NYCA's

# The ReCap

## A news to clear your doubts

A Monthly E-Newsletter

**March, 2024 / Vol 11**

For use by clients and firm personnel only

## What's Inside



## KEY METRICS

### Indices

| | | |
|---|---|---|
| BSE SENSEX | 72,500 | 01.04% |
| NSE NIFTY50 | 21,983 | 01.18% |
| NASDAQ Composite | 16,092 | 06.11% |

### Currency

| | | |
|---|---|---|
| USD/INR | 82.90 | 0.22% |
| EURO/INR | 89.55 | 0.35% |
| GBP/INR | 104.64 | 0.69% |

*Note: The month-on-month movement as on February 29, 2024 is represented in percentages Source: Yahoo Finance, Investing.com*

# COMPLIANCE ALERT

## March, 2024

### 7th March - Income Tax
Due date for deposit of Tax deducted/collected by an office of the government for the month of March, 2024. However, all sum deducted by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan

### 10th March - GST
GSTR-7 : Summary of Tax Deducted at Source (TDS) and deposited under GST laws for the month of March, 2024

### 11th March - GST
GSTR-1 : Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of January-March, 2024

### 13th March - GST
GSTR- 5 : Summary of outward taxable supplies and tax payable by a non-resident taxable person

### 13th March - GST
GSTR- 6 : GSTR 6 is a monthly return for Input Service Distributors (ISD) to provide the details of their inward supplies & distributed Input Tax Credit (ITC).

### 14th March - Income Tax
Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of February, 2024

### 15th March - ESIC & PF
PF deducted from the Employees salary in the month of March 24, needs to be paid on or before 15th of April, 2024 The payment of ESIC is made by every employer to the ESIC department on a monthly basis. The due date for ESIC is 15th April, 2024

### 15th March - Income Tax
Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of March, 2024

### 15th March - Income Tax
Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending March, 24

### 18th March - GST
CMP-08 : Quarterly Challan-cum-statement to be furnished by composition dealers

### 20th March - GST
GSTR-3B : Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of Jan - Mar, 24

### 30th March - GST
GSTR-4 : Yearly Return for taxpayers opted into the composition scheme

### 30th March - Income Tax
Due date for e-filing of a declaration in Form No. 61 containing particulars of Form No. 60 received during the period October 1, 2023 to March 31, 2024

### 30th March - Income Tax
Due date for deposit of TDS for the period January 2024 to March 2024 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H

# Direct Tax

## Notifications/Circulars

### CBDT notified Income Tax Return (ITR) Forms ITR-2, ITR-3 and ITR-5 for AY 2024-25

The CBDT has introduced new Income tax forms (ITR) for AY 2024-25. While the forms applicable to different assessee remains the same, these forms have been updated to gather additional information to enhance transparency in the financial transactions and to incorporate the amendments brought out by the Finance Act, 2023

NOTIFICATION G.S.R. 83(E) [NO. 19/2024/ F. NO. 370142/47/2023-TPL]

### CBDT releases order to waive off tax demand outstanding as of Jan 31, 2024; capped at Rs. 1 lakh per assessee.

The CBDT has released the provisional figures of Direct Tax collections up to January 10, 2024, for the Financial Year 2023-24. Direct Tax collection, net of refunds, stands at Rs. 14.70 lakh crore, which is 19.41% higher than the net collections for the corresponding period of last year. This collection is 80.61% of the total Budget Estimates of Direct Taxes for F.Y. 2023-24

ORDER F. NO. 375/02/2023-IT-BUDGET

### CBDT notifies Tax Information Exchange Agreement: India - Samoa

An agreement was signed between the Government of the Republic of India and the Government of Samoa on March 12, 2020, concerning the exchange of tax-related information. This agreement came into force on September 12, 2023. According to Article 12, Paragraph 2 of the agreement, it takes effect immediately upon entry into force. Therefore, the Central Government, under the powers conferred by section 90(1) of the Income-tax Act, 1961, notifies that all provisions of the agreement will be implemented in India.

NOTIFICATION S.O. 566(E) [NO. 21/2024/F. NO. 503/06/2012-FTD.II]


### Notification of Amendments in Income Tax Act Hierarchy Structure

The CBDT vide Notification No. 20/2024 dated February 06, 2024 has issued amendments in its earlier Notification No. 106/2022 dated September 02, 2022, under Section 118 of the Income Tax Act, 1961 ("the IT Act") regarding the changes include substituting terms and defining the hierarchy of income-tax authorities, particularly regarding the Commissioner of Income-tax (Appeals) units. Certain serial numbers and entries in the First Schedule are omitted, and a new Second Schedule is added. These amendments are effective from January 22, 2024, namely: -

1. Chief Commissioners of Income-tax as specified in Column (3) of the First Schedule shall be subordinate to the Principal Chief Commissioners of Income-tax as specified in Column (2) of the said Schedule;
2. Commissioners of Income-tax (Appeals) Unit as specified in Column (4) of the First Schedule shall be subordinate to the Chief Commissioners of Income-tax as specified in Column (3) of the said Schedule;
3. Commissioner of Income-tax (Appeals) Unit as specified in column (3) of the Second Schedule shall be subordinate to the Principal Chief Commissioner of Income-tax specified in column (2) of the said Schedule:

Provided that no order shall be issued so as to interfere with the discretion of the Commissioner of Income-tax (Appeals) in exercise of his appellate functions.";

The First Schedule and Second Schedule is appended below the above notification.

