

BASCO BULLETIN...



We are glad to present our 14th Edition Newsletter “BASCO Bulletin”. I would also like to extend my thanks to my peers, friends and to the team of BASCO for having contributed to this edition.

I shall be glad to receive all kinds of suggestions for our future editions through our newsletter

We have been in continuous endeavour to match evolving informative needs of our clients and peers and to be a part of the Global Village of our fraternity.

FACELESS: The Way beyond

Background Structure of the Scheme

Key Features

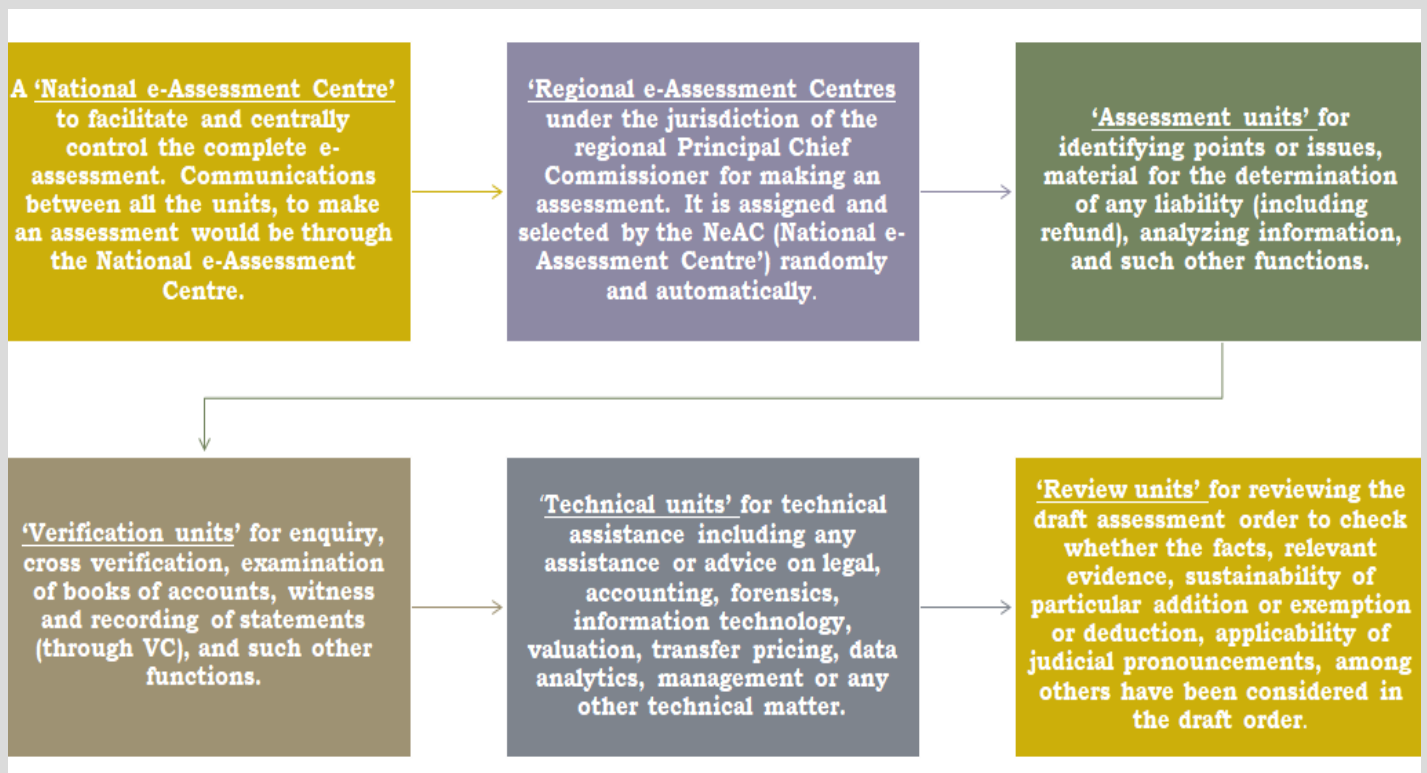
FACELESS

These assessments are being referred to as ‘**Faceless**’ because these completely eliminate the physical interface between the assessee and the assessing authority and instead involves the electronic interface right from the selection of the cases for the scrutiny purpose with the help of ‘**automated allocation system**’ involving therein an algorithm for randomized allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to optimize the use of resources, and the conduct of assessments exclusively in electronic mode via the ‘**e-Proceedings**’ utility of the e-Filing portal of Income-tax department’s website, till the review and examination of the assessment orders using ‘**automated examination tool**’ involving therein an algorithm for standardized examination of draft assessment orders, by using suitable technological tools, including artificial intelligence and machine learning, with a view to reduce the scope of discretion.

