

# SIRC

# Newsletter

PRICE - Rs.5

DECEMBER 2013 | Volume 39 ■ Part 6



**Southern India Regional Council** ▶ THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA ▶ SET UP BY AN ACT OF PARLIAMENT



Southern India Regional Council  
The Institute of Chartered Accountants of India

Udyati  
in pursuit of excellence...

45<sup>th</sup> Regional Conference SIRC of ICAI  
13<sup>th</sup> & 14<sup>th</sup> December 2013, Visakhapatnam

**New Venue of Conference: Beach Front, YUDA PARK, Visakhapatnam**

## Sponsors of the Conference



**State Bank of India**  
THE BANKER TO EVERY INDIAN



intuit  
**QuickBooks**



Mega National Convention for CA Students organized by BOS at Chennai on 27th and 28th November 2013.  
Organizing Committee Members with Hon'ble Mr. Justice V. Ramasubramanian, Judge, Madras High Court



**PROGRAMME**



Friday, 13 <sup>th</sup> December 2013	
8.00 a.m.	<b>REGISTRATION</b>
10.00 a.m.	<b>INAUGURAL SESSION</b> Inaugural Address Chief Guest High Dignitary  Presidential Address CA. Subodh Kumar Agrawal President, ICAI  Special Address CA. K. Raghu Vice President, ICAI
11.30 a.m.	<b>TECHNICAL SESSION I</b> <b>The Companies Act, 2013 Impact on the Profession</b>  CA. P.R. Ramesh Hyderabad
1.00 p.m.	<b>LUNCH</b>
2.00 p.m.	<b>HEALTH SESSION</b> <b>Cardiac Care: A Humorous Approach</b>  Dr. V. Chockalingam Chennai
2.30 p.m.	<b>TECHNICAL SESSION II</b> <b>State of the Indian Economy</b>  Eminent Resource Person
3.30 p.m.	<b>TECHNICAL SESSION III</b> <b>CAs in the wonderland of Service Tax Law - Beyond Basics</b>  CA. K.S. Ravishankar Bangalore
5.00 p.m.	<b>TECHNICAL SESSION IV</b> <b>Profits &amp; Gains of Business or Profession - Judicial Trends</b>  CA. Padam Chand Khincha Bangalore
6.30 p.m.	<b>FIRE WORKS DISPLAY FROM SIVAKASI</b>
7.00 p.m.	<b>ENTERTAINMENT</b>
8.30 p.m.	<b>DINNER</b>

Saturday, 14 <sup>th</sup> December 2013	
6.00 a.m.	<b>GO GREEN, WALKATHON ON BEACH</b>
8.00 a.m.	<b>BREAKFAST</b>
9.00 a.m.	<b>SPIRITUAL SESSION</b> Rev. Maharaj Bodhamayananda Hyderabad
10.00 a.m.	<b>TECHNICAL SESSION V</b> <b>Re-engineering the Audit - Meeting the Expectations</b>  CA. N.P. Sarda Mumbai
11.30 a.m.	<b>TECHNICAL SESSION VI</b> <b>Emerging Opportunities &amp; Challenges in the Profession - The way forward</b>  Padmashri CA. T.N. Manoharan Chennai
1.00 p.m.	<b>LUNCH</b>
2.00 p.m.	<b>TECHNICAL SESSION VII</b> <b>Exploring FEMA - CAs Perspective</b>  CA. P.V.R. Rajendra Prasad Hyderabad
3.30 p.m.	<b>TECHNICAL SESSION VIII</b> <b>Critical issues in Taxation of Capital Gains</b>  CA. Dr. Girish Ahuja New Delhi
5.00 p.m.	<b>THANKS GIVING</b>

**Delegate Fee**

Members	: ₹ 3000
Non Members	: ₹ 4500

Cheque/Demand Draft favouring  
"45th Regional Conference of SIRC of ICAI"  
payable at Chennai or Visakhapatnam  
can be submitted at SIRC Office or any  
Branch, CPE Study Circle, CPE Chapters  
and CPE Study Group of SIRC of ICAI.

**Sponsors of the Conference**



# Chairman writes ...



My dear Professional Colleagues,

## Welcome to the 45<sup>th</sup> Regional Conference of SIRC of ICAI at Visakhapatnam:

SIRC and Visakhapatnam Branch of SIRC are eager to greet and receive you to this prestigious Conference with warmth and affection and make your stay a very comfortable and enjoyable one. It is my proud privilege and great pleasure to invite you once again to partake in this Conference and make it a memorable event and create ever-lasting nostalgic memories.

Being conscious of the significance of this Conference, we have constituted several sub-committees to oversee every aspect to ensure that no stone is unturned for successful conduct of the Conference. In whatsoever manner and effort the organizers put, ultimately it is the members attending the Conference who bring in lively interaction, togetherness and sharing of wisdom within the professional fraternity and bring euphoria to this Conference. We the organizers therefore value your participation in high esteem.

## New Venue of 45<sup>th</sup> Regional Conference:

The Conference Committee, in an effort to have the best ambience/locale to organize the prestigious Regional Conference had approached the Government of Andhra Pradesh for allotting the open area adjacent to Beach in VUDA Park, Visakhapatnam. I am happy to inform that the Government of Andhra Pradesh is pleased to accord permission to hold the Conference at the venue. This venue is the first of its kind adjoining the sea shore and delegates would be delighted to view the sprawling sea shore.

However the distance between the new venue and the hotels at Visakhapatnam is more less the same as is the distance from the earlier venue. **I request members to kindly note the "NEW VENUE" which is popularly known as "VUDA Park".**

## Chartered Accountants Benevolent Fund (CABF):

SIRC during this financial year had so far received contribution of ₹ 37,23,438 from the members towards Membership and voluntary contribution. To further augment the resources of the CABF we have been appealing to members for liberal contribution. SIRC therefore would have a stall at the venue of the 45<sup>th</sup> Regional Conference for receiving the contribution from the members to the CABF.

## International Conference held at Kolkata:

His Excellency Shri Pranab Mukherjee, President of India inaugurated the International Conference at Kolkata on 21<sup>st</sup> November 2013. I had the honour and privilege of being present with Secretary of SIRC CA. P.R. Aruloli and Taxation Committee Chairman CA. Adusumilli Venkateswara Rao at this Conference.

The Conference was attended by dignitaries from the Government and corporate both from India and abroad and attended by over 3500 delegates. In his inaugural address His Excellency Shri Pranab Mukherjee lauded the role of the Institute of Chartered Accountants of India in Nation Building. The current state of affairs has reinforced the role of auditors, which should be geared towards facilitating market discipline and fostering the confidence of the stakeholders, the President said. Professional accountants should provide sound financial and non-financial information to taxpayers and other stakeholders, His Excellency added.

## Inauguration of Tirunelveli Branch Building:

On the 1<sup>st</sup> of December 2013, our President CA. Subodh Kumar Agrawal inaugurated the Branch Building at Tirunelveli in the gracious presence of CA. K. Raghu, Vice-President, ICAI. I place on record the stupendous efforts put in by the Chairman of Tirunelveli Branch CA. V. Ramasamy and his team and their predecessors to achieve the task in an admirable manner. I am sure the infrastructure facility available at the branch building would be very useful for rendering service to members and students.

## 1<sup>st</sup> Annual Regional Residential Course (ARRS) at Bangalore:

SIRC, for the first time, is organizing the Annual Regional Residential Course at Bangalore from 20<sup>th</sup> to 22<sup>nd</sup> December 2013. The Complete details of the Course are published in Page No. 8 of this Newsletter. I invite members to register for this Course early as the registration is restricted to 75 only on first come first serve basis.

## SICASA Day:

We are happy to inform that in the Orientation Programme held at Visakhapatnam during April, it has been decided to celebrate 1<sup>st</sup> December every year as "SICASA Day" for students. Accordingly, SICASA Day was celebrated on a grand scale in a befitting manner. on 1<sup>st</sup> December 2013 at Chennai Headquarters and at all branches in Southern India. We have great pleasure to inform that the SICASA Day was inaugurated by our President CA. Subodh Kumar Agrawal at Tirunelveli on 1<sup>st</sup> December 2013. Various cultural and talent promotion events were held on the occasion. CA. V. Murali, Vice-Chairman, Board of Studies, ICAI was the Chief Guest. All the 36 Branches of SICASA also celebrated the function in a befitting manner.

