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CA
CHARTERED ACCOUNTANT
COMMITTED ACHIEVER

INSIDE

- 03** Chairman's Message
- 04** From the Desk of Editor-in-Chief
- 05** Secretary's Communication
- 06** Chartered Accountants' Day
- 08** MP MSME Protsahan Yojna, 2021
- 11** Compliance Calender July 2022
- 12** Notifications/Circulars June 2022
- 14** Students' Section: GST on BOT
- 17** CA Students Poetry Competition
- 18** Events organised in June 2022

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CHAIRMAN'S MESSAGE

Respected Professional Colleagues,

Newsletter is a medium to keep oneself updated with a bundle of activities carried out by Branch during the month and also with some knowledgeable facts and updates.

Monsoon season has arrived and also professionally we would be occupied in filing of Tax Returns and conducting Audits.



With the inspiration and contribution of the members of our Branch, we together are able to accomplish 60 activities under Azaadi ka Amrit Mahotsav which was started on 15 August 2021 and we had set a total target of 75 activities for noble cause, which we are hopeful to achieve by 15 August 2022. Members who wish to contribute for such activities under Azaadi ka Amrit Mahotsav may contact the convenor CA Rajesh Kumar Gupta.

International Yoga Day was organized at Nerbudda Club on 21st June 2022 in which the members participated. Also International MSME Day was celebrated on 27th June 2022 jointly with Mahakaushal Chamber of Commerce & Industry for which a CPE meet of 3 hours was organized.

CA week was celebrated from 25th June to 1st July in which various activities were conducted like Distribution of stationery, Blood Donation, Padyatra creating awareness on Financial Literacy, Quiz at Bhanwartal Garden etc. Also a Grand Cultural Eve was held on CA Day in which members alongwith their family showed their presence in numbers and various performances of dance, singing etc were show cased by the participants.

We look forward for articles in newsletter, and also contribution in conducting activities under Azaadi ka Amrit Mahotsav.

The support and blessings which we as a team is receiving from the members always encourage us and we are hopefull that it shall be showered always, which acts as a source of inspiration and strength to the entire team working for and on behalf of the branch.

Thank You,

Sd/-

CA Sukesh Choradia

Chairman, Jabalpur Branch of CIRC of ICAI

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FROM THE DESK OF EDITOR-IN-CHIEF



Dear Members and Students,

When India is celebrating Amrit Mahotsav being 75 years of Independence, the ICAI is also completing its 73 glorious years on this 1st July. In India, 1st July is also celebrated by doctors as *Doctor's Day* and SBI as their *SBI Day* and internationally, it is celebrated, among others, as *Canada Day*, *Independence Day* in Somalia and as *Republic Day* in Ghana. Despite the diversity of reasons to celebrate, the spirit remains the same – to be happy and spread our

happiness to others around us.

It's a matter of pride that we are a part of the INSTITUTE, which is a Partner in Nation Building. Many of us may not be aware that the Institute adopted these words. **ICAI-Partner in Nation Building** when the then President of India Dr. A. P. J. Abdul Kalam left a legacy of progressive thought process and vision for Indian accountancy profession after he had said as the Chief Guest of ICAI's International Conference on Accounting Profession at New Delhi on September 1, 2005.

"Time has now come for the Chartered Accountants to elevate themselves from component audit to system performance audit. How are you going to prepare yourselves from now onwards for celebrating the year of completing the 100 years of service in auditing by the year 2049? Hence the vision of ICAI can be: 'ICAI will transform into a Financial Management and financial advice organisation with focus towards economic development of the nation and enhancing the growth of GDP in all three sectors of the economy'".

Indeed, we will have to go miles to retain that and act with our conscience and perform with Independence, Accountability and Integrity.

Let us all pledge to retain the glory and legacy of our profession.

Let me conclude with a saying of Lord Gautam Buddha, *"I never see what has been done; I only see what remains to be done."*

Wishing you all once again a very Happy CA DAY.

I remain,

Sincerely Yours,

Sd/-

CA. Rakesh Madan
Editor-in-Chief

SECRETARY'S COMMUNICATION



Respected Members,

I extend my heartfelt good wishes to one and all. On the occasion of CA day, we Jabalpur Branch committee are sending best wishes to the hard working, inspiring Chartered Accountants who make every penny count. It is certainly a great honor to be a CA because we are contributing in so many ways

towards the growth and strength of our country. The Jabalpur Branch team has conducted various activities for Awareness of Financial & Tax Literacy for General Public.

Also, as we all know this year we will be celebrating 75th Azadi ka Amrit Mahotsav. We with the support and initiative of members have conducted 60 activities so far. Swami Vivekananda had once correctly remarked, “**Arise, awake, and stop not till the goal is reached.**” It is this determination, perseverance and never-say-die attitude that has allowed the Institute to reach the heights it has attained today.