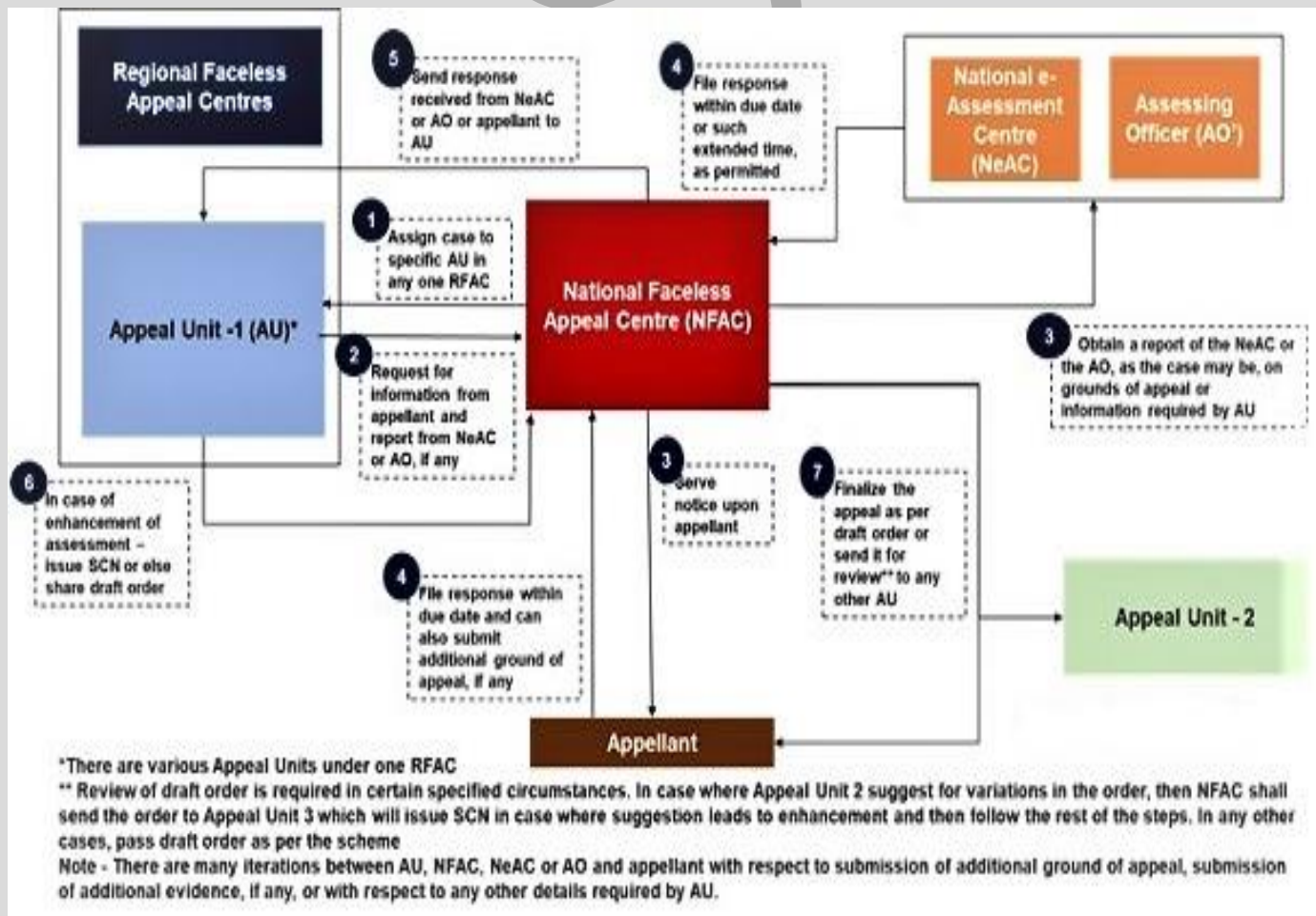
JURISDICTION-LESS

These assessments are being referred to as ‘**Jurisdiction-less**’ because these are conducted by a Team/Group of Expert IT Officers at multiple-level assessment units viz. National e-Assessment Centre (NeAC), Regional e-Assessment Centre (ReAC), Verification Unit, Technical Unit and Review Unit, and shall not be conducted by an individual jurisdictional Assessing Officer. The cases shall be assigned by NeAC to an assessment unit in any ReAC based on ‘automated allocation system’ involving therein an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning and as such shall be location agnostic.

