



Chairman Writes...

Greetings and warm wishes for a great February.

February they say is a month of so many different emotions, the Chinese New Year Lantern festival, the Darwin day, the list seems to be going on.. Now for us change of Guard at Central, Regional and at Branch Level

Well for me this year this month is very special, and as I pen my thoughts for this column, it is for the last time, I am so much reminded of the days that have gone by and of all the great things that have happened. This newsletter has been a great way to keep in touch with all of you. The place where I could be so close to you was through this newsletter. It is always said that when there are things that make the difference, it is what is written that is remembered the longest.

Journey to serve continues and I am one amongst many who believe in this. It was a satisfying tenure for me to serve the cause of the profession as the Chairman of SIRC in the last 12 months and I dedicate myself once again to offer my services in any capacity to the betterment of our profession.

Looking Back

Looking back my tenure I should admit that it was a fascinating experience to guide the affairs of the Regional Council which was handled by many stalwarts in yester years. Many challenging tasks ahead of us were accomplished during the year in office. It is time for me to highlight some of the important events and acknowledge gracefully for the support and contribution given by many for the whole year.

- 43rd Regional Conference organised in the month of August of SIRC of ICAI attended by around 2700 delegates.
- Diamond Jubilee Celebrations throughout the year conducted.
- 567 CPE Hour Programmes held by SIRC at Chennai, besides other places.
- All the 34 Branches have organized CPE Programmes throughout the year.
- CA Day was celebrated befitting the occasion.
- 3 National Conferences, 6 Sub-Regional Conference, 11 Workshops, 9 Regional Residential Programmes and 53 CPE Study Circle Meetings besides other meetings were organized.
- Wide Press Coverage was given in the print and electronic media for all major programmes.
- ICAI International Conference was held with a record



Shri Pranab Kumar Mukherjee, Hon'ble Union Minister of Finance inaugurating the ICAI International Conference 2012 - Accounting Profession: Leveraging Emerging Challenges for Inclusive Growth. (L-R): CA. Jaydeep Narendra Shah, Vice President-ICAI, CA. Rajendra Kumar P., Central Council Member-ICAI, **Dr. M. Veerappa Moily, Hon'ble Union Minister of Corporate Affairs**, **Shri G.K. Vasan, Hon'ble Union Minister of Shipping**, **Dr. CA. K. Rahman Khan, Hon'ble Deputy Chairman of Rajya Sabha**, CA. G. Ramaswamy, President-ICAI and CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI.

participation of around 2000 delegates from all over the country and abroad.

- During this year, for the first time, Live Webcasting was done by SIRC.
- Fillip was given to the CA Awareness Programme throughout the Region. SIRC conducted one mega CA awareness program at Nagercoil. About 3500 students participated from 43 schools; All the 34 branches have been motivated to organise CA Awareness programs throughout the year. Apart from that SIRC took initiative to spread CA course by participating in Education Fairs by leading dailies like The Hindu, Dinamalar.
- Social Service activity like Blood Donation camp was also conducted.

Two new branches - Sivakasi and Kannur were given birth during this diamond jubilee year making the total number of branches in our region to 36.

Initiatives on infrastructure by President, ICAI

I place on record and my appreciation to the President, ICAI for having taken up the marathon initiatives for creating infrastructure by way of acquisition of land/ building and or construction of building in the existing properties for many branches. Branches benefited by such initiatives in our Region are Alleppey, Bellary, Coimbatore, Ernakulam, Erode, Kakinada, Nellore, Madurai, Mangalore, Tirunelveli, Tirchur, Tirupur.

Contd.. at page 3

ICAI INTERNATIONAL CONFERENCE

Accounting Profession: Leveraging Emerging Challenges for Inclusive Growth. -January 06 to 08, 2012 - Chennai.



Shri Pranab Kumar Mukherjee, Hon'ble Union Minister of Finance releasing the Souvenir. (L-R): Shri G.K.Vasan, Hon'ble Union Minister of Shipping, Dr. CA. K. Rahman Khan, Deputy Chairman of Rajya Sabha, CA. G. Ramaswamy, President-ICAI, Dr. M. Veerappa Moily, Hon'ble Union Minister of Corporate Affairs, CA. Jaydeep Narendra Shah, Vice President-ICAI, CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI.

JAGRUTI - 2012 - A NEW AWAKENING

[The Women CAs' Conference]
February 04, 2012 - Chennai.



Chief Guest Ms. Mallika Srinivasan, Chairman, TAFE (5th from left) inaugurated the Conference. (L-R): CA. E. Phalguna Kumar, Treasurer-SIRC, CA. P.R. Aruloli, Member-SIRC, CA. Madhubala Nahar, Past RCM-SIRC, CA. Bhavani Balasubramanian, Chennai, Dr. V. Shanta, Chairman-Cancer Institute (W.I.A.), Chennai, CA. K. Shanmukha Sundaram, Chairman-SIRC, CA. Rajeshwari S., Chennai (Joint Convenor), CA. Kimsuka Narasimhan, Chairman, CFO-Indian Region- Pepsi Co. India Holdings, CA. Sripriya Kumar, Chennai (Joint Convenor), CA. Priya Bhansali, Past CCM-ICAI and CA. Sujata Shukla, Bangalore (Joint Convenor).

CONVOCATION - January 14, 2012.- Chennai.



Chief Guest Dr. CA. K. Rahman Khan, Hon'ble Deputy Chairman of Rajya Sabha inaugurating in the presence of Guest of Honour Hon'ble Thiru Justice V. Ramasubramanian, Judge-Madras High Court (3rd from left). (L-R): CA. M. Devaraja Reddy, CCM-ICAI, CA. V. Murali, Chairman-Board of Studies, ICAI and Convocation Convenor, CA. G. Ramaswamy, President-ICAI and CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI



Chief Guest Dr. CA. K. Rahman Khan, Deputy Chairman of Rajya Sabha presenting the Rank Certificate to CA. Sandhya, SIRC Topper in the CA Final May 2011 Examinations in the presence of Guest of Honour Hon'ble Thiru Justice V. Ramasubramanian, Judge-Madras High Court (2nd from right). (L-R): CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI, CA. G. Ramaswamy, President-ICAI and CA. V. Murali, Chairman-Board of Studies, ICAI and Convocation Convenor.

FIFTH ANNIVERSARY OF NELLORE BRANCH

January 31, 2012 - Nellore



CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI inaugurating the 5th Anniversary of Nellore Branch of SIRC of ICAI on January 31, 2012 at Nellore in the presence of CA. M. Chandra Mouli, Chairman-Nellore Branch, Office Bearers & Managing Committee Members of Nellore Branch.

REGIONAL RESIDENTIAL COURSE

AT MALAMPUZHA, KERELA - January 20 to 22, 2012.



CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI delivering the inaugural address. (L-R) : CA. V.X. Jose, Member-SIRC & Ex-Officio Member-Palghat Branch, CA. S. Krishnankutty, Chairman, Palghat Branch, CA. Babu Abraham Kalliviyalal, Immediate Past Chairman-SIRC and CA. P. Suresh, Secretary, Palghat Branch.

Chairman Writes Contd...

On the Anvil:

Yet another new initiative – 4th February 2012 witnessed an event exclusively for the Women CAs at Chennai inaugurated by Ms. Mallika Srinivasan, Chairman TAFE, Chennai. Chennai is hosting another important event of ICAI - Corporate and Investor Meet and that is to be inaugurated by Hon'ble Dr. M. Veerappa Moily, Hon'ble Union Minister for Corporate Affairs on 7th February 2012 which will be graced by our leaders President and Vice-President.

Acknowledgement:

The President, Vice President, my Secretary, my Vice-Chairman, my Treasurer, the Central and Regional Council members of this region, Chairmen and Managing Committee members of all the branches of SIRC, Past Presidents, Past Chairmen of SIRC, Past Central and Regional Council members, Chairmen of other 4 Regions - each one of you have made this year a year that I will cherish for my life. I thank you all from the bottom of my heart, and all I can say to reciprocate is - please do not forget that you have a friend in Coimbatore who will always enjoy hosting you and your family. I will never forget my host Branch who stood by me, motivated me and hosted the most memorable conference. My salutations to the Coimbatore Branch team for the excellent support. The list is endless for the people have gone beyond the call of duty to see me do my best. And I take this opportunity to thank them from the bottom of my heart.

I must take this opportunity to thank the entire team of administration for the wonderful support in making things happen; From Regional Head, Deputy Secretaries, Officers, staff of ICAI and outsourced staff; For their gentle reminders to complete the things in time, For their great efforts to keep things ready, and above all for making this my most memorable year. I admire the entire staff force for their involvement by giving priority to the work sacrificing their personal time. It is my time to salute each one of them for their contribution to the Institute. For every success that you have bestowed on me, it is they who deserve all the credit. I place on record my appreciation for the necessary support that flowed from the ICAI head quarters from the secretary level to other administrative levels. Thanks to the whole team of work force.

A Chinese Proverb which states that "Learning is a treasure that will follow its owner everywhere"; Henry Ford says "Anyone who stops learning is old, whether at twenty or eighty"; Swami Vivekananda says "The man who says he has nothing more to learn is already at his last grasp". Let us keep learning to keep ourselves young and energetic.

The year that was the greatest learning experience to me, I learnt of people who gave without asking, of people who just were there when I needed them, of people who made things look so easy, of people who could just talk and motivate me... they are the ones who made the last one year what it was. The people I am talking about are not someone famous or someone you keep seeing on your television sets, I am talking of all the members of this esteemed organisation, of all the thirty six branches, who showed me that they were there....

Special mention is needed for the significant contribution by the CPE Study Circles, Chapters and Groups including the CPE Study Circles for Members in Industry. There exists scope for forming many more study circles in Industry and those who are interested can make use of the guidelines @ cpe@icai.org.

SICASA this year has done a great work and I wish them to get recognition from the centre for the effort. In addition to seminars and workshops, extra-curricular activities have also been organised to kindle the talent of the students in arts and culture. I record my appreciation for the entire team under the SICASA Chairman for their zeal and enthusiasm resulting in contribution to the student fraternity.

Spontaneous support from the resource persons throughout the year is something great which needs a special mention – be it an article for the newsletter or as a faculty for any conference, seminar, study circle meetings.

SIRC acknowledges and express its sincere gratitude and thanks to all the dignitaries from the Government, senior officials of departments, functionaries of various associations with whom SIRC organized joint programmes.

SIRC acknowledge the support it received from the various organizations, members and other well wishers through sponsorship of the Regional Conference and other major programmes and through advertisement to the SIRC Newsletter. It is my privilege to express our sincere thanks through this column.

Key role has been played by the press for the coverage of our news for all the major events and SIRC acknowledges with deep gratitude for the same. My appreciation and thanks to various service providers for their prompt and timely service.

SIRC has also taken initiatives to reduce plastic pollution. Earnestly appeal through this column to look for ways and means to contribute for the greener world. Till there is an effective process comes into place for recycling of plastics, we have a bounden duty to minimise the plastic pollution.

Many have in the recent past have kept telling me that I will miss all this, as my

period of service is coming to an end, and there was one friend who told me, everything happens for the good, and told me this story that emphasised his point.

Whatever happens - happens for good.

An old story is told of a king in Africa who had a close friend with whom he grew up. The friend had a habit of looking at every situation that ever occurred in his life (positive or negative) and remarking, "This is for good!"

One day the king and his friend were out on a hunting expedition. The friend would load and prepare the guns for the king. The friend had apparently done something wrong in preparing one of the guns, for after taking the gun from his friend, the king fired it and his thumb was blown off. Examining the situation the friend remarked as usual, "This is for good!" To which the king replied, "No, this is NOT for good!" and proceeded to send his friend to jail.

About a year later, the king was hunting in an area that he should have known to stay clear of. Cannibals captured him and took him to their village. They tied his hands, stacked some wood, set up a stake and bound him to the stake. As they came near to set fire to the wood, they noticed that the king was missing a thumb. Being superstitious, they never ate anyone that was less than whole. So untying the king, they sent him on his way.

As he returned home, he was reminded of the event that had taken his thumb and felt remorse for his treatment of his friend. He went immediately to the jail to speak with his friend. "You were right," he said, "it was good that my thumb was blown off." And he proceeded to tell the friend all that had just happened. "And so I am very sorry for sending you to jail for so long. It was bad for me to do this."

"No," his friend replied, "This is also for good!" "What do you mean, This is for good? How could it be good that I sent my friend to jail for a year?" "If I had NOT been in jail, I would have been with you, and the cannibals would have had me."

So I believe that this is for good, so the ending is the start of a new beginning and I am signing off with a commitment to serve more wishing my incoming leader and you a great year ahead thanking each one of you for the wonderful time, for being great hosts, and bearing with all my idiosyncrasies, and for giving me the best of the times I have had in the last one year.

