

THE ORACLE

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CHAIRMAN'S MESSAGE



CA. Prashanth Pai K.

Chairman- ICAI Mangaluru Branch

Dear Members,

Warm greetings to all of you!

July marks a significant milestone for us as members of the ICAI fraternity. It is not just the beginning of a new quarter, but also a time to celebrate the foundation and values of our profession. At the Mangalore Branch, we have curated a series of impactful activities this month to enrich, engage, and empower our members, students, and the wider community.

Here is a brief overview of the proposed activities for the month:

🎉 CA Day Celebrations – 1st July

We are beginning the month by celebrating Chartered Accountants' Day with pride and enthusiasm. We are honoured to have Shri Dharshan H.V., Deputy Commissioner of Mangalore, as our Chief Guest, and Shri Ganesh Karnik, former MLC, as our Guest of Honour for occasion. Their presence will surely add great value and dignity to our celebrations.

💡 TDS Awareness Drive–4th July

In our commitment to public awareness and financial literacy, we are hosting a TDS Awareness Program, where the floor will be open to the general public. This initiative aims to clarify key provisions of TDS and its implications, helping taxpayers and professionals alike.

🎓 Career Guidance Program – 10th July

To inspire the next generation of professionals, we are organizing a Career Counselling Program at Alvas College, Moodabidri. This session is designed for I and II PUC students and will focus on creating awareness about the Chartered Accountancy Course as a prestigious and rewarding career path.

🌱 World Youth Skills Day – 15th July

Under the banner of the PSEC Committee, we will celebrate World Youth Skills Day with sessions by two of our respected past Chairmen – CA M. N. Pai and CA Kiran



Vasanth. Their insights will help our members to understand the evolving skill requirements in the professional world.

📖 One-Day Seminar on Corporate Law & Taxation – 19th July we are organising a one day seminar on Corporate Law and Income Tax, with special emphasis on the taxation provisions on reconstitution of partnership firms. This program is tailored to address recent developments and practical challenges in this area.

🎓 Career Guidance Program – 28th July

We will conclude the month's academic activities with one more career guidance program at Excel PU college, Guruvayankere, Belthangady Taluk.

Each of these initiatives reflects our branch's ongoing efforts to provide value-driven learning, community engagement, and career support. I urge all members to actively participate and contribute to the success of these programs. Let us use this Foundation Month to renew our dedication to professional excellence and social responsibility.

I conclude with a quote :

“ Success isn't just about what you accomplish in your life; it's about what you inspire others to do.”

With warm regards,

CA Prashanth Pai K
Chairman



Dear Esteemed Members,

Warm greetings from the Mangaluru Branch of SIRC of ICAI!

June 2025 was a month of contrasts—while parts of the nation celebrated sporting triumphs, others paused in reflection over national and regional challenges.

The spotlight shone brightly on Royal Challengers Bengaluru as they clinched their long-awaited maiden IPL title. It was more than just a victory on the field—it was a celebration of perseverance and team spirit. However, celebrations were marred by tragedy during a fan event in Bengaluru that saw unfortunate lapses in crowd control. The incident has sparked much-needed conversations on safety, accountability, and event governance, extending lessons even for us in the corporate and audit domains.

Even as the T20 lights dimmed, the gentleman's game returned in full swing with the ongoing Test series between India and England. The series has already produced some thrilling sessions, classic battles between bat and ball, and glimpses of emerging talent on both sides. As always, cricket remains a welcome diversion from our busy schedules!

On the geopolitical front, tensions along the India-Pakistan border resurfaced in May and continued to cast a shadow through June. While active conflict was averted, the situation served as a sobering reminder of the broader forces that shape our economic and business environment. As Chartered Accountants, our ability to read such signals and advise proactively is vital in a world where financial and political narratives are more intertwined than ever.

In these fast-moving times, our role as professionals is not just to keep pace but to help guide others through the noise—rooted in ethics, foresight, and knowledge.

This edition of the newsletter is particularly special as it features insightful articles contributed by our own member, CA Shraddha Sanghvi. We extend heartfelt appreciation to those who shared their perspectives, experiences, and expertise through the written word. Such contributions not only enrich the reading experience but also strengthen the intellectual fabric of our professional community.

I warmly encourage more members—young and experienced alike—to actively contribute in the months ahead. Whether it's a technical article, a reflection on practice management, or a thought piece on industry trends, your voice adds value and inspires others.

Wishing each of you a purposeful and peaceful July!

