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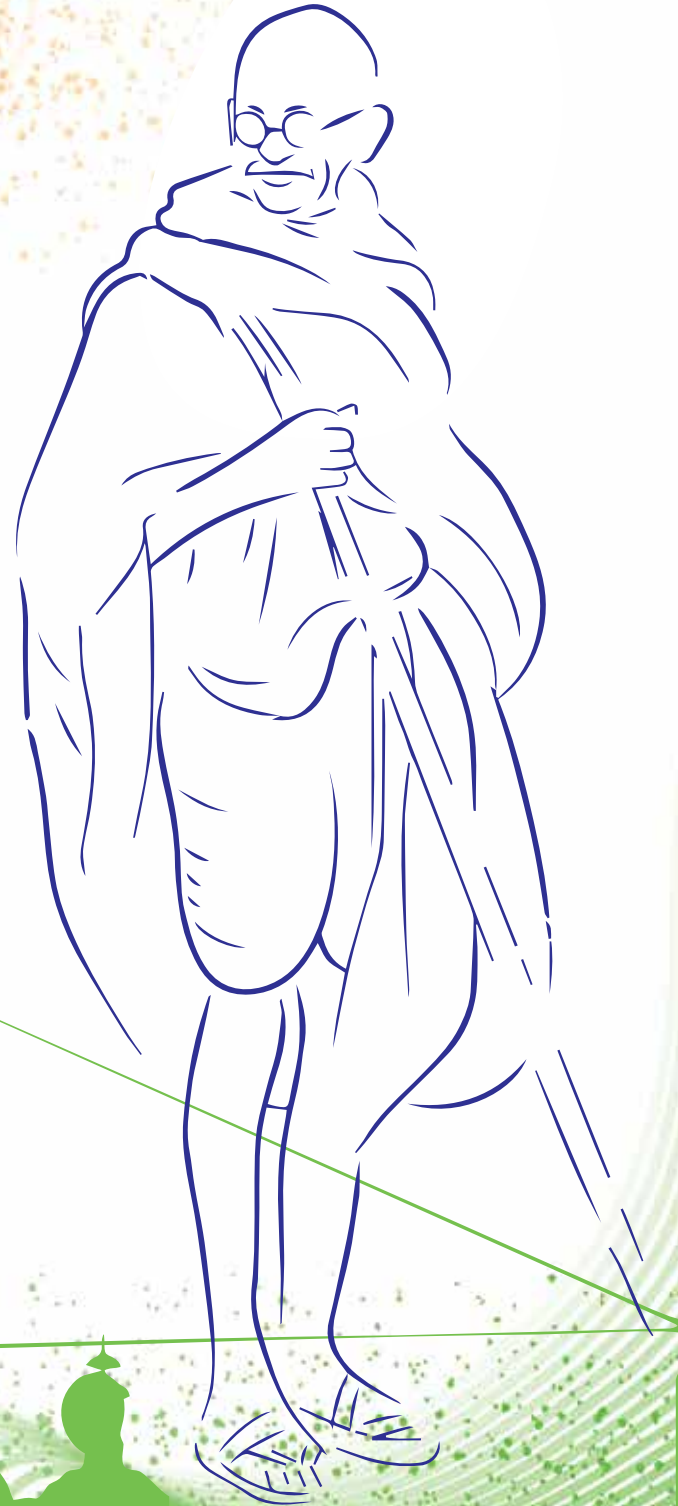
NEWSLETTER

VASAI BRANCH OF WIRC

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SEPTEMBER 2023

गांधी
|| जयंती ||
2nd October





CHAIRMAN'S COMMUNICATION

Dear Professional Colleagues,

I hope post Finalisation of accounts, Tax Filing & Tax Audit and celebration of Ganesh Chaturthi and now we all are geared up for ROC compliance and much awaited festival Navratri for the month of October and we Team Vasai branch is also going to organise the same for its members, students and their families.

