

Chairman writes ...



Time, the most precious free gift to all, once lost, cannot be retrieved. Punctuality, though very easy to preach, is practiced by very few and they are invariably very successful people.

My Dear Colleagues,

The New Year 2011 began for the Institute with an International Conference at New Delhi on January 4 – 6 bringing accounting professionals from different countries. It was a great opportunity to show case strength of Indian Accountancy Profession besides taking stock of the developments in the accounting profession across the globe. Our compliments to our beloved President CA. Amarjit Chopra and Vice-President CA. G. Ramaswamy for the memorable event.

Year 2011 has in store tremendous opportunity for CA's with the convergence of IFRS, DTC Bill, new Companies Bill, proposed regime of GST which will be more challenging and rewarding.

Punctuality

The proverb 'Time and tide waits for no one', has great relevance in the present day world. Along with increase in life span, a person also has many more things to do and for this one has to manage his time well. Time, the most precious free gift to all, once lost, cannot be retrieved. Punctuality, though very easy to preach, is practiced by very few and they are invariably very successful people. We have to make punctuality a habit, a way of life, whether in our work or at home. According to Lord Nelson "I owe all my success in life to having been always a quarter of an hour before my time."

Generally, North Americans, Europeans and Japanese are considered to be punctual. They relate time and money. For them, wastage of time means wastage of money and they never waste time. When I was in Japan for a meeting scheduled at 9 am, it not only started exactly on time but also ended on time. While I was travelling by train from Kyoto to Tokyo, I just checked with my co-passenger the arrival time at Tokyo, the answer was amazing, just check your ticket and get down at the appointed time, it will be Tokyo. Unbelievable confidence. In the word of William Shakespeare "Better three hours too soon than a minute too late."

How to improve Punctuality

- Plan for tomorrow before you go to sleep today.
- Wake up early, review days plan and get started.
- Have a plan ready in advance for the week, month and year.

- Stick to plan, review daily and make corrections.
- Always keep a watch with you and clock in every room.
- Practice these till punctuality become a habit.

In words of Lord Chesterfield "Promptness is the soul of business"

Punctuality is an admirable trait. By being punctual we display respect and responsibility besides being polite. Punctuality is a great way to make a positive personal impact and will say a lot about you, your care and respect to others, your confidence level and professional approach.

CHANGE OF GUARDS AT SIRC

As I prepare to pass on the baton to my successor, I am writing these pages for the last time as Chairman of the Region. This I am doing with great sense of satisfaction and an enduring desire to serve the profession with even more enthusiasm and devotion. I always believed that Chairmanship of the Region would be an exciting, invigorating and a stimulating journey. Yet, at the end of the journey I can only confess that we have not achieved all that we wanted, but our actions and the results thereon is a testimony for our commitment and passion to be at your service. A passion, that inspired to stand up against extraordinary odds. It gives you the courage to ask tough questions in search of the best answers. Personal life, professional practice, all assumes secondary importance as you are swept off your feet in a year of tremendous passion and vibrancy.

It is an experience that I have savored fully and in the process have gained in experience what is difficult to achieve in a life time. I was humbled at the start of the year with a wonderful inheritance from my illustrious predecessors, who gave me tremendous strength and confidence in serving the Region. At SIRC, over the last one year, we have dreamed, believed, planned, and acted around various new initiatives. SIRC has truly emerged as a Region which is open to ideas; whatever we could do is only because of that. I bow to all the members and students who

reposed their trust in me and supported me throughout this year. Your dreams became our dreams, your hopes and aspirations we took to our own hearts and your strength became our strength.

It was a great opportunity to serve the profession in the Region and would like to provide with glimpses of developments and initiatives taken during the year. As and when I do so one thing I am confident that our Region has never looked back all through the last year. Its forward march to glory has continued unabated amidst all the powerful winds of the change sweeping the Region. I take this opportunity to share with you the passion and zeal that epitomized SIRC during the year 2010-11.

I would like to make special mention about the long desired **transformation in the SIRC News Letter** that has been brought about by us, new design, layout and contents. For the **first time we started the e-newsletter** which now even reaches the members abroad, received an overwhelming response besides an environment friendly initiative by discontinuing hard copy for those who desired so. Our news letter today matches the established standards and has become a far more valuable tool of information and professional knowledge than before. I am confident that the news letter will prove to be more and more useful and informative in the times to come.

It was a matter of pride for all of us that **42nd Regional Conference of SIRC was inaugurated by Shri. Pranab Kumar Mukherjee, Hon'ble Union Minister of Finance**, with around **3000** delegates at Kochi. A Union Finance minister inaugurated our Regional Conference after a gap of ten years.

Several maiden initiatives such as launch of **Annual Registration Scheme (ARS)** at regional level – one time registration fee for all programmes, **Interactive Forum** - facility for Members to clarify their doubts on professional matters, Setting up of **Grievance Redressal Cell** for Members and Students with exclusive email ids, introduction of **Toll Free Number at SIRC, formation of SICASA branches in all remaining 12 branches** of SIRC during the year consequent to our

representation to President to waive of the requirement of minimum number of students, submission of **comments on all Exposure Drafts of ICAI** during the year are the notable ones. We could conduct **500+ CPE hours** programmes, **Coaching Classes** for CPT, IPCC and Final with record surplus, **Orientation programme** for Branch Office Bearers attended by all 34 Branches, **International Tours** to "UK, Dubai & Scotland" and "Sri Lanka", **Blood Donation Camps**, etc.

SIRC in January 2011

Seminar under the auspices of Committee for Members in Industry of SIRC on January 8 at Hyderabad, a Regional Residential Seminar on January 8 and 9 at Munnar organized by the Kottayam Branch, a free full day CPE Seminar on January 19 at Chennai attended by around 700 members, free seminar on Settlement Commission on January 20 at Chennai, a Two Day Seminar on Banking and Insurance under the auspices of Committee on Banking and Insurance of SIRC on January 28 and 29 were conducted. Besides SIRC hosted a National Seminar on Public Finance and Government Accounting organized by the Committee on Public Finance and Government Accounting of ICAI on January 13 at Chennai. A Two Day Blood Donation Camp was organized on January 8 and 9 where around 200 members and students donated blood. The Republic Day Celebrations was celebrated with unfurling of the National Flag in the presence of large number of members and students.

Besides it was the proud privilege of your Chairman to visit Hyderabad, Erode, Rajamahendravaram, Kakinada, Vijayawada, Guntur, Coimbatore, Palakkad, Tiruchirapalli, Salem, Mysore, Vellore Tirunelveli, Tuticorin, Udupi, Hubli and Belgaum branches during the month of January and first week of February. It was a great privilege to have our President and Vice-President for the programmes at Coimbatore, Hyderabad, Palakkad, Tiruchirapalli and Salem. SIRC organized P.P. Gururaja Upadhyaya Memorial Lecture on January 25 which was inaugurated by our beloved Past President Padmashri CA. T.N. Manoharan along with a full day seminar with four technical sessions.

Acknowledgement:

Through this column we deem it a great honour and privilege to place on record and to express our sincere and heartiest thanks to each and everyone who supported SIRC to serve you better. Our first and foremost gratitude to our beloved President CA. Amarjit Chopra and our own Vice-President CA. G. Ramaswamy

who both have guided us throughout. SIRC also places on record the support it received from all the members of the Central Council, Past Presidents, Past Chairmen of SIRC, Past Council Members especially from our region.

My special thanks to CA.K.Shanmugha Sundaram-Vice Chairman, CA. Sumermal D. Ostawal- Secretary, CA. P.R.Aruloli – Treasurer and other colleagues in the Regional Council for making things happen the way it happened during the year.

Thirty four branches of SIRC have enormously contributed and supported in great measure and we place on record our appreciation besides congratulating them for the brilliant work done. To achieve better results it requires the support of members around you. SIRC was fortunate to have the best of counselors and motivators. SIRC thanks all of them for their excellent support and guidance.

SIRC places on record its gratitude and thanks to the Hon'ble Union Finance Minister and other dignitaries who graced and wished the 42nd Regional Conference. Members of the Ernakulam Branch under the dynamic chairman CA. Vivek Krishna Govind and my colleague in the council CA V.X. Jose, generous sponsors and you all made the conference a resounding success. The Southern India Chartered Accountants Students' Association had organized many programmes for the benefit of the students and the Chairman CA. Phalguna Kumar and the Members of the Managing Committee deserves high appreciation for their zeal and enthusiasm in organizing such programmes.

SIRC also places on record its thanks to the Chairmen and other members of other Regions for their support especially for organizing an Inter-Regional Residential Conference at Goa.

SIRC places on record its sincere thanks to the contributors of articles in SIRC Newsletter and the advertisers.

SIRC records its appreciation and thanks to all the members of the region for their unstinted support in participating in various programmes conducted by it and its branches in every nook and corner of the region.

SIRC also proudly acknowledge support of media for the extensive coverage of its programmes. SIRC also thanks the various service providers of the Institute who have lent their timely support for our programmes.

The administration has a vital role for the success of all programmes or activities of SIRC and we had in abundance the support from the Officers and Staff

of SIRC and the Decentralized Office especially Shri.Y.S.Rawat. I was amazed by the commitment, energy and support of Shri. T.V. Srinivasan. But for Shri. Ravichandran, newsletters would not have its present standard and timely publishing. Shri. Rajendran is largely responsible for the success of coaching classes and Shri. Bharanidharan ensured timely submission of accounts. Shri. Ramkumar for his effective support. Their enthusiastic, efficient, ever-ready approach of the staff of SIRC was the main factor behind the success story of SIRC. SIRC places on record its appreciation to all of them. SIRC had full fledged support and assistance from the officers and staff of the Institute. SIRC places on record its appreciation to the Secretary of the Institute Shri. T. Karthikeyan and other officers and staff of the Institute at the Headquarters in New Delhi, Noida and other Regional Councils for their admirable support to SIRC.

