



## SIRC NEWSLETTER'S 40<sup>th</sup> Year of Publication

### REGIONAL RESIDENTIAL COURSE ORGANISED BY SIRC AND HOSTED BY MADURAI BRANCH OF SIRC ON JUNE 27 & 28, 2014 AT PONDICHERRY



CA. P.V. Rajarajeswaran, Chairman, SIRC at the inaugural session along with CA. P.R. Aruloli, RCM, CA. G. Selvakumar, Chairman, Madurai Branch, CA. M. Chidambaram, Secretary, Madurai Branch, CA. Vijaykumar N. Modi, Chairman, Pondicherry Branch, CA. Prabagarane V, Secretary, Pondicherry Branch and other Members of Managing Committee of Madurai and Pondicherry Branches of SIRC of ICAI.



Thiru. N. Rangasamy, Hon'ble Chief Minister of Puducherry addressing.

### KARNATAKA STATE LEVEL CHARTERED ACCOUNTANTS CONFERENCE ON JUNE 21 & 22 2014 AT BANGALORE



CA.K. Raghu, President, ICAI inaugurated along with Dr. N.K. Venkataramanaa, Vice Chairman, BGS Hospital, Guest of Honour, CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC, CA. P.R. Suresh, RCM, CA. Babu K, Chairman, Bangalore Branch, CA. Allama Prabhu M.S., Vice Chairman, Bangalore Branch, CA. Pampanna B.E., Secretary, Bangalore Branch, other Members of Managing Committee of Bangalore Branch of SIRC of ICAI and CA. I.S. Prasad, Conference Co-ordinator.



## REGIONAL RESIDENTIAL COURSE ON JUNE 20-22, 2014 AT KUMBAKONAM



Dr. S. Balasubramanian, Chairman, City Union Bank along with CA.P.V. Rajarajeswaran, Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC, CA. P.R. Aruloli, RCM, CA. E. Phalguna Kumar, RCM, CA. Gopal Krishna Raju, RCM, CA. C. Rajagopal, Chairman, Kumbakonam Branch, CA. I. Rajesh, Secretary, Kumbakonam Branch and other Members of Managing Committee of Kumbakonam Branch of SIRC.

## VALEDICTION OF DIRECT TAX PROGRAMME ON JUNE 15, 2014 AT CHENNAI



Chief Guest CA. V. Murali, CCM, ICAI along with CA. Cotha S. Srinivas, Secretary, SIRC of ICAI, CA. T.G. Suresh, Course Co-ordinator and CA.T. Banusekar, CA. N.V. Balaji, Resource Persons.

## REGIONAL RESIDENTIAL COURSE HOSTED BY BELGAUM BRANCH OF SIRC OF ICAI ON JUNE 18, 2014 AT GOA



CA. P.V. Rajarajeswaran, Chairman, SIRC along with CA. Cotha S. Srinivas, Secretary, CA. P.R. Suresh, RCM, CA. E. Phalguna Kumar, RCM, CA. Nithin M, RCM, CA. K. Sripriya, RCM, CA. Sanjay S. Mudnur, Chairman, Belgaum Branch, CA. Praveen Prakash Ghali, Secretary, Belgaum Branch and other Members of Managing Committee of Belgaum Branch of SIRC.

## BLOOD DONATION CAMP ON JUNE 30, 2014 AT CHENNAI



Shri J. Radhakrishnan, IAS, Secretary, Health and Family Welfare, Govt. of Tamil Nadu inaugurated along with CA. V. Murali, CCM, ICAI and Mr. Muthu Krishna Baskar, SIRC Faculty, Dr. T. Paramasivan, Jt. Director, ICAI.

## CPE SEMINAR ON COMPANIES ACT AT 2013, ON JUNE 14 & 15, 2014 AT PALGHAT



CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC, CA. Jomon K George, RCM, CA. Harish C R, Chairman, Palghat Branch, CA. Arun A, Secretary, Palghat Branch, other Members of Managing Committee of Palghat Branch of SIRC and Resource Persons.

## GMCS INAUGURATION ON JUNE 11, 2014 AT CHENNAI



CA. V. Murali, Member, Board of Studies, ICAI presenting a bouquet to Chief Guest CA. G. Narayanaswamy, Former Central Council Member, ICAI. CA. P.R. Aruloli, Chairman, GMCS Co-ordination Committee, SIRC is also seen.

## CPE SEMINAR ON COMPANIES ACT AT 2013, ON MAY 22, 24 & 31, 2014 AT BANGALORE



Sri. M.R. Bhat, ROC, Karnataka inaugurated in the presence of CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Babu K, Chairman, Bangalore Branch, CA. Pampanna B.E., Secretary, Bangalore Branch and other Members of Managing Committee of Brangalore Branch of SIRC of ICAI.

## GMCS VALEDICTION ON JUNE 27, 2014 AT CHENNAI



CA. V. Murali, Member, Board of Studies, ICAI honouring the Chief Guest Mr. R. Gandhi, Senior Advocate with Shawl. CA. Gopal Krishna Raju, RCM is also seen.



## *Message from the President, ICAI*

A glorious tradition of excellence for more than six decades; a tradition of independence, precision, quality and commitment; a tradition of faith and dedication; a tradition of untiring service to the society, government and nation, this is how the profession of Chartered Accountants is recognized today. We have attained this coveted position with the persistent pursuit of perfection, integrity, skills and knowledge. The Institute of Chartered Accountants of India (ICAI) today boasts of a very strong intellectual heritage and tradition of trust.

In the present competitive and dynamic environment, correct and timely information is the key to success. For professionals, right information is an integral part facilitating knowledge updation, newer growth avenues, mutually beneficial joint alliances and many more opportunities thus enabling overall professional development and advancement.

The newsletters are important tool in the direction of disseminating information and providing contemporary education through useful write-ups. It is a mode through which various activities undertaken can be shared with all the stakeholders. I am pleased to note that newsletter of Southern India Regional Council of the ICAI i.e. SIRC Newsletter, that had started its publication in the year 1975, is entering into its 40<sup>th</sup> year of publication and the July 2014 issue will be brought out as special commemorative issue. It is a matter of great pleasure that this newsletter serves more than 45,000 of our members of Southern Region besides other readers like government senior functionaries, public servants, etc., as of date.

On reaching this milestone, I would like to compliment the Chairman, Officer Bearers, all the present and past Managing Committee Members and staff for their untiring hard work that has been put in for consistent improvement and release of SIRC Newsletter over these years.

I am sure this newsletter will continue to provide timely and useful information to the members.

Best Wishes  
**CA. K. Raghu**



## *Message from the Vice-President, ICAI*

It is really heartening that the Southern India Regional Council (SIRC) of ICAI is bringing out a commemorative issue in connection with the 40<sup>th</sup> year of publication of the SIRC Newsletter. I compliment CA. P.V. Rajarajeswaran, Chairman – SIRC and his team on the occasion. All these years the newsletter has been a crucial mouthpiece of the southern region.

Over the last sixty-five years, the Institute of Chartered Accountants of India has expanded by leaps and bounds. We have grown from a small family of about 1700 members when we started our journey in the year 1949 to a mammoth organization. In terms of number of members, we are the second largest accounting body of the world. We started the year 2014 with 2,24,772 members and 7,36,460 students and this number is increasing day by day. The Institute has grown slowly and steadily.

Reaching such a large number of members and the students who are spread in every nook and corner of the country is not easy. The regions and branches have been doing commendable job to reach members and students, work on our regulatory requirements, disseminate knowledge and provide other services. They are critical for the profession of chartered accountancy which is highly dynamic and challenging.

In the recent years, the profession of chartered accountancy has witnessed rapid changes in its environment. The major economies that have been broadly controlling the economic dynamics of the world are facing tough challenges. The crisis in the Middle-East is also creating economic uncertainty. The changes in the business sizes, methods and strategies coupled with the growth of technology has also led to changes in the economic warp and weft.

There are other factors from across the globe that have a bearing on the present professional environment. The Companies Act, 2013 has replaced nearly six-decade old Act that governed corporate sector in the country. The new Act will make a paradigm shift in the overall governance in the corporate world. Revolutionary changes are also expected in the area of taxation. The extents to which the profession will grow depend on the manner in which it is able to respond to the challenges posed by such developments. I am sure that we will grow further and continue to play an instrumental role in the country.

With best wishes,  
**CA. Manoj Fadnis**



# Chairman writes ...



**My dear Professional Colleagues,**

## **Red Letter Day:**

The occasion of the release of July 2014 issue of our SIRC Newsletter marks the **RED Letter Day** in the annals of SIRC as the publication of the Newsletter enters into its 40<sup>th</sup> year of publication in the service of members and students. When the Newsletter was started in July 1975, the object was to communicate to the members about the programmes of SIRC which over the years has been improvised to include articles on professional interest, updates on various Acts, Press Releases, Amendments, Notifications, Landmark judgments etc. Started with a four page Newsletter in 1975, we are presently bringing out 20/24 page Newsletter containing matters of professional interest. SIRC is thankful to our beloved President CA. K. Raghu and Vice-President CA. Manoj Fadnis for wishing the special issue of this Newsletter with their Messages.

Organizations are totally reliant on communication, especially for professionals like ours and when communication is thorough, accurate, and timely, the organization tend to be vibrant and effective. With the support and excellent response from our members, we assure to make the Newsletter more lively and interesting for the readers. We also, on this occasion, seek your inputs for further improvement in this regard.

In this commemorate issue on the occasion of the 40<sup>th</sup> year of publication of the Newsletter, we have brought out in a concise manner about the growth of SIRC with respect to infrastructure, noteworthy events, milestones and other interesting information to the readers.

## **Expectations from the Union Budget:**

Union Finance Minister Shri Arun Jaitley will be presenting the Union Budget for the year 2014-15 on 10<sup>th</sup> July 2014. The expectation from the public is very high as this is the first budget of the New Government. The Budget is likely to address issues to gear up the economy and administration. In this respect the proposals on Direct and Indirect Taxes would have a strong bearing on the corporate and business houses.

The role of our profession as Partners in Nation Building is extensive and crucial as we express ourselves on the proposals for better implementation by the Government.

## **Programmes on Union Budget – 2014:**

SIRC as in the past would be telecasting live the presentation of Union Budget in Parliament at 11.00 a.m. on 10<sup>th</sup> July 2014. In the evening of 10<sup>th</sup>, Panel Discussion Session is arranged with eminent resource persons giving insight on the Direct and Indirect Taxes Proposals contained in the Union Budget.

A public Meeting on Union Budget is also scheduled on 14<sup>th</sup> July 2014 at Vani Mahal, T. Nagar, Chennai-17 and the details are published in [Page No. 9](#) in this Newsletter. Followed with these exposures on Union Budget a full day Seminar on Union Budget is arranged on 26<sup>th</sup> July 2014 when it will centre around Clause-by-Clause Analysis.

These three programmes would be exclusively on the Union Budget and organized with an object of enlightening our professional fraternity on its salient features, issues involved and compliance requirements. I invite members to participate in all these programmes and make them a grand success.

All the Branches of SIRC have also been requested to organize meetings on Union Budget and I request the members to participate in such programmes.

## **Post Budget Memorandum:**

The Institute gives its views and comments on the Pre-Budget and Post Budget Memorandums to the Ministry of Finance. I am happy to share that in the past many of the suggestions given by ICAI have found a place in the Union Budget and I am sure the incoming Budget would have our ICAI contribution. Besides, the Post Budget Memorandum given by our Institute also evoke attention of the Ministry. I would therefore request the members to offer their views, once the Budget is presented so as to reach us by 20<sup>th</sup> July 2014, to [sirc@icai.in](mailto:sirc@icai.in) and [chairmansirc@icai.in](mailto:chairmansirc@icai.in)

## **Other SIRC Programmes:**

The month of July and August would have, besides the regular Wednesday CPE Study Circle Meetings, programmes on varied subjects of professional interest. The detailed programme schedule with names of resource persons are published in [Page No. 6 & 7](#) in this Newsletter. I invite members to participate in large numbers.

## **Regional Residential Course at Courtallam:**

SIRC is organizing the next Regional Residential Course at Courtallam on 2<sup>nd</sup> and 3<sup>rd</sup> August 2014 at "The Kuttalam Heritage, Shengottai Courtallam Main Road, Ilangi hosted by Tirunelveli Branch of SIRC. The details of the programme were published in [Page No. 7](#) of June 2014 issue of SIRC Newsletter. I extend our warm welcome to the members to join and make the course a great success.

## **Branch Visits:**

On 6<sup>th</sup> June 2014 I attended the Residential Seminar at Goa hosted by Belgaum Branch of SIRC jointly organised by Belgaum, Bellary, Hubli and Bangalore Branches. I was impressed with the dedication and the involvement with which the program was structured. On 14<sup>th</sup> June 2014, I attended a Seminar on Companies Act at Palghat. Though Plaghat branch is a small branch, large number of members and students participated in the two days seminar with much interest. I attended the Two days Seminar on 21<sup>st</sup> June 2014 at Bangalore jointly organised by all the Seven branches of Karnataka. Our President CA. K. Raghu inaugurated the Karnataka State Level Conference and I was privileged to participate. Besides our President, the Guest of Honour Dr. K.N. Venkatramanaa, a reputed Neuro Surgeon also gave useful and interesting speech.