With warmest regards

Yours in professional service



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- ♣ Cost Centre Wise P & L, Balance Sheet
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SIRC CALENDAR**FEBRUARY & MARCH 2012**

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

DATE and TIME	PROGRAM DETAILS	RESOURCE PERSON	FEE (₹)	CPE CREDIT
Feb. 1, Wednesday	*CPE Study Circle Meeting on IMPORTANT AUDITING STANDARDS			2 hrs
Feb. 3 & 4, Fri & Saturday	Two Day National Workshop on RISK BASED INTERNAL AUDIT AT HYDERABAD			12 hrs
Feb. 4, Saturday	* "JAGRUTI – A NEW AWAKENING" (THE WOMEN CAS' CONFERENCE)			4 hrs
Feb. 7, Tuesday	**INDIA CORPORATE AND INVESTOR MEET			-
Feb. 7, Tuesday 11.00 a.m. – 01.00 p.m.	*CPE Teleconference on POINT OF TAXATION – SERVICE TAX	CA. Atul Gupta New Delhi	150/-	2 hrs
Feb. 8, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on AN UPDATE AND DISCUSSION ON ECB REGULATIONS	CA. P. Venkatesan Chennai	150/-	2 hrs
Feb. 10, Friday 09.00 a.m. – 05.30 p.m.	SUB REGIONAL & DIAMOND JUBILEE CONFERENCE OF SIRC OF ICAI AT PONDICHERRY	Details below		6 hrs
Feb. 15, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on VALUE CREATION IN THE CORPORATE WORLD	CA. A. Viswanathan Chennai	No Delegate Fee	2 hrs
Feb. 17, Friday 08.30 a.m. – 05.30 p.m.	*CPE Workshop on INTERNATIONAL FINANCE	Details at page 10		6 hrs
Feb. 19, Sunday 09.30 a.m. – 05.30 p.m.	*CPE Hands on Practical Workshop on ADVANCED EXCEL FOR CHARTERED ACCOUNTANTS	Details at page 09	750/-	6 hrs
Feb. 22, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on WORKS CONTRACT, SERVICE TAX AND VAT ISSUES	CA. K. Sivarajan Chennai	150/-	2 hrs
Feb. 25, Saturday 08.50 a.m. – 05.00 p.m.	#CPE Seminar on CENTRAL STATUTORY AUDIT OF BANKS	Details at page 11	2700/-	6 hrs
Feb. 29, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on DISCUSSION ON INTER-STATE VAT	CA. Sanjay Dhariwal Madanlal Bangalore	150/-	2 hrs
Mar. 3, Saturday 08.50 a.m. – 05.00 p.m.	@CPE Seminar on BANK BRANCH AUDIT	Details at page 11	2200/-	6 hrs
Mar. 7, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on ISSUES IN CORPORATE TAX ASSESSMENTS	CA. B. Ramanakumar Chennai	150/-	2 hrs
Mar. 14, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on CHARITABLE TRUST / INSTITUTIONS – RECENT TRENDS IN TAXATION	CA. N. Suresh Bangalore	150/-	2 hrs

* Programmes at P. Brahmayya Memorial Hall, ICAI Bhawan, SIRC Premises, Chennai – 600034.

** Programme at Taj Coromendal, Nungambakkam High Road, Chennai - 600034.

Programmes at The Raintree Hotel, 636, Anna Salai, Teynampet, Chennai 600 018.

@ Programme at Hotel Le-Royal Meridien, GST Road, St. Thomas Mount, Chennai – 600016.

**No Delegate Fee for ARS Members for CPE
Study Circle Meetings up to February 22, 2012.****SUB REGIONAL & DIAMOND JUBILEE CONFERENCE OF
SIRC OF ICAI AT PONDICHERRY**

CPE Credit

**6
HOURS**Organised by SIRC OF ICAI
Hosted by Pondicherry Branch of SIRC of ICAI

Friday, February 10, 2012 - 09.00 a.m. to 05.30 p.m. "ICAI Bhawan", No.8, Second Main Road, Illango Nagar, Pondicherry - 605011

Inaugural Session**CA. K. Shanmukha Sundaram**, Chairman, SIRC of ICAI.**Technical Sessions**

Documentation- NPOs & NGOs

CA. E. Phalgun Kumar, Tirupati

Practical Issues – NPOs & NGOs

CA. M. Kandasami, Chennai

Issues regarding maintenance of accounts

CA. N. Lalithkumar Modi, Pondicherry

Recent changes in FCRA Acts & Rules

CA. K. Preethi, Chennai**DELEGATE FEE**

Members	–	₹ 600/-
Non-Members	–	₹ 700/-
Students	–	₹ 300/-

Delegate fee by way of Cash / Cheque / DD drawn in favour of 'Pondicherry Branch of SIRC of ICAI' payable at Pondicherry shall be sent to Pondicherry Branch of SIRC of ICAI, ICAI Bhawan, No. 8, Second Main Road, Illango Nagar, Pondicherry - 605011. Phone: 0413- 4308081; Email: pondicherry@icai.org

CA. S.Muraji
Secretary, SIRC
09894728200**CA.T.Palaniappan**, Chairman
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Through this tie-up, Members of MSE can issue contract notes in their names. Shares of companies listed only with MSE get nation-wide reach by inclusion in the NSE trading platform. MSE has plans to tap SME companies to raise capital and list their shares, for which MSE has set in motion proposals to revive its own trading platform, wherein the shares of companies, which are listed on MSE, will get traded.

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M.V.SWAMINATH in 98419 77419 or
044 2521 8200 / 8000**

HIGHLIGHTS OF ACTIVITIES OF SIRC OF ICAI FOR THE YEAR 2011 (DIAMOND JUBILEE YEAR OF SIRC OF ICAI – 2011-12)

- **43rd Regional Conference** of SIRC in the Diamond Jubilee Year of SIRC **inaugurated by CA. G. Ramaswamy, President, ICAI** held at Coimbatore with participants of around 2600 delegates.
- **Diamond Jubilee Celebrations** celebrated in a grand manner during the year 2011 in the Region with inaugural function on April 25, 2011 at Chennai.
- **Hosted Video Recording** of 43rd Regional Conference at SIRC Website.
- **Redesigned the SIRC Website** linking all the 34 branches.
- **Facility for E-payment through Gateway** for seminar/conferences.
- **Introduction of E-receipt** for the first time.
- **Setting up of Grievance Redressal Cell** for Members and Students with exclusive mail ids.
- Submitted the **Comments on Exposure Drafts** of ICAI.
- **Record Number of CPE Hours (567 Hours, 22,933 Members attended and 152,924 CPE Man Hours)**
- **₹ 49.59 lakhs** was contributed by Members towards CABF with **57.39 %** of the total members enrolled as Life Members of CABF.
- Coaching Classes for CPT, IPCC and Final **with record number of Students** as well as surplus.
- **Popularised the CA Course** by participating in educational Schools, Colleges/Institutions for attracting new students.
- **Career Counselling Programmes** with the branches of SIRC of ICAI and **record participants** attended the programme from various parts of southern region.
- **3 Day Orientation Programme** for Chairmen, Vice-Chairmen and Secretaries **attended by all 34 Branches**, all Regional Council Members besides Council Members.
- **CA Day Celebrations – Lunch hosted for inmates** of Mohandevi Hirachand Nahar Rajasthani Dharmasala. **500 Plant saplings** were distributed to the participants. Senior Members were honoured.
- Collection and updating of Email ID's and Mobile No's. through SIRC Website.
- Dissemination of information and programmes details via **Mass e-Mailing and Mass SMS**.
- Submitted application with drawings and plans for final approval from Chennai Metropolitan Development Authority (CMDA) for **construction of two additional floors of annexe building in the ICAI Bhawan**, Chennai and periodical follow up being done.
- **Application for Allotment of Land** for setting for Centre of Excellence in Chennai with Tamil Nadu Government (SIPCOT) is being followed up.
- The request of the Institute for **allotment of three acres of land at Chennai** is under consideration of District Collector, Kancheepuram.
- Sanctioned Capital Grant for the year 2010-11 for SIRC Library and SIRC office utilised.
- **Introduction of web casting** for the **first time at SIRC** and also archived in the SIRC Website.
- **Go Green project** is given priority and all branches were advised to have paperless communication as much as possible.
- **Plant saplings were distributed** to the participants to create awareness on environment friendly atmosphere in programmes at SIRC and Branches.
- Pre and Post Budget proposals submitted.
- Public Meeting on Union Budget organised.
- **Three Blood Donation Camps** organised (January, April and June)
- **SIRC Monthly E-Newsletter** published and **sent to 40000 including members abroad**.
- Hard Copy of monthly Newsletter sent to all members.
- Option given for members to **opt for E-Newsletter and discontinue hard copy** as a environment friendly measure towards global warming.
- Sports and Games for Spouse and Children's of Members of SIRC.
- Celebrated the Get-together for staff of ICAI with their families.
- Various sports and games conducted for the staff of ICAI.
- **Chairman of SIRC was invited by the French Accounting Institute and he visited the French Reunion – Regional Conference at Reunion (France).**
- **Joint-Regional Residential Conference at Nagpur.**
- **Joint Programmes** with BSE SME, HCCI, Ind Bank, Keynote, International Christian Chamber of Commerce.
- **3 National Conferences** - two at Chennai and one at Hyderabad.
- **6 Sub Regional Conferences** held at Bangalore, Ernakulam, Guntur, Hubli, Hyderabad and Viskhatnam.
- **11 Workshops** conducted.
- **9 Regional Residential Programmes** at Munnar, Vijayawada, Ooty, Munnar, Yercaud, Vandannmedu, Hampi, Srisailam and Arumuganeri.
- **S. Vaidyanath Aiyar Memorial Lecture** was delivered by **Nawab Mohd. Abdul Ali, the Prince of Arcot.**
- **V. Sankar Aiyar Memorial Lecture** by **Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India.**
- Extended all **administrative and logistics support** for successful contact of **ICAI International Conference** held from Jan. 6 to 8, 2012 at Chennai.
- Wide Press Coverage for all major programmes.



**CA. E. Phalguna Kumar
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Real Estate Development Agreements – Taxation

As the economy is booming, the construction activities are multiplying in number. Simultaneously, the value of the land has also gone up to an abnormal level. In these real estate projects, there are several Developing Agreement models. No two projects or no two agreements can be similar. For example:

- A. A Land owner can enter into an agreement with developer only to develop the land for a fixed consideration. The Developed area divided into plots and sold as plots only. The consideration may be in cash or in kind i.e. part of the land. The total project may spread over two to three years. Here again the Land owner may be owning the land as 'Capital Asset' or as 'Stock in trade'.
- B. One or more land owners may enter into an agreement with a Developer to construct a Building and then to share the Built up area in a definite proportion. Here again the Land owner may be owning the land as 'Capital Asset' or as 'Stock in trade'.
- C. A land owner may contribute his land as capital in a partnership Firm. The Firm has to develop and complete the project. Only profits may be shared. Or Built up area is taken back as withdrawal of capital.
- D. Two Business entities may come together in a Development Project. It is a Joint Venture. But each entity's rights and duties are well defined.

Even in other respects also these Development Agreements may vary, like:-

1. The nature of structure may differ – Commercial & Residential.
2. The percentage of benefit to land owner may differ.
3. The time of passing on the benefits / project period may differ.

Taxation in the hands of Land Owner

The tax liability in the hands of the land owner is a debatable one. The Land in general is held as "Capital Asset". The Transfer of a Capital asset during the

The tax liability in the hands of the land owner is a debatable one. The Land in general is held as "Capital Asset".



previous year gives tax liability. But the peculiarities of capital gains chargeability are:

- There may not be a second party. Sec. 45(2).
- There may not be full consideration. Ec. 50-C.
- There is no necessity of Regn. of Document/proper conveyance.
- The value of in-kind consideration will be known in future only.
- The cost of acquisition will be known in future only.
- There may not be increase in net wealth (exchange of asset).

Still the Capital Gains are to be admitted and tax has to be paid. Because "Capital gains" head income Computation is not on cash basis but on accrual Basis. **Held so in T.V. Sundaram Iyengar & Sons Ltd Vs CIT. 37 ITR -26 (Mad).**

As per sec 2(47), the definition of transfer includes in its sub clause (v), "Any

transaction involving the allowing of the possession of any immovable property, in part performance of a contract in the nature of Sec.53A Transfer of Property Act 1882."

Sub clause (vi) states "Any transaction which has the effect of transferring, or enabling the enjoyment of any immovable property."

