



Western India Chartered Accountants Students Association (WICASA) of The Institute of Chartered Accountants of India



Powered by Professionalism
Driven by Values



NEWSLETTER



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WICASA Office Bearers

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WIRC CHAIRPERSON'S COMMUNICATION



Dear Students,

“Integrity is choosing courage over comfort; choosing what is right over what is fun, fast, or easy; and choosing to practice our values rather than simply professing them.” - Brené Brown

For students, your personal morals and values reflect your character and credibility. Maintaining integrity while learning and earning your professional degree represents your true accomplishments.

As a student, integrity means working hard, being fair and honest to yourself by putting in the hours to study and complete tasks. Studying with integrity means completing your own work and taking responsibility for demonstrating what you have learned. By procrastinating or even not analysing what you have learnt, you compromise your integrity and diminish yourself in the process. This lack of credibility then follows you into the workforce and can impact your professional goals because nobody wants to employ or work with someone unprofessional.

As a student, like you, even I used to get frustrated when I used to get stuck amid some of the subjects. I also understand what it feels to not do very well in the exams. But that didn't stop me or the others who went ahead and kept studying and giving exams because what we understood was that this is how we mature and grow up. By tackling problems head-on and instead of fearing them we would fear not working hard to solve these problems. At the end of the day, nobody can go back and start a new beginning, but anyone can start today and make a new ending.

WIRC is striving to keep students ahead of the national curve in education. A fine example of this effort is the one day students seminar we organised on 'GST Return and GST Audit 1' where topics like 'Returns under GST', 'Analysis of Annual Returns' and 'Walk through GST Audits' were covered in order to give students the required insights in GST to further their understanding of this essential subject.

Integrity is the backbone of our profession and for students, it is essential that you work towards creating a strong foundation for your career. How and what you think and do today will have long term effects on your personal and professional life.

In the words of Lee Iacocca, “I have found that being honest is the best technique I can use. Right up front, tell people what you're trying to accomplish and what you're willing to sacrifice to accomplish it.” This positive perspective will go far in helping you to set and achieve goals.

Priti Savla

CA. Priti Savla
Chairperson, WIRC



WICASA CHAIRMAN'S COMMUNICATION



Dear students,

It is a matter of pride to pen down the message for students' newsletter. This newsletter is a platform for the students to express their creative pursuit which develops in them originality of thought and perception. The Contents of the newsletter reflect the wonderful creativity of thoughts and imagination of students at large. I believe this passionately: that we don't grow into creativity, we grow out of it. Or rather, we get educated out if it.

Without change there is no innovation, creativity, or incentive for improvement. Those who initiate change will have a better opportunity to manage the change that is inevitable. Institute has also makes necessary changes in curriculums so that students get more benefits out of it.

I believe that education has the most critical role to play in the progress of a nation. You all going to represent the future of our society and you have to take your responsibility seriously. We ensure to help you build here – both in terms of skills and values –Along with the requisite academic and related skills, we try and instill in our students empathy for those less fortunate and concern for the environment around them. We create opportunities, not just for young people to learn, but also for them to experience the fulfillment that comes from sharing this learning with others.

I would like to inform you that last month many visits at different industries and educational institution held for the students to have a practical knowledge about the internal of the industry. Various crash course, seminars, lecture meetings, mock test for the students to be confident about the study. Also many more is planned in this month.

See you all in large numbers.

I would like to conclude with the words of Gail Devers

“Keep your dreams alive. Understand to achieve anything requires faith and belief in yourself, vision, hard work, determination, and dedication. Remember all things are possible for those who believe”.

Regards,

CA. Jayesh Kala

Chairman WICASA

ACADEMIC EVENTS

Coaching Classes

1

**Intermediate (IPCC) Nov 19,
Morning batch at L N College**

Date :
20/11/2018 to 15/09/2019

Venue :
L N College
Borivali

Fees : ₹ 24000/-

2

**Intermediate Nov 19,
Afternoon & Evening batch
at L N College**

Date :
27/01/2019 To 15/09/2019

Venue :
L N College
Borivali

Fees : ₹ 24000/-

CA Foundation / CPT Crash Courses

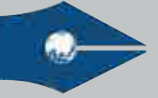
1

**Business Mathematics and
Logical Reasoning & Statistics**

Date :
02/05/2019 To 06/05/2019

Venue :
ICAI Tower,
BKC,
Mumbai

Fees : ₹1600/-



Western India Regional Council of ICAI Announces **CPT Mock Test** for June , 201 9 Exam