I had the occasion to interact with the members at the Regional Residential Course organized by SIRC and hosted by Kumbakonam Branch of SIRC at Kumbakonam on 20<sup>th</sup> June 2014. The Chairman of City Union Bank Mr. S. Balasubramanian was the Chief Guest. I could see the closeness of the Chairman with the members of Kumbakonam branch. Madurai Branch of SIRC hosted the Regional Residential Course of SIRC at Pondicherry on 27<sup>th</sup> June 2014. The Honorable Chief Minister of Pondicherry Sri K.N. Rengasamy graced the occasion.

Interaction with the members during these visits organized by the Branches of SIRC was very fruitful and gave yet another opportunity to have their views on the various activities of SIRC and the requirements of the Branches. I am happy that the feedback from the members on the various programmes being organized by SIRC and its Branches has been very encouraging.

SIRC would steadfastly strive to serve the interest of the members and students and look forward to your continued support and encouragement.

I compliment and congratulate CA. Sanjay S. Mudnur, Chairman of Belgaum Branch, CA. M. Lakshminarayana, Chairman, Bellary Branch, CA. Hitesh Kumar Modi, Chairman, Hubli Branch of SIRC, CA. C.R. Harish, Chairman, Palghat Branch, CA. K. Babu, Chairman, Bangalore Branch, CA. C. Rajagopal, Chairman, Kumbakonam Branch, CA. G. Selvakumar, Chairman, Madurai Branch and their team of office-bearers and members of the Managing Committee for the excellent co-ordination in making the programmes a remarkable success.

#### Initiative of ICAI to popularize the Concept of One Person Company (OPC) under the Companies Act, 2013

The Ministry of Corporate Affairs has desired that the new business structures that has been envisaged in the Companies Act need to be promoted. One of the new types of companies that the Companies Act, 2013 has introduced is the Concept of One Person Company, shortly called as "OPC". The introduction of OPC will promote small entrepreneurs/capital to come in a very large way in the capital formation and economic growth and there are absolutely no hassles and puzzles in start up of these type of companies.

We have requested all the Branches of SIRC to organize programmes in the month of July 2014. This programme will be organized under the Corporate Laws and Corporate Governance Committee of ICAI and under the auspices of the Corporate and Allied Laws and Corporate Governance Committee of SIRC and the Branch to play Host. I request the involvement of our members.

#### Integrated Voice Response (IVR) Facility:

Yet another initiative of Southern Regional office is the introduction of the Integrated Voice Response (IVR). For effective service to the members and students, it is paramount that the communication should flow with ease and the IVR system to a great extent would achieve this purpose. With the dialing of the number 044-30210351 any member would be able to know the status of their membership, status of CPE credit hours earned, reply to member related and firm related status information. The IVR is available in English and Hindi. This facility is also available to the students who can check their registration status for CPT, IPCC and Final, ITT and Orientation Course details, termination, re-registration and completion of articles and such other queries. In students' service the IVR would be available in English, Hindi and in the southern vernacular languages. I request members to disseminate the information amongst other members and the articled assistants to avail of this facility.

#### 46<sup>th</sup> Regional Conference of SIRC on 12<sup>th</sup> and 13<sup>th</sup> December 2014:

SIRC is in the process of finalizing the programme for the 46<sup>th</sup> Regional Conference and other logistic arrangements for the comfortable stay of the delegates. We would be publishing the details of delegate fee, technical sessions, train timings, flight timings, details of hotels for accommodation, etc., in the forthcoming issues of the Newsletter. I request the members to **block 12<sup>th</sup> AND 13<sup>th</sup> DECEMBER 2014 IN THEIR DIARY** to attend this memorable occasion. We look forward to an opportunity to receive you with warmth at **Madurai** on 12<sup>th</sup> December 2014 and request to enjoy our hospitality.

#### Theme of the Conference:

The Conference Committee is in the process of identifying the theme for the Conference considering that it is held in Madurai where the Tamil Sangam was first established. SIRC invites suggestions from members on the theme and the same can be sent to [sirc@icai.in](mailto:sirc@icai.in) and [chairmansirc@icai.in](mailto:chairmansirc@icai.in) by 20<sup>th</sup> July 2014.

#### Invitation to Members in Industry:

SIRC has been organizing varied programmes in Chennai and in all parts of the Region on topics of interest to the members in industry. By attending such programmes by members in industry in large numbers, SIRC would have the benefit of their inputs to conduct focussed and specific areas required for them. SIRC therefore requests participation by members in industry in all its programmes. You can feel free to contact the Chairman to give your valuable suggestions to [sirc@icai.in](mailto:sirc@icai.in) and [chairmansirc@icai.in](mailto:chairmansirc@icai.in).

#### Chartered Accountants Day:

ICAI Celebrated the Chartered Accountants Day across the country. SIRC at Chennai celebrated the momentous occasion with grandeur starting with the Walkathon at Beach followed with a variety of programmes throughout the day.

The Blood Donation Camp was inaugurated by Shri J. Radha krishnan, IAS, Secretary, Health and Family Welfare, Govt. of Tamil Nadu on 30<sup>th</sup> June 2014 at SIRC Premises. The Walkathon was flagged off by Shri V. Balakrishnan, IPS, Deputy Commissioner of Police at Beach on 1<sup>st</sup> July 2014. SIRC thanks both the dignitaries for gracing the occasion and made the functions memorable. All the Branches of SIRC organized the function in a befitting manner with the presence of large gathering of members with their families. I would share in my next newsletter the other events at SIRC, Chennai and other Branches/Places in the Southern Region.

On this occasion let us all re-dedicate ourselves to the cause of our members and students whose contribution to the success of the activities of the Institute has been vital.

Let the Flag of the Institute fly high and we all be partners in Nation Building and bring glory to our profession.

#### Togetherness:

Before I conclude my communiqué for the month, I invoke the significance of "Togetherness" which represents the basis of success of anyone or any organization. I am conscious of this and happy to share the quote with you.

"Growth is represented by "WE" and not by "ME". Togetherness is very crucial for the success of an organization. "ME" alone can't move ahead without "WE" - Bharat Zanvar

Let us join together to bring laurels to our profession.

Yours in professional service



CA. P.V. RAJARAJESWARAN  
[chairmansirc@gmail.com](mailto:chairmansirc@gmail.com)

#### Editorial Board

<b>Editor :</b>	CA. Rajarajeswaran P V
<b>Members :</b>	CA. Naresh Chandra Gelli V
	CA. Cotha S Srinivas
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	CA. Babu Abraham Kallivayalil
	CA. Kandavel M S
	CA. Mohamed Khan A
	CA. Muthusubramanian M

Contact: Dr. T. Paramasivan, Joint Director, 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	July 9, 2014 Wednesday	CPE Study Circle Meeting on <b>Particular Principles of Interpretation of Law</b>	<b>CA. S. Srivatsan</b> Tiruchirappalli	06.15 pm -08.30 pm	P. Brahmajya Memorial Hall	2	200	-
2	July 10, 2014 Thursday	<b>Live Telecast on Union Budget-2014</b>		11.00 am.	P. Brahmajya Memorial Hall	NA	No Delegate Fee	9
3	July 10, 2014 Thursday	<b>Panel Discussion on Union Budget-2014</b>	<b>CA. Sriram Seshadri</b> Chennai & <b>CA. Rajendra Kumar. P.</b> Chennai	06.00 pm -08.00 pm	P. Brahmajya Memorial Hall	2	No Delegate Fee	9
4	July 11, 2014 Friday	<b>Investor Awareness Program - Investments &amp; Wealth Management</b>		06.00 pm -08.00 pm	P. Brahmajya Memorial Hall	2	No Delegate Fee	8
5	July 14, 2014 Monday	<b>Public Meeting on Union Budget - 2014</b>		05.30 pm	Vani Mahal, GN Chetty Road, T.Nagar, Chennai	NA	No Delegate Fee	9
6	July 16, 2014 Wednesday	CPE Study Circle Meeting on <b>"Issues in e-filing and Processing of IT Returns"</b>	<b>CA. M. Lakshmanan</b> Madurai	06.15 pm – 08.30 pm	P. Brahmajya Memorial Hall	2	No Delegate Fee	-
7	July 18, 2014 Friday	CPE Meeting on <b>Concept of One Person Company (OPC) Under the Companies Act 2013</b>	<b>Dr. P.T. Giridaran</b> Joint Director, ICAI	06.15 pm -08.30 pm	P. Brahmajya Memorial Hall	2	200	-
8	July 19, 2014 Saturday	CPE seminar on <b>Taxation of Trusts and NPOs</b>		9.30 am – 05.30 pm	P. Brahmajya Memorial Hall	6	1000	8
9	July 19, 2014 Saturday	<b>CPE Workshop Hands on Training leading to Certification on Cloud Computing</b>		09.30 am – 05.00 pm	POCL, SIRC Premises	6	1000	9
10	July 23, 2014 Wednesday	CPE Study Circle Meeting on <b>Internal Audit-An Insight w.r.t. Companies Act-2013</b>	<b>CA. N.R. Govindarajan</b> Chennai	06.15 pm -08.30 pm	P. Brahmajya Memorial Hall	2	200	-
11	July 25, 2014 Friday	<b>Joint Half-a-Day Programme on Companies Act, 2013. organized by SIRC of ICAI &amp; SIRC of ICSI</b>		04.00 pm -07.00 pm	P. Brahmajya Memorial Hall	NA	300	9
12	July 26, 2014 Saturday	Clause by Clause Analysis on <b>Finance Bill - 2014</b>	Eminent Resource Persons	10.00 am – 05.00 pm	P. Brahmajya Memorial Hall	6	1000	9

Sl.No.	Programme Date	Programme Name	Resource Persons	Timings	Venue	CPE Credit	Delegate Fee	Page No.
13	July 26, 2014 Saturday	CPE Study Circle Meeting on <b>Discussion on Post Budget Memorandum</b>	Panel of Experts	06.00 pm -08.00 pm	P. Brahmayya Memorial Hall	2	200	-
14	July 27, 2014 Sunday	<b>Investor Awareness Program "CAPITALIZE" Retail Investors Investment Strategy for FY 2014-15</b>		10.00 am -01.00 pm	P. Brahmayya Memorial Hall	2	No Delegate Fee	8
15	July 30, 2014 Wednesday	CPE Study Circle Meeting on <b>With holding Tax u/s 195 of Income Tax Act, 1961</b>	<b>CA. P. Satheshan</b> Trissur	06.15 pm -08.30 pm	P. Brahmayya Memorial Hall	2	200	-
16	August 2, 2014 Saturday	<b>"SURPASS" – CPE Seminar on SARFAESI Laws</b>		02.00 pm – 06.00 pm	P. Brahmayya Memorial Hall	4	600	8
17	August 2 & 3, 2014 Saturday & Sunday	<b>"Drizzle" SIRC Regional Residential Course at Courtalam</b>		For Details Visit SIRC Newsletter June 2014 - Page No. 7				
19	August 6, 2014 Wednesday	CPE Study Circle Meeting on <b>Statements on Auditing-Tax Audit</b>	<b>CA. R. Sundararajan</b> Chennai	06.15 pm -08.30 pm	P. Brahmayya Memorial Hall	2	200	-
20	August 9, 2014 Saturday	<b>Fraud Risk Assessment – CPE Seminar on Anti-Fraud measures</b>		09.30 am – 01.30 pm	P. Brahmayya Memorial Hall	4	600	9
21	August 13, 2014 Wednesday	CPE Study Circle Meeting on <b>CAs as Business Advisor</b>	<b>CA. Anil Kumar Kheecha</b> Chennai	06.15 pm – 08.30 pm	P. Brahmayya Memorial Hall	2	200	-
22	August 15, 2014 Friday	<b>Independence Day Celebrations</b>	National Flag Hoisting by <b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC	09.00 am	SIRC Premises	-	-	-
23	August 16, 2014 Saturday	Workshop on <b>Indirect Taxes</b> (Enhancing Professional Service - Service Tax)	<b>CA. Madhukar Hiregange</b> Bangalore <b>CA. P. Paul Thangam</b> Coimbatore <b>CA. G. Saravana Kumar</b> Madurai	09.30 am – 05.30 pm	P. Brahmayya Memorial Hall	6	1000	-
24	August 20, 2014 Wednesday	CPE Study Circle Meeting on <b>Basics in International Taxation</b>	<b>Eminent Resource Persons</b>	05.30 pm – 08.30 pm	P. Brahmayya Memorial Hall	3	No Delegate Fee	-
25	August 23, 2014 Saturday	Seminar on <b>Direct Taxes</b>		Details will be hosted in SIRC Website <a href="http://www.sircoficai.org">www.sircoficai.org</a>				

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](mailto:sirc@icai.in)

Online enrolment through <http://sircoficai.org/CPEcalendarnew.aspx?id=forth> is requested.

## Investor Awareness Program - Investments & Wealth Management

Under the auspices of Committee on Financial Markets and Investors Protection of SIRC Jointly with Ministry of Corporate Affairs.

