

SIRC

Newsletter

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

2016

Happy New Year!

SOUTHERN INDIA REGIONAL COUNCIL OF ICAI

63rd & 64th AGM OF SIRC OF ICAI



NATIONAL CONFERENCE



S. VAIDYANATH AIYAR MEMORIAL LECTURE - DECEMBER 29, 2015, ICAI BHAWAN, CHENNAI



Clockwise from top: [1] SIRC of ICAI Vice-Chairman CA. V.X. Jose welcoming the delegates; [2] Major V.V. Narayanan, Veteran Commando, Indian Army being presented a Memento by CA. H. Kumar Balasubramanian, Chennai in the presence of CA. V.X. Jose.; and [3] Major V.V. Narayanan delivering the Memorial Lecture on Humanity in Calamity - Role of Indian Army during War and Peace.

NATIONAL CPE CONFERENCE ON INDIRECT TAXES ORGANISED BY SIRC OF ICAI UNDER THE AUSPICES OF ICAI INDIRECT TAXES COMMITTEE - DECEMBER 30 & 31, 2015, ICAI BHAWAN, CHENNAI



L-R: SIRC of ICAI Vice-Chairman CA. V.X. Jose, Resource Person CA. V. Prasanna Krishnan and SIRC of ICAI Treasurer CA. B. Sekkizhar at the inaugural session.

SIRC of ICAI Treasurer CA. B. Sekkizhar addressing the delegates.

MONDAY MARVEL MEETINGS - DECEMBER 2015, ICAI BHAWAN, CHENNAI



CA. B.B. Seshadri, Vellore addressing the members on "Working Capital Management for Industries".

Advocate G. Baskaran, Chennai being presented a memento by CA. Dr. V. Gopalan, Chennai. Advocate G. Baskaran addressed the members on "Practical issues in Income Tax Appeals".

Regional Council writes...

Dear Members,

SIRC wishes all the members, students, staff and their family Happy New Year, Pongal and Makhara Sankaranthi 2016.

SIRC has been organizing varied CPE Programmes all through the year viz. Conferences, Seminars, Sub-Regional Conferences and Regional Residential Seminars all over the Region, Study Circle Meetings, Monday Marvel Meetings, Workshops, Training Programmes, Memorial Lectures and others for the benefit of members towards continuing professional education. SIRC hope that the members would have availed the benefit of learning by attending the above programmes and also complied with the requirements of CPE for the Calendar Year 2015. SIRC would continue to organise and provide wide choice and opportunity to members in the coming years too.

We had two Monday Marvel Meetings during December 2015. **CA. B.B. Seshadri, Vellore** delivered lecture on "Working Capital Management for Industries" on December 14, 2015 and **Adv. G. Baskar, Chennai** delivered lecture on "Practical issues in Income Tax Appeals" on December 21, 2015. National CPE Seminars and Conferences by ICAI Committee jointly with SIRC Committees were organized - on December 26, 2015 by ICAI Committee for Members in Industry, on December 28 & 29, 2015 by ICAI Direct Taxes Committee and on December 30 & 31, 2015 by ICAI Indirect Taxes Committees.

S. Vaidyanath Aiyar Memorial Lecture was held on December 29, 2015. **Major V.V. Narayanan, Veteran Commando, Indian Army** delivered memorial lecture on "Humanity in Calamity - Role of Indian Army during War and Peace".

All the above programmes were well attended and received by members.

63rd and 64th Annual General Meetings of SIRC of ICAI

The 63rd AGM and the 64th AGM of SIRC of ICAI was held on December 15, 2015 at 4.00 p.m. and 5.00 p.m. respectively. SIRC thank all the members who have participated in the proceedings of the Annual General Meetings.

Elections 2015

SIRC thank all the members who had made it possible to cast their votes in the Elections 2015.

Future Programmes

Regular CPE Study Circle Meetings will be held during January 2016. Republic Day will be celebrated on January 26, 2016. One Day National CPE Seminar organised by ICAI Professional

Development Committee and hosted by SIRC will be held on January 29, 2016 and One Day Training for Peer Reviewers will be organized on January 30, 2016. The brief of the programmes are published under SIRC Calendar. SIRC requests all the members to actively participate in all the programmes.

ICAI Tamilnadu Flood Relief Fund

The recent floods in the state of Tamilnadu, particularly in Chennai, have caused extensive devastation. A large number of people have died and thousands have been rendered homeless. SIRC conveys its heart-felt condolences to all those who have lost members of their family and pray for departed souls to rest in peace. ICAI has decided to stand with our distressed fellow countrymen, and actively participate in the national effort to support the affected people in Tamilnadu. SIRC appeals to members and students to donate generously towards this noble cause. An appeal by ICAI in this regard is published in this Newsletter.

The Institute offers assistance by providing Study Materials, free of cost, to its Students who have lost their study materials in these floods on submission of a self declaration. An announcement in this regard is also published in this Newsletter.

SIRC OF ICAI

Restoration of Membership & Certificate 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.

ONE DAY TRAINING PROGRAMME FOR PEER REVIEWERS

P Brahmayya Memorial Hall
ICAI Bhawan, Chennai-600034

Saturday, January 30, 2016
9.30 a.m. to 5.00 p.m.

