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PUNE BRANCH OF WIRC OF ICAI



Issue No. 5

NEWSLETTER

May 2021

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PUNE BRANCH OF WIRC OF ICAI

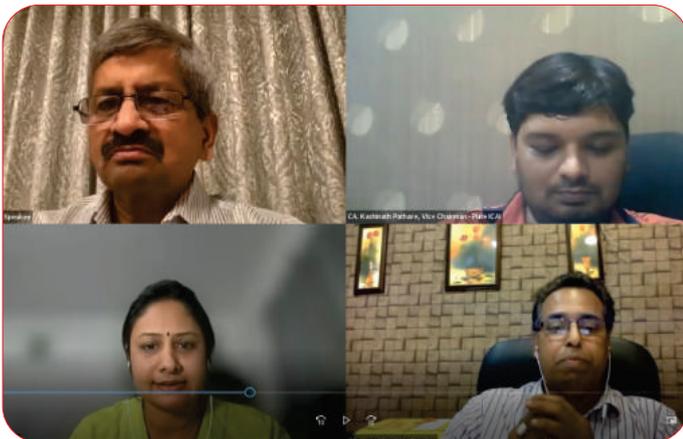
List of Recorded Programmes held in the Month of April 2021 Available on Pune ICAI YouTube Channel

SR. NO.	DATE	TOPIC	SPEAKER	LINK
1	4th April, 2021	VCM on "Companies Auditor's Report Order (CARO) 2020 - Key Changes"	CS Kuldeep Ruchandani	https://youtu.be/113k0t_QI7A
2	10th April, 2021	VCM on "Recent Amendments in 12A & 80G"	CA. C. V. Chitale	https://youtu.be/0AfBQ4bFmag
3	17th April, 2021	VCM on "Accounting Standards (AS 16 & AS 20)"	CA. (Dr.) S. B. Zaware	https://youtu.be/IRVjuAilvks
4	18th April, 2021	VCM on "Code of Ethics"	CA. Kemisha Soni	https://youtu.be/L6CA0Cf8QJY
	24th April, 2021	VCM on "Professional Opportunity in Payroll Processing & Overview of ESOP"	<ul style="list-style-type: none"> CA. Shailendra Pawar CA. Sachin Miniyar 	https://youtu.be/bFP0tuuzqN0
5	25th April, 2021	VCM on "How to Make Networking of CA Firms & Its Importance"	<ul style="list-style-type: none"> CA. Jay Chhaira CA. C V Chitale 	https://youtu.be/KYQqVXKoaPQ
6	28th April, 2021	Two Days VCM on "Companies Act 2013" Organised by: Corporate Laws & Corporate Governance Committee, ICAI Hosted by: Pune Branch of WIRC of ICAI	<ul style="list-style-type: none"> CA. Manoj Fadnis CA. Mehul Shah 	https://youtu.be/X5wnxQAc9Cg
	29th April, 2021		<ul style="list-style-type: none"> CA. Chandrashekhar V. Chitale CA. Manoj Banthia CA. Avinash Rawani 	https://youtu.be/Wz1LGmQXUec
7	29th April, 2021	Virtual Programme on "COVID 19 Awareness & Care"	<ul style="list-style-type: none"> Dr. Ajit Kulkarni Dr. Dipak Laddha 	https://youtu.be/Zo91A-uvXsQ
8	30th April, 2021	VCM on "Approach to Office Management in Covid & Post Covid era"	CA. Radhesham Biyani	https://youtu.be/10yOaoNbeKs

Two Days VCM on "Companies Act 2013"



Inaugural Session & Speakers :- CA. Manoj Fadnis & CA. Mehul Shah



Speakers :- CA. C. V. Chitale & CA. Manoj Banthia



CA. Avinash Rawani - Speaker

Chairman's Communique

Dear Members,

My best wishes to all the Members and Students of 61st Maharashtra Day.

