Volume-37 August-2017 Pages 1-25

For Private circulation only

SBS Wiki

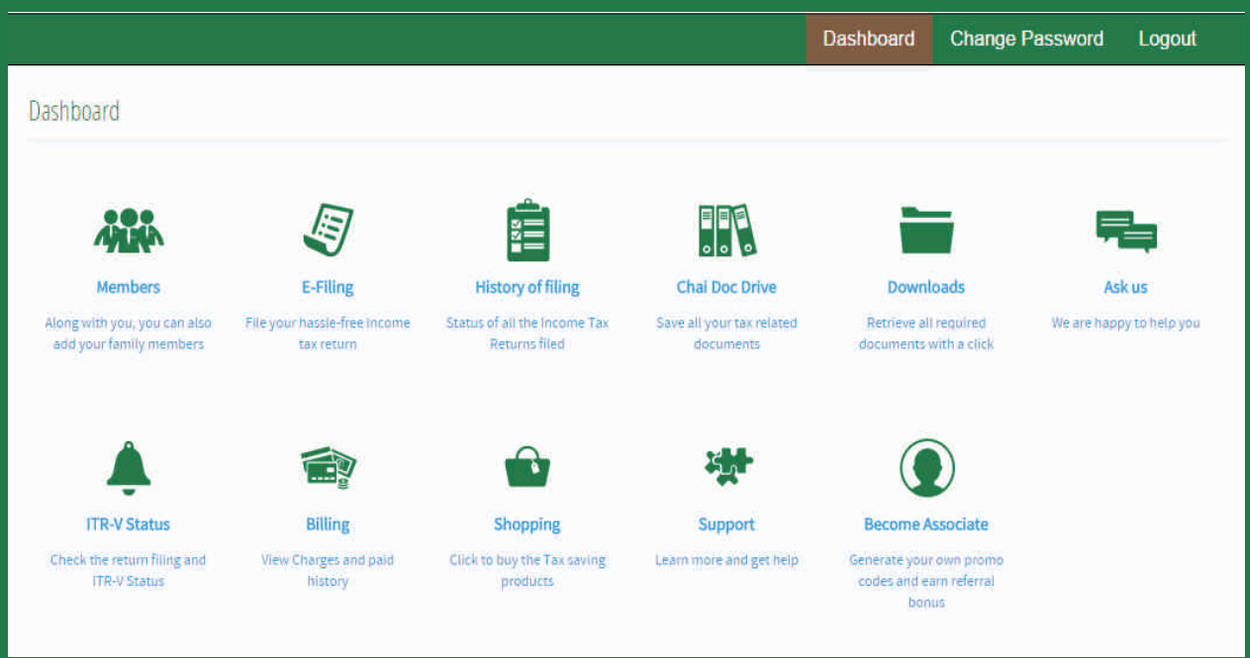
monthly e-Journal

By

SBS and Company LLP
Chartered Accountants

"File your Income Tax Return over the cup of Chai"

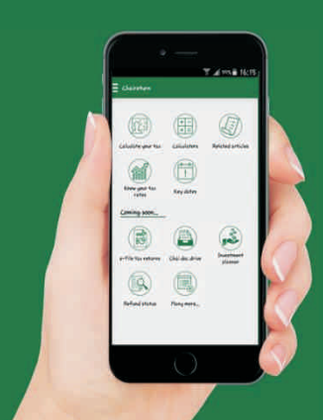
www.chaireturn.com



Tax Return Filing in just simple 3 steps

- ✓ **Register into www.chaireturn.com**
- ✓ **Upload Form-16**
- ✓ **Relax with Chai**

==========



Download our App

Google play

+91 903-008-3030

info@chaireturn.com

twitter.com/chaireturn

facebook.com/chaireturn

youtube.com/chaireturnonline

CONTENTS

INTERNATIONAL TAXATION

REVISED OECD GUIDELINES

Contributed by CA Suresh Babu S

The Organization for Economic Cooperation and Development ("OECD"), has recently revised the Transfer Pricing ("TP") Guidelines for Multinational Enterprises ("MNEs") and Tax Administrations. Mainly incorporating its guidance provided in the 2015 BEPS reports to align transfer pricing outcomes with value creation and transfer pricing documentation.

The purpose of the revision is to bring consistency in the guidelines with there commendations & outcomes ensuing from the OECD 2015 Base Erosion and Profits Shifting ("BEPS") Project along with its alignment with globally recognized Safe Harbour Rules.

The revised OECD TP Guidelines 2017 (Issued in July 2017) aim to sturdily support& build the international consensus on application of arm's length principle on cross-border transactions between associated enterprises; and to reduce the compliance / tax burden of MNEs by propagating a consistent mechanism across jurisdictions.

The key changes have been tabulated below:

Sl No.	Topic	Revised Guidelines
1	Comparability analysis	▶ Fresh guidance in conducting a functional analysis, especially around allocation of risks to the parties in a transaction. ▶ Stress on risks being allocated to the parties undertaking the risk irrespective the contractual allocation of risks. ▶ Risk ought to be allocated to the party with most control over the risk.
2	Intangibles	▶ Attribution of returns from intangibles to entities performing significant of intangibles to entities. ▶ Guidance on approach to deal with transfer pricing on hard to value intangibles (HTVI), people functions of development, enhancement, maintenance, protection and exploitation (DEMPE) of the intangibles. ▶ The revised UN TP Manual incorporated the above guidance on DEMPE functions (development, enhancement, maintenance, protection and Exploitation)

3	Profit Split approaches	► Situations in which a profit split is the most appropriate transfer pricing method ► How the profits need to be split and the several profit-splitting factors ► Importance of the master file and local file components in splitting the profits ► The principal contributions to value creation by entities within the group and key group intangibles.
4	Attribution of profits to PE	► Separate entity approach has been stressed upon. ► Taxing rights of the host country are not necessarily exhausted by ensuring an arm's length compensation to the intermediary. This is against the principles established in SC decision of Morgan Stanley (additional attribution is required for a PE even if the intermediary has been compensated on an arm's length basis)
5	Certainity on Dispute resolution	► Safe Harbour – Bilateral and Multilateral to be agreed upon – i.e application of fixed prices/ margins or specific transfer pricing methods for a given class of transactions

Changes to the TP Documentation landscape:

BEPS Action Plan 13 emphasised three-tiered documentation structure consisting of Master File, Local File and CbC reporting. The revised Guidelines follow the objective of simplifying and standardizing rules in relation to maintenance of TP documentation across jurisdictions. It also targets to provide all the required and relevant information to revenue authorities for conducting effective TP audit proceedings.

