

BHUJ BRANCH OF WIRC OF ICAI

E-NEWSLETTER FOR THE MONTH OF JULY-2018

(FOR PRIVATE CIRCULATION ONLY)

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Chairman

8866583411

CA. Hardik Thacker

WICASA Chairman &

Vice Chairman

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CA. Bunt Popat

Past Chairman

9426803457

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CHAIRMAN'S COMMUNICATION

Respected Collegues,

On 1st July, 2018 our Institute entered into 70th year and as a part of celebrations Bhuj Branch has organized many activities. But this celebration was special because we had arranged Cyclotsav 2018 event on CA Day in association with three other organisations of Bhuj viz. Lions Club of Bhuj, Indian Medical Association and Bhuj Bicycle Club. It was not only fitness awareness campaign but we have got historic response by 1000+ participation for 11 / 22 / 50 kms. Our MP Vinod Chavda has also participated along with 250+ female and 250+ kids participants. It was also a great experience to work with other professional bodies in small town like us.

We have done following activities as a part of CA Week Celebrations :

- Special session of GST for girls at Mahila college with 500+ participants
- Cyclotsav 2018 with 1000+ participants
- Flag Hoisting at Branch Premises
- Essay Competition for Students at Branch Premises
- Swachhchhata Abhiyan at Branch Building

CHAIRMAN'S COMMUNICATION

- Tree Plantations at Income Tax surroundings
- Blood Donation Camp at Jeevan Jyot Blood Bank with 43 participants
- Workshop on Stress management and health awareness by Dr. Kamal Dholakia
- Honour to senior CAs above the age of 70 years
- Musical and Entertainment Evening at Hotel Ilark
- Industrial Training at Aarti Industries with 50 students and new members.

It was a great week full of activities and also most hectic month as a professional specially because of penalty provision for late filing of income tax returns. I hope we all will do our job in best possible way with taking good care of our health.

This month we will also have Web CPE with CCM. CA. Tarun Ghia Sir on 21st July 2018 and Annual General Meeting of the branch on 26th July 2018.

After hectic month we are proud to have our Vice President of the ICAI CCM. CA. Prafulla Chhaged Sir along with CCM. CA. Anil Bhandari Sir on 3rd Aug 2018 and immediately after that we will honour new Chartered Accountants of the branch with CPE on 5th Aug 2018 where we will have chance to interact with WIRC Office bearers.

So, with your supports and participation, we managing committee members are always eager to arrange more and more activities.

Hoping for great participation in coming events.

With warm regards,

CA. Darshan V. Khandol
Chairman
Bhuj Branch of WIRC of ICAI

VERSATILE INDIAN CHARTERED ACCOUNTANTS

CA AISHWARYA JOSHI

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Chartered accountancy is one of most respected professions that one can practice after qualifying one of the most stringent curriculum set out for it. Working tirelessly there are just a few CA's who have excelled in their careers and whom world has come upon to regard as big time achievers. Here are some of the legends of our field who did Chartered Accountancy and are following their passion along with the profession.

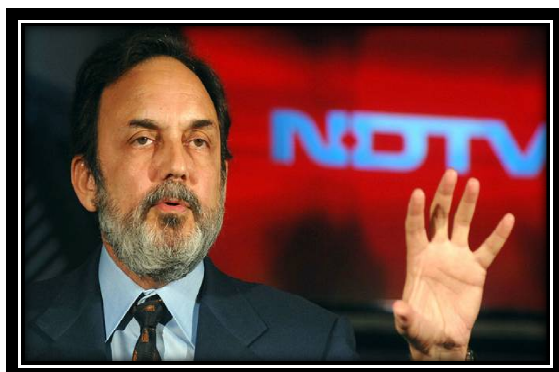
➤ **KUMAR MANGALAM BIRLA :**



He stands out as being one of the most famous Chartered Accountants in India, who topped it all with an MBA from London Business College. Kumar Mangalam runs a business empire with a market value of over \$40 billion. The multinational Aditya Birla Group happens to be India's third largest business house that is spread across 36 nations in six continents.

Apart from being a very successful businessman, he is also a leading philanthropist who regularly contributes for public causes like better health and education facilities for weaker sections of society.

➤ **PRANNOY ROY:**



PrannoyLal Roy is a famous Indian journalist and media personality. He is the co-founder and executive co-chairperson of New Delhi Television (NDTV) along with his wife Radhika Roy. He is a Fellow of the Institute of Chartered Accountants (England and Wales).

He has been an Economic Advisor in the Indian government's Ministry of Finance. He has also been a consultant to the India division of International accountancy firm PricewaterhouseCoopers.

➤ **PIYUSH GOYAL:**



Piyush Goyal, a qualified Chartered Accountant is a Minister of State in Prime Minister Narendra Modi's cabinet with Independent Charge for Power, Coal, and Energy. He is a Parliament member of the Rajya Sabha.

A well-known investment banker, he has advised top corporates on management strategy and growth.

Piyush Goyal has an excellent strong academic record and attained second rank in his Chartered Accountant batch year as well as one in Law from Mumbai University.

➤ **SANJAY SUBRAHMANYAN (Carnatic Vocalist):**



He is a Chartered Accountant and a Rank holding Cost Accountant. He is one of the most renowned musician with an indepth knowledge. His hard work in carnatic music has led him to today's position. He went under vigorous training for about 27 years in the field of Carnatic Music.

