



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

VIJAYAWADA BRANCH OF SIRC OF ICAI

NEWSLETTER



For Private Circulation Only

February 2023

Managing Committee For the Year 2022-2023

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CA. VEMURU VEERA PAVAN KUMAR
MC MEMBER

CA. VENKATASUBBA RAO KOWTHA
MC MEMBER



Dear Esteemed Professional Colleagues,

I am excited and extremely happy to announce that Vijayawada Branch of SIRC of ICAI once gain flown its flag at the National level by bagging All India First Best Branch Award in Medium category for the year 2022 Its really proud moment to Vijayawada branch for achieving National Award consecutively from the last 3 years. It was a hatrick victory to all of us. Further to mention that Our Managing Committee will be travelling to Delhi to receive National Award on February 7th. I take this

opportunity to thank my committee members who stood with me throughout the year. I extend my special thanks to the Central Council member CA D Prasanna Kumar for being a great mentor and guide to us during this whole year. I thank Chairman SIRC CA T China Mastan for always being a support. I thank all the Past Chairmen of our branch with special mention to CA Sunkara Akkaiah Naidu, CA Godavarthi Sreenivasa Rao and CA K Purnachander Rao for being with us during tough times. This success was made possible with the support of Vijayawada Branch members and Students. We dedicate this Prestigious Award to our members & students of our branch for their unstinted support.

January month Programs:

During the month of January, we held four VCMS on topics of professional importance like Faceless Assessments, Faceless Appeals, GST Amendments and GST on Land development. Members I appreciate all the speakers for their excellent presentations on their topics.

74th Republic day was observed on January 26th. On this day, we invited Paladugu Lakshmana Rao garu, Past Chairman and Senior member of the Branch as the Chief Guest.

Startup Samvad: Vijayawada Branch was fortunate to host One more successful investor awareness program MSME Startup Samvad for the benefit of MSME Startups. To make this program useful to more businesspeople and to educate the students who start new businesses after their education, we conducted the program jointly with the Andhra Chamber of Commerce, the Chamber of Commerce, and the Rotary Club of Midtown and Acharya Nagarjuna University, Kakaraparathi Bavannarayana College, PB Siddhardha College, Gates Institute of Management and Westin College of Business Management.

Signing off:

I would like to express my gratitude to the entire MC, CA T Chinamastan Chairman of SIRC & Ex-Officio of the Branch, Members of the Central Council and Regional Council, Past Chairmen of the Branch and all the members and students of Vijayawada branch for their assistance and support which helped me in discharging my duties. My successor will take over as Chairman. I hope and wish the coming year is great for him.

With Regards

CA Gaddam Sritha Shireen
Chairperson

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EDITORIAL BOARD

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Members: CA G. Sritha shireen

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VIJAYAWADA BRANCH OF SIRC OF ICAI



Happy to share that **VIJAYAWADA BRANCH** is declared as

ALL INDIA FIRST BEST BRANCH

(Medium Category)

Chairman & Managing Committee Members
Heartily Convey their Sincere Gratitude to
President & Vice President - ICAI

Mentor & Guide to our Branch

CA. D Prasanna Kumar, CCM – ICAI

Well Wisher & Ex - Officio of our Branch

CA. T China Masthan, Chairman – SIRC

**All Past Chairmen of our Branch
with special mention to**

CA. S Akkaiah Naidu – CA. G Sreenivasa Rao(GSR)- CA. K Purnachander Rao

**CCM'S, RCM'S- SIRC, Other Branch Managing Committee Members
to Our Branch Staff**



**We Dedicate this Prestigious Award to
Our Members & Students of our Branch
For their Unstinted Support**

EMINENCE OF BEST BRANCH

ALL INDIA BEST BRANCH" is awarded for "ALL ROUND PERFORMANCE". ICAI BEST BRANCH AWARD is given by taking into consideration of various aspects of branch performance. Out of total 1650 marks for various activities only 170 marks will be for CPE Meetings. Submission of Audited Accounts in time, Timely release of Newsletter, Conducting the Statutory Meetings, Submission of Pre Budget and Post Budget Memorandums, Submission of Capital and Revenue Budgets, Submission of Branch activities in time, Opinions on Exposure Drafts / AS / GUIDANCE NOTES etc., Conducting of Managing Committee Meetings, Reconciliation of Accounts with SIRC / ICAI, Meetings with NGO'S and Chambers, Public Image Programs, Consumer Awareness Programs, Conducting programs with other Branches and Central Committees, Career Counselling Programs, Industrial Visits, Contribution to CABF. Student Activities like Conducting Coaching Classes, Orientation, ITT, Advanced ITT, MCS Batches and Many More programs apart from CPE MEETINGS, ONE DAY / TWO DAY SEMINARS, WORKSHOPS, STUDENT PROGRAMS (Conducting seminars play only a small role in achieving the ICAI BEST BRANCH).

