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The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events



FINAL
Corporate and
Economic Laws



INTERMEDIATE
Income-tax Law



FOUNDATION
Business Correspondence
and Reporting

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INSIDE

- 03 President's Communication
- 04 Vice-President's Communication
- 05 Chairman's Communication
- 06 Chairman SSEB (Board of Studies-Operations) Communication
- 07 CA Final: Corporate and Economic Law
- 18 CA Intermediate: Income-tax Law
- 29 CA Foundation: Business Correspondence and Reporting
- 34 News Updates
- 35 Announcements
- 36 Crossword

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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS



Dear Students,

Warmest Greetings to you all.

It's exam time for Intermediate and Final students and my best wishes are with all of you. I am confident that all of you must have worked really hard for the examinations and it's time to give your best. Remember to stay calm and positive during this period. Also, do not exhaust yourself too much by studying for much longer hours without taking timely breaks. Conservation of energy is very important and necessary to be utilised on the exam day. And yes, you need to believe in yourself and remain confident and positive. The secret to success in exams is having self-confidence and self-belief.

"Keep your dreams alive. Understand to achieve anything requires faith and belief in yourself, vision, hard work, determination, and dedication. Remember all things are possible for those who believe."

— Gail Devers, American Olympic champion

BoS for Your Success —A Webinar to Plan, Prepare & Perform

I, along with CA. Ranjeet Kumar Agarwal, Vice-President, ICAI, CA. Vishal Doshi, Chairman, Board of Studies (Academic) and CA. Dayaniwas Sharma, Vice-Chairman, Board of Studies (Academic) recently got this wonderful opportunity to connect with the students of Intermediate and Final courses appearing in May 2023 examinations through a Webinar - BoS For Your Success. Like always, it is heartening to connect and share thoughts with you. I compliment the Board of Studies (Academic) for conducting this webinar to provide you specific guidance on how to **Plan, Prepare & Perform** in the ongoing exams. Like I said in the Webinar, I would like to reiterate here that ICAI is interested in your success by prudently shaping your career path. The faculty at the BoS are always there to guide and mentor you in writing your success story because **Your Success is our Success**. Therefore, you can unhesitatingly approach any of us whenever you require any assistance.

As you traverse your career path, I must also assure you that ICAI's Chartered Accountancy Course is one of the most dynamic in the whole world. The type of recognition and respect that the CA profession commands is second to none. Therefore, you must give more than 100% to qualify as a chartered accountant as there is a huge potential in the profession which will help you achieve all your life dreams.

Campus Placement Programme — An Encouraging Trend for CAs

Campus placements are the ideal platform to assess the demand of professionals in the job market. The number of companies participating, and jobs offered is increasing in every edition of the Institute's campus placement programmes. The 57th edition of ICAI's Campus Placement Programme was recently held for the newly qualified CAs who passed CA Final examination in November 2022, and I wish to share that the numbers show an encouraging trend for the budding Chartered Accountants. The campus placement programme was held in 9 major and 18 smaller centres in India.

Let me inform you that there has been a quantum leap in recruitments through campus placements. Of late, we have been achieving nearly 100% shortlisting by companies, i.e., every candidate gets shortlisted for interview at least by one recruiter. In the last three years, the percentage of job offers in campus placements have increased from 30% to 70%. Chartered Accountants are in huge demand for employment. This is indeed heartening news for budding Chartered Accountants!

Online Mock Test Module for Students and Branches/Regions

The Board of Studies (Academic) relentlessly works towards finding new ways of providing the best services to the students and make their educational journey a seamless exercise. Working in that direction, the Board of Studies (Academic) has recently launched its Online Mock Test Module for students as well as branches/regions for easy access of Question Papers and Answers. Students of all 3 levels will now have their own Dashboard for Mock Test Series on BoS Knowledge Portal as well as ICAI BOS Mobile App where they can access the Schedule of Mock Test Series. Questions Papers and Answers, uploaded within the allotted time period, will also be available on the Dashboard, which students can download. So far, we have received an overwhelming response from students who are logging on to the Dashboard, which shows your enthusiasm and motivation. My advice to you all is to login at the portal and get yourself registered to attempt the papers and assess your performance. Likewise, branches/regional offices of ICAI will also have their own Dashboard for conducting Mock Test Series on BoS Knowledge Portal.

Best Wishes for Exams

I am sure your continuous hard work and determination will help you shine in your exams. Just keep believing in yourself and you will surely achieve your goal.

My best wishes are with you for the exams.

All the Best and Good Luck!

Yours sincerely

CA. ANIKET S. TALATI
PRESIDENT, ICAI



My Dear Students,

“The future carries immense opportunities, and we must be ready to gainfully utilise them for growth and success.”

May 2023 CA Examination

Once a trainer started off his seminar by showing a Rs 500 Note to the delegates. He asked the attendees “Who wants this?” It was not a surprise to see that all of them raised their hands. He offered to give the money to one of them but insisted that he will do something to it first. He crumpled the paper money and showed it again to the people there and repeated the question. Still, everyone raised the hands. He then put the money onto the ground and stepped upon it and then raised it again and offered it to the participants.

Despite seeing how filthy the note was, the crowd still showed enthusiasm in taking the money. “No matter what I did to this money, you all still wanted this,” he informed the crowd. You all accepted my offer simply because despite whatever I did to the money, its value remained constant.

Value yourself irrespective of the failures or obstacles or temporary setbacks. You should always believe in yourself and work hard to achieve success. On this note, I would like to wish the best of luck to all those students who are appearing in **May 2023 examination** and urge them to put their best foot forward to the best of their abilities.

Smart Learning (721 Model)

I would like to further draw your attention to the **70:20:10 learning and development model**. The model elaborates that 70% of learning happens through Experiential Learning or On the Job Training (with workplace and leadership support), 20% happens through social interactions with others (including mentoring and team collaboration) and 10 % through formal learning (such as courses and conferences). Our curriculum is offering you learning in all the above three modes through **Practical Training, Conferences and Seminars and Study Material** respectively. You can allocate your time and resources in the above manner to maximise your efforts.

Evolution of Corporate Landscape

The corporate landscape is evolving more quickly than ever. Technological advancements and the emergence of social media have changed society and the way businesses have been

conducting themselves during the past two decades. The digital economy and industry are changing extremely fast because of the Internet and related information technologies like blockchain, cloud services, big data analytics, and artificial intelligence (AI), as well as web-based business models like platforms. (Now in its fourth revolution – Industry 4.0).

Following are the emerging areas that would offer plethora of opportunities for Chartered Accountants:

- **Metaverse:** It is a shared, immersive, 3D virtual environment where individuals can interact in a setting created by computers which will create a new Job market.
- **Digital Twins:** They serve as the enterprise metaverse’s cornerstones. This is the business metaverse, a digital, frequently immersive setting that duplicates and integrates every element of an organisation to enhance interactions and decision-making.
- **Generative Artificial Intelligence (AI):** Generative AI is a form of artificial intelligence in which algorithms automatically produce content in the form of text, images, audio and video.
- **COBOT:** The Cobots are the collaborative robots that work alongside a human workforce. The idea of collaborative robots is rapidly evolving and is now showing in different industries and is poised to grow in the next decade.
- **Internet of Things:** The Internet of Things (IoT) describes the network of physical objects — ‘things’— that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet. IoT has the potential to revolutionize the way businesses gather data - and, in the process, transform many aspects of **accounting and auditing**.
- **Web 3:** Web3 is the third generation of the internet currently being built, where websites and apps will be able to process information in a smart human-like way through technologies like artificial intelligence (AI), machine learning (ML), Big Data, decentralized ledger technology (DLT), and more.

As a Student of Chartered Accountancy, we must be adaptable to the new changes and embrace new technological stuff which will not only help in ease of doing business but also help you in becoming complete solution provider as a **Future Chartered Accountant (FCA)**.

As I conclude, I wish to reiterate that a consistent pursuit towards learning new skills and gaining knowledge shall certainly take you places in life. Therefore, keep on working hard towards your aim.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ranjeet Agarwal', written in a cursive style.

CA. RANJEET KUMAR AGARWAL
VICE PRESIDENT, ICAI



My Dear Students

Warm Greetings!!

At the outset, I along with my Vice-Chairman, CA. Dayaniwas Sharma, would like to wish you all the very best for your May 2023 examination. We are confident that you all have prepared thoroughly for your examination and with your self-belief and high confidence, you will perform exceedingly well.

Special Webinar on "Plan, Prepare and Perform"

In continuation to the subject specific counselling sessions 'BoS for Your Success' for students at Final and Intermediate levels appearing in May 2023 examination, BoS(A) organized another special Webinar on "Plan, Prepare and Perform" on 16th April 2023. This session was attended by our Hon'ble President CA. Aniket Sunil Talati, and CA. Ranjeet Kumar Agarwal, Vice President ICAI; CA. Dayaniwas Sharma, Vice Chairman BoS(A) and myself where students were motivated for the examinations. The webinar also provided detailed guidance and tips on how to avoid errors commonly made by the students specifically in Theory and Practical papers. The overall objective of the webinar was to hone your skills for exam time and reduce your stress levels during examination. For your further reference, you can access the session through the link https://www.youtube.com/live/OF_JtfvCROM?feature=share.

• BoS For Your Success for Foundation Level Students

I am pleased to inform you that BoS(A) is organizing subject specific sessions under the Banner – BoS for your Success from 15th May onwards for its Foundation level students who are due to appear for June 2023 examination. The students are advised to join these sessions which will be taken by BoS faculty and get significant tips from them for their examination and get the queries resolved on real time basis. These sessions shall be available through the BoS Knowledge Portal or ICAI-BoS Mobile App or ICAI CA Tube/Youtube Channel.

• Mock Test Papers (MTPs)

In order to self-review your level of preparation for the May 2023 examination, the second series of MTPs for Intermediate and Final level students was conducted from 5th April to 14th April 2023. I am glad to inform you that almost 120+ branches and Regional Councils participated in this endeavor and large number of students took the benefit to practice in examination like situation before the real examination.

Likewise, the second series of MTP for Foundation Level

students appearing in June 2023 examination shall commence from 22nd May 2023 onwards. I would advise the students to attempt these MTPs to better judge your performance for the exams to be held in June 2023.

• Capsule Insights

One of the highlights of this issue are comprehensive Capsules based on Paper 4: Corporate and Economic Laws for CA Final, Paper 4A: Income-tax Law for CA Intermediate and Paper 2B: Business Correspondence and Reporting for CA Foundation.

- o The capsule of Final Course Paper 4: Corporate and Economic Laws comprises of significant provisions of the Companies Act, 2013 covering Chapter 4 - Inspection, Inquiry and Investigation and Chapter 5 - Compromise, Arrangements and Amalgamation.
- o The capsule of Intermediate Course Paper 4A: Income-tax Law attempts to give an overview of the step-by-step procedure for computation of total income and tax payable by an individual for A.Y.2023-24, being the relevant assessment year for May 2023 and November 2023 examinations.
- o The capsule of Foundation Course Paper 2B: Business Correspondence and Reporting covers Sentence Types, Active-Passive Voice, and Direct-Indirect speech to help students understand the application of various sentence types and hone their verbal and written expressions.

• Examination Centric Tips

- o I am confident that during your examination preparation, you would have perused Case Scenarios updated for May 2023 and November 2023 Examinations for Paper 4A: Income-tax Law at Intermediate level and for Paper 7: Direct Tax Laws and International Taxation and Paper 8: Indirect Tax Laws at Final level.
- o The Comprehensive booklets 'Saransh' for Accounting, Auditing and Cost Management and Strategic Decision Making are web hosted on the institute's website. These booklets contain the significant concepts captured by way of diagrams, flow charts and tables and are 'Last Mile Referencer' for Intermediate and Final level students to recapitulate their topics just before the examination. These booklets will surely facilitate the students to grasp the essence of the subject as a whole by serving as Ready Reckoner.
- o I would recommend my students to go through the Revision Test Papers (RTPs) to revisit the latest amendments and practice amendment-based questions in specific subjects to better prepare for your examination.

In the end, I would like to emphasize upon having the right attitude during your examination time. It is the time to showcase your knowledge that you have attained throughout your exam preparation.

"Don't unduly stress yourself, just give your best and let the results speak for themselves."

I assure you that if you put in your best efforts at the right time, you are bound to reap the benefits.

Wishing all of you success in your endeavors.

Stay safe, stay healthy.

CA. VISHAL DOSHI
CHAIRMAN, BOARD OF STUDIES (ACADEMIC)



"To Succeed in your mission, you must have single-minded devotion to your goal."

- Dr. A P J Abdul Kalam

Dear CA Students,

It gives me immense pleasure to extend my best wishes and good luck to all of you for the CA Exams scheduled to be held in May 2023. I hope that you have all prepared well by putting in the required hard work, dedication and determination to cover all the papers you plan to attempt in this forthcoming exam. The ICAI is committed to providing all necessary support and guidance to help you achieve your dreams.

Preparing for any professional examination such as ours is a challenging task, and it requires a lot of dedication, hard work, determination, and a strict time schedule. You need to create a study plan that works for you and stick to it, even when it becomes challenging. However, it is equally important to take care of yourself while preparing for the exams. Do not forget to take breaks and rest to avoid burnout, as this can negatively impact your performance in the examination. Make sure to prioritize your mental and physical health. With hard work, determination, and a well-rounded approach, you can achieve success in the CA Course and beyond.

As a CA student, it is crucial to recognize that the world is constantly evolving, and new skills are becoming necessary to succeed in the ever-changing business environment. Therefore, it is not just about studying hard but also developing skills that are relevant to the global markets and can help you stand out from the crowd. The SSEB understands this and has taken various initiatives to provide a well-rounded education to CA students. Our outcome-based approach ensures that students develop not only excellent auditing skills but also other important skills such as critical thinking, problem-solving, communication, presentation, and entrepreneurship.

In the recent meeting of the SSEB, we have taken various initiatives to provide excellent infrastructure to the Classrooms of the ICITSS/AICITSS Courses being conducted by the Branches and Regional Councils on a pan-India basis. Furthermore, we have also finalized various platforms to encourage students to think unconventionally as a reflection of the changing landscape of the accounting profession.

I strongly urge all of you to actively participate in the upcoming **Mega Conference of CA Students being organized at various locations across India i.e. Guwahati on 10th - 11th June, 2023; Nagpur on 17th - 18th June, 2023; and National Conference of CA Students at Ernakulam on 16th - 17th June, 2023; Indore on 17th - 18th June, 2023; Mangalore on 23rd - 24th June, 2023; and Kolkata (EIRC) on 24th - 25th June, 2023 respectively.**

These conferences provide an excellent opportunity for you to listen to eminent speakers and leaders of the Profession. You can participate as a paper presenter, a volunteer or a participant to enrich your knowledge on contemporary topics and at the same time develop your skill sets by benefiting from the viewpoints of your peers from across the nation.

In addition to the Students Conferences, the SSEB is also organizing Practical Training Modules on Accounting, Auditing, Direct Taxes, Indirect Taxes (GST) and Corporate Law to aid CA students in gaining insights into the practical aspects of the articleship training. We recently conducted a Practical Training Module on "CARO - Practical Issues and Reporting," which was well received by the students. For those who missed out on this opportunity, the recorded video is available on the ICAI YouTube Channel and also uploaded on DLH Platform.

I appeal to all the students to join the Practical Training Modules conducted by SSEB during the live session and take advantage of the opportunity to clear your queries directly from the subject experts.

As a CA student, it is essential to develop a mindset that goes beyond traditional thinking and embraces creativity, innovation, and technological changes taking place around the globe. Today, the role of accountants is not just limited to number-crunching but also requires creativity, innovation, expertise and an entrepreneurial mindset to navigate the challenges of the future.

In conclusion, I wish all of you the very best for your exams, and I am confident that you will emerge successful with flying colors. Remember, success is not just about getting good grades, but it is also about developing the necessary skills and mindset to succeed in the future. The SSEB is committed to providing you with all the necessary support and resources to help you achieve your goals. So, continue to work hard, stay focused, and take care of yourselves both physically and mentally.

I hope this message inspires and motivates you all to aim high and work towards achieving your dreams. Remember, the Chartered Accountancy profession is not just a rewarding career but a noble and respected profession, and you have the power to shape the future of the business world. So, keep working towards your goals, and I wish you all the very best in your future endeavors.

Best wishes for your exams!

(CA MANGESH PANDURANG KINARE)
CHAIRMAN SSEB

FINAL - PAPER 4- CORPORATE AND ECONOMIC LAWS

This capsule comprises of significant provisions of the Companies Act, 2013 covering Inspection, Inquiry and Investigation (Chapter 4) and Compromise, Arrangements & Amalgamation (Chapter 5). In these chapters of Paper 4 –Corporate and Economic Laws, students are being tested on the skills prescribed under Level I, 2 & 3 of the skill grid.

Students are advised to read the October, 2021 edition of the Study Material with relevant RTP's/Amendments. This capsule will be giving a quick glance to the significant provisions of the said chapters. This capsule is intended to assist you in the process of understanding and revision of concepts discussed in the Study Material.

