

▶ JUNE 2021

THE NEWSLETTER
UPDATES

Your monthly guide to news, information and more...



Connect Easy

With
Knowledge Partner



▶ Reader's walk through . . .

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Why Newsletter?

“ One of the most important areas we can develop as professionals is competence in accessing and sharing knowledge ”

- Connie Malamed

We, KNKP Advisors are excited to publish our newsletter in association with Connect Easy as their Knowledge Partner, under the esteem guidance of Virag Shah. With our efforts and network of Connect Easy, we wish to reach all the professionals to give updates on variety of topics relevant for their daily practices, ranging from GST, Income Tax, Companies Act, SEBI & RBI compliances. Not to mention that this newsletter shall cover some interesting Advanced Excel traits & some motivational stories to ensure complete mix of learning.

Further, you can reach out to us on any of our platforms as mentioned in the new letter as we invite articles & blogs from all the aspiring writers and authors here on any relevant subjects to the businesses. We look to include best content for our readers across the nation from the best of the industry experts. We help professional firms in designing their news letter & videos as well. Furthermore, we include advertisement and promotions as well in out news letter, if you wish to reach our wide base of readers and stimulate traction & visibility for your business.

Who are we ?



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“CONNECT EASY” is successful venture run by CEO Virag Shah who has having qualifications of CA, CS, CMA, LLB, CAIIB & many more and all of these he achieved before turning 24! He is an inspiration to many. When he was teenager of 16, Virag lost his right leg in a train accident. Not one to bow down to circumstances, he decided to live his life fully despite the pain and trauma he had to go through every day. Nothing deterred him from achieving his professional goals. Mr. Shah was recently awarded the Bharat Prerna Award by Ample Mission -Social Awareness Organisation.

He considers it his personal responsibility to motivate people, especially students so that they can believe in their dreams and make this world a better place. He is also a core group member at Bombay Chartered Accountants Society and Chamber of Tax Consultants.

Connect Easy is user friendly platform which is professionally managed and regularly interact with industry. It provided webinars on different Technical and Non-Technical topics which are attended by over 1,50,000+ CA, CS, CMA, advocate, job seekers, students.

Connect Easy provide platform to new speaker through live webinar where proper discussion and Q&A session are conducted regularly and have the presence of prominent personalities- Like CCM, RCM, former Presidents of various professional institution such as ICAI.

Connect Easy jointly held programs with organizations like- JCAF, TPF, ISHA Foundation, RERA, Markss Impressions, Careersanta.com, MADD0, JIO, Oshwal Shikshan Rahat Sangh, DBS, and many more.

Core Areas of CONNECT EASY



Virtual CFO



Corporate Training



Recruitment of Finance Professionals



Investments

Lets Keep in Touch





KNKP Advisors is a result of continuous brainstorming and discussions regarding how we, as a professional, who have command over variety of areas such as Financial Reporting, Corporate Finance, Corporate Laws, Direct and Indirect Taxes, Cost and Performance Evaluation, Strategic Planning, Technology & innovation, come together and contribute to all the kinds of business houses, matured or the startups. Our ambitious common goal here at the firm is to offer the world's best in class products and services to our clients, making us an elite financial services and solutions company with the vision to perfect business, one emboldened entrepreneur at a time.

We believe that every business is unique, has unique needs and that the people who own and manage these companies have their own individual concerns and ambitions. With us you will be treated as an individual, as someone. Not as everyone.

We have seen the business landscape change dramatically and noticed that there are glaring problems arising as a direct cause of this. This ever-changing reality is eroding value, the same value you hoped to create when you started out on this journey and decided to work seven days a week to create. It's also destroying something you can never hope to recover physically or financially, and that's time. Not many people think of this as a commodity, (think of all those missed holidays and lost years) but imagine your life with much more of it?

That brings us around to the question; Why should you talk to us? We have noticed that a small fortune is being lost due to ineffective or nonexistent advice, planning, strategy, negotiation and execution. We believe this is not a systemic effect of the current environment and can be reversed and rectified. Given the right tools and a little bit of time, large tangible operational and financial improvements can be made that will make a huge difference to the way you run and look at your business. This is where we come in.

Core Areas of KNKP Advisors



Business Support Service



Corporate Advisory Service



Taxation



RERA



Valuation



Management Reporting

Lets Keep in Touch



KNKP Advisors is excited to launch its own venture Taxotal ,The Tax Boutique.

Welcome To The New Age |||

TAX FILING EXPERIENCE !!



At Taxotal, we believe that taxes are not complicated, Taxes can be simplified. As we say “Welcome to the New Age Tax Filing Experience”, it is not only about technology but the overall experience with us. We want our clients to know What they are filing, Why they are filing, and how they are contributing towards tax. With an objective to work with transparency and technology, we want our clients to obtain the new-age filing experience. We have the vision to provide a TOTAL TAX (Taxotal) solution to our clients with the highest value and maximum satisfaction

Message From Knowledge Partner



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Dear Readers,

Greetings from KNKP Advisors, your partners in growth.

Last month, the country saw a steady decline in the COVID wave across the country but at the same time, a few more challenges - Black Fungus and the Cyclone in the large part of the western region have disturbed human lives. We express our grief to all those who are affected because of these challenges.

This is our third newsletter since our beginning and we cannot be more thankful for the response and support that we have received. We have constantly tried our best to help our clients and prospective clients by incorporating the best of the content in our periodicals.

We bring the industry experts in the field of Financial Reporting, Company Laws, Banking and RBI guidelines, FEMA, Direct and Indirect Taxation, and Technology to share their views in a simplified manner.

As June has started, the season of personal taxation followed by taxation of businesses has begun as well. At KNKP advisors, we have created a product 'Taxotal - The Tax Boutique', leveraging the best of the technology to ease the tax filing processes for our clients. It has been our constant belief that **'Technology can be complex but its use cannot.'** We request our readers to visit [TAXOTAL](#) and get the experience of new-age tax filing. With this technology, we offer dramatic improvement in the experience of tax filing compared to traditional tax filing, in the critical contemporary measures of performance such as Speed, Easy, Satisfaction, Simplification, the best professional guidance. Important to know that, customers will experience all of the above features at the most cost-efficient prices in the industry. We are looking to partner with corporates and business houses to ease tax filings for their employees as well.

The platform will ensure minimum discussions and documentation for the users and thereby saving time and reducing complexities. For the best solutions, we have a team of expert Tax Professionals. At KNKP, we have a rigorous review system of work done by the professionals at every level before its dispatch to the clients or to the authorities.

We again invite our readers to experience this tech-enabled and user-friendly platform - [TAXOTAL](#). Help us to help you solve the complexities involved in your tax filing experience!

Take care, stay safe.

Thank You.

June 2021- Compliance Calendar



- ✓ Due date for Payment of TDS for the month of April 2021

- ✓ GSTR 7 & 8 For the Month of May 2021



- ✓ Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194IB & 194M in the month of March, 2021

- ✓ First installment of Advance Tax for the A.Y. 2022-23.
- ✓ Due date for furnishing statement in Form no. 3BB by a stock exchange for the month of April, 2021
- ✓ Payment of PF & ESIC for the month of May 2021.



- ✓ GSTR 3B for the month of May - 2021 for person other than QRMP taxpayers (Interest rate for 15 days after due date is reduced to 9% p.a. and Late fees is waived.)
- ✓ GSTR 5 & 5A for the month of May

- ✓ GSTR 1 for Monthly fillers for the month of May 2021



June 2021- Compliance Calendar



- ✓ IFF for QRMP – Tax payers for the month of May 2021

- ✓ Due date for e-filing of a statement (in Form No. 3CEK) by an eligible investment fund under section 9A in respect of its activities in financial year 2020-21



- ✓ ITC-04 for Quarter ending March, 2021
- ✓ Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194IB & 194M in the month of May, 2021
- ✓ Return in respect of securities transaction tax for the financial year 2020-21
- ✓ Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending March 31, 2021
- ✓ Report by an approved institution/public sector company under Section 35AC(4)/(5) for the year ending March 31, 2021
- ✓ Due date for furnishing of statement of income distributed by business trust to its unit holders in Form 64B during the financial year 2020-21.
- ✓ Quarterly statement of TDS deposited for the quarter ending March 31, 2021 (Form 26Q, 27Q, 24Q)
- ✓ Form 61A (SFT Form) & 61B for FY 2020-21
- ✓ Return for tax deduction from contribution paid by trustees of superannuation fund.



Direct Tax Updates



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Notification No. 41/2021

- ✓ From the 1st April, 2022 New Rule 11UD is inserted for determining "Thresholds for the purpose of significant economic presence" according to new rule threshold for non-resident who had entered with transaction with resident Indian is Rs. 2 crore.
- ✓ The same Notification can be accessed through following link.



https://www.incometaxindia.gov.in/communications/notification/notification_41_2021.pdf

Notification No. 42/2021

- ✓ New Sub Rule 2A & 2B under rule 114AAB is inserted for eligible foreign Investors.
- ✓ The same Notification can be accessed through following link.



https://www.incometaxindia.gov.in/communications/notification/notification_42_2021.pdf

Notification No. 50/2021

- ✓ Under Rule 2B subrule (1A) is inserted w.e.f. AY 2021-22 for exemption for cash allowance from employer in lieu of any travel concession or assistance.
- ✓ The same Notification can be accessed through following link.



https://www.incometaxindia.gov.in/communications/notification/notification_50_2021.pdf

Notification No. 56/2021

- ✓ Vide this notification Hospitals, Dispensaries, Nursing Homes, Covid Care Centers or similar other medical facilities providing Covid treatment to patients are exempted to take cash more than Rs. 2,00,000 without violation of section 269ST subject to collection of PAN & Aadhar of the patient and the payee and relationship between the patients & payee during 01.04.2021 to 31.05.2021
- ✓ The same Notification can be accessed through following link.



https://www.incometaxindia.gov.in/communications/notification/notification_56_2021.pdf

Notification No. 68/2021

- ✓ New rule 11UAE is inserted for computation of Fair Market Value of Capital Assets for the purpose of section 50B (Slump Sale) of Income Tax Act, 1961.
- ✓ According to this Rule two Fair Values are determined and higher fair value from FMV1 & FMV2 shall be considered for the purpose of calculating full value of consideration according to Section 50B(2)(ii).
- ✓ This new rule is inserted to give effect of New Subsection inserted in Finance Act, 2021.
- ✓ The same Notification can be accessed through following link.



https://www.incometaxindia.gov.in/communications/notification/notification_68_2021.pdf

