



Hyderabad

# CIRCUIT

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A News Magazine from  
the Hyderabad Chapter of  
The Institute of Cost Accountants of India



**Flag Hoisting on the occasion of 51st Independence Day Celebrations of India  
at CMA Bhavan, Sanathnagar, Hyderabad**

**L-R- CMA D. Surya Prakasam, Chairman-HCCA, CMA D. Zitendra Rao,  
Member-SIRC of ICAI, CMA DR A.S. Durga Prasad, Past President-ICAI,  
CMA K.Ch. A.V.S.N. Murthy, Past Chairman-SIRC of ICAI**

*Web: [cmahyderabadchapter.in](http://cmahyderabadchapter.in)*

*E-mail: [hyderabad@icmai.in](mailto:hyderabad@icmai.in)*

*Ph: 040-27635937 | Telefax: 040-27607893*

## *The Chairman writes to you*

*Education is the passport to the future, for tomorrow belongs to those who prepare for it today*  
- **Malcolm**



### **Dear esteemed Members,**

This is my last communication as the Chairman of this prestigious Chapter as we would be handing over the charge of office to the new body on 12.10.2017. The elections to the Managing Committee as proposed to be held on 12.09.2017 got postponed as per the directions of Head Quarters to align with their Election Notification issued for all Chapters. On behalf of my other colleagues in the Managing Committee and myself, I convey our sincere thanks for your valuable support to this Managing Committee in discharging our duties effectively. We also request the members to extend the same support to the new Managing Committee to discharge its obligations towards members and students in a fit and proper manner.

Central Council member CMA Ashok B. Nawal, addressed our members on "GST Implementation – Practical Issues & Queries" post implementation of GST and the issues that cropped up during implementation. The members participating in the interactive session posed nearly 100 questions to the speaker and the same were dealt with fully. We also had a session on "Works Contract in GST" by CA V.S.Sudhir wherein the speaker highlighted the treatment of works carried out in service tax regime and in the present GST era. He also explained the transitional provisions and Anti Profiteering Clause to our members. To acquaint by our members with the procedure for filing of returns without any hitch we organised a programme "How to fill GST Trans – I". We organised these programmes to enhance the skill set of our members for preparing them to cope up for successful implementation in the area of GST.

The Chapter along with Osmania University jointly organised one programme in their premises to the faculty and Research students on "Cost Accounting Standards (CAS)". The department of Commerce and other faculty members appreciated the knowledge shared by our speakers and wish to introduce CAS in their curriculum. We also had one interactive session on "Comments, Suggestions on Draft Companies (Cost Records & Audit) Amendment Rules" to obtain views of our members before it is forwarded to the Head Quarters.

We also organised one programme for students on 15.08.2017. The Speakers for this programme were CMA Dr. A.S. Durga Prasad, Past President-ICAI, CMA B. Mallikarjuna Gupta and Ms. Nirmala K Mondal. CMA A.S. Dr. Durga Prasad explained the skills required for the professional course to be sought out by the corporate sector and other areas. CMA B. Mallikarjuna Gupta explained basic concepts of GST to students. Ms. Nirmala K Mondal advocated the requirement of communication skills to enhance the job opportunities on completion of the CMA course. We also had one session on "Look at CMA" by our SIRC Member D. Zitendra Rao to the students to acquaint with the important aspects of costing.

Lastly I once again thank all the members for giving me an opportunity to serve this chapter and I will sign off with this communication. Further on behalf of my colleagues and myself, I convey our heartfelt greetings to you and your family members on the occasion of Vijaya Dasami, Muharram and Gandhi Jayanthi.

*With regards,*

**CMA D. Surya Prakasam**  
Chairman

## *From the Edit Room...*

*The waves of GST issues, are slowly settling down. The authorities, besides extending the due dates of filing July 2017 & Aug 2017 GST Returns have indicated that there will not be any penalty for some errors in the GST Returns being filed for these months. This is a good encouragement to the Industry and to the Professionals too, to handle the new areas under GST. Further, the announcement by the Government to give GST training to 2 lac youth in 14 states is a very good initiative to popularize the new legislation of GST among various stakeholders and also declaring the provisions for casual tax payers under GST to obtain GSTIN etc., are really welcome happenings.*

*Professionals, employees and industry as a whole should also cheer in respect of some more issues like- extension of filing date of IT & Tax Audit Returns to 31st Oct, 2017 in respect of AY 2017-18 for those assesses whose IT Returns were due by 30th Sept, 2017, extension of date of linking Aadhaar with PAN to 31st Dec, 2017, reduction in REPO rate by RBI to 6%, EPFO's decisions for extending the facility of auto transfer of PF Accounts to New Employer, assurance to give PPOs to retiring employees on the day of retirement, allowing employees to repay housing loans from PF, mandatory e-payment of Customs duty wef 1st Sept, 2017, introduction of Highway RFID Cards etc., that took place in the previous month.*

*Please share your views and also send Articles on various GST issues that our practicing CMAs are handling for publishing in the Hyderabad Circuit for the benefit of our readers.*

**- CMA Rajapeta Satyanarayana**

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### Managing Committee - 2016-17

<p style="text-align: center;">Chairman <b>CMA D. Surya Prakasam</b> email: gmfcahmrl@gmail.com</p>	<p style="text-align: center;">Vice-Chairperson <b>CMA K.V.N. LAVANYA</b> email: nagalavanya@gmail.com</p>
<p style="text-align: center;">Secretary <b>CMA Dr. R. Chandra Sekhar</b> email: sekhar_rajanaala@rediffmail.com</p>	<p style="text-align: center;">Treasurer <b>CMA B. Satya Latha</b> email: satya_latha1007@yahoo.co.in</p>
<p style="text-align: center;">Member <b>CMA D. Munisekhar</b> email: cmasekhar1987@gmail.com</p>	<p style="text-align: center;">Member <b>CMA P. Chandra Sekhara Reddy</b> email: chandra.ponugoti@gmail.com</p>
<p style="text-align: center;">Member <b>CMA A.Vijay Kiran</b> email: vijaykiran_a@yahoo.co.in</p>	

email: hyderabad@icmai.in

### Editorial Board

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<b>CMA N. Gopalakrishnan</b>
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#### Advisors

