



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



2022 JUNE

E-NEWSLETTER

THRISSUR BRANCH

OF SOUTHERN INDIA REGIONAL COUNCIL

OF INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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NEWSLETTER IN CHARGE
& SICASA COORDINATOR

CA. DIVYA DHARMARAJAN

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EDITOR'S DESK



Dear Members,

I understand that by now most Chartered Accountants in practice would have started their Audits and would be busy ferrying between giving guidance to your team for an effective Audit process and of course answering the never-ending queries of the clients.

In the midst of being snowed under heaps of work, emails and phone calls we are often reminded of our childhood which seemed like an uncomplicated, carefree phase when life was all about having fun and enjoying ourselves. We all love hearing the cackling, giggling and uninhibited screams of joy from children who are out and about playing. Now as adults we are busy pursuing a career, job and even relationships. It is important to bring an element of play to enhance our life experiences, professions and relationships. Being physically and mentally active releases endorphins that improve the brain functionality and stimulates creativity.

On the Eve of CA Day Celebrations, the Branch has conducted several sports activities which saw a good number of participations. We are all eagerly looking forward to the CA Premier League Football Tournament a one of kind event. I am confident that it will turn out to be joyous event symbolizing teamwork, diversity, effective communication, promoting friendship and in short will be welcome break from our routine activities.

It is important to bring an element of play to enhance our life experiences, professions and relationships. Being physically and mentally active releases endorphins that improve the brain functionality and stimulates creativity.

So, I urge you my dear members to set aside some time to rejuvenate your mind and body so that it helps in the overall achievement of your life & career goals.

On another note, I take this opportunity to remember CA Preethu Jayaprakash a Chartered Accountant based out of Kochi who recently passed away due to illness. She has been a source of inspiration as she passed the CA Exam in spite of fighting permanent disability arising out of a rare genetic disorder. I hope the Almighty gives her grieving family the strength to overcome this loss.

In this edition of the Newsletter we have the Concluding Article on Cryptocurrency as brilliantly penned by CA Rajmohan.

Looking forward to your suggestions and feedback.

Happy Reading.

CA DIVYA DHARMARAJAN
NEWSLETTER-IN-CHARGE

CHAIRMAN'S MESSAGE



Dear professional colleagues,

The month of May has just passed. I know that most of us have started our regular assignments like audits and tax consultations. We Chartered Accountants function as a bridge between the assessee and the government. We may have to complete all the assignments in a time bound manner as probability of extensions of due dates are low this year. As the saying goes, "An hour of planning can save 10 hours of doing", we CAs should plan ahead.

The branch was fortunate to attend a meeting organised by Board of Studies (Academic) where in which it was informed that MCA has given an in principal approval to the Proposed Scheme of Education and Training for CA course. It was further informed that the scheme has to be exposed to the stakeholders for 30 days for seeking inputs and suggestions. I request the members to provide their valuable inputs.

The month of May was a flurry of activities by ICAI Thrissur. During last month, we conducted six CPE seminars.

1. On 05/05/2022 we had a CPE Seminar on Nidhi (Amendment) Rules whose faculty was CS. Thomas K from Thrissur.

2. On 12.05.2022 we had a CPE Seminar on overview of latest amendments in LLP Act, issues faced in the new v3 MCA portal, and annual compliances for private limited companies & LLP whose faculty was CS. Fasal Rahman from Kozhikode.

3. On 21.05.2022 we had a CPE Seminar on Accounting standards for MSMES & recent changes, guidance note on derivatives, and NPA provisioning when banks move into IND AS whose faculty was CA. Vinod Balachandran from Kochi.

4. On 25.05.2022, we had a CPE Seminar on Accounting standard (AS) 10 property, plant, and equipment whose faculty was a women speaker CA. Rinta Antony who is a very active member of Women's club of Thrissur ICAI.