The Institute of Chartered Accountants of India has always propagated the idea that if one falls behind, one must run faster but never surrenders or stop. After all, great things take time to manifest. Setting goals and consistently working towards them helps charter one's course in the right direction and inch closer to success.

Through ICAI's 74 years of splendid performance, it has learnt the importance of making the most of every opportunity and rising to all odds. Follow your passion, work with dedication with the virtues of independence, integrity and excellence.

Stay safe, stay healthy.

Best wishes,

Sd/-

CA Hemant Lalwani

Secretary, Jabalpur Branch of CIRC of ICAI

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Chartered Accountants' Day 1st July

Heartiest greetings for 74th C.A. Day to the whole CA fraternity.

Our Parent Body, The Institute of Chartered Accountants of India (ICAI) was established on 1st of July 1949 under a Parliamentary Act. Since then we celebrate 1st July as C.A. Day (Foundaton Day) every year.

About ICAI

(Strong, Pervasive, Deep- Rooted, The Best System in Organising and Management)

This the largest professional body in India and second largest in the World (after the American Body of CPA). ICAI has presence in foreign Countries by opening its 44 Chapters and 31 Representing Offices. It has many Committees to handle work of different segments and the whole India is divided into five regions. It has achieved the International Standards of the profession and now a Member can practise and service in other countries subject to fulfillment of certain conditions and respective requirements.

Members

(All Rounders - having vast knowledge of various disciplines with continual updation)

The first person who had got the Certificate from the Institute was CA. Gopaldas Padamsey Kapadia; who was also the first President. Currently our President is CA. (Dr.) Debashis Mitra.

In a vast and overpopulated Country like India there have been only 3.50 lakhs Chartered Accountants of ICAI which have towering presence in India. The reason is simple, this Organisation (ICAI) has set up



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high benchmarks for clearing the exams. The practical training is also rigorous of three years. Very few, out of hundreds of aspirants, who are able to clear exams and complete their training, become Chartered Accountants. They are the only ones who are licensed to do the financial audit of the Organisations. There is no Reservation to anyone and all are treated alike.

It is undoubtedly a matter of pride to be a member of such a big and esteemed Body. To honour these members and their existence, every year C.A. Day is celebrated.

Latest Development in Profession and Auditor's Role

Growing Cyber Crimes, failure of Regulators to track the Security scams. Series of co-operating banks bursting- all are pinpointing the need of Systems Audit (DISA/CISA) and

Dos and Don'ts

A Chartered Accountant is governed by the Code of Conduct, Ethics, Regulations and Standards as framed by the ICAI and various Statutes under certain Sections and Provisions. He/She has to meticulously follow them in his/her professional conduct and discharge of professional responsibility.

With the full automation of Accounts and related Systems, the Accounts and the Accounting Systems are exposed to various typed of threats: Frauds, misappropriation of funds etc. Due to this, there is a big challenge to the Auditor. He/She has to apply such Tools and Techniques, which must un-earthen the frauds, misappropriation and defalcation of money, though it is quite challenging and time taking process and may not be commensurate with the remuneration. This is so required due to the reason that the expectations from Auditors have gone very high and when any fraud or defalcation is disclosed post audit, the Auditors are blamed for not being able to report the same and even they are subject to action or penal consequences.

“An Auditor is a barking dog and not a blood hound.” This definition need be suitably molded in the present scenario. The difference of an “Auditor” and “Investigator” has narrowed in present time due to possibility of suspected frauds. The Auditor should remain fully independent and never be impressed by the personal assurances of the Auditee. He must be prudent, vigilant, due diligent and resort to strong techniques of audit such as physical check of the documents, goods, godowns and the properties for getting fully convinced of the true state of affairs. Apart from regular updation of knowledge, an Auditor needs three “I”s in his approach, namely Independence, Integrity and Intelligence. At the first instance, the Auditor must obtain and gather full knowledge of the Entity (Auditee), before start of his work of audit, certification or attestation.

An Auditor must refrain from doing any kind of unethical work which is barred by the Institute's Regulations or that prohibited by any law in force. Never forget that you and your profession enjoy high level of dignity. Short-cuts usually give you a big loss sooner or later, although look attractive at the beginning.

Exclusiveness and Future of Profession

When there is an Organisation, there is a need to keep the accounts and get it certified by the audit. Audit of a Company is a must and as per the law, it can only be audited by a practicing C.A. “The Chartered Accountants are the Partners in Nation Building”. They are instrumental in making compliance of various statutory requirements, in consonance with the various Acts (Like GST, Companies Act, as amended, Income Tax Act and Other Acts and Laws) and making payments of huge sums of Government revenues in the form of Tax, Interest and Penalties. No one else, other than a C.A. can do that since he has the authoritative knowledge. No one else has gone through the series of regular knowledge and its timely updation on a regular and routine basis through the Meetings, Seminars and VCMs, Magazines, Mails and the like. Even when the whole World was under the grip of the deadly Virus “Corona” during a period of two years and everyday the deaths were tolling high, ICAI and its Branches had been conducting daily Meetings on virtual mode, for imparting and updating latest knowledge to its Members. Right from the CA Training, Studying in depth the Course Material and Clearing the various subjects in Exams and also some essential training programmes like Orientation Program, Communication Skills, ITT and other. This makes the profession extremely graceful and unique. The Members enjoy higher degree of respect from the whole Society, from every section of people.

