



Azadi Ka Amrit Mahotsav Activity

“Sky High Symposium - 91 Live Webinar” conducted by Women & Young Members Excellence Committee of ICAI on 17th January 2024

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

Women & Young Members Excellence Committee Organises

SKY HIGH-SYMPIOSIUM-91
Webinar on
Trust- Registration under 12A and 80G & Overview of TReDS Portal
for **Women & Young Members** Every **Wednesday**
17th January 2024 | 04:00 PM to 06:00 PM
2 CPE Hours Unstructured | FEES NIL

Registration and participation link:
<https://live.icai.org/wymec/17012024>

Questions related to the topic may be sent in advance at wymec@icai.in or LIVE at the time of Program itself at the same link

Welcome Address
CA. Priti Savla
Chairperson, WYMEC, SRSB & Vice Chairperson, VSB

Introductory Remarks
CA. Abhay Chhajed
Chairman, CCLEA&NPO & Vice Chairman, WYMEC & ASB

Speakers
CA. Sudeshna Basu
CA. Lakshmi R. Rao

Co-ordinators
CA. Pankaj Ahuja
CA. Sukrati Agrawal
CA. Anagha Kirloskar

As part of country wide Azadi ka Amrit Mahotsav initiatives, envisaged by Government of India, to commemorate and celebrate 75 years of India's Independence, the Women & Young Members Excellence Committee (WYMEC) of ICAI organized “Sky High Symposium- 91 Live Webinar” on 17th January 2024.

CA. Sudeshna Basu and CA. Lakshmi R. Rao were speakers of the said webinar. Coordinators for the day were CA. Pankaj Ahuja, CA. Sukrati Agrawal and CA. Anagha Kirloskar

The webinar covered discussion on “Trust- Registration under 12 A and 80 G”. Deliberations were made on Provisional Registration, Procedure For Obtaining Registration, Filing Form 10 A, Permanent Registration, etc.

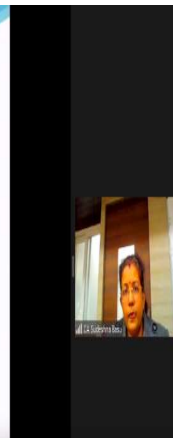
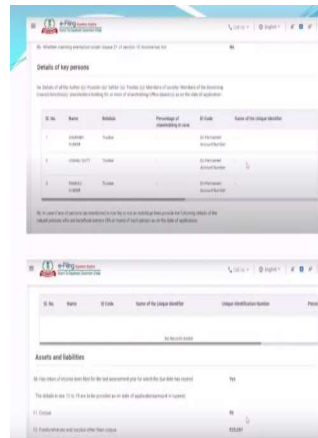
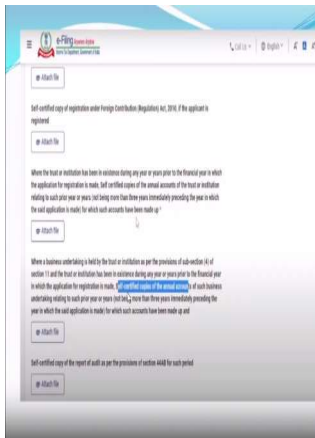
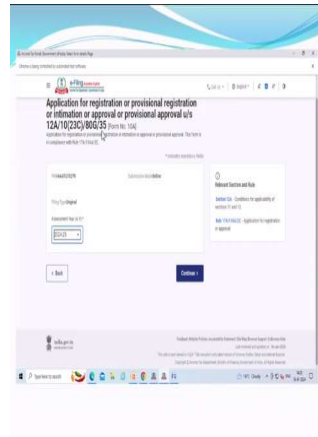
PROVISIONAL REGISTRATION

- The initial registration u/s 12A (Form 10A) will be provisional for the NGO/NPO.
- A newly created trust will be provided with a provisional registration, which will be valid for three years. Also, such trust needs to apply for permanent registration six months prior to completion of this three-year validity period or within six months of commencement of activities, whichever is earlier.
- If any non-profitable trust or NGO has not registered for 12A, their financial receipts or transactions would be considered as taxable.
- Private or family trusts are not allowed such exemptions and cannot obtain 12A registration.



CONTINUING PROVISIONS

- Form 10BD is a statement of donations received to be filed mandatorily as per section 80G(5)(viii) and as per section 35(1A)(j). It shall be furnished electronically using DSC or EVC.
- This form is filed by 31st May of the Next Previous Year. Hence for Assessment Year 2024-25 (PY 2023-24) the last date for filing Form 10BD is 31st May 2024.
- Form 10B enables a taxpayer to file an audit report if the taxpayer has applied for or is already registered as charitable or religious trust / institution by filing Form 10A. Form 10B is accessed by the CA added by the taxpayer under the My CA service and is assigned the relevant form 2.



The webinar also covered the session on “Overview of TReDS Portal.” Topics discussed were What is Invoice Discounting, Purpose, How Does Invoice Discounting Works, Implementation of TReDS, Why TReDS was Proposed, Process Flow and Procedure, Managing Working Capital by MSME, Threats With TReDS , Invoice Frauds, How to Identify Fake Invoices, Checking Authenticity of Invoices, etc.


