



The Institute of Chartered Accountants of India  
(Setup by an Act of Parliament)

**Hyderabad Branch of SIRC**

*E-Newsletter*

Volume / Issues-9/September/Pages-12

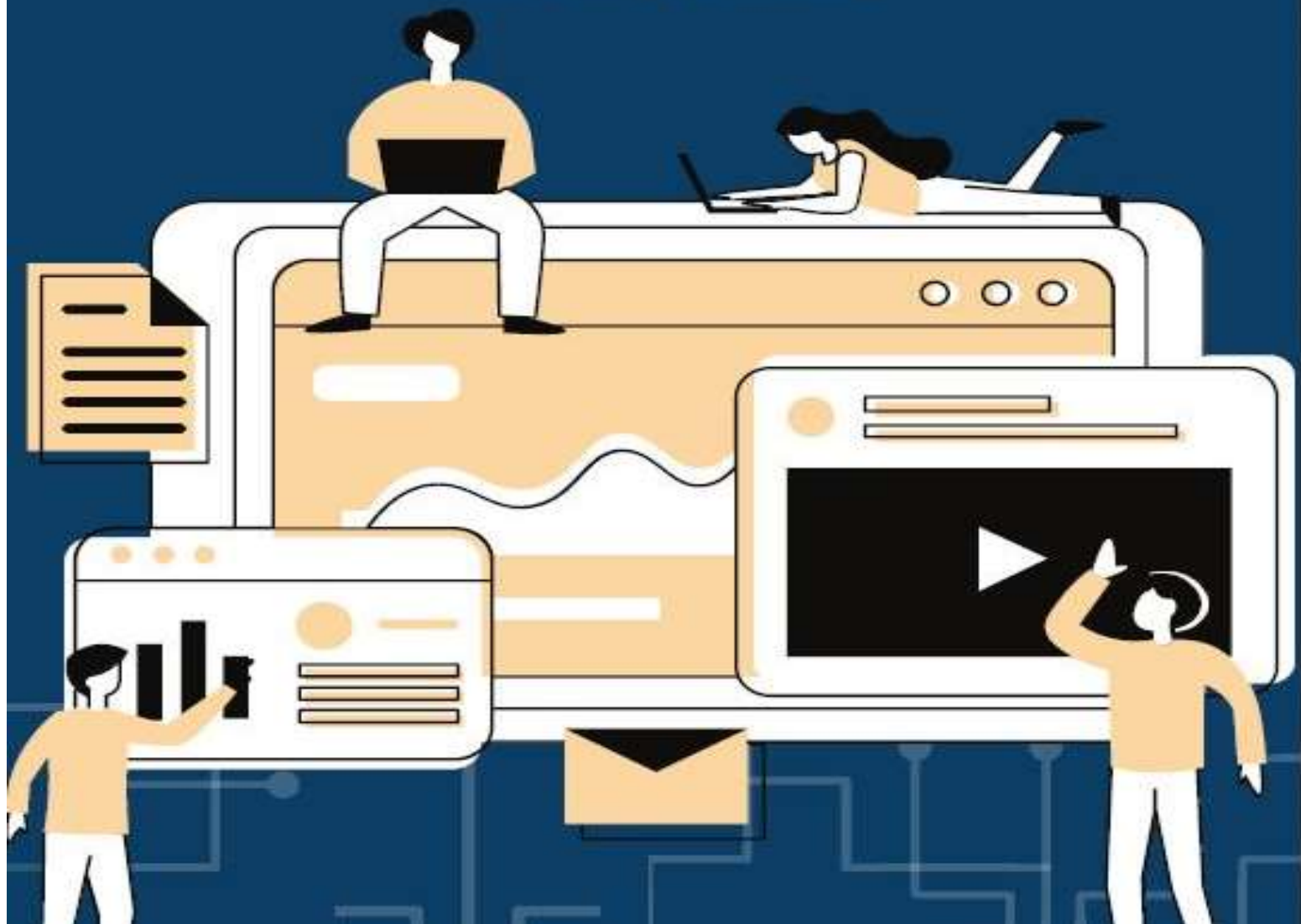
**POWERING AHEAD.....CENTURY ON  
A STICKY WICKET**

Celebrating The 100Th Programme!



