



Bangalore Branch of SIRC Newsletter

English Monthly

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At the Helm of Affairs



CA. M. Devaraja Reddy
President ICAI



CA. Nilesh Shivji Vikamsey
Vice-President, ICAI

Theme of the Year



CA. E. Phalguna Kumar
Chairman, SIRC of ICAI



CA. Madhukar N. Hiregange
Central Council Member



CA. Cotha S. Srinivas
Vice Chairman
SIRC of ICAI



CA. Babu K. Thevar
SICASA Chairman
SIRC of ICAI



CA. S. Panna Raj
Member
SIRC of ICAI

The New Team



Chairman's Communique . . .



Dear Professional Colleagues

Indeed I feel privileged and honoured as Chairman of our esteemed Bangalore Branch of SIRC of the ICAI.

At the outset, let me express my profound gratitude to our professional fraternity of Bangalore for having elected me as Managing Committee Member of Bangalore Branch. I sincerely thank my colleagues in the Managing Committee for reposing confidence in me to take up the position of Chairman of our most dynamic and active Branch in the country.

Election for the members of the managing committee (2016-2019) for the Bangalore Branch of SIRC of ICAI was held on 13th Feb 2016. Out of 16 candidates 8 were elected. Let me appreciate the keen interest shown by the candidates to contest for the election to serve our profession. The following members are selected as managing committee members for the year 2016-2017.

CA. Pampanna B. E	– Chairman
CA. Geetha A. B	– Vice Chairperson
CA. Shravan Guduthur	– Secretary
CA. Bhat Shivaram Shankar	– Treasurer
CA. Raveendra S Kore	– Chairman, SICASA
CA. Bhojaraj T Shetty	– Member
CA. Divya S	– Member
CA. Srinivasa T	– Member

I admire CA. Ravindranath S N, CA. Babu K Thevar and CA. Allama Prabhu M. S our Chairmen in the last term for their dedication to serve the profession and members. Our immediate past Chairman CA. Allama Prabhu M. S & his team handed over the charge to me & my elite team members on 17th Feb 2016. I myself involved and served as Treasurer, Secretary and Vice Chairman of the branch during my last tenure (2013-16) it gave me immense confidence to take this responsible position in this term. I always remain grateful to all my predecessors and especially CA. Allama Prabhu M.S and team for having encouraged me to take up this position to serve our Alma mater.



The theme of the year is “PRAGATHI”. The word “PRAGATHI” stands for progress. Originally as a Sanskrit word “PRAGATHI” postulates PRA-GATHI. “PRA” means positive. “GATHI” means movement.

Therefore, “PRAGATHI” means moving positively. Going by the theme “PRAGATHI”, we in the managing committee of 2016-17 are committed to move towards positive direction.

Tag line of the theme is “SERVE TO GROW – GROW TO SERVE”. The growth is symbolically displayed in the form of a growing tree - the tree of knowledge. The knowledge, specially the professional knowledge powered by the pen.

While growth is the object, service is the media. Service is meant by service to the profession. Continuous service to profession make us to grow. Therefore serve to grow. Growth so achieved has to sustained by continuous service. The nexus of growth and service is inter dependent and hence **“SERVE TO GROW – GROW TO SERVE”**.

Action plan for the year:

- Proposed to conduct Study Circle meet on 3rd Thursdays of every month at Basavanagudi.
- Tax Clinic on DT & IDT will be held at the Branch Premises on 2nd & 4th Fridays respectively.

- Proposed to conduct Study Circle Meet at Hosur & Tumkur
- Planned to conduct varied programmes on professional Interest for the benefit of the executives of Corporate & Public undertakings.
- As a corporate social Responsibility, proposed to conduct courses like Finance for Non-Finance Executives, Refresher Course for Accountants & Customised Programmes for Non-CAs of Corporates.

Congratulations to the Winners of Council Elections

On behalf of professional friends of our Bangalore Branch let me congratulate and wish all the very best to CA. M Devararja Reddy & CA. Nilesh Shivji Vikamsey for their prestigious new roles as President & Vice President of ICAI respectively. We also congratulate CA. Madhukar N Hiregange for having been elected as Central Council Member, CA Cotha S Srinivas as Vice Chairman of SIRC, CA. Babu K Thevar as Chairman, SICASA of SIRC and CA. S. Panna Raj, Member SIRC. We expect that our Bangalore Branch will march towards incremental excellence under their able leadership.