IMPLEMENTATION OF TReDS

MonetaGo, along with Indian Factoring Exchanges - A.TReDS, RXIL and M1 Exchange have launched a blockchain network to prevent financial fraud and double invoicing problems. MonetaGo's Secure Financing solution addresses specific risks of duplicate financing and fraudulent documents used in trade finance.

The use of blockchain allows the confidential information to be obscured, but the relevant information about party registration and whether an invoice has been financed on a participating platform is shared and cannot be altered or deleted.

The system is designed to allow businesses to share data with each other in a secure and efficient manner, thus reducing the need for manual input and improving the accuracy of data. The TReDS system is based on a distributed ledger technology, which allows businesses to share data without the need for a third party.


The ledger is tamper-proof, meaning that the data cannot be changed or edited without being detected. This ensures the accuracy of the data and prevents fraud.



HOW DOES INVOICE DISCOUNTING WORK?

Invoice discounting is like having an overdraft facility on a series of short-term loans secured on your accounts receivable ledger. This is how it works:


- You sell goods or services to your customers as usual.
- You raise invoices for those goods or services and send them to your customers.
- An invoice discounting company lends you the value of the raised invoices, minus a small percentage, after verifying that the invoices are valid.
- Your customers pay you according to your normal payment terms (it's your responsibility to chase late invoice payments – you remain the credit controller).
- Once you've received payment from your customers, you repay the loan to the invoice discounting company, plus an agreed fee to cover costs, risk and interest. The fee is usually between 1% and 3% of the invoice total.
- In some cases, your customers might pay into a trust account in your business name but actually controlled by the invoice discounting company. This reduces



MANAGING WORKING CAPITAL BY MSME

The platform enables MSMEs to get funds in advance, allowing them to handle any working capital issues and better manage their businesses. Because it is an off-balance sheet transaction, discounting receivables can be a suitable source of funding for cash-strapped MSMEs.


Financial institutions review the information and decide whether or not to purchase the receivables. If a financial institution decides to purchase the receivables, it will send the business a purchase agreement. The business then signs the agreement and sends it back to the financial institution. The financial institution then wires the money to the business's bank account.



WHY TReDS WAS PROPOSED

THE SOLUTION WAS LAUNCHED WEEKS AFTER INDIA'S TRADE FINANCE SECTOR WAS ROCKED BY A TRADE FINANCE FRAUD AT PUNJAB NATIONAL BANK (PNB) THAT INVOLVED THE MANIPULATION OF TRADE DOCUMENTATION.


INTERNATIONAL BANKS HAVE RESTRICTED THEIR ACCEPTANCE OF GUARANTEES FROM LOCAL BANKS IN INDIA. WHILE THE RBI HAS BANNED THE LETTER OF UNDERTAKING (LOU), THE DOCUMENT THAT WAS AT THE HEART OF THE PNB SCANDAL.



PROCESS FLOW AND PROCEDURE

ONCE REGISTERED ON ONE OF THE THREE TReDS PLATFORMS, HERE'S HOW THE PROCESS FLOW WORKS, SUPPORTED BY RBI DATA:

1. A PURCHASE ORDER IS SENT TO THE SELLER BY THE CORPORATE BUYER.
2. THE GOODS ARE DELIVERED AND AN INVOICE IS GENERATED. THE BILL OF EXCHANGE BETWEEN THE BUYER AND SELLER MAY OR MAY NOT BE ACCEPTED.
3. THE BUYER LOGS ON TO THE TReDS PLATFORM AND ACCEPTS THE FACTORING UNIT CREATED ON THE INVOICE OR BILL OF EXCHANGE.
4. THE STANDARD TIME WINDOW FOR CORPORATE BUYERS TO ACCEPT THE UNITS WILL BE BASED ON THE INVOICE OR BILL OF EXCHANGE.
5. THE SELLER OF MICRO, SMALL AND MEDIUM-SIZED BUSINESSES MAY DECIDE TO USE THE TReDS PLATFORM TO UPLOAD DOCUMENTS SUPPORTING EVIDENCE OF THE MOVEMENT OF GOODS.
6. THERE WILL BE SEPARATE MODULES FOR TRANSACTIONS WITH INVOICES AND BILLS OF EXCHANGE.




THERE ARE SOME THINGS TO KEEP IN MIND WHILE USING TReDS.

FIRST, MAKE SURE THAT YOU ARE USING THE RIGHT TReDS FOR THE JOB. NOT ALL TReDS ARE CREATED EQUAL, AND NOT ALL TReDS WILL BE APPROPRIATE FOR YOUR SPECIFIC NEEDS.

SECOND, MAKE SURE THAT YOU ARE USING THE TReDS CORRECTLY. IF YOU DON'T USE THEM CORRECTLY, THEY CAN ACTUALLY BE MORE OF A HINDRANCE THAN A HELP.

FINALLY, MAKE SURE THAT YOU ARE USING THE TReDS TO SUPPLEMENT YOUR EXISTING OPERATIONS, NOT TO REPLACE THEM. TReDS SHOULD BE USED TO MAKE YOUR BUSINESS MORE EFFICIENT, NOT TO DO THE WORK FOR YOU.

ONE NEED TO USE THEM CORRECTLY AND MAKE SURE THAT THEY ARE APPROPRIATE FOR THEIR SPECIFIC NEEDS.



The webinar concluded by giving Vote of Thanks to the Speakers and the participants.

Glimpses of the Webinar held on 17th January 2024

