

BASCO BULLETIN...



In the words of the famous poet Rabindranath Tagore: “You can’t cross the sea merely by standing and staring at the water” Effective attempts and endeavors need to be made if we want our work to be completed within deadlines. Unorganized and unscheduled working hours, incomplete & pending work is a major source of stress in our life today. We need to manage our work smartly to accomplish work life balance. The need of the hour is to implement the applications of Artificial Intelligence for process management and execution. 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 4th 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 for our future editions.

Implication of section (43CA) of the I.T. Act, 1961 on the Real Estate Industry

“Where the consideration received or accruing as a result of the transfer by an assessee of an asset (other than a capital asset), being land or building or both, is less than the value adopted or assessed or assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration received or accruing as a result of such transfer.”

As per the above provisions, section 43CA will be applicable on Real Estate Developers and Builders dealing in Real Estate Properties. In case of any Land or Building or both, is being transferred by a trader/ a real estate developer for a value less than the stamp duty value notified by the stamp duty authority, stamp duty value in such a case shall be deemed to be the full value of the sale consideration to such person and he shall be required to compute his taxable business income by substituting the actual sale consideration with the above mentioned deemed sale consideration.

Complexity Involved In Application of Section 43CA For Real Estate Developer

A Real Estate developer generally holds the immovable property as stock in trade and thus, Provision of Section 43CA shall be applicable to a Real Estate Developer. It is accordingly Significant to examine as to at what point of time and in what manner, provision of Section 43CA shall be applicable in the case of Real Estate developer in the backdrop of the following methodology of operations usually followed by a Real Estate Developer:-

- ❖ Real Estate developer operates in a manner where booking of plot/flat is made by way of issue of allotment letter to the buyer or by way of entering into an agreement with the buyer for the plot to be developed or flat to be constructed in future.
- ❖ Buyer keeps on making periodical payments in installments linked with the construction or otherwise.
- ❖ Possession of the property is generally handed over by the seller to the buyer after receiving full value of the consideration.
- ❖ The property comes into existence after a period of several years, generally 3-4 years.

- ❖ Registration of the documents transferring the property is executed in favor of the buyer simultaneously at the time of handing over the possession or at a later date, as may be mutually agreed.
- ❖ Real estate developer generally recognizes revenue in its financial statements on Percentage of Completion Method (PCM) as prescribed under the Guidance note on Accounting of Real Estate Transactions by Real Estate Developers, and Accounting Standard 7 on Construction Contracts, issued by the Institute of Chartered accountants of India (ICAI)/ Other Regulatory authorities.
- ❖ For the income tax purpose also, income tax computation is made as per revenue recognized by adopting the Percentage of Completion method for preparation of the financial statements.

Issues under section 43CA

- ❖ Is the transfer of flat under construction covered by the provisions of section 43CA?
- ❖ How will the section work in respect of projects where some part of the profits have already been offered for taxation in the years where the section was not operative?
- ❖ In the case of an assessee following percentage completion method of accounting, in which year is the difference between the stamp duty value of the asset transferred and its full value of consideration chargeable?
- ❖ Is the section applicable for computation of profits on transfer of development rights in respect of land held as stock-in-trade is granted?

At which point of time transfer of property takes place for applicability of Section 43CA?

- ❖ A further question may arise as to at which point of time, transfer of property takes place for the purpose of applicability of the provisions of Section 43CA. The definition of the term 'transfer' has been given u/s 2(47) of the Income Tax Act, 1961 which recognizes transfer of asset in many ways and not only when document transferring the property is registered.
- ❖ Section 2(47) of the Act recognizes transfer of asset inter alia to include the sale, exchange or relinquishment of the asset or extinguishment of any rights therein or transfer of property by handing over the possession in part performance of the contract as per Section 53A of Transfer of property Act.
- ❖ But, definition of the term "transfer" under section 2(47) is in relation to transfer of a "capital asset" whereas Section 43CA deals with property held in the nature of stock in trade.
- ❖ Therefore, for the purpose of Section 43CA, definition of the term "transfer" given u/s 2 (47) cannot be applied. It follows that for the purpose of applicability of Section 43CA, the date of transfer of property has to be construed in accordance with the provisions of the Transfer of Property Act, 1882 when transfer of ownership of property is recognized.

Whether effect of section 43CA is to be given in the books of accounts?

- ❖ Since section 43CA creates a deeming fiction for substituting the sale consideration with no corresponding receivable to come into existence, any effect on taxable income due to applicability of the provision of Section 43CA is to be given in the return of income only in the year in which transfer of property takes place. No accounting treatment in the books of accounts is thus required to be given and, provisions of Section 43CA will not affect revenue recognition process in the books of accounts.

