



WICASA Pimpri Chinchwad Branch of WIRCA of ICAI

Students E-Newsletter February - 2018

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CA. Yuvraj Taware
Vice - Chairman & WICASA Chairman



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WICASA COMMITTEE MEMBERS



CA. Yuvraj Taware
WICASA Chairman



Mr. Mrugank Salunke
Vice-Chairman



Mr. Raj Badiyani
Secretary



Ms. Rucha Kulkarni
Treasurer



Mr. Kunal Phadtare
Member



Ms. Veena Pujari
Member

WICASA Chairman's Communication

I am privileged to write to you as the new chairman of WICASA through this E-Newsletter. I am thankful to managing committee for shouldering me the new responsibility to head WICASA Pimpri- Chinchwad.

Pimpri- Chinchwad Branch of WICASA is entering in its sixth year. I take this opportunity to acknowledge and appreciate the past chairmans/chairperson for their valuable contribution and untiring efforts in taking Pimpri-Chinchwad WICASA Branch to its current positions.

In order to make the newsletter more resourceful, we require your valuable support by providing updates, useful suggestions, articles etc. I would request you to send your contributions in various topics.

I like to identify the problems and difficulties, convey new ideas, innovations of todays chartered accountancy students, who will sculpt the future of great profession.

I take this opportunity to wish you all a bright and prosperous career ahead wish you all the best for your exam preparations

With Warm regards

CA. Yuvraj Taware
WICASA Chairman (2018-19)
WICASA Pimpri Chinchwad Branch of WIRC of ICAI.

UNION BUDGET 2018-19

Introduction to Budget 2018

Union Finance Minister Arun Jaitley presented the Union Budget for the year 2018-19 on 1st February, 2018 in the Lok Sabha with strong emphasis on Agriculture, Healthcare, Education and Infrastructure development. This budget is the last full budget of Modi Government and thus it was expected to be populist in view of the general election - 2019. However the budget continued the trend of adhering to fiscal discipline and targeted spending on development of rural economy, education, health care facilities, infrastructure (**Road, Rail, Ports and Airports**) and providing support to MSME sector.

Finance minister said in his budget speech that budget focuses on agriculture, rural economy, health and infrastructure to increase the 'ease of living' for India's poor and middle classes.

Finance minister also slightly loosened his government's fiscal deficit targets for the new financial year- partly as a result of unsure tax revenue from GST and partly to step up public spending on the agriculture and health sectors. He also emphasized on the fact that India is now a USD 2.5 Trillion economy - 7th largest in the world and expected to become 5th largest in the year 2018. GDP growth in the year 2017-18 is expected to be 6.75% and expected to rise to 7-7.5% in the year 2018-19.

Finance Minister said that "Prime Minister Shri Narendra Modi has always stressed importance of good governance. He has articulated the vision of 'Minimum Government and Maximum Governance' . This vision has inspired Government agencies in carrying out hundreds of reforms in policies, rules and procedures. This transformation is reflected in improvement of India's ranking by 42 places in last three years in the World Bank's 'Ease of Doing Business' with India breaking into top 100 for the first time. I would like to congratulate all those who worked to achieve this.'

While there is no major change in indirect taxes as most of them are now under purview of the Goods and Service Tax Council, Budg consists several changes in direct taxes as well as custom duties.

Budget 2018-Key Highlights

Direct Taxes

Individual Tax Rates					
Individual Tax Payers (Till 60 year of age)		Senior Citizens (60 to 80 year of age)		Senior Citizens (80 year and above)	
Income	Tax Rate	Income	Tax Rate	Income	Tax Rate
Upto 2,50,000	Exempt	Upto 3,00,000	Exempt	Upto 5,00,000	Exempt
2,50,001 to 5,00,000	5%	3,00,001 to 5,00,000	5%	5,00,001 to 10,00,000	20%
5,00,001 to 10,00,000	20%	5,00,001 to 10,00,000	20%	Above 10 Lacs	30%
Above 10 Lacs	30%	Above 10 Lacs	30%		

□ Surcharge

Applicable @10% in cases of income between 50 Lacs to 1 Crores and @15% in case income is more than 1 Crores.

□ Cess

Education Cess of 2% and Secondary and Higher Education Cess of 1% has been abolished and Health & Education Cess of 4% would be levied going forward.

