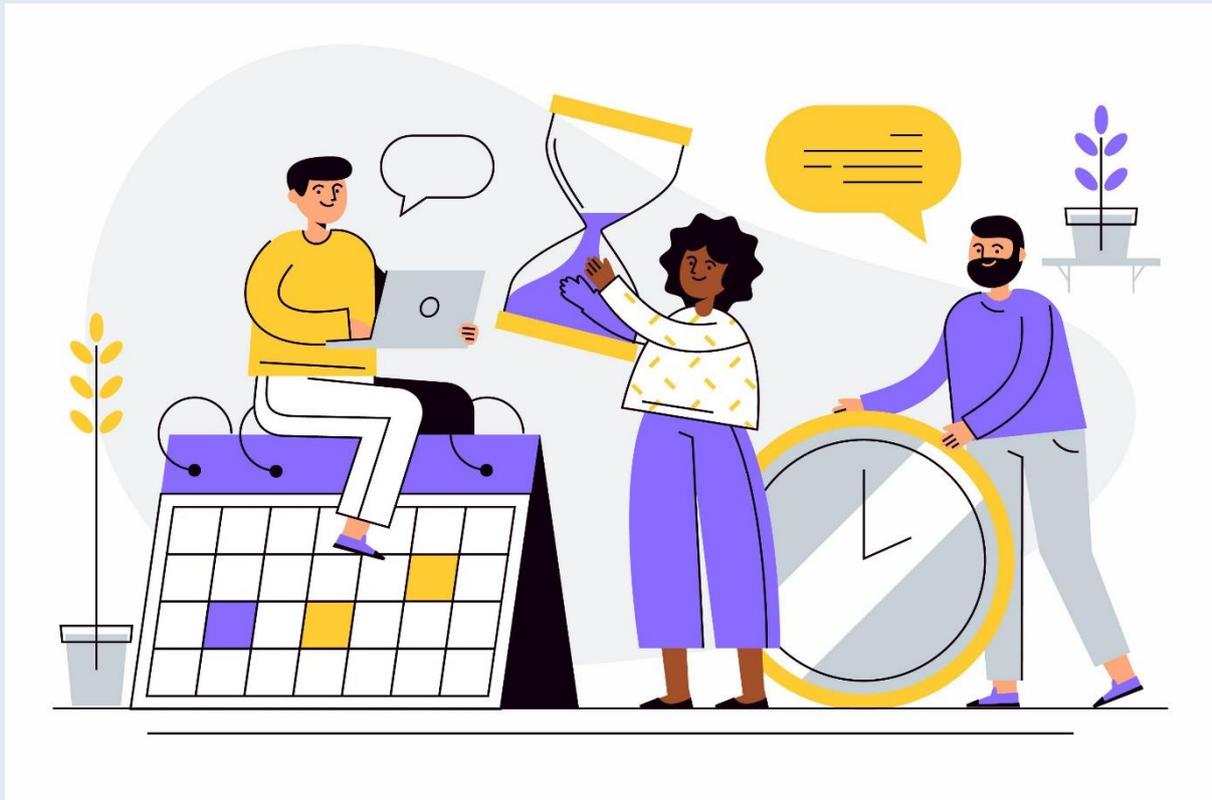




The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

Gandhidham Branch of WIRC of ICAI E-Newsletter



September 30, 2023
DUE DATE

September 2023 | Total Pages 24



Chairperson's Communique



Dear Professional Colleagues,

In the month of September, we embrace the celebration of Teacher's Day, a season replete with the joyous festivities of Teej, Janmashtami, Ganesh Chaturthi and Eid-E-Milad. Nevertheless, for us, Chartered Accountants, this month heralds the

onset of an arduous period dominated by the demanding task of conducting Tax Audits and the significant burden of ensuring their completion within the confines of the stipulated deadlines.

Amidst this frenetic schedule, members are requested to bear in mind the wisdom that **"You can't pour from an empty cup."** Therefore, let us prioritize the safeguarding of our health, enabling us to discharge our professional obligations efficiently, serving both our clients and the government with diligence.

During the previous month, we were honored to host the **WIRC Office Bearers and our Branch Nominee**. During their visit, they paid a call to Tolani Commerce College, engaging in insightful discussions with the Principal, followed by a Tree Plantation Activity. Subsequently, the team interacted with our members, students, and Past Chairmen. Additionally, it was a moment of pride for our Newly Qualified Chartered Accountants being felicitated by the esteemed hands of the WIRC Chairman.

The month witnessed various activities, including a **seminar on "Puzzling Points in Tax Audit"** addressed by our erudite speaker, CA Sanjay Pandya while moderated by CA Bhavesh Gusai. Furthermore, we conducted a **Talent Search Program**, comprising a Debate Competition and a Quiz Contest for our students, with CA Animesh Modi and CA Jagruti Shah graciously serving as judges. I take this moment to extend my heartfelt gratitude to our esteemed faculty for imparting his knowledge and to the judges for their commendable assessment.

Further, we celebrated the **77th Independence Day** with great pride and reverence at our Branch. While we paid homage to the sacrifices of countless individuals, we also acknowledged the legacy of our beloved Institute and the contributions of our predecessors, whose unwavering dedication led to the establishment of an autonomous profession. Since then, we have preserved our autonomy, upholding our commitment to Independence.

The Managing Committee Members **visited the venerable**

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Senior Chartered Accountant CA V.M. Thacker Sir, known for his punctuality. The invaluable insights from this visit have been covered in this edition of our newsletter.

We are delighted to share **the statistics of the CA Foundation results released on August 7, 2023**. Out of the 131 students who appeared from Gandhidham Branch, 37 have successfully qualified and advanced to the CA Intermediate level. While this constituted around 28.24%, the ICAI's passing percentage was 24.98%. We congratulate all the students and wish them the best of luck in their endeavors ahead.

