APRIL 2017

ISSUE NO. 10

E.Y.E

EXPAND YOUR EDGES

Welcoming a year of many firsts..

LETS EMBRACE FY' 2017-18

THE STORY

EVOLUTION OF THE GST BILL

CAREER-WISE

GATE WAY TO OVERSEAS EDUCATION

GETTING TO KNOW ABOUT -SAT, MCAT, LSAT, GMAT, GRE, IELTS & TOEFL

Our Team

Editorial Board

VCAN –Team

- **V**edharaman Sri
- **C**handrasekara Venkatraman
- **A**ravindh K
- **N**ivedha Srinivasan
- **N**eeraj Surana
- **S**aravana Kumar

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From the Editor's Desk

Dear friends,

The financial and economical dynamics of the world are on a constant rollover and change. The government of every country aims to keep their space afloat and introduce various new laws or amendments to the existing laws to keep pace and cement the loopholes. As professionals in such an environment of constant changes our job of learning and updating is an ongoing continuous process. Books in our shelves increases as each financial year passes by.

Last financial year we had witnessed the Demonetisation move making waves on a global scale, the GST going around for discussions and the Income declaration scheme. These government schemes and plans were thought out for the welfare of the people and the country.

In the upcoming financial year implementation of GST is awaited and the effect it could have can only be understood when it is implemented.

"As you think so you become".

Our thoughts are the driver that takes us to the destination which we desire. Our actions are influenced by our thoughts. We need to align our thoughts with our vision so that our actions make a bridge to reach our destination. We wish students taking up professional exams to come out in flying colours.

We wish everyone a prosperous financial year.

Happy Financial Year !!!

- *VCAN Team*

Timeline of GST

By Preetha Srinivasan

2000: An empowered committee was set up by the Atal Bihari Vajpayee administration in 2000 to streamline a GST model to be adopted and to develop the required back-end infrastructure that would be needed for its implementation. This committee was headed by then finance minister of West Bengal, Asim Dasgupta. He remained the chairman until 2011.

2004: A task force chaired by Vijay L. Kelkar, then advisor to the finance ministry, said that the existing tax system suffers from many problems and thus suggested a comprehensive GST as a way out.

February 2005: In his budget speech for financial year 2005-06, the then finance minister P. Chidambaram first moots the idea of GST. He said: "In the medium-to-long term, it is my goal that the entire production-distribution chain should be covered by a national VAT, or even better, a goods and services tax, encompassing both the centre and the states."

February 2006: Chidambaram sets April 1, 2010, as the target date for implementing the GST.

May 2007: Empowered committee of State Finance Ministers was formed to design the road map of GST.

November 2007: the joint working group submitted its report to the Empowered Committee.

February 2008: While reading out the union budget for 2008-09, the finance minister Chidambaram says, "I am also happy to report that there is considerable progress in preparing a roadmap for introducing the Goods and Services Tax with effect from April 1, 2010."

April 2008: The EC submitted a report, titled "A Model and Road map for Goods and Services Tax (GST) in India" containing broad recommendations about the structure and design of GST.

November 2009: The committee under Asim Dasgupta releases its first discussion paper on the GST in the public domain, looking to generate a debate and obtain inputs from stakeholders.

February 2010: The government launches a mission-mode project for the computerisation of commercial taxes in states which is expected to lay the foundation for the GST. The budgetary outlay for the project is Rs1,133 crore, of which the centre's share is Rs800 crore.

The GST implementation is pushed back by another year. "I am confident that the government will be in a position to implement DTC (direct tax code) from April 1, 2011," finance minister Pranab Mukherjee said.

March 2011: The Congress party-led government introduces a constitution amendment bill in the Lok Sabha to implement GST. India's opposition parties protest. The bill is sent to a parliamentary standing committee headed by former finance minister Yashwant Sinha, for a detailed examination.

June 2012: The standing committee begins discussion. India's opposition parties, including the BJP and the Left, raise concerns over clause 279B which allows the centre to have extra discretionary powers over the GST dispute authority.

November 2012: Finance minister Chidambaram holds meetings with state finance ministers. The two sides set December 31, 2012 as the deadline to solve all issues.

February 2013: In his budget speech, Chidambaram announces that the government has made provisions of Rs9,000 crore for compensation to states.

August 2013: The standing committee submits its report to parliament. The panel approves the legislation with some amendments on the provision of tax structure and resolution mechanism. "What should be included in the laws and rules should not form part of the constitution of India. The present bill relating to GST, in the committee's view, has not been well drafted from this perspective and, therefore, require amendments as suggested," the report said.

May 2014: The constitution amendment bill lapses with the dissolution of the 15th Lok Sabha. The same month, the BJP, led by Narendra Modi, is voted into power.

December 2014: Seven months later, India's new finance minister, Arun Jaitley, introduces The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014 bill in the parliament. The Congress party, now in opposition, demands that the bill be sent to a standing committee.

