



BHILAI BRANCH OF CIRC OF ICAI

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Members it is time to pay our membership fees. In order to meet the GST deadline the last date for payment of membership fees is brought down to 30th June 2019. Members are requested to utilise digital platform for payment of membership fees at www.icai.org.

I humbly appeal to members to enrol as life time member of CABF if not registered already. Also please make generous contribution to CABF.

Dear Esteemed Colleagues,

May is the month in which most of the professionals finish their bank audits and start their other professional works. Bank Audits give unique experience for each member and makes them to prepare for next year.

With Best wishes and warm regards,

CA. NITIN RUNGTA

Chairman

Bhilai Branch of CIRC of ICAI

Also in the month of April we have organised an Residential Refresher Course on GST at KANHA. In the month of April we have organised a Study circle to offer comments on Company Law and Audit. I thank the members and students who participated. I request the members to actively participate in this study circle to receive valuable knowledge & experience.

The Full Day Seminar on GST was held on 20-04-2019 was well received by members. The Seminar was inaugurated by CA SAURABH SINGHAL, CA ASHISH CHAUDHARY.

E-NEWSLETTER

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UDIN ID CREATION FOR MEMBERS

It Was being Noticed that Financial Documents and certificates were being attested by third persons other than Chartered Accountants misleading the authorities and stakeholders. To curb the malpractices, the Professional Development Committee of ICAI has implemented in phased manner an innovative method of securing the documents issued by a Chartered Accountant by issuing a Unique Document Identification Number (UDIN). This will also enable the Regulators /banks/ Third Parties to check the authenticity of the documents. Since the UDIN can be generated by the Chartered Accountants only via the UDIN portal, the validity of the attested document can be checked by using its UDIN. The document can also be found by using the Firm Registration Number (FRN), Client Reference Code, Date of Document, etc. through the UDIN portal.

What is UDIN?

Unique Document Identification Number (UDIN) is a unique number, which will be generated by the system for every document certified/ attested by a Chartered Accountant and registered with the UDIN portal

1. The Membership Number of the Member attesting the document/ certificate.
2. The Date (dd/mm/yy) when certificate is issued.
3. The Document Serial Number allotted automatically by the system.

The UDIN would be a 15-digit number generated in the following format:

How to Register on the UDIN portal?

Full time Practicing Chartered Accountants (CAs with COP) need to first register themselves on the UDIN portal in order to generate the UDIN for every document that is to be attested.

Step 1: Go to the following link: <https://udin.icaai.org/?mode=myicai>



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Step 2: Click on first-time users and enter the six-digit membership number, date of birth and date of enrolment and click on the button 'Send OTP'. Source: <https://udin.icai.org/FAQ-UID.pdf>

Step 3: Enter the OTP as received on the mobile number and e-mail address registered with ICAI and click on 'Continue'.

Source: <https://udin.icai.org/FAQ-UID.pdf>

The system-generated login credentials for the UDIN portal will be sent on the e-mail address registered with ICAI.

How to generate UDIN for a document?

The following steps need to be followed after registering on the UDIN portal:

Step 1: Go to the following link: <https://udin.icai.org/?mode=myicai> Log in using the credentials received on the e-mail address registered with ICAI. Source: <https://udin.icai.org/FAQ-UID.pdf> Note: The password for the UDIN portal can be changed at any time. It is recommended to do so after the first login.

Step 2: Click on 'Generate UDIN'.

Source: <https://udin.icai.org/FAQ-UID.pdf>

Step 3: Enter the required details such as Membership Registration Number, Name, E-mail ID, Firm Registration Number, Firm Name, Client Reference Code / Number, Document Description, Date of Document, Keywords and values and click on 'Send OTP'. The 'keyword' as mentioned above implies any keyword and its corresponding value / amount as contained in the document for which the UDIN is generated. For example, if the Chartered Accountant is certifying the turnover of an entity, one of the keywords could be 'Turnover' along with the corresponding turnover amount as its value. Note that at least 3 keywords and their corresponding values need to be provided for a document. The maximum number of keywords that can be given are 5.