5. On 27.05.2022, we had a CPE Seminar on role and importance of Chartered Accountants and other professionals under RERA various judgements with respect to professionals, important and impactful HC and SC judgements under RERA, importance of knowledge of other laws related to immovable property while advising the promoters. The same was handled by two faculties by name CA. Vinay Thyagaraj and Adv. Susail Ahmed both from Bengaluru.

6. On 30.05.2022 we had a CPE Seminar on replying to notices and assessment procedure and the faculty was CA. Jatin Christopher from Bengaluru.

I do recognise the efforts put in by the speakers.

The Management Committee of the branch also met once during the month i.e., on 19/05/2022. Also, the branch conducted coaching classes for Foundation, Intermediate and Final for the coming examinations. Also conducted integrated courses AICITSS –Information Technology, AICITSS-MCS, ICITSS–Information technology, ICITSS –Orientation Programme. All the academic activities of the branch is being conducted in full flow. I also use this occasion to thank the members of Thrissur branch for the fact that 280 members utilized the ARS early bird offer.

Jai ICAI Jai Hind

CA. AJITH KAIMAL R
CHAIRMAN

41ST

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022

NOTICE

The 41st Annual General Meeting of the Members of the Thrissur Branch of Southern Regional Council will be held in the month of July. The detailed notice etc., for the said meeting will be sent by e-mail, in due course, to the members whose e-mail ids are on the records of the Branch. Members who have not furnished their e-mail ids are requested to provide their e-mail ids to enable the above notice being emailed to them also.

THRISSUR BRANCH OF SIRC OF ICAI

CRYPTO-CURRENCY (PART 3) – THE CONCLUSION



CA. RAJMOHAN R

Cont....

Crypto – Fraud

Fraud is a deliberate act (or failure to act) with the intention of obtaining an unauthorized benefit, either for oneself or for the institution, by using deception or false suggestions or suppression of truth or other unethical means, which are believed and relied upon by others.

And the latest area is the Crypto fraud and it is on the raise, Victims have lost over \$1 billion in cryptocurrency scams between January 2021 and March 2022 according to a report released by the Federal Trade Commission Bitcoin made up 70% of crypto-related scams followed by tether at 10% and Ethereum at 9%. Further, nearly four out of every ten dollars stolen originated from social media. Meta-owned Instagram, Facebook and WhatsApp led the way originating 32%, 26% and 9% of all the fraud in the report, respectively. Telegram came in at 7%.

Some of the methodology used by fraudster are

- Fraudsters may pose as legitimate virtual currency traders or set up bogus exchanges to trick people into giving them money
- Fake investments scam allegedly starts with a promise of huge returns for investors and preying on people's limited understanding of cryptocurrency.
- Romance scams came in second to investment fraud. According to the FBI, romance scams occur when a criminal creates a fake online identity to gain a victim's affection and trust then proceeds to manipulate and steal from the victim.
- Fraudulent sales pitches for individual retirement accounts in cryptocurrencies etc.

Unlike the traditional banks, there is no formal way to flag suspicious activity and it is only possible to reverse transactions with a private key that is difficult to acquire. This paired with people's limited knowledge of cryptocurrency results in many people being defrauded

regularly. The rising incidence of fraud has triggered renewed interest in stricter regulation.

Fraud Cases

Crypto also **provides criminals new opportunities for theft**. They can hack investors' crypto wallets and steal their currency; they can set up fake wallets to bilk counterparties; and they can set up phony crypto exchanges to steal customers' money.

Cryptocurrency fraud has taken a quantum leap in recent years. **The Federal Trade Commission (FTC) received nearly 6,800 complaints of cryptocurrency investment scams from October 2020 through March 2021**, up from 570 in the same period a year before. Reported losses grew more than tenfold to above \$80 million.