In view of the above analysis of the provision of Section 43CA, it may be stated that the harshness of the provision of section 43CA for real estate developers as was apprehended at the first instance is mitigated to a large extent, as discussed above. There are sufficient safeguards within the provisions of section 43CA so as not to create any hardships for the genuine transactions.

Contributed by CA Ayush Goel & Ms. Sabia Hossain



Enjoy Retirement
Peaceful Retirement life

SIP KARO MAST RAHO

Systematic Investment Plan (SIP)

“Best Way to Invest”

Long Term Gain

Disciplined Saving

Life with no tension, Commitments, work load, Issues

The popularity of SIPs or Systematic Investment Plans has gone up in the last few years. Thanks to demonetization, many individuals discovered the charm of SIP and mutual funds. Amfi's (The association of Mutual Funds of India) “Mutual Fund Sahi Hai” campaign also helped popularizing the concept of SIP and mutual funds.

Here's a quick guide to SIPs and how one can use them to invest in equity mutual fund schemes to create wealth over a long period to achieve your long-term financial goals.

What is an SIP?

An SIP or Systematic Investment Plan is an investment strategy to invest a certain amount of money at regular intervals – weekly, monthly or quarterly. SIP investment makes it easy for investors to buy equity or debt mutual fund regularly on a particular date of the month, in order to build substantial wealth quickly.

SIP investment plans are the smartest and most convenient way of investing in mutual funds. A fixed amount of money is auto debited from your bank account in case of SIP, and you are assigned a number of units, as per the present Net Asset Value (NAV). Best SIP plans help create a planned approach towards investment and develop the habit of savings in investors so that they can create wealth to achieve their financial goals in the short and long term.

Types of SIP?

- ❖ **Top-up SIP:** This SIP type allows you to increase your investment amount periodically. This also means that you can make the most of your SIP investment by contributing to well-performing mutual fund schemes at certain intervals.
- ❖ **Flexible SIP:** This SIP type allows you to increase as well as decrease your investment amount as per the cash flow you have. This way you can skip one or more payments when you face cash crunch due to any reason. Likewise, you can make a bigger contribution to SIP when you receive bonus or an additional income.
- ❖ **Perpetual SIP:** SIP investments are, generally, for a fixed period of 1 year, 3 years, or 5 years. A SIP is referred to as Perpetual SIP if you do not mention the end date in the mandate date. This SIP type allows you to redeem your funds whenever required or, particularly, when you have achieved your financial goals. However, it is advisable to set an end date for your SIP contribution so as to build a disciplined, goal based investment.

- ❖ **Trigger SIP:** This SIP type is ideal for investors with limited knowledge of the financial market. You are allowed to set NAV, index level, SIP start date or event, etc. Since this SIP type encourages speculation, it is not desirable or much recommended.

Power of Compounding:

Whatever amount you invest, you earn interest on it. Such interests get compounded and accumulated over a period of time. The longer the tenure is the, higher the fund value would be. Therefore, if you stay invested for a longer period of time, you can accumulate more wealth with the power of compounding. Hence, if you start investing early in your life, you will create more wealth than one who comes in later.

Benefits of Investing in SIP:

- ❖ Disciplined Saving
- ❖ Flexibility
- ❖ Long Term Gains
- ❖ Convenience
- ❖ Moderate Risk
- ❖ Tax Benefit
- ❖ Lock-In-Period
- ❖ Higher return as compared to RD

Tax Benefit of Investing in SIP:

Tax benefits are only applicable to the investments made in Equity Linked Savings Schemes (ELSS). If one invests in ELSS, government-approved tax saving scheme, they can claim tax deductions under section 80C of Income Tax Act, 1961.

One-Time or SIP: How to Invest?

Generally, the first time investors often get confused between choosing a one-time investment or SIP investment. For the better understanding of the investors here we have elaborately discussed both the investment option:

ONE TIME INVESTMENT	SIP
In one time investment the investors need to invest a lump-sum payment during the tenure of investment.	SIP investment includes period investment, where the investors can invest a fixed amount per month in the fund option of their choice.
One-time investment earns better returns on investment at the time when market performs high.	SIP investment earns better returns on investment at the time when market performs low.
One-time investment can result to loss at the time of market fluctuation.	With the benefit of rupee cost averaging SIP investment helps to deal with the market crash.



Highlights of the Companies (Amendment) Ordinance, 2018

According to Black's Law Dictionary, an ordinance is 'a rule established by authority' that necessitates urgent actions. The Ministry of Law & Justice has come out with an Ordinance dated 2nd November, 2018, further amending 31 provisions of the Companies Act, 2013 ("Act") based on the recommendations of the Committee formed by the Ministry of the Company Affairs ("MCA") to review the offences under the Act.

