

# THE ORACLE

MANGALURU BRANCH (SIRC) E-NEWSLETTER

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## From the desk of the Chairman

CA. Gautham Pai D.  
Chairman – ICAI Mangaluru



Dear Members

The month of June has been very packed with events & activities, making the branch extremely vibrant and active. The month had activities of all nature & celebrated a few important days in the course of the month. The ensuing month of July also awaits with two significant events i.e., CA Day & also the inauguration of the renovated premises "ICAI Bhawan" at Mahendra Arcade Complex. The month of July also comes along with the due date of Income Tax, thereby occupying the Members thoroughly.

During the month of June, we hosted a One Day Workshop on Ethics under the Ethical Standards Board of ICAI on June 14th & also a One Day Seminar on Direct Taxes under the Direct Taxes Committee of ICAI on June 15th. We had the presence of CA. Mangesh Kinare & CA. Cotha Srinivas, Vice Chairmen of the respective Committees. The Students National Conference saw a massive participation by students from all across. With a whopping 1,100 plus delegates, this Conference was one of the biggest hosted by Mangaluru Branch. We had the honour of having CA. Anupam Agarwal, Hon'ble Commissioner of Police, Mangaluru City as the Chief Guest & Captain Brijesh Chowta, the newly elected MP of Dakshina Kannada District as the Guest of Honour for the Conference, both being young & youth icons, students were quite pumped up with their address. The month also saw celebration of 10th International Yoga Day & also International MSME Day on June 21st & 26th respectively. The unique feature of the month was the Residential Refresher Course at the ancient cities of Bharat, i.e., Varanasi & Ayodhya from June 25th – 28th. We had over 50 participants & the RRC was jointly organized with Varanasi Branch (CIRC). First of its kind initiative in the state of Karnataka was a feather in the cap of Mangaluru Branch when the Branch hosted the Mangaluru Division State GST Officers for a Capacity Building Programme on GST under the aegis of GST & Indirect Taxes Committee of ICAI on June 29th & 30th. The event was graced by the Hon'ble Speaker of Karnataka Legislative Assembly Sri U. T. Khader as the Chief Guest & he hailed this initiative & also expressed a desire to host a similar type of learning programme for all the elected representatives, which will enable them to understand better & take informed decisions. The Hon'ble Speaker was spared time & gave a visit to the entire premise of ours & also interacted with the Students fraternity. To conclude the month, ICAI across all its branches organized CA Run for Viksit Bharat & we too organized the same on June 30th & a Walk/Run of 6 kms was attended by over 150 participants. During the month, as a part of our support to the Startup ecosystem the Branch as Knowledge partner organized 2nd Edition of Startup – CA Series on June 13th, an exclusive initiative to boost the Startups by providing requisite knowhow.

The ICAI is all set to enter its 76th year & also celebrate 75 glorious years of Foundation & Trust. The journey of ICAI has been that of Excellence, Independence & Integrity. July 1st, CA Day will be celebrated in a grand manner across the country by all branches of ICAI. Also, the Inauguration of renovated premises is all set to take place in the second week of July & we have extended our invite to the Torch Bearers of our Institute to join us for this happy occasion. Also considering the professional commitment of all the members & high gravity of work, the month will not see too many activities, to enable everyone to concentrate on their professional front.

We invite all the members to join us for the CA Day celebration as well as the Inauguration of the renovated premises & continue your support as always, thereby giving us more strength to plan & execute events for the betterment of the entire fraternity.

Thank you



## RECOMMENDATIONS OF 53rd GST COUNCIL MEETING -22.06.2024



Article by CA. Akshay Hiregange & CA. Nitesh Nayak

The 53rd meeting of the Goods and Services Tax (GST) Council, held recently, marked a pivotal moment in India's indirect tax landscape. Chaired by Union Finance Minister Nirmala Sitharaman, the council deliberated on several crucial issues aimed at streamlining the GST procedures and enhancing compliance.

This article highlights some of the important aspects of the 53rd GST Council meeting, emphasizing its significance and key outcomes.

### 1 - Proposed changes in Enactment:

- Insertion of Section 128A in CGST Act, 2017 to provide for conditional waiver of interest or penalty or both on full payment of tax demand before 31.03.2025 raised in notices issued under Sec 73, for FY 2017-18 to FY 2019-20. The waiver does not apply for demand on erroneous refunds (Sec 74).

Author's comments: It would further require to be seen if a refund can be claimed for the past period where interest/penalty already paid, whether pending writ/appeals etc. required to be withdrawn etc. Benefit should have been given in refund cases also.