## Compliance of CPE Requirements by Members:

Members may be aware that the attendance in CPE Programmes to ensure compliance of CPE requirements of the Institute is mandatory. There has been a very good attendance to all the programmes conducted by the POUs in the recent past. Since a

# SIRC CALENDAR

# DECEMBER 2013 & JANUARY 2014

Contact: Dr. T. Paramasivan, Senior Deputy Director (Tech.) – ICAI – Phone: 044 – 30210361 / 320 – E-mail: sirc@icai.in

Sl.No.	Programme Date	Programme Name	Resource Persons	Timings	Venue	CPE Credit	Delegate Fee ₹	Page No.
1	December 11, 2013 Wednesday	CPE Meeting on GST- Way forward	CA. J Murali Chennai	6.30 p.m. – 8.30 p.m..	P. Brahmayya Memorial Hall	2	150	
2	December 13 & 14, 2013 Fri. & Sat.	45 <sup>th</sup> Regional Conference of SIRC of ICAI			Beach Front, VUDA Park, Visakhapatnam	12	3000	2
3	December 17, 2013 Tuesday	One Day Seminar on Labour Laws		10.00 a.m. – 5.00 p.m.	P. Brahmayya Memorial Hall	6	1000	6
4	December 17, 2013 Tuesday	CPE Meeting on Mutual Funds Investment- Opportunities	CA. A K Narayanan Chennai	6.30 p.m. – 8.30 p.m.	P. Brahmayya Memorial Hall	2	150	
5	December 18, 2013 Wednesday	CPE Study Circle Meeting on Intellectual Property Rights	Shri. V Filma Chennai	6.15 p.m. – 8.30 p.m.	P. Brahmayya Memorial Hall	2	No Delegate fee	
6	December 18, 2013 Wednesday	CPE Meeting on Corporate Social Responsibility	CA. S A Muraliprasad Chennai	11.00 a.m – 1.00 p.m.	P. Brahmayya Memorial Hall	2	150	
7	December 19, 2013 Thursday	One Day Workshop on Information Technology	Details will be hosted in SIRC Website	10.00 a.m. – 5.00 p.m	P. Brahmayya Memorial Hall	6	1000	
8	December 19, 2013 Thursday	CPE Meeting on Voluntary Compliance Encouragement Scheme	CA. V. Chandrasekharan Tirupur	6.30 p.m. – 8.30 p.m.	P. Brahmayya Memorial Hall	2	150	
9	December 20, 2013 Friday	Workshop on LLP, Wills & Probate	Details will be hosted in SIRC Website	10.00 a.m. – 5.00 p.m.	P. Brahmayya Memorial Hall	6	1000	
11	December 20 & 21, 2013 Friday & Saturday	Two Day National Conference at Trivandrum		9.30 a.m. – 5.30 p.m.	Alakapuri Auditorium, Trivandrum	12		7
12	December 20-22, 2013 Friday - Sunday	1 <sup>st</sup> Annual Regional Residential Course on International Taxation			Hotel Prestige, Angsana, Bangalore	14	10000	8
13	December 21, 2013 Saturday	Seminar on Internal Audit under the auspices of Internal Audit Committee, SIRC	Details will be hosted in SIRC Website	10.00 a.m. – 5.00p.m.	P. Brahmayya Memorial Hall	6	1000	
14	December 21, 2013 Saturday	CPE Meeting on Micro Small Medium Enterprises Development Act	Shri. G. Raghuram Chennai	10.00 a.m. – 1.00p.m.	ICAI Bhawan, Visakhapatnam	3	Covered under One time payment scheme / ₹ 300	
15	December 21, 2013 Saturday	CPE Meeting on Sarfaesi Act	CA. Anthony Clifford Chennai	6.30 p.m. – 8.30 p.m..	P. Brahmayya Memorial Hall	2	150	

Sl.No.	Programme Date	Programme Name	Resource Persons	Timings	Venue	CPE Credit	Delegate Fee ₹	Page No.	
16	December 21, 2013 Saturday	Seminar on Pharmaceutical Industry at Hyderabad		Details will be hosted in SIRC Website					
17	December 22, 2013 Sunday	Seminar on Accounting Standards	Details will be hosted in SIRC Website	10.00 a.m. – 1.00 p.m.	P. Brahmayya Memorial Hall	3	500		
18	December 23, 2013 Monday	One Day Seminar on Banking under the auspices of Committee on Banking, Insurance and Pension, SIRC		10.00 a.m. – 5.00 p.m.	P. Brahmayya Memorial Hall	6	1000	9	
19	December 24, 2013 Tuesday	Seminar on Real Estate Industry		10.00 a.m. – 5.00 p.m.	P. Brahmayya Memorial Hall	6	1000	9	
20	December 24, 2013 Tuesday	Workshop on Auditing Standards		5.30 p.m. – 8.30 p.m.	P. Brahmayya Memorial Hall	3	500	9	
21	December 26, 2013 Thursday	S. Vaidyanath Aiyar Memorial Lecture		6.00 p.m. – 8.00 p.m.	P. Brahmayya Memorial Hall	2	No Delegate fee		
22	December 27 & 28, 2013 Friday & Saturday	Two Day National Conference under the auspices of Corporate Laws, Corporate Governance Committee, ICAI		Details will be hosted in the website: www.sircofical.org					
23	December 28, 2013 Saturday	P.P. Gururaja Upadhyaya Memorial Lecture	Details will be hosted in SIRC Website	6.00 p.m. – 8.00 p.m.	P. Brahmayya Memorial Hall	-	-	8	
24	December 29 & 30, 2013 Sunday & Monday	Workshop on Enabling Service Tax Practice		10.00 a.m. – 5.00 p.m.	P. Brahmayya Memorial Hall	12	2000	10	
25	December 29 & 30, 2013 Sunday & Monday	Two Day National Conference under the auspices of CPE Committee, ICAI		Details will be hosted in the website: www.sircofical.org					
26	December 31, 2013 Tuesday	National Conference of Professional Opportunities for CAS under the auspices of, Professional Development Committee, ICAI		Details will be hosted in the website: www.sircofical.org					
27	January 2, 2014 Thursday	CPE Study Circle Meeting	Details will be hosted in SIRC Website	6.15 p.m.-8.30 p.m.,	P. Brahmayya Memorial Hall	2	150		
28	January 4, 2014 Saturday	Workshop on Project Report		10.00 a.m., -5.00 p.m.	P. Brahmayya Memorial Hall	6	1000	10	
29	January 8, 2014 Wednesday	CPE Study Circle Meeting on Transfer Pricing Assessments	CA. Krishnan Parameshwaran Chennai	6.15 p.m -8.30 p.m.,	P. Brahmayya Memorial Hall	2	150		
30	January 18, 2014 Saturday	6th V. Sankar Aiyar Memorial Lecture on 'Being a Tamilian in Delhi, an Indian in Chennai'	Shri. Gopal Krishna Gandhi Former Governor of West Bengal	6.00 p.m.	P. Brahmayya Memorial Hall	2	No Delegate fee	8	
31	January 31 – February 2, 2014, Friday - Sunday	Regional Residential Conference							10
					Hotel Udaya Samudra, Kovalam, Trivandrum	14	9500		

Unless otherwise specified, the delegate fee for SIRC Programmes may be paid by way of Cash or by Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai and shall be sent to SIRC of ICAI, 'ICAI Bhawan', No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034. Phone: 044-30210320; Fax: 044-30210355; Email: sirc@icai.in

**CHAIRMAN WRITES [Contd..]**

number of enquiries come from members to conduct more CPE Programmes to enable them to comply with CPE requirements, we proposed to organize continuous programmes in December 2013, the details of which are published in this Newsletter.

**Helpline to assist Members and Students:**

Due to mobility and the traffic congestion, members and students would have found it difficult to reach the Institute for seeking clarification to their queries and advice and over Telephone, Keeping this in view, we have installed independent Help Line Facility to cater to the queries of members, students and the public. I request members and students to avail of this facility and help us to serve you better through Toll Free Numbers: **1 800 425 4265 - 1 800 425 4275.**

**Festivities:**


We wish that the New Year 2014 brings health, happiness, prosperity and advancement in your professional endeavours.

“Wish you a Happy Christmas”

“Wish you a Happy and Prosperous New Year 2014

Until we meet through this column, my warm regards,

Yours in professional service



**CA. D. PRASANNA KUMAR**

chairmansirc@gmail.com

**SEMINAR ON LABOUR LAWS**

**P Brahmayya Memorial Hall, 'ICAI Bhawan'**

No. 122, MG Road, Nungambakkam  
Chennai-600034

CPE Credit  
**6**  
HOURS

**Inauguration:**

**Shri. S.D. Prasad**, Commissioner of Provident Fund

Day & Date <b>Tuesday, December 17, 2013</b>	Timings 10.00 a.m. to 5.00 p.m.
Topics	Resource Person
ESI Act	<b>CA. John Moris A,</b> Chennai
PF Act	<b>Mr. Shankar</b> Enforcement Officer, P.F. Dept
Gratuity & Bonus Recent Developments	<b>Other Eminent Resource Person from PF Department</b>

**DELEGATE FEE: ₹ 1000/-**

**CA. D. Prasanna Kumar**  
Chairman, SIRC

**CA. P R Aruloli**  
Secretary, SIRC

**ONE DAY AWARENESS PROGRAMME ON FINANCIAL REPORTING PRACTICES**

CPE Credit  
**6**  
HOURS

**Organised by:** Financial Reporting Review Board, ICAI

**Hosted by:** SIRC of ICAI

**Venue:** P Brahmayya Memorial Hall, 'ICAI Bhawan'  
No. 122, MG Road, Nungambakkam  
Chennai-600034

Day & Date <b>Monday, December 9, 2013</b>	Timings 10.00 a.m. to 5.00 p.m.
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**Technical Sessions**

Overview of Financial Reporting Review Board and its activities & Developments in GAAPs and Latest Amendments in Companies Act with reference to Accounts and Audit.