□ Changes in tax Rates

- *Personal Tax- No Change in slab rates and deduction under section 80C.*
- *No Change in Surcharge.*
- *Corporate tax rate of 25% extended to companies with turnover up to INR*

250 Crore in financial year 2016 -2017.

- Education Cess and Secondary & Higher Education Cess of 3% (of tax and surcharge) discontinued. Health and Education Cess introduced at the rate of 4% (of tax and surcharge).

□ **Taxation of Salary/Pension**

- *Standard deduction of INR 40,000 introduced for salaried/ pensioner individuals.*
- *Exemption in respect of transport allowance of Rs.19,200/ - per annum (except in case of differently abled persons) withdrawn*
- *Exemption in respect of perquisite of reimbursement of medical expenses of Rs.15,000/ - per annum withdrawn.*

□ **Income From Business/Profession**

- *Conversion of stock into capital asset shall be charged to tax as business income by Conversion of stock into capital asset shall be charged to tax as business income by considering fair market value of stock on the date of conversion as sales consideration. Further, for the purpose of capital gains, cost shall be the fair market value on date of conversion and period of holding shall be reckoned from the date of such conversion.*
- *Section 43(5) to be amended to provide that transaction in respect of trading of agriculture commodity derivatives, which is not chargeable to CTT, over a registered stock exchange or registered association, will not be treated as speculative transaction.*
- *It has been provided under section 28(ii)(e) that any compensation received or receivable whether capital or revenue in connection with the termination or modification of the terms and conditions of any contract relating to business shall be taxable as business income.*

□ **Dividend**

- *Provisions of section 115 - O relating to DDT extended to deemed dividend under section 2(22)(e) which deems payment made by way of advance/loan to to specified shareholders as dividend. DDT shall be applicable at 30% (Without Grossing Up)*
-

- ❖ *DDT on dividend payout by equity oriented mutual fund at the rate of 10%.*
- ❖ *The accumulated profits/losses shall be increased by the accumulated profits of the amalgamating company on the date of amalgamation.*

❖ **ICDS (Income Computation and Disclosure Standards)**

- ❖ *In order to bring certainty in the wake of recent judicial pronouncements on the issue of applicability of ICDS, it is proposed to insert new sections and amend existing sections retrospectively with effect from 1st April 2017 to provide legal backing to the provisions of income computation and disclosure standards. Following are the important changes:*
- ❖ *Section 36(1)(xviii) inserted to allow marked to market loss or other expected loss as computed in accordance with ICDS*
- ❖ *Section 40A(13) inserted to restrict deduction or allowance of any marked to market loss or other expected loss except as computed in accordance with ICDS*
- ❖ *Section 43AA inserted to provide that any gain or loss arising on account of any change in foreign exchange rates shall be treated as income or loss, as the case may be and it shall be computed as per ICDS and it shall be in respect of all foreign currency transactions including those relating to monetary and non-monetary items, translation of financial statements of foreign operations, forward exchange contracts and foreign currency translation reserves.*
- ❖ *Section 43CB inserted to provide that profits & gains arising from construction contract or a contract for services shall be determined on the basis of percentage of completion method (except for service contracts of less than 90 days duration where project completion method can be used.*
- ❖ *Section 145A and 145B have also been amended to specify the treatment of inventories, interest on compensation, income from subsidy, duty drawbacks etc.*

Capital Gains

- ❖ *Long Term Capital Gains tax exemption on transaction of sale of listed equity shares and units of equity oriented funds and units of business trust undertaken on stock exchange and subject to STT is withdrawn.*
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- *LTCG in excess of INR 1,00,000/- would also to be taxed in respect of Foreign Institutional Investors (FII) U/s 115AD @10%.*
- *LTCG will be taxable at 10% of capital gains exceeding INR 1,00,000 without Indexation benefit. Cost of acquisition in respect of long term capital asset acquired by the assessee before 1st February, 2018 shall be deemed to be the higher of :-*
 - *Actual Cost of acquisition of such asset and*
 - *Lower of*
 - *Fair Market Value of such asset as on 31st January, 2018 and*
 - *Full Value of consideration received or accruing as a result of the transfer of capital asset*
- *Benefit of section 54EC to be available only in respect of capital gains arising from transfer of long term capital assets being land or building or both and not for other assets. Lock-in-period of the investment is increased from 3 Years to 5 Years.*
- *No Adjustments shall be made under section 50C, 43CA or 56 in case of sale/ purchase of immovable property if the difference in stamp duty value and actual sale consideration does not exceed 5% of the sale consideration.*