Day & Date:	Sunday , 2 nd June , 201 9
Time	Morning session —10.30 am to 12. 30 pm (2 Subjects) Afternoon session —02.00 pm to 04.00 pm (2 Subjects)
Fees	Rs.200/ - by c ash / Cheque
Mode of Mock Test	OMR answer Sheet
Last Day for Registration	23 rd May , 201 9
Registration Centres (FOR MUMBAI)	<ol style="list-style-type: none"> 1. WIRC Office, ICAI Tower , BKC, Mumbai 2. WIRC -DADAR Library 3. WIRC —Andheri RVG Hostel 4. WIRC —Mulund Library 5. RS Campus,Saraf Colleg e, Malad (W) 6. WIRC —ICAI Bhawan,Cuffe Parade, Mumbai
Exam Centres (FOR MUMBAI)	<div style="background-color: black; width: 15px; height: 15px; display: inline-block; margin-right: 5px;"></div> M L Dhanukar College, Ville Parle East S K Somaiya College, Vidyavihar East,
Date of Result	10th June , 19 (will be hosted at WIRC website www.wirc -icai.org)

For students outside Mumbai please contact nearby Branches of WIRC (contact details available on [www.wirc -icai.org](http://www.wirc-icai.org) website) Under Branches Menu / Tab

For Registration and information contact 022 -3367142 / 417

Cheques should be drawn in favour of "WIRC OF ICAI" payable at Mumbai.

Note: 1) Forms will be available on WIRC Website [www.wirc -icai.org](http://www.wirc-icai.org) Hard Copy of the Registration forms will also be available at the above centers and branches of WIRC.



Mangesh Yardi
Reg No. WRO0414790

CRACK DOWN ON SHELL COMPANIES

INTRODUCTION

On 8th November 2016, Prime Minister Mr. Narendra Modi announced Demonetisation of all Rs. 500 and Rs. 1,000 bank notes and issuance of new Rs. 500 and Rs. 2,000 notes. The aim of Demonetisation was to curtail the shadow economy and eradicate illicit and counterfeit cash. According to a 2018 report from the Reserve Bank of India, approximately 99.3% of the demonetized notes [15.30 lakh crore of 15.41 lakh crore demonetized notes] were deposited with the Banking System. The minimal recorded margin i.e. 0.70% of black money was unexpected by the Government and ended up convincing many experts and analysts that the move was a failure. However, various authorities noticed a surge in shell companies depositing cash in banks.

This moment was an eye-opener for the government, which had not realized just how much shell companies were being used to hide assets and launder money.

ABOUT SHELL COMPANIES

According to Tax Authorities, the shell companies support much of the fraud and embezzlement in India. The owners of these companies create elaborate smokescreens, including naming personal servants and chauffeurs as directors, obscure the ultimate beneficiaries, conceal political investment, route money to evade tax and commit fraud or manipulate tenders.

CURRENT SCENARIO IN INDIA

The current remedial measures available with the authorities are strike off the company. At present, investigative agencies have been using the provisions of Section 248 of the Companies Act to remove the name of company from the ROC.

The name can be struck off if the Registrar has “reasonable cause to believe that—

- (i) a company has failed to commence its business within one year of its incorporation;
- (ii) the subscribers to the memorandum have not paid the subscription which they had undertaken to pay within a

CRACK DOWN ON SHELL COMPANIES

period of one hundred and eighty days from the date of incorporation of a company and a declaration u/s 11(1) to this effect has not been filed within one hundred and eighty days of its incorporation; or

(iii) a company is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company under section 455.”

REMEDIAL MEASURES UNDERTAKEN BY GOVERNMENT

In February 2017, A 'Task Force on Shell Companies' was constituted under the Joint Chairmanship of Revenue Secretary and Secretary, Ministry of Corporate Affairs, to counter the malpractices by such shell/Ponzi/khoka companies.