Common Non-Compliances in the General Purpose Financial Statements Observed by FRRB - Case Studies & Query Clarifications.

Regulatory Compliances – Revised Schedule VI

Issues in CARO

**DELEGATE FEE: ₹ 1000**

**CA. Nilesh Shivji Vikamsey**

Chairman, FRRB, Conference Chairman

**CA. Babu Abraham Kallivayalil**  
Member, FRRB  
Conference Director

**CA. J.Venkateswarlu**  
Member, FRRB  
Conference Director

**CA.D. Prasanna Kumar**  
Chairman, SIRC  
Conference Co-ordinator

**CA. P R Aruloli**  
Secretary, SIRC  
Conference Co-ordinator

**Invitation for Contribution of Articles**

SIRC of ICAI invites Articles from Members for publication in the SIRC Newsletter for the month of January 2014 which should reach SIRC by email to [sirc@icai.in](mailto:sirc@icai.in) and [sircnewsltr@icai.in](mailto:sircnewsltr@icai.in) latest by **20th December 2013** for consideration by the Editorial Board.

**EDITORIAL BOARD**

**Editor :** CA. D. Prasanna Kumar

**Members :** CA. P.R. Suresh CA. M. Devaraja Reddy

CA. P.R. Aruloli CA. V.G. Aravindanayagi

CA. Gopal Krishna Raju CA. K. Pattabhiraman

CA. P.V. Rajarajeswaran CA. Siva Prasad Nandyal

CA. Babu Abraham Kallivayalil

**TWO DAYS NATIONAL CONFERENCE AT TRIVANDRUM**

**Alakapuri Auditorium**  
Edapazhinji, Trivandrum

Day & Date:  
**Friday & Saturday,**  
**December 20 & 21, 2013**

**CPE Credit**  
**12**  
**HOURS**

**Organized by:**

**Committee for Capacity Building of CA Firms & Small and  
Medium Practitioners and Direct Taxes Committee of ICAI**

and

**Southern India Regional Council of the  
Institute of Chartered Accountants of India**

**Host**

**Trivandrum Branch of SIRC of ICAI**  
**jointly with all the other Branches in Kerala State**

**Programme****Friday, 20th December 2013****Technical Session - 1**

Direct Taxes	<b>CA. Ved Jain</b> Past President, ICAI
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**Inauguration****Technical Session - 2**

	<b>CA. Naveen N.D. Gupta</b> Chairman, Chairman, CCBCAF & SMPs, ICAI
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**Technical Session - 3**

Companies Act, 2013	<b>CA. Himanshu Kishnadwala</b>
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**Saturday, 21st December 2013****Technical Session - 4**

Companies Act, 2013	<b>CA. Himanshu Kishnadwala</b>
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**Technical Session - 5**

International Taxation	<b>CA. Sanjiv Kumar Ghaudhuri,</b> Vice-Chairman, Committee on International Taxation of ICAI
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**Technical Session - 6**

Indirect Taxation	<b>CA. Atul Kumar Gupta</b> Vice-Chairman, Indirect Taxes Committee of ICAI
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**DELEGATE FEE:**

<b>₹ 1000</b> <b>For Trivandrum ARS Members</b>	<b>₹ 2000</b> <b>For Other Members</b>	<b>₹ 2500</b> <b>For Non-Members</b>
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The delegate fee may be sent to Trivandrum Branch of SIRC of ICAI, 'ICAI Bhawan', Pound Road, Thycaud, Trivandrum – 695 014 or through online to Trivandrum Branch of SIRC of ICAI – Bank: State Bank of Travancore, A/c. No. 57022786722 – IFS Code SBTR 0000033 For further details please contact: Trivandrum Branch of SIRC of ICAI – 0471-2323789 or E-mail: icaitvm@gmail.com

Conference Co-Chairman

**CA. Naveen N.D. Gupta**, Chairman, CCBCAF & SMPs of ICAI  
**CA. Manoj Fadnis**, Chairman, Direct Taxes Committee of ICAI

Conference Director

**CA. Babu Abraham Kallivayalil**  
Central Council Member, ICAI

Conference Co-ordinator

**CA. V.X. Jose**, Member, SIRC  
**CA. Jomon K. George**, Member, SIRC

**CA. D. Prasanna Kumar**

Chairman, SIRC of ICAI

**CA. C. Hari**

Chairman, Trivandrum Branch SIRC

**CA. R. Srinivasan,**

Secretary, Trivandrum Branch, SIRC

**CA. P.R. Aruloli**

Secretary, SIRC of ICAI

**OBITUARY**

S.No.	MRN	Name	Status	Place	Date of Death
1	001848	MR. PARAMESWARARAO A K	ACA	CHENNAI	10/10/2012
2	004212	MR. MARATHE SADASHIV RAGHUNATH	FCA	BELGAUM	29/06/2013
3	004968	MR. RAMACHANDRAN S	FCA	SALEM	07/08/2013
4	005801	MR. RAMACHANDRAN K N	FCA	CHENNAI	18/08/2013
5	008486	MR. KASTURI P K	FCA	CHENNAI	19/07/2013
6	014304	MR. BALACHANDRAN R	FCA	ALAPPUZHA	21/06/2013
7	019580	MR. KRISHNA KUMAR T	FCA	CHENNAI	04/07/2013

May the Almighty Architect of the Universe rest the soul in peace

## 1<sup>st</sup> Annual Regional Residential Course (ARRC) Topic: International Taxation

20<sup>th</sup> to 22<sup>nd</sup> December, 2013, at Prestige Angsana, Bangalore.

DELEGATE FEE:  
₹. 10000

CPE Credit  
**14**  
HOURS

### Friday 20<sup>th</sup> December 2013:

12.00 Noon to 02.30 pm Check-in, Lunch & Registration

### Inaugural Session: 3.00 pm

Group Discussion Permanent Establishment and Profit Attribution **CA. K. K. Chythanya**, Bangalore

Paper Presentation TDS in International Taxation **CA. Rashmin Sanghvi**, Mumbai

Presentation on Group Discussion Permanent Establishment and Profit Attribution **CA. K. K. Chythanya**, Bangalore

### Saturday 21<sup>st</sup> December 2013

Group Discussion Structuring Foreign Investment in India - Tax & Regulatory Issues **CA. Anup P. Shah**, Mumbai

Paper Presentation Treaty Qualifications **CA. P. V. Srinivasan**, Bangalore

Presentation on Group Discussion Structuring Foreign Investment in India - Tax & Regulatory Issues **CA. Anup P. Shah**, Mumbai

Paper Presentation Indias Trends in Treaty **CA. T. P. Ostwal**, Mumbai

Paper Presentation Tax credits across Globe **CA. S. Krishnan**, Bangalore

### Sunday 22<sup>nd</sup> December 2013

Paper Presentation Transfer Pricing Intricate - Issues with Special emphasis on Safe Harbour Rules **CA. Visweshwar Mudigonda** Bangalore

Brain Trust Solutions to International Tax Challenges Brain Trustee : **CA. K. R. Girish** Bangalore

Valedictory

02.00 pm Departure from the Hotel with sweet memories

### 1<sup>st</sup> ARRC

1. Only Members are allowed to participate
2. Members Participation is restricted to 75 on First Come First Serve Basis
3. Interested members can give their names to become group leaders for leading the Group Discussions
4. Members may send queries in advance so as to collate and include for brain trust session
5. ARRC consists of 2 Group Discussions, 5 Paper Presentations and 1 Brain Trust Session
6. Paper book of the Course will be circulated to participants in advance.

**CA. D. Prasanna Kumar**  
Chairman, SIRC of ICAI

**CA. Adusumilli Venkateswara Rao**  
Chairman, Taxation Committee of SIRC of ICAI

**CA. P.R. Aruloli**  
Secretary, SIRC of ICAI

### Course Co-ordinators

**CA. C. S. Srinivas**  
Member, SIRC of ICAI

**CA. Padamchand Khincha**  
Bangalore

**CA. S.N. Ravindranath**  
Chairman, Bangalore Branch of SIRC of ICAI

## P.P. Gururaja Upadhyaya Memorial Lecture

Tuesday, 28th December 2013 at 6.00 p.m.

