



**THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA**
(SET UP BY AN ACT OF PARLIAMENT)



ARTIFICIAL INTELLIGENCE

2023 MARCH

E-NEWSLETTER

THRISSUR BRANCH
OF SOUTHERN INDIA REGIONAL COUNCIL
OF INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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EDITOR'S DESK



Dear Professional Colleagues,

I take this opportunity to thank all of you for giving me the support and feedback to discharge my duties as the newsletter-in charge during the year 2022-23.

I am delighted that my last edition is a special one. CA Subin has penned an exquisite article on Artificial Intelligence.

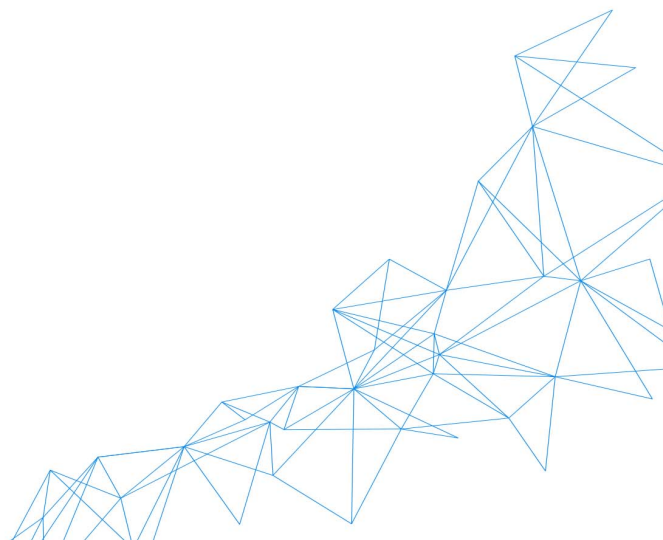
We have also managed to get an interview with the Immediate Past Chairman CA Ajith Kaimal. He has opened up and shared his reflections of the last one year.

I take this opportunity to wish all the lady members a very Happy Women's Day.

Happy Reading.

Jai Hind Jai ICAI.

CA. DIVYA DHARMARAJAN



CHAIRMAN'S MESSAGE



Dear Professional colleagues,

As I take over as the 44th chairman of Thrissur branch of SIRC of ICAI, I am overwhelmed with pride and delight, equally conscious of the great responsibility of the position. I take this opportunity to Thank, team 2022-23 lead by CA Ajith Kaimal for all his contributions to the branch and achieving the second best branch award in our category. I thank all my predecessors for their immense contribution over the years to bring glory to our profession and branch.

Members

This year apart from regular CPE seminars and workshops, we are planning to conduct a year long train the trainers program, to create more faculty members from our branch in various subjects.

Students

Thanks to the efforts of our past chairperson and their committee members, staff and students, our branch grown to an education hub for CA students in Kerala. Quality of education and affordability will be ensured while designing and conducting the program. Apart from regular coaching classes for Foundation, intermediate and final we are designing batches exclusively for repeaters and batches for attending Mock tests etc....

This year our mission is to inculcate confidence makeover among CA students to true professional.

We are planning to start a counselling and mentoring cell for the benefit of the students with the help of counselling and mentoring professional along with members from our CA fraternity.

Congratulate all the newly appointed committee members.

Once again thank members of the CA Fraternity for their faith on our team.

Jai ICAI Jai Hind

**CA. JEEN PAUL
CHAIRPERSON**

ARTIFICIAL INTELLIGENCE : CHAT GPT - HOW WE CAN INTEGRATE WITH PRACTICE



CA SUBIN V R

As Chartered Accountants, we have been relying on Google for many years for our professional work. Google has been an indispensable tool for searching for case laws, acts, provisions of the act, formats of letters, appeals and many more. However, with the advent of advanced Artificial Intelligence (AI) technologies, the use of Google may soon become a thing of the past. ChatGPT, a language model developed by OpenAI, is one such AI-powered tool that has the potential to revolutionize the way we work.

ChatGPT is an advanced language model that offers a range of features that surpass Google's capabilities. It has advanced natural language processing capabilities and can understand the context of questions asked in plain English. ChatGPT provides specific answers to questions, unlike Google which often returns a large number of irrelevant results. ChatGPT has a more intuitive and user-friendly interface, allowing users to receive answers to questions in seconds without having to navigate through multiple pages. With these features, ChatGPT can save CAs valuable time and improve their efficiency.