He was also the subject matter of documentary film "Aaraaasaippadaar". He is also an "A Top" Grade artist of All India Radio He has performed in Chennai, Bangalore, Delhi, Malaysia, Singapore, Indonesia, Australia, US, Canada, Switzerland and Oman.

➤ **SURESH PRABHU (Minister Civil Aviation):**



He is an Indian politician and currently serving as the Minister of Commerce & Industry and Civil Aviation.

He is a Chartered Accountant and a member of Institute of Chartered accountant of India. He was AIR 11th Rank holder in CA Exam.

He was the only Railway Minister who introduced Railway budget without launching a single train and more focused on facilities during 2015-16.

During the Premiership of AtalBihari Vajpayee, he was Industry Minister, Minister of Environment and Forests, Minister of Fertilizers and Chemicals, Power, Heavy Industries and Public Enterprises at various times. Also, Asia week rated him as one of the three future leaders of India. He travelled to more than 100 countries. He is currently working on 16 global organization and 9 strategic dialogues.

➤ **MOTILAL OSWAL:**



MotilalOswal, is an Indian businessman. He is the Chairman and Managing Director of MotilalOswal Financial Services Ltd .MotilalOswal and RaamdeoAgrawal, the promoters of leading brokerage house MotilalOswal Financial Services, will be worth Rs

The Institute of Chartered Accountants of India gave Oswal with the “Excellent Business Achiever in Financial Services” award.

Oswal has received the RashtriyaSammanPatra award by the government.

➤ **SHEKHAR KAPOOR (Actor, Director, Producer):**



He did CA at the age of 22 just because his parents wanted to see their child holding the degree of CA. After CA, he started his career with a multinational oil company. Thereafter he spent several years as an Accountant and Management Consultant but at last he heard his heart's voice and did the things for which he had rage since his childhood.

Though discouraged by his father for movies, he started acting and thereafter came in direction and directed epic movies like Mr. India, Bandit Queen, Masoom and produced movies like Guru, Dil se etc. He also directed award winning Hollywood movies Elizabeth, The Golden Age, The four feathers, British Tabloids etc. Also, He was a member of the jury at the 2010 Cannes Film Festival.

➤ **DEEPAK PAREKH:**



Chairman of HDFC, Deepak Parekh heads the country's largest housing finance company. A respected named in financial sector, Parekh has been conferred numerous awards, which includes the Padma Bhushan. He made it feasible for middle class people to own houses or flats by providing them with loans at affordable rates.

Firmly grounded with a Chartered Accountant degree, Parekh is instrumental in developing the nation's housing sector and private sector banking.

➤ **SHYAM PATHAK (Comedian,Actor):**



He comes from a simple middle class Gujrati Family. His mother wanted him to become CA, So he did CA but there was something else he wanted to pursue.CA field didn't interested him so after that he joined the National School of Drama (NSD). Till now he has worked in various movies and TV Serials. These days you can find him playing the role of "PatrakarPopatlalPandey" in the most famous comedy show "Taarak Mehta kaOoltahChashmah" which airs on the SAB TV.

➤ **NAINA LAL KIDWAI:**



She is the first Indian women to graduate from the prestigious Harvard University. NainaLalKidwai is a toast of the CA profession and is providing effective leadership to HSBC, India. She is also a former President of the Federation of Indian Chambers of Commerce and Industry (FICCI)and has been conferred by Padma Sri by the Indian Government.

As Country Head and Group General Manager of HSBC, Kidwai is a great inspiration for women in India.

Our fraternity has gained national and international recognition not only in the field of Chartered Accountancy but also in other fields as well.These are some of the legends who make we people believe that in the wide course of CA, One should not forget their passion. Instead we can fulfill it after becoming CA as well. CA is not the end of our career. It can be starting of our new passion, new desires or it might be simply the means of exploring us even more than before.

RERA



Prepared by: CA Vaibhav Sheth, B.Com, ACA

REGISTRATION OF REAL ESTATE PROJECTS:

As discussed in the previous article, we have understood the conditions on satisfying of which a Real Estate Project is required to get registered with the RERA authority. Now in this article, we will understand how to register Real Estate Project with the RERA authority.

Before going through the procedure, it shall be noted that the Real Estate *Project* is getting registered and not the *Promoter* of the Real Estate Project. It means that if a Promoter is engaged in different Real Estate Projects, each such Real Estate Project is required to get registered with *designated* RERA authority subject to all those conditions stated in previous article. Here, designate RERA authority means say for an example, if a Promoter is engaged in 2 Real Estate Projects one is at Gujarat and other is at Maharashtra and both of these Real Estate Projects are satisfying the conditions of registration then, a Real Estate Project at Gujarat is required to be registered with Gujarat RERA

authority i.e. GUJRERA and Real Estate Project at Maharashtra is required to be registered with Maharashtra Authority i.e. MAHARERA.

On understanding the above *funda*, we are now ready to move towards understanding the process of registration of Real Estate Project. Application for registration of Real Estate Project is to be made in Form A and Form B. Form A is the application form and Form B is an affidavit cum declaration form. Both of these forms are required to be physically submitted in *triplicate* copies at *designated* RERA office. Within 7 days of physical submission of this application, an online application is also required to be done on www.gujrera.gujarat.gov.in.