We kindly urge our members to ensure timely **payment of their Membership/COP Fees** by September 30, 2023, in order to continue enjoying the ICAI privileges. Further, it is mandatory to submit the "Know your Member (KYM)" Application Form before making the payment of Annual Membership Fees.

In conclusion, let us reflect upon the enduring impression our profession has left on its stakeholders over the years. Today our profession commands respect and trust which is gained with continuous learning & performance. In building our brand and legacy of trust, the role of teachers has been phenomenal. Therefore, on this Teacher's Day let us take the opportunity to express our gratitude to our parents, teachers, principals and mentors, who, through their guidance, have molded us into individuals capable of excelling in all facets of life.

As Mahatma Gandhi, the Father of the Nation, aptly stated, **"I have always felt that the true text-book for the pupil is his teacher."**

With Regards

CA Chandni Tolani

Chairperson – Gandhidham Branch of WIRC of ICAI



Editorial Message

Dear Members,

The most important month for a Chartered Accountant is the month of September. What is generally called the bread and butter for a chartered accountant is the work of Income Tax Audit and 30th September every year is generally the date for completing the audit under Income Tax for the clients who are subject to Tax Audits. So, the time is again to buckle up our shoes and get ready to meet the compliances of one of the most important of all the due dates.

To help the members, non-member and students refresh their knowledge on important aspects of Tax Audit, an informative seminar was organized at the Gandhidham Branch at the very beginning of September. We are sure that one and all would have benefited from the seminar on "Audit documentation, Do's & Don'ts in Tax Audit" by none other than our expert CCM CA Vishal Dosh

This compliance in the month of September requires more planning on part of all the Chartered Accountants as the exams of CA Final are generally conducted in the month of November and the exam being one of the most important exams of life for any CA student, he needs time to prepare for the same. So, both the CA Final aspirant and his principal are under a dilemma to strike a balance between professional responsibilities and career. For the first time ever, a web series has been launched on Amazon Mini TV called "Half CA". It is available to watch for free and it depicts the emotions and struggles of CA aspirants fairly well. Students and members may have a look at the same to get some fresh insights on the profession called CA. Editorial team would like to take this opportunity to inform all members that the last date of online empanelment of members to act as observers at the examination centers has been extended up to 10th September 2023.

This September also holds special importance for India as a whole. India got the presidency of the G-20 on 1st December 2022 and on 9th and 10th September this year, the G-20 summit is being organized at the "Bharat Mandapam" which was inaugurated by PM Modi at the end of July-23. The 18th G20 Summit will be a culmination of all the G20 processes and meetings held throughout the year among ministers, senior officials, and civil societies. A G20 Leaders' Declaration will be adopted at the conclusion of the G20 Summit, stating Leaders' commitment towards the priorities discussed and agreed upon during the respective ministerial and working group meetings. The whole world is eyeing at the G-20 summit as the G20 members represent around 85% of the global GDP, over 75% of the global trade, and about two-thirds of the world population.

The birthday celebrations of Shri Krishna (Janmashtami) and Prophet Muhammad (Eid-E-Milad) are also falling in the month of September this year. Editorial team wishes you greetings for the festivals and for the month of September, fondly referred to by members and students as "Audit Season".

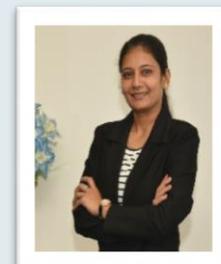
Editorial Board of Gandhidham Branch of WIRC of ICAI



Articles

The Role of Diversification in building an Investment Portfolio

- CA Jagruti Jinesh Shah



“Don’t put all your eggs in one bucket”. This is a famous saying we all listen since ages but do we really follow it while building our portfolio?

So, through this article, lets learn the importance of diversification.

Diversification plays a crucial role in building an investment portfolio. It is a risk management strategy that involves spreading investments across a variety of assets to reduce the overall risk and increase the potential for returns.

Here are some KEY ROLES DIVERSIFICATION PLAYS in an investment portfolio:

- **Risk Reduction**: Diversification helps to minimize the impact of individual asset or market-specific risks on the overall portfolio. By investing in different assets, such as stocks, bonds, real estate, commodities, etc., investors reduce the risk of significant losses if one particular asset class performs poorly.
- **Smoothing Returns**: Different assets classes tend to perform differently under various market conditions. When one asset class is underperforming, another may be doing well, which helps to smooth out the overall portfolio returns over time.
- **Potential for Higher Returns**: While diversification may not guarantee high returns, it can create opportunities for improved risk-adjusted returns. By spreading investments across various assets, investors can capture growth potential from different sectors or industries.
- **Reducing Volatility**: Diversification can lead to a more stable portfolio because not all assets move in the same direction at the same time. This can result in a reduction of the portfolio's overall volatility.
- **Aligning with Investment Goals**: Diversification enables investors to align their portfolios with their investment goals and risk tolerance. By selecting assets that suit their objectives, they can achieve a more balanced and suitable investment approach.

Diversification Strategies:

Diversification strategies are methods used by investors to spread their investments across various assets or asset classes to reduce risk and potentially increase returns. Here are some common diversification strategies:

- **Asset Allocation Diversification**: This strategy involves dividing the investment portfolio among different asset classes, such as stocks, bonds, cash, real estate, and commodities. Each asset class has different risk and return characteristics, and allocating funds among them helps balance risk and potential returns.
- **Geographic Diversification**: This approach involves investing in assets from different countries or regions. Economic and market conditions can vary significantly between countries, so spreading investments globally can help reduce exposure to country-specific risks and provide exposure to potentially faster-growing economies.



- **Sector Diversification:** This strategy involves investing in companies operating in different sectors or industries. Different sectors perform differently based on economic conditions, consumer trends, and business cycles. By diversifying across sectors, investors can avoid overconcentration in a particular industry and reduce risk.
- **Company Size Diversification:** Investing in companies of different sizes, such as large-cap, mid-cap, and small-cap stocks, is another diversification approach. Different-sized companies have distinct growth and risk profiles, and holding a mix of them can help balance the portfolio's overall risk.

