

**GAUTAM BUDH NAGAR BRANCH OF**  
Central India Chartered Accountant Students Association  
(CICASA)

of  
The Institute of Chartered Accountants of India



*Students' e-Newsletter*  
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## From the Desk of Branch CICASA Chairman

My Dear Students,

I proudly take the opportunity to announce that CICASA Gautam Buddha Nagar is releasing its THIRD EDITION of E-NEWSLETTER of this year. Every time it is a delight feeling to communicate with all of you, writing for you is like writing a letter for my own much loved ones.

Friends last month on 1<sup>st</sup> July we celebrated the 72nd CA day. We organized seminars on topics of academic interest. All of you participated in these activities with great enthusiasms. Definitely coming time will bring more activities, both academic and social/our emblem contains Garuda as our mascot. Like Garuda we should have sharp vision to become a vigilant Chartered Accountant, Our leadership skills should be like Garuda, so we can take our team to the newer heights. Garuda is the sign of wisdom, so we can equipped with power of knowledge and become an outbound thinker. Lastly Garuda is known for his high flies, so as we should aim high.

Dear students we will celebrate our Independence Day on 15th August. This Independence Day is a gift of countless martyrs known or unknown. Our independence is a treasure given to us by our freedom fighters. Each of us should respect it and feel proud to be citizen of our great nation. We should do every act and left no stone unturned to bring this country of our ahead of all countries.

I would like to thanks CICASA Newsletter Committee heading by CA Girish Nagar ji whose hard work and untiring effort make this event possible.

I will conclude with.....

***“FREEDOM IN THE MIND, FAITH IN THE WORDS, PRIDE IN THE SOULS, LET’S SALUTE THE NATION”***

Thanks and regards

**CA Dinesh Chandak**

CICASA Chairman - Gautam Buddha Nagar

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## Exemptions and Privileges available to Private Companies

In terms of Section 2(68) of the Companies Act, 2013 "private company" means a company having a minimum paid-up share capital as may be prescribed, and which by its articles,-

- (i) restricts the right to transfer its shares;
- (ii) except in case of One Person Company, limits the number of its members to two hundred:  
 Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause<sup>\*</sup>, be treated as a single member:  
 Provided further that—
  - (A) persons who are in the employment of the company; and
  - (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased,
 shall not be included in the number of members; and
- (iii) prohibits any invitation to the public to subscribe for any securities of the company

There are ample number of exemptions and privileges for the private limited companies. These are enshrined in various provisions of the Companies Act, 2013 as well as various notifications issued by MCA from time to time. The present write is a compilation of such 'exemptions and privileges' in two categories namely procedural privileges and compliance exemptions in the following paragraphs.

### (1). Procedural privileges

- ◆ 2 members are only are required whereas this is 7 for a public company
- ◆ Company can give financial assistance for purchasing its own shares or shares in holding company - section 67(2)
- ◆ No restriction on managerial remuneration - section 197 of Companies Act, 2013.
- ◆ Contract of service with MD/WTD or memorandum of terms of appointment is not required to be kept for inspection - section 190(4)
- ◆ It can have only two directors (Public company to have minimum three directors) - section 252.
- ◆ Directors need not retire by rotation - section 152(6)
- ◆ A private company can provide in its Articles for additional disqualifications for directorship, in addition to those mentioned in section 164(1) of Companies Act, 2013 - section 164(3)
- ◆ A private company can provide in its Articles for additional disqualifications for vacation of office of a director, in addition to those mentioned in section 167(1) - section 167(4)
- ◆ No requirement of minimum paid up capital.

### (2) Compliance exemptions

Following compliance exemptions were granted to the private companies, *vide* MCA notification No. 464(E) dated 5-6-2015 issued under section 462 of Companies Act, 2013 as amended on 13-6-2017. These exemptions are applicable only where the private company has not made any default in filing financial statements under section 137 and annual return under section 92 of Companies Act, 2013.