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

CPE Credit  
**2**  
HOURS

July 11, 2014, Friday (06.00 pm to 08.00 pm)

### Topics

Tax Impact on Investments

Current Wealth Management Strategies

Eminent Resource Person

**Shri. Vivek Karwa**, Chennai

### DELEGATE FEE: Nil

**CA. P.V. Rajarajeswaran**  
Chairman, SIRC

**CA. Gopal Krishna Raju**  
Chairman, Committee on Financial Markets and  
Investors Protection of SIRC

**CA. Cotha S. Srinivas**  
Secretary, SIRC

## TAXATION OF TRUSTS AND NPOs

Under the auspices of CPE Committee and Taxation Committee of SIRC

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

CPE Credit  
**6**  
HOURS

July 19, 2014, Saturday  
(09.30 am to 05.30 pm)

**Inaugural Session: Chief Guest - Shri. Debendra N Kar, IRS, Director of Income Tax (Exemptions), Chennai**

### Topics

Formation and Registration

Computation and Accumulation

Special Session by Intuit

Cancellation and Critical issues in Assessment

FCRA - Practical issues

### Resource Persons

**CA. E. Phalguna Kumar**, Tirupati

**CA. M. Kandasami**, Chennai

**CA. Daniel Selvaraj**, Madurai

**CA. M. Kandasami**, Chennai

### DELEGATE FEE: ₹ 1000

**CA. P.V. Rajarajeswaran**  
Chairman, SIRC

**CA. P.R. Aruoli**  
Chairman  
CPE Committee of SIRC

**CA. E. Phalguna Kumar**  
Chairman  
Direct Taxes Committee of SIRC

**CA. Cotha S. Srinivas**  
Secretary, SIRC

## Investor Awareness Program "CAPITALIZE" Retail Investors Investment Strategy for FY 2014-15

Under the auspices of Committee on Financial Markets and Investors Protection of SIRC Jointly with Ministry of Corporate Affairs and Tamilnadu Investors Association

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

CPE Credit  
**2**  
HOURS

July 27, 2014, Sunday  
(10.00 am to 01.00 pm)

### Topics

Importance of financial planning and asset allocation

Budget impact on market and on key Sectors

Outlook of Debt and Equity

### Resource Persons

**Shri. S. Shyam Sekhar**

President, Tamilnadu Investors Association

**CA. A.K. Narayan**, Chennai

**Shri. Srikanth Vaidyanathan**, CFA

### DELEGATE FEE: NIL

Lunch: 01:00 pm

**CA. P.V. Rajarajeswaran**  
Chairman, SIRC

**CA. Gopal Krishna Raju**  
Chairman, Committee on Financial Markets and  
Investors Protection of SIRC

**CA. Cotha S. Srinivas**  
Secretary, SIRC

## "SURPASS" - CPE Seminar on SARFAESI Laws

Under the auspices of Committee on Banking, Insurance and Pension of SIRC.

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

CPE Credit  
**4**  
HOURS

August 2, 2014, Saturday (02.00 pm to 06.00 pm)

### Topics

Understanding SARFAESI

SARFAESI - Process and Recent Developments

### Resource Persons

**Shri. S. Dhanapal**, Chennai

**Shri. S. Sathyanarayanan**, Advocate, Chennai

### DELEGATE FEE: ₹ 600

Dinner: 08:00 pm

**CA. P.V. Rajarajeswaran**  
Chairman, SIRC

**CA. Gopal Krishna Raju**  
Chairman, Committee on Banking,  
Insurance and Pension of SIRC

**CA. Cotha S. Srinivas**  
Secretary, SIRC



## FRAUD RISK ASSESSMENT – CPE Seminar on Anti-Fraud measures

Under the auspices of Committee on Banking, Insurance and Pension of SIRC

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

August 9, 2014, Saturday  
(09.30 am to 01.30 pm)

**CPE Credit**  
**4**  
**HOURS**

<b>Topics</b>	<b>Resource Persons</b>
Corporate Frauds and Audit Risk Fraud Risk Assessment Fraud Assessment Tool Kit	Eminent Resource Person <b>CA. (Dr). Paul Jayakar</b> , Chennai Eminent Resource Person
<b>DELEGATE FEE: ₹ 600</b>	<b>Lunch: 01.30 pm</b>
<b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC	<b>CA. Gopal Krishna Raju</b> Chairman, Committee on Banking, Insurance and Pension of SIRC
	<b>CA. Cotha S. Srinivas</b> Secretary, SIRC

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

WELCOMES YOU TO

**46<sup>th</sup> Regional Conference of SIRC of ICAI**  
On 12<sup>th</sup> and 13<sup>th</sup> December 2014 at  
**MADURA COLLEGE GROUNDS, Madurai**

Hosted by : **Madurai Branch of SIRC of ICAI**  
**BLOCK 12<sup>TH</sup> AND 13<sup>TH</sup> DECEMBER 2014 IN YOUR DIARY**

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

<b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC	<b>CA. Cotha S. Srinivas</b> Secretary, SIRC
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**CPE Workshop**  
Hands on Training leading to  
Certification on Cloud Computing

**POCL, ICAI Bhawan**  
Nungambakkam, Chennai

Saturday, July 19, 2014  
(09.30 am to 05.00 pm)

**CPE Credit**  
**6**  
**HOURS**

<b>Topics</b>			
Basics of Cloud Computing Introduction on Global Certification Quick Books Online & Accountant- A Case Study Quick Books Features & Benefits			
<b>DELEGATE FEE: ₹ 1000</b>			
Delegate Registration Limited to First Cum First Serve Basis and limited to 20 only.			
<table style="width: 100%; border: none;"> <tr> <td style="border: none;"><b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC</td> <td style="border: none;"><b>CA. P.R. Aruloli</b> Chairman CPE Committee, SIRC</td> <td style="border: none;"><b>CA. Cotha S. Srinivas</b> Secretary, SIRC</td> </tr> </table>	<b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC	<b>CA. P.R. Aruloli</b> Chairman CPE Committee, SIRC	<b>CA. Cotha S. Srinivas</b> Secretary, SIRC
<b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC	<b>CA. P.R. Aruloli</b> Chairman CPE Committee, SIRC	<b>CA. Cotha S. Srinivas</b> Secretary, SIRC	

**Joint Half-a-Day Programme on  
Companies Act, 2013.**

organized by SIRC of ICAI & SIRC of ICSI

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

Friday, July 25, 2014, (04.00 pm to 07.00 pm)

<b>Topics</b>		
Record, Authenticate, Audit and Adopt the Financials and Reports – CA with CS working towards ultimate transparency		
<b>Resource Person</b>		
<b>CA. Jomon K George</b> , Kochi <b>CS. K S Ravichandran</b> , Practicing Company Secretary, Coimbatore		
<b>DELEGATE FEE: ₹ 300</b>		
Members of ICAI can remit their fee by cash / local cheque / demand draft drawn in favour of "SIRC of ICAI" at SIRC of ICAI office at Chennai and online Registration through: <a href="http://sircoficai.org/CPEcalendarnew.aspx?id=forth">http://sircoficai.org/CPEcalendarnew.aspx?id=forth</a> . Members of ICSI can remit their fee by cash/local cheque/demand draft drawn in favour of "SIRC of ICSI" at SIRC of ICSI office at Chennai.		
<table style="width: 100%; border: none;"> <tr> <td style="border: none;"><b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC</td> <td style="border: none;"><b>Dr. Baiju Ramachandran</b> Chairman, SIRC of ICSI</td> </tr> </table>	<b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC	<b>Dr. Baiju Ramachandran</b> Chairman, SIRC of ICSI
<b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC	<b>Dr. Baiju Ramachandran</b> Chairman, SIRC of ICSI	

**CPE STUDY CIRCLE MEETINGS - JUNE 2014**

<b>04.06.2014</b>	<b>04.06.2014</b>	<b>04.06.2014</b>
<b>Adv. Shyam Sundar</b> Chennai	<b>CA. K. Sudhakar</b> Chennai	<b>CA. S. Muralidharan</b> Karaikudi
<b>15.06.2014</b>	<b>25.06.2014</b>	
<b>CA. R. Vijayaraghavan</b> Chennai	<b>CA. K. Venkataramanan</b> Dindigul	

### Addenda to Composition of Members to Committees of SIRC of ICAI – 2014-15

The name CA. J. Purushothaman should read as CA. B.V. Purshotham, Chennai as Co-opted Member of GMCS Co-ordination Committee published in April 2014 issue of SIRC Newsletter.

## Union Budget – 2014

Under the auspices of Committee on Public Finance & Government Accounting of SIRC

Day	Timing	Subject	Resource Persons	Venue	CPE CREDIT
July 10, 2014	11.00 am	Live Telecast on Union Budget –2014		P. Brahmayya Memorial Hall, SIRC Premises	-
July 10, 2014	06.00 pm to 08.00 pm	Panel Discussion on Union Budget –2014	<b>CA. Sriram Seshadri</b> , Chennai <b>CA. Rajendra Kumar P.</b> , Chennai	P. Brahmayya Memorial Hall, SIRC Premises	2
July 14, 2014	05.30 pm	Public Meeting on Union Budget –2014	<b>Eminent Resource Persons</b>	Vani Mahal, T.Nagar, Chennai	-
July 26, 2014	10.00 am to 05.00 pm	Clause by Clause Analysis on Union Budget – 2014	<b>Details will be hosted in SIRC website : <a href="http://www.sircoficai.org">www.sircoficai.org</a></b>	P. Brahmayya Memorial Hall, SIRC Premises	6
<b>CA. P.V. Rajarajeswaran</b> Chairman, SIRC		<b>CA. K. Sri Priya</b> Chairperson, Committee on Public Finance & Govt. Accounting, SIRC		<b>CA. Cotha S. Srinivas</b> Secretary, SIRC	



## SIRC OF ICAI (Its journey since 1952) *Journey Continues...*

### Preface:

The Southern India Regional Council of the Institute of Chartered Accountants of India is happy to share with its members that the SIRC Newsletter enters the 40<sup>th</sup> Year of Publication, having released the first issue in July 1975.

To commemorate this unique and important occasion, SIRC would like to take our members to a journey of recalling the various milestones SIRC had achieved over the years.

### A Bird's Eye View of SIRC Infrastructure:

Size of Land            21 Grounds and 1981 Sq. ft.  
4593.151 Sq. Mt. or 49440.264 Sq. ft.

### Total Area in different Floors

Main Building			
Ground Floor	8606 Sq.Ft	799.50 Sq.M.	
First Floor	7888 Sq.Ft.	732.80 Sq.M	
Terrace			
Annexe Building			
P. Brahmayya Memorial Hall	Ground Floor	3978 Sq.Ft	369.60 Sq.M.
Nahar Library	First Floor	3978 Sq.Ft	369.60 Sq.M.
Kumbhat Hall	Second Floor	3978 Sq.Ft	369.60 Sq.M.
A. Dasaratharama Reddy Hall	Ground Floor	6234 Sq.Ft	579.20 Sq.M
Anantharama krishnan Hall	First Floor	6009 Sq.Ft	558.30 Sq.M
B P Jain Hall	Second Floor	6234 Sq.Ft	579.20 Sq.M
Golden Jubilee Hall	Third Floor	6234 Sq.Ft	579.20 Sq.M



An aerial view of ICAI Building in 60's



ICAI Building to-day

### Infrastructure Development:

**17<sup>th</sup> January 1975** - Bhoomi Pooja was performed and Foundation Stone was laid by Shri N.C. Krishnan, President, for the annexe building in the Southern Region.

**10<sup>th</sup> September 1975** - The Research Block of the Silver Jubilee Building of the Regional Council was inaugurated by His Excellency Shri K.K. Shah, Governor of Tamil Nadu. Shri N.C. Krishnan, the Immediate Past President of ICAI presided.

**9<sup>th</sup> August 1987** - Hon'ble Shri M.N. Chundurkar, Chief Justice of Madras High Court declaring open the Nahar Library Hall.

**9<sup>th</sup> August 1987** - Hon'ble Shri M.N. Chundurkar, Chief Justice of Madras High Court declaring open the Kumbhat Hall.

**30<sup>th</sup> August 1987** - CA. P.N. Shah, Past President, ICAI declaring open the P. Brahmayya Memorial Hall in the gracious presence of CA. S.K. Das Gupta, President, ICAI.

**3<sup>rd</sup> March 1991** - The Foundation Stone for the multi-storeyed building at ICAI Premises laid by CA. A.H. Dalal, Past President, ICAI in the gracious presence of CA. K.M. Agarwal, President, ICAI, CA. N.C. Sundararajan, Vice-President, ICAI, CA. R. Balakrishnan, Past President, ICAI.

**7<sup>th</sup> January 1993** - CA. N.C. Sundararajan, President, ICAI declaring open the "Anantharamakrishnan Hall".

**8<sup>th</sup> February 1993** - CA. N.P. Sarda, President, ICAI declaring open the "A. Dasaradharami Reddy Hall" in the gracious presence of CA. B.P. Rao, Vice-President, ICAI, CA. R. Balakrishnan, Past President, ICAI.

**4<sup>th</sup> February 1994** - CA. B.P. Rao, President, ICAI declaring open the plaque for the commencement of the construction of B.P. Jain Hall.