Exemptions & Deductions

- *Deduction to Senior citizens in respect of Income from deposits with Bank, Post Offices & Cooperative Societies of INR 50,000 proposed U/s 80TTB.*
- *Deduction to Senior citizens of INR 50,000 per annum for medical insurance premium under section 80D.*
- *It is proposed to amend the provisions of section 80DDB so as to raise the monetary limit of deduction to INR 1,00,000 for both senior citizens and very senior citizens (from existing INR 60,000 for senior citizens and INR 80,000 for very senior citizens) with regards amount paid for medical treatment of specified diseases.*
- *Beneficial provision of minimum employment of 150 days instead of 240 days for additional 30% deduction U/s 80JJAA in case of emoluments paid to new employees proposed to be extended to footwear and leather industry Further It is proposed to allow the*

deduction in respect of new employees who do not satisfy the minimum employment period criteria in the first year but satisfy it in the subsequent year.

- *The present benefit of tax free withdrawal from NPS which is available to employee subscribers proposed to be extended to non-employee subscribers to the extent of 40%.*
- *100% deduction U/s 80PA for 5 years extended to Farm producer companies having turnover upto 100 Crores whose income is derived from its members by marketing/ processing of their agricultural produce or from purchase of agricultural implements/ other articles for agriculture for purpose of supplying to its members.*
- *100% deduction U/s 80IAC extended for start-ups being incorporated between 1st April 2019 to 1st April 2021.*

Trust

- *At present, there are no restrictions on cash payments made by charitable or religious trusts or institutions. It has been proposed to disallow all expenses in cash exceeding Rs.10,000/- in terms of section 40A(3) and 40A (3A) from the amount of application of income.*
- *Further payments made without deduction of applicable tax at source (TDS) would also be disallowed in terms of section 40(a)(ia) from the amount of application of income.*

Other Changes

- **INR 7.5 lakh per senior citizen limit for investment in LIC schemes doubled to INR 15 Lakh.**
- **'Options in commodity futures' would now be subject to commodities transaction tax.**
- **Receipt of property by a wholly owned subsidiary from its holding and by an Indian holding company from its subsidiary shall not be deemed to be Income from other sources.**
- **Limit for deduction of TDSU/s 194A in respect of interest income for senior citizens raised from 10,000/- to 50,000/-**

- It is proposed to amend section 115JB to provide that the aggregate amount of unabsorbed depreciation and loss brought forward (excluding unabsorbed depreciation) shall be allowed to be reduced from the book profit, if a company's application for corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 has been admitted by the Adjudicating Authority.
- To Improve transparency and accountability by eliminating interface between Income Tax Officers and taxpayer, a new scheme for scrutiny assessments shall be introduced by way of notification.
- No Deduction under heading "C-Deductions in respect of certain incomes" of Chapter VIA would be admissible if return of income is not filed within prescribed due-date.
- Relief from prosecution for failure to furnish return that was available for taxpayers whose tax liability determined under regular assessment did not exceed INR3,000 would not be applicable to companies.
- Section 115BBE is amended w.e.f. from AY 2017-18 to provide that no expenditure or allowance or set off of any loss shall be allowed in respect of undisclosed income determined by the Assessing Officer U/s 68, 69, 69A, 69B, 69C or 69D.
- No adjustments would be made while processing of return of income on account of mismatch of income appearing in Form 26AS or Form 16 or Form 16A and return of income from AY 2018-19 onwards.

Indirect Taxes

Customs Duty

- *No Change in peak rate of Basic Custom Duty (BCD).*
- *Education cess and Secondary & Higher Education Cess on imported goods abolished.*
- *Social Welfare Surcharge (SWS) is being levied on imported goods to fund education, health and social security. It will be levied @10% of aggregate duties of customs except 3% for some specific items. Specified goods exempted from Education Cess and Secondary & Higher Education Cess would also be exempted from SWS.*
- *Ad-valorem rate of SWS will be on aggregate of Customs Duty (excluding*

IGST, GST compensation cess, Anti Dumping Duty, Safeguard Duty, etc).