February 2015: In his budget speech, Jaitley announces that the government is keen on implementing the GST by April 1, 2016 and hopes it will be cleared by parliament.

May 2015: The Lok Sabha passes the constitution amendment bill to GST. Petroleum was kept out. In the Rajya Sabha, the bill was referred to a Select Committee.

July 2015: The Select Committee of the Rajya Sabha submitted its report on the bill.

August 2015: The government is unable to push the bill in the Rajya Sabha where it does not have a clear majority. "Parliament disruption is frustrating for the whole country. This was a disruption without a cause," Jaitley tells the media on Aug. 13.

March 2016: Jaitley says he agrees with the Congress's demand that the GST rate must not be above 18%. But he disagrees that the rate should be fixed since "unforeseen emergencies" would require the government to raise the rate of tax in the future. If the government fixes a particular rate in the bill, it will have to take parliament's permission each time it wants to raise the tax.

June 2016: Ministry of Finance releases Model GST Law in public domain. The model law has been released with a view to engage with the stakeholders and invite suggestions and feedback.

August 2016: The Congress finally agreed with the Modi government after it agreed to the four broad amendments to the bill. "On the capping (on GST rate), we still want ring-fencing and (the) states to come to an agreement with the centre." Anand Sharma, a former minister for commerce and a senior Congress leader, tells NDTV.

The bill was passed by the Rajya Sabha on 3 August 2016, and the amended bill was passed by the Lok Sabha on 8 August 2016.

Government outlines road-map for GST roll-out by April 2017 as on 4th August.

September 2016: The bill, after ratification by over 23 States, received assent from President Pranab Mukherjee on 8 September 2016, and was notified in The Gazette of India on the same date.

The Union Cabinet, on 12 September 2016, has approved setting up of GST Council and setting up its Secretariat.

December 2016: The GST council finalized the model GST law and the IGST law together with the newly proposed GST (Compensation to States for loss of Revenue) Bill.

In the meanwhile, States have already started enrolment process for migrating existing taxpayers to the proposed tax regime through GST common portal.

The roll out of GST was expected to be delayed as some of the state Governments defer to implement GST

February 2017: The GST Council, in its 10th meeting on 18 February 2017 cleared the draft law that seeks to compensate states for the revenue loss that they may incur during the implementation of GST.

March 2017: The GST council, in its 11th meeting in New Delhi, approved the drafts of the central GST law (CGST) and the integrated GST (IGST) law on 4th March and State and Union Territory GST on 16th March.

So, as of March 27th, the four GST bills-central GST law (CGST), integrated GST (IGST), Union Territory Goods and Services Tax Bill 2017 (UT-GST) and the Goods and Services Tax (Compensation to the States) Bill 2017 has been tabled in the current session of Parliament and the fifth legislation, the excise and Customs Acts will have to be amended. Then these Bills further on will have to be passed by Parliament and simultaneously the State Goods and Services Tax Bill 2017 will also have to passed by 29 state Assemblies to have GST as the new tax regime in the country.

As per the Constitution Amendment Act, the government is bound to roll out GST by September 15 else it will lose the legal backing to collect taxes from September 16. But the Finance minister, Arun Jaitley is confident of rolling out GST by the 1st of July 2017.

Note:

On 29th March, Lok Sabha passed CGST, IGST and compensation bills. On 31st March GST council approved five sets of rules- registration, return, refund and invoice, debit and credit.

Service Tax

By Chandrasekara Venkatraman

Notifications

1. Seeks to amend Notification No 25/2012-Service Tax, dated 20.6.2012.
   Notification No: 10/2017-Service Tax dt. 08-03-2017
   http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st10-2017.pdf

2. Notification No: 11/2017-Service Tax dt. 23-03-2017
   http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st11-2017.pdf

Circulars

1. Extension of e-payment deadline and of banking hours

   Circular No: 205/03/2017-ST

   http://www.cbec.gov.in/htdocs-servicetax/st-circulars/st-circulars-2017/st-circ-205-3-2017-new.pdf

INCOME TAX

By Vedharaman Sri

1. Circular No. 10/2017 : Clarification on Income Computation and Disclosure Standard (ICDS) notified under section 145(2) of the Income-tax Act, 1961
   http://incometaxindia.gov.in/communications/circular/circular10_2017.pdf

2. Circular 11/2017 : Guidelines for waiver of interest charged under section 201(1A)(i) of the Income-tax Act, 1961
   http://incometaxindia.gov.in/communications/circular/circular11_2017.pdf

3. Circular 12/2017 : Clarifications on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016. Filing of declaration is extended till 10.04.2017.
   http://incometaxindia.gov.in/communications/circular/circular12_2017.pdf

4. Notification No. 02/2017 : Procedure of PAN application through Simplified Profoma for Incorporating Company Electronically (SPICe)(Form No. INC-32) of Ministry of Corporate Affairs
   http://incometaxindia.gov.in/communications/notification/notification2_2017-15-03-2017.pdf

