



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(SET UP BY AN ACT OF PARLIAMENT)

SOUTHERN INDIA REGIONAL COUNCIL (SIRC)
THIRUVANANTHAPURAM BRANCH

NEWSLETTER

Issue I ~ March 2022
(for private circulation only)

Message from Chairman's Desk



My dear professional colleagues,

It is indeed a privilege to communicate as 40th Chairman of Thiruvananthapuram branch of SIRC of ICAI for the year 2022-23. I wish to record my gratitude to all the members for demonstrating trust in my leadership in election to managing committee in the years 2019 and 2022. I wish to thank my fraternity for extending their help and support on all coveted instances.

I also wish to thank my predecessor-in-office CA. Ramesh Kumar. S, who has guided and supported us during the term of the committee. He has led the branch admirable during his tenure and has efficiently completed the infrastructure development. The Institute has certainly benefitted from his penchant associating with him has added to my professional understanding. I am fortunate to receive his continued support in our quest for holistic professional growth.

The branch has a great and distinguished history that spans 50 years. Recently we have celebrated the Golden jubilee of our branch. The current generation of administrators and members, owe it to all the past committees and members for the outstanding legacy.

It is time to think beyond the basics and traditional roles and explore new professional horizons. To spearhead growth and champion excellence in profession, this year we will focus on strengthening CA education and training. We will empower our research and technology activities with our new infrastructure. Our branch strength comes to 843 members are the latest roll we have to increase it and we expect a sincere cooperation from the members working in Thiruvananthapuram not registered with the branch to register under the branch. For that a membership drive from our part will be conducted by meeting such members. I feel that ethics and integrity should continue to govern our profession. Our commitment to the ICAI must be very strong.

We have planned a set of activities with eminent faculties for the month, by the time the communique is out we would have completed some of them. As committee we request your wholehearted support for the activities of the branch. Let us work towards achieving the goals together.

Let me also take this opportunity to extend my warm wishes to all members on the occasion of Holi. May a variety of colours make your life all the more colourful and happy! May this festival bring more joy to your life!

With regards,

CA. Cherianji Samuel

Chairman,

Thiruvananthapuram Branch, ICAI

Secretary's Communique



Dear Professional Colleagues,

I am elated today and humbled as I accept the distinguished post of the Secretary of Thiruvananthapuram Branch of ICAI and I assure you that I will stay active and committed in the year ahead. The trust and confidence reposed in me by my fellow members fills me with unparalleled joy and happiness. With pride, coupled with a sense of responsibility, I pen my first communication as Secretary.

It is with the constant guidance of Parents, partners, teachers, seniors and support of friends that I have been able to achieve this coveted position of a committee member and I express my heartfelt gratitude to them. I am confident that with your able support I shall live up to the expectations.

"None of us, including me, ever do great things. But we can all do small things, with great love, and together we can do something wonderful." - Mother Teresa

The secret behind this word is just Team coordination. Great things are rarely achieved by just one person. Usually, they are accomplished by a group of people, and when everyone is committed to the overall goal, teams move faster, are more innovative and more successful. Successful teamwork is essential for anyone attempting to complete target successfully.

With Bank Audits around the corner, we are conducting seminars to accustom all members with the recent and most important circulars and notification of RBI along with technical sessions on CBS. We have also designed various other events for the period, the details of which be updated in our web portal every month in advance.

Wishing everyone a happy new financial year in advance.

With Best Wishes

CA. Nikhil R Kumar

Secretary

Thiruvananthapuram Branch of ICAI

Tax implications for E Commerce Operators

An overview

Electronic commerce (E commerce) is a business model that lets firms and individuals buy and sell things over the internet. It has emerged as one of the fast growing trade channels. India is one of the most attractive and growing market worldwide and Indian e-commerce industry has been on an upward growth trajectory.

E Commerce Operators (ECO) means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

E Commerce Participant is a person who uses the platform to buy/sell goods, services, or both through an electronic platform provided by an ECO.

E Commerce platform (website/App) is a software/platform that allows online businesses to manage their commercial process of buying and selling over the internet.



Business models of the E Commerce businesses

INVENTORY BASED E COMMERCE BUSINESS MODEL

Here the E commerce entity itself supply their goods or services or both over the internet using their own E Commerce platform.

MARKET BASED E COMMERCE BUSINESS MODEL

E commerce participants supply their goods or services or both through an E commerce platform owned by the ECO.

GST implications for ECO and E commerce transactions

Definitions under GST Act, 2017

Section 2(44): Electronic Commerce means supply of goods or services or both, including digital products over digital or electronic network.

Section 2(45): E- commerce Operator (ECO) means any person, who owns, operates and manages digital or electronic facility or platform for e- commerce.

