

Info Capsule

Monday
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THE INSTITUTE OF
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IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)



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❖ Latest @ ICSI

• CII 12th Financial Markets Summit

12th Financial Markets Summit: Building India for a New World Role of Financial Markets is scheduled to be held on 16 – 17 September 2021. All ICSI Members will be awarded 8 CPE Credits (Unstructured) for attending the entire summit.

For details:

https://www.icsi.edu/media/webmodules/12th_FinancialMarkets_Summit_Emailer.pdf

• EEE 2.0: Webinar on Declaration and Payment of Dividend

The twenty second session of the EEE 2.0: Bi-weekly Webinar Series is scheduled on Tuesday, September 14, 2021 from 11:00 am to 01:00 pm on the topic Declaration and Payment of Dividend, Coverage: Secretarial Standard on Dividend (SS-3).

For details:

https://www.icsi.edu/media/webmodules/ICSI_Flyer_EEE2_schedule_11092021.pdf

❖ Business and Economic News

• India expected to grow 10% during current fiscal: NCAER Director General (September 13, 2021)

The economy is expected to grow around 10% during the current financial year on the likelihood of fewer Covid-linked supply disruptions and buoyancy in the global economy, said NCAER's Poonam Gupta.

For details:

https://www.business-standard.com/article/economy-policy/india-expected-to-grow-10-during-current-fiscal-ncaer-director-general-121091200297_1.html

• India to get 3rd set of Swiss bank details in Sep; realty info included (September 13, 2021)

India will get this month the third set of Swiss bank account details of its nationals under an automatic exchange of information pact with Switzerland

For details:

https://www.business-standard.com/article/economy-policy/india-to-get-3rd-set-of-swiss-bank-details-in-sep-realty-info-included-121091200785_1.html

❖ *International Business News*

Efforts for FTA with UK and Australia (September 13, 2021)

The government is stepping up its efforts to speed up free trade agreements (FTAs) with ministerial level consultations with UK and Australia. Commerce and industry minister Piyush Goyal will be in the UK for talks with his counterpart Elizabeth Truss this week, while Australian trade minister Dan Tehan is scheduled to be in the capital towards the end of the month to take forward the dialogue.

For details:

<https://timesofindia.indiatimes.com/india/efforts-for-fta-with-uk-oz-gather-pace/articleshow/86155878.cms>

❖ *Terminology for today*

Behavioral Finance

Behavioral finance, a subfield of behavioral economics, proposes that psychological influences and biases affect the financial behaviors of investors and financial practitioners. Moreover, influences and biases can be the source for explanation of all types of market anomalies and specifically market anomalies in the stock market, such as severe rises or falls in stock price.

❖ *Market Watch*

Stock Market Indices as on 13.09.2021

S & P BSE Sensex	58177.76 (-127.31)
Nifty 50	17355.30 (-13.95)

Foreign Exchange Rates as on 10.09.2021

(<https://www.geojit.com/currency-futures/rbi-reference-rate>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
73.50	86.90	101.50	0.67

❖ **Pronouncement**

September 13, 2021	<i>Union of India & Ors (Appellant) vs. VKC Footsteps India Pvt Ltd. (Respondent)</i>	Supreme Court of India
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Supreme Court verdict on Input Tax Credit in Inverted Tax Structure**Facts of the case:**

Inverted duty structure means higher taxes on input and lower tax on output or final product. Several products such as footwear have an inverted duty structure. Though Section 54(3) of CGST Act, 2017 prescribes refund and rule 89(5) of CGST Rules provides a formula for that. Writ petitions under Article 226 of the Constitution were instituted before the High Court of Gujarat and the High Court of Judicature at Madras. The petitioners before the High Court submitted *inter alia* that (i) Section 54(3) allows for a refund of ITC where the accumulation is due to an inverted duty structure; (ii) ITC includes the credit of input tax charged on the supply of goods as well as services; (iii) Section 54(3) does not restrict the entitlement of refund *only* to unutilised ITC which is accumulated due to the rate of tax on inputs being higher than the rate of tax on output supplies. It also allows for refund of unutilised ITC when the rate of tax on input services is higher than the rate of tax on output supplies; (iv) While Section 54(3) allows for a refund of ITC originating in inputs as well as input services, Rule 89(5) is *ultra vires* in so far as it excludes tax on input services from the purview of the formula; and (v) In the event that Section 54(3) is interpreted as a restriction against a claim for refund of accumulated ITC by confining it only to tax on inputs, it would be unconstitutional as it would lead to discrimination between inputs and input services.

Judgment:

Supreme Court affirmed the view of Madras High Court that Refund is a statutory right and the extension of the benefit of refund only to the unutilised credit that accumulates on account of the rate of tax on input goods being higher than the rate of tax on output supplies by excluding unutilised input tax credit that accumulated on account of input services is a valid classification and a valid exercise of legislative power.

For details:

https://main.sci.gov.in/supremecourt/2020/24110/24110_2020_33_1502_29954_Judgement_13-Sep-2021.pdf

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082116

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