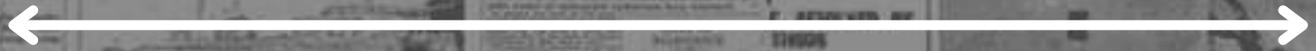




ERNAKULAM BRANCH OF SICASA

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA



MERAKI

August 15th – Independence Day.

**Presumptive Income u/s 44AD,
44AE and 44ADA**

By Karthikeyan Sakthivel

Start-up ecosystem in India

By Nidhi S Kakkat

HELP
Koolof
BECOME
SUN-STRONG
ORGANIC
EXERCISE
& FEEL ACTIVE

BEST AT ITS BEST
L. V. RAO'S
FOR QUALITY, DEPENDABILITY & PUNCTUALITY
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PHONE 401.

VOL. V, NO. 25. MADRAS: SUNDAY, AUGUST 21, 1947. 18 PAGES: 12 ANNAS

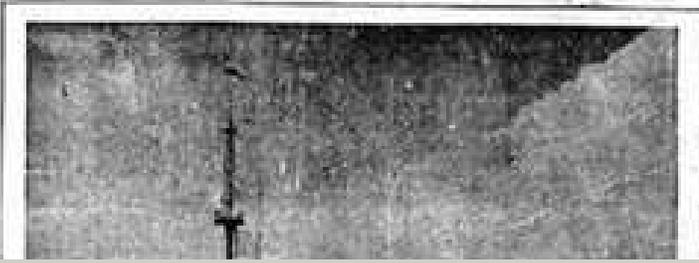
INDIA CELEBRATES FREEDOM

Consamby Takes Over Governance

HISTORIC MIDNIGHT SESSION

NEW DELHI, Aug. 15.

INDIA has awakened to her freedom. Immediately after the stroke of twelve midnight the Constituent Assembly of India took over government of the Country.



Memorable Scenes In Madras

National Flag Over Fort Mammoth Meeting In Beach

THE City celebrated "Independence Day" with a grand enthusiasm. From early morning, citizens met in thousands of groups to the brilliantly lit



WORD OF THE MONTH

Awry /ə'ɾɪ/

away from the usual or expected course or not in the intended way

MALINI
a
GEMINI PICTURE
OUT TO MAKE A NEW MARK OF MERIT IN FILM ENTERTAINMENT
PRODUCED by BANNOTH
DIRECTED by SUBBU

Independence Celebration In The Districts

Unprecedented Enthusiasm At Dawn of Freedom

MADRAS, Aug. 15.



NEW LIFE
Mr. Nehru Calls For Big Effort From People
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Solemn Pledge
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CHAIRMAN'S MESSAGE



CA SURESH G

Dear Students

August was remarkable for all of us. We could successfully conduct our indoor sports "Impetus" with much poise and pomp. It was successful both in terms of participation and quality of participants. It encourages me that most of our students are involved in some form of sporting activity. Physical well being leads to good mental health, which is of much importance and need of the hour in our profession.

Emotional Intelligence

Emotional intelligence is the ability of a person to understand and manage his own emotions. Emotional Intelligence is a much talked about subject these days. The crux of emotional intelligence is understanding true self, meaning thereby understanding the core competency of an individual both positive and negative and tune their action accordingly controlling one's words and deeds in a compassionate manner. We live in a competitive world, and it is imperative on an individual to know his true self before embarking on any venture or project. Unless we have competency to know our strengths and weaknesses in earnest, we are sure to fail.

A CA student undergoes pressure both on assignments and studies. They face peer pressure, parental pressure, and pressure from their principals to deliver. Since students undergo various phases of emotional turbulence at every point of time in their life, it is highly essential to keep good emotional intelligence to tame their mind and resultant actions. So all students must be conscious of their emotional quotient while approaching exams and their work environment as well.

Keeping Resilience

Resilience is the ability to bounce back to normalcy after an untoward or unforeseen situation. A CA student during his article ship and post securing professional qualification encounters a lot of issues both professional and personal counts. Resilience is interconnected with Emotional Intelligence, in fact is an extension of emotional intelligence. So our ability to keep emotions well within our control and return to normalcy in no time after each untoward or unexpected event, makes our life successful. We all are limping back to normalcy after a long spell of pandemic and a lot many people are showing symptoms of being worn out and a detachment to life and profession. Such detachments and what for attitude are turning people to many uncharted and hawkish activities resulting in failure all around. Students are therefore required to inculcate the habit of keeping their emotions under control and ability to be back to normalcy after every hitch in life.

