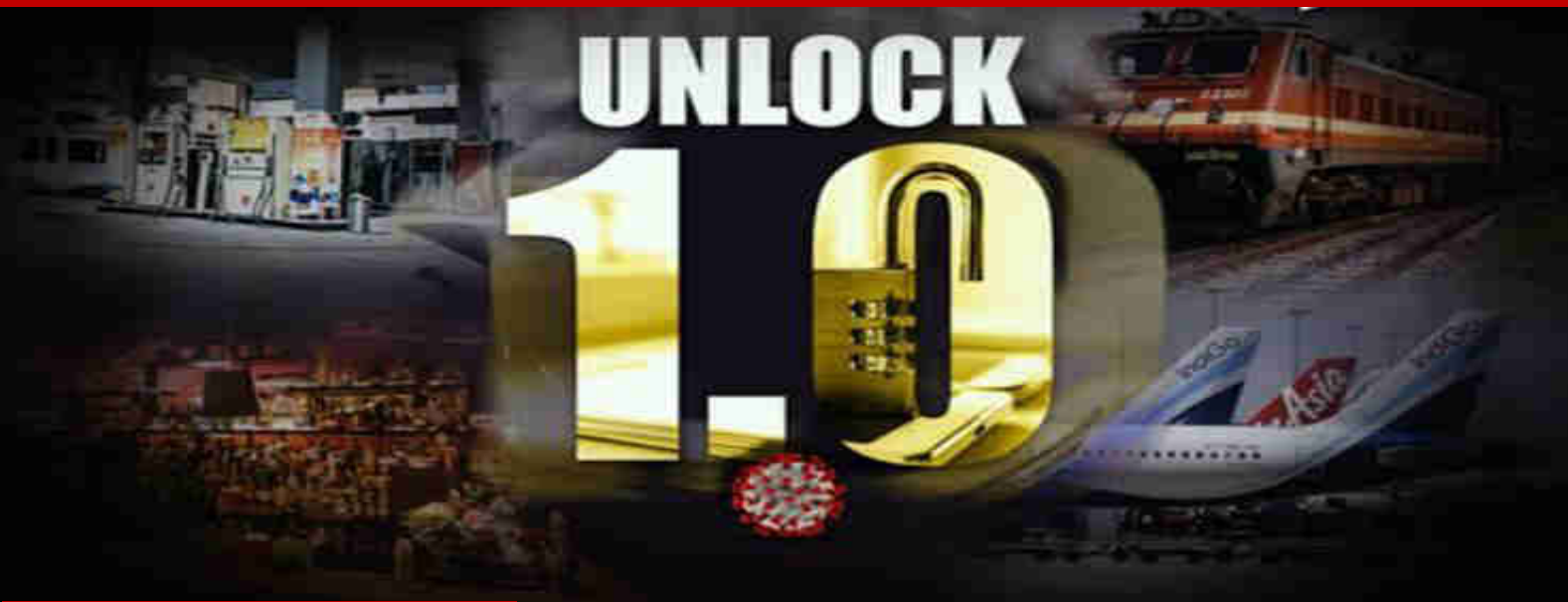




NEWSLETTER JUNE, 2020



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WICASA



WIRC CHAIRMAN'S COMMUNICATION



My Dear Students,

"Everything changes and nothing stands still". This timeless quote by Greek philosopher Heraclitus is as relevant today and for the future as it was over 2500 years ago.

Members and students are witness to historical changes like GST and other legislations but as we have practically observed, the concept of change and its actual execution is very difficult. It is an important observation to remember as you grow into your profession. At the same time, you have to remember that great Chartered Accountants are created by surpassing great challenges.

The biggest challenges we have faced and continue to face are the professional and personal impact caused by the corona virus. While this is the new reality, I am gratified to state that the pandemic has also unified WIRC members and students across the Region as students walked shoulder to shoulder with members in our mammoth task of continuing our activities of education, awareness and professional guidance to all members and students in every city and town of our Region. I appreciate your enthusiasm, dynamism and spirit of co-operation and know that these traits will stand you in good stead on the road to becoming a true CA professional.

To that end, we at WIRC are ceaselessly planning and organise relevant programmes and events for students to engage all your latent skills and potentials in order to transform you from ordinary students into highly skilled finance experts.

