



The Institute of Chartered Accountants of India

Eastern India Chartered Accountants Students' Association

Of Eastern India Regional Council

November 2021

Edition

EICASA

E-Newsletter



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Message from EICASA Desk

Dear Students,

The nascent trends that were anticipated to take years occurred in months! In today's world, the virtual culture has made a significant intervention in all spheres of life. Its presence in the educational domain has brought a paradigm shift in the traditional modes of imparting education. The online learning mode has been the backbone supporting all in the difficult times. It has played a vital role in fueling confidence and enhancing competence in the new normal era. I believe that one can overcome the challenges of the changing terrains by proceeding ahead with optimism and determination and by exploring the available resources to its fullest potential.

Reflecting upon the activities undertaken in the month of October 2021, I am thankful to all of you for exhibiting your enthusiasm and support at the PPT presentation and debate events of Talent Search Contest Series 2. I would take this opportunity to convey my congratulations and good wishes to the winners of PPT Presentation, Unnati Kotecha and Nikunj Bagaria for commendable presentations on the topic "Electric cars-Are we prepared?." I would also convey my best wishes and congratulations to the winners of the Debate, Koushal Burnwal (For the motion) and Unnati Kotecha (Against the motion) on their much deserved success. I would also like to extend my heartfelt appreciation and blessings to all the participants of the Contest. Further, First series of mock tests were also conducted in the month of October for students appearing for IPCC and Final examinations.

In the month of November, the second series of mock tests have been scheduled to be held for students appearing for CA IPCC/Inter and Final exams. Several revision classes on important chapters shall be conducted this month for both Foundation and IPCC/Inter students. Further, an Exam Strategy session for the forthcoming December, 2021 examinations shall also be held to help and provide necessary support to students in developing a more informed vision for efficiently aligning their preparations for exams. In order to impart practical insight into industrial operations, a virtual Industrial Tour has been planned for, in this month. The details of the tour shall soon be shared with all of you.

My dear students, the best way to predict your future is to create it. Remember, no masterpiece was ever created by a lazy artist.

Best Wishes Always. Take Care.



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Article: 26AS 2.0: ANNUAL INFORMATION SYSTEM

Amit Kedia
ERO-0218465



“Innovation is taking two things that exist and putting them together in a new way.”

Tom Freston, Co-founder of MTV

As we know while preparation of accounts of company, proprietorship, individual first thing we check is 26AS, where the details of TDS deducted are tabulated and the same helps us for preparation and drafting computation for our clients.

From AY 2021-22 we all know Finance Dept has fully transformed the Income Tax Website for ease of compliance for the taxpayer. Taking a step ahead in this transformation the department has come up with a new idea of **ANNUAL INFORMATION SYSTEM** which will replace 26AS in coming days.

Before coming to AIS let's have a quick look at some of the 26AS features which are as follows:

- TDS
- TCS
- Advance Tax paid
- Self-Assessment Tax

Basically, if we say, in 26AS details pertaining to our PAN are furnished.

Department is here with 26AS version 2.0 which is AIS, which is a one stop solution for the taxpayer, HOW? Let's have a look at it,

The new statement contains of 2 parts which is part A & B,

Part-A contains **general information** of the taxpayer such as PAN, Aadhaar no., name, Date of Birth/incorporation/formation, contact details of taxpayer.



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Part-B contains the following information (Few Broad name listed below) -

- TDS/TCS Information
- SFT Information
- Payment of taxes (Advance Tax, Self-Assessment tax)
- Demand and Refund
- Other Information related to income from other sources
- Information on foreign remittance reported on Form 15CC
- RTA has disclosed dividend information for a mutual fund
- RTA – reported information on mutual fund purchases

Few Questions must be there in anyone's mind relating to AIS, which will be answered here only.

1. How can the AIS be accessed? –

- Log in at Income Tax Portal
- Go to Service Tab
- Click on Annual Information System



2. After Downloading the AIS, password is required **so the password is your PAN+DOB ALL CAPS ON.** For example, if your PAN no. is ABCDE1234F and DOB is 01/01/20XX then password will be **ABCDE1234F010120XX.**

3. Which period details are reflected in the AIS? – **All the information regarding your relevant Previous year is reflected in the AIS.**

4. The AIS can be Downloaded in PDF, CSV or JSON formats from the website.

5. If the taxpayer feels **that the information is incorrect**, relates to other person/year, duplicate etc., a facility has been provided to submit online feedback.

