

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



Bangalore Branch of SIRC Newsletter

English Monthly

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11.05.2013

Seminar on
Co-operative Audit

CPE
6
hrs

20th, 21st, 23rd & 24th May 2013

4 Days Workshop on
Trusts / NGO's / NPO's

CPE
16
hrs

18.05.2013

Panel Discussion on Implementation issues in
**Revised Schedule VI &
Revised Audit Report under SA 700/705/706**

CPE
6
hrs

CPE - May 2013
45

Chairman's Communique . . .

Dear Professional Colleague

On behalf of the Managing Committee of Bangalore Branch I wish all the members and their families a glorious, prosperous, purposeful, peaceful new year "Sri Vijaya Nama Samvatsara".

Chairmen & Secretaries Orientation at Vizag by SIRC:

All the 36 branch chairmen and Secretaries of the Southern Region had participated in this 3 day event from 17th of April to 19th of April 2013 at Vishakapatnam - "The City of Destiny". Central Council members, Regional Council members & Officials of ICAI, New Delhi led the deliberations on effectively discharging the roles and responsibilities of Branches and its elected members.

Chartered Accountant Benevolent Fund (CABF):

We were given to understand at the meeting in Vizag that many members have not yet enrolled as life members of CABF in this noble cause of supporting the family of the member in case of his demise or on member being incapacitated. ICAI through CABF extends financial support depending on the needs of the family members of the departed member. We request all the members who have not enrolled to this noble cause to do so immediately. The necessary forms are made available at the branch and also these forms are part of the communication received from ICAI, New Delhi for renewal of the membership.

Finance Bill 2013:

The Lok Sabha passed the finance bill 2013 on 29th of April 2013 where in key amendments were touched upon Viz proposed regulation on tax residency certificates seems to have been relaxed, which had created lot of ripples in the investment community from abroad. Olive branch has also been extended to traders in commodities by classifying it to be a non speculative transaction, which will enable the traders to declare their gains under normal business income. Agriculture lands even though situated in urban areas have been exempted from the wealth tax. Gold is not only obsession for the citizens of this country even our beloved finance minister is obsessed with the transactions relating with this yellow metal, even for gold coins below 10 gms have been brought under the provisions of deduction of TCS while calculating the monetary limit of Rs. 2 Lakhs, although it appears to be little more stringent than necessary.

Study Circle Meeting at Bangalore South:

We are very happy to inform the members that there was excellent response from the members for the study circle held on 25th April at Jain University. We request the members to continue their support for the initiatives of the Bangalore Branch. Please refer calendar of events for the month of May 2013 study circle meeting at this venue.

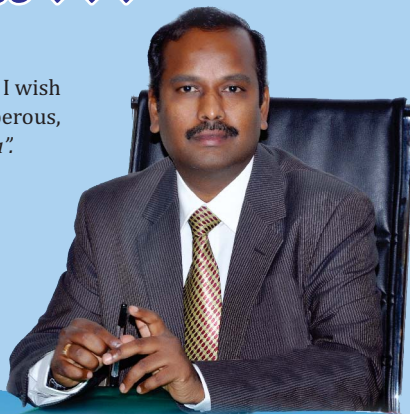
Seminars & Workshops in the Month of May 2013:

One Day Seminar on Co-operatives Audit:

Consequent to 97th Amendment to the constitution of India, Audit of Co-operative sector is the new opportunity for Chartered Accountants. Business carried under the Co-operative sector are varied and far reaching especially in the rural places of our state. To carry out Audit of these Co-operatives is very challenging for our members as numerous medium and small co-operatives operations are unorganized. To make our members better understand the unique features & also the challenges peculiar to co-operative audits, we have organized this one day seminar. Details of the same are published elsewhere in the news letter.

Workshop on Trusts:

Non profit organizations play a major role in Indian economy working for the betterment of lives of the under privileged, education, child care, relief for the poor and various other areas. There are various forms of modus operandi viz Public Trusts, Private Trusts, Family



Trusts, Societies, Section 25 Companies etc., . Charity has gained importance not only within the country but also from other parts of the globe, which results in charitable organizations raising funds for the furtherance of objects of their entity from both with in the country and from abroad. This brings in various critical issues with respect to the formation, registration, audit, taxation & compliance with various statutes which needs to be adhered to by these entities. Many of the trusts carry out business as an ancillary object along with the main object which is basically charitable in nature. We Chartered

Accountants who act as advisors, auditors carrying attest function of these entities need to refresh and update our knowledge in these areas, hence Bangalore Branch of ICAI has devised a workshop which will enable the members to go through the pros and cons of working for these entities as consultants, auditors, trustees etc.,

Revised Schedule VI & Audit Report - SA 700(R):

As we all know that we have prepared the Balance Sheet, Profit & Loss Account in revised schedule VI formats for the year ending 31st March 2012; we are left with many issues in implementation of the new formats. Apart from the Revised Schedule VI now we all have to grapple with the revised audit report as per SA 700(R). To enable the members to understand and appreciate the changes that have come about, we have organized one day program. Details are published elsewhere in the news letter.

State Level Conference:

The flagship conference of Bangalore branch the State Level Conference which is hosted by Bangalore branch and organized by Belgaum, Bellary, Hubli, Mangalore, Mysore, Udupi, will be held on **Saturday 29th & Sunday the 30th June 2013 at Sophia School Auditorium, Basaveswara Circle, Bangalore-1.** Members are requested to block their calendars to be part of this conference to make it a memorable event in the annals of the Bangalore Branch.