5. Notification No. 17/2017 [F.No. 370142/4/2017-TPL] / GSR 283(E) : Income-tax (3rd Amendment) Rules, 2017
http://incometaxindia.gov.in/communications/notification/notification17_2017.pdf

6. Third protocol amending the agreement between the government of the Republic of India and the government of the Republic of Singapore for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes in income.
http://incometaxindia.gov.in/communications/notification/notification18_2017.pdf

7. Income-tax (Fourth Amendment) Rules, 2017 – Changes in ITR form for the Asst. Year 2017-18
http://incometaxindia.gov.in/communications/notification/notification21_2017.pdf

CUSTOMS

By Nivedha Srinivasan

Circulars

1. Acceptance of e-BRC of DGFT towards proof of realization of sale proceeds for exports with LEO date upto 31.03.2014 under drawback scheme
Circular No: 06/2017
http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ06-2017cs.pdf

2. Guidelines for launching of prosecution in relation to offences punishable under Customs Act, 1962
Circular No: 07/2017
http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ07-2017cs.pdf

3. Rebate of State Levies (RoSL) on Export of made-up articles – Implementation by CBEC
Circular No: 08/2017
http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ08-2017cs.pdf

Disposal of seized/confiscated cigarettes of foreign origin vis-a-vis provisions of the cigarettes and other tobacco products (Packaging and Labelling) Rules, 2008
Circular No: 09/2017
http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ09-2017cs.pdf

4. Export of carpet under duty drawback - examination of carpets for composition, price determination etc.
   Circular No: 10/2017
   http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ10-2017cs.pdf

Tariff Notifications

1. Amendment to Notification No.09/2012-Cus reg. enabling authorised offices or agencies in India of the laboratories mentioned under para 4.74 of HBP 2015-20
   Notification No: 07/2017-Cus dt. 01-03-2017
   http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs07-2017.pdf

2. Inclusion of Hazira (Surat) Port in the list of ports mentioned in Export Promotion (EP) Schemes Notifications
   Notification No: 08/2017-Cus dt. 23-03-2017
   http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs08-2017.pdf

3. Amendment to Notification No.12/2012-Customs, so as to reduce the basic customs duty from 30% to 10% on sunflower seeds falling under tariff item 1206 00 90 [i.e. other than of seed quality] for the purposes extraction and refining of oil subject to actual user condition, for the period from 1st April, 2017 to 30th September, 2017
   Notification No: 09/2017-Cus dt. 01-03-2017
   http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs09-2017.pdf

4. Amendment to Notification No.12/2012-Customs, dated the 17th March, 2012, so as to impose basic customs duty of 10% on wheat and Tur, with immediate effect.
   Notification No: 10/2017-Cus dt. 28-03-2017
   http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs09-2017.pdf

Central Excise

By Aravindh K

Circulars

1. Master circular on Show Cause Notice, Adjudicatio and recovery
   Circular No: 1053/02/2017-CX
   http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-circulars/cx-circulars-2017/circ1053-2017cx.pdf

2. Classification of 'Saree' under CETA, 1985
   Circular No: 1054/03/2017-CX
   http://www.cbec.gov.in/htdocs-cbec/excise/cx-circulars/cx-circulars-2017/circ1054-2017cx.pdf

ICAI

- Exposure Draft of Appendix B of Ind AS 21, Foreign Currency Transactions and Advance Consideration - (29-03-2017)
  http://icai.org/new_post.html?post_id=13404&c_id=219

- Exposure Draft of Transfers of Investment Property, Amendments to Ind AS 40, Investment Property - (29-03-2017)
  http://icai.org/new_post.html?post_id=13403&c_id=219

- Corrigendum Intermediate (IPC) Course (Group I) Paper 4 –Taxation Part I: Income- tax
  http://resource.cdn.icai.org/44965bos34911.pdf

- Addendum to the printed copy of RTP (Revisionary Test Paper) of May 2017 examination for Paper No. 2, Business Law, Ethics and Communication [Intermediate (IPC) CourseLevel]
  http://resource.cdn.icai.org/44940bos34867.pdf

- The status of the outcome of verification of marks of the examinees who had applied Online for the same, is hosted at http://icaiexam.icai.org
  http://resource.cdn.icai.org/45047exam310317.pdf

- GST to be made applicable from May, 2018 examination onwards for Intermediate (IPC) Course and Final Course - (30-03-2017)

SA 520 ANALYTICAL PROCEDURES
SA 540 AUDITING ACCOUNTING ESTIMATES INCLUDING FAIR VALUE ESTIMATES AND RELATED DISCLOSURES

By Sruthipriya Suryanarayanan

Surya introduced me to a new team. I was asked to brush up on accounting ratios and I did that. The team was headed by a senior apprentice, Pritam. Everybody in the team introduced themselves and I quickly joined them in their work. They were apparently checking the financial statements with previous years'. After a few minutes of chit-chatting:

Pritam: "Now, Amit! What you see here is called Analytical procedure. This just means evaluation of financial information through analysis of plausible relationships among both financial and non-financial data. We basically compare financial information with other comparables to check deviations. What do you think are the possible comparables?"

