



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

At the Helm of ICAI



CA. M. Devaraja Reddy
President



CA. Nilesh Shivji Vikamsey
Vice President

Newly Elected Office Bearers of SIRC of ICAI



CA. Phalguna Kumar E
Chairman



CA. Cotha S Srinivas
Vice Chairman



CA. Jomon K George
Secretary



CA. Jalapathi K
Treasurer



CA. Babu K Thevar
Chairman, SICASA



Regional Council Members and Central Council Members with President – ICAI CA. M. Devaraja Reddy and Vice President – ICAI CA. Nilesh Shivji Vikamsey

Assuming Office by the Newly Elected Office Bearers of SIRC of ICAI



Newly Elected Office Bearers of SIRC of ICAI assumed office in the presence of President ICAI CA. M. Devaraja Reddy and Vice President ICAI CA. Nilesh Shivji Vikamsey



Group photograph of the newly elected Regional Council Members and Central Council Members with President and Vice President - ICAI. Sitting (L-R) CA. Jomon K George, Secretary - SIRC, CA. Babu Abraham Kallivayalil, Chairman - BOS-ICAI, CA. K. Sriprija , CCM, CA. E. Phalgun Kumar, Chairman-SIRC, CA. M. Devaraja Reddy, President-ICAI, CA. Nilesh Shivji Vikamsey, Vice President-ICAI, CA. M.P. Vijay Kumar, CCM, CA. Cotha S Srinivas, Vice Chairman-SIRC, CA. K. Jalapathi, Treasurer-SIRC, CA. Adusumilli Venkateswara Rao, RCM-SIRC. Standing (L-R) CA. China Masthan Thalakyala, RCM-SIRC, CA. Ritesh Mittal, RCM-SIRC, CA. Abhishek M , RCM-SIRC, CA. Gopal Krishna Raju, RCM-SIRC, CA. Babu K Thevar, Chairman-SICASA, CA. Dungan Chand U, RCM-SIRC, CA. Panna Raj S, RCM-SIRC and CA. Hemavathi R, RCM-SIRC



PRESS MEET : CA. M. Devaraja Reddy, President - ICAI and CA. Nilesh Shivji Vikamsey, Vice President - ICAI addressing the Press Meet on 25th February, 2016.



Valedictory session of GMCS – 24th Feb. 2016: Chief Guest Shri Rajip Kumar Hota, Commissioner of Income Tax - Chennai lighting the traditional lamp. Then Chairman and Vice Chairman of SIRC, Present Central Council Members and faculty members along with Chairman - Board of Studies - ICAI CA. Babu Abraham Kallivayalil.

Chairman Writes...

Dear Professional Colleagues,

It gives me immense pleasure to communicate to you as the Chairman of the Southern India Regional Council of ICAI for the year 2016-17. I would like to thank each one of you for reposing confidence in me and giving me one more opportunity to serve the fraternity as its Regional Chairman.

I wish to take this opportunity to congratulate our own CA. M Devaraja Reddy on assuming office as President of ICAI for the year 2016-17. I also congratulate CA. Nilesh Shivji Vikamsey on assuming office of Vice-President of ICAI also would like to congratulate all the Central Council Members and Regional Council Members from South. I am pleased to inform you that the Regional Council has elected following office bearers for the year 2016-17, on 25th February 2016.

1. CA. E Phalguna Kumar - Chairman
2. CA. Cotha S Srinivas - Vice Chairman
3. CA. Jomon K George - Secretary
4. CA. K Jalapathi - Treasurer
5. CA. Babu K Thevar has been nominated as Chairman, SICASA

I congratulate all the office bearers on this occasion and ensure the fraternity of our best services to the stake holders of ICAI.

I wish to share with you that for the first time in the history of ICAI there was Oath taking by President, Vice-President and all the Council Members at New Delhi, for which I was a witness. On the same lines I had requested our President to hold Oath taking for the office bearers of SIRC of ICAI which he immediately approved and also agreed to administer the Oath. Accordingly the Oath was administered on 25th February 2016 to all the office bearers by our President at Chennai. This signifies our commitment to the profession and I assure you we will abide by it and take SIRC to greater heights in coming years. I am conscious of the expectations of the members of the Regional Council and I always believe that "Leadership is never an avenue to be self-serving but a platform to render great service to the people".

Action Plan (2016-2017)

I would like to share that we are preparing for Action Plan for 2016-17 and wish to seek your valuable ideas and suggestions so as to include them in the Action Plan. However we have chalked out basic structure of various programmes planned for the year 2016-17. They are as below,

S No	Name of the Programme	No of programmes planned
1	One Day Seminars	12
2	Workshops	12 - 15
3	Regional Refresher Courses	6-8
4	Sub Regional Conferences	6
5	Metro Conference	1
6	All Women RRC	1
7	ARRC on International Taxation	1
8	CPE Study Circles (Wednesdays)	50
9	Regional Conference	1

I request all the members to suggest any specific programme (s) for the benefit of the members. You can send your suggestions to sircchairman@icai.in.

ICAI Awards

I am happy to inform you all that SIRC of ICAI has been awarded the Highly Commended Regional Council award for the year 2015 by The Institute of Chartered Accountants of India, New Delhi. I thank each one of you

who made the activities of SIRC the vibrant one.

SIRC Awards

The performance of the Branches of SIRC were also evaluated and based on the performance the following awards have been given for the year 2015:



SIRC AWARDS TO BRANCHES OF SIRC AND BRANCHES OF SICASA FOR THE YEAR 2015

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

The awards have been given in five categories. I take this opportunity to congratulate the Managing Committees of these branches and SICASA and wish the all other branches and SICASA for a sterling performance this year.

Union Budget 2016

The Union Budget 2016 was presented in the Parliament by the Hon'ble Union Minister Shri Arun Jaitley on 29th February 2016. We had arranged for live coverage of the same at Brahmayya Hall. The panel discussion of Union Budget 2016 was also arranged on 29th February 2016 and same was webcasted for the benefit of members across the Region and was well received. A public meeting for the benefit of general public at large was arranged on 3rd March 2016. A clause by clause discussion is planned which will be notified to all shortly.

Activities - February 2016

The month of February 2016 was very eventful with the programmes like Workshop on Service Tax, Mentor Development Programme in association with BYST, CII and Panel discussion on Union Budget. We also had an Interactive Session with New President and Vice - President ICAI on 25th February 2016

Forthcoming Activities

The programmes scheduled for March 2016 are Public Meeting on Union Budget, Bank Audit Seminar for Central Statutory Auditors of Banks & Branch Bank Audit Seminar along with weekly CPE study circle meetings whose details have been published in this issue.

Updates

I am pleased to inform you that, after several years of persuasion the New AP State Government has amended the AP State VAT Act to have the same audited by the Chartered Accountants from the financial year 2015-16. In this respect to update our members on the said Act, SIRC is taking efforts to organise workshops through the Branches of SIRC.