It is correctly said that "*there is no such thing as a free lunch in this world*", then how come registration of Real Estate Project can be done at a free of cost? RERA authority has specified different type of registration fees depending upon different type of Real Estate Project. This registration fees is required to be paid at the time of submission of application. It can be paid either through Demand Draft or through internet banking and its relevant payment details are required to be stated in Form A.

Registration Fees of any Real Estate Project is calculated as under:

Type of Project	Development Area	Registration Fees
Housing Project	Area of land proposed to develop does not exceeds 1000 sq. mtrs	Rs. 5 per sq. mtr
	Area of land proposed to develop exceeds 1000 sq. mtrs	Rs. 10 per sq. mtr
	Subject to maximum Rs. 5 lacs.	
Commercial Project	Area of land proposed to develop does not exceeds 1000 sq. mtrs	Rs. 20 per sq. mtr
	Area of land proposed to develop exceeds 1000 sq. mtrs	Rs. 25 per sq. mtr
	Subject to maximum Rs. 10 lacs.	
Mixed Project (Residential + Commercial)	Area of land proposed to develop does not exceeds 1000 sq. mtrs	Rs. 10 per sq. mtr
	Area of land proposed to develop exceeds 1000 sq. mtrs	Rs. 15 per sq. mtr
	Subject to maximum Rs. 7 lacs.	
Plotted Development Project	Any Area	Rs. 5 per sq. mtr
	Subject to maximum Rs. 2 lacs.	

Now the main thing of discussion is Form A and Form B. Let us understand both of these forms.

Form A:

Following are the information required to be submitted in Form A:

In case of Individual	In Other Case
a. Name	a. Name
b. Father's name	b. Address
c. Occupation	c. Copy of registration certificate (partnership deed/Certificate of Incorporation of Company etc.)
d. Photograph	d. Name, photograph and address of chairman of the governing body/partner/directors etc.

- Name and address of the bank with which account will be maintained;
- Details of the projects launched by the promoter in the last five years;
- Detail of demand draft for payment of registration fees;
- Any other information the applicant likes to furnish.

Along with the above information, following are the documents required to be submitted with Form A:



- Copy of the PAN card;
 - Audited Balance Sheet and ITR for 3 preceding financial years;
 - If Promoter is the owner of land: Copy of the legal title and ownership related documents;
 - If promoter is not the owner of Land: Consent letter of owner of the land, development agreement entered between the promoter and owner and copies of legal title and other documents of owner of land;
 - Details of encumbrances on the land;
 - Copy of the approvals and commencement certificate from the competent authority;
 - Sanctioned and layout plan;
 - Plan of development works to be executed and the proposed facilities to be provided including fire-fighting facilities, drinking water facilities, emergency evacuation services, use of renewable energy;
- Location details of the project;
 - Performa of the allotment letter, agreement for sale, and the conveyance deed proposed to be signed with the allottees;
 - Carpet area of apartments for sale in the project along with the area of the exclusive balcony or verandah areas and the exclusive open terrace areas apartment with the apartment, if any;
 - the number and areas of garage for sale in the project;
 - the number of open parking areas available in the real estate project;
 - the names and addresses of the real estate agents, if any, for the proposed project;
 - the names and addresses of the contractors, architect, structural engineer, if any and other persons concerned with the development of the proposed project;
 - Declaration in Form B.

On looking at the above mentioned information and documents which are required to be submitted in Form A it may look like *its not a big deal*. But the *deal* begins with the Form B. As stated above, Form B is declaration cum affidavit. Here the Promoter of the Real Estate Project is required to declare and swear on many things which are discussed below. Since affidavit is involved, Promoter should fill up the details with great precaution. Form B requires to swear Promoter on following declaration:



- Time period within which the project shall be completed;
 - 70% of the amounts realized for the project from the allottees, from time to time, shall be deposited in a separate account maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose;
 - amounts from the separate account, to cover the cost of the project, shall be withdrawn in proportion to the percentage of completion of the project.
- amounts from the separate account shall be withdrawn after it is certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project
 - Promoter shall get the accounts audited within six months after the end of every financial year by a CA in practice, and shall produce a statement of accounts duly certified and signed by such CA and it shall be verified during the audit that the amounts collected for a particular project have been utilized for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project.
 - Promoter shall take all the pending approvals on time, from the competent authorities.
 - Promoter has furnished such other documents as have been prescribed by the rules and regulations made under the Act.

If all the particulars of the information and documents are found to the satisfaction of the RERA authority, registration will be granted to the Real Estate Project. Now, these registration certificate is valid only for the period which the Promoter has declared in Form B (*Time period within which the project shall be completed*) or for such period the RERA authority may found deem fit. If the Real Estate Project is not completed within the validity period of registration, RERA authority may extend the validity of the registration. Further, RERA authority also has to power to revoke the registration of the Real Estate Project.

Now, how RERA authority will extend the validity of the Real Estate Projects or on what grounds validity of registration can be extended and how RERA authority can revoke the registration, all these *fundas* will be discussed in the next article.