**25<sup>th</sup> August 2000** - CA. G. Sitharaman, President, ICAI declaring open the "Golden Jubilee Hall".

**31<sup>st</sup> January 2004** - CA. R. Bupathy, President, ICAI Declaring open the Canopy.

**17<sup>th</sup> February 2006** - CA. T.N. Manoharan, President, ICAI declared open the Management Development Centre.

### Important Events in SIRC:

- 7<sup>th</sup> November 1969** - Celebrated Birth Centenary of Mahatma Gandhi. The Southern India Regional Council celebrated the occasion. Hon'ble Shri M. Karunanidhi, Chief Minister of Tamil Nadu was the Chief Guest on the occasion. On this occasion, Hon'ble Justice Mr. G. Ramanujam, Judge, Madras High Court also addressed the gathering.
- 1<sup>st</sup> July 1974** - Silver Jubilee Year of ICAI was celebrated. Shri K.K. Shah, Governor of Tamil Nadu was the Chief Guest. Past Presidents from Southern Region and Past Chairmen of SIRC were honoured on the occasion with memento.
- 1<sup>st</sup> July 1975** - First issue of SIRC Newsletter was released.
- 27<sup>th</sup> May 1988** - Celebrated 40<sup>th</sup> Year of Independence and Birth Centenary of Pandit Jawaharlal Nehru, the First Prime Minister of India. His Excellency Shri P.C. Alexander, Governor of Tamil Nadu was the Chief Guest. Shri C.V. Narasimhan, Former UN Under Secretary General presented his reminiscences of Panditji.
- 11<sup>th</sup> July 1998** - Celebrated Golden Jubilee Year of ICAI. Hon'ble Chief Minister of Tamil Nadu Shri M. Karunanidhi was the Chief Guest and inaugurated the function.
- 1<sup>st</sup> July 1993** - First Chartered Accountants Day was inaugurated by CA. D. Rangaswamy, Former President, Income-tax Appellate Tribunal (ITAT).

7. **5<sup>th</sup> April 2001** - Celebrated Golden Jubilee Year of SIRC. Shri N.D. Gupta, President, ICAI inaugurated. Shri A.K. Chandak, Vice-President, ICAI released the Commemorative Golden Jubilee Year Emblem (Logo)
8. **17<sup>th</sup> June 2008** - Celebrated Diamond Jubilee Year of ICAI. His Excellency Shri Surjit Singh Barnala, Governor of Tamil Nadu inaugurated.
9. **21<sup>st</sup> October 2008** - The Centenary Celebrations of Shri P. Brahmayya, Past President, ICAI organized by SIRC with Society of Auditors. Shri N. Murali, Joint Managing Director, The Hindu was the Chief Guest. A Booklet on P. Brahmayya was also released on the occasion.
10. **25<sup>th</sup> April 2011** - Celebrated the Diamond Jubilee Year of SIRC. CA. S. Viji, Chairman, Sundaram Finance Ltd. & MD, Brakes India Ltd inaugurated. Dr. Nalli Kuppusami Chetti, Managing partner, M/s. Nalli Chinnasami Chetty was the Guest of Honour.
11. **31<sup>st</sup> January 2013** - The Golden Colour Metal Bust of CA. G.P. Kapadia, the First President of the Institute was unveiled by Padma Bhushan Shri. Nandan Nilekani, Chairman, Unique Identification Authority of India.

**Awards:**

SIRC was adjudged the BEST REGIONAL COUNCIL during the years 1987, 1992, 1998, 1999, 2001, 2008, 2011, 2012 and 2013.

The Southern India Chartered Accountants Students' Association was adjusted the Best Students Association during the years 1999, 2000, 2001, 2007 and 2013.

**FIRST's in SIRC:**

- One of the FIRST Three Women Chartered Accountants is from Chennai (Southern Region) – Ms. R. Sivabhogam.
- The Southern India Regional Council was the FIRST to conduct coaching classes in last 50's at Thambu Chetty Street, Madras.
- The FIRST Chairperson of a Regional Council is from Chennai – Ms. R. Sivabhogam who occupied the position for three consecutive years viz., from 1955 – 1958.
- FIRST Meeting of the Council held outside the Headquarters (New Delhi) was at Chennai on 31<sup>st</sup> March, 2<sup>nd</sup> and 3<sup>rd</sup> April 1956.
- The FIRST Intensified Course on Management Accounting in the year 1965. Incidentally, this is the first of the kind of programme organized under the Institute Programme of developmental activities. 153 lectures were held between 14<sup>th</sup> April 1965 and 2<sup>nd</sup> January 1966.
- The Southern Region was chosen FIRST to start the decent alization of Institute activities in the year 1974.
- Southern Region was the FIRST to commence the Pilot Course on Academy of Accounting in the year 1976 and subsequently as a full-fledged Academy of Accounting for the students.
- FIRST Women Candidate from Southern Region to have secured the Gold Medal was Ms. C.V. Sakuntala in the year May 1984.
- FIRST recipient of the Branch Award instituted by ICAI – The recipient was from Southern Region – Ernakulam (1985).
- FIRST recipient to receive the Best Regional Council Award when it was instituted for the year 1986-87.
- The Southern Region was the FIRST to introduce the Computer Centre in mid 80's. i.e., on 17<sup>th</sup> February 1986.
- The FIRST Region to institute the Best Branch of Regional Council and Best Branch of Students' Association (in Southern Region) (1993).
- FIRST Lady Member elected to the Central Council was from Southern Region – Mrs. Priya Bhansali (1995).

- For the FIRST time Orientation Programme for Faculty of Coaching Classes held in March 1996.
- FIRST Region to hold the Blood Donation Camp and continued without break for the last 17 years (1997 onwards).
- FIRST time an Orientation Programme was held for the Staff in the month of May 1997.
- SIRC was the FIRST to bring out the Silver Jubilee Issue of the SIRC Newsletter on 1<sup>st</sup> July 1999 when the Hon'ble President CA. G. Ramaswamy was then the Chairman of SIRC.
- The FIRST recipient of the Best Students' Association was awarded to SICASA in the year it was instituted in the year 1999.
- The FIRST Branch of Students' Association Award instituted by ICAI in the year 1999 – Ernakulam Branch.
- The FIRST Chartered Accountant to become IAS was from Southern Region – Shri R. Lakshmanan of Coimbatore (2001).
- FIRST to celebrate the Teachers Day in honour of the faculty of Coaching Classes – Southern Region (2008).
- SIRC has the distinction to have the largest number of professional gathering - FIRST of its kind in terms of number of delegates, viz., at the 40<sup>th</sup> Regional Conference of Chartered Accountants held at Chennai in the year 2008 and RECORDED IN THE LIMCA BOOK OF RECORDS.
- FIRST to receive the Padma Shri Award from Southern Region is Shri T.N. Manoharan (Past President, ICAI) in the year 2010 in the professional service category.
- FIRST to send the Newsletter as e-newsletter to all members including members of the Southern Region residing abroad.
- 1<sup>st</sup> December 2013 - FIRST to organize the SICASA Day to commemorate the formation of Students' Associations in 1957.

**Formation of ICAI - Notification**  
Ministry of Commerce  
NOTIFICATION

CHARTERED ACCOUNTANTS New Delhi, the 1<sup>st</sup> June 1949  
No. 10-A(4)/49 – In pursuance of sub-section (3) of Section 1 of the Chartered Accountants Act, 194, (XXXVIII of 1949), the Central Government is pleased to appoint the 1<sup>st</sup> day of July 1949, as the date on which the said Act shall come into force.

Sd/-  
**S. RANGANATHAN**  
Joint Secretary

**IAS AND IPS FROM CAs**

The Chartered Accountants fraternity had Chartered Accountants in the Indian Administrative Service (IAS) and Indian Police Service (IPS).

The First Chartered Accountant to become IAS was CA. R. Lakshmanan of Coimbatore who has passed IAS and secured 33<sup>rd</sup> Rank in the All India Ranking in May 2004 at the age of 23. CA. R. Lakshmanan passed his CA Exam. In the year 2001 at the age of 21 and rank holder.

CA. R. Kirlosh Kumar, IAS was Collector of Ramanathapuram District, Dindigul and Cuddalore. Presently Registrar of Co-operative Societies, Government of Tamil Nadu.

CA. Tulasi Maddineni, IAS.

CA. Sandeep Kumar Sultania, IAS.

CA. Mahesh Chandra Ladda, IPS.



**Other Information:**

SIRC has -

- 41 Branches
- 5 CPE Chapters
- 16 CPE Study Circles for Members in Industry
- 12 CPE Study Circles
- 6 CPE Study Groups

**First Regional Conference of SIRC of ICAI (1956)**

Dr. C.P. Ramaswami Aiyar is delivering the inaugural Address at the First Regional Conference of SIRC of ICAI at Madras on 31<sup>st</sup> March 1956.

**Did You Know****Release of History of Accounting Profession:**

The year 1973 was one of the significant years in the annals of ICAI when the book "History of Accounting Profession" written by Shri G.P. Kapadia was released at the Annual Meeting of ICAI on 14<sup>th</sup> September 1973 by Hon'ble Shri H.R. Gokhale, Union Minister for Law, Justice and Company Affairs. [Ref: Page 193 of Vol. XXII].

**Constitution of CA Students' Association:**

ICAI constituted Students' Associations in five Regional Councils. [Ref: Constitution of Students' Association – No. 1-CA(1)/57 dated 27<sup>th</sup> March 1957 – Insertion of Chapter IV-A after Regulation 42B and before Chapter V – Chapter IV-A Students' Association].

**Chartered Accountants Benevolent Fund:**

The Chartered Accountants Benevolent Fund was set up by the Institute in the year 1960 and got it registered in 1963 under the Societies Registration Act XXI. [Ref: Page No. 426 – History of Accounting Profession – Vol I].

**First Member to be elected to Lok Sabha**

Mr. G. Basu, Past President, ICAI elected to the Lok Sabha as a Congress Candidate from the Burdwan Constituency – A Past President and a First Chartered Accountant getting elected to the Lok Sabha through elections.

**ICAI Road**

The road in which the Hubli, Salem and Tuticorin Branches are situated are named as ICAI Road by the respective Corporations.

**Change in Nomenclature of Taxation Committee of SIRC**

Consequent on the formation of Committees on Indirect Taxes and International Taxation, the Taxation Committee as announced earlier has been renamed as Direct Taxes Committee.

**Theme for the 46<sup>th</sup> Regional Conference at Madurai**

SIRC invites suggestions from members on the theme of the 46<sup>th</sup> Regional Conference to be held at Madurai on 12<sup>th</sup> and 13<sup>th</sup> December 2014. Theme in Tamil is also welcome.

Suggestions may be sent to [sirc@icai.in](mailto:sirc@icai.in) and [chairmansirc@icai.in](mailto:chairmansirc@icai.in) by 20<sup>th</sup> July 2014

**CONGRATULATIONS**

CA V. MURALI, F.C.A, ACMA, Central Council Member of the Institute of Chartered Accountants of India has been appointed as Member, Board of Studies, UNIVERSITY OF MADRAS for a period of 3 years.

**CONSTITUTION OF NEW COMMITTEES OF SIRC OF ICAI FOR THE YEAR 2014-15****NON-STANDING COMMITTEES****Committee on International Taxation**

CA. Cotha S. Srinivas		Chairman
CA. P.V. Rajarajeswaran		Ex Officio
CA. Gopal Krishna Raju		
CA. B. Sekkizhar		
CA. Sripriya K		
CA. P.R. Suresh		
CA. V. Murali		
CA. Sree Lakshmi Valli	Chennai	Coopted
CA. Pankaj Kumar Trivedi	Hyderabad	Coopted
CA. Kusuma Yathish	Bangalore	Coopted

**Committee on Indirect Taxes**

CA. P.R. Aruloli		Chairman
CA. Naresh Chandra Gelli V.		Ex Officio
CA. Adusumilli Venkateswara Rao		
CA. V.X. Jose		
CA. M. Nithin		
CA. E. Phalguna Kumar		
CA. J. Venkateswarlu		
CA. J. Purushottaman	Chennai	Coopted
CA. Ganesan P	Chennai	Coopted
CA. T. Thavamani	Madurai	Coopted

**Origin of SIRC Newsletter**

As the Chairman of the SIRC of the Institute of Chartered Accountants of India I had the good fortune of bringing out SIRC Newsletter in the year 1975 for the first time. I served as Chairman only for six months which was the history by itself. Hence I could bring out only six issues {monthly} with just four pages. It contained only Programmes of the month and some past events. There was no fund allocated for printing programs and Newsletter at that time for want of fund. However Newsletter was self supporting by way of advertisement. It was the only medium of communication to the members. Now over four decades it has grown its size, quality of printing and an effective media of communication.

Congratulations to the successive Chairmen for their hard work.

