



# **GURUGRAM BRANCH OF NIRC**

The Institute of Chartered Accountants of India  
(Setup by an Act of Parliament)



# **E-NEWSLETTER**

**CHARTERED ACCOUNTANTS**  
**DECEMBER 2022 EDITION**



**E-NEWSLETTER**

# Editorial Message



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Dear Professional Colleagues,

It is with deep sadness and heavy hearts to inform you of the death of our management team colleague and a very dear friend CA Amit Mittal Ji who passed away unexpectedly due to cardiac arrest on 24.11.2022. We will all miss him more than words can express.

We would like to highlight the members, timeline to comply with the CPE credit hours requirement for the block period of 3 years starting from 01-01-2020 to 31.12.2022 is 31st December 2022. In order to enable our members to meet the CPE requirements, Gurugram Branch of ICAI has lined up series of CPE Meetings, Seminars and Workshops. Members are requested to comply with the same accordingly.

Chartered Accountants Benevolent Fund (CABF): Gurugram Branch of NIRC of ICAI requests its members and firms to contribute generously to Chartered Accountants Benevolent Fund (CABF). Contributing to CABF is one small step in giving more for our members - a payback which would help some one and their loved ones, amongst us, in their times of need. As Chartered Accountants we are trained to do multitask and to provide professional services we need to continuously educate ourselves. I would close my remarks with below inspirational words from Shri APJ Abdul Kalam, "If four things are followed - having a great aim, acquiring knowledge, hard work, and perseverance - then anything can be achieved."

**Stay safe, stay healthy.**

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# Emotional Intelligence and Business

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## Emotional Intelligence

Emotions are psychological phenomenon. There is considerable universality in emotion appraisal, expression, physiology, and recognition of emotions in others. Such emotional processes allow us to adapt, respond and cope with problems in life.

Emotional intelligence is not about being emotional always, it is all about being smart with our own emotions. It is not about being nice at all places, it is more about being genuine. No one is born with a knowledge of history, literature or science etc. But almost every child can learn these subjects to a base level; but some can learn to an advanced level. However, genetic inheritance controls the personality traits that the person develops, but emotional intelligence plays a vital role in creating interest of anyone in a particular subject or segment.

Emotional intelligence can be defined as an array of interrelated emotional & interpersonal competencies, skills and behaviours which determines how effectively we understand and express ourselves, understand others and relate with them and cope with day to day demands, problems and pressure.

## Essential competencies of Emotional Intelligence:

### Intrapersonal

Self-Regard: To perceive, understand & accept oneself

Self-Awareness: The ability to identify and understand own emotions and their effect on others

Assertiveness: To effectively and constructively express one's emotions

Independence: To be self-reliant and free from emotional dependency on others

Self-Actualization: To strive to achieve personal goals and actualizing one's potential

Self-Regulation: The ability to control emotions and ensuring to think before act

### Interpersonal

Empathy: Understanding the emotional psychology of others and treating people according to their emotional reactions

Social Responsibility: Identifying responsibilities with social group & cooperation with others



# Emotional Intelligence and Business Leadership

Interpersonal Relationship: Proficiency in managing relationships and building networks

Adaptability

Reality-Testing: To objectively validate individual feelings and thinking with external reality

Flexibility: To adapt and adjust individual feelings and thinking to new situations

Problem-Solving: Solve problems effectively (personal and interpersonal in nature)

Stress Management

Stress Tolerance: To effectively & constructively manage anger, anxiety and stress etc.

Impulse Control: To effectively & constructively control emotions

## Business Leadership Today

Leadership relies more on personal power than positional power. Leadership can be defined as the process of social interaction where the leader's ability to influence the behaviour of followers can strongly influence performance outcomes. It is intrinsically an emotional process, whereby leaders recognise followers' emotional states, attempt to evoke emotions in followers, and then seek to manage followers' emotional states accordingly.

In the new era of business management subordinates do not accept the autocratic style

as adopted by leaders in historical models of leadership. Now a days Leadership has had to evolve to match a growing sense of something like democracy and independence. Its central concern is coping with change, inspiring and motivating followers to realize the organization's vision. Business leaders now need to manage and lead the workforce and go beyond the consultative, cooperative and democratic styles.