SECTION 40A(3) : IN THE LIGHT OF AN ITAT JUDGMENT

CA YASH BHINDE
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M/S A DAGA ROYAL ARTS Vs. ITO (ITAT, JAIPUR) (May, 2018)

FACTS OF THE CASE:

Assessee firm during the year 2012-13, has purchased the plot of land from various persons for a total consideration of Rs. 2,46,28,425/-, out of which payment amounting to Rs. 1,71,67,000/- were made in cash, payment amounting to Rs. 59,48,920/- were made through cheque to various persons and remaining amount towards the stamp duty and Court fees. Assessing officer while assessing the return of the year sent the notice that why the purchases made in cash should not be disallowed u/s 40A(3) of the Act. In response to the notice assessee has explained that the said plots were initially purchased as capital asset and thereafter same have been converted into stock-in-trade, which was duly reflected in annual accounts. Further, payments were made in the cash because the sellers were new to the assessee and refused to accept the payment other than by cash. If there were delay in making the cash payment, it could have lost the land deals. In addition to that assessee put across the intention behind introduction of the provision of the section 40A(3) which is to check evasion of tax so that the payment is made from the disclosed source. For this the assessee has relied on Circular No. 220, dated 31.05.1977 and some the landmark judgements of the various courts. These considerations are being rejected by the assessing officer as well as CIT(A). Further the matter was raised to the Appellate Tribunal.

OBSERVATION OF ITAT:

The main question before the ITAT was whether there is any violation of the section 40A(3) or not.

Section 40A(3) : *“Where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, [or use of electronic clearing system through a bank account, exceeds ten thousand rupees,] no deduction shall be allowed in respect of such expenditure.”*

ITAT, first went into the history of the section. Basically the section was introduced through Finance Act, 1968 w.e.f. 01-04-1968. At that time there were no exceptions given to it. A year later Rule 6DD has been introduced by the Government. Again a year later rule 6DD has been amended and clause (j) was introduced in the rule.

“(j). In any other case, where the assessee satisfies the assessing officer that the payment could not be made by a cross cheque drawn on a bank or by crossed bank draft-

- (1). due to exceptional or unavoidable circumstances;*
- (2). because payment in the manner aforesaid was not practicable, or would have caused genuine difficulty to the payee, having regards to the nature of the transaction and the necessity for expeditions settlement thereof;*

and also furnishes evidence to the satisfaction of the Assessing Officer as to the genuineness of the payment and identity of the payee.”

Now the above provision was highly subjective matter as what could be exceptional or unavoidable circumstances would be at the discretion of the Assessing Officer. There were various representation were made before the CBDT to seek the clarification regarding this matter. So, it has come up with the circular, “*Circular No. 220, 1977: Circumstances when AO can relax the requirement of making payment by crossed cheque under clause (j) of Rule 6DD.*” The circular came with possible six circumstances under which the payment could be allowed in cash with disallowances mention in the section. However it has been clearly stated in that all the circumstances could not be spelt out and these were the only illustrative list of circumstances and not the exhaustive.

Now out of these points, the point on which the assessee has put rely and also submitted in their response to the AO was:

- (d). the seller is refusing to accept the payment by way of crossed cheque/draft and the purchaser’s business interest would suffer due to non-availability of goods otherwise than from this particular seller;*

After that in the year 1995 the said clause was omitted and reintroduced, which allows the payment in cash by employer to employee for salary when he was temporary posted in a place other than his normal place of duty or does not have bank account.

And the latest amendment took place in the year 2008 and which was continue till time which allows the cash payment only in case where the payment is required to be made on a day on which the banks are closed either on account of holiday or strike.

Further ITAT observed the changes took place in the disallowances for non-compliances of the section. Earlier when the section was introduced there were 100% disallowance of expenditure, thereafter the same rate was decreased to 20% of the expenditure and finally it was again shift back to 100% which was stand still today.

There were several amendments have been taken place till today in the section and rule. So, it was important to understand the ultimate object behind the section. The object was defined in one of the landmark judgement of Attars Singh Gurmukh Singh Vs. ITO (Supreme Court) (1991) relating to the similar matter where honourable court has defined intension behind section 40A(3) :

“It will clear from the provisions of the section 40A(3) and Rule 6DD that they are intended to regulate the business transaction and to prevent the use of unaccounted money or reduce the chances to use black-money for business transaction.”

Further in this case court has put the emphasis on the matter that if the section is read together with the rules, it would be clear that provisions are not intended to restrict the business activities. The payments by crossed cheques or crossed bank drafts were insisted on to enable the assessing authority to ascertain whether the payments were genuine or from the disclosed sources of income. The court added further that terms of the section were not absolute. Consideration of business expediency and other relevant factors were not excluded. Genuine and bona fide transactions were not taken out of the sail of the section. It is open for to the assessee to furnish the to the satisfaction of the assessing officer the circumstances under which the payment in the manner prescribed in section was not practicable or would have cause genuine difficulty to the payee.

So, it is evident from the court verdict that provisions have been enacted as one of the measure for countering of tax evasion, however genuine and bona fide transactions are taken out of the sweep of this section.