Articles

Resurgence of Mutuality and Non-Taxability of Educational Services under GST: Joint Analysis of Indian Medical Association and Goa University Judgments



CA Shraddha Sanghvi

Partner

M/s Ballakuraya & Associates



A. Introduction / Background:

Under the Goods and Services Tax (GST) regime, the term “supply” of goods and/or services constitutes the fundamental taxable event. As defined under Section 7(1) of the CGST Act, 2017, the concept of “supply” encompasses three essential elements: (a) it must be in the course or furtherance of business, (b) it must be made by a taxable person, and (c) it must be for a consideration. An activity is classified as a “supply” only when it satisfies all three criteria cumulatively.

However, the definitions of “business” [Section 2(17)] and “consideration” [Section 2(31)] are inclusive and broad in scope, creating interpretational challenges. Key issues emerged, such as whether “business” must involve a profit motive, whether statutory levies constitute “consideration,”

“supply” requires the existence of two distinct persons. The legislative framework appeared to bring both profit-driven and non-profit activities, including education, healthcare, religious, and charitable services, within the tax net. Simultaneously, the principle of mutuality was deemed overridden, making transactions between associations and their members liable to GST. This legislative intention, however, soon collided with established constitutional doctrines like the Principle of Mutuality and the nature of statutory functions, giving rise to significant disputes and litigation.

These positions led to significant litigation and taxpayer uncertainty. However, two recent High Court decisions have challenged this expansive interpretation. In *Indian Medical Association vs. Union of India* [2025] 173 taxmann.com 474 (Kerala), the Kerala High Court reaffirmed the doctrine of mutuality and struck down Section 2(17)(e) and Section 7(1)(aa) of the CGST Act as unconstitutional. Likewise, in *Goa University vs. Joint Commissioner of CGST* [2025] 173 taxmann.com 562 (Bombay), the Bombay High Court held that affiliation fees and related charges collected by a statutory university are not “supplies” under GST, owing to their statutory and non-commercial character.

This article examines the implications of these two important decisions on the GST treatment of non-commercial activities and mutual associations, and evaluates how they may redefine the contours of taxable supplies going forward.

B. Summary of the decisions in case of IMA and Goa University:

a. Indian Medical Association v. Union of India – Kerala HC, [2025] 173 taxmann.com 474

Issue - whether transactions between an association (IMA) and its members are liable to GST, and whether the deeming provisions under Section 2(17)(e) and 7(1)(aa) of the CGST/KGST Acts are constitutionally valid?

Decision - The Kerala High Court struck down Section 2(17)(e), Section 7(1)(aa), and the Explanation to Section 7(1) as **unconstitutional**.

The **Key Observations** of the Court were as under:

Ø “Supply” as defined under Article 366(12A) and used in Article 246A of the Constitution inherently **requires two distinct persons**.

Ø The **principle of mutuality**, upheld in *Calcutta Club Ltd.* (2019) 76 GST 614 (SC), remains valid under GST unless expressly overridden by constitutional amendment.

Ø Parliament cannot by **ordinary statute** deem a single entity (club and its members) to be two persons for tax purposes—this would **exceed legislative competence**.

Ø The retrospective application of the provisions from 01.07.2017 was held **manifestly arbitrary** and against Articles 14 and 19(1)(g).

b. Goa University v. Joint Commissioner of CGST – Bombay HC, [2025] 173 taxmann.com 562

Issue - whether GST is applicable on affiliation fees and other statutory charges collected by a university established under a central law?

Decision - It is held that GST is not applicable to statutory fees and charges collected by Goa University.

Key Observations are as under:

Ø University which grants affiliation and conducts examinations is unquestionably an “educational institution” and Students of affiliated institutions are also students of university. Court emphasized that **examinations and admissions are indispensable parts of the education process**. Activities like setting curricula, granting affiliation, conducting exams, and awarding degrees are all facets of providing education and thus the fees associated with these activities are covered by the exemption in Entry 66(a) of exemption notification no. 12/2017-CT(R) dated 28.06.2017.

Ø The nature of the fees (affiliation fee, registration fee, etc.) is **statutory/regulatory, not contractual**. The affiliated colleges are required by law to pay these fees to the University for fulfilling statutory requirements (affiliation, inspection, enrollment of students, etc.). Such exactions are in the nature of a “fee” for performing a regulatory duty and not a “**consideration**” for a voluntary supply.

