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HYDERABAD CIRCUIT

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A News Magazine from the Hyderabad Chapter of
The Institute of Cost Accountants of India
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Budget Analysis-2023



Interview



CMA VENKATARAMANA
General Manager (F&I),
IRDAI

by : **Lavanya Kanduri**

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Behind every successful business decisions, there is always a **CMA**



The Chairman writes to you



Dear Professional Colleagues and Students,

As usual, I'm starting my page with some positive news regarding the state of the nation and the economy. The Indian economy will alone account for 15% of global growth this year, according to Kristalina Georgieva, managing director of the International Monetary Fund, as the country continues to be a relative "bright light" in the global economy.

On the professional front, the relentless efforts of the council generated results. Now under the Income Tax Act, a CMA who is in practice is eligible to take-up inventory valuation.

It is shocking to be informed that our senior member CMA Sravanam Pradeep Kumar garu passed away on 10th February, 2023. I, on behalf of HCCA I extend our condolences to the bereaved family. Our chapter has recently organised student orientation programme relating to oral coaching classes for June -2023 batch, on 11th February, 2023. I welcome all the students to these classes and hope you do well in all the subjects under the new curriculum.

On February 16th, 2023, Smt. Nirmala Sitharaman, the hon'ble Union minister for Finance & Corporate Affairs, organised a post-budget interaction with the participants from various industry, trade, and professional bodies. CMA K.Ch. A.V.S.N. Murthy, CMA Vijay Kiran Agastya, CMA Sanagavarapu Hima Vidya, CMA Kanduri Lavanya, in addition to myself, participated and expressed our opinions.

During this February month we have conducted three professional programmes. One was on Budget Analysis 2023. The second programme was on the topics of Contract Management Principals to Action, Practical Aspects of Contract Terms, Direct Tax -Recent Changes in Budget and Analysis of TDS Provisions. The third programme was on GST Related topics – Notices issued by SGST on GSTR 9 and GSTR 9C – Adopted Methods, contesting show cause notices, Do's & Don'ts for Certification for Input Tax Credit, Trends in GST Litigations, Demystifying Cross Charge & ISD etc.

I offer my sincere thanks to Shri M. Bhupal Reddy, IRS -Chief Commissioner of Income- Tax, Coimbatore, Principal Chief commissioner of Income – Tax (Designate), Sri Kasi Visweswara Rao – Additional Commissioner, Commercial Taxes, Govt of TS, Sri E. Aravinda Reddy – Joint Commissioner – Commercial Taxes, Govt of TS, CMA K.Ch. A.V.S.N. Murthy -Central Council Member, CMA Vijay Kiran Agastya -Secretary of SIRC, CMA Dr. A.S. Durga Prasad – Past President of The Institute of Cost Accountants of India as they elevated the stature of our programmes with their presence. I extend my appreciation to CA Satish Saraf, CS Padma Shenoy, CMA Dantu Mitra, CMA Kedarnath Potnuru, CMA B. Mallikharjuna Gupta, CS S. Thirumalai, CMA. D.V. Rambabu for their insightful narratives.

We have organised Chapters formation day on 26th February, 2023. Our chapter was pleased that we could honour our senior members on this occasion, in recognition of their contributions to the profession.

I request COP Holders to renew their CoP before 31st March, 2023

I extend my warm Greetings to you and all your family members on the occasion of Holi, Ugadi, Srirama Navami and Mahavir Jayanthi.

I conclude by recalling our legendary freedom fighters Bhagat Singh, Sukhdev Thapar and Shivram Rajguru, were martyred - hanged to death in the month of March (23rd March 1931) by the Britishers.

With Warm Regards,
CMA K. Someswara Babu
Chairman

 *From the Edit Room...*

Dear Professional Colleagues and Students,

“I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear.”

~ Nelson Mandela - President of South Africa

The council's tenacious efforts were successful. The Income Tax Act now permits a CMA who is actively in practise to pursue inventory valuation.

Even if the outlook for other South Asian countries is "more challenging," the United Nations stated that the country's economic growth is anticipated to remain "solid." This encouraging news gives us some solace at this tough economic period.

On February 11th, 2023, our chapter held a student orientation session for oral coaching classes for the June 2023 batch. I extend a warm welcome to all the new students, keep your beginning focussed, and wish you good luck in your endeavours.

It is heart-breaking to hear that one of our senior members CMA Sravanam Pradeep Kumar garu passed away on February 10th, 2023. Our prayers and thoughts are with his bereaved family members.

On February 16, 2023, we took part in the post-budget meeting that Smt. Nirmala Sitharaman, the honourable Union minister for Finance & Corporate Affairs, has organised. On February 26, 2023, we held our Chapters Formation Day. Our chapter was happy to be able to recognise our senior members on this special day. It was a day of festive atmosphere as we got the opportunity to felicitate elders of CMA fraternity.

This month's features include 'Finance Clips', 'CMA Update' by CMA R. Satyanarayana garu, 'Hey CMA – Be prepared for the Challenges' series by CMA D. Zitendra Rao garu and our series "Accomplished Accountant – Inspiring Journeys", an open talk with CMA Venkataramana garu, General Manager (F&I), IRDAI.

“When women support each other, incredible things happen.”

The courage of a woman that exists in absolute harmony with astonishing tenderness saves our world every day. Happy Women's Day to all the strong, intelligent, talented and simply wonderful women around us.

March month brings in vibrant colors and new season., as we look forward to a bountiful new year of prosperity, health and peace.

