THE COIMBATORE BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Setup by an Act of Parliament)

NEWS LETTER

2023 April | Issue 4

INSIDE

FROM THE CHAIRMAN'S DESK

Esteemed Colleagues,

At the outset, I wish you all a happy financial year 2023-2024. Hope this year brings in abundance scope for establishing and improvising our Professional areas, let us with an open mind review our past and move forward with positivity; as Professionals it is essential for us. Certainly, there are many avenues to explore and I am sure that we succeed in our mission, I pray the Almighty to shower prosperity, success, and good health to all of you.

I would like to express my sincere gratitude to all the distinguished Guests and Members of our Branch for felicitating me and my team while we assumed Office of the Branch on 7th March 2023, with the blessings of Members I strongly believe that as Chairman of the Branch I can give my best to the Profession and the CA fraternity. I seek your kind support and guidance in all our endeavors and humbly request you to spare your valuable time to participate in the programs organized by the Branch.

In the month of March, a one-day CPE Seminar on Bank Audit jointly with the Professional Development Committee of ICAI was conducted, the International Women's Day celebrations were celebrated jointly with the Women & Young Members Empowerment Committee of ICAI, apart from these CPE Seminars on Bank Audit, Study Circle Meetings, Sports events were organized. I am thankful to Faculty Members CA. A. Mony, CA. S. Ramesh, and CA. U. Sarankumar, CA. K. P. S. Elango, CA. V. Sivananda Prabu, CA. K. Badri Narayanan, CA. A. Vishal Jain, CA. R. Sai Janani & CA. S. Aswin for sparing time to share their wisdom.

I am glad to inform you that the Certificate Course on Forensic Accounting and Fraud Detection Course went off well with excellent participation. The classes were eye opening and certainly enlightened the participants, feedback for the Course was motivating. I am grateful to our beloved past President CA. G. Ramaswamy for his support in conducting the Course. We are planning to organize a few other Certificate Courses, please mail your suggestions to coimbatore@icai.org. Also note, various CPE and Non-CPE programs are planned for the month of April 2023 and will be intimated, please participate in all the events.

I am pleased to inform you that during the month of March 2023, ICAI H.O. organized an Orientation Program for all the Managing Committee Members of all the Branches & Regional Councils of ICAI at Mumbai. We had the privilege of attending the meeting and interacting with the Hon'ble President, Vice President, Central Council Members & Regional Council Members. From administration of the Branches to organizing programs various issues were discussed and it was a wonderful experience. Thanks to the organizers.

As you are kindly aware, every year CPE, Non-CPE Programs, Residential Programs, Cultural-Entertainment programs, and various other programs are organized by our Branch under the Annual Seminar Series. This year too, we have planned various programs for the year 2023 and are looking forward to your kind participation in all the events by registering yourself for the Annual Seminar Series 2023. For the year 2023-2024 the Annual Seminar Series fee remains the same i.e., Rs.7,500/- (incl. GST). Members registering for the Annual Seminar Series 2023 are entitled to participate in CPE Study Circle Meetings, Seminars, workshops, and a few other programs. I would also like to inform you that your registration for the Series will certainly be a huge support to the Branch in the day-to-day administration and smooth functioning.

With Best Regards,
CA. D. Nagakumar
Chairman

Bulletin Editor :
CA. R. Harish

ASSUMPTION OF OFFICE BY NEW TEAM 2023 - 2024

CPE STUDY CIRCLE MEETINGS

CERTIFICATE COURSE ON FAFD

ONE DAY BANK AUDIT SEMINAR

MASTER CIRCULARS BY RBI

CA. J. Aravindhan
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1. Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR):

The Governor's Statement dated December 08, 2021 announced that the banking system will return to its normal dispensation. This means that banks will be able to borrow money overnight from the Reserve Bank of India (RBI) under the Marginal Standing Facility (MSF) using a lower percentage of their Net Demand and Time Liabilities (NDTL). Specifically, instead of being required to maintain a minimum Statutory Liquidity Ratio (SLR) of three percent for such borrowing, they will only need to maintain two percent SLR. This change will take effect from January 1, 2022.Reserve Bank of India (RBI) raised cash reserve ratio (CRR) by 50 basis points to 4.50% effective May 21 from 4th May 2022.

