



# Bangalore Branch of SIRC Newsletter

English Monthly

Volume 01 | Issue 07 | February, 2013 | Pages : 20

₹ 5/- per copy  
For Private Circulation only



## Analysis of Union Budget-2013

1<sup>st</sup> March 2013



### Major Programmes in February

- One Day Seminar on Domestic Transfer Pricing
- Refresher Course for Accountants (III Batch)
- One Day Seminar on Case Studies on International Taxation

### Branch Election 2013

Single Transferable System of Voting

Last Date of Receipt of Nominations  
**25.02.2013**

Date of Election  
**16.03.2013**

Refer Page No: 17 & 18

Central Council Member

Regional Council Members



Raghu K.



Nithin M.



Srinivas C. S.



Suresh P. R.



पुण्यस्य फलमिच्छन्ति पुण्यम नेच्छन्ति मानवाः ।  
पापस्य फलम न इच्छन्ति पापम कुर्वन्ति यत्नतः ॥



पुण्यद कार्याङ्गणम् माडदुदरु  
पुण्यद फलवन्ने मनव इङ्गुसुत्ताने;  
पापवन्नु पडेयुलु इङ्गुसदुदरु  
पाप कार्याङ्गणम् माडुत्तिरुत्ताने.

Man desires to enjoy the fruits of virtuous deeds even though he does not perform any; he does not want sins even though he consciously indulges in sinful acts.



Source: Mahabharata



## Congratulations

Leaders from the Branch for the term 2013-16

# Chairman's Communique . . .



**Dear Professional Colleagues,  
Hearty greetings to all of you.**

By virtue of 97th Constitutional Amendment the State shall, by law, make provisions with respect to the maintenance of accounts by the Cooperative societies and the auditing such accounts at least once in each financial year. Article 243ZM(2)

states that the Legislature of the State shall lay down the minimum qualifications and experience of auditors and auditing firms that shall be eligible for conducting accounts of the Cooperative Societies. By virtue of article 243ZM (3) every cooperative society shall cause to be audited by an auditor or auditing firm referred to in clause (2) appointed by the general body of the Cooperative Society, provided that such auditors or auditing firms shall be appointed from a panel approved by a State Government or an authority authorized by the State Government in this behalf.

*Contd. on next page ►*

## 3rd Batch of IDT Course Inauguration



Inauguration



Chief Guest  
Mr. Raghuraman Muthukrishnan



CA. Madhukar  
N Hiregange



Course Coordinator  
CA. A. Saiprasad



Course Coordinator  
CA. Nayaz Pasha

## 3rd Batch of IDT Course Inauguration



Cross section of participants



## 16th Batch of FNFE Valedictory



Chief Guest  
CA. Venkatakrishnan N



Cross section of participants

## 100th Batch of IPCCOP A & B Sections



Facilitator



100th Batch of IPCC Orientation Programme  
Participants Section - A



100th Batch of IPCC Orientation Programme  
Participants Section - B

## 111th Batch of GMCS Inauguration



Inauguration



Chief Guest  
CA. Venkatakrishnan N



Cross section of participants

## 112th Batch of GMCS Inauguration



Inauguration



Chief Guest CA. S. Kumar



Cross section of participants

## Chairman's Communique . . .

◀ Contd. from previous page

In this regard we had a meeting with Director of Co-operative Audits during last week of January and the Department is looking forward for empanelment of CAs and CA firms during April 2012. Yes it is a new professional opportunity for members in practice, however to enable skills required for such audits, Bangalore Branch will conduct seminars, workshops in the coming months to acquire necessary knowledge to do such audits. I request members to come forward and serve the cooperative sector.

### Branch Elections 2013

Bangalore Branch election for the term 2013-16 is scheduled on 16.03.2013 (Saturday). Election of Branch committee members has to be on Single Transferrable System of Voting. As per the Council guidelines the member eligible to contest, propose or second and vote in the elections if his name is appearing in the register of members of Bangalore Branch of SIRC of ICAI on or before 16.09.2012. The complete details relating to Election-2013 is provided inside this Newsletter.

### Information Technology Training (ITT) and Orientation Programme for CA students

Bangalore Branch is conducting parallel batches of ITT and Orientation Programme for CA Students at different locations/Colleges. I request members to refer their students for these programs so that the students can be eligible to appear for May 2013 & November 2013 exams.

### GMCS-I

All the students registered on or after 01.05.2012 shall complete GMCS-I programme during the first year of Article-ship. Bangalore Branch is planning to start GMCS-I during February 2013, I request the members to refer their students for GMCS-I so that the last minute rush can be avoided.

### Scholarship for Deserving CA Students

Bangalore Branch of SIRC of ICAI is providing scholarship for 50 deserving students. We request members to refer/inform to their articulated students about this benefit and recommend the need based meritorious students for this benefit. Students are requested to contact Mrs Anuradha at the institute for further details. The application and eligibility criteria are hosted in Bangalore Branch website, and the last date to receive the applications is 20.02.2013.

### E-learning/virtual coaching for CPT/IPCC/CA Final Courses

In support to ICAI's flagship initiative of e-learning/virtual classes for CA students, Bangalore Branch is recording classes for CPT/IPCC/CA Final Courses. We requested interested faculties to contact Bangalore Branch before 15.01.2013, however we have not got response for this initiative. I request interested members to contact Bangalore Branch so that we can support the Students at large.

### January 2013 Activities

During January 2013, Bangalore branch has conducted the following programs for its members, students and general public at large:

- Certification Course on Indirect Taxes – First time in the country this program is being live telecasted for the benefit of members. Interested members can log on to our website and watch the programme live.
- Workshop on “An insight of the Companies Bill-2012”
- Workshop on “Service Tax”
- Seminar & Interactive Session on “CONSULTATIVE PAPER ON REVIEW OF CORPORATE GOVERNANCE NORMS IN INDIA” – Discussion on concept paper by eminent speakers from the Industry & Practice and suggestion sent to SEBI.
- Republic Day celebrations
- Basics of Information Technology
- CPE Tele conference • Study Circle Meetings
- Impact Seminars • Coaching classes

### February 2013 Activities

- Certification Course on Indirect Taxes
- Seminar on Transfer Pricing in respect of specified Domestic Transactions
- Case studies on International Taxation – Group Discussion and Analysis
- CPE Tele conference
- Study Circle Meetings • Impact Seminars
- Training Programme for Department of Posts
- Refresher Course for Accountants (RCA) III

### Refresher Course for Accountants (RCA)

After successfully completing the second batch of RCA during December 2012, Bangalore Branch is commencing the third batch in February 2013. We request members of the profession to refer their clients' accountants and encourage the Branch's initiative. The glimpse of RCA is as follows;

This Refresher Course for Accountants (RCA) course is an initiative of the ICAI as a Corporate Social Responsibility and Bangalore Branch of SIRC of ICAI has designed this course in a most befitting manner to empower the participants in the area of Accounts, Banking, Taxation & Corporate & Allied Laws. This course will equip them with the skills necessary for improved performance as well as to motivate them to reach new heights in the field of Finance & Accounting.

### Web-casting & ICAI Tube

All the programs at Bangalore Branch are live webcasted, archived and available on demand. All the recorded programs of Bangalore branch are hosted in the Bangalore branch website, to watch them please visit [www.bangaloreicai.org/resources/icai-tube](http://www.bangaloreicai.org/resources/icai-tube).

We request the members once again, to attend the programmes of the branch and derive maximum benefit.