I wish you and all your family members joyous Ugadi, colorful holi, Shubha Sri Rama Navami, and happy Mahavir Jayanthi.

Keep writing to us with your suggestions and inputs that will help us improve to serve you better.

Until we meet again here.

Lavanya Kanduri

Chairperson Editorial Board

Secretary HCCA



Formation Day Celebrations





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A C T I V I T I E S S C O R E B O A R D

Month (2020-21)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	Year-to-date
No. of Programs	2	1	1	6	1	-	2	2	2	1	3	-	21
CEP Hours	2	1	1	7	1	-	5	4	2	4	10	-	37



Performance Track

4th February, 2023 – Budget Analysis – 2023

The Hyderabad Chapter of Cost accounts conducted a seminar on “Budget Ananlysis -2023” on 4th February, 2023 at FTCCI Surana Auditorium, Hyderabad. Our Chapter has invited Shri M. Bhupal Reddy, IRS, Chief Commissioner of Income -Tax, Coimbatore, Principal Chief Commission of Income- Tax (designated) as Chief guest CMA (Dr) K.Ch.A.V.S.N. Murthy, CCM as guest of honour and CMA Vijay Kiran Agastya as special invitee.

Speaker CA Satish Saraf set the tone for the discourse in the seminar by raising the following points in his Central Goods & Services Tax Act – Amendments of Sections 10, 16, 17, 37, 39, 44, 52, 54, 56, 122, 132,138, Substitution of New section for Section 23, Insertion of New Section 158A, Retrospective exemption to certain activities and transitions in Schedule – III -Amendment of Sections 2, 12 etc.

11th February, 2023 – Student Orientation Programme

Our chapter has organised student orientation programme of oral coaching classes for June -2023 batch on 11th February, 2023.

11th February, 2023 – Seminar on ‘Contract Management Principals to Action’, “Practical Aspects of Contract Terms” and “Direct Tax Recent Changes in Budget and Analysis of TDS Provisions”

Our Chapter has invited CMA (Dr) K.Ch.A.V.S.N. Murthy, CCM as Chief guest and CMA Vijay Kiran Agastya as special invitee.

CS Padma Shenoy spoke on the topic “Contract Management Principals To Action.” Next CMA Dantu Mitra, our senior member spoke extensively on the topic “Practical Aspects of Contract Terms”. CMA Kedarnath Potnuru delved on the topic “Direct Tax Recent Changes in Budget and Analysis of TDS Provisions”

12th February, 2023 GST Topics

The Hyderabad Chapter held a seminar on GST related topics. Sri S.V. Kasi Visweswara Rao, Additional Commissioner, Commercial Taxes, Govt. of TS and SRI E. Aravinda Reddy as Guest of Honour. They have also served the role of speaker. The chapter has invited CMA (Dr) K.Ch.A.V.S.N. Murthy, CCM as Chief guest and CMA Vijay Kiran Agastya as special invitee. GST related topics of Notices Issued by SGST on GSTR 9 and GSTR 9C – adopted methods, Contesting Show Cause Notices, Do’s and Don’ts for Certification for Input Tax Credit, Trends in GST litigations, Demystifying Cross Charge & ISD were discussed by the speakers Sri S.V. Kasi Visweswara Rao, SRI E. Aravinda Reddy, CMA B. Mallikarjuna Gupta, CA S. Thirumalai, CMA D.V. Rambabu respectively.

16th February, 2023 – Post budget interaction

On February 16th, 2023, Smt. Nirmala Sitharaman, the hon’ble Union minister for Finance & Corporate Affairs, organised a post-budget interaction with the participants from various industry, trade, and professional bodies. CMA K.Ch. A.V.S.N. Murthy - CCM, CMA Vijay Kiran Agastya-Secretary of SIRC, CMA K. Someswara Babu -Chairman CMA Sanagavarapu Hima Vidya -Vice Chairperson, CMA Kanduri Lavanya – Treasurer have participated and expressed their opinions.

26.02.2023- 58th Formation Day Celebrations

On February 26, 2023, we, on behalf of the Hyderabad Chapter, organised the 58th Chapters Formation Day. We’ve planned games, singing, and dancing events. As the chief guest, we have invited CMA Dr. A.S. Durga Prasad garu. We are happy to have had this opportunity to honour our past presidents, senior members and Past Chairpersons. The programme ended with a scrumptious dinner.



OBITUARY

We regret to tell you that on February 10, 2023, our senior CMA SRAVANAM PRADEEP KUMAR M.No. 12283, died suddenly. May his soul rest in peace