Three objectives of preparing and maintaining a Three tiered transfer pricing documentation, as follows:

- ► To ensure that taxpayers give due weightage to transfer pricing requirements in establishing prices;
- ► To provide tax authorities with robust information to enable to them to conduct informed risk assessment; and
- ► To enable tax authorities to undertake thorough audit.

Concluding Remarks:

The revised OECD guidelines have certainly taken a new shape and flavour as impacted by the BEPS action plans. The focus was mainly on the PE, Intangibles, Documentation and Comparability aspects of the TP analysis.

Indian Tax authorities have already started incorporating the BEPS questions as part of their audit procedures and once the official notification of the templates and the disclosure requirements are notified, the real heat of the BEPS Impact on India would be felt.

This article is contributed by CA Suresh Babu S, Partner of SBS and Company LLP, Chartered Accountants. The author can be reached at suresh@sbsandco.com

AUDIT

BRIBERY ACT VS FCPA - COMPARTIVE STUDY

Contribauted by CA Sandeep Das

KEY DIFFERENCES BETWEEN THE BRIBERY ACT AND THE FCPA

Foreign Corrupt Practices Act (FCPA) and the U.K Bribery Act enforcement actions have increased the pressure on companies to be more proactive to deter fraud and misconduct

The UK Bribery Act (the Bribery Act) was passed on 8 April 2010 and comes into force on 1 July 2011. Until recently, international anti-corruption enforcement has been largely dominated by the US Foreign Corrupt Practices Act 1977 (the FCPA). The Bribery Act has been cause of some considerable controversy, in particular , given the implication which breadth of some of its provisions may have for British companies operating abroad.

The Bribery Act, however, represents part of a broader international trend and has an even wider application than the FCPA. While organisations may consider that their anti-corruption procedures are sufficiently robust for the purposes of the FCPA, this may not be the case where the Bribery Act is concerned. It is therefore important for organisations operating on a global basis to be aware of the differences between the FCPA and the Bribery Act and to be prepared for the implications of the Bribery Act coming into force.

The main differences between the Bribery Act and the FCPA

Bribery of foreign (public) officials

Both the Bribery Act and the FCPA make it an offence to bribe foreign (public) officials. Under the Bribery Act a “foreign public official” is defined more narrowly than under the FCPA but still includes (i) anyone who holds a foreign legislative or judicial position; (ii) individuals who exercise a public function for a foreign country, territory, public agency or public enterprise; or (iii) any official or agent of a public organisation.

Private-to-private bribery

The FCPA does not cover bribery on a private level, unlike the Bribery Act, although such conduct can be caught under other US legislation.

Active and passive bribery

The FCPA only covers active bribery, that is to say the giving of a bribe. In contrast, the Bribery Act prohibits both active and passive bribery i.e. the taking of a bribe.

Failure to prevent bribery

The Bribery Act creates a strict liability corporate offence for failure to prevent bribery (as opposed to vicarious liability) subject to being able to establish that a company has "adequate procedures". Under the FCPA, however, a company subject to US jurisdiction can be held vicariously liable for acts of its employees and agents. The UK offence extends to acts of "associated persons" which means anyone who performs services for or on behalf of the commercial organisation.

Intent

Under the FCPA it must be proved that the person offering the bribe did so with a "corrupt" intent. The Bribery Act makes no requirement for a "corrupt" or "improper" intent in relation to the bribery of a foreign public official, although the requirement remains for the general bribery offence.

Facilitation payments

The FCPA creates an exemption for facilitation payments whereas the Bribery Act makes no such exception. The Ministry of Justice guidance, however, confirms that prosecutors will exercise discretion in determining whether to prosecute. In addition, informal guidance received from the SFO indicates that where it is considering action, it will be guided by the following six principles:

- Whether the company has a clear and issued policy.
- Whether the company has written guidance available to employees as to the procedures they must follow where a facilitation payment is requested or expected.
- Whether such procedures are really being followed (monitoring).
- Evidence that gifts are being recorded at the company.
- Proper action, collective or otherwise, to inform the appropriate authorities in countries when a breach of the policy occurs.
- The company is taking what practical steps it can to curtail such payments.

Promotional expenses

The FCPA provides for a "defence" to promotional expenses in so far as it can be demonstrated that they were a reasonable and bona fide expenditure. There is no such defence concerning promotional expenses under the Bribery Act, in relation to foreign public officials, although the Ministry of Justice has provided some comfort on this aspect in its guidance.

Penalties

An individual found to have committed an offence under the Bribery Act is liable to imprisonment of up to ten years and/or to an unlimited fine. A company found guilty is subject to an unlimited fine.

For offences committed under the FCPA an individual can be fined up to US$250,000 per violation and may also be given up to five years imprisonment. A company guilty under the FCPA is liable for a fine of up to US$2,000,000 per violation.

Key considerations for FCPA compliant organisations

- Business-to-business or commercial bribery must be taken as seriously as bribery of public officials.
- Companies should review gift, hospitality and promotional expense guidelines.
- Companies should reconsider policies that allow facilitation payments and develop strategies to reduce such payments.
- Companies should formalize or revise risk assessment processes.
- Companies should expand the scope of their anti-corruption programmes to include all "associated persons" and review third party due diligence, contractual protection and monitoring.
- Companies should ensure they have adequate procedures in place; they are a complete defence for companies under the Bribery Act and represent significant protection and/or "sentence mitigation" elsewhere.

The Bribery Act has a significantly wider scope than the FCPA and so FCPA-compliance programs are unlikely to be sufficient to ensure compliance with the Bribery Act. While the FCPA applies only to the bribery of foreign public officials, the Bribery Act covers bribery in both the public and private sectors. In addition, the Bribery Act, unlike the FCPA, does not have exclusion for facilitation payments and so such payments will constitute bribery offences if they fulfill the other criteria. The Bribery Act also creates a new strict liability offence of failure by a commercial organisation to prevent bribery. As the only defence available to such an offence is that adequate procedures to prevent bribery were in place, commercial organisations will need to ensure that their anti-bribery policies are adequate in light of the extensive scope of the Bribery Act.

This article is contributed by CA Sandeep Das, Partner of SBS and Company LLP, Chartered Accountants. The author can be reached at sandeepd@sbsandco.com

GST

COMPOSITE VS MIXED SUPPLY - CERTAIN ISSUES

Contributed by CA Sri Harsha & CA Manindar

In order to eliminate certain legacy issues and setbacks under the erstwhile indirect taxation regime, the goods and services tax (GST) was implemented in our country with effective from 01st July, 17. The GST laws have tried to remove certain legacy issues but have introduced new issues which will take years of litigation to obtain clarity on such aspects. The drafting of the law was not up to the mark in certain areas which will make sure the tax payers approach the judiciary to get the appropriate relief. In this article, we tried to address certain issues which are prominent from the day of the inception but not being answered by the authorities.

