

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

₹ 15/-
per copy



WESTERN INDIA CHARTERED ACCOUNTANTS NEWSLETTER

JULY 2013
VOL. 39 | No. 07



CA Foundation Day





National Convention for CA Students at Ahmedabad held on 29-30/6/2013. (L-R): CA. Vijay Garg, Chairman, BOS-ICAI, CA. Purshotam Khandelwal, Branch Chairman, Hon'ble Shri Narendra Modi, Chief Minister, Gujarat, CA. Subodh Kumar Agrawal, President, ICAI, CA. K. Raghu, Vice President, ICAI



WIRC-Sub Regional Conference at Baroda held on 21-22/6/2013. (L-R): CA. Parag Raval, Vice Chairman, WIRC, CA. Abhishek Nagori, RCM, CA. Mangesh Kinare, Chairman, WIRC, CA. K. Raghu, Vice President, ICAI, Shri Saurabh Patel, Chief Guest, Hon'ble Minister of Energy and Petrochemicals, CA. Yash Bhatt, CA. Anil Bhandari, RCM, CA. Ashish Parikh, Branch Chairman



Group photograph taken at the time of installation of prototype of Accountancy Museum of India at ICAI Tower BKC, Mumbai



Distribution of food and clothes at Old Age Home & Awareness about Women Safety Programme on 6/7/2013 Jointly with J.B. Nagar CPE Study Circle

Blood Donation Camp at Andheri Railway Station on 2nd July, 2013



CA. Sunil Patodia, RCM, CA. Sushrut Chitale, RCM and others

School Kit Distribution Programme held on 4th July, 2013



CA. Mangesh Kinare, Chairman, WIRC, CA. Priti Savla, Treasurer, WIRC, Shri Kishore Moghe & children

Programme on Improving Financial Literacy for officers of the Mumbai Police held on 24th June, 2013



CA. Sunil Patodia, RCM, CA. Sushrut Chitale, RCM, CA. Mangesh Kinare, Chairman, WIRC, Shri Praveen Salunke, Jt. Commissioner of Police, Shri Sadanand Date, Jt. Commissioner of Police (Law & Order), CA. Neel Majithia, Secretary, WIRC, CA. Dilip Apte, RCM, CA. Jayant Gokhale, Faculty, CA. Priti Savla, Treasurer, WIRC

Other Speakers



Dr. Vasant Godse



Dr. Abhijit Phadnis



CA. Abhay Kamat





CHAIRMAN'S COMMUNICATION

By doing well the duty which is nearest to us, the duty which is in our hands now, we make ourselves stronger; and improving our strength in this manner step by step, we may reach a state in which it shall be our privilege to do the most coveted and honoured duties in life and in society – Swami Vivekananda



Respected Seniors & Dear Friends,

July 1st is a day of pride for the entire CA fraternity. It is the day when the relentless efforts of our visionary founding fathers fructified and an independent accounting body was established in India. On this momentous occasion of CA Foundation Day we salute all those visionaries who have laid the strong foundation of our esteemed Institute and have bestowed upon us the legacy of this noble profession. To mark this day by showcasing the history of accountancy profession in India, a prototype of "Accountancy Museum" was set up at ICAI Tower as desired by Hon'ble ICAI President.

As part of the celebrations, WIRC organised a number of programmes including the cultural evening '8th Mile Sur Mera Tumhara'. The event saw excellent performances from members, their families, students and staff members. The theme was 100 years of Bollywood and our Chief Guest for the occasion, very aptly, was the veteran film star Jeetendra. There was also a special performance by Filmfare award winner singer Shalmali Kholgade. In addition to blood donation & environment awareness drives, health check up camps, programmes on women safety and old age homes visits, we also distributed school kits to needy children and interacted with them to get them excited about their education.

One of the professions that works the hardest, but gets the least positive mention, is our Police force. WIRC organised a special training programme for increasing financial literacy amongst the Police officers where nearly 100 Police Inspectors participated to gain more knowledge about commercial laws and transactions. The programme was inaugurated by Joint Commissioner of Police (Law & Order) Shri Sadanand Date, who appreciated our efforts and expressed his desire to have more programmes with WIRC in the future.

Last month the Indian rupee achieved its senior citizen status when it crossed the 60 mark against the dollar. This has not brought any good news to the Indian economy. The impact of the falling rupee is like a stone falling in a pond creating many ripples till they meet the shore. The repercussions of this depreciation will be multifold, ranging from slowing economic growth, reduced corporate earnings and increase in market volatility to a hike in cost of living. The major casualty will be India's efforts at taming inflation, since the rupee price of imported goods such as coal, crude, edible oil and fertilisers will go up. With such challenging economic situation our profession will also have challenging time ahead and it is our collective responsibility to prove to the nation that we are really partners in nation building.

The Direct Tax Refresher Course (DTRC) once again saw a great response with more than 1,100 registrations. WIRC Gujarat Sub Regional Conference was held in Baroda and saw participation of more than 500 members. In his inaugural speech Shri Saurabh Patel, Minister, Government of Gujarat assured to set up a system for allotment of State Government work.

As part of WIRC's Industry Connect programme we visited ICICI Bank and had meaningful interaction with nearly eighty members working there.

The National Convention for CA Students at Ahmedabad had record breaking registration – crossing 3,500. Inspiring inaugural address by Chief Minister Shri Narendra Modi energised students as well as members. Similarly, the Convocation function in Mumbai saw more than 1200 new members in attendance despite heavy rainfall. Chief Guest for this function, Shri Harshvardhan Patil, Minister, Maharashtra Government spoke on role of CAs in spreading 'Financial Literacy' among citizens.

The Maharashtra VAT Department has proposed certain changes in Form 704 for VAT audit. We have formed MVAT sub-group under the leadership of Past President CA. Ashok Chandak, which has finalised a response to these changes and we will be submitting it to the VAT Department soon. Our 1st basic course on Gujarat VAT will start from 11th July in Ahmedabad and will be repeated in other branches also to strengthen the knowledge of CAs in Gujarat VAT. Compulsory e-filing of Tax Audit Report will pose new challenges and opportunities for us. WIRC has taken up programmes to make our members prepared for them.

In the last month we had the pleasure of visiting Bhavnagar and Vapi Branches followed by visit with ICAI President to Aurangabad and Ahmednagar Branches as well. In Ahmednagar we witnessed a commendable gesture from the Branch, which voluntarily forwarded a cheque of ₹ 1,11,000/- towards contribution to CABF. I am sure this gesture will encourage others to come forward and contribute in the cause of our brethren. I must also acknowledge the magnanimous gesture shown by office bearers of Thane Branch and members of Yavatmal CPE Chapter who have contributed ₹ 50,000/- & ₹ 1,71,000/- respectively for 'Uttarakhand Relief Fund'.

I urge members to respond to the appeal made by ICAI President in the CA Journal for extending help to Uttarakhand flood affected citizens. The appeal mentions that the donations can be directly deposited in a separate bank account opened by ICAI for collecting such donations. Alternatively, members can forward their cheques to WIRC and we will deposit it in the said account.

We can never forget the courageous acts and exemplary work done in Uttarakhand rescue operations by the soldiers of Indian Armed forces who gave up their lives to save the lives of others. I express our feelings of tribute to these heroes by quoting a couplet from a poem highlighting the sacrifice of the unknown warrior, 'Anam Veera' by Dnyanpeeth Award winner, Marathi poet Shri. V. V. Shirwardar -

जरी न गातील भाट डफावर तुझे यशोगान
सफल जाहले तुझेच हे रे तुझे बलिदान !!

*Songs of praise may not be sung for you
But your sacrifice will be remembered forever*

With Best Wishes,

CA. Mangesh Kinare

OFFICE BEARERS

CA. Mangesh Kinare, Chairman **CA. Parag Raval**, Vice-Chairman
CA. Neel Majithia, Secretary **CA. Priti Savla**, Treasurer

EDITORIAL BOARD

Editor: **CA. Mangesh Kinare** Joint Editor: **CA. Neel Majithia**
Members: CA. Shrinivas Joshi • CA. Priti Savla • CA. Sunil Patodia •
CA. Anil Bhandari • CA. Shruti Shah • CA. Sushrut Chitale

Page 4	Forthcoming Events
Page 08	Forthcoming Branch Meetings
Page 09	Forthcoming Study Circle Meetings
Page 10	Bulletin Board
Page 11	Law Updates
Page 17	Recent Judgments

FORTHCOMING EVENTS

For Seminar registration, enquiry contact 3980 2923 / 2922. Cheques should be drawn in favour of "WIRC OF ICAI" and sent to WIRC Office, ICAI Bhawan, Cuffe Parade • R. No. 580, Aayakar Bhawan, Churchgate • RVG Extension Counter, Andheri (W) • Mulund Reading Room, Mulund (W) • Dadar Reading Room, Dadar (E)

DATE	PROGRAMME	TIME	VENUE	FEES ₹	CPE	PG. NO.
1/8/2013	Orientation Meeting of Co-ordinators	6.00 p.m. to 7.30 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	-	-	7
3/8/2013	Seminar on Tax Audit & Documentation	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1,200	06	5
3-4/8/2013	National Conference on Co-operative Societies, Trust, Re-development of Properties, Legal & Taxation Aspects	9.30 a.m. to 6.00 p.m.	K. C. College Auditorium, Churchgate, Mumbai	1,600	09	6
9-10/8/2013	Maharashtra Mega CPE Conference	9.00 a.m. to 5.30 p.m.	Tapdiya Natya Mandir, Nirala Bazar, Aurangabad	2,200	12	5
10/8/2013	Seminar on Intellectual Property Rights	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1,200	06	5
17/8/2013	Seminar on Service Tax on Cross Border Transactions	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1,200	06	6
24/8/2013	Seminar on Peer Review and Code of Ethics	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1,200	06	7
24/8/2013	Seminar on System Audit	10.00 a.m. to 6.00 p.m.	Khimji Kunverji Vikamsey Auditorium, ICAI Tower, Near Standard Chartered Bank, BKC, Mumbai	1,200	06	7
31/8/2013	CA – WHAT NEXT? Catalyst to Corporate Solutions	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1,200	06	7
7/9/2013	Half Day Seminar on Tax Audit	10.00 a.m. to 1.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	600	03	7
7/9/2013	Seminar on Private Equity	10.00 a.m. to 6.00 p.m.	Hotel J. W. Marriott, Juhu Tara Road, Juhu	2,750	06	6
Students' Section						
2-3/8/2013	CA Students' Sub-Regional Conference – 2013 at Vasai	9.00 a.m. to 6.00 p.m.	Venkatesh Banquet Hall, Near Maxus Mall, Bhayandar West	400	-	5
26-30/8/2013	Revisionary Crash Course for CA Final/IPCC Students	8.00 a.m. to 12.15 p.m.	Shri Navinbhai Thakkar Auditorium, Vile Parle (E)	800	-	5

For Online Event Registration & Payment visit www.wirc-icai.org

APPEAL TO ACTIVELY SUPPORT AND CONTRIBUTE GENEROUSLY TO CHARTERED ACCOUNTANTS BENEVOLENT FUND (CABF)

The objective of CABF is to provide financial assistance for maintenance, education, any other purpose to necessitate persons such as Member of the Institute, wife & children of the Member, Widow and children of deceased members, relatives or others or dependents of Member. Contributions to CABF are exempted under Section 80(G) of the Income-tax Act, 1961.

APPEAL FOR GENEROUS CONTRIBUTION TO UTTARAKHAND FLOOD AFFECTED CITIZENS

ICAI has opened a separate bank account for collecting donations from members to help Uttarakhand flood affected citizens. This fund will be forward to PMNRF. The details are available on ICAI website. Members can directly deposit their contributions in the said bank account or forward it to WIRC, which is eligible for 100% 80G deduction.

06
CPE HRS

Seminar on Compliance in Capital Market, Mutual Fund Industries - Professional Opportunities

DAY & DATE	SATURDAY, 27TH JULY, 2013	
Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 1,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Sunil Patodia 9820344085	CA. Julfesh Shah 9823096540
	<i>(Regional Council Members)</i>	
Co-ordinators	CA. Kedar Mehendale 9820819459	CA. Reema Jethwa 9619602083
	CA. Manak Daga 9322291921	

For more details visit www.wirc-icai.org

03
CPE HRS

Half Day Seminar on Service Tax Voluntary Compliance Encouragement Scheme 2013

DAY & DATE	FRIDAY, 9TH AUGUST, 2013	
Venue	Khimji Kunverji Vikamsey Auditorium, ICAI Tower, Nr. Standard Chartered Bank, BKC, Mumbai	
Time	2.30 p.m. to 6.30 p.m. (Registration 2.00 p.m. to 2.30 p.m.)	
Fees	₹ 500/- (inclusive of course material & refreshment) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Neel Majithia 9820327660	CA. Shruti Shah 9892407988
	<i>(Regional Council Members)</i>	
Co-ordinators	CA. Hrishikesh Wandrekar 9892919239	CA. Himanshu Chheda 9820676826

TOPICS

Service Tax Voluntary Compliance Encouragement Scheme 2013
Filing of Service Tax Return

SPEAKERS

CA. Manish Gadia
CA. Parag Mehta

06
CPE HRS

Seminar on Tax Audit & Documentation

DAY & DATE	SATURDAY, 3RD AUGUST, 2013	
Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 1,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Parag Raval 9824339200 CA. Shruti Shah 9892407988 (Regional Council Members)	
Co-ordinators	CA. Vikas Vishwasrao 9892915272 CA. Neha Patel 9833678901 CA. Rajen Gada 9920913579	

For more details visit www.wirc-icai.org

06
CPE HRS

Seminar on Intellectual Property Rights

Intellectual Property Rights / assets (IPRs) are used by smart companies as tools for strategic business advantage. Identification and registration of IPRs will pick up amongst Indian companies in the future. This creates professional opportunities for chartered accountants in industry as well as practice. There is a need to understand this topic from various perspectives.

DAY & DATE	SATURDAY, 10TH AUGUST, 2013	
Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 1,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Sushrut Chitale 9821112904 CA. Priyam Shah 9824096112 (Regional Council Members)	
Co-ordinators	CA. Anand Sakle 9869770564 CA. Nidhi Mewada 9619602084 CA. Jigar Gogri 9320467567	

For more details visit www.wirc-icai.org

CA Students' Sub-Regional Conference - 2013 at Vasai

DATES	2ND & 3RD AUGUST, 2013	
Venue	Venkatesh Banquet Hall, Near Maxus Mall, Bhayandar West	
Time	9.00 a.m. to 6.00 p.m. (Registration & Breakfast 8.00 a.m. to 9.00 a.m.)	
Fees	₹ 400/-	
Conference	CA. Mahesh Madkholkar 9820075966 Chairman, WICASA	
Co-directors	CA. Preksha Jain 9029877140 Chairperson, Vasai Branch of WICASA	

TOPICS

Students will present papers in **5 Technical Sessions** covering latest developments and happenings in Indirect Tax, Direct Tax, Information Technology, Indian Economy & Audit & Accounts

Further **Special Sessions** will address present needs of students to be Effective Communicators, Partners in Nation Building & give them success strategies.