Let's consider a practical case. one of our NRI client received an income tax notice for NRE FDs more than Rs.10 lakhs. He does not have any income in india. If we prompt to Chat GPT, to write a reply letter to the income tax officer stating that he is NRI for more than 20 years, and NRE interest is not taxable, and all deposits are NRE FDs, quoting the relevent section from income tax act, for exemption of NRE interest, and attaching the confirmation from bank, this is what we are getting.... Chat GPT exactly give us a letter, not thousands of models or links as Google do.

To: The Income Tax Officer
Name of Tax Office

Dear Sir/Madam,

I am writing to you in response to the income tax notice you have sent to me regarding my Non-resident External (NRE) fixed deposit (FD) accounts with a total balance of more than Rs.10 lakhs. I am an Non-Resident Indian (NRI) and have been living outside India for over 20 years.

I do not have any income in India and all my deposits are NRE FDs. I would like to inform you that according to Section 10(4)(i) of the Income Tax Act, 1961, interest earned on NRE FDs is not taxable in India. I also attached confirmation letter from Bank as an evidence that these all are NRE FDs. I hope this clarifies my position and I look forward to hearing from you soon.

Sincerely,
[Your Name]

Let's have a look at the other features of Chat GPT, where we can use this wonderful tool to integrate with our practice.

1.Audit Program:

ChatGPT can be used to create an audit program that is tailored to the needs of the client. By analyzing the client's financial statements and other relevant information, ChatGPT can provide recommendations on the areas that require greater scrutiny during the audit. This can help ensure that the audit is comprehensive and thorough, and can help identify any

potential issues or discrepancies.

I had given the following prompt. And see the Audit programme given by Chat GPT !

“prepare an audit program for Bank Audit in India especially for Statutory Audit of Branch of a Nationalised Bank”

Here is a general outline for an audit program for the statutory audit of a branch of a nationalized bank in India:

1. Initial Planning

- Review of the bank's previous audit reports, financial statements, and regulatory filings
- Meeting with branch management and obtaining an understanding of the branch's operations and accounting systems
- Identifying key risks and areas of focus for the audit

2. Risk Assessment

- Assessing the risk of material misstatements in the branch's financial statements
- Identifying areas that require further testing or investigation based on the identified risks

3. Internal Controls

- Evaluating the adequacy and effectiveness of the branch's internal controls
- Testing key controls to determine whether they are operating effectively
- Identifying weaknesses in the internal control system and recommending improvements

4. Substantive Testing

- Testing of account balances and transactions to obtain sufficient and appropriate audit evidence
- Vouching of transactions to source documents and examining supporting documentation
- Testing of estimates, including impairment of assets and provisions for loan losses
- Confirming balances with third-party institutions and customers

5. Reporting

- Evaluating the accuracy and completeness of the financial statements
- Drafting the audit report and communicating the findings with branch management and the audit committee

- Discussing any significant findings or concerns with bank management and making recommendations for improvements

It's important to note that this is just a general outline, and the actual audit program will need to be tailored to the specific requirements of the bank and the branch being audited. Additionally, it's important to adhere to the auditing standards and guidelines issued by the Institute of Chartered Accountants of India (ICAI) and other regulatory bodies.

2. Using Excel:

CAs no longer need to be Excel experts to create customized spreadsheets thanks to ChatGPT. With its advanced natural language processing capabilities, ChatGPT can guide users in creating formulas for tax slabs, advance tax computations, and other financial models. This is especially useful for CAs who may not have the time or resources to become Excel experts. By providing accurate and relevant data, ChatGPT can help CAs make informed decisions and save time. This feature is essential for streamlining financial modeling, budgeting, and forecasting, making ChatGPT an indispensable tool for financial professionals.

For example we need to calculate the income tax slab as per old regime. Just give the below prompt, Chat GPT will give you a formula that can be applied to get the tax.

Total income is given in cell A1. give me an excel formula to compute tax with below criteria. If income is 5 lakhs or below - no tax, from 5 lakhs to 10 lakhs - tax will be 12500+20% of amount excess of 5 lakhs. Above 10 lakhs 112500+30% of amount excess of 10 lakh

=IF(A1<=500000,0,IF(A1<=1000000,12500+(A1-500000)*20%,112500+(A1-1000000)*30%))

3. Case Law Research:

ChatGPT can be used to conduct research on case law, allowing CAs to quickly and easily access relevant cases and rulings. By analyzing the case law, ChatGPT can provide insights and recommendations on how to proceed with a particular case, and can help ensure

that CAs stay up-to-date with the latest legal developments.

This is the result given by Chat GPT for the following prompt

list out recent case laws under section 80P of the income tax act

Section 80P of the Income Tax Act provides for the deduction of income tax for cooperative societies. Here are some recent case laws under Section 80P:

1. The Karnataka High Court in the case of *The Mysore Mercantile Co-Operative Bank Ltd vs. The Assistant Commissioner of Income-tax (2021)* held that a cooperative society cannot be denied the benefit of Section 80P merely because it provides banking services to its members.