The area of such confusion is the concept of composite supply and mixed supply. By this time, the reader knows that the term 'supply'is the backbone of the entire GST legislation. Section 7 of Central Goods & Services Tax Act, 2017 (CGST Act) details the term 'supply' and please note that there would be a tax under GST only if there was a 'supply' as detailed in Section 7 ibid. But in a transaction, there would be multiple supplies and in such a situation, the taxation of transaction is guided by Section 8 of CGST Act, which deals with the determination of tax liability of composite and mixed supplies.

If there is a composite supply comprising of two or more supplies, one of which is a principal supply, then such a composite supply shall be treated as transaction of principal supply and the tax treatment applicable for principal supply shall be applicable for the entire transaction consisting two or more supplies.

However, if there is a mixed supply comprising two or more supplies, then the transaction shall be treated as that supply which is attracting the highest rate of tax.

To put it in simple words, if the transaction is treated as composite supply, the tax treatment of principal supply shall be applicable to the entire transaction and if the transaction is treated as mixed supply, then the supply with the highest rate shall be applicable for the entire transaction. Let us take few examples (as provided in the GST laws) to understand the concept of composite supply and mixed supply before we proceed to analyse the issues relating to these concepts.

The example provided for composite supply under the GST laws is as under:

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

That is to say, if the goods are subjected to 12% rate of tax and transportation is subjected to 5% rate of tax and insurance is subjected to 18% rate of tax, since the supply of goods is the principal supply, then the entire transaction would be subjected to rate of tax at 12% and not 5% or 18%.

The example provided for mixed supply under the GST laws is as under:

Illustration: A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

Hence, the entire transaction shall be subjected at the rate of tax which is highest among all the products. Suppose if aerated drinks are subject to tax @ 40%, the entire transaction shall be subject to 40% irrespective of the fact, there are products which are chargeable to rate of tax lower than 40% in the transaction.

Hence, it is very important to categorise a transaction as to whether it becomes a composite supply or mixed supply as the taxation is completely different. Now, the challenge before the tax payer is how to decide whether a transaction is a composite supply or mixed supply.

The phrase 'composite supply' has been defined vide Section 2(30) of CGST Act as *'means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are* ***naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply'.***

The phrase 'principal supply' is defined under section 2(90) of CGST Act, 2017 as— 'means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary'.

The phrase 'mixed supply' has been defined vide Section 2(74) of CGST Act as ***'means two or more individual supplies of goods or services,*** *or any combination thereof, made in conjunction with each other by a taxable person* ***for a single price where such supply does not constitute a composite supply'.***

From the above, it is evident that a transaction shall become a mixed supply only if it is not a composite supply in the first place. Hence, we have to examine whether a transaction becomes a composite supply and if not, then we have to conclude such transaction is mixed supply. Let us take certain issues now and proceed to analyse them.

Issue 1:

A Hotel has entered contract with a customer for provision of accommodation services. The declared tariff of such accommodation is Rs 9,500/-. The Hotel has agreed to give such room along with complimentary meal and pick and drop to airport for a single price of Rs 8,500/-. The rate of tax applicable for accommodation, complimentary meal and transport facility is 28%, 18% and 5%. In such a case, what rate of tax should the hotel charge the customer for the entire Rs 8,500/-?

Will the answer change, if the accommodation is given for Rs 7,000/-, meal is given for Rs 1,000/- and transport facility is given for Rs 500/- and separately disclosed and charged from the customer, instead of single price?

Response:

The question before the hotel is whether the transaction of supply of accommodation services, complimentary meal and transport facility is a composite supply or not. If it is a composite supply, then the tax rate of principal supply shall be applicable to the entire transaction.

Here, the principal supply is the accommodation services because it is the predominant element of the composite supply and hence, the rate applicable for accommodation that is 28%, has to be charged on the amount of Rs 8,500/-.

Now, the question is can the hotel charge 28% on Rs 7,000/- (Rs 1,960), 18% on Rs 1,000/- (Rs 180) and 5% on Rs 500/- (Rs 25), or is it mandatory to charge 28% on entire Rs 8,500/- (Rs 2,380). The tax impact would be Rs 215/- (2,380 – 1,960 – 180 – 25) between both the methods.

We are of the opinion that when the hotel discloses and offers the prices of supplies independently to the customer, then there cannot be any determination of tax liability under Section 8 of CGST Act. Since, the definition of 'composite supply' envisages that from the inception of the transaction there are two or more taxable supplies flowing with the main supply.

However, in the instant case, the accommodation services are provided at initial instance and the meal service and transportation service were given at a separate instance at the request of the customer. In such a scenario, the department cannot say that the transaction is a composite supply and the entire amount has to be subjected to 28% rate of tax. At the same time, the hotel cannot split the transactions into different supplies when offered for a single price to gain the tax advantage.

Hence, an important take away from the above issue is, when there are two or more supplies, we have to see whether each supply is an independent in nature or an ancillary to the main supply. Now, the challenge is how to determine whether each service is an independent or ancillary to the main supply. What we understand is, a service shall be in ancillary if it does not constitute for the buyer an aim in itself, but a means of better enjoying the principal/main service supplied [1].

Now let us look at the example laid out in CGST Act for the 'composite supply' to understand the intention of legislature. In the example, there are 3 supplies, namely supply of goods, supply of transportation services and supply of insurance services. Now, the question is whether the supply of transportation and insurance services constitute an independent supply or ancillary to the main supply that is supply of goods.

In order to answer the above, we have to apply the test as laid above, whether the transportation and insurance services are constituting an aim in themselves for the recipient or whether such services are provided for a better enjoyment of the main service that is supply of goods. It is very clear that the buyer is not interested in the transportation and insurance services per se and hence we can conclude such services are ancillary to the main supply and hence the tax treatment of the main/principal supply shall be applicable to the entire transaction.

[1]Customs and Excise Commissioners v. Madgett and Baldwin (trading as Howden Court Hotel) (Joined Cases C-308/96 and 94/97) [1998] STC 1189, 1206, para 24." (p 627.)

Accordingly, when the hotel provides accommodation services and after the guest walks in and orders for a meal and transportation to airport, the meal and transportation services constitute an aim in themselves and does not in any way can be called as for better enjoyment of accommodation services. However, if the hotel offers all the three services as a single supply for a single price, then there is no option left for the hotel except to charge the tax rate applicable for the accommodation to the entire transaction.

Issue 2:

A school is engaged in provision of educational services which are exempt from GST. Along with such educational services, the school is also selling the uniforms and other essentials. Now, whether the school is required to pay GST on such sale of uniforms and other essentials?