Ø No “Business” – Dominant Function Test:

Court agreed with the University’s stance that its dominant function is imparting education, a charitable/public function, not any business. When the main activity of an entity is non-business (here, education), any incidental transactions will be considered business only **if an independent profit-motive is shown**. With no commercial intent or profit motive behind these collections, various charges collected by University cannot be given the colour of business receipts. There is “no element of commercial activity involved”. Therefore, the Court concluded that the affiliation, registration, convocation and similar fees collected by the University are not a “supply” at all under GST.

Held that **Circular no. 234/28/2024-GST dated 11.10.2024 is ultra vires** to the extent it clarifies that

affiliation services provided by Universities to colleges is not covered under exemption provided to educational institutions in the notification No.12/2017-CT(R) dated 28.06.2017 and GST at the rate of 18% is applicable on the affiliation services provided. Said circular is contrary to the Act and limits the scope of exemption which is ultra vires.

C. Implications of aforesaid judgment on various non-commercial activities and transactions of associations, club, resident welfare association, etc:

•Impact on educational services:

Ø At present, services provided by educational institutions to its students, staff and faculty are exempt from GST under entry no. 66(a) and 66(aa) of notification no. 12/2017-CT(R) dated 28.06.2017 which reads as under:

Services provided—

(a) by an educational institution to its students, faculty and staff;

(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee

Ø The aforesaid exemption covers all the core education and related services provided by educational institution.

Ø The Goa university judgment provides clarity and resolves long drawn litigation relating to affiliation fees and various other charges collected by Universities as well as schools and colleges.

Ø It lays down the important principle that “profit motive” is essential while deciding the scope of term ‘business’ as defined u/s 2(17). Hence, all the activities of educational institutions which are non-profit driven do not fall under the term ‘business’ and hence not a supply liable to GST.

Ø However, one needs to be cautious regarding non-educational or commercial activity undertaken along with education services such as renting of premises to banks or renting of premises for social functions will be liable to GST. The judgment clearly lays down that allied activities will be liable to GST if independent profit motive is established. Thus, educational institutions should segregate their revenue stream into education related and non-education related activities for better compliance.

•Impact on religious and charitable activities:

Ø At present, services provided by educational institutions to its students, staff and faculty are exempt from GST under entry no. 66(a) and 66(aa) of notification no. 12/2017-CT(R) dated 28.06.2017:

Entry no. of NN 12/2017-CT(R) dtd 28.06.2017	Exemption
1	<i>Services by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.</i>
80	<i>Services by way of training or coaching in-</i> <i>(a) recreational activities relating to arts or culture, by an individual, or</i> <i>(b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act</i>
Clause 2(r) [definition]	<i>(r) "charitable activities" means activities relating to—</i> <i>(i) public health by way of,—</i> <i>(A) care or counselling of</i> <i>(I) terminally ill persons or persons with severe physical or mental disability;</i> <i>(II) persons afflicted with HIV or AIDS;</i> <i>(III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or</i> <i>(B) public awareness of preventive health, family planning or prevention of HIV infection;</i> <i>(ii) advancement of religion, spirituality or yoga;</i> <i>(iii) advancement of educational programmes or skill development relating to,—</i> <i>(A) abandoned, orphaned or homeless children;</i> <i>(B) physically or mentally abused and traumatized persons;</i> <i>(C) prisoners; or</i> <i>(D) persons over the age of 65 years residing in a rural area;</i> <i>(iv) preservation of environment including watershed, forests and wildlife;</i>
13	<i>Services by a person by way of—</i> <i>(a) conduct of any religious ceremony;</i> <i>(b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA 14b[or 12AB] of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) or a trust or an institution registered under sub-clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act:</i> <i>Provided that nothing contained in entry (b) of this exemption shall apply to,—</i> <i>(i) renting of rooms where charges are one thousand rupees or more per day;</i> <i>(ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day;</i> <i>(iii) renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month</i>

Ø As seen from above, charitable activities (As defined above) undertaken by charitable trust registered under Income Tax Act are exempt under GST. Also, religious activities such as conducting religious ceremonies and renting of religious precincts are exempt. However, exemption is not applicable renting of rooms rent of Rs. 1000 or more per day or renting of religious place, community hall, commercial shops etc where charges are 10000 or more per day.

Ø The religious and charitable trusts / organizations are set up with motive of public welfare and service. Generally, there is absence of profit motive as they are set up for the welfare of community or public at large. Thus, by applying the ratio of Goa University judgment it can be said that the main activity undertaken by such religious / charitable trust is not for profit and thus do not fall under the scope of 'business'. Therefore the activities undertaken by such trusts do not fall under the scope of 'supply' and are not liable to GST.