[For further reference: RBI Master Circular No. RBI/DOR/2021-22/80 DOR.No.RET.REC. 32/12.01.001/2021-22 dated July 20, 2021 (Updated as on April 06, 2022) on Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions - 2021]

2. Safe Deposit Locker, Safe Custody Article Facility provided by banks:

The Reserve Bank of India (RBI) has extended the deadline for banks to renew their locker agreements with existing customers from January 1, 2023 to December 31, 2023. This is due to a large number of customers who have not executed the revised agreement and are facing difficulties in doing so. Banks are advised to notify all their customers of the revised requirements by April 30, 2023 and ensure that at least 50% and 75% of their existing customers have executed the revised agreements by June 30 and September 30, 2023 respectively. Banks shall report the status of compliance on a monthly basis.

The Indian Banks' Association (IBA) will review and revise the Model Agreement to comply with the RBI's circular dated August 18, 2021 and circulate a revised version to all banks by February 28, 2023. In cases where the revised agreements already executed are at variance with this revised IBA Model Agreement, all provisions of the RBI's circular shall continue to apply to banks even if not explicitly stated in the agreements already executed. Banks may execute fresh agreements or revise them through supplementary agreements, and the cost of stamp paper in such cases may be borne by the banks.

Banks are advised to facilitate execution of the fresh/supplementary stamped agreements with their customers by taking measures such as arranging stamp papers, franking, electronic execution of agreement, e-stamping, etc. Where operations in lockers have been frozen for non-execution of agreement by January 1, 2023, the same should be unfrozen with immediate effect.

[For further reference: RBI Master Circular No. RBI/2022-23/168DOR.LEG.REC/40/09.07.005/ 2021-22 dated August 18, 2021(updated on January 23, 2023) on Reserve bank of India]

3. Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC):

The Indian government has approved the continuation of the Modified Interest Subvention Scheme for short term loans for agriculture and allied activities through Kisan Credit Card (KCC) for the financial years 2022-23 and 2023-24.

The scheme provides interest subvention to lending institutions, including Public Sector Banks, Private Sector Banks, Small Finance Banks, and computerized Primary Agriculture Cooperative Societies, on use of their own resources.

An interest subvention of 1.50% will be provided to lending institutions on the loan amount from the date of disbursement/drawl up to the date of actual repayment of the loan by the farmer or up to the due date of the loan fixed by the banks, whichever is earlier.

Farmers repaying in time will receive an additional interest subvention of 3% per annum, subject to a maximum period of one year from the date of disbursement.

Interest subvention and prompt repayment incentive benefits will be available on an overall limit of ?3 lakh per annum subject to a maximum sub-limit of ?2 lakh per farmer in respect of those farmers involved only in activities related to animal husbandry, dairy, fisheries, bee keeping etc.

To discourage distress sale by farmers and encourage them to store their produce in warehouses, the benefit of interest subvention under KCC will be available to small and marginal farmers for a further period of up to six months post the harvest of the crop against negotiable warehouse receipts on the produce stored in warehouses accredited with Warehousing Development Regulatory Authority (WDRA).

To provide relief to farmers affected by natural calamities, the applicable rate of interest subvention for that year will be made available to banks for the first year on the restructured loan amount.

Aadhar linkage would continue to be mandatory for availing the above-mentioned short-term loans in 2022-23 and 2023-24.

All the above-mentioned short-term loans processed in 2022-23 and 2023-24 are required to be brought on the ISS portal/DBT platform.

Lending institutions are advised to capture and submit category-wise data of beneficiaries under the Scheme and report the same on the ISS portal, individual farmer-wise, to settle the audited claims arising from 2022-23 onwards.

All lending banks may submit their eligible pending audited claims of previous scheme years as well as for 2020-21, if any, to the government latest by December 31, 2022.

Banks are required to submit their claims on annual basis duly certified by their Statutory Auditors as true and correct, within a quarter from the close of the year.

