



Bengaluru Branch of SIRC of ICAI

Institute of Chartered Accountants of India

(Set up by an act of Parliament)

**Southern India Chartered Accountants Students Association
(SICASA), Bengaluru**



SICASA E-NEWS LETTER

May-2022

PORT-AI



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Bangalore Branch of SIRC of ICAI

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**Don't let the fear of
losing be greater
than the excitement
of winning**

- Robert kiyosaki

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CHAIRMAN'S MESSAGE||



Dear Budding CAs'

Greetings!!!

Hope you have done well in your exams.

My message for you is:

Never ever settle for small things, always think big, dream big. Aspire to do something great in your life, you are born to do great things.

If each one of you can change yourself you can change the world around you.

You can, you will and you should.

With good wishes

**CA Srinivasa.T
Chairman
Bangalore Branch of SIRC of ICAI**

CHAIRPERSON'S MESSAGE ||



My Dear Students,

"*Light Tomorrow with Today!*" Elizabeth Barrett Browning, a famous English poet, quoted. Your acts today shape your future.

Students' life is an opportunity to create a brighter tomorrow. This phase is all about learning, acquiring knowledge, and laying the foundation for a bright future. The future of a student is not passing CA alone.

While passing CA is an integral part of your future, the most crucial aspect is to be a responsible, confident individual with integrity at the core. So, use the time in your hand to mold yourselves into an internationally competent professional and an individual with values.

My hearty congratulations to Siri Shetty, one of the winners of the Regional Elocution contest held in Chennai. She has qualified to participate in the National Contest on 8th June 2022, in Delhi. Good luck, Siri! I am sure you will make all of us proud.

Now that the exam pressure is off you, you all must be relaxing. This is the time to return to the Institute and actively participate in SICASA activities. As you are aware, the AGM of SICASA has been scheduled on 10th June 2022.

I look forward to seeing you with your nomination forms to be part of the Managing Committee of SICASA.

'Game of Medals', Sports Day for the students of Bengaluru Branch of SIRC of ICAI, has been scheduled for 2nd July 2022. Details of the event are elsewhere in the newsletter. I urge students to enroll in large numbers for the event and make it a grand success. It will be a time for you to bond with your fellow students.

Start your practice now and stay fit! See you soon.

With loads of good wishes,

CA Kavitha Paramesh

SICASA Chairperson

DECODING THE LEGAL JARGONS ||

ejusdem generis

– (of the same kind)



“*Ejusdem generis*” (ee-joose-dem gen-ris) is a Latin phrase that means **“of the same kind.”** The statutory and constitutional construction principle of “*ejusdem generis*” states that where general words or phrases follow a number of specific words or phrases, the general words are specifically construed as limited and apply only to persons or things of the same kind or class as those expressly mentioned.

For example, if a law refers to automobiles, trucks, tractors, motorcycles, and other motor-powered vehicles, a court might use *ejusdem generis* to hold that such vehicles would not include airplanes, because the list included only land-based transportation.

Ejusdem generis is an **interpretive guide for a contract under New York law**. The rule is used only to help determine whether there is intent; if intent is found, *ejusdem generis* does not subvert intent.

This principle is limited in its application to general word following less general word only. If the specific words do not belong to a distinct.

Genus, this rule is inapplicable. Consequently, if a general word follows only one particular word, that single particular word does not constitute a distinct genus and, therefore, *Ejusdem Generis* rule cannot be applied in such a case.

Exceptional stray instances are, however, available where one word genus has been created by the courts and the general word following such a genus given a restricted meaning. If the particular words exhaust the whole genus, the general word following these particular words is construed as embracing a larger genus.

The principle of *Ejusdem Generis* is not a universal application

THE RISE OF ADANI ||

Gautam Adani, born in Ahmedabad in 1962, has gone from being a college dropout to owning an empire worth almost \$200 billion. This meteoric rise has been commended and studied by many to learn the secrets behind his success. After all, overtaking Mukesh Ambani in just two years to become, however fleetingly, the wealthiest man in the world's fastest-growing economy is no small feat. As of June 2022, Adani's net worth stands at \$98.7 billion, just 1 billion short of Ambani's net worth. Yet, unlike his competitor, he is a first-generation entrepreneur, making his success all the more impressive. As Chairman of the Adani Group, he took just about three decades to build a group of seven listed companies that today aggregate a total market capitalization of \$153 billion.



