



Students Journal

Rajkot Branch of WICASA



LEAP TOWARDS EXCELLENCE, ACHIEVEMENT AND DEVELOPMENT

Rachnatmak

September 2022



**HAPPY
NAVRATRI**





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From the Desk of WICASA Chairman



CA. TejasDoshi
Chairperson,
Rajkot Branch of
WICASA

My Dear Students,

Warm Greetings from CA. Tejas Doshi

As the Chairman of the WICASA, I take this opportunity to seek your forgiveness for any mistakes that I might have knowingly or unknowingly committed – **Michhami Dukkadam!**

The month of September was fully divine and spiritual with the warm blessings of Ambe Maa, hectic and burdensome due to Tax Audit season. With all the positivity and enthusiasm towards holistic life, I pen down few things that are worth knowing for the Youth of this Profession. Firstly, Live a focused life despite of so much of tension or stress. Secondly, take time to meditate and believe in yourself. God and Time, both eternal forces resolve the toughest phases of life. Thirdly, in order to enhance the professional pursuits it is highly recommended that you take your articleship seriously. Gone are the days where a CA earns through routine audits. A variety of new opportunities are being added day in and day out. Times are getting tough, so are the compliances that various stakeholders demand.



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Above all, take time to acknowledge the lives, energies and efforts your parents put in, render them respect and devote at least half hour a day. These are some real stress boosters. This profession will be sailing smooth as it is now without you but what shall stay with you are your parents and family. I shall never discourage you all from having materialistic approaches towards life, they are part and partially the complete life depending forces. But with this stress gainer month, I would recommend having a spiritual life too.

August was a month of euphoric activity at branch as the month started with a wonderful **Picnic and Tracking at Osam Hills** and **Industrial Visit** of Vitrified Tile manufacturing company at **Nexion International Pvt. Ltd.** (a Multinational Company). It was great to see the networking and bond that developed amongst the students. We had a very special **76th Independence Day** celebrations started with **Flag Hosting** followed by amazing performances for **Patriotic Singing & Poetry Recitation Competition** by CA Students on the theme of Independence. We had organize various Technical sessions like **Amendments in Schedule III & CARO Reporting, Regional Full Day Seminar on Direct Tax and Regional Half Day Workshop on 'Real Estate Regulatory Authority (RERA)**.

The month of September promises to be a very enriching month with lot of sessions planned for the students on technical areas like Full Day Seminar on Concurrent Audit of Banks and Financial Institutions, International Taxation, Seminar on English and Ethical values, Full day Workshop on Capital market etc.



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We have special Presentation Programme by CA Students organized by Students Skills Enrichment Board (SSEB) on the occasion of "Teachers' Day". Also we had planned for Quiz and PPT Competition and various sessions on Career Counselling.

With all big hearts and zillions of smiles, I wish **Happy Navratri!**

With best regards,



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Managing Committee of Rajkot Branch of WICASA for the year 2022-23



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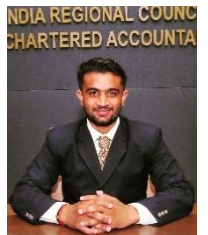


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Concept of Transfer Pricing

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Concept of Transfer Pricing

Before Understanding what is main objective of transfer pricing we need to understand what is transfer what is transfer pricing.

Meaning of Transfer Pricing:

It is nothing but an interchange transaction , a transfer price is the amount charged between linked parties. Transfer prices have a direct impact on the distribution of taxable income among national tax jurisdictions. As a result of rate fluctuations its direct impact on company's income after tax.

There are 2 Main Objectives of Transfer Pricing:

Distinct Profit for each division and allowing each division's performance to be evaluated separately. The whole impact of Transfer Pricing not only on the Earnings but also on the how the company's Resources are allocated.



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What is the Importance of Transfer Pricing:

- ✓ Multinational corporations (MNCs) have some control over how income and costs are distributed to subsidiaries situated in various countries for management accounting and financial reporting purposes.
- ✓ Occasionally, a subsidiary of a firm may be segmented or reported as a stand-alone entity.
- ✓ Transfer pricing assists in properly allocating income and expenditures to such subsidiaries in these instances.
- ✓ A subsidiary's profitability is contingent upon the pricing at which inter-company transactions occur.
- ✓ Transfer pricing may have an effect on shareholders' wealth in this case since it affects the company's taxable income and its after-tax, free cash flow.