CPE Credit
6
HRS

Topics	DELEGATE FEE : Online Registration Visit: www.sircoficai.org
❖ Rationale & Significance of Peer Review	Fresh Peer Reviewers – Rs.1000/-
❖ Compliance with Framework of Quality Control General & Specific Controls	Peer Reviewers already attended the Training Programme – Rs. 500/-
❖ Compliance with Technical Standards	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
❖ Compliance with Audit Documentation	
❖ Review Procedures and Reporting by Peer Reviewer	

Contact: Mr. R. Rajendran, 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	January 6, 2016 Wednesday	CPE Study Circle Meeting on Data Visualisation	CA. Dr. Paul Jayakar Chennai	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-
2	January 13, 2016 Wednesday	CPE Study Circle Meeting on Fraud Investigation - An Overview	CA. S.B. Balachandra Prabhu Kochi	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-
3	January 18, 2016 Monday	Condolence Meeting on the demise of CA. K Ananthachari, Past Chairman, SIRC		5.00 pm	P. Brahmayya Memorial Hall	NA	NA		-
4	January 20, 2016 Wednesday	CPE Study Circle Meeting on TDS on Non Resident Payments - Issues	CA. V. Sathyanarayanan Kochi	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-
5	January 26, 2016 Tuesday	Republic Day Celebrations National Flag hoisting		9.00 am	ICAI Bhawan	NA	NA		-
6	January 27, 2016 Wednesday	CPE Study Circle Meeting	Details will be hosted in SIRC Website www.sircoficai.org	6.15 pm to 8.30 pm	P. Brahmayya Memorial Hall	2	180	200	-
7	January 29, 2016 Friday	One Day National CPE Seminar by ICAI Professional Development Committee	Details will be hosted in SIRC Website www.sircoficai.org	9.30 am to 5.00 pm	P. Brahmayya Memorial Hall	6	900	1000	-
8	January 30, 2016 Saturday	One Day Training Programme for Peer Reviewers	Details published in Page 3	9.30 am to 5.00 pm	P. Brahmayya Memorial Hall	6	900	1000	3
9	February 3, 2016 Wednesday	CPE Study Circle Meeting on Prevention of Money Laundering	CS. Babu Sankara Subramanian, 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.

Updates

Direct Taxes

Contributed by: **CA. V.K. Subramani**
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- 1. Rule 37BB substituted to strike a balance between reducing the burden of compliance and collection of information under section 195 of the Act:** The CBDT has amended Rule 37BB to provide relief to taxpayers in respect of foreign remittances. The significant changes are (i) Form No 15CA and 15CB need not be furnished by individuals who make remittance which does not require any RBI approval under Liberalised Remittance Scheme; (ii) a certificate in Form No 15 CB from Chartered Accountant is required only where the payment to non-resident is chargeable to tax and the amount of payment exceeds Rs. 5 lakhs; and (iii) the list of payments which do not require submission of Form Nos. 15CA and 15 CB has been expanded from 28 to 33 which includes payments for imports. It may be noted that the substituted rule however is applicable from 01.04.2016.
- 2. Enhancement in limit for disclosure of PAN:** The CBDT has amended Rule 114B effective from 01.01.2016 to enhance the monetary limit for mention of PAN such as (i) for sale/purchase of immovable property to Rs.10 lakh including property valued by stamp valuation authority exceeding Rs. 10 Lakh; (ii) deposits with co-op banks, Post Office, Nidhi, NBFC companies without any monetary limit and aggregate deposit of more than Rs.5 lakh in a financial year; (iii) cash payment above Rs.50,000 for hotels/restaurants; (iv) payment in connection with foreign travel or purchase of foreign currency exceeding Rs.50,000; (v) opening of demat account and purchase or sale of shares of an unlisted company exceeding Rs.1 lakh per transaction; (vi) purchase or sale of any goods or services exceeding Rs.2 lakh per transaction (which hitherto covered only purchase of jewellery / bullion). Relief is also provided to some disclosure requirements such as (i) deposit with Post Office Savings bank account; and (ii) installation of telephone or cell phone connections.
- 3. Enhancement in monetary limit for preferring appeal :** The CBDT in Circular No 21/2015 dated 10.12.2015 has revised the monetary limit for preferring appeals such as tax effect of Rs. 10 lakh for appeal before Appellate Tribunal; Rs.20 lakh for appeal before High Court ; and Rs.25 lakh for appeal before Supreme Court. The expression 'tax effect' has been explained as the difference between the tax on assessed income and the tax that would have been chargeable had such total income been reduced by the amount of income in respect of such issues against which appeal is intended to be filed. It would not include interest except where chargeability of interest itself is in dispute. Also, the quantum of tax effect referred above must be with reference to each assessment year. ■

Tamil Nadu VAT

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In view of the heavy rains, the due date for filing the TNVAT, TNCST monthly returns to be filed for the month of November 2015 has been made as 24th December 2015 for those dealers who have to file the returns on 14th day of every month and the said due date is 31st December 2015 in respect of other dealers whose normal due date for filing the returns is 20th or 22nd of every month. This extension in due date is applicable in respect of the dealers having

principal place of business or additional place of business situated in the revenue districts of Chennai, Tiruvellore, Kanchipuram, Cuddalore, Tirunelveli or Toothukudi Districts. The due date for filing the monthly entry tax returns for the month of November 2015 is 31 December 2015 in respect of all dealers situated in the above mentioned six revenue districts. - **Amendment is Rule 7 of TNVAT Rules 2007 as per GO Ms O 126 dated 20.12.2015.**

