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Message from Chairman, EICASA



My Dear Students,

I would like to take this opportunity to convey my warmest thoughts for all of you in such unprecedented times, where each one of us is facing significant challenges due to the pandemic.

Whatever the future may bring, we shall build a strong and resilient foundation by consistently adapting, engaging and evolving with an ardent underlying spirit aiming at value creation. We now live in a world where there are numerous possibilities for creating synergies that enable us to permeate our ways of thinking in getting things done. In such simplified and digitized ecosystem which provides hassle free access to resources, let us grab the opportunities in hand and accelerate our efforts for realizing our dreams.

In the month of July, a very interesting event “Tour of MCA Site” was organized which gave an opportunity to visit the MCA portal and learn about its working and the varied corporate services offered by it. CA examinations were also held in July and I am sure that with your hard work, dedication, perseverance, support from teachers and blessings of parents & seniors, you shall sweep through with flying colors.

With great pleasure, I would like to share with all of you that a series of IND AS programs have been planned for the month of August, 2021. Your participation in such programs will positively help in enhancing your understanding and improve clarity on such standards. The dates of the programs shall soon be notified to you. Further, the Annual Talent Search- Elocution and Quiz Contests, 2021 has been conducted at the various branches of the Eastern Region in the last few days. The Regional level Contest shall be held on August 15th, Sunday at EIRC Premises.

Dear students, what you are doing now is focusing on putting efforts to acquire and expand your knowledge so as to justifiably create promising days ahead. All we have is "Now". Remember, success is never a straight line. A little progress each day adds up to big results later. Keep progressing. Keep working on your dreams.

If you can dream it, you can do it!

Best wishes always.
Stay safe. Take Care.

CA Ravi Kr. Patwa.
Chairman EICASA



Message from Treasurer, EICASA



Greetings All !!

Hope you all are doing great and are safe too. Hello mates, as after 2nd wave of this pandemic we are again settling down to the old normal days and are back with offline events.

1st July is observed as CA day as well as Doctors' Day, both the professions are equally important for the society, one helps in curing the economic health of country while other helps to make the strength of the country fit. Through the medium of EICASA E-Newsletter I want to thank all the Doctors' of the world for their wonderful job in saving the world from this Pandemic.

Friends as you all know, we as a team of EICASA always work for the benefits of CA students and try our best to enhance knowledge by organizing webinars and sessions on current topics. As you all know the Government in the last budget announced a new MCA Website for ease of business, few days back they launched the same as well, so to give the students an insight of the website, we organized a MCA Tour virtually where we were explained the use of the new website of MCA.

Going further I am delighted to announce that Branch level Elocution and Quiz contest is being Hosted by EICASA in the month of August and many more exciting events will follow.

Last but not the least I would request all the students to take their vaccine on time and be safe, keep studying as ICAI has announced the date sheet of December 2021 exams. BEST OF LUCK to all of you for the forthcoming exams.

BE SAFE

Thanks & Regards

Amit Kedia

Treasurer, EICASA

TOP 3 ARTICLES ON

YOUR VIEWS ON FACELESS ASSESSMENT BY





Will the launch of “Transparent Taxation – Honouring the honest” campaign bring an End to corruption? Last year on 13th August 2020, two days before the Independence Day celebrations, Honorable Prime Minister of India Shri Narendra Modi Ji introduced a New Reform to

the Tax System of the Nation that rewards the “Honest” Tax Payers with “Easy Tax Compliance”. This Next phase of reforms of the Direct Taxes was all set to beat the Corruption out of the system with its 3 Whips - Faceless Assessment, Faceless Appeal, Taxpayer Charter. With this originated our *#trending* topic – Faceless Assessment with the start of something new and end to the old.

The ‘Faceless’ look will – **START** - Protection of Dignity and Assure Fair Behavior.

END - Corrupt Relationships, and unnecessary hardships.

Income tax, by its nature, is like a self assessment tax (u/s 140A of the Income Tax Act). Government believes its citizens to be honest and accepts the Tax as calculated and paid by the tax payer but this honesty doesn’t seem to be the best policy adopted by many or there may be errors while filing by the assessee. Hence the need for Assessment ‘beyond the original self assessment’ arose.