I feel proud and you too being in this profession.

Let us hold its flag high, very high.



SUBSIDY UNDER 'MADHYA PRADESH MSME PROTSAHAN YOJNA, 2021'

In a bid to boost Micro Small and Medium Enterprises (MSMEs), the Madhya Pradesh government has launched a scheme called 'Madhya Pradesh MSME Protsahan Yojna' which would focus on attracting investment and encouraging job creation among MSMEs in the state.

Under this scheme, the government would provide 40 per cent grant for setting up businesses in the state by providing 70 per cent of employment to locals and representation of STs, SCs, and OBCs.

The scheme is most recently amended in the year 2021 and is implemented on 13/08/2021.

M.P. MSME Incentive Scheme, 2021 is applicable on all MSMEs in the manufacturing sector that commences its commercial operations (date of issuance of 1st supply bill) on or after 13/08/2021 in case of a new unit/ diversification/ technical up-gradation other than ineligible industries.

For the purpose of determining the eligibility for subsidy, this scheme has bifurcated MSMEs into two:

(i) MSMEs in the manufacturing sector investing upto Rs. 10.00 crores in Plant & machinery.

(ii) MSMEs in the manufacturing sector investing more than Rs. 10.00 crores in Plant & machinery.



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For MSMEs in the manufacturing sector investing upto Rs. 10.00 Crores in Plant & machinery, subsidy (%) and eligibility criteria are as under:

- Industrial Development Capital Subsidy of 40% on eligible investment in Plant & Machinery (P&M) and Building in 4 equal annual instalments.
- Additional incentive of 2% per year (for 4 years) i.e. total 8% of eligible investment in Plant & Machinery and building for units set up by women/SC/ST entrepreneur.
- Additional incentive of 2.5% per year (for 4 years) i.e. total 10% of eligible investment in Plant & Machinery and building for units set up by women entrepreneur(s) of ST/SC category.
- Additional incentive of 2% per year (for 4 years) i.e. total 8% of eligible investment in Plant & Machinery and building for units exporting more than 25% but upto 50% of their Total Sales.

- Additional incentive of 3% per year (for 4 years) i.e. total 12% of eligible investment in Plant & Machinery and building for units exporting more than 50% of their Total Sales.

It will be mandatory for beneficiary units to provide 70% of its total employment to permanent residents of Madhya Pradesh and in that 70% employment, representation of SC, ST & Other Backward Classes, as per reservation declared by the State Government.

Application for incentives should be made with District Trade and Industries Centre and eligibility will be decided by District Level Empowered Committee.

For MSMEs in the manufacturing sector investing more than Rs. 10.00 Crores in Plant & machinery, subsidy (%) and eligibility criteria are as under:

Under the amended scheme of 2021, Flat rate of subsidy(%) is not available for MSMEs in the manufacturing sector investing more than Rs. 10 Crores in P&M, and will be calculated as under:

$$\text{Annual assistance} = \frac{\text{Yearly Basic Assistance} \times \text{Gross Supply Value} \times \text{Yearly Employment Multiple} \times \text{Yearly Export Multiple} \times \text{Geographical Multiple}}{100}$$

Formula for calculating Basic Assistance:

$$\text{IF}(\text{PM\&B} > 1500, 150, \text{MIN}(\text{IF}(\text{PM\&B} < 11, 0.4 * \text{PM\&B}, \text{MIN}(4 + 0.098 * (\text{PM\&B} - 10) + \text{PM\&B} / (10.88) * \text{M A X}(1 - \text{P M \& B} / 1490, 0) + 7.2 * (1 - \text{P M \& B} / 1500), 0.4 * \text{P M \& B})), 150))$$

Basic Assistance (%) as to eligible $\leq 40\%$ investment in P&M and Building using the above formula

Basic Assistance for Food processing industries will be 1.5 X Basic Assistance calculated above.

Yearly Basic Assistance: Basic Assistance / 7

Gross Supply Value Multiple:

Minimum of (75% or AGS/PPYS)/75%

- AGS= Annual Gross Supply in the reviewed year
- PPYS= Peak Previous Years Gross Supply (highest gross supply value of the preceding years)
- Maximum GSM can be 1
- GSM for first year should be '1' provided utilization of installed capacity is at least 40%.
- In case of production is less than 40% of the installed capacity, the Gross Supply Value Multiple will be proportionately less than "1" and the assistance will be calculated accordingly.

