

GURUGRAM BRANCH OF NIRC

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



e-Newsletter

SEPTEMBER 2019

VOLUME 1

Chartered Accountant



CA. Arun Aggarwal
(Chairman)

“Great things in business are never done by one person. They are done by a team of people” - Steve Jobs.

These words by the great man tell us that the most important ingredient for success is our team work, without which it is difficult to Scale Up our abilities and Rise Up our performance.





My Dear Professional Colleagues,

Amongst other things, September is known for Audit pressure for professional and Teachers day for everybody else!

We celebrated Teachers day highlighting the Principle-Article relationship as Guru-Shishya relation. The theme "My Teacher – Torch Bearer of My Life" went well with this pious relation wherein CA member goes a long way in carving a professional out of a CA student!

There's a saying of Swami Vivekananda, "When you are doing any work, do it as worship, as the highest worship, and devote your whole life to it for the time being." Fits so well for all Students and professionals!

September was an eventful month for student activities. Your branch hosted the biggest ever Articles Placement Program for CA Students on 16th September 2019 where in 40+ CA Firms took 300 Odd Interviews and 120+ offers for placements were rolled out to the students present in the program. I congratulate all the students and wish them luck for their future.

Members Programs: September month is not only the start of monsoon season but also the peak of Tax Audit season for our members. They will be busy finalizing tax audit within the stipulated time limit. Gurugram Branch of ICAI in order to facilitate and educate the members on the latest developments, organized seminars on Statutory Audit Report & Tax Audit, Real Estate - RERA, IBC, GST & Income Tax. Educational Course on Valuation organised by RVO was the highlight for the month as this was amongst most sought after course in your city.

Extension of due date for filing of GST Annual Return and Audit Report for the Financial the Financial Year 2017-18 : Considering the various technical and practical issues involved in preparing Annual Return and Audit Report, the Government of India has rightly extended the due date for filing GST Annual Return and Audit Report for FY 2017-18 (from 31.08.2019) to 30.11.2019 It is felt that this is a great relief for our professional colleagues and the GST Assesses that the date was extended.

Chartered Accountants Benevolent Fund (CABF): Gurugram Branch of ICAI is providing its members an opportunity to show their graciousness in philanthropic activities. It's time to give something back to the profession because of which we are, what we are today. An Appeal to members and firms to contribute generously to CABF.

Congratulations and Best Wishes : Gurugram Branch congratulates the successful candidates in the IPCC and Final Examinations and wish them all the best in their pursuit to become Chartered Accountants.

Wish the best!



CA. Arun Aggarwal
(Chairman)

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CA. Nitin Kataria
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First of All housing societies means unincorporated body or Non –Profit entity registered under any law for the time being in force whether it is cooperative society or society register under Societies Act.

“Simply put these are a collective body of persons, who stay in a residential society. As a collective body, they would be supplying certain services to its members, be it collecting statutory dues from its members and remitting to statutory authorities, maintenance of the building, security etc.”

A Society is akin to a club, which is composed of its members. So, can a service provided by a Housing Society to its members be treated as service provided by one person to another. The answer is yes. The following extracts of the GST law will make the position clear.

Section- 9 of the CGST Act says that GST is applicable on “supply of Goods and Services”.

Section -7 of the CGST Act narrated Supply as ;

“all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;”

Society is person as per section 2(84) of the CGST Act,2017.

Next question arises here is whether activity of the society can be said to be in the course or furtherance of business .

Section -2(17) of the CGST Act is defined as under;

“business” includes---

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
- (c) any activity or transaction in the nature of sub-clause (a),whether or not there is volume, frequency, continuity or regularity of such transaction;
- (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
- (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of

the facilities or benefits to its members;

(f) admission, for a consideration, of persons to any premises;

(g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;

(h) services provided by a race club by way of totalisator or a licence to book maker in such club ; and

(i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.

Thus, as per section 2(17)(e) of the CGST Act, 2017 provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members is deemed to be a business. The activities of the housing society would thus attract the levy of GST and the housing society would be required to register and comply with the GST Law.

Hence herein above, it is proved that society need to pay GST on services provided to its members . But this is subject to Notification No. 12/2017 dated 28.06.2017 where S.N. 77 (c) provide the following exemption to

Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution –

- (a) as a trade union;
- (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or
- (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex

Now from 25.01.2018 by Notification No. 2 the limit of Rs. 5,000 increase to Rs. 7,500.