The Branch is doing its best for Members and Student by arranging webinars to keep everyone updated with latest developments and sharpen their skills. Irrespective of the challenges of Covid 19 we are performing best with support of all of you members and students.

We are continuously working on our Esquare **{Ethics, E governance, Expertise & Expansion}** theme.

Pune ICAI is not only working on technical front but also through its members carrying out social activities. Pune ICAI creates special Covid Support Team for help to Pune CA's in their tuff timing.

In last month we had arrange plasma donation camp, assist for Hospital/ Covid Centre for bed, assist for Oxygen availability, tie-up with good caterers for Food arrangement, assist medicine & other services (Ambulance service, Remdesivir Injection, Blood Donation).

We arranged VCM on "COVID 19 Awareness & Care" by Dr. Ajit Kulkarni and Dr. Dipak Laddha for awareness.

We arranged informative webinar's for members like **Two Days VCM on Companies Act 2013**, Companies Auditor's Report Order (CARO) 2020 - Key Changes, Recent Amendments in 12A & 80G, Accounting Standards (AS 16 & AS 20), Code of Ethics, How to make Networking of CA Firms & Its Importance.

I am very glad to inform you that Pune Branch publishing book on '**Registration of Charitable & Religious Institutions for Income Tax Exemption**' in last week of May or 1st week of June under the leadership of CA. C. V. Chitale sir.

Once this situation is lifted and we resume our offices I foresee many challenges such as disturbed office calendar, deciding upon work priority, availability of staff members, following social distancing norms in the office. To plan effectively let us prepare budgets for our firms to overcome the challenges of working capital.

Dear Members, We will announce soon Indirect Tax Refresher Course for 5 days and for more upcoming programmes visit to our website puneicai.org. Previous webinars we uploaded on our YouTube channel. Please log on as per your convenience to watch and take benefit of Knowledge Bank.

I congratulate to New WICASA Committee of 2021-22 for their new inning and for served to students.

As I write this communication Chartered Accountancy Course examination to be held in May-2019 has been postponed to July 5th, 2021. Members are requested to kindly take note of the same.

In times like these, *Hope* can be a powerful source of reassurance. Many who are locked at home, others who are working to help and prevent the virus let us all hope **"We shall overcome this"**. **“ यह दिन भी चले जायेंगे बस एक दुसरे का सहारा बनकर रहना” Stay safe .**

Happy to Serve,
CA Sameer Ladda,
Chairman - Pune ICAI



CA. Sameer Ladda
Chairman
Pune Branch of WIRC of ICAI

Past Chairman's Communique

My Chairmanship of Pune Branch - A Life time Experiences

I was **Chairman of Pune Branch in 1992-93**. I am giving my experience of my Chairmanship as under:

I am CA. DR. Ashokumar N. Pagariya coming from a small village in Pune District known as Dhamani. I have done my education upto 11th standard that is old S.S.C., from that village. I was very studious since there was no other attraction except study, those days. I stood at **21st rank in merit list all over Maharashtra in S.S.C in 1971**. In an interview taken by the newspaper reporter, I told him "I would like to be Chartered Accountant, but actually, I was not aware so much of this prestigious Course but there was craze about this course that time, due to standard maintained by the Institute (ICAI)."



CA. (Dr.) Ashokkumar N. Pagariya
Past Chairman (1992-1993)
Pune Branch of WIRC of ICAI

I was from very ordinary family, financially weak; however, I took admission to B.M.C.C and after graduation joined the articleship of CA course. My dream was to become Professor and CA, and also to lead the Pune Branch of ICAI. I became Professor in commerce in 1979 before completing CA. **Finally I became CA in 1982**. After 10 years of standing of my Practice, I contested election of Pune Branch & got elected as committee member & immediately in IInd year **I became Chairman of Pune Branch in 1992** & my dream came true. I was very much happy and pleased that an ordinary boy like me from Small village became Chairman of Prestigious Branch of Prestigious Profession i.e. Pune Branch of ICAI. And **there after Regional Council member in 2007 and Treasurer of WIRC in 2010**.