**22-09-2020 TO 26-09-2020**

[www.hydicai.org](http://www.hydicai.org)





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## Chairman Writes

### Dear Professional Colleagues,

Hope each one of you and your family members are safe. Most of us have started working from office and have started interacting in physical meetings with our Staff and Clients. I urge each one of you to be Safe and ensure that all safety standards are followed by you, your staff and visitors to your office.

Every year September is the most critical month for a Chartered Accountant as almost everyone will be busy in Completing Tax audits, Company Audits, Time Barring assessments etc. This September we just have to concentrate on Completing the GST Audit as the due dates of all other activities are post September.

We at Hyderabad Branch decided to conduct virtual meetings almost every day in September 2020 also on topics of Academic interest in the field of Tax audit, Company Audits, GST and use of Important Accounting software. The webinars and Virtual CPE meetings conducted by us in August and till the date of releasing the Newsletter saw good participation from members.

We realised that we could touch Century of Programmes in September 2020 if we continue to conduct programmes in same way and have planned programmes in a way that we can have the 100<sup>th</sup> Programme on Saturday 26<sup>th</sup> September 2020.

A series of 5 programmes are planned from 22<sup>nd</sup> September 2020 to 26<sup>th</sup> September 2020 under the title **Powering ahead...Century on a sticky wicket**. The details of all programmes are given elsewhere in the newsletter.

I request all the members to take part in the programmes of Branch and encourage us to do more for the benefits of members.

Signing off with a quote:

“Life moves on and so should we.”

Yours Sincerely,

**CA. Pankaj Kumar Trivedi**  
Chairman  
[chairman.hyd@icai.in](mailto:chairman.hyd@icai.in)



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Virtual CPE Webinars for the Month of September-2020

Day, Date & Timing	Topic	Speaker	CPE credits	Amount
Tuesday 01 <sup>st</sup> Sept,20 3 PM to 5 PM	Analysis of GSTR - 9	CA. Raghavender K	-	-
Wednesday 02 <sup>nd</sup> Sept,20 3 PM to 5 PM	Analysis of GSTR - 9C	CA. Radhika Verma	-	-
Wednesday 02 <sup>nd</sup> Sept,20 6 PM to 8 PM	Company Law settlement scheme	CS. Shailesh Baheti	-	-
Thursday 03 <sup>rd</sup> Sept,20 3 PM to 5 PM	Practical Issues to be addressed - GST Audit	CA. K. Sri Ram	-	-
Friday 04 <sup>th</sup> Sept,20 3 PM to 5 PM	Panel Discussion on GST	CA. Satish Saraf, CA. V S Sudhir, CA. B. Hari Kishan, CA. Radhika Verma & CA. K Sri Ram	-	-
Friday 04 <sup>th</sup> Sept,20 3 PM to 5 PM	Panel Discussion on Income Tax	CA.K.C. Devidas, Adv.Sampath Raghunathan & Adv.Sashank Dundu	-	-
Saturday 05 <sup>th</sup> Sept,20 4 PM to 8 PM	Teacher's Day Celebrations			
Monday 07 <sup>th</sup> Sept,20 6 PM to 8 PM	MSME – Law, Registration, Benefits Scheme & Website Links	CA.Thiruvayu Kumar C	2hrs	118/-
Tuesday 08 <sup>th</sup> Sept,20 6 PM to 8 PM	E - Invoicing A new normal of GST	CA. Sumeet Setia & CA. Abhinav Srivastava	2hrs	118/-
Wednesday 09 <sup>th</sup> Sept,20 5 PM to 8 PM	TAX AUDIT – Audit Perspective(Covering Audit Documentation and Standards on Audits)	CA. Gururaj Acharya K	3hrs	236/-
Friday 11 <sup>th</sup> Sept,20 6 PM to 8 PM	Labour Laws-Basic Overview& Auditors Responsibility	CA. Rama Murthy T	2hrs	118/-