**CA. K. Ananthachari**

Past Chairman, SIRC of ICAI

27<sup>th</sup> April 1975 – 29<sup>th</sup> September 1975

# Updates

## Direct Taxes

Contributed by: **CA. V.K. Subramani**  
Erode  
vks111164@gmail.com

- 1. Cost inflation index for financial year 2014-15 notified:** In Notification No.31/2014 [F NO. 142/3/2014-TPL]/SO 1498(E), dated 11-6-2014 the Central Government in exercise of the powers conferred by clause (v) of the Explanation to section 48 of the Income-tax Act, 1961 has notified that the cost inflation index for the financial year 2014-15 as 1024.
- 2. Amendments in Rule 12 and Notification of ITRs for the assessment year 2014-15:** In Notification No. 28/2014 F.NO.142/2/2014-TPL /SO 1418(E), dated 30-5-2014 the CBDT has amended sub-rule (2) in rule 12 of the Income-tax Rules, 1962. The essence of the changes are that in following cases, report of audit are to be filed electronically: (i) Newly established units in special economic zone governed by section 10AA; (ii) Non-residents having income by way of royalties governed by section 44DA; (iii) Capital gain computation in the case of slump sale governed by section 50B; (iv) Companies governed by section 115JB relating to book profit tax; and (v) Indian companies opting for tonnage tax scheme and who have to obtain report under section 115VW. In view of the further proviso to rule 12A(3), the return of income of the above said taxpayers is to be filed electronically on mandatory basis. Further ITRs for the assessment year 2014-15 have been notified.
- 3. Sharing of assets details based on wealth tax return with public sector banks to trace defaulters:** In Letter F.NO.328/10/2014-WT dated 28-5-2014 the public sector banks during the review meeting on the performance with the Finance Minister raised concern that the details of assets available in the wealth tax return of loan defaulters are not being shared by the Income-tax Department in spite of repeated requests. Attention was drawn to section 42B of the Wealth Tax Act, 1957 which states that where a person makes an application to the Chief Commissioner or Commissioner in the prescribed form, seeking any information relating to any assessee in respect of any assessment made under the Wealth-tax Act, the Chief Commissioner or Commissioner may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment. In view of the fact that every Return of Wealth filed by the assessee is subject to assessment under section 16 of the Wealth Tax Act, the information contained therein qualifies for being supplied u/s 42B of the Wealth Tax Act, provided the CCWT/CWT is satisfied that supply of such information to PSBs is in public interest. CBDT in this context clarified that information on assets of loan defaulters to enable recovery of loans by PSBs from such defaulters is in public interest. It is further clarified that such information may be provided in respect of the borrower/mortgager/guarantor of the loan only. At the time of supply of such information a confidentiality clause may be included specifying that such information be used only for the purpose of recovery of loan and will not be shared with any other person/agency. An undertaking to this effect shall be obtained from the Bank before furnishing the information.

In order to ensure that the tax dues of the Department against the defaulter are safeguarded, an undertaking be obtained from the PSB to obtain a No Objection Certificate (NOC) from the jurisdictional CIT of the loan defaulter before appropriation of the surplus amount recovered from sale of immovable/movable assets of the defaulter.

- 4. Special investigation team for bringing back unaccounted monies kept abroad in bank accounts:** In Notification No. F.No. 11/2/2009 dated 29-5-2014 in pursuance of the Order dated 4.7.2011 of the Supreme Court of India passed in Writ Petition (Civil) No. 176 of 2009, the Central Government constituted the Special Investigation Team (SIT) with terms of reference such as (i) The SIT shall function under the guidance and direction of a Chairman and Vice-Chairman; (ii) The SIT is charged with the responsibilities and duties of investigation, initiation of proceedings and prosecution, whether in the context of appropriate criminal or civil proceedings of – (a) all issues relating to the matters concerning and arising from unaccounted monies of Hassan Ali Khan and the Tapurias; (b) all other investigations already commenced and are pending, or awaiting to be initiated, with respect to known instances of the stashing of unaccounted monies in foreign bank accounts by Indians or other entities operating in India; and (c) all other matters with respect to unaccounted monies being stashed in foreign banks by Indians or other entities operating in India that may arise in the course of such investigations and proceedings; (iii) It is also the responsibility of the SIT to ensure that the matters are also investigated, proceedings initiated and prosecutions conducted with regard to criminality and/or unlawfulness of activities that may have been the source for such monies, as well as the criminal and/or unlawful means that are used to take such unaccounted monies out of and/or bring such monies back into the country, and use of such monies in India or abroad; (iv) The SIT shall also be charged with the responsibility of preparing a comprehensive action plan, including the creation of necessary institutional structures that can enable and strengthen the country's battle against generation of unaccounted monies, and their stashing away in foreign banks or in various forms domestically. ■

## Tamil Nadu VAT

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For the sales effected to a 100% Export Oriented Unit (100% EOU), an exemption was available under the TNGST Act as per notification issued in the year 1997 and 2005.

Saving clause section 88(3)(i) of the TNVAT Act 2006 provides that all notifications etc., issued under TNGST Act 1959 shall continue to be in force in so far as they are not inconsistent with the provisions of TNVAT Act 2006 or the rules made thereunder.

Prima facie, the exemption granted under the TNGST notifications for the above should continue. But, saving clause provides that notifications shall continue as far as they are not inconsistent with the provisions of the TNVAT Act or the rules made there under. The sale under TNGST to an EOU is exempt based on a notification. But there cannot be any exemption under the VAT scheme for any goods/ transactions other than those specifically notified or approved by the empowered Committee. Whether this may be considered as an "inconsistency"?

Sale to SEZ in the State has been specifically made zero rated u/s 18 of the TNVAT Act unlike sale to 100% EOU. So, to this extent, is there an inconsistency?

The sale to 100% EOU is not an exempted sale since u/s 15 exempted sale is a sale of goods specified in the Fourth Schedule and the goods exempted by notification by the Government. Considering this, the supplier to 100% EOU may not be denied the input tax credit in respect of such sales. The said sale is also not a zero rated sale under the TN VAT Act since section 18 is not covering the sale to 100% EOU's.

If the exemption under TNGST is continued now under VAT, interpreting the saving clause, the supplier may be denied ITC since sale to 100% EOU is not a "zero rated" sale.

There may also be an extreme view to the extent that if tax invoice is raised by the supplier to the EOU supplier, then such VAT levied by the supplier may be recovered as penalty by treating the transaction as an exempted sale. The input tax credit (ITC) granted to the supplier may also be withdrawn in such a situation. Also the exporter may not be entitled for the ITC/refund of tax if the transaction is exempted from tax and no tax is due and/or payable on the purchases. ■

## Andhra Pradesh VAT

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apct.gov.in (for general information and downloading the forms) and ctdo.ap.gov.in are available to the dealers in A.P. (Old information in respect of orders passed in erstwhile United AP from Feb 2010 to May 2014 available)

Sales between dealers in the State of Telangana and State of Andhra Pradesh from 2<sup>nd</sup> June 2012 are to be treated as CST sales and taxable at the rate applicable. No Input Tax is available for CST sales.

### GOs issued

1. G.O.Ms. No.284 dated 30-5-2014 (Last GO issued by United A.P. in respect of Commercial Tax Matters) - Tax period for the return to be filed for the month of May 2014 includes 1<sup>st</sup> June, 2014. VAT returns are to be filed for tax period 1<sup>st</sup> May 2014 to 1<sup>st</sup> June 2014. VAT monthly returns are to be filed on or before 20<sup>th</sup> June, 2014. Next Vat return for succeeding tax period is to be from 2<sup>nd</sup> June 2014 to 30<sup>th</sup> June, 2014

TOT dealers are required to file quarterly return from 1<sup>st</sup> April, 2014 to 1<sup>st</sup> June, 2014. Quarterly returns are to be filed on or before 31<sup>st</sup> July 2014. Next quarterly return to be filed from 2<sup>nd</sup> June 2014 to Sept 2014 on or before 31<sup>st</sup> October, 2014

Fresh Certificates of registration to be issued in month of June are to be effective from 2<sup>nd</sup> June 2014 with TIN No. starting 37 instead of 28.

Same procedure applies to the dealers in State of Telangana – due to issue of GO prior to formation of State of Telangana.

### Authority for clarifications and Advance Rulings -

1. A.R.Com/33/2013 dt26-5-2014 - Thakral Services - CCTV lenses, Monitors, All types of cables, Hard discs, DVRS used along with CCTV canaras and CCTV canaras taxable at 5% - Burghar alarms BNL Connectors Power adaptors (due to non-filing of information) specified to be taxed at 14.5%

(The applicant for Advance Ruling at present in Hyderabad State of Telagana)

### ADC Orders

1. Me Plast Industries - Appeal No. VJA-I/10/2012-13dt 07.06.2014 – Input tax available on the purchase of gift articles given with goods sold; as per trade practice.
2. V.B.C.Exports - Appeal No. VSP/VAT/011/13-14 dt 12.06.2014 - Kiln is plant – restriction for civil construction in claiming ITC U/s 13 and Rule 20 not applicable.  
(The appeal orders are in tune with SC judgment in the case of Karnataka Power Corporation [247 ITR 268] and DrVenkata Rao [243 ITR 81] cases in IT).
3. Gowthami Fruit Processing Industries - Appeal No. VJA-I/11/2011-12 – Sale of Mangos to exporter – non-submission of Form H – fruits exempted – proper arguments not made and personal hearing not attended – appeal dismissed. ■

## Telangana VAT

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tgct.gov.in is available for general information, enactments passed during time of erstwhile United A.P. and down loading the forms.

### STAT Hyderabad orders

1. Sri Kumaran Stores Vs. State of Andhra Pradesh – [2014] 24 APTTR 163 APSTVAT (Hyd) - income in the books of accounts of a dealer does not automatically become an income exigible to sales tax following the judgment of Girdhari Lal Nannela [39 STC 30 SC]
2. Bikki Builders & Interiors (P) Ltd. Vs. State of Andhra Pradesh – [2014] 24 APTTR 166 PSTVAT (HYD) – Goods sold produced as whole by the seller in the case of sale – goods are delivered in form bargained in the case of works contract.
3. Prathual Automobile (P) Ltd Vs. State of Andhra Pradesh – [2014] 24 APTTR 170 APSTVAT (Hyd) – penalty confirmed for late filing VAT return with tax following earlier judgments
4. Maharashtra Hybrid Seed Company Ltd Vs. State of Andhra Pradesh 24 APTTR 174 APSTVAT (Hyd) – DC heard the appellant – New incumbent DC passed revision orders – matter remitted back to DC for personal hearing and to pass the orders.
5. Gouthami Pipes (P) Ltd Vs. State of Andhra Pradesh – [2014] 24 APTTR 184 APSTVAT (Hyd) - directed to ascertain the value of the stock transfer taking into account the value of the local sales and then to arrive at the allowable input tax credit – restricting ITC for branch transfers in excess of 5% ITC on goods purchased. ■

## Kerala VAT

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- In Premkumar P. Vs. Sales Tax Officer [2014] 69 VST 316, it is held that "additional security can be demanded by the registering authority only in a case where he is satisfied that the turnover estimated by him under sub-section (1) or (2) of section 17 for the purpose of fixing one half of the tax payable for the year is too low. The maximum amount for which security can be ordered to be furnished under sub-section (1) or (2) is one half of the tax payable, which is based on the turnover as estimated by the registering authority. Once registration



is granted accepting security as above, when the turnover estimated based on which one half tax payable is fixed, is found to be too low, for making up the shortage of the one half of the tax payable as security, additional security can be demanded only to make up shortage of security which is subject to the maximum limit prescribed in the Act".

- Judgment in Sunny Diamonds Private Limited Vs. Commercial Tax Inspector [(2014) 70 VST 339], lays down that the mode of furnishing security is the option of person furnishing security and that the statutory authority has no jurisdiction to choose the form of security.
- In Fathima Shirin Vs. Joint RTO [(2014) 70 VST 248], it is held that purchase value for the purpose of motor vehicles tax is the value of vehicle as shown in original purchase invoice and that taxes such as VAT, customs duty or other charges cannot be added.
- Valiyaveetil Projects & Developers Pvt. Ltd. v. State of Kerala [(2014) 70 VST 312] lays down that where there was delay to file the application for permission to pay tax at compounded rate and tax was also not paid before cut-off date, the dealer is not entitled to invoke the doctrine of implied powers or doctrine of substantial compliance and hence not eligible to pay tax at compounded rate.
- Due date for filing of annual return and its enclosures for the year ended 31<sup>st</sup> March 2014 is extended to 30<sup>th</sup> June 2014 – Circular No. 15 of 2014.
- Rubber Speed Hump, Rubber Column Fender and Wall Guard, Reflecting Road Stud, Rubber Wheel Stopper, LED Solar Stud and Traffic Cones made of plastic used as traffic control equipments for roads are covered in Entry 103(13) of the Third Schedule to the KVAT Act 2003 and taxable at 5%. Convex mirrors made of polycarbonate, Fibre Glass Mesh used to avoid cracks in buildings, Hand rail made of stainless steel or with nylon for use in bathrooms and Tactile Indicators are unclassified commodities and hence taxable at 14.5%- Clarification No. C3/4983/13/CT DATED 28/5/2014
- Kitchen rack and stand made fully of plastic is held to be covered under Entry 137(12) of the Third Schedule to the Kerala Value Added Tax Act - ORDER No.C3/5134/13/CT DATED 28/5/2014:
- In ORDER No.C3/18337/13/CT DATED 28/5/2014, it is clarified that mobile phone batteries, sold separately, would be taxable at the rate of 14.5% by virtue of Entry (12) of S.R.O. No. 82/2006. ■

## Karnataka VAT

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1. In a major Endeavour by the government of Karnataka to enhance transparency and to streamline the validation of Input credit process, Department of Commercial Taxes has come out with a system of intimation of invoice level details of purchase & sales by all the dealers whose turnover exceeds fifty lakhs cumulatively of all the tax periods in a year ending 31<sup>st</sup> March. An outline of the Notification No. CCW/CR44/2012-13 Dated, 29<sup>th</sup> March 2014 is presented below-

It is hereby notified with immediate effect that commencing from the tax period of May, 2014 every dealer whose total

turnover is fifty lakh rupees and above during tax periods of the year ending 31<sup>st</sup> day of March, 2014 or whose cumulative total turnover is fifty lakh rupees and above in the tax periods of any subsequent year, shall furnish electronically through internet, on or before 20<sup>th</sup> day of the succeeding month, the details of,-

- Purchase of goods made from within the State, in the course of inter-state trade or commerce and in the course of import into the territory of India including any debit notes or credit notes issued or received in respect of any change in the value or return of goods;
- Receipt of goods otherwise than by way of purchase from, other registered dealers outside the State;
- Sale of goods made within the State, in the course of inter-state trade or commerce and in the course of export outside the territory of India including any debit notes or credit notes issued or received in respect of change in the value or return of goods; and
- Transfer of goods otherwise than by way of sale to, other registered dealers outside the State,

The details typically includes TIN no of the supplier/customer, invoice/debit note/credit note number, date of document, quantity & description of goods, the net value, the amount of tax charged and total value. Dealer can input these details individually at a designated window in the department website or alternatively upload the entire details in .xml format at once. Excel utilities for entering and converting to .xml formats are available in the Reports and Help tab visible on home screen once logged in.