He dropped out of college in his second year in 1978 to pursue a career in Mumbai's diamond industry as a broker at Mahindra Brothers, following which he set up his diamond brokerage firm for a few years. Business boomed, and he worked his way to becoming a millionaire at the young age of 20. He then moved back to Gujarat to help with his brother's plastics business. While working with his brother, he began his stint in commodity trading by importing Polyvinyl Chloride, a key raw material in plastics manufacturing. This gave him the expertise he needed to set up his own company called Adani Enterprises for the import and export of commodities in 1988, built on the notion of 'nation building'. The company initially dealt with agricultural imports, although it soon expanded its operations to include coal mining, power generation, ports, edible oil, gas

distribution and much more. Much of his growth and profitability during this period are attributed to the new liberalization reforms of 1991.

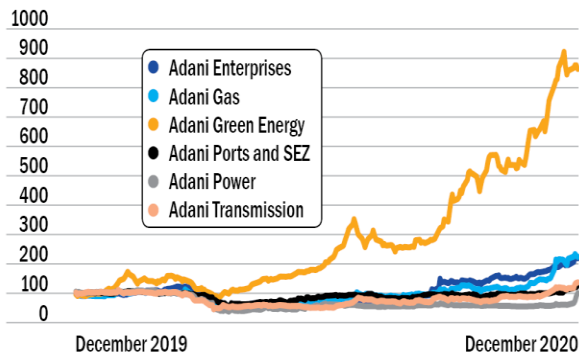


In 1995, Adani secured a contract with the Government of Gujarat to run the Mundra Port, which soon became the Adani Ports and Special Economic Zone Limited (APSEZ). This port helped him bring in coal, palm oil and liquified gas, which led him to enter allied industries such as mining and electricity generation and distribution. His expansion into other fields continued, leading to the creation of seven listed companies under the Adani Group as follows:

- 1. Adani Ports and Special Economic Zone Limited** - India's biggest private port operations with 13 terminals and ports on both the West and the East Coast.
- 2. Adani Enterprises** - India's biggest coal trader, mining contractor and private airport operator.
- 3. Adani Green Energy** - One of the world's largest wind and solar power developers.
- 4. Adani Transmissions** - The largest private-sector electric power transmission and distribution company in India.
- 5. Adani Wilmar** - India's largest edible oils manufacturer.

6. Adani Total Gas - The largest city-wide gas distribution unit in India.

7. Adani Power - The largest private producer of thermal power in India.



Adani is known for building his business strategy around political patronage and leverage and intense risk-taking behaviour. To understand the technical aspects of his rise to glory, one must look at the valuation of his companies. A high price-earnings ratio for each of the seven companies indicates how overvalued they are with respect to their sectors. This is because Adani has brilliantly aligned his ventures with the current vision of the central government. For instance, his focus on renewable energy gives him the upper hand in an economy seeking to grow fast yet sustainable, leading many investors to pay higher prices out of fear of missing out on the next big thing.

Like most good entrepreneurs, he has a knack for picking the hottest industries that combine governmental support and limited competition. Adani's emphasis on 'nation building' keeps him in the good books of the current government led by Narendra Modi, who is a good friend of his.

In fact, it is often mentioned how the two rose to power over the same period. Adani began to commercialize his port and industrial zone as Modi served as the state's executive head and has shown constant support for the latter's campaigns. Adani thus capitalized on the fact that the intertwining of corporate strategies and government priorities is the best way to build a successful business in India.

However, his rapid diversification could hamper his economic growth if not controlled. His foray into the cement and media industries by acquiring ACC and Abuja Cement, as well as AMG Media Networks, has been largely backed by debt, which could become problematic given how the central bank is hiking interest rates on a regular basis. His company's total outstanding debt is estimated at around \$20 billion, causing further concerns that its valuation may be forming a bubble.

While this debt financing may be concerning to many, Adani is known for being calculated and versatile and may very well come out of this more profitable than ever. With his diverse portfolio of businesses and industries ranging from dirty coal mining to renewable energy, the future of the planet, there appears to be nothing that can stop this billionaire baron from succeeding. It is safe to say that Adani's rise has begun and will not end anytime soon.

