



Mangaluru Branch of SICASA of ICAI

GARUDA

Monthly Newsletter

JUNE

WHAT'S INSIDE?

- SICASA Chairman's Message
- Activity Report
- Articles
- Upcoming Events

CHAIRMAN'S MESSAGE

Greetings and Acknowledgement

Dear Students,

Warm greetings to all of you! As we conclude June 2025, I would like to extend my heartfelt congratulations to the SICASA Students' Committee and our dedicated volunteers for the resounding success of VIMARSH 2025 – the CA Students Mega Conference, held on 13th & 14th June in Mangalore. Your efforts, coordination, and commitment were instrumental in making this event a grand success.



CA. B. NITHIN BALIGA
SICASA CHAIRMAN

A special note of thanks to all the student participants who took part enthusiastically and made the conference lively and meaningful. We are also extremely grateful to the principals of various CA firms who extended their kind support by encouraging and permitting their students to participate. Your collective contribution helped us deliver a truly enriching experience.

CHAIRMAN'S MESSAGE

Events Planned for July 2025

We now look ahead to an exciting month of technical and interactive events in July 2025, designed to enhance student learning and engagement:

- A fun-filled Outdoor Sports Event, encouraging fitness and bonding beyond books.
- A Technical Session on AIS & Form 26AS to enhance understanding of income tax reporting and reconciliation.
- An Advanced Technical Session on Depreciation under the Companies Act, 2013 and Deferred Tax Asset/Liability Calculations to strengthen core accounting and tax concepts.
- A Full-Day Workshop on Artificial Intelligence (AI) to explore its growing relevance in finance, auditing, and the CA profession.

We invite all students to actively participate and make the best use of these learning opportunities.

CHAIRMAN'S MESSAGE

Continued Support and Collaboration

We sincerely thank all students, volunteers, members, and principals for their continued support. With your involvement, SICASA Mangalore is committed to organizing more impactful and career-enriching events in the months to come. We look forward to your wholehearted participation and encouragement.

Warm regards,

CA Bantwal Nithin Baliga

Chairman, SICASA – Mangalore Branch of SIRC of ICAI

The image shows a template for an activity report on a light brown, textured background. A faint, large outline of a clipboard with a checklist is centered in the background. The text "ACTIVITY REPORT" is prominently displayed in the center in a bold, black, sans-serif font. The entire page is framed by a decorative black line with a repeating swirl pattern.

ACTIVITY REPORT

GAME-A-THON 2025



Organized by the Mangaluru Branch of SIRC of ICAI and the Mangaluru Branch of SICASA of ICAI, this exciting event witnessed students and members competing in Badminton, Table Tennis, Carrom, and Chess.

With energy, enthusiasm, and true sportsmanship on display, Game-A-Thon was a perfect blend of fun and friendly competition.

A big thank you to all the participants and volunteers who made it a memorable and successful event! 🙏

VIMARSH

CA STUDENTS' MEGA CONFERENCE 2025



VIMARSH: The Mega Conference of CA Students was a vibrant two-day celebration that brought together aspiring Chartered Accountants from across the region for a dynamic blend of knowledge, expression, and connection 🌟

Organized by the Mangaluru Branch of SIRC of ICAI and Mangaluru Branch of SICASA of ICAI, the event featured insightful technical sessions, impactful student paper presentations, a thought-provoking panel discussion, and captivating cultural performances 🎭

With energetic participation, meaningful learning, and unforgettable memories, VIMARSH truly embodied the spirit of leadership, growth, and togetherness 🌟🌟.





INTERNATIONAL YOGA DAY



On the occasion of International Yoga Day, the Mangaluru Branch of SIRC of ICAI and the Mangaluru Branch of SICASA of ICAI organized a rejuvenating yoga session. The event witnessed active participation from members and students, embracing the spirit of health, harmony, and mindfulness 🌞

Here's to making well-being a way of life!