Diversification is a widely used investment strategy with both advantages and disadvantages. Let's explore the DRAWBACKS OF DIVERSIFICATION:

- **Potential Lower Returns:** While diversification can reduce risk, it may also limit the potential for extraordinary returns. If a highly concentrated investment in a particular asset class or company performs exceptionally well, the gains in the diversified portfolio might not match those of the concentrated investment.
- **Over-Diversification:** There's a risk of over-diversification, where the number of investments becomes too large to manage effectively. Managing a portfolio with an excessive number of assets can lead to increased costs and complexity without providing significant additional risk reduction.
- **Market Drag:** In some market conditions, certain assets might not perform well, and including them in the portfolio can drag down overall returns. This is especially true when markets are dominated by a specific asset class or sector.
- **Correlation Challenges:** Diversification assumes that assets have low or negative correlations with each other. However, during periods of financial crises or extreme market conditions, correlations between assets may increase, leading to reduced diversification benefits.
- **Requires Ongoing Monitoring:** A diversified portfolio requires ongoing monitoring and rebalancing. As asset values change, the initial allocation may drift, potentially exposing the portfolio to unintended risks.

Conclusion:

It's essential to note that while diversification can reduce risk, it cannot eliminate it entirely, especially in extreme market conditions or during systemic market downturns. To achieve effective diversification, investors need to consider the correlation between different assets, carefully choose a mix of investments, and periodically rebalance the portfolio as market conditions change or their investment goals evolve.

Consulting with a financial advisor can be helpful in constructing a well-diversified portfolio tailored to individual needs and risk tolerance.



Decoding of presumptive taxation scheme u/s 44AD.

Whether Tax Audit Is Required In Case Of Businesses where Profit Is Less Than 6% Or 8%?

- CA Sachin Mehta (M.Com, FCA)



After successful conclusion of the Income Tax Return (ITR) phase for FY 2022-23, professionals now have geared up for the Audit phase.

In this article, I have not explained basic things related to Section 44AB as well as Section 44AD. To the best of my opinion, the purpose of this article is to guide the principles and its importance in respect of tax audit specifically related to our profession and its professional ethics.

This year in particular, there had been excessive concerns about applicability of audit in one peculiar case i.e. whether tax audit is required for a business merely because profit is less than 6% or 8%, even when proper books of accounts are maintained, turnover is within the prescribed limit of section 44AB and other provisions of section 44AB are not attracted?

In my opinion as on date, tax audit is NOT required in such case merely on account of profit being less than prescribed percentage...! How...???

A detailed discussion is made hereunder as to how tax audit is not attracted in such case.

Explanations to applicability of Section 44AB & 44AD:

Tax Audit u/s 44AB is applicable to an eligible assessee who opts for section 44AD benefit for Assessment Year 2017-18 or subsequent years and then opts out from Section 44AD in violation of Section 44AD(4) and whose total income exceeds the maximum amount not chargeable to tax - New clause (e) of section 44AB.

Section 44AD(1) prescribes that an eligible assessee engaged in an eligible business, a sum equal to 8% or 6% of the total turnover or gross receipts in the previous year shall be deemed to be the profits or gains of such business is chargeable to tax.

Section 44AD(4) mainly postulates two conditions :

1. an eligible assessee must declare profit for any previous year in accordance with the provisions of section 44AD(1) and
2. The assessee doesn't declare profit in accordance with the provisions of sub-section (1) of Section 44AD in any 5 succeeding years.

If above two conditions are satisfied, then such assessee shall not be eligible to claim the benefits of Section 44AD for next five consecutive assessment years subsequent to the assessment year in which profit was not declared as per section 44AD as given in condition (b) above.

Note: Section 44AD(4) is applicable to eligible businesses only and not to any specified professionals providing professional services. It means that specified professionals having turnover below threshold limit can go for audit or for section 44ADA as per their choice in any years.



One view regarding section 44AD is that section 44AD is a special provision and that section 44AD(4) has been substituted and the same has been covered under new clause (e) of 44AB and the reference to section 44AD having been omitted from clause (D) of section 44AD, the assessee will not be covered under section 44AD.

The second view seems better in terms of the new first proviso inserted in section 44AB by the Finance Act, 2017 with effect from Assessment Year 2017-18 that the assessee can declare profits or gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD in case of total sales or gross receipts in a previous year does not exceed two crore rupees.

Examples relating to section 44AD(4) :

The assessee has opted for section 44AD, let's say, in AY 2019-20 first time. In AY 2020-21, assessee's total turnover or gross receipts crossed Rs. 2 crores and audit u/s 44AB(a) has been conducted, whether can it be consider that assessee has opted out from section 44AD? The Answer is - Big "NO" (Reason – Section 44AD is not applicable for total turnover or gross receipts exceeding Rs. 2 crores. Hence, it is considered that assessee has not opted out from section 44AD voluntarily but opted out by virtue of section 44AB only.

In above example, if assessee doesn't have business income in AY 2020-21, whether can it be considered that assessee has opted out from section 44AD? The Answer is - Big "NO" (Reason – Since the assessee doesn't have business income, he was not eligible to claim section 44AD. Hence, it is considered that the assessee has not opted out from section 44AD.

For the purpose of counting of next five assessment years for the purpose of maintaining the chain of section 44AD following the assessment year in which section 44AD has been opted, the year in which scenarios mentioned in both the above examples should also be considered.

If the assessee has opted for section 44AD for consecutive five assessment years, then in the 6th year, assessee has a choice to go either for section 44AD or for section 44AB as if it is the first year of business. (Assuming that the turnover is below 2 Crores in 6th year)

Similarly, for the purpose of counting of next five assessment years for the purpose of audit following the assessment year in which section 44AD has been opted out, the year in which scenarios mentioned in both the above examples should also be considered.