- ◆ **Section 2(40)** - Financial statement of a start-up private company need not include cash flow statement.
- ◆ **Section 2(76)(viii)** - Holding or subsidiary company or associated company shall not be considered as 'related party' for purpose of section 188 of Companies Act, 2013 - In case of a private company, a holding, subsidiary or associate company or subsidiary of its holding company will not be considered as 'related party'. Thus, restrictions on related party transactions will not apply if a private company enters into contract or arrangement with its holding, subsidiary or associate company or subsidiary of its holding company.
- ◆ **Section 43** - Kinds of share capital - section 43 allows only two kinds i.e. equity and preference. A private Company can issue any other kind of shares, even with differential rights, if Memorandum or Article so provides.
- ◆ **Section 47** - Voting rights in proportion to holding - Private Company can provide for differential voting rights if Memorandum or Article so provides.
- ◆ **Section 62(1)(a)(i) and 62(2)** - If 90% of members give consent in writing or electronic mode, the offer to members for rights issue may be kept open for period less than that specified i.e. minimum 15 days and maximum 30 days. Further period of notice of rights offer can be less than three days.
- ◆ **Section 62(1)(b)** - ESOS can be issued by ordinary resolution
- ◆ **Section 67** - Restriction on buying its own shares will not apply if:
  - (a) another body corporate has not invested money in the private company;
  - (b) the borrowings from banks or financial institutions is less than twice its paid up capital or Rs 50 crores, whichever is less; and
  - (c) the company is not in default in repayment of the borrowings at the time of transaction.
- ◆ **Section 73(2)(a) to (e) and Rule 3(3) of Deposit Rules** - Private company can accept unsecured deposits without complying with requirements relating to circular to members, filing of circular, deposit insurance, providing security etc. (a) from its members upto 100% of its paid-up share capital and free reserves, or (b) start-up company for first five years or (c) private company which is not associate or subsidiary of other company and borrowings from Banks or FI or other body corporate are less than Rs. 50 crores. It should not have defaulted in repayment of borrowings. Details of moneys borrowed should be filed with ROC.
- ◆ Further, a private company can accept deposits from directors or relative of director without restrictions. Any amount received from a person, who was director of the company *or relative of director of private company* the time of receipt of the amount is not 'deposit' within meaning of Companies (Acceptance of Deposits) Rules, 2014. The director or relative of director of private company should declare in writing to company that the money he is depositing is not borrowed or accepting loans or deposits from others.
- ◆ **Section 92(1)(g)** - Only aggregate amount of remuneration drawn by directors shall be disclosed in case of small companies in annual return.
- ◆ **Section 92(1) proviso** - In case of OPC, small company and start-up private company, annual return shall be filed by company secretary or where there is no Company Secretary, then by director of company.
- ◆ **Sections 101 to 107 and 109** - Provisions relating to general meeting - i.e. private company can call general meeting which notice shorter than 21 days, need not have explanation statement to notice, quorum of 2 is sufficient, Chairman of meeting, provisions of proxy as per articles, provisions regarding demand of poll will not apply if Articles provide otherwise.

- ◆ **Section 117(3)(g)** - Resolutions passed under section 179(3) are not required to be filed with ROC.
- ◆ **Section 141(3)(g)** - Restrictions of 20 companies per auditor is not applicable in case of OPC, dormant company, small companies and private companies having paid up capital less than Rs 100 crores. Such companies will not be considered for calculating limit of 20 companies.
- ◆ **Section 143(3)(i)** - In case of small company or company whose turnover is less than Rs. 50 crores *and* borrowings from Bank/FI are less than Rs. 25 crores, Auditors certificate need not state about Internal Controls Over Financial Reporting.
- ◆ **Section 143(11)** – CARO, 2016 not applicable to OPC, Small Company, Private Company not being holding or subsidiary of public company *and* not having paid up capital plus reserves and surplus exceeding Rs. 1 crore *and* not having borrowings at any time during the year from banks and financial institutions exceeding Rs. 1 crore *and* not having total revenue exceeding Rs. 10 crores as per Schedule III.
- ◆ **Section 160** - Notice of 14 days for contesting as director or deposit of one lakh for contesting election as director is not required in case of private company.
- ◆ **Section 162** - Appointment of director individually. Thus, a private company can pass single resolution in general meeting, appointing more than one directors.
- ◆ **Section 173(5)** - A start-up private company can have two board meetings in a financial year but gap between two meetings should not be less than 90.
- ◆ **Section 174(3)** - Interested director can vote at the Board meeting, after disclosing his interest and will be counted as quorum.
- ◆ **Section 180** - Restrictions on powers of Board for sale/lease of undertaking, borrow money or give time for repayment of debt due from director. These restrictions will not apply to private company.
- ◆ **Section 184(2)** - Director of private company is required to disclose his interest in any contract or arrangement, but he can participate in the meeting after such disclosure i.e. he can vote.
- ◆ **Section 185** - Loan to directors. Restrictions on loan to directors is not applicable to private company (a) in whose share capital other body corporate has not invested any money (b) which has borrowings from banks and financial institutions or any body corporate not more than twice of their paid up capital or Rs 50 crores (whichever is lower) and (c) The private company is not in default in repayment of such borrowings.
- ◆ **Section 188(1) second proviso** - Related party transactions. A member can vote on resolution, even if he is interested in resolution.
- ◆ **Section 196(4) and 196(5)** - Central Government approval is not required for appointment and remuneration of Managing Director, Whole-time Director or Manager even if it exceeds specified limit or conditions. Even approval in general meeting is not required. Appointment by Board is sufficient.