STUDY CIRCLE



**CRACK THE CODE:
DECODING THE P/E RATIO
FOR SMARTER INVESTING**
H NIKHIL SHENOY



Mangaluru Branch of SICASA of ICAI successfully conducted an enriching Study Circle session on the topic "Crack the Code: Decoding the P/E Ratio for Smarter Investing" led by H. Nikhil Shenoy.

The session offered valuable insights into understanding and applying the Price-to-Earnings (P/E) ratio, empowering students to make informed financial decisions and enhance their investment acumen.

We extend our heartfelt thanks to the speaker and all the participants for making this session a great success 🌟



ARTICLES

WHERE PLANS END AND POSSIBILITIES BEGIN

INTRODUCTION:

There is a famous saying that goes, “In the book of life, the next chapter is always unwritten. What we choose today becomes the ink that shapes tomorrow.”

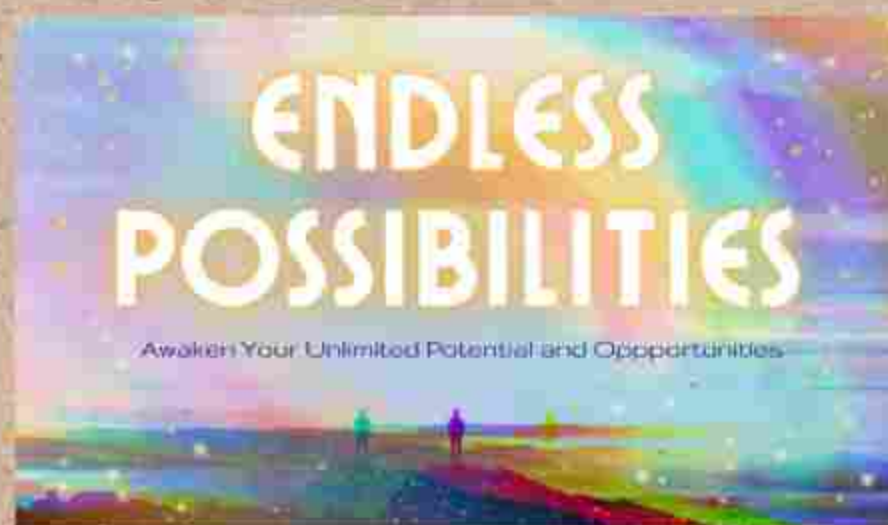
We live in a world that moves fast, shifts often and rarely gives us a warning before changing direction.

One moment we're riding high on plans and ambitions, and the next we're questioning everything. Whether it's a personal setback, an unexpected loss, a sudden opportunity or a twist in our career journey, life constantly reminds us that tomorrow is never guaranteed. It is a blank page, waiting to be written—but with no promises. As aspiring Chartered Accountants or even as professionals already in the field, we often map out life like a spreadsheet—predictable, calculable and structured.

But reality isn't a formula. It's fluid. The balance sheet of life doesn't always tally. And maybe, that's the beauty of it.



Shannel Dsouza
SRO0798373



The Fragility of Now

Think back to times when plans fell apart—an exam postponed, a result delayed, a personal challenge interrupting a perfect schedule. At that moment, it might have felt like the world was crumbling. But over time, we adapted. That's because life never hands out a manual. It teaches us through surprises.

In this unpredictability lies an important truth: Every Moment Matters. We often wait for the “right time” to call a friend, to pursue a passion or to just pause and breathe. But life has its own timeline. The present, though fragile, is the only guarantee we have. What we choose to do with it is what will shape our future.

Resilience Over Routine

As CA students, our lives are often guided by routines—early mornings, revision plans, mock tests, deadlines. But when life throws a curveball, those routines may crack. This is where resilience matters more than routine. The ability to rise when plans fail, to bend but not break, to trust the process even when the path is foggy, that's what defines true strength.

Uncertainty doesn't mean weakness. It simply means we're human. And while we cannot predict what tomorrow brings, we can choose how we show up today.

Writing Our Own Chapter

If tomorrow is a blank page, then we are the writers. Every act of kindness, every hour of honest work, every decision made with courage—these are the lines we write. And the best part? The story doesn't need to be perfect. It just needs to be real.