With warm regards,



CA. Nithin Mahadevappa  
Chairman



## CALENDAR OF EVENTS - February & March 2013

| Date/Day                                    | Topic /Speaker  | Venue/Time  | CPE Credit   |
|---|---|---|--------------|
| 06.02.13<br>Wednesday                       | Information Security aspects in Internal Controls Auditing<br><b>Mr. Jayachandran B.</b>  | Branch Premises<br>06.00pm to 08.00pm   | <b>2 hrs</b> |
| 08.02.13<br>Friday                          | CPE Teleconference Programme “Drafting of documents including agreement for sale, property development agreement, MOUs, Power of Attorney and Will etc.”<br><b>CA. Tarun Ghia, Mumbai</b>   | Branch Premises<br>11.00am to 01.00pm   | <b>2 hrs</b> |
| 08.02.13<br>Friday                          | <b>One Day Seminar on Domestic Transfer Pricing</b><br><i>Delegate Fee: Rs.500/- Refer Page No: 12</i>  | Branch Premises<br>09.30am to 05.30pm   | <b>6 hrs</b> |
| 11.02.13<br>Monday to<br>15.02.13<br>Friday | <b>Refresher Course for Accountants (III Batch)</b><br><i>Fee: Rs.5,000/- Refer Page No:14</i>  | Branch Premises<br>10.00am to 05.30pm   | —            |
| 13.02.13<br>Wednesday                       | Issues on Taxation of Charitable Trusts or Institutions - NGOs, NPOs<br><b>CA. Dr. N. Suresh</b>  | Branch Premises<br>05.30pm to 08.30pm   | <b>3 hrs</b> |
| 15.02.13<br>Friday                          | CPE Teleconference Programme on “Accounting Standards”<br><b>CA. Sanjay Jain, Hyderabad</b>   | Branch Premises<br>02.30pm to 04.30pm   | <b>2 hrs</b> |
| 16.02.13<br>Saturday                        | <b>One day Seminar on Case Studies on International Taxation</b><br><i>Delegate Fee: Rs.1,500/- Refer Page No: 13</i>   | Hotel Taj Vivanta,<br>M.G.Road, Bangalore<br>09.30am to 05.30pm   | <b>6 hrs</b> |
| 20.02.13<br>Wednesday                       | Concepts of Insurance and Reinsurance, a tool towards risk mitigation<br><b>CA. Vinit Kishore</b>   | Branch Premises<br>06.00pm to 08.00pm   | <b>2 hrs</b> |
| 27.02.13<br>Wednesday                       | CPE Teleconference Programme “Legal and Procedural Issues in LLP”<br><b>CA. Vinay K. Ramani</b>   | Branch Premises<br>11.00am to 01.00pm   | <b>2 hrs</b> |
| 27.02.13<br>Wednesday                       | “The Law behind all the Tax Laws”- The provisions of constitutions of India with respect to all types of Tax Laws<br><b>CA. Mohan Kumar B. N.</b>   | Branch Premises<br>06.00pm to 08.00pm   | <b>2 hrs</b> |
| 01.03.13<br>Friday                          | <b>Analysis of Union Budget-2013</b><br><i>Moderators:</i><br><b>CA. T.V. Mohandas Pai &amp; CA. H. Padamchand Khincha</b><br><b>Open to General Public</b><br><i>Delegate Fee: Nil For further details please visit Branch website</i> | Jnana Jyothi Convention<br>Centre, Central College<br>Campus, Near Mysore<br>Bank Circle, B'lore -10<br>4.00pm to 08.00pm | <b>3 hrs</b> |
| 06.03.13<br>Wednesday                       | Reverse Charge Mechanism and Abetments under the Service Tax Law<br><b>CA. Madhur Harlalka</b>  | Branch Premises<br>06.00pm to 08.00pm   | <b>2 hrs</b> |
| 09.03.13<br>Saturday                        | <b>Clause by Clause Discussion</b><br><i>For further details please visit Branch website</i>  | Jnana Jyothi Convention<br>08.30am to 07.30pm   | <b>6 hrs</b> |
| 16.03.13<br>Saturday                        | <b>Branch Election</b>  | Branch Premises<br>08.00am to 06.30pm   | —            |

**Note : High Tea at 5.30 pm for programmes at 6.00 pm at Branch Premises.**

### Advertisement Tariff for the Branch Newsletter

| Colour full page        | Inside Black & White   |
|-------------------------|------------------------|
| Outside back ₹ 30,000/- | Full page ₹ 15,000/-   |
| Inside back ₹ 24,000/-  | Half page ₹ 8,000/-    |
|                         | Quarter page ₹ 4,000/- |

**Advt. material should reach us before 22nd of previous month.**

|                       |   |
|-----------------------|---|
| Editor                | : CA. Nithin Mahadevappa  |
| Sub Editors           | : CA. Ravindranath. S.N<br>CA. Prasad. S.R<br>CA. Shivakumar. H |
| Cover Page Subhashita |   |
| Translation by        | : CA. Allama Prabhu M.S.  |

**DISCLAIMER:** The Bangalore Branch of ICAI is not in anyway responsible for the result of any action taken on the basis of the advertisement published in the newsletter. The members, however, bear in mind the provision of the code of ethics while responding to the advertisements. The views and opinions expressed or implied in the Branch Newsletter are those of the authors and do not necessarily reflect that of Bangalore Branch of ICAI.

## TAX UPDATES DECEMBER 2012

CA. Chythanya K.K., B.Com, FCA, LL.B., Advocate

### VAT, CST, ENTRY TAX, PROFESSIONAL TAX

#### PARTS DIGESTED:

- a) 55 VST – Part 1
- b) 56 VST – Part 2 to 5
- c) 17 KCTJ – Part 9

#### Reference / Description

[2012] 56 VST 193 (Kar. – HC): *State of Karnataka v. R.K. Powergen Pvt. Ltd.* - In the instant case the Karnataka High Court held that entries in one enactment cannot be construed with reference to entries in another enactment.

While holding so, it distinguished the decision of the Supreme Court in the case of CST v. Rewa Coal Fields [2002] 125 STC 212 (SC) on the basis that the judgment of the Supreme Court was rendered in the context of sales tax enactment of Madhya Pradesh whereas the instant case was a levy of tax under the provisions of the Karnataka Tax on Entry of Goods Act, 1979 and as to whether the product of the dealer, is one within the scope of entry 52 of Schedule I to the Act.

Therefore, the Court held that examination could only be if the product being in the nature of a consumable or in the nature of a raw material, fell within the scope of 52 or otherwise. Hence, the Court held that the judgment of the Supreme Court could not be considered an authority for deciding whether the products were taxable under entry 52 of Schedule I of the KTEG Act.

Eventually, the High Court ruled that twist drills, cutters, reamers, taps, chippers knives, drill bits are in the

nature of parts and accessories of plant and machinery and hence exigible to entry tax.

### INCOME TAX

#### PARTS DIGESTED:

- a) 349 ITR – Part 3 to 7
- b) 211 Taxman – Part 2 to 4 & 6
- c) 20 ITR (Trib) – Part 3 to 7
- d) 139 ITD – Part 5 to 7
- e) 40 CAPJ – Part 5 & 6
- f) 44-B BCAJ – Part 3
- g) 61 TCA – Part 6
- h) 7 International Taxation–Part 6

#### Reference / Description

[2012] 349 ITR 292 (AAR): *Alstom Transport SA, In re* - In the instant case the Authority for Advance Ruling ruled that the consortium is taxable as association of persons by observing that the consortium of four members had come together for bidding for the work tendered, after jointly preparing for the bid and were prepared to execute the project if their tender were to be accepted and thereafter carried out the work at the joint responsibility of four members in pursuance of an intention to promote their business.

Having thus held that an AOP exists which is a resident AOP, the AAR made the entire income of the consortium chargeable to tax in India. It is interesting to note that if the AOP is a resident, the principal need not deduct tax on supply portion.

[2012] 349 ITR 352 (SC): *CIT v. Bongaigaon Refinery and Petrochemical Ltd.* - In the instant case the question that arose for consideration before the Supreme Court is whether the assessee was

statutorily obliged to maintain its accounts unit-wise for claiming deduction under Sections 80HH and 80-I.

The Supreme Court held that there is no provision prescribing, accounts to be maintained unit-wise, but in interest of justice, in the instant case, Court directed the Assessee to work out unit-wise profits and gains of deduction on the basis of the consolidated accounts maintained by the Assessee.

[2012] 349 ITR 418 (All. – HC): *Shyam Enterprises v. CIT* - In the instant case the Allahabad High Court held that the amendment in Section 43(3) with effect from 01.04.2004 is only clarification in nature and it excludes livestock or buildings or furniture and fittings from plant. What was excluded in the context was building or furniture and fittings and not building of a special nature, which does not have existence independent from the plant.

Therefore, the Court held that the Assessee was entitled to depreciation on the cooling chambers of the cold storage unit treating it as plant at the rate of 25%.

