

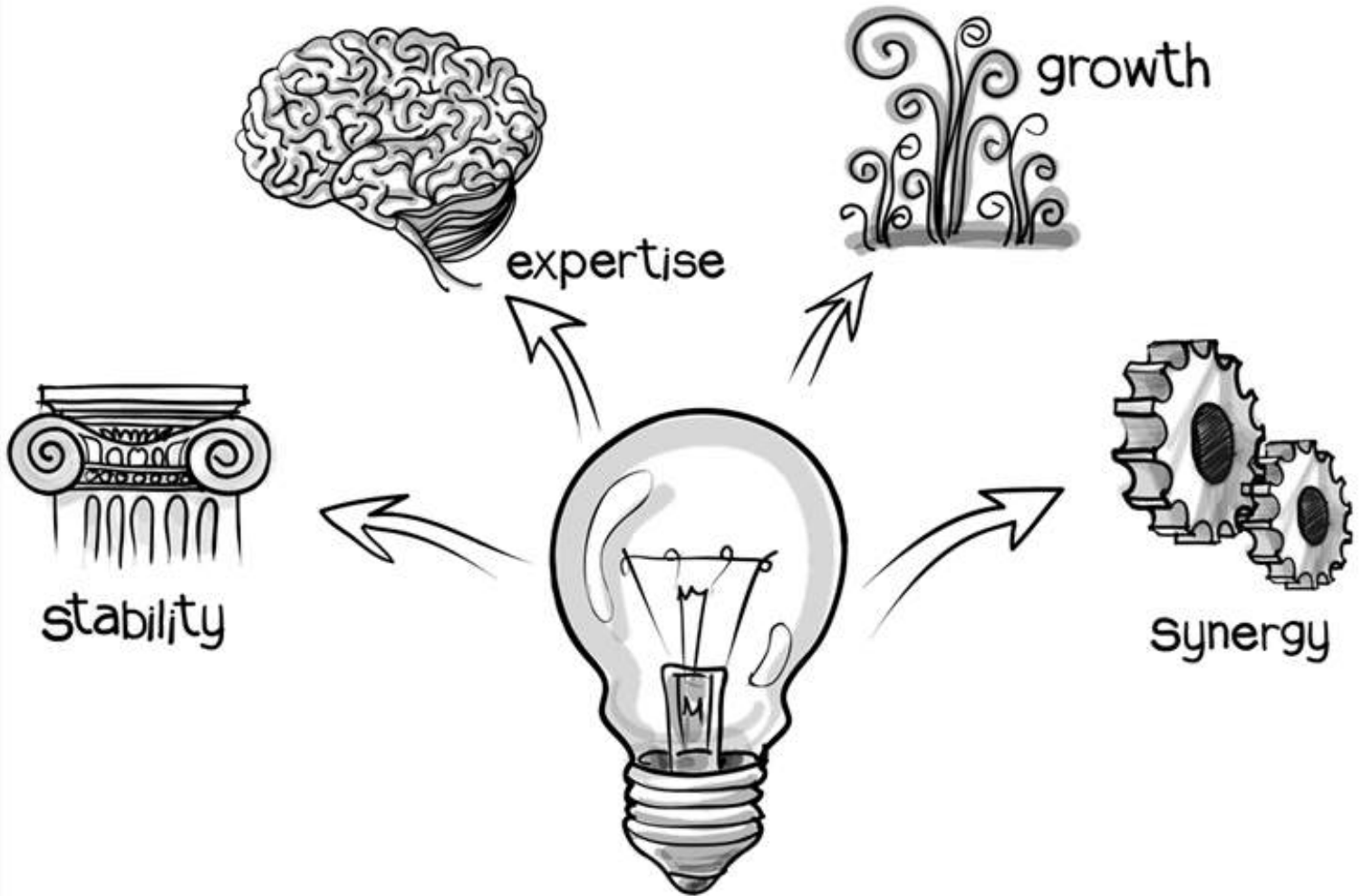
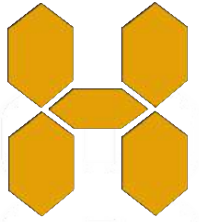


2018

*Every time you tear a leaf off a calendar,
you present a new place for
new ideas and progress*

Wish You a Very Happy New Year

*b*hive



WE ARE SOLUTION **FOCUSED**

AND NOT SOLUTION **FORCED**

CONTACT US:

CALL: 080-4202 4038
WEBSITE: www.hiveconsultants.in
EMAIL: info@hiveconsultants.in

ZEN STORIES

Sometimes a story can teach much more than entire philosophical treatises.

