

The Institute of Chartered Accountants of India



# VASAI BRANCH OF WIRC NEWSLETTER

[www.vasai-icai.org](http://www.vasai-icai.org)

March 2020





## OUR GUIDE



**CA. Atul Gupta**  
President, ICAI



**CA. Nihar Jambusaria**  
Vice-President, ICAI

## OUR TORCH BEARERS AT WIRC FOR THE YEAR 2020 - 21



**CA. Lalit Bajaj**  
Chairman - WIRC



**CA. Vishal Doshi**  
Vice Chairman -  
WIRC



**CA. Murtuza  
Kachwala**  
Secretary - WIRC



**CA. Anand Jakhotiya**  
Treasurer - WIRC



**CA. Hitesh Pomal**  
Chairman-(WICASA)

## VASAI BRANCH OF WIRC OF ICAI MANAGING COMMITTEE MEMBERS 2020-21



**CA. ANKIT RATHI**  
Chairman



**CA. ABHISHEK TIWARI**  
Vice Chairman



**CA. VIJENDRA JAIN**  
Secretary



**CA. LOKESH KOTHARI**  
Treasurer



**CA. SORABH AGRAWAL**  
WICASA Chairman



**CA. XAVIER M RAJAN**  
Immediate Past Chairman



**CA. AMIT AGARWAL**  
Committee Member



**CA. VIMAL AGARWAL**  
RCM & Branch Nominee



## CHAIRMAN'S COMMUNICATION

Dear Members,

As I communicate with all of you after taking the charge as Chairman of Vasai Branch of WIRC of ICAI, I extend my warmest gratitude to all of you for providing me with this opportunity to serve the members and in turn serve the profession. I am thankful to the members of the Managing Committee of Vasai Branch for reposing their faith in me.

The team which has completed its term under the dynamic leadership of CA Xavier Rajan has brought laurels to Vasai Branch in the last one year. The benchmarks set by all Officer Bearers of 2019-2020 are very high and I wish that with support of all the members of our team and the members of Vasai Branch we will try to match it.

March is the month of change and budget lays down the very foundation for the change in tax laws. Importantly, ICAI has changed torch bearers and elected CA Atul Kumar Gupta as President & CA Nihar Jambusaria as Vice President of ICAI. At WIRC also, we have new chairman CA Lalit Bajaj, I am fortunate to know personally he is a man of actions, a man who has seen working at Branch, a grass root leader and hence he will be one of the finest Chairmen we have seen. A person who knows best for our members and students.

The month of March is a busy one for Chartered Accountants as there are time-barring assessments, advance tax dues and also the fraternity gearing up for Bank Branch Audits. Above all, March is also month of colours and with a hope that we enjoy Holi in eco-friendly manner, I take this opportunity to wish all the members a very Happy Holi.

Before I sign off, with all humility I assure you that the entire managing committee will not leave a single stone unturned to put our branch and the profession at new pedestal. With the support & experience of all the seniors and passion & energy of young professionals, we will scale new heights in years to come.

"Don't be afraid of Change, you may lose something good but you may gain something better"

With Regards,

**CA. Ankit Rath**  
Chairman

## MANAGING COMMITTEE

<b>CA. Ankit Rath</b> Chairman	9029059911
<b>CA. Abhishek Tiwari</b> Vice Chairman	9029326651
<b>CA. Vijendra Jain</b> Secretary	9320942555
<b>CA. Lokesh Kothari</b> Treasurer	8108484120
<b>CA. Sorabh Agrawal</b> WICASA Chairman	9930357066
<b>CA. Xavier Rajan</b> Immediate Past Chairman	9371720027
<b>CA. Amit Agarwal</b> Committee Member	9821374485
<b>CA. Vimal Agarwal</b> RCM & Ex Officio Member	9320617447

## EDITORIAL BOARD

<b>CA. Ankit Rath</b> Chairman	9029059911
<b>CA. Amit Agarwal</b> Committee Member	9821374485
<b>CA. Lokesh Kothari</b> Treasurer	8108484120

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## Explanation of Notification No. 01/2020 Dt. 21.02.2020 of Central Tax (Rate)



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Such Notification is Deal with GST Rate on Supply of Lottery.