Circular No. 9 dated 20.05.2021

- ✓ CBDT vide this circular extends certain timeline in light of severe pandemic.
- ✓ The same Circular can be accessed through following link. and summary of the same present herewith.



https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/936/PressRelease_Government_extends_certain_timelines_in_light_of_severe_pandemic_20_5_21.pdf

✓ Extension of Time limit vide Circular No.9 dated 20.05.2021

| Sr. No. | Compliances | Old Due Date | Extended Due Date |
|---------|---|--------------|-------------------|
| 1 | Statement of Financial Transactions for FY 2020-21 | 31.05.2021 | 30.06.2021 |
| 2 | Statement of Reportable Account for CY 2020 | 31.05.2021 | 30.06.2021 |
| 3 | TDS Return for Q4 FY 2020-21 | 31.05.2021 | 30.06.2021 |
| 4 | Certificate of TDS in Form 16 | 15.06.2021 | 15.07.2021 |
| 5 | Book Adjustment for TDS/TCS in Form 24G for May'21 | 15.06.2021 | 30.06.2021 |
| 6 | TDS for Superannuation fund by trustee for FY 2020-21 | 31.05.2021 | 30.06.2021 |
| 7 | Statement of income paid or credited in Form 64D | 15.06.2021 | 30.06.2021 |
| 8 | Statement of income paid or credited in Form 64C | 30.06.2021 | 15.07.2021 |
| 9 | Individual ITRs and Non Tax Audit ITRs | 31.07.2021 | 30.09.2021 |
| 10 | Tax Audit Report | 30.09.2021 | 31.10.2021 |
| 11 | Transfer Pricing Report u/s 92E | 31.10.2021 | 30.11.2021 |
| 12 | ITRs for Tax Audit | 31.10.2021 | 30.11.2021 |
| 13 | ITRs for Transfer Pricing | 30.11.2021 | 31.12.2021 |
| 14 | Belated/Revised Returns for AY 2021-22 | 31.12.2021 | 31.01.2022 |



Goods & Service Tax Updates



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Notification No. 15/2021

- ✓ Vide this Notification under rule 90 for calculation of 2 year period excludes period of date of application of refund under RFD-01 to communication of deficiency in application under RFD-03.
- ✓ New RFD-01W form is inserted for withdrawal of refund application before provisional or final sanction of refund, refund withhold order or notice against that refund.
- ✓ By filling RFD-01W amount which was previously debited on filling of refund application will be credited again in that ledger.
- ✓ The same Notification can be accessed through following link.



<https://www.cbic.gov.in/resources/htdocs-cbec/gst/notfctn-15-central-tax-english-2021.pdf?jsessionid=73850914CF7B438825549AE45B8BB943>

Notification No. 8/2021 to 14/2021 & Press release of 43rd Council Meeting

- ✓ Due date for furnishing of GSTR 4 for FY 2020-21 is extended to 31st July, 2021.
- ✓ Due date for furnishing of ITC-04 for Q4 of 2020-21 is extended to 30th June, 2021.
- ✓ GSTR 1 for May-2021 is extended till 26th June, 2021.
- ✓ IFF for May, 2021 is extended till 28th June, 2021.

- ✓ Allowing filing of returns by companies using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) till 31.08.2021
- ✓ Note:
 - ❑ During this period of relaxation Rule 36(4) for restriction of credit on the basis form GSTR 2A will not be applicable.
 - ❑ Due dates for GSTR 3B is not extended but relaxation in late fees and Interest is given during Tax Period March & April.

Last date for Filling of GSTR 3B to get the benefit of late fees and Interest reduction or waiver

| Particulars | Waiver of Late Fees | | Interest Waiver | | Interest @ 9% | |
|---|---------------------|------------|-----------------|------------|---------------|------------|
| | April | May | April | May | April | May |
| Taxpayers having T/o more than Rs. 5 Crore | 05.06.2021 | 05.07.2021 | N.A. | N.A. | 04.06.2021 | 05.07.2021 |
| Taxpayer having T/o less than 5 Crore and Filling Monthly | 19.06.2021 | 20.07.2021 | 04.06.2021 | 05.07.2021 | 19.06.2021 | 20.07.2021 |
| Tax payers who are filling Quarterly 3B – A* | NA | N.A. | 06.06.2021 | 07.07.2021 | 21.06.2021 | 22.07.2021 |
| Tax payers who are filling Quarterly 3B – B # | NA | N.A. | 08.06.2021 | 07.07.2021 | 23.06.2021 | 24.07.2021 |

* Category A – Taxpayers whose principal place of business is in the states having state code 22 to 37

Category B – Taxpayers whose principal place of business is in the states having state code 1 to 21

Circular No. 148/04/2021

- ✓ Wide this circular Standard Operating Procedures is prescribed for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration under section 30 of CGST Act, 2017.
- ✓ According to circular The Joint/Additional Commissioner, on examination of the request filed for extension of time limit for revocation of cancellation of registration and on sufficient cause being shown and for reasons to be recorded in writing, may extend the time limit to apply for revocation of cancellation of registration from original 30 days.
- ✓ The same Circular can be accessed through following link.



https://www.cbic.gov.in/resources/htdocs-cbec/gst/Circular_Refund_148.pdf;jsessionid=6814934AB61864782F548D391A12338F

Decision of 43rd Council Meeting

- ✓ Exemption on Covid Relief Material related goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, covid-19 vaccines, etc. have been recommended for full exemption from IGST and that will be valid up to 31.08.2021.
- ✓ Council announces Amnesty Scheme to provide relief to taxpayers regarding late fee for pending returns if returns filled during 01.06.2021 to 31.08.2021.
 - ❑ For Nil GSTR 3B or persons does not have tax liability for GSTR 3B for July 2017 to April 2021 is capped @ Rs. 500 per return (250 CGST and 250 SGST)
 - ❑ For other taxpayers late fees is capped @ Rs. 1000 per return (500 CGST and 500 SGST)
- ✓ Council announced that late fee also to be rationalised for future tax periods. This issue is long outstanding issue since inception of GST. Also recently demanded RTI shows that taxpayers had paid More than Rs. 100 crore in late fees and there is various cases where taxpayers forget to file nil GSTR 3B and paid late fees of more than Rs. 10,000.

| Particulars | Maximum Late fees |
|---|--|
| Nil Tax Liability in GSTR 3B | Rs. 500 Per Return |
| For Other Tax Payers – GSTR 3B | |
| Taxpayers having T/O up to 1.5 Crore | Rs. 2,000 per return |
| Taxpayers having T/O >1.5 Crore and < 5 Crore | Rs. 5,000 per return |
| Taxpayers having T/O > 5 Crore | Rs. 10,000 per return |
| GSTR 4 | |
| Nil GSTR 4 | Rs. 500 |
| Liability in GSTR 4 | Rs. 2,000 |
| GSTR 7 | Rs. 50 per day maximum up to Rs. 2,000 |

- ✓ Simplification of Annual Return for Financial Year 2020-21. GST Audit will not be applicable from FY 2020-21. Instead of New GSTR 9C has to be self certified by the assessee.
- ✓ Retrospective amendment in section 50 of the CGST Act with effect from 01.07.2017, providing for payment of interest on net cash basis, to be notified at the earliest



COMPANIES ACT

MCA Updates



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Clarification on offsetting the excess CSR spent for FY 2019-20

✓ MCA has clarified that where a company has contributed any amount to 'PM CARES Fund' on 31.03.2020, which is over and above the minimum amount as prescribed under section 135(5) of the Companies Act, 2013 for FY 2019-20, and such excess amount or part thereof is offset against the requirement to spend under section 135(5) for FY 2020-21 in terms of the aforementioned appeal, then the same shall not be viewed as a violation subject to the conditions that:

- ❑ the amount offset as such shall have factored the unspent CSR amount for previous financial years, if any;
 - ❑ the Chief Financial Officer and Statutory Auditor shall certify the contribution so made to "PM CARES Fund"; and
 - ❑ the details of such contribution shall be disclosed separately in the Annual Report on CSR as well as in the Board's Report for FY 2020-21.
- ✓ The same Circular can be accessed through following link.



<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=14175&type=download>

Clarification on spending of CSR Funds

- ✓ MCA has clarified that spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID 19' or similar such activities are eligible CSR activities
- ✓ The same Circular can be accessed through following link



<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=13450&type=download>

Gap between two board meetings

- ✓ In view of difficulties arising due to resurgence of Covid-19, it has been decided that the gap between two consecutive Board meetings may extend to 180 days during the quarter April to June, 2021 and Quarter – July to September, 2021 (Earlier permissible gap was 120 days).
- ✓ The same Circular can be accessed through following link



<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=13462&type=download>

Relaxation in filing of Form for Companies and LLPs

1. For Forms related to Charge creation and modification:
 - ❑ In relation to e-Forms related to charge creation and modification, MCA has clarified that:
 - where the date of creation or modification of charge was before April 1, 2021 but due date of filing e-Form was not expired on the said date, in such case the period from April 1, 2021 till May 31, 2021 shall not be counted for the purposes of determining due date of filing e-Form.
 - where the date of creation or modification of charge falls in the period from April 1, 2021 till May 31, 2021, in such case the period from the date of creation or modification till May 31, 2021 shall not be considered for the purpose of determining due date of filing e-Form.
- ✓ The same Circular can be accessed through following link



<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=13466&type=download>

2. For Forms (other than Charge creation and modification) for Companies and LLPs:
 - ❑ It has been decided that forms (other than forms related to creation, modification and satisfaction of charge) that due for filing between April 1, 2021 to June 30, 2021, can be filed up to July 31, 2021 without paying any additional fees.
 - ✓ The same Circular can be accessed through following link



<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=13468&type=download>

List of forms which can be filed upto July 31, 2021 without paying additional fees can be accessed at:



<https://www.mca.gov.in/bin/dms/getdocument?mcs=N2pxvsmVDKIDdx0TtXM3Ow%253D%253D&type=open>



SEBI Updates

Business Responsibility and Sustainability Reporting (BRSR) by listed entities

- ✓ With effect from the financial year 2022-2023, filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) and shall replace the existing BRR. Filing of BRSR is voluntary for the financial year 2021-22.
- ✓ The same Circular can be accessed through following link



https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html

- ✓ The format of the BRSR can be accessed at:



https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure1_p.PDF

- ✓ The guidance note on BRSR can be accessed at



[https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business responsibility and sustainability reporting by listed entitiesAnnexure2_p.PDF](https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure2_p.PDF)