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Saturday 12 <sup>th</sup> Sept,20 11 AM to 1 PM	Audit under Companies Act, 2013 – some developments	CA.Himanshu Kishnadwala	2hrs	118/-
Monday 14 <sup>th</sup> Sept,20 6 PM to 8 PM	CARO 2020- From Auditors lens	CA. B Ganesh	2hrs	118/-
Tuesday 15 <sup>th</sup> Sept,20 6 PM to 8 PM	Transfer Pricing Compliance, Documentation and Recent Developments - TP Impact	CA. Mithilesh Sai	2hrs	118/-
Wednesday 16 <sup>th</sup> Sept,20 3 PM to 5 PM	Evolving Opportunities of Funding through Capital Markets	Mr. B. Gouri Sankar & Mr. Sripal Shah	-	-
Wednesday 16 <sup>th</sup> Sept,20 6 PM to 8 PM	Covid Related Pronouncements & Standards on Auditing for 2019-20 Audits	CA. Jomon K George Past Chairman, SIRC	2hrs	118/-
Thursday 17 <sup>th</sup> Sept,20 6 PM to 8 PM	Over View of Foreign Trade Policy and Professional Opportunities	CA. Hans Raj Chugh Central Council Member, ICAI	-	-
Friday 18 <sup>th</sup> Sept,20 6 PM to 8 PM	All about Forensic Audit & Investigation Audit	CA. Sushrut Chitale	-	-
Saturday 19 <sup>th</sup> Sept,20 11 AM to 1 PM	Documentation under Auditing Standards	CA. Murali Krishna C & CA. Zeeshan	-	-
Saturday 19 <sup>th</sup> Sept,20 6 PM to 8 PM	FEMA Regulations Governing NRI Investments & Loans	CA. Vamsi Krishna	2hrs	118/-
Monday 21 <sup>st</sup> Sept,20 6 PM to 8 PM	Changes in Income Tax Forms	CA. Chaitanya E	-	-
Tuesday 22 <sup>nd</sup> Sept,20 6 PM to 8 PM	Faceless Assessments under Income Tax	CA. G. Sekar Central Council Member, ICAI	-	-
Wednesday 23 <sup>rd</sup> Sept,20 6 PM to 8 PM	Issues in Joint Development and Sale of Developed Plots	CA. Naresh Sheth	-	-



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Thursday 24 <sup>th</sup> Sept,20 6 PM to 8 PM	Navigating through Accounting & Auditing Challenges in New ERA	CA. Sanjay Jain	-	-
Friday 25 <sup>th</sup> Sept,20 6 PM to 8 PM	Journey of Digital Transformation & Digital Compliances	CA. Aniket Sunil Talati Central Council Member,ICAI & CA. Dayaniwas Sharma Central Council Member,ICAI	-	-
Saturday 26 <sup>th</sup> Sept,20 6 PM to 8 PM	Tax Audit Quality Review Board- Recent Development & Common Critical Clauses in Form 3CD	CA. Ranjeet Kumar Agarwal Central Council Member,ICAI & CA. Pramod Jain Central Council Member,ICAI	-	-

### **Students Announcement**

Completion of MCS Course and Advanced IT Course through Virtual Mode as one-time measure due to COVID -19 by the students who have passed Final exam on or before November 2018 and were already registered in [www.icaionlineregistration.org](http://www.icaionlineregistration.org) for physical mode training

In view of the ongoing spurt of COVID-19 virus pandemic and subsequent suspension of IT and Soft Skills Classes all across the country, the Council has decided as under:

The Student who have partially completed/not started the training in physical mode, can complete the remaining days of training in virtual mode which will be organized by branches and Regional Councils through [www.icaionlineregistration.org](http://www.icaionlineregistration.org). Such students are not required to pay the fees again.