With warm Regards

CA. E Phalguna Kumar
Chairman, SIRC of ICAI

Contact: Mr. N. Jagadish Kumar, Assistant Secretary, ICAI - Phone: 044 - 30210320 / 321 - 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 3, 2016 Thursday	Public Meeting on Union Budget 2016	Details at Feb 2016 issue	6.00 pm to 8.00 pm	Karnatak Sangha Hr. Sec. School	-	No Delegate fee		-
2	March 5, 2016 Saturday	CPE Seminar on Central Statutory Audit of Banks	Details at www.sircoficai.org	9.30 am to 5.00 pm	Hotel Hyatt Regency	6	2500		-
3	March 9, 2016 Wednesday	CPE Study Circle Meeting on Proposed Amendments by Company Law Committee in CARO Report	CA. Chinnasamy Ganesan Chennai	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-
4	March 12, 2016 Saturday	CPE Seminar on Bank Branch Audit	Details Inside	9.30 am to 5.00 pm	Hotel Hyatt Regency	6	2000		14
5	March 16, 2016 Wednesday	CPE Study Circle Meeting on Impact of FATCA on NRI	CA. N S Srinivasan Chennai	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	No Delegate fee		-
6	March 23, 2016 Wednesday	CPE Study Circle Meeting on Recent Amendments in Service Tax Laws	CA. Rajendra Kumar P Chennai	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-
7	March 30, 2016 Wednesday	CPE Study Circle Meeting on Assessment and Re-Assessment Procedures	CA. B Ramana Kumar Chennai	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-
8	April 6, 2016 Wednesday	CPE Study Circle Meeting on Recent Decisions on Income Tax	CA. T G Suresh Chennai	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-

***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 - 600034. Phone: 044-30210320; Fax: 044-30210355; Email: sirc@icai.in sufficiently in advance.

Members are requested to avoid SPOT Registration.

Institute of Chartered Accountants of India Central Council Members from Southern Region on ICAI Committees for the year 2016-17

CA. M. Devaraja Reddy	
A. Standing Committees	
Disciplinary Committee [u/s 21 D]	President in Office
Examination Committee	President in Office
Executive Committee	President in Office
Finance Committee	President in Office
B. Non-Standing Committees	
Coordination Committee with Sister Institutes	Leader
Editorial Board	Editor-in-Chief
HR Transformation Committee	Chairman
Infrastructure Development Committee	Chairman
International Affairs Committee	Chairman
Management Committee	Chairman
Strategy and Perspective Planning Committee	Chairman
Accounting Standards Board	Member [Ex-Officio]
Auditing & Assurance Standards Board	Member [Ex-Officio]
Board of Studies	Member [Ex-Officio]
Career Counselling Committee	Member [Ex-Officio]
Committee for Capacity Building of Members in Practice	Member [Ex-Officio]
Committee for Cooperatives and NPO Sectors	Member [Ex-Officio]
Committee for Members in Entrepreneurship and Public Service	Member [Ex-Officio]
Committee for Professional Accountants in Business & Industry	Member [Ex-Officio]
Committee on Accounting Standards for Local Bodies	Member [Ex-Officio]
Committee on Banking, Insurance and Pension	Member [Ex-Officio]
Committee on Economic, Commercial Laws & WTO	Member [Ex-Officio]
Committee on Financial Markets and Investors' Protection	Member [Ex-Officio]
Committee on Information Technology	Member [Ex-Officio]
Committee on International Taxation	Member [Ex-Officio]
Committee on Management Accounting	Member [Ex-Officio]
Committee on Public Finance and Government Accounting	Member [Ex-Officio]
Continuing Professional Education Committee	Member [Ex-Officio]
Corporate Laws and Corporate Governance Committee	Member [Ex-Officio]
Corporate Social Responsibility	Member [Ex-Officio]
Digital Transformation and Process Reengineering Committee	Member [Ex-Officio]
Direct Taxes Committee	Member [Ex-Officio]
Ethical Standards Board	Member [Ex-Officio]
Expert Advisory Committee	Member [Ex-Officio]
Ind AS (IFRS) Implementation Committee	Member [Ex-Officio]
Indirect Taxes Committee	Member [Ex-Officio]
Internal Audit Standards Board	Member [Ex-Officio]
Legal Coordination Committee	Member [Ex-Officio]
National Economic Affairs Committee	Member [Ex-Officio]
Professional Development Committee	Member [Ex-Officio]
Public Relations Committee	Member [Ex-Officio]
Research Committee	Member [Ex-Officio]
Women Member Empowerment Committee	Member [Ex-Officio]
Young Members Empowerment Committee	Member [Ex-Officio]
C. Other Committees	
Board of Discipline [u/s 21A]	Presiding Officer
Disciplinary Committee [u/s 21 B] Bench 1	Presiding Officer
CA. Babu Abraham Kallivayalil	
Board of Studies	Chairman
Committee for Members in Entrepreneurship and Public Service	Chairman
Auditing & Assurance Standards Board	Member
Committee for Capacity Building of Members in Practice	Member
Committee for Professional Accountants in Business & Industry	Member

Committee on Financial Markets and Investors' Protection	Member
Corporate Laws and Corporate Governance Committee	Member
Corporate Social Responsibility	Member
Direct Taxes Committee	Member
Financial Reporting Review Board	Member
HR Transformation Committee	Member
Ind AS (IFRS) Implementation Committee	Member
Infrastructure Development Committee	Member
Internal Audit Standards Board	Member
National Economic Affairs Committee	Member
Public Relations Committee	Member
CA. G Sekar	
Committee for Professional Accountants in Business & Industry	Chairman
Committee on Financial Markets and Investors' Protection	Chairman
Audit Committee	Vice-Chairman
Auditing & Assurance Standards Board	Member
Board of Studies	Member
Career Counselling Committee	Member
Committee for Cooperatives and NPO Sectors	Member
Committee for Members in Entrepreneurship and Public Service	Member
Committee on International Taxation	Member
Committee on Management Accounting	Member
Corporate Social Responsibility	Member
Direct Taxes Committee	Member
Editorial Board	Member
Indirect Taxes Committee	Member
Infrastructure Development Committee	Member
Management Committee	Member
National Economic Affairs Committee	Member
Professional Development Committee	Member
Strategy and Perspective Planning Committee	Member
CA. K Sriprya	
Career Counselling Committee	Vice-Chairman
Corporate Laws and Corporate Governance Committee	Vice-Chairman
Auditing & Assurance Standards Board	Member
Board of Studies	Member
Digital Transformation and Process Reengineering Committee	Member
Direct Taxes Committee	Member
Editorial Board	Member
Examination Committee	Member
Executive Committee	Member
Expert Advisory Committee	Member
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Digital Transformation and Process Reengineering Committee	Member
Ethical Standards Board	Member
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Legal Coordination Committee	Member
Management Committee	Member
Professional Development Committee	Member
Research Committee	Member
Strategy and Perspective Planning Committee	Member
Women Member Empowerment Committee	Member
CA. Madhukar Narayan Hiregange	
Committee for Cooperatives and NPO Sectors	Chairman
Indirect Taxes Committee	Chairman
Legal Coordination Committee	Vice-Chairman
Auditing & Assurance Standards Board	Member
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Corporate Social Responsibility	Member
Digital Transformation and Process Reengineering Committee	Member
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Peer Review Board	Member
Research Committee	Member

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

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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. Girdharan**, hereby declare that the particulars given are true to my knowledge and belief.