But the question stood against the ITAT whether the above judgement is still relevant as after this judgement there were various amendment have been taken place in the section and rules. In this context, ITAT has mentioned that they do not believed that by virtue of amendments, the legal proposition so laid down by the Honourable Supreme Court regarding consideration of business expediency and other relevant factors has been diluted in any way. The same continues to be relevant factors which need to be considered and taken into account while determining the exceptions to the disallowance as contemplated under this section so long as the intension of the legislature is not violated. For that ITAT has put the reliance on the various courts judgements which were taken place after the amendments from time to time. The observation from these judgements such as Smt. Harshila Chordia Vs. ITO (Raj.) Anupam Tele Services Vs. ITO (Gujarat), Gurudas Garg Vs. CIT(A) (Punjab & Hariyana) and many more, the common ground that were emerged that consequences which were to befall on account of non-observation of the section must have nexus to the failure of the object of the section. Therefore, the genuineness of the transactions and it being free from vice of any device of evasion of tax is relevant consideration and which should be examined before invoking the rigours of this section.

Now, with regards to this case, ITAT observed that certain payments were made through cheque and certain through cash. Assessing Officer in his order clearly stated that there were no unavoidable circumstances which could have led the assessee to make cash payments. Assessee in response explained that generally in real estate transactions the terms would be discretion of the seller and sellers were new to the assessee and required to be paid in cash. Delay in making cash payment, could have turned into losing the deal. Further, assessee has put up the records before ITAT that all the payments made in cash were by withdrawing the amount from the bank account on the same day of registry. Thus, it was clear that assessee was having sufficient bank balance and only on the insistence of the specific seller, it has paid the amount in cash. And this makes out that assessee has business expediency and due to which it has to pay in cash and without which transaction could not be completed. Assessee has also put copies of the sale deed which contains the name and address of the seller, date of sale deed, plot number, purchase value, stamp duty and mode of payment i.e. cash / cheque. Therefore identity of the persons has been made and genuineness of the transaction was also established and even the lower authorities have not raised any doubts regarding that.

HELD:

ITAT has observed through the history of the section and various judgement of the honourable courts that if the transactions are genuine and therefore are free from vice of any device of evasion of tax, the rigour of section 40A(3) may not be apply. In this case also, these things were clearly stated out and therefore bring a case of genuine business transaction, no disallowances was called for by invoking the provision of section 40A(3) of the Act. ITAT has rejected the contention of the department and appeal of the assessee was allowed.

COMMENT:

In routine practice, it is quite obvious that we tend not to worry about the object of the each and every section. However, sometimes there were ways to save the genuine business transaction by understanding the ultimate object behind the section or legislature. No section or the legislature had been framed to restrict the business activity. So, through the legislature or the section, if the assessee faces the genuine business expediency, the contention of the assessee definitely takes the serious attention in court of law and in most of the cases the answer were in the favour of assessee.

SECTION 14A AND RULE 8D

CA KIRAN THACKER
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Section 14A: Expenditure incurred in relation to income not includible in total income.

1. Expenditure incurred for income which do not form part of total Income i.e. exempt income, are not allowed as deduction for computing Total Income under this Act.
2. If The assessing officer is not satisfied with the correctness of Claim of Expenditure in relation to Income which does not form part of Total Income under this act, the Assessing officer shall determine the amount of expenditure incurred in relation to such income in accordance with such method as prescribed under this Act.
3. The provisions of Sub section 2 shall also apply when the assessee claims that no expenditure incurred for such income.

Proviso:

This section shall not empower Assessing officer under section 147 i.e. reassessment of Income or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154 i.e. Rectification of Income, for any assessment year beginning on or before the 1st day of April, 2001.

Rule 8D: Method for determining amount of expenditure in relation to income not includible in total income.

When Can Rule 8D Applied:

- Having Regard to the Accounts of the Asseessee for the previous year when the Assessing Officer is not satisfied with—
 - (a) the correctness of the claim of expenditure made by the assessee in relation to income which does not form part of total income under the act for such previous year ;
 - or
 - (b) the claim made by the assessee that no expenditure has been incurred for such income;

then, he shall determine the amount of expenditure in relation to such income in accordance with the provisions Rule-8D.

Method for determination of Amount of Expenditure:

(a)The expenditure in relation to income which does not form part of the total income shall be the aggregate of following amounts, namely:—

(i) the amount of expenditure which is solely incurred for earn such income;

and

(ii) an amount equal to 1% of average of the opening and closing balances of the value of investment which income does not or shall not form part of total income :

Or

(b)Total Actual Expenditure Incurred

Whichever is lower

For Example:

(a) (i) Expenditure incurred solely for earn such income is Rs.2000/-

(ii) Average amount of such investment is Rs.500000/-

1 % of 500000=5000

Total (a) =7000

(b) Total Actual Expenditure is Rs.10000

Total (b) =10000

Whichever is lower=Rs.7000/-

HOW TO APPLY SECTION 14A DURING AUDIT OF FINANCIAL STATEMENTS:

Steps:

1. While verifying profit and loss account and capital Account, check whether is there any incomes which do not form part of Total Income??

2. If your answer to above question is "YES"-then list out such incomes.
3. After completing above step-check the source of above income.
4. Then check the expenditure side of Profit or loss account, check is there any expenditure which we can directly relate to Such income..??
5. If your answer to above question is "YES"-then list out such Expenses.
6. Then check the expenditure side of Profit or loss account, check is there any common expenditure which we can relate to such income..??
7. If your answer to above question is "YES"-then list out such Expenses and allocate the same between exempt Income and taxable Income applying logical basis.(if not having that basis apply rule 8D to compute amount of expenditure)
8. At the end-compute total expenditure that relate to such income and make it disclose in **sub clause (h) to the clause. 21 of Form 3CD**(i.e. Amount of deduction inadmissible in terms of section 14A in respect of the expenditure incurred in relation to income which does not form part of the total income;) and also **considering** the same while **computation of taxable income**.