A brief about Feb 2016 Programmes:

Apart from regular Study Circles & the other programmes, Workshop on Ind AS was a grand success which was Co-ordinated by CA. K Gururaj Acharya who always renders a helping hand for ICAI especially for Bangalore Branch.

Analysis of Union Budget in association with FKCCI on 1st March 2016 was also a grand success and there were around 1000 participants. We had renowned moderators like CA. T V Mohandas Pai & CA. H Padamchad Khincha, and moderators are well supported by their team of panalist and resource persons were highly commendable in their knowledge very apt for the discussion. I appreciate the initiative taken by CA. N Nityananda, Past Central Council member for being instrumental in conducting the event with FKCCI.

Highlights of Budget

The Honorable Finance Minister, Shri Arun Jaitley, presented his third Union Budget on 29th February 2016. This Budget has amended all the main Acts with which professionals like us are involved with on a day to day basis- the Income Tax Act, Customs and Central Excise Acts and Service tax provisions. The provisions on Income Tax appear to be sending a signal that the tax department is moving towards an efficient administration that will assist tax payers who pay their dues. Those who don't have an opportunity to come clean, else they would be penalized. This Budget has taken a few steps

forward in India moving towards the Base Erosion and Profit Shifting (BEPS) project of the OECD. The tendency to keep adding specific services to the negative list of services is an area of concern. The Finance Minister also made only a passing reference to GST. On the economic front, the Fiscal Deficit has been targeted at 3.5% of GDP banking mainly on receipts from telecom spectrum and PSU dividends and disinvestments.

Programmes planned for the month of March 2016

We are aware that only those individuals & organisations will succeed who have mastered the art of continuous learning and comprehending the rapid changes in the most professional way.

As far as we CAs are concerned, it is inevitable for us to be abreast with the amendments continuously happening in the field of our profession to render quality service. Hence we have organised few important programmes for the month of March apart from Study Circle Meet.

- Clause by Clause Discussion on Union Budget- 2016 – Direct & Indirect Taxes on 11th & 12th March 2016.
- CA Women Conference on 19th March.
- Bank Branch Audit Seminar for Students & Members on 19th & 26th March respectively.

I request all our members to participate and derive maximum benefit out of these programmes.

I seek blessings from God the Almighty, and guidance & support from all of you to discharge my duties diligently enabling me to serve members and aspiring CA students as per their expectations and to sustain the high standards set by my predecessors and reach your expectations for the progress of our beloved branch. The road ahead is challenging and of course this great opportunity given to me has to be turned to great challenges rendering selfless service paving way for professional growth of our members there by enhancing the economic well-being of our great nation incredible India.

Once again let me thank all our members for having given me an opportunity to project my potential in the right perspective to serve our most vibrant Bangalore Branch.

Looking forward to face the challenges with your wholehearted support.

With warm regards



CA. Pampanna B E
Chairman







Advt.

