



# The Institute of Chartered Accountants of India

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## **NEWS LETTER**

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**EDITORIAL**

The Finance Act 1984 has introduced Sec 44AB with a view to get the audit of accounts of certain persons carrying on business/profession. Similarly Sec 44 AD, 44AE and 44AF were also introduced through Finance Act 1997 and 2003 respectively. The purpose of introduction of tax audits in Income Tax Act by the Government is to make sure that various important aspects like correct amount of Turnover/Gross receipts, TDS provisions, payment of expenses by crossed cheque/demand draft, acceptance of repayment of loans/deposits through crossed cheque/demand draft, computation of various ratios, payment made to related parties, calculation of depreciation and other related major issues which affect the computation of total income and payment of tax there on. The Chartered Accountants who are entrusted with this special prestigious assignment of tax audits is to carry on the examination of books of account with all care and due diligence which will be appreciated by both the assessee and department.

This tax audit is applicable at present for all **“Persons”** who have Gross Receipts of Rs.25,00,000/- and above in case of Professionals and Rs.1,00,00,000/- and above in case of business people. The last date for filing this tax audit report is 30<sup>th</sup> of September and any delay will attract penalty u/s 271B of the Income Tax Act, 1961. Unfortunately this year all the Income tax forms were released/announced by CBDT in the 2nd week of July 2015 which has affected the filing of returns of income of regular assessee for whom the due date is 31<sup>st</sup> August (extended upto 7<sup>th</sup> of September) and this limited time of 23 days in this month may not be sufficient to complete the prescribed limit of 45 tax audits. The Ministry has categorically come out with a notification that there will not be any extension of date for filing tax audit reports.

Hence, all our professional friends are advised to plan their tax audit schedule without compromising on quality of audit.

**CA Dr. D.Harischandra Rama**  
**Chairman**  
**Newsletter Committee**  
**Anantapur Branch of SIRC of ICAI**

## *The Anantapur Branch of SIRC of ICAI*

### **Chairman Speaks...**

RESPECTED MEMBERS,

The season for Tax Audits commenced and I request the Members to complete the said task qualitatively before the stipulated date 30<sup>th</sup> September 2015. The President of ICAI Respected Manoj Fadnis on 2<sup>nd</sup> September 2015 in ICAI TV Webcate conveyed message that the Tax Audits to be completed before the due date , as the Government is very particular to get maximum Self Assessment Tax payment before 30<sup>th</sup> September 2015 for the Country's needs. The Ministry of Finance decided on 09-09-2015 and issued a Press release and conveyed well in advance that the last date for filing of Returns due by 30<sup>th</sup> September will not be extended and so the Tax Payers are advised to file their Returns well in time to avoid last minute rush.

I along with other Members attended 47<sup>th</sup> Regional Conference on August 22 & 23,2015 at Mahabalipuram at Confluence Resort about main theme Olirattum – “**Glow to Grow** “. At the Conference Venue, the flexies of all the branches, importance of the said place, with photos of Managing Committee Members were displayed. The theme of the Conference, background Material, Ambience and Arrangements at the Venue and Hospitality were excellent. At the Venue displayed Longest Ever Banner of about 54 KM with education values was displayed, many members signed on the banner and it was informed that the cloth used for the banner will be latter converted as clothing for the needy.

Myself and the Secretary CA D HARISCHANDRA RAMA attended the Orientation Programme on 26<sup>th</sup> August 2015 at Centre of Excellence, Hyderabad which is an interactive meeting of heads of CPE POUs, arranged for the States of Andhra Pradesh, Telengana and Karnataka to adhear to best practices in CPE Programmes and care to be taken in arrangements, followed by technical sessions covering Leader and Leadership, Dress Code and Etiquettes etc, strengthen the activities of the Branches. The said Programme arranged by CPE Committee of ICAI, New Delhi was participated by CPE Chairman, few Central and regional council Members have clarified many doubts.