In a release by the Press Information Bureau on 28-July-2017, the Task Force had accomplished the following:

1. The Serious Fraud Investigation Office (SFIO) under the Ministry of Corporate Affairs has undertaken the exercise of preparing comprehensive digital database of shell companies and their associates that were identified by various law enforcement agencies.
2. During last three financial years (2013-14 to 2015-16), investigations by the Income-tax Department led to detection of more than 1155 shell companies/entities which were used as conduits by over 22,000 beneficiaries. The amount involved in non-genuine transactions of such beneficiaries was more than Rs 13,300 crore. Criminal Prosecution complaints have been filed by the Income-tax Department against 47 such persons.
3. Enforcement Directorate conducted nationwide searches in 16 states on 01.04.2017 in respect of shell companies and related professionals who were behind the creation and operation of these Companies.
4. The CBI has registered 30 cases against 201 shell companies during the last 3 years viz. 2014, 2015, 2016 and the current year as on 28.2.2017.
5. Out of these, charge-sheets have been filed in 17 cases.
6. Ministry of Corporate Affairs removed 1,62,618 Companies from the Register of Companies by following the



CRACK DOWN ON SHELL COMPANIES

due process under Section 248 of the Companies Act, 2013. Further, the directors of the companies defaulting in filing of Financial Statements or Annual Returns for continuous period of three financial years have been disqualified u/s 164(2) of the Companies Act, 2013.

7. Financial Intelligence Unit-India has also alerted its Reporting Entities on shell companies for enhanced due diligence.

Further,

- SEBI has imposed trading restrictions on 162 listed entities as shell.
- SEBI has also asked the exchanges to conduct an independent audit of these companies, and if necessary, a forensic audit to be conducted as well.
- The Government has requested the RBI to circulate the details of defaulting companies to all the banks with the advice to exercise enhanced due diligence while dealing with these companies.
- Mechanism for sharing of information between various law enforcement agencies is already in place and a new Standard Operating Procedure (SOP) on sharing of information between various law enforcement agencies has been agreed to under the aegis of the Task Force

OBSERVATIONS

The high-level task force found that More than 400 companies with their listed address in a dimly-lit colonial-era building at 9/12 Lalbazaar Street, Kolkata. In its warren of offices were firms offering services such as earthmoving equipment, infrastructure financing, information technology consultants and many others which had office space the size of cubicles. Many were locked, with their padlocks coated in dust. Others were grimy residential quarters with laundry hanging from the windows. Data separately provided by Tofler, a company information database service, identified nearly 3,000 companies registered in two offices in the building. Some were named after flowers.

A tax inspector said the Kolkata firms were a virtual money laundering industry and drew a parallel to the Panama legal firm Mossack Fonseca that emerged from obscurity last year after the leak of millions of documents from its offices that illustrated how the wealthy use offshore corporations to avoid taxes.

CRACK DOWN ON SHELL COMPANIES



9/12 Lalbazaar Street, Kolkata

CHALLENGES FOR GOVERNMENT

Despite of such accomplishments, the investigative agencies like the Enforcement Directorate and Serious Fraud Investigation Office have been hampered by the lack of a proper definition of 'shell companies' as the Companies Act, 2013 is silent on the matter. The MCA is looking to plug this breach by defining such firms as identification of such entities is the prerequisite to any kind of legal proceedings. Defining shell companies would give agencies such as the CBI, ED, Income Tax and SFIO more teeth to go after such companies. The MCA has sought inputs from SEBI too.

SEBI has based a part of its inputs from its investigation into penny stocks, and also from the existing definition of shell companies by the US Securities and Exchange Commission.

“Securities Act Rule 405 and Exchange Act Rule 12b-2 define a Shell Company as a company, other than an asset-



CRACK DOWN ON SHELL COMPANIES

backed issuer, with no or nominal operations; and either:

- No or nominal assets;
- Assets consisting of cash and cash equivalents; or
- Assets consisting of any amount of cash and cash equivalents and nominal other assets.”

CONCLUSION

The Demonetisation move has attracted a lot of criticisms from the experts and analysts and yet it has managed to gain support of the public at large too. Irrespective of the results, demonetisation has at least managed to point the Government in the right direction. The systematic crackdown on shell companies is perhaps one of the most tangible outcomes of demonetisation, which aimed to hit tax evasion and move India towards cashless, digital transactions that leave a paper trail.



Karan Mehta
Regn No.: WRO0561996

PRESUMPTIVE TAXATION SCHEME FOR PERSONS HAVING INCOME FROM PROFESSION

For the very first time in the finance budget for the year 2016-17, there was a proposal made to rationalize the presumptive taxation scheme and to reduce the compliance burden of the small tax payers having income from profession and to facilitate the ease of doing business.

In this regard, new section 44ADA was introduced which was made applicable for AY 2017-18 and onwards which provides for estimating the income of an assessee who is engaged in any profession referred to in section 44AA(1) such as legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession and whose total gross receipts does not exceed fifty lakh rupees in a previous year, at a sum equal to fifty per cent of the total gross receipts, or, as the case may be, a sum higher than the aforesaid sum earned by the assessee.