Venue: P. Brahmayya Memorial Hall  
No. 122, MG Road, Nungambakkam, Chennai-34.

All Are Welcome

**CA. D. Prasanna Kumar**  
Chairman, SIRC

**CA. P R Aruloli**  
Secretary, SIRC

## V. Sankar Aiyar Memorial Lecture

Saturday, 18th January 2014 at 6.00 p.m.

**Mr. Gopalkrishna Gandhi**, IAS (Retd)

Former Governor of West Bengal

will deliver the Memorial Lecture on

**"Being a Tamilian in Delhi, an Indian in Chennai"**

Venue: P. Brahmayya Memorial Hall

No. 122, MG Road, Nungambakkam, Chennai-34.

All Are Welcome

**CA. D. Prasanna Kumar**  
Chairman, SIRC

**CA. P R Aruloli**  
Secretary, SIRC



**SEMINAR ON BANKING****P Brahmayya Memorial Hall, 'ICAI Bhawan'**No. 122, MG Road, Nungambakkam  
Chennai-600034**CPE Credit**  
**6**  
**HOURS**

Day & Date	Timings
<b>Monday, December 23, 2013</b>	10.00 a.m. to 5.00 p.m.
Topics	Resource Person
Annual Financial Inspection & Auditors	<b>CA. Chandrasekaran V</b> Chennai
Restructuring & its Implications-Advances	<b>CA. Mahesh Krishnan</b> Chennai
Use of IT in Bank Audits	<b>CA. R Vittal Raj</b> Chennai
<b>DELEGATE FEE: ₹ 1000/-</b>	
<b>CA. P R Aruloli</b> Secretary, SIRC	<b>CA. D. Prasanna Kumar</b> Chairman, SIRC

**SEMINAR ON CONSTRUCTION & REAL ESTATE INDUSTRY****P Brahmayya Memorial Hall, 'ICAI Bhawan'**No. 122, MG Road, Nungambakkam  
Chennai-600034**CPE Credit**  
**6**  
**HOURS**

Day & Date	Timings
<b>Tuesday, December 24, 2013</b>	10.00 a.m. to 5.00 p.m.
Topics	Resource Person
Accounting Issues in Construction & Real Estate Industry	<b>CA. P. Baskar</b> Chennai
Service Tax Issues – Construction & Real Estate Industry	<b>CA. Vijay Anand V</b> Chennai
Direct Tax Issues – Construction & Real Estate Industry	<b>CA. T. Banusekar</b> Chennai
<b>DELEGATE FEE: ₹ 1000/-</b>	
<b>CA. D. Prasanna Kumar</b> Chairman, SIRC	<b>CA. P R Aruloli</b> Secretary, SIRC

**Helpline Numbers at ICAI Chennai**

Toll Free Nos. 1 800 425 4265  
Toll Free Nos. 1 800 425 4275  
Members and Students may avail of this facility  
Help us to serve you better.

**WORKSHOP ON AUDITING STANDARDS****P Brahmayya Memorial Hall, 'ICAI Bhawan'**No. 122, MG Road, Nungambakkam  
Chennai-600034**CPE Credit**  
**3**  
**HOURS**

Day & Date	Timings
<b>Tuesday, December 24, 2013</b>	5.30 p.m. to 8.30 p.m.
Topics	Resource Person
SA-700 – Forming an Opinion & Reporting on Financial Statements	<b>CA. Sriraman Parthasarathy</b> Chennai
SA-705 – Modifications to the Opinion in the Independent Auditor's Report.	
SA-706 – Emphasis of Matter Paragraphs & other Matter Paragraphs in Independent Auditors Report	
SA-320 – Audit Materiality	<b>CA. P Anand</b> Chennai
SA-450 – Evaluation of Misstatements Identified during The Audit.	
<b>DELEGATE FEE: ₹ 500/-</b>	
<b>CA. D. Prasanna Kumar</b> Chairman, SIRC	<b>CA. P R Aruloli</b> Secretary, SIRC

**OBITUARY**

**CA. G. Satyanarayana**  
Chairman, SIRC (1976 - 1977)

SIRC deeply regrets to inform the sad and sudden demise of CA. G. Satyanarayana (M. No. 2163), Hyderabad on 3rd November 2013.

CA. G. Satyanarayana was a Member of SIRC during the terms 1973-76 and 1976-79 and held the position of Secretary of SIRC in the year 1974-75, Vice-Chairman of SIRC in the year 1975-76 and Chairman of SIRC in the year 1976-77.

May His soul rest in peace.

**WORKSHOP ON ENABLING SERVICE TAX PRACTICE**

**P. Brahmayya Memorial Hall, ICAI Bhawan,**  
No.122, MG Road, Nungambakkam Chennai-600 034.

Day & Date:  
**Sunday & Monday,**  
**December 29 & 30, 2013**

CPE Credit  
**12**  
HOURS

**Day -1 – Sunday – 10.00 a.m. to 5.00 p.m.**

Technical Sessions	Resource Person
Direct Taxes Definition of Service its taxability and Negative List	<b>CA. Balasubramanian J</b> Madurai
Reverse Charge, Joint Charge and their Taxability	<b>CA. Prasanna Krishnan V</b> Chennai
Valuation Rules	<b>CA. J. Purushothaman</b> Chennai
Declared Service, Place of provision of Service and Exempted Service	<b>CA. Sarvanakumar G</b> Madurai

**Day -2 – Monday – 10.00 a.m. to 5.00 p.m.**

Technical Sessions	Resource Person
Provisions and Rules relating to Construction & Works Contract	<b>CA. V Alagappan</b> Tiruchirapalli
Cenvat Credit Rules, 2004 relating to service tax	<b>Eminent Resource Person</b>
Point of Taxation Rules	<b>CA. Ramkumar V</b> Tiruchirapalli
Statutory compliance like registration, issue of invoice, payment of Tax, Adjustment of Excess Payment of Tax: filing of Periodical Returns, Refund of Service Tax, etc.,	<b>CA. Manavalan V P</b> Chennai

**DELEGATE FEE: 2000/-**

**CA. D. Prasanna Kumar**  
Chairman, SIRC

**CA. P R Aruloli**  
Secretary, SIRC

**WORKSHOP ON PROJECT REPORT, PROJECT COST ESTIMATION & RELEVANT STATEMENTS**

CPE Credit  
**6**  
HOURS

**P Brahmayya Memorial Hall, 'ICAI Bhawan'**  
No. 122, MG Road, Nungambakkam , Chennai-34.

Day & Date	Timings
<b>Saturday January 4, 2014</b>	10.00 a.m. to 5.00 p.m.
Topics	Resource Person
<ul style="list-style-type: none"> <li>Project Finance Vs Corporate Finance</li> <li>Issues in Project Cost Estimation</li> <li>Analysis of Ratios &amp; Statements</li> <li>Project Report Requirements</li> <li>Case Study Discussions</li> </ul>	<b>CA. Dr. V. Gopalan</b> Chennai  <b>CA. Priyadarshini Vijay</b> Chennai

**DELEGATE FEE: ₹ 1000/-**

**CA. D. Prasanna Kumar**  
Chairman, SIRC

**CA. P R Aruloli**  
Secretary, SIRC

**REGIONAL RESIDENTIAL CONFERENCE**

**Organised by CPE COMMITTEE of SIRC of ICAI**  
**Host Trivandrum Branch of SIRC**

CPE Credit  
**14**  
HOURS

Day & Dates : **31<sup>st</sup> January,**  
**1<sup>st</sup> and 2<sup>nd</sup> February 2014**

Venue : **Hotel Udaya Samudra,**  
Kovalam, Trivandrum.

**DELEGATE FEE: ₹ 9500**

For details please contact: CA. C. Hari (093493 29711)

Detailed information will be published in the forthcoming issue of SIRC Newsletter.

**DISCLAIMER**

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

**Seminar on New Companies Act - 2013 - 9th November, 2013**

**CA. P.S. Kumar,** Chennai



**CA. Chinnasamy Ganesan,** Chennai



**CA. K. Sripriya,** Chennai

FOR THE ATTENTION OF MEMBERS AND STUDENTS

**E-Sahaayataa through www.icai.org****The Best way to get prompt response to all your issues / problems / grievances**

Log on to E-Sahaayataa through [www.help.icai.org](http://www.help.icai.org) and get your grievances addressed within 48 hours.

