



# Sambalpur Branch of EIRC – E-Newsletter

## June 2024 Edition

### Branch Chairman's Message



1st July, 2024, a moment of joy and pride, as our profession and institute completes its magnificent and phenomenal journey of 75 years. This journey of trust and excellence honours our indomitable spirit and

our purposeful, meaningful, and credible existence, commemorating the significant contributions of ICAI and the Indian accounting profession in service of the nation since our inception. With our commitment and perseverance in turning challenges into opportunities, ICAI's narrative resonates with professional excellence and resilience. Over the years, we have consistently met the expectations and vision set forth by the founding fathers of the Indian Constitution, who entrusted autonomy to our profession through the enactment of Chartered Accountants Act, 1949.

CAs are at the forefront of this digital revolution, embracing advancements such as artificial intelligence, blockchain, and data analytics to enhance financial reporting and decision-making processes. ICAI's initiatives in promoting digital literacy and integrating technology into the accounting curriculum ensure that CAs remain ahead of the curve, ready to tackle the demands of a digital economy.

The institute's rigorous curriculum and continuous professional development programs ensure that CAs are equipped with the latest knowledge and skills to navigate the complexities of the global economy. Chartered Accountants have been instrumental in fostering transparency, accountability, and trust in financial reporting. Their role in auditing and assurance services has ensured that businesses operate within the legal and regulatory frameworks, thereby enhancing investor confidence and contributing to the stability of the financial markets.

The initiatives like the Digital Learning Hub underscore ICAI commitment to providing

continuous and updated learning opportunities to members and students, ensuring they stay updated in a rapidly evolving digital landscape. E-hearings and automation of the Disciplinary Directorate further highlight efforts towards expeditious disposal of cases. The launch of the e-Office not only enhances productivity but also streamlines operations within the institute. ICAI continues to innovate with a Committee on AI, aimed at leveraging the power of AI for the benefit of Members and Students and soon GPT platform will be launched to enhance operational efficiencies.

Vision for 2049 ICAI's vision 2049 aligns with the national ambition, aiming to revolutionize the accounting profession and support India's economic ascent. We are committed to nurture India into the talent factory for the world by embracing an online hybrid mode of education, training, and examination and creating World Class Centres of Excellence with a modern digital outlook to facilitate research, training, learning and build global leaders. Our focus on research and innovation in accounting, finance, and taxation will foster a future-ready profession equipped to handle the complexities of both public and private finance.

The institute's dedication to eminence is evident in our adoption of case study-based learning, enhancing practical understanding and application. Our vision includes establishing India as a Global Hub for the Accounting and Financial ecosystem, leveraging our capacity to set standards and assume a global leadership role in technology, sustainability, accounting and auditing standards.

In conclusion, the role of Chartered Accountants in India's development cannot be overstated. A Chartered Accountant will continue to serve the nation by driving financial integrity, offering strategic business insights, and ensuring compliance with evolving regulations. Their continued contribution will be indispensable in inspiring and shaping an India as Viksit Bharat in 2047. As we strive towards this vision, the expertise and dedication of Chartered

Accountants will be pivotal in building a prosperous, transparent, and robust economic future for the nation.

**Thank you.**  
**CA Rajendra Agrawal**  
**Chairman**  
**Sambalpur Branch of EIRC of ICAI**

#### Message from Past Chairman, Sambalpur Branch



Dear Members and Colleagues,

From this message I am going to depict the phase of my chairmanship period in few words.

In that pandemic period when all over there was a new scene which can't be described in words rather, I would like to say "that was a terrible experience for all".

Major relaxation was there in all acts. In the backdrop of rising awareness level about the precautions, improved healthcare facilities and concerns about the economy, it was satisfying that the government announced relaxation in a phased manner, with regard to lockdown norms. With movement resumed by reinstating public transport, albeit in a restricted manner, economy gradually started moving and we all were also back in offices although with much changed environment and circumstances. Life was continued to abide by the guidelines imposed by the government as well as judiciously adhere to the precautions prescribed to prevent the spread of COVID-19.

Failing in an area is really disheartening experience. It may be difficult to keep yourself motivated afterwards, especially when you have worked hard and put in a lot of effort. But it doesn't mean that this is the end of journey. With the right mindset and positive approach, still we can touch the feet of success. One must take a backstep and assess the situation and then only try to jump high. With the

right strategies and the attitude to use failure as an opportunity will lead you to grow and develop and achieve your goals.

**Warm regards,**  
**CA Ashish Agrawal**  
**Past Chairman**  
**Sambalpur Branch of EIRC of ICAI**  
**2020-21**

#### Editor's Note



"Stand for something or you will fall for anything. Today's mighty Oak is yesterday's nut that held its ground."