Presence of President ICAI, Vice President ICAI, Past Presidents & Other Council Members will also be there in **Inaugural, Valedictory** & other sessions.

Students can also Rock the Floor in **Cultural Evening**.

Organised by Board of Studies, WIRC, WICASA of ICAI

Hosted by Vasai Branch of WIRC Jointly with Vasai Branch of WICASA

12
CPE HRS

Maharashtra Mega CPE Conference

DAYS & DATES	FRIDAY, 9TH, & SATURDAY, 10TH AUGUST, 2013	
Venue	Tapdiya Natya Mandir, Nirala Bazar, Aurangabad	
Time	9.00 a.m. to 5.30 p.m. (Registration & Breakfast 9.00 a.m. to 9.30 a.m.)	
Fees	₹ 2,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Julfesh Shah 9823096540 CA. Girish Kulkarni 9225306814 (Regional Council Members)	
Co-ordinators	CA. Rajkumar Kothari 9822442591 CA. Vijay Rathi 9822228661 CA. Renuka Deshpande 9420809606 CA. Pankaj Kalantri 9890987017	

TOPICS	SPEAKERS	
9th August, 2013		
Technical Session - I Service tax amnesty Scheme & Departmental Interactions	CA. Ankit Chande	
Technical Session-II Role & Responsibility of CAs in Corporate Governance	CA. Durgesh Kabra	
Technical Session-III Recent developments in income-tax about certain purchase transactions	CA. Bhupendra Shah	
10th August, 2013		
Technical Session-IV Sec. 56 : Entire section with latest amendments	CA. Dr. Girish Ahuja*	
Motivational Session Time Management for CAs	CA. Nandan Savnal	
Technical Session-V SME Listing at BSE	Eminent Faculty	
Technical Session-VI Asst. proceedings, All related Circulars, Relief Input Credit Formalities	Eminent Faculty	
*Subject to confirmation		

For Registration & Further Details
Aurangabad Branch of WIRC of ICAI Tel. No. 2342157
Hosted by **Aurangabad Branch of WIRC of ICAI**
Organised by **Western India Regional Council of ICAI**

Revisionary Crash Course for CA Final/IPCC Students

DATES	26th, 27th, 28th, 29th & 30th, Aug., 2013	
Venue	Shri Navinbhai Thakkar Auditorium, Shradhdhanand Road, Vile Parle (E)	
Time	8.00 a.m. to 12.15 p.m. & 12.30 p.m. to 5.00 p.m.	
Fees	₹ 800/- per session	
Chief Co-ordinators	CA. Mahesh Madkholkar 9820075966 CA. Satyanarayan Mundada 9422080814 (Regional Council Members)	
Co-ordinator	CA. Bharat Oza 9322260147	

TOPIC	SPEAKERS	
Accounting Standards for CA Final/IPCC	CA. Praveen Sharma	
Direct Tax for IPCC/CA Final	Dr. Girish Ahuja	

For more details visit www.wirc-icai.org

09
CPE HRS

National Conference on Co-operative Societies, Trust, Re-development of Properties, Legal & Taxation Aspects

DAYS & DATES SATURDAY, 3RD & SUNDAY, 4TH AUGUST, 2013

Venue	K. C. College Auditorium, Churchgate, Mumbai
Time	9.30 a.m. to 6.00 p.m. – 3rd August, 2013 9.30 a.m. to 1.00 p.m. – 4th August, 2013
Fees	₹ 1,600/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund) Cheque/DD in favour of "Secretary, The Institute of Chartered Accountants of India"
Conference Chairman	CA. Anuj Goyal, CCM & Chairman, CCONPO
Conference Director	CA. Tarun J. Ghia, CCM & Vice-Chairman, CCONPO

TOPICS

Inauguration and Key Note Address

Hon'ble Shri Justice V. M. Kanade, Judge, High Court, Mumbai

Topics to be Covered

- Real Estate scenario in general and its impact on property redevelopments
- Co-operative laws
- Legal and taxation issues
- Financing Options
- Laws governing co- operative societies, trusts, real estate transactions
- Concept and Working of Fungible FSI
- Cell Towers – an income avenue or a menace?
- Labour and welfare laws
- VAT issues
- Service tax aspects
- Property transactions by trusts
- Stamp duty and registration aspects
- Disputes, complaints, petitions, appeals
- Right to Information
- Structural Audits

Some of the Key Speakers

• **Shri N. R. Nikam**, District Deputy Registrar-IV, Co-operative Societies & Others • **Shri Sudhit Y. Ghate**, Formal Chief Engineer Development Plants, MCGM • **Prof. Girish Kumar**, IIT, Mumbai • **Shri Sushil Solanki**, Service Tax Commissioner-I, Mumbai • **Shri Shailesh Gandhi**, Former Central Information Commissioner of India

Organised by Committee for Co-operatives & NPO Sectors of ICAI
Hosted by WIRC of ICAI

Special Tie-up of ICAI – Insurance

The Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP) of ICAI has arranged **insurance protection for members in practice/firms** in the form of specially designed **professional indemnity insurance** at a reasonable premium i.e. 85% discount in market rate. The scheme has become effective from 12th March, 2013 for the Members in practice/ Firms of the ICAI.

ICAI has arranged the specialised **Health Insurance Scheme** for Members of ICAI and has signed an afresh MoU with New India Assurance Co. Ltd., Mumbai for the same on 12th March, 2013. The scheme has become effective from 12th March, 2013 for the Members of ICAI.

The Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP) of ICAI has arranged **Motor Insurance Scheme** at discounted OD premium for members of ICAI.

Chartered Accountants Benevolent Fund (CABF) of ICAI is facilitating **ICAI – LIC Group Insurance Scheme** for Chartered Accountant Members and their spouse.

JOIN CA GROUP PROTECTION SCHEME – JOIN & INSURE FOR LIFE

06
CPE HRS

Seminar on Service Tax on Cross Border Transactions

DAY & DATE SATURDAY, 17TH AUGUST, 2013

Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 1,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Priti Savla CA. Hardik Shah (Regional Council Members)	9321426883 9825510422
Co-ordinators	CA. Sachin Holmukhe CA. Alpesh Doshi CA. Y. R. Desai	9820561266 9892504512 9820448365

TOPICS

SPEAKERS

Territorial Jurisdiction and Place of Provision of Service Rules	CA. Naresh Sheth
Service Tax on Import of Services– Case Studies	CA. Rajiv Luthia
Export of Services– Case Studies on Service Tax Implications	Eminent Faculty
Refund of Services on Export of Services	CA. Vinod Awtani

06
CPE HRS

Seminar on Private Equity

DAY & DATE SATURDAY, 7TH SEPTEMBER, 2013

Venue	Hotel J.W. Marriott, Juhu Tara Road, Juhu	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 2,750/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Vishnu Agarwal CA. Sunil Patodia CA. Dhiraj Khandelwal (Regional Council Members)	9324544607 9820344085 9867642684
Co-ordinators	CA. Ankush Agarwal CA. Rushabh Adukia CA. Lalit Bajaj	9022766947 9819861049 9867692321

TOPICS & SPEAKERS

Key Note Address

Private Equity in India – Challenges and Opportunities – **Eminent Faculty**

The Art and Science of raising Private Equity: Deal Analysis and investment process; Do's and Don'ts in raising PE; How to pitch your deal to the PE funds? Managing Valuation Expectations – **CA. Shailesh Jindal**, CEO, Continental Capital Advisors

PE Investment – Legal Overview – Consolidated FDI Policy – An overview Analysis & Impact of latest changes in the I.T. Act; Fund raising and structuring – Legal Issues; How to optimise tax – **Eminent Faculty**

Discussions Roundtable- PE/VC Investments and Deal Making; The factors that attract PE/VC Funds; Do's and Don'ts in PE Deal Making; Hot Sectors for PES – **Eminent Faculty**

Discussions Roundtable – PE Investment – Transactional Overview: Valuations – issues and challenges; Due Diligence – Financial and Tax; Key terms in Share Subscription Agreement Exit issues – **Eminent Faculty**

Venture Capital Funding in India How the Funds are looking for VC deals in India; Expectations and Challenges of VC Funds; Regulatory Challenges and impact on the valuations – **Eminent Faculty**

06
CPE HRS

Seminar on Peer Review and Code of Ethics

DAY & DATE	SATURDAY, 24TH AUGUST, 2013	
Venue	J.S.Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 1,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Sandeep Jain 9819788099 CA. Subodh Kedia 9879267750	(Regional Council Members)
Co-ordinators	CA. Nikhil Damle 9820170436 CA. Jayesh Rambhia 9820308636 CA. Gaurav Save 9969001607	

TOPICS	SPEAKERS
SQC - 1: The Need for Documentation	CA. Ashutosh Pednekar
Peer Review – A value add to your firm	CA. Manish Choksi
Know your ethics – its importance with Case Studies	CA. C. N. Vaze

06
CPE HRS

Seminar on System Audit

DAY & DATE	SATURDAY, 24TH AUGUST, 2013	
Venue	Khimji Kunverji Vikamsey Auditorium, ICAI Tower, Near Standard Chartered Bank, Bandra-Kurla Complex, Mumbai	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 1,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Anil Bhandari 9821037605 CA. Dilip Apte 9930314856	(Regional Council Members)
Co-ordinators	CA. Amogh Pandit 8108132485 CA. Nilesh Maradia 9833710601 CA. Ankit Kapadia 9867876373	

TOPICS	SPEAKERS
Systems Audit – Types & Relevance	CA. Prakash Pendse
Is Functional Review necessary?	CA. Sunder Krishnan
Migration Audit – Importance & Relevance	Eminent Faculty
Systems Security – The need of the hour	Eminent Faculty

06
CPE HRS

CA - WHAT NEXT? Catalyst to Corporate Solutions

DAY & DATE	SATURDAY, 31ST AUGUST, 2013	
Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	10.00 a.m. to 6.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 1,200/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Shruti Shah 9892407988 CA. Abhishek Nagori 9426075397	(Regional Council Members)
Co-ordinators	CA. Aniket Kulkarni 9821690559 CA. Ankit Anjaria 9930001614 CA. Namrata Dedhia 9987123626	

TOPICS	SPEAKERS
Changing role of CAs	CA. Mayur Chokshi
Building CVs	Shri Jason Fernandes
Cracking Interviews	Eminent Faculty
SWOT Analysis	Eminent Faculty
Image Building & Presentation Skills	Ms. Chetna Mehrotra

03
CPE HRS

Half Day Seminar on Tax Audit

DAY & DATE	SATURDAY, 7TH SEPTEMBER, 2013	
Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	10.00 a.m. to 1.00 p.m. (Registration & Breakfast 9.00 a.m. to 10.00 a.m.)	
Fees	₹ 600/- (inclusive of course material, breakfast & lunch) (Please add ₹ 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Shardul Shah 9820287625 CA. Sarvesh Joshi 9822022292	(Regional Council Members)
Co-ordinators	CA. Kedar Limaye 9820287646 CA. Harshvardhan Shah 9820247299 CA. Nehal Turakhia 9833991898	

TOPIC	SPEAKER
Issues in Tax Audit & E-filing Reports & Return	CA. Satish Shanbhag

Orientation Meeting of Co-ordinators

DAY & DATE	THURSDAY, 1ST AUGUST, 2013
Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade
Time	6.00 p.m. to 7.30 p.m.

Members who are interested in contributing as Co-ordinators in WIRC seminars & events are invited to attend the Meeting

FORTHCOMING BRANCH MEETINGS

Date	Time	Subjects	Speakers	Venue
BHARUCH				
3/8/2013		Recent Developmental issues & Judgments in Service Tax Central Excise & Customs VAT	Mr S. S. Gupta Mr. Ashok Naval CA. Prakash Thakkar	ICAI Bhavan
NAGPUR				
19-20/7/2013		National Convention for CA Students	---	Deshpande Hall, Civil Lines
26/7 to 9/8/2013		GMCS – (41st Batch)	Shri Prakash Shesh	ICAI Bhavan
27/7 to 1/8/2013		Certificate Course on "Indirect Taxes"	Eminent Speakers	ICAI Bhavan
27/7/2013		WICASA–Full day Seminar on Tax Audit	Eminent Speakers	ICAI Bhavan
28/7/2013		WICASA–Industrial Visit		
31/7/2013		WICASA–Half Day Seminar on Audit & Revenue Audit	Eminent Speakers	ICAI Bhavan
3/8/2013	9.30 a.m.	Full day Seminar on Enterprise Risk Management	Eminent Speakers	Hotel Centre Point
8-11/8/2013		RRC at Goa		Goa
10/8/2013		Orientation programme for Campus Interview	Eminent Faculty	Hotel Airport Centre Point
13-14/8/2013		Campus Placement Programme		Hotel Centre Point
15/8/2013		Celebration of Independence day		ICAI Bhavan
25/8/2013		National Women's Conference	Eminent Speakers	Hotel Centre Point
PUNE				
20, 21, 27, 28/7 & 3, 4, 10, 11, 17, 18, 24, 25/8 & 7/9/2013	9.00 a.m.	Certificate Course on "International Taxation"		MCCIA, ICC Trade Tower, Senapati Bapat Road
SURAT				
3-4/8/2013	9.00 a.m.	National Conference on Taxation – 2013	Eminent Speakers	The Grand Bhagwati Hotel, Dumas Road
9-10/8/2013	9.00 a.m.	National Convention for CA Students – 2013	Eminent Speakers	Auditorium, VNSGU
VASAI				
2-3/8/2013	9.30 a.m.	CA Students' WIRC Sub-Regional Conference – 2013		Venkatesh Hall, Near Maxus Mall, Bhayandar (West)



Pimpri Chinchwad: Flag Hoisting on CA Foundation Day. (L-R): CA. Maheshwar Marathe, CA. Suhas Gardi, CA. Baban Dangale, CA. Kishor Gujar, CA. Manojkumar Agarwal, Br. Chairman, CA. Pankaj Patni, CA. Santosh Sancheti



CA. Vivek Barlota, CA. Niraj Agrawal, CA. Sanjay Atal, CA. Amit Agrawal, CA. Anuradha Agrawal, CA. Pravin Gandhi, CA. Madhu Bhutada, CA. Sachin Kothari, CA. Ashish Kalantri, CA. Prakash Chopda handing over cheque of Donation for Flood Relief in Uttarakhand from **Yavatmal CPE Chapter** to Collector of Yavatmal Ashwini Mudgal



Surat: Seminar on How to Appear before CIT Appeals & Brainstorming under Income Tax held on 1/6/2013. (L-R): CA. Pragnesh Jagatheth, Faculty, CA. Vijay Jagani, Branch Chairman, CA. Hemant Jariwala