- Issues / Problems / Grievances reach the right person / Department immediately after posting
- Post your Grievances by providing your Membership No. / Student Regn. No. with your DOB
- SMS / Email Alerts on Filing / Closure
- Status of your grievance can be checked through online
- In case Grievances not addressed it will be escalated till the Secretary / Vice President / President's office
- More than 99% resolution track record
- In case any issues in E-Sahaayataa Pls. contact Tel No. (0120) 3045963/959, E Mail ID : [esahaayataa@icai.in](mailto:esahaayataa@icai.in)

**e-Sahaayataa (FAQs)****1. How to post grievances?**

Please access the link [help.icai.org](http://help.icai.org) and select option entitled Post your Grievances. Thereafter select who are you? Member, Student or Other?

**2. Whether Membership number and Date of Birth has to be provided for Validation?**

For Members the Validation of Membership number using Date of Birth is mandatory.

**3. What happens in case of Students and Others?**

After submission of the Grievance an Alert mail is sent to the E-Mail ID. When such mail is opened and url is selected then Grievance number is generated. The Grievance number so generated is also emailed.

**4. What happens if we do not get alert mails?**

Sometimes auto generated mails moves to the Spam or Bulk mail segment, you may access the mails from there.

**5. Is Grievance System has built in Escalation Mechanism?**

The Grievance System has the Escalation Levels set right from the Level 1 for the desk level users upto the level of Secretary's, Vice President, President's Office.

**6. What happens to the Grievance when the same is resolved ?**

The mail alert is sent to the email ID.

**7. What Happens when any user is not Satisfied with the response?**

The Grievance can be reopened by using the link provided in the mail.

**8. How to check status of Grievance online?**

Please make use of link [help.icai.org](http://help.icai.org), Check Status option

**9. Whom to contact in case of any technical difficulties?**

IT Department at Tel No. (0120) 3045963/959, E Mail ID : [esahaayataa@icai.in](mailto:esahaayataa@icai.in)

**HEALTH INSURANCE SCHEME FOR MEMBERS OF ICAI****NEW INDIA INSURANCE CO., LTD.,**

The Committee on Capacity Building of CA Firms and Small & Medium Practitioners of ICAI has taken a major initiative for arranging in the form of specially designed Health Insurance Scheme with the special features like no health check-up, no age limit & entry barrier, premium discount in lieu of cumulative bonus, 5% discount in Premium to be paid to the Insurance Company, where the Members has not preferred any claim in the expiring policy in case of renewal of the policy, wide coverage for pre-existing diseases, etc., for Members and Students of ICAI. The scheme has been effective from 12th March 2013 for the Members of ICAI. Please visit <http://icai.newindia.co.in>, to apply online for Insurance Policy and to view other formalities as well as details about the aforesaid insurance scheme.

For complete details please refer the ICAI Journal of April 2013 - Page No. 149.

**MOTOR INSURANCE SCHEME AT SPECIAL OD PREMIUM FOR MEMBERS OF ICAI****ORIENTAL INSURANCE CO., LTD.,**

In the Motor Insurance Scheme, all members may avail 55% discount on Own Damage Premium in respect of private four wheelers and two wheelers.

Please approach to the office of the Oriental Insurance Company Limited with a self attested photo copy of the Membership Card for availing the aforesaid scheme.

Please quote the special Client code: AI0000001313 for the aforesaid arrangement.

The facility for online purchase of the Motor Policy for ICAI members has been enabled, the link for ICAI members to buy online policies is <http://www.orientalinsurance.org.in/BuyNewWeb/faces/AvailablePolicies.jsp>

## Updates on Direct Taxes

CA. V.K. Subramani, Erode  
vksintax@gmail.com

**Amendments in reverse mortgage scheme:** Reverse Mortgage Scheme, 2008 has been amended by notifying Reverse Mortgage (Amendment) Scheme, 2013 vide Notification No.S.O.3034(E), dated 7<sup>th</sup> October, 2013. In addition to defined 'approved lending institution' which includes National Housing Bank, schedule banks and housing finance company registered with National Housing Bank, a new category viz. 'annuity sourcing institution' is added. It covers LIC of India or any other insurer registered with IRDA. The scope of reverse mortgage facility thus is expanded.

With regard to disbursement of loan the scope has been enlarged by accommodating periodic payments made by annuity sourcing institutions by way of annuity to the reverse mortgagor.

The period of reverse mortgage loan is now extended to the residual life of the borrower where it is paid by annuity sourcing institution. In result, reverse mortgage in the case of payments received from newly introduced annuity sourcing institutions will have no time limitation with regard to period of reverse mortgage loan.

**Tax deduction Circular for salaries:** In Circular No.8 of 2013 dated 10<sup>th</sup> October, 2013 the CBDT have given a detailed guideline for

deduction of tax at source from salaries for the financial year 2013-14.

Some of the features of the Circular are as follows: (i) When the tax has been paid to the credit of the Central Government without production of a challan i.e. by way of book entry, the Pay and Accounts Officer or the Treasury Officer etc must submit a statement in Form No.24G within 10 days from the end of the relevant month; (ii) All tax deductors must register in the TRACES Portal and should mandatorily generate Form No.16/16A downloaded from the TRACES portal; (iii) The Assessing Officer as per section 139C can require the taxpayer to produce Form No.12BA along with Form No.16 issued by the employer; (iv) Penalty for default in furnishing statements of tax deduction will apply in respect of tax deducted on or after July 1,2012 and the penalty being ₹ 200 for every day of such failure; (v) Tuition fees for the purpose of section 80C deduction includes fee for play-school activities, pre-nursery and nursery classes.; and (vi) The employer must consider deduction under sections 80C, 80CCC, 80CCD, 80CCG, 80D, 80DD, 80U, 80DDB, 80E, 80G, 8GG, 80GGA and 80TTA for computing the total income of salaried - employees. ■

## Updates on VAT

CA. G Chandrasekhar, Chennai  
chandar117@gmail.com

The Tamil Nadu Government has brought about significant amendments recently under Tamil Nadu VAT, particularly in the context of input tax credit. Following is a brief summary of the changes:-

### 1. Input tax credit reversal

The below amendments have been made under Section 19 of TNVAT Act, relating to input credit and are effective from 11<sup>th</sup> November 2013.

#### Inter-state sale made against Form C

Previously, there was no requirement for reversal of input credit in case of inter-state sales made against Form C. Now, a restriction in input credit has been introduced for such inter-state sales

Input VAT credit is allowed only in excess of 3% on goods purchased and resold outside the state, against Form C.

#### Stock transfers

Earlier, input tax credit was allowed in excess of 3% on goods purchased and resold/used in manufacture of goods that are

taken outside the state, otherwise than by way of sale. Post the amendment, the rate is increased from 3% to 5%

### 2. Annexure introduced to VAT return – disclosure of input credit carried forward

With effect from 1<sup>st</sup> November 2013, a new Annexure V has been introduced under TNVAT returns for disclosing the input credit carried forward in the closing stock each month.

Commodity wise description of goods held in stock, value, rate of tax and the input tax credit carried forward at the end of the month are required to be disclosed.

### 3. Issue of Transit Pass – new goods added

**The following goods have been added to the Sixth Schedule, for which transit pass is required to be issued when goods are brought from outside and bound to a place outside the state:-**

- Vegetable oils, including refined vegetable oils
- Iron and Steel – for those specified as “declared goods” under CST Act

This amendment is effective from 8<sup>th</sup> November 2013. ■

## Updates on FEMA

CA. G. Murali Krishna, Hyderabad  
gmk@sbsandco.com

### 1. Change in the definition of "Group Company" for FEMA (FDI) Regulations

RBI vide AP DIR Circular No. A.P. (DIR Series) Circular No.68, dated 01/11/2013, has aligned the definition of Group Company in line with Press Note No. 2 (2013) series, dated 03/06/2013 and is as follows:

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

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

### 2. Permission for Unlisted Companies to raise money through ADR/GDR without linking of its listing in India and get listing in Overseas Stock Exchanges

In line with the Notification of Ministry of Finance, dated 11<sup>th</sup> Oct, 2013, RBI vide AP DIR Circular No. 69, dated 08/11/2013, has amended the FDI regulations, to permit Unlisted Public Companies to get listed in overseas stock exchanges without necessitating prior or simultaneous listing in the domestic market, for next two years, inter alia, subject to the following conditions:

- a) Unlisted Indian companies shall list abroad only on exchanges in IOSCO/FATF compliant jurisdictions or those jurisdictions with which SEBI has signed bilateral agreements;

- b) The ADRs/ GDRs shall be issued subject to sectoral cap, entry route, minimum capitalisation norms, pricing norms, etc. as applicable as per FDI regulations notified by the Reserve Bank from time to time;
- c) The capital raised abroad may be utilised for retiring outstanding overseas debt or for bona fide operations abroad including for acquisitions;
- d) In case the funds raised are not utilised abroad as stipulated above, the company shall repatriate the funds to India within 15 days and such money shall be parked only with AD Category-1 banks recognised by RBI and shall be used for eligible purposes;

### 3. Permission for Third party payments for export / import transactions:

RBI vide AP DIR Circular No. A.P. (DIR Series) Circular No.70, dated 08/11/2013, has amended FEMA regulations, to permit residents making/ receiving payments from Third Parties subject to various conditions listed therein

### 4. Waiver of NOC for transfer of shares of companies in Financial Services , under FDI Regulations

RBI vide AP DIR Circular No. A.P. (DIR Series) Circular No.72, dated 11/11/2013, has amended FEMA FDI regulations, to permit investment in companies engaged in Financial Services, without requirement of attaching NOC along with reporting documents, subject to compliance of Fit and Proper person requirements applicable to the investors. ■

## 45<sup>TH</sup> REGIONAL CONFERENCE OF SIRC OF ICAI DELEGATE REGISTRATION FORM

#### The Chairman

Conference Committee  
45th Regional Conference of SIRC of ICAI  
Opp: Andhra Bank, D. No. 9-36-22/2  
Pithapuram Colony, Visakhapatnam – 530 003

Delegate Fee:  
₹ 3000

CPE Credit  
**12**  
HOURS

Dear Sir,

I / We would like to enroll as a delegate/s to the 45th Regional Conference of SIRC of ICAI to be held on 13th and 14th December 2013 at Port Indoor Stadium, Visakhapatnam.