<b>CMA V. Arunagiri</b>
<b>CMA N. Srinivasan</b>

ebc.hyderabad@gmail.com

## ACTIVITIES SCORE BOARD



### Professional Development Sub-Committee

Month (2017-18)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	Year-to-date
No. of Programs	2	2	6	4	3	0	0	0	0	0	0	0	17
CEP Hours	4	12	6	5	7	0	0	0	0	0	0	0	34

### Practitioners' Forum Sub-Committee

Month (2017-18)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	Year-to-date
No. of Programs	3	0	1	1	2	0	0	0	0	0	0	0	7
CEP Hours	5	0	2	0	1	0	0	0	0	0	0	0	8





# Performance Track

## PROFESSIONAL DEVELOPMENT SUB COMMITTEE

**04<sup>th</sup> August, 2017 a programme on “GST Implementation – Practical Issues & Queries” held at CMA Bhavan, Himayatnagar, Hyderabad.**

**Speaker:** CMA Ashok B. Nawal, CCM, ICAI

CMA Ashok B. Nawal, addressed our members on GST Implementation – Practical Issues & Queries post implementation of GST and the issues that cropped up during implementation.

**10<sup>th</sup> August, 2017 a programme on “Works Contract in GST” held at CMA Bhavan, Himayatnagar, Hyderabad**

**Speaker:** CA V.S. Sudhir

Mr Sudhir has given an overview of joint development agreements, land and construction services, their taxability in the hands of the landlord and the builder / developer. He also threw light and educated the members on how the open market value plays a role in determining the landlord's tax liability. An excellent compilation and delivery was made about the various transactions involved in the JDAs and construction activities, their tax implications in the GST era.

**22<sup>nd</sup> August, 2017 a programme on “Cost Accounting Standards” held at Business Management Auditorium, Osmania University, Hyderabad.**

**Speakers:** CMA D. Zitendra Rao, Member-SIRC of ICAI, CMA S.V. Koteswara Rao – Practising Cost Accountant, CMA N.S.V. Krishna Rao – Practising Cost Accountant

For the joint Faculty Development Program organized by the Osmania University and our Chapter, the Chapter has sourced eminent speakers and costing practitioners i.e., CMA D. Zitendra Rao, CMA S.V. Koteswara Rao and CMA N.S.V. Krishna Rao for the audience to have the maximum benefit. An overview of the 24 Cost Accounting Standards was briefly given by CMA D. Zitendra Rao and the other standards were divided between the other two speakers. The speakers brought out a practical perspective to the standards and how they should be applied. This is one of the programs that has received utmost appreciation. Many doubts / questions of the faculty were also answered by the team. Attended by more than 200 members.

## PRCTITIONERS' FORUM SUB-COMMITTEE

**23<sup>rd</sup> August, 2017 a programme on “ Comments, Suggestions on Draft Companies ( Cost Records & Audit) Amendment Rules “ held at CMA Bhavan, Himayatnagar, Hyderabad**

**Speakers:** Group discussion

This group discussion was held to have an overview of the changes brought in by the draft **Companies ( Cost Records & Audit) Amendment Rules**.

**29<sup>th</sup> August, 2017 a programme on “How to fill GSTTrans – I” held at CMA Bhavan, Himayatnagar, Hyderabad.**

**Speaker:** CA Radhika Verma

GST Trans – I is a very important form in the GST era that allows organizations to declare the opening credit balance, owing to the migration into the new GST era. CA Radhika Verma has explained how the GST Trans-1 form should be filled with care.

## OTHER PROGRAMMES

**15<sup>th</sup> August, 2017 Independence Day Celebrations at CMA Bhavan, Sanathnagar, Hyderabad – Speakers – Dr. CMA A.S. Durga Prasad, Past President-ICAI and Mrs. Nirmala K Mondal**

Dr. CMA A.S. Durga Prasad, Past President of our Institute, had addressed the students by suggesting them to plan their work and then work their plan. He had also given the students' suggestions on career planning and thinking out of the box. Later, Mrs. Nirmala K Mondal has given her talk on time management to students.

**16<sup>th</sup> August, 2017 Career Counseling at TSWRM Jr. College, Ibrahimpatnam by CMA K.V.N. Lavanya, Vice-Chairperson**

**23<sup>rd</sup> August, 2017 a student programme on “Look at ‘CMA’” at CMA Bhavan, Sanathnagar, Hyderabad by CMA D. Zitendra Rao, Member-SIRC of ICAI**