Let's understand with summarised examples for better clarity:

Sr. No.	Assessee	T/o in AY 2021-22 (First Year of Business)	T/o in AY 2022-23	T/o in AY 2023-24	Conclusion for AY 2023-24
1	Individual / HUF / Partnership Firm	5 Lacs (Maintain BOA and filed ITR)	45 Lacs (Maintain BOA and filed ITR)	90 Lacs (Maintain BOA and having loss)	No Audit required as assessee had never opted in for section 44AD, they can continue to show profit below 8%/6% as there is no section prescribed for audit having t/o below 1 cr. (Except in case of violation of 44AD(4) (As per below Important Note)



2	Individual / HUF / Partnership Firm	5 Lacs (Maintain BOA and filed ITR)	45 Lacs (Maintain BOA and filed ITR)	1.20 Crores (Having Loss)	Audit u/s 44AB(a), as turnover goes beyond the threshold limit of 1 crore. As section 44AB(a) is not talking about basic exemption limit criteria.
3	Individual / HUF / Partnership Firm	5 Lacs (Opted 44AD and filed ITR)	45 Lacs (Maintained BOA and filed ITR irrespective of profit percentage)	90 Lacs (Assumed that TI>Maximum amount not chargeable to tax)	Audit u/s 44AB(e), compulsory audit for five consecutive years including AY 2023-24 irrespective of turnover as opted out from 44AD in AY 2022-23.
4	Individual / HUF / Partnership Firm	5 Lacs (Opted 44AD and filed ITR)	45 Lacs (Maintained BOA and filed ITR irrespective of profit percentage)	90 Lacs (Having Loss)	No Audit u/s 44AB(e) as total income is below basic exemption limit, even if falling under compulsory audit for five consecutive years including AY 2023-24 irrespective of turnover as opted out from 44AD in AY 2022-23.
5	Individual / HUF / Partnership Firm	5 Lacs (Opted 44AD and filed ITR)	45 Lacs (Maintained BOA and filed ITR irrespective of profit percentage)	1.20 Crores (Irrespective of profit or loss)	Audit u/s 44AB(a), compulsory audit for five consecutive years including AY 2023-24 irrespective of turnover as opted out from 44AD in AY 2022-23.
6	Individual / HUF	1.45 Crores (Opted 44AD and filed ITR)	1.90 Crores (Audit u/s 44AB(a))	84 Lacs (Having profit)	Audit u/s 44AB(e), compulsory audit for five consecutive years including AY 2023-24 irrespective of turnover as opted out from 44AD in AY 2022-23.
7	Individual / HUF	1.45 Crores (Opted 44AD and filed ITR)	1.90 Crores (Audit u/s 44AB(a))	84 Lacs (Having loss)	No Audit u/s 44AB(e) as total income is below basic exemption limit, even if falling under compulsory audit for five consecutive years including AY 2023-24 irrespective of turnover as opted out from 44AD in AY 2022-23.
8	Individual / HUF / Partnership Firm	65 Lacs (Maintain BOA and filed ITR)	1.90 Crores (Audit u/s 44AB(a))	84 Lacs (Irrespective of profit or loss)	No Audit required as assessee had never opted in for section 44AD, they can continue to show profit below 8%/6% as there is no section prescribed for audit having t/o below 1 cr. (Except in case of violation of 44AD(4) (As per below Important Note)

• In Serial No.1 of above table, remember that if assessee is having loss in any year or years, then also audit would not be applicable.



- *Section 44AB(a) always prevail over section 44AB(e). It means that when the total turnover exceeds the threshold limit of 1 crore, audit should be conducted u/s 44AB(a) only, without checking whether the total income is above or below basic exemption limit.*
- *One of the Assumption in above examples is that cash receipts and cash payments are more than 5% of total receipts and total payments respectively. (proviso to Section 44AB(a))*

Important Note:

New section 44AB(e) of audit would be applicable only if the assessee has opted section 44AD previously and in any next five consecutive years, assessee doesn't declare profit as per sub-section (1) of 44AD, the audit would trigger. Please remember that audit u/s 44AB(e) would be attracted not for the fact that he disclosed profit lesser than 8%/6% but for the fact that, assessee had opted out from the presumptive scheme.

In contrary to the above, if in any assessment year, assessee opts in for presumptive scheme and in next assessment year/years even if he declares 35% profit but by maintaining books of accounts and opting out from the presumptive scheme, still audit would be attracted as the new provision of audit u/s 44AB(e) do not link the audit applicability with profit percentage but simply based upon the fact of entry and exit from presumptive scheme within the stipulated period.

Thus, if one follows audit blindly due to profit being lesser than 8%/6%, then, he might be defeating the true intent of the new audit provision of section 44AB(e). Although, over compliance is not bad, it might lead to unnecessary trouble when under the disguise of over compliance, one is availing additional benefit i.e. Department may take a stand that audit is conducted when audit was not required at all and therefore the

return was filed beyond the prescribed regular date of filing return (non-audit case) attracting all the provisions of belated filing of return including and not limited to disallowance of carry forward of losses, if any. Thus, applicability of audit is to be checked in detail before moving forward on assumption of audit applicability which are purely based upon interpretation of law.

I would request to all the CAs in practice that before starting any audit, please do check whether audit would be applicable in actual in case of turnover below 2 crores (specifically for proprietary firms) and if applicable, what would be beneficial for the assessee whether to go for audit or to go for section 44AD, if opted in last year or years. (By keeping in mind not the terms of tax saving but the terms of violation of section 44AD(4)).

Disclaimer:

The contents of this article are solely for informational purpose and shared based on my views and understanding related to the said topic. This is not an expert view. It does not constitute any professional advice or an opinion or a formal recommendation. While due care has been taken in preparing this article, the existence of mistakes and omissions herein is not ruled out.



Commonly Found Noncompliance in Tax Audit Reports

- CA Hency Shah



Tax audit reports play a crucial role in ensuring transparency, accuracy, and adherence to tax laws by businesses and individuals. These reports provide an in-depth examination of financial records, ensuring that taxpayers fulfil their tax obligations correctly. However, despite the rigorous scrutiny, tax audit reports often reveal instances of noncompliance. Here, I have noted down some of the commonly found noncompliance issues in tax audit reports.