I decided at the beginning of my Tenure of my Chairmanship that I will try my best with the help of Secretary CA Agashe & all my Committee members to organize as many as of activities, seminars, conferences & lecture meetings for the academic development of profession for our members and students.

I believe that C.A Profession is my passion, Helping to members & students is my mission & CA Institute is my professional mother & I should dedicate myself for the development of profession. In my tenure of 52 weeks, we have organized more than 100 activities. During my Tenure, I got whole hearted Support & guidance from Regional council members & Central council members. All Saturdays & Sundays in these 52 weeks of my tenure were devoted to the Branch, its members & Students. It is said that "**Hard work definitely Pays** & hence, **We got the Best Branch Award at Regional Level & commendable performance award at central level in 1992-93**. The day of declaration of these Awards was most happiest day in my Life. We received the Awards at the hands of honorable President of ICAI."

Friends, this is my Small Success story of Long journey in the profession. Hence, I say "My Chairmanship of Pune Branch was a lifetime experience."

This success was the result of Teamwork of Members, Committee members, Regional Council Member, Central Council Member & Students & hence I always say.

**Alone I can smile, together we can laugh,
Alone I can read, together we can understand,
Alone I can work, together we can celebrate working.**

Thanking you all.
Yours faithfully,

CA. (Dr.) Ashokkumar N. Pagariya

E-Way Bill Integrations and Its Implications

Contributed by :- CA. Dhruv Dedhia

Email :- dhruvdedhia13@gmail.com

For quick and easy movement of goods across India without any hindrances, concept of check-posts which existed in earlier regime were abolished in GST. However, within a year of GST introduction, the concept of E-way bill was introduced which is a document to be carried by the person in charge of conveyance, generated electronically from the common GST portal.

GST calls for digital transformation. Hence, automation has been a key factor to meet compliance requirements. The main advantage of a technology-driven system is easy detection of tax evader. With regard to changes in automation, we would be discussing in this article the integrations made in systems of E-way bill and implication on taxpayers.

Systems Integrated: Following are the various facilities which are integrated with the E-way bill portal:

- 1. Integration with RFID/FasTag:** From January 1, 2021, RFID/FasTag has been integrated with the E-way bill system. The transporter is required to have a radio-frequency identification (RFID) tag in his vehicle and details of the E-way bill generated for goods being carried by the vehicles are uploaded into the RFID system. When a vehicle passes the RFID tag reader on the highway, the details fed into the device get uploaded on the E-way bill portal on a near real time basis. The information is later used by revenue authorities to validate the supplies made by a GST registered person. The authorities can also identify dummy E-way bills that are generated, though no movement of goods take place, thereby detecting bill trading and circular trading.
- 2. Integration with Vahan System:** The E-way bill system has also been integrated with Vahan System administered by Ministry of Road Transport and Highways which contains digitalised data of registered vehicles. The vehicle number entered in E-way bill system are verified for its existence/correctness in Vahan system. Incorrect vehicle number cannot be entered while generating E-way bill which will hence enable to track the movement of commercial vehicles. CBIC has issued some of the FAQs with respect to the Verification of Vehicle number in EWB Portal mentioned in this link
- https://docs.ewaybillgst.gov.in/Documents/FAQ_Vehicle.pdf.
- 3. Integration with E invoicing portal and GST portal:** E invoicing has been implemented in the phased manner for registered person having turnover of more than Rs.50 crores. E invoicing is the generation of Invoice Reference Number on the government portal which would directly be auto populated in E-way bill portal where HSN is mentioned for goods and also auto-populated in GSTR 1.

