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Tax
Consultants**

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MCTC Bulletin

"Every Passing Minute is Another Chance to Turn it Around"

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January, 2021



President's Communique

My Dear Professional Colleagues,

Sarve Bhavanti Sukhine, Sarve Santu Niramaya. Sarve Bhadrani Paschuyantu, Ma Kaschit Dukhbhag Bhavetu.

"Let everybody be happy, let everybody be free of disease. Let everybody be witness to Good Fortune and nobody have to face or be part of misfortune." A New Year, 2021 has begun. This is the year of hope, the year of the COVID-19 Vaccine and the year of expectations of a reversal in trend from 2020. This is also the beginning of a new decade and a new Era of 'digital learning'. With these words welcoming and wishing everybody a great flourishing new year.

As we are entering into the last quarter of the financial year, everybody will be making plans for their professional engagements for this financial year. However due to extension of the due date of the filing of GST Annual Returns, GST Audit (2018-19) till 31st December, 2020, Tax audit filing till 15-1-2021 & GST Audit 19-20 till 28 th February 2021, all the professionals are stretched not only to complete these work but also the work pertaining to the concluding new financial year ending 31-3-2021. All members engaged in the above and related activities are advised to handle their assignments with diligence and care which may appear difficult to complete. We professionals may face many such near impossible tasks. But it is our experience and knowledge that converts these difficult tasks into more golden opportunities and execute these tasks with perfection.

We have planned virtual public meeting on union budget 2021 on 4th February, 2021 & Rajubhai Chokshi Oration Fund lecture on 13th February, 2021. Details of the programme is printed on page no 2 of this Bulletin. All the members of the Chamber are requested to participate in these programmes in large numbers to make it successful. We are planning to Print Budget Publication & E-Budget Book, this year also. Request all the members to participate & get maximum advertisements/ Donation for this event.

***If your actions inspire others to Dream more, Learn more,
Do more & Become more, You are a Leader."***

Best Regards,

Thank You!

CA M. D. Prajapati
President

For Queries & Submission of Forms for Membership/Seminar please contact any of the following Office Bearers:

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Life Membership Fees ₹ 2,500

Forthcoming Events

Virtual Budget 2021 Public Meeting Jointly with Goregaon Sports Club on 4th Feb 2021 from 5.00 p.m. to 8.00 p.m.

Capital market	By CA Manish Chokshi
Direct Tax	By Sr. Advocate, Saurabh Soparkar, From Ahmdabad
Indirect Tax	By Advocate, Bharat Raichandani

Rajubhai Chokshi Oration Fund Lecture on 13th February 2021 at 6 p.m.

(Details of the programme will be announced shortly)

Congratulations

Our **Past President, Shri Janak Vaghani** is elected as Vice-President of AIFTP (West Zone) for the year 2021.

Our **Past Chairman, Shri Pravin R. Shah** Elected as Chairman of AIFTP (West Zone) for the year 2021.

DIRECT TAXES - Law Update

Compiled by Haresh P. Kenia

- ❑ **SECTION 43CA, READ WITH SECTION 56 OF THE INCOME-TAX ACT, 1961 - FULL VALUE OF CONSIDERATION FOR TRANSFER OF ASSETS OTHER THAN CAPITAL ASSETS IN CERTAIN CASES - INCOME TAX RELIEF FOR REAL-ESTATE DEVELOPERS AND HOME BUYERS**



PRESS RELEASE, DATED 13-11-2020

Currently, the circle rate is deemed to be the sale/purchase consideration for real estate developers and buyers only where the variation between the agreement value and the circle rate is more than 10%.

In order to boost demand in the real-estate sector and to enable the real-estate developers to liquidate their unsold inventory at a rate substantially lower than the circle rate and giving benefit to the home buyers, it has been decided to further increase the safe harbour from 10% to 20% under section 43CA of the Act for the period from 12th November, 2020 to 30th June, 2021 in respect of only primary sale of residential units of value up to Rs. 2 crore. Consequential relief by increasing the safe harbour from 10% to 20% shall also be allowed to buyers of these residential units under section 56(2)(x) of the Act for the said period. Therefore, for these transactions, circle rate shall be deemed as sale/purchase consideration only if the variation between the agreement value and the circle rate is more than 20%.

Legislative amendments in this regard shall be proposed in due course.