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Step 4: The OTP will be sent on the e-mail address and mobile number registered with ICAI. After entering the OTP, a preview of the details entered will be available for verification. In case there are any changes in the details, press 'Back', else click on 'Submit'.

Source: <https://udin.icai.org/FAQ-UID.pdf>

Note that once the data is submitted, it cannot be deleted or modified. Therefore, it is advised that all the entered details should be carefully checked before submission.

Step 5: The UDIN will now be generated. Such UDIN may be used on the document by mentioning it using a pen or as a watermark on the document.

Once a UDIN for a particular document has been generated, the details of the document corresponding with the UDIN cannot be modified in any manner. However, there may be a situation where the document may either require certain changes or cancellation altogether. In such a situation, the UDIN may be revoked by searching for the document on the UDIN portal and clicking on 'Revoke'.

Note that a reason for revocation will need to be provided. If the UDIN is searched for in the future, it will still appear on the portal, but the same would be displayed as 'Revoked'.



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PROPOSED RULES ARE FAR FROM FAR

Foreign Tax and Tax Research Division of Central Board of Direct Taxes (CBDT) has sought feedback from public regarding new rules proposed for attribution of profits to Indian Permanent Establishments (PEs). A Committee was formed to examine existing scheme of profit attribution to PE under Art 7 of the DTAAs and recommend changes in the rule 10 of the Income Tax rules. Specifically, views are sought on the recommendations of the committee as contained in section 11 of the report. The relevant document/ notification is published on the official income tax website and dated 18th of April, 2019 which can be accessed in the following link: https://www.incometaxindia.gov.in/news/public_consultation_notice_18_4_19.pdf The proposal, contained in a CBDT committee report, states that the post2010 OECD model tax convention's method of attributing profits, which places reliance upon functions, assets, and risks (popularly referred to as FAR) for profit attribution to a Permanent Establishment (PE), neglects the demand or sales side of activity and represents only the supply side.

The proposal rejects the authorized OECD approach (AOA) and concludes, "one of the primary implications of the 2010 revision of Art 7 by the OECD was that in cases where business profits could not be readily determined on the basis of accounts, the same were required to be determined by taking into account functions, assets and risk completely ignoring the sales receipts derived from that tax jurisdiction. This amounts to a major deviation, not only from the rules universally accepted till then, but also from the generally applicable accounting standards for determining business profits, where business profits cannot be determined without taking sales into account."

The report goes on to say that a purview of academic literature and views suggests a wide acceptance in theory that demand, as represented by sales can be a valid ground for attribution of profits. There also exists a diversity of views among academicians and experts on the validity of the revised OECD approach for profit attribution contained in the AOA. A number of international authors disagree with it, and many have been critical of this approach. The report observes that the OECD approach can have significant adverse consequences for developing economies like India, which are primarily importers of capital and technology. It restricts the taxing rights of the jurisdiction that contributes to business profits by facilitating demand,



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The report notes that broadly, possible approaches for profit attribution can be summed in three categories– (i) supply approach allocates profits exclusively to the jurisdiction where supply chain and activities are located; (ii) demand approach allocates profits exclusively to the market jurisdiction where sales take place; (iii) mixed approach allocates profits partly to the jurisdiction where the consumers are located and partly to the jurisdiction where supply activities are undertaken.

The mixed approach appears to have been most commonly adopted in international practices, though in some cases, demand approach has also been favored. In contrast, supply side does not appear to have been adopted anywhere, except in 2010 revision of Article 7 of the OECD model convention, which requires determination of profits without taking sales into account. As a consequence, the contribution of demand to profits is completely ignored. The Committee considered some options based on the mixed or balanced approach that allocates profits between the jurisdiction where sales take place and the jurisdiction where supply is undertaken.

The Committee did not find the option of formulary apportionment method apportioning consolidated global profits feasible, in view of the practical constraints in obtaining information related to jurisdictions outside India. Thus, Committee considers that it may be preferable to adopt a method that focuses on Indian operations primarily and derives profits applying the global profitability, with necessary safeguards to prevent excessive attribution on one hand and protect the interests of Indian revenue on the other.

