



Editorial Board

CA Mahadevan N V

CA Sivarajan P

CA Ramesh K

CA MantyAnto

CA Beena K

CA Dhanya G

Technical Support

SrikalaRenjith

Rajesh K S

Contents

- Chairman's Desk
- Income-tax :
 - Tax Deducted At Source & Tax Correction At Source
- Internal Audit—Expenses
- Taxation :
 - Budget : 2021 : Proposal
 - Budget 2021-22-Changes in GST (contd...)
- News ;
- Case Laws Analysis ;
- Students' Section :
 - Trudging On
- Save the dates
- Test your skill
- Crossword Puzzle

Chairman's desk:

Dear All,

***Fear is the Key** : I remember having read a fiction book in that name in my younger days. It is a book which shows how courageous persons move forward in life while others stay where they are or even go backwards because of 'fear'.*

This 'fear' can be of anything or of any person in this world. And the worst 'fear' one encounters in his/her life is the 'fear of failure'. This one fear is enough to put a stop to your progress or success in life.

Suppose, you want to learn swimming. But, if you have fear of water that you will go deep down and will not be able to come up, you will never get the courage to learn swimming. Similarly, if you want to pass the exam, if you fear that you will fail in the test, it will affect your performance in the exam. You may even decide not to write the exam. This way you are letting yourself down.

Similar is the case, where you are called for a job interview. If you feel that you will fail in the interview or doubt that you will not be able to answer all the questions correctly, you will end up failing in the interview.

*In all such cases, you may notice that it is the **fear** which causes you all the harm. I have observed that in the case of students pursuing the professional course, **fear** plays a very important role in not succeeding in their ventures. The '**fear of failure**' lurks large in their minds.*



*How to find a solution to this 'fear of failure'? The basic requirement to overcome this fear of failure, is to face it squarely. Understand that failure is a relative term. It doesn't mean much to fret about when you look at failures in a larger life screen. Failures do happen in one's life. Failures are always related to a measurement yardstick. Say, a student who scores 40 marks passes whereas another student who scores 39 marks is considered 'failed'. It is nothing to worry about, since it doesn't speak about your individuality. What you have to do is to remain focused on what you are pursuing and ensure that failure do not pull you back on your resolve. Be more determined, since it is only a matter of time the tide will turn in your favour. You have to remain **persistent in your endeavor** come what may. If you can **take failure in your stride** and move on, you will find that this world is a better place to live and that success will come to you in your own terms.*

Wish you all the best.

*Regards,
Mahadevan*

I. INCOME-TAX :

TAX DEDUCTED AT SOURCE & TAX CORRECTION AT SOURCE :

General Scheme of TDS :

1. Persons responsible for making payment which are liable for TDS, are required to deduct tax at source.
2. Once tax is deducted, they are required to deposit the same to the Government within the specified time.
3. Although, the recipient gets only the net income, is liable to pay tax on the gross amount and the TDS amount can be adjusted against his final tax liability.
4. Person deducting tax has to ensure that the deductees are having PAN. If no PAN is made available, then TDS rate will be higher.
5. Where a person who is required to deduct tax, does not deduct; or After deducting, fails to pay the whole or any part of the tax so deducted;
 - Such person shall be deemed to be an assessee-in-default.
6. If a person becomes an assessee-in default, he will be liable for payment of:
 - a) tax;
 - b) interest;
 - c) penalty; and may even have to face
 - d) prosecution proceedings.
 - Besides, disallowance of such expenses under the Income Tax Act will also be attracted (30%).
7. There is a relaxation when tax is paid by the recipient, if
 - a) the resident recipient has included such income in the return submitted by him u/139;
 - b) has paid the tax on such income; and
 - c) furnished a Certificate in Form No. 26A to this effect from a CA.
 - In such a case, the person will not be considered as an assessee-in-default.
8. The CBDT has clarified that wherever the GST or the applicable tax component is indicated separately in the Invoice, then TDS shall be applicable on the amount excluding such GST or tax.
9. **The Scheme covering TDS includes :**
 1. Deduction of Tax – when to be deducted.
 2. Payment of tax deducted – when to be remitted.
 3. Tax can be deducted at a lower rate – if the person (recipient) obtains a Certificate from the A.O. to that effect.
 4. Filing of Quarterly Returns : of TDS
 5. Filing of Quarterly Returns : of non-deduction of TDS towards interest payment (who submits Form No. 15G/H)

II. Deduction of Tax :

When to be deducted :

- Normally, a threshold limit will be fixed for each type of payment. If it exceeds the limit, then TDS to be deducted.
- Tax is to be deducted at the time of credit of such income to the account of the payer or payable A/c or Suspense A/c or at the time of payment, whichever occurs earlier.

III. PAYMENT OF TAX :

When to be remitted.

(i) If tax is deducted / collected by an office of the Government : On the same day tax is deducted.

(ii) If tax is deducted / collected by a person other than the office of the Government.

