



Central India CA Students Association  
Indore Branch of CIRC of ICAI

**NEWSLETTER**

**FEBRUARY - 2024 | Digital Edition**



## CHAIRMAN'S MESSAGE

*Dear Esteemed CA Students,*

*Warm greetings as we navigate the intricate realms of finance and accountancy. This journal edition encapsulates a rich tapestry of knowledge, carefully woven to empower you on your Chartered Accountancy journey.*

*Within these pages, you'll find insightful articles, engaging case studies, and shared experiences aimed at deepening your understanding of the dynamic CA field. As we immerse ourselves in these learning opportunities, let's also turn our attention to the broader economic canvas that shapes our professional landscape.*

*This month witnessed a pivotal moment with the unveiling of the country's interim budget, casting ripples across financial corridors. I encourage you to dissect its nuances, discerning the impact it may wield on our profession and the industries we serve. By weaving these economic threads into your studies, you fortify your ability to navigate the ever-evolving financial landscape.*

*As aspiring leaders in finance, your knowledge and insights are pivotal. This month's journal, a beacon of information and wisdom, is designed to illuminate your path toward excellence. Embrace the opportunity to not only absorb the technicalities of accountancy but also to cultivate a holistic understanding of the economic forces shaping our world.*

*In the tapestry of your CA journey, may each article, case study, and reflection thread seamlessly, contributing to the vibrant mosaic of your professional growth. Your commitment to excellence is the driving force behind our collective success.*

*Wishing you continued triumphs in your academic pursuits and professional endeavors.*

*Best regards,*

**CA Rajat Dhanuka**

*Chairman,*

*CICASA Indore.*





# BUDGET

THE BEACON OF EVOLUTION



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In the wake of building on the massive tripling of capital expenditure outlay in the past 4 years, resulting in huge growth of economy, The Finance Minister Ms. Nirmala Sitharaman is all set to make India a “Viksit Bharat” by 2047, where the government stresses to work with an approach of development which is all-round, all-pervasive and all-inclusive.

Indeed, the Indian Economy has witnessed a profound positive transformation in the last ten years and the people of India are looking ahead to the future with hope and optimism, wherein opportunities were created for employment and entrepreneurship. With “Sabka-Saath” in these 10 years, the Government's efforts are now getting synergized with energy and passion for empowerment of people, already assisting 25 crore people to get freedom from multi-dimensional poverty.

As we delve deep into the subject matter of

Budget, let us first discuss its meaning and importance for the economy and nation.

A budget is defined as an estimation of revenue and expenses over a specified future period of time that is re-evaluated on a periodic basis. It is a quantitative plan for acquiring and using resources over a specified period.

Undoubtedly, a well planned budget is extremely important for any government, so as to effectively steer the country towards prosperity. Be it effective allocation of resources or promoting business growth, reducing economic disparities or encouraging investment and savings, for a diverse country like India, with its rich culture and economic tapestry, it becomes crucial for the government to allocate resources wisely.

1. Ensuring Economic Growth – A budget allows the government to regulate taxation in different sectors

by providing tax rebates and subsidies, thereby fostering economic prosperity and encouraging individuals to focus on savings and investments.

- 2. Reducing Economic Disparity –** Through budget, government can curb economic inequality by introducing public and economic welfare policies for the underprivileged sections of the society.
- 3. Proper allocation of Resources –** By identifying areas of weakness and strategically allocating resources to address them, it is important for government to utilize funds in the areas where they are required the most, showcasing effective governance and promoting economic stability.

In his address to the nation in the 75th year of Republic, The Honourable Prime Minister said - “we commit ourselves to national development, with new inspirations, new consciousness, new resolutions, as the country opens up immense possibilities and opportunities”. It is our 'KartavyaKaal'.

The Finance Minister said, “Every challenge of the Pre-2014 era was overcome through our economic management and our governance and these have placed the country on a resolute path of sustained high growth”. With this objective, some of the key highlights of the interim budget announced on 1st February, 2024 are –

1. CAPITAL EXPENDITURE OUTLAY FOR THE NEXT YEAR IS BEING INCREASED BY 11.1 PER CENT TO RS 11,11,111 CRORE, WHICH WOULD BE 3.4 PER CENT OF THE GDP
2. FISCAL DEFICIT IN 2024-25 IS ESTIMATED TO BE 5.1% OF GDP
3. UPLIFTMENT OF 'GARIB' (POOR), 'MAHILAYEN' (WOMEN), 'YUVA' (YOUTH) AND 'ANNADATA' (FARMER) IS THE HIGHEST PRIORITY OF GOVERNMENT
4. NO CHANGE PROPOSED IN TAX RATES IN THE INTERIM BUDGET.
5. GOVERNMENT TO LAY WHITE PAPER ON INDIAN ECONOMY NOW AND THEN

All in all, On the status of Indian economy, the Union Minister said that in 2014 the responsibility to mend the economy step by step and to put the Governance systems in order was enormous, which she said was done by the Government successfully following its strong belief of 'nation-first'. She assured that the crisis of those years has been overcome and economy has been put firmly on a high sustainable growth path with all-round development.





