



# Western India Chartered Accountants Students Association (WICASA) of The Institute of Chartered Accountants of India

Powered by Professionalism  
Driven by Values



## NEWSLETTER



GOODS AND SERVICES TAX

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## WIRC CHAIRPERSON'S COMMUNICATION



Dear Students,

Good things come to those who wait. Greater things come to those who get up and do everything they can to make it happen.

Why does the above statement echo within each one of us? Simply because we instinctively know it to be true. We know that if we really want something we have to get it ourselves.

Nothing in life is free, least of all things that really matter. As students, to achieve your dream of becoming a Chartered Accountant you have to make sacrifices. The whole world will be watching the World Cup cricket matches, but you have to decide whether to wait – put a pause to your studies and watch the match – or get up, move away from the distractions, study hard and get the job done.

While these decisions may seem to be minor at the moment, how you train yourself towards creating good habits as you mature, will have a tremendous impact on your whole professional and personal life. Why do we keep getting inspired by great people like Steve Jobs, Sachin Tendulkar, Mahatma Gandhi, and many others? They may all be from totally different fields and have accomplished things totally dissimilar to each other, yet we are inspired them even today. The reason being they achieved great things and we aspire, like them, to achieve great things.

So how can we work towards achieving great things? The foundations include setting a goal and then working towards it in all situations. It is critical to have and set goals. Plan in reverse from long term life goals to annual goals to monthly goals to daily goals. And understand that to achieve these goals you must be consistent and disciplined.....every single day. Not just on a Monday and Tuesday with a gap on Wednesday and on again on Thursday. You have to work at it daily, regularly, because working really hard is what successful people do.

Successful people know, understand and believe at their core that 'Growth is life, stagnation is death'. The only guarantee that tomorrow is going to get better is your growth. So just what are you doing to develop yourself? Almost everybody assumes that by just getting through the day and the actions, somehow, they'll get better. But the truth is that it doesn't really work like that. Never assume that. Never mistake activity with achievement. It is only by focusing on learning every, single day that you will grow. Focus on being productive instead of busy. And no profession rewards you more for dedicated work than Chartered Accountancy.

To keep the momentum going, we organised visits of students of Branches and Lecture Meetings for Branch students as well as a motivational session for students of Ahmednagar Branch of WIRC at BKC and a Lecture Meeting on "Life of a CA Student" for CA Students of Akola and Nagpur Branch of WIRC at BKC.

At WIRC, we are strong believers in holistic development of our students and that a healthy mind in a healthy body is essential for professional success. To that end, we organised Sports Tournaments for our students comprising various sports. We held individual sports like chess, ludo and carrom as well as volley ball tournaments for team sports. A CA Students Marathon was also organised, encouraging students to go the distance.

I congratulate all the winners of these tournaments as well as all the students who took part.

A One Day Seminar on GST Audit for CA Students was held to ensure that students are up to date with the subject which is an essential aspect of the profession.

To further help students achieve their dreams we hosted coaching classes, helping students to strengthen their knowledge base while plugging the weak points in their studies. As you can see, WICASA is providing you with all the equipment to make a career and now, it is up to you to take the maximum benefit of these programs.

Our Foundation Day was celebrated with great enthusiasm by our students who were also part of the Flag hoisting ceremony on occasion of our Foundation Day.

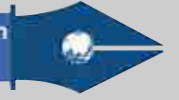
As part of CA Day, various activities were organised where students participated from across the city. A special 'Marathon Run' on the occasion of this special day had many students sign up as well as enjoy the run together. CA Students also did their bit for the Swachha Bharat Abhiyan by cleaning the neighbourhood on the Foundation Day.

The 'Organ Donation Awareness program' in which the CA students participated was well received. We had a unique Chief Guest **Miss India Suman Rao** at this CA Foundation Day Celebration on 1st July 2019. She stated that the CA Course helped her to win the Ms India contest as it trained her to be strong and work towards and achieve success despite facing failure. We are indeed pleased that one of our students has achieved success in her chosen field.

Remember, "Take up one idea. Make that one idea your life – think of it, dream of it, live on that idea. Let the brain, muscles, nerves, every part of your body, be full of that idea, and just leave every other idea alone. This is the way to success." – Swami Vivekananda.

*Priti Savla*

CA. Priti Savla  
Chairperson, WIRC



## WICASA CHAIRMAN'S COMMUNICATION



Dear students,

**“Growth is never by mere chance; it is the result of forces working together”.**

The motto of the ICAI is Ya Aeshu Suptaeshu Jagruti (या एष सुप्तैषु जागृत). The motto literally means

“A person who is awake in those that sleeps”. Platinum jubilee is really a great honour for a profession. After such a great 70 years, Good Hope remains committed to the education of all-round, unique and reflective individuals with global perspective and the zeal to strive for excellence. I can say 1st July is a landmark day in the history of Education, Health and Economy. CA day, Doctors day and one great year to GST being celebrated as an event for the nation.

Word of Benjamin Franklin “Either write something worth reading or do something worth writing.” Always motivates us to do better with our career. I hope exam month is went well. Last month student's response for the Mock test, Industrial visit, Educational visits at many places and one day seminars is really good.

Nearly 2 months ago, when I began my time as Chairman of the Western India Chartered Accountant Student Association, one of my priorities was to make WICASA more useful, more transparent and open for students as reasonably possible. In last month we have chosen the theme for the students for creating bright future along with co-curricular activities. A very unique event coming up “National Talent Hunt 2019” together with Board of studies to showcase a hidden talent within CA students & Giving them platform to perform. Certain education visits to brief students in practical knowledge.

See you in large numbers.!

In my remarks, I would like to say do enjoy your study & learning in this course, please contribute to the society & economy using the concepts that you learnt in this course and make this economy more transparent.