Rajkot: Two Days Professional Training Workshop held on 22-23/6/2013



Vapi: 4th Residential Refresher Course held on 22-23/6/2013. (L-R): CA. Chirag Shah, CA. M. D. Prajapati, CA. Hitesh Patel, CA. Vimal Desai, CA. Nishit Shah, CA. Chetan Khakhkhar



Vasai: CA. Mangesh Kinare, Chairman, WIRC, Inaugurating new branch premises on 30/6/2013 along with CA. Ramanand Gupta, Branch Chairman, CA. Sandeep Jain, RCM & Managing Committee Members of Vasai Branch

FORTHCOMING STUDY CIRCLE MEETINGS

Date & Day	Time	Subjects	Speaker(s)	Venue	Organised by / Convenor / Tel. No.
20/7/2013 Saturday	3.30 p.m.	Study Group Meeting Point of Taxation Rules Under Service Tax Taxation of Partnership\LLP	CA. Sheel Bhanushali CA. Rajeev Shah	Direct- I- Plex , Old Nagar Das Road, Near Andheri East Subway, Andheri (E)	J. B. Nagar CPE Study Circle CA. Kamlesh Kothari M: 9820083144
21/7/2013 Sunday	9.30 a.m.	a) Provision of LBT. b) Do's and don't's for Appellate Process	Adv. C. B. Thakar CA. Harish Motiwalla	Aura Conference Hall, Yoginagar, Borivali (W)	Borivali (West) CPE Study Circle. CA. Mahesh Saboo M: 9819538752
3/8/2013 Saturday	6.00 p.m.	Issues in Tax Audit – Reporting & Auditing Aspects	CA. Sanjeev Lalan	SNDT Dome, SNDT College, Cama Lane, Ghatkopar (W)	Ghatkopar CA CPE Study Circle CA. Sanjay Sardhara M: 9820515808
4/8/2013 Sunday	9:30 a.m.	India entry strategy–Regulation for foreign companies -FDI & FEMA guidelines–Subsidiary/ Liaison office covering Legal, Tax and Regulatory Aspects	CA. Anup Shah	Mayfair Banquet Hall, Near Prabhodhan Thakre Auditorium, Opp. ICICI Bank, Borivali (W)	Borivali (Central) CPE Study Circle CA. Dushyant Bhatt M: 8655016163
4/8/2013 Sunday	8.45 a.m.	Important Aspects of Audit of Depository Participants Important Aspects of Audit of Members of Stock Exchange	CA. Sandeep Maheshwari CA. Kinjal Shah	Hotel Kohinoor, Andheri Kurla Road J.B. Nagar, Andheri (E)	J. B. Nagar CPE Study Circle CA. Manish Dedhia M: 9930883146
4/8/2013 Sunday	9.30 a.m.	Voluntary Compliance Encouragement Scheme under Service Tax Issue Based Reverse Charge Mechanism	CA. Ankit Chande CA. Pradip K. Shah	Mulund College AC Auditorium, Near Mulund Railway Station, Mulund (W)	Mulund CA CPE Study Circle CA. Sachin Maher M: 9869028560
4/8/2013 Sunday	9.00 a.m.	Lecture Meeting on Taxation of Certain Purchase Transaction under Direct Tax	CA. Bhupendra Shah	Aura Conference Hall, Yoginagar, Borivali (W)	Borivali (West) CPE Study Circle CA. Mahesh Saboo M: 9819538752
4/8/2013 Sunday	9.30 a.m.	Domestic Transfer Pricing	CA. Ramesh Iyer	Audio Visual Room, SIMR, Vidyavihar	Chembur CPE Study Circle CA. Vrushi Thakkar M: 9867934666
4/8/2013 Sunday	10.00 a.m.	Lecture Meeting on E-Filing of Tax Audit Reports and Documentation	Eminent Speakers	Brahman Sabha, Tilak Road, Dombivli (E)	Dombivli CPE Study Circle CA. Shekhar Patwardhan M: 9930232717
4/8/2013 Sunday	9.30 a.m.	Revised Auditing Standards and Practical Issues in Implementation of Revised Schedule VI	CA. Hasmukh Dedhia	Mysore Association Conference Hall, 2nd Floor, Bhaudaji Road, Matunga	Matunga CPE Study Circle CA. Atul Shahade M: 9821116850
7/8/2013 Wednesday	6.30 p.m.	All About HUF & Wills	CA. Mukesh Trivedi	Hotel Woodland, Nadiad	Nadiad CPE Study Circle CA. Hitesh Shah M: 9422883227
8/8/2013 Thursday	6.00 p.m.	Service Tax Amnesty Scheme	CA. Rajiv Luthia	Chitalia Hall, Federation House, 6th Floor, Anandilal Podar Marg, Near Metro Cinema, Above Dark Temptations	Churchgate CPE Study Circle CA. Rajesh Shah M: 9892132520
11/8/2013 Sunday	9.00 a.m.	a) Domestic Transfer Pricing & b) International Transfer Pricing	CA. Rajesh Shah CA. Natwar Thakar	Aura Conference Hall, Yoginagar, Borivali (W)	Borivali (West) CPE Study Circle CA. Mahesh Saboo M: 9819538752
18/8/2013 Sunday	9:45 a.m.	Study Group Mtg. on Discussion on MSMED Act and LBT	CA. Sanjay Thakkar	Vrundas Veg, Gulmohar Road, Behind Ajanta Talkies, Borivali (W)	Borivali (Central) CPE Study Circle CA. Dushyant Bhatt M: 8655016163
25/8/2013 Sunday	9:30 a.m.	Salient Aspects – CARO Reporting Salient Aspects– Tax Audit Reporting w.r.t. Revised GN on Tax Audit	CA. Suresh Agaskar CA. Atul Suraiya	Mayfair Banquet Hall, Near Prabhodhan Thakre Auditorium Opp. ICICI Bank, Borivali (W)	Borivali (Central) CPE Study Circle CA. Dushyant Bhatt M: 8655016163
25/8/2013 Sunday	9.00 a.m.	Issues relating to registration of Charitable Organisation and Taxation of Charitable Organisation	CA. Vipin Batavia	Aura Conference Hall, Yoginagar, Borivali (W)	Borivali (West) CPE Study Circle. CA. Mahesh Saboo M: 9819538752
25/8/2013 Sunday	9.00 a.m.	Workshop on Domestic Transfer Pricing Provisions	CA. Anish Thacker CA. Jaiman Patel	Mysore Association Conference Hall, 2nd Floor, Bhaudaji Road, Matunga	Matunga CPE Study Circle CA. Atul Shahade M: 9821116850

Note: All Convenors are requested to send their forthcoming programmes only on e-mail Id: wircevents1@gmail.com at the end of the preceding month for the period starting 20th of next month.



REFERENCE MANUAL 2013-14

Tenth Thoroughly Revised And Updated Edition

The WIRC Reference Manual is an easy reference compilation of assorted Laws, Rules, Regulations, Procedures, Pronouncement, Notifications, etc. It covers topics suitable for all accounting, tax and legal professionals. A comprehensive yet handy guide, the Manual is a distillation of the expertise of some of the best minds in our profession.

The Tenth edition of WIRC Reference Manual covers a wide range of subjects including Chartered Accountants Acts & Regulations, Accounting and Auditing, Income Tax and Wealth Tax, Indirect Taxes, Company Law, Other Laws and additional information deemed important.

The WIRC Reference Manual can also be carried in your pocket thanks to a user friendly CD version that is part of the package.

Book your copy today!

Price: ₹ 300/- Per Copy


- Chartered Accountants Acts & Regulations
- Accounting and Auditing
- Income Tax and Wealth Tax
- Indirect Taxes
- Company Law
- Other Laws
- Miscellanea

Discount of 10% for Bulk purchase of 50 or more copies
Book Your Copy with wirc@icai.in or contact Mr. Vijay on 3980 2923

Vertex
ONLINE BACKUP
Making backup Simple, Easy and Affordable

Special offer for Chartered Accountants
starts just under **Rs. 335 / Month**

Someone loses data every 5 seconds
don't wait until its too late



Use it before you buy it

- * Fully automated, No need to take manual backup.
- * No capital expenditure required for hardware setup.
- * Low Operational cost - simple pay as you go price.
- * Automated backups & Easy restoration.
- * Highly secured - data gets encrypted 3 times.
- * Recovery at any time to any location.
- * Unlimited numbers of computers can be backed up.
- * Unlimited versions of your data - Roll back to any previous date and get that point in time data of tally.
- * Backup data of all branch office using one account.
- * Instantly send larg files to your customers without attaching in emails.
- * Allows hourly, daily, weekly, monthly or on demand backups.

Located at more than 30 locations across
WESTERN REGION

To get your free 15 days no-obligation
evaluation copy call
9892542608 / 022.3266 0896
support@vertexonlinebackup.com

E-SAHAYATAA

E-Sahayataa is a grievance redressal mechanism hosted on ICAI website. Members and students are requested to visit www.icaai.org to log in their grievances.

NOTIFICATION

New Delhi, 28th March, 2013

[As published in Part III, Section 4 of the Gazette of India Extraordinary dated 28th March, 2013]

No. 1-CA (7)/146/2013: In partial modification of Notifications No. 1-CA (7)/140/2011 and 1-CA (7)/141/2011 both dated 25th February, 2011 published in Part III, Section 4 of the Gazette of India, Extraordinary dated 25th February, 2011, the Council of the Institute has decided to reduce the age from 65 years to 60 years for treating a member as Senior Citizen for the purpose of payment of annual membership fee and certificate of practice fee. Accordingly, for the words and figure "age of 65 years" appearing in the proviso of both the aforesaid Notifications, the words and figure "age of 60 years" have been substituted.

T. Karthikeyan
(Secretary)

Kind Attention of the Members

Payment of Membership Fee and Certificate of Practice Fee for the year 2013 -14

Fee circular for Payment of Membership Fee and Certificate of Practice Fee has already been sent to all the members of the Institute with request to remit applicable amount of Membership Fee and COP Fee so as to reach the Institute on or before 30th September, 2013.

The applicable amount of Membership Fee and COP Fee is given below:

Particulars of Fee	For Members aged on 1/4/2013	
	Below 60 years	Above 60 years
Associate Membership Fee	₹ 800/-	₹ 600/-
Fellow Membership Fee	₹ 2,200/-	₹ 1,600/-
Certificate of Practice Fee	₹ 2,000/-	₹ 1,500/-

Members are also requested to pay following:

Chartered Accountant Benevolent Fund

Life Membership	Yearly subscription	Voluntary contribution
₹ 2500/-	₹ 500/-	A respectable amount

S. Vaidyanath Aiyar Memorial Fund

Life Membership	Yearly subscription	Voluntary contribution
₹ 500/-	₹ 50/-	A respectable amount

APPLICATION FOR FACULTIES FOR TAKING LECTURES FOR GMCS COURSE AT MUMBAI

WIRC of ICAI invites applications from members of the Institute who are experienced and interested in taking lectures for General Management and Communication skills course at Mumbai. Interested members may send their resume by e-mail to wirc@icaai.in.

Seminar on Service Tax Updates held on 29th June, 2013



CA. Bipeen Mundada, CA. Sandeep Jain, RCM, CA. Girish Raman, Faculty, CA. Viral Chheda

Other Speakers



CA. Narendra Soni



CA. Jayesh Gogri



CA. Manish Gadia

DIRECT TAX

(Contributed by CA. Haresh P. Kenia & CA. Deepak Lala)

RATIONALISATION OF WITHHOLDING TAX (WHT) ON FOREIGN INVESTMENTS IN INDIAN DEBT SECURITIES {215 TAXMANN 212 (ST.)}

PRESS RELEASE [F. NO. 06/16/2012-ECB], DATED 20-5-2013

In the Budget speech 2013, it was announced that necessary changes are proposed to be made to section to provide benefit of reduced WHT to cases where investment is made by a non-resident in rupee denominated long term infrastructure bonds. However, in order to provide broad based incentive and encourage greater off-shore investment in debt market by Foreign Institutional Investors (FIIs) and Qualified Foreign Investors (QFIs), it has been decided that the benefit of lower withholding tax [i.e. 5% instead of 20%] shall be available in respect of interest on investment made in bonds issued by Indian companies and Government securities. The benefit would be available in respect of interest income of FIIs and QFIs accruing between 1/6/2013 and 31/5/2015, irrespective of the date of investment. The necessary amendment to the Income-tax Act, has been made through the introduction of new section 194LD and other consequential changes.

Further, in cases of investment in long term infrastructure bonds covered under section 194LC, where PAN of non-resident investor was not provided, the benefit of 5% WHT could not be availed due to the conditions of section 206AA. Considering the practical difficulty involved in obtaining PAN of non-resident investor in case of investment in long term infrastructure bonds, it has been provided that the benefit of reduced WHT shall be available even if the PAN of foreign investor is not obtained by the Indian company which is responsible for payment of interest and deduction of tax in respect of long term infrastructure bonds.

It is expected that aforesaid reduction in rates and simplification of the withholding tax norms would encourage greater subscription in Indian debt securities by foreign investors, encourage development of the Indian debt market and accelerate the pace of growth of the Indian economy.

ACKNOWLEDGEMENT BY BANKS AT THE TIME OF SUBMISSION OF FORM 15-G/15-H {215 TAXMANN 213 (ST.)}

CIRCULAR DBOD.NO.LEG.BC.100/09.07.005/2012-13, DATED 31-5-2013

The banks are not required to deduct TDS from depositors who submit declaration in Form 15-G/15-H under Income tax Rules, 1962. However, it was brought to notice that despite submission of Form 15-G/15-H by customers, banks are deducting tax at source, at times, causing inconvenience to customers resulting in a number of complaints. Such instances arise because either the forms are misplaced or a track is not kept of forms received in the branches. The matter has been examined in consultation with Indian Banks' Association (IBA). With a view to protect interest of the depositors and for rendering better customer service, banks are advised to give an acknowledgment at the time of receipt of Form 15-G/15-H. This will help in building a system of accountability and customers will not be put to inconvenience due to any omission on part of the banks.

INCOME TAX (FOURTH AMENDMENT) RULES, 2013 – INSERTION OF RULES 6AAD & 6AAE AND FORM NOS 3C-O & 3CP {215 TAXMANN 214 (ST.)}

NOTIFICATION NO. 38/2013 [F.NO.142/30/2012-SO(TPL)]/SO 1393[E], DATED 30-5-2013

CBDT has made Rule 6AAD with respect to Guidelines for approval of agricultural extension project under Section 35CCC and has also made Rule 6AAE with respect to the conditions subject to which an agricultural extension project is to be notified under section 35CCC. In this regard Form No. 3C-O has been inserted as the application Form for approval under Section 35CCC(1) along with Form No. 3CP as the Form for Notification of Agricultural extension project under Section 35CCC(1).

