

THE BOMBAY CHARTERED ACCOUNTANT JOURNAL

VOL. 53 ISSUE 11 | FEBRUARY 2022 | PAGES 120 | PRICE: ₹100

DOES TRANSFER OF EQUITY SHARES UNDER OFFER FOR SALE (OFS) DURING THE PROCESS OF LISTING TRIGGER ANY CAPITAL GAINS?

**PURPOSE OF A COVERED TAX AGREEMENT, PREVENTION OF TREATY ABUSE
- ARTICLE 6 AND 7 OF THE MLI**

THE GHOST OF B.C. SRINIVASA SETTY IS NOT YET EXORCISED IN INDIA



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REPORTING ON
FINANCIAL POSITION**

**AUDIT QUALITY MATURITY MODEL
- WHAT IS YOUR SCORE?**



EDITORIAL

THE MISSING MIDDLE - MADHYODAYA

Can we say that **DONE** includes **NOT DONE/HALF DONE**, just as income includes loss? How do we factor in the impact of not doing something? While Budget making is super difficult as there are innumerable impossible expectations from diverse interest groups, one can **break up its OUTCOMES** into the following baskets:

1. **Antyodaya**¹ – *pulling out* those in dire need for basics – health, education, food, homes, water. These must reach them to bring them out of despair and helplessness and find dignity and opportunities.
2. **Madhyodaya** – *rising* of the taxpayers, MSMEs, risk-takers, working-class, consumers etc.; the middle class
3. **Bhavishyodaya** – *beneficial creation* whose outcome is in the future and will result in situation change. Includes infrastructure, investments, and the like that are like sowing seeds, building today that will bring enduring benefit and transform the landscape of living and doing business.

1 and 3 only aim to bring as many people into the middle class: the oil and wheel of the economy. Yet, **Madhyodaya** is often ignored, although the middle class should become as big as it can, where most populace should ideally be. Balance of these results in **Sarvodaya – the RISE of ALL**.

For **Madhyodaya** to occur, amongst other things, we need an entire system purged of a lot of dross by **Arresting absurdities, undoing unFAIRNESS, and reducing REVENUE BLINDNESS**². UNDOING these is equally important as DOING so many other things, and they are mutually exclusive. The

¹ Coined by Shri Deen Dayal Upadhyay, one of the founding fathers of the BJP.

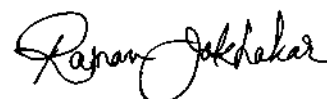
² Perpetual endemic that affects tax officers, and doesn't allow them to apply the law fairly due to blindness caused by collection targets.

Union Budget could have looked more closely at these.

Take STT, as an example: It was introduced when the tax on capital gains was abolished, and a more efficient source-based mechanism was brought in 2004. However, this government brought tax back, but 'forgot' or 'ignored' or 'winked' at the STT's reversal, I guess. So today, you pay **STT** and **tax on CG**. Although it is tax, you cannot adjust it against tax on capital gains. It is an irrecoverable tax (unlike TDS or TCS) on loss where you still pay even when you incur loss – an unheard of structure in the tax world. For 2022-23 STT is estimated 60% higher at Rs. 20,000 Cr (collection of STT in 2019-20 was Rs. 6,000 Cr and Rs.12,500 Cr in September 2021 compared to an estimate of Rs. 12,500 Cr for the year 2021-22).

Crypto tax seems to suggest such a line of thinking to tax it without set off amongst other things when several crore people are reported to hold crypto. Since it is not currency – it can have GST implications. It is imperative that north block understands that the middle class is constantly trying to grow their tax paid savings to beat insidious inflation and taxes to stay afloat. On a lighter note, a wise man commented: **the plausible cause of no tinkering of personal taxes and procedures could be the debilitated Rs. 4,000 crore tax portal!**

While we congratulate FM for doing away with 1,486 union laws from GOI's attic, the point is this: **let's do the same in tax laws and eradicate the absurd, unfair, arbitrary, outdated, complex, litigative and all that with the potential for abuse by administrators!**



Raman Jokhakar
Editor

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*पिबन्ति नद्यः स्वयमेव नाम्भः, स्वयं न खादन्ति फलानि वृक्षाः ।
नादन्ति सस्यं खलु वारिवाहाः, परोपकाराय सतां विभूतयः ॥*

The rivers do not drink their own water. The trees do not eat their own fruits. The clouds do not eat the crops to which they give the water. The wealth of the good people is really only for helping the others.

— Subhaashit Ratna Bhandagaar

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