Thanks and Regards

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## ALL ABOUT NEW FORM 26AS

Form 26AS is an annual consolidated tax statement generated by the Income Tax Department. It can easily be accessed from the income-tax website by all taxpayers using their Permanent Account Number (PAN). Earlier Form 26AS used to give information regarding tax deducted at source and tax collected at source relating to a PAN, besides certain additional information including details of other taxes paid, refunds and TDS defaults. But now, the new form will have Statement of Financial Transactions (SFTs) in various categories to help taxpayers recall all their major financial transactions so that they have a ready reckoner while filing the ITR. In May, CBDT had notified the revised Form 26AS, containing details of tax collected or deducted at source which will now include information pertaining to property and share transactions.

With this, Form 26AS has been revamped to an “**Annual Information Statement**” which apart from the TDS/ TCS details, shall now contain the following comprehensive information :-

S.NO.	NATURE OF INFORMATION
1	Information related to TDS/TCS
2	Information related to Specified Financial transactions
3	Information related to taxes payment
4	Information related to demand and refund
5	Information related to pending proceedings
6	Information related to completed proceedings

This form will now also have mobile no, email I'd and Aadhar no. of the taxpayer. Further, information on this form 26AS will not be a onetime affair at year end. This will be a live 26AS, as this will be updated regularly within 3 months from the end of the month in which such information is received. The implication of this new form 26AS will be that banks , financial institutions or any other authority or customer , buyer etc. while carrying out due diligence of the person/corporate ,concerned will now ask for form 26AS so as to be sure that there are not any major issues about such person/corporates. In a statement, CBDT said the Department used to receive information like cash deposit/withdrawal from saving bank accounts, sale/purchase of immovable property, credit card payments, purchase of shares, debentures, foreign currency, mutual funds, cash payment for goods and services, etc. from “specified persons” like banks, mutual funds, institutions issuing bonds and registrars since Financial Year 2016 onwards. Now, all such information under different SFTs will be shown in the new Form 26AS, it added. The information being received by the Department from the filers of these specified SFTs is now being shown in Part E of Form 26AS to facilitate voluntary compliance, tax accountability and ease of e-filing of returns so that the same can be used by the taxpayer to file her or his income tax

return by calculating the correct tax liability in a feel-good environment. This would also bring in further transparency and accountability in the tax administration.

Part E of the form would now show different fields such as type of transaction, name of SFT filer, date of transaction, single/joint party transaction, number of parties, amount, mode of payment and remarks etc. However these transactions will be shown only if they cross the specified limit in a financial year. For instance if the aggregate credit card bill paid via electronic modes(not including the cash payment) exceeds Rs. 10lakh, then payment of credit card will be reflected in 26AS. This initiative of government would help the honest taxpayers with updated financial transactions while filing their returns, whereas it will desist those taxpayers who inadvertently conceal financial transactions in their returns. The new Form 26AS would also have information of transactions which used to be received up to Financial Year 2015-16 in the Annual Information Returns (AIR).

**CONCLUSION:** - So it can be concluded that the intention is pretty clear; one has to be very careful while executing the high-value financial transactions. It should have all the substantive reasons & proofs and need to disclose those in the income tax returns or provide justification for the same when asked by the department as now it will be very difficult for any taxpayer to hide information from any bank / financial institution/ authority about any proceedings against under any law or tax demand, tax disputes etc.