Meaning of the term 'Assessment' –

In simple words, If a person earns Income, which is chargeable to tax, he has to furnish his return of income to the Income Tax Department. Then the Income Tax Department examines this return, this process is called “Assessment”. The main essence of the topic “Faceless” is basically ‘change of the face’ of assessment. With the inauguration of National E-Assessment Centre, three big announcements were made on 13th August 2020: Introduction of **assessment without personal interaction** between Jurisdictional Assessing Officer and the Assessee that would benefit Assessee by avoiding pain & harassment by finalizing assessment on merits. With effect from 25th September, all **appeals** before Commissioner (Appeals) shall also be **faceless**. Issuance of **Taxpayer's charter** that will provide for obligations of the department and assessees.

Structure to implement the scheme –

1 National E-Assessment Centre (NeAC)

Headed by: Principal Chief Commissioner of Income Tax (PCCIT)

Location: Delhi

Aim: To facilitate and centrally control the e-assessment.

8 Regional E-Assessment Centres (ReACs)

Headed by: Chief Commissioner of Income Tax (CCIT)

Location: Delhi, Mumbai, Chennai, Kolkata, Ahmedabad,
Pune, Bengaluru and Hyderabad

Aim: To make assessment.

Each Regional E-Assessment Centre (ReAC) is further divided into :

‘Assessment Unit’ (AU) Work:

Identifying points or issues, material for the determination of any liability (including refund), analysing information, and such other functions.

‘Verification Unit’ (VU)

Work: Enquiry, cross verification, examination of books of accounts, witness and recording of statements, and such other functions as may be required for the purposes of verification

Technical Unit’ (TU)

Work: Technical assistance including any assistance or advice on legal, accounting, forensic, information technology, valuation, audit, transfer pricing, data analytics, management or any other technical matter.

‘Review Unit’ (RU)

Work: Reviewing the ‘draft assessment order’ to check whether the facts, relevant evidence and law and judicial decisions have been considered in the draft order.

Note: -Authorities (AU, VU, TU & RU):

Add. CIT or Add. DIT or JC or JD
DC or DD or AC or AD or ITO

Such other authorities, ministerial staff,
executive or consultant as considered by CBDT

How will transparency be ensured by being “faceless”?

Interaction at all stages between the Assessee and National E-Assessment Centre through **electronic mode** only; All the communications between all the units would be **through the NeAC**; **Assessee will not know** which Assessment Unit, Verification Unit, Review Unit or Technical Unit is working on his case. **Neither** the **AU** will know which **VU/RU/TU** is handling relevant case & this is the same for other units as well.

Assessments to be handled under the scheme –

Scrutiny Assessment (u/s 143(3))

Best Judgment Assessment (u/s 144)

Process of the faceless tax assessment –

Issuance of Notice by National e-Assessment Center (NeAC).

Concerned **Assessee to Reply** within 15 days.

Assignment through an ‘automatic case allocation’ system to an official for the case in **Assessment unit (AU)** i.e. Regional Electronic Assessment Center (ReAC) by the central NeAC.

After that **NeAC to communicate** with –

Assessee - seeking required information such as **documents and evidence** as requested by ReAC

Verification unit (VU) - conduct **verification** by enabling an 'automatic allocation of cases' and

Technical unit (TU) - get **technical assistance** based on the 'automatic allocation of cases'.

Concerned units to **Transfer information to NeAC.**

After collecting all information, NeAC to **send it to ReAC.**

On examining all the information, ReAC will prepare a '**Draft assessment order**' that will either **accept** the ITR filed by the assessee or will **modify** the ITR.

This draft order will be sent to **NeAC** which will **re-consider** by **re-examining** and may **issue a notice** to the concerned assessee. In some cases, the draft may also be sent for **review** to the Review unit (RU) in any of the regional e-assessment centres.

of being heard" to **defend** his case and accordingly the **fine** will be charged

Benefit of the scheme –

"No boundaries, no limit - use it anywhere, anytime"

Department –

Greater **efficiency, transparency** and **accountability** as envisaged in sub-section (3A) of section 143,

Introduces **functional specialization** within the department,

Lead to optimization of **utilization of resources** thus **saving on time and cost**, **Eradication of corruption** in the present system due to elimination of interface and dynamic jurisdiction,

'Automated allocation' system will lead to **no discretion of any authority**, **Accountability of officers** will increase due to all the documents, details and submissions being on record.