NOTIFICATION No. 20/2024 /F. No. 279/Misc./66/2014-ITJ (Pt.) 06-02-2024

# Judicial Rulings

## No reassessment to question charging of share premium if all relevant documents were submitted during scrutiny: HC

Where Assessing Officer issued reopening notice against assessee on ground that it had charged excessive share premium and nature of share application money received was not substantiated, since reasons recorded for reopening did not dispute that during year assessee had issued shares at premium and that Assessing Officer was only questioning excessive share premium but not doubting transaction itself whereby share premium had been received.

*[2024] 159 taxmann.com 32 (Bombay)[01-02-2024]*

## Loan received from Co. having common shareholder can't be treated as deemed dividend in hands of borrower Co.

In a notable case concerning the Income Tax Act, it was observed that when an assessee receives a loan from a company, and both the lending company and the recipient entity share a common shareholder who holds a controlling position in both entities, the deeming provisions of section 2(22)(e) of the Act would be applicable in the hands of the common shareholder, rather than the recipient entity. This ruling sheds light on the intricate dynamics involved in transactions between closely related entities and emphasizes the importance of considering the broader corporate structure and relationships while interpreting tax provisions. It underscores the significance of discerning the true nature and implications of financial transactions, especially in cases where there are common shareholders wielding influence over multiple entities. This decision serves as a reminder of the complexities inherent in tax law interpretation and the need for meticulous analysis to ensure accurate application of statutory provisions.

*[2024] 159 taxmann.com 609 (Kolkata - Trib.)[19-02-2024] |*

## Delay in payment of tax can't be equated with wilful attempt to evade tax; HC quashes prosecution

The Bombay High Court quashed a criminal complaint filed by the Income Tax Department against Unique Trading Company and its partners under Section 276C(2) of the Income Tax Act, 1961. The court ruled that the delay in tax payment was not intentional, as the company promptly paid the due tax upon receiving the show cause notice. It noted that the tax was paid in full within five days of receiving the notice, along with

was paid in full within five days of receiving the notice, along with interest, and that the company had declared its income and assessed self-assessment tax. Therefore, the court quashed the prosecution for the alleged offence.

*[2024] 159 taxmann.com 216 (Bombay) [05-02-2024]*

## SC strikes down Electoral Bonds Scheme as Unconstitutional

The Supreme Court, in a landmark unanimous judgment, struck down the electoral bond scheme on February 15, 2024. The scheme, which provided anonymity to political donors and allowed unlimited political donations from corporations, was deemed unconstitutional and manifestly arbitrary. The court held that it violated voters' right to information about political funding under Article 19(1)(a) of the Constitution. The judgment emphasized concerns about corruption, quid pro quo arrangements, and economic inequality resulting from the scheme's provisions. Amendments made to related laws, allowing blanket anonymity for political contributions, were also invalidated.

*[2024] 159 taxmann.com 383 (SC)[15-02-2024]*

# Indirect Tax

## Notifications/Circulars/Case Laws

### CBIC notified "Public Tech Platform for Frictionless Credit" for Enhanced Credit Ecosystem Sharing

The Central Board of Indirect Taxes and Customs (CBIC), through Notification No. 06/2024 –Central Tax on February 22, 2024, has officially recognized the "Public Tech Platform for Frictionless Credit" as a designated system for sharing information via the common portal with user consent. This platform, conceived by the Reserve Bank of India and developed by its subsidiary, the Reserve Bank Innovation Hub, aims to facilitate a robust credit ecosystem. It allows digital access to information from diverse sources for financial and data service providers through an open, enterprise-grade IT platform, employing a standard, protocol-driven, open, and shared API framework.

In accordance with the powers granted by the Central Goods and Services Tax Act, 2017, and the Integrated Goods and Services Tax Act, 2017, the Central Government, based on the Council's recommendations, specifies the "Public Tech Platform for Frictionless Credit" as the system for sharing information through the common portal, subject to consent under Section 158A(2) of the Central Goods and Services Tax Act, 2017. For clarification, the "Public Tech Platform for Frictionless Credit" is defined as an enterprise-grade open architecture IT platform, originated by the Reserve Bank of India in its "Statement on Developmental and Regulatory Policies" on August 10, 2023. Developed by its wholly-owned subsidiary, the Reserve Bank Innovation Hub, this platform serves the operations of a comprehensive credit ecosystem, ensuring digital access to information from various sources. Financial service providers and multiple data service providers converge on the platform utilizing a standard, protocol-driven architecture, and an open and shared Application Programming Interface (API) framework.

*Notification No. 06/2024 –Central Tax dated February 22, 2024*


### Mere technical error committed by petitioner in e-way bills could not result in imposition of harsh penalty: High Court

Penalty deemed unjustified due to technical error on four out of eight E-way bills with incorrect address, which matched registered office. Detention order set aside.

