



EICASA e-newsletter August 2022
The Institute of Chartered Accountants of India
(Setup by an Act of Parliament)

**Eastern India Chartered Accountants Students' Association
Of Eastern India Regional Council**

EICASA

स्वतंत्रता दिवस
की हार्दिक शुभकामनाएं





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E-NEWSLETTER - AUGUST EDITION

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Message from Desk, EICASA Chairman

Dear Students,

Jai Hind! On this ultimate occasion of the Azadi Ka Amrit Mahotsav, I wish you all a great future and I request you to vow to contribute towards nation building and ensuring that the Amrit of this Mahotsav flow and trickle down to all Indians. I take this opportunity to congratulate the students who have passed their exams this time. For those who could not clear it this term, believe in yourselves, prepare harder, plan your time strategically keeping in mind your strengths and weaknesses and I am sure you will clear it in the next term. I thank all the students for participating in huge numbers and making the Students' National Conference held on 16th & 17th July, 2022 at Kala Mandir, Kolkata a grand success. It will remain an event to remember for long. I congratulate and thank my team EICASA for making this success a reality. A Complete revamp of BoS Knowledge Portal, BoS Mobile App for Members, BoS App for Daily Quizzes on Academics and Motivational Videos from Heros of Profession are going to be a New Experience for the students. The BoS app will give a different learning experience with Online Videos for all subjects at all levels. The BOS-Academic is moving from E-Book (Electronic) towards A-Book (Audio Book) followed with editable e-books for making your notes that can be saved in your profile. The BOS-Academic's team on advance learning has explored to get a New Friend (BOT) for experiential learning. The SSEB has taken an important initiative for the students undergoing practical training through Practical Training Module series of live webinars which are being organised on Sundays from 10:30 AM to 1:00 PM. The subject experts from across the nation are invited to address the audience. You are requested to reap the maximum benefit out of these initiatives and attend upcoming webinars on every Sunday. The EICASA will come up with various Seminars, Workshops, Motivational Sessions, Industrial Visits, Sports Meets, etc. the way it does regularly. Please keep a track of events at www.eirc-icai.org, <https://bosactivities.icai.org/> and participate. You can achieve all your dreams through dedication, commitment, discipline, perseverance, passion and most importantly by believing in yourself.



Wish your dreams come true.

Regards,

**CA. Debayan Patra, Chairman EICASA (2022 – 23)
& Vice Chairman EIRC (2022 - 23)**



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ISSUES IN CLAIMING ITC IN GST



Mr. Ajay Kumar Pandey
ERO0254533

One of the fundamental features of GST is the seamless flow of credit. The concept of ITC was introduced to remove the cascading effect. It is said that the registered person who has paid tax on purchasing inputs will get the credit if he makes taxable supply and he can use that credit for discharging the Output Tax Liability. But the biggest challenge in GST is that it is not easy to claim ITC.

In our childhood days and till now, all of us have played Snake and Ladder where the competition is Who will reach 100 first. In the same way, claiming ITC in GST is like a game of Snake & Ladder. At every step, there is some issue or challenge in order to claim ITC.

Section 16(2) of CGST Act, 2017 states that the following four conditions should be satisfied by a registered person in order to claim ITC:

(a) He is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as prescribed in Rule 36 of CGST Rules, 2017.

(b) He has received the goods or services or both.

This condition states that it is necessary that the goods or services have been received by the registered person in order to claim ITC. We know that we can claim ITC which is available as per GSTR 2B but there may be cases when we can claim the ITC but not in the current month inspite of the fact that it is appearing in GSTR 2B of the current month. Suppose, Mr X purchased goods from Mr. Y on 30th June'22 but the goods are received by Mr. Y on 5th July'22. In this case, the supplier will record Sales for the month of June and accordingly, it will be reported by Mr. Y in GSTR 1 for June'22. Subsequently, it will be reflected in GSTR 2B of Mr. X for June'22.

Since Mr. X has received the goods in July, he has to postpone the ITC and he can claim ITC in respect of those goods in July'22.

(c) The tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and



This condition requires that in order to claim ITC, GST on that inputs or input services or Capital Goods should be paid to the Government. In some cases, it is found that the customer has paid the GST amount to the Supplier but the Supplier has not paid the GST to the Government. In these cases, it is the default of supplier but the recipient has to suffer because the recipient cannot claim ITC until the GST is paid to the Government. In this regard, there is a case law named D.Y Bethel Enterprises vs State Tax Officer where it was held that the department should recover the GST from the Supplier and grant ITC to the recipient.

