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NEWSLETTER

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CHAIRMAN'S MESSAGE



Dear All,

Vande Mataram..

We are all set to celebrate the true spirit of independence with all our heart. But at the same time, let us not forget that all independence comes with a responsibility that when we co-exist, fundamental laws of co-operation, tolerance and mutual progress must govern our existence. Let us express our belief in each other's individuality. Let us not forget that when it comes to choosing between humanity and human boundaries-our choice and guiding angel must always be humanity. Nothing should supersede our need for love and tolerance. One of the celebrated philosopher during the French revolution, Jean Jacques Rousseau, expressed in his most important treatise, The Social Contract: Man was born free, and he is everywhere in chains. One man thinks himself the master of others, but remains more of a slave than they.

It is sad that we continuously fight in our life to achieve salvation and independence in their fundamental sense, and, in the course of that, we do

we do achieve success, glory and even financial independence, but the goals and vision with which we start our struggle are generally forgotten and abandoned. So is the case of our freedom struggle, about 69 years have passed since we got independence, i.e. in 1947, we are still enslaved by our desire. Despite having achieved a social standing in life, we are still bound by the boundaries set by race, religion, region, gender and language. While I understand these boundaries are natural for common people, I am sure at the same time that these would never exist for an emancipated and grown-up society. We should have come out of this slavery after such a long journey we have undertaken in a politically free country.

Independence is when we do the right thing freely. However, I understand that a literal independence will never exist as we all are bound together by our needs, sorrows and joys. It is fine that we are not independent that way. But the fact that some people on the basis of race, religion, region, gender and language are being forced to succumb to their independence and are forced to lead an isolated life within our own social space, we still have to go a long way to achieve independence in its most fundamental sense.

Right to independence comes out of a more fundamental duty called responsibility. Unless we will be ready to be responsible, independence will have no real and productive existence in our life. That is why a modern political philosopher Emma Goldman says: The most unpardonable sin in society is independence of thought. Voltaire, the French historian and philosopher, too has similar opinion when he expresses ironically: The true character of liberty is independence, maintained by force. Injustice in the end produces independence. Here, he too is referring to independence without responsibility. We are independent and, going by the natural succession, we must be both responsible and independent. Emotions of mutual tolerance and progress must govern our existence. Let us have a faith in each other's individuality. Let us have respect for all citizens of the nation. Our actions must always be guided by humanity and not by man-made or political boundaries. Nothing should supersede our need for love, tolerance and progress.

Some of the important developments that have taken place in our Branch since last month are:

1. Results of the CA Final Examinations and Common Proficiency Test (CPT) held in May and June 2016 respectively have been declared recently. In the CA Final Examinations, 11.36 per cent candidates passed in both Groups and in Groups I and II, percentage was 14.47 and 21.30 respectively. At CPT held in June 2016, 38.98 per cent of the total candidates have passed, of which male and female percentage was 38.41 and 39.75 respectively. Let us congratulate all who have cleared their examinations. However, I

would advise rest of the students to work harder and prepare better for the examinations again.

Here, I would like to refer to one of Dr Kalam's poems where he very fondly records his experience in swimming and mentions how a powerful wave overpowers him and takes him along in its own direction. In that moment, he recollects his senses, recalls his courage and finds himself filled with an indomitable spirit within:

With indomitable spirit in mind and action,

I regained lost confidence

I can win, win and win

Strength came back to me, overpowered the

sea wave

I reached the destination, my mission.

Let us all not lose our heart in the critical hours of our life and realise that all of us possess courage within that can help us overpower the hard times. Negative forces will come and go. When we realise the presence of indomitable spirit in us, we will be able to help ourselves from flowing away with the flow of negative forces. We will be able to achieve our goals and complete our mission.

Let us work hard and keep moving forward in life with sincerity and humility.

2. IT & OT Training, One of the major aspects of Students practical training is IT, OT and GMCS. Recently Our Institute had revamp the entire IT & OT and making it as 15 day's affair. Recently our branch had conducted the same and various CA students had taken the benefit of the same. For that we are also thankful to the management of TIMS College for providing us the necessary support in the form of faculties and other amenities provided to the students.

3. It's a matter of Pride for all of us that WICASA wing of Gandhidham Branch has been established with the co-ordination of CA. Kartik Varaiya. I congratulate all the office bearers of WICASA of Gandhidham Branch of WIRC and wish them a good luck.