All India CA Students Conference:

The cynosure of CA Students, *The All India CA Students Conference* organized by the Board of Studies of ICAI, New Delhi & hosted by the SICASA, Bangalore will be held on **Saturday 31st August & Sunday the 1st September 2013 at Christ University Auditorium,** Detailed information of the conference will be published in the following month's news letter. Members are requested to block the dates to depute their articled assistants to update their knowledge and also such programs boosts morale and confidence of the students.

New e-Initiative from Bangalore Branch:

We are very happy to share that all our programs are web casted live, to take this initiative further we have set up a new email-id for members who are watching the programmes on the web to raise queries which shall be taken up by our speakers during the Q & A session. The email -id to which the queries need to be sent is "blrwebqueries@icai.org"

In today's challenging times the words of Swami Vivekananda is very apt "Every challenge has opportunity hidden in it, if you direct your mind correctly you will be always victorious".

Best Wishes

CA. Ravindranath S.N.
Chairman

CALENDAR OF EVENTS - May & June 2013

Date/Day	Topic /Speaker	Venue/Time	CPE Credit
01.05.2013 Wednesday	May Day - Holiday	—	—
03.05.2013 Friday	CPE Teleconference Programme	Branch Premises 11.00am to 01.00pm	2 hrs
08.05.2013 Wednesday	Presentation on KVAT-Input Tax Credit - Concept, Eligibility, Contentions, Litigation, Reversal of Input tax credit, Special Rebate & partial rebate CA. Siddeshwar Yelamali	Branch Premises 06.00pm to 08.00pm	2 hrs
11.05.2013 Saturday	Seminar on Co-operative Audit Chief Guest: Sri. G. Karibasappa , <i>Director, Co-op Audit, GOK</i> Co-ordinator: CA. B. V. Raveendranath <i>Fees: ₹ 1,200/- Details on Page No.: 14</i>	Devraj Urs Bhawan Auditorium, Opp.B'lore Br.of ICAI 09.30am to 05.30pm	6 hrs
15.05.2013 Wednesday	Basics of Labour Laws and its compliance: Covering - Provisions of Shops & Establishment, ESI, PF, Bonus & Gratuity Act Prof. Sarita Prasanna Kumar	Branch Premises 06.00pm to 08.00pm	2 hrs
16.05.2013 Thursday	Latest Practical Issues in TDS & e-filing of TDS Returns CA. D. R. Venkatesh & CA. Tarun Jain <i>Fees: ₹ 250/-</i> <i>Venue Address: Jain University Auditorium, 34, 1st Cross, J.C.Road, Bangalore-27, Adjacent to Bangalore Stock Exchange</i>	Jain University Auditorium, B'lore-27 05.30pm to 08.30pm	3 hrs
17.05.2013 Friday	CPE Teleconference Programme	Branch Premises 11.00am to 01.00pm	2 hrs
18.05.2013 Saturday	Panel Discussion on Implementation issues in Revised Schedule VI & Revised Audit Report under SA 700/705/706 <i>Co-Ordinator: CA.K. Gururaj Acharya</i> <i>Fees: ₹ 500/- Details on Page No.: 12</i>	Branch Premises 09.30am to 05.30pm	6 hrs
20th, 21st, 23rd & 24th May 2013	4 Days Workshop on Trusts / NGO's / NPO's <i>Co.ordinator: Dr. CA. Suresh N.</i> <i>Fees: ₹ 1,000/- Details on Page No.: 11</i>	Branch Premises 04.00pm to 08.00pm	16 hrs
22.05.2013 Wednesday	Leveraging Activity Based Costing to enhance Enterprise Value CA. Pattabhi B.N.	Branch Premises 06.00pm to 08.00pm	2 hrs
29.05.2013 Wednesday	CPE Teleconference Programme	Branch Premises 11.00am to 01.00pm	2 hrs
29.05.2013 Wednesday	Service Tax Voluntary Compliance Encouragement Scheme - 2013 CA. A. Sai Prasad	Branch Premises 06.00pm to 08.00pm	2 hrs
05.06.2013 Wednesday	Internal Audit Standards - Best Practices CA. Sabareesan S. Venkatesh	Branch Premises 06.00pm to 08.00pm	2 hrs

Note: For all programmes High Tea shall be provided 30 minutes prior to the start of the programme at the respective venue.

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. Ravindranath. S.N**
Sub Editors : **CA. Allama Prabhu M.S.**
CA. Shravan G.

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TAX UPDATES MARCH 2013

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

VAT, CST, ENTRY TAX, PROFESSIONAL TAX

PARTS DIGESTED:

- a) 58 VST – Part 3 to 5
- b) 59 VST – Part 1 & 2
- c) 17 KCTJ – Part 12
- d) 75 KLJ – Part 1 to 3

Reference / Description

[2013] 59 VST 519 (Gauhati – HC); Dainik Janambhumi v. State of Assam and others - In the instant case the question that came up for consideration before the Honourable Gauhati High Court was whether the transfer of property in the form of ink and other materials in execution of printing works, amounts to works contract.

The Honourable Gauhati High Court held that works contract in question involves composite contract of work as well as sale of material used in execution of the work of printing. In the instant case it cannot be said that there was sale of goods involved in executing the work of printing merely because the printer has used the ink in the process. The use of ink in the process cannot be held to be transfer of goods by the printer to the person for whom a printing job has been executed.