194R

DEDUCTION OF TAX ON BENEFIT OR PERQUISITE IN RESPECT OF BUSINESS OR PROFESSION



**CA. Swathi Ratnam Aluru, FCA, CMA, DISA,
Partner,
ASK & Co.,
Chartered Accountants,
Vijayawada, Hyderabad & Eluru.**

The Finance Act, 2022 introduced a new section 194R under the Income tax Act, 1961 with effect from 01-07-2022, to provide for deduction of tax at source in respect of benefit or perquisite provided to a resident person.

As per the section 194R of the Income Tax Act, any person responsible for providing to a resident, any benefit or perquisite arising from business or the exercise of a profession by such resident, shall ensure that tax has been deducted @10% of the total aggregate value of such benefit or perquisite before providing the same to such resident. The benefit or perquisite may or may not be convertible into money.

As per section 28(iv) of the Income Tax Act, the value of any benefit or perquisite arising from business or profession is to be charged as business income in the hands of the recipient of such benefit or perquisite.

❖ **Threshold limit:** The provisions of 194R of the Income Tax Act shall not be applicable if the value or aggregate value of such benefit or perquisite provided or likely to be provided to a resident does not exceed **twenty thousand rupees** during the financial year.

If the said value exceeds the limit of Rs.20,000/- then it has to be ensured that the tax has to be deducted on the entire value and not merely the excess over Rs.20,000/-.

The provision of this section shall not apply to any benefit or perquisite provided before 01-07-2022.

For the purpose of this section, the threshold limit shall be computed from 01-04-2022. For instance, if a person already provided any benefit/perquisite to a resident person and such value of benefit/perquisite has already exceeded the threshold limit of Rs.20,000/- up to 30-06-2022, then 194R shall apply on all the value of benefit/perquisite provided to such resident person during the previous year on or after 01-07-2022.

❖ **Who is not liable to ensure to deduct Tax:** A person being an Individual or a Hindu undivided family (deductor), whose total sales, gross receipts or turnover does not exceed—

- One crore rupees from business or
- Fifty Lakh rupees from profession

during the financial year immediately preceding financial year in which such benefit or perquisite provided by such person.

DEDUCTION OF TAX ON BENEFIT OR PERQUISITE IN RESPECT OF BUSINESS OR PROFESSION

❖ **Rate of TDS u/s 194R:**

If PAN is provided – 10%,

If PAN is not provided – 20% U/s 206AA,

If payee is non-filer of ITR in the last financial year – 20% U/s 206AB

❖ **Time of deduction:** Unlike with other TDS sections, Tax need not be deducted at the time of crediting the account of the resident payee. Deduction of TDS is to be ensured **before** the provision of benefit or perquisite.

❖ **Deductor:** Any person responsible for providing benefit/perquisite whether convertible into money or not is required to deduct tax at source under this provision. The deductor can be a resident or a non-resident person.

For the purpose of this section, the context of “a person responsible for providing” means the person providing such benefit or perquisite, or in case of a company, the company itself including the principal officer thereof.

❖ **Deductee:** The Deductee should be a resident person who is receiving benefit/perquisite. If deductee is a non-resident, then tax required to be deducted u/s195, not u/s194R.

The relationship between deductor and deductee u/s 194R should not be employer and employee relationship. If an employer and employee relationship exist then tax deductible u/s 192, not u/s194R.

❖ **Mode of Benefit or perquisite:** The words “whether convertible into money or not” imply that the benefit/perquisite should be non-monetary. If cash or monetary benefits/perquisite were intended to be covered, there was no need for the words “whether convertible into money or not” which normally means something else than money. Hence, the mode of benefit or perquisite as the case may be is fully in kind or partly in cash and partly in kind.

In case of benefit/perquisite in the form of cash, then the tax is required to be deducted under any of the provisions of sections 194C, 194H and 194J, not u/s 194R.