Two monks were travelling from one monastery to another.. They were celibate monks, even not allowed a direct gaze at women. After long walk, they came to a river, which they had to cross. The river was flooded and there was no way that they would get across without getting wet. One lady was also at the banks of river, wanting to cross..

Monks decided to cross the river by walking thorough the shallow part of the river, Since the lady also needed to get on the other bank, one of the monk without much ado, carried her on his shoulders, and soon they reached the other bank, where he set her down.. The lady went her way and the two monks continued their walk in silence. The other monk was really upset, finding the other monks act disturbing. As per their injunctions, they were not allowed to look at the woman, forget touching and the other monk carried her across the river!!

After some time the confused monk couldn't stand the thought and asked other monk? "We are not allowed to look at other women, not touch them.. but you carried a woman across the river?!" The other monk had a smile on his lips when he replied "I put her down when I crossed the river, are you still carrying her?!"



#CONTENTS

BUSINESS HIVE - COWPATHY **03**

KNOWLEDGE HIVE - LIMITED LIABILITY PARTNERSHIP **05**

CASE STUDY HIVE **07**

GOODS & SERVICES TAX – SERIES #01 **09**

BY2 COFFEE **10**

You've heard of Ayurveda, the traditional Indian medical science; about Unani, the Arabic healing science, also homeopathy.

Now prepare for Cowpathy

No, it is not a whole new medical system. It is a Mumbai-based company that makes consumer products said to have high medicinal value and based on the cow. It uses ingredients such as dung, urine, purified butter or ghee, and others.

Cowpathy sells soap, toothpaste, floor cleaners, hair oil, incense, shaving cream and face wash. The company says that the soap contains dried and pulverized cow dung, orange peel, lavender powder, and gooseberries.. The toothpaste is made of dung, ghee, and urine. It is now readying a line of cosmetic products and medicines as well.

Ayurveda uses a lot of herbs, but cow dung, with its anti-bacterial properties, is considered very pure and is part of the Ayurveda.

Journey from Biobliss to Cowpathy:

Thirty-four-year-old Umesh Soni, founder and CEO of



Cowpathy, launched its predecessor Biobliss in 2012 with his own savings of Rs10 lakh. At that time, Cowpathy was a Biobliss brand and focussed on selling cow-dung based soaps. A graduate in microbiology, Soni had earlier dabbled in the export of toiletries and cosmetic products before launching his own venture.

"In the Indian scriptures, particularly the vedas, there is mention of cow dung and cow urine having very high medicinal properties,"
Umesh Soni, Founder

In 2016, Soni renamed Biobliss and revamped the business, registering Cowpathy as a company.

He also patented the cow-dung soaps. Today, the company sells over 45,000 units of soap—Rs35 for a 75 gram bar—every month across India and in some 13 countries, including the US. It also sells over 5,000 units of toothpaste every month at Rs75 for 100 grams. Other Cowpathy products include facewash (Rs35 for a 50 gram tube), floor cleaner (Rs125 for 500 ml), and hair oil (Rs110 for 200ml).

According to the company website, its soap has 23% cow dung content and 7% cow urine. The tooth paste contains 10% of each, along with 2% ghee. Gaunyle, the floor cleaner, has 11% cow urine.

The company has established distributors in six Indian states: Tamil Nadu, Karnataka, Gujarat, Assam, Punjab, and Haryana. It sources its raw materials, primarily dung and urine, from cow shelters across the country. Cowpathy also has its e-commerce division and its products are now manufactured out of two facilities—Haridwar, Uttarakhand, and Sirmour, Himachal Pradesh.