Finance Clips

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- **Delayed payments to Micro & MSMEs:** Section 15 of the MSMED Act mandates payments to micro and small enterprises within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days. Thus, the proposed amendment to section 43B of the Act will allow the payment as deduction only on payment basis. It can be allowed on accrual basis only if the payment is within the time mandated under section 15 of the MSMED Act. 4. This amendment will take effect from 1st April, 2024 and will accordingly apply to the assessment year 2024-25 and subsequent assessment years.
- **ICAI home based training:** ICAI has announced on 10-2-2023 that the next practical training assessment is being conducted online on March 4-5, 2023. The students who have completed their 1st/ 2nd year of practical and for details refer to www.icai.org
- **Credit and Finance for MSMEs:** To increase MSMEs participation on invoice discounting platform Trade Receivables Discounting System (TReDS) and enhance their working capital flow, the central bank permitted insurance facility for invoice financing under the platform, as per an official statement released by the RBI. "This will encourage financing / discounting of payables of buyers irrespective of their credit ratings. Accordingly, insurance companies will be permitted to participate as a "fourth participant" on TReDS, apart from the MSME sellers, buyers and financiers.". In a relief to MSMEs, the Finance Ministry asked all government departments and public sector enterprises to refund 95 per cent of the performance or bid security and liquidated damages that were deducted from SMEs for government tenders during the two years of the pandemic, reported PTI.
- **Land earmarked for public utility cannot be taxed:** ACIT Vs Smt. Sarojini B. Nair (ITAT Chennai) vide Appeal Number: ITA No.314/Chny/2019 held that the land earmarked for public utility purpose in terms of municipal regulations while forming residential lay out, cannot be brought to tax either u/s.47(iii) of the Income Tax Act or u/s.45(2) of the Income Tax Act
- **ITR Forms for AY 2023-24 notified:** CBDT notified format & Particulars of Income Tax Return Forms (ITR-1 SAHAJ, ITR-2, ITR-3, ITR-4 SUGAM, ITR-5, ITR-6, ITR-V) and Income Tax Return Acknowledgement (ITR-V) for Assessment Year 2023-24/Financial Year 2022-23 vide Notification No. 04/2023 Dated 10th February 2023 and for details refer to www.cbdtd.gov.in
- **Filing of appeals by Revenue:** The Union of India shall ensure that the entire filing of Revenue appeals before the High Courts and the Tribunals is carried out in the e- filing mode. An updated position of compliance shall be placed on the record. 4. List on 17 April 2023 vide decision given in the case of C.C.E. and S.T. Vs Bilfinder Neo Structo Construction Ltd. (Supreme Court of India) Appeal Number: Civil Appeal No(s). 674/2021.
- **Forensic Audit:** SEBI had also put out an advertisement asking for expression of interest from forensic auditors in conducting an audit of mutual funds, asset management companies, trustee companies and board of trustees. According to sources, the audit will focus on due diligence and risk management of mutual fund houses vide CNBC dated 12-2-2023.
- **CAs and Advocates must not be arrested:** Chartered accountants (CAs) or advocates who assist enterprises, but aren't involved in fraud committed by the latter should not be arrested, ruled the Punjab and Haryana High Court vide The Business Standard dated 22-2-2023.
- **Hiring proposal by PwC India:** Local consultancy firm PwC will hire around 30,000 people in India in the next couple of years, company Chairman Bob Moritz said on 17-2-2023 vide PTI
- **Presentation & disclosure in financial statements**
RBI Master circular: A Master Direction incorporating, updating and where required, harmonizing across the banking sector the extant guidelines/instructions/directives on the subject has been prepared to enable banks to have all current instructions on presentation and disclosure in financial statements at one place for reference. However, it may be noted that in addition to these disclosures, Commercial Banks shall comply with the disclosures specified under the applicable regulatory capital framework and for details refer to www.rbi.gov.in circular dated 20-2-2023. In consultation with the National Bank for Agriculture and Rural Development (NABARD), it has been decided to make this Master Direction also applicable to State Cooperative Banks and Central Cooperative Banks (also referred to as 'District Central Co-operative Banks').
- **Asset Reconstruction Companies (ARCs):** Consequent to the implementation of Ind AS, some Asset Reconstruction Companies (ARCs) have been recognizing management fees even though the said fee had not been realised for more than 180 days. To address the prudential concerns arising from continued recognition of unrealised income, it has been decided that ARCs preparing their financial statements as per Ind AS, shall reduce the specified amounts from their net owned funds while calculating the Capital Adequacy Ratio and the amount available for payment of dividend and for details refer to RBI's circular No. RBI/2022-23/182 DOR.ACC.REC.No.104/21.07.001/2022-23 Dear Sir/ Madam, Implementation of Indian Accounting Standards (Ind AS) February 20, 2023.



CMA Update

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GENERAL

- **Amendments to the Scheme known as the Credit Guarantee Fund for Micro Units (CGFMU):** From FY 2023-24, guarantee fee on portfolios (including on accounts turned NPA) of past years shall be charged on the outstanding amount as on April 01 of the Financial Year except in case of working capital accounts where it shall continue to be charged on sanctioned amount, as hitherto." Guarantee fee with respect to NPA accounts in the portfolio would continue to be paid till lodgment of claim for such accounts, at a rate specified by the Fund on the amount or fee based on risk-based pricing/such other amount on such reference dates or specified rate set by the Fund from time to time and for details refer to MOF Notification dated 31-1-2023.
- **Digital Credit Services:** The Government will roll out digital credit service this year which will enable even small street vendors to avail credit from large banks, Telecom and IT Minister Ashwini Vaishnaw said. Speaking at 'Digital Payments Utsav', Vaishnaw said it will be rolled out like UPI service vide Economic Times dated 10th Feb, 2023.
- **Aadhaar Card holders:** The government has also made it mandatory to link PAN with Aadhaar card. The government said that those who did not link their PAN with Aadhaar card till March 31, their PAN card would become useless after March 31. UIDAI has said that if your Aadhaar was generated 10 years ago and it has not been updated, you are requested to re-verify it by uploading your 'Proof of Identity' and 'Proof of Address' documents.
- **UPI Transactions:** UPI Transactions: With effect from 21-2-2023, payment has started between India and Singapore through UPI-Penau. Now people between the two countries will be able to make cross border payments easily. The limit for cross-border transactions through UPI has also been fixed. One day limit has been fixed. 60000 i.e., 1000 Singapore Dollar transactions can be done in a day.
- **Scrapping old vehicles:** A dozen states and Union territories have come on board to offer motor vehicle tax or road tax concessions while buying new vehicles in lieu of scrapping old ones. Five states have also notified a one-time waiver of pending liabilities on vehicles older than 15 years which are scrapped at the Registered Vehicle

Scrapping Facilities (RVSFs) vide TOI dated 15-2-2023.