Regards,

**CA. Jayesh Kala**

Chairman WICASA



## ACADEMIC EVENTS

### Coaching Classes

<b>1</b>	<b>CA Intermediate GR II Batch for Nov 19/May 20</b>	<b>Date :</b> 06/06/2019 To 22/09/2019	<b>Venue :</b> L N College Borivali	<b>Fees : ₹ 15000/-</b>
<b>2</b>	<b>CA Intermediate Batch for May 20 Exam Batch 1</b>	<b>Date :</b> 06/06/2019 To 15/03/2019	<b>Venue :</b> L N College Borivali	<b>Fees : ₹ 30000/-</b>
<b>3</b>	<b>CA Intermediate Batch for May 20 Exam Batch 2</b>	<b>Date :</b> 28/07/2019 To 15/03/2019	<b>Venue :</b> L N College Borivali	<b>Fees : ₹ 30000/-</b>

### Students Industrial Visits

<b>1</b>	<b>Students Industrial Visit to Mahindra &amp; Mahindra Limited, Kandivali Plant</b>	<b>Date :</b> 11/07/2019	<b>Venue :</b> Mahindra & Mahindra Ltd. Auto Sector, Kandivli Plant.Green Gate, Off Western Express Highway. Kandivali East, Mumbai	<b>Fees : ₹ 50/-</b>
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### Branch level National Talent hunt for CA Students

<b>1</b>	<b>Free Branch Level Quiz Contest for CA Students- WIRC, Mumbai</b>	<b>Date :</b> 13/07/2019	<b>Venue :</b> ICAI Tower, BKC, Mumbai	<b>Fees : ₹ 0/-</b>
<b>2</b>	<b>Free Branch Level Elocution Competition for CA Students - WIRC, Mumbai</b>	<b>Date :</b> 13/07/2019	<b>Venue :</b> ICAI Tower, BKC, Mumbai	<b>Fees : ₹ 0/-</b>
<b>3</b>	<b>Free Branch Level Instrument Music Competition for CA Students - WIRC, Mumbai</b>	<b>Date :</b> 14/07/2019	<b>Venue :</b> ICAI Tower, BKC, Mumbai	<b>Fees : ₹ 0/-</b>
<b>4</b>	<b>Free Branch Level Nukkad Drama Competition for CA Students - WIRC, Mumbai</b>	<b>Date :</b> 14/07/2019	<b>Venue :</b> ICAI Tower, BKC, Mumbai	<b>Fees : ₹ 0/-</b>
<b>5</b>	<b>GST Program for Girl Students in K B College, Thane East</b>	<b>Date :</b> 1/07/2019	<b>Venue :</b> K B College, Thane East	<b>Fees : ₹ 0/-</b>



## MUMBAI LEVEL CA STUDENTS TALENT SEARCH 2019



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Organised by Board of Studies, ICAI | Hosted by WIRC of ICAI  
Platform for CA Students to showcase their hidden talent in below areas



On 13-14 July 2019 at ICAI Tower, BKC, Mumbai  
9.30 am onwards

THREE LEVEL  
COMPETITION



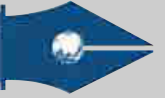
- Winner(s) at Branch level will compete at Regional level
- Winner(s) at Regional level will compete at National level

### SPECIAL ATTRACTION

CASH PRIZES FOR WINNERS AT NATIONAL LEVEL

First two Winners of Elocution Contest &  
the Quiz Winner Team at National Level will participate at SAFA Elocution / Quiz Contest

For Registration Call 022-3367 1424 or visit link <https://wirc-icai.org/students-events-registration.aspx>



**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)

CA Students' Industrial Visit to  
**Mahindra & Mahindra Ltd.**  
Mumbai



11th July, 2019 | 2.00 p.m. to 5.00 p.m.  
At **Rs. 50/-**

Limited Seats on  
**first come first serve**  
basis

for details and registration

**022-3367 1421/24**

OR

Click link - <https://www.wirc-icai.org/EventDetailsNew.aspx?id=3725>



**Noman Merchant**  
Reg No. WRO0581072

## **Stock Market - It Can Make You or It Can Break You...!!!**

Once when I was travelling in a cab passing by the Fountain area in Mumbai with my Uncle & suddenly I saw in front of me, a huge building having three alphabets shining on the top of it. It was not the first time that I saw those three alphabets together, I had seen that building in a movie & once in a newspaper, as well.

Out of curiosity, I asked my Uncle, "What do these three alphabets stand for?" and my Uncle answered, "Bombay Stock Exchange".

"What do people do here, why this building is so famous?", were the next questions coming to my mind. He tried to explain about how trading in shares is done at stock exchanges and I could hardly understand anything about what he was saying.

"What is a share?", I asked with a questioning look on my face.

"Dear, you'll understand this over a period of time but my advice is that never ever enter into this trap, people always lose money here.", was his reply which locked all the doors of my mind to ask any more questions.

Well, is it true that people always lose money in stock market?

I got the answer to this question after getting to know about ace investors like Warren Buffet, Rakesh Jhunjhunwala & many more.

What different do they do then the rest of the world which makes them successful where 90% of the people are failing?

It's simple, they have mastered the art of accepting the brutal truth of the stock market.

We have studied that market is driven by demand and supply forces. But in reality it's more than that, 'Greed & Fear' is what drives the market, the sooner we realise this, the better it is.

Here comes another cruel truth, the media perpetuates that, if you're smart enough, you can always predict the market's moves and avoid its downdrafts.

But the reality is that no one can time the market.



## Stock Market - It Can Make You or It Can Break You...!!!

Peter Lynch said correctly, "I can't recall ever once having seen the name of a market timer on Forbes' annual list of the richest people in the world. If it were truly possible to predict corrections, you'd think somebody would have made billions by doing it."