To that end, we recently organised a lecture on 'Options and Challenges for a budding CA -An insight' by CA. A.R. Krishnan. I am pleased to state that everyone in attendance appreciated the insights brought forward by his vast professional experience. We look forward to organising many more similar programmes to ease the way for the new generation of Chartered Accountants in our Region. These seminars with eminent speakers go a long way in providing positive exposure to students on the avenues towards personal and professional growth.

Reading through biographies of successful people we observe that all of them went through tough times. What we learn is that the struggles you face today will help you develop the strength you need for tomorrow. To succeed in our profession you need to develop and hone a number of skills simultaneously, which takes a lot of determination and drive. No one has explained it better than Albert Einstein who said, "It's not that I'm so smart; it's just that I stay with problems longer." My thoughts on this is simple - Remember to focus on your future because succeeding in life is as simple as being a good student. All you have to do is pay attention, work hard and give it your best shot.



Speaking of giving it your best shot, the Virtual CA Foundation Day Celebrations are in progress and I am sure that students in large numbers and from across the Region are participating in the various fun events we have organised. I wish all participating students the best of luck for these events as well as look forward to their outstanding performances and displays of mental keenness in the other games.

Enjoy these sessions and remember to stay safe - stay healthy.

CA. Lalit Bajaj

Chairman, WIRC.



WICASA CHAIRMAN'S COMMUNICATION



My Dear Students,

As students of Chartered Accountancy, you learn, understand and follow a particular set of thought and action. However, as you grow into your studies and later into the profession you will realise that practical implementation is not always a straight forward process of slot A into slot B to get result C. Your analysis of different cases would lead you to try to think out of the box to bring about solutions. And once you do hit upon an idea you need to bring it to life. This out of the box thinking is what is called ideation. What is Ideation? At its most fundamental, ideation is a process for bringing ideas to life.

Why is it important to both students and professionals? In most organizations, there is no shortage of ideas. However, the goal of the ideation process is not producing lots of diverse ideas but to construct the single, biggest idea to provide the best solution.

The best example of this would be the events that students plan for the year. Lots of ideas but the one idea which satisfies most parameters, empowers and enables people to get work done faster and more effectively than ever before is what should be implemented. Thus, this process of finding a way of building to think and of thinking to build is called ideation.

This leads us to the next logical question, how to ideate? I am happy to state that there are many techniques and through trial and error you can find the best fit for you and your team. There is no one size fits all as every person is unique and has a different perspective on things.

Moving on to the different techniques we can start with the most common which is:

Brainstorming: For individuals and teams the purpose of this exercise is simply to come up with new ideas, build on each other's ideas to create one good idea. The trick to a really good sessions is an environment where everyone can discuss their ideas, however wild they may be, freely and without fear of criticism.

Brainwriting: While it is very similar to brainstorming, here the technique is to build on ideas by writing down ideas and then pass it onto the next person who will add their thoughts to it. This happens to all those who have put their thoughts on paper so you end up with a large pool of ideas which can then be discussed to find the best one.

Worst Possible Idea: This is a wonderful technique which creates a wonderful, stress free atmosphere where fun and humour allow creative juices to flow. This is actually a highly effective method where instead of going for good ideas and putting the pressure on, call for the worst possible ideas everyone can think of. It is easier to say 'that is a terrible idea, what can be worse than that?'



and then discuss an even more terrible idea. People relax during this session, allowing them to be more playful as they are not under pressure to constantly come up with great ideas.

We look forward to our students using these techniques to come with some truly unique ideas for WICASA.

Last month we had the opportunity of listening to CA. A.R. Krishnan who spoke on 'Options and Challenges for a budding CA-An insight'. His lecture was appreciated by all those in attendance as his years of experience came forth to highlight the different ways a fresh Chartered Accountant can move ahead professionally.

The Foundation Day Celebrations are going on and I am happy that we have so many activities for students. The one great advantage of the lockdown is that we are able to reach thousands of students across the Region digitally. This has also expanded the scope of discovering new and hidden talents of our students. I request all students to actively participate in the fun activities which are part of the Virtual CA Foundation Day Celebrations and grow beyond your boundaries.

