



**ERNAKULAM BRANCH OF SOUTHERN INDIA
CHARTERED ACCOUNTANTS STUDENTS'
ASSOCIATION (SICASA)
OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF INDIA**

Newsletter – October 2018

Chairman's Message



Dear Young Friends ,

Success is the sum of small efforts, repeated day in and day out. – Robert Collier

I find that the harder I work, the more luck I seem to have. – Thomas Jefferson

The above quotes carry great meaning in the context of any exam, especially that of CA exam, as most of you are preparing for your exams, I urge you to hold these quotes dear. The success in CA exam is the sum of those small efforts, small sacrifices that you make during the articleship period and exam leave. For a CA student luck is directly proportional to the efforts put in.

The month of October was hectic for most of us, some of you would have been preparing hard for your November exams while others were busy with Tax audit and GST filing, This month was supposed to be a lean period in terms of student activities on account of busy work schedule, return filing and exams for the students. Yet there were a number of activities for us with good participation from student members in all the activities conducted. We had the one day seminar on goods & services tax (GST) with St. Xavier's college, Vaikom in association with M.G. university, one day seminar on Goods & Services Tax (GST) with St. Thomas College, Pala in association with M.G. university, we also had career counseling programmes in various schools and colleges.

We have a lot to look forward to in the month of November, apart from the exams, some of the important programs lined up are the Intra branch football tournament, Seminar on GST annual return and GST audit.

Let me once again wish all my young friends who are appearing for the CA exams all the best of luck and best wishes and may the almighty shower all his blessings on you and help you come out with flying colors.

Wish you all the success in life, Jai hind.

CA. Paulose Paul
Chairman, SICASA Ernakulam Branch.

Secretary's Report



Dear Friends,

The hectic tax audit season has finally come to an end on 31st of October and many of us has faced the pressure to cop up with the various due dates falling on the same day. But its really time for a breather and we all have achieved a sigh of relief.

Considering the extended Tax Audit season as well as study holidays of the students who are appearing for the November 2018 exams, SICASA had lowered the number of programmed conducted during the month to just one study circle.

The study circle which showcased a paper presented by one of the office bearers of SICASA Ms. Ann Thomas was well attended in spite of all the odds. Her presentation about the filing of Annual returns of the Companies was relevant in the lights of extension for the same, allotted to our state with relation to the flood Havoc.

The coming month November is a very scary month for most of the students as they will be tested from the first day itself with the beginning of exams. I wish everyone good luck for the exams. The first half of next Month is all about exams, so after exams SICASA is planning to conduct a few events and the details regarding the same will be announced shortly. Once again wishing everyone all the best for your exams, may your hard work pay rich dividends this time around.

Best Wishes,
Sarath M R
Secretary

Editor's Message



Dear Readers,

Another exam season has arrived and with the changing syllabus, schemes and exam patterns the need to move to the next step has become more crucial. Not to forget the extremely challenging Tax Audit season we had this year. Juggling between the student life and article life, October has been hard on a majority of us, myself a victim.

For those appearing for exams the coming month, wish you all the very best! May the odds be ever in your favour!

Tess George
Editor

GST: E-WAY BILL

Aneesh Kumar
SRO0409763

I. Introduction:-

1. An electronically generated unique document, for the movement of goods from one place to another.
2. According to the provisions of Rule 138 of Central Goods and Service Tax Rule, 2017, every registered person who causes the movement of goods of consignment value exceeding ₹50,000/- shall raise an E-way bill, except in some cases.
3. E-way bill should be raised by such person responsible, before the commencement of such movement, except in some cases.
4. As per 26th GST council meeting, with effect from 1st April, 2018, E-way bill has been made compulsory for every inter-state movements above the threshold limits.
5. As well as with effect from 3rd June, 2018 intra-state movements above ₹50,000/-, E-way bill should be raised by the registered person.

