



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

March 2023

Vol VII/No.06



**“Strong women don't just speak their
minds; they demand to be heard”**

HAPPY WOMEN'S DAY

BRANCH OFFICE ADDRESS:

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



SICASA of Chengalpattu District Branch of SIRC of ICAI

SICASA TEAM (2022-23)

SICASA CHAIRPERSON

CA AANAND P

Vice Chairperson

Kaviya N

Secretary

Kanimozhi E

Treasurer

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Mahatha A

Santhosh Kumar K

Mukundan K

Pramoth M

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Members:

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CA Madhumitha

CA Arumugaraj P

CA Bhuvaneshwari R V

CA Priya A

CA Ravichandran S

CA Shivachandra Reddy K

CA Sandhya R

STUDENTS DEVELOPMENT

COMMITTEE:

Chairperson:

CA Vedhavalli RS

Members:

CA Aanand P

CA Ravichandran S

CA Deepa Rao

CA Ganapathy V

CA Sandhya R

CA Nookala Kavya

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



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FROM THE SICASA CHAIRPERSON'S DESK **TO STUDENTS**



Dear Students,

It's indeed always happy and joyful to be among youth. Being vested with a role to lead the Students (Youth) wing of the Chengalpattu District Branch of SIRC of ICAI, the coming year is going to be a colourful and jubilant year for me to travel along with you.

My happiness, more precisely our happiness (the entire Managing Committee and Chengalpattu District Branch Chartered Accountants Family) depends on all of you gain the prefix CA. Our prayers and blessings are there always to all of you to achieve the same.

Always remember Swami Vivekananda's word on concentration
"Concentration is the essence of all knowledge; nothing can be done without it.

Ninety percent of thought force is wasted by the ordinary human being, and therefore he is constantly committing blunders; the trained man or mind never makes a mistake."

Best Wishes

CA Aanand P
SICASA Chairman
1st March 2023



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FROM THE BRANCH CHAIRMAN'S DESK **TO STUDENTS**



My dear beloved Students (future CAs),

Since this is my first message, as I took charge as the Chairman of the Branch for the year 2023-24, I wave a big “hi” hand to all of you.

First I thank the Managing Committee Members for giving this responsibility as Branch Chairman for the current year. This is the 8th year of our branch & it has won four times the second best branch award at the SIRC level. All the credit goes to all the Past Chairmen of Our SICASA & Managing Committee members for their unstinted support always.

I assure this year our Branch SICASA Chairman CA Aanand P will take the Branch SICASA to the next higher level along with your support. With this objective in mind to achieve, Our Students Committee has plans to do many student activities.

Our Branch Student Development Committee for the year 2023-24
A Student Development Committee has been formed with the following members:

- CA. Vedhavalli R S– Chairperson of the Committee
- CA. Aanand – Sicasa Chairman
- CA. Ravichandran S – Co-ordinator
- CA. Deepa Rao – Committee Member
- CA. Ganapathy V – Committee Member
- CA. Sandhya R – Committee Member
- CA. Nookala Kavya– Committee Member

Our student committee is the Backbone of our SICASA. Every member of this committee is striving hard to organise various student related 5 activities.



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We expect the students to contribute more Articles for publishing in the SICASA Newsletter every month. We wish those Articles to be handy and helpful for the purpose of understanding the subjects of CA Curriculum and prepare for the CA Examinations.

Our Branch has all the facilities to help the students pass the CA Exams, with confidence. We would conduct coaching classes which would be handled by experienced faculties and conduct mock tests, to test the knowledge of the students, prior to the main exams.

For all of the above dreams to come true, we would require the support of the students, in the form of their participation, in each and every activity of the Branch SICASA.

We believe that we would receive such participation from the Students and will have a mutually beneficial time to come.