Additional Factor for Digital businesses:

Under the domestic laws, a digital business would be considered to have a 'Significant Economic Presence' (SEP) that constitutes a 'business connection in India' if there exists certain specified conditions – such as existence of users beyond a threshold (threshold yet to be prescribed) For digital business, the committee has taken the view that the role of the user has blurred the traditional demand and supply functions.



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In this regard, for digital business, apportioning the profits derived from India is based on four factors of sales, employees (manpower & wages), assets and users. The users are assigned a 10% weight in cases of low and medium user intensity, while each of the other three factors is assigned a weight of 30%. For digital models with high user intensity, users are assigned a weight of 20%, while the share of assets and employees is reduced to 25% each and keeping the weight of sales at 30%

The report expressly states that in all the above cases where the PE is constituted on account of activities of the associated enterprise in India, in view of the principle laid down by the India Supreme Court in the case of DIT Vs Morgan Stanley, as well as the need to avoid double taxation of such profits in the hands of a PE, the committee concluded that profits derived from Indian operations that have already been subjected to tax in India should be deducted from the apportioned profits.

The committee observed that in a case where no sales take place in India or sales is less than INR 1 million (approx. USD 14,300) during the year, and the profits that can be apportioned to the supply activities have already been taxed in the hands of an Indian subsidiary, no further taxes would need to be paid by the PE.

Few thoughts: It is commendable that CBDT has placed Committee's recommendation in public domain and sought feedback from the public. Although a consultative approach has been adopted, a window of 30 days from the date of publication seems rather a short time frame to go through, digest and provide feedback on an 84 page report. In view of this update, multi-national enterprises may have to evaluate and recalibrate their group strategy for profit attribution to PEs and in particular existence of PE in India and its profit attribution. This also could be harbinger of future litigation as it seeks to disturb the OECD approach and consistency achieved so far, in the taxation of profits derived by MNEs from its Indian PE.



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GOs issued U/APVAT Act

1	G.O.Ms. No. 265	04.04.19	Notifying certain supplies as deemed exports under section 147 of the APGST Act, 2017 – Amendment to the Notification in G.O. Ms No.496– In the said notification, In the Table, in column number (2) against S. No.1, after the entry, the following proviso shall be inserted, namely: – “Provided that goods so supplied, when exports have already been made after availing input tax credit on inputs used in manufacture of such exports, shall be used in manufacture and supply of taxable goods (other than nil rated or fully exempted goods) and a certificate to this effect from a chartered accountant is submitted to the Chief Commissioner or any other officer authorized by him within 6 months of such supply,; Provided further that no such certificate shall be required if input tax credit has not been availed on inputs used in manufacture of export goods.” In the Explanation against serial number (1) the words “on pre-import basis” shall be omitted.
2	G.O.Ms. No. 266	04.04.19	Section 172 of the Act – Removal of Difficulties - In the Table, in column number (2) against S. No.1, after the entry, the following proviso shall be inserted, namely: – “Provided that goods so supplied, when exports have already been made after availing input tax credit on inputs used in manufacture of such exports, shall be used in manufacture and supply of taxable goods (other than nil rated or fully exempted goods) and a certificate to this effect from a chartered accountant is submitted to the Chief Commissioner or any other officer authorized by him within 6 months of such supply,; Provided further that no such certificate shall be required if input tax credit has not been availed on inputs used in manufacture of export goods.”
3	G.O.Ms. No. 267	04.04.19	Section 172 of the Act – Removal of Difficulties -In sub-section (4) of section 16 of the said Act, the following proviso shall be inserted, namely: - “Provided that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.”. 3. In sub-section (3) of section 37 of the said Act, after the existing proviso, the following proviso shall be inserted, namely: -- “Provided further that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under sub-section (1) for the month of March, 2019 or for the quarter January, 2019 to March, 2019.”. 3. In sub-section (3) of section 37 of the said Act, after the existing proviso, the following proviso shall be inserted,