- Monetary Limits has been fixed for filing of Appeals under GST by Revenue Department in the following manner:

a. GSTAT: Rs.20,00,000

b. High Court: Rs.1,00,00,000

c. Supreme Court: Rs.2,00,00,000

Author's Comments: Currently, no monetary limit was provided under Section 120. A welcome move to reduce mounting litigation. Have been in line with the policy of government under past indirect tax regime also. However, there is a likelihood that the amendment would have a specific mention that non filing of appeal by the Department on monetary limits shall not be considered as a legal precedent. Also, basis past experience, it is likely that some of the issues i.e. valuation, classification, place of supply, etc having wider ramifications may be litigated by the department irrespective of the amount involved

Note - Circular 207/01/2024-GST is issued providing when a case falls within above monetary limits along with exclusions.

- Pre-deposit for filing of Appeals under GST is to be reduced as follows:

a. The maximum pre-deposit for filing appeal with the appellate authority has been reduced from Rs. 25 crores CGST and SGST each to Rs. 20 crores CGST and SGST each.

b. Pre-deposit for filing appeal with the Appellate Tribunal has been reduced from 20% with a maximum amount of Rs. 50 crores CGST and SGST each to 10 % with a maximum of Rs. 20 crores CGST and SGST each.

Author's Comments: Reduction in the amount of pre-deposit would ease working capital burden on taxpayers, though, considering various frivolous matters being litigated by department, the limit could have been lower for the initial 3-4 years of GST implementation.



- Section 112 of the CGST Act, 2017 to be amended to allow the 3 months period for filing appeals before the Appellate Tribunal to start from a date to be notified by the Government in respect of appeal/ revision orders passed before the date of said notification.

Author's comments: Time limit of filing appeal before Tribunal within 3 months of President of GSTAT entering office as per circular no. 132/2/2020-GST had gained a lot of interpretation issues. Now, the filing timeline would count from the date of notification to be issued by government in future in this regard.

- Relaxation in condition for availment of ITC under Section 16(4) of the CGST Act, 2017:

a) The time limit to avail ITC for any invoice or debit note through any return in FORM GSTR 3B filed up to 30.11.2021 for the FY 2017-18, 2018-19, 2019-20 and 2020-21, may be deemed to be 30.11.2021.

Author's comments: Big relief for many taxpayers who could not file GSTR-3B within the statutory due date in the initial period of GST implementation. All pending matters have to be closed once amendment is made in the Act. In case of taxpayers who had already paid/reversed credit in the department proceedings, should be given opportunity for refund (though past GST amnesties have been without refund benefits)

b) Retrospective amendment to be made in Sec 16(4) of CGST Act, w.e.f. July 1, 2017, to conditionally relax the applicability of the provision in cases where returns for the period from the date of cancellation of registration/ effective date of cancellation of registration till the date of revocation of cancellation of the registration, are filed by the registered person within thirty days of the order of revocation.

Author's comments: Business should not be penalized for not being able to file returns during the cancellation period. Welcome move to provide that restriction of Section 16(4) would not be applicable where returns could not be filed due to registration of cancellation.

- Change in due date for filing of return in FORM GSTR-4 for composition taxpayers from 30 April to 30 June following the end of the financial year. This will apply for returns for the financial year 2024-25 onwards.

Author's comments: Beneficial for small taxpayers as they would be getting some more time to file return

- Rule 88B of CGST Rules to be amended to provide that an amount, which is available in the Electronic Cash Ledger on the due date of filing FORM GSTR-3B, and is debited while filing the said return, shall not be included while calculating interest u/s 50 of the CGST Act in respect of delayed filing of the said return.

Author's comments: Trade facilitation move by the GST Council wherein unnecessary interest burden where there would be no would not be there for taxpayers who had got the balance in electronic cash ledger but could not file return timely. This is also in line with the ruling of the Madras HC in case of Eicher Motors Ltd which held that GST deposited in E-Cash Ledger would amount to payment to Govt. and interest cannot be levied merely because GSTR-3B was not filed.

- FORM GSTR-1A: The Council recommended providing a new optional facility by way of FORM GSTR-1A to facilitate the taxpayers to amend the details in FORM GSTR-1 for a tax period and/or to declare additional details, if any, before filing FORM GSTR-3B for the said tax period.

Author's Comments: New Form GSTR-1A would permit the taxpayers to make suitable amendments in liabilities declared in GSTR-1 without waiting for next month GSTR-1. This would make sure that liability declared in GSTR-1 and GSTR-1A matches with liability in GSTR-3B. How & when the ITC would display for the recipient remains unclear. Redefine the business compliance process to integrate the GSTR 1A in the system to report such transactions. All GSPs-ASPs would need to integrate new features in their system at earliest.



- Filing of annual return in FORM GSTR-9/9A for the FY 2023-24 may be exempted for taxpayers having aggregate annual turnover up to two crore rupees.

Author's Comments: In line with earlier years relaxation for small taxpayers. GSTR-9C (reconciliation statement) is optional for those having AATO up to five crore rupees (rule 80(3)).

- Amendments in Section 73 and Section 74 of CGST Act, 2017 and insertion of a new Section 74A in CGST Act, to provide for common time limit for issuance of demand notices and orders from FY 2024-25 irrespective of whether case involves fraud, suppression, wilful misstatement etc., or not. Also, the time limit for the taxpayers to avail the benefit of reduced penalty, by paying the tax demanded along with interest, has been recommended to be increased from 30 days to 60 days.

