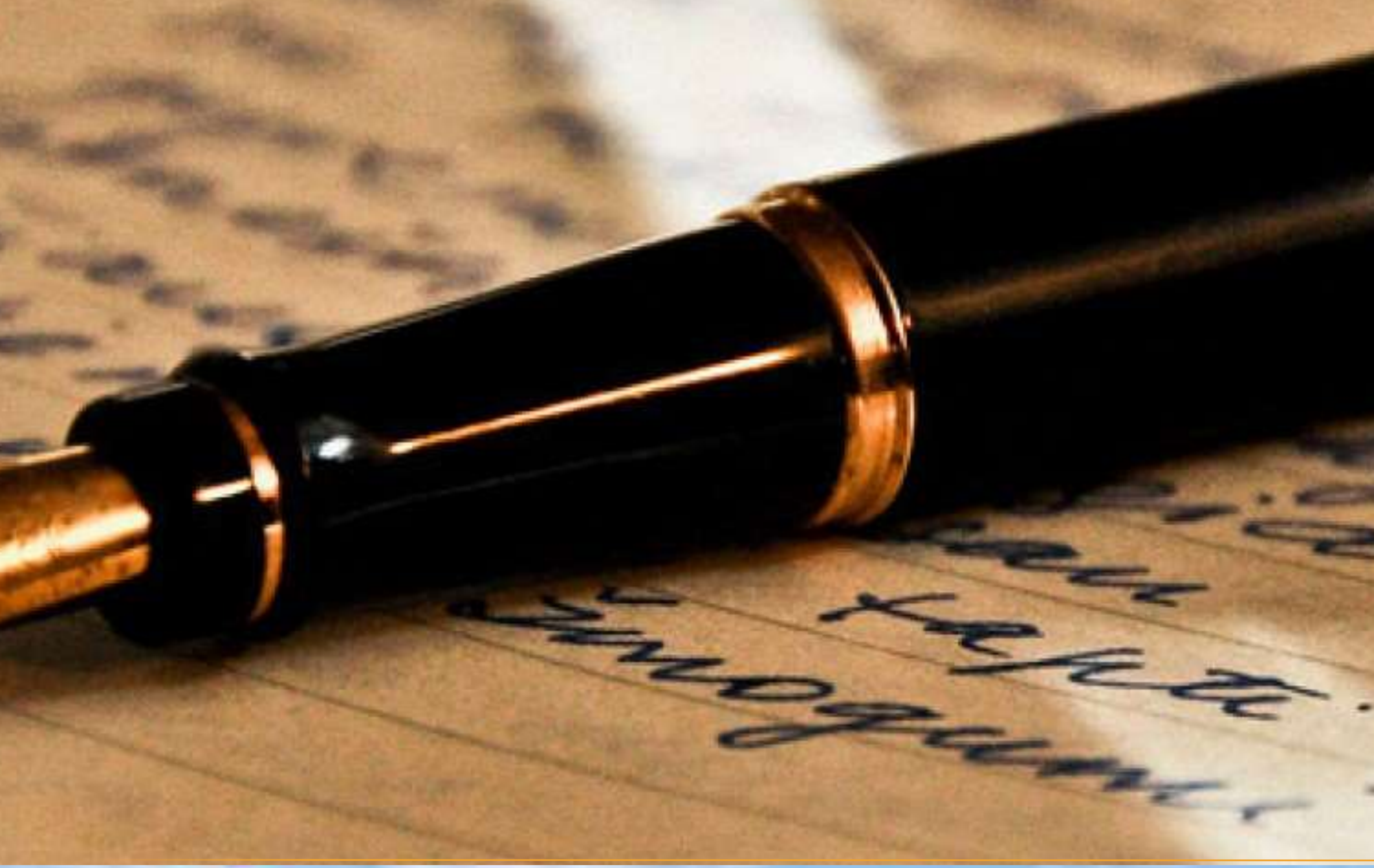
CICASA BHOPAL BRANCH
OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

Presents

KNOWLEDGE PEARL'S

Volume – 4 /2018



CICASA CHAIRMAN'S COMMUNIQUE

My Dear students,

Season Greetings !

It is my privilege and honour to write this Communiqué for E - Newsletter again in the series of issuance of news letter by CICASA, Bhopal. I congratulate the managing committee of CICASA, Bhopal for conducting successful programs in the month of March, 2018.

CICASA Bhopal is committed to organise various seminars, webcasts and other programs which provide opportunities to the students for grooming themselves and showcase their talents which ultimately results in confidence among the students fraternity. We are planning various programs in the coming months such as a seminar on GST, program on how to face CA exams, interaction of students of IPCC and Finals with the mock test copy examiners etc.

This is the high time for students who are preparing for the CA IPCC and Final Exams. This is the time for preparations and I hope this will result in successful performances.

I would advise students for the coming exams to fully concentrate on the study materials which have been supplied by ICAI. It is because most of the questions are being taken on the contents given in the institute materials. Revision Test Papers are prepared considering all the recent amendments and applicable/notified notifications for the exams.