Me: "Previous period's financial statements, anticipated results like budgets, estimates etc."

Pritam: "Good! Not just these, similar industry information may also be used."

Me: "But how do we know if they are reliable? With unreliable information, our conclusions might become wrong!"

Pritam: "True.

In determining whether data is reliable, the following points need to be considered:

- SOURCE: More reliable when received from independent sources outside the entity
- COMPARABILITY: Broad industry data may not be comparable.
- RELEVANCE: Budgets prepared as that to be expected may be more reliable than that prepared as that to be achieved.
- CONTROLS OVER PREPARATION: Information prepared should be complete, accurate and valid."

I learnt that there are this many nuances in just analysing data. I was wondering why Surya asked me to learn Accounting ratios. I got the answer on looking at their working papers. Analytical procedures not just mean comparing raw figures but ratios and relationships among data. Some of them were:

- Interest expense against interest bearing obligations
- Raw material consumption to production
- Waste and scrap % against production
- Sales discounts/commission against sales
- Turnover, Profitability, Leverage, Liquidity ratios etc.

There were apparently some deviations by a significant amount and it was reported to the auditor by the team. I wanted to know how the auditor would deal with it, so asked Pritam about it!

Pritam: "In such cases, he would inquire management and perform other audit procedures as necessary in the circumstances."

As I was going through them in detail, a few points confused me. There was inventory obsolescence, warranty obligations etc. How do they determine these amounts? I wanted to know. So, I interrupted Pritam as he was delegating some work to others.

Pritam: "These are estimates. These are an approximation of monetary amount in the absence of precise means of measurement. Uncertainty in measurement may be due to variation in information available to management or management bias as management is responsible for making estimates."

Me: "As these are estimates, there will be difference between the actual amount and the estimate. Is that regarded as an error in financial statements?"

Pritam: "No. Difference does not necessarily represent a mis-statement."

Me: "Then, what do we have to check in these?"

Pritam: "That the estimates are reasonable and related disclosures in financial statements are adequate."

Me: "How do we check if these are reasonable?"

Pritam:

"1. We have to *understand how management makes the estimates* by knowing the methods/models used by them; assumptions underlying the estimates, whether management has used an expert, review/approval of estimates etc.,

2. We shall also *review the outcome of accounting estimates included in the prior period*. But this review is not intended to evaluate the judgements made in prior period.

3. We shall *verify the reasonableness of assumptions* by checking whether individual assumptions are reasonable, consistent with general economic environment, plans of the entity, prior period assumptions etc

4. We shall review judgements/decisions made by management in making estimates to identify whether there is a *possibility of management bias*.

5. We also have the right to *enquire management* about its *reasons for a particular course of action.*

6. We shall *review the events occurring subsequent to the date of financial statements.*

7. We shall make sure that *appropriate disclosures* are made in the financial statements regarding estimates.

8. We shall obtain a *written representation from management*/those charged with governance whether they believe that the assumptions used in making estimates are reasonable.

9. Finally, we shall *document the basis* for our conclusions about the reasonableness of estimates, its disclosures etc."

I asked him whatever relevant questions that came up and the pertinent answers that he gave got etched in my mind. Got ready to explore more......

.... *To be continued*

About the Author
Name: Sruthipriya Suryanarayanan
Qualification: CA Final
Email : sruthi.sury@gmail.com

The Central Goods and Services Tax Bill, 2017

Source: www.prsindia.org

- The Central Goods and Services Tax Bill, 2017 was introduced in Lok Sabha on March 27, 2017. The Bill provides for the levy of the Central Goods and Services Tax (CGST).

- Levy of CGST: The centre will levy CGST on the supply of goods and services within the boundary of a state. Supply include sale, transfer and lease made for a consideration to further a business.

- Tax rates: The tax rates of CGST will be recommended by the GST Council. This rate will not exceed 20%. In addition, the Bill allows certain taxpayers whose turnover is less than Rs 50 lakh to pay GST at a flat rate on turnover (known as composition levy), instead on the value of supply of goods and services. This rate will be capped at 2.5%.

- Exemptions from CGST: The centre may exempt certain goods and services from the purview of GST through a notification. This will be based on the recommendations of the GST Council.

- Liability to pay CGST: The liability to pay CGST in relation to supply of goods and services will arise on the date of: (i) issue of invoice, (ii) receipt of payment, whichever is the earliest.

- Taxable amount (value of supply): CGST will be levied on the supply of goods and services, whose value includes: (i) price paid on the supply; (ii) taxes and duties levied under a different tax law; (iii) interest, late fee, penalties for delayed payments, among others.

- Input tax credit: Every taxpayer while paying taxes on outputs, may take credit equivalent to taxes paid on inputs. However, this will not be applicable on supplies related to: (i) personal consumption, (ii) supply of food, outdoor catering, health services, etc.