↳ (a) Upto the Last day of February :
Within 7 days from the end of the month in which the tax is collected.

(b) Tax deducted in the month of March :
On or before 30th of April

Note: In certain cases, like Salaries, taxes can be remitted quarterly also. Similarly in special cases [194-IB or 194M] – 30 days from the end of the month in which tax is deducted is also allowed.

IV. DEDUCTION OF TAX AT 'NIL' RATE OR LOWER RATES :

Two circumstances are envisaged :

(1) In the case of interest payments u/s 194A, if the depositor gives a declaration in Form No. 15G/H, then the person need not deduct tax on interest payments to depositors; or

(2) The assessee can apply to the jurisdictional Assessing Officer in the specified format [on-line] and get a certificate from the said A.O to deduct tax at a lower rate or even 'Nil' rate. He should supply such information / documents as may be called for by the A.O.

If the assessee furnish such a certificate to the deductor, then he need not deduct tax while making payments to such a person.

V. FILING OF QUARTERLY RETURNS :

1. All the deductors / collectors have to file quarterly returns as detailed below :

Quarter ending	Due Date	
	TDS returns	TCS Returns
30 th June	July 31 st	July 15 th
30 th September	Oct. 31 st	Oct. 15 th
31 st December	Jan. 31 st	Jan. 15 th
31 st March	May 31 st	May 15 th

Note : CBDT have got powers to extend the dates if needed.

2. Types of Quarterly Returns :

(a) Depending on the nature of payment, different types of Forms have been prescribed. They are :

	Nature of Payment	Form No.
1.	Salaries	24Q
2.	Non-residents	27Q
3.	Transfer of Immovable Property - Rs. 50 lakhs or more	26QB
4.	Rent : if rent is more than Rs. 50,000/- p.m.	26QC
5.	Construction contracts given :	26QD
6.	Any other payment	26Q

(b) For tax collections : 27EQ

II. Internal Audit – Expenses :

Verification of expenses incurred by the organization is another important part of Internal Audit. The Internal Audit Team should verify the genuineness of the expenses incurred. The evidences for the expenses incurred may be external/internal. The following are the major types of expenses incurred in an organization.

I. Direct Expenses :

a) Wages :

Wages paid to workers / casual labourers shall be verified by the internal vouchers. The Internal Audit Team should see that these vouchers are duly acknowledged by payee.

b) Carriage Inwards :

Amount paid towards freight for purchase of goods / services is accounted in this ledger. The same shall be verified with the freight invoice.

II. Indirect Expenses :

a) Administrative expenses :

(i) Salary :

The same is to be verified with the payroll/salary sheet prepared by the HR department. The Internal Audit Team should cross check and ensure that no salary is paid to resigned employees and that their name is removed from payroll. Also necessary deductions are made for loss of pay as per the HR Policies.

(ii) Travelling Expenses :

The audit team should see that the expenses are paid as per the SOP/travelling expenses policy of the organization. If there is no policy / SOP, the same may be reported and suggestions may be given for implementing the same.

(iii) Rent :

The rental agreements shall be verified, to see that the rental payments are made as per terms of agreements. Internal Audit Team should also ensure that the rental agreements are not expired and necessary TDS deductions are made as per the IT Laws.

(iv) Insurance :

Insurance policy and premium paid receipts shall be cross checked with the expenses incurred. The team should see that the prepaid insurance paid if any are accounted properly and should check that the insurance taken for cash / stock are not under insured.

The other points to be kept in mind, while checking the expenses are :-

- a) To ensure that no expenses are duplicated.
- b) There is no duplication in payment of expenses.
- c) Proper supporting / evidences are kept for all expenses
- d) Expenses incurred are real and no fictitious or bogus entries are passed.
- e) The audit team shall also carry out a comparative monthwise analysis of expenses incurred and in case of huge variances - increase / decrease, the reason for the same may be looked into and should be reported in the Internal Audit Report.
- f) All vouchers are dated, duly verified and approved by concerned authorities and acknowledged by payee.

Verification of expenses from the Internal Audit perspective is important for an organization with respect to cost centre measures and revenue leakage. Hence the Internal Audit Team shall take utmost care and caution, while carrying out Internal Audit of expense, especially made thro' self vouchers.

Srikala Renjith

III. TAXATION :

BUDGET : 2021 : PROPOSALS :

The Hon'ble Finance Minister, Ms.Nirmala Seetharaman has presented her 2021 budget on the 1st of February, 2021. Here, we are just trying to look at some of the important Direct tax proposals which has got impact on the assessees in general.

1. Filing of Income-tax Returns :

The time limit for furnishing income-tax returns is specified u/s 139 of the Income-tax Act, 1961:

As per Sec. 139 (1) : a person having taxable income has to file his return of income, on or before the 31st July / 30th September, depending on whether his books of account are required to be audited or not, unless otherwise extended.

Sec. 139(4) states that a person can file his return **belatedly**, ie. even after 31st July /30th September, by paying interest. But, such belated returns also will have to be filed on or before the end of the relevant **assessment years**, ie. on or before the 31st of March of the Assessment Year.