Format of Compliance Report on Corporate Governance by listed entities

- ✓ In order to bring about transparency and to strengthen the disclosures around loans / guarantees / comfort letters / security provided by the listed entity, directly or indirectly to promoter / promoter group entities or any other entity controlled by them, it has been decided to mandate such disclosures on a half yearly basis, in the Compliance Report on Corporate Governance, effective from financial year 2021-22
- ✓ The same Circular can be accessed through following link



https://www.sebi.gov.in/legal/circulars/may-2021/format-of-compliance-report-on-corporate-governance-by-listed-entities_50338.html



Accounting Updates

Expert Advisory Committee (EAC) Opinion :

- ✓ Expert Advisory Committee (EAC) of ICAI has provided an Opinion on Disclosure of Changes in Inventory of Scrap in the Statement of Profit and Loss.
- ✓ The relevant text of the Opinion is reproduced below:
 - “the Committee is of the view that Schedule III permits the use of additional line items, heads etc. in the presentation of Statement of Profit and Loss, if these are relevant to an understanding of the entity’s financial performance. Accordingly, in the extant case, separate disclosure of ‘change in the inventory of scrap’ under the classification, ‘Changes in inventories of finished goods, work in progress and stock in trade’ is permissible under the requirements of Schedule III to the Companies Act, 2013.
 - On the basis of the above, the Committee is of the opinion that ‘change in the inventory of scrap’ in the extant case should also be disclosed separately under the classification, ‘Changes in inventories of finished goods, work in progress and stock in trade’, and not under ‘other operational revenue/income’ in the Statement of Profit and Loss.”
- ✓ The same EAC Opinion can be accessed at:



<https://resource.cdn.icai.org/64618cajournal-may2021-8.pdf>



Article On Accounting and Taxation of Crypto Currencies



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Cryptocurrency – Trending Global Currency

Genesis of all the cryptocurrency came from Bitcoin. Bitcoin was the first crypto currency developed by pseudonymous computer programmer “Satoshi Nakamoto”. According to Investopedia, “A cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend. Many cryptocurrencies are decentralized networks based on blockchain technology—a distributed ledger enforced by a disparate network of computers. A defining feature of cryptocurrencies is that they are generally not issued by any Central authority, rendering them theoretically immune to government interference or manipulation”.

According to Statista, market capitalisation of bitcoin was 600 billion US \$ in March, 2021 which increased to 1000 billion US \$ in May, 2021. Surprisingly, this market capitalisation (cap) is more than market cap of many listed companies in India.

Currently, there are more than 5400 cryptocurrencies which are traded across the globe. Further, out of cryptos traded, the market cap and price are unbelievable in case of 10 currencies' as on May 2, 2021. From total market capitalization of cryptocurrencies, Bitcoin represent at least 40% to 60% of market capitalization.

Lets have a bird eye view of the Crypto Strata:

| Rank | Name | Symbol | Market Cap | Price | Circulating Supply |
|------|--|--------|---------------------|-------------|------------------------|
| 1 |  Bitcoin | BTC | \$1,058,862,005,057 | \$56,631.08 | 1,86,97,543 BTC |
| 2 |  Ethereum | ETH | \$341,593,133,886 | \$2,952.06 | 11,57,13,634 ETH |
| 3 |  Binance Coin | BNB | \$95,450,760,764 | \$622.10 | 15,34,32,897 BNB * |
| 4 |  XRP | XRP | \$70,950,198,082 | \$1.56 | 45,40,40,28,640 XRP * |
| 5 |  Tether | USDT | \$51,788,836,340 | \$1.00 | 51,78,19,89,851 USDT * |
| 6 |  Dogecoin | DOGE | \$48,672,985,630 | \$0.376 | 1,29,43,35,61,915 DOGE |
| 7 |  Cardano | ADA | \$42,389,411,930 | \$1.33 | 31,94,83,09,441 ADA |
| 8 |  Polkadot | DOT | \$34,253,692,068 | \$36.65 | 93,45,00,915 DOT * |
| 9 |  Uniswap | UNI | \$22,153,449,417 | \$42.33 | 52,33,84,244 UNI * |
| 10 |  Bitcoin Cash | BCH | \$18,250,673,622 | \$974.66 | 1,87,25,256 BCH |

Source: <https://coinmarketcap.com/historical/20210502/>

Need of Crypto Currency

The salient feature that makes crypto the most favourable instrument for trading is its cinch exchange across the globe without or with minimal cost. Today, one must undergo a lengthy compliance procedure for exchange of funds cross border involving high cost. The procedure and cost factor gets involved due to the presence of various factors including intermediary to execute these transactions, privacy, security, virtual currency etc.

Acceptance of Crypto as Official Currency ?

There may be question in our mind that if cryptocurrencies are that much useful than why governments and financial institutions across the world are reluctant to legalise and normalise use of cryptocurrency ?

There are various reasons for not legalising the use of cryptocurrencies. As crypto does not have any regulatory authority and it's semi-anonymous nature they are well suited for illegal activities, smuggling, money laundering, tax evasion. Here it's advantage is becoming it's disadvantage and due to that reason many authorities are not accepting. Also, the school of thought is that it is a threat to the existing financial system and law. Certain other concern to cryptocurrencies is it's fluctuating price band due to which its believed that it does not represent correct price of the currency.

Also many countries had stopped mining activities of cryptocurrencies due to heavy use of electricity. According to news in India Today, Iran which contributes 4.5% of total Bitcoin Mining activity in the world had stopped mining for four months due to blackouts in various cities of Iran which could disrupts lives and businesses. According to an article in <https://cbeci.org/cbeci/comparisons>, bitcoin mining activity solely consumes more electricity than entire UAEs electricity requirement and the same is viewed as the biggest threat for carbon emission in future. The other factors for non-acceptance of crypto includes security of wallets, private keys, and incidence of frauds in the name of cryptocurrencies.



Dealing in Crypto

One may have question that how can I deal in cryptocurrency. There are three ways to deal in cryptocurrency.

- ❑ Mining of cryptocurrency
- ❑ Purchase of cryptocurrency from crypto exchange
- ❑ Receive cryptocurrency as a consideration

Miner of cryptocurrencies are who get cryptocurrencies into circulation and first user of cryptocurrency. More than 300 crypto exchanges are working across the globe and millions of users are taking services from these exchanges for trading in cryptocurrency. Now companies like Microsoft, Tesla have already started accepting some cryptocurrencies as a consideration but the same is popularly used as an investment or trading tool.

Cryptocurrencies and Blockchain technology is entering into second decade and now it is clear that they are not going away and every country if they like or not have to adjust somewhere. In 2018, while presenting union budget the finance minister stated that “The government will take measures to eliminate use of crypto-assets in financing illegitimate activities or as part of the payment system. The focus, however, would be on the distributed ledger system or blockchain technology that allows organization to record and authenticate transactions without the need of intermediaries”. This statement shows the governments intent that they are not against the growing technology. Many countries including China & Japan had cracked down on cryptocurrencies, but they are not ignoring technology. Apart from that, Federal Bank of many countries are introspecting the introduction of digital & virtual currencies.

Accounting Dilemma

As on today, no Accounting Standard (AS) / Ind AS prescribes how crypto currencies should be recognized, measured, and presented in Financial Statements. Hence, the only option available with us is to refer the existing standards to deal with accounting of crypto currencies. In this article, we have shared our views on how crypto currencies should be accounted in books in the context of Indian Economy.

What it can be ?



Each and every probable option can be checked as follows :

- 1) Technical Reference of Standard
- 2) Evaluation

Cryptocurrencies as Cash and Cash Equivalent

❑ Technical Reference of Standard:

Para AG3 of Ind AS 32:

“Currency (cash) is a financial asset because it represents the medium of exchange and is therefore the basis on which all transactions are measured and recognized in financial statements.”

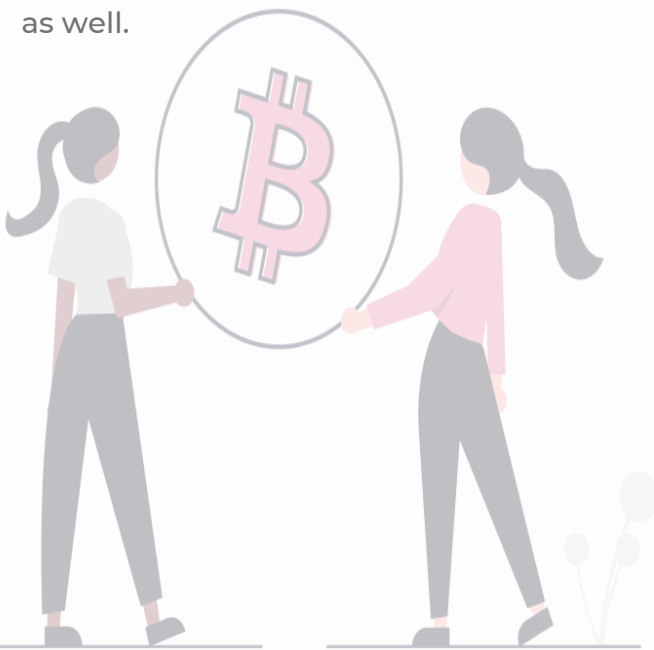
Para 6 of Ind AS 7 / Para 5.2 of AS 3:

“Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.”

❑ Evaluation:

In India, till now, cryptocurrencies are not used as an approved medium of exchange for any goods or services. There are entities in India who accept payment in cryptocurrencies. However, it is not widely accepted as a medium of exchange since it doesn't represent the legal tender and hence cryptocurrencies can't be considered as cash.

Further, as we all know cryptocurrencies are subject to significant price volatility, because of which it doesn't fit into the definition of cash equivalent as well.



Cryptocurrencies as Financial Assets / Investments

□ Technical Reference of Standard:

Para 11 of Ind AS 32:

“A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

(i) to receive cash or another financial asset from another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or

(d) a contract that will or may be settled in the entity’s own equity instruments”

Para 3.1 of AS 13:

“Investments are assets held by an enterprise for earning income by way of dividends, interest, and rentals, for capital appreciation, or for other benefits to the investing enterprise. Assets held as stock-in-trade are not investments.”

Para 5 of AS 13:

“Some investments have no physical existence and are represented merely by certificates or similar documents (e.g., shares) while others exist in a physical form (e.g., buildings).”

