitated Shri Amit Nayak.

CMA Sujata Budhkar, Chairperson felicitated CMA Amit Apte, Past President, CMA Rahul Chincholkar felicitated CMA Neeraj Joshi CCM, CMA Nagesh Bhagane, Treasurer felicitated speaker CMA Narhar K. Nimkar.

Interactive session regarding queries on the Scheme was fruitful & many members participated in this question & answers session.

CEP on "Recent Amendments under Companies Act 2013"

ICAI Pune Chapter conducted CEP on the subject "Recent Amendments under Companies Act 2013" on Tuesday, 15th October 2019 at MCCA-Mahratta Chamber of Commerce, Hadpsar, Pune.

The Speaker for the programme was CS Sushant Kulkarni. CS Sushant Kulkarni expressed his views on the topic "Recent Amendments under Companies Act 2013"

Student's Day Programme

Student's Day programme celebrated by ICAI-Pune Chapter on 20th October 2019 at PVG College of Engineering & Technology's Auditorium, Pune to

felicitate the students who excelled in ICAI Examinations held in Dec.2018 and June 2019.

The Padma Shri. Murlikant Rajaram Petkar was the Chief Guest for the function. Other dignitaries on the dais were CMA Dr. Dhananjay V Joshi, Past President ICAI, CMA Amit Apte, Past President ICAI, CMA Neeraj Joshi, CCM ICAI & CMA Chaitanya Mohrir, RCM, WIRC.

CMA Sujata Budhkar, Chairperson, ICAI-Pune Chapter, CMA Abhay Deodhar, Vice Chairman ICAI-Pune Chapter CMA Smita Kulkarni Secretary ICAI-Pune Chapter & CMA Rahul Chincholkar, Chairman Student's Co-ordination Committee of ICAI-Pune Chapter.

A large number of students attended this program. The parents of prize winner students, faculties of the Chapter & Managing Committee Members of ICAI-Pune Chapter were present for this program.

CMA Chaitanya Mohrir RCM-WIRC, congratulated newly qualified CMAs & Inter complete students & their parents.

CMA Neeraj Joshi, CCM & Chairman WIRC-ICAI congratulated newly qualified CMAs & Inter complete students. He also explained importance of communication & soft skill, practical training for CMA students.

Pune Chapter is the one of the Chapter who takes initiative to enhance the knowledge of CMA students by allowing them to attend the CEP & other programs arranged only for the members also.

Past President of ICAI CMA Dr. Dhananjay V Joshi congratulated the students & parents for their achievements. He expressed about global importance of CMA course. CMA Amit Apte, Past President of ICAI also congratulated successful students & their parents. He also gave important tips to CMA complete students.

Padmashri Murlikant Rajaram Petkar is experience in Army training. He explained his struggle in his life & how he wins the medals & Padmashri award.

On this occasion CMA Rahul Chincholkar, explained Scholarship and loan scheme of ICAI-Pune Chapter for Intermediate and Final students. Scholarship of Chapter and in fond memory of Late Mrs. Malati Madhav Sheode scholarship for economically backward student (Declared by CMA Amit Sheode-Practicing Cost Accountant) were given by Chief Guest Padma Shri. Murlikant Rajaram Petkar to students.

Merit & rank holder students of December 2018 and June 2019 examinations were felicitated with certificates, cash prizes. Students who completed Intermediate & Final exams of December 2018 and June 2019 were also felicitated with prizes. Total 126 students were awarded the prizes.

Students' day programme followed by Motivational Programme by Dr. Umesh Kankavlikar "Mi Vijeta Honarach".

Diwali Pahat

ICAI Pune Chapter celebrated Diwali Festival for Members & students. On this occasion "Diwali Pahat" a Musical Program arranged by Pune Chapter on Sunday 27th October 2019 at CMA Bhawan, Karvenagar.

Well known singer Pandit Sanjay Garud - an exponent of Kirana Gharana & disciple of Pt. Yadavraj Phad and Late Pt. Shrikant Deshpande, performed Bhajans, Bhavgeets, classical vocal recitals and many more.

Rashtriya Ekta Diwas (National Unity Day)

On the occasion of the birth anniversary of Late Sardar Vallabhbhai Patel ICAI-Pune Chapter celebrated Rashtriya Ekta Diwas at CMA Bhawan, Karvenagar on 31st October 2019.

