



WESTERN INDIA CHARTERED ACCOUNTANTS NEWSLETTER

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Celebrating the 150th
Birth Anniversary year of
Swami Vivekananda

*Teach yourselves,
Teach everyone his real nature,
Call upon the sleeping soul and see how it awakes.
Power will come,
Glory will come,
Goodness will come,
Purity will come,
and everything that is excellent will come
when this sleeping soul is roused
to self-conscious activity.*



OUR NEW TORCH BEARERS



CA. Subodh Kumar Agrawal President, ICAI, 2013-14

A combination of erudition, foresight and professional excellence, CA. Subodh Kumar Agrawal, in his illustrious innings in Council, has served the profession holding important positions in both Standing and Non Standing Committees of the ICAI. Before his election to the Central Council of the ICAI, CA. Agrawal has also made wide contributions in Eastern India Regional Council as he became the Secretary of the EIRC of ICAI in 2004, Vice Chairman in 2005 and then its Chairman in 2006. He has recently been appointed as member of SMP Committee of IFAC for the period 2013-15 and he has also been appointed as Vice President of SAFA for the year 2013. He represents the ICAI in the 'Insurance Advisory Committee' constituted by the IRDA and in 'High Level Steering Committee for Implementation of XBRL-based Data Submission by Banks' besides being the Chairman of XBRL India. Having been a brilliant student, CA. Subodh Kumar Agrawal secured 10th rank in final examination of Chartered Accountancy in the year 1988.



CA. K. Raghu Vice President, ICAI, 2013-14

A man of information technology, efficiency, and professional discipline, having firm belief in inclusive as well as exclusive growth of the profession of accountancy, CA. K. Raghu is the new Vice President of The Institute of Chartered Accountants of India for the year 2013-14. He has been continuously associated with ICAI for the last 21 years in various capacities including Chairman of Bangalore Branch of SIRC, Vice Chairman and Secretary of SIRC and various committees of SIRC and ICAI. He is widely known for his pioneering and far-reaching initiatives of webcasting, e-learning and ICAI Web TV. He specialises in Taxation, Business and Technology Consulting. CA. K. Raghu, a commerce graduate from the University of Bangalore and a student of St. Joseph's College of Commerce, qualified as a Chartered Accountant in 1990 and is practising in Bangalore. Presently, as the Vice President of the ICAI, he is the Vice-Chairman of all the Standing Committees of the ICAI. He is also the Member ex-officio in all Non-Standing Committees of the the ICAI and Joint Editor of The Chartered Accountant Journal. CA. K. Raghu has earlier been elected to the Membership Development Committee of XBRL International and also appointed as Director of XBRL India (Section 25 Company) as a nominee of ICAI to promote the use of XBRL. He was the President of Rotary Club of Bangalore Peenya (RI District 3190) during 2002-03 and was awarded the "Best President Award". He is also a Paul Harris fellow of Rotary Foundation of Rotary International.



TEAM WIRC 2013-14

Sitting from L-R: CA. Neel Majithia, Secretary, CA. Mangesh Kinare, Chairman, CA. Parag Raval, Vice Chairman, CA. Priti Savla, Treasurer **Standing From L-R (1st Row):** CA. Shardul Shah, CA. Sarvesh Joshi, CA. Subodhkumar Kedia, CA. Vishnu Agarwal, CA. Dhiraj Khandelwal, CA. Priyam Shah, CA. Dilip Apte, CA. Hardik Shah, CA. Shruti Shah, CA. Anil Bhandari, CA. Julfesh Shah **Standing from L-R (2nd Row):** CA. Sandeep Jain, CA. Sushrut Chitale, CA. Abhishek Nagori, CA. Mahesh Madkholkar, CA. Satyanarayan Mundada, CA. Sunil Patodia, CA. Girish Kulkarni

NEW

OFFICE BEARERS

of WIRC for the year 2013-14

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

CA. Mahesh Madkholkar
Chairman, WICASA





CHAIRMAN'S COMMUNICATION

Rights that do not flow from duty well performed, are not worth having!!
– Mahatma Gandhi



Respected Seniors & Dear Friends,

The occasion to rise to the post of Chairman of WIRC, the largest and best region of The Institute of Chartered Accountants of India, brought with it a sense of mixed emotions; of joy, of pride, of honour, and of responsibility, to me. These feelings are even more heightened when I am writing this communication, being my first communication to the members of Western Region of our august Institute as the Chairman of WIRC.

I am extremely thankful to my Regional Council colleagues for reposing confidence in me to lead the Region and my sincere gratitude to all the members for showering their blessings on me. While occupying this very coveted post with utmost humility, I am very much conscious about the high standards set by my illustrious predecessors. I congratulate the Immediate Past Chairman, CA. Durgesh Kabra and Past WICASA Chairperson, CA. Shruti Shah for the Best Region and Best Student Association Award winning performance respectively and also the Branches of WIRC for winning ICAI awards. The new term of Regional Council has started from this year. I am sure that the new Council will take inspiration from the past performances and together we all will continue to scale new heights.

In the Central Council also a new team has taken over and on behalf of Team WIRC I convey my congratulations to the ICAI President, CA. Subodh Kumar Agrawal and Vice President, CA. K. Raghu. It was a unique opportunity to have our Vice President, CA. K. Raghu in the first meeting of new Regional Council on 25th February and we were fortunate to have an interactive discussion with him. It was also our good fortune to have visit of our President CA. Subodh Kumar Agrawal on 6th March for "CMII Campus Orientation Programme". The speech of our beloved President was very motivational and all the newly qualified Chartered Accountants were highly inspired by his heart to heart dialogue. We now look forward to felicitate our President and Vice President at the Felicitation Programme.

On the 'Budget Day', WIRC had organised Live Screening of Union Budget with its instant analysis by experts in Taxation and Economics. This programme was jointly organised with All India Association of Industries and Young Entrepreneur's Society which was well attended. WIRC also organised many Public Meetings on Budget jointly with Study Circles & Branches throughout the Region. The much awaited Lecture Meeting by our illustrious Past President CA. Bansi S. Mehta on Direct Tax Proposals in Finance Bill, 2013 was organised on 5th March on CCI Lawns. As usual we witnessed packed audience and many more members throughout the Region could take benefit of this meeting through the live webcast on WIRC website. Besides getting his insight on the

technical aspects of the budget, members were deeply inspired by his unsatiable appetite for continuous knowledge updation and selfless commitment to serve the profession.

The action plan announced by our beloved President of ICAI lays importance on "Embedding Sustainability & Developing Leadership through Core Values, Distinguished Virtues & Focussed Vision" and WIRC would definitely be committed to it. Keeping the President's vision in mind, WIRC has adopted the mission statement, "Reform, Perform, Transform" – *Adopt the Reforms & Reform ourselves – Perform in accordance with the reforms and take steps to achieve High Performance Standards – Transform the Profession in order to have greater Value Creation with a Vision of Sustainability and Overall Development.*"

Faced with the need to build on our core areas, WIRC will take efforts to explore new avenues for CAs in areas of local laws and preparation of a concept paper to achieve this objective is on our agenda. Programmes on conventional as well as new professional avenues shall be organised to equip our members for these and other areas of professional development. Intensive Courses and Workshops for beginners on FEMA, Service Tax, Transfer Pricing, Forensic Audits, Finance Consultancy, etc. are scheduled, some of which form part of the events mentioned in this Newsletter.

To enable the members to build on their core competences, WIRC will be focusing on the setting up of study groups on topics of interest to members. One such study group has been constituted on BFSI segment and its first meeting will be held on 5th April, 2013. The much needed Reading Room for Students was inaugurated in Thane recently and I congratulate the Branch for taking excellent initiative.

I consider myself very fortunate to be the Chairman of WIRC during the celebration of the 150th Birth Anniversary year of Swami Vivekananda who said, "Stand up, be bold, be strong. Take the whole responsibility on your own shoulders, and know that you are the creator of your own destiny. All the strength and succour you want is within yourself. Therefore make your own future." I am sure his thoughts and learning remain a continuous source of inspiration and motivation to us and would help us take our activities in the right direction.

With best regards,

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. Shriniwas Joshi • CA. Priti Savla • CA. Sunil Patodia • CA. Anil Bhandari
CA. Shruti Shah • CA. Sushrut Chitale

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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.
4/4/2013	Lecture Meeting on Service Tax Returns	6.00 p.m. to 8.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	100	02	6
5/4/2013	WIRC Study Group Meeting on BFSI & Capital Markets	5.00 p.m. to 8.30 p.m.	Council Room, ICAI Bhawan, Cuffe Parade		-	6
6/4/2013	Seminar on Corporate Presentation Skills	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1000	06	5
13/4/2013	Seminar on Valuation of Equity Shares using DCF method	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1000	06	5
20/4/2013	Seminar on Companies Bill, 2012	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1200	06	5
27/4/2013	Seminar on Service Tax Intricacies in Composite Transactions	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1200	06	5
4/5/2013	Seminar on Investigative & Forensic Accounting & Audit	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1200	06	6
4/5/2013	Issues & Challenges to Real Estate & Infrastructure Industry	10.00 a.m. to 6.00 p.m.	ICAI Tower, Plot No. C-40, 'G' Block BKC, Mumbai	1200	06	6
9/10/11/5/2013	Beginners Study Course on FEMA	5.30 p.m. to 8.30 p.m.	ICAI Tower, Plot No. C-40, 'G' Block BKC, Mumbai	2500	12	6
11/5/2013	Seminar on Company Audit & Reporting	10.00 a.m. to 6.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	1200	06	5
Student Section						
22 to 26/3/2013	Costing for IPCC Group I	10.00 a.m. to 6.00 p.m.	Thakur House, Kandivali East	2,500	-	7
26 to 28/3/2013	Accounting Standards for CA Final (AS 11, 19, 20, 22, 26, 30, 31 & 32)	11.00 a.m. to 5.00 p.m.	J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade	600	-	7
28/03 to 2/4/2013	Accounting for IPCC Group I	10.00 a.m. to 6.00 p.m.	Thakur House, Kandivali East	3000	-	7
3 to 5/4/2013	Law for IPCC Group I	10.00 a.m. to 6.00 p.m.	Thakur House, Kandivali East	1500	-	7
6 to 7/4/2013	Indirect Tax for IPCC Group I	10.00 a.m. to 6.00 p.m.	Thakur House, Kandivali East	800	-	7
8 to 10/4/2013	Costing for CA Final	4.00 p.m. to 8.00 p.m.	K. C. College, Dinsha Wacha Road, Churchgate	900	-	7
8 to 12/4/2013	Advanced Accounting for IPCC Group II	10.00 a.m. to 6.00 p.m.	Thakur House, Kandivali East	2,500	-	7
13 to 15/4/2013	Audit for IPCC Group II	10.00 a.m. to 6.00 p.m.	Thakur House, Kandivali East	1500	-	7
16 to 18/4/2013	IT and SM for IPCC Group II	10.00 a.m. to 6.00 p.m.	Thakur House, Kandivali East	1,500	-	7

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

06
CPE HRS

Seminar on Investment Analysis for Important Industries Capital Market Perspective

DAY & DATE	SATURDAY, 23RD MARCH, 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	` 1,000/- (inclusive of course material, breakfast & lunch) (Please add ` 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Sandeep Jain CA. Priti Savla (Regional Council Members)	9819788099 9321426883
Co-ordinators	CA. Y. R. Desai CA. Amit Sheth CA. Vishal Shah CA. Amol Kamat	9820448365 9869192108 8108147065 9823018763

For more details visit www.wirc-icai.org

06
CPE HRS

Seminar on Revised Audit Report Format

The Audit report format has been revised and will be applicable in respect of accounting periods commencing from 1st April, 2012. There is a need to understand the changes in the audit report format and key considerations in its implementation

DAY & DATE	SATURDAY, 30TH MARCH, 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	` 1,000/- (inclusive of course material, breakfast & lunch) (Please add ` 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Sunil Patodia CA. Sushrut Chitale (Regional Council Members)	9820344085 9821112904
Co-ordinators	CA. Amogh Pandit CA. Bakul Bhatia CA. Mandar Bhate	8108132485 9004017351 9821470745

For more details visit www.wirc-icai.org

06
CPE HRS

Seminar on Corporate Presentation Skills

DAY & DATE		SATURDAY, 6TH APRIL, 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	` 1,000/- (inclusive of course material, breakfast & lunch) (Please add ` 100/- towards CA Benevolent Fund)		
Chief Co-ordinators	CA. Dilip Apte CA. Mahesh Madhkolkar (Regional Council Members)	9930314856 9820075966	
Co-ordinators	CA. Mandar Dixit CA. Sunil Nuwal	9833372921 9320257941	

For more details visit www.wirc-icai.org

06
CPE HRS

Seminar on Valuation of Equity Shares using DCF method

Methodologies for valuation of equity shares are changing and the DCF method is fast becoming the preferred method for valuing equity shares. The value of equity shares as per DCF basis is more so important for FDI investments as well as now for transfer of shares in even domestic companies

DAY & DATE		SATURDAY, 13TH APRIL, 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	` 1,000/- (inclusive of course material, breakfast & lunch) (Please add ` 100/- towards CA Benevolent Fund)		
Chief Co-ordinators	CA. Anil Bhandari CA. Sushrut Chitale (Regional Council Members)	9821037605 9821112904	
Co-ordinators	CA. Arun Prithwani CA. Vidyut Jain CA. Ankit Sanghavi	9820917280 9892414386 9820689003	

For more details visit www.wirc-icai.org

06
CPE HRS

Seminar on Company Audit & Reporting

DAY & DATE		SATURDAY, 11TH MAY, 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. Vishnu Agarwal (Regional Council Members)	9821426883 9833310916	
Co-ordinators	CA. Milind Joshi CA. Vipul Agarwal CA. Mamta Thakkar	9930033939 9821359804 9821116380	

TOPICS

Qualifications & Effective Reporting for company audits.
Reporting of Issues & Impact of Allied Laws in Company Audit.
Quality Control & Peer Review Requirements.
A Panel Discussion on Common Deviations in Financial Reporting.