Export Multiple (EM):

- Export(%) < 25%, then EM = 1
- 25% \leq Export(%) < 75%, then EM = 1 + 0.20 [Export(%) - 25%]/50%
- Export(%) \geq 75%, then EM = 1.20
- Export(%) = Value of Exports/Value of Total Production
- Minimum EM = 1 and Maximum EM = 1.20

Employment Multiple (EYM):

- AE \leq 100, then EYM = 1
- 100 < AE < 2500, then EYM = 1 + [(AE - 100) x 0.50 / (2500 - 100)]
- AE \geq 2500, then EYM = 1.50
- AE= Average employees in the reviewed year and will be calculated as: $\Sigma(\text{Employee count at the month end for each month of the FY})/12$
- Minimum EYM = 1 and Maximum EYM = 1.50

Geographical Multiple:

Industries setting up in priority blocks, falling under the districts located in the state, will be eligible for an additional Investment Promotion Assistance of '1.2' times; and in other blocks located in the district, the multiple will be considered as '1'.

It shall be mandatory for beneficiary units to provide 70% of the total employment to bonafide residents of Madhya Pradesh.

Application for incentives should be made with Industries Commissioner, Directorate of Industries, M.P. and eligibility will be decided by State Level Empowered Committee.

General provisions for availing subsidy:

- No subsidy will be granted to units set up within the limits of Municipal Corporation, except units established in Industrial area or area marked as Industrial land use in the relevant Master Plan
- Mandatory to take Udyam Registration under the MSMD Act, 2006
- Mandatory to take registration under M.P. Goods & Service tax act, 2017
- The unit that has received incentive under this scheme must operate the unit and keep it in good condition for minimum four years from DCCO.
- Application for subsidy should be made within 90 days from Date of Commencement of Commercial operations (DCCO) meaning date of issuance of 1st supply bill.
- Eligible investment in Building will be limited upto 100% of investment in P&M, whereas for Pharmaceutical units it will be limited upto 200% of investment in P&M.

Special Incentive for Infrastructure Development

Assistance in respect of infrastructure development in the form of Road, Water and Power connection upto unit's premises shall be granted as under:

Assistance @ 50% of the expenditure incurred in developing the infrastructure, but maximum upto Rs. 25.00 Lakhs for units investing minimum Rs. 1.00 Cr but upto Rs. 10.00 Cr in P&M (Small enterprises)

Assistance @ 50% of the expenditure incurred in developing the infrastructure, but maximum upto Rs. 1.00 Cr for units investing minimum Rs. 10 Cr in P&M (Medium Enterprises)

Special Incentive for Setting up of ETP (Effluent Treatment Plant)

Assistance in respect of setting up of ETP plant by a unit shall be granted as under:

Assistance @ 50% of the investment in ETP plant, but maximum upto Rs. 25.00 Lakhs for units investing upto Rs. 10.00 Cr in P&M (Micro & Small enterprises)

Assistance @ 50% of the investment in ETP plant, but maximum upto Rs. 1.00 Cr. for units investing min Rs. 10.00 Cr in P&M (Medium Enterprises).

Assistance @ 50% of the investment in CETP plant, but maximum upto Rs. 1.00 Cr. in respect of setting up of a Common ETP plant by a Group of units (minimum 5 units) with investment in P&M upto Rs. 10 Cr.

Most common fiscal incentives/subsidies are discussed in this Article. However, the scheme contains some more fiscal incentive schemes related to quality certification, Patent/IPRs, development of Industrial Area/ Flatted Industrial Complex/ Cluster to the developer in Private Sector, Food Processing Units, Power Loom, Pharmaceutical, Apparel and Textile sector, that can be referred from the scheme only.

Time / period	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

COMPLIANCE CALENDAR JULY 2022

Due date	Form to be filed	Period	Description
07.07.2022	TDS/TCS Challan	June, 2022	TDS/TCS deducted/collected during the month of June, 2022 is to be deposited
10.07.2022	GSTR-7/ GSTR-8	June, 2022	Return to be filed by taxpayers liable to deduct TDS or collect TCS under GST
11.07.2022	GSTR-1 (Non QRMP)	June, 2022	Due date to file GSTR-1 for Non QRMP taxpayers
13.07.2022	GSTR-1 IFF	June, 2022	Due date to file GSTR-1 IFF (optional) for QRMP taxpayers
13.07.2022	GSTR-6	June, 2022	Return to be filed by Input Service Distributors
15.07.2022	TCS return (Form 27EQ)	Apr-Jun, 2022	Quarterly statement of TCS for the quarter ending June 30, 2022
15.07.2022	PF Challan	June, 2022	E-payment of Provident Fund
15.07.2022	ESI Challan	June, 2022	E-payment of ESI
15.07.2022	Form No 15G/15H	Apr-June, 2022	Upload the declarations received from recipients in Form 15G/15H during the quarter ending June, 2022
15.07.2022	LLP Form 11	FY 2021-22	Annual return of LLP for FY 2021-22
20.07.2022	GSTR 5 & 5A	June, 2022	Non-Resident Taxpayers and OIDAR services provider
20.07.2022	GSTR 3B (Monthly filers)	June, 2022	Due date for GSTR-3B for Non QRMP taxpayers
25.07.2022	PMT-06	June, 2022	GST Challan Payment if no sufficient ITC for June (QRMP taxpayers)
31.07.2022	TDS Returns (Form 24Q, 26Q)	Apr-Jun, 2022	Quarterly statement of TDS for the quarter ending 30th June, 2022