• **Inaccurate Income Reporting:**

One of the most frequent noncompliance issues in tax audit reports is the inaccurate calculation of income. Businesses may inadvertently understate or overstate their income due to errors in recording transactions, improper categorization of revenue, or misinterpretation of tax regulations. These inaccuracies can lead to incorrect tax assessments and potential penalties. Auditors closely analyse sources of income, such as salary, business profits, investments, and capital gains, to ensure that all income is accurately reported.

• **Improper Deduction Claims:**

Taxpayers may sometimes overstate deductions or claim deductions for expenses that are not legitimate business expenses. This can lead to an understatement of taxable income. Auditors pay close attention to deductions related to business expenses, travel, entertainment, and charitable donations, verifying their authenticity and compliance with tax regulations.

• **Noncompliance with Documentation Requirements:**

Accurate documentation is a cornerstone of tax compliance. Failure to maintain proper records, invoices, receipts, and supporting documents for transactions can lead to noncompliance. Tax audit reports often reveal instances where taxpayers lack proper documentation to substantiate their claimed deductions or transactions.

• **Improper Tax Treatment of Capital Assets:**

Capital assets, such as property or investments, are subject to specific tax rules. Noncompliance may arise when taxpayers misclassify assets, fail to account for capital gains or losses, or apply incorrect depreciation rates. These errors can lead to incorrect tax calculations.

• **Inadequate Transfer Pricing Documentation:**

For businesses involved in cross-border transactions, transfer pricing regulations require transactions between related entities to be conducted at arm's length prices. Noncompliance in this area can lead to adjustments in taxable income. Tax audit reports commonly identify issues related to insufficient transfer pricing documentation or manipulation of prices to reduce tax liabilities.

• **Failure to Report Foreign Assets and Income:**

Taxpayers with foreign assets or income are required to report them, often through Foreign Bank Account Reports (FBAR) and other disclosure mechanisms. Auditors routinely uncover cases



where individuals or businesses fail to disclose offshore accounts, investments, or income, leading to potential penalties and legal consequences.

- **Noncompliance with International Tax Reporting:**

For taxpayers engaged in international transactions, there are specific reporting requirements, such as the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS). Noncompliance in this area can result in penalties and heightened scrutiny from tax authorities.

- **Inadequate Compliance with Tax Deducted at Source (TDS) Provisions:**

Tax Deducted at Source (TDS) is a system where taxes are deducted at the time of payment. Noncompliance in this area is common, with discrepancies in TDS calculations, reporting, and timely submission of TDS amounts to the tax authorities. Auditors scrutinize TDS compliance to ensure accuracy and adherence to the law.

- **Misclassification of Expenses or Income:**

Misclassifying expenses or income to take advantage of favourable tax treatment is another area of concern. For instance, categorizing personal expenses as business expenses or misrepresenting the nature of income can lead to noncompliance issues. Auditors closely examine transaction details to detect such misclassifications.

- **Incomplete Disclosure of Assets and Liabilities:**

Tax audit reports require disclosure of assets and liabilities, both domestic and foreign. Noncompliance may involve omitting certain assets, such as foreign bank accounts or investments, which can raise suspicions of tax evasion or noncompliance with reporting requirements.

- **Incorrect Treatment of Provisions and Reserves:**

Provisions and reserves are accounting entries used to account for future expenses or liabilities. Noncompliance can arise when these entries are improperly calculated or recognized, leading to distorted financial statements and tax calculations.

- **Incorrect Tax Treatments**

Misapplying tax treatments, especially in cases involving complex transactions or international operations, can lead to significant noncompliance problems. Different types of income, expenses, and transactions may have specific tax treatments, and misunderstanding these can result in inaccurate reporting.

- **Inadequate Reconciliation**

Failure to reconcile financial statements with relevant supporting schedules, subsidiary records, and underlying accounts is a common oversight. Reconciliation ensures the consistency and accuracy of financial data, and its absence can raise concerns during a tax audit.

Accurate and compliant tax audit reports are essential for maintaining the financial integrity of businesses and fostering trust with tax authorities. The aforementioned noncompliance issues can lead to severe consequences, including penalties, fines, and legal actions. To avoid these problems, businesses should implement robust internal controls, stay updated on tax regulations, maintain thorough documentation, and engage professionals to ensure the accuracy and



compliance of their tax audit reports. By addressing these common noncompliance issues, businesses can navigate the complex landscape of tax reporting with confidence and integrity.

The Profound Impact of Teachers on Society: Nurturing Minds, Shaping Futures

- **CA Hency Shah**

In the intricate tapestry of human society, educators stand as master weavers, threading together the fabric of knowledge, skills, values, and aspirations. Their influence stretches far beyond the classroom walls, reaching deep into the heart of communities, economies, and the very essence of societal progress. The profound impact of teachers on society is a testament to their unwavering commitment to moulding generations, igniting minds, and fostering a better tomorrow.



Teachers are the architects of intellectual growth, constructing the foundation of knowledge upon which societies build. From imparting the fundamentals of language and mathematics to delving into the complexities of science and arts, educators are the guiding light that dispels ignorance and illuminates the path to enlightenment.

Education is not confined to textbooks; it encompasses the holistic development of individuals. Teachers, often serving as mentors and role models, install essential values such as empathy, integrity, and resilience. They sculpt character, nurturing citizens who not only excel academically but also contribute ethically to the world around them.

In a digital age saturated with information, the ability to discern, analyse, and think critically is paramount. Teachers cultivate this indispensable skill, empowering students to question assumptions, evaluate evidence, and form their own judicious conclusions. In doing so, they lay the groundwork for a populace capable of navigating an intricate and ever-evolving world.