There is another **Sec : 139 (5)** - which says, a return of income filed within the original due dates of 31st July / 30th September, or such extended periods, can be **revised** on or before the end of the relevant **Assessment Year**; ie. on or before the 31st of March of the Assessment Year.

What it means ?

A belated return (Sec. 139(4)) as well as a revised return (Sec. 139(5)) can be filed, on or before the end of the relevant **Assessment Year**.

For eg : Return of Income for the Assessment Year 2020-21 (Financial year : 2019-20) can be filed belatedly or can be revised on or before the **31st March, 2021**.

The above is the law, as it stands today.

Now, the **Budget 2021** has proposed that the **last date** for filing of belated or revised return of income, as the case may be, be reduced by **three months**, ie. , such returns have to be filed, on or before the **31st of December** of the relevant assessment year.

For eg : Return of income for the Assessment Year 2021-22 [Financial Year] can be filed belatedly or can be revised on or before, **31st of December, 2021**.

Time available for filing such returns has been reduced by **three months**.

2. TDS / TCS : Higher rate on specified persons not filing return of income :

Two New Sections are proposed to be inserted as per the Budget 2021. They are (1) Sec. 206 AB & (2) Sec. 206 CCA :

One is regarding TDS and the other one TCS, but the provisions are same.

It says that a higher rate of TDS/TCS will be as applicable to '**specified persons**'.

Who are these '**Specified Persons**'?

Specified Persons means :

↳ "a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted or collected, for which the time limit of filing return of income u/s 139 (1) has expired; and

the aggregate of tax deducted at source and tax collected at source in his case is Rs. 50,000/- or more in each of these two previous years."

What is the higher rate in such cases?

“a) twice the rate specified in the relevant provision of the Act; or

b) twice the rate or rates in force; or

c) the rate of 5% :

- Whichever is higher :

Note that this provision thrusts an additional responsibility on the deductor/collector to ask for the I.T. acknowledgements of the previous two cumulative years, if he is a specified person. If not made available, TDS/TCS has to be effected at the higher rate. This is going to become a tedious task for the deductor/collector.

3. TDS : on purchase of goods exceeding a specified limit :

A new Sec. **194Q** is proposed to be inserted, according to which, a **buyer** responsible for paying to any resident for purchase of goods having aggregate value in excess of Rs. 50 lakhs in any previous year is liable to deduct tax @ 0.1% of such sum exceeding Rs. 50 lakhs, if the buyer's turnover is more than Rs. 10 crores during the financial year immediately preceding such financial year in which the purchase is carried out. In case PAN is not furnished, tax @ 5% is required to be deducted.

This TDS provision is exactly similar to the TCS provision (Sec. 206C [IM]) wherein the seller is required to collect tax.

4. LLPs : Not eligible to opt for presumptive taxation u/s 44ADA :

Presumptive taxation benefit for professional income is proposed to be not made available for LLPs.

5. Goodwill : Not eligible for Depreciation :

It is proposed to amend Sec. 32 to clarify that goodwill of a business or profession would not be considered as a depreciable asset and, hence, no depreciation is allowable.

CAN V Mahadevan

IV. BUDGET 2021-22-CHANGES IN GST AMENDMENTS IN CGST ACT [contd...]

10. Section 129(2)

Omission of Section 129(2)

(Clause 108(ii) of Finance Bill, 2021)

Provision prior to amendment

The provision 129(2) enables the release of goods upon execution of a bond and furnishing of a security.

Amendment

Section 129(2) shall be omitted

Impact

Goods seized **shall not be released on provisional basis upon execution of a bond and furnishing of a security**, the penalty imposed by the officer will have to be paid in cash by the taxpayer.

11. Section 129(3)

Time period specified to issue notice and pass order

(Clause 108(iii) of Finance Bill, 2021)

Provision prior to amendment

The proper officer detaining or seizing goods or conveyances shall issue a notice specifying the tax and penalty payable and thereafter, pass an order for payment of tax and penalty under clause (a) or clause (b) or clause (c).

Amendment

It has been proposed to amend Section 129(3) of the CGST Act to prescribe a specified time limit for issuance of notice **within 7 days** of such detention or seizure specifying the penalty payable and thereafter, pass an order **within a period of 7 days** from the date of service of such notice for payment of such penalty.

Impact

The amendment has reduced the time limit to adjudicate the proceedings in case of detention of goods.

12. Section 129(4)

No penalty shall be determined without opportunity of hearing

(Clause 108(iv) of Finance Bill, 2021)

Provision prior to amendment

No tax, interest or penalty shall be determined under sub-section (3) without giving the person concerned an opportunity of being heard

Amendment

129(4) No penalty shall be determined under sub-section (3) without giving the person concerned an opportunity of being heard.

Impact

Tax & Interest portion is excluded from penalty for release of goods and conveyance.

