



DECEMBER 2021

VOL IV/NO.12

MERRY CHRISTMAS

December is the Best & Most
important Month.
You Get to Review and
Analyze your Years and Take
New Resolutions towards
the change.



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***FROM THE SICASA CHAIRMAN'S
DESK***



My dear students,

Examinations are around the corner for all the students of CA Foundation/ Intermediate/ Final

The whole/ half year's work will be determined on this day. So you need to take care of the following important matters during your examinations.

You need to have a good night's sleep before the exam.

Breakfast is the most important meal of the day. Never ever skip your breakfast.

Have a balanced diet with various colors of vegetables, pulses, and cereals.

The body needs hydration. Drink at least 6 glasses of water a day.

Avoid junk food. Tasty foods are rarely healthy foods.

While writing the examination start with what you know. The first few answers create an impression and an initial impression is very important. Wherever necessary underline your answers and presentation of your answers will make a lot of difference.

After the exams, never discuss your answers with others. Whether your answers are right or wrong - it is over now. Nothing can be done about it. Now the focus has to be on the next exam.

In addition to the above, you have to follow the COVID guidelines given by the Institute religiously.

Stay focused and be confident. Believe in yourself while writing the exam.

Wishing you all the very best for your exams, students! Good luck!

**CA Shivachandra Reddy K
SICASA Chairman
Chennai, 25 th Nov 2021**



FROM THE BRANCH CHAIRMAN'S DESK



My Dear students,

The year 2021 is ending and we have learnt how to sustain crises and survived the crucial period and the future is ours. Let continue lead a disciplined life and we have a wonderful life ahead.

December exams are starting on 5th of this month and my best wishes to all those students who are appearing for the exams.

The last dates for income tax compliances are nearing and those students who are not appearing for the exams, its right time to focus on your office work and learn things.

When you read a newspaper or a magazine, you don't forget what you have read in the newspaper or a magazine, but when you read your subjects, you tend to forget the content. Do you know why? The newspaper and magazine are read with interest and you don't intent to keep them in memory, whereas when you read your subjects, you intend them to be in your memory and get stressed. This stress changes your mind frequency and hence you tend to forget things.

In the exams also, try to be relaxed and in the same mood as you where while preparing for the exams. For example, when you read in a "X" frequency of mind, the content gets stored in that "X" frequency of mind. When in exam room, your mind frequency changes to "Y", your mind searches the answers only in "Y" area and not in "X" area where actually the answers are available. When you come out of the exam room, your mind comes back to "X" frequency and you remember all the answers which were not known to you inside the exam room at "Y" frequency.

This is spiritual and try to be spiritual. Maintain balanced frequency of mind both while preparing of exams and at the exam rooms. Do more of prayer, yoga, meditation, have faith in ethics and values and definitely a bright future is waiting for you all.

Once again best wishes to all.

CA Kathiresan C
Branch Chairman
Chennai, 29 th Nov 2021



26AS 2.0: Annual Information System

“Innovation is taking two things that exist and putting them together in a new way.”

-Tom Freston, Co-founder of MTV



Amit Kedia

ERO0218465

As we know while preparation of accounts of company, proprietorship, individual first thing we check is 26AS, were the details of TDS deducted are tabulated and the same helps us for preparation and drafting computation for our clients.

From AY 2021-22 we all know Finance Dept has fully transformed the Income Tax Website for ease of compliance for the taxpayer. Taking a step ahead in this transformation the department has comes up with a new idea of **ANNUAL INFORMATION SYSTEM** which will replace 26AS in coming days.

Before coming to AIS lets have a quick look at some of the 26AS features which are as follows:

- (i) TDS
- (ii) TCS
- (iii) Advance Tax paid
- (iv) Self-Assessment Tax

Basically, if we say, in 26AS details pertaining to our PAN are furnished.

Department is here with 26AS version 2.0 which is AIS, which is a one stop solution for the taxpayer, HOW? Let's have a look at it,

The new statement contains of 2 parts which is part A & B,

Part-A contains **general information** of the taxpayer such as PAN, Aadhaar no., name, Date of Birth/incorporation/formation, contact details of taxpayer.

Part-B contains the following information (Few Broad name listed below) –

- **TDS/TCS Information**
- **SFT Information**
- **Payment of taxes (Advance Tax, Self-Assessment tax)**
- **Demand and Refund**
- **Other Information related to income from other sources**
- **Information on foreign remittance reported on Form I5CC**
- **RTA has disclosed dividend information for a mutual fund**
- **RTA – reported information on mutual fund purchases**



Few Questions must be there in anyone's mind relating to AIS, which will be answered here only.

1. **How can the AIS be accessed? –**

- Log in at Income Tax Portal
- Go to Service Tab
- Click on Annual Information System

2. After Downloading the AIS, password is required **so the password is your PAN+DOB ALL CAPS ON**. For example, if your PAN no. is ABCDEI234F and DOB is 01/01/20XX then password will be **ABCDEI234F010120XX**.
3. Which period details are reflected in the AIS? – **All the information regarding your relevant Previous year is reflected in the AIS.**
4. The AIS can be Downloaded in PDF, CSV or JSON formats from the website.
5. If the taxpayer feels **that the information is incorrect**, relates to other person/year, duplicate etc., a facility has been provided to submit online feedback.
6. Checking AIS - and considering all the inputs detailed in it should be treated as first and mandatory element and based on which additional details can be sought. By duly considering the Income / SFT disclosed in ITR- one can avoid additions u/s 143(1)(a) - Penalty & Interest for mistake apparent on record.
7. AIS Mobile Application will enable taxpayer to view AIS and upload feedback on mobile.

As stated at the beginning that innovation is required, this new system will definitely help us all in ease of making statements and on the other hand transparency between govt and assessee will be maintained. Hope this article will help you all regarding the topic.

A table is being made stating the difference between 26AS and AIS, basically a summary of the article:

26AS	AIS
<p><i>In these details relating to our PAN are furnished for the Financial Year. Such as TDS / TCS Deducted, Advance tax etc.</i></p>	<p>In the following statement, details regarding are shown for the FY:</p> <ul style="list-style-type: none"> ❖ Bank, FD, RD Interest ❖ Purchase & Sale of MF, Shares etc are furnished ❖ SFT Transaction details ❖ TDS/TCS, Advance Tax ❖ Demand/Refund



Happy Reading!

Annual Information Statement F.Y. 2020-21 AAAPA1234A (Kuldeep C)

Taxpayer Information Summary (TIS) **Annual Information Statement (AIS)** [Download](#) All values are in INR unless specified. Date updated as on 08-09-2021

Part A - General Information F.Y. 2020-21

Permanent Account Number (PAN): AAAPA1234A	Aadhaar Number: NA	Name of Addressee: KULDEEP CHOUDHARY	Date of Birth: 02-NOV-1996
Mobile Number: 9999999999	E-mail Address: IDSS.L11.net@gmail.com	Address: 123 NANDLAL ROAD KATOOHATODI, ANDHRA PRADESH, 531111, MADHYA PRADESH	

Part B Feedback Status: Submitted Partially Submitted

TDS/TCE Information SPT Information Payment of Taxes Demand and Refund Other Information

Part B1- Information relating to Tax deducted/collected at source (Values in INR) Filter

Information Category	Information Code	Information Description	Information Source	Count	Amount Description	Amount
Dividend	TDS-114	Dividend received (Section 194)	PMS Ltd (DEL123456)	02	Amount Paid / Credited	70,000

Details Filter Bulk Feedback Download

Sr.No	Quarter	Date of Payment/Credit	Amount Paid/Credited	Tax Deducted	Tax Deposited	Status	Feedback
1	Q1 (Apr- Jun)	04-Apr-2020	20,000	2,000	2,000	Active	<input type="button" value="Optional"/>
2	Q3 (Jan- Mar)	04-Mar-2021	30,000	5,000	5,000	Active	<input type="button" value="Optional"/>

Picture Detail: Specimen of Annual Information System

Thanks & Regards
Amit Kedia





Beneish's M-Score – Tool to identify the fraud in Financial Statement

Before Starting, the first question comes to our mind that how can we detect fraud in Financial Statements using this Score?

For this, we need to understand what is Beneish's M-Score?

It is a mathematical Model created by **Professor M.Beneish** who Published a paper named “**The Detection of Earnings Manipulation**” in June 1999, in which he uses **eight Financial Ratios** to ascertain the possibility of manipulation in Financial Statements.



Abhishek Kumar
ERO0188631

Now the question comes as what are Eight Financial Ratios?

Eight Financial Ratios are:

- i. Days Sales in Receivables Index

$$(\text{Net Receivables}_t / \text{Sales}_t) / (\text{Net Receivables}_{t-1} / \text{Sales}_{t-1})$$
- ii. Gross Margin Index (GMI)

$$[(\text{Sales}_{t-1} - \text{COGS}_{t-1}) / \text{Sales}_{t-1}] / [(\text{Sales}_t - \text{COGS}_t) / \text{Sales}_t]$$
- iii. Asset Quality Index (AQI)

$$[1 - (\text{Current Assets}_t + \text{PP\&E}_t + \text{Securities}_t) / \text{Total Assets}_t] / [1 - ((\text{Current Assets}_{t-1} + \text{PP\&E}_{t-1} + \text{Securities}_{t-1}) / \text{Total Assets}_{t-1})]$$
- iv. Sales Growth Index (SGI)

$$\text{Sales}_t / \text{Sales}_{t-1}$$
- v. Depreciation Index (DEPI)

$$(\text{Depreciation}_{t-1} / (\text{PP\&E}_{t-1} + \text{Depreciation}_{t-1})) / (\text{Depreciation}_t / (\text{PP\&E}_t + \text{Depreciation}_t))$$
- vi. Sales General and Administrative Expenses Index (SGAI)

$$(\text{SG\&A Expense}_t / \text{Sales}_t) / (\text{SG\&A Expense}_{t-1} / \text{Sales}_{t-1})$$
- vii. Leverage Index (LVGI)

$$[(\text{Current Liabilities}_t + \text{Total Long Term Debt}_t) / \text{Total Assets}_t] / [(\text{Current Liabilities}_{t-1} + \text{Total Long Term Debt}_{t-1}) / \text{Total Assets}_{t-1}]$$
- viii. Total Accruals to Total Assets (TATA)

$$(\text{Income from Continuing Operations}_t - \text{Cash Flows from Operations}_t) / \text{Total Assets}_t$$

After knowing all the eight financial ratios, we have to calculate The Beneish M-score as

$$\text{M Score} = -4.84 + 0.92 \times \text{DSRI} + 0.528 \times \text{GMI} + 0.404 \times \text{AQI} + 0.892 \times \text{SGI} + 0.115 \times \text{DEPI} - 0.172 \times \text{SGAI} + 4.679 \times \text{TATA} - 0.327 \times \text{LVGI}$$



Again the question raise if we calculate the M- Score, how do we predict the fraud using the ascertained score? It will be determined by the threshold value of **-1.78**.

If the **M-Score < -1.78** then, it predicts **low** possibility of manipulation.

If the **M-Score > -1.78** then, it predicts **high** possibility of Manipulation.

Let's an example from financial Statement of Godrej Properties Limited for the FY 20-21

Listed Company with diversified consumer businesses									
Recent Annual Report Year									2021
(Rs.In Millions)	Mar-21	Mar-20	Financial Ratio Index	Mar-21	Mar-20	Ratio value	Weights in M Score	Value in M Score	
Revenue	₹ 7,649.00	₹ 24,414.00	Day Sales in Receivables Index(DSRI)	113.76	64.71	1.7581	0.920	1.62	
COGS	₹ 4,751.00	₹ 15,633.00	Gross Margin Index (GMI)	0.38	0.36	0.9493	0.528	0.50	
Selling , General & admin	₹ 886.00	₹ 1,367.00	Assets Quality Index (AQI)	0.17	0.21	0.7979	0.404	0.32	
Depreciation	₹ 195.00	₹ 205.00	Sales Growth Index (SGI)	₹ 7,649	₹ 24,414	0.3133	0.892	0.28	
Net Income from Continuing Operations	₹ -1,894.00	₹ 2,705.00	Depreciation Index (DEPI)	0.05	0.07	1.4384	0.115	0.17	
Account Receivables	₹ 2,384.00	₹ 4,328.00	Selling , General & Admin Exp Index (SGAI)	0.12	0.06	2.0687	0.172	0.36	
Current Assets	₹ 1,30,735.00	₹ 76,446.00	Leverage Index (LVGI)	0.48	0.52	0.9183	0.327	0.30	
PPE	₹ 3,918.00	₹ 2,801.00	Total Accruals To Total Assets (TATA)	₹ 0.03		0.0297	4.679	0.14	
Total Assets	₹ 1,62,477.00	₹ 1,00,902.00	Beneish M Score						-2.47
Current Liabilities	₹ 67,693.00	₹ 52,680.00	Interpretation						
Total Long Term Debt	₹ 10,218.00	₹ 12.00	Listed Company with diversified consumer businesses is not likely to have manipulated their earnings						
Cash Flow From Operations	₹ -6,712.00	₹ -2,316.00	Beneish M Score < -1.78 : Company is not likely to have manipulated their earnings						
			Beneish M Score > -1.78 : Company is likely to have manipulated their earnings						

**Disclaimer: This example is only for education Purpose, not a recommendations.*

Disclaimer: This example is only for education Purpose, not a recommendations.

But sometimes it is not 100% accurate because of its probabilistic nature and also it cannot be applied to Financial Institutions like Banks, Insurance Companies, etc. because these Institutions were excluded from the sample in Beneish paper during the calculation of the M-score.

In the end, it is suggested that these are just a tool to predict the degree of manipulation but before giving an appropriate decision based on this model we should also identify and check all the aspects of the audit.

Source: The above article is based upon the information available in the Wikipedia and paper "The Detection of Earnings Manipulation".

With Regards,
Abhishek Kumar





TAX COLLECTED AT SOURCE u/s 206C of Income Tax Act and Applicability of Section 206CCA

TAX COLLECTED AT SOURCE – Applicability, rates and exemptions:-

Introduction:-

Certain persons are required to collect a specified percentage of tax from their buyers on a specific transactions. As per section 206C of the Income Tax Act, certain sellers have to collect tax on some specified goods from the buyers for some transactions.



Adhitya .G
SRO0627826

Applicability:-

I. Sale of certain goods:-

Under section 206C(1), seller of certain goods is required to collect tax From buyers.

The specified rates for certain goods are as follows:-

Nature of Goods	Percentage (%)
a. Alcoholic liquor for Human consumption	1%
b. Tendu leaves	5%
c. Timber obtained under a forest lease and from any other mode	2.5%
d. Any other forest product other than Timber and Tendu	2.5%
e. Scrap	1%
f. Minerals – Coal or Lignite or Iron ore	1%



2. Sale of Motor vehicle of value exceeding Rs. 10 Lakhs:-

As per section 206C(1F) of Income Tax Act, a seller, who receives an amount of more than Rs. 10 Lakhs on account of sale of Motor vehicle, shall collect tax @ 1% from the buyer on the sale amount.

3. A person(Seller) who gives lease or license or transfer of any rights or interest either whole or in part in parking lot, toll plaza or a mine or quarry, to any other person(Buyer) other than a public sector company, for the purpose of use for business shall collect 2% of tax from the buyer.

Classification of Sellers and Buyers:-

- I. Certain persons can be a seller. The certain persons are listed below :
 - a. Central / State Government
 - b. Company registered under Companies Act
 - c. Partnership Firms
 - d. Any person or HUF who is subject to Audit of Accounts.
- II.. Any person can be a buyer in this context except Central Government, State Government, Public sector companies.

TCS collection and Remittance to the Government:

A seller should collect tax from the buyers and remit the same within 7 days from the last day of the month in which tax was collected.

Form 27EQ (TCS Return) has to be filed by every seller / Tax collector on a quarterly basis.

As per Section 206C(7), if the person responsible for collecting tax, fails to collect tax or after collection doesn't pay to the government, then, interest of 1% per month or part of the month will be payable along with tax.

After filing the TCS return in Form 27EQ, a TCS certificate i.e., Form 27D has to be generated and issued to the buyers within 15 days from the date of filing of the TCS return.

TCS exemptions:-

As per section 206C(1A) of the Income tax Act, tax collection at source is exempted for the buyers in the case where the above listed goods are bought for the purpose of manufacturing/ processing / production of articles or things or for the purpose of generation of power and not for trading purposes.



Rule 37C, specifies that, a declaration in Form No. 27C should be submitted to effect the exemption mentioned u/s 206C(1A).

Applicability of Section 206CCA:-

Introduction:-

A new section has been inserted in the Income Tax Act for deduction and collection of tax at source at higher rates under a certain criterion. Section 206AB tells about TDS to be deducted at higher rates for some specified person. Section 206CCA tells about TCS to be collected at higher rates for some specified person.

Section 206CCA:-

As per section 206CCA, a seller should collect tax at higher rates when the buyer is a specified person.

A specified person for this section means

- i. A person who has not filed the income tax returns for both of the two previous
- ii. Financial Years immediately before the Financial year in which the tax is to be collected.
- iii. A person for whom the income tax return filing due date is expired.
- iv. A person where total amount of Tax collected at source is Rs.50,000 or more in each of these two previous years.

Tax is to be collected at source on higher of the following:-

- i. Twice the rates of tax specified above
(Or)
- ii.. At five percent.

Thanks & Regards,
Adhitya.G





GLIMPSE OF IGNITE THE CHILD IN YOU CELEBRATED ON 20.-NOV.-21 AT OUR BRANCH PREMISES





WINNERS OF IGNITE THE CHILD IN YOU



Winners of Relay Games

Winners

1. Srinidhi & Pavithra
2. Ebenezar & Nevedha
3. Manikandan & Soundara pandiyan



Winners of Connections

Winners

1. Kousalya & Mukunthan
2. Prabakar & Veeramuthu
3. Aiyswarya & Petchiyammal
Ebenezar & Nivedha



Winners of Pictionary

Winners

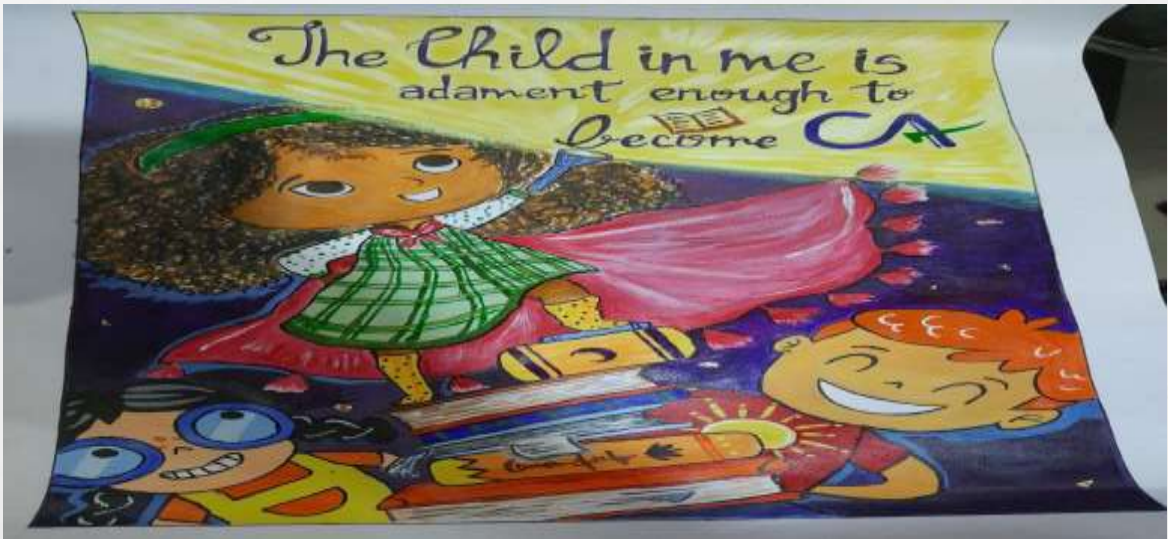
1. Jayadurga & Eshwara priya
2. Ebenezar & Nevedha
3. Ribhu & Arunmozhivarman



WINNERS OF IGNITE THE CHILD IN YOU



Winner of Rangoli - Pavithra




Winner of Posture Making - Divyadarshini A.S

Upcoming Event:

Crash Course for May 2022 CA examinations is about to commence from January 2022. Further details will be released soon.



TRIVIA Corner

- 
- i. What kind of Audit is conducted generally between two annual audit?
 - ii. What type of tax is levied at every stage of Production?
 - iii. What kind of Audit is made compulsory under statute?
 - iv. Which type of tax is imposed by CG but the SG collects it ?
 - v. According to which concept all the transactions are measurable in the terms of money are recorded in accounts ?

Previous Month Answer:

- 1) 3 1
- 2) To claim relief u/s 89 of Nomenclature
- 3) Harmonized System
- 4) Ledger
- 5) Auditing



SICASA of Chengalpattu District Branch of SIRC of ICAI

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 art work 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

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