# FINANCE CLIPS

**CMA R. SATYANARAYANA**

M.Com, FCMA

Email: yadav.satyanarayana@gmail.com



FINANCE CLIPS

- **Accounting Relief for Ind AS companies:** The income tax department has clarified Companies going for Indian accounting standards (IndAS) need not do second round of adjustment for mark-to-market losses on financial instruments in its book profits for the purpose of tax computation,. This is so because these are already adjusted to book profits under minimum alternate tax (MAT), the Central Board of Direct Taxes (CBDT) said. However, if there is a reduction in value of assets other than financial instruments through mark-to-market values, the companies will have to adjust those to the book profit vide The Business Standard dated 26th July, 2017.
- **ICAI Guidance Note:** ICAI has issued Guidance Note on Division II- Ind AS Schedule III to the Companies Act 2013 which is published on 27th July,2017 and for download refer to [www.icai.org](http://www.icai.org)
- **Technical Guide on ICDs:** ICAI has released a Technical Guide on Income Computation and Disclosure Standards and the same can be downloaded from [www.icai.org](http://www.icai.org)
- **Abolition of Sumptuary allowances:** CG has abolished sumptuary allowance for all Training & Academic Establishments vide No. 17014/2/2014-Trg.(7th CPC) Government of India Ministry of Personnel, Public Grievances & Pensions Department of Personnel & Training.
- **E-Books of new scheme CA course:** ICAI has brought out e-Books for New Scheme of Education and Training which can be accessed only by the Registered students and for details refer to [www.icai.org](http://www.icai.org)
- **Centre to amend Cost Audit Rules etc.,:** MCA informed that Pursuant to implementation of Ind-AS, the Companies (Cost Records and Audit) Rules, 2014 are to be amended to bring parity between financial records and cost records and hence issued draft rules to finalize in this line and called for comments of stakeholders by 26th Aug, 2017 and for details refer to [www.mca.gov.in](http://www.mca.gov.in)
- **Audit of 100 Shell companies:** SEBI asked stock exchanges –BSE & NSE to initiate action on 100 out of 331 shell companies notified by the MCA in which trading is restricted by the regulator recently. These Shell companies are gradually moved to Graded Surveillance Measure (GSM) vide ET dated 17th Aug, 2017.
- **Withdrawal of SS1 & SS2:** ICSI has indicated the withdrawal of SS-1 & SS-2 wef 30th Sept, 2017. However, ICSI has released the revised Secretarial standard on meeting of the Board of Directors (SS-1) and General Meetings (SS-2) duly approved by the Government and for details refer to [www.icsi.org](http://www.icsi.org).
- **MAT Audit:** CBDT has notified new MAT Audit Form 29B and for details refer to [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)
- **Online filing of MEF:** ICAI has indicated that the last date of online filing of MEF 2017-18 is extended from 25th August, 2017 to 31st August, 2017 and the last date of submission of duly signed hard copy of declaration has been extended from 30th August, 2017 to 7th September, 2017 and for details refer to [www.icai.org](http://www.icai.org)
- **IT Return filing date extended to 31st Oct, 2017:** The CBDT has issued two Notifications under section 119 of the Income-tax Act, 1961, both dated 31st August 2017 and bearing the same number. Vide one Notification; the CBDT has directed that the due date for filing the return of income and tax audit reports shall be extended from 30th September, 2017 to 31st October, 2017. Vide the other Notification, the CBDT extended the time for linking Aadhar with PAN till 31.12.2017 and for details refer to [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)

# LEGAL UPDATES

**By K P C Rao,**  
B.Sc., LLB, FCMA, FCS, MICA,  
CMA (USA), FIPA (Australia)  
Practicing Company Secretary  
kpcrao.india@gmail.com



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## 1. SUPREME COURT'S FIRST MAJOR JUDGMENT ON INSOLVENCY AND BANKRUPTCY CODE, 2016

In a detailed judgment dated 31.08.2017, the Supreme Court in the case of 'M/S. Innoventive Industries Ltd. Vs. ICICI Bank & Anr. (Civil Appeal Nos. 8337-8338 of 2017)', has extensively travelled through the new legislation – Insolvency and Bankruptcy Code of 2016. The Supreme Court was dealing with an appeal preferred by M/s Innovative Industries, against which insolvency proceedings were initiated by ICICI Bank. It was the contention of the appellant, who is a 'defaulter' under the Code, that there was no debt legally due, because under the Maharashtra Relief Undertakings (Special Provisions Act), 1958, all liabilities were temporarily suspended for one year, which was later extended for one more year. It was further contended that the defaulter company was going through a corporate debt restructuring and though a master restructuring agreement was entered into, the funds were not released as per the restructuring agreement.

The contentions of the company were rejected and NCLT held that the I&B Code would prevail over the Maharashtra Relief Undertakings (Special Provisions Act), 1958, being a parliamentary statute. Though an appeal was carried to the appellate tribunal (NCLAT), it was also rejected, holding that the defaulter company failed to pay the debts and thus, it could not derive any advantage from the Maharashtra Act.

Since an Interim Resolution Professional (IRP) had been appointed and moratorium was declared, a preliminary objection was taken by the financial creditor as to the maintainability of the appeal. According to the financial creditor, the appeal itself was not maintainable as the directors of the company are no longer in the management. Though the Supreme Court favoured with the said contention, the court decided to deliver a detailed judgment with an object that all courts and tribunals would take notice of a

paradigm shift occurred in the law regarding the insolvency proceedings. The Supreme Court, in the judgment, elaborately dealt with the insolvency laws existing in the UK and the US, and how the Indian law differed from those laws. The court also dealt with the parliamentary proceedings, particularly the speech of the Finance Minister while piloting the Code in the Parliament and the proceedings of the Bankruptcy Law Reforms Committee.

After analysing major sections of the Code and the circumstances under which an insolvency proceedings can trigger, the court proceeded on capturing what amounts to the repugnancy under Article 254 of the Indian Constitution, analysing earlier judgments of the court dealing with repugnancy.

After discussing the provisions of the Maharashtra Relief Undertakings (Special Provisions Act), 1958, and the I&B Code, the court finally declared that the parliamentary enactment viz, the I&B Code will prevail over the Maharashtra Relief Undertakings (Special Provisions Act), 1958. As a result, the appeal came to be rejected. This judgment is considered as a major legal step in insulating insolvency proceedings from the test of repugnancy.

## 2. SUPREME COURT HOLDS RIGHT TO PRIVACY TO BE A FUNDAMENTAL RIGHT

A nine-judge Constitution Bench of the Supreme Court held that right to privacy is a fundamental right. The case was referred to the Bench by a three-judge bench of the Supreme Court, which is currently hearing a case challenging the validity of Aadhaar. The Bench examined whether right to privacy was a fundamental right.

## 3. SUPREME COURT HOLDS TRIPLE TALAQ INVALID

A five-judge Constitution Bench of the Supreme Court held the practice of talaq-e-biddat (triple talaq) to be invalid by a 3:2 majority. Triple talaq is a form of divorce



practiced in Islam. It may be given effect if the husband pronounces the word 'talaq' thrice, simultaneously. The practice was challenged on the grounds that it violates Articles 14 (right to equality), 15 (prohibition of religious discrimination), and 21 (protection of life and personal liberty) of the Constitution.