13. Section 129(6)

Right to sell goods and conveyance on failure to pay penalty

(Clause 108(v) of Finance Bill, 2021)

Provision prior to amendment

Where the person transporting any goods or the owner of the goods fails to pay the amount of tax and penalty as provided in sub-section (1) within fourteen days of such detention or seizure, further proceedings shall be initiated in accordance with the provisions of section 130:

Provided that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of seven days may be reduced by the proper officer.

Amendment

“Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) within fifteen days from the date of receipt of the copy of the order passed under sub-section (3), the goods or conveyance so detained or seized shall be liable to be sold or disposed of otherwise, in such manner and within such time as may be

prescribed, to recover the penalty payable under sub-section (3):

Provided that the conveyance shall be released on payment by the transporter of penalty under sub-section (3) or one lakh rupees, whichever is less:

Provided further that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer”

Allows detaining authority to sell/dispose the goods and conveyance in such manner and recover penalty payable in case the Assessee fails to pay the penalty as determined in order issued u/s 129(3) within 15 days from receipt of such order. Earlier, the time was 14 days from such detention or seizure.

Goods which are perishable, hazardous in nature – time limit would be 15 days from receipt of such order which may be reduced by the officer as he deems fit.

Also, the amendment now does not link Section 129(6) to Section 130, i.e., confiscation of goods or conveyance and levy of penalty.

The proviso added through the amendment allows release of conveyance (only and not goods) to the transporter on payment of penalty of Rs. 1 Lakh or penalty as prescribed u/s 129(3), whichever is less.

Impact

1. It extends the power of the authority to realize the penalty by sale & disposal of the confiscated goods and conveyance.
2. Provide relief to the transporters against whom the detention proceedings are initiated due to fault of the supplier/receiver.

14. Section 130(1),(2) & (3)

Section 129 and 130 are independent provisions – Delinking

(Clause 109 of Finance Bill, 2021)

Provision prior to amendment

130(1) Notwithstanding anything contained in this Act, if any person-

130(2) Provided further that the aggregate of such fine and penalty leviable shall not be less than the amount of penalty leviable under sub-section (1) of section 129.

130(3) Where any fine in lieu of confiscation of goods or conveyance is imposed under sub-section (2), the owner of such goods or conveyance or the person referred to in sub-section (1), shall, in addition, be liable to any tax, penalty and charges payable in respect of such goods or conveyance.

Amendment

Clause 109 of the Finances Bill, 2021 substitutes the words '*notwithstanding anything contained in this act*' with '*where*'. Further, when the goods are confiscated u/s 130 of the Act, the assessee shall be given an option to pay fine in lieu of confiscation which shall **not be less than penalty equal to 100% of tax payable on such goods.**

Also, section 129(6) earlier was linked to Section 130, which has been amended now.

Section 130 has also been delinked from demand and recovery provisions under Section 73 & 74. (refer clause 104 of Finance Bill, 2021)

Subsection 3 of section 130 shall be omitted.

Impact

Proceedings u/s 129 and 130 are now independent proceedings and are mutually exclusive.

15. Section 151

Power to call for information

(Clause 110 of Finance Bill, 2021)

Provision prior to amendment

151(1) The Commissioner may, if he considers that it is necessary so to do, by notification, direct that statistics may be collected relating to any matter dealt with by or in connection with this Act.

151(2) Upon such notification being issued, the Commissioner, or any person authorised by him in this behalf, may call upon the concerned persons to furnish such information or returns, in such form and manner as may be prescribed, relating to any matter in respect of which statistics is to be collected.

Amendment

Power to collect statistics under Section 151 has been substituted to power to call for information which states as follows:

"The Commissioner or an officer authorized by him may, by an order, direct any person to furnish information relating to any matter dealt with in connection with this Act, within such time, in such form, and in such manner, as may be specified therein".

Impact

Now the Commissioner or any person authorised by him in this behalf, may call upon the concerned persons to furnish any information under the Act.

16. Section 152

Bar on disclosure of information

(Clause 111 of Finance Bill, 2021)

Provision prior to amendment

152(1) No information of any individual return or part thereof with respect to any matter given for the purposes of section 150 or section 151 shall,

without the previous consent in writing of the concerned person or his authorized representative, be published in such manner so as to enable such particulars to be identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act.

(2) Except for the purposes of prosecution under this Act or any other Act for the time being in force, no person who is not engaged in the collection of statistics under this Act or compilation or computerisation thereof for the purposes of this Act, shall be permitted to see or have access to any information or any individual return referred to in section 151

Amendment

(1) *No information with respect to any matter given for the purposes of section 150 or section 151 shall, without the previous consent in writing of the concerned person or his authorised representative, be published in such manner so as to enable such particulars to be identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act without giving an opportunity of being heard to the person concerned.*

(2) *Sub Section (2) shall be omitted*

Impact

Seeks to amend Section 152 of the CGST Act to provide **that no information obtained** under Sections 150 and 151 of the CGST Act shall be **used** for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned.