- **Loan on Debit cards:** Loans offered on debit cards, including equated monthly instalment (EMI) programmes, would be governed under the digital lending guidelines of the Reserve Bank of India, the central bank clarified vide The Business Standard dated 14-2-2023.
- **Inbound travellers to India:** To begin with, ICICI Bank, IDFC First Bank and two non-bank PPI issuers, Pine Labs Private Ltd Transcorp International Ltd. will issue UPI linked wallets. A facility to enable all in-bound travellers visiting India to make local payments using Unified Payments Interface (UPI) while they are in India has been made available by, the Reserve Bank of India (RBI). Eligible travellers would be issued Prepaid Payment Instruments (PPI) wallets linked to UPI for making payments at merchant outlets. Delegates from G20 countries can also avail this facility at various meeting venues," the RBI said vide The Hindu dated 21-2-2023.
- **Sr Citizens Saving Scheme:** The Central Government has announced that the deposit made under this Scheme on or after the 1st day of January, 2023 shall bear interest at the rate of 8.0 per cent. per annum vide Notification dated 20-1-2023 issued by the Ministry of Finance GOI.
- **Subscriptions based elder care:** Three subscription packages were provided by the startup entity Snehador Social & Health Care Support. Senior citizens could enrol in a package best suited to their needs. The packages had an annual registration fee, a quarterly fee and a refundable security deposit. Services provided are not 'health care services' that are GST-exempt but are in the nature of 'human health and social care services' and would attract goods and services tax (GST) at 18%, ruled the AAR vide TOI dated 10-1-2023.

LABOUR

- **PPF Interest rate:** Government announced that for the current quarter January-March 2023, the interest rate has been fixed by the government at 7.1 percent for PPF.
- **TDS deducted by employer not deposited:** TDS on salary deducted by employer allowable even if it is not deposited vide decision contained in the Mukesh Padamchand Sogani Vs ACIT (ITAT Pune) Appeal Number: ITA No. 29/PUN/2022
- **ESI:** If a unit does not have 10 coverable employees, i.e., employees covered under the provisions of the ESI Act, compliance is not required for the next six months from the date of registration, or until the threshold limit of 10 employees is reached, whichever is earlier. he



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ESI office has recently issued a notice (Notice attached) to all factories/establishments registered through the MCA portal and obtained an ESI code number. However, the Hon'ble Supreme Court has proclaimed an important question of law by holding that the section 1(6) of the ESI Act shall be applicable irrespective of number of persons employed at any time falls below the limit specified by or under the Act and for details refer to www.esic.nic.in

- **Higher Pension:** Retirement fund body EPFO on Monday came out with a procedure to enable subscribers and their employers to jointly apply for higher pension under Employees' Pension Scheme (EPS). Earlier in November 2022, the Supreme Court had upheld Employees' Pension (Amendment) Scheme 2014. The EPS amendment of August 22, 2014 had raised the pensionable salary cap to Rs 15,000 a month from Rs 6,500 a month, and allowed members along with their employers to contribute 8.33 per cent of their actual salaries (if it exceeded the cap) towards the EPS. In an office order, the Employees Provident Fund Organization (EPFO) provided for dealing with the 'Joint Option Form' by field offices of the body. EPFO stated that "a facility will be provided for which URL (unique resource location) will be informed shortly. Once received, the regional PF commissioner shall put adequate notice on the notice board and banners for wider public information" vide Money control dated 20-2-2023 and for details refer to Circular Pension/2022/56259/654/ Date: 20.02.2023 issued by EPFO on www.epfo.nic.in

GST

- **Refund of unutilized CENVAT Credit etc.:** The CESTAT, Ahmedabad in USV Private Limited v. Commissioner of Central Excise & ST, Daman [Final Order No. A/10198/2023 dated February 6, 2023] has set aside the order of the Revenue Department denying refund of Cenvat credit to the assessee. Held that, the assessee is legally entitled for cash refund of accumulated and unutilized Cenvat credit of Education Cess and Secondary and Higher Education Cess as per Rule 3 of the Cenvat Credit Rules, 2004 ("the Cenvat Credit Rules"), as such credit could not be utilised due to the introduction of Goods and Service Tax ("GST"). Further held that, such refund is not time barred.
- **Registration with e-vahan:** There is no provision in the GST Act on taxpayers to establish Registration of vehicles used for transportation with the e-vahan portal to claim ITC.

- **GST reversal on IPO expenses:** Tax authorities have started issuing notices to these companies, asking them to reverse credit claimed on expenses for listing of the shares, people aware of the matter said. The authorities argue that listing of shares is equivalent to trading of securities, which is an exempted service as per the GST provisions, hence tax credit claimed by the companies should be reversed vide ET dated 31-1-2023.
- **No service tax on takeaways:** The CESTAT bench ruled that service tax cannot be levied on takeaway/ parcel food items sold by restaurants while hearing the pleas filed by Haldiram Marketing Pvt Ltd against the order passed by Central Goods & Services Tax Commissioner vide The Business Standard dated 17-2-2023.