The claims in respect of computerized PACS ceded with SCBs may be submitted separately by the respective banks with the certification that interest subvention/prompt repayment incentive is being claimed on loans for which no refinance has been availed of from NABARD, duly certified by the banks' Statutory Auditors.

[For further reference: RBI Master Circular No. RBI/2022-23/139 FIDD.CO.FSD.BC.No. 13/05.02.001/2022-23 (updated on November 23, 2022) on Reserve bank of India]

4. Change in Bank Rate:

The Monetary Policy Committee has decided to increase the policy repo rate under the Liquidity Adjustment Facility by 25 basis points from 6.50% to 6.75%. This will result in adjustments to the standing deposit facility and marginal standing facility rates. All other terms and conditions of the LAF Scheme will remain unchanged.

[for further reference: RBI Master Circular No. RBI/2022-23/174 DOR.RET.REC. 101/12.01.001/ 2022-23 (updated on February 08, 2023) on Reserve bank of India]

5. Digital Lending:

A remote and automated lending process, largely by use of seamless digital technologies for customer acquisition, credit assessment, loan approval, disbursement, recovery, and associated customer service.

Application: The following entities are included in the scope of application for these rules:

1. All Commercial Banks,
2. Principal (Urban) Co-op Banks, State Co-op Banks, and District Central Co-op Banks; and
3. Financial institutions that are not banks (including Housing Finance Companies)

Regulated Entities (REs): The organisations which are covered above.

Digital Lending Apps/Platforms (DLAs): Applications for smartphones and the web that support digital lending services. In accordance with current outsourcing criteria established by the Reserve Bank, DLAs will comprise both apps run by Regulated Entities (REs) and those run by Lending Service Providers (LSPs) hired by REs to lend any credit facilitation services.

Lending Service Provider (LSP): An agent of a Regulated Entity who carries out one or more of lender's functions or part thereof in customer acquisition, underwriting support, pricing support, servicing, monitoring, recovery of specific loan or loan portfolio on behalf of REs in conformity with extant outsourcing guidelines issued by the Reserve Bank.

Annual Percentage Rate (APR):APR is the effective annualised rate charged to the borrower of a digital loan. APR shall be based on an all-inclusive cost and margin including cost of funds, credit cost and operating cost, processing fee, verification charges, maintenance charges, etc., and exclude contingent charges like penal charges, late payment charges, etc.

Customer Protection and Conduct requirements:

A. Loan Disbursal, Servicing and Repayment

The borrower must execute all loan servicing, repayment, etc. directly into the RE's bank account without using a pass-through account or pool account of any other party, as required by REs. Except for disbursals covered exclusively by statutory or regulatory mandate (of the RBI or of any other regulator), flow of funds between REs for co-lending transactions, and disbursements for specific end uses, provided the loan is disbursed directly into the bank account of the end-beneficiary, all disbursements must always be made into the borrower's bank account. Except as specified in these guidelines, REs must make sure that no disbursal is ever made to a third-party account, including the accounts of LSPs and their DLAs.

B. Collection of fees, charges, etc.

Payment of Fees/Charges:In order to prevent LSPs from charging the borrower directly, REs must make sure that any fees, charges, etc., that are due to LSPs are paid directly by REs.

Penal Interest/ Charges:The amount of the loan that is still owed will be the basis for any penal interest or charges that are assessed against the borrowers. Additionally, the yearly rate of such penal costs must be stated upfront to the borrower in the Key Fact Statement (KFS).

Disclosures to borrowers:

Key Fact Statement: For all digital lending products, REs are required to give the borrower a Key Fact Statement (KFS) in a specified manner prior to the contract's execution.

In addition to other relevant information, the KFS must include information about the APR, the recovery procedure, the grievance redressal officer assigned particularly to handle issues relating to digital lending and fintech, as well as the cooling-off and look-up periods.

The REs are not permitted to charge the borrower any fees, charges, etc. that are not specified in the KFS at any time throughout the loan's term.

Digitally signed documents: When a loan contract or transaction is completed, REs must make sure that digitally signed documents on their letterhead such as the KFS, summary of the loan product, sanction letter, terms and conditions, account statements, and privacy policies of the LSPs/DLAs with regard to the data of the borrowers will automatically flow to the borrowers via their registered and verified email or SMS.