❑ **CBDT TO VALIDATE UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN) GENERATED FROM ICAI PORTAL AT TIME OF UPLOAD OF TAX AUDIT REPORTS**
PRESS RELEASE, DATED 26-11-2020

The Institute of Chartered Accountants of India, in its gazette notification dated 2nd August, 2019, had made generation of UDIN from ICAI website www.icaai.org mandatory for every kind of certificate/tax audit report and other attestations made by their members as required by various regulators. This was introduced to curb fake certifications by non-CAs misrepresenting themselves as Chartered Accountants.

In line with the ongoing initiatives of the Income-tax Department for integrating with other Government agencies and bodies, Income-tax e-filing portal has completed its integration with the Institute of Chartered Accountants of India (ICAI) portal for validation of Unique Document Identification Number (UDIN) generated from ICAI portal by the Chartered Accountants for documents certified/attested by them.

It may be noted that, in consonance with the above requirement, Income-tax e-filing portal had already factored mandatory quoting of UDIN with effect from 27th April, 2020 for documents certified/attested in compliance with the Income-tax Act, 1961 by a Chartered Accountant. With this system level integration, UDIN provided for the audit reports/certificates submitted by the Chartered Accountants in the e-filing portal shall be validated online with the ICAI. This will help in weeding out fake or incorrect Tax Audit Reports not duly authenticated with the ICAI.

If for any reason, a Chartered Accountant was not able to generate UDIN before submission of audit report/certificate, the Income-tax e-filing portal permits such submission, subject to the Chartered Accountant updating the UDIN generated for the form within 15 calendar days from the date of form submission in the Income-tax e-filing portal. If the UDIN for the audit report/certificate is not updated within the 15 days provided for the same, such audit report/certificate uploaded shall be treated as invalid submission.

❑ **SECTION 192 OF INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - SALARY - INCOME-TAX DEDUCTION FROM SALARIES DURING FINANCIAL YEAR 2020-21**

CIRCULAR NO. 20/2020 [F.NO. 275/192/2020-IT(B)], DATED 3-12-2020

A detailed circular for TDS on salaries for FY 2020-21 is available at above citation.

❑ **CLARIFICATION ON PROVISIONS OF DIRECT TAX VIVAD SE VISHWAS ACT, 2020**
CIRCULAR NO. 21/2020 [F.NO. IT(A)/1/2020-TPL], DATED 4-12-2020

Sections 10 and 11 of the Vivad se Vishwas empowers the Board/Central Government to issue directions or orders in public interest or to remove difficulties. The above circular is being issued in continuation of circular dated 22nd April, 2020 (which covered Q. no. 1 - 55) under section 10 and 11 of the Vivad se Vishwas to provide answers to 34 more FAQs (Q. no. 56 - 89).

DIRECT TAX UPDATES

Compiled by CA Rupal Shah



Pr. CIT vs. Tally Solutions (P) Ltd.

Citation: [2021] 123 taxmann.com 21 (Karnataka), Karnataka High Court, 16 December 2020

Depreciation is an allowance and not an expense. Provision of section 40(a)(i) and (ia) do not apply to capital expenditure.

Facts:

Assessee is engaged in business of software development and sale of software product licence, software maintenance and training in software. During the scrutiny assessment depreciation on Intellectual Property rights was disallowed by the AO claiming that TDS u/s. 195 was not deducted on the payments made to acquire intellectual property rights.

During first appeal, the assessee contended that payment for purchase of intellectual property rights was capital in nature and therefore provision of Section 40(a)(i) and 40(a)(ia) did not get attracted to such payments.

On appeal before ITAT by revenue, the Tribunal held that since, the amount was capitalized and the same was not claimed as revenue expenditure, the claim of depreciation cannot be disallowed by invoking the provisions of Section 40(a)(ia) of the Act.

Held:

Intention of the legislature in providing disallowance under section 40(a)(1) of the Act is to ensure prevention of revenue leakage on foreign payments as recovery of tax from non-resident payees is difficult.

Depreciation is not in the nature of expenditure but is an allowance. It is not an outgoing expenditure but a statutory deduction available to the assessee on the asset, which is wholly or partly owned by the assessee and used for the purpose of business or profession.

Thus, provisions of non-deduction of TDS do not apply to a claim for depreciation.