- Registration: Every person who makes supply of goods and services and whose turnover exceeds Rs 20 lakh will have to register in every state where he conducts business. The turnover threshold is Rs 10 lakh for special category states.

- Returns: Every taxpayer would have to self-assess and file tax returns on a monthly basis by submitting: (i) details of supplies provided, (ii) details of supplies received, and (iii) payment of tax. In addition to the monthly returns, an annual return will have to be filed by each taxpayer.

- Refunds and welfare fund: Any taxpayer may apply for refund of taxes in cases including: (i) payment of taxes in excess, or (ii) unutilized input tax credit. Upon such application, the refund may be credited to the taxpayer, or to a Consumer Welfare Fund. The Fund will be used for the purpose of consumer welfare.

- Prosecution and appeals: For offences such as mis-reporting of: (i) goods and services supplied, or (ii) details furnished in invoices, a person may be fined, imprisoned, or both by the CGST Commissioner. Such orders can be appealed before the Goods and Services Tax Appellate Tribunal, and further before the High Court.

- Transition to the new regime: Taxpayers with unutilised input tax credit obtained under the current laws such as CENVAT may utilise it under GST. In addition, businesses may also avail input tax credit on stock purchased before the start of implementation of GST.

- Anti-profiteering measure: The central government may by law set up an authority or designate an existing authority to examine if reduction in tax rate has resulted in commensurate reduction in prices of goods and services. The powers of the authority will be prescribed by the government.

- Compliance rating: Every taxpayer shall be assigned a GST compliance rating score based on his record of compliance with the provisions of this Bill. The compliance rating score will be updated at periodic intervals and be placed in the public domain.

The Integrated Goods and Services Tax Bill, 2017

- The Integrated Goods and Services Tax Bill was introduced in Lok Sabha on March 27, 2017. The Bill provides for the levy of the Integrated Goods and Services Tax (IGST) by the centre on inter-state supply of goods and services.

- Levy of IGST: The centre will levy IGST in the case of (i) inter-state supply of goods and services, (ii) imports and exports, and (iii) supplies to and from special economic zones. Supply includes sale, transfer, exchange and lease made for a consideration to further a business. In addition, IGST will be levied on any supply which will not fall under the purview of the Central and State GST Acts.

- Tax rates: IGST will be levied at a rate recommended by the GST Council. The tax rate will be capped at 40%.

- Exemptions from IGST: The centre may exempt certain goods and services from the purview of IGST through a notification. This will be based on the recommendations of the GST Council.

- Apportionment of IGST revenue: The IGST revenue collected by the centre will be apportioned between the centre and to the state where the supply of goods or services was received. The collected revenue will be apportioned to the centre at tax rate specified in the CGST Act. The rest will be apportioned to the state.

- Place of supply of goods: The Bill provides separate rules for goods and services to determine the place (state) of their supply. In cases where a good has been physically moved, the place of supply will be the final destination of the good. In other cases, the place of supply will be where the good is received by the recipient.

- Place of supply of services: Provisions with respect to determining the place of supply of services vary depending upon the nature of services. For example, place of supply for immovable property (such as architects designing a building), will be the location of the immovable property. Specific provisions have also been made for supply of services such as catering, sporting events, transportation of goods, advertisement, telecommunications, among others.

- **Input tax credit:** Every taxpayer while paying taxes on output may take credit for taxes paid earlier by the supplier on inputs. However, this will not be applicable on supplies related to: (i) motor vehicles when used for personal consumption, (ii) supply of food, health services, etc. unless they are further used to make a supply.

- **Application of provisions of CGST:** The provisions of the CGST Act with respect to registration, valuation, time of supply of goods and services, returns, refunds, prosecution, appeals will be applicable to the IGST Act.

Bank Transfer Types (1)

The acronym 'RTGS' stands for real time gross settlement. Real Time Gross Settlement is a funds transfer mechanism where transfer of money takes place from one bank to another on a 'real time' and on 'gross' basis.

Settlement in 'real time' means payment transaction is not subjected to any waiting period. Gross settlement means the transaction is settled on one to one basis without bunching with any other transaction. The money transfer takes place in the books of the Reserve Bank of India, the payment is taken as final and irrevocable.

RTGS is a large value-minimum value of transaction should be ₹2,00,000. No Transaction on weekly holidays and public holidays.

The Goods and Services Tax (Compensation to States) Bill, 2017

- The Goods and Services Tax (Compensation to States) Bill, 2017 was introduced in Lok Sabha on March 27, 2017. The Bill provides for compensation to states for any loss in revenue due to the implementation of GST.

- Period of compensation: Compensation will be provided to a state for a period of five years from the date on which the state brings its State GST Act into force.

- Projected growth rate and base year: For the purpose of calculating the compensation amount in any financial year, year 2015-16 will be assumed to be the base year, from revenue will be projected. The growth rate of revenue for a state during the five-year period is assumed be 14% per annum.