06
CPE HRS

Seminar on Companies Bill, 2012

DAY & DATE		SATURDAY, 20TH APRIL, 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 CA. Shardul Shah (Regional Council Members)	9824339200 9820287625	
Co-ordinators	CA. Pratik Jariwala CA. Meera Doshi CA. Mehul Naliapara	9833217888 9833555365 9869192089	

TOPICS & SPEAKERS

Key Note Address

High Impact Areas, Story so far and Broad Comparison between current vis-à-vis proposed provisions - **CA. Anand Bathiya**

New Regulatory Bodies (NCLT, NFRA, SFIO, etc.) CSR and Regulations relating to the Foreign Companies and their Indian Subsidiaries - **CA. Anand Bathiya**

One Person Company, Penalties/prosecution, Class Action, New Requirements relating to Corporate Governance, Independent Directors, New concepts in Mergers and Amalgamations, Key Managerial Personnel and Officer in default, Certain related issues - **CA. Jayant Thakur**

Administration and Governance (Small Companies, Dormant Companies, Foreign Companies, Directors, Members, Remuneration to Directors etc.) Accounts, Audit and Auditors (Provisions relating to Accounts, Auditor, Rotation of Auditors, Liabilities of Auditors, Mandatory Internal Audit, Audit and Cost Audit Standards, Components of Financial Statements, Voluntary Revision of FS, Re-opening of Accounts, Depreciation, Mandatory Consolidation of Accounts, etc.) - **CA. Anand Banka**

06
CPE HRS

Seminar on Service Tax Intricacies in Composite Transactions

DAY & DATE		SATURDAY, 27TH APRIL, 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 CA. Mahesh Madhkolkar (Regional Council Members)	9820244085 9820075966	
Co-ordinators	CA. Kedar Limaye CA. Nilesh Saiya CA. Mrudule Damle	9820287646 9820995512 9821545376	

TOPICS

Nature, Meaning & Types of Composite Transactions
Composite Transactions in Food & Hospitality (Valuation, Reverse Charge, CENVAT etc.)
Composite Transactions in Construction activity (Valuation, Reverse Charge, CENVAT etc.)
Structuring Composite Transactions

SPEAKERS

CA. Sunil Gabhawalla
CA. Divyesh Lapsiwala
CA. Naresh Sheth
CA. Udayan Choksi

FORTHCOMING EVENTS

12
CPE HRS

Beginners Study Course on Foreign Exchange Management Act

DAYS & DATES	THURSDAY 9TH, FRIDAY 10TH & SATURDAY 11TH MAY, 2013	
Venue	ICAI Tower, Plot No. C-40, 'G' Block, Bandra Kurla Complex, Mumbai.	
Time	Thursday & Friday	5.00 p.m. to 8.00 p.m.
	Saturday	10.00 a.m. to 6.00 p.m. (Registration 4.30 p.m. to 5.00 p.m.)
Fees	` 2,500/- (inclusive of course material, breakfast & lunch) (Please add ` 100/- towards CA Benevolent Fund)	
Chief Co-ordinators	CA. Dhiraj Khandelwal	9867642684
	CA. Dilip Apte	9930314856
	CA. Julfesh Shah	9823096540
	CA. Sushrut Chitale	9821112904
	<i>(Regional Council Members)</i>	
Co-ordinators	CA. Hrishikesh Wandrekar	9892919239
	CA. Himanshu Chheda	9820676826
	CA. Omprakash Singh	9821166054
	CA. Abhijit Paranjape	9820049297

TOPICS

Thursday 9th May, 2013 (5.00 p.m. to 8.00 p.m.)

INTRODUCTION TO FEMA

- Transition from FERA to FEMA • Extra territorial Jurisdiction of the Act • Sections 1 to 9 of the Act • Definitions under the Act, Notification, FDI Press Notes • Person, Resident of India, NRI, PIO, Export, Import, foreign exchange etc. • Current Account Transactions, Capital Account Transactions. • What is "AP dir Circulars" / "Notifications" • What do you mean by "Convertibility" Change of residential status • Remittance scheme for Resident Individuals - USD 2,00,000 • Realisation, Repatriation and Surrender of Foreign Exchange • Possession and Retention of foreign currency

Various Deposit Schemes with Banks and Other entities in India for Non-Residents and Foreign Currency Accounts by a Person Resident in India

Friday 10th May, 2013 (5.00 p.m. to 8.00 p.m.)

Borrowings and Lending in Forex & Rupees

Acquisition and Transfer of Immovable Property In India

Acquisition and Transfer of Immovable Property Outside India

Remittance of Assets by Non Residents – USD 1 Million Scheme

Saturday 11th May, 2013 (10.00 a.m. to 6.00 p.m.)

Establishment of a Branch/Liaison or Project office in India

Establishment of an Office outside India

Export of Goods and Services

Import of Goods and Services

Inbound Investment – General Investment opportunities for NRIs – Portfolio

Investment Scheme for FIIs & NRI(s) / PIO(s) and other Investment Schemes –

Investment in Partnership / Proprietary Firm

Outbound Investments Guarantee

Penalties and Compounding of offences

WIRC Study Group Meeting on BFSI & Capital Markets

DAY & DATE	FRIDAY, 5TH APRIL, 2013	
Venue	Council Room, ICAI Bhawan, Cuffe Parade	
Time	5.00 p.m. to 8.30 p.m. (Registration 4.30 p.m. to 5.00 p.m.)	
TOPICS	GROUP LEADER	
Current Investment Scenario and Impact of Global Markets-Strategies	CA Nipun Mehta	
BFSI - Research Perspectives	CA Kajal Gandhi	

For more details contact CA. Shruti Shah, RCM 9892407988
Limited Seats Available for Membership of the Study Group

06
CPE HRS

Seminar on Investigative & Forensic Accounting & Audit

DAY & DATE	SATURDAY, 4TH MAY, 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. Sandeep Jain	9819788099
	<i>(Regional Council Members)</i>	
Co-ordinators	CA. Abhijit Totade	9819659151
	CA. Ketan Mamanian	9820343953
	CA. Gaurav Save	9969001607

TOPICS

Basics on Fraud Investigation, Loss Quantification, Fraud Happens! What to do when you suspect a fraud • Investigations in various businesses. Case studies on how it affects business employees, government, society • How to conduct a proper cross-examination or confessional interview & being a witness • Role of Forensic Accountants/Auditors in Fraud Detection & Control

06
CPE HRS

Issues & Challenges to Real Estate & Infrastructure Industry

DAY & DATE	SATURDAY, 4TH MAY, 2013	
Venue	ICAI Tower, Plot No. C-40, 'G' Block, 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. Neel Majithia	9820327660
	CA. Anil Bhandari	9821037605
	<i>(Regional Council Members)</i>	
Co-ordinators	CA. Nikhil Damle	9820170436
	CA. Atul Chande	9768711711
	CA. Vikas Vishwasrao	9892915272

TOPICS

Accounting & Auditing Issues • Income Tax Issues - Domestic & International Tax Issues • Issues & Challenges in VAT & Service Tax & Other Indirect Taxes • A Panel Discussion on Challenges in fund raising capital formation & Credit Monitoring • Other Regulatory & Legal Challenges - Way forward

02
CPE HRS

Lecture Meeting on Service Tax Returns

DAY & DATE	THURSDAY, 4TH APRIL, 2013	
Venue	J.S.Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	6.00 p.m. to 8.00 p.m.	
Fees	` 100/-	
Chief Co-ordinator	CA. Dhiraj Khandelwal	9867642684
	<i>(Regional Council Member)</i>	
Co-ordinator	CA. Milind Joshi	9930033939
TOPIC	SPEAKER	
Issues in Service Tax Returns	CA. Jinit Shah	

DAYS & DATES TUESDAY, 26TH TO THURSDAY, 28TH MARCH, 2013

Venue	J.S.Lodha Auditorium, ICAI Bhawan, Cuffe Parade	
Time	11.00 a.m. to 5.00 p.m.	
Fees	` 600/- (inclusive of course material & refreshment)	
Chief Co-ordinators	CA. Mahesh Madkholkar 9820075966 CA. Dhiraj Khandelwal 9867642684 (Regional Council Members)	
Students Co-ordinators	Mr. Ayush Sharma 8879486026 Mr. Prateek Agarwal 9619467667 Mr. Siddharth Popat 9773526870	

TOPIC	SPEAKER
Accounting Standards for CA Final (AS 11, 19, 20, 22, 26, 30, 31 & 32)	Mr. Israr Shaikh

DAYS & DATES MONDAY, 8TH TO WEDNESDAY, 10TH APRIL, 2013

Venue	K.C.College, Dinsha Wacha Road, Churchgate	
Time	4.00 p.m. to 8.00 p.m.	
Fees	` 900/- (inclusive of course material & refreshment)	
Chief Co-ordinators	CA. Mahesh Madkholkar 9820075966 CA. Vishnu Agarwal 9833310916 (Regional Council Members)	
Students Co-ordinators	Mr. Ayush Sharma 8879486026 Mr. Prateek Agarwal 9619467667 Mr. Siddharth Popat 9773526870	

TOPIC	SPEAKER
Costing for CA Final	CA. Dani Khandelwal

Crash Course for IPCC

DAYS & DATES FRIDAY, 22ND TO TUESDAY, 26TH MARCH, 2013

Venue	Thakur House, Kandivali East	
Time	10.00 a.m. to 6.00 p.m. (Teaching 40 hours)	
Fees	` 2,500/-	
Chief Co-ordinators	CA. Anil Bhandari 9821037605 CA. Sarvesh Joshi 9822022292 (Regional Council Members)	
Student Co-ordinator	Mr. Ajay Joshi 8080068181	

TOPIC	SPEAKERS
Costing for IPCC Group I	CA. Bhanwar Borana CA. Varun Nathani

DAYS & DATES TUESDAY, 16TH TO THURSDAY, 18TH APRIL, 2013

Venue	Thakur House, Kandivali East	
Time	10.00 a.m. to 6.00 p.m. (Teaching 24 hours)	
Fees	` 1,500/-	
Chief Co-ordinators	CA. Mahesh Madkholkar 9820075966 CA. Sarvesh Joshi 9822022292 (Regional Council Members)	
Student Co-ordinator	Mr. Rajat Salecha 8652856654	

TOPIC	SPEAKERS
IT and SM for IPCC Group II	Prof. Nirav Mehta Prof. Archana Dubey

Crash Course for IPCC

DAYS & DATES THURSDAY, 28TH MARCH TO TUESDAY, 2ND APRIL, 2013

Venue	Thakur House, Kandivali East	
Time	10.00 a.m. to 6.00 p.m. (Teaching 50 hours)	
Fees	` 3,000/-	
Chief Co-ordinators	CA. Priti Savla 9821426883 CA. Satyanarayan Mundada 9422080814 (Regional Council Members)	
Student Co-ordinator	Mr. Atish Jain 9029489252	

TOPIC	SPEAKERS
Accounting for IPCC Group I	CA. Shakuntala Chhangani Prof. Rahul Malkan

DAYS & DATES WEDNESDAY, 3RD TO FRIDAY, 5TH APRIL, 2013

Venue	Thakur House, Kandivali East	
Time	10.00 a.m. to 6.00 p.m. (Teaching 24 hours)	
Fees	` 1,500/-	
Chief Co-ordinators	CA. Neel Majithia 9820327660 CA. Girish Kulkarni 9225306814 (Regional Council Members)	
Student Co-ordinator	Mr. Ankush Kejriwal 9819998931	

TOPIC	SPEAKER
Law for IPCC Group I	Eminent Faculty

DAYS & DATES SATURDAY, 6TH TO SUNDAY, 7TH APRIL, 2013

Venue	Thakur House, Kandivali East	
Time	10.00 a.m. to 6.00 p.m. (Teaching 16 hours)	
Fees	` 800/-	
Chief Co-ordinators	CA. Shardul Shah 9820287625 CA. Sandeep Jain 9819788099 (Regional Council Members)	
Student Co-ordinator	Mr. Arpit Kabra 7208063381	

TOPIC	SPEAKER
Indirect Tax for IPCC Group I	Eminent Faculty

DAYS & DATES MONDAY, 8TH TO FRIDAY, 12TH APRIL, 2013

Venue	Thakur House, Kandivali East	
Time	10.00 a.m. to 6.00 p.m. (Teaching 40 hours)	
Fees	` 2,500/-	
Chief Co-ordinators	CA. Sunil Patodia 9820244085 CA. Sushrut Chitale 9821112904 (Regional Council Members)	
Student Co-ordinator	Mr. Chirag Dangi 9920100331	

TOPIC	SPEAKERS
Advanced Accounting for IPCC Group II	CA. Shakuntala Chhangani Prof. Rahul Malkan

DAYS & DATES SATURDAY, 13TH TO MONDAY, 15TH APRIL, 2013

Venue	Thakur House, Kandivali East	
Time	10.00 a.m. to 6.00 p.m. (Teaching 40 hours)	
Fees	` 1,500/-	
Chief Co-ordinators	CA. Mahesh Madkholkar 9820075966 CA. Shruti Shah 9892407988 (Regional Council Members)	
Student Co-ordinator	Mr. Rahul More 8097400024	

TOPIC & SPEAKER
Audit for IPCC Group II - CA. Abhishek Bansal

List of Committees of Western India Regional Council for 2013-14 Standing Committees