We had a wonderful exclusive One day seminar on Direct Taxes for the members during the Tax Audit Season on Taxation of Charitable Trust, Issues in Tax Audit, Sec 44AB v/s. 44AD, 44ADA, 44AE and Taxation on

Shares and Securities by CA (Dr.) Girish Ahuja, CA Avinash Rawani, CA Pramod Jain, CA Abhitan Mehta and the session was inaugurated by CA Piyush Chajjed (CCM), CA Durgesh Kabra (CCM), CA Priti Savla (CCM), CA Shweta Jain (RCM), CA Ankit Rathi (RCM), CA Hyrudesh Pankhani (RCM), CA Gautham Lath (RCM) and CA (Dr.) Girish Ahuja and the event saw participation of 250+ members.

As a part of celebration of 75th year of trust we have organised CA Run for the members, student's and Families to keep their health fit jointly with WIRC of ICAI and the Run saw participation of more than 500+ members, students and families and we specially thanks CA Dayaram Paliwal for supporting.

On 5th September we all celebrate as Teacher's day and Vasai branch jointly with its WICASA has organised an elocution and more than 40 students and faculties have participated and we have also felicitated our branch faculties.

Every year, Head office organise the Mega Career counselling for the students in 9th, 10th, 11th and 12th Std and this year we had also organised the same in 5 school out of which 3 school from Bhayander and 2 school from Vasai.

This year first time we had celebrated the Ganesh Chaturthi in Vasai branch jointly with its WICASA and we are happy to see that many member and students were participated for the darshan and celebration. We pray Lord Ganesh to keep the blessing of his on the Vasai Branch and its Members and Students.

We encourage each one of you to actively engage in upcoming events, as your participation and contributions are vital to their success. Your ideas and enthusiasm continue to drive our committee forward and ensure its continued growth and prosperity.

I want to express my sincere gratitude to all of you for your dedication and hard work. Together, we have achieved remarkable success, and I am confident that our future endeavours will be equally fruitful. Let us continue to collaborate, innovate, and make our committee stronger than ever.

Warm regards,

CA. Amit Bharat Agrawal
Chairman
Vasai Branch of WIRC of ICAI

MANAGING COMMITTEE

CA. Amit Agarwal Chairman	9821374485
CA. Tarun Dhandh Vice Chairman	9833506461
CA. Daya Bansal Secretary	8976074320
CA. Shrikrishna Purohit Treasurer	9049224706
CA. Aba Parab WICASA Chairman	9892862548
CA. Sorabh Agrawal Immed. Past Chairman	9930357066
CA. Lokesh Kothari Committee Member	8108484120
CA. Giriraj Bang Committee Member	9004465822
CA. Brajendra Talesara Committee Member	9987506138
CA. Shweta Jain (Immed. Past Secretary-WIRC & EX-Officio)	9920737198
CA. Ankit Rathi (RCM & Branch Nominee)	9029059911
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Upcoming Events

Sr. No.	Date	Time	Fees	Name of the Seminar, Lecture Meeting & Events etc.	Topic-Speaker	Venue	CPE Hours
One Day Conference on Direct Taxes							
1	7-8 Oct 2023	9:00 AM To 5:30 PM	For Adhyay Member RS.2 000/- Plus GST For Others RS.2 500/- Plus GST	Taxation on Charitable Trust	CA Ravi Gupta & CA Anushree Gupta	Rambhau Mhalgi Prabodhini Keshav Shrushti Uttan Village Essel World Raod Bhayander West Thane	6 Hours/ Day
				Annual Compliance Under Companies Act, 2013	CS Rajvirendra Rajpurohit		
				Loans & Deposits under Companies Act, 2013	CS Kush Gupta		
				Impact of AI Tools in CA Profession	Eminent Speaker		
				Show Cause Notice in GST-A way forward	CA Jignesh Kansara		
				Annual Return Form 9 & 9C	CA Gautam Lath		
2	29-Oct-23			Rangratri Celebration		Vasai Branch of WIRC of ICAI	
3	05-Nov-23			Seminar on "Startup"		Vasai Branch of WIRC of ICAI	



Exemption For Charitable and Religious Trust under Sec 11(1)(C) of The Income Tax-A Brief



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Sec 11(1)(c) of the Income Tax Act is for exemption of Income of a charitable and Religious Trust under the Act, which allows on utilization of total income arise, upto 85% of its total income.

It means that any income of a charitable or religious purpose, which is in excess of

15% of the total Income of such Trust, shall not be included in the total income of the trust for that assessment year.