Now for a land owner who enters into a Development Agreement as per-- **Chaturbhuj Dwarakadas Kapadia Vs CIT (2003) 260 ITR 491 (Bombay)**, if an unconditional power of attorney is given it is a Transfer as per Sec. 2(47)(vi). In other words the point of taxability is when the 'Possession' is given in pursuance of an agreement to transfer, the chargeability crystallises.

Therefore the words in the Development agreement also play an important role in determining the income. The intention and action must be carefully thought out.

In ACIT Vs. Mrs. Geetadevi Pasari (2006) 104 TTJ 375 (Mum)—Held that Agreement with possession gives taxable income. Not on handing over of completed flats.

Vemanna Reddy (HUF) Vs. ITO (2008) 1 DTR 321 (Bang)- confirmed the above.

The Madras High Court in the case of **CIT Vs. G. Saroja (2008) 301 ITR 124 (Mad)** held that sec. 2(47) comes into operation only if the conditions of Sec. 53 A of the Transfer of Property Act are satisfied, with a written agreement.

Some other cases relevant to this are as follows:-

Sec.2(47) applies only for "Capital Asset-Transfer." In other words stock in trade transfer is not hit by Sec.2(47) and the Capital gain chapter is not applicable.

It is pertinent to note that, Sec.45(3) permits a partner to bring in a Capital Asset into the Partnership Firm, as his contribution at a value as he likes. i.e., The Value that is recorded is taken as the consideration, for calculating the capital gains.

Here a question may arise whether Sec.50C can be applied to such a transfer or not. Sec.50C applies only, where the value is assessable or assessed by State Government authority. Here a partner's contribution is not an assessable transaction. 50C being a deeming provision, cannot override the specific provision of Sec.45(3). **Held so in Carlton Hotels Pvt. Ltd. 122 TTJ 515 (Lucknow).**

As per sec.2(47)(iv) coupled with Sec.45(2) conversion of a Capital asset into stock in trade, is a transfer liable for capital gain at Fair Market Value. **"Fair market value is defined in Sec.2(22B)."**

The Assessing Officer can refer a capital asset to the Valuation Officer for ascertaining the Fair market value. **"As per rule 111(AA), where the percentage of difference is 15%."**

However when a Capital asset is converted into stock in trade, the tax has to be paid only in the year when it is sold, may be in the subsequent years. Here the profit on sale is taxed in two components – capital gains and business profits. The difference between the cost of acquisition of the property and the market value as on the date of conversion is taxed as capital gains and the difference between this market value and the sale consideration is taxed as business profits.

Here for understanding the complexity we can imagine different situations as follows:

The Land Owner retains the land as Capital Asset

1. The land owner enters into a Development agreement and is getting to his share a fixed monetary consideration.
2. The land owner entering into a development agreement, wherein the consideration is fixed as a percentage of the built up area in the super structure. Even here, selling the super structure after completion and before completion makes the difference.
3. The land owner is contributing the land as his capital and joining in a partnership firm with the developer. The Firm transfers the part of Built up area to partner, when he is going out. Firm is transferring its current asset.

A.L.A. Firm Vs. CIT 189 ITR 285 (SC)- at Fair Market value it has to be done.

Here Sec. 45(4) is not applicable. It applies only for Capital assets of the Firm. Even then it should be at Market Value only.

In case the partner takes cash only and is coming out, even if he receives

money over and above the balance in his capital account, it is not taxable in his hands. **Held so in:- Tribuvandas G.Patel Vs. CIT. 236 ITR 515 (SC) and CIT Vs. R. Lingamallu Raghukumar. 247 ITR 801 (SC)**

When a partner retires from a partnership what he receives is his share in the partnership which is worked out and realized and does not represent consideration received by him as a result of the extinguishment of his interest in partnership assets. **[CIT vs. Mohanbhai Pamabhai 91 ITR 393 (Guj)].**

4. Entering into a Joint Venture agreement wherein the land owner gets to his share a specified percentage of the total sale proceeds.

The Land Owner retains the land as Current Asset

1. The land owner to avoid Sec. 50-C, converts the land into a current asset and then enters into a development agreement. Exchange of current asset to Built up area and then sells the same.

In R. Gopinath (HUF) VS. CIT (2010) 42 DTR 127 (Chennai ITAT) it was held when the Flats are sold only the 'Capital gains' arising on conversion of capital asset into stock in trade are liable for tax.

2. The land owner is already a partnership firm, owning the land as current asset.

Admits developer-partners. Stock in trade transfer to Partnership Firm is examined in the case of:-

DLF Universal Ltd Vs. DCIT 123 ITD 1. It should be at Market Value.

In all the above situations the tax liability in the hands of land owner arises in different ways.

Some more Important Issues

1. At the time of dissolution of firm if the business is not discontinued and is taken over by one partner, the closing stock can be taken at cost. **Chunilal Khushaldas Patel Vs CIT 66 ITR 522 (GUJ HC)**
2. In a case where in the MOU or the agreement it is stated that on handing over of completed apartments only, the possession/ownership will get transferred, then Capital gain will arise at the end only.
3. If a person holding the land for a long period, after purchase and merely sells the land as house plots he is not supposed to have carried on the business. **Held so in CIT Vs. Sohan Khan 304 ITR 194 (Rajasthan).**
4. If the land owners remain as mere sellers of land, in the MOU the clauses must be carefully drafted to mean that the possession/ ownership will get transferred only on last payment/ handing over of the completed apartments. **Dy CIT Vs. Asian**

HANDS ON PRACTICAL WORKSHOP IN "ADVANCED EXCEL FOR CHARTERED ACCOUNTANTS"		
Sunday, February 19, 2012 09.30 a.m. – 05.30 p.m.	CPE Credit 6 HOURS	ICAI Bhawan, No.122, M.G. Road, Nungambakkam, Chennai - 600034
Course Contents:	Resource Person: CA. Gopal Krishna Raju, Chennai	
<ul style="list-style-type: none"> ◆ Absolute & Relative Referencing ◆ Filters & Data Sorting ◆ Pivot Tables ◆ LOOKUP Functions ◆ Logical, Date/Time & Text Functions ◆ Advanced Filter ◆ Goal Seek ◆ Advanced Sorting Data ◆ Advance Validations 	<ul style="list-style-type: none"> ◆ Scenarios ◆ Nesting Functions ◆ Linking Workbooks ◆ Using Auditing Tools ◆ Sharing and Protecting Workbooks ◆ Exporting and Importing Data ◆ Macros ◆ Case Studies on Taxation, Financial Management 	
DELEGATE FEE: ₹ 750/- Seats limited to 50 only on first-come-first-serve basis.		
Delegate fee by way of Cash/Cheque/DD drawn in favour of 'SIRC of ICAI' payable at Chennai shall be sent to SIRC of ICAI, ICAI Bhawan, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034. Phone: 044-30210320 Email: sirc@icai.in		
CA. S. Murali, Secretary, SIRC 098947 28200	CA. K. Shanmukha Sundaram, Chairman, SIRC 094433 49727	

Distributors Ltd., (2001) 70 TTJ 88 (Mumbai Tribunal). By this Long Term Capital Gain will arise at a later period.

5. Merely selling the partly finished apartments, shops etc., will not give income to Firm. Only on completion of Apartments and handing over to purchasers, Profit/income accrues to firm. For sale of plots also till the total expenses of development as agreed are incurred, profit cannot be ascertained. **CIT Vs. Shah Construction Co Ltd 237 ITR 814 (Bombay).**
6. Sec. 54 exemption. Two Flats adjacent to one another. To be taken as one house only. **CIT another Vs. D. Ananda Basappa (2009) 309 ITR 329 (Karntk)**
7. Rents of shops is taxable as House property income only.
8. Tenancy rights exchange – is also liable for capital gains. As per Sec. 55(2) tenancy right is a capital asset, liable for tax. **CIT Vs. D.P. Sandu Bros. Chembur P. Ltd. 273 ITR 1.(S.C.)**
9. Apartment owners allow the Developer to construct additional floors, taking money, as new rules permit extra FSI. This money is not liable for tax. **Maheswar Prakash-2 Co-op Housing Society Ltd Vs. ITO (2008) 24 SOT 366 (Mum); New Shailaja Co-op Housing Society Ltd Vs. ITO (Mum) 121 TTJ62; and CIT Vs. Late David Lopes Menezes (2010) 195 Taxman131 (Mum)**
10. Agricultural land sale:- Cost of acquisition at the Market value when

it has become a Capital Asset shall be taken. Held so in **CIT Vs. S. Hoshnak Singh (HUF) 292 ITR 390 (P &H); and CIT Vs. Gurcharan Singh 292 ITR 387 (P &H)** Held No in **Kesavji Karasondas Vs CIT. 207 ITR 737 (Bom); and Shakti Insulated Wires Ltd. Vs. JCIT. 87 ITD 56 (Mumbai Trib)**

Accounting for Real Estate Projects

a) For contractors undertaking real estate projects:

The profit earned by a contractor depends upon the quantum of work done. In respect of construction contracts entered into by contractor ('the contractor'), Accounting Standard (AS-7) (revised) issued by The Institute of Chartered Accountants of India (ICAI) requires recognition of revenue and expenses only by the 'percentage of completion method'. Under this method, the contract revenue is matched with the contract cost incurred in reaching the stage of completion. Consequently, the revenue, expenses and profit is reported to the extent attributed to the proportion of work completed.

Paragraph 21 of AS 7, stated that "when the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date."

Unlike erstwhile AS 7, the revised standard does not prescribe any threshold for revenue recognition under percentage completion method. However, revised AS 7 does recognize that in early stages of a contract, the outcome of a contract cannot

be estimated reliably and hence profit is not recognized, but losses are accounted for.

b) For builders/ developers undertaking construction on their own real estate projects.

AS-7 (revised) does not apply to enterprises that are construction properties on their own account ("building/developers"). In case of builder construction his own property, he can earn the profit only when the space constructed is sold. The revenue recognition and valuation of inventories of such real estate transactions are covered under AS-9 and AS-2 respectively. Under paragraph 11 of AS-9, the revenue on sale of the property is recognized when the significant risk and rewards of ownership is transferred to buyer and when there is no significant uncertainty regarding amount of consideration. Under AS-2, corresponding cost of construction the property is carried as inventory and is expensed out in Profit and Loss account on sale.

Usually in practice, the developers constructing real estate, starts selling the individual units while construction is still in progress. As per paragraph 4 of Guidance Notes issued by ICAI on 'Recognition of Revenue by Real Estate Developers' (Guidance Note), in case where agreement for sale is executed prior to completion of construction and the seller has transferred all significant risk and reward of ownership to the buyer, any further acts performed by the builder is on behalf of the buyer in a manner similar to a contractor and revenue is recognized by applying percentage of completion method as under AS-7, construction contract.

Accounting issues relating to real estate projects

1. Revenue recognition where agreement for sale is executed prior to completion of construction

Under paragraph 7 of the Guidance Note, price risk is generally considered to be one of the most significant risks. Even though the legal title is not passed or possession of the real estate is not given to the buyer, all significant risks and rewards of ownership is considered to be transferred, if the seller has entered into a legally enforceable agreement for sale with the buyer.

However, the guidance note states that revenue recognition in each case would depend on the facts and conditions in the agreement. As per para 7(b) of the Guidance Note, one of the mandatory conditions is that "the buyer has a legal right to sell or transfer his interest in the property, without any condition or subject to only such conditions which do not materially affect his right to benefits in the property".

WORKSHOP ON INTERNATIONAL FINANCE		
Friday, February 17, 2012 08.30 a.m. – 05.30 p.m.	CPE Credit 6 HOURS	P. Brahmayya Memorial Hall ICAI Bhawan, No.122, M.G. Road, Nungambakkam, Chennai - 600034
Registration - 08.30 a.m. to 09.30 a.m.		
DELEGATE FEE		
Members & Non-Members - ₹ 1000/- ARS Members - ₹ 500/-		
Delegate fee by way of Cash/Cheque/DD drawn in favour of 'SIRC of ICAI' payable at Chennai shall be sent to SIRC of ICAI, ICAI Bhawan, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034. Phone: 044-30210320, Email: sirc@icai.in		
Technical Sessions Derivative – Interest Rate Risk Management CA. V. Pattabhi Ram, Chennai. Derivative – Foreign Currency Risk Management CA. V. Annapoorna, Chennai. International Investment Appraisal CA. R. Sivakumar, Chennai. Vodafone Case – Issues CA. T. Banusekar, Chennai.		
CA. S. Murali Secretary, SIRC 098947 28200	CA. K. Shanmukha Sundaram Chairman, SIRC 094433 49727	

Accordingly, there cannot be a mandatory application of recognizing revenue on percentage of completion in all cases on point of executing sale agreement with customer. In circumstances where the sale agreement has a clause restricting the buyer from further executing the sale till possession or till expiry of certain period, the risk and reward of ownership will not get transferred to the buyer on mere execution of sale agreement. Consequently, in those circumstances, recognition of revenue need to be deferred till possession or expiry of such period when the buyer has a legal right to sell or transfer his interest in the property. However, a mere restriction of payment by way of transfer fee to the builder before sale cannot be considered as restriction. The enterprise should be able to demonstrate that in practice, there are no transfers, unless in an exceptional circumstances.