*[2024] 159 taxmann.com 404 (Allahabad)[12-02-2024]*

### ITC can't be rejected solely on ground that assessee had not claimed ITC in GSTR-3B: Madras HC

GST : Assessee claims eligibility for Input Tax Credit (ITC) and states that GSTR-9 (annual) returns were filed duly reflecting ITC claims of assessee, rejection of said ITC claims based solely on non-declaration in GSTR-3B without considering GSTR-9 and GSTR 2A returns was deemed invalid, therefore order rejecting said claim was quashed, and matter was remanded back.

*[2024] 159 taxmann.com 756 (Madras) [20-02-2024]*

### HC set aside demand order issued on basis of survey conducted by SIB whose report wasn't provided to assessee

GST : Where impugned order was passed against petitioner creating demand based on survey conducted by SIB, appeal filed against impugned order also rejected vide impugned appellate order, as petitioner did not put in appearance before appellate authority, not giving copy of SIB report to petitioner severely prejudiced case of petitioner, proceedings were in gross violation of principles of natural justice, impugned orders were to be set aside.

*[2024] 159 taxmann.com 617 (Allahabad)[16-02-2024]*

# Corporate & Allied Laws

## Notifications / Circulars

### MCA adopts a centralized approach for processing of all e-forms filed by Cos. starting from Feb 06, 2024

MCA has notified that w.e.f 06th Feb, 2024 the Central Processing Centre (CPC) shall process and dispose off e-forms filed by the Companies. Currently, the forms are processed by the jurisdictional Regional Directors and Registrar of Companies.

This move is aimed at freeing up capacity at the offices of Regional Directors and Registrar of Companies to deal with enforcement matters. The CPC will now be responsible for processing and disposing of e-forms, replacing the jurisdictional State Registrars in this capacity.

Further, it has been clarified that the jurisdictional Registrars shall continue to have jurisdiction over the companies whose e-forms are processed by the CPC in respect of all other provisions of the Companies Act, 2013.

*NOTIFICATION S.O. 446(E) [F. NO. A-42/46/2023-AD.II-MCA]*

### MCA extends the deadline for filing Form BEN-2 & Form 4D for LLPs without additional fees until May 15, 2024

In response to the transition of MCA-21 from Version 2 to Version 3 and with the aim of encouraging compliance among reporting Limited Liability Partnerships (LLPs), the Ministry of Corporate Affairs (MCA) issued notifications on 9th November 2023 and 27th October 2023 introducing E-forms LLP BEN-2 and LLP Form No. 4D.

To facilitate a smooth transition, LLPs are now permitted to file these forms, without incurring any additional fees, until 15th May 2024. The updated versions of these forms (Version 3) will be available for filing purposes starting from 15th April 2024.

*GENERAL CIRCULAR NO. 1/2024 [F. NO. 17/30/2018-CLV]*

### Introduction of the 'Change Request Form' on MCA-21 Portal for Enhanced User Convenience

The Ministry of Corporate Affairs (MCA) has introduced the 'Change Request Form' (CRF) on the MCA-21 platform to cater to exceptional needs not addressed by existing services. This web-based form, available on the V3 portal, facilitates requests to the Registrar of Companies (RoC), particularly for tasks like master data correction and compliance with court directives. RoCs must process the CRF within three days, forwarding it to the Joint Director (e-governance cell) for final decision-making within seven days. This initiative aims to streamline administrative procedures and enhance user convenience within the MCA-21 system.

*SEBI/HO/MIRSD/SECFATF/P/CIR/2024/12; Date: 20.02.2024*

### SEBI notifies guidelines for returning of draft offer document and its resubmission

SEBI has observed that at times, draft offer documents filed with the Board for public issue / rights issue are found lacking in compliance with respect to Schedule VI of ICDR Regulations. Such documents require revisions/changes and thus lead to a longer processing time. Now, for consistency in the disclosures & timely processing, SEBI has decided to issue 'Guidelines for returning of draft offer document and its resubmission'. This Circular shall come into force with immediate effect.

*CIRCULAR NO. SEBI/HO/CFD/PoD-1/P/CIR/2024/009*

# Policies & Schemes

## Start Up India Scheme

Startups are booming in India. The government is also supporting young entrepreneurs to establish startups. Startups help to boost the country's economy. A startup is a business that offers innovative products or services that provide solutions to a problem existing in society. A startup may also redevelop a current product or service into something better.

To access tax benefits and easier compliance, companies have to be recognized as Startups by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Startup India initiative. Startups recognized by DIPP can avail Intellectual property Rights (IPR) related benefits such as IPR fast-tracking and more without requiring any other license from the Inter-Ministerial Board. The current article provides a brief understanding of DPIIT Certificate of Recognition for Startups.

Startup India is a flagship initiative of the Government of India, intended to catalyze startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.

### Objective:

The Government of India, under the leadership of PM Narendra Modi, has started and promoted the Startup India initiative to develop the Indian economy, recognise and promote startups and attract talented entrepreneurs.