Assessee –

Reduce harassment to the assesses, Shift to Online form **saves on time and cost**, Case to be selected for assessment only on the basis of **‘specific’** issues and notice is issued for giving details and explanation on specific issues. Therefore, assessee will be required to give **details only on ‘those’ issues**.

Difference between traditional & faceless assessment –

Points of Difference	Traditional Assessment (Offline)	Faceless Assessment (Online)
Communication mode	Paper – based (via notice and other paper works)	Electronic –based (via emails and video conferencing.)
Interaction with the IT Department	Visit physically, if need arrives	No face to face interaction
Involves	✓ Assessee ✓ Assessing officer A.O.	✓ Assessee ✓ NeAC ✓ ReAC ✓ Assessment unit ✓ Verification unit ✓ Technical Unit ✓ Review Unit
Chances of biasness & corruption	High	Low

The wonder of the 'faceless' scheme depends upon a **strong digital system** because there are about 6 crores income tax assesses in India so there can be seen a massive pressure and with the start of *#Digital_India* campaign on 1st July 2015 with the motto "Power to Empower", this step could be foreseen much earlier. No? Looking at the advancement we have been making in terms of **technology** and unprecedented situations like of this **Covid pandemic** that has hit worldwide calls for taking this to another level. Not just this, another reason for the change being necessary was increased **corruption** and dilution of the right cause behind authority. Anyways, this new scheme looks quite promising but has **various hindrances** on its way which might create hurdles in the smooth flow, which are as follows:

No access to Computer system or Assessee are **not computer savvy** –

Scheme sounds quite advanced but the ground reality is quite opposite because assessee may not have access to computer system or not be well versed with its use.

Submission of '**Voluminous**' documents/ details –

Practical difficulties in terms of **scanning, uploading and limit to load** documents, therefore set up of proper facility system at each office of the department could provide a rescue.

No provision for extension of 15 days which appears to be a 'short' time period to reply and submit details.

14 Therefore though there may be many issues but if these are properly looked after at the earliest, the 'Faceless' Assessment looks quite promising in the long run.

The Transparency in the process is assured with the help of electronic mode **'without any human interface'** & No biasness in the proceedings is ensured as there is **'Computer Based Random Selection'** of Tax Payer and Income Tax Official for Scrutiny Purpose.

And as our Prime Minister Shri Modi Ji says, New India will witness a New Governance Model where there is- Minimum Government and Maximum Governance. From Power centric to People Centric. To conclude, I would like to quote Famous Author Robin Sharma, ***"Change is hard at first, messy in the middle and gorgeous at the End"***

Hope this reform brings out a New Honest India with Zero Corruption



Sarvesh Bubna
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AT 2nd POSITION

Any notices served by the Income Tax department u/s 143(2) (Scrutiny) or u/s 144 (Best Judgement Assessment) or u/s 147 (Income Escaping Assessment) or in combination, the hearing and settlement was conducted on an offline mode. The Assessee to whom such a notice was served, was asked to present himself in person or by a representative in front of an Income Tax officer (generally the Assessing Officer).

This would give an opportunity to both the officer and the Assessee to collude and escape paying the shortfall tax amount or penalty he is liable to pay. Not only did this lead to loss of revenue for the Government, but it also sent out a wrong image about the Government Machinery.

Come August 13, 2020, the Prime Minister Shri Narendra Modi replaced the above process with the renowned “Faceless Assessment” in which, as the name suggests, the appeals, hearings and assessments are conducted in a faceless manner. It was effective immediately from 25th September 2020. What it means is that now neither the Assessee knows which AO is assessing his Return, nor the Officer knows who’s Return he is assessing. They are completely unaware of each other’s identity which increases the transparency and reliability of the Assessments.

This is conducted in the following manner (Modus Operandi):

1. The National Faceless Assessment Centre (NFAC), Delhi, serves a notice under the aforementioned sections to the Assessee (let's assume he lives in Kolkata) suspected to be in default. He has only one point of contact with the Tax Authority as far as this notice is concerned i.e. with the NFAC.

2. The NFAC now sends his Return to an Assessing Unit of a Regional Faceless Assessment Centre (RFAC) (under the jurisdiction of the regional Principal Chief Commissioner) (assuming to be in Chennai) which is chosen at random to eliminate any underlying bias. Neither does the Assessee know nor has any contact with the RFAC which is assessing his Return.