II. Movement of goods:-

1. As per Rule 138, Central Goods and Service Tax Rule, 2017, movement of goods includes:
 - a) Supply, i.e., sales or transfer or barter exchange.
 - b) For reasons other than supply, i.e., return of goods etc.,
 - c) Due to inward supply from un-registered dealers, i.e., purchases from any un-registered dealer.
2. For the above mentioned instances of movement every registered person shall raise E-way bill, if the value in consignment exceeds the threshold limit.

III. Compulsory events to raise an E-way bill:-

E-way bill shall be generated by the said person, irrespective of the value in consignment, in following cases:-

- a. Inter-state Job-work, i.e., where the goods are sent by the Principal located in one State or Union Territory to job-work in any other State or Union Territory.
- b. Handicraft goods- E-way bill shall be generated when there is a movement of handicraft goods from one State or Union Territory to another State or Union Territory.

IV. Format of E-way Bill:-

1. As per Rule 138, Central Goods and Service Tax Rules, 2017, E-way bill shall be generated in Form GST EWB-01, along with the such other information as required in Part-A and Part-B of form.
2. In Form GST EWB-01 there would be details as below in addition to information in Part A & Part B:-
 - a. A 12-digit unique number, i.e., E-way Bill Number or EBN.
 - b. Date of generation of E-way bill.
 - c. Name of the generator(i.e., buyer or seller or transporter)
 - d. Validity period of the E-way bill.

Part-A contains following information:-

- GSTIN of Supplier and/ or Recipient.
- Place of Despatch- Pin code of the place.
- Place of Delivery- Pin Code of the place.
- Invoice/Challan Number, Date of consignment & value of Consignment.
- HSN Code- at-least 2 digits have to be provided.
- Reason for transport, i.e., Sale, Inward Supply from URP or return etc.

Part-B further provides following field of information:-

- Transporters Document Number or Defence Vehicle No. or Temporary Vehicle Registration Number, Nepal or Bhutan Vehicle Registration number.
- Vehicle number for Road.
- In addition to above, QR code would also be available on the E-way bill generated.
- Person-in-charge of Vehicle shall carry EWB (i) Either Physically, (ii) Or Mapped to Radio Frequency Identification Devices

V. Person responsible for raising E-way bill:-

<u>Who should raise</u>	<u>When to raise</u>
<p>a. Every Registered Person</p> <p>Registered Person who is Consignor/ Consignee/ Recipient of Goods:-</p> <p>a. Through owned or Hired Vehicle</p> <p>b. Through Transporters of Goods</p> <p>Consignor is an Un-registered Person & Consignee is a registered Person:-</p> <p>Compliance by Consignee, i.e., <u>the Registered Person, should comply with Rule 138 of CGST rule, 2017, as if he is the supplier of the said consignment.</u></p>	Before the commencement of Movement of goods (except in some cases)

Note:-

- i. In case of movement of goods by **railways, airways and waterways, the e-way bill can be generated even after commencement of movement of goods.**
- ii. Until a date yet to be notified, the **transporters need not generate the E-way bill** (as Form EWB-01 or EWB-02) where all the consignments in the conveyance :
 - a. Individually(single Document) is less than or equal to ₹ 50,000, BUT
 - b. In Aggregate (all documents put together) exceeds ₹50,000
 - c. Explanation 2 to Proviso 3, Rule 138, CGST Rules,2017, has also added that,

Part B of GST EWB-01, need not be filled, in case movement from consignor to transporter for further transportation is within 50 km and within the same state.

VI. Cases where E-way bill is not required to be generated:-

As per the provision contained in clause 14 to Rule 138 of Central Goods and Service Tax Rules, 2017, under said movements requires no E-way bill to be generated:-

1. The mode of transport is a non-motor vehicle
2. Goods transported from Customs port, airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs.
3. Goods transported under Customs supervision or under customs seal
4. Goods transported under Customs Bond from ICD to Customs port or from one custom station to another.
5. Transit cargo transported to or from Nepal or Bhutan
6. Movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
7. Empty Cargo containers are being transported
8. Consignor is transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20 km, accompanied by a Delivery challan.
9. Transit cargo transported to or from Nepal or Bhutan
10. Movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
11. Empty Cargo containers are being transported
12. Consignor is transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20 km, accompanied by a Delivery challan.