And immediately after incorporation, they had successfully conducted Quiz and Elocution Competition and the winner of the said contest will going to compete at Regional & National Level. I on behalf of Gandhidham branch of WIRC of ICAI congratulates all the winners and wishing them a good luck for future competition.

4. Workshop on Forensic Accounting & Fraud Detection : One of the pioneer of forensic subject, CA Chetan Dalal & Sarang Dalal had conducted a workshop on Forensic Accounting & Fraud Detection on 05th August'2016 and more than 60 members had attended the same. This is historic, as for the first time such kind of orthodox subject has been chosen by our CPE Committee for conducting such unique seminar.

Due to overwhelming response, we are planning to conduct a "Certificate course on Forensic Accounting & Fraud Detection" and the details will be circulated to you shortly. However, those who are interested may kindly contact our office bearers for the same.

Before I conclude, let us give a thought to our Independence Day (15th August). Let us celebrate independence with the desired sense of national pride as well as responsibility. I believe in what Mahatma Gandhi had observed once:

The condition of India is unique. Its strength is immeasurable. We need not, therefore, refer to the history of other countries. I have drawn attention to the fact, that when other civilisations have succumbed, the Indian has survived many a shock.

Let's bow to our great nation and extend our enthusiasm and festive spirit to the Independence Day celebrations as well.

Happy Independence Day to all of you!

TOUCH THE SKY WITH GLORY



CA Rajiv Singh
Chairman
Gandhidham Branch of WIRC of ICAI



- 1. SPORTS DAY ON AUGUST 21, 2016**
 - 2. INDUSTRIAL VISIT ON AUGUST 31, 2016**
 - 3. GST WORKSHOP FOR FULL DAY**
-

CA With A Difference

- **Compiled by CA Karan Thacker**



CA Suresh Prabhu

Suresh Prabhakar Prabhu (born 11 July 1953) is an Indian politician and the current Railway Minister of India, under the Narendra Modi government. He is a Chartered Accountant by profession and He was All India 11th (eleventh) rank holder in Inter CA exam. Since 1996, Prabhu has been a repeatedly elected Member of Parliament from Rajapur Lok Sabha constituency in Maharashtra. He currently represents Andhra Pradesh in Upper House of Indian Parliament.

He was, at various times during the Premiership of Atal Bihari Vajpayee of 1998 to 2004, Industry Minister, Minister of Environment and Forests, Minister of Fertilizers & Chemicals, Power, Heavy Industry and Public Enterprises. He is credited with championing

and enacting The Electricity Act, 2003 and the reforms that created securitization of dues from the states. He has been elected four times to the Lok Sabha, India's parliament, from Maharashtra since 1996.

He was also Chairman of Task Force for Interlinking of Rivers with a status and rank of Union Cabinet Minister. He was elected a member of the World Bank parliamentary network and chaired the South Asia Water regional group of the World Bank. Asia week rated him as one of three future leaders of India and India Today ranked him as the second best performing minister in the NDA government. The NDA government under the leadership of Narendra Modi appointed him as the head of a high-level panel on power revamp — "Advisory Group for Integrated Development of Power, Coal and Renewable Energy" in July 2014.

On 9 November 2014, he was sworn-in as Cabinet minister in Narendra Modi government. He is currently the Union Railway Minister of India. He is the only Railway Minister who introduced railway budget without launching a single train and more focused on facilities during fiscal year 2015-2016.



Legal Updates

INCOME TAX

SUBSIDY BY WAY OF REFUND OF EXCISE DUTY, ETC.- NOT TAXABLE

[CIT vs. Shree Balaji Alloys (Supreme Court)]

Subsidy by way of refund of excise duty and interest for setting up a new industrial undertaking is a capital receipt & not taxable as income. Alternatively, such receipts are "derived" from the industrial undertaking and are deductible u/s 80-IB

Interest on broken period

[CIT vs. City Bank N.A. (Supreme Court)]

Interest paid for broken period should not be considered as part of the purchase price, but should be allowed as revenue expenditure in the year of purchase of securities. American Express vs. CIT 258 ITR 601 (Bom) affirmed, Vijaya Bank 187 ITR 541 (SC) distinguished.

Mere voluntary disclosure of undisclosed income – Not basis of addition

[Chetnaben J Shah vs. ITO (Gujarat High Court)]

Section 132(4): Mere voluntary disclosure of undisclosed income by assessee cannot form basis of addition if no evidence is detected in search. Fact that retraction of statement is late is irrelevant. CBDT Circular No. F.No.286/2/2003-IT (In) dated 10.03.2003 bars addition on the basis of confession.