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The Election code effective from 3<sup>rd</sup> September 2015 and will extend up to declaration of results of Central Council and regional Councils and the Branch has to adhere to the conduct of Elections. The Central and Regional Council elections will be held on 4<sup>th</sup> and 5<sup>th</sup> December 2015 and the members are advised to participate in the election process and make judicious choice.

Many branches are well conducting CPE-ICAI TV and we came to know that bandwidth is to be enhanced for clear vision of the CPE Programme. The members are requested to take advantage of the said CPE, since covering updated knowledge in Changes in Companies Act, Taxation and technology developments, dealt by speakers of eminent persons.

The Joint Commissioner of Income tax Sri Seetharam is conducting meetings at various places of Anantapur District for widening the tax base, educating new assesses and non filers and We have to congratulate him for his involvement in organising the said meetings, display of flexies at prominent places and use of cable services for conveying the message effectively, which started yielding results.

The nation mourned the sad demise of beloved people's President Dr A P J ABDUL KALAM. Let us all salute to the truly humane President DR KALAM who had fondly written; Almighty bless my Nation, with vision and sweat in to happiness. A torch-bearer of high values, integrity and impeccable professional standing, he wanted an inclusive as well as exclusive growth of Indian accountancy profession as the facilitator of inclusive growth. Many of us may not be aware that it was only after his words of wisdom uttered at the ICAI platform that the Institute adopted the punch line ICAI--- Partner in Nation Building. May his noble soul rest in peace for ever.

The Institute has recently released a compilation of almost 350 Publications in a DVD, ICAI KNOWLEDGE BANK in an easy to read format containing latest circulars of RBI, SEBI etc., sent to all the members in practice and Members are to take advantage of the facility.

Revised Scheme of Education and Training - open book examination which is in process may take one year and its implementation of Revised Scheme would be announced by the Institute well in advance.

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I wish you and your family members a happy Janmastami, a day to remember and seek blessings as a teacher, guru and role model for ethical life. May Lord Krishna bless you with happiness and peace of mind.

Guru Brahma, Guru Visnu, Gurudevo Maheswara, Gurusakchath Para Brahma Tasmai Sri Guruvanamaha. Happy Teachers Day 05-09-2015

Certificate Course on Concurrent Audit of Banks at Anantapur Branch of SIRC will commence from 17<sup>th</sup> October, 2015 on the dates 17<sup>th</sup> and 18<sup>th</sup> October, 31<sup>st</sup> October and 1<sup>st</sup> November and 7<sup>th</sup> and 8<sup>th</sup> November 2015. Information is published in the Chartered Accountant September 2015 Journal of the Institute. The members are requested to register with the branch at an early date.

We have to note Social Media – Transformational change in the world. Social technologies allow for the rapid sharing and creation of knowledge over social networks, which enhances collaboration and information distribution across a business. People are the most valuable asset of any organisation, and social technologies help unlock the knowledge contained in those individuals and facilitate the dissemination of that knowledge to drive business results. Over 100 Crore individuals logged on to various social networks-Facebook, Twitter, LinkedIn, YouTube, WhatsApp, Foursquare etc. Care and Caution required when using social Media.

Cloud technology is the linchpin of the SCAC stack – and it is quickly becoming the new foundation of the IT ecosystem. Cloud computing lends businesses a newfound agility, breaking down the barriers of geography and cutting the cost associated with physical server maintenance. With limitless scalability, the cloud powers the transformative combination of social, powers the transformative combination of social, mobile and analytic technologies. Global Cloud Computing services market reached over \$ 130 billion. The members to use the technology for the professional needs.

I am concluding with the the message of our President CA MANOJ FADNIS which is as under:  
“ Let us all not lose our heart in the critical hours of our life and realise that all of us possess courage within that can help us overpower the hard times. Negative forces will come and go. When we realise the presence of indomitable spirit is us, we will be able to help ourselves from flowing away with the flow of negative forces. We will be able to achieve our goals and complete our mission”.