#### **4. OFFENCE UNDER SEC.138 NI ACT IS PERSON SPECIFIC. CONCEPT OF 'TAKING COGNIZANCE OF THE OFFENCE AND NOT THE OFFENDER' NOT APPROPRIATE IN CHEQUE CASES: SUPREME COURT**

The Supreme Court in the case of N. Harihara Krishnan Vs. J. Thomas (Criminal Appeal No. 1534 of 2017) held on 30.08.2017 has pronounced a point of law that the offence under Section 138 of Negotiable Instruments Act is person specific. It was also clarified that the general concept under Cr.P.C that cognizance was taken against the offence and not appropriate in prosecution under NI Act.

The complainant in the case was issued a cheque, which was signed by one Harihara Krishnan. The cheque was drawn allegedly in discharge of balance sale consideration payable by M/s Norton Granites Pvt. Ltd. However, the cheque was in fact drawn on account of another private limited company, M/s Dakshin Granites Pvt.Ltd., in which also Harihara Krishnan was a director. The cheque was dishonoured for want of funds.

Under the impression that the cheque was drawn on the account of Norton Granites Pvt. Ltd (presumably because consideration was allegedly due from them), the complaint was filed only arraying Harihara Krishnan as an accused, in his capacity as director of Norton Ltd. Later realizing the folly, the prosecution sought to summon Dakshin Pvt. Ltd. as an accused invoking powers under Section 319 Cr.P.C.

The learned Magistrate allowed the application under Section 319. The revision filed against it by Harihara Krishnan was dismissed by the High Court. The High Court reasoned that there was no delay in adding Dakshin as an accused, since cognizance of offence was already taken. The reasoning of the High Court was on the ground that cognizance is taken of the offence and not of the offender, and hence there was no impediment in adding an additional accused once the cognizance was already taken.

However, the Supreme Court held that the reasoning was erroneous. Relying on *Aneeta Hada v. Godfather Travels & Tours Private Limited*, (2012) 5 SCC 661 it was stated that complaint against a director was not maintainable without arraying the company as an accused. It was also stated that the offence under Section 138, unlike other offences under IPC, was person specific. It was held as follows.

"By the nature of the offence under Section 138 of the Act, the first ingredient constituting the offence is the fact that a person drew a cheque. The identity of the drawer of the cheque is necessarily required to be known to the complainant (payee) and needs investigation and would not normally be in dispute unless the person who is alleged to have drawn a cheque disputes that very fact. The other facts required to be proved for securing the punishment of the person who drew a cheque that eventually got dishonoured is that the payee of the cheque did in fact comply with each one of the steps contemplated under Section 138 of the Act before initiating prosecution. Because it is already held by this Court that failure to comply with any one of the steps contemplated under Section 138 would not provide "cause of action for prosecution".

Therefore, in the context of a prosecution under Section 138, the concept of taking cognizance of the offence but not the offender is not appropriate. Unless the complaint contains all the necessary factual allegations constituting each of the ingredients of the offence under Section 138, the Court cannot take cognizance of the offence. Disclosure of the name of the person drawing the cheque is one of the factual allegations which a complaint is required to contain. Otherwise in the absence of any authority of law to investigate the offence under Section 138, there would be no person against whom a Court can proceed. There cannot be a prosecution without an accused. The offence under Section 138 is person specific. Therefore, the Parliament declared under Section 142 that the provisions dealing with taking cognizance contained in the Cr.P.C should give way to the procedure prescribed under Section 142. Hence the opening of non-obstante clause under Section 142. It must also be remembered that Section 142 does not either contemplate a report to the police or authorise the Court taking cognizance to direct the police to investigate into the complaint".

The appeal filed by Harihara Krishnan was allowed with costs of Rs. 1,00,000/-.

## 5. JUSTICE DIPAK MISRA SWORN IN AS 45TH CHIEF JUSTICE OF INDIA

Justice Dipak Misra, the senior most judge of India was sworn in as 45th Chief Justice of India on 28th August, 2017. President of India Ram Nath Kovind has administered oath of office to Justice Misra.

Justice Misra is also famous as the judge who issued the controversial order that all cine-goers should stand in attention when the national anthem is played before a movie. It is he who is issuing periodic orders in a PIL for gradual blocking of pornographic sites.

He has his work cut out – filing up judicial vacancies, dealing with contentious cases such as Ayodhya, Cauvery and women's right to enter the Sabarimala temple in Kerala. He also gets the contentious MOP (Memorandum of Procedure of appointment of judges) issue in legacy from Khehar.

The collegium hasn't agreed to the security clause which would allow the government to veto superior court appointments. That will be a tough one.

Justice Misra was also among the three judges who were up all night in July 2015, giving a historic hearing to decide on Yakub Memon's last-minute appeal against his hanging. Memon was convicted in 1993 Mumbai blasts, in which 257 people were killed. It was Justice Misra who announced the court's decision at 5 am: "Stay of death warrant would be a travesty of justice. The plea is dismissed," he said. Memon was hanged two hours later.

## 6. MONSOON SESSION OF PARLIAMENT ENDS

The Monsoon Session of Parliament ended on August 11, 2017. During the session, Parliament passed 11 Bills, including the Banking Regulation (Amendment) Bill, 2017, the Collection of Statistics (Amendment) Bill, 2017, the Indian Institutes of Information Technology (PublicPrivate Partnership) Bill, 2017, and the Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016.

Bills passed by one House and currently pending in the other House include the National Bank for

Agriculture and Rural Development (Amendment) Bill, 2017, the Companies (Amendment) Bill, 2016, the Indian Institutes of Management Bill, 2017.

Bills introduced during the session include the Financial Resolution and Deposit Insurance Bill, 2017, the Code on Wages, 2017, the Right of Children to Free and Compulsory Education (Second Amendment) Bill, 2017 and the National Sports University Bill, 2017. These Bills have been referred to a Parliamentary Committee for detailed examination.