CUSTOMS ACT

- **Ex-Bond Bill of Entry/Shipping Bill in Form A:** CBIC vide Circular No.04/2023-Customs dated 21-2-2023 amended Form A and indicated that a new column No.25A to capture the details of Ex-Bond Bill of Entry/Shipping Bill in Form A regarding maintenance of records in relation to warehoused goods and for details refer to www.cbic.gov.in
- **Warehousing License:** CBIC vide Circular No.05/2023-Customs dated 21-2-2023 amended the provisions for Registration of Warehouse and indicated that the antecedents verification must be completed within 45 days of receipt of the application and for details refer to www.cbic.gov.in

INCOME TAX

- **Filing of Form 10CCB:** Hon'ble Supreme Court in the case of CIT vs G M Knitting Industries P Ltd 376 ITR 456 [2017] 71 Taxmann.com 35 (SC) has held that filing of Form 10CCB to claim deduction u/s 80-IC is directory in nature and not mandatory. It's sufficient if the same is filed before passing the assessment order
- **No GST on letting house:** With effect from January 1, 2023, no GST will be levied on that residential unit, which has been given on rent to the proprietor of a registered unit. However, this facility will be available only when that house is being used for individual capacity only and for details refer to www.cbic.gov.in
- **Taxation of foreign investment in unlisted shares:** The Income Tax Department is likely to come out with modified valuation rules under the I-T Act for ascertaining the fair market value (FMV) of shares of unlisted companies for the purpose of levying tax on non-resident investments. Under the existing norms, only investments by domestic investors or residents in closely held companies were taxed over and above the fair market value. This was commonly referred to as angel tax. The Finance Bill, 2023, has proposed such investments over and above the FMV, will be taxed

irrespective of whether the investor is a resident or non-resident. Once approved by Parliament, the provisions would come into effect from April 1. Vide Economic Times dated 12-2-2023.

- **Sec 194C of IT Act 1961:** ITAT Mumbai held in the case of PCIT Vs ATC Telecom Infrastructure Pvt. Ltd. (ITAT Mumbai) Appeal Number: I.T.A. No. 366/Mum/2018 in that security charges involve supply of manpower only and the same does not involve “carrying on of any work”. Accordingly, provisions of section 194C are not attracted for expenses claimed as ‘security charges’.
- **Claim under Sec 54F:** The ITAT, Ahmedabad in Shri Navghanbhai Laxman Rabari v. ITO [ITA No.1864/AHD/2019 dated January 18, 2023] has held that, the transfer of property only takes place when either the possession of the property is transferred or sale deed is executed and the documents like unregistered ‘Banakhat’ or power of attorney are not the substitute of sale deed. Further, held that, the sale of land within 36 months from the date of purchase will lead to a Short Term Capital Gain (“STCG”), and therefore exemption under Section 54F of the Income Tax Act, 1961 (“the IT Act”) will not be available.
- **Donation by conversion of Loan:** ITAT Chennai held that donations paid by conversion of loans into donations comes under the nature of donations paid in cash and hence entitled for deduction under section 80G of the Income Tax Act vide decision contained in the Sri Ranganathar-Industries Pvt. Ltd. Vs DCIT (ITAT Chennai) Appeal Number: ITA Nos.455, 456.
- **No updated IT Return allowed:** Persons and entities who have faced search or survey proceedings by the income tax department “in any previous year” will no longer be allowed to file updated tax returns. Notably, an updated return cannot be filed to set off losses incurred against income, or to claim additional refunds. The option of updated return can be availed of only if the return has not been selected for scrutiny vide Business Standard dated 9-2-2023.

RBI

- **RBI’s Monetary Policy statement:** RBI has announced in the Monetary Policy Statement dated February 08, 2023; it has been decided by the Monetary Policy Committee (MPC) to increase the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.25 per cent to 6.50 per cent with immediate effect. 2. Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 6.25 per cent and 6.75 per cent respectively, with immediate effect and for details refer to www.rbi.gov.in

- **Disclosures in Financial Statements:** In consultation with the National Bank for Agriculture and Rural Development (NABARD), it has now been decided to make this Master Direction also applicable to State Cooperative Banks and Central Cooperative Banks (also referred to as ‘District Central Co-operative Banks’). 3. The Master Direction shall apply to State and Central Cooperative Banks (together referred to as ‘Rural Co-operative Banks’ or ‘RCBs’) mutatis mutandis, unless explicitly specified otherwise, from the financial year ending March 31, 2023. Certain disclosure requirements specified in Annex III-A shall be applicable, to RCBs, from the financial year ending March 31, 2024 and for details refer to RBI’s RBI/2022-23/181 DOR.ACC.REC.No.103/21.04.018/2022-23 dated 20-2-2023.