3. The RFAC has 4 sub departments:

Assessing Unit - for identifying points or issues, material for the determination of any liability (including refund), analysing information etc

Verification units - for enquiry, cross verification, examination of books of accounts, witness and recording of statements etc

Technical units - for technical assistance including any assistance or advice on legal, accounting, forensic, information technology, valuation, audit, transfer pricing, data analytics, management etc.

Review units - for reviewing the draft assessment order to check whether the facts, relevant evidence and law and judicial decisions have been considered in the draft order.

Communications between the above departments are through NFAC only even though they might belong to the same RFAC.

4. The Assessing Unit in Chennai can make a request to NFAC in case it requires: further information or documents from the Assessee who's Return has been assigned to it.

Needs to make certain verifications through a Verification Unit about the Assessee Seeking technical assistance from a Technical Unit.

The NFAC, as it seems fit, issues a notice to the Assessee or the respective department to aid the Assessing Unit. It forwards the reports and/or documents & evidence received by the other Units and the Assessee respectively.

5. In case the Assessee fails to provide the necessary documents or evidence so requested by the NFAC, the Assessing Unit shall issue a Best Judgement Assessment u/s 144 on the direction of the NFAC. The Assessee can respond to this notice,

and consequently the Assessing Unit (after taking into consideration all the evidence, documents and responses), prepares a Draft Assessment Order u/s 144 and sends it to the NFAC.

6. It shall append the notice with the penalties, modification, and proceedings to be initiated thereafter.

7. The NFAC examines the Draft Assessment so prepared by the Assessing Unit according to the Risk Management Strategy issued by the CBDT. The NFAC has the authority to do the following: Give an opportunity to the Assessee of Being Heard. This is also done through video conferencing, i.e online mode, between the NFAC and the Assessee. Assign the draft assessment order to a Review Unit but of a different RFAC (again through the Automated method of Allocation, say Hyderabad).

8. The Review Unit (Hyderabad) shall intimate the NFAC about modifications and alterations, if any, regarding the Draft Assessment Order.

9. The NFAC after considering the suggestions and modifications made by the Review Unit reassign the case to another Assessing Unit (different from the original Assessing Unit, say Mumbai), which will reconsider the suggested modifications and send the Final Draft Order to the NFAC.

10. The NFAC after receiving the Final Draft Order gives the Assessee an opportunity of being heard in case of any modifications. If the Assessee fails to respond or his response seems to be inadequate or he accepts the Order, the Final Draft Order becomes the Final Order. However, if the response so submitted by the Assessee seems appropriate to the

NFAC, it may on its discretion re assign the case to another Assessing Unit of another RFAC and the entire process is repeated.

11. The Assessee can file his objections with the Final Assessment Order with the Dispute Resolution Office if he is dissatisfied with the same.

12. The NFAC shall act according to the directions of the Dispute Resolution Office and accordingly either submit its response or prepare the Final Order.

13. The NFAC now transfers all the electronic records of the Final Assessment Order to the Assessing Officer who has jurisdiction over such action. This order includes The Notice of Final Assessment Order made by the NFAC the Notice for issuing penalties and/or proceedings the Demand Notice, if any, specifying the amount payable by the Assessee.

Opinion

The Faceless Assessment was brought in with the vision of promoting Ease of Doing Business in India. In my opinion, it provides the Assessee with the following benefits:

1. Since the entire system has gone online, no physical presence is required. This saves both time and cost of the Assessee.

2. Increased transparency from the Income Tax department proves to relieve the Assessee. This curbs unethical practices as both the Officer and the Assessee are unaware of each other's identity.



3. Since the entire process is a team-based effort, errors are minimised and reliability of the Orders increase.

4. This also speeds up the process of dispute resolution and recovery of tax by doing away with the arduous offline process.

However, cases related to serious frauds, major tax evasion, sensitive and search matters, cases relating to international taxation and cases related to black money act and Benami Property are not covered under this faceless appeal scheme. These are still done in the way they were used to before i.e. the offline method. These events prove to be a greater opportunity to collude rather than the comparatively smaller cases of scrutiny assessment. It is here that major sources of corruption, tax evasion, money laundering etc. lie compared to the events covered under Faceless Assessment as far as monetary magnitude is concerned.