So, let's not fear the unknown. Let's be excited by it. Because in the randomness of life lie the best lessons, the richest growth and the most unexpected joys. We may not have control over what happens next, but we do have control over our attitude, our effort and our values.

CONCLUSION:

The truth is—life will always remain a little uncertain, a little messy and a lot unpredictable. But in this uncertain world, one thing stays powerful: our ability to begin again, to adapt and to dream even with shaky hands. Let's embrace the unwritten tomorrow, with hope in our hearts and purpose in our steps. Because the story is still ours to write.

THE CHARTERED ACCOUNTANT OF TOMORROW: BALANCING ETHICS WITH INNOVATION

Every year, on the 1st of July, we celebrate Chartered Accountants Day - a day that reminds us not just of the legacy we inherit, but of the responsibility we shoulder. A profession built on the pillars of trust, transparency, and truth, and one that's now steadily walking into a future shaped by technology, transformation, and trailblazing ideas.

But the big question for every CA student and professional today is this: Can we remain ethical while being innovative? Can we adapt without losing our values?



Apeksha A Kamath

SRO0757783

The New Age CA: A Different Battlefield

Gone are the days when a Chartered Accountant was known only for tallying books or filing returns.

The CA of tomorrow is a tech-savvy strategist, a data storyteller, a sustainability consultant, and often, a boardroom decision-maker.



With tools like AI-driven audits, blockchain-based ledgers, predictive financial modelling, and automated tax platforms, the game has changed and so must the player.

But while technology helps us move faster, the compass that keeps us moving in the right direction is still the same ethics.

Ethics: The Timeless GPS in a Changing World

Innovation without ethics is like a rocket without navigation fast, but lost.

A CA's signature still holds legal weight. Our reports still guide investors, regulators, and governments. And one wrong decision, even under pressure or for profit, can shake the credibility of the entire profession.

As future CAs, we must understand:

- Data may be king, but integrity is the kingdom.
- Automation may replace manual effort, but judgment can't be coded.
- Innovation can scale a business, but ethics sustains it.

Balancing Both: The Path Ahead

The way forward is not to choose between ethics and innovation - but to blend them.

- Use AI, but audit its biases.
- Implement blockchain, but question its misuse.
- Promote start-up accounting, but never compromise disclosures.
- Leverage tech tools, but keep human values at the core.

Tomorrow's CA isn't just a professional - they're a custodian of trust in a digital world.

On this CA Day, let's go beyond just celebrating who we are.

Let's acknowledge what we are becoming future-ready professionals who don't just adapt to change, but drive it ethically.

Remember:

- Each subject you study isn't just for exams - it's shaping your analytical mind.
- Each challenge in articleship isn't just a task - it's a lesson in humility and ethics.
- Each failure, each retry, each sleepless night - is quietly building the future face of the profession.

One day, you'll walk into a boardroom, and your opinion will steer decisions.

Your signature will carry legal and moral weight.

Your silence will speak volumes and your truth will hold value in the eyes of clients, regulators, and the public.

So dream beyond the results.

Dream of becoming a CA the world can trust not just for intelligence, but for integrity.

Conclusion: The CA of Tomorrow Is a Changemaker

As we celebrate CA Day, let us remember:

- The past gave us prestige.
- The present demands performance.
- And the future will ask for purpose.

The Chartered Accountant of tomorrow must be a guardian of ethics in a world of exponential innovation.

Let us rise to that calling - not just with books in hand, but with values in our hearts.

Happy Chartered Accountants Day!



Let's keep the flame of integrity burning bright - even as the world turns digital.

CIRCLE OF COMPETENCE: WHY YOU SHOULD KNOW YOUR LIMITATIONS BETTER THAN YOUR STRENGTHS

Have you ever heard of Sun Wukong?

A Monkey King from Chinese legends who is said to be so powerful that he even had his name struck off from the list of people who can die — and became immortal. There is also another legend which says that Buddha once challenged him to leap out of his hand. But no matter how far or high he leaped — even reaching the edge of the world — he found that he had never left Buddha's palm.