Dear Members,

As the editor of our newsletter, I am delighted to welcome you to another edition filled with articles, insights and inspiration. In this newsletter our vision is to give explanation on a particular section where our CA's put their effort to present themselves in the core area of their expertise.

Gender equality is, first and foremost, a human right. A woman is entitled to live in dignity and freedom. Empowering women is also an indispensable tool for advancing development and reducing poverty. A women contribute to the health and productivity of whole families and communities and improved prospects for the next generation.

Discrimination against women – including gender-based violence, economic discrimination, reproductive health inequities, and harmful traditional practices – remains the most pervasive and persistent form of inequality. It is important for every woman to remember that they must acquire empowerment themselves rather than have it given to them by an external party and women should believe in having the capability to make important decisions in their lives while also being able to act on them. Empowerment and disempowerment are relative; therefore, empowerment is a process, not a product.

We, as a society, need to applaud every effort made so far to bring to parity the gender debate and need to understand why this battle is not overrated and is completely important to be justified. Empowering a woman today will lead to a progressive society for tomorrow and this silver lining should be our motivation in analysing any gender equality discussion.

Thank you for being part of our newsletter. Let us make our future now, and let us make our dreams tomorrow's reality.

**Warm Regards,**  
**CA Priya Gupta**  
**Editor**  
**Sambalpur Branch**

## **Incometax Implications On Gratuity: A Comprehensive Guide**

Gratuity is a significant part of an employee's remuneration package. It is a payment made by an employer to an employee as an appreciation of service rendered by such employee. This article aims to provide a detailed understanding of the income tax implications on gratuity in India.

### **What is Gratuity?**

Gratuity is a large amount of gift that is given to an employee by an employer on retirement/death/disablement/ resignation of the employee after serving the organization for a specified period. Unlike provident funds, Gratuity is entirely paid by the employer without any contribution from the employee.

### **Eligibility for Gratuity**

An employee becomes eligible for gratuity under the following conditions:

- 1) **Superannuation:** An employee becomes eligible for gratuity when he or she reaches the age of superannuation. Superannuation is a retirement benefit offered to the employee by the employer. It is basically a pension plan made by the employer on behalf of the employee.

- 2) **Retirement or Resignation:** Gratuity is payable when an employee retires or resigns. After serving the organization for a certain number of years, the employee is entitled to a certain amount of money known as gratuity.
- 3) **Death or Disablement due to Accident or Disease:** Even if the employee has not completed 5 years of service, the legal heirs or nominees of the employee are entitled to gratuity if the employee dies or becomes disabled due to an accident or disease.

### **Minimum Service Requirement**

The Payment of Gratuity Act, 1972 states that an employee is eligible to receive gratuity only if he or she has rendered continuous service for five years or more. However, the five-year requirement is not necessary if the employee's contract of employment ceases due to death or disablement.

### **Taxability of Gratuity**

The entire amount received as gratuity is taxable as per the Income Tax Act, 1961. However, exemptions are provided in certain cases.

#### **Exemptions under Gratuity**

- 1) **Gratuity received during employment:** If any employee receives gratuity during his service, then it is fully taxable as income in his hands under the Income Tax Act, 1961.
- 2) **Gratuity received after retirement:** If gratuity is received in case of death, retirement, or resignation and certain other cases, then tax exemption is provided under section 10(10) of the Act. The exemptions are as follows:
  - For government employees, the gratuity received after retirement is fully exempt for tax purposes.
  - For non-government employees, the exemption depends on whether the employer is covered under the Payment of Gratuity Act, 1972.

### **Calculation of Exemption**

The calculation of exemption differs based on whether the employer is covered under the Payment of Gratuity Act, 1972. The exemption will be the least of the following:

- Actual gratuity received

- Rs.20,00,000
- 15 \* last drawn salary \* tenure of working / 26 (if the employer is covered under the Act)
- 15 \* last drawn salary \* tenure of working / 30 (if the employer is not covered under the Act)

Here, the tenure of working is the number of years or part thereof in excess of 6 months for which the employee provides service to the company.

### Conclusion

Understanding the tax implications on gratuity is crucial for both employers and employees. It helps ineffective tax planning and ensures compliance with the Income Tax Act, 1961.

**CA. Yogesh Agrawal**

### Circular No. 07/2024- A Detailed Analysis

Circular No. 07/2024 [F. No.173/25/2024-ITA-I]  
Dated 25th April, 2024: A Detailed Analysis

The Central Board of Direct Taxes (CBDT), Government of India, Ministry of Finance, Department of Revenue, issued Circular No. 07/2024 on 25th April, 2024. This circular pertains to the extension of the due date for filing of Form No. 10A/10AB under the Income-tax Act, 1961.

### Background

The CBDT had previously extended the due date for filing Form 10A/10AB multiple times to mitigate genuine hardships of the taxpayers. The last such extension was made by Circular No. 06/2023, extending the date to 30th September, 2023.