### Applicable Fee

The startups are not required to pay any fee to the Ministry of Commerce and Industry for obtaining the DPIIT Certificate of Recognition for Startups

### Eligibility Criteria:

1. The Startup should be incorporated as a private limited company or registered as a partnership firm or a limited liability partnership
2. Turnover should be less than INR 100 Crores in any of the previous financial years
3. An entity shall be considered as a startup up to 10 years from the date of its incorporation
4. The Startup should be working towards innovation/ improvement of existing products, services and processes and should have the potential to generate employment/ create wealth. An entity formed by splitting up or reconstruction of an existing business shall not be considered a "Startup"

### Why Stand-Up India?

When a business starts up in a small town or village, it brings money and growth to that place. With money and growth come more businesses, and more money and growth – the cycle feeds itself. By creating jobs, startups also help people make money for themselves and their families.

### Benefits of Start Up India

To access the benefits offered under the Startup India Initiative, entities must first receive recognition from the DPIIT as a startup. Recognized startups are granted the privilege of self-certifying compliance with six labor laws and three environmental laws for a period of five years from the date of incorporation/registration.

Additionally, startups enjoy a three-year tax exemption and have access to specialized intellectual property services and resources designed to assist in safeguarding and commercializing their intellectual property rights (IPRs).

### Exemption under 80 IAC of Income Tax

Following the acknowledgment of its startup status, a company has the opportunity to seek tax exemption under section 80 IAC of the Income Tax Act. Upon obtaining approval for tax exemption, the startup becomes eligible for a tax holiday spanning three consecutive financial years within the initial ten years from its incorporation.

### Exemption under section 56 of Income Tax :

Post getting recognition a Startup may apply for Angel Tax Exemption.

### Eligibility Criteria for Tax Exemption under Section 56 of the Income Tax Act:

- The entity should be a DPIIT recognized Startup
- Aggregate amount of paid up share capital and share premium of the Startup after the proposed issue of share, if any, does not exceed INR 25 Crore.

### Steps to Register Your Startup With Startup India

**Step1: Incorporate your Business**

you must first incorporate your business as a Private Limited Company, Partnership firm or a Limited Liability Partnership. You have to follow all the normal procedures for registration of any business like submitting the registration application and obtaining the Certificate of Incorporation/Partnership registration.

**Step 2: Register with Startup India**

- Visit the Startup India website and click on the 'Register' button.
- Provide essential information such as name, email ID, mobile number, and password.
- Confirm registration by entering the OTP sent to your email.
- Fill in additional details about the type of user, startup name, and stage.
- Click on the 'Submit' button to complete the registration process and create a Startup India profile.
- Once registered, startups can apply for acceleration and incubator/mentorship programs, access learning resources, explore funding options, and take advantage of government schemes and market access opportunities.

**Step 3: Get DPIIT Recognition**

- Avail recognition from the Department for Promotion of Industry and Internal Trade (DPIIT) by logging into the Startup India website.
- Under the 'Recognition' tab, click on 'Apply for DPIIT Recognition' and then 'Apply Now' to redirect to the National Single Window System (NSWS) website.
- Register on NSWS, add the 'Registration as a Startup' form, and fill the 'Startup Recognition Form' to obtain DPIIT recognition.
- Benefits include access to intellectual property services, relaxation in procurement norms, self-certification under labor and environment laws, easy company winding up, access to Fund of Funds, and a 3-year tax exemption.
- The comprehensive registration process aims to facilitate the growth of startups in India by providing them with essential resources, support, and recognition.

**Step 4: Recognition Application**

To complete the 'Startup Recognition Form' for DPIIT recognition, provide essential details including entity information, office address, authorized representative details, and information about directors/partners and startup activities. Navigate through each section by clicking on the plus sign on the right-hand side of the form. After filling all sections, acknowledge the terms and conditions, and submit the form by clicking on the 'Submit' button. This process ensures comprehensive submission of information required for DPIIT recognition.

**Step 5: Documents for Registration**

- Incorporation/Registration Certificate of your startup
- Proof of funding, if any
- Authorisation letter of the authorised representative of the company, LLP or partnership firm
- Proof of concept like pitch deck/website link/video (in case of a validation/ early traction/scaling stage startup)
- Patent and trademark details, if any
- List of awards or certificates of recognition, if any
- PAN Number

**Step 6: Recognition Number**

On applying you will get a recognition number for your startup. The certificate of recognition will be issued after the examination of all your documents which is usually done within 2 days after submitting the details online.