2. Threshold for revenue recognition.

Present accounting policy of many real estate company states that “profit is recognized and taken as revenue of the year only when the work on the contract has progressed to a reasonable extent”. However, the practice with regard to the exact threshold percentage for recognition of revenue varies form 20 to 30% of the project completion.

3. Agreements granting development rights

One of the popular modes of developing property is by way of an agreement granting development rights. Under development agreement, the land owner retains the ownership and gives permission to developer to enter upon his land, construct the building; and sell the flats so constructed. In consideration for granting the development rights, the land owner may agree for a lump sum consideration or share in property constructed. In substance, where the builder acquires possession of the property for construction under a development agreement, he is constructing the real estate on his won. In such case, the monetary and/or non-monetary consideration for acquisition of development rights will be included as project cost of the developer. The developer will up-front recognize liability for the non-monetary consideration payable to the landowner, which will get discharge as the property is developed/sold. The fact that the land ownership is not changed in the municipal records does not change the nature of the transaction.

4. Project development expenses.

Many a times the real estate companies incur significant cost for construction of sample flats outside the actual project building. These sample flats are of temporary nature and later are discarded. Some real estate companies treat it as part of the project development expenses and

inventories. However, it is possible to view these as selling expense and hence required to be charge off. Paragraph 19(b) of AS 7(revised) and paragraph 13(d) of AS 2, both state that selling cost cannot be inventories. It would perhaps be more appropriate to treat these as temporary structures under fixed assets and depreciated over the project period.

Further, considering that real estate takes substantial time to get ready for its intended use, it is a qualifying asset for capitalization of borrowing cost under AS 16. The borrowing and/or construction can be capitalized as part of the project cost. However, capitalization of borrowing costs needs to be suspended in the period during which the active development is delayed due to, other than temporary interruption.

Another area relates to various common amenities like health club, temple, car parking, etc. being provided by the builders. These are generally promised as a part of sale consideration to the buyers and hence transferred without additional cost to the society, when formed. In such case, these would form part of the project cost and get allocated to the saleable area when recognizing revenue. However, at times, the builders may intend to construct and retain these facilities for providing services e.g. constructing and running school in the neighborhood. The cost of such facilities contracted could not be then included under project expenses, but capitalized as fixed assets of the developer. ■

CPE SEMINAR ON CENTRAL STATUTORY AUDIT OF BANKS		CPE Credit 6 HOURS
Saturday, February 25, 2012 - 08.50 a.m. to 05.00 p.m.		Hotel Rain Tree, Anna Salai, Chennai.
Inauguration - 09.30 a.m. to 10.30 a.m.	Panel Discussion	
Chief Guest: Eminent Dignitary	Mr. Jagan Mohan Rao , RBI, Mumbai CA. M. Naganathan , Chennai and other eminent Professionals	
Technical Sessions	DELEGATE FEE	Members & Non-Members - Rs.2700/-
AFI of RBI and Statutory Auditors Responsibility Mr. N.S. Viswanathan , Regional Director, RBI, Chennai	Registration: 08.50 a.m. to 09.30 a.m. Delegate fee by way of Cash / Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai shall be sent to SIRC of ICAI, ICAI Bhawan, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034. Phone: 044-30210320; Email: sirc@icai.in	
Issues regarding Consolidation Mr. P.N. Viswanathan , DGM, CCFD, SBI, Chennai		
Audit in CBS Environment, Mr. Jagan Mohan Rao Chief General Manager Dept. of Banking Supervisions RBI, Mumbai		
Accounting Standards, Reporting & Compliance CA. S. Santhanakrishnan , Central Council Member, ICAI	Secretary, SIRC	Chairman, SIRC

CPE SEMINAR ON BANK BRANCH AUDIT		CPE Credit 6 HOURS
Saturday, March 3, 2012 - 8.50 a.m. to 5.00 p.m.		Hotel Le-Royal Meridien GST Road, St. Thomas Mount, Chennai-16.
Inauguration : 9:30 a.m. to 10:30 a.m.	Technical Sessions	
Chief Guest: Mr. T.M. Bhasin , CMD, Indian Bank	Audit Planning & Documentation CA. H. Anil Kumar , Bangalore	
DELEGATE FEE: ₹ 2200/-	Audit In CBS Environment CA. Rajeshwari S. , Chennai	
Delegate fee by way of Cash / Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai shall be sent to SIRC of ICAI, ICAI Bhawan, No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034. Phone: 044-30210320, 321; Email: sirc@icai.in	Advances, Prudential Norms and Asset Classifications CA. V. Chandrasekaran , Chennai	
	Reporting, Compliance and related issues CA. Amarjit Chopra , New Delhi, Past President-ICAI	
Secretary, SIRC	Chairman, SIRC	

Legal Decision Update – Direct Taxes

CA. K.S. Satish
Mysore
ks.satish.55@gmail.com

Charitable Institution

Where the assessee, running educational institutions and registered under section 12A, gave loans amounting to Rs. 1.28 crores to another society carrying on charitable activities of education, the assessee did not violate the provisions of section 13(1)(d) read with section 11(5) by giving the said loan as the loan was neither an investment nor a deposit and exemption under section 11 could not be denied to the assessee on the ground that the assessee had violated section 13(1)(d) held the Lucknow 'A' Bench in **Kanpur Subash Shiksha Samiti v. DCIT (2011) 133 ITD 182 (Luck)**.

Income from Salary

In **Yatindra Kumar v. ITO (2011) 133 ITD 237 (Pune)** where the facts were that the assessee was employed as a secretary of a club for three years, the club also provided him accommodation, pursuant to dispute between the club and the assessee, he filed a police complaint against the club for forcibly removing him from the club premises, the club terminated the employment of the assessee after the end of the first year, the letter of termination provided, inter alia, that on retirement of the assessee, the club would pay him Rs. 7.5 lakhs equivalent to the salary for 25 months being the balance period of the three years of employment initially agreed upon and the assessee accepted the offer and received Rs. 7.5 lakhs from the club, the Pune Bench opined that as the said sum was paid by the club to the assessee for compensating the loss of salary for 25 months and in connection with the termination of his employment, it constituted compensation within the meaning of section 17(3)(i) relating to profits in lieu of salary and was, therefore, taxable.

Depreciation

The Delhi 'G' Bench has in **Sony India (P) Ltd. v. Addl. CIT (2011) 141 TTD (Del) 432** taken the view that licence for use of computer software is an intangible asset as per Part B of Appendix I to rule 5 and, therefore, the licence fees paid therefor by the assessee is entitled to depreciation @ 25%.

Section 40A(3)

In **Koottummal Groups v. ITO (2011) 133 ITD 335 (Coch)** where the assessee, a distributor for products of Reliance Communications Infrastructure Ltd.,

made payments to the latter by directly depositing cash in its bank account, the Cochin Bench held that as the relationship between the company and the assessee was that of principal and agent, the question of allowance of any expenditure in respect of purchases did not arise and, therefore, section 40A(3) did not apply irrespective of the mode of payment.

Capital Gains

The Chennai 'A' Bench (Third Member Bench) has in **ITO v. Smt. Usha Ramesh (2011) 133 ITD 67 (Chn) (TM)** opined that the guideline value obtained from the office of the Sub-Registrar is one among the guiding factors and it need not be the market value all the time, that the market value is determined by so many external factors including the prevalent market conditions and that a detailed enquiry is required to arrive at a reasonable fair market value of the property as on 1.4.1981 for purposes of section 55(2).

Section 80-G

Where the assessee-trust filed an application for renewal of approval under section 80-G(5)(vi) on 15.10.2009 and the Commissioner passed an order rejecting the application on 30.4.2010, the Commissioner failed to take appropriate action in the matter within the time prescribed by rule 11AA(6) and, therefore, the assessee is legitimately entitled for renewal of approval under section 80-G(5)(vi) as applied for under the Amritsar Bench in **S. Lakha Singh Bahra Charitable Trust v. CIT (2011) 133 ITD 201 (Asr)**.

Rejection of Accounts

In **Kesharbhair Ghamarbhair Chaudhury v. ITO (2011) 141 TTD (Ahd) (UO) 94** where the Assessing Officer rejected the books of account of the assessee plying four tankers and estimated the income by enhancing the receipts shown by the assessee and disallowing various expenses claimed by the assessee which was partly reduced by the Commissioner (Appeals), the Ahmedabad 'B' Bench observed that section 44AE provides a good guideline for estimation of the income of a transporter owning less than ten goods carriages and held that there was no justification for not estimating the income of the assessee as per the formula prescribed in section 44AE.

Reassessment

A prima facie reason to believe that income has escaped assessment is necessary to

reopen an assessment and not a conclusive view that income has escaped assessment and the mere fact that the issue in dispute has been decided by the Commissioner (Appeals) for the earlier assessment years cannot be a fetter to the Assessing Officer in exercising his jurisdiction under section 147 ruled the Chennai 'A' Bench (Third Member Bench) in **ACIT v. Tube Investments of India Ltd. (2011) 133 ITD 79 (Chn) (TM)**.

Interest under Section 201(1A)

The Lucknow 'B' Bench has in **ICICI Bank Ltd. v. DCIT (2011) 141 TTD (Luck) 380**, where the assessee deposited the tax deducted at source in the Union Bank of India which was authorised to collect tax through pay order dated 4.7.2008 and the same was collected by the latter on 7.7.2008 which was the due date for payment but was credited to the Central Government by it on 8.7.2008, expressed the view that the date of payment is deemed to be 4.7.2008 as per Circular No. 261 of 8.8.1979 issued by the Central Board of Direct Taxes and not 8.7.2008 and, therefore, interest under section 201(1A) was not chargeable.

Penalty

In **Rajendra Suryavanshi v. ACIT (2011) 141 TTD (Pune) 620** where the assessee, an individual, received cash on various dates during the year aggregating to Rs. 28.34 lakhs from his Hindu undivided family under the bona fide belief that the transactions being between two entities controlled by the same person were exempt from the requirements of section 269SS and there was no material to show that the transactions were carried out with an intention to avoid or evade taxes, the Pune 'A' Bench took the view that the assessee had reasonable cause for his failure to comply with the provisions of section 269SS and, therefore, penalty under section 271D was not leviable. ■

SIRC OF ICAI CONGRATULATES

CA.Y.H. MALEGAM, Past President, ICAI on his being conferred the **Padma Shri Award** by Government of India.

CA.V.MURALI, FCA, AICWA, Chairman, Board of Studies, ICAI on his appointment as **Member** on the **Board of Studies** for a period of 3 years by the University of Madras.

GLIMPSE OF PROGRAMMES AND ACTIVITIES OF SIRC OF ICAI

FEBRUARY 2011 to FEBRUARY 2012



Chairman, SIRC assuming office on February 20, 2011



Chairman, SIRC assumed office on February 20, 2011



Meet with President and Vice-President, ICAI programme on February 20, 2011



Public Meeting on Union Budget 2011 on March 2, 2011



CPE Seminar on Central Statutory Audit of Banks on March 11, 2011



CPE Seminar on Bank Branch Audit on March 12, 2011



Inauguration of Diamond Jubilee Celebrations of SIRC of ICAI at Chennai on April 25, 2011



Releasing of Diamond Jubilee Logo of SIRC of ICAI at the Inaugural function on April 25, 2011



Orientation Programme for Chairmen of Branches of SICASA on April 25, 2011



National Residential CPE Seminar at Munnar from April 29 to May 1, 2011

GLIMPSE OF PROGRAMMES AND ACTIVITIES OF SIRC OF ICAI

FEBRUARY 2011 to FEBRUARY 2012



National Seminar on XBRL- Extensible Business Reporting Language on May 1, 2011



Orientation Programme for Chairmen, Vice-Chairmen & Secretaries of Branches of SIRC on June 27, 2011



CA Day Celebrations on July 1, 2011



Walkathon on CA Day on July 1, 2011



Blood Donation Camp on July 1 & 2, 2011



CPE Workshop on Appeals to CESTAT on July 8 & 9, 2011



CPE Interactive Session with CPC Officials on July 16, 2011



Independence Day Celebrations at ICAI Bhawan, Chennai on August 15, 2011



Inauguration of 43rd Regional Conference of SIRC of ICAI on August 19 & 20, 2011



Release of Souvenir at the 43rd Regional Conference of SIRC of ICAI on August 19 & 20, 2011

GLIMPSE OF PROGRAMMES AND ACTIVITIES OF SIRC OF ICAI

FEBRUARY 2011 to FEBRUARY 2012



BSE SME & SIRC of ICAI programme with HCCI, Ind Bank Merchant Banking and Key Note on September 10, 2011



All Regions Joint Regional Conference on October 14 & 15, 2011 at Nagpur



V. Sankar Aiyar Memorial Lecture on October 19, 2011



Sub-Regional Conference & Diamond Jubilee Conference at Hyderabad on November 18, 2011



Mega CA Career Awareness Programme on November 23, 2011 at Nagercoil



Sub-Regional Conference & Diamond Jubilee Conference at Guntur on December 1, 2011



7th Social Get-together of ICAI Employees' Association on December 2, 2011



Sub-Regional Conference & Diamond Jubilee Conference at Ernakulam on December 9, 2011



Sub-Regional Conference & Diamond Jubilee Conference at Hubli on December 16 & 17, 2011



Sub-Regional Conference & Diamond Jubilee Conference at Bangalore on December 23 & 24, 2011

GOLDEN JUBILEE CONFERENCE OF HYDERABAD BRANCH OF SIRC OF ICAI

January 20 & 21, 2012 - Hyderabad.



