



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

**Presentation of Highly Commended Region Council Trophy and Certificate of ICAI to SIRC on February 11, 2015 at New Delhi**



CA.P.V. Rajarajeswaran, then Chairman, SIRC receiving the Highly Commended Performance Certificate from CA. Piyush Goyal, Hon'ble Union Minister of State for Power in the presence of CA. K. Raghu, then President, ICAI, CA. Manoj Fadnis, then Vice-President, ICAI, CCMs & RCMs.

**Presentation of Highly Commended Student Association Trophy and Certificate of ICAI to SICASA on February 11, 2015 at New Delhi**



CA.Jomon K George, then Chairman, SICASA receiving the Highly Commended Performance Certificate from CA. Piyush Goyal, Hon'ble Union Minister of State for Power in the presence of CA. K. Raghu, then President, ICAI, CA. Manoj Fadnis, then Vice-President, ICAI, CCMs & RCMs.

40<sup>th</sup> Year of Publication

**At the Helm of ICAI**



**CA. Manoj Fadnis**  
President



**CA. M. Devaraja Reddy**  
Vice President



**CA. P.R. Aruloli**  
Chairman



**CA. V.X. Jose**  
Vice Chairman



**CA. E. Phalgun Kumar**  
Secretary



**CA. B. Sekkizhar**  
Treasurer



**CA. Adusumilli Venkateswara Rao**  
Chairman, SICASA

**Newly Elected Office Bearers of SIRC of ICAI**



CA. P.R. Aruloli, Chairman, SIRC presenting a Memorandum to Puducherry Chief Minister Hon'ble Shri N. Rangasamy.

**Meet with President ICAI & Vice President ICAI on February 21, 2015**



CA. Manoj Fadnis, President, ICAI, CA. M. Devaraja Reddy, Vice-President, ICAI, along with CA. P.R. Aruloli, Chairman, SIRC, Other Office Bearers of SIRC, CCMs, RCMs at Meet the President, ICAI and Vice-President, ICAI.



### Felicitation of President ICAI and Vice-President ICAI



CA.P.R.Aruloli, Chairman, SIRC of ICAI and CA.V. Murali, Chairman, BOS, ICAI honouring President, ICAI, CA. Manoj Fadnis and CA.M.Devaraja Reddy, Vice-President, ICAI.

### GMCS Valedictory Session at SIRC



Principal Chief Commissioner of Income Tax and Director General of Income Tax (Inv), Tamil Nadu Mr. T. Jayashankar, IRS, Chief Guest and CEO of Ramco Cements, CA. A. V. Dharmakrishnan, Guest of Honour distributing certificates to the students.

### GMCS Valedictory Function on February 09, 2015



Former CBI Director Dr. R.K. Raghavan, Chief Guest being presented with a memento at GMCS Valedictory Function at Chennai by CA.V. Murali, CCM, ICAI, CA. P.R. Aruloli, RCM.

### 2<sup>nd</sup> Metro Conference of SIRC of ICAI on February 2 & 3, 2015



CA. R. Balakrishnan, Past President, ICAI inaugurated in the presence of CA. P.V. Rajarajeswaran, then Chairman, SIRC, CA. Cotha S. Srinivas, then Secretary, SIRC, CA. Naresh Chandra Gelli V then Vice-Chairman, SIRC, CA. Adusumilli Venkateswara Rao then Treasurer, SIRC, CA. V. Murali CCM, ICAI, and other Members of SIRC.

### ICAI Research Committee Awards on February 08, 2015



ICAI Research Committee Awards for Best Presented Accounts at Chennai Hon'ble Shri K. Rahman Khan, Former Union Minister and Chief Guest with dignitaries on the dais.

### National CA Students Conference on February 05, 2015



Principal Chief Commissioner of Income Tax and Director General of Income Tax (Inv), Tamil Nadu Mr. T. Jayashankar, IRS, Chief Guest with dignitaries at the Inauguration of the National CA Students Conference.

### National CA Students Conference on February 05, 2015



Panel of Judges at National CA Students Conference at Chennai - Mrs. Sangeetha Jagannathan, CA. (Mrs.) Revathi Raghunathan and CA. Abraham Zachariah with the Speaker CA. M.P. Vijay Kumar, CA. V. Murali, CCM, ICAI and CA. P.R. Aruloli, RCM.

### Installation of Officer Bearers at Pondicherry on February 23, 2015



CA. P.R. Aruloli, Chairman, SIRC along with New Office Bearers of Pondicherry Branch of SIRC and other Members of Pondicherry Branch of SIRC.

## Chairman writes...



My dear Professional Colleagues,  
*Vanakkam,*

I am thankful to my colleagues in SIRC for reposing confidence in me and the wish of the members of the Institute in electing me as the Chairman of SIRC of ICAI. Each and every one has a dream to follow and my only dream as the Chairman of SIRC is to serve the Members, Students, Institute, Nation and the Society.

I am conscious that the focus of my activities in the next one year is performing efficiently and honestly with complete dedication and devotion as One for All, Best One, New One, Old One, Within One and Only One.

“பொது அது, சிறப்பு அது, புதியது,  
பழையது என்று அது அதுவாய்த் திகழ்.”

I have been associated with SIRC since the days of my becoming a Member and an opportunity was bestowed on me to serve the profession when I got elected to the Regional Council and to the position as Chairman of SIRC for this year. I am confident of extending my services to the profession through your good wishes, support and patronage to the activities of ICAI in general and SIRC in particular.

### At the helm of affairs of ICAI:

We have at the helm of affairs of ICAI, the experienced, energetic and erudite personalities CA. Manoj Fadnis as President and CA. M. Devaraja Reddy as Vice-President. SIRC has great pleasure in congratulating both of them on the assumption of respective offices. SIRC extends its utmost support to ICAI for taking forward its initiatives which has been outlined by the Action Plan of ICAI for the year 2015-16 which focus on the professional development

### Action Plan of SIRC for the year 2015-16:

My interaction with you at different forums is the most cherished and rewarding experience which I would try to the best of my ability to transform into action in the furtherance of interest of members and students. Each one of you has something to contribute to our profession and I would be happy to have your suggestions for improvement in the affairs of SIRC.

In line with the experience and exposure gained earlier and the Action Plan of ICAI, SIRC has brought out its draft Action Plan for the year 2015-16, the details of which is published in Page No. 22 in this Newsletter. SIRC looks forward to your suggestion to [sirc@icai.in](mailto:sirc@icai.in), [sircchairman@icai.in](mailto:sircchairman@icai.in) for improvement which would add immense value while we act on the Action Plan.

At the Branch Chairmen Meeting of all the 41 Branches held on 21<sup>st</sup> February 2015, various suggestions flowed in for the Action Plan of SIRC 2015-16, besides deliberation of matters of professional interest, branch administration and programmes at Branches. The discussion was very lively, informative and fruitful.

### ICAI Awards:

I am extremely happy to share with you that ICAI has awarded SIRC with “Highly Commended Regional Council Trophy and Certificate” and SICASA with Highly Commended Students’ Association Trophy and Certificate for their performance in the year 2014. The awards were presented at the Annual Function of ICAI held on 11<sup>th</sup> February 2015 received by the Immediate Past Chairman of SIRC CA. P.V. Rajarajeswaran and Immediate Past Chairman of SICASA CA. Jomon K. George. Many Branches of SIRC have also been awarded for their performance. The complete details are published in Page No. 19 in this Newsletter. SIRC acknowledges your support and co-operation which was vital in achieving the feat.

### SIRC Awards:

In recognition of the performance of the Branches of SIRC, SIRC had instituted Awards and selected Branches of SIRC and SICASA for the year 2014. The complete details are published in Page No. 19 in this Newsletter. SIRC congratulates the Chairmen and Members of the Managing Committee of the Branches who were adjudged to receive awards from ICAI and SIRC. We are confident that all the Branches would vie with each other to excel in this year too.

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.
							For Pre-Regn.	For Spot Regn.	
1	March 8, 2015 Sunday	Special Seminar Coinciding with <b>International Womens Day Celebrations</b>	Details will be hosted in SIRC website www.sircoficai.org		Hotel Hyatt Regency	4	Nil		-
2	March 16, 2015 Monday	CPE Programme on Companies Act <b>Enforcement Mechanism under Companies Act</b>	<b>Adv. P.H. Arvind Pandian</b> Chennai	5.30 pm to 8.30 pm	P.Brahmayya Memorial Hall	3	270	300	-
3	March 17, 2015 Tuesday	<b>CPE Programme on Companies Act</b>	<b>Adv. K. Vaitheeswaran</b> Chennai	5.30 pm to 8.30 pm	P.Brahmayya Memorial Hall	3	270	300	-
4	March 18, 2015 Wednesday	CPE Study Circle Meeting on <b>Valuation of Brands</b>	<b>CA. K. Ulaganathan Shankar, Chennai</b>	6.15 pm to 8.30 pm	P.Brahmayya Memorial Hall	2	No Fees		-
5	March 19, 2015 Thursday	CPE Study Circle Meeting on <b>GST - How it works</b>	<b>CA. V. V. Sampathkumar</b> Chennai	6.15 pm to 8.30 pm	P.Brahmayya Memorial Hall	2	180	200	-
6	March 20, 2015 Friday	CPE Seminar on <b>Central Statutory Audit of Banks</b>	<b>Eminent Speakers</b>	9.30 am to 5.30 pm	Hotel Hyatt Regency	6	Details at Page No. 6		
7	March 21, 2015 Saturday	CPE Seminar on <b>Statutory Bank Branch Audit</b>	<b>Eminent Speakers</b>	9.30 am to 5.30 pm	Hotel Hyatt Regency	6	Details at Page No. 6		
8	March 25, 2015 Wednesday	<b>CPE Study Circle Meeting</b>	<b>CA. V. Alagappan</b> Tiruchirapalli	6.15 pm to 8.30 pm	P.Brahmayya Memorial Hall	2	180	200	-

9	March 26, 2015 Thursday	Two Days CPE Programme <b>Service Tax Law</b>	<b>Eminent Speakers</b>	9.30 am to 5.30 pm	P.Brahmayya Memorial Hall	12	1800	2000	Details will be hosted in SIRC website: www. sircicai. org
	March 27, 2015 Friday			9.30 am to 5.30 pm	P.Brahmayya Memorial Hall		900	1000	
10	March 28, 2015 Saturday	One Day Workshop on <b>Cloud Computing</b>	<b>Eminent Speakers</b>	9.30 am to 5.30 pm	SIRC Premises	6	Details will be hosted in SIRC website: www.sircicai.org		

**Delegate Fee : Pre-regn. will be considered upto immediate preceding day of the programme only.**

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

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 sufficiently in advance. Members are requested to avoid SPOT Registration.