The aforesaid decision appears to follow dominant test theory indirectly. If the principles of BSNL's case 145 STC 91 are applied and if it is proved that there is transfer of property in ink, the aforesaid decision may be wrong.

INCOME TAX

PARTS DIGESTED:

- a) 351 ITR – Part 2 to 6
- b) 213 Taxman – Part 4 to 6
- c) 21 ITD – Part 5 to 7
- d) 22 ITD – Part 1 & 2
- e) 140 ITD – Part 7 to 9
- f) 141 ITD – Part 1 to 4
- g) 41 CAPJ – Part 5 & 6
- h) 61 TCA – Part 9 & 10
- i) 8 International Taxation–Part 3

Reference / Description

[2013] 351 ITR 138 (P&H – HC); CIT (TDS) v. Parle Biscuits Pvt. Ltd. - In the instant case the Honourable Punjab & Haryana High Court held that certificate under Section 197 of the Act has to be issued to the principal officer of the Company as the person responsible for deduction of tax and not to any other person or unit of the assessee.

It further held that merely because Assessee had got separate tax deduction account numbers for two separate units that would not render the certificate issued under Section 197(2) redundant.

It is time the department stops harping on technicalities. This will help saving its scarce resources and avoid loss of face.

[2013] 351 ITR 156 (All – HC); CIT and another v. Great City Manufacturing Co. - In the instant case the Honourable Allahabad High Court held that when the partnership deed specifically provided for

payment of remuneration to the working partners, which was within the statutory limit, disallowance under Section 40A(2)(a) cannot be made on the ground of remuneration paid was highly excessive.

When the Parliament consciously fixes a limit of salary to be paid to working partners, it is sad that the department invokes section 40A(2) to disallow a portion of statutorily fixed remuneration. The High Court rightly answered the question in favour of the taxpayer.

[2013] 351 ITR 265 (Mad. – HC); CIT v. Smt. M. Yesodha - In the instant case the Honourable Madras High Court held that amount received by Assessee in cash exceeding prescribed limit from her father-in-law for purchasing property is a genuine transaction and hence penalty could not be imposed.

Although the aforesaid decision is favourable, it appears that the High Court mixed up genuineness of transaction with reasonable cause. The criterion for non levy of penalty is not genuineness of transaction but existence of reasonable cause.

[2013] 351 ITR 295 (Bom. – HC); CIT v. Petroleum India International - In the instant case the Honourable Bombay High Court held that the object of Section 91(1) of the Act is to give relief from taxation in India to the extent taxes have been paid abroad for the relevant previous year. This deduction/relief is not dependent upon the payment also being made in the previous year.

This is a landmark decision which applies even in the context of section 90. This decision will help overcome the timing difference that exists between the time of payment of tax in

the foreign country and time for claiming relief in India.

[2013] 351 ITR 323 (Bom. – HC); DIT (International Taxation) v. Credit Suisse First Boston (Cyprus) Ltd. - In the instant case the Honourable Bombay High Court dealing Section 9(1)(v) with the aspect of interest on instruments held that to in order fall within term 'interest', any premium or prize referred to in Article 11(4) of India-Cyprus DTAA must be attached to and arise from terms of security, bond or debenture and it must be an inherent part of instrument itself realizable on terms of instrument and not de hors same.

It further held that when an instrument or an agreement stipulates interest to be payable at a specified date, interest does not accrue to the holder thereof on any date prior thereto. Interest would accrue or arise only on the date specified in the instrument. The holder of a security would not be liable for notional interest for the proportionate period as on the last date of the financial year in respect of the securities held on that date or for notional interest to the extent of the proportionate amount from the day he purchased it to the date of the sale of the same by him or for any other broken period.

[2013] 351 ITR 478 (P&H – HC); CIT v. Vishal Paper Industries - In the instant case the Honourable Punjab & Haryana High Court held that increase of life by repairs and maintenance of the existing assets beyond their original estimated economic life cannot be a ground to return a finding that it was not a case of repairs. Repairs and maintenance are in fact necessary not only for

achieving the optimum utilization of machinery but also if possible to extend its economic life.

Therefore, the Court held that the fact that such installation has increased the life beyond their original economic life cannot be a ground to return a finding that the expenses incurred were not for repairs and maintenance.

It further held that increase in profit would lead to increase in income, which would separately be taxable but could not be ground for declining the expenses incurred by the Assessee for repairs and maintenance.

[2013] 31 taxmann.com 122 (P&H HC); [2013] 213 Taxman (BN – XXI) Part 6; CIT v. Roshan Singh - In the instant case the Honourable Punjab and Haryana High Court held that Assessee, following cash system of accounting is liable to pay tax on interest on Indira Vikas Patra only when proceed is received on maturity, and not on year to year accrual basis.

[2013] 213 Taxman 180 (Mad. – HC)(Mag.); [2013] 31 taxmann.com 71 (Mad.); CIT v. Venkatadhri Constructions - In the instant case the Honourable Madras High Court held that mere circumstance that amount in excess of Rs. 10,000/- had been remitted to the bank account of payee would not absolve assessee from rigour of Section 40A(3).

With due respect, the aforesaid decision requires a review. Once the amount is directly credited to payee's account, the identity of the payee stands established. The very mischief sought to be cured by way of section 40A(3) [See Attar Singh's case in 191 ITR 667 SC] has been taken care of and in such case the assessee should not suffer the disallowance.