Ø Inference can also be made to Supreme Court decision in the case of **CST vs Sai Publication Fund** [2002 taxmann.com 2342] wherein Hon'ble Court held that "in order to make the Incidental Or Ancillary Activity a Business the Primary Activity should be Business". The Court laid emphasis on the Element Of Profit Motive while interpreting the term 'business' under Bombay Sales Tax Act, 1959 and GST law also defines the term 'business' in similar way.

Ø However, one needs to analyse whether the ancillary and allied activities such as renting of accommodation rooms, kalyanamandapam, open area or shops or selling of various products in temple premises or running of restaurant in temple premises and such other activities will also be not considered as 'business' and thus out of GST ambit. One needs to determine whether any independent profit motive or commercial intention is present in such ancillary / allied activities. If there is no profit element and no commercial activity, it can be said that such allied / ancillary activities do not fall under the scope of 'supply' and not liable to GST.

·Impact on clubs, resident welfare association, housing societies and various other member associations:

Ø At present, following services of association / unincorporated body are exempt:

Entry no. of NN 12/2017-CT(R) dtd 28.06.2017	<i>Exemption</i>
77	Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution - (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and Service Tax; or (c) up to an amount of seven thousand five hundred rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.
77A	Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,— (i) activities relating to the welfare of industrial or agricultural labour or farmers; or (ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (Rs. 1000) per member per year.

Ø The IMA judgment negates the GST levy on member associations. Thus, irrespective of aforesaid exemptions, any amount collected by clubs, associations, housing societies, resident welfare associations and other associations from its members are not liable to GST.

Ø Many clubs, associations and housing societies are registered under GST and are collecting GST on contributions received from their members.

Ø Now, Question arises whether on the basis of IMA judgment such associations can stop collecting GST on future contributions received from their members and whether they can file refund claim of GST already discharged on past contributions?

Ø One needs to wait for department's and government's response to the IMA judgment. Department may file an SLP against IMA judgment before Supreme Court. Also, there is high probability that Government may amend the Constitution to make enabling provision under Constitution to authorize government to levy GST on services provided by Mutual Associations. It is advisable that such associations already registered under GST continue to pay GST (under protest) on contributions received from members and can simultaneously file refund claim of such GST paid subject to the final outcome of litigation and refund claims based on judicial precedents.

D. Binding precedence of IMA and Goa University judgments:

• Question arises whether decision of Kerala High Court and Bombay High Court is binding to taxpayers and GST authorities across India?

Generally, the decision of the High Court has binding force in the jurisdiction in which it operates and is binding on the subordinate courts, tribunals and other authorities within the jurisdiction. This principle is well-settled in *East India Commercial Co. Ltd. v. Collector of Customs* AIR 1962 SC 1893, where the Supreme Court held that High Court judgments are binding within their territorial jurisdiction. However in the case involving challenge to constitutional validity, Hon'ble Supreme Court in the case of *Kusum Ingots & Alloys Ltd vs UOI 2004 (168) E.L.T. 3 (S.C.)* clearly held that such decision of High Court will apply throughout the territory of India.

In view of above, whether taxpayers and tax authorities in other States (say Karnataka) are bound by decisions in case of IMA and Goa University?

As discussed, generally the decision of a particular High Court, is not binding on other High Courts. The other High Courts being Courts of co-ordinate jurisdiction, the decision of one High Court is only of persuasive value for other High Courts and it is not duty bound to follow them. However, matters relating to constitutional validity are applicable through territory of India. Thus, it is possible to contend that decisions in case of IMA and Goa University are applicable throughout all tax jurisdictions in the country and GST authorities are bound by said decisions. However, there are chances GST authorities may not accept said decisions on the ground that department may file SLP against IMA / Goa University judgment. Thus, taxpayers need to take a cautious decision keeping in mind the litigation hassles.

E. Way Forward and Conclusion:

The IMA and Goa University rulings mark a judicial reaffirmation of fundamental tax principles—that tax cannot be imposed unless there is legal competence, genuine plurality of parties, and a commercial or contractual element.

For professionals, taxpayers, and institutions engaged in non-commercial, welfare, educational, or charitable activities, these rulings bring much-needed clarity and relief. They narrow the overreach of GST into spaces never intended to be taxed and restore constitutional discipline in taxation.

However, the final word may rest with the Supreme Court or the Parliament. Associations and professionals should closely monitor the Government's next steps i.e. whether an appeal or a constitutional amendment and align their compliance and litigation strategies accordingly.

