

Knowing Ourselves

We consider ourselves to be committed and passionate in all our endeavours. However, 29th June bookmarked a change in our attitude towards work and life!

A seminar "Seeds to Win" was conducted at the Mercy Hotel, which was led by corporate trainer Mr. Shameem Rafeek. He enlightened us on 3 mantras – "awareness, assessment and action" for developing our personality and invoking our passion.

The session started with some interesting promises from his side. As rightly said exciting sessions don't need any rocket science, but rather simple philosophies, interactions, fun and personal experiences. He changed our perspective towards life and ourselves. He made us realise how important an ingredient is passion, at work!

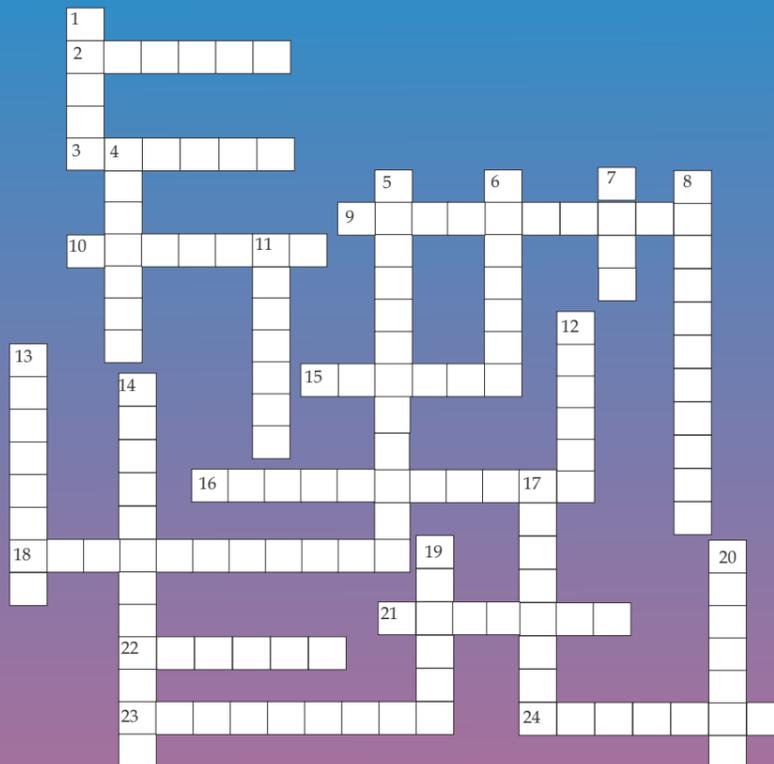
Second half of the session emphasised on personality development. Various traits which encompasses, a positive personality were explained to us. This was done using videos, recollection of real life experience and interaction. It paved way for an assessment of our self and our personality.

The session was wound up by imparting seven seeds of success. Which are; Have fun, enjoy and work, having a positive personality, having presence of mind, having a never give up attitude, believing in ourselves, appreciating ourselves and taking first step! We were also treated to a scrumptious lunch thereafter

The seminar was truly a learning experience which created a positive impact on us. We all went home a lot wealthier that day!

Sruthi U Pai

CROSSWORD



Across

2. To spread cost through allocation (6)
3. Gross Profit (6)
9. Part of the business game (4, 3, 4)
10. It can be a magazine also (7)
15. Bill of Exchange (6)
16. Indian rupee is not one (4,8)
18. Wrongful doing of an act (11)
21. Double Entry book-keeping, for instance (7)
22. Unwritten principles of business conduct (6)
23. Condition when one is unable to pay his debts (10)
24. A kind of theft by cashier (7)

Down

1. A fast (5)
4. Can be a current one (7)
5. JV in long form (5,7)
6. Most important in the Trail Balance (7)
7. Part of the share market game (4)
8. A condition in which equipment could be imported (7,4)
11. At premium (5,3)
12. Property by Will (6)
13. Lost time of men or machines (4,4)
14. Lifeline for many enterprises provided by banks (4,2,6)
17. Numbers (8)
19. A liability so to say (6)
20. Commodity market practice (7)

Editorial Team - Chummar Thomas, Teena Tom, Parvathy Madhu.



Echo

Quarterly Newsletter -8

June 2013

Message from the editorial team

With great privilege we bring out the eighth edition of our quarterly newsletter.

As we all know, beginning with filing of individual returns, we are gearing up for the tax audit season. Let the committed contribution and best efforts from "Team JVR" uphold our exemplary performance, as in the past.

Results are around the corner! Best wishes to all who gave their examination this May.

We would like to take this opportunity to express our heartfelt gratitude to the partners for organising the seminar – "Seeds to Win" by Mr. Shameem Rafeek, a corporate trainer. It was a highly inspirational and thought provoking session.

We would also like to congratulate our Managing Partner, Mr. Jomon K George, on being elected as the President of the Rotary Cochin Central.

This edition of Echo also includes articles on E-filing of tax audit reports and Derivatives-futures and options.

