



ERNAKULAM BRANCH OF
SICASA

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA



MEERAKI

July 1st - National
Chartered Accountants Day

Taxation on Digital Assets
-Rajat Santhosh

Validation- The Crazy Drug
No One is Talking about
-Harikrishnan R



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Word of the month

Homonym

Noun

Plural: Homonyms

Each of two or more words having the same spelling or pronunciation but different meanings and origins.

Example:

Let's take a word "Patient"

- 1) He's a patient in that hospital.
- 2) He's a patient listener.

Origin:

late 17th century: via Latin from Greek *homōnumon*, neuter of *homōnumos* 'having the same name', from *homos* = 'same' *onoma* = 'name'.

CHAIRMAN'S MESSAGE



CA SURESH G

Dear Students,

The month of July was remarkable in my professional career because of two reasons. One, I was fortunate to be a part of team "Encore 22" and second being the untiring support of all participants in making the event a hassle free one. I was moved by the spectacular performance of my students

Celebration all around

We celebrated CA foundation day across the globe on 1st July with poise and pomp. Various chapters of our Institute celebrated the event with various programmes befitting the foundation day of a recognized global accounting body. Every participant and chief guest cutting across various segments of the polity and professions extolled the contribution of our profession to overall economic development of our country. Students are also irrefutable part of the accounting body, as such they too should rejoice and feel proud to be part of second largest accounting body in the world

CA Results

The result of both CA intermediate and Final was not worth reckoning as far as our branch is concerned, yet congratulation to those made and for those who could not make it, take experience out of failure and crack the whip next time

Changing Role of Students

Gone are the days where each article was assigned with the task of tabulating and collating records in support of financial statements, their principals used to sign. Now students have to work in tandem with changes in the legal and technological spectrum. Role of students has become that of a data analysis rather than collectors of supporting documents to substantiate assertions given in financial statements. By the time you become a qualified professional the landscape and outlook of the profession would be in a different terrain. Each professional should be equipped and trained to support businessmen to enable them to steer their business in turbulent times. Our syllabus which is made at par with global standards would enable professionals to update and hone their skill both professional and cognitive in tune with changing times.

Impetus 22

We are going to host our indoor games "Impetus22" on 6th and 7th August 2022 at Rajiv Gandhi Indoor Stadium. I wish all success for the programme and expect same spirit and bonhomie shown by all at our "Encore 22".

I end with a quote by Bill Gates,

"It's fine to celebrate success but it is more important to heed the lessons of failure."

Happy Reading!

SECRETARY'S REPORT

“The Best is Yet to Be”

What to say about the month of July. It was fun-filled and energy packed here at Ernakulam SICASA. We had our biggest cultural event “ENCORE” conducted. The event has been hyped up for the past month. Our main intention was to provide a platform for CA students from in and around the state to showcase their music, dance and fashion skills.



POORNENDU M NAIR
SRO 0599836

Our event was one of the most successful one ever to be a part of the Ernakulam Branch. We have a lot more events up our sleeves. But since July is the month of Individual Income Tax Filing, we have kept our events for the next month.

With almost 5 months completed since our committee formation, we are nothing but ecstatic with all the events we conducted, the people we have been introduced to and the collaborations we have done. We also conduct our toastmasters meet regularly as well.

The past few months have been the best so far. And we hope the best is yet to come.

Happy Tax Audit Season!

VICE CHAIRMAN'S REPORT

What a fantastic month we had! July 2022 surely went down as one of the most energetic months we had till date! The month of July began by acknowledging the CA Day on July 1st, 2022. As a part of it, we organised a blood donation drive at ICAI Bhawan, Pallimukku. After that, we moved on to plan the greatest cultural event for all the CA students in Ernakulam, and one of the best in the country,



BINJOEL P JOHN
SRO 0680795

ENCORE 2022! All the committee members worked hard day and night and made the event a grand success. The Wedding theme event was indeed something unique. Famous Malayalam Actor Arjun Ashokan was our Chief guest for the day. The event was a huge success, and we received tons of appreciations, both from students and the members.

We are now gearing up for our sports events, IMPETUS 2022, happening on August 06th and 07th, 2022. We are positive you guys had a great time this month, and many more to come.



Editor's Note



SHOAIB SHOUKATH



SUMI SUNNY

The month of July was a lively and exuberant one for the Ernakulam Branch. With Encore '22, we kickstarted the biggest cultural events for the year. Set on the theme of wedding function, this year's Encore witnessed different facets of talent and calibre. The beats, dramas, melodies and vibe was so unprecedented that it would be wrong to call it anything less than a wonder.