As we move forward, we understand that the goal of ideation is to generate and develop the one big idea which has the most impact professionally, personally and socially. And that this big idea can only be implemented when everyone pulls in the same direction. For us, this is our biggest strength as this year, we are not only ideating the big idea but also know for a fact that we are all pulling in the same direction together.

Thanks & Regards,

CA Hitesh Pomal

Chairman, WICASA



FOR THE ATTENTION OF THE STUDENTS NOTICE FOR ELECTION TO THE MANAGING COMMITTEE OF WICASA

NOTICE is hereby given that the 55th Annual General Meeting of the Students of the Western India Chartered Accountants Student's Association (WICASA) will be held on **12th July, 2020, Sunday at 05.00 p.m.** through Video Conferencing at Web link <https://global.gotomeeting.com/join/304238141> to transact the following agenda:

1. To declare the names of twelve elected students of the Managing Committee of the Association for the year 2020-21. Elections for the said vacancies would be held from 10.00 am to 2.00 pm on **12th July, 2020, Sunday** through Online Mode
2. Any other matter with the permission of the chair.

Place: Mumbai

CA.Hitesh Pomal
Chairman - WICASA

Date: 15.06.2020

Note:

Every articulated assistant whose address is registered within the jurisdiction of Western Region and who has been serving article ship on or before 1st April 2020 shall be eligible to vote for the election for Students representatives of the Managing Committee of Western India Chartered Accountants Students Association (WICASA). Students eligible to vote and having at least 12 months of unexpired period of article ship as on the date of the election shall be eligible to contest this Election. Such Students desirous of contesting the election to the Managing Committee of the WICASA are required to send the nomination form duly filled in and complete in all respects together with prescribed fees of Rs. 10/- (Bank Details given below) to the Chairman, WICASA by email to wicasa@icai.in on or before **Dt. 29.06.2020 upto 5.00 pm**. Nominations forms received incomplete on or before **Dt. 29.06.2020** and nomination forms received after this scheduled date and time will be considered as invalid. The last date for withdrawal of the nomination is **Dt.03.07.2020 upto 5.00 pm**. Student, eligible to vote should complete the eligibility form and get it countersigned by his/her employer. Those students who are in possession of the Institute's exam admit card or Board of Studies Identity card need not attach separate photograph on the Eligibility Form. Voting right will not be given to any student unless the eligibility form is complete in all respects and appropriate photographic identification is available.

Election will be held from 10.00 am to 2.00 pm on **12th July, 2020, Sunday** through online mode.

Nomination Forms for candidates and Eligibility Form for casting the vote are hosted on WIRC Website www.wirc-icai.org.

Bank Details for sending Nomination form fee

BANK OF INDIA

Send RTGS/NEFT payment to below bank account of WIRC of ICAI



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Name of the bank :	Bank Of India.
Complete Address of the Bank :	27, Anveshak, Cuffe Parade, Colaba, Mumbai -400 005
Account maintained in the name of :	MS WESTERN INDIA C/A STUDENTS ASSOCIATION
Complete Address of the branch/RC/DCO	The Institute of Chartered Accountants of India, ICAI Tower, Plot No.C-40, 'G' Block, Bandra-Kurla Complex, Bandra East, Mumbai – 400051
Account no. (Full account no.)	004810100028479
Account nature (Savings/current)	Saving
IFSC Code of the bank.	BKID0000048

Our PAN No. AAAAT7798M

GST No: 27AAAAT7798M1ZJ

Webinars for CA Students

Tally Summit 2020	13-07-2020 to 22-07-2020	6.00 pm to 8.00 pm	1500
Course on Using Excel for Financial Modeling	24-07-2020 to 26-07-2020	6.00 pm to 9.00 pm	1000





Meera Visharia
SRN: WRO0553463

"Need for Robust IT system in this GST Era"

Information Technology is the backbone of the current generation and is needed in every aspect of life. In developing countries like India with huge population, government realizes the importance of technology in reaching the mass and delivering services to the mass. Government is also using technology to link its various internal records. With the technological advancements such as Artificial Intelligence, technology is trying to eliminate its very own creator (humans). A robust Information Technology system being prominent for large enterprises, in this GST regime has also become a crucial part for SME's and MSME's. SME's and MSME's use technology for maintaining books of accounts, other regulatory compliances but the same may not be robust.