**CHAIRMAN WRITES (Contd..)****Meet with President and Vice-President:**

On 21<sup>st</sup> February 2015, our beloved President CA. Manoj Fadnis and Vice-President CA. M. Devaraja Reddy met the members of our Region at Chennai. The meeting was well attended and very purposeful in as much as it provided an opportunity for the members to have an insight on the Action Plan of ICAI for the year 2015-16, well-defined and shared by the Hon'ble President at the meeting.

**Union Budget 2015:**

The Union Budget 2015 has been presented by the Hon'ble Union Finance Minister Shri Arun Jaitley on 28<sup>th</sup> February 2015. SIRC organized a Panel Discussion on the evening of 28<sup>th</sup> which was well received by the members and attended in large numbers.

SIRC is organizing two more programmes, a Public Meeting on Union Budget and "Clause by Clause Analysis of Union Budget-2015". The details will be hosted in SIRC Website and also communicated through mails to all the members. SIRC invites members to participate and make the occasions grand success.

**Bank Audit:**

SIRC, as in the past, is organizing the Seminar on "Central Statutory Audit of Banks" and "Statutory Bank Branch Audit" during March 2015 and the details are published in page no. 06 of the newsletter.

**CRET Report:**

ICAI has constituted the Committee for Review of Education and Training (CRET) and formulated the new scheme of education and training for the new incumbent to the CA Course. The complete text of the scheme has been hosted in the ICAI Website. Members may send their views to SIRC at [sirc@icai.in](mailto:sirc@icai.in)

Until we meet through this column, I remain,

My warm regards,

*Yours in professional service*



CA. P.R. ARULOLI

[sircchairman@icai.in](mailto:sircchairman@icai.in)

<b>CPE SEMINAR ON CENTRAL STATUTORY AUDIT OF BANKS</b>	<b>Hotel Hyatt Regency</b> 365, Anna Salai, Teynampet, Chennai.		<b>CPE Credit</b> <b>6</b> HRS
	March 20, 2015 (9.30 a.m. to 05.30 p.m.)		
<b>Technical Sessions</b>			
An overview of the Seminar			
Critical Issues in Advances including applicable Prudential Norms			
Issues in Restructured Advances including applicable Prudential Norms			
Issues in Disclosures, Accounting Standards and Taxes			
Regulatory Issues: Quality Review Board-Reach and Repurcussions: Reserve Bank of India and Banking Supervision and Audit			
<i>Full details of the Seminar will be hosted in the website: <a href="http://www.sircoficai.org">www.sircoficai.org</a></i>			
<b>DELEGATE FEE</b>		Online ` 2300	Spot ` 2500
CA. P.R. Aruloli Chairman, SIRC		CA. E. Phalguna Kumar Secretary, SIRC	


<b>CPE SEMINAR ON STATUTORY BANK BRANCH AUDIT</b>	<b>Hotel Hyatt Regency</b> 365, Anna Salai, Teynampet, Chennai.		<b>CPE Credit</b> <b>6</b> HRS
	March 21, 2015 (9.30 a.m. to 05.30 p.m.)		
<b>Technical Sessions</b>			
An overview of the Seminar			
Recent Developments in Bank Branch Audit			
Bank Audit in CBS Environment			
Reports-Coverage and Content			
What Should Your Working Papers Evidence ?			
<i>Full details of the Seminar will be hosted in the website: <a href="http://www.sircoficai.org">www.sircoficai.org</a></i>			
<b>DELEGATE FEE</b>		Online ` 1800	Spot ` 2000
CA. P.R. Aruloli Chairman, SIRC		CA. E. Phalguna Kumar Secretary, SIRC	

<b>SPECIAL SEMINAR COINCIDING WITH INTERNATIONAL WOMENS DAY CELEBRATIONS</b>	<b>Hotel Hyatt Regency</b> 365, Anna Salai, Teynampet, Chennai.	<b>CPE Credit</b> <b>4</b> HOURS
	Sunday, Mar 8, 2015 (09.30 am to 02.00 pm)	

Please visit SIRC Website: <a href="http://www.sircoficai.org">www.sircoficai.org</a> For further details Regarding Technical Sessions and Resource Persons	
<b>NO DELEGATE FEE</b>	
<b>CA. P.R. Aruloli</b> Chairman, SIRC	<b>CA. E. Phalguna Kumar</b> Secretary, SIRC

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

<b>FOR INFORMATION OF THE MEMBERS</b>
<i>Extension of last date for complying with the CPE hours requirement for the Calendar Year 2014 from 31<sup>st</sup> December, 2014 to 31<sup>st</sup> March, 2015</i>
This is for kind information of the members that it has been decided to extend the last date for complying with the CPE hours requirement for the Calendar Year 2014 - from 31 <sup>st</sup> December, 2014 to 31 <sup>st</sup> March, 2015
CA. Babu Abraham Kallivayalil, Chairman, CPE Committee of ICAI

<b>Mr. G. Sukumaran</b>	
<b>WE WISH YOU A HAPPY RETIRED LIFE</b>	
	Mr. G. Sukumaran, Section Officer, ICAI retired on superannuation after 39 years of meritorious service on 28 <sup>th</sup> February 2015. He joined the Institute in 1976 and rose to the present position of Section Officer by his sincere and hard work.
	May the Almighty give him health, wealth, prosperity, peaceful and long retired life.





# Updates

## Direct Taxes

Contributed by: **CA. V.K. Subramani**  
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1. No interest under section 234A is chargeable when self-assessment tax is paid before the 'due date' of filing of return of income: In Circular No.2/2015 dated 10.02.2015 the CBDT dealt with the issue of charging interest under section 234A on the amount of self-assessment tax paid before the 'due date' of filing of return. It took note of the apex court decision in the case of CIT v. Prannoy Roy (2009) 309 ITR 231 (SC) and decided that no interest under section 234A is chargeable where self-assessment tax is paid by the assessee before the 'due date' of filing of return of income.
2. Clarification issued for disallowance under section 40(a)(i) in respect of payments made to non-residents without deduction of tax at source : In Circular No.3/2015 dated 12.02.2015 the CBDT clarified doubts regarding interpretation of the term 'other sum chargeable' contained in section 195 for the purpose of disallowance under section 40(a)(i) of the Act. It considered its earlier Instruction No.2/2014 dated 26.02.2014 where it clarified that the Assessing Officer will decide the appropriate portion of the sum chargeable to tax for the purpose of 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. Now it has clarified in Circular No.3/2015 that for the purpose of disallowance of 'other sum chargeable' under section 40(a)(i) of the Act the appropriate portion of the sum liable for disallowance shall be the same as determined by the Assessing Officer for the purpose of section 195(1) in accordance with Instruction No.2/2014 referred above. The determination under sub-sections (2), (3) or (7) of section 195 will form the basis for disallowance, if any, under section 40(a)(i) of the Act.
3. Business trusts to furnish statement of income distributed: The CBDT vide Notification No.3/2015 dated 19.01.2015 has inserted rule 12CA to prescribe the statement to be furnished under section 115UA(4). Business trusts accordingly have to furnish a statement of income distributed by it to unit holders to the Principal Commissioner or Commissioner of Income-tax by 30th November of the financial year following the previous year in which such income was distributed. A statement of income distributed must also be furnished to the unit holders by 30th June of the financial year following the previous year during which the sum was distributed.
4. Draft of Income Computation and Disclosure Standards (ICDS) released: The CBDT vide its press release dated 09.01.2015 has released the final report of the Committee along with the draft of accounting standards in public domain soliciting comments from the stakeholders. The new draft of 12 Income Computation and Disclosure Standards (ICDS) are uploaded in the Finance Ministry website (www.finmin.nic.in) and Income-tax Department website (www.incometaxindia.gov.in).
5. New guidelines for compounding of offences issued: The CBDT has issued guidelines in F.No.285/35/2013 IT (Inv.V)/108 dated 23.12.2014 for compounding of offences. It would be applicable in respect of any application received on or after 01.01.2015 and for applications prior to that date the guidelines dated 16.05.2008 would apply. ■

## Tamil Nadu VAT

Contributed by: **CA. V.V. Sampathkumar**  
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vvsampat@yahoo.com

**Input Tax credit claim:** Perusal of Rule 10 of the TN VAT Rules, 2007 read along with section 19(1) of the TN VAT Act, 2006 made it clear that so long as the purchasing dealer had complied with the requirements as given under rule 10(2), the claim of the purchasing dealer relating to input tax credit claim / refund could not be denied by the Department. The circular issued by the Commissioner clearly stated that so long as the vendor was found to be a registered dealer on the files of the Department, the claim of the dealer for refund could not be rejected nor delayed. The mere fact that the Department had not made an assessment on the dealer's vendor, per se, could not stand in the way of the assessing officer considering the claim of the dealer under section 19 of the Act. Going by section 17 which provided that the burden on the purchasing dealer rested to the extent of showing that he was not liable to tax under the Act and read in the context of the fact that the petitioner-dealer had given his sellers' TIN number and had also produced the invoices evidencing the purchase of materials paying tax, the Department could not successfully canvass its claim that the petitioner was not entitled to have the refund. It was admitted that the petitioner's vendors were all registered dealers on the files of the Department and that the petitioner had also given the TIN number of these vendors. When such particulars were available, it was for the Department to take necessary action against the vendors, who had not remitted tax collected by them to the State. Without taking recourse to that, the Department could not deny the claim of the petitioner. [2012] 50 VST 179 (Mad) **ALTHAF SHOES (P) LTD. v. ASSISTANT COMMISSIONER (CT), VALLUVARKOTTAM ASSESSMENT CIRCLE, CHENNAI-6**

**Registration cancellation vs Input tax credit:** The petitioners had purchased the taxable goods from registered dealers who had valid registration certificates paid the tax payable thereon, availed of input tax credit and the assessing officers had passed orders granting such benefit. Therefore, the assessment orders granting input-tax credit were validly passed. There was no cancellation of the registration certificates of the selling dealers at that point of time. The retrospective cancellation of the registration certificates issued to the selling dealers could not affect the right of the petitioners who had paid the tax on the basis of the invoices and thereafter claimed the benefit under section 19 of the TNVAT Act, 2006. Therefore the notices, revised assessment orders and the provisional assessment order, seeking to deny the benefit of input-tax credit to the petitioners only on the ground that the registration certificates of the selling dealers had been cancelled with retrospective effect, were set aside. [2013] 59 VST 256 (Mad) **JINSASAN DISTRIBUTORS v. COMMERCIAL TAX OFFICER (CT), CHINTADRIPET ASSESSMENT CIRCLE, CHENNAI (and other cases)**

**Input-tax credit:** Input-tax credit can be claimed by a registered dealer, if he establishes that the tax due on such purchase has been paid by him in the manner prescribed and that was accepted at the time when the self-assessment was made. The pre-revision notices and the orders clearly stated that the petitioner dealer had paid the tax to the selling dealer. If that be the case, the petitioner's case squarely fell under the proviso to section 19(1) of the TNVAT Act. If the selling dealer had not paid the collected

tax, the liability had to be fastened on the selling dealer and not on the petitioner-dealer which had shown proof of payment of tax on purchases made. The orders were liable to be set aside. Though the input-tax credit availed is provisional, it does not empower the authority to revoke the input-tax credit availed of on a plea that the selling dealer has not paid the tax. It only relates to incorrect, incomplete or improper claim of input-tax credit by the dealer. [2013] 60 VST 283 (Mad) SRI VINAYAGA AGENCIES v. ASSISTANT COMMISSIONER (CT), VADAPALANI-I ASSESSMENT CIRCLE, CHENNAI AND ANOTHER ■

## Andhra Pradesh VAT

Contributed by: **CA. Ambati Chinna Gangaiah**  
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### CST ACT

Section 18 A was inserted specifying the issue of rejection of form F and other connected matters and revisions and reassessments in respect of Section 6A; are to be appealed to State Highest Appellate Authority – AP Value Added Tax Appellate Tribunal Visakhapatnam. The appeal in respect of other incidental matter – Computation of turnover and rate of tax; may be taken up to Tribunal. Conditions in respect of appeal prescribed under APVAT Act do not apply due to non-abstente clause in Section 18A. Revision by Commissioner is to be appealed to Tribunal not to High Court due non-abstente clause.