	Executive	Professional Development	Public Relations	Student	Career Counselling
Chairman	CA. Mangesh Kinare	CA. Anil Bhandari	CA. Sunil Patodia	CA. Mahesh Madkholkar	CA. Girish Kulkarni
Convenor	CA. Neel Majithia	CA. Dhiraj Khandelwal	CA. Shardul Shah	CA. Girish Kulkarni	CA. Hardik Shah
Office Bearers	CA. Parag Raval CA. Priti Savla	CA. Mangesh Kinare CA. Parag Raval	CA. Mangesh Kinare CA. Neel Majithia	CA. Mangesh Kinare CA. Priti Savla	CA. Mangesh Kinare CA. Parag Raval
Regional Council Members	CA. Sunil Patodia CA. Anil Bhandari CA. Priyam Shah	CA. Sunil Patodia CA. Shruti Shah CA. Girish Kulkarni	CA. Julfesh Shah CA. Dilip Apte CA. Sandeep Jain	CA. Vishnu Agarwal CA. Hardik Shah CA. Subodhkumar Kedia	CA. Dhiraj Khandelwal CA. Satyanarayan Mundada CA. Abhishek Nagori
Central Council Members (Ex-Officio)	CA. Prafulla Chhajed	CA. Pankaj Jain	CA. Pankaj Jain	CA. Nihar Jambusaria	CA. Jay Chhaira

Non-Standing Committees

	Accounting Standards for Local Bodies	Banking, Insurance & Pension	Branch Co-ordination	Capacity Building	Co-op. Society (Maharashtra)
Chairman	CA. Vishnu Agarwal	CA. Subodhkumar Kedia	CA. Parag Raval	CA. Julfesh Shah	CA. Neel Majithia
Convenor	CA. Sushrut Chitale	CA. Mahesh Madkholkar	CA. Priti Savla	CA. Mahesh Madkholkar	CA. Girish Kulkarni
Office Bearers	CA. Parag Raval CA. Priti Savla	CA. Neel Majithia CA. Priti Savla	CA. Mangesh Kinare CA. Neel Majithia	CA. Parag Raval CA. Priti Savla	CA. Mangesh Kinare CA. Priti Savla
Regional Council Members	CA. Dhiraj Khandelwal CA. Sarvesh Joshi CA. Subodhkumar Kedia	CA. Julfesh Shah CA. Dilip Apte CA. Abhishek Nagori	CA. Sunil Patodia CA. Julfesh Shah CA. Priyam Shah CA. Girish Kulkarni	CA. Shruti Shah CA. Sandeep Jain CA. Hardik Shah	CA. Julfesh Shah CA. Satyanarayan Mundada CA. Mahesh Madkholkar
Central Council Members (Ex-Officio)	CA. Dhinal Shah	CA. Shriniwas Joshi		CA. Shiwaji Zaware	CA. Shiwaji Zaware

	Co-op. Society (Gujarat)	Corporate & Allied Laws	CPE	Direct Tax	Editorial
Chairman	CA. Priyam Shah	CA. Sushrut Chitale	CA. Julfesh Shah	CA. Shruti Shah	CA. Mangesh Kinare
Convenor	CA. Subodhkumar Kedia	CA. Shruti Shah	CA. Abhishek Nagori	CA. Sandeep Jain	CA. Neel Majithia
Office Bearers	CA. Parag Raval CA. Neel Majithia	CA. Parag Raval CA. Neel Majithia	CA. Neel Majithia CA. Priti Savla	CA. Mangesh Kinare CA. Neel Majithia	CA. Priti Savla
Regional Council Members	CA. Shruti Shah CA. Hardik Shah CA. Abhishek Nagori	CA. Anil Bhandari CA. Sarvesh Joshi CA. Abhishek Nagori	CA. Vishnu Agarwal CA. Hardik Shah CA. Girish Kulkarni	CA. Sunil Patodia CA. Shardul Shah CA. Subodhkumar Kedia	CA. Sunil Patodia CA. Anil Bhandari CA. Shruti Shah CA. Sushrut Chitale
Central Council Members (Ex-Officio)	CA. Tarun Ghia	CA. Sanjeev Maheshwari	CA. Jay Chhaira	CA. Nihar Jambusaria	CA. Shriniwas Joshi

	Exposure Drafts	FMIP	GMCS Co-ordination	Grievances	Hostel
Chairman	CA. Sarvesh Joshi	CA. Vishnu Agarwal	CA. Sandeep Jain	CA. Satyanarayan Mundada	CA. Dhiraj Khandelwal
Convenor	CA. Sushrut Chitale	CA. Sunil Patodia	CA. Satyanarayan Mundada	CA. Julfesh Shah	CA. Anil Bhandari
Office Bearers	CA. Parag Raval CA. Priti Savla	CA. Neel Majithia	CA. Mangesh Kinare CA. Priti Savla	CA. Parag Raval CA. Priti Savla	CA. Parag Raval CA. Neel Majithia
Regional Council Members	CA. Shardul Shah CA. Anil Bhandari CA. Abhishek Nagori CA. Subodhkumar Kedia	CA. Dhiraj Khandelwal CA. Anil Bhandari CA. Hardik Shah CA. Subodhkumar Kedia	CA. Priyam Shah CA. Mahesh Madkholkar CA. Sarvesh Joshi CA. Sushrut Chitale	CA. Dilip Apte CA. Shardul Shah CA. Sandeep Jain CA. Subodhkumar Kedia	CA. Vishnu Agarwal CA. Mahesh Madkholkar CA. Satyanarayan Mundada CA. Priyam Shah
Central Council Members (Ex-Officio)		CA. Rajkumar Adukia			

	Ind AS (IFRS) Implementation	Indirect tax	Information Technology	Internal Audit	International Tax	Library
Chairman	CA. Parag Raval	CA. Hardik Shah	CA. Girish Kulkarni	CA. Sandeep Jain	CA. Abhishek Nagori	CA. Satyanarayan Mundada
Convenor	CA. Dilip Apte	CA. Girish Kulkarni	CA. Shruti Shah	CA. Anil Bhandari	CA. Sandeep Jain	CA. Priyam Shah
Office Bearers	CA. Neel Majithia	CA. Mangesh Kinare CA. Priti Savla	CA. Neel Majithia CA. Priti Savla	CA. Mangesh Kinare	CA. Neel Majithia	CA. Mangesh Kinare CA. Neel Majithia
Regional Council Members	CA. Dhiraj Khandelwal CA. Sarvesh Joshi CA. Abhishek Nagori CA. Satyanarayan Mundada	CA. Mahesh Madkholkar CA. Priyam Shah CA. Satyanarayan Mundada	CA. Anil Bhandari CA. Vishnu Agarwal CA. Priyam Shah	CA. Shruti Shah CA. Dilip Apte CA. Hardik Shah CA. Sarvesh Joshi	CA. Shardul Shah CA. Julfesh Shah CA. Vishnu Agarwal CA. Sushrut Chitale	CA. Sunil Patodia CA. Shardul Shah CA. Vishnu Agarwal CA. Sandeep Jain
Central Council Members (Ex-Officio)	CA. Shiwaji Zaware	CA. Nilesh Vikamsey	CA. Sanjeev Maheshwari	CA. Tarun Ghia	CA. Dhinal Shah	

	Management Accounting	Members in Industry	Public Finance & Govt. Accounting	Research	Study Circle Co-ordination	WICASA
Chairman	CA. Shardul Shah	CA. Dilip Apte	CA. Sushrut Chitale	CA. Shardul Shah	CA. Priti Savla	CA. Mahesh Madkholkar
Convenor	CA. Sarvesh Joshi	CA. Sunil Patodia	CA. Sarvesh Joshi	CA. Dilip Apte	CA. Vishnu Agarwal	
Office Bearers	CA. Parag Raval CA. Priti Savla	CA. Parag Raval CA. Neel Majithia	CA. Parag Raval	CA. Neel Majithia CA. Priti Savla	CA. Parag Raval CA. Neel Majithia	
Regional Council Members	CA. Dhiraj Khandelwal CA. Dilip Apte CA. Abhishek Nagori	CA. Anil Bhandari CA. Mahesh Madkholkar CA. Hardik Shah	CA. Sunil Patodia CA. Julfesh Shah CA. Sandeep Jain CA. Subodhkumar Kedia	CA. Priyam Shah CA. Sushrut Chitale CA. Sarvesh Joshi	CA. Dhiraj Khandelwal CA. Shruti Shah CA. Sushrut Chitale CA. Mahesh Madkholkar	CA. Girish Kulkarni CA. Satyanarayan Mundada
Central Council Members (Ex-Officio)	CA. Shrinivas Joshi	CA. Prafulla Chhajed	CA. Rajkumar Adukia	CA. Nilesh Vikamsey		

FORTHCOMING STUDY CIRCLE MEETINGS

Date & Day	Time	Subjects	Speaker(s)	Venue	Organised by / Convenor / Tel. No.
23/3/2013 Saturday	5.30 p.m.	Bank Branch Audit	CA. Atul Bheda CA. Hasmukh Dedhia	Sarvoday A/C Hall, L. T. Road, Opp. Diamond Talkies, Borivali (W)	Borivali (Central) CPES Study Circle CA. Dushyant Bhatt M: 8655016163
23/3/2013 Saturday	3.30 p.m.	New Service Tax Form Study Group Meeting	CA. N. M. Bansal	Direct Int. Solution Pvt Ltd, Direct - I- Plex, Old Nagar Das Road, Near Andheri East Subway, Andheri (E).	J. B. Nagar CPES Study Circle CA. Manish Dedhia M: 9930883146
23/3/2013 Saturday	6.00 p.m.	Lecture meeting on Practical aspects of bank branch audit	CA. Abhay Kamat	SNDT Dome, SNDT College, Cama Lane, Ghatkopar (W)	Ghatkopar CPES Study Circle CA. Sanjay Sardhara M: 9820515808
24/3/2013 Sunday	8.45 a.m.	Tax Accounting Standard	Eminent Faculty	Hotel Kohinoor, Andheri-Kurla Road, J. B. Nagar, Andheri (E).	J. B. Nagar CPES Study Circle CA. Manish Dedhia M: 9930883146
6/4/2013 Saturday	6.00 p.m.	Lecture meeting on "Tax and Regulatory Challenges" in the real estate sector	CA. Jayesh Kariya	SNDT Dome, SNDT College, Cama Lane, Ghatkopar (W)	Ghatkopar CPES Study Circle CA. Sanjay Sardhara M: 9820515808
7/4/2013 Sunday	8.45 a.m.	AGM Domestic Transfer Pricing	CA. Mayur Nayak	Hotel Kohinoor, Andheri-Kurla Road, J.B. Nagar, Andheri (E).	J. B. Nagar CPES Study Circle CA. Manish Dedhia M: 9930883146
14/4/2013 Sunday	9.30 a.m.	Issues in implementation of Revised Schedule-VI Revised Audit Report Format (SA-700)	CA. Nilesh Vikamsey CA. Paresh Clerk	Sarvoday A/C Hall, L. T. Road, Opp. Diamond Talkies, Borivali (W)	Borivali (Central) CPES Study Circle CA. Dushyant Bhatt M: 8655016163
14/4/2013 Sunday	9.30 a.m.	Accounting Standard 22 and 29, Analysis and Practical Approach	CA. Dr. Arjun Saini	Mulund College AC Auditorium, Near Mulund Railway Station, Mulund (W)	Mulund CPES Study Circle CA. Jayesh Vora M: 9820274272
21/4/2013 Sunday	10.00 a.m.	Seminar on Art of Giving	Eminent Faculty	Hotel Sankalp (Now ZAIKA), 1st Floor, Near Maxus Mall, 150 Ft Road, Bhayander (W), Thane	Bhayander CPES Study Circle CA. Deepak Bansal M: 9320981019
21/4/2013 Sunday	8.45 a.m.	Art of Public Speaking Presentation, Communication Skill Image Building for CAs	Eminent Faculty	A-52, AIPMA House, Street No. 1, Nr. Tunga International Hotel MIDC, Andheri (E)	J. B. Nagar CPES Study Circle CA. Manish Dedhia M: 9930883146
27/4/2013 Saturday	6.00 p.m.	Lecture meeting on Overview of Wealth-Tax Act	CA. Bharat Kanabar	SNDT Dome, SNDT College, Cama Lane, Ghatkopar (W)	Ghatkopar CPES Study Circle CA. Sanjay Sardhara M: 9820515808

Note: All Convenors are requested to send their forthcoming programmes only on e-mail wircvents1@gmail.com at the end of the preceding month for the period starting 20th of next month.

FORTHCOMING BRANCH MEETINGS

Date	Time	Subjects	Speakers	Venue
BARODA				
22/3/2013	11.00 a.m.	Teleconference - Bank Branch Audit	CA. Amarjit Chopra	ICAI Bhawan
23/3/2013	9.00 a.m.	Full Day Seminar on Bank Branch Audit Risk Base Audit Audit Planning, Procedures & RBI Guideline Advances, Assets & NPA norms- Important Issues LFAR, Tax Audit Report & Statutory Certificates	CA. Dhananjay Gokhale CA. Manish Baxi, Vadodara CA. Sandeep Welling, Mumbai CA. Rashmi Thakkar, Vadodara	ICAI Bhawan
NAGPUR				
20/3/2013	9.30 a.m.	Seminar on Finance Bill-2013	Eminent Speakers	Hotel Centre Point, Pamdaspath
SURAT				
23/3/2013	10.00 a.m.	Bank Branch Audit	Eminent Speaker	Branch Premises, 2nd Floor, Saifee Building, Nanpura
VASAI				
23/3/2013	9.30 a.m.	Seminar on Statutory Bank Branch Audit	Eminent Speaker	Green Court Club, Mira Road (E)



Goa: CA. J. B. Sardesai Lighting the Lamp at the CPE Workshop on Service Tax held on 23/2/2013. (L-R): CA. Parimal Kulkarni, Faculty, CA. Y. N. Upadhyaya, CA. Virendra Prabhudesai, Branch Chairman, CA. Kiran Kharangate, CA. A. V. Kamat, CA. K. P. Angle, CA. Kamlesh Amlani



Jamnagar: Seminar on the Secret of Powerful Positive Thinking and Law of Attraction held on 9/2/2013. Seen in the picture Mr. Hemang Parekh, Faculty, CA. Umesh Ravani, Branch Chairman



Kolhapur: Group photograph taken during the Students Industrial Visit at Gadre Marine Export Pvt. Ltd. on 17/2/2013. (L-R): CA. Imran Mulla, CA. Shrirang Kulkarni, CA. Anil Jadhav, Branch Chairman, CA. Koustubh Bhate and Students.