Unlike section 194O, Section 194R does not say where tax has been deducted under this section, no tax shall be deducted under any other sections. Therefore, any perquisite/benefit provided partly in cash and kind, the cash component would need to be used to deduct tax applicable on it under other sections and on the component in kind u/s 194R.

Case study: When mode of benefit/perquisite is in kind: A film actress received a watch worth of Rs.40 lakhs as a gift from the company for which she had undertaken advertisements and promotional activities on remuneration basis, tax authorities were justified in making an addition of said gift to the film actress’s income as perquisite u/s 28(iv). – Ms.Priyanka Chopra Vs. Dy.CIT (2018).

It is clear that, In view of the above decision w.r.t section 28(iv), TDS is deductible @10% on the watch value of Rs.40 lakh. Here the perquisite/benefit is provided in kind only.

DEDUCTION OF TAX ON BENEFIT OR PERQUISITE IN RESPECT OF BUSINESS OR PROFESSION

Therefore, the company has to ensure to deduct tax before delivering the gift to the actress, either payee/deductee gives cash to the payer/deductor to meet TDS liability or the company should debit/deduct this TDS out of any future payments to the actress.

In the same case, If the company intends to gift a watch of Rs.40 lakhs and Rs.7 lakhs by cheque. In this case two sections would be applicable, Section 194R applicable on the value of benefit/perquisite in kind @10% on 40 lakhs i.e Rs. 4lakhs and Section 194J is applicable on the monetary payment @10% on 7 lakhs i.e Rs.70,000/-. Total TDS is Rs.4,70,000/- and the same is deductible from the monetary payment of Rs.7 lakhs and issue the cheque for the balance amount only i.e 2.30 lakhs.

❖ How to ensure before providing benefit/perquisite:

- Where the deductee has credit balance: Then debit the deductee account with amount of TDS,
- Where the deductee has no/insufficient credit balance: Then the deductee may give/transfer cash for TDS payment or grossing up and paying tax out of deductor's pocket,
- Deductee himself pays tax and gives challan to the deductor.

The CBDT has clarified that where the deductee himself pays tax, the tax would be required to be paid in the form of advance tax. The deductor may rely on a declaration along with a copy of the advance tax challan provided by the deductee confirming that the said tax on benefit/perquisite has been deposited. This would be then required to be reported in the TDS return along with the challan number. Form 26Q has included provisions for reporting such transactions.

This is how the deductor to ensure that tax required to be deducted has been paid before providing perquisite/benefit.

❖ The value of the benefit/perquisite:

- In case of provider of Benefit/perquisite purchased the benefit/perquisite before providing it to the resident, Then the value is purchasing price,
- In case of provider of benefit/perquisite manufactures the benefit/perquisite, then the value is the price that charges to its customers for such items.

The CBDT has clarified that the valuation would be based on Fair Market Value (FMV) of the benefit/perquisite except in the above cases.

❖ **Benefit/perquisite should be in the nature of income:** Section 28(iv) shows two conditions precedents for such taxability, one is there should be perquisites or benefits and the second one is such benefit or perquisite should arise from the business or exercise of the profession.

The “expression arising from the business” implies that the benefit/perquisite must be in the nature of business receipt or revenue receipt. In section 28(iv) the difference between capital receipt and revenue receipt cannot be overlooked, whereas section 28 only refers to the Income which can be charged to Income Tax under the head Profit and gains of business or profession i.e., revenue receipts.

DEDUCTION OF TAX ON BENEFIT OR PERQUISITE IN RESPECT OF BUSINESS OR PROFESSION

And, the deductor is not required to check whether the benefit/perquisite that he is providing would be taxable in the hands of deductee u/s28(iv). The amount could be taxable under any other section like 41(1) etc. Deductor's responsibility is only to ensure to deduct Tax before releasing the benefit/perquisite, no further requirement to check whether the amount is taxable in the hands of the recipient or under which section it is taxable.

❖ **Nexus between business/profession and benefit/perquisite:**

The benefit/perquisite should have a connection with the business or profession of the resident recipient /deductee, not with the business or profession of the person providing the perquisite or benefit (deductor).

❖ **Third party payments:** Amount paid to third party on behalf of and for the benefit of recipient would be treated as non-monetary perquisites, hence 194R will be attracted. Example: If the company organises foreign tours for its dealers and pays directly to service providers like airlines, hotels etc., then 194R shall be applicable and the company will be liable to ensure deduction of tax.