SECTION 48, EXPLANATION (V) OF THE INCOME TAX ACT, 1961 – CAPITAL GAINS – COMPUTATION – NOTIFIED COST INFLATION INDEX FOR FINANCIAL YEAR 2013-14 {215 TAXMANN 214 (ST.)}

NOTIFICATION NO. 40/2013 [F.NO.142/7/2013-TPL]/SO1464[E], DATED 6-6-2013

The Cost Inflation Index for computation of capital gains as notified for the Financial Year 2013-14 is "939".

INCOME TAX (FIFTH AMENDMENT) RULES, 2013 – AMENDMENT IN RULES 30, 31 & 31A AND INSERTION OF FORM NOS. 16B & 26QB AND SUBSTITUTION OF FORM NO. 24Q {215 TAXMANN 222 (ST.)}

NOTIFICATION 39/2013 [F.NO.133/23/2013-SO(TPL)(PT)]/SO 1404E, DATED 31-5-2013

With reference to the implementation of TDS on purchase of immovable properties above ₹ 50 lakhs levied u/s. 194-IA amendments have been made in Rules 30, 31 & 31A. Further Form No. 16B has been notified as the prescribed form of TDS certificate for Tax deducted u/s 194-IA and Form No. 26QB has been notified as the prescribed form of TDS challan-cum-statement of deduction of tax u/s. 194-IA. Further, Form No 24Q i.e. quarterly statement of deduction of tax in respect of salary has been amended.

MAHARASHTRA VAT

(Contributed by CA. C. B. Thakar)

MVAT RULES, 2005

Notification

The Government of Maharashtra has issued notification dated 16/5/2013 to amend the Rules. By the amendment Rule 55B is inserted in the Rules from 15/10/2011 to provide for set off to Special Economic Zone Units, irrespective of certain Rules debarring set off.

The Government of Maharashtra has issued further notification dated 21/5/2013 whereby certain Rules are inserted/amended to carry out the proposals made in Budget. The Rules are made effective from 1/5/2013. Amongst others, the changes are made in Rule 54(a) to debar set off in relation to Passenger Motor Vehicles as well as to provide Electronic TDS return.

Circulars

The Commissioner of Sales Tax has issued following circulars.

3T of 2013 dated 10/6/2013 by which amendments to Schedule entries and notifications under MVAT Act, 2002 are explained.

4T of 2013 dated 26/6/2013 by which amendments in the MVAT Act, 2002 by Maharashtra Act No. VIII of 2013 dated 20/4/2013 are explained.

CORPORATE LAWS

(Contributed by CA. Jayesh Thakur)

SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013

The SEBI has issued Notification No. LAD-NRO/GN/2013-14/11/6063 on 12/6/2013 providing for a comprehensive regulatory framework for public issuance of non-convertible redeemable preference shares and also for listing of privately placed redeemable preference shares. Also, as per Basel III norms, banks can issue non-equity instruments such as perpetual non-cumulative preference shares and innovative perpetual debt instruments, which are in compliance with the criteria specified by the RBI for inclusion in additional tier I capital. The regulations shall also be applicable to such instruments issued by banks.

Clarification on conversion of a Firm into a Limited Liability Partnership

The MCA has issued General Circular No. 09/2013 dated 30/4/2013 in relation to clarifying on issues raised by stakeholders with regard to (i) conversion of multiple partnership firms (including audit firms) into a single LLP, and, (ii) manner in which appointee company shall take note of the change in the status of auditor once the relevant CA audit firm has got itself converted into a CA audit LLP as per the relevant provisions of the LLP Act, 2008. It is clarified in relation to conversion of multiple partnership firms (including audit firms) into a single LLP that the provisions of sections 55 and 58 of the LLP Act, 2008 read with Second Schedule thereto, *inter alia*, provide for requirements in respect of conversion of a single partnership firm into a single LLP. The LLP Act, 2008 does not provide for conversion of two or more firms into a single LLP.

In relation to the second issue, it is clarified that the provisions of section 58(4)(b) of the LLP Act, 2008 provide that on conversion of a firm into an LLP, as per the provisions of the said Act, all property, assets, interests, rights, privileges, liabilities, obligations relating to the firm and the whole of the undertaking of the firm shall be transferred to and shall vest in the LLP without further assurance, act or deed. Accordingly, if a CA audit firm, being an auditor in a company under the Companies Act, 1956, gets converted into an LLP after complying with the relevant provisions of the LLP Act, 2008, then, such an LLP, in accordance with the provisions of section 58(4)(b) of the LLP Act, 2008 would be deemed to be the auditor of the said company. The relevant appointee company may take note of such change in status of the auditor through a resolution of the Board.

RBI's Fraud Monitoring Cell to function from Bengaluru

The RBI has issued Circular No. RBI/2012-13/532/DNBS (PD) CC. No.329/03.10.42/2012-13 on 13-6-2013 stating that its Fraud Monitoring Cell attached to the department of banking supervision (DBS), Central Office has shifted from the present location at 2nd Floor, World Trade Centre-1, Cuffe Parade, Mumbai-400 005 to Bengaluru Regional Office of the Reserve Bank. The Central Fraud Monitoring Cell will continue to be part of Department of Banking Supervision, Central Office Mumbai and will start functioning from the new location at Bengaluru from July 1, 2013. All the NBFCs are requested to take note of the address of the Central Fraud Monitoring Cell at the new location:

Central Fraud Monitoring Cell

Department of Banking Supervision,
Reserve Bank of India, 10/3/8, Nruputhunga Road, P. B. No. 5467,
Bengaluru - 560 001. Phone No: - +91 80 22244120
Fax No.: +91 80 22127754

All NBFCs may file fraud reports etc. / furnish response to the existing letters from Fraud Monitoring Cell of DBS, Central Office and fresh letters to the new address at Bengaluru from June 14, 2013 onwards. Reporting of frauds is classified into four categories as under:

- Frauds involving ₹ 1 lakh and above
- Frauds committed by unscrupulous borrowers
- Frauds involving ₹ 25 lakh and above
- Cases of attempted fraud

Power of ROCs to obtain declaration/affidavits from subscribers/first directors at incorporation

The MCA has issued General Circular No. 11/2013 dated 29-5-2013 considering the need to protect the interest of investors and ensure that companies raise monies in accordance with the provisions of the Companies Act/Deposit Rules, it is clarified that in exercise of the powers under the Companies Act, the Registrar of Companies may obtain declaration/affidavits from subscribers/first directors first at the time of incorporation and from directors, subsequently whenever company changes its objects, to the effect that company/directors shall not accept deposits unless compliance with the applicable provisions of Companies Act, 1956, RBI Act, 1934 and SEBI Act, 1992 and rules/directions/regulations made thereunder are duly complied and filed with the concerned authorities.

SEBI issues broad guidelines on Algorithmic Trading [www.sebi.gov.in]

The SEBI has issued Circular No. CIR/MRD/DP/16/2013 on 21-5-2013 based on various suggestions with regard to the requirement of system audit of trading algorithm/software used by stock brokers/trading members and after due examination of the suggestions in consultation with the Technical Advisory Committee, it has been decided to revise the requirement as follows:

- Stockbrokers/trading members that provide the facility of algorithmic trading shall subject their algorithmic trading system to a system audit every six months in order to ensure that the requirements prescribed by SEBI / stock exchanges with regard to algorithmic trading are effectively implemented.

- Such system audit of algorithmic trading system shall be undertaken by a system auditor who possess any of the following certifications, viz., (a) CISA (Certified Information System Auditors) from ISACA; (b) DISA (Post Qualification Certification in Information Systems Audit) from the Institute of Chartered Accountants of India (ICAI); (c) CISM (Certified Information Securities Manager) from ISACA; (d) CISSP (Certified Information Systems Security Professional) from International Information Systems Security Certification Consortium, commonly known as (ISC)2.

Deficiencies or issues identified during the process of system audit of trading algorithm / software shall be reported by the stockbroker / trading member to the stock exchange immediately on completion of the system audit. Further, the stockbroker/trading member shall take immediate corrective actions to rectify such deficiencies / issues.

No person shall act as an investment adviser without obtaining SEBI certificate of registration

The SEBI has issued Circular dated 29-5-2013 referring to the SEBI (Investment Advisers) Regulations, 2013 ("IA Regulations") whereby no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board or he is specifically exempt. It is now clarified that for operational convenience and as part of decentralisation of work, the application for registration as an investment adviser under IA Regulations shall be filed with the concerned Regional Office (RO)/Local Office (LO) of the SEBI under the jurisdiction of which the registered address of the applicant falls.

Foreign Direct Investment - Reporting of issue/transfer of Shares to/by a FVCI

The RBI has issued Circular No. RBI/2012-13/529/A.P. (DIR Series) Circular No.110 on 12/6/2013 stating that currently transfer of equity shares/fully and mandatorily convertible debentures/fully and mandatorily convertible preference shares (hereinafter referred to as 'shares') of an Indian company, from a person resident outside India (non-resident) to a person resident in India (resident) or *vice versa*, has to be reported to an authorised dealer bank within 60 days of the transactions. Further, the receipt of consideration for issue of shares as well as the issue of shares of an Indian company, to a non-resident has to be reported to the RBI through an authorised dealer bank within 30 days of the transaction. While observing that SEBI registered FVCIs making investments in an Indian Company under FDI Scheme also report the same transaction resulting in double reporting of the transaction this clarificatory circular is issued. It is now clarified that wherever a SEBI registered FVCI acquires shares of an Indian company under FDI Scheme, such investments have to be reported in Form FC-GPR/FC-TRS only, as applicable. Where the investment is under Schedule 6 of the Notification, no FC-GPR/FC-TRS reporting is required. Such transactions would be reported by the custodian bank in the monthly reporting format as prescribed by RBI from time to time. Revised forms FC-GPR and FC-TRS are annexed to this circular. A SEBI registered FVCI while making investment in an Indian company may need to determine upfront whether the said investment is under FDI or FVCI scheme and report accordingly. For the guidance of FVCI investors, a suitable remark in paras 3(4) and 5(a)(4) of Form FC-GPR and para 4(4) and para 5(4) of Form FC-TRS, has been incorporated, which would read as follows: 'The investment/s made by SEBI registered FVCI is/are under FDI Scheme, in terms of Schedule 1 to Notification No. FEMA 20 dated May 3, 2000'.

NBFCs not to be Partners in Partnership Firms - Clarifications

The RBI has issued Circular No. RBI/2012-13/526/DNBS.PD/CC.No. 328/03.02.002/2012-13 on 11/6/2013 stating that currently NBFCs are prohibited from contributing capital to any partnership firm or to be partners in partnership firms. In cases of existing partnerships, NBFCs were advised to seek early retirement from the partnership firms. It is now clarified that (a) partnership firms mentioned above will also include Limited Liability Partnerships (LLPs), and (b) further, the aforesaid prohibition will also be applicable with respect to Association of Persons, these being similar in nature to partnership firms. NBFCs which had already contributed to the capital of an LLP/Association of persons or were a partner of LLP/Association of Persons are advised to seek early retirement from the LLP/Association of Persons. One may refer to the above citation for further details.

NBFC-MFIs Directions – modifications in Pricing of Credit & Margin cap

The RBI has issued Circular No. RBI/2012-13/517/DNBS (PD) CC.No.327/03.10.038/2012-13 on 31/5/2013 reviewing the pricing of credit and stating that the margin cap for all NBFCs irrespective of their size would be 12% per cent till March 31, 2014. However, with effect from 1st April, 2014 margin caps as defined by the Malegam Committee may not exceed 10 per cent for large MFIs (loans portfolios exceeding ₹ 100 crore) and 12 per cent for the others.

Amendment to SEBI Buyback Regulations governing buyback through open market purchase

The SEBI has issued Press Release No. PR No. 60/2013 dated 25/6/2013 approving changes to buyback of shares or other specified securities from the open market through stock exchange mechanism and which are detailed below:

- The mandatory minimum buyback has been increased to 50% of the amount earmarked for the buyback, as against existing 25%, failing which amount in the escrow account would be forfeited subject to a maximum of 2.5% of the total amount earmarked.
- The maximum buyback period has been reduced to 6 months from 12 months.
- Companies shall create an escrow account towards security for performance with an amount equivalent to at least 25% of the amount earmarked for buyback.
- The company shall not raise further capital for a period of one year from the closure of the buyback except in discharge of subsisting obligations as against the existing 6 months.
- The company shall not make another buyback offer within a period of one year from the date of closure of the preceding offer.
- The disclosure requirements have been rationalised requiring disclosure of the shares bought back on a cumulative basis on the website of the company and the stock exchange, only on a daily basis instead of the current requirement of disclosure on daily, fortnightly and monthly basis.
- The companies can buyback 15% or more of capital (paid-up capital and free reserves) only by way of tender offer.
- Procedure for buyback of physical shares (odd-lot) has been modified which includes creation of separate window in the trading system for tendering the shares, requirement of PAN/Aadhaar for verification, etc.
- Companies are permitted to extinguish shares bought back during the month, within fifteen days of the succeeding month subject to the last extinguishment within seven days of the completion of the offer.
- The promoters of the company shall not execute any transaction, either on-market or off-market, during the buyback period.

SERVICE TAX

(Contributed by CA. Rajiv Luthia)

SYNOPSIS OF NOTIFICATIONS, CIRCULARS & LETTERS

Central Government *vide* Notification No.11/2013-ST dated 13th June, 2013 has amended the Notification No. 6/2013-ST dated 18th April, 2013 which was in relation to exemption granted to the taxable services provided or agreed to be provided against a Focus Market Scheme duty credit script issued to an exporter by the Regional Authority subject to fulfilment in the said Notification.

Commissioner of Service Tax-I Mumbai *vide* Trade Notice No. 4/13-14-ST-I dated 27th May, 2013 has appointed Asst/Dy. Commissioner of Service Tax (Tech), Mumbai as a Designated Authority within the meaning of Section 105(1)(c) of the Finance Act, 2013. The declarant under Voluntary Encouragement Compliance Scheme (VCEs), 2013 can file the declaration to the notified designated authority which is:

Assistant/Deputy Commissioner of Service Tax (Technical)

Room No. 303, New Central Excise Building, 115, Maharshi Karve Road, Churchgate, Mumbai-400 020.

Tel. Nos. 022-22034421 and 022-22034425.

GUJARAT VAT

(Contributed by CA. Kishor R. Gheewala)

Important Judgment of GVAT Tribunal

ITC in case of "Retail Invoices"

Gil & Co. Pvt. Ltd. S.A.No.283/2009 dated:- 25/3/2013

In this case it is held as under:-

If all three below mentioned conditions are fulfilled together, then only, ITC will be allowed for the case of "Retail Invoices".