Starting as a small commodities export firm, his company is now well on its way to becoming one of India's largest private sector conglomerates, with plans to overtake the Birla, Mahindra, and Bajaj groups in the near future. If they stay on their current path, they will be able to achieve their goal of becoming a world-class business leader who will enrich lives and contribute to the growth of a nation.

ALONG WITH OPPORTUNITIES, THERE ALSO EXIST MANY OTHER TRICKY AND COMPLEX ISSUES TO BE MANAGED IN INDIA . THESE INCLUDE TACKLING BOTH POLICY LEVEL CHALLENGES AND INFRASTRUCTURE CHALLENGES.

- **GAUTAM ADANI**

ITR-U: UPDATED INCOME TAX RETURN ||

- *Naman Begur*

The income tax department has notified Form ITR-U for filing the 'Updated' income tax return in the Union Budget 2022. This new provision allows the taxpayers to update their ITR's within two years of filing, on payment of additional taxes, only in case of errors or omissions. The provision of updated return is available in **Section 139(8A)** of the Income Tax Act. The taxpayer can file the updated return after the relevant assessment year but within 24 months.

Let us first have some basic idea upon the existing ITR, which are as follows:

(a) ITR 01 -For Resident Individual having Salary, IFOS, 1 HP and agriculture Income upto Rs. 5k (Total Income \leq Rs.50L)

(b) ITR 02 – For Individual/HUFs not having business or profession income and not covered under ITR 01

(c) ITR 03 – For Individual/HUF Having Business/Profession Income

(d) ITR 04 – For Individual/HUF/Firm(other than LLP) having Presumptive Income from Business and Profession and Total income \leq 50 Lakhs

(e) ITR 05 - For Partnership Firm, LLP, AOP, BOI

(f) ITR 06 - For Companies not claiming exemption u/s 11

(g) ITR 07 - For Trust, Political party

Above stated forms have separate deadlines to it, which an assessee need to keep in mind to avoid late fees u/s 234F. All the forms are submitted u/s 139(1) which we can mention it as original form as well.

There is a new form called "ITR – U" for filing the 'Updated' Income Tax Return.

In this form, taxpayers should provide the exact reason for filing and the portion of income to be allowed for taxation purposes. Budget 2022-23 has made arrangements so that taxpayers can revise their **Income tax return filling** within two years, subject to payment of taxes. **This move is aimed at helping taxpayers to rectify any discrepancies or omissions.** However, there is a limitation as well, **a taxpayer can file only one updated return per assessment year.**

At present, if the IT department finds that some income has been omitted by the assessee, it goes through a lengthy process of adjudication, and the new proposal will re-establish trust in the taxpayer. However, if a prosecution proceeding is initiated by serving notice for a particular Assessment Year, taxpayers can not avail benefits of ITR-U for that particular year. Additionally, if the taxpayer furnishes an updated return but payment of the additional taxes has not been made, then the return will be considered invalid.

Income Tax Updated Return (ITR – U)

Updated return is a type of return on income u/s 139(8A) of the Income Tax Act 1961 to be filed using Form ITR-U. It allows taxpayers to:

- (a) File Return of Income Not Filed Earlier
- (b) Make Corrections in Disclosure in Income Tax Return
- (c) Fix or Change the Head of Income
- (d) Reduce the Carry Forward Loss
- (e) Reduce Unabsorbed Depreciation
- (f) Reduce Income Tax Credit and More

The new provision allows the taxpayers to update their ITRs within two years of filing, on payment of additional taxes, in case of errors or omissions. The Provision of the same has been stated u/s 139(8) of the Income Tax Act, 1961.

The taxpayer can file the updated return after the relevant assessment year but within 24 months. For example, for the assessment year 2022-23, an updated return can be filed by 31 March 2025.

Who can file an updated ITR?

Persons eligible to update returns for FY 2019-20 and subsequent assessment years as per newly inserted section 139 8(A) of the act, are:

- (a) Any person, who has furnished his original return of income, or
- (b) Furnished belated return, or
- (c) Furnished revised return.

Who cannot file an updated ITR?