Decoding section 44ADA :

Eligible Business

- Every person carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or film artist.
- The gross receipts from such profession does not exceeds INR 50 Lakhs in a previous year.

Presumptive tax rate

- Presumptive tax rate would be a sum equal to fifty per cent (50%) of the total gross receipts of the assessee in the previous year on account of such profession or a higher sum than 50% claimed to have been earned by the assessee.

Eligible Assessee

- An assessee who is a resident assessee and who is an individual, Hindu undivided family or partnership firm but not Limited Liability partnership firm

No further deduction of expenses

- Under the scheme, the assessee will be deemed to have been allowed the deductions under section 30 to 38.
- No deduction for any expenses incurred in respect to earn professional income shall be



PRESUMPTIVE TAXATION SCHEME FOR PERSONS HAVING INCOME FROM PROFESSION

allowed.

Relief from maintenance of books of accounts and audit

- The eligible assessee will not be required to maintain books of account under section 44AA(1) and get the accounts audited under section 44AB in respect of such income if the opt for presumptive taxation as specified above.

Option to claim lower profits

- The eligible assessee can claim that the profits and gains from the aforesaid profession are lower than the profits and gains deemed to be his income under this scheme (i.e his profits from the profession is lower than 50% of the gross receipts) and his income exceeds the maximum amount which is not chargeable to income-tax (i.e his income exceeds INR 250,000)
- If the eligible assessee claims a lower profit as specified above he shall be required to maintain books of account under section 44AA(1) and get the accounts audited under section 44AB.

Applicable ITR and due dates

- Eligible assessee shall use ITR – 4 for filing their return of income for AY 2019-20
- The due date for filing ITR for AY 2019-20 is on or before July 31, 2019.

Penalty for filing ITR after due date

- If the ITR is not filed before July 31, 2019 then late fee of INR 5,000 shall be payable for delay up to December 31, 2019 and INR 10,000 in other cases
- However, If, the total income is below INR 500,000 then the late fee payable shall be INR 1,000 only.

Section 112A and other provisions for capital gains on transfer of equity shares and other securities – Long Term Capital gains tax

Under the present provisions of the Income Tax Act, 1961 (IT Act) gains arising from transfer of specified securities, which are held for certain specified period, are exempt from taxation, subject to specified conditions, including if it has suffered Securities Transaction Tax (STT) on transfer. The Finance Budget 2018, introduced in the Indian Parliament on 1st February 2018, has proposed a paradigm shift in taxation of specified securities from total exemption (zero taxation) to a concessional rate of taxation. The Finance Minister commenced his wording for introducing the LTCG as “Madam Speaker, currently, long term capital gains arising from transfer of listed equity shares, units of equity oriented fund and unit of a business trust are exempt from tax. With the reforms introduced by the Government and incentives given so far, the equity market has become buoyant. The total amount of exempted capital gains from listed shares and units is around INR 3,67,000 crores as per returns filed for A.Y.17-18. Major part of this gain has accrued to corporates and LLPs. This has also created a bias against manufacturing, leading to more



PRESUMPTIVE TAXATION SCHEME FOR PERSONS HAVING INCOME FROM PROFESSION

business surpluses being invested in financial assets. The return on investment in equity is already quite attractive even without tax exemption. There is therefore a strong case for bringing long term capital gains from listed equities in the tax net. However, recognising the fact that vibrant equity market is essential for economic growth, I propose only a modest change in the present regime. I propose to tax such long term capital gains exceeding INR 1 lakh at the rate of 10% without allowing the benefit of any indexation. However, all gains up to 31st January, 2018 will be grandfathered.

Key aspects of the new taxation regime are as under:

- The amendment is proposed with an intent to minimize economic distortions and curb erosion of the tax base.
- Concessional rate of 10% will be levied on a resident or non-resident taxpayer (including FIIs) earning income in the form of long-term capital gains exceeding INR 100,000.
- The new taxation regime will apply to LTCG arising on transfer of “specified securities” namely:
 - Equity shares, where STT is paid on acquisition, as well as transfer of equity shares (unless specifically relieved by the Government of India. - Units of equity-oriented mutual funds and units of business trusts, where STT is paid on acquisition of above units.
- Where transaction is carried out on a recognized stock exchange in an International Finance Service Centre and where consideration is received or receivable in foreign currency, the new regime applies even in the absence of payment of STT.
- The new taxation regime provides for the computation mechanism of LTCG.
- The new taxation regime will be effective from 1 April 2018. Furthermore, gains arising till 31 January 2018 are grandfathered.