I will appeal to all the students to generously contribute to the newsletter by sending articles, news, quiz etc which are of academic and professional interest for the students.

Wish you all the best for the forthcoming exams.

Have a nice time.

CA ANUP SHRIVASTAVA
CICASA CHAIRMAN
BHOPAL BRANCH OF CIRC OF ICAI

CICASA SECRETARY'S COMMUNICATION

My Dear Colleagues,

I am extremely elated to share with you all that we have successfully hosted our few seminars along with the webcast broadcasted by the Institute of Chartered Accountants of India at the Bhopal Branch of ICAI. We have also published the monthly newsletter for the month of March. In these series I would like to share with you all that we have started keeping Prizes for the best Article given to us during the tenure and we have kept a quiz or some sort of Creative Blog for all the happy and Creative souls which too will be awarded to the candidates. Also the creativity for the month of may is National Talent Search hosted by ICAI which will have Nukkad Natak, Instrumental Music, Quiz and Extempore, the details of which will be soon shared with you all to have some fun this summer. I hope to be in touch with you all and sort all your problems and issues during your articleship and about your studies. Feel free to ping me for any help. Always there for all the students.

Thanking You,
Priyanka Rijhwani,
Secretary,
CICASA Bhopal Branch of ICAI

CLARIFICATION ABOUT GST ON TOUR & TRAVELS

Mr. Deepak Awasthi
CRO0450827

TRAVEL & TOURISM INDUSTRY

Tourism Industry and travel and tour agents in particular are facing a tough time due to various factors like no commission by the airlines, direct marketing of airlines, higher taxation, poor tourist infrastructure etc.

MAJOR SOURCE OF INCOME

- **Commission :-**
  From Airlines,
  Cruise Companies,
  Travel Insurance Co.

- Sale Tour Packages, both inbound and outbound.

- Travel Related Services like VISA, Passport etc.

- Incentives Received from CRS Companies.

NOW WE SHALL DEAL HOW GST IS CALCULATED ON THESE ITEMS.

- There is a contract between the Airline/Cruise/Insurance Company and the passenger.
- The travel agent is only a facilitator who receives commission from the companies.
- Hence GST on these ticket/policy will only be consumed by the passenger and the agent cannot use them as their input credit.
- However the agent has to pay GST on the commission received from the Airline/Cruise/Insurance Companies on the reverse basis.

For Example : -

If the GST is 18% and the agent receives Rs. 100 as commission, he has to pay only Rs. 15.25 (100-100/118%) as GST. This amount of Rs. 15.25 should not be collected from the passenger

NOTE : - If the agent collects Service Fee as an additional charge from the passenger and show it in the invoice separately, he can add GST on the service fee in the invoice and collect the same from the passenger.

- Only outbound tour sold to a foreigner for visiting another foreign country and the payment is received by convertible foreign exchange is exempt from GST.
- All other tours (including inbound tours for foreigners) are taxable.
- GST paid on the purchase of tour packages from another tour operator can be claimed as ITC and only the difference tax can be paid to the Government.

SALE OF TOUR PACKAGES, BOTH INBOUND AND OUTBOUND

Travel arrangement, tour operator and related services	
Reservation services for transportation	998551
Reservation services for accommodation, cruises and package tours	998552
Reservation services for convention centres, congress centres and exhibition halls	998553
Reservation services for event tickets, cinema halls, entertainment and recreational services and other reservation services	998554
Tour operator services	998555
Tourist guide services	998556
Tourism promotion and visitor information services	998557
Other travel arrangement and related services	998559

SAC CODE FOR TRAVEL AGENT SERVICES

Supply of tour operator services attracts 5% GST rate with no Input Tax Credit **on goods & services.**

5% GST will be payable on the gross amount charged by the tour operator from the customer

Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India would continue to be exempt from GST, as it was exempt from service tax.

TOUR OPERATOR

The following types of transport services attract 5% GST:

- Transport of goods by Rail.
- Services of goods transport agency (GTA) in relation to transportation of goods [other than used household goods for personal use].
- Services of goods transport agency in relation to transportation of used household goods for personal use.
- Transport of passengers by rail (other than sleeper class).
- Renting of motor cab.
- Transport of passengers by air in economy class(Other 12%).
- Transport of passengers,
  - Air conditioned contract/stage carriage other than motor cab.
  - Radio taxi.
- Transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme Airport

GST RATE FOR TRANSPORT SERVICES

- Transport of passengers by air in other than economy class.

THE FOLLOWING TYPES OF TRANSPORT SERVICES ATTRACT 12% GST RATE

As a general rule, air travel agents are required to pay 18% GST on commission earned from airlines and also service charges, handling charges etc. (by whatever name called) collected from the customers / passengers. There is no bar on air travel agents in availing ITC on input services to support the output services of travel agents.