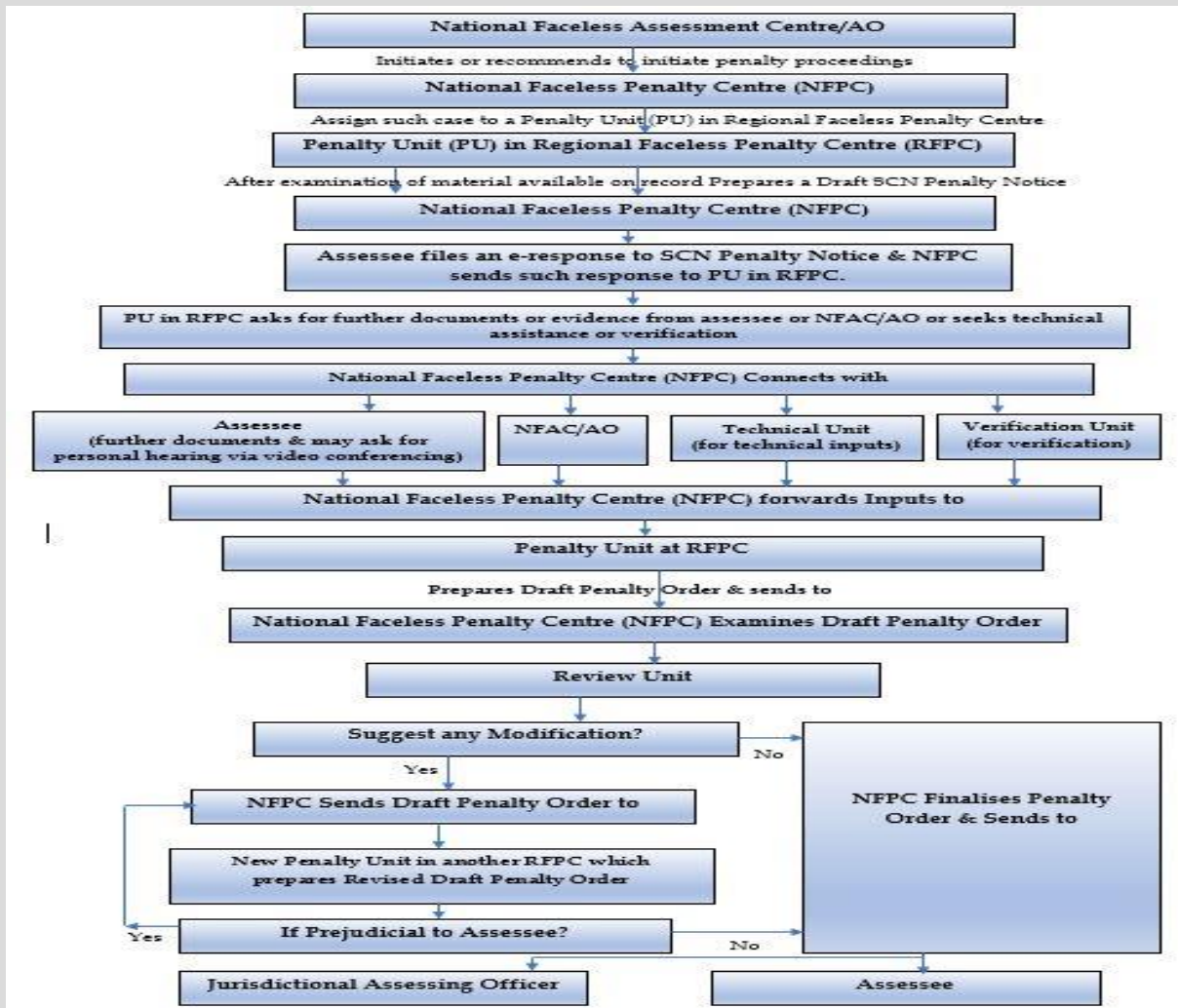
Structure: Faceless Assessments



Structure: Faceless Appeal



Structure: Faceless Penalty



KEY ISSUES

Role of NEAC

The NeAC is the key interface primarily responsible for all communications with taxpayers and facilitates conduct of the proceedings in a centralized manner and act as 'single point of contact' between the taxpayers and the different units in the tax department. The segregation of responsibilities across teams seeks to achieve the objective of team-based assessment, and collective decision making as against one officer applying discretion to decide on a matter in the earlier regime.

