

# BASCO BULLETIN.....



CA Ayush Goel

As we are moving forward in 2018 we have seen various changes in the form of amendments in Income Tax Act as well as Companies Act. The government is trying to move towards a more transparent and receptive environment for all. They have increased KYC compliances to reduce the various fraudulent activities, now all events are being monitored on a regular basis. Through our newsletter we are taking this initiative, keeping in mind such evolving informative needs of our clients and peers and to be a part of the Global Village of our fraternity.

We are glad to present the 3<sup>rd</sup> Edition of our 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 which will help us in parenting the newsletter through its future editions.

## ***CO-OPERATIVE SOCIETIES: "The Meaning"!!!***

### **Section 2(19) of the Income Tax Act, 1961 defines a Co-Operative Society as -**

"Co-operative society" means a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any State for the registration of co-operative societies.

### **Section 4 of the Co-operative Societies Act, 1912 states that -**

A Society which has as its objective the promotion of the economic interests of its members in accordance with the co-operative principles, or a society established with the object of facilitating the operations of such a Society may be registered with limited liability.

### ***Analysis of the Definition***

A cooperative society means, a society registered or deemed to be registered under any law relating to cooperative societies for the time being in force in any State or under the Central act.

Cooperative societies may be governed by the respective State cooperative societies Act or by the Multi-State Cooperative Societies Act, 2002. The societies, whose main objective is to serve the interests of its members in a particular State, are governed by the Cooperative Societies Act of that particular State.

### ***Status under Income Tax Act, 1961***

A Cooperative Society is a taxable entity as an "Association of Person (AOP)" under the Income Tax Act, 1961. However, the provisions of Section 67A and 86, which are otherwise applicable to an AOP regarding Member's share of Income, are not applicable in hands of Cooperative Societies.

The Cooperative Societies are entitled to several concessions and deductions including that of Deduction under section 80P of the Income Tax Act 1961, in the computation of their taxable income. Besides, they also enjoy the benefit of concessional rate of tax on their chargeable income under the annual Finance Act.

### ***Filing of return & due date***

Since there is no threshold limit for taxability of income in case of a co-operative society, it implies that if a society has any taxable income, it has to file a return of income.

Since accounts of all co-operative societies are subject to statutory audit provisions under respective governing laws, therefore due date for filing return of income under the Income-tax Act, 1961 is **September 30 (ITR 5)**.

## *Rate of taxation for F.Y. 2018-19, i.e. A.Y. 2019-20*

For the F.Y. 2018-19, the cooperative societies shall be taxable at the following slab rates.

Income Tax Slab	Tax Rate
Taxable income is not more than Rs. 10,000	10% of total income
Taxable income is more than Rs. 10,000 but less than Rs. 20,001	Rs. 1,000 + 20% of income in excess of Rs. 10,000
Taxable income is more than Rs. 20,000	Rs. 3,000 + 20% of the amount by which the income exceeds Rs. 20,000

*The calculated sum shall be added by applicable education cess of 3% and surcharge of 12% (if total income is above Rs. 1 crore)*

Further, Marginal Relief in Surcharge on Income Tax can be claimed by Co-operative Societies whose total income has marginally exceeded Rs. 1 crore marginally, i.e. Additional amount of income tax and surcharge payable due to income being above one crore shall not exceed such marginal income above one crore rupees.

## *Application of AMT*

As per section 115JC of the Income Tax Act, 1961, for cooperatives, if tax payable under the normal provisions of the Income Tax Act is less than 18.5% of its adjusted total income, then tax payable shall be 18.5% of the adjusted total income which is known as AMT (Alternate Minimum Tax).

Thus it is seen that while cooperatives are not exposed to tax based on book profit like companies, they are to pay a minimum tax based on adjusted total income which shall be computed by increasing the deductions as claimed by assessee under any section included in Chapter VI-A of the heading 'C - Deductions in respect of certain incomes' (but excluding any deduction u/s 80P) and deduction claimed u/s 10AA, with the total income as assessed by AO.