Nagpur: CA. Julfesh Shah, RCM lighting the lamp at the Seminar on Understanding Union Budget-2013 held on 23/02/2013. (L-R): Shri. Ashutosh Wakhare, Faculty, CA. Vinayak Govilkar, Faculty, CA. Abhijit Kelkar, Branch Chairman, CA. Satish Sarda



Pune: National Convention for CA Students held on 2-3/2/2013. (L-R): Mr. Chaitanya Vakharia, Shri Rajesh Bhalla, Dy. Sec-BOS, ICAI, CA. Sanjay Pawar, Branch Chairman, CA. Nilesh Vikamsey, Chairman, BOS, ICAI, CA. Rekha Dhamankar, Mr. Prafful Bhojak, Mr. Rahul Agrawal, CA. Dinesh Gandhi, Treasurer, WIRC, CA. Shripad Inamdar, CA. S.G. Mundada, RCM



Surat: Live Telecast & Analysis of Union Budget - 2013. (L-R): CA. Mukund Chauhan, CA. P.T. Bhambhani, CA. Hardik Shah, RCM, Shri R. R. Pathak, CIT-Surat – Chief Guest, CA. Jay Chhaira, CCM, CA. Sureshkumar Kabra, CA. Shailesh Vaidya



Vasai: CA. Shweta Jain, Branch Chairperson, receiving the Highly Commendable Performance Award—Large Branch Category from ICAI- 2012-13.



Thane: Inauguration of Reading Room on 28/2/2013. Seen in the picture CA. Mahesh Madkholkar, RCM, CA. Priti Savla, Treasurer, WIRC, CA. Jaideep Sahasrabudhe, Branch Chairman, CA. Mangesh Kinare, Chairman, WIRC, CA. Nilesh Vikamsey, CCM, CA. Neel Majithia, Secretary, WIRC and other members

E-Sahayataa

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

Inter Active Voice Response System (IVRS) at ICAI Bhavan, Cuffe Parade, Mumbai (24 x 7)

We are pleased to inform all the Members, Students and other stakeholders that Inter Active Voice Response System (IVRS) has been introduced at Western Regional Office, ICAI Bhavan, Cuffe Parade, Mumbai for automated response on telephonic calls. To avail this facility, it is requested to call on landline telephone number 022-3989 3989 during regular office hours on all working days between 10.00 am and 5.30 pm, if the telephone operator is busy, then the call will be directed to the automated response (IVRS) and also after office hours and on holidays. Thus, this IVRS is available 24 x 7.

FOR THE ATTENTION OF THE MEMBERS

1. All those members who have not paid their membership fees and certificate of practice fees (if applicable) for 2012-13 till 30th September, 2012 can still apply for retrospective restoration of their membership and certificate of practice in Form 9 along with the relevant fees and restoration fees of Rs. 1,200/- till 31st March, 2013. Form 9 is available at www.icai.org
2. Applicability of the Revised Audit Report Formats (including for bank/ bank branch audit reports) and Reporting in respect of Memorandum of Changes in Bank Audit Reports
- 2.1 Members are requested to note that the audit reports for audits of financial statements for periods beginning on or after 1st April 2012 are to be issued in the revised auditor's report format, as prescribed in the Revised Standard on Auditing (SA) 700, Forming An Opinion and Reporting on Financial Statements. The text of the revised auditor's report appears in the Appendix to the said SA and can be downloaded from the website of the Institute of Chartered Accountants of India at URL: <http://220.227.161.86/17874sa700annx1.pdf>.
- 2.2 For the ready reference of members carrying out audit of banks/ bank branches, the Auditing and Assurance Standards Board of the ICAI has developed relevant audit report formats in line with the requirements of the revised SA 700. These formats have been uploaded along with this announcement on ICAI's website and are available on url <http://220.227.161.86/29193aasb18840.pdf>. It may also be noted that ICAI has already sent a communication to RBI regarding these revised audit report formats being applicable for audits for FY 2012-13 and onwards.
- 2.3 Further, members undertaking bank audits are also requested that, pursuant to a recent communication by the Reserve Bank of India to ICAI in this regard, the total number and amount of debits/credits arising pursuant to the Memorandum of Changes submitted by them, be given under the heading "Other Matters Paragraph" on the face of the audit report/s issued by them. Necessary guidance in this regard is being provided in the 2013 Guidance Note on Audit of Banks which would be issued soon.
3. As you would be aware, the Institute of Chartered Accountants of India had prescribed a revised format of the auditor's report on financial statements. This format was to be effective from the audits relating to the financial year 2011-12. However, due to widespread requests from the membership, at large, the applicability of this revised format was deferred by one year. Accordingly, the revised format is applicable for audits relating to financial year 2012-13 and onwards.
- 3.1 Further, pursuant to a recent communication to ICAI from the Reserve Bank of India in this regard, members carrying out bank audits are requested to give the total number and amount of debits/ credits arising pursuant to the Memorandum of Changes submitted by them, under the heading "Other Matters Paragraph" on.
4. While the filing of the financial statements in XBRL format had begun for a class of companies, NBFCs were kept outside the purview, despite the fact that these companies also followed the Schedule VI format. Owing to peculiar nature of business as compared to the other Commercial and Industrial companies, a need was felt to identify and compile the NBFCs specific elements and include them in the core C&I taxonomy making it

suitable for use of NBFCs as well. Comments are invited on the template of taxonomy for NBFCs. Comments may be sent by e-mail at xbrl@icai.org, so as to be received not later than March 31, 2013.

5. The Council of the Institute with a view to harmonise the differences between the Accounting Standards issued by the ICAI and the Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006, in February, 2008 issued the announcement titled as 'Harmonisation of various differences between the Accounting Standards issued by the ICAI and the Accounting Standards notified by the Central Government' wherein the Council prescribed the criteria for classifying the non-corporate entities in to Level I, Level II and Level III. The detailed criteria are available in the Announcement section on ICAI website.
 6. The Research Committee of the Institute of Chartered Accountants of India (ICAI) had earlier formulated a 'Guidance Note on Accounting for Oil and Gas Producing Activities' to establish sound accounting principles related to exploration, development and production of oil and gas. However, in order to keep pace with the advancements in the field of technology and techniques of oil exploration, a need was felt for its revision. Internationally, developments have taken place in prescribing guidance for accounting of extractive activities. The Guidance Note is available on the website of ICAI for members to download.
 7. The Council of the ICAI has taken a decision that the endeavour of the CASLB is to formulate the ASLBs on the basis of International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) of IFAC. Therefore, in order to maintain consistency with the IPSASs, the number corresponding to that of IPSAS should be given to a relevant ASLB. The detailed announcement is available on ICAI Website.
- ### 8. Professional Opportunities for Members
- 8.1 Empanelment of auditors by Co-operative Department, Maharashtra State:

The Co-operative Department, Maharashtra State is preparing new panel of Co-operative auditors. All interested members are informed to visit www.sahakarayukta.maharashtra.gov.in for application forms & other details.
 - 8.2 The State Level Nodal Agency (SLNA) JnNURM, under Housing and Urban Development Department, Govt. of Odisha intend to hire the services of CAG empanelled CA firms to implement Double Entry Accrual Based Accounting System (DEABAS) in 103 Urban Local Bodies (ULBs) of the State of Odisha for the financial year 2012-2013. Detailed announcement is available on website of PD Committee (www.pdicai.org).
 - 8.3 Notice Inviting Tender has been issued by Rural Electrification Corporation Limited for empanelment as Lenders' Financial Advisor for Power Generation Projects. Detailed announcement is available on website of PD Committee (www.pdicai.org).

Reading Room at Thane for CA Students

New reading room for CA students has become operative in Thane. For more details students may contact Thane Branch office on 25382451. Members are requested to inform their articled trainees and also other CA students to avail this facility.

General

ICAI Invites Applications from Highly Competent candidates for the Positions of SECRETARY, TECHNICAL DIRECTOR and DIRECTOR (TAXATION) at the head office in New Delhi. For details and for download of application form, please visit www.icai.org

ICAI requires technically par excellent professionally successful, academically brilliant human resources for various senior and middle level positions including for entry level positions in its headquarters at Delhi/Noida. For details and for download of application form, please visit www.icai.org

ICAI has put up on its website www.icai.org its perspective to the Economic Survey-2012-13 and the Union Budget 2013-14.

DIRECT TAX

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

SECTION 10A READ WITH SECTIONS 10AA & 10B OF INCOME-TAX ACT, 1961 – CLARIFICATION ON ISSUES RELATING TO EXPORT OF COMPUTERSOFTWARE{212 TAXMANN 23 (ST.)}

Circular No.1/2013 (F.No. 178/84/2012-ITA.I) dated 17/1/2013

The Indian software industry has been the beneficiary of direct tax incentives under the provisions like sections 10A, 10AA & 10B in respect of profits derived from the export of computer software. These provisions prescribe incentives to "units" or "undertakings", established under different schemes, which are/were deriving profits from export of computer software subject to fulfilling the prescribed conditions. The software companies had represented to CBDT that there were several issues arising from the above mentioned provisions that are giving rise to disputes between them and the Income Tax authorities, leading to denial of tax benefits and consequent litigation and therefore require clarification. In the above notification, the Board has examined various issues highlighted by software industry and issued clarifications.

CENTRALISED PROCESSING OF STATEMENTS OF TAX DEDUCTED AT SOURCE SCHEME, 2013 {212 TAXMANN 26 (ST.)}

Notification No. 3/2013 [F.No.142/39/2012-SO(TPL)] dated 15/1/2013

The CBDT has formulated the Scheme for Centralised Processing of Statements of Tax Deducted at Source as per above notification.

SECTION 90 OF INCOME-TAX ACT, 1961 – AGREEMENT FOR AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION WITH NETHERLANDS – AMENDMENT NOTIFICATION {212 TAXMANN 30 (ST.)}

Notification No. 2/2013 [F.No. 501/02/1983-FTD-II] dated 14/1/2013

The Protocol for amending the Convention between the Republic of India and the Kingdom of Netherlands for avoidance of double taxation and for prevention of fiscal evasion with respect to taxes on Income and on Capital was signed at Hague on the 10th day of May, 2012. The Central Government has directed that all the provisions of the said Protocol as set out in the Annexure to the above notification, shall be given effect to in the Union of India in respect of Income and on Capital arising from the 2nd November, 2012.

SECTION 90 OF THE INCOME-TAX ACT, 1961 – DOUBLE TAXATION AGREEMENT – AGREEMENT FOR EXCHANGE OF INFORMATION FOR TAX PURPOSES WITH FOREIGN JURISDICTIONS – GUIDELINES FOR INBOUND AND OUTBOUND REQUESTS {212 TAXMANN 33 (ST.)}

Instruction No 1 of 2013 [F.No. 500/90/2007-FTD-I] dated 17/1/2013

India has entered into a number of Double Taxation Avoidance Agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) and has also joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and SAARC Limited Multilateral Agreement. These agreements contain the legal framework for receiving and providing information for tax purposes available with the other countries/jurisdictions, which tax authorities of a country cannot access using their own powers, as the information lies outside the territorial jurisdiction of the country. The Income Tax Authorities entrusted with administration of the Income-tax Act, 1961, may make requests for information in conformity with the relevant provisions of the DTAAs/TIEAs/Multilateral Agreements, if they are of the view that information received from a foreign jurisdiction would be helpful in assessment and determination of income, collection and recovery of taxes, investigation of tax matters or prosecution in relation to tax matters. The detailed guidelines for making such requests have been provided in above notification.

ELECTORAL TRUST SCHEME, 2013 {213 TAXMANN 3 (ST.)}

Notification No. 9/2013 [F.No.142/20/2012-TPL] dated 31/1/2013

The Central Government has notified the Electoral Trusts Scheme, 2013 as per above notification.

SECTION 90 OF INCOME-TAX ACT, 1961 – AGREEMENT FOR AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION WITH MALAYSIA {213 TAXMANN 24 (ST.)}

Notification No. 7/2013 [F.No. 506/123/84-FTD-II] dated 29/1/2013

The Agreement between the Government of Republic of India and the Government of Malaysia for avoidance of double taxation and for prevention of fiscal evasion with respect to taxes on Income was signed on the 9th day of May, 2012. The Central Government has directed that all the provisions of the said DTAA shall be given effect to in the Union of India with effect from the 1st day of April, 2013.

MAHARASHTRA VAT

(Contributed by CA. C. B. Thakar)

MVAT Act, 2002

Notifications

The Commissioner of Sales Tax has issued Notification dated 22/6/2012 under section 10(3) whereby the territorial jurisdictions of the Joint Commissioners are specified.

The Commissioner of Sales Tax has issued one more Notification dated 6/11/2012 whereby territorial jurisdictions of Deputy Commissioners of Sales Tax are specified.

Similarly the Commissioner of Sales Tax has issued one more Notification dated 6/11/2012 whereby territorial jurisdictions of Assistant Commissioners of Sales Tax/Sales Tax Officers are specified.

The Government of Maharashtra has issued notification dated 2/2/2013 under section 31(A)(1) & (2) whereby the persons for the purpose of Tax Collection at Source (TCS) are specified.