The above categories of students are required to contact their respective Branch/Regional Council. The course will be LIVE w.e.f. 15th September, 2020 through [www.icaionlineregistration.org](http://www.icaionlineregistration.org)

**Chairman**  
**Students Skills Enrichment Board, BOS (Operations)**



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## **Light at the end of the Tunnel?** **– Interest U/s. 50 of CGST Act**

CA. Satish Saraf &  
CA. Venkat Prasad. P

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The interest liability for any belated remittance is an economic consequence. The tax laws are no exception to this rule. GST law provides for interest @18% on the delayed remittance of the tax after due date of filing returns or delay in payment of tax.

A question was raised as to whether the interest has to be paid on Gross Tax liability (i.e. the total output tax) or on the Net Tax Liability (i.e. the Tax liability remaining unpaid after adjusting the Input Tax Credit in other words, liability paid in Cash). The application of common sense makes it clear that 'interest' applies only on the Net liability since the input tax credit is mere adjustment of the tax already paid to the Government and what is delayed to be remitted is only the Net liability in cash. The cursory reading of the section 50 of CGST Act, 2017 suggests so. However, the complexity of GST law is enhanced by the advance rulings, confusing circulars, over cautious approach of some people. The subject matter of interest liability is fine example to show how a simple & plain matter can create utter confusion & complicate the decision making process under GST law. The story of 'interest liability' has taken many twists & turns as elucidated below.

It started with the GST council in its 31<sup>st</sup> meeting recommending the amendment in GST law to specify that interest is liable only on the 'Net liability' paid in cash. Truly speaking, this is wholly unwarranted and would have avoided the battle of the taxpayers in this subject matter.

Meanwhile Hyderabad has become centre of attraction in the country for the reasons that the Hyderabad Central Tax Principal Commissioner has issued a Standing Order on 04-02-2019 instructing the sub ordinate officer to collect Interest under Section 50 of CGST Act, 2017 on Gross Liability, which has created havoc in India.

Then the matter has gone to the Hon'ble Telangana High Court in case of Megha Engineering and Infrastructure Limited vs. C.C.T, 2019-TIOL-893-HC-TELANGANA-GST wherein it was



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held that the interest has to be paid on Gross Tax Liability. However, the review petition is admitted by the HC and pending as on date.

Honouring the GST council recommendation, the Central Government vide Finance Act, 2019 has amended GST law to specify that the interest will be paid only on the net tax liability. Taking analogy that the amendment would be prospective, the Revenue department started issuing notices & initiated recovery proceeding by attaching bank accounts and deducted the amounts directly from the bank account of the registered persons & further the CBIC further with his twitter handle on 15.02.2020 clarified that the amendment will be made on prospective basis & till the amendment is made effective the interest has to be paid on Gross tax Liability. In this process certain taxpayers have filed writ petitions contesting the demands and got a stay while some taxpayers paid/recovered by the department. Meanwhile, the Hon'ble HC of Madras in case of Refex Industries Vs AC of CGST 2020-TIOL-382-HC-MAD-GST held that interest is only on the net liability.

Considering the Hue & cry across the Country, the GST Council in its 39<sup>th</sup> Meeting has recommended for retrospective amendment.

Recently, the Government vide Notification No. 63/2020-C. T. dated 25.08.2020 has notified the Finance Act, 2019 amendment w.e.f. 01.09.2020. The issuance of this notification has left the question of the liability for the period from 01-07-2017 to 01.09.2020.

There was an expectation that Government may come with another amendment in CGST Act, 2017 as notification is incapable of making retrospective effect in line with GST council recommendation. Instead, the CBIC has chosen the issuance of press release to assure that recoveries will not be made for the past period. While it is unknown as to why CBIC has chosen the press release route instead of law amendment or at least a circular, there were apprehensions on the binding nature of press release but the section 168 of CGST Act, 2017 can save from such worries to great extent.

