



ALWAR BRANCH OF CIRC OF ICAI E-NEWSLETTER



75
Azadi Ka
Amrit Mahotsav

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CHAIRMAN'S MESSAGE



From the Desk of Chairman

Dear Professional Colleagues and Students,

Greetings of the day!

I want to thank every member for their active participation in branch activities as we celebrated CA week from 1st to 7th July, where activities like Blood Donation, Tree Plantation, Educational Material Distribution in NGO, Swachh Bharat Abhiyaan, Seminar on Financial Literacy and GST and Health Checkup with CPR Training were conducted. we have celebrated 75 years of Independence in branch where 63 newly qualified CA were honored. ICAI MSME Yatra Program was also conducted in the month of September.

Seminar and study circle meetings were organized on GST Amendments, new financial statement formats for individuals and partnership firms, tax audit, subsidy with student activities on teacher's day.

Any suggestions with regard to seminars and study circle meeting topics is welcome and can be sent to caamitindia@gmail.com.

JAI HIND ! JAI ICAI !

With warm regards,

A handwritten signature in black ink, appearing to read 'Amit Agarwal', with a stylized flourish at the end.

CA Amit Agarwal
Chairman, Alwar Branch of CIRC of ICAI
Mob. 7737747747

SECRETARY'S MESSAGE



Dear Professional Colleagues and Students,

Greetings of the day!

At the outset, I would like to thank all the members and students of Alwar Branch for their interest in and support to the activities and initiatives undertaken by Alwar Branch. The managing committee is committed to organize seminars and events on the current issues in the interest of members and students by securing the best faculties.

This e-newsletter provides a window of communication with the members and students with respect to the events and programs conducted by the Alwar Branch. In this series, CA Day was celebrated through a week long activity which was supported by members in large numbers.

Apart from the regular seminars, MSME Yatra – A 75 days innovative initiative of Committee on MSME and Startup of ICAI was welcomed by Alwar Branch on 8th September, 2022. As a part of this event, an informative session on Central and State Government Schemes for MSME Sector was conducted for the businessmen. This event was graced by dignitaries from several government bodies and financial institutions such as Ministry of MSME, DIC, SIDBI and SBI.

On sports front, Alwar Branch participated in Inter-branch CIRC Football Tournament held at Agra.

In the end, I sincerely request members and students to contribute to the e-newsletter with articles of interest to our members and students.

Looking forward to your feedback and suggestions.

Warm Regards,

A handwritten signature in black ink, appearing to read 'Pushp', followed by a long horizontal flourish.

CA Pushp Palawat
Secretary, Alwar Branch of CIRC of ICAI

MANAGEMENT COMMITTEE



CA Amit Agarwal
Chairman



CA Priyanka Arora
Vice-Chairperson



CA Pushp Palawat
Secretary



CA Nitin Gupta
Treasurer



CA Akash Singhal
CICASA-Chairman



CA Jeetendar Gupta
Executive Member



CA Anil Kumar Yadav
Ex-Officio Member

CORPORATE SOCIAL RESPONSIBILITY



CA Rahul Agarwal

- ▶ The Corporate Social Responsibility concept in India is governed by Section 135 of the Companies Act, 2013, Schedule VII of the Act and Companies (CSR Policy) Rules, 2014 wherein the criteria has been provided for assessing the CSR eligibility of a company, Implementation and Reporting of their CSR Policies. India having the most elaborated CSR mechanism and implementation strategy has started its journey to set a benchmark in attaining sustainability goals and stakeholder activism in nation building.
- ▶ It is a legal requirement for businesses in India to adhere to CSR actions. In other nations like France, the UK, Germany etc., there are guidelines for voluntary compliance.
- ▶ The government of India has issued a notification under Section 135 of the Companies Act 2013 to govern CSR actions. It encourages more disclosure and transparency.
- ▶ The CSR provision is that businesses need to satisfy the criteria by spending a minimum of 2% of their annual profits over the past three years on CSR initiatives.
- ▶ Some companies fail to adhere to the rules for CSR. In such conditions, they must explain their non-compliance in their board report. This is in addition to the requirement of "Comply or provide an explanation. If they fail to reason why they are not complying and cannot give a reason, they need to face the penalties.