*With due respect, the Hon HC missed the intent of amendment. The amendment intended to exclude the building from the meaning of plant which by functional test would have qualified as plant.*

[2012] 349 ITR 442 (Ker. – HC): *CIT v. Abraham (P.D.)* - In the instant case the Kerala High Court held that the unaccounted expenditure in a proper business cannot be treated as an expenditure prohibited by law to attract Explanation to Section 37(1) of the Act.

[2012] 349 ITR 566 (Bom. – HC): *Vijaya Silk House (Bangalore) Ltd. v. Union of India and others* - In the



instant case the Bombay High Court following the decision of the Gujarat High Court in the case of Avani Exports v. CIT [2012] 348 ITR 391 (Guj.), held that amendment to get over decision of Tribunal amounts to discrimination between cases which have become final and pending cases which further amounts to violation of Article 14 of the Constitution of India. Therefore the Court held that such amendment should be prospective in nature and not retrospective in nature.

**[2012] 349 ITR 582 (Kar. – HC): CIT and another v. Infosys Technologies Ltd. (No. 1)** - In the instant case the Karnataka High Court held that the amount spent by Assessee for acquisition of membership of clubs and for obtaining ISO-9001 certificate was revenue expenditure.

**[2012] 349 ITR 588 (Kar. – HC): CIT and another v. Infosys Technologies Ltd. (No. 2)** - In the instant case the Karnataka High Court held that the contribution made to traffic police would not qualify for deduction under Section 37 of the Act for the reason that it is the duty of the police to regulate the traffic and the amount spent towards regulation of traffic can at the most be considered as donation.

*With due respect, the aforesaid decision discourages the companies to fulfil their CSR [corporate social responsibility] particularly when the amended Companies Act mandates the CSR spend.*

**[2012] 349 ITR 606 (Kar. – HC) : CIT and another v. Infosys Technologies Ltd. (No. 4)** - In the instant case the Karnataka High Court held that the fluctuation in the valuation of currency which has to be converted to foreign currency has direct nexus to the export of software and therefore, can never be included as income from other sources.

**[2012] 349 ITR 685 (Bom. – HC): CIT v. Shankar Krishnan** - In the instant case the Bombay High Court held that the requisite value of the residential accommodation provided by the employer has to be computed on actual amount of lease rental paid or payable by the employer and not on notional basis. The notional interest on the lease deposit cannot be taken while determining the requisite value.

**[2012] 211 Taxman 133 (Delhi – HC); [2012] 27 taxmann.com 152 (Delhi - HC): CIT v. EDS Electronic Data Systems (India) (P.) Ltd.** - In the instant case the Delhi High Court held that the assessee's "program management services", which is a method of providing software to achieve a particular end cannot be excluded from the term "computer software" by virtue of CBDT's Circular dated 26.09.2000 which extends or explains the services as including back-office operations; call centres; content development or animation; data processing; engineering and design; geographic information; legal databases; medical transcription; pay roll; remote maintenance; revenue accounting; support centres; web-site services etc.

Further it held that CBDT itself had interpreted the terms "computer software" occurring in Explanation 2 to Section 10A of the Act in an expansive manner rather than a narrow manner. "Computer software" even otherwise, generally has to be given a wider interpretation since it implies a system or software which would be capable of catering to different services capable of customization having regard to peculiar needs of a given situation.

*This decision is an eye opener to the department which keeps disturbing the exemption claim of the assessee*

*on the frivolous premise that their activities do not constitute computer software development. The department's lack of desire to follow its own circular is highly undesirable.*

**[2012] 211 Taxman 311 (All. – HC); [2012] 28 taxmann.com 18 (All. - HC): CIT v. Shri Advait Ashram Society** - In the instant case the Allahabad High Court held that non-filing of returns by Assessee-trust for last several years cannot be a ground for declining to grant registration under Section 12AA, as Commissioner is only enjoined to see as to whether trust is genuine and whether object for which it has been formed is for charitable purpose or not.

**[2012] 211 Taxman 152 (Delhi – HC)(Mag.); [2012] 27 taxmann.com 322 (Delhi - HC): CIT v. Regency Creation Ltd.** - In the instant case the Delhi High Court has held that approval granted to a 100% EOU setup under STPI cannot be deemed to be an approval under Section 10B. Further, the Court held that though consideration which apply for granting approval under Sections 10A and 10B may to an extent overlap, yet deliberate segregation of these two benefits by statute reflects Parliamentary intention, that to qualify for benefit under either, specific procedure enacted for that purpose has to be followed.

*As this decision is likely to have serious impact on several EOUS operating in the country, it is time for CBDT to step in and advise the department functionaries to accept the EOU claim without insisting on the approval as held above.*

**[2012] 211 Taxman 155 (Delhi – HC)(Mag.); [2012] 28 taxmann.com 16 (Delhi - HC): CIT v. Arts Beauty Exports** - In the instant case the Delhi High Court held that in order to claim

exemption under Section 10B, custom-bonding of EOU is not a prerequisite. According to Notification No. 53/97-customs dated 31.06.1997, it is required only where imports are contemplated for purposes of manufacture, production, packaging etc and for purposes of export of goods or services out of India.

**[2012] 211 Taxman (BN – XI) Part 6; [2012] 28 taxmann.com 186 (AP – HC): Gujarat Tea Processors & Packers Ltd. v. Dy. CIT** - In the instant case the Andhra Pradesh High Court held that there is no TDS obligation on trade discount given by a manufacturer and seller, to retailer under sales promotion scheme.

**[2012] 211 Taxman (BN – XIV) Part 6; [2012] 28 taxmann.com 242 (All. – HC): CIT v. Jeevan Deep Charitable Trust** - In the instant case the Allahabad High Court held that withdrawal of Section 10(23C)(vi) registration does not mean withdrawal of Section 12 registration as well.

**[2012] 211 Taxman 554 (Mad. – HC); [2012] 23 taxmann.com 286 (Mad. - HC): CIT v. PVP Ventures Ltd.** - In the instant case Assessee allotted shares to its employees under Employee Staff Option Plan and Employee Staff Purchase Scheme Guidelines 1999 and debited in profit and loss account difference in value at which shares were allotted and market value of shares under head of staff welfare expenditure.

The Madras High Court held that since assessee had to follow SEBI direction and by following such direction it claimed ascertained amount as liability for deduction, such expenditure was to be treated as revenue expenditure.

*It may be noted that a special bench of ITAT has been constituted in Bangalore to consider the issue of admissibility of ESOP as an expenditure.*

**[2012] 211 Taxman 576 (Delhi – HC); [2012] 27 taxmann.com 50 (Delhi - HC): Sharp Business System v. CIT**- In the instant case the Delhi High Court held that non-compete fee paid by assessee to its erstwhile partner as consideration for not setting up any business of selling, marketing and trade of electronic office products for a period of seven years amounted to capital expenditure and thus, same was not allowable under Section 37(1) of the IT Act.

Further, in respect of depreciation, it held that since in case of non-competition agreement, advantage is a restricted one in point of time and it does not confer any exclusive right to carry on primary business activity, amount paid as non-compete fee does not qualify for depreciation under Section 32(1)(ii) of the IT Act.

**[2012] 20 ITR (Trib) 623 (Rajkot): Saffire Garments v. ITO** - In the instant case the Rajkot Tribunal held that the filing of return before time allowed under Section 139(1) is a mandatory condition for granting deduction in respect of unit in SEZ.

**[2012] 139 ITD 612 (Bang.); 28 taxmann.com 82 (Bang. – Trib.): Akzo Nobel Coatings India (P.) Ltd. v. Dy. CIT** - In the instant case the Bangalore Tribunal held that where an assessee purchases an asset by taking a loan from a related concern and claims depreciation thereupon and where subsequently such loan was waived and assessee treats such waiver as capital receipt not chargeable to tax and continues to claim depreciation on such asset, revenue cannot do anything to deny claim of depreciation as law has a lacuna in that regard.

Further it held that provisions of Section 43(6)(c)(i)(B) could not have been invoked on the ground of waiver of loan since there was no sale or

discarding or demolishing of destruction of any assets comprising in block of assets during previous year.