Rs 2000-crore GainBitcoin Ponzi scheme scam

In 2018, Amit Bhardwaj, a businessman, cheated over 8,000 people of a total amount of over Rs 2,000 crore. He orchestrated a multi-level marketing scam and lured investors to give him Bitcoins in exchange for higher returns. He introduced a contract of 18 months offering a 10 percent return. Amit Bhardwaj defaulted on his promise, did not give returns and later fled the country. The Pune Police arrested Amit and seven others associated with him in March 2018.

The key accused of the GainBitcoin Ponzi scheme recently died of cardiac arrest on January 15th 2022.

Rs 1,200-crore Morris coin fraud (In 2020)

The latest of the crypto frauds, the Morris coin fraud, was unearthed in 2022. Over 900 investors were allegedly duped of Rs 1,200 crore by a website offering a fake cryptocurrency called Morris coin. They had invested in the 'initial offering' of the fake cryptocurrency.

Nishad, the prime accused, of the Morris coin scam, was arrested by Kerala police. The Enforcement Directorate (ED) later joined the investigation after several complaints

were filed at various police stations in Kerala. The ED carried out searches in 11 places including Delhi, Tamil Nadu, Kerala and Karnataka, after it was discovered that three Bengaluru-based companies were behind the entire plot. Nishad was also the director of one of the companies.

Caution by Authorities

RBI

RBI through various press note and circulars has cautioned Banks and public about investment and trading of crypto assets. The Reserve Bank of India advises that it has not given any licence / authorisation to any entity / company to operate such schemes or deal with Bitcoin or any virtual currency. As such, any user, holder, investor, trader, etc. dealing with Virtual Currencies will be doing so at their own risk.

SEBI

SEBI said that crypto assets are neither defined as securities under Securities Contracts (Regulation) Act, 1956 or SCRA, nor are they notified as securities by the Central Government.

The Securities and Exchange Board of India (Sebi) has red-flagged prominent public figures, including celebrities, sportsmen, etc. endorsing crypto products in any kind of advertisement. Based on the premise that cryptos are unregulated entities, the Sebi informed a parliamentary panel that any prominent public figure must be held responsible for making endorsements which result in case of possible violation of the Consumer Protection Act or any other law.

Actions to be taken by Fraud Victims

Make sure to report fraud and other suspicious activity to whatever crypto exchange you used to complete the crypto transaction and to the following bureaus:

Crypto customer complaint cell/ Help desk

Kerala Police – cybercrime divisions

National Cyber Crime controlling Authority etc

Tax Impact

The Reserve Bank of India (RBI) and the Union Government have not given any full recognition to all cryptocurrencies and many people have invested and

started trading in cryptocurrencies. Thus, they are treated as capital asset and taxed appropriately based on the Finance Act 2022.

Cryptocurrencies are not fully recognized in the country but Govt has treated it as Capital asset and also distinguishes between cryptocurrencies and crypto assets. The Union Finance Minister Nirmala Sitharaman during the Union Budget 2022-23 in February announced a 30 per cent tax on income from these transactions, which includes a 1 per cent deduction at source. [That is 30 per cent tax on profits made from the transfer of crypto assets and non-fungible tokens (NFTs)].

The services such as crypto mining along with sales and purchases are likely to attract the 28 per cent GST if the proposal goes through in the GST council meeting. The 28 per cent GST will be in addition to the 30 per cent income tax on earnings from crypto asset transactions. There is also 1 per cent TDS (tax deducted at source) on transactions in such asset classes above a certain threshold. Gifts in crypto and digital assets are also taxed. A new section called '115BBH' has been added in the Income Tax Act, 1961, to tax digital assets.