If any assessee falls under any of the following condition than that assessee cannot file the updated ITR i.e. ITR – U

- Loss Return
- NIL Return
- Increase in refund / Claiming of Refund
- If the total Tax liability is to be reduced
- Losses to be adjusted against the income
- Search / Survey / Prosecution proceedings are initiated for that AY.
- Assessment / reassessment / revision is pending or completed for that AY.

Details to be mentioned in ITR-U

In ITR-U, the taxpayer needs to specify only the amount of additional income, on which tax is required to be paid. No details of income break-up are needed while filing up ITR-U. Except the exact reason of filing up the ITR-U need to be submitted as well.

Verification of Updated ITR

The same can be done in following ways:

- (a) Digital Signature Certificate (DSC): In case of Tax Audit, return of political Party
- (b) Electronic Verification Code (EVC): In case of Non-tax Audit
- (c) Verification by posting the acknowledgement to Bangalore has not been specified yet.

How to calculate Income tax return via simple return ?

Section 140B of the Income Tax Act 1961 provides the procedure to calculate income tax on an updated return.

Payable Tax as per original ITR + Interest + Payable fees for non-filing of Income Tax (if any) + Payable amount as Additional Tax (For taking benefit of Section 139(8A))= **Total Income Tax Liability.**

Total Income Tax Liability (from above) – TDS/TCS/Advance Tax/Tax Relief etc = **Net Tax Liability u/s 140B**

Additional Tax Payment!

The Act requires that the taxpayer has to pay an additional tax payment which is as follows:

If updated ITR is filed within 12 months from end of relevant AY (for FY 2020-21) – 25% on tax due amount

If updated ITR is filed after 12 months but before 24 months from end of relevant AY (for FY 2019-20) – 50% on tax due amount.

Specimen of ITR- U can be checked with the help of the link given below

https://incometaxindia.gov.in/Forms/Income-Tax%20Rules/2022/ITR_U_english.pdf

Government Approach

The government is attempting to furnish an opportunity to the assessee to reveal their income which is omitted to be shown previously while on the other side it would generate more revenue for the government. This would optimize the compliance to assessee in a litigation-free environment.

For those looking to file for FY 20-21, the **additional amount will be 25 per cent of the tax and interest payable.**

National Update

India would become \$5-trillion economy by 2026-27: CEA V Anantha Nageswaran

Chief Economic Adviser (CEA) V Anantha Nageswaran on Tuesday said India would become a \$5 trillion economy by 2026-27 and USD 10 trillion by 2033-34. Addressing an event organised by UNDP India, Nageswaran said India is relatively better placed than other emerging economies. "We are now USD 3.3 trillion, it is not such a difficult target to reach. Then if you simply assume 10 per cent nominal GDP growth in dollar terms, then you get to USD 10 trillion by 2033-34 and another doubling with the same rate," he said.

Read More at

https://economictimes.indiatimes.com/news/economy/indicators/india-would-become-5-trillion-economy-by-2026-27-cea-v-anantha-nageswaran/articleshow/92205688.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

LIC IPO among biggest wealth destroyers in Asia

An eye-popping \$17-billion wipeout in market value has made Life Insurance Corp of India one of the biggest wealth destroyers among Asia's initial public offerings this year.

Having plunged 29% since its May 17 debut, India's biggest ever IPO now ranks second in terms of market capitalization loss since listing, according to data compiled by Bloomberg. The drop puts it just behind South Korea's LG Energy Solution Ltd.

Read More at:

https://www.business-standard.com/article/markets/a-month-after-stock-market-debut-lic-is-one-of-asia-s-biggest-losers-122061300684_1.html

Rupee hitting low is good news for one-fifth of the Indian economy:

The fall in the rupee below the 78 mark against the US dollar for the first time ever may have different repercussions for different segments of the Indian economy.

For one pocket — which makes up for nearly one-fifth of the economy, it is a boon, as it increases their income by about 1.3 percent on each dollar earned from foreign markets in the last one month alone. Exporters of goods and services account for 18.7 percent to India's GDP, which expanded 4.1 percent in the January-March period — the lowest pace of growth in a year.