2. In the case of *ITO vs. Swadeshi Vachanalaya Sewa Sahakari Bank Niyamit (2020)*, the Pune Bench of the Income Tax Appellate Tribunal held that the interest earned by a cooperative bank from its investments in other banks and financial institutions is eligible for the deduction under Section 80P.

3. The Kerala High Court in the case of *Mavilayi Service Co-operative Bank Ltd vs. Assistant Commissioner of Income Tax (2020)* held that a cooperative society cannot be denied the benefit of Section 80P merely because it allows non-members to deposit money in its fixed deposits.

4. In the case of *Rajkot Nagarik Sahakari Bank Ltd vs. ACIT (2019)*, the Gujarat High Court held that the income earned by a cooperative society from non-members cannot be denied the deduction under Section 80P merely because it exceeded the income earned from members.

These are some of the recent case laws under Section 80P of the Income Tax Act. It is important to note that the interpretation of law may vary from case to case and it is always advisable to seek professional advice before taking any actions based on these cases.

4. Accounting Standard Practical Issues:

ChatGPT can be used to address practical issues related to accounting standards. By analyzing the specific requirements of the standards, and can help ensure that the financial statements are accurate and comply with the relevant standards. Just see the below practical case. The Company has some trade receivables that are due after 14 months from the date of the balance sheet; the management of the Company expects to receive the amount within the period of the operating cycle. Despite the fact that these are receivable in 14 months, the management would like to present these as current. Is the management's decision correct? refer Accounting standard 1 issued by ICAI

This is the response from Chat GPT and the solution is exactly correct too..!!

As per Accounting Standard 1 (AS 1) issued by the Institute of Chartered Accountants of India (ICAI), current assets are assets that are expected to be realized in cash or sold or consumed during the normal operating cycle of the business or within 12 months from the reporting date, whichever is longer.

In this case, if the management expects to receive the trade receivables within the period of the operating cycle, despite the fact that they are due after 14 months from the date of the balance sheet, then the management's decision to present these as current assets may be correct as per AS 1.

However, it is important to note that the management's expectation should be reasonable and supported by appropriate evidence. If there is any doubt about the recoverability of the receivables within the operating cycle, then the receivables should be classified as non-current assets.

In addition, the management should disclose the nature and amount of the trade receivables due after 12 months separately in the notes to the financial statements to provide transparency and clarity to the users of the financial statements.

5. This is not the entire list; it is just the tip of an ice berg ! Furthermore, CAs can leverage ChatGPT to quickly summarize lengthy articles or judgments, generate letters, project reports, and other documents, and create visually appealing PowerPoint presentations that are customized to the specific needs of the client. By using ChatGPT, CAs can save time and focus on more important tasks, such as analyzing data, making informed decisions, and providing high-quality services to their clients.

However, it's important to note that ChatGPT has its own limitations. While it can generate text and data-driven insights, it may not always be able to provide the level of analysis and interpretation that a human expert can provide. Additionally, ChatGPT is only as accurate as the data it has been trained on, which may be limited in certain cases. Therefore, it's important for CAs to use their professional judgment and expertise in conjunction with ChatGPT to provide the best possible outcomes for their clients.

CA. SUBIN V R

AN INTERVIEW WITH THE IMMEDIATE PAST CHAIRMAN CA AJITH KAIMAL



CA AJITH KAIMAL

1. What is the perspective that you had at the beginning and at the end of the chairmanship?

One year has come to an end so quickly. There were many things that I was unable to do. We were able to achieve a huge level of interaction during the year. I was also able to learn a lot of lessons. The fact that the learning process has come to an end makes me feel emotional. This last 1 year has been a continuous learning process, a process to become a better human being. So now after stepping down also I am looking forward to many more opportunities to become a better person.

2. Four years in the Branch Managing Committee. Did you consider the first 3 years as a preparatory phase to take up this coveted post? Did you take mental notes from your predecessors?

I learnt a lot from CA Silpa who is also my sister. She being an enigmatic leader I could learn a lot from her through observation. Second year I was secretary to CA Anoop G. He was more like a brother to me. As a secretary I was involved mainly in the execution of works delegated to me. CA Anoop G observed a proper channel of work delegation. In the third year during chairmanship of CA Aryan I was the Vice Chairman and I was engaged in the decision making process. Aryan Sir practiced an inclusive decision making system and asked me for my opinion for each and every matter so that helped me to improve my perspective and analysis of a problem. The process flow was gradual, got the right inputs at the right time with the right team. First 3 years was a very good experience and aided me a lot during my chairmanship year.