Response:

On application of the theory of 'composite supply', the above issue becomes clear. Here, there are two or more supplies and undoubtedly, the supply of educational services are the principal supply and tax treatment applicable to the principal supply shall become applicable to the entire transaction, since the supplies are ancillary to the main supply.

However, the issue here is, when applying the concept of 'composite supply' under the GST laws, it is necessary that the two or more supplies should be taxable supplies since the definition of 'composite supply' as laid down under Section 2(30) uses the phrase ***'consisting of two or more taxable supplies of goods or services…***….'or can there be one supply which is taxable and other supply which is exempted as stated in the issue.

The educational services are exempted and supply of uniform is taxable, hence, can we use the concept of composite supply in such an instance and not pay tax on supply of uniform because of the tax treatment to the educational services? ***or*** should we say that since the definition of 'composite supply' deals only with taxable supplies and since the supply of educational services is not a taxable supply, accordingly the concept of 'composite supply' shall not be applicable and hence the supply of uniforms becomes taxable? Hence, in order to resolve the issue, one has to look into the definition of 'taxable supply', which is being used in the definition of 'composite supply'. As per Section 2(108) of CGST Act, 'taxable supply' *'means a supply of goods or services or both which is* ***leviable*** *to tax under this act'.* The phrase 'leviable' assumes significance in this context.

'Levy' means 'to impose or assess (a fine or tax) by legal authority' as per Black's Legal Dictionary. In order to exempt a supply from tax, firstly the same has to be subjected to tax. Without a supply being subjected to tax, there is no question of exemption. The same has been upheld by the Supreme Court in the case of CCE v Smithkline Beecham Consumer Health Care Limited [2003] 151 ELT 5.

Hence, applying the above rationale, the phrase 'leviable' covers not only taxable supplies but also exempted supplies in its ambit. Accordingly, the taxable supplies would mean supplies which are both taxable and exempted. Further, the release issued by Central Board of Excise and Customs on 13th July, 17 regarding the 'Press Release on Lodging in Hostels' clarifying that the annual subscription/fee collected by educational institutions as lodging/boarding charges shall not attract GST, also clarifies that concept of 'composite supply' can be used even when there is a taxable and exempted supply.

In this article, we have tried to address certain issues in the areas of composite and mixed supply, going forward this is going to be a huge area of litigation if the circulars do not come in time.

This article is contributed by CA Sri Harsha Vardhan K & CA Manindar K Partners of SBS and Company LLP, Chartered Accountants. The authors can be reached at harsha@sbsandco.com & manindar@sbsandco.com

GST

GST IMPLICATIONS ON ADSENSE REVENUE

Contributed by CA Sri Harsha & CA Manindar

In the era of digitized information, online advertising has grown leaps and bounds over the decade. In this regard, Google has introduced revolutionary technology called 'Google AdSense'. The said technology can be broadly classified in two types. One is 'AdSense for Search', where the said technology is designed to enable website publishers who want to display targeted text, video or image advertisements on their website pages and earn money when site visitors view or click the ads. The other type is 'AdSense for Content' where ads are placed on content shared in Google online platforms like Blogger and You Tube and Google share a portion of revenue with the owners of the content. In this article, the GST implications on AdSense revenue shared by Google to website publishers or the content owners as the case may be are discussed.

WHETHER THE REVENUE SHARE TO WEBSITE OWNERS OR CONTENT SUPPLIERS AMOUNTS TO SUPPLY?

Before, we analyse the tax implications, let us understand the manner in which online advertising is undertaken through this AdSense technology. In the transactions relating to online advertising through AdSense, there are three players involved. One is the customer who wants to place their ads in various websites. The second player is Google who would be approached by customer to place their ads. The third player is the web publishers (website owners) who publish information in their websites which will be accessed by netizens .In case of Google Online Platforms like Blogger and YouTube, the content owners who maintain blogs or upload videos as the case may be will replace the role of website publishers. Google places ads on the websites or their online platforms in order to reach the netizens. The customers who desires to place ads in websites pays money to Google and a portion of same is shared to website owners.

With this understanding of the business model, let us proceed to understand the GST implications. The placing of ads by Google for customers amounts to supply of the nature of sale of space for online advertising. GST is applicable on this transaction. The next important question for consideration is whether the website publishers or content owners are said to have supplied any service to Google in order to attract GST.

One prevalent conception in this regard is that Google is sharing revenue on the basis of clicks/views and there is no service undertaken by these website publishers or content owners. In this context, Let us examine the word 'Supply' as defined under Section 7 of CGST Act, 2017 which is reproduced as follows;

(1) For the purposes of this Act, the expression "supply" includes—

*(a) **all forms of supply of goods or services or both** such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made **for a consideration by a person in the course or furtherance of business;***

(b) import of services for a consideration whether or not in the course or furtherance of business;

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; and

(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.

In view of the above definition of 'Supply', the term 'supply' is defined in an inclusive manner which includes all kinds of supply of goods or services undertaken for a consideration by a person in the course or furtherance of business. Therefore, any activity undertaken for consideration in the course or furtherance of business would become supply. In this context, let us understand that whether the website publishers or content owners are carrying out any activity in order to conclude that there is a supply of service by them to Google.

Google will place ads only on those websites or on the content shared by content owners who have opened AdSense account by satisfying the conditions and accepting the pre-determined terms of Google. Thus by creating AdSense account, the website publishers or content owners gives right or permission to Google to monetize their websites/content by placing ads. This by itself constitutes a supply of service in the course or furtherance of business without which Google's activity of placing ads in others websites or content may not be lawful.

Temporary transfer or permanent transfer or permitting to use the intellectual property right in respect of goods other information technology software is subject to GST at 12%. The website publishers or the content owners does not extend any copyright being intellectual property relating to their content but it merely extends to Google, a right towards commercial exploitation of their website or content by placing ads. Thus the right extended is a mere intangible right other than intellectual property right. In view of this reason, the service undertaken by website publishers or the content owners would be covered under the residuary category i.e. services not elsewhere specified and subject to GST at 18%.

WHETHER THE SAID SERVICES QUALIFY AS EXPORT?

Google accepts the terms and conditions with the website publishers and content owners globally with any one of the following entities as contracting party depending on the location of the website publishers or content owners;

a) Google Inc.
b) Google Ireland
c) Google Advertising (Shanghai) Company Limited
d) Google Asia Pacific Pte. Ltd

With respect to website publishers or content owners situated in India, the contract party of Google is Google Asia Pacific Pte. Ltd which is located in Singapore. Thus the recipient of service in case of AdSense Revenue is situated outside India and the services are cross border. In such case, the governing Legislation to determine the tax implicationsis Integrated Goods and Services Tax Act, 2017 (herein after referred to IGST Act).