This role of NeAC at times, causes hindrance between the smooth functioning of the Assessment/Appeal Matters in terms of procedural delays and duplicity of work by each unit having to report the matter to the NEAC and then being communicated to the assessee and vice versa.

In terms of the process of faceless assessment, broadly speaking, the tax department's IT system selects cases for scrutiny assessment using risk-based criteria identified through data analytics. NEAC issues notices initiating assessment proceedings and seeking information from the taxpayers.

Video conference facility

While responding to the show cause notice, the taxpayer may also request for a personal hearing through video conferencing. From experience and to maintain the faceless nature of the proceedings, the tax officer is generally not visible on video conference, while they can see the taxpayer and their authorized representatives.

However, in some cases, the submissions filed by taxpayers were not considered while finalizing the order, and the request for a videoconference was also not approved. Representations have been made to the tax authorities to consider some cases on video conference mode only. In certain cases, being aggrieved by the orders of the NeAC, some taxpayers have also approached courts on the principles of natural justice.

Online submissions

Currently, the Income Tax portal has limitations in terms of size of files that could be uploaded, thereby requiring multiple uploads in case of voluminous submissions by the taxpayer.

The ability of taxpayers to explain complex transactions and voluminous details only through written submissions sometimes poses a challenge under the faceless assessment scheme. This also requires the taxpayer to draft precise and reader-friendly submissions, so that it can be easily understood by tax authorities.

Adjournments

There are adequate provisions for seeking an adjournment under the faceless assessment scheme. However, at times, it becomes a bit challenging task in certain situations especially where very strict timelines are set to respond to questions. Taxpayers should plan in advance where they want to seek an adjournment. Better planning may help to address such concerns and avoiding unintended complications in assessment order leading to further litigation.

Conclusion and Way forward

The scheme has brought about greater flexibility for taxpayers and professionals representing before tax authorities. It has resulted in substantial time savings on account of travel to tax office, waiting time over there, etc.

Also, online submission of responses outside of regular office hours has helped the taxpayers and their representatives in better time management.

In a nutshell, the faceless assessment scheme is a significant tax reform and a step in the right direction to achieve ease of doing business and bringing in more transparency and certainty in tax matters. Success of this scheme is the joint responsibility of both sides and with increased collaboration between tax authorities and taxpayers; the scheme can result in better quality assessments in future.

Contributed by

CA Ayush Goel

E-Invoicing – Kick start for perfection

Introduction of e-invoicing received a mixed response from the industry and information technology solution providers. It is evident that they accepted it as a challenge, without which it would not have become a success within such a short span of implementation.

What is E-invoicing?

E-invoicing was initially misinterpreted as the generation of invoice on a government owned portal. However, CBIC through its various FAQs clarified that E-invoicing is only a reporting of an already generated invoice. This is quintessential as business requirements differ significantly from industry to industry so do the form and contents of the tax invoices raised.

- A 64-digit identification number called as Invoice Reference Number (IRN) will be issued against every invoice by the Invoice Registration Portal (IRP) managed by the GSTN.
- This IRN serves as a unique number in the GST system, irrespective of tax payer, financial year and document type.
- A B2B invoice generated by a specified person (to whom E-invoicing applies) without an IRN will not be considered valid under GST.

Let me know when its starting ?

Accordingly, Central Board of Indirect Taxes and Customs (CBIC) released its first notification prescribing April 1, 2020 as the date by which E-invoicing shall be implemented by registered persons whose aggregate turnover in a financial year exceeds 100 crores.

Subsequently, CBIC extended the time limit to October 1, 2020 and enhanced the turnover limit to 500 crores through the notifications that followed. Further, as the second phase of implementation of E-invoicing, CBIC further extended the applicability to registered persons having aggregate turnover above 100 crores with effect from 01/01/2021.

It is worth noting that the aggregate turnover for this purpose has to be calculated at the PAN level, and not at the GSTIN level. This ensures that businesses which functions across states and across industries under different GSTINs will be uniformly covered under this compliance irrespective of their individual annual turnover, if the aggregate annual turnover of the business as a whole, at the PAN level exceeds the prescribed limit.

Am I on the list ?

However, exemptions have been given to the following entities from application of E-invoicing.

- a) Special Economic Zone Units.
- b) Insurer or a banking company or a financial institution, including a non-banking financial company.
- c) Goods transport agency supplying services in relation to transportation of goods by road in a goods carriage.
- d) Suppliers of passenger transportation services.
- e) Suppliers of services by way of admission to the exhibition of cinematograph films in multiplex screens.