Now vide circular no. 109/22.07.2019 it has been clarified that applicable limit of Rs. 7500 shall be applicable as under :

Means thereby if the housing society charge Rs. 8500 per month for all services provided to its members , GST shall be charged on Rs. 8500 not on Rs. 1000. Charges collected by the society on account of property tax, electricity charges shall be excluded while calculating the limit of Rs. 7500.

A per the TRU F.N. 332/04/2017 issued by the Ministry of Finance , the following FAQ has been released .





Subject: FAQs on levy of GST on supply of services to the Co-operative society- reg S.

Question

Answer

1.	<p>The society collects the following charges from the members on quarterly basis as follows:</p> <ol style="list-style-type: none"> 1.Property Tax-actual as per Municipal Corporation of Greater Mumbai (MCGM) 2.Water Tax- Municipal Corporation of Greater Mumbai (MCGM) 3.Non- Agricultural Tax- Maharashtra State Government 4.Electricity charges 5.Sinking Fund- mandatory under the Bye-laws of the Co-operative Societies 6.Repairs & maintenance fund 7.Car parking Charges 8.Non Occupancy Charges 9.Simple interest for late payment. <p>From the tax/ charge as listed above, on which</p>	<ol style="list-style-type: none"> 1. Services provided by the Central Government, State Government, Union territory or local authority to a person other than business entity, is exempted from GST. So, Property Tax, Water Tax, if collected by the RWA/Co-operative Society on behalf of the MCGM from individual flat owners, then GST is not leviable. 2. Similarly, GST is not leviable on Non Agricultural Tax, Electricity Charges etc, which are collected under other statutes from individual flat owners. However, if these charges are collected by the Society for generation of electricity by Society's generator or to provide drinking water facility or any other service, then such charges collected by the society are liable to GST. 3. Sinking fund, repairs & maintenance fund, car parking charges, Non- occupancy charges or simple interest for late payment, attract GST, as these charges are collected by the RWA/Co-operative Society for supply of services meant for
2.	<p>As per guidelines on maintenance charges up to Rs. 5000/*- no GST is applicable. Maintenance charges means only maintenance or collection of all charges</p>	<p>This is applicable to only the reimbursements of charges or share of up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members. Here, charges mean the individual contributions made by members of the society to avail services or goods by the society from a third party for common use. [*Entry 77(c) of notification no 12/2017 Central Tax (Rate) dated 28.6.2017 refers]</p>
3.	<p>Monthly maintenance (all above charges) are below Rs.5000/*-</p>	<p>Reimbursement of charges or share of contribution up to an amount of Rs. 5000/- per member per month.</p>

*Amount of Rs. 5000 shall be read as Rs. 7500 amended since 25.01.2018.

All Housing Societies Falls under the Parameter of Notification No. 12 dated 28.06.2017.

----- > Answer is No

Reason of the above answer is as follows:

If the turnover of housing society is above 20 lakhs, it needs to take registration under GST in terms of Section 22 of the CGST Act, 2017. If the turnover of the society is less than or equal to Rs. 20 lacs , no GST shall be applicable on housing society.

Whether the activities of housing society shall be costlier as compared earlier.

Answer is No. because of the simple reason that Housing Society will get the ITC on all supply of Goods and services to society and capital goods.

Is the Society will get the benefit of only Part of the total Input Tax Credit

Yes, the Society will get only part of the credit as per Rule 42 and 43 of the CGST Rules,2017. Simple reason is that Housing Society provides both Taxable and Exempted Services and portion of the credit of ITC belong to exempted services as well . Therefore, the proportion of credit belongs to exempted and non GST Supply shall be added back.

Conclusion

As long as tax implication are concerned, the status under Service Tax is sought to be continued under GST. The tax burden under GST will be lower on the society as they will be entitled to take ITC which was hitherto not allowed under service tax. Moreover, the exemptions given ensure that there would be no tax burden on smaller societies where the monthly contribution of the individual members does not exceed Rs.7500 . In a nutshell, GST is more favourable tax regime for housing societies vis a vis service tax.