## Emotional Intelligence in New Era Business Leadership

Now a days the application of Emotional Intelligence at work place became an important tool for business leaders. Research suggests that interventions that strengthen emotional intelligence could well promote progress in professional development. Based on research skills resulted from abilities based on emotional intelligence are as below:

Ability	Skills
Perceiving	<ul style="list-style-type: none"><li>• Identifying emotions in thoughts of own and others</li><li>• Expression of emotions in accurate manner</li><li>• Discrimination between accurate &amp; inaccurate feelings</li></ul>
Using	<ul style="list-style-type: none"><li>• Prioritise thinking by directing attention</li><li>• Generate emotions to assist judgement</li><li>• Problem solving through emotions</li></ul>



# Emotional Intelligence and Business Leadership

Ability	Skills
Understanding	<ul style="list-style-type: none"><li>• Understanding complex feelings and relations within emotions</li><li>• Interpretation of emotions</li><li>• Recognising emotional transitions</li></ul>
Managing	<ul style="list-style-type: none"><li>• Accepting emotions open heartedly</li><li>• Engaging or detaching from an emotion</li><li>• Monitoring and managing emotions</li></ul>

Research provides that a business leader must possess the ability to identify emotions within himself and allows himself to identify the emotions of team members, to express their emotions. The ability to understand and experience other's emotions, is an important component of emotional intelligence. Understanding the emotional intelligence provides functional insights into human behaviour and individual perceptions.

## Major competencies of Emotional Intelligence in Business Leadership

Competencies	Key Identifiers
Self-awareness	<ul style="list-style-type: none"><li>• Self-confidence</li></ul>
Self-regulation	<ul style="list-style-type: none"><li>• Integrity</li><li>• Comfort</li><li>• Boldness to change</li></ul>
Self-motivation	<ul style="list-style-type: none"><li>• Optimism</li><li>• Commitment</li><li>• Positivity</li></ul>
Empathy	<ul style="list-style-type: none"><li>• Cross cultural sensitivity</li></ul>
Relationship Skills	<ul style="list-style-type: none"><li>• Effectiveness in leading change</li><li>• Quality to build team</li></ul>
Emotions regulation	<ul style="list-style-type: none"><li>• Controlling emotions in good and bad situations.</li></ul>



## Canada Personal Income Tax

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### • Introduction and Basics

Like every other economy in the world, Canada too levies a variety of taxes in order to raise revenue for the government and thereby enable spending on public welfare such as social security, infrastructure development and other purposes. Canada's tax system is unique in many respects and will probably be different from India.

The taxes in Canada are administered, collected and the benefits delivered by the Canada Revenue Agency (CRA).

### • Types of Taxes

Canada levies a wide variety of taxes which can be broadly listed as below –

- ⇒ Income Tax
- ⇒ Payroll Taxes
- ⇒ Sales Tax (GST/HST/PST)
- ⇒ Property Taxes
- ⇒ Customs duties or tariffs
- ⇒ Contributions on social security plans
- ⇒ Health services taxes
- ⇒ Motor vehicle Licenses
- ⇒ Natural resource taxes etc.

The above taxes are further bifurcated as –

- Federal taxes
- Provincial taxes
- Territorial taxes

### • Personal Income Tax

Personal Income Tax in Canada also falls within the ambit of CRA. CRA is no exception to the basic nature of filing Income tax returns globally. The basic steps to file a tax return with CRA are the same as in any other nation i.e. –

1. Provision and updation of personal information
2. Reporting Income
3. Claiming Deductions, tax credits and expenses
4. Filing of the tax return

### • Who is required to pay income taxes in Canada?

Every resident of Canada is required to file a Canadian income tax return annually. Before filing tax return, We must determine whether the person is a resident, a "deemed" resident or a non-resident of Canada for tax purposes. In Canada, each member of the household — who has income — is responsible for filing his or her own income taxes.

According to the Canada Revenue Agency (CRA), The person is considered a Canadian resident when have established significant ties in Canada, such as having permanent residence in Canada or a spouse and/or dependents in Canada. Having significant ties can also include holding Canadian documentation.





# Canada Personal Income Tax

To prevent from a person paying taxes twice — in Canada and in country of origin a person— on the same amount of money, Canada has tax treaties or conventions with more than 90 countries.

## • Tax Rate

### Canada also follows –

1. Progressive Tax Structure i.e. Taxes increase with Increase in Income
2. A dual tax structure i.e. taxes are levied by both Federal as well Provincial & Territorial authorities

### The Federal Tax Rates for 2020 are –

- 15% on the first \$48,535 of taxable income, plus
- 20.5% on the next \$48,534 of taxable income (on the portion of taxable income over 48,535 up to \$97,069), plus
- 26% on the next \$53,404 of taxable income (on the portion of taxable income over \$97,069 up to \$150,473), plus
- 29% on the next \$63,895 of taxable income (on the portion of taxable income over 150,473 up to \$214,368), plus
- 33% of taxable income over \$214,368

### Time-line

For the current year the time-line for filing individual tax return is June 01, 2020. If either the individual or his spouse (or common-law partner) is self-employed then the deadline to

file tax return was June 15, 2020. However the last date to pay any 2019 tax owings was September 30, 2020 in both the cases.