Author's Comments: Historically since the time of erstwhile indirect taxation law, there were always differences in treatment of bonafide and wilful defaulter cases. One of the bases of such differentiation was to provide higher time limit to initiate cases against defaulter taxpayers. Similar provision existed under section 73 and 74 of GST also. Proposed amendment is eliminating distinction between both category of taxpayers and thus leaving the uncertainty remaining open for longer period for genuine taxpayers. Also, treating both natures of taxpayers under the same category may be challenged before Courts in the time to come. Council should make sure that even in the new provisions also differential treatments are given for penalty amount for bonafide and other category of taxpayers (expected). Increase of time limit from 30 days to 60 days is welcome move as it would give sufficient time for the businesses to evaluate if the penalty to be paid in order to close the case.

- Insertion a new section 11A to give powers to government to allow regularisation of non-levy or short levy of GST, where tax was being short paid or not paid due to common trade practices.

Author's Comments: New provision introduced to overcome legislative lacuna. Many amnesty benefits have been given by the Government over the period on "as is where is" basis even if there were no statutory powers for the Government.

- The threshold for B2C inter-State supplies invoice-wise in Table 5 of GSTR-1 was recommended to be reduced from Rs 2.5 Lakhs to Rs 1 Lakhs.

Author's Comments: Reporting of high-value B2C supplies ensures tracking of parties to transaction and ensuring revenue accrues to correct States based on POS principles. Reducing threshold limit would increase compliance burden for taxpayers but would ensure a better reporting system.

Other proposed changes in GST Act –

- Exclude levy of GST on Extra Neutral Alcohol (ENA - which is not fit for human consumption)

- TCS rate to be reduced from 1% to 0.5% to avoid unnecessary accumulation and refund activities.

-Section 122(1B) – To ensure penalty applicable to e-commerce operators liable to collect TCS only.

- Mechanism of refund of additional IGST paid due to upward revision in prices under 'any other' category

- Transitional credit w.r.t ISD credits before the appointed date (s140(7))

- Amendment in Rule to allow adjustment of demand paid against pre-deposit for filing appeal (DRC-03)

- Sunset clause for anti-profiteering and shifting the cases to GSTAT

- Restricting refunds in case export duty is payable.

- GSTR 7 to be filed even if NIL, late fees not required

- Biometric based Aadhar authentication of GST registered persons across India in phased manner



II - Circulars to be issued on the following areas of ambiguity:

- Circular 210/4/2024-GST - Import of Services - In cases where the foreign affiliate is providing certain services to the related domestic entity, where there is no consideration and the same is not considered as supplies by distinct person/related entity in India - clarity has been provided that Circular 199/2023 could be followed in similar footing:

- Where ITC is fully eligible - Invoice value would be acceptable

- Where ITC is fully eligible, and no invoice raised - Value of supply deemed to be NIL

- Where ITC is not fully eligible - Valuation needs to be followed as per Rule 28.

Author's Comments: Industry issues of paying GST liability under RCM on usage of brand name, common software, global legal fees, outsourced manpower by foreign holding company and many other intangible services have been put to rest by clarifying that the any valuation adopted by Indian taxpayer for paying RCM liability would be accepted if it is entitled to avail ITC. Real challenges would be to determine the valuation of supply in cases where the recipient is not entitled to avail ITC (ex: entities having exempt outward supplies).

- Circular 219/13/2024-GST - The Council recommended to clarify that input tax credit is not restricted under clause (c) or under clause (d) of sub-section (5) of section 17 of CGST Act in respect of ducts and manhole used in network of optical fiber cables (OFCs) used in the telecommunication sector. It is clarified that it is to be considered as 'plant & machinery' and specifically mentioned that they are not telecommunication towers or pipelines laid outside factory premises (which are excluded from P&M).

Author's Comments: There was a specific industry issue as to whether these items constitute immovable property and thus not entitled to ITC OR should it be considered as plant & machinery and thus eligible for ITC. There could be similar issues affecting other industries, where ITC is eligible. Representations can be made to bring in similar clarifications. This is a beneficial Circular which may prove useful in interpretation of ITC ineligibility conditions.

- GST Council recommended amendment of rule 28(2) of CGST Rules retrospectively with effect from 26.10.2023 and issuance of a circular to clarify various issues regarding valuation of services w.r.t corporate guarantees between related parties. It is inter alia being clarified that valuation u/r 28(2) of CGST Rules would not be applicable in case of export of such services and where the recipient is eligible for full ITC.

Author's Comments: No GST liability on CG given outside India. No need of following 1 % valuation provision where recipient is eligible for full ITC (for domestic transactions). Council should also clarify valuation in case of multiple guarantors, liability where CG given but loan facility not enjoyed by the borrower, whether 1% is payable annually or over the life of CG and on the retrospective applicability of 1% rule considering Dept officer demands.