GST ON AIR TRAVEL AGENTS

- As an alternate to GST payment in the above manner, rule 32 (3) of CGST rules, 2017 permits an air travel agent ,
- to discharge GST at fixed percentage of basic fare on which commission is normally paid by the airlines to the agent.
- in such a case, the effective value and the effective rate of GST is tabulated below:-

Type of booking	Basic fare assumed (Rs.)	Effective value (Rs.)	GST payable (Rs.)	Effective rate of GST (% of 2)
Domestic ticket	100000	5,000/- (5% of basic fare)	900/-	0.90%
International ticket	100000	10,000/- (10% of basic fare)	1800/-	1.80%

- Commission Model
  - Domestic Booking = 5 % of Basic Fare
  - International Booking = 10% Basic Fare
- Basic fare Model
  - 18% GST on Commission

The above rates of GST are applicable to IATA agent having inventory to issue air tickets on behalf of the airline. In case an air travel agent buys ticket from IATA agent and charge service charges only from the customer / passenger as his mark-up, such agent is not authorized to work on basic fare module. He will pay 18% GST on his service charges disclosed separately in the invoice issued by him to the customer.

AIR TRAVEL AGENTS

Service	SAC	GST Rate	ITC
Tour Operator	9958	5%	Not available
Air Travel Agent (Registred with IATO)	9958	18% GST on commission OR 5% of Basic fare for domestic booking , 10% of Basic fare for international booking	Available
Sub Air Travel Agent	9958	18% GST on commission	Available
(source : CBEC and IATO)			

If a company registered in Noida makes hotel booking in Mumbai then how GST credit can be taken.

As in case of Immovable property, place of supply is place of immovable property then Mumbai hotel will charge CGST + SGST . Then can be take credit of this GST.

- In other case, if we book through travel agent in Delhi, and if it charges IGST then can we take GST credit in this case ?
- CLARIFICATION-
- If you avail the services of hotel booking at Mumbai and paid CGST and SGST, then you can take credit of CGST paid and utilise the same for payment of CGST. SGST paid at Mumbai can not be taken as credit and utilise the same for payment of SGST at Noida (Utter Pradesh) since Noida is in different state than Mumbai.
- If you book through ***a travel agent*** then the travel agent will charge IGST since it is inter state supply and credit of IGST can be availed and can be utilised the same for payment of IGST, CGST or SGST in that order.

HOTEL BOOKING

- If you have a branch in Mumbai then ask the hotel to raise invoice to that branch. That branch can take credit of both the component viz CGST and SGST. If that branch does not have output GST payable, then it can transfer such credit by registering it as input service distributor.
- ITC on the hotel bills in respect of accommodation, the levy under GST is location of immovable property situated. Hence, the Mumbai hotel will charge only CGST and SGST, that cannot be claimed by the company located in other states.
- Further, even if the ticket booking done through travel agent located in Noida, then the hotelier located in Mumbai will charge only CGST and SGST to the travel agent, who is in turn cannot claim the ITC and it will be added and cost to them, in addition again they will charge local CGST and SGST to Noida company, that alone we can avail the credit.
- In case if the travel agent and hotel both area located in Mumbai and the Noida company book the hotel, the travel agent only can avail the ITC and again they will charge only SGST and CGST with respect of hotel booking, that cannot avail credit by the Noise company.

INSOLVENCY PROFESSIONAL
(THE NEXT LEVEL PROFESSIONAL)

"Insolvency professional" the name might seem to be odd but the reality is that, it's getting a big career boost. We have not heard this word much in our professional life, yes you read it right in our 'professional life'. We, as a CA student get too much busy with our hectic schedule that we often ignore to explore new areas. So, here I bring to you a somewhat engaging article on an emerging career option. Let's start with the background.

<u>**The Background :-**</u> It was back on 21st December 2015 **"The Insolvency and Bankruptcy Code"** bill was introduced in Lok Sabha by Mr. Arun Jaitely, the bill finally managed to get passed on 5th May 2016 in Lok Sabha and on 11th May 2016 by Rajya Sabha. After getting the president assent on 28th May 2016 the law was made effective from December 2016 onwards. The bankruptcy code was introduced with the view to have a one stop solution for resolving insolvencies which at present is a long process and does not offer an economically viable arrangement. A strong insolvency framework where the cost, time, incurred is minimized in attaining liquidation has been long overdue in India. The code is protecting the interests of small investors, and has made the process of doing business a less cumbersome process.

As new law has been added in the fleets of laws, there was a need to formulate a board which can regulate the whole process, thus the **Insolvency and Bankruptcy Board of India (IBBI)** was established on 1st October 2016 and has given statutory powers through the Insolvency and Bankruptcy Code. The body is the regulator for overseeing insolvency proceedings and entities like Insolvency Professional Agencies (IPA), Insolvency Professionals (IP) and Information Utilities (IU) in India. It covers Individuals, Companies, Limited Liability Partnerships and Partnership firms. It handle the cases using two tribunals like NCLT (National company law tribunal) and Debt recovery tribunal.