Sale of building materials like Steel, Cement, floor tiles chiller, plants, lifts, stabilizers and UPS to Cancer Institute(WIA), Chennai -600 020 for the construction of Diamond Jubilee Building is TNVAT tax exempted upon a prescribed certificate and this notification shall remain in force up to and inclusive of 31.12.2016. - **GO MS 95 dated 12.12.2014 and GO MS 94 dated 12.11.2015.**

Instructions are issued by the Commissioner to the extent that manual C and F forms can be issued to dealers and this facility is extended up to 31.03.2016 - **Circular 45/2015 dated 10.12.2015.**

The dealers applying for registration may also apply for membership in Tamil Traders Welfare Board and the fees for registering is Rs 500/-. A separate application is also to be submitted for this. - **Circular of the Commissioner 43/2015 dated 6.10.2015.**

Instructions issued to affix official rubberstamp without fail in the copy of the documents received for the dealers or petitioners or in the letter delivery note books as acknowledged. - **Circular of the Commissioner 4/2015 dated 27.01.2015.**

Mobile phone accessories and components viz. cases, Bluetooth devices for mobile, mobile chargers, mobile cradles, mobile car kits, screen Guards, GPS for Mobiles are taxable at 14.5% as per entry 13A(vi) of part C to first Schedule to the TNVAT Act 2006 - **Advance ruling clarification in ACAAR 52/2015-16 dated 27.11.2015.** ■

Andhra Pradesh VAT

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Letter from State Taxation Division, Department of Revenue to State Governments

Office Memorandum in F.29012/14/2014-S0 (ST-II) dated 4th March 15 from State Tax Division Department of Revenue to State Government specifying issue instructions/ guideline to check arbitrary exercise powers by State Government officials in the case of interstate trade and commercial referring Allahabad HC judgment in the case of Sandeep Bulk Carriers in Writ Tax 478/2014 dt. 19.12.14.

Commissioner's Circulars

1. CCT's Ref.No.BII(3)/42/2015 dt.24-11-15 - instructions to audit officers issued.
2. CCT's Ref.No.Enft .E3/476/2015 dt:05-12-2015 - Registration Drive of VAT - Instructions issued.

ADC Orders

Syamalamba Modern Rice Mill - Appeal No. VJA.I/16/2010-11 dt.8.12.15 - C form issued only for sale price excluding other amounts added in Sale Bill and deductions made from sale price; accepted following Madras HC Judgment in the case of S. Rangaswami Nadar 14 STC 668.

High Court

1. Tulasi Surgicals - WP 19191/2015 dt.13.7.15 - ADM IC unique no is specified manually - held against procedure and principles of natural justice.
2. Venkata Rama Oil Industries - Special Appeal No.1/2004 dt.12.3.15 against revision of CCT - RB Acid Oil and RB Fatty Acid could not be considered as distinct and different from Rice Bran oil.

Supreme Court

1. ACIT vs. Victory Aqua Farm - CIVIL APPEAL NO. 4430/2006 dt.4.9.15 – ponds growing prawns – specially designed – constitutes plant – eligible for depreciation as plant – (upholding Kerala HC Judgment in 142 Taxman 392, 271 ITR 530) (usage of material for plant is held to be capital goods – in Rajasthan Spinning 255 ELT 481 SC in AC 3760/2003 dt.9.7.2010) (advance ruling of Maa Mahamaya Industries in CCT's Ref. No.PMT/P&L/A.R.Com/573/2005 dt: 23-1-07 tried differentiate civil construction and construction needed for specific purpose). Input Tax Credit not available for civil construction and available other than civil construction.
2. M.P. Steel Corporation vs Commissioner of Central Excise– Civil Appeal No.4367/2004 dt.23-4-2015 – exclusion of time spent in wrong/other form in respect of computation of period of limitation specified in the act in for filing appeals / other petitions – referring SC judgment in consolidated Engg in AC 24461/2008 dt.3-4-2008 and Parson Tool 1975 AIR SC 1039 (time spent in wrong legal form is to be excluded in computing the period of limitation specified – better to file appropriate petition specifying the reasons for pursuing in wrong form with a prayer to exclude the time spent in computing the period of limitation). ■

Telangana VAT

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GOs Issued

1. G.O. Rt. No.549 dt.3.12.15 - Committee to study the present working of Hyderabad Race Club and to give suggestions for augmentation of Government revenue.
2. G.O. MS. No. 235 dt.10/12/15 - Refund of Tax - Time limit of 90 days prescribed under Section 38 of TVAT Act, 2005 reduced to 60 days.
3. G.O. Ms. No: 233, dt: 10/12/15 - amended Rule 4(4) of the Telangana Tax on Profession, Trades, Callings & Employments Rules, 1987. By virtue of this G.O. the time limit of granting of Enrolment in Form II-A on receipt of proper applications with prescribed document, is one working day and G.O. is effective from 10-12-2015.
4. G.O. Ms. No.237 dt.17.12.15 – amended the Schedule – VI by virtue of this G.O. with effect from 17-01-2015, the rate of tax on Petrol & Diesel is increased to 35.20% & 27% from existing rate 31% & 22.25% respectively.

Commissioner Orders

Platinum Business Hotel - CCT's Ref No.A(1)/152/2015 dt.26.11.15 - revision proposed by DC Abids division to disallow the Input tax credit on LPG – appeals pending before TVAT AT – revision deferred.