6. Checking AIS - and considering all the inputs detailed in it should be treated as first and mandatory element and based on which additional details can be sought. By duly considering the Income / SFT disclosed in ITR- one can avoid additions u/s 143(1)(a) - Penalty & Interest for mistake apparent on record.

7. AIS Mobile Application will enable taxpayer to view AIS and upload feedback on mobile.

As stated at the beginning that innovation is required, this new system will definitely help us all in ease of making statements and on the other hand transparency between govt and assessee will be maintained. Hope this article will help you all regarding the topic.

A table is being made stating the difference between 26AS and AIS, basically a summary of the article:



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26AS

In these details relating to our PAN are furnished for the Financial Year. Such as TDS / TCS Deducted, Advance tax etc.

AIS

In the following statement, details regarding are shown for the FY:

- Bank, FD, RD Interest
- Purchase & Sale of MF, Shares etc are furnished
- SFT Transaction details
- TDS/TCS, Advance Tax
- Demand/Refund

Annual Information Statement (F.Y. 2020-21) for PAN: AAAPA1234A (Kuldeep C)

Part A - General Information

Permanent Account Number (PAN): AAAPA1234A	Aadhaar Number: NA	System of Address: KULDEEP CHOUDHARY	Date of Birth: 02-NOV-1996
Mobile Number: 9999999999	E-mail Address: IDSS.L11.best@gmail.com	Address: 124, NANDLAL ROAD, HATODI, HATODI, INDORE, 453111, MADHYA PRADESH	

Part B1 - Information relating to Tax deducted/collected at source (Values in INR)

Information Category	Information Code	Information Description	Information Source	Count	Amount Description	Amount
Dividend	TDS-194	Dividend received (Section 194)	PNS Ltd. (DELFT2345H)	02	Amount Paid / Credited:	70,000

Details

Sl.No	Quarter	Date of Payment/Credit	Amount Paid/Credited	Tax Deducted	Tax Deposited	Status	Feedback
1	Q1 (Apr- Jun)	04-Apr-2020	30,000	2,000	2,000	Active	Optional
2	Q3 (Jan- Mar)	04-Mar-2021	50,000	5,000	5,000	Active	Optional

Picture Detail: Specimen of Annual Information System

Happy Reading!



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Abhishek Kumar
ERO-0188631



Article:

Beneish's M-Score – Tool to identify the fraud in Financial Statement

Before Starting, the first question comes to our mind that how can we detect fraud in Financial Statements using this Score?

For this, we need to understand what is Beneish's M-Score?

It is a mathematical Model created by **Professor M. Beneish**, who published a paper named “**The Detection of Earnings Manipulation**” in June 1999, in which he uses **eight Financial Ratios** to ascertain the possibility of manipulation in Financial Statements.

Now the question comes as what are Eight Financial Ratios?

Eight Financial Ratios are:

Days Sales in Receivables Index

$$\left(\frac{\text{Net Receivables}_t}{\text{Sales}_t} \right) / \left(\frac{\text{Net Receivables}_{t-1}}{\text{Sales}_{t-1}} \right)$$

Gross Margin Index (GMI)

$$\left[\frac{\text{Sales}_{t-1} - \text{COGS}_{t-1}}{\text{Sales}_{t-1}} \right] / \left[\frac{\text{Sales}_t - \text{COGS}_t}{\text{Sales}_t} \right]$$

Asset Quality Index (AQI)

$$\left[1 - \left(\frac{\text{Current Assets}_t + \text{PP\&E}_t + \text{Securities}_t}{\text{Total Assets}_t} \right) \right] / \left[1 - \left(\frac{\text{Current Assets}_{t-1} + \text{PP\&E}_{t-1} + \text{Securities}_{t-1}}{\text{Total Assets}_{t-1}} \right) \right]$$