ICAI Initiatives in Capital Market Domain: An Overview and Update

Indian financial market is among the oldest in the world and with a faster rate of growth it has entered the league of best markets in emerging economies. To this day, it remains one of the most favourites for investors from across the world, offering plethora of professional opportunities, particularly for Chartered Accountants. Globally, financial markets across the world are getting integrated and complex due to technological advancements of most of the erstwhile closed economies. This process warranted the market professionals to be equipped with the knowledge of the various market processes, and the understanding of broader role of various segments of the markets. The Institute of Chartered Accountants of India (ICAI) has been very much alive to the importance of capital markets, the phenomenon of professional opportunities, the need for equipping Indian CAs with the necessary skillsets to excel in capital markets domain and the necessity to protect investors through knowledge dissemination. Its Committee on Capital Market and Investors' Protection is dedicated to this cause.

The ICAI's Committee on Capital Market and Investors' Protection was constituted by the Council as a Non Standing Committee of the ICAI in the year 1993-94. Further in the year 1998-99 the name of the Committee was changed to "Committee on Financial Market Markets and Investors Protection". Consequently, in the year 2017-18 the erstwhile Committee on Financial Markets and Investors' Protection was merged to the Banking Financial Services and Insurance Committee. The committee was reconstituted as Committee on Capital Market and Investors Protection in the year 2018.

The Committee provides suggestions on various Bills/ Regulations/ Notifications/ circulars and other documents relating to Capital Market for submission to the Government/ Regulator. Besides this the Committee regularly interacts with Reserve Bank of India (RBI) and Indian Banks Association for example,

relating to Depositors, Non-performing Assets Management, Bank operation and supervision, issues relating to securitisation, role played by CAs, Non-Banking Finance Companies – NBFCs (Department of Non-Banking Finance Companies of RBI), Regulatory authority of Cooperative Banks, Strategies / recommendations relating to their investment patterns, Securities and Exchange Board of India e.g., matters relating to Primary and Secondary Markets, Take-Overs, Amalgamation, Mergers, (taxhavens, Participatory Note, hotmoney, corporate governance regulatory compliances etc.), Mutual Funds, Foreign Institutional Investors, Intermediaries, Securities Laws, etc., Forward Markets Commission (FMC) including NCDX and MCX, and Stock Exchanges on the issues relating to Capital Markets and Investors Protection.

The Committee conducts Training Programmes for Members and others on matters relating to Capital and Commodity Markets which are of professional interest for example on Derivatives, Options, Futures, hedging and investment strategies, Seminars, Conferences and Certificate courses relating to Capital Market, Investors Protection and other related laws. It also organises training programmes in association with Stock Exchanges/ Associations/ Trade Bodies/ Regulators.

The ICAI through its Committee on Capital Market & Investors Protection has been organising Investor Awareness Programmes under the aegis of Investor Education and Protection Fund (IEPF) of the Ministry of Corporate Affairs. The Committee has organised 700 Investor Awareness Programmes across India over last year.

Partner in Nation Building

With the aim to emerge as the preferred partner in Nation Building and to spread awareness among public at large about the do's and do not's of investing their money in financial securities and to promote financial literacy, the ICAI through its Committee on Capital Market & Investors Protection has been organising Investor Awareness Programmes under the aegis





of Investor Education and Protection Fund (IEPF) of the Ministry of Corporate Affairs, through various Resource Persons and Programme Organising Units (Regional Councils, Branches, Study Circles, Study Chapters and Study Groups) through its various POU's.

The Committee has organised 700 Investor Awareness Programmes across India under the aegis of IEPF Authority of Ministry of Corporate Affairs Government of India over the last year till date. In line with the thoughts of the Hon'ble President of India, Shri Ram Nath Kovind on the occasion of Platinum Jubilee celebrations of ICAI on 1st July, 2018 wherein he had requested the ICAI to conduct programmes to create financial literacy particularly among the women of our Country, a total of more than 41,000 people were educated including more than 16,000 women over the last year.

Initiatives for Members

Capacity Building

Certificate Course on Forex and Treasury Management: In order to enhance the skills of our members and empower them suitably as a capacity building measure, a Certificate Course for professional development of members in the field of Forex and Treasury Management has been initiated. Certificate course on Forex and Treasury Management was started in the year 2009.

In line with the thoughts of the Hon'ble President of India, Shri Ram Nath Kovind on the occasion of Platinum Jubilee celebrations of ICAI wherein he had requested the ICAI to conduct programmes to create financial literacy particularly among the women of our Country, a total of more than 41,000 people were so educated including more than 16,000 women.

With the latest developments taking place in the Capital, Money, and Foreign Exchange Markets affecting volatility in exchange rates and accentuating liquidity constraints, corporates and banks have started paying closer attention to the treasury and forex management function.