Note: Recommendations by 47th GST Council Meeting held in Chandigarh:

- a. To extend the waiver of late fee under section 47 for delay in filing FORM GSTR-4 for FY 2021-22 by approximately four more weeks, i.e. till 28.07.2022 (The existing waiver is for the period from 01.05.2022 till 30.06.2022)
- b. To extend the due date of filing of FORM GST CMP-08 for the 1st quarter of FY 2022-23 from 18.07.2022 to 31.07.2022.

(The recommendations of the GST Council have been presented in the press release issued by PIB Delhi on 29th June 2021. The same would be given effect through relevant Circulars/ Notifications/ Law amendments which are to be issued soon)

NOTIFICATIONS / CIRCULARS ISSUED IN JUNE 2022

Given below is the list of notifications/circulars issued by CBDT, CBIC-GST and MCA(Companies related) during the month of June 2022. Readers are requested to use official websites/links for full text of notification/circular.

NOTIFICATIONS (INCOME TAX)

1. Notification No. 57/2022 dt. 31.05.2022
Income-tax (Sixteenth Amendment) Rules, 2022

2. Notification No. 58/2022 dt. 31.05.2022
Notifies 'National Biodiversity Authority' u/s
10(46) of Income Tax Act, 1961

3. Notification No. 59/2022 dt. 06.06.2022
In exercise of the powers conferred by sub-section (8A) of section 9A of the Income-tax Act, 1961

4. Notification No. 60/2022 dt. 10.06.2022
In exercise of the powers conferred by section 118 of the Income-tax Act, 1961

5. Notification No. 61/2022 dt. 10.06.2022
In exercise of the powers conferred by sub-sections (1), (2) and (5) of section 120 of the Income-tax Act, 1961

6. Notification No. 62/2022 dt. 14.06.2022
Cost Inflation Index for FY 2022-23

7. Notification No. 63/2022 dt. 27.05.2022
In exercise of the powers conferred by clause (vii) of section 47 of the Income-tax Act, 1961

8. Notification No. 64/2022 dt. 16.06.2022
Income-tax (Seventeenth Amendment), Rules, 2022.

9. Notification No. 65/2022 dt. 16.06.2022
Income-tax (Seventeenth Amendment), Rules, 2022

10. Notification No. 66/2022 dt. 17.06.2022
Income-tax (18th Amendment) Rules, 2022

11. Notification No. 67/2022 dt. 21.06.2022
Income-tax (19th Amendment) Rules, 2022

12. Notification No. 68/2022 dt. 24.06.2022
In exercise of the powers conferred by sub-section (1) of section 280A of the Income-tax Act, 1961 and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015

12. Notification No. 69/2022 dt. 27.06.2022
In exercise of powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961

13. Notification No. 70/2022 dt. 28.06.2022
In exercise of the powers conferred by the third proviso to sub-section (2) of section 92C of the Income-tax Act, 1961

14. Notification No. 71/2022 dt. 28.06.2022
In exercise of powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961

15. Notification No. 72/2022 dt. 28.06.2022
Amendments to Notification 54/2014 dt. 22.10.2014.

16. Notification No. 73/2022 dt. 30.06.2022
Income-tax (20th Amendment) Rules, 2022

17. Notification No. 74/2022 dt. 30.06.2022
Notifies virtual digital assets which shall be excluded from the definition of virtual digital asset

NOTIFICATIONS / CIRCULARS ISSUED IN JUNE 2022

NOTIFICATIONS (INCOME TAX)

17. Notification No. 75/2022 dt. 30.06.2022

In exercise of the powers conferred by clause (a) of Explanation to clause (47A) of section 2 of the Income-tax Act, 1961

18. Notification No. 76/2022 dt. 30.06.2022

Corrigendum

CIRCULARS (INCOME TAX)

1. Circular No. 11 of 2022 dt. 03.06.2022

Clarification regarding Form No 10AC issued till the date of this Circular - reg

2. Circular No. 12 of 2022 dt. 16.06.2022

Guidelines for removal of difficulties under sub-section (2) of section 194R of the Income tax Act, 1961

2. Circular No. 13 of 2022 dt. 22.06.2022

Guidelines for removal of difficulties under sub-section (6) of section 194S of the Income-tax Act, 1961

2. Circular No. 14 of 2022 dt. 28.06.2022

Order under section 119 of the Income-tax Act, 1961 (the Act) in relation to tax deduction at source under section 194S of the Act for transactions other than those taking place on or through an Exchange

NOTIFICATIONS (GST)

1. 08/2022-Central Tax dated 07.06.2022

In exercise of the powers conferred by sub-section (1) of section 50 read with section 148 of the Central Goods and Services Tax Act, 2017

NOTIFICATIONS (COMPANIES ACT)

1. G.S.R. 410(E) dt. 01.06.2022

Companies (Appointment and Qualification of Directors) Amendment Rules, 2022.