Transfer Pricing Methods:

1. Comparable Uncontrolled Price Method
2. Resale Price Method
3. Cost Plus Method
4. Profit Split Method
5. Transactional Net Margin Method
6. Other Method as Provided in Rule 10AB

1. Comparable Uncontrolled Price Method(CUP)

- ✓ Comparable transactions are compared to see whether there are any differences in pricing or terms (between unrelated entities). A commercial database is needed for this strategy to work.



- ✓ The idea of Arms-length [ALP] cannot be used if the economic and financial circumstances of the relevant companies alter between the two transactions.
- ✓ This is the most effective approach for meeting ALP requirements.

2. Resale Price Method

- ✓ The price at which a commodity is resold to a single entity is referred to as the resale price.
- ✓ Resale value is the price at which an independent business purchased the item.
- ✓ Reselling price margin is needed to determine the amount of money needed by the reselling party to meet the costs of linked sales and operational expenditures.

3. Cost Plus Method

- ✓ It is transaction analysis method that examines a controlled transaction between transaction between the Supplier and Consumer.
- ✓ This approach is used in that cases where transaction done for Semi-finished items.

4. Profit Split Method(PSM)

- ✓ The use of PSM is evaluated in transactions involving the transfer of unique intangibles or when the activities of the parties to the transaction are so intertwined that the contributions of individual parties cannot be valued independently.



5. Transactional Net Margin Method(TNMM)

- ✓ Multinational Corporations like this method because this method compares the net profit margin obtained in a regulated transaction to the net profit margin achieved by a third party in a similar transaction.
- ✓ It can also take into account a third party's net margin on a similar transaction with another third party.

6. Other Method as Provided in Rule 10AB

- ✓ Rule 10AB of the CBDT has now retroactively prescribed the "other method" with effect from April 1, 2012. The Assessment Year 2012-13 (i.e., FY 2011-12) and future years are covered by Rule 10AB.
- ✓ A new rule was developed that compares the real price of uncontrolled transactions, which looks to be comparable to the CUP Method.
- ✓ This allows for a flexibility in the selection of five recommended procedures for determining ALP.

Controlled exports (ex. Ban on wheat export) and essential imports (ex. crude oil) can be reason of CAD. Cut on some duties and increase in government expenditure may result in fiscal deficit.

CAD can be controlled by encouraging various exports and decreasing imports of non-essential things. Fiscal deficit can be controlled by rationalize government expenditure. Capital expenditure may prove as a productive, income generating, and employment generating expenditure. Foreign investment should be encouraged to maintain value of rupee.



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Poetry Corner



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BIRTH

It happened years after I was born
When I was given a dark frown
Dreams lit up in that case
And my mind began to race.
It was harsh but fine
Because I never needed the wine
It was in pin drop silence
That created a significant violence
So then there was 'I'



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And not 'me',
Not in forced but free.
Alone yet alive
I started to survive
It took strength and courage
But I was out of cage.

Then I knew the meaning of 'to fly'
Again it was inevitable 'to cry'
It presented me with high
But never escaped low.

Then I took birth to live
Not to life
And decided to lie down,
But not to die around.