List of LSPs: The list of REs' DLAs, LSPs they have employed, and the DLAs of those LSPs, along with information about the activities for which they have been hired, must be publicly published on the REs' websites.

Link to website: REs must make sure that DLAs of REs and LSPs link to REs' website so that borrowers can get additional/detailed information about the loan products, the lender, the LSP, details of customer support, a link to Sachet Portal, privacy rules, etc. For ease of access, it must be made sure that all of these details are listed in one conspicuous location on the website.

Determining the creditworthiness of the borrower:

Before extending any loan over their own DLAs and/or through LSPs they have hired, REs must collect the economic profile of the borrowers (encompassing information such as age, occupation, income, etc.) in order to evaluate the borrower's creditworthiness in an auditable manner.

The specific approval of the borrower must be recorded for any automatic increase in credit limit, according to REs, who must ensure this never happens.

Detailed privacy policy

The REs must make certain that the DLAs and LSPs they hire have a detailed privacy policy that complies with all applicable laws, related regulations, and RBI guidelines. DLAs of REs/LSPs should make their detailed privacy policies publicly accessible for borrowers' access and collecting of personal information.

The privacy policy must also include information on third parties (if appropriate) who are permitted to acquire personal information through the DLA.

[For further reference: RBI Master Circular No. RBI/2022-23/111 DOR.CRE.REC. 66/21.07.001/2022-23 (updated on September 02, 2022) on Reserve bank of India]

6. Interest Rate on Deposits:

The Central Bank of India's (RBI) Master Direction No. RBI/DBR/2015-16/19 DBR. Dir. No.84/13.03.00/2015-16, dated March 03, 2016 (Modified as of September 16, 2022), offers instructions on the interest rates on deposits maintained in FCNR (B) accounts. The Circular also offers:

(i) Under the FCNR (B) Plan, no recurring deposits may be taken by banks, nor may they be renewed for more than five years.

(ii) Except from differences due to deposit size and tenor, banks are not permitted to discriminate in the interest rates paid on deposits between those accepted on the same date and for the same maturity.

Furthermore, the interest rates on variable rate deposits must not exceed the maximum swap rates applicable to the particular currency and maturity, and the interest reset period must not exceed six months. Interest on fixed-rate deposits must be paid up to the "Overnight Alternative Reference Rate" maximum for the relevant currency and maturity.

The basis for determining the ceiling rates for the interest rates offered with effect from the following month is the Overnight Alternative Reference Rate for the relevant currencies/SWAP rates as of the last working day of the prior month.

The interest rate ceiling on FCNR(B) deposits shall be as under:

Period of deposit Ceiling rate 1 year to less than 3 years Overnight Alternative Reference Rate for the respective currency/ Swap plus 250 basis points3 years and above up to and including 5 years Overnight Alternative Reference Rate for the respective currency/ Swap plus 350 basis points

The Overnight Alternative Reference Rate for the respective currencySwap rates quoted/displayed by Financial Benchmarks India Pvt. Ltd (FBIL) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits. RBI circular RBI/2022-23/82 DOR. SOG (SPE). REC.No 53/13.03.000/2022-23 dated July 06, 2022 specified that the interest rate ceiling applicable to FCNR (B) deposits is being temporarily withdrawn for incremental FCNR (B) deposits mobilized

by banks for the period until October 31, 2022 and the restriction with respect to interest rates offered on incremental NRE deposits mobilized by banks shall be temporarily withdrawn with effect from July 07, 2022, for the period until October 31, 2022.

(a) Interest shall be calculated on the basis of 360 days to a year and paid at intervals of 180 days each and thereafter for the remaining actual number of days. The depositor may also receive interest on maturity with compounding effect.