Primary

The Trust which are set up for charitable or religious purpose, having its primary purpose of promoting a charitable or religious cause.

The main purpose of setting up a charitable or religious trust are for the benefit of society at large and therefor the income of such trust are exempt under sec 11 of the Income Tax Act 1961.

Brief about Section 11(1)(c) of the Act

As per section 11(1)(c) of the Act any income received by a trust that is applied or accumulated for charitable or religious purpose in excess of 15% of the total income of such trust, shall not be included in the total income of such charitable or religious trust for that assessment year.

“Applied for charitable Purpose”- Meaning:

The term “applied for charitable purposes, means utilization of income of a trust, for the promotion of charitable cause only.

It means the income must be spend in such activities , which are of a nature of charitable .

The charitable activities are considered as Educational activities, Medical activities , promoting environment protection and so on.

The following conditions must be complied for claiming exemption u/s.11(1)(c):

The following conditions must be complied to claim exemption u/s.11(1)(c):

- a) The Trust must be of a charitable or religious trust.
- b) The income of such trust should be applied or accumulated for charitable or religious purposes only.
- c) The income of trust should be in excess of 15% of the total income of such Trust.

Consequences of non-compliances:

If a Trust fails to comply with the above conditions as stated in Sec 11(1)(c), then the income that is not utilized or accumulated for charitable purposes will be treated as taxable for that assessment year.

Accumulated for charitable purposes- Meaning:

The term “Accumulation for charitable purposes’ refers to the retention of income received by the Trust for promotion of a charitable cause. It means the income should be kept aside for the future use in charitable activities, and the same is restricted to 15%.

Summery:

In summery we can say that to understand the implication of sec 11(1)(c) of the income tax act, it is necessary to understand the term “charitable purpose”,

The following activities are defined as charitable purposes in the Income Tax Act 1961:

- a) Relief of Poor.
- b) Education;
- c) Medical Relief;
- d) Preservation of environment;
- e) Preservation of monuments or places of historic or artistic interest;
- f) Advancement of any other object of general public utilities.

It is important to note that the Trust must be able to provide evidence that the income has been utilized for the promotion of charitable purpose.

It is also important such type of Trust must be kept proper records of their income and expenditure to ensure compliance with the condition of Sc 11(1)(c) of the Act.





Occurrence of Fraud



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Reasons for Occurrence of Fraud:

Involving a combination of factors. Understanding these reasons can help individuals and organizations take preventive measures to mitigate fraud risk.

1. **Financial Gain:** The most obvious cause of fraud is the desire for financial gain. Individuals may commit fraud to enrich themselves, meet financial obligations, or improve their quality of life.



2. **Greed:** An insatiable desire for personal gain or material wealth can drive individuals to commit fraud, even when they are not under immediate financial pressure. Some people are simply motivated by excessive greed.

3. **Complexity of Transactions:**

Complex financial transactions and business processes can create opportunities for fraud. The intricate nature of these processes may make it difficult for individuals to detect fraudulent activities.



4. **Lack of Moral or Ethical Values:** A deficiency in strong moral or ethical values can make individuals more susceptible to engaging in fraudulent activities. When honesty and integrity are not prioritized, the temptation to commit fraud can be stronger.

5. **Peer Pressure or Coercion:** Some individuals may be coerced or pressured by others, such as colleagues or criminal organizations, into participating in fraudulent schemes.

6. **Lack of Awareness:** In some cases, individuals and organizations may not be aware of the potential fraud risks they face. Ignorance of fraud prevention measures and the absence of fraud awareness programs can contribute to fraud occurrences.



7. **External Factors:** Economic downturns, industry-specific challenges, and changes in regulations can create external pressures that lead individuals and organizations to engage in fraudulent activities to survive or maintain their competitive edge.

Prevention of Occurrence of Fraud:

Preventing the occurrence of fraud is a critical aspect of protecting individuals, organizations, and society from financial losses and other negative consequences.

1. Implement Strong Internal Controls:

- Establish robust internal control systems that include checks and balances in financial processes.
- Implement segregation of duties to ensure that no single individual has control over multiple aspects of a process.
- Require dual authorization for significant financial transactions.