VII. Validity of E-way Bill:-

<u>Distance</u>	<u>Validity Period</u>
Upto 100 km.	One day in cases other than Over Dimensional Cargo
For every 100 km. or part thereof	One additional day in cases other than Over Dimensional Cargo
Upto 20 km	One day in case of Over Dimensional Cargo
For every 20 km. or part thereof	One additional day in case of Over Dimensional Cargo

VIII. Modes to generate E-way Bill:-

1. E-way Bills can be generated through
 - i. E-way Bill portal or
 - ii. Through SMS
2. There are certain pre-requisites to generate E-way Bill:-
 - i. Registration on E-way Bill Portal
 - ii. Invoice/Bill/Challan related to consignment
 - iii. If transported by road- Transporter ID or Vehicle Number
 - iv. If transported by rail, air or ship – Transporter ID, Transport Document Number and date of document.

IX. Consolidation of E-way Bill:-

1. Consolidated E-way Bill would be required in cases where the transporter or supplier wants to transport multiple consignments in one single vehicle.
2. And for consolidation of multiple EWBs into one **GST EWB-02** is used.
3. Provided that EWB-01 is already being generated for the said consignments separately.
4. Pre-requisites for GST EWB-02 are Registration of E-way bill portal, Invoices/ Bills/ Challans related to consignment, If transported via road, then “Transporters ID” **or** “the Vehicle number”, If transported via air, ship, railway, then Transporter’s ID, Transporters Document Number, Date on Document and All individual e-way bills separately generated for each consignment carried in the vehicle.

X. Documents to be carried by person in-charge of conveyance:-

Rule 138A, CGST Rule, 2017, requires the person-in-charge of the conveyance shall carry:-

- a) An Invoice or Bill or Supply or Delivery Challan (as the case may be).
- b) Copy of E-way bill in Physical form ,or EBN in electronic form, or Mapped in a Radio Frequency Identification Device embedded on conveyance

XI. Verification & inspection of documents & Conveyance :-

Rule 138 B, CGST Rule,2017, provides-

- a) The proper officer under the authority of the Commissioner or an officer empowered by him, may intercept any conveyance to verify the E-way bill number in physical form for inter-state and intra-state movement of goods.
- b) Report of Inspection by the officer shall be filled within 24 hours in Part A of GST EWB-03 & the final report shall be furnished in Part-B of GST EWB-03 within 2 days.

XII. GST-EWB 04:-

- a) Where a vehicle has been intercepted and detained for a period **exceeding thirty minutes**,
- b) the transporter may upload the said information in **FORM GST EWB-04** on the common portal as provided under Rule 138D of the CGST Rules, 2017.

XIII. Consequence of not generating E-way bill:-

Goods being moved in contravention to the rules made under the act and rules shall be liable for:

1. Monetary Penalty:-

- i. Moving goods without the cover of an invoice and E-way bill constitutes an offence and attracts a penalty of ₹10,000 or the tax sought to be evaded (whichever is greater).
- ii. Hence, the bare minimum penalty that is levied for not complying the rules is ₹ 10,000.

2. Detention and Seizure

- i. The vehicle that is found to be transporting the goods without an E-way bill can be detained or seized and would be released only on payment of appropriate tax and penalty as specified by the officer.
- ii. Under this, there could be two situations:
 - If the owner wishes to **pay the penalty**, he must **pay 100% of the tax payable**.
 - If not, the **penalty will be equal to 50% of the value of goods**.

