

SIRC Newsletter

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

CPE SEMINAR ON CENTRAL STATUTORY AUDIT OF BANKS ON MARCH 8, 2014 AT CHENNAI



CA. V. Murali, CCM, ICAI inaugurated in the presence of CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. M. Naganathan, CA. P.S. Narasimhan and CA. H. Anil Kumar, Resource Persons.

Resource Persons



CA. H. Anil Kumar
Bangalore



CA. P. Anand
Chennai



Shri A. Ganesan
Chennai



Panel Discussion by CA. M. Naganathan, CA. K.R. Ratnam and CA. P.S. Narasimhan

RELEASING OF SIRC ACTION PLAN 2014 - 2015



CA. K. Raghu, President, ICAI releasing the Action Plan 2014-2015 of SIRC in the presence of CA. Manoj Fadnis, Vice-President, ICAI and CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Naresh Chandra Gelli V, Vice Chairman, SIRC, CA. Cotha S. Srinivas, SIRC, Secretary, SIRC, CA. Adusumilli Venkateswara Rao, Treasurer, SIRC, CA. G. Selvakumar, Chairman, CA. N. Chidambaram, Secretary of Madurai Branch of SIRC.

RESOURCE PERSONS OF CPE SEMINAR ON BANK BRANCH AUDIT ON MARCH 15, 2014



CA. A. Mony
Calicut



CA. P. Selvamoorthy
Chennai



CA. S. Swaminathan
Pondicherry



CA. Vivek Krishna Govind
Kochi

ADDRESSES BY CENTRAL COUNCIL MEMBERS OF ICAI AT ORIENTATION PROGRAMME FOR CHAIRMEN & SECRETARIES OF BRANCHES OF SIRC ON MARCH 27 & 28, 2014 AT KODAIKANAL



CA. G. Sekar
Chennai



CA. Babu Abraham Kallivayalil
Kochi



CA. M. Devaraja Reddy
Hyderabad

ORIENTATION PROGRAMME FOR CHAIRMEN & SECRETARIES OF BRANCHES OF SIRC ON MARCH 27 & 28, 2014 AT KODAIKANAL



CA. K. Raghu, President, ICAI inaugurated in the presence of CA. Manoj Fadnis, Vice President, ICAI, CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Naresh Chandra Gelli V, Vice Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC, CA. Adusumilli Venkateswara Rao, Treasurer, SIRC and other RCMs and CCMs.

CPE SEMINAR ON BANK BRANCH AUDIT ON MARCH 15, 2014 AT CHENNAI



Shri M. Narendra, Chairman and Managing Director, Indian Overseas Bank inaugurated in the presence of CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC, CA. V. Murali, CCM, CA. P.R. Aruloli, RCM, CA. E. Phalgun Kumar, RCM, CA. Jomon K. Geroge, Chairman, SICASA and CA. A. Mony, Resource Person.

'AARAMBH' A CURTAIN RAISER AND FIRST PROGRAMME AT REGIONAL LEVEL FOR WOMEN CAs ON MARCH 12, 2014 AT CHENNAI



Ms. Uma Subramanian, Principal, RBI Staff College, Chennai inaugurated in the presence of Ms. Gowri Kailasam, President, Rane Madras, CA. Babu Abraham Kallivayalil, Vice Chairman, Women Empowerment Committee, ICAI, CA. K. Sriprya, Convenor, Women Empowerment Committee, CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Naresh Chandra Gelli V, Vice Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC, CA. Adusumilli Venkateswara Rao, Treasurer, SIRC, CA. V. Murali, CCM and CA. D. Prasanna Kumar, RCM.

ORIENTATION PROGRAMME FOR CHAIRMEN & SECRETARIES OF BRANCHES OF SIRC ON MARCH 27 & 28, 2014 AT KODAIKANAL



Group Photograph of Chairmen and Secretaries of Branches of SIRC of ICAI with CA. K. Raghu, President, ICAI, CA. Manoj Fadnis, Vice-President, ICAI and CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Naresh Chandra Gelli V, Vice Chairman, SIRC, CA. Cotha S. Srinivas, SIRC, Secretary, SIRC, CA. Adusumilli Venkateswara Rao, Treasurer, SIRC and other RCMs, CCMs.

Meet the Chairman, SIRC and Installation of New Office-Bearers on March 1, 2014 at Sivakasi



CA. P.V. Rajarajeswaran, Chairman, SIRC, Shri. K. Pandiarajan, Member of Tamil Nadu Legislative Assembly, CA. F. Charles, Chairman, CA. R. Suresh Kumar, Secretary and other Members of the Management Committee of Sivakasi Branch of SIRC of ICAI.

Meet the Chairman, SIRC and Installation of New Office-Bearers on March 15, 2014 at Pondicherry



CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC alongwith CA. P.R. Aruloli, RCM, CA. Vijay Kumar N. Modi, Chairman, CA. Prabagarane V, Secretary and other Members of Management Committee of Pondicherry Branch of SIRC of ICAI.

SICASA Bank Audit Seminar on March 16, 2014 at Chennai



Shri M. Narendra, Chairman and Managing Director, Indian Overseas Bank Inaugurated in the presence of CA. Jomon K. George, Chairman, SICASA, CA. V. Murali, CCM and other Members of Managing Committee of SICASA.

Breakfast Meeting on March 1, 2014 at Chennai



CA. Ulaganath Sankar
Chennai



CA. Hari Ganesh
Chennai

Works Contract - TN VAT & Service Tax on March 7 & 8, 2014 at Chennai



CA. J. Murali
Chennai



CA. V. Prasanna Krishnan
Chennai

Seminar on Bank Audit and Installation of New Office-bearers of Kumbakonam Branch on March 16, 2014 at Kumbakonam



CA. P.V. Rajarajeswaran, Chairman, SIRC, Chief Guest Mr. S. Balasubramanian, Chairman, City Union Bank, with CA. S. Bernard, Director, City Union Bank, CA. P.R. Aruloli, RCM, CA. C. Rajagopal, Chairman, CA. I. Rajesh, Secretary and other Members of the Managing Committee of Kumbakonam Branch.

Meet the Chairman, SIRC and Installation of New Office-Bearers on March 9, 2014 at Tiruchirapalli



CA. P.V. Rajarajeswaran, Chairman, SIRC, CA. Cotha S. Srinivas, Secretary, SIRC alongwith CA. P.R. Aruloli, RCM, CA. V. Jayaraman, Chairman, CA. A. Victor D. Samuel, Secretary and other Members of Management Committee of Tiruchirapalli Branch of SIRC of ICAI.

CPE Study Circle Meetings - March 2014

12.03.2014



CA. D. Kannusami
Cuddalore

19.03.2014



CA. Krisnaprakash
Chennai

22.03.2014



CA. Rajasekhar Naik
Chennai

22.03.2014



CA. G. Balasubramaniam
Chennai

26.03.2014



CA. Ganesh Prabhu
Chennai

Investor Awareness Programmes under aegis of Investor Education and Protection Fund (IEPF) Ministry of Corporate Affairs at Chennai



Dr. P.T. Girdharan
Joint Director, ICAI



Shri S. Ramanathan
Chennai



Shri S. Vijaykrishnan
Chennai

March 25, 2014



Shri Vivek Karwa
Chennai



Shri Nagappan
Chennai

Chairperson of Branches of SIRC of ICAI and Chairman SIRC for the Year 2014 - 2015