Reports generated from the integration: Based on the RFID information received, the following reports are made available in the MIS System and also on the Officer's mobile App:

1. Vehicles passing through the selected tolls could be identified by getting the details of vehicle **along with E-way bill** details and passage details in near real time. Access to google maps have also been given for better conception. Also, **vehicles details mentioned in the given E-way bill number** passing through tolls can be identified.
2. Commercial vehicles passing through the selected tolls **without E-way bill** in near real time which would be help to curb bill trading and circular trading. Taxpayers need to ensure that E-way bill has been generated without being dependent on the transporter.
3. Vehicles having **critical commodities** specific to the State and have passed the selected toll can be viewed. In the present COVID 19 scenario, oxygen storage/ shortage has led to being a critical commodity.
4. Any **suspicious vehicles (watch listed vehicle)** and vehicles of EWBs generated by **suspicious taxpayer GSTINs (watch listed GSTIN)** that have passed the selected toll on a near real time basis.
5. Details of **Last 10 toll which are passed by the specific vehicle** can be known. This would help in identifying the wrong route taken by the vehicle. Even details of tolls passed by vehicle between two dates can be known.

Aid to the officers: EWB system is being integrated with RFID for monitoring the movement of goods by vehicles and provide various analytical reports for identifying the vehicles that ply with same EWBS multiple times, moving without EWBS etc. Following other reports are also provided to the officers:

- 1. Analytical Report:** These reports provide depicting the probable taxpayers who are evading tax, re-cycling EWBS, bill trading or circular trading e.g. One such report is 'EWBS Cancelled after 2 hours of generation when distance is 100 Km'
- 2. Trend Analysis:** Patterns of taxpayers into fraudulent activities have been studied e.g., EWBS generated by newly registered taxpayers amounting to high value and deregistered soon.
- 3. Supply Chain:** Circular trading is a means of claiming false Input Tax Credits by the taxpayers. The supply chain helps to identify the chain of taxpayers who are involved in this activity.
- 4. Risk Based Analysis:** A set of 10-15 Key Risk Indicators (KRIs) has been identified to identify the tax evaders.
- 5. Analysis on Blocked / Unblocked GSTINs:** Reports on blocked taxpayers and their corresponding EWB transactions give a fair estimation of the tax liability.

These reports would provide the following to identify the fraudulent taxpayers and also identify the taxpayers involved in Circular trading and Bill trading.

1. Details for near real time tracking of vehicles and E-way bill.
2. Objective for checking the vehicle.
3. Tracing the movement of vehicle on map using mobile app.
4. Analysis of data for detection of fraud.

This also help in conducting of the inspections and audits. Also, officers have Action Response System for updating the result of the inspections conducted on taxpayers based on the MIS reports is provisioned. This will help all the officers in the department in creating the awareness and keeping them well informed about the behaviour of the taxpayer.

Officers can use these reports while conducting vigilance and make the vigilance activity more effective. Moreover, officers of the audit and enforcement wing can use these reports to identify fraudulent transactions.

Benefits for taxpayers: Integration of various facilities provides few benefits as below:

1. Scepticism of officer on the genuine tax payer may be reduced as watch listed GSTIN/vehicle will be highlighted in the mobile app.
2. Reduction in unnecessary stoppage of vehicle and inconvenience to the logistics
3. Reduction in time spent on field by the officer for gathering information on cross questioning as details of vehicle, E-way bill and goods will be available.
4. Vehicle number would be entered correctly most times which would benefit the taxpayer to locate the goods.
5. Part A of E-way bill would be auto filled where e invoice has been generated reducing the time to be spent for keying the same data.
6. Helpful in tracking where e-invoice would be auto-populated in E-way bill portal and E-way bill not generated.

Implications of Non-compliance of E-way bill provisions: Integration of all the three portals has led to ensuring to some extent identify the defaulter/tax evader and not to allow to continue the business. Following are the implications of non-compliance of E-way bill provisions:

1. Blockage of E-way bill portal where following situations arise:

- a. Where taxpayer opted for composition scheme not filed CMP 08 for two consecutive quarters or taxpayer opted for regular scheme not filed returns (GSTR 3B/GSTR 1) for two tax period (quarterly or monthly).
- b. Where the taxpayer's registration has been suspended for the following reasons:
 - i. Suo-moto cancellation of registration
 - ii. Proper officer has a reason to believe that registration needs to be cancelled under section 29 or section 21.
 - iii. Where comparison of returns with GSTR 1/2A/2B shows significant difference indicating contravention of provision of the Act, leading to cancellation of registration.