# Interim Budget Synopsis

| Aspect | Details |
|---|---|
| **Capital Expenditure Target for FY25** | 111 billion, marking an 11.1% increase |
| **Fiscal Deficit** | Revised estimate stands at 5.8% of GDP |
| **Direct Benefit Transfers** | Rs 340 billion through PM Jan Dhan accounts, resulting in savings of Rs 27 billion |
| **Priority Groups** | Emphasis on poor, women, youth, and farmers |
| **Skill India Mission** | Trained 14 million youth and established various educational institutions |
| **GST Impact** | Facilitated a unified market and tax system |
| **PM Awas Yojana** | Continued despite Covid challenges, targeting 30 million houses |
| **Defence Outlay** | Increased by 11.1% to 111.11 billion |
| **Infrastructure Development** | Converting 40,000 rail bogies to Vande Bharat standards<br> - Doubling airports to 149<br> - Indian carriers ordering 1,000 new aircraft |
| **Innovation Fund** | 1000 billion corpus with a 50-year interest-free loan for tech-savvy youth |
| **Mudra Yojana** | 340 million loans given to women entrepreneurs |
| **GDP Growth Projection for FY25** | Around seven percent |
| **Total Receipts (Excluding Borrowing)** | Revised estimate: 275.6 billion, with tax receipts at 232.4 billion |
| **Fiscal Deficit for FY25** | Projected at 5.1%, aiming to reduce it below 4.5% by FY26 |
| **Gross Market Borrowing for FY25** | Set at 141.3 billion |
| **Tax Benefits** | Provided for startups and extended investment incentives |
| **Tax Rates** | Remain unchanged for direct and indirect taxes |
| **Government's Focus** | Boosting domestic consumption, reducing rural stress, generating employment, and easing compliance burdens |
| **FY25 GDP Growth Target** | Aligns with RBI's projections, with cautious optimism |
| **Total Expenditure in Budget 2023-24** | Reached 1000 billion, with the highest-ever capital outlay of 240 billion allocated to Railways |

# Overview of Taxation and Policy Modifications


## Macro-fiscal developments

- 10.5% nominal GDP growth rate estimated for FY25.
- 7% real growth in MoF's estimate (in the review of Indian economy released on 29 January 2024).
- 11.5% growth in gross tax revenues with an assumed buoyancy of 1.09 for FY25.
- 16.9% growth in capital expenditure in FY25.
- 5.1% fiscal deficit budgeted for FY25 with target of 4.5% by FY26.

## Corporate Tax

- No changes in tax rates.
- Sunset date for certain provisions extended from 31 March 2024 to 31 March 2025 notably for start-ups, IFSC aircraft/ ship leasing units, investment division of non-resident IFSC banking units, sovereign wealth funds and pension funds.
- Codification of changes announced earlier to tax collection at source on LRS remittances and purchase of overseas tour package.
- Withdrawal of small outstanding tax demands pertaining to past tax years up to 2014-15.

## Indirect tax

- Goods and Services Tax
- No change in tax rates.
- Input Service Distributor provisions made mandatory.
- Penalty introduced for non-registration of packing machines by manufacturers of tobacco and tobacco-related products.

## Capital Expenditure

- The share of revenue expenditure in total expenditure has consistently fallen from 84.4% in FY22 to 76.7% in FY25 (BE). This has created space for a strong increase in capital expenditure.
- Although capex growth has witnessed an easing from 28.4% in FY24 (RE) to 16.9% in FY25 (BE), this may be partially neutralized by the continuation of the interest-free loans to states for their capital expenditure.
- Considering GoI's capital expenditure relative to GDP, this ratio has increased from 2.7% in FY23 to 3.2% in FY24 (RE) and is budgeted to increase further to 3.4% in FY25 (BE).

## Social Sector

- Despite being a pre-election Budget, the GoI has contained its social sector spending.
- Social sector spending on selected 10 major schemes (including MGNREGA, National Health Mission, National Education Mission, Pradhan Mantri Krishi Sinchai Yojna, Pradhan Mantri Awas Yojana) together amount to nearly INR4.3 lakh crore which is 12% of GoI's primary expenditure in FY25 (BE), representing only a modest increase from the corresponding figure of 11.4% in FY24 (RE).

# Professionals Desk

## Role of Chartered Accountants in Cyber Security

In today's digitally driven world, cybersecurity stands as the guardian of systems, networks, and programs against the onslaught of digital attacks. The financial services sector, a linchpin of any economy, is particularly vulnerable, given its vast scope and crucial role in shaping national prosperity.

### Understanding the Stakes

The financial services sector encompasses a myriad of activities—from banking to insurance—that directly impact the lives and livelihoods of every individual within the economy. It holds not just people's money but also their hopes and trust for a secure future. In essence, the financial services sector is the backbone of the economy, responsible for managing and allocating resources, facilitating transactions, and enabling economic growth. Without robust cybersecurity measures in place, the sector is susceptible to various threats that could undermine its stability and erode public trust.

### The Wake-Up Call

The finance world received a stark wake-up call in February 2016 when hackers targeted the Central Bank of Bangladesh, attempting to transfer a staggering $1 billion. This incident underscored the urgency of bolstering cyber-security measures to safeguard against such threats.

Since then, cyberattacks have become more frequent, sophisticated, and damaging, posing a significant challenge to financial institutions worldwide. From data breaches to ransomware attacks, cyber-criminals are constantly evolving their tactics to exploit vulnerabilities and gain unauthorized access to sensitive information.

### Emerging Threats

As technology advances, so do the threats. The rise of innovative tech-enabled products and digital-only banks has opened new avenues for cybercriminals. Insider threats, disruption in financial services due to remote operations, and direct association with financial assets make the sector a prime target.