CA. Bijumon Antony
Alleppey
9847887042



CA. Babu K
Bangalore
9342500855



CA. Sanjay S Mudnur
Belgaum
9945894031



CA. Lakshminarayana M
Bellary
9448070177



CA. Sujith Kumar T N
Calicut
9447383666



CA. Viswanathan P
Coimbatore
9047017006



CA. Poullose M O
Ernakulam
9447095022



CA. Nagarajan R
Erode
9843150658



CA. Satyanarayana G
Guntur
9440260321



CA. Hitesh Kumar Modi
Hubli
9448473525



CA. Mathesh Reddy K
Hyderabad
9440059024



CA. Brahmananda Reddy M R
Kakinada
9885472301



CA. Mohanan U
Kannur
9447016660



CA. Anand Kumar G
Karimnagar
9912373737



CA. Dinesh R. Shenoy
Kottayam
9447380198



CA. Rajagopal C
Kumbakonam
9994452155



CA. Selva Kumar G
Madurai
9843353540



CA. Shyamala Shenoy A K
Mangalore
9243302038



CA. Francis P W
Mysore
9886257700



CA. Kiran Kumar K
Nellore
9885354719



CA. Kurapati Subba Rao
Ongole
9849212678



CA. Harish C R
Palghat
9446569267



CA. Vijaykumar N Modi
Pondicherry
9443274231



CA. Sam Varghese
Quilon
9249767030



CA. Venkateswarlu K
Rajamahendravaram
9866076488



CA. Jayaprakash V
Salem
9443224211



CA. Charles F
Sivakasi
9367421333



CA. Jayaraman V
Tiruchirapalli
9443705152



CA. Gnana Micheal Amaran Jothi A
Tirunelveli
9443135210



CA. Venkatesh Reddy T
Tirupati
9246998838



CA. Sivachalam N
Tirupur
9786042644



CA. Sijo P L
Trichur
9847320424



CA. Sundar S
Trivandrum
9447772556



CA. Micheal Antony Manoharan I
Tuticorin
9894034203



CA. Amunje Venkatesh Nayak
Udupi
9845243240



CA. Selvanambi R
Vellore
9443344470



CA. Sunkara Akkaiah Naidu
Vijayawada
9441494415



CA. Lalitha Sundari A V S
Visakhapatnam
9603204776



CA. Rangaiah R
Warangal
9849674722



CA. Rajarajeswaran P V
Chairman of SIRC
9843036311

Chairman writes ...



My dear Professional Colleagues,

“The beginning is the most important part of the work.”
-Plato.

We at SIRC are conscious of the famous saying. In line with this, we have taken in our strides in all earnestness to provide member centric, students oriented and stakeholders focused Action Plan to take the image of the SIRC and ICAI to newer heights. The warmth, affection and good wishes received by me from members were heart-warming, propelling and motivating us. We assure you that my colleagues and I would explore newer areas of activities as part of the Continuing Professional Education.

Newly Elected Members of Managing Committee:

The election of office-bearers to the 39 Branches of SIRC were held last month and they have assumed office. On this occasion, I congratulate the newly elected office-bearers and wish them all success in all their endeavours. I also take this opportunity to request members and students through this column to participate in large numbers in the programmes organized by Branches of SIRC.

Committees of SIRC:

The role of Committees in any professional body is highly significant and we emphasize that the Committees are the arms of the SIRC. We have constituted several committees and the names of members to such committees are published in Page No. 8 & 9 in this Newsletter. We assure our members that numerous initiatives including programmes under the auspices of the Committees would be forthcoming in the coming months. We welcome Committee-oriented suggestions from our members and students so that their work programme would become more meaningful.

Orientation Programme:

The Chairmen and Secretaries of all the Branches with the members of SIRC had the pleasure and privilege of interacting with our beloved President CA. K. Raghu and Vice-President CA. Manoj Fadnis at the Orientation Programme held on 27th and 28th March 2014 at Kodaikanal. Matters of professional interest and improving the activities at the Branch level were the focal points discussed at the programme.

I thank our Hon'ble President CA. K. Raghu and Vice-President CA. Manoj Fadnis for being amidst with SIRC members and Chairmen and Secretaries of Branches in

spite of their pressing engagements at the Headquarters. Their participation and good wishes was a great source of inspiration to all of us.

I also thank the Managing Committee members of Madurai Branch of SIRC for their co-operation and the logistic arrangements made for the programme, as Host Branch.

Action Plan:

SIRC has drawn up its Action Plan for the year 2014-15, the salient features of which are published in Page No. 7 in this Newsletter. We welcome members to offer their views to broaden the same.

Visit to Branches:

During March, I visited Kumbakonam, Pondicherry, Sivakasi and Tiruchirapalli Branches and had the pleasure of interacting with the members and students of respective Branches. The deliberations were very fruitful and gave further insights on the needs of the members and students and their expectations from SIRC. We would consider the suggestions that emerged during the meetings for implementation for the benefit of members and students fraternity.

Programmes held:

I am happy to share with you that the Seminar on Bank Audit held on 8th and 15th March, Women CAs on 12th March and other programmes organized by SIRC were well received by the members with presence of larger gathering, stimulating us to organize more and more programmes.

Investor Awareness Programme:

Under the aegis of the Ministry of Corporate Affairs, SIRC and many of the Branches of SIRC have successfully organized Investor Awareness Programme during March 2014. SIRC proposes to have similar programmes at different parts of the Region in the coming months as part of closer co-ordination with the Government.

Bank Audit:

April is the month when our members in practice would be fully involved in Bank Branch Audit. With the competence and skill of our members known for, I am confident that the bank audit would be completed with ease, perfection and precision. I would request members to send their views and

APRIL 2014 & MAY 2014

SIRC CALENDAR

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	April 7, 2014 – June 10, 2014	20 Days CPE Workshop on Companies Act- 2013 Every Monday & Tuesday		06.00 pm - 08.00 pm	P. Brahmajya Memorial Hall	40	Details at Page No. 6	6		
2	April 9, 2014 Wednesday	CPE Study Circle Meeting on Internal Audit and Fraud Risk	CA. H. Venkatesan Chennai	06.15 pm - 08.30 pm	P. Brahmajya Memorial Hall	2	200	-		
3	April 12, 2014 Saturday	Half Day CPE Seminar on Accounting Standards [AS-4, AS-5, AS-28]	CA. Chinnnsamy Ganesan Chennai & CA. Ashish Gupta, Chennai	10.00 am - 01.00 pm	P. Brahmajya Memorial Hall	3	500	-		
4	April 16, 2014 Wednesday	CPE Study Circle Meeting on Double Taxation Avoidance Agreement w.r.t USA	CA. Bharath Chopra Chennai	06.15 pm - 08.30 pm	P. Brahmajya Memorial Hall	2	No Delegate Fee	-		
5	April 19, 2014 Saturday	Practical Workshop on Advanced Excel	CA. Deepak Kumar Chennai & CA. Pradeep G, Chennai	10.00 am - 05.00 pm	ITT Centre, ICAI Bhavan	6	1000	-		
6	April 23, 2014	CPE Study Circle Meeting on PF, Gratuity & Superannuation	CA. John Moris Chennai	06.15 pm - 08.30 pm	P. Brahmajya Memorial Hall	2	200	-		
7	April 25 – 27, 2014	Regional Residential Course At Yercaud							12	Details at Page No. 6
8	April 26, 2014 Saturday	CPE Study Circle Meeting on Point of Place of Provision of Service	CA. T.R Lakshminarayanan Chennai & CA. Prasanna Shenoy Chennai	06.15 pm - 08.30 pm	P. Brahmajya Memorial Hall	2	200	-		
9	April 30, 2014 Wednesday	CPE Study Circle Meeting on Retirement Benefits/ Trust- Schedule VI of Income Tax Act	CA. V.P. Muthukumar Chennai	06.15 pm - 08.30 pm	P. Brahmajya Memorial Hall	2	200	-		
10	May 8, 2014 – June 16, 2014	Intensive Workshop on Direct Taxes Only on Thursdays, Fridays & Saturdays		Thu & Fri 04.00 pm - 08.00 pm Saturday 10.00 am - 05.00 pm	P. Brahmajya Memorial Hall	90	Details at Page No. 6	6		
11	May 3, 2014 Saturday	Breakfast Meeting	CA. T. Petchi, Chennai & CA. T. Shivaram, Chennai	09.00 am - 01.00 pm	P. Brahmajya Memorial Hall	4	500	-		
12	May 7, 2014 Wednesday	CPE Study Circle Meeting on Auditing Standards SA 200; SA-210; SA-220	CA. Pauls M I Chennai	06.15 pm - 08.30 pm	P. Brahmajya Memorial Hall	2	200	-		
13	May 21, 2014 Wednesday	CPE Study Circle Meeting on Auditing Standards – SA 230, SA 240, SA 250 – Revised Standards	CA. Chinnnsamy Ganesan Chennai	06.15 pm - 08.30 pm	P. Brahmajya Memorial Hall	2	No Delegate Fee	-		

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

CHAIRMAN WRITES (Contd..)

suggestions that they would like to share with SIRC any issues/difficulties that they have come across during the course of audit for consideration and for taking forward with appropriate authorities at ICAI.