- Base year revenue: The base year tax revenue consists of the states' tax revenues from: (i) state Value Added Tax (VAT), (ii) central sales tax, (iii) entry tax, octroi, local body tax, (iv) taxes on luxuries, (v) taxes on advertisements, etc. However, any revenue among these taxes arising related to supply of (i) alcohol for human consumption, and (ii) certain petroleum products, will not be accounted as part of the base year revenue.

- Calculation and release of compensation: The compensation payable to a state has to be provisionally calculated and released at the end of every two months. Further, an annual calculation of the total revenue will be undertaken, which will be audited by the Comptroller and Auditor General of India.

- Levy and compensation of GST compensation cess: A GST Compensation Cess may be levied on the supply of certain goods and services, as recommended by the GST Council. The receipts from the cess will be deposited to a GST Compensation Fund. The receipts will be used for compensating states for any loss due to the implementation of GST.

- The cess will be capped at: (i) 135% for pan masala, (ii) Rs 400 per tonne for coal, (iii) Rs 4,170 + 290% per 1,000 sticks of tobacco, and (iv) 15% for all other goods and services including motor cars and aerated water.

- Any unutilised money in the Compensation Fund at the end of the compensation period will be distributed in the following manner: (i) 50% of the fund to be shared between the states in proportion to revenues of the states, and (ii) the remaining 50% will be part of the centre's divisible pool of taxes.

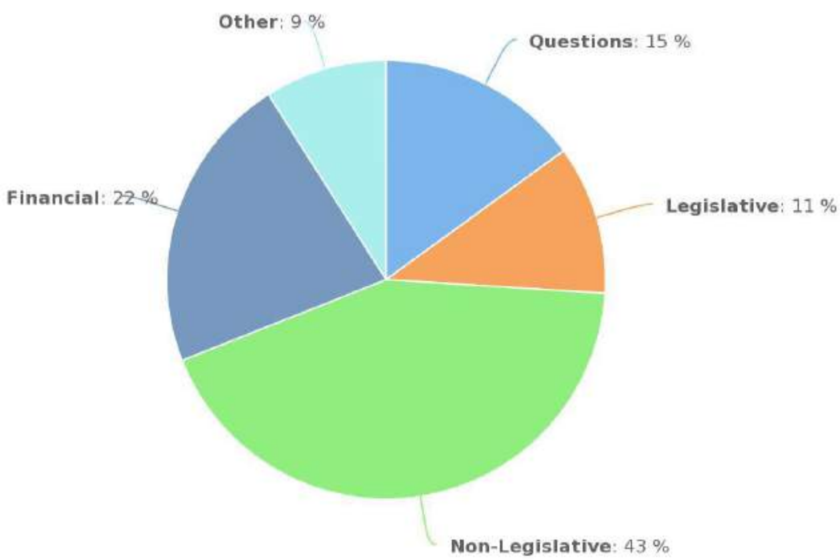
Bank Transfer Types (2)

National Electronic Fund Transfer (NEFT) system is a nationwide system that facilitates individuals, firms and corporates to electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country.

It is done via electronic messages. Even though it is not on real time basis like RTGS (Real Time Gross Settlement), hourly batches are run in order to speed up the transactions.

For being part of the NEFT funds transfer network, a bank branch has to be NEFT-enabled. NEFT has gained popularity due to it saving on time and the ease with which the transactions can be concluded.

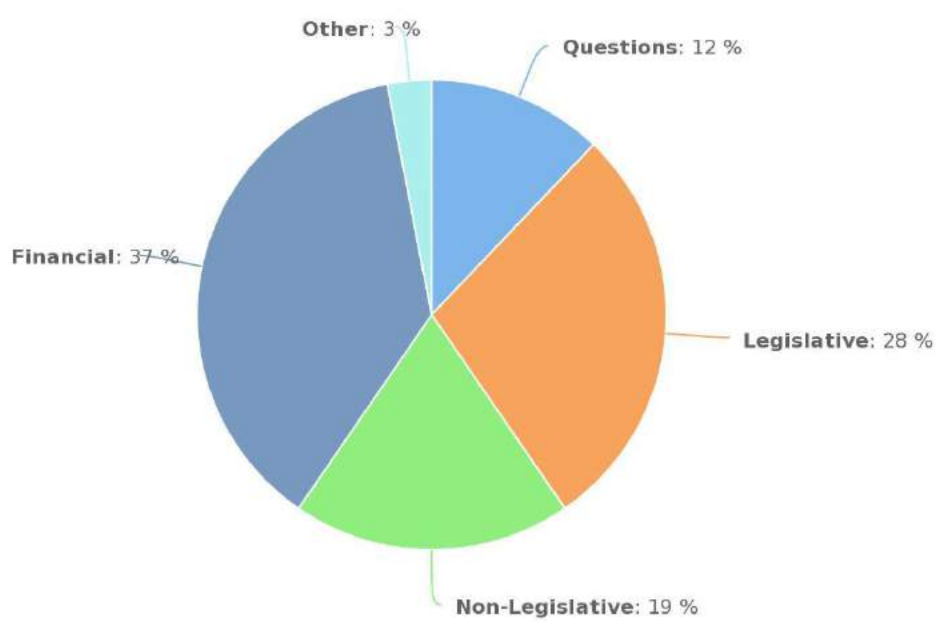
Break up of business in Rajya Sabha in Budget Session,2017