In other words, the cooperatives, which are only entitled to deduction u/s 80P, shall not be affected by the AMT provisions.

## *Analysis of deduction under Section 80P*

The deductions in respect of income provided under Section 80P of the Income Tax Act are applicable to the cooperative societies alone. The provision has been incorporated in the Act for growth of cooperative societies. There are different heads of deductions enumerated in the section such that each is distinct and independent.

It allows deduction in respect of income of cooperative societies which are attributable to specified activities. When a cooperative is engaged in carrying on the business of banking or providing credit facilities to its members, the profit attributable to such business is deductible. However the same is not applicable for a cooperative bank other than a primary agricultural credit society or a primary cooperative agricultural and rural development bank. Deductions are available when a cooperative is engaged in any of the specified activity as mentioned therein

With regard to the allow ability of deduction, few general principles already established by Courts, are as follows:

- ❖ A liberal construction should be given to section 80P
- ❖ Deduction is not deniable even if society carries on some un-specified activities
- ❖ The expression 'attributable to' is much wider than the expression 'derived from', and it suggests that the Legislature intended to cover receipts from sources other than the actual conduct of the business of the assessee
- ❖ Subsidies received from Government are to be treated as business income
- ❖ Further, full deduction is available in respect of any income by way of interest or dividends derived by the cooperative society from its investment with any other cooperative society and in respect of any income derived by the cooperative society from the letting of warehouses for storage, processing or facilitating the marketing of commodities.

Based on the above understanding it can be reasonably established that though certain exemptions/deductions are available in hands of the society, the same cannot be construed to be less of procedural requirements in hands of the cooperative societies.



### *Gist of major changes under Companies Amendment Act, 2017*

#### **Section 12 - Registered Office of Company**

Companies should have a registered office within 30 days of its incorporation (previously within 15 days). The notice of change of the situation of the registered office thereof shall be filed in Form No. INC 22 within 30 days of the change (previously within 15 days).

#### **Section 82 - Company to Report Satisfaction of Charge**

The registrar may on application by Company or the charge holder allow such intimation of payment or satisfaction to be made within a period of 300 days (previously within 30 days) of such payment or satisfaction on payment.

#### **Section 96 - Annual General Meeting**

Annual general meeting of an unlisted company may be held at any place in India if consent is given in writing or by electronic mode by all the members in advance.

#### **Section 161 - Appointment of Additional director, alternate director and nominee director**

- ❖ A person will not be appointed as an alternate director in the same company, if he/she is already an alternate director in that company. {Section 161(2)}.
- ❖ Section 161(4) is now applicable to all companies wherein any casual vacancy is to be filled by Board and subsequently will be approved in the immediate next general meeting by members.

#### **Section 164 - Disqualification for appointment of Directors**

Where a person is appointed as Director in a company which is in default of Section 164(2)\*, that person will not be disqualified for a period of six months from date of his appointment.

*\* A Director is disqualified based on the following conditions:*

- ❖ A Company has not filed financial statements or annual returns for any continuous period of three financial years: or
- ❖ has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more,

No person shall be re-appointed as a director of that company or appointed in other company for a Period five years from the date on which the said company fails to do so.

#### **Section 168 - Resignation of Director**

Form DIR 11 made optional in case of resignation of director.

#### **Section 180(1) (c) - Restriction on powers of the Board**

While calculating the borrowing limits under section 180(1) (c), in addition to paid up share capital, free reserves, now securities premium will also be considered.

#### **Section 403 - Fee for filing etc**

The Companies Amendment Act, 2017 has increased the fee in delay in filling forms, returns, documents, information under section 92 (Annual Return), and section 137 (financial statements).

The additional fees will be not less than hundred rupees per day. It will differ for class of companies.

- ❖ If there is delay in filling forms, returns, documents, information in other sections, then the company will without prejudice to any legal action in that section will file, submit such forms, returns, documents with additional fees.
- ❖ If there is default in filling aforesaid, on two or more occasions, then higher additional fees will be prescribed which will not be less than twice the additional fees.