APPLICABILITY-

- ▶ This Deepavali, 300 tonnes of hazardous waste collected from the 15 zones of Greater Chennai Corporation was sent to the Common Hazardous Waste Treatment Storage and Disposal Facility (CHWTSDF) in Gummidipoondi. This figure marks an increase of 50 tonnes over what was collected in Deepavali 2021.
- ▶ As a corporate social responsibility initiative, members of Industrial Waste Management Association (IWMA), a not-for-profit set up in 2002, ensure the segregated hazardous waste is sent to the scientific landfill in Gummidipoondi to be treated separately by RESustainability/IWM Solutions Limited.
- ▶ This is the seventh year since IWMA began to associate with GCC for responsibly disposing of the hazardous waste generated from bursting of fire crackers, says K Baskaran, chairman, Industrial Waste Management Association



TAXABILITY OF DEEMED DIVIDEND



CA G.P. Garg

I draw the attention on very important points in summarized manner on deemed dividend.

A.) DIVIDEND

Finance Act 2020 shifted the taxability on dividend income from the hands of the dividend declaring company to the individual investors.

B.) DEEMED DIVIDEND

As per section 2(22)

FOLLOWING AMOUNTS SHALL BE TREATED AS DIVIDEND TO THE EXTENT THE COMPANY POSSESSES ACCUMULATED PROFITS WHETHER CAPITALIZED OR NOT

- (a) If such distribution entails the release by the company to its shareholders of all or any part of the assets of the company, if distribution is in kind, fair market value of assets received as on the date of distribution shall be considered.
- (b) Any distribution to its shareholders by a company of debentures, debenture- stock, or deposit certificates in any form, whether with or without interest, and any distribution to its preference shareholders of shares by way of bonus
- (c) Any distribution made to the shareholders of a company on its liquidation, if distribution is in kind, fair market value of assets received as on the date distribution shall be considered.
- (d) Reduction of share capital (reducing the fair value of shares by refunding amount to the shareholders)

If dividend income falls under (a) to (d) advance tax is not payable on estimated basis. When such income is accrued then assessee is required to pay advance tax liability on such income in subsequent installments.

Section 2(22) (e) of the Income Tax Act mandates that deemed dividend are loans or advances extended by a company in which public is not substantially interested (closely held company) to the following personnel:

A shareholder who is the beneficial owner of shares, and holds a minimum of 10% of the voting rights. It may be noted that the shares so held should not be entitled to a fixed rate of dividend.

Any concern in which the shareholder of the company is a member or partner holding a substantial interest.

On behalf, or for the individual benefit of such shareholder, to the extent specified by law. Other than the ones specified above, loans provided by a subsidiary company to a holding company would be included under the purview of this section.

TAXABILITY OF DEEMED DIVIDEND

“Concern” means a Hindu undivided family, or a firm or an association of persons or a body of individuals or a company

“Substantial interest” means if a person at any time during the previous year holds 20% or more in that concern. Dividend provisions to apply even if the closely held company charges market rate of interest.

EXCEPTIONS

This provision will not apply in respect of ‘trade advances’ given by the closely held company to the shareholder or concern in the ordinary course of business.

Where a loan had been treated as a dividend and subsequently the company declares and distributes a dividend to all its shareholders including the borrowing shareholder, and the dividend so paid is set off by the company against the previous borrowing, the adjusted amount will not be again treated as a dividend.

The loans or advances will be treated as deemed dividend to the extent company possesses accumulated profits (excluding capitalised profits). If company does not have accumulated profits (i.e. accumulated losses are there) then loan or advance would not be treated as deemed dividend.

As per Supreme Court’s decision in the case of Tarulata Shyam V/S CIT, dividend provisions to apply even if loan is subsequently repaid.

TAXABILITY OF DEEMED DIVIDEND U/S SECTION 2(22)

In Budget 2021, the burden of paying tax on dividend is transferred to the shareholders on applicable tax rates. Now the companies are not liable to pay Dividend Distribution Tax (DDT) while distributing dividends to the shareholders, i.e. DDT is abolished.

TDS is required to be deducted before making any payments in cash or before issuing any cheque or warrant in respect of any dividend or before making any distribution or payment to a shareholder, who is resident of India if any dividend is within the meaning of sub-clause (a) or (b) or (c) or (d) or (e) of clause 22 of section 2. Rate of tax deducted at source 10% While conducting the audit of private companies auditor should pay due attention on applicability of provision of deemed dividend u/s 2(22) (e) of Income Tax Act.

He should obtain the list of shareholders and concern in which shareholder is having substantial interest.