Not disgusting

The mention, sight, or touch of cow dung and urine may be revolting to most people. However, Soni says such disgust is ill-founded. We dry the dung at high temperature after three days of it being produced. We boil cow urine at high temperatures, and then the vapour is condensed and used in the products.

These steps remove the bacteria from the products, and what is left is of high medicinal values. Cowpathy's basic premise is the panchgavya, a collective term for the five essential products of the cow: milk, curd, ghee, urine, and dung.

The company says it has received clearance from the Indian government's food



safety departments as well as from the USFDA. Over the next few months, it plans to launch a line of talcum powder and dark circle removers, before moving on to medicines.

Competition

Cowpathy is likely to face competition from the Rashtriya Swayamsevak Sangh (RSS), the ruling Bharatiya Janata Party's ideological mothership, whose associates plan to sell their own cow dung-based products through e-commerce firms.

"Everyday I have some adventure, everyday there is something we can make something from cow dung and cow urine and Cowpathy gives me a platform to come out with my creativity and come out with products"
- Umesh Soni, Founder

A few trusts and NGOs, such as the Gujarat-based GoSeva and the New Delhi-based Holy Cow Foundation, too, have ventured into the segment; however, they use cow milk or ghee as constituents. The Indian government, too has set up a 19-member panel which will carry out scientifically validated research on cow derivatives such as urine and dung and their benefits.

But Soni's unperturbed. "We have a patent on the cow-dung soaps and no Indian company currently produces toothpastes from cow urine," adds Soni. "If you look at it, we are the only company that is building a business without owning any cow shelters. That makes us one of a kind."



Cowpathy™
Wellness derived through mother cow

Forms of Business Entities - LLP

With the emergence of the stringent laws of land, for facilitating the ease of doing business with limited liability and compliance, the government introduced the new style/ model of business entity called Limited Liability Partnership commonly known as LLP.

LLP is a combination of a Partnership firm with a body corporate status. In simple words it is a sophisticated partnership firm.



Benefits

- ❑ Carries the status of body corporate, thus making it separate/ different from the partners.
- ❑ Minimum 2 partners required for forming a LLP and one should be designated partner.
- ❑ No limit on the number of Partners
- ❑ No requirement of Minimum capital
- ❑ Liability of the partners will be limited to the extent of their capital contribution
- ❑ Partners are agents of LLP only Partners are not liable for act of other partners
- ❑ LLP is governed by LLP Agreement, entered between the partners
- ❑ Unlike Private Limited Companies, there is no prohibition on acceptance of loans, investments
- ❑ LLP Act does not prohibit any related party transaction, unless it stands out in specific in the LLP Agreement.

Set Back

- ❑ Name of the LLP needs to be approved by the MCA and need to be added with a suffix “ LLP”
- ❑ Minor individual cannot become a partner of the LLP
- ❑ Audit of the Financials is compulsory if the Turnover is more than 40Lakhs or Contribution is more than 25 Lakhs
- ❑ Registration of the LLP is compulsory
- ❑ LLP Documents/ Information as listed below, will be public documents once it has been filed to MCA website.
 - Incorporation Documents
 - Names of the partners
 - Statement of Accounts & Solvency
 - Annual Return
- ❑ LLP cannot avail presumptive taxation scheme for filing Income tax returns.

Compliance Requirements

- ✓ LLP under the Limited Liability Partnership Act, are required to file the following two forms annually
 - e-Form 8 : Statement of Account & Solvency
 - e-Form 11 : Annual Return
- ✓ Every LLP needs to file its Annual Income Tax Returns under the provisions of Income Tax Act, 1961.

Taxation

The Taxation of LLP is similar to that of partnership firms. Accordingly, the profits and losses of the LLP would not pass through in the hands of the partners but would be assessable in the hands of the LLP. The share of profits of the LLP is exempt from tax in the hands of the partners of the LLP.

- Tax Rate : 30% flat tax rate + Surcharge 10% + 3% education cess
- Surcharge is applicable only if the Total Income Exceeds 50Lakhs.

Remuneration/ Interest paid to Partners is deductible as Expense in the hands of LLP within limits prescribed under Income Tax, as similar to Partnership Firm.