The nation observed July 1 as the National CA Day- a day to appreciate one of the pillars supporting the financial system. Though our country is one of the most populated one in the world, the number of Chartered Accountants when compared to the total population is surprisingly few. And though the numbers are less, the quality and luster of these professionals are beyond par.

This throws light on the growing importance and influence of the course. The fact that ours is the only profession that has an apex say in financial audit makes this profession even more prominent.

To be a member of this prestigious institution is a matter of utmost pride. And same is the case to be a pursuant who is unwittingly chasing his/her dream to qualify and become a Chartered Accountant. Remember- "Dont be pushed around by the fears in your mind. Be led by the dreams in your heart." Believe in your dream, put in your best effort and one day your signature will speak for you.

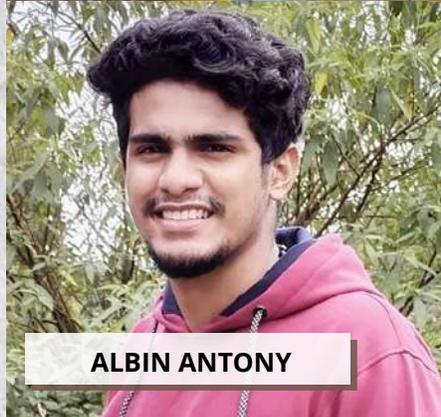
Happy reading!



DEVIKA NISHU



SRUTHI RAMANATHAN



ALBIN ANTONY



ANOOP V A

TAXATION ON DIGITAL ASSETS

SRO 0498926

Written by **RAJAT SANTHOSH**

Finance Bill 2022 proposes to include Section 115BBH to Income-tax Act, 1961 (Act) to provide for taxation of income from transfer of any virtual digital asset.

What is virtual digital asset?

To define the term “virtual digital asset”, a new clause (47A) is proposed to be inserted to section 2 of the Act.

(a) any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;

(b) a non-fungible token or any other token of similar nature, by whatever name called;

(c) any other digital asset, as the Central Government may, by notification in the Official Gazette specify:

Provided that the Central Government may, by notification in the Official Gazette, exclude any digital asset from the definition of virtual digital asset subject to such conditions as may be specified therein.

Explanation

For the purposes of this clause,

- “non-fungible token” means such digital asset as the Central Government may, by notification in the Official Gazette, specify
- the expressions “currency”, “foreign currency” and “Indian currency” shall have the same meanings as respectively assigned to them in clauses (h), (m) and (q) of section 2 of the Foreign Exchange Management Act, 1999.

Section 115BBH: Special Rate of Tax on income from transfer of Virtual Digital Assets

The proposed section 115BBH seeks to provide that where the total income of an assessee includes any income from transfer of any virtual digital asset, the income-tax payable shall be the aggregate of the amount of income-tax calculated on income of transfer of any virtual digital asset at the rate of 30% and the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the aggregate of the income from transfer of virtual digital asset.

However, no deduction in respect of any expenditure (other than cost of acquisition) or allowance or set-off of any loss shall be allowed to the assessee under any provision of the Act while computing income from transfer of such asset.

Further, no set-off of any loss arising from transfer of virtual digital asset shall be allowed against any income computed under any other

provision of the Act and such loss shall not be allowed to be carried forward to subsequent assessment years.

Section 194S: TDS on Virtual Digital Asset

Finance Bill, 2022 proposes to tax on virtual digital asset transactions and thus in order to capture the details of the transactions, section 194S is proposed to be inserted into the Act to provide for deduction of tax on the transfer of virtual digital asset.

In order to widen the tax base from the transactions so carried out in relation to these virtual digital assets, it is proposed to insert section 194S to the Act to provide for deduction of tax on payment for transfer of virtual digital asset to a resident at the rate of 1% of such sum. However, in case the payment for such transfer is–

(i) wholly in kind or in exchange of another virtual digital asset where there is no part in cash; or

(ii) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer, the person before making the payment shall ensure that the tax has been paid in respect of such consideration.

In case of specified persons, the provisions of section 203A and 206AB will not be applicable.

For the purposes of the said section, it is proposed to provide that 'specified person' means a person:

(i) being an individual or Hindu undivided family whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case of business

or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred;

ii) being an individual or Hindu undivided family having income under any head other than the head 'Profits and gains of business or profession'.

Further, no tax is to be deducted in case the payer is the specified person and the value or the aggregate of such value of consideration to a resident is less than Rs. 50,000 during the financial year. In any other case, the said limit is proposed to be Rs. 10,000 during the financial year.