Date: 1st March 2016

sd/-

Dr. P.T. Girdharan, Joint Director

SIRC AWARDS TO BRANCHES OF SIRC AND BRANCHES OF SICASA FOR THE YEAR 2015

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

ICAI AWARDS FOR THE YEAR 2015 [SOUTHERN REGION]

Best Regional Council	Highly Commended Regional Council award to Southern India Regional Council [SIRC]		
Best Branches of Regional Councils	Micro Category	Tuticorin Branch of SIRC	Certificate of Appreciation
		Salem Branch of SIRC	Best Branch Shield
	Small Category	Hubli Branch of SIRC (jointly with Goa Branch of WIRC)	Highly Commended Branch Shield
		Large Category	Ernakulam Branch of SIRC
Best Branches of Students' Association	Small Category	Salem Branch of SICASA	Best Branch Shield
		Tuticorin Branch of SICASA	Highly Commended Branch Shield
		Hubli Branch of SICASA	Certificate of Appreciation
	Medium Category	Coimbatore Branch of SICASA	Highly Commended Branch Shield
Large Category	Ernakulam Branch of SICASA (jointly with Baroda Branch of WICASA, Guwahati Branch of EICASA and Vasai Branch of WICASA)	Certificate of Appreciation	

Updates

Direct Taxes

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

1. **Mandatory passing of order under section 154 within time:** The CBDT in Instruction No.1/2016 dated 15.02.2016 has directed that the application for amendment made by the assessee / deductor / collector for rectifying any mistake apparent from record must be met with an order within the stipulated time of 6 months from the end of the month in which the application was received. It directed the field authorities to decide the application and desist from taking a view that if no action is taken within the prescribed time, the application is deemed to have lapsed and does not require any action. In Instruction No.2/ 2016 dated 15.02.2016 it took note of the rectification orders passed under section 154 by the Assessing Officers on AST system without giving copy of the order to the taxpayers. This caused grievance to the taxpayers as they remain unaware of such orders and consequently could not pursue the matter further, either in appeal or rectification. It directed that all rectification applications must be disposed off after passing an order in writing and which has to be served upon the taxpayer and not by merely making rectification on the AST system.
2. **'Initial assessment year' means the year of deduction under section 80-IA claimed by the taxpayer:** The CBDT in Circular No.1/2016 dated 15.02.2016 clarified the meaning of the term "initial assessment year" by stating that it would mean the year in which the claim for deduction under section 80-IA has been opted by the taxpayer. It clarified the year in which the assessee makes a claim of deduction under section 80-IA by satisfying the conditions contained in the section shall be taken as the initial assessment year. It has also directed that the pending litigations on the allowability of deduction under section 80-IA shall not be pursued in respect of cases involving interpretation of the term "initial assessment year".
3. **Issue and adjustment of refunds:** The CBDT in office memorandum dated 29.01.2016 made reference to its earlier memorandum of 14th January 2016 dealing with issue of refunds up to Rs.5000 and refunds in cases where the outstanding arrears are below Rs.5000 without any adjustment of outstanding arrears. It has prescribed the following procedure in respect of other cases not covered in the said memorandum and where notice under section 245 has been issued to the taxpayer:
 - (i) In cases where the taxpayer has contested the demand, the CPC would seek the Assessing Officer to either confirm or make appropriate changes to the demand within 30 days. If no response is received from jurisdictional Assessing Officer, the CPC would issue refund without any adjustment; and
 - (ii) In cases where there is no response from the taxpayer, the CPC would give a reminder seeking the taxpayer to either agree or disagree with the demand within 30 days. In case no response is received, it would adjust the demand along with interest under section 220(2), against the refund due and issue the balance refund, if any, to the taxpayer. ■

Tamil Nadu VAT

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

The electronic services of compliance have been rolled out by the Hon'ble Chief Minister, Tamil Nadu on 29/01/2016. Some of the salient features are:

1. Dealer Registration / Modification to Registration shall be done only through new Portal.
2. All the existing dealers and new dealers coming for any e-services / registration shall sign up in the new system with unique individual mobile number and e-mail id.
3. Dealers who have not provided their valid PAN shall update their valid PAN in the new system.
4. Online filing of Returns and payment for Entry Tax has been introduced.
5. Dealers will receive SMS / e-mail notification and can track the status.
6. No cheque / Cash payment shall be accepted at Assessment Circles for all remittances including Registration Fees.
7. Facility for filing of returns using Digital Signature has been introduced. No need for filing of Hard Copy in the Assessment Circle if Digital Signatures are used for filing of returns.
8. Monthly Returns under VAT Act, CST Act, from the month of March 2016 (February 2016 returns) along with payment shall be made in the new system.
9. January 2016 returns due to be filed in February 2016 along with payment has to be made in the old system (NIC).
10. Online generation of C & F form up to the month of January 2016 returns can be done only in the old system (NIC).
11. From 1st March 2016, e-Transit pass (Form 11.) shall be generated from the new system.
12. Online generation of Form JJ / MM / KK has been introduced form movement of goods in the new portal.
13. Monthly Returns under TN Tax on Entry of Motor Vehicles Act (Dealers and individuals) has been introduced and shall be filed in the new system from the month of March 2016 (February 2016 returns).
14. Generation of TDN by contractees and online TDS payment has been introduced. From 1st March 2016 manual TDS payment shall be made only in the new system. ■

Andhra Pradesh VAT

Contributed by: **CA. Ambati Chinna Gangaiah**
Hyderabad
agcpower@icai.org

Amendment to AP VAT Act by Act 4 of 2016

1. S.2(47) - Zero rated sales (excludes sale to SEZ)
2. S.4(iv) Imposition of purchase tax on goods purchased from unregistered dealer – dispatched otherwise than CST sale or Export
3. S.4A Fixation of tax for diesel and furnace oil to ocean going ships
4. S.13 withdrawing ITC for goods lost
5. 21(1A) Certification

by CA introduced in the case of VAT dealers and by Sales Tax Practitioner in the case of TOT dealer 6. S.31CCT empowered to specify exclusion of time for computation of limitation of filing appeals. 7. S.32 – deferring the revision and exclusion of period from computation period specified for revision. Express power to Commissioner to defer revision; deleted. 8. S.34 Time limit increased for filing revision petition before HC to 120 days from 90 days 9. S.38 (6) Rate of interest on refunds increased to 1.25% from 1% 10. S.45 Verification of way bills at check post – two times tax if goods are detained. 11. S.56A. Penalty at 5% if particulars of tax invoices are uploaded 12. S.63 Penalty for failure to attend summons Furnace Oil included as item no.236 in IV Schedule.2. G.O.Ms. No.128 dt. 24.12.15 of Industries and Commerce (Progr. III) Dept –Britannia Industries – (i) 100% VAT&CST reimbursement for a period of (7) years or up to 150% of the investment (ii) other incentives as per Food Processing Policy 2015-20.

Supreme Court

1. K.T.C. Automobiles (Revenue Appeal) - AC 2446/2007 dt. 29.1.16 – property in the vehicle transferred once the registration with motor vehicle authorities is completed.
2. Tata Steels (Revenue Appeal) – AC 4285/2007 dt. 12.2.16 - It is well established that in a taxing statute there is no room for any intendment but regard must be had to the clear meaning of the words. The entire matter is governed wholly by the language It is a well-known principle of statutory interpretation that if an interpretation leads to absurdity, the same is to be avoided.

Notification issued by Commissioner

1. Notification U/s.22(3B) (Official Gazette dt..30.1.16) specifying deduction of tax payable in the invoices by State and Central Government undertaking from payment of invoice and specification of forms.