FEMA/DGFT

- **Foreign inward remittances:** The Reserve Bank of India (RBI) has made changes in NEFT and RTGS for transactions related to the Foreign Contribution Act. The RBI has taken this step after the Ministry of Home Affairs asked SBI to report on a daily basis about foreign donors, including money sent from abroad. Under the Foreign Contribution Act (FCRA), foreign donations should come to the FCRA account of SBI’s New Delhi main branch only. the RBI said that with reference to the extant requirements of the Ministry of Home Affairs (MAH), all details including the name of the donor, address, country of origin, amount, currency and purpose of remittance are required to be entered in such transactions and this will come into effect from 15-3-2023. Member banks are advised by RBI to incorporate necessary changes in their core banking / middleware solutions to capture the requisite details while forwarding the foreign donations through NEFT and RTGS systems to SBI. The instructions will be effective from March 15, 2023.
- **Processing of MEIS/SEIS applications pending at RAs under Para-3.06 of HBP:** It has been decided by the Competent Authority, that all such MEIS/SEIS applications, which have been kept pending and are deficient at the RAs under provisions of Para 3.06 of the HBP 2015-20 may be re-opened by the RAs and examined again on merits/ additional documents submitted by the firm as per extant policy and procedural conditions. RAs are advised to provide an opportunity of personal hearing to the applicants, before rejecting a case. 3. 4. All such requests of transfer of application pending at present at the DGFT HQs, hereby stand remanded back to the RAs for necessary action as above and for details refer to Policy Circular No.46/2015-2020 dated 20-2-2023 issued by the DGFT on www.dgft.gov.in

SEBI

- **Obligations of MF Trustees:** The Securities and Exchange Board of India (Sebi) has issued a consultation paper on the role and obligations of mutual fund trustees. The consultation paper is to seek views on issues related to review of role and obligations of the trustees as well as provide clarity on the role and accountability of the boards of Asset Management Companies (AMC) to safeguard unitholders' interest, across all products and services vide PTI dated 10-2-2023.
- **Disclosure requirements of Listed companies:** Capital markets regulator Sebi on Monday came out with a consultation paper on streamlining disclosure requirements by listed entities. In its consultation paper, Sebi is looking to address the challenges faced with regard to submission of the financial result for the first time by newly listed firms and related to timeline to fill up vacancy of directors, Compliance Officer, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) in listed entities vide PTI dated 20-2-2023.
- **Equity MFs:** In a move to benefit investors, all AMCs in India will move to T+2 redemption payment cycle for equity schemes from February. The Association of Mutual Funds in India (AMFI) said that the move will be implemented uniformly with effect from February 1, 2023 and for details refer to www.sebi.gov.in
- **Filing of disclosures in XBRL Mode:** Facility for filings of disclosure for following announcements filed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) will be available in XBRL format with effect from January 28, 2023: effective date and for details refer NSE Circular dated 27-1-2023 on www.sebi.gov.in

IBBI

- **Surge in Personal Guarantee cases:** Personal guarantors of loans taken by bankrupt companies are in the dock as lenders are increasingly invoking such guarantees under the Insolvency and Bankruptcy Code (IBC) vide ET dated 22-2-2023.

COMPANIES ACT

- **Aadhaar Authentication:** Government of India after consultation with the Unique Identification Authority of India established under sub-section (1) of section 11 of the Aadhaar Act and the Securities and Exchange Board of India, being the regulator of the entities hereby permits the said entities to perform authentication under the Aadhaar Act for the purposes of section 11A of the Money-laundering Act vide MOF Notification dated 30-1-2023.

- **CSR spend may cover skill training:** The Ministry of Skills Development and Entrepreneurship has proposed the 'Gift a Skill' concept to be linked with either the Reserve Bank of India's digital currency e-Rupi or 'skill voucher' wherein individuals, corporate and institutions can sponsor skill development of another individual through skill vouchers vide ET dated 29-1-2023.
- **ESOPs:** ESOPs can be granted by company to Directors exclusively employed with Sub-sidiary company vide SEBI's Guidelines Notified on 10-1-2023.

Tax Compliance Calendar

Compiled by :
CMA Lavanya Kanduri
Chairperson & Dean Manson Center of
Excellence School of Business Management
Source : eztax.in



MARCH 2023

- | | |
|----|--|
| 2 | Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments) TDS Payment for Jan 2023 |
| 7 | TDS Payment for Feb |
| 10 | Professional Tax (PT) for employees for Feb 2023 |
| 11 | GSTR 1 (Monthly) for Feb |
| 13 | GSTR 1 IFF (Optional) (Feb 2023) for QRMP |
| 14 | Founder's Day @ EZTax.in |
| 15 | Advance Tax Payment for Jan to Mar 2023 |
| 15 | Tax Planning & Book Closure Plan for FY 2022-23 |
| 15 | Provident Fund (PF), ESI Payment for February |
| 15 | Form 13 (Nil/Lower TDS) for FY 2022-23 |
| 20 | GSTR 3B for Feb for Monthly |
| 25 | GST Challan Payment if no sufficient ITC for Feb (for all Quarterly Filers) |
| 30 | Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments) TDS Payment for Feb 2023 |
| 31 | Last Date to eFile Updated ITR for income related to FY 2019-20.
Last Date for Updated ITR for FY 2020-21 and FY 2021-22 would be Mar 31st, 2024 and 2025 respectively. |
| 31 | Last date to Link PAN and Aadhaar with a penalty of Rs. 1000/- |

Hey CMA – Be prepared for the Challenges – Series 16 of 27

CMA CA Dendukuri Zitendra Rao

Cost and Management Accountant in Practice



“Complexity in the environment leads to complexity in regulation” is the message I got from one speech I heard recently. This principle seems to be proved once again with the Budget 2023 turning out to be really a game changer so far as the CMA profession is concerned. But just as a Rose has thorns around it there are challenges as well.