### Extension of Due Date

Considering the representations received by CBDT requesting for further extension of due date for filing of such Forms beyond the last extended date of 30th September, 2023, and with a view to avoid genuine hardships to taxpayers, CBDT has extended the due date of filing Form 10A/ Form 10AB up to 30th June, 2024, in respect of certain provisions of section 10 (23C)/ section 12A/ section 80G/ and section 35 of the Act.

### Practical difficulty before extension-

The real difficulty lies in cases where final registration of the assessee gets rejected for the reason that application in Form 10AB is not filed within a period of 6 months from the date of commencement of activity or before 6 months from the end of validity of provisional registration. There exists no separate provisions for applying for fresh registration after rejection of previous registration as such applications are allowed only when no income or part thereof of the said trust or institution has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, or section 11 or section 12, for any previous year ending on or before the date of such application, at any time after the commencement of such activities.

The Act has tried to rationalise the provisions to a large extent but still the provisions remain complicated. New provisions for directly applying for final registration had been inserted vide Finance Act 2023 but they still fail to address the core issue. The new provisions inserted for obtaining fresh registrations directly is reproduced as under-

“5.3 In order to ensure rationalisation of the provisions, it is proposed to allow for direct final registration/approval in such cases. To achieve this, following amendments are proposed:

- a) The trusts and institutions under the first regime shall be allowed to make application for the provisional approval only before the commencement of activities under proposed sub-clause (A) of clause (iv) of the first proviso to clause (23C) of section 10 of the Act.
- b) Similarly trusts and institutions under the second regime shall be allowed to make application for the provisional registration only before the commencement of activities under proposed item (A) of sub-clause (vi) of clause (ac) of sub-section (1) of section 12A of the Act.
- c) Similarly trusts and institutions under section 80G regime shall be allowed to make application for the provisional approval only before the commencement of activities under proposed sub-clause (A) of clause iv of the first proviso to the subsection (5) of section 80G of the Act.



- d) The trusts and institutions under first regime, which have already commenced their activities, shall make application for a regular approval under sub-clause (B) of clause (iv) of the first proviso to clause (23C) of section 10 of the Act.
- e) The trusts and institutions under second regime, which have already commenced their activities, shall make application for a regular registration under item (B) of sub-clause (vi) of clause (ac) of sub-section (1) of section 12A of the Act.
- f) The trusts and institutions under section 80G regime, which have already commenced their activities, shall make application for a regular approval under the proposed sub-clause (B) of clause (iv) of the first proviso to sub-section (5) of section 80G of the Act.
- g) Such application shall be examined by the Principal Commissioner or Commissioner as per the procedure provided under clause (ii) of the second proviso to clause (23C) of section 10 of the Act for the trusts and institutions under the first regime, under clause (b) of sub-section (1) of section 12AB of the Act for the trusts and institutions under the second regime and under clause (ii) of the second proviso to sub-section (5) of section 80G of the Act.
- h) Where the Principal Commissioner or Commissioner is satisfied about the objects and genuineness of the activities and compliance of other requirements provided in law, registration or approval in such cases shall be granted for 5 years.
- i) The Principal Commissioner or the Commissioner shall pass and order granting or rejecting such applications within 6 months calculated from the end of the month in which such application was received."

### **Special Provisions prescribed in the above circular-**

CBDT further clarifies that, if any such existing trust, institution or fund had failed to file Form 10A for AY 2022-23 within the extended due date, and subsequently, applied for provisional registration as a new entity and received Form 10AC, can also now avail this opportunity to surrender the said Form 10AC and apply for registration for AY 2022-23 as an existing trust, institution or fund, in Form 10A till 30th June 2024.

It is also clarified that those trusts, institutions or funds whose applications for re-registration were rejected solely on the grounds of late filing or filing under wrong section code, may also submit fresh application in Form 10AB within the aforesaid extended deadline of 30th June, 2024.

### **Conclusion**

The applications as per Form 10A/ Form 10AB shall be filed electronically through the e-filing portal of Income Tax Department. This extension is a significant relief for taxpayers, particularly trusts, institutions, and funds, providing them with additional time to comply with the filing requirements under the Income-tax Act, 1961.

**CA. Kanhaiya Balodia**

## **GST – Inspection, Search & Seizure**

### **Powers of the GST Department/Proper Officer**

Under Section 67 of the CGST Act 2017, the GST department and the proper officer have several powers to ensure compliance with tax laws and prevent tax evasion. These powers include:

#### **1. Inspection:**

Authorization Requirement: Inspection can only be carried out by a proper officer upon written authorization from an officer of the rank of Joint Commissioner or above.

Grounds for Inspection: Inspection can be initiated if there is reason to believe that a taxable person has:

Suppressed any transaction of supply of goods or services.

Suppressed stock of goods in hand.