## Cloud Storage

Cloud is a significant technological development and is being adopted by large enterprises as well as small businesses. Its adoption simplifies things and also makes them more secure at reasonable costs.

Cloud Platform is a suite of public cloud computing services. The platform includes a range of hosted services for compute, storage and application development that run on hardware. Platform services can be accessed by software developers, cloud administrators and other enterprise IT professionals over the public internet or through a dedicated network connection.

### Advantages of Cloud Storage-

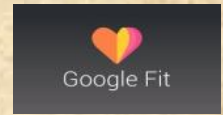
1. Clouds Storage help us to gain full access to information across devices from anywhere in the world.
2. Minimal data is stored on computers that may get compromised, after a user stops using web based apps on the cloud.
3. It minimizes overheads and consolidates a small number of server configurations.
4. More and more companies are migrating because it offers the most secure, flexible, and cost effective solution.
5. It is easy to use as this allows users to drag and drop files between the cloud storage and their local storage.

Although there are a lot of advantages of cloud server but there are concerns with the safety and privacy of important data stored remotely. The possibility of private data commingling with other organizations makes some businesses uneasy.

**In conclusion, cloud computing is recently new technological development that has the potential to have a great impact on the world.**

It has many benefits that it provides to its users and businesses. But there are other challenges the cloud computing must overcome. People are very skeptical about whether their data is secure and private. There are no standards or regulations worldwide provided data through cloud computing. Users also worry about who can disclose their data and have ownership of their data. But once, there are standards and regulation worldwide, cloud computing will revolutionize the future.

Contributed by Ms. Vanshika Jalan



When it comes to your health, it's important to move more and sit less. **"Earn Move Minutes"** for all of your activities and get motivated to make small, healthy changes throughout your day. Like taking the stairs instead of the elevator, or catching up with a friend over a walk instead of a coffee.

The digital world's obsession with tracking fitness and health statistics shows no signs of slowing down, Google now has platforms devoted to measuring and displaying every breath we take.

Google Fit is a real time indicator for your workouts, runs, walks and rides.

### What you can measure?

- ❖ No. of Steps taken
- ❖ Calories burnt
- ❖ Heartbeat Rate
- ❖ Distance travelled
- ❖ Weight
- ❖ This app records your speed, race and elevation, sleep time, generate reports from the collected data, and even support data synchronization.



Google Fit routinely tracks your fitness data using your Android Wear device. Your smart watch will track your data and later sync it with the Google Fit App. The data will show up in reports or be used to predict good routines.

Google Fit lets you choose **from 120 different activities**. If there are certain types of exercises that you tend to do more than others, like gardening, polo, meditating you can put those at the top of your activities list in Google Fit for easy access.

Google Fit also integrates with other fitness apps like *Strava, Runkeeper, Nike and MyFitnessPal*, so you get credit for every Move Minute and Heart Point you earn.

**'The app will feel magical.'**

It counts steps the whole time without perceptible battery drain.

*Even the slogan Google advertises this product under **"Set fitness goals, Monitor your progress. Get to a healthier you."***

Contributed by CS Neha Agarwal

## Term Insurance Plan

**Term insurance provides coverage for a sum of money during the given period of time. If the life insured dies during the term, the death benefit will be paid to the nominee.**

Following questions arise in the mind of a person before taking a Term Plan:

1. **Who should take it?**
2. **What should be the entry age?**
3. **What should be the Coverage amount?**
4. **What should be the period of Coverage?**

Most of the time, consultant's advice us about the importance of a term plan.

It does not provide any benefit if the insured is alive. My point is that plan is taken only for death and not for survival. Secondly, if I opt for some benefit in the term plan then premium becomes higher. It means some part will be utilized for investment and some part for insurance purpose. The premiums for a pure term insurance are low since there is no investment component and the entire premium goes for covering the risk.