CENTRAL EXCISE UPDATE

(Contributed by CA. Jayesh Gogri)

Notification

Tariff

Exemption from Excise Duty when cleared against a Post Export EPCG Duty Credit Scrip (0% and 3% EPCG variant)

Goods, cleared against a Post Export EPCG Duty Credit Scrip (0% and 3% EPCG variant), are granted exemption from Central Excise Duty, Additional Duty of Excise (Goods of Special Importance) and Additional Duty of Excise (Textiles and Textile Articles) subject to specified conditions.

(Notification Nos. 2/2013-CE and 3/2013-CE dated 18/2/2013)

Exemption to certain goods when supplied for defence and other specified purposes

Notification No. 64/95-CE dated 16th March, 1995 provides exemption to certain specified goods when used for defence and other specified purposes. Earlier machinery, equipment, instruments, components, spares, jigs, fixtures, dies, tools, accessories, computer software, raw materials and consumables required for the Long Range Surface to Air Missile (LR-SAM) Programme of Ministry of Defence were given an exemption for certain specific period subject to certain conditions. The exemption was given last up to 24th November, 2012.

Now again the exemption is provided from 20th February, 2013 to 25th May, 2013.

(Notification No. 4/2013-CE dated 20/2/2013)

CORPORATE LAWS

(Contributed by CA. Jayesh Thakur)

Guidelines for providing Dedicated Debt Segment on Stock Exchanges

www.sebi.gov.in

The SEBI has issued Circular No. CIR/MRD/DP/03/2013 dtd. 24/1/2013 providing enabling guidelines for dedicated debt segment on the stock exchanges which would offer separate trading, clearing, settlement, reporting facilities and membership to deal in "debt securities" Government Securities, Treasury Bills, State Government loans, SLR and Non-SLR Bonds, municipal bonds, single bond repos, basket repos and

CBLO kind of products subject to RBI approval, where required, Securitised debt instruments and any other specified debt instruments.

It is provided that an existing/new stock exchange desirous of setting up debt segment may make an application to SEBI, providing operational, regulatory and any other necessary details. The broad framework/features for debt segment would permit listing of debt securities, trading, clearing and settlement, risk management framework, trade repository, market making, etc. One may refer to the above citation for further details.

Guidelines on Identification of Beneficial Ownership

www.sebi.gov.in

The SEBI has issued Circular No. CIR/MPD/DP/02/2013 dated 24/1/2013 referring to its earlier circular relating to KYC and client due diligence to be done by registered intermediaries and thereby obtain as part of their client due diligence policy, sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account. The beneficial owner was defined as the natural person or persons, who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement. It is now decided to have a uniform approach to be followed towards determination of beneficial ownership to be observed by intermediaries. Specific guidelines are provided in relation to clients other than individuals or trusts, exemption to listed companies, applicability to foreign investors and implementation. One may refer to the above citation for further details.

Comprehensive guidelines on offer for sale (OFS) of shares by promoters through the stock exchange mechanism

www.sebi.gov.in

The SEBI has issued Circular No. CIR/MPD/DP/04/2013 dated 25/1/2013 referring to its earlier issued comprehensive guidelines on sale of shares through OFS mechanism. Based on past experience of sale of shares through OFS, the mechanism of OFS has been found to be useful by market participants and popular for offloading shares of promoters in listed companies in order to achieve minimum public shareholding. With the deadline of June 2013 to achieve minimum public shareholding approaching, to encourage promoters to offload their shares through OFS route and based on market feedback, it has been decided to modify the OFS framework to make it more economical, efficient and transparent as under :

- All promoters/promoter group entities of top 100 companies by market capitalisation in any of the last four completed quarters, market capitalisation being calculated as average market capitalisation in a quarter.
- Indicative Price is the volume weighted average price of all the valid bids.
- Orders shall be placed during trading hours. A separate window for the purpose of sale of shares through OFS shall be created and the orders that shall be valid in the OFS window are, (a) orders with 100% of margin paid upfront by institutional investors and non-institutional investors and which can be modified or cancelled at any time during the trading hours, and, (b) orders without paying upfront margin by institutional investors only and which cannot be modified or cancelled by the investors or stock brokers, except for making upward revision in the price or quantity.
- Cumulative bid quantity shall be made available online to the market throughout the trading session at specific intervals in respect of orders with 100% upfront margin and separately in respect of orders placed without any upfront margin. Indicative price shall be disclosed to market throughout the trading session. The indicative price shall be calculated based on all valid bids/orders.
- Clearing Corporation shall collect 100% margin in cash from non-institutional investors.
- In case of order/bid modification or cancellation, such funds shall be released/collected on a real time basis by clearing corporation.
- Settlement shall take place on trade for trade basis. For non-institutional orders/bids and for institutional orders with 100% margin, settlement shall take place on T+1 day. In case of orders/bids of institutional investors with no margin, settlement shall be as per the existing rules for secondary market.

- In case of default in pay-in by any investor, 10% of the order value shall be charged as penalty from the investor and collected from the broker. This amount shall be credited to the Investor Protection Fund of the stock exchange

One may refer to the above citation for further details.

Filing of Cost Audit Report and Compliance Report in the XBRL mode – date extended

www.mca.gov.in

The MCA has issued General Circular No. 02/2013 on 31/1/2013 stating that all cost auditors and the companies concerned are allowed to file their Cost Audit Reports and Compliance Reports for the year 2011-12 [including the overdue reports relating to any previous year(s)] with the Central Government in the XBRL mode, without any penalty, within 180 days from the close of the company's financial year to which the report relates or by 28th February, 2013, whichever is later. One may refer to the above citation for further details.

SEBI approval required for restructuring by listed companies

www.sebi.gov.in

The SEBI has issued Circular No. CIR/CFD/DIL/5/2013 dated 4/2/2013 stating that under the existing clause 24(f) of the Listing Agreement, it is mandated that a listed company shall file any scheme/petition, proposed to be filed before any Court or Tribunal under sections 391, 394 and 101 of the Companies Act, 1956, with the stock exchange, for approval, at least a month before it is presented to the Court or Tribunal. By an earlier clarification, SEBI had prescribed certain requirements for seeking exemption by listed companies desirous of getting their equity shares listed after merger/de-merger/amalgamation etc., and were required to seek an exemption from SEBI from the requirements of Rule 19(2)(b) of SCRR, 1957 which were being granted by SEBI to such listed companies from time to time on a case to case basis. The SEBI has now revised the requirements based on some recent cases where exemption was sought based on inadequate disclosures or convoluted schemes of arrangement or on exaggerated valuations. To avoid such situations of uncertainty or deprive shareholders of an exit opportunity if listing permission or such an exemption is delayed or denied, the revised guidelines are issued.

The requirements are applicable immediately and in cases of schemes which have received approval from stock exchanges would require to resubmit if they have not yet filed the scheme with the High Court. Similarly, listed companies which are entering in to the scheme of arrangement or companies that have submitted draft scheme with the stock exchanges, but have not submitted the Scheme with the Hon'ble High Court, would require to comply with the new requirements.

The guidelines are summarised as under :

Obligations of listed company

Listed companies to file the draft scheme of arrangement/petition with the stock exchange along with documents prescribed in this circular. It shall obtain report from audit committee recommending the draft scheme based on the valuation report.

Obligations of Stock Exchanges

The stock exchange shall forward the draft scheme to SEBI within 3 working days and their "objection/no-objection" letter to SEBI within 30 days from the date of application or within 7 days of date of receipt of satisfactory reply on clarifications from the company. The stock exchanges shall issue 'observation letter' to the listed company within 7 days from the receipt of the comments from SEBI which shall be valid for six months within which the scheme shall be submitted to the High Court.

Processing of the draft scheme by SEBI

SEBI shall endeavour to provide its comments on the draft scheme to the stock exchange based on the "objection/no-objection" letter issued by the stock exchange, within 30 days from the latter of (a) date of receipt of satisfactory reply on clarifications sought from the company by SEBI, or (b) date of receipt of opinion from independent chartered

accountant if sought by SEBI, or (c) date of receipt of "objection/no-objection" letter from the stock exchanges.

• Disclosure on the website

The listed company shall disclose the draft scheme and all the documents on its website immediately upon filing the observation letter of the stock exchanges within 24 hours of receiving the same, on its website. The stock exchange shall immediately also disclose on their website the draft scheme and documents as also disclose the observation letter immediately upon issuance.

• Redressal of complaints

All complaints/comments received by SEBI on the draft scheme are to be forwarded to the stock exchange for necessary action and resolution and the company shall submit to stock exchanges a 'complaints report' containing details of complaints/comments received by it on the draft scheme prior to obtaining observation letter from stock exchange. The 'complaints report' will have to be included in the notice to shareholders while seeking approval of the scheme and which shall be submitted to the stock exchanges within 7 days of the expiry of 21 days from the date of filing of the draft scheme with stock exchanges.

• Approval of shareholder through postal ballot and e-voting

The company will obtain Postal Ballot approval mandatorily and e-voting on the scheme. The scheme is to be approved by at least 2/3rd of public shareholders.

• Requirements after the scheme is sanctioned by the High Court

The company to submit the documents as provided in this Circular to the stock exchanges upon sanction by the High Court which would be forwarded by the stock exchange to SEBI which shall endeavour to offer its comments/approval to the stock exchange within 30 days.

One may refer to the detailed requirements provided in the two annexures to this Circular.

SERVICE TAX

(Contributed by CA. Rajiv Luthia)

SYNOPSIS OF NOTIFICATIONS, CIRCULARS & LETTERS

CBEC *vide* Notification No.1/2013-ST dated 22nd February, 2013 has notified new Service Tax Return (Form ST-3) for the period from 1st July, 2012 & onwards which can be accessed from the official website of Service Tax Department at <http://www.servicetax.gov.in/notifications/notfn-2013/st01-2013.htm>. The CBE has also notified 25th March, 2013 as the due date for filing Service Tax Return for the period from 1st July, 2012 to 30th September, 2012 by inserting 2nd proviso in Rule 7(2) of the Service Tax Rules, 1994.

CBEC *vide* Letter F.No.137/98/2006-CX-4 (Part-I) dated 22nd February, 2013 has clarified that the paper version of the revised Service Tax Return is notified for legality. However, in terms of Rule 7(3) of the Service Tax Rules, 1994, all the service tax returns have to be filed electronically. The revised Form ST-3 is expected to be available on ACES by the first week of March. However in the event of any delay, the last date will be suitably extended and adequate time would be given so that no inconvenience is caused to the assessee. CBE further clarified that assessee are expected to fill in servicewise data as before, for effective use of the data available consequent to the restoration of accounting codes. In the interregnum, the assessee might not be able to do so, as duty payment was not required to be servicewise. While recognising this difficulty, assessee are requested to provide servicewise data, to the extent possible, for this period also.

GUJARAT VAT

(Contributed by CA. Kishor R. Gheewala)

State Budget F.Y. 2013-14

The Budget of the State for F.Y. 2013-14 has been presented on 20/2/2013. Salient features of the same are as under:

1. The Budget shows surplus of ` 840.45 crores.
2. Reliefs of ` 245 crores in taxation are proposed.

3. New Taxes are estimated to yield ` 289 crores.
4. Exemption is proposed for following items.
 - a) Micro Irrigation System Equipments.
 - b) Educational Items for students.
 - c) Newar made of Plastic.
 - d) Agarbatti dust.
5. Carbon Credit is proposed to be made Taxable @5% & rate of tax on cigarette is proposed to be increased from 25% to 30%.
6. Ceiling Limit of Turnover for Lump Sum Scheme of 0.50% for retailers etc. is proposed to be increased from ` 50 lakhs to ` 75 lakhs.
7. Non Taxable Limit for Salaried Employees is proposed to be increased from ` 2999 p.m. to ` 5999 p.m. for liability of Professional Tax.

FEMA

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

Opening of NRO accounts by individuals of Bangladesh Nationality

Notification No. FEMA 253/2013-RB dated February 2, 2013 and A.P. (DIR Series) Circular No. 82 dated February 11, 2013

Presently, opening of Non-Resident Ordinary Rupee (NRO) accounts by individuals/entities of Bangladesh nationality/ownership requires RBI approval.

Henceforth, authorised banks would be permitted to open NRO account of individual/s of Bangladesh nationality without the RBI approval subject to specified conditions. However, opening of accounts by entities of Bangladesh ownership shall continue to require RBI approval, as hitherto.

WORK DISPOSAL POSITION

The position of disposal of various matters relating to members and students of WIRC as on 28/02/2013

PARTICULARS	DATE
Members Section	
Sole Proprietary Firm Registration	05/02/2013
Partnership Firm Registration – Constitution	04/02/2013
Reconstitution	04/02/2013
Grant of Certificate of Practice	22/02/2013
Fellow Admission	22/02/2013
Change of Address	25/02/2013
New Enrolment	14/02/2013
Restoration of Membership	22/02/2013
Permission for other engagement	25/02/2013
Articles Section	
IPCC Registration with Articles	28/02/2013
Final + Articles Registration	26/02/2013
Industrial Training Registrations	14/02/2013
Re-registration of articles	20/02/2013
Termination of articles	11/02/2013
Completion of articles	27/02/2013
Permission to study for other courses	21/02/2013
Supplementary Registration of articles	27/02/2013
Change of Address	27/02/2013

Consequently, schedule 3 of the Foreign Exchange Management (Deposit) Regulations, 2000 [Notification No. FEMA 05/2000-RB] is amended *vide* Notification No. FEMA 253/2013-RB dated February 2, 2013 issued by RBI to give effect to the above amendments.

Clarification for import of precious and semi precious stones

A.P. (DIR Series) Circular No. 83 dated February 20, 2013

RBI had *vide* A.P. (DIR Series) Circular No. 34 dated September 24, 2012 allowed AD Category – I banks for Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form including jewellery made of gold/precious metals or/ and studded with diamonds/ semi precious/ precious stones should not exceed 90 days, from the date of shipment.

It is now clarified by RBI that that Suppliers' and Buyers' Credit (trade credit) including the usance period of Letters of Credit opened for import of precious stones and semi-precious stones should not exceed 90 days from the date of shipment. The revised directions will come into force with immediate effect.