3. Can you recall and narrate an difficult situation/decision that you took during your tenure and how you were able to overcome that issue?

There have been Difficult situation and difficult decisions also. One such instance was with the regard to the classes being conducted in the branch premises.

We had decided to go ahead with the Final CA classes at the branch premises (Physical mode) it was just soon after the covid. Our branch was the only institute to conduct physical classes at that time. We received a huge number of responses from the students. It was a tight schedule, we brought in renowned faculties from all over India. The classes were going on smoothly suddenly we faced some adversities. Some faculties fell severely sick due to covid as a result of which they lost their voices. As you know the voice is an asset for a teacher. This led to sudden cancellation of scheduled classes as the faculties were unable to teach. There was a mass unrest among students fearing that they may not receive the necessary classes within the scheduled time. Fortunately all these issues were solved in no time. I must at this point appreciate our branch staff especially Mr Danesh who handled this issue with adept presence of mind and was able to arrange alternative faculties at short notice and complete the syllabus in time. I also had the opportunity to interact directly with students and understand their issues at a closer level.

Another adverse situation we faced was during one of the CPE seminars. We had planned a CPE Seminar which was helmed by CA Jomon K George. As per the estimates taken by the Branch Staff after placing direct calls to members we were expecting around 45 members for the event and we had arranged the seminar in one of the smaller halls. But much to our surprise almost 100 members turned up for the seminar. Along with the agile branch staff we were able to accommodate all these members comfortably. Those who could not be seated in the hall were moved to the Chairman's cabin and could see the seminar through zoom.

I believe in planning one day before for any event. So that things go smoothly. But sometimes things may not go as planned .

One thing I want to highlight here is that our members are extremely cooperative and would be willing to adjust provided you explain the same to them in a proper manner.

4.What is the biggest lesson you learnt during your leadership?

Chairmanship is a glamorous role. One should not forget that the respect you get is because of the position you occupy and not due to any other factor so we must ensure that this factor does not make one egoistic . Respect is directed to the chair. We should carefully do the duties related to that chair. I was not very good in duty delegation but now I have understood that with a proper art of delegation there is a lot of free time that one can set aside. Right directions at the right time to the right people can help a lot and with proper follow up , things will go as planned.

5.How do you plan out your day and how do you set goals for yourself?

I wake up at 5am daily, once I wake up reflect upon my day give out the necessary instructions wherever required then go for a morning walk . I return by 6.30-7.00 am , then I plan out my office work , send out necessary mails and instructions to my team. I also prefer to delegate the duties to my secretary and the branch staff early in the morning itself. I chart out the day like this , so that I have enough time to accommodate any contingencies . I think I have spent more time in the branch than in my office during the last year.

6.How have you managed the 3 big roles last year- Chairman, Family Man and Partner of an Audit Firm?

My first priority during the last year was the institute. My partners have played a huge role to fill in the void that my absence created and they have managed the firm by keeping me in loop in all important decisions With regard to my performance as a family man. I think my family is supposed to answer that. I had mentally prepared my family for this one year and had

informed them about my limitations. There were times when I was not there when my family needed me. But it was an already expected situation and the motive was to set aside time for the institute.

I appreciate my wife Prajitha for being the most supporting person who stepped up to the occasion and filled in the void that my absence had created in the household.

7.Do you feel satisfied and do you think you have done justice to your role.

Yes, I feel satisfied. Whether I have done justice to my role or not is up to the members to decide. The ideas and thoughts I had in the beginning of my tenure are different from what ideas I had towards the end.

I feel there were certain things I could have done better if I had planned in better way. There are lot of things left to do . I am looking forward to the next 2 years.

8.What are you passionate about?

I am passionate about my practice. I love the challenges it throws. I want to be a good speaker and become a resource person. I wish to improve my oratory skills

9.What is the advice you want to give the future chairpersons?

I am not a person capable of advising others . People who will occupy this chair may be more richer in experience than me. The only thing I want to say is that by being the Chairperson you are going to be face of this institute. So be responsible and you must do full justice to this seat and so there should be conscious decision to take up this role only whole heartedly.

Glimpses

FEBRUARY 23



**02.02.2023 CPE SEMINAR ON "ANALYSIS OF UNION BUDGET -2023"
JOINTLY WITH ICSI THRISSUR CHAPTER, TMA AND BANKER'S CLUB**

FACULTIES:-

CA.VIVEK KRISHNA GOVIND, EKM CA.R KRISHNAN, ALAPPUZHA MS. BIJI S S , THRISSUR



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