<u>**The Insolvency Professional (Work) : -**</u> These professionals are duly licensed by insolvency professional agencies (IPAs) and Insolvency and Bankruptcy Board of India (IBBI), which performs the roles of interim resolution professional (IRP)/resolution professional (RP)/liquidator in the insolvency, resolution and bankruptcy process as defined under the Code. The entire insolvency resolution process is managed by an Insolvency Professional, appointed or designated by the Insolvency and Bankruptcy Board of India as an Insolvency Professional. These professionals will also control the assets of the debtor during the insolvency process. One of the critical pillar of this Code is the vesting of entire management and operations of the company undergoing insolvency process to an Insolvency Professional (IP), whose position is considered to be most significant in insolvency proceedings.

Becoming an Insolvency Professional : -

Basically there are four routes available to become an insolvent Professional : -

Passing the National Insolvency Examination	Passing the Limited Insolvency Examination + 15 Years Experience in Management + Bachelor Degree	Passing the Limited Insolvency Examination + 10 Years of Experience as Chartered Accountants or Company Secretary or Cost Accountant or Advocate	15 Years Experience as Chartered Accountants or Company Secretary or Cost Accountant or Advocate (Limited Period Registration)

Registration as Insolvency Professional :- The one who has passed the limited insolvency examination is required to enroll himself as a Professional member with insolvency Professional Agency. Till now there are three professional Agency.

- Indian Institute of Insolvency Professionals of ICAI [IIIP-ICAI]
- ICSI Institute of Insolvency Professionals [ICIS-IIP]
- Insolvency Professional Agency of Institute of Cost Accountants of India [IPA-ICAI]

❑ For a limited time, any person who is a qualified Chartered Accountant, Company Secretary, Cost Accountant or Advocate with over 15 years of practice can become an Insolvency Professional without taking the Insolvency Examination. Individuals appointed under this scheme would be registered for a limited period and cannot take any assignment as an insolvency professional after the expiry of Insolvency Professional registration.

❑The Graduate Insolvency Programme and the National Insolvency Programme is yet to notified by the Insolvency and Bankruptcy Board of India.

The Indian Institute of Insolvency professionals of ICAI :-

The Indian Institute of Insolvency professionals of ICAI is a section 8 Company formed by the Institute of Chartered Accountants of India to enrol and regulate insolvency professionals as its members, in accordance with the Insolvency and Bankruptcy code 2016 and read with regulations. According to the latest data as on 9th April 2018 a total of 1059 member (As Permanent Registration) & 120 member (As limited Registration) has been enrolled with the Indian Institute of Insolvency professionals of ICAI.

"As there are growing NPA's in India, there is a high demand for Insolvency Professional to solve all the Problems thus the Insolvency Professional may tend to the most promising career."

If you find this article useful please visit blog.basicseduventures.com and find some more interesting articles. And also subscribe to our YouTube channel to watch some interesting interview on different career fields.

E WAY BILL : AN OVERVIEW

Ishaan Gupta
CRO0522259

The Goods and Services Tax came into force on the **1st of July, 2017**. It replaced more than 15 taxes levied both by the centre and the states. With GST, the government has its motive clear, "**One Nation, One Tax, One Market**". For the motive to succeed, the government also needed to make movement of goods hassle free.

Rule 138 of the CGST Rules prescribes the Electronic Way Bill or the E-Way Bill. E-Way Bill is basically a compliance mechanism wherein by way of a digital interface the person causing the movement of goods uploads the relevant information prior to the commencement of movement of goods and generates e-way bill on the GST portal.

E-Way bill was made mandatory for all inter-state movement of goods (Barring a few exceptions as listed under the rule) on the 1st of April, 2018. And It is being mandated for intra-state movement of goods few states at a time. The bill can be generated using the GSTN portal **http://ewaybill.nic.in/**. The person generating the bill can be supplier of goods, receiver of goods or transporter. The user has to register himself/herself on the portal and provide some information. The user first needs to fill **Part A** Form **EWB-01** that requires GSTIN of Supplier and/or Recipient, Place of Dispatch-PIN Code of Place, Place of Delivery – PIN Code of Place, Invoice/Challan Number, Date and Value of Goods, HSN Code – At least 2 digits of HSN Code, Reason for Transport – Supply, Export, Import, Job Work, sales return, exhibition, For Own use etc. After this, **Part-B** has to be filed which requires Transporter Doc. No./ Vehicle Registration No., Document Number provided by transporter, Vehicle Number in which goods are transported.

The details of e-way bill generated shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill. In case, the recipient does not communicate his acceptance or rejection within seventy two hours of the details being made available to him on the common portal, it shall be deemed that he has accepted the said details.

The generated bill is valid in accordance with the distance for which the movement of goods is taking place. For every 100 KMs, there is a validity of 24 hours. Also, for every increasing 100 KMs, the validity increases for 24 hours. The person in charge of a conveyance has to carry the invoice or bill of supply or delivery challan, as the case may be; and a copy of the e-way bill or the e-way bill number.