CHAPTER 4: INSPECTION, INQUIRY AND INVESTIGATION

Chapter XIV contains Sections 206 to 229 of the Companies Act, 2013 which deals with the provisions relating to Inspection, Inquiry and Investigation into the affairs of company

(1) Powers given to the authorities for inspection, inquiry and investigation

Authorities	Powers
Registrar under sections 206, 207, 208 & 209	Section 206 - Call for information and inspection of books of account, papers and explanations and order for inquiry, Section 207 – Conduct of Inspection and Enquiry, The Registrar have all the powers as are vested in a civil court. Section 208 – Submission of inspection report, Section 209 - Search and seizure,
Inspector under sections 206, 207, 208,209 & 216	Section 206 - Call for information and inspection of books of account, papers and explanations and order for inquiry, Section 207 – Conduct of Inspection and Enquiry, The Registrar have all the powers as are vested in a civil court. Section 208 – submission of inspection report, Section 209 -Search and seizure Section 216 – To investigate on matters relating to company and its membership for determining ownership of company.
Central Government (CG) under sections 206, 210, 211, 212, 216 & 224	Section 206 – CG may authorize any statutory authority to carry out the Inspection of books of accounts of company, Section 210 - Investigate into affairs of company, Appointment of inspectors to investigate into affairs of the company and to report there on. Section 211 - Establishment of Serious Fraud Investigation Office (SFIO), Section 212 - Assignment of investigation into the affairs of company by SFIO Section 216 - Appointment of inspector to investigate on matters relating to company and its membership for determining ownership of company, Section 224 - Actions may be taken in pursuance of inspector's report
Regional director in section 206	Section 206 - Appoint inspector for inspection of books and papers of company
Tribunal under section 213, 221, 222	Section 213 -Pass an order for investigation into company's affairs in other cases, Section 221 - for freezing of assets of company on inquiry and investigation, Section 222 -for imposing restrictions upon securities

(2) Power to call for information, inspect books and conduct inquiries [Section 206]

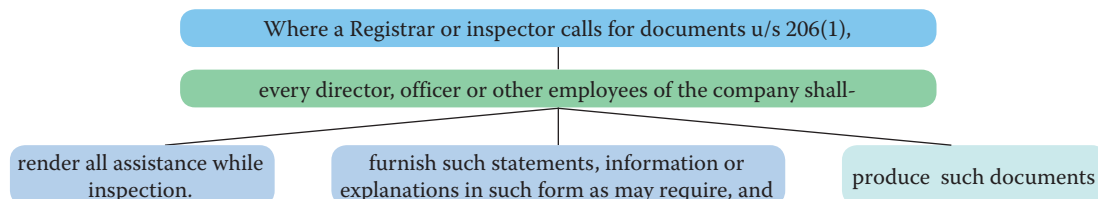
Concerned authorities	In the following circumstances	Have following Powers
Registrar	<ul style="list-style-type: none"> • On a scrutiny of any document filed by a company, or • on any information received by him, - is of the opinion that any further information /explanation / any further documents relating to the company is necessary 	May by a written notice require the company— (a) to furnish in writing such information or explanation; or (b) to produce such documents
Where Registrar	<ul style="list-style-type: none"> (a) is not furnished information or explanation within time, or (b) on examination, is of the opinion that the information / explanation furnished is inadequate; or (c) is satisfied on a scrutiny, that an unsatisfactory state of affairs exists in the company and the information or documents fails to disclose a full & fair statement of the information required. 	May by another written notice call on the company- (a) to produce for inspection such further books of account, books, papers and explanations (b) at such place & time as specified in the notice by him.

CORPORATE AND ECONOMIC LAWS

Concerned authorities	In the following circumstances	Have following Powers
Registrar	(1) on the basis of information available with or furnished; or (2) on a representation made to him by any person that the business of a company is being carried on for a fraudulent / unlawful purpose or not in compliance with the provisions of this Act; or (3) the grievances of investors are not being addressed,	May call the company to furnish in writing any information/explanation on matters specified in the order (within specified time) and carry out inquiry after providing the company a reasonable opportunity of being heard
Central Government	if is satisfied that the circumstances so warrant	<ul style="list-style-type: none"> direct the Registrar / an inspector to carry out the inquiry direct inspection of books and papers of a company by an inspector appointed for the purpose
Central Government	having regard to the circumstances	by general/special order, authorise any statutory authority to carry out the inspection of books of account of a company /class of companies

(3) Conduct of inspection and inquiry [Section 207]

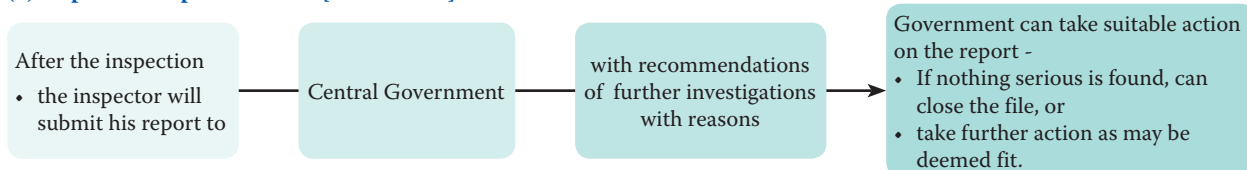
(i) Duty of director, officer or employee



(ii) Powers of the Registrar or inspector

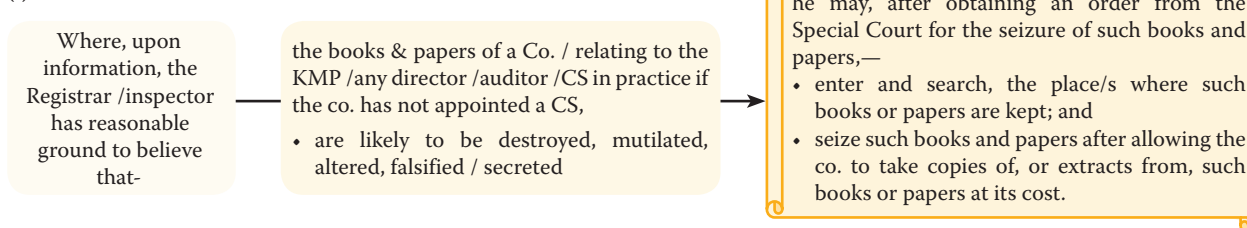
The Registrar / inspector making an inspection or inquiry u/s 206 may,
<ul style="list-style-type: none"> during the course of such inspection or inquiry— <ul style="list-style-type: none"> make/ cause to be made copies of books of account and other books and papers, or place / cause to be placed any marks of identification in such books in token of the inspection having been made.
The Registrar / inspector making an inspection or inquiry shall have all the powers as of civil court, while trying a suit as to:
<ul style="list-style-type: none"> discovery & production of books of account and other documents, as may be specified by such Registrar / inspector making the inspection or inquiry summoning & enforcing the attendance of persons and examining them on oath, and inspection of any books, registers and other documents of the company at any place.
Penalty: Any director / officer of the company disobeys the direction issued by the Registrar / the inspector-
<ul style="list-style-type: none"> shall be punishable with imprisonment which may extend to 1 year and with fine varying 25,000 -1 lakh rupees. If has been convicted of an offence under this section, on and from the date on which he is so convicted, be deemed to have vacated his office on such vacation of office, shall be disqualified from holding an office in any company.

(4) Report on inspection made [Section 208]

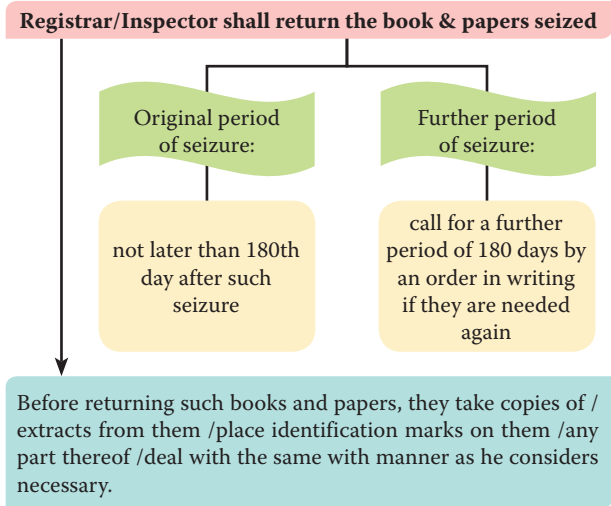


(5) Search and Seizure [Section 209]

(i) Circumstances for search & seizure

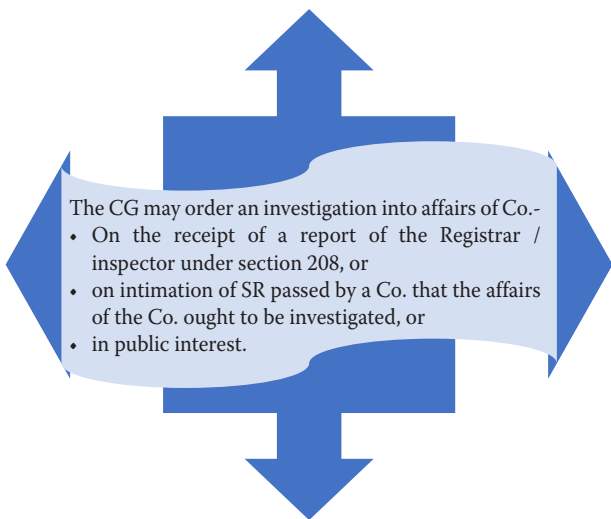


(ii) Period of Seizure

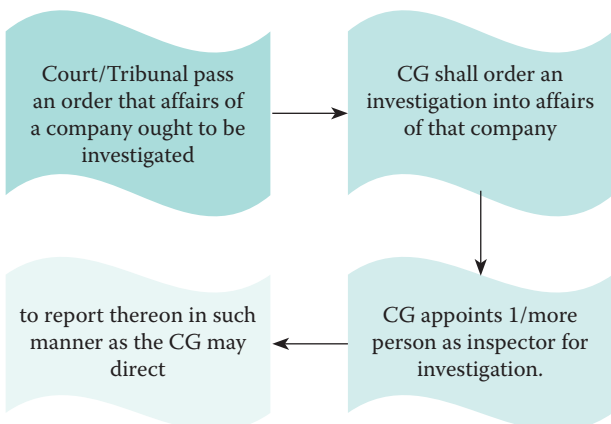


(6) Investigation into affairs of company [Section 210]

(i) By Central Government



(ii) By Court/Tribunal

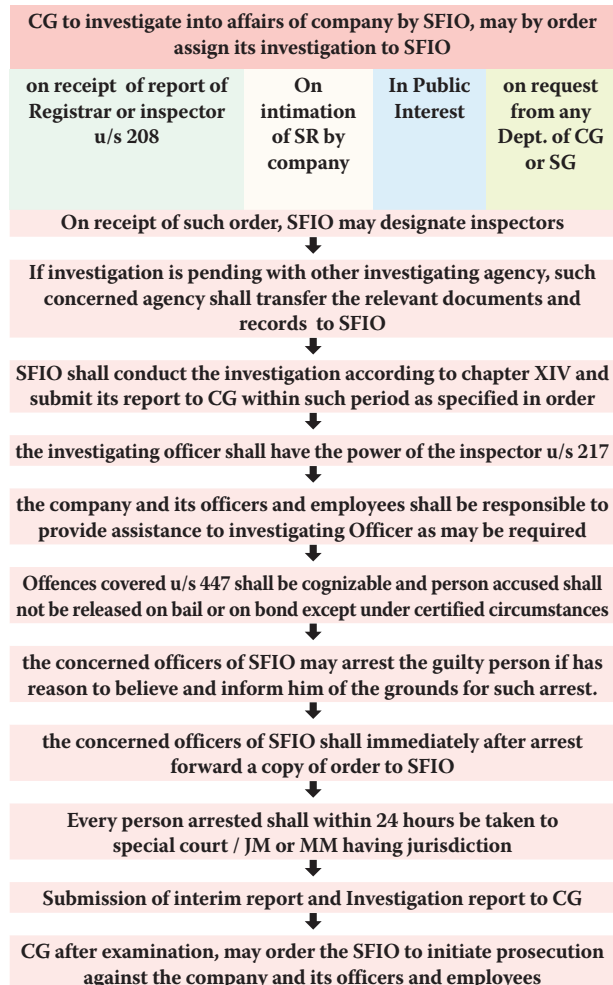


(7) Establishment of Serious Fraud Investigation Office [Section 211]

Serious Fraud Investigation Office –an office established to investigate frauds relating to a company

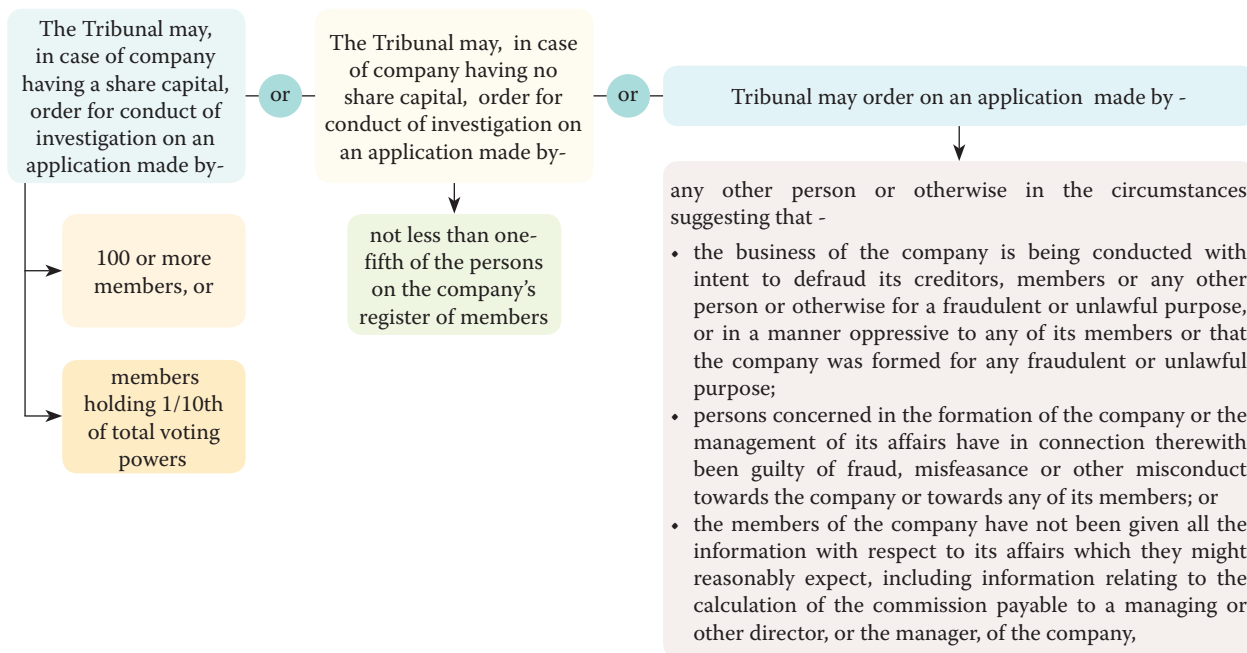


(8) Investigation into affairs of Co. by SFIO [Section 212]

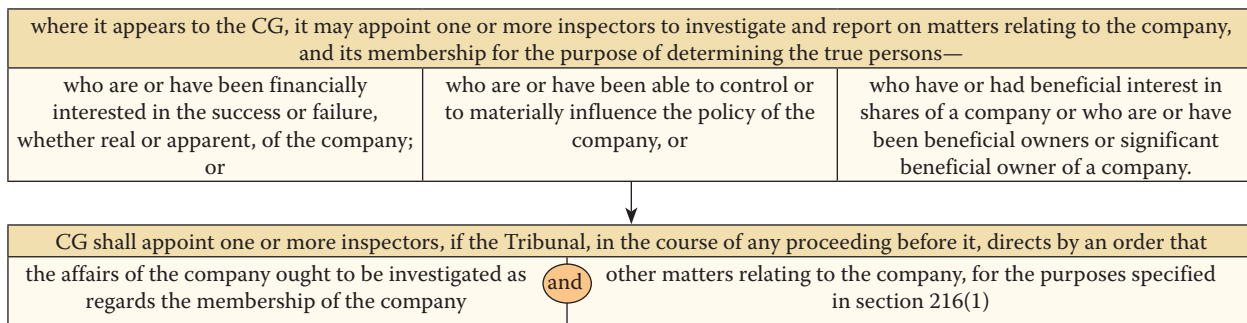


CORPORATE AND ECONOMIC LAWS

(9) Investigation into company's affairs in other cases (Section 213)