Appeal against Non-filing of F forms to assessing authority and filing later; is to be appealed to First Appellate Authority – ADC. The insertion of Section 18A is to be taken seriously by the profession. Professionals are requested to approach Tribunal in the cases falling Under Sub-Section (2) and (3) of Section 6A of CST Act.

### G0s issued

1. G.O.Ms.No.20 dt 3-2-2015 – exemption of entry tax in respect of donations of 5 “D Max” vehicles by Isuzu Motors to Government of AP for rehabilitation works in cyclone affected Visakhapatnam
2. G.O.Ms.No.26 dt 5-2-2015 – specifying rules for purchases and sales in tax period, electronic way bills and registration of transporter
3. G.O.Ms.No.27 dt 5-2-2015 – amending rate of petrol to 31% + ` 4 per liter and diesel to 22.25% + ` 4 per liter in the place of existing rates

### Commissioner's Orders

1. Jamshedpur Utilities & Services - CCT's Ref.No. LI(2)/93 /2014 12-2-15 dt 12.2.15 – revision of ADC's Orders by Commissioner - works contract not specifying the purchase of goods from outside State – mere specification of make not to be taken interstate purchase in pursuance of contract - goods purchased from outside State and incorporated in Works Contract – liable for VAT

### Commissioner's Circulars

1. CCT's Ref.No. Enft/E3/716/2014 dt 02 -02-15 and CCT's Ref. No.Enft./E3/716/2014 dt 11-02-15 – Circulars issued towards guidelines for audit of accounts in the course of assessment

### ADC Orders

1. Shri Raghavendra Automotive - 34/2014-15(KNL) dt 9.2.15 – specification of goods and services separately – goods transferred absolute sale following APHC judgment in Eastern Type Writer Services 42 STC 18 – no restriction of ITC required taking it as works contract

2. Sovereign Oxygen - 04/2014-15/GNT dt 13.2.15 – Medicated oxygen - medical Oxygen IP and Nitrous Oxide IP falls under entry 88 of the IVth schedule following APHC Judgment in W.P.Nos.13418 & 16782 of 2014 dated 29-10-2014 in the case of M/s. Inox Air Products Ltd

### DC orders

1. Hotel Mourya Inn - Spl.R.No.03/2014-15(Luxury Tax – 5-2-15 – revision proposed on turnover of renting marriage halls subjecting to Luxury tax – dropped specifying renting marriage and functions hall – not falling into luxuries provided

### High Court

1. Vellanki Frame Works – W.P.4552 of 2013 dt 18-12-2014 – importer name entered in bill of entry – sale by importer not considered as sale in high seas – directed to file C form for concessional rate of tax – writ dismissed – discussing the provisions relating to charging and machinery provisions and rule 12(7) of CST in detail.
2. Bhargavi Agro Tech W.P. No.27335 of 2012 and batch dt 30-10-14 – Sale by rice millers in Yanam (Puducherry) to FCI Kakinada – CST sale from Puducherry and not intra sale subject to APVAT

### Supreme Court

1. Nokia India (Appeal Civil 11486-11487 dt 17.12.2014)- charger a accessory to cell and not a part of cell if sold under combo pack – can be sold independently and to be taxed as residuary item.
2. position by main contractor ■

## Telangana VAT

Contributed by: **CA. Satish Saraf**  
Hyderabad  
satish.saraf@icai.org

### G0s issued

1. GO.Ms.No. 5-2-15 – rate of tax on petrol and diesel – errata issued – tax on petrol at 35.2% and diesel at 22.25%

### Advance Rulings

1. Fenoplast Limited - A.R.Com/54/2013 dt 28-01-15 - rexine cloth taxable @ 5% under entry 86 of the Schedule IV of the APVAT Act, 2005.
2. Bhaarath Beverage Private Ltd. TS/AR/18/2014 dt 29.1.15 - . DOCILE a milk based health drink comprising of 87% milk, Sugar 10%, Almonds 2.992%, Pepper 0.005% - milk added with other products excluded from entry in Schedule I not fruit based soft drink falling under the category of Scheduled V which attracts standard rate of 14.5%.
3. Med Manor Organics AR.Com/3/2014 dt 2.2.15 - keto soap used for care of dandruff – sold in general stores and not in Medical shops – liable to be taxed at 14.5% as general goods
4. Siddhartha Distributors - AR.Com/26/2014 dt 2.2.15 - import turbine ventilators which move by wind and are fitted on the roof of factories to exhaust hot air and reduce temperature – liable to taxed at 14.5% as general goods.

### DC Orders

1. ASJ Printing and Packaging - R.R. No/ 15 / 2014-15 dt 3-2-15 – sale exporter for export - exemption U/s 5(3) withdrawn for want of the copy export order placed by foreign buyer on record (against to circular - CCT's Ref.AIII(1)/57/2010 Dt 11-7-11)

2. Sunshine Fruit Pulp - R.R.No.A8/21/2014 dt 20.2.15 – assessment revising taxing fruit pulp at 12.5% (taxed in assessment at 4%) – revision orders against Circular CCT Ref. No. A.III(3)/280/2007 dt 27.12.07 and STAT Hyd decision in Food and Inns 57 APSTJ 208

#### High Court

1. G. Srinivasa Raju & Others 59 APSTJ 81 – Section 24(5) permits recovery from bank accounts of directors of pvt company if company is wound up or liquidated.
2. Sarda Agro Limited 59 APSTJ 85 – dealer filed objections to show cause notice and not attended personal hearing – AA authority had to consider the objections filed
3. Kishan Narayandas Malani – 59 APSTJ 83 – bleaching powder used to bleach cloths falls under Dyes and Chemicals under entry 9 of Sixth Schedule to APGST Act.
4. SREI Equipment 59 APSTJ 133 – the importer of motor vehicle is liable to pay entry tax even though he is not owner of the vehicle.
5. Showtech Stone International 59 APSTJ 133 – arrears of tax recoverable from charged property – first charge on the goods charged U/s 26 of APVAT Act
6. Sudheee Infra - 59 APSTJ 239 – ITC as on 1st June 15 cannot be made Zero due to bifurcation of State – ITC is to be carried forward
7. Mark Infrastructure 59 APSTJ 164 – Sec 4(7)(d) – (1) in business of selling residential and commercial complexes and opted composition to claim 1.25% VAT on sale – Sub-contractor exempt on showing evidence of opting composition by main contractor ■

## Kerala VAT

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- ❖ In MANAPPURAM GENERAL FINANCE & LEASING LTD, scase, [23 KTR 53], High Court of Kerala held that taxable event in the case of transfer of right to use goods is the transfer of the right to use goods, regardless of when or where the goods are delivered for use and what is required is that the goods should be in existence so that they may be used. The court also held that the taxable event on the transfer of right to use goods occurs when a contract is executed between the lesser and the lessee and in the absence of legal fiction, transfer of right to use goods would be at the place where the property in the goods passes, which is done where the written agreement transferring the right to use is executed. It was also laid down that penalty u/s. 45A of the Act is discretionary and that merely because it is lawful, it need not be imposed.
- ❖ In BRD FINANCE LIMITED VS DISTRICT COLLECTOR (2015) 23 KTR 65 (Ker), it is held that though it is open to the State Legislature to enact section 26B giving first charge to the amounts due under the State Sales Tax Act, it cannot prevail when it comes into collision with the mandates of section 529A.
- ❖ In DEPUTY COMMISSIONER OF COMMERCIAL TAXES & ORS. Vs. PODUVAL N.K & CO. (2015) 23 KTR 74 (Ker), the Court considering a case where a dealer in Kerala, acting as an agent, procured orders on behalf of an out-station dealer and the out-station dealer delivered the goods directly to the purchaser, held that as the out-station dealer had

transferred the property in the goods to the buyers in Kerala directly, its agent in Kerala would not become a purchaser of goods within the State.

- ❖ In DLF HOME DEVELOPERS Vs. STATE OF KERALA (2015) 23 KTR 78 (Tri), by its order dated 21<sup>st</sup> June 2013, the Tribunal had that: -
  - (i) so long as agreement is entered into before construction is complete, it would be a “works contract “. It had followed the judgment of the Supreme Court in Larson & Turbo case (2014) 22 KTR 1: (2013) 65 VST 1(SC) that for sustaining the levy of tax on the goods deemed to have been sold in execution of a works contract, three conditions must be fulfilled: (one) there must be a works contract, (two) the goods should have been involved in the execution of a works contract and, (three) the property in those goods must be transferred to a third party either as goods or in some other form.
  - (ii) when the agreement between the promoter/developer and the flat purchaser is to construct a flat and eventually sell the flat with the fraction of land, it is obvious that such transaction involves the activity of construction in as such as it is only when the flat is constructed then it can be conveyed. It was therefore found that there was no reason why such activity of construction was not covered by the works contract.
  - (iii) that from the “pre installment payment plan” it is clear that before the sale take place, the advance is received by the appellant and subsequent payments are made even before the construction of the apartments and hence the transaction entered in these cases between the appellant and the prospective purchasers of the apartments were nothing but works contract and not sale. ■

## Karnataka VAT

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CIVIL APPEAL NO. 1145 OF 2006

Constitutional validity of Entry 25 of Schedule VI to the Karnataka Sales Tax Act, 1957 - levy of sales tax for processing and supply of photographs, photo prints and photo negatives - competence of State Legislature given in Entry 25 of List II of Schedule VII of the Constitution to impose sales tax on the contract of processing and supplying of photographs, photo frames and photo negatives - Retrospective effect - Held that:- after insertion of clause 29-A in Article 366, the Works Contract which was indivisible one by legal fiction, altered into a contract, is permitted to be bifurcated into two: one for “sale of goods” and other for “services”, thereby making goods component of the contract exigible to sales tax. Further, while going into this exercise of divisibility, dominant intention behind such a contract, namely, whether it was for sale of goods or for services, is rendered otiose or immaterial. It follows, as a sequitur, that by virtue of clause 29-A of Article 366, the State Legislature is now empowered to segregate the goods part of the Works Contract and impose sales tax thereupon. It may be noted that Entry 54, List II of the Constitution of India empowers the State Legislature to enact a law taxing sale of goods. Sales tax, being a subject-matter into the State List, the State Legislature has the competency to legislate over the subject.