# OFFSHORE ACCOUNTING : MEANING, REASONS OF USING OFFSHORE ACCOUNTING AND ITS CHALLENGES



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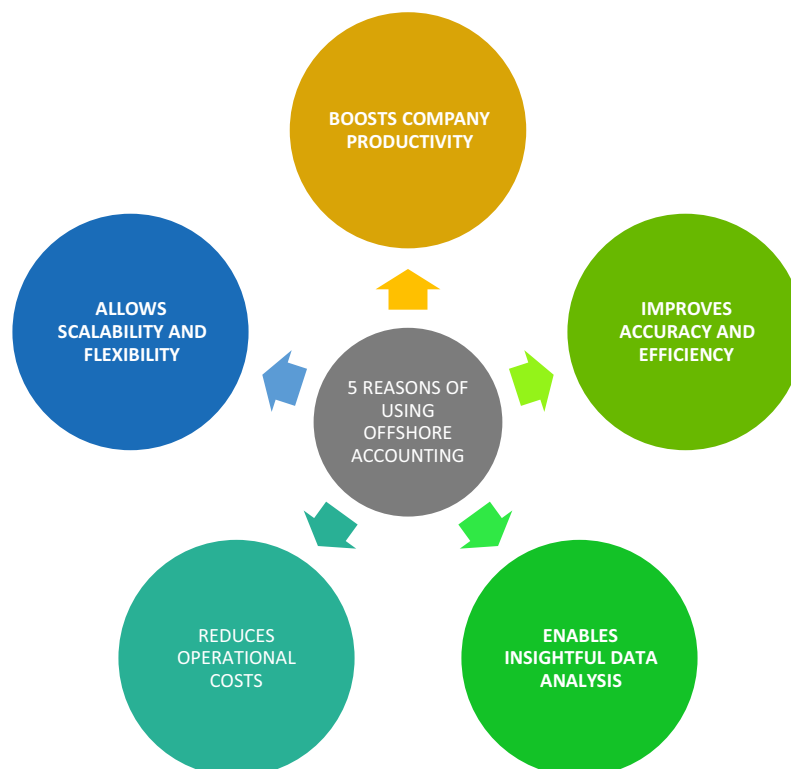
## MEANING :

Offshore accounting refers to assigning financial and accounting services to a firm or business process outsourcing (BPO) organization in a low-cost nation.

Accounting is an essential aspect of a firm's operations. Firms require access to accurate records to manage their budget and fulfil legal obligations. While most companies handle this independently, some opt to engage an overseas team from countries like India and Vietnam.

Why offshore accounting is used?

**The reasons Or benefits from using offshore Accounting :**



### 1) **BOOSTS COMPANY PRODUCTIVITY:**

Offshore accounting allows business's in-house employees to focus on higher-level tasks which will boost the company productivity and lead to greater level of productive work.

### 2) **IMPROVES ACCURACY AND EFFICIENCY**

Outsourcing accounting tasks to reliable offshore service providers improves turnaround time, accuracy and efficiency. Accurate financial records improve cash flow management and data-driven decision making, which help businesses to stay ahead of the competition.

### 3) **Enables insightful data analysis:** offshore accounting provides real-time access to data and meaningful analytics, enabling better customer service, identifying inefficiencies and making predictions about future trends, which can be useful in preparing a business plan.

### 4) **Reduces operational costs:** The cost of labor and overheads in countries such as the Philippines can be considerably lower than in developed nations. As a result, outsourcing accounting functions to offshore professionals can result in significant cost savings.

Allows scalability and flexibility: offshore accounting offers comprehensive services tailored to a company's individual requirements, allowing for scalability and flexibility in response to changing market conditions.

## **SO WHAT ARE THE CHALLENGES OF OFFSHORE ACCOUNTING?**



So here comes the challenges we will face while using offshore accounting

### 1. **Building an offshore team is extremely challenging**

It's hard to build an offshore team remotely because building a proper team requires someone present on-site who understands the local culture and knows how to attract top talent. The first real challenge is to find a great resident leader or leadership team. Without this, your offshore initiatives will likely fail.

### 2. **Initial Investment**

Setting up an offshore team takes time and money. If you've been able to find the right offshore leadership, it still requires investment in infrastructure, time to ensure internal alignment on the goals, and at least a year if everything goes smoothly. Change management is also a big factor so the ultimate return on investment could take longer than you initially anticipate.

### 3. **An onshore team is still required for some tasks**

There will always be finance-related tasks that require technical competency that you can't get offshore. That means that you won't be able to offshore 100% of the finance department and you need to ensure the onshore and offshore teams can work well together.

### 4. **Your existing onshore team might not want to work with offshore employees**

For many companies, change management is hard. Even though you'll think that offshoring is a great idea, your existing finance department might not warm up to the idea immediately. The existing team might feel like having an offshore team is a threat to their job security.