For educated class, insurance should not be considered as an investment option and only insurance of the insured.

**Now, let us answer to the query as raised above:**

1. The earning member in a family should take it.  
The very purpose of the term plan is to provide financial security to the dependents of the earning member.
2. The entry age should be the age when the earning member starts earning. This is the time when other non earning members of the family become dependents on the earning members.  
This is the time when he should take term plan.

The earlier it is taken, the lesser is the insurance premium. Though there is an eligibility criterion for term insurance plan which varies according to the insurers, the minimum age of entry is 18 years and the maximum age limit is 65 years.

3. This is the most common question when someone starts the process of going for insurance. First of all the total financial needs (short term, Medium Term and Long Term) should be calculated. Short term includes monthly expenditure of the family. Medium Term includes educational needs, family commitments etc. Long term includes Marriage, higher education etc.  
Once this figure is calculated, we should take the help of Insurance agents/financial consultants to arrive at an insured amount/Coverage amount.
4. Coverage period is calculated after considering the probable earning age of dependents. My present age plus the difference between the present age and probable earning age of dependent children should be the period of coverage of term plan.  
Let us assume that my present age is 25 years and the age of my child is one year. Assuming that my child will start earning at the age of 27 years, the coverage period comes to 26 years.

Minor adjustments are permissible as per the available features of term plan. The plan can be taken online or help of good financial consultant is also advisable.

*Do not just look for the low term insurance plan as they might be an important factor but may have several conditions attached for the time of claim.*

### **Additional Benefit of taking this plan**

Premiums paid are exempted from tax up to a maximum of Rs 1.5 lakh under **Section 80C** of the Income Tax Act, 1961. The claim amount received by the beneficiaries or bonus in the hands of the policyholder is tax free under **Section 10 (10D)** of the Income Tax Act.

- Contributed by CA Arun Patodia



**Advance Tax:**

Advance Tax Needs to be paid when the tax payable of assessee is **Rs.10, 000** or more during the Year.

For all assessee (Other than those covered under 44AD)	
Due Date of Installments	Amount Payable
On or before 15th December	75% of the Advance Tax
For those assessee which are covered under 44AD	
Due Date of Installments	Amount Payable
On or before 15th March	100% of the Advance Tax

**TDS:**

Due date of Filing of TDS Return	
Period	Due Date
October-December	31st January

Different due dates are prescribed for payment of TDS:

Due date for payment of TDS	
Month belongs to	Due Date
October	7 <sup>th</sup> of November
November	7 <sup>th</sup> of December
December	7 <sup>th</sup> of January

**ITR:**

Due date for filling of Return	
Category	Due Date
Company, Taxpayers whose accounts need to be Audited, Working partner (whose firm's books need to be Audited)	30th September

**Audit:**

There is no statutory liability till May for Filing of the Audit Report.

**ROC:**

This is that time of the financial year, when every company (PVT or LTD) and LLP needs to comply with annual filing with Registrar of Companies (ROC).

Tabular presentation of different forms to be filed is laid down below:-

Document	e-Form	Due Date
Financial Statements of Companies	AOC 4	30 days from date of AGM
Consolidated financial Statements of Companies	AOC 4 CFS	30 days from date of AGM
Annual Return of Companies	MGT 7	60 days from date of AGM
Appointment Of Auditor of Companies	ADT-1	15 Days from the date AGM
Regularization of Additional Director of Companies	DIR 12	30 days from date of AGM
Resolution for approval of Financial statements and Board report ( For Public Limited Companies)	MGT 14	30 days from date of approval
Statement of Accounts & Solvency of LLP	LLP FORM 8	30 days from the end of 6 months of the financial year (i.e. On or before 30 <sup>th</sup> October)

The Companies Amendment Act, 2017 has increased the fee in delay in filling forms, returns, documents, information under section 92 (Annual Return), and section 137 (financial statements). The additional fees will be not less than hundred rupees per day. It will differ for class of companies. Moreover, if there is default in filling aforesaid forms by companies, on two or more occasions, then higher additional fees will be prescribed which will not be less than twice the additional fees.