Entry 25 of Schedule VI to the Act which makes that part of processing and supplying of photographs, photo prints and



photo negatives, which have “goods” component exigible to sales tax is constitutionally valid. Mr. Patil and Mr. Salman Khurshid, learned senior counsel who argued for these assesseees/ respondents, made vehement plea to the effect that the processing of photographs etc. was essentially a service, wherein the cost of paper, chemical or other material used in processing and developing photographs, photo prints etc. was negligible. This argument, however, is founded on dominant intention theory which has been repeatedly rejected by this Court as no more valid in view of 46th Amendment to the Constitution.

For being classified as Works Contract the transaction under consideration has to be a composite transaction involving both goods and services. If a transaction involves only service i.e. work and labour then the same cannot be treated as Works Contract. It was contended that processing of photography was a contract for service simpliciter with no elements of goods at all and, therefore, Entry 25 could not be saved by taking shelter under clause 29-A of Article 366 of the Constitution.

The first thing in regard to retrospectivity which is to be kept in mind is that Entry 25 was inserted for the first time by amendment of the Act w.e.f. 01.07.1989. This amendment was post 46th Constitutional Amendment. However, the High Court of Karnataka [2005 (8) TMI 633 - KARNATAKA HIGH COURT] declared the said Entry to be unconstitutional and the SLP was also dismissed. Undoubtedly, it was because of the judgment in Rainbow Colour Lab [2000 (2) TMI 2 - SUPREME COURT OF INDIA], which judgment was declared as not a good law in ACC Ltd. [2001 (1) TMI 248 - Supreme court of India] (which position is repeated in BSNL [2006 (3) TMI 1 - Supreme court] as well as M/s Larsen and Toubro cases [2013 (9) TMI 853 - SUPREME COURT]). Thus, the very basis on which Entry 25 of Schedule VI was declared as unconstitutional, has been found to be erroneous. In such circumstances, the legislature will be justified in enacting the law from the date when such a law was passed originally and that date is 01.07.1989 in the instant case. We have to keep in mind the fact that on the basis of this amendment, there have been assessments made by the assessing authorities. This was admitted by the learned counsel for the respondents at bar at the time of the arguments.

High Court in the impugned judgment has not dealt with the matter in its correct perspective. The reason given by the High Court in invalidating Entry 25 is that this provision was already held unconstitutional by the said High Court in Keshoram's case [1999 (9) TMI 938 - KARNATAKA HIGH COURT] against which the SLP was also dismissed and in view of that decision, it was not permissible for the legislature to re-enact the said Entry by applying a different legal principle. According to us, this was clearly an erroneous approach to deal with the issue and the judgment of the High Court is clearly unsustainable. The High Court did not even deal with various facets of the issue in their correct perspective, in the light of subsequent judgments of this Court with specific rulings that Rainbow Colour Lab is no longer a good law. - The impugned judgment of the High Court is accordingly set aside - Decided in favour of Revenue.

2015 (1) TMI 899 - KARNATAKA HIGH COURT

State of Karnataka Versus RCI Logistics (P.) Ltd.

Dated: 03/07/2014

SALES TAX REVISION PETITION NO. 5 OF 2012

Imposition of penalty for contravention of carrying the goods without valid documents- contravention of Section 53(2)(b) of the Act.- Intention to evade Duty - Held that:- Transporter is transporting the goods from Surat to Hubli. The consignee has paid transportation charges for the same. The consignment copy clearly shows the place where the goods have to be unloaded. The transporter is from Hyderabad. If the driver employed by

the transporter fails to unload the goods in Hubli and carries the goods nearly 400 kms., beyond Hubli, his explanation that by a bona fide mistake it was carried thus far cannot be accepted. More over the driver of the vehicle has categorically stated that he was asked to transport the goods to Trichy in Tamil Nadu and that is why the lorry was parked in the border of Tamil Nadu at Siddlaghatta. Therefore, it is clear the transporter resorted to the above modus operandi to hoodwink the authorities at the check-post and wanted to pass on the goods to the dealer in Tamil Nadu without paying any tax in the State of Karnataka. It is a different matter if the vehicle was intercepted and the vehicle was brought back to Hubli, goods were unloaded and 'C' Forms were issued, it is an afterthought. In that view of the matter, the assessing authority was fully justified in imposing the penalty for contravention of carrying the goods without valid, documents. The First Appellate Authority was not clear in his mind, though he observed that the conduct of the transporter results in suspicion but nonetheless he reduced the penalty.

Either the penalty is payable or not payable. In one breadth he cannot say there is no contravention and in another breadth he cannot say the conduct of the transporter is suspicious and reduce the penalty. The Tribunal was in total error in holding that the transporter was carrying the goods with valid documents. The documents which were carried in the vehicle had no validity beyond Hubli to transport the said consignment from Hubli to Siddlaghatta. This aspect is completely missed by the Tribunal. In that view of the matter, the order passed by both the appellate authorities are unsustainable - Decided in favour of Revenue. ■

## Banking and Insurance

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In the sixth bi-monthly policy statement, RBI announced a few monetary and liquidity measures which included the following:

- the repo rate under the liquidity adjustment facility (LAF) to remain unchanged at 7.75 per cent;
- the cash reserve ratio (CRR) of scheduled banks to remain unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- the statutory liquidity ratio (SLR) of scheduled commercial banks to stand reduced by 50 basis points from 22.0 per cent to 21.5 per cent of their NDTL with effect from the fortnight beginning February 7, 2015;
- the export credit refinance (ECR) facility to be replaced with the provision of system level liquidity with effect from February 7, 2015;

Faced with the complaints from borrowers in rural areas that banks were insisting on their obtaining no due certificates before availing fresh credit facilities, the Regulator advised the banks to do away with the said stipulation, pointing out that with the improved information flow and technology, they have other ways and means to obtain the said information.

The Regulator also asked the banks to host in their website names of account and deposit holders whose accounts remained inoperative for over 10 years.

The Regulator also came up with the frame work for Counter Cyclical Capital Buffer last month.

As you are aware, the concept of the Counter Cyclical Capital Buffer (CCCB) was to assist the banks to build up a buffer of



capital in good times so as to use it to maintain flow of credit in difficult times. It was to serve a broader macro-prudential goal of “restricting the banking sector from indiscriminate lending in the periods of excess credit growth that have often been associated with the building up of system-wide risk.”

The Regulator went on to provide the following guidelines in this regard.

“The CCCB may be maintained in the form of Common Equity Tier 1 (CET 1) capital or other fully loss absorbing capital only, and the amount of the CCCB may vary from 0 to 2.5% of total risk weighted assets (RWA) of the banks.”

RBI has thus laid the framework and announced that its activation would normally be pre-announced with a lead time of 4 quarters. It followed it up with the advisory that banks in their own interest may build up requisite buffer in a shorter span of time.

RBI sounded worried when it pointed out to the banks that advance remittances towards exports continue to show a rising trend with no indications of matching exports made towards them and cautioned the banks to follow up the matter, taking up the issue more seriously.

With a number of large infrastructure projects finding the going tough, such projects are looking for new management to help them find their feet. Stipulations regarding the date of commencement of commercial operations have been a problem area.

The Regulator has come to the rescue of such projects. In the policy statement, RBI has the following to say on the subject.

“....., in the case of projects which have been stalled primarily due to inadequacies of the current promoters/management, a change in ownership and management may be required to revive the project. In this context, the new promoters/developers may require additional time to revive/complete the stalled projects. In order to facilitate change in ownership and revival, it has been decided to provide further flexibility by allowing a further extension of the DCCO of such projects where a change of ownership takes place, without adversely affecting the asset classification of loans to such projects, subject to certain conditions. Operating guidelines in this regard will be issued shortly.”

Banks have also been clamouring for write back of excess provision which arise to sale of non-performing assets to securitisation companies. The same was permitted by the regulator on assets sold post 26 February, 2014. Such a benefit eluded those cases where sale was effected prior to the said date. Now the Regulator has extended its benevolent arm. It has got the following to say on the matter.

“On a review and based on banks’ representations in this regard, it has now been decided to extend the above dispensation to NPAs sold prior to February 26, 2014 also. Detailed guidelines to this effect will be issued shortly.”

In the case of insurance, survey shows 70% of the most affluent preferred life insurance as an investment avenue. The next to be preferred was fixed deposits. But surrenders and withdrawals continue to plague the life insurance industry, with payouts at ` 106982 cr, up by 2 % over the previous year. LIC reported a fall in premium collection in the period April to December as well.

- Banking and Insurance Desk

## FEMA

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RBI vide A.P. (DIR Series) Circular No.55 dated 1<sup>st</sup> January, 2015 has reviewed Paragraphs 1 (A)(vii) and 1 (B) (vi) of Annex to A P (DIR Series) Circular No. 5 dated August 1, 2005 and A P (DIR Series) Circular No. 1 dated July 11, 2008 relating to creation of charge over securities for External Commercial Borrowings (ECB).

Under the extant ECB guidelines, the choice of security to be provided to the overseas lender / supplier for securing ECB is left to the borrower. With a view to liberalising, expanding the options of securities and consolidating various provisions related to creation of charge over securities for ECB at one place, it has been decided that AD Category-I banks may allow creation of charge on immovable assets, movable assets, financial securities and issue of corporate and / or personal guarantees in favour of overseas lender / security trustee, to secure the ECB to be raised / raised by the borrower, subject to satisfying themselves that:

(i) the underlying ECB is in compliance with the extant ECB guidelines, (ii) there exists a security clause in the Loan Agreement requiring the ECB borrower to create charge, in favour of overseas lender / security trustee, on immovable assets / movable assets / financial securities / issuance of corporate and / or personal guarantee, and (iii) No objection certificate, wherever necessary, from the existing lenders in India has been obtained.