Details of loans given to shareholders and sister concern and ascertain the applicability of this provision.

CA G.P. GARG

(PAST CHAIRMAN OF ALWAR BRANCH OF CIRC)

Export of Service under GST



CA Akash Singhal

Supply of Export of service is very ticklish term under GST. Sometimes a transaction seems to be supply of export of service but according to the provisions of the GST such transaction shall not be treated as export of service. Every supply of service made to a person belonging to the outside India and payment also received in convertible foreign exchange cannot be termed as supply of export of service. Export of service is defined under section 2(6) of the IGST Act.

“export of services” means the supply of any service when, —

- (i) the supplier of service is located in India;
- (ii) the recipient of service is located outside India;
- (iii) the place of supply of service is outside India;
- (iv) the payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India; and
- (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8; The provisions of the section 13 IGST Act shall apply to determine the place of supply of services where the location of the supplier of services or the location of the recipient of services is outside India.

A. Section 13(2) IGST determines the place of supply of any type of service except the services specified sub-sections (3) to (13) IGST shall be the location of the recipient of services.

B. PLACE OF SUPPLY RELATING TO GOODS (Section 13(3)(a) IGST) –

According to this section location of the place of supply shall be the location where the goods are available for service.

C. PLACE OF SUPPLY RELATING TO INDIVIDUAL (Section 13(3)(b) IGST) –

According to this section location of the place of supply shall be the location where the services are provided to the individual, represented either as the recipient of services or a person acting on behalf of the recipient.

D. PLACE OF SUPPLY RELATING TO IMMOVABLE PROPERTY (Section 13(4) IGST) –

According to this section location of the place of supply shall be the location where the immovable property is located or intended to be located.

E. SECTION 13(5) IGST –

The place of supply of services supplied by way of admission to, or organisation of a cultural, artistic, sporting, scientific, educational or entertainment event, or a celebration, conference, fair, exhibition or similar events, and of services ancillary to such admission or organisation, shall be the place where the event is actually held.

F. SECTION 13(8) IGST ACT RELATING TO THREE SERVICES WHOSE PLACE OF SUPPLY SHALL BE LOCATION OF THE SUPPLIER OF SERVICES.

- (a) Services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;
- (b) Intermediary services;
- (c) services consisting of hiring of means of transport, including yachts but aircrafts and vessels, up to a period of one month Intermediary Services defined in section 2(13) of the IGST Act i.e.

Export of Service Under GST

“intermediary” means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account;

“INTERMEDIARY SERVICES” are exempted from GST Tax Entry No.12AA of Notification 9/2017 IGST (RATE) Heading – 9961

H. SECTION 13(12) IGST ACT RELATING TO ONLINE SERVICES.

The place of supply of online information and database access or retrieval services shall be the location of the recipient of services.

I. SUPPLY OF EXPORT OF SERVICES BETWEEN TWO DISTINCT PERSONS IS EXEMPT FROM GST TAX.

According to clause 10F of notification 9/2017 IGST (Rate) service made to distinct person shall be exempt from tax provided the place of supply of the service is outside India in accordance with section 13 of Integrated Goods and Services Tax Act, 2017. Therefore, no tax should be charged if other conditions are fulfilled.

Source: www.cbic.gov.in

Warm Regards,

CA Akash Singhal
CICASA- Chairman
Alwar Branch of CIRC of ICAI

VNO LICENSE



CA. Priyanka Arora



Today licensing is necessary for everyone starting a business. But, you must first complete your Company Registration process before applying for a license. Further, you have to obtain a VNO License for starting an Internet Service Provider Business issued by the telecommunication department.

Now let's learn in detail about the VNO License.

What is a VNO License?

VNO (Virtual Network Operator) buys bandwidth and resell them to internet users virtually. However, this license is for operating on a small scale.

The TRAI (Telecom Regulatory Authority of India) issues the license after evaluating the application.

Three categories of VNO License:

(National Area) **Class A** – For Pan India operations.

(Telecom Circle/Metro Area) **Class B**– Issues for 24 primary states or Metro Cities.

(Secondary Switching Area) **Class C** – A secondary switching area is a government-defined area covering small villages, towns or districts.

You are eligible for VNO License if :

Registered as a Private Ltd Company/Public Ltd Company/One Person Company.

