



**E-NEWSLETTER OF SICASA CHENGALPATTU DISTRICT
BRANCH OF SIRC OF ICAI**

OCTOBER 2023

Vol IX/No.03

**Your Value doesn't
decrease based on
someone's inability to see
your Worth.**

BRANCH OFFICE ADDRESS:

**Flat No: 401, 4th Floor, No.1A, Periyalwar Street,
Sundaram Colony, East Tambaram, Chennai – 600059**



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FROM THE SICASA CHAIRPERSON'S DESK TO STUDENTS

Dear Students,

Swami Vivekananda's word,

“Even the greatest fool can accomplish a task if it were after his or her heart. But the intelligent ones are those who can convert every work into one that suits their taste.”

As the quote states, all of us have the power to do things that we like from the depths of our heart. But what we need is not only the completion of the task but a satisfaction from completing the task in a manner which we think is the best. If we are able to complete them in a satisfactory manner, our lives will become fruitful.

Best Wishes,

CA Aanand P

SICASA Chairman

1st October 2023.



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FROM THE BRANCH CHAIRMAN'S DESK TO STUDENTS

My dear beloved Students (future CAs),

I believe that all of the students who are attending Articles Training would have taken part in the Tax Audit Assignments of their respective offices, in a beneficial manner, during the last month. Students' knowledge would have enriched in relation to the practical aspects of Tax Audit. The knowledge gained during the tax audit season would prove very handy to the students in the forthcoming CA Exams which they go to appear in the near term

Now, I wish to list out the activities carried out in the month of September 2023 and things going to be done in the month of October 2023

Activities carried out in the previous month:

- Teacher's Day Celebrations held on 5th Sep, in which our faculties honoured by our RCM CA R.Sundararajan & RCM CA Rekha Uma Shiv.
- Elocution Contest for CA Students in Theme of "Learnings from My Principal – My Teacher" held.
- Webcast Addressed to Students by Honourable President & Vice President of ICAI.
- Revision Class held for Inter Students on 1) Direct Taxes by CA.Anish.C, 2) Indirect Taxes by CA.Ashwinkumaar.P, 3) Auditing by CA.Vimal & 4) EIS by Dr.Vimalnath.V



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- Mock Test Series-I for November 2023 Exams conducted as per the BOS guidelines.
- Career Counselling Programs in 11 Places (Various Schools & Colleges) organised on 8th September 2023

Activities planned for the month of October 2023:

- ❖ Mock Test Series-II for November 2023 Exams is organised as per the BOS guidelines
- ❖ Foundation Regular Classes for November Exams will be completed during this month
- ❖ Revision Tests for Foundation Students are planned during this month
- ❖ One Day Seminar for Students on Communication Skills to be organised during this month.

In the month of October 2023, the students will be very busy in company audit assignments of their respective offices. I extend best wishes for all the students for getting good learning experience.

With these few words, I pen down, by extending....

Best wishes,

CA T SIVAGURUNATHAN

Chairman

Chengalpattu District Branch of SIRC of ICAI



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STUDENTS ARTICLES FOR THE MONTH OF SEPTEMBER 2023

TAX AUDIT & ITS APPLICABILITY

Tax Audit:

- Section 44AB gives the provisions relating to the class of taxpayers who are required to get their accounts audited from a chartered accountant.
- The audit under section 44AB aims to ascertain the compliance of various provisions of the Income-tax Law and the fulfilment of other requirements of the Income-tax Law.
- The audit conducted by the chartered accountant of the accounts of the taxpayer in pursuance of the requirement of section 44AB is called tax audit.
- The chartered accountant conducting the tax audit is required to give his findings, observation, etc., in the form of audit report.
- The report of tax audit is to be given by the chartered accountant in Form Nos. 3CA/3CB and 3CD.

Objective of Tax Audit:

- One of the objectives of tax audit is to ascertain, derive and report the requirements of Form Nos. 3CA/3CB and 3CD.
- Apart from reporting requirements of Form Nos. 3CA/3CB and 3CD, a proper audit for tax purposes would ensure that the books of account and other records are properly maintained, that they truly reflect the income of the taxpayer and claims for deduction are correctly made by him.



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- Such audit would also help in checking fraudulent practices. It can also facilitate the administration of tax laws by a proper presentation of accounts before the tax authorities and considerably save the time of Assessing Officers in carrying out routine verifications, like checking correctness of totals and verifying whether purchases and sales are properly vouched for or not.
- The time of the Assessing Officers saved could be utilised for attending to more important and investigational aspects of a case.