Managing work pressure

All students and members alike are burning their midnight oil to finish the audit on time and ensure filing happens before the wee hours of deadline. Ensure to give maximum quality input to each assignment, unleash true potential to aid and assist our clients in achieving business excellence and compliance. Your work should speak louder than your words.

As Albert Einstein once said, "Strive not to be a success, but rather to be of value."
Happy reading !

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SECRETARY'S REPORT

Dear Readers,

The month of August has been an absolute celebration for Ernakulam SICASA. The main motive of our committee is to provide a platform for all the CA students across the country to showcase all their talents. Talents may not be restricted to just academic related talents, but also cultural, sports and speaking etc. We have always strived to do only what is best for the students by regularly enquiring about their needs and wants. We hope that we have been able to satisfy them all.

In the last month we conducted Impetus 2022, one of the most awaited events of the year. Impetus 2022 was our sports event which has basketball, badminton and the most competitive, volleyball for both men and women. The event was a huge success with a huge turnout. We also conducted a session on Company Audit by the Former SIRC Chairman CA Jomon K George sir. We have a lot of things planned for the month of September. It being the month of Onam for us Keralites, we expect nothing but a colourful month.

The immense love we have received from the students for the past few months have been completely overwhelming and we hope to keep receiving this love till the end of our term.

Wishing you all a very Happy Onam and a Prosperous Tax Audit season!

VICE CHAIRMAN'S REPORT

Dear readers,

August has been a great month for Ernakulam SICASA. We conducted our sports event Impetus which was one of the most awaited events of the year. Being able to satisfy all the needs and wants of the students both in Co-curricular and curricular activities has always been our aim. With the positive feedback we have received from everyone, it fills our hearts.

In the academic side, we conducted a session on Company Audit by the Former SIRC Chairman CA Jomon K George. We have a lot in stall for the month of August.

Wishing all the readers a very happy Tax Audit Season!



POORNENDU M NAIR
SRO 0599836



BINJOEL P JOHN
SRO 0680795

EDITOR'S NOTE

"At the stroke of the midnight hour,
when the world sleeps, India will awake
to life and freedom.."

75 years ago, when Mr.Nehru welcomed the free India with his inspiring speech the whole world witnessed the birth of the largest democracy in the world. And since then we embarked on a journey- A journey of hope. A journey of strength. A journey to never settle. A journey to free our minds of fear. And a journey to always hold our heads high.

As India marked its 75th year of independence on August 15, the whole nation participated in the occasion by hoisting our national flag and singing our national anthem. Various cultural events and the surge of patriotism added more zest to the day.

To add to this zest, the Ernakulam Branch of ICAI conducted its Annual Sports Event- Impetus '22. The two day event conducted on Rajiv Gandhi Indoor Stadium was a whole package of vigour and talent. Every participant gave their absolute best and despite who won or lost, it did make each one of ours' adrenaline rush!

Happy reading!



SHOAIB SHOUKATH



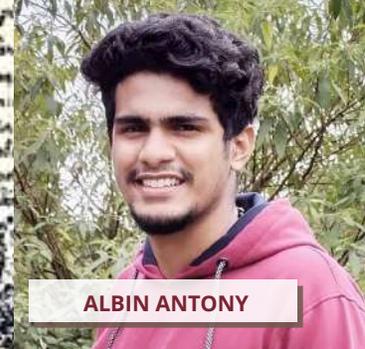
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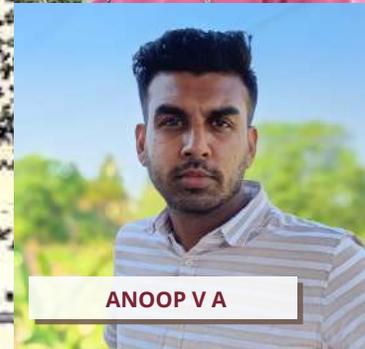
DEVIKA NISHU



SRUTHI RAMANATHAN



ALBIN ANTONY



ANOOP V A

Presumptive Income u/s 44AD, 44AE and 44ADA

Karthikeyan Sakthivel - SRO 0650228

1.HARBINGERT

Presumptive taxation in general involves the use of indirect methods to ascertain the tax liability which differs from the usual rules for ascertaining the tax liability. The term presumptive is used to indicate, there is a legal presumption that the taxpayers income is no less than the amount resulting from application of indirect method.¹ In the Indian context, the rules for presumptive taxation are covered under sections 44AD, 44ADA, 44AE, 44B, 44BB, 44BBA and 44BBB of the Income Tax Act 1961(Herein after referred to as "The act"). The reason for the scheme of presumptive taxation to be popular is, other than a few specified cases the assessee offering income on a presumptive basis is not required to maintain books of accounts as specified under section 44AA of the act and the compliance cost is also reduced to a substantially minimal level.