The globalisation of the economy with mobilisation and deployment of funds from/in other countries is also necessitating added attention in the area of treasury and forex management.

Keeping in view of the current scenario, this course covers practical concepts and analyses the international finance environment within which banks, other intermediaries and companies operate and how it affects their operations in treasury. Sound treasury management utilises the right financial products and tools for minimising risk. It also provides an overview of the structure and key functions of the treasury. The emphasis is on developing skill sets which would be required for making sound financial decisions in an international context.

In order to enhance the skills of our members and empower them suitably as a capacity building measure, a Certificate Course for professional development of members in the field of Forex and Treasury Management has been initiated.

One of the key initiatives has been the Certificate Course on Forex and Treasury Management for the Executives (Chartered Accountants) of HPCL (Hindustan Petroleum Corporation Limited).

The Committee has successfully conducted 54 Batches of Forex and Treasury Management course till date.

- The Committee has also organised a long series of National Conferences/ Seminars/ Workshops/ Webcasts/ Residential Refresher Course (RRC) for professional enhancement of members.
- Release of Publications: The second edition of the background material on certificate course on Forex and Treasury Management i.e. "Theory and Practice of Forex and Treasury Management" (Module I, II & III) has been released at ICAI Convocation 2019 in Delhi.



Essay and Slogan Competition for CA Students (the Occasion of "Teachers' Day-2019" with the theme "MY TEACHER-TORCH BEARER OF MY LIFE")



Topic : Essay and Slogan Competition for CA Students

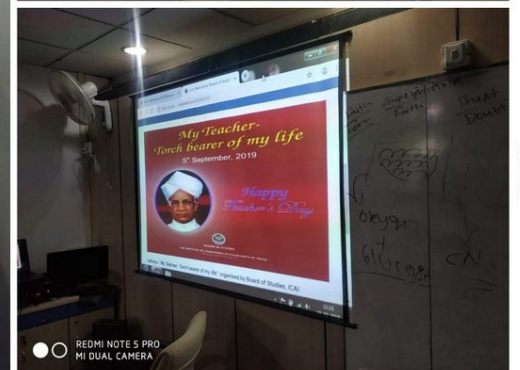
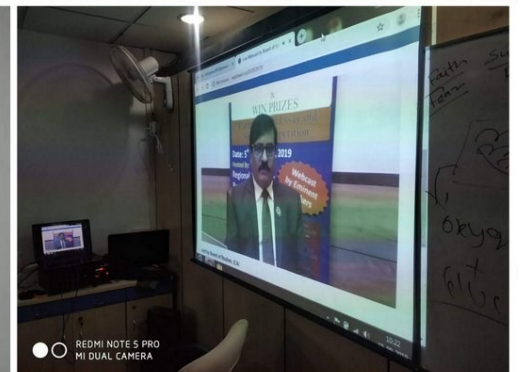
Audience : Students

Date : 5th September 2019

Venue : 2A(second floor), Pavilion Building, 339/2 (Behind Hotel VITS Mango) Sector-14, Gurugram.



The Occasion of "Teachers' Day-2019" with the theme "MY TEACHER-TORCH BEARER OF MY LIFE"



Topic : The Occasion of "Teachers' Day-2019" with the theme "MY TEACHER-TORCH BEARER OF MY LIFE"

Audience : Students

Date : 5th September 2019

Venue : 2A(second floor), Pavilion Building, 339/2 (Behind Hotel VITS Mango) Sector-14, Gurugram.

Career Counselling Programme for Students



Topic : Career Counselling Programme for Students

Audience : Students

Date : 2nd, 5th, 10th, 11th, 13th & 18th September 2019

Venue : Gurugram.





Seminar on Statutory Audit Report & Tax Audit



Topic : Seminar on Statutory Audit Report & Tax Audit

Audience : Members

Date : 06th September 2019, Friday

Venue : Nirvana Patio Club, Nirvana Country, (Opp. J Block, Mayfield Gardens), Sector 50, Gurugram.



CA Students Seminar on Statutory Audit & Audit Report Format



Topic : CA Students Seminar on Statutory Audit & Audit Report Format

Audience : CA Students

Date : 07th September 2019, Saturday

Venue : 2A(second floor), Pavilion Building, 339/2 (Behind Hotel VITS Mango) Sector-14, Gurugram.