## 7. THE BANKING REGULATION (AMENDMENT) BILL, 2017

The Banking Regulation (Amendment) Bill, 2017 was passed by Parliament. It replaces an Ordinance which was promulgated in May 2017. The Bill amends the Banking Regulation Act, 1949 which regulates the functioning of banks and provides details on aspects such as their licensing, management, and operations.

### Key features of the Bill are:

**1) Insolvency proceedings:** The central government may authorise the Reserve Bank of India (RBI) to issue directions to banks for initiating proceedings in case of a default in loan repayment. These proceedings will be carried out under the Insolvency and Bankruptcy Code, 2016.

**2) Issuing directions to banks on stressed assets:** The RBI may issue directions to banks for resolution of stressed assets (stressed assets include NPAs, and loans that have been restructured.) Further, the RBI may specify authorities or committees to advise banks on resolution of these assets. Members on such committees will be appointed or approved by the RBI.

## 8. THE STATE BANKS (REPEAL AND AMENDMENT) BILL, 2017

The State Banks (Repeal and Amendment) Bill, 2017 was passed in Lok Sabha, and is currently pending in Rajya Sabha. The Bill seeks to repeal the two Acts: (i) the State Bank of India (Subsidiary Banks) Act, 1959, and (ii) the State Bank of Hyderabad Act, 1955. These Acts established the State Bank of Bikaner, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore, and State Bank of Hyderabad. These banks were subsidiaries of the State Bank of India (SBI). This is consequent to the Union Cabinet





approving the acquisition of these banks by SBI in February 2017.

### 9. BILL FOR THE RESOLUTION OF FINANCIAL FIRMS

The Financial Resolution and Deposit Insurance Bill, 2017 was introduced in Lok Sabha by the Minister of Finance, Mr. Arun Jaitley. It was referred to a Joint Committee of Parliament, which is expected to submit its report by the first week of Winter Session 2017. Key features of the Bill are:

**1) Resolution Corporation:** The central government will establish a Resolution Corporation. Its functions will include: (i) providing deposit insurance to banks (to repay deposits to consumers), (ii) classifying financial institutions (such as banks and insurance companies) based on their risk, and (iii) undertaking resolution of financial institutions in case of failure.

**2) Risk based classification:** The Resolution Corporation, in consultation with the respective regulators (e.g. RBI for banks, and IRDA for insurance companies) specify criteria for classifying financial institutions based on their risk of failure.

**3) Resolution:** The Resolution Corporation will undertake resolution of a financial institution classified under the 'critical' category using options. These include: (i) transfer of its assets and liabilities to another person, (ii) merger or acquisition, and (iii) liquidation, among others.

**4) Time limit:** The resolution process will be completed within a year from the date when a financial institution is classified as 'critical'. This time limit may be extended by another year (i.e., maximum limit of two years). The financial institution will be liquidated if its resolution is not completed in this time period.

### 10. COMMITTEE CONSTITUTED TO DRAFT A DATA PROTECTION BILL

The Ministry of Electronics and Information Technology constituted a Committee of experts to deliberate on a data protection framework. The Committee will be headed by Justice B. N. Srikrishna and consists of members from government, academia, and industry.

The Committee will study key issues with respect to data protection, and recommend methods to address them. The Committee will also suggest a draft Data Protection Bill.

### 11. THE CODE ON WAGES, 2017

The Code on Wages, 2017 was introduced in Lok

Sabha. It was subsequently referred to the Standing Committee on Labour. The Committee is expected to submit its report within three months.

The Code consolidates four Acts, with some modifications. These Acts are: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1949, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976.

The Code will apply to establishments where any industry, trade, business, manufacturing or occupation is carried out. This will also include government establishments.

### 12. THE RTE (SECOND AMENDMENT) BILL, 2017

The Right of Children to Free and Compulsory Education (Second Amendment) Bill, 2017 was introduced in Lok Sabha. The Bill amends the Right of Children to Free and Compulsory Education Act, 2009.

Under the Act, no child can be held back in any class until the completion of elementary school (classes 1-8). The Bill amends this provision to empower the central or state government to allow schools to hold back a child in class 5, class 8, or in both classes.

The Bill states that a regular examination may be held in class 5 and class 8 at the end of every academic year. If a child fails in these examinations, he will be given additional instruction and the opportunity for a reexamination (within two months from the declaration of the result).

If he fails in the re-examination, the child may be held back in class 5, class 8, or in both classes. The central and state government may also decide to not hold back the child in any class till the completion of elementary education. Further, the central or state government will decide the manner and the conditions subject to which a child may be held back.

### 13. THE RTE (AMENDMENT) BILL, 2017

The Right of Children to Free and Compulsory Education (Amendment) Bill, 2017 was passed by Parliament. The Bill amends the Right of Children to Free and Compulsory Education Act, 2009 to extend the deadline for teachers to acquire the prescribed minimum qualifications for appointment. Under the Act, if a state does not have adequate teacher training institutions or sufficient number of qualified teachers,



the provision to possess minimum qualifications is relaxed for a period not exceeding five years i.e. till March 31, 2015.

#### 14. THE IIIT (AMENDMENT) BILL, 2017

The Indian Institutes of Information Technology (Amendment) Bill, 2017 was passed by Parliament. The Bill amends the Indian Institutes of Information Technology Act, 2014. The Act declares certain Institutes of Technology as institutions of national importance. Further, it seeks to (i) develop new knowledge in information technology; and (ii) provide manpower of global standards for the information technology industry.

#### 15. THE INDIAN INSTITUTE OF PETROLEUM AND ENERGY BILL, 2017

The Indian Institute of Petroleum and Energy Bill, 2017 was passed by Lok Sabha. It was introduced on July 18, 2017. The Bill establishes the Indian Institute of Petroleum and Energy, Vishakhapatnam, Andhra Pradesh. It declares the Institute as an institution of national importance. The Institute aims to provide high quality education and research focusing on petroleum, hydrocarbons and energy.