The scheme of presumptive taxation was introduced by Finance Act, 1988 by way of Section 44AC, the presumption created by section 44AC was irrebuttable. Since the section could not achieve the desired results, it was deleted by Finance Act, 1992 and Chapter XII C was introduced. Then based on the recommendations of the Raja J. Chelliah's tax reforms committee, sections 44AD,44AE, were introduced by Finance Act, 1994. Section 44AD introduced by Finance Act, 1994 was available only for construction contractors. To provide relief to small taxpayers, section 44AF was introduced by Finance Act, 1997. Section 44AF was applicable for persons engaged in the retail business

The scope of presumptive income is expanded to all businesses by Finance act 2 of 2009 by means of substitution of section 44AD and concomitantly section 44AF was omitted. The scope of presumptive income was further widened to cover specified professionals by the way of introduction of Section 44ADA by the Finance Act, 2016. In this article, an attempt is made to provide insights on sections 44AD, 44ADA and 44AE which are applicable for residents and issues revolving around the same.

2. Presumption of Income

2.1 Section 44AD

To help a number of small businesses to comply with the taxation provisions without consuming their time and resources as per section 44AD(1), in case of an eligible person who is engaged in the eligible business the income shall be 8% of total turnover or gross receipts or such other sum higher than 8% claimed to have been earned by the assessee.

To promote digital transactions and to encourage small unorganized businesses to accept digital payments, finance act 2017 substituted the words 6% as against 8% If the amounts are received by way of account payee cheque, account payee draft, Credit Card, Debit Card, Net Banking, IMPS (Immediate Payment Service), UPI (Unified Payment Interface), RTGS (Real Time Gross Settlement), NEFT (National Electronic Funds Transfer), BHIM (Bharat Interface for Money) Aadhaar Pay.² The relevant extract of section is reproduced herewith,

44AD. (1) Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, a sum equal to eight percent of the total turnover or gross receipts of the assessee in the previous year on account of such business or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head

"Profits and gains of business or profession" : [Provided that this sub-section shall have effect as if for the words "eight percent", the words "six percent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account 60[or through such other electronic mode as may be prescribed61] during the previous year or before the due date specified in sub section (1) of section 139 in respect of that previous year.]

For an assessee to opt for section 44AD, he should satisfy two conditions namely, assessee should be an eligible assessee and the business in which the assessee is engaged should be an eligible business. The term eligible assessee is defined by explanation 1 to section 44AD, and term eligible business is defined by explanation (b) to section 44AD which reads as under

Explanation.—For the purposes of this section,—

(a) "eligible assessee" means,—

(i) an individual, Hindu undivided family or a partnership firm, who is a resident, but not a limited liability partnership firm as defined under clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); and

(ii) who has not claimed deduction under any of the sections 10A, 10AA, 10B, 10BA or deduction under any provisions of Chapter VIA under the heading "C. - Deductions in respect of certain incomes" in the relevant assessment year;

(b) "eligible business" means,—

(i) any business except the business of plying, hiring or leasing goods carriages referred to in section 44AE; and

(ii) whose total turnover or gross receipts in the previous year does not exceed an amount of two crore rupees.

As per the aforementioned explanations, Individuals, HUF's and partnership firms other than LLP's can opt for section 44AD if such persons have not claimed deductions under aforementioned sections. The turnover criteria to opt for section 44AD is 2 crores and the business of plying, hiring and leasing of goods carriage is ineligible to opt for section 44AD.

In the Finance Act 2012, with retrospective effect from AY 11-12 a new subsection was introduced, which created a restraint on certain persons who are engaged in professions specified under section 44AA, earning income in the nature of commission or brokerage or persons carrying on agency business to opt for section 44AD.

The extract of the section is reproduced herewith.