Also, mainly the transition phase from pre-GST regime to GST regime had called out for the need of a well-built technological infrastructure to help companies remain tax compliant at all given points in time. Technology can substantially help organizations operating across sectors with different processes and business models, to sail smoothly in this GST era.

A robust IT infrastructure helps to reduce the gap between the business requirement and the final deployed solution in the following ways:

Speedy & Simplified Compliance: An efficient tax technology can help reduce the compliance burden relating to return filing, invoicing, classification as per the HSN codes, and proper classification of tax as well as defining the nature of the transaction. As reporting in this GST regime is at Invoice level, accuracy has to be maintained while recording the transactions. For ensuring appropriate amount of tax to be paid, it is necessary that the transactions are recorded in such a manner that leads to precisely calculate GST liability for the month and specific error if any is prompted while recording the transaction itself, facilitating correct determination of tax.

Billing: A robust IT system would ensure that calculation of tax as a percentage of value, Place of supply, Taxes (CGST/SGST/IGST), GSTIN, Invoice series, Multi-location based transactions and Credit Note/Debit Note linkages etc are validated and captured. This would ensure proper billing.



Vendor/Customer Creation: While adding a new vendor/customer a robust system facilitates GSTIN validation, Type-Registered/Unregistered/Composition dealer etc to make sure that transaction level data is captured correctly.

Expense Booking: Expenses are to be veraciously accounted for claiming Input tax credit. A robust IT system helps in capturing appropriate rate of tax, HSN code, eligible and blocked credits etc from reporting perspective.

GST Audit & Annual Return: To comply with the requirements of GST Annual return and GST Audit it is necessary to have an efficient and up to date IT infrastructure as tax technology plays a vital role in providing audit trail of transactions and required reports which are useful in internal analysis and audit.

Reconciliation can be done accurately only if the transactions recorded are reliable and complete. Thus reconciliation would help identify if there are any manipulations. An efficient IT infrastructure will help reduce manipulations as it could lead to additional tax liability along with interest & penalty.

To conclude, building up a robust IT infrastructure which reduces manual intervention will lead to growth and transparency. Also this being the initial years of GST, a robust IT infrastructure would help to cope up with changes faster along with the ease of doing business.



Om Kerkar
SRN: WRO0669131

“Taxability of Rental Income”

Several individuals, HNIs, entities receive income in the form of rent or license fees from their real estate portfolio. Does it have to be assessed under income under the head house property or can it be assessed as income under the head profits and gains of business or profession? Let's Explore...

Income under head House Property

CHARGEABILITY [SECTION 22]

(1) The process of computation of income under the head “Income from house property” starts with the determination of annual value of the property. The concept of annual value and the method of determination is laid down in section 23.

(2) The annual value of any property comprising of buildings or lands appurtenant thereto of which the assessee is the owner is chargeable to tax under the head “Income from house property”.

Exceptions: Annual value of the following properties are chargeable under the head “Profits and gains of business or profession” -

- (i) Portions of property occupied by the assessee for the purpose of any business or profession carried on by him.
- (ii) **Properties of an assessee engaged in the business of letting out of properties.**



COMPUTATION

Rental Income from House Property			
Particulars	Amount	Amount	Amount
Property at rent		XXXX	
Gross Annual Value (GAV)		XXXX	
Less: Municipal Taxes		XXXX	
Net Annual Value (NAV)		XXXX	
Less: Standard Deductions u/s 24 at 30% of NAV	XXXX		
Less: Interest on Borrowed Capital u/s 24(b)	XXXX		
Net income from house property		XXXX	
Income chargeable under "House Property"			XXXX

SET OFF & CARRY FORWARD

Where the net result of the computation under the head "Income from house property" is a loss and the assessee has income assessable under any other head of income, the amount of such loss exceeding 2 lakhs would not be allowable to be set-off against income under the other head. In other words, the maximum loss from house property which can be set-off against income from any other head is 2 lakhs

The loss under this head is allowed to be carried forward upto 8 assessment years immediately succeeding the assessment year in which the loss was first computed.