This story is a testament to the fact that no matter how capable you are, you're only at your best within your own playground — where you have experience playing in. Outside it, not only are you at a disadvantage, but you also transfer the advantage to those who have spent more time in that playground than you. Your playground is your **circle of competence**, and as you approach the perimeter of this circle, you slowly begin to lose the edge you hold.



H Nikhil Shenoy
SRO0774397



Regardless of how big your circle currently is, it is bound by certain limitations.

You can be good at one, two, or hell — even ten things — but you cannot be the best in every room you enter.

But what you can do is be the best in the room that you've already been to — i.e. your area of expertise, which can be one or more.

Charlie Munger once said:

"All I want to know is where I'm going to die so I'll never go there."

This one statement emphasises how important it is to know your circle of competence — and not leave it unnecessarily. At times, it is even more important than knowing your strength.

But here's the twist: even when our competence ends, as we go out of our circle, our **confidence** doesn't always go down. And this mismatch — of confidence without competence — only makes us look more stupid in front of those who are wiser in that subject area.

For example, you can ask **Bhuvan Bam** to make a comedy video, thriller series, or even a music video — and he'll probably ace all of them.

But you cannot expect him to be good at, let's say, investing in real estate or even stocks for that matter.

It's just outside his circle of competence.

But that doesn't mean he's not successful — just because he isn't good at investing his money.

To be mega successful, you don't always need to fix every weakness — you overcome your weakness by focusing so deeply on your strengths that even your weakness won't impact you significantly.

It's much better to say:

"I don't know this, so I'm gonna stay out of it."

than to say:

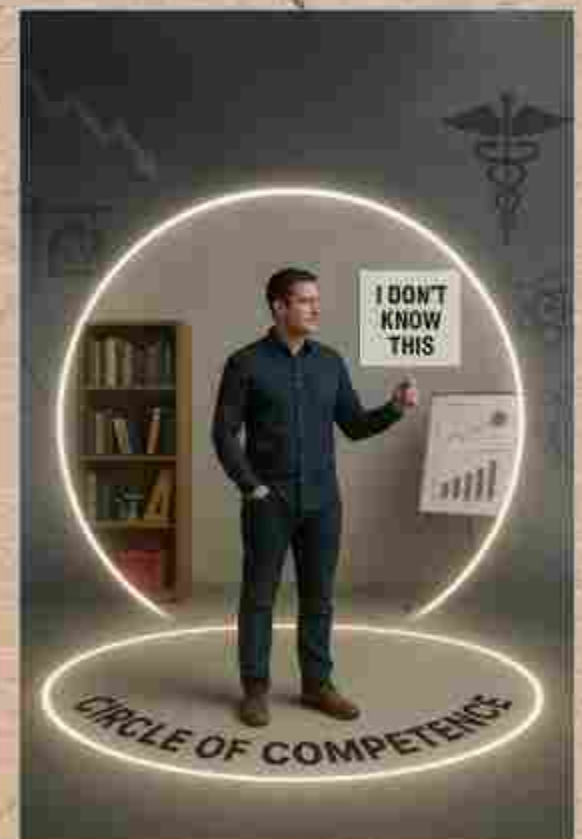
"I don't know this, but I'm gonna get into it anyway."

especially when there's a lot at stake — like feeding your family.

Conclusion:

But this also doesn't mean that you never attempt to **expand** your circle of competence.

It is important to evolve, to grow, and to push your circle outward — because in a world where the only constant is change, standing still is as risky as going too far.



AGRICULTURAL INCOME

Agricultural Income is a primary source of livelihood for many rural communities worldwide. It remains a vital source of income, particularly in rural economies. Under Indian tax law, agricultural income includes more than just earnings from farming — it extends to landowners who lease their land as well. Payments can be in cash or kind and typically arise from growing crops, cultivating land, or selling agricultural produce.