Conversion of Entities into LLP

According to the provisions of LLP Act, any Firm set up under Indian Partnership Act, 1932 and private company or unlisted public company incorporated under Companies Act, would be able to convert themselves into LLPs.

Taxation upon Conversion

Conversion of a Company into LLP and transfer of capital assets on account of such transfer does not amount to Transfer under the Income Tax Act and hence there is exemption from Capital Gain Tax, subject to conditions stipulated there under.

Further as per the explanatory memorandum to the finance bill of 2009, the conversion from a general partnership firm to an LLP will have no tax implications if

- the rights and obligations of the partners remain the same after conversion and
- if there is no transfer of any asset or liability after conversion.

Dissolution of LLP

As per the terms of LLP agreement, LLP can be dissolved by executing dissolution deed. The net assets of the LLP can be distributed amongst the partners in a manner specified under LLP agreement.

Winding up of LLP

LLP can be wound up when a resolution is passed for the approval of the winding up of the LLP at the Meeting of the partners of the LLP by 3/ 4th majority of the partners.

The Tribunal has power to pass the necessary orders based on the application made by LLP for winding up.

Consent of the lenders and creditors (if any) will be necessary before the Tribunal passes an order for winding up of the LLP.

The creditors also have power to make an application for winding up of LLP if 2/ 3rd in value of the creditors establish that it is not in a position to pay the debts.

CIT vs. Dr. Arvind S. Phake [Bom HC]

Immovable property can be regarded to have been transferred on the date of execution of the Development Agreement and irrevocable General Power of Attorney, only if the terms indicate that complete control is given to the developer. If the entire consideration is not received by the assessee and physical possession of the property is not parted with, there is no transfer u/ s 2[47][v] and Capital Gain Taxes cannot be levied upon.



CIT vs. Rajasthan & Gujarati Charitable Foundation Poona [SC]

In case of a Trust, Even if the expenditure incurred for acquisition of a capital asset is treated as application of income for charitable purposes u/ s 11[1][a] of the Act, the assessee is also entitled to depreciation u/ s 32. The argument that the grant of depreciation amounts to giving double benefit to the assessee is not acceptable. Further amendment to Sec 11[6] which bars depreciation on expenditure applied for charitable purposes is prospective and applies only from AY 2015-16.

Mustansir I Tehsildar vs. ITO [ITAT Mum]

Acquisition of new flat in an apartment under construction should be considered as a case of "Construction" and not "Purchase". The date of commencement of construction is irrelevant for application of Sec 54 and the fact that the construction may have commenced prior to the date of transfer of the old asset is irrelevant. If the construction is completed within 3 years from the date of transfer, the exemption U/ s 54 cannot be denied.



Pr CIT vs. Baisetty Revathi [Andhra Pradesh HC]

Penalty U/ s 271[1][c] can be levied only where the charge is unequivocal and unambiguous. The AO must specify whether the charge is of concealment of particulars of income or furnishing of inaccurate particulars thereof and which one of the two is sought to be pressed into service. He is not permitted to club both by interjecting an 'or' between the two. The ambiguity in the show-cause notice compounded by the confused finding of the AO that he was satisfied that the assessee was guilty of both renders the proceedings void.

Sanjay Bimalchand Jain vs. Pr CIT [Bom HC]

Sale of shares of a closely held company at a huge premium without economic or financial basis to justify the premium might amount to indulging in a dubious share transaction meant to account for the undisclosed income in the garb of long term capital gain. Accordingly the gain to be assessed as undisclosed credit U/ s 68.

Bhushan Steel vs. CIT [SC]

Taxability of subsidies: Supreme Court stays judgement of the Delhi High Court in CIT vs. Bhushan Steels And Strips Ltd which held that if the recipient has the flexibility of using it for any purpose and is not confined to using it for capital purposes, the subsidy is revenue in nature and is taxable as profits

Hindustan Coca Cola Beverages Pvt. Ltd vs. CIT [Raj HC]

Obligation to deduct TDS U/ s 194H arises only if the relationship is that of "principal and agent" and if a "payment" is made. As the relationship between the assessee and the distributor was that of "principal to principal" and as the "discount" did not amount to a "payment", there was no liability to deduct TDS.