The Article covers some major changes in the Act

❖ Section 10A: Commencement of Business, etc.

(Insertion of a new section)

A company having share capital incorporated after the commencement of the Ordinance, has to ensure the following before commencing its business or exercising borrowing powers-

a. Director to file a declaration within 180 days from the date of incorporation of the company in **Form No. INC-20A** that every subscriber has paid the value of the shares as agreed for.

b. The company has filed a verification of its registered office in **e-Form INC 22 as provided in sub-section (2) of Section 12**. Failure to file the declaration shall give reasonable cause to the ROC to remove the name of the company from the register of companies.

❖ Section 77: Duty to register charges, etc.

A significant amendment brought in by the Ordinance. The Act requires companies to register charges (such as mortgages) on their property within 30 days of creation of charge. The Registrar may permit the registration within 300 days of creation. If the registration is not completed within 300 days, the company is required to seek extension of time from the central government.

Changes in Ordinance to permit registration of charge
Charges created before commencement of Ordinance- ROC to register charges within 300 days of such creation;

a. In case the charge is not registered within this time, then the charge should be registered within 6 months from the date of commencement of Ordinance on the payment of additional fees.

b. Charges created after commencement of Ordinance- ROC to register charges within 60 days of such creation. In case the charge is not registered within this time, then ROC may on application, allow the registration of the

charge within a period of further 60 days on payment of ad valorem fees.

❖ Section 90- Register of significant beneficial owners in a company:

On reason to believe, Central Government may appoint one or more competent persons to investigate and report as to beneficial ownership with regard to any share or class of shares and the provisions of section 216 shall, as far as may be, apply to such investigation.

The Company or person aggrieved by the order of the Tribunal may make an application to the Tribunal from the date of such order. In case no application is made within this time, then such shares shall be transferred to IEPF. Person failing to make the declaration shall be imprisoned for 1 year along with applicable fine or both.

❖ Section 92-Annual Return

Penal provisions instead of levying fine for failure in filing annual return; Company and every officer in default, Rs. 50,000 & in case of continuing default, further penalty of Rs. 100 for each day up to maximum Rs. 5 lakhs.

❖ Section 117-Resolutions & agreements to be filed:

Failure to file resolution within time shall attract a penalty on Company of Rs. 1 lakh and in case of continuing failure, Rs. 500 for each day up to max. Rs. 25 lakhs; Officer-in-default (including liquidator)- Rs. 50,000 and in case of continuing failure, Rs. 500 for each day up to maximum Rs. 5 lakhs.

❖ Section 157(2)-Intimation of DIN

The fine for not furnishing DIN has been substituted with penalty. The Company shall be liable to a penalty of Rs. 25,000, subject to a maximum of Rs. 1 lakh & every Officer of the company who is in Default shall be liable to penalty of not less than Rs. 25,000. However, the sub-section now specifically provides that if the default continues a further penalty of Rs. 100 shall be levied every day.

❖ Section 441- Compounding of offences

The Ordinance has increased the limit of offence for compounding before the Regional Director from Rs. 5 lakhs to Rs. 25 lakhs.

CONCLUSION

It may be said that the amendments introduced are primarily to re-categorize the existing penal provisions. We can expect the recent changes in the Companies Act, 2013 to be the much needed transformation in the corporate world. It is definitely a welcome step towards ensuring corporate compliance in a systematic manner.

Contributed by CS Neha Agarwal

Augmented Reality (AR)

Augmented reality is the integration of digital information with the user's environment in real time. Unlike virtual reality, which creates a totally artificial environment, augmented reality uses the existing environment and overlays new information on top of it. Augmented Reality can be seen through a variety of experiences. Recent developments have made this technology accessible using a smart phone which led to the development of wide variety of augmented reality apps.

If you experienced the hubbub of **Pokémon Go**, you witnessed augmented reality in action. IT allows users to catch virtual Pokémon that are hidden throughout the map of the real world. It uses real locations to encourage players to far and wide in the real world to discover Pokémon. AR applications in smart phones generally include **Global Positioning System (GPS)** to spot the user's location and its compass to detect device orientation. It also helps visualizing new furniture in your living room. The **IKEA Place** app will provide an overlay of a new couch for that space before you buy it so that you can make sure it fits

Augmented Reality is a technology that has changed the face of smart phone apps and gaming. AR adds digital images and data to amplify views of the real world, giving users more information about their environments. This step is beyond virtual reality, which attempts to simulate reality. AR apps are growing at a tremendous speed as they give businesses a different edge which attracts the customers. The majority of businesses are hiring augmented reality solutions to develop strong relationships with customers by engaging them. For instance, buying **clothing and accessories** can be daunting and trying each and every item is quite impossible, especially, when there are a number of choices. Customers can try the dress digitally without wearing them. Moreover, AR can also be used for **promotional campaigns** to drive more customers and generate more sales.