(b) Resident Foreign Currency (RFC) Accounts The Returning Indians can have their foreign currency accounts or NRE accounts converted into RFC. There are two types of RFC Accounts namely (1) Resident Foreign Currency (Domestic) Account [RFC(D)] and

(2) Resident Foreign Currency Account [RFC]. RFC(D) Accounts are opened as "Current Account" whereas RFC Accounts can be opened as "Current" or "Savings" or "Term Deposit".The utilization of funds in RFC(D) is permissible for any current / capital account transactions whereas for funds in RFC Accounts there is no restriction on utilization in / outside India.

(c) Export Earners Foreign Currency (EEFC) Accounts Exporters having good track record and a unit located in SEZ are entitled to open foreign currency account with banks with the following features Non-interest-bearing current account.

(a) No credit facilities against the security of the balances.

(b) Hundred per cent of export earnings can be credited to this account.

(c) Amount is credited in a calendar month is to be utilised for authorised purposes by the end of next calendar month except the amount set-aside for forward commitments. Any balance left unutilised needs to be converted into Indian Rupees for credit to rupee account of exporter.

(d) Diamond Dollar Accounts (DDA)

DDA account can be opened subject to compliance with eligibility criteria stipulated in Foreign Trade Policy of Government of India. DDA would be opened as Current Account Type in the name of the exporter and will be maintained in USD only.

Permissible credits in DDA are (1) Amount of Pre & Post shipment credit availed in USD (2) Realization of Export Proceeds from shipment of rough, cut, polished diamond studded jewellery, (3) Realization in USD from local sale of rough, cut and polished diamonds.

The balance in DDA can be used for (1) Payment for import / purchase of rough diamonds from overseas / local sources (2) Payment for purchase of cut and polished diamonds, coloured gemstones and plain gold jewellery from local sources (3) Payment for import / purchase of gold from overseas / nominated agencies and repayment of USD loans availed from banks (4) Transfer to rupee account of exporter.

(e) Non-Resident (NRO and NRE) Bank AccountsNRE account may be opened by non-resident Indians (NRIs) and persons of Indian Origin (PIOs), whereas NRO account may be opened by all non-residents.

The accounts may be maintained in the form of savings, current, recurring or fixed deposit and are denominated in Indian Rupees.

[The RBI, vide its Master Direction No. RBI/DBR/2015-16/19 DBR. Dir. No.84/13.03.00/2015-16 dated March 03, 2016 (Updated as on September 16, 2022) on Reserve Bank of India (Interest Rate on Deposits)

Directions, 2016 provides guidance on the interest rates on rupee deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) Accounts.]

7. Special Rupee Account for Non-Residents (SNRR)

Any non-resident with a commercial interest in India may create an SNRR account in order to carry out legitimate transactions in rupees in accordance with the requirements of A.P. (DIR series) Circular No.09, issued November 22, 2019.

Except in certain circumstances, the account must not bear interest and its maximum term cannot exceed seven years.

8. Transfer of Loan Exposures

Asset Classification Norms for Sale/Purchase of NPA on "Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021", the asset classification norms for sale/purchase of NPAs are as follows:

(i) If the transferee(s), except ARCs, have no existing exposure to the borrower whose stressed loan account is acquired, the acquired stressed loan shall be classified as "Standard" by the transferee(s). Thereafter, the asset classification status of the loan acquired, shall be determined by the record of recovery in the books of the transferee(s) with reference to cash flows estimated at the time of transfer of the loan.

(ii) The asset classification status of an existing exposure (other than purchased financial asset) to the same obligor in the books of the purchasing bank will continue to be governed by the record of recovery of that exposure and hence may be different.

(iii) Where the purchase/sale does not satisfy any of the prudential requirements prescribed in these guidelines the asset classification status of the financial asset in the books of the purchasing bank at the time of purchase shall be the same as in the books of the selling bank. Thereafter, the asset classification status will continue to be determined with reference to the date of NPA in the selling bank.

(iv) Any restructure/reschedule/rephasement of the repayment schedule or the estimated cash flow of the non-performing financial asset by the purchasing bank shall render the account as a non-performing asset.