Advance Rulings

1. Merino Industries A.R.Com/7/2015 (AR25) dt.11.12.15 – Rate of Tax on Acrylic Solid surface is covered by Entry No. 100 (164) of the Schedule-IV of the TVAT Act, 2005, taxable @ 5%.
2. Incon Engineers AR/23/2015 dt.9.12.15 (AR 26) – with reference - Rate of Tax on Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) from; machinery for agglomerating, shaping or moldings 5% falling under entry No: 102 of Schedule – IV.

DC Orders

1. Sree Engineers Works - R.R.No.J1/02/2015-16 dt: 05-12-2015 – Revision proposed for taxing exports for want of evidence

– revision dropped on submission of documents specified in Notification No. 114(RE-2013)/2009-2014, dt.12-03-2014 of Union Ministry of Commerce and industry specifying the exemption on submission of Bill of lading/Air Way Bill, Commercial Invoice cum packing list and Shipping Bill/Bill of Export.

2. Ambica Chenna Keshava Projects - RR No.32 /2013-2014 dt.01-12-15 – composition of construction of residential house for others considered as falling U/s 4(7)(c) and not u/s 4(7)(d) – revised the assessment to tax at 4% not at 1% (**arguable case exists**).
3. Jaypeem Granites - RR No.25/2014-15 dt.04-12-2015 – arithmetical and clerical mistakes in revision order rectified Under Rule 60.

High Court

1. Sri Vijayalaxmi Associates - WP 1985/15 dt.5.2.15 – 86 VST 129 - Authority for Advance Ruling & Clarification can review its own order only by showing good and sufficient cause and by giving an opportunity of hearing to the affected parties.
2. Deepti Enterprises – WP 25194 of 2009 dt.5.11.2015 – Collector does not have jurisdiction to stop the vehicle except for violation of the Control Order.....the District Supply Officer had no authority to conduct check and they are not the authorized officers either under the VAT Act or under the Central Sales Tax Act.
3. A.B. Mauri India 26129 of 2012 dt.10.12.15 – chilies purchased for export from unregistered dealers (farmers) – sent to the branch for export and actually exported – not attract section 4(4) to levy purchase tax. ■

Kerala VAT

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- ❖ Circular No. 30/2015 AND 31/2015 have been issued by Commissioner directing the Officers to ensure that second appeals before the Tribunal and appeals before the High Court are filed within the prescribed time limits.
- ❖ OT. Rev. No. 49 of 2014: In this case, the Honourable High Court considered the issue whether failure to file audit report mandated under KVAT Act, 2003 can be a reason for invoking section 25 of the Act. The court held that **“The grounds on which an assessment can be made under Section 25(1) of the KVAT Act are enumerated in the section itself. The terms of the section does not enable the Revenue to complete a best judgment assessment on the ground that the assessee has not filed audited statement in Form No. 13 and 13A. This was the reason relied on by the Tribunal and we see no error in the view taken”**. This judgment has been followed in WP(C).No. 26438 of 2015 (D) also.
- ❖ WP(C).No. 560 of 2010(T): In this case, Honourable High Court considered the issue whether an audit report furnished under KVAT Act, 2003 **can be revised**. The Court held that “there is no point in penalizing the petitioner/dealer for the mistake committed by the Chartered Accountant. More so, when the mistake has been rectified by the Chartered Accountant himself, submitting Ext. R 2 Revised Audit Report and further when the explanation offered by the petitioner is plausible. Above all, the contention put forth from the part of the respondent that there is no provision in the statute to consider the 'Revised Audit Report' also does not hold any water; in so far as it was submitted from the part of the Government/Department, on an earlier occasion before this Court, while rendering the judgment in W.P(C) No. 1092 of 2010 that the Government had absolutely no objection in considering and finalising the proceedings, after considering

the 'Revised Audit Report' (produced and marked as Exts. P1 and P3 therein), based on which the Writ Petition was disposed of, giving appropriate directions". ■

Karnataka VAT

Contributed by: **CA. Ambati Chinna Gangaiah**
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Karnataka High Court on VAT / CST

1. Manipal Media Network Limited – STRP 325/14 and 65-66/15 dt.25.11.15 – Sec 6A of CST Act mandates submission of F Form to claim exemption of stock transfer of News Print (considered to be goods).
2. Nandi Constructions – STRP 216/2015 and batch 19.11.15 – claim specified in returns can be modified by filing revised returns and submissions of the appellant not accepted by High Court to modify the claim in assessment / appeal proceedings.
3. Centum Electronics – STRP 56/2014 and batch dt.5-11-15 – The Law is thus clear that once an assessee found entitled to grant to exemption, the procedure for the same is to be construed liberally in favour of, and for the benefit of the assessee.
4. United Breweries – STRP 384/2014 and 01-03/2015 dt1-10-15 – consideration for the right use the brand name with right for commercial exploitation is held to be taxable and franchise fee received for using brand name without any right for commercial exploitation is held not to be taxed.
5. Yakult Danone India Pvt Ltd Vs. Authority for Clarifications and Advance Rulings STA 119/2012 dt.30.9.15 – Authority is to be consisted with three Additional Commissioner unless certain contingencies specified in Sub-rule 26A of Rule 165 exists – No contingency exists on record – ruling given by two members set aside and remitted back.