Once aforesaid stipulations are met, the AD Category-I bank may permit creation of charge on immovable assets, movable assets, financial securities and issue of corporate and / or personal guarantees, during the currency of the ECB with security co-terminating with underlying ECB, subject to the following:

### (a) Creation of Charge on immovable assets:

- i. Such security shall be subject to provisions contained in the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2000.
- ii. The permission should not be construed as a permission to acquire immovable asset (property) in India, by the overseas lender / security trustee.
- iii. In the event of enforcement / invocation of the charge, the immovable asset / property will have to be sold only to a person resident in India and the sale proceeds shall be repatriated to liquidate the outstanding ECB.

### (b) Creation of Charge on Movable Assets:

In the event of enforcement / invocation of the charge, the claim of the lender, whether the lender takes over the movable asset or otherwise, will be restricted to the outstanding claim against the ECB. Encumbered movable assets may also be taken out of the country.

### (c) Creation of Charge over Financial Securities:

- i. Pledge of shares of the borrowing company held by the promoters as well as in domestic associate companies of the borrower will be permitted. Pledge on other financial securities, viz. bonds and debentures, Government Securities, Government Savings Certificates, deposit receipts of securities and units of the Unit Trust of India or of any mutual funds, standing in the name of ECB borrower/promoter, will also be permitted.
- ii. In addition, security interest over all current and future loan assets and all current assets including cash and cash

equivalents, including Rupee accounts of the borrower with AD Category-I banks in India, standing in the name of the borrower/promoter, can be used as security for ECB. The Rupee accounts of the borrower/promoter can also be in the form of escrow arrangement or debt service reserve account.

- iii. In case of invocation of pledge, transfer of financial securities shall be in accordance with the extant FDI/FII policy including provisions relating to sectoral cap and pricing as applicable read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000.

#### (d) Issue of Corporate or Personal Guarantee

- i. A copy of Board Resolution for the issue of corporate guarantee for the company issuing such guarantee, specifying name of the officials authorised to execute such guarantees on behalf of the company or in individual capacity should be obtained.
- ii. Specific requests from individuals to issue personal guarantee indicating details of the ECB should be obtained.
- iii. Such security shall be subject to provisions contained in the Foreign Exchange Management (Guarantees) Regulations, 2000.

These amendments to the ECB guidelines shall come into force with immediate effect, subject to review from time to time. All other provisions related to raising of ECB remain unchanged.

#### 2. Foreign Direct Investment in Pharmaceuticals sector - Clarification

RBI vide A.P. (DIR Series) Circular No. 70 dated February 02, 2015 has reviewed and clarified the A.P. (DIR Series) Circular No.124 dated April 21, 2014 and 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, relating to the Foreign Direct Investment in Pharmaceuticals Sector.

Foreign Direct Investment (FDI) up to 100 per cent is permitted under automatic route for Greenfield investments and FDI up to 100 per cent is permitted under Government approval route for Brownfield investments (i.e. investments in existing companies) in pharmaceuticals sector. The extant FDI policy for pharmaceutical sector has since been reviewed and it has now been decided with immediate effect that there would be a special carve out for medical devices which was earlier given the same treatment as pharmaceutical sector.

#### 3. Delay in Utilization of Advance Received for Exports

RBI vide A.P. (DIR Series) Circular No. 74 dated February 09, 2015 has reviewed the sub-regulation (1) of Regulation 16 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, notified vide Notification No. FEMA 23 / RB-2000, dated May 3, 2000, as amended from time to time read with A.P. (DIR Series) Circular No. 105 dated May 20, 2013, A.P. (DIR Series) Circular No. 108 dated June 11, 2013 and A.P. (DIR Series) Circular No. 37 dated November 20, 2014 as per which an exporter receiving an advance payment for exports (with or without interest) from a buyer outside India shall be under an obligation to ensure that the shipment of goods is made within the stipulated period from the date of receipt of advance payment.

As it has been observed that there is substantial increase in the number and amount of advances received for exports remaining outstanding beyond the stipulated period on account of non-performance of such exports (shipments in case of export of goods), AD Category –I banks are advised to efficiently follow up with the concerned exporters in order to ensure that export performance (shipments in case of export of goods) are completed within the stipulated time period.

It is further reiterated that AD category –I banks should exercise proper due diligence and ensure compliance with KYC and AML guidelines so that only bonafide export advances flow into India and submit a quarterly statement indicating details of such cases with instances of chronic defaulters as may be referred to the Directorate of Enforcement (DoE) to the concerned Regional office of the RBI within 21 days from the end of the quarter.

#### 4. Foreign Exchange Management Act, 1999 - Import of Goods into India - dispensing with Form A-1

RBI vide A.P. (DIR Series) Circular No. 76 dated February 12, 2015 has reviewed the A.P.(DIR Series) Circular No. 82 dated February 21, 2012 in terms of which applications by persons, firms and companies for making payments, exceeding USD 5,000 or its equivalent towards imports into India must be made in Form A-1.

To further liberalise and simplify the procedure, it has been decided to dispense with the requirement of submitting request in Form A-1 to the AD Category –I Banks for making payments towards imports into India. AD Category –I may however, need to obtain all the requisite details from the importers and satisfy itself about the bonafides of the transactions before effecting the remittance. ■

## Corporate Laws

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#### 1. MCA in NEWS

Total Number of companies registered as on 31.12.2014 14.39 lakhs. Of these 2.63 lakhs were closed and 28,023 companies are in the process of being closed. There are about 10.07 lakhs companies active companies including 1.15 lakhs companies which were incorporated within the preceding eighteen months.

#### 2. Constitution of a High Level Committee on CSR - General Circular No 1/2015: A High level Committee has been constituted by the MCA under section 135 of the Companies Act, 2013 to suggest measures for monitoring the progress of implementation of Corporate Social Responsibility policies by companies under section 135 of the Companies Act, 2013. The Terms of Reference of the committee include to recommend methodologies for monitoring compliance of the provisions of section 135; to suggest measures to be recommended by the Government for adoption by companies for systematic monitoring and evaluation of CSR initiatives; to identify strategies for monitoring and evaluation of CSR initiatives through expert agencies and institution to facilitate adequacy feedback to the Government with regard to efficacy of CSR expenditure and quality of compliance by the companies; to examine if a different monitoring mechanism is warranted for Government companies undertaking CSR and if so to make suitable recommendations and any other

matter incidental to the subject connected thereto. This committee is to submit its report within six months from the date of holding of its first meeting.

3. **Extension of time for filing notice of appointment of cost auditor - General Circular No 2/2015:** MCA has again extended the time for filing of notice of appointment of the cost auditor in Form CRA-2 due to non-availability of the said Form. Earlier the date was extended upto 31/01/2015 and now the last date of filing of Form CRA-2 without any penalty/late fee is hereby extended upto 31st March, 2015.
4. **Removal of certain difficulties in the definition of small company - Order dt February 13, 2015:** According to clause (85) of section 2 of the Companies Act, 2013, a company may be treated as a 'small company' if it meets either of the conditions provided therein. In other words, 'small company' means a company other than a public company (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than five crore rupees; and (ii) turnover of which as per its last profit and loss account does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than twenty crore rupees. Nothing in this clause shall apply to a holding company or a subsidiary company; a company registered under section 8 or a company or body corporate governed by any special Act.

Clause (b) of sub-section (1) of section 186 of the Act, 2013 provides that the requirements of provisions of section 186 {except sub-section (1) of the said section} shall not apply to any acquisition made by a non-banking financial company registered under Chapter III of the RBI Act, 1934 and any other company whose principal business is acquisition of securities.

Certain difficulties arose in this regard as companies which though meet one of the criteria but exceeded the monetary limit in respect of second criteria excessively are also getting classified as 'small companies'. Also in the absence of provisions for exemption to a banking company or an insurance company or a housing finance company making acquisition of securities in its ordinary course of business, it would be difficult for it to make any acquisition of securities in their ordinary course of business.

In order to remove the said difficulties, MCA has passed an Order Companies (Removal of Difficulties) Order, 2015 by which

- (A) In section 2, in clause (85), in sub-clause (i), for the word "or" occurring at the end, the word "and" shall be substituted and
- (B) In section 186, in sub-section (1), in clause (b), after item (iii) the following item shall be inserted, namely (iv) made by a banking company or an insurance company or a housing finance company, making acquisition of securities in the ordinary course of its business. ■

## SEBI

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The Reserve Bank of India through notification dated 5 February 2015 has amended the Foreign Exchange Management (Transfer or Issue or Security by a Person Resident outside India) Regulations, 2000, where terms are provided whereby Foreign

Portfolio Investors (FPI) may purchase, on repatriation basis government securities and non-convertible debentures issued by an Indian company subject to such terms and conditions as mentioned therein and limit as prescribed for the same by the RBI and SEBI.

The amendment by the RBI now allows FPI to invest in government securities and coupons received on their existing investments in government securities. These investments shall be kept outside the applicable limit of USD 30 Billion for investment by FPI in government securities.

Securities Exchange Board of India as follow up to the amendment above issued circular dated 5 February 2015 which reiterates the terms mentioned above. Furthermore, following material terms were added as well:

- ✓ For purpose of investment of coupons, FPI shall have an investment period of 5 working days from the receipt of the coupon.
- ✓ The coupons invested in purchasing government securities shall be classified into a separate investment category which is over and above the USD 30 Billion government debt limit.

### Investment Conditions and Restriction for FPI Investment in Corporate Debt Securities

RBI through notification dated 3 February 2015 amended regulations in terms of which all future investment in government securities by registered FPI shall be required to be made in government bonds with a minimum residual maturity period of three (3) years. The amendments are as follows:

- ✓ All future investment by an FPI made in corporate bonds, within the limit for investment in corporate bonds, shall require such bonds to have a minimum residual maturity of three years.
- ✓ FPI shall not be allowed to make any further investment in liquid and money market mutual fund schemes.
- ✓ There will be no lock-in period and FPI shall be free to sell the securities (including those that are presently held with less than three years residual maturity) to domestic investors.

SEBI in tandem with the RBI policy, through circular dated 3 February 2015 made additional conditions that there shall be USD 51 Billion corporate debt limit category applicable on all future investments and shall include the limited vacated when the current investment by an FPI runs off through sale or redemption. ■

## International Taxation

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### 1. Wrigley

On many an occasion, it has been observed that the Income Tax Act, 1961 uses a term without clearly defining it where it is used or elsewhere. Under such circumstances, it is difficult for the tax gatherer and the taxpayer to agree on the definition, which results in litigation. Once such term that is not clearly defined and has resulted in litigation is "Fees for Technical Services".

For the record, Explanation (2) to Section 9(i)(vii) defines FTS as under:

'For the purpose of this clause, FTS means any consideration including any consideration for rendering any managerial, technical or consultancy services (including the provisions of



services of technical or other personnel) but does not include consideration for any construction assembly, mining or like project undertaken by the recipient or consideration which would be income of the recipient chargeable under the head "salaries". The definition can be tabulated as below:

Included	Excluded
any consideration for rendering any managerial, technical or consultancy services (including the provisions of services of technical or other personnel)	consideration for any construction assembly, mining or like project undertaken by the recipient or consideration, which would be income of the recipient chargeable under the head "salaries".