XIV. "Bill-to-Ship-to":-

- a. In normal industry practices, there are instances when the bill is invoiced to someone, but the same shall be delivered to some different location.
- b. Parties involved in "Bill-to-Ship-to",
 - i. Buyer of goods
 - ii. Seller/Consignor of goods
 - iii. Consignee/Recipient of goods
- c. Instances of Bill-to-Ship-to:-
 - i. Buyer requiring delivery at one of his warehouses which is at a location other than his registered office.
 - ii. Buyer (trading business) require delivery of goods directly to one of his customer's locations (third party).
 - iii. Buyer requiring delivery of goods to a specially designed storage facility (cold storage, customs warehouse, etc.)
 - iv. Buyer requiring delivery of goods to an institutional customer to whom he has already sold the goods further who is at a different location.
 - v. Buyer's customer is a retail chain and requires delivery of goods to various outlets.

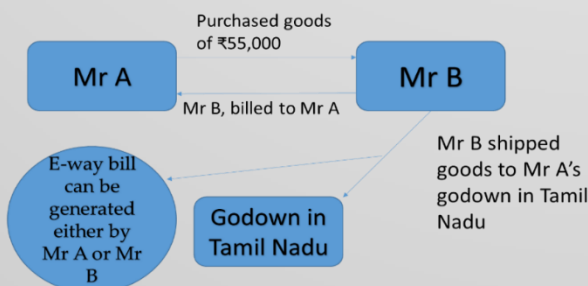
Illustration for "Bill-to-Ship-to"

Mr A, a registered dealer of paints in Kerala, purchased goods of value ₹55,000 from Mr B, another registered dealer from Kerala,

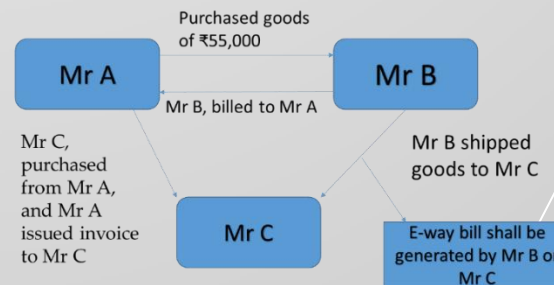
•Required Mr B to send goods to his godown in Tamil Nadu

•Required Mr B to send goods to Mr C to whom Mr A has sold these goods.

Scenario 1



Scenario 2



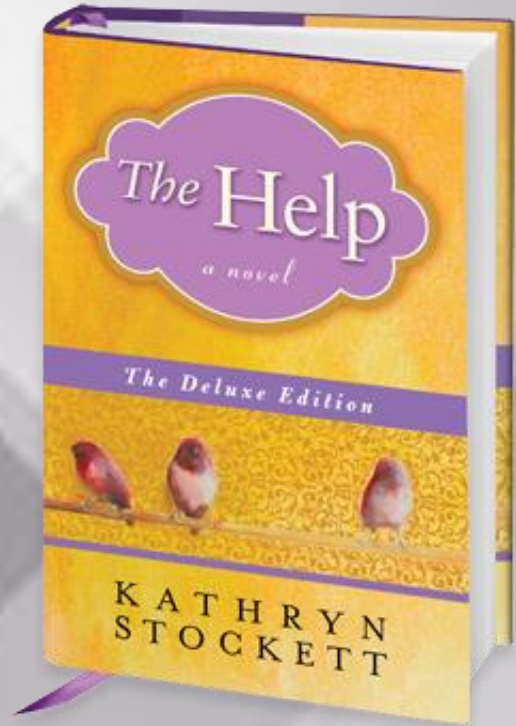
XV. Conclusion:-

1. An electronic bill generated for the purpose of movement of goods from one location to another, may be inter-state or intra-state.
2. E-way bills can be generated either through SMS or through E-way bill portal.
3. The role out of E-way bill has been made compulsory for inter-state movements with effect from 1st April 2018 & for Intra-state transfers, 3rd June 2018
4. Should be generated for every consignment in value exceeding ₹50,000, either by buyer/seller/transporter.
5. Compulsorily raised for movements involving inter-state job-work & handicrafts, even if value of goods is less than ₹50,000.
6. To be generated before the movement of goods, except in case of movement through railways, air & shipway.
7. Non-compliance of the rule relating to E-way bills, may attract monetary penalty as well as seizure of goods.