Samiksha
SRO0668225

Agricultural income may arise in any one of the following three ways:

1) Rent or Revenue derived from land situated in India and used for agricultural purposes.

The amount received in money or in kind, by one person from another for right to use land is termed as Rent.

Example: Rohan owns a farm and rents it out to a farmer for Rs.50,000 per year. This rent is considered agriculture income.

Rent can either be received by the owner of the land or by original tenant from subtenant.

- Landowner: Receives rent from a tenant who cultivates the land.

- Example: Mr. Sharma owns a farm and rents it out to Farmer A for ₹50,000 per year.
- Original Tenant: Receives rent from a subtenant who cultivates the land.
- Example: Farmer A (original tenant) rents Mr. Sharma's farm and sublets it to Farmer B for ₹60,000 per year. Farmer A earns ₹10,000 ($₹60,000 - ₹50,000$) as rent from the subtenant.

2) Income derived from such land

Agriculture

Market Ready

Selling agricultural produce

Agriculture

Agriculture can be broadly termed as cultivation of field involving human skill and labour on land.

Earnings from the sale of seedlings or saplings grown in a nursery are treated as agricultural income.

Basic Operations	Subsequent Operations
<p>Ploughing, Sowing, Planting etc are the operations lay the foundation for crop growth and are essential for agricultural production. These are the basic operations.</p>	<p>Actions such as weeding and digging, that are carried out as the produce emerges from the ground. When basic operations are continuous, further operations would be agricultural operations.</p>

Market Ready

If a cultivator or landholder processes the produce to make it marketable — such as drying or cleaning — and sells it, the income remains agricultural as long as the fundamental character of the produce is retained.

Example: Cleaning paddy and packaging it as rice does not change its character — this is still agricultural income.

However, if processing goes beyond basic preparation and transforms the produce the resulting income is considered business income, not agricultural.

Selling agricultural produce directly to market from farm or rent

If agriculture produce is sold directly without processing it is considered agricultural income.

If processing adds beyond the raw produce, then the income is agricultural and non-agricultural income.

THE INCOME TAX HAS PRESCRIBED RULES TO MAKE THIS BIFURCATION REGARDING AGRICULTURAL AND NON-AGRICULTURAL PRODUCE FOR THE FOLLOWING GOODS.

	Agricultural Income	Non - agricultural income
Growing and manufacturing tea	60%	40%
Manufacturing Rubber	65%	35%
Growing and Curing Coffee	75%	25%
Coffee grown, cured, roasted and grounded with or without mixing chicory or other flavoring ingredients	60%	40%

3) Farm Buildings used for agricultural purpose

Provided that

a) Farm building used as a residence, storage or other farm related purpose located near the land.

b) The building should be on or in the immediate vicinity of the land

c) Land is either assessed to land revenue in India

Or subjected to local rate collected by government officers

Or if not

(I) Area known as municipality, notified area committee, town area committee or cantonment board and which has a population of not less than ten thousand.

(II) Area within the distance

Aerial distance from municipality	Population as per census
Within 2 KMS	10,000 to 1,00,000
Within 6 KMS	1,00,000 to 10,00,000
Within 8 KMS	More than 10,00,000

Population means the population according to last preceding census of which the relevant figures have been published before the first day of the previous year.

Other points:

- 1) Income derived from land or building arising from use of such land and building for any purpose including letting for residential purpose or for the purpose of any business or profession other than agriculture shall not be agricultural income.
- 2) If the produce from agriculture is subjected to any process other than process ordinarily employed to make the produce fit for market, the income arising on sale of such produce would be partly agriculture and partly non-agricultural income.

Question and Answers:

1) Is income from selling processed agricultural products (like Ghee) considered agricultural income for tax exemption purpose?

-No, the income is not exempt because butter making process is a factory operation separate from farming and the resulting product is not considered an agricultural product.

2) Mr B is managing agent in a company where part of company's income is agricultural income, Commission received by him is it exempt or not?

No, the commission is not exempt from tax because it's a remuneration for personal service, not agricultural income.