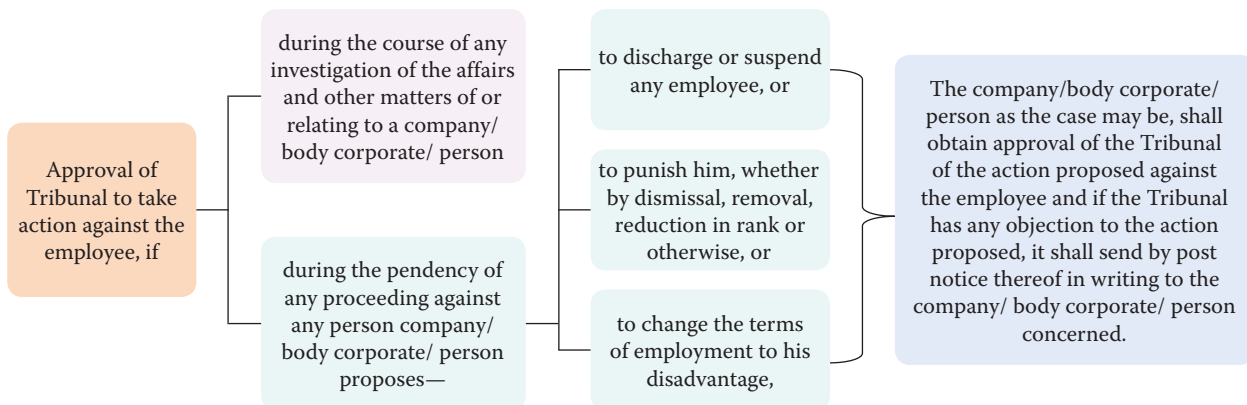


(10) Investigation of ownership of company [Section 216]

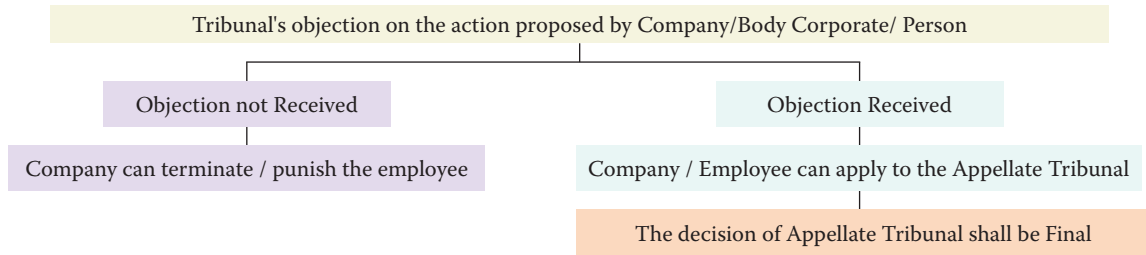


(11) Protection of employees during investigation [Section 218]

(i) To obtain approval of Tribunal



(ii) Consequences of Tribunal's objections



(12) Powers of inspector

(i) To conduct investigation into affairs of related companies, etc. [Section 219]

If an inspector while investigating into the affairs of a company considers it necessary, can also investigate the affairs of—			
any other body corporate which is/ has at any relevant time been the company's subsidiary company or holding company, or a subsidiary company of its holding company,	any other body corporate which is/ has at any relevant time been managed by any person as managing director or as manager, who is, or was, at the relevant time, the managing director or the manager of the company,	any other body corporate whose Board of Directors comprises nominees of the company or is accustomed to act in accordance with the directions or instructions of the company or any of its Directors, or	any person who is or has at any relevant time been the company's managing director or manager or employee

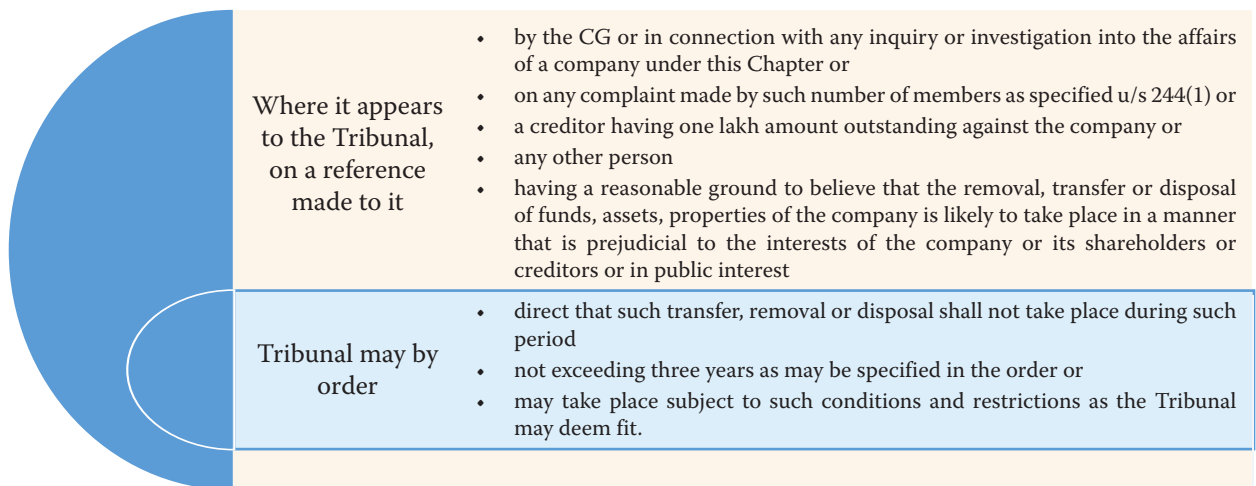
Report of inspector: The inspector shall, subject to the prior approval of the CG, investigate into and report on the affairs of the other body corporate/ managing director/ manager, in so far as he considers that the results of his investigation are relevant to the investigation of the affairs of the company for which he is appointed.

(ii) Seizure of documents by inspector [Section 220]

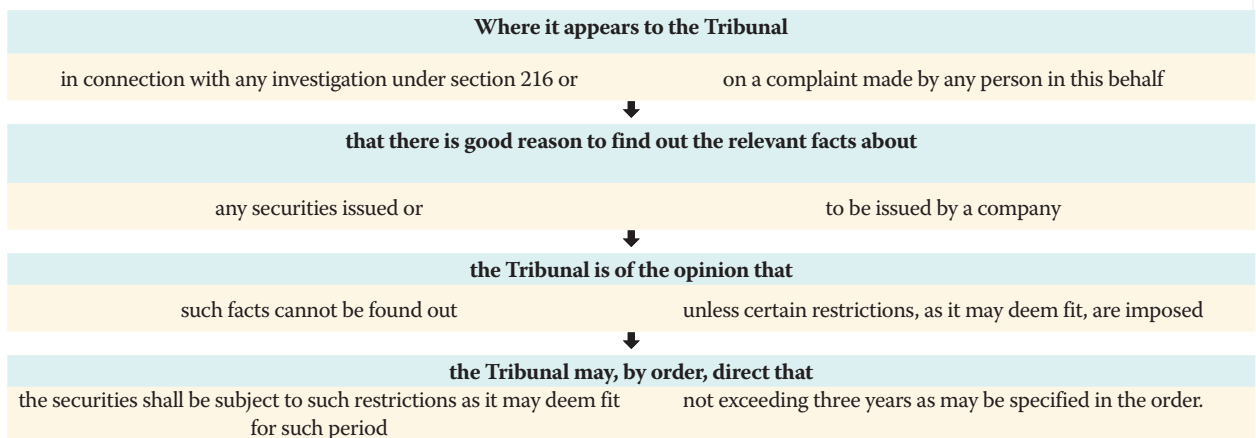
If the inspector believe that the related books and paper are likely to be destroyed, mutilated, altered, falsified or secreted, the inspector may—	<ul style="list-style-type: none"> enter the place/s where such books and papers are kept in such manner as may be required and seize books and papers as is necessary after allowing the company to take copies of, or extracts from, such books and papers at its cost for the investigation.
The inspector shall keep in his custody the books and papers seized	<ul style="list-style-type: none"> for such a period not later than the conclusion of the investigation as he considers necessary and thereafter shall return the same to those from whose custody or power they were seized.
The inspector may, before returning such books and papers	<ul style="list-style-type: none"> take copies of, or extracts from them or place identification marks on them or any part thereof or deal with the same in such manner as he considers necessary
Application of provisions of Cr.PC	<ul style="list-style-type: none"> relating to searches or seizures shall apply <i>mutatis mutandis</i> to every search or seizure made under this section.

CORPORATE AND ECONOMIC LAWS

(13) Freezing of Assets of Company on Inquiry and Investigation [Section 221]



(14) Imposition of Restrictions upon Securities [Section 222]

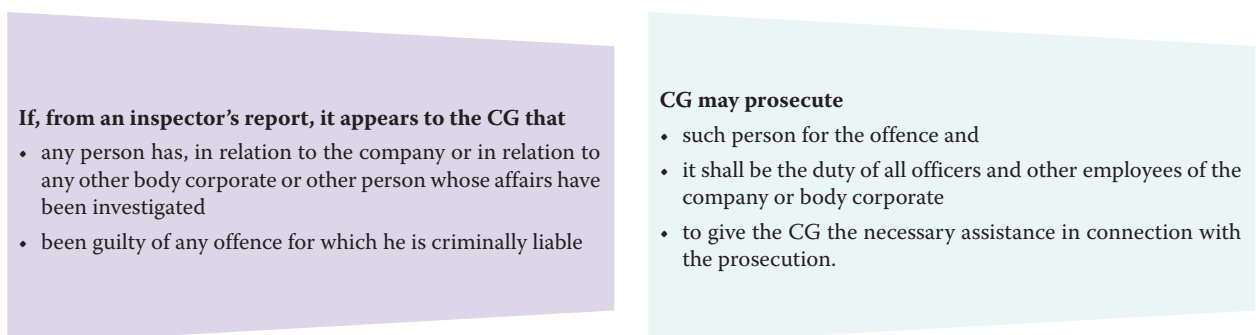


(15) Inspector's report [Section 223]



(16) Actions to be taken in pursuance of Inspector's Report [Section 224]

(i) On basis of report, if person appears to be guilty of offence



(ii) Filing of petition by person authorized by the CG:

If any company or other body corporate is liable to be wound up and it appears to the CG from Inspector's report that it is expedient so to do

- CG may, unless the company or body corporate is already being wound up by the Tribunal, cause to be presented to the Tribunal by any person authorized by the Central Government in this behalf—
- a petition for the winding up of the company or body corporate on the ground that it is just and equitable that it should be wound up;
- an application under section 241; or
- both.

(iii) Initiation of winding up proceeding suo moto by the CG

If from Inspector's report, it appears to the CG that proceedings ought, in the public interest, to be brought by the company or any body corporate whose affairs have been investigated

for the recovery of damages in respect of any fraud, misfeasance or other misconduct in connection with the promotion or formation, or the management of the affairs, of such company or body corporate; or

for the recovery of any property of such company or body corporate which has been misapplied or wrongfully retained,

CG may itself bring proceedings for winding up in the name of such company or body corporate.

(iv) Where fraud has been committed

Where the Inspector's report states that fraud has taken place in a company and due to such fraud

any director, KMP, other officer of the company or any other person or entity

has taken undue advantage or benefit,

whether in the form of any asset, property or cash or in any other manner

CG may file an application before the Tribunal for appropriate orders

with regard to disgorgement of such asset, property, or cash

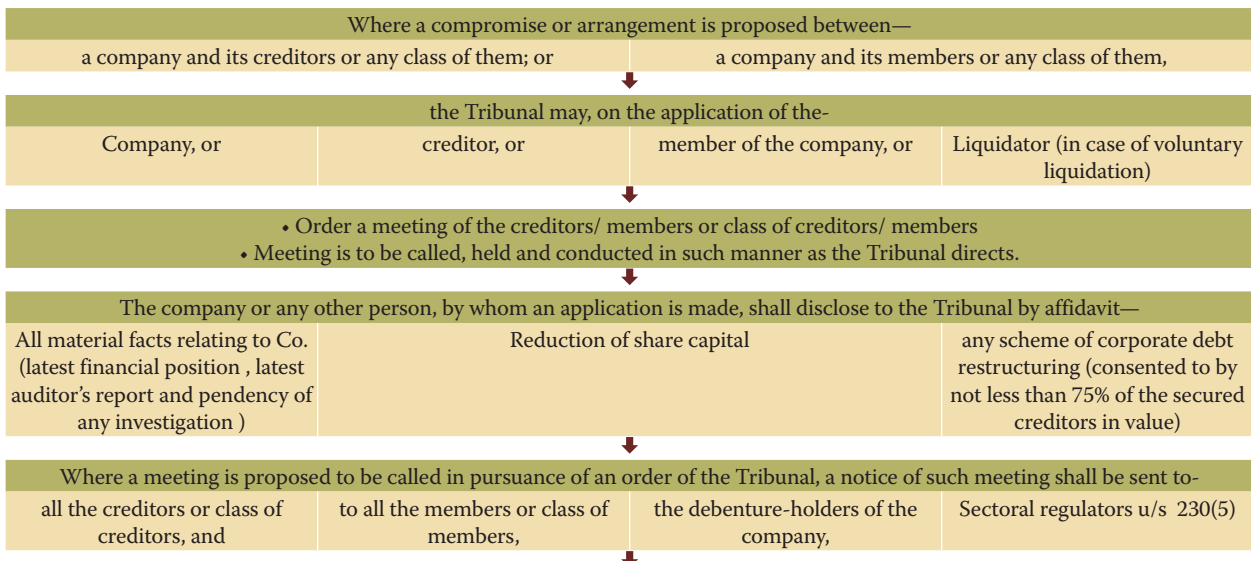
and

for holding such director, KMP, officer or other person liable personally without any limitation of liability.

CHAPTER 5: COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS

Chapter XV contains sections 230 to section 240 of the Companies Act, 2013 relating with provisions dealing with different modes of corporate restructuring – compromises, arrangements, amalgamations and reconstruction.

(1) Power to Compromise or make arrangements with Creditors and Members [Section 230]



CORPORATE AND ECONOMIC LAWS

The above notice is to be sent individually at the address registered with the company

Notice of meeting shall be accompanied by:

statement disclosing the details of the compromise or arrangement	a copy of the valuation report, if any, and explaining their effect on creditors, KMP, promoters and non-promoter members, and the debenture-holders and	the effect of the compromise or arrangement on any material interests of the directors of the company or the debenture trustees, and	other prescribed matters
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Such notice and other documents shall also be placed on -

- the website of the Co., and
- in case of a listed Co., these documents shall be sent to the SEBI and stock exchange where the securities are listed, for placing on their website and
- also be published in newspapers

Notices to sectoral regulators to make representation, if likely to be affected by the compromise or arrangement

Meeting can be dispensed by Tribunal if atleast 90% in value of creditors agree & confirm to scheme of compromise or arrangement.

Objection to the compromise/arrangement shall be made by persons-

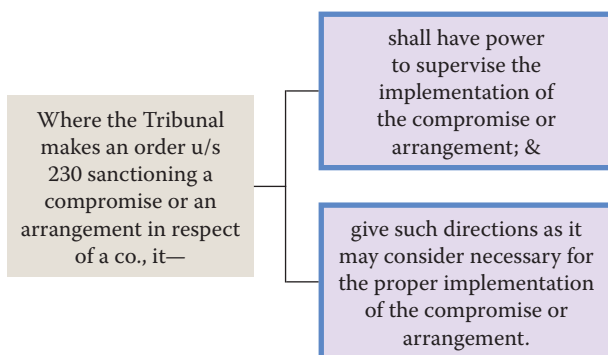
- holding 10% or more of shareholding, or
- having outstanding debt 5% or more of total outstanding debt

Where, at a meeting, majority of persons representing 3/4th in value agree to any compromise or arrangement and if such compromise or arrangement is sanctioned by the Tribunal by an order, the same shall be binding

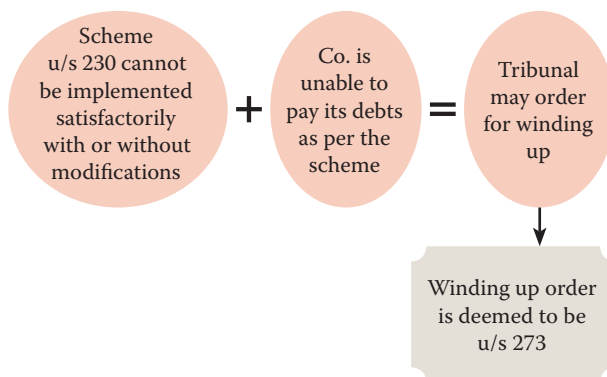
Filing of order of Tribunal with Registrar within 30 days of the receipt of the order.

(2) Power of Tribunal to enforce Compromise or Arrangement [Section 231]

(i) Power of Tribunal to implement the order



(ii) Passing of Winding up order by Tribunal



(3) Merger and Amalgamation of Companies [Section 232]

(i) Filing of an application for purpose of reconstruction of companies involving merger/ amalgamation or transfer of undertaking, property etc.