Commissioner's Circulars

1. CCT's Ref.No. CCW/CS(1)/ 128 /2015 dt. 08-02-16 - APVAT Act 2005 – instructions on Registrations-VAT/CST/TOT/ APPT/ APET/APLT, DIPP,GOI Action points on ease of Doing Business.
2. CCT's Ref.No.Enft.D2/611/2007 dt. 09-02-16 – Modification of instructions in the case of detention of goods at Check posts to streamline the Procedure as per section 45.
3. CCT's Ref.No. CCW/CS(1)/ 128 /2015 dt. 12-2-16 - comprehensive instructions in respect of online filing and application for statutory forms.

Advance Rulings

1. A.P. Forest Development Corporation A.R.Com/25/2015 dt. 11.2.16 AO No.1/2016 – Authority has no power to give ruling on issues of CST Act.
2. GDR Cylinders (P) Limited - A.R.Com/81/2010 dt.-19/02/16 (AO 2/2016) – claim of ITC on furnace oil not acceptable and waiver of penalty not in scope of authority.

ADC order

Vasavi Plast Industries - APPEAL No.23/2015-16 (ADC order no.200) dt. 18.2.16 – rejection of stock transfer by CTO – appeal filed – remanded to CTO (**appeal against rejection stock transfer [S.6A(2)] lies directly to Tribunal U/s S.18A (1) of CST Act.**)

DC orders

1. Sri Parameswara Oil Mills, Tadipatri - Rc.No. 46/2014/F1 & RR.No. 17/2014/F1 dt. 11.2.2015 –Assessment year 2000-01 – STAT remanded the appeal to CTO – CTO had not levied penalty – Levy of penalty after the prescribed period by revising authority – barred by limitation - Penalty levied by revision order (arguable case exists – Penalty is to be levied within the time frame work).

1. IJM Lingamaneni Town Ship - Rv.No13/2015-16/A8 (D.C. Order No. 63) dt. 19.2.16 – revision for non- deduction of TDS Assessment year 2011-12 to 2013-14 – Contractee might have paid the tax – (necessary amendment required either in the Act or Rules for TDS even after payment of total tax by contractee like IT).

Delhi High Court

HS Power Projects - STAPPL 24/2015 dt. 14.1.16 - [TS-2-HC-2016(DEL)-VAT] consideration of pure labour contracts is not liable VAT – excess turnover offered including Labour portion – HC remanded for verification of AO.

Punjab and Haryana HC

Sanjeev Stone Crushing Company - VATAP No.41/2015 dt. 18.11.15 - [2015-TIOL-2743-HC-P&H-VAT] - input tax credit not to be denied for procedural defects such as name and TIN not being mentioned in tax invoice.

Madhya Pradesh HC

Bharti Infratel WP 2175/15 dt. 20.8.15 (2015)86 VST 258 - maintenance services to telecommunications operators on shared basis- Assessee in possession of passive infrastructure- No transfer to telecommunications operators of right to use passive infrastructure- (following Karnataka HC judgment in of 2012 (285) ELT 3. ■

Telangana VAT

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

GOs Issued

1. G.O.RT. No: 39 dt. 25-01-16 - Exemption from payment of Entertainments Tax in Festival Theatres (19th International Children's Film Festival 2015).

Memo issued

Memo No.10016/CT-II(1)/2014-1 dt. 6.1.96 – accorded permission to the Commissioner of Commercial Taxes, Hyderabad to grant monthly refund to the Old Bottles Suppliers on the differential ITC (Output tax – Input Tax), the refund should be done only after completing Audit and fulfillment of conditions specified in the Memo.

Commissioner Circulars

1. CCT's Ref. No: A(1)/154/2015, dt. 22-01-2016 has notified the process for Luxury Tax Registration. (1) Important Guidelines to Registering Authorities (2) Registration application through online mode (3) Registration application through courier and (4) Dealers can submit registration application to the respective registration authorities.
2. CCT's Ref. No: Enft./D2/172/2010, dt. 03-02-2016 - extended usage of offline ways bills till 31-03-2016 and made it mandatory to use online way bills for all the dealers in the State of Telangana with effect from 01-04-2016.

Advance Rulings

1. M.B. Enterprises - A.R.Com/11/2015 dt.31.12.2015 (AR 2/16) MSTC Limited - A.R.Com/52/2015 dt. 31.12.15 (AR 3/16) – wooden and iron scrap furniture taxable at 14.5%.
2. GSR Engineering Solutions) - A.R.Com/2/2016 dt. 17.2.16 (AR 4/16) - manufacture, supply, and erection/installation of doors and windows at the site of its clients as per the specifications give by its clients - works Contract.
3. Pinnacle Engineering Services – A.R.Com/63/2015 dt. 15.2.16 (AR 5/16) - Diesel Generator Set” and Diesel Generating set – taxable at 5%.

Joint Commissioner's Orders

IL & FS Engineering and Construction - CCT's Ref In L.III(2)/98/2014 dt. 03-02-16 - WP 5628/12 dt.11.10.2013 in case of M/s. Jai Prakash Associates Limited, Hyd Vs S.E.I & CAD, Nalgonda – forfeiture of the tax refund applies – the case law does not apply to private contractor.

High Court

Schwing Stetter India WP 10223/14 dt.6.10.15 (87 VST 300) – appeal filed following the procedure - Garnishee Notice issued to the Bankers where dealer not having banking accounts and a copy of the notice was not served on the dealer. The Court held the Assessing Authority is irresponsible and negligent and also said the dealer is at liberty to seek damages in civil court. ■

Kerala VAT

Contributed by: **CA. C. Seshadri Nadan**
Vadakkencherry
seshadrinadan@icai.org

Proposals in the Budget Speech for 2016-17 relating to VAT, Agrl. Income Tax, Luxury Tax and Court Fee are: -

- LNG including re-gasified LNG will be exempted from VAT for 2016-17.
- Cooked food manufactured by prisoners in Jail, to be exempted with retrospective effect.
- Earthen pots made from earth clay including flowerpots, receptacles, statues and earthen oven to be exempted.
- Concrete frames for doors and windows, even if fitted with mild steel rods and flats, to be exempted with retrospective effect.
- Assistive devices such as white cane, electronic cane and braille printer will be exempted.
- Automated Robotic Car Parking System to be taxed at 5% as against the current rate of 14.5%.
- Cleaning liquids for removal of pesticide residue from vegetables, manufactured by units using the technology developed by Kerala Agricultural University or other recognized institutions will be exempted from tax.
- Cardamom sold in auction centres to be exempted from tax.
- Handloom Co-operative societies situated in Kerala to be granted refund of the tax of 1% paid by the local co-operative societies.
- In respect of Government contractors, compounded tax for works that remained unexecuted fully or partly as on 31/03/2014 to be taxed up to 31/03/2016 at the rate then existing.
- Karunya Pharmacies and Neethi medical stores to be granted refund of tax on certain life saving drugs sold through them.
- Input tax credit to be provided to subsequent dealers for the differential tax remitted by the first seller, on account of tax rate classification disputes.
- Amendments proposed to clarify that SEZ related exemption for building materials will be unqualified.
- A simplified procedure for registered dealers for collection of security deposit/ indemnity bond in lieu of security deposit to

be adopted in all cases of technical discrepancies / mistakes in documentation.