**[2012] 139 ITD 628 (Delhi): 24 taxmann.com 189 (Delhi – Trib.); Dy. CIT v. Cosmo Films Ltd.** - In the instant case, Assessee purchased new assets during preceding previous year which were put to use for less than 180 days. Apart from normal depreciation, Assessee was also eligible to claim addition depreciation at rate of 15% for said new assets. Since assets were put to use for less than 180 days, in preceding assessment year assessee claimed only 50% of 15%. Balance additional depreciation was claimed by assessee in the impugned assessment year. Assessing Officer, however, denied said claim.

The Delhi Tribunal observed that second proviso to Section 32(1)(ii) restricts the allowances only to 50% where the assets have been acquired and put to use for a period of less than 180 days in the year of acquisition. It further observed that Section 32(2) provides for a carry forward/set off of unabsorbed depreciation.

In view of the above observation, the Tribunal held that the restriction provided under Section 32(1)(ii) is only on the basis of period of use. There is no restriction that balance of one time incentive in the form of additional sum of depreciation shall not available in the subsequent year. Therefore, the Tribunal directed to extend the benefit in the subsequent year.

**Circular 1 of 2013 dated 17.01.2013: Central Board of Direct Taxes has issued following clarification in respect to export of Computer Software – Section 10A read with Sections 10AA & 10B -**

(a) Whether “on-Site” development of Computer Software Qualifies as an extort activity for tax



benefits under sections 10A, 10AA and 10B of the Act?

*Clarification: “On-Site” development of Computer Software Qualifies as an extort activity for tax benefits under sections 10A, 10AA and 10B, because these would amount to ‘deemed export’.*

- (b) Whether receipts from deputation or Technical Manpower for such “On-Site” Software development abroad at the Client’s place are eligible for deduction under sections 10A, 10AA and 10B of the Act?

*Clarification: Profits earned as a result of deployment of Technical Manpower at the client’s place abroad specifically for software development work pursuant to a contract between the client and the eligible unit should not be denied benefits under sections 10A, 10AA and 10B provided such deputation of manpower is for the development of such software and all the prescribed conditions are fulfilled.*

- (c) Whether it is necessary to have separate master service agreement (MSA) for each work contract and to what extent it is relevant?

*Clarification: The tax benefits under sections 10A, 10AA and 10B would not be denied merely on the ground that a separate and specific MSA does not exist for each SOW. The SOW would normally prevail over the MSA in determining the eligibility for tax benefits unless the Assessing Officer is able to establish that there has been splitting up or reconstruction of an existing business or non-fulfilment of any other prescribed condition.*

- (d) Whether Research and development (R & D) Activities Pertaining to Software Development would be Covered under the Definition of “Computer Software” Stipulated Under Explanation 2 to Sections 10A and 10B of the Act?

*Clarification: Services covered by the Notification No. 890(E), dated 26-9-2000 issued by the CBDT, in particular, the ‘Engineering and Design’ do have the in-built elements of Research and Development. Therefore any Research and Development activity embedded in the ‘Engineering and Design’, would also be covered under the said Notification for the purpose of Explanation 2 to Sections 10A and 10B of the Act.*

- (e) Whether tax benefits under Sections 10A, 10AA and 10B would continue to remain available in case of a slump-Sale of a Unit/Undertaking?

*Clarification: Slump sale would not result into any splitting or reconstruction of existing business. These are factual issues requiring verification of facts. However, on the sole ground of change in ownership of an undertaking, the claim of exemption cannot be denied to an otherwise eligible undertaking and the tax holiday can be availed of for the unexpired period at the rates as applicable for the remaining years, subject to fulfilment of prescribed conditions.*

- (f) Whether it is necessary to maintain separate books of account for an assessee in respect of its eligible units claiming tax

benefits under sections 10A and 10B?

*Clarification: Since there is no requirement in law to maintain separate books of account, it is not necessary to maintain separate books of account for an assessee in respect of its eligible units claiming tax benefits under sections 10A and 10B.*

- (g) Whether tax benefits under section 10AA can be enjoyed by an eligible SEZ unit consequent to its transfer to another SEZ?

*Clarification: Tax holiday benefit should not be denied merely on the ground of physical relocation of an eligible SEZ unit from one SEZ to another if done in accordance with Instruction No. 59 (F.No-C-4/2/2010-SEZ) issued by Department of Commerce (SEZ Division) and if all the prescribed conditions are satisfied under the Income-tax Act, 1961. Hence, unit so relocated will be eligible to avail of the tax benefit for the unexpired period at the rates applicable to such years.*

- (h) Whether new Units/undertakings set up in the same location where there is an existing eligible unit/undertaking would amount to expansion of the existing unit/undertaking?

*Clarification: Setting up of such a fresh unit in itself would not make the unit ineligible for tax benefits, as long as the unit is setup after obtaining necessary approvals from the competent authorities; and has not been formed by splitting or reconstruction of an existing business; and fulfils all other conditions prescribed in the relevant provisions of law. ■*



# RECENT JUDICIAL PRONOUNCEMENTS IN INDIRECT TAXES

CA. N.R. Badrinath, Grad C.W.A., F.C.A.  
CA. Madhur Harlalka, B.Com., F.C.A

## SERVICE TAX

- **Promotion, marketing and distribution of medical equipments of foreign manufacturer in India not export of services:** The assessee in the present case was engaged in promotion, marketing and distribution of medical equipment for foreign company in India. The assessee contended that such services were delivered and used outside India, as the ultimate beneficiary is the foreign company which is situated outside India. Therefore, it amounts to export of services and service tax is not payable on the same. The Tribunal referred to the General Agreement on Trade in Services and held that for a transaction will amount to export only when user and use of services is located outside India. The Tribunal relied on the decision of *Microsoft Corporation (India) Pvt Ltd* [2009 (15) S.T.R. 680] wherein it was held that merely because the service recipient is located outside India, it cannot be said that services has been used outside India. In the assessee's case the service of promotion and marketing of promotion of marketing goods manufactured by the supplier has taken place in India and the said service is for the purpose of promoting the business of the foreign manufacturer in

India. Therefore, it cannot be said that the service has been delivered outside India and used in business outside India; therefore, the activity does not come within the scope of export of services and service is payable on such services. [ *Life Care Medical Sysytems Vs. Commissioner of Service Tax, Mumbai-II 2013(29) S.T.R. 129 (Tri.- Mumbai)* ]

- **Maintenance and Repair Service:** The assessee is undertaking the activity of retreading of tyres and applied for a stay petition. The revenue contended that the material cost should be included for determining the assessable value for the purpose of Service Tax. The assessee contended that it was treating 60% towards cost of raw materials and paying service tax on the remaining consideration of 40%. The assessee was paying VAT in respect of the material. They relied upon the decision in the case of *Chakita Ranjini Udyamvs CEX, Cus& ST, Mysore reported in 2009 (16) STR 172* whereby the Tribunal held that where the material cost is separately mentioned in the invoice, the same is not to be added to the assessable value for the purpose of service tax. The stay petition was allowed and pre-deposit waived. [ *Sai Tyres Craft vs. CCEX., Pune - II 2013-TIOL-72-CESTAT-MUM* ]

- **Value of electricity supplied not to be included as a part of renting of immovable properties for determining value of taxable service.** The assessee is engaged in renting of immovable properties and maintenance and repair of the building. Apart from these, the assessee is also under an obligation to supply electricity to the tenants. The revenue alleged that electricity charges should be included as a part of the 'Renting of immovable property service'. The assessee contended that electricity is not 'goods' and cannot form part of taxable service. The assessee relied on Notification 12/ 2003 clarifies that supply of goods shall not form of taxable service. Based on these contentions, the Tribunal waived the pre-deposit of service tax and granted stay of demand. [ *M/s Vansum Industries Vs. CCEX. Pune - III, 2013-TIOL-92-CESTAT-MUM* ]
- **Sharing of common staff does not amount to supply of manpower services:** The issue before the Tribunal is whether the common staff of the appellant providing services as employees to appellant and also its sister concern can be termed as "supply of manpower services" by the appellant to its sister concern. The Revenue's contention is that the sister concern is paying its share of cost for utilizing the services of such staff amounts to consideration for supply of manpower services. The Tribunal held that the appellant is the manufacturer of excisable goods and not engaged in the business of providing supply of manpower services. The service is by the



personnel to the two companies in question and not one company providing services to the other company. Hence, there is no supply of manpower by the appellant to its sister concern under Section 65(105)(k) of Finance Act, 1994. [*M/s Paramount Communication Ltd Vs CCE, Jaipur, 2013-TIOL-37-CESTAT-DEL*]