- Amendment to Sec.142 (2A) and (2D) of Income Tax Act (Cl.68 of Finance Bill) subscribes for the thought of Cost Accountant in Practice be assigned with the task of valuation of Inventories of entities (of complex - voluminous - specialised nature of business) by the Income Tax Department. We all know that Income Tax Act is of the year 1961. What could be the driver for this proposed amendment? Obviously the complexity or the entanglement that the Business or Industry creates for itself for some ulterior motives such as profit management or tax planning is the driver.
- Sec 142 refers to INQUIRY to complete the assessment and is a kind of special assignment to be ordered by Assessing Officer. Valuation of Inventory is considered as special task than Audit of Accounts. The proposed amendment speaks of even fixation of Fee by the Income Tax Department. This implies that the CMA is working for and on behalf of department.
- The Report has to be given in the prescribed form which is going to be framed through Rules. The explanatory memorandum talks about the objective of the amendment as "Preventing permanent deferral of taxes through undervaluation of inventory". We all know that Income Computation and Disclosure Standards - II is the guiding document (frame work) for Inventory valuation for the purpose of compliance to Income Tax laws. From the True and Fair View Perspective - we are aware that the valuation of inventory is also governed by the Generally Accepted Cost Accounting Principles (GACAP). Hence the CMA community should apply their thought process to align the ICDS - II with that of GACAP. In the process the endeavour is to establish "Good Valuation Practices (GVP!)" in line with Good Manufacturing Practices (GMP). Extending the thought further – the focus can be industry specific as well.
- Interestingly the explanatory memorandum to the proposed amendment also talks about Sec.148 of Companies Act 2013. This might imply that going forward the Statutory Auditors of Companies that are required to maintain Cost Records in terms of Sec.148 of Companies Act 2013 (not necessarily audit) would be insisting for certification of Inventory value from a Cost Accountant in Practice. Sec.142 of the Income Tax Act also enables an opportunity of being heard to the assessee by the department before they order for such an audit. Hence there could be assignments to PCMA's on behalf of clients as well to substantiate the valuation

of inventories submitted to Income Tax department. I personally opine that it is acceptance of specialised skill set of a CMA by the statute. In the process - it is likely that our profession would be serving Non Corporate entities as well. Hence is a welcome move.

- The proposed Inventory Audit is in a way post mortem as the ordering of such audit is going to take place after a gap of say a year or so from the end of relevant Financial Year. The Inventory data is dynamic in nature - more importantly the Work in Progress. Merely by examining the documents one can not conclude the true and fairness of valuation. Secondly the Inventory built up is a continuous process. WIP of this year will be FG of the subsequent year. Thus the ideal situation would be to track the Inventory management practices ideally PROSPECTIVELY so that the assessee would improve the book keeping and keep the things in order. Hence the Audit by a Cost accountant can be ordered for the CONSECUTIVE 3 years from the year for which the Inventory audit is ordered for. By the time the department takes a call on the inventory value of year 1 - the Return for Year 2 also would be due for filing and hence the improved picture of inventory values presentation can be expected from the Tax payer. This can be ordered with out recourse to Tax Audit.
- In an ideal situation every company or entity should have a written document that deals with detailed mechanism of valuation of Inventories (RM-WIP-FG-Stores-Spares). This document can assist the client in case they receive letter of intimation from the Department for the proposed appointment of a Cost auditor for valuation of Inventories. Secondly by reducing the process of valuation into a document and by following the document in its true letter of spirit – the entity can successfully substantiate the methodology adopted before all examiners (Either Department or their Representative).

In conclusion ...

- We need to realise that the PCMA has to take more responsibility to the numbers he or she attests. Our institute can lay a road map in this regard. The hands of PCMA needs to be strengthened with the required inputs. Interestingly the element "Income Tax" is omnipresent across all businesses and all type of entities whether corporate and non corporate. Thus this is the time that the CMA Profession takes up special studies and PUBLISHES the "Inventory valuation models" applicable to say atleast "1008 industries" to begin with. The content and templates can be EVOLVED by bringing the blend of "IndAs - Indian Gaap - ICDS – GACAP". This study can be taken up with out recourse to Sec.148 of Companies Act 2013 and even setting aside for a while the Cost Accounting Standards (as such we are sticking to Generally Accepted Cost Accounting Principles). Interestingly 80K and odd CMAs in service associated with varied sectors in varied capacities can also be the CONTRIBUTORIES with their expertise in their specific segment or sector. Good Luck...
- That's all for now friends. **सर्वे भवन्तु सुखिनः** (May All be Happy) . --18:78–



Interview



CMA VENKATARAMANA
General Manager (F&I), IRDAI

by : **Lavanya Kanduri**

CMA Venkataramana garu, One of the greatest thought leaders, is the General Manager (F&I) in IRDAI. He has a visionary leadership.

IRDAI aims to protect the interests of holders of Insurance policies, to regulate, promote and ensure orderly growth of the Insurance industry. CMA Venkataramana garu has committed himself on providing best of his services to IRDAI, where growth has been his constant tenure.

May I Lavanya Kanduri, Secretary of Hyderabad Chapter of Cost Accountants (HCCA), take this opportunity and ask you few questions to help our readers understand your role in the field, while sharing how being a CMA brought value to the roles you have held.

CMA Lavanya Kanduri: We are glad to know that you hold a pivotal position at IRDAI Can we get to know in short about your back story and how you got started?

CMA Venkataramana: After completing ICWA Final, I started my career as an Internal Auditor. After that I worked in a couple of Pharma Companies wherein I had handled Product Costing, Cost Audit, Maintenance of Cost Accounting records, MIS, Variance Analysis, preparation of business plans etc. Subsequently I joined Hindustan Aeronautics Limited wherein I had handled project costing for Air crafts and its Repair and Overhaul projects, Service Tax and Sales Tax, Insurance Related matters, Sales Accounting and Receivables management. After that I joined in IRDAI and later on elevated to the Position of General Manager.