This I feel, is the Government taking a step towards the future of “Online India”. It is a step towards complete digitalisation of the Income tax Return Filing and Compliance and the effort is commendable. What is even more praiseworthy is the effort the Government is taking to educate the masses about the importance of return filing and paying their taxes honestly.

This process is an endeavour to “Honour the Honest” as the way the Tax Authority’s deal with tax payers is considered to be an unpleasant one. The government now sees the Tax Department not as a source of Revenue but as a body to serve the citizens. The faceless process will make the honest taxpayer’s work faster and weed out the dishonest ones much more easily.

AT 3rd POSITION

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Tax System should be Seamless, Painless, Faceless”, the Honorable Prime Minister of India- Narendra Damodardas Modi said. The Indian Government has been making continuous efforts in adoption of technology and digitalization in governance processes and administrative services over the last few years. On the direct tax front, the Indian Government’s e-Governance Income

“Tax related initiatives can be traced to 2006, when the department launched a project to enable e-filing of Income Tax Returns. In 2009, Central Processing Centre was established in Bengaluru for the efficient and effective processing of ITR’s, establishing scientific and systematic record storage and retrieval management system and establish a robust, reliable and scalable accounting system. In his Budget Speech in 2018, the Honorable Finance Minister introduced the Faceless Assessment Procedure which was initially known as E-Assessment Scheme.

Launch of “Transforming Taxation -Honouring the Honest” Platform
On 13th August, 2020, the Indian Government launched its ‘Transforming taxation- Honouring the honest’ platform, with the objective of simplifying India’s Tax system and increasing trust between taxpayers and Income Tax Department along with which the Honorable Prime Minister also introduced a revamped scheme for tax assessments, with certain modifications to make it faceless and the scheme was also renamed as Faceless Assessment Scheme.

With this Government also announced the introduction of ‘Faceless Appeal’ and the ‘Taxpayer’s Charter’.

Benefits to the taxpayer's and Income Tax Department through the introduction of new Faceless Assessment Scheme.

The main objectives behind the implementation of the Faceless Mechanism are to reduce the Physical Interface between the Income Tax Department and taxpayers, establish team based assessment that comprises multiple layer of units formed by CBDT and thereby reduce arbitrary exercise of discretion by tax officers in concluding assessments and enables the optimum utilization of resources. With the Introduction of faceless assessment, going forward, all cases for tax assessment will be selected by an automated selection system randomly through the use of Artificial Intelligence (AI) and Machine Learning Tools.

The Indian Government with these reforms also aims to bridge the trust deficit between taxpayers and the Income Tax Department by limiting the human interface and substitute it with technology driven models to improve its administrative system. These reforms will integrate the elements of 'efficiency, integrity and sensitivity' in the governance system and also reduce tax litigations at various levels. The introduction of policy driven governance by putting in place unambiguous policies and minimizing gray areas to rule out alleged discretion in administrative processes and may improve India's ranking on the 'Ease of doing business' in the list of world's ranking.

Why there was a need for the introduction of a revamped and faceless scheme of assessment?

The Tax framework before the establishment of Faceless Assessment was that a case of taxpayer was selected for assessment manually or based on certain information available with the Income Tax Department, through the system and after that assessment was conducted by the Jurisdictional Tax Officer. This led to limitations in the system like issuance of notices through the system and manually without DIN made record-keeping difficult and often led to disputes between the taxpayer and the Income Tax Department, Entailment of multiple physical meetings between the taxpayer and the Income Tax Department officials and there was usually a long waiting before the taxpayer could meet a tax officer, Discretionary power vested with tax officers led to a subjective approach and varying interpretations, either in the same locations or across various jurisdictions on similar issues, and a large percentage of Income Tax Department personnel were involved in the tax assessment process.

The structure of faceless assessment process is designed to address these challenges. In order to overcome these limitations, it was necessary to transform the assessment mechanism to enable transparency, efficiency, accountability and optimal utilization of technology. The Indian Government created a parallel jurisdiction for assessment proceedings by vesting the power to assessments with National Faceless Assessment Centre (NFAC).