# Glimpse of Basco Events

## Fab India Training:



A brief session on 'Excel' by CA Sanjib Sanghi  
(Regional Council Member of EIRC of ICAI and designated as Secretary - EIRC of ICAI.)



## Motivational Seminar at Fern Residency, Kolkata.

BAS & Co. LLP in collaboration with **Sevalay** conducted a seminar to inspire & motivate students on 25.08.2018.



## STAR PERFORMER OF THE MONTH

June: Ms. Sonal Agarwal  
July: Ms. Silky Parmanandka & Mr. Banti Shaw  
August: Ms. Shradha Kedia

# I can AND I will Motivational Seminar

**Jaya Kishoriji**



**CA Ayush Goel**



*The Capacity to learn is a gift; the ability to learn is a skill; the willingness to learn is a choice.*

*- Brian Herbert*

Our main speaker Jaya Kishori ji (the brand ambassador of 'Sevalay') with her golden words undoubtedly won hearts of students as well as their guardians and left no stones unturned to motivate us all on how to deal with the day to day issues of life. She beautifully shared her practical experiences, examples and stories which turned the seminar to an interactive session.

She started her speech with a wonderful quote that:

**"If you want to succeed, Just try one more time"**

this itself aroused a sense of motivation among the students. Her talks on how success and failures go hand in hand along with keeping positive attitude, maintain self belief, valuing our body clock and doing hard but smart work were exactly on point. She addressed all the doubt and queries so that students could gain maximum benefit and pursue their careers smoothly.

**"Work so hard that One day your signature will be called an Audited Financial Statement"**

this quote encouraged the passion of wanting to achieve great heights among all present. Her explanation on life and how everything in life has its own time as well as a pinch of knowledge about spirituality and how it helps us with bringing peace was very unique and informative.

On the other hand talking about the core topics such as planning for exams and effective studies CA Ayush Goel cleared many concepts of the students. With his knowledge and teaching skills he has always been at the forefront as a mentor to the students. He even used the acronym **R.E.D.** to create the concept of '**Risk**' '**Efficiency**' '**Discipline**'. An important 'mantra' to be followed for being a successful student.

*Compiled by Ms. Sakshi Rathi*



*It's Not Easy, but It's Worth It!*

**“Keep going. Your future self is begging you.”**

A farmer's donkey fell into a well. The animal cried for hours as the farmer tried to figure out what to do. Finally, he decided the animal was old & the well needed to be covered up anyway so it just wasn't beneficial for the farmer to retrieve the donkey.

The farmer invited his neighbors to help him cover the well. They grabbed tools and began to shovel dirt into the well. At first, the donkey lamented on his impending demise but to everyone's amazement, he quieted down.

A few shovel loads later, the farmer finally looked down the well and was astonished at what he saw. With every shovel of dirt that fell on his back, the donkey was doing something amazing. He would shake it off and take a step up. As the farmer's neighbors continued to shovel dirt on top of the animal, he would shake it off and take a step up. Soon everyone was amazed as the donkey stepped up over the edge of the well and trotted off!

Life is going to shovel dirt on you, all kinds of dirt. The trick is to not to get bogged down by it. We can get out of the deepest wells by not stopping. And by never giving up! Shake it off and take a step up!

It is Easy to have faith when everything is working out. It's much harder to have faith when you are facing challenges in your life, but that is exactly when we must not give up. Faith is taking the first step. Everything worth the prize is worth the fight; if you want the prize you can't quit mid fight. You must play the whole game throughout the challenges. You will fall but you Must Get Up...

*“To have more than most,  
I must do more than most,  
Believe more than most,  
Learn more than most,  
Sacrifice more than most.”*

- Contributed by Mrs. Nikita Sarawagi

### **Editorial Team:**

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•Sakshi Rathi

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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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