THE ROAD TO BE A CHARTERED ACCOUNTANT

A Student's Perspective

Ekta Pankaj Thacker

My greetings to all the people out there reading this write up. Being CA student I know the pressure of Sixteen exams, Six dozens books, Six years of extensive Study and Articleship, this is what all of us go through, on the other hand I notice is that **"This Hard Work will Definitely Pay Off"** and this was time when my worries go away and I thought to share some of the Challenges faced by a CA Student and Some Steps to overcome these challenges through this article.

So let's start with it...

1. Is Eat, Sleep, Work, Study & Repeat is all your life is made up of?

If the answer is in affirmative, then probably you need a change because your life may be heading towards a monotonous path.

Every new day is a blank canvas, today can be the same canvas as yesterday, only you can decide to doodle something on it and see what you can make with it. Some days you'll end up with just another mess of a canvas, some days you'll start to see a work of art. But you don't get to make the art until you see the canvas as an opportunity.

2. When will you become CA??

I would like to share my personal experience with all of you. At the time of attending family function you will be amazed to hear the first question asked by my so called relative to me is "CA Kyare Thais?" I was so frustrated by this question, this is really funny but this thing puts pressure on many of us.

So just Smile and ignore them they will keep on poking their nose, eager to know about your attempts and your results more than you.

3. Not able to manage time with family and friends?

In my articleship days I hardly attended any family functions, my friends used to get angry because I never had the time to hang out with them. Though, I did enjoy with

my office colleagues. But seriously sometimes you get frustrated when you see other students pursuing graduation, enjoying their college life.

So Life is just about the management of quality time with family and friends, working for limited duration but maintaining efficiency so that maximum output can be derived within optimum time, socializing, and most importantly time for one's own self so as to discover your needs, goals so to further experiment with life.

4. Do you feel like you want to learn everything?

It is a natural human tendency to want to know everything you can, during my period of articleship I felt the same and wanted to learn every work. At times, this may lead to disappointment.

Working for extended hours is not a proof of your productivity, here I like to quote great lines by **Sir APJ Abdul Kalam** **"A person who stays late at the office is not a hardworking person; Instead S/he is a fool who does not know how to manage work within the stipulated time"** And sooner or later you realize that you can do anything but not everything, therefore try only a few things at a time and put in your best efforts because when you do too many things together you end up doing a lot of nothing.

5. Fear of making mistakes?

Mistakes create feelings of embarrassment, or even fear, especially when it happens at work and I seriously stress out every time.

But the fact is Articleship is the golden period when you get to make mistakes, accept it and learn from it and ultimately believe in your work. Let me put a famous saying by **Mindy Grossman** - **Have ultimate belief in yourself, because why is someone going to believe in you if you can't believe in yourself?**

So there is life to be lived and for that for most required thing is good health, proper state of mind, and management of time. Change what you need to change and yes frequently Audit yourself **Whether you are Living to Work or Working to Live!!**

The Best Way to win is not need to win

Charmi Gor

This essay won the first prize at the Essay Contest for CA Students held on CA Day by WICASA, Bhuj (Essays that won Second and Third Prize will be reproduced in the coming issues)

“Success comes to those who are too busy to be looking for it.”

The above lines are so simple yet signify true spirit of winning. If we are working just to win anything, we are mainly focusing on the results and not on the actions. People who are not at all worried about winning or failing but are dedicated towards their best possible efforts and want to evolve with each step, are the people that will do their best at every level.

“It is better to fail at originality than to win in imitating.”

The most basic and inevitable thing is growth. We all should strive for building abilities which can turn into strength and can result in the best version of ourselves. To improve day by day is itself a winning moment. For self-improvement, it is necessary to be original. It is stupidity to imitate just for the sake of winning.

Today, in the era of internet, we all are considering Google as our God. No doubt Google is the best teacher we have, but every little problem is now being solved by Google. We all are losing our originality by copying stuffs from the internet and by imitating what others have already done or said.

If we are jumping to short-cuts for success and to get first rank in every competition, we are not allowing our mind to produce new and fresh ideas and information. We all are restricting our minds and becoming handicap due to our greed of becoming number 1 or to win always.

Being number 1 or winning every situation or exam can not be the definition of success. The criteria to win can not be the grades only that we get in schools and colleges. Don't you think waking up every morning and being able to do basic things in life is also a winning moment?

Succeeding is not limited to numbers or rank. Money or wealth can be part of success, but not the only measure of winning. When we are doing

things for happiness, self satisfaction and to fulfill our dreams, we don't expect to win every time. That is the best way to do everything in life. As it is said by Lord Krishna in Bhagavad Geeta that one should keep doing his "Karma" and should not worry about the results, because it is not in our hands. To do good deeds is in our hands.

Few names such as Swami Vivekanand, Dr. APJ Kalam and Sir Isaac Newton are the people who never thought of results. They devoted their selves towards their perceptions. We all know stories of successful people, we all know that just earning lots of money is not the way of success in life, yet we all strive for material things!

