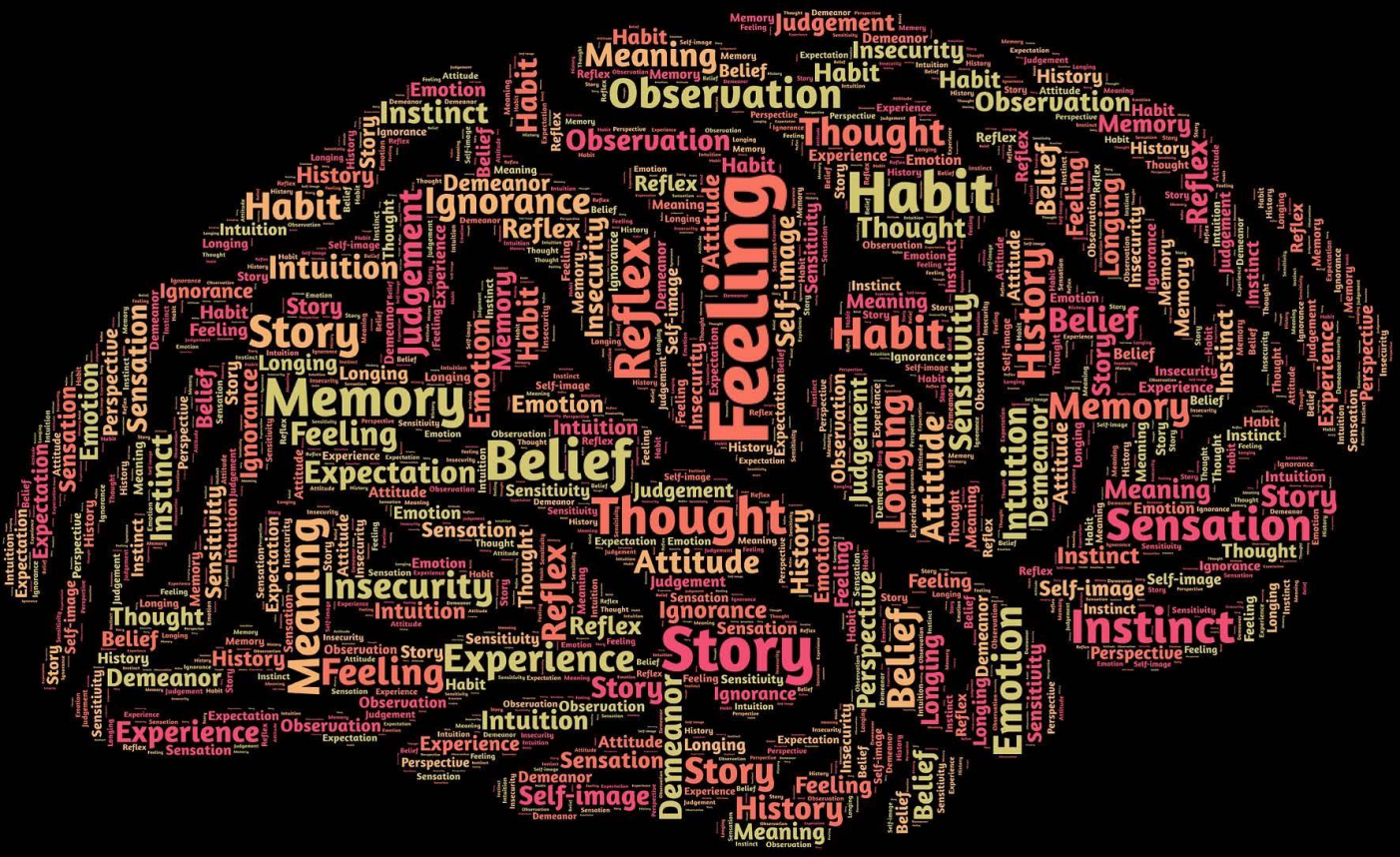
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(SETUP BY AN ACT OF PARLIAMENT)
KOZHIKODE BRANCH OF SICASA



YUKTHI

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Contributions to e-newsletter

Contributions in the form of articles, stories, poems, jokes, drawings etc. are invited for the monthly e-Newsletter "YUKTHI". Students can email their contribution to *sicasaclt@gmail.com* along with name, photo and student registration number.