This system, if implemented effectively should reduce considerably, the hassles faced by dealers during assessments, audits & refunds process.

2. Notification No. FD 41 CSL 2014, Dated: 21<sup>st</sup> April, 2014 seeks to amend the Notification II No. FD 21 CSL 2014 Dated 28<sup>th</sup> February, 2014 by adding following classes of dealers who are holding liquor license who will be subject to VAT with effect from 21.04.2014:
  - Serving liquor on board of luxury train run by KSTDC /ITDC;
  - Bar & Restaurant run by KSTDC/ITDC;
  - Beer bar run by KSTDC/ITDC;
  - Bar & Restaurants for use of Air Passengers and bonafide users at International Airports;
  - Bar & Restaurant for the exclusive use of International Air Passengers at International Airports;
  - Person holding Form-II : Beer Bar license in the entire State.

By virtue this following Liquor Licensee who are exempt from VAT are:

  - CL-2 : Retail license in the entire State;
  - CL-9 : Bar & Restaurant in rural areas;
  - CL-11C : Retail license issued to Government Companies (MSIL)
  - LFW-III : Retail vend of wine (Wine taverin / Wine boutique)
3. Circular No. 05 of 2014/15 No. KSA/CR-31/2014-15 Dated 23<sup>rd</sup> May, 2014 provides Certain instruction regarding due date for filing of Annual Statement U/s 31(5) of KVAT Act, 2003. Section 31 of the KVAT Act, 2003 was amended by inserting a new sub-section (5) in the Karnataka Value Added Tax Amendment Act 2014 (Karnataka Act No. 15 of 2014).

This amendment seeks to increase a layer of compliance by obligating the dealer to file a statement relating to his turnover within the prescribed date and in the prescribed form.

To carry out the purpose of the above amendment, the Karnataka Value Added Tax (Amendment) Rules, 2014 are being made. In the said rules, a format of Annual statement containing such particulars, as may be as necessary to be provided, will be prescribed. Such rules will be applicable for the financial year 2013-14 and onwards. Circular has however instructed departmental officers to pursue these rules as soon as it is finalized & published.

4. Notification no KTL. CR. 04/2013-14 dated 22/05/2014, has called upon the proprietors of the requirement of production of books of accounts if, for the period 2012-13 & 2013-14, have filed nil returns or not filed returns or have closed business during the year 2013-14; have been detected of any non-payment or short payment during any visit or inspection; have been assessed an additional tax of ` 25,000/- or more than what is admitted in the return; tax payable as declared in the return as compared to the amount of tax paid or assessed for the previous year is less than 15%. ■

## Banking and Insurance

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Reserve Bank of India has stipulated that Central Statutory Auditors would hereafter have to certify annually the data on unhedged foreign currency exposures of banks. For this purpose, FEDAI would publish the USD-INR annual volatility data so that the usage is uniform across the entire industry. The incremental provision towards the hedge would be eligible to be reckoned as part of Tier II capital. To enable the smaller entities in meeting the norms for unhedged exposure, the regulator suggests a standardised approach. Smaller entities, for this purpose, has been defined as those with total exposure of ` 25 cr and less.

RBI Governor, in the much awaited the Second Bi- Monthly Monetary Policy statement had the following to say:

"At this juncture, it is appropriate to leave the policy rate unchanged, and to allow the disinflationary effects of rate increases undertaken during September 2013-January 2014 to mitigate inflationary pressures in the economy,"

He further pointed out that the Consumer price index (CPI) inflation, excluding food and fuel, has moderated gradually since September 2013 while remaining elevated.

The Governor who increased the repo rate thrice since September, felt that no more tightening would be warranted if the economy stays on a disinflationary course. The Governor anticipated a cut if the disinflation process is faster than anticipated.

The Regulator has also reduced SLR to 22.5% of NDTL from the fortnight starting June 14<sup>th</sup>. The move is expected to free liquidity to the extent of ` 40000 cr.

The Finance Minister on his part felt that the calibrated approach of the Regulator is aimed at striking a balance between growth and inflation

Reserve Bank is likely to come out shortly with policy guidelines with regard to the issue of differentiated banking licences.

RBI has also come out with a framework on Liquidity Standards covering Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and Liquidity Coverage Ratio Disclosure Standards. LCR would be introduced in phases, where a minimum requirement of 60% is expected to be achieved by January 2015, building up gradually over a period, reaching 100 % by January 2019. The move is expected to lead to better Asset Liability Management in the short term.

Regarding adherence to KYC norms, the regulator has the following to say:

"Reserve Bank has been receiving representations/references from various quarters' especially migrant workers, transferred employees, etc. regarding problems faced in submitting a proof of current/permanent address while opening a bank account. The matter has since been examined in the light of amendment to the Prevention of Money Laundering Rules (Maintenance of Records), 2005, and accordingly it has been decided to simplify the requirement of submission of 'proof of address' as follows:

- a. Henceforth, customers may submit only one documentary proof of address (either current or permanent) while opening a bank account or while undergoing periodic updation. In case the address mentioned as per 'proof of address' undergoes a change, fresh proof of address may be submitted to the branch within a period of six months.
- b. In case the proof of address furnished by the customer is not the local address or address where the customer is currently residing, the bank may take a declaration of the local address on which all correspondence will be made by the bank with the customer. No proof is required to be submitted for such address for correspondence/local address. This address may be verified by the bank through 'positive confirmation' such as acknowledgment of receipt of (i) letter, cheque books, ATM cards; (ii) telephonic conversation; (iii) visits; etc. In the event of change in this address due to relocation or any other reason, customers may intimate the new address for correspondence to the bank within two weeks of such a change.

Banks may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same."

The Regulator has also rationalised the procedures for pledge of shares by a non-resident investor in favour of a bank in India to secure credit facilities extended to a Resident Investee Company, for bona fide business purpose.

As against a negative 0.5% of growth in industrial production in March, the month of April registered a growth of 3.4% as per the index of industrial production. Exports also registered a growth of 12.5% in May, indicating a possible economic revival. This has buoyed up the sentiments in banking circles which expect a better loan recovery. The perception right now is that the levels of NPAs would not rise further, new projects would be onstream any time now and stalled projects would pick up momentum.. This has prompted many state-owned banks to come to the market in a bid to raise as much as ` 17500 cr in the next few months. Of this, Bank Of India and IDBI may each account for ` 4000 cr.

At the international level, Barclays Bank- the second largest in terms of assets- was fined USD 43 mio for gold pricing misconduct, according Financial Control Authority in London.. The bank is said to have failed to adequately manage conflicts of interest between own deals and those for its customers between 2004 and 2013, indicating a failure in systems and controls.

On the Insurance front, banks have been asked to offer their customers a choice of insurance products rather being tied to a single company. From Corporate agents, the Finance Ministry expects them to become insurance brokers.

IRDA body Insurance Information Bureau (IIB) has got up a registry of healthcare providers, allocating them unique IDs. Based on this database, the regulator intends to build an analytics capability for spotting endemics, evaluating medical cost inflation, and detecting fraud.

A joint report by CII-EY on Pensions Business in India, estimates the Investment Corpus of this Sector to be of the order of USD 1 trillion by 2015. Parliament recently passed the Pension Fund Regulatory Authority (PFRDA) Act 2013. ■

## FEMA

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### 1. External Commercial Borrowings (ECB) Policy - Refinance/Repayment of Rupee loans raised from domestic banking system

RBI vide A.P. (DIR Series) Circular No.129 dated 9<sup>th</sup> May, 2014 has decided that eligible Indian companies will not be permitted to raise ECB from overseas branches / subsidiaries of Indian banks for the purpose of refinance / repayment of the Rupee loans raised from the domestic banking system in respect of the following:

- a. **Scheme of take-out financing:** Reference A.P. (DIR Series) Circular No. 04 dated July 22, 2010.
- b. **Repayment of existing Rupee loans for companies in infrastructure sector:** Reference A.P. (DIR Series) Circulars Nos. 25 and 111 dated September 23, 2011 and April 20, 2012 respectively.
- c. **Spectrum allocation:** Reference A.P. (DIR Series) Circulars Nos. 28 and 54 dated January 25, 2010 and November 26, 2012 respectively.
- d. **Repayment of Rupee loans:** Reference A.P. (DIR Series) Circulars Nos. 134, 26, 78 and 12 dated June 25, 2012, September 11, 2012, January 21, 2013 and July 15, 2013 respectively.

The changes to the ECB policy will come into force with immediate effect. All other aspects of the ECB policy shall remain unchanged.

### 2. External Commercial Borrowings (ECB) from Foreign Equity Holder - Simplification of Procedure

RBI vide A.P. (DIR Series) Circular No.130 dated 16<sup>th</sup> May, 2014 has simplified the existing procedure, by delegating powers to AD banks to approve the following cases under the automatic route:

- i. Proposals for raising ECB by companies belonging to manufacturing, infrastructure, hotels, hospitals and software sectors from indirect equity holders and group companies.
- ii. Proposals for raising ECB for companies in miscellaneous services from direct / indirect equity holders and group companies. Miscellaneous services mean companies engaged in training activities (but not educational institutes), research and development activities and companies supporting infrastructure sector. Companies doing trading business, companies providing logistics

services, financial services and consultancy services are, however, not covered under the facility.

- iii. Proposals for raising ECB by companies belonging to manufacturing, infrastructure, hotels, hospitals and software sectors for general corporate purpose. ECB for general corporate purpose (which includes working capital financing) is, however, permitted only from direct equity holder.
- iv. Proposals involving change of lender when the ECB is from FEH – direct / indirect equity holders and Group Company.

All other terms and conditions stipulated in the relative circulars shall continue to be applicable.

Other aspects of the ECB policy such as eligible borrower, recognised lender, permitted end-use, amount of ECB, all-in-cost, average maturity period, pre-payment, ECB liability: equity ratio, refinance of existing ECB, reporting arrangements, etc. shall remain unchanged.

These changes will come into force with immediate effect.

### 3. Risk Management and Inter Bank Dealings

RBI vide A.P. (DIR Series) Circular No.135 dated 27<sup>th</sup> May, 2014 has amended the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA/25/RB-2000 dated May 3, 2000) as amended from time to time and A.P. (DIR Series) circular no. 32 dated December 28, 2010, as amended from time to time, and A.P. (DIR Series) circular no. 114 dated March 27, 2014.

Under the extant guidelines relating to hedging of currency risk of probable exposures based on past performance, resident importers are allowed to book contracts up to 25 per cent of the eligible limit. The eligible limit is computed as the average of the previous three financial years' import turnover or the previous year's actual import turnover, whichever is higher.

As per the present amendment with a view to providing importers with greater flexibility in hedging facility, RBI has allowed importers to book forward contracts, under the past performance route, up to 50 per cent of the eligible limit. Importers, who have already booked contracts up to previous limit of 25 per cent in the current financial year, shall be eligible for difference arising out of the enhanced limits. All other operational guidelines, terms and conditions shall apply mutatis mutandis.

### 4. Crystallization of Inoperative Foreign Currency Deposits

Reserve Bank of India, in exercise of the powers conferred by subsections (1) and (5) of Section 26(A) of the Banking Regulation Act, 1949 (10 of 1949) has formulated the Reserve Bank (Depositor Education and Awareness Fund) Scheme, 2014. This Fund will be credited with the credit balances of any account in India with a banking company which has not been operated for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years within a period of three months from the expiry of ten years.

With the objective of aligning the instructions in respect of foreign currency accounts with the above scheme, Reserve Bank of India has issued Foreign Exchange Management (Crystallization of Inoperative Foreign Currency Deposits) Regulations, 2014 vide Notification No. FEMA 10A/2014-RB dated March 21, 2014 under Foreign Exchange Management Act (FEMA), 1999 relating to inoperative foreign currency deposits.