GST implications differs for Inventory based business model and Market based business model

ECO operating under Inventory based business model is treated in par with normal person.

Generally he is liable to be registered under this act in state/UT from where he makes taxable supply of goods, services or both, if his aggregate turnover in a financial year exceeds the specified limit. If the Eco is covered under any of the categories of persons specified under section 24 then he shall be compulsorily required to be registered under this Act.

ECO operating under Inventory based business model is also eligible for opting composition scheme under section 10(1) of the CGST Act provided he satisfies other conditions.

ECO operating under Market based business model

There are few specific provisions applicable to ECO operating under Market based business model

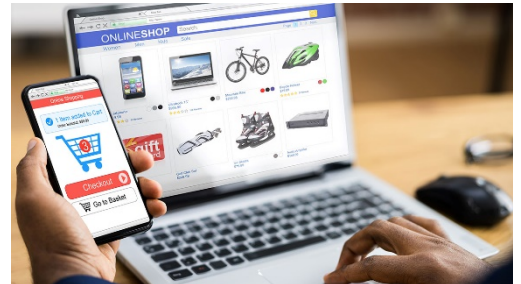
As per Section 9(5) if the notified categories of intra state supply of services are supplied through an ECO then tax on such supply of services shall be paid by ECO

If ECO is liable under section 9(5) then **ECO IS ALSO LIABLE FOR COMPULSORY REGISTRATION** u/s 24(iv) of CGST Act.

Notified category of services

- a) Services by way of transportation of passengers by a radio taxi, motor cab, maxi cab, motor cycle
Eg- OLA, uber, Rapido, etc.
- b) Services provided by way of providing accommodation in hotels, inns, guest houses, clubs, campsites/ other commercial places meant for residential or lodging purposes. Eco is not liable if the person supplying such services through ECO is liable for registration u/s 22(1).
Eg- Goibibo, OYO rooms, etc.
- c) Services by way of housekeeping such as plumbing, carpentering, etc. only housekeeping services are covered so if any other services like beautician services, parlors, tutors, etc. are provided then ECO is not liable to pay GST. ECO is not liable if the person supplying such services through ECO is liable for registration u/s 22(1).

If any supply made by the E Commerce participants through third party ECO other than services notified under Section 9(5), ECO is required to collect tax as per Section 52 at the rate of 1% (IGST 1% or CGST 0.5% and SGST 0.5%) on net taxable value of such supply. In this model ECO collect consideration and remit to the suppliers after reducing tax collected as provide under section 52.



E commerce participants who supply goods or services or both, other than supplies specified under section 9(5), through such ECO who is required to collect tax at source is liable to take compulsory registration under section 24(ix). E commerce participants are not liable under section 24(ix) if he is making supply of *services* through ECO and his aggregate turnover on all India basis does not exceed Rs. 20 lakh (Rs. 10 lakh in case of special category states) in a financial year.

Income Tax implications for ECO and E commerce transactions

Income earned by E commerce operator is taxable under the head "Profits and gains of business or profession".

Applicability of Section 44AD Presumptive taxation scheme

The E commerce operators being an Individual, HUF or a Partnership firm, who is a resident, but not a limited liability partnership, operates in Inventory based E commerce business model or market based business model and the income earned by ECOs are not in the form of Commission or brokerage that is ECO is not acting as an agent of E commerce participants then the ECO can opt for Section 44AD

presumptive taxation scheme if his total turnover or gross receipts in the previous year does not exceed Rs. 2 crore.

TDS under Section 194-O of Income Tax Act, 1961

E-commerce operator is liable to deduct TDS at 1% of gross amount of sale of goods or provision of services or both if the E-commerce participant (supplier) makes any sales or services or both through the E-commerce platform operated by the ECO. If such E-commerce participant is an Individual or HUF and has furnished his PAN/ Aadhar to E-commerce operator then the TDS is Deductible only if the Gross amount exceeds Rs. 5 lakh.

Conjoint application of Section 194-O, Section 206C(1H) and Section 194Q

If in a transaction tax has to be deducted under section 194-O then that transaction shall not be subject to tax deduction U/S 194Q and seller is not liable to collect tax under section 206C(1H).

Applicability of Equalisation Levy to E-Commerce Operator

Equalisation levy means the tax leviable on consideration received or receivable for any specified service or e-commerce supply or services.

Equalisation levy is applicable if ECO is a Non-Resident and does not have a permanent establishment in India. EL is leviable at 6% on the gross amount of consideration paid to ECO for online advertisement if the aggregate amount paid exceeds Rs. 1 lakh in a year. Here the tax is paid by the E-commerce participants being a resident or Non-resident having permanent establishment (PE) in India and the specified services are effectively connected with such PE.