Circulars/ Notifications

General Circular 13/ 2017, 26th October, 2017.

MCA has given relaxation for additional fees and extended the last date for filing Form AOC-4 XBRL. Last date for filing form AOC-4 XBRL for the financial year 2016-17 without additional fee is 31st march, 2018, provided these forms shall be prepared as per Indian accounting standards.

General Circular 15/ 2017, dated 4th December, 2017.

AS Companies (Cost Records and Audit) Amendment Rules, 2017 has been introduced. MCA has given relaxation for additional fees and extended the last date for filing Form CRA-4. Last date for filing form CRA-4 for the financial year 2016-17 without additional fee is 31st December 2017.

Goods & Service Tax - Series #01

COMPOSITION SCHEME

The intent of Composition scheme is to facilitate Small Business towards payment of taxes, periodicity of filing simple returns and less burden of Books of Accounts maintenance.

Eligibility

Turnover < 1Crore

[< 1.5 Crore as per 23rd GST Council Meeting. *However not notified yet*]

Who Cannot Opt for Composition

- ✓ Person supplying services other than Food
- ✓ Supply of Non Taxable Goods
- ✓ Engaged in Interstate supplies
- ✓ Supplying goods through e-Commerce operator
- ✓ Manufacturer of notified goods
 - Ice cream and other edible ice
 - Pan masala
 - All goods under Tariff Heading 24

Rates of GST

Category	GST
Manufacturer	1%
Trader	1%
Restaurants	5%

Forms under GST

Form	GST
CMP-01	Intimation to pay tax under Section 10 (Persons Migrated from Old Law)
CMP-02	Intimation to pay tax under Section 10 (Persons Migrated from New GST Law)
CMP-03	Intimation of details of Stock on date of Opting for Composition levy
CMP-04	Intimation/ Application for withdrawal from Composition levy

Returns under GST

GSTR-04

To be filed within eighteen [18] days from end of relevant quarter

Challenges under Composition Scheme

- ✓ Services can't be rendered by a Composition Dealer. 23rd GST council meeting proposed to permit up to Rs.5 lakhs Service Income [*is yet to be notified*]
- ✓ Supply of goods non-taxable to GST shall cause the registered person under Composition scheme to opt out and get into normal registration even if done by mistake.
- ✓ Supply of goods in the course of Inter-State Trade or Commerce is not permitted under composition scheme. Exploring Business options outside the residing state is ruled out for a Composition Registered Person

Books of Accounts

Section 35 of the CGST Act, 2017 refers to the relevant Books of Accounts to be maintained and the specific time period of their retention.

Relaxation has been provided to the Composition dealer from maintenance of Stock records in respect of Inward & Outward Supplies made.



App of the Month -

Replaces Microsoft Outlook or Eudora



Thunderbird is an email client that has five big things going for it: it's free, it's full featured, it's lightweight and runs quick, it has an unparalleled spam filter, and it protects you from those ridiculous phishing attacks by clearly indicating which emails send you to a bogus website.

If you're not already using a web-based email solution, Thunderbird should be your option.

Click of the Month



Rahul Gandhi speculated to take bigger roles as Party President : News

A smile 😊 is the shortest distance between two people

Book of the Month -

Sapiens



- 512 pages
- Published in 2015
- Penguin Random House

Human history has been shaped by three major revolutions: the Cognitive Revolution 70,000 years ago, the Agricultural Revolution 10,000 years ago & Scientific Revolution 500 years ago.

These revolutions have empowered humans to do something no other form of life has done, which is to create and connect around ideas that do not physically exist think religion, capitalism, and politics. These shared "myths" have enabled humans to take over the globe and have put humankind on the verge of overcoming the forces of natural selection.

Health Tips -

Practice Meditation

Practicing meditation daily for 20 minutes will help one cope with all of life's daily activities. Meditation has been proven to help with the resistance to stress and to provide better understanding in order to make the complexities of life more simple.



Trivia



India and Bangladesh share a 3rd enclave border which means that a part of India is in Bangladesh which is in India which is in Bangladesh. Phew!