Conditions to consider while claiming ITC



(d) He has furnished the return under section 39: This condition is already implicit in Condition no. (c) as GST is paid to the Government through GSTR 3B.

Another issue is that – When a factory is constructed by a contractor, the contractor will collect GST also, but the person/company cannot claim the ITC on the construction services received as ITC on Works Contract is blocked as per Section 17(5) even though factory is constructed for making supplies.

Hope you found it useful.

Input Tax Credit





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DEMISTIFYING MULTIBAGGERS



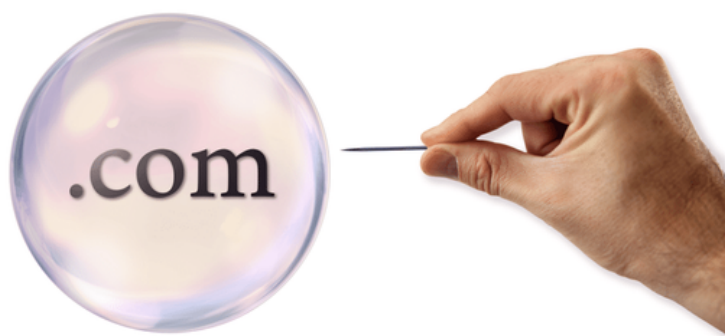
Mr. Vaibhav Poddar
ERO0255317

BANKRUPT COMPANIES AFTER A CRASH

Companies with no product market fit

An example of this type of company can be traced from the dot-com bubble to a company called pets.com. This company basically got all pet products, from dog food to even dog towels, but the problem was that back then, unlike Amazon, which sold 2.5 million books that were impossible for a bookstore to have, pets.com barely sold anything that the store next door did not have, so they went out of business.

Amazon provided services which no one could match and Pets.com did not have a distinctive selling technique, the quick commerce boom in India looks like Pets.com because products that a person would normally order via a rapid commerce service. It's either grocery, general store items, medicine, or miscellaneous stuff to send and receive items which could be easily available at nearby local stores.



Spendthrift companies

Companies that spent way too much on unnecessary places, companies that took all the money from the investors and spent it on unviable channels.

A classic example of the same was the website called epidemic.com. This company spent \$1.6 million to secure a 30-second ad during the Super Bowl, but it got little response from consumers. This failed and the company shattered in 2000.

Prey companies

An example of a company that falls prey to regulations and adverse market conditions is LimeWire.com, which was a peer-to-peer (P2P) file-sharing programme that allowed its users to download and upload files through desktop software.

LimeWire was eventually shut down in October 2010 after a long-lasting legal battle as they were slapped with law suits related to piracy.

VALUABLE COMPANIES

start-ups that took a lot of money and expanded without revenue are having to cut-down heavily. This is why there are Tech layoffs and start-ups are laying people off on different levels.

As the interest rate increase in US and public market in India remains insensitive to unprofitable companies, companies will be in a compulsion to cut cost further.



Factors that a founder as well as investor shall consider before starting a new company or while investing in startups other than profitability to understand the worthiness of a startup both as investor and a founder shall be

Barriers to entry

Company is working which is making more difficult for competitors to enter into the field and catch-up with the company, a classic example is in soft drink industry where Coca-Cola has made it impossible for new comers to break in the industry by building brand value, supply chain management and shelf space.

Customer lifetime value vs. customer acquisition cost (CAC)

customer lifetime value is the total revenue that a customer will generate with the company, whereas customer acquisition cost is the amount which company will spend to acquire the customer.

Example: a CAC for a company is less than Rs. 1000 and the customer lifetime value will be Rs. 5000, the company is getting Rs. 5000 for every single customer but if their CAC is Rs. 10,000 for a lifetime value, that would be dangerous because company is losing Rs. 5000 for each passing customer.

The ratio of average customer lifetime value vs CAC is very important, the more this ratio, the more is the scope of profit, the less this ratio, the riskier business.