- Non woven polypropylene plastic bags and all types of plastic bags including non woven polypropylene to be taxed at 20%.
- Bottled water, cool drinks, fizz drinks, soda etc sold in plastic bottles to attract a surcharge of 5% in addition to VAT.
- Luxury tax not to be payable, with retrospective effect, by all such establishments which are not for commercial business.
- Agricultural Income Tax Act, 1991, to be amended to reducing the rate of tax for companies to 30% and companies will be exempted from AIT for the financial year 2016-17.
- Additional Court Fee under the Kerala Court Fees and Suit Valuation Act, 1959 will be levied at a rate not exceeding 1% on original suits to augment the legal benefit fund. ■

Karnataka VAT

Contributed by: **CA. C.R. Dhavalagi**
Hubli
cr_dhavalagi@rediffmail.com

1. **NOTIFICATION NO.:EG1.CR-23/2015-16.DATED:20/01/2016.**
Sub section 5 of section 62 of Karnataka Value added Tax Act, 2003, (Karnataka Act 32 of 2004), it is hereby notified with immediate effect that any person objecting to any order or proceedings affecting him passed under provisions of the said Act shall submit an appeal electronically through the website : <http://vat.kar.nic.in> as per the instructions contained in the user manual hosted onto the said website available under "Reports and Help".
2. **NOTIFICATION NO.:FD 01 CLT 2016. DATED:20/01/2016.**
Section 3-E of the Karnataka Tax on Luxuries Act, provides for levy of tax on luxuries as follows:
 - "There shall be levied and collected tax at the rate of 8% on the charges collected for luxuries provided in the hospital in a room such as accommodation, air-conditioning, telephone, telephone calls, television, radio, music, extra beds and the like, where such charges are more than RS.1000/- per day per room."
 - Whereas State government is of the opinion that Luxury Tax on ICUs provided in the hospital shall be exempted from the Luxury tax.
 - Whereas, under Section 12-A, Sub-Section (a) provided for exempt or reduce of Luxury tax payable in respect of a class of hospital, clubs, marriage halls only.
 - Whereas, the intension of the Government is to exempt not a class of Hospital but class of facility provided in a Hospital which is not covered in the above said provision.
 - Whereas, difficulty has arisen to the State Government to give exemption to class of facility provided in a Hospital.
 - Now, therefore, in exercise of the powers conferred under Section 21 of the said act, Government of Karnataka in order to remove difficulties, hereby makes the following provision:
 - In exercise of the powers conferred by section 12A read with Section 21 of the Karnataka Tax on luxuries Act, 1979 (Karnataka Act 22 of 1979), the Government of Karnataka being of the opinion that it is necessary in public interest so to do, hereby exempts with immediate effect the tax payable under the said act, by the proprietor towards luxuries provided in an Intensive Care Unit (ICU) of a Hospital. ■

Banking and Insurance

Contributed by: **CA. P.S. Narasimhan**
Chennai
jandsca@gmail.com

The Regulator is keen to get the banks comply with the Indian Accounting Standards at the earliest. It has the following to state in this regard.

“Banks shall comply with the Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. Ind AS shall be applicable to both standalone financial statements and consolidated financial statements. “Comparatives” shall mean comparative figures for the preceding accounting period.

Banks shall apply Ind AS only as per the above timelines and shall not be permitted to adopt Ind AS earlier.”

The Regulator has gone on to identify critical areas as well. It says:

“The critical issues which need to be factored in the Ind AS implementation plan include the following:

- a. Ind AS Technical Requirements: Diagnostic analysis of differences between the current accounting framework and Ind AS, significant accounting policy decisions impacting financials, drafting accounting policies, preparation of disclosures, documentation, preparation of proforma Ind AS financial statements, timing the changeover to Ind AS, and dry-run of accounting systems and end-to-end reporting process before the actual conversion.
- b. Systems and processes: Evaluate system changes - assessment of processes requiring changes, issues having significant impact on information systems (including IT systems), and develop/strengthen data capture system, where required.
- c. Business Impact: Profit planning and budgeting, taxation, capital planning, and impact on capital adequacy.
- d. People - Evaluation of resources: Adequate and fully dedicated internal staff for implementation, comprehensive training strategy and program.
- e. Project management: Managing the entire process-holistic approach to planning and execution by ensuring that all linkages are established between accounting, systems, people and business, besides effective communication strategies to stakeholders.

Banks shall assess the impact of the Ind AS implementation on their financial position including the adequacy of capital, taking into account the Basel III capital requirements and place quarterly progress reports to their Boards. Banks also need to be in preparedness to submit proforma Ind AS financial statements to the Reserve Bank from the half-year ended September 30, 2016, onwards.”

To facilitate the process RBI has promised to issue necessary instructions/ guidance/ clarifications on relevant aspects as and when required.

From the financial year 2016-17, banks on their part are to disclose in the Annual Report, the strategy for Ind AS implementation, including the progress made until implementation.

As promised by the Governor of RBI in his Bi-monthly Monetary Policy Statement, a Central Fraud Registry (CFR) has been operationalised with effect from January 20, 2016 as a central searchable database. RBI seems to have issued Operational instructions on its use to banks. RBI has also revised the limits in reporting fraud cases.

Standard Life UK awaits cabinet clearance to increase its stake from 26% to 35 % in a private sector Life insurance company here. ■

FEMA

Contributed by: **CA. G. Murali Krishna**
Hyderabad
gmk@sbsandco.com

I. Foreign Direct Investment – Reporting under FDI scheme, Mandatory filing of form ARF, FCGPR and FCTRS on e-Biz platform and discontinuation of physical form from February 8, 2016

RBI vide A.P. (DIR Series) Circular No. 40 dated February 01, 2016 has made it mandatory online filing of the following returns with the Reserve Bank of India viz.

1. Advance Remittance Form (ARF) which is used by the companies to report the FDI inflows to RBI.
2. FCGPR form which a company shall submit to RBI for reporting the issue of eligible instruments to the overseas investor against the above mentioned FDI inflow
3. FCTRS Form which is submitted to RBI for transfer of securities between resident and person outside India

Hence, physical filing of forms ARF, FCGPR and FC-TRS shall be discontinued from February 8, 2016 and forms submitted online through e-Biz portal shall be accepted.

II. Regulatory Relaxations for Start-ups – Clarifications relating to acceptance of payments.

RBI vide A.P. (DIR Series) Circular No. 51 dated February 11, 2016 has invited the attention of AD Category-I banks to Notification No. FEMA. 10 (R) /2015-RB dated January 21, 2016 that:

1. A start-up in India with an overseas subsidiary is permitted to open foreign currency account abroad to pool the foreign exchange earnings out of the exports/sales made by the concerned start-up
2. The overseas subsidiary of the start-up is also permitted to pool its receivables arising from the transactions with the residents in India as well as the transactions with the non-residents abroad into the said foreign currency account opened abroad in the name of the start-up
3. The balances in the said foreign currency account as due to the Indian start-up should be repatriated to India within a period as applicable to realisation of export proceeds (currently nine months)
4. A start-up is also permitted to avail of the facility for realising the receivables of its overseas subsidiary or making the above repatriation through Online Payment Gateway Service Providers (OPGSPs) for value not exceeding USD 10,000 (US Dollar ten thousand) or up to such limit as may be permitted by the Reserve Bank of India from time to time under this facility

However, to facilitate the above arrangement, an appropriate contractual arrangement between the start-up, its overseas subsidiary and the customers concerned should be in place.