Chief Guest Dr. Daggubati Purandeswari, Hon'ble Union Minister of State for HRD with CA. Jaydeep Narendra Shah, Vice President-ICAI CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI, CA. Venkateswara Rao Adusumilli, Chairman-Hyderabad Br., Central Council Members of ICAI, Office Bearers and Regional Council Members of SIRC, Office Bearers and Managing Committee Members of Hyderabad Br..

SUB-REGIONAL & DIAMOND JUBILEE CONFERENCE OF SIRC OF ICAI

January 21, 2012 - Visakhapatnam



CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI inaugurated. (L-R): CA. Gopal Krishna Raju, Member-SIRC, CA. C.M. Ravi Prasad, Immediate Past Chairman, CA. N.N.S. Prakash, Member, CA. D. Prasanna Kumar, Member-SIRC & Ex-officio Member, CA. P. Vikram, Chairman, CA. P.V.S.P. Kumar, Secretary and CA. M. Sudheer, Chairman-SICASA of Visakhapatnam Branch.



CA. G. Ramaswamy, President-ICAI releasing the Souvenir on February 3, 2012 at the 6th Annual Conference of Salem Branch of SIRC of ICAI at Salem. (L-R): CA. V. Madhukar, Secretary, Salem Branch, CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI, CA. M. Sekar, Salem Branch and CA. P.V. Rajarajeswaram, Member, SIRC.

BLOOD DONATION CAMP

January 21 & 22, 2012 -Chennai .



Blood Donation Camp in association with Hemophilia Society-Madras Chapter, Lions Club of Anna Nagar II Avenue, Lions Club of Madras Metro West and Rotary Central TTK VHS Blood Bank, Chennai.

Resource Persons at the CPE Study Circle Meetings

January 2012 at SIRC Chennai.

Jan. 4, 2012



CA. K.S. Satish Mysore

Jan. 11, 2012



CA. Vijay Anand V. Chennai

Jan. 18, 2012



CA. T.G. Suresh Chennai

Jan. 25, 2012



CA. S. Kannan Chennai

Resource Persons



CA. Chandrasekhar Gokhale Hyderabad



CA. B.V. Rao Visakhapatnam



CA. Gopal Krishna Raju Chennai

REPUBLIC DAY CELEBRATIONS

January 26, 2012 - Chennai.



CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI hoisting the National Flag in the presence of CA. P.R. Aruloli and CA. Gopal Krishna Raju, Members-SIRC and invitees.



CA. V. Annapoorna, Chennai, Gold Medalist in CA. Final Examinations delivering the special address to the students.

Resource Persons at the Workshop on Internal Audit

January 28, 2012, Chennai



CA. Gita Srivatsan Coimbatore



CA. Jayashree Venkatesh Coimbatore



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Multi-Disciplinary Partnership

[A Wake up call to Small and Medium Practitioners]

What is MDP? A multi-disciplinary partnership practice that includes CAs, CSs, CMAs and other notified professionals and has one of its objectives to provide attestation services to client(s) other than the MDP itself or that holds itself out to the public as providing attest as well as non-attest services. It includes an arrangement by which a professional firm joins with another professional firm to provide services including attest services, and there is a direct or indirect sharing of profits as part of arrangement.

I. Prologue :

Corporate hospitals, Multi-brand chain stores, Mega stores/malls, etc., consumers/service receivers prefer one stop solution/single search for their needs. Past six decades Chartered Accountants have been practicing as individuals, proprietary firms, and partnership firms and quite recently in corporate form explicitly rendering management consultancy and other services (MCS). Thanks to latest MCA circulars and the CA Amendment Act 2011 [very recently passed in Lok Sabha on 19th December 2011], the spheres of practice entities are now widened.

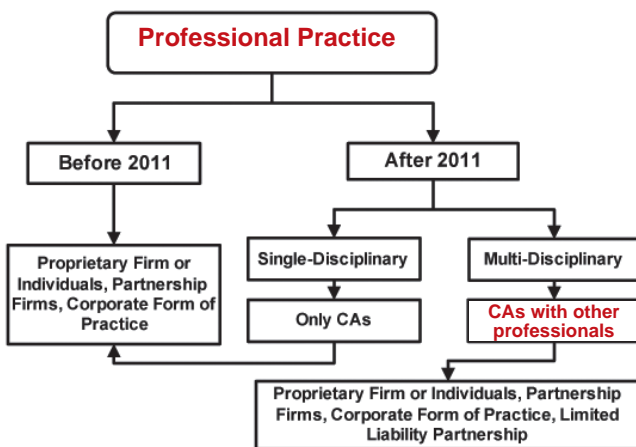


Figure 1: Single & Multi-Disciplinary

The need for multi-disciplinary firms is a long pending wish, since every business requires multifarious professional services. In reality rendering all services under one roof is experienced today by professional firms because of mergers, networking and informal associations. Section 25 of the CA Act, 1949, makes

it very clear that no company shall practice as CAs and section 226(3)(a) of the Companies Act disqualifies a body corporate from appointment as Auditor by a Company. Thanks to MCA [Circular No: 30A/2011 dated 26.05.2011] clarification that LLP of CAs will not be treated as Body Corporate for the limited purpose of section 226(3)(a) of the Companies Act.

Further, section 226(1) of Companies Act provides that only CAs can be appointed as auditors of a company and the proviso further mandates that if a firm is appointed as auditor all the partners practicing in India are CAs. In the proposed Companies Bill equivalent clause is 141(1) which relaxes this mandate by suggesting that if majority of partners (our understanding is 51% and above) in a firm are qualified CAs. Since, the Companies Bill did not find its way in 2011 winter session; proposal for amending the existing Companies Act shall be made in future.

II. Three Phases of Changes:

From 1949 till 2006 is phase 1 of CA Act, which enforced ethical impediment in the form of Part I of First Schedule of the Chartered Accountants Act, 1949 restricting professionals to gyrate in a closed smaller orbit. Then through 2006 amendment in CA Act [Similar amendments are made in CS Act and CWA Act at par], Part I of First Schedule was amended by relaxing the clause (2), (3), (4) and (5) by including such other person who is a member of any other professional body having such qualifications as may be prescribed.

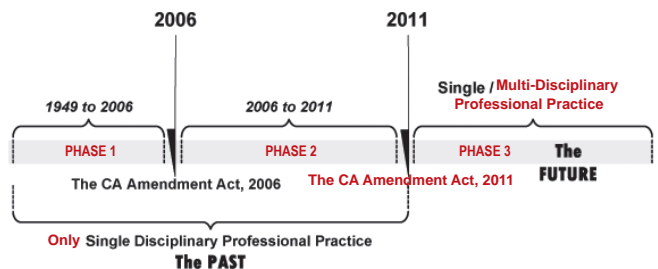


Figure 2: Three Phases of Changes in CA Act

The Council of ICAI deliberated on the need to recognise members of other professional bodies by amending the CA Regulations, 1988 [Notification: No.1-CA(7)/116/2008 dated 25th Sep 2008] to recognise members of the professional bodies (Regulation 53A) viz. ICSI; ICWAI; Bar Council of India; The

Indian Institute of Architects; and The Institute of Actuaries of India and persons qualified in India as B.E / B.Tech / B. Arch / B.L from an university established by law or an institution recognised by law; and MBA from universities established by law or technical institutions recognised by AICTE for purposes of items (2), (3) and (5) of Part I of the First Schedule to the Act.

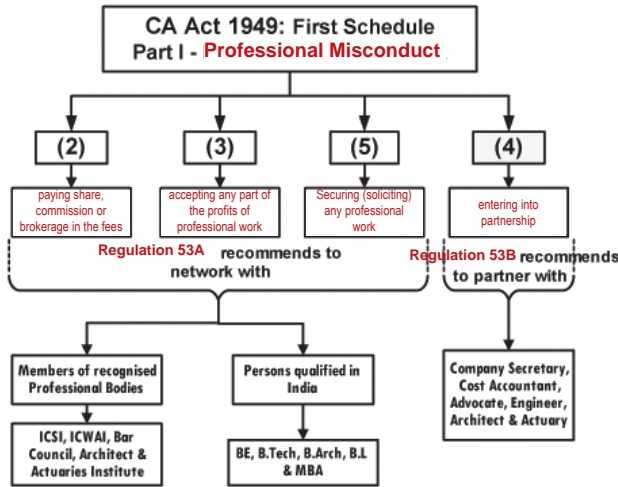


Figure 3: Professional conduct scope widened

Further, ICAI Council has notified (CA Regulation 53B) activation of six-tentacle multi-disciplinary Partnerships, with *Company Secretary, Cost Accountant, Advocate, Engineer, Architect; and Actuary* professionals for the purposes of item (4) of Part I of the First Schedule to the Act [Notification: No.1-CA(7)/116/2008 dated 25th Sep 2008]. Thus, the ethical barrier hitherto existing will get relaxed to that extent. Similar relaxation shall be granted later by amendment to CA Regulations as and when the Council considers members of some other discipline as eligible for admission into the MDP [CA Regulation 53A(2)]. Outside India ICAI has entered into 3 Mutual Recognition Agreement (MRA) and 5 Memorandum of Understanding (MOU). The regulation shall allow members of ICAI to enter into partnership even with members of such foreign bodies/institutions [CA Regulation 53B(2)]

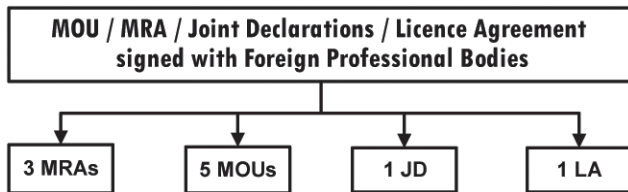


Figure 4: Mutual Recognition Agreement with Foreign Bodies

MoU / MRA / Joint Declarations signed with Foreign Bodies

1. MRA with *The Canadian Institute of Chartered Accountants (CICA)*, *CPA Ireland* and with *CPA, Australia*
2. MOU with *Higher Colleges Of Technology, Ministry Of Higher Education And Scientific Research, UAE*; *The Institute of Chartered Accountants in Australia*; *University of Djibouti*; *The Institute of Chartered Accountants in England and Wales (ICAEW)* and latest (7th JAN 2012) with *The Association of International Accountants (AIA)*

3. *Joint Declaration with The Bahrain Institute of Banking and Finance AND*

4. *License Agreement with ISACA*

III. Corporate Form of Practice:

A CA firm requires the services of other professionals more in respect of management consultancy services than in core areas such as taxation, auditing and assurance services. Till 30th Sep 2006 on incorporation of a company, a CA in practice could be a promoter and a Director Simpliciter. However, if he had to hold the office of MD or WTD or Manager, he had to obtain special permission of the Council, provided he and his relatives did not hold substantial interest in such company. If substantial interest was held, then such position could not be occupied unless he surrendered the COP. This condition was relaxed by the Council with effect from 1st Oct 2006 onwards.

As per the Council decision, members in practice are allowed to hold the office of MD, WTD or Manager of a company, provided the company is exclusively rendering management consultancy and other services (MCS) permitted in pursuance of Section 2(2)(iv) of the CA Act, 1949. This decision allows members to hold positions in MCS and regards such members as being in full-time practice and therefore they can continue to do attest function besides training articled assistants as per the eligible norms. So far in SIRC-ICAI only two-digit MCS companies are incorporated by members. For popularising the concept of corporate practice the Committee on Capacity Building of ICAI is taking arduous efforts to reach and encourage members.