Best wishes,

CA T SIVAGURUNATHAN

Chairman of Chengalpattu District Branch of SIRC of ICAI

1st March 2023



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SICASA Schedule for the month of March 2023

S.NO	DATE	EVENT
1	08-03-2023	One day Seminar on Bank Audit

Congrats – Students Cleared Foundation Exam from our Foundation Classes



Magesh M
SRO0818017



Sakti S
SRO0786849



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STUDENTS ARTICLES FOR THE MONTH OF MARCH 2023

1. GEN Z AND WOMEN'S DAY

"Women have the power to change the world." I believe that is true. Being a woman can mean a lot of things to many different people. The different ways we are socialized and raised can mean we feel differently about things, which can lead to conflicting opinions on many topics. But I have always believed that being a mother is one of the most powerful things a woman can do in the world. There are many reasons why a woman deserves a day to be recognized for her love and dedication to whatever she does.

There is no doubt that the role of women in society has changed over the years. Women have always played a major role in all aspects of life from politics to entertainment. As a woman, it has been my privilege to learn about the contributions and accomplishments of others around the world in various fields and professions. I have experienced the rewards and disappointments that come with following my dreams.



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In today's society, I believe there is still a lot of work to be done to combat gender inequality and encourage women to pursue their goals and passions in life regardless of obstacles or challenges they face. Today's women have the opportunity to make a difference in their lives and communities around the world. They have the potential to build a better world for future generations.

The struggle for equality for a woman is a very long and difficult one, but it's not impossible. When women first started working, they were treated as second-class citizens and looked down upon for their skills and talents. The gender pay gap is an unfortunate reality that many women still have to face today. Many people still have a hard time understanding why women are paid less than men for the same job. Even though the disparity is growing every year, there is still a long way to go before gender equality is achieved.

The Impact of Gender Stereotypes on Women's lives. research has shown that gender stereotypes can hurt women's lives in many different ways. According to research, men and women often believe the same stereotypes about themselves and others. men are more competent than women and that women are better at certain things than men.



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These stereotypes can have a major impact on women's lives in many different ways. For example, some research suggests that women are less likely to pursue leadership positions in the workplace because of their gender stereotypes. This could lead to a shortage of qualified leaders in the workplace in the future. Similarly, research has shown that women are more likely to be subjected to verbal abuse at work because of these stereotypes. This could have a serious imperiously impact and lead to higher rates of depression in the workplace.

The Benefits of Women in the Workforce are enormous. women bring new perspectives and insights to the workplace. They often fill the roles of team leader, mentor, and innovator. Studies have shown that when women are more heavily represented in the workforce, the organization as a whole is more successful.

Diversity encourages different perspectives, insights, and new approaches to situations, leading to more creative solutions, better decisions, and improved team collaboration. Additionally, having more balance in the workplace leads to increased respect, better communication, and a greater feeling of inclusiveness amongst all staff members.



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At the end of the day, the roles of women in the workplace have changed drastically. Women have gone from primarily being homemakers to assuming positions in almost every field, from medical, professionals to technology leaders. Women have not only increased their presence in the workforce but also in leadership roles, becoming more involved in business decision-making. This shift has had a transformative effect on the workplace and society as a whole.



G G SHRINITHI
SRO0768981



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2. FORENSIC ACCOUNTING

Good day friends! This is one of my immersive opportunity to share my knowledge with you all. I hope this article, may utilize your time in an effective manner.

Introduction:

The purpose of this paper is to spread awareness and confer recognition upon a mostly forgotten individual **Mr. Frank John Wilson**, who was quintessential in the development of techniques used in the field of forensic accounting today.

Forensic Accounting:

Today, forensic accounting consists of the blending of **accounting, auditing** and **investigative work**, which is conducted by those who have been licensed as **Certified Fraud Examiners (CFE)**. The birth of forensic accounting in the year 1930. It is also known as **forensic accountancy** or **financial forensics**. Forensic accounting and fraud investigation methodologies are different than internal auditing. Thus forensic accounting services and practice should be handled by forensic accounting experts, not by internal auditing experts.