E-way bill is to be issued irrespective of whether the movement of goods is caused by reasons of supply or otherwise. In respect of transportation for reasons other than supply, movement could be in view of export/import, job-work, SKD or CKD, recipient not known, line sales, sales returns, exhibition or fairs, for own use, sale on approval basis etc.

E-Way Bill is not required:

Transport of goods as specified in Annexure to Rule 138 of the CGST Rules, 2017

Goods being transported by a non-motorised conveyance.

Goods being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs.

In respect of movement of goods within such areas as are notified under rule 138(14) (d) of the SGST Rules, 2017 of the concerned State.

Consignment value less than Rs. 50,000/.

The e-way bill provisions aim to remove the ills of the erstwhile way bill system prevailing under VAT in different states, which was a major contributor to the bottlenecks at the check posts. Moreover different states prescribed different e-way bill rules which made compliance difficult. The e-way bill provisions under GST will bring in a uniform e-way bill rule which will be applicable throughout the country.

QUIZ

Annu Soman
CRO0626368

1. **Name the Act:**
   a. An Act to make provision for the regulation of the profession of Chartered Accountants.
   b. Under which act, The Institute of Chartered Accountants of India was established to educate, register and regulate Chartered Accountants in India?

2. **Internal Auditor as per Companies Act, 2013 can be**
   a. A Chartered Accountant
   b. A Cost Accountant; or
   c. Any other professional as may be decided by the Board of Directors
   d. All of the Above

3. **State whether the sentence is true or false along with the Act prescribing it. The internal auditor may be an employee of the company.**

4. **For the assessment year 2018-2019, NRIs, who were using the Sahaj forms to file their returns, will now have to use which form to file their returns as per the new rules.**

5. **PPF is a ____-year scheme, which can be extended indefinitely in block of ___ years.**

6. **The principal invested in the PPF qualifies for deduction under Section ________ of the Income Tax Act, 1961 and the interest earned is tax exempt as well under Section _______.**

7. **It is the apex body overseeing the insurance business in India. It protects the interests of the policyholders, regulates, promotes and ensures orderly growth of the insurance in India. Name it.**

8. **Write the Full Forms.**
   a. UIDAI
   b. IRDA
   c. ICWAI
   d. DSC
   e. EVC

9. **The Institute of Cost Accountants of India, previously known as __________**

10. **Name the Exam**
    a. This is till date hailed as the world's toughest examination. Those who wish to take this exam must have passed the Advanced exam, be invited and/or recommended to sit the exam and have typically worked in the industry for at least 10 years. The exam covers all aspects of the world and industry of wine, beer, spirits/cocktails, and hospitality from a business, service and philosophical approach. The exam is broken down into three sections: theory, service and blind tasting.
    b. This exam in China is also known as the National Higher Education Entrance Examination. Every student in the country has to appear for this exam, as it is the main requirement to get into higher studies.