All these were made possible by the invisible support of God Almighty, which I could feel on many occasions, especially during 42nd Regional Conference.

As I rejoin the honored rank and file of the profession, I seek your blessings and good wishes to continue to contribute for the glory, growth and prosperity of the profession. The only way to live beyond our age is to live in others hearts. Yes, by serving others we can leave a legacy which others will cherish to preserve besides inspiring others to emulate us.

For now, it is time for me to say good bye..... time for our unfulfilled agenda to be fulfilled and new agenda to be set and achieved.

Finally I bid adieu to all of you with the following thoughts

Anything can be achieved if you.....

- Dream more than others think is practical;
- Risk more than others think is safe;
- Serve more than others think is possible;
- Love more than others think is wise.

As I sign off as the Chairman of SIRC, I feel overwhelmed by the affection showered on me. May SIRC grow from strength to strength. My best wishes to all of you.

With warm regards,

Yours in professional service,

CA. BABU ABRAHAM KALLIVAYALIL
chairmansirc@gmail.com

SIRC OF ICAI – ANNUAL ACTIVITY REPORT 2010 – AN YEAR OF SIGNIFICANT ACHIEVEMENTS

HIGHLIGHTS

- ✓ **42nd Regional Conference** inaugurated by Hon'ble Shri Pranab Mukherjee. After 10 years Union Finance Minister inaugurated a Regional Conference. Record participation of around 3000.
- ✓ **Launch of Annual Registration Scheme for the 1st time** at SIRC (One Time payment for all Programmes).
- ✓ **Introduction of SIRC E-Newsletter for the 1st time** at SIRC.
- ✓ **Interactive Forum launched for the 1st time** at SIRC (Facility for Members to clarify their doubts on professional matters).
- ✓ **Setting up of Grievance Redressal Cell** for Members and Students with exclusive email ids for the 1st time at SIRC.
- ✓ **Introduction of Toll Free Number** at SIRC for the 1st time.
- ✓ **Colourful SIRC Official Directory 2010 for the 1st time** with photos of all Branch Managing Committee and Co-opted Members of SIRC.
- ✓ **Submitted comments on all Exposure Drafts of ICAI during the year.**
- ✓ **New face to SIRC Newsletter (Design and contents)** and 12 issues.
- ✓ **Record number of CPE Hours** (503 hrs and 162736 CPE Man days).
- ✓ **Submitted Audited Annual Accounts & Half-yearly Accounts** in time.
- ✓ **Rs. 41.41 lacs contributions to CABF** with 60% of the total members under CABF.
- ✓ **Coaching Classes for CPT, IPCC and Final** with record number of students as well as surplus.
- ✓ **3 Day Orientation programme for Chairmen, Vice-Chairmen and Secretaries** attended by all 34 Branches, all Regional Council Members besides Council Members.
- ✓ **Two Interational Tours** to "UK, Dubai & Scotland" and "Sri Lanka".
- ✓ **Redesigned SIRC Website** linking all 34 branches.
- ✓ **Formation of New Branch of ICAI** at Tirupati.
- ✓ **Formation of SICASA** at Nellore and Udipi and process is being completed for formation of SICASA in all remaining 11 Branches.
- ✓ **CA Day Celebtations – Lunch** with Deaf & Dumb and destitute children, Walkathon by Members, Planting of Saplings, Cricket Match with IT Officials, honouring senior members, etc.
- ✓ **Union Budget 2010 Booklet** published within 24 hrs of presentation of Budget.
- ✓ **Popularised the CA Course** by participating in educational schools, colleges/institutions for attracting new students.
- ✓ **Constructed Terrace Garden** and steps to construct two additional floors at SIRC.
- ✓ **Augmented Digital Library** facility.
- ✓ **Facility for E-payment** through Gateway.
- ✓ **Submitted Pre and Post Budget Memorandum on Direct & Indirect Taxes.**
- ✓ **Public Meeting on Union Budget** attended by more than 1000.
- ✓ **Two Blood Donation Camps** (January & June).
- ✓ **200 Umbrellas** to very poor students.
- ✓ **Sports and Games for Spouse and Members Children** of SIRC.
- ✓ **SICASA Regional Conference** at Tirupati attended by President and V P, ICAI.
- ✓ **Inter-Regional Residential Conference** at Goa.
- ✓ **Joint programmes with SIRC of ICSI / ICWAI, FICCI, PERT, etc.**
- ✓ **5 National Conferences** at Chennai (3), Hubli and Ernakulam.
- ✓ **Hosted Video recording of 42nd Regional Conference** at SIRC Website, for the 1st time.
- ✓ **Sub-Regional Conferences** at Chennai and Thrissur.
- ✓ **9 Workshops** on IFRS, Direct & Indirect Taxes, Audit, IT, etc.
- ✓ **10 Regional Residential Programmes** at Vijayawada, Yercaud, Kolli Hills, Alleppey, Courtallam, Pondicherry, Vythiri, Sabarimala, Malampuzha and Munnar.
- ✓ **S. Vaidyanath Aiyar Memorial Lecture** by H.E. Dr. Ewart Fredrick Brown, Prime Minister of Bermuda.
- ✓ **IT Security and Assurance Summit 2010** at Chennai.
- ✓ **Free full day CPE Seminar** besides monthly Free CPE Study Circle Meetings.
- ✓ **Wide press coverage** for major programmes.
- ✓ **Host of dignitaries at SIRC – Select list**
 - ⊙ **Shri. Pranab Kumar Mukherjee, Hon'ble Union Minister of Finance**
 - ⊙ **His Excellency Dr. Ewart Fredrick Brown, Prime Minister of Bermuda**
 - ⊙ **Shri. S. Narayanasamy, Hon'ble Union Minister of State for Culture and Planning.**
 - ⊙ **Professor K.V. Thomas, Hon'ble Union Minster of State for Agriculture.**
 - ⊙ **Shri. V. Vaithialingam, Hon'ble Chief Minister of Puducherry.**
 - ⊙ **CA. Amarjit Chopra, President, ICAI & CA. G. Ramaswamy, VP, ICAI.**
- ⊙ **Shri. S.S.N. Moorthy, Chairman, CBDT.**
- ⊙ **Shri. R. Bandyopadhyay, Secretary, MCA.**
- ⊙ **Dr. C.V. Ananda Bose, Secretary to Govt. of India & Vice Chancellor, NMI University, New Delhi.**
- ⊙ **Smt. Usha Thorat, Deputy Governor, RBI**
- ⊙ **Shri. Sunil Verma, Dy. C&AG.**
- ⊙ **MPs, MLAs, IAS Officers, CCITs, CMDs of Banks and Corporates, RD, (MCA) ROC and other eminent personalities.**
- ✓ **Host of Central Council Members at SIRC**
CA. M. Devaraja Reddy, CA. Madhukar Narayan Hiregange, CA. V. Murali, CA. K. Raghu, CA. Rajendra Kumar P., CA. S. Santhana Krishnan, CA. J. Venkateswarlu, CA. Rajkumar S. Adukia, CA. Jayant Gokhale, CA. Mahesh Sarda, CA. Anuj Goyal, CA. Manoj Fadnis, CA. Ashvinbhai Dhinal Shah, CA. Nilesh Shivji Vikamsey, CA. Abhijit Bandyopadhyay, CA. Ravindra Holani and Shri K.P. Sasidaran.
- ✓ **Host of Past Presidents of ICAI at SIRC**
CA. R. Balakrishnan, CA. N.C. Sundararajan, CA. B.P. Rao, CA. G. Sitharaman, CA. R. Bupathy, CA. T.N. Manoharan and CA. Kamlesh S. Vikamsey.
- ✓ **Host of Eminent Resource persons at SIRC**
Dr. C.V. Ananda Bose, IAS. Secretary, Govt. of India and Vice Chancellor, NMI University, New Delhi, CA. T.N. Manoharan, CA. Venugopal C. Govind, CA. T.V. Mohandas Pai, Mr. Prabhakar Kalavacheria, Adv. Firoz Adhyarujna, Mumbai, CA. (Dr.) Girish Ahuja, Padma Shri. Dr. Philip Augustine, Kochi, CA. Sunil B. Gabhawalla, Shri. R. Sekar, IRS, Member, Empowered Committee of State Finance Ministers, Govt. of India, Commissioner of Customs, Pune, Shri. K.A. Gopinath, CCIT-V, Chennai, Dr. Vinod K. Singhania, New Delhi, Adv. S. Rajaratnam, Member (Retd.) ITAT, Adv. K. Vaitheeswaran, Chennai, Mr. K.P. Sashidharan, IA & AS, Director General Commercial, C&AG, Shri. V.C. Davey, Registrar of Companies, Chennai, CA. H. Padamchand Kincha, Shri. K.S. Pathnia, IRS, CIT, Chennai VI, Dr. SanthoshBabu, IAS, Director of e-Governance & CEO, TN e-Governance Agency, Mr. V.C. Kumana, Director (IT), IDFC Ltd, Dr. Sudhakar, Cyber Crime, Chennai Police, Adv. K.S. Ravishankar, Bengaluru, CA. Kamalesh Vikemsey, Adv. V.S. Jayakumar, Chennai.