2. G.S.R. 436(E) dt. 09.06.2022

Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022

3. G.S.R. 439(E) dt. 10.06.2022

Companies (Appointment and Qualification of Directors) Second Amendment, Rules, 2022

4. G.S.R. 456(E) dt. 17.06.2022

National Financial Reporting Authority Amendment Rules, 2022.



STUDENTS' SECTION

BOT Annuity Model: The road projects in India are classified as

- Build-Operate-Transfer ('BOT') toll, BOT Annuity,
- Engineering, Procurement, and Construction ('EPC') and
- Hybrid Annuity Model ('HAM').

The BOT Annuity model is a Public-Private Partnership (PPP) model for infrastructure projects especially road projects. Under BOT Annuity, a developer/Concessionaire builds the highway, operate it for a specified duration and transfer it back to the government. The government starts annuity payment to the concessionaire after the launch of the commercial operation of the projects. Annuity payments are usually made Half-Annually. The National highway projects contracted out by National highway authority of India (NHAI) under PPP model is a major example of BOT model.

Whole Project can be divided into Two parts:-

1. Construction Phase
2. Operate and Maintenance (O&M) Phase

GST Taxability

In the 22nd GST Council meeting held on 06.10.2017, The GST Council decided to recommend CBIC to exempt the annuity paid by NHAI and State authorities or State owned development corporations for construction of road to concessionaires for construction of public roads. Based on such recommendation, CBIC exempted such annuity payment vide Notification 32/2017-Central Tax (Rate) dated 13.10.2017, by inserting Entry 23A to Notification No. 12/2017- Central tax (Rate) dated 28.06.2017 (hereinafter referred to as Exemption Notification). Relevant extract is provided herein below:

SL. No.	Tariff	Description of services	Rate %	Condition
23A	Heading 9967	Service by way of access to a road or a bridge on payment of annuity	Nil	Nil



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The taxability of annuity received in relation to construction of road was challenged before the AAAR, Rajasthan in the case of Nagaur Mukundgarh Highway Pvt. Ltd. Wherein it was observed and decided as follows:

- Annuity is an amount paid by the National & State highways construction authorities to Concessionaires for construction of road in order that the concessionaire did not charge toll for access to a road or a bridge.
- The GST Council in 22nd GST Council meeting decided to treat annuity at par with toll and to exempt service by way of access to a road or bridge on payment of annuity from tax, and hence entry 23A was introduced.
- Activity of appellant having nexus with annuity is classifiable under SAC 9967 and activity of appellant having nexus with construction payments during construction phase is works contract which is taxable under SAC 9954.

• Further held that only 50% ITC of the GST paid on the Input and Input Services used in construction phase is available to appellant since construction related annuity payment, which was 50% of the construction payment, was an exempt supply and hence, proportionate ITC would be available during construction leg of projects.

It is to be noted that insofar as exemption to annuities is concerned, the AAAR restricted itself to the construction related annuity payments and did not discuss the taxability of annuity payments which are linked to O&M of the project.

Post the forgoing ruling, representations were received by the GST council from players engaged in Hybrid Annuity Model (HAM) project SPVs highlighting that this ruling prejudiced them is as much as it restricted ITC availment to a certain proportion owing to exemption on construction related annuity payments and thereby adversely impacting their working capital and hence, putting them at a disadvantageous position vis-à-vis EPC and BOT projects since ITC was fully available in such projects. The said issue was put up in the agenda of the 43rd GST council meeting held on 28.05.2021 and it was decided by the GST Council that a clarification may be issued that annuity paid as deferred payment for construction of Road/Highways was not exempted from GST as the annuity in lieu of tolls paid for access to road or bridges are. The justification of the Fitment Committee was as follows:-

Recommendation:

Clarification may be issued by way of a circular that Entry 23A of Notification No. 12/2017-CT(R) does not exempt annuity paid for construction of roads. It only exempts Services provided by way of access to a road or bridge on payment of annuity for it.

1. The Entry 23A provide exemption to any service provided for access of road on payment of annuity. This entry read as below:

“Services by way of access to a road or a bridge on payment of annuity”.

2. However, the service being provided by the concessionaire to NHAI is construction service (for which the contract is entered into) covered under service code 995421 – General construction services of highway, street, roads railways, airfield runways, bridges and tunnels.