#### 16. THE NATIONAL SPORTS UNIVERSITY BILL, 2017

The National Sports University Bill, 2017 was introduced in Lok Sabha. Key features of the Bill include:

##### **Establishment of the University**

The Bill establishes a National Sports University located in Manipur. It will promote sports education in the areas of: (i) sports sciences, (ii) sports technology, (iii) sports management, and (iv) sports coaching. It will function as a national training centre for select sports disciplines. It may also establish campuses and study centres in other parts of the country. It will also be empowered to grant degrees, diplomas and certificates.

##### **Objectives**

The key objectives of the University are: (i) research, development and dissemination of knowledge in physical education and sports sciences, (ii) strengthening physical education and sports training programmes, (iii) generating knowledge capabilities, skills and competence at various levels, and (iv) training talented athletes to help them to evolve into international level athletes

#### 17. NABARD (AMENDMENT) BILL, 2017

The National Bank for Agriculture and Rural Development (Amendment) Bill, 2017 was passed by Lok Sabha. The Bill seeks to amend the NABARD Act, 1981. The 1981 Act provides for the establishment of the National Bank for Agriculture and Rural Development (NABARD). NABARD is responsible for providing and regulating facilities like credit for agricultural and industrial development in the rural areas. Key features of the Bill include:

**1) Increase in capital of the NABARD:** Under the 1981 Act, NABARD may have a capital of Rs 100 crore. This capital can be further increased to Rs 5,000 crore by the central government in consultation with the Reserve Bank of India (RBI).

**2) The Bill allows the central government to increase this capital to Rs 30,000 crore. Further, the capital may be increased over Rs 30,000 crore by the central government in consultation with the RBI, if necessary.**

**3) Transfer of the RBI's share to the central government:** Under the 1981 Act, the central government and the RBI together must hold at least 51% of the share capital of NABARD. The Bill provides that the central government alone must hold at least 51% of the share capital. Further, the Bill transfers the share capital held by the RBI (valued at Rs 20 crore) to the central government. Consequently, the central government will pay an equal amount to the RBI.

#### 18. CABINET APPROVED SETTING UP OF A COMMISSION TO EXAMINE THE ISSUE OF SUBCATEGORISATION OF OBCS

The Union Cabinet approved a proposal for setting up a Commission to examine the issue of subcategorisation of the Other Backward Classes (OBCs). The Commission will submit its report within 12 weeks from the date of appointment of its Chairperson.

The terms of references of the Commission are as follows: (i) examining the extent of inequitable distribution of the benefits of reservation among the OBCs (included in the central list consisting of OBCs across states); (ii) working out the mechanism and parameters, for the subcategorisation within OBCs, and (iii) identifying the respective castes/communities/ sub-castes/ synonyms in the central list of OBCs and classifying them into their respective



subcategories. Nine states of the country have already carried out sub-categorization of OBCs.

### 19. NITI AAYOG RELEASES A REPORT ON EASE OF DOING BUSINESS

The NITI Aayog released the Ease of Doing Business Report. The Report is based on a survey of 3,500 manufacturing firms across the country. Key observations and recommendations in the report include:

- 1) **Growth rate:** There may be a link between ease of doing business and growth in state economies. The survey found that faster growing states exhibited fewer delays in granting clearances, and were more flexible in implementing labour and environment laws.
- 2) **Labour:** The survey found that compliance with labour laws was difficult. It noted that reforming labour laws and bringing flexibility in their implementation may make it easier to do business.
- 3) **Power:** Facilitating power sector reforms will ensure that businesses have steady and uninterrupted access to electricity. Further, with the country reporting a surplus in power generation, there may be an opportunity to lower costs, and opening up the distribution sector for competition.
- 4) **Access to Finance:** Half of the businesses do not borrow from financial institutions, and one-third consider access to finance as a major business obstacle. The report suggested that enhancing low cost access to capital may improve the business environment.
- 5) **Dissemination of information:** There is a need to ensure better dissemination of government information related to procedures, to businesses. For example, the survey found that some businesses were unaware about the single window facilities created by the states to facilitate grant of clearances and permissions.

### 20. HIGH LEVEL COMMITTEE ON 'MAKING INDIA HUB OF ARBITRATION' SUBMITS REPORT

The High Level Committee on Making India Hub of Arbitration (Chair: Justice B. N. Srikrishna) submitted its report. The Committee was formed in December 2016 to review the efficacy of existing arbitration mechanisms (dispute resolution involving a neutral

third party), and recommend legislative changes that will facilitate international commercial arbitration, among others.

Key recommendations made by the Committee, according to the press release, are:

- 1) The Committee recommended that a specialised Arbitration Bench should be created in Courts to handle commercial disputes. Further, it suggested changes in provisions of the Arbitration and Conciliation Act, 1996.
- 2) An Arbitration Promotion Council of India (APCI) should be established as an autonomous body. The APCI may recognise professional institutes for providing accreditation to arbitrators, and conduct training workshops. It should have representative from stakeholders for grading arbitral institutions in India.
- 3) The International Centre for Alternative Dispute Resolution should be declared an institute of national importance. The Institute, currently functioning under the Ministry of Law and Justice, should be taken over by an Act of Parliament.
- 4) The post of an 'International Law Adviser' should be created. The Adviser will coordinate the dispute resolution strategy for the government in disputes arising out of international law obligations.

### 21. RBI REDUCED POLICY REPO RATE TO 6%

The Monetary Policy Committee (MPC) released the third Bi-Monthly Monetary Policy Statement of 2017-18. The policy repo rate (at which RBI lends money to banks) was reduced from 6.25% to 6% by a majority vote of the members.

### 22. RBI RELEASES ANNUAL REPORT 2016-17: SHOWS 99% OF DEMONETISED NOTES RETURNED

The RBI released its Annual Report 2016-17. The report stated that as of June 30, 2017, demonetised notes (Rs 500 and Rs 1,000) worth Rs 15.28 lakh crore had been returned to the RBI. Note that prior to demonetisation in November 2016, demonetised notes worth Rs 15.44 lakh crore were in circulation. This implies that an estimated Rs 16,000 crore worth of these notes have not been returned.