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International Year of Cooperatives 2025 : Concept, Developments and Relevance for

Viksit Bharat 2047



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Why there is Need for Discussion:

The United Nations General Assembly on 24th June 2024 declared 2025 as the International Year of Cooperatives (IYC2025), which will be celebrated under the theme "Cooperatives build a better world". This theme highlights the enduring global impact of cooperatives and emphasizes that the cooperative model is an important solution to tackle various global challenges. Additionally, it underlines the critical role of cooperatives in advancing the implementation of the Sustainable Development Goals (SDGs) by 2030. In its resolution, the UN General Assembly recommended ways to celebrate this year and encouraged all UN member states, the UN system and relevant stakeholders to take advantage of this event to promote the contribution of cooperatives to social and economic development. calls for consideration of the establishment of national committees for preparation. "The decision taken by the General Assembly could not have been premature. The innovative contribution of cooperatives to sustainable development will be critical to accelerate progress in achieving the Sustainable Development Goals as we approach 2030," said Li Junhua, Under-Secretary-General of the United Nations Department of Economic and Social Affairs. "The second International Year of Cooperatives will be an opportunity for all stakeholders to mobilize to support and expand cooperatives everywhere, thereby strengthening their contribution to a better world." The soft launch of IYC2025 will take place on 9 July 2024 during the UN High-Level Political

Forum at UN Headquarters in New York. This hybrid event will be organized by the Committee for the Promotion and Advancement of Cooperatives (COPAC) in collaboration with the Permanent Mission of Mongolia to the United Nations. Organizers will unveil IYC2025. The event, which will include the theme, program roadmap and communication materials, will also mark International Cooperative Day, which is celebrated globally on the first Saturday of July every year. This year it will be celebrated on 05th July 2025. 2025 has been declared the International Year of Cooperatives by the United Nations. In addition, 2025 has also been declared the International Year of Quantum Science and Technology and the International Year of Peace and Trust.

The main objectives of IYC25 include:

- 1) Governments should create a conducive environment for cooperatives
- 2) Cooperatives should promote public awareness, develop new leaders and leverage cooperation
- 3) Institutions and development agencies should promote cooperatives through education, capacity building and facilitating international cooperation
- 4) The public should understand the cooperative identity and support cooperative initiatives

The United Nations General Assembly declared the first International Year of Cooperatives in 2012 and called for highlighting the contribution of cooperatives to socio-economic development, in particular their impact on poverty reduction, job creation and social integration. Cooperative organizations around the world celebrated the opening ceremony under the theme Cooperative Enterprises Build a Better World to encourage the growth and establishment of cooperatives around the world.

Cooperative Builds a better world :

The aim of the cooperative movement is to free farmers, laborers, craftsmen, small businessmen and the general public engaged in productive activities at various levels from the exploitation of middlemen, encourage their collective economic activities based on mutual cooperation, and ensure their economic, social and cultural development. To provide them a fair price for their labor and produce. Along with this, quality products are to be made available to consumers at reasonable prices and through this, exploitation free, self-reliant and strong economic and social system is to be

created so that all-round progress of the state can be ensured.

Since long development has been proved meaningless until it reaches to the bottom of the society and cooperative is one such medium which can reduce and eliminate economic and social inequalities. Without welfare of citizens of a nation at large development of few is considered undesirable situation of the society by politicians, reformers and dynamic economists as well. Being torch bearers of the Indian economy we as an accountants must dream and appreciate the world with economic and social equality. **Industries and Businesses in the form of Cooperatives have always provided solutions to the most typical problems faced by governments in particular and societies in general.**

The Seven Cooperative Principles:

These principles, recognized internationally, guide the operations and governance of cooperative organizations worldwide. They include:

Voluntary and Open Membership:

Cooperatives are open to all individuals who can utilize their services and are willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Democratic Member Control:

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Each member typically has one vote, regardless of their economic contribution.

Members' Economic Participation:

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Autonomy and Independence:

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education, Training, and Information:

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They also inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

Cooperation among Cooperatives:

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

Concern for Community:

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Cooperatives are built on a **foundation of values** that include:

Self-help and self-responsibility: Members take initiative to improve their own situations and are accountable for their actions.

Equality and equity: All members are treated fairly and have equal opportunities.

Solidarity: Members support each other and work together for the common good.

Honesty, openness, social responsibility, and caring for others: These ethical values guide the cooperative's interactions with its members and the wider community.

Corporate Governance pillars for Cooperative:

Teaming:

Effective collaboration and teamwork among all stakeholders (members, board, management, and staff).

Accountable Empowerment:

Empowering individuals while holding them accountable for their actions and decisions.