[2013] 21 ITR (Trib) 665 (Chennai); Ascendas (India) Pvt. Ltd. v. Dy. CIT - In the instant there was a sale of equity shares held by Assessee and the joint venture company to the Assessee's associated enterprise. By the very nature of the transactions none of the methods mentioned in Section 92C was appropriate for a transfer pricing analysis. Therefore, the Assessee contended that the sale of shares in the joint venture company by the joint venture partner to the Assessee's associated enterprise was a comparable uncontrolled transaction. The Learned Transfer Pricing Officer arrived at arm's length price based on discounted cash flow method applied on future cash flows

The Honourable Chennai Tribunal held that difficulties in ascertaining the fair market value should be not be a reason for not adopting the rules and methods prescribed under Section 92C. A watertight attitude of interpretation of the prescribed methods will defeat the very purpose of enactment of transfer pricing rules and regulations and also detrimentally affect the effective and fair administration of an international tax regime. Therefore, the Court held that fixing enterprise value based on discounted value of future profits or cash flow was a method used worldwide.

[2013] 22 ITR (Trib) 246 (Mumbai); Shantikumar D. Majithia v. Dy. CIT - In the instant case the Mumbai Tribunal held that transferable occupancy rights of a flat given to shareholders by a Company on perpetual basis subject to deposit of a meagre sum, are to be considered as deemed dividend under section 2(22)(a) and not as perquisite/benefits under Section 2(24)(iv) of the Act.



[2013] 22 ITR (Trib) 266 (Mumbai); Shrikant Real Estates P. Ltd. v. ITO-

In the instant case Assessee had filed e-return claiming short term capital gains. Assessing Officer found that short term capital gain was not shown under Schedule CG of e-return and hence disallowed the credit of short-term capital gains under Section 111A of the Act.

The Honourable Mumbai Tribunal observed that under Schedule SI – income chargeable to income tax at special rates IB which is in internal page of the e-return, the Assessee had shown short-term capital gains at special rate of 10%. In view of the above, it held that in the system of e-filing, it is possible that some clerical errors may occur at the time of entering the data in the electronic form and same has happened in the case of Assessee. Therefore, it directed the Assessing Officer to allow credit of short-term capital gains.

[2013] 22 ITR (Trib) 270 (Mumbai); Sumanchandra G. Mehta and another v. ITO - In the instant case Assessee had filed e-return showing interest income earned as well as interest paid under head 'income from other sources'. The Assessee did not realise that the server would not accept a negative figure and therefore the interest paid was rejected by the server while processing the returns. The Assessing Officer made adjustments for this incorrect claim for deduction and held that there was no mistake in the processing of returns and further concluded that no appeals would lie against such processing where adjustments had been correctly made during processing under Section 143(1)(a)(ii) of the Act.

The Honourable Mumbai Tribunal held that this is not the ignorance of law but ignorance of usage of the latest technology, which can be rectified by the Assessing Officers. Therefore, it directed the Assessing Officer to examine the claim of the Assessee.

It further held that no one cared to educate the taxpayers about the nuances of preparing an e-return vis-a-vis filling details in the return forms. This has resulted into many clerical errors because of the ignorance of the taxpayers in acclimatising themselves with the latest technology. No doubt the CBDT has the powers to frame the rules but, at the same time, it cannot benefit from the ignorance of the tax payers using the latest technology.

[2013] 22 ITR (Trib) 277 (Chennai); ITO v. Sarvodaya Mutual Benefit Trust - In the instant case Assessee had availed loans from umbrella company and passed them over to self-help groups working under them. The Assessing Officer on the ground that Assessee had paid interest to the umbrella company without deducting tax under Section 194A invoked Section 40(a)(ia) of the Act.

The Honourable Chennai Tribunal observed that loans were not utilised by Assessee but by self-help groups. The ultimate interest burden was shared by individual members of self-help groups and the interest was paid by members to the umbrella company. Therefore, it held that as the individual members of self-help groups are not liable for audit under Section 44AB, Section 194A was not applicable. Further it held that what was not applicable to the members, would not apply to representative of

the members, who constituted the self-help groups.

[2013] 141 ITD 38 (Bang.); 28 taxmann.com 228 (Bang. – Trib.); Bosch Ltd. v. ITO (International Taxation) - In the instant case the Honourable Bengaluru Tribunal dealing in respect of Section 206AA has held that where the income is chargeable to tax in India, irrespective of residential status of recipient, he has to obtain PAN and provide the same to the deductor.

With due respect, the aforesaid decision requires a review as it overlooks section 139A(8) read with Rule 114C which specifically exempts a non resident from obtaining PAN despite having income chargeable to tax. The non withstanding clause of section 206AA applies only to 'furnishing' where the payee has PAN and not to 'obtaining and furnishing' where the payee has no PAN.

[2013] 141 ITD 200 (Delhi); 29 taxmann.com 376 (Delhi – Trib.); Asst. CIT v. Bechtel India (P) Ltd.- In the instant case the Honourable Delhi Tribunal held that deduction under Chapter VI-A cannot be allowed on enhancement made as per Learned Transfer Pricing Officer's (TPO) order.

It further held that the enhancement of income made by the Learned TPO will have the impact of increasing the Assessee's export turnover, then total turnover and finally, the total income. If all three are increased, obviously, the deduction claimed by the Assessee under Chapter VI-A would increase. The proviso to Section 92C(4) prohibits any deduction under Chapter VI-A to be allowed on enhancement made as per the Learned TPO's order. Therefore, the Court

held that only logical conclusion that can be drawn is that no effect is to be given to the addition made by the Learned Assessing Officer as per the Learned TPO's order while computing deduction under Chapter VI-A.