True education is a journey of curiosity and wonder, a journey that teachers catalyse. By nurturing curiosity, educators fan the flames of inquiry, ensuring that learning transcends the classroom and becomes a lifelong pursuit. They inspire students to explore, to question, and to seek knowledge beyond the prescribed syllabus.

Teachers possess the power to bridge socio-economic gaps, offering a ladder to upward mobility. A dedicated teacher can transform a student's life, enabling them to break free from the shackles of their circumstances. This transformation not only uplifts individuals but also has the potential to reshape the destiny of entire communities.

While preserving cultural heritage, teachers also foster progress. They infuse new perspectives into time-honoured traditions, encouraging a dynamic interplay between the past and the present. In this way, educators are pivotal in shaping societies that honour their roots while embracing the winds of change.

Economic growth hinges on the quality of education. Teachers, by equipping students with relevant skills, play an integral role in preparing the workforce of tomorrow. A well-educated populace propels innovation, drives productivity, and fuels economic prosperity.



Beyond the classroom, teachers are community builders. They forge connections between families, schools, and neighbourhoods, creating networks of support and collaboration. Their efforts resonate in the closely-knit communities they foster, enriching the social fabric and enhancing resilience.

Teachers are more than educators; they are beacons of inspiration. A single teacher's unwavering belief in a student can spark a lifelong pursuit of dreams. Many successful individuals attribute their achievements to the encouragement and guidance of a teacher who saw their potential.

In a world interconnected by technology, teachers play a vital role in fostering global citizens. By nurturing cultural awareness and open-mindedness, educators contribute to a harmonious global dialogue, fostering understanding and cooperation across borders.

In essence, the impact of teachers on society is profound and multifaceted. Their dedication, passion, and resilience extend beyond the classroom, shaping the contours of societies and paving the way for a brighter future. Acknowledging their pivotal role underscores the imperative of investing in education and valuing the transformative force that teachers represent.



Wisdom from Veteran



- **CA V.M. Thacker**



The members of the managing committee of Gandhidham Branch of WIRC of ICAI convened to meet the esteemed veteran Chartered Accountant, CA V. M. Thacker, presently aged 68 years. With a remarkable practice spanning approximately 38 years, CA V. M. Thacker recently concluded his practicing professional journey as of April 1st, 2021.

Date: 26.08.2023 | Place: Gandhidham | Time: 10:00 a.m.

Managing Committee: Can you provide a succinct account of your trajectory spanning from childhood to pursuing the Chartered Accountancy Course?

CA V.M. Thacker Sir: Commencing from my early years, I displayed a notable propensity for adaptability and learning. This was particularly evident when I transitioned from an education conducted in Hindi Medium to one conducted in Gujarati Medium.

As my educational journey progressed, I set my sights on higher aspirations. I undertook a significant move to Mumbai, a bustling metropolis known for its educational and professional opportunities. In this dynamic environment, I simultaneously pursued both my undergraduate studies and embarked on the demanding path towards becoming a Chartered Accountant.

Notably, during this phase, I engaged in a remarkable practice of 'Earning while learning.'

In essence, my journey from childhood to pursuing Chartered Accountancy has been characterized by a continuous drive to evolve, adapt, and seize opportunities for personal and professional growth.

Managing Committee: Did your choice to start the practice stem from a deliberate decision or was it a matter of chance?

CA V.M. Thacker Sir: Despite securing a position in a distinguished establishment such as Lakme, I consciously chose, in the year 1983, to embark on a journey of practicing my profession and contributing to the community.



Undoubtedly, Gandhidham was in the nascent stages of development during that period. Nevertheless, I discovered that life in this locale held its own merits.

Presently, we find ourselves immersed in an era characterized by intense competition; however, during those earlier years, a landscape of opportunities presented itself. I opted to specialize in the intricate realm of sales tax practice, diverging from the prevailing generic practice that was commonplace during that era.

It's worth noting that I was among the limited number of Chartered Accountants engaged in practice during that period, which meant we lacked the guidance and mentorship that is more readily available to today's youth.

Managing Committee: Can you shed some light on your working style and approach?

CA V.M. Thacker Sir: I embraced a disciplined routine, often commencing my workday at the early hour of 7:30 a.m. and conclude with punctuality at 7:30 p.m. each evening.

Normally, I abstained from participating in social gatherings. My conviction was that my work should serve as the beacon, attracting individuals to seek my counsel. The demanding hours were not without their challenges, yet I found a unique sense of fulfillment and sweetness in those formative struggles.

Managing Committee: Amidst this fiercely competitive landscape, how can the younger generation contemplate selecting a specialization? Isn't it an exceptionally challenging and formidable decision to make?

CA V.M. Thacker Sir: I comprehend that in today's fast-paced environment, patience is a scarce commodity. Consequently, the younger generation may consider embracing specialization concurrently with accounting. It is imperative that ego should not impede the decision to engage in accounting.

As Chartered Accountants, accounting ought to remain at the heart of our professional expertise. Moreover, to attain a profound understanding of accounting, delving into manual accounting is indispensable—even in this contemporary digital milieu. Manual accounting serves to enhance comprehension of underlying principles.

On a personal note, till date, I have continued the practice of manually performing one or two pages of additions and subtractions, a regimen I maintain to sustain the acuity of my mind.

Managing Committee: Contemplating the journey of the Institute of Chartered Accountants of India and the evolution of Chartered Accountancy education, what significant transformation stands out to you as the most prominent?

CA V.M. Thacker Sir: At ICAI, there has been a notable enhancement in both transparency and dedication.

In the era we experienced, the syllabus was inclined towards a predominantly theoretical orientation. In contrast, contemporary syllabi are strategically designed to facilitate substantial growth within a student's specialized domain. Similarly, this philosophy should extend to the curricula of schools and colleges, ensuring alignment with individual expertise areas.

Managing Committee: We intend to get insights into the role of CA V.M. Thacker Sir as a principal. Could you provide further elucidation on this aspect?