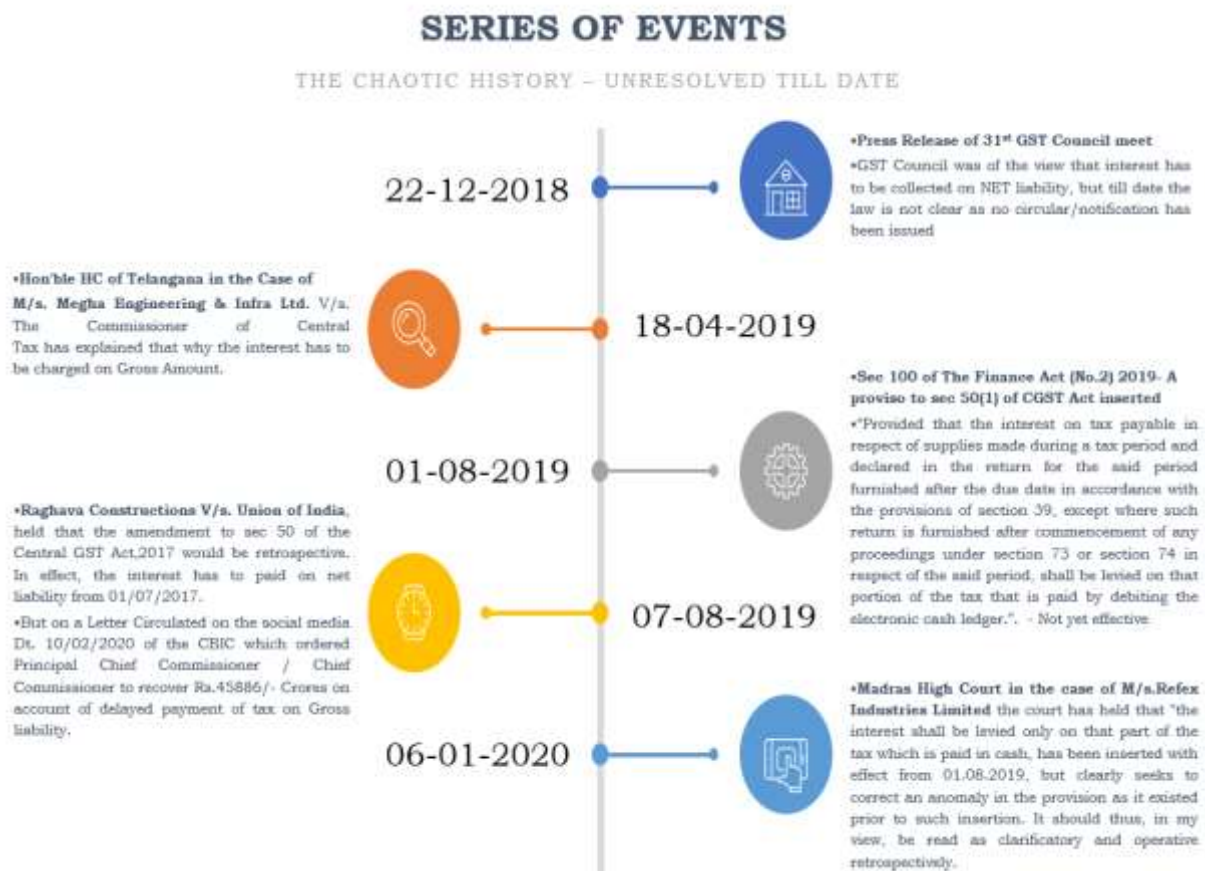
**Consequences & Course of Action:**

The following course of actions are suggested

S.no.	Status	Course of Action
1	Received Notices / Letters for interest on ITC Component	Quote the press release & get the proceedings dropped
2	Filed petitions before the Courts & pending	Inform the Courts and Quote the press release & get proceedings set aside by the court
3	Those who pay had paid the amount.	Seek refund.

**In view of the above, the authors believe that there is light at the end of tunnel and strongly hope that the Revenue officers would implement the GST law read with press release in its true spirit.**

For easy reference, the series of events of this 'dynamic story' is pictured below:







•Clarification by the Tweet of CBIC\_India - Interest has to be charged in Gross Liability and the amendment of section 50 will be prospective from when it is notified.