FORM IV

The following is a statement of ownership and other particulars about the Western India Regional Council of the Institute of Chartered Accountants of India Newsletter as required under Rule 8 of the Registration of Newspapers (Central) Rule, 1956.

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I, Shri Y. S. Rawat, Joint Secretary hereby declare that the particulars given above are true to the best of my knowledge and belief.

Sd/-
Signature of the Publisher
(Shri Y. S. Rawat)
Joint Secretary

Personal Column

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Contact: Mobile – 9820640302 • E-Mail – cakpg1975@gmail.com

WIRC AWARDS - 2012

WIRC AWARD TO BRANCHES OF WIRC

1) Best Branch of WIRC	
Very Large Branch Category	Pune Branch
Large Branch Category	Baroda, Nagpur & Vasai Branches Jointly
Medium Branch Category	Aurangabad Branch
Small Branch Category	Jamnagar Branch
2) Highly Commendable Performance	
Very Large Branch Category	Ahmedabad Branch
Large Branch Category	Surat Branch
Medium Branch Category	Nashik Branch
Small Branch Category	Anand & Vapi Branches Jointly
3) Award/Certificate of Appreciation for Organizing a Unique Activity	
Baroda Branch	

WIRC AWARDS TO WICASA OF WIRC

1) Best Branch of WICASA	
Large Branch Category	Baroda & Surat Branch of WICASA Jointly
Medium Branch Category	Aurangabad branch of WICASA
Small Branch Category	Jamnagar branch of WICASA
2) Highly Commendable Performance	
Large Branch Category	Nagpur & Vasai Branch of WICASA Jointly
Medium Branch Category	Nashik Branch of WICASA

WIRC AWARDS TO CPE STUDY CIRCLE OF WIRC

1) Within Mumbai	
Best CPE Study Circle Of WIRC	
Large CPE Study Circle Category	Borivali (Central) & J. B. Nagar CPE Study Circle Jointly
Medium CPE Study Circle Category	Ghatkopar CPE Study Circle
Small CPE Study Circle Category	Andheri (West) CPE Study Circle
Highly Commendable Performance	
Large CPE Study Circle Category	Mulund CPE Study Circle
Medium CPE Study Circle Category	Borivali Kandivali (E) CPE Study Circle
Small CPE Study Circle Category	Chembur CPE Study Circle
2) Outside Mumbai	
Best CPE Study Circle of WIRC	
Medium CPE Study Circle Category	Pune (West), Pune & Ellisbridge CPE Study Circle, Ahmedabad
Small CPE Study Circle Category	Navjivan CPE Study Circle, Ahmedabad
Highly Commendable Performance	
Small CPE Study Circle Category	Pune Camp CPE Study Circle, Pune
3) Special Recognition for Unique activity	
Borivali Central CPE Study circle	

DIRECT TAX (Contributed by CA. Paras K. Savla, CA. Deepak Tikekar)

S. 4 Compensation for loss of source income is capital receipt

Compensation to CA Firm for loss of referral work i.e. source of income is non-taxable being capital receipt.

Khanna and Annadhanam vs. CIT (2013) 30 taxmann.com 323 (Guj.)

S. 10B Stitching charges are export earnings for claiming deduction

Assessee being engaged in export of garments, contract receipts in the form of stitching charges could not be treated as local sales for the purposes of allowing exemption u/s 10B.

CIT vs. First Garments Manufacturing Co. India (P) Ltd.

Ss. 11, 13(2)(b) & 13(2)(h) Donation from related party in advance is permissible

Assessee charitable trust having merely issued receipt when it received the cheque dated 22nd April, 2002, towards donation in March 2002, and showed the amount as donation receivable in its balance sheet as on 31st March, 2002, and the donor company having not availed of any advantage or benefit of s. 80G during the accounting year 2001-02, assessee-trust committed no irregularity and there was no violation of the provisions of s. 13(2)(b) or 13(2)(h) on account of the fact that most of the trustees of the assessee-trust and the directors of the donor company are related to each other.

DIT (Exemption) vs. Raunaq Education Foundation (2013) 255 CTR (SC) 337

S. 28(i) Alternate claim of Bad Debts as Business Loss

If a deduction is not allowed as bad debts, there is no bar in claiming the loss as a business loss, if the same is incidental to carrying on of business.

Arshad J. Choksi vs. CIT (2012) 254 CTR (Bom.) 499

Ss. 32(1)(ii) & 32(1) Lessor entitled to higher rate of depreciation

Assessee leasing company having obtained delivery of vehicles and then entered into lease agreement with the lessees with the specific stipulation that the assessee is the exclusive owner of the vehicle at all points of time with the right of inspection and is entitled to repossess the vehicle in the event of default by the lessee and return of vehicle on the conclusion of the lease period, it is the assessee who is the owner of the vehicles and it is entitled to depreciation on the trucks which are leased out; no contrary inference can be drawn from the registration certificate in the name of the lessee in compliance with the requirements of s. 51 of the Motor Vehicles Act, 1988; assessee is entitled to higher rate of depreciation in terms of second proviso to s. 32(1).

I.C.D.S. Ltd. vs. CIT & Anr (2013) 255 CTR (SC) 449

Ss. 32(1)(ii), 32(20 & 145(3) Claim of depreciation in financial accounts not necessary for claiming the same for tax purposes

Notwithstanding the fact that the assessee itself in its own account has capitalised all the expenditure under the head 'National Highway Development Expenditure' and in the audited P&L a/c, no expenditure or depreciation has been claimed by the assessee and only interest on fixed deposit has been shown, it was entitled to claim depreciation on assets used for business.

Mapex Infrastructure (P) Ltd. vs. CIT (2013) 255 CTR (Cal.) 272

Ss. 32(1)(ii) & 32(1), Explan. 1 Roads/bridges on leasehold land are building entitled to depreciation

Assessee having constructed toll bridge on land provided by Government on long lease, exercised full ownership rights on the road which include charging of tolls was entitled to depreciation on the same.

CIT vs. Noida Toll Bridge Co. Ltd. (2013) 255 CTR (All.) 88

Ss. 35ABB & 37(1) Telecom licence fee allowable as deduction

Licence fee for providing cellular mobile service paid by assessee to JT Ltd. who had received telecom licence from Government was allowable u/s 37(1) as s. 35ABB did not apply to the assessee.

CIT vs. Evergrowth Telecom Ltd. (2013) 256 CTR (Bom.) 84

S. 35D Expenditure on raising Euro issue can be amortised

Purpose and raising of the Euro issue not being in dispute, nor there being material to counter the claim of the assessee that the expenditure was in connection with raising the capital for new projects as well as for expansion, relief u/s 35D could not be disallowed for the reason that proceeds were kept in investment pending authorisation from various Government bodies.

EID Parry (India) Ltd vs. Dy. CIT (2013) 256 CTR (Mad.) 106

S. 37(1) Capital vs. Revenue expenditure

Expenditure on corporate membership of club is revenue.

CIT vs. Groz Beckert Asia Ltd. (P & H Full Bench) unreported decided on 19/2/2013

S. 37(1) Expenditure after setting up of business allowable even though business not commenced

Expenses on account of PSTN charges and dealers commission incurred after setting up of business and before commencement of business were allowable as deduction.

CIT vs. Evergrowth Telecom Ltd. (2013) 256 CTR (Bom.) 85

37(1) Guarantee fee revenue expenditure

Guarantee fee paid to two companies for purchase of Deep Discount Bonds from the bond holders, pursuant to exercise of redemption option by them constituted revenue expenditure.

CIT vs. Noida Toll Bridge Co. Ltd. (2013) 255 CTR (All.) 80

S. 40A (3) Income-tax Rules, 1962 r. 6DD Deposit of cash into bank account of creditor does not give relief against disallowance

Deposit of the amount in the bank account of the supplier does not make the case any shade better than a cash payment for the purpose of condoning the conduct of the assessee and therefore disallowance u/s 40A(3) was sustainable.

CIT vs. Venkatadhri Constructions (2013) 255 CTR (Mad.) 385

S. 40(b)(iv) Interest on capital allowable without deduction of depreciation

When there is no specific reference to book profit as a basis on which interest has to be paid, unlike in the case of salary, the Revenue cannot insist on deduction of depreciation before crediting any interest on the capital of the assessee firm for the purpose of deduction u/s 40(b)(iv).

Sri Venkateswara Photo Studio vs. Asstt. CIT (2013) 256 CTR (Mad.) 95

Ss. 11(5)(iii), Explan. & 43B Interest payable to non-scheduled bank not covered by disallowance

SMM Co-operative Bank Ltd. not being mentioned in Schedule II to the RBI Act nor covered by any other banks mentioned in the Explanation to s. 11(5)(iii), interest payable to that bank could not be disallowed u/s 43B.

CIT vs. Upendra T. Kapadia (2013) 256 CTR (Bom.) 201

S. 45 Sale value to be considered as per understanding and not in equal proportion

When the property was sold for ` 14 crores but as per MOU reached between the assessee and his brother, the assessee received only ` 6 crores as his share, AO was not justified in taking the sale value at ` 7 crores in the hands of assessee.

CIT vs. Raman Kumar Suri (2013) 255 CTR (Bom.) 257

S. 48 Indexation from the date of acquisition by previous owner

Property being acquired in accordance with mother's Will dated 11th Oct., 1987 sold in 2005, benefit of indexation is to be given from 1st April, 1981 and not from 1987.

CIT vs. Manjula J. Shah (2012) 249 CTR (Bom.) 270

S. 54 Investment in several independent units

Several independent units can constitute "a residential house".

CIT vs. Gita Duggal (2013) 30 taxmann.com 230 (Del.)

S. 54 Investment in two flats used as one unit

Assessee having purchased two flats which were joined together before the purchase, exemption u/s 54 was allowable in respect of both the flats treating them as one residential house.

CIT vs. Raman Kumar Suri (2013) 255 CTR (Bom.) 258

S. 55(2)(b) Valuation by registered valuer to prevail over value as per Nabhi Guide

Valuation done by registered valuer of the IT department would take precedence over Nabhi's Guide to House Tax; Tribunal was therefore justified in accepting the fair market value as on 1st April, 1981 at ` 47.74 lakhs as estimated by registered valuer.

CIT vs. Raman Kumar Suri (2013) 255 CTR (Bom.) 258

S. 68 Unexplained cash credit

When the summons issued u/s 131 to subscribing private companies returned unserved, the Inspector also confirmed that no such companies functioned from the addresses furnished by the assessee and the assessee failed to prove the creditworthiness of those companies except by filing bank statements, addition u/s 68 was sustainable.

CIT vs. Nipun Builders & Developers (P) Ltd. (2013) 256 CTR (Del.) 34

Ss. 80-IA & 80-IB Conversion of limestone into limestone powder is manufacture

Converting limestone into limestone powder was a manufacturing activity and income derived from such activity was eligible for deduction u/ss 80-IA & 80-IB.

CIT vs. Smt. Supriya Gill (2012) 254 CTR (HP) 559

Ss. 80-IA, 143(1)(a) & 154 Debatable claim and rectification

In view of the facts that the provisions of Chapter VI-A, particularly those dealing with quantification of deductions have been amended several times, there was no patent mistake in the assessment order in allowing assessee's claim of deduction u/s 80-IA before setting off the earlier years losses, and therefore, s. 154 was not applicable.

Dinosaur Steels Ltd. vs. JCIT (2012) 254 CTR (SC) 640

Ss. 80-IB(10) Amendment prospective in operation

Amendment of s. 80-B(10) and the insertion of cl. (d) w.e.f. 1st April, 2005 is prospective only and cannot be applied retrospectively; assessee's two housing projects having been approved prior to 31st March, 2005 and the built-up area of commercial use being 5.12 per cent and 3.5 per cent respectively, it was entitled to deduction u/s 80-IB(10).

Manan Corporation vs. ACIT (2013) 255 CTR (Guj.) 415

Ss. 80-IB(10) & 80-IB(14)(a) Amendment prospective in operation

In respect of housing projects which were approved by the local authority before 1st April, 2005 the date on which cl. (a) of sub-s. (14) of s. 80-IB came into force, "built up area" will not include balcony and thus computed, the assessee was entitled to full benefit u/s 80-IB(10) in respect of all the flats.

CIT & Anr vs. Anriya Project Management Services (P) Ltd.

S. 80-IB(10) Area of one acre can be acquired in installments and change of use by flat purchasers subsequently will not be detrimental to the claim of deduction

Assessee having purchased additional land, making it to one acre and more, and modified housing project being approved in 2001 and construction was completed on 20th May, 2003 i.e. within four years period, it was entitled to deduction u/s 80-IB(10); fact that purchasers are using the flats as service apartments for which the assessee cannot be held liable in any way and on that ground he cannot be denied the benefit.

CIT and Anr vs. Mystic Investments (2013) 255 CTR (Kar.) 439

Ss. 80HHBA, Explan. (a) & 80-IB(10) Deduction available in respect of units satisfying the required condition

Going by the definition of "housing project" under Explanation to s. 80HHBA as the construction of "any building" and the wordings in s. 80-IB(10), the question of rejection in entirety of the project on account of any one of the blocks not complying with the conditions, does not arise; in respect of each of the blocks, the assessee is entitled to have the benefit of deduction in

respect of residential units satisfying the requirement of built-up area of 1500 sq. ft. u/s 80-IB(10)(c).

Viswas Promoters (P) Ltd. vs. ACIT & Ors. (2013) 255 CTR (Mad.) 149

S. 80JJA In-house generated biodegradable waste when converted is entitled to deduction

Bagasse is a biodegradable waste of sugar factory and, therefore, deduction u/s 80JJA is allowable on the profits derived from the business of manufacturing fuel briquettes from bagasse; requirement of collecting biodegradable waste as provided u/s 80JJA is satisfied whether such waste is collected on payment of consideration or without consideration.