❑ Evaluation:

Under Ind AS Framework, as discussed above cryptocurrency is neither cash nor it is an equity instrument of another entity. Further, cryptocurrencies don't give any contractual right to the holder to receive cash or any other financial assets in exchange of cryptocurrency. Moreover, it is not a contract that will be settled in entity's own equity instruments. Considering all these factors, holding of cryptocurrencies cannot be considered as financial assets.

Under IGAAP Framework, Definition of Investments under AS 13 covers assets held by an entity for capital appreciation. Further, AS 13 covers investments which have no physical existence. Cryptocurrencies are digital assets having no physical substance and the same can be traded on various exchange to fetch economic benefits in terms of capital appreciation. Considering these aspects, cryptocurrencies can be accounted as an Investments under IGAAP Framework.



Cryptocurrencies as Property, Plant and Equipment

❑ Technical Reference of Standard:

Para 6 of Ind AS 16 / Para 6 of AS 10:

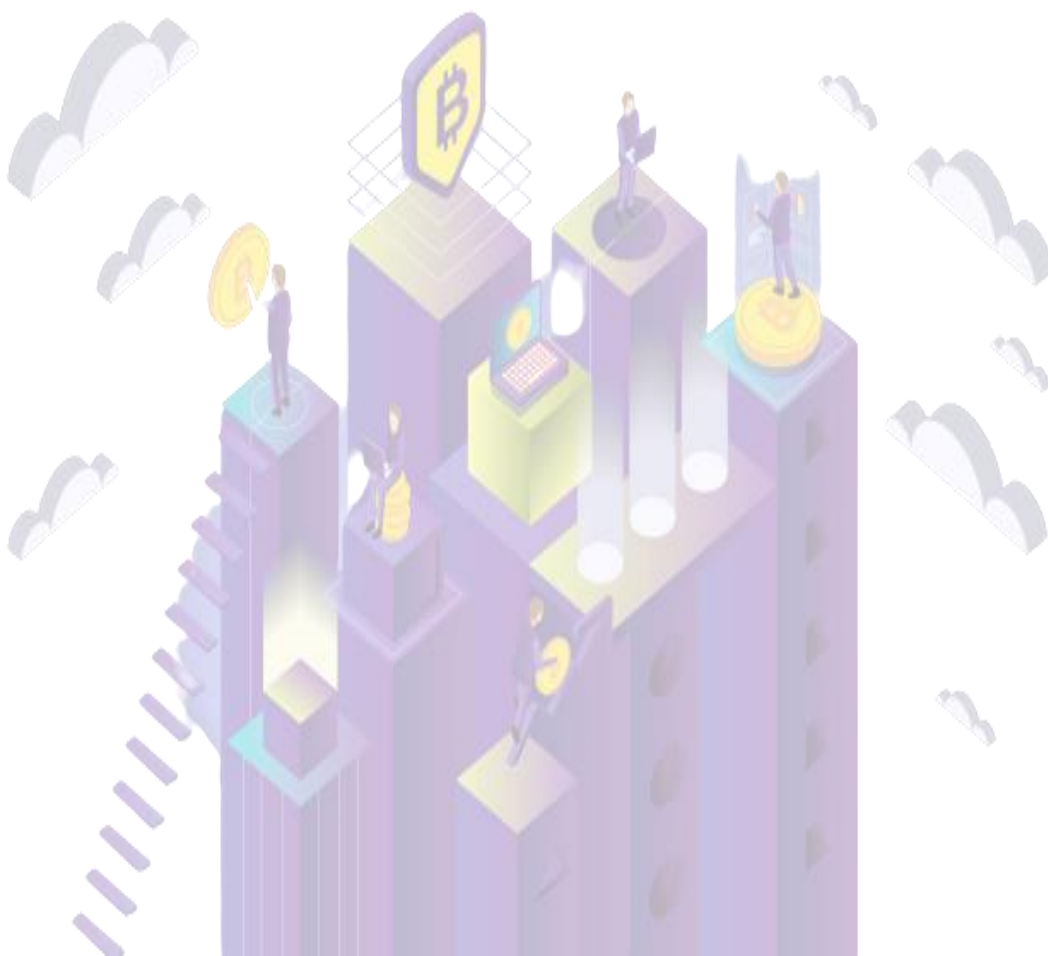
“Property, plant and equipment are tangible items that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than one period”

❑ Evaluation:

Since property, plant and equipment covers only tangible items, cryptocurrencies, being digital items, cannot be accounted as Property, Plant and Equipment.



Cryptocurrencies as Investment Property

❑ Technical Reference of Standard:

Para 5 of Ind AS 41:

“Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee as a right of-use asset) to earn rentals or for capital appreciation or both.”

Para 3.4 of AS 13:

“An investment property is an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of, the investing enterprise.”

❑ Evaluation:

Since Investment properties cover only land, building or part thereof, cryptocurrencies cannot be accounted as Investment Properties.



Cryptocurrencies as Inventory

❑ Technical Reference of Standard:

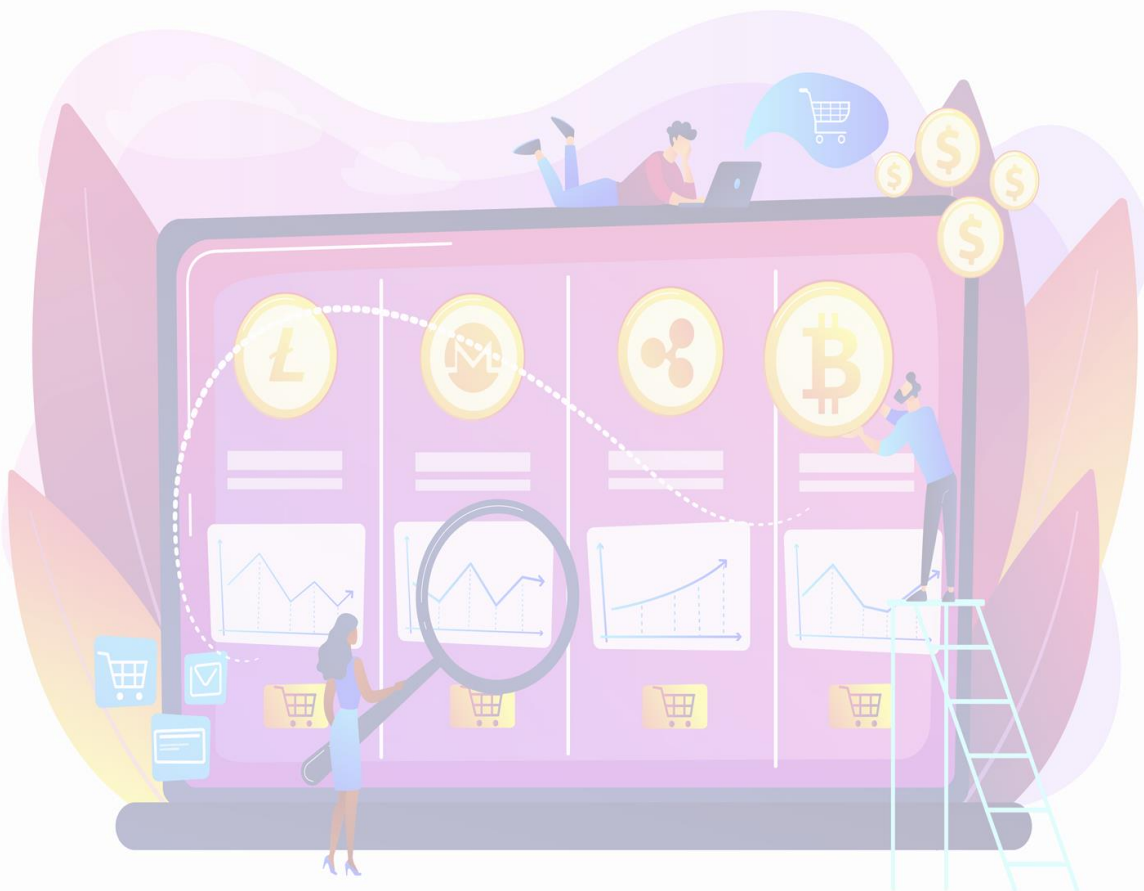
Para 6 of Ind AS 2 / Para 3.1 of AS 2:

“Inventories are assets:

- (a) held for sale in the ordinary course of business;
- (b) in the process of production for such sale; or
- (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.”

❑ Evaluation:

When an entity is holding cryptocurrencies for sale in ordinary course of business, it can be considered as Inventory since standard also applies to Inventory of intangible assets.



Cryptocurrencies as Intangible Assets

□ Technical Reference of Standard:

Para 8 of Ind AS 38:

“An intangible asset is an identifiable non-monetary asset without physical substance.”

Para 16 of Ind AS 21:

“the essential feature of a non-monetary item is the absence of a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency.”

Para 6.1 of AS 26:

“An intangible asset is an identifiable non-monetary asset, without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes”

Para 7 of AS 11:

“Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money. Non-monetary items are assets and liabilities other than monetary items.”

□ Evaluation:

Under Ind AS Framework, cryptocurrencies are considered as identifiable digital assets which do not have any physical substance. Cryptocurrencies are also capable of being separated and sold / transferred or exchanged individually. Cryptocurrencies can be traded on an exchange and therefore can fetch economic benefits. Further, in the absence of a right to receive a fixed or determinable number of units of currency, it can also be considered as non-monetary asset. Accordingly, cryptocurrencies can be classified as Intangible assets under Ind AS Framework.

Under IGAAP Framework, AS 26 covers only those intangible assets which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The purpose of holding cryptocurrencies can either be for capital appreciation or to exchange it for acquiring any goods or services. In such case it should be either considered as Investment or Inventory but not an Intangible Asset.