17. Section 168

Power to issue instructions or directions

(Clause 112 of Finance Bill, 2021)

Provision prior to amendment

The Commissioner specified in clause (91) of section 2, sub-section (3) of section 5, clause (b) of sub-section (9) of section 25, sub-sections (3) and (4) of section 35, sub-section (1) of section 37, sub-section

(2) of section 38, sub-section (6) of section 39, **sub-section (1) of section 44**, sub-sections (4) and (5) of section 52, sub-section (1) of section 143, except the second proviso thereof, sub-section (1) of section 151, clause (1) of sub-section (3) of section 158 and section 167 shall mean a Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the said sections with the approval of the Board.

Amendment

Amendment has been made to section 168 which provides powers to the Board to issue such orders, instructions or directions to the central tax officers to observe and follow such orders, instructions or directions, wherein, the 'Commissioner' referred to in various provisions are amended as follows:

- Section 44 has been considered instead of Section 44(1) -Annual returns due to recent amendment
- Section 151(1) has been omitted from the list.

Impact

Enable the jurisdictional commissioner to exercise powers under Section 44 (i.e., annual return) and omitted Section 151 of the CGST Act (i.e., power to collect statistics) to call for information.

18. Paragraph 7 of Schedule II

Retrospectively Deletion of Paragraph 7 of Schedule II – Activities or Transactions to be Treated as Supply of Goods or Supply of Services

(Clause 113 of Finance Bill, 2021)

AMENDMENTS IN IGST ACT

1. Section 16

Zero rated supply

(Clause 114 of Finance Bill, 2021)

Amendment

Following the amendment in Section 16 of IGST Act 2017

1. Supply of goods and services to SEZ or SEZ developer would be treated as zero rated supplies only if provided for authorised operation.(which is yet to notify)
2. Refund option available for supplies of goods without payment of tax has been restricted to realization of sale proceeds. Where sale proceeds are not received within the time frame prescribed in FEMA 1999, be liable to deposit the refund so received under this sub-section along with the applicable interest under section 50.
3. Supplies of goods and services with payment of taxes have been restricted and only be provided if notification issued by government specifying (notification awaited):
 - a. A class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid
 - b. A class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid.

Impact

Refund can be availed for supplies of goods without payment of tax, to the extent of realization of sale proceeds within the time frame prescribed in FEMA 1999. Where, part of the sale proceeds are not realized within the time frame, the tax payer is liable to return the refund and has to reverse the ITC availed in proportion to the non realization of sales proceeds, along with the applicable interest under section 50.

CA Beena.K

V. News :

1. GST – Budget Proposal :

GST to be paid by Clubs / Associations / Resident Welfare Associations, etc.

The Finance Bill 2021 intends to levy GST on activities or transactions involving supply of goods or services by any person other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration. And, that too, with retrospective effect from 1st July, 2017. This is done to overrule the decision of the Hon'ble Supreme Court in the State of West Bengal Vs Calcutta Club Ltd. (2019). This is likely to result in SCNs being sent to various clubs, housing societies / Associations, etc. for previous years, beginning from 1st July, 2017.

2. Corporate Laws : LLP :

MCA has now decided to indentify those individual/s holding / exercising significant ownership / control in LLPs by requiring them to disclose details of their “Significant Beneficial Owners” [SBOs] so that those with “controlling interests” are identified. Along with this, powers are given to authorities to look into the (inspect) the books and records of LLPs. The intention is to unearth any Money Laundering activities.

3. Bit-coin activities : To attract I.T. & GST :

The Government is likely to levy both Income-tax and GST on activities relating to crypto currencies. Bit-coins will be categorised as “financial services” attracting 18% GST on fee or commission earned under this segment. Both taxes will be levied to put a curb on bitcoin activities. The Government also proposes to bring in a bill, titled “The Cryptocurrency and Regulation of Official Digital Currency Bill 2021”.

(Business Standard)

4. GST : Fake IDs :

The CBIC have unearthed over 9,000 fake GSTIN – IDs. These fake IDs have been created to take undue advantage of GST provisions on ITC claims. There are different methods to identify fake IDs. One is matching with I.T. returns and GST returns. Mismatch with returns can suggest fake IDs. Second, is delay in or non-filing of GST returns which gives suspicion as to their genuineness. One can check genuineness of GSTIN by searching for the tax payer on the portal <https://www.gst.gov.in>.

(Business Line)

5. Corporate Laws : MCA : Condonation of delay in Filing certain e-forms :

The MCA has introduced a new scheme for condonation of delay for certain types of companies (ie. restoring of strike off companies) wherein delay will be condoned for a period upto 31st March, 2021 [Refer General Circular No. 3 dt. 15.01.2021].



Sinju KS- Trainee

VI. Case Laws Analysis :

1. Income-tax : TDS : Applicability for Provision made :

There is always a confusion / controversy regarding whether TDS is to be deducted in respect of a general provision made in the accounts for **which bills were not received till the 31st of March, of that financial year.** There are some experts who hold that no TDS is required to be deducted, but, there are others who hold a different view.