### **A) What is Lottery Tickets:-**

'Lottery tickets', is actionable claim and is classified as 'Goods', under GST.

However as per Schedule III Actionable

Claim is neither supply of Goods nor Supply of Service, but Lottery Tickets is exception.

Hence, the sale of lottery tickets would be considered to be the supply of taxable goods and will attract GST on Lottery sales.

### **B) What is Actionable Claim:-**

As per Section 3 of the Transfer of Property Act, 1882.

Actionable Claim is a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable property not in possession either actual or constructive, of the claimant, which the civil courts recognize as affording grounds of relief whether such debt or beneficial interest be existent, accruing or conditional or contingent.

### **C) Before such Notification GST rate on Supply of Lottery as Under.**

- 1) If Lottery Run by State Government:- GST Rate is 12%.
- 2) If Lottery authorized by State Governments:- 28%.

Now Understand the Meaning of Lottery Run by State Government & Lottery authorized by State Governments.

- 1) "Lottery run by State Governments" means a lottery not allowed to be sold in any state other than the organizing state.
- 2) "Lottery authorized by State Governments" means a lottery which is authorized to be sold in State(s) other than the organizing state also.

### **D) After such Notification there is no difference between whether "Lottery run by State Governments" and "Lottery authorized by State Governments".**

Uniform rate is notified by Government i.e. 28%.

### **E) Valuation of Supply of Lottery:-**

Value of supply of lottery under sub-section (5) of section 15 of the Central Goods and Services Tax Act, 2017 shall be deemed to be 100/128 of the face value of ticket or of the price as notified in the Official Gazette by the organizing State, whichever is higher.

### **F) Invoicing of Sale of Lottery:-**

Supply of Lottery Tickets is covered under the Tax Invoice as per Sec 31 of CGST Act, 2017 and contained all the requirement as mentioned under Rule 46.

There is no relaxation in invoicing requirements for a supplier of lottery tickets.

### **G) Time of Supply of Lottery Tickets:-**

- 1) Date of issue of invoice or last date when the supplier is required to issue an invoice.
- 2) Date on which supplier receives the payment for supply.

Whichever is Earlier.

When a person pays the amount to participate in a lottery or to buy the lottery ticket, the amount of money paid to participate is treated as payment for supply.

### **H) Place of Supply of Lottery Tickets:-**

- 1) "Lottery run by State Government" is always an intra-state supply. The place of supply will always be the State which runs the lottery game.

This is because such a lottery scheme is always conducted within the State.

- 2) "Lottery authorised by the State Government" but conducted by agencies can be an inter-state or intra-state supply.

The place of supply will have to be determined as under:

- i) When supply involves the movement of goods:  
The place of supply shall be the location of goods at the time at which movement of goods terminates for delivery to the recipient.
- ii) When supply does not involve the movement of goods:  
The place of supply shall be the location of goods at the time of delivery to the recipient.

### **I) Payment of Tax:-**

- 1) "Lottery run by State Government"
  - i) Tickets sold by State Government
  - ii) Lottery distributor must pay tax on reverse charge (Sec 9(3)) at the time of procurement of tickets from the Government.
  - iii) No tax required to be paid further when sold to sub-agent / customer, if a tax is paid by a distributor.
  - iv) Sub-agents not required to register under GST
- 2) "Lottery authorised by State Government"
  - i) Tax paid under the forward charge by the supplier of lottery tickets
  - ii) The tax must be paid at each point of supply under normal charge. When selling agent sells tickets to sub-agent, he must pay GST.
  - iii) Sub-agents must register under GST and pay tax.







## Good Governance in Corporate



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### **“Call for a transform in the Mindset”**

Professionals need to understand that even passive onlooker can prove dangerous as he can be charged for negligence. At the same time, it does not mean that a professional like chartered accountants should act as a door mat and

allow the management to rough ride over him.