### 5. **Cultural differences can impact work quality**

In most countries, there are specific expectations for how work should be executed and the quality of work that is required. You might find that your onshore team views the offshore team's work as substandard, even if the quality is satisfactory on a global level.

# Do You Have A Demat Account: **CHECK WHETHER TAX IS APPLICABLE ON YOU FOR FY 23-24**



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## **First let us know what is a demat account:**

A Demat account is digital platform where investors can hold shares and securities in electronic form. A Demat is short form of Dematerialised. A Demat account can be used to make investments in stocks, bonds, mutual funds, and other market assets which simplifies trading and management by allowing easy buying and selling of securities.

## **Benefits of having a Demat Account**

Earlier, investors are used to hold physical share certificates as proof because they had to physically transfer the share certificates when want to buy or sell shares which was time-consuming and various risks are involved in this process like loss and delays in settlement. But with the introduction of Demat accounts, the process became has much easier and efficient.

- It is easy to access the investment portfolios and statements through Demat account.
- Benefits such as dividends, interest, refunds, stock splits etc. are directly auto-credited in the account.
- Transferring of shares has become simpler.
- It facilitates faster and easier while selling of shares.
- It allows users to freeze specific securities for a certain period, restricting debit or credit transactions.
- Tax implications of opening a Demat

account

If you have opened a demat account it will not directly have a tax impact on it but if you have made any transactions like buying and selling of shares through the account you may have tax implications.

## **Short-Term Capital Gains (STCG)**

The Gains which arises after selling the shares which is held within 12 months of acquisition are known as Short-Term Capital Gains (STCG)

**Tax rate for Short-Term Capital Gains is 15% or according to income tax slab if STT is not applicable.**

## **Long-Term Capital Gains (LTCG)**

Investors selling shares which are held for more than 12 months, if any profit is considered are known as Long-Term Capital Gains.

**Tax rate for Long-Term Capital Gains is 10% but up to Rs. 1 lakh LTCG annually is tax-exempt**

## **Short-Term Capital Loss (STCL)**

When shares are sold within 1 year but at a loss are known as Short-Term Capital Loss.

## **Long-Term Capital Loss (LTCL)**

When shares are sold after holding share more than 1 year but at a loss are known as Long-Term Capital Loss.

Also, have a look at the article: [Taxation of Income from Shares for FY 23-24](#)

Which ITR to choose if you are a salaried person and also have a capital gain from the demat account?

You can choose ITR-2 which is applicable for individuals and Hindu Undivided Families (HUFs) who have income from sources other than business or profession. ITR-2 includes income from salary, house property, capital gains, other sources, and foreign income.

**Is there any tax benefits associated with investing through a Demat Account?**

Yes, you can get a benefit if invested in -

**ULIPs** : Unit Linked Insurance Plan are eligible for tax benefits under Section 80C with a limit upto 1.5Lakh. It provides a dual tax-saving advantage if the maturity amounts are received after the lock-in period is also tax-exempted.

**ELSS**: Equity Linked Savings Scheme are also fully exempt up to Rs. 1.5 lakh under Section 80C of income tax act.

Other than these you may also avail more deductions if you are a salaried person

**For Example few deductions are:**

**Section 80D**: Deductions can be claimed for health insurance premiums upto 50,000 (Self, Children, Spouse = 25,000 & Parents = 25,000) if age below 60 yrs and 1,00,000 (Self, Children, Spouse = 50,000 & Parents = 50,000 if age above 60 yrs)

**Section 24(b)**: You can claim deduction up to Rs. 2,00,000 for self-occupied property, or entire interest amount for let-out properties.

**Section 80EE**: You can claim deductions upto Rs.50,000 under this section if you have taken home loan during the period 01-04-2016 to 31-03-2017.

**Section 80EEA**: Deductions under section 80EEA can be claimed upto Rs.1,50,000 if you have availed a home loan during the period between 01-04-2019 to 01-04-2022.

Note: if you select new tax regime, there will be no deduction in respect of interest on loan borrowed for self-occupied

property,

**Section 80TTA**: Deduction can be availed upto Rs. 10,000 on interest earned from savings accounts.

**Section 10(13A)**: Salaried persons can also claim exemption on House Rent Allowance.

Actual Annual HRA Disbursed

40% or 50% of Basic Salary

Actual Rent Paid less than 10% of Basic Salary

Deductions or exemptions available for losses incurred in stock trading through a Demat account

The losses incurred can be set off against both Short-Term Capital Loss and Long-Term Capital Gains in financial year or can be carried forward for up to 8 years. LTCL set off against LTCG from transfers made applicable after April 1, 2018.

Know about [Set off and Carry Forward of Losses](#)

Treatment of Tax for dividends received

Dividend income are taxable as per the income tax slab rates.

**For example**, if an individual falls in the 30% income tax slab, all dividend income received by them would be taxed at 30%.





## Editorial Board



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