



INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SET UP BY AN ACT OF PARLIAMENT)

**SOUTHERN INDIA REGIONAL COUNCIL (SIRC)
THIRUVANANTHAPURAM BRANCH**

NEWS LETTER

Issue V- July 2022
(For Private Circulation Only)

Message from Chairman's Desk



My Dear Professional Colleagues,

On 1st July 2022, our Institute completed 74 years of its glorious journey of excellence. The ICAI emblem has Garūda in the centre and a quotation from the Kathopanishad. The choice of Garūda, was suggested by Shri Aurobindo to ICAI in 1949, in the ICAI Emblem. It embodies the strong symbolic resemblance in qualities of a Garūda and chartered accountants like vision, wisdom and leadership. Our Profession has grown leaps and bounds in terms of its members and students strength. Let us endeavour to give assurance to all their stakeholders.

Our branch celebrated the CA Day with flag hoisting ceremony and Blood donation camp on July 1st. CA FEST and cultural evening was Inaugurated by Shri APM Mohammed Hanish IAS, Principal Secretary to Industries Department, Government of Kerala. The participation of members was exemplary. We thank all the members for the participation and making a grand success.

In the month of June we have celebrated Azadi ka Amrit mahotsav, Iconic week of ministry of finance and corporate affairs along Income Tax department. We were selected as one of the location to screen the inauguration ceremony. MSME day was celebrated with MSME committee of ICAI .State level program was organized by our branch on June 27 and it was inaugurated by Shri. C. Balagopal, Chairman, Federal bank. Cricket match between our members and Income tax department as part CA. J. Sreekumar Memorial Ever Rolling Cricket Trophy was conducted on 25th June 2022. ICAI Thiruvananthapuram records with deep and profound grief the passing away of CA. Krishnan G Sarma on 9th July 2022.The branch offers its deepest condolences to the bereaved family.

With warm regards

CA. Cherianji Samuel

Chairman

Thiruvananthapuram Branch of SIRC of ICAI

Secretary's Communique



Dear Professional Colleagues,

Greetings of the season!

The month of July has different and unique significance for us, the Chartered Accountants. This year our esteemed institute have become 74 years young and we celebrate the cherishing years of our true professionalism and contribution in nation building. The Institute of Chartered Accountants of India has aged like an old wine, increasing its presence and worth with each passing years, developing and adopting new avenues of working, ever updating itself with changing economy and adopting new technologies and thereby increasing its global acceptance and more transparent.

We have celebrated the CA Fest, by giving due importance to cultural, sports and academic interests. The celebration started with sports activities which had an active participation from even the youngest members of our CA family. CA day has witnessed gathering in large numbers for Walkathon and Blood Donation camp, which clearly shows the active interest of members from our branch. To mark the special occasion, the branch celebrated CA Fest on offline mode after an interval of 03 years ending with cultural activities of members from our fraternity.

We are grateful to the overwhelming response given by professional brethren for their valuable contribution and expect to receive the same in coming future also. For the month, we would lay more emphasis on sessions covering the topics such as, amendments in Schedule III along with common non compliances. Further, there are many amendments introduced in different acts, which can be the topic for expressing your writing skills. You may write to us at icaitvm@gmail.com.

Thank You

CA. Nikhil R Kumar
Secretary
Thiruvananthapuram Branch of SIRC of ICAI

Trade Receivables e-Discounting System (TReDS)



Trade Receivables e-Discounting System (TReDS) is a platform that enables MSMEs sellers to discount invoices raised against major corporations, which helps them manage their working capital demands.

GOI vide gazette notification 2nd November 2018 have instructed all companies registered with the Companies Act 2013 (18 of 2013) with a turnover of more than Rs 500 crore and all CPSE shall be required to get themselves on boarded with Trade Receivables Discounting System platform set up as per notification of RBI (Guidelines for the Trade Receivables Discounting System (TReDS)- July 2nd 2018).

New Classification of MSME w.e.f. 01.07.2020 is as follows

Type	Criteria for Manufacturing or Production of Goods	Engaged in Services
Micro	Investment in Plant & Machinery \leq 1 Crore and Turnover \leq 5 Crore	Investment in Equipment \leq 1 Crore and Turnover \leq 5 Crore
Small	Investment in Plant & Machinery \leq 10 Crore and Turnover \leq 50 Crore	Investment in Equipment \leq 10 Crore and Turnover \leq 50 Crore
Medium	Investment in Plant & Machinery \leq 50 Crore and Turnover \leq 250 Crore	Investment in Equipment \leq 50 Crore and Turnover \leq 250 Crore

Participants in TReDS includes MSME sellers, corporate and other buyers, including the Government Departments and PSUs, and financiers (banks, NBFC Factors and other financial institutions as permitted by the Reserve Bank of India) will be direct participants in the TReDS. The TReDS will provide the platform to bring these participants together for facilitating uploading, accepting, discounting, trading and settlement of the invoices / bills of MSMEs. The bankers of sellers and buyers may be provided access to the system, where necessary, for obtaining information on the portfolio of discounted invoices / bills of respective clients. The TReDS may tie up with necessary technology providers, system integrators and entities providing dematerialisation services for providing its services

TReDS had put in place a standardized mechanism / process for on-boarding of buyers and sellers on the TReDS. This one-time on-boarding process will require the entities to submit all KYC related documents to the TReDS, along with resolutions / documents specific to authorised personnel of the buyer, and the MSME seller. Such authorised personnel would be provided with IDs / Passwords for TReDS authorisations (multi-level). Indemnity in favour of TReDS, if required, may also be given if it is made part of the standardized on-boarding process

What is Bill Discounting?