2 High Court judgments have come on the applicability of TDS on a general provision made in the accounts at the end of the financial year. They are :

1. Pr. C.I.T. Vs. Sanghi Infrastructure Ltd. [2018] 257 Taxman 371 [Guj]; and
2. CIT Vs. Smt. GodavarideviSaraf [1978] 113 ITR : 589 (Bom) :

In one case, the assessee made a **provision** of Rs. 130 lakhs towards repairs & maintenance charges on which no tax were deducted. But, tax deducted in the subsequent year when pucca bill were received. The AO disallowed the expenses in the year in which the provision was made. On appeal, the CIT (A); the Tribunal; and the Hon'ble High Court deleted the additions.

There are three essential requirements for TDS applicability :

1. The payee must be in receipt of '**income**'.
2. The payee must be '**known**' to the payer or tax deductor; and
3. The amount payable should be '**ascertainable**'.

In the absence of any of the above three conditions, no TDS is required to be deducted.

[Source : ITR 430 (2021)]

VII. TRUDGING ON

“YOUR PURPOSE IN LIFE IS TO FIND YOUR PURPOSE AND GIVE YOUR WHOLE HEART & SOUL TO IT”-Buddha

Studying professional courses can be due to passion, a need for better profession or in some very rare cases, upon insistence from various spheres of one's life. Whatever the reason, the journey to becoming a professional is no cake walk, as my fellow students would agree, yet it is not all dark as it is generally conceived. The journey that one embarks on to becoming a professional starts with the Entrance Examinations.

Being the first stage in any professional course, pressure to succeed in them sometimes surpasses all the difficult school based or competitive examinations we have faced to date. Some go through, some get left behind, in such circumstances it is our will & passion that decides our future in the said courses & invariably in our life. The ones who did have to face even tougher battles ahead, the rides keeps getting bumpier as the journey progresses. It is never a comfortable drive, but the day you see those green words "PASSED", it will all be worth it. We have all heard the quote "Failure is the stepping stone to success", but success has many definitions. For example persistently trying to succeed despite having accepted multiple failures can ultimately get you to that destination that awaits you, but there is also another version to the above quote. As we try & try again, each time a different way, learning something new with each attempt, refining our techniques & approaches to fit in with the standard that is expected of us, we gain something more valuable - Experience. True, despite all our best attempts, we may not necessarily succeed, also there are majority among us who have sacrificed the fun, enjoyable & comparatively easy college life

for this & after all this can be devastating. Yet, let us not forget all the knowledge that we have gained, remember we learnt it the professional way. Knowledge no matter how small in quantity is that resource which can never deplete nor can it be taken away from us. Imagine yourself sitting in front of an interviewer for a highly demanding post, thousands have come for the same & you are being asked a question from this topic that you had once spent sleepless nights revising, imagine the lessons you learned flooding through, the answer you give framing themselves in the way that we were taught to answer them - each section quoted, on the point yet detailed... tell me do we have the edge? A fighting chance? If yes, then did we ever actually fail? Is this any less a success than most others? You be the judge.

Professional courses strain you, demands sacrifices from you & there is also the possibility that you may not be a fully qualified professional, but if you refuse to take the chance, while there still is one, that is when you have been fighting a losing battle. Failure, breakdowns, devastation, regret, all these are our daily doses in life, but pick yourself up, dust yourself down maybe take a break for a while but never give up. Remember you chose this for a reason, your hard work had a purpose, you have pushed yourself...bettered yourself, and where you are now is itself beyond reach for many. These courses, in your failures do not blame them, they gave you the inexhaustible resource of knowledge & they work magic, if not now definitely someday, somewhere in life, they will come to your rescue, for success even small quantities is still success, as long as you don't give up.

“SUCCESS IS WHEN YOUR SIGNATURE BECOMES YOUR AUTOGRAPH” - A.P.J. Abdul Kalam

Thailambal. V - Trainee

VIII. Save the Dates - MARCH 2021

STATUTORY DATES			
Income Tax			
07/03/2021	Due date for E-payment of TDS deducted for February, 2021	20/03/2021	Due date of filing GSTR 3B for the month month of February 2021, taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of Jan-Mar 2021
15/03/2021	Fourth Instalment of Advance Tax	25/03/2021	Due date of PMT 06 for the month of February 2021
31/03/2021	Due date for linking of Aadhaar number with PAN	31/03/2021	Annual Return for FY 19-20 by all registered persons having an aggregate turnover of more than Rs. 2 Crores or opted to file Annual Return
31/03/2021	Filing of belated/revised return of income for the assessment year 2019-20 for all assessee (provided assessment has not been completed before March 31, 2021)	31/03/2021	31-03-2021- GSTR-9C - Reconciliation Statement between Annual Return and Audited Financial Statements - FY 19-20 by registered persons whose Annual Turnover is above Rs. 5 Cores. For Annual turnover in excess of Rs. 2 crore but less than 5 crore, it is optional.
31/03/2021	Payment of tax under the Direct Tax Vivad se Vishwas Act, 2020 without additional charge	31/03/2021	Functionality to opt for composition has been made available for FY 2021-22 in the dashboard of taxpayers at common portal. The eligible taxpayers, who wish to avail the composition scheme may opt in for composition up to 31/03/2021
31/03/2021	Investment / for deduction u/s 80C/ 80G & 80-D		
31/03/2021	Quarterly statements of TDS/TCS deposited for Q1 & Q2 of FY 2020-21	31/03/2021	The facility to furnish LUT for FY 2021-22
GST			
11/03/2021	Due date of GSTR 1 for the month of February 2021, whose summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of Jan-Mar 2021		
13/03/2021	Due date of uploading of B2B outward supplies affected during the second month of the quarter by quarterly return filers opting for Invoice Furnishing Facility (IFF)** under the QRMP scheme		