Circulars / Notifications Issued

1. FD 125 CSL 2014 dt.17.12.15 – exempts tax payable on sale of application forms, prospectus and brochures by Educational institutions funded by State or Central Government with funding not less than 50% of annual income with immediate effect.
2. 17/2015-16 - No.IPI.CR. 21/2015-16 dated 4.12.15 -- Tax paid under this Act on Purchase of inputs by a registered dealer who is a developer of any SEZ or an unit located in any SEZ established under authorisation by the authorities specified by the Central Government in this behalf shall be refunded or deducted from the output tax payable by such dealer subject to such conditions and in the manner as may be prescribed – the provisions apply to co-developer.
3. 14/2015-15 No.CCW/CR-44 dt.19-10-15 extended time of revision option for corrections of ITC Matching Module of purchase and sales statements e-UPass for Tax period May 14 to May 15 from 31.8.15 to 31.12.15. ■

Banking and Insurance

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Under the Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit of the Government of India, banks will have to submit to RBI by 15 December 2015, sector-wise consolidated reimbursement claim for the period April 1, 2015 to November 30, 2015 for the amount of interest equalisation already passed on to eligible exporters.

For the period December 2015 onwards banks should submit their claim within 15 days from the end of the respective month. These

claims should be accompanied by an External Auditor's Certificate of having verified and found the claims to be strictly in accordance with the provisions of the scheme.

Having reduced the SLR to 21.50 per cent of NDTL with effect from February 7, 2015, RBI decided to progressively bring down the SLR by 0.25 per cent every quarter till March 31, 2017 and has decided to reduce concurrently the ceiling on SLR holdings under HTM as well, to be in alignment with the SLR requirement. Banks can exceed the limit of 25 per cent of total investments under HTM category provided:

- a) the excess comprises only of SLR securities, and
- b) the total SLR securities held under the HTM category are not more than
 - ❖ 21.50 per cent from January 9, 2016
 - ❖ 21.25 per cent from April 2, 2016;
 - ❖ 21.00 per cent from July 9, 2016;
 - ❖ 20.75 per cent from October 1, 2016;
 - ❖ 20.50 per cent from January 7, 2017.

Currently, banks may shift investments to/from HTM with the approval of the Board of Directors once a year which is allowed at the beginning of the accounting year. For the revised norms set above, banks in addition, are allowed such shifting of the excess securities, as also direct sale from HTM category, at the beginning of every quarter when the HTM ceiling is brought down. Such transfer to AFS/HFT category as well as sale of securities from HTM category, to the extent required to reduce the SLR securities in HTM category in accordance with the regulatory instructions would be excluded from the 5 per cent cap prescribed for value of sales and transfers of securities to/from HTM category.

RBI has revised the ECB framework based on:

- i. a more liberal approach, fewer restrictions on end uses, higher all-in-cost ceiling, etc. for a longer term so as to make the extended term of repayments more sustainable and to also minimize roll-over risks for the borrower;
- ii. a more liberal regime for INR denominated ECBs where the currency risk is borne by the lender;
- iii. an expanded list of overseas lenders including long-term lenders, such as, Insurance Companies, Pension Funds, Sovereign Wealth Funds; with
- iv. a small negative list of end-use restrictions applicable in case of long-term ECB and INR denominated ECB; and at the same time
- v. aligning the list of infrastructure entities eligible for ECB with the Harmonised List of the Government of India.

The framework for ECB, as a means to attract flow of funds from abroad will be reviewed after one year. The Regulator has also come out with the final set of guidelines for pricing advances using marginal cost of funds methodology. ■

FEMA

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1. No fresh permission/ renewal of permission to LOs of foreign law firms- Supreme Court's directions

RBI vide A.P. (DIR Series) Circular No. 23 dated October 29, 2015 in the direction by the Supreme court to RBI not to grant fresh permission/ renewal of permission to LOs of foreign law firms.

The Hon'ble Supreme Court vide its interim orders dated July 4, 2012 and September 14, 2015, passed in the case of the Bar

Council of India vs. A.K. Balaji & Ors., has directed RBI not to grant any permission to any foreign law firm, on or after the date of the said interim order, for opening of Liaison Office (LO) in India. Hence, no foreign law firm shall be permitted to open any LO in India till further orders/notification in this regard. However, foreign law firms which have been granted permission prior to the date of interim order for opening LOs in India may be allowed to continue provided such permission is still in force. No fresh permission/ renewal of permission shall be granted by RBI/AD banks respectively till the policy is reviewed based on, among others, final disposal of the matter by the Hon'ble Supreme Court.

2. Subscription to National pension system by Non-Resident Indians (NRI's)

RBI vide A.P. (DIR Series) Circular No. 24 dated October 29, 2015, with a view to enabling NRIs' access to old age income security, it has now been decided, in consultation with the Government of India, to enable National Pension System (NPS) as an investment option for NRIs under FEMA, 1999. Accordingly, NRIs may subscribe to the NPS governed and administered by the Pension Fund Regulatory and Development Authority (PFRDA), provided such subscriptions are made through normal banking channels and the person is eligible to invest as per the provisions of the PFRDA Act.

The subscription amounts shall be paid by the NRIs either by inward remittance through normal banking channels or out of funds held in their NRE/FCNR/NRO account. There shall be no restriction on repatriation of the annuity/ accumulated savings.

3. Software Export – Filling of bulk SOFTEX – further liberalisation

RBI vide A.P. (DIR Series) Circular No. 27 dated November 5, 2015 has permitted all software exporters and they can now file single as well as bulk SOFTEX form in excel format to the competent authority for certification. The SOFTEX form is given at Annex I. Since the SOFTEX data from STPI/SEZ is being transmitted in electronic format to RBI, the exporters are required to submit the SOFTEX form in duplicate as per the revised procedure. STPI/SEZ will retain one copy and handover the duplicate copy to the exporters after due certification.