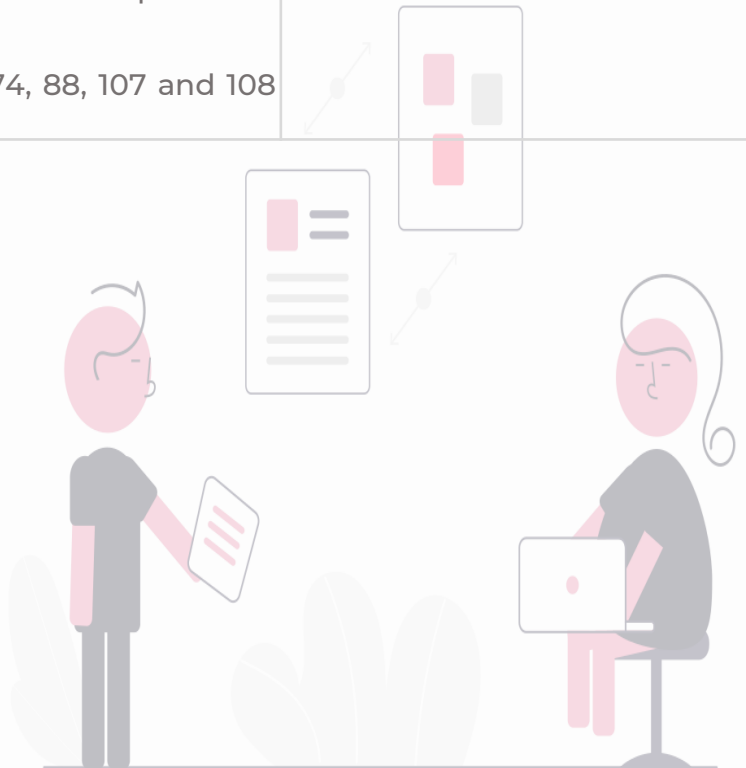


Subsequent Measurement

| Cryptocurrency Recognized as | Under Ind AS Framework | Under IGAAP Framework |
|------------------------------|---|---|
| Investments | Not Applicable | <p>If investments are classified as current, it shall be carried at lower of cost and fair value in the balance sheet. In respect of investments for which an active market exists, market value generally provides the best evidence of fair value.</p> <p>If investments are classified as long-term, they are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognize the decline.</p> <p>(Refer Para 14 and 17 of AS 13)</p> |
| Inventory | <p>Inventories shall be measured at the lower of cost and net realizable value.</p> <p>(Refer Para 9 of Ind AS 2)</p> <p>Brokers / traders who deal in cryptocurrencies shall measure their inventories at fair value less costs to sell. (Refer Para 3(b) of Ind AS 2)</p> | <p>Inventories should be valued at the lower of cost and net realizable value.</p> <p>(Refer Para 5 of AS 2)</p> |

| Cryptocurrency Recognized as | Under Ind AS Framework | Under Framework IGAAP |
|--|---|-----------------------|
| Intangible Assets (Having Active Market) | <p>As per Ind AS 38, Intangible assets having active market shall be measured using revaluation model.</p> <p>Under revaluation model, intangible assets shall be carried at fair value less accumulated amortization and impairment. Fair value shall be measured with reference to an active market as per guidance provided in Ind AS 113. (Generally due to existence of active market, it will fall in Level I hierarchy.)</p> <p>If an intangible asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in OCI and accumulated in equity as revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.</p> <p>If an intangible asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in OCI to the extent of any credit balance in the revaluation surplus in respect of that asset.</p> <p>(Para 75, 85 and 86 of Ind AS 38)</p> | Not Applicable |

| Cryptocurrency Recognized as | Under Ind AS Framework | Under IGAAP Framework |
|---|---|-----------------------|
| Intangible Assets (Having No Active Market) | <p>As per Ind AS 38, Intangible assets not having active market shall be measured using cost model.</p> <p>Under cost model, intangible assets shall be carried at cost less accumulated amortization and impairment.</p> <p>Useful life of cryptocurrencies shall be considered as indefinite since there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.</p> <p>An intangible asset with an indefinite useful life shall not be amortized but required to be tested for impairment annually.</p> <p>(Refer Para 74, 88, 107 and 108 of Ind AS 38)</p> | Not Applicable |



Disclosures

All relevant disclosures which are applicable to respective class of assets i.e. Inventory or Investments / Intangibles are required to be made in financial statements based on the actual classification made by an entity.

Further, due to amendment in Schedule III to the Companies Act, 2013, w.e.f. April 1, 2021 following additional disclosures are also required to be made in financial statements where Company has traded or invested in Crypto currency or Virtual Currency during the financial year:

- (a) profit or loss on transactions involving Crypto currency or Virtual Currency
- (b) amount of currency held as at the reporting date,
- (c) deposits or advances from any person for the purpose of trading or investing in Crypto Currency / virtual currency.

Conclusion

In absence of any specific guidance from regulatory bodies, the accounting of cryptocurrencies is highly subjective and mainly depends upon the business model which an entity adopts. In June 2019, the IFRS Interpretation Committee published its agenda decision on 'Holdings of Cryptocurrencies', where they concluded that IAS 2, 'Inventories', applies to such assets where they are held for sale in the ordinary course of business and in other cases, an entity applies IAS 38, 'Intangible Assets', to holdings of cryptocurrencies. However, the technology and markets are developing continuously which requires in depth analysis of various relevant factors before determining any accounting treatment



Taxation Of Cryptocurrency



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Income tax on cryptocurrency

According to Section 5 (Scope of total income) of Income Tax Act, 1961 (here after referred as “the Act”), any income from any sources is taxable in India. Further, Section 2(24) of the Act, defines income which is inclusive in nature. Accordingly, there is no specific definition of income. Under Section 14 of the Act, calculation of total income is broadly classified in five heads which are as follows:

- Income from Salary
- Income from House Property (HP)
- Income from Profit & Gain from Business or Profession (PGBP)
- Income from Capital Gain (CG)
- Income from other sources (IFOS)

Accordingly, the income earned would be taxed under the five heads of income based on its nature. Further, to tax any income following factors are to be considered:

- Motive of the assessee
- From where and how income is earned
- From which Asset Class income is derived
- Conduct of the assessee
- Activity of the assessee

There exists other factors too, but above mentioned are some of the prime factor for considering nature of income.

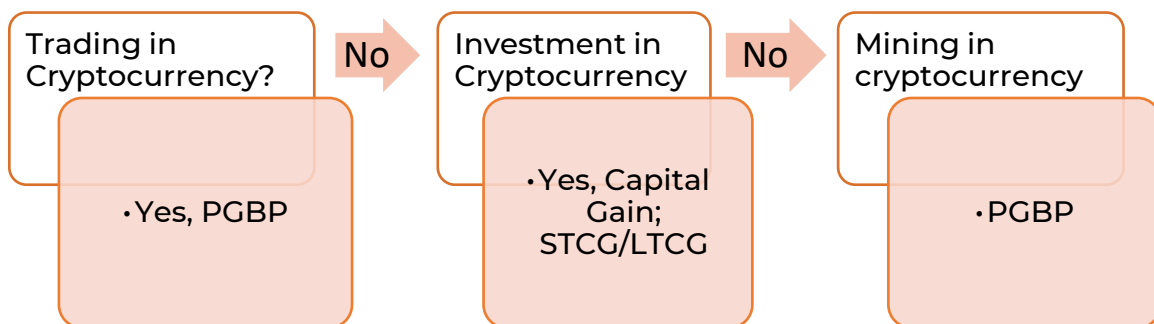
To tax income from cryptocurrency under respective head, firstly we need to understand what the motive of the assessee is, how and from which asset class the income is derived as all the incomes are taxable except which are specifically exempt. Accordingly, income from cryptocurrency is taxable but the problem is about identification of the head of Income under which it would be taxed.

Talking about India, many people have doubt about legality of the crypto but the Act does not differentiate the charging of tax on the basis of legality of the income.

❑ Lets Elucidate with a Flowchart

Want to know under which head your income from cryptocurrencies will be taxed? It is very easy !! Follow the flow chart to have your answer.

Select from following transactions which is yours?



❑ Lets Elucidate with Case Studies

We would look at different scenarios where dealing in cryptocurrency are due to various motives/reasons.

❑ Case Study – 1

A Ltd. Indian company is providing software services across India and is also exporting to various countries. A Ltd. has decided to accept receipts for providing services in form of crypto i.e. crypto is accepted as consideration for sale of services or goods. In the given scenario, how A Ltd.'s income will be taxed if A Ltd. hold that crypto?

❑ Interpretation

Crypto is not legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, electronic remittance or any other type of instrument which is recognised by Reserve Bank of India. In the given case, A Ltd. is getting Crypto as a consideration for sale in kind and accordingly it is accounted based on motive of its use and taxed.

Motive to use Crypto to Incur Expenditure

If A Ltd. has motive that certain expenses can be done by transfer of crypto than in that case accounting for crypto should be done as an inventory and taxed accordingly. Any gains from this would fall under income from PGBP. Accordingly, gain or loss would be determined based on fair market value of goods or services purchased against fair market value of goods or services sold.

Motive to use Crypto as Capital Asset

If A Ltd.'s motive is to use crypto as a capital asset and not as a stock in trade, in that case capital gain will be taxed. CG would be calculated by reducing cost of acquisition or indexed cost of acquisition against Net sale consideration. Income from CG depend upon whether cryptocurrency is capital asset under section 2(14) of the Act or not. According to that definition, property of any kind held by assessee is capital asset and the definition is very wide in nature. However, if it is not considered as capital asset than it would be taxed under section 56 of the Act as IFOS.

❑ Case Study – 2

Mr. Y is dealing in crypto at crypto exchanges for speculation purpose by trading in various cryptocurrencies. Here, the question arises that whether dealing in cryptocurrency at crypto exchanges will be considered as a speculative transaction under Income Tax Act, 1961?

❑ Interpretation

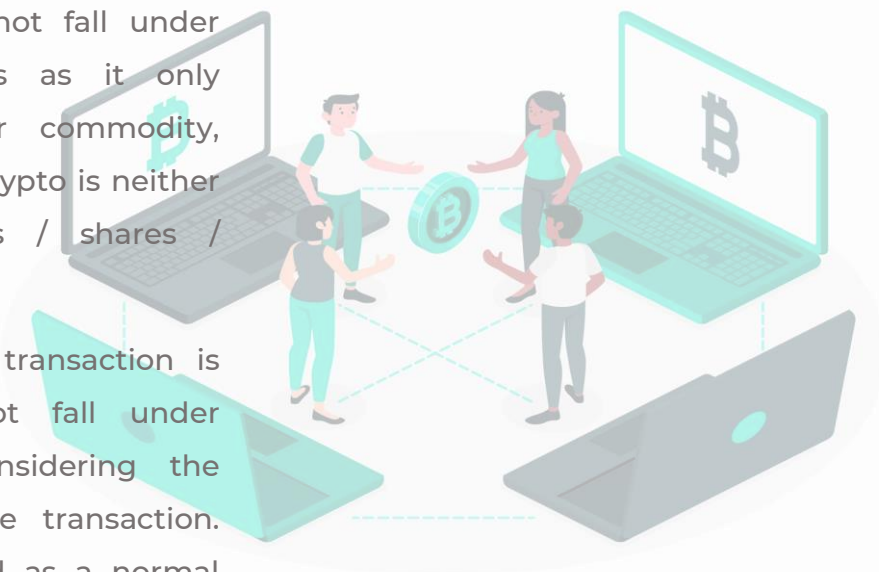
According to subsection 5 of section 43 Speculative transaction means, a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips.