(6) The provisions of this section, notwithstanding anything contained in the foregoing provisions, shall not apply to—

(i) a person carrying on profession as referred to in sub-section (1) of section 44AA;

(ii) a person earning income in the nature of commission or brokerage, or

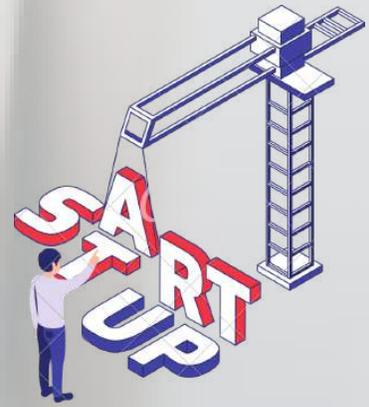
(iii) a person carrying on any agency business.

2.2 Section 44AE

Section 44AE has been inserted by Finance Act, 1994 w.e.f AY 94-95 with a view to providing a method for estimation of income from the business of plying, hiring or leasing trucks owned by a taxpayer.

(Continue reading here..)

START-UP ECOSYSTEM IN INDIA



Written by Nidhi S Kakkat

SRO0769942

OVERVIEW

Robert Frost said in his phenomenal poem, “Two roads diverged in a yellow wood, I took the one less travelled by, and that has made all the difference”. Start-ups on a similar ground has always been a path Less traveled. But it is indeed prepared to make a difference by adding immeasurably to our economy. A start-up is a high-growth potential business, usually in its initial stages seeking funding from various sources like venture capitalists.

Over the years there has been many preconceived notions on the topic of start-ups. The journey of starting a company from scratch can be a difficult yet rewarding one. Having a great idea and attempting to bring it to market comes with a host of challenges, such as attracting capital, employees, marketing, legal work, and managing finances.

But with right strategies and ideas a start-up can hugely impact the growth of a country. Hence analysing the role of start-ups in the building the economy of a country will be extremely fascinating.

1.1) What is a Unicorn Company?

Unicorn is often used to refer the privately owned start-ups who has acquired the valuation of \$1 billion. The term was coined by Aileen Lee in the year 2013. The main intention of coming up with this term was to emphasis the rarity of occurrence of such start-ups. The political, economic, social, and demographic aspects that influence the number of unicorn companies in a nation are numerous.

1.2) It's Raining Unicorns in India

From CRED to Paytm, Byju's to Nykaa, India has transformed itself to become the favorite hub for many unicorn start-ups. The most remarkable statistic of all is that the overall number of firms that joined the unicorn club in 2021 was 44, which is more than the combined number of unicorns from 2011 to 2020. Hence, India was able to overtake United Kingdom and become the Second largest start-up ecosystem with the highest number of unicorns.

The existence of unicorns is a contentious topic. While some experts feel that unicorns are just a product of technical advancement and innovation, others argue that the growing number of unicorns is a symptom of a bubble present in the industry. Hence only time can portray the reality of the tag “unicorn”.



1.3) Role of a Chartered Accountant

Because of India's statutory and legal complexity, every start-up needs a good professional adviser to ensure that all statutory and legal requirements for a business in their industries are met.

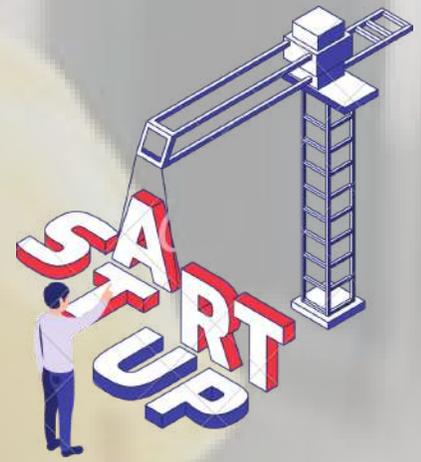
It is indeed a great opportunity for any CA as it facilitates in becoming a part of nation building.

Start-up India has a separate wing for the chartered accountants called "Insta C.A".

Insta C.A. is a cloud-based tax and accounting tool.

It is primarily involved in combining Chartered Accountants' experience with the efficiency of current technologies. Hence, they assist in providing quality service to the various start-up clients.

They also provide the option of monthly subscriptions wherein, they manage entire accounting compliances such as GST, TDS/TCS, and income tax return filing, as well as start-up services such as company formation, bookkeeping / accounting services, compliance, and related services.



1.4) Journey towards the 5 trillion Economy

India's start-up ecosystem is currently the world's third largest. Start-ups have been able to provide attractive pay and perks to young people because to the local VC system and AIFs. It should be emphasized that the government has made significant efforts in recent years to nurture the start-up ecosystem through flagship projects such as 'Start-up India.'