*(The deadline for filing your tax return and paying any balance of tax due is usually 30 April of the following tax year. In other words, the tax return that you file will relate to the income you earned in the previous year.)*

***If the death of Taxpayer, occurred between January 1 and October 31, 2019, inclusive:***

Filing date for 2019 tax year	June 1, 2020 (Extended date)
Payment date for 2019 tax year	September 30, 2020 (Further extended as of July 27) Penalties (including late-filing penalties) and interest will not be applied if returns are filed and payments are made by September 30, 2020

## • Modes of Filing Tax Return

The Canadian Tax Returns can be filed in three ways –

- Using Electronic software
- On Paper
- By Phone (Restricted eligibility to only those who have received an invitation letter)



Further if any additional help is required to file the tax returns then CRA runs tax-clinics which are free in principal and run by them around Mid-March / April.

It is pertinent to note that irrespective of the mode of filing of the tax return, all tax documents must be kept for a period of atleast 6 years.

- **Tax Payments**

The amount owed needs to be paid to the CRA at the earliest possible. If you do not pay the taxes by the prescribed due-date on any amount of tax owed till the balance is paid in full.

It is an interesting fact that in case you cannot pay the taxes in full, you may write to CRA for a special payment arrangement. Also CRA does hold the power to grant relief from any interest or penalties so payable.

- **Refund**

The CRA makes every attempt to be really quick when it comes to processing refund. In case of E-filing of the tax return the refunds are processed as quickly as 8 days.

However in case of paper returns, the refunds and NOA (Notice of Assessment) may take around 8 weeks.

- **Notice of Assessment**

Notice of Assessment also known as NOA is the communication from the end of CRA with regards to the tax return filed by you.

If you notice any changes subsequent to filing of your tax return, you should wait for NOA. Upon receipt of the same you may change the tax return i.e. revise the tax return.

- **Points to be kept in Mind:**

- ⇒ Canadian income tax rates vary according to the amount of income you earn, and you pay different rates on different portions of your income.
- ⇒ Canada's tax brackets reflect a marginal tax rate system.
- ⇒ The Canadian tax system is a progressive (or graduated) system which means low-income earners are taxed at a lower percentage than high-income earners; the more money you make, the more taxes you pay.
- ⇒ Instead of provincial or territorial tax, non-residents pay an additional 48% of basic federal tax on income taxable in Canada that is not earned in a province or territory. Non-residents are subject to provincial or territorial rates on employment income earned, and business income connected with a permanent





establishment, in the respective province or territory. Different rates may apply to non-residents in other circumstances.

- **Alternative Minimum Tax (AMT)**

In addition to the normal tax computation, individuals are required to compute an adjusted taxable income and include certain 'tax preference' items that are otherwise deductible or exempt in the calculation of regular taxable income. If the adjusted taxable income exceeds the minimum tax exemption of CAD 40,000, a combined federal and provincial/territorial tax rate of about 25% is applied to the excess, yielding the AMT. The taxpayer then pays the greater of regular tax or the AMT. Taxpayers required to pay the AMT are entitled to a credit in future years, when their regular tax liability exceeds their AMT level for that year.

## Canada: Kiddie Tax

The "kiddie tax" in section 120.4 of the Canadian Income Tax Act generally applies to income of a child under 18 attributable to dividends or shareholder appropriations from a private corporation designed to split income. The kiddie tax is not applicable to capital gains.

A minor child that receives certain passive income under an income splitting arrangement is subject to tax at the highest combined federal/provincial (or territorial) marginal rate

(i.e. up to 54%), referred to as 'kiddie tax'. Personal tax credits, other than the dividend, disability, and foreign tax credits, or other deductions cannot be claimed to reduce the kiddie tax.

- **Wrapping Up**

In a nutshell the CRA has made every attempt for easy and smooth filing and processing of the tax returns. It is procedure that is pretty convenient, easy to grasp and implement for every layman. Hope the above details help you with the basic insights for the personal income tax in Canada. Shall you have any ideas, concerns, suggestions or feedback; do feel free to write to us at [caheergajjar@gmail.com](mailto:caheergajjar@gmail.com) and [cslalitrajput@gmail.com](mailto:cslalitrajput@gmail.com).



## लिख दो तुम एक नव इतिहास

मुदित मन मंदिर को छु जाए गौरव का एहसास,  
विमल वाणी वीणा की छेड़े कोई ऐसा रास;  
चन्द्रमा की चंचल छटा हो जाए ऐसी ख़ास,  
आओ लिख दो तुम एक नव इतिहास ||1||

मधुर मन मनोहर अंदाज हो,  
मंत्रमुग्ध कर दिलों पर राज हो,  
उन्मुक्त अनंत आह्लाद की अनुभूति हो;  
अद्भुत अद्वितीय हो हर प्रयास,  
आओ लिख दो तुम एक नव इतिहास ||2||



## Gurugram Branch Managing Committee for the Session 2022-23

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**Feedback & Suggestions:** Gurugram Branch will be happy to receive the feedback from you regarding the seminars/workshops and other activities organized by branch. You may please send feedback at Gurugram Branch of NIRC of ICAI requests the members & students to come forward & share the articles (Professional & other) to be published in the upcoming newsletter. The submissions may be sent to

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