Application filed u/s 230 to Tribunal and it is shown to the Tribunal that:

compromise or arrangement has been proposed for:

- reconstruction
- merger or
- amalgamation

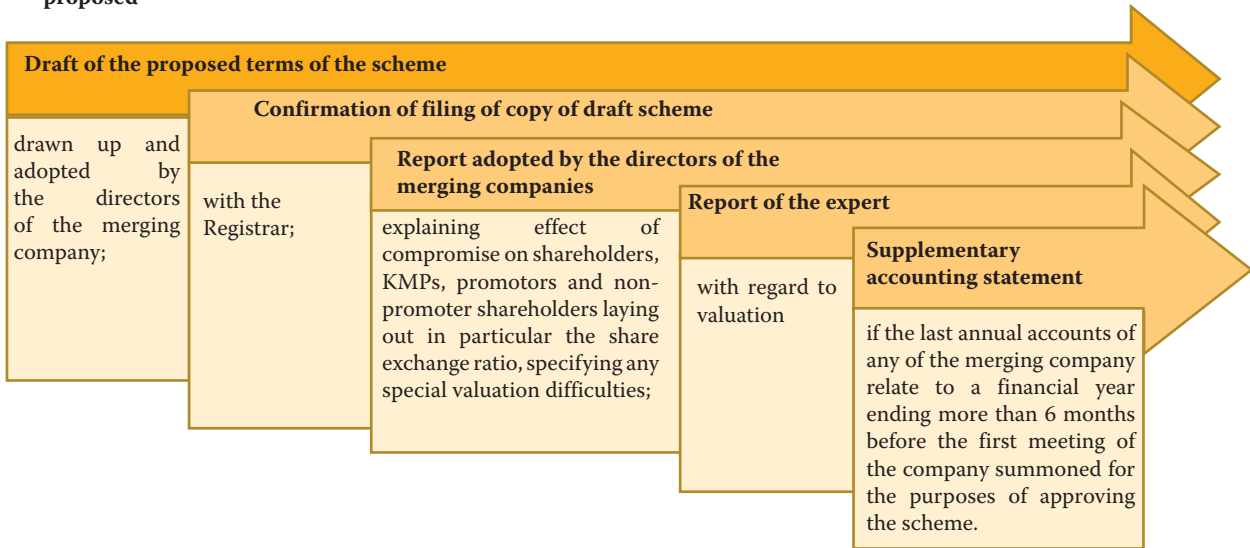
Under the scheme,

- the whole or any part of the undertaking, property or liabilities of transferor company is required to be transferred to transferee company, or
- is proposed to be divided among and transferred to two or more companies

Tribunal (on application)

- order a meeting of creditors or members
- to be called, held and conducted in manner as directed by Tribunal
- provisions u/s 230(6) to (8) shall apply *mutatis mutandis*

(ii) Circulation of information for the meeting by the merging companies / the companies in respect of which a division is proposed



(iii) Order of Tribunal on the agreement of compromise or arrangement

- Transfer to the transferee company-** whole or part of undertaking, property or liabilities of the transferor company (unless the Tribunal decided otherwise)
- Allotment or appropriation by transferee Co.-** shares, debentures, policies or other like instruments which, under compromise or arrangement, are to be allotted/ appropriated by that company to or for any person.
 - The transferee Co. shall not, hold any shares in its own name or in the name of any trust whether on its behalf or on behalf of any of its subsidiary or associate companies.
 - Any such shares shall be cancelled or extinguished
- Continuation of legal proceedings by or against the transferee company-** pending by or against any transferor company on the date of transfer
- dissolution, without winding-up,** of any transferor company
- Make provision-** for any persons who dissent from the compromise or arrangement
- Allotment of shares held by NR shareholder under FDI-** allotment of shares of transferee Co. to such shareholder shall be in manner specified in the order.
- Transfer of the employees of the transferor company** to the transferee company

CORPORATE AND ECONOMIC LAWS

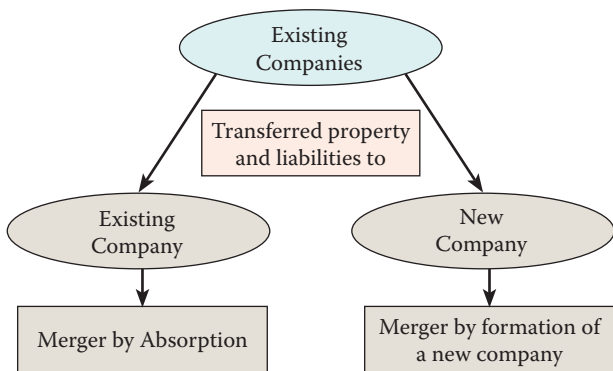
where transferor Co. is a listed Co. and transferee Co. is an unlisted Co.:

- (i) transferee Co. shall remain an unlisted Co. until it becomes a listed Co.
- (ii) if shareholders of transferor Co. decide to opt out of transferee Co., provision shall be made for payment of value of shares held by them and other benefits as per a pre-determined price formula or valuation
 - However, amount of payment or valuation for any share shall not be less than what has been specified by SEBI Regulations.

Where the transferor Co. is dissolved- fee, if any, paid by the transferor Co. on its authorised capital shall be set-off against any fees payable by the transferee Co. on its Authorised Capital subsequent to the amalgamation

Certificate by company's auditor- to be filed with the Tribunal to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed u/s 133.

(iv) Merger by Absorption and Merger by formation of new company



(v) Merging Companies

Merging companies are in relation to a merger by absorption

- to the transferor Co.s and
- transferee Co.s

Merging companies are in relation to a merger by formation of a new company

- to the transferor Co.s

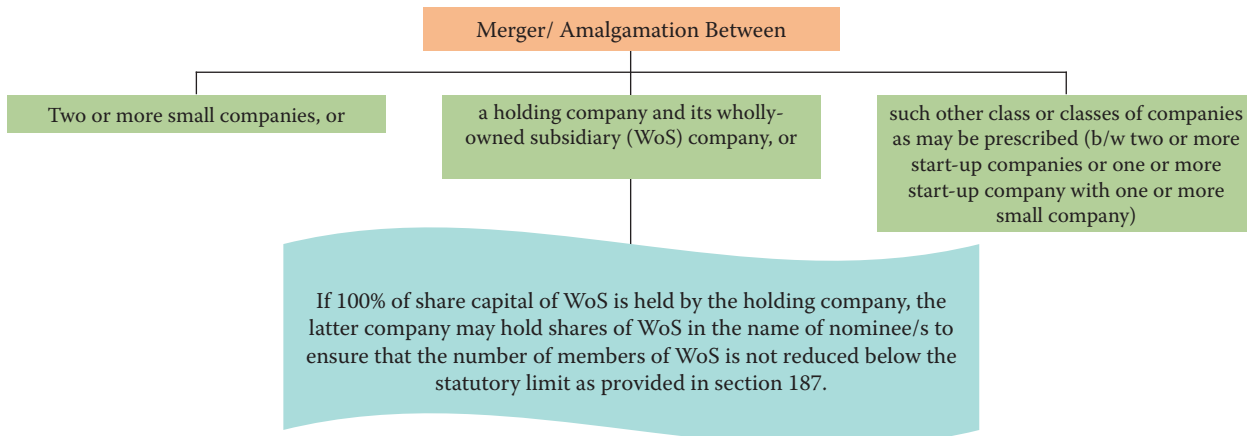
(vi) Property

Property Includes

+	assets, rights and interests of every description	liabilities include debts and obligations of every description
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(4) Fast track mode of Merger or Amalgamation of Certain Companies [Section 233]

(i) Companies who may enter into scheme of merger or amalgamation



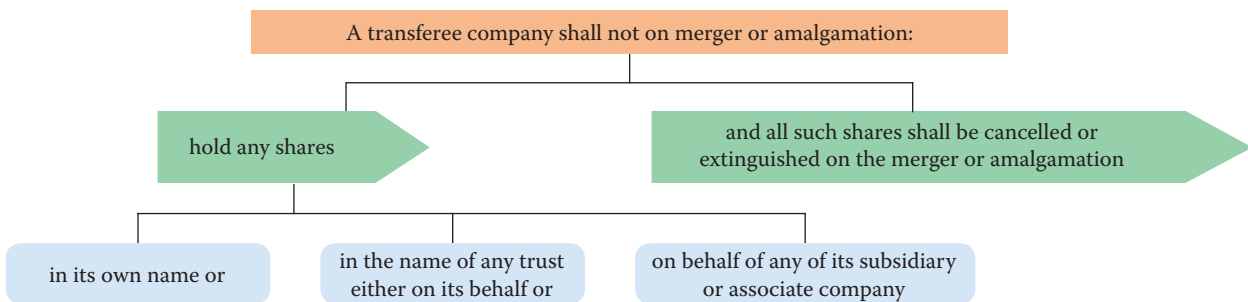
(ii) Conditions for entering into scheme of merger or amalgamation

<p>A scheme of merger or amalgamation may be entered, subject to following conditions:</p>	<p>(a) a notice of the proposed scheme inviting objections or suggestions, if any, from the Registrar and Official Liquidators where registered office of the respective companies are situated or persons affected by the scheme within 30 days is issued by the transferor company or companies and the transferee company;</p> <p>(b) the objections and suggestions received are considered by the companies in their respective general meetings and the scheme is approved by the respective members or class of members at a general meeting holding at least 95% of the total number of shares;</p> <p>(c) each of the companies involved in the merger files a declaration of solvency, in the prescribed form, with the Registrar of the place where the registered office of the company is situated; and</p> <p>(d) the scheme is approved by majority representing 9/10th in value of the creditors or class of creditors of respective companies indicated in a meeting convened by the company by giving a notice of 21 days along with the scheme to its creditors for the purpose or otherwise approved in writing.</p>
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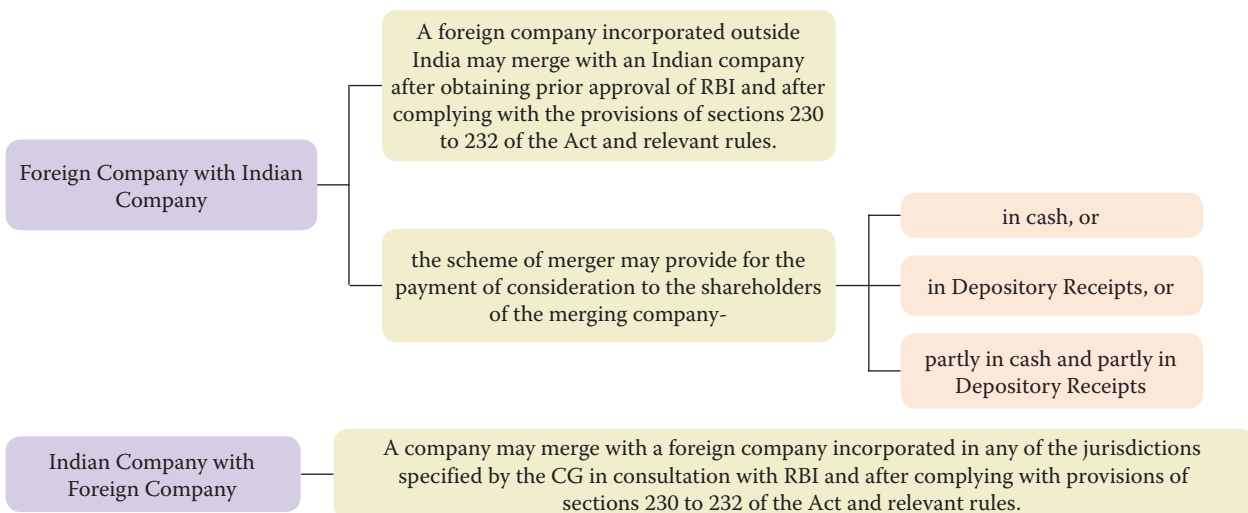
(iii) Effect of Registration of Scheme

- transfer of property or liabilities of the transferor company to the transferee company;
- the charges, if any, on the property of the transferor company shall be applicable to and enforceable against the transferee company;
- legal proceedings by or against the transferor company pending before any court of law shall be continued by or against the transferee company; and
- where the scheme provides for purchase of shares held by the dissenting shareholders or settlement of debt due to dissenting creditors, such amount, to the extent it is unpaid, shall become the liability of the transferee company.

(iv) Effect of merger and amalgamation on transferee company



(5) Merger or Amalgamation of Company with Foreign Company [Section 234]



The provisions of Income-tax law, as amended by the Finance Act, 2022 to the extent included in the syllabus of Intermediate (New) Paper 4A: Income-tax Law, are relevant for May, 2023 and November, 2023 examinations. This Capsule on Income-tax law attempts to give an overview of the step by step procedure for computation of total income and tax payable by an individual for A.Y.2023-24, being the relevant assessment year for May, 2023 and November, 2023 examinations. For detailed study, students are advised to read the May, 2022 edition of the Study Material of Paper 4A: Income-tax Law webhosted at https://www.icai.org/post.html?post_id=18481 along with the Statutory Update webhosted at <https://resource.cdn.icai.org/72468bos58397.pdf>.

COMPUTATION OF TOTAL INCOME AND TAX PAYABLE BY AN INDIVIDUAL – STEP BY STEP PROCEDURE

Income-tax is levied on an assessee's total income. Such total income has to be computed as per the provisions contained in the Income-tax Act, 1961. Steps 1 to 8 given hereunder have to be followed for computing the total income of an individual assessee as per the regular provisions of the Income-tax Act, 1961. Thereafter, Steps 9 to 15 have to be followed for computing the tax payable.

Step 1 – Determination of residential status

The residential status of an individual has to be determined to ascertain which income is to be included in his total income (TI).

In case of an individual, the duration for which he is present in India in the relevant previous year or relevant previous year and the earlier previous years, as the case may be, determine his residential status. Based on the days spent by him in India, he may be resident or a non-resident.

- **Resident**
 - Resident and ordinarily resident
 - Resident but not ordinarily resident

- **Non-resident**

Note – An Indian citizen who is a deemed resident in India would be a resident but not ordinarily resident in India.

[Refer Fig 1]

Step 2 – Classification of income under five heads

An individual may earn income from different sources. Under the Income-tax Act, 1961, for computation of TI, all income of an individual tax payer can be classified into **five different heads of income**.

- Salaries
- Income from house property
- Profits and gains of business or profession
- Capital gains
- Income from other sources

Step 3 – Computation of income under each head

- Income under each head (–) exemptions (–) deductions allowable under that head

[For detail computation of income under each head, refer Module 2 of the Study Material]

Step 4 – Clubbing of income of spouse, minor child etc.

In case of individuals, income-tax is levied on a slab system on the total income. The tax system is progressive i.e., as the income increases, the applicable rate of tax increases. Some taxpayers

in the higher income bracket have a tendency to divert some portion of their income to their spouse, minor child etc. to minimize their tax burden.

In order to prevent such tax avoidance, clubbing provisions have been incorporated in the Act, under which income arising to certain persons (like spouse, minor child etc.) have to be included in the income of the person who has diverted his income for the purpose of computing tax liability [Refer Table 2].

Step 5 – Set-off of current year losses and brought forward losses

An assessee may have different sources of income under the same head of income. He may have profit from one source and loss from the other. Similarly, an assessee can have loss under one head of income and profits under another heads of income. There are provisions in the Act for allowing inter-head adjustment in certain cases. The losses is allowed to be set off in the following series -

- Inter-source set-off of losses
- Inter-head set-off of losses
- Set-off of brought forward losses
- Set-off of unabsorbed depreciation

Thereafter, unabsorbed losses and unabsorbed depreciation would be carried forward.

[Refer Fig 3]

Step 6 – Computation of gross total income

Gross Total Income	= Add income computed under each head	→ Apply clubbing provisions	→ Apply the provisions for set-off and carry forward of losses
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Step 7 – Deductions from gross total income

There are deductions under Chapter VI-A allowable from Gross Total Income. These deductions are of following types –

- Deductions in respect of certain payments
- Deductions in respect of certain incomes
- Deductions in respect of other incomes
- Other deductions

[Refer Table 4]

Step 8 – Computation of total income

- Total Income = Gross total income (–) Deductions under Chapter VI-A
- Total Income should be rounded off to the nearest multiple of ₹ 10

Step 9 – Application of rates of tax on total income in case of an individual

Total income (in ₹)	Rate of Tax
Upto ₹ 2,50,000 (in case of an individual below 60 years)	Nil
Upto ₹ 3,00,000 (in case of an individual who is 60 years or more but less than 80 years and resident in India)	
Upto ₹ 5,00,000 (in case of an individual who is 80 years or more and resident in India)	
₹ 2,50,001/ ₹ 3,00,001, as the case may be, to ₹ 5,00,000	5%
₹ 5,00,001 to ₹ 10,00,000	20%
Above ₹ 10,00,000	30%

Step 10 – Surcharge and Rebate

Surcharge

S. No.	Particulars	Rate of surcharge on income-tax
(i)	Where the TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 50 lakhs but ≤ ₹ 1 crore	10%
(ii)	Where TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 1 crore but ≤ ₹ 2 crore	15%
(iii)	Where TI (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crore but ≤ ₹ 5 crore	25%
	The rate of surcharge on the income-tax payable on the portion of dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A	Not exceeding 15%
(iv)	Where TI (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 5 crore	37%
	Rate of surcharge on the income-tax payable on the portion of dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A	Not exceeding 15%
(v)	Where TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crore in cases not covered under (iii) and (iv) above	15%

Rebate under section 87A: Rebate u/s 87A allowable to resident individuals having total income of up to ₹ 5 lakh.