2. Conduct Regular Audits and Reviews:

- Conduct periodic internal and external audits to assess the effectiveness of internal controls.
- Review financial records, transactions, and documentation for inconsistencies or irregularities.
- Use data analytics and forensic accounting techniques to detect unusual patterns or anomalies.

3. Promote Ethical Organizational Culture:

- Set clear ethical standards and values within the organization.
- Lead by example from top management to demonstrate a commitment to ethical behavior.
- Encourage open communication and a "whistleblower" policy that allows employees to report suspicions without fear of retaliation.

Preventing fraud is an ongoing effort that requires vigilance, education, and a commitment to ethical behavior at all levels of an organization. By proactively addressing the risk factors that contribute to fraud and creating a culture of integrity, organizations can significantly reduce the likelihood of fraud occurring within their ranks.

Conclusion:

In an interconnected and digital age, where new opportunities for fraud constantly emerge, staying informed about evolving threats and adapting prevention strategies is crucial. By taking a comprehensive and proactive approach to fraud prevention, individuals and organizations can reduce the likelihood of falling victim to fraudulent activities and contribute to a safer and more trustworthy society.



Critical Analysis of Section 68 of Income Tax Act, 1961 And It's Allied Case Laws



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INTRODUCTION:

Why Section 68 was introduced under Income Tax Act, 1961.

There was a great need and importance for introducing the provisions of section 68 under the income tax act, 1961 to safeguard and protect the interest of revenue, as assessee was engaged in harmful tax practices to evade tax in the form of fake cash credit entries in the books of account, after introduction of this section many amendments have been taken place from time to time to enhance its applicability and to curb the menace and unearthing of Black Money , Accommodation Entries, Cash Credit Entries etc.

Assessee used to hide its Income or suppress income by diverting its cash receipts and showing it as "Unsecured Loan" or in any other form in the books of accounts, thereby avoiding payment of tax on business receipts. It is a tax evasion device or tool used by large number of assesses across the nation to evade tax and thereby resulting in tax revenue loss to the Government of India.

To curb such malpractices and tax evasion tactics, section 68 came into light with timely amendments in it,

SECTION 68. ⁶⁰Where any sum is found credited in the books⁶¹ of an assessee maintained for any previous year, and the assessee offers no explanation⁶¹ about the nature and source thereof or the explanation offered by him is not, in the opinion of the ⁶²[Assessing] Officer, satisfactory, the sum so credited may⁶¹ be charged to income-tax as the income of the assessee of that previous year : ⁶³Provided that where the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium or any such amount by whatever name called, any explanation offered by such assessee-company shall be deemed to be not satisfactory, unless—

- (a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and
- (b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory: Provided further that nothing contained in the first proviso shall apply if the person, in whose name the sum referred to therein is recorded,

is a venture capital fund or a venture capital company as referred to in clause (23FB) of section 10.]

Let us understand this section critically and in easy way;

1. **Applicability:** This Section is only applicable and can only be invoked when assessee is maintaining books of account and there is any sum which is found credited in the books of an assessee maintained for any previous year and assessee offers no explanation with regard to such cash credits or explanation offered by assessee was not satisfactory, then assessee will be held guilty under this section and thereby as a result, provisions of this section will trigger. All credit entries appearing in the books of accounts of the assessee are covered under this section. **Reliance can be placed Smt. Shanta Devi vs. CIT [1988] 171 ITR 532 (Punjab & Harayana High Court). In the abovementioned Case Law, it was held that on perusal of section 68 of the act shows that in relation to the expression 'Books' the emphasis is on the word ' assessee' meaning thereby that such books have to be the books of the assessee himself and not of any other assessee.**
2. **Onus to prove:** The burden lies on the assessee to prove that any sum which is found credited in books was a genuine transaction; nature and source of such entry should be proved by assessee, otherwise it would be treated as income of the assessee. But Assessee was not required to prove "**Source of Source**", means assessee was not required to prove the source of income of the person from whom he has received the amount. The only thing which assessee was required to do is to prove the genuineness of the transactions as well as the creditworthiness of the person providing credit along with documentary evidences, it is not the business of the assessee to find out the source of money of the person providing loan or any other credit in any form. Once assessee furnishes sufficient documents and explanations, it is on the onus of department to verify the same and act accordingly.
3. **Taxability:** Unexplained Cash Credits are chargeable to tax u/s 115BBE of the Income Tax Act, 1961 at the rate of 60% plus surcharge plus Cess that comes to overall 78% that too without deduction of any expenses. The real and main purpose of introducing this provision is to charge the tax at higher rates than the normal rates, so that assessee would avoid concealing and hiding its income. The logic behind increasing tax rate from 30% to 60% was to make sure assessee who is hiding and concealing its income will not be treated at par with other tax payers i.e. both disclosed and undisclosed income will be taxed at roughly 30%, to penalise the tax evaders, tax rate was increased.