Stay Connected

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QUOTE OF THE MONTH

" It 's high time that we move from
I am confident YOU can do it
To,
I am confident **I** can do it "

Instead of waiting for someone else's appreciation, let's start appreciating ourselves. It's also important to pat our own back when we do something good!! We should be our biggest fan and biggest critic as well . Before having confidence in others lets have confidence in ourselves.

CHAIRPERSON'S MESSAGE

Dear students,

"Develop an attitude of gratitude, and give thanks for everything that happens to you, knowing that every step forward is a step toward achieving something bigger and better than your current situation."

This is a quote from Brian Tracy, a great motivational guru and an author of current times.

SICASA at Kozhikode is constantly striving to reach out to its students and interact with them to increase their knowledge in terms of education as well as the current happenings in the profession.

At this juncture, I have immense pleasure to take the responsibility of chairperson of our Chapter.

For many years SICASA office bearers have laboured ceaselessly to ensure that our students feel secure in their studies, training and extracurricular activities. The current SICASA team shall continue that tradition and work with every student as a helping hand to achieve their goals and be successful in their chartered accountancy career.

We will continue to organise high quality refresher courses and workshops for our students.

I request students to take advantage of these benefits and make the most of it during this time.

I request you to share your ideas, vision and suggestions to ***jyothip_16@yahoo.co.in***

As always, take care, stay safe and remain healthy.

Best Regards,

CA. Albhudha Jyothi M
SICASA Chairperson

NEED OF CFC LEGISLATION IN INDIA

CA. PUSHP KUMAR SAHU

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.

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.

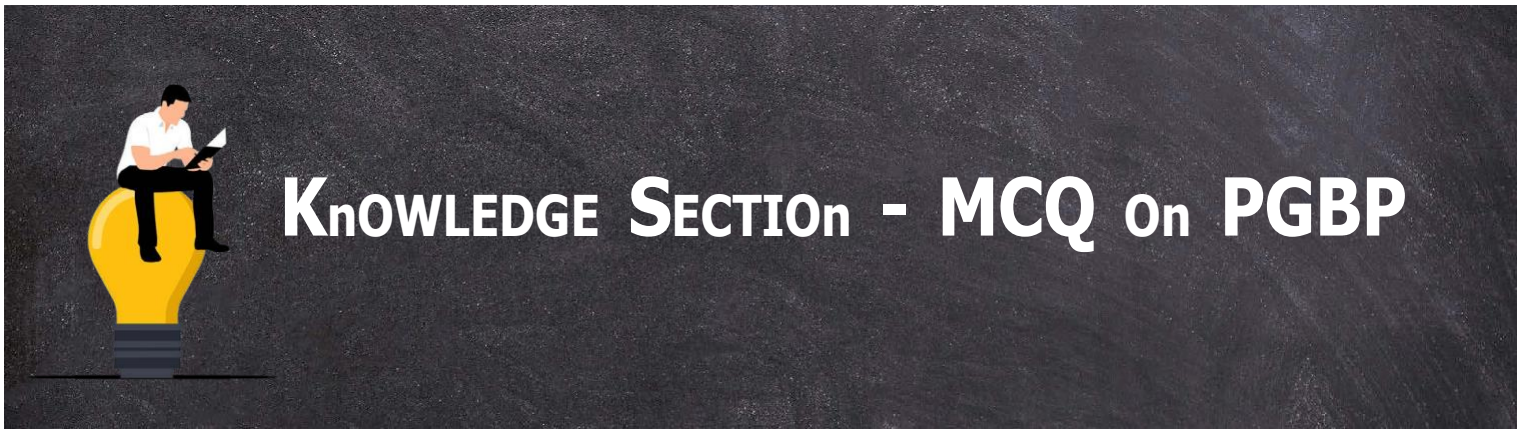
1. **Meaning of Controlled Foreign Corporations:**

   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.

2. **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.



1. An electricity company charging depreciation on straight line method on each asset separately, sells one of its machineries in April, 2021 at ` 1,20,000. The WDV of the machinery at the beginning of the year i.e., on 1st April, 2021 is ` 1,35,000. No new machinery was purchased during the year. The shortfall of ` 15,000 is treated as ?