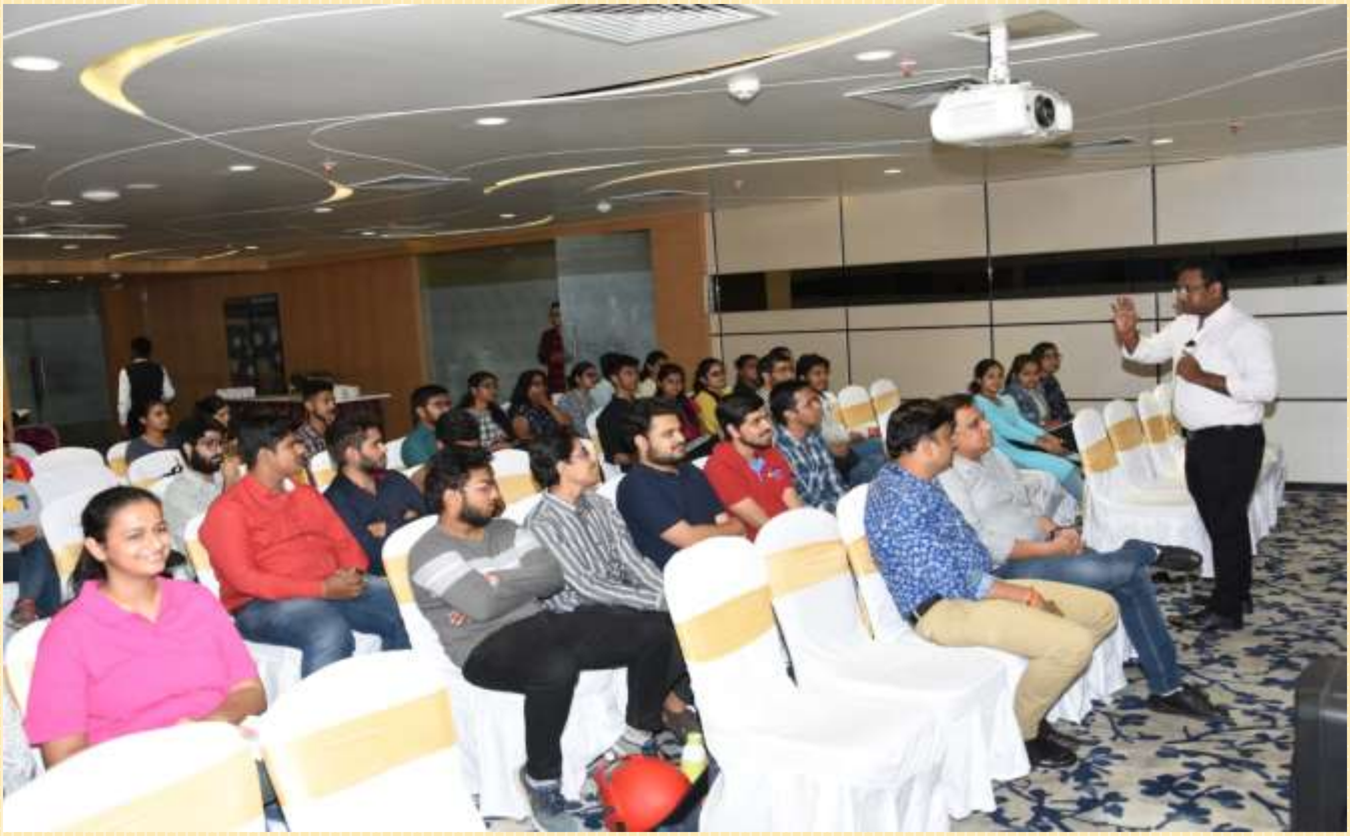
Answer of Previous Month Quiz

1. MINISTRY OF CORPORATE AFFAIRS.
2. THE CENTRAL BOARD OF INDIRECT TAXES & CUSTIMS(CBIC) .
3. STATUTORY
4. WORLD WIDE WEB(WWW)
5. MEGHRAJ
6. SUPREME COURT
7. NABARD
8. INDUSTRIAL FINANCE CORPORATION OF INDIA (IFCI)
9. SUPREME COURT
10. CLEAN NOTE