Sales Growth Index (SGI)

$$\text{Sales}_t / \text{Sales}_{t-1}$$

Depreciation Index (DEPI)

$$\left(\frac{\text{Depreciation}_{t-1}}{\text{PP\&E}_{t-1} + \text{Depreciation}_{t-1}} \right) / \left(\frac{\text{Depreciation}_t}{\text{PP\&E}_t + \text{Depreciation}_t} \right)$$



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Sales General and Administrative Expenses Index (SGAI)

$$(SG\&A \text{ Expense}_t / \text{Sales}_t) / (SG\&A \text{ Expense}_{t-1} / \text{Sales}_{t-1})$$

Leverage Index (LVGI)

$$[(\text{Current Liabilities}_t + \text{Total Long Term Debt}_t) / \text{Total Assets}_t] / [(\text{Current Liabilities}_{t-1} + \text{Total Long Term Debt}_{t-1}) / \text{Total Assets}_{t-1}]$$

Total Accruals to Total Assets (TATA)

$$(\text{Income from Continuing Operations}_t - \text{Cash Flows from Operations}_t) / \text{Total Assets}_t$$

After knowing all the eight financial ratios, we have to calculate The Beneish M-score as

$$M \text{ Score} = -4.84 + 0.92 \times \text{DSRI} + 0.528 \times \text{GMI} + 0.404 \times \text{AQI} + 0.892 \times \text{SGI} + 0.115 \times \text{DEPI} - 0.172 \times \text{SGAI} + 4.679 \times \text{TATA} - 0.327 \times \text{LVGI}$$

Again the question raise if we calculate the M- Score, how do we predict the fraud using the ascertained score? It will be determined by the threshold value of **-1.78**.

- If the **M-Score** < **-1.78** then, it predicts **low** possibility of manipulation.
- If the **M-Score** > **-1.78** then, it predicts **high** possibility of Manipulation.

Let's an example from financial Statement of a listed Company with diversified consumer business for the FY 20-21.

*Disclaimer: This example is only for education Purpose, not a recommendations.

But sometimes it is not 100% accurate because of its probabilistic nature and also it cannot be applied to Financial Institutions like Banks, Insurance Companies, etc. because these Institutions were excluded from the sample in Beneish paper during the calculation of the M-score.

In the end, it is suggested that these are just a tool to predict the degree of manipulation but before giving an appropriate decision based on this model we should also identify and check all the aspects of the audit.

Listed Company with diversified consumer businesses									
Recent Annual Report Year						2021			
(Rs.In Millions)	Mar-21	Mar-20	Financial Ratio Index		Ratio value	Weights in M Score	Value in M Score		
Revenue	₹ 7,649.00	₹ 24,414.00	Day Sales in Receivables Index(DSRI)	113.76	64.71	1.7581	0.920	1.62	
COGS	₹ 4,751.00	₹ 15,633.00	Gross Margin Index (GMI)	0.38	0.36	0.9493	0.528	0.50	
Selling , General & admin	₹ 886.00	₹ 1,367.00	Assets Quality Index (AQI)	0.17	0.21	0.7979	0.404	0.32	
Depreciation	₹ 195.00	₹ 205.00	Sales Growth Index (SGI)	₹ 7,649	₹ 24,414	0.3133	0.892	0.28	
Net Income from Continuing Operations	₹ -1,894.00	₹ 2,705.00	Depreciation Index (DEPI)	0.05	0.07	1.4384	0.115	0.17	
Account Receivables	₹ 2,384.00	₹ 4,328.00	Selling , General & Admin Exp Index (SGAI)	0.12	0.06	2.0687	0.172	0.36	
Current Assets	₹ 1,30,735.00	₹ 76,446.00	Leverage Index (LVGI)	0.48	0.52	0.9183	0.327	0.30	
PPE	₹ 3,918.00	₹ 2,801.00	Total Accruals To Total Assets (TATA)	₹ 0.03		0.0297	4.679	0.14	
Total Assets	₹ 1,62,477.00	₹ 1,00,902.00	Beneish M Score					-2.47	
Current Liabilities	₹ 67,693.00	₹ 52,680.00	Interpretation						
Total Long Term Debt	₹ 10,218.00	₹ 12.00	Listed Company with diversified consumer businesses is not likely to have manipulated their earnings.						
Cash Flow From Operations	₹ -6,712.00	₹ -2,316.00	Beneish M Score < -1.78 : Company is not likely to have manipulated their earnings						
			Beneish M Score > -1.78 : Company is likely to have manipulated their earnings						

Source: The above article is based upon the information available in the Wikipedia and paper "The Detection of Earnings Manipulation".