I / We have enclosed Cheque / DD No. \_\_\_\_\_ . Drawn in favour of "45th Regional conference of SIRC of ICAI" dated \_\_\_\_\_ on \_\_\_\_\_ for ₹ \_\_\_\_\_ (Rupees \_\_\_\_\_ only) towards my / our delegate fee.

Delegate Name	Membership No.	Contribution for CABF

Address : \_\_\_\_\_

Phone : \_\_\_\_\_ Mobile: \_\_\_\_\_ Email id: \_\_\_\_\_

Thanking You,  
Yours faithfully

Signature \_\_\_\_\_

For the convenience of members, registration can be done at the Branches / CPE Study Circles / CPE Chapters also. Registration as Delegate can also be done online at <http://www.sircoficai.org>

## Updates on Indirect Tax

CA. J. MURALI, Chennai  
jmuraliandco@gmail.com

### VAT:

**1. TNVAT AUDIT:** The Sec 63A of Tamilnadu Value Added Taxes Act 2006 provides for Audit of Accounts by a Chartered Accountant of Cost – Accountant for the dealers whose total turn over including CST turnover exceeds ₹ 1 crore. The report should be filed in **Form WW**. The Vat Audit was introduced from the Financial year 2012-13 and due date for 2012-13 was 31.10.2013. But on 31.10.2013 G.O (MS) No.136 was issued by the State Government of Tamilnadu which amended the Rule 16-A of TNVAT Act 2006 and extended the time of filing the Vat Audit report to 31<sup>st</sup> December of every year. This extension will be useful because after completing the Tax Audit by 30<sup>th</sup> September 3 months time is available for doing the Vat Audit.

**2 Closing Stock Inventory:** While filing the monthly returns under Tamilnadu Value added tax Act 2006 the entire purchase and sales details have to be enclosed in annexures with the Form I monthly return.

The claim and set out of Input tax credit is allowed only when the entire details of purchases and sales are reported. The G.O.137 Was issued on 31.10.2013 requiring the dealer to file the details of closing stock inventory in **Annexure V** to the Form I of TNVAT Act 2006. The details of Input carried forward and details of closing stock held on the end of the month should be reported. The amendment comes in to force as on 01.11.2013.

**3 Reversal for the Stock transfer: G.O.NO.328 dated 8th November 2013**

The stock transfer made against the form F is liable for the reversal of input tax credit to the extend of 3% of input tax credit. When the local purchases made the input will be earned and credited to input tax credit account. If the local purchases are sent to other state for stock transfer earlier the reversal was to be extend of 3% and now it is increased to 5%.

The effective date for this amendment is yet to be notified.

### CST

**4 Reversal for CST sales Sec (19) (2) (5) G.O.NO.328 dated 8th November 2013**

Sec 19 (2) deals with the provision of claiming the input tax credit by the assessee.

In that sub section 5 deals with the Sale in the course of interstate trade or commerce falling under the sub-section (1) of section 8 of the central sales tax act, 1956 ( central act 74 of 1956). It means for the cst sales against c Form the reversal is to be made on the input tax credit to the extend of 3% and any input tax credit available more than 3% can be adjusted in the other liability. If it is without form c the entire input tax credit is to be reversed.

The effective date for this amendment is yet to be notified.

**5 Tax rate increase on II schedule goods.**

The rate of tax on the second point sales on alcoholic drinks have been increased. The increase is based on the rate of the commodity it has increased from 195% to 240%. This amendment is coming in force from 1.4.13 as per G.O.NO.328 dated 8<sup>th</sup> November 2013

**6 Transit pass required for the movement of iron and steel goods and Vegetable oil: G.O.NO.328 dated 8<sup>th</sup> November 2013.**

The iron and steel and vegetable oil are listed under the 11<sup>th</sup> schedule of TNVAT ACT. The items in 11<sup>th</sup> schedule needs the transit pass for the interstate movement. As per G.O. No. 328 the transit pass is to be issued for the movement of vegetable oil and iron and steel. When the movement commences from the State of Tamilnadu the Transit pass is to be surrendered in the last checkpost of the STATE. Similarly when the goods are crossing the Tamilnadu and in movement the transit pass is to be obtained in the first checkpost of the given state and surrendered in the last checkpost of the state. If it is not properly surrendered then the turnover will be estimated by the Department. This provision is coming to force with immediate effect.

### Service tax:

**7 E-Payment for Service Tax Notification No.16/2013 – Service tax.**

The Service Tax Third (Amendment) Rules 2013 is coming to force from 1<sup>st</sup> January 2014 requires the E-Payment of Service Tax is mandatory where the total taxes paid is Rupees One Lakhs or more. Originally the E-payment was compulsory for the Assessee whose tax payment were more than Rupees Ten Lakhs.

**8 Services Received by SEZ Unit:**

The Central Government makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.12/2013 – Service tax dated the 1<sup>st</sup> July 2013. Published in the Gazette of India, Extraordinary, Part II section 3, that the SEZ unit or the Developer shall furnish to the jurisdictional Superintendent of Central Excise a quarterly statement in Form A3 furnishing the details of specified services received by it without payment of service tax, by 30<sup>th</sup> of the month following the particular quarter.

For the quarter July 2013 to September 2013 the statement shall be filed by the 15<sup>th</sup> December 2013.

**9 Circular for VCES Circular no.174/9/2013-ST** The Board has directed the Authorities to receive the declaration for VCES and if there is any defect it should be explained to the assessee and assistance to be given for the correction. The verification of the declaration and intimation for the correction will be given to the assessee immediately. The effort must be to accept the declaration as far as possible and recover the arrear of tax. ■

## CPE REQUIREMENTS

**Sub :** Penal provisions for the members of the Institute who had not complied with their CPE Hours requirements for the block period of 3 years (1-1-2011 to 31-12-2013)

In order to function the system of mandatory CPE effective, the Council of the Institute of Chartered Accountants of India has decided that the members who fail to comply with their CPE Hours requirement for the current block of 3 years (1-1-2011 to 31-12-2013) are appropriately sanctioned. Therefore, the Council of the Institute has decided as under :

- All the members are required to complete their CPE hours requirements for the block period of 3 years (1-1-2011 to 31-12-2013) by 31st December, 2013.
- Any shortfall in the CPE credit for the calendar years 2011, 2012 and 2013 should be met by the members by 31st December, 2013.
- The names of the members who fail to comply with their CPE hours requirements for the block period of 3 years by 31st December, 2013 would be hosted on the website of the ICAI for information of public at large.
- Further, the ICAI will not be responsible in any way for any action taken by any of the regulatory authorities on the basis of the names hosted on the website for allotting the professional work to them as sole proprietor or to their partnership firm.
- To strike out the name/s from the list so hosted on the website, the member/s shall have to make up any shortfall in their CPE credit hours for the above block period of 3 years by obtaining twice of the amount of the shortfall. Such addition shall be in addition to the regular CPE hours requirement for the particular Calendar year in which they are making up the shortfall.

The members are requested to note the above. The members are also requested to comply with the CPE Hours requirements for the current year by 31st December, 2013.