Decisions relied upon:

Munjal Sales Corpn. v. CIT 298 ITR 288, Supreme Court

Nectar Beverage (P) Ltd. v. Dy. CIT [2009] 182 Taxman 319, Supreme Court

CIT v. Mark Auto Industries Ltd. [2013] 40 taxmann.com 482, Punjab and Haryana HC

Sir Dorabji Tata Trust vs. Dy CIT(E), Mumbai

Citation: [2020] 122 taxmann.com 274, ITAT Mumbai, 28 December 2020

Revision u/s. 263 on basis of material received towards the end of assessment

Facts:

There are a multiple ground of appeal in this case law. However only one issue is being dealt with in this write-up which is that if AO received incriminating material towards the fog end of the assessment and is not able to examine or investigate it before passing the assessment order, can CIT revise the same under the powers given in Section 263 of the Income Tax Act.

During the assessment proceedings, the Assessing Officer (AO) received 2 box files from Cyrus Mistry containing additional material against 'Tata Trust'. Due to time constraints to complete the assessment within stipulated due dates, AO passed the order allowing the exemption with a note that allegations mentioned by Cyrus Mistry may be looked into later.

However, CIT(E) initiated revisional proceedings under section 263 alleging that AO did not use the material available with him to take the matter to the logical conclusion and acted against his own prima facie opinion

Held:

A receipt of some inputs at the last minute from a third party cannot result in an extension of time for completion of assessment under section 143(3).

However, AO could examine the material so coming into his possession and if he concluded that income had escaped assessment, he could act in later time by initiating reassessment proceedings u/s 147.

Thus, revision sought by CIT(E) u/s. 263 is infructuous.

WHETHER NON-PAYMENT OF GST BY SUPPLIER WILL LEAD TO DENIAL OF ITC TO RECIPIENT?

Compiled by CA Bhavin Mehta



Section 16(2) of the CGST Act, 2017, (provision of SGST Act is pari materia to CGST Act) is reproduced below:

“(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless, -

- a. he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;
- b. he has received the goods or services or both;

Explanation. – For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services –

- i. where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;
 - ii. where the services are provided by the supplier to any person on the direction of and on account of such registered person.
- c. Subject to the provisions of section 41 or section 43A, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilization of input tax credit admissible in respect of the said supply; and
 - d. he has furnished the return under section 39:

Provided that where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment:

Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed.

Provided also that the recipient shall be entitled to avail of the credit of input tax on payment made by him of the amount towards the value of supply of goods or services or both along with tax payable thereon”

It can be seen that clause (c) contained pre-conditions for availment of ITC, namely, the buyer/recipient has to ensure that his supplier has actually paid the tax into Government treasury, including correct availment of ITC by the supplier. It requires the recipient/purchasing dealer to ensure, for the purposes of claiming ITC; the supplier has deposited the tax with the Government or has lawfully adjusted it against its output tax liability. This is not within the control of the receiver/purchasing dealer of goods or services. Receiver/purchasing dealer has no access to the return filed by the supplier other than matching of ITC as per GSTR-2A, which also does not guarantee payment of tax by the supplier. Unless the GST portal publish such information, it may not be possible for the receiver/purchasing dealer to keep track of whether the supplier has deposited the collected tax with the Government or has lawfully adjusted its against his output tax liability. A statute has to be read in such a manner so as to do justice to the parties. If it is held that the person who does not deposit or is required to deposit the tax would be put in an advantageous position and whereas the person who has paid the tax would be worse, the interpretation would give result to an absurdity. Such a construction has to be avoided. The interpretation of Section 16(2)(c) has to be in consonance with the object and purpose of the GST Act. In the Statement of Objects and Reasons in the Constitutional Amendment (122nd) Bill, 2014, it is stated that the objective of introduction of the GST is to avoid cascading effect. The pragmatic view must be taken and practical aspects considered before enforcing compliance. There are other statutory avenues available to the revenue to collect the tax from the defaulting supplier.

The genuine recipient/purchasing dealer cannot be made to suffer, which appears to be violative of Article 14 of the Constitution of India, as it treats bogus bill purchaser and genuine purchaser at par. In ***K.T. Moopil Nair v. State of Kerala (AIR 1961 SC 552)***, the Supreme Court was faced with a situation where an absence of classification led to a violation of Article 14 of the Constitution. Section 4 of the Travancore Cochin Land Tax Act, 1955 laid down that a uniform rate of tax would be levied on all lands in the State “of whatever description and held under whatever tenure”, i.e. 2 paisa per cent which worked out to ₹ 2 per acre per annum. This uniform rate of tax was challenged on the ground that all lands in the State did not have same productivity quality; some were waste lands and others were in varying degree of fertility. The tax therefore weighed more heavily on owners of waste lands than the owners of fertile lands. The Supreme Court had explained that while Article 14 forbids class legislation, “it does not forbid reasonable classification for the purposes of legislation.” What, however, had to be fulfilled were the two tests: (i) “that the classification must be founded on an intelligible differentia which distinguishes persons or things that are grouped together from others left out of the group” and; (ii) “that differentia must have a rational relation to the object sought to be achieved by the statute in question. The Supreme Court concluded by a majority of 4:1 that the failure to make a classification between a productive and non-productive land for the purposes levy of such tax rendered the statute unconstitutional.