"The stock market is a device for transferring money from the impatient to the patient", says Warren Buffet. So another harsh reality is that patience is more important than intelligence in stock market. Your fear of losing money should not be more than your desire to earn it.

What's the learning?

Losing money in stock market is not a bad thing but how you react when you lose makes the difference. It can simply make you mentally strong or it can make you strongly mental.

For those who always blame others for their losses, it's a trap but for others it's a place to make money.

For some it's a place to lose all the savings of their life but for others it's a place to create wealth.

To some it gives a hopeless end but to others, an endless hope.

So do have the guts to accept these bitter truths of the stock market and to move on.

This is stock market for you - it can either make you or break you!!!





**Keshav Khndenwal**  
Regn No.: CRO0591932

## IND AS 116 – New Standard for Lease Accounting

### Executive Summary:

Recently, MCA vide Companies (Indian Accounting Standards) Amendment Rules, 2019 dated 30.03.2019 has issued Ind AS 116 in place of existing Ind AS 17 effective from 1st April 2019. Ind AS 116 is converged from IFRS 16 issued by IASB applicable from 01st January, 2019. This article deals with the changes brought in accounting of lease in the books of lessees.

### Introduction:

Ind AS 116 sets out a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. Ind AS 16 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. One of the most notable aspects of Ind AS 116 is that while it has retained Ind AS 17's finance lease/operating lease distinction for lessors, the distinction is no longer relevant for lessees. A number of aspects of the application of Ind AS16 will require the exercise of judgement – particularly in respect of the definition of a lease and the assessment of the lease term. In the capacity of a lessee, most companies will have a significant impact on their balance sheets along with ancillary impacts on their financial metrics.

### Objective and Scope:

The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

An entity shall apply this Standard to all leases, including leases of right-of-use assets in a sublease, except for:

<b>Ind AS 106</b>	<b>Exploration for and Evaluation of Mineral Resources</b>
<ul style="list-style-type: none"> <li>Leases to explore for or use minerals, oil, natural gas and similar nonregenerative resources;</li> </ul>	
<b>Ind AS 41</b>	<b>Agriculture</b>
<ul style="list-style-type: none"> <li>Leases of biological assets within the scope of Ind AS 41 Agriculture held by a lessee;</li> </ul>	
<b>Ind AS 115</b>	<b>Revenue from Contract with Customers</b>
<ul style="list-style-type: none"> <li>Service concession arrangements within the scope of Appendix D, of Ind AS 115, Revenue from Contracts with Customer;</li> <li>Licences of intellectual property granted by a lessor</li> </ul>	

## IND AS 116 – New Standard for Lease Accounting

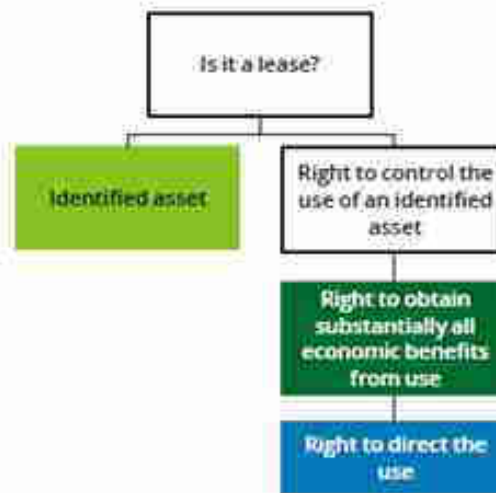
### Ind AS 38 Intangible Assets

- Rights held by a lessee under licensing agreements within the scope of Ind AS 38, Intangible Assets, for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

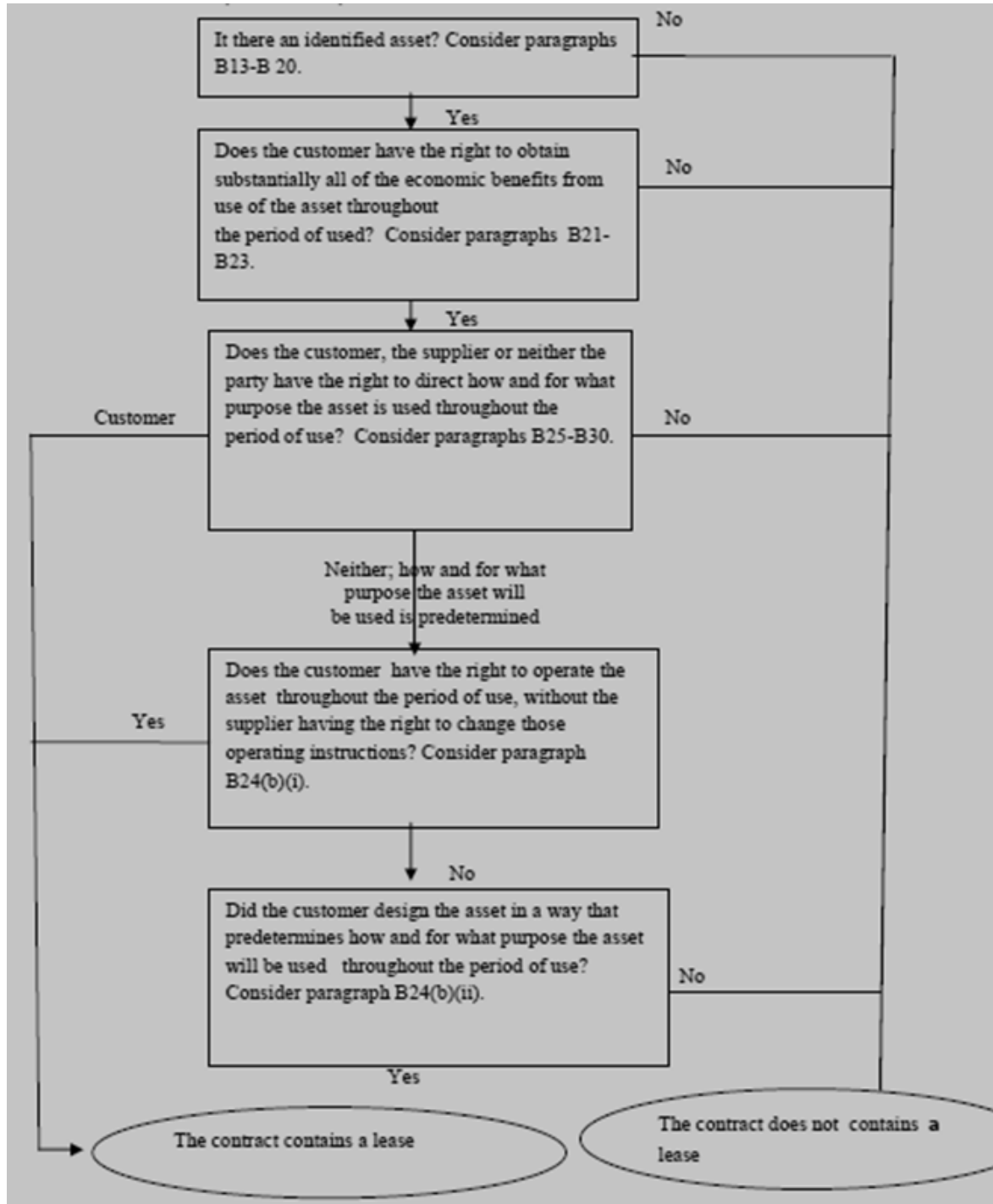
#### Identifying a Lease:

Definition of Lease: A lease is defined as contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



**IND AS 116 – New Standard for Lease Accounting**



## IND AS 116 – New Standard for Lease Accounting

### Separating Components of a Contract:

- If a contract is, or contains, a lease, an entity is required to account for each lease component within the contract as a lease separately from non-lease components of the contract, unless the entity applies the practical expedient.
- Some contracts contain both lease and non-lease (service) components. For example, a contract for a car may combine a lease with maintenance services.

### The right to use an underlying asset is a separate lease component if both:

- a. the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee and
  - b. The underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.
- Amount payable by the lessee for activities and costs that do not transfer a good or service to the lessee do not give rise to a separate component of the contract.
  - For lessees, the consideration in a contract should be allocated between lease and non-lease components (if any) on the basis of the relative stand-alone price of each lease component and the aggregate stand-alone price of the non-lease components.
  - The relative stand-alone price of lease and non-lease components should be determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the lessee should estimate the stand-alone price, maximising the use of observable information
  - As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. A lessee shall not apply this practical expedient to embedded derivatives. However this practical expedient is not available to lessors and he shall allocate the consideration in the contract applying paragraphs 73–90 of Ind AS 115.

### Lease Term:

he lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and,
- Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The lease term begins on the 'commencement date' of the lease. This is defined as the date on which the lessor makes an underlying asset available for use by a lessee. It is the date on which the lessee and lessor initially recognises and measures lease assets and lease liabilities.

## IND AS 116 – New Standard for Lease Accounting

Entity shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise or not to exercise the option to extend/terminate the lease.

A lessee shall reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- (a) Is within the control of the lessee; and
- (b) Affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

### Lease Payments:

Lease payments are defined as payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the following:



Lease payments do not include payments allocated to non-lease components of a contract.

Variable lease payments are defined as “[t]he portion of payments made by a lessee to a lessor for the right to use an underlying asset during the lease term that varies because of changes in facts or circumstances occurring after the commencement date, other than the passage of time.

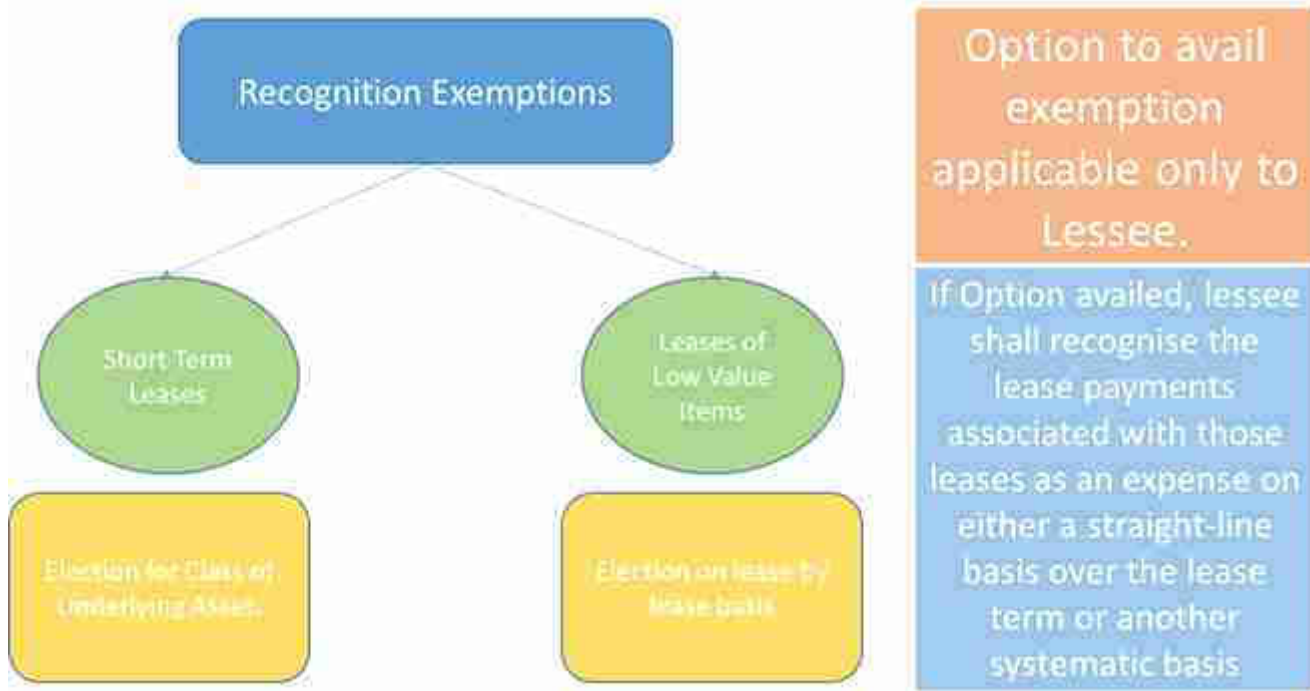
### Accounting by Lessees:

At the commencement date, a lessee shall recognise a

- right-of-use asset and
- A lease liability.

**IND AS 116 – New Standard for Lease Accounting**

**Recognition Exemptions**



**Initial Measurement of Lease Liability:**



Discount Rate = Interest rate implicit in Lease i.e. the rate of interest that causes the P.V. of the lease payments + UGRV = FV of underlying asset + Initial direct costs.

If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

**Initial Measurement of Right-of-use Asset:**



## IND AS 116 – New Standard for Lease Accounting

Subsequent measurement of ROU Asset:



Lessee shall apply Ind AS 16 and Ind AS 36 for Depreciation and Impairment of assets.

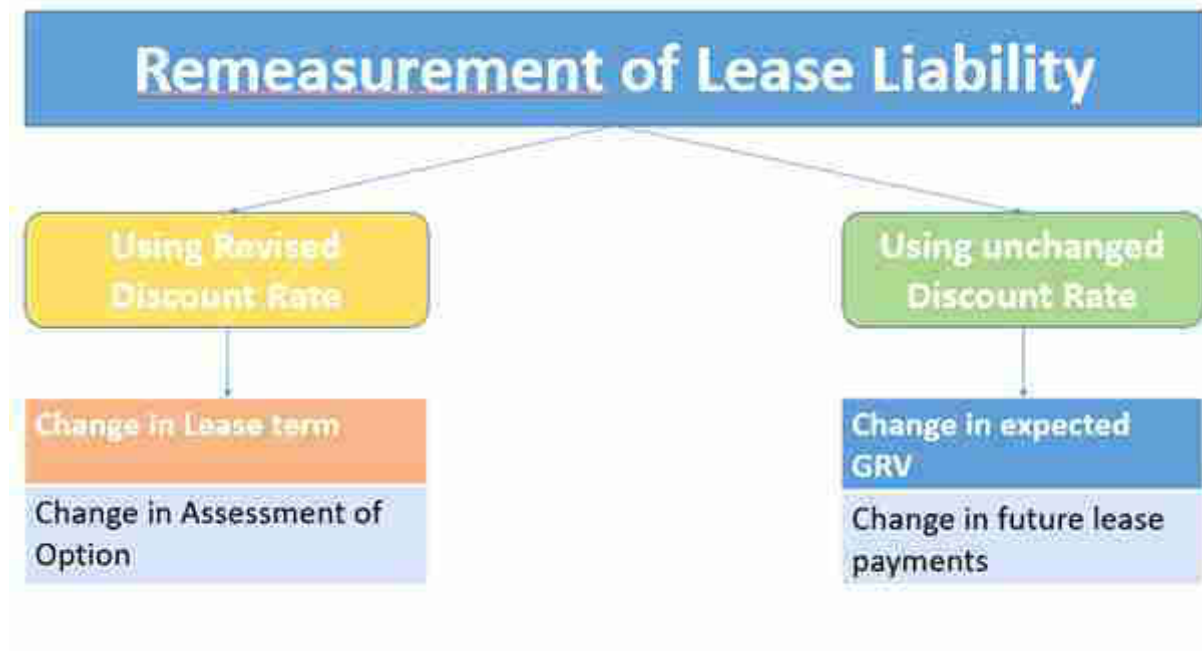
If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in Ind AS 16, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

Subsequent Measurement of Liability:



## IND AS 116 – New Standard for Lease Accounting

### Remeasurement of lease liability:



### Lease modification

A 'lease modification' is defined as change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessee shall account for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- Consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification a lessee shall:

- allocate the consideration in the modified contract
- determine the lease term of the modified lease and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

### Lessor Accounting:

Recognition and measurement requirements for lessor remains same as was in Ind AS 17 and have not undergone any change.



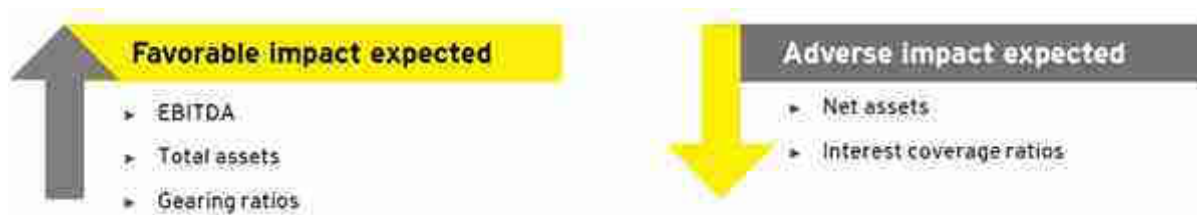
## IND AS 116 – New Standard for Lease Accounting

### Impact on Financials

Since accounting for operating lease by lessee will also come on balance sheet rather than off-balance sheet as per Ind AS 17 it will increase total assets of the entity.