Future Programmes:

SIRC starts its series of Regional Residential Courses with the first one coming up at Yercaud from 25th to 27th April 2014. The Course is being hosted by Salem Branch of SIRC. The complete details are published in Page No. 6 in this Newsletter. I invite members to join in large numbers and make it yet another success. Many more Residential Courses are on the anvil and details would be published in due course. SIRC is also organizing other programmes such as Study Circle Meetings, long duration intensive programme on Taxation. The details of all programmes scheduled for April and May 2014 have been published in Page No. 4 of this Newsletter.

Intensive Workshop on Taxation:

For the first time, SIRC will be organizing a long duration intensive Workshop on "Taxation" commencing from 8th May 2014 at Chennai. Members attending the whole programme would be entitled to a total of 90 hours of CPE credit. The structure of the programme has been designed whereby different modules have been identified for each days' programme. The participation fee has also been factored by which a member may opt for attending one or more programmes out of the structured programme with variable fee structure. The complete details of the programme have been Published in Page No. 6 in this Newsletter.

Intensive Workshop on Companies Act - 2013:

SIRC will be conducting yet another long duration Intensive Workshop on "Companies Act - 2013" from 7th April 2014 to 10th June 2014 carrying 40 hours CPE Credit.

I request members to avail of this opportunity and register for both the workshops in large numbers.

Creation of Endowment:

An Endowment has been created in the name of "L.Mallikharjuna Rao Memorial Endowment" by CA. L. Ravi Sankar, Chennai for awarding meritorious students. SIRC, through other endowments created by members are recognizing the performance of students in CPT, IPCC and Final. I invite members to come forward to create Endowment Awards to encourage the students of our course. The details for creating such endowments can be had from the SIRC Office.

Payment of Membership Fee:

The Regional Office at Chennai had sent the circular to all members in Southern Region for payment of Membership Fee and Certificate of Practice Fee for the year 2014-15.

Though the last date for payment of fees would be 30th September 2014, I request members to send their fees well in advance. I also request members to contribute liberally to Chartered Accountants Benevolent Fund while remitting the membership fee for which separate form has been provided for in the circular.

Recognition of Achievements and Talents of Members:

SIRC is proposing to record and recognize the achievements and talents of members in different walks of life, viz., in Government, Arts, Social, Cultural, Political, etc., in an appropriate manner.

I would therefore request you to send the details of such accomplishments with your passport size photograph for the consideration of SIRC to sirc@icai.in.

Greetings:

SIRC sends its greetings to the members on the occasion of Ugadi, Tamil New Year and Vishu and wishes the members and their family very happy and joyous celebrations.

Team Work:

I believe that once you have the thirst to thrust upon ourselves to do better and significant achievements, you need to have motivation and encouragement. I am proud to state that I have the trust from you by your constant support. My team and I would embark upon organizing newer and innovative programmes for the cause of our professional fraternity during the year. In this context, I would like to conclude my interaction with you for this month through this column by invoking the saying of Helen Keller.

"Alone we can do so little; together we can do so much".

Yours in professional service



CA. P.V. RAJARAJESWARAN

chairmansirc@gmail.com

Editorial Board

Editor :	CA. Rajarajeswaran P V
Members :	CA. Naresh Chandra Gelli V
	CA. Cotha S Srinivas
	CA. Adusumilli Venkateswara Rao
	CA. Aruloli P R
	CA. Prasanna Kumar D
	CA. Babu Abraham Kallivayalil
	CA. Kandavel M S
	CA. Mohamed Khan A
	CA. Muthusubramanian M

REGIONAL RESIDENTIAL COURSE AT YERCAUD

Hosted by Salem Branch of SIRC of ICAI

Hotel Shevaroy's

Yercaud

Friday to Sunday, April 25 - 27, 2014

CPE Credit
12
HOURS

Topics	Resource Persons
Day - 1	
Interesting Issues in Income Tax Act	CA. S. Muralidharan, Karaikudi
Parallel Sessions for Spouse - How to look more beautiful than now?	Tips from Beautician and Dietician
Parenting Adulthood - Professional Service Firms	CA. P.R. Aruloli, Chennai
Day - 2	
Auditors Role, Risk, Responsibilities and Opportunities under Companies Act, 2013	CA. K.T. Kuthalingam, Hosur
Parallel Sessions for Spouse - How to take care of (CA) Husbands and Family	Dr. Babu Rangarajan, Salem
Survey, Search under Income Tax Act	CA. N. Santhanakrishnan, Salem
Day - 3	
HUF-Creation, Management, Assessment, Planning and Taxation of Gifts	CA. Gopal Krishna Raju, Chennai
Parallel Sessions for Spouse - Personality Development / Women Power	Dr. Babu Rangarajan, Salem
Service Tax on Construction Industry	CA. V. Sudharsan, Salem
DELEGATE FEE:	
Residential Member ~ 8000 Residential Spouse ~ 7000	Residential Children ~ 6000 Non Residential Member ~ 4000
Delegate Fee may be paid by way of Cash or by Cheque / DD drawn in favour of 'Salem Branch of SIRC of ICAI' payable at Salem.	
CA. P.V. Rajarajeswaran Chairman, SIRC	CA. V. Jayaprakash Chairman, Salem Branch of SIRC 9443224211
CA. I. Shivakumar Secretary, Salem Branch of SIRC 9600911379	CA. Cotha S. Srinivas Secretary, SIRC

Intensive Workshop on Direct Taxes Sec.1 - Sec.298

P. Brahmayya Memorial Hall,

'ICAI Bhawan' No. 122, MG Road, Nungambakkam, Chennai-600034

May 8 - June 16, 2014

Thursdays & Fridays : 04.00 pm - 08.30 pm (4 Hours)

Saturdays & Sunday : 10.00 am - 05.30 pm (6 Hours)

CPE Credit
90
HOURS

Module	Date	Topics
First	08-05-2014	Basic Concepts, Residential status, etc., and Exemptions (Except Sec 9)
	09-05-2014	Charitable trust
	10-05-2014	Salaries - Flexi pay Vs Variable pay - Practical issues Income from House Property & Income from Other sources
Second	15-05-2014	Profits and Gains from Business / Profession - Deductions
	16-05-2014	Profits and Gains from Business / Profession - Disallowances
	17-05-2014	Capital Gains - Sec 45 to 50 C Capital Gains - Exemptions (including 10 (37) & 10 (38))
Third	22-05-2014	Clubbing of Income and Aggregation of Income
	23-05-2014	Set off end Carry forward of losses & Chapter VIA Deductions
	24-05-2014	Business restructuring - Mergers & Demergers. Part IX conversions, etc.,
Fourth	29-05-2014	Corporate taxation (MAT, DDT etc.,)
	30-05-2014	Firms, AOP and HUF
	31-05-2014	Returns, Asst. Rectification and Revision (Except Sec 147)
Fifth	05-06-2014	Income Escaping Assessment
	06-06-2014	TDS & TCS (Except 195)
	07-06-2014	Appeals (including Mock tribunal) Search and Seizure, Penalty and Miscellaneous provisions