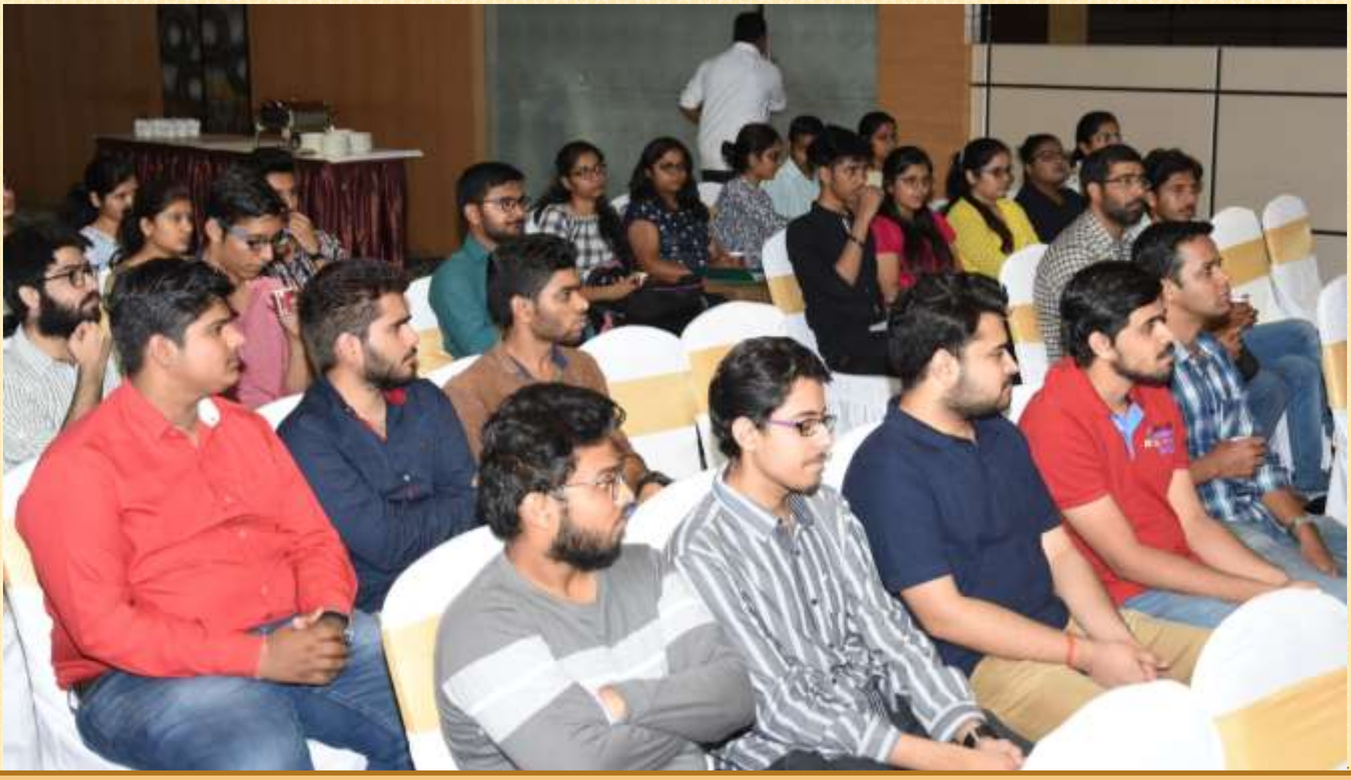
EVENT OF CICASA AT BHOPAL BRANCH

Seminar of Capsule of GST & E – Way Bill on 21st April, 2018

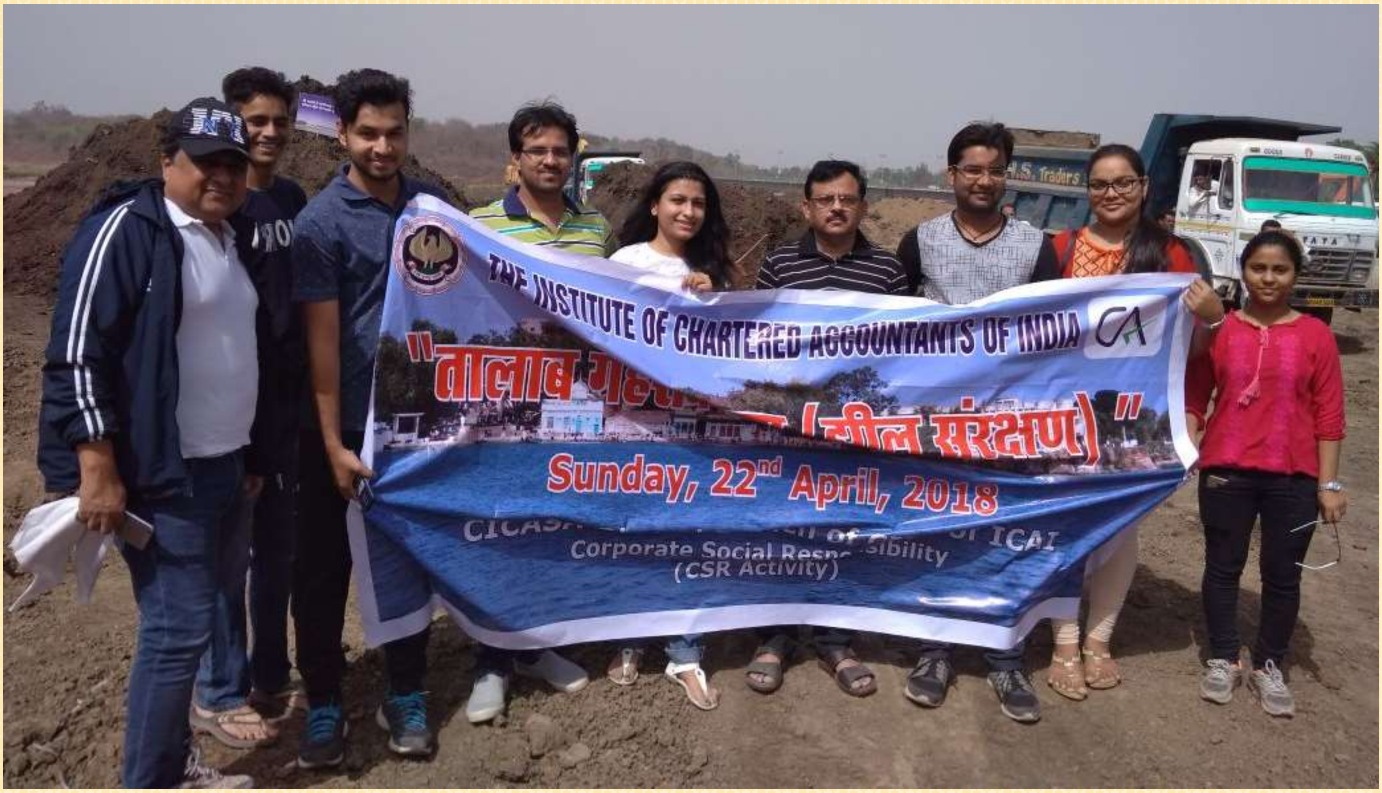
Seminar of Capsule of GST & E – Way Bill on 21st April, 2018