Satyam had been a winner of several awards for corporate governance and excellent business performance over the years. It had a board comprising highly respected professionals who never seemed to have smelt the reptile at Satyam. In fact, Management proved the old adage right that, *“Corporation is an ingenious device for obtaining individual profit without individual responsibility.”* They used the corporate veneer behind which they committed a massive fraud upon the shareholders as also various other stakeholders. The Satyam episode proved that the Corporate Sector has many pretenders.

### **Where the Corporate sector go?**

One thing that cannot be denied is the fact that India's economic success is tied up with the performance of its corporate sector. While it is true that there are promoters who would like to use the safety and anonymity provided by the corporate veneer to enrich themselves at the cost of other stakeholders, at the same time there are others who work within the four corners of the law.

### **Transform in mindset**

If the corporate sector in India has to experience wide spread success on a sustained basis it is imperative for a change in the mind set of all the concerned players.

#### **a) Mindset of Managements**

Over the years it has been observed that concentration of management powers in one or two persons at the top increases the chances of misuse, notwithstanding the fact that there may be a board of directors in place. It would be in the interest of the investors that the position of Chairman and Managing Director is held by two separate persons to minimise the chances of misuse.

*However, this does not obviate the responsibility casts on the shoulders of independent directors. While it is a fact that all the independent directors are invited to join the board by the promoters, once on the board they are directors of the company with accountability towards the shareholders and other stakeholders. It is their bounden duty to ensure due compliance without fear or favour, else they could be hauled over the coals and face ignominy. They are not as powerless as it may appear, independent directors collectively enjoy power which is enough to enable them to keep the management on its toes and work towards the desired goals. It is time*

*that independent directors realise that the law is going to hold them accountable for the deeds and misdeeds of promoters in a company and they will not have easy escape routes. It is time for the Indian businesses to realise that taking public funds for private business cannot be merely a private affair. When a company approaches a stock exchange for listing of its securities, it seeks much more than merely the right for trading of securities on its exchange, which is the obvious and immediate reason. What a company seeks is also a larger profile in the business world and opportunities for raising further funds as and when required by it.*

A listed company also tries to project a favourable image amongst the investors and the public at large. Therefore, it is high time that the promoters realise that companies are not meant merely to enrich their own pockets, but they have a larger purpose to achieve. It is imperative for the directors of public companies in particular to believe and act as trustees while dealing with the funds and properties of the company. Hence, to avoid any misuse it is necessary to devise and implement fool proof systems not amenable to misuse by either the promoters or any of the executives. To achieve the desired results, it is necessary for the top management to inculcate the most ethical behaviour in the staff and employees of the company; the best way to do this is for the top management itself to practice what it wants the employees to follow. Unless the company directors genuinely believe that the funds and assets under their control are the trust properties owned by the shareholders at large with several stakeholders having interest in them, it is difficult to reach the goal that every company should serve the larger good. To obviate the chance of any person in the company going astray and misusing the company properties, it is necessary to have strong systems based approach with effective checks and balances coupled with **regular internal audit covering all the aspects of good corporate governance.**

#### **b) Mindset of Professionals**

In the new system of corporate governance, working and practicing professionals like Chartered Accountants have a very significant role to play. It would not be out of place to state that much is expected of these two professions in achieving the economic goals of the country through the corporate sector. A Chartered accountant by very nature of his duties and position gets opportunities of interacting with all the directors of the company. It is his duty to ensure that all the directors are well informed about the role they are expected to play and the rights they enjoy as ordinary directors / independent directors. A good chartered accountant would normally act as an advisor to the board in its proceedings and ensure due and timely compliances.