It is apparent that the entire weight of the definition of FTS lies on the meaning that can be attributed to managerial, technical or consultancy services. Taking this one step further, technical services can be said to be services that involve something that is technical in nature and consultancy can be said to be anything that involves offering advisory services. Technical and consultancy services can be evidenced in the form of a report or such other tangible evidence. Managerial services would however, be intangible in most cases, which only adds to the confusion. This was examined by the Delhi High Court in a recent case.

**Case Law**

Le Passage to India Tours & Travel (P.) Ltd.v.Deputy Commissioner of Income-tax, Circle 4 (1), New Delhi [2015] 54 taxmann.com 138 (Delhi - Trib.)

Le passage to India is engaged in the business of organizing tours and travel arrangements for foreign tourists coming to India and provides all services for tourists beginning from travelling to India till their departure from India such as travel in India by all modes of transports like air, rail, road etc. They also provide boarding and lodging facilities and site seeing services etc. In order to promote its business in foreign countries they have appointed agents in various countries to market its services and in lieu thereof, representation charges/retainership fee and commission is paid to them. During assessment proceedings in Assessment Year 2007-08 and 2008-09, the Assessing Officer held that the payment of representation charges and commission and tour expenses were in the nature of payments which fell within the meaning of fee for technical services defined u/s 9(1)(vii) of the Act and, therefore, the aforesaid payments were deemed to accrue at arrival in India and consequently were liable to be taxed and consequently were liable for tax deduction at source and since assessee had not deducted tax thereon in India.

**Submission of tax payer**

Le Passage submitted that in terms of provisions of Section 5(2) of the act, a non resident is liable to tax in India on income which accrues or arises in India and is deemed to accrue or arise in India and as per the provision of Section 195, the tax on such payments to non residents is to be deducted by the person making such payment. It was submitted that as per Section 195, the duty casted upon payer is to deduct tax in respect of income payable to non-residents, which is chargeable under the provisions. It was submitted that in case where no taxable income arises to a nonresident tax is not required to be deducted and in this respect, reliance was placed on the case law of G. E. Technology Centre (P.) Ltd. v. CIT [2010] 327 ITR 456/193 Taxman 234/7 taxmann.com 18 (SC). It was submitted that none of the activities of nonresident agents fall into the services as defined u/s 9(i)(vii) of

the Act. Ld. A.R. relied upon the case law of DIT (International Taxation v. Panalfa Autoelektrik Ltd. [2014] 49 taxmann.com 412 (Delhi) decided by Hon'ble Delhi High Court wherein the Hon'ble court had explained the meaning of the words managerial, technical and consultancy as mentioned in Section 9(i)(vii) of the Act and had held that sales and marketing services rendered by an overseas commission agent do not fall within the meaning of technical services as envisaged by Section 9(i)(vii). Therefore, it was argued that commission paid to these persons cannot be deemed to have accrued in India and therefore, was not liable to tax in India. In support of the explanation that sale and marketing expense do not fall within the meaning of fee for technical services, as defined u/s 9(i)(vii), Ld. A.R. further relied upon following case laws:

- (i) DIT v. Sheraton International Inc. [2009] 313 ITR 267/178 Taxman 84 (Delhi.)
- (ii) CLSA Ltd. v. ITO (International Taxation) [2013] 56 SOT 254/31 taxmann.com 5 (Mum.)
- (iii) WNS North America Inc. v. Asstt. CIT [2013] 141 ITD 117/ [2012] 28 taxmann.com 173 (Mum.)
- (iv) Asstt. CIT v. Model Exim [2014] 64 SOT 4 (URO)/45 taxmann.com 140 (Luck.)
- (v) Dy. CIT v. Farida Prime Tannery (P.) Ltd. [2014] 64 SOT 145 (URO)/45 taxmann.com 174 (Chennai)
- (vi) Cushman & Wakefield (s) Pte. Ltd., In re [2008] 305 ITR 208/172 Taxman 179 (New Delhi)

Le Passage relied upon the following case laws with the proposition that where consideration was paid lump sum for availing marketing services instead of commission with reference to percentage of sales/profits, the payments were held not to be in the nature of fee for technical services:

- (i) Rich Graviss Producs (P.) Ltd. v. Addl. CIT [2014] 49 taxmann.com 531/66 SOT 24 (URO) (Mum.).
- (ii) CLSA Ltd. (supra).
- (iii) Dy. CIT v. I.M. Gears (P.) Ltd. [2014] 65 SOT 303/49 taxmann.com 175 (Chennai).
- (iv) Farida Prime Tannery (P.) Ltd. (supra).
- (v) ITO v. Trident Exports [2014] 149 ITD 361/44 taxmann.com 297 (Chennai).
- (vi) Real Resourcing Ltd., In re [2010] 322 ITR 558/190 Taxman 151 (AAR-New Delhi).

The final argument of LePassage was that taking into account the provisions of DTAA it was not liable to deduct tax at source as the provisions of DTAA overrides the provisions of income tax act. It was submitted that the provisions of DTAA if are beneficial to nonresident, i.e. which goes to reduce the liability of non-resident vis a vis provisions contained in the act, then provisions of DTAA are applicable. All payments were made to residents of countries with which India had DTAA.

**Department Submissions**

The Department submitted that in the present cases, remuneration for nonresident agents was fixed and was not depending upon business procured by them. Therefore, these services provided by overseas nonresident agents was in the form of managerial services who were managing the offices of assessee and therefore the provisions of such services were covered in the fee for technical services as defined in Section 9(i)(vii) of the Act.



## Delhi High Court ruling

Relying on the decisions in J.K. (Bom.) Ltd. v. CBDT [1979] 118 ITR 312 and Skycell Communications Ltd. v. Dy. CIT [2001] 251 ITR 53/119 Taxman 496 (Mad.), the Delhi High Court was of the view that services rendered by the agents in this case are purely in the nature of advancement of business of the assessee company and cannot be categorized as managerial/technical/consultancy services. Accordingly, the consideration paid by the assessee cannot be classified as fee for technical services (FTS).

## Conclusion

It is apparent that till there is a clear definition, interpretation of the term Fees for Technical Services would vary. The Department has enough content in numerous case-laws to further refine the definition of FTS. Like many other provisions of the Income Tax Act and other Acts, the Department can probably define what does not constitute FTS. The taxpayers can then figure out what constitutes FTS. ■

## Central Excise and Service Tax

Contributed by: **CA. V.P. Manavalan**  
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Audit of the Service Tax assesseees by the officers of Service Tax and Central Excise Commissionerates.

- Section 94 of the Finance Act, 1994 deals with rule making powers of the Central Government in relation to service tax. Sub-section (2) of section 94, dealing with specific purposes for which rules can be made, was amended with effect from 06.08.2014, vide Section 114(J) of the Finance Act, 2014, and a new clause (k) was added to sub-section (2) of section 94, which is reproduced below-  
" (k) imposition, on persons liable to pay service tax, for the proper levy and collection of tax, of duty of furnishing information, keeping records and the manner in which such records shall be verified."
- In exercise of the rule making powers under clause (k) of sub-section (2) of section 94 of the Finance Act, 1994, the Central Government has inserted a new rule 5(A)(2) in the Service Tax Rules, 1994 vide notification no. 23/2014-Service Tax dated 5 th December, 2014. This rule, inter alia, provides for scrutiny of records by the audit party deputed by the Commissioner. Such scrutiny essentially constitutes audit by the audit party consisting of departmental officers.
- Verification of records mandated by the statute is necessary to check the correctness of assessment and payment of tax by the assessee in the present era of self-assessment. It may be noted that the expression "verified" used in section 94(2)(k) of the said Act is of wide import and would include within its scope, audit by the departmental officers, as the procedure prescribed for audit is essentially a procedure for verification mandated in the statute.
- It may also be noted that the Hon'ble High Court of Delhi in the judgment dated 04.08.2014 in the case of M/s Travelite (India) [2014-TIOL-1304-HC-DEL-ST] had quashed rule 5A(2) of the Service Tax Rules, 1994 on the ground that the powers to conduct audit envisaged in the rule did not have appropriate statutory backing. This judgment can now be distinguished as a clear statutory backing for the rule now exists in section 94(2)(k) of the said Act.
- Departmental officers are directed to audit the Service Tax assesseees as provided in the departmental instructions in this regard. Difficulty, if any, in implementing the circular may be brought to the notice of the Board. Hindi version will follow.

F. No. 137/46/2014-Service Tax ■

## Accounting Standards

Contributed by: **CA. Chinnsamy Ganesan**  
Chennai  
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The Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Rules 2015 vide notification dated 16 February 2015 under section 133 of the Companies Act 2013. This notification makes IFRS converged Indian Accounting Standards as a reality.

According to the notification, there will be two sets of accounting standards

- Indian Accounting Standards which shall be applicable to classes of companies specified in rule 4 (for easy understanding hereinafter will be referred to as "Ind AS"); and
- Accounting Standards specified in the Annexure to the Companies (Accounting Standards) Rules, 2006 which shall be applicable to all other companies (for easy understanding hereinafter will be referred to as "AS").

## Applicability of Ind AS as per the notification

Ind AS can be applied by companies voluntarily and will apply mandatorily, if certain criteria are met.

## On Voluntary basis

For any company which chooses to adopt Ind AS for accounting period commencing on or after 1 April 2015 with the comparatives for the period ending 31 March 2015.