Moreover, the increasing interconnectedness of systems and the proliferation of Internet-connected devices through the Internet of Things (IoT) pose additional challenges. A single vulnerability in any part of the ecosystem can have far-reaching consequences, affecting not only financial institutions but also their customers and the broader economy.

### Combatting Cyber Threats

Cyber threats manifest in various forms, with social engineering attacks comprising a significant portion. Phishing, smishing, vishing, ransomware attacks, and Distributed Denial-of-Service (DDoS) attacks are among the tactics employed by cybercriminals to infiltrate systems and steal sensitive data.

These attacks often target unsuspecting individuals, exploiting their trust or manipulating their emotions to gain access to confidential information. With the increasing sophistication of these tactics, cybersecurity awareness and education have become essential components of any effective defense strategy.

### Real-World Cases

Notable cybercrime groups like the Lazarus Group and Magecart Syndicate have orchestrated sophisticated attacks, compromising data from financial institutions and online retailers. These incidents highlight the dire need for proactive cybersecurity measures.

In response, organizations must invest in robust cybersecurity infrastructure, implement best practices, and collaborate with industry partners and regulatory authorities to detect and mitigate threats effectively.

## The Role of Chartered Accountants

- Chartered Accountants (CAs) serve as guardians of financial integrity and trust in the financial services sector. Their role goes beyond traditional auditing and extends into the realm of cybersecurity, where they play a pivotal role in safeguarding organizations against evolving threats.
- As auditors, CAs are tasked with evaluating and verifying financial records to ensure accuracy and compliance with regulatory standards. In today's digital age, this responsibility encompasses not only financial transactions but also the security of digital assets and information systems.
- To fulfill this mandate effectively, CAs must remain abreast of the ever-changing landscape of cybersecurity threats. They must adapt their auditing practices to include robust testing methodologies that assess the resilience of organizations' cybersecurity defenses. This may involve conducting comprehensive risk assessments, penetration testing, and vulnerability scans to identify potential weaknesses and vulnerabilities.

## Trusted Advisors in Cybersecurity Strategy and Compliance

CAs serve as trusted advisors to their clients, offering invaluable insights and guidance on cybersecurity best practices. They provide strategic counsel on risk management strategies tailored to each organization's unique needs and regulatory requirements. This includes implementing robust security controls, establishing incident response plans, and ensuring compliance with industry standards and regulations.

## Strengthening Cyber-security Posture and Promoting Awareness in Organizations

CAs can help organizations strengthen their cybersecurity posture and mitigate the risk of cyberattacks. They play a crucial role in fostering a culture of security awareness and accountability within organizations, empowering stakeholders to proactively address cybersecurity risks and threats.

## Safeguarding Financial Institutions Against Cyber Threats

CAs serve as the first line of defense against cyber threats in the financial services sector. Their diligence, expertise, and commitment to upholding trust and integrity are essential for safeguarding organizations' digital assets and maintaining the stability of the financial ecosystem.

## Building Proactive Resilience

Proactive resilience entails learning from past incidents, sharing insights with peers, and preparing organizations to mitigate future cyber threats. By adopting a proactive approach, CAs can bolster the confidentiality, integrity, and availability of critical information.

This proactive mindset involves continuous monitoring, threat intelligence sharing, and scenario planning to anticipate and respond to emerging cyber threats effectively. By staying ahead of the curve, organizations can minimize the impact of cyberattacks and maintain trust and confidence in the financial services sector.

## Key Takeaways

- Importance of Cybersecurity: Cybersecurity stands as a paramount necessity for the financial services sector due to the high stakes involved. With the digitalization of financial processes and the increasing reliance on technology, safeguarding sensitive information and maintaining the trust of customers are of utmost importance.
- Evolving Nature of Cyber Threats: The landscape of cyber threats is constantly evolving, posing significant challenges to the financial industry. From sophisticated phishing schemes to ransomware attacks, malicious actors are continuously devising new methods to exploit vulnerabilities in financial systems.
- Continuous Learning and Adaptation: CAs must stay informed about emerging threats, innovative defense strategies, and regulatory developments. By investing in ongoing education and training, CAs can enhance their capabilities and stay abreast of evolving cyber risks.

# CFO's Eye

## Reliance Viacom 18 signs binding merger with Disney

The merger of Reliance's Viacom18 and Walt Disney's Star India have entered into a definite agreement to form a joint venture that would combine businesses of Viacomm and Star India.As part of the transaction, Media undertaking of Viacom18 would demerge into Star India through a court approved scheme. their digiral streaming and television assets in India.

In addition, RIL has agreed to invest at closing ₹11,500 crore (~US$ 1.4 billion) into the JV for its growth strategy. The transaction values the JV at ₹70,352 crore (~US$ 8.5 billion) on a post-money basis, excluding synergies. Post completion of the above steps, the JV will be controlled by RIL and owned 16.34% by RIL, 46.82% by Viacom18 and 36.84% by Disney.

## Sebi asks companies for accurate details on end use of IPO funds

SEBI did an analysis of several IPO offer documents and found that the majority had stated repayment of debt as the primary objective for raising fresh capital. This prompted the regulator to dig deeper into the reasons why fresh capital was being raised.