Section 5 of the IGST Actprovides for levy of IGST which provides that IGST shall be levied on all inter-state supplies of goods or services. Whether a particular supply becomes an Inter-State supply or not shall be determined in accordance with the provisions of Section 7.Sub-section (5) of the said section talks about the situations where supplies taking place between a supplier located in India and the recipient of supply located outside India. The said sub-section is reproduced as under;

"(5) Supply of goods or services or both,—

(a) when the supplier is located in India and the place of supply is outside India;

(b) to or by a Special Economic Zone developer or a Special Economic Zone unit; or

(c) in the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

In view of the above provision, a supply of goods or service will become inter-state supply if the supplier is located in India and place of supply is outside India. In the instant case, website publishers or content owners are located in India. Therefore, the service involved can be considered as an inter-state transaction only when the place of supply of the said service is said to be outside India.

To determine, place of supply in case of cross border services, section 13 of the IGST Act, 2017 is relevant. Sub-section(2) of said section provides that in case of cross border services, place of supply in general is the location of the recipient of service unless the situation or instance is expressly covered under other sub-sections of said section. On perusal of section 13, the service involved in the present case is not covered by any specific instance or situation of the other sub-sections of the said section. Therefore, the place of supply of the present service shall be determined in terms of sub-section (2). Accordingly, location of recipient of supply is the place of supply which is outside India in the present case. Therefore, the service involved in the present case, can be considered as an inter-state supply which comes within the ambit of levy under section 5 of the IGST Act, 2017.

However, it is worth to examine Section 16 of the IGST Act, 2017 which provides that certain supply of goods or services are to be treated as Zero-rated supplies (no need to pay any GST). The said section is reproduced as under—

"16. (1) "zero rated supply" means any of the following supplies of goods or servicesor both, namely:—

(a) export of goods or services or both; or

(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

(2) Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.

(3) A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—

(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or

(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder."

In terms of sub-section (1) of the said section, exports of goods or services are treated as zero-rated. The term 'Export of Service' is defined under section 2(6) of the IGST Act, 2017 which is reproduced as under—

"export of services" means the supply of any service when—

(i) the supplier of service is located in India;

(ii) the recipient of service is located outside India;

(iii) the place of supply of service is outside India;

(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and

(v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8"

In terms of the above definition, a service is said to be exported if the supplier of service is located in India and recipient is located outside India and payment has been received in convertible foreign exchange. In the instant case, the recipient of service Google Asia Pacific Pte Ltd, is located in Singapore and therefore, the service qualifies as an export of service. Accordingly, the supply of services by website publishers or the content owners will be considered as zero-rated supplies and no GST is required to be paid.

CONCLUSION:

In view of the foregoing discussions, AdSense revenue shared by Google to website publishers or content owners will be a supply of service that attracts GST at the rate 18%. However, as the contracting party of Google i.e. Google Asia Pacific Pte Ltd is located in Singapore and the website publishers or content owners are located in India are paid in convertible foreign exchange, the services qualifies as an export and are zero-rated supplies. Thus in the opinion of the paper writers, no GST is required to be paid on share of AdSense revenue by Google.

This article is contributed by CA Sri Harsha Vardhan K & CA Manindar K Partners of SBS and Company LLP, Chartered Accountants. The authors can be reached at harsha@sbsandco.com & manindar@sbsandco.com

DIRECT TAX

INTERSTING ISSUES IN TDS

Contributed by CA Ramprasad T

Time Limit for initiating proceedings under Section 201(1)/201(1A) of Income Tax Act:

MassAwash (P) Ltd vs CIT (Int.Tax) – High Court of Allahabad 83 taxmann.com 306:

Facts of the Case:

Assesse is a private limited company registered under Companies Act, 1956. It purchased Land from 5 parties for a consideration of Rs. 3,04,50,750/- (Stamp Duty Value Rs. 4,15, 06,598/-) vide sale deed dated 14.06.2005. All the sellers mentioned their address in India though one of the sellers is a Non Resident Indian (NRI).

All the vendors executed the sale deed by presenting themselves before Registrar except one vendor who was represented through her attorney.

Assessee filed return of income disclosing the factum of purchase of property for the AY 2006-07 along with audited balance sheet as on 31.03.2006. The assessment was completed on 30.12.2008 under Section 143(3) of Income Tax Act, 1961 after thorough scrutiny.

Revenue came to know during the course of processing of returns of the assessee for AY 2006-07 that one of co-sellers is NRI and liable to pay capital gain tax. A notice under Section 148 of Income Tax Act, 1961 was issued to the NRI even before passing assessment order dated 30.12.2008. Thereafter the revenue passed an assessment order under Section 144 read with Section 147 ibid in respect of NRI. NRI preferred an appeal to CIT(A). CIT (A) among other things directed the AO to explore possibility of recovering tax from purchaser of property since the deduction of tax has to be made under Section 195 ibid where payment was received by an NRI.

After 10 years from the date of execution of sale deed and about more than 6 years from the date of assessment order department has served a notice on 12.08.2015 under Section 201(1)and 201(1A) ibid alleging that it has not deducted tax under Section 195 on payment of sale consideration to one of the vendor who happens to be a NRI.

DCIT has issued notice under Section 201(1)/201(1A) read with section 195 after considering petitioners reply holding that the proceedings initiated by CIT U/S 201(1)/201(1A) are not barred by time.

Issue:

The issue before the Honourable High Court is, whether the notice issued for initiating proceedings under Section 201 ibid after a period of 10 years is valid?

Assesse's Argument:

For initiating proceedings Section 201ibid, limitation will commence from the date of execution of sale deed and since the notice was issued after almost 10 years apparently it is barred by limitation. Where no limitation is prescribed in a statue the competent authority is bound to act within a reasonable time. As the department acted after a long time its action would be patently without jurisdiction.

Department's Argument:

Neither any period of limitation has been prescribed under the statue for passing order under Section 195ibid nor it can be said that issue of limitation can be ascertained from a bare perusal of facts.

Court's Judgement:

Revenue first explored the possibility of recovering entire tax from the person ultimately liable to pay tax since the petitioner was only an assessee in default by not deducting tax on the payment made to NRI. It is only when the aforesaid probability was explored and failed revenue exercised power under Section 201 and 201(1A).

It cannot be said that revenue in the case on hand is guilty of undue and unreasonable delay on its own inasmuch as since the fact the owner being NRI came to its notice it has continuously prosecuted the matter which has remained pending from one authority to another.

After completion of such proceedings against the person, who was liable to pay tax and having failed to realize any amount of tax from the NRI the power has been exercised under Section 201(1) and 201(1A).