**CBDT has notified vide Notification No. 30/2020 dated 28.05.2020 the new Annual Information Statement (AIS) under section 285BB by inserting a new Rule 114-I in the Income Tax Rules, 1962 to replace age-old Form 26AS notified under Rule 31AB. The New Annual Information Statement (AIS) will be effective from 01.06.2020 and from that date the old Form 26AS will become obsolete.**

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## STRESS ≠ SUCCESS

*How many of you do think, the more stress we take the more successful we become? .....*

Well, this is a story of a CA student named Aaryananda who entered her article ship. Once upon a time, nearly less than two minutes were left to get over the lunch time when the managing partner (who had come back after representing a taxation case) entered into the office, saw two seniors of her were laughing while talking about their some old memories. Managing Sir got furious on both and called them into his cabin. He started to scold them so loudly that his voice was coming out of cabin. He said to them “Why are you both are laughing so much, don’t both of you are aware that by entering in this profession, you have chosen to be serious instead of laughing”.

By hearing this sentence, Aryananda got tense because she had entered this course having a dream of a happy successful life. Whenever she used to go to his principal, he would talk about cases and hardworking especially sleepless night to prepare for representing the cases.

Once she asked to her manager sir, ” Sir why we should take so much cases that even we have to sacrifice our sleep, will not it be a reason for stressful life?”

At that time he replied, you will have to take stress then you will be able to earn money and become successful. Since then, she started to think.....”Oh My God, is this so going to happen, Stress=Success?”

Dear Friends,

Stress has become the symbol of success. Suppose someone asks to you, “Hey Hi how is going on?” and if you answer “Hello, all going superb, ultimate!” then that person will say “ kya hua practice sahi nahi chal rhi kya...” because the perspective is that if you are trying to grab opportunity, you have to be tensed or its natural.

And one more, most used word is “Busy”. Now a days people keep on saying “ arey yaaara, time hi nahi milta”. Why??? Are they PM of India?

Remember, Words create your destiny. Let me elaborate little bit, now here having time does not mean that we keep on talking with someone so long unnecessarily or sitting idle. Rather say, I have time but i will talk only for 5 minutes with you.

You know, as per a research of Harvard, Being happy make us more intelligent, creative and even more, the most important in modern era i.e. Money earner.

If don’t believe, try this. Do your performance for some days in stress mode and some days in joyful mode, will see the huge difference. But yes... you have to train yourselves to be happy.

*BE ENERGITIC & HAPPY, the repercussion is... YOU will Grow & Glow.*

*Thanks & Regards*

*Vijay Laxmi Yadav*

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## **ECONOMIC CRISIS DUE TO COVID-19**

Right now, like the whole world, India is also battling with the coronavirus and the economic crisis. The virus pushed the whole world towards uncertainties. It was just not life-threatening and life taking. Instead, it has severely affected almost all the sectors. No one is prepared for this outbreak of the virus. This has made coping with the situation even more difficult. The various countries have adopted the approach of learning from already most affected countries, taking the measures to limit the spread of the virus and to ease the economic activities. The various credit rating agencies have drastically cut the GDP forecast. Financial condition is worsening. The outbreak has severely affected the livelihood of the people.

As the condition was getting worst, the main concern that time, was to save the human lives. With the increasing COVID-19 cases and deaths, WHO declared Covid-19 as a pandemic in 2nd march, 2020. Since the virus gets transmitted into the person when she/he is in the proximity of the infected person. A third of the population of the world went into the lockdown by confirming and limiting their mobility within the house. Social distancing, using sanitizers, wearing masks and lockdown were highly practiced to limit the spread of the virus. Most of the industries, factories, schools and universities went into the lockdown. The economy was kept in the hold, to minimize the spread of the virus and to save human life. Otherwise, it would have cost even more human life.