Income under head profits & gains from business or profession

As per Section 2(13) of the Income Tax Act, 1961, the term 'business' includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture.

COMPUTATION

For the purpose of computation of income under this head as per Sec 29 of the Income Tax Act 1961, Rent will be considered as turnover.

The assessee can claim deductions admissible under Sec 30- 37

1. Section – 30 Rent, rates, taxes, repairs and insurance for buildings
2. Section – 31 Repairs and insurance of machinery, plant and furniture
3. Section – 32 Depreciation
4. Section – 33 Development rebate
5. Section - 35 Expenditure on scientific research
6. Section - 36 Other deductions
7. Section - 37 General deductions



SET OFF & CARRY FORWARD

Where the net result of the computation under the head “Profits and gains of business or profession” is a loss, such loss can be set off against income under the head any other head except “Salaries”.

A business loss can be carried forward for a maximum period of 8 assessment years immediately succeeding the assessment year in which the loss was incurred.

Unabsorbed depreciation can be carried forward for indefinite period and can be set off against any other income (other than salary). The unabsorbed depreciation can be carried forward even if the business related to such depreciation have been dis-continued.

SIGNIFICANT APEX COURT DECISIONS

In **Chennai Properties and Investments Ltd. v. CIT (2015) 373 ITR 673**, the Supreme Court observed that holding of the properties and earning income by letting out of these properties is the main objective of the company. Further, in the return of income filed by the company and accepted by the Assessing Officer, the entire income of the company comprised of income from letting out of such properties. The Supreme Court, accordingly, held that such income was taxable as business income.

In **Rayala Corporation (P) Ltd. v. Asst. CIT (2016) 386 ITR 500**, the Supreme Court noted that the assessee was engaged only in the business of renting its properties and earning rental income therefrom and accordingly, held that such income was taxable as business income.

However, in **Raj Dadarkar and Associates v. ACIT (2017) 394 ITR 592**, on account of lack of sufficient material to prove that substantial income of the assessee was from letting out of property, the Supreme Court held that the rental income has to be assessed as “Income from house property”

Analysis

It was always a perception that “Income from House Property” was the most appropriate head of income to bring to tax income derived from property (rental income).

The above decisions of the Hon'ble Supreme court in related issues have however, challenged this perception.

In the case of Chennai Properties, the assessee company was the owner of the properties let out, and that was its main activity. In Spite of the fact that assessee was the owner, giving predominance to the facts, income was charged under the head Business Income.

Whereas in the Dadarkar case, the assessee has obtained leasehold rights, and constructed stalls / shops thereon. These rights are obtained from the municipal corporation, and the assessee is “deemed” to be the owner, in view of section 27 of the Income Tax Act 1961. Interestingly, in this case, the assessee had offered the rent received as Business Income.

The question of law was integral in respect of both the cases is with respect to the head of income applicable in respect of rental income wherein letting out properties was the business of the assessee, and both are to the extent of answering the specific question of law, contrary decisions.

Section 22, being the charging section specifically excludes from its scope any property used by the assessee for carrying out its business or profession, from which taxable income is derived. This very fact was considered as inadequate in proving the nature of income as business income in the Dadarkar case, and the rent was charged under income from house property.





CONCLUSION

Based on the facts and circumstances of each and every case the assessee should select an appropriate head of income under which it offers the said income to tax. Taking into account various different provisions applicable under that head of income.



ARTICLES



Mansi Somaiya
WRO-0597787

“TIPS FOR STUDYING FOR THE POSTPONED EXAMINATION”

Chartered Accountant Examinations of all levels have been postponed, and it has become a challenge for nearly all students to cope with this extension especially in the disturbing environment of COVID-19. It has not only led to rescheduling of our examinations but has inculcated a sense of fear in the society. While people may argue that a CA aspirant practices self- quarantine before all exams, the nationwide lockdown still brings changes in our routine. And while the ICAI defers the exams for the safety of it’s students, it still becomes a challenge to not only retain the syllabus for the extended period, but to find the will to continue with positivity without distracting ourselves in other thoughts.