***Contributed by
Sarvash Nainsukha***

POWER OF COMPANY TO PURCHASE ITS OWN SECURITY:

Buyback is the process by which Company buy back its own shares from the existing shareholder. When the Company buy back the shares, the number of shares outstanding in the market reduces. It is the option available to shareholder to exit from the Company business. This is one of the mode of capital restructuring with no intervention of Tribunal. It is governed by Section 68 of the Companies Act, 2013 and Rule 17 of the Companies (Share Capital and Debentures) Rules, 2014.

Reasons of buyback:

- a) To concentrate the diluted control.
- b) To use ideal cash
- c) To give confidence to shareholder at the time of falling of prices.
- d) To increase promoter shareholding to reduce chances of takeover.

Sources of Buyback:

A company can purchase its own shares and other specified securities out of-

- e) its free reserve;
- f) the security premium account; or
- g) the proceeds of the issue of any shares or other specified securities.

Conditions of Buyback:

As per Section 68 of the Companies Act, 2013 the condition for Buyback of shares are-

- i) Articles must authorize.
- ii) For Buyback pass Special Resolution in General Meeting.

Provided that if Buy back is only upto 10% of (PUESC + FR) then it shall be done by passing Board Resolution at Board Meeting.

- iii) Maximum Buy back amount cannot exceed 25% of (PUESC + FR) in a financial year.

Provided buy-back of equity shares in any financial year, the reference to twenty-five per cent in this clause shall be construed with respect to its total paid-up equity capital in that financial year

- iv) Maximum post Buy back ratio of secured loan and unsecured loan is to PUSC + FR cannot exceed 2:1

Provided that the above ratio shall be 6:1 for government companies engaged in NBFC or Housing Finance Business

- v) Shares must be fully paid up.
- vi) Company shall declare its solvency to ROC by submitting **Form SH-9** signed by atleast 2 directors.

Buyback Formalities:

- i) Buy back should be completed within 1 year from the date of passing Special Resolution.
- ii) Maintain register of buy back in **Form SH-10**.
- iii) Submit return of buy back in **Form SH-11** to ROC annexed with **Form SH-15** mentioning details mentioned in Form SH-11 are correct. It shall be submitted within 30 days of Buyback.
- iv) No buy back is allowed for next 1 year from the close of Buy back offer.
- v) No fresh issues are allowed for six months from the buy back but bonus issue, sweat equity share, ESOP, conversion into equity are allowed.
- vi) Where a company buy back its own shares or other specified securities, it shall extinguish and physically destroy the shares or securities so bought back within seven days of the last date of completion of buy-back.

Penalty for Contravention:

If a company makes any default while complying with the provisions of this Section then it shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees.

*Contributed by
Vrinda Rajgarhia*

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COVID 19: ACCOUNTING AND AUDITING CONSIDERATIONS

Management Disclosure of the impact of COVID-19

While such a lockdown and disruption is unforeseen and beyond the control of the entities, it is important for entities to ensure that all available information about the impact of these events on the entity and its operations is communicated in a timely manner to its investors and stakeholders. SEBI vide Circular SEBI/HO/CFD/CMD1/ CIR/P/2020/84 dated May 20, 2020, encouraged listed entities to evaluate the impact of the COVID-19 on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. Even companies other than listed companies may refer the illustrative list enclosed in the SEBI circular and ensure adequate disclosure is made in the financial statements in respect of impact of COVID-19.

Reporting considerations for Auditor

- Where there are substantive COVID-19 related disclosures in the financial statements made by the management of the entity and the auditor is satisfied that these disclosures are appropriate and adequate, then based on the professional judgment of the auditor, an Emphasis of Matter (EOM) paragraph may be included in the auditor's report. (SA 706 (Revised), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report)
- Identify scope limitations and cases of non-compliance with laws and regulations which may warrant modification of the audit report. These may be on account of inability to perform physical inventory observations, lack of access to client records, inability to confirm account balances /obtain external confirmations, lack of adequate audit evidence to forecast Going concern assumption, inability to perform subsequent event procedures, inability to obtain management representations. (SA 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report)
- Going concern is one of the fundamental assumptions referred in paragraph 10(a) of Accounting Standard (AS) 1 Disclosure of Accounting Policies/paragraph 25 of IndAS 1. This requires significant judgment by the management, as no statement about the future can be guaranteed. Auditor to check whether Going concern basis of accounting in the preparation of the financial statements is determined to be appropriate and whether there is any material uncertainty related to going concern. (Refer SA 570 (Revised), Going Concern and SA 706 (Revised), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report)

- The impact of COVID-19 on specific areas of the financial statements needs to be evaluated for the purpose of reporting KAM. Language of KAM should bring out clearly the complexities arising from COVID-19 and the matter should be considered for inclusion as KAM only when the auditor has concluded that it does not warrant modification of the auditor's opinion and also does not indicate a material uncertainty related to Going concern. Further, EOM is not a substitute for KAM. (Refer SA 701, Communicating Key Audit Matters in the Independent Auditor's Report).