- Circular 211/5/2024-GST In cases of supplies received from unregistered persons, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and self-invoice is to be issued by the recipient only, the relevant FY for calculation of time limit for availment of ITC under the provisions of section 16(4) of CGST Act is the FY in which the self-invoice has been issued by the recipient, subject to payment of tax. Interest applicable.



Author's Comments: Suppose a supply liable to RCM is received in 2019-20 but the taxpayer pays the tax under RCM thereon in 2024-25 along with interest during department audit. The council has clarified that time limit in such case would be applicable from the date of raising of self-invoice, subject to payment of taxes. Hence, all past disputes would get resolved. Intention of tax paid and credit benefit due to recipient based on self-invoice has been clarified.

- Circular 213/7/2024-GST Clarifies on taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas subsidiary

Indian companies providing shares in their foreign company as a compensation package as terms of employment must be treated as a transaction in securities which is outside the ambit of GST law. It is also clarified that when shares are made directly available to the subsidiary company employee, it would follow similar treatment as being a security under SCRA Act, 1956. It is also mentioned that shares provided to employees to perform better, retain them and align the employees' interest would form part of the remuneration of the employees and suitably covered under clause 1 of Schedule III of CGST Act.

Where the subsidiary company reimburses for any cost of such security/shares without any mark-up, GST would not attract.

Where any additional charges/mark up fees or commission is charged by the foreign company, the subsidiary company would be liable to discharge taxes as it is an import of service.

Author's Comments: Huge relief for taxpayers who were facing consistent GST demands on such transactions. The issuance of shares under ESOP/ESPP/RSU Scheme by the Company to its employees or employees of subsidiary company is not liable to GST as the transactions in securities are treated outside GST. However, in case any additional charges are collected between companies for management or facilitation of such facilities, GST would be applicable.

- Circular 216/10/2024-GST Clarifies in respect liability and ITC w.r.t Warranty/ Extended Warranty provided by Manufacturers to the end customers

This clarification has been issued to clear the ambiguity created in Circular 197/2023.

- Goods replaced by distributor from his stock and then raises a requisition to replace such goods from the manufacturer – no GST liability on manufacturer end nor ITC reversal by distributor

- Extended warranty provided by the supplier of goods makes it part of composite supply to the goods, although when extended warranty is provided by a person other than the supplier of goods, it is to be considered as a separate individual supply of services.

Author's Comments: Circular No. 195/07/2023 had clarified on various aspects of warranty/extended warranty. There have been certain instances which were not addressed in earlier circular. It is expected that such scenarios have been clarified through circular

- Circular 218/12/2024-GST Clarifies taxability of loans granted between related person or between group companies.

Extending of loan/advance/deposit where consideration in the form of interest or discount is exempted vide NN 12/2017-CT(R). This has been reiterated. Where, any processing fee /service fee is charged in facilitating the loan, this would represent taxable consideration liable to GST which was also clarified vide sl no 42 of Sectoral FAQ on Banking, Finance, Insurance and Stock Broker sector issues by CBIC.

Author's Comments: In certain cases, it has been observed that the department has been imposing GST liability on the activity of extending loan between related parties also even though the activity of extending loan etc is covered by the exemption notification. The circular is expected to clarify on this issue also.



❑ Circular 212/6/2024-GST Clarification to Sec 15(3)(b)(ii) of CGST Act 2017 in respect of post-sale discounts, to the effect that input tax credit has been reversed by the recipient on the said amount.

Credit notes raised for other than sales returns or errors made in valuation or tax rates may warrant a declaration from the recipient in the form of CA/CMA certificate (with UDIN) that he has reversed ITC claimed on original invoice. Certificate must contain – CN & original invoice details, ITC reversed value, whether thru GSTR 3B/DRC-03 etc. Where value is less than Rs. 5 lakh / FY / Recipient then recipient declaration suffices.

The above is expected to be followed until a functionality is created on the portal to verify the same.

**Author's Comments:** Section 15 r/w sec 34 provides that supplier can claim adjustment of liability in case of issuance of credit notes provided recipient is reversed ITC. There is no mechanism to determine if the recipient has reversed ITC or not. Hindustan Unilever Ltd. v/s Union of India (Rajasthan High Court) has instructed GST Council to prescribe the way such determination can be made by supplier. The mechanism increases the compliance burden for the taxpayer and costs. Whether this impedes on business and constitutional rights of an assessee also may be tested in time to come.

Alternatively, options such as financial credit note may be explored. Useful references –

- GST Circular 92/11/2019 – Sl. 2.D , items iii, iv, v, vi.
- Circular No. 122/3/2010-ST, dated 30/4/10
- Brown Kraft Inds. Ltd. v CCE 2007 (212) ELT 369 (Tri. - Mum.).
- Hon. Mumbai CESTAT in the case of ACS Hydraulics (P.) Ltd. v. CCE 2008 taxmann.com 384 (Mum. - CESTAT)

Other Circulars issued –

209/3/2024-GST: s10(1)(ca) of IGST Act – address of said person looks to link delivery address when it is different from billing address to bring in line with the concept of destination based taxation.