CA V.M. Thacker Sir: I consistently upheld a liberal approach throughout my professional journey. Transparency was a cornerstone of my work culture, and I entrusted my articles with a diverse range of responsibilities. Instead of resorting to CCTV surveillance, I opted for a discreet yet comprehensive oversight of their tasks, ensuring they remained unaware of my vigilance.

This was driven by my understanding that motivation is an essential factor for everyone's productivity. Consequently, I consistently worked to keep their spirits buoyed.

Furthermore, I extended the privilege of sufficient leave to facilitate their exam preparations, as I firmly believed it was their entitlement.

Managing Committee: Lastly, what measures should one undertake to ensure their pertinence in this rapidly evolving time characterized by intense competition?

CA V.M. Thacker Sir: It is important to transcend personal ego. Additionally, a senior associate should be ready to engage and learn from their junior counterparts to sustain relevance. Failure to do so may result in one's exclusion from the competitive landscape and the risk of being marginalized is considerable.

On a personal note, a noteworthy point to highlight is that the CA's in Gandhidham exhibit a commendable level of expertise, surpassing those found in other regions.

Disclaimer: The provided text encapsulates a brief overview of the communication that took place and not the verbatim transcription.



Law Updates

Compiled by – CA Nikita Tejwani

1. **MERA BILL MERA ADHIKAAR SCHEME 24/08/2023:** The "Mera Bill Mera Adhikaar" scheme, initiated by the Government, offers a mobile app (iOS/Android) and web portal for consumers, effective from 1st September 2023 in Gujarat, Assam, Haryana, Puducherry, Daman & Diu, and Dadra & Nagar Haveli. Refer to the user manual and policy document for guidance and policy details.
2. **Advisory for applicants where GST Registration application marked for Biometric-based Aadhaar Authentication 28/08/2023** Under the amended Rule 8 of CGST Rules, applicants opting for Aadhaar authentication will undergo biometric-based Aadhaar verification, starting from August 30, 2023, in Puducherry. Applicant will receive instructions to visit a GST Suvidha Kendra (GSK) or an authentication link on your declared Mobile and Email ID, depending on the common portal's identification, to complete the registration process.
3. Introducing Electronic Credit Reversal and Reclaimed statement a new Electronic Credit and Re-claimed Statement has been introduced on the GST portal to assist taxpayers in accurately reporting ITC reversal and re-claim in Form GSTR-3B, aligning with changes introduced through Notification No. 14/2022 – Central Tax dated July 5, 2022.
4. Circular No. 15 of 2023 by the Central Board of Direct Taxes explores the recent amendments to Clause (10D) of Section 10 in the Income-tax Act, 1961, impacting the eligibility for income-tax exemption on sums received under life insurance policies.
5. The Central Board of Direct Taxes (CBDT) vide Notification No. 65/2023-Income-Tax | Dated 18th August, 2023 has introduced an amendment to the Income Tax Rules, 1962, relating to the valuation of perquisites for residential accommodation provided by employers. The amendment, effective from September 1, 2023, brings changes to the categorization and limits of cities and populations, along with revised perquisite rates based on the 2011 census.



Due Date Calendar

Compiled by – CA Virag Acharya

Date	Particulars	Return/Form	For the Period
• INCOME TAX •			
07-09-2023	Due date for deposit of Tax collected/Tax deducted by an office of the government	CHALLAN NO./ITNS 281	Aug-23
14-09-2023	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB & 194IM	FORM 16B, FORM 16C & FORM 16D	Jul-23
15-09-2023	Second instalment of advance tax for the assessment year 2024-25	CHALLAN NO./ITNS 280	AY 2024-25
30-09-2023	Due date for filing of audit report under section 44AB for the assessment year 2023-24 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2023)	FORM 3CA-3CD FORM 3CB-3CD	AY 2023-24
30-09-2023	Quarterly statement of TCS deposited for the quarter ending June 30, 2023	27EQ	Q-1 FY 2023-24
30-09-2023	Quarterly statement of TDS deposited for the quarter ending June 30, 2023	26Q,27Q	Q-1 FY 2023-24
30-09-2023	Furnishing of challan-cum-statement in respect of tax deducted under section 194-IA - 194IB - 194M	FORM 26QB - 26QC - 26QD	Aug-23
• GOODS AND SERVICE TAX •			
10-09-2023	Summary of Tax Deducted at Source (TDS) and deposited under GST laws	GSTR- 7	Aug-23
10-09-2023	Summary of Tax Collected at Source (TCS) and deposited by e-commerce operators under GST laws	GSTR- 8	Aug-23
11-09-2023	Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme	GSTR- 1	Aug-23
13-09-2023	Summary of outward supplies where taxpayer opted QRMP scheme	IFF	Aug-23
13-09-2023	Details of ITC received and distributed by an ISD	GSTR - 6	Aug-23
13-09-2023	Summary of outward taxable supplies and tax payable by a nonresident taxable person	GSTR- 5	Aug-23
20-09-2023	Summary of outward taxable supplies, and tax payable by a person supplying OIDAR services	GSTR- 5A	Aug-23
20-09-2023	Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of July-Sep 2023	GSTR- 3B	Aug-23
• ESI, PF ACT •			
15-09-2023	PF Payment & Return Filing	-	Aug-23
15-09-2023	ESIC Payment	-	Aug-23
15-09-2023	Payment of Professional Tax of Employee	-	Aug-23

*The due dates mentioned are subject to changes notified by the concerned department.



Glimpses of August Events



**Lecture Meeting on “Puzzling Points in Tax Audit” on
August 09, 2023
(Speaker – CA Sanjay Pandya, Gandhidham)**



WIRC Office Bearers Visit at Gandhidham Branch of WIRC of ICAI on August 09, 2023



Talent Search Competition organised at Gandhidham Branch of WIRC of ICAI on August 08, 2023



Independence Day Flag Hoisting Ceremony organised at Gandhidham Branch of WIRC of ICAI on August 15, 2023





KYE Quiz

Top 3 Winners (August 15, 2023)

1. CA Jainish Patel | 2. CA Vivek Gupta | 3. CA Jinesh Shah

Question and Answer

Other participants who have answered correctly for 80% or more questions.