- **Powers of Comptroller and Auditor General (CAG) of India to verify the records of the assessee under Finance Act, 1994:** The issue before Honourable High Court was whether the CAG has power, authority and jurisdiction to audit the accounts of the assessee, who is not an undertaking of the Central Government or any State Government. Revenue has relied decision in the case of Berger Paints India Limited and Others, wherein it is held that Rule 173G(6)(c) of the Central Excise Rules, 1944 provides for audit by an audit team deputed by the CAG. However, the Honourable High Court held that Section 94(2) of Finance Act, 1944 does not empower the Central Government to frame rules for audit of the accounts of an assessee by any audit team under the Comptroller and Auditor General of India. Statutory rules can be framed in exercise of power conferred by statute and cannot introduce something not contemplated in the statute. Single Bench of Honourable High Court has referred the matter to Division Bench in view of conflicting decision rendered in the case of Berger paints India Ltd., which is in paramateria with Rule 5A of the

Service Tax Rules, 1994. [*SKP Securities Ltd Infinity Infotech Parks Ltd Vs Deputy Director (RA-IDT) & Others, 2013-TIOL-38-HC-KOL-ST*]

#### **CENVAT CREDIT:**

- **Technical testing and analysis, commission services etc are Input services:** The issue before Honourable High Court is whether the various services like technical testing and analysis services, commission paid to foreign agents, courier services, clearing and forwarding services, technical inspection & certification and certain other miscellaneous services are input services as defined under Rule 2(1) of the CENVAT Credit Rules, 2004. Honourable High Court held that two tests should be applied for determining any service to qualify as input service (i) the services should have been utilized by the manufacturer directly or indirectly in or in relation to the manufacture of final product or (ii) should be used in relation to activities relating to business. If any one of the above tests is satisfied, then such a service falls within the definition of “input service” and service tax paid on such services qualify as CENVAT credit. Accordingly, Honourable High Court held that technical testing and analysis services, **courier services and C&F agents, repair and maintenance of copier machine, air conditioner, water cooler, management consultancy, interior decorator, commercial or industrial construction services, technical inspection and certification services satisfies the above criteria, therefore, the same is**

**qualify as input services. However, insofar as it relates to the commission agent services is not being analogous to the activities mentioned in the definition, would not fall within the ambit of the expression “activities relating to business”. Consequently, CENVAT credit would not be admissible in respect of the commission paid to foreign agents. [*CCE, Ahmedabad-II Vs M/s Cadila Healthcare Ltd, 2013-TIOL-12-HC-AHM-ST*]**

- Proportionate CENVAT credit is not allowed to several units based on one original invoice: The issues before the Tribunal is whether proportionate CENVAT credit is allowed to several units based on one original invoice. Tribunal held that CENVAT credit can be taken on the basis of invoice / bill or challan under Rule 9(1) of the CENVAT Credit Rules, 2004. If the CENVAT credit is allowed on the basis photocopies without any check and credit can be taken more than once on the basis of same invoices. Further, during the period of dispute, the facility of distribution service tax credit by the head office by issuing invoices as input service distributor was available. There is no explanation as to why that facility has not been availed. In view of the above, CENVAT credit cannot be availed. [*DSM Sugar Vs. CCE, Meerut-II, 2013 (287) E.L.T. 236 (Tri.-Del)*]

#### **CENTRAL EXCISE:**

- **Brand name - SSI Notification:** The issue before the Honourable Supreme Court was whether the manufacture and sale of specified goods that do not physically bear a brand name but sold from

branded outlets would be entitled to SSI exemption. The assessee is a manufacturer and retailer of the cookies under brand name of some other entity. The assessee was also engaged in selling these cookies loosely, on which no brand name was affixed or inscribed. The assessee was claiming SSI exemption on loosely sold cookies from the counter, which does not have brand name. Honourable Supreme Court held that **it is not necessary for goods to be stamped with a trade or brand name for goods to be considered as branded goods under the SSI notification.** Once it is established that a specified good is a branded good, whether it is sold without any trade name on it, or by another manufacturer, it does not cease to be a branded goods. [CCE, Chennai-II Vs M/s Australian Foods India (P) Limited, 2013-TIOL-03-SC-CX]

- **Free service after sale is not liable to service tax:** The issue before the Tribunal is whether or not free after sale service provided by the dealer to the customer would be includable in the transaction value as additional consideration to the manufacturer from the dealer. The Tribunal relied on the decision of Honourable High Court in case M/s Tata Motors Ltd vs. Union of India (2012-TIOL-721-HC-MUM-CX) and also the Board Circulars No. 355/71/97-CX dated 19.11.1997 and No. 435/1/99-CX dated 12.01.1999 and held that free after sale services charges are not includable in the transaction value and these charges can be included in the transaction value only when they are charged by the

assessee to the buyer. [CCE, Chandigarh Vs Punjab Tractors Limited, 2013-TIOL-28-CESTAT-DEL]

#### **CUSTOMS:**

- **No Export duty on supply of goods by DTA to SEZ:** The issue before the Honourable Madras High Court was whether export duty is payable on supply of goods to Special Economic Zone (SEZ) by Domestic Tariff Area (DTA) unit. Honourable High Court held that Customs duty under Section 12 of the Customs Act, 1962 is applicable only to goods which are taken out of India to place of outside India. Definition of export and export goods in section 2(18) and 2(19) respectively covers only such goods, and is not applicable to goods supplied to SEZ from DTA. Though Section 76F authorized levy duties of Customs on such goods, section 30 of the SEZ Act, 2005 has omitted specifically. Section 7 and 26 of the SEZ Act, 2005 read together makes it clear that legislature has no intention to levy any tax, duty or cess on goods admitted or received within SEZ. Notification No. 66/2008-Cus states that levy of duties of Customs, being export duty would be applicable only in respect of goods which are exported outside India. [Advait Steel Rolling Mills Private Limited Vs. Union of India, 2012 (286) E.L.T. 535 (Mad.)]

#### **VAT:**

- **Provision of access to passive infrastructure facility to mobile telecom operators for housing and operation of their active infrastructure does not amount to transfer of right to use goods.**

The assessee owned telecommunication sites, infrastructure and equipment in various licensed circles in India and provided passive infrastructure and related operations and maintenance services to telecommunication operators on a shared basis. For providing these services, the assessee entered into agreement with various telecom operators. The assessee paid service tax on such services. The revenue considered the "passive infrastructure fee" as a deemed sale within the meaning of Section 2(29)(d) of the Karnataka Value Added Tax Act, 2003 and therefore liable to value added tax. On appeal to the High Court, a single member bench held that there was transfer of right to use goods and thus there was a liability to value added tax. On further appeal by the revenue and the assessee, the honorable High Court perused the terms of the agreement and held that the assessee has not transferred any right in the passive infrastructure to the mobile operators. The right that is conferred to the mobile operator is a permission to have access to the passive infrastructure. Providing access does not amount to right to use goods. No sale of goods or transfer is involved in the transaction and there is no deemed sale so as to attract levy of tax under the KVAT Act, 2003. The decision of the single member was set aside. [Indus Towers Ltd Vs. Deputy Commissioner of Commercial Taxes, Enforcement -I, Bangalore. (2012)56 VST 369 (Kar)]



# One day Seminar on Domestic Transfer Pricing

On Friday, 08.02.2013 between 09.30am & 05.30pm  
at Bangalore Branch of SIRC of ICAI