Productivity 83%

Break up of business in Lok Sabha in Budget Session,2017

Productivity 114%



INTERNATIONAL ENTRANCE EXAMS

By Saravana Kumar

Some of the most popular and important international entrance exams for studies abroad include the SAT, MCAT, LSAT, GMAT, GRE, IELTS and the TOEFL. These are admission prerequisites for universities and colleges in various countries across the globe. At times, the need may be a combination of one or more of these and other tests/examinations specific to that country and its education system.

Scholastic Aptitude Test - SAT, formerly called the Scholastic Aptitude Tests and Scholastic Assessment Tests, is standardized tests, though controversial as to its value, frequently used by colleges and universities in the United States to aid in the selection of incoming freshmen. The SAT is administered by the private, non-profit College Board and is developed, published, and scored by the Educational Testing Service (ETS).

Most students take this exam in June. However, many students take the exam again in the fall of their senior year if they were not satisfied with the score they received in June. Verbal skills and math skills are tested in the exam. Over 1.8 million Students take up SAT each year. It has a heavy weight in any college's evaluation process.

International English Language Testing System - IELTS, measures the ability to communicate in English across all four language skills - listening, reading, writing and speaking. The IELTS focuses on "International English", which includes British English, American English and other varieties like Australian or South African English. Its designed to assess the language ability of non-native speakers of English who intend to study or work where English is the language of communication.

IELTS Modules: Listening - 4 recordings - 40 items - 30 minutes

Reading - 40 items - 60 minutes

Writing - 2 tasks - 60 minutes

Speaking - 11 to 15 minutes

Most of the educational institutions, faculties, government agencies and professional organizations around the world recognize the IELTS scores as a trusted and valid indicator of ability to communicate in English.

Graduate Management Admission Test - GMAT, is a computer-adaptive standardized test in mathematics and English for measuring the aptitude to succeed academically in graduate business studies. Business schools commonly use this test as one of many selection criteria for admission into graduate business administration programs (e.g. MBA, Master of Accountancy, etc.) principally in the United States, but also in other English-speaking countries.

It is delivered via computer at various locations around the world. In those international locations where an extensive network of computers has not yet been established, the GMAT is offered either at temporary computer-based testing centres on a limited schedule or as a paper-based test (given once or twice a year) at local testing centres. As of September 2010, the fee to take the test is US$250 worldwide.

Graduate Record Examination - GRE, commonly required for applicants to graduate schools in fields other than business, law, and medicine. This computerized exam is offered year-round, but only during the first 3 weeks of every calendar month. It tests students on verbal, quantitative (math), and analytical reasoning skills. In many ways, it is similar to the SAT. Both are administered by the Educational Testing Service and have similar question formats, though the latter is designed by the College Board and is intended for a different level of education.

Test of English As a Foreign Language - TOEFL, a test for English language proficiency developed by the College Board. Most colleges and universities require international students whose native language is not English to take this test for admission. It is a required exam for those students wishing to begin undergraduate or graduate study in the US.

The TOEFL is a computer exam which is given year-round. There are 4 sections: listening comprehension, structure, reading comprehension and writing. Many schools may require a paper-based score of a least 550 (or a computer-based score of at least 213) in order for you to enroll. Higher scores are required for some majors. Even if you speak English well, you should not avoid taking the test. A good score (higher than 600-650) can improve your chances of getting into the school of your choice.

TOEFL vs IELTS

The TOEFL and the IELTS probably top the list with regard to the sheer number of students across the world needing to undertake one or the other to demonstrate English language proficiency. The widest possible selection of universities and colleges accept TOEFL scores, including the top 100 in the UK, U.S, Canada, Australia and New Zealand.

On the other hand, IELTS is a mandatory exam for Indian and other non-native English speakers, especially in the Commonwealth countries, for entry into most reputed universities and colleges overseas, and occasionally for immigration requirements as well.

GRE vs GMAT

GRE is another popular examination among Indian students aspiring to study in the USA or Canada. It is an admission requirement for many graduate courses, especially in engineering and the sciences, in the USA. It is a fairly standardized test that measures the verbal, mathematical and general analytical skills of the candidate, though the format has undergone quite a few changes over the years.

GMAT is mandatory for management study aspirants. It is an admission assessment for business colleges. Average GMAT scores are in the range of 570-580. However, for top school admissions a score of at least 700 is almost mandatory. New sections have been introduced recently, such as Integrated Reasoning, which have made the test more competitive than before.

GRE and GMAT tests are available throughout the world in more than 500 locations, though you will have to book your slot in advance.

SAT

The Scholastic Aptitude Test (SAT) test, required for entry into some universities in the USA if you have not completed an equivalent, is of two types - the Reasoning Test to check the general writing skills and grammar and the Subject Test to check a candidate's knowledge in the subject chosen.