# CMA UPDATE

**CMA R. SATYANARAYANA,**  
M.Com, FCMA  
Email: yadav.satyanarayana@gmail.com



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## •GENERAL

- **Highway RFID Cards:** In a bid to reduce congestion at toll gates on national highways, the government has launched a mobile application through which highway users can buy FASTags (radio frequency identification or RFID cards). The cards would be delivered to the users doorsteps within 24 hours. Vehicles with the tags won't have to stop at highway toll. All tolls on highways to be RFID enabled by 31st Oct, 2017. FASTags linked to account where user can add money vide ET dated 18th Aug, 2017.
- **Aadhaar linked Stock Markets:** Aadhaar mandatory for stock markets by 31st Dec 2017 vide The Business Standard dated 21st Aug, 2017.

## GST

- **GST 20TH Council meeting:** The following are the important decisions made by the GST Council in the 20th Council meeting held on 5th Aug, 2017 :1.GST on Job work in Textile reduced to 5% from 18% 2.Works contracts would be taxed at 12% with input tax credit available to them. 3. E-Way Bill is mandatory for any packages exceeding Rs 50000/-of worth. 4. Requirement of preregistration under GST e-way bill not mandatory for exempted goods. 5. State screening committee would be constituted within 15 days. 6. Providing services through Electronic Commerce Operators (ECO), liability to pay GST placed on ECO. 7. Partnership Firm includes LLP and the services provided to a business entity in taxable territory are covered under reverse charge mechanism.8. Increase in the maximum ceiling of Cess Leviable on Motor Vehicles falling under Heading 8702 & 8703 to 25% from 15%.
- **Extension of due date of GST returns:** CBEC vide Notification No.18 to 21 /2017-Central Tax dated 8th Aug, 2017 has extended the filing date of July 17 & Aug 17 GST Returns to Sept 2017 and for details refer to the Notification on www.gst.gov.in
- **Online purchase of goods:** Movement of goods from one state to another for delivery of goods

purchased online would be inter-state sale attracting IGST vide (2017) 84Taxmann.com 92.

## LABOUR

- **Simplification of Pension Procedure:** Department of Pension & Pensioners Welfare has simplified the handing over of PPO to the retiring employee by the Head office before retirement and submission of undertaking by retiring Government Servant alongwith pension papers and for details refer to Letter No.1/27/2011P&PW dated 1st Aug, 2017.
- **Repayment of Housing Loan from PF:** EPFO has issued a Format for Authorization of Repayment of Housing Loan out of PF Account and for details refer to the site of EPFO.
- **Instant PF account transfer on change of a job:** From September the Provident Fund with the present organization will be transferred to the subsequent office that is joined, automatically and for that every PF Account holder is being insisted to link their accounts with the Aadhar vide TOI.

## INCOMETAX

- **CCTVs in ITAT:** The Supreme Court held that the CCTV cameras are culture of the day and promotes good governance. All Tribunals including the ITAT should have CCTVs with audio recording. The footage of the CCTV Camera will not be available under the RTI and will not be supplied to anyone without permission of the concerned High Court vide decision given in the case of Pradyuman Bhist Vs UOI.

## DGFT

- **Change in the name of Indian Merchant Chambers:** DGFT notified the change in the name of Indian Merchant Chambers as IMC Chamber of Commerce and for details refer to www.dgft.gov.in

## SEBI

- **Online Registration Mechanism:** It has been SEBI's continuous endeavor to improve ease of doing business by adopting technological solutions in its interface with market participants. Accordingly, SEBI has operationalized SEBI Intermediary Portal (<https://siportal.sebi.gov.in>) for the intermediaries to submit their applications online in paperless manner vide PR No.53/2017 dated 16th Aug, 2017.

## CUSTOMS RULES & ACT

- **Making ePayment of Customs duty mandatory:** CBEC has issued a circular indicating that where duty of customs is Rs 10000 or more and also where importers are registered under Authorized Economic Operator Programme shall pay customs duty through ePayment only wef 1st Sept, 2017 vide Notification No.80/2017-Customs (N.T) dated 17th Aug, 2017.



# VAT & CST

**J.V. RAO**

High Court Advocate &  
Tax Consultant  
Email: jvr Rao@yahoo.co.in



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**1. Refunds – Pending refund claims:-**

“Commissioner of State Tax Telangana has issued a circular vide ref. no. CCT’s. Ref. No. BII(3)/97/2017, dt. 19.08.2017, directed all the Deputy Commissioners (CT) and Joint Commissioner (CT) to settle the refund claims, if any, pending for disposal, may be expedited at the earliest, without delay, the time period stipulated for refunds as within 60 days of submission of the application in full shape”.

**2. Transfer of right to use goods:-**

Value added tax-General principles-Franchise and licensing agreements with franchisees to allow them to adopt and use system for operating restaurants in India-non exclusive transfer of composite system of services not limited to trade mark segregation of terms of agreement to levy value added tax on only specific aspects not permissible-Agreement granting only representational right and not exclusive right to sell or manufacturer goods –Ownership in trade mark, logo, service marks, and brand name solely vested in franchisor or licensor –Benefit of brand building accrued to owner-Transaction taxable under service tax law – Not a transfer of right to use goods liable to value added tax-Constitution of India, art. 366 (29A)- Delhi Sales Tax on Right to use Goods Act (13 of 2002). S. 2 (1) (n) – Delhi Value Added Tax Act, 2004 (3 of 2005) – MC Donalds India Pvt. Ltd, vs. Commissioner of Trade and Taxes.

**(2017) 102VST 482 (HC Delhi)**

**3. Sales: - Sales Tax-Liability-Authorised dealer for car manufacturer-Manufacturer’s warranty for replacement of defective parts-Replacement by dealer from its own stocks and reimbursement by manufacturer there-for by credit notes –Is sale liable to tax-Uttar Pradesh Value Added Tax Act (5 of 2008), s. 2(ac) – Central Sales Tax Act (74 of 1956), ss. 2(g), 8- Central Sales Tax (Registration**

and Turnover) Rules, 1957, r. 12 (1) –Comm., Commercial Tax vs. Maskat Motors Pvt Ltd.