We all are judgmental but we will not accept it. We all watch movies like "3 idiots" and "Tare zammen par", we also appreciate them and get inspiration from them. We also read books about being successful in life. But do we actually accept the reality and apply all the above things in our lives? No, we still want 1st rank in exams, we all still want to earn handsome packages at jobs, and we all strive for the label of success! If the society doesn't label us as successful, we are failures! If people don't appreciate our work, we are not doing the right thing. It is indeed our mindset.

We all are running in the race to come first and we all care about what others have to say. Even though we fail several times, but evolve and learn from it, it may be seen as failures by others but for us it can really become a stepping stone for success.

"We all see failures as an enemy of success but actually failures are part of the process of becoming successful."

If we all stop living for others, we might realize that opinions and labels of others about us don't really matter, as far as we are doing things to be better, stronger and happier.

Though we all give big lectures and say that it is ok to fail, are we accepting our failures? Accepting defeat without any arrogance, ego and bitterness inside, seeing that the winner is the deserving one is the sporting spirit that one should have. Getting inspiration not only from the others but from our own mistakes is also a big contribution towards better tomorrow. We

all assume that 1st ranker holds more intelligence as compared to others on the basis of temporary winnings and failures. We all are well aware yet are afraid of being left out from the society holding such mentality or afraid of losing.

We expect justice, but we ourselves are not free from bias. One should do all the things that one is expecting from society. If we can be true, transparent, integrate and happy, then only we can be best and perform well. If we are preparing to pretend or to fake our personality just to impress everyone around us, we may be able fool them or may be not, but firstly we are fooling ourselves. To be what we truly are, to do what we deeply love, to be fearless and calm, to speak truth and stand for what we believe in , are also winnings.

Winning is a perspective. Definition of success or winning is different for every single person because it is about the choices that we make, about our ethics and thought process of life. To win is not to copy anyone for anything temporary but it is about exploring ourselves. Being broken, yet able to do something for others is winning. Having nothing to share yet we create happiness and make others smile is winning. Being kind to people even if they are not, is winning!

“Success is not final, failure is not fatal. It is the courage to continue that counts.”

When we are free from expectations, we are able to perform the way we have never thought of! Experiencing every aspect of life is winning. If you are gifted with a human life and you make the very best of it, then it is winning. Failing thousands of times yet being ready to try for one more time is winning. If we can see beyond what we were seeing, we may see that everybody around us is a winner. Every person is trying hard so we must learn from them without any judgments. If we see everyone with the eyes of equality and positivity, we will find winner in every person facing many challenges and smiling everyday.

- “Take every opportunity coming your way. If not, then create it!”
- “Do at least one thing everyday that scares you the most.”
- “My failures are the big reason of my success.”
- “Success is a lousy teacher, it seduces the smart people by making them think that they can't lose.

If you are smart enough to understand that you never need a label of winner, is your ultimate winning. Yes you win! Winners are those who turn their failures into weapons. People who can handle failures are the only one who can handle success. Turning into beautiful soul, helping the needy ones will add values to your lives. Being a good human, I think is your winning.

So don't live to win every time, live because you are gifted with wonderful life that can change so many other lives! Live to make this world a better place to live. Live so that someone can have a reason to thank you!

ARTIFICIAL INTELLIGENCE-WAY FORWARD ***Kinnaree Thacker***

Kinnaree Thacker represented the Branch at Regional Level Elocution Contest under Students' Talent Search, 2018. This is the text of her presentation.

What if the scenes of a sci-fi movie come before you actually? This is what has actually happened. Artificial intelligence has jumped from sci-fi movie plots into mainstream news headlines in just a couple of years. Artificial Intelligence (AI) means is an artificially created ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings. AI could carry out a complete simulation of the human brain and even exceed it. AI is a computer system that can do tasks that humans need intelligence to do. It could be as simple as a program that plays chess or as complex as a driverless car.

We started from Agriculture Revolution to Industrial Revolution accelerating the pace to lightening a bulb and then landing on the moon and then breathtaking developments in the IT Sector. It all started in 1956 when the word Artificial Intelligence was first coined by John McCarthy advancing to 1969 when "Shakey" the first general purpose mobile robot was built. It further advanced to IBM's Super Computer "Deep Blue" in 1997 which defeated world chess champion and then kept on advancing and today we have speech recognition, dancing robots and smart homes. In 2018, we can

already see AI technologies in use around us – digital assistants like Alexa, development of self-driving cars; face recognition, ride-sharing with Uber and so much more. There have been numerous advancements in AI technologies since the 1950's, and there is so much more to be expected. AI could either make all our dreams come true, or destroy society and the world as we know it.

However the future prospects of AI are more interesting. Automated transportation will become a common thing in the future; humans will be able to augment themselves with robots. There will be more numbers of smart cities as vehicles, phones, home appliances will be run by AI. 'Home robots' will help elderly people with their day to day work. Robots will take over hazardous jobs like bomb defusing, welding, etc.

A driverless car, for example, relies on multiple sensors to understand where it is and what's around it and works accordingly. This will probably result to reduction in accidents as 95% of accidents take place due to human error.

Or take the example of lenses. They not only aid the people with poor eyesight, but also allow scientists to observe things under a microscope or through telescope. Or imagine the scenario in the retail segment due to introduction of Panasonic Basket or Amazon Stores or certain airports where almost everything is automated or a factory where the robots of "Grey Orange" are used for sorting, moving or storing packages.