III. Regulatory Relaxations for Start-ups – Clarifications relating to Issue of Shares

RBI vide A.P. (DIR Series) Circular No. 52 dated February 11, 2016 has invited the attention of AD Category-I banks that Start-ups can issue shares without cash payment by the investor through sweat equity or against any legitimate payment owed by the company remittance of which does not require any permission under FEMA, 1999.

VI. Following list of Master Directions were updated by RBI for FEMA, 1999 on February 04 and 11, 2016

1. Liberalised Remittance Scheme (LRS)
2. Other Remittance Facilities

3. Acquisition and Transfer of Immovable Property under Foreign Exchange Management Act, 1999
4. Deposits and Accounts
5. Export of Goods and Services

Corporate Laws

Contributed by: **Dr. P.T. Girdharan**
Joint Director, ICAI, Chennai
girdharan@icai.in

Report of The Companies Law Committee - A Snapshot

Hon'ble Finance Minister also the Minister of Corporate Affairs committed in Rajya Sabha in May, 2015 to constitute a Committee to find out 'where shoe pinches' in the Company Law. (Companies Act, 2013). A Committee (**Company Law Committee**) was constituted under the Chairmanship of Secretary, MCA on 4th June, 2015. Over 2000 comments were received in this consultative process. 6 Groups were formed on various Chapters. The CLC submitted its report on 1st February, 2016 to the Government. CLC recommendations would result changes in 78 sections and more than 100 changes in the Act, 2013. It is to be noted that already 283 out of 470 sections of the Act, 2013 are now in force. The recommendations on Chapter-wise of the Act, 2013 are given as a snapshot herein:

Pinches & Stitches

1. **On Definitional Clauses:** Associate company/JV to stand align and assign the meaning as under IND AS. Besides definitions on debentures, holding company, interested director, Key Managerial Personnel, net worth, related party, small company, subsidiary company and turnover have under gone changes.
2. **On Incorporation:** Instead of affidavits relating to fulfilling requirements, self-declaration be given; Companies to have an option to have a more generic object clause.
3. **On Prospectus & Allotment of Securities:** MCA & SEBI to devise minimum disclosure requirements for reducing size of prospectus; Private placement of funds now made easy with simplified disclosures; Synchronisation of sections with relevant rules/regulations especially with sectoral regulators have been taken care of; PAS 4 to be discontinued.
4. **On Share Capital & Debentures:** Shares can be issued at discount in respect of distressed companies; Rights offer letter to be sent by any mode which would be irrefutable & having certain proof of delivery.
5. **On Deposits:** 20% of amount of deposits maturing during a financial year to be kept in scheduled bank; Insurance for deposits with companies now not required; Start-Ups (private companies) can now start to accept deposits without any limit for first 5 years of their incorporation; Companies which are in default to accept deposits after 5 years after making good the default with full disclosures; Exemptions to private companies engaged in infrastructure sector from the upper limit of acceptance of deposits.
6. **On Charges:** Though charges include pledge, banker's which create 'lien' are exempted from filing requirements.
7. **On Management & Administration:** Beneficial interest in shares to be disclosed with Separate Register to be maintained and not complying to be subject to fine and criminal prosecution; AGM at any place in India only for private and wholly owned subsidiaries of unlisted companies; Calling meeting at short notice (with 95% of votes) applicable only for EGM.
8. **On Dividends:** Harmonisation with provisions and rules have been done to ensure that businesses do not misuse the provisions to pay dividend out of the company's capital; Declaration of interim dividend from out of the profits of current FY and at any time up to convening of AGM.
9. **On Accounts:** No requirement of standalone financial statements for step down subsidiaries incorporated overseas; Associates and JV's incorporated outside India can apply to NCLT to have a different financial year; Reopening of accounts to be restricted to 8 years; NFRA to be established as early. Consultations to be carried out with ICAI regarding jurisdiction of NFRA and representation of ICAI on NFRA; Financial statements to be allowed to be circulated at a shorter period with requisite approval of shareholders; For small companies, separate format for Board's Report; For calculation of profits for CSR, it will be average net profit instead of net profit.
10. **On Audit & Auditors:** In the appointment/re-appointment of auditors there is now no need of ratifying at each and every AGM. If an auditor is unwilling to continue any longer during the 5 years being the maximum tenure, it will be treated as resignation and such vacancy filled up be treated as casual vacancy; For fulfilment of requirements of section 139(2), to enable companies/auditors to follow the transition period of 3 years, instead of commencement of the Act, as stated earlier, it would be counted from AGM to AGM; Suitable modification in the definition of term "relative" for determining disqualification of auditor in Section 141(3)(d); Auditor of a holding company to have a right of access to accounts and records of an associate company and joint venture, whose accounts are required to be consolidated; ICAI to provide for reporting obligations for auditors on internal financial controls to be with reference to the financial statement; Regarding audit for management services, ICAI to provide for Guidance Note.
11. **On Directors:** Definition of Nominee director to be included; Test of Materiality for determining pecuniary relationship for becoming independent director; Prohibition of appointment of a director of a company as an alternate director in the same company; Directorship in dormant company to be excluded in the ceiling of directorships; Filing of resignation by a director to be made optional instead of mandatory as of now; Disqualification of director u/s 164(2) to be made applicable only to a person who was a director at the time of non-compliance and in case of continuing compliance, a time period of 6 months allowed.
12. **On Meetings of Board:** Participation through video conferencing not counted for quorum but director is eligible for sitting fees; Related party transactions between a holding company and its wholly owned subsidiaries not requiring approval of board need not require approval of audit committee; Amendment of Schedule IV to enable Nomination Remuneration Committee prescribe methodology for evaluation of individual directors and Board as a whole; Restrictions on layering (layers of one or more subsidiaries) for loans and investments removed; Loan to foreign equity should be at the effective yield and should not be less than the rate provided u/s 186(7).
13. **On Appointment and Remuneration of Managerial Personnel:** Government approval omitted altogether; For calculation of profits for remuneration, brought forwarded losses to be included subsequent to 1960; KMP to hold more than one position in the same company at the same time
14. **On Inspection & Investigation:** Reports to be made available to members/corporate/any other person whose interest is affected
15. **On Compromises & Amalgamation:** Phrase 'transferor company' modified
16. **On Oppression & Mismanagement:** No amendment
17. **On Registered Valuers:** Government to decide the framework & valuer disqualified if he had any interest in such asset at any time during 3 years prior to his appointment and 3 years after his cessation as a valuer.
18. **On Removal of Names:** No amendment

19. **On Companies authorised to be registered:** Allow conversion for partnerships to companies with 2 or more persons provided if is less than 7 members, conversion to be a private company and rules to allow for the same.
20. **On Companies incorporated outside India:** Clarity to be provided so that in foreign companies, Indian citizens/bodies corporate do not hold 51% shareholding.
21. **On Government Companies:** No amendment
22. **On Registration Offices & Fees:** Additional fees to be enhanced substantially
23. **On Information or Statistics:** No amendment
24. **On Nidhi's:** To be regulated centrally in the Ministry or through one more RD's.
25. **On NCLT:** SC observations to be included
26. **On Special Courts:** To be established early, at the subordinate level in addition to sessions judge or additional session judge
27. **On Miscellaneous:** No amendment
28. **On Penalties:** Fines which have been imposed as of now in various sections of the Act, 2013, been halved and rationalised keeping in view of the materiality of the non-compliance.