As hitherto, the software exporters can generate SOFTEX form number (single as well as bulk) for use in off-site software exports from the website www.rbi.org.in. In order to generate the SOFTEX number/s, the applicant exporter has to fill-in the online form (Path www.rbi.org.in ⇒ Forms ⇒ FEMA Forms ⇒ Printing EDF/SOFTEX Form No.). The specimen of the online form and the advice are given at Annex II.

The Foreign Exchange Management Act (FEMA), 1999 requires exporters to complete the SOFTEX form using the number so allotted and submit it first to the competent authority for certification and then to the AD for further necessary action, as hitherto. ■

Corporate Laws

Contributed by: **Dr. P.T. Giridharan**
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- Under section 396(1) of the Companies Act, 2013 dealing with Registration Offices (corresponds to section 609 under the Companies Act, 1956) the Ministry of Corporate Affairs by way of its notification dated 3rd November, 2015 has notified, that Regional Directors in the MCA to discharge the functions under the Act, 2013 in their respective jurisdiction as mentioned in this Notification. Accordingly for the Southern Region/South East Region, the respective Regional Director to have the jurisdiction as follows:

Southern Region Directorate, Headquartered at Chennai to have the jurisdiction of the States of Tamil Nadu, Kerala and Union Territory of Puducherry, Union Territory of Andaman and Nicobar Islands and Union Territory of Lakshadweep.

South East Region Directorate, Headquartered at Hyderabad to have the jurisdiction of States of Karnataka and Andhra Pradesh.

- The concerned Regional Directors shall continue to exercise the functions conferred upon them under the Companies Act, 1956 or delegated under that Act in respect of the provisions of that Act.
- According to the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2015, a new Rule 6A provides for Omnibus approval by Audit Committee for related party transactions on annual basis subject to certain conditions. This rule shall come into force on the date of their publication in the Official Gazette.
- According to the Companies (Audit and Auditors) Amendment Rules, 2015, existing Rule 13 (Reporting of frauds by auditor and other matters), the following changes have been introduced:
 - Under section 143(12), the auditor shall report the matter to the Central Government, if the offence of fraud involves or is expected to involve individually an amount of rupees one crore or above.
 - In case of fraud involving lesser than as specified in (a) as above, the auditor shall report the matter to Audit Committee constituted under section 177 or to the Board immediately but not later than two days of his knowledge of the fraud specifying the matter as follows:
 - * Nature of Fraud with description;
 - * Approximate amount involved;
 - * Parties involved.
 - Fraud reported to the Audit Committee or the Board during the year shall be disclosed in the Board's Report as follows:
 - * Nature of Fraud with description;
 - * Approximate Amount involved;
 - * Parties involved, if remedial action not taken; and
 - * Remedial actions taken.
 - The amended rules shall come into force on the date of their publication in the Official Gazette. ■

SEBI

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Format for Financial Results for Listed Entities which have listed their Debt Securities and/or Non-Cumulative Redeemable Preference Shares Circular NO.IMD/DF1/9/2015, dated 27-11-2015

- In order to enable investors to make well-informed investment decisions, timely, adequate and accurate disclosure of financial results on a periodical basis is critical. At the same time, to ensure comparability, uniformity and parity in disclosures made by listed entities across stock exchanges, is essential.
- Towards this end, Regulations 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations, 2015"), has prescribed various disclosures to be filed under various provisions contained therein, in the formats as may be specified by the Board.
- Formats:
 - The half yearly financial results shall be presented in the format prescribed at **Annexure I** for companies other than banks and Non-Banking Financial Companies (NBFCs).
 - The half yearly financial results shall be presented in the format prescribed at **Annexure II** for Banks and NBFCs.

- (c) Manufacturing, trading and service companies, which have followed functional (secondary) classification of expenditure in the annual profit and loss account published in the most recent annual report or which proposed to follow such classification for the current financial year may furnish the half-yearly financial results in the alternative format given in **Annexure III** (i.e. alternative format). However it may be noted that the alternative format can be used only if such format is used consistently from the first half-year of the financial year.
- (d) The limited review report shall be presented in the format prescribed at **Annexure IV** for companies other than banks and NBFCs
- (e) The limited review report shall be presented in the format prescribed at **Annexure V** for Banks and NBFCs.
- (f) Annual audited financial results shall be in the format as is applicable to half yearly financial results.
4. Regulation 52(3)(a) prescribes that the listed entity shall submit audit financial results along with and either Form A (for audit report with unmodified opinion) or Form B (for audit report with modified opinion). The Listed Entity shall submit form A or form B in formats as prescribed under regulation 33(4) of Listing Regulations.
5. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entity and also to disseminate the same on its website. This circular shall come into force on December 01, 2015.
6. This circular is issued under regulation 52 read with regulation 101(2) of Listing Regulations, 2015.
7. This circular is available on SEBI website at www.sebi.gov.in in under the categories "Legal Framework" and "Corp Debt Market". This circular and the Annexures can be viewed directly under the link http://www.sebi.gov.in/cms/sebi_data/attachdocs/1448620165250.pdf. ■
- ❖ Hence, by applying the above principle if one concludes that a service is primarily a job work then treatment of service tax would be as follows
- ❑ If the nature of process undertaken by the job worker amounts to manufacture or production as per section 3 of Central Excise Act, 1944 then service tax is not applicable since the same is covered by Negative list in terms of section 66D(f).
 - ❑ If the nature of process undertaken by the job worker does not amount to manufacture or production as per section 3 of Central excise Act, 1944, then availability of exemption under SI. No 30 of Mega exemption notification no 25/2012-ST dated 20th June, 2012 is to be seen.
- ❖ Clarification given by the circular also holds good to identify whether a particular transaction involves service of man power supply or a mere contract of labour work.
- ❖ Based on the terms of the contract entered, if one concludes that a service is man power supply only then liability under reverse charge mechanism is applicable (SI No 8 of Notification No 30/2012-ST dated 20.06.2012).
- ❖ Thus as per terms of the contract, if the service provider renders service using his own labour then such an activity is not classifiable as "Manpower recruitment or supply agency". **K. Damodarareddy Versus Commissioner of Central Excise, Tirupathi-[2010] 25 STT 69 (BANG. - CESTAT), 2010 (19) S.T.R. 593 (Tri. - Bang.)**. ■