Memorandum of Association (MOA) should have the title "Internet Service Provider"

discussed. **Documents Required for VNO License**

Copy of Company Incorporation

- Articles of Association and Memorandum of Association
- Equity Details Certificate

VNO LICENSE

- Certificate from Company disclosing the status of Foreign holdings
- Net worth of the Company Certificate
- Paid-up Capital Certificate
- MHA clearance (in case of foreign nationality of a director)
- Power of Attorney by resolution of the Board of Directors
- Other Documents (if any)
- Processing Fee (Non-Refundable)
- Details of the directors
- Address proof of the registered office

Government Fee Structure of VNO License

	Class A	Class A	Class A
Entry Fee	Rs.15,00,000/-	Rs.1,00,000/-	Rs.10,000/-
- Application Processing Fee	Rs 50,000/-	Rs.15,000/-	Rs.10,000/-
TOTAL CAPITAL REQUIRED	Rs. 15,50,000/-	Rs. 1,15,000/-	Rs. 20,000/-

Steps to apply for a VNO License offline:

Here are the easy steps directed as per guidelines:

Firstly, check the eligibility- This license is only given to a company. Secondly, classify yourself under the class mentioned above. Thirdly, fill the form that you can download from the official website.

Submit the application form with the fee and wait for the reply. Further, attach the documents required. Meanwhile, the TRAI will evaluate your application and give you the details. After receiving the letter of intent, follow further instructions in the letter. Then, submit the bank guarantees and deliver the guarantee agreement to the DOT. Finally, you will receive the VNO License after paying the remaining unified license bill.