Also, now companies will book expenses in relation to lease as depreciation and interest expenses rather than rent expense, consequently it will increase their EBITDA.

Lease expense will be recognised at higher amount in initial years of lease contract as compared to later years.



As per study of EY for Top 100 companies listed on BSE, this standard will have a biggest impact on companies belonging to airlines, retail and telecom industries as they have huge amount of off balance sheet leases. EBITDA of 77 companies included in study may increase by INR 36,654 crore.

### Effective Date and Transition:

An entity shall apply this Standard for annual reporting periods beginning on or after 1st April, 2019.

Date of initial application = 01st April, 2019

As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the entity is permitted to apply this Standard only to contracts that were previously identified as leases applying Ind AS 17, Leases

If an entity chooses the practical expedient, it shall disclose that fact and apply the practical expedient to all of its contracts.

Based on the accounting options provided under Ind AS 116, entities have three different accounting approaches at the time of transition.

#### I. Full Retrospective Approach

- The lease liability is recognized on the lease commencement date using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate is used for discounting
- Comparative periods are restated as if Ind AS 116 is applied from the commencement of the lease, as such entities will present a third balance sheet as at the beginning of the preceding period in addition to the minimum comparative financial statements



## IND AS 116 – New Standard for Lease Accounting

- The provisions of Ind AS 8 “Accounting policies, changes in accounting estimates and errors are applied. Accordingly, a third statement of financial position as at the beginning of the preceding period is presented, in addition to the minimum comparative financial statements.

### II. Modified Retrospective Approach

- The lease liability is recognized at the date of initial application. The lease liability is measured at the present value of the remaining lease payments discounted using lease incremental borrowing rate at the date of initial application

Option 1: Under this option, the right-of-use asset is recognized at the date of initial application. The ROU asset is measured as if the Standard had been applied since the commencement date, but discounted using incremental borrowing rate at the date of initial application. Difference between ROU asset and lease liability is recognized in the opening retained earnings on initial application

Option 2: The right-of-use asset is recognized at the date of initial application. The ROU asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

### Conclusion:

As a facilitator, our members and associated need to ensure smooth transition from Ind AS 17 to Ind AS 116 across industries. Also, management needs to carefully choose the practical expedient provided in the standard and judgments required by the management in applying the requirements of this standard.

Happy journey ahead.....

### References:

1. Ind AS 116
2. EY Transitioning to new leasing standard – Ind AS 116 for “Impact on Financials” Para

Link: <https://www.ey.com/Publication/vwLUAssets/ey-transitioning-to-new-leasing-standard-ind-as-116/%24File/ey-transitioning-to-new-leasing-standard-ind-as-116.pdf>

Profile of the Author

Keshav Khandelwal is currently pursuing chartered accountancy. He has completed his graduation from University of Rajasthan. His attempt for CA-Final exams is due in May 2020. He is undergoing his Article-ship from S. Bhandari & Co., Jaipur. His interest lies in Financial Reporting, Financial Management and Indirect Taxes.



W  
ARTICLES



**Raj Agarwal**

Regn No.: CRO0527537

## GST Implementation in India-Status Check and Future Roadmap



Change is the only constant thing in life. Also reforms are necessity in development of a country. Therefore let me start by explaining why GST was introduced?



The new GST system was introduced to replace various central and state taxes on the same base with a country-wide common framework. As each State levied its own VAT, the tax system was fragmented with different rates being applied for similar sales of goods. Another complication was the result of Services being tax exclusively by the Center while goods were tax both by the Center and the States. As the Sate VAT on goods was a separate tax as compared to the Center this resulted in cascading of taxes as these taxes were not allowed to be credited against each other. To collect more revenue some States levied egregious 'entry taxes' that caused bottlenecks on the free movement of goods around the country. The new GST was designed to bring about a common policy and

## GST Implementation in India-Status Check and Future Roadmap

administrative framework for taxation of consumption across the entire country and causing minimum tax based restrictions on trade.

### Now comes the question whether Implementing GST in India was an easy Task?

No, Implementing GST was never going to be an easy task as there is humongous political pressure in India. Goods and service which was initially proposed in 1999 took a period of 18 years to finally roll out. The GST was launched at midnight on 1st July 2017 by the President of India, and the Government of India.

### So my next question is: Why implementing GST took such a prolonged period?



The answer is very simple. To implement GST Government of India had to take consent of all state governments and the state governments were reluctant in accepting these reforms as their revenues collection through erstwhile taxes was getting largely hit. Also there was a cussed resistance to change. Also the bill required a two-thirds majority in the Lok Sabha and the Rajya Sabha and there was no clear majority in India until 2014 and each state legislature will also had to amend its own taxation laws. So after getting consent of state governments and majority in Lok Sabha and Rajya Sabha GST was finally introduced.

### Was transition to new taxation a piece of cake for tax payers?

There had been a lot of press coverage (mostly negative) on the issues in the difficulties faced by businesses in complying with the new Goods and Services Tax regime rolled out from July 1,

## GST Implementation in India-Status Check and Future Roadmap

2017. The complaints as reported in the press range over a clutch of issues ranging from poor availability of the GSTN system, non-availability of certain forms and formats (Letter of Undertaking and Bank Guarantees for exporters), delay in refunds of GST paid, transitional issues in carrying over of input tax credit from the old VAT and CENVAT systems, inability to complete fill out outward sale invoices in the GSTN system, GST rate issues and the difficulties faced by the informal sectors and sectors such as textiles that operate in cash with little documentation. Many of the issues were genuine and transitory in nature and are being addressed by the GST Council and Government on a continuous process.