Bill Discounting is a trade-related activity in which a company's unpaid invoices which are due to be paid at a future date are sold to a financier (a bank or another financial institution). In bill discounting, the business discount the outstanding invoices to gain access to short-term financial assistance and maintain the working capital. This process is also called "Invoice Discounting". This process is governed by the negotiable instrument act, 2010. Factoring & Reverse Factoring are two methods a bill is discounted on TReDS platform. Both the methods are designed to speed up and increase cash flow without disturbing the balance sheet.

Factoring is a financial transaction and a type of debt or finance in which a business sell sits accounts receivable (i.e., invoices) to a third party (called a factor) at a discount. Benefits of factoring is working capital optimization, credit protection against bad debts, No collateral required, prompt payments for your invoices.

Reverse factoring, also known as supply chain finance or supplier finance, is a financial technology solution that mitigates the negative effects of longer payment terms to help buyers and suppliers optimize working capital. Benefits of reverse factoring Improved cash flows, reduce dearly payment requests, Low interest rate of interest, Develop long term relationships.

Bill Discounting and settlement Process under TReDS

The TReDS is the mechanism that ensures timely settlement of funds between the member financiers and the MSME sellers (when the factoring unit is financed) and the subsequent settlement of funds between the member buyers and the respective financiers on due date of the factoring unit. In order to ensure a smooth process of such payments

- 1) Small or medium enterprises raise Invoices against the Corporates (Enterprise/Blue-chip Company/PSUs) for the services provided/goods supplied. The credit period of the invoices (tenor) normally ranges from 30-120 days.
- 2) To avoid the delay in collections and reduce the risk of collection, they can bring their invoices for Invoice Discounting to TReDS and manage collections efficiently
- 3) In T+2 days, these invoices are converted to cash and transferred to MSMEs at a very cost-effective discounting rate.
- 4) Small or medium enterprises complete multiple business cycles in this tenure and upon release of payment from corporate.
- 5) Discounting bills provide businesses funds upfront rather than waiting for 30-120 days. The completion of multiple business cycles further helps in improved cash flows and increases revenue rather than limiting operations due to a lack of funds

The interest rate offered by financial institutions on bill discounting depends on factors that include business stability, financial history, business volume, business tenure, applicant's credit score, or creditworthiness along with his/her financials. Business becomes more competitive for buyers and Sellers as they get to enjoy a much lower rate of interest on TReDS platform. Varying from 5% to 8% as opposed to market standard of 15% to 24% PA.

Regulatory framework for TReDS

The TReDS, which undertakes clearing and settlement activities, would be governed by the regulatory framework put in place by the Reserve Bank of India under the Payment and Settlement Systems Act 2007 (PSS Act). It will function as an authorised payment system under the PSS Act 2007. The activities of the TReDS as well as those of the participants in the TReDS would be governed by the relevant legal and regulatory provisions applicable to various stakeholders in the system. As such, the processes and procedures of the TReDS should be compliant with such legal and regulatory provisions which may be issued and amended from time to time by respective authorities

Bill Discounting Versus Business Loan

Bill Discounting	Business loan
Collateral-free finance	Collateral required
Quick processing (Usually in a couple of days)	Long processing period
Availed for short-term financial aid	Availed for long-term financial assistance
Digital process	Generally, not a digital process
Hassle-free documentation process	Lengthy documentation process
Simple eligibility criteria	Stringent eligibility requirements
No impact on the business balance sheet	Impacts the business balance sheet and is considered as a debt

Major players registered with TReDS include the following:

- MIXCHANGE
- Invoicemart
- RXIL

CA. Ajay Krishnan S

Mem. No 230859

Thiruvananthapuram Branch of SIRC of ICAI

Law Updates

ITR FORMS

ITR filing is mandatory:

- If your total income exceeds the basic exemption limit of Rs. 2,50,000/-.
- If you have assets outside India.
- If you deposit more than Rs .1 crore in a bank account.
- If you incur Rs. 2 lakh on foreign travel.
- If your electricity Consumption is Rs. 1 lakh per annum.
- If Turnover of your business is more than Rs. 60 lakh in a year.
- If Gross Receipt from Profession is more than Rs. 10 lakh.
- If TDS is Rs. 25,000 or more
- If TCS is Rs. 50,000 or more.
- If deposit in a saving bank account is Rs.50 lakh or more

INCOME TAX

TDS credit to be allowed when assessee offered income to tax even if payer deducted tax on income in next Financial year. [Shivganga Drillers (P) Ltd. v. CPC, Income-tax, Bangalore (2022) (ITAT Indore)]

GOODS AND SERVICE TAX

Erroneous refunds of unutilized ITC for zero rated supply and inverted rated turnover and erroneous refunds of IGST paid on export of goods on which benefit of deemed exports was availed may be repaid by the registered person through DRC-03 from cash ledger.