SIRC CALENDAR**FEBRUARY & MARCH 2011**

Contact: Shri T.V. Srinivasan, Senior Assistant Secretary – ICAI - Phone: 044 – 30210320 / 321 – Email: sirc@icai.in

<i>Date and time</i>	<i>Program details</i>	<i>Resource person</i>	<i>Fee (₹)</i>	<i>CPE credit</i>
Feb. 2, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on AS-19 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS	CA. D.M. Suresh Bengaluru	150/-	2 hrs
Feb. 04 & 05 Friday & Saturday	TWO DAY CONFERENCE AT HYDERABAD ON BANKING & INSURANCE	Details at page 14 of January 2011 issue of SIRC Newsletter & Website: www.sircoficai.org		12 hrs
Feb. 9, Wednesday 09.00 a.m. – 05.30 p.m.	One Day Seminar at Bengaluru on BANKING & INSURANCE	Details at page 13 of January 2011 issue of SIRC Newsletter & Website: www.sircoficai.org		6 hrs
Feb. 9, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on INTERPERSONAL RELATIONSHIP AND CAS	CA. Abraham Zachariah Chennai	150/-	2 hrs
Feb. 17, Thursday 06.15 p.m. – 08.30 p.m. <small>On account of Milad-Un-Nabi no CPE Study Circle Meeting on Wednesday Feb. 16, 2011</small>	*CPE Study Circle Meeting on COMMON PITFALLS IN DCF VALUATION	CA. L. Arun, Chennai & Shri Vishnu Giri, Bengaluru	No Delegate Fee	2 hrs
Feb. 19, Saturday 09.30 a.m. – 05.30 p.m.	S.VAIDYANATH AIYAR MEMORIAL LECTURE & ONE DAY CPE SEMINAR	Details at Page 11		6 hrs
Feb. 20, Sunday 06.00 p.m.	*Meet with NEW PRESIDENT & NEW VICE-PRESIDENT, ICAI	Details at Page 15	No Delegate Fee	No CPE Credit
Feb. 23, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on HANDLING SHOWCAUSE NOTICE IN SERVICE TAX	CA. V. Alagappan Tiruchirapalli	150/-	2 hrs
Feb. 28, Monday 11.00 a.m.	*Live Telecast of UNION BUDGET 2011	No Delegate Fee		No CPE Credit
Feb. 28, Monday 06.00 p.m.	*Panel Discussion on UNION BUDGET 2011	No Delegate Fee		2 hrs
Mar. 2, Wednesday 05.30 p.m.	**Public Meeting on UNION BUDGET 2011	No Delegate Fee		No CPE Credit
Mar. 6 & 7 Sun & Monday	REGIONAL RESIDENTIAL CPE SEMINAR AT VIJAYAWADA (THEME: UNION BUDGET)	Venue: Haailand, Vijayawada Page No: 15 - For further details visit SIRC website: www.sircoficai.org		12 hrs
Mar. 8, Tuesday 02.30 p.m. – 07.30 p.m.	*CPE Seminar on CLAUSE BY CLAUSE ANALYSIS ON FINANCE BILL – 2011	Details below		4 hrs
Mar. 9, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on PART IX CONVERSION - GATEWAY TO CORPORATISATION OF BUSINESS	CA. Govind M Joshi Coimbatore	150/-	2 hrs
Mar. 11, Friday 09.30 p.m. – 05.30 p.m.	***CPE Seminar on CENTRAL STATUTORY AUDIT OF BANKS	Details at page 20		6 hrs
Mar. 12, Saturday 09.30 p.m. – 05.30 p.m.	****CPE Seminar on BANK BRANCH AUDIT	Details at page 11		6 hrs
Mar. 16, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on INEQUITIES UNDER THE INCOME TAX ACT	CA. S. Ramachandran Coimbatore	No Delegate Fee	2 hrs
Mar. 18 to 20 Fri, Sat & Sunday	REGIONAL RESIDENTIAL CPE SEMINAR AT OOTY (THEME: BANK AUDIT)	Venue: Hotel Monarch For details visit SIRC website: www.sircoficai.org		12 hrs
Mar. 23, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on ISSUES IN TDS	CA. K. Ravi Coimbatore		2 hrs

* Programmes at P. Brahmayya Memorial Hall, ICAI Bhawan, SIRC Premises, Chennai
 ** Programme at Vani Mahal, Chennai
 *** Programme at The Raintree Hotel, Anna Salai, Teynampet, Chennai
 **** Programme at Hotel Le Royal Meredien, Guindy, Chennai
 No CPE Study Circle Meeting on March 2, 2011 on account of Public Meeting on Union Budget.

No Delegate Fee for ARS Members for
 • CPE Study Circle Meetings till Feb. 28, 2011
 • CPE Seminar on Feb. 19, 2011

SEMINAR ON CLAUSE BY CLAUSE ANALYSIS ON FINANCE BILL – 2011**Tuesday – March 8, 2011 – 2.30 p.m. to 7.30 p.m.****P. Brahmayya Memorial Hall, "ICAI Bhawan", No. 122, M.G. Road, Chennai – 600 034****CPE Credit**
4
HOURS

Inaugural Session 02.30 p.m. – 3.00 p.m. Resource Persons CA. Padam Chand Khincha CA. K.K. Chythanya CA. S. Ramasubramanian	DELEGATE FEE Members : ₹750/- Non-Members : ₹1000/-	The delegate fee may be paid by cheque/ demand draft drawn in favour of "SIRC of ICAI" payable at Chennai and sent to Senior Assistant Secretary, SIRC of ICAI, "ICAI Bhawan", No. 122, M.G. Road, Nungambakkam, Chennai – 600 034	Treasurer SIRC of ICAI	Secretary SIRC of ICAI	Chairman SIRC of ICAI
--	--	--	----------------------------------	----------------------------------	---------------------------------

For Information of the Members

The members are requested to verify whether the correct CPE hours have been clocked against their respective names in respect of the programmes organized by SIRC at Chennai and if there are any variation, kindly inform the SIRC Office (sirc@icai.in) with supporting evidence for making appropriate correction, if necessary.



Shri. V. Lakshmikumaran
Senior Advocate, New Delhi
vlakshmi@lakshmisri.com

Taxation of IT Software: Roller Coaster Ride!

In a world overrun with Information Technology (IT) products, it seems almost impossible to believe that there exists no software in the world to calculate tax liability on IT software transactions in India. IT software, in this country, is subjected to Central excise duty/ countervailing duty (CVD) and service tax by the Centre and VAT (sales tax) by the States. In between these various taxes, it is the software industry that is being squeezed out in the middle. Every Department of the Government competes with each other in a race to tax IT software, and ultimately, they all end up taxing software products. In this article, I would like to take a step back and sort out the mess that has been created on account of too many voices having a say in this matter. I will trace the recent history of taxation of IT software and examine whether the recent notifications clarify or add to the confusion.

2. Typically, software, when supplied on media, comprises of three cost components: (a) the value of media; (b) the cost of recording of software on media; and (c) the value of license to use software representing the consideration towards Intellectual Property (IP). The third component being the most substantial in term of value is considered the golden egg amongst the tax authorities, and it is their aim to impose tax on this license value.
3. Even though Basic Customs Duty (BCD) is not payable on IT Software imports, Central Excise duty was levied on IT software manufactured in India from March, 2006 and

"Every Department of the Government competes with each other in a race to tax IT software, and ultimately, they all end up taxing software products."



consequently, CVD also became payable. In addition, service tax was also introduced on provision of license to use IT software from May, 2008 onwards.

4. Based on various circulars issued by the Government, the legislative intent seems to be to tax the value addition in the form of software license **only once**, either by way of excise duty (CVD) or service tax. However, the million dollar question is which of these taxes would be levied in a given case and more importantly, who will decide that.
5. Huge demands have been raised on the license value either under customs or under service tax. Companies, which had paid CVD, are being asked to pay service tax and vice versa. In some cases, demands have been simultaneously raised under both customs and service tax.

This has resulted in a lot of business uncertainty. The extra duty/ tax demand of 10% along with interest and penalty will more or less wipe out the entire profits earned by software companies in the past years.

6. The message coming from the Government has always been loud and clear, that on transactions involving IT software, the license value must be subject to any one tax. This by and large has been accepted by the industry as a fair stand. However, this communication somehow does not seem to percolate down to the lower levels within the tax authorities, where the tax liability is assessed.
7. In the Budget of 2009-10, Excise and Customs notifications (22/2009-CE & 80/2009-Cus) were issued to the effect that excise duty/ CVD shall be exempt if service tax is paid on the license value. However, the said exemptions were strangely restricted to transfers for commercial exploitation of software. This anomaly was later removed by deleting the condition of commercial exploitation (17/2010-CE & 31/2010-Cus).
8. The industry, though happy with the above exemptions, was eagerly looking for one more clarification to the effect that no service tax would be payable if excise/ CVD is paid on license value. This was necessary because many companies, who had already paid CVD in the face of investigations by the customs department, were also being pressurized by the service tax department to pay service tax on the same value.

9. Further, such a clarification was required for one more reason. As we know, software licensing involves some of the most complex business models, like shrink-wrapped license, multi-user volume licenses, subsequent top-up licenses, periodic updates, etc. Depending on the business model, the companies need freedom to choose between excise/ CVD and service tax for each type of licensing. Thus, it is best to leave it to the industry to decide whether to pay CVD/ Excise duty or service tax on the value of license to use software. It is important to give this choice to the industry and not to the tax collectors.

10. A step in this direction was taken in the Budget of 2010-11 by way of issuing a couple of service tax notifications (Nos. 2/2010-ST and 17/2010-ST) to the effect that no service tax is payable on license value if appropriate excise duty/ CVD is paid on the same by manufacturer or duplicator or holder of IP or importer, as the case may be. However, the said service tax exemption was restricted to shrink wrapped-single user software license. There was no exemption for multi-user licenses, where bulk of the dispute is involved.

11. Though some of the issues remained unresolved, the industry seemed to be contended with the fact that finally some level of clarity was emerging and certainty was slowly returning to the ongoing business.