CIT vs. Smt. Padma S. Bora (2013) 255 CTR (Bom.) 1

Ss. 139(5), 143(1) (a), 237 & 244A Revised return valid after issue of intimation

An intimation u/s 143(1)(a) would not constitute assessment so as to disentitle the assessee to file the revised return; claim for refund of additional tax deposited was justified since revised return was filed within limitation.

Tarsem Kumar vs. ITO & Ors (2013) 256 CTR (P&H) 116

S. 142(2A) Special Audit upheld

AO having found that the assessee companies were engaged in multi-crore construction projects and that it is not possible to determine from the printout of the books of account as to how the profits from various projects were worked out and accounted for and, that the assessee companies are involved in large-scale tax evasion by adopting complex and dubious methods of maintaining the accounts which are not understandable, besides accepting on-money on sale of flats, there is no infirmity in the impugned order u/s 142(2A) directing special audit; exemplary costs of ` 2 lakhs and ` 1 lakh are imposed on the two assessees, respectively.

AT Infrastructure Ltd. vs. Asstt CIT & Ors (2013) 256 CTR (All.) 47

S. 147 Where relevant information available during assessment, reopening not permissible

When the issue had been examined by the AO during assessment proceedings and the agreements in question were on record, reopening was not sustainable; however reopening for those years was permissible when the agreements were not on record and that fact was concealed and incorrect information was supplied to the AO.

Meinhardt Singapore Pte. Ltd. vs. Asst. DIT (International Taxation) (2013) 256 CTR (Del) 143

S. 147 Addition on other ground not permissible

When on the ground on which reopening is based, no additions are made by A.O., he cannot make additions on some other grounds which did not form part of the reasons recorded by him.

CIT vs. Muhmed Juned Dadani (2013) 30 taxmann.com 1 (Guj.)

Ss. 147, proviso & 148 Where relevant information available during assessment, reopening not possible

It being evident from the roznama, the requisitions by the TPO and the AO and the petitioner's response thereto in the assessment proceedings for the year 2004-05 that the material had been furnished by the petitioner and considered by the AO and the TPO, there was thus merely a change of opinion and therefore, notice u/s 148 as well as assessment were liable to be quashed.

Rabo India Finance Ltd. vs. Deputy CIT (2013) 256 CTR (Bom.) 184

Ss. 10A & 147 Change of opinion and reopening of assessment

AO was not justified in issuing notice for reopening assessment for asst. yrs. 2006-07 and 2007-08 seeking to withdraw deduction u/s 10A on the same grounds on which rejection of deduction for asst. yrs. 2002-03 and 2003-04 was set aside by CIT(A) as AO had no new tangible material on record and there was mere change of opinion on the part of AO.

Direct Information (P) Ltd. vs. ITO & Ors (2012) 254 CTR (Bom.) 584

Ss. 2(45), 5, 158B(b), 158BA, 158BB, 158BC, 158BD, 190, 207, 208, 209(1)(a) & 210 Payment of taxes does not mean disclosure of income

Payment of advance tax and TDS is based on an estimation of the total income that is chargeable to tax and not on total income itself which may ultimately be declared in the return and assessed u/s 143 and therefore, payment of advance tax by the assessee or deduction of tax at source *per se* does not amount to disclosure of total income when the same is not disclosed by filing a valid return for the relevant assessment year, and the income discovered during search or requisition is to be treated as undisclosed income within the meaning of s. 158B(b).

Asstt. CIT vs. A.R Enterprises (2013) 256 CTR (SC) 1

S. 264 Revision Application not maintainable for change of statement

On confronted by AO, assessee having admitted and agreed to pay tax on the cash amount paid to the developer of building in Asst. Yr. 2008-09, revision application before CIT that amount was paid to the developer during the period from 22nd May, 1994 to 4th May, 2008 was not maintainable.

Laxmichand Jagshi Vora vs. CIT & Ors (2013) 255 CTR (Bom.) 512

S. 271 (1)(c) Penalty and debatable additions

Admission of quantum appeal by High Court in respect of disallowance u/s 14A shows issue is debatable & penalty cannot be levied.

CIT vs. Liquid Investment & Trading Company Delhi HC – unreported – decided on 20/2/2013.

INTERNATIONAL TAXATION (Contributed by CA. Hinesh Doshi, CA. Vishal Gada, CA. Dolly Waghela)

Sanofi Pasteur Holding SA vs. Dept of Revenue [2013] 30 taxmann.com 222

Facts

- Shantha Biotechnics Limited (SBL) is a company incorporated under the Companies Act, 1956 having its registered office in Hyderabad, India. Sanofi Pasteur Holding (Sanofi) is a company incorporated under the law of France.
- Sanofi had purchased 80.37% of the share capital of another French company (i.e., ShanH) from Merieux Alliance (MA), a French company, and balance 19.63% share capital of ShanH from Groupe Industrial Marcel Dassault (GIMD), another French company. ShanH held 82.5% of the share capital of SBL.
- MA and GIMD made an application to the Authority for Advance Ruling (AAR) on the taxability of the transaction. The AAR in November 2011 ruled that the capital gain arising from the sale of shares of ShanH by MA and GIMD was taxable in India in terms of Article 14(5) of the tax treaty. The parties filed a writ petition before the High Court against the ruling.

Issues

- Whether ShanH is an entity with commercial substance? Was the investment, by MA and GIMD through ShanH in SBL, a colourable device designed for tax avoidance?
- Whether the transaction liable to tax in India? Whether retrospective amendments to provisions of the Act (by the Finance Act, 2012) render the transaction liable to tax under the provisions of the Act?

Held

On Commercial substance of ShanH

- The High Court observed that ShanH, as a French resident corporate entity, is a distinct entity of commercial substance, distinct from MA and GIMD. It was incorporated to serve as an investment vehicle, this being the commercial substance and business purpose i.e. of foreign direct investment in India by way of participation in SBL. ShanH received dividends on its SBL shareholding.
- Relying on the decision in the case of *Vodafone International Holdings B.V. vs. UOI & Another [2012] 341 ITR 1 (SC)*, the High Court held that

ShanH is not a sham or conceived only for Indian tax-avoidance structure.

- The High Court observed that ShanH is not a corporate entity brought into existence and pursued only or substantially for avoiding capital gains tax liability under the provisions of the Act. As observed in the *Vodafone International Holdings B.V.* factual context (equally applicable in this case), ShanH was conceived and incorporated in conformity with MA's established business practices and organisational structure.
- The High Court also observed that the fact that a higher rate of capital gains tax is payable and has been remitted to Revenue in France, lends further support to the Sanofi's contention that ShanH was not conceived, pursued and persisted with to serve as an India tax-avoidance device.
- It was observed that even subsequent to the transaction in issue and currently as well, ShanH continues in existence as a registered French resident corporate entity and as the legal and beneficial owner of shares of SBL. Thus the corporate veil cannot be lifted in the facts of the case.

Liability of tax in India

- The present transaction was for alienation of 100 per cent of shares of ShanH held by MA and GIMD in favour of Sanofi and such transaction falls within Article 14(5) of the tax treaty. The transaction neither constitutes the transfer nor deemed transfer of shares or of the control/management or underlying assets of SBL.
- The controlling interest of ShanH over the affairs, assets and management of SBL being identical to its shareholding and not a separate asset, it cannot be considered or computed as a distinctive value. The assets of SBL cannot be considered as belonging to a shareholder (even if a majority shareholder). The value of the controlling rights over SBL attributable to ShanH shareholding is also incapable of determination and computation. The computation component which is inextricably integrated to the charging provision (Section 45 of the Act) thus fails, and consequently the charging provision would not apply. The transaction was thus not liable to tax in India.

Impact of retrospective amendments

- The High Court held that the retrospective amendments do not alter the provisions of the tax treaty and given the text of section 90(2) of the Act, these amendments do not alter the taxability of the present transaction. Further, the retrospective amendments in section 2(47), section 4, section 5 and section 9 of the Act are not fortified by a *non-obstante* clause to override the provisions of the tax treaties.

Sandvik Australia Pty. Ltd vs. DDIT (ITA.No.93/PN/2011) – Taxsutra.com

Facts

- The taxpayer, a company incorporated in Australia, filed a return of income declaring nil income. During the year under consideration, it received payments from Sandvik Asia Ltd. and Walter Tools India Pvt. Ltd., for rendering of IT support services.
- The nature of the services under the agreement between the taxpayer and Sandvik Asia Ltd., a Indian affiliate, includes giving advice to the receiving parties, help desk support, contacting Sandvik's IT personnel, providing IT operations and support services, infrastructure, disseminating related IT information, etc.
- The Assessing Officer (AO) held that the services rendered by the taxpayer to its group companies were in the nature of Fees for Technical Services (FTS) under the Income-tax Act, 1961. Further, the AO held that the taxpayer cannot get the benefit of the tax treaty.

Issue

- Whether payments for IT support services are taxable as FTS under the tax treaty?

Held

- The Tribunal observed that as per the agreement, the taxpayer was responsible for updation of patches of the software and provision of backup and recovery services in respect of data stored on the

centralised server. The responsibility of the taxpayer was to maintain and upkeep of the centralised server owned by it.

- Though, the agreement was to be read as a whole and cannot be read in to piece-meal basis but, nowhere it was suggested that the taxpayer has to make available the required technical know-how for solving the problems faced by the Sandvik Asia Ltd. in their IT related problems.
- The Tribunal observed that the expression 'make available' is used in the context of supplying or transferring technical knowledge or technology to another. It is different than mere obligation of the person rendering the services of that person's own technical knowledge or technology in performance of the services.
- The terms of the agreement between the taxpayer and Sandvik Asia Ltd., did not support the case of the tax department that the taxpayer's case was covered under Article 12(3)(g) of the tax treaty as the taxpayer did not make available any technical knowledge or expertise to the recipient Indian company. The taxpayer had only provided the back-up services and IT support services for solving IT related problems to its Indian subsidiary. Hence, unless and until the services were not made available, the same cannot be taxable in India.
- Based thereon, the Tribunal held that the services rendered by taxpayer to its Indian group companies, though are in the nature of technical services, but is not covered under Article 12(3) (g) of the tax treaty and hence, the same is not taxable in India.

SIEMENS LTD vs. CIT (2013-TII-34-ITAT-MUM-INTL) dated February 12, 2013

Facts

- Siemens Ltd., the assessee, in pursuance of its tender formalities was required to obtain testing certificate of the circuit breakers manufactured by it. For this purpose it had sent the circuit breakers to be tested in the Laboratory of "Pehla Testing Laboratory", Germany (PTL), where the circuit breakers had to undergo destructive tests in the Laboratories. For the purpose of making remittance to PTL, the assessee moved an application u/s 195 (2) before the ADIT.
- It was argued by the assessee that no income accrues or arises in India as all services were rendered outside India and the payment was made outside India; that the payment was in the nature of business income of Pehla Laboratory and since it did not have any PE in India. The Assessing Officer (AO) held that, payment made by assessee would qualify as FTS as per the DTAA between India and Germany, as well as per section 9(1)(vii) and he directed the assessee to deduct the tax @ 10% on the gross amount of payment to be made to PTL.
- On appeal before the CIT(A), that PTL was carrying out technical services and same was taxable in India.
- The aggrieved assessee appealed to the Tribunal.

Issue

- Whether when any person delivers any technical skills or services or makes available any such services through aid of any machine, equipment or any kind of technology, then such a rendering of services can be inferred as technical services?
- Whether when any technology or machine developed by human operates without much human interface or intervention, then usage of such technology can *per se* be held as rendering of technical services by human skills?
- Whether even if some human involvement is there it can be said that there was a constant endeavour of the human in the process?
- Whether merely because certificates have been provided by the humans after a test is carried out in a Laboratory automatically by the machines, it can be held that services have been provided through the human skills?

Held

- Tribunal held that, the expression "Fees for Technical Services" has been given as consideration for rendering managerial, technical or consultancy services. The word "technical" has to be construed in the sense involving direct human involvement without that, technical services cannot be held to be made available. If any person delivers any technical skills or services or make available any such services through

aid of any machine, equipment or any kind of technology, then such a rendering of services can be inferred as "technical services".

- Where simply an equipment or sophisticated machine or standard facility is provided albeit developed or manufactured with the usage of technology, such a user cannot be characterised as providing technical services.
- If any technology or machine developed by human and put to operation automatically, wherein it operates without any much of human interface or intervention, then usage of such technology cannot *per se* be held as rendering of "technical services" by human skills. It is obvious that in such a situation some human involvement could be there but it is not a constant endeavour of the human in the process.
- Merely because certificates have been provided by the humans after a test is carried out in a Laboratory automatically by the machines, it cannot be held that services have been provided through the human skills.
- Thus, the Tribunal held that the CIT(A) was not correct in holding that the payment made by assessee to Pehla Testing Lab was in any manner in the nature of "Fees for Technical Services" within the ambit of section 9(1) (vii) read with Explanation 2 and accordingly there was no requirement in law to deduct tax at service on such payment. In the result this issue is decided in the favour of the assessee.

Romer Labs Singapore PTE Ltd vs. ADIT (2013-TII-31-ITAT-DEL-INTL) dated January 24, 2013

Facts

- The assessee, incorporated in Singapore, is engaged in the business of rendering services relating to testing solutions, sample analyses and analytical testing of food and feed samples. The assessee claimed that the receipts received by him from the Indian companies for testing and identifying toxins in samples of dog food and similar products were business income not taxable in India.
- The AO held that the assessee has made available technical knowledge, skill or know-how to Indian customer and as such, the payments made to it were to the nature of FTS as defined under Article 12 (4) of the DTAA.
- The CIT(A) upheld the order of the AO. The aggrieved assessee appealed before the Tribunal.

Issue

- Whether fees paid for availing services for testing and identifying toxins in samples of dog food in laboratories outside India, amounts to FTS under Article 12 of the DTAA?
- Whether mere rendering services of technical nature amounts to making available technical knowledge under the Treaty?