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Forensic accounting combines the work of an auditor and a private investigator. Forensic accounting methods can be classified into quantitative and qualitative.

Quantitative Approach

The quantitative approach focuses on financial data information and searches for abnormalities or patterns predictive of misconduct. Data collection is an important aspect of forensic accounting because proper analysis requires data that is sufficient and reliable. Another common quantitative forensic accounting method is the application of **Benford's law**. Benford's law predicts patterns in an observed set of accounting data, and the more the data deviates from the pattern, the more likely that the data has been manipulated and falsified

Qualitative Approach

The qualitative approach studies the **personal characteristics** of the individuals behind financial fraud schemes. A popular theory of fraud revolves around the **fraud triangle**, which classifies the three elements of fraud as perceived opportunity, perceived need (pressures), and rationalization



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Role of Forensic Accountant:

Forensic accountants analyze financial records and accounts that may be used as legal evidence and often testify in court cases as expert witnesses. Forensic accountants look for evidence of crimes and commonly work for insurance companies, financial institutions, and law enforcement agencies. More than a standard accountant, a forensic accountant may serve as an investigator, auditor and attorney, for the purpose of looking for clues, predicting the criminal mind, analyzing reports for irregularities, and understanding the law well enough to know how to make evidence work for a case.

Importance of Forensic Accounting:

- Forensic accounting is sometimes called “fraud examination accounting”.
- The two main categories are: 1) investigation and dispute resolution and 2) litigation support.
- The capture of Al Capone was one of the most prominent forensic accounting cases and gave a spotlight to the industry.
- Many forensic accountants today have become a CFE (Certified Fraud Examiner) or a CrFA (Certified Forensic Accountant).



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- Expert witnesses are in high demand, as judges often make rulings based upon their findings.
- Forensic accounting is used in both civil and criminal cases, as well as family law matters such as divorce.
- As fraud continues to grow, the forensic accounting field becomes more and more indispensable.
- Technology has made fraud easier and thus creates a massive opportunity for forensic accountants to utilize their expertise.
- While technology has reduced the number of accountants used in the workplace, this reduction is likely to lead to more fraud and theft.
- Settling divorce disputes is one of the most common tasks for a forensic accountant.
- Unlike an auditor, a forensic accountant is typically called upon once suspicion of fraud has been detected.
- Fraud-related engagements are necessary to unearth potential scandal within an organization.

Significant of forensic accounting

When **Wilson** was working as a CPA for the US Internal Revenue Service, he was assigned to investigate the transactions of the infamous gangster **Al Capone**. However it was Capone's federal income tax fraud that was discovered by forensic accountants.



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Wilson's diligent analysis of the financial records of Al Capone indicted him for federal income tax evasion. Capone owed the government \$215,080.48 from illegal gambling profits and was guilty of tax evasion for which he was sentenced to 10 years in federal prison.

Career Path:





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Conclusion:

Thus from the above information, we can clearly understand that “As a detective is to crime, a forensic accountant is to financial crime. Forensic accountants are unsung heroes”.



**PARAMESWARAN
THIRUMOORTHY
SRO0802927**



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3. COST AUDIT RELEVANCE IN CURRENT CONTEXT & CARO REPORTING REQUIREMENTS

MEANING OF COST AUDIT

A cost audit represents the verification of cost accounts and checking on the adherence to prescribed cost accounting procedures. The verification related to the cost of a product or service being provided by a business unit. is done by a cost accountant who is appointed by company management, with a prior approval from the Central Government, as the cost auditor.

The audit is done not only for the entries made in the cost accounting books but to see that the various resources are used by the company with maximum efficiency and the cost of production and cost of sales is kept to the minimum.

The Cost Audit is covered by Section 148 of The Companies Act, 2013 and Companies (Cost Records and Audit) Rules 2014, to provide for guidance thereunder.

Further highlight is given on certain keywords namely,

COST RECORDS - “Cost Records” means books of account relating to utilisation of materials, labour and other items of cost as applicable to the production of goods or provision of services under rule 2 (e) of the Companies (Cost Records and Audit) Rules, 2014.