All existing assessment proceedings were transferred to NFAC which were pending before the jurisdictional tax officers. NFAC is responsible for the overall conduct of faceless assessment proceedings in a centralized manner located in Delhi and headed by Principal Chief Commissioner of Income Tax. Regional Faceless Assessment Centre (RFAC) were established under the jurisdiction of Regional Principal Chief Commissioner for making assessments which comprises of four units namely – Assessment Units (AU), Technical Units (TU), Verification Units (VU) and Review Units (RU). The cases will be assigned by NFAC to an Assessment Unit (AU) in any RFAC through an automated allocation system. The entire system of allocation of cases is completely automated and requires minimal human intervention.

If AU asks for the assistance of the TU or the VU, this request will be directed to the NFAC, which will assign it to a TU or VU through an automated allocation system. Possible difficulties that may arise with the introduction of this new Indian Revenue Audit System.

The taxpayers and Income Tax Department need to invest in the streamlined IT infrastructure for the successful implementation of faceless regime. In this faceless regime, the main objective is to remove physical interaction as much as possible, and hence, the taxpayer may not have the opportunity to explain, in person, business related complications and explain several positions they have taken while filing their Income Tax Returns. These facilities are available in existing system. In spite of filing extensive written submissions with the Income Tax Department, a limited facility of video conferencing and telephony is made available as of now.

In these Circumstances, it is very important for taxpayers to ensure that appropriate documents with factual matrix are available and filed and their written submissions are comprehensive, but brief and to the point. The security and confidentiality of taxpayer's data has never been compromised, and it is critical that this standard is maintained in the future under the new system, under which huge documents will be filed and entire process will run.

Pre-considerations for preventing probable difficulties in implementation.

While introduction of the scheme is overall a positive step in the right direction but it would help substantially if tax administration also considers some solution of the problems for its feasible operation on both side taxpayer as well as the Income Tax Department.

A robust IT Infrastructure is imperatively needed in the all-encompassing role of technology in the overall scheme of faceless assessment.

Today, whether CBDT is being able and will be to provide the taxpayers with the efficiently functional IT Infrastructure is a common question in every person's mind? Recently, in the month of June this year, a new Income Tax Portal (Incometax.gov.in) was launched to provide a single window to income tax related services for taxpayers and other stakeholders, has been unfortunately showing serious faults and errors due to which taxpayers are unable to access the website smoothly.

Many taxpayers have got notices from National Faceless Assessment Officers but taxpayers are unable to comply in absence of E-proceedings Tab in the new portal. Currently, 40000 IT Returns nearly, are being filed daily on new portal.

Additionally, although the data security and confidentiality of taxpayer data has never been compromised ensuring this in the future with the use of new systems, in which documents are submitted and maintained online will be vital in retaining the trusts of taxpayers.

Effectiveness of the scheme in Long Run

This is a very significant initiative taken by the Government of India which seeks to address age- old issues plaguing India's Tax administration, by deploying technology, team based assessment and efficient use of internal resources. There may be complications in the start, but we see a robust assessment system in long run that will iron out issues faced in the previous system, such as non- availability of old documents and records, long waiting hours at the tax office arising due to administrative failure and lags.

Valuation of the company

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What Is Valuation?

Valuation is the analytical process of determining the current worth of an asset or a company. There are many techniques used for doing a valuation.

An analyst placing a value on a company looks at the business's management, the composition of its capital structure, the prospect of future earnings, and the market value of its company, among other metrics.

What Does Valuation Tell You?

A valuation can be useful when trying to determine the fair value of a security, which is determined by what a buyer is willing to pay a seller, assuming both parties enter the transaction willingly.

Analysts do a valuation to determine whether a company or asset is overvalued or undervalued by market forces.

Two Main Categories of Valuation Methods

Absolute valuation attempt to find the "true" value of an investment based only on fundamentals. Looking at fundamentals simply means you would only focus on such things as dividends, cash flow, and the growth rate for a single company, and not worry about any other companies

Valuation models that fall into this category include the dividend discount model, discounted cash flow model, asset-based model.

Relative valuation operate by comparing the company in question to other similar companies. These methods involve calculating multiples and ratios, such as the price-to-earnings multiple, and comparing them to the multiples of similar companies. Valuation model that fall into this category is The comparable model.

The relative valuation model is a lot easier and quicker to calculate than the absolute valuation model

Valuation Methods

Dividend Discount Model (DDM)

The dividend discount model calculates the "true" value of a firm based on the dividends the company pays its shareholders. The justification for using dividends to value a company is that dividends represent the actual cash flows going to the shareholder, so valuing the present value of these cash flows should give you a value for how much the shares should be worth.