[2013] 141 ITD 270 (Cochin); 30 taxmann.com 32 (Cochin – Trib.); Kadachira Service Co-op. Bank Ltd. v. ITO - In the instant case the Honourable Cochin Tribunal held that it is mandatory for every co-operative

society for claiming deduction under Section 80P to file return of income and to make a claim of deduction in return itself.

It further held that return of income filed within the time limit provided in Section 139(1) or 139(4) or time specified in notice under Section 142(1) or 148 can be considered as return of income. However, it held that belated return filed beyond time limit provided under Section 139(1)

or 139(4) or time specified in notice under Section 142(1) or 148 cannot be considered as return of income for deduction under Section 80P.

The aforesaid decision seems to examine only section 80A(5) and not section 80AC. The latter section makes a reference to return under section 139(1) and not to section 139(4). Therefore, for the assessment year 2006-07 onwards, the aforesaid decision is not applicable. ■

Announcement

Coaching Classes: IPCC & FINAL for November 2013 Examinations and CPT for December 2013 Examinations

Admissions open for Subjectwise Coaching

In pursuance of our objective to provide fruitful and quality teaching to our students, we are pleased to inform you that CPT/ IPCC and FINAL coaching classes will be commencing at the Bangalore Branch of SIRC of ICAI from 27th May 2013. The classes will be concluded by 15th September 2013.

Salient features:

- Experienced, Expert and Dedicated faculty members
- Methodology – Conceptual teaching
- Affordable Coaching Fee
- The journey of CA with Bangalore Branch is that of progress with innumerable activities of knowledge supported and guided by our senior renowned faculty members – resource persons
- During the course, amazing, inspiring and motivational sessions and Orientation classes will be conducted

Hence be proud to be a part of the Branch by enrolling as a student to become a prestigious member of this glorious profession.

Course	Fees	Duration (4 Months)	Timings
CPT	₹ 5,000/-	15 th July 2013 to 15 th Nov 2013 (Tentative)	05.30pm to 07.30pm (Monday to Friday) & 03.00pm to 07.30pm (Saturday) & 08.00am to 12.30pm (Sunday)
IPCC & FINAL	₹ 12,500/- for Both Groups ₹ 9,000/- for Single Group ₹ 3,000/- for Single Subject	27 th May 2013 to 15 th Sept 2013 (Tentative)	06.30am to 09.30am & 06.00pm to 09.00pm & (Monday to Saturday) 08.00am to 05.30pm (Sunday)

Schedule for all the subjects will be announced in due course of time.

Registration Fees Mode of payment:

DD should be drawn in favour of “Bangalore Branch of SIRC of ICAI” payable at Bangalore.

For further details please contact: **Tel: 080-30563500 / 511 / 512 / 513**

Email: blrregistrations@icai.org / blrprogrammes@icai.org Website: www.bangaloreicai.org



IMPORTANT DATES TO REMEMBER DURING THE MONTH OF MAY 2013

5 th May 2013	Payment of Excise Duty for April 2013
	Payment of Service Tax for April 2013 by Corporates
6 th May 2013	E-Payment of Excise duty for April 2013
	E-Payment of Service Tax for April 2013
7 th May 2013	Deposit of TDS / TCS Collected during April 2013
10 th May 2013	Monthly Returns for Production and Removal of Goods and CENVAT Credit for April 2013
	Monthly Returns of Excisable Goods Manufactured & Receipt of Inputs and Capital Goods by Units in EOU,STP,HTP for April 2013
	Monthly Performance Reports for April 2013 by STPI units
	Monthly returns of Information relating to Principal inputs for April 2013 by Manufacturer of Specified Goods who paid Duty of Rs.1 Crore or More during financial year 2012-2013 by PLA/CENVAT/ Both.
12 th May 2013	Half Yearly Return for ESI Contribution for the Half year ending 31 st March 2013
15 th May 2013	Payment of EPF Contribution for April 2013.
	Return of Employees Qualifying to EPF during April 2013
	Filing and Payment of VAT 120 under KVAT Laws for month ended April 2013.
	Quarterly Return for Tax Deducted at Source Payments during January to March 2013.
	Quarterly Return for Tax Deducted at Source Collected during January to March 2013.
	Statement of Tax Deducted at Source from Interest, Dividend, or any other sum payable to Non Resident during January to March 2013.
20 th May 2013	Monthly Return and payment of CST and VAT Collected During April 2013
21 st May 2013	Deposit of ESI Contribution and Collections of April 2013 to the credit of ESI Corporation.
25 th May 2013	Consolidated Statement of Dues and Remittances under EPF and EDLI For April 2013.
	Monthly Returns of Employees Joined the Organisation for April 2013.
	Monthly Returns of Employees left the Organisation for April 2013.
30 th May 2013	TDS Certificate for Deductions made except Salaries for the quarter January to March 2013.
	Issues of TDS Certificate for Deductions from Salaries for the Financial year 2012-13.
	Return of TDS from Contributions paid by the Trustees of an approved Superannuation Fund
	Annual Return for Professional Tax for the Financial year 2012-13

Congratulations



***CA. Sudha Suresh receiving the
CFO Awards 2013 by CFO India***

The Service Tax department propose to order for conduct of Special Audit of Service Tax assesses by the Chartered Accountant and Cost Accountant under Section 72A of Finance Act, 1994. For this purpose, it is proposed to make a panel of CA / ICWA who may be assigned the task of Audit.