Payment to builder for purchase sufficient for deduction u/s 54F

[Rajeev B. Shah vs. ITO (ITAT Mumbai)]

S. 54F: If assessee has made full payment to the builder for purchase/construction of a new residential house but is not able to get the title of the flat registered in his name or is unable to get the possession of the flat within the prescribed period due to fault of the builder, the assessee cannot be denied deduction u/s 54F.

SERVICE TAX

Service Tax- Constitutional validity of Section 65 (105) (zzzzv) & 65 (105) (zzzzw) of the Finance Act

[Federation Of Hotels And Restaurants Association Of India And Ors. Vs. Union of India And Ors. (Delhi High Court) date of judgement 12/08/2016]

ST - Provision of short-term accommodation in hotels envisaged in FA, 1994 is a taxable event that is entirely covered by the term 'luxuries' in the State List and, therefore, outside the legislative competence of Parliament: HC

Constitutional validity of Section 65 (105) (zzzzv) read with Section 66E (i), Section 65 (22) of the Finance Act, 1994 as well as Rule 2C of the Service Tax (Determination of Value) Rules, 2006 is upheld;

Section 65 (105) (zzzzw) of the Finance Act, 1994 pertaining to levy of service tax on the provision of short-term accommodation and the corresponding instructions/circulars seeking to operationalize the levy are unconstitutional and invalid.

Levy of Service Tax on Under-Construction Flats – UNCONSTITUTIONAL

[Suresh Kumar Bansal vs. Union of India & Others 2016-VIL-284-DEL-ST.]

High Court held that the service tax is only payable on the value of services and not on the value of land. The mechanism for ascertaining the value of services (by excluding the value of land) involved in such contracts should have been provided either under the Finance Act, 1994, or the Rules issued under the said Act. In absence of any mechanism within the

Act or the Rules to exclude the value of land, no service tax can be imposed on consideration of under construction flats wherein the value of land is included in such consideration. The HC further held that even though an abatement of 75% is given by a notification, it cannot substitute the lack of statutory machinery provisions in the Act or Rules framed in this regard. Considering the above, petitioner was allowed refund of tax already paid along with an interest of 6% from the date of deposit till the date of refund. The above judgement of the HC pertains to a period before July, 2012.

(Anticipating an appeal by the Central Government to Supreme Court builders may continue to charge service tax.)

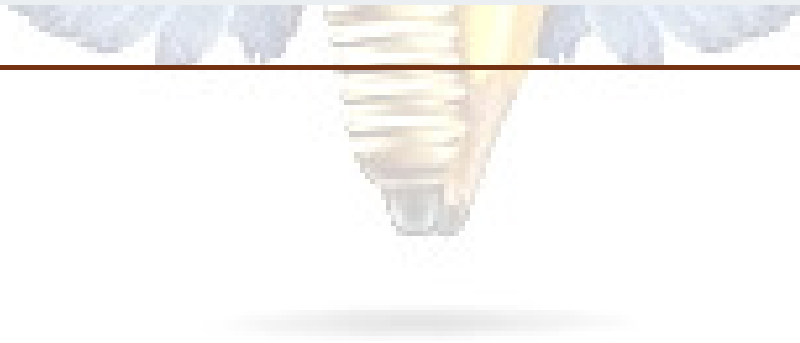
VAT

In the Gujarat State Budget for FY 2016-17, the State Finance Minister had announced that in view of the imminent implementation of the composite Goods & Services Tax (GST), it was necessary to resolve the problems relating to past outstanding tax dues under the VAT / Sales Tax laws. To reduce the administrative burden and prepare for the implementation of GST, the Finance Minister had announced an Amnesty Scheme in the Budget to be notified. The State Government has notified the Amnesty Scheme on 1-Aug-2016.