[Refer: Guidelines on Corporate Consultancy practice published in October 2006 (page 629) issue of 'The Chartered Accountant' (<http://220.227.161.86/9944614-627.pdf>)]

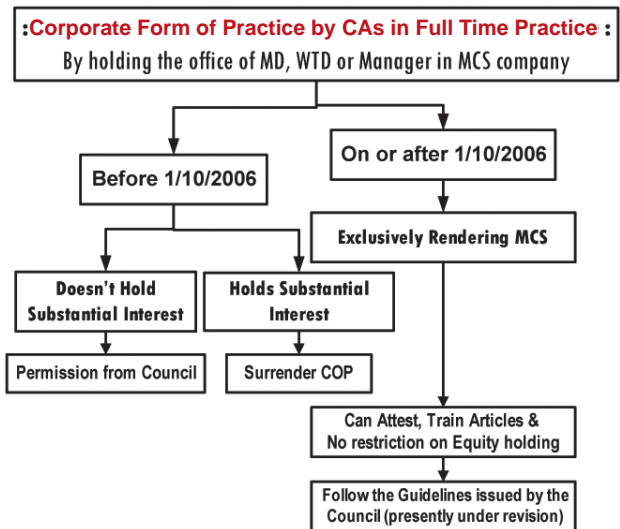


Figure 5: Corporate Form of Practice – MCS Company

IV. Capacity building:

In Southern Region of ICAI (as on 25th Jan 2012) 61% members are in practice and 39% members are in industry. Out of 2829 firms only 192 firms (6.8%) are with 7 and above partners. 2206 firms (78%) are with 2 and 3 partners only. From individual focus the need has come for firm based focus with multi-disciplinary strength in the firm.

Table 1: Showing number of partnership firms & merged partnership firms in Southern Region of ICAI (as on 25th Jan 2012)

PARTNERS	2	3	4	5	6	7	8	9	10	11	12	13	14	17	18	20	Total
Firms	1623	549	233	101	65	57	33	31	15	13	-	-	-	1	-	1	2722
Merged Firms	20	14	13	11	8	5	7	6	6	6	3	2	2	-	2	2	107
COUNT	1643	563	246	112	73	62	40	37	21	19	3	2	2	1	2	3	2829
%	58.1	19.9	8.7	4.0	2.6	2.2	1.4	1.3	0.74	0.67	0.11	0.07	0.07	0.04	0.07	0.11	100

The irony is as the number of partners' increases from 2 to 20, the number of firms' decreases in descending order. The objective of LLP act, latest amendment in CA Act 2011 and the proposed MDP code/guidelines is to make the number of firms in ascending order as the number of partners' increases.

Table 2: Showing distribution of proprietary & partnership firms in Southern Region of ICAI (as on 25th JAN 2012)

Cities	Proprietary	Partnership	Total
Chennai	975	788	1763
Bangalore	1189	482	1671
Hyderabad	646	420	1066
Kochi	149	112	261
Other Cities/ Towns	2021	1027	3048
TOTAL	4980	2829	7809

Out of 7809 firms, for networking only 42 firms have come together to form 11 affiliates in South India. Bangalore city is ranking first in maximum number of proprietary firms and Chennai city is ranking first in maximum number of partnership firms.

Specialisation is the order of the day. When professionals who specialise in each field, but belonging to different disciplines are able to align through MDP status, the firm gets empowered to accept work of larger magnitude and challenges. Innovation and immense value addition imprinted in the services will definitely enhance the image and reputation of the MDP.

Table 3: Showing Membership statistics of Southern Region of ICAI (as on 25th Jan 2012)

Membership magnitude	Number	%
Total number of Members	39,569	100.0%
No of Male Members	32,967	83.3%
No of Female Members	6,602	16.7%
No of Members in Practice (Male & Female) including part-time practice	24,089	60.9%
No of Members in Service (Male & Female)	15,480	39.1%

If experts of many disciplines come together as partners by establishing a MDP, the client need not run from pillar to post to get a wide range of services. All the needs of a client organisation in promoting an entity, registration with authorities, getting licences, project initialisation; funding across the globe, restructuring, mergers, acquisitions and amalgamations; system designing and implementation; business process re-engineering and the task of complying with the plethora of requirements prescribed under various statutes can all be effectively handled under one umbrella by the MDP.

Transfer of data and information about the client from one division to another division within the same firm as inputs for rendering further service is much easier and faster than obtaining the same from another firm or agency. In this context too, the client is better placed in engaging a MDP in contrast to a single-discipline firm to save time and avail composite services in an expeditious manner.

Expansion and growth prospects for a MDP appear to be comparatively bright, as the proficiency and skills among the partners are not competitive, but are complementary in nature. Co-existence of experts drawn from different professions is a prelude to greater capacity-building and this factor could secure a stronger bondage in a MDP.

V. Dare to be different:

For every credit there is a debit. MDP brings bundle of challenges in the course of implementation, which need to be carefully addressed and solutions to be spelt out.

- **Name blend:** Name and description of the firm could be a predicament. Professional bodies whose members enter into MDP need to address this issue harmoniously. Again, if any professional body has any restriction on its member entering into partnership with another professional, the same needs to be removed to enable easy creation of MDP. It is heartening to note that amendments have already been made in the Acts governing the professions of Company Secretary and Cost Accountant, enabling them to be part of MDP. [One rider: Thanks! To the recently passed *The COST AND WORKS ACCOUNTANTS (AMENDMENT) BILL, 2011*, the 52 year young professional body has changed its name to ICAI (The Institute of Cost Accountants of India). Henceforth, **ICAI twins** and ACMA, FCMA suffix instead of AICWA, FICWA. Oops!]

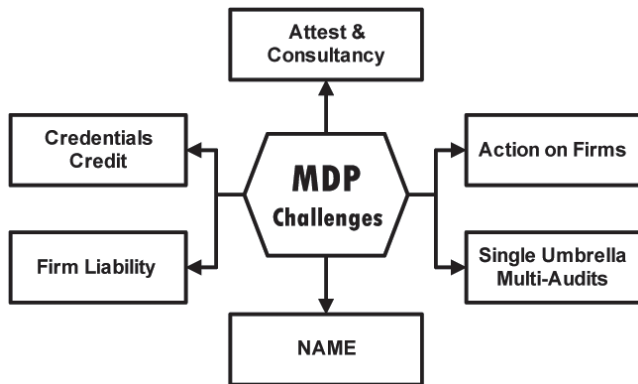



Figure 6: MDP Challenges to be addressed – a study

- Single umbrella multi-audits:** Professionals as partners in a MDP should take care to comply with the ethical code of conduct applicable to them. For instance, if an MDP accepts statutory audit assignment of a client concern, it cannot undertake internal audit for that client and *vice versa*. Similarly, both cost audit and secretarial audit for the same client if done by the MDP may create conflict and affects independence, needs to be addressed through MDP code.
- Firm Action on FIRMS:** Unlike the legal position in some countries, in India the disciplinary action of professional bodies is always with reference to an individual member and not against the firm of which he/she is a partner. Where the responsibility is not identifiable with a particular partner, then the proceeding can encompass all partners of the firm. In any case, it is not against the firm. In MDP, the professional misconduct or other misconduct of each partner will have to be tried by the corresponding professional body of which he is a member and consequences should follow accordingly. Further, the necessity of relegation of firms should be brought into for the first time in the regulation by professional bodies for watching the watchdogs.
- Attest & Consultancy:** Once MDP is in, the need for partnership/proprietary firm for attest functions and corporate practice for consultancy can be merged into one entity. Here, the concern will be if the individual practitioner/sole-proprietorship firm/partnership firm is the statutory auditor of an entity then the MCS Company should not accept the internal audit or book-keeping or such other professional assignments, which are prohibited for the statutory auditor firm. The solution is to amend the MCS guidelines which are presently under revision.
- Credentials Credit:** All these years the practice is to honour the Individual Professional. Firms barely were recognised, in the past, except for empanelment purposes. Likewise, a professional firm is rated only based on its turnover and its number and size of homogenous audit experience. Once MDP is in play the credentials of partners shall be firms' testimonials. Firm branding and firm credentials shall become a significant aspect from MDP perspective.
- Firm Liability:** Under LLP act, the LLP (MDP) firm is liable under many instances. LLP can be penalised and concerned person can be prosecuted. For example, non-filing of annual return under LLP act attracts a maximum penalty of Rs: 5 Lakhs. What mirror effect will it have on related laws viz. CA Act; presently the answer is negative.

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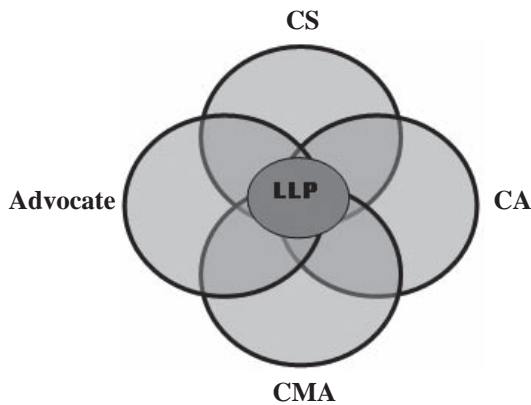
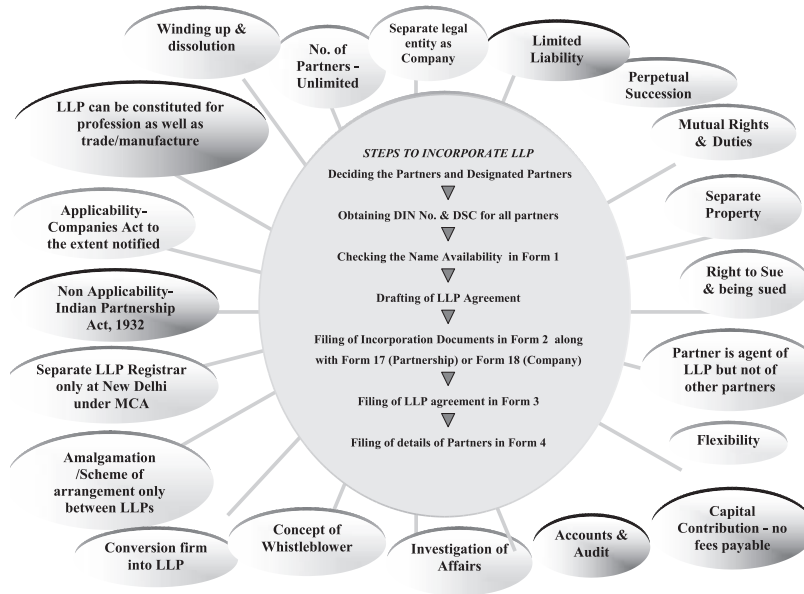
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VI. MDP through LLP



- Important points that may have to be covered in the LLP Agreement**
- the name of the LLP;
 - Place of the registered office is to be situated;
 - the activities of the LLP;
 - capital contributions of each of the partners
 - the method for appointing new partners;
 - the system for removing problem partners;
 - the system for dealing with deceased partners
 - how the capital is reimbursed when a member dies or leaves the LLP;
 - when and how profits are divided;
 - how much is contributed to the debts of the LLP on winding up;
 - names of partners on incorporation;
 - minimum and maximum number of partners;
 - date of commencement of the agreement;
 - outline of the duties of partners;
 - restrictions on partners in respect of competition and confidentiality;
 - detailed provisions for outgoing partners and restrictions in respect of anti competitive behaviour;
 - insurance and pensions;
 - notice provisions to partners;
 - procedure at meetings; Binding of Decisions on partners
 - votes of partners; Method of voting to be followed

Figure 7: Characteristics of Limited Liability Partnership

VII. Way Forward:- The MDP Code

Practicing Chartered Accountants in the past had two-fold options of practice entities till 2011, now the options are three-fold. The three-fold options are practice as a firm either as sole-proprietor or as partnership, LLP firm and Corporate form of practice (MCS company).

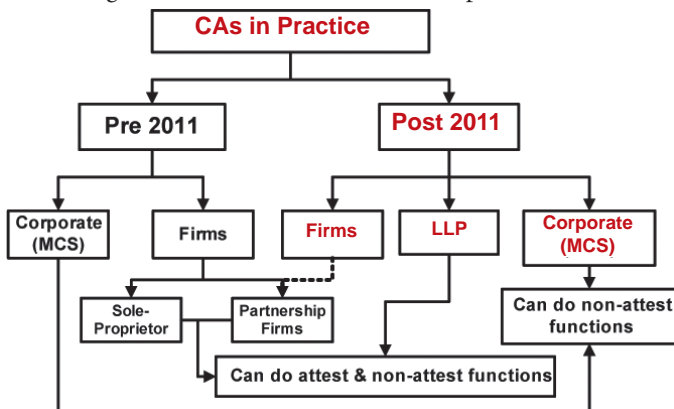


Figure 8: CAs in Practice

If a key transformation has to happen in professional practice the respective regulatory outlook of professional bodies should heave to next bigger orbit. The need of the hour is MDP code. Together we win; starting with, if triple professional bodies come together with a common agenda in framing a lucent and appealing MDP code, beginning is possible, as single hand can't make sound. Until a comprehensive synchronised MDP code is designed framing clearly and completely all the concerted actions required to be followed by the respective professional bodies, MDP seeing the sunshine will be akin to Kalam's Dream.