Extending the time of limitation for issuance of order for recovery of erroneous refunds by excluding the time period of 730 days (from 1-3-2020 to 28-2-2020) during COVID

July Month Events

S1 No	Date	Day	Topic / Event	Faculty
1	01 st July	Friday	CA Day: Walkathon, Flag Hoisting, Blood Donation	
2	05 th July	Tuesday	CA Fest	
3	16 th July	Saturday	Awareness of Financial Reporting Practices: Commonly found Non-compliances of Schedule III	CA. Mohan Lavi
4	16 th July	Saturday	Awareness of Financial Reporting Practices: Overview of CARO 2020	CA. Ganesh Balakrishnan
5	20 th July	Wednesday	Interview for Campus Placement	

Some Quick Snaps on June





Happy Birthday to our June Celebrants

“Count not the candles...see the lights they give. Count not the years, but the life you live. Wishing you a wonderful time ahead. Happy birthday.”

DATE	NAME
1	PARVATHI V
3	RAVI D
6	MIDHUN G
6	RAJEEV
7	RENJITH K K
10	SURESH MOHAN R
12	DHILNA S
14	VENKITA SUBRAMANIAN G
15	ANAND GEORGE THOMAS
16	HARIFA MUHAMMED
17	LALJI VIJAYAN
20	RAHUL KRISHNAN R
20	JOJI K JAMES
21	K ABRAHAM MATHEW
22	GOWTHAMAN N
25	SHYAM KRISHNAN M G
27	SHANTHI KRISHNA KUMAR
28	N SUBRAMONIAN
28	ASHOK A
29	BIJU P
30	AADIDEV V S
30	A AMIRTHA RAJAN
30	S SURESH BABU
31	HAROLD DEVASSY R
31	JIBY MARY VARGHESE
31	R SREEKUMAR FCA
31	ALEX KURIAKOSE

FUN TIME

Catch me if you can!!!

Identify the words given below and mark in the jumbled word box... Revisiting the good old vouching skills, the time starts..... Now

I U Q Z E L B A V I E C E R S T N U O C C A U G
O G E N E R A L J O U R N A L V Z Z R J S E G A
M S A Z E S N E P X E T N E R D D N R J B A C M
E O Q J W M V T A C C O U N T K P R P I J L A G
L A Q Y Q N Y B D T Y E T O N A C C O U N T S B
B E D V I C M U S E I R T N E G N I S O L C H U
A P J V W N H Y T I U Q E S R E N W O Z T K I S
Y J Z E E H C N Z U P L A K B O D F T J P V N I
A T S W M R M O W Z F V J S V X K U R J I P T N
P N F H I O T H M N W J W S S A X W A S E T H E
S E O N F T C I S E M N S J T E I T I T C Y E S
T M V M L D H N S P S O D P L J T X L G E T B S
N E U M S M K D I I L T A Q D T L S B H R B A T
U T E N V V W C R T N O A H B M S A A H H Q N R
O A C H M I Y R E A E G F T P X Y R L O S L K A
C T R A S E R N J O W N E O E Z R V A D A A F N
C S E T L E R E G D E L R X E M V T N W C Q R S
A K D U F E C D E B I T S K P F E C C H J E N A
L N I U F E R N U Y S K Q I E E U N E V E R P C
Z A T A A U K Z A H D G A C D I N I T F V L R T
M B D I H K J A A L O S A S U K N S K Z S S K I
O W P D K W R I M F A U U Z A Q A E E H A U T O
O D V C M H R Y D C B B J M E M O R A N D U M N
W Z W Q D Q L I A B I L I T I E S O G P R N U S

Business transactions	Accounts Receivable	Advertising Expense	Accounts payable
Cash in the bank	Income statement	Closing entries	General journal
Bank statement	Balance sheet	Owners equity	Trail Balance
Cash receipt	Rent expense	Liabilities	Memorandum
Net income	On account	Withdrawal	Net loss
Revenue	Assets	Credit	Ledger
Debit			

Invitation for Articles/Writeups

Articles / Writeups are hereby invited from members on any key topics to be published in the upcoming e-Newsletter. Members may kindly submit their articles at **icaitvm@gmail.com** with cc to **nikhil@krishnanretna.com** with a subject line "Article for newsletter" on or before **05th** of the following month along with mentioned details

1. Name
2. Membership Number
3. Contact Number
4. E-mail id
5. Photo
6. Article in docx format