Hence, The Start-up ecosystem is expanding exponentially over the past few years and with proper funding and initiatives like Start-up India, the industry has huge potential to contribute immensely towards the betterment of the economy.

Especially start-ups focusing on technology and driven by artificial intelligence have tremendous scope for growth and development in the years to come. Therefore, these factors would foster the journey of India in becoming \$ 5 trillion economy in the next 3 to 5 years as many start-ups in India continues to prove that taking a path less travelled is risky but worth the struggle.

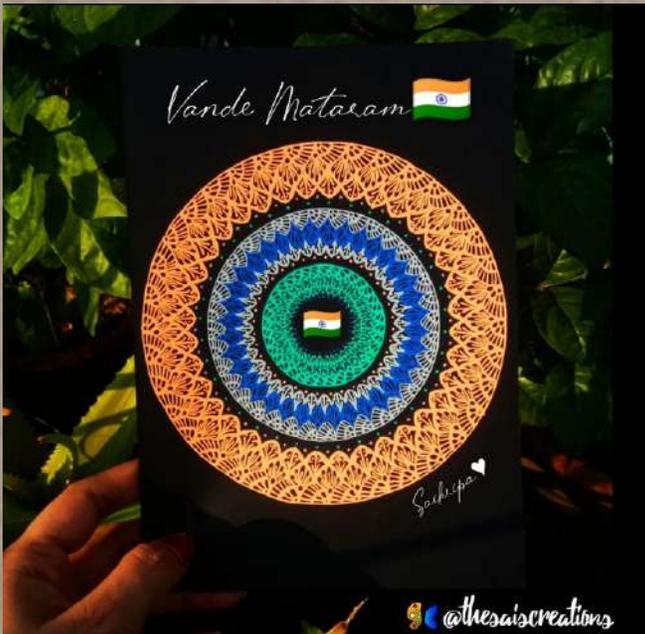
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WHO HELPS THE
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EMIYA SHAJI
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SAIKRIPA
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KANNAN V.P
SRO0684503



Badminton



Basketball



Volleyball



Scrapbook

IMPETUS '22

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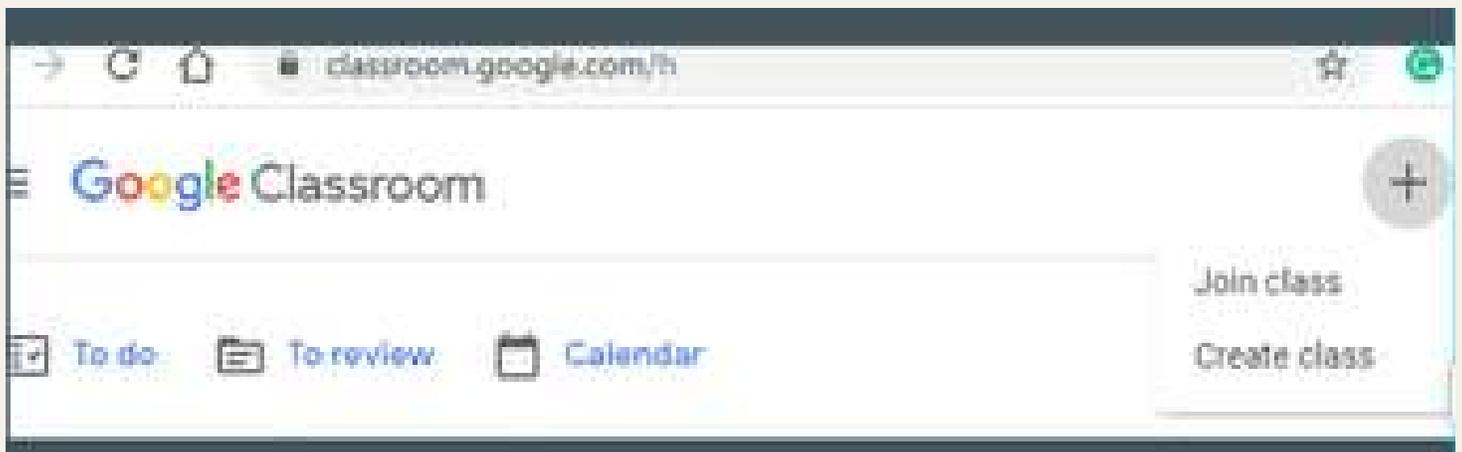
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