Within the USA, the SAT is offered seven times a year, generally on the first Saturdays of October, November, December, January, March, May and June. Most other countries follow the same dates as well.

MCAT and LSAT

Other competitive study abroad examinations include the MCAT and the LSAT, mandatory for getting into medicine and law respectively in the USA. The MCAT is a multiple-choice test that is designed to evaluate the examinee's aptitude and knowledge about relevant subjects, while the LSAT that is administered by the Law School Admission Council for students who wish to pursue a career in law in the USA, Australia and Canada.

All these competitive entrance exams are a standardized and reliable mode of evaluating the millions of applicants who aspire to study abroad every year, so take your time, prepare well and get ready to go places!

International taxation and its reference in Income-tax Act, 1961

Specific issue of dealing with income from Hong Kong

By Balachandar S

There is a school of thought that India-China DTAA can be extended to Hong Kong also.

However, is Hong Kong and China different state as per the revenue authorities?

- India-China DTAA is the treaty between Government of the Republic of India and the Government of the People's Republic of China.
- The term "China" has been defined under the treaty in Article 3 – General definitions as follows:

The term **"China"** means the **People's Republic of China**; when used in geographical sense means **all the territory of the People's Republic of China**, including its territorial sea, in which the Chinese laws relating to taxation apply, and any area beyond its territorial sea, within which the People's Republic of China has sovereign rights of exploration for any exploitation of resources of the sea-bed and its sub-soil and superjacent water resources in accordance with international law.

The background behind the people's republic of china is given below:

In accordance with the Constitution of the People's Republic of China, the National People's Congress hereby enacts the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, prescribing the systems to be practised in the Hong Kong Special Administrative Region, in order to ensure the implementation of the basic policies of the People's Republic of China regarding Hong Kong.

The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China

Article 1

The Hong Kong Special Administrative Region is *an inalienable part* of the People's Republic of China.

Article 2

The National People's Congress authorizes the Hong Kong Special Administrative Region to exercise *a high degree of autonomy* and enjoy executive, legislative and independent judicial power, including that of final adjudication, in accordance with the provisions of this Law.

Article 108

The Hong Kong Special Administrative Region shall practise an *independent taxation system.*

The Hong Kong Special Administrative Region shall, taking the low tax policy previously pursued in Hong Kong as reference, enact laws on its own concerning types of taxes, tax rates, tax reductions, allowances and exemptions, and other matters of taxation.

As per the above extract from the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, though Hong Kong is part of the People's Republic of China, by virtue of Article 108, Hong Kong follows independent taxation system and is different state for purpose of Income-tax.

Thus, given the above, the India-China DTAA cannot be applied in case of income derived from Hong Kong.

Bank Transfer Types (3)

Immediate Payment Service (IMPS) is a service through which money can be transferred immediately from one account to the other account, within the same bank or accounts across other banks. Upon registration, both the individuals are issued an MMID(Mobile Money Identifier) Code from their respective banks. This is a 7 digit numeric code.

To initiate the transaction, the sender in his mobile banking application need to enter the registered mobile number of the receiver, MMID of the receiver and amount to be transferred. Upon successful transaction, the money gets credited in the account of the receiver instantly. This facility is available through mobile banking application and internet banking.

Nowadays, money through this service can be transferred directly also by using the receiver's bank account number and IFS code. In such case, neither the receiver of the money need to be registered for mobile banking service of his bank, nor does he need MMID code. IMPS facility differs from NEFT and RTGS as there is no time limit to carry out the transaction. This facility can be availed 24X7 and on all public and bank holidays including RBI holidays.

laugh a little

Excerpt from the book - A Man Walks Into a Bar 3
By Jonathan Swan

Fresh out of business school, the young man answered a want ad for an accountant. Now he was being interviewed by a very nervous man who ran a small business that he had started himself.

"I need someone with an accounting degree," the man said. "But mainly, I'm looking for someone to do my worrying for me."

"Excuse me?" the accountant said.

"I worry about a lot of things," the man said. "But I don't want to have to worry about money. Your job will be to take all the money worries off my back."

"I see," the accountant said. "And how much does the job pay?"

"I'll start you at eighty thousand."

"Eighty thousand dollars!" the accountant exclaimed. "How can such a small business afford a sum like that?"

"That," the owner said, "is your first worry."

Its April, start of a new Financial year, a full year of opportunities, amendments, challenges & what not!

What if we can share, learn & explore all if them collectively?

Lets together 'Expand our Edges'

Offer us & and the 2000+ subscribers the privilege to learn from you, join us. Share with us your areas of interest, send us articles related to - business, finance, accounts, economics & anything else trending (avoid plagiarism).

Send your articles for the next issue to eye.camk@gmail.com latest by 20th of April 2017.

We'll get in touch with you.
Also send us your opinions, ideas, reviews and comments to eye.camk@gmail.com

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