The companies cannot be vague about the objects of the issue and SEBI wants adequate details and some comfort level on how the fresh capital will be spent more specifically how the proceeds will be utilised.

SEBI also has the right to ask the company to change the objects of the issue, which will require fresh shareholder approval.

## RBI tweaks norms related to Regulatory Sandbox scheme

The Reserve Bank of India (RBI) recently updated its Regulatory Sandbox (RS) framework. The RS is a tool that allows for more dynamic and evidence-based regulatory environments. The goal of the RS is to promote responsible innovation in financial services, increase efficiency, and benefit consumers.

The timelines of the various stages of the Regulatory Sandbox process have been revised from 7 months to 9 months. Also, the updated framework requires sandbox entities to ensure compliance with provisions of the Digital Personal Data Protection Act, 2023.


## Sebi moves to curb inflows into small & midcap funds

According to a report, SEBI, has asked money managers to:

1. Limit investments in small- and mid-cap stock mutual funds
2. Reduce commissions
3. Consider restricting one-off investments from clients
4. Require small- and mid-cap funds to make additional risk disclosure to their investors

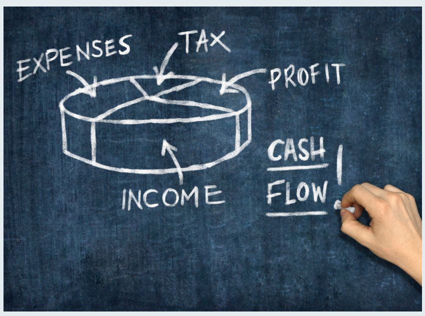
The move aims to reduce potential risks to the financial system and curb the surging inflows into these funds.

## Sebi issues guidelines for returning draft document of public issues; resubmission

SEBI issued guidelines on February 6, 2024, requiring draft offer documents to be clear, concise, and consistent. They must be in simple language with visual aids, avoid complexity and repetition, and address regulatory concerns or pending litigations. Resubmission is allowed without additional fees, but filing fees are non-refundable. Public announcement and disclosure of resubmission are mandatory, as well as informing sectoral regulators.

## Thyrocare acquires Think Health

Diagnostic and preventive healthcare service provider Thyrocare announced acquisition of a 100 per cent stake in Chennai-based Think Health Diagnostics pursuant to a share purchase agreement. This transaction marks Thyrocare's entry into the domain of @home ECG services. With this strategic acquisition, Thyrocare will expand its footprint in the pre-policy medical check-up segment for the insurance market. This allows them to offer insurance partners a one-stop solution for both blood tests and ECGs, deepening their presence in the annual health check-up and pre-policy check-up markets.



# Systems & forensics

## Internal Audit as a Driver of Innovation

In the rapidly evolving landscape of the Fourth Industrial Revolution (4IR), characterized by the convergence of social, mobile, analytics, and cloud (SMAC) technologies, internal audit plays a pivotal role in driving innovation within organizations. Despite the disruptive pace of technological advancements, internal audit stands as a beacon for promoting organizational resilience and fostering a culture of continuous improvement.

Organizational intelligence has emerged as a critical concept for navigating the complexities of the 4IR era, emphasizing adaptability, client focus, communication, and collaboration. Within this framework, digital business agility becomes indispensable, encompassing hyperawareness, informed decision-making, and swift execution. Internal audit, with its impartial perspective and unique insights, is well-positioned to support organizations in embracing digital agility and propelling innovation.

Digital transformation, coupled with the cultivation of a digital culture, becomes imperative for organizational success in the digital age. Core values such as impact, speed, openness, and autonomy underpin a digital culture conducive to innovation, with internal audit acting as a catalyst for this transformation by offering guidance to navigate digital complexities and ensure effective execution of innovative initiatives.

Effective innovation hinges not only on generating creative ideas but also on their successful implementation. Internal audit, with its focus on assurance, advisory, and insightful activities, plays a crucial role in ensuring timely execution and impact of innovative endeavors by facilitating informed decision-making, removing bottlenecks, and promoting collaboration.

To effectively foster innovation, internal audit must transition from a retrospective to a forward-looking approach, necessitating a shift in auditing skills and competencies, adoption of an Agile mindset, and utilization of content validity approaches to reconcile professional disagreements. By aligning with the demands of the 4IR era and embracing digital business agility, internal audit can continue to serve as a driver for innovation and organizational success.

ISACA Journal

## Designing Ethical Systems by Auditing Ethics

Ensuring that technologies are designed and deployed ethically can bring value to organizations, drive profit and prioritize inalienable human rights. It is critical that organizations remember that “there are trends in the industry that need to be addressed, favoring operational goals and efficiency over ethics will no longer be acceptable.” Although audits can only provide a snapshot of an organization’s current approach to its ethics process, they can provide the external validation for a well-defined and implemented ethics or responsible technology program. Having a firm understanding of the ethical issues present can help stakeholders reflect on the potential technology outcomes and the deviation from the expected trajectory. Organizations must understand the context of a system’s use and how ethical issues could evolve so that society can trust how these systems are deployed. Senior leadership is responsible for setting the tone for how ethics are addressed and handled within the organization.