6 hrs  
CPE

| Timing  | Topics   | Speakers   |
|---------|--|--|
| 09.30am | Inauguration<br><b>Session 1</b><br>• Introduction • Overview<br>• Meaning of specified domestic transaction (SDT) - sec 92BA  | <b>CA. P.V. Srinivasan</b><br>Wipro Ltd, Bangalore |
| 10.30am | <i>Tea/Coffee Networking break</i>   |  |
| 11.00am | <b>Session 2</b><br>• Unusual concerns relating to SDT<br>• Documentation requirements • Dispute redressal mechanism   | <b>CA. K. K. Chythanya</b><br>Bangalore            |
| 01.00pm | <i>Lunch Break</i>   |  |
| 02.00pm | <b>Session 3</b><br>• TP methodologies - Application on SDTs   | <b>CA. S. Rama Subramaniam</b><br>Bangalore        |
| 03.30pm | <i>Tea/Coffee Networking break</i>   |  |
| 04.00pm | <b>Session 4</b><br>• Applicability of transfer pricing provisions to SDT - sec 92<br>• Interplay between existing transfer pricing provisions and domestic transfer pricing | <b>CA. Narendra Jain</b><br>Bangalore              |

**Delegate Fee Rs.500/-**

*For further details please contact:*

**Ms.Geetanjali D, Tel: 080-30563513, Email: [blrregistrations@icai.org](mailto:blrregistrations@icai.org)**

**CA. Nithin Mahadevappa**  
Chairman

**CA. Prasad S.R.**  
Secretary

## IMPORTANT DATES TO REMEMBER DURING THE MONTH OF FEBRUARY 2013

|                           |   |
|---------------------------|---|
| 5 <sup>th</sup> Feb. 2013 | Payment of Central Excise Duty for the month of January 2013  |
|                           | Payment of Service Tax for the month of January 2013 (in case of persons other than individual, proprietor & partnership firms) |
| 6 <sup>th</sup> Feb 2013  | E-Payment of Central Excise Duty & Service Tax for the month of January 2013  |
| 7 <sup>th</sup> Feb 2013  | Payment of TDS Deducted & Collected for the month of January 2013   |
| 10 <sup>th</sup> Feb 2013 | Filing of monthly returns of Central Excise for the month of January 2013   |
| 15 <sup>th</sup> Feb 2013 | Filing of VAT 120 under KVAT Laws for the month of January 2013   |
|                           | Payment of Provident Fund and filing of Form 5 & Form 10 for the month of January 2013  |
| 20 <sup>th</sup> Feb 2013 | Filing of VAT 100 under KVAT Laws for the month of January 2013   |
|                           | Payment of Professional Tax for the month of January 2013   |
| 21 <sup>st</sup> Feb 2013 | Payment of Employee State Insurance for the month of January 2013   |
| 25 <sup>th</sup> Feb 2013 | Filing of Monthly returns of Provident Fund for the month of January 2013. (Form 12A)   |

# One day Seminar on Case Studies on International Taxation

On Saturday, 16.02.2013 between 09.30am & 05.30pm  
at Hotel Taj Vivantha, MG Road, Bangalore

6 hrs  
CPE

| Timing  | Topics  | Speakers  |
|---|---|---|
| 09.30am to 10.30am  | Group discussion – <b>Case study A</b>                | Group leader to be identified                               |
| 10.30am to 11.00am  | <i>Tea/Coffee Networking break</i>                    |   |
| 11.00am to 01.00pm  | General assembly –<br><b>Analysis of case study A</b> | <b>CA. Padam Chand Khincha &amp;<br/>CA. Chythanya K.K.</b> |
| 01.00pm to 02.00pm  | <i>Lunch Break</i>                                    |   |
| 02.00pm to 03.00pm  | Group discussion – <b>Case study B</b>                | Group leader to be identified                               |
| 03.00pm to 03.30pm  | <i>Tea/Coffee Networking break</i>                    |   |
| 03.30pm to 05.30pm  | General assembly –<br><b>Analysis of case study B</b> | <b>CA. Padam Chand Khincha &amp;<br/>CA. Chythanya K.K.</b> |
| <b>Notes :</b> a) If time permits, case study C will be taken up for analysis without the group discussion.<br>b) Persons desirous of being group leaders may notify their interest to the branch |   |   |

**Delegate Fee : Rs.1,500/-**

Mode of payment: **CASH / DD in favour of “BANGALORE BRANCH OF SIRC OF ICAI” PAYABLE AT BANGALORE**

For further details please contact: **Ms.Geetanjali D**, Tel: **080-30563513**, Email: **blrregistrations@icai.org**

**CA. Nithin Mahadevappa**  
Chairman

**CA. Prasad S.R.**  
Secretary

## **CASE STUDY A :**

### **Facts sheet :**

*Name of the assessee :*

6Sigma-India Pvt Ltd., India (SPL)

*Foreign holding company :*

6Sigma-Pte, USA (SUK)

*Nature of the activity :*

Manufacture and sale of high end tiles and bricks

### **Other information**

- SPL is a unit entitled to benefit of deduction under section 10AA
- SPL pays royalty of USD 1 Mn to SUK after deducting tax for technology relating to tiles
- SPL determines the ALP of the royalty at USD 0.75 Mn resulting in a suo motu addition of USD 0.25 Mn
- TPO revises the royalty to USD 0.50 Mn resulting in a further addition of USD 0.25 Mn

- SPL further pays a lumpsum of USD 5 Mn to SUK for acquiring technology to manufacture bricks on an exclusive basis for the territory of India with a clause for payment of additional royalty of 1 USD per brick for production in excess 2.5 Mn bricks

### **Issues :**

- Royalty for tiles technology
  - Can SPL claim deduction under section 10AA in respect of suo motu addition?
  - Can SPL claim deduction under section 10AA in respect of TPO's addition?
  - Can SUK claim refund of tax paid on USD 0.5 Mn in India relying on Article 10(2) notwithstanding section 92C(4)?
- Royalty for bricks technology
  - What is the nature of income of lumpsum royalty and additional royalty?
  - Would the tax treatment be different if lumpsum royalty is paid by way of allotment of shares?

## **CASE STUDY B :**

### **Fact sheet :**

*Name and status of the assessee :*

Nita is presently a resident in India and a citizen of India

*Receipts during the year :*

- Pension from Citibank NA
- Social security from US authorities
- Alimony from Rakesh – lumpsum as well as periodical
- Payment from Rakesh for Nita's daughter's education in USA
- Capital gains on sale of shares (ESOP shares) allotted to her by Citibank NA
- Capital gains on sale of shares (ESOP shares) given to her by Rakesh at the time of divorce as part of settlement

### *Other information*

- Nita worked for Citibank NA for 30 years. During her employment, she was posted



in different countries and she was in USA at the time of retirement

2. Nita was married to Rakesh in India and the marriage lasted for 20 years before a divorce in an Indian court
3. Rakesh continues to live in USA and remains USA resident whereas Nita has moved to India

**Issues :**

1. Is pension taxable? If so, in which country?
2. Is social security taxable? If so, in which country?
3. Is alimony taxable? If so, in which country?
4. Is payment to daughter's education taxable? If so, in which country?
5. Is capital gain on sale of ESOP shares taxable? If so, quantum thereof and in which country?
6. Will the tax position change if Nita is a citizen of USA and a POI in India?

**Case study C :**

**Facts sheet :**

*Name and status of the assessee :*

Ranga is a budding cricketer and a student of commerce

*Other information :*

1. Leads Club of UK identifies Ranga's talent and offers him a package
2. Package consists of
  - a) Ranga to move to UK for two years
  - b) Ranga will continue his studies in UK and Leads will pay for his stay and education
  - c) Leads pays a monthly stipend of 500 pounds to him
  - d) Ranga is obliged to play for Leads in the county matches for two years
  - e) There were 80 matches played during Ranga's stay. Out of the same, Ranga was not in the playing 11 for 16 matches. He did not play in 8 matches due to injury. 4 matches were not played due to rain.

- f) Ranga earned prize moneys of 2500 pounds on account of his team's wins, man of the match awards and over all performance
- g) Ranga earned ad money of 1000 pounds and coaching fee of 1000 pounds
- h) Ranga leaves India on 01.09. 2009 and returns on 15.08.2011
- i) When Ranga returns to India, he was allowed to retain the car which was given for his use during his UK stay.