3) An agricultural landowner uses some land for grazing cows, which provide milk for family use and surplus milk is sold regularly. Is income from milk sales taxable?

Yes, if the milk sales are regular and commercial basis, it is considered business income not agricultural income.

4) Roy owns a forest land where trees grow naturally without any human intervention. He sells these tresses and earns income. Is this income exempt from tax as agricultural income?

No, because the trees grow spontaneously without any cultivation or agricultural operations, the income from selling them is not considered agricultural income and is taxable.

The above examples are reference from the ICAI material but in a simpler version.

CASE LAW SUMMARY

1) CIT vs Raja Benoy Kumar Sahas Roy (1957)

This landmark case revolves around the interpretation of "agricultural income" under the Indian Income Tax Act.

Background:

- Raja Benoy Kumar Sahas Roy owned a vast forest land (approximately 6,000 acres) with naturally grown trees. Sal and piyasal trees.

- The forest was around 150 years old, and the trees grew spontaneously without any human intervention or cultivation.

- Roy sold the trees and claimed the income as agricultural income, which is exempt from tax under Section 10(1) of the Income Tax Act.

Issue:

- The main question before the Supreme Court was whether the income from selling trees in a naturally grown forest constitutes "agricultural income" under the Income Tax Act.

Respondent claimed that it's an agricultural income, so it is not assessable under income tax act.

But Income tax officer rejected the claim assessed the net income after allowing deduction of expenditure incurred on maintaining of forest.

Appellate Assistant Commissioner and Appellate Tribunal also agreed that it is not an agricultural income.

Supreme Court's Decision:

Basic operation like tilling of land, sowing of the seeds, planting etc is necessary to establish an activity as an agricultural activity.

Mere Subsequent activity like weeding, cutting and guarding does not constitute agricultural operations.

Forest is said to be 150 years old, and all the trees can't be said to be grown by the respondent (Raja)

Key Takeaways:

- Agricultural income requires human intervention and cultivation.
- Income from natural growth without human effort is not considered agricultural income.
- This case sets a precedent for distinguishing between agricultural income and income from natural resources.

2) Bacha F Guzdar vs Commissioner of Income tax Bombay (1954)

The Supreme Court addressed whether dividends received by a shareholder from tea companies—whose income is partly exempt as agricultural income—could also be treated as agricultural income in the hands of the shareholder.

Facts of the case:

Mrs. Bacha F. Guzdar received as dividend from two tea companies. Under tax rules, 60% of a tea company's income is considered agricultural income and is exempt from tax.

She claimed that 60% of her dividend should also be exempt as agricultural income.

Legal Issue:

Whether the dividend income received by a shareholder is agricultural income under Section 2(1) and exempt under of the Income-tax Act, 1961.

Supreme Court:

The Court held that dividend is not agricultural income in the hands of a shareholder.

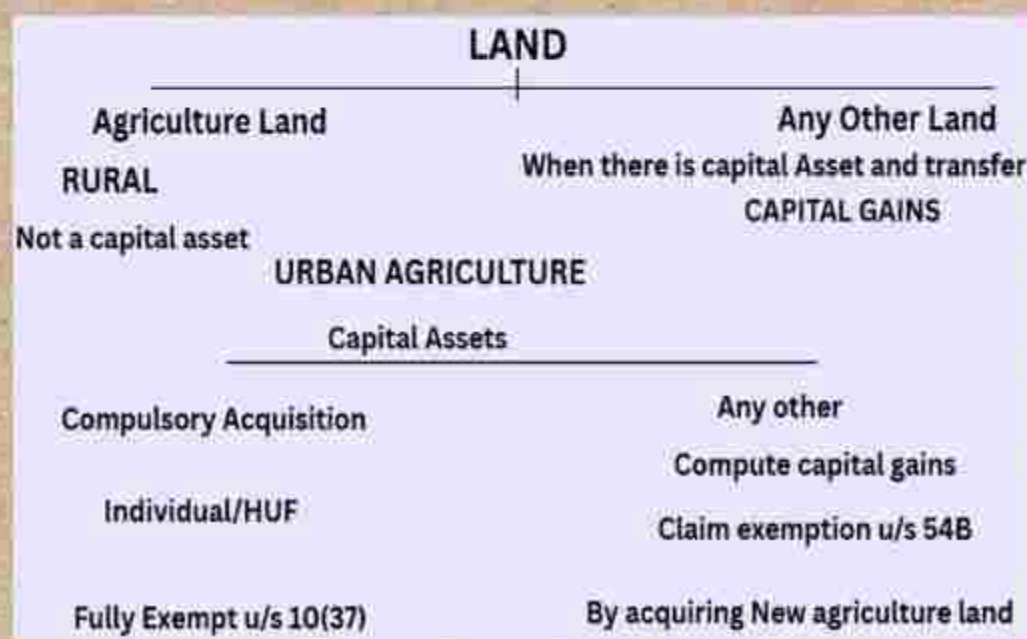
A shareholder does not have a direct relationship with the land or agricultural activities. Their rights are based on share ownership, not on agricultural production.