CA Keyur Bhansari, CA Hardik Mehta, CA Mukund Lakhwani, CA Rajesh Lalwani, CA Hency Shah, CA Karan Thacker, CA Arvind Yadav, CA Devina Soneji, CA Shivanshi Dhalwani

1. Can a Chartered Accountant in practice use/fix a monogram of the Institute on any column/wall located inside the office or on professional documents?
 - a. Yes, it is allowed on both
 - b. Yes, it is allowed but only on professional documents
 - c. No, it is not allowed

Correct Answer: c

Explanation: No, in view of the Council directions under Clause (7) of Part I of the First Schedule to the Chartered Accountant Act, 1949, a Chartered Accountant in practice is not permitted to use/fix a monogram of the Institute on any column/wall located inside the office or on any professional documents.

2. Which of the following would in the normal course be sufficient to provide the evidence of communication with the retiring auditor?
 - a. Communication by a letter sent through "Registered Acknowledgement due"
 - b. By hand against a written acknowledgement
 - c. Acknowledgement of the communication from retiring auditor's vide email address registered with the Institute or his last known official email address
 - d. All of the above

Correct Answer: d

Explanation: In the opinion of the Council, the following would in the normal course provide such evidence:- (a) Communication by a letter sent through "Registered Acknowledgement due", or (b) By hand against a written acknowledgement, or (c) Acknowledgement of the communication from retiring auditor's vide email address registered with the Institute or his last known official email address , or (d) Unique Identification Number (UDIN) generated on UDIN portal (subject to separate guidelines to be issued by the Council in this regard)

3. Whether a member in practice can become Financial Advisor, and receive fees/ commissions from Financial Institutions such as Mutual Funds, Insurance Companies, or NBFCs.?
 - a. Yes, with the special permission from Council
 - b. No

Correct Answer: b



Explanation: No, it is not permissible for a member in practice to become Financial Advisor and receive fees/commissions from Financial Institutions.

4. Which of the following is true regarding responding to announcements for empanelment and quoting fees for audit and professional work?
- Members in practice are never allowed to respond to announcements for empanelment and quote fees.
 - Members in practice are allowed to respond to announcements for empanelment and quote fees only if they have personal connections with the institutions making the announcement.
 - Members in practice are allowed to respond to announcements for empanelment made by any institution, regardless of whether they have knowledge of the panel's existence or not. They can also quote fees without waiting for inquiries.
 - Members in practice are allowed to respond to announcements for empanelment made by government, corporations, courts, cooperative societies, banks, and similar institutions, provided they have knowledge of the panel's existence. They can also quote fees if inquiries are received in this regard.

Correct Answer: d

Explanation: Members in practice are allowed to respond to announcements for empanelment made by government, corporations, courts, cooperative societies, banks, and similar institutions, provided they have knowledge of the panel's existence. They can also quote fees if inquiries are received in this regard.

5. Provisions of Fee-relative size in Volume – I of the Code of Ethics and the requirement of disclosure in case of dependence of fees from an audit client being beyond a certain threshold are NOT applicable to?
- Audit of Government Companies
 - Audit of Public Undertakings
 - Audit of Private Banks
 - Both a and b

Correct Answer: d

Explanation: the provisions of Fees-relative size are not applicable in the case of audit of government Companies, public undertakings, nationalized banks, and public financial institutions, or where appointments of auditors are made by the Government or Regulators.

Top 3 Winners (August 30, 2023)

1. CA Pooja Kewalramani | 2. CA Jitesh Liya | 3. CA Virag Acharya

Question and Answer

Other participants who have answered correctly for 80% or more questions.

CA Girish Agarwal, CA Manali Lalka, CA Mukesh Vora, CA Hency Shah, CA Jinesh Shah



1. What are the Fundamental Principles which a Professional Accountant is required to comply?

- a. Integrity and Objectivity
- b. Due Care
- c. Confidentiality
- d. All of the above

Correct Answer: d

2. Can a member in practice be a sleeping partner in a family business concern?

- a. Yes, provided he takes prior and specific permission from the council
- b. No

Correct Answer: a

Explanation: Yes, a member in practice can be a sleeping partner in a family business concern provided he takes prior and specific permission from the Council in terms of Regulation 190A of the Chartered Accountants Regulations, 1988. He will, however, not be entitled to do attest functions.

3. Mr. Z, a Chartered Accountant is the salaried employee of M/s ABC & Co, a firm of Chartered Accountants.

Which of the following statement is true in relation to Mr. Z?

- a. Mr. Z may hold a Certificate of Practice and is also entitled to do attest functions
- b. Mr. Z may hold a Certificate of Practice, but he is not entitled to do attest functions

Correct Answer: b

Explanation: An associate or a fellow of the Institute who is a salaried employee of a Chartered Accountant in practice or a firm of such Chartered Accountants shall, notwithstanding such employment, be deemed to be in practice for the limited purpose of the training of articled assistants. He may hold a Certificate of Practice, but he is not entitled to do attest functions w.e.f. 1.4.2005.

4. Mr. P, a Chartered Accountant in practice is also acting as a Surveyor and Loss Assessor under the Insurance Act, 1938. Can Mr. P perform the attest functions?

- a. No
- b. Yes

Correct Answer: b

Explanation: As per Appendix (9) of the Chartered Accountant Regulations 1988, a member of the Institute in practice is generally permitted to act as a Surveyor and Loss Assessor under the Insurance Act, 1938, provided he is otherwise eligible. Such a member can perform attest functions.

6. Which of the following statements is not true in relation to Mr. C, a member in practice?

- a. Mr. C can act as a mediator



- b. Mr. C can print QR (Quick Response) code on his visiting cards for easy access to the information.
- c. Mr. C can hold Customs Brokers Licence under section 146 of the Customs Act, 1962

Correct Answer: c

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