The gist of the scheme is as follows:

- The scheme will be known as "VAT/Sales Tax Amnesty Scheme-2016";
- The scheme will cover dues arising from The Gujarat VAT Act, 2013, Gujarat Sales Tax Act, 1969, Central Sales Tax Act, 1956 & Motor Spirits Act;
- The scheme will be applicable to dues outstanding upto 31-Dec-2015;
- The application under the scheme will have to be made by 31-Dec-2016;
- Where a demand for evasion arises from an Assessment Order passed upto 31-Dec-2015, if the Assessee pays the amount of tax, interest and 25% of the penalty as per the Order, remission will be given for the balance amount of penalty. In such cases, the Dealer will also be eligible for the scheme where appeal is filed upto 31-Dec-2015 subject to the condition that the appeal is withdrawn;

- Where demand arises other than for evasion from Orders passed upto 31-Dec-2015 pertaining to assessment, provisional assessment, issue based assessment, re-assessment or revision, if the Assessee pays the amount of tax as per the Order, remission will be given for the entire amount of interest and penalty. In such cases, the Dealer will also be eligible for the scheme where appeal is filed upto 31-Dec-2015 subject to the condition that the appeal is withdrawn;
- Where any assessment proceedings are pending for the period upto 31-Dec-2015, Dealers can taken benefit of the scheme by declaring the undisclosed tax and paying the amount of tax, interest and 25% of the penalty thereon;
- The scheme will not be available where the total amount (tax only) involved for all years put together (incl. that arising under the scheme) exceeds Rs.10 Crores;
- On filing the Application, the decision of the Commissioner will be final whether the benefit of the Scheme is available to the Dealer or not;
- No refund will be allowed;
- Applications under the scheme will be assessed and the Order for remission allowed under the scheme will be passed by 31-Mar-2017;
- The Order under the scheme is not appealable;
- The scheme will not be available where notice is issued for additional demand in proceedings pertaining to assessment, provisional assessment, issue based assessment, re-assessment or revision;
- The scheme will not be available where the demand pertains to penalty only;
- Applicants under the scheme have an option to pay the amount payable under the scheme in installments.



Motivational Story

Paralysed and on a wheelchair for 2 years, his strong determination brought the country Sultan Shah Cup in 2009 after 13 years of wait.

(Compiled by CA Kavita Bulchandani)

Singh hails from Shahabad town in Kurukshetra, Haryana, and was born to Gurcharan Singh Saini and Daljit Kaur Saini. His elder brother, Bikramjeet Singh, is also a field hockey player and plays for Indian Oil.

Sandeep Singh Bhinder made his international debut in January 2004 in Sultan Azlan Shah Cup In Kuala Lumpur. During the peak of his wonderful career, Sandeep was seriously injured after being hit by an accidental gunshot in the Shatabadi train on 22 August 2006, while on his way to join the national team which was to leave for the World Cup in Germany two days later. For the next two years, Sandeep Singh Bhinders was almost paralyzed and on a wheelchair. But, the determined Sandeep not only recovered, but also established himself back into the national team.



He came back with a bang and under his captaincy, the Indian team managed to grab the Sultan Azlan Shah Cup-2009 from the grip of Malaysia in the finals played at Ipoh. This title came to India after a long wait of thirteen years, not only this but Sandeep Singh was also the top goal scorer of the tournament.

Came 2012 and the India men's national Hockey team qualified for the Summer Olympics in London after a gap of eight years. This time the team played finals of Olympic qualifier and booked victory over France (8-1). Singh played the key role in this victory by hitting

five goals, including a hat trick all from penalty corner. His amazing shots made him the highest scorer of the Olympic qualifiers tournament 2012 by scoring sixteen goals.

He is now focusing on the Hockey Indian League(HIL). There is also a movie on his life in the pipeline and he is himself involved in the making and casting. It surely will be a treat to watch story of a fighter who never let Gods decide for him and has made his own mark in the history of Indian Hockey.

Some larels of Sandeep Singh are as follows:



Captain Indian Hockey Team.

In captain-ship won Gold Medal in Sultan Azlan Shah (after 14 years)

Best speed in world in Drag flick (speed 145)

Best player in Sultan Azlan Shah

Top Scorer in Sultan Azlan Shah

Gold medal in Four Nation Hockey Tournament Russia.

Top Scorer in four Nation Russia.

2nd place in Punjab Gold Cup.

Man of the match in Punjab gold Cup.

Winning test series New Zealand & Australia.

Best Scorer in PHL 2008.

Gold Medal in Junior Asia Cup.

Top Scorer in Junior Asia Cup- 15 Goals.

6th Nation Hockey Tournament Poland- Winner.

Top Scorer in Poland- 12 Goals

Athens Olympics – 2004

When life hits you hard, hit back harder!

CG: Compulsory Acquisition: Enhanced Compensation

By CA Kapil Thacker

Now a day's development is the old-new idea of newly appointed central government. And when there is development, there is infrastructure and when there is need of infrastructure there is acquisition by government by way of compulsory acquisition.