While exercising the power of judicial review in the case like present it would be appropriate to consider whether power has been exercised by the competent authority within a reasonable period and whether delay is unjust, arbitrary, whimsical or it is valid reasons. If Court finds that delay in exercise of power is for valid and bonafide reasons, alleged delayed exercise of power cannot be held invalid.

We, therefore, find ourselves unable to agree with the submission of the petitioner that the proceedings initiated by the revenue under Section 201(1)/201(1A) is bad being barred by period of limitation.

Our Comments:

The provisions of Section 194-IA of Income Tax Act, 1961 are applicable from 01.06.2013 which require any person making payment (including NR) to resident transferor to deduct tax @1% on sale consideration provided the sale consideration for transfer of immovable property is more than Rs. 50 lakhs.

The provisions of Section 195 are applicable when payment made to NR and it is subject to tax in India.
Correction of PAN in quarterly statements and Section 206AA

Purnima Advertising Agency (P) Ltd vs Dy CIT - High Court of Gujarat 83 taxmann.com 205

Facts of the case:

The Petitioner is a company registered under the Companies Act, 2013 and is engaged in the business of advertisement. The petitioner made payment to M/s Star (India) Pvt Ltd (deductee) and deducted tax at the rate of 2%. On account of inadvertent error while filing TDS returns the PAN of the deductee was wrongly mentioned in TDS quarterly statements.

The authority proceeded that since the PAN provided by the deductor did not belong to the deductee it would have effect as if the deductee has not furnished PAN to the deductor and the effect of provisions of section 206AA(1) of Income Tax Act, 1961 would follow.

The petitioner tried to correct its PAN declaration. However, the online system of the department is programmed to permit correction only four digits/characters are to be changed and no more.

Issue:

Did department commit an error in not allowing the petitioner to correct the declaration of tax deducted at source?

Department's Argument:

Since there was a mismatch in the correct PAN of the deductee and that provided by the deductor, deductor would be deemed to be in default as it would have to deduct tax @20% instead of 2%.

When not only tax is deducted but properly declared before the authorities that the same can be processed and ultimate benefit can be given to the deductee. In this context, requirement of giving correct PAN of the deductee is a statutory responsibility.

Assesse's Argument:

The CPC-TDS has provided relaxation on account of typographical errors for invoking provisions of charging higher rate of deduction of tax at source. The system will allow typographical errors upto 2 alpha and 2 numeric fields out of total 10 alphanumeric fields. This relaxation is not provided in act or rule.

Court's Judgement:

Chapter XII of the Act pertains to collection and recovery of tax. Section 200 of the Income Tax Act pertains to duty of person deducting tax under Section 200(1)ibid any person deducting any sum in accordance with the provisions of the chapter would pay the amount within the prescribed time. Section 200(3) ibid provides for preparation and delivery of statement to the prescribed income-tax authority.

Section 200A(1) ibid permits the authority to make adjustment of incorrect claim apparent from any information in the statement. Explanation 1 to 200A(1) clarifies that the expression *"an incorrect claim apparent from any information in the statement".*

Section 200(3) does not refer to any mechanism for correction of such statement but however, section 200A(1) specifically refers to a statement of tax deduction at source or correction statement thus clearly leaving a possibility of correcting a declaration once made by the assesse. All the forms are to be generated online and correction can also be made online. The online system permits correction limited to two alphabetical and two numerical errors in PAN.

Having recognised the possibility for correction of statement of deduction of tax at source and also makes provisions for making corrections, it would be illogical to limit such corrections on arithmetical working out of only two alphabets or two numbers being found incorrect requiring change.

Errors in feeding an entry or number may result from data entry or mechanical errors or through pure oversight referring to one column PAN instead of another column while filing and uploading of statement.

Some anomalous situations would arise if genuine and bonafide errors were not allowed to correct only on the basis that such corrections result in correction of more than two alphabets and two numbers which the system would not accept.

The decision to limit the correction to limited characters is a policy decision which would be based on logical parameters. Programming of online system is merely a mechanical part of the decision.

Through legislation restrictions may be imposed on time up to which correction can be made or even allowing conditional corrections.

We hold that the decision of the department in not permitting correction of PAN of deductee in statement of tax deducted at source was impermissible.

Our Comments:

Quoting wrong PAN of deductee would result innon-availability of credit for tax already deducted (ex: 2% or 10%) besides the deductor has to pay the difference of tax (ex: 18% or 10%) due to applicability of provisions of section 206AA. However, no one will get the credit for the tax deducted at source and entire amount lie with the government.

This article is contributed by CA Ram Prasad Partner of SBS and Company LLP, Chartered Accountant. The author can be reached at caram@sbsandco.com

FEMA

VIRTUAL CURRENCIES- CHALLENGES TO ANTI MONEY LAUNDERING LAWS

Contributed by CA Murali Krishna G

What is Money Laundering and its menace on the society? [1]

As per Financial Action Task Force (FATF), Money laundering is the processing of the criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardising their source.

As per US Department of Treasury, Financial Crimes Enforcement Network (FinCEN) [2], Money Laundering is the process of making illegally-gained proceeds (i.e. "dirty money") appear legal (i.e. "clean").

Money laundering can facilitate crimes such as Illegal arms sales, smuggling, and the activities of organised crime, including for example drug trafficking and prostitution rings, can generate huge amounts of proceeds. Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits and create the incentive to “legitimise” the ill-gotten gains through money laundering.

When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the underlying activity or the persons involved. Criminals do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to attract attention.

Typically, Money Laundering involves three steps: placement, layering and integration. First, the illegitimate funds are furtively introduced into the legitimate financial system. Then, the money is moved around to create confusion, sometimes by wiring or transferring through numerous accounts. Finally, it is integrated into the financial system through additional transactions until the "dirty money" appears "clean".

Many countries as part of their efforts to address the menace of Money Laundering have formed various groups of countries and they have been listed here for ready reference[3]

1. Financial Action Task Force (FATF)
2. Asia/Pacific Group on Money Laundering (APG)
3. Caribbean Financial Action Task Force (CFATF)
4. Eurasian Group (EAG)
5. Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)
6. *Groupe d’Action contre le blanchiment d’Argent en Afrique Centrale* (GABAC) - The Task Force on Money Laundering in Central Africa
7. Financial Action Task Force of Latin America (GAFILAT)

[1] http://www.fatf-gafi.org/faq/moneylaundering/#d.en.11223
[2] https://www.fincen.gov/history-anti-money-laundering-laws
[3] http://www.fatf-gafi.org/countries/

8. Inter Governmental Action Group against Money Laundering in West Africa (GIABA)
9. Middle East and North Africa Financial Action Task Force (MENAFATF)
10. The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)

FATF

In response to mounting concern over money laundering, the Financial Action Task Force on money laundering (FATF) was established by the G-7 Summit in Paris in 1989 to develop a co-ordinated international response. One of the first tasks of the FATF was to develop Recommendations, 40 in all, which set out the measures national governments should take to implement effective anti-money laundering programmes.