3. The said entry 23A of the notification no. 12/2017-CT(R) exempts service by way of access to a road or a bridge on payment of annuity. Entry 23 exempts service of access provided in lieu of toll. However, cases where charges are paid, in Lump sum or in form of an annuity, by the Government department or PSU for seeking access to road/bridge for general public were not covered by entry 23. This lead to a situation where the toll charges, on form of annuity, being offset by the government or PSU, in public interest, to the concessionaire were subject to GST and consequently it was recommended by the GST Council in its 22nd meeting to exempt service by way of access to road or bridge where payment were in the form of annuity. The Council thus recommend exemption to only such annuities, which are charged for providing access to a road or bridge and otherwise the activity is at par with the activity for which toll is charged.

4. In the case referred to in the reference, AAAR vide its order dated 12.02.2019 had held that the annuity payment received by the petitioner are exempt, however, only 50% of ITC of the input and input services used in the construction phase shall be available to the petitioner as the annuity is not taxable. The AAAR did not go into the aspect that for the purpose of exemption annuity should have been in lieu of access to the road and not in lieu of construction of road.

5. It would be appropriate if clarification is issued that exemption is available to only such annuities, which are charged for providing access to a road or bridge (at par with toll).

Therefore, the intention of the GST Council to issue such clarification was to provide benefit of exemption only to annuities linked to the O&M of the project and not in relation to the construction of the road/highways.

To give effect to the aforesaid recommendation of the GST Council, CBIC issued Circular No. 150/06/2021-GST dated 17.06.2021 clarifying that Entry 23A of the Exemption Notification does not cover annuities by way of a deferred payments in relation to construction of road services covered under SAC 9954 and only covers annuities paid in relation to operation services of the road/highways covered under SAC 996742.

In light of the above, it become necessary to examine the scope of coverage of SAC 9954 and SAC 996742 insofar annuity payments are concerned. The relevant description of the services covered by the two SAC as given in the Scheme of classification of services are produced herein below:

Sl. No.	Heading	Description of service
1	9954	Construction Services
2	996742	Operation Services of national highways, state highways, expressways, roads and streets, bridges and tunnel operation services

It is evident from the aforesaid SAC descriptions that heading 9954 covers payment in relation to construction of the road/highways, whereas SAC 996742 covers the annuity payments linked to the O&M of the road/highways.

Concluding Remarks

Annuity Payments linked to O&M Phase
Exempt under SAC 996742

Annuity payments linked to Construction Phase
Taxable under SAC 9954 @12%

Therefore to optimize GST Implications, it becomes necessary to examine and review the Concessionaire agreement entered between NHAI & Concessionaire to determine whether the annuity payments received by the concessionaire are in relation to construction of the road/highways of the project or in relation to O&M services of the road/highways.

Birthdays in the month of JULY



1st July CA. Sanjay Kumar Jain

1st July CA. Avinash Upadhyay

3rd July CA. Manisha Thadani

9th July CA. Prapti Paresh Sanghvi

10th July CA. Mohammed Allem

10th July CA. Aakash Lalwani

11th July CA. Shailendra Patel

15th July CA. Abhishek Jain

16th July CA. Nikunj Jain

21st July CA. Sohil Jain

22nd July CA. Anupam Gupta

23rd July CA. Pankaj Jain

28th July CA. Pavan Talreja

29th July CA. Trishala Koshta

30th July CA. Rohit Jain

31st July CA. Ashwani Kumar Kesarwani

31st July CA. Soniya Khemani Makhija

Winners of Poetry Competition for CA Students on Mother's Day

WINNER : MEHUL MALHOTRA

Maa, har janam me tu meri maa banegi na...
Ghar late aane pr jisne mujhe papa ki daat se bachaya
Khana khud baad me khaya pehle mujhe khilaya
Sabko aage rakhkr baari jiski baad ati hai
Maa teri bachpan wali churi ki badi yaad aati hai
Meri saari galtiyo ko aaj bhi maaf karegi na....
Maa, har janam me tu meri maa banegi na....

Nahi man hote huye bhi jiski har baat ko haa kehna seekha hai
Kya kru pehla shabd bhi to maa kehna seekha hai
Ek din bhi na dikhe to sab kuch khaali sa lagta hai
Maa ghar pr ho to har din diwali sa lagta hai
Mujhe pta hai har rishte ki ek umr hoti hai, pr sath mere hamesha rahegi na....
Maa, har janam me tu meri maa banegi na....

Meri hi maa aisi hai ki sabki aisi hoti hai...
Mehmaano ke ane pr jagah kum pade to khud zameen pr soti hai....
Zaroorat padne pr kuch hi log maine khade sath dekhe hai
Maine khana banate huye maa ke jale hath dekhe hai
Sabki fikr karte huye dhyaan apna bhi rakhegi na
Maa, har janam me tu meri maa banegi na....