12. Just when the industry was about to breathe a sigh of relief, a new catastrophe seems to have hit them in December, 2010. All of a sudden, the Government has come up with a totally new scheme of taxing software based on its Maximum Retail Price (MRP). The recent changes may be summarized as under:

- (i) All the existing exemption notifications mentioned above relating to software have been rescinded.
- (ii) Packaged or canned software has been notified for MRP based assessment for payment of Central

"The software industry is not averse to paying taxes on license value, as long as the tax liability is certain."



Excise duty in terms of section 4A of the Central Excise Act, 1944 [30/2010-CE amends 49/2008-CE]. Accordingly, CVD will also be payable on packaged or canned software on MRP basis.

- (iii) Exemption from service tax has been granted when appropriate excise duty [or CVD] has been paid on the software on MRP basis [53/2010-ST].
 - (iv) However, no exemption under excise or customs has been granted, if service tax is paid on license value of software.
13. At the outset, it has to be said that the reasoning behind introduction of this new regime for taxation of software is not clear. It appears that a section of the tax department was somehow apprehending that a sizeable portion of software value was escaping taxation and that the Government was losing significant revenue in the earlier scenario. This seems to have prompted the present move to levy tax based on MRP. Strangely, the new MRP scheme takes into consideration only the packaged or canned software sold in the form of shrink wrapped-single user license. The new scheme totally ignores the multi-user volume license business, which accounts

for the majority portion of software revenue.

- 14. Some of the key issues which are likely to crop up again because of the recent amendments have been summarized below:
 - (i) Whether MRP based assessment will be restricted to shrink wrapped software packs meant for retail sale or the same will also apply to volume license business?
 - (ii) If volume license business is not covered by the MRP based assessment (which legally are not covered), then there is no clarity on whether CVD (excise) or service tax will be payable on the software license value.
 - (iii) Effectively, the position relating to taxability of volume licensing business has gone back to pre-2009 days, when both Customs as well as Service Tax departments were raising demands on the same amount.
 - (iv) How will the MRP be declared in cases where the customer is free to order for additional licenses after the initial procurement of software?
- 15. Most significantly, the freedom to choose between CVD (excise duty) and service tax industry, based on the business model, has been taken away from the industry once again.
- 16. It won't be an exaggeration to say that the recent amendments have completely undone the corrective measures taken in the last two years and the software industry has been once again pushed into a deep well of uncertainty. The basic problem seems to be lack of understanding in the revenue department about the complex software industry. A sincere effort on the part of the department, with the help of representations from the industry, could have resolved this issue in no time, once and for all.
- 17. Tax laws are the most effective when they are simple, clear and easily understood by all. The software industry is not averse to paying taxes on license value, as long as the tax liability is certain. The sort of back and forth stand taken by the Government has caused chaos within the software industry. This roller coaster ride has resulted in unnecessary litigation, which cannot be sustained over a long time period. There is a need to clarify the law on taxation of software, and that time is now! ■

S. VAIDYANATH AIYAR MEMORIAL LECTURE & ONE DAY CPE SEMINAR

Saturday - February 19, 2011 - 9.30 a.m. to 5.30 p.m.

Venue: "ICAI Bhawan", P. Brahmaya Memorial Hall, No. 122, M.G. Road, Chennai-600 034

CPE Credit
6
HOURS

S. Vaidyanath Aiyar Memorial Lecture & Inauguration of CPE Seminar

Topic: Service Tax – Current Controversies in Service Tax – Construction, Renting of Immovable Properties; Management and Maintenance or Repair Services and Scope of Definition of Input Service

Resource Person: **Adv. Sailesh Seth**, Mumbai

Topic: Issues and Controversies under Sec. 14-A of the Income-Tax Act, 1961

Resource Person: **CA. Kishore B. Karia**, Mumbai

Topic: XBRL – Financial Reporting Tool

Resource Person: **CA. M.P. Vijay Kumar**, Chennai

DELEGATE FEE

Members : ₹ 500/-
Non-Members : ₹ 700/-
ARS Members : NIL

The delegate fee may be paid by local cheque/demand draft drawn in favour of "SIRC of ICAI" payable at Chennai and sent to Senior Deputy Secretary, SIRC of ICAI "ICAI Bhawan", No. 122, M.G. Road, Chennai – 600 034.

Treasurer
SIRC of ICAI

Secretary
SIRC of ICAI

Chairman
SIRC of ICAI

CPE SEMINAR ON BANK BRANCH AUDIT

Saturday- March 12, 2011 -Timings: 9.30 a.m. to 5.30 p.m.

Venue: Hotel Le Royal Meredien, Guindy, Chennai – 600 032

CPE Credit
6
HOURS

Inauguration - 09.30 a.m.

Technical Sessions

Planning the Audit
CA. S. SWAMINATHAN, Pondicherry

AUDIT CHECK LIST AND ITS IMPORTANCE
CA. R. SUNDARARAJAN, Chennai

ROLE OF THE AUDITOR- FROM THE BANKERS PERSPECTIVE

Shri S. SIVARAMASWAMY, Former General Manager
Indian Overseas Bank

ISSUES IN ADVANCES

- Devolved LCS / Guarantees
- Rescheduled Accounts
- Personal and Consumer Loans
- Fixed Assets as a Second Charge
- In the case of existing NPAS, Should LCS remaining to be realised and Guarantees outstanding be provided for? (From the angle of AS 29)

- Accounting for collections in EMI –NPA Cases
- Accounting for Interest in compromise cases, where amounts are collected in instalments, can interest be accrued or accounted only on receipt?

CA. MAHESH KRISHNAN, Chennai

STRUCTURING LONG FORM

- Dos and Don'ts
- Should one go beyond the format, if so, when, why and how ?
- Observations on advances-How to go about presenting them

CA. S. PATTABIRAMAN, Chennai

REDUCING OPPORTUNITIES FOR BRANCH AUDITS- REASONS AND SOLUTIONS

CA. S. SANTHANA KRISHNAN, Chennai

DELEGATE FEE : RS. 1600/-

The Cheque/Demand Draft may be drawn in favour of 'SIRC of ICAI' payable at Chennai and the same may be sent to Senior Assistant Secretary, SIRC of ICAI, "ICAI Bhawan", No. 122, Mahatma Gandhi Road, Nungambakkam Chennai – 600 034

Registration - 09.00 a.m.

Any queries on any issue relating to the bank branch audit may be sent to sirc@icai.in well in advance.

Treasurer
SIRC

Secretary
SIRC

Chairman
SIRC



CA. M. Lakshminarayanan
Mumbai
mlakshminarayanan@DELOITTE.com

Capital gains and Real income - A need for convergence

Background

The provisions in relation to capital gains were first introduced by an amendment of the Income-tax Act, 1922 with effect from 1 April 1946. The levy was abolished after two years of its operation and was reintroduced on 1 April 1956. Income-tax Act, 1961 ('ITA') while defining the term 'income' in section 2(24) makes a specific reference to capital gains chargeable under section 45 of the ITA. Section 45 to 55A of the ITA lays down the manner of computation and taxability of Capital Gains. Section 45 of the ITA reads as under:

"Any profits or gains arising from the transfer of a capital asset effected in the previous year shall be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of the previous year in which the transfer took place."

The important point to note is that capital gains does not refer to an income which accrues from day to day over a period but that which arises at a fixed point of time, namely on the date of the transfer. Thus the taxable event occurs as on the date of the transfer of the capital asset. This does not provide any flexibility in those cases where deferred consideration is received. This article therefore, examines the chargeability of capital gains tax in such cases,

Conditions precedent to levy of capital gains

Thus two basic conditions are required to be satisfied for levying tax on the capital gains viz:

- The subject matter must be a capital asset; and
- There must be a "transfer" of the capital asset.

The important point to note is that capital gains does not refer to an income which accrues from day to day over a period but that which arises at a fixed point of time, namely on the date of the transfer.



Year of Chargeability

It may be noted that the expression 'arising', 'received' and 'accrue' are used in the Act either collectively or separately according to the context and the nature of charging provision. All these expressions cannot be equated. Under section 45 of ITA, the profits or gains that have arisen would be treated as the income of the previous year in which the transfer takes place. Therefore the legal position is clear that the actual receipt of the entire sale consideration during the year of transfer is not necessary for the purpose of computing capital gains. This view was first affirmed by the Madras High Court in the case of T.V. Sundaram Iyengar And Sons Ltd. V CIT (37 ITR 26).

The normal rule of the capital gains being taxable in the year of transfer is subject to certain exceptions wherein the capital gains does not arise in the previous year in which the transfer took place:

1. Where a person receives any money or other assets under an insurance from an insurer on account of damage to, or destruction of, any capital asset, as a result of certain situations as described in section 45(1A) then, any profits or gains arising from receipt of such money or other assets would be chargeable to income-tax under the head "Capital gains" and would be deemed to be the income of such person of the previous year in which such money or other asset was received.
2. Where the profits or gains arising from the transfer by way of conversion by the owner of a capital asset into stock-in-trade of a business carried on by him then such profits and gains would be chargeable to income-tax as his income of the previous year in which such stock-in-trade is sold by him.
3. Where the capital gain arises from the transfer of a capital asset, by way of compulsory acquisition under any law, or a transfer the consideration for which was determined or approved by the Central Government or the Reserve Bank of India, and the compensation or the consideration for such transfer is enhanced or further enhanced by any court, Tribunal or other authority, the capital gain would be chargeable to tax with reference to the compensation awarded in the first instance and the amount by which the compensation or consideration is enhanced or further enhanced by the court, Tribunal or other authority would be deemed to

be income chargeable in the previous year in which such amount is received by the assessee.

Thus it may be inferred that except for specific situations where the legislature has provided for capital gains to be deferred to the date of receipt, the normal rule of the gains being chargeable in the year of transfer would apply.