214/8/2024-GST: Life insurance premium not included in valuation u/R 32(4) does not warrant ITC reversal

215/9/2024-GST: Insurance sector - GST applicability on salvage/wreckage of motor vehicle

217/11/2024-GST: Insurance sector – ITC on motor vehicle claims in reimbursement model

220/13/2024-GST: Place of supply of custodial services to provided by banks/Fin. Inst. to FPIs is not an intermediary service and is covered u/s 13(2) of IGST Act.

221/14/2024-GST: Time of supply of construction and maintenance services of NHAI in hybrid annuity model along with interest cost clarification thereon.

222/16/2024-GST: Time of supply of spectrum usage and other similar services.

**III - Rate Rationalisation - Changes in GST rates of goods**

1. A uniform rate of 5% IGST will apply to imports of 'Parts, components, testing equipment, tools and toolkits of aircraft, irrespective of their HS classification to provide a fillip to MRO activities subject to conditions.
2. All milk cans (of steel, iron and aluminium) irrespective of their use will attract 12% GST.
3. GST rate on 'carton, boxes and cases of both corrugated and non-corrugated paper or paper-board' (HS 4819 10; 4819 20) to be reduced from 18% to 12%.
4. All solar cookers whether single or dual energy source, will attract 12% GST.
5. To amend existing entry covering Poultry keeping Machinery attracting 12% GST to specifically incorporate "parts of Poultry keeping Machinery" and to regularise past practice on 'as is where is' basis in view of genuine interpretational issues.



6. To clarify that all types of sprinklers including fire water sprinklers will attract 12% GST and to regularise the past practice on 'as is where is' basis in view of genuine interpretational issues.

7. To extend IGST exemption on imports of specified items for defence forces for a further period of five years till 30th June, 2029.

8. To extend IGST exemption on imports of research equipment/buoys imported under the Research Moored Array for African-Asian-Australian Monsoon Analysis & Prediction(RAMA) programme subject to conditions.

9. To exempt Compensation Cess on the imports in SEZ by SEZ Unit/developers for authorised operations w.e.f. 01.07.2017.

10.To exempt Compensation cess on supply of aerated beverages and energy drinks to authorised customers by Unit Run Canteens under Ministry of Defence.

11.To provide Adhoc IGST exemption on imports of technical documentation for AK-203 rifle kits imported for Indian Defence forces.

Author's comments: The clarifications on these rates would be on the basis of recommendation by GoM in response to the industry representations.

Changes in rates of services

12.To exempt the services provided by Indian Railways to general public, namely, sale of platform tickets, facility of retiring rooms/waiting rooms, cloak room services and battery-operated car services and to also exempt the Intra-Railway transactions. The issue for the past period will be regularized from 20.10.2023 to the date of issue of exemption notification in this regard.

Author's comments: The Council in its 52nd meeting had proposed for levy of GST under forward charge mechanism. The Council has extended exemption benefits to certain services which are ultimate provided to end user so that the rail travel can be made affordable

13.To exempt GST on the services provided by Special Purpose Vehicles (SPV) to Indian Railway by way of allowing Indian Railway to use infrastructure built & owned by SPV during the concession period and maintenance services supplied by Indian Railways to SPV. The issue for the past will be regularized on 'as is where is' basis for the period from 01.07.2017 till the date of issue of exemption notification in this regard.

14.To create a separate entry in notification No. 12/2017- CTR 28.06.2017 under heading 9963 to exempt accommodation services having value of supply of accommodation up to Rs. 20,000/- per month per person subject to the condition that the accommodation service is supplied for a minimum continuous period of 90 days. To extend similar benefit for past cases.

Author's comments: Earlier exemption was available for stay in PG, guest house etc where tariff charges per day was less than Rs 1,000. However, with withdrawal of this exemption, there was confusion as to whether exemption can be claimed by hostels, PG etc. by treating it as renting of residential dwellings. The Council has now extended benefit for such hostels, PG etc where total amount charged is less than Rs. 20,000/- per month and total period of stay is minimum 90 days. This is going to give big relief to this industry and students/labours who migrate to bigger cities for educations or jobs.

15.To issue clarification that statutory collections made by Real Estate Regulatory Authority (RERA) are exempt from GST as they fall within the scope of entry 4 of No.12/2017-CTR dated 28.06.2017.



16. To issue clarification that further sharing of the incentive by acquiring bank with other stakeholders, where the sharing of such incentive is clearly defined under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions and is decided in the proportion and manner by NPCI in consultation with the participating banks is not taxable.