Module	Date	Topics
Sixth	12-06-2014	Sec 9 and Sec 195
	13-06-2014	Double taxation relief and Unilateral relief
	15-06-2014	Non Resident taxation - Chapter XII and XIA and AAR ; Transfer pricing
	16-06-2014	Brain trust-Eminent Panel will deal with member's questions (Question must be sent in advance and the panel will select the questions. Strictly No spot questions allowed)

DELEGATE FEE :

One Module: ~ 2,000

All Modules: ~ 10,000

CA. T. G. Suresh Course Co-ordinator	CA. E. Phalgun Kumar Chairman, Taxation Committee, SIRC
CA. P.V. Rajarajeswaran Chairman, SIRC	CA. Cotha S. Srinivas Secretary, SIRC

Breakfast Meeting

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

Saturday, May 3, 2014
(09.00 am to 01.00 pm)

CPE Credit
4
HOURS

Topics	Resource Persons
Payment to Directors- Taxation Issues	CA. T. Petchi, Chennai
Control Self Assessment	CA. T. Shivaram, Chennai
DELEGATE FEE : ~ 500	
CA. P.V. Rajarajeswaran Chairman, SIRC	CA. Cotha S. Srinivas Secretary, SIRC

20 Days CPE Workshop on Companies Act- 2013

P. Brahmayya Memorial Hall,

'ICAI Bhawan' No. 122, MG Road, Nungambakkam, Chennai-600034

April 7 - June 10, 2014

Every Monday & Tuesday : 06.00 pm - 08.00 pm (CPE 2 Hrs per day)

CPE CREDIT
40
HOURS

Programme Details	Section Wise Analysis of Companies Act- 2013 including New Rules & New Forms (Please visit SIRC Website for further details)	DELEGATE FEE : ~ 200 per day
CA. P.V. Rajarajeswaran Chairman, SIRC	CA. Jomon K George Chairman, CCL & CG, SIRC	CA. Gopal Krishna Raju Programme Co-ordinator
		CA. Cotha S. Srinivas Secretary, SIRC

ENRICH & EMPOWER

(Achieving Excellence)

Infrastructure:

- ✘ Construction of Annexe Building at SIRC.
- ✘ Technical Infrastructure at SIRC.
- ✘ State of Art Coaching Facilities.
- ✘ High-end ITT Labs at SIRC and Branches.
- ✘ Establishing Reading Room facilities across the Region.

Members:

- ✘ Conducting Intensive Workshops on various topics.
- ✘ Conducting Annual Regional Residential Course.
- ✘ Empowering Senior Members in areas of Information Technology.
- ✘ Networking Programmes for Members and Firms.
- ✘ Encouraging Members to showcase their Talents.
- ✘ To support CABF liberally.
- ✘ Organize International Study Tours.

Students:

- ✘ Introducing Scholarship and Merit Awards to Students at SIRC.
- ✘ Reading Room Facilities at Branches.
- ✘ Distribution of Study Materials at all Branches.
- ✘ Online Registration for Students.
- ✘ Organizing Career Counseling Programs at various levels.
- ✘ Organizing National and International Conferences to Students.

Administration:

- ✘ User Friendly System and Procedures at SIRC.
- ✘ Training Branch Staff of the Region.
- ✘ Initiate formation of Branches wherever possible in co-ordination with ICAI.
- ✘ Encourage Formation of Various CPE POUs.

Empowering Branches:

- ✘ Conducting Sub-Regional Conferences.
- ✘ Conducting Regional Residential Courses.
- ✘ Co-ordination between Committees and Branches.
- ✘ Facilitating Resource Persons and Facilities.
- ✘ Providing Infrastructure and Technical Facility in Co-ordination with ICAI.
- ✘ Encourage Branches to improve Performance.
- ✘ Educate various protocols to the Branches.

Brand Building:

- ✘ Interaction with various Government Departments.
- ✘ Joint Programs with Industry Bodies and Management Associations.
- ✘ Joint Program with sister Professional Institutions.
- ✘ Social Contribution to the Nation.
- ✘ Organizing Public Meetings.
- ✘ Presenting Memorandums to State and Central Governments.

Women Empowerment:

- ✘ Organizing Exclusive Women Conferences throughout the Region.
- ✘ Encouraging Women Members to take-up Practice.
- ✘ Developing Women Resource Persons and Faculty Members.
- ✘ Educating Women Members about various opportunities available at ICAI.

SOUTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA COMPOSITION OF COMMITTEES FOR THE YEAR 2014 - 2015

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Updates

Direct Taxes

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1. Relaxation of time-limit for filing ITR-V in respect of refund cases-Circular No.4/2014dated 10-2-2014: In order to mitigate the grievances of the taxpayers pertaining to non- receipt of tax refunds, CBDT, in exercise of powers under section 119(2)(a) of the Act has relaxed and extended the date for filing ITR-V Form for Assessment Years 2009-10, 2010-11 and 2011-12 till 31.03.2014 for returns e-Filed with refund claims. However, the e-returns ought to have been filed within the time allowed under section 139 of the Act. The taxpayers hence can send a duly signed copy of ITR-V to the CPC before 31.03.2014. It has also relaxed the time-frame for issuing the intimation as provided in second proviso to section 143(1) of the Act, and directed that such returns are to be processed within a period of six months from end of the month in which ITR-V is received. Provisions of section 244A(2) of the Act would apply while determining the interest on such refunds.

2. Clarifications as to TDS under section 195(1) as to whether it is on whole sum remitted to a non-resident or only portion representing any sum chargeable to tax where no application was made under section 195(2) – Instruction No.2 / 2014, dated 26-2-2014: The CBDT in the light of the decisions such as GE India Technology (P.) Ltd. v. CIT [2010] 7 taxmann.com 18/193 Taxman 234/327 ITR 156 (SC) and Transmission Corporation of AP Ltd. and another v. CIT [1999] 105 Taxman 742/239 ITR 587 (SC) and CIT v. Chennai Metropolitan Water tax Cases Appeals Nos.500-501 of 2005, [2011] 14 taxmann.com 73/202 Taxman 454/[2012] 348 ITR 530 (Mad.) has issued this clarification.

Accordingly, the Board has directed that in cases where the assessee failed to deduct tax under section 195 of the Act, the Assessing Officer shall determine the appropriate proportion of the sum chargeable to tax as mentioned in section 195(1) to ascertain the tax liability on which the deductor shall be deemed to be an assessee in default under section 201 of the Act. The said appropriate proportion of the sum will depend on the facts and circumstances of each case taking into account the nature of remittances, income component therein or any other relevant fact.

3. Extension of due date for filing TDS/ TCS statement by Government deductor- Press release dated 4-3-2014: The CBDT has extended the due date till 31.03.2014 for filing of the TDS/ TCS statement prescribed under section 200(3)/206C(3) of the Income tax Act, 1961 read with rule 31A/31AA of the Income-tax Rules, 1962. However, it is applicable for Government deductors having valid Accounts Officers Identification Number. This extension will apply with regard to TDS/TCS statements for FY 2012-13 (2nd to 4th Quarter) and FY 2013-14 (1st to 3rd Quarter).

This extension was in response to several petitions from Government deductors/collectors, regarding charging of fee u/s 234E of the Income-tax Act for delay in filing of TDS/TCS

statements. The major reason for such delay was attributed to late furnishing of the Book Identification Number by the Principal Accounts Officers (PAO)/District Treasury Office (DTO)/Cheque Drawing and Disbursing Office (CDDO) which was stabilized only during this financial year. Fee under section 234E is mandatory and therefore despite the reason that the delay was attributable to reasons beyond their control, fee was levied in the case of several Government deductors. The current extension of the due date for filing of TDS/TCS statements mitigates the effect of such difficulties faced by such deductors. However, any fee already paid by a Government deductor would not be refunded.