CALENDAR OF EVENTS - MARCH 2016

Date/Day/ Time	Topic / Speaker	CPE Credit
01.03.2016 Tuesday 4.00pm to 8.00pm	An awareness programme - Analysis of Union Budget 2016 - In association with FKCCI Moderators: CA. T V Mohandas Pai & CA. H. Padamchand Khincha VENUE: Chowdaiah Memorial Hall, Malleshwaram, Bangalore	—
02.03.2016 Wednesday 6.00pm to 8.00pm	Study Circle Meet Mandatory quoting of PAN and furnishing information of financial transaction under Income Tax Act CA. D. Tarun Kumar Jain VENUE: Branch Premises	2 hrs
05.03.2016 Saturday 5.30pm to 8.30pm	Intensive Workshop on International Taxation Article 13 : Capital Gains CA. K L Prashanth VENUE: Branch Premises No Delegate Fee	3 hrs
08.03.2016 Tuesday 2.00pm to 6.30pm	Hosur CPE Study Circle Meet Latest amendments in Budget - Direct Taxes CA. Prashanth G.S Internal Financial Control: Process, Challenges & Implications CA. Heena Kauser & CA. Neelima. J <i>Delegate Fee: 500/-</i> VENUE: Hotel Claresta (Sarovar), Hosur Krishnagiri National Highway, Opp Income Tax Office, Hosur	4 hrs
09.03.2016 Wednesday 6.00pm to 8.00pm	Study Circle Meet Updates under the Commercial Tax Laws CA. Annapurna D Kabra Mr. B N Biradar , Assistant Commissioner of Commercial Taxes VENUE: Branch Premises	2 hrs
11.03.2016 Friday 10.00am to 5.00pm	Clause by Clause Discussion on Union Budget 2016 - DIRECT TAXES Speakers: CA. H. Padamchand Khincha CA. S Ramasubramanian CA. K K Chythanya <i>Delegate Fees : For Members - Rs 1000/-</i> VENUE: Ambedkar Bhawana Auditorium, Adjacent to B'lore Branch <i>Details at Page # 8</i>	6 hrs
12.03.2016 Saturday 10.00am to 5.00pm	Clause by Clause Discussion on Union Budget 2016 - INDIRECT TAXES Keynote Address by : CA. Madhukar N Hiregange , Central Council Member, ICAI Special Invitee: CA. G Sekar , Central Council Member, ICAI Speakers: CA. V Raghuraman Mr. K S Naveen Kumar , Advocate CA. N R Badrinath <i>Delegate Fees : For Members - Rs 1000/- For both days - Rs 2000/-</i> VENUE: Ambedkar Bhawana Auditorium, Adjacent to B'lore Branch <i>Details at Page # 8</i>	6 hrs Total 12 hrs
15.03.2016 Tuesday 10.00am to 3.00pm	Tumkur CPE Study Circle Meet Latest amendments in Direct Taxes CA. Naveen Khariwal G Indirect Tax Updates on Budget - 2016 CA. T R Rajesh Kumar <i>Delegate Fee : 350/-</i> VENUE: TDCAA Building, Srinagar, Tumkur, Near Sri Raj Theatre	4 hrs



CALENDAR OF EVENTS - MARCH 2016

Date/Day/ Time	Topic / Speaker	CPE Credit
16.03.2016 Wednesday 6.00pm to 8.00pm	Study Circle Meet Reassessment U/S 147 & Revision U/S 263 as per IT Act CA. Prashanth G. S VENUE: Branch Premises	2 hrs
17.03.2016 Thursday 6.00pm to 8.00pm	Study Circle Meet at South Bangalore Service Tax - Implications of Budget - 2016 CA. B D Chandrashekar <i>Delegate Fee : Rs. 200/-</i> VENUE: Vasavi Vidyanikethan Trust(VVN), No 3, Vani Vilas Road, VV Puram, Basavanagudi, B'lore-4	 2 hrs
19.03.2016 Saturday 10.00am to 5.30pm	CA Women Conference <i>Delegate Fees: for members - Rs 800/-</i> <i>Details at Page # 7</i> VENUE: Hotel Paraag, behind Hotel Capitol, #3, Rajbhavan Road, B'lore-560001	6 hrs
19.03.2016 Saturday 5.30pm to 8.30pm	Intensive Workshop on International Taxation Article 14 : Independent Personal Service CA. Tata Krishna VENUE: Branch Premises No Delegate Fee	 3 hrs
22.03.2016 Tuesday 5.30pm to 8.30pm	Hands on Training on using Excel Worksheet for Bank Audit CA. H. Shivakumar <i>Delegate Fee: Rs 500/-</i> <i>(Computers will be provided by the Branch)</i> VENUE : ICAI Bhawan, No. 29/1, Race Course Road, Next to SBI, Bangalore	 3 hrs
23.03.2016 Wednesday 6.00pm to 8.00pm	Study Circle Meet Recent issues on Taxation of Charitable Trust / Institutions and recent changes in FCRA, Rules 2015 Dr. CA. N Suresh VENUE: Branch Premises	 2 hrs
25.03.2016 Friday 6.00pm to 8.00pm	CPE Programme Amendments in Karnataka State Budget and recent Pronouncements CA. Venkataramani S VENUE: Branch Premises	 2 hrs
26.03.2016 Saturday 9.00am to 5.30pm	Seminar on Bank Branch Audit <i>Delegate Fees : For Members - Rs. 2,100/-</i> <i>Details at Back Cover</i> VENUE: Hotel Le-Meridien, Sankey Road, Bangalore	6 hrs
26.03.2016 Saturday 6.30pm to 8.30pm	Meet our President & Vice President VENUE: Branch Premises	2 hrs*
29.03.2016 Tuesday 5.30pm to 8.30pm	Hands on Training on using Excel Worksheet for Bank Audit CA. H. Shivakumar <i>Delegate Fee: Rs 500/-</i> <i>(Computers will be provided by the Branch)</i> VENUE : ICAI Bhawan, No. 29/1, Race Course Road, Next to SBI, Bangalore	3 hrs
30.03.2016 Wednesday 6.00pm to 8.00pm	Study Circle Meet IAS 17 - Lease CA. Vidya Sarathy VENUE: Branch Premises	 2 hrs