Remedy based on judicial precedents

In *Jasbir Singh Sarkaria* (294 ITR 196), the Authority of Advance Rulings

has explained the legal position very succinctly as under:

"In the words of section 45, the capital gains arising from the transfer 'shall be the income of the previous year in which the transfer took place'. So, the payments of consideration stipulated to be paid in future would have to be attributed, by statutory mandate, to the year of transfer, even as payments made prior to the year of transfer."

This Authority in its ruling in the case of *Anurag Jain, In re.* (2005) had taken

the same view. After referring to sections 45, 48 and 54EB of the IT Act, S. S. M. Quadri J. observed: "A plain reading of these provisions makes it clear that the germane condition to claim the relief, provided therein, from payment of tax on capital gains, is that the assessee should invest the whole or any part of capital gains, as the case may be, in the long-term specified asset within six months after the date of transfer of the capital asset. Where the full value of the consideration is paid before or immediately on transfer of the capital asset in the previous year in which such transfer takes place, no difficulty arises. Where, however, the full value of the consideration is agreed to be paid at a future date or is paid in installments over a period, after the previous year in which the transfer of the capital asset took place, the capital gains would, none the less, be treated as income of the previous year in which the transfer took place irrespective of the actual date of payment of the consideration and any hardship that may be caused to the transferor unless otherwise provided in the Act. In such a case the assessee obviously cannot avail of the benefit of the aforementioned provisions. In the absence of any provision in the Act ameliorating the hardship caused in a case of payment of the full value of the consideration beyond the relevant previous year, there is nothing which this Authority can do to relieve the assessee of the hardship."

In *T.V. Sundaram Ayyangar and Sons Ltd. vs. CIT*, a Division Bench of Madras High Court while construing section 12B of the Income Tax Act, 1922 clarified the import of the expression 'arise' as follows:

"Section 12B does not require that profits should have been actually received. It is sufficient if they have arisen. Throughout the Income-Tax Act the words 'accrue' and 'arise' are used in contradistinction to the word 'receive' and indicate a right to receive. This was explained by Fry, L.J., in Colquhoun v. Brooks. The learned Judge observed:

"I think, therefore, that the words 'arising or accruing' are general words descriptive of a right to receive profits."

The legal position does not therefore admit of any doubt that the actual receipt of the entire sale consideration during the

Advertisement

year of 'transfer' is not necessary for the purpose of computing capital gains."

Practical issues in case of delayed/contingent consideration

The law as explained earlier does lead to inequitable situations especially when consideration gets deferred or where the consideration is contingent on some performance metrics.

This point has again been aptly brought out by the Authority for Advance Rulings in Jasbir Singh Sarkaria's case where the Authority highlighted the difficulty faced in that case in the context of a transfer being triggered through a power of attorney arrangement, as under:

"We have to advert to one aspect which has caused some concern to us. What will happen if during the year following the one in which the deemed transfer took place, the proposed venture collapses for reasons such as refusal of permissions, the developer facing financial crunch etc. By that time, the owner would have received only a part of the agreed consideration, but he is obliged to file the return showing the entire capital gain based on the full sale price whether or not received during the year of deemed transfer. In such an eventuality,

hardship may be caused to the owner who would have paid full tax. No doubt, such a situation could be avoided if the contention of the applicant is accepted. On deep consideration, however, we find that the construction of relevant provision should not be controlled by giving undue importance to such hypothetical situations. Normally, the owner executes power of attorney or does similar act to let the transferee take possession only after the basic permissions are granted and is satisfied about the ability of transferee/developer to fulfill the contract. In spite of that, if such rare situations take place, the owner/transferor will not be without remedy. He can file a revised return and make out a case for exclusion or reduction of income. However, if the time-limit for filing revised return expires, the difficulty will arise. It is for the Parliament or the Central Government to provide a remedy to the assessee in such cases."

On the other hand the Madras High Court observed that in a case where the consideration was taxed in an earlier year because the transfer had taken place then but consideration was not received, it was open to the tax payer to claim a capital loss in the year the money becomes irrecoverable.

Is the remedy effective?

However, both the suggested remedies would not really eliminate difficulties faced by the taxpayer as the taxpayer would required to pay tax upfront and then subject himself to the uncertainty of having a revised return being accepted or loss being allowed.

As far as sale of goods are concerned, it may be noted that where the contract is for sale of specific goods, the transfer takes place immediately on the delivery of the goods. However, where contract is not absolute but a conditional one, then the contract would become sale when the condition is fulfilled and the sale would complete when ultimately delivery of goods is effected (DCIT v Rajiv Shah) (12 SOT84). Thus, it may be possible to structure the gains on sale of goods which include shares such that the additional consideration accrues only on the fulfillment of a condition. This could possibly alleviate certain situations where the additional consideration in regard to transfer is based on certain condition being fulfilled.

However in most situations especially in case of acquisitions it would be difficult to defer the transfer till stipulated conditions are fulfilled and the more common situation would

THE CHAIRMAN AND MEMBERS OF THE SOUTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

cordially invite you

TO MEET

NEW PRESIDENT, ICAI & NEW VICE-PRESIDENT, ICAI

on **Sunday, February 20, 2011 at 5.30 p.m.**
at **P. Brahmayya Memorial Hall, "ICAI Bhawan"**
No. 122, M.G. Road, Chennai – 600 034

ALL MEMBERS AND STUDENTS ARE WELCOME

THE CHAIRMAN AND MEMBERS OF THE SOUTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

cordially invite you to the

PUBLIC MEETING ON

UNION BUDGET – 2011

RESOURCE PERSONS:

Dr. Pravin P. Shah, Mumbai

Shri V. Lakshmikumar, Senior Advocate, New Delhi

on **Wednesday, March 2, 2011 at 6.00 p.m.**

at **Vani Mahal, No. 103, G.N. Chetty Road, T. Nagar, Chennai – 600 017**

ALL ARE WELCOME

REGIONAL RESIDENTIAL SEMINAR, AT VIJAYAWADA

Organised by SIRC of ICAI
Hosted by Vijayawada Branch of SIRC of ICAI

Sunday & Monday, March 6 & 7, 2010
VENUE: "HAAILAND" – (Between Vijayawada to Guntur)

CPE Credit
12
HOURS

TOPICS

Direct Tax
Union Budget – 2011
Bank Audit

Speakers

***CA. Girish Ahuja, New Delhi**

Shri. Andhyarjuna, Adv., Mumbai

Other Eminent Speakers

DELEGATE FEE:

₹ 4000/- (Residential)
₹ 1250/- (Non residential)
₹ 3500/- (Accompanying Spouse)

On National Highway No. 5. It is extended in about 70 Acres. It is about 15 KM from Vijayawada on the way to Guntur. It is a theme park with Comfortable Guest Rooms, Entertainment rides, Ayurvedic centres and Banquet Halls and Conference halls, Food Courts and Shopping venues.

Cheque/DD should be drawn in favour of "Vijayawada Branch of SIRC of ICAI" payable at vijayawada.

For further details please contact Chairman, Vijayawada Branch of SIRC of ICAI, D.No. 27-12-63, 64, 65, Ali Baig Street, Governorp, Vijayawada – 520 002. Phone No: 0866-2576666 - email: vijayawada@icai.org (or) Senior Asst. Secretary, SIRC of ICAI at 044-30210321, Email: sirc@icai.in.

PROGRAMME CO-ORDINATORS

*Confirmation awaited

Chairman
SIRC of ICAI

Ex-Officio Member
Vijayawada Branch & Member SIRC

Secretary
SIRC of ICAI

Chairman
Vijayawada Br. of SIRC

Secretary
Vijayawada Br. of SIRC

be a transfer of shares and consequent change of control followed by an additional mode of compensation based on certain key metrics being met.

It may be interesting to note that the Authority of Advance Rulings held in the case of Anurag Jain that where there was a reference of the employment agreement in the share purchase agreement (SPA), the Contingent Payment paid under SPA was considered as incentive remuneration for achieving the target of EBITDA and held as profits in lieu or addition to salary and thus taxable under Section 17 of the ITA as salary income and not as capital gains.

Need for convergence to principles of real income

In Dhun Kapadia (63 ITR 651) the Supreme Court did express a view that subject to the special statutory provisions, capital gains like business profits should be real capital gains computed on the ordinary principles of commercial accounting.

In keeping with the observations of the Supreme Court, there is no reason

why the provisions relating to the capital gains should not be amended to tax additional compensation only in the year of receipt as in the case of compulsory acquisition.

As held by the Supreme Court in the case of Shoorji Vallabhdas (46 ITR 144) "Income-tax is a levy on income. No doubt, the Income-tax Act takes into account two points of time at which the liability to tax is attracted, viz., the accrual of the income or its receipt; but the substance of the matter is the income. If income does not result at all, there cannot be a tax, even though in book-keeping, an entry is made about a hypothetical income, which does not materialise."

These principles should equally be made applicable to income taxable under the head "capital gains".

The government has drafted the Direct Tax Code Bill in keeping with the times and forward looking.