As a Chartered Accountant finalist myself, I am presenting a few tips that helps me stay sane, focused and dedicated when the examination is postponed. Every student is going through different circumstances and the stakes of rescheduling of examination may not be at the same level for everyone- however, inculcating these tricks in your routine will help you to get closer to unlocking your 100% potential for the exams, and allow you to achieve greater things in life in the long run. Try practicing these little things for the next few weeks, and you will witness its impact on your mindset:

1. PRACTICE GRATITUDE

There is something to be thankful for in everyday, even if you have to look harder on some days. Gratitude is an attitude. While there are obvious difficulties due to postponement of examination of retention, boredom, cancelling of plans and distractions, it is important to remind ourselves everyday that we are privileged and should be thankful for every single day. Practice gratitude towards the family and friends that support you, facilitators that assist you and towards our Institute that has its’ best intentions at heart for the health and safety of it’s students.

2. CONSISTENCY IS THE KEY

Whether it is the number of hours that you study, or the time that you wake up- consistency is the key. There is one way to take the situation in your hands, and that is by creating a routine for everyday that you can stick to. It doesn’t mean you have to study for the same number of hours that your colleagues do, but creating a routine as per the availability of time is a step towards practicing self discipline. Your routine can be flexible, but you should stick to it.





3. POWER OF POSITIVITY

Optimism is the faith that leads to achievement- nothing can be done without hope. To have positivity, two things need to be eliminated from the mindset: Panic and Victim attitude. Neither of us have control over what could happen over the next few weeks or months, and certainly the ICAI takes decisions after thorough research of impact of foreseeable situations- so stay calm and do not panic. The most important step is to immediately stop viewing yourself as a victim of all the current conditions- and understand that you are still better placed than many other people. So take charge of the situations and making your way through it accordingly.

4. CONFIDENCE AND SELF BELIEF



People who are crazy enough to believe that they can change the world, are the ones who actually do! Every accomplishment begins with the belief of having the capability to achieve it. Not just for personality development, but having confidence and self belief also reflects on the answer sheets of the students. The world needs who you are made to be. Have faith, you will get there.

5. MEDITATE

There are several scientific based benefits of meditating like reducing stress, controlling anxiety, bettering emotional health, enhancing self awareness, improving sleep and lengthening attention span and concentration levels. You don't need to follow strict asanas while you meditate, but listening to soft instrumental music in a comfortable place with your legs folded and focusing on your breathing for even mere five minutes in one day will help you gain all the aforementioned benefits.

6. STAY CHARGED

Take breaks between study sessions for stretching. Make sure to take a short walk, and exercise as per your choice and time convenience. The type of food we eat, decides our energy level for the rest of the day. Eat healthy- avoid junk and eat your greens! Sleep is another important factor that decides the retention level of brain- excess sleep or sleep deprivation can affect us in worse ways than we can imagine. Not only number of hours of sleep, but quality of sleep is equally important. Ideally, one should at least sleep for 7 hours a day.

7. HYDRATION

Staying at home, or at any single place for most of the day makes it easier to track the amount of liquids we consume during the day compared to what is actually required. Drink the summer out- you don't want any health breaks because you didn't remember to take adequate water and juices. For students who are so deep into studying that they don't realize they could be dehydrating should put a reminder on their phones of every half/ one hour for the same.



8. JOURNALISE

It is always beneficial to write down the tasks that are supposed to be completed in a given time frame, rather than remembering it. Given the stress CA students have in mind, it is normal to forget few tasks, but we can avoid that and save our time by journalizing it. A better advice would be to make that list on the night before, so we can have a clear idea of prioritization of tasks and time allocation when we wake up.



9. HAVE A DEDICATED STUDY SPACE

It doesn't have to be at the library, or a separate room even. Different students like studying at different places, like on the desk or on the bed. Just make sure that you decide a single place of studying in the house, so your mind subconsciously directs you to study when you are at that place. Avoid having distractions or unnecessary mess at that place and keep inspirational quotes or time table or your goals at that dedicated study space to keep you motivated.