15-02-2020

14-03-2020



•The GST Council, in its 39<sup>th</sup> meeting recommends that the amendment to Section 50 should be done retrospectively from 1 July 2017.

•CBIC has issued one notification stating Sec 100 of the Finance Act (No.2) 2019 (which deals with chargeability of interest on net basis) to be in effect from 01-09-2020



25-08-2020

26-08-2020



•CBIC issues press release clarifying that the amendment has been made prospectively in view of technical limitations. Also explains that no recoveries will be made for the past period to provide retrospective relief.

•Interest will be charged retrospectively on the Net Liability.



**Survey, Search and Seizure Update**

**CA Hari Agarwal**

1. (a) Unless Revenue shows anything to contrary, it is to be presumed that source of jewellery to extent stated in CBDT Instruction No. 1916, dated 11-5-1996 stands explained

(b) Where several incriminating materials were found during course of search, Assessing Officer can interfere with original assessment while making assessment under section 153A.

[2020] 117 taxmann.com 90 (Cuttack - Trib.)

**N. Roja**

v.

**ACIT, Central Circle-1**

Section 69A, read with section 132, of the Income-tax Act, 1961 - Unexplained moneys (Jewellery) - Assessment Years 2010-11 to 2014-15 & 2016-17 -

CBDT Instruction No. 1916, dated 11-5-1996 stipulates quantity of jewellery found during search which would generally be held by family members of an assessee belonging to an ordinary Hindu household -

Whether unless Revenue shows anything to contrary, it can safely be presumed that source to extent of jewellery stated in said instruction stands explained - Held, yes -

Gold jewellery of 2417.290 grams was found and seized during search - 1650 grams belonging to different family members stood explained by Instruction No.1916 -

Further, Assessing Officer himself had mentioned in assessment order that assessee had explained sources of 682 grams of gold jewellery - However, with regard to remaining 85.29 grams, no corroborative evidence had been filed by assessee -

Whether addition of value of 85.29 grams was to be made - Held, yes [Para 43] [Partly in favour of assessee]

Section 153A, read with section 143 of the Income-Tax Act, 1961 - Search and seizure - Assessment in case of - Assessment Years 2010-11 to 2014-15 & 2016-17 -

Whether where several incriminating materials were found during course of search, Assessing Officer can interfere with assessment originally completed while making assessment under section 153A - Held, yes -

Whether where in return, assessee had not shown closing cash in hand and interest income from bank and further, opening cash was doubtful, Assessing Officer was justified in interfering with assessment under section 143(l)(a) while making assessment under section 153A - Held, yes [Para 11][In favour of assessee]

Circulars and Notifications: CBDT instruction No.1916 dated 11-05-1994

**2. Matter remanded back to adopt stamp duty value of property as on date of execution of sale deed for capital gains**

[2020] 118 taxmann.com 537 (Visakhapatnam - Trib.)

**A.V.V.N. Prasad Reddy**

v.

**Income Tax Officer**



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Section 50C of the Income-tax Act, 1961 - Capital gains - Special provision for computation of full value consideration (Sale considerations) - Assessment year 2007-08 -

Assessee had entered into sale agreement with buyer for sale of land in year 2003 and received advance -

But due to ongoing dispute with Government imposing certain restrictions on registration of said property, said property could be sold through registered sale deed in year 2007 -

He argued that value of property for purpose of computing capital gains should be taken as per date of sale agreement, but not as on date of sale deed -

Assessing Officer found that SRO value of said property was higher as per sale deed and he held that capital gains was required to be assessed adopting SRO value as per sale deed - Accordingly, he brought to tax sum for computation of capital gains under section 50C -

It was found that Assessing Officer merely chose to assess income adopting SRO value as per section 50C as on date of sale deed without verifying contents of agreement and correctness of contents by making cross verifications with intended purchaser -

Whether since as per proviso to section 50C, with effect from 1-4-2003, stamp duty value of property on date of execution of agreement to sell should be adopted instead of value on date of execution of sale deed, Assessing Officer should adopt value of property for purpose of section 50C for computing capital gains as on date of execution of agreement to sell and, accordingly, matter was remitted back to file of Assessing Officer - Held, yes [Para 6] [Matter remanded]

**3. Where department filed a report before Settlement Commission submitting that quantum of additional income initially disclosed by assessee before commission was not true and full disclosure and, during course of hearing before Commission, assessee disclosed further additional income so as to put an end to controversy, Commission was right in considering said revised offer made by assessee**

[2020] 114 taxmann.com 638 (Gujarat)

Principal Commissioner of Income-tax, Surat-1

v.