We thank our colleagues for their support and contributions without which this edition wouldn't have been possible.

Seeds to Win



E filing of Tax Audit Reports



Applicability of Tax Audit u/s 44AB

- ⊙ Persons having Income from Business, when their Gross receipts from business in a financial year exceeds Rs.1 Crore.
- OR
- ⊙ Persons having Income from Profession, when their Gross receipts from profession in a financial year exceeds Rs.25 Lakhs.

Notification 34 dated 1.5.2013

- ⊙ Where an assessee is required to furnish a report of audit under section 44AB (Form 3CA/3CB), 92E (Form 3CEB) or 115 JB (Form 29 B) of the Act, the same shall be filed electronically.

Procedure for electronic filing of audit report (3CA/3CB,3CD)

⊙ **Step 1: Registration by Chartered Accountant**

Chartered Accountants holding Certificate of Practice or otherwise eligible to sign the tax audit report u/s 44AB of the Income Tax Act shall get themselves registered as tax professionals.

- ◆ Go to incometaxindiaefiling.gov.in
- ◆ Click on 'Register Yourself' and select the option Tax professional – Chartered Accountant.

The registration of Chartered Accountant is a one time activity. The Registration form which is opened after selecting the option Chartered Accountant will require Membership Number, enrolment date as CA, Name (Surname, First Name and middle name), Date of Birth, PAN and E-mail ID.

⊙ **Step 2: Registration of Chartered Accountant by Assessee**

Assessee who needs to get his account audited u/s 44AB of the Act, shall add the CA who is going to or has signed the tax audit report by following steps given below:

- ◆ Login with the user id and password of the assessee.
- ◆ Go to 'my accounts'
- ◆ Add CA- Enter the membership no. of CA and the system will automatically reflect the name of the CA (only if he is already registered as tax professional as mentioned in step 1).

⊙ **Step 3: Filing of Report**

Download the offline application for filling the tax audit report from incometaxindiaefiling.portal.

- Go to downloads
 - Forms (other than ITR)
 - Select the appropriate form from the application file.
- Fill it completely and generate the XML file. Also get the following documents ready:
- Scanned PDF copy of signed Balance Sheet & Profit and loss a/c separately (Size < 50MB).
 - Cost audit report, Excise audit and/or other report wherever applicable.

Now upload the XML file along with the documents with the digital signature of the Chartered Accountant.

⊙ **Step 4: Approval by Assessee**

The assessee is required to approve the tax audit report uploaded and submitted by the CA. Steps to be followed:

- Login with the user id & password of assessee.
- Go to 'work list'
- Assessee can review the uploaded tax audit report.
- Approve/Reject the tax audit report using assessee's digital signature.

If he rejects, repeat Step 3 & 4.

Tanzeela Babu

DERIVATIVES- Futures and Options



Derivative is a financial Instrument, which derives its value from some other asset which is referred to as the underlying asset. The underlying asset can be financial assets such as shares and securities or other assets such as commodities. Derivatives are based on organized trading mechanisms and dependable participants. They serve as a method to hedge and reduce risks. Examples of derivatives are futures, options, swaps, Interest rate derivatives etc. Of these, futures and options are the most important.

Futures Contract is a standardized Forward Contract agreement. It is an agreement between a buyer and seller, whereby the seller is obligated to deliver a specified asset to the buyer on a specified date, and the buyer is obligated to pay the seller the then prevailing spot price of the Underlying Asset, in exchange of the delivery of the asset. In futures contract delivery is necessary and the price is known in advance. Risk is borne by both buyer and seller. The risk of uncertainty does lie with the buyer, as the seller bears it, for a reward. On the day of exercise, if prices fall below the stipulated price, the buyer loses and if they rise above the stipulated price, the seller loses due to the contracted stipulated price. Futures contracts are traded in Stock Exchanges and therefore more transparent. The profit or loss in the transaction is ascertained at the end of every trading day and settled immediately through Mark to market (M to M) account. Hence the profit or loss in the transaction is the net of all daily profits and losses during the life of the contract.

Option is a derivative instrument that gives the holder a right, without any obligation to perform. Thus, option is a claim without any liability. It is a claim contingent upon the occurrence of certain conditions. The parties to an options contract are Holder (i.e. buyer, one who buys the right) and Writer (i.e. seller, one who sells the right). Options enable the hedger, to take advantage of the favourable movement in price of the underlying asset. Based on the nature of activity, there are two types of options – Call option and Put option.

Call option: Option which gives the holder the right to BUY an asset, but not an obligation to buy.

Put option: Option which gives the holder the right to SELL an asset, but not an obligation to sell.

One is required to pay a premium for buying an option. On the closing day, if the option has no value upon expiration, the option holder will allow it to expire unexercised. If he does not exercise his option, the premium paid is his loss and gain to the seller of option. On the other hand, if the option has some value, the option holder will exercise his option and dispose it off in the cash market to earn the gain. To the extent of such gain, the option writer (seller) would have incurred loss.

Seethu Sebastian