Democracy:

Ensuring democratic principles and practices are followed in all aspects of the cooperative's operations.

Strategic Leadership:

Providing clear direction, purpose, and vision for the cooperative's future.

Cooperative Movement in India (History and Later Developments):

Even before formal cooperative structures came into being through the passing of a law, the practice of the concept of cooperation and cooperative activities were prevalent in several parts of India. Village communities collectively creating permanent assets like village tanks or village forests called Devarai or Vanarai was fairly common. Similarly, instances of pooling of resources by groups, like foodgrains after harvest to lend to needy members of the group before the next harvest, or collecting small contributions in cash at regular intervals to lend to members of the group viz., Chit Funds, impounded water by putting up bunds and agreed to ensure equitable distribution of water, as well as harvesting were yearly partnerships of peasants to cultivate jointly, and distribute the harvested produce in proportion to the labour and bullock power contributed by their partners, were similar instances of cooperation.

Taking cognizance of these developments and to provide a legal basis for cooperative societies, the **Edward Law Committee** with Mr. Nicholson as one of the members was appointed by the Government to examine and recommend a course of action. The **Cooperative Societies Bill, based on the recommendations of this Committee, was enacted on 25th March, 1904.** As its name suggests, the Cooperative Credit Societies Act was restricted to credit cooperatives. By 1911, there were 5,300 societies in existence with a membership of over 3 lakhs. The first few cooperative societies registered in India under the 1904 Act in the first 5-6 years are as follows: Rajahauli Village Bank, Jorhat, Jorhat Cooperative Town Bank and Charigaon Village Bank, Jorhat, Assam (1904)etc. With the developments in terms of growth in the number of cooperatives, far exceeding anticipation, the **Cooperative Societies Act of 1912 became a necessity** and cooperatives could be organized under this Act for providing non-credit services to their members. **The Act also provided for Federations of cooperatives.** With this enactment, in the credit sector, urban cooperative banks converted themselves into Central Cooperative Banks with primary cooperatives and individuals as their members. Similarly, non-credit activities were also cooperatively organized such as purchase and sales unions, marketing societies, and in the non-agricultural sector, cooperatives of handloom weavers and other artisans. **Maclagen Committee on Cooperation (1914)** The Banking Crisis and the First World War both affected the growth of cooperatives. Although member deposits in cooperatives increased sharply, the war affected the export and prices of cash crops adversely, resulting in increased over-dues of loans of primary agricultural societies. To take stock of the situation, in

October, 1914 a Committee on Cooperation under Sir Edward Maclagen was appointed by the Government, in October 1914, to study the state. It recommended building up a strong three-tier structure in every province with primaries at the base, the Central Cooperative Banks at the middle tier and the Provincial Cooperative Bank at the apex, basically to provide short-term and medium-term finance. Considerable emphasis was laid on ensuring the cooperative character of these institutions and training and member education, including training of the Registrar and his staff. In 1919, with the passing of the Reforms Act, Cooperation as a subject was transferred to the provinces. The Bombay Cooperative Societies Act of 1925, the first provincial Act to be passed, among others, introduced the principle of one-man one-vote.

Pre Independence Development : In 1946, inspired by Sardar Vallabh Bhai Patel and led by Shri Morarji Desai and Shri Tribhuvan Das Patel, the milk producers of Khera District of Gujarat went on a fifteen day strike. Their refusal to supply milk forced the Bombay Government to withdraw its order granting monopoly procurement rights to Polson, a private dairy. History was made when two Primary Village Milk Producer Societies were registered in October 1946. Soon after on 14th December 1946, the Khera District Cooperative Milk Producers Milk Union known as Amul was registered.

Post Independence Developments: After India attained Independence in 1947, cooperative development received a boost, with cooperatives being given a vital role in the various plans formulated by the Planning Commission. **The First Five Year Plan (1951-56),** outlined in detail the vision of the cooperative movement in India and the rationale for emphasizing cooperatives and panchayats as preferred organizations for economic and political development. The Plan emphasized the adoption of the cooperative method of organization to cover all aspects of community development. It provided for setting up of urban cooperative banks, industrial cooperatives of workers, consumer cooperatives, housing cooperatives, diffusion of knowledge through cooperative training and education and recommended that every government department follow the policy of building up cooperatives. **The Second Five-Year Plan (1956) aimed** at enabling cooperatives to increasingly become the principal basis for organization of economic activity. The Plan drew up programmes of cooperative development based on the recommendations of the All India Rural Credit Survey Committee (AIRCS). **The Third Five Year Plan (1961)-** the principal basis of organization in branches of economic life, notably agriculture, minor irrigation, small industries and processing,