- i) If due to any provision of VAT Act, selling dealer is unable to issue "Tax Invoices",
- ii) All the particulars and details required to be mentioned in "Tax Invoices" are mentioned in "Retail invoices" &
- iii) Selling Dealer must have deposited Tax collected through such Retail Invoices in the Government Treasury.

FEMA

(Contributed by CA. Manoj Shah & CA. Hinesh Doshi)

Review of the policy on FDI in Multi Brand Retail Trading (MBRT) sector

Press Note No.1 (2013 Series) issued by the DIPP dated June 3, 2013

The Government of Himachal Pradesh has given its consent to implement the MBRT policy in Himachal Pradesh in terms of paragraph 6.2.16.5(1)(viii) of Circular 1 of 2013 – Consolidated FDI Policy (FDI Policy). Accordingly, the list of States/ Union Territories which have conveyed their agreement for the policy in MBRT and mentioned in Paragraph 6.2.16.5(2) of the FDI Policy is amended and updated to include state of Himachal Pradesh.

DIPP has also issued clarification on queries of prospective Investors/ Stakeholders on FDI Policy for MBRT (Paragraph 6.2.16.5 of 'Circular 1 of 2013 – Consolidated FDI Policy') which are available on DIPP website at:

http://dipp.nic.in/English/News/MBRT_Clarification_06June2013.pdf

FDI Policy – definition of 'Group Company'

Press Note No.2 (2013 Series) issued by the DIPP dated June 3, 2013

The term 'Group Company' has been defined for the purpose of FDI Policy. Accordingly, the Government has decided to incorporate the following definition of 'Group Company' in the FDI policy, effective from 5/4/2013 in paragraph 2.1.

'Group Company' means two or more enterprises which, directly or indirectly, are in a position to:

- (i) Exercise twenty-six per cent, or more of voting rights in other enterprise or appoint more than fifty per cent of members of board of directors in the other enterprise.

Export of Goods and Services – Realisation and Repatriation period for units in SEZ

Notification No. FEMA.273/2013-RB dated April 25, 2013 and A.P. (DIR Series) Circular No.108 dated June 11, 2013

Presently, there is no time limit for realisation and repatriation of export proceeds, for the exports made by units in SEZs.

Henceforth, units located in SEZs shall have to realise and repatriate full value of goods/software/services to India within a period of twelve months from the date of export. Any extension of time beyond the above stipulated period may be granted by RBI, on case-to-case basis. This changes will be applicable with immediate effect and shall be valid for one year, subject to review.

Liberalisation/rationalisation of External Commercial Borrowing (ECB) policy

1. ECB for the low cost affordable housing projects

A.P. (DIR Series) Circular No.113 dated June 24, 2013

ECB for low cost affordable housing projects is allowed as a permissible end-use under the approval route. The policy regarding ECB for the low cost affordable housing projects has been reviewed and modified as under:

- (i) Developers/builders should have a minimum of three years' experience in undertaking residential projects as against five years prescribed earlier and should have good track record in terms of quality and delivery.
- (ii) The condition of minimum paid-up capital of not less than ₹ 50 crore, as per the latest audited balance sheet, for Housing Finance Companies (HFCs) stands withdrawn. However, the condition of the minimum Net Owned Funds (NoF) of ₹ 300 crore for the past three financial years remains unchanged.
- (iii) The aggregate limit for ECB under the low cost affordable housing scheme is extended for the financial years 2013-14 and 2014-15 with a ceiling of USD 1 billion in each of the two years, subject to review thereafter.
- (iv) The ECB availed of by developers & builders shall be swapped into Rupees for the entire maturity on fully hedged basis.

Interest rate spread to be charged by National Housing Bank (NHB) may be decided by NHB taking into account cost and other relevant factors. NHB shall ensure that interest rate spread for HFCs for on-lending to prospective owners of individual units under the low cost affordable housing scheme is reasonable.

HFCs while making the applications, shall

- (a) submit a certificate from NHB, the nodal agency, that the availment of ECB is for financing prospective owners of individual units for the low cost affordable housing;
- (b) ensure that cost of such individual units does not exceed ₹ 30 lakh and loan amount does not exceed ₹ 25 lakh;
- (c) ensure that the units financed are having maximum carpet area of 60 square metres; and
- (d) ensure that the interest rate spread charged by the HFCs to the ultimate buyer is reasonable.

2. ECB for 3G spectrum allocation

A.P. (DIR Series) Circular No.114 dated June 25, 2013

As per the extant policy, the payment for spectrum allocation shall initially be met out of the Rupee resources by the successful bidders, to be refinanced with a long term ECB, under the approval route, subject to the condition that ECB should be raised within 12 months from the date of payment of the final installment to the Government.

RBI has now decided that ECB window for financing 3G spectrum rupee loans, that are still outstanding in telecom operator's books of account, will be open upto March 31, 2014.

3. ECB for Civil Aviation Sector

A.P. (DIR Series) Circular No.116 dated June 25, 2013

In terms of A.P. (DIR Series) Circular No. 113 dated April 24, 2012 the ECB for working capital for the civil aviation sector was to be raised within twelve (12) months from the date of issue of the circular. It has now been decided that the scheme for availing of ECB for working capital for civil aviation sector will continue till December 31, 2013.

4. ECB in Renminbi (RMB)

A.P. (DIR Series) Circular No.117 dated June 25, 2013

Since the facility of ECB in Renminbi (RMB) has remained unused so far, the scheme of ECB in Renminbi has been discontinued from the date of issue of this circular.

5. Import of Services, Technical know-how and Licence Fees

A.P. (DIR Series) Circular No.119 dated June 26, 2013

RBI has decided to include import of services, technical know-how and payment of licence fees as part of import of capital goods by the companies for the use in the manufacturing and infrastructure sectors as permissible end uses of ECB under the automatic/approval route as the case may be subject to the specified conditions.

6. Structured Obligations

A.P. (DIR Series) Circular No.120 dated June 26, 2013

It has been decided that credit enhancement can be provided by eligible non-resident entities to the domestic debt raised through issue of INR bonds/debentures by all borrowers eligible to raise ECB under the automatic route. It has also been decided to reduce the minimum average maturity of the underlying debt instruments from 7 years to 3 years. Prepayment and call/put options, however, shall not be permissible for such capital market instruments up to an average maturity period of 3 years.

On invocation of such credit enhancement, if the guarantor meets the liability and if the same is permissible to be repaid in foreign currency to the eligible non-resident entity, the all-in-cost ceilings, as applicable to the relevant maturity period of the Trade Credit / ECBs as per extant guidelines, would apply to the novated loan.

Buyback / prepayment of Foreign Currency Convertible Bonds (FCCBs)

A.P. (DIR Series) Circular No.115 dated June 25, 2013

Considering the developments in the global financial markets and on a review of the aforesaid scheme, it has been decided that the existing scheme of Buyback / Prepayment of FCCBs under the approval route which expired on March 31, 2013 may be continued till December 31, 2013 and shall stand discontinued thereafter.

WORK DISPOSAL POSITION

The position of disposal of various matters relating to members and students of WIRC as on 30/6/2013

PARTICULARS	DATE
Members' Section	
Sole Proprietary Firm Registration	24/6/2013
Partnership Firm Registration – Constitution	17/6/2013
Reconstitution	17/6/2013
Grant of Certificate of Practice	25/6/2013
Fellow Admission	24/6/2013
Change of Address	26/6/2013
New Enrolment	14/6/2013
Restoration of Membership	17/6/2013
Permission for other engagement	25/6/2013
Articles Section	
IPCC Registration with Articles	25/6/2013
Final + Articles Registration	27/6/2013
Industrial Training Registrations	30/5/2013
Re-registration of articles	20/5/2013
Termination of articles	27/5/2013
Completion of articles	27/6/2013
Permission to study for other courses	24/6/2013
Supplementary Registration of articles	27/6/2013
Change of Address	25/6/2013

Foundation Day Celebrations 2013



Professional Loan

Gift a new life to your dreams.



- **Clean overdraft for Working Capital • W.C.T.L for professionals like Medical Practitioners, Chartered Accountants, Cost Accountants, Company Secretaries, Architects etc.**

Administrative & Registered Office: TJSB House, Plot No.B 5, Road No. 2,
Wagle Industrial Estate, Thane (West) - 400 604 | Tel. : 022 - 2587 8500 | www.tjsb.co.in

DIRECT TAX

(Contributed by CA. Paras K. Savla & CA. Deepak Tikekar)

Ss. 2(24)(x), 36(1)(va) & 43B Belated employees ESI contribution allowable

Assessee-employer having deposited employees' contribution towards ESI before due date for filing return though after due date prescribed under the ESIC Act, 1948, same had to be allowed as deduction; there is no reason to make any distinction between the employees contribution or the employer's contribution.

CIT vs. Nipso Polyfabriks Ltd. (2013) 258 CTR (HP) 216.

Ss. 5 & 145 NPA and accrual of income

Mere characterisation of an account as a NPA would not by itself be sufficient to say that there is uncertainty as regards realisability of income or interest income thereon; accrual of interest is a matter of fact to be decided separately for each case on the basis of examination of the facts and circumstances.

CIT vs. Sakthi Finance Ltd. (2013) 258 CTR (Mad) 433.

S. 10(38) Scheme of sale of land through sale of shares of shell company is valid

BEIL, assessee company, held 98.73% shares of BFSL. In A.Y. 2005-06 BFSL purchased a plot of land from group sick company BSL for ₹ 3.75 crores complying with provisions of S. 50C. In A.Y. 2006-07 BEIL sold shares of BFSL, a shell company, for ₹ 20 crores. Since BFSL was listed company STT was paid, the gain was held to be exempt u/s. 10(38).

Bhoruka Engineering Industries Ltd. (BEIL) vs. D.CIT (Karnataka) dated June 19, 2013.

Ss. 11(1)(d) & 80G(5) Corpus donation & intention of donor

It is not necessary that a voluntary contribution should be made with a specific direction to treat it as corpus; if the intention of the donor is to give that money to a trust which they will keep it in trust account in deposit and the income from the same is utilised for carrying on a particular activity, it satisfies the definition part of the corpus; assessee would be entitled to the benefit of exemption under S. 11(1)(d).

Director of Income Tax (Exemption) & Anr. vs. Sri Ramakrishna Seva Ashrama (2013) 258 CTR (Kar) 201.

S. 36(1)(v) Payment to LIC Group Gratuity Fund eligible for deduction

Though S. 36(1)(v) requires direct payment to gratuity trust fund, payment to Group Gratuity Scheme is also allowable.

CIT vs. Textool Co. Ltd. (S.C.) dated June 17, 2013.

S. 115JB, Explan. 1(i) Constitution of India, Articles 14 & 19(1)(g) Amendment held constitutional

Insertion of cl. (i) in Explan. 1 to s. 115JB retrospectively by the Finance (No. 2) Act, 2009 merely widens the tax base by adding one more category of debit to P & L A/c by which the book profit of the company can be increased, without altering the nature and character of the tax leviable on the book profit of the company and seeks to cure s. 115JB of the vice from which it suffered and, therefore, the amendment is not *ultra vires* or unconstitutional.

Whirlpool of India Ltd. & Anr. vs. Union of India & Ors. (2013) 258 CTR (Del) 378.

S. 119(1) Circular held legal

Sum and substance of the Circular No. 5 of 2012, dt. 1st Aug., 2012 (freebies to medical practitioners by pharmaceutical companies) is also the same as that of Explanation to S. 37(1) and it does not go beyond the section and cannot be said to be illegal.

Confederation of Indian Pharmaceutical Industry (SSI) vs. Central Board of Direct Taxes & Anr. (2013) 258 CTR (HP) 332.

S. 145 Excise duty and valuation of stock

Assessee having consistently followed the practice of accounting for the excise duty on finished goods only on clearance of goods from the factory, same is not includible in the valuation of closing stock lying in factory.

CIT vs. Shri Ram Honda Power Equip. Ltd. (2013) 258 CTR (SC) 329.

Ss. 147 & 147, Explan. 3 Reopening of assessment

Tribunal was right in law in coming to the conclusion that when on the ground on which the reopening of assessment is based, no additions are made by the AO in the order of assessment, he cannot make addition on some other grounds which did not form part of the reasons recorded by him.

CIT vs. Mohmed Juned Dadani (2013) 258 CTR (Guj) 168.

S. 147 Reopening of assessment

Even in case of reporting of an assessment which was previously accepted under S. 143(1) without scrutiny, the AO has power to reopen the assessment, provided he had some tangible material on the basis of which he could form a reason to believe that income chargeable to tax had escaped assessment.

Inductotherm (India) (P) Ltd. vs. M. Gopalan, Deputy Commissioner of Income Tax (2013) 258 CTR (Guj) 61.

S. 147 Reopening of assessment

Assessee-company having explained the nature of the payment, basis of computation and the rationale for computing the remuneration paid to the directors partly with reference to fixed amount and partly as a proportion of the net profits and the AO having accepted the claim of deduction under S. 36(1) (ii) in the order of assessment under S. 143 (3), reopening of the assessments on the ground that the payment made to a director who is a shareholder is not covered by S. 36 (1)(ii) to be eligible for deduction was based on a pure change of opinion and not on tangible material and hence it is impermissible in law.

OHM Stock Brokers (P) Ltd. vs. CIT (2013) 258 CTR (Bom) 90

S. 194-C TDS does not apply to contract manufacturing agreements

It is clarified that the definition of the word 'Work' will not include manufacturing or supplying a product according to requirement or specification of a customer by using material purchased from a person other than such customer.

CIT vs. Silver Oak Laboratories P. Ltd. (S.C.) dated, June 13, 2013.

S. 271 (1) (c) Penalty and change of head of income

Income having been correctly returned by assessee as capital gains, assessment under the head of business income would not attract penalty under S. 271 (1)(c).

CIT vs. Amit Jain (2013) 258 CTR (Del) 88.

ITAT Orders

S. 2(14) S 54F What constitutes rural agricultural land

If agricultural land fell beyond 8 kms of municipal limits on date of publication of relevant CBDT notification but fell within 8 kms on date of sale of land, it would still fall outside term 'capital asset'.

Smt. Subha Tripathi vs. Dy. CIT (2013) 34 taxmann.com 286 (Jaipur-Trib).

S. 14A Loans for specific business purpose and non-yielding investments and disallowance

No disallowance if satisfaction not recorded with reference to accounts. U/r. 8D(2)(ii) loans for specific business purposes cannot be included, under rules 8D(2)(ii) & (iii) investments which have not yielded income cannot be included.

REI Agro Ltd. vs. D.CIT (ITAT-Kolkata) Dated June 24, 2013.

S. 56(2)(vi) Lump sum alimony not income

Lump sum receipts by spouse from her ex-husband for relinquishing her right of claiming monthly payments as per divorce agreement is a capital receipts, thus section 56(2)(vi) would not be applicable.

Asst. CIT vs. Meenakshi Khanna (2013) 34 taxmann.com 297. (Delhi-Trib).