...If you are really my children, you will fear nothing, stop at nothing. You will be like lions. We must rouse India and the whole world. No cowardice.

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For Attention of Members

General Amnesty for Retrospective Restoration of Names From Register of Members and Certificate of Practice

With a view to mitigating the hardships being faced by such members whose names stand removed as on date due to non-payment of membership fee, the Council has decided to give them an opportunity by way of General Amnesty for restoration of their names retrospectively.

Continuation of membership entitles to designate as 'CA' and benefits alike monthly Journal of the Institute, newsletters of Regional Councils & Branches of the Institute, participation in the conferences, seminars and other programmes organized by the Institute, Regional Councils and/or Branches at concessional rates; regular update of programs being organized and initiatives taken for the benefit of the profession and members; emerging professional opportunities, practice area development, publications of the Institute.

This is an excellent opportunity to get your name restored with retrospective effect by submitting your application in Form 9 on or before 31st March, 2012 alongwith the outstanding fee for the intervening period of name removal and restoration fee submitted. Details of General Amnesty Scheme are given below:-

(i) Retrospective restoration of membership under General Amnesty Scheme:

Category I: The names of the members whose name is removed prior to 31st March 2011 on account of non payment of fees and not restored as on date may apply for retrospective restoration of their names under General Amnesty Scheme by filling Form 9 along with the membership fees for the year during which the name was removed and for the current year together with the fee[s] for the intervening years and the additional fee of Rs.1200/- towards restoration. To avail benefits of General Amnesty Scheme, members should submit the requisite fees and Form upto 31st March 2012.

The scale of membership fee as applicable from time to time is as given below:

Effective from	Associate	Fellow
1 st April, 2011	*₹ 800/-	*₹ 2200/-
1 st April, 2008	*₹ 600/-	**₹ 1800/-
1 st April, 2000	₹ 300/-	₹ 900/-
1 st April, 1996	₹ 225/-	₹ 700/-
1 st April, 1991	₹ 150/-	₹ 400/-
1 st April, 1986	₹ 100/-	₹ 275/-
1 st April, 1982	₹ 80/-	₹ 200/-
1 st April, 1976	₹ 60/-	₹ 125/-
1 st April, 1975	₹ 45/-	₹ 110/-
1 st April, 1964	₹ 28/-	₹ 83/-
1 st April, 1949	₹ 25/-	₹ 25/-
*Rs.450/- and Rs.*Rs.600/- where an Associate member has attained the age of 65 years as on 1 st April, 2008 and 1 st April 2011.		
**Rs.1300/- and **Rs.1600/- where a Fellow member has attained the age of 65 years as on 1 st April, 2008 and 1 st April 2011		

Example:

Where the name of an Associate member was removed from the Register of Members in the year 1991-92, the fees to be remitted

The above Amnesty shall be in force till 31st March 2012 and that from 5:30 pm of 31st March 2012 the same will be withdrawn automatically.

with the Form '9' for retrospective restoration including fee for intervening years will be as under :

Summary of fee payable

Fee for the year 1991-92 [the year in which the name was removed]	₹ 150/-
Fees for the intervening years [1992-93 to 2010-2011] [1992-93 to 1995-96 @ Rs.150*4 = Rs. 600/- 1996-97 to 1999-00 @ Rs.225*4 = Rs. 900/- 2000-01 to 2007-08 @ Rs.300*8 = Rs.2400/- 2008-09 to 2010-11 @ Rs.600*3 = Rs.1800/-]	₹ 5700/-
Fee for the current year (2011-12) [where the associate concerned has not attained the age of 65 years as on 1 st April, 2011]	₹ 800/-
Additional (Restoration fee)	₹ 1200/-
TOTAL	₹ 7850/-

(ii) Retrospective restoration of membership under Regulation 19 of CA Regulations, 1988:

Category II: The members whose membership exists as on 01st April 2011 and continued upto 30th September 2011 but subsequently got removed as on 1st October 2011 on account of non-payment of fee are eligible for restoration of their names retrospectively under Regulation 19 of the Chartered Accountants Regulations, 1988. Such persons may apply upto 31st March 2012 in Form 9 along with the membership fees i.e Rs.800/- as an associate and Rs.2200/- as fellow, as the case may be, for the current year and the additional fee of Rs.1200/- towards restoration.

Members desirous of availing the opportunity may also apply on-line for restoration of their name by visiting www.icaai.org and downloading pre-filled Form '9'. The link is given on home page "Know Your Institute - Restore your Membership".

(iii) Restoration of Certificate of Practice:

(a) The members who had held their certificate of practice as on 30th September 2011 and the same had subsequently been cancelled on account of non payment of the related fee w.e.f 01st October 2011 are eligible to have their certificate of practice restored retrospectively i.e from 1st October 2011 provided application in Form 101 for restoration along with the certificate of practice fee of Rs.2000/- [Rs.1500/- where a member has attained the age of 65 years as on 1st April 2011] for the current year from such members is received by the Institute upto 31st March 2012.

(b) Where, the certificate of practice stands cancelled on or before 31st March 2011 on account of non payment of the related fee, certificate of practice in such cases will be issued afresh from the prospective date, i.e., the date on which the application for the same together with Form '101'/'6' and the requisite fee is received by the Institute.

Such members desirous of availing the opportunity may also apply online for restoration/issue of afresh Certificate of Practice by visiting www.icaai.org and downloading Form '6' and the payment can be made online through link "online membership payment under e-services".

For any clarification or more details, please contact the concerned Decentralised Office of the Institute or the Head Office over phone No. 011-30110426 / 30110535 or e-mail to mss@icaai.in

Secretary, ICAI

For Attention of Members & Students**Restoration of Membership & Certificate of Practice**

The names members who have not paid their Membership fee and/or Certificate of Practice fee for the year 2011-12 on or before 30.09.2011 were removed w.e.f. 01.10.2011 in the Register of Members. The notifications in regard to removal of membership and cancellation of Certificate of Practice w.e.f. 01.10.2011 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.1,200/- is received by the Institute on or before 31.03.2012. Members falling within the jurisdiction of Southern Region should send their application to The Institute of Chartered Accountants of India, ICAI Bhawan, No.122 M. G. Road, Nungambakkam, Chennai – 600034.

Revision in Fee of Expert Advisory Committee

The Council, at its 312th meeting held on 25th to 27th December, 2011, has approved an upward revision in fee charged by the Expert Advisory Committee for giving its opinion. The approved fee is given below:

- (i) Rs. 50,000/- per query where the query relates to:
- an enterprise whose equity or debt securities are listed on a recognised stock exchange, or
 - an enterprise having an annual turnover exceeding Rs.50 crore based on the annual accounts of the accounting year ending on a date immediately preceding the date of sending the query.
- (ii) Rs. 25,000/- per query in any other case.

Accordingly, Rule 5 of Advisory Service Rules will be changed with effect from 10th January, 2012, which are hosted under the head 'Resources' on the main page of the Institute's website and also under the head 'Knowledge Sharing' on the main page of the Committee.

Certificate Course on Master in Business Finance

3rd Batch Delhi, Mumbai, Chennai & Kolkata from February 2012 conducted by Committee on Management Accounting of ICAI

Course Registration: The course registration is on receipt of duly filled in and signed Course Registration form with course fee of Rs.30,000/- (Rs. Thirty Thousands only) vide DD/ Pay Order in favor of "The Secretary, ICAI" payable at Delhi. Course fee can also be paid online through ICAI Payment Portal: www.icai.com/html

Complete details on Course Objective, Eligibility, Course Contents, Course Duration and Course Hours, Faculty and Registration Form Submission are hosted in the ICAI website www.icai.org

CPE hours requirement

Extension of last date for compliance of for Members holding COP

The Council of the Institute has decided to extend the last date for complying with the CPE hours requirement for the calendar year 2011 for the members holding COP by three months, i.e., upto **31st March, 2012**.

COACHING CLASSES AT SIRC OF ICAI

Four months intensified Coaching classes for **PCC/IPCC** course for November 2012 Examinations

Commences on **February 21, 2012**

Timings

06.30 a.m. to 09.30 a.m. & 05.30 p.m. to 08.30 p.m.
(On Sundays: Between 07.00 a.m. & 05.00 p.m.)

Fee: ₹ 4,000/- (for both groups) - ₹ 2,000/- (for one group)

- 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., Course and Group) to be sent to SIRC of ICAI, 122 MG Road, Chennai-34.
- For latest announcements and information visit www.sircoficai.org – Ph: 044-3021 0322 / 3989 3989 – Fax: 044 – 3021 0355 - Email: sircclasses@icai.in; sirc@icai.in

ALL INDIA LEVEL**ELOCUTION AND QUIZ CONTESTS – 2011-12**

The All India Elocution and Quiz Contests for the Year 2011-12 were held in Chennai on 18th January, 2012. The following contestants were declared winners and runners-up for the Quiz Contest and first three prize winners for the Elocution Contest:-

Quiz Contest**Winners - Team WIRC**

Mr. Anand Gautamchand Bedmutha (WRO – 0274972)
Mr. Devendra Santosh Dugad (WRO – 02901691)

Runners-up - Team CIRC

Ms. Dvipal Bhandari (CRO – 0217326)
Mr. Kunal Jethani (CRO – 0344559)

Elocution Contest

First Prize – Ms. Shabnam Abdul Salam (SRO-0311160)
Second Prize – Ms. Shivi Tandon (CRO – 0304716)
Third Prize – Ms. Aashka Kiran Bhatt (WRO – 0358280)

Director, Board of Studies

SIRC CONGRATULATES THE ALL INDIA TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS FROM SOUTHERN REGION**Final Examination - Nov. 2011****CPT - Dec. 18, 2011****ALL INDIA TOPPER - FIRST RANK**

Ms. Roohy Aggarwal, Hyderabad
Roll No. 0133357 – Marks: 619/800

ALL INDIA THIRD RANK

Mr. Pavan Pal Sharma, Bangalore
Roll No. 107594 – Marks: 589/800

ALL INDIA FIRST RANK

Mr. Manthangode Abhinav, Vijayawada
Roll No. 0164996 – Marks: 193/200

ALL INDIA SECOND RANK

Ms. K. Sree Lekha, Vijayawada
Roll No. 0165994 – Marks: 188/200

ALL INDIA THIRD RANK

Mr. Bedadala Kishore Reddy, Vijayawada
Roll No. 0165868 – Marks: 187/200

For Attention of Students – Important Announcements

Examination Notifications

In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India has notified the dates and centres for the Professional Competence Examination (PCE), Integrated Professional Competence Examination (IPCE), Final Examination, Insurance and Risk Management (IRM) Examination vide Notification No. 13-CA (EXAM)/M/2012 dated 2nd January 2012. The Notification has been hosted in the ICAI Website under Students and sub link Examination. It can be viewed directly under the link <http://220.227.161.86/25449announ15145.pdf>

Revalidation Scheme for various levels of CA Course (CPT/PCC/IPCC/Final)

The Council has decided for revalidation scheme of registration in various levels of CA course-CPT/PCC/IPCC/FINAL. The scheme is in force w.e.f 01.01.2012. The scheme provides requirements for revalidation of registration in CPT/PCC/IPCC/FINAL after expiry of prescribed period on payment of certain amount of fee. Application deadline for revalidation course-wise is given below:

CPT Course: The validity of registration in CPT Course would be for **3 years** from the date of initial registration. Thereafter, registration can be renewed for every three years by paying the renewal fee of **Rs.300/-** for every renewal.

IPCC Course: The validity of registration in IPCC Course would be for **4 years** from the date of initial registration. Thereafter, registration can be renewed for every four years by paying the renewal fee of **Rs.400/-** for every renewal.

Final Course: The validity of registration in Final Course would be for **5 years** from the date of initial registration. Thereafter, registration can be renewed for every five years by paying the renewal fee of **Rs.500/-** for every renewal.

All students who are already registered for CPT/PCC-IPCC/Final in 2008,2007 and 2006 respectively or earlier will be informed of this scheme by a separate communication to apply for revalidation **without paying any revalidation fee till 31st December 2012**. In case, student fails to apply for revalidation by 31st December 2012, he/she shall have to pay the prescribed revalidation fee after 1st January 2013 for revalidating their registration in respective CA course.