CALENDAR OF EVENTS - APRIL 2016

Date/Day/ Time	Topic / Speaker	CPE Credit
02.04.2016 Saturday 5.30pm to 8.30pm	Intensive Workshop on International Taxation Article 15 & 16 :Dependent personal service & Director's fees CA. Tapati Ghose & CA.Saraswathi Kasturirangan VENUE: Branch Premises	  3 hrs
06.04.2016 Wednesday 6.00pm to 8.00pm	Study Circle Meet Valuation of Shares including Discounted Cash Flow Method CA. Amith Raj A.N VENUE: Branch Premises	 2 hrs
08.04.2016 Friday	Holiday on account of Chandramana Ugadi	—
13.04.2016 Wednesday 6.00pm to 8.00pm	Study Circle Meet Disclosures in Directors Board Report - Companies Act- 2013 CS. J Sundharesan VENUE: Branch Premises	 2 hrs

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Advt. material
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previous month.

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EDITOR :
CA. PAMPANNA B.E.

CA Women Conference

on **Saturday, 19 March 2016** at **Hotel Paraag**, behind Hotel Capitol, No.3, Rajbhawan Road, Bangalore -560 001

**6 hrs
CPE**

10.00am to 10.30am	INAUGURATION - Ms. Shobha Karandlaje Member of Parliament & Ex Cabinet minister, Govt of Karnataka*	
10.30am to 11.45am	I TECHNICAL SESSION Introduction to Forensic Accounting - Current Environment and Opportunities for CAs	CA. Vidya Raja Rao
11.45am	Networking over tea break	
12.00pm to 01.15pm	II TECHNICAL SESSION Women Leadership - Leadership's not a title. It's behavior or The bigger we get the easier it is.	
01.15pm	Lunch	
02.15pm to 03.30pm	III TECHNICAL SESSION Are you a Microwave or Crockpot Intellectual debate on • Balancing professional and personal endeavors • Fast growth Vs steady success • Competition Vs Traditional beliefs	CA. Asha M, Moderator
03.30pm	Networking over tea break	
03.45pm to 05.00pm	IV TECHNICAL SESSION Significance of nutrition in women Health - A scenario on Physical, mental and behavioural aspects.	Dr. Jayalakshmi H K

*Confirmation awaited

CA. Pampanna B. E
Chairman

CA. Geetha A.B
Vice Chairman & Co-ordinator

CA. Shravan Guduthur
Secretary

Delegate Fee: **Rs. 800/-**

Mode of Payment: Cash/Cheque/DD in favour of **"Bangalore Branch of SIRC of ICAI"**, payable at Bangalore

For Registration, please contact: **Ms.Geetanjali D. • 080-30563500/513 • blregistrations@icai.org • www.bangaloreicai.org**



Clause by Clause Discussion on Union Budget - 2016

Direct Taxes & Indirect Taxes

Venue: **Dr. B. R. Ambedkar Bhawana Auditorium**, Adjacent to Bangalore Branch

On Friday, 11th March 2016			6 hrs CPE
Timings	Topics	Speakers	
10.00am to 10.30am	INAUGURATION		
10.30am to 05.00pm	CLAUSE BY CLAUSE DISCUSSION ON UNION BUDGET - 2016 - DIRECT TAXES	CA. H Padamchand Khincha CA. S Ramasubramanian CA. K K Chythanya	