Secretary, CPE Committee of ICAI

## CPE HOURS REQUIREMENT FOR MEMBERS

CPE credit Hours requirements for the block of 3 years from 01-01-2011 to 31-12-2013 to be complied with by different categories of members

Holding Certificate of Practice	Not Holding Certificate of Practice
<p><b>A. All the members (aged less than 60 years) who are holding Certificate of Practice (except all those members who are residing abroad) are required to:</b></p> <p>a. Complete at least 90 CPE credit hours in each rolling three-year period of which 60 CPE credit hours should be of structured learning.</p> <p>b. Complete minimum 20 CPE credit hours of structured learning in each year.</p>	<p><b>B. All the members (aged less than 60 years) who are not holding Certificate of Practice or all the members who are residing abroad (whether holding Certificate of Practice or not) are required to:</b></p> <p>a. Complete at least an aggregate of 45 CPE credit hours of either structured or unstructured learning (as per their choice) in each rolling three-year period (i.e. from 1/1/2011 to 31/12/2013)</p> <p>b. Complete minimum of 10 CPE credit hours being an aggregate of either structured or unstructured learning (as per their choice) in each calendar year.</p>
<p><b>C. All the members (aged 60 years &amp; above) who are holding Certificate of Practice, are required to:</b></p> <p>a. Complete at least an aggregate of 70 CPE credit hours of either Structured or Unstructured Learning (as per their choice) in each rolling three-year period (i.e. from 1/1/2011 to 31/12/2013).</p> <p>b. Complete minimum of 10 CPE credit hours being an aggregate of either Structured or Unstructured Learning in the first calendar year i.e. 2011.</p> <p>c. Complete minimum of 20 CPE credit hours being an aggregate of either Structured or Unstructured Learning (as per their choice) in the second and third calendar years i.e. 2012 &amp; 2013.</p>	<p><b>D. All the members (aged 60 years and above) who are not holding Certificate of Practice are required to:</b></p> <p>a. Complete at least an aggregate of 35 CPE credit hours of either Structured or Unstructured Learning (as per their choice) in each rolling three-year period (i.e. from 1/1/2011 to 31/12/2013).</p> <p>b. Complete minimum of 5 CPE credit hours being an aggregate of either Structured or Unstructured Learning in the first calendar year i.e. 2011</p> <p>c. Complete minimum of 10 CPE credit hours being an aggregate of either Structured or Unstructured Learning in the second and third calendar year i.e. 2012 &amp; 2013.</p>

**For checking the CPE Credit hours earned, members are requested to login in [www.cpeicai.org](http://www.cpeicai.org)**

# An Overview of Service Tax on Works Contract Service under Reverse Charge Mechanism



CA Chandrashekar L,  
Mysore  
cachandrashekarl@gmail.com

## 1) Reverse Charge?

As per Section 68(1) of the Finance Act, liability to pay service tax is of the service provider. However there is exception to the above provision as per section 68(2), according to which vide notification No. 30/2012-ST dated 20-06-2012, the receiver of service is liable to pay service tax in whole or part of service tax which is known as payment of service tax under reverse charge mechanism.

## 2) Applicability of Reverse charge:

Payment of service tax under reverse charge is applicable only if the following two cumulative conditions are fulfilled:

- (i) Provider of Works contract service is an individual, HUF or partnership firm whether registered or not including association of person located in the taxable territory, and
- (ii) Such works contract service is provided to a business entity registered as body corporate located in the taxable territory.

If the above two conditions are not fulfilled the provider of service has to pay whole of the service tax.

## 3) Service tax payable under reverse charge mechanism:

When reverse charge mechanism is applicable in respect of works contract service, then the receiver of service has to pay 50% of service tax and balance of 50% service tax as to be paid by the service provider.

When value of the works contract is determined under Rule 2A(i) of the Valuation Rules, both the service provider and the receiver of the service has to pay service tax at 6.18% each.

When value of works contract is determined under Rule 2A(ii) of the valuation Rules, the effective rate of service tax payable by the receiver of service and provider of service will be:

Sl. No.	Type of Works Contact	Effective rate of Service tax payable by the service provider	Effective rate of Service tax payable by the receiver of service
(i)	In case of works contract entered into for execution of original works.	2.472%	2.472%
(ii)	In case of works contract entered into for maintenance or repair or reconditioning or restoration or servicing of any goods.	4.326%	4.326%
(iii)	In case of other works contact, not covered by (i) & (ii) above, including maintenance, repairs, completion and finishing services such as glazing, plastering, floor and wall tiling, installation of electrical fittings of an immovable property.	3.708%	3.708%

## 4) Determination of Value on different basis by both the service provider and the service receiver:

In terms of Explanation II to the notification No. 30/2012-ST dated 20-06-2012, in case of works contract service, where both the service provider and service receiver is the person liable to pay service tax, the receipt of service has the option of choosing the valuation method as per choice, independent of valuation method adopted by the provider of service.

## 5) Other Important points to be considered by the receiver of service who is liable to pay service tax under reverse charge:

- (i) Service receiver who is liable to pay service tax cannot avail the benefit of exemption of Rs 10 lakh as no SSI exemption is available under reverse charge.
- (ii) Point of taxation shall be the date on which payment for such service is made by the service receiver to the provider of service.
- (iii) CENVAT credit cannot be availed off while discharging service tax liability under reverse charge mechanism.

## 6) Valuation of works contract services:

In case of works contract service, only service portion is chargeable to service tax. Rule 2A of Service Tax [Determination of Value] Rules, 2006 deals with the special provisions for determination of taxable value in respect of works contract service. This rule provides for two methods for determination of value of works contract service.

The first method as per Rule 2A(i) of the Valuation Rules which can be used when the service provider maintains complete details in respect of transfer of property in goods involved in the execution of works contract, labour charges, cost of consumables etc. If the service provider unable to determine the value of works contract under the first method, it shall be determined according to the second method prescribed under rule 2A(ii) of the Valuation Rules.

### Determination of value as per first method [Rule 2A (i)]

- a) As per first method the value of works contract service shall be equivalent to the gross amount charged for the works contract less the value of property in goods involved in the execution of the said works contract.
- b) Gross amount charged for the works contract shall not include Value Added Tax (VAT) or sales tax, paid on the transfer of property in goods involved in the execution of the said works contract.

Where value added tax or sales tax has been paid or payable on the actual value of property in goods involved in the execution of works contract, then such value adopted for the purpose of payment of value added tax or sales tax, shall be taken as the value of transfer



of property in goods involved in the execution of the said works contract for determining the value of works contract service.

- c) Inclusions in gross amount: For the above purpose of the rule, value of works contract service shall include :-
- (i) labour charges for execution of the works;
  - (ii) amount paid to a sub-contractor for labour and services;
  - (iii) charges for planning, designing and architect's fees;
  - (iv) charges for obtaining on hire or otherwise, machinery and tools used for the execution of the works contract;
  - (v) cost of consumables such as water, electricity, fuel used in the execution of the works contract;
  - (vi) cost of establishment of the contractor relating to supply of labour and services;
  - (vii) other similar expenses relating to supply of labour and services; and
  - (viii) profit earned by the service provider relating to supply of labour and services;

#### Determination of value as per second method [Rule 2A (ii)] [Composition Scheme]

- a) **Taxable portion in Works Contract Service:** Where the value has not been determined under clause (i), the service portion involved in the works contract is determined according to the clause 2A (ii) of the Valuation Rules. Under this rule the taxable portion in execution of different types of works contract shall be determined as under:

Sl. No.	Type of contract	Amount on which service tax is payable
a)	Works contract entered into for execution or original works	40% of the total amount charged for the works contract
b)	Works contract entered into for maintenance or repair or reconditioning or restoration or servicing or any goods	70% of the total amount charged for the works contract
c)	Other works not covered by (a) and (b) above, including maintenance, repairs, completion and finishing services such as glazing, plastering, floor and wall tiling, installation of electrical fittings of an immoveable property	60% of the total amount charged for the works contract

- b) **Original Work defined :** The term "Original works" means –
- (i) all new constructions;
  - (ii) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;
  - (iii) erection, commissioning or installation of plant, machinery or equipment or structures, whether per-fabricated or otherwise.

- c) **Meaning of total amount :** "Total amount" means the sum total of gross amount charged for the works contract and the fair market value of all goods and service supplied in or in relation to the execution of the works contract, whether or not supplied under the same contract or any other contract after deducting –
- (i) the amount charged for such goods or services, if any, and
  - (ii) the value added tax or sales tax, if any, levied thereon.

The fair market value of goods and services so supplied may be determined in accordance with the generally accepted accounting principles.

#### 7) Works contracts exempted from service tax under mega notification:

In terms of notification No.25/2012-ST, dated 20-06-2012, the following works contract services are exempt from service tax.

**Services provided to Government or local authority:** By virtue of Notification No. 25/2012-ST, dated. 20-6-2012 [S. No. 12] services provided to the Government or local authority by way of erection, construction, maintenance, repair, alteration, renovation or restoration of the following have been exempted from service tax, namely-

- (a) a civil structure or any other original works meant predominantly for a non-industrial or non-commercial use;
- (b) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under Ancient Monuments and Archaeological Sites and Remains Act, 1958;
- (c) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;
- (d) canal, dam or other irrigation works;
- (e) pipeline, conduit or plant for (i) drinking water supply (ii) water treatment, or (iii) sewerage treatment or disposal; or
- (f) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65 B of the said Finance Act, are exempt from service tax.