## On Mandatory basis

Ind AS shall mandatorily apply in two phases as detailed below:

Phase – I *	Phase – II *
For accounting period commencing on or after 1 April 2016 with the comparatives for the period ending 31 March 2016, the following companies shall prepare the financial statements under Ind-AS:	For accounting period commencing on or after 1 April 2017 with the comparatives for the period ending 31 March 2017, the following companies shall prepare the financial statements under Ind-AS:
(i) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of Rs.500 crore or more;	(i) companies whose equity and/or debt securities are listed or proposed to be listed on any stock exchange in India or outside India and having a net worth of less than Rs. 500 crore;
(ii) all other companies having net worth of Rs.500 crore or more; and	(ii) unlisted companies having a net worth of Rs.250 Crores or more but less than Rs. 500 crore; and
(iii) holding, subsidiary, joint venture or associate companies of the class of companies covered in (i) and (ii) above	(iii) holding, subsidiary, joint venture or associate companies of the class of companies covered in (i) and (ii) above

**Notes**

The companies meeting the specified thresholds for the first time at the end of an accounting year shall apply Ind AS from the immediate next accounting year  
Ind AS shall not apply to companies who securities are listed or are in the process of being listed on SME exchange

**Calculation of net worth**

For existing Companies	The net worth shall be calculated in accordance with the stand-alone financial statements of the company as on 31 March, 2014 or the first audited financial statements for accounting period which ends after that date
For companies which are not inexistence on 31 March, 2014 or an existing company falling under any of thresholds specified for applicability of Ind AS for the first time after 31 March, 2014	The net worth shall be calculated on the basis of the first audited financial statements ending after that date in respect of which it meets the aforesaid thresholds

**Other important points**

- Insurance companies, banking companies and non-banking finance companies shall not be required to apply Ind AS for preparation of their financial statements either voluntarily or mandatorily. A separate road map is expected to be released by MCA in due course
- Indian companies meeting the criteria shall apply Ind AS to both stand-alone financial statements and consolidated financial statements
- Overseas subsidiary, associate, joint venture and other similar entities of an Indian company may prepare its standalone financial statements in accordance with the requirements of the specific jurisdiction. However, the Indian parent of these companies shall prepare its consolidated financial statements in accordance with Ind AS
- An Indian company which is a subsidiary, associate, joint venture and other similar entities of a foreign company shall prepare its financial statements in accordance with Ind AS either voluntarily or mandatorily if it meets the specified criteria. If the specified criteria is not met, then the Company shall follow AS
- Once the Ind AS are applied voluntarily, it shall be irrevocable and such companies shall not be required to prepare an other set of financial statements in accordance with AS.
- Once a company starts following Ind AS either voluntarily or mandatorily on the basis of specified criteria, it shall be required to follow Ind AS for all the subsequent financial statements, even if any of the criteria specified in this rule does not subsequently apply to it.
- Companies has to follow the respective accounting standards (Ind AS or AS) and a mix is not permitted
- If a particular Ind AS is found to be not in conformity with any law, the provisions of the said law shall prevail and the financial statements shall be prepared in conformity with such law. ■

**WORK DISPOSAL POSITION**

The position of disposal of various matters relating to Members and Students of Regional Office, Chennai as on 25/02/2015 is as under:

Particulars	Disposal of records received upto 25/02/2015
<b>Members</b>	
Enrolment of Members	20.02.2015
Fellow Admission	20.02.2015
Grant of COP	24.02.2015
Restoration of Name	23.02.2015
Constitution of Firms	23.02.2015
Reconstitution of Firms	24.02.2015
Paid Assistant	20.02.2015
Change of Address – Members	25.02.2015
Change of Address – Firms	25.02.2015
<b>Students</b>	
Registration of Articles	17.02.2015
Re-registration of Articles	16.02.2015
Industrial Training	25.02.2015
Termination of Articles	16.02.2015
Completion of Articles	25.02.2015
Permission to pursue Other Courses	20.02.2015
Despatch of Materials – CPT	11.02.2015
Despatch of Materials – IPCC	15.02.2015
Despatch of Materials – ATC	15.02.2015
Despatch of Materials – Final	12.02.2015
Despatch of Materials - ITT	15.02.2015

**ANNOUNCEMENT**

ICAI has constituted the Committee for Review of Education and Training (CRET) and formulated the new scheme of education and training for the new incumbent to the CA Course. The complete text of the scheme has been hosted in the ICAI Website [www.icai.org](http://www.icai.org)

Members may send their views to SIRC at [sirc@icai.in](mailto:sirc@icai.in)

**RRC at Courtallam**

RRC at Courtallam on July 25-26, 2015.

Hosted by : Tirunelveli Branch of SIRC

Venue : Kuttralam heritage

CPE Credit : 12 Hours

Further details will be hosted in SIRC website. Members may also contact Tirunelveli Branch of SIRC 0462-2554959, 2554969

**SIRC of ICAI Congratulates**

CA. Subhashni Giridhar on completion of 25 years of Bharathanatyam Dance Career has choreographed and performed dance project on the theme of "CA Motto and Emblem" on 8th February, 2015 at Hyderabad.

## COACHING CLASSES FOR CPT JUNE, 2015

The next batch of Coaching Classes for Students appearing for JUNE, 2015 CPT Examination will commence on <b>6<sup>th</sup> April, 2015</b> . The duration of the coaching classes will be two months.	<b>Highlights</b> <ul style="list-style-type: none"> <li>• Renowned Faculty</li> <li>• Affordable fees</li> <li>• Reading Room Facility</li> <li>• Doubt clearing sessions</li> <li>• Revision classes for all subjects</li> <li>• Mock Test</li> </ul>
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## CLASS TIMINGS

Timings	Morning Batch	Evening Batch
Monday to	6.30 am. to 1.00 pm.	2.00 pm – 8.00 pm
On Holidays, Saturday and Sunday	7.00 a.m. to 5.00 p.m. (There is no weekend batches)	

FEES: ` 4000

*The application forms for CPT coaching classes are available at SIRC office. Registration can be done through online at [www.sircoficai.org/batches/](http://www.sircoficai.org/batches/) also.*

*The registration will be on 'first come first served basis'*

For further information and registration please contact SIRC Office.  
Phone : 044-30210322  
Email-id : [sircclasses@icai.in](mailto:sircclasses@icai.in) | Website : [www.sircoficai.org](http://www.sircoficai.org)

## ANNOUNCEMENT

### GENERAL AMNESTY SCHEME FOR RETROSPECTIVE RESTORATION OF MEMBERSHIP (ONE TIME DISPENSATION).

ICAI with a view to mitigate the hardships being faced by members whose names stand removed as on date due to non-payment of membership fee, the Council has decided to give an opportunity by way of General Amnesty Scheme one time dispensation for restoration of their names retrospectively.

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

This is an excellent opportunity to get name restored with retrospective effect. The benefit of the scheme may be availed by submitting the prescribed application in Form 9 on or before 31<sup>st</sup> March, 2015 alongwith the outstanding fee for the intervening period of name removal and restoration fee of ` 1200.

*The above Amnesty Scheme for retrospective restoration of membership will remain in force up to 5:30 pm till 31<sup>st</sup> March 2015 and shall stand withdrawn automatically thereafter.*

The complete details of General Amnesty Scheme are hosted in the ICAI Website [www.icai.org](http://www.icai.org)

## STATEMENT ABOUT OWNERSHIP AND OTHER PARTICULARS ABOUT THE NEWSPAPER (SIRC NEWSLETTER) FORM IV (SEE RULE)

Place of Publication	: Chennai
Periodicity of Publication	: Monthly
Printer's name and address	: <b>Dr. P.T. Giridharan</b> Joint Director, Southern India Regional Council of the Institute of Chartered Accountants of India, 'ICAI Bhawan', No.122, Mahatma Gandhi Road, Nungambakkam, Chennai –600 034
Publisher's name and address	: <b>Dr. P.T. Giridharan</b> Joint Director, Southern India Regional Council of the Institute of Chartered Accountants of India, 'ICAI Bhawan', No.122, Mahatma Gandhi Road, Nungambakkam, Chennai –600 034
Editor's name and address	: <b>CA. P.R. Aruloli</b> Chairman, Southern India Regional Council of the Institute of Chartered Accountants of India, 'ICAI Bhawan', No.122, Mahatma Gandhi Road, Nungambakkam, Chennai –600 034
Name and address of individual who own the newspaper and partners or shareholders holding more than one per cent of the total capital	: Southern India Regional Council of the Institute of Chartered Accountants of India, 'ICAI Bhawan', No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034 (There is no share capital)

I, P.T. Giridharan, hereby declare that the particulars given are true to my knowledge and belief.

Date: 1<sup>st</sup> March 2015

sd/-

Dr. P.T. Giridharan, Joint Director

## RESTORATION OF MEMBERSHIP &amp; CERTIFICATE OF PRACTICE

The names members who have not paid their Membership fee and/or Certificate of Practice fee for the year 2014-15 on or before 30.09.2014 were removed w.e.f. 01.10.2014 in the Register of Members. The notifications in regard to removal of membership and cancellation of Certificate of Practice w.e.f. 01.10.2014 are under issue.

Regulations provide for retrospective restoration of Membership and Certificate of Practice provided the application in the prescribed Form 9 (available on the website [www.icai.org](http://www.icai.org)) complete in all respects, together with restoration fees of ` 1,200 is received by the Institute on or before 31.03.2015.

Those members who have paid the Membership Fee but not remitted the Certificate of Practice Fee on or before 30<sup>th</sup> September 2014 should send Form No. 101 (available on the website [www.icai.org](http://www.icai.org)) along with the prescribed Certificate of Practice Fee so as to reach on or before 31.03.2015 for retrospective restoration of their Certificate of Practice.

Members falling within the jurisdiction of Southern Region should send their application to the Joint Director, The Institute of Chartered Accountants of India, ICAI Bhawan, No.122 M. G. Road, Nungambakkam, Chennai – 600034.

## SIRC AWARDS TO BRANCHES OF SIRC AND BRANCHES OF SICASA FOR THE YEAR 2014

Category	Members Strength	Name of the Branch of SIRC	Name of the Branch of SICASA
Micro	Members upto 200	Tuticorin & Sivakasi	Tuticorin
Small	Members between 201-500	Salem	Salem
Medium	Members between 501-1000	Trichur	Trichur
Large	Members between 1001-2500	Ernakulam	Ernakulam & Coimbatore
Mega	Members above 2500	Hyderabad	Bangalore

## ICAI AWARDS FOR THE YEAR 2014 (SOUTHERN REGION)

<b>Best Regional Council</b>	Highly Commended Regional Council Trophy & Certificate to Southern India Regional Council (SIRC)		
<b>Best Students' Association</b>	Highly Commended Students Association Trophy & Certificate to Southern India Chartered Accountants Students' Association (SICASA)		
<b>Best Branches of Regional Councils</b>	Micro Category	Udupi Branch of SIRC jointly with Ratlam Branch of CIRC	Best Branch Trophy & Certificate
		Tuticorin Branch of SIRC	
		Quilon Branch of SIRC jointly with Nanded Branch of WIRC	
	Small Size Category	Salem Branch of SIRC Jointly with Hubli Branch of SIRC	Best Branch Trophy & Certificate
	Large Category	Ernakulam Branch of SIRC	Highly Commended Branch Trophy & Certificate
Mega Category	Bangalore Branch of SIRC jointly with Ahmedabad Branch of WIRC	Best Branch Trophy & Certificate	
	Hyderabad Branch of SIRC jointly with Jaipur Branch of CIRC	Highly Commended Branch Trophy & Certificate	
<b>Best Branch of Students' Association</b>	Small Size Category	Tuticorin Branch of SICASA	Highly Commended Branch Trophy & Certificate
	Medium Category	Raipur Branch of CIRC and Salem Branch of SICASA	Best Branch Trophy & Certificate
		Hubli Branch of SICASA	Certificate of appreciation
	Large Category	Bangalore Branch of SICASA jointly with Nasik Branch of WIRC	Highly Commended Branch Trophy & Certificate

## ICAI launches National Helpline for Members and Students

ICAI National Helpline has been launched by Chief Guest Hon'ble Union Minister for Railways Shri CA. Suresh Prabhu, during the inaugural session of the International Conference held at Bangalore.