ACTS APP

TAX & CORPORATE LAWS

141 Acts / **348 Rules**

- Always updated
- Authentic Compendium
- Complete Legislative History
- Customised view to rearrange sections
- Split view to compare sections or read two provisions together
- Latest stories from www.taxmann.com
- Bookmarks | Notes | Offline Mode
- Taxmann's Search

App Available in **Smart Phones & Tablets**



For **FREE** registration
log on to www.taxmann.com

INTERNATIONAL TAXATION

(Contributed by

CA. Hinesh Doshi, CA. Vishal Gada & CA. Dolly Waghela)

Abacus International (P.) Ltd. vs. DDIT [2013] 34 taxmann.com 21 (Mumbai ITAT) dated 31 May, 2013

Facts

The taxpayer is a company resident of Singapore engaged in the business of Computerised Reservation System (CRS). Its primary business is to make airline reservations for and on behalf of the participating airlines and for this purpose, it uses the CRS.

During the year under consideration the taxpayer was granted refund by the Income-tax department which included interest on such refund. The taxpayer offered such interest for tax at the rate of 15 per cent as per Article 11 of the tax treaty.

The Assessing Officer (the AO) denied the concessional tax rate under the tax treaty since the taxpayer did not furnish any proof of remittance to Singapore. Therefore, such interest income has to be taxed at the rate of 20 per cent in accordance with Section 115A of the Act.

The Commissioner of Income Tax (Appeals) [CIT(A)] upheld the order of the AO.

Issue

Whether the interest received on income-tax refund can be taxed at concessional rate provided under the tax treaty if such interest is not received in Singapore?

Held

The taxpayer could not lead any direct evidence to show that such amount was received in Singapore.

As per Article 24(1) of the tax treaty, where the tax treaty provides that income from source in India shall be taxed at a reduced rate in India and shall also be taxed in Singapore, then the said income shall be taxed at the reduced rate prescribed in the tax treaty provided the income is 'remitted to or received in' Singapore.

Article 24 of the tax treaty limits the relief granted by other relevant Articles, including Article 11 of the tax treaty, subject to the fulfilment of the conditions enshrined therein.

Accordingly, if the income is not remitted to or received in Singapore, then the benefit of Article 11 of the tax treaty providing for a reduced rate of tax of 15 per cent cannot be extended to the taxpayer. In that situation, the income will be taxed as per the Act.

The requirement of Article 24 of the tax treaty is that the taxpayer must have received the interest income in Singapore. The relevant facts for proving this are available in the domain of the taxpayer alone. Simply not having a bank account in India does not mean that the amount was received in Singapore. The requirement of Article 24 is to receive the amount of interest in Singapore, which can't be established by proving that the amount was not received in India.

The burden is on the taxpayer to prove that the amount of income was remitted to or received in Singapore. However, the taxpayer has not shown any supporting evidence to prove the fulfilment of the requisite condition.

Accordingly, the interest on income-tax refund shall not be taxed at the concessional tax rate under the tax treaty and it shall be taxed at the rate of 20 per cent as per Section 115A of the Act.

DCIT vs. Dr. Reddy's Laboratories Limited [ITA No. 867 & 868/Hyd/03] (Hyderabad Tribunal) dated 24 May, 2013

Facts

The taxpayer was engaged in the business of manufacturing, trading and exporting of bulk drugs and pharmaceuticals. It was also engaged in research and development of bulk drugs and pharmaceuticals.

In order to market its products in USA and Canada, the taxpayer was required to get approval from the respective regulatory authorities. In USA, the authority is called as US Federal Drug Authority (USFDA) and in Canada, the authority is called as Therapeutic Product Programme Authority (TPPA).

For this purpose, the taxpayer was required to get its products tested through certain specialised organisations in USA/Canada which were called as Contract Research Organisations (CRO).

The testing process was called 'bio-equivalence study'. During the bio-equivalence study, the CROs do clinical research and analyse the impact of the drug on human beings.

Issue

Whether payments for bio-equivalent studies are taxable under India-USA and India-Canada tax treaty?

Held

Even though the AO considered that the payments were made by way of FIS as per Article 12 of the tax treaty, the same is taxable in the source country only if such services make available any technical knowledge, expertise, etc. or there is transfer of technical plan or design.

The Tribunal held that the CIT(A) was correct in holding that the taxpayer was conducting clinical trials through the CROs to comply with the regulations therein and the CROs who were experts in this field were only conducting studies and submitting the reports in relation thereto.

There was neither transfer of technical plan or technical design nor making available of technical knowledge, experience or know-how by the CROs to the taxpayer.

The taxpayer did not get any benefit out of the said services in USA and the taxpayer was only getting a report in respect of field study on its behalf, which would help it in getting registered with the regulatory authority.

Since there was no making available of technical skill, knowledge or expertise or plans or designs in the present case, the amounts paid by the taxpayer do not fall under Article 12, but come within the purview of Article 7 of the tax treaty.

Therefore, the amounts paid are to be considered as business receipts of the said CROs and in absence of CRO's PE in India, there was no need to deduct tax at source.

The Tribunal relied on the decision of Anapharm INC, where it was held that the taxpayer, tax resident of Canada, only providing final results to its Indian clients by using highly sophisticated bio-analytical know-how, without providing any access whatsoever to the clients to such know-how. Therefore, fee received by the taxpayer was business income and not fee for technical/included services or royalty and applicant having no PE in India, such income would not be taxable in India.

In view of above it was held that the amounts paid by the taxpayer to the CROs are not taxable in India.

St. Jude Medical (Hong Kong) Ltd. vs. DDIT (ITA Nos.4626 & 4627/Mum/2005) (Mumbai ITAT) dated 5 June, 2013

Facts

The taxpayer is a Hong Kong based company and a wholly owned subsidiary of St. Jude Medical Inc. (SJMI), a US based company. The taxpayer had set up a Liaison Office (LO) in India with the permission of the Reserve Bank of India (RBI). Subsequently, the taxpayer decided to close the LO and set up a branch office with the permission of RBI. Accordingly, LO was closed on 31st December, 1999 and the branch office started functioning on 1st January, 2000.

The taxpayer declared nil taxable income on the ground that its operations in India were restricted to act as a LO which has not earned any income in India.

Later, a survey was conducted on the taxpayer, and on the basis of documents impounded in the course of survey, the Assessing Officer (AO) held that the taxpayer was involved in the business activity and had a 'business connection' in India.

Accordingly, the AO treated the taxpayer's Liaison Office in India as PE of SJMI and estimated the profits on the sales made by SJMI as well as the taxpayer and determined the tax and interest thereon in one assessment order.

The Commissioner of Income Tax (Appeals) held that the taxpayer has business connection and there exists a PE in India. Further, he affirmed the profits estimation on sale of both SJMI and the taxpayer. However, the CIT(A) held that income of US company cannot be estimated in taxpayer's hands.

Issues

Whether the income attributable to the PE of the US company in India can be taxed in the hands of a Hong Kong company on account of the Hong Kong company's Liaison Office in India?

Held

The procedure adopted by the AO, to attribute the income of SJMI in the hands of the taxpayer, was not correct since there should be separate proceedings for two separate companies established in different countries. Further, this aspect was considered by the CIT(A) in later years and accepted the taxpayer's contentions in later years.

It is legally not possible to consider the profits attributable to SJMI in the hands of the taxpayer and therefore, the profit of SJMI was excluded from the income of the taxpayer.

The entire basis for arriving at the findings of the tax department that the taxpayer had done business activities in the guise of LO was based on the statement recorded during the survey when the LO was already closed and the branch office was functioning for more than a year. Consequently, the documents collected after the survey cannot be relied for the prior period.

The documents submitted by the tax department do not indicate that the taxpayer was involved in direct sales activity except co-ordinating and liaising with various distributors and doctors who are to use the products. Further, these documents do not establish that the taxpayer was involved in business activity before it became a branch office.

There was a clear distinction between the liaison activities and the branch activity and the taxpayer was not involved in business activity when they were only permitted to do liaison activity by the RBI.

The taxpayer was involved in liaison activities up to 31st March, 1999 and not in sales activity. The attribution of income and estimation of gross profits in relation to A.Y. 1999-2000 cannot be done since the taxpayer did not have any business connection or business activity through its LO.

In relation to the A.Y. 2000-01, there is business activity for a period of three months in the year after the taxpayer established the branch. Therefore, the profits attributable to the branch office for the sales made in the three month period from January 2000 to March 2000 are to be confirmed. Accordingly, the AO was directed to examine the sales made and the expenditure incurred during that period to arrive at the taxable profits.

Accordingly, the addition of business profits of SJMI as income of the taxpayer was deleted in total for both the years. Also, the profit attributable to the liaison period was deleted.

DIT (Intl Tax) vs. Nike Inc (2013-TII-21-HC-Kar-Int) dated March 7, 2013

Facts

Assessee is USA based company and known brand in sports apparels. The assessee opened the liaison office with reference to its main activity of purchase or procurement of apparels from India for the purpose of export by Indian manufacturers directly to the various subsidiaries of the assessee spread at various places in the world.

Issues

Whether when the object of establishing Liaison Office is to identify the manufacturers, give them the technical know-how and see that they manufacture goods according to their specification which would be sold to their affiliates and the person who purchases the goods pays the money to the manufacturer, the assessee can be said to have any right in the said income?

Whether the income can be said to be income arising or accruing in the Tax Territories *vis-a-vis* the assessee?

Whether the object with which the proviso to clause (b) of Explanation 1 to sub-Section (1)(i) of section 9 of the Act was deleted by the Finance Act, 1964, is to encourage exports so that the country can earn foreign exchange?

Held

The High Court held that when the object of establishing Liaison Office is to identify the manufacturers, give them the technical know-how and see that they manufacture goods according to their specification which would be

sold to their affiliates and the person who purchases the goods pays the money to the manufacturer, the assessee cannot be said to have any right in the said income.

It thus concluded that the income cannot be said to be income arising or accruing in the tax territories *vis-a-vis* the assessee by purporting that the activities of the assessee in assisting the Indian manufacturer to manufacture the goods according to their specification is to see that the said goods manufactured has an international market, therefore, it could be exported. In the process, the assessee is not earning any income in India. If at all the assessee is earning income outside India under a contract which is entered outside India between the buyer and assessee, no part of their income could be taxed in India either under section 5 or section 9 of the Act.

It also held that the object with which the proviso to clause (b) of Explanation 1 to sub-Section (1)(i) of section 9 of the Act was deleted by the Finance Act, 1964, is to encourage exports so that the country can earn foreign exchange since the assessee is enabling the manufacturers to produce such goods which is the requirement of the buyer and even if it is held, though the goods are supplied to the buyer, it is deemed to be supplied to the assessee, the whole object of this transaction is to purchase goods for the purpose of export.

Germanischer Lloyd AG - India Branch vs. Dy Director of Income Tax (2013-TII-101-ITAT-Mum-Intl) dated June 5, 2013

Facts

The activities of branch are carried out with the technical assistance and co-operation of its HO in Germany. On computation of its classification, invoice is raised by the Indian BO or the German HO, as the case may be, and the receipts are assigned as per the agreed standard module herein followed globally, whereby, the HO retains 30% and the BO retain 70% as per fee splitting arrangement.

The AO is of the view that, since the assessee was a part of the same organisation the question of splitting of fee does not arise and share of HO is also liable for tax in India. The aggrieved assessee filed appealed to ITAT, where, the assessee filed additional evidence. The Tribunal restored the issue to the CIT (A) for fresh adjudication.

Issues

Whether the provisions of DTAA prevail over the Income Tax Act provisions?

Whether fee earned from certification of ships can be split between the Head Office and the Indian Branch?

Whether the fee attributable to the Head office can be taxed in India?

Held

Tribunal held that treading strictly on the DTAA route, the issue becomes clear, that the split of fee which is attributed to its German parent HO, become non taxable under the Indian tax regime.

The Tribunal relied on the decision of Intergrafia Print & Pack GmbH (supra), where after following the India-German DTAA treaty, the Coordinate Bench at Delhi had approved of the fee split arrangement. Tribunal also relied on the decision of the assessee's own case in penalty proceedings, wherein, the CIT(A) came to a factual finding that, "following a well defined system, the revenue earned from the activities of the HO cannot be taxed in India", which ultimately has been attributed to the HO and fully backed by the India-German DTAA. In view of above it was held that the fee earned from certification of ships can be split between the Head Office and the Indian Branch.

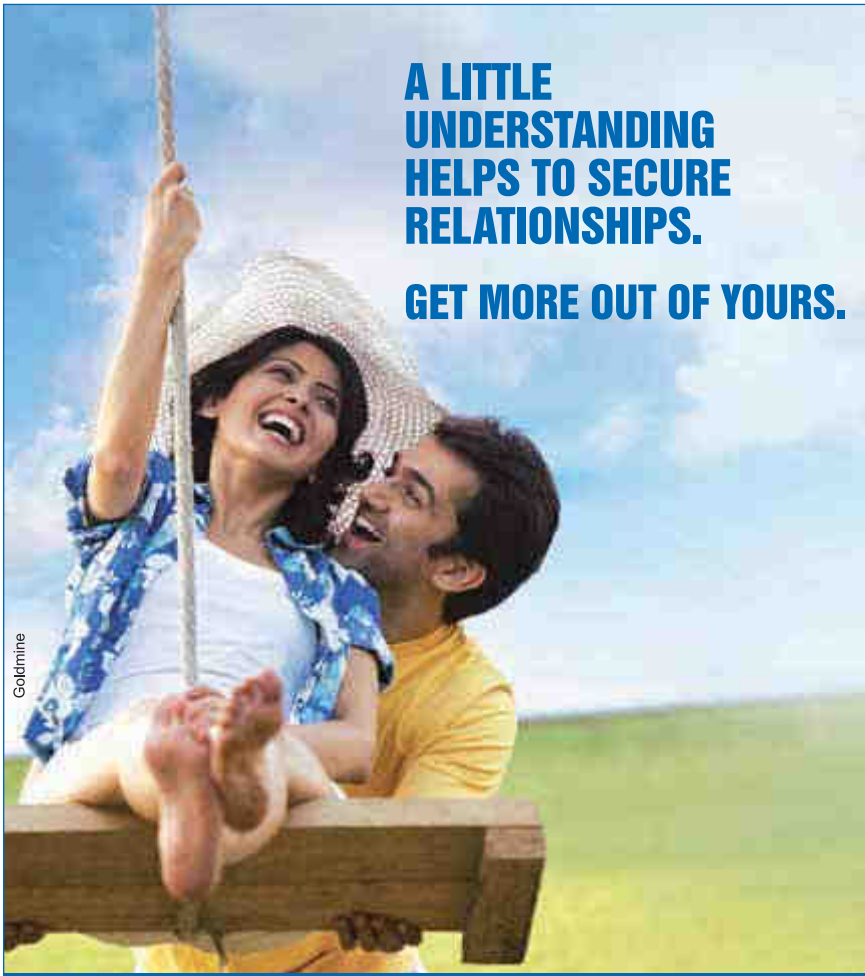
As per Article 7 of the India-Germany DTAA, the business profits of the permanent establishment in India only are offered to tax and the revenue earned from the activities of the HO cannot be taxed in India.