**Shankarlal Nebhumal Uttamchandani\***

Section [245D](#), read with sections [245C](#) and [133A](#), of the Income-tax Act, 1961 - Settlement Commission - Procedure on application under section 245C (Additional income) - Assessment years 2012-13 to 2016-17 -

Assessee was carrying on business of purchase and sale of land and trading in textile items of art silk clothes -

During course of survey operation under section 133A, various loose documents were found by department -

Department filed a report before Settlement Commission submitting that quantum of additional income i.e. Rs. 22.09 Crore initially disclosed by assessee before Commission was not true and full disclosure -

During course of hearing before Commission, assessee disclosed further additional income under section 245D(4) aggregating to Rs. 12 crore for five assessment years i.e. 2012-13 to 2016-17, so as to put an end to controversy and in spirit of settlement before Commission -



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Commission accepted disclosure made by assessee and held that all issues raised by petitioner were covered in said disclosed additional income - Accordingly, case of assessee was settled on terms and conditions stated in order passed by Commission-

Whether merely because assessee had disclosed further additional income during course of settlement, it could not be said that Commission did not follow procedure prescribed under Act - Held, yes -

Whether, therefore, Commission was right in considering said revised offer made by assessee - Held, yes [Paras 8 and 11] [In favour of assessee]

**4. Disclosure of additional income in statement recorded under section 132(4) itself is not sufficient to levy penalty under section 271AAB until and unless income so disclosed by assessee falls in definition of undisclosed income defined in Explanation to section 271AAB(1)**

[2020] 113 taxmann.com 446 (Jaipur - Trib.)

**Padam Chand Pungliya**

v.

**Assistant Commissioner of Income-tax, Central Circle-1, Jaipur**

Section [271AAB](#), read with section [69C](#), of the Income-tax Act, 1961 - Penalty - Where search has been initiated - Assessment year 2014-15 -

Whether disclosure of additional income in statement recorded under section 132(4) itself is not sufficient to levy penalty under section 271AAB until and unless income so disclosed by assessee falls in definition of undisclosed income defined in Explanation to section 271AAB(1) - Held, yes -

A search was conducted in case of RG group - Assessee was also one of members of this group -

In course of search, certain material by way of loose sheets were found and seized - Statement of assessee was recorded under section 132(4) in which he disclosed certain additional income by way of expenditure on house construction, stock jewellery and debtors/advances -

Assessing Officer completed assessment under section 143(3) read section 153(B)(1)(b) and levied penalty under section 271AAB on basis of loose sheets found and statement of assessee -

Assessee contended that he had surrendered income just to buy peace and avoid unnecessary litigation and there was no iota of evidence that surrendered income was undisclosed income of assessee - It was noted that from entries in alleged seized material, it was found that most of them were unrealistic and these were not entries representing real and actual transactions - Though admission on part of assessee was a relevant evidence, however, when entries/notings in loose papers were apparently not representing real transactions then it was incumbent upon department to find out and establish existence of these assets in possession of assessee - In absence of such efforts and even any question put to assessee regarding existence of these assets, these entries alone would not ipso facto constitute undisclosed income of assessee -

Whether, on facts, impugned penalty levied by Assessing Officer under section 271AAB upon assessee was to be deleted - Held, yes [Paras 8 and 12] [In favour of assessee]

Circulars and Notifications: [Instruction F.No. 286/2/2003-IT \(INV. II\), dated 10-3-2003](#)