4. Extension of last date for payment of advance tax for financial year 2013-14- order [F.NO.385/8/2013IT(B)], dated 14-3-2014: The CBDT has decided to extend the last date of payment of the March quarter instalment of advance tax for the financial year 2013-14, from 15 March, 2014 to 18th March, 2014 for both corporate and non-corporate taxpayers.

5. Protocol amending the Convention between the Government of the Republic of India and the Government of United Kingdom of Great Britain and Northern Ireland comes into force: The Central Government has directed that all the provisions of the protocol signed on 30th October, 2012 shall be given effect to in the Union of India w.e.f. 27.12.2013. The DTAA now contains a new Article 28A whereby representatives of the competent authority of the 'requesting State' can enter in to the territory of 'requested State' to interview individuals and examine records with the prior written consent of the persons concerned. Similarly, a new Article 28B is inserted to make Contracting States to lend assistance to each other in the collection of revenue claims in respect of taxes covered by the Convention. A new Article 28C is also inserted for limitation of benefits. The benefits of Convention shall not be available to resident of a Contracting State or with respect to any transaction undertaken by such a resident, if the main purpose or one of the main purposes of the creation or existence of such a resident or of the transaction undertaken by him, was to obtain benefits under this Convention. ■

Central Excise and Service Tax

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I. Procedure for claiming the Refund of CENVAT Credit to service providers who pays Service Tax under Reverse Charge Mechanism under Rule 5B of CENVAT Credit Rule.

1. Safeguards, conditions and limitations.

(a) the refund shall be claimed of unutilised CENVAT credit taken on inputs and input services during the half year for which refund is claimed, for providing following output services namely:-

(i) renting of a motor vehicle designed to carry passengers on non abated value, to any person who is not engaged in a similar business;

(ii) supply of manpower for any purpose or security services; or

(iii) service portion in the execution of a works contract; [hereinafter the above mentioned services will be termed as partial reverse charge services].

Explanation:- For the purpose of this notification,-

Unutilised CENVAT credit taken on inputs and input services during the half year for providing partial reverse charge services = (A) - (B)

Where,

A =	CENVAT Credit taken on inputs and input services during the half year	(*)	turnover of output service under partial reverse charge during the half year total turnover of goods and services during the half year
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B = Service tax paid by the service provider for such partial reverse charge services during the half year;

- (b) the refund of unutilised CENVAT credit shall not exceed an amount of service tax liability paid or payable by the recipient of service with respect to the partial reverse charge services provided during the period of half year for which refund is claimed;
- (c) the amount claimed as refund shall be debited by the claimant from his CENVAT credit account at the time of making the claim;
- (d) in case the amount of refund sanctioned is less than the amount of refund claimed, then the claimant may take back the credit of the difference between the amount claimed and the amount sanctioned;
- (e) the claimant shall submit not more than one claim of refund under this notification for every half year;
- (f) the refund claim shall be filed after filing of service tax return as prescribed under rule 7 of the Service Tax Rules for the period for which refund is claimed;
- (g) no refund shall be admissible for the CENVAT credit taken on input or input services received prior to the 1st day of July, 2012;

Explanation – For the purposes of this notification, half year means a period of six consecutive months with the first half year beginning from the 1st day of April every year and second half year from the 1st day of October of every year.

2. Procedure for filing the refund claim.

- (a) the provider of output service, shall submit an application in Form A annexed hereto, along with the documents and enclosures specified therein, to the jurisdictional Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, as the case may be, before the expiry of one year from the due date of filing of return for the half year:

Provided that the last date of filing of application in Form A, for the period starting from the 1st day of July, 2012 to the 30th day of September, 2012, shall be the 30th day of June, 2014;

- (b) if more than one return is required to be filed for the half year, then the time limit of one year shall be calculated from the due date of filing of the return for the later period;

- (c) the applicant shall file the refund claim along with copies of the return [s] filed for the half year for which the refund is claimed;

- (d) the Assistant Commissioner or Deputy Commissioner to whom the application for refund is made may call for any document in case he has reason to believe that information provided in the refund claim is incorrect or insufficient and further enquiry needs to be caused before the sanction of refund claim;

- (e) at the time of sanctioning the refund claim, the Assistant Commissioner or Deputy Commissioner shall satisfy himself or herself in respect of the correctness of the refund claim and that the refund claim is complete in every respect; (NOTIFICATION NO 12/2014–Central Excise) ■

Tamil Nadu VAT

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For sale with C form, the input tax credit is to be reversed to the extent of three percent as per the Amendment Act 28 dated 8th November 2013 in TNVAT Act, 2006 effective from 11th November 2013

The amended provisions of Section 19 of TNVAT Act, 2006 is extracted below:-

Section 19. Input tax credit. (1) There shall be input tax credit of the amount of tax paid or payable under this Act, by the registered dealer to the seller on his purchases of taxable goods specified in the First Schedule:

Provided that the registered dealer, who claims input tax credit, shall establish that the tax due on such purchases has been paid by him in the manner prescribed.

(2) Input tax credit shall be allowed for the purchase of goods made within the State from a registered dealer and which are for the purpose of –

- (i) re-sale by him within the State; or
- (ii) use as input in manufacturing or processing of goods in the State; or
- (iii) use as containers, labels and other materials for packing of goods in the State; or
- (iv) use as capital goods in the manufacture of taxable goods.
- (v) Sale in the course of inter-State trade or commerce falling under sub-section (1) of section 8 of the Central Sales Tax Act, 1956.
- (vi) Agency transactions by the principal within the State in the manner as may be prescribed.

“Provided that input tax credit shall be allowed in excess of three percent of tax for the purpose specified in clause (v)”

Section 19 (2) (ii) of the Tamil Nadu Value Added Tax Act, 2006 provides that input tax credit shall be allowed for the purchases of goods made within the State from a registered dealer and which are

for the purpose of use as input in manufacturing or processing of goods inside the State.

A harmonious reading of the provisions of section 19(2) with all the sub clauses in it clearly indicates that input credit is allowed for the purchases of goods effected within the State and which are used for the purposes listed in clause (i) to clause (vi)

Hence, the effect of the amendment can be better appreciated by reading the relevant provisions of section 19(2) of the Act as below:

Input tax credit shall be allowed for the purchase of goods made within the State from a registered dealer and which are for the purpose of sale in the course of inter-State trade or commerce falling under sub-section (1) of section 8 of the Central Sales Tax Act, 1956.

When the goods are purchased within the State and the said goods are used in manufacturing or processing of goods in the State, the credit flows through Section 19(2)(ii) which does not have any input tax credit reversal restriction.

In view of the above, the reversal of input tax credit at 3% for sales with "c" form contained in the section 19(2) of the TNVAT Act, may be interpreted to be applicable only to a trader and may not be applicable to a manufacturer. ■

Andhra Pradesh VAT

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Commissioner's Orders (assessee / dealer is to take up Special appeal to High Court).