On Saturday, 12th March 2016			6 hrs CPE
Timings	Topics	Speakers	
10.00am to 05.00pm	CLAUSE BY CLAUSE DISCUSSION ON UNION BUDGET - 2016 - INDIRECT TAXES	<i>Keynote Address by :</i> CA. Madhukar N Hiregange Central Council Member, ICAI <i>Special Invitee:</i> CA. G. Sekar Central Council Member, ICAI <i>Speakers:</i> CA. V Raghuraman Mr. K. S Naveen Kumar , Advocate CA. N.R Badrinath	

CA. Pampanna B. E
Chairman

CA. Shravan Guduthur
Secretary

DELEGATE FEES:

	<u>Members</u>	<u>Non Members</u>
Both the Days :	₹ 2000/-	₹ 6870/- (Incl. Service Tax & Cess)
Per Day :	₹ 1000/-	₹ 3435/- (Incl. Service Tax & Cess)

**Total
12 hrs
CPE**

Mode of Payment: Cash or Cheque/DD in favour of "**Bangalore Branch of SIRC of ICAI**", payable at Bengaluru

For Registration, Please contact: **Ms. Geetanjali D.**, Tel: **080 - 3056 3500 / 3513**

Email : **blrregistrations@icai.org** | Website : **www.bangaloreicai.org**

DIGEST ON RECENT DECISIONS UNDER COMMERCIAL TAX LAWS

CA Annapurna Kabra



1) STATE OF KARNATAKA V UNITED BREWERIES LIMITED, BENGALURU 2016(84) Kar. L.J. 1.57 (HC) (DB)

• The Issue before the Authority is whether malted barley is an agricultural produce and thereby exempted from entry tax under Karnataka Tax on Entry of Goods Act 1979.

- Barley is a food grain and Malted barley is barley which has been germinated or sprouted. Malted barley is used for manufacturing alcohol, beer and such other products.
- The product manufactured may be an industrial product but the question is as to whether barley, which has been made fit for consumption as malted barley and used as raw material for an industrial purpose, would cease to be an agricultural produce.
- The Revenue contended that when an agricultural produce is subjected to a process for being made fit for consumption i.e. for human or in a manufacturing process it ceases to be an agricultural produce.
- The malted barley is subjected to process and used for manufacturing the beer. Therefore such products cannot be considered to be agricultural or horticultural produce.

Therefore Malted barley was liable to entry tax under KTEG Act 1979.

The Circular No KTEG CR.13 /2015-2016 dated 10.02.2016 specifies that Serial number 11 of the Notification No FD 11 CET 2002 dated 30.3.2002 and explanations there under provides for levy of entry tax in respect of raw materials and inputs which are used in the manufacture of Tobacco products and liquor and hence Arecanut, Tobacco and any other agricultural produce brought into the local area for the manufacture of liquor and tobacco products such as beer, cigarettes, cigar, gutka, Zarda and quimam Pan Masala or any other products which can be classified as liquor or tobacco products are liable for entry tax.

Liability of entry tax at 1% as per Serial Number 11 of the Notification No FD 11 CET 2002(I) dated 30.3.2002 and explanations there under is independent of liability of entry tax as such on finished goods as per Notification No FD 208 CSL 2013 (III) dated 01.10.2013. All the assessments/Reassessments concluded by the assessing authorities allowing exemptions as agricultural or horticultural produce will be reopened and reassessed under the provisions of the Act.

II) CENTUM ELECTRONICS LIMITED, BANGALORE V STATE OF KARNATAKA. 2016(84) Kar.L J. 135 (HC) (DB)

• Whether the benefits as claimed under New Industrial Exemption Notification No FD 56 CSI, 2005 dated 18.04.2005 should be denied?