marketing, distribution, rural electrification, housing and construction and provision of essential amenities for local communities. **Even the medium and large industries can be established in cooperative format.** The **Fourth Five Year Plan (1969-1974)** gave high priority to the re-organization of cooperatives to make cooperative short-term and medium-term structure viable. It also made necessary provisions to provide cooperatives with management subsidy and share capital contribution, as well as for the rehabilitation of Central Cooperative Banks. It also emphasized the need to orient policies in favour of small cultivators. **The Fifth Five Year Plan (1974-1979)** took note of the high level of over-dues. In its recommended strategy for cooperative development, the correction of regional imbalances and reorienting the cooperatives towards the under-privileged was to receive special attention. **The Sixth Five Year Plan (1979-1985)** also emphasized the importance of cooperative efforts being more systematically directed towards ameliorating the economic conditions of the rural poor. The Plan recommended steps for re-organizing Primary Agricultural Credit Societies into strong and viable multi-purpose units.

The Seventh Five Year Plan (1985-1990) pointed out that while there had been all round progress in credit, poor recovery of loans and high level of overdue were matters of concern. The Plan recommended amongst others development of Primary Agricultural Credit Societies as multiple viable units; realignment of policies and procedures to expand flow of credit and ensure inputs and services particularly to weaker sections; special programmes for the North Eastern Region; strengthening of consumer cooperative movement in urban as well as rural areas and promoting professional management.

Model Cooperatives Act, 1990: In 1990, an Expert Committee, under the chairmanship of Choudhary Brahm Perkash, was appointed by the Planning Commission to make a rapid review of the broad status of the cooperative movement, suggest future directions and finalize a Model Cooperatives Act. The Committee submitted its report in 1991. Since cooperation is a State subject and each State has its own cooperative legislation covering cooperatives whose membership is confined to the State, the report of the Committee, along with a draft Model Cooperative Law, was circulated to all State Governments for their consideration and adoption at State level.

report of the Committee, along with a draft Model Cooperative Law, was circulated to all State Governments for their consideration and adoption at State level.

Parallel Cooperative Legislation **From the Ninth Plan (1997-2002) onwards, there has been no specific mention about cooperatives as a part of the Plan.** Since **Cooperation is a State** subject and recognizing the difficulties in having the existing State Cooperative Acts amended on the lines of the Model Cooperatives Act, a section of cooperators and civil society initiated action to put in place Parallel Cooperative Legislation for self-reliant cooperatives. **Multi-State Cooperative Societies Act, 2002** The Multi-State Cooperative Societies (MSCS) Act, enacted in 1984, was modified in 2002, in keeping with the spirit of the Model Cooperatives Act. Unlike the State Laws, which remained as a parallel legislation to co-exist with the earlier laws, the MSCS Act, 2002 replaced the earlier Act of 1984.

National Cooperative Policy (2002) In 2002, the Government of India enunciated a National Cooperative Policy. The objective of the Policy is to facilitate an all-round development of cooperatives in the country. The policy promises to provide cooperatives with the necessary support, encouragement and assistance, to ensure their functioning as autonomous, self-reliant and democratically managed institutions, accountable to their members, and making a significant contribution to the national economy.

Task Force on Revival of Cooperative Credit Institutions : To nurse the rural cooperative credit system back to health, to ensure that the rural credit doubled over three years and that the coverage of small and marginal farmers by institutional lending was expanded substantially, the Government of India in August 2004 set up a Task Force to suggest an action plan for reviving rural cooperative credit institutions and legal measures necessary for facilitating this process. The Task Force, chaired by Prof. A. Vaidyanathan, recommended that any financial restructuring which did not address the root causes of the weaknesses of the system would not result in its sustained revival and would require legal measures.

Objectives of Viksit Bharat 2047 for which Cooperative Movement is the only assurance : As we all know the primary goal of Developed India is to transform India into a developed nation by 2047. But to achieve this status of developed nation government has charted a roadmap in which cooperative movement has a key role to play. On strategy front Cooperatives can contribute substantially like expanding social welfare schemes, promoting economic growth, promoting sustainable development and increasing both ease of living.

Following mile stones of Viksit Bharat needs cooperative movement backing for their achievement:

Zero Poverty

The goal of zero poverty can be achieved in a developed India 2047 through a multi-pronged approach towards empowering the underprivileged and promoting inclusive growth.

Farmer Welfare

The government can lay emphasis on development of Agriculture Societies or Farmer Societies for this end.