DISCLAIMER

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

Announcement for Campus Placement Programme for Newly Qualified Chartered Accountants February–March 2016

The Committee for Members in Industry (CMII) of The Institute of Chartered Accountants of India (ICAI) is pleased to announce the next Campus Placement Programme for Newly Qualified Chartered Accountants during February-March 2016. This programme would provide an opportunity to the employers to interact with newly qualified Chartered Accountants peruse their particulars and recruit the suitable one in their organizations. An organisation and firms of Chartered Accountants may participate at one or more centres and recruit Chartered Accountants.

The organisations intending to recruit Newly Qualified Chartered Accountants through the scheme are requested to get in touch with Committee for Members in Industry Secretariat, Tel. No. (011) 30110548/526/491/555 E-mail- campus@icai.in, placements@icai.in : Fax- +91(11) 30110583 or log on to www.placement.icai.org/ or www.icai.org/.

Central Excise and Service Tax

Contributed by: **CA. G. Saravana Kumar**
Madurai
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Service tax on job work transactions in relation to fabrication of garments - Circular No.190/9/2015-Service Tax dated 15th December, 2015 F.No.354/153/2014-TRU

- ❖ The circular differentiates service of job work from service of man power supply.
- ❖ The essential characteristics of manpower supply service are that the supplier provides manpower which is at the disposal and temporarily under effective control of the service recipient during the period of contract. Service provider's accountability is only to the extent and quality of manpower. Deployment of manpower normally rests with the service recipient. The value of service has a direct correlation to manpower deployed, i.e., manpower deployed multiplied by the rate. In other words, manpower supplier will charge for supply of manpower even if manpower remains idle.
- ❖ On the other hand, the essential characteristics of job work service are that service provider is assigned a job e.g. fabrication/ stitching, labeling etc. of garments in case of apparel. Service provider is accountable for the job he undertakes. It is for the service provider to decide how he deploys and uses his manpower. Service recipient is concerned only as regard the job work. In other words service receiver is not concerned about the manpower. The value of service is function of quantum of job work undertaken, i.e. number of pieces fabricated etc. It is immaterial as to whether the job worker undertakes job work in his premises or in the premises of service receiver.

CLASSIFIED ADVERTISEMENTS

1. Wanted Chartered Accountants for our direct tax litigation team for a Chennai based Firm. Good communication skills are additional requirements. Interested professionals can send in their bio data to taxation@crbs.in.
2. KS Aiyar & Co, requires following CAs for Chennai Office:-Partners–Audit, Tax; Mgr–Audit. Practicing professionals wishing to merge may send profile to CEO by email to advertforca@gmail.com. More about us at www.ksaiyar.com. Candidates must have highest quality/ ethics & entrepreneurial outlook.

CPT COACHING CLASSES AT SIRC CHENNAI

FOR JUNE 2016 EXAMINATION

The next batch of Coaching Classes for Students appearing for June 2016 CPT Examination will commence on **January 20, 2016**. The duration of the coaching classes will be two months.

Highlights

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

Class Timings (There is no weekend batch)

Days	Morning Batch	Evening Batch
Monday to Saturdays	06.30 a.m. to 12.30 p.m.	02.30 p.m. to 08.30 p.m.
Holidays & Sundays	07.00 a.m. to 05.00 p.m. (for both the batches)	

FEES: Rs.4,000/-

Hurry ! Limited Seats !!

Last Date for Enrolment: January 18, 2016

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

The application forms are available at SIRC Office.
Registration can also be done through online at:
www.sircoficai.org/batches/

For further information please contact SIRC Office.
Phone: 044-30210322 - Email-id: sircclasses@icai.in
Website: www.sircoficai.org (for online registration)

ANNOUNCEMENT – GMCS BATCHES

The Next GMCS -I and GMCS - II batches commences on **January 18, 2016** (Monday) at SIRC, Chennai. For Registration, please logon to http://www.icaionlineregistrtrtion.org/Admin_Module/login.aspx (For further details, visit www.sircoficai.org under the caption students). Fees can be remitted by way of DD only in favour of "SIRC of ICAI" payable at Chennai.

Appeal - ICAI Tamilnadu Flood Relief Fund

The recent floods in the state of Tamilnadu have caused extensive devastation. A large number of people have died and thousands have been rendered homeless.