- It is proposed to empower government to exempt the custom duty on goods imported /reimport ed after export, in India for repair, further processing or manufacture.*
- Time Limit to pronounce Advance Ruling reduced from 6 months to 3 months.*
- Presentation of Bill of Entry/Shipping Bill/Bill of Export can also be made online through Customs Automated System for Import and Export of Goods.*
- The requirement for Filing of Import Manifest or Import Report U/s 30, in case of imported goods, has been extended to Exported Goods as well.*
- The requirement for filing of Export Manifest Report U/s 41 has been extended to Imported goods as well. Penalty provision for intentional default in submission of EMR to the extent of INR 50,000.*
- Provision for advance payment of duty under Electronic Cash Ledger Introduced.*

Excise Duty

- Basic Excise Duty on manufacture of Motor Spirit and HSD reduced by INR 2 per litre.*
- Road Cess of INR 6 per litre on petroleum products abolished.*
- Road & Infrastructure Cess (R & I Cess) on petroleum products of Rs.8 per litre introduced.*

Service Tax

- It is proposed to provide retrospective exemption from service tax to services provided by the Goods and Services Tax Network (GSTN) to the Central Government /State Governments / Union territory during the period from the 28 March 2013 to the 30 June 2017.*
- It is proposed to provide retrospective exemption from service tax to consideration paid to Government in the form of Government's share of profit petroleum in respect of services provided by Government by way of grant of license or lease to explore or mine petroleum crude or*

natural gas or both, during the period from the 1 April 2016 to the 30 June 2017.

- It is proposed to provide exemption from service tax to life insurance services provided by the Naval Group Insurance Fund to personnel of Coast Guard, retrospectively, during the period from the 10 September 2004 up to the 30 June 2017.*

Policy Changes

- The Government will take all steps to eliminate use of crypto currencies which are funding illegitimate transactions.*
- Government to develop separate policy on hybrid instrument to attract foreign investment, especially for start-ups and venture capital funds.*
- The government and market regulators have taken necessary measures for development of monetizing vehicles like Infrastructure Investment Trust (InvIT) and Real Investment Trust(ReITs) in India.*
- Reform measures will be taken with respect to stamp duty regime on financial securities transactions in consultation with the States and necessary amendments shall be made to the Indian Stamp Act.*
- SEBI to come-up with a policy on mandatory requirement for large corporates to access one-fourth of financing requirement through bond market.*

**Complied By : Rohit Kadu
(WRO0525881)**

Events in Feb 2018

Date	Particulars	Speaker	Venue
05.02.2018 TO 22.02.2018	ICITSS-IT BATCH		ICAI Bhawan Pimpri Chinchwad Branch of WICASA of ICAI
15.02.2018 TO 3.3.2018	ICITSS - ORIENTATION COURSE BATCH		ICAI Bhawan Pimpri Chinchwad Branch of WICASA of ICAI
05.2.2018 TO 22.02.2018	1.AICITSS-ADV.IT BATCH		ICAI Bhawan Pimpri Chinchwad Branch of WICASA of ICAI
26.02.2018 TO 15.03.2018	2.AICITSS-ADV.IT BATCH		ICAI Bhawan Pimpri Chinchwad Branch of WICASA of ICAI
06.02.2018 TO 21.02.2018	AICTSS-MCS BATCH		ICAI Bhawan Pimpri Chinchwad Branch of WICASA of ICAI
28.2.2018	Industrial Visit & Educational Tour	Sant Tukaram Sakhar Kharkhana, Kasarsai Darumbri,Pune	Sant Tukaram Sakhar Kharkhana, Kasarsai Darumbri,Pune

Forthcoming Events in March 2018

DATE	EVENTS	SPEAKERS	VENUE
10.03.2018	WOMEN'S DAY PROG "UNLEASHES THE POWER WITHIN"	1. Ms. Vimal Bidwe, DYSP, CID Mumbai. 2. Ms. Soniya Gowardhan, Entrepreneur	ICAI Bhawan Pimpri Chinchwad Branch of WIRC of ICAI
20.03.2018	VISIT TO NATIONAL STOCK EXCHANGE (NSE).	1.Mr Harish Sethia Trainer	NATIONAL STOCK EXCHANGE, Mumbai

Events Snapshot



Industrial Visit & Educational Tour at Sant Tukaram Sakhar Kharkhana, Kasarsai Darumbri,Pune



Industrial Visit & Educational Tour



Industrial Visit & Educational Tour

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WICASA PIMPRI CHINCHWAD BRANCH OF WIRC OF ICAI

**ICAI Bhawan Plot No. 17/8 A, at Nigdi, Dattanagar, Near Bhakti Shakti chowk, Dehuroad
Cantonment Board, Behind Indian Oil Petrol Pump, Pune 411044.**

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