***Best Wishes***

**CA.B.Srinivasa kumar**  
**Chairman of the branch,**  
**Anantapur branch of SIRC of ICAI**

**A TO Z OF INCOME TAX PROVISIONS AT A GLANCE:**

1. Detailed information of Income Tax is available on [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)
2. As per Income Tax Act, Income is taxable under five heads- Salary, House Property, Business or Profession, Capital Gain and Other Sources.
3. Salaried person must obtain Form 16 from his Employer Every Year.
4. Income Tax Return should be filed by considering Form 16 and other Income.
5. Transport Allowance is exempt up to Rs.1,600 per month.
6. 30% Standard deduction is available on Income from House Property.
7. Income to be considered as deemed let out on second House property.
8. For self-occupied house property, deduction of Interest on Housing Loan is allowed up to Rs. 200,000/- and for other house property actual expenditure of Interest on Housing Loan is allowed.
9. Repayment of Principal amount of Housing Loan is deductible u/s 80C up to Rs.150,000/-.
10. Tax Audit is compulsory if sales turnover exceeds Rs.1 crore in case of business.
11. Tax Audit is compulsory if the Gross Receipts of Professionals exceeds Rs.25 lakhs.
12. If sales turnover is below Rs. 1 crore, then net profit of 8% or higher is to be taken as business income otherwise tax audit is required.
13. The Due Date for Tax Audit and income Tax Return is 30th September.
14. Assessee other than Company and those eligible for Tax Audit are required to file Income Tax Return before 31st of July. Extended date is 9<sup>th</sup> Sep for F.Y. 2014-15.

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15. Accurate Stock Valuation should be done on 31st of March.
16. Cash payment should not be made to a person in single day exceeding Rs.20,000.
17. Cash Payment limit for Transporters is Rs.35,000/-.
18. Loans, deposits and Immovable Properties transactions should not be carried out above Rs.20,000 in cash.
19. Business loss can be carried forward to Next 8 Years.
20. Tax Audit applicable assesses should deduct TDS on particular transactions.
21. TDS should be made on the date of Credit or Payment basis of whichever is earlier
22. TDS payment should be made on or before 7th day of Next Month.
23. TDS Returns are to be filed Quarterly.
24. TDS returns can be revised any number of times.
25. TDS should be deducted and paid if applicable.
26. If TDS is not deducted then deduction of 30% of Expenditure is not allowed.
27. Late filing of TDS return attracts late filing fees of Rs.200 per day u/s 234E.
28. Long Term Capital Gain will arise if transfer of specified Capital Assets is made after 3 years.
29. Generally Long Term Capital Gains is taxable @ 20%
30. STT paid Long Term Capital Gain on Shares,etc is exempt from Tax.

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31. Short Term Capital Gain is Taxable @ 15% if STT is paid.
32. Capital Gain on Immovable Properties is chargeable at Stamp Duty Value or Selling Price whichever is higher.
33. Dividend received from domestic company is exempt from Tax.
34. Agricultural Income is exempt from Tax.
35. Gifts received from stranger of an Amount exceeding Rs.50,000 is taxable.
36. Income Tax is not chargeable on Gifts received at the time of Marriage, Will, and in case of Succession and from specified relatives.
37. Maximum deduction limit u/s 80C, 80CCC and 80 CCD is Rs.1,50,000.
38. Deduction of Medical Insurance Premium is available up to Rs. 25,000.
39. Deduction of Medical Insurance Premium paid for Parents is available up to Rs. 30,000.
40. Deduction limit of Interest earned on Saving Acct is up to Rs.10, 000.
41. Income earned by a Minor child is clubbed in the hands of Parents u/s 64.
42. Every Taxpayer should verify his Form 26AS.
43. Form 26AS provides the Information regarding the TDS, Advance Tax paid and details of refund.
44. Notice may be sent to the Taxpayer if the Income mentioned in Form 26AS and the Income Tax Return filed has difference.
45. Basic Exemption Limit for individuals for FY2015-16 is Rs.2,50,000.
46. Basic Exemption Limit for Senior Citizen i.e. above 60 years age is Rs.3,00,000.
47. Basic Exemption Limit for Super Senior Citizen i.e. above 80 years age is Rs.5,00,000.