For details visit Branch website
www.bangaloreicai.org

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

- The appellant was engaged in the manufacture of plywood. During the process of manufacture, saw dust emerged as a waste product, not intentionally produced, which was sold by the manufacturer. Held that in order to qualify as an excisable good, it needs to be both manufactured and marketable. Saw dust is marketable but it is not a manufactured good since it is only a waste generated during the manufacture of plywood. Hence CESTAT granted waiver and pronounced stay on the above. *[M/s Hunsur Plywood Works Pvt Ltd vs CCE, Mysore, 2013-TIOL-597-CESTAT-BANG]*

- The appellant availed CENVAT Credit on the services received at Head Office by the three branches. The assessee did not have ISD Registration and did not issue invoices to the branches to avail CENVAT Credit. The services on which CENVAT Credit was denied were shared by all the four offices. Held that, the only two restrictions in respect of availment of CENVAT Credit were that

- i) The Credit amount should not exceed the Service tax covered in the service provider's invoice; and
- ii) Credit should not be attributable to services used in manufacturing exempt goods.

The assessee qualified for both the conditions and hence, CESTAT pronounced waiver of pre-deposit and stay of recovery. *[M/s Wabco Ltd vs Commissioner of Central Excise, Chennai-II, 2013-TIOL-583-CESTAT-MAD]*

- Your customer's customer is not your customer. When services are rendered to a third party on behalf of the customer, the service recipient is the customer and not the third party. The appellant agreed to provide telecom services to customer of foreign telecom service provider while he was in India using appellant's telecom network. Held that service recipient is the foreign telecom service provider and not the subscriber of the foreign telecom service provider who is roaming in India. Such a service transaction constitutes export under the Export of Service Rules, 2005 and hence rebate was permissible. According to Export of Service Rules, 2005, Telecom Services are classified under Category III. Accordingly, for a service to be qualified as export of service,
- i) the place of service receiver is to be considered and not the place of provision of service; and

- ii) the consideration received is to be in convertible foreign exchange

Since the assessee qualifies on both the above conditions and hence, services so provided are considered as export and consequential relief is granted on the same. *[M/s Vodafone Essar Cellular Ltd vs CCE, Pune-III, 2013-TIOL-566-CESTAT-MUM]*

- The appellant was engaged in the providing the taxable service of "Renting of immovable property". Cenvat Credit on input services like Construction of the immovable property, security, telephone, brokerage, advertising, repairs, installation which was disallowed was held as being allowed and accordingly unconditional waiver of the pre-deposit and stay recovery was granted for the same. *[Oberoi Mall Ltd vs Commissioner of Service tax-II, Mumbai, 2013-TIOL-604-CESTAT-MUM]*
- The appellant, who was from Haryana acquired machinery for lease at Delhi and took it to Haryana for use. The same was disclosed as inter-state purchase by the dealer on the basis that machinery was purchased from a different state. The revisional authority treated the same as transfer of right to use goods within Haryana on the basis that right to use goods happened when the machines were acquired by the lessee/dealer in Haryana. Thus lease rentals paid on the machines which were used in Haryana are



purchases made within Haryana as per the provisions of the Haryana Sales Tax law as per the revisional authority. On a writ petition filed by the assessee, it was held that by the High Court that incorporating a deeming fiction to include a purchase taking place outside the state as having taken place within the state if the goods are in the State at the time of use, the State Legislature cannot extend its legislative competence with reference to Entry 54 of List II of the Seventh schedule. Following the decision of Supreme Court in the case of 20th Century Finance Corp., it was held that the situs of sale would be the place where the property in goods is passed, namely, where the contract is entered into and not location of the goods or delivery of the goods within the State for use of such goods within the State. The delivery of goods may be one of the elements of transfer of right to use goods but the same would not be the condition precedent for such a contract. *[SandanVikas (India) Limited vs State of Haryana and Others, [2013] 59VST 160 (P&H)]* ■

Advertisements

4 Days Workshop on Trusts / NGO's / NPO's

16 hrs
CPE

on 20, 21, 23 & 24th May 2013 at 4 PM to 8 PM at Branch Premises

Non profit organizations play a major role in Indian economy working for the betterment of lives of the under privileged, education, child care, relief for the poor and various other areas. There are various forms of modus operandi viz Public Trusts, Private Trusts, Family Trusts, Societies, Section 25 Companies etc., Charity has gained importance not only within the country but also from other parts of the globe, which results in charitable organizations raising funds for the furtherance of objects of their entity from both within the country and from abroad. Many of the Trusts carryout business activities as ancillary objects alongwith the main object which is basically charitable in nature. The workshop brings in various critical issues with respect to the formation, registration, eligibility criteria for exemption, conditions for exemption, audit, taxation & compliance with various statutes which needs to be adhered to by these entities.