Held

- The Tribunal held that the assessee provided testing services and issued test reports. These reports cannot be said to make available any technical knowledge, experience, skill, know-how or processes which enables the Indian company to acquire the services able to apply the technology contained therein. Therefore, these receipts cannot partake the fees for technical services as defined in DTAA with Singapore.
- Tribunal held that, mere provision of technical services was not enough to attract article 12(4)(b) of the India-Singapore DTAA, it additionally requires that the service provider should also make his technical knowledge, experience, skill, know-how, etc., known to the recipient of the service so as to equip him to independently perform the technical function himself in future, without the help of the service provider. This condition was not fulfilled in the assessee's case. In other words, payment of consideration would be regarded as "Fee for Technical/Included Services" only if the twin tests of rendering services and making technical knowledge available at the same time is satisfied.
- Tribunal held that payments received by the assessee are not "Fees for Technical Services" since the receipts would not amount to be fees for technical services under the "make available" clause in Article 12(4) of the DTAA between India and Singapore. In the result this issue is decided in the favour of the assessee.

SERVICE TAX

(Contributed by CA. A. R. Krishnan,
CA. Girish Raman)

'Cargo handling' vs. 'Packaging'

'Palletising' cargo i.e. packing of cargo on a wooden platform (pallet), which could be lifted and loaded to the container by using forklift, crane, etc., is classifiable as "cargo handling service" [s. 65(23)] and not as "packaging service" [s.65(76b)] since 'packaging' covered u/s. 65(76b) is basic packing of products either in the course of manufacturing or subsequent to manufacturing for marketing and 'packing' covered by the broad definition of "cargo handling service" is the group packing of cargo for easy handling. The cargo, in the present case being export cargo, it was held as not to be liable for service tax since export cargo handling is excluded u/s. 65(23)(b). The High Court also observed that the conclusion is in line with the object and purpose of granting service tax exemption for handling of export cargo viz., the reduction of cost to exporters thereby making the Indian goods competitive in the international markets. [*Beena Pradeep vs. Government of India (2013) 29 STR225*]

Tour Operator Services

Where the appellants provided the following services:-

- (i) Operating point to point buses under contract carriage permits for transport of passengers;
- (ii) Providing buses on lease to other companies; and
- (iii) Booking bus tickets for other tour operators,

it was held that the service in Sl. Nos. (i) and (ii) are not taxable under the head 'tour operator services' since the appellants were eligible for exemption under Notification No. 20/2009 which exempts the service provided by a tour operator having a contract carriage permit for inter-state or intra-state transportation of passengers, excluding tourism, conducted tours, charter or hire service. With regard to service in Sl. No. (iii), it was held that the same was taxable under 'business auxiliary service' as they were in the nature of promoting the services of other operators [*Sharma Transports vs. CST (2013) 29 STR249 (Tri. - Bang)*].

CENVAT Credit

Where the appellants had availed CENVAT Credit on capital goods which while in use were destroyed by flood and thereby cleared as scrap on payment of duty on the amount realised [as per the provisions of rule 3(5A) as it stood then], no demand could be raised either on the ground that the duty was payable on the insurance compensation received by treating it as the value of capital goods or on the basis of 'depreciation method' which was introduced only in 2011 [*Total Oil India Pvt. Ltd. vs. CCE(2013) 29 STR334*].

Penalty

Where the appellant utilised CENVAT credit in excess of prescribed limit even though it had provided taxable and exempt services and did not disclose the same in its returns, the Tribunal justified the invocation of the extended period and imposition of penalty u/s. 78 observing as follows:

- (i) When the return contains a declaration as to the self assessment particulars stating that the assessee had paid service tax correctly in terms of provisions of the Act and Rules made thereunder such declaration becomes faulty if tax is held to be not so paid, in absence of *bona fide* statement either on the return or made through a letter accompanying the return.
- (ii) Failure to make disclosure in return or submitting entire fact by any letter accompanying the return appears to be a case of wilful suppression.
- (iii) Suppression does not vanish by mere passage of time to issue show cause notice and contravention of law gets no immunity from penal

consequences. Suppression corroborated by an untrue declaration in the return filed calls for levy of penalty.

The High Court agreed with the above observation of the Tribunal. [*Vodafone Digilink Ltd. vs. CCE(2013) 29 STR229 (Raj.)*]

Port Services

Ship repairs undertaken by shiphandlers in port area under a licence from the port is liable for service tax under the category of 'Port Services'. The argument that the scope of 'port services' would only include those services which the port under a statutory obligation under Major Port Trusts Act, 1963 or other statute is entitled to perform itself or 'authorise' others to do, is incorrect. The 'authorisation' need not necessarily be in respect of only those functions which the Port itself was required to perform under the Act [*Kandla Shiphandlers and Ship Repairers Association vs. Union of India (2013) 29 STR233 (Guj.) - Homa Engineering Works vs. Commissioner (2007) 7 STR546 (Tri.) overruled*]

Export of Services

Western Union (WU) a company located abroad provided money transfer services to its clients abroad for remitting monies to intended recipients in India. WU appointed agents and sub-agents (assesseees) in India, to give money to the intended recipients for a commission. The assesseees also received reimbursement of expenses on advertisement and sales promotion activities. The department sought to deny the export exemption under the "Export of Services Rules", 2005 ("Export Rules"), since the services were performed in India and hence were not delivered / used outside India. The Tribunal (by a 2:1 majority) allowed the export exemption and observed as follows:

- (i) The term "export" has not been defined either in Article 286 (1)(b) or in any of the articles of the Constitution of India. The meaning of the term "export", with regard to export of goods, is not applicable for determining what constitutes "export" of services. The Export Rules are not in conflict with Article 286 (1) (b) of the Constitution of India. The Export Rules are in accordance with the Apex Court's ruling in the AIFTP case [(2007) 7 STR 625 (SC)] and Association of Leasing & Financial Services Companies case [(2010) 20 STR 417 (SC)] that service tax is a destination based consumption tax. There is nothing in the Export Rules contrary to the principle that a service not consumed in India is not to be taxed in India. What constitutes export of service is to be determined strictly with reference to the provisions of the Export Rules.
- (ii) The service being provided by the agents and sub-agents is delivery of money to the intended beneficiaries of the customers of WU abroad and this service is "business auxiliary service", being provided to Western Union more particularly covered in clause (vi) of s. 65(19), 'provision of service on behalf of the client'.
- (iii) The consumer and service recipient of the service provided by the Agents and sub-agents of WU in India is the Western Union, located abroad who use their services for their money transfer business not the persons receiving money in India. Since the service is provided in relation to business of Western Union located abroad, and the payment for the service has been received in India in convertible foreign currency, the same has to be treated as export of service. It is the person who requested for the service and is liable to make payment for the same who has to be treated a recipient of the service, not the person or persons affected by the performance of the service. Thus, when the person on whose instructions the services in question had been provided by the agents/ sub-agents in India and who is liable to make payment for these services, is located abroad, the destination has to be decided on the basis of the place of consumption, not the place of performance of service.
- (iv) Reimbursement of advertisement and sales promotion activities received from WU is not taxable as the same are for the services provided to WU, which are export of service.

[*M/s. Paul Merchants Ltd. vs. CCE(2013) 29 STR257 (Tri. - Del.)*]

Seminar on Amalgamations held on 2nd February, 2013



CA. Nehal Turakhia, CA. Shardul Shah, FCM, CA. Amrish Shah, Faculty, CA. Subhash Chhajed

Other Speakers



CA. Haresh Buch



Adv. Sharad Abhyankar



CA. Parag Ved



CA. Jayesh Gandhi

Seminar on Internal Audit in BFSI held on 9th February, 2013



CA. Amogh Pandit, CA. Shailendra Kothavale, Faculty, CA. Nikhil Damle

Other Speakers



CA. Arihant Jain



CA. Vishal Dhanesha

Seminar on Standards on Auditing held on 16th February, 2013



CA. Y. R. Desai, CA. Shardul Shah, FCM, CA. Gautam Shah, Faculty, CA. Deepika Bellani

Other Speakers



CA. Amar Sunder



CA. Sunil Nagrani



CA. Padmashree Crasto

Seminar on Recent Updates in International Tax held on 23rd February, 2013



CA. Vipul Agrawal, CA. Neel Majithia, Secretary, WIRC, CA. Chirag Shah, Faculty, CA. Nehal Turakhia

Other Speakers



CA. Nilesh Kapadia



CA. Mitul Shah



CA. Shabbir Motorwala

Public Meeting on Union Budget 2013 held on 2nd March, 2013



CA. Giriraj Khandelwal, CA. Neel Majithia, Secretary, WIRC, CA. Dushyant Bhatt, Shri. Umesh Bhawsar, CA. Nihar Jambusaria, Faculty, Dr. Ramnath Iyer, Shri Ambareesh Baliga, Faculty, CA. Durgesh Kabra, Imm. Past Chairman, WIRC, Shri. Bandesh Chitalia, CA. Anand Paurana



Ahmedabad: Press Conference on IPCC Exam Results for ranker Student November exam 2012 held on 6/2/2013. (L-R): CA. P.H. Khandelwal, CA. Jainik Vakil, Branch Chairman and Rankers Student



Bharuch: ICAI Bhawan was inaugurated by CA. Jaydeep Shah, President, ICAI held on 31/1/2013. Seen in picture CA. Dhinah Shah, CCM, CA. Rahuideo Patel, Branch Chairman, CA. Sanjeev Sharma, CA. Dipti Thakore and other members



Group Photo taken during the Inauguration of Powai Lake CPE Study Circle on 3rd March, 2013.

Live Screening of Union Budget, 2013 held on 28th February, 2013



CA. Neel Majithia, Secretary, WIRC, Shri Minoo Shroff, Speaker, Shri Vijay Kalantri, Speaker, CA. Mangesh Kinare, Chairman, WIRC, CA. Jayant Gokhale, Speaker

Public Meeting on Union Budget, 2013 held on 1st March, 2013



CA. Mangesh Kinare, Chairman, WIRC, CA. Avinash Lalwani, CA. Vidhyadhar Khandekar, CA. Shruti Shah, RCM, CA. Abhishek Rastogi, Faculty, CA. Neel Majithia, Secretary, WIRC, CA. Durgesh Kabra, Imm. Past Chairman, WIRC, CA. Priti Savla, Treasurer, WIRC, CA. Ashok Manghnani

Public Meeting on Union Budget, 2013 held on 3rd March, 2013



CA. Sanjeev Maheshwari, CCM, CA. Mahesh Bhageria, CA. T.P. Ostwal, Faculty, CA. Mangesh Kinare, Chairman, WIRC, Adv. Vipin Jain, Faculty, CA. Dinesh Nandwana, Faculty, CA. Kamal Dhanuka

Interaction of Regional Council Members with Vice President ICAI, CA. K. Raghu



Seminar on Companies Bill, 2012 held on 23rd February, 2013



CA. Kamal Dhanuka, CA. Kamlesh Kothari, CA. Avinash Rawani, Faculty, CA. Sunil Patodia, RCM, CA. Manish Dedhia

Other Speakers



CA. Rajkumar Adukia



CA. Jayesh Thakur



CA. Alok Saxena

Seminar on CA Profession – Recent Issues & Developments held on 9th February, 2013 at Porbandar



CA. Chintan Patel, Faculty, CA. Divyesh Sodha, CA. Parag Raval, Vice Chairman, WIRC & Faculty, CA. Mehul Sodha, CA. Vikash Jain, Faculty, CA. Rahul Maliwal, Faculty



Inauguration of Residential Refresher Conference (RRC) of Women CAs held on 23-24/2/2013 at Panchgani. Seen in picture CA. Priti Savla, Treasurer, WIRC, CA. Shruti Shah, RCM, CA. Pooja Gupta, Faculty, CA. Rekha Dhamankar, Vice Chairperson, Pune Branch and other CA Women members

Lecture Meeting on Image Impact – It Matters held on 14th February, 2013



CA. Y. R. Desai, CA. Durgesh Kabra, Imm. Past Chairman WIRC, Ms. Savieta Batra, Faculty, CA. Hrishikesh Wandrekar



Visit of Vice-President to ICAI Bhawan, BKC on 26/2/2013. (L-R): CA. Priti Savla, Treasurer, WIRC, CA. Neel Majithia, Secretary, WIRC, CA. Mangesh Kinare, Chairman, WIRC, CA. K. Raghu, Vice-President, ICAI, CA. Sanjeev Maheshwari, CCM, CA. Sunil Patodia, RCM, Shri Y.S. Rawat, Joint Secretary, ICAI

CMII Campus Placement Orientation Programme held on 6th March, 2013



CA. Subodh Kumar Agrawal, President ICAI, Inaugurating the CMII Campus Placement Orientation Programme at Mumbai. (L-R): CA. Shruti Shah, RCM, CA. Shriniwas Joshi, CCM, CA. Dilip Apte, RCM, CA. Prafulla Chhajed, Vice-Chairman, CMII, CA. Vijay Gupta, Chairman, CMII, CA. Mangesh Kinare, Chairman, WIRC, CA. Tarun Ghia, CCM, CA. Sunil Patodia, RCM, CA. Priti Savla, Treasurer, WIRC

Other Speakers



Ms. Ridhima Parab



CA. Atul Bheda



Ms. Anjali Talreja



CA. Nihar Jambusaria



CA. Nagesh Pinge



Dr. Srinivasan

Lecture Meeting on Finance Bill, 2013 (Direct Tax Provisions) held on 5th March, 2013



CA. Neel Majithia, Secretary, WIRC, CA. Mangesh Kinare, Chairman, WIRC, CA. Bansi S. Mehta, Past President, ICAI, CA. Parag Raval, Vice-Chairman, WIRC, CA. Priti Savla, Treasurer, WIRC



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