It will only be equitable to modify the Direct Tax Code Bill to introduce the provisions of real income for the computation of capital gains. ■

WORK DISPOSAL POSITION

The position of disposal of various matters relating to Members and Students of Regional Offices, Chennai as on **25.01.2011** is as under:

Particulars	Disposal of records received upto
Members	
Enrolment of Members	20.01.2011
Fellow Admission	21.01.2011
Grant of COP	17.01.2011
Restoration of Name – Recommended upto	24.01.2011
Restoration of Name – Cleared upto	13.01.2011
Constitution of Firms	24.01.2011
Reconstitution of Firms	21.01.2011
Paid Assistant	21.01.2011
Change of Address – Members	21.01.2011
Change of Address – Firms	24.01.2011
Students	
Registration of Articles	19.01.2011
Re-registration of Articles	19.01.2011
Industrial Training	17.01.2011
Termination of Articles	14.01.2011
Completion of Articles	21.01.2011
Permission to pursue Other Course	21.01.2011
Change of Address – Students	21.01.2011
Despatch of Materials – CPT	21.01.2011
Despatch of Materials – Final	19.01.2011
Despatch of Materials – IPCC	21.01.2011
Despatch of Materials – ATC	21.01.2011
Despatch of Materials – ITT (By Post)	21.01.2011

INTERACTIVE FORUM AT SIRC OF ICAI

Interactive Forum is a new member service conceived by SIRC to provide an opportunity to members in practice and in industry to seek clarifications from a panel of experts on practical issues and doubts relating to various key domains. To start with the forums have been created on:

a) Direct Taxation

b) Information Technology

A series of interactive forums for various key domains is proposed to be launched.

HOW DOES THIS WORK:

Any member can send their questions on the domain area of their interest by e-mail to the specified e-mail addresses, as given below. A confirmation of receipt of question shall be sent to the respective member within a week of receipt of the query. Interactive forum sessions would be organised at SIRC, Chennai on a specified date every month for each of the domain areas. Members who have already sent their questions, can make use of the forum to discuss in person with the panel on the date scheduled for the interactive forum.

The above members have kindly consented to be panelists/Forum members.

DIRECT TAXATION

Moderator : CA. R. Bupathy Past President, ICAI
Co-ordinator : CA. Divakar Vijayasarathy
Panelists : CA. H. Padam Chand Khincha
 CA. T. Banusekar
 CA. G. Sekar
 CA. B. Ramanakumar

INFORMATION TECHNOLOGY

Moderator : Dr. M. Revathi Sriram
Co-ordinator : CA. R. Vittal Raj
Panelists : CA. Mathew Thomas
 CA. P. Selvamoorthy
 CA. N.S.N. Pillai
 Shri A. Vijayakumar

The panel reserves the right to accept or reject any of the questions that are not considered in the spirit of the profession or such other grounds, without assigning any reason.

Questions can be sent to the moderator at the following e-mail addresses:

- a) Direct Taxation – interact.tax@sirc.org
- b) Information Technology – interact.it@sirc.org

Interactive Forum shall be held on Saturdays of every month at the SIRC Premises at Chennai, Confirmation of acceptance of the question will be sent by the Co-ordinator within a week and the Queriest will be given an opportunity to have a sitting with the Forum within 3 weeks from the date of acceptance of the query. The Forum will only extend guidance on the issues to those members who make themselves available before the forum by providing all relevant information (Eg. Citation / details) and will not provide any written answers including by e-mail.

The services of the Forum will be absolutely free of cost and the Queriest concerned has to make their own arrangements for the sitting with the Forum at Chennai.

Disclaimer: The views expressed by the panelists are not necessarily the views of SIRC or ICAI.

**The First Forum Meeting will be held on
 Saturday, February 19, 2011, 2.30 p.m. at SIRC, Chennai - 600 034.**

CA. P. Pradeep Kumar,
Chennai
pradeep@sgadhiya.com

FEMA Update from RBI

I. Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Second Amendment Rules, 2010.

Obligation of Authorised Persons:

A.P. (DIR Series) Circular No. 24 / A.P. (FL/RL Series) Circular No. 05 Date: December 13, 2010. - The Government of India vide its Notification No. 10/2010-E.S./F.No.6/8/2009-E.S. dated June 16, 2010, has amended the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005.

II. Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009.

a) Money changing activities

A.P. (DIR Series) Circular No. 25 / A.P. (FL/RL Series) Circular No. 06 Date: December 22, 2010 - This circular advises Authorised Persons to take into account risks arising from the deficiencies in AML/CFT regime of these countries, while entering into business relationships and transactions with persons (including legal persons and other financial institutions) from or in these countries/jurisdictions. This circular further advises the Authorised Persons to bring the contents of this circular to the notice of their constituents concerned.

A.P. (DIR Series) Circular No. 27 / A.P. (FL/RL Series) Circular No.08 Date: December 22, 2010 - It has called upon the identified jurisdictions to complete the implementation of their action plan within the timeframe. This circular advises Authorised Persons to consider the information contained in the said statement and further advises Authorised Persons to bring the contents of this circular to the notice of their constituents concerned.

b) Cross Border Inward Remittance under Money Transfer Service Scheme

A.P. (DIR Series) Circular No. 26 / A.P. (FL Series) Circular No. 07 Date: December 22, 2010 - This circular advises all Authorised Persons (Indian Agents) to take into account risks arising from the deficiencies in AML/CFT regime of these countries, while entering into business relationships and transactions with persons (including legal persons and other financial institutions) from or in these countries/jurisdictions and also further advises Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.

A.P. (DIR Series) Circular No. 28 Date: December 22, 2010 - It has called upon jurisdictions listed in the statement to complete the implementation of their action plan within the timeframe. This circular advice Authorised Persons to consider the information contained in the said statement and further advises Authorised Persons to bring the contents of this circular to the notice of their constituents concerned.

III. Use of International Debit Cards/ Store Value Cards/Charge Cards/ Smart Cards by resident Indians while on a visit outside India.

A.P. (DIR Series) Circular No. 29 Date: December 22, 2010 - Presently all the banks authorised to deal in foreign exchange are required to submit a statement as on December

31, each year in case the aggregate forex utilization by the International Debit Card holders exceeds USD 100,000 in a calendar year. This circular has discontinued with the above requirement of submitting the said statement. Hence all the banks authorised to deal in foreign exchange are advised to discontinue the submission of the said statement from the calendar year 2010 onwards.

IV. Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks

A.P. (DIR Series) Circular No. 32 Date: December 28, 2010 - The Comprehensive Guidelines on Derivatives issued vide Circular DBOD.No.BP.BC.86/21.04.157/2006-07 dated April 20, 2007 and subsequent amendments would also apply mutatis mutandis. This circular advises that the Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers concerned. ■

CERTIFICATE COURSE ON INTERNATIONAL TAXATION AT CHENNAI

The Committee on International Taxation of ICAI has decided to commence the next Batch of Certificate Course on International Taxation in Chennai tentatively from **Saturday 5th March, 2011**.

Eminent, Expert and Learned Speakers drawn from all over India will give value addition to this Certificate Course.

It may be noted that due to limitation of seats, the registration will be on 'first come first serve' basis.

For Details:

National Course Coordinator, Certificate Course on International Taxation, 1st Floor, A-29, Sector 62, Ph. No. 0120-3045923, Mobile No. 09310532063, Noida - 201301, E-Mail: citax@icai.org

Sr. Asst. Secretary, The Institute of Chartered Accountants of India, ICAI Bhawan, 122, Mahatma Gandhi Road, Post Box No. 3314, Nungambakkam, Chennai- 600 034 Tel : 044-30210325, E-Mail: vijayaragavan@icai.in

For details visit: www.icai.org

CA Sriram Seshadri,
Chennai
sriram.seshadri@bmr advisors.com

Legal Decisions Update - Direct Taxes

Brand acquired on acquisition of business is eligible for depreciation

The assessee acquired an undertaking carrying on power transmission business from a Group entity under a scheme of arrangement under sections 391 to 394 of the Companies Act, 1956. The assessee paid a sum to the transferor entity towards 'brand' acquired under the arrangement and claimed depreciation under section 32(1)(ii) of the Act. The assessee contended that 'brand', which was reflected in the books of accounts as per the valuation carried out, was nothing but 'trademark', on which depreciation was allowable under section 32(1)(ii) of the Act. The Tribunal referred to the Trade Marks Act, 1999 and various dictionary meanings and observed that 'trademark' includes a 'mark' and 'mark' includes a 'brand'. Accordingly, the Tribunal held that the sum paid towards 'brand' was towards acquiring an intellectual property right similar to trademark, which was eligible for depreciation under the Act. **KEC International Ltd vs Addl CIT (2010 TIOL 478) (Mumbai)**

Discount allowed to employees under ESOPs is not allowed as business expenditure in the hands of the employer

The assessee had allotted shares to its employees under the Employee Stock Option Plan ("ESOP") and claimed the difference ("discount") between the market price of the share and price at which option was exercised by the employees as business expenditure. The Revenue rejected the claim of the assessee on the ground that shares form part of capital of the company and any loss to the capital was a capital loss and was not revenue expenditure. On appeal, the assessee placed reliance on Securities Exchange Board of India ("SEBI") regulations which provided that the discount should be debited to the Profit and loss account. The Tribunal relied on the decision of the Delhi Tribunal in the case of Ranbaxy Laboratories Ltd and held that the discount represented only a notional loss and not an actual loss. The Tribunal distinguished the

decision of the Chennai Tribunal in the case of SSI Ltd on the basis that the decision was rendered in the context of revisionary power of the Commissioner of Income Tax and the said ruling did not deal with the question whether the discount was notional or not. Accordingly, the Tribunal disallowed the discount claimed by the assessee. **VIP Industries Ltd vs DCIT (2010 TIOL 654) (Mumbai)**

Discount allowed to intermediaries on sale of airline tickets would not be liable to withholding of taxes in the absence of a contract of agency between the parties