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INDIAN CURRENCY UNDER PEER PRESSURE



Mr. Harsh Raj
CRO0659406

Nowadays, the Indian Rupee is facing downward trajectory. Between all this, the rupee hit all time record low of 80.179 against the US dollar just 2 months after the country's trade deficit hit an all time high at \$25.6 billion up from \$24.3 billion. It has become a hot topic for debate among analysts about whether the rupee could see further decline which would weaken our country's economy. The current scenario has blown up the common's man sleep where on one side the country is facing all time high inflation and on the other hand the prices of essential items for living is rising drastically. Let's try to decode it from the grass root level "why is Indian Rupee falling?".

Indian currency began to be measured against the US dollar in 1947 after India gained its independence. The value of 1 INR then could be taken as 1 USD, considering that the national balance sheet was free from any credit or debit. The value of 1 INR in 1947 was 4.76(if a direct comparison is not made). This value continued till 1966. But the Indian economy started witnessing a downfall starting from the 1950s.



This was on account of the country's credit from the international market. Further the situation was worsened by the 1962 war of India and China, followed by the 1965 war of India and Pakistan, and the drought that had hit the nation in 1966. On 1991, the fall of USSR, Gulf war and political instability worsened the situation. Also in 2008, global economic crisis hit the Indian rupee severely. In 2016, Demonetization ended up playing a role in bringing down the rupee. The global economic crisis following the Coronavirus pandemic in 2020 contributed to the depreciation of the exchange rate badly. During the recent times, rising crude oil prices, foreign investors withdrawing money from the Indian market and the monotonous environment of domestic business attributed mainly to the fall in Indian rupee. The rupee has been on the decline since early this year, especially after supply chain disruptions in view of the Russia-Ukraine war, global economic challenges, inflation, and high crude oil prices, among other issues. Besides, there have been heavy foreign fund outflows from the domestic markets as the foreign institutional investors (FIIs) have sold shares worth \$28.4 billion so far this year, outstripping the \$11.8-billion sell-off seen during the Global Financial Crisis of 2008. Meanwhile, the US Federal Reserve recently increased the interest rates, and the return on dollar assets increased compared with those of

emerging markets such as India.

Since India mostly depends on imports, including crude oil, metals, electronics, etc. the country makes payments in US dollars. Now if the rupee is weak, it has to pay more for the same quantity of items. In such cases, the cost of raw materials and production goes up which gets passed on to the consumers. People who are aiming to study abroad during this time would see an increase in the amount of the fees. People residing abroad who send money to their families in India would cost more as they will end up sending more in terms of the rupee.



Union Finance Minister Nirmala Sitharaman, however, recently said that the Indian currency is relatively better placed than other global currencies against the greenback. Further he told CNBC, "Oil imports from Russia, if settled in rupee, would reduce dollar demand from oil importers. These rupees could be used to settle payment for Indian exports, and / or invested into India – both could be beneficial,". In July, RBI put in place a mechanism for international trade settlements in Indian rupees that would boost exports. Recently, RBI used India's huge stockpile forex reserves to prevent the rupee from falling.





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FORENSIC AUDIT



Ms. Guneet Kaur
NRO0444753

"Nothing matters, but the facts. Without them, the science of criminal investigation is nothing more but a guessing game"

If following up on the latest crashes around, it has to be Twin Towers of Noida but to be Sherlock in auditing field, Future Retail Group has definitely taken over the edge. (Contnd..)

SEBI has recently ordered a forensic audit of the financials of Future Retail. But the Main question arises with 2W's What is it and why so required?



Forensic Audit being an extended arm of audit; is an evaluation and examination of an individual's or a firm's financial records to stem up evidence that can be used in a legal proceeding or court of law. Forensic audits necessitate auditing and accounting procedures as well as expert knowledge about the legal outline of such an audit. It serves as a backing to prove fraud in the business in an apparent risk-prone environment. It needs expertise in accounting and auditing procedures and expert knowledge about the legal framework of such an audit. A forensic audit can be directed to prosecute a party for fraud, embezzlement, or other financial allegations to make the financial records more reliable. Forensic audits cover a wide variety of investigative activities to decrease corporate fraud or white-collar criminal activities. It includes detailed planning of tasks aimed at documenting, determining, and calculative analysis.



Now the main Question arises, what qualities should Forensic Auditor be entrusted with?