[As per RBI Master Direction No. RBI/DOR/2021-22/86 DOR.STR. REC.51/ 21.04.048/2021-22 dated September 24, 2021 (Updated as on December 05, 2022)]

Norms regarding NOSTRO Account

The Nostro accounts are in foreign currency. For the purposes of the accounting as per norms, these would need to be converted into Indian Rupees at each period end. Accordingly, it is imperative that the rate of conversion used for the same is proper. Generally, the rate of conversion is put in the system of the bank and the same rate is used for conversion of all the such balances at the whole bank. The Auditor needs to check that the rates fed into the system are the ones which are as prescribed by the controlling authorities. It also needs to be verified that the rates prescribed by the controlling authorities are appropriate.

Reference rate for INR/USD and exchange rate of other major currencies" provides that for conversion of foreign currency assets/ liabilities reference rate from FBIL should be taken. If reference rate is not available from FBIL, banks may continue to use New York closing pertaining to the day end of the reporting Friday for conversion of such currency into USD.

NOTABLE COMMENTS OF SC IN 'THE STATE OF KARNATAKA VSM/S ECOM GILL COFFEE TRADING PRIVATE LIMITED' CASE UNDER KVAT ACT 2003 AND ITS RELEVANCE WITH GST:

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"The burden of proving the correctness of ITC remains upon the dealer claiming such ITC. Such a burden of proof cannot get shifted on the revenue. Mere production of the invoices or the payment made by cheques is not enough and cannot be said to be discharging the burden of proof cast under section 70 of the KVAT Act, 2003. The dealer claiming ITC has to prove beyond doubt the actual transaction which can be proved by furnishing the name and address of the selling dealer, details of the vehicle which has delivered the goods, payment of freight charges, acknowledgement of taking delivery of goods, tax invoices and payment particulars etc.The aforesaid information would be in addition to tax invoices, particulars of payment etc. At the cost of repetition, it is observed and held that mere production of the invoices and/or payment by cheque is not sufficient and cannot be said to be proving the burden as per section 70 of the KVAT Act, 2003.

The purchasing dealers have to prove the actual physical movement of the goods, alleged to have been purchased from the respective dealers. If the purchasing dealer/s fails/fail to establish and prove the said important aspect of physical movement of the goods alleged to have been purchased by it/them from the concerned dealers and on which the ITC have been claimed, the Assessing Officer is absolutely justified in rejecting such ITC claim."

Relevance of above judgement in GST:

Though the above-mentioned judgement has been pronounced under the KVAT Act 2003, interpretations by the Apex court have to be considered w.r.t the provisions of GST as well.

Hence by keeping this judgement in view, we can look into the provisions of Sec 16(2)(b) of the CGST Act, 2017 which specifies one of the conditions for taking ITC as - "no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to himunless he has received the goods or services or both." (The same has been iterated by Dept via Circular No. 183/15/2022-GST dt.27.12.2022 which clarifies the manner in which the difference of ITC availed in GSTR 3B & GSTR 2A have to be dealt.)

From the above study its evident that the taxpayers who are claiming ITC on goods purchased by them, have to keep maintain additional documents such as lorry receipt, delivery acknowledgement notes, freight invoices etc., to substantiate the actual receipt of goods.

Notable Comments of Bom.HC in 'Rohit Enterprises vs The Commissioner State GST, Aurangabad' case:

"It appears that the petitioner was earning his livelihood through his fabrication business and requires registration under GST Act to run the business. The entire world suffered during the pandemic. The small-scale industrialists and service providers like petitioner lost their business for more than two years. The financial losses suffered during this time cannot be ignored particularly when it comes to small scale businesses and service providers. To add apathy to this situation, the petitioner suffered medical emergency. He was required to undergo medical treatment for heart disease and the procedure like angioplasty.The stringent provisions of GST Act took its own course. The petitioner suffered cancellation of registration. Even he lost his appellate remedy because of lapse of limitation. The petitioner has been practically left remediless. He seeks to invoke jurisdiction of this Court under Art. 226 of the Constitution of India.

