

Newsletter - JANUARY, 2019

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Dear All,

Wish you all a very happy new year. But think about this, over 5% of this year is already over! Did you make any resolutions and have you stuck to them? Discipline is important but what is perhaps more important is keeping the negative conversations out. Often people convince themselves that like all years, this year shall be the same and they will fail at their resolutions. This is a negative conversation and the reality is that last year is gone, and this one is a new choice.

The political noises in India are increasing with alliances being forged, but more of this is visible on a 'screen near you' with politically motivated movies being released. Globally, politics is in the forefront with the recent unsuccessful no-confidence motion in the UK and the US government 'shutting down' for the second time in 2018 as the President tries to get his hands on funds to build the Mexico border wall. This is the longest ever 'shut down' of the US government and is already approaching the one month mark, having started on 22 December 2018. The previous record for the longest shut down was for 21 days 'only' in 1995-1996.

It's imperative to remember that Human nature remains the same and waves of excitement and despair shall continue. Through the daily noise, it is important to take a step back and look at the bigger picture about our economy, the industry we operate in and the opportunities and threats that our businesses face over the next decade.

Regards,

DINESH D. GHALLA

NRI FAQs

Remitting money outside India often attract procedural compliance & conditions for both residents and non-residents. Remittances abroad are regulated under Foreign Exchange Management Act, 1999 (FEMA) as well as Income tax Act, 1961. Under FEMA, there are two kinds of investment i.e. repatriable investments and non-repatriable investments. Non-repatriable investments are those investments the sale/maturity proceeds of which cannot be freely remitted outside India. Such funds are credited to the NRO Account of the NRI. However, the RBI under One Million Dollar Scheme has prescribed certain guidelines for allowing remittance outside India upto a certain limit

To view FAQs, [Click here](#)

GST

UPDATES ON ITC AVAILMENT FOR JULY 2017 TO MARCH 2018

Recently, the due date for availing ITC for the period July 2017 to March 2018 which was initially 30 Sept 2018 has been extended until the due date of filing the GSTR 3B return for the month of March 2019 i.e. 20 April 2019.

To view the notification, [Click here](#)

UPDATES ON ADDITION OF SERVICES UNDER RCM

Recently, Liability of GST on few services have been shifted from Service Provider to Service Receiver.

Services which are covered under RCM w.e.f 1st January 2019 are:

1. **Security Services:** Any registered person receiving Security services (services provided by way of supply of security personnel) from any person other than a body corporate is required to pay GST on reverse charge basis.

However, Government Department/Establishment/Agency who have taken registration under GST only for TDS purpose and those paying tax under Section 10 (Composition

Scheme) are not required to pay GST on RCM basis.

Therefore, if any registered person is receiving security services from any security agency (other than body corporate i.e. individual, HUF or AOP), he is required to pay GST on RCM basis w.e.f. 01.01.2019.

2. Services provided by Business Facilitator to a Banking Company
3. Services provided by an agent of business correspondent to business correspondent

To view the notification, [Click here](#)

GST IMPACT ON TRANSACTIONS BETWEEN EMPLOYER AND EMPLOYEE

As per Schedule I of CGST Act, supply of goods or services or both between related persons shall be treated as supplies even if made without consideration. As per explanation to Section 15 of the CGST Act, employer and employee are treated as related persons.

However Schedule III of CGST Act specifies that services by an employee to employer in course of or in relation to his employment will not be considered as supply and accordingly GST won't be applicable.

Based on above, one must carefully analyze the transactions between employer and employee to decide the GST implications.

To view full article, [Click here](#)

DIRECT TAX

MANUAL FILING OF APPLICATION FOR LOWER OR NIL TDS/TCS CERTIFICATE OPEN ONLY FOR NRIS TILL 31.03.2019

Resident applicants have to **compulsorily, electronically file Form No. 13** for application of lower or Nil deduction of TDS u/s 197 or for TCS u/s 206C(9) of Income Tax Act, 1961 w.e.f. **01.01.2019**.

As Non-Resident Indians (NRIs) were not able to register themselves on TRACES, CBDT has allowed them to file manual application till **31.03.2019**.

Thus, even NRIs have to apply online for such lower or Nil TDS/TCS Certificate from 01.04.2019 (unless otherwise instructed).

To view the notification, [Click here](#)

AUDIT & ACCOUNTING

EXPOSURE DRAFT ON AS 1 AND AS 37

The Accounting Standard Board has finalized AS 1, Presentation of Financial Statements and AS 37, Provisions, Contingent Liabilities and Contingent Assets.

AS 1 - Presentation of Financial Statements

For formulating AS 1, Ind AS 1, Presentation of Financial Statements, has been taken as the base. Major differences between draft AS 1 and Ind AS 1 are given in Appendix 1 of AS 1. Similarly, major differences between draft AS 1, Presentation of Financial Statements, and AS 1, Disclosures of Accounting Policies, are given in Appendix 2.

To view notification, [click here](#)

AS 37 - Provisions, Contingent Liabilities and Contingent Assets

For formulating AS 37, Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, has been taken as the base. Major differences between draft AS 37 and Ind AS 37 are given in Appendix 1 of the AS 37. Major differences between draft AS 37 and AS 29 are given in Appendix 2 of the AS 37.

The Board invites comments on any aspect of this Exposure Draft. Last date for the comments: January 31, 2019

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GUIDANCE NOTE ON REPORTS IN COMPANY PROSPECTUSES

The Auditing and Assurance Standards Board (AASB) of ICAI has brought out revised edition of "Guidance Note on Reports in Company Prospectuses" on 17th January, 2019 against the original issued in 2016. The Guidance Note has been written in simple and easy to understand language and contains detailed guidance on various issues involved in such engagements.

To view the guidance note, [click here](#)

GUIDANCE NOTE ON AUDIT OF BANKS- FOREIGN EXCHANGE TRANSACTIONS AND INTEGRATED TREASURY

The Auditing and Assurance Standards Board (AASB) of ICAI has issued "Guidance Note on Audit of Banks (2019 Edition) Section B - Foreign Exchange Transactions and Integrated Treasury" on 13th January, 2019. All the relevant directions / Circulars issued by Reserve Bank of India up to 1st January, 2019 are incorporated in the Guidance Note.

To view the guidance note, [click here](#)

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Newsletter – January 2019
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