As per para 2(zc) of the Notification, "residential complex" means any complex comprising of a building or buildings, having more than one single residential unit.

The term "single residential unit" is defined under para 2(ze) to mean a self-contained residential Unit which is designed for use, wholly or principally, for residential purposes for one family.

As per para 2(s) of the Notification, "governmental authority" means a board, or an authority, any other body established with 90% or more participation by way of equity or control by government and set up by an Act of the Parliament or a State Legislature to carry out any function entrusted to a municipality under article 243W of the Constitution.

- (ii) **Services relating to road, bridge, tunnel, etc.:-** By virtue of Notification No. 25/2012-ST, dated 20-06-2012, [Sl.No. 13], services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

- (a) road, bridge, tunnel, or terminal for road transportation for use by general public;
- (b) a civil structure or any other original works pertaining to a scheme under Jawarhalral Nehru Urban Renewal Mission or Rajiv Awaas Yojana;
- (c) building owned by an entity registered under section 12AA of the Income Tax Act, and meant predominantly for religious use by general public;
- (d) pollution control or effluent treatment plant, except located as a part of a factory; or
- (e) a structure meant for funeral, burial or cremation of deceased are exempt from service tax.
- (iii) **Services relating to airport, port or railways**-By virtue of Notification No. 25/2012-ST, dated 20-06-2012 (Sl.No. 14) services by way of construction, erection, commissioning, or installation of original works pertaining to, -
- (a) an airport, port or railways, including monorail or metro;
- (b) a single residential unit otherwise than as a part of a residential complex;
- (c) low-cost houses upto a carpet area of 60 square metres per house in a housing project approved by competent authority

empowered under the 'Scheme of Affordable housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;

- (d) post-harvest storage infrastructure for agricultural produce, including a cold storages such purposes; or
- (e) mechanised foodgrain handling system, machinery or equipment for units processing agricultural produce as foodstuff excluding alcoholic beverages, are exempt from service tax.

#### 8) Exemption in respect of works contract service provided by sub-contractor to main contract.

In terms of clause 29(h) of Notification No. 25/2012-ST, dated 20-6-2012, service provided by a sub-contractor providing services by way of works contract to another contractor services which are exempt, is exempt from service tax.

In para 7.11.11 of Taxation of Services- An Education Guide issued by CBEC on 20-6-2012, it has been clarified that the exemption provided in the mega-exemption to services by way of construction of roads etc., is not available to the sub-contractors who provide input service to these main contractors in relation to such construction. ■

#### Seminar on Direct Taxes organized by SIRC at Chennai on 16th November 2013



CA. J. Prabhakar, Chennai



CA. Kapil Goel, New Delhi



CA. M. Sanjiv Aditya, Chennai



CA. T. Raghunathan, Chennai

#### Study Circle Meeting - November 2013

06-11-2013



CA. Sunil Setha, Chennai

13-11-2013



CA. B. Ramakrishnan, Chennai

20-11-2013



Mr. A.J.D. Thangaraj, Chennai

27-11-2013



CA. R. Baskar, Chennai

### WORK DISPOSAL POSITION

The position of disposal of various matters relating to Members and Students of Regional Office, Chennai as on 28/11/2013 is as under:

Particulars	Disposal of records received upto
<b>Members</b>	
Enrolment of Members	20.11.2013
Fellow Admission	25.11.2013
Grant of COP	27.11.2013
Restoration of Name	27.11.2013
Constitution of Firms	27.11.2013
Reconstitution of Firms	26.11.2013
Paid Assistant	26.11.2013
Change of Address – Members	27.11.2013
Change of Address – Firms	26.11.2013

Particulars	Disposal of records received upto
<b>Students</b>	
Registration of Articles	01.11.2013
Re-registration of Articles	11.11.2013
Industrial Training	13.11.2013
Termination of Articles	08.11.2013
Completion of Articles	05.11.2013
Permission to pursue Other Courses	11.11.2013
Despatch of Materials – CPT	30.09.2013
Despatch of Materials – IPCC	14.09.2013
Despatch of Materials – ATC	14.09.2013
Despatch of Materials – Final	30.09.2013
Despatch of Materials - ITT	30.09.2013

# Glimpses of Mega National Convention for C.A. Students organized by BOS at Chennai on 27<sup>th</sup> and 28<sup>th</sup> November 2013

Hon'ble Mr. Justice V. Ramasubramanian

Lighting of Traditional Lamp

Memento to Chief Guest



Felicitation to SIRC Chairman

Padma Shri CA. T.N. Manoharan

CCM CA. S Santhana Krishnan



CCM CA. Charanjit Singh Nanda

Hon'ble Justice Dr. AR. Lakshmanan

CA. P.B. Sampath



CA. V. Pattabhi Ram

Dr. Girish Ahuja

Ms. J. Sabita



CA. M.P. Vijay Kumar

Lakshman SRUTHI Orchestra

Valedictory





01-12-2013: Inauguration of Tirunelveli Branch Building. CA. Subodh Kumar Agrawal, President, ICAI, CA. K. Raghu, Vice President, ICAI, CA. D. Prasanna Kumar, Chairman, SIRC, CA. Babu Abraham Kallivayalil, CDM, ICAI, CA. P.R. Suresh, Vice Chairman, SIRC, CA. P.R. Aruloli, Secretary, SIRC, CA. Gopal Krishna Raju, Treasurer, SIRC, CA. C.S. Srinivas, Member, SIRC, CA. Rajendra Kumar, P. Chennai, CA. V. Ramasamy, Chairman, Tirunelveli Branch and other Members of Managing Committee of Tirunelveli Branch.



01-12-2013: Visit to Tuticorin Branch: CA. Subodh Kumar Agrawal, President, ICAI, CA. K. Raghu, Vice President, ICAI, CA. D. Prasanna Kumar, Chairman, SIRC, CA. Babu Abraham Kallivayalil, CDM, CA. P.R. Suresh, Vice Chairman, SIRC, CA. P.R. Aruloli, Secretary, SIRC, ICAI, CA. Gopal Krishna Raju, Treasurer, SIRC, CA. C.S. Srinivas, Member, SIRC, CA. M.R. Antony Xavier, Chairman, Tuticorin Branch and other Members of Managing Committee of Tuticorin Branch.



Programme on Peer Review organized by ICAI at Chennai on 19th November 2013 - Seen in the picture are (L-R): CA. Venugopal C. Govind, Resource Person, CA. Bhavani Balasubramanian, Resource Person, CA. K. Sriprya, Member, SIRC, CA. D. Prasanna Kumar, Chairman, SIRC, CA. P.R. Aruloli, Secretary, SIRC, CA. M. Devaraja Reddy, Central Council Member, ICAI, CA. S. Santhana Krishnan, CCM, ICAI, CA. G. Sekar, CCM, ICAI, CA. V. Murali, Central Council Member, ICAI, CA. P.R. Suresh, Vice-Chairman, SIRC and CA. N. Ramesh Natarajan, Resource Person.



CA. V. Murali, CCM, ICAI and CA. D. Prasanna Kumar, Chairman, SIRC with Shri M. Narendra, Chairman and Managing Director of Indian Overseas Bank.



Distribution of Certificate to GMCS participant



CA. P.R. Aruloli, Secretary, SIRC delivering special address at the 3rd All India Joint Regional Conference organized by SIRC, WIRC, EIRC, CIRC & NIRC of ICAI at Ahmedabad on 29th & 30th November, 2013.



Inauguration of Seminar on New Companies Act - 2013 organized by SIRC at Chennai on 8th Nov. 2013. From (L-R): CA. Gopal Krishna Raju, Treasurer, SIRC, CA. Chinnasamy Ganesan, Resource Person, CA. Jomon K. George, Member, SIRC, CA. P.R. Aruloli, Secretary, SIRC, CA. V. Murali, CCM, ICAI, Dr. M. Manuneethi Cholan, Registrar of Companies, Tamil Nadu, Andaman and Nicobar, Chief Guest, CA. P.R. Suresh, Vice-Chairman, SIRC and CA. K. Sriprya, Member, SIRC.



Conference on Cloud Computing organized by IT Committee of ICAI at Chennai on 8th November 2013. Seen in the picture are: CA. D. Prasanna Kumar, Chairman, SIRC, CA. S. Santhana Krishnan, Chairman, IT Committee of ICAI, CA. V. Murali, CCM, ICAI, CA. M.P. Vijay Kumar, CFO, SIFY and CA. S.A. Murali Prasad, Resource Person.



Inauguration of GMCS Course



Distribution of Certificate to GMCS participant