**(2017) 102VST 220 (All)**

**4. Natural Justice: - Value Added Tax – Appeal –Dismissal of appeal without hearing dealers-Dealer contending change of address not intimated to Department by oversight –Direction for one more opportunity to dealer – Copier Company vs. Appellate Deputy Commissioner (CT).**

**(2017) 102VST 323 (HC Madras)**

**5. Flavoured Milk Sold:- Trade Tax-Exemption-Flavoured milk sold in sealed container is Milk and not milk product –Cannot be brought under “soft beverages” – Exempt.**

Commissioner, Commercial Tax, U.P., Lucknow vs. Gujarat Co-operative Milk Marketing Federation Ltd.

**(2017) 102VST 375 (HC All)**

**6. Consignment Sales:- Sales Tax- Central Sales tax-Consignment sales-Declarations in Form f – delay in filing –Forms to be accepted unless delay is unreasonable and without sufficient cause-acceptance of genuine forms to be the norm- Central Sales tax act ( 74 of 1956), s. 6A – central Sales Tax (Registration and Turnover Rules, 1957, r. 12(7).**

Transasia Bio-Medicals Ltd vs. Deputy Commercial Tax Officer-II, ellapanchavady, Puducherry.

**(2017) 102VST 396 (HC Mad)**

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(Statutory body under an Act of Parliament)  
**ICAI - HYDERABAD CHAPTER**  
1-2-56/44A, 5<sup>th</sup> STREET, HIMAYATNAGAR, HYDERABAD – 500 029

**NOTIFICATION**

**Hyderabad, the 1<sup>st</sup> September 2017**

**ELECTION TO THE MANAGING COMMITTEE 2017 - 19 FOR HYDERABAD CHAPTER**

Election to the Managing Committee, 2017 -2019 for Hyderabad Chapter will be held as per the following notification:

In pursuance of Bye-Law No. 19 of the Chapter Bye-Laws, 2017 issued by the Institute of Cost Accountants of India and Letter N Ref.No.G/128/2017 dated 18.08.2017 of Secretary of the Institute of Cost Accountants of India, the Election Officer of Hyderabad Chapter hereby notifies the following for the conduct of Election to the Managing Committee, 2017 – 2019:

**Total Number of candidates to be elected to the Managing Committee of ICAI - Hyderabad Chapter  
for the years 2017 - 19 : 7 (Seven)**

1.	Date of issue of Notification	1 <sup>st</sup> September, 2017
2.	In terms of the Chapter Bye-Laws 2017 issued by the Institute:	
a	The last date, time and place for receipt of nominations	<b>Friday, the 22<sup>nd</sup> September 2017 upto 6.00 P.M</b> at the Institute of Cost Accountants of India, Hyderabad Chapter, CMA Bhavan, 1-2-56/44A, Street No. 5, Himayatnagar, Hyderabad 500 029
b	The date and place of scrutiny of nominations	<b>Monday, the 25<sup>th</sup> September 2017</b> at the Institute of Cost Accountants of India, Hyderabad Chapter, CMA Bhavan, 1-2-56/44A, Street No. 5, Himayatnagar, Hyderabad 500 029
c	The last date and time for withdrawal of nominations	<b>Tuesday, the 3<sup>rd</sup> October, 2017 up to 6.00 PM</b>
d	The date, time and place of polling	<b>Thursday, the 12<sup>th</sup> October 2017</b> (From 8:00 A.M. to 7:00 P.M.) at the Institute of Cost Accountants of India, Hyderabad Chapter, CMA Bhavan, 1-2-56/44A, Street No. 5, Himayatnagar, Hyderabad 500 029.
e	The last date and time for receipt of applications for permission to vote by post	N.A.
f	The last date and time for receipt by post of ballot papers back from voters	N.A.
g	The date and time of commencement of counting of votes	<b>Thursday, the 12<sup>th</sup> October 2017 (from 07:00 P.M. onwards)</b>
h	The date of declaration of results	<b>Thursday, the 12<sup>th</sup> October 2017</b>
3.	Fee for Election fixed by the Council	Rs.1,000/- (Rupees One Thousand Only) DD in favour of the ICAI, Hyderabad Chapter.
4.	Security Deposit payable by the candidate	NA
5.	Names of the members of the panel for scrutiny of nomination papers	CMA J. S. Anand CMA S. Nagendra Kumar Mrs. K. Kavitha, Election Officer, ICAI – Hyderabad Chapter



K. Kavitha  
Election Officer





### "GST IMPLEMENTATION - PRACTICAL ISSUES & QUERIES"



### "WORKS CONTRACT IN GST"



### "COST ACCOUNTING STANDARDS"



### "LOOK AT CMA"





**"HOW TO FILL GST TRANS -1"**



**"COMMENTS SUGGESTION ON DRAFT COMPANIES AMENDMENT RULES 2017"**



**"INDEPENDENCE DAY CELEBRATIONS OF INDIA"**



**"Career Counseling at TSWRM Jr. College, Ibrahimpatnam"**

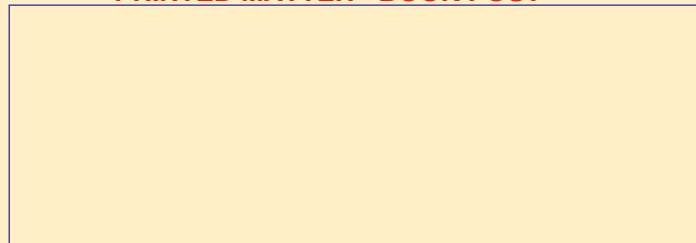


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CMA BHAVAN, Street No. 5,  
Himayatnagar, Hyderabad - 500 029.  
Ph. 040-27635937, Telefax: 040-27607893  
Web: [cmahyderabadchapter.in](http://cmahyderabadchapter.in)  
Email: [hyderabad@icmai.in](mailto:hyderabad@icmai.in)

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