Rebate would be equal to the amount of ₹ 12,500 or income-tax on total income, whichever is less.

However, rebate u/s 87A is not available in respect of tax payable @10% on long-term capital gains taxable u/s 112A.

Step 11 – Health and Education cess on Income-tax

Health and Education cess	4% of income-tax and surcharge, if applicable
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Total Tax Liability	= Tax on total income at applicable rates	(+) Surcharge, at applicable rates, if total income > ₹ 50 lakhs, or	(-) Rebate u/s 87A, if total income ≤ ₹ 5 lakh	(+) HEC@4%
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Step 12 – Examine the applicability of Alternate Minimum Tax (AMT)

- If an individual is claiming dedn u/s 10AA or u/s 35AD or section 80JJAA, 80QQB & 80RRB and his adjusted TI > ₹ 20 lakhs, AMT provisions will apply.
- Compute AMT [18.5% of adjusted TI plus surcharge, if applicable plus HEC @4%].
- If AMT > tax computed as per regular provisions, adjusted TI would be deemed to be TI.
- Tax is leviable @18.5% of adjusted total income plus surcharge, if applicable plus HEC @4%.
- Tax credit can be c/f for maximum 15 A.Ys. = AMT less Tax computed as per regular provisions.
- Individuals exercising option u/s 115BAC are not liable to AMT u/s 115JC.

Step 13 – Examine whether or not to exercise the option under section 115BAC for availing concessional tax slab rates

As per section 115BAC, individuals have an option to pay tax in respect of their TI (other than income chargeable to tax at special rates under Chapter XII) at following concessional rates, if they do not avail certain exemptions/ dedns like LTC, std deduction under the head “Salaries”, int. on housing loan on self-occupied property, dedns under Chapter VI-A (other than 80CCD(2) or section 80JJAA), set-off of b/f loss or depr., if they relate to any of the above dedns, set-off of loss from house property against income under any other head, etc. –

	Total Income	Tax rate
(i)	Upto ₹ 2,50,000	Nil
(ii)	From ₹ 2,50,001 to ₹ 5,00,000	5%
(iii)	From ₹ 5,00,001 to ₹ 7,50,000	10%
(iv)	From ₹ 7,50,001 to ₹ 10,00,000	15%
(v)	From ₹ 10,00,001 to ₹ 12,50,000	20%
(vi)	From ₹ 12,50,001 to ₹ 15,00,000	25%
(vii)	Above ₹ 15,00,000	30%

Surcharge would be attracted at the same rates and above the same thresholds of TI as applicable under the regular provisions of the Income-tax Act, 1961. Further, HEC @4% would be attracted on income-tax so calculated plus surcharge, if applicable.

Examine the tax liability computed under the regular provisions of the Act (including provisions relating to AMT, if applicable) with the tax liability computed u/s 115BAC. Thereafter, if tax liability is lower as per the provisions u/s 115BAC, then opt to pay tax as per section 115BAC.

Note - If an individual having income from business or profession exercises option to pay tax u/s 115BAC in a P.Y., then, the said provisions would apply for all subsequent P.Ys.

An individual not having income from business or profession can exercise the option to pay tax u/s 115BAC for each P.Y. He may exercise the option in a particular P.Y., but may not do so in another P.Y., depending on whether or not exercising the option is beneficial to him in the respective P.Y.

Step 14 – Credit for advance tax, TDS and TCS

Tax payable/ Tax refundable = Total tax liability (-) TDS (-) TCS (-) Advance tax paid

[Refer Table 5 for advance tax]

Step 15 – Tax payable/ Tax refundable

- Tax payable/ Tax refundable should be rounded off to the nearest multiple of ₹ 10.
- The assessee has to pay the amt of tax payable (called self-

INCOME TAX LAW

assessment tax) at the time of filing of return of income.

- If any refund is due, assessee will get the same after filing the return of income.

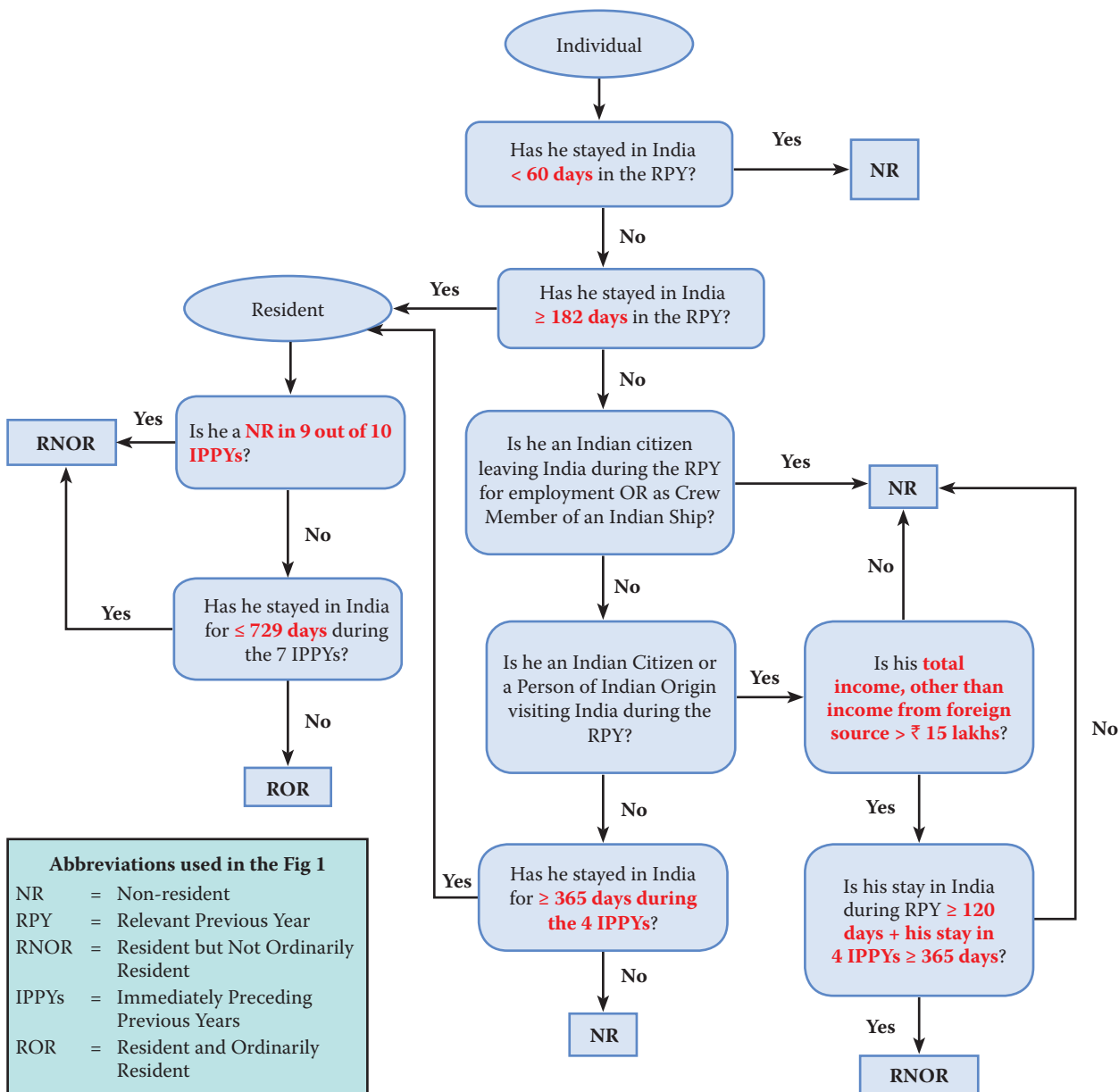
Step 16 - Return of Income

The Income-tax Act, 1961 contains provisions for filing of return of income. Return of income is the format in which the assessee

furnishes information as to his total income and tax payable. The Act has prescribed due dates for filing return of income in case of different assesseees. An individual is required to file a return of income in the prescribed form (ITR 1/2/3/4, as the case may be as applicable to him) if his total income exceeds the basic exemption limit or he fulfills certain other conditions.

Fig 1

Determination of Residential Status of an Individual



Abbreviations used in the Fig 1

NR	= Non-resident
RPY	= Relevant Previous Year
RNOR	= Resident but Not Ordinarily Resident
IPPYs	= Immediately Preceding Previous Years
ROR	= Resident and Ordinarily Resident

Deemed resident [Section 6(1A)] - An individual, being an Indian citizen, having TI (other than the income from foreign sources) > ₹ 15 lakhs during the RPY would be deemed to be resident in India in that PY, if he is not liable to pay tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature. A deemed resident u/s 6(1A) would always be a RNOR.

Note - If an individual is a resident in India in the PY as per section 6(1), then, the provision of deemed resident u/s 6(1A) would not apply to him.

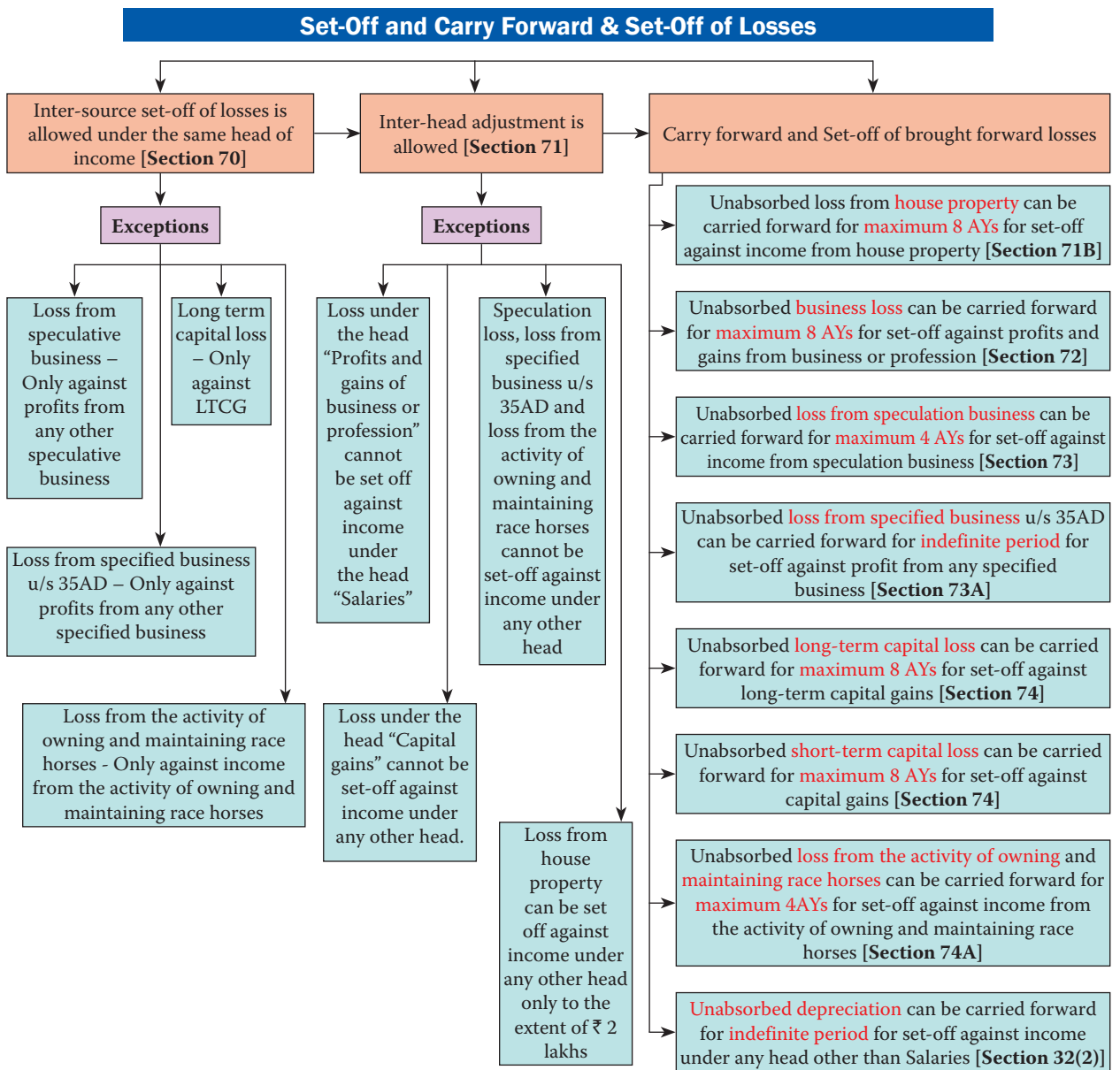
Table 2

Income of Other Persons Included in Assessee's Total Income

Section	Income to be clubbed	Contents
60	Income transferred w/o transfer of asset	When a person transfers the income accruing to an asset w/o transfer of the asset itself, such income is to be included in the TI of the transferor, whether the transfer is revocable or irrevocable.
61	Income arising from revocable transfer of assets	Such income is to be included in the hands of the transferor. A transfer is deemed to be revocable if it – (i) contains any provision for re-transfer of the whole or any part of the income or assets to the transferor; or (ii) gives right to re-assume power over the whole or any part of the income or the asset.
64(1)(ii)	Income arising to spouse by way of remuneration from a concern in which the individual has substantial interest	Such income arising to spouse is to be included in the TI of the individual. However, if remuneration received is attributable to the application of technical or professional knowledge and experience of spouse, then, such income is not to be clubbed.
64(1)(iv)	Income arising to spouse from assets transferred w/o adequate consideration	Income arising from an asset (other than house property) transferred otherwise than for adequate consideration or not in connection with an agreement to live apart, from one spouse to another shall be included in the TI of the transferor. However, this provision will not apply in the case of transfer of house property, since the transferor-spouse would be the deemed owner as per section 27.
64(1)(vi)	Income arising to son's wife from an asset transferred w/o adequate consideration	Income arising from an asset transferred otherwise than for adequate consideration, by an individual to his or her son's wife shall be included in the TI of the transferor.
64(1)(vii)/ 64(1)(viii)	Income arising from transfer of assets for the benefit of spouse or son's wife	All income arising to any person or AoPs from assets transferred w/o adequate consideration is includible in the income of the transferor, to the extent such income is used by the transferee for the immediate or deferred benefit of the transferor's spouse or son's wife.
64(1A)	Income of minor child	All income arising or accruing to a minor child (including a minor married daughter) shall be included in the TI of his or her parent . The income of the minor child shall be included with the income of that parent, whose TI, before including minor's income, is higher. Where the marriage of the parents does not subsist, the income of the minor will be includible in the income of that parent who maintains the minor child in the relevant previous year. The parent, in whose TI, the income of the minor child or children are included, shall be entitled to exemption of such income subject to a maximum of ₹ 1,500 per child u/s 10(32) . The following income of a minor child shall, however, not be clubbed in the hands of his or her parent - (a) Income from manual work done by him or activity involving application of minor's skill, talent or specialized knowledge and experience ; and (b) Income of a minor child suffering from any disability specified in section 80U . In case the asset transferred to a minor child (not being a minor married daughter) w/o consideration or for inadequate consideration is house property, then, by virtue of section 27(i), the transferor-parent will be the deemed owner of the house property . Consequently, clubbing provisions u/s 64(1A) would not be attracted in respect of such income, due to which the benefit of exemption u/s 10(32) cannot be availed against such income. However, if the house property is transferred by a parent to his or her minor married daughter w/o consideration or for inadequate consideration, then, section 27(i) is not attracted. In such a case, the income from house property will be included u/s 64(1A) in the hands of that parent, whose total income before including minor child's income is higher ; and benefit of exemption u/s 10(32) can be availed by that parent in respect of the income so included.
64(2)	Conversion of self-acquired property into the property of a HUF	Where an individual , who is a member of the HUF, converts his individual property into property of the HUF of which he is a member, directly or indirectly, to the family otherwise than for adequate consideration, the income from such property shall continue to be included in the total income of the individual . Where the converted property has been partitioned, either by way of total or partial partition, the income derived from such converted property as is received by the spouse on partition shall also be included in the total income of the individual who effected the conversion of such property.

Note: 'Income' includes 'loss'. Therefore, clubbing provisions would be attracted in all the above cases, even if there is a loss and not income.

Fig 3



Order of set-off of losses by an Individual	
1.	Current year depreciation and current year capital expenditure on scientific research to the extent allowed.
2.	Brought forward loss from business/profession [Section 72(1)]
3.	Unabsorbed depreciation [Section 32(2)]
4.	Unabsorbed capital expenditure on scientific research [Section 35(4)].