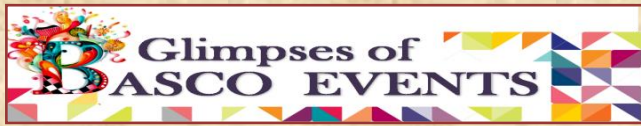
Benefits:

- ❖ Augmented Reality unlocks many opportunities when it comes to **education and training**.
- ❖ **Real life stimulations** and demos offer an immersive learning experience.
- ❖ Medical students can perform **surgeries** without any glitches and harm to the human body.
- ❖ It can be applied in the field of engineering where students can test and have a **live demonstration** of operating equipment and machinery and get to know how complex machinery work.
- ❖ **Astronauts** can also get training and education before they go on a big mission.

Technology is playing a vital role in offering businesses a way to drive more revenue and offer seamless experiences to the customers. Augmented Reality is making its way to disrupt every industry and over the next few years, new businesses will be based on Augmented Reality or supported by AR services.

- Contributed by Sakshi Rathi





Diwali Celebration (Traditional Day):



Swacch Office Abhiyan:



Quiz & Exam Sessions:



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 March	100% of the Advance Tax
For those assessee which are covered under 44AD	
Due Date of Installments	Amount Payable
Before 30th March 2019	100% of the Advance Tax

It has merged and become one for all assessee

TDS:

Due date of Filling of TDS Return	
Period	Due Date
October-December	31st January
January-March	31st May

Different due dates are prescribed for payment of TDS:

Due date for payment of TDS	
Month belongs to	Due Date
January	7th of February
February	7th of March
March	30th of April

GST TDS:

As per the notification No. 50/2018 - Central Tax dated 13th Sept 2018

TDS is required to be deducted by a department or an establishment of the CG or SG, Local authority or Governmental agencies @ 2% on the payment made to the supplier of taxable goods & services or both where value of such supply under a contract exceeds Rs. 2.5 lakhs, and deposit the same with the government by the 10th of the next month and issue form GSTR 7A to the person whose TDS has been deducted.

STAR PERFORMER OF THE MONTH

September: Mr. Harshit Choudhary & Ms. Simran Jain
 October : Mr. Bikas Kumar Singh
 November : Ms. Darshika Gupta



It's not what happened to you; it's how you responded to what happened to you that has created the person that you have become.

Have you chosen to become the victim or the victor? If you chose the victim's role, the sooner you accept accountability for your choices, the sooner you will begin to heal. Blame and resentment over what happened to you only gives the other person or thing a never-ending supply of power over your life.

"That which doesn't kill you only makes you stronger."

There were two boys who had an alcoholic father. Adulthood took them down separate paths with differing priorities and life decisions.

One son became an alcoholic. "What choice do I have?" he said. "My father is an alcoholic."

The other son never touched a drop of alcohol. "How could I?" he said "Look what it did to my father"

We are all role models and it's something that we need to keep in mind for all the people we care about and influence.

*A careful man I want to be,
A little fellow follows me;
I do not dare to go astray,
For fear he'll go the self-same way.*

- John Wooden

We can learn from others.

It's much better to learn a lesson from someone else's experience, than to have to experience it ourselves.

We all have the power to choose.

We don't always get to choose what happens to us or around us, but we can choose how we respond. We can't control the circumstances, but we have total and complete control over our reaction.

Both sons started in the same place, with the same circumstances. However, they chose completely different paths as a result of their situation.

- Contributed by Mrs. Nikita Sarawagi

Editorial Team:

•Nikita Sarawagi

•Sakshi Rathi

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About the Firm

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

OUR OFFICES:-

Head Office: Kolkata

Person in Charge: CA Arun Patodia

Phone: 033-25587917

Email: arun@basco.in

**Address: Suryadeep, 2nd floor
1/1E/6 Rani Harsha Mukhi Road
Kolkata-700002**

Branch Office: Ahmedabad

Person in Charge: CA Namita Singhania

Mobile: 9825361452

Email: namita@basco.in

**Address: Dev Aurum,
A-702, Anandnagar Road,
Pralhad Nagar
Opp-Madhur Hall
Ahmedabad-380015**

Branch Office: Mumbai

Person in Charge: CA Sumeet Singhania

Mobile: 9879105798

Email: sumeet@basco.in

**Address: B-7, Nazir Apartment,
139 Azad Road,
Ville Parle (East)
Mumbai-400057**