We Chartered Accountants who act as advisors, auditors carrying attest function of these entities need to refresh and update our knowledge in these areas, hence Bangalore Branch of ICAI has devised a workshop which will enable the members to go through the pros and cons of working for these entities as consultants, auditors, trustees etc.,

<i>Date</i>	<i>TOPIC / SPEAKER</i>
DAY 1 20.05.13 Monday	Inauguration & Overview Basic Concepts of Trusts, Societies, Sec.25 Companies, Clubs & Other Such Organisations - Formation, Constitution & Operation - Distinguishing features, Advantages & Disadvantages (Public Trusts/Societies, Private Trusts/ Societies, Oral Trusts) 35AC Projects CA. S. Krishna Swamy
	Discussion on Section 2(15) - Charitable Objects Provisions under Section 10(23)(c) Taxation issues on Educational / Medical Institutions - When income is exempt? - Other legal compliances 80G eligibility & related issues CA. S. Ramasubramanian
DAY 2 21.05.13 Tuesday	Meaning & concept of Charitry Charitable purpose Proviso to Charitable Purpose Understanding section 11 & 13 of the I.T. Act Application & Accumulation Voluntary contributions, Anonymous donations & Corpus donations Depreciation, set off & carry forward Registration procedures & issues Dr. CA. N. Suresh

<i>Date</i>	<i>TOPIC / SPEAKER</i>
	Correct method Computation of Income Income held as business & its consequences Section 13(3) violations & its impact on taxation Impact of taxation on unregistered trusts Audit Report SA 700(R') Audit Report in Form 10B (including issues relating to data to be filled in the Annexure thereto) Assessment Procedures Dr. CA. N. Suresh
DAY 3 23.05.13 Thursday	Foreign Contributions Regulation Act-2010 Practical issues on FCRA (Focusing on the recent trends) CA. S. Parthasarathi
DAY 4 24.05.13 Friday	Employee benefit Trusts - ESOP Trusts - Pension Fund - Gratuity Fund - Other superannuation Funds - PF on expatriate Sri M.K. Raghavendra Rao Governance of Charitable Trusts/NGO's/NPO's. Various type of finances for NPO's CA. N. Nithyananda Open house - Interactive session <i>Co-ordinator: Dr. CA. Suresh N.</i>

Delegate Fees: ₹ 1,000/-

Cash / Cheque in favour of "Bangalore Branch of SIRC of ICAI"

For further details please contact: **Ms. Geetanjali D., Tel: 080-30563500 / 3513**

Email: blrregistrations@icai.org, Website: www.bangaloreicai.org



Panel Discussion on

“Implementation issues in Revised Schedule VI & Revised Audit Report under SA 700/705/706”

6 hrs
CPE

on Saturday, 18th May 2013 between 10:00 am & 5:30 pm at Branch Premises

Revised Schedule VI

Schedule VI to the Companies Act, 1956 ('the Act') provides the manner in which every company registered under the Act shall prepare its Balance Sheet, Statement of Profit and Loss and notes thereto. In the light of various economic and regulatory reforms that have taken place for companies over the last several years, there was a need for enhancing the disclosure requirements under the Old Schedule VI to the Act and harmonize & synchronize them with the notified Accounting Standards as applicable. Accordingly, the Ministry of Corporate Affairs (MCA) had issued a revised form of Schedule VI on February 28, 2011. As per the relevant notifications, the Schedule applies to all companies for the Financial Statements to be prepared for the financial year commencing on or after April 1, 2011.

The Annual financial statement for all the companies would have got reported for the first time under the revised schedule VI for period starting April 1, 2011. To mitigate the difficulties faced in implementation of Revised Schedule VI based on the experience of last year, an expert panel discussion is organized to benefit the members at large.

SA 700/705/706

ICAI has also issued Standard on Auditing "SA-700 – Forming an opinion and reporting on Financial Statements" effective for all audits relating to accounting periods beginning on or after 1st April 2012 along with "SA-705 – Modifications to the opinion in the Independent Auditors report" & "SA-706 – Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report".

These SA promote consistency in the auditor's report. Consistency in the auditor's report, promotes credibility in the global marketplace. It also helps to promote the user's understanding and to identify unusual circumstances when they occur.

The expert panel shall also delve into the applicability & implementation issues in SA-700, SA-705 & SA-706.

10:00 AM to 01:15 PM		
Schedule – VI General Issues Balance Sheet <ul style="list-style-type: none"> ➤ Assets ➤ Liabilities 	Panelists CA. Sunil Ramakant Bhumralkar CA. C.N. Srinivasan CA. Raviprasad Thonse	Moderator CA. K. Gururaj Acharya
2:15 PM to 5:30 PM		
Schedule VI Statement of Profit and Loss Notes on Accounts SA – 700, SA – 705, SA – 706	Panelists CA. Sunil Birla CA. R. Satyanarayana Murthy CA. S. Sundaresan	Moderator CA. K. Gururaj Acharya
Tea - 11:30 to 11:45 AM & 3:45 to 4:00 PM		Lunch - 1:15 PM to 2:15 PM

The Panelists would provide a brief on each of the topic assigned to them and then proceed with solution oriented discussion on the issues raised by the Moderator / participating members. This would be an interactive session wherein the implementation issues in Revised Schedule VI & SA – 700/705/706 would be dealt with. You can send your queries in advance to blrprogrammes@icai.org so that important issues can be deliberated and the members can get the optimum benefit.

Delegate Fees: ₹ 500/-

Cash / Cheque in favour of “Bangalore Branch of SIRC of ICAI”

For further details please contact: **Ms. Geetanjali D., Tel: 080-30563500 / 3513**

Email: blrregistrations@icai.org, Website: www.bangaloreicai.org

TWO-DAY FACULTY DEVELOPMENT PROGRAM (FDP) – LEVEL-I

OPPORTUNITY TO SERVE THE STUDENT COMMUNITY

FOR MEMBERS TEACHING OR INTENDING TO TEACH CA STUDENTS AT BANGALORE BRANCH

The number of students enrolling for the CA course has been increasing steadily over the last few years. This has resulted in tremendous expectations of students from the Branch to conduct more classes for students with high quality teaching in curriculum related subjects. Keeping this in mind, the Bangalore Branch plans to embark on a plan to increase the number of faculty members and enhance the quality of teaching to meet the expectations.