Its scope has been extended by Finance Act, 2020 to consideration received or receivable for supply of goods or services made or provided or facilitated on or after 1.4.2020 and the gross receipts of the ECO is more than or equal to Rs. 2 crore during the previous year. EL 2% is chargeable on the amount of consideration received or receivable by an E-commerce operator.

Benefits to the Non-resident E-commerce operators

In order to avoid double taxation on account of Equalisation Levy and income tax liability under the provisions of Income Tax Act, 1961, an amendment has been proposed in Section 10, adding a new Sub-section (50) to the Income Tax Act, 1961, which ensures that any income which has been subjected to Equalisation levy shall be exempted from income tax in India.

Conclusion

E-commerce is considered a game-changer for Indian economy and the future of "Digital India". Many laws and regulations are applicable to E-commerce like Information Technology Act, 2000, Payment and Settlement Act, 2007. The E-commerce operators also need to concentrate on Technology and data Protection and must comply with the Information Technology (Reasonable security practices and procedures and sensitive personal data and information) Rules, 2011. E-commerce businesses will need to continually review their operating models to identify the risks involved, assess the effect of changes in laws and explore the opportunities available in the market.

CA. Vandhana Krishnamoorthy

March Month Events

Sl No	Date	Day	Events	Speakers
1	07 th March	Monday	Women's Day	Dr. P V Sulochana
2	10 th March	Thursday	Installation of Managing Committee	Dr. V P Joy IAS, Chief Secretary, Govt of Kerala
3	17 th March	Thursday	GST - Open Floor Discussion	CA. Rajendra Kumar
4	18 th March	Friday	Bank Audit	CA. Dhananjay J Gokhela CA. Kuntal P Shah
5	26 th March	Saturday	Taxation of Trusts	CA. Phalgun Kumar

Law Updates

GOODS AND SERVICE TAX

E-invoice: wef 1.4.22, e-Invoicing is mandatory for turnover above 20 crores.

GSTN has made 'map location' mandatory for new registrations under GST law as well as for amendment in address in case of existing registration on the GSTN common portal

INCOME TAX

TDS: Centralised Processing Cell (TDS), vide Instruction No. 1 of 2022 dated March 2, 2022, lays down time lines for making applications in Form No. 15E under Sections 195(2) and 195(7), for seeking TDS Certificate for FY 2021-22, can move an application only upto March 15, 2022.

Income Tax: Method of valuation of shares is always the option of the assessee. AO have no authority to pick and choose net assets value method against discounted cash flow method adopted by the assessee on the ground that there is deviation between actual figures and the projected figures. Impugned addition made by the AO u/s 56(2)(viib) by applying net assets value method cannot be sustained. DCIT Vs. Credit Alpha Alternative Investment Advisors (p) Ltd., 19th Jan.2022 (ITAT-Mumbai)

LLP ACT

There can be 5 Designated partners (without having DIN) at the time of Incorporation. (Earlier 2 was allowed) LLP Formation Process became web based Just like the SPICE Forms for Company formation. Directors Details can be fetched from Digi Locker Database. PAN TAN of LLP will be available along with LLP Incorporation similar to the company.

All Forms of LLP now became web based. Each and every change in LLP Deed will have to be marked in Form 3 with precise information. Web Based Form 9 Consent of Partners is implemented. Resultantly, all Designated Partners Digital Signatures will be required. Place of maintenance of Accounts other than Registered Office - Form 12 is notified.

OTHERS

CA Firms can register on GeM Portal for rendering professional services. Information on GeM portal should be in compliance with ICAI Code of Ethics.

Happy Birthday to our March Celebrants

*A wish for you on your birthday, whatever you ask may you receive, whatever you seek may you find, whatever you wish may it be fulfilled on your birthday and always. **HAPPY BIRTHDAY!!!***



Name	Day	Name	Day
Vinayakrishnan K	2	Sripriya R	15
Sasi Kumar D	2	Ajith G	17
Velayudhan Nair	3	Raghesh N S	17
Soya K	4	Sangeetha Ajith	18
Ramakrishnan H	6	Bittu Abraham Samuel	18
Hari J S	7	Giri M S	18
Unnikrishnan S	7	Selastin A	19
V Sunitha Rebecca Raj	9	Thampy Mathew	21
C D Isaac	10	Sreehari G	21
Athul S	12	Geetha Venugopal	23
V Krishnakumar	13	Susmi Mathai	26
Nishanth George Earnest	13	Koshy K I	26
Lekshmy M B	13	Ramasubramoniya Iyer S	31
Jim Cyriac	15	Venkata Subramanian R	31

Some quick snaps...

Installation Ceremony



Our Newly Qualifieds



Golden Jubilee Building Inauguration