The End

CA. RAJMOHAN R

Glimpses

MAY 22



05.05.2022

CPE SEMINAR AND DISCUSSION ON NIDHI (AMENDMENT) RULES, 2022

SPEAKER : CS. THOMAS K, THRISSUR



12.05.2022

CPE SEMINAR ON OVERVIEW OF LATEST AMENDMENTS IN LLP ACT,

SPEAKER : CS FASAL RAHMAN, KOZHIKODE

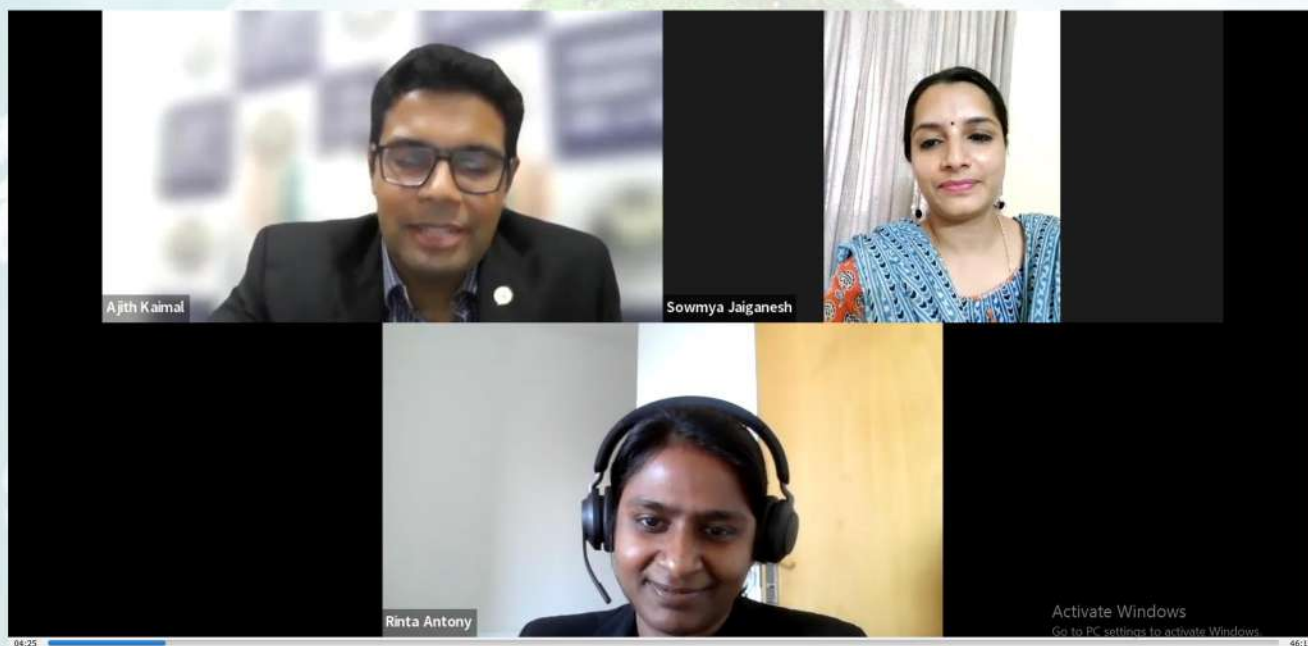
Glimpses

MAY 22



21.05.2022

CPE SEMINAR ON ACCOUNTING STANDARDS FOR MSMEs & RECENT CHANGES
SPEAKER : CA. VINOD BALACHANDRAN, ERNAKULAM



25.05.2022

VCM ON ACCOUNTING STANDARD (AS) 10 PROPERTY, PLANT, AND EQUIPMENT
SPEAKER : CA. RINTA ANTONY THRISSUR

Glimpses

MAY 22



27.05.2022

VCM ON ROLE AND IMPORTANCE OF CHARTERED ACCOUNTANTS AND OTHER PROFESSIONALS UNDER RERA
SPEAKER : CA. VINAY THYAGARAJ, BENGALURU. ADV. SUHAIL AHMED, BENGALURU.



30.05.2022

CPE SEMINAR ON REPLYING TO GST NOTICES AND ASSESSMENT PROCEDURES
SPEAKER : CA. JATIN CHRISTOPHER, BENGALURU



"The Sky, The Mountain, The Tree, The Animal,
Give Us A Delight In And For Themselves. "



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