In our view, the provisions of GST enactment cannot be interpreted so as to deny right to carry on Trade and Commerce to any citizen and subjects. The constitutional guarantee is unconditional and unequivocal and must be enforced regardless of shortcomings in the scheme of GST enactment. The right to carryon trade or profession cannot be curtailed contrary to the constitutional guarantee under Art. 19(1)(g) and Article 21 of the Constitution of India. If the person like petitioner is not allowed to revive the registration, the state would suffer loss of revenue and the ultimate goal under GST regime will stand defeated. The petitioner deserves a chance to come back into GST fold and carry on his business in legitimate manner. We find that, in the facts and circumstances of this case it would be appropriate to exercise our jurisdiction under Art. 226 of the Constitution of India."

From the above study its evident that the taxpayers with genuine reasons can file an appeal against the order of cancellation of registration and get his registration back even after the time limit for filing the appeal has been expired.

A STUDY OF GST ON RENTING OF RESIDENTIAL DWELLING

As the taxability of residential property under GST has been constructed in a little complex manner, let's try to decode and simplify as easy as possible.

First thing to look into is that, serial no.12 of the exemption notification (NN 12/2017 Central Tax (Rates) dt. 28.06.2017) which make the 'Services by way of renting of residential dwelling for use as residence'as an exempt service. Hence from this it's evident that the renting of residential dwelling for commercial use is not an exempt service.

Then come the NN.04/2022 - Central tax (Rates) dt.13.07.2022 after the recommendation of the 47th GST council meeting, which makes the amendments in aforesaid exemption notification (NN.12/2017) and makes the 'Services by way of renting of residential dwelling for use as residenceexcept where the residential dwelling is rented to a registered person' as exempt service w.e.f. 18.07.2022. Hence from this it's evident that from 18.07.2022 the Service by way of renting of residential dwelling to a registered person is taxable service. And at the same time via NN.05/2022 - Central tax (Rates) dt.13.07.2022, makes this 'Service by way of renting of residential dwelling to a registered person' is taxable under RCM basis. w.e.f. 18.07.2022.'

As a whole the taxability of renting of residential dwellings can be summarised as:

Purpose of use	Supplier	Recipient	GST applicability
Commercial use	Registered	Registered	Taxable
	Registered	Unregistered	Taxable
	Unregistered	Registered	Not Taxable
	Unregistered	Unregistered	Not Taxable
Residential use for business purpose	Registered	Registered	Taxable under RCM
	Registered	Unregistered	Exempted
	Unregistered	Registered	Taxable under RCM
	Unregistered	Unregistered	Exempted

Note: Residential dwelling used by registered person for his personal purpose is not taxable as it is clarified by via NN.15/2022 dt. 30.12.2022 by inserting Explanation to the S.No.12 of the exemption notification (NN.12/2017)

Points to be remember while audit the books of accounts for the year ended 31.03.2023 w.r.t. taxability of renting of residential dwellings are:

1. From 18.07.2022 onwards GST under RCM have to be paid @ 18% on Rents paid by business entities for staff residential houses (including management's guest houses).
2. Self-Invoices have to prepared and documented for GST paid under RCM basis, as its one of the pre-conditions to avail the ITC of the same.
3. No need of GST under RCM in case of residential dwellings being used for office purpose or other business purpose other than residential purpose.

OBITUARY

CA. K.S. SURYANARAYANAN
M. No. 24517

passed away on 28th March 2023

May his Soul Rest in Peace...

CPE SEMINARS ON BANK AUDIT



INTERNATIONAL WOMEN'S DAY CELEBRATIONS 2023











FORTHCOMING CPE STUDY CIRCLE MEETINGS @ ICAI BHAWAN, R. S. PURAM

Date : 13-04-2023, Thursday	Date : 20-04-2023, Thursday	Date : 27-04-2023, Thursday
Subject : GST - Latest Updates	Subject : Sec.10B - Trust - A discussion	Subject : Taxation - In Middle East Countries
Speaker : **CA. Ravi Adhithya** Chartered Accountant, Coimbatore	Speaker : **CA. R. Harish** Chartered Accountant, Coimbatore	Speaker : **CA. Naveen** Chartered Accountant, Coimbatore

SICASA NEW TEAM 2023 - 2024

HOW TO FACE CA EXAMS



ONE DAY BANK AUDIT SEMINAR








SPORTS MEET