CMA Lavanya Kanduri: How has CMA helped you in your career?

CMA Venkataramana: CMA as a professional course changed the way I think ,particularly the aspects of Cost Management, Strategic Management, Auditing and Indirect Taxes are very helpful throughout my career. Lot of decisions I made dependent on the

inputs I learned out of this course. Also as a holder of professional course degree, I got opportunities for various positions at best organisations.

CMA Lavanya Kanduri: What are the major milestones of your career.

CMA Venkataramana: Passing CMA final exam and CPA exam from USA 2) Joining HAL and IRDAI and reaching senior Management position at IRDAI.

CMA Lavanya Kanduri: Could you please let us know some of the initiatives adapted by you.

CMA Venkataramana: For monitoring the insurance companies' financials for the purpose of onsite inspections, I prepared examination checklists. Also prepared the manuals for Corporate Governance, Investments, Claims, Underwriting functions of insurers.

CMA Lavanya Kanduri: Integrity remains a priority for the foundation of business leadership and structure. Which leadership style do you adapt to in motivating and inspiring your team?

CMA Venkataramana: I always believe in democratic leadership. I make decisions based on the opinions of my team members and their based on their feedback, I make certain necessary changes in my decisions which will give optimal results. Having said that at times I take certain decisions which are purely based on my opinion.

CMA Lavanya Kanduri: As we continue to innovate to capture the market, How would you provide support to those people who do not have access to latest opportunities?

CMA Venkataramana: I can update about the latest trends in the insurance industry with respect to latest products, players like intermediaries, insurtech startups wherein CMAs can have better understanding about insurance market.

CMA Lavanya Kanduri: What major threats/opportunities do you foresee for this sector?

CMA Venkataramana: Insurance sector has a lot of opportunities whether it is Term insurance, health insurance or motor insurance. Particularly post Covid people realised the importance of insurance. Major threats include fraudulent claims and Mis selling.

CMA Lavanya Kanduri: Which is the most difficult situation you have faced and how did you handle it?

CMA Venkataramana: For implementation of Business Analytics Project for Finance Function at IRDAI wherein the financial data(returns) of the industry is to be brought into a single place to analyse industry wide trends was very challenging task. However with the analytical skills, number crunching skills as a CMA learned in previous assignments was very helpful. Further with interpersonal skills, I could co-ordinate with entire industry and succeeded.

CMA Lavanya Kanduri: What are the new revenue pools you observe in Insurance business?

CMA Venkataramana: There are lot of opportunities in the Home Insurance, Fire Insurance and MSME sectors.

CMA Lavanya Kanduri: Have you ever had to make a tough decision? What did you do.

CMA Venkataramana: Leaving an Muliti National Company and joining public sector. However later on I realised that in the Public Sectors there are well laid out systems which a professional can learn and also several challenges whether it is with respect to volume of data, handling various profiles within the time constraint etc. As a professional I could grew better with more accountability.

CMA Lavanya Kanduri: Would you recommend any tips to help us plan and evaluate our personal financial management.

CMA Venkataramana: As you are aware, personal financial management is always depend on the income levels of a specific person and the risk taking ability. It is always better to plan financial aspects

along with the start of the career. For example purchasing a flat at the age of 30 is always better than 40. One should diversify their savings portfolio into equity, debt, real estate. Of course one should not ignore Term insurance and Health insurance as any untoward incidents with respect to these aspects can distort entire financial goals of a person. Above all one should invest in the upgrading skills and knowledge which can give innumerable benefits.

CMA Lavanya Kanduri: How do you stay motivated in your work.

CMA Venkataramana: I always believe that the current job/profile I am handling is the best. Particularly being CMA professional, I take the responsibility to be more vigilant for the functions carried out by me. Moreover as I have experienced that each and every skill set is useful in the regular functioning as well as for future, I stay motivated in the work.

CMA Lavanya Kanduri: Is there a particular book that you read, or podcast you listen to that really helped you in your career?

CMA Venkataramana: YOU CAN WIN, I DO WHAT I DO and THINK SMART etc.

CMA Lavanya Kanduri: Your valuable suggestions for our new members and students, please.

CMA Venkataramana: First of all everybody should believe/recognise that we are in one of the best profession. Students should try to adopt the practical aspects of our studies from the day one of their joining CMA course rather than waiting for the practical experience after acquiring qualification. Students should approach Practicing Cost Accountants whether in the practice of GST, Cost Audit or Valuations and take the inputs which will help them not only clearing exams but also in developing required skills when they take up the first job where they have to prove and excel in their career.

CMA Lavanya Kanduri: Thank you CMA Venkataramana garu for your valuable time.



Student Orientation Programme



Lighting of the auspicious lamp during 'Student Orientation Programme'



**Courtesy Visit with Sri S.V. Kasi Visweswara Rao,
Additional Commissioner, Commercial Taxes, Govt. of TS**



**Courtesy Visit with Smt. K. Haritha,
Addl. Commidsoner (ST), Punjagitta Division, Hyd.**



**Seminar on 'Contract Management Principals to Action', "Practical Aspects of Contract Terms" and
"Direct Tax Recent Changes in Budget and Analysis of TDS Provisions"**



GST Programme



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To

Views expressed by contributors are their own and The Institute of Cost Accountants of India - Hyderabad Chapter does not accept any responsibility.

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