*Contributed by
Garima Kejriwal*

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Review of book “The Psychology of Money –Timeless lessons on Wealth, Greed and Happiness”

The book has been written by award winning author Mr. Morgan Housan. The book elaborates our behaviour with money. Every person who deals with money and invests to become rich must read this book. I was recommended to read this book by CA Vineet Patwari and I completed the book in 15 days with a note to him that I have read a fantastic book on money after a long time.

I am trying to summarize the key points of the book in my way:

- Luck and Risk is hard to measure in investments. It is very difficult to be sure about your decision. Even after considering all the available factors, luck and risk play a great role to determine the fate of our investments.
- In investment, compounding works. It means we need to give time to grow our money. “Shri Ram became Maryada Purshottam Ram after spending 14 years in forests.” “Rome was not built in a day”. And in the very same nature money needs time to grow and compounding works only if very long time is given.
- Comparison is very risky and poor result giving method. If one has seen only recession in his life, best bet for him will always be fixed income bearing instruments and one has earned very good money even on bad decision, he will always be compare his success story with those of poor fellow. Hence, it is always good to take informed decision.
- The proper definition of wealth is not that I have earned a lot and I die with huge amount of balance in my various accounts. The object of wealth is I have money when I need it for the purpose.
- One should never be tempted by those who flaunt money. In today’s world, large number of people seems rich but they may not be rich as look rich. Packing may not show the content inside in case of reading wealth of persons.
- Wait for the right time to take right decision. When market seems high to you, sell your instruments and keep money in liquid form. Buy only when market as per you is available at cheap.
- In investment, it is advisable to be reasonable than rational.

The Psychology of Money’ is a must read for anyone interested to know the behaviour of money. This book will certainly help to refine our thoughts towards money and behaviour of money.

***Contributed by
CA Arun Patodia***

Yoga happens beyond the Mat

IF YOGA WAS JUST MEANT FOR FLEXIBILITY THEN ALL YOGA TEACHERS AND PRACTITIONERS WERE SUPPOSE TO BE IN CIRCUS.

Asana and Pranayama is a small drop of ocean in whole context of yoga. It is much more beyond that.....

In one sense, swadhyaya is “awareness” – the overall aim of yoga – being aware of your body’s current strengths and limitations, on a day-to-day basis.

However, swadhyaya can apply to everything you do, not just at a yoga class.

It means being aware ALWAYS of what we’re doing. It means being brave enough to question ourselves: “Why am I doing (or, why did I do) this thing?” “Can I do it better?” “Do I need to change the way I do xxxx ?”

We humans generally tend to not like change, but swadhyaya means we have to recognise our habits and let go of those that come from our ego, and hold on to and develop those that come from our Higher Self.

Watch your thoughts, they become words

Watch your words, they become actions,

Watch your actions, they become habits,

Watch your habits, they become character,

Watch your character, for it becomes your destiny!

In other words, we control our own destiny.

Historically, that meant studying the ancient scriptures and learning them by rote. These ancient scriptures (e.g. “The Yoga Sutras of Patanjali”, the “Bhagavad Gita”, the “Hatha Yoga Pradapika”) are all about how to be a better person and how to find our true Selves.

Some other ways to help ‘Know Thyself’ are:

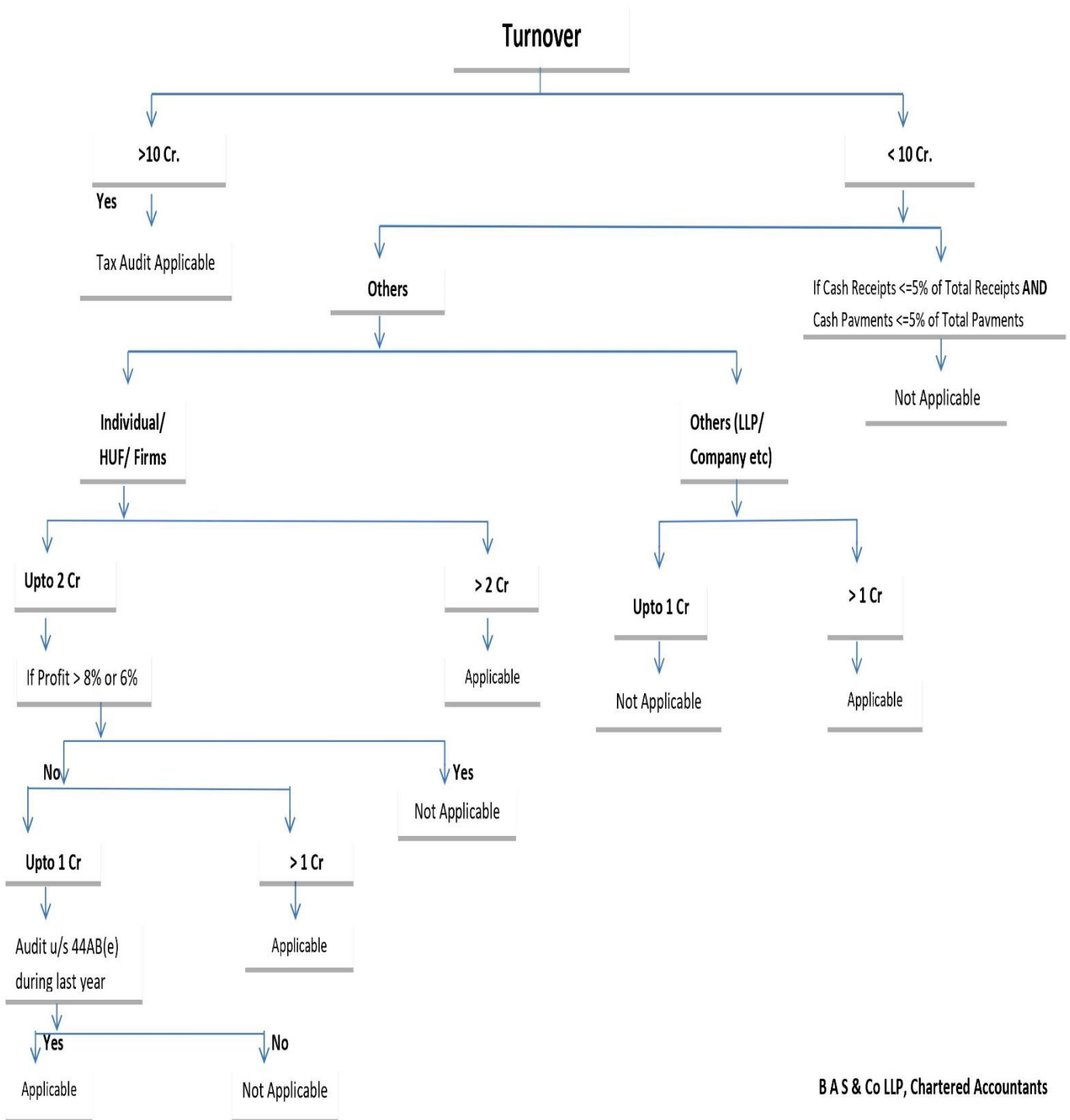
- Spending some time each day in introspection – getting to know our Strengths, Weaknesses, Ambitions and needs
- Reading some of the proliferation of self-help books
- Keep good company. The yoga texts frequently refer to the need to associate with good, like-minded people.

So the ultimate aim of swadhyaya is self-transformation – a “constant evolution towards yourself” through study and self study.

You don't do yoga. You live Yoga every second of your life.

***Contributed by
CS Khushbu Gupta***

TAX AUDIT APPLICABILITY FOR A.Y. 2021-22 FOR BUSINESS INCOME u/s 44AB AND 44AD AS PER INCOME TAX ACT, 1961.