### With almost 2 years completed after implementation of GST can we say that GST has been completely streamlined?

The answer is clearly no. There are lots of issues in GST taxation which still needs to be addressed by government which are as follows:

1) One of the major areas of concern faced by industries was relating to the functioning of the online compliance portal. The experience in using the online compliance portal has not been smooth and the government had a difficult time in fixing the bugs and providing timely remedial measures. These technical glitches resulted in frequent deferment of due dates of returns in the initial months of the GST implementation.



2) At present, certain products such as petroleum products, alcohol and immovable property are outside the GST, which defeats the very objective of implementation of a single tax law in India



3) The credit claimed on the purchases in which the payment has not been given to the suppliers within the 180 days must be reversed. And to keep note of this things may indulge an extra burden on the organization



4) Indian economy is majorly driven by small business unit's i.e. SMEs. It will be unfair to expect small scale business firms to make the transition to an online IT platform and expect no errors in return filing. It is an uphill task for the majority of our working population which has little hands-on experience with IT solutions. The cost of SRP deployment is a major concern for micro-small-medium scale enterprises.



5) When a person makes expenditure in hotels outside his registered state he cannot avail the credit of taxes paid by him as Hotels would levy CGST and SGST (due to place of Supply concept) and such credit would lapse which is against the motion of GST which is free flow of credit.

## GST Implementation in India-Status Check and Future Roadmap

**I believe government will slowly and steadily resolve these issues so my next question in what is future roadmap of GST?**



1. Recently government brought new scheme of taxation for real estate under GST. GST Council had made certain recommendations in its 33rd and 34<sup>th</sup> meeting, after which a series of notifications have been issued on 29.03.2019 which became effective from 01.04.2019.

Brief summary of changes effective 1st April 2019

i) GST is applicable at the effective rate of:

- a. 1% in case of apartments under affordable housing,
- b. 5% for residential apartments, being non – affordable housing,
- c. 5% for commercial apartments projects with commercial area not more than 15%.

ii) With the new tax rates, Input Tax Credit shall not be eligible and any available IT balance (accumulated net of reversal or from other business under the same registration) also cannot be used for payment of such GST liability. Further, the ITC on the purchases needs to be disclosed in Form GSTR - 3B as ineligible credit.

iii) This scheme is mandatory for all new projects commencing from 1st April, 2019. However for the ongoing projects, onetime option is given to continue with the existing tax structure and mechanism.

2. The GST council in its 27<sup>th</sup> council meeting on 4<sup>th</sup> May 2018 had approved the proposed simplified GST returns format. In the 31<sup>st</sup> GST council meeting dated 22<sup>nd</sup> December 2018, the new return filing system has been proposed to be introduced on a trial basis with effect from July 2019 and make it mandatory from October 2019. The new returns are being introduced replacing GSTR 1 and GSTR 3B which is being filed by majority of the assessee. Those who are under composition scheme could continue to file GSTR 4. It is estimated that around 17% of the assessee are under composition scheme. Other returns such as Non-Resident Foreign Taxpayer Returns (GSTR 5), ISD return (GSTR 6), TDS returns (GSTR 7), TCS Returns (GSTR 8), and Casual Taxable Person (GSTR 11) would continue as it is.

3. Also there are lot of issues faced by taxpayers while filing GSTR 9 and 9C. Consequently Government has deferred filing of form GSTR 9 and 9C for the period 2017-18 till 31<sup>st</sup> August 2019. A lot is expected from government to make amendments in the form to resolve these queries and make GST compliance easier.



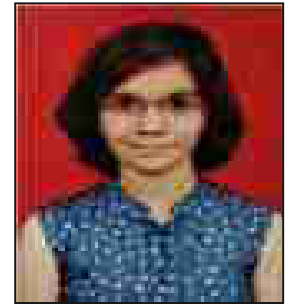
## GST Implementation in India-Status Check and Future Roadmap

4. One of the biggest challenges faced by government is evasion of tax by taxpayers. People resort to different type of practices so that they can avoid tax payment. So government should take adequate measures to eliminate tax evasion for which government needs to reduce tax rate to attract new taxpayers and ensure compliance from current as well as new taxpayers.

In the end I would like to conclude that road doesn't seem to be as smooth as it was said but the ultimate destination is something which we should desire for. GST is continuous improving taxation and will take substantial time to get streamlined and once it gets streamlined it will definitely be a great contributor in nation development.

### References:

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## Recent Issues revolving around Indo-US trade - The preferential treatment given to India has been withdrawn

### A. What are the recent issues in India-US Trade?

- India-US trade relations are on a forefront for more than a year now. Since India's Independence, US and India trade ties have been strengthened across a range of economic and political areas. India-US bilateral relations have developed into a global strategic partnership due to increasing convergence of interests on bilateral, regional and global issues.
- Last year, in April, US Government increased import duty on Steel and Aluminium in order to incentivize and support local manufactures. This step of the US Government impacted various Countries like China, Russia, Turkey, etc. This move of unilaterally imposed tariffs on steel and aluminium imports by the US paved way for initiation of trade negotiations.
- Due to above increase in duty rates, the aluminium/ steel exporters in India suffered a setback. Indian Government raised a retaliation claim to recover the cost to the tune of USD 241 Million on such exports.
- In the meantime, Government of India took this issue of increased tariffs with the WTO. Government of India also proposed to increase the import duty rates on certain specified products originating in US as a retaliatory measure. The increased duty rates are applicable on these specified products (29 products like almonds, apples, phosphoric acid, etc.) imported from US which are effective from 16 June 2019.
- As an effect to the above, US President notified India that US would withdraw GSP benefits available to India. Justification given by the US president for this step is India's reluctance to provide equitable and reasonable access to Indian markets in reciprocation to GSP benefits enjoyed by India.