Discounted Cash Flow Model (DCF)

What if the company doesn't pay a dividend or its dividend pattern is irregular? In this case, move on to check if the company fits the criteria to use the discounted cash flows model. Instead of looking at dividends, the DCF model uses a firm's discounted future cash flows to value the business

The free cash flows are generally forecasted for five to 10 years, and then a terminal value is calculated to account for all the cash flows beyond the forecasted period and discounted with weightage average cost of capital.

The Comparables Model

This model doesn't attempt to find an intrinsic value for the stock like the previous two valuation models. Instead, it compares the stock's price multiples to a benchmark to determine if the stock is relatively undervalued or overvalued.

The reason why the comparables model can be used in almost all circumstances is due to the vast number of multiples that can be used, such as the price-to-earnings (P/E), price-to-book (P/B), price-to-sales (P/S), price-to-cashflows (P/CF), and many others

Asset-Based Approach

The asset-based approach uses the value of assets to calculate a business entity's valuation. The asset-based value is equivalent to the company's book value or shareholders equity. The calculation is generated by subtracting liabilities from assets



The Bottom Line

No single valuation model fits every situation, but by knowing the characteristics of the company, you can select a valuation model that best suits the situation.

Additionally, investors are not limited to just using one model.

Often, investors will perform several valuations to create a range of possible values or average all of the valuations into one.



THROWING LIGHT ON CONFUSION: SECTION 194Q VS 206C(1H)

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Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) are the prime mode for collection of Income Tax revenue by Government hence it is imperative that government takes all such ways and actions to widen the scope of both TDS and TCS. Now a days, one of such measures has become talk of the town as it has led whole the industry

including dealers and professionals to confusion. Let's try to throw light on this ongoing controversy regarding section 194Q and section 206C(1H).

Finance Act 2020 had amended section 206C of the Income-tax Act 1961 by inserting a new subsection (1H) which says that the seller is required to collect the tax if the sale of goods to buyers exceeds Rs.50 lakhs.

Where as, Finance Act 2021 inserted a new section 194Q which says that the buyer is required to deduct the tax if the purchase of goods from the seller exceeds Rs. 50 lakhs.

Section 194Q:

If a purchaser has his Sales, turnover and Gross receipts in the Preceding Financial Year more than Rs. 10 Crore then he has to deduct 0.1% TDS on his purchases from a vendor in Excess of Rs. 50 Lakhs in a financial year. It will be applicable from 1st July 2021.

Interpretation:

The TDS under Section 194Q is to be deducted, on the Invoice value at the time of Purchases and if the payment is made in advance, then the TDS on such amount of advance is to be deducted at the time of making such advance money to the seller.

206C(1H):

If a Seller has his Sale, turnover and Gross receipts in the Preceding Financial Year is more than Rs. 10 Crore then he has to Collect 0.1% TCS on the amount received on account of Sales made to him from a Purchaser in Excess of Rs. 50 Lakhs in a financial year. It is already applicable from 1st. Oct 2020.

Interpretation:

The TCS under section 206C(1H) is to be collected, on Payment basis. The time of collection of TCS has nothing to do with the time of sale it has to be deducted when payment is received from the purchaser

Do they overlap Each other?

A big question running into all minds throughout the industry. The answer is Yes, upto some extent and subject to some circumstances. Let's understand how:

Purchase and sales are two sides of a single coin. If X is selling goods to Y, then it is sale for X and simultaneously it is purchases for Y also. Nothing new in it since every transaction has two parties and there are two aspects on a single transaction. To understand more deeply, Let us have a look at some examples to understand how these two sections are simultaneously applicable on a single transaction in certain situation: A and Company is a Seller and B and Company is a Purchaser. The sale of A and Company is Rs.100 Crore for the year ending on 31st. March 2021. The sale of B and Company has the sale of Rs. 20 Crores during the year ending with 31st. March 2021.

Now in this situation Section 206C(1H) is applicable but since the sale of Purchaser is also More than Rs. 10 Crore in previous year the Section 194Q will also apply.

This is the situation where a question arises which section is practically applicable?

Whether Section 206C(1H) is applicable or Section 194Q is applicable means whether the Seller will collect the TCS or Purchaser will deduct the TDS or both will do the same simultaneously. The situation is that both the sections are overlapping each other and the situation may be confusing but the answer is very simple and clearly given in both the sections.