Agriculture sector, being one of the fundamental economies of the country which contribute to nearly 17% to GDP and employing 60% workforce is also affected due to the virus. The fishing and horticulture were more affected. In comparison to others, livestock and grains are less affected. Flowers markets heavily get cut as religious places were closed during the lockdown. Due to the uncertainty and fear of going out frequently, people started buying long-lasting food items rather than easily perishable. As a result the wholesale price of fruits and vegetables sharply decreased. Export of horticulture also heavily affected as many countries sealed the borders. Each subgroup is affected differently, but the whole agriculture sector experienced less soaked due to lockdown. The virus outbreak happened at the time of harvesting the crops. At the same time, the country went into the lockdown. There was a lack of labour force due to lockdown and the crops were rotten and damaged at the field.

Severely affected areas due to COVID are non-essential services, aviation, automotive, seafood, banking, restaurant, entertainment industry, travel and tours, hospitality, construction, real estate and textile industries. Automotive recorded zero sales in April. In banking sectors, chances of debts turning into bad are very high. Indian stock market had dropped by 60% in 2008-09 due to the subprime lending crisis. It was one of the biggest falls the Indian stock market has witnessed. This time also, threats of the coronavirus loomed over the Indian stock market and the nifty declined by 35% during the lockdown.

Amidst the coronavirus, there are also benefitted sectors like life insurance, pharmaceutical, telecommunication, Wi-Fi, broadband and other IT sectors. Due to the pandemic, people become aware

of uncertainty one might face in the future. So they might think of buying life and medical insurance policies. Due to social distancing, people should be capable of working remotely. It increases people dependency largely on Wi-Fi, network and information technology. Worker providing essential services such as policing, healthcare, logistic, food is in greater demand.

Demand for oil is dying up. India used to import 80% of crude oil. The demand and consumption of crude oil are likely to fall. The tourism sector has almost shut down right now. Since people are skeptical about travelling. The import of crude oil is likely to fall by 8.9% in F.Y.2021. Fall in the price of crude oil can be beneficial for the manufacturing sectors where crude oil is used as raw materials.

Many low-wage, low-skill, in-person services jobs especially those provided by small firms are badly affected. Due to COVID-19, the revenue of the companies sharply declined. People lost their jobs and also salary reduced significantly. 32 million jobs at risk. Unemployment rate of 27.1% in the month of May 2020. As the business experienced, revenue falls and salary got reduced, there was a fall in demand. Due to COVID-19, there is transportation problem as movement is strictly restricted, no free movement of raw materials and final goods, various safety measures and technical, procedural aspects that must have to comply to limit the spread of virus. These have created supply lock, production slowdown and supply chain disruption.

The government came with the different plans and policies to revive the economy at the different phases of coronavirus spread in the country. The economy boost package of 20 lakh core which is 10% of GDP. This package is especially dedicated to the labours, farmers, MSME and industrial sectors. The easily, revival sector can be made a strong basis to boost the economy like agriculture. 25 lakh new Kishan credit cardholders have given sanctioned loan which totals to 25 cores. Functioning MSMEs that are non-performing assets or stressed will also be eligible for such loans. The magnitude of the crisis has to be analyzed, studied more transparently and in different angles. At the same time, the country also has to be farsighted about the probable future economic havocs that are most probable to happen. Depending upon the extent of economical injuries, each sector has experienced and being vigilant about the situation, there have to be immediate risks mitigating measures and long-term revival plan, procedures and strategies.

*Yours sincerely,*

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## MOTTO

Ya esa suptesu jagarti kamam kamam Puruso nirmimanah |  
Tadeva sukram tad brahma tadevamrtamucyate |  
Tasminlokah sritah sarve tadu natyeti Kascan | etad vai tat | |

य एष सुप्तेषु जागर्ति कामं कामं पुरुषो निर्मिमाणः ।

तदेव शुक्रं तद् ब्रह्म तदेवामृतमुच्यते ।

तस्मिंल्लोकाः श्रिताः सर्वे तदु नात्येति कश्चन । एतद् वै तत् ॥

*(That person who is awake in those that sleep, shaping desire after desire, that, indeed, is the pure. That is Brahman, that, indeed, is called the immortal. In it all the worlds rest and no one ever goes beyond it. This, verily, is that, kamam kamam : desire after desire, really objects of desire. Even dream objects like objects of waking consciousness are due to the Supreme Person. Even dream consciousness is a proof of the existence of the self.*

*No one ever goes beyond it : cf. Eckhart : 'On reaching God all progress ends.'*)

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