❖ **Reimbursement of cost:** Section 194R will not be applicable in case of reimbursement of expenses as this is a monetary perquisite. Example: If the company reimburses foreign tour expenditure to its dealers instead of organising tours. Then it is in the nature of monetary perquisite and 194R will not attract.

❖ **Some other instances of benefits/perquisites whether taxable or not u/s194R:**

Perquisite/Benefit	194R applicable or not
1. Sales discounts, cash discounts and rebates	Not applicable
2. Free samples	Applicable
3. Incentives (other than rebate, discount)	Applicable
4. free medicine samples to medical practitioners	Applicable
5. Promotional schemes like buy more get more	Not applicable

AT A GLANCE:

1.Applicable from	01-07-2022,
2.Nature of Income	Benefit/perquisite arising from business or profession,
3.Deductor/payer	Provider of benefit/perquisite, Deductor can be a resident or non resident,
4.Deductee/payee	Resident,
5.Threshold limit	Rs.20,000 during a financial year, which is calculated from the beginning of the F.Y though the section applicable from 01-07-2022,
6.Mode of benefit/perquisite	In kind or partly in cash or partly in kind which is convertible into money or not,
7.TDS rate	10% if PAN and ITR submits, otherwise 20%,
8.Non-Applicability	If Deductor/payer is an Individual or HUF, whose total sales/gross receipts or turnover does not exceed 1 crore in case of business and 50 lakhs in case of profession immediately preceding the financial year in which such benefit/perquisite is provided by such person.



VIJAYAWADA BRANCH OF SIRC OF ICAI



TATTVA Darshan

TWO DAY RESIDENTIAL REFRESHER COURSE (RRC)

Jointly Hosted by

Vijayawada Branch of SIRC of ICAI

West Godavari Branch of SIRC of ICAI

Kakinada Branch of SIRC of ICAI

Rajamahendravaram Branch of SIRC of ICAI

Venue :

Dwaraka Tirumala

Vandanapu Rajendra kumar Garden, Chakradevapalli & Sridevi Gardens South kommara /Rallakunta

Saturday & Sunday

11th & 12th February 2023

CPE : 6 Hours (for 2 days)

Cost Per Adult : Rs.1000 /-
Per Child (Age btw 10 to 18): Rs.500/-
For Child below age 10: NIL
For ARS Members : NIL
(All Fee incl GST only)

Instructions:

- ◆ The participants should make their own travel arrangements
- ◆ The branch will arrange accommodations based on the information provided by members in the google form that is given below. The cost of lodging should be covered by the participants. Double room rent per day is of Rs.1500/-
- ◆ Tickets for Kalyanam will be reserved by the branch based on the information that members provide on the Google form that is provided below. Members must pay for their own Kalyanam tickets. Cost of Kalyanam is of Rs.1500/- (For Two Persons).
- ◆ Darshan will be arranged at free of cost.

Other places to visit:

- ◆ Maddi Anjaneya swamy temple, Gurvaigudem (Swayambhoo)
- ◆ Lakshmi Narasimha swamy temple, I.S Jaganathapuram (Swayambhoo)
- ◆ Gokula Parijatha Venkateswara Swamy Temple, Jangareddigudem

Entertainment at Venue:

Antyakshari, Silver Housie and many more fun games to entertain members and their families

For Details Please Contact ☎9143224499

Kalyanam & Accommodation details - CA Ravi Kiran - 94403 51371

Vijayawada Branch of SIRC of ICAI

CA. Gaddam Sritha Shireen
Chairperson

CA. Nitta Ravi Kishore
Secretary

CA. T. China Masthan
Ex- Officio & Chairman - SIRC

West Godavari Branch of SIRC of ICAI

CA. V. Ravikiran
Chairman

CA. Viswanad Dhulipala
Secretary

CA. Muppala Subbarao
SIRC Member & Branch Ex-Officio

Kakinada Branch of SIRC of ICAI

CA. C V. N. Gangaram
Chairman

CA. P. Anuradha Krishna
Secretary

CA. Naresh Chandra Gelli
Ex- Officio & Secretary - SIRC

Rajamahendravaram Branch of SIRC of ICAI

CA. Kalla Satya Raju
Chairman

CA. Brijpal Singh Ranawath
Secretary

CA. Muppala Subbarao
SIRC Member & Branch Ex-Officio

[Click here for Payment](#)

Monthly Updates



CA Srinivasa Rao Eluri
M.Com., FCA

Partner

Eluri & Associates | Chartered Accountants
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Updates are collected from various online sources