Currently, there are dozens of home robots and intelligent systems on the market. It's like you will walk into a room and say "lights on" and "who won the match?" and one of the many AI devices in your house will recognise your voice and understand you and then give you the desired result. Everything in our houses will be connected in the same way and this will challenge our privacy and democracy. Since we are talking about privacy and democracy, Cyber-crime to date has been relatively low-tech with phishing and malware attacks. But AI will surpass human hackers - and the only defence will be another AI program.

Also your personal 24/7 AI doctor will know your gene sequence and vulnerabilities to particular diseases with continuous monitoring. It is also

expected that humans will become cyborgs enhanced by technology. It will be like humans must merge with machines, or become irrelevant in the AI age.

It is also expected that avatars will be programmed to act and talk like anyone we choose in interactive movies, including ourselves or celebrities from recent history. When it comes to interacting, also interviews are now conducted with the help of AI by the ones like Goldman Sachs and Unilever making the work less cumbersome. AI systems will also increasingly take over managing how you work: scheduling your activities, approving holidays, monitoring and rewarding your performance.

Experts say that with the help of artificial intelligence we will be able to predict the future accurately based on data and high level analytics. Solving climate related issues might seem like impossible but as machines have more access to data than one person could ever store, this is also possible. Using big data, AI could one day identify trends and use that information to come up with solutions to the world's biggest problems. One of the most obvious ways in which AI will make inroads is in accounting and bookkeeping, which can be easily automated. A range of accounting software facilitators already offers automated data entry, and other bookkeeping practices. It will reduce errors; work faster and at a lower cost. It is also taking over the work of marketing personals and receptionists due to introduction of Amazon Alexa and Google Homes. Due to such softwares, the employment of IT sector had a big hit as softwares replaced certain employees. But in order to avoid this, the Indian IT Giant, Infosys says that it has already started training its employees for the same in order to advance their skill sets.

Automation using artificial intelligence for drug discovery has become a growing area of research, as the machines can work orders of magnitude faster than any human. AI is also being applied in related areas, such as synthetic biology for the rapid design and manufacture of microorganisms for industrial uses.

Recently, tech giants like Facebook and Google have created their own AI labs to produce robots capable of learning to play video games without any instructions. Google now has its own form of AI called Deep Learning. A huge

focus right now for start-ups and giants alike is to learn how to use AI to help better automate a machine's ability to solve problems.

We are social beings and need other people. Yet, increasingly many of us seem to be more comfortable dealing with people via devices rather than in person. As a result, "Pepper" the companion robot went on sale in 2015, with all 1,000 initial units selling out within a minute. The robot was programmed to read human emotions, develop its own emotions, and help its human friends stay happy.

AI also comes with its own share of issues and criticisms. There are a range of concerns for it as well. The first and foremost as we all know is it might create mass unemployment inside a generation. But certain experts say that this is a myth as AI will also create certain new jobs alongside replacing the old ones. Take an example of ATMs here. People feared that it will cut off the jobs in the banks but it did not happen. In fact banking became much easier after that. Also it is expected that we will be more easily manipulated by personalised algorithms creating fake news that will be biased but will be used to decide important issues in our lives such as insurance claims, job applications, loan applications and even judicial sentencing.

But the question is should we hand over decisions like judicial sentencing, hiring and especially firing to a computer? We will have to learn when to say to computers: 'Sorry, I can't let you do that.' It's not enough for a machine to do a task better than a human. There are some decisions we simply should not allow machines to make.

But then what gives AI so much of push in games and into our everyday lives and workplaces. There are certain factors for this too. The most important is that computer processing power is doubling every two years (known as Moore's Law) and the amount of data being generated is doubling every year (AI algorithms are hungry for data). Recently, the amount of AI funding has also been doubling every two years. Here it should be noted that, in the budget of 2018, the fund allocated by Government for artificial intelligence has increased and also the NITI Aayog has started taking a plunge into matters connected with this. All these things are giving these robots a big push.

Today's robots are not only working faster and more reliably than their human counterparts but also performing tasks beyond human capability altogether, such as microscopically precise assembly. But many of those robots are dumber than they look, as they are programmed to perform a limited range of tasks. Many robots can't safely work in close proximity to humans and literally have to be caged or regulated in ways that safeguard human co-workers.

This implies that all these are ultimately our creation and no matter what they can never surpass any human. It's just that we tend to underestimate the supercomputers that we carry around in our skulls. Everything we love about civilization is a product of intelligence, so amplifying our human intelligence with artificial intelligence has the potential of helping civilization flourish like never before – as long as we manage to keep the technology beneficial. Late Scientist Stephen Hawking showed his concern stating "AI could be the worst event in the history of human civilization unless we find a way to control its development." He added that computers can, in theory, emulate human intelligence and exceed it. Thus, the fear of the past was that people would become slaves of other people but the fear of the future will be people would become slaves of robots and machines.

At last, Charlie Chaplin's words are as relevant today as they were in 1940 – "Machine men, with machine minds and machine hearts! You the people have the power, the power to create machines, the power to create happiness! You the people have the power to make this life free and beautiful, to make this life a wonderful adventure!" So, if we improve our skills and use them wisely, no artificially intelligent machine can take over us.











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