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COST ACCOUNTANT - A Cost Accountant (CWA/ICWA) is a professional accountant by being a member of the professional body of cost accountants who holds a valid certificate of practice.

COST AUDIT REPORT - “Cost Audit Report” means the duly signed cost auditor’s report on the cost records examined and cost statements which are prepared as per these rules including attachments or observations if any ,are included in such report.

Relevance under Companies Act, 2013

Companies Act 2013 deals with the formation, regulation, responsibilities, and dissolution of companies. Additionally, this act also aims to encourage growth and development of the economy by simplifying the process of setting up and maintaining an organisation.

The provisions under Sec 148 are as follows:

The CG may by order, in respect of class of companies engaged in the production of such goods or providing such services, direct that particulars relating to the utilization of material or labour or to other items of cost shall also included in the books of account kept by that class of company .



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The Proviso of section 148(1) The CG, before issuing such order in respect of any class of companies regulated a Special Act, consult the regulatory body established under such special act.

If the Central Government is of the opinion that it is necessary it may, by order, direct that the audit of cost records of such company shall be conducted in the manner specified therein.

Where a company in pursuance of a resolution passed a cost accountant in practice shall be appointed by the Board on such remuneration as may be determined by the members in such manner as may be prescribed

Provided that no person appointed under section 139 as an auditor y shall be appointed for conducting the audit of cost records. The auditor conducting the cost audit shall comply with the cost auditing standards issued by the Institute of Cost and Works Accountants of India.

An audit conducted under this section shall be in addition to the audit conducted under section 143.

The qualifications, disqualifications, rights, duties and obligations applicable to auditors under this Chapter shall be applicable to a cost auditor appointed .The duty of the company to give all assistance and facilities to the cost auditor for auditing the cost records of the company.



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Provided that the report on the audit of cost records shall be submitted to the Board of Directors of the company.

- A company shall within thirty days from the date of receipt of a copy of the cost audit report furnish the Central Government with such report along with full information and explanation on every reservation or qualification contained therein.

- If, after considering the audit report and the information furnished by the company, the Central Government is of the opinion that any further explanation is necessary, it may call for such further information and explanation and the company shall furnish the same within such time as may be specified by that Government.

- If any default is made in complying with the provisions of this section,—

- (a) the company and every officer of the company who is in default shall be punishable in the manner as provided in sub-section (1) of section 147;

- (b) the cost auditor of the company who is in default shall be punishable in the manner as provided in sub-sections (2) to (4) of section 147.



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COST AUDIT RULES, 2014

A brief analysis of provisions of Cost Audit under Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 are as follows:

Cost Records [Section 148(1)]:

The CG may direct to include the particulars of costs in books of accounts by the class of companies. So under **Rule 3** of Companies (Cost Records and Audit) Rules 2014 the above provision is covered based on a threshold limit during immediately preceding financial year.

Similarly as per **Rule 5** the Cost records shall be maintained electronically in E-Form CRA-1

Cost Audits [Sec.148(2)]:

CG may direct to conduct audit of cost records of such class of companies having turnover or net worth as may be prescribed:

Rule 4 contains particulars relating to the applicability of cost audit



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TURNOVER	As per Rule 3	Every company specified under Rule 3A REGULATED SECTOR	Every company specified under Rule 3B NON- REGULATED SECTOR
	From all of its product or services, or	Rs.50 crore or more	Rs.100 crore or more
	From individual products or services specified	Rs.25 crore or more	Rs. 35 crore or more

Non applicability of COST AUDIT:

Type 1 Companies having revenue from exports in foreign exchange exceeds 75% of revenue

Type 2 Company operating in Special Economic Zone

Type 3 Company which generates electricity from CAPTIVE generating plant.