The above definition excludes:

- Hedging contract in respect of raw material or merchandise
- Hedging contracts in respect of stocks & shares
- Forward contract
- Trading in derivatives in recognised stock exchange
- Trading in commodity derivative in recognised stock exchange.

According to the above definition, trading in crypto will not fall under speculative transactions as it only covers transactions for commodity, stocks and shares and crypto is neither commodity nor stocks / shares / securities.

Though the nature of transaction is speculative, it will not fall under speculation nature considering the definition of speculative transaction. Income would be taxed as a normal business income under the head PGBP.



❑ Case Study – 3

A Ltd. is using its computing power and having required infrastructure to mine crypto. Here question will arise how to tax persons who are involved in mining activities of cryptocurrency?

❑ Interpretation

If A Ltd. is mining crypto, in that case it is to be taxed under the head PGBP. A mined cryptocurrency can be considered as a type of intangible software as miners also receive transaction fees for transaction taking place in crypto. Profit for the cryptocurrency will be derived by deducting expenditure of mining activity from sale of mined cryptocurrencies and transaction fees. There may be argument that, why it is to be taxed under PGBP and not under other heads. My view is that crypto miners are in the business of generating crypto assets using their computers, power and would fall under definition of business which includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture.

Taking another view mined cryptocurrency can be considered as self-generated capital asset. According to SC Ruling of CIT VS B.C.Srinivasa Shetty (1981), it is not possible to determine cost of self-generated capital asset so income from mining will not be taxed. It is difficult to expect from the Income Tax department to take this stand.

Also, it is to be noted that for recognising cryptocurrencies and to promote its use many sections of the Act is required to be amended. For an instance, section 269ST doesn't allow taking consideration in any modes other than Account payee cheque, draft or electronic clearing systems provided by banks. Further, the penalty for non-compliance is also high. Similarly, there are various provisions which restrict assessee from dealing in cash transaction and promote transaction through banking channel.

Note: The content stated represents individual opinion and there may be difference in opinion, because CBDT has not provided any guidance or made any provisions for legality of dealing in crypto and taxation of crypto. Buzz about crypto across the world is increasing due its volatility, easy to trade and other benefits as discussed in the article. Further, Indian users of crypto are increasing leading to which we may expect governments intervention regarding trading of crypto, taxation, accounting, etc. To initiate, government may call for collection of data of persons / assessee dealing in crypto from exchanges and banks.

Footnote:

Section 2(24) Definition of “Income” under income tax act, 1961

Section 2(13) Definition of “Business” under income tax act, 1961

Section 2(14) Definition of “Capital Asset” under income tax act, 1961

Section 43(5) Definition of “Speculative transaction” under income tax act, 1961

Section 14 “Heads of Income” under income tax act, 1961

Section 28 of Income tax Act is charging section for income from “profits and gains from business and profession”

Section 45 of Income tax Act is charging section for “Income from Capital Gain”

Section 56 of Income tax Act is charging section for “ Income from other sources”



❑ GST On Dealing In Cryptocurrency

The buzz continues to the applicability of GST on Crypto transactions. The solution to the buzz can be identified by whether dealing in crypto will lead to supply under section 7 of CGST Act, 2017 or not?

❑ Lets Elucidate Technical Jargons under various Acts

| Reference of the Section | Interpretation |
|---|--|
| <p>Supply under Section 7 of the CGST Act, 2017</p> <p>(1) For the purposes of this Act, the expression “supply” includes—</p> <p>(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;</p> | <p>According to section 7, supply is inclusive term which means supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.</p> <p>To determine Supply following test is required to be passed:</p> <ul style="list-style-type: none"> •Whether Cryptocurrency is goods or Service? •Whether there is consideration involved? •Whether it is for the purpose of business? |
| <p>Section 2(52) “goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.</p> | <p>According to definition movable property is considered as goods but cryptocurrency is not a movable property it will not fall under that definition. According to definition money or securities are not considered as goods and definition of money is also provided in CGST Act, 2017.</p> |

| Reference of the Section | Interpretation |
|---|--|
| <p>Section 2(75) “money” means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value</p> <p>Section 2(h) of FEMA Act, 1999 “currency” includes all currency notes, postal notes, postal orders, money orders, cheques, drafts, travellers cheques, letters of credit, bills of exchange and promissory notes, credit cards or such other similar instruments, as may be notified by the Reserve Bank;</p> | <p>As provided in above definition to consider crypto as money, it should be legal tender in India recognised by Reserve Bank of India and should be used as consideration to settle the obligation. Further, according to this definition any currency held for getting its numismatic value is not considered as money instead considered as goods. As cryptocurrency is not legal tender and not falling under any other category so it should not be considered as money.</p> |
| <p>Section 2(102) “services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;</p> <p>Explanation.- For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities;”</p> | <p>Definition of service is very simple which says that anything other than goods, money and security is service. We have already checked that cryptocurrency is not money or security or goods. It clearly indicate that cryptocurrency is service according to GST law.</p> <p>Following other test is required to be passed to determine whether dealing in cryptocurrency is supply or not.</p> <p>To consider as supply first condition is it should be goods or service. If it is goods or service, than it should be checked that whether there is transfer through sale, barter, exchange, etc. for consideration.</p> |

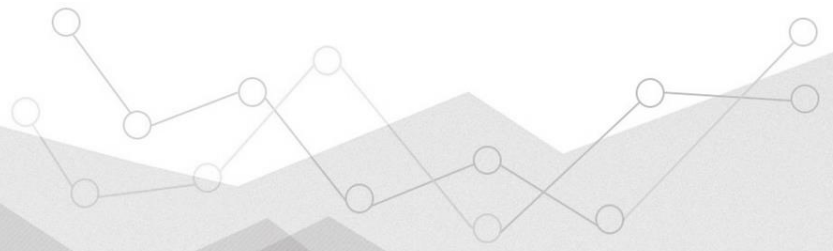
| Reference of the Section | Interpretation |
|---|--|
| <p>Section 2(h) of Securities contracts (regulation) Act, 1956, “securities” include— (i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;</p> | <p>Definition of securities is according to definition of securities provided in Securities contracts (regulation) Act, 1956. According to that cryptocurrency is not considered as security, as it does not have value from any body corporate and there is no obligation against its value.</p> <p>As cryptocurrency is not goods, it has to pass test of service.</p> |
| <p>Section 2(31) “consideration” in relation to the supply of goods or services or both includes—</p> <p>(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;</p> <p>(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:</p> <p>Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply</p> | <p>According to definition, consideration includes any payment made or to be made for goods or services on sale of cryptocurrency the seller would receive payment against that sales and that will fulfil the definition of consideration.</p> <p>The additional condition to be fulfilled is that the transaction should have been done for the purpose of business or furtherance of business.</p>  |

| Reference of the Section | Interpretation |
|--|--|
| <p>Section 2(17) “business” includes—</p> <p>(a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;</p> <p>(b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);</p> <p>(c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;</p> <p>(d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;</p> | <p>As definition of business is very wide, dealing in cryptocurrency will be considered as business.</p> |

According to above analysis activity in cryptocurrency will fall under supply will be considered as supply under the CGST Act, 2017. Further, this supply neither falls under negative list nor exempt by any notification and hence, GST may be levied on sale or transfer of cryptocurrency.

Disclaimer

This article contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. We do not accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this article. On any specific matter, reference should be made to the appropriate advisor.



Excellence in Excel

Calculation of Net Present Value for a series of Cash Flows

✓ Syntax: XIRR(values, dates, [guess])

- The XIRR function syntax has the following arguments:
 - ❖ Values Required. A series of cash flows that corresponds to a schedule of payments in dates. The first payment is optional and corresponds to a cost or payment that occurs at the beginning of the investment. If the first value is a cost or payment, it must be a negative value. All succeeding payments are discounted based on a 365-day year. The series of values must contain at least one positive and one negative value.
 - ❖ Dates Required. A schedule of payment dates that corresponds to the cash flow payments. Dates may occur in any order. Dates should be entered by using the DATE function, or as results of other formulas or functions. For example, use DATE(2008,5,23) for the 23rd day of May, 2008. Problems can occur if dates are entered as text. .
 - ❖ Guess Optional. A number that you guess is close to the result of XIRR.

| | A | B | C |
|----|------------------------|--|---------------|
| 1 | Values | Dates | |
| 2 | -10000 | 01-01-2020 | |
| 3 | 2750 | 01-03-2020 | |
| 4 | 4250 | 30-10-2020 | |
| 5 | 3250 | 15-02-2021 | |
| 6 | 2750 | 01-04-2021 | |
| 7 | | | |
| 8 | Formula | Description | Result |
| 9 | =XIRR(A2:A6,B2:B6,0.1) | Returns the internal rate of return for a schedule of cash flows that is not necessarily periodic. | 37.34% |
| 10 | | | |

MOTIVATION?

IT'S RIGHT INSIDE YOU!

Motivational Mantra

The Frog in Hot Water

Once the frog fell in a vessel of the hot water. The Water was still on a gas stove. The frog still did not try to jump out of the vessel, instead just stayed in it. As the temperature of the water started to rise, the frog managed to adjust its body temperature accordingly. As the water started to reach the boiling point, the frog was no longer able to keep up and manage its body temperature according to the water temperature.

The frog tried to jump out of the vessel but with water temperature reaching its boiling point, the frog was not able to bear it and couldn't make it. What was the reason that a frog couldn't make it? Will you blame the hot water for it?



Moral of the story

The frog couldn't make it due to its own inability to decide when it had to jump out. We all need to adjust according to the situations but there are times when we need to face the situation and take the appropriate action when we have the strength to do so before it's too late. Walk out before you need to jump.

