

SICASA

E-NEWSLETTER

CHENGALPATTU DISTRICT BRANCH OF SIRC OF ICAI

(FORMERLY KNOWN AS KANCHIPURAM DISTRICT BRANCH OF SIRC)

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வரும் வியர்வை முத்துக்கள்

உழைப்பாளர் தினம்
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Note: The views expressed in the articles published are their own views and SICASA Chengalpattu District Branch does not endorse or take any responsibility for the views expressed in the articles.

ARTICLES INVITED FROM STUDENTS:

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

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

Contact Us



chengai_icaai.org



SICASA Chengalpattu
District Branch Of SIRC



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FROM THE SICASA CHAIRMAN'S DESK

My dear students

As you all aware that due to ongoing COVID-19, the Final and Intermediate Examinations which are scheduled to commence from 21st/ 22nd May postponed and fresh dates will be announced depending on the pandemic situation.



It will be good news for some students who did not prepare well and not good news for others who prepared well. In whichever stage you are treat this as an opportunity for betterment.

If you haven't prepared well till now then study now. If you have prepared well revise the subjects again and again. With your every revision your time to cover the subject will reduce.

Set aside 3 hours every alternate day to appear for the mock test/ revision test papers to gain confidence and to understand your weak areas. Check the paper by yourself and note the mistakes that you are making repeatedly in a separate notebook so that you can refer them before your exams which will help you to boost your score by at least 10-15%.

Have your own strategy for studies that suits you and stick to that. Plan your timetable in such a way so that you meet your goals on a daily basis. Believe in your study style till the end of your exams.

Eat healthy food. Drink sufficient water. Make sure you have sufficient sleep. Take power naps ranging 15-20 minutes after 3 to 4 hours of study. Do not try to alter the biological clock that your body addicted to.

Have some physical exercise/ activity on a daily basis which will cleanse your mind from study toxins. Remove yourself totally from all kinds of social media be it What's app, Facebook, Instagram, Twitterand all kinds functions.

Remember, the hard work you put in now will change your life and can put you in a better place than where you are now. All the very best dear students.

Stay Safe. Stay Healthy
CA Shivachandra Reddy K
Chairman, SICASA
Chengalpattu District Branch of SIRC of ICAI.

FROM THE BRANCH CHAIRMAN'S DESK

My dear students,

Hope you all are safe and concentrating in your studies and practical training. The May 2021 final and intermediate exams have been postponed due to Covid 19 situation. Is this boon or curse?



Is this postponement of exam is boon or curse depends on every individual student's attitude. My sincere advice to the students is to take it as a boon, have positive attitude and take this opportunity to read and revise the subjects in-depth.

Don't get panic or stressed. Talk to you principal, seniors, and friends and relax. If possible do attend some office work from home to relax yourself. Too much of study also creates stress.

As on date of this communication, Foundation exams are scheduled to be conducted as per the schedule.

I wish all the students to qualify as a CHARTERED ACCOUNTANT and serve the society and the institute and become the future torch bearers of the Institute and partner in Nation Building.

Be Safe and happy.

Best Wishes

CA Kathiresan C

CHAIRMAN

CHENGALPATTU DISTRICT BRANCH OF SIRC OF ICAI

THINK OF IT, DREAM OF IT, LIVE ON IT

“எண்ணியஎண்ணியாங்குஎய்துபஎண்ணியார்
திண்ணியர்ஆகப்பெறின்.”

Thiruvalluvar has said “A person who has the determination to pursue his goal in the way he expects can surely succeed in his goal.” Determination is the ability to pursue no matter how hard it gets.

We all must be aware of the famous quote: “Success is not final, failure is not fatal; it is the courage to continue that counts.”

Striving to achieve a goal is a part of the excitement, but what about when you achieve it or not? May it be success or failure, both are not forever and we have to recover from it. What implications success and failure have in common for those who experience it is their ability to continue afterwards, which means they need courage and perseverance.

“Take up one idea, make that one idea your life – Think of it, Dream of it, Live on that idea” – Swami Vivekananda.

Let positive, strong and helpful thoughts enter into your brains. Lay open to these thoughts and not to weakening and paralyzing ones. Set attainable goals, may it be short term or long term. Prioritize your goals.

It is the level of priority and importance you give to your goal which determines the level of procrastination. The more significance you place on your goal, the greater the avoidance of procrastination. You cannot keep waiting for ‘tomorrow’, start ‘today.’

Look for reasons to continue instead of making excuses. The best time for new beginnings is NOW.

Dare to be alone, that’s when new ideas are born. Ask yourself if what you are doing today is getting closer to where you want to be tomorrow. Swami Vivekananda has beautifully quoted as follows, “Talk to yourself at least once in a day, otherwise you may miss meeting with an EXCELLENT person in this world.”



MAHATHA.A

SRO0679874

Believe that all power is within you, you can do anything and everything.

Say to yourself every day,

- ✓ I am Amazing
- ✓ I am Brilliant
- ✓ I am Cheerful
- ✓ I am Determinant
- ✓ I am Extraordinary
- ✓ I am Fantabulous.

When an egg is broken from outside life ends, whereas, when it is broken from inside life starts. Great things happen from inner force.

Life gives you opportunities from anything, anywhere and anytime. It is you who have to grab it and turn that into a golden egg. Learn everything that is good from others, but bring it in your own way, do not become others.

No matter how much life squeezes you, stay true to your form.

Embrace life with all its challenges and uncertainties. Challenges are what make life interesting. Overcoming them is what makes life meaningful. Success is a vehicle which moves on wheel called 'hard work', but the journey is impossible without fuel called 'self - confidence.'

Desire is the key to motivation. But it is Determination and Commitment which enables you to reach your goal with excellence.

Thanks & Regards
Mahatha.A

EQUALISATION LEVY

Background:

In the era where market competition is growing exponentially, business persons are resorting to new business models which heavily depends on information technology. This has led to massive increase in the supply and procurement of digital services. Since most of the technology support providers happen to be non-residents, dispute with regards to taxation of payments made to them exists. As an effort to reduce this and to avoid Base Erosion and Profit Shifting, the government introduced Equalisation Levy vide Finance Act, 2016 and the scope of which has been extended vide Finance Act, 2020.



Prithika J P
SRO0576115

Services covered under Equalisation Levy:

- a) Specified Services (Other than Royalty or fees for technical services which are taxable as per Income-tax Act read with DTAA notified under section 90 or 90A of the IT Act): Online advertisement / Any provision for digital advertising space or any other facility or service for the purpose of online advertisement by a non-resident
- b) E-commerce supply of goods or services

Particulars	Online Advertisement Provider	E-Commerce Operator Supplying Goods and Services
Rate of Tax	6%	2%
Specified Persons	a) a person resident in India and carrying on business or profession; or b) a non-resident having a permanent establishment in India.	an e-commerce operator from e-commerce supply or services made or provided or facilitated by it—

		<p>a) to a person resident in India; or</p> <p>b) to a non-resident in the specified circumstances as referred to in sub-section (3); or to a person who buys such goods or services or both using internet protocol address located in India</p> <p>c) "specified circumstances" mean</p> <ul style="list-style-type: none"> ▪ sale of advertisement, which targets a customer, who is resident in India or a customer who accesses the advertisement through internet protocol address located in India; and ▪ sale of data, collected from a person who is resident in India or from a person who uses internet protocol address located in India]
Threshold Limit	Rs. 1 Lakh	Rs. 2 Crore

Person Liable to Pay	Payer to deduct the Levy from the sum paid or payable to the non-resident advertiser	Non-Resident e-commerce operator or his agent in this regard
Due Date to Remit Tax such collected	7th day of the next month	Quarterly as follows: •April – June: 7th July •July – September: 7th October •October – December: 7th January •January – March: 31st March

Non – Applicability:

Equalisation Levy shall not apply in the following circumstances:

- a) Equalisation levy shall not be charged if the aggregate turnover of the specified persons does not exceed the threshold limit.
- b) Equalisation levy shall not be charged if the specified persons has a PE in India and the service is effectively connected with such PE.
- c) where the payment for the specified service by the person resident in India, or the permanent establishment in India is not for the purposes of carrying out business or profession.
- d) For Section 165A: where the equalisation levy is leviable under section 165;

Consequences of Late Payment:

- a) **Interest** for the specified person who fails to deposit equalisation levy by due date shall be liable to pay @ **1% simple interest** for every month or part thereof.
- b) Penalty to payer liable to deduct equalisation levy for the following defaults:
- Failure to deduct equalisation levy
 - Failure to deposit equalisation levy before due date
- c) **Amount of Penalty = Rs. 1,000 per day not exceeding the amount of Equalisation Levy required to be paid**

Annual Return:

To be filed electronically, on or before 30th June of the FY immediately following the FY in which the levy is chargeable, in Form No. I. Belated returns / Revised returns can be filed before expiry of 2 years from the end of the FY in which such specified services were made.

Failure to furnish the return:

Liable to pay a penalty of one hundred rupees for each day during which the failure continues.

Note:

Any payment where Equalisation levy has not been deducted or deducted but not deposited, the same shall be disallowed in their income computation vide **Sec 40(a)(ib)** of the Income Tax Act, 1961 and income for which Equalisation Levy has been deducted is exempt from tax in the hands of the online advertisement provider / e-commerce provider vide **Sec 10(50)** of the Income Tax Act, 1961.

Thanks & Regards
Prithika J P

Form CSR-I Registration of Entities for undertaking CSR Activities

The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“New CSR Rules”) has introduced substantial changes in the specifications and procedure to be followed by the companies and the charitable organizations/NGOs while discharging their CSR obligations.

As per the new provisions, every entity that intends to undertake any CSR activity will have to register itself with the Central Government by filing the form CSR-I electronically with the Registrar of Companies, with effect from April 1, 2021. Ministry of Corporate Affairs has made Form CSR-I available on its website.



M.Aiyswarrya
SRO0590521

Purpose of the form:

The purpose of mandatory registration is **for monitoring the activities of the NGOs and other agencies.**

Eligibility:

An NGO shall be eligible to receive CSR funds from a company only if it is-

A section 8 company, or

A registered public trust, or

A registered society,

Registered under section 12A and 80G of the Income Tax and have at least 3 years of undertaking charitable activities.

The procedure for the registration:

- ✓ Every entity as stated above, who intends to undertake any CSR activity, shall register itself with the Central Government by **filing the form CSR-I electronically** with the Registrar.
- ✓ Form CSR-I shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.
- ✓ On the submission of the Form CSR-I on the portal, a **unique CSR Registration Number** shall be generated by the system automatically.

Documents required:

The only documents required to be uploaded is

- A Copy of the registration certificate (Trust Registration Certificate) and
- A Copy of the PAN of the NGO with Form CSR-I.

Apart from the above, the following documents are required for filing the Form CSR-I:-

- * DIN/PAN of the Director, Trustee, Secretary, etc. of the organization,
- * Email Id of the above persons,
- * DSC of the person. (Registered With MCA portal with DIN/PAN as the case may be).

Other Details Required:

Clause	Particulars required
1	The nature of the entity which intends to register itself viz., a section 8 company or a registered public trust or a registered society with section 12A and section 80G registration, etc.
2	The Entities establishment by any company or group of companies.
3	The basic details of the entity:- <ul style="list-style-type: none">•Registration number,•Name,•Address,•PAN,•Email-id (note that the same will be verified by OTP. OTP shall be valid for a span of 30minutes).
4	Details of the governing body of the entity :- <ul style="list-style-type: none">•Name,•Designation,•DIN/PAN,•Email-id. Maximum of 10 rows shall be available.



On successful submission of the E-Form CSR-I, SRN will be generated and shown to the user which will be used for future correspondence with MCA.



When an E-Form is successfully processed, an acknowledgement of the same is sent to the user in the form of an email to the email id of the entity.



Further, a digitally signed approval letter along with CSR Registration number with Format CSRXXXXXXXX where X represents system generated unique sequential number will be sent the email ID of the entity as entered in the E-Form.

Thanks and Regards
M.Aiyswarrya.

GOVERNMENT GRANTS(IND AS 20)

What is Government Grant?

Government Grants are aid by the Government in return for past or future compliance with certain conditions relating to the activities of the entity. Government Grants could be classified as repayable Grant or Grant at gratis. It could even take the form of a loan that carries out a lesser rate of interest over the prevailing market rate which is covered under IND AS 109 – Financial Instruments.



S. SHROUTHI
SRO0655678

Why there is a necessity for Government Grant? Generally, an organization's capital could be funded either by way of equity or Loans. Both forms of capital result in financial outflow to the entity either by way of interest or dividend.

But why should the Government offer such Grants? Had it been invested elsewhere; would it not fetch greater money? Government offers grants due to the following reason:

- To Promote certain industry
- To promote backward areas
- To Promote entrepreneurship
- To Promote public welfare

Mode of Government Grant:

•**Non-monetary Grant:** A Government grant may take the form of a transfer of a non-monetary asset, viz land or other resources, for the use of the entity. In such cases, it is necessary to account such grant and asset at Fair value. At times, it is accounted at a nominal amount.

•**Monetary Grant:** Monetary Grants are those grants which is offered to an entity by way of money either for the operating activities or for creation/purchase of asset.

Conditions to the Grant:

Whenever the Government offer grants, it could have certain conditions attached thereto. Here comes a question why should we be aware of these conditions ? What will be the impact of non-compliance to the condition?

If the government provides a grant for a particular purpose along with certain conditions, then indeed the entity has to abide by it, failing which the entity has to pay back the same to the Government along with penal interest if specified in the agreement.

Government Assistance:

Government assistance is action by government designed to provide an economic benefit specifically to an entity or range of entities qualifying under certain criteria. Government assistance doesn't include benefits provided indirectly affecting the trading conditions such as providing infrastructure facilities, the imposition of trading constraints on competitors.

Recognition of Government Grant:

The Grant should be recognized in the Books of Accounts only if it is assured that:

- The Grant is received or will be received in the near future
- The entity will comply with the conditions attached thereto

Accounting of Government Grants:

•Capital Approach:

Under this method, the grant is recognized in Balance sheet items viz., credited directly to the Shareholder's fund. For e.g., If the Government provides grant to a startup company for the development of business, we call it as seed capital which has to be credited directly to Shareholder's fund.

•Income Approach:

Under the Income Approach, the Grant received is recognized as income in the P&L A/c. But the Standard rejects the capital approach hence every entity has to recognize only in P&L A/c. It could either be credited to P&L or could be adjusted against/ reduced from the specific expenditure. How to recognize the said grant as income? Is that,

- At the time of receipt? or
- Over a period of time

If the Grant is of **revenue** in nature, then has to be credited to P&L immediately.

If not, it has to be recognized over a period of time in a systemized manner proportionate to the extent of expenditure incurred for the specific purpose. If it were a depreciable asset, then the entity should recognize it as income to the extent of depreciation charged off in P&L A/c.

Moreover, recognition of Government Grant on receipt basis is in adverse to the accrual concept as discussed in IND AS – I Presentation of Financial Statement except if no basis is available for allocating the Grant to periods other than one which was received.

For instance , A government grant which is receivable/received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable.

Presentation of Government Grant:

1. Government Grant related to specific asset:

Government grant related to assets shall be presented in the balance sheet either as deferred income (i.e., recognized in P&L over period on a systematic basis) or by reducing the Grant from the carrying value of the asset.

It is inevitable to disclose the receipt of Grant and the purchase of specific asset separately in Cash Flow statement regardless of the recognition criteria adopted for accounting of Government Grant.

2. Government Grant related to income:

Grants related to income is presented in Profit & Loss Account either as 'Other income' or deducted from the related expenditure

REPAYMENT OF GOVERNMENT GRANT:

An entity might have to repay the Government grant either as agreed in the contract entered into with government or non-adherence to the conditions attached to the grant.

A government grant which becomes repayable should be accounted for as a **change in accounting estimate**, as per IND AS 8, Accounting Policies, Changes in Accounting Estimates & Errors.

•Related to Income:

- The repayment should be adjusted against any unamortized deferred credit recognized with respect to Grant.
- If the repayment exceeds such unamortized deferred credit or no deferred credit is available, then it has to be recognized as expense immediately in the Profit & Loss account

•Related to Asset:

- Increase the carrying amount of the asset to the extent of repayment due to which the cumulative depreciation for such increase in the value of asset should be debited to Profit & loss account immediately, or
- Reducing the deferred income balance to the extent of amount repayable from grant

Also, if the entity repays the grant due to non-fulfilment of condition attached there to, then the entity has to repay the grant along with penal interest (if specified in the agreement) which also has to be recognized in the Profit & Loss Account immediately.

Thanks & Regards
S. SHROUTHI

Students' Corner

In Life,
When there is a Delay
It will definitely have a REASON behind
You will never know
Until the day turns out before You
You will never believe
Until you feel it's vibe within You
You will never understand
Until you see it happen by Yourself
When there is a delay It means there is a SPARK behind the bricky Wall
The Wall Is A Mirage.... !

-Haarika Kavirala