The views expressed in this article are personal to the authors and are an attempt to interpret the nascent GST law. We recommend professional assistance where required. For feedback please email [akshay@hnaindia.com](mailto:akshay@hnaindia.com) or [niteshnayak@hnaindia.com](mailto:niteshnayak@hnaindia.com)



# Gift City: India's Gateway to Global Finance.



## **Mr. Prabhakar Kudva, Director, Samvitti Capital**

- A Computer Science Engineer and a Business Management Graduate

- Astute active Investor and Trader since 15 years.

- One among 40 under 40 investment managers by AIWMI

(Association of International Wealth Management of India).

- Principal Officer and Fund Manager of the PMS Schemes that Samvitti manages.

## **Introduction**

Gujarat International Finance Tec-City, commonly known as GIFT City, is India's ambitious project to create a world-class financial hub that can compete with global financial centers like Singapore, Dubai, and London. Located in Gandhinagar, Gujarat, GIFT City aims to provide a robust ecosystem for financial services and technology-related activities. This article explores the various aspects of GIFT City, including its offerings, regulatory framework, what Chartered Accountants (CAs) need to know about this emerging financial powerhouse, and how businesses can set up their offices in this promising location.

## **Details of GIFT City**

GIFT City spans approximately 886 acres and is divided into two main parts: a Special Economic Zone (SEZ) and a domestic tariff area. The project was conceptualized in 2007 and has since been developing rapidly, attracting both domestic and international financial institutions.

The city has been planned for state-of-the-art infrastructure, including high-speed internet connectivity, uninterrupted power supply, efficient transportation systems, and modern office spaces. It also features residential areas, schools, hospitals, and recreational facilities to support a thriving community of professionals and their families.

One of the key attractions of GIFT City is its International Financial Services Centre (IFSC), which operates within the SEZ. The IFSC aims to provide a competitive environment for financial services firms to conduct offshore business from India.

## **Products and Services Offered in GIFT City**

GIFT City offers a wide range of financial products and services, catering to both domestic and international markets. Some of the key offerings include:

1. **Banking Services:** Foreign and Indian banks can set up units in the IFSC to provide various banking services, including foreign currency lending, trade finance, and wealth management.
2. **Capital Markets:** The IFSC allows for the listing and trading of various financial instruments, including stocks, bonds, and derivatives.



3. **Insurance and Reinsurance:** Insurance companies can establish operations in GIFT City to offer both life and non-life insurance products, as well as reinsurance services.
4. **Asset Management:** Fund managers can set up and manage various types of funds, including mutual funds, alternative investment funds, and private equity funds.
5. **Aircraft Leasing:** GIFT City has emerged as a hub for aircraft leasing and financing activities, offering tax incentives to attract global players.
6. **Fintech Services:** The city promotes innovation in financial technology, encouraging startups and established firms to develop and offer cutting-edge fintech solutions.
7. **Global In-house Centers (GICs):** Multinational corporations can establish their back-office operations and shared services centers in GIFT City.
8. **Bullion Trading:** GIFT City hosts India's first International Bullion Exchange, facilitating gold trading and related financial products.

#### Regulatory Aspects of GIFT City

The regulatory framework in GIFT City is designed to be business-friendly while maintaining global standards of compliance and transparency. Key regulatory aspects include:

1. **IFSC Authority:** The IFSC is regulated by the International Financial Services Centres Authority (IFSCA), a unified regulator overseeing all financial services activities within GIFT City.
2. **Tax Incentives:** Businesses operating in GIFT City enjoy various tax benefits, including a tax holiday for the first 10 years of operations, exemption from Goods and Services Tax (GST), and lower minimum alternate tax (MAT) rates.
3. **Ease of Doing Business:** The regulatory environment is designed to minimize bureaucratic hurdles, with simplified procedures for setting up and operating businesses.
4. **Foreign Currency Transactions:** Entities in GIFT City can freely undertake transactions in foreign currencies, subject to certain regulations.
5. **Dispute Resolution:** GIFT City has its own arbitration center to facilitate quick and efficient resolution of commercial disputes.
6. **Compliance Standards:** While offering a liberal regime, GIFT City adheres to global best practices in areas such as anti-money laundering (AML) and know your customer (KYC) norms.

#### What Chartered Accountants Need to Know About GIFT City

For Chartered Accountants, GIFT City presents numerous opportunities and challenges. Here are some key points CAs should be aware of:

1. **Unique Accounting and Taxation Framework:** CAs need to familiarize themselves with the specific accounting and taxation rules applicable to entities operating in GIFT City, including the tax incentives and exemptions available.