IX. TEST YOUR SKILL :

A. GST :

1. Which of the following services are covered under Reverse Charge Mechanism of CGST Act, 2017?

- i. Legal Consultancy iii. Manpower Supply
ii. Goods Transport Agency iv. Rent-a-Cab

- a. i & iii c. i & ii
b. i & iv d. All the above

2. Sitting fees received by director of XYZ Ltd., is liable for GST in the hands of the.....

- a. Director c. Both of above
b. XYZ Ltd d. None of the above

3. Can a registered person under composition scheme claim input tax credit?

- a. Yes c. No
b. Input tax credit on d. Input tax credit on
inward supply of goods inward supply of services
only can be claimed only can be claimed

4. Which of the following GST taxes will be levied on imports?

- a. CGST c. IGST
b. SGST d. CGST and SGST

5. The time limit to pay the value of supply with taxes to avail the input tax credit under GST?

- a. Three months c. Six Months
b. One hundred and eighty d. Till the date of filing of
days Annual Return

6. Notice to GST non-filers of return shall be sent in Form

- a. GSTR 5 c. GSTR 3A
b. GSTR 3 d. GSTR 10

B. Company Law :

7. The register of directors and Key Managerial personnel kept under section 170(1) of the Companies Act, 2013 shall be open for inspection during

- a. 24 x 7 c. 10.00am to 6.00pm
b. business hours d. 11.00am to 7.00pm

8. Directors including managing director, WTD, and manager of public companies are eligible to maximum % of profits of company for that FY.

- a. 1 c. 10
b. 3 d. 11

9. Every public company having a paid-up share capital of or more shall have whole-time key managerial personnel:

- a. 1 crore c. 10 crore
b. 5 crore d. 100 crore

10. In case of an IPO, aggregate of proposed and previous issue in same FY shall not exceed 5times of its

- a. Share capital c. Reserve and Surplus
b. Net worth pre issue d. Loans and borrowings

11. If the office of any whole-time KMP is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of from the date of such vacancy

- a. Three Months c. One Month
b. Six Months d. Nine Months

C. Income Tax :

12. The consumer co-operative society is eligible for deduction under section 80 P (2) (c) of so much of its profits and gains as does not exceed Rs. _____

- a. Rs. 1,00,000 c. Rs. 75,000
b. Rs. 50,000 d. Whole of the profits and
gains

13. Under section 115JAA of the Act, MAT credit will be allowed to be carried forward for a period of _____assessment years immediately succeeding the assessment year in which MAT credit is available.

- a. seven c. fifteen
b. ten d. twenty

14. The provisions of chapter XII-BA (AMT) shall apply to a person who has claimed any deduction under _____

- a. Section 80 H to 80 RRB c. Section 35AD
except 80P d. All of the above
b. Section 10AA

15. Under section 11(2), the period for which income can be accumulated shall not exceed _____ years.

- a. Five c. Ten
b. Seven d. Three

CA Manty Anto

X. CROSSWORD PUZZLE

1	2									16		
	3	4										19
		5							15		18	
		6										
	7											
			8	9								
	10											
	11											
			12									
					17							
13												
14												

ACROSS

- If total cost of 100 units is Rs.5000 and those of 101 units is Rs.5030 then increase of Rs.30 in total cost is cost.
- Management accounting assists the management in planning, direction and
- Minimum price is calculated as Variable cost+ Cost.
- Contribution above breakeven point becomes
- National Institute of Rural development and Panchayati Raj has recently partnered with which global organization to establish a Communication Resource Unit.
- The few items of fixed costs which can be saved or eliminated by suspending the trading activities are Fixed costs.

- Apparel Export Promotion Council is set to sell masks & PPEs through which e-commerce platform.
- Which industry has recorded the highest exports during the period April 2020- January 2021, in India?
- Margin of can be increased by reduction in fixed or the variable costs or both.
- Management accountancy is a structure for Making.
- Overall Profitability ratios are based on
- Marginal costs is taken as equal to Prime cost plus all overheads.