If a person appears for examination without valid registration after 1st January 2013, the lapse shall be condoned only once and such person shall have to get registration revalidated for future appearance in the respective CA Examination.

Please visit the Institute's website www.icaai.org for complete details of revalidation scheme.

Extension of date for registration for Integrated Professional Competence Course (IPCC)

In order to mitigate the hardship being faced by the students in registering for Integrated Professional Competence Course (IPCC), the Council at its 312th Meeting held from 25-27th December, 2011 decided to pass the following Resolution:-

“Resolved that by virtue of powers vested under Regulation 205 of the Chartered Accountants Regulations, 1988, the Council of the Institute hereby orders that candidates who register for Integrated Professional Competence Course (IPCC) in the respective Decentralized Office and complete eight months study course, as on the first day of the month in which examination is held would be eligible to appear in the Integrated Professional Competence Examination (IPCE) to be held in May, 2012 examination and onwards”.

Accordingly, candidates who register for Integrated Professional Competence Course (IPCC) in the respective Decentralized Office on or before 1st March/ 1st September of the year would be eligible to appear in the Integrated Professional Competence Examination (IPCE) to be held in the following November /May (in case, the last date of registration happens to be a holiday, the next working day will be the last date for registration to IPCC).

Students are therefore advised to ensure that the registration papers are submitted to the respective Decentralized Office of the Institute latest by 1st March/ 1st September, so as to be eligible to appear for Integrated Professional Competence Examination (IPCE) to be held in the following November/ May.

Students are also advised not to wait for receipt of CPT Marks Statement from the Examination Division for registration for IPCC but proceed for IPCC registration with a copy of the downloaded CPT marks statement.

Director, Board of Studies

Non-applicability of Revised Schedule VI for PCC/IPCC & Final Students for May 2012 Examinations

This is to bring to the attention of students that the Revised Schedule VI to the Companies Act, 1956 issued by the Ministry of Corporate Affairs on 28th February, 2011 pertaining to the preparation of Balance Sheet and Profit and Loss Account under the Companies Act, 1956 for the financial year commencing on or after 1.4.2011 shall not be applicable for the PCC, IPCC and Final examinations to be held in May 2012.

Director, Board of Studies

Procedure for providing inspection/certified copies of evaluated answer-books to the concerned examinees

Detailed procedure for providing inspection/certified copies of evaluated answer-books to the concerned examinees of Final, PCE, IPCE/ATE/ Unit, CPT, Post-qualification courses ISA-AT, IRM, ITL & WTO, MAC/TMC/CMC, fee structure and format of application for seeking inspection/certified copies of evaluated answer books are hosted in the ICAI Website www.icaai.org under the link Announcements. The same may directly viewed at <http://220.227.161.86/25566announ15243.pdf>

THE MONTH THAT WAS (JANUARY 2012)

6 th to 8 th	INTERNATIONAL CONFERENCE Accountancy Profession: Leveraging Emerging Challenges for Inclusive Growth.
20 th to 22 nd	Residential Refresher Course at Malampuzha.
21 st	Sub-Regional & Diamond Jubilee Conference of SIRC of ICAI at Visakhapatnam.
21 st & 22 nd	Blood Donation Camp
26 th	Republic Day Celebrations
28 th	One Day Workshop on Internal Audit – Back to Basics
4 th , 10 th , 11 th , 17 th , 18 th , 25 th	CPE Study Circle Meetings and Teleconferences

SIRC acknowledges the contribution and support extended by Central Council Members, ICAI, Regional Council Members, SIRC, Resource Persons, Co-ordinators and the delegates/ participants for making all the programmes a resounding success.

OBITUARY

M.No	Name	Status	Place	Date of Death
001439	MR. KESAVAN S V	FCA	SALEM	22/11/2011
003216	MR. VASUDEVAN ALLADI	FCA	HYDERABAD	23/10/2011
003644	MR. ANANDA R	FCA	CHENNAI	26/11/2011
004385	MR. THOMAS OOMMEN	FCA	KOCHI	12/11/2010
011288	MR. KRISHNAN L U	FCA	CHENNAI	18/12/2011
014410	MR. PRABHU KUMBLE VITTALDAS	FCA	MANGALORE	14/09/2011
020075	MR. MANI S	FCA	SALEM	07/07/2011
026697	MR. MEKA NARENDRA PRASAD	ACA	HYDERABAD	14/03/2010
200000	MS. SHUBHA SRINIVASAN	FCA	CHENNAI	20/11/2011
206258	MR. SANJAY KUMAR JAIN	FCA	MYSORE	10/12/2011
213568	MR. SIVAMANI R	FCA	COIMBATORE	23/10/2011

May the Almighty Architect of the Universe rest their souls in peace.

REMEMBERING BABA

A Book on Late CA. Rahul Roy, Past President-ICAI by his daughter Ms. Rohini Roy

Title : 'Remembering Baba'
Author : Rohini Roy
Publisher : Penguin India
Pages : 122 (hard bound)
Price : ₹ 250/-

For further details about the book please contact by email at rohini_roy@hotmail.com. Online booking of the book can be made through the link: <http://www.infibeam.com/books/remembering-baba-rohini-roy/9780670086139.html>

GRIEVANCE REDRESSAL

To effectively serve the Members and Students and redress their complaints/ grievances, a Grievance Register is maintained at the Reception (Ground Floor, Main Building) of the Institute at Chennai Office. Members & Students may lodge their complaints in the Register for unresolved issues for remedial action by the appropriate authority/Committee. Members and Students may also send their complaints through email at grievance_sircmembers@icai.in and grievance_sircstudents@icai.in respectively.

DISCLAIMER

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

DO YOU WANT TO BE A RESOURCE PERSON ?

If you would like to be a Resource Person to address on technical topics in the programmes organised for Members and Students, please send an email with details of subjects / topics which could be handled by you to sirc@icai.in.

**CAMPUS PLACEMENT PROGRAMME FOR NEWLY QUALIFIED CHARTERED ACCOUNTANTS
FEBRUARY-MARCH, 2012**

The Committee for Members in Industry (CMII) provides opportunity to the employers to interact with newly qualified Chartered Accountants and makes all arrangements at its centres, thereby providing a cost effective mode of recruiting newly qualified Chartered Accountants. An organisation and firms of Chartered Accountants can participate in one or more centres. The complete details of the programme are hosted on Placement Portal of ICAI at www.cmii.icai.org

Campus Interview Dates

No.	Centre	Dates*
1	Baroda, Chandigarh , Indore, Kanpur, and Nagpur	22 nd & 23 rd February, 2012
2	Bhubaneswar, Coimbatore and Ernakulam	23 rd and 24 th February, 2012
3	Ahmedabad, Jaipur and Pune	27 th , 28 th and 29 th February 2012
4	Chennai, Mumbai and New Delhi	26 th , 27 th , 28 th , 29 th , 30 th , 31 st March, 2012
5	Bangalore, Hyderabad, Kolkata	28 th , 29 th , 30 th , 31 st March, 2012

* Sunday Holiday

Invitation to Employers: Organisations intending to recruit Newly Qualified Chartered Accountants are requested to get in touch with Dr. Surinder Pal, Secretary, Committee for Members in Industry, Indraprastha Marg, New Delhi - 110002, Tel. No. (011) 30110450 / 548 / 549 E-mail: placements@icai.org, mii@icai.org; Fax- +91(11) 30110583 (or) Mr Ajeet Nath Tiwari, Placement Coordinator at Tel +91(11) 30110450 or log on to www.cmii.icai.org or <http://www.icai.org>

INAUGURATION OF GMCS BATCH

January 20, 2012 - Chennai



CA. G. Ramaswamy, President-ICAI being felicitated at Inaugural function of the GMCS Batch by CA. V. Murali, Chairman-Board of Studies, ICAI. CA. P.R. Aruloli, Member-GMCS Co-ordination Committee of SIRC of ICAI looks on. President-ICAI addressed the students at the Inaugural function.

SANKALP - 2012

Organised jointly by Warangal CPE Chapter & Forum of Chartered Accountants Students at Warangal- January 27, 2012.



CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI inaugurating the programme for students at Warangal. (L-R): CA. G.V.V. Satyanarayana, Member-SIRC, CA. T. Shravan Kumar, Vice-President, Warangal CPE Chapter, Mr. A. Rajendra Kumar, Tax Bar President, Warangal, CA. M. Devaraja Reddy, CCM-ICAI and CA. T. Krishna Kumar, Convenor, Warangal CPE Chapter.

NATIONAL CONVENTION FOR CA STUDENTS - UDAAN

January 28 & 29, 2012 - Bangalore.



Chief Guest Dr. N. Prabhudev releasing the Souvenir in the presence of CA. G. Ramaswamy, President-ICAI, CA. V. Murali, Chairman-Board of Studies, ICAI, CA. K. Raghu, CCM-ICAI, CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI, CA. C.S. Srinivas, Chairman-SICASA, CA. T.R. Venkatesh Babu, Chairman-Bangalore Branch, CA. H. Shivkumar, Chairman-Bangalore Branch of SICASA, Office Bearers of Bangalore Branch of SIRC and SICASA.

ALL INDIA LEVEL ELOCUTION & QUIZ CONTEST - 2011

January 18, 2012 - Chennai.



CA. V. Murali, Chairman-Board of Studies, ICAI, Mr. Vijay Kapur, Director of Studies-ICAI, Mr. K. Tulsiani, Jt. Secretary-ICAI, Mr. Y.S. Rawat, Jt. Secretary, Regional Head-ICAI, Chennai and Mr. D. Vijayaragavan, Deputy Secretary, ICAI, Chennai.



CA. V. Murali, Chairman-Board of Studies, ICAI, Mr. Vijay Kapur, Director of Studies-ICAI, Mr. K. Tulsiani, Jt. Secretary-ICAI, Ms. J. Sabita, Associate Vice President, Steria Group, Chennai (Judge) and CA. V. Pattabhi Ram, Chennai, (Quiz Master) with the Winners of the All India Elocution & Quiz contest.

INAUGURATION & FOUNDATION STONE LAYING OF BRANCH BUILDINGS & INAUGURATION OF NEW BRANCH IN SOUTHERN REGION.

Coimbatore



CA. G. Ramaswamy, President-ICAI inaugurating the ICAI Bhawan (New Building premises) of Coimbatore Branch of SIRC of ICAI on January 19, 2012 at Coimbatore in the presence of **CA. Jaydeep Narendra Shah, Vice President-ICAI**, **CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI**, **CA. R. Kandasamy, Chairman-Coimbatore Branch, Central Council Members of ICAI**, Office Bearers of SIRC of ICAI, Office-Bearers and Managing Committee Members of Coimbatore Branch and Members of the Branch.

Erode



CA. G. Ramaswamy, President-ICAI inaugurating the ICAI Bhawan (New building) of Erode Branch of SIRC of ICAI on February 3, 2011 in the presence of **CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI**, **CA. C.P. Suresh Kumar, Chairman-Erode Branch, Regional Council Member of SIRC**, Office Bearers and Managing Committee Members of Erode Branch and Members of the Branch.

Madurai



CA. G. Ramaswamy, President-ICAI inaugurating the ICAI Bhawan (New building) of Madurai Branch of SIRC of ICAI on January 13, 2012 at Madurai in the presence of **CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI**, **CA. V. Sivakumar, Chairman-Madurai Branch of SIRC of ICAI**, Central Council Members of ICAI, Office Bearers & Managing Committee Members of Madurai Branch and Members of the Branch.

Mysore



CA. G. Ramaswamy, President-ICAI laid the Foundation Stone for First Floor of Mysore Branch of SIRC of ICAI on January 28, 2012 at Mysore in the presence of **CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI**, **CA. T.N. Subramanya, Chairman-Mysore Branch of SIRC of ICAI**, Central Council Members of ICAI, Regional Council Members of SIRC, Office Bearers & Managing Committee Members of Mysore Branch and Members of the Branch.

Sivakasi



CA. G. Ramaswamy, President-ICAI inaugurating Sivakasi Branch of SIRC of ICAI (New Branch in Southern Region) on January 13, 2012 at Sivakasi in the presence of **CA. K. Shanmukha Sundaram, Chairman-SIRC of ICAI**, **CA. C. Shenbagamoorthy, Sivakasi, Central Council Member of ICAI** and Regional Council Member of SIRC.

Tiruchirapalli



CA. G. Ramaswamy, President-ICAI inaugurating the ICAI Bhawan (New Premises) of Tiruchirapalli Branch of SIRC of ICAI on January 29, 2012 in the presence of **CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI**, **CA. V. Jayaraman, Chairman, Tiruchirapalli Branch, Regional Council Member of SIRC** and Office Bearers of Tiruchirapalli Branch.