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48. Advance Tax is to be paid if Tax Liability during the year exceeds Rs. 10,000.
49. 12% of Surcharge is applicable if Income Exceeds Rs. 1Crore.
50. Income Tax Return should be filed if Income exceeds Basic Exemption Limit.
51. 30% of Tax applicable on Income of Partnership Firm, Company, LLP etc.
52. For Companies – Minimum Alternate Tax and for other Assesses  
– Alternate Minimum Tax rate is 18.5%.
53. Details of all Bank Accounts have to be given in Income Tax return. Dormant/ inoperative accounts need not be given.
54. Passport number is required to be given in Income Tax return.
55. Detail of Fixed Assets held in Foreign Country is required to be given in Income Tax return.
56. If taxable income of Individual is less than Rs. 5 Lakhs then relief of Rs.2,000/- is available in Tax u/s 87A.
57. Aadhar Card No. is required to be mentioned in Income Tax return.
58. E-filing of return is compulsory if income exceeds Rs. 5 lakhs and in refund cases.
59. In Income Tax, E-filing of return can be done for Previous 2 Years only.
60. PAN Card is essential for Taxpayer and it should not be used as Id Proof.
61. From FY 2014-15 Depreciation is to be calculated as per New Companies Act.

**Compiled by**

**CA.K.Sreedhar**

**ISSUES OF INTEREST FOR THE MEMBERS**

1. **Good News-** Our Anantapur Branch of SIRC is hosting certificate course on concurrent audit of banks on the following dates-17<sup>th</sup>,18<sup>th</sup> & 30<sup>th</sup> of Oct,2015; 1<sup>st</sup>, 7<sup>th</sup> & 8<sup>th</sup> of November,2015. The fee for course is Rs.12,500/- per participant. Please note that obtaining certificate in this course is almost mandatory to get any bank audit assignment in future, especially concurrent audits of bank. Hence, it is advised that all those members who have not obtained this certificate are advised to register themselves immediately as this course is being conducted in our native town/district. For any clarification please contact course coordinator **CA.Dr,D.Harischandra Rama**.
2. **9<sup>th</sup> Sep,2015** the finance ministry has issued a press release stating that the last date for filing of returns will not be extended. The concluding part of the press release is reproduced below

**Bombay Chartered Accountants' Society**

**No Extension of Date for Filing of Returns due by 30th September for A. Y. 2015-16 Assesseees**

Dear Members,

As you are aware, the due date for filing of income-tax returns for a large number of tax payers is 30th September. For A.Y. 2015-16, considering the delay in notification of the new ITR Forms, the due date of 31st July (applicable to non business class of tax payers) was extended to 31st August (and later, to 7th September). This had caused a lot of anxiety amongst several Chartered Accountants as they felt that the time left for completion of statutory / tax audits and preparation of the returns for the larger category of tax payers was very little. Therefore, several representations had been made to the CBDT to extend the time for filing of returns and to extend the due date from 30th September to a later date.

"After consideration of all facts, it has been decided that the last date for filing of returns due by 30th September 2015 will not be extended. Taxpayers are advised to file their returns well in time to avoid last minute rush".

3. TDS not required to be deducted when co-operative society pays interest to its members as per sec 194A(3) of the Income tax Act, 1961 (ITAT 10 DIN.ALMORA URBAN CO-OPERATIVE BANK LTD Vs ITO)

### **QUOTATIONS FOR THE MONTH**

1. Those who have gone through pain and suffering can understand and sympathize with those who are in pain and suffering.
2. Real peace of mind has no ups and downs. It cannot be partial in adversity and whole in prosperity.
3. True education is not for a mere living, but for a fuller and meaningful life.
4. To be kind is more important than to be right. Many times what people need is not the brilliant mind that speaks but **“a Special heart that listens.”**