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Tarjani Anjaria
WRO-0636172



Article:

THE STRUCTURE OF TAXATION IN INDIA IN COMPARISON WITH OTHER COUNTRIES

The word “tax” originated from the word “taxation” meaning “Estimate”. About 2000 years ago it was “Augustus Caesar” who passed a decree stating that the tax should be levied throughout the world. The basic idea behind the imposition of these taxes was to meet the expenditure on the huge army and the administrative expenditure which was introduced by Roman Empire which later on turned out to be a way to fund the government to meet its various expenditures including development, defense, social welfare, etc. Every country has a proper taxation structure and system in order to make the process of tax payment more efficient so that both the purpose, ease of payment of tax and increase in tax base gets served. Let us compare the Indian taxation system and structure with legislations of some well known nations.

INDIA

The Indian taxation system is both progressive and proportional in nature, progressive means that as the Income increases the rate of tax charged as per the slab also increases and it is proportional in the sense that tax levied upon is in the proportion to the amount on which it is being levied. Taxes in India are levied through various Acts and Laws. They derive their authority from the Constitution itself. Article 265 provides that “No Tax Should be levied without the authority of Law”, therefore, following this provisions, every legislation passed by the parliament derives its power to levy taxes through constitution. Indian taxation structure is divided into 3 tiers where tax is levied by Central Government, State Government, and Local Authorities.

USA

The USA has adopted a progressive taxation system. Taxes are levied on the income earned by the individual in proportion of their earnings. Majority of revenue is collected in the form of direct taxes while the remaining is in the form of Indirect taxes. The Governments of both the local level and state are independent of each other in the United States of America. So the taxes are levied by both local and state governments which include income tax, property tax, sales tax, gifts tax, etc.



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UK

Taxation in the United Kingdom is simple and easy to understand with high administrative efficiency. Whereas taxes are levied by both central government and local government which includes income tax, VAT, corporate tax, fuel duty, business rates, council tax, street parking charges, etc. Apart from the taxes collected by the local governments it also receives grants from the central government as well.

SOUTH AFRICA

The mode of collection of taxes in South Africa is a bit distinct when compared to that of India. In South Africa tax is levied at two levels that are by central and state government. Also, there is an authority that collects revenue on behalf of the state government which is called the "South Africa revenue Service (SARS)." Income tax, corporate tax, vat, and fuel duty are collected by the Central Government whereas local governments collect municipal rates and funds from the central government.

CHINA

Socialism has major impact on Chinese Tax structure and Macroeconomic Policy. After 1994 reforms, China's taxation structure its taxation structure has divided taxes into 26 categories which can be divided into 8 major heads; turnover taxes, income taxes, resource taxes, taxes for a special purpose, property taxes, behavioral taxes, agricultural taxes, and customs duties.



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Article: THINK BEFORE YOU ACT

Nikunj Bagaria
ERO-0209600



We all have heard that little knowledge is more dangerous rather than having no knowledge and in the current scenario with the advent of jio internet is available to ever everyone at any given point in time and people is getting bombarded with information, the other day I was searching for flight tickets and YouTube started showing me how are airplanes made, and even though I didn't want that information still I saw the entire video for 20 minutes and I am sure that this happens with many of us but this is still acceptable but recently I have seen a surge in the interest in the field of the stock market and everyone wants to be the Rakesh Jhunjhunwala in their story but my question to them how can you invest somewhere of which you have very little knowledge or even in some case no knowledge. If at any given point in time 8 out of 10 advertisements are based on new stock market applications cryptocurrency which are being launched every day in the market and public figures are promoting it without out thinking about the negative impact on the society and even, these applications are offering a token amount to start trading, now my question is that if it had been so simple then every one of had been doing this as this requires the least amount of hard work to be done. In India where cryptocurrencies are even not considered legal tender but people are madly investing in them and the funniest part is that we even don't know that what is the total amount of crypto that is available, but as we are living in the era of FOMO and YOLO and with that 1 year of lockdown is getting people are getting webbed into this spider web. thousands of students, and common people are losing their hard-earned money just by gambling on the stock market.