Read More at

<https://www.cnbtv18.com/market/rupee-vs-dollar-inr-usd-below-78-for-first-time-impact-on-indian-economy-13798122.htm>

India's economic growth estimated at 8.7% in FY22, Q4 GDP slows to 4.1%

India's GDP grew by 4.1% in the fourth quarter of FY22. Meanwhile, the overall growth recorded for the financial year 2021-22 is estimated at 8.7% as against the contraction of 6.6% in FY21.

The estimate of 8.7% for FY22 is the highest in 22 years in terms of back series data.

The nominal GDP grew by 19.5% in the financial year 2021-22. Contact-intensive sectors like trade, hotels, and transport grew by 11.1% compared to a contraction of 20%.

Read More at:

<https://m.economictimes.com/news/economy/indicators/gdp-grows-by-8-7-in-fy22-q4-gdp-slows-to-4-1/articleshow/91914997.cms>

India jumps 6 places to 37th rank on IMD's World Competitiveness Index

India has witnessed the sharpest rise among the Asian economies, with a six-position jump from 43rd to 37th rank on the annual World Competitiveness Index compiled by the Institute for Management Development, largely due to gains in economic performance. Denmark has moved to the top of the 63-nation list followed by Switzerland, Singapore. After a stable but stagnant five years, 2022 witnessed significant improvement in the competitiveness of the Indian economy, IMD said, adding that this is largely due to gains in economic performance (from 37th to 28th).

Read More at:

<https://www.thehindu.com/news/national/india-jumps-6-places-to-37th-rank-on-imds-world-competitiveness-index/article65529307.ece>

International Update

Global minimum corporate tax

The global minimum corporate tax on MNCs was aimed at discouraging them from shifting profits to low-tax countries. But it will reduce the incentives to attract investment in developing countries. Corporate tax avoidance costs countries anywhere from \$100 billion to \$240 billion annually, equivalent to 4-10% of global corporate income tax revenues, according to estimates from OECD. Developing countries are disproportionately affected because they tend to rely more heavily on corporate income taxes than advanced economies.

Read more at:

www.business-standard.com/podcast/finance/what-is-global-minimum-corporate-tax-122061300033_1.html

Income Tax department notifies cost inflation index for current fiscal

The Income Tax Department has notified the cost inflation index for the current fiscal to calculate long-term capital gains arising from the sale of immovable property, securities and jewellery. The cost inflation index (CII) is used by a taxpayer to compute gains arising out of the sale of capital assets after adjusting for inflation.

The Cost Inflation Index for FY 2022-23 relevant to AY 2023-24 is **331**.

Read More at:

https://economictimes.indiatimes.com/news/economy/policy/income-tax-department-notifies-cost-inflation-index-for-current-fiscal/articleshow/92225627.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Sri Lankan Cabinet approves several measures to facilitate economic recovery

Sri Lanka is currently facing its worst economic crisis since independence from Britain in 1948,



-Impose a 2.5 per cent tax on companies with an annual turnover of Rs 120 million.

-Declaring Fridays as holidays for most public sector employees.

Read More at:

<https://www.moneycontrol.com/news/world/sri-lankan-cabinet-approves-several-measures-to-facilitate-economic-recovery-8684111.html>

GALLERY ||



Chairman, Bengaluru Branch CA Srinivasa.T and SICASA Chairperson, CA Kavitha Paramesh with Secretary of Bangalore branch SIRC, CA C Pramod Ramamohan Hegde at SICASA AGM, held at S. Narayanan Auditorium, Vasanthnagar, ICAI Bhawan, Bengaluru. Congratulations to the students who are elected into the new managing committee of SICASA Bangalore.



CA Srinivas T, CA Kavitha Paramesh and other members of managing committee presenting a token of appreciation to CA Govindan Unni



Swachh Bharat Abhiyan



SICASA Speakers forum 187th meet held at ICAI Race Course Road Bengaluru



CA Mohan Kumar as General Evaluator of SICASA Speakers forum 187th meet held at ICAI Race course road Bengaluru.



SICASA Speakers forum president Surabhi Dattatri presenting a token of appreciation to CS Kartheek CN, General Evaluator of 188th speakers forum held at ICAI race course road.



SICASA Speakers forum 188th meet held at ICAI Race Course Road Bengaluru.