FATF in February 2012 as part of Anti Money Laundering (AML) and countering the financing of terrorism (CFT) standards has published "International Standards On Combating Money Laundering And The Financing Of Terrorism & Proliferation" and also later published many other relevant publications/ standards.

Virtual Currencies and Block Chain Technology

Virtual currency[4] is a digital representation (1) a medium of exchange; and/or (2) a unit of account; and/or (3) a store of value, but does not have legal tender status (i.e., when tendered to a creditor, is a valid and legal offer of payment) in any jurisdiction. It is not issued nor guaranteed by any jurisdiction, and fulfils the above functions only by agreement within the community of users of the virtual currency. Virtual currency is distinguished from fiat currency (a.k.a. "real currency," "real money," or "national currency"), which is the coin and paper money of a country that is designated as its legal tender; circulates; and is customarily used and accepted as a medium of exchange in the issuing country. It is distinct from e-money, which is a digital representation of fiat currency used to electronically transfer value denominated in fiat currency. E-money is a digital transfer mechanism for fiat currency – i.e., it electronically transfers value that has legal tender status.

Bitcoin is a worldwide cryptocurrency and digital payment system invented by an unknown programmer, or a group of programmers, under the name Satoshi Nakamoto. It was released as open-source software in 2009.

The system is peer-to-peer, and transactions take place between users directly, without an intermediary. These transactions are verified by network nodes and recorded in a public distributed ledger called a blockchain. Since the system works without a central repository or single administrator, bitcoin is called the first decentralized digital currency.

Besides being created as a reward for mining, bitcoin can be exchanged for other currencies,products, and services in legal or black markets.

As of February 2015, over 100,000 merchants and vendors accepted bitcoin as payment.

[4]http://www.fatf-gafi.org/media/fatf/documents/reports/Virtual-currency-key-definitions-and-potential-aml-cft-risks.pdf

According to research produced by Cambridge University in 2017[5] , there are 2.9 to 5.8 million unique users using a cryptocurrency wallet, most of them using bitcoin.As per the said report the total cryptocurrency market capitalisation has increased more than 3x since early 2016, reaching nearly $25 billion in March 2017

Apart from Bitcoin (BTC) there are largest cryptocurrencies viz., ETHEREUM (ETH), DASH, MONERO (XMR), RIPPLE (XRP), LITECOIN (LTC)

The FinCEN guidance states that a user who obtains virtual currency and uses it to purchase real or virtual goods or services is not a Money Services Business (MSB). Importantly, the FinCEN guidance states that an administrator or exchange that 1) accepts and transmits a virtual currency or 2) buys or sells virtual currency for any reason is a money transmitter (an MSB) under FinCEN's regulations and would be subject to the Banking Secrecy Act (BSA) monitoring and reporting requirements unless a limitation to or exemption from the definition applies to the person

As per the said report 24% of incorporated wallets have a formal license from a regulatory authority, and all of them are wallet providers that offer national-to-cryptocurrency exchange services. 25% of wallets providing centralised national-to- cryptocurrency exchange services do not have a government license

In order to keep more focus on the impact of cryptocurrencies on AML, for getting more details about Bitcoin the reader is requested to refer the paper presented by our team member which is available for download at **http://sbsandco.com/wp-content/uploads/2017/06/June-2017-e-Journal-Digest.pdf**

In order to give a Birds eye view some of the recent issues pertaining to illegal activities carried on by using virtual currencies are dwelled at length herein below:

Silk Road case

There was one significant case example cited to IRS[6] that involved Ross Ulbricht, the creator and operator of the "Silk Road" website. Criminal Investigation participated in an investigation along with several other Federal Government agencies. According to court documents, Ulbricht created the Silk Road in January 2011 and owned and operated the underground website until it was shut down by law enforcement authorities in October 2013. The Silk Road served as a sophisticated and extensive criminal marketplace on the Internet where unlawful goods and services, including illegal drugs of virtually all varieties, were bought and sold regularly by the site's users. While in operation, the Silk Road was used by thousands of drug dealers and other unlawful vendors to distribute hundreds of kilograms of illegal drugs and other unlawful goods and services to more than 100,000 buyers, and to launder hundreds of millions of dollars deriving from these unlawful transactions. Ulbricht sought to anonymize transactions on the Silk Road by operating it on a special network of computers on the Internet designed to conceal the identities of the networks' users. Ulbricht also designed the Silk Road to include a bitcoin-based payment system that concealed the identities and locations of the users transmitting and receiving funds through the site.

[5]Global Cryptocurrency Benchmarking Study by Dr Garrick Hileman & Michel Rauchs

[6]https://www.treasury.gov/tigta/auditreports/2016reports/201630083fr.pdfand http://www.fatf-gafi.org/media/fatf/documents/reports/Virtual-currency-key-definitions-and-potential-aml-cft-risks.pdf

The Silk Road case is an example of a successful collaborative Federal investigation, but it is also a reminder that the anonymity feature of some virtual currencies is what attracts unscrupulous individuals to their use. The IRS should prepare a comprehensive virtual currency strategy that will assist taxpayers lawfully engaged with virtual currencies to voluntarily comply with the tax laws while seeking to identify individuals unlawfully engaged in their use.

Liberty Reserve Case[7]

In what is to date the largest online money-laundering case in history, in May 2013, the US Department of Justice charged Liberty Reserve, a Costa Rica-based money transmitter, and seven of its principals and employees with operating an unregistered money transmitter business and money laundering for facilitating the movement of more than 6 billion USD in illicit proceeds. In a coordinated action, the Department of the Treasury identified Liberty Reserve as a financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act, effectively cutting it off from the US financial system.