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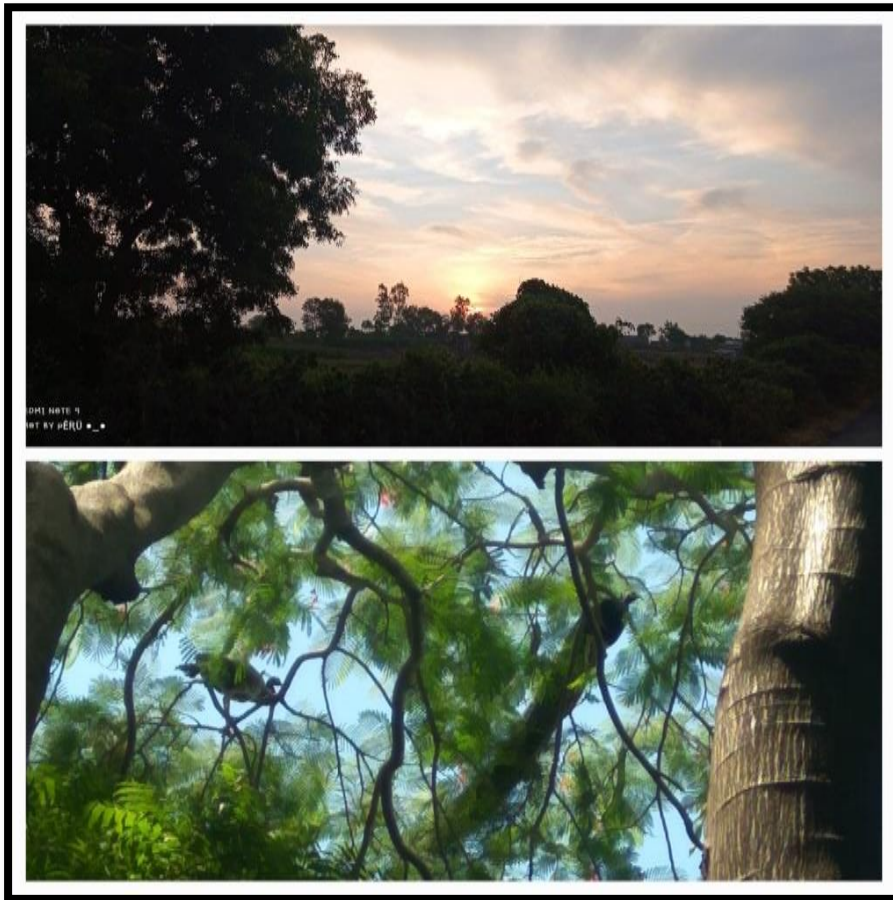


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Photography Corner



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Art Corner



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Meme Corner



Multiple choice
questions be like! 😂



WHEN YOU CLEAR CA FINAL



Pandit ko bula le. Main shaadi karega.



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Glimpses of August 2022 Events

Trekking & Picnic – OSAM Hills





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Industrial Visit – Nexion International PVT. LTD.





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Regional Seminar - Amendments in Schedule III and CARO effective from FY 2021-22 and Practical





Full Day Seminar on Direct Tax





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Flag Hosting





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Free Primary Eye Check-up Camp





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Patriotic Singing & Patriotic Poetry





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Felicitation Program





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Regional Half Day Workshop on 'Real Estate Regulatory Authority (RERA)'





Tech Pulses



Cognitive Computing

What does cognitive mean in technology ?

Cognitive technologies are products of the field of artificial intelligence. They are able to perform tasks that only humans used to be able to do. Examples of cognitive technologies include computer vision, machine learning, natural language processing, speech recognition, and robotics.



What is the role of cognitive computing?

The cognitive computing system processes enormous amounts of data instantly to answer specific queries and makes customized intelligent recommendations. Cognitive computing in healthcare links the functioning of human and machines where computers and the human brain truly overlap to improve human decision-making



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Is cognitive computing the same as AI?

Cognitive computing systems are thinking, reasoning and remembering systems that work with humans to provide them with helpful advice in making decisions. Its insights are intended for human consumption. AI intends to use the best algorithm to come up with the most accurate result or action.

What are cognitive computing tools?

Cognitive computing describes technology platforms that combines machine learning, reasoning, natural language processing, speech, vision, human computer interaction, that mimics the functioning of the human brain and helps to improve human decision making.

How is cognitive computing used in education?

Cognitive computing uses self-teaching algorithms, data mining, computer vision, and natural language processing to solve problems.” These systems are poised to optimize human operations in education as well as other industries. IBM Watson is an example of a cognitive computing system being deployed in education



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Do You Know?

DO YOU
KNOW?



**IF JUPITER WERE AS CLOSE TO
THE EARTH
AS MOON IS,
THIS IS HOW IT WOULD LOOK.**



**THIS RAILWAY CROSSING IS
LOCATED
IN NAGPUR. IT'S CALLED
"DIMOND CROSSING" BECAUSE
IT IS THE POINT WHERE
INDIAN RAILWAY MEETS FROM
NORTH TO SOUTH & FROM EAST
TO WEST. THIS ONLY OF ITS
KIND IN THE WORLD & IT'S
PRESENT ONLY IN INDIA
(INCREDIBLE INDIA).**



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