ICAI National Helpline is an IVR based facility and is available 24x7 for both members and students. Members or students of ICAI can call any of the given numbers any time as per the convenience. Varied details for members like member status, COP status, Firm status, information of CPE hours, membership fee details etc. and for students details like Article Registration status, article re-registration status etc. are available in

the system. In case any specific query is not resolved by through IVR operator assistance is also available during office hours.



ICAI National Helpline Numbers are as under: 011 39893990 | 022 39893989 | 033 39893989 | 044 39893989 | 0512 39893989



**Institute of Chartered Accountants of India**  
**Central Council Members from Southern Region on**  
**ICAI Committees for the Year 2015-16**

**CA. M. Devaraja Reddy, Vice-President, ICAI****A. Standing Committees**

Executive Committee	
Examination Committee	
Finance Committee	Vice-President
Disciplinary Committee (Under Section 21-D)	

**B. Non-Standing Committees**

Editorial Board	Joint Editor
Coordination Committee with Sister Institutes	Deputy Leader
International Affairs Committee	Vice-Chairman
Public Relations Committee	Vice-Chairman
Infrastructure Development Committee	Vice-Chairman
HR Transformation Committee	Vice-Chairman
Technology Development Committee	Vice-Chairman
Management Committee	Vice-Chairman
Accounting Standards Board	Member (Ex-Officio)
Auditing & Assurance Standards Board	Member (Ex-Officio)
Board of Studies	Member (Ex-Officio)
Committee on Accounting Standards for Local Bodies	Member (Ex-Officio)
Committee on Banking, Insurance and Pension	Member (Ex-Officio)
Committee for Capacity Building of CA Firms and Small & Medium Practitioners	Member (Ex-Officio)
Continuing Professional Education Committee	Member (Ex-Officio)
Committee for Cooperatives and NPO Sectors	Member (Ex-Officio)
Corporate Laws & Corporate Governance Committee	Member (Ex-Officio)
Direct Taxes Committee	Member (Ex-Officio)
Committee on Economic, Commercial Laws & WTO	Member (Ex-Officio)
Ethical Standards Board	Member (Ex-Officio)
Expert Advisory Committee	Member (Ex-Officio)
Committee on Financial Markets and Investors' Protection	Member (Ex-Officio)
Committee on Public Finance and Government Accounting	Member (Ex-Officio)
Ind AS (IFRS) Implementation Committee	Member (Ex-Officio)
Indirect Taxes Committee	Member (Ex-Officio)
Committee on Information Technology	Member (Ex-Officio)
Internal Audit Standards Board	Member (Ex-Officio)
Committee on International Taxation	Member (Ex-Officio)
Committee on Management Accounting	Member (Ex-Officio)
Committee for Members in Industry	Member (Ex-Officio)
Strategy and Perspective Planning Committee	Member (Ex-Officio)
Professional Development Committee	Member (Ex-Officio)
Research Committee	Member (Ex-Officio)
Women Members Empowerment Committee	Member (Ex-Officio)
Young Members Empowerment Committee	Member (Ex-Officio)
Career Counselling Committee	Member (Ex-Officio)
Corporate Social Responsibility Committee	Member (Ex-Officio)
Committee for Members in Entrepreneurship and Public Service	Member (Ex-Officio)

**CA. Babu Abraham Kallivayalil**

Continuing Professional Education Committee	Chairman
Financial Reporting Review Board	Vice-Chairman
Auditing & Assurance Standards Board	Member
Committee for Capacity Building of CA Firms and Small & Medium Practitioners	Member
Direct Taxes Committee	Member
Editorial Board	Member
Expert Advisory Committee	Member
International Affairs Committee	Member
Committee for Members in Industry	Member
Public Relations Committee	Member
Women Members Empowerment Committee	Member
Young Members Empowerment Committee	Member
Career Counselling Committee	Member
Committee for Members in Entrepreneurship and Public Service	Member
Infrastructure Development Committee	Member
HR Transformation Committee	Member

**CA. V. Murali**

Board of Studies	Chairman
Strategy and Perspective Planning Committee	Chairman
Audit Committee	Member
Continuing Professional Education Committee	Member
Ethical Standards Board	Member
Committee on Financial Markets and Investors' Protection	Member
Ind AS (IFRS) Implementation Committee	Member
Committee on International Taxation	Member
Professional Development Committee	Member
Public Relations Committee	Member
Research Committee	Member
Young Members Empowerment Committee	Member
Committee for Members in Entrepreneurship and Public Service	Member
HR Transformation Committee	Member
Women Empowerment Committee	Member
Board of Discipline (u/s 21-A)	Member

**CA. K. Raghu**

Corporate Social Responsibility Committee	Chairman
Auditing & Assurance Standards Board	Member
Corporate Laws & Corporate Governance Committee	Member
Editorial Board	Member
Ethical Standards Board	Member
Expert Advisory Committee	Member
Coordination Committee with Sister Institutes	Member
Committee on Information Technology	Member
International Affairs Committee	Member
Strategy and Perspective Planning Committee	Member
Public Relations Committee	Member
Young Members Empowerment Committee	Member
Infrastructure Development Committee	Member
HR Transformation Committee	Member
Technological Development Committee	Member

<b>CA. S. Santhanakrishnan</b>	
Committee on Accounting Standards for Local Bodies	Chairman
Corporate Laws & Corporate Governance Committee	Chairman
Accounting Standards Board	Vice-Chairman
Board of Studies	Member
Continuing Professional Education Committee	Member
Committee for Cooperatives and NPO Sectors	Member
Direct Taxes Committee	Member
Committee on Economic, Commercial Laws & WTO	Member
Expert Advisory Committee	Member
Indirect Taxes Committee	Member
Committee on Information Technology	Member
Internal Audit Standards Board	Member
Committee for Members in Industry	Member
Technological Development Committee	Member
Disciplinary Committee [u/s 21-B]	Member
<b>CA. G. Sekar</b>	
Committee for Capacity Building of CA Firms and Small & Medium Practitioners	Chairman
Committee on Management Accounting	Vice-Chairman
Accounting Standards Board	Member
Auditing & Assurance Standards Board	Member
Direct Taxes Committee	Member
Committee on Economic, Commercial Laws & WTO	Member
Committee on Financial Markets and Investors' Protection	Member
Committee on Public Finance and Government Accounting	Member
Ind AS (IFRS) Implementation Committee	Member
Internal Audit Standards Board	Member
Committee on International Taxation	Member
Professional Development Committee	Member
Public Relations Committee	Member
Career Counselling Committee	Member
Committee for Members in Entrepreneurship and Public Service	Member
Infrastructure Development Committee	Member
Management Committee	Member
<b>CA. J. Venkateswarlu</b>	
<b>A. Standing Committees</b>	
Executive Committee	Member
Finance Committee	Member
Examination Committee	Member
<b>B. Non-Standing Committees</b>	
Auditing & Assurance Standards Board	Vice-Chairman
Ethical Standards Board	Vice-Chairman
Career Counselling Committee	Vice-Chairman
Accounting Standards Board	Member
Board of Studies	Member
Committee on Accounting Standards for Local Bodies	Member
Committee for Capacity Building of CA Firms and Small & Medium Practitioners	Member
Direct Taxes Committee	Member
Committee on Financial Markets and Investors' Protection	Member
Committee on Information Technology	Member
International Affairs Committee	Member
Committee for Members in Industry	Member
Research Committee	Member
Young Members Empowerment Committee	Member
HR Transformation Committee	Member

**2<sup>nd</sup> Metro Conference Resource Persons**



**CPE Lecture Series on Companies Act - 2013 at Chennai**



**Two Days Training Programme on the Salient Features of Companies Act, 2013 for Officials serving in Tamilnadu State PSUs on February 12 & 13, 2015 at Chennai**



**CPE Study Circle Meetings - February 2015**



DRAFT

# ACTION Plan of SIRC of ICAI 2015-16

## TALENT

### CREATIVE



### TEAM WORK



### IDEA



SIRC is pleased to share the Action Plan of SIRC of ICAI for the year 2015-16, prioritizing its vision and mission in the next one year.

### Members

- \* Value Addition in CPEs
- \* Thematic Study Tours
- \* Formation of New Branches

### Nation

- \* Make in India
- \* Clean India
- \* Financial Inclusion

### Students

- \* Result Oriented Coaching
- \* Effective Student Association
- \* Need-based Reading Rooms

### Society

- \* Investor Education
- \* Career Counselling
- \* CSR Campaign

### Institute

- \* Infrastructure Upgradation
- \* Responsive Administration
- \* CABF & CASBF Improvement



### SIRC Chairman visit to Kurnool Branch on February 06, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC along with Past Office Bearers of SIRC and Managing Committee Members of Kurnool Branch of SIRC.

### SIRC Chairman visit to Warangal Branch on February 07, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC along with Past Office Bearers of SIRC and Managing Committee Members of Warangal Branch of SIRC.

### SIRC Chairman visit to Vishakapatnam Branch on February 14, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC being felicitated at Visakapatnam in the presence of CA. D. Prasanna Kumar, Past Chairman, SIRC, RCMs and other Branch Office Bearers.

### SIRC Chairman visit to Mysore Branch on February 15, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC inaugurated the Seminar in the presence of CA. Cotha S. Srinivas, then Secretary, SIRC, Members of SIRC and other Branch Officer Bearers.

### Installation of Officer Bearers at Tirunelveli Branch on February 25, 2015



CA. P.R. Aruloli, Chairman, SIRC along with CA. P.V. Rajarajeswaran, Immediate Past Chairman, SIRC and New Office Bearers of Tirunelveli Branch of SIRC.

### SIRC Chairman visit to Hyderabad Branch on February 06, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC being felicitated at Hyderabad Branch in the presence of Past Office Bearers of SIRC and Members of the Branch.

### SIRC Chairman visit to Vijayawada Branch on February 13, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC along with CA. Cotha S. Srinivas, then Secretary, SIRC, RCMs and other Branch Members.

### SIRC Chairman visit to Bellary Branch on February 15, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC being felicitated on his visit to Bellary Branch of SIRC in the presence of CA. Cotha S. Srinivas, then Secretary, SIRC, RCMs and other Branch Office Bearers.

### SIRC Chairman visit to Karimnagar Branch on February 18, 2015



CA. P.V. Rajarajeswaran, then Chairman, SIRC along with other Office Bearers of SIRC and Managing Committee Members of Karimnagar Branch of SIRC.

### Installation of Officer Bearers at Tuticorin Branch on February 25, 2015



CA. P.R. Aruloli, Chairman, SIRC along with CA. P.V. Rajarajeswaran, Immediate Past Chairman, SIRC and New Office Bearers of Tuticorin Branch of SIRC.





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