Downward

- While computation of profit in marginal costing total marginal cost is from total sales revenues.
- As per a recent study, pathogens named as critical by the WHO is found in which river.
- General Profitability ratios are based on.....
- Which state has recently issued orders to limit the retail price of bottled drinking water?
- What is the name of India's first indigenous physiological parameter monitoring system for COVID-19 patients?
- Which Indian Public Sector Undertaking signed MoU with energy efficiency services for development of trigeneration projects.
- Management accounting is

Amrutha Thilakan- Article

ROAD TO CA

Published in Business Line: dt. 15.2.21
Worth reading by students pursuing CA Course. BL
15/2/21

'Not in my wildest dreams did I expect to get the top rank'

Essakiraj Arumugam, the all-India topper in the 2020 CA final examination, talks about the hard work that went into the preparation and shares a few shortcuts behind his feat

V PATTABHI RAM

Essakiraj Arumugam, who secured the all-India first rank in the November 2020 (old syllabus) CA examination, recounts the preparations leading up to this achievement. Excerpts from an interview on Facebook Live:

How and why did you decide to study Chartered Accountancy?

I am from Salem in Tamil Nadu; I did my schooling in Tamil medium and moved to English in Class XI. I did not like science subjects much. My father suggested I enrol in CA. He taught me the basic rules of debit and credit. I am glad about the decision I made. Initially it was pretty difficult to cope with the subjects in English. My father again came to my rescue, sat me down for an hour every day, and read out *The Hindu* newspaper. This helped in building a better grip over the language.

Did you expect the first rank?

Not in my wildest dreams! I cleared the CA foundation exam in my first attempt with 76 per cent marks. I passed my Integrated Professional Competency Course (IPCC), too, in the first shot, scoring roughly 57 per cent. After my final

exam, I estimated a score of around 500 and had no rank expectations. So when the ICAI president Atul Kumar Gupta called me at 1:30 pm to let me know I had got the first rank, it did not sink in. Only later, when the results were published on the Net, did I digest the pleasant surprise. I ended up with 553 out of 800.

You wrote your exams well after your articleship. Was it a conscious strategy?

Yes, it was a conscious choice, as I did not want to miss out on my articleship. I took my classes only after the articleship and started preparing for my CA final exams. I finished my articleship on April 19 but, due to Covid-19, I got an extra six months to prepare for the exam.

What was your articleship like?

I did my articleship in Palraj & Senthil, a mid-sized firm in Salem. The firm gave me good exposure in auditing, financial statements, project finance, and direct taxation. I also had the good fortune of working directly with the partner, and he taught me how decisions are made and how to

solve problems. The audits I handled helped me in preparing for my exam... it is easier to understand the subject.

How did you prepare for your exams?

My approach was to complete one subject fully and then move to the next subject.

My strength lay with numbers, and my weakness lay with theory subjects. Therefore, my strategy was to start earlier with theory and get more comfortable with them. The numerous revisions helped me in understanding the subtle nuances of the subject and develop a liking for it. Initially I studied six hours a day, then progressed to eight, then 10, and, finally, 12 hours a day.

Did you take mock tests?

Yes, I did. People should take it at least four months before the main exam to work on our weaknesses. It is better to fail in the mock exam and come back well prepared for our final exams. The day before the exam is equally important. We must make short notes and charts earlier on, and read them before the exam. These notes and maps should be comprehensive, yet crisp.

What are your aspirations?

I have an interest in corporate finance and capital markets. But I would like to evaluate the options available, take guidance from credible sources and then

make an informed decision. In the long run, I envision a career where I get to experience something in everything. I would also like to study at an IIM, and the Certified Information Systems Auditor (CISA) is on my bucket list. I would like to work in a global corporation.

What are your hobbies and interests?

I like to read the annual reports of listed companies and analyse them. Reading equity research reports from various brokerage houses and the earnings call transcripts are fun. Apart from that, I am passionate about Carnatic music, which I am learning from my guru, Srimathi Sarada Sundar, in Salem. If not a CA, I would have been a full-time Carnatic musician.

Who are your role models?

I have many role models. On the music front, it is singer Sanjay Subrahmanyam. My parents also played a significant role in my life, right from helping me choose my career, indulging me in all I requested, and never imposing anything on me right from day one. My mother is a homemaker and the greatest moral support for me. It was with her that I first shared the results. The happiness on her face and my father's face made it worth the effort.

The writer is a CA, an author, teacher, and public speaker



Essakiraj Arumugam

Women's Day Celebration held by IDBI Bank, Thrissur Branch



Talk on Financial Empowerment of women by Ms. Srikala Renjith on 08.03.2021

THANK YOU FOR MAKING US PROUD

Congratulations on your success



**Keerthana Krishna
CA Intermediate -
Exemption : Paper 1**

DISCLAIMER:

The views and opinions expressed or implied in this E-Newsletter are those of the authors only. Materials in this e-newsletter may not be reproduced, whether in part or in whole, without the consent of the Editorial Board of the The Advisor.