- Supreme Court - CCT Vs. Indo National Nellore – 56 APSTJ 214 Commissioner not to exercise revision power on the subject decided by STAT
- 1. CCT's Ref.All(3)/209/2013, dt 24.02.2014-M/s Johnson Lifts Pvt Ltd., CCT's – refused to defer the assessment specifying that SC had not stayed the HC Judgment
- 2. CCT revising JC orders forfeiting refunds in March 2014 – excess TDS over tax dues

Commissioner's Circulars

- APHC – ECI Engineering 56 APSTJ 81 – Commissioner not vested with any advisory jurisdiction to issue clarification letters.
S.R.Ref.No.C/22/2013dt: 21-03-2014 C.C.No.3 – follow the STAT judgments in favour of revenue specified below in the quasi judicial proceedings –

Authority for clarifications and Advance Rulings -

- APHC – Prathista Industries 56 APSTJ 91 – AAR not empowered to give rulings on the issue of other enactments other than APVAT Act
 - 1) A.R.Com/18/2012 dt 11-3-14 - ANC Enzyme Solutions - Hydroloc-NP Hydroloc-BP taxable @ 5% - Vinphos, Blend of Carbonates and Citric Acid Blend of Carbonates and Citric Acid, Glazex and Orase – SF taxable @ 14.5% and input tax available to the buyers.
 - 2) A.R.Com/39/2010 dt 15-3-14 - Himjal Beverages - water used - item 36 of schedule I - the applicant is not laible to be taxed on the incorporation value of the water involved here in.

Joint Commissioner's orders

1. CCT's Ref.No. LV(1)/134/2010 dt 04-03-2014 - Hamilton Houseware - Flasks, Flasks refills and Vacuum Flasks as unclassified goods taxable at 14.5%

STAT Orders

1. Annapurna Industries 56 APSTJ 67 – no neccessity to file agreement with foreign buyer to claim benefit U/s 5(3) of CST Act.
2. Murgan Industries – 56 APSTJ 140 – Transformers not in negative list – ITC can be claimed.
3. SOA Software 57 APSTJ 103 – Service of assessment order is against Rule 64(1)(b) of APVAT Act.
4. TA 503/2009 Pravin Electricals (2013) 57 APSTJ 57 (ST & VAT AT, Hyd. Bench) – labour component minute – sale not works contract.

APHC

1. Divya Sakti Vs CTO 57 APSTJ 115 – assessment order passed without jurisdiction and violation of principles of natural justice – need not be regulated to alterative remedy.
2. Gammon India – WP 32425 dt 2.1.13 - 56 APSTJ 1 Whether the petitioner's application for rectification falls within the contours of Rule 60 is a matter to be determined by the respondent. The respondent cannot however decline to exercise jurisdiction on the sole ground that an Order of Assessment was passed.
3. State of A.P.Vs Hindustan Cables 56 APSTJ 152 – No substantive provision in CST Act to forfeit excess CST collections
4. Manufacture - Mamta Surgical Cotton Industries – (2014) 68 VST 498 (SC) - The process of transformation of raw cotton into surgical cotton is manufacture - Raw cotton and surgical cotton are commercially different products.
5. MPL Cement & Sponge Private Limited Vs. CTO – (2013) 57 APSTJ 101 (APHC) – Penal provisions in APVAT Act cannot be invoked for entry tax due to absence of specific provision.
6. Pawan Agro Industries Vs. DCTO- (2014) 68 VST 300 (APHC) – no liability arises till passing the orders and collection of tax and c fees by coercion is bad.
7. State Bank of India Vs. DCTO – (2014) 68 VST 340 (APHC)- Court to reject construction that leads to inconsistency in system regulated by Statute.any amount of tax payable by a dealer is first charge prevail over secured debt.
8. Indus Tower Limited & Another Vs. State of Andhra Pradesh (2014) 68 VST 377 (APHC) – recovery proceedings during the pendency of stay petition - unjust

Supreme Court

1. CCT Vs. Indo National Nellore – 56 APSTJ 214 Commissioner not to exercise revision power on the subject decided by STAT
2. 3 Member Bench of SC - L & T case 65 VST 1 – Works contract –
 1. Must be a works contract
 2. Goods should have been involved
 3. Transferred to a third party either as goods or in some other form – upheld the SC judgment in Raheja's Case – construction as per agreement treated as works contract. ■

Kerala VAT

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1. In its order in C3/23011/13/CT dated 27/11/2013, Authority for Clarification has ordered that the work of fabricating and fixing of windows, doors etc is a works contract where the transfer of property is in the form of goods.
2. In order No.C3/24232/13/CT dated 20/11/2013, it is clarified that that a registered works contractor who has opted compounding U/s 8 of the Act is not liable to pay compounded tax on pure labour contract.
3. In order No.C3/39499/12/CT dated 26/11/2013 it is clarified that the commodity Manikins with HSN Code 9023.00.90 used for demonstrational purposes in medical education is exempted by virtue of Entry 5(4) of the First Schedule to the KVAT Act, 2003.
4. Circular No. 6/2014 dated 14/02/2014 directs that dealers in Tiles, Marbles and Granites shall mention the quantity in square meter [M2] in invoices, declaration in form No. 8F/8FA and stock statement as well as audit report.
5. In Umiya Enterprises Vs Commissioner of Commercial Taxes and others [WP(C).No. 10468 of 2013 (G)] the High Court ordered for a stay of assessment proceedings till the disposal of the application for clarification.
6. In Assistant Commissioner (Assessment) And Others Vs. Official Liquidator, High Court of Kerala, Ernakulam, [Company Appeal. No. 14 of 2013 in C.P.No.29 of 1998], it was ordered that "*Having regard to the provisions contained in Sections 529A and 530, the intention is clear that the law of land is that the claim of the State must with regard to the amounts due as taxes be subject to the amounts due to the secured creditors and workers. If the sale is held free of encumbrances and if the State is allowed to pursue its claim as against the property, it would naturally bring the sale under a cloud and there would be no end to the litigation which would in the ultimate analysis be not only against the interests of persons whose interests are sought to be secured by the Companies Act on the basis of priority, but against the scheme of the Companies Act*". High Court relied on the judgment in Govt. of A.P. v. J.B. Educational Society (2005 SC 2014), wherein the Apex Court held that "*The Court must employ the principle of pith and substance. If there is only an incidental encroachment and substantially the law falls within the exclusive domain of the legislature, the mere incidental encroachment would be ignored. But when the legislations are irreconcilable, the Constitution has accorded supremacy to the parliamentary legislation and parliamentary legislation will reign supreme. When the law is one made with reference to entries in the concurrent list, where both the Parliament and the State Legislature are sovereign powers in the matter of making laws, again in view of Article 254 of the Constitution unless it be a law made by the State, which is reserved for the assent of the President and the assent is received, the state law, would otherwise if it is repugnant to the law made by the Parliament, must make way whether the parliamentary legislation is before or after the legislation made by the State*". ■

Karnataka VAT

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The following is a summary of the amendments in the Karnataka Value Added Tax (Amendment) Act, 2014 which received the assent of the Governor on 28th February, 2014 and has come into force w.e.f. 1st March 2014:

- The minimum annual turnover limit for registration of dealers has been increased from five lakhs to seven and a half lakh rupees. Likewise for cancellation of registration, ceiling for the taxable turnover of sale of goods of a registered dealer during any 12 consecutive months has been raised from five lakh rupees to seven and one half lakh rupees
- The minimum monthly turnover limit for registration of dealers has been increased from forty thousand rupees to sixty two thousand five hundred rupees in any one month
- Sub-section (9A) of section 22 of the Kanataka Value Added Tax Act, 2003 which makes it mandatory for dealers engaged in works contracts to register mandatorily has been omitted.
- It is mandatory for every registered dealer to furnish every year to the prescribed authority, a statement relating to his turnovers in such form, containing such particulars and within such period as may be prescribed.
- Filing of appeals has been made simpler as a single appeal may be filed against assessment/ reassessment/ any other orders or proceedings, in respect of more than one tax periods in any year
- Penalty provisions have been relaxed for dealers who have not furnished a return for any tax period during the year by a dealer who is not liable to get registered and also not liable to pay any tax for such tax period if he applies for cancellation of certificate of registration. In such a situation, no penalty shall be payable
- The heading of section 74 of the principal Act has been amended as follows: - "Penalties relating to the keeping of records and submission of audited statement of accounts and turnover".
- Penalty provisions have been amended to also include dealers who fail to furnish a statement relating to his turnover within the prescribed time. Penalty of rupees five thousand and a further penalty of rupees fifty per day for as long as the failure to furnish the statement related to turnover continues may apply.
- Tax exemption on beer, fenny, liquor and wine has been withdrawn by omitting entries relating to serial number 34 in the First Schedule.
- Beer, fenny, liquor and wine are listed under entry 59A in the Third Schedule to the principal Act, thereby attracting tax at the rate of 5.5%

The following is a gist of the budget 2014-2015 Notifications:

- Tax exemption has been granted on paddy and rice, wheat, pulses, flour and soji of rice and wheat and maida of wheat from

1st April, 2014 to 31st March 2015 by way of Notification –I No. FD 21 CSL 2014, Bangalore dated 28-02-2014.