- The procedure for grant of exemption had undergone a sea change after 01.4.2005. Prior to that it was provided that tax would neither be collected and nor paid by the dealer.
- After 1-4-2005, a different procedure was provided in the notification dated 18-4-2005 issued under the KVAT Act, which was to be applicable for grant of exemption under the KVAT Act, as well as the CST Act.
- Even under the KST regime, the procedure provided under the notification issued under the KST Act, was applicable for CST also.
- Under the KST regime, Notification dated 21-8-1997 was issued wherein there was a specific condition that if the Unit (exercising the option for tax exemption) collects any tax, it shall become ineligible for tax exemption. But the same was applicable only up to 1-4-2005.
- Refund was granted to the dealer which means that the Department and the dealer have considered the Exemption Notification commonly



and subsequent revision by the Joint Commissioner by invoking the provisions of section 63-A of the KVAT Act cannot be justified.

- Therefore the findings given by the Tribunal with regard to ineligibility of the exemption as granted to dealer cannot be denied. The dealer has collected the taxes in good faith and has paid the input tax and collected the output tax both under the KVAT Act and CST Act and thereafter the dealer is eligible for exemption.

To continue the benefit which is already promised in KST law, some of the provisions were introduced in KVAT law also. Section 5(2) of KVAT empowers the state Government to exempt the whole or any part of the tax payable for any period on sales of goods made to or made by a new industrial unit, in respect of which the Government has already notified exemption to tax under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957). This may be given in such circumstances and subject to such conditions as may be specified by notification, and subject to such rules as may be prescribed in this regard. Further such exemption on purchases or sales should be by way of refund of tax collected on purchases or sales made by such industrial unit. Further to this Section 42(3) (a) empowers the state Government to defer payment by any new industrial unit of the whole or any part of the tax payable in respect of any period, subject to the condition that in respect of such

industrial unit the Government has already notified exemption of tax or deferred payment of tax under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957).

This may be given in such circumstances and subject to such conditions as may be prescribed in this regard. In order to give effect to the said provisions of exemption and deferment of tax the State Government issued series of Notifications for such units dated 18.4.2005 effective from 01.04.2005.

III) SRI SRI SAIMUKH VIJAYA AND COMPANY, BANGALORE Vs STATE OF KARNATAKA 2016 (84) Kar. L.J. 83 (Tri.) (DB)

Whether Clarification issued by the Commissioner of Commercial Taxes vide Clarification No. CLR. CR.26/2014-15 clarifying the rate of tax is binding on the 'Appellate Authority'?

The issue before the Advance Ruling Authority was whether the commodity adult diapers are liable for tax under entry 60 of Third Schedule. It was that neither baby diapers nor adult diapers can be construed as medical or pharmaceutical preparation. Thus adult diapers cannot be treated as goods falling under Entry 60 of Third Schedule and Hence liable for tax under Section 4(i)(b)(iii) at the higher rate.

The Instructions or Clarifications or Circulars issued by the Commissioner of Commercial Taxes are not binding on the Appellate Tribunal. But with reference to Section 60(4) of the KVAT Act " The

order of the Advance Ruling Authority shall be binding only on the applicant who seeks clarification and only in respect of the goods or the transaction in relation to which a clarification is sought and also only in the proceedings before the officers of the department (other than the Commissioner) and the **Appellate Tribunal**, relating to such applicant." Therefore the Clarification issued by the Advance Ruling Authority shall be binding on the applicant who seeks clarification, Appellate Authority and Departmental Authorities.

IV) NANDI CONSTRUCTIONS, MYSURU V STATE OF KARNATAKA 2016 (84) Kar.L.J. 1 (HC) (DB)

Whether the petitioner can be granted benefit over and above that what has been claimed in the returns filed by the assessee for the relevant tax periods?

- The claim of the Petitioner in its returns filed for the relevant tax periods was at 45% towards land cost. The Assessing Officer allowed only 40%. The First 'Appellate Authority granted the benefit of 45% towards land cost. The petitioner challenged the assessment order by filing the appeals where it claimed the land cost to be 50% of the sale consideration instead of 45% as had been claimed in the returns.
- The Division Bench of the Court held that the benefit beyond the benefit claimed in the return cannot be considered and allowed by the authorities with reference to Infinite Builders and Developers Bangalore

(Contd. in page 15)



FINANCIAL REPORTING

CA Mohan R Lavi

Banks, Financial Institutions, Insurance Companies and NBFC's to prepare their financial statements under Ind AS.