RBI vide A.P. (DIR Series) Circular No.136 dated 28<sup>th</sup> May, 2014 has instructed Authorised Dealer banks to crystallise, that is,



convert the credit balances in any inoperative foreign currency denominated deposit into Indian Rupee, in the manner indicated below:

- (i) In case a foreign currency denominated deposit with a fixed maturity date remains inoperative for a period of three years from the date of maturity of the deposit, at the end of the third year, the authorised bank shall convert the balances lying in the foreign currency denominated deposit into Indian Rupee at the exchange rate prevailing as on that date. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.
- (ii) In case of foreign currency denominated deposit with no fixed maturity period, if the deposit remains inoperative for a period of three years (debit of bank charges not to be reckoned as operation), the authorised bank shall, after giving a three month notice to the depositor at his last known address as available with it, convert the deposit from the foreign currency in which it is denominated to Indian Rupee at the end of the notice period at the prevailing exchange rate. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

#### 5. Liberalised Remittance Scheme (LRS) for resident individuals- Increase in the limit from USD 75,000 to USD 125,000

RBI vide A.P. (DIR Series) Circular No.138 dated 3<sup>rd</sup> June, 2014 has enhanced the existing limit of LRS from USD 75000 per financial year (April – March) to USD 1,25,000 with immediate effect, for any permitted current or capital account transaction or a combination of both.

The Scheme should not be used for making remittances for any prohibited or illegal activities such as margin trading, lottery, etc. All other terms and conditions shall remain unchanged.

#### 6. Foreign investment in the Insurance Sector – Amendment to the Foreign Direct Investment Scheme

RBI vide A.P. (DIR Series) Circular No.139 dated 5<sup>th</sup> June, 2014 has reviewed the Annex B of Schedule 1 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (the Principal Regulations), notified vide *Notification No. FEMA. 20/2000-RB dated May 3, 2000*, as amended from time to time, wherein entry route, sectoral cap and other conditions for sectors/activities in which FDI is permitted are specified. In terms of the Schedule *ibid*, Foreign Direct Investment (FDI) up to 26 per cent is permitted under automatic route in insurance sector.

As per the present revision, effective from February 4, 2014, foreign investment by way of FDI, investment by FII/FPIs and NRIs up to 26% under automatic route shall be permitted in insurance sector subject to the conditions specified in the Press Note 2 (2014 Series) dated February 4, 2014.

Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fourth Amendment) Regulations,

2014 notified vide *Notification No. FEMA. 301/2014-RB dated April 4, 2014 c.f. G.S.R. No. 361(E) dated May 27, 2014*.

#### 7. Pledge of shares for business purposes in favour of NBFCs

RBI vide A.P. (DIR Series) Circular No.141 dated 6th June, 2014 has amended the provisions of Para. 2 (i) of A. P. (DIR Series) Circular No. 57 dated May 2, 2011, in terms of which shares of an Indian company held by the non-resident investor can be pledged in favour of a bank in India to secure the credit facilities being extended to the resident investee company for bonafide business purposes subject to the conditions stipulated therein.

As per the present circular, with a view to further rationalising the process and reducing the transaction time, RBI has delegated to the AD Category – I banks the powers to allow pledge of equity shares of an Indian company held by non-resident investor/s in accordance with the FDI policy, in favour of the Non - Banking Financial Companies (NBFCs) – whether listed or not, to secure the credit facilities extended to the resident investee company for bona-fide business purposes / operations, subject to compliance with the conditions indicated below:

- a. only the equity shares listed on a recognised stock exchange/s in India can be pledged in favour of the NBFCs;
- b. in case of invocation of pledge, transfer of shares should be in accordance with the credit concentration norm as stated in the Master Circular DNBS(PD).DNBS.(PD).CC.No.333/03.02.001/2013-14 dated July 01, 2013 as amended from time to time;
- c. (i) The AD may obtain a board resolution 'ex ante', passed by the Board of Directors of the investee company, that the loan proceeds received consequent to pledge of shares will be utilised by the investee company for the declared purpose; (ii) The AD may also obtain a certificate 'ex post', from the statutory auditor of investee company, that the loan proceeds received consequent to pledge of shares, have been utilised by the investee company for the declared purpose;
- d. the Indian company has to follow the relevant SEBI disclosure norms, as applicable;
- e. under no circumstances, the credit concentration norms should be breached by the NBFC. If there is a breach on invocation of pledge, the shares should be sold and the breach shall be rectified within a period of 30 days from the date of invocation of pledge.

Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Sixth Amendment) Regulations, 2014 notified vide *Notification No. FEMA. 305/2014-RB dated May 22, 2014, c.f. G.S.R. No.370(E) dated May 30, 2014*.

#### 8. Transfer of assets of Liaison Office (LO) / Branch Office (BO) / Project Office (PO) of a foreign entity either to its Wholly Owned Subsidiary (WOS) / Joint Venture (JV) / Others in India– Delegation of powers to AD Banks.

RBI vide A.P. (DIR Series) Circular No.142 dated 12th June, 2014 has amended the A.P. (DIR Series) Circular No. 88 dated March 01, 2012 according to which prior approval of RBI is required for transferring assets of LO/BO to their subsidiaries or other LO/BO or to any other entity.

Presently ADs are delegated with powers to allow closure of the accounts of LO/BO and repatriate the surplus balances subject to submission of prescribed closure documents vide A.P (DIR Series)

Circular No.24 dated December 30, 2009. The details of opening and closing POs are laid down in Circular No.37 dated November 15, 2003. With a view to smoothen the entire process of closure of LO/BO/PO, it has been decided to delegate the powers relating to transfer of assets of LO/BO/PO to AD Category-I banks subject to compliance with the following stipulations.

- a. Such proposals will be considered only from LO/BOs who are adhering to the operational guidelines stipulated in our AP DIR Circular No.23 & 24 of December 30, 2009 such as (i) submission of AACs (up to the current financial year) at regular annual intervals with copies endorsed to DGIT (International Taxation) and (ii) obtained PAN from IT Authorities and have got registered with ROC under Companies Act 1956. Similarly, proposals from POs should conform to the guidelines issued in AP DIR Cir.No.44 dated May 17, 2005 with regard to initial reporting requirements (para.2.3) and submission of CA certified annual report indicating project status (para.2.4).
- b. A certificate is to be submitted from the Statutory Auditor furnishing details of assets to be transferred indicating their date of acquisition, original price, depreciation till date, present book value or WDV value and sale consideration to be obtained. Statutory Auditor should also confirm that the assets were not re-valued after their initial acquisition. The sale consideration should not be more than the book value in each case.
- c. The assets should have been acquired by the LO/BO/PO from inward remittances and no intangible assets such as good will, pre-operative expenses should be included. AD bank should scrutinise and ensure that no revenue expenses such as lease hold improvements incurred by LO/BOs are capitalised and transferred to JV/WOS.
- d. AD bank to ensure payment of all applicable taxes while permitting transfer of assets.
- e. Transfer of assets to be allowed by AD banks only when the foreign entity intends to close their LO/BO/PO operations in India. Subsequently, the AD banks should ensure closure of LO/BO in accordance with the stipulations indicated in para.5 (iii) of A.P (DIR Series) Circular No.24 of December 30, 2009 and para.5 of A.P (DIR Series) Circular No.37 of November 15, 2003 in respect of POs.
- f. Credits to the bank accounts of LO/BO/PO on account of such transfer of assets will be treated as permissible credits.
- g. The relevant documents are to be preserved separately for scrutiny by their own auditors and RBI auditors. ■

A brief description and narration of such of the relaxations by way of exceptions/modifications/adaptation are given below:

S. No	Chapter/ Section Number/ Sub-sections in the Companies Act, 2013	Section Heading/ Related Rules	Form of Relaxations given to private company
1	Chapter IV, section 43 and section 47 [Both whole]	Kinds of Share Capital and Voting Rights - Rule 3 (b) - Application - Companies (Share Capital and Debentures) Rules, 2014	The provisions of the sections/ Rules will now not apply to a private company.
2	Chapter IV, clause (a) of sub-section (1) of section 62) and sub-section (2) of section 62	Further issue of share capital (Rights Issue) to existing shareholders of equity shares & notice of despatch of the same	Shall apply with the following modification:- Words 'not being less than fifteen days and not exceeding thirty days' shall be substituted with 'not being less than seven days and not exceeding fifteen days
3	Chapter IV, clause (b) of sub-section (1) of section 62	Issue of employees' stock option by way of special resolution Rule 12 (4) of Companies (Share Capital and Debentures) Rules, 2014	Shall apply except that instead of special resolution, ordinary resolution would be required.
4	Chapter V, sub-section (2) of section 73	Prohibition on acceptance of deposits from public	Shall not apply to private companies having 50 or less number of members if they accept monies from their members not exceeding twenty five per cent of aggregate of the paid up capital and free reserves or one hundred per cent of the paid up capital, whichever is more, and which inform the details of such monies to the Registrar in the prescribed manner.
5	Chapter VII, sections 101 to 107 and section 109 [All whole]	Provisions relating to meetings, etc	Shall apply unless - otherwise specified in respective sections or - unless articles of the private company otherwise provide.
6	Chapter X, Clause (g) of sub-section (3) of section 141	Cap on number of audits	Shall not apply in respect of appointment of auditors by private companies.
7	Chapter XI, section 160 (Whole)	Right of persons other than retiring directors to stand for directorship	Shall not apply

## Corporate Laws

Contributed by: **Dr. P.T. Girdharan**  
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girdharan@icai.in

### Private Companies to retain its Privity though not in Entirety

Taking into the concerns expressed from various quarters that Private Companies need to be treated as Private and not at par with that of a Public company, the Ministry of Corporate Affairs by way of its draft notification [F.No.1/1/2014-CL.V] placed on its website dt 24<sup>th</sup> June, 2014 has in its proposals to relax certain provisions of the Companies Act, 2013 for private companies. Public comments are invited to the proposals of the Government till 1<sup>st</sup> July, 2014.

8	Chapter XI, section 162 [Whole]	Appointment of directors to be voted individually	Shall not apply ( in other words it can be now done enblock )
9	Chapter XII, Section 180	Restriction on powers of Board	Shall not apply to private companies having 50 or less number of members
10	Chapter XII, section 185	Loans to directors	Shall not apply to Private companies - (a) which have borrowings from banks or financial institutions or any bodies corporate not more than twice of their paid up share capital or ` 50 crore, whichever is lower; and (b) in whose share capital no other body corporate has invested any money".
11	Chapter XII, section 188	Related Party transactions	Shall not apply
12	Chapter XIII, section 196, sub-section (4) and sub-section (5)	Procedure / Validity in the appointment of managing directors, whole-time director or manger	Shall not apply
13	Chapter XIII, sub-section (3), section 203	Holding of office of key managerial personnel in more than one company	Shall not apply

## SEBI

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### BSE's Direct Listing Norms for Companies exclusively listed on Non-operational Stock Exchanges

In consonance with the SEBI Circular dated 22nd May, 2014 advising the Companies exclusively listed on non-operational stock exchanges to opt for direct listing on any of the stock exchanges having nationwide trading terminal, the BSE has relaxed its direct listing norms for such Companies.

The main highlights of the said norms are outlined as follows:

S. No.	Criteria	Threshold
1.	Issued and Paid up capital Networth	Minimum Paid up capital: ` 1 Crore and Net worth: ` 3 Crores
2.	Profit making track record	Distributable profits in terms of Sec. 123 of Companies Act, 2013 for at least 1 out of 2 immediately preceding financial years based on audited financial results.
3.	Listing track record with Recognized Stock Exchange	Companies should have been exclusively Listed on stock exchanges seeking de-recognition and/or exit or de-recognized stock exchanges

4.	Public Shareholding	Public Shareholding should be Meeting with the requirements of SCRA, SCRR and Clause 40A of the Listing Agreement i.e. at least 25% of the entire shareholding shall be held by public. If the Company is not compliant with clause 40A of the listing agreement at time of applying for direct listing, the Company shall submit an Undertaking in this regard.
5.	No. of public shareholders	Minimum 500
6.	Signing with both the depositories	The Company must enter into an agreement with both the depositories.
7.	Trading in Compulsory Demat	Minimum of 50% of the Public Shareholding and 100% of Promoters' Shareholding should be in demat mode, else Company can commence trading ONLY in Trade-for-Trade basis till the time it complies with the above stipulation.
8.	Action against company/ promoters/ promoter group entities/ directors	Where the Company or the promoters or the Directors have been debarred or disciplinary action has been taken against them by SEBI, then a period of at least 3 years should have elapsed since the expiry of the debarment period/disciplinary action.
9.	Withdrawal/Rejection	Once companies that have approached for listing are denied listing for any reason whatsoever, they may reapply for listing after a minimum period of 6 months. If rejected a second time, the company would not be eligible to apply again <i>Company shall not have been de-listed at any time under delisting regulation 2003 /2009</i>

## International Taxation

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This section of the SIRC newsletter was intended to give a snap-shot of the significant developments in international taxation over the month- in particular case-laws, notifications, circulars and other developments. However, with the Union Budget due in July, it would be appropriate to set forth expectations from the Union Budget on international taxation. While there is some clarity on who is taxed on what income, which is earned where, most of the issues in international taxation seem to arise in the area of transfer pricing.

### Transfer Pricing

Transfer Pricing laws have been in existence in India for 13 years now. It is ironical that even after these many years, there is still no clarity on these provisions. Assessment Orders that defy both logic and imagination are still being routinely passed forcing litigation. It appears that the issues commenced when the first set of such arbitrary orders were passed for the Assessment Year 2004-05. Tax –payers were coerced into shelling out some taxes and once

the Government got the revenue, the arbitrariness continued. Safe Harbor rules were enacted to minimize litigation and soliciting the taxpayer to pay for peace of mind. However, the margins stipulated in the safe harbor rules were pegged on the higher side- one of the reasons why all tax-payers did not embrace it with open arms. The safe harbor provisions were ill-timed too- most businesses were in the grip of or coming out of a business slowdown and were reluctant to pay a premium to purchase peace of mind.