- Exemption is granted from tax payable on sale of liquor including beer, fenny, liquor and wine by a dealer not holding licence in for CL-9/CL-4/CL-6A or CL7 from 1st March, 2014 by way of Notification –II No. FD 21 CSL 2014, Bangalore dated 28-02-2014. Hence, liquor sold by bars and restaurants operating in urban areas and clubs lodging houses and star hotels becomes taxable @ 5.5%
- Reduction in tax on scented, sweetened arecanut powder excluding any mixtures from 14.5% to 5.5% from 1st March, 2014 by way of Notification –III No. FD 21 CSL 2014, Bangalore dated 28-02-2014.
- Tax exemption on ethyl alcohol brought into local area for mixing with petrol from 1st March, 2014 by way of Notification –IV No. FD 21 CSL 2014, Bangalore dated 28-02-2014.
- Tax exemption is granted from 1st April 2014 to 31st March 2015 on sale of diesel not exceeding 1,50,000 kilo litres for supply to fishermen for use in fishing activities.

Circular No. ADCOM(I&C)/PA/CR-19/2013-14 on instructions already submitted by the dealers to the Department and servicing of reassessment orders to the dealers dated 18.03.2014

Based on various representations by trade and industry organisations that Audit Officers are insisting for copies of the documents, especially statutory forms already submitted to the department and reassessment orders are not being send by the officers, the Commissioner of Commercial Taxes has issued a Circular with the following instructions in order to address these issues:

1. An online portal is available for dealers to upload the details of the statutory forms, such as form number, invoice number, date and invoice value which have to be mandatorily submitted in spoort of claims for inter-state sales, stock transfer, export, etc. Physical copies of the original forms have to be submitted to the concerned LVO/VSOs who have to acknowledge the same promptly for submission of physical copies and record the acknowledgement at the portal simultaneously so that details and fact that documents are submitted can be viewed by the Audit officers at the portal.
2. If submission is complete and acknowledgement is obtained from LVO/VSO, dealers need not provide copies of statutory forms to the audit officers again. Audit officers have to obtain original forms from the concerned LVO/VSO. If the concerned LVO/VSO does not respond promptly, the matter may be brought to the notice of the concerned Divisional VAT officer for suitable direction to LVO/VSO.
3. Dealers should ensure that physical copies have been submitted acknowledgement has been obtained from the LVO/VSO.
4. In cases where original documents were submitted to the LVO/VSO before the online facility was made available, and acknowledgement on a submission letter containing all mandatory details was obtained, the copy of the acknowledgement letter must be submitted by the dealer. Upon receipt of the acknowledgement, the Audit officer has to obtain the original forms from the LVO/VSO for verification. The dealer should not be asked to produce the same again.

5. However, acknowledgement on submission letter containing summary of forms submitted without mandatory details is not sufficient. A list of forms purported to have been submitted with all details and photocopies of original declarations have to be submitted too.
6. In case physical copies of the forms were not submitted to the LVO/VSO earlier, the genuineness of the claims of statutory forms have to be verified by the audit officers by referring to details available in TINXSYS first. If there are doubts, then reference through additional commissioner has to be sought to the tax department of the concerned state for verification of the forms
7. A copy of the reassessment order has to be served by the Audit officer along with the demand note within a week of the date of issue of reassessment order. Order should be served even if there is no additional demand.

Hence, this circular tries to simplify assessment and reassessment proceedings for dealers. ■

Banking and Insurance

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Banks in India continue to reel under the pressure of stressed assets. During the period between March 2011 to September 2013, the ratio of NPAs to Gross Advances is said to have gone up from 2.4% to 4.3%. While advances in Public Sector banks during this period went up by 76%, the percentage of increase in absolute NPAs is said to be 96%, reflecting the times we are in.

In addition to NPAs, the compounded growth of restructured assets by 47.86 % in PSBs as against 8.12 % in the case of Private sector banks seem to indicate that economic slow down cannot be sole reason for the increase in stressed assets. One explanation that is coming through, is the exposure of PSBs to infrastructure sector .The quantum involved and the period of gestation these projects undergo have made a big dent in the profits of PSBs , at the same time increasing their stressed assets. SBI Chairperson Arundhati Bhattacharya puts it as “ ..when you are doing an infrastructure project, if the project’s life is 30 years, you need them to allow repayments over 25 years. A commercial bank has only 10-year funds.” Stressed assets are said to have grown from ` 187142 Cr in March 2009 to ` 553999 Cr as of March 2013. Gross NPAs of 40 listed Indian Banks rose 36% to ` 2.43 trillion as of December end. About ` 4 trillion loans are under recast.

“If we sit on these restructured assets without closer monitoring and action, we will see further erosion in value. And that we need to combat “ according to RBI Governor.

On the recovery front Banks are said to have recovered ` 18933 cr up to the period ending December 2013. ICRA feels that the increase in NPA generation is outstripping recovery. When compared to the third quarter of 2013, recovery percentage fell from 37.2 % to 25.8%.

This situation would require an immediate capital infusion of a minimum of ` 70000 cr and might go up to ` 2 00000 cr. By 2018 to meet the Basel III norms, banks may need ` 4.2 lac cr capital

funds- of which equity should be atleast ` 1.50 lac cr and this would be adequate to meet the current NPAs only. The requirements would be much more if they have to grow as well.

As per Credit Suisse, banks require funds in the range of USD35 billion over next 3 years to increase lending by 18 % and to attain an impaired asset coverage of 70%; the requirement can go upto USD 45 billion.

The next Government would have to choose between capitalising the banks and meeting the various subsidies.

Bankers intend seeking a lenient treatment of provisioning for restructured assets(which is likely to go up with the threat of withdrawal of regulatory forbearance from April 2015).

A staggered provisioning for losses on treasury operations is also on the cards. As against the required 23 % of deposits to be held as government securities, Banks are holding 30 % and are sitting on ` 22, 42,040 Cr of government Bonds. The softening of inflation is expected to lead to lower interest rate, which might prove beneficial to banks. If RBI reduces the interest rate, the value of these bonds would go up. Thus bankers are looking to the lowering of interest rate, which they feel is required to revive the economy.

Government seems to be determined in establishing Public Debt Management Agency (PDMA) through an executive order , so as to make it start functioning immediately. The Statutory Status may be accorded later. Thus, managing public debt may be divested from RBI.

At the international level, LIBOR probe to find out abuse of financial bench marks by players who had a role in setting them, is still on. The Federal Deposit Insurance Corporation has sued world's 16 large banks for collusively suppresing interest rate. These banks are said to have pushed 38 banks in to substantial losses and ultimately to receivership, by their manipulative conduct. The law suit also names the British Banks Association the UK Trade organisation which administered LIBOR, as a defendant. LIBOR rates are used to benchmark pricing of loans, mortgages and financial products. Some banks who were trading in these products were also rigging the markets. ■

FEMA

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1 FDI—Reporting under FDI Scheme: Amendments in form FC-GPR

RBI vide A.P. [DIR Series] Circular No. 102 dated 4th February, 2014 has amended the provisions of the Foreign Exchange Management [Transfer or Issue of Security by a Person Resident outside India] Regulations 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000 (hereinafter referred to as Notification No. FEMA 20), as amended from time to time and the A.P. [DIR Series] Circular No.40 dated April 20, 2007, A.P. [DIR Series] Circular No. 44 dated May 30, 2008 and A. P. [DIR Series] Circular No.110 dated June 12, 2013.