All said is well done. Though these changes lead to clues as to where the shoe pinches, the concretisation of the entire subject-matter require consequential changes to the Act which leads to next stage of legislative drafting and to finally for the approval of the Parliament facilitating doing business in India with ease. It is the right time for **India to Stand Up to Start Up to Ease up Business to Make in India.**

SEBI

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

SEBI Circular on Mutual Funds

No. SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 to All Mutual Funds / Asset Management Companies (AMCs) / Trustee Companies / Boards of Trustees of Mutual Funds

A. Amendments to SEBI (Mutual Funds) Regulations, 1996

1. Please find enclosed a copy of the gazette notification No. SEBI/LAD- NRO/GN/2015-16/034 dated February 12, 2016 pertaining to Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2016 for your information and implementation. These amendments relate to restrictions on investments in debt instruments issued by a single issuer wherein the limit is reduced to 10% of NAV which may be extended to 12% of NAV with the prior approval of the Board of Trustees and the Board of Asset Management Company

B. Prudential limits in sector exposure and group exposure in debt-oriented mutual fund schemes:

1. In order to provide investors with enhanced diversification benefits and put mutual funds in a better position to handle adverse credit events, it has been decided to revise prudential limits for sectoral exposure and to introduce prudential limits for group level exposure.
2. Sector exposure -
 - a) Presently, the guidelines for sectoral exposure in debt oriented mutual fund schemes put a limit of 30% at the sector level and an additional exposure not exceeding 10% (over and above the limit of 30%) in financial services sector only to Housing Finance Companies (HFCs). It has now been decided to reduce exposure limits to a single sector from

the current 30% to 25% and reduce additional exposure limits provided for HFCs in finance sector from 10% to 5%.

- b) In partial modification to SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, SEBI Circular No. CIR/IMD/DF/24/2012 dated November 19, 2012 and SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, the para on sector exposure shall read as under:

"Mutual Funds/AMCs shall ensure that total exposure of debt schemes of mutual funds in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, TBills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the scheme;

Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 5% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs);

Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/ exposure in HFCs shall not exceed 25% of the net assets of the scheme.

Appropriate disclosures shall be made in Scheme Information Document (SID) and Key Information Memorandum (KIM) of debt schemes."

3. Group exposure -

- a) Mutual Funds/AMCs shall ensure that total exposure of debt schemes of mutual funds in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees.
- b) For this purpose, a group means a group as defined under regulation 2 (mm) of SEBI (Mutual Funds) Regulations, 1996 (Regulations) and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

C. Half yearly report by Trustees

1. Trustees shall review exposure of a mutual fund, across all its schemes, towards individual issuers, group companies and sectors. Trustee should satisfy themselves on the levels of exposure and confirm the same to SEBI in the half-yearly trustee report starting from the half-year ending March 31, 2016.

D. Applicability of the Circular

1. The revised investment restrictions at issuer level, sector level and group level shall be applicable to all new schemes and fresh investments by existing schemes from the date of this circular.
2. Existing mutual fund schemes shall comply with the revised investment restrictions at issuer level, sector level and group level within a period of one year from the date of issue of this circular. Existing close ended schemes shall not be required to sell their investments to comply with the restrictions. However, if existing close ended schemes sell their investments then their fresh investments shall be subject to the restrictions.

This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation 77 of SEBI (Mutual

Funds) Regulation, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

PARAG BASU, Chief General Manager.

Central Excise and Service Tax

Contributed by: **CA. G. Saravana Kumar**
Madurai
casaravanan.82@gmail.com

Clarification on levy of service tax on Joint Development Agreements - Instruction F.No.354/311/2015-TRU Dated 20th January 2016

In a typical joint development agreement model, Land owner transfers land / land development rights to builder. Builder on receipt of the same, agrees to do construction service as a consideration. For example, Mr. X, owns a land of 10000 Sq. Feet of land agrees to transfer 6000 Sq. Feet to Mr. Y, the builder. Mr. Y, on receipt of such land agrees to develop 6 units of houses on the balance 4000 Sq. Feet of land. Here two transactions are identifiable. Sale of land by Mr. X to Mr. Y. Construction service provided by Mr. Y to Mr. X. First transaction is not liable to service tax as it is a transaction merely involves transfer of title to immovable property. However second transaction is subject to service tax since it is squarely covered by the definition of service. However, there was no clarity as to on what value the builder has to discharge service tax.

CBEC, vide Circular No. 151/2/2012-ST dated 10.2.2012, had clarified that value of land / development rights in the land may not be ascertainable ordinarily and therefore, value, in the case of flats given to the land owner, is determinable in terms of section 67(1)(iii) read with rule 3(a) of Service Tax (Determination of Value) Rules, 2006. Accordingly, the value of these flats would be equal to the value of similar flats charged by the builder/developer from the other of service receivers. Service tax is liable to be paid by the builder/developer on the 'construction service' involved in the flats to be given to the land owner, at the time when the possession or right in the property of the said flats are transferred to the land owner by entering into a conveyance deed.

However, Para 6.2.1. of Education guide 2012, states that "Value, in the case of flats given to first category of service receiver will be the value of the land when the same is transferred and the point of taxation will also be determined accordingly"

Many tribunals ruled in favour of Circular No 151/2/2012 (LCS City Makers P Ltd Vs Commissioner of Service Tax 2012 (6) TMI 363 – CESTAT Chennai, M/s. Prince Foundation Ltd Vs Commissioner of Service Tax 2014(2) TMI 386, Cotton city Developers P Ltd Vs CCE&ST 2013 (12) TMI 974-Chennai CESTAT, Vishranti Homes P Ltd Vs Commissioner of Central Excise – Chennai CESTAT 2014 (2) TMI 292).

It was argued that valuation method for flats handed over to land owners by the builders as recommended by Education guide and circular no 151/2/2012 are divergent in nature.

Thus CBE vide instruction F.No.354/311/2015-TRU Dated 20th January 2016, clarifies that for the purpose of valuing above taxable services, service tax authorities should be guided by board circular no 151/2/2012 since education guide is neither a "Department circular" nor a "manual of instructions" issued by CBE.

ANNOUNCEMENT – GMCS BATCHES

The Next GMCS – I and II batches commences on **March 21, 2016 (Monday)** at SIRC, Chennai. For Registration, please logon to http://www.icaionlineregistration.org/Admn_Module/login.aspx (For further details, visit www.sircofcai.org under the caption students). Fees can be remitted by way of DD only in favour of 'SIRC of ICAI' payable at Chennai.

Restoration of Membership & Certificate of Practice

The names of members who have not paid their Membership fee and/or Certificate of Practice fee for the year 2015-16 on or before 30.09.2015 were removed w.e.f. 01.10.2015 in the Register of Members. The notifications in regard to removal of membership and cancellation of Certificate of Practice w.e.f. 01.10.2015 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.icaai.org) complete in all respects, together with restoration fees of Rs. 1200/- is received by the Institute on or before 31.03.2016.

Those members who have paid the Membership Fee but not remitted the Certificate of Practice Fee on or before 30th September 2015 should send Form No. 101 (available on the website www.icaai.org) along with the prescribed Certificate of Practice Fee so as to reach on or before 31.03.2016 for retrospective restoration of their Certificate of Practice.