Regarding the taxability of compulsory acquisition is concerned it is a part of capital gain head. But to understand it first we need to consider that to tax anything under the capital gain head we need to follow three conditions.

1. There must be a Capital Asset
2. There must be a Transfer
3. There must be Gain/Loss.

Now, any immovable property though of personal effect, is inclusion in the definition of capital asset u/s. 2(14). Regarding transfer is concern as per section 2(47), Compulsory acquisition is transfer by specific entry. Lastly there will be some gains/losses and so it qualifies to be taxed under the capital gain head.

There is being the recent amendment in case of section 45(5) by putting one clause that in case there is interim order of the court for the enhanced compensation, it will not be taxed in the year of receipt if it is not the final order of the court or tribunal. This amendment is being made on the basis of the case law where Supreme Court has pronounced that additional compensation awarded by the arbitrator cannot be said to accrue in the year of award when the amount awarded is disputed by the government by filing appeal. So again the taxability is deferred till there is final order of the court. It looks like this amendment was necessary as till the income is not finalized to any person any receipt of the same cannot be a base for the taxability. Still lot of changes are expected in this regard which I tried to work out as follows.

If I go to the original provisions of the section, it says that in case central government or RBI compulsory acquires your capital asset, It will be taxed to you. Fair. But the provisions of the same are bit harsh to the assessee. Why I am saying this will be justified by one example.

For example if my Land is compulsory acquired by the govt. for a consideration of Rs. 100 Lacs in the F.Y. 2015-16 and suppose my original cost is Rs.10 Lacs which get indexed (If we assume it is Long Term Capital Asset) to Rs. 30 Lacs. So my net long term capital gain will be Rs.70 Lacs. It is specified in the provisions of section 45(5) itself that this capital gain will be taxable in the year in which assessee receives its compensation or part thereof. Now assume government pays to me Rs. 5 Lacs in F.Y. 2015-16 i.e. a part of consideration, the entire capital gain will be taxed to me in that year itself! So If I have other incomes more than Rs. 2.5 Lacs then I need to pay tax @20% on entire capital gain which becomes Rs.14 Lacs. And what I have received actually is Just Rs.5 Lacs. So in that case may be I will prefer to a bank for loan of Rs.9 Lacs and reason to bank for loan will be “Payment of Tax as my land is compulsory acquired (forfeited) by C.G.”

It is not the only thing in this taxability if we extend the interpretation further. Now assume in the above example if I got awarded with Rs. 15 Lacs as consideration for compulsory acquisition for same asset which have an Index cost of Rs.30 Lacs. So there will be a Long term Capital loss of Rs.15 Lacs, Which I will not be able to set off against any head except the income of Long term capital Gain. So only option will be to carry forward it for 8 years. For example I filed a claim against compensation amount and court has awarded me enhanced compensation of Rs. 20 Lacs. If

I receive the final order of enhanced compensation within 8 years then it will be taxable on receipt basis (or recently amended on final decision of the court basis) so if I receive it within 8 years I will be able to set off the long term capital gain arising out of enhanced compensation against my long term capital loss of Rs. 15 Lacs. But what if the final order didn't come in 8 years or the enhanced compensation is not paid to me within 8 years? Then my loss of earlier year will lapse and I have to pay tax on the entire enhanced compensation in the year of receipt and that will again be Rs.4 Lacs! Strange but true.

So if there is no compulsory acquisition and I normally sells the asset for Rs. 35 Lacs (15 Original + 20 Enhanced) then I will be having Benefit of Index cost of Rs. 30 Lacs and need to pay tax on long term capital gain of Rs.5 Lacs and it will be Rs. 1 Lac.

But if Government compulsory acquired my land as above then I could be in a situation paying tax of Rs. 4 Lacs for same consideration. So I personally believe is that this provision still requires consideration from our finance minister. As I hope that this government may think about the assessee which is a common man who has not sold the property but it is being compulsory acquired by you only.

JUST IN GIST- CARTOON CORNER



"You handled the audit so well, we're promoting you from Accounts Receivable to Accounts Deceivable."



" Sorry, you can't file a joint-return unless you're married ! "

the

PINK PAGE

HEALTH
TIPS ON
PnEmOnIa

What is Pneumonia?