BOOK IN FOCUS

The Help

-KATHRYN STOCKETT



Enter a vanished world: Jackson, Mississippi, 1962. Where black maids raise white children, but aren't trusted not to steal the silver...

There's Aibileen, raising her seventeenth white child and nursing the hurt caused by her own son's tragic death; Minny, whose cooking is nearly as sassy as her tongue; and white Miss Skeeter, home from College, who wants to know why her beloved maid has disappeared.

Skeeter, Aibileen and Minny. No one would believe they'd be friends; fewer still would tolerate it. But as each woman finds the courage to cross boundaries, they come to depend and rely upon one another. Each is in a search of a truth. And together they have an extraordinary story to tell...

RESTRICTIONS ON CASH TRANSACTIONS

Jinu Baby
SRO0565634

Slowly and gradually, the Indian economy is getting digitized and ultimately moving towards a cashless economy. Electronic transactions ensure a clear money trail and make it very difficult for tax evaders. Many of provisions that existed and introduced from time to time in Income tax act, putting restrictions on cash transactions. The restrictions are intended to move towards a cashless economy and to reduce generation and circulation of black money.

Section-269SS

1. As per section 269SS, no person shall accept any loan/deposit/**any specified sum** of `20,000 or more from any other person except by account payee cheque/bank draft or by use of electronic clearing system through a bank account.
2. This requirement also applies in cases where on the date of taking or accepting a loan or deposit/**any specified sum** from a person, any earlier loan or deposit taken or accepted from the same person and remaining unpaid on that date, is `20,000 or more.
3. The requirement also applies if the aggregate amount of such earlier loan or deposit/**any specified sum** and to amount of loan or deposit or specified sum proposed to be taken or accepted from that person is `20,000 or more.

Exception:-

This section doesn't apply to transactions of loan or deposit to/from

- a. Government,
- b. any banking company,
- c. post office saving bank or
- d. any cooperative bank,
- e. any corporation established by a Central, State or Provincial Act: or
- f. any Government company as defined in section 617 of the Companies Act, 19561.
- g. any institution, association or body which the Central Government may, for reasons to be recorded in writing in this behalf notify in the Official Gazette.
- h. cases where the persons involved in the transaction derive income only from agriculture or where neither of them has any income chargeable to tax under the Act.

Section 269ST

269ST provides that no person shall receive an amount of **2 lac** rupees or more,

- a. in aggregate from a person in a day; or
- b. in respect of a single transaction; or
- c. in respect of transactions relating to one event or occasion from a person

Otherwise than by an A/c Payee Cheque or an A/c payee bank draft or use of electronic clearance system through a bank account.

This restriction shall not apply to;

- a. any receipt by Government;
- b. any banking company, post office savings bank or co-operative bank;
- c. any transactions of the nature referred to in section 269SS; and
- d. such other persons or class of persons or receipts , as may be specified by the Central Government by notification in the official gazette.

Section 40A(3) – Payments exceeding Rs.10,000/35,000*

Where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, exceeds 10,000 rupees, no deduction shall be allowed in respect of whole of such expenditure.

[*W.e.f.01.10.2009,Rs.35,000 in the case of payment made to Transport operators. ie. for plying, hiring or leasing goods carriages]

Section 40A(3A)-where an allowance has been made in the assessment for any year in respect of any liability for any expenditure incurred by the assessee and subsequently, during any previous year, the assessee makes any payment in respect of such liability in a sum exceeding Rs.10,000 otherwise than by an account payee cheque drawn on a bank or by an account payee bank draft, the payment so made shall be deemed to be profits and gains of business or profession of the subsequent year.