Conditions to be fulfilled:

- The new taxation regime will be applicable to resident and non-resident taxpayers (including FIIs) in respect of the LTCG from transfer of specified securities exceeding INR 100,000 and the capital asset (i.e., the specified securities) are held for a minimum period of 12 months from the date of acquisition.
- In respect of equity shares acquired prior to 1 October 2004, STT is required to be paid on acquisition and transfer and, in other cases (i.e., units of equity-oriented mutual funds or units of business trusts), STT is to be paid on transfer.
- Certain equity shares are exempted from payment of STT on acquisition, to which the existing exemption on capital gains tax is available under the Income Tax Laws. Such equity shares are covered under the new taxation regime too.

Determination of cost of acquisition of capital asset acquired prior to 1 February 2018:

As per section 55(2)(ac) of IT Act, 1961

PRESUMPTIVE TAXATION SCHEME FOR PERSONS HAVING INCOME FROM PROFESSION

Cost of acquisition of specified securities shall be higher of (a) and (b)

(a) Actual cost of acquisition

(b) Lower of:

(i) Fair market value (FMV) of specified securities as on 31 January 2018

(ii) Full value of consideration accruing or arising on transfer of capital asset.

Examples:

Particulars	Case - 1	Case - 2	Case - 3	Case - 4
Date of acquisition	01-04-2017	01-04-2017	01-04-2017	01-04-2017
Date of transfer	01-04-2018	01-04-2018	01-04-2018	01-04-2018
Cost of acquisition higher of (a) and (b)				
(a) Actual cost of acquisition	200	200	200	200
(b) Lower of:				
1. FMV as on 31 January 2018	400	400	200	400
2. Consideration accruing arising on transfer (Sale Price)	500	300	300	100
Cost of acquisition under new taxation regime (A)	400	300	200	200
Consideration accruing arising on transfer (B) (Sale Price)	500	300	300	100
LTCG arising on transfer	100	Nil	100	-100

Note: Cost of acquisition in case of bonus shares and right shares issued prior to 1 February 2018 - Cost of acquisition of bonus shares and right shares shall be the FMV of the specified securities as on 31 January 2018.

Determination of the FMV of specified securities:

A) Listed equity shares or units of equity-oriented mutual funds or units of business trusts:

- Highest price of shares or units as on 31 January 2018 on a recognized stock exchange.

- In case where no trading has taken place in shares or units as on 31 January 2018, the highest price quoted on a recognized stock exchange on a date immediately prior to 31 January 2018 on which it is traded.

B) Unlisted units of equity oriented mutual funds or units of business trusts:

- Net asset value of such unit as on 31 January 2018.

Treatment of loss arising on transfer of specified securities

- On transfer of specified securities on or before 31 March 2018, which are held for a long term and have suffered STT, benefit of exemption under the present tax regime will be available. Accordingly, loss arising on transfer of specified securities up to 31 March 2018 will not be allowed to be carried forward or set off.
- Loss arising on transfer of securities on or after 1 April 2018 will be allowed to be carried forward for a period of eight years and set off against LTCG in accordance with the provisions of the IT Act, 1961.



PRESUMPTIVE TAXATION SCHEME FOR PERSONS HAVING INCOME FROM PROFESSION

Dear friends you may refer the following FAQ and Notifications issued by the Income Tax Department:

1. F.No. 370149/20/2018-TPL - Frequently Asked Questions (FAQs) regarding taxation of long-term capital gains proposed in Finance Bill, 2018-reg. - <https://www.incometaxindia.gov.i...>
2. Notification No. 60/2018 dated 1 October 2018 /F. No.370142/9/2017-TPL – Notification u/s 112A(4) - <https://www.incometaxindia.gov.i...>



April 2019 EVENT SNAPSHOTS

CA Foundation Crash Course at ICAI BKC

Business Economics & Business & Commercial Knowledge CA Foundation



Business Laws & Business Correspondence & Reporting CA Foundation



Principles and Practice of Accounting CA Foundation





April 2019 EVENT SNAPSHOTS

GST Returns and GST Audit For CA Students





April 2019 EVENT SNAPSHOTS

Special Counselling Session for Mock Test Mar 2019



Team WIRC Visit to Akola Branch Students



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