However, the government has recently amended the provisions stating that blockage of E-way bill would be only for the outward supplies made by the taxpayer and E-way bill would be generated for all the inward supplies as the supplier who is not at fault should not be penalised.

2. Notice is been issued demanding the reconciliation of outward supplies and E-way bill raised during the period under ASMT 10.
3. Also, where the non-compliance of a particular tax payer has been found through these reports and verification of vehicle, Section 129 and Section 130 can be invoked and tax penalty and fine can be charged accordingly.

Precautions by the taxpayers/transporters: While understanding the integration of the various systems and implications thereof, taxpayers and transporters should also ensure that following precautions can be taken to ensure hurdle free transaction.

1. Taxpayers and transporter shall now need to be more cautious with regard to following points while supplying or transporting the goods where vehicle is moving through the highways.
 - a. Ensuring the commercial vehicle is not deviated the route even if the E-way bill has been issued and
 - b. Also ensure vehicle in which goods are transported has goods which are mentioned in E-way bill and does not have critical goods with it.Any deviation in the compliance of E-way bill procedures may lead to introspection of vehicles where officer on field would be having the evidence through this facility.
2. Taxpayer should add the clause in the agreement with the transporter that any deviation from the transporter leading to detention of goods or any consequence due to default of transporter, transporter would be liable for penalty and release of goods.
3. Track of goods transported which may be treated as supply or not under GST whether E-way bill has been raised or not.
4. Knowledge and experience of the person generating and tracking is up to date and if required training to be provided.
5. Reconciliation of E-way bill data and outward supplies reported in return to be maintained. Note it is not necessary that every E-way bill be reported in returns as goods not treated as supply also would require E-way bill.

Conclusion: Revenue secretary has also indicated the replacement of E-way bill with the implementation of E-invoicing in the phased manner which has been made applicable for registered tax payer having turnover above Rs 50 crores. However, seeing the enhancement of E-way bill system and provision such replacement is not expected in the near future.

Where various report has been provided to the officers, it would therefore be appreciated if officers make use of such facility in the interest of revenue and do not harass the genuine taxpayers for procedural lapse.

Integration of various facilities also indicates that government is taking steps to avoid the upcoming fraud happening in the country. These initiatives shall be welcomed to ensure avoidance of tax evasion, circular trading and bill trading like frauds.



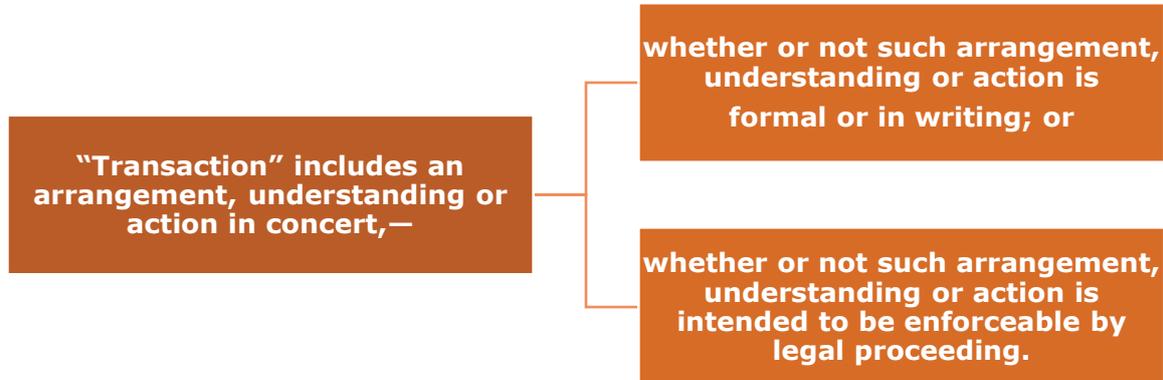
What is International Transaction for Transfer Pricing?