Exception - Rule 6DD,

1. where the payment is made to -
 - the RBI or any banking company;
 - the SBI or any subsidiary bank;
 - any co-operative bank or land mortgage bank;
 - any primary agricultural credit society or any primary credit society;
 - the LIC of India;
2. where the payment is made to the Government and, under the rules framed by it, such payment is required to be made in legal tender;
3. where the payment is made by -
 - any LoC arrangements through a bank;
 - a mail or telegraphic transfer through a bank;
 - a book adjustment from any account in a bank to any other account in that or any other bank;
 - a bill of exchange made payable only to a bank;
 - the use of electronic clearing system through a bank account;
 - a credit card;
 - a debit card.
4. where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied or services rendered by the assessee to such payee;
5. where the payment is made for the purchase of -
 - agricultural/forest produce; or
 - the produce of animal husbandry (including livestock, meat, hides and skins) or dairy or poultry farming; or
 - fish/fish products; or
 - the products of horticulture/apiculture,
 - to the cultivator, grower or producer of such articles, produce or products;

CBDT Circular

The expression 'fish/ fish products' used in rule 6DD(e)(iii) would include 'other marine products such as shrimp, prawn, cuttlefish, squid, crab, lobster etc.'

The 'producers' of fish or fish products for the purpose of rule 6DD(e) would include, besides the fishermen, any headman of fishermen, who sorts the catch of fish brought by fishermen from the sea, at the sea shore itself and then sells the fish or fish products to traders, exporters etc.

However, the above exception will not be available on the payment for the purchase of fish or fish products from a person who is not proved to be a 'producer' of these goods and is only a trader, broker or any other middleman, by whatever name called.

6. where the payment is made for the purchase of the products manufactured or processed without the aid of power in a cottage industry, to the producer of such products;
7. where the payment is made in a village or town, which on the date of such payment is not served by any bank, to any person who ordinarily resides, or is carrying on any business, profession or vocation, in any such village or town;
8. where any payment is made to an employee of the assessee or the heir of any such employee, on or in connection with the retirement, retrenchment, resignation, discharge or death of such employee, on account of gratuity, retrenchment compensation or similar terminal benefit and the aggregate of such sums payable to the employee or his heir does not exceed fifty thousand rupees;
9. where the payment is made by an assessee by way of salary to his employee after deducting the income-tax from salary in accordance with the provisions of section 192 of the Act, and when such employee
 - i. is temporarily posted for a continuous period of fifteen days or more in a place other than his normal place of duty or on a ship; and
 - ii. does not maintain any account in any bank at such place or ship;
10. where the payment was required to be made on a day on which the banks were closed either on account of holiday or strike;
11. where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person;
12. where the payment is made by an authorised dealer / money changer against purchase of foreign currency or travellers cheques in the normal course of his business.

Section 68

Where any sum is found credited in the books of the assessee and in the opinion of the Assessing Officer the assessee offers no explanation about the nature and source or the explanation offered is not satisfactory, the sum so credited may be charged as income of the assessee of that previous year.

Special provision for closely held company

Any explanation offered by a closely held company in respect of any sum credited as share application money, share capital, share premium or such amount, by whatever name called, in the accounts of such company shall be deemed to be not satisfactory unless the person, being a **resident****, in whose name such credit is recorded in the books of such company also explains, to the satisfaction of the Assessing Officer, the source of sum so credited as share application money, share capital, etc. in his hands. Otherwise, the explanation offered by the assessee-company shall be deemed as not satisfactory, consequent to which the sum shall be treated as income of the company.

Exception

However, this deeming provision would not apply if the person in whose name such sum is recorded in the books of the closely held company is a Venture Capital Fund or a Venture Capital Company registered with SEBI.

**** Not applicable for Non-resident since they are regulated by FEMA/RBI**

STUDY CIRCLE CONDUCTED THIS MONTH



Speaker: Ann Thomas

Topic: **filing of Annual Return of Companies**

On 25th October 2018 from 05.30 p.m. to 06.30p.m.

At ICAI Bhawan, Ernakulam



SEMINARS CONDUCTED THIS MONTH



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for

FINANCIAL NEEDS OF EVERY
COMMON MAN

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Jab zindagi badalni ho

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A cottage by the tea garden

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