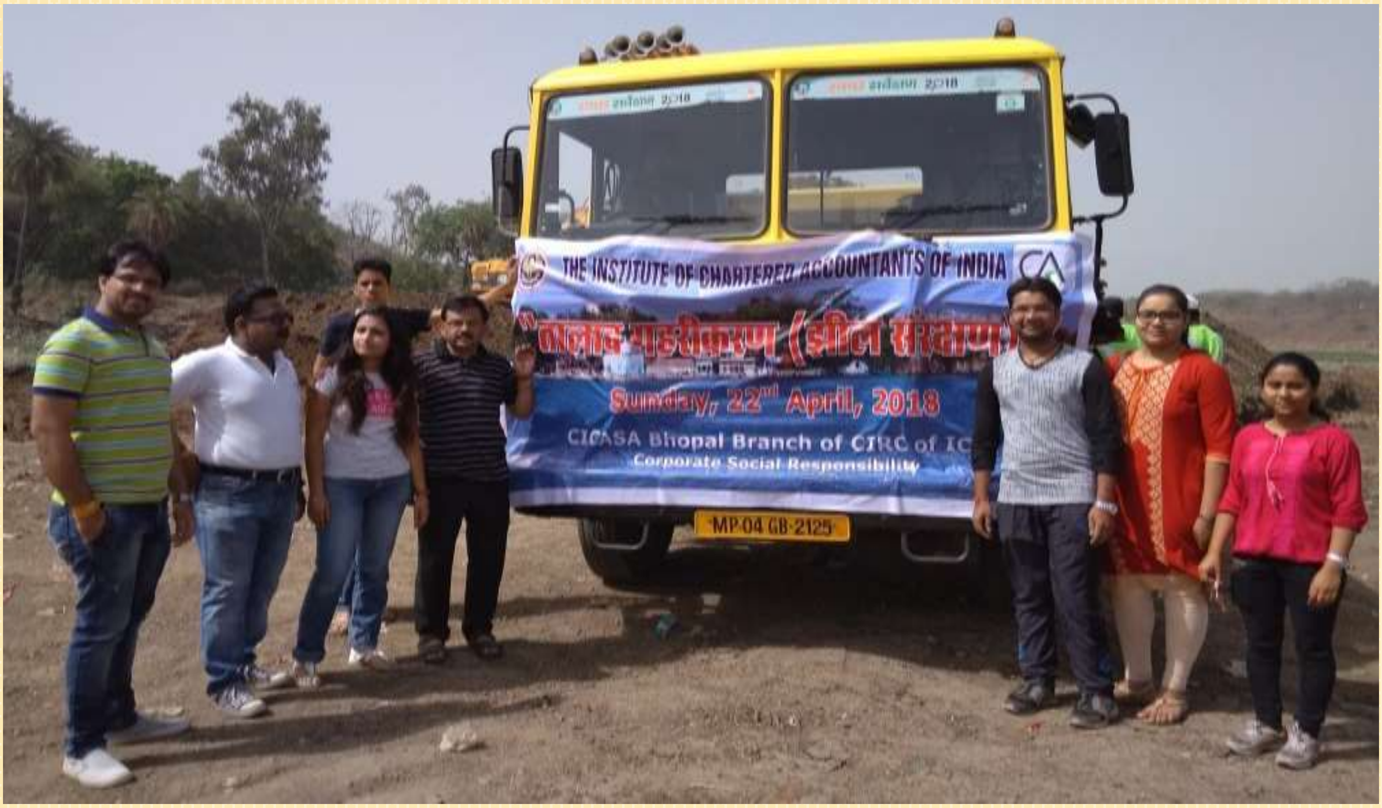
Seminar of Capsule of GST & E – Way Bill on 21st April, 2018



Seminar of Capsule of GST & E – Way Bill on 21st April, 2018



TALAB GAHRIKARAN (LAKE CONVERVATION) on 22nd April, 2018



TALAB GAHRIKARAN (LAKE CONVERVATION) on 22nd April, 2018

Disclaimer

The Bhopal Branch of CIRC of ICAI or CICASA Bhopal does not accept any liability or loss or damage. The views and opinions expressed in the articles are of the author and CICASA Bhopal is not necessary to agree with the views.

Students Data

CICASA Bhopal is in the process of compiling the data base of student who registered with ICAI. The student data base shall be used for circulating the information about the activities, seminar and notices etc. Hence all the students are requested to kindly update their particular by E – Mail or WhatsApp. E – Mail Address : bhopalcicasa@gmail.com

WhatsApp No. : 9981006120, 7415575776

Invitation for Contribution of Article's for Newsletter

CICASA Bhopal thanks to all the Students author who contributed their articles for the newsletter. We request all the students to contribute the articles for the newsletter, which are of Academic/Practical interest and useful for the students from exam point of view as well the article should not be copied from elsewhere and it should be original write-up of the author. Please send the article us at : bhopalcicasa@gmail.com

Suggestions & Advice

Students are requested to suggest/advise to CICASA Committee about the Newsletter Contents, Seminar Topics, Activities, ITT Center, or any Issues related to the Students.

- : ICAI Bhopal Branch Office Address : -

148, Second Floor, Zone - II, M. P. Nagar, Bhopal (M. P.) 462011

- : ITT Center Address : -

Z-26, Second Floor, Zone - I, M. P. Nagar, Bhopal (M. P.) 462011

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