The Forensic Auditor's objective concerning an issue either known or suspected, is to discover what happened, how it happened, how much was involved, over what period, and who was responsible, with applied reliable logic and principles applied to sufficient facts, data, and other information. A forensic audit is usually initiated by those surprised and results from the unexpected and/or the material and unusual variances and financial or performance deviations from expectations.

The forensic audit begins with the suspicion and doubts and ends with the performance of investigation procedures either to confirm the case or dispel the suspicion.

With the key benefits of increased credibility, expert accounting, enhanced effectiveness, and accuracy, a forensic audit is seen as a rapidly growing area in detecting and preventing fraud and white-collar criminal activities. As of now, forensic auditing has emerged as a specialized field in the industry that requires a specific skill set to detect fraud, leaving no scope for overlap. But determining when an organization needs forensic auditing is significant to dealing with the early warning signals of fraud.

(Contnd..) So, by following up on the latest buzz in the market, SEBI has recently ordered a forensic audit of the financials of Future Retail. However, its root lies back in 2019 when a messy tussle started between Reliance, Amazon, and Future Group. The reasonable grounds as per the Regulator are disclosure of financial information and business transactions in a manner that may be detrimental to the interest of investors or the securities market or a person associated with the securities market.

To conclude Forensic accounting as a discipline is an interesting area and can be highly useful to both society and the investigator. However, it is pertinent to note here that only persons with such skills and courage with an attitude to know the secrecy can be successful in the process of forensic investigation. With the increase in the use of Computers in accounting and auditing, there are more chances of occurrence of fraud; making it very crucial for the auditor to blend audit methodology with the latest technologies. After all, it's Automation, not automagic.





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WHY INCOME TAX ?



Mr. MD Ashir Shamsi
ERO0260258

Every citizen in India needs to pay the tax to government on their income, as per the Rules and Regulations of Income Tax Act, 1961. Be whoever you are, an individual or an association, firm, local authority, LLP, or even a Hindu undivided family. Your income for every financial year is taxed according to the Income Tax Laws. That is why filing the Income Tax return on an annual basis is important. To do so, you can choose to file an income tax return either online or offline that suits you best. So, let's move forward to know more about the income tax return and the benefits one can get from it.

What is Income Tax Return ?

ITR or Income Tax Return is the form that a person submits to the Income-tax department of India to file information about his or her income and the amount of taxes payable in that particular year. The filed information must apply for a specific financial year between 1st April to 31st March of the following year. Your income can be of many sources, for example, salary, sale of house or property, dividend or capital gains, profit in business, and the interest received, among others. However, if you have paid extra taxes during the year, then the income tax department refunds your money as soon as possible.

What makes filing ITR compulsory?

Income tax rules depict that if you cross the limit of earning, that is, try to get exempted from being taxed by the government, you must file the tax return as per the tax slabs appointed for you each year.

Under Section 139(4a), Income Tax Return filing is required by all individuals who receive derived income from the property which is held under any trust or other legal obligation.



You may be thinking to yourself, "Why should I be concerned about filing my taxes? After all, I don't owe anyone anything." Well, let me tell you, there are many benefits as well as consequences of filing/not filing an income tax return that can have a huge impact on your life. Here are few of them!

1. Acts as a crucial document for loans (Bank Finance)

An individual must provide Income tax return for the previous 3 years while applying for house/ car loan or medical treatment.

2. Always acts as a legal document

The income tax return can have immense legal value. As it is recorded with the government, it acts as legal proof in two ways: identity proof and income proof.

3. Carry Forward of Losses

You cannot carry forward any losses to next financial year if not filed Income tax return.

4. Claim Of Refund Of Taxes

You cannot claim refund of TDS in case you have not filed your Income tax return.

5. Easy Visa Processing

The tax return filing ensures in smooth processing of VISA applications, as you may be asked to provide ITR of last couple of years when you apply for visa. Keep your ITR documents handy for hassle-free visa processing.

6. Penalties

The tax authority levy heavy penalties on individuals who do not file Income tax return. Here they are –

- You would be required to pay a penalty of Rs 5000 if you submit a return after the due date. However, if the total income of the person does not exceed Rs 5 Lakhs, the fees payable shall not exceed Rs 1000
- From April of an AY till July, you must pay interest at a monthly rate of 1% on the unpaid tax payable if the amount owing is Rs 10,000 or more. The monthly interest rate will climb to 2% between August and March of the AY.
- If you don't submit your return before the end of an AY, you'll be subject to steep penalties and interest until you do.
- You must pay an additional 25% of the total amount if the return is filed within 12 months of the end of the AY.