In order to further capture the granular details of FDI as regards Brownfield/Greenfield investments and the date of incorporation of

Investee Company, Form FC-GPR has been revised. The details of FDI should, henceforth, be reported in the revised Form FC-GPR.

The revised Form FC-GPR is available for download at http://rbidocs.rbi.org.in/rdocs/Forms/DOCs/AP110214_ANN.doc

The circular comes into effect immediately.

2 Foreign Direct Investment (FDI) into a Small Scale Industrial Undertakings (SSI) / Micro & Small Enterprises (MSE) and in Industrial Undertaking manufacturing items reserved for SSI/MSE

RBI vide A.P. [DIR Series] Circular No.107 dated 20th February, 2014 has amended the Schedule 1 of the Foreign Exchange Management [Transfer or Issue of Security by a Person Resident outside India] Regulations, 2000 notified by the Reserve Bank vide Notification No. FEMA. 20/2000-RB dated 3rd May 2000, as amended from time to time in terms of the Schedule 1 of the Notification, ibid, an Indian company which is a small scale industrial unit and which is not engaged in any activity or in manufacture of items included in Annex A, may issue shares or convertible debentures to a person resident outside India, to the extent of 24% of its paid -up capital provided that such company may issue shares in excess of 24% of its capital if:

- (a) it has given up its small scale status,
- (b) it is not engaged or does not propose to engage in manufacture of items reserved for small scale sector, and
- (c) it complies with the ceilings specified in Annex B to Schedule I of the Notification.

With the promulgation of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the above mentioned circular has been reviewed and it has been decided that;

- (i) a company which is reckoned as Micro and Small Enterprises (MSE) (earlier Small Scale Industries) in terms of MSMED Act, 2006 and not engaged in any activity/sector mentioned in Annex A to schedule 1 to the Notification, ibid may issue shares or convertible debentures to a person resident outside India, subject to the limits prescribed in Annex B to schedule 1, in accordance with the entry routes specified therein and the provision of Foreign Direct Investment Policy, as notified by the Ministry of Commerce & Industry, Government of India, from time to time.
- (ii) any Industrial undertaking, with or without FDI, which is not an MSE, having an industrial license under the provisions of the Industries [Development & Regulation] Act, 1951 for manufacturing items reserved for manufacture in the MSE sector may issue shares in excess of 24per cent of its paid up capital with prior approval of the Foreign Investment Promotion Board of the Government of India.

Further, in terms of the provisions of MSMED Act, (i) in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries [Development and Regulation] Act, 1951, a micro enterprise means where the investment in plant and machinery does not exceed twenty five lakh rupees; a small enterprise means where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; (ii) in the case of the enterprises engaged

in providing or rendering services, a micro enterprise means where the investment in equipment does not exceed ten lakh rupees; a small enterprise means where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.

3 Export of Goods and Services: Export Data Processing and Monitoring System (EDPMS)

RBI vide A.P. (DIR Series) Circular No.109 dated 28th February, 2014 has communicated the date of inception of EDPMS as 28th February, 2014 and the same would be available to AD banks with effect from March 01, 2014 and advised the AD banks to use web link <https://edpms.rbi.org.in/edpms> for accessing the system.

RBI further clarified that, henceforth, the entire shipping documents should be reported in the new system and old shipping documents would continue to be reported in the old system till completion of the cycle. Both the old and new systems will run parallel to each other for some time before the old system is discontinued.

4 Rupee Drawing Arrangement - Increase in trade related remittance limit

RBI vide A.P. (DIR Series) Circular No.110 dated 4th March, 2014 has amended the Part (B) of Annex-I to the A.P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008 on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses, as amended from time to time.

Pursuant to the above amendment RBI has reviewed the Permitted Transactions under the Rupee Drawing Arrangements (RDAs), and has increased the limit of trade transactions from the existing ₹ 2,00,000/- (Rupees Two Lakh only) per transaction to ₹ 5,00,000/- (Rupees Five Lakh only) per transaction, with immediate effect.

5 Money Transfer Service Scheme – ‘Direct to Account’ facility

RBI vide A.P. (DIR Series) Circular No.111 dated 13th March, 2014 has amended the Para 4.4 (e) Payment to Beneficiaries of Annex II - Section I of the A.P. (DIR Series) Circular No. 89 dated March 12, 2013 on Money Transfer Service Scheme – Revised Guidelines, as amended from time to time.

As per this amendment, the RBI has allowed the receipt of foreign inward remittances received under MTSS to be transferred directly to the KYC compliant beneficiary bank account through electronic mode, such as NEFT, IMPS etc.

The procedure to be followed for the purpose is as under.

Foreign inward remittances received by the bank acting as Indian Agent under MTSS (termed as ‘Partner Bank’), may be electronically credited directly to the account of the beneficiary, held with a bank other than the Indian Agent Bank (termed as ‘Recipient Bank’), subject to the following conditions:

- The Recipient Bank will credit the amount transferred by the Partner bank only to KYC compliant bank accounts.
- In respect of the bank accounts which are not KYC compliant, the Recipient Bank shall carry out KYC/CDD of the recipient before the remittance to such account is credited or allowed to be withdrawn.
- The Partner Bank shall appropriately mark the direct-to-account remittances to indicate to the Recipient Bank that it is a foreign inward remittance.

D. The Partner Bank shall ensure that accurate originator information and necessary beneficiary information is included in the electronic message while transferring the fund to the Recipient Bank. This information should be available in the remittance message throughout the payment chain i.e. the overseas principal, the Partner Bank and the Recipient Bank. The Partner Bank should add an appropriate alert in the electronic message indicating that this is a foreign inward remittance and should not be credited to KYC non-compliant account and NRE/NRO account.

E. The identification and other documents of the recipient shall be maintained by the Recipient Bank as per the provisions of Prevention of Money Laundering (Maintenance of Records) Rules, 2005. All other requirements under KYC/AML/CFT guidelines issued by the Reserve Bank of India for MTSS from time to time shall be adhered to by the Partner Bank.

F. The Recipient Bank may seek additional information from the Partner Bank and shall report suspicious transactions to the FIU-IND with details of the Partner Bank through which they received the remittances. ■

Corporate Laws

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As the members of the profession are already aware that 98 sections of the Companies Act, 2013 were notified by MCA earlier and made applicable from 12th September, 2013 and Section 135 and Schedule VII of the Companies Act alongwith the Rules pertaining to that section were notified in February, 2014 and made applicable from 1st April, 2014.

In addition to that 183 sections and 13 sub-sections of the already notified sections and rest of the schedules of the Companies Act, 2013 have been notified by the Ministry of Corporate Affairs (MCA) on 26th March, 2014 and are made applicable from 1st April, 2014.

It is to mention here that under Chapter IX (Accounts of Companies), Section 130 (Re-opening of Accounts on Court's or Tribunal's order), Section 131 (Voluntary Revision of financial statements or Board's Report) and Section 132 (Constitution of NFRA) have not been notified till date. Also Section 245 (Class Action Suits) has not been notified now by MCA.

Also, the Rules for 13 Chapters of the Companies Act have been notified by the Ministry of Corporate Affairs.

Further, in order to facilitate the completion of notified sections this Ministry has planned a staggered roll out of various forms. It has been decided to waive fees for all event based filing whose due date falls between 01/04/2014 to 30/04/2014. ■

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