10. REWARD YOURSELF

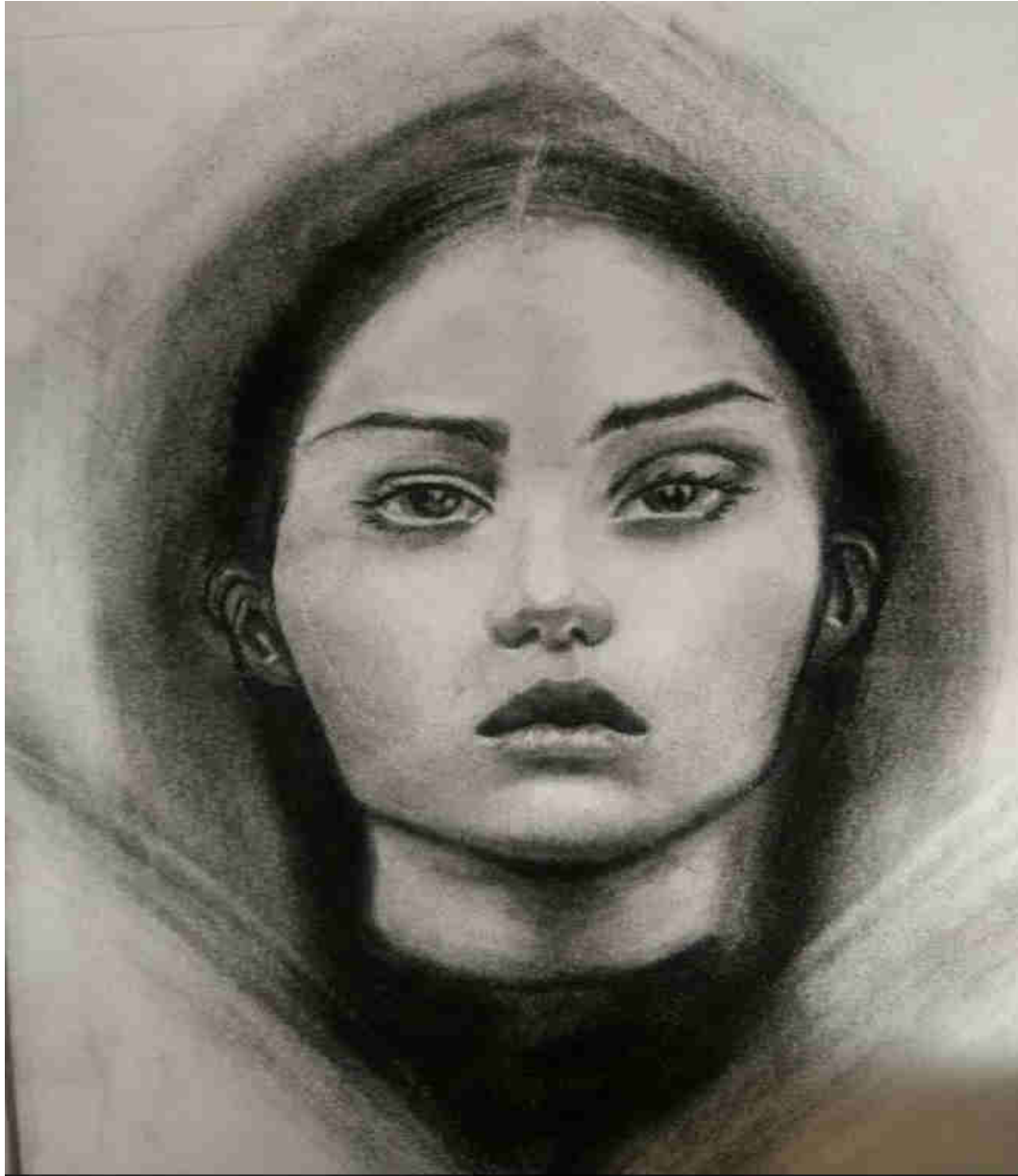
Never be too hard on yourself. Trying to be the best version of you is a huge achievement in itself and it calls for a celebration. You need to learn to be happy with little accomplishments, like completing the day's target in fewer hours, or correctly solving a difficult question that you thought you'd have difficulty with, or acing a practice test. Reward yourself with little gifts, you deserve it!



There might also be several other ways for energizing yourself during this extended study period, but these stand the most helpful for me. Also, try being accountable to someone for your daily targets, it gives you a sense of responsibility and stay connected to people who try to inspire and motivate you. Stay home, stay safe and stay focused. All the best!



CREATIVES



Entry by : Siddhi Modi
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