Answer for this controversy from Law itself:

Let's try to have a look at relevant legal provisions of the law to solve this questions.

Section 194Q (5)

The provisions of this section shall not apply to a transaction on which –

(a) Tax is deductible under any of the provisions of this Act; And

(b) Tax is collectible under the provisions of section 206C other than a transaction to which sub-section (1H) of section 206C applies.

Now, it is clear from the above that there is no exemption from TDS if the TCS is collectable under Section 206C(1H) i.e., TCS on Sales on Goods. If TCS is collectable under any other sub section of section 206(C) **“except 206C(1H)”** then the TDS under this section is not applicable hence it is clear that there is an exception of this exemption and which is lying in section 206C(1H) and this section relates to TCS on sale of Goods and if the TCS applied under this section 206C(1H) then there is no exemption from section 194Q and TDS under section 194Q has to be deducted on purchase of Goods

Now take a look at section 206C(1H) where the answer of this question is also given:

Proviso of the said section:

It is provided that the provisions of this sub section shall not apply, if the buyer is liable to deduct tax at source under any provision of this Act on the Goods purchased by him from the seller and has deducted such amount.

Hence when TDS provisions on purchase of Goods are applicable on purchaser then TCS provisions on the same transaction is not applicable on seller it means where Section 194Q is applicable then there is an exemption from section 206C(1H).

To be precise, this is how we can conclude the Answer:

Where both Sections 206C(1H) and 194Q are applicable in a particular situation then the Purchaser will have to deduct TDS under section 194Q and if he has deducted the TDS then the TCS 206C(1H) will not apply. However, where the Turnover of the purchaser is Less than Rs. 10 Crores then the Seller will continue to collect TCS on the payments received by it and if the Purchaser has turnover more than Rs. 10 Crores then the burden will shift on the Purchaser now from 1st. July 2021 and it is the purchase who in any case have to deduct the Tax under section 194Q. In such a situation section 206C(1H) is not applicable.

Conclusion:

This is not the first instance where some amendments in provisions of law have created lots of confusion among the industry. Simplified Law may be a myth. Government has and will continue to have these kind of changes in action regarding scope of the sections which are key revenue generators. Interpretation plays a vital role here. It is obvious to have raise in controversy, lack of understanding and increased compliance burden at initial level of such changes but all will get sorted once government gradually clarifies each issue and understanding regarding these sets into minds of dealers and professionals.



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JOURNEY ON A TRAIN

As soon as I left
For a beautiful long journey on the train
With memories tickling down my brain
How marvellous the entire scene was
Sitting with new people and seats surplus
Travelling on the train for the first time
Was a thrilling and exciting ride
Looking outside the window and
Feeling the nature and breeze felt like a pride
I could use all my senses to feel the wind on my skin
The robotic voice that I could hear on the platforms - ting ting
I was all hypnotized by the magic this journey possessed

Otherwise, how was it possible
Not to do anything, sitting on a seat and still not restless
For a little warmup when I get down at an intermediate station
I always remain worried for if I miss the rail
But remaining happy with the thought
As it will turn the mesmerizing journey into a tale
How do I tackle the mess the adjacent family makes?
Very crowded, very noisy,
And problematic kids
But their sparking eyes cooled down my anger
All that I could see was an adventure
Embracing these things was a choice by default
Adding to the life a pinch of salt
How can I forget the food party?
To which I was invited by the sweet family
My tongue could feel the best day ever
Having the gracious meal madly
All these experiences never lose my sight
Whenever I see a train passing by
Expecting a time full of bliss again
I hardly wanted to remain sane.

SOCIAL DISTANCING

Sudden strike of unknown fuss,
Often known as Novel corona virus.
Community spread started to take place,
Incubation period 2 to 14 days.
Alongside fungi; yellow, white, black;
Lots of people, suffered from this attack.

Droplets transmission,touch, fomite;
Isolation, mask, sanitizer; solutions prescribed.
Stay-at-home order, government declared;
TTrue soldiers were doctors & front-line worriers.
A severe situation gulp, entire world;
Numerous waves, made the economy swirled.
Common people & poor, faced the most;
Income was zero, savings became worst.
Now situation settles & moving back to normal,
Go & take vaccine, it's a humble request to all.



Neha Saha
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