Established in 2006, Liberty Reserve was designed to avoid regulatory and law enforcement scrutiny and help criminals distribute, store, and launder the proceeds of credit card fraud, identity theft, investment fraud, computer hacking, narcotics trafficking, and child pornography by enabling them to conduct anonymous and untraceable financial transactions. Operating on an enormous scale, it had more than a million users worldwide, including more than 200 000 in the United States, and handled approximately 55 million transactions, almost all of which were illegal. It had its own virtual currency, Liberty Dollars (LR), but at each end, transfers were denominated and stored in fiat currency (US Dollars)

To use LR currency, a user opened an account through the Liberty Reserve website. While Liberty Reserve ostensibly required basic identifying information, it did not validate identities. Users routinely established accounts under false names, including blatantly criminal names ("Russia Hackers," "Hacker Account," "Joe Bogus") and blatantly false addresses ("123 Fake Main Street, Completely Made Up City, New York"). To add a further layer of anonymity, Liberty Reserve required users to make deposits and withdrawals through recommended third-party exchangers— generally, unlicensed money transmitting businesses operating in Russia, and in several countries without significant governmental money laundering oversight or regulation at that time, such as Malaysia, Nigeria, and Vietnam. By avoiding direct deposits and withdrawals from users, Liberty Reserve evaded collecting information about them through banking transactions or other activity that would create a central paper trail. Once an account was established, a user could conduct transactions with other Liberty Reserve users by transferring LR from his or her account to other users including transferring funds, making the transfers completely untraceable. After learning it was being investigated by US law enforcement, Liberty Reserve pretended to shut down in Costa Rica but continued to operate through a set of shell companies, moving millions through their accounts in Australia, Cyprus, China, Hong Kong, Morocco, Russia, Spain and elsewhere

[7] http://www.fatf-gafi.org/media/fatf/documents/reports/Virtual-currency-key-definitions-and-potential-aml-cft-risks.pdf

Bitcoin related Ponzi Scheme[8]

The U. S. Attorney for the Southern District of New York, Preet Bharara, has issued several recent statements signaling a steady pursuit of criminal conduct related to bitcoin. First, on Thursday, November 6, 2014, Trendon Shavers was arrested and charged with one count of securities fraud and one count of wire fraud in connection with what Mr. Bharara describes as the "first federal criminal securities fraud case involving a bitcoin-related Ponzi scheme." Notably, this criminal case follows a civil action against Mr. Shavers that was filed by the SEC in July 2013, and allowed to proceed in Texas federal court in August 2013. According to the criminal complaint filed in New York federal court, Mr. Shavers who runs a company called Bitcoin Savings and Trust – allegedly raised more than 764,000 bitcoin from investors between September 2011 and September 2012. Mr. Shavers allegedly told investors that he would engage in a bitcoin market arbitrage strategy (i.e., lending bitcoin to others for a fixed period of time, trading bitcoin via online exchanges, and selling bitcoin locally via private off-market transactions). In return for the investors' bitcoin, Mr. Shavers promised up to one percent per day. According to the U.S. Attorney, however, Mr. Shavers failed to execute the claimed market arbitrage strategy, failed to honor investors' redemption requests, and failed to deliver the agreed upon rates of interest.

Apart from the above cases, the recent **Wanna Cry ransom ware** has primarily used the Bitcoin to extract the money from the people, whose systems have been effected with the virus, to claim the data back.

Virtual Currencies and AML from India perspective

India is a member of FATF, APG and EAG. India has passed legislation for Anti Money-Laundering in the year 2002 called as Prevention of Money Laundering Act, 2002 (Act No. 15/2003) (PMLA 2002) and also framed Rules thereunder

The PMLA 2002 has approximately total 78 sections and one Schedule prescribing list of various offences considered to be Money Laundering activities.

RBI has issued two Press Releases dated 24th December, 2013 and 01st February, 2017 stating that it cautions Virtual Currencies (VCs), including Bitcoins, about the potential financial, operational, legal, customer protection and security related risks that they are exposing the users, holders and traders of themselves

The RBI advises that it has not given any licence / authorisation to any entity / company to operate such schemes or deal with Bitcoin or any virtual currency. As such, any user, holder, investor, trader, etc. dealing with Virtual Currencies will be doing so at their own risk.

[8]https://www.virtualcurrencyreport.com/2014/11/new-york-federal-prosecutor-intensifies-scrutiny-of-illegal-bitcoin-activity/#more-2462

This article is contributed by CA Murali Krishna G, Partner of SBS and Company LLP, Chartered Accountants. The author can be reached at gmk@sbsandco.com

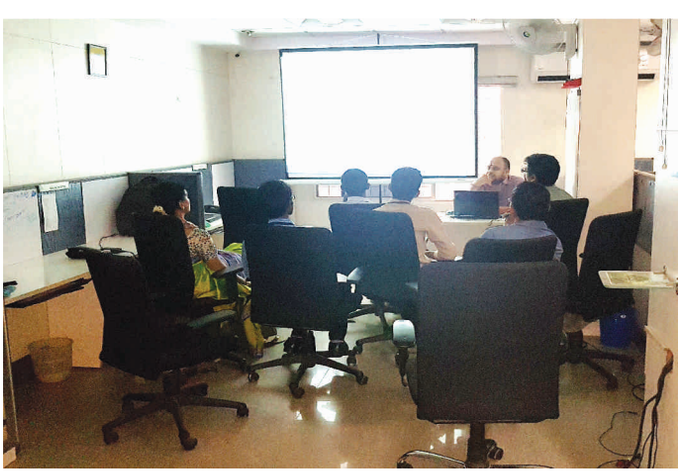
TECHNICAL SESSIONS:

S.No.	Event	Date	Speaker	Venue
1	Open House on GST	11/08/2017	CA Sri Harsha	SBS - Hyd
2	Insight into Real Estate Business- Discussion on Key Practical Aspects	18/08/2017	CA Suresh Babu S	SBS - Hyd
3	Congruence of FEMA and AML – What and How?	01/09/2017	CA Murali Krishna G	SBS - Hyd

Note:

The timings for the above events shall be from 16:30 hrs to 18:30 hrs. We request the recipients of "SBS Wiki" who are interested to attend the above events to send confirmation of your participation two days in advance to make appropriate arrangements. The relevant material will be hosted at slideshare shortly after the session. The link to download is *http://www.slideshare.net/Team-SBS*

Internal Audit - Quality Reporting - CA Bhyrav MHS



Updates in Companies Act, 2013 - CS Phanindra DVK

By

Team SBS

Hyderabad: 6-3-900/6-9, #103 & 104, Veeru Castle, Durganagar Colony, Panjagutta, Hyderabad, Telangana
Kurnool: No. 302, 3rd Floor, V V Complex, 40/838, R.S. Road, Near SBI Main Branch, Kurnool, Andhra Pradesh
Nellore: 16-6-259, 1st Floor, Near Santi Sweets Opp: SBI ATM, Vijayamahal Centre, SPSR Nellore, Andhra Pradesh
Tada: 8-3-425/2, Flat No. 202, 2nd Floor, Bigsun Avenue, Near SRICITY, TADA, SPSR Nellore Dist, Andhra Pradesh
Visakhapatnam: # 39-20-40/6, Flat No.7, Sai Yasoda Apartments, Madhavadhara,Visakhapatnam (Urban),Vizag, Andhra Pradesh
Bengaluru: B104,RIRCO, Santosh Apartments, Wind Tunnel Road, Murugeshpalya, Old Airport Road, Bengaluru, Karnataka.