Asst CIT vs. Robert Arthur Keltz (2013-TII-108-ITAT-Del-Intl) dated May 24, 2013

Facts

Mr. Robert Aruther Keltz, an employee of United Technologies International Operation, USA (UTIO), was granted employee stock, which got vested to the assessee after the start of his first Indian assignment. The assessee exercised the options, while on his assignment in India. He filed his return of income in the status of a Resident and Not Ordinarily Resident and the proportionate ESOP (i.e., proportionate to the number of days of his assignment in India) was offered to be taxed as perquisites earned in India.

In assessment the AO brought to tax the entire amount i.e., the difference between the fair market value of the stocks, on the date when the stock



**A LITTLE
UNDERSTANDING
HELPS TO SECURE
RELATIONSHIPS.
GET MORE OUT OF YOURS.**



It is this simple philosophy that has helped us to provide banking services, which focus primarily on the care and concern for our customers and patrons, for 106 years now. Because, at Bank of India, we invest heavily in relationships, above all else. And we believe that it's only when we understand your needs, we will be able to provide you with products and services that help you to get more out of your relationships.



Retail | Rural | MSME | Corporate | NRI | Cards

Coveted business mix of ₹ 6 lakh crores+ | 65 million+ Customers
4200+ Branches | 52 Overseas Offices | 2200+ ATMs

Toll Free 1800 220 229 | www.bankofindia.com
| To know your account balance for free give us a
missed call on 022 33598548 from your registered mobile number

option rights were exercised and the cost recovered from the employee, by treating the same as a perquisite on account of stock options.

Issues

Whether when the assessee has not rendered services in India for the whole of the grant period, only such proportion of the ESOP perquisite as is relatable to the service rendered by the assessee in India is taxable in India?

Whether when assessee's employer, under the tax equalisation policy, bears all the taxes on the income of the assessee subject to the condition that the assessee would not be eligible to that part of the salary which was equal to his tax liability in USA which would have arisen, if he had not been assigned to India, such tax perquisite can be claimed to be exempt from taxation in India?

Held

The Tribunal held that, as the assessee has not rendered service in India for the whole grant period, only such proportion of the ESOP perquisite as is relatable to the service rendered by the assessee in India is taxable in India.

The Tribunal upholds the findings of the First Appellate Authority, wherein he has applied the decision of the Delhi High Court in the case of Dr. Parsi Batliwala. The Tribunal held that, the hypo tax was not received at the employee in view of the nature of the arrangement (tax equalisation policy) between the employer and the employee. The hypo tax never accrued to the employee. Therefore, there was no question of addition of hypo tax to the income of the employee.

SERVICE TAX

(Contributed by CA. A. R. Krishnan & Mr. Girish Raman)

Business Auxiliary Services

The activity of purchase and sale of SIM card belonging to BSNL, where BSNL has discharged the Service Tax on the full value of the SIM cards does not amount to providing business auxiliary services and confirmation of demand on the distributors for the second time is not called for. [Daya

Shanker Kailash Chand vs. CCE & ST (2013) 30 STR 428 (Tri.-Del.)

Cargo handling services

In this case the respondent was an individual and the board circular had clarified that an individual undertaking the activity of loading/unloading of cargo would not come under the purview of Service Tax as Cargo Handling services. Further the activity of handling the goods within the factory premises does not fall under the definition of Cargo Handling services which includes loading, unloading packing or unpacking of cargo on a truck, aircraft, ship. This activity could not be termed as service activity. [CCE vs. Abbas J. Chavda (2013) 30 STR 387 (Tri.-Ahmd.)]

Chit Business

Services of foreman of chit business being a form of transaction in money falls under the exclusionary part of the definition of service u/s. 65B(44) hence is not liable for service tax. [Delhi Chit Fund Association vs. UOI (2013) 30 STR 347 (Del.)]

Clearing and Forwarding Agent service

The appellants are engaged in the activity of marketing and selling of the products manufactured by their principal by procuring purchase orders for their principal. The goods are being dispatched by the principal directly to their customers and for introducing the customers to the principal—manufacturer the appellants were getting commission. The said activity is not covered under the category 'Clearing and Forwarding Agents service, during the impugned period of 2000 to 2003 [Weikfield Products Co (India) Pvt Ltd. vs. CCE (2013) 30 STR 431 (Tri.-Mum.)]

Commercial Training or coaching service

The appellants were engaged in the activity of coaching children based on the ancient Japanese methods of mathematical calculation with a motive to make arithmetic more interesting and enjoyable for children. Notification No. 9/2003-ST dated 20/6/2003 specifically exempts recreational training

institute. The activities of the appellant would more appropriately be classified as recreational and hence their services are exempted. [*Abacus Brain Study (P) Ltd. vs. CCE (2013) (30) STR 401* relying on *Fast Arithmetic vs. CCE (2010) 17 STR 158 (Tribunal)*]

Goods Transport Agency service

The appellants had availed service of transportation by goods carriages not operated by GTA and hence are not liable under GTA services. [*Caps & Prints (P) Ltd. vs. CST (2013) 30 STR 426 (Tri.-Kolkata)*]

Management Consultant/Market Research Agency service

The assessee provided services to their parent company which included observation of business activities of the associate companies and licensees of parent company, cultivation of contacts with associate companies, attending to the personnel of parent company delegated to India and other visitors, entering into contract with new applicants for licensees etc. The above functions do not fall within the ambit of the definition of Management Consultant. [*CST vs. Robert Bosch (India) Ltd. (2013) 30 STR 410 (Tri.-Bang.)*]

Demand

- The CBEC circular No. 137/6/2011-ST dated 20-4-2011 stated that the service provided by the visa facilitator in the form of assistance to individuals to obtain a visa does not fall under any of the taxable services under section 65(105) of the Finance Act, 1994. The appellants are providing the same services hence they are not taxable u/s. 65(105) Finance Act, 1994. [*VFS Global Services Pvt. Ltd. vs. CST 2013(30) STR 411 (Tri.-Mum.)*]
- Confusion prevailed about the classification of said services whether they were taxable under the category of 'Business Auxiliary services' or 'Business Support Services'. In such a case, the demand beyond the normal period of limitation is not sustainable. The benefit u/s. 80 stand extended to the assessee. Revenue's appeal is rejected [*Krishna Financial Service vs. CCE (2013) 30 STR 434*]

Penalty

- The penalty had been imposed under Rule 15(2) of CCR Rules, 2004 read with section 11AC of Central Excise Act, 1944. Rule 15(2) covered only input and capital goods during the relevant period. The appropriate section is rule 15(3) which covered input services and there is no mechanism to invoke section 11AC nor section 78 under this rule. The levy of penalty of ₹ 10,000/ was justified under the circumstances of the case. [*Balrampur Chini Mills Ltd. vs. CCE (2013) 30 STR 384 (Tri.-Del.)*]
- If the assessee pays the service tax and interest before service of SCN, no SCN can be served on him. Penalty u/s. 76 is set aside. [*MD Engineers vs. CCE (2013) 30 STR 389 (Tri.-Ahmd.)*] [Section 73(3) & Para 9.1 of Master Circular No. 97/8/2007-ST, dated 23-8-2007]
- The appellant having not registered with the service tax department paid the service tax along with interest on being pointed out by the department. The appellant being a small taxpayer was not aware of the provisions of the service tax law, the service tax being a new levy of tax, after taking a lenient view and giving the benefit of section 80 penalty demand has been waived. [*Prince Thermal India Pvt. Ltd. vs. CCE (2013) 30 STR 394 (Tri.-Mum.)*]
- As soon as the assessee was informed that the credit taken in respect of services provided prior to 10-9-2004 is not admissible, they paid the service tax along with interest even prior to the issuance of SCN. There was no suppression or fraud or misdeclaration of facts since there is no dispute about the payment of service tax by the service provider and receiver and credit was taken on proper documents. [*Astral Pharma Ltd. vs. CCE, Vadodara (2013) 30 STR 397 (Tri.-Ahmd.)*]
- The service tax levy on GTA service was introduced from 1-1-2005 and the appellant was not aware of their service tax liability. Moreover the appellants paid the service tax and interest on being pointed out by the department. Section 73(3) of the Finance Act is applicable as there is no suppression, collusion, wilful misstatement or fraud on the part of the appellant and in that circumstances benefit of section 80 is to be given

to the appellant. [*Phoenix Engineering vs. CCE (2013) 30 STR 399 (Tri.-Chennai)*]

- Once penalty under section 78 is imposed there is no justification for imposing separate penalty under section 76 [*CCE vs. Merino Industries Ltd. (2013) 30 STR 413 (Tri.-Del.)* relying on *CCE vs. City Motors 2010(19) STR 486*]
- The appellant could not take registration and pay the Service Tax under bona fide belief that due to changes introduced in the Management, Maintenance and Repair Service and Erection, Commissioning and Installation service from time to time. However on being pointed out appellants obtained the Service Tax Registration and paid the dues. Penalty u/s. 76 is not impossible in view of the provisions of section 80. [*NI Associates vs. CST (2013) 30 STR 416 (Tri.-Mum.)*]
- The appellants were providing Manpower Recruitment or Supply Agency service and had not paid service tax during the period June 2005 to June 2009. The service tax liability on the Manpower Supply services was introduced w.e.f. 16/6/2005. The definition of Manpower Supply service has undergone change twice. All these confusions may have created a situation wherein the assessee may not be aware of exact service tax liability. Hence it is a fit case for invoking section 80. Penalty set aside. [*Jashbhai vs. CCE (2013) (30) STR 444 (Tri.-Ahmd.)*]

CENVAT Credit

- Renting of immovable property: In this case the properties had been rented by the appellant for display of their final product i.e., vitrified tiles. As these services were directly or indirectly used for the purpose of their business, credit cannot be denied. [*Oracle Granito Ltd vs. CCE (2013) 30 STR 357 (Tri.-Ahmd.)*]
- Goods Transport Agency Service: The appellants availed credit on GTA services on sales on FOR basis but were denied credit by lower authorities due to amendment in the definition of input services w.e.f. 1/4/2008 i.e., replacing the expression 'clearance from the place of removal' to 'clearance up to the place of removal'. The appellants contended that the place of delivery is the 'buyer's premises' and not 'the factory'. All expenses incurred (by the appellant) up to the buyer's premises form part of the cost of the final product. There are no separate realisation towards freight and insurances. The appellants were the owners of the goods up to the place of delivery i.e., buyer's premises and the GTA services availed by them are to be treated as input service. [*Pooja Forge Lab vs. CCE (2013) 30 STR 371 (Tri.-Del.)*]

WIRC Study Group Meeting on BFSI & Capital Markets

DAY & DATE		FRIDAY, 26TH JULY, 2013	
Venue	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade		
Time	5.00 p.m. to 8.30 p.m. (Registration 4.30 p.m. to 5.00 p.m.)		
TOPIC	GROUP LEADERS		
Roundtable Discussion - Private Banks' Licences -	CA. Amit Jain		
- Changing Paradigms and Critical Issues -	CA. Anup Shah		
Eminent Panel of CAs and Bankers			
For more details contact CA. Shrutu Shah, RCM 9892407988 Limited Seats Available for Membership of the Study Group			

Personal Column

Required C.A. as Fulltime employee having at least three years of thorough experience in Concurrent Audits of Nationalised & Private Sector Banks by C. A. firm in practice in Mumbai for more than 25 years. Apply with expected salary on Mobile No. 98330 04044 or csc01955@gmail.com



Obituary

CA. Rustom C. Cooper, Past President, ICAI, M. No. 001096 left for Heavenly abode on 18th June, 2013. May the departed soul rest in peace.

- **Business Auxiliary Services:** The definition of input services is wide enough to include the services of arranging finance for running business. Credit allowed. [*Rico Castings Ltd. vs. CCE (2013) 30 STR 374 (Tri.-Del.)*]
- **Cargo Handling Services:** When the invoice clearly shows the name of the appellants and the amounts has been paid on their behalf, there is no dispute that the Cargo Handling Services has been received by them. Credit is admissible. [*Royal Touch Aluminium Pvt. Ltd. vs. CCE (2013) 30 STR 375 (Tri.-Ahmd.)*]
- **Job Worker Services:** The availability of the CENVAT Credit in respect of duty paid by the jobworker has already been considered by the Tribunal in the case of Multi-Organic Pvt. Ltd. which held that the jobworker is entitled to the exemption under Notification No. 8/2005 and if he has not availed the exemption the service tax credit is admissible to the person who availed the services of the jobworker. [*Royal Touch Aluminum Pvt. Ltd. vs. CCE (2013) 30 STR 375 (Tri.-Ahmd.)*]
- **Commission Agent:** The appellants were taking credit of service tax paid on services rendered by commission agent for promoting their sale. The services of commission agent used for sales promotion is specifically included under the definition of input service as defined under rule 2 (l) of CENVAT Credit Rules, 2004. [*Vishal Pipes Ltd. vs. CCE (2013) 30 STR 378 (Tri.-Del.)*]
- **Cargo Handling Services:** The respondents were entitled to treat CHA service as 'input services' under rule 2(l) of the CCR 2004 as these services were used for clearance of excisable goods from the 'place of removal' [*CCE vs. Pokarna Ltd. (2013) 30 STR 379 (Tri.-Bang.)*]
- **Business Auxiliary Services:** The nexus has been established between business auxiliary services received from foreign and domestic commission agents and clearance of goods from the 'place of removal'. Business auxiliary services are input services. [*CCE vs. Pokarna Ltd. (2013) 30 STR 379 (Tri.-Bang.)*]

- **Market Research and Credit Rating Services:** Credit Rating of customers is relatable to sales promotion and business manufacture. The activity is specifically included in the definition of input service. The assessee is entitled to the credit of service tax paid on such services. [*Gujarat Reclaim & Rubber Products Ltd. vs. CCE (2013) 30 STR 446 (Tri.-Ahmd.)*]
- Where the manufacturing unit of the company at Mangalore took CENVAT credit of Banking Financial Services provided by Corporation Bank, on the strength of the invoices issued by the bank to the Mumbai office of the company, which was effectively the service recipient, it was held that this was not permissible without registering the Mumbai office as an Input Service Distributor and issuing invoices in terms of sub-rule (2) of Rule 4A of the Service Tax Rules, 1994 since these provisions were specific provisions for distribution of credit. [*Mangalore Refinery & Petrochemicals vs. CCE (2013) 30 STR 475 (Tri.-Bang.)*]