### B. What is GSP all about?

- Generalised System of Preferences ('GSP') is largest and oldest US trade preference program. This program enables preferential treatment to imports from developing countries and is considered to be an exception to the Most Favoured Nation ('MFN') principle, which dictates that WTO member countries cannot normally discriminate between their trading partners. GSP is a program under which certain products can enter US duty free if the beneficiary developing countries meet the eligibility criteria specified therein.

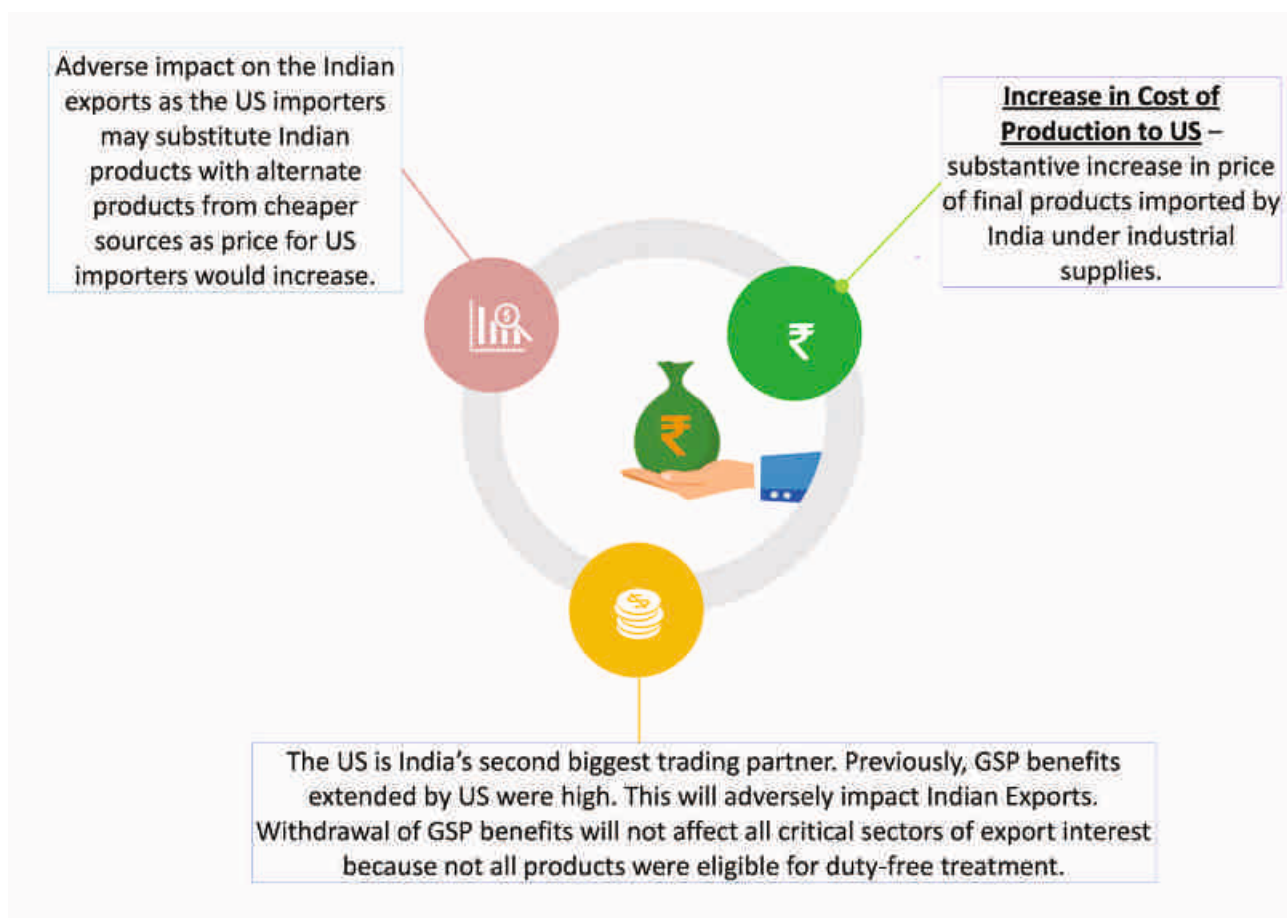


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**Recent Issues revolving around Indo-US trade – The preferential treatment given to India has been withdrawn**

- GSP is a unilateral extension of tariff preferences by Developed countries. GSP is a mechanism by which imports from developing countries are subject to low tariffs in importing countries (i.e. US) subject to fulfilment of criteria and specified conditions.
- India was a beneficiary nation currently availing benefits under this program. The duty concession extended through GSP by US earlier amounted to USD 190 Million per annum to India.

**C. Likely Impact**



**D. How to reduce the impact**

- Utilizing export promotion schemes provided through the Foreign Trade Policy;
- Recheck HSN classifications, tariff rate and revisit exemption available, if any;
- Reassess country of origin and avail Free Trade Agreement benefits available;
- Adjust supply chains to source goods in US from GSP eligible Countries; etc.



## June 2019 EVENT SNAPSHOTS

GST Program , J Watumall Sadhubella Girls College



GST Program for Girl Students- G M Momin Womens College



GST Program Girl Students, B L Amlani College of Commerce





## June 2019 EVENT SNAPSHOTS

Ahmednagar Branch CA Students Visit to ICAI, BKC



Akola and Nagpur branch CA Students Visit to ICAI, BKC



One Day Seminar on GST for CA Students at Mulund





## June 2019 EVENT SNAPSHOTS

### Yoga Day Celebration by CA Students



### Indoor Sports Tournaments for CA Students



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