2. **International Financial Reporting Standards (IFRS):** Many entities in GIFT City follow IFRS, requiring CAs to be well-versed in these standards.
3. **Regulatory Compliance:** Understanding the regulatory requirements set by the IFSCA and other relevant authorities is crucial for CAs advising clients in GIFT City.
4. **Foreign Exchange Management:** CAs should be knowledgeable about foreign exchange regulations and their application in GIFT City's context.
5. **Cross-border Transactions:** Expertise in handling cross-border financial transactions and their accounting and tax implications is valuable.
6. **Specialized Services:** CAs can offer specialized services such as transfer pricing, international tax planning, and regulatory advisory to GIFT City-based entities.
7. **Technology Integration:** With the emphasis on fintech and digital financial services, CAs should stay updated on technological advancements and their impact on financial reporting and auditing.
8. **Continuous Learning:** Given the evolving nature of regulations and products in GIFT City, CAs must engage in continuous professional development to stay relevant.

#### Setting Up an Office in GIFT City

For businesses looking to establish a presence in GIFT City, the process is designed to be streamlined and efficient. Here's a step-by-step guide on how to set up an office:

1. **Determine the Type of Entity:**
  - Decide whether you want to set up a branch office, subsidiary, or a new company in GIFT City.
  - Choose between operating in the SEZ or the domestic tariff area, depending on your business requirements.
2. **Obtain Necessary Approvals:**
  - Apply for approval from the IFSCA for setting up operations in the IFSC.
  - For specific sectors like banking or insurance, additional approvals from respective regulators (e.g., RBI, IRDAI) may be required.
3. **Incorporation Process:**
  - If setting up a new company, register with the Registrar of Companies (RoC) through the MCA21 portal.
  - For branch offices or subsidiaries of foreign companies, obtain approval from the Reserve Bank of India (RBI).
4. **IFSC Registration:**
  - Register with the IFSC Authority to obtain an IFSC registration number.
  - This registration is crucial for availing tax benefits and operating within the IFSC framework.
5. **Lease Office Space:**
  - Contact GIFT City authorities or authorized real estate agents to lease office space.
  - GIFT City offers a range of office spaces, from small units to entire floors in its modern office towers.



**6. Obtain Other Registrations:**

- Register for Goods and Services Tax (GST), if applicable.
- Obtain other necessary licenses and registrations based on your specific business activities.

**7. Set Up Banking Relationships:**

- Open a bank account with an IFSC Banking Unit (IBU) in GIFT City.
- Establish relationships with other financial institutions as needed for your operations.

**8. Hire Employees:**

- Recruit local talent or relocate employees to GIFT City.
- Familiarize yourself with labor laws and regulations applicable in GIFT City.

**9. Comply with Ongoing Regulations:**

- Ensure compliance with IFSC regulations, including periodic reporting requirements.
- Maintain proper books of accounts and adhere to the prescribed accounting standards.

**10. Leverage Support Services:**

- Utilize the various support services offered by GIFT City, such as IT infrastructure, facility management, and business support services.

**Conclusion**

GIFT City represents India's ambition to create a world-class financial center that can compete on the global stage. For businesses looking to expand their operations or enter the Indian market, GIFT City offers a unique proposition. The streamlined process for setting up an office, coupled with attractive incentives and a supportive ecosystem, makes it an appealing destination for financial services companies, fintech firms, and multinational corporations.

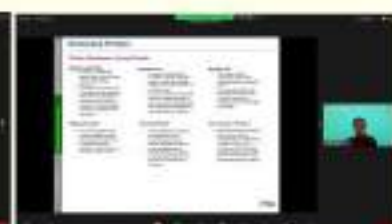


## The month gone by – June 2024

### One Day Workshop on Ethics



### Startup - CA Series





## The month gone by – June 2024

### Blood Donatrion Camp - World Blood Donor's Day - June 14th & 15th





## The month gone by – June 2024

### International Yoga Day



### One Day Seminar on Direct Taxes





## The month gone by – June 2024

### International MSME Day - June 26th





## The month gone by – June 2024

### Chairman at Business Tonic - June 30th



**TOPIC:**  
**"Role of Doctors & Chartered Accountants in Building Healthy Nation"**

**Resource persons of the week**

 <b>Dr. Anil B R Aha</b> Secretary Indian medical association Mangalore	 <b>CA Venkatesh Bhaji Desai</b> Managing Partner Bharathi & Co Mangalore	 <b>CA Sanjiv Puri</b> Chairman ICAI Mangalore	 <b>CA S.S. Nayak</b> President & Head of Institute Business Tonic
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**WHAT IS THE ROLE OF CHARTERED ACCOUNTANTS?**

**Sunday, 30<sup>th</sup> June 2024, 10.00 to 11.30 am**  
**Relroadcast on Wednesday at 9.30 pm**  
**Only on your Favourite "Namma Kudla 24x7" channel**  
**Yes! LIVE** [www.youtube.com/nammakudlaofocus](http://www.youtube.com/nammakudlaofocus)