Educational Course by ICAI Registered Valuers Organisation (RVO)



Topic : Educational Course by ICAI Registered Valuers Organisation (RVO)

Audience : Members

Date : 7th, 8th, 14th, 15th, 21st & 22nd September, 2019

Venue : Gurugram.



Seminar on Real Estate - RERA, IBC, GST & Income Tax



Topic : Seminar on Real Estate - RERA, IBC, GST & Income Tax

Audience : Members

Date & Day : 14th September 2019, Saturday

Venue : The Pilzoo Hotel, 292-296, Sector 29, City Center, Gurugram.



Articles Placement Drive for CA Students



Topic : Articles Placement Drive for CA Students

Audience : CA Students

Date & Day : 16th September 2019, Monday

Venue : Corus Banquet, Behind Vits Mango Hotel, Sec 14, Near Kalyani Hospital, Gurugram.



Seminar on Filing of Annual Accounts & AGM Dates (For Members & CA Students)



Topic : Seminar on Filing of Annual Accounts & AGM Dates (For Members & CA Students)

Audience : Members & CA Students

Date & Day : 19th September 2019, Thursday

Venue : 2A (second floor), Pavilion Building, 339/2 (Behind Hotel VITS Mango) Sector-14, Gurugram.





Feedback & Suggestions

Gurugram Branch will be happy to receive the feedback from you regarding the seminars/workshops and other activities organized by branch.

You may please send feedback at-

Gurugram Branch of NIRC of ICAI requests the members & students to come forward & share the articles (Professional & other) to be published in the upcoming newsletter. The submissions may be sent to arunaggarwalca@gmail.com with the subject line (Article Newsletter).

Regarding	Email	Subject line
Seminars/Workshops	icaigurgaon@gmail.com	Sub: Seminar_____
Others	icaigurgaon@gmail.com or arunaggarwalca@gmail.com	Feedback_____

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From	To	Particulars
02-09-2019	02-09-2019	Career Counselling Programme
02-09-2019	19-09-2019	Advance ITT Batch No.- 48
03-09-2019	19-09-2019	Virtual Revision Classes for Intermediate and Final students - for November, 2019 examinations
04-09-2019	23-09-2019	ITT Batch No.- 201
05-09-2019	05-09-2019	Career Counselling Programme
05-09-2019	05-09-2019	Celebrating the occasion of "Teachers' Day-2019" with the theme "MY TEACHER-TORCH BEARER OF MY LIFE"
05-09-2019	05-09-2019	Essay and Slogan Competition for CA Students
06-09-2019	06-09-2019	Seminar on Statutory Audit Report & Tax Audit
06-09-2019	24-09-2019	MCS Batch No.- 71
07-09-2019	07-09-2019	Seminar on Statutory Audit & Audit Report Format
07-09-2019	07-09-2019	Educational Course by ICAI Registered Valuers Organisation(RVO)
08-09-2019	08-09-2019	Educational Course by ICAI Registered Valuers Organisation(RVO)
10-09-2019	10-09-2019	Career Counselling Programme
11-09-2019	11-09-2019	Career Counselling Programme
13-09-2019	13-09-2019	Career Counselling Programme
13-09-2019	30-09-2019	New Orientation Programme Batch no.-184
13-09-2019	30-09-2019	New Orientation Programme Batch no.-185
14-09-2019	01-10-2019	MCS Batch No.- 73
14-09-2019	14-09-2019	Seminar on Real Estate - RERA, IBC, GST & Income Tax
14-09-2019	14-09-2019	Educational Course by ICAI Registered Valuers Organisation(RVO)
15-09-2019	15-09-2019	Educational Course by ICAI Registered Valuers Organisation(RVO)
16-09-2019	16-09-2019	CA Articles Placement Program
18-09-2019	18-09-2019	Career Counselling Programme
19-09-2019	19-09-2019	CA Students Seminar on Filing of Annual Accounts & AGM Dates
19-09-2019	19-09-2019	Seminar on Filing of Annual Accounts & AGM Dates
20-09-2019	09-10-2019	Advance ITT Batch No.- 50
21-09-2019	21-09-2019	Educational Course by ICAI Registered Valuers Organisation(RVO)
22-09-2019	22-09-2019	Educational Course by ICAI Registered Valuers Organisation(RVO)
23-09-2019	23-09-2019	Webcast on "UDIN- A Seal of Authentication"