Note - As per section 80, filing of loss return u/s 139(3) within the due date specified u/s 139(1) is mandatory for carry forward of the above losses except loss from house property and unabsorbed depreciation.

Table 4

Deductions from Gross Total Income – Chapter VI-A

Deductions in respect of certain payments							
Section	Eligible Assessee	Eligible Payments	Permissible Deduction				
80C	Individual or HUF	<p>Contribution to PPF, Payment of LIC premium, etc.</p> <p>Sums paid or deposited in the previous year by way of</p> <ul style="list-style-type: none"> - Life insurance premium - Contribution to PPF/ SPF/ RPF and approved superannuation fund - Repayment of housing loan taken from Govt., bank, LIC, specified employer etc. - Tuition fees to any Indian university, college, school for full-time education of any two children - Term deposit for a fixed period of not less than 5 years with schedule bank - Subscription to notified bonds of NABARD - Five year post office time deposit - Senior Citizen's Savings Scheme Account etc. - Contribution by Central Govt. employee to additional account (Tier II A/c) of NPS referred to u/s 80CCD 	Sum paid or deposited, subject to a maximum of ₹ 1,50,000				
80CCC	Individual	<p>Contribution to certain pension funds</p> <p>Any amount paid or deposited to keep in force a contract for any annuity plan of LIC of India or any other insurer for receiving pension from the fund.</p>	Amount paid or deposited, subject to a maximum of ₹ 1,50,000				
80CCD	Individual employed by the Central Government or any other employer; Any other individual assessee	<p>Contribution to Pension Scheme of Central Government</p> <p>An individual employed by the Central Government on or after 1.1.2004 or any other employer or any other assessee, being an individual, who has paid or deposited any amount in his account under a notified pension scheme [to his individual pension account (Tier I A/c) under National Pension Scheme & Atal Pension Yojana]</p>	<p>Employee's Contribution/ Individual's Contribution</p> <p>In case of a salaried individual, deduction of own contribution under section 80CCD(1) is restricted to 10% of his salary.</p> <p>In any other case, deduction under section 80CCD(1) is restricted to 20% of gross total income.</p> <p>Further, additional deduction of upto ₹ 50,000 is available under section 80CCD(1B).</p> <p>Employer's Contribution</p> <p>The entire employer's contribution would be included in the salary of the employee. The deduction of employer's contribution under section 80CCD(2) would be restricted to 14% of salary, where the employer is the Central Government or State Government and 10%, in case of any other employer.</p>				
<p>Note – As per section 80CCE, maximum permissible deduction u/s 80C, 80CCC & 80CCD(1) is ₹ 1,50,000. However, the limit ₹ 1.50 lakh u/s 80CCE does not apply to deduction u/s 80CCD(2) and 80CCD(1B).</p>							
80D	Individual and HUF	<p>Medical Insurance Premium</p> <p>(1) Any premium paid, otherwise than by way of cash, to keep in force an insurance on the health of –</p> <table border="1" style="margin-left: 20px;"> <tr> <td style="padding: 2px;">in case of an individual</td> <td style="padding: 2px;">self, spouse and dependent children</td> </tr> <tr> <td style="padding: 2px;">in case of HUF</td> <td style="padding: 2px;">family member</td> </tr> </table> <p>(2) In case of an individual, contribution, otherwise than by way of cash, to CGHS or any other scheme as notified by Central Government.</p>	in case of an individual	self, spouse and dependent children	in case of HUF	family member	<p>Maximum ₹ 25,000 (₹ 50,000, in case the individual or his or her spouse is a senior citizen)</p>
in case of an individual	self, spouse and dependent children						
in case of HUF	family member						

Deductions in respect of certain payments									
Section	Eligible Assessee	Eligible Payments	Permissible Deduction						
		<p>(3) Any premium paid, otherwise than by way of cash, to keep in force an insurance on the health of parents, whether or not dependent on the individual.</p> <p>Notes:</p> <p>(i) Any amount paid, otherwise than by way of cash, on account of medical expenditure incurred on the health of the assessee or his family member or his parent, who is a senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person.</p> <p>(ii) Payment, including cash payment, for preventive health check up of himself, spouse, dependent children and parents.</p>	<p style="font-size: 2em; color: #C00000;">}</p> <p style="color: #C00000;">Maximum ₹ 25,000 (₹ 50,000, in case either or both of the parents are senior citizen(s))</p> <p>Amount paid subject to a cap of ₹ 50,000 (in case one parent is a senior citizen, in respect of whom insurance premium is paid, and the other is a senior citizen on whom medical expenditure is incurred, the total deduction cannot exceed ₹ 50,000)</p> <p>Amount paid subject to a cap of ₹ 5,000, in aggregate (subject to the overall individual limits of ₹ 25,000/ ₹ 50,000, as the case may be)</p>						
80DD	Resident Individual or HUF	<p>Maintenance including medical treatment of a dependant disabled</p> <p>Any amount incurred for the medical treatment (including nursing), training and rehabilitation of a dependant disabled</p> <p>and / or</p> <p>Any amount paid or deposited under the scheme framed in this behalf by the LIC or any other insurer or Administrator or Specified Company and approved by Board.</p> <p>Meaning of Dependant</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 5px 0;"> <thead> <tr style="background-color: #FFD700;"> <th style="width: 50%; text-align: center;">(1) In case of</th> <th style="width: 50%; text-align: center;">(2) Dependant</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">An individual</td> <td style="text-align: center;">Spouse, children, parents, brothers, sisters</td> </tr> <tr> <td style="text-align: center;">A HUF</td> <td style="text-align: center;">Any member</td> </tr> </tbody> </table> <p>Persons mentioned in column (2) should be wholly or mainly dependant on the person mentioned in corresponding column (1) for support and maintenance. Such persons should not have claimed deduction u/s 80U in computing TI of that year.</p>	(1) In case of	(2) Dependant	An individual	Spouse, children, parents, brothers, sisters	A HUF	Any member	<p>Flat deduction of ₹ 75,000.</p> <p>In case of severe disability (i.e. person with 80% or more disability) the flat deduction shall be ₹ 1,25,000.</p>
(1) In case of	(2) Dependant								
An individual	Spouse, children, parents, brothers, sisters								
A HUF	Any member								
80DDB	Resident Individual or HUF	<p>Deduction for medical treatment of specified diseases or ailments</p> <p>Amount paid for specified diseases or ailment</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 5px 0;"> <thead> <tr style="background-color: #FFD700;"> <th style="width: 50%; text-align: center;">Assessee</th> <th style="width: 50%; text-align: center;">Amount spent</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">An individual</td> <td style="text-align: center;">For himself or his dependant being spouse, children, parents, brothers or sisters wholly or mainly dependant on the individual for support and maintenance</td> </tr> <tr> <td style="text-align: center;">A HUF</td> <td style="text-align: center;">For any member</td> </tr> </tbody> </table>	Assessee	Amount spent	An individual	For himself or his dependant being spouse, children, parents, brothers or sisters wholly or mainly dependant on the individual for support and maintenance	A HUF	For any member	<p>Actual sum paid or ₹ 40,000 (₹ 1,00,000, if the payment is for medical treatment of a senior citizen), whichever is less,</p> <p style="text-align: center;"><i>minus</i></p> <p>the amount received from the insurance company or reimbursed by the employer.</p>
Assessee	Amount spent								
An individual	For himself or his dependant being spouse, children, parents, brothers or sisters wholly or mainly dependant on the individual for support and maintenance								
A HUF	For any member								
80E	Individual	<p>Interest on loan taken for higher education</p> <p>Interest on loan taken from any financial institution or approved charitable institution.</p> <p>Such loan is taken for pursuing his higher education or higher education of his or her relative i.e., spouse or children of the individual or the student for whom the individual is the legal guardian.</p>	<p>The deduction is available for interest payment in the initial A.Y (year of commencement of interest payment) and seven A.Y. immediately succeeding the initial A.Y.</p> <p>(or)</p> <p>until the interest is paid in full by the assessee, whichever is earlier.</p>						

Deductions in respect of certain payments			
Section	Eligible Assessee	Eligible Payments	Permissible Deduction
80EE	Individual	Deduction for interest on loan borrowed from any financial institution [bank/ housing finance company (HFC)] for acquisition of residential house property	Deduction of upto ₹ 50,000 would be allowed in respect of interest on loan taken from a financial institution (FI). Conditions: (1) Loan should be sanctioned during P.Y.2016-17 (2) Loan sanctioned ≤ ₹ 35 lakhs (3) Value of house ≤ ₹ 50 lakhs (4) The assessee should not own any residential house on the date of sanction of loan.
80EEA	Individual	Deduction in respect of interest payable on loan taken from a FI (bank or HFC) for acquisition of residential house property (In case the property is self-occupied, the dedn would be over and above the dedn of ₹ 2 lakhs u/s 24)	Deduction of upto ₹ 1,50,000 would be allowed in respect of interest payable on loan taken from a FI for acquisition of house property. Conditions: (1) Loan should be sanctioned by a FI during the period between 1st April 2019 to 31st March 2022. (2) Stamp Duty Value of house ≤ ₹ 45 lakhs (3) The individual should not own any residential house on the date of sanction of loan. (4) The individual should not be eligible to claim deduction u/s 80EE.
80EEB	Individual	Deduction in respect of interest payable on loan taken from a FI (bank or certain NBFCs) for purchase of electric vehicle	Deduction of upto ₹ 1,50,000 would be allowed in respect of interest payable on loan taken for purchase of electric vehicle. Loan should be sanctioned by a FI during the period from 1.4.2019 to 31.3.2023
80G	All assesseees	Donations to certain funds, charitable institutions etc. There are four categories of deductions –	
		Category	Donee
	(I)	100% deduction of amount donated, without any qualifying limit	Prime Minister's National Relief Fund, National Children's Fund, Swachh Bharat Kosh, National Defence Fund, PM CARES Fund etc.
	(II)	50% deduction of amount donated, without any qualifying limit	Prime Minister's Drought Relief Fund, Jawaharlal Nehru Memorial Fund, Indira Gandhi Memorial Trust, Rajiv Gandhi Foundation.
	(III)	100% deduction of amount donated, subject to qualifying limit	Government or local authority, institution for promotion of family planning etc.
	(IV)	50% deduction of amount donated, subject to qualifying limit.	Government or any local authority to be used for charitable purpose, other than promotion of family planning, notified temple, church, gurudwara, mosque etc.

Deductions in respect of certain payments									
Section	Eligible Assessee	Eligible Payments	Permissible Deduction						
		<p>Calculation of Qualifying limit for Category III & IV donations:</p> <p>Step 1: Compute adjusted total income, i.e., the gross total income as reduced by the following:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">1.</td> <td>Deductions under Chapter VI-A, except u/s 80G</td> </tr> <tr> <td>2.</td> <td>Short term capital gains taxable u/s 111A</td> </tr> <tr> <td>3.</td> <td>Long term capital gains taxable u/s 112 & 112A</td> </tr> </table> <p>Step 2: Calculate 10% of adjusted total income.</p> <p>Step 3: Calculate the actual donation, which is subject to qualifying limit</p> <p>Step 4: Lower of Step 2 or Step 3 is the maximum permissible deduction.</p> <p>Step 5: The said deduction is adjusted first against donations qualifying for 100% deduction (i.e., Category III donations). Thereafter, 50% of balance qualifies for deduction u/s 80G.</p> <p>Note - No deduction shall be allowed for donation in excess of ₹ 2,000, if paid in cash.</p>		1.	Deductions under Chapter VI-A, except u/s 80G	2.	Short term capital gains taxable u/s 111A	3.	Long term capital gains taxable u/s 112 & 112A
1.	Deductions under Chapter VI-A, except u/s 80G								
2.	Short term capital gains taxable u/s 111A								
3.	Long term capital gains taxable u/s 112 & 112A								
80GG	Individual not in receipt of house rent allowance	Rent paid for residential accommodation	<p>Least of the following is allowable as deduction:</p> <p>(1) 25% of total income;</p> <p>(2) Rent paid – 10% of total income</p> <p>(3) ₹ 5,000 p.m.</p> <p>No deduction if any residential accommodation is owned by the assessee/ his spouse/ minor child/ HUF at the place where he ordinarily resides or performs the duties of his office or employment or carries on his business or profession.</p>						
80GGC	Any person, other than local authority and an artificial juridical person funded by the Government.	<p>Contributions to political parties</p> <p>Amount contributed to a registered political party or an electoral trust.</p>	<p>Actual contribution (otherwise than by way of cash)</p>						
Deductions in respect of Certain Incomes									
As per section 80AC, furnishing return of income on or before due date is mandatory for claiming deduction in respect of certain incomes.									
Section	Eligible Assessee	Condition for Deduction /Eligible Income	Permissible Deduction						
80JJAA	An assessee to whom section 44AB applies, whose gross total income includes profits and gains derived from business	Deduction in respect of employment of new employees	<p>30% of additional employee cost incurred in the previous year.</p> <p>Deduction is allowable for 3 assessment years including assessment year relevant to the previous year in which such employment is provided.</p> <p><i>For conditions to be satisfied, read Chapter 7 of the Study Material.</i></p>						
80QQB	Resident individual, being an author	<p>Royalty income, etc., of authors of certain books other than text books</p> <p>Consideration for assignment or grant of any of his interests in the copyright of any book, being a work of literary, artistic or scientific nature or royalty or copyright fee received as lumpsum or otherwise.</p>	<p>Income derived in the exercise of profession or ₹ 3,00,000, whichever is less.</p> <p>In respect of royalty or copyright fee received otherwise than by way of lumpsum, income to be restricted to 15% of value of books sold during the relevant previous year.</p>						
80RRB	Resident individual, being a patentee	<p>Royalty on patents</p> <p>Any income by way of royalty on patents registered on or after 1.4.2003</p>	<p>Whole of such income or ₹ 3,00,000, whichever is less.</p>						
Deductions in respect of Other Income									
Section	Eligible Assessee	Eligible Income	Permissible Deduction						
80TTA	Individual or a HUF, other than a resident senior citizen	Interest on deposits in savings account	<p>Interest on deposits in a savings account with a bank, a co-operative society or a post office (not being time deposits, which are repayable on expiry of fixed periods)</p>	<p>Actual interest subject to a maximum of ₹ 10,000.</p>					

Deductions in respect of certain payments			
Section	Eligible Assessee	Eligible Payments	Permissible Deduction
80TTB	Resident senior citizen (i.e. an individual of the age of 60 years or more at any time during the previous year)	Interest on deposits Interest on deposits (both fixed deposits and saving accounts) with banking company, co-operative society engaged in the business of banking or a post office.	Actual interest or ₹ 50,000, whichever is less.
Other Deductions			
Section	Eligible Assessee	Condition for Deduction	Permissible Deduction
80U	Resident Individual	Deduction in case of a person with disability Any person, who is certified by the medical authority to be a person with disability.	Flat deduction of ₹ 75,000, in case of a person with disability. Flat deduction of ₹ 1,25,000, in case of a person with severe disability (80% or more disability).

Table 5

Advance Payment of Tax

Liability for payment of advance tax [Sections 207 & 208]	
<ul style="list-style-type: none"> Tax shall be payable in advance during any F.Y. in respect of the TI of an individual which would be chargeable to tax for the A.Y. immediately following that F.Y. Advance tax is payable during a F.Y. in every case where the amt of such tax payable by the assessee during the year is ₹ 10,000 or more. However, an individual resident in India of the age of 60 years or more at any time during the P.Y., who does not have any income chargeable under PGBP, is not liable to pay advance tax. 	
Instalments of advance tax and due dates [Section 211]	
Advance tax payment schedule for corporates and non-corporates (other than an assessee computing profits on presumptive basis u/s 44AD or section 44ADA) – Four instalments	
Due date of instalment	Amt payable
On or before 15 th June	Not less than 15% of advance tax liability
On or before 15 th September	Not less than 45% of advance tax liability (-) amt paid in earlier instalment
On or before 15 th December	Not less than 75% of advance tax liability (-) amt paid in earlier instalment or instalments
On or before 15 th March	The whole amt of advance tax liability (-) amt paid in earlier instalment or instalments
Advance tax payment by assessee computing profits on presumptive basis u/s 44AD(1) or 44ADA(1)	
An eligible assessee, opting for computation of profits or gains of business or profession on presumptive basis in respect of eligible business referred to in section 44AD(1) or in respect of eligible profession referred to in section 44ADA(1), shall be required to pay advance tax of the whole amt on or before 15 th March of the F.Y. However, any amt paid by way of advance tax on or before 31 st March shall also be treated as advance tax paid during the F.Y. ending on that day.	
Interest for defaults in payment of advance tax [Section 234B]	
(1)	Interest u/s 234B is attracted for non-payment of advance tax or payment of advance tax of an amt less than 90% of assessed tax.
(2)	The interest liability would be 1% per month or part of the month from 1st April following the F.Y. upto the date of determination of TI u/s 143(1).
(3)	Such interest is calculated on the amt of difference between the assessed tax and the advance tax paid.
(4)	“Assessed tax” means the tax on TI determined u/s 143(1) less TDS & TCS, any relief of tax allowed u/s 89, any tax credit allowed to be set off in accordance with the provisions of section 115JD.
(5)	Where self-assessment tax is paid by the assessee u/s 140A or otherwise, interest shall be calculated upto the date of pay of such tax and reduced by the interest, if any, paid u/s 140A towards the interest chargeable under this section.
Interest for deferment of advance tax [Section 234C]	
(a)	Manner of computation of interest u/s 234C for deferment of advance tax by assessee, being an individual: In case an assessee, other than an assessee who declares profits and gains in accordance with the provisions of section 44AD(1) or section 44ADA(1), who is liable to pay advance tax u/s 208 has failed to pay such tax or the advance tax paid by such assessee on its current income on or before the dates specified in column (1) below is less than the specified percentage [given in column (2) below] of tax due on returned income, then simple interest@1% per month for the period specified in column (4) on the amt of shortfall, as per column (3) is leviable u/s 234C.