Claimed input tax credit in excess of entitlement.

Contravened any provision of the Act to evade tax.

Any person engaged in transporting goods or an owner/operator of a warehouse has kept goods that have escaped payment of tax or kept accounts/goods likely to cause evasion of tax.

#### **2. Search and Seizure:**

**Reasonable Grounds Requirement:** Search and seizure can be conducted if there are reasonable grounds to believe that goods liable for confiscation or relevant documents are concealed.

**Seizure:** Officers can take physical custody of goods, documents, or other assets suspected of being involved in tax evasion.

**Inventory and Documentation:** An inventory of Seized goods must be prepared, and the officer must document the search proceedings.

### **3. confiscation of Goods:**

**Conditions for Confiscation:** Goods can be confiscated if they are:

Supplied or received in contravention of GST Act provisions to evade tax.

Not accounted for despite being subject to tax.

Supplied without the required registration.

Contravening any provisions of the CGST Act or rules made thereunder to evade tax.

Transported in contravention of GST Act provisions unless the owner proves no knowledge or connivance.

### **4. Powers During Search:**

**Inspection and Seizure:** Officers can inspect premises and seize goods or documents pertinent to proceedings under the Act.

**Detention:** If seizing goods is impractical, officers may detain them and prevent the owner from disposing them of without permission.

**Access:** Officers can forcefully access areas of suspicion and seal premises if access is denied.

### **5. Provisional Release:**

#### **Bond and Security:**

seized goods can be provisionally released upon execution of a bond and furnishing of security or upon payment of applicable tax, interest, and penalty.

### **Rights/Powers of the Assessee**

While the GST department has significant powers, the CGST Act also provides several safeguards to protect the rights of the assessee during inspections, searches, and seizures:

#### **1. Right to See Warrant or Authorization:**

The assessee has the right to see the search warrant or written authorization, which must be issued by an officer of the rank of Joint Commissioner or above.

#### **2. Right to Be Informed:**

The assessee must be informed about the reasons for the search or inspection and the grounds for such action.

#### **3. Presence During Search:**

The assessee or an authorized representative has the right to be present during the search or inspection process.

#### **4. Right to Copies of Documents:**

The person from whom documents and books of accounts are seized has the right to take copies of such documents with prior approval of the proper officer. [Section 67(5)]

#### **5. Right to Record Objections:**

The assessee can record their objections to any action taken by the officers during the search or inspection.

#### **6. Right to Legal Assistance:**

The assessee can seek legal assistance during the process and have their legal representative present.

#### **7. Timely Release of seized Items:**

Seized goods or documents should not be retained beyond the period necessary for their examination. Items not utilized as evidence must be returned within 30 days from the issuance of a show-cause notice. [Section 67(3)]

#### **8. Right to Photocopies:**

The person from whose custody documents are seized is entitled to take photocopies of the documents for their records or legal purposes.

## 9. Notice Period for Goods:

If a notice is not issued within six months of the seizure of goods, they must be returned to the person from whose possession they were seized. This period can be extended for justified reasons for a further maximum period of six months. [Section 67(7)]

## 10. Application of Criminal Procedure Code:

The provisions of the Code of Criminal Procedure 1973 relating to search and seizure apply, with modifications. Instead of sending copies of records made during the search to the nearest Magistrate, they are sent to the Principal Commissioner/Commissioner of CGST. [Section 67(10)].

## Conclusion

Section 67 of the CGST Act establishes the powers of the GST department to conduct inspections, searches, and seizures to enforce tax compliance and prevent evasion. However, it also ensures that the rights of the assessee are protected through various safeguards and procedural requirements. By balancing these powers and rights, the Act promotes fairness and integrity in the administration of GST regulations.

**CA. Komal Agrawal**

**Glimpses of Meditation Day celebration and essay competition of June 2024**



Student Talent Search



Seminar on Code of Ethics & Income tax



Students Workshop on Registration under GST





**Yoga day**



**CA Run for Viksit Bharat**

## Important Links and Announcements and Notifications of ICAI

[Launch of Self-Paced Module Test \(SPMT\) Portal - \(04-06-2024\)](#)

[Stringent Action against candidates for adopting Unfair Means during CA Examination - \(04-06-2024\)](#)

[The AI Committee of The Institute of Chartered Accountants of India \(ICAI\) invites unconditional Expressions of Interest \(Technical Proposals\) from experienced AI companies that have developed AI tools for finance, accounting, tax compliance, legal document drafting, and AI similar services - \(07-06-2024\)](#)

[Convocation July - 2024 - \(11-06-2024\)](#)

[Exposure Draft on Proposed Amendments to 'IES 2, 3, and 4 - Sustainability' - For Public Comments - \(21-06-2024\)](#)

[Observations of the candidates on the question papers of CA Foundation examinations - June - 2024 - \(29-06-2024\)](#)