The assessee was engaged in the business of booking passenger tickets on domestic and international airlines. Apart from booking tickets for customers who approached the assessee directly, the assessee also booked tickets for passengers as requested by intermediaries. The assessee provided a discount to the intermediaries and certain direct customers as well. The assessee made addition under section 40(a)(ia) of the Act, to the extent of discount given to the intermediaries

for the reason that discount was in fact commission paid to intermediaries and that the assessee had failed to withhold taxes on the same under section 194H of the Act. On appeal, the Tribunal observed that the intermediaries did not act as agents of the assessee. Instead the intermediaries only acted on behalf of the passengers and brought businesses to the assessee. The intermediaries received a portion of handling charges passed on by the assessee in the form of discount. The Tribunal noted that an element of agency must be present to attract section 194H of the Act. Further, mere withholding of taxes by the assessee in certain instances of discounts granted to the intermediaries would not alter the nature of transaction and the relation between the assessee and the intermediaries. It also noted that the assessee recorded the transaction in its books of account for the invoice amount net of discount. Accordingly, the Tribunal held that the assessee was not required to withhold taxes on the discount allowed to the intermediaries. **ITL Tours and Travels Pvt Ltd vs ITO (2010 TIOL 577) (Mumbai)**

Advertisement

If assessing officer does not assess an income, which was the reason for reopening an assessment, he cannot assess any other income under section 147 of the Act

The assessing officer issued a notice under section 148 of the Act to the assessee after recording reasons that he has reason to believe that a certain income has escaped assessment. However, ultimately in the assessment proceedings, the assessing officer did not assess the said item of income, but assessed certain other items under section 147 of the Act. On appeal, the High Court observed that section 147 of the Act was amended by the Finance Act of 2009, wherein an explanation (3) was inserted which empowered the assessing officer to assess the income, in respect of which he had reason to believe that it escaped assessment 'and also' such other income which came to the notice of the assessing officer subsequently in the course of proceedings. The High Court held that the words 'and also' in the new explanation should be understood cumulatively. Accordingly, it held that if the item of income on account of which the assessment was reopened was not ultimately assessed, then no

other item of income can be subject to reassessment. **CIT vs Jet Airways India Ltd (Unreported) (Bombay)**

Routers and switches are to be included in the block of 'Computer' for the purpose of claiming depreciation

The Special Bench observed that the term 'computer' was not defined under the Act and therefore, the test of predominant function and usage must be applied in understanding such undefined terms. It held that computer is popularly understood to mean any electronic or other high speed data processing device which performs 'logical, arithmetic and memory functions on data' and includes all input and output devices which are connected to it. The Tribunal further observed that routers and switches facilitate the flow of data from one computer to another for processing or storage and should be regarded as a part of computer. Accordingly, it allowed the appeal of the assessee holding that routers and switches would be entitled to depreciation under the block of 'computer'. **DCIT vs Datacraft India Ltd (6 taxman.com 85) (Mumbai Special Bench)**

SIRC OF ICAI CONGRATULATES

CA. MOHAMED RAZZACK, FCA, Chennai on his appointment as **Senate Member of Annamalai University** for a consecutive Second Term of 3 years and on being conferred **Ph.D. (Management)** by the **Open International University, Colombo.**

CA. R. BALASUBRAMANIAN, FCA, Chennai on his appointment as **Independent External Member (Finance)** in the **Managing Committee of Power System Development Fund** for a period of two years by **Central Electricity Regulatory Commission.**

INDIA POST – APPEALS

In order to deliver the mails promptly and correctly, India Post appeals to all the addressees to inform the 'REDIRECTION ADDRESS' if there is change in their address to the concerned delivery Post Office and inform their revised address to all their correspondents also. It is requested to ensure that the correct PIN code is invariably mentioned in all the communications for timely delivery.

Post Master, India Post

CPE SEMINAR ON CENTRAL STATUTORY AUDIT OF BANKS

Friday- March 11, 2011 -Timings: 9.30 a.m. to 5.30 p.m.

Venue: The Raintree Hotel, 636, Anna Salai, Teynampet, Chennai - 600 018

CPE Credit
6
HOURS

Inauguration - 09.30 a.m.

Technical Sessions

Key Note Address - Concerns of The Regulator

Restructure of Advances

- Do's and Don'ts
- Is the special dispensation still available?
- Projects under implementation
- Upgradation- when and how?
- What is meant by Satisfactory Performance?
- Provisioning for losses under the Base Rate Regime

Mr S. Pasupathy, Assistant General Manager, Union Bank of India

Issues Under Forex Transactions

- Nostro Reconciliation
- Forward Contracts
- Foreign Branch Consolidation
- Provision for Country Risk
- Exposure to derivatives

CA. N. R. Jayadevan, Chennai

Taxation Issues

- Treatment of taxes paid by Overseas Branches
- Setting off taxes paid Overseas against MAT

- Sec.195 and Payments to Overseas Consultants, International Credit Card Service Providers, Application Software Purchases, to Payment Portals, etc.,
- Impact of the decision of Apex Court in the case of Vijaya Bank Regarding Treatment of Provisioning of Loan Losses vis-à-vis Sec.36(1) (VII) and Sec. 36 (1) (VIIA) And Tax Provisioning In Books

CA. P. Anand, Chennai

Stray Thoughts On Finalisation-Panel Discussion

Moderator:

CA. M. Naganathan, Chennai

Panelists:

Are the CSAS effectively using the limited reviews/LFAR etc.,?

CA. Venugopal C Govind, Kochi

Role of The CSA as perceived by the Board

CA. K. S. Srinivasan, Chennai

Importance of Audit Planning

CA. K. R. Ratnam, Chennai

Computation of Capital Adequacy Norms under Basel - II

CA. C. R. SUNDARARAJAN, Chennai

DELEGATE FEE : RS. 2500/-

The Cheque/Demand Draft may be drawn in favour of 'SIRC of ICAI' payable at Chennai and the same may be sent to Senior Assistant Secretary, SIRC of ICAI, "ICAI Bhawan", No. 122, Mahatma Gandhi Road, Nungambakkam Chennai – 600 034

Registration - 09.00 a.m.

Any queries on any issue relating to the Central Statutory Audit may be sent to sirc@icai.in well in advance.

Treasurer
SIRC

Secretary
SIRC

Chairman
SIRC

CA P.C. Anand,
Chennai
pcanand@vsnl.com

Legal Decisions Update - Indirect Taxes

Central Excise

Medley Pharmaceuticals Ltd. Vs CCE & Customs, Daman 2011-TIOL-09-SC-CX - The Supreme court has consistently held and clarified that samples to physicians are liable to excise duty and that the prohibition of sale of such samples has no bearing on excisability of the product, which is purely derived from the event of manufacture of the item. Excise duty is a duty on manufacture and duty is payable whether or not the goods are sold ; the sale is not a necessary condition for levy of excise duty under the act but only despatch from the factory.

CCE, Mumbai Vs Ajit India Pvt. Ltd. 2011-TIOL-12-CESTAT-MUM - Doors and windows that form part of a building cannot be removed and sold as such, and rather are scrap. Therefore they are not liable to duty and where there is no question of duty, there can be no question of the tribunal entering into the question of valuation.

M/s Tyco Sanmar & M/s Xomax Sanmar Vs. CCE, Trichy - 2011-TIOL-90-CESTAT-MAD - As an excise assessee, paying central excise duty, input credit was denied on Landscaping Service and Pest Control Services. The Madras Bench of the Tribunal held that with reference to manufacture of safety valves, landscaping could not be permitted as an input service. However, Pest Control and Rodent control services were found to be eligible for Cenvat Credit.

Service Tax

Finolex Industries Ltd. Vs CCE, Pune - 2011-TIOL-99-CESTAT-MUM - It has been held that input Cenvat Credit would be permissible with reference to canteen facilities which are mandatorily required to be provided under the provisions of Factory Act, 1948, consequently, Cenvat Credit on account of Outdoor

Catering Services would be allowed ; decision follows the High Court order in CCE, Nagpur Vs. Ultratech Cement Ltd., 2010-TIOL-745-HC-MUM-ST.

L'oreal India Pvt. Ltd. Vs CCE, Pune - 2011-TIOL-95-CESTAT-MUM - The appellant undertook certain operations in terms of clearing the shrubs and dense forest like plants surrounding the factory and the same was considered as input service as it was necessary that the environs of the factory where free from bacteria, etc. to ensure that the finished goods were not contaminated.

“Picnic Service” does not have any nexus with business activity hence credit ought not to be taken and since the issue involved is interpretation of statute penalty not warranted.

Outdoor catering service availed in guest house - appellants are entitled for input service credit on outdoor catering service/house keeping service except for the portion of their service for which they have recovered some amount from the persons staying in guest house.

Garden maintenance service and House keeping service employed are entitled for input service credit as they are availed by the appellants in the course of their business.

Interest – same is payable on the amounts of Cenvat credit which have been denied.

Cochin International Airport Vs. CCE, Cochin - 2011 (21) STR 169 (Tri.-Bang.) - The impugned remand order of the Commissioner (Appeals) not proper as Commissioner (Appeals) does not have the power to remand – as held by the SC in MIL India Ltd. – 2007 (210) ELT 188 (SC). Lower authority order correct in holding that demurrage for agricultural produce, not liable to service tax ; as storage and warehousing charges on agricultural produce are not liable to

service tax, there could be no such tax on demurrage charges.

SEZ rules amended - Validity of approval of a co-developer to be the same as that of the developer – Vide Notification No.G.S.R.982(E) dt.16.12.2010, the Central Government amends the rules at Sl.No.3 relating to general conditions. The rule has been amended to specify that “the validity of this approval shall be co-terminus with validity of the letter of approval issued to the developer and the progress of the implementation will be submitted to Government of India for every six months.”

Customs

Valuation – Crystal Dot Scan Pvt. Ltd. Vs. CC&C.Ex., Hyderabad-II – 2011 (263) ELT 401 (Tri.-Bang.) - If a transaction value were to be rejected by the department, the revenue should then established details of contemporaneous imports of such or similar goods and that the price declared is not the correct transaction value. Following the ruling of the Supreme Court in CC, Calcutta Vs.South India Television Pvt. Ltd. – 2007 (214) ELT 3 (SC), it was held that the revision of price and demand of differential duty, etc. on the ground that the importer had mis-declared its value was not sustainable. ■

DISCLAIMER

The SIRC/ICAI does not accept any responsibility for the views expressed in different contributions / advertisements published in this Newsletter.