	Specified date	Specified %	Shortfall in advance tax	Period
	(1)	(2)	(3)	(4)
	15 th June	15%	15% of tax due on returned income (-) advance tax paid up to 15 th June	3 months
	15 th September	45%	45% of tax due on returned income (-) advance tax paid up to 15 th September	3 months
	15 th December	75%	75% of tax due on returned income (-) advance tax paid up to 15 th December	3 months
	15 th March	100%	100% of tax due on returned income (-) advance tax paid up to 15 th March	1 month

Note – However; if the advance tax paid by the assessee on the current income, on or before 15th June or 15th September, is not less than 12% or 36% of the tax due on the returned income, respectively, then, the assessee shall not be liable to pay any interest on the amt of the shortfall on those dates.

Tax due on returned income = Tax chargeable on TI declared in the return of income (-) TDS (-) TCS (-) any relief of tax allowed u/s 89 (-) any tax credit allowed to be set off in accordance with section 115JD.

(b) **Computation of interest u/s 234C in case of an individual who declares profits and gains in accordance with the provisions of section 44AD(1) or 44ADA(1):**
 In case an assessee, who declares profits and gains in accordance with the provisions of section 44AD(1) or 44ADA(1), who is liable to pay advance tax u/s 208 has –

- failed to pay such tax or
- the advance tax paid by the individual on his current income on or before 15th March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of 1% on the amt of the shortfall from the tax due on the returned income.

(c) **Non-applicability of interest u/s 234C in certain cases:**
 Interest u/s 234C shall not be leviable in respect of any shortfall in pay of tax due on returned income, where such shortfall is on account of under-estimate or failure to estimate –

- (i) the amt of capital gains;
- (ii) income of nature referred to in section 2(24)(ix) i.e., winnings from lotteries, crossword puzzles etc.;
- (iii) income under the head “PGBP” in cases where the income accrues or arises under the said head for the first time.
- (iv) the amount of dividend income other than deemed dividend referred u/s 2(22)(e).

However, the assessee should have paid the whole of the amt of tax payable in respect of such income referred to in (i), (ii) (iii) and (iv), as the case may be, had such income been a part of the TI, as part of the remaining instalments of advance tax which are due or where no such instalments are due, by 31st March of the F.Y.

CROSSWORD SOLUTION – APRIL 2023

¹ B	² A	³ S	I	⁴ S	⁵ P	⁶ O	⁷ I	⁸ N	⁹ T		¹⁰ F	¹¹ D	I
¹² L	L	P		¹³ T	I	M	B	E	R		¹⁴ L	N	
¹⁵ O	P	E		O			¹⁶ M	E	I		¹⁷ T	A	¹⁸ B
¹⁹ C	H	N		²⁰ C	²¹ N	²² N		²³ T	M	²⁴ C			A
²⁵ K	A	D		²⁶ K	F	C				²⁷ L	O	²⁸ S	S
C		²⁹ I	S		³⁰ I	L		³¹ G	A			³² R	I
³³ H	³⁴ B	N		³⁵ M		A		A		³⁶ B	³⁷ O	S	S
³⁸ A	U	G	M	E	³⁹ N	T	⁴⁰ A	T	⁴¹ I	O	N		
⁴² I	B			⁴³ F	C		⁴⁴ I	S	P	O			
⁴⁵ N	B	⁴⁶ F	⁴⁷ C			⁴⁸ A	D		⁴⁹ R	M	⁵⁰ M		⁵¹ I
	⁵² L	O	F	⁵³ F	⁵⁴ E	R		⁵⁵ C			⁵⁶ O	Y	N
⁵⁷ R	E	F	L	A	T	I	O	N		⁵⁸ B	U	S	T

CA FOUNDATION - PAPER 2B - BUSINESS CORRESPONDENCE AND REPORTING

Board of Studies (Academic) has been catering to the learning needs of students by providing a wide array of content to help them not just to prepare but to revise concepts for the upcoming examination. Keeping this in mind, a capsule on the topics of Foundation Course Paper 2 Section B: Business Correspondence and Reporting has been developed. This capsule covers Sentence Types, Active-Passive Voice and Direct-Indirect speech, which not only helps to understand the sentence structure better but also enables you to hone your verbal as well as written expression while answering the questions in the examination. It may be noted that this capsule is a source of quick revision and should not be taken as a substitute for detailed study. Students are advised to refer to the relevant Study Material for comprehensive study and revision.

Chapter – 2: Sentence Types, Active-Passive Voice and Direct-Indirect speech

Grammar comprises rules of a language governing sounds, words, sentences, and other elements, as well as their combination and interpretation. In restricted sense, the term refers only to the study of sentence and word structure (syntax and morphology), excluding vocabulary and pronunciation. The systematic description of the features of a language is also a grammar.

Features of Language

Phonology Study of speech and sound	Syntax Study of arrangement of words (word order)	Morphology Study of internal construction of words
Semantics Study of meanings	Pragmatics Study of the use of natural language in communication	

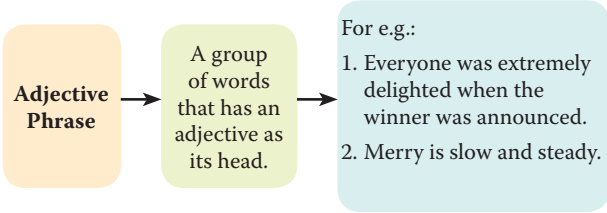
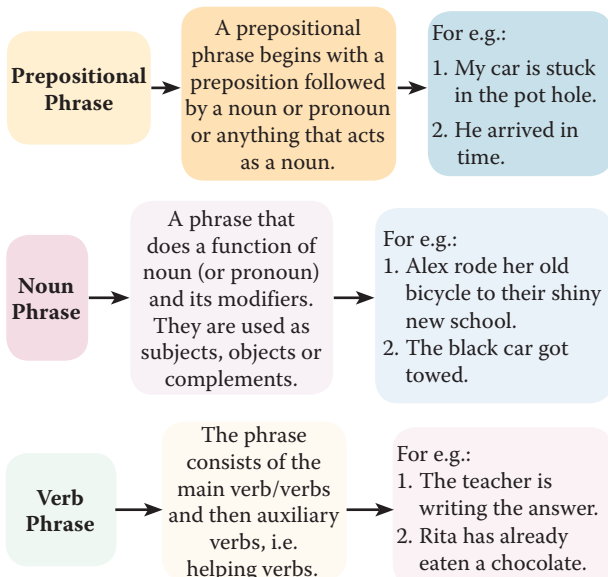
Phrase

Examples:



A phrase is a group of words which does not make complete sense on its own and does not contain a verb.

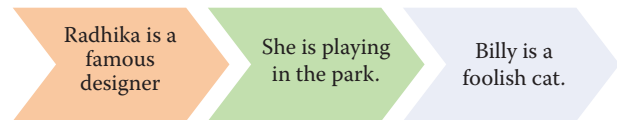
Types of Phrases



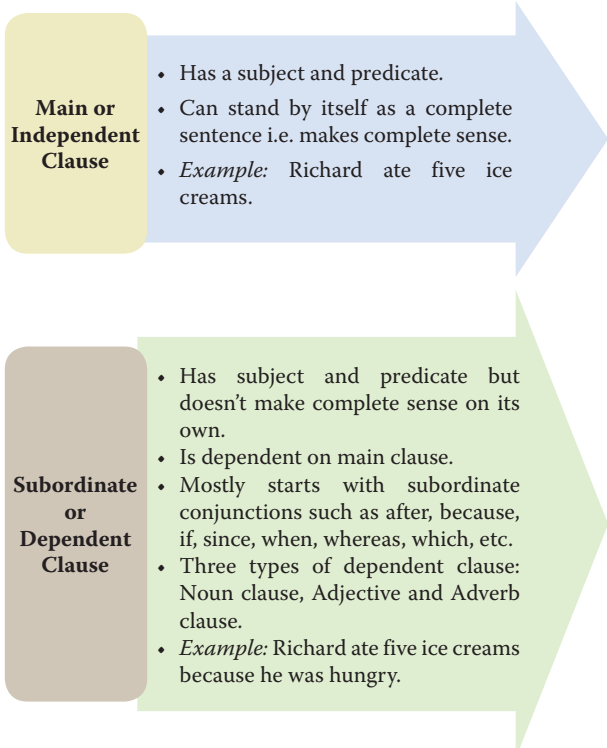
Clause

A clause is a group of words which contain a subject (noun phrase) and verb (verb phrase). A clause is a stand-alone unit, on its own or may form part of a sentence.

Examples:



Types of Clauses

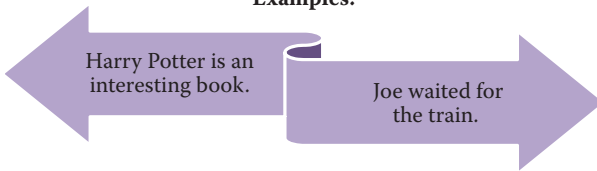


BUSINESS CORRESPONDENCE AND REPORTING

SENTENCE

A sentence is a group of words that make complete sense. It expresses a complete thought. It typically contains a subject and predicate.

Examples:



Basic parts of Sentence

Subject • about which something is stated	Predicate • tells us something about the subject	Direct Object • a person or thing affected by the action(verb) of the subject.
Indirect Object • person/thing for whom action is done	Object of Preposition • noun/pronoun that completes its meaning	Verbs • action or occurrence or indicates a state of being
Phrases • group of words that doesn't make complete sense	Complements • word or word group that completes the meaning	

Types of Verbs

Finite Verbs • Changes according to the number and tense. For e.g., is, am, are, do, does, has, have, eat, eats, etc.
Non-Finite Verbs • Does not change according to the person, number or tense. For e.g. to dance. There are three kinds of non infinite verbs: > Infinitive – Base form of verb used generally like a noun > Participle (Past and Present) – Form of verb that has nature of both verb and an adjective. > Gerunds – Form of verb that ends with "-ing" and acts as a noun.
Auxiliary Verbs • Helping verb • Form of verbs is/am/are/has/have/had, etc. used with ordinary verbs to make tenses, passive forms, questions and negatives.
Modals • Type of auxiliary (helping) verb that is used to express: ability, possibility, permission or obligation. • Can, may, might, must, could, will, would, shall, should are 9 core modals.
Transitive verbs • Performs its action on an object. • Have direct objects, which means someone or something receives the action of the verb.
Intransitive Verbs Opposite of transitive verb -doesn't need an object to complete its meaning / express a state or being.

Sentences are classified according to its function and structure.

Classified according to its structure:

- Simple Sentences
- Compound Sentences
- Complex Sentences
- Complex Compound Sentences

Classified according to its function:

- Declarative Sentence
- Imperative Sentence
- Interrogative Sentence
- Exclamatory Sentence

Types of Sentences according to its function

Declarative Sentence

- Simply makes a statement/opinion/view
 - Ends with a full stop (.)
 - Can be positive or negative
- e.g: She is riding a bicycle.

Imperative Sentence

- Express order/command/advice/request/proposal/suggestion
 - Can end with full stop (.) or exclamation mark (!)
- e.g.: Please don't ride the bicycle too fast.

Interrogative Sentence

- Ask a question and ends with question mark (?)
- Usually starts with question words followed by a verb

e.g.: Is she riding a bicycle?

Exclamatory Sentence

- Expresses strong feeling and ends with exclamation mark (!)

e.g. What a beautiful bicycle!

Types of Sentences according to its structure

Simple Sentence

- Contains **subject and verb, and expresses single complete thought.**

e.g. The baby cried for food.

Compound Sentence

- Has **two independent clauses** that are joined by a conjunction (for, and, or, but, yet etc.)

e.g. They spoke to him in Spanish, but he responded in English.

Complex Sentence

- **An independent clause** joined by **one or more dependent clauses.**
- Joined by a subordinator (as, because, since, after, although, when) or relative pronoun (who, that, which)

e.g.: After eating lunch at the cheesecake factory, they went to the gym to exercise.

Compound-Complex Sentence

- Has **two independent clauses and at least one dependent clause.**

e.g.: The man believed in the system, and he knew that justice would prevail after the murderer was sent to jail.

Subject-Verb Agreement

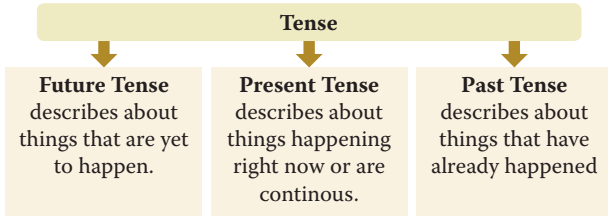
Subject-Verb agreement is the correspondence of a verb with its subject in person.

Some of the common rules of subject verb agreement

- 1. Subject and verb must agree in number.
- 2. Subordinate clauses that come between the subject and verb do not affect their agreement.
- 3. Prepositional phrases between subject and verb usually do not affect the agreement.
- 4. When sentence start with 'there' or 'here', the subject will always be placed after the verb.
- 5. Subject does not always come before verbs in questions
- 6. If two subjects are joined by 'and', they typically require a plural verb form.
- 7. The verb is singular if the two subjects separated by 'and' refer to the same person or thing as a whole.

Tenses

Grammar tenses refer to the state of the verb. The state or tense of the verb explains the time of the action.



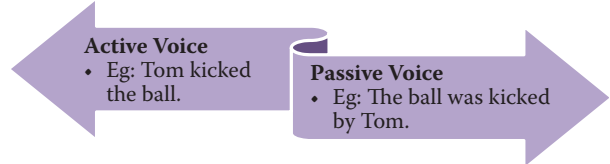
Types of Tenses with the help of examples

Tense	Past	Present	Future
Simple	I helped my neighbour yesterday.	I help my neighbour every day.	I will help my neighbour tomorrow.
Perfect	I had helped my neighbour clean his attic before I fixed his car.	I have helped my neighbour too much this week.	I will have helped my neighbour a hundred times by the end of the month.
Continuous	I was helping my neighbour when he brought me iced tea.	I am helping my neighbour while he fixes up his house.	I will be helping my neighbour next month when he moves.
Perfect continuous	I had been helping my neighbour for a year before he finally thanked me.	I have been helping my neighbour since I moved in.	I will have been helping my neighbour for a year next month.

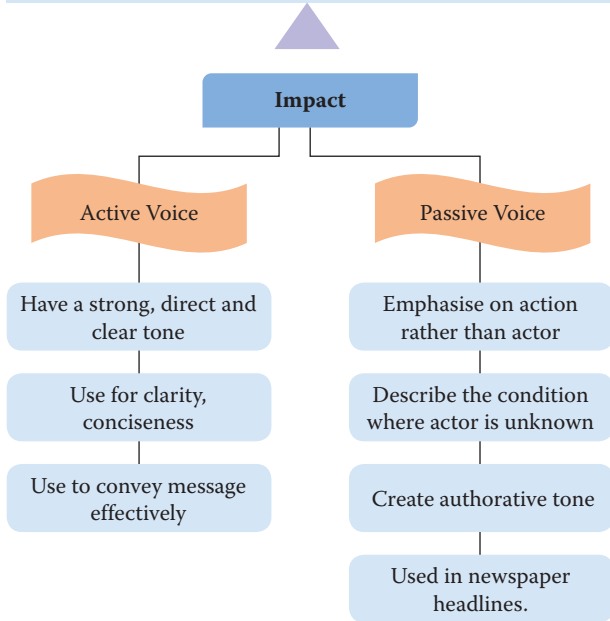
ACTIVE PASSIVE VOICE

"Voice" refers to the connection between the subject and the object of a sentence, which is linked through a verb.

Two types of Voice



Active Voice	Passive Voice
Meaning is clear and direct.	Meaning is indirect and ambiguous.
Receiver of action is preceded by the verb.	Receiver of the action is followed by the verb.
Doer of the action is followed by the verb.	Doer of action is preceded by the verb.
Subject of the sentence is doing the action.	Action is done on/upon the subject



Basic rules to change from Active to Passive Voice

The rules are explained with the help of examples

1. Change of subject and object

- Active voice :** 'subject + verb + object'
- Monkeys adore bananas.
 - The cashier counted the money.
 - The dog chased the squirrel.
- Passive Voice:** Subject + form of 'be' + past participle of verb + by + object
- Bananas are adored by monkeys.
 - The money was counted by the cashier.
 - The squirrel was chased by the dog.