(Compiled by CA Kavita Bulchandani)

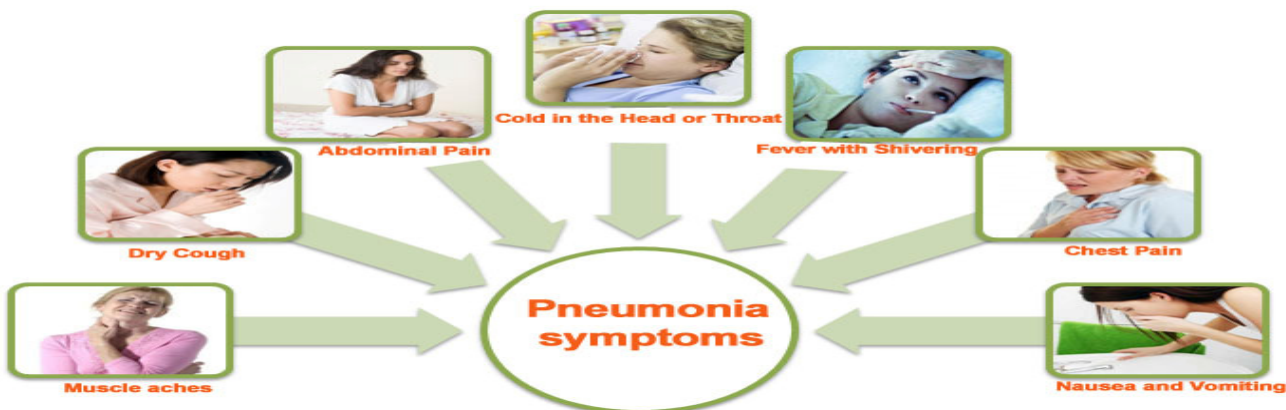
Pneumonia is an infection in one or both lung. It can be caused by fungi, bacteria, or virus. Pneumonia causes inflammation in your lung's air sacs, or alveoli. The alveoli fill with fluid or pus, making it difficult to breathe.

Pneumonia accounts for **18%** in terms of **Childhood Mortality**. And most Asian countries are at high risk.



What Causes It?

- Viruses
- Bacteria
- Microorganisms
- Physical irritants
- Chemical irritants
- Mycoplasmas
- Fungi



Test and Diagnosis of Pneumonia

Physical Exam: Crackling and bubbling sounds in the chest/Wheezing/trouble in hearing normal breathing sounds in different areas of your chest.

Diagnostic Tests: Chest X-rays and Blood tests

Other Tests: A CT scan/The sputum test /A pulse oximetry test/A bronchoscopy

Treatment & Prevention

Treating Bacterial Pneumonia

Antibiotics are used to treat this type of pneumonia. Antibiotics should be taken as directed. Most people will improve after one to three days of treatment.

Treating Viral Pneumonia

Antibiotics are useless if a virus is the cause of pneumonia. However, certain antiviral drugs can help treat the condition. Symptoms usually clear within one to three weeks.

Prevention

Anyone with diabetes, asthma, and other severe or chronic health problems is at risk for pneumonia. However, in many cases, it can be prevented with vaccines against bacterial pneumonia and flu. Quitting smoking will definitely lower your risk of pneumonia.

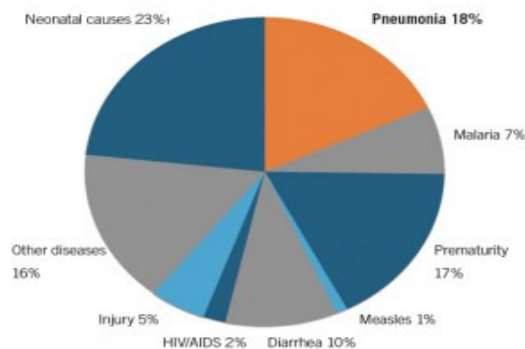
LETS

BEAT

PNEUMONIA



Global Causes of Childhood Mortality in 2010*



* Neonatal causes include birth asphyxia, sepsis, and congenital abnormalities.

Pneumonia is the **#1** infectious disease killer of children under 5

99% of pneumonia deaths in children under 5 occur in low & middle income countries





Citizen's and Members Awareness Program on Income Disclosure Scheme, 2016 at Gandhidham Chamber of Commerce on July 2, 2016.



Quiz and Elocution competition at Agrawal Samaj by Gandhidham Branch of WICASA on July 23, 2016



Seminar on Forensic Accounting and Fraud Detection at Hotel Amar Sarovar Potrico



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Vande Mataram !! Jay Hind!!