“Qualified C.A. and Fellow Member with more than 25 years professional experience wishes to join reputed C.A. Firm in Chennai as partner either salaried/otherwise” – Reply to: srinivasabrnmnn@yahoo.co.in Advt.

COACHING CLASSES AT SIRC, CHENNAI PCC/IPCC

Four months Intensified Coaching Classes for **PCC/IPCC**
for November, 2011 Examination

Commences on Wednesday, February 23, 2011

Timings

Morning & Evening - Monday to Saturdays	Saturdays & Sundays
06.30 a.m. to 09.30 a.m. & 05.30 p.m. to 08.30 p.m.	Between, 7.00 a.m. and 11.30 a.m.

Fee: Both Groups Rs. 4,200/-, One Group Rs. 2,400/-

CPT

Two months Coaching Classes for Common Proficiency Test (CPT)
for students appearing for June 2011 CPT Examination

Commences on Wednesday, April 6, 2011

Fee: Rs. 3,000/-

Timings


Batch	Monday to Friday
Morning Batch	07.00 a.m. to 12.00 noon
Evening Batch	03.30 p.m. to 08.30 p.m.
Saturdays Sundays	Between 07.00 a.m. and 08.00 p.m. (for both batches)

- Fee remittance by Syndicate Bank, Nungambakkam branch, Chennai-34. Bank challan available at SIRC Office.
- Outstation students should remit fee by DD favouring "SIRC of ICAI" payable at Chennai. Fee and details (name, address, contact no. and Students Registration No.) to be sent to SIRC of ICAI, 122 MG Road, Chennai-34.
- For further details visit www.sircoficai.org – Ph: 044-3021 0322 / 320 – Email: sircclasses@icai.in; sirc@icai.in

ONLINE APPLICATIONS FOR C.A. EXAMINATIONS

The next Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE) and Final Examinations of the Institute will be held from 2nd May 2011 to 16th May 2011. Notification and detailed announcement thereon have already been hosted on ICAI website www.icai.org. Applications for admission to Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE) and Final examination can be made either through the online mode at <http://icaiaexam.icai.org> or through physical application forms. In order to encourage the student community to take to on-line applications, it has been decided to waive off the cost of application form (i. e, Rs.100/- or Rs 500/- as the case may be) in respect of candidates who fill in their forms online at <http://icaiaexam.icai.org> and remit the examination fee online by using either VISA or Master credit/debit card.

SIRC CONGRATULATES THE ALL INDIA TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS FROM SOUTHERN REGION

Final Examination Nov. 2010	Final (New Syllabus) Examination Nov. 2010	Common Proficiency Test Dec. 19, 2010
ALL INDIA TOPPER FIRST RANK  Shri K.N. Sujay, Bangalore SRO 0212816 Marks: 478/800	ALL INDIA SECOND RANK Shri M. Rahul Kumar Jain Hyderabad SRO 0207670 Marks: 558/800 ALL INDIA THIRD RANK Shri R. Dinesh Jain Chennai SRO 0208980 Marks: 557/800	ALL INDIA FIRST RANK Shri Sandesh Reddy Gottikati, Nellore SRO 0342149 – Marks: 192/200 ALL INDIA SECOND RANK Ms. G.K. Thrisandhya, Chittoor SRO 0328356 – Marks: 190/200 Shri Udaya Naga Venkatamani Yakkala, Machilipatnam SRO 0329450 – Marks: 190/200 ALL INDIA THIRD RANK Shri Rajesh Reddy Ambati, Nellore SRO 0338500 – Marks: 189/200 Shri Sumanth Reddy Duvvuru, Nellore SRO 0342558 – Marks: 189/200

SICASA REGIONAL SPORTS MEET 2011

SICASA brings to the students an arena of sports and games hunting from February 12th 2011 at Chennai. Sports like Cricket, Volleyball, Shuttle, Badminton, Table Tennis, Carrom, Chess, Track and Field events and sports quiz would be held. Attractive prizes await the winners to grab. Rush for registrations. Reach us at <http://sicasa.sircoficai.org/> and sicasa@icai.in **For queries contact** Mr. V. Anandkumar (9962835375) Mr. U. Uma Shankar (994405019) and Mr. K. Rajaram (9840495185).

CAMPUS PLACEMENT PROGRAMME FOR NEWLY QUALIFIED CHARTERED ACCOUNTANTS FEBRUARY-MARCH, 2011

The Committee for Members in Industry of the Institute organises Campus Placement Programme for newly qualified Chartered Accountants at various centres all over India. The scheme has been evolved to provide an opportunity both to employing organisations as well as the young professional aspirants to meet and explore the possibility of taking up positions in Industry. The schedule of programme for the candidates who would be passing in the CA Final examination held in Nov 2010 and also for others who are eligible is given below. The complete details of the programme are hosted on www.cmii.icai.org.

Invitation to Organisations/CA Firms:

Organisations intending to recruit Newly Qualified Chartered Accountants through the scheme are requested to get in touch with Secretary, Committee for Members in Industry, Indraprastha Marg, New Delhi - 110002 and Tel. No. (011) 30110450/548 E-mail: placements@icai.org, mii@icai.org.

Centre	Dates
Bhubaneswar, Ernakulam , Kanpur and Ludhiana	February 21 & 22, 2011
Baroda, Coimbatore , Indore and Nagpur	February 23 & 24, 2011
Ahmedabad, Jaipur and Pune	February 24 to 26, 2011
New Delhi*, Hyderabad and Kolkata	March 15 to 18, 2011
Chennai, Bangalore# and Mumbai	March 22 to 26, 2011

* New Delhi on March 19, 2011 also.

Bangalore only on March 22, 23, 24 and 25, 2011.

SIRC THANKS ALL THE BLOOD DONORS

Blood Donation Camp was organised on January 8 & 9, 2010 at the Institute's premises at Chennai by SIRC of ICAI in association with Hemophilia Society-Madras Chapter, Rotary Central TTK VHS Blood Bank, Chennai. Lions Club of Anna Nagar II Avenue, Lions Club of Madras and Metro West, More than 200 donors donated Blood at the camp.

REVISED STUDY MATERIAL FOR FINAL COURSE

A comprehensive revision / modification / updation has been made by Board of Studies, ICAI in the Final Study material in Jan 2011 and is available at all Regional Offices and their Branches.

With Practice Manual - ₹ 3920/-

Without Practice Manual - ₹ 2820/-

Postage: Extra - ₹ 700/-

DD may be drawn in favour of ICAI, Payable at Chennai.

RESTORATION OF MEMBERSHIP & CERTIFICATE OF PRACTICE

The names of members who have not paid their Membership fee and/ or Certificate of Practice fee for the year 2010-11 on or before 30.09.2010 are in the process of being removed and/or their Certificate of Practice are under cancellation. The removal notification and cancellation of Certificate of Practice notification w.e.f. 01.10.2010 are under issue.

Regulations provide for retrospective restoration of Membership and Certificate of Practice provided the application in the prescribed Form 9/101 (available on the website www.icai.org) complete in all respects, together with restoration fees of Rs.1,000/- is received by the Institute on or before 31.03.2011. Members falling within the jurisdiction of Southern Region should send their application to The Institute of Chartered Accountants of India, ICAI Bhawan, No.122, MG Road, Nungambakkam, Chennai – 600034.

NEW BRANCHES OF SICASA FORMED IN SOUTHERN REGION

1.	Bellary Branch of SICASA
2.	Erode Branch of SICASA
3.	Kakinada Branch of SICASA
4.	Kumbakonam Branch of SICASA
5.	Pondicherry Branch of SICASA
6.	Rajamahendravaram Branch of SICASA
7.	Tirunelveli Branch of SICASA
8.	Tirupati Branch of SICASA
9.	Tirupur Branch of SICASA
10.	Tuticorin Branch of SICASA
11.	Udupi Branch of SICASA
12.	Vellore Branch of SICASA

REGIONAL RESIDENTIAL SEMINAR, AT OOTY

CPE Credit
12
HOURS

Friday - Sunday, March 18-20, 2011

Venue: Hotel Monarch

Organised by SIRC of ICAI, Hosted by Coimbatore Branch of SIRC of ICAI

For the details visit website: www.sircoficai.org

EMPANELMENT OF SCHOOLS/ EDUCATIONAL INSTITUTIONS FOR HOLDING MAY-2011 CHARTERED ACCOUNTANTS EXAMINATIONS AND COMMON PROFICIENCY TEST JUNE-2011

The ICAI conducts Chartered Accountants Examinations in most of the cities in the Country as under:

(i) **Chartered Accountants Examinations**
(Timings: 9.00 AM to 12.00 Noon)

2nd May-2011 to 16th May-2011 (including intermittent Sundays)

(ii) **Common Proficiency Test**
(10.30 AM to 4.00 PM with break of 1 1/2 hrs)

19th June-2011 – One day, Sunday

The ICAI requires additional Schools/ Educational Institutions with good infrastructure and facilities in addition to the existing Examination Centres to hold Chartered Accountants Examinations. Interested parties may see the terms & conditions at the URL http://220.227.161.86/21600_announ12287.pdf. The existing Schools/ Educational Institutions which are already providing accommodation for CA Exams need not apply. **The Terms and Conditions for Empanelment have been given on page nos. 1 & 2. The Format in which the Schools/ Colleges are required to submit their relevant details is given on page nos. 3 & 4. The names of the cities where Chartered Accountants Examinations May-2011 and Common Proficiency Test June-2011 are being held have been given on page no. 5. Members are requested to provide information of Centres available in Chennai to ICAI office, Chennai.**