Contributed by :- CA. Suraj R Agrawal

Email :- casurajra@gmail.com

Section 92 of the Act deals with any income or expense arising from an "International Transaction". In order to understand the definition of "International Transaction", it is essential to understand the definition of "Transaction".

Clause (v) of Sections 92F of the Act defines a transaction as:

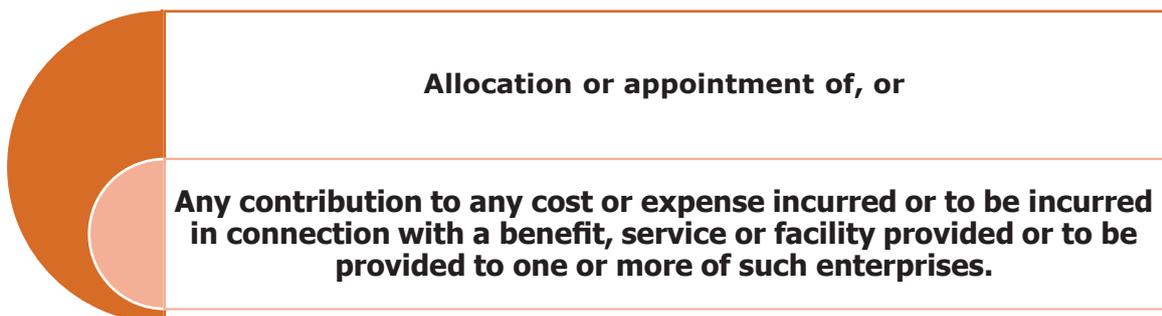


Section 92F of the Act provides an inclusive definition of the term "transaction". Based on the reading of the section, it is evident that it is not necessary that for a transaction undertaken between two enterprises there needs to be a formal written agreement between them. It is only relevant whether a transaction has been entered into in substance. The section also negates the requirement as to the legal enforce ability of agreement or understanding.

As per section 92B of the Act, the term international transaction refers to a transaction between two or more AEs, either or both of whom are non-residents, which is in nature of:



It also includes a mutual agreement or arrangement between two or more AEs for:



Further, a transaction entered into by an enterprise with a person other than an associated enterprise shall be deemed to be a transaction entered into between two AEs, if:

- there exists a prior agreement in relation to the relevant transaction between such other person and the AE; or
- the terms of the relevant transaction are determined in substance between such other person and the AE.

The definition of the term 'international transaction' also includes several other items including tangible / intangible property.

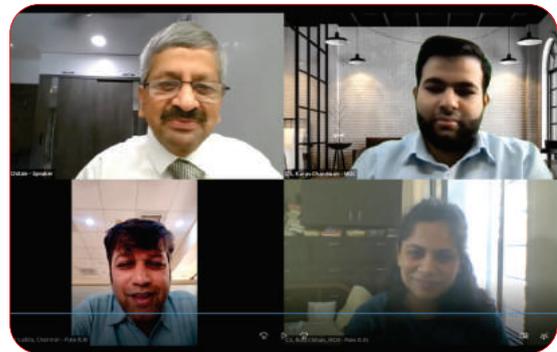


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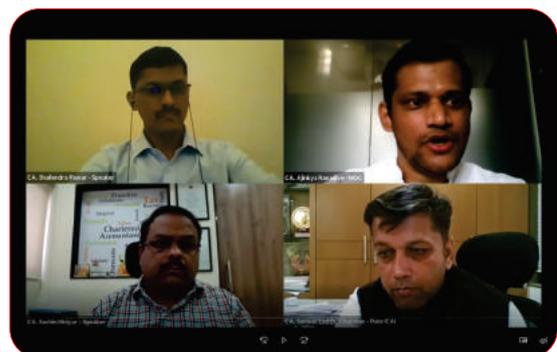
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Speakers :- Dr. Ajit Kulkarni & Dr. Dipak Laddha



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