B A S & Co LLP, Chartered Accountants

**Contributed by
CA Rohit Sarawagi**



Compliance Check

TDS Due Dates For FY 20-21

Quarter	Period	Last Date of Filing
1st Quarter	1st April to 30th June	31st March 2021
2nd Quarter	1st July to 30th September	31st March 2021
3rd Quarter	1st October to 31st December	31st Jan 2021
4th Quarter	1st January to 31st March	31st May 2021

Due Dated for submission of Return of Income

Different Situations	Due date of submission of return	Extended due date of filling return (Due to pandemic)
Where the assessee is required to furnish a report under section 92E Pertaining to international / specified domestic transaction(s)	30th November	28th February 2022
Where the assessee is a company [not having international or specified domestic transaction(s)]	31st October	15th January 2022
Where the assessee is a person [not having international or specified domestic transaction(s)] --		
1. In case where accounts of the assessee are required to be audited under any law	31st October	15th January 2022
2. where the assessee is a partner in a firm whose accounts are required to be audited under any law	31st October	15th January 2022
3. In any other case	31st July	31st December 2021

Contributed by
Raghav Kedia

Due dates for Annual Roc Compliance for the F.Y 2020-21 for next 3 months

MCA has extended the deadline for holding Annual General Meeting for Period of 2 months i.e. till 30th November, 2021 for the financial year 2020-21 ended on 31st March 2021 Vide Office Memorandum No. CL-II-03/252/2021-0/o DGC&A-MCA Dated 23.09.2021.

S.No.	E-forms	The object of the E-forms	Time-Line	Last Date	Remarks
1	E-Form DIR-3 KYC or WEB KYC	Application for KYC of Directors	Annual Compliance	30th September 2021	Applicable to every DIN Holders who hold DIN as of 31st March 2021.
2	e-Form ADT-1	Information to the Registrar by Company for appointment of Auditor	In case of First Auditor or On completion of 5th Year or 1 year	Within 15 days of AGM	Applicable to all companies
3	E-Form dir-12	Regularisation of Director	Annual Compliance	Within 30 days of AGM	Applicable to all companies
4	e-Form AOC-4/ AOC-4 (XBRL)	e- Form for filing Financial Statement with the ROC	Annual Compliance	Within 30 days of AGM	Applicable to all companies
5	e-Form LLP Form 8	Statement of Accounts of LLP	Annual Compliance	30th October 2021	Applicable to all LLP's
6	e-Form PAS-6	Reconciliation of Share Capital Audit Report	(Half Yearly basis)	29th November 2021	Applicable to all unlisted Public Companies.
7	e-Form MGT-7	Form for filing Annual Return by a company	Annual Compliance	within 60 days of holding AGM	Applicable to all Companies (Except OPC and Small companies)
8	e-Form MGT-7A	Form for filing Annual Return by a company	Annual Compliance	within 60 days of holding AGM	Applicable to Small Companies and OPC

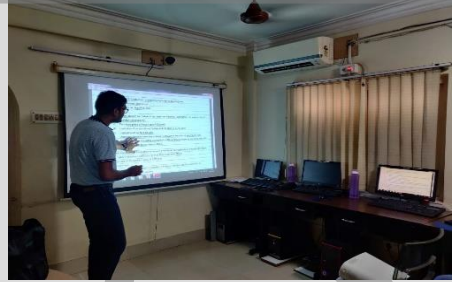
Contributed by
CS Neha Agarwal

LIFE AT BASCO

Star Performers



Saturday classes



ICAI Seminar



Festives at Basco



Our Shining stars





A lesson on self believe

A gentleman was walking through an elephant camp, and he spotted that the elephants weren't being kept in cages or held by the use of chains.

All that was holding them back from escaping the camp, was a small piece of rope tied to one of their legs.

As the man gazed upon the elephants, he was completely confused as to why the elephants didn't just use their strength to break the rope and escape the camp. They could easily have done so, but instead, they didn't try to at all.

Curious and wanting to know the answer, he asked a trainer nearby why the elephants were just standing there and never tried to escape.

The trainer replied-

“when they are very young and much smaller we use the same size rope to tie them and, at that age, it's enough to hold them. As they grow up, they are conditioned to believe they cannot break away. They believe the rope can still hold them, so they never try to break free.”

The only reason that the elephants weren't breaking free and escaping from the camp was that over time they adopted the belief that it just wasn't possible.

Moral of the story: *No matter how much the world tries to hold you back, always continue with the belief that what you want to achieve is possible. Believing you can become successful is the most important step in actually achieving it.*

**Contributed by
Anjali Agarwala**

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Disclaimer- *This newsletter is meant for internal circulation and general information purposes only. These informational materials are not intended, and must not be taken, as legal advice on any particular set of facts or circumstances.*



We have been engaged in the profession of Chartered Accountants since 1997. We have a professional team of young and energetic individuals having dynamic approach towards offering high quality professional services to our clients which has helped us immensely in building long term mutual benefit relationships.

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- Audit
- Taxation (Direct Tax)
- International Taxation
- Consultancy
- Secretarial works
- Valuation
- Registration

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