Members would recollect that in the first roadmap for Ind AS announced through a Notification on February 16, 2015, banks, insurance companies and non-banking financial companies were scoped out. A roadmap for these entities has now been announced through a Press Release dated January 18, 2016 from the Press Information Bureau. The roadmap is tabulated below:

Class of entities	Applicability	Scope
Scheduled commercial banks (excluding Regional Rural Banks (RRBs), All-India Term-lending Refinancing Institutions (i.e. Exim Bank, NABARD, NHB and SIDBI) and Insurers/ Insurance companies	for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter	Applies to both consolidated and separate financial statements.
Urban Cooperative Banks (UCBs) and Regional Rural Banks (RRBs)	NA	Scoped out. They should continue to present their financial statements under existing Accounting Standards.
NBFC's having a net worth of Rs 500 crores or more and their Holding, subsidiary, joint venture or associate companies	for accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter.	Applies to both consolidated and separate financial statements.
NBFCs whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth less than Rs.500 crores, unlisted companies having net worth of Rs.250 crores or more but less than Rs.500 crores and their Holding, subsidiary, joint venture or associate companies of companies	for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending March 31, 2019	
NBFCs having net worth below Rs. 250 Crores	NA	Scoped out. These entities should continue to present their financial statements under existing Accounting Standards.

The Press Notification states that scheduled commercial banks (excluding RRBs)/NBFCs/insurance companies/insurers shall apply Indian Accounting Standards (Ind AS) only if they meet the specified criteria, they shall not be allowed to voluntarily adopt Indian Accounting Standards (Ind AS).

The Press Notification does not specify the date on which the net worth is to be calculated for NBFC's- this needs to be clarified.



RBI Notification

Through Notification No DBR.BP.BC. No.76/21.07.001/2015-16, the Reserve Bank of India has instructed banks to set up a Steering Committee to initiate the implementation process. The Notification also mandates the Audit Committee of Banks to oversee the progress of implementation.

Last year, the RBI set up a Working Group to study the impact that Implementation of Ind AS would have on Banks. The report of the Working group can be downloaded from the RBI website.

Impact

The Notification referred to above asks

the banks to be prepared to submit proforma Ind AS financial statements for the half-year ended 30th September. Banks would need clarity on what the proforma Ind AS financial statements would contain. It cannot be the Ind AS Opening Balance Sheet as required by Ind AS 101 as banks would need to prepare this on 1st April 2017.

The trilogy of Standards on Financial Instruments, Ind AS 32, Ind AS 107 and Ind AS 109 will have a major impact on the financial statements (and core banking solutions) of banks. Classification of financial instruments and their subsequent recognition and

measurement would change. At a time, when the Non-performing assets (NPA's) of banks are in the limelight, the expected losses method to test impairment could hasten NPA status. Auditors of banks would need to keep themselves updated with these changes. The good news for them is that the RBI would act as the default coordinator for Ind AS implementation in banks by issuing Master Circulars on Income Recognition, Asset Classification, Prudential norms and treasury investments. The IRDA is expected to do the same for insurance companies.

Advt.

Advt.

CUSTOMS: CBEC CIRCULAR REVAMPING THE SVB PROCEDURE AND EXPEDITING THE PENDING CASES

CA. N.R. Badrinath, B.Com, Grad CWA, FCA & CA. Madhur Harlalka, B.Com, FCA, LL.B.



Background

Trade and industry has been repeatedly representing before the government regarding delays in finalization of Special Valuation Branch (SVB) investigations, continued uncertainty due to provisional assessments, increase in transaction costs due to extra duty deposits and burdensome procedure of renewal of SVB orders.

The Government in order to ensure ease of doing business has considered the representations made by the trade and industry and has issued Circular 04/2016-Cus. dated 09.02.2016 in order to expedite the disposal of pending cases in SVBs and Circular No. 05/2016-Cus. dated 09.02.2016 prescribing the new procedures for investigations by SVBs.