The Institute of Chartered Accountants of India	
ICAI Members' Journal	http://anax8a.pressmart.com/TheCharteredAccountant
Bank Branch Auditors' Panel (MEF) for the year 2022-23	We are pleased to inform you that the Final Bank Branch Auditors' Panel (MEF) of Chartered Accountants/firms for the year 2022-23 has been hosted at www.meficai.org
Empanelment of Chartered Accountant firms/LLPs for the year 2023-2024	https://www.icai.org/post/empanelment-of-ca-firms-llps-for-the-year-2023-24
Technical Guide on Digital Assurance	https://resource.cdn.icai.org/72659aasb58574.pdf
Exposure Draft of the International Non-Profit Accounting Guidance (INPAG)- Part 1	https://www.icai.org/post/ed-inpag-part-1
ICAI released Free Practice Management Software for the Members in Practice	https://cacloud.ca.in/

Ministry of Corporate Affairs	
MCA 21 Version 3 - LLP filing and Company Filing for 56 Forms - Issues/ Feedback (if any) - Initiative of the Corporate Laws & Corporate Governance Committee of ICAI	https://resource.cdn.icai.org/72767clcgc58683.pdf MCA is in the process of introducing certain company e-Forms in MCA21 Version 3.0 and thus these e-Forms will not be available in MCA21 Version-2 from January 07, 2023 to January 22, 2023. Therefore, keeping in view the fact above, it has been decided by the Competent Authority to allow additional time of 15 days, without levying additional fees, to the stakeholders, in cases where the due dates for filing of these 45 e-Forms fall during the period between January 07, 2023 and January 22, 2023.

Good and Service Tax	
GST Collections for the month of Dec 2022 is 1.50 lakhs Crores	
Circular No. 187/19/2022-GST dated December 27, 2022	Central Board of Indirect Taxes and Customs had issued Circular No. 187/19/2022-GST dated December 27, 2022, regarding Clarification regarding the treatment of statutory dues under GST law in respect of the taxpayers for whom the proceedings have been finalised under Insolvency and Bankruptcy Code, 2016.

Scan QR Code for
Monthly Updates



[Click Here to Read](#)

COMPLIANCE UPDATES FOR FEBRUARY 2023



CA K Ramgopal
ramgopalk@hotmail.com

S.No	Particulars of Compliance	Act	Forms/ Returns	Due Date
1	Due date for deposit of tax deducted/collected for the month of January, 2023. (TDS & TCS). However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.	Income Tax		07-Feb-23
2	Form GSTR-7 for the month of January 2023	GST	GSTR-7	10-Feb-23
3	The due date for furnishing statement by e-commerce companies for the month of January 2023	GST	GSTR-8	10-Feb-23
4	Return of outward supplies of taxable goods and/or services for the Month of January 2023 (for Assesses having turnover exceeding 1.5 Cr.) Monthly Return.	GST	GSTR -1	11-Feb-23
5	GST Return for input service distributor for the month of January 2023	GST	GSTR 6	13-Feb-23
6	Return of outward supplies of taxable goods and/or services for the Month of January 2023 (for Assesses under QRMP)	GST	GSTR -1QRMP	13-Feb-23
7	ESIC Payment for January 2023	ESIC	ESI Challan	15-Feb-23
8	Due date for issue of TDS Certificate for tax deducted under Section 194-IA in the month of December, 2022	Income Tax		14-Feb-23
9	Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of December, 2022	Income Tax		14-Feb-23
10	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of January, 2023 has been paid without the production of a challan	Income Tax	Form 24G	15-Feb-23
11	Quarterly TDS certificates (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2022	Income Tax		15-Feb-23
12	PF Payment for January 2023	PF	ECR	15-Feb-23
13	Simple GSTR return for the month of January 2023	GST	GSTR 3B	20-Feb-23
14	Summary of outward taxable supplies and tax payable by Non-Resident taxable person & OIDAR.	GST	GSTR-5 & 5A	20-Feb-23
15	PF Return filling for January 2023 (including pension & Insurance scheme forms.	PF		25-Feb-23
16	Monthly Payment of GST for those under QRMP	GST	PMT 06	25-Feb-23
17	Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA in the month of January, 2023	Income Tax		02-Mar-23
18	Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IB in the	Income Tax		02-Mar-23

PHOTOS IN EVENTS

Career Counselling at Chitturi High School



CPE Seminar on ICAI Startup SAMVAD



Republic day Celebrations



VCM's