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- Q.1 Income of minor is clubbed however the clubbing provision is not applicable if:
- Parents are separated
 - Minor is a married daughter
 - Minor is handicapped
 - None of the above
- Q.2 When parent's income is clubbed with minor child income, parent is eligible for exemption
- Actual income of minor or Rs. 10,000 whichever
 - Actual income of minor or Rs. 1,500 whichever is less
 - Actual income of minor or Rs. 20,000 whichever is less
 - Actual income of minor or Rs. 5,000 is less whichever is less
- Q.3 Unabsorbed depreciation can be carried forward for set off:
- For an unlimited number of years
 - For a period of four years only
 - For a period of eighteen years only
 - For a period of eight years only
- Q.4 Income from subletting of house property is taxable under the head :
- Capital Gain
 - Income from Other Sources
 - Income from House Property
 - Profits & Gains of Business or Profession
- Q.5 When employee opt to sale share previously allotted under the ESOP, profit made by him the tax as capital gain are calculated by subtracting the ___ as on the exercise date from the consideration of such shares?
- Agreed value
 - Face value
 - Fair market value.
 - Fair value
- Q.6 In what context is Circular No. 125/44/2019 - GST relevant?
- Interstate Transactions
 - E-Way Bill Generation
 - Composition Scheme
 - Refund Procedures
- Q.7 Who is responsible for generating the Invoice Reference Number (IRN) for e-invoices?
- Taxpayer
 - GST Officer
 - E-invoice service provider
 - Chartered Accountant
- Q.8 What is the turnover threshold for the mandatory applicability of e-invoicing under the GST Act from 1/8/2023?
- ₹ 50 lakhs
 - ₹ 1 crore
 - ₹ 5 crores
 - ₹ 10 crores
- Q.9 What does "block credit" refer to under Section 17(5) of the GST Act?
- Credits that cannot be utilized for payment of tax
 - Temporary suspension of ITC benefits
 - Credits blocked for a specific period
 - A restriction on claiming input tax credit
- Q.10 What is the minimum amount of tax evasion that can lead to arrest under the GST Act?
- ₹ 1 lakh
 - ₹ 2 crores
 - ₹ 5 crores
 - ₹ 10 lakhs



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CA Run on 3rd September 2023



CA Amit Agarwal, Chairman of Vasai Branch, and the entire team, including CA Daya Bansal, CA Priti Savla, CA Dayaram Paliwal, CA Lokesh Kothari, and CA Sourabh Agrawal, warmly welcome our esteemed Chief Guest, Mr. Sanjayji Katkar, Commissioner (MBMC), with a heartfelt momento during the inspiring CA Run on September 3, 2023. Chief Guest Mrs. Geeta Jain, MLA Mira-Bhayandar, also joins in presenting her appreciation.



Runners united for a purpose! Participants at the CA Run organized by Vasai Branch, WIRC of ICAI, on September 3, 2023, coming together for a healthier and stronger community.



CA Arpit Kabra Chairman WIRC, CA Amit Agarwal, Chairman Vasai Branch, along with CA Daya Bansal, CA Tarun Dhandh, CA Shrikrishna Purohit, CA Brijendra Talesara, CA Sourabh Agrawal, CA Lokesh Kothari, CA Dayaram Pallival, CA Aba Parab, and the entire team, warmly welcoming participants as they cross the finish line at the CA Run.



CA Amit Agarwal, Chairman of Vasai Branch with CA Arpit Kabra, Chairman WIRC of ICAI, and fellow branch leaders CA Daya Bansal and CA Shrikrishna Purohit & Dayaram Pallival Past Chairman of Vasai Branch sharing insights with news reporter about the successful CA Run on September 3, 2023.