In ***On Quest Merchandising India Pvt. Ltd. vs. Govt. of NCT of Delhi, 2018 (10) G.S.T.L. 182 (Del.)***, the Hon’ble Delhi High Court relying on *K.T. Moopil Nair v. State of Kerala (supra)* observed as under:

“Applying the law explained in the above decisions, it can be safely concluded that in the present case that there is a singular failure by the legislature to make a distinction between purchasing dealers who have bona fide transacted with the selling dealer by taking all precautions as required by the DVAT Act and those that have not. Therefore, there was need to restrict the denial of ITC only to the selling dealers who had failed to deposit the tax collected by them and not punish bona fide purchasing dealers. The latter cannot be expected to do the impossible. It is trite that a law that is not capable of honest compliance will fail in achieving its objective. If it seeks to visit disobedience with disproportionate consequences to a bona fide purchasing dealer, it will become vulnerable to invalidation on the touchstone of Article 14 of the Constitution”.

Without prejudice to above, clause (c) of section 16(2) is amended by the CGST (Amendment) Act, 2018, wherein along with section 41 the provision of section 43A would also be made applicable, from the date to be notified. The clause (c) of section 16(2) starts with the words “subject to the provisions of section 41 or section 43A”. It means provisions of section 41 and section 43A takes priority over the actual payment of tax by the supplier to the Government.

Provision of section 41 is examined below:

“41. (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to take the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited on a provisional basis to his electronic credit ledger.

(2) The credit referred to in sub-section (1) shall be utilized only for payment of self-assessed output tax as per the return referred to in the said sub-section.

Section 41 entitled the registered person to take the credit on self-assessment basis and no condition is prescribed that tax charged on such supply should be actually paid to the Government.

In the instant case, clause (c) of section 16(2) is subject to section 41 and 43A. Section 43A is yet to be notified. Hence, so long as section 43A is not notified, in the opinion of author, irrespective of whether supplier has paid the tax to Government or not, Input tax credit cannot be denied on bonafide purchases. The only requirement of law, as far as the receiver/purchasing dealer wanting to avail the benefit of ITC is concerned, is that he has to make sure that the supplier is a registered dealer and has issued valid tax invoice in compliance with the requirement of the CGST/SGST Act and the Rules made thereunder. Once the receiver/purchasing dealer demonstrates that he has complied with such requirement, he cannot be denied the ITC only because the supplier fails to discharge his obligation under the GST Act.

GST CHARCHA

Compiled by **Monarch Bhatt, Advocate**
(Partner at FairLaw Consultancy)



PART A - GST CHARCHA OF THE MONTH

Many of the tax payers who are mandatorily required to file GSTR 9 and GSTR 9C for the financial year 2018-2019 are not able to file it within the prescribed due date of 31st December, 2020. The issue arises for the consideration is about levy of late fees and penalty on such delayed filing of annual return and reconciliation statement. Hence, the issue for the GST charcha of the month is **“Whether tax payer is liable for the payment of late fees as well as penalty of ₹ 25,000/-?”**

As per Section 35 (5) of CGST Act, 2017, tax payer is required to get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44. As per Section 44 (2) tax payer is required to furnish, electronically, the annual return along with a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return with the audited annual financial statement. The relevant part of section 44(2) reads as under:

“SECTION 44. Annual return. —

- (1)
- (2) *Every registered person who is required to get his accounts audited in accordance with the provisions of sub-section (5) of section 35 shall furnish, electronically, the annual return under sub-section (1) along with a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year with the audited annual financial statement, and such other particulars as may be prescribed.”*

In view of the above, it is to be noted that section does not provide that annual return is separate and reconciliation statement is to be filed separately. In fact, specified tax payers having aggregate turnover above the prescribed limit of 5 crore for the financial year 2018-2019 were required to file annual return “along with” the audited annual accounts and a reconciliation statement. Hence, reconciliation statement provided under form GSTR 9C is not to be filed separately. It is required to be filed with annual return and for such tax payer it is not a separate compliance.