Appeal to High Court

The order of Tribunal dealt with both issues on valuation and limitation. The issue of valuation being in favour of the revenue and one on limitation being against it. On appeal to High Court, the court held that the mere fact that the appellant is aggrieved by the decision of the CESTAT on the point of limitation would not make an appeal from the impugned order maintainable before the High Court because it is not the issues raised in the appeal which are material but it is the nature of the order which is appealed against that is relevant for the purpose of determining whether an appeal would lie before the High Court or not. Since the order passed by the Tribunal which is impugned before the High Court also deals with the determination of value of the taxable service, an appeal from such an order would not lie to the High Court. [*CST vs. Bharti Airtel Ltd. (2013) 30 STR 451 (Del.)*]



SHOPPING KA MAHA-KUMBH
PLEASE CHECK GARMENT TAG

FLAT
50% OFF
on MRP

DAHISAR: THAKUR SHOPPING MALL, NEXT TO DAHISAR CHECK-NAKA, MIRA BHAYANDAR ROAD(E). TEL: 28280345

The Valuers (®)
YARDI PRABHU
 ISO 9001:2008
 The Consultants




VALUATION
 For BANKS/ FIs AND CORPORATES

- Valuation of Flats, Shops, Galas, Bungalows, Land & Building and Plant & Machinery, Vehicles etc.
- Lenders' Independent Engineers (LIE)
- Techno Economic Feasibility and Viability Studies (TEV).
- Valuation of Business / Brand / Patent / Trade Mark.
- Stock and Receivables Audit , Credit Audit etc.
- Assessment of Impairment of Assets as required by AS-28
- Amalgamation, mergers and takeovers
- Restructuring / Rehabilitation program for Banks / Corporates.
- Structural audit as per the norms of BMC / TMC
- Preparation of Fixed Assets Register, Barcoding and Fixed Assets tracking Software in line with As-6 and AS-10

Please Contact:
YARDI PRABHU CONSULTANTS & VALUERS PVT. LTD.
 Tel: 26836946/47/48
 Email: info@yardiprabhu.com/suvishwa@mtnl.net.in
 Web: www.valuersindia.in

TAXMANN®
T Y B.Com.
 MUMBAI UNIVERSITY



Dr. Vinod K. Singhania
 Dr. Monica Singhania

PRICE : ₹ 245

TAXMANN®
 35, Bodke Building, M.G. Road, Opp. Mulund Railway Station,
 Mulund (W) Mumbai-400080;
 Tel. : +91-22-25934806/07/09; Mobile : 09322247686,
 E-mail : sales.mumbai@taxmann.com

Intensive Study Course on Accounting Standards held on 12th, 14th, 15th, 19th, 21st & 22nd June, 2013



CA. Giriraj Khandelwal, CA. Durgesh Kabra, Past Chairman, WIRC, CA. Khurshed Pastakia, Faculty, CA. Dushyant Bhatt



CA. Rakesh Agarwal



CA. Jigar Parikh



CA. Jayesh Gandhi



CA. Chirag Doshi



CA. Sanjay Chauhan



CA. Manan Lakhani



CA. Himanshu Kishnadwala

Intensive Study Course on Service Tax held on 18th, 20th, 22nd, 25th, 27th & 29th June, 2013



CA. Mangesh Kinare, Chairman, WIRC, CA. Neel Majithia, Secretary, WIRC at Prize Distribution and Valedictory Session at Intensive Course jointly organised with Vile Parle CPE Study Circle



Adv. Shailesh Sheth



CA. Parag Mehta



CA. Sunil Gabhawalla



CA. Rajiv Luthia



CA. Naresh Sheth



CA. S. S. Gupta

Workshop on Personal Finance Planning held on 8th June, 2013



CA. Ajit Thakkar, CA. Shardul Shah, RCM, CA. Hemant Mehta, Faculty, CA. Pravin Navandar, Faculty, CA. Nikhil Damle



Amravati: Seminar on Changes & Challenges in new 3CD form & ITR Forms & uploading 3CD Form held on 22/6/2013. **(L-R):** CA. Brijesh Phafat, CA. Sanjay Lakhotia, CA. Rajesh Chandak, Branch Chairman, CA. Ratan Sharma, CA. P.C. Agrawal, CA. Mahesh Laddha



Anand: Flag Hoisting 1/7/2013. **(L-R):** CA. Ravi Shah, Branch Chairman, CA. Pankanj Mordani, Shri Pragnesh Patel, Chief Guest, CA. Sanjay Patel



Aurangabad: Half day Seminar on Overview of Domestic Transfer Pricing. **(L-R):** CA. Rajkumar Kothari, Branch Chairman, CA. R. H. Malpani, CA. M. R. Hundiwala, Faculty, CA. Adity Shinde, Faculty, CA. Amar Nilange, CA. V. P. Shinde, CA. Renuka Deshpande



Baroda: ICAI Baroda Branch team - Flag Off - Blind Man Car Rally on 30/6/2013. CA. Abhishek Nagori, RCM & Others



Bharuch: Group photograph taken during the 1st GMCS batch



Bhavnagar: Group photograph taken during the branch visit on 20/6/2013. **(L-R):** CA. Ashwin Patel, Branch Chairman, CA. Mangesh Kinare, Chairman, WIRC, CA. Parag Raval, Vice Chairman, WIRC, CA. Paresh Bhatt & other members



Gandhidham: Full day Seminar on Service Tax held on 8/6/2013. **(L-R):** CA. Amish Khandhar, Faculty, CA. Rashmin Vaza, Faculty, CA. Sanjay Mehta, Branch Chairman, CA. Nilesh Suchak, Faculty, CA. Jitendra Khandol



Jamnagar: GMCS-I Batch & Orientation programme held on 24/6/2013. **(L-R):** Mr. Nitesh Kotecha, Faculty, CA. Bharat Bhatt, Branch Chairman, Prof. G. B. Singh, Mr. Vivek Nihalani, Faculty, CA. Kaupil Doshi



Kolhapur: Seminar on Service Tax Voluntary Compliance Encouragement. Seen in picture Adv. Charuchandra Bhide, Faculty, CA. Satish Dakare



Nagpur: Shri Kishor Kanhere lighting the auspicious lamp at Seminar on Taxation of Real Estate Transactions held on 28/6/2013. **(L-R):** CA. Sandeep Jotwani, CA. Kirti Agrawal, Shri Prashant Sarode, CA. Sanjeev Lalan, Faculty, CA. Julfesh Shah, RCM, CA. Anil Nair, CA. Ashwini Agrawal, CA. Swapnil Agrawal, Branch Chairman, CA. Swapnil Ghate, CA. Kirit Kalyani, CA. Umang Agrawal

Seminar on Due Diligence held on 1st June, 2013



CA. Manoj Agarwal, CA. Sushrut Chitale, CA. Mayank Rastogi, Faculty, CA. Uttam Gramopadhye

Other Speakers



CA. Hemal Mehta



CA. Yash Arya



Adv. Sharad Abhayankar



Shri Rajendra Chitale

Workshop on MVAT & Local Body Tax (LBT) held on 15th June, 2013



CA. Shruti Shah, RCM, CA. Girish Kulkarni, RCM, CA. Kiran Garkar, Faculty, CA. Viral Chheda

Other Speakers



CA. Umesh Sharma



CA. Mayur Parekh



CA. Dilip Phadke

Beginners Study Course on Transfer Pricing held on 19th, 21st, 24th and 26th June, 2013



CA. Aniket Kulkarni, CA. Priti Savla, Treasurer, WIRC, CA. Mangesh Kinare, Chairman, WIRC, CA. Vispi Patel, Faculty, CA. Hrishikesh Wandrekar

Other Speakers



CA. Vaishali Mane



CA. Sudhir Nayak



CA. Yashodhan Pradhan



CA. Sharad Shah



CA. Jiger Saiya



CA. Siddharth Banwat



Mr. Gaurav Agrawal



CA. Rajesh Athavale



CA. Ameya Kunte

Seminar on Audit of Co-operative Banks & Credit Societies held on 22nd June, 2013



CA. Dinesh Gandhi, CA. D. A. Chougule, Faculty, CA. Girish Kulkarni, RCM, CA. Amol Kamat

Other Speakers



CA. Uday Karve



CA. Ramesh Prabhu



CA. Suresh Mehta



CA. I. B. Sonawalla

Intensive Study Course on Basic Orientation of MVAT & CST held on 4th, 5th, 6th, 7th, 10th, 11th & 12th June, 2013



CA. Kamlesh Kothari, CA. Sunil Patodia, RCM, CA. Harsh Bajaj, Faculty, CA. Somit Goyal, Faculty, CA. N. M. Bansal, CA. Kamal Dhanuka, CA. Jayesh Shah

Other Speakers



CA. Kiran Garkar



CA. Rajat Talati



CA. Mayur Parekh



CA. C. B. Thakkar



Adv. C. B. Thakar



CA. Pranav Kapadia

Seminar on Revised Audit Report Format held on 15th June, 2013



CA. Sushrut Chitale, RCM, CA. Anuruddha Godbole, Faculty, CA. Murtuza Vajiji, Faculty, CA. Suneet Mahale

Direct Tax Refresher Course held on 8th, 15th, 22nd, 29th June, 2013



CA. Sushrut Chitale, CA. Jayant Gokhale, Faculty, CA. Pankaj Jain, CCM, CA. Sunil Patodia, RCM



CA. Priti Savla, Treasurer, WIRC, CA. Shariq Contractor, Faculty, CA. Nilesh Vikamsey, CCM, CA. Shardul Shah, RCM



CA. Sandeep Jain, RCM, CA. Chetan Karia, Faculty, CA. Rajkumar Adukia, CCM, CA. Girish Kulkarni, RCM



CA. Neel Majithia, Secretary, WIRC, CA. Sunil Talati, Faculty, CA. Rajkumar Adukia, CCM, CA. Vishnu Agarwal, RCM



CA. Dhiraj Khandelwal, RCM, Dr. Girish Ahuja, Faculty, CA. Dhinal Shah, CCM, CA. Mahesh Madkholkar, RCM



CA. Sandeep Jain, RCM, CA. Sunil Kothare, Faculty, CA. Prafulla Chhajed, CCM, CA. Sunil Patodia, RCM



CA. Shruti Shah, RCM, CA. Gautam Doshi, Faculty, CA. Nihar Jambusaria, CCM, CA. Julfesh Shah, RCM



CA. Neel Majithia, Secretary, WIRC, CA. Kishor Phadke, Faculty, CA. Nihar Jambusaria, CCM, CA. Sarvesh Joshi, RCM

Team WICASA for the year 2013 - 14



Photograph of Elected committee members of WICASA with Chairman, WIRC, Chairman, WICASA, Treasurer, WIRC and other RCMs

Anything & Everything about Income Tax for Student held on 22nd June, 2013



Mr. Ankush Kejriwal, Dr. Girish Ahuja, Faculty, CA. Mahesh Madkholkar, Mr. Sumit Rathi

Convocation 2013 held on 10th June, 2013 at Mumbai



Shri Harshwardhan Patil, Hon'ble Minister for Co-operation & Parliamentary Affairs, Govt. of Maharashtra, lighting the lamp to mark inauguration of the convocation ceremony. (L-R): CA. Sunil Patodia, RCM, CA. Prafulla Chhajed, CCM, CA. Shardul Shah, RCM, CA. Vijay Garg, Chairman, BOS-ICAI, CA. K. Raghu, Vice President, ICAI, CA. Subodh Kumar Agrawal, President, ICAI, CA. Mangesh Kinare, Chairman, WIRC, CA. Parag Raval, Vice Chairman, WIRC, CA. Neel Majithia, Secretary, WIRC, CA. S. G. Mundada, RCM, CA. Priti Savla, Treasurer, WIRC, CA. Sushrut Chitale, RCM, CA. Mahesh Madkholkar, RCM, CA. Nilesh Vikamsey, CCM

Direct Tax Refresher Course on 8th June, 2013



Shri T. K. Shah, CCIT-I, Chief Guest lighting the lamp to mark inauguration of the Direct Tax Refresher Course held on 8/6/2013. (L-R): CA. Mahesh Madkholkar, RCM, CA. Sushrut Chitale, RCM, CA. Sandeep Jain, RCM, CA. Dilip Apte, RCM, CA. Parag Raval, Vice Chairman, WIRC, CA. Shruti Shah, RCM & Chairperson, Direct Tax Committee, WIRC, CA. Dhiraj Khandelwal, RCM, CA. Vishnu Agarwal, RCM, CA. Mangesh Kinare, Chairman, WIRC, CA. Sunil Patodia, RCM, CA. Shri R. K. Gupta, CCIT-VII, CA. Priti Savla, Treasurer, WIRC, CA. Neel Majithia, Secretary, WIRC, CA. Shardul Shah, RCM

Price ₹ 15 per copy

Associate Membership Fees ₹ 800 and Fellow Membership Fees ₹ 2200 (including subscription to WICA Newsletter)

Printed and published by Shri Y.S. Rawat, Joint Secretary on behalf of Western India Regional Council of The Institute of Chartered Accountants of India and printed at Finesse Graphics & Prints (Pvt) Ltd., 309, Parvati Industrial Estate, Sunmill Compound, Lower Parel, Mumbai - 400 013 and published at Western India Regional Council of the Institute of Chartered Accountants of India, ICAI Bhawan, 27, Cuffe Parade, Colaba, Mumbai - 400 005. **Editor:** CA. Mangesh Kinare

The views and opinions expressed or implied in Western Indian Chartered Accountant Newsletter are those of the authors or contribution and do not necessarily reflect those of WIRC. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, whether in part or in whole, without the consent of WIRC.

DISCLAIMER: The WIRC of ICAI is not in any way responsible for the result of any action taken on the basis of the advertisement published in the Newsletter. The members, however, may bear in mind the provision of the Code of Ethics while responding to the advertisements.

Branches: Ahmedabad • Ahmednagar • Akola • Amravati • Anand • Aurangabad • Baroda • Bharuch • Bhavnagar • Gandhidham • Goa • Jalgaon • Jamnagar • Kolhapur • Latur • Nagpur • Nashik • Navi Mumbai • Pimpri Chinchwad • Pune • Rajkot • Sangli • Solapur • Surat • Thane • Vasai • Vapi

Posted at Mumbai Patrika Channel Sorting Office, Mumbai - 400 001

If undelivered, please return to:
ICAI Bhawan, 27, Cuffe Parade, P. B. No. 6081, Colaba, Mumbai 400 005

Address: ICAI Bhawan, 27, Cuffe Parade, P. B. No. 6081, Colaba, Mumbai 400 005. **WIRC Website:** <http://www.wirc-icai.org> **ICAI Website:** <http://www.icai.org>
Phone: 39893989 • **Fax:** 39802954/39802953 **E-Mail:** WIRC: wirc@icai.in • Mumbai: wro@icai.in • New Delhi: icaiho@icai.org