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

COACHING CLASSES FOR CPT EXAM - JUNE 2016

The next batch of Coaching Classes for Students appearing for **JUNE, 2016 CPT Examination** will commence on **06th APRIL, 2016**. The duration of the coaching classes will be two months.

CLASS TIMINGS

Timings	Morning batch	Evening batch
Monday to Saturdays	6.30 a.m. to 1.00 p.m.	2.00 p.m. to 8.00 p.m.
On Saturdays Sundays and Holidays	7.00 a.m. to 5.00 p.m. (for both the batches) (There is no weekend batches)	

FEES : Rs.4,000/-

Highlights

• Renowned Faculty	• Doubt clearing sessions
• Affordable fees	• Revision classes for all subjects
• Reading Room Facility	• Mock Tests

Hurry ! Limited Seats !!

The application forms for CPT coaching classes are available at SIRC office. Registration can be done through online at www.sircofcai.org/batches/also.

Last Date of Enrolment: 15th March, 2016
The registration will be on 'first come first served basis'

For further information and registration please contact SIRC Office. Phone : 044-30210322
Email-id : sirclasses@icaai.in
www.sircofcai.org/batches/ (for online registration)

LIBRARY – NEW ARRIVALS

S.No	TITLE	Authors/ Publications
TAX AND AUDIT		
1.	Concise Commentary on Income Tax Including Wealth Tax With Tax Planning / Problems and Solutions	CA. Girish Ahuja, CA. Ravi Gupta
2.	Income Computation and Disclosure Standards Under Income - Tax Act, 1961 [Co-related with Form 3CD]	CA. Kamal Garg
3.	Guide to Tax Audit	CA. Subramanian P L
T N VAT		
4.	Hand book on TN-VAT Audit for professionals [Law as on August 01,2015]	CA. Murali J
5.	Hand Book on Tamil Nadu Value Added Tax [Law as on August 01, 2015]	CA. Sampathkumar V V
SERVICE TAX		
6.	Hand Book Service Tax [Law as on August 01, 2015]	CA. Rajendra Kumar P
OTHERS		
7.	Foreign Exchange Management Act With Rules	Taxman Publication Pvt Ltd
8.	SEBI Maunal - 2016 Vol. 1 and 2 [Taxman Publication]	Taxman Publication Pvt Ltd
9.	Foreign Contribution [Regulation] Act With Rules	Taxman Publication Pvt Ltd
10.	Comprehensive Guide to Ind As Implementation	Anand J Banka, Alka V Adatia
11.	Company Law Procures With [Resolutions, Rules and Forms]	Corporate Law Publication.

WORK DISPOSAL POSITION

The position of disposal of various matters relating to Members and Students of Regional Office, Chennai as on 25.02.2016 is as under:

Particulars	Disposal of records received upto 25.02.2016
Members	
Enrolment of Members	10-02-2016
Fellow Admission	22-02-2016
Grant of COP	19-02-2016
Restoration of Name	22-02-2016
Constitution of Firms	22-02-2016
Reconstitution of Firms	22-02-2016
Paid Assistant	22-02-2016
Change of Address – Members	22-02-2016
Change of Address – Firms	22-02-2016
Students	
Registration of Articles	04-02-2016
Re-registration of Articles	12-02-2016
Industrial Training	05-02-2016
Termination of Articles	12-02-2016
Completion of Articles	05-02-2016
Permission to pursue Other Courses	12-02-2016
Despatch of Materials – CPT	05-02-2016
Despatch of Materials – IPCC	18-01-2016
Despatch of Materials – ATC	18-01-2016
Despatch of Materials – Final	15-01-2016
Despatch of Materials – ITT	31-01-2016

DISCLAIMER

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

CPE SEMINAR ON BANK BRANCH AUDIT

CPE Credit

6
HRS

Saturday, March 12, 2016 - 09.30 a.m. to 5.00 p.m.

Hotel Hyatt Regency, Anna Salai, Chennai

Topics	Resource Persons
Bank Audit- Planning & Documentation	CA. R. Sundarajan, Chennai
Advances-Verification	CA. Uday Sathe, Mumbai
Technology As An Audit Tool in Bank	CA. P. Selvamoorthy, Chennai
IRAC Norms & Restructuring of Advances	CA. N. Ramesh, Chennai

DELEGATE FEE: Rs. 2000/-

Delegate fee by way of Cash or by Cheque / DD drawn in favour of 'SIRC of ICAI' payable at Chennai shall be sent to SIRC of ICAI, ICAI Bhawan, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034. Phone: 044-30210320; Fax: 044-30210355; Email: sirc@icai.in For further details please visit www.sircoficai.org.

OBITUARY

S.No.	MRN	Name	Status	Place	Date of Death
1	003418	Mr. Nayagam N G	FCA	Chennai	11-27-2015
2	008263	Mr. Unnikrishnan P	FCA	Thiruvananthapuram	11-07-2015
3	012910	Mr. Veeraraghavan Muthuswamy	FCA	Bengaluru	09-09-2015
4	018924	Mr. Thanusundaram S	FCA	Chennai	10-14-2014
5	026074	Mr. Ramesh N	FCA	Kochi	11-11-2015

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



CA. T. Banusekar, Chennai



Adv. K. Vaitheeswaran, Chennai



Cross Section of the delegates

Resource Persons of CPE Study Circle Meetings – February 2016

February 3, 2016



CS. Babu Sankara Subramanian
Chennai

February 10, 2016



CA. Abraham Zachariah
Chennai

February 10, 2016



CA. Sathya Kumar M
Chennai

February 24, 2016



CA. Rajalakshmi V
Chennai

Resource Persons of Two Day Workshop on SERVICE TAX – February 18 & 19, 2016



CA.V. Prasanna Krishnan
Chennai



CA.V. Alagappan
Trichy



CA. Ganesh Prabhu
Chennai



CA. J. Purushothaman
Chennai



CA. G. Saravana Kumar
Madurai



CA. J. Balasubramanian
Madurai



CA. P. Sankaran
Chennai



CA. V. Ramkumar
Trichy

President Visit to Kakinada Branch - 23rd February 2016



President of ICAI - CA. M. Devaraja Reddy along with then Chairman of Kakinada Branch CA. Boda Anand Kumar honouring his Excellency Shri K. Rosaiah, Governor of Tamil Nadu

President visit to Tirunelveli Branch - 19th February 2016



Then Managing Committee Members of Tirunelveli Branch with CA. M. Devaraja Reddy, President - ICAI, CA. Babu Abraham Kallivayalil, Chairman – Board of Studies - ICAI and CA.P.R. Aruloli, then Chairman-SIRC of ICAI.

President Visit to Tuticorin Branch - 19th February 2016



Then Managing Committee Members of Tuticorin Branch with CA. M. Devaraja Reddy, President - ICAI, CA. Babu Abraham Kallivayalil, Chairman – Board of Studies - ICAI and CA.P.R. Aruloli, then Chairman-SIRC of ICAI.

Presentation of Highly Commended Regional Council Shield and Certificate for the year 2015 to SIRC on 11th February 2016



CA. P. R. Aruloli, then Chairman - SIRC of ICAI receiving the Highly Commended Regional Council Certificate for the year 2015 from CA. Manoj Fadnis, then President-ICAI. Past & Present Regional Council Members and Central Council Members are also seen.