As intelligent investors, it is our responsibility to take any information with a grain of salt. The best way to use crowdsourcing in trading is to establish a base at our own risk. Developing a strategy that might include borrowed ideas is an evolving process that constantly needs to be tested and refined.

The line said by Harshad Mehta " risk hai toh Ishq hai" meant having an appetite to take risks as the more risk the better the return, but he also did thorough research before investing. so first learn it than earn it as there is no point wasting the hard-earned money. In the world of investment, timing is everything. Next is information but before all that there is learning. So don't invest money before investing on gaining knowledge.



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Poem: COURAGE

Abedeem Kapasi
WRO-0490545



Courage sometimes doesn't necessarily look like camouflage uniforms fighting enemies at countries borders,

sometimes courage looks like bare bodies climbing down sewage pipes cleaning dirt which none of us would.

Sometimes courage doesn't necessarily look like warriors suited in iron armours winning battles, breathing air of triumph,

sometimes courage looks like formal shirts, desktop jobs, surviving corporate, trying to defeat mediocrity each day.

Sometimes courage doesn't necessarily look like a revolutionary voice delivering speeches to a crowd of hundreds in a packed auditorium,

sometimes courage looks like a shivering voice, hushed sobs, scarce words in a therapist's cabin

Sometimes courage doesn't necessarily look like a rebel teenage outwitting his parents by sneaking out at midnights to smoke cigarettes at a friend's garage,

sometimes courage looks like a child forgetting about his/her own dreams and wishes, taking up responsibilities, standing by his/her parents side when they need him/her the most.

Sometimes courage doesn't necessarily look like seeking revenge as a comeback answer to all the pain you have suffered,

sometimes courage looks bigger, more like love and forgiveness.

Sometimes courage isn't dressed up in glory, glamour and valour,

sometimes courage is ordinary, maybe dull or subtle and still remains COURAGE.

Summing up, there's no single line definition for Courage which directs you to a pre-defined path.

YOU ARE YOUR OWN COURAGE!!!



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Announcement by ICAI

HOME OVERVIEW ▾ COMMITTEES ▾ MEMBERS ▾ STUDENTS ▾ RESOURCES ▾ E-SERVICES ▾

November, 2021- (25-11-2021)

ICAI submits Pre-Budget Memoranda-2022 - (23-11-2021)

Further Extension of Last Date for Submitting MEF 2021-22 from November 20 to November 25, 2021 - (20-11-2021)

Information System Audit - Assessment Test (ISA - AT), January 2022 - (20-11-2021)

Committee for Members in Industry & Business invites Nominations for 15th ICAI Awards. - (17-11-2021)

Result of the online Examination of the Certificate Course on Forex and Treasury Management held on 9th & 10th Oct, 2021. - (17-11-2021)

Results of the Assessment for the Certificate Course on CSR held on 29.10.2021, has been declared. - (17-11-2021)

Result of the online Examination of the Certificate Course on Fundamental Analysis and Technical Analysis including Equity Research held on 30th & 31st Oct, 2021 - (11-11-2021)

Result of the online Examination of the Certificate Course on Financial Market and Securities Laws held on 23rd & 24th Oct,2021. - (11-11-2021)

Advanced Integrated Course on Information Technology and Soft Skills (Advanced ICITSS) - Adv. Information Technology Test on 25th November 2021 - (10-11-2021)

Live Coaching Classes (LCC) Batch-4 commencing from 8th December 2021 for Students of Foundation Course appearing in June 2022 Examination - (10-11-2021)

BOS Study Link:

<https://www.icai.org/post/bos-knowledge-portal>





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CA STUDENTS' INTERNATIONAL
CONFERENCE 2022
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