Promoting transparency in ethical processes, establishing standard practices, and ensuring appropriate oversight and stakeholder involvement are critical. Auditing has always been a crucial step to ensuring that organizations adhere to their core processes and regulatory requirements. When organizations leverage audit to validate processes that can impact the rapidly expanding emerging technology field, they can ensure that risk and ethical concerns are evaluated earlier in the process. These audits can reveal how well or poorly organizations are aligned to expected standards and ensure that society has confidence in the organization’s solutions and ethical approach. When organizations perform audits that review their ethical processes and impacted systems, they can provide assurance that they have embedded audit findings into how they do business. Furthermore, this validates the importance that the organization has placed on the development of responsible technology. Organizations must audit their responsible technology programs to ensure consistency and alignment with their ethical values to validate that these foundational processes exist and ensure that there is not a disparate impact on individuals or society.

ISACA Journal

# Glossary

**AY**
Assessment Year

**MOF**
Ministry of Finance

**GDP**
Gross Domestic Product

**CBDT**
Central Board of Direct Taxes

**CBIC**
Central Board of Indirect Taxes

**IFSC**
Indian Financial System Code

**EFCI**
Eligible Fixed Capital investment

**CPC**
Centralised Processing Centre

**FOB**
Free on Board

**FY**
Financial year

**GTA**
Goods Transport Agency

**ICAI**
Institute of Chartered Accountants of India

**ICDR**
Issue of Capital and Disclosure Requirements

**Ind AS**
Indian Accounting Standard

**INR**
Indian National Rupee

**InvITs**
Infrastructure Investment Fund

**IPO**
Initial Public Offering

**ISSB**
International Sustainability Standard Board

**ITAT**
Income Tax Appellate Tribunal

**ITC**
Input Tax Credit

**ITD**
Income Tax Department

**ITR**
Income Tax Return

**HC**
High Court

**LLP**
Limited Liability Partnership

**MCA**
Ministry of Corporate Affairs

**PAN**
Personal Account Number

**QRMP**
Quarterly Returns with Monthly Payments

**RCM**
Reverse Charge Mechanism

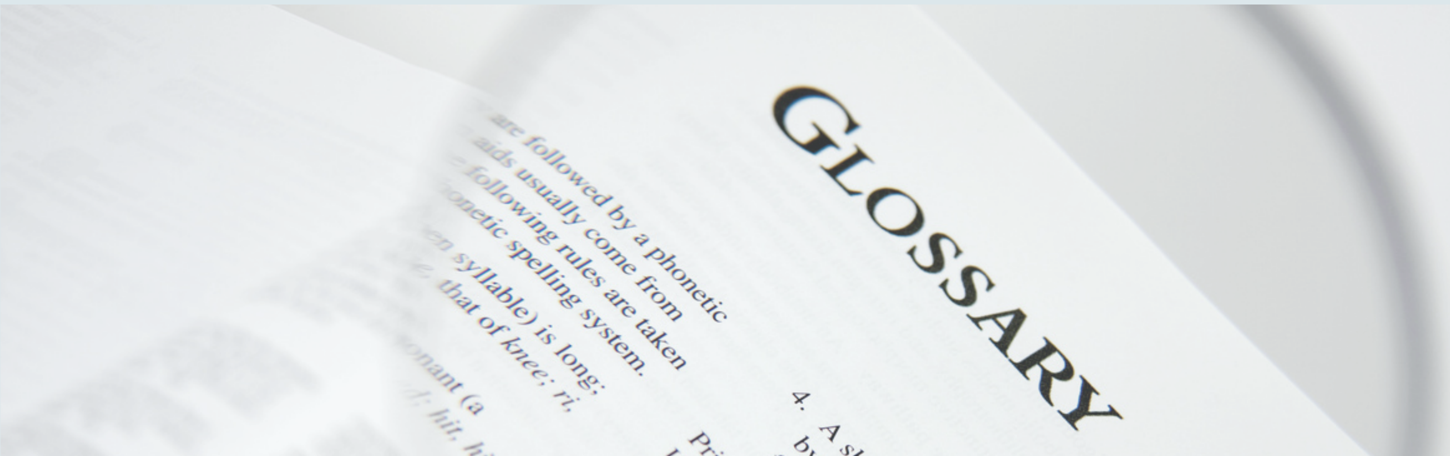
**MGNREGA**
Mahatma Gandhi National Rural Employment Guarantee Act

**SEBI**
Securities and Exchange board of India

**SGST**
State Goods and Service Tax

**TCS**
Tax Collected at Source

**USD**
United State Dollar



# ABOUT US

A full services firm of corporate strategists, accountants, tax advisory experts and financial analysts.

## Services

- Accounting & Business Support
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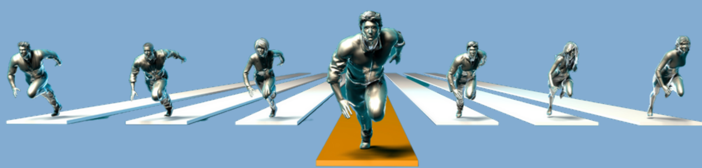
*"Purpose Fuels the Passion."*



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