The late fees for delayed filing of annual return has been provided under section 47. The relevant part of section 47 reads as under:

“SECTION 47. Levy of late fee. —

- (1)
- (2) *Any registered person who fails to furnish the return required under section 44 by the due date shall be liable to pay a late fee of one hundred rupees for every day during which such failure continues subject to a maximum of an amount calculated at a quarter per cent. of his turnover in the State or Union territory.”*

In view of the section 47(2), tax payer is liable for the late fees which is of ₹ 100/- per day under CGST Act, 2017 and ₹ 100/- per day under UTGST or SGST till the failure continues. However, maximum late fees shall be 0.25% of the tax payer’s turnover in the state or union territory.

It is to be noted that penalty provided under section 125 is a general penalty which is invocable only when no penalty is separately provided for the contravention of any of the provisions or for any rules made thereunder. The same can be maximum to ₹ 25,000/. Hence, it is a general penalty.

The specific late fees have been provided under section 47 and therefore general penalty cannot be imposed on the tax payers under Section 125. Further, it is to be noted that the late fees for delayed filing of GSTR-3B and GSTR-1 has also been prescribed under the same section 47 and till now assessee has not been charged with general penalty of ₹ 25,000/- wherever there was a delay in filing of GSTR-3B or GSTR-1. Hence, in my view tax payer is not liable for the penalty of ₹ 25,000/- as provided under section 125 which is a general penalty. Further, tax payer can also

challenge the imposition of late fees as under the name of “late fees” it is as good as “penalty” and judiciary has consistently held that penalty cannot be imposed automatically; facts and circumstances of the case shall be taken into consideration before imposition of penalty. Hence, there cannot be straight jacket formula for levy of late fees as well and the same needs to be contested.

PART B - GST UPDATES EFFECTIVE FROM 01.01.2021

B.1. Restrictions on use of Input Tax Credit and mandatory payment by cash:

The rule 86B has been inserted with effect from 01st day of January, 2021 which is starting with the non obstante clause whereby, restriction has been imposed on the use of input tax credit. As per the rule, registered person shall not use more than 99% of the input tax credit available in his electronic credit ledger to discharge the output tax liability of the month. This restriction is applicable to the tax payers if his output tax liability excluding the exempt supply and zero-rated supply in a month exceeds ₹ 50,00,000/-. However, it is to be noted that the Commissioner or an officer authorised by him in this behalf has power to remove the said restriction after such verifications and such safeguards as he may deem fit.

The said restriction on the use of input tax credit is not applicable to the following cases:

- (a) The said person or the proprietor or karta or the managing director or any of its two partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than ₹ 1,00,000/- as income tax in each of the last two financial years.
- (b) The cases where, registered person is (i) Government Department; or (ii) a Public Sector Undertaking; or (iii) a local authority; or (iv) a statutory body this restriction is not applicable.
- (c) The cases where, registered person has received the refund under zero rated supply for an amount of more than ₹ 1,00,000/- in the preceding financial year on account of unutilised input tax credit.
- (d) The cases where, registered person has received the refund under inverted duty structure for an amount of more than ₹ 1,00,000/- in the preceding financial year on account of unutilised input tax credit.
- (e) The cases where, registered person has discharged his tax liability through the electronic cash ledger by more than 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year.

B.2. Restrictions on availment of Input Tax Credit:

The Rule 36 (4) of CGST Rule, 2017 has been further amended with effect from 01st day of January, 2021. As per the revised rule, Input Tax Credit for availment of unmatched invoices / debit notes has been further restricted and only 5% of ITC can be availed in excess of matched invoices / debit notes to the extent it has been unmatched. Initially when it was introduced in October 2019, it was allowed up to 20% and thereafter from October 2020 it was reduced to 10% and now from January 2021 it has been further reduced to 5%. Hence, now as per the revised rule only 5% additional credit over the matched invoices is eligible to the registered person.

B.3. GSTR 9 & GSTR 9C for the financial Year 2019-2020:

The due date for filing of GSTR-9 and GSTR-9C for the financial year 2019-2020 has been extended to 28.02.2021 from 31.12.2020. It is to be noted that many fields which was made optional for the 2017-2018 and 2018-2019 has now been made mandatory for the financial year 2019-2020 such bifurcation of ITC between Inputs, Capital Goods and Input services, furnishing HSN wise details, furnishing expense head wise details of Input Tax credit, etc. Hence, definitely filing of GSTR 9 and GSTR 9C will take more time than it was taking for the period 2017-2018 and 2018-2019.