   (a) Terminal depreciation
   (b) Short-term capital loss
   (c) Normal depreciation
   (d) Any of the above, at the option of the assessee

2. The W.D.V. of a block (Plant and Machinery, rate of depreciation 15%) as on 1.4.2021 is ` 3,20,000. A second-hand machinery costing ` 50,000 was acquired on 1.9.2021 through account payee cheque but put to use on 1.11.2021. During January 2022, part of this block was sold for ` 2,00,000. The depreciation for A.Y.2022-23 would be ?

   (a) ` 21,750
   (b) ` 25,500
   (c) ` 21,125
   (d) ` 12,750

3. Mr. Shanu, a wholesale supplier of dyes, provides you with the details of the following cash payments made throughout the year –

   • 12.06.2021: loan repayment of ` 27,000 taken for business purpose from his friend Kunal. The repayment also includes interest of ` 5,000.

   • 19.08.2021: Portable dye machinery purchased for ` 15,000. The payment was made in cash in three weekly installments.

   • 26.01.2022: Payment of ` 10,000 made to electrician due to unforeseen electric circuit at shop.

• 28.02.2022: Purchases made from unregistered dealer for ` 13,500.

What will be disallowance under 40A (3), if any, if Mr. Shanu opts to declare his income as per the provisions of section 44AD ?

(a) ` 18,500
(b) ` 28,500
(c) ` 13,500
(d) Nil

4. GTR is a working partner in a firm on behalf of his HUF and the HUF has contributed ` 3,00,000 as its capital contribution. Apart from this, GTR has given a loan of ` 50,000 to the firm in his individual capacity. The firm pays interest as per market rate of 15% per annum on capital as well as loan. Compute the amount of interest that shall be allowed to the firm while calculating its business income assuming that the interest is authorized by the partnership deed ?

– (MTP Nov 2021 Q3)

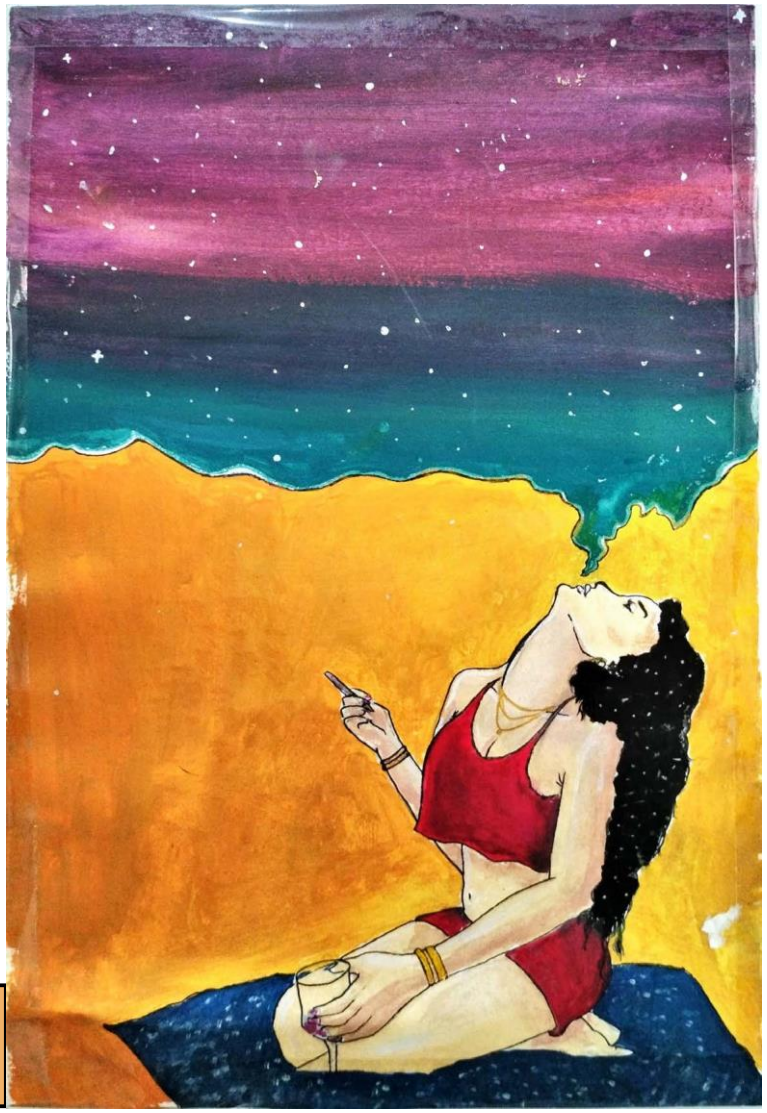
(a) ` 42,000
(b) ` 51,000
(c) ` 52,500
(d) ` 43,500