**Certificates provided to the management by a working practising chartered accountant is not merely any other certificate, but it is a document of faith with an underlying promise that all the relevant records have been duly verified and the compliances are in place; it is a document that is based on trust and professional competence and any shortcoming on the part of the chartered accountant can compromise the position of the directors.** It is not uncommon to hear of a professional giving a



certificate without having verified the records or even being aware of the reality; may be many a times such professionals get away from the law, but they need to remember that the day they are caught it will be all over. A chartered accountant should remember that he has nothing to lose but his reputation which takes a lifetime to build and just one scandal or even a single lapse to lose. Worse could be in store and the professional may even find himself behind the bars for not doing what he ought to have done in a particular situation.

Professionals need to remember that even being a passive onlooker can prove dangerous as he can be charged for negligence. **At the same time, it does not mean that a professional like chartered accountant should act as a door mat and allow the management to rough ride over him.** The chartered accountant should know where to draw the line and then ensure that the **Laxmanrekha** is not crossed under any circumstances. While this may sound easy in theory, one should be conscious of the fact that in practice it is not always as easy to take a stand contrary to the boss. Professionals have to be conscience keepers and ensure due compliance by companies and if need be, should also be the whistleblowers. Accordingly, the professionals have to change their mindset and not be the blind followers of the management but exercise professional discretion while discharging their duties.

#### **Ethics and Good Corporate Governance**

To achieve the desired goals of good corporate governance there is a need for a change in the mindset of all the concerned players. However, all this would be of little consequence unless the business is carried on ethically. While it is important to ask, **'Is this profitable?'**,

**more important is to ask 'Is it right?'**. Asking such a question itself would reflect a change in the mindset. It needs to be remembered that credentials today run far beyond the financial numbers, while nobody will deny that turnover, growth and profits are important, but should they be at the cost of ethics and integrity. Should credibility be sacrificed at the altar of profit with professionalism and corporate governance being good terms.

To paraphrase what **Shri Mahatma Gandhi** once said, **"apart from what a company does,"** it is equally important to focus on **"how it does it."** Yes, the means are equally important as the goals. We need to reiterate that ethics and morality cannot be given a go by to achieve a goal, else sooner or later the society will have to pay the price. Therefore, it is important to generate trust amongst the employees by creating transparent systems which are just and equitable and intended to serve the large goal of satisfying all the stakeholders.

#### **Conclusion**

In short, Corporate having governance could ensure for good governance only by transformation of mind set of management and professionals. It will be impractical to expect the corporate sector to be a lotus even as it tries to keep itself afloat in all the waste around it. If such a scenario continues, not too many lotuses will be there to bloom resulting in all the avoidable gloom.

Thanks for reading this article.

Happy Reading



### **Handover Meeting of Managing Committee Members held on 19th February 2020 at Branch Premises, Bhayander (West)**







## Event on Union Budget 2020 – 21 held on 2nd February, 2020 at Maheshwari Bhawan, Bhayander (West)



(L-R): CA. Sorabh Agrawal (WICASA Chairman), CA. Amit Agarwal (Committee Member - Vasai Branch of WIRC), CA. Nikunj Bhangaria (Convenor, Bhayander CPE Study Circle), CA. Vimal Punmiya (Speaker), CA. Xavier Rajan (Immd. Past Chairman, Vasai Branch of WIRC), CA. Ankit Rathi (Chairman - Vasai Branch of WIRC) & CA. Abhishek Tiwari (Vice Chairman - Vasai Branch of WIRC) at the dais



Group Photo taken at the session



CA. Jignesh Kansara



CA. Vimal Punmiya



Participants

## 4th Mira Bhayander Chartered Run 2020 held on 16th Feb 2020 at Mira Bhayander jointly with EKAKO Foundation





March 2020

## Mock Interview for IPCC/ Intermediate Students held on 9th February, 2020 at Branch Premises, Bhayander (West)



Editor: CA. Ankit Rathi Published by Vasai Branch of Western India Regional Council of The Institute of Chartered Accountants of India at Finesse Graphics and Prints Pvt. Ltd., 309, Parvati Ind. Est., Sun Mill Compound, Lower Parel, Mumbai 400 013. Tel. : 4036 4600

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