An Honorable Gathering - CA Dayaram Paliwal, CA Ramanand Gupta, and distinguished guests warmly welcome Chief Guest Smt. Geeta Jain MLA Mira-Bhayander at the CA Run on September 3, 2023. From left to right: Shrikrishna Purohit, CA Brijendra Talesara, CA Daya Bansal, CA Amit Agarwal, Chief Guest Mr. Sanjayji Katkar, Commissioner (MBMC), CA Sourabh Agrawal, CA Arpit Kabra (Chairman WIRC of ICAI), CA Gautam Lath, and CA Aba Parab



CA Arpit Kabra, Chairman WIRC of ICAI, and CA Amit Agarwal, Chairman Vasai Branch & CA Dayaram Paliwal Past Chairman, sharing insights with the news media regarding the successful CA Run on September 3, 2023.



Chief Guest Mr. Sanjayji Katkar, Commissioner (MBMC), kicks off the CA Run on September 3, 2023, by cutting the ribbon, joined by CA Arpit Kabra, Chairman WIRC of ICAI, CA Amit Agarwal, Chairman Vasai Branch, CA Tarun Dhandh, Vice Chairman Vasai Branch, CA Ankit Rathi, RCM, CA Priti Savla, CCM, CA Daya Bansal, Secretary Vasai Branch, and the entire enthusiastic team.

One Day Seminar on Direct Taxes on 2nd September 2023



CA. Shweta Jain, Regional Council Member illuminates the path to knowledge and wisdom as she lights the ceremonial lamp at the Direct Tax seminar on September 2, 2023. A symbol of enlightenment and auspicious beginning.



Chairman CA Amit Agarwal extends a warm welcome to esteemed speaker CA Girish Ahuja at the Direct Tax seminar on September 2, 2023. Surrounded by distinguished members CA Priti Savla, CA Durgesh Kabra, CA Ankit Rathi, and CA Daya Bansal, it was a day filled with insightful discussions and knowledge-sharing.



CA Girish Ahuja, a renowned expert, captivates the audience with his profound insights on Direct Tax during the seminar held on September 2, 2023. A day of enlightenment and empowerment



CA Daya Bansal, Secretary of Vasai Branch, extends a warm welcome to CA Pramod Jain the speaker with a thoughtful memento, joined by fellow CAs Kishore Mehta, Shweta Jain, and Lokesh Kothari.



CA Amit Agarwal, Chairman of Vasai Branch, expresses gratitude to the esteemed speaker, CA Girish Ahuja, with a heartfelt momento. Surrounded by a distinguished gathering of fellow professionals, it was a moment of honor and recognition during the seminar on September 2, 2023.



CA Aba Parab, Chairman of Vasai-WICASA, extends a warm welcome to CA Avinash Rawani the speaker with a thoughtful momento during the Seminar on Direct Tax on September 2, 2023.

CA Amit Agarwal, Chairman of Vasai Branch, extends a warm welcome to CA Abhitan Mehta, the esteemed speaker, alongside CA Pramod Dhamankar



Ganesh Mahotsav Celebration on 19th September 2023



"Seeking blessings and guidance from Chartered Bappai during the Aarti at the joyous Ganesh Mahotsav Celebration in Vasai Branch on September 19, 2023



Mr. & Mrs. CA Amit Agarwal, Chairman of Vasai Branch, immersed in devotion and togetherness during the Ganapati Puja on the auspicious occasion of Ganesh Mahotsav on May 19, 2023.



Bidding a heartfelt farewell to Chartered Bappa with CA Amit Agarwal, Chairman Vasai Branch, CA Tarun Dhandh, Vice Chairman, CA Gautam Lath, RCM, CA Amit Bansal, and CA Daya Bansal.



CA Amit Agarwal, Chairman of Vasai Branch, along with CA Shrikrishna Purohit, Treasurer, CA Tarun Dhandh, Vice Chairman, CA Gautam Lath, RCM, and CA Amit Bansal, sharing the spirit of unity and devotion at the Ganesh Mahotsav Celebration of Vasai Branch, WIRC of ICAI.

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