**Issues :**

1. What is the residential status of Ranga for each of the years?
2. What is the scope of taxation of following incomes;
  - a) Stipend
  - b) Cost of stay and education paid by Leads
  - c) Ad revenue
  - d) Coaching fee
  - e) Prize money
  - f) Use and transfer of car

## REFRESHER COURSE FOR ACCOUNTANTS

Under the aegis of Management Development Programmes (MDP)

### An appeal to the members

### Third Batch of Refresher Course for Accountants

In the present business scenario, Accountants are involved in a wide range of commercial activities covering functions relating to Accounting, Finance, Costing, Tax laws and Labor laws. The objectives of the Course are to acquaint the participants about the basics of these essential functions which are present in any organization. This is a **Fast Forward Refresher Course** for those who are interested to learn the practical exposure to basic accounting & finance practices and to learn the most important and fundamental tax laws, in order to perform their accounting and finance works more effectively and competently

**For whom:**

**Accountants, Accounts Executives & Accounts Assistants working** in a manufacturing, service or trading organization.

**Course Contents:**

- Accounting
- Labor Laws & Business Laws
- Income Tax & Wealth Tax
- Central Excise, Service Tax and VAT
- Cost Accounting
- Banking

**Duration :**

The Third batch of the course will be conducted on the following days:

**11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup> & 15<sup>th</sup> February 2013**

**Timings:** 10.00am to 05.30pm

**Fees:** Rs. 5,000/- per participant, Cheque/DD should be drawn in favour of **"Bangalore Branch of SIRC of ICAI"** – payable at Bangalore.

**Registrations Open on First Come First Served basis.**

**Venue:**

**Management Training Centre,**  
Bangalore Branch of SIRC of The Institute of Chartered Accountants of India,  
'ICAI BHAWAN', 16/O, Millers Tank Bed Area,  
Vasanthnagar, Bangalore – 560052  
Telephone: 080-30563500/511/512/513  
Email: bangalore@icai.org / blrprogrammes@icai.org  
Website: www.bangaloreicai.org

**We request you to pass on this information to your clients enabling their accountants: Finance/Accounts Executives to avail the benefits of this refresher course.**

# KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION ®

No. 7/8, 2nd Floor, Shoukath Building, S.J.P. Road, Bangalore - 560 002.

Ph: +91 80 2222 2155 | Fax: 2227 4679 | info@kscaa.co.in | www.kscaa.co.in



# 25<sup>th</sup> KSCAA ANNUAL CONFERENCE

**Jnanotsava**  
KNOW THE NEW, THINK ANEW



## SILVER JUBILEE CONFERENCE

on Saturday 2nd & Sunday 3rd March 2013

Venue: Jnana Jyothi Convention Centre

Central College Campus, Bangalore University, Palace Road, (Near SBM Circle), Bangalore - 560 009.

### PROGRAMME

#### Day 1: SATURDAY 2<sup>nd</sup> March 2013

08.30 AM REGISTRATION

#### INAUGURAL SESSION

9.15 AM Inaugural Address by Chief Guest

**Shri. Jagadish Shettar\***

Honorable Chief Minister of Karnataka

Guest of Honour

**Shri. Basavaraj Patil Sedam**

Member of Parliament, Rajya Sabha

**CA. Subodh Kumar Agarwal\***

Vice President, ICAI

RELEASE OF PUBLICATIONS

RELEASE OF SOUVENIR

11.00 AM INAUGURATION OF EXHIBITION  
& Coffee Break

#### FIRST TECHNICAL SESSION

11.30 AM Initiatives of ICAI for  
Professional Development &  
Members expectations

Special Address by:

**CA. Mohandas Pai\***

on Expectations of the  
Corporate World

**CA. M.R. Venkatesh**, Chennai

Speakers : **CA. K. Raghu**,  
**CA. P.R. Suresh**,  
**CA. Madhukar N Hiregange**

Chairman : **Jnanasagara CA.S.Krishnaswamy**

1.00 PM Lunch Break

#### SECOND TECHNICAL SESSION

2.15 PM Domestic Transfer Pricing  
issues

Speaker : **CA. K.K. Chythanya**

3.15 PM Coffee Break

#### THIRD TECHNICAL SESSION

3.30 PM Companies Bill 2012  
- What is new?  
- Auditors - increased responsibilities  
- Directors - enhanced obligations  
- Investors Protection - Class Action

Speakers : **CA. Shyam Ramadhyani**

**CA. Anil K Rao**

**Mr. M.R. Gopinath**

About the Session : Deliberations  
on the conceptual and structural  
changes on the Companies Bill

6.30 PM **STARTER**

6.45 PM **SADABHIRUCHIYA MANORANJANA**

8.30 PM **PARIWARA RASADAUTHANA**

#### Day 2 : SUNDAY 3<sup>rd</sup> March 2013

8.30AM Breakfast

#### SPIRITUAL SESSION

09.15 AM Faith in Ethics & the present scenario  
**Dr.Sri.Sri. Shivananda Shivacharya**  
**Swamigalu**, Hiremath, Tumkur

Felicitations to KSCAA Past Presidents on eve of  
Silver Jubilee Annual Conference

#### FOURTH TECHNICAL SESSION

10.15 AM Implications of Tax Accounting  
Standards (TAS)

**CA. K. Gururaja Acharya**

11.15 AM Coffee Break

#### FIFTH TECHNICAL SESSION

11.30 AM **PANEL DISCUSSION**  
Works Contract Issues of VAT &  
Service Tax in JD/JV Agreement  
Industry Perspective by  
**Sri. Sushil Mantri\***

Panelists : **CA. S. Venkataramani**  
**CA. T. Rajesh Kumar**  
**Sri. K.P. Kumar**, Advocate

Moderator : **CA. Sanjay Dhariwal**

1.15 PM Lunch Break

#### 2.00 PM SPONSORER'S PROGRAMME

#### SIXTH TECHNICAL SESSION

2.15 PM Co-operative Amendments

Speakers : **CA. Umesh Bolmal**, Belgaum  
**CA. B.V. Ravindranath**, Sagar  
**CA. Shivakumar H.**

Chairman : **G. Karibasappa**, K.C.S.  
Director, Co-Operative Audit, GOK

#### SEVENTH TECHNICAL SESSION

3.00 PM Highlights of Union Budget  
**Part - 1 Direct Taxes Proposals**

Panelists : **CA. Shankar**, **CA. K. Sekar**  
**CA. Ashok Raghavan**, **CA. D.R. Venkatesh**

Moderator : **CA. Padamchand Khincha**

4.45 PM **Part - 2 Indirect Taxes Proposals**

Panelists : **CA. Madhukar N Hiregange**  
**CA. Annapurna Kabra**, **CA. Naveen Raj Purohit**  
Moderator : **CA. V. Raghuraman**

(Highlights of Karnataka State Budget\*  
will also be covered)

6.00 PM **VALEDICTORY SESSION**

### DELEGATE FEES

**Rs.1500/-** for CA's - if booked on or before 23.02.2013,

**Rs.1750/-** for CA's - if booked on or after 24.02.2013, **Rs.2000/-** for NON CA's,

**Rs.1000/-** for CA Students - 75 seats only (FCFS),

Cheques/DD's in favour of **KSCAA**, Payable at Bangalore

**Rs. 250 rebate for  
outstation Delegates**

The Fee covers Delegate Kit, Memento, Souvenir, Publications of KSCAA, KNOWLEDGE CD and Lunch (Day 1 & 2), Family Dinner on Day 1, Breakfast on Day 2 & Coffee/Tea, and Lucky Delegate & Lucky couple prizes

### CONFERENCE HIGHLIGHTS

- ✓ Highly Useful & interactive technical Sessions of current relevance & importance
- ✓ World class Elite Speakers
- ✓ Great networking opportunities
- ✓ Classic Entertainment
- ✓ Social & Spiritual Sessions
- ✓ Delicious Food & Family Dinner
- ✓ Product and Services Exhibition – featuring top-end consumer brands
- ✓ Publication of useful books of professional interest & Knowledge CD
- ✓ Souvenir
- ✓ Attractive Memento
- ✓ Gift hampers & much more.