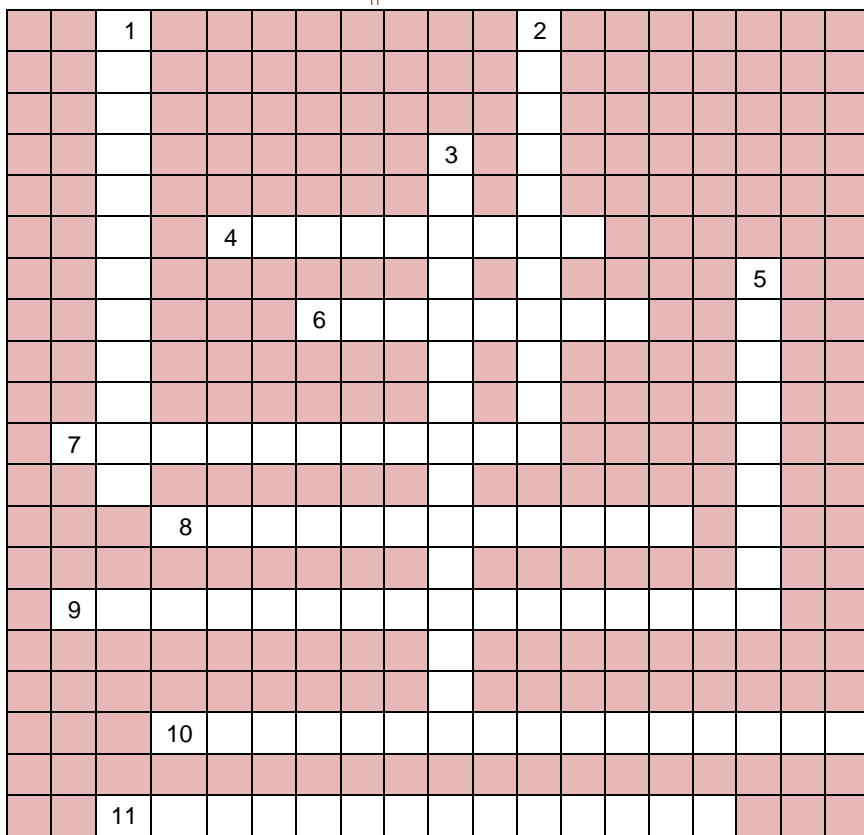
Role takers at 189th SICASA Speakers session held at cubbon park Bengaluru.



SICASA Speakers forum President Surabhi Dattatri presenting a token of appreciation to CA Anil Varma, General Evaluator of 189th SICASA speakers forum



CROSSWORD



Solution – Crossword April 2022

W												P					
O												L					
R								3 P				A			4 A		
K						5 F	C	R	A			N			R		
I									I			N			B		
N						6 P	R	O	D	U	C	T	I	V	I	T	Y
G								R					N		T		
C		7 I	9	3	0		8 I	P	O			9 A	G	O	R	A	
A								E							A		
P			10 T	W	O	P	A	R	T	N	E	R			G		
I								I							E		
T			11 S	12 I	L	I	C	O	N								
A				R				D									
L				R													
						13 I	9	9	2								

Across

4. The purpose of the accounting cycle is to prepare _____ statements like the balance sheet, income statement, statement of retained earnings, and statement of cash flows.

6. A trial balance that lists of all company accounts that will appear on the financial statements after year-end adjusting journal entries have been made.

7. Financial statement _____ is the purpose of the accounting cycle.

8. An entry made at the end of an accounting period to zero out all temporary accounts and transfer their balances to permanent accounts.

9. An income statement account that is used to track accounting activity during an accounting period.

10. A balance sheet account that tracks the activities that last longer than an accounting period.

11. A record or document that contains account summaries for accounts used by a company.

Down

1. A business transaction is recorded as a _____ in the general journal to show how the event changed in the accounting equation.

2. An exchange of value between two different groups with financial or accounting significance.

3. The financial process starting with recording business transactions and leading up to the preparation of financial statements.

5. The accounting _____ is a tool used to help bookkeepers and accountants complete the accounting cycle and prepare year-end reports like unadjusted trial balances, adjusting journal entries, adjusted trial balances, and financial statements