Conclusion

In the words of the finance minister, Shrimathi Nirmala Sitharaman, there has been a phenomenal increase in transactions in virtual digital assets which necessitates a provision for a specific tax scheme. The move for taxation of digital assets implied that tokens, cryptocurrencies and NFTs categorized as assets are legal. However, the flat rate of 30 percent tax applicable to the income earned from the sale of digital assets meets the government's dual goal of deterrence as well as revenue mobilization. Investors trading with cryptocurrencies would be required to report gains or losses which cannot be offset with any other income making the tax scheme punitive in nature. Furthermore, the onus is placed on the investors to deduct tax of 1 percent at source during the transfer of digital asset, which may cause unintended complications. As a respite, the investors have an option to choose the method of calculating gain or loss which would result in the maximum tax relief.



VALIDATION – THE CRAZY DRUG NO ONE IS TALKING ABOUT

By Harikrishnan R

SRO 0395385

There's a stigma surrounding the word Validation and most people see it in a bad light, let me clarify. Doesn't it feel really bad when you share an experience you've had and someone belittles it? It's the same as fracturing your leg and someone asking you to walk it off. That right there? That's a silly (and maybe a dark) example for your need of validation (in the latter case, an ER).

Validation is when you acknowledge that a person's feelings or emotions are worthwhile, and that's the most basic definition I can give you at this point. (I'm no psychologist, so bear with me). Being social beings, it exists in all of us, and only a few of us have taken steps to get out of the validation trap and make ourselves better by not conforming to the boundaries set by our mind in desire of something, that's no less addictive than a drug. Ever uploaded a photo and kept refreshing the notification page every five minutes to see how many people liked the photo?

I'll never tell you this is wrong, because frankly it's your life and we're all different, but then again It is your life.

Your quest for validation only becomes a problem when it interferes with your daily life, hindering anything from work to your sleeping habits, or maybe that of someone that cares for you. Trust me, it's not fun, so just don't go hunting for likes or followers.

The Millennial connection

"You seek validation from others a lot more than we did in our golden years" said a boomer, but in reality, they were no different. I don't understand why this is associated to us millennials or Gen Zs and social media.

Next time your mom tells you crave attention, check if she had a scrapbook or something. Or now since everyone's on WhatsApp, just check their college groups.



I've heard this a lot, "your write ups, aren't they a plea for validation?" The funny thing about that is, it's not usually said to my face, but that aside, maybe it is, just the way you only put-up pretty pictures of yours on your profile, only the best of your work on your resume and only the best clothes for a function, maybe writing is my way of expressing myself to the world. And frankly, unless it interferes with someone else's life, or is at the expense of the emotions of another person, I really don't see a problem in it. We've discussed Validation, the need for it and how it's really not a millennial thing, but validation can also be a double-edged sword that can cut you, or that you can use to your advantage.

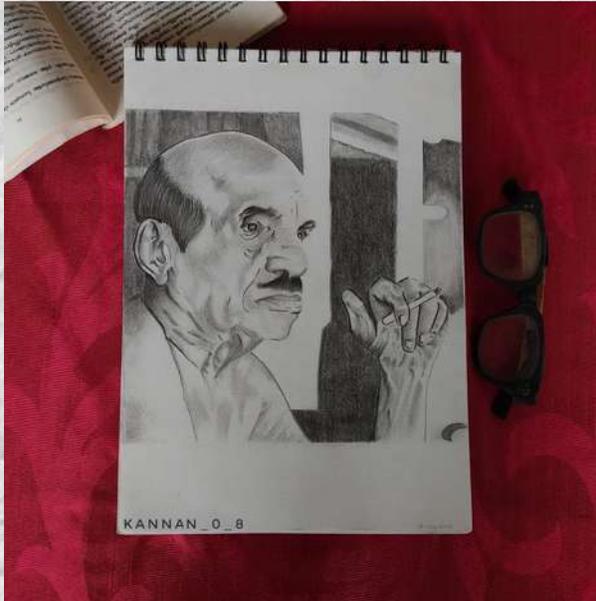
Validation - Among the strongest weapons or an emotional trap

I told you, it's a human need, if so, why not use it to your advantage? After all, it's like you possess something that everyone seeks. I'm building a positive connection, validation can really be a very useful tool, if used properly.