Answers

1. - a
2. - a
3. - d
4. - d

Anitta Jaison
SRO0752260

Art Corner



Nihala M
SRO0656272

Ω Invitation for emlanelment as Counsellors for the Career Counselling Programmes organized by the Committee on Career Counselling

The Committee on Career Counselling (CCC) is constituted to promote Commerce Education with special focus on CA Course amongst Secondary, Higher Secondary, Graduate and Post Graduate Students by conducting Career Counselling Sessions in schools and Colleges.

Applications are invited from eligible members of the Institute to empanel as a Counsellor, having a flair for conducting career counselling programme. The eligible members can register through the online portal https://ccg.icai.org/ and can contribute to the successful drive of Career Counselling.

Eligibility to be a Counsellor: A Chartered Accountant (active member) with good command over English and vernacular language, with exemplary Communication and Public Speaking Skills.

Honorarium	Rs. 5000/- including Conveyance.
Expenses	Expenditure includes all items like cost of Banner, Memento to Schools/ College Heads, Photographs, Press Meet etc. Actual expenditure incurred subject to maximum of Rs. 2000/- will be paid to the Counsellor. GST will be paid extra at actuals.

Members who are already empaneled need not apply again.

For any queries related to above kindly contact at 0120-3876871/886, email: ccc.secretary@icai.in

Committee on Career Counselling

EVENTS - APRIL, 2022

Health Day Workshop

Seminar on “How to Face CA Exams”

Elocution Contest

AGM

PATHSHALA

ONE STOP FOR ALL YOUR PREP

WEEK 1 SCHEDULE

DATE	SUBJECT & PORTION	FACULTY	TIME
APRIL 17	DT- PGBP	CA SMITHA V	10 AM TO 1 PM
APRIL 18	DT - CAPITAL GAIN	CA SMITHA V	4 PM TO 6 PM
APRIL 19	COSTING- STANDARD COSTING	SHAKIR AHMED	4 PM TO 6 PM
APRIL 20	COSTING- STANDARD COSTING	SHAKIR AHMED	4 PM TO 6 PM
APRIL 21	AUDITING- SA240,SA 520, MCQs	CA AJU PV	7:30 PM TO 9:30 PM
APRIL 22	AUDITING- RISK ASSESSMENT	CA REVATHY RAJA	7.15 PM TO 10 PM
APRIL 23	ECONOMICS-INTERNATIONAL TRADE	NITHYAN SETHUMADHAVAN	7:30 PM TO 9:30 PM
APRIL 24	DT- TDS,TCS & ADVANCE TAX	CA JUSTIN RAJ	4 PM TO 6 PM

WEEK 2 SCHEDULE

DATE	SUBJECT & PORTION	FACULTY	TIME
APRIL 25	FM- OVERVIEW	CA SALMAN ABDUL AZEEZ	7.15 PM TO 9:30 PM
APRIL 26	FM- WORKING CAPITAL MANAGEMENT	CA SALMAN ABDUL AZEEZ	7.15 PM TO 9:30 PM
APRIL 27	FM- DISCUSS PAST PAPER	CA SALMAN ABDUL AZEEZ	7.15 PM TO 9:30 PM
APRIL 28	GST-DISCUSSING PAST RTPs,QUESTIONS	CA LIJIL LAKSHMAN	7:30 PM TO 9:30 PM
APRIL 29	GST-DISCUSSING PAST RTPs,QUESTIONS	CA LIJIL LAKSHMAN	7:30 PM TO 9:30 PM
APRIL 30	AS 14,22,29	CA RAVIKANTH MIRIYALA	7 PM TO 10 PM

Pathshala schedule conducted on last month

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DHRUVI SHAH
Secretary

ANANDHU RAMESH
Vice Chairperson

ARUN CHEERAN
Treasurer

MUHAMMED JAFIN
Sports Head

MUBARAK SHANI
Academics Head

SILPA E V
Cultural Head

ASHEEKA JABEEN
Editor

NITIN SURESH
Joint Secretary

MUHAMMED SWALIH
Joint Treasurer

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