Bada ho chuka hu fir bhi baccho jaisa treat krti hai
Ek baar me sun leta hu fir bhi har baat repeat krti hai
Jo ek baar ho chuka hai dobara vo ho nahi sakta
Aaj keh deta hu, bhagwaan tu maa se bada ho nahi sakta
Mehul tune to haasil krke bhi sab kuch khote dekha hai
Maine apne papa ko bhi unki maa ke liye rote dekha hai
Kabhi kisi raste pr bhatak jau to sath mere chalegi na....
Maa, har janam me tu meri maa banegi na....

1st RUNNER UP

Mother's Day

मां तुझे नमन मेरा ;कोटि-कोटि उपकार तेरा...
सरल मधुर स्वभाव तेरा ; है बीता सारा
बचपन मेरा..
कभी न तू संघर्षों से घबराई हो;हमको इस
योग्य बनाई हो...
खुद खाती थी रूखी सुखी ; हमको खूब
पढ़ाई हो तेरा हो...
तेरे ही आदर्शों में हमने बचपन कांटा है....
संघर्षों से ना घबराना तुमने ही सिखलाया हैं..
है उपकार तेरा जो हमें धरा पर लाई हो....
बनकर नारी सी ममता नारी का पाठ पढ़ाई
हो...
मां तेरा उपकार हमें तू धरा पर लाई हो...
आज पहचान है जो मेरी तेरे ही दिये उपकार
है...
कभी ना तुमने समझा बेटा और बेटों में भेद....
बिटिया को पढ़ा कर लिखा कर भेज दिया
परदेस...
निभा रही हूं अपना करतब मां तेरी ही देन है
मां तेरा उपकार हमें धरा पर लाई हो ॥
By-Dikshansh gupta
STUDENT REG
NO :-CRO0649424-

2nd RUNNER UP

Deepal Rai
CA FINAL
REG No -CR042915

माँ

माँ एक अनूठा अमूल्य शब्द है।
माँ के बिना हमारा कोई अस्तित्व नहीं।
माँ के बिना हर एक मानव है अधूरा।
माँ छेँ करती है पूरा।

माँ के बिना सब वीरान है।
माँ हर एक घर की शान है।
माँ बिना खाने में नहीं है जायका।
माँ बिना सुना है मायका।

माँ बिना सुना घर सुंसार है।
माँ बिना तौज न त्योहार है।
माँ से घर की शान-ओ-शौकत है।
इसमें नहीं कोई दो मत है।

दीपाली राय
(सी.ए. फाइनल)

ACTIVITIES UNDER FINANCIAL & TAX LITERACY WEEK



Padyatra organised on 04.06.2022



Quiz on Financial & Tax Literacy Awareness on 05.06.2022



Workshop on Financial & Tax Literacy for Graduates and Job Seekers on 06.06.2022



Best out of Waste Competition for CA. Students under Iconic Week Celebration on 07.06.2022

EVENTS..

TREE PLANTATION ACTIVITY ON WORLD ENVIRONMENT DAY

05.06.2022

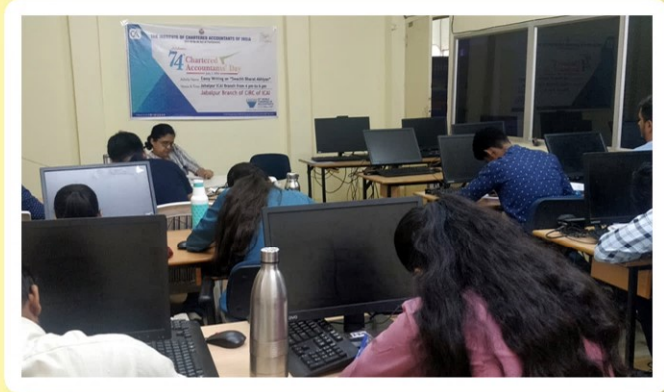


CELEBRATION OF 8th INTERNATIONAL DAY OF YOGA

21.06.2022



CA WEEK CELEBRATION FROM 25.06.2022 to 01.07.2022



Essay Competition for CA Students on SWACHH BHARAT ABHIYAN on 25.06.2022



Tree Plantation at Star Park on 26.06.2022



CPE Meet on INTERNATIONAL MSME DAY jointly with "Mahakoshal Chamber of Commerce & Industry" on 27.06.2022



Padyatra on "Financial & tax Literacy" on 28.06.2022



Distribution of Educational Material by CA. Arpit Agrawal and CA. Ayush Agrawal to the students of Arya Kanya School on 29.06.2022



Quiz on Financial & Tax Literacy organised on 30.06.2022

CA DAY CELEBRATION ON 01.07.2022



Flag Hoisting on CA Day at ICAI Branch Premises



Blood Donation Activity on CA Day 01.07.2022



CA DAY CULTURAL EVE PROGRAMME AND FELICIATION OF MEMBERS