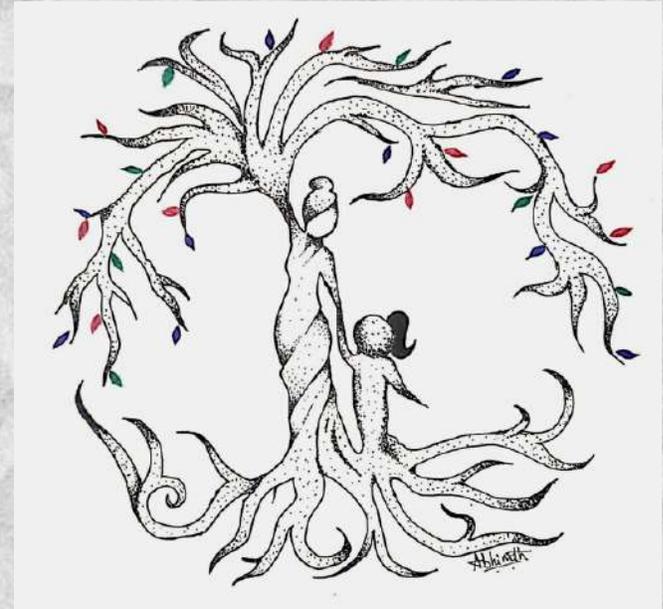
While manipulating people is bad, there's nothing wrong with trying to be on someone's good side while doing them no harm. When someone opens up to you, validate it by respecting their emotions and if you're capable off it, showing a little empathy. It does wonders when you tell someone, "I understand, I'm here for you" when they're going through a tough time.

Of course, you can tell them if they're wrong, just try not to belittle their feelings to a point where they feel you don't care. At this point you should probably understand that other people have read this write up too and might use these against you. Have a sense of what you're feeling, and be wary of the fake people who validate you regardless of what you're Saying, just to have you do something, or to get on your good side.

CA - R T O O N C O R N E R



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A large central graphic featuring the text 'ENCORE 22' in a white, blocky font inside a black grid. Below it, the 'FEDERAL BANK' logo is displayed with the tagline 'YOUR PERFECT BANKING PARTNER'. At the bottom, the word 'Scraphbook 22' is written in a large, colorful, cursive font. The background is dark with colorful, abstract patterns.



FLASHBACK

EVENTS OF THE MONTH

01-07-2022

NATIONAL
CA DAY
CELEBRATIONS

01-07-2022

BLOOD
DONATION
CAMP



24-07-2022

ENCORE
2022



GOOGLE CLASSROOM

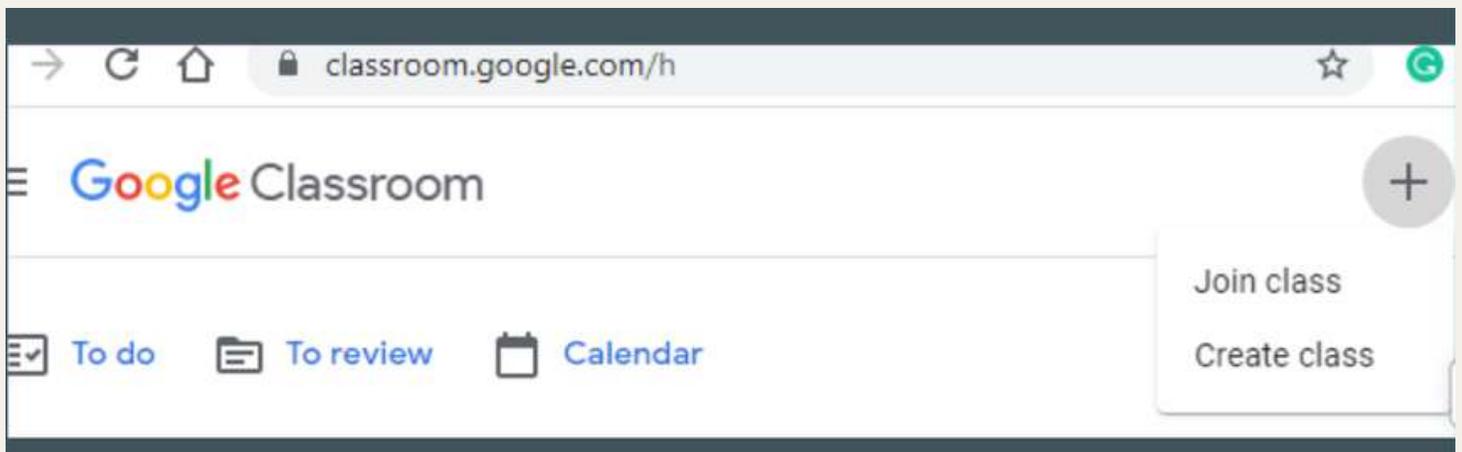
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