### TARC Report

The Tax Administrative Reforms Commission (TARC) has submitted a comprehensive report to the Government on reforming tax laws. The TARC has been critical of transfer pricing provisions as they are on the statute book today. The report states that in the direct tax area, ordinarily, transfer-pricing examination between associated enterprises should be used as a tool to minimize tax avoidance. In India, transfer-pricing measures are used for revenue generation, which comprises a completely wrong approach. This is revealed through the allocation of revenue targets to transfer pricing officers (TPOs) from transfer pricing adjustments. This is unheard of internationally. Accordingly, India has clocked by far the highest number of transfer pricing adjustments, demanding adjustments even for very small amounts. There is also a high incidence of variation among TPOs in their adjustments for similar transactions or deemed transactions. Taxpayers reported that they often succumb to such adjustments simply to carry on with business activity for, otherwise, they would have to allot or divert huge and unavailable financial and staff resources to such activities. The report says that both the income tax and customs Boards should frame detailed documentation requirements for transfer pricing as well as custom valuation, keeping in view that such documentation should be reasonable, to bring certainty and predictability for the taxpayers. There is a need to align the process in India with global best practices and to do away with the current process. With self-assessment in place, import transactions should only be subjected to post-clearance audit. Valuation risks would be an important component of the risk matrix for audit selection.

### Budget expectations

Most of the litigation in transfer pricing can be attributed to three causes 1) Revenue generation 2) lack of clarity in the law in the minds of assessing officers 3) arbitrariness in choosing comparable companies. Budget 2014 can address the first cause by making a statement that revenue generation would not be the basis for transfer pricing orders- this would change the present mind-set of the Revenue. The new Government seems to be focused on streamlining the administration and making it effective- as can be seen from the "Minimum Government, Maximum Governance" motto. Causes 2 and 3 are primarily administrative in nature. The Central Board of Direct Taxes (CBDT) should instruct its officers not to pass orders that border on science-fiction and should train them in understanding transfer pricing laws. It is a fact that no two companies can be alike in all respects. The CBDT should think of coming out with industry-specific benchmarks on comparable companies that could be chosen and provide a reasonable margin of deviation from these benchmarks to take care of the nuances of a particular business.

Budget 2014 provides an excellent opportunity to the Government to commence the process of setting right transfer pricing laws by making the right announcements. ■

## Central Excise and Service Tax

Contributed by: **CA. V.P. Manavalan**  
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### 1. Rice par boiling machine tariff code.

The classification of rice par-boiling machinery would be guided by Note 2 to Chapter 84 read with Note 3 to Section XVI. The par-boiling machine and dryer are self-contained machines which are designed to be installed independently and which perform their respective functions independently. Therefore, though they may be installed in a rice mill to work in conjunction with the milling machinery, the par-boiling machine and dryer do not appear to satisfy the requirements of Section Note 3 to be called composite machines/multi-function machines meriting classification under CETH 8437. Further, par-boiling machinery does not constitute grain dampening machine as the end result of par-boiling of rice is reduction in the moisture of paddy. In view of the above, rice par-boiling machine and dryer would merit classification under CETH 8419 as per Note 2 to Chapter 84. (CIRCULAR NO982/06/2014-CX., Dated: May 15, 2014)

### 2. Excise duty relief for auto sector extended for six months

As per Notification 12/2012 as amended by notification 4/2014 the concessional rate of excise duty of 8% and 10% for Automobile and other capital good under tariff heading 84, 85 and 87 was imposed upto June 2014.

Now as per notification 6/2014 the above concessional rate of duty is also extended upto 31<sup>st</sup> December 2014 ■

## AP High Court on Development Agreement

Contributed by: **CA. VMV. Subba Rao**  
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vmvsr@rediffmail.com

### Potla Nageswara Rao vs. DCIT (Andhra Pradesh High Court)

**S. 2(47)(v): Transfer under a development agreement takes place on handing over possession. Capital gains are chargeable to tax even if no consideration is received by assessee**

In AY 2003-04, the assessee entered into an agreement with Bhavya Constructions pursuant to which he agreed to transfer the land in consideration of the developer giving him four flats in the developed area. The assessee received a token advance and handed over possession of the land. The developer obtained the approval of the municipality to the plan for construction on the property. The AO held that the capital gains was assessable in AY 2003-04 while the assessee claimed that the same was assessable in AY 2004-05 when the consideration was received. The CIT(A) upheld the claim of the AO. The Tribunal (included in file), relying on **Chaturbhuj Dwarkaddas Kapadia** 260 ITR 491 (Bom), **Dr.T. K. Dayalu** 202 Taxman 531 (Kar) & **Maya Shenoy** 124 TTJ (Hyd) 692, held that as the assessee had handed over possession of the property to the developer, it was a clear case of transfer by exchange within the meaning of s.2(47)(v) read with s. 53A of the Transfer of Property Act. It was held that the fact that the consideration was



received in a later year was not relevant. On appeal by the assessee to the High Court, HELD dismissing the appeal:

The assessee's contention that no transfer takes place on the date of the agreement and handing over of possession if consideration is not received by the assessee is not acceptable because s. 53A of the Transfer of Property Act, 1882, which is engrafted in the definition of "transfer" in s. 2(47) of the Income-tax Act does not contemplate any payment of consideration. Payment of consideration on the date of agreement of sale is not required. It may be deferred for a future date. The element of factual possession and agreement are contemplated as transfer within the meaning of the aforesaid section. When the transfer is complete, automatically, consideration mentioned in the agreement for sale has to be taken into consideration for the purpose of assessment of income for the assessment year when the agreement was entered into and possession was given. Here, factually it was found that both the aforesaid aspects took place in the previous year relevant to the assessment year 2003-04. Hence, the Tribunal has rightly held that the appellant is liable to pay tax on the capital gain for the assessment year.

Contrast with the view taken in Binjusaria Properties (ITAT Hyd), Fibars Infratech (ITAT Hyd), **General Glass 108 TTJ 854 (Mum)** etc that if the willingness of the developer to perform his obligations cannot be ascertained, there is no "transfer" u/s 2(47)(v) r.w.s. 53A. See also Charanjit Singh Atwal (ITAT Chd). ■

#### DISCLAIMER

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

#### WORK DISPOSAL POSITION

The position of disposal of various matters relating to Members and Students of Regional Office, Chennai as on **25/06/2014** is as under:

Particulars	Disposal of records received upto
<b>Members</b>	
Enrolment of Members	20.06.2014
Fellow Admission	17.06.2014
Grant of COP	17.06.2014
Restoration of Name	17.06.2014
Constitution of Firms	17.06.2014
Reconstitution of Firms	20.06.2014
Paid Assistant	17.06.2014
Change of Address – Members	20.06.2014
Change of Address – Firms	20.06.2014
<b>Students</b>	
Registration of Articles	19.06.2014
Re-registration of Articles	08.06.2014
Industrial Training	14.06.2014
Termination of Articles	09.06.2014
Completion of Articles	17.06.2014
Permission to pursue Other Courses	19.06.2014
Despatch of Materials – CPT	20.05.2014
Despatch of Materials – IPCC	01.03.2014
Despatch of Materials – ATC	01.03.2014
Despatch of Materials – Final	20.05.2014
Despatch of Materials - ITT	10.03.2014

#### 2<sup>ND</sup> ANNUAL REGIONAL RESIDENTIAL COURSE AT BANGALORE

SIRC Announces 2<sup>nd</sup> Annual Regional Residential Course (ARRC) in October 2014 at Bangalore.

Await for further details in the next month Newsletter.

#### ANNOUNCEMENT

Decision of the ICAI Central Council regarding various Malicious Emails being received by ICAI and its functionaries. - (12-06-2014)

**No. 1-CA(7)/165/204**

**Dated 17<sup>th</sup> April, 2014**

The Council of the Institute of Chartered Accountants of India (ICAI), at its 329<sup>th</sup> (Adjourned) meeting held on 4<sup>th</sup> January, 2014, while taking note of various malicious emails being circulated in various fora has decided that:

The member(s) of ICAI should not host, display, upload, modify, publish, transmit, update, forward or share any information, in any form which is harmful, harassing, defamatory, indecent, immoral or invasive of another's privacy, dignity or prestige or hateful, causing insult or injury or otherwise unlawful in any manner against the Institute and/ or its members. Further,

1. Any member of ICAI, if found spreading such information, may invite disciplinary action under the Chartered Accountants Act, 1949.
2. Besides above, ICAI may also initiate appropriate legal proceedings against such members circulating malicious emails under the applicable provisions of the Information Technology Act, 2000 or under any other law for the time being in force.

All the members of the ICAI are hereby advised to take note of the above decision of the Council.

**[T. Karthikeyan]**

Secretary, ICAI

#### MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR THE YEAR 2014-2015

Annual Membership Fee and Certificate of Practice Fee for the year 2014-2015 is payable on 1<sup>st</sup> April 2014. The schedule of fee is as under:

For Members	Below 60 Years	Above 60 Years
Associate Membership Fee:	₹ 800	₹ 600
Fellow Membership Fee:	₹ 2200	₹ 1600
Certificate of Practice Fee:	₹ 2000	₹ 1500

Individual circulars are being mailed to members giving details of scale of fee and also the manner of remittance of the fee. The fee can, therefore, be remitted to the concerned Decentralised Office of the Institute.

It may be noted that remittance of fee has to be made by local cheque (in case of Members who are residing in the cities in which respective Decentralised Office is situated) or by way of demand draft in favour of 'Secretary, The Institute of Chartered Accountants of India', payable at the place where the concerned Decentralised Office is located. **It may also be noted that under no circumstances out-station cheques will be accepted.** No remittance should be made directly to the Head Office or to a different Decentralised Office.

Members can also pay fee in advance in accordance with details given in the communication being mailed to the members.

**'SCORE' CPE LECTURE ON COMPANIES ACT - 2013 AT CHENNAI**

June 02, 2014



**CA. Bhavani Balasubramanian**  
Chennai

June 03, 2014



**Mr. P.H. Aravindh Pandian**  
Chennai

June 09, 2014



**CA. S. Srikanth**  
Chennai



**CA. S. Sathyanarayanan**  
Chennai

June 10, 2014



**CA. Ganapathy Subramanian**  
Chennai



**CS. Babu Sankarasubramanian**  
Chennai

**INTENSIVE WORKSHOP ON DIRECT TAXES SEC 1 - SEC. 298 UNDER THE AUSPICES OF TAXATION COMMITTEE OF SIRC AT CHENNAI**

June 05, 2014



**CA. V. Karthikeyan**  
Chennai



**Mr. Karthik Ranganathan**  
Chennai

June 06, 2014



**CA. Sivakumar**  
Chennai



**CA. R. Balaji**  
Chennai

June 07, 2014



**CA. K. Ravi**  
Chennai

June 12, 2014



**CA. P.K. Vijayaraghavan**  
Chennai



**Ms. Sumathi Thiagarajan**  
Chennai

June 13, 2014



**CA. K. Sudharsan**  
Chennai



**CA. Divakar Vijayasaraty**  
Chennai

June 14, 2014



**CA. Chandra Prakash Surana**  
Chennai



**CA. N. Madan**  
Chennai

June 15, 2014



**CA. T. Banusekar**  
Chennai



**CA. N.V. Balaji**  
Chennai

**VALEDICTION OF SCORE CPE LECTURE ON COMPANIES ACT 2013 ON JUNE 16, 2014 AT CHENNAI**



Dr. M. Manuneethi Cholan, Registrar of Companies releasing the CD of Course Materials of SCORE-Companies Act-2013 Seminar Series. CA. V. Murali, CCM, ICAI receiving the first copy. CA. Jomon K. George, Chairman, Corporate Laws Committee, SIRC, CA. P.R. Aruloli, RCM and CA. Gopal Krishna Raju, RCM are also seen.



**Dr. M. Manuneethi Cholan**  
Registrar of Companies



**CA. N. Ramanathan**  
Chennai



**Adv. K. Vaitheeswaran**  
Chennai

**CAREER COUNSELLING PROGRAMME ON JUNE 5, 2014 AT CHENNAI**



CA. V. Murali, Member, Board of Studies, ICAI, Presenting Bouquet to CA. U. Md. Khalilullah, Chairman, New College, CA. P.R. Aruloli, RCM is also seen.

**MEET WITH INTERNATIONAL CHAMBER OF INDIRECT TAX PROFESSIONALS ON JUNE 2, 2014 AT CHENNAI**



CA. P.V. Rajarajeswaran, Chairman, SIRC Honouring the First Chartered Accountant Judge of Supreme Court of India Honourable Justice Anil R Dave. CA. Rajendra Kumar P, President of International Chamber of Indirect Tax Professionals is also seen.

**COMPANIES ACT – A COMPREHENSIVE PRIMER FOR WOMEN MEMBERS & MEMBERS IN INDUSTRY ON JUNE 25, 2014 AT CHENNAI**



**CA. B. Ramakrishnan**  
Chennai



**CA. B. Ramana Kumar**  
Chennai



**CA. K. Sripriya**  
Chennai



**CA. P. Selvamurthy**  
Chennai



**CA. Divakar Vijayasaraty**  
Chennai