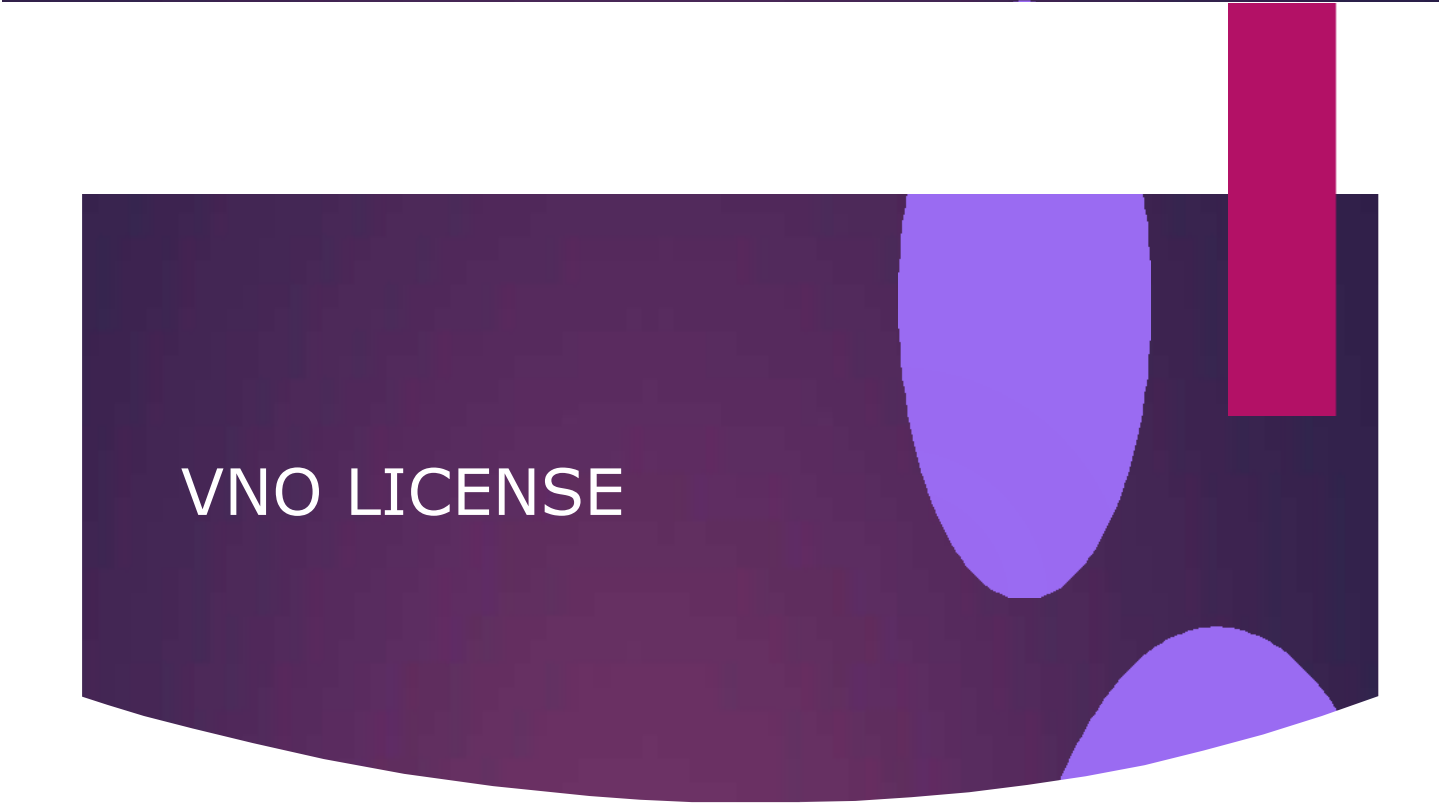
Timeline

It takes about **3-5 months** for the complete process of getting a VNO License.

The telecommunication department issues a "letter of intent" within two months. After that, it takes about 1-3 months to give bank guarantees and extra information asked by the Telecommunication Department.

Validity

A VNO license in India is valid for **10 years**, as per the unified license guidelines.



VNO LICENSE

Points to remember when applying for a VNO License

Firstly, anyone who wants to provide internet services to subscribers needs this license. Moreover, it is issued to those who buy and sell the internet bandwidth to subscribers.

The VNO holders work within a virtual environment to provide internet access and require lesser hardware. However, for an ISP, the hardware necessities are high as the work environment is physical.

In conclusion, if you operate your business without a license, you will have to pay heavy fines or close down your business. Therefore, to be on the safer side, keep a record of all the documents. Most importantly, acquire all the licenses and permits as soon as possible.

Warm Regards,

CA Priyanka Arora
Vice- Chairperson
Alwar Branch of CIRC of ICAI

GALLERY



Day-1 Flag Hoisting Ceremony with Chief Guest: Shri Shiv Prasad Madan Nakate Ji, District Collector, Alwar.



Felicitation of Chief Guest: Shri Shiv Prasad Madan Nakate Ji, District Collector, Alwar,



CA Members on CA Day Celebration



Day- 2 Blood Donation by Past Chairman Nitin Agarwal Ji



Felicitation of Blood Donation Co-ordinators



Blood Donation Event Photo



Day- 3 Distribution of Education Material to Under privileged Children with Guest of Honor: Shri Sanjay Sharma Ji, MLA, Alwar Urban, Rajasthan



Members and Guests present at Sapna NGO for Distribution of Education Material to Under privileged Children



Prize Distribution Ceremony at Sapna NGO



Day- 4 Tree Plantation at Kendriya Vidyalaya, Itarana, Distt. Alwar



Tree Plantation at Kendriya Vidyalaya, Itarana, Distt. Alwar



Tree Plantation at Kendriya Vidyalaya, Itarana, Distt. Alwar

GALLERY



Day- 5 Swachh Bharat Abhiyan with Coordinator: Shri Vishan Kalra at Kishan Kund, Alwar



Swachh Bharat Abhiyan at Kishan Kund, Alwar



Swachh Bharat Abhiyan at Sagar, Alwar



Day- 6 Half Day seminar on Financial & Tax Literacy Programme



Half Day seminar on Financial & Tax Literacy Programme



Members & Students present in Half Day seminar on Financial & Tax Literacy Programme



Day- 7 Health Check-up Camp, Speech by Chief Guest: Dr. Harish Gupta Ji



Health Check- up Camp



Health Check- up Camp



Independence Day Flag Hoisting Ceremony with Chief Guest: Sh. F.R. Meena Ji, Additional Commissioner of Income Tax, Alwar



Independence Day Event



Members and Students present in Independence Day Ceremony

GALLERY



Dignitaries from Government Bodies and Financial Institutions in ICAI MSME Yatra Event



Felicitation of Guest Speaker Shri Manish Jain Ji on ICAI MSME Yatra Event



Flagging Off of ICAI MSME Yatra



Study Circle Meeting: CA Mahesh Jain Ji delivering his speech on Clause 44 of Tax Audit Report.



Study Circle Meeting



Study Circle Meeting



Teachers' Day Celebrations: Presentation by Students on the theme - Role of my Guru in my Life



Teachers' Day Celebrations



Teachers' Day Celebrations



Alwar CA Branch Football Team Participated in CIRC Football Tournament at Agra