### CPE Study Circle - June 29th



**MANGALURU BRANCH (SIRC)**  
is organizing

**CPE STUDY CIRCLE MEETING**

**Resource Person**

  
**CA. Rajendra Kumar P.**  
Vice Chairman  
ICAI & Indian Tax Committee, ICAI

**Topic: GST- How to determine Rate of Tax**

**SATURDAY**  
**29TH JUNE 2024**

**11.00 a.m. - 01.00 p.m.**  
Followed by Lunch

**ICAI Bhawan, 2nd Floor**  
**Mangalore**

**Registration Fees**  
₹300 (exclusive of GST)

**Register at**  
[www.mangalore-icai.org](http://www.mangalore-icai.org)

**2 CPE Credit Hours**

**CA. GAUTHAM PRAJITHA**  
Chairman

**CA. SANJIV MISHRA POKHARA**  
Secretary





## The month gone by – June 2024

### Capacity Building Programme for State GST Officers, Mangaluru Division - June 29th & 30th





## The month gone by – June 2024

### RRC at Varanasi & Ayodhya





## The month gone by – June 2024

### CA Run for Viksit Bharat - June 30th





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2000-2001

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ಬಾಲ್ಯದಿಂದಲೂ ಉತ್ತಮ ವಿದ್ಯಾರ್ಥಿ. 1950ರಲ್ಲಿ 10ನೇ ತರಗತಿಯಲ್ಲಿ ಪ್ರಥಮ ದರ್ಜೆಯಲ್ಲಿ ಪದವಿ ಪಡೆದರು. 1952ರಲ್ಲಿ 12ನೇ ತರಗತಿಯಲ್ಲಿ ಪ್ರಥಮ ದರ್ಜೆಯಲ್ಲಿ ಪದವಿ ಪಡೆದರು. 1954ರಲ್ಲಿ 15ನೇ ತರಗತಿಯಲ್ಲಿ ಪ್ರಥಮ ದರ್ಜೆಯಲ್ಲಿ ಪದವಿ ಪಡೆದರು.

**பிவிஃபி அధికாரிகళగే కార్యాలయ**

1. **Prüfungsausschuss** (Prüfungsausschuss) ist ein Gremium, das die Aufgaben der Prüfungsausschüsse wahrnimmt. Es besteht aus dem Vorsitzenden, dem stellvertretenden Vorsitzenden und weiteren Mitgliedern. Die Aufgaben des Prüfungsausschusses sind:

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every card

ರಾಷ್ಟ್ರಸಿರ್ಮೋಗದಲ್ಲಿ ಸಿಎಂಗಳ ಪಾತ್ರ ಮಹತ್ವದ್ದು.  
 ಒಮ್ಮೆಲೆ ಅಧಿಕಾರಿಗಳಿಗೆ ಸಾಮರ್ಥ್ಯ ವರ್ಧನೆ ಕಾರ್ಯಕ್ರಮದಲ್ಲಿ ಬಾಹರ



ರಾಜ್ಯ ಬೆವಿಸ್ಪಿ ಅಧಿಕಾರಿಗಳಿಗೆ  
ಸಾಮರ್ಥ್ಯ ವರ್ಧನೆ ಕಾರ್ಯಕ್ರಮ



The following information is for informational purposes only. It is not intended to be used as a substitute for professional advice. Please consult your physician or other healthcare provider for more information.

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► ಸಿಎ ವಿದ್ಯಾರ್ಥಿಗಳ ರಾಷ್ಟ್ರೀಯ ಕಾರ್ಯಾಗಾರಕ್ಕೆ ಚಾಲನೆ  
ದೇಶದಲ್ಲಿ ಅಮೃತ ಕಾಲ ಆರಂಭ: ಕ್ಕಾ. ಚೌಟ

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## Outreach Initiative

Inaugural Ceremony of CA Students National Conference  
**Guest of Honour**  
**Captain Brijesh Chowta**  
*Hon'ble Member of Parliament, Dakshina Kannada*



June 14th, 2024 | Friday  
Town Hall  
Mangaluru

Chief Guest for Capacity Building Programme of  
State GST Officials, Mangaluru  
**Sri U. T. Khader**  
*Hon'ble Speaker, Karnataka Legislative Assembly  
Member of Legislative Assembly, Mangaluru*



June 29th, 2024 | Saturday  
ICAI Bhavan, Padil  
Mangaluru

Inaugural Ceremony of CA Students National Conference  
**Chief Guest**  
**CA. Anupam Agarwal**  
*Hon'ble Commissioner of Police, Mangaluru City*



June 14th, 2024 | Friday  
Town Hall  
Mangaluru

**Hearty Congratulations**  
**Captain Brijesh Chowta**  
*Hon'ble Member of Parliament, Dakshina Kannada*



*The Managing Committee hereby conveys its felicitations to the newly elected Member of Parliament of our District. We expressed complete support as CA fraternity in ensuring Dakshina Kannada plays a prominent role in the vision of 'Viksit Bharat'.*

Visit of  
Hon'ble Speaker of Karnataka Legislative Assembly  
**Sri U. T. Khader**  
*Member of Legislative Assembly, Mangaluru*



June 29th, 2024 | Saturday  
ICAI Bhavan, Padil  
Mangaluru