Even though the company earns agricultural income, when it distributes dividends, they are considered income from investment, not from land.

The Court distinguished between a company (a separate legal entity) and a partnership, where partners do have a direct stake in the firm's assets.

Conclusion:

The dividend income is taxable in full and not exempt as agricultural income.



Section 10(37)

Exemption of capital gains on compulsory acquisition of agricultural land specified within specified urban limit.

Tax Exemption on Compulsory Acquisition of Agricultural Land

When agricultural land is compulsorily acquired by the government, a special tax exemption applies. This exemption covers capital gains arising from the transfer of agricultural land to individuals or Hindu Undivided Families (HUFs) through compulsory acquisition.

Conditions for Exemption:

- The land must have been used for agricultural purposes for at least two years prior to the transfer date.
- The exemption applies to compensation or enhanced compensation received on or after April 1, 2004.

Objective:

This exemption aims to provide relief to farmers and landowners who lose their agricultural land due to compulsory acquisition, ensuring they are not taxed on the capital gains arising from such transfers.

SECTION 54 B

Tax exemption on capital gains from sale of agricultural land if reinvested in another agricultural land within 2 years

Conditions for Exemption:

1. Asset Transferred: Agricultural land (long-term or short-term capital asset).
2. User Requirement:
 - For individuals: Used for agricultural purposes by the individual or their parents for at least 2 years before transfer.
 - For HUFs: Used for agricultural purposes by any member of the HUF for at least 2 years before transfer.
3. Reinvestment Requirement: Purchase another agricultural land within 2 years from the date of transfer.

Exemption Calculation:

- Exemption amount is the lower of:
 1. Capital gains arising from the transfer of agricultural land.
 2. Investment in new agricultural land.

Additional Provisions:

- If the capital gain is not utilized for purchasing new land before filing the return, the amount can be deposited in the Capital Gains Deposit Account Scheme.
- The new land can be purchased within 2 years using the deposited amount.

- The new agricultural land has a lock-in period of 3 years; if sold within this period, the exemption will be revoked.

This exemption aims to support farmers and landowners by allowing them to reinvest in agricultural land without immediate tax liability.

Conclusion:

Agricultural income is generally exempt from tax under the Income Tax Act. Sections 10(37) and 54B provide additional exemptions.

Section 10(37) Exempts capital gains on transfer of agricultural land, supporting farmers and agriculture when there is compulsory acquisition.

Section 54B: Provides exemption on capital gains tax if gains from sale of agricultural land are reinvested in purchasing another agricultural land within a specified period.

The objective is to support and promote agriculture and farmers' welfare by reducing tax burden

The impact of the section is it encourages sustainable agricultural practices and investment in agriculture.

UPCOMING EVENTS

- Strikers Mania
- Technical Session on AIS & Form 26AS
- Advanced Technical Session on Depreciation
- Workshop on Artificial Intelligence
- Plantation Drive

EDITOR OF THE MONTH



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