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			namely: -- "Provided further that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under sub-section (1) for the month of March, 2019 or for the quarter January, 2019 to March, 2019."
4	G.O.Ms. No. 268	04.04.19	Section 172 of the Act – Removal of Difficulties In sub-section (4) of section 16 of the said Act, the following proviso shall be inserted, namely: - "Provided that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.". 3. In sub-section (3) of section 37 of the said Act, after the existing proviso, the following proviso shall be inserted, namely: -- "Provided further that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under sub-section (1) for the month of March, 2019 or for the quarter January, 2019 to March, 2019."
5	G.O.Ms. No. 269	04.04.19	Section 172 of the Act – Removal of Difficulties - . In Section 44 of the Andhra Pradesh Goods and Services Tax Act, 2017, in the Explanation, for the figures, letters and word "31st March, 2019", the figures, letters and word "30th June, 2019" shall be substituted Section 172 of the Act – Removal of Difficulties - . In Section 44 of the Andhra Pradesh Goods and Services Tax Act, 2017, in the Explanation, for the figures, letters and word "31st March, 2019", the figures, letters and word "30th June, 2019" shall be substituted
6	G.O.Ms. No. 270	04.04.19	Section 172 of the Act – Removal of Difficulties – Section 52 – inserting "Explanation: - For the purposes of this sub-section, it is hereby declared that the due date for furnishing the said statement for the months of October, November and December, 2018 shall be the 31st January, 2019.". Section 172 of the Act – Removal of Difficulties – Section 52 – inserting "Explanation: - For the purposes of this sub-section, it is hereby declared that the due date for furnishing the said statement for the months of October, November and December, 2018 shall be the 31st January, 2019."
7	G.O.Ms. No. 276	15.04.19	Removal of Difficulties – in computing Aggregate Turnover for determining Eligibility for Composition scheme under section 10 -it is hereby clarified that the value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account –(i) for determining the eligibility for composition scheme under second proviso to sub-section (1) of section 10; (ii) in computing aggregate turnover in order to determine eligibility for composition scheme.



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8	G.O.Ms. No. 277	15.04.19	Section 172 of the Act – Removal of Difficulties - in filing TCS statement by ECommerce operators - In section 52 of the Andhra Pradesh Goods and Services Tax Act, 2017, in sub-section (4), in the Explanation, for the figures, letters and word “31st January, 2019”, the figures, letters and word “07th February, 2019” shall be substituted. .
9	G.O.Ms. No. 278	15.04.19	Section 172 of the Act – Removal of Difficulties in issuing Bill of Supply as per section 31(3)(c) of APGST Act – it is hereby clarified that provisions of clause (c) of subsection (3) of section 31 of the said Act shall apply to a person paying tax under GOMs No 255, Revenue(CT-II) Dept dated 20.3.2019
10	G.O.Ms. No. 279	15.04.19	Prescribing Composition scheme for persons having Annual Turnover up to Rs 50 lakhs in the preceding year and the supplies include services - In the said notification, - (i) in the Table, in column 3, after clause 7, the following clause shall be added, (i) in the Table, in column 3, after clause 7, the following clause shall be added, namely: - “8.Where any registered person who has availed of input tax credit opts to pay tax under this notification, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as if the supply made under this notification attracts the provisions of section 18(4) of the said Act and the rules made there-under and after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.”;

UPCOMING EVENTS OF BHILAI BRANCH OF CIRC OF ICAI

- 08.06.2019 : FULL DAY SEMINAR ON AUDIT & INCOME TAX
- 11.06.2019 : LIVE WEBCAST ON "FILING OF GST ANNUAL RETURN & AUDIT"
- 13.06.2019 : LIVE WEBCAST ON "ITC CREDITS & ITS TREATMENT IN FORM 9/9C"
- 15.06.2019 : STUDY CIRCLE MEETING ON INCOME TAX
- 17.06.2019 : LIVE WEBCAST ON "OUTWARD SUPPLY & ITS TREATMENT IN FORM 9/9C"
- 18.06.2019 : LIVE WEBCAST ON "ROLE OF CA'S & TAX PAYABLE & ITS TREATMENT IN FORM 9/9C"
- 20.06.2019 : LIVE WEBCAST ON "NON-COMPLIANCES OF SCHEDULE II & III OF COMPANIES ACT,2013"
- 21.06.2019 : INTERNATIONAL YOGA DAY
- 27.06.2019 : LIVE WEBCAST ON "E-FORM DPT-3-COMPANIES & OTHER ASPECTS"