Office staff, faculty members and students of ICAI-Pune Chapter took Oath at Rashtriya Ekta Diwas (National Unity Day) as a mark of tribute to the efforts of the country's first Home Minister of India.

The occasion provides an opportunity to reaffirm the inherent strength and resilience of our nation to withstand the actual and potential threats to the unity, integrity and security of the country.



CMA Dr. P. G. Tulsian, speaker is being felicitated by CMA Haren Bhatt, Chairman of Ahmedabad Chapter during CEP organized by Ahmedabad Chapter on 2nd October 2019.



CMA Ashish Bhavsar, Hon. Secretary-WIRC addressing the members during Celebration of 150th Birth Anniversary of Mahatma Gandhi organized by Ahmedabad Chapter on 2nd October 2019



CMA Kiran Kulkarni, Secretary, Aurangabad Chapter, Shri Vijay Netke- IRS (Dy. Commissioner of Income Tax, Aurangabad), Chief Guest, CMA Parag Rane, Chairman, Aurangabad Chapter, CMA Suresh Pimple and CMA Arun Agrawal during CEP organized by Aurangabad Chapter on 27th September, 2019



Celebration of Swachch and Swasth Bharat Pakhawadia organized by Baroda Chapter on 2nd October 2019.



CMA Amit Sarker, faculty being felicitated by CMA Hari Iyer during CEP on "GST Sabka Vishwas" organized by Navi Mumbai Chapter on 20th October 2019.



Committee members of ICAI Nashik Chapter & ICSI Nashik chapter with guest speakers during Joint Seminar on "Insolvency & Bankruptcy Code" conducted on 5th October 2019



Committee members of ICAI Nagpur Chapter with guest during Seminar on "Sabka Vishwas - Legacy Dispute Resolution Scheme" organised by Nagpur Chapter on 5th October 2019.



Observance of Rashtriya Ekta Diwas (National Unity Day) by WIRC Staff Members & Students at WIRC Office, Mumbai on 31st October 2019



The Institute of Cost Accountants of India

(Statutory body under an Act of Parliament)

Organizes Symposium on

“Cost Audit – Stakeholders’ Value Proposition”

20th December 2019, YB Chavan Auditorium, Mumbai



India has a mechanism of Cost Audit in place since 1965. The Cost Audit mechanism which is applicable for both manufacturing & service industry has a great potential to add value to all its stakeholders. Over the years, the cost audit has benefited corporates by providing productivity measurement and improvement models; Proper utilization of scarce resources & waste minimization; providing industry wide benchmarks for corporate competitiveness and so on. The Cost Audit has very important social and economic objectives like Consumer protection and fair pricing; Ensuring delivery of essential products and services at affordable price; Fair tariff fixation for utilities like, electricity, telecommunication etc.; Investors' protection; Forewarning for industrial sickness to control NPAs and protect stakeholders' interests; Validation of cost database for fighting anti-dumping measures or lodging dumping complaints in WTO regime; Check mechanism for tax evasion and ensuring proper payment of Direct & Indirect Taxes by corporate sector and many more...

Thus Cost Audit offers significant value addition to various stakeholders. It is a continuous endeavour of the Institute to get feedback from various stakeholders regarding their expectations, which guides and shapes the future developments in this mechanism.

Participation Fee: For Members: Rs. 100 Incl. GST

CEP Credit 4 (Four) Hours

About the Symposium : We are inviting the dignitaries from various Ministries of Govt. of India, the Industry Captains, the Industry Associations, the Regulators, Economists, Social Economists, Social Thinkers, Forums engaged in protecting the interests of Consumers & Investors, Academicians, and Professional Institutes, to express their views on strengthening this unique mechanism of Corporate Governance of Indian origin.

The Technical Cell of the Institute is organizing this symposium to bring all stakeholders of the Cost Audit Mechanism together to evaluate the efficacy and highlight further expectations from this Mechanism for making India \$5 Trillion Economy.

CMA Balwinder Singh

President,

The Institute of Cost Accountants of India

CMA Biswarup Basu

Vice-President

The Institute of Cost Accountants of India

CMA (Dr.) Dhananjay V. Joshi

Former President & Chairman, Technical Cell

The Institute of Cost Accountants of India

CMA Neeraj D. Joshi

Council Member and Chairman, WIRC

The Institute of Cost Accountants of India

For registration, please send email to technicalcell@icmai.in or wirc@icmai.in

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