Persons Required To Perform Tax Audit U/S 44AB:

Every person,

- Carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds one crore rupees in the previous year.
 1. Provided that in the case of a person whose, (this clause shall have effect as if for the words “one crore rupees”, the words “ten crore rupees” had been substituted)
 - Aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount; and
 - Aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five percent of the said payment.
- Carrying on profession shall, if his gross receipts in profession exceed fifty lakh rupees in any previous year; or



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- Carrying on the business shall, if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AE or section 44BB or section 44BBB, as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any previous year; or
- Carrying on the profession shall, if the profits and gains from the profession are deemed to be the profits and gains of such person under section 44ADA and he has claimed such income to be lower than the profits and gains so deemed to be the profits and gains of his profession and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year; or
- Carrying on the business shall, if the provisions of sub-section (4) of Section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year.
- Provided that Company or Co-operative society are required to get their accounts audited under their respective law. Section 44AB provides that, if a person is required by or under any other law to get his accounts audited, then he need not again get his accounts audited to comply with the requirement of section 44AB. In such a case, it shall be sufficient if such person gets the accounts of such business or profession audited under such law and obtains the report of the audit as required under such other law and also a report by the chartered accountant in the form prescribed under section 44AB, i.e., Form No. 3CA and Form 3CD.



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Tax Audit Applicability In case of business loss:

- In case of loss from carrying on of business and not opting for presumptive taxation scheme and its total sales, turnover or gross receipts exceeds rupees one crore the taxpayer is subject to tax audit under 44AB.
- If taxpayer's total income exceeds basic threshold limit but he has incurred a loss from carrying on a business (not opting for presumptive taxation scheme) and the total sales, turnover or gross receipts exceeds rupees one crore, the taxpayer is subject to tax audit under 44AB.
- Carrying on business (opting presumptive taxation scheme under section 44AD) and having a business loss but with income below basic threshold limit then tax audit is not applicable.
- Carrying on business (presumptive taxation scheme under section 44AD applicable) and having a business loss but with income exceeding basic threshold limit.

Report of audit of accounts to be furnished under section 44AB (Rule 6G):

- The report of audit of the accounts of a person required to be furnished under section 44AB shall,
 - In the case of a person who carries on business or profession and who is required by or under any other law to get his accounts audited, be in Form No. 3CA;
 - In the case of a person who carries on business or profession, but not being a person referred to in clause (a), be in Form No. 3CB.
- The particulars which are required to be furnished under section 44AB shall be in Form No. 3CD.



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- The Audit Report furnished under this rule may be revised by the person by getting revised Audit Report from an accountant, duly signed and verified by such accountant, and furnish it before the end of the relevant assessment year for which the report pertains, if there is payment by such person after furnishing of report under sub-rule (1) and (2) which necessitates recalculation of disallowance under section 40 or section 43B.

Due Date by which a taxpayer should get his accounts audited:

- A person covered by section 44AB should get his accounts audited and should obtain the audit report on or before 30th September of the relevant assessment year.
- The tax audit report is to be electronically filed by the chartered accountant to the Income-tax Department. After filing of report by the chartered accountant, the taxpayer has to approve the report from his e-filing account with Income-tax Department.

Penalty for not getting the accounts audited as required by section 44AB:

- According to section 271B, if any person who is required to comply with section 44AB fails to get his accounts audited, the Assessing Officer may impose a penalty. The penalty shall be lower of the following amounts:
 1. 0.5% of the total sales, turnover or gross receipts, as the case may be, in business, or of the gross receipts in profession, in such year or years,
 2. Rs. 1,50,000.
- However, according to section 271B, no penalty shall be imposed if reasonable cause for such failure is proved.

With Regards,

S Swathi

SRO0787587



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Strategic Management and Self-Management

Let us have a comparative analysis of strategic management relating to business and self-management relating to individuals (especially students).

When we talk about strategic management from business perspective, we can say that strategy is a game plan and management is a set of interrelated functions to attain specific objectives. Thus, strategic management involves managing the business strategically to gain competitive advantage. The strategic management also involves developing a vision, mission, goals and objectives for the organisation.

On the other hand, self-management means managing oneself in a proper and conscious manner so as to guide oneself to the right path. Similarly, when we look at self-management from individual's perspective, especially as students, it involves developing our own strategy (i.e., We are strategically managing ourself) to gain competitive advantage. Here, we are our own competitor, so we are using our strategy to outperform ourself so as to bring out the best in us.

Like businesses, we can have our own vision, mission, goals and objectives. From business perspective, vision is the blueprint of the company's future position i.e., where the organisation wants to land in future. So, we as CA aspirants can have our vision as "Becoming a CA professional".

Again, mission explains the reason for existence of the organisation (i.e.) the purpose of the organisation. Likewise, our mission is to gain knowledge during the course of study as well as during the period of articleship. By making our mission clear, we will be able to attain our vision.



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For businesses we set goals and objectives, where goals are end results and objectives are time based measurable targets. As students, we can have our goal as passing each group or each level of examination and to attain this goal we can set our objectives like weekly or monthly targets during our course of study.

So, through achieving our objectives we will be able to attain our goals and attainment of each of our goal will ultimately lead us to our vision (i.e.) becoming a Chartered Accountant. But however, throughout this process we should never forget about our mission (i.e.) to gain knowledge, which is the core of our journey.

So, this is how beautifully we can link strategic management with self-management. The above analysis is one of the way of looking into things and the same is not rigid and it can be altered as per our needs and requirements.

In general parlance, as provided above, we can link our subjects with our daily activities or practical situations so as to have a better understanding of our subjects. Linking improves our understanding and gives us conceptual clarity.

So, we as students can develop our own strategies in our journey to become successful...

Ranjini
SRO0736670



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Glimpse of the events held in September 2023

Teacher's Day – Elocution Contest





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Crash Course – Intermediate





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TRIVIA CORNER

XYZ Ltd. Started as a small business company that in its early years; sold homemade organic soaps, serums, face washes and creams. With time, the company added more beauty products in its list and launched its e-business through website. All the business processes of the company are automated and therefore all the related data is stored in various database tables are managed at the backend in database. The company hired more employees to promote and sell its products across the country and initiated selling its products through online mode to reach customers worldwide. Subsequently the company has grown as a big brand in the competitive market and has started receiving orders from worldwide customers.

To make optimal use and quick sharing of data, the company started keeping all its data on Google cloud. Now the marketing personnel and salespersons of the company have readily available data related to inventory and online orders anywhere, anytime. Also, they can update their status and targets achieved on company's website instantly. Initially, the company got 15GB free space on cloud, but in due course of time, the demand for the data storage increased, so it subscribed for more space on cloud. The company is satisfied with the cloud service as it isolates the company completely from server failures and needs to pay for only amount of storage it uses.



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The company uses digital mode of payment for both the customers and suppliers and uses modules of Enterprise Resource Planning system. The organization has some controls in the system that restricts unauthorized entry into the premises. Some controls also have been designed to detect errors, omissions and malicious act occurrence and report that occurrence. The company also appoints an IS auditor to ensure the completeness, accuracy, and validity of data.

On a certain day, the IT Head of a team of 10 members of the company, Mr. Sushil observed that while accessing the home page of the company's website; some content depicting children in sexually explicit act was available on the website's home page. He immediately deactivated the website and informed the management of company about the incident, which in turn reported about this to cyber security cell. On investigation, it was found that Mr. Biswas, one of the team members of IT Department, out of anger and desperation, had hosted the same on the company's website so as to bring bad repute to the company.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 4.1. to 4.5.



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Multiple Choice Questions

1. Google Cloud frees XYZ Ltd. Completely from the issues related to server in terms of its maintenance, failure, storage capacity, etc. Which of the following feature of Cloud Computing does it represent?

- a) Virtualisation
- b) Reliability
- c) Resiliency
- d) Scalability

2. XYZ Ltd. Uses Enterprise Resource Planning System which integrates all the modules with Financial and Accounting System of the organization. Which of following point is not valid with the integration of modules?

- a) Master data across all the modules must be same and must be shared with other modules whenever required
- b) Common transactions must be shared with other modules whenever required
- c) There is no need of separate voucher types to be used for each module
- d) Figures and transaction may flow across the department



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Multiple Choice Questions

3. In purview of above case scenario, identify the kind of cyber- attack faced by XYZ Ltd.

- a) Web defacement
- b) Denial of Service (DoS)
- c) Cyber Terrorism
- d) Phishing

4. According to the case scenario, what could be the main objective for which an IS auditor has been appointed by XYZ Ltd.?

- a) Asset Safeguarding
- b) Data Integrity
- c) System Efficiency
- d) System Effectiveness

5. In purview of above case scenario, under which Section of Information Technology Act 2000, is Mr. Biswas punishable?

- a) Section 65
- b) Section 67
- c) Section 43
- d) Section 67B



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PREVIOUS MONTH ANSWERS

- 1. A**
- 2. A**
- 3. A**
- 4. A**
- 5. C**



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CONTRIBUTION FROM OUR CA ASPIRANTS

Articles are invited from students for publishing in e-newsletter. The articles shall be either on the specific subject or a general article.

For all the artistic minds, you may highlight your artistic skills by sending your art to us. It could be drawing, poem, photographs and all the artwork which is unusual in your way!

Students can mail their work with Name, SRO Number, Mobile Number, Residential Address, Office Address & Photo to our E-Mail mentioned below

sicasa@chengai-icai.org

We wholeheartedly thank all the students who have provided their valuable Inputs for this newsletter as well as for the upcoming newsletters.