The Bangalore Branch is planning to conduct a two-day Faculty Development Program in the month of June 2013 for faculty who are teaching or intending to teach CA Students at Bangalore Branch.

The dates, location and other details of the program will be intimated in due course. This is Level- 1 program. Based on the interest and response to the Level -1 program, the Branch will be encouraged to conduct Level 2 program at later point of time.

CA Nanu R. Mallya will lead a team of facilitators for this FDP program.

Chartered Accountants who intend attending this program are requested to send in the following details to enable the Branch to shortlist and to make necessary arrangements for the FDP. Please, therefore, send in the following details on or before May 20, 2013 to the Branch by email to the following email address “**blrprogrammes@icai.org**”

1. Full name
2. Membership Number
3. Postal Address
4. Email address
5. Mobile Number(s)
6. Date of Birth
7. Whether already teaching? Yes.... No.....
8. If yes, Where and for how many years? (Please furnish complete details).....
9. Subjects you are already teaching/intend to teach:
 - a.
 - b.
 - c.
10. Any other details that you feel important to share.....
.....

Number of Participants restricted to 40, on FIRST COME FIRST SERVED BASIS

CA. Ravindranath S. N.
Chairman

CA. Allama Prabhu M. S.
Secretary



One Day Seminar on Co-operative Audit

6 hrs
CPE

on Saturday, 11th May 2013 at 09.30am to 05.30pm
at Devraj Urs Bhawan Auditorium, Opp. Bangalore Branch of SIRC of ICAI

Chief Guest : **Sri. G. Karibasappa**, Director, Co-operative Audit, Govt. of Karnataka
Co-ordinator : **CA. B. V. Raveendranath**

TIME	TOPICS	SPEAKERS
9.30 to 11.00	Inauguration, Welcome address etc	
	Keynote Address & Brief History of the Cooperative Sector Interactive Session	Sri.G. Karibasappa Director, Co-op Audit, GOK
11.00 to 11.30	Tea Break	
11.30 to 1.15	Basic concept underlying Cooperative Societies Audit Programme & applicable Accounting Standards Case studies/illustrations/practical tips	CA. B.V. Raveendranath
1.15 to 2.15pm	Lunch Break	
2.15 to 3.45pm	Unique features of Cooperative Audit & Reporting Specimen Audit Report, Case studies/illustrations/practical tips	DR. N.A. Charanthimath
3.45 to 4.00pm	Tea Break	
4.00 to 5.30pm	Taxation provisions & Tax benefits	CA. D.R. Venkatesh
5.30 to 6.00pm	Open House	

Delegate Fees: ₹ 1,200/-

Cash / Cheque in favour of "Bangalore Branch of SIRC of ICAI"

For further details please contact: **Ms. Geetanjali D.**, Tel: 080-30563500 / 3513

Email: blrregistrations@icai.org, Website: www.bangaloreicai.org

AN APPEAL TO THE MEMBERS

XVII Batch of the Course on Finance for Non Finance Executives under the aegis of Management Development Programmes (MDP)

Commencement : **Saturday, 20th July 2013**

Duration : **July 2013 to November 2013**

Timings : **02.30pm to 07.30 pm**
(Only on Saturdays)

Course Fee : **₹ 15,000/-**

Course Contents:

- ❖ Financial Accounts ❖ Project Reports
- & Company Accounts ❖ Indirect taxes
- ❖ Direct Taxes ❖ Corporate Finance
- ❖ Financial Analysis ❖ Cost Accounts

For Whom:

The course is open to **Non-Finance Executives** such as Engineers, Architects, Doctors, Human Resource personnel, Department Heads, Administrators and other non finance executives. The course would also be useful to self employed persons and top executives who would like to work confidently in the field of corporate finance.

The course does not call for any prior knowledge in Accountancy, Finance and Tax Laws.

We request you to pass on this information to your Clients to avail the benefits of this course.

Contact Tel: **080 - 30563500 / 511/ 512**, E-mail: bangalore@icai.org / blrprogrammes@icai.org

Website: www.bangaloreicai.org

CA. Ravindranath S. N.
Chairman

CA. Allama Prabhu M. S.
Secretary

CA. K. Gururaj Acharya
Course Co-ordinator

Advt.

Investor Awareness Programme



Inauguration



Dr. B. Venkatachalam



CA. Shubha Ganesh



CA. B.V. Rudra Murthy



Cross section of the participants

Branch Chairman Meeting the Governor, RBI



Dr. D. Subbarao, Governor, RBI was met on 6th April 2013

10th Batch of IFRS



Commencing the 10th Batch of IFRS Course



Cross section of the participants

Refresher Workshop on Accounting Standards



Inauguration



CA. K. Gururaj Acharya,
Workshop Co-Ordinator



CA. B.P. Rao,
Past President, ICAI



CA. Manohar Gupta



CA. S. Sundaresan



CA. Mohan R. Lavi



CA. Vinayak Pai



CA. Pritesh K. Shah



CA. Shyam Ramadhyani



CA. Sandeep Karnani



Cross section of the participants

Speakers at Study Circle Meetings



Mr. K.S. Naveen Kumar



Mr. Vijaya Sarathy D.



CA. Anil Kumar H.



CA. D.S. Vivek



CA. Rishi Harlalka



CA. G.S. Prashanth