BUSINESS CORRESPONDENCE AND REPORTING

2. Change of verbs

Tense	Active Voice	Passive Voice
Simple Present	Julia eats the chocolate.	The chocolate is eaten by Julia.
Present Continuous	Julia is eating the chocolate.	The chocolate is being eaten by Julia.
Present Perfect	Julia has eaten the chocolate.	The chocolate has been eaten by Julia.
Simple Past	Julia ate the chocolate.	The chocolate was eaten by Julia.
Past Continuous	Julia was eating the chocolate.	The chocolate was being eaten by Julia.
Past Perfect	Julia had eaten the chocolate.	The chocolate had been eaten by Julia.
Simple Future	Julia will eat the chocolate.	The chocolate will be eaten by Julia.
Future Continuous	Julia will be eating the chocolate.	The chocolate will be being eaten by Julia.
Future Perfect	Julia will have eaten the chocolate.	The chocolate will have been eaten by Julia.
Can/may/must etc.+ base	Julia can eat the chocolate.	The chocolate can be eaten by Julia.

3. Change of pronoun

Nominative Case	Objective Case
I	Me
He	Him
She	Her
You	You
They	Them
It	It
We	Us
Who	Whom

For example: Active: I ate the bread.
Passive: The bread was eaten by **me**.

4. Addition of the word 'by'

Active: Rohan buys the milk in evening.

Passive: The milk is bought **by Rohan** in evening.

5. When there are objects, there are two possible sentences:

Active: The professor gave **the books (object 1) to the students (object 2)**.

Passive 1: **The students** were given the books by the professor.

Passive 2: **The books** were given to the students by the professor.

6. Change Interrogative Sentences into Passive

In case of	Active Voice	Passive Voice
Is/am/are Was/were	Is she cooking the food?	Is the food being cooked by her?
	Was she cooking the food?	Was the food being cooked by her?
Do/does/did	Does she cook the food?	Is the food cooked by her?
	Did she cook the food?	Was the food cooked by her?
Has/have/had	Has she cooked the food?	Has the food been cooked by her?
	Had Sachin played cricket?	Had cricket been played by Sachin?
Will/shall/can/may	Can she cook the food?	Can the food be cooked by her?
	May Sachin play cricket?	May cricket be played by Sachin?
Question words (when/why/where/how/what)	When did she cook the food?	When the food was cooked by her?
	Why did she punish you?	Why were you punished by her?
	Who cooked the food?	By whom was the food cooked?

7. Change Imperative Sentences into Passive

	Active Voice	Passive Voice
Advice	Learn your lessons.	You are advised to learn your lessons.
Command	Open the door.	Let the door be opened.
Request	Please make a cup of tea.	You are requested to make a cup of tea.
Order	Don't allow anybody to peep inside.	You are ordered not to allow anybody to peep inside.
Obligation	Love your parents.	Your parents should be loved.

To change from passive to active voice, reverse the rules that have been discussed above.

DIRECT AND INDIRECT SPEECH

- When the actual words of the speaker are reproduced, it is called **direct speech**.

Example: He said, 'I am going to school.'

- When the main idea of a speaker's words is reported by another person and the exact words are not quoted, it is called **indirect speech or reported speech**.

Example: He said that he was going to school.



Basic Rules

Quotation marks or 'inverted commas' are used for direct speech.

Example: 'I have cut my finger' cried Mrs. Sharma.

Quotation marks are not used for indirect or reported speech.

Example: Mrs. Sharma cried that she had cut her finger.

Question marks and exclamation marks are not used in reported speech.

Example: 'Is it bleeding very much?' Mr. Sharma asked. (direct)

Mr. Sharma asked if it was bleeding very much. (indirect)

The conjunction 'that' is used before the indirect statement.

Example: Aarav said, 'I am driving the car.' (direct)

Aarav said that he was driving the car. (indirect)

Changing Direct Speech into Indirect Speech

Tense Rule	Direct Speech	Indirect Speech
Simple Present to Simple Past	He said, "He is a cricket player."	He said that he was a cricket player.
Present continuous to past continuous	I said, "Priya is going to Pune."	I said that Priya was going to Pune.
Present perfect to past perfect	Azhar said, "It is raining."	Azhar said that it has been raining.
Present perfect continuous to past perfect continuous	Ria said, "Rohan has been at work."	Ria said that Rohan had been at work.
Simple past to past perfect	"My mother arrived on Monday", he told me.	He told me that his mother had arrived on Monday.
Past perfect remains past perfect	He explained, "The bread has gone stale."	He explained that the bread had gone stale.
Past perfect continuous remains past perfect continuous	"We were living in London", Sia told me.	Sia told me that they had been living in London.
Future changes to present conditional	I will finish my report in two days.	He said that he would finish the report in two days.
Future continuous changes to conditional continuous	My helper said, "I will be making the tea sometime."	My helper said that she would be making tea sometime.

When the tense doesn't change

If the reported speech contains a universal fact, scientific truth, the tense of the verb doesn't change.

If the reporting verb is in present tense, the tenses of the direct speech do not change.

If a statement is still relevant, we can choose whether to keep the original tense or change it.

Changing Direct Speech into Indirect Speech

Pronouns of the first person are changed as

- **Examples:** He said, 'I am bored.' (direct) He said that he was bored. (indirect)
- Mira said, 'We are going to the movies.' (direct) Mira said that they were going to the movies. (indirect)

Pronouns of the second person are changed as

- **Examples:** He said to her, 'You are beautiful.' (direct) He said to her that she was beautiful. (indirect)
- 'You must write neatly,' the teacher told her pupils. (direct) The teacher advised her pupils that they must write neatly. (indirect)

Pronouns of the third person do not change

- **Examples:** I said, 'They have gone out.' (direct) I informed that they had gone out. (indirect)
- Leela said, 'These books are theirs.' (direct) Leela said that those books were theirs. (indirect)

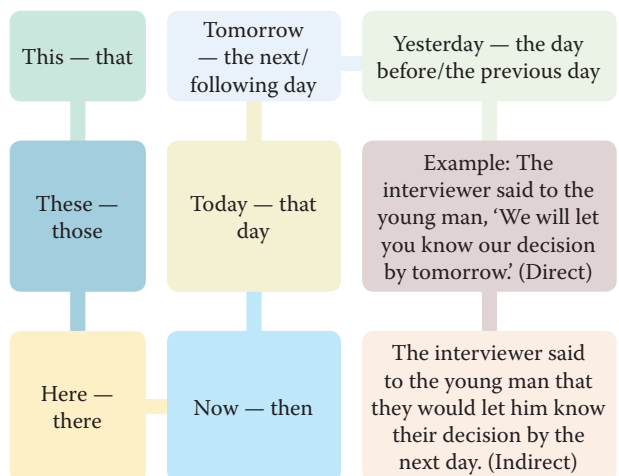
Changes in Modals into Indirect Speech

Rule	Direct speech	Indirect Speech
Can changes into could	She said, 'I can speak English.'	She said she could speak English.
May changes into might	I may invite them to dinner.	She said that she might invite them to dinner.
Must changes into must/had to	I must go to the bank and get some money.	She said that she had to go to the bank and get some money.

Modals like would, should, could, ought to, and might do not change during conversion.

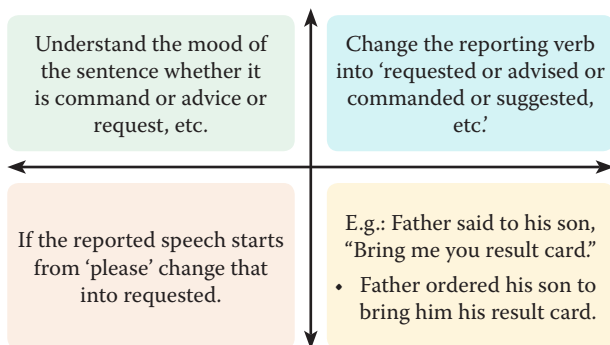
For example: Direct Speech: I should start a job.
Indirect speech: She said that she should start a job.

Words expressing nearness in time or place are generally changed into words expressing distance



BUSINESS CORRESPONDENCE AND REPORTING

Changes for Imperative Sentences from Direct to Indirect



Rules for changing Interrogative Sentences from Direct to Indirect

- Comma and inverted commas will be removed.
 - Conjunction 'that' will not be used in indirect statement; instead we use if or whether wherever necessary.
 - Interrogative sentence will be changed to assertive sentence.
 - The reporting verb such as 'said', 'tell', 'told', etc. will be replaced by 'ask', 'asked', 'inquired', etc.
- Examples**
- Paul said, 'What time does the bus come?' (direct) → Paul asked what time the bus came. (indirect)

To change from reported speech to direct speech, reverse the rules that have been discussed above.

NEWS UPDATES

FINANCE UPDATE

- Nod to regulatory framework for ESG disclosures**
The Securities and Exchange Board of India (SEBI) approved the regulatory framework for ESG (Environmental, Social and Governance) disclosures, ratings and investing. The board gave its consent to the amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and SEBI (Mutual Funds) Regulations, 1996, for facilitating a balanced approach to ESG.
On ESG Disclosures, the market regulator has mandated introduction of BRSR (Business Responsibility and Sustainability Report) Core to enhance the reliability of ESG disclosures. The BRSR will contain a limited set of Key Performance Indicators (KPIs), for which listed entities will be required to obtain "reasonable assurance".
<https://economictimes.indiatimes.com/markets/stocks/news/sebi-meet-nod-to-regulatory-framework-for-esg-disclosures/articleshow/99096001.cms>
- SEBI asks PMS with AUM of over ₹3,000 crore to enhance cyber security**
Market regulator SEBI came out with new framework to boost cyber security of Portfolio Management Services (PMS). Accordingly, all Portfolio Managers with assets under management of over ₹3,000 crore portfolio management service should formulate a comprehensive cyber security and cyber resilience policy document encompassing the framework by identifying critical IT assets and risks associated with such assets, deploying suitable controls, tools, and measures to protect the asset, detect incidents, anomalies and attacks through appropriate monitoring tools/processes, respond by taking immediate steps after identification of the incident, anomaly or attack and recover from incident through incident management, disaster recovery, and business continuity framework.
<https://www.thehindubusinessline.com/markets/sebi-asks-pms-with-aum-of-over-3000-crore-to-enhance-cyber-security/article66676184.ece>
- SEBI takes slew of measures to crack down on misleading investment ads**
Market regulator SEBI has announced a slew of measures to crack

down on investment advisors and analysts making misleading advertisements or claims in order to solicit investments. Investment advisors and research analysts have been asked to seek prior approval of the advertisement from a SEBI-recognised supervisory body before issuing it.

In a circular issued, SEBI prohibited the use of terms like 'Best', 'No. 1', 'Top', 'leading', and 'one of the best amongst market leaders', among others in any form of advertisement. Along with a stringent list of dos and don'ts on terms and disclosures, the market watchdog has prescribed additional compliance requirements, including the need to retain the copy of advertisements for five years and refraining from reference of past performance.

https://www.business-standard.com/markets/news/sebi-crackdowns-on-misleading-investment-ads-bars-superlative-terms-123040501056_1.html

- Banks set to pilot dollar clearing & settlement at IFSC**
Banking biggie JP Morgan, along with several other financial institutions, will carry out a pilot project where dollar payments and receipts can be completed among international banking units (IBUs) - or bank branches - at the International Financial Services Centre (IFSC) in GIFT City, Gandhinagar, Gujarat.
IFSC Authority, the unified body for regulation and development of financial services and products in GIFT City, has given JP Morgan the go-ahead for the clearing and settlement system under a sandbox regime.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-set-to-pilot-dollar-clearing-and-settlement-at-ifsc/articleshow/98789467.cms>
- NSE Indices launches India's first ever REITs and InvITs index**
NSE Indices, a subsidiary of NSE index services, has launched India's first ever Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) Index — Nifty REITs and InvITs Index. As the name suggests, the Nifty REITs and InvITs index aims to track the performance of REITs and InvITs that are publicly listed and traded on the NSE.
<https://economictimes.indiatimes.com/markets/stocks/news/nse-indices-launches-indias-first-ever-reits-and-invits-index/articleshow/99405674.cms>

ECONOMIC UPDATE

- On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (April 6, 2023) decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50 per cent.
Source : https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55472
- Retail inflation eased to a 15-month low of 5.66 percent in March, slipping below the upper threshold of the Reserve Bank of India's medium-term 4+/- 2 percent target, largely due to base effect and

lower food prices including cereals and milk, data released by the National Statistical Office.

Source : <https://indianexpress.com/article/business/economy/india-retail-inflation-march-consumer-price-index-8552868/>

- The outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of COVID

Source : <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>



BoS For Your Success

Starting from **15th May** for students of
CA Foundation course appearing in
June 2023 examination

Schedule & Timing

Date	Timings	Course Paper
15 th May 2023, Monday	11 am Onwards	Paper-1: Principles and Practice of Accounting
16 th May 2023, Tuesday	11 am Onwards	Paper-2: Sec-A: Business Laws
	12 pm Onwards	Paper-2: Sec-B: Business Correspondence and Reporting
17 th May 2023, Wednesday	11 am Onwards	Paper-3: Business Mathematics and Logical Reasoning & Statistics
18 th May 2023, Thursday	11 am Onwards	Paper-4: Part-I: Business Economics
	12 pm Onwards	Paper-4 Part-II: Business and Commercial Knowledge

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BoS Knowledge Portal—<https://boslive.icai.org/>

ICAI CA tube (YouTube) —<https://www.youtube.com/c/IcaiOrgtube/>



CROSSWORD - MAY 2023

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24. A transportation company with an app that allows passengers to hail a ride and drivers to charge fares and get paid.
25. The executive assistant to the Tahsildar
26. The small to medium-sized, omnivorous mammals
27. ___ pay is what employees earn before taxes.
29. A public technical university located in Jadavpur
30. A low plant with many small branches
31. A type of construction material used to build walls, pavements and other elements in masonry construction
35. ___ takes into account retail inflation numbers for setting the interest rates.
38. A technique for assessing a firm's performance, competitors, risks and opportunities.
40. An insecticide of the ryanoid classes.
41. Abbre : Assistive Technology for Employment and Independence
43. Abbre Oryan Network for Good
45. A ___ in mathematics is a remainder.
47. The ___ pension is a basic state pension provided by the Dutch government.
50. Abbre : Northern Territory

ACROSS

1. The practice of abstaining from something
9. ___ Code is used to classify the product in import export business
10. An international organization that leads international efforts to defeat hunger
11. A document written in business letter format that declares your intent to do a specific thing.
12. The flagship annual document of the Ministry of Finance
13. ___ has been established to promote self-reliance in defence technology as a part of the 'Make in India' initiative.
14. Used to link alternatives.
15. The process of increasing in size.
17. It's four hours behind the Coordinated Universal Time, the global time standard used to synchronize clocks.
18. A framework that implements market segmentation.
19. The Swiss ___ Group is one of the world's leading providers of reinsurance and insurance.
20. A law enforcement agency and economic intelligence agency
22. Abbre; Government of India
23. A person who makes a purchase.
27. Abbre: General terms of business
28. ___ is intelligence demonstrated by machines
29. A term for a market maker used on the London Stock Exchange.
32. Used by retailers for displaying product pricing on shelves
33. A state of great comfort or elegance, especially when involving great expense.
34. ___ collects data from people by identifying markings on a paper.
36. ___ curve shows combinations of interest rates and levels of output such that planned spending equals income
37. The set of physical units agreed upon by international convention
39. Someone who has been carefully trained to portray a simulated case
40. Abbre million

41. A profitable product or business that brings in a steady flow of income.
44. The process of delivering a product from raw material to the consumer.
46. A multilateral agreement regulating international trade,
48. A generative AI based ask-anything assistant.
49. One who can freely access
51. Abbre : Financial Times
52. The process through which an individual or institution takes on financial risk for a fee.

DOWNWARD

1. During the period of time following an event
2. Refers to loans or outstanding balances owed that are no longer deemed recoverable.
3. In a quiet or gentle way.
4. The specialized agency of the United Nations (UN) dedicated to improving labour conditions and living.
5. Something that is usual, typical, or standard.
6. The area of cognitive ability that facilitates interpersonal behaviour.
7. An expert group that handles computer security incidents
8. Frequently offered by employers to encourage long-term loyalty from their workforce.
9. The flow of funds from one country to another in order to earn a short-term profit on interest rate differences.
15. A comprehensive, indirect tax applicable on manufacturing and the sale of goods and services in India.
16. The individuals who have a High Net Worth
20. A multinational professional services partnership headquartered in London,
21. The activity of buying and selling a particular commodity.