Circular No. 04/2016-Cus. dated 09.02.2016 (Applicable for pending SVB cases)

- The Government has issued Circular No. 04/2016-Cus. dated 09.02.2016 to include a system of obtaining one-time declarations from the importer and dispose the pending renewal cases and ongoing SVB inquiries.
- The formats for the declaration are prescribed as Annexure 1 & 2 of the said circular. The importer shall file the declaration in Annexure 1, if there are no changes in the circumstances surrounding the

sale between the importer and the seller, else the importer shall file the declaration in Annexure 2. These declarations should be filed latest by 31st May, 2016 to the jurisdictional SVB.

- If the declaration is filed in Annexure 1, the renewal case shall be considered as disposed and the SVB will immediately inform the Customs station to discontinue obtaining Extra Duty Deposit and finalize the proceedings. If the declaration is filed in Annexure 2, the SVB inquiries shall be initiated in accordance with the procedures detailed in Circular No. 05/2016-Cus. dated 09.02.2016.
- The Chief Commissioners/ Principal Commissioners/ Commissioners having jurisdiction over the existing SVBs will have to draw up action plans for completing investigations in all pending cases, in a manner such that all existing cases (commenced upto 31.12.2015) are disposed of latest by 31.10.2016.

Circular No. 05/2016-Cus. dated 09.02.2016 (Applicable for new imports)

The changes made in the SVB procedure are highlighted below:

- SVB functional control no more under the Director General of Valuation (DGOV)

The DGOV had the functional control over SVBs with effect from 1st January, 2013 vide Circular No. 29/2012-Cus. dated 07.12.2012. However, this circular has been withdrawn with immediate effect to give the functional controls over SVB to the Jurisdictional Chief Commissioner/ Principal Commissioner/ Commissioner.

- Jurisdiction of SVB:

The SVBs are presently functioning at the Customs Houses at Bangalore, Chennai, Kolkata, Delhi and Mumbai. The jurisdiction of the SVBs is based upon the principle of location of the corporate office of the importer. However, in cases where the import takes place through Custom Houses of Mumbai / Delhi / Chennai / Kolkata / Bangalore, the importer has the option of selecting the SVB of the custom house of import or the Custom House most proximate to the corporate office, as convenient to him.

- Extra Duty Deposit (EDD):

Before the introduction of this circular, 'Extra Duty Deposit' at 1% of declared assessable value for a period of 4 months was being levied on the importer, during which time he was required to submit documents and information to the



SVB. In the event of his failing to do so, the EDD could be increased to 5% of the declared assessable value till the time the importer submits the required documents.

This practice of levying Extra Duty Deposits (EDD) is done away with, by the introduction of this circular. However, a security deposit by way of a cash deposit or bank guarantee shall be imposed on the importer if he fails to provide documents and information required for SVB inquiries, within sixty days of requisition by the SVB. The security deposit shall be imposed at the rate of 5% of the declared assessable value for a period not exceeding the next three months. Simultaneously, the importer shall be granted a further period of sixty days to comply with the requisition for information & documents. If the importer fails to submit documents within this extended period, the Commissioner in charge of SVB may consider the use of other provisions of the Customs Act, 1962. Though the levy of EDD is done away with, the bond to be initially furnished by the importer will continue to exist.

- No appealable order by SVB:

The existing system of adjudication, wherein the proper officer of the SVB passed an appealable order followed by the assessing officer passing another corresponding order for finalizing provisional assessments is being replaced. From now on, the SVB shall not issue an appealable order. Instead, the SVB shall convey its investigative findings by way of an Investigation Report to the referring customs formation for finalizing the

provisional assessments. This would obviate multiple streams of appeals for the trade; one against the SVB order passed by the SVB authority and the other against demand notice issued by the jurisdictional Customs officer.

- Cases for which SVB investigation may be considered:

Apart from investigation of transactions involving related parties, transaction involving payment in the nature of instances given below, shall be examined to check whether SVB investigations are required -

- (i) 'royalty and license fee', or
- (ii) where the value of any part of proceeds of any subsequent resale, disposal or use of imported goods accrues to the seller, or
- (iii) where any other payments are made or are contemplated to be made in future by buyer to seller as a condition of sale of imported goods etc.

- Cases for which SVB investigation will not be considered:

To ensure that only cases with significant revenