

# SICASA

## E-NEWSLETTER

CHENGALPATTU DISTRICT BRANCH OF SIRC OF ICAI

(FORMERLY KNOWN AS KANCHIPURAM DISTRICT BRANCH OF SIRC)

**MARCH 2021**

**VOL IV/NO.3**



**FUN FIESTA 2021**  
At Branch Premises

**BRANCH OFFICE ADDRESS:**

Flat no.401, fourth floor, No.1a, Periyalwar Street, Sundaram Colony, East Tambaram, Chennai 600 059

[www.chengai\\_icaai.org](http://www.chengai_icaai.org)



## SICASA TEAM (2021-22)

### Chairman

CA Shivachandra Reddy K

### Vice Chairperson

Annapoorani C

### Secretary

Rubika CV

### Treasurer

Manju R

### Joint Secretary

Haarika kavirala

### Members:

Sathkrithi T T

Subathra R C

Aiyswarrya M

Vaishnavi B S

Lavanya Karumanchi

### Editorial Board

EDITOR : CA Shivachandra Reddy K

MEMBER : CA Madhumitha R

: CA Arumugaraj P

: CA Priya A

: CA Anand P

: CA Naveen Kumar

: CA Bhuvanewari R V

### Students Development Committee

CA Priya A

CA Sathiyarayanan K R

CA Sivagurunathan T

CA Madhumitha R

CA NarashimmaRaghavan R

CA Deepa Rao

CA Arumugaraj P

CA Ravikumar M

CA Sridhar Ganesh

CA Janani V

**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\\_icaei.org](http://chengai_icaei.org)



SICASA Chengalpattu  
District Branch Of SIRC



Chengalpattu District  
Branch Of SIRC



[kpmasicasa@gmail.com](mailto:kpmasicasa@gmail.com)



[kpm\\_sicasa](https://www.instagram.com/kpm_sicasa)



7550009811

# INSIDE

<i>SICASA Chairman's Communication</i>	<i>- 03</i>
<i>Branch Chairman's Communication</i>	<i>- 04</i>
<i>Budget 2021 - Key Direct Tax Proposals</i>	<i>- 05</i>
<i>Budget 2021 - Key Indirect Tax Proposals</i>	<i>- 06</i>
<i>Need of CFC Legislation in India</i>	<i>- 08</i>
<i>Data Privacy</i>	<i>- 09</i>
<i>Gallery</i>	<i>- 14</i>

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

My Dear Students

It gives me immense pleasure to communicate to you as the Chairman of SICASA of Chengalpattu District Branch of SIRC of ICAI for the year 2021-22. Congratulations to all those students who have passed out in the November 20 examinations and best of luck to all those students who opted out of the Nov 2020 examinations and wrote the Jan 21 examinations.



It is disheartening to see after the declaration of Nov 20 CA results there are few blooming faces along with many sad faces. Failure is not something to feel bad about. Failure teaches us more than success does. No doubt, failure is very disappointing, but only when we embrace failure, success becomes inevitable. Life is teaching us, time and again that failure is as important as success. After all, losers are not those who face failures but losers are those who give up after their failures. True champions never give up.

Every one of us wishes for success without wanting to experience failure. What we easily forget is that behind every success story, there is 'n' number of instances of falling and then bouncing back. When we scan through the inspiring stories of many famous successful the pain that each one went through their failures worth it, For ex Albert Einstein, Elon Musk, Tesla, Bill Gates of Microsoft Corporation and Steve Jobs of Apple Inc. They knew that the pain of giving up leaves deeper scars in their life than the pain of trying again and again.

So we need to change our perspective towards failure. Instead of grieving over the failure, we must learn from our mistakes, develop a proactive attitude. The most powerful ones are those who realized that life is not a purely success or purely failure but a combination of both.

So leave your yesterdays to yesterday's and let the future lead you from now onwards. Make yourself so deserving that your consistent focussed efforts will lead to better performance in the upcoming examination/s. For that to happen push has to come from within and you have to give your very best and a little more. Do not seek comfort. You have to sweat it out. There is no other way. Believe me, the success will come in search of you, if not today but definitely tomorrow. Wish you all the best.

***Stay Safe, Stay Healthy***  
**CA Shivachandra Reddy K**  
**SICASA Chairman**

## FROM THE BRANCH CHAIRMAN'S DESK

Dear Students,

I am very happy and delighted to reach you all, through this news letter. It is always good to be a student, so that we can learn at all times.



The Funfiesta 2K21 held on 20.02.2021 was very nice and congratulations to team SICASA for coordinating the event in a very well organized manner. My best wishes for the outdoor events to be scheduled on 6<sup>th</sup> and 7<sup>th</sup> of March 2021.

Sports apart, the students have to be disciplined and be stay focused on your targets of clearing you CA exams on time and don't ever give up.

**NEVER NEVER NEVER EVER GIVE UP**

Feel the pain of not getting success, but don't suffer.

**NO PAIN – NO GAIN.**

My best wishes to all the CA students to succeed in your career and to have a bright disciplined future.

**Best Wishes**  
**CA Kathiresan C**  
**CHAIRMAN**

**CHENGALPATTU DISTRICT BRANCH OF SIRC OF ICAI**

# **BUDGET 2021 – KEY DIRECT & INDIRECT TAX PROPOSALS**

## **Direct Tax**

Relief from filing return of Income tax for an Individual if:

- He is a resident senior citizen;
- Age 75 years or more during the Previous Year; and
- His income source is only pension or interest from the same bank from which he is receiving pension.



***Lavanya Karumanchi***

***SRO0528409***

- Due to the Pandemic, for A.Y2021-22, the value in lieu of any travel concession or assistance received by an individual shall be exempt by fulfilment of conditions as may be prescribed. The benefit announced vide office memorandum no. F.No. 12(2)/2020-EH(A) dated 12 October 2020, has been ratified.
- Exemption limit of income received by any person on behalf of Universities or Educational institutions or Hospitals increased from Rs. 1 crore to Rs. 5 crores w.e.f A.Y 22-23.
- Income accrued during the Previous Year on account of contributions made by a person exceeding Rs. 2,50,000 in any Previous Year to a Provident Fund on or after 01.04.2021 shall not be exempt from tax.
- Employee Contribution to a fund paid by the Employer after the due date under the respective act will not be allowed as deduction even if it is paid within the IT Return due date.
- Tax audit threshold in cases where aggregate of all receipts and payments in cash during the previous year does not exceed 5% of such receipts/payments proposed to be increased from Rs. 5 Crores to Rs. 10 Crores.
- Advance tax liability on dividends will arise only after declaration of dividend
- The time limit for completion of assessment proceedings to be 9 months (previously 12 months) from the end of the assessment year in which the income was first assessable.
- The timeline of reopening of tax assessment cases has been reduced to 3 years from 6 years and serious tax offences of concealment of income of over Rs. 50 lakhs can be reopened after 10 years.

➤ Affordable Housing Exemptions:

- To avail additional tax benefits of Rs 1.5 lakh under Section 80EEA of the Income Tax Act, the loan to buy house should have been sanctioned between 01.04.2019 and 31.03.2021. Now, it is proposed to extend the time limit 1 year i.e., from 31.03.2021 to 31.03.2022.
- The outer time limit for getting the affordable housing project approved has been extended from 31.03.2021 to 31.03.2022 under Section 80-IBA of the IT Act.

➤ Date of incorporation for eligible start up for exemption under the provisions of Section 80-IAC of the IT Act extended from 01.04.2021 to 01.04.2022.

➤ the capital gains arising from transfer of residential property shall be exempt if the net consideration is utilized for investment in equity shares of eligible start-ups made upto 31.03.2022.

➤ Safe harbour limit of 20% proposed on sale of residential units during the period 12.11.2020 to 30.06.2021 if:

- such transfer is by way of first time allotment of the residential unit to any person;
- the consideration received or accruing as a result of such transfer does not exceed two crore rupees.

Note: For the purposes of this section, “residential unit” means an independent housing unit with separate facilities for living, cooking and sanitary requirement, distinctly separated from other residential units within the building, which is directly accessible from an outer door or through an interior door in a shared hallway and not by walking through the living space of another household.

### **Goods and Services Tax**

Scope of supply has been further enhanced with new clause (aa) under S.7(1) to ensure levy of tax on activities or transactions involving supply of goods or services by any person, other than an individual, to its members or constitutes or vice-versa, for cash, deferred payment or other valuable consideration.

Consequent to the above amendment, Schedule II to the CGST Act omitted with retrospective effect from 01.07.2017.

Input tax credit on invoice or debit note may be availed only when the details of such invoice or debit note have been furnished by the supplier in the statement of outward supplies as per Section 37 of the CGST Act, and such details have been communicated to the recipient of such invoice or debit note.

➤ Sub-section (5) of section 35 of the CGST Act is being omitted so as to remove the mandatory requirement of getting annual accounts audited under GST and reconciliation statement submitted by CA/CMA.

\* Section 44 of the CGST Act, the Annual Return to include a Self - Certified Reconciliation Statement

➤ Section 50(1) of the CGST Act has been amended retrospectively from 01.07.2017 so as to charge interest on delayed payment of GST on net cash liability. With this amendment the issue of payment of tax on gross tax liability will be settled.

➤ “Self-Assessed Tax” shall include the tax payable in respect of outward supplies as per Section 37, the details of which have been furnished in GSTR-1, but not included in the particulars furnished in GSTR-3B, as per Section 39

\* Section 129 has been amended to increase the penalty as a result of Detention, Seizure & Release of Goods & conveyances in Transit. Penalty is 200% of Tax payable, when the owner comes forward for payment & Penalty equal to 50% of Value of Goods OR 200% of Tax payable whichever is HIGHER when the owner of the Goods does not come forward for payment

➤ Section 168 of the CGST Act is being amended to enable the jurisdictional commissioner to collect any information from any person relating to matters dealt in connection with this Act, under section 151.

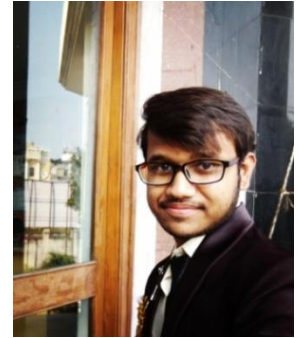
➤ Section 16 of the IGST Act is being amended so as to:

- zero rate means the supply of goods or services to a Special Economic Zone developer or a Special Economic Zone unit only when the said supply is for authorised operations only;
- restrict the zero-rated supply on payment of integrated tax only to a notified class of taxpayers or notified supplies of goods or services; and
- link the foreign exchange remittance on Realisation of Sale Proceeds with FEMA 1999.



## NEED OF CFC LEGISLATION IN INDIA

There is a great need and importance of introducing CFC i.e. controlled foreign corporation legislation in Indian tax law, as it is one of the biggest measures to avoid payment of income tax in India by the resident persons of India. In the current scenario, there are no such provisions existing in income tax act, 1961 but the same has been introduced in Direct tax code in lines with the Action Plan 3 of OCED tax avoidance model.



**Pushp Kumar Sahu**  
**CRO0553317**

Tax avoidance has been accepted as an area of concern in international tax arena, which is the reason why several countries have been legislating anti-avoidance measures. Taxation of foreign passive income is at heart of CFC regulations.

Meaning of Controlled Foreign Corporations;

CFC's are corporate entities incorporated in an overseas low tax jurisdiction and controlled directly or indirectly by residents of a higher tax jurisdiction (Parent State). Since each corporate entity is treated as a separate legal entity, the profits earned by such CFC's are not taxed at the owner level until they are distributed. CFCs tend to earn passive income; such income is not distributed, thereby resulting in tax deferral in the parent state.

Detailed analysis of above mentioned definition:

CFC's are those corporate entities which are incorporated in low tax jurisdictions like Tax Haven Countries say Bermuda, Singapore and many more with a intention to evade and avoid payment of tax in high tax jurisdiction by diverting the income accrued or earned to low tax jurisdiction by creating or incorporating companies or any other form of entities in that jurisdictions which is ultimately controlled by person resident in high tax jurisdiction. This lead to tax evasion which is completely unlawful and bad in the eyes of law and also the high tax jurisdictions like India suffered huge loss of tax revenues which ultimately results in unfair tax collection from honest taxpayers. Such income can only be taxed in India after it has been repatriate to India in the form of distributable profits like dividend, which is usually not done so as to avoid tax liability.

After, considering the above mentioned facts and unfair practices of tax evasion and avoidance, there is a great need of introducing CFC's legislation in India.

# Data Privacy

## Changing Landscape in India



**Sunil Yadav**

**CRO0614870**

### **Abstract**

Technology is one of the major forces transforming our lives. However, its misuse causes detrimental effects. The digital era has opened up a host of various concerns such as Data Theft, Scams, Eavesdropping, Cyberbullying, to name a few, with the overarching concern on the intrusion to the privacy of Individuals.

In an Indian context, various factors such as Nuclear families and cultural views, have for ages, stifled the need for personal space and privacy. However, urbanization, digitization and changing lifestyles have resulted in a growing demand amongst Indians for Privacy and protection of the Information they share, specifically on digital platforms. In the wake of recent developments and the Supreme Court holding 'Right to privacy' as a fundamental right lays the cornerstone for a strong data privacy regime in India.

### **I. Introduction**

The world has progressed from the Industrial Revolution, which came about with the advent of rapid industrialisation, to the age of the Information Revolution, which is distinguished by an economy based on information, computerisation and digitalisation. However, increasing globalisation and digitalisation have brought a lot of challenges. There has been an alarming rise in cyber crimes on a global scale. With India also moving towards a digital economy with the adoption of Aadhaar and an ever-increasing dependency on information, the concerns over cyber security, data protection and privacy are justified.

The paper identifies seven key principles on which the data protection framework must be built:

- **Technology agnosticism:** The law must be technology agnostic. It must be flexible enough to take into account changing technologies and standards of compliance.
- **Holistic application:** The law must apply to both private sector entities and the government.
- **Informed consent:** Consent is an expression of human autonomy. For such expression to be genuine, it must be informed and meaningful.
- **Data minimisation:** Data that is processed ought to be minimal and necessary for the purposes for which such data is sought and other compatible purposes beneficial for the data subject.

- **Controller accountability:** The data controller shall be held accountable for any processing of data, whether by itself or by entities with whom it may have shared the data for processing.
- **Structured enforcement:** Enforcement of the data protection framework must be by a high-powered statutory authority with sufficient capacity.
- **Deterrent penalties:** Penalties on wrongful processing of data must be adequate to ensure deterrence.

## 2. **Scope & Exemptions**

### **Territorial and Personal Scope**

As per the principle of territoriality, a state can exercise its jurisdictional powers within its territories. However, the borderless nature of the Internet raises several jurisdictional issues with respect to data protection. A single act of processing of personal data could very easily occur across multiple jurisdictions (outside the state territory), where the state might not have the authority to exercise its jurisdiction. To address this, at minimum, the paper states that the data protection framework shall apply to entities (both public and private) within India and processes involving the personal data of Indian residents and citizens. However, extraterritorial applicability and jurisdiction is a major concern.

The paper recognises the need to extend the applicability of the data protection framework to any entity that processes the personal data of Indian citizens or residents irrespective of where they may be located. However, the extent of its applicability is still under discussion.

### **Natural/Juristic Persons**

At its heart, any data privacy law has a person (data subject) and that person's right to privacy is what the data privacy law intends to safeguard.

In the eyes of the law, two kinds of person exist, a natural person and juristic person.

The framework recognises a natural person as a living person. On the other hand, a juristic person is a bearer of rights and duties that a natural person does not have (that is, this person is not a human being) but which is given a legal personality by the law—for example, a company.

The framework provides that the data protection legislation would apply to only to a natural person and not a juristic person.

## **Personal Data**

The framework defines personal data as follows:

Data from which an individual is identified or identifiable/reasonably identifiable may be considered to be personal data. The identifiability can be direct or indirect.

The framework also recognises that data about/relating to an individual that would be the subject matter of protection under the law. It further speculates that data in this context ought to include any kind of information, including opinions or assessments, irrespective of their accuracy. Additionally, the framework recognises that all data within the category of information identified as personal data is not qualitatively similar. The following definition has been provided for sensitive personal data.

‘Such types of data are termed as sensitive, and may include religious beliefs, physical or mental health, sexual orientation, biometric and genetic data, racial or ethnic origin and health information.’

### **3. Key Concepts Put Forth in the Framework**

#### **Consent**

Consent has been globally recognised as an effective means of processing personal data as data subjects use it to allow or deny organisations the right to process their personal data.

#### **Other Grounds for Processing**

Although the paper recognises consent as a very important part of data processing activities, it acknowledges the need for other legally recognised grounds to permit the processing of personal data. The paper recognises contractual necessity, compliance with legal obligations, and situations of medical emergency as grounds to permit personal data processing.

It also considers other grounds adopted by the GDPR such as:

- Public interest; Vital interest;
- Legitimate interest; and
- Other residuary grounds of interest.

Organisations will be required to:

- Issue privacy notices to all data subjects prior to the collection or use of their personal data.
- The notice should be designed in a manner that is easily understood by the data subject.

## **Sensitive Personal Data**

The paper notes that there are certain categories of personal data which, if compromised, may result in greater harm to an individual in the form of social, financial and reputational repercussions. The paper recognises this requirement as crucial to protect the interests of individuals when collecting and processing critical data.

However, the paper identifies the following topics for discussion:

- Evaluation of personal types categorised as sensitive under section 43 A of the IT Act (SPDI Rules) in the context of the Indian socio-economic environment;
- Need to identify controls for protection while processing sensitive personal data.

## **Storage Limitation and Data Quality**

The paper notes that most of the comprehensive data privacy laws and regulations have identified requirements for storage limitation and data quality when handling personal data. However, the paper mentions that this requirement would be identified in the Indian data protection laws at a later stage of maturity.

## **Right to be Forgotten**

International practices such as the General Data Protection Regulation (GDPR)(ITGP Privacy Team 2017) in Europe and Personal Information Protection and Electronic Documents Act (PIPEDA) in Canada envisage the International Journal of Pure and Applied Mathematics Special Issue 924 right to be forgotten in some form and manner.

## **4. Regulation and Enforcement**

### **Regulatory Model**

It is very important to have a governmental enforcement and industry perspective when defining a data protection framework. Given this context, choosing the right model for the Indian context is of great significance. Although the paper talks about three models (command and control, self regulated [US being the best example here] and co-regulated), given the largescale presence of almost all industries in India, it is imperative to consider industry perspectives while developing a data privacy framework.

## **Accountability**

The paper primarily focuses on data controller accountability/obligations and brings out, on a very high level, cases where the data controller shall be held liable. However, there is very little or no mention of a data processor obligation, which is also very important in this context.

The paper also touches upon the existing privacy framework in India. Rule 8 of the SPDI Rules mentions the importance of having security controls in place in order to safeguard sensitive personal information. This can only be achieved by having a very comprehensive information security programme in alignment with the current landscape of threats.

## **5. Conclusion**

Given the proposed regulations in the white paper on ensuring the data privacy of individuals, it is very important that organizations start aligning their processes and IT investments in such a way that the regulation, once enacted, does not affect them. Although the paper does not clearly outline anything on past processing activities or retrospective action, CIOs/CISOs are advised to see how capable their existing IT infrastructure is and what it requires to handle the changing data privacy landscape in India.

However, it is not possible to conclusively demarcate all the aspects requiring protection in this manner as the relevant concerns arise in varying contexts. Privacy does not arise only in some special, unchanging space like the home or the family but also in various situations including in public spaces.

## **Students' Corner**

*The hard days are like the dark clouds  
which brings in the happy drizzle*

*- Haarika Kavirala*

# GALLERY

## ***FUN FIESTA at branch premises on 20/02/2021***



## ***Installation function of the Managing Committee for the year 2021-22 at Balaji Residency on 22/02/2021***