**CA. Maddanaswamy B.V.**  
President

**CA. C.R. Dhavalagi**  
Vice President & Conf. Chairman

**CA. Raveendra S. Kore**  
Secretary



### BANGALORE BRANCH OF SIRC OF ICAI

#### RANK HOLDERS-FINAL-NOV 2012 EXAM

|                |   |                     |
|----------------|---|---------------------|
| Reg.No.        | : | <b>SRO0243050</b>   |
| Roll.No.       | : | <b>105508</b>       |
| NAME           | : | <b>MEGHA.M.SHAH</b> |
| Marks Obtained | : | <b>527</b>          |
| Rank           | : | <b>33</b>           |

|                |   |                       |
|----------------|---|-----------------------|
| Reg.No.        | : | <b>SRO0251869</b>     |
| Roll.No.       | : | <b>105730</b>         |
| NAME           | : | <b>HARISH KUMAR.J</b> |
| Marks Obtained | : | <b>510</b>            |
| Rank           | : | <b>49</b>             |

#### Live TV & ICAI Tube

All the programmes of Bangalore branch are live telecasted.

To watch the programme, please visit :

[www.bangaloreicai.org / resources/livetv](http://www.bangaloreicai.org/resources/livetv).

‘ICAI TUBE’ Bangalore branch’s initiative of archiving and streaming of programs in the form of videos was well appreciated by the members. All the recorded programs of Bangalore branch are hosted in the Bangalore branch website, to watch these videos please visit [www.bangaloreicai.org/resources/icai-tube](http://www.bangaloreicai.org/resources/icai-tube) for the benefit of the members. We welcome your suggestion & feedback to serve you better.

## Advertisements





# BANGALORE BRANCH OF SIRC OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

'ICAI BHAWAN', # 16/0, Millers Tank Bed Area, Vasanth Nagar, Bangalore - 560 052  
Tel : 080-3056 3500, Fax : 080-3056 3542, E-mail : bangalore@icai.org, Website : www.bangaloreicai.org

## NOTICE CALLING FOR SPECIAL GENERAL MEETING OF THE BRANCH

No.: 1

Date : 02-02-2013

To,

**All members of Bangalore Branch of Southern India Regional Council**

Dear Member,

**Sub: Notice for Special General Meeting of the members of its Branch**

This is to inform you that the Special General Meeting of the members of the Bangalore Branch of the Southern India Regional Council will be held from **8 AM to 6.30 PM** on **16<sup>th</sup> March 2013** (i.e., the **Saturday**) in the premises of the Branch 'ICAI BHAWAN', # 16/0, Millers Tank Bed Area, Vasanth Nagar, Bangalore - 560 052 for electing 8 members of its Managing Committee for the term 2013-2016. The important dates relating to the above elections are as given below.

Those members, who are desirous of standing for said election may submit their nomination form duly filled in and signed by the Candidate and by the Proposer and Seconder (both of whom shall be entitled to vote in the said branch election) together with a (non-refundable) nomination fee of Rs. 25/- by way of Pay Order drawn in favour of the "Bangalore Branch of the SIRC of the ICAI" and payable at Bangalore.

The nomination form duly filled in should be submitted in a sealed cover addressed to **CA. P.R. Suresh**, Returning Officer/Polling Officer, # 137, 5<sup>th</sup> Main, 2<sup>nd</sup> Block, 3<sup>rd</sup> Stage, Basaveshwaranagar, Bangalore-560 079 or at the above address of the Branch against an acknowledgement. The blank nomination form can be had from the said Returning Officer or from the undersigned or from the branch premises effective **from 07-02-2013 till 5 PM of 25-02-2013**, i.e. the last date of receipt of nominations. The said nomination form is also available on the website of the Branch **www.bangaloreicai.org**

### IMPORTANT DATES

|    |  |                                       |
|----|--|---------------------------------------|
| 1. | Last Date of receipt of nominations  | <b>25.02.2013<br/>6 PM</b>            |
| 2. | Date of scrutiny of nominations  | <b>27.02.2013</b>                     |
| 3. | Display of list of valid nominations on the Notice Board of the Branch         | <b>27.02.2013</b>                     |
| 4. | Last date for withdrawal of nominations  | <b>01.03.2013<br/>6 PM</b>            |
| 5. | Display of final list of nominations (after withdrawals, if any)               | <b>02.03.2013<br/>6 PM</b>            |
| 6. | Date of Election (if the nominations exceed more than the number of vacancies) | <b>16.03.2013<br/>8 AM to 6.30 PM</b> |
| 7. | Declaration of Result  | <b>18.03.2013</b>                     |

The election, shall be held under the Single Transferable System of Voting.

**Yours faithfully**

**Secretary, Bangalore Branch**

# FORM OF NOMINATION

## FORM OF NOMINATION OF A CANDIDATE FOR ELECTION TO THE MANAGING COMMITTEE OF BANGALORE BRANCH OF SOUTHERN INDIA REGIONAL COUNCIL FOR THE TERM 2013 - 2016

We, the undersigned Members of the Institute of Chartered Accountants of India, belonging to the Bangalore Branch of Southern India Regional Council, not being in arrears on this day in respect of Annual Membership Fee for the current year and also being qualified to vote in the election of members to the Managing Committee of the said Branch for the term 2013 - 2016, do hereby nominate \_\_\_\_\_, who is a Member of the Institute belonging to the said Branch and is also eligible to vote in the said election, as a candidate for the election to the members of the Managing Committee to be held on \_\_\_\_\_ 2013.

(1) Signature of Proposer \_\_\_\_\_  
Name in full \_\_\_\_\_  
Membership Number \_\_\_\_\_  
Professional Address \_\_\_\_\_  
\_\_\_\_\_  
Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

(2) Signature of Seconder \_\_\_\_\_  
Name in Full \_\_\_\_\_  
Membership Number \_\_\_\_\_  
Professional Address \_\_\_\_\_  
\_\_\_\_\_  
Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

I, \_\_\_\_\_, being a Member of the Institute belonging to the \_\_\_\_\_ Branch not being in arrears on this day in respect of Annual Membership Fee for the current year and also being qualified to vote in the election of members to the Managing Committee of the said Branch for the term 2013 – 2016, agree to stand for the election to the said Managing Committee of the Branch to be held on \_\_\_\_\_ 2013.

I agree to abide by the provisions of the Directions of the Central Council regarding Functions of the Branches of the Regional Councils and the Chartered Accountants Regulations, 1988.

I send herewith the fee for election of Rs. 25.00 (Rupees Twenty Five only) by Demand Draft/Pay Order No. \_\_\_\_\_ dated the \_\_\_\_\_ on \_\_\_\_\_ Bank drawn in favour of the Branch.

Signature of Candidate \_\_\_\_\_  
Name in full \_\_\_\_\_  
Membership Number \_\_\_\_\_  
Professional Address \_\_\_\_\_  
\_\_\_\_\_  
Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Advertisement

**Extensive Workshop on An Insight of the Companies Bill - 2012**



Inauguration

Co-ordinator  
CA. Ravi Prasad

CA. N. Nityananda

CA. Ganesh Swaminathan

Mr. J. Sundaresan

Mr. M. R. Gopinath

**Extensive Workshop on An Insight of the Companies Bill - 2012**

**Advanced Functions in MS Excel**



Mr. Aditya Sondhi

Mr. S. M. Pramod

CA. Manohar Gupta

Cross section of participants

CA. Shiva Kumar H

Cross section of participants

**Republic Day Celebrations**



Flag Hoisting

Chief Guest Hon'ble Justice  
N. Venkatachala, Former Lokayukta,  
GOK & Former Judge, Supreme Court of India

Guest of Honor  
CA. Ranganath M.S.  
Past Chairman, SIRC of ICAI

Felicitation of Hon'ble Justice  
N. Venkatachala

Cross section of participants

**Seminar & Interactive Session on Pastative Paper on Review of Corporate Governance Norms in India**



Shri. N.S. Sheshashayee

Shri. B.N. Harish

CA. Neeta Revankar

CA. S. Sundaresan

CA. V. Ramachandran

Mr. Rajesh S Narang

Mr. Sundharsan J.

**Workshop on Service Tax**

**Information System Security in CA's Office**



Shri Harish  
Bindumadhavan

Shri R. Dakshina  
Murthy

CA. T.R. Rajesh  
Kumar

Ms. Jayashree

CA. Nayaz Pasha

CA. A. Saiprasad

CA. S. P. Raju

Cross section of participants

**Speakers at Study Circle Meetings**



CA. Vikas Bagaria

CA. L. Vittal Rao

CA. R.S. Pavan Kumar

Mr. Vineeth Kumar T.S.

CA. Krishna Prasad & CA. Amit Raj

CA. Naveen Khariwal G

CA. Prinut Shah