Health is Wealth



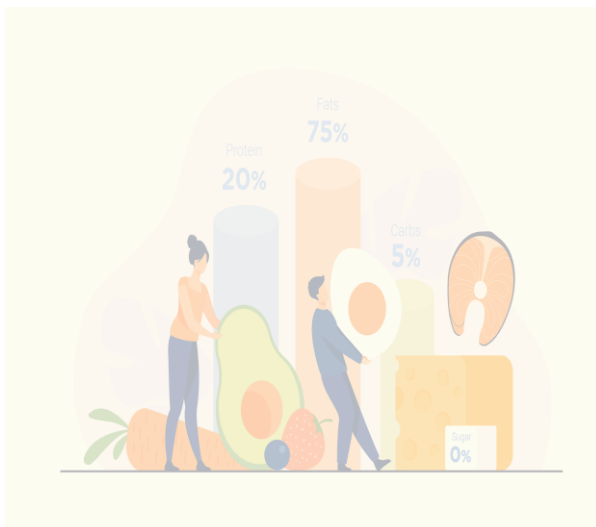
Health is Wealth

As We are facing lockdown due to corona virus being optimistic is challenging. Due to negativity around us maintaining stable and positive mindset is very difficult.

Positive thinking can make or break an individual. Our thoughts affect your actions and our actions defines our success.

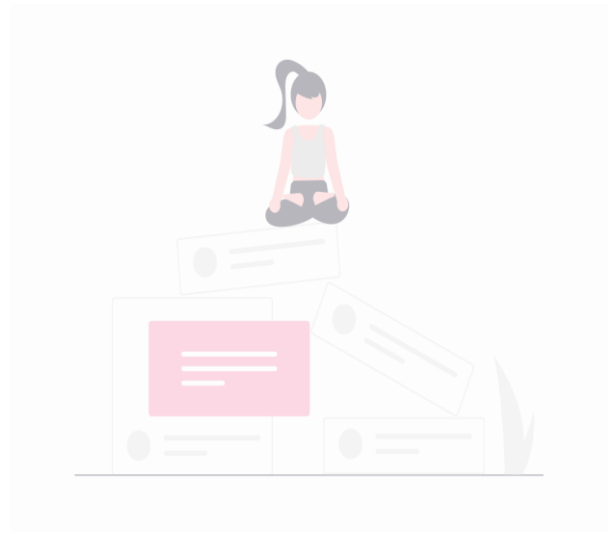
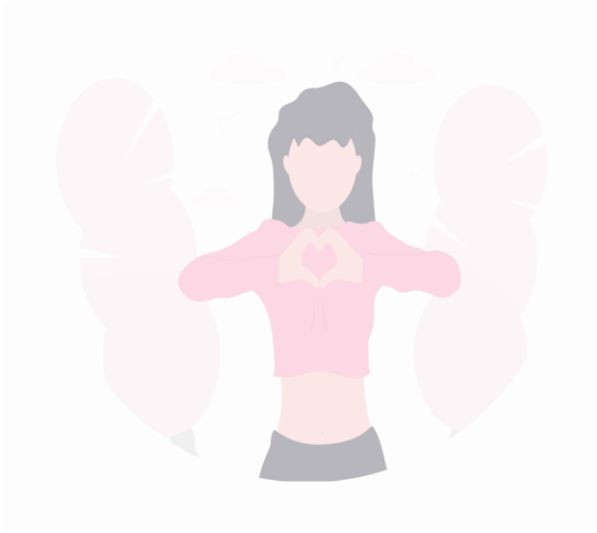
We are sharing few tips how we can be optimistic while working from home.

❑ **Stay Physical Active:** Walking is one of the best and easiest way of being physical active. If you cannot go out, try walking around the house. If that doesn't suit you, then you could also do some spot walking—simply march in one place, lifting your knees as high as you can and let your arms swing. Do Stretching at regular intervals.



❑ **Eat Healthy:** We are what we eat. You can make a lot of things out of whole grains, pulses, seeds, sprouts, dried nuts, fresh herbs, milk and dairy products, raw vegetables, and healthy soups. Replace unhealthy food items with healthier options. Drink enough water.

❑ **Mindful:** Be mindful of whatever you are doing, so that you get the most out of your activities. Avoid distractions like television, social media, and WhatsApp when you practice your asanas or even when you eat your food.



❑ **Gratitude:** Feeling thankful can improve your mood. Having sense of gratitude is relaxing. Gratitude doesn't always need to be focused on what other people have done for you! Make sure you give yourself a thank-you for the healthy habits you've cultivated in your own life.

Let it go: Things which are out of our control don't give them too much attention. Holding on to something can cause you more pain than letting it go. Do the best as per your ability, the results of course are not something that you can choose. You can only accept.

Glimpse of Webinars

Special Free Webinar on State Government Policy & Opportunities for Professionals

Connect Easy **OPTOTAX** Technology Partner

LIVE ON **GoToWebinar**

Visit @ <http://tiny.cc/CONNECTEASY>

Celebrating Maharashtra & Gujarat Day 2021 - 1st May

Chief Guest
CA. Suresh Prabhu
Member of Parliament, Indian Emissary to G7 & G20, Former Union Cabinet Minister

Guest of Honor
CA. Dheeraj Kumar Khandelwal, CCM ICAI
Chairman, Committee on MSME & Start-Up of ICAI

Special Guest
CA. Umesh Sharma, RCM WIRC of ICAI
Chairman, Committee for MSME & Start-Up of WIRC of ICAI

1st SESSION 10.00 am to 1.00 pm
Maharashtra Industrial Subsidies & Professional Opportunities Coverage

- Package Scheme of Incentive -2019.
- Maharashtra Textile Policy-2017.
- Maharashtra Women Entrepreneurs Policy

2nd SESSION 4 pm to 6 pm
Gujarat Industrial Policy & Professional Opportunities Coverage

Gujarat Industrial Policy, 2020

- Scheme For Assistance to MSMEs
- Scheme For Capital Subsidy to Large Industries & Thrust Sector
- Gujarat Garment & Apparel Policy - 2017 (Revised)

(Join Webinar link will be shared on your Registered mail ID)

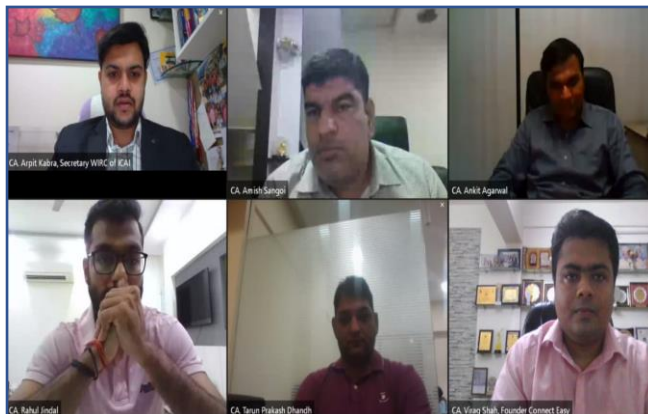
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Guest Speaker
CA. G B Modi

Guest Speaker
CA. Kushal Daxini

Host
Virag Shah
CA CMA CS CAIIB LLB
Founder - Connect Easy



Special Free Webinar on Forensic Investigation & Fraud Detection - Opportunities for Professionals

Connect Easy **OPTOTAX** Technology Partner

Live On **GoToWebinar**

6TH MAY, 2021 THURSDAY 6.00 PM TO 8.00 PM

Visit @ <http://tiny.cc/CONNECTEASY>

Keynote Speaker
CA. Arpit Kabra, Secretary WIRC

Coverage

- Forensic Investigation and its need in today's Scenario
- Opportunities and Threats in field of Forensics
- Detailed discussion on Investigation given along with Practical case studies
- How to reach out for Forensic assignments

Guest Speaker
CA. Rahul Jindal
FCA, LLB, DISA, Certified Fraud Examiner, Certified Forensic Auditor, Certified Concurrent Auditor, Registered IBBI Valuer/Diploma IFRS

Coordinator
CA. Amish Sangoi

Register @ <http://tiny.cc/FIFD>

(Join Webinar link will be shared on your Registered mail ID)

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Host
Virag Shah
CA CMA CS CAIIB LLB
Founder - Connect Easy

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Glimpse of Webinars



**Special Webinar on
Art of Drafting of
Deeds & Documents**

Live On  **GoToWebinar**

Chief Guest / Keynote Speaker



CA. Pramod Jain, CCM ICAI
Chairman Committee on International Taxation (CITAX)
Chairman, Taxation Audit Quality Review Board (TAQRB)

OPTOTAX
Technology Partner

**8TH MAY, 2021
SATURDAY
6.00 PM TO 8.00 PM**

Coverage <http://tiny.cc/LiveAtConnectEasy>

- How to Improve drafting in Faceless Assessment and Appellate Proceedings under the Income Tax Act
- Dos and Don'ts in drafting testamentary declarations (will) of Hindus and Muslims
- Dos and Don'ts in drafting Commercial contracts, Partnership Deeds etc
- Minimizing the risk by Effective Drafting

Guest Speaker **Coordinator**



CA. Bharat Popat
Senior Chartered Accountant having
37+ Years of Experience



CA. Amish Sangoi



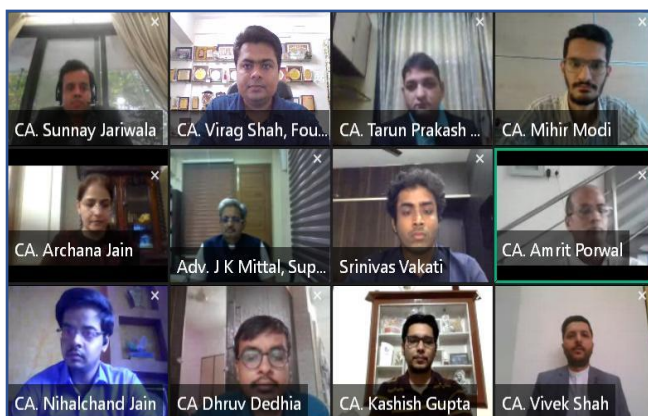
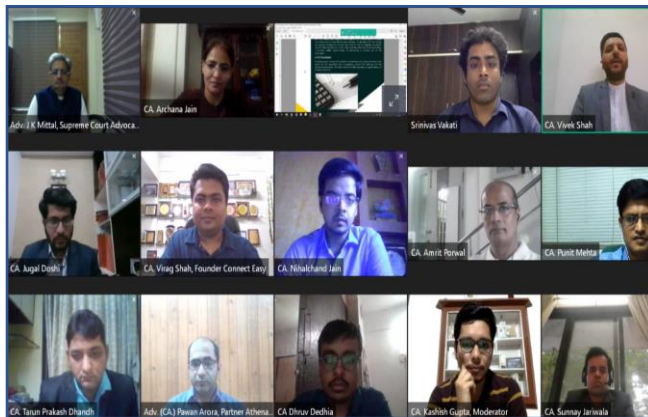
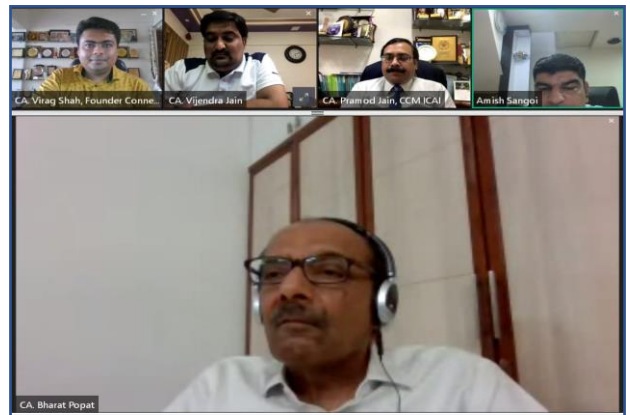
**Host
Virag Shah**
CA CMA CS CAIIB LLB
Founder - Connect Easy