At this moment, the affected people in Tamilnadu need help to tide over this natural calamity that has fallen upon them, to survive and to rebuild their lives. In this scenario, ICAI has decided to stand with our distressed fellow countrymen, and actively participate in the national effort to support them at this difficult time.

To provide the relief for the people affected by the devastation, ICAI has opened a bank account exclusively for the purpose of collecting donations from members and students.

ICAI appeals to all members, students and others to donate generously through DD/Cheque towards this noble cause. The DD/Cheque payable at New Delhi may be in favour of **ICAI Tamilnadu Flood Relief Fund**

The collected amount will be given to **CHIEF MINISTER'S PUBLIC RELIEF FUND** at Chennai. The donors are requested to give their name, membership number / student registration number, address, amount and date of contribution, so that receipts could be obtained from **CHIEF MINISTER'S PUBLIC RELIEF FUND** for onward transmission to the donors. The letter/email can be sent to:

The Joint Secretary (MC & MSS), The Institute of Chartered Accountants of India, ICAI Bhawan , A-29, Sector-62, Noida - 201 309

RESPECTFUL HOMAGE TO



SHRI. K. ANANTHACHARI

(PAST CHAIRMAN OF SIRC - 27.04.1975 TO 29.09.1975)

Born: 2nd May 1936 Died: 18th December 2015
May his soul rest in peace

CONDOLENCE MEETING

will be held on Monday,

January 18, 2016 at 5.00 p.m.

at P. Brahmaya Memorial Hall, SIRC Premises, Chennai
to

condole the sad demise of

Shri. K. Ananthachari

Past Chairman of SIRC (27.04.1975 To 29.09.1975)

Issue of free books to the flood affected victims in Tamil Nadu

The Council of the Institute of Chartered Accountants of India (ICAI) expresses its profound grief to the families of the people affected by the recent floods in Tamil Nadu.

The Institute offers assistance by providing Study Materials, free of cost, to its Students who have lost their study materials in these floods on submission of a self declaration.

Such Students may contact to the Chennai DCO at
044-30210311/312 or srobos@icai.in

Additional Secretary, BOS

OBITUARY

S.No.	MRN	Name	Status	Place	Date of Death
1	012163	Mr. Narasimhan N C	FCA	Bengaluru	05-12-2014
2	012442	Mr. Rama Rao J K	FCA	Bengaluru	22-06-2015
3	018964	Mr. Krishnamurthy S	FCA	Chennai	02-10-2015
4	001879	Mr. Ramasubramanian K	FCA	Chennai	12-11-2015
5	219798	Mr. L. Seshadrinathan	FCA	Chennai	27-12-2015

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

Resource Persons at the CPE National Conferences, CPE National Seminar and CPE Study Circle Meetings – December 2015

Dec. 16, 2015



CA. R. Balakrishnan
Dindigul

Dec. 23, 2015



CA. S. Seetharaman
Chennai

Dec. 26, 2015



CA. Chinnsamy Ganesan
Chennai

Dec. 26, 2015



CA. K Ulaganathan Shankar
Chennai

Dec. 26, 2015



CA. M S Mani
Mumbai

Dec. 26, 2015



CA. Arjun Prathap
Chennai

Dec. 28, 2015



CA. Ambati Chinna Gangiah
Hyderabad

Dec. 28, 2015



CA. B Ramakrishnan
Chennai

Dec. 29, 2015



CA. K Raamanathan
Chennai

Dec. 29, 2015



CA. S Sathyanarayanan
Chennai

Dec.30, 2015



CA. V Prasanna Krishnan
Chennai

Dec.30, 2015



CA. V Ram Kumar
Tiruchirapalli

Dec.9 & 31, 2015



CA. P Sankaran
Chennai

Dec.31, 2015



CA. Ganesh Prabhu
Chennai

Congratulations



CA. Jose Pottokaran, FCA, Past Chairman of SIRC of ICAI has been appointed as Director and Chairman of Audit Committee of Cochin International Aviation Services Ltd., Kochi.

SIRC congratulates him on his appointment and wish him all success in his endeavour.

Mr. N. Venkatesan WE WISH YOU A HAPPY RETIRED LIFE



Shri N. Venkatesan, Senior Daftri, ICAI retired on superannuation after 40 years and 11 months of estimable service on 30th November 2015. He joined the Institute in 1975 as Class IV and rose to the present position by his earnest and hard work. He had served in Library, Sales, SIRC and Dispatch and assisted in arrangements for DCO Meetings, Election and Examination related works. He had served in Dispatch Section for more number of years and was incharge of Inward and Outward of letters.

May the Almighty give him health, wealth, prosperity, peaceful and long retired life.

SIRC New Year Celebrations 2016 DECEMBER 31, 2015, ICAI BHAWAN CHENNAI



Members of SIRC cutting the cake at the New Year Celebrations.



Shri K. Balakrishnan, Data Entry Operator, ICAI presenting a Memento to Shri N. Venkatesan, who retired from the services of the Institute on superannuation on Nov. 30, 2015 in the presence of SRO Head Shri G. Viswanathan, Assistant Secretary, ICAI & Shri F. Antony Rosary Rex, Assistant Secretary, ICAI.

CROSS SECTION OF MEMBERS AT THE CPE NATIONAL CONFERENCES, NATIONAL SEMINARS, MONDAY MARVEL AND STUDY CIRCLE MEETINGS IN THE MONTH OF DECEMBER 2015