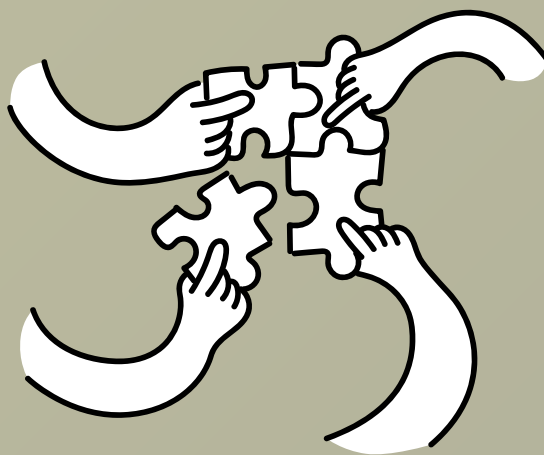
Housing for All : Cooperative movement can contribute to some extent here also.

Affordability of quality care and medicines.

Always Cooperative Medicines made available at Government Hospitals was a great value addition to society by cooperatives. Government should think to explore all possible alternatives.

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Concept of Tax Information Exchange Agreement in India with Tax Havens and Secrecy

Jurisdictions

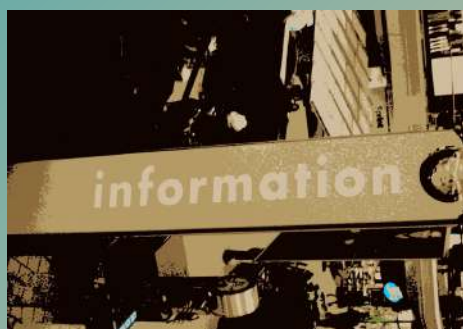


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There is a great and importance of Tax Information Exchange Agreement in India because as per section 90(1) of Income Tax Act, 1961, Government of India i.e. Central Government can enter into Double Taxation Avoidance Agreement with other countries so as to avoid double taxation of income in both the countries. The basic concept behind DTAA is to ensure that there should not be undue hardship in the hands of tax payers i.e. income earned in one country should not be taxed twice because of source and residence criteria in both countries and most importantly DTAA contains article usually article no. 26 which deals with Exchange of Tax Information which provides for various tax and financial information about the resident persons who have invested or have any significance financial presence in that territory to the other territory. But what about other countries where there is no provision of income tax for taxing the income i.e. Tax haven Countries and Secrecy Jurisdictions. Yes, there are many countries and territories which exist in the world where there is no provision of taxation like Bermuda, Bahamas, British Virgin Islands, Cayman Islands, and Argentina etc. In such cases DTAA are of no use as there is no double taxation as income will be taxable only in one country or territory. Also if there is no DTAA, there would be no exchange of Tax Information between the countries which results in tax evasion as person resident in one country can easily park their unaccounted money and wealth in other countries with which India has no DTAA, thereby leading to no exchange of Tax Information. Therefore the concept of TIEA's emerged so that India can easily have an access to sensitive information about their resident persons in other countries. India has taken proactive steps to combat the menace of illicit funds generated both as a result of tax evasion and corruption. Firstly, the government of India increased the cooperation with other countries by entering into tax treaties i.e. DTAA's and Tax Information Exchange Agreements and secondly laying

down anti avoidance regime like section 94A in jurisdictions where there is a lack of effective exchange of information. Accordingly, India has entered into TIEA's with certain countries like Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Jersey etc. The move is in line with the decision taken in G-20, which took up the issue of Tax Havens and Tax Evasions. In this way concept of TIEA's introduced in India. TIEA's proved to be a boon for Indian Tax Administration by providing sensitive financial information about the residents of India who has accumulated wealth outside India.



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THE MONTH GONE BY - JUNE 2025

ONE DAY SEMINAR ON INCOME TAX AUDIT, FINANCIAL STATEMENTS OF NON-CORPORATES AND DISCLOSURE OF FOREIGN ASSETS 7TH JUNE 2025



THE MONTH GONE BY - JUNE 2025

ONE DAY SEMINAR ON ACCOUNTING STANDARDS & STANDARDS ON AUDITING 14TH JUNE 2025



THE MONTH GONE BY - JUNE 2025

YOGA DAY
21 JUNE 2025



THE MONTH GONE BY - JUNE 2025

ONE DAY SEMINAR ON GST 26 JUNE 2025



THE MONTH GONE BY - JUNE 2025

MSME DAY- EK DIN MSME KE NAAM

27TH JUNE 2025



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