Register @ <http://tiny.cc/ArtofDrafting>

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**Special Webinar on
Discussion on Extension in Limitation Period
and Important Aspects of Litigation**

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Visit @ <http://tiny.cc/CONNECTEASY> **14th May, 2021
Friday
6.30 pm to 8.30 pm**

Coverage

- Applicability of SC order on various actions under GST law
- Difference between judicial and quasi judicial Proceedings
- Whether any other law includes GST law and therefore, all proceedings also stand extended by virtue of orders
- Important Judicial Pronouncements on various procedural aspects of litigation like Time Barred, Ussuance of Notice without DIN, Non - Service of Summary of Order Electronically etc.

Guest Speaker **Moderator**



Adv. J K Mittal
Renowned Indirect Tax Expert
Supreme Court Advocate



CA. Kashish Gupta
Author & GST Expert

Register @ <http://bit.ly/AdvJKMittal>



**Host
Virag Shah**
CA CMA CS CAIIB LLB
Founder - Connect Easy

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Glimpse of Webinars

Season 3
51 Hours GST
Webinar Series

Fantastic Ongoing Series

OPTOTAX
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Connect Easy
Proudly Presenting

Presentation and Recordings will be Provided to Register Participants.

Visit @ <http://tiny.cc/CONNECTEASY>

Week 4 Register to become Expert in GST Litigation

17th May to 24th May 2021
5.00 pm to 6.30 pm Daily

Check Full Schedule
<http://tiny.cc/51HoursGSTSeason3>
26th April, 2021 to 24th May, 2021

Register for Full Series @ <https://imjo.in/F6RGGH>

Chairman of the Series
Adv. N K Gupta, Past Chairman
Indirect Tax Committee of PHDCCI

Don't miss this Golden Opportunity, Be an Expert in GST With GST Experts.

- Offences and Penalties
- EOU, SEZ, FTP
- Administration
- Offences and Penalties
- Appeals and Revision
- Consulting Day
- Discussion with Participants / Panel Discussion / Networking / Case Studies

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Best Faculty across the country, combination of Advocates & CAs, Very Useful For All Finance Professionals, Register today

Chief Guest

CA. Dr. Adv. Avinash Poddar, CA. Rakesh Garg, CA. Akshay Desai, CA. Shivam Mehra, CA. Jatin Harjoti, Adv. Puneet Agrawal

Speaker

CA. Kashish Gupta, CA. Aanchal Kapoor, CA. Archana Jain, CA. Geetika Srivastava

Fees : Early Bird Rs. 1499 on or before 13th May . thereafter Rs. 1999

Register for Week 4 <https://imjo.in/bqBJRF>

Host **Virag Shah**
CA CMA CS CAIB LLB
Founder - Connect Easy

Check PDF @ <http://tiny.cc/51HoursGSTSeason3Schedule>

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Virag Shah <https://www.linkedin.com/in/caviragshah>
(Connect Easy on LinkedIn - 15000+ connections)

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Adv. (CA) Pawan Arora, Partner, Ath... CA. Virag Shah, Founder Conn...

CA. (Dr.) Adv. Avinash Poddar

CA. (Dr.) Adv. Avinash Poddar, Adv. (CA) Pawan Arora, Partn... Adv. Pramod Kumar Rai

CA. Virag Shah, Founder Connect Easy

CA. Naresh Dhoot, Senior Charter, CA. Asharam Mundra, CA. Virag Shah, Founder Connect..., Janki Lohania, CA. Vijai Mantri, Chief Investment..., CA. Pankaj Mehta

Kunal Saraogi, Expert on Zee Business, Investor, Trader, Trainer, Author

CA. Asharam Mundra, CA. Naresh Dhoot, Senior Char..., CA. Virag Shah, Founder Connect Ea...

CA. Vijai Mantri, Chief Investment Strategist / Founder at JRL Money

Special Free Webinar on Where to Make Money in Equity Market

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LIVE ON **GoToWebinar**

22nd May, 2021
Saturday
5.30 pm to 7.30 pm

Participation Certificate will be Provided to all Participants

Visit @ <http://tiny.cc/CONNECTEASY>

Coverage

- Why and Where to Invest in International Markets
- What will happen if Interest Rates remain Low or Started to rise
- What is Store in Real Estate
- How to create a Winning Portfolio keeping in my pandemic like situation

Keynote Speaker

Kunal Saraogi
Expert on Zee Business, Investor, Trader, Trainer & Author

Guest Speaker

CA. Vijai Mantri
Renowned Chartered Accountant
Chief Investment Strategist / Founder at JRL Money
Regular Speaker at Regional Conference of ICAI

Cordinator

CA. Naresh Dhoot
B.Com (Hons.) FCA Senior Chartered Accountant
Founder Dhoot Market Guru (@DhootG), Leader Research Team Analyst

Register @ <http://bit.ly/EquityMarketCE>

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CA CMA CS CAIB LLB
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Glimpse of Webinars



**Special Course on
GST in Real Estate Sector - Learn
Inside - Out with Easy Approach**

**26th May to 30th May, 2021
5.00 pm to 6.30 pm Daily**

Visit @ <http://tiny.cc/CONNECTEASY>

Who all can attend: LIVE ON  GoToWebinar

CEO, CFO, MD, Decision Makers and Tax Heads of **Real Estate** Companies
Legal and Tax Compliance Team of **Real Estate** Companies
Professionals having **Real Estate** Clients
This Course is useful to understand the impact of GST on the **Real Estate** sector and one can ensure the tax efficient and tax compliant structure in its organisation.

About Course

It is a well known fact that the indirect tax structure of the **Real Estate** Sector always remains in highlights and in disputes between the tax authorities and taxpayers. Reason for the same is the complexity of the structure be it either in VAT / Service Tax Regime or GST Regime. With the aim of decoding the technical and complex law with an easy approach for better GST compliance by the **Real Estate** Companies, We have launched a Course. In this Course we shall discuss (i) Constitutional Aspect and Legal History (ii) Levy and Taxability on outward Supply (iii) Joint Development Agreement (iv) Input Tax Credit (v) Sale of Developed Land (vi) Liability under Reverse Charge and other compliance of New Tax Structure of **Real Estate** Sectors and (vii) Anti profiteering provision. One hour session in a week has been allotted to each topic and 2 sessions for JDA.

Course Features

90 Minutes per session on each topic of **Real Estate** Industry to learn the complex Tax Structure of the Industry with an easy approach. Speaker has experience of Advisory and Litigation of GST, VAT, and Service Tax to more than 25 Reputed **Real Estate** and Infrastructure Construction Companies

Keynote Speaker



Adv. Avinash Poddar
Eminent and Renowned Lawyer, Gujarat



Adv. Pramod Kumar Rai
Managing Partner, Athena Law Associates
25 Years of Experience in Indirect Taxation




**Host
Virag Shah**
CA CMA CS CAIIB LLB
Founder - Connect Easy

Course Director & Faculty
Adv. (CA) Pawan Arora, Partner at Athena Law Associates
Experience of Advisory and Litigation of GST, VAT, and Service Tax to more than 25 Reputed Real Estate and Infrastructure Construction Companies.
10 Years of relentless and steady experience of Advisory and Litigation in GST and other Indirect Taxes and handling matters of clients from diverse industries and field of specialization is Indirect Taxes.

Fees : Rs. 999 on or before 22nd May, 2021, thereafter Rs. 1499 Register @ <https://imjo.in/y8bahQ>

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A series of four screenshots from a webinar session. The top screenshot shows two participants: Adv. (CA) Pawan Arora and CA. Virag Shah. The second screenshot shows Adv. Avinash Poddar speaking. The third screenshot shows Adv. (CA) Pawan Arora, CA. Virag Shah, and Adv. Avinash Poddar. The bottom screenshot shows Adv. Pramod Kumar Rai speaking.



A large screenshot of a webinar session grid. It shows a main speaker in the top left, a grid of smaller participant windows, and a large window for the host, Adv. Virag Shah, at the bottom left.



**Webinar on Career Opportunities
Abroad for Finance Professionals**

**28th May, 2021
Friday
6.00 pm to 8.00 pm**

Visit @ <http://tiny.cc/CONNECTEASY>

Coverage

- Impact of Globalisation on Finance Profession
- Opportunities for the Members in Industry & Practice
- Knowledge & Skill-sets for a Global Career

Chief Guest



CA. Mahaveer Singhvi, IFS
Joint Secretary,
Ministry of External Affairs (MEA)

Guest of Honour



CA. Atul Gupta
Immediate Past President ICAI

Guest Speaker



CA. Nirlep Bhatt
Chairman Doha Chapter of ICAI
(Oldest Overseas Chapter)
15+ Years of Diverse Experience
in India & Qatar

Free Registration @
<http://bit.ly/OpportunitiesAbroadCE>

(Join Webinar Link will be shared on Your Registered mail ID)
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**Host
Virag Shah**
CA CMA CS CAIIB LLB
Founder - Connect Easy

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The Digital CA: Accelerate Your Growth Through Technology



CCH iFirm

The Smarter Software for Accountants

CCH iFirm is India's leading cloud-based office management software for accountancy firms of all sizes. It streamlines all practices within a firm and brings impactful changes on processes, operations, and practice productivity.

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CCH Audit Automation

Save Time and Reduce Risk

CCH Audit Automation software, tailored for accountants, covers the entire process of performing an audit, from engagement to sign-off. As the audit progresses, the software displays a summary of all outstanding tests and checklist questions, and a list of the documents that still must be reviewed.

Visit: bit.ly/3sED003



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