So, by now, you must have had a pretty good idea why filing the income tax return is essential. Not only does it help you but also your nation. The tax you pay, the government uses it to build proper infrastructure and also improve the other facilities of the nation, like hospitals, educational institutions, etc.

Therefore, the more you file the return, the more good the government does to you.

INCOME TAX SLABS & RATES FOR FINANCIAL YEAR 2022-2023

Income Slabs (Rs)	Tax Rates (New Regime)	Tax Rates (Old Regime)
Upto Rs 2,50,000/-	Nil	Nil
2,50,001/- to 5,00,000/-	5%	5%
5,00,001/- to 7,50,000/-	10%	20%
7,50,001/- to 10,00,000/-	15%	20%
10,00,001/- to 12,50,000/-	20%	30%
12,50,001/- to 15,00,000/-	25%	30%
15,00,001/- to 20,00,000/-	30%	30%
20,00,000/- to 30,00,000/-	30%	30%

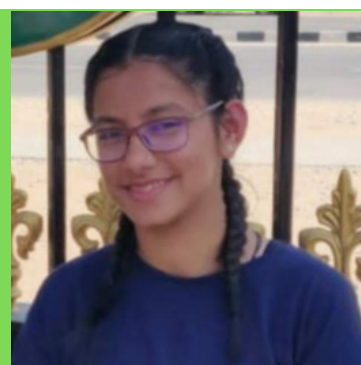


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WARRIORS



Ms. Dimlpe Dugar
CRO0686762

*The ultimate destiny of life is death
Even after gnostic this gospel
We go on, to live our lives like an immortal.
We know the end
Hushed,
We adore every instant in this animated world.
The anxiety of demise sometimes may make us petrified
Yet,
This doesn't shake our spirit to abide.*



*We all are a warrior
Not on a physical battleground with deadly weapons
But combatting on our own front line
Having death as an absolute rival
Defending our ravishing shade
Merely with enthusiasm to live as a warhead.*





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Eicasa E-Newsletter Committee

For the Term 2021-22



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CA. Mayur Agrawal
Nominated Member, EIRC



Mr. Ankit Das
Member, EICASA



Mr. Koushal Burnwal
Member, EICASA





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Announcement

Submission of Online Examination Application Forms for Chartered Accountants Examinations, November 2022. - (31-08-2022)

Board of Studies is organising a Live Webinar "BoS For Your Success" Plan, Prepare & Perform on 1st September 10 AM onwards for students of Intermediate & Final courses appearing in November 2022 exams. - (31-08-2022)

Amendment in the Companies (Acceptance of Deposit) Rules, 2014 relating to Acceptance of money by way of deposit or loan from the public. - (31-08-2022)

Amendment in the Companies (Appointment and Qualification of Directors) Rules, 2014 - (31-08-2022)

Amendment in the Companies (Registration of Charges) Rules, 2014 - (31-08-2022)

Amendment in the Companies (Removal of names of companies from the register of companies) Rules, 2016. - (31-08-2022)

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ICAI Home / Announcements

Announcement of Online Examination of the 'Certificate Course on Indian Accounting Standards (Ind AS) A10' to be held on 13th November 2022 - (31-08-2022)

Declaration of result of the online examination of the 'Certificate Course on Indian Accounting Standards (Ind AS)' held on 24th July 2022 & 7th August 2022. - (29-08-2022)

Launch of 'Certificate Course on Indian Accounting Standards (Ind AS)' (Online Batch 37) - (29-08-2022)

ANNUAL FEE CIRCULAR 2022-23 - (29-08-2022)

Regarding non-availability of LLP Version 3 of the MCA-21 Portal and Company e-Filings on V2 portal for 9 forms from 27th Aug (12:00AM) to 28th Aug (11:59PM). - (27-08-2022)

Empanelment of Members to act as Observers at The Examination Centres for The Chartered Accountants Examinations - November 2022 - (22-08-2022)

Relaxation for students registered provisionally till 31st July, 2022 in the Intermediate Course through Direct Entry Route for appearing in May, 2023 Intermediate Examination. - (20-08-2022)



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