STUDENTS' CORNER

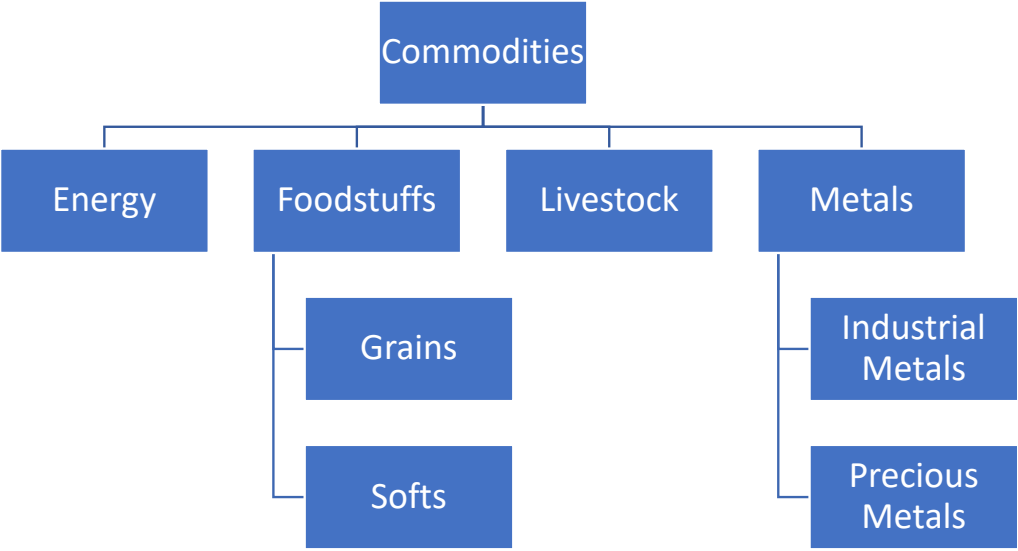
BASICS OF COMMODITIES

Compiled by Neel Randeria



The Indian stock market is at all time high. The year 2020 was extremely disturbing with regards to the pandemic which is not yet over, but it also showcased entry of many new retail investors. There have been many discussions as to what should be an ideal portfolio in such times. The answer to which is subjective, but there is one thing common that every intelligent investor is looking for- which is Diversification. This write-up is intended to discuss about basics of Commodities, which is an excellent tool for diversifying our portfolio, as it benefits due to business cycles.

The commodity market is quite young when compared with equity segment. This partly is a reason for vacuum regarding this concept. There are 4 broad categories of commodities.



ENERGY:

This category of commodity has highest market value. To comprehend this in detail; we must classify it into 3 commodities-

- Crude Oil
In this category, sweet oil and light oil are very expensive.
- Natural Gas
Since it needs to be converted from gas to liquid state, it is costly to transport it.
- Refined Products
It can be stored for very less period. Eg- Gasoline, Heating Oil.

FOODSTUFFS:

- A) GRAINS-
Include wheat, corn, soyabean, etc
- B) SOFTS-
Include cotton, sugar, cocoa, etc

LIVESTOCK:

There are many factors that affect the demand and supply of livestock. The prominent ones are- weather changes, diseases*, income growth, etc.

Note: when price of grain increases, cost of feeding also increases. This leads to early slaughter and supply immediately increases, resulting in a decrease in price. Thus, prices of grain and livestock tend to show inverse relationship.

METALS:

A) INDUSTRIAL METALS:

There are two processes using which we can manufacture industrial metals- mining and smelting. These processes require high fixed costs and high developmental costs. They are be stored indefinitely. Eg- zinc, aluminium, nickel, iron, etc

B) PRECIOUS METALS:

They have a very special feature i.e. they can be used as store of value. Also, it is an excellent tool which acts as a hedge against inflation. Seldom, it is used in electronics. Often, it is used in jewellery.

*Bird Flu currently in few states of India is a classic example.



Disclaimer : Though utmost care is taken about the accuracy of the matter contained herein, the Chamber and/or any of its functionaries are not liable for any inadvertent error. The views expressed herein are not necessarily those of the Chamber. For full details the readers are advised to refer to the relevant Acts, Rules and relevant Statutes.

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