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Rule 6 of the Companies (Cost Records and Audit) Rules, 2014:

Cost Auditor shall submit a certificate as per Rule 6(1A). The company shall within 180 days of the commencement of every financial year , appoint cost auditor. The auditor shall be informed about his appointment and notice of his appointment shall be filed within 30 days of his appointment in Form CRA-2.

Tenure of cost auditor: Every auditor shall continue his office till the expiry of 180 days from the closure of the financial year or till he submits his cost audit report.

Removal of Cost Auditor: Cost Auditor may be removed before expiry of his term, through a board resolution after giving him reasonable opportunity of being heard.

Casual Vacancy: Any casual vacancy of cost auditor whether due to resignation, death or removal, shall be filled by board of directors within 30 days of such occurrence and company shall inform CG in E-Form CRA-2 within 30 days of appointment of cost auditor.

Signing of Cost Statements: Cost Statements to be annexed to the cost audit report, shall be approved by the Board of directors before signing on behalf of the board by any director, for submission to the cost auditor to report thereon.



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Cost Audit Report: Cost Audit Report shall be made in form CRA-3 and shall be forwarded to Board of Directors within a period of 180 days from the closure of the financial year.

Filing with ROC: Cost Audit Report shall be filed in XBRL format within 30 days of receipt of report in E-Form CRA-4.

CARO 2020 IMPLICATIONS:

CARO 2020 is a new format for issue of audit reports in case of statutory audits of companies under Companies Act, 2013. CARO 2020 has included additional reporting requirements after consultations with the National Financial Reporting Authority (NFRA).

It is applicable for all statutory audits commencing on or after 1 April 2021 corresponding to the financial year 2020-21. Accordingly, the order applies to all the companies except the following companies specifically **excluded** from its purview:

- One person company
- Small companies (Companies with paid up capital less than/equal to Rs 50 lakhs and with a last reported turnover which is less than/equal to Rs 2 crores).
- Banking companies.
- Companies registered for charitable purposes.
- Insurance companies.



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• The following private companies are also exempt from the requirements of CARO, 2020: –

- Whose gross receipts or revenue (including revenue from discontinuing operations) is less than or equal to Rs 10 crore in the financial year
- Whose paid up share capital plus reserves is less than or equal to Rs 1 crore as on the balance sheet date (i.e. usually at the end of the FY).
- Not a holding or subsidiary of a Public company.

Whose borrowings is less than or equal to Rs 1 crore at any time during the FY.

Matters to be included in Auditor's Report as per CARO 2020

As per clause (vi) to Paragraph 3 of the CARO 2020, the auditor has to report whether maintenance of cost records has been specified by the Central Government u/s 148(1) of the Companies Act , 2013 and whether such cost accounts & records have been so made and maintained.

CONCLUSION

The designed audit procedures help set a required pathway for the audit process so that auditors can have a set trajectory that can help them effectively execute the overall audit process.



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However, for this to be considered, it is increasingly important for audit assertions to be applied that correlate to the matter at hand, and are able to add substantial value to the company in this regard. Hence, audit procedures are mainly designed to specify the task that was conducted and the underlying reason behind which it was important to set this as an audit procedure.

Therefore, it becomes highly important to consider the fact that helps to justify whatever the auditor does across the course of the audit domain so that supervisors know the reason and rationale behind the audit being conducted in this regard.



This presentation has been made by **GODASREE S (SRO0596912)** in Mega CA Students' Conference held in Pondicherry under Technical session III - COST AUDIT RELEVANCE IN CURRENT CONTEXT & CARO REPORTING REQUIREMENTS. She has represented our branch and has bagged **FIRST PRIZE** in the conference

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**Glimpse of the events held
in February 2023**

UNION BUDGET 2023

Speakers : Pavithra, D Jayadurga & Nishaan R

TOPIC: DIRECT TAX



JAYADURGA



NISHAAN R



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TOPIC: INDIRECT TAX





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INSTALLATION OF THE NEW OFFICE BEARERS FOR THE YEAR 2023-24





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ADDRESS BY **BRANCH** **CHAIRPERSON**

CA SIVAGURUNATHAN

ADDRESS BY **BRANCH** **SECRETARY**

CA SHIVACHANDRA
REDDY K





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IMPORTANT ANNOUNCEMENTS DURING FEB 2023



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

Board of Studies (Academic)



Free Live Coaching Classes

Starting from 10th March 2023 for **Intermediate** 7th Batch students appearing in November 2023 exams

Timings

Session I	Session II
07.00 AM to 9.30 AM	06.00 PM to 8.30 PM

For schedule, kindly visit

<https://boslive.icai.org/>

Complete Syllabus Coverage:

250+
Video Lectures

625+
Learning Hours

Salient Features



CA. Aniket Sunil Talati
President, ICAI



CA. Ranjeet Kumar Agarwal
Vice-President, ICAI



CA. Vishal Doshi
Chairman, BoS (Academic)



CA. Dayaniwas Sharma
Vice-Chairman, BoS (Academic)

Ways To Join Classes

BoS Knowledge portal link - <https://boslive.icai.org/>
Mobile App - "ICAI BOS" - (available in Android and i-OS)

Students can also attend classes through "ICAI BOS" mobile app
(Download from Google Play store & Apple App store)



Free Live coaching classes for CA Intermediate students organized by ICAI-BOS



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भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)



Board of Studies (Academic)
The Institute of Chartered Accountants of India

8th February, 2023

Re: Announcement for Students at Intermediate and Final Level eligible for appearing in November, 2023 CA Examinations

Students may note that November 2023 CA Intermediate and Final Examinations would be held under the existing Scheme of Education and Training.

Director

Announcement for Students at Intermediate and Final level eligible for appearing in November, 2023 CA Examination.



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Note on Online Home-Based Practical Training Assessment conducted by ICAI:

- ❖ The practical training tests will help students to self-assess themselves and know as to what they have learnt during their training. These tests are not an eligibility criterion for appearing in CA Final examination.
- ❖ The students after completing the 1st/ 2nd year of practical training are eligible to appear in these assessment tests.
- ❖ A student has to appear in these tests based on his/her completion date of first/ second year of practical training, irrespective of his/her CA Final attempt. However, whenever the student will qualify the CA Course, he/ she will get a virtual certificate wherein the average grade secured by him/ her in both the levels (if applicable) will be displayed.
- ❖ For FAQ's on this test, visit the link <https://resource.cdn.icai.org/50659bosfaqapt.pdf>



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TRIVIA CORNER

MCQ ON TAXATION

1) If the property constitutes Stock-in-Trade of a business or the business of the Assessee is to let-out house properties, the Income is to be charged only under the head-

- 1.Income from House Property
- 2.Income from Other Sources
- 3.Profits and Gains of Business or Profession
- 4.Capital Gains

2) Where a closely held Company gives an loan/advance to a shareholder who has 10% voting power in the Company or to concern in which such shareholder has 20% share of profits, in case such concern is a non-Company assessee or has substantial interest (20% voting power) in case it is a Company then loan/advance so paid shall be deemed divided to the extent of –

- 1.Accumulated Profits whether capitalized or not
- 2.Accumulated Profits excluding capitalized profits
- 3.Loan or Advance so paid
- 4.Accumulated Profits including capitalized profits



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3) Exemption under Section 54F shall not be allowed if the assessee, on the date of transfer, owns-

1. Any Residential House
2. A Residential House which is let out
3. A House which is self-occupied
4. More than one Residential House.

4) If the new agricultural land purchased (for which exemption was claimed u/s 54B) is transferred, then -

1. CG exempt u/s 54B earlier shall be taxable
2. Entire CG on new transfer shall be taxable
3. for the purpose of computation of Capital Gain, the cost of acquisition shall be reduced by the amount Capital Gain exempt u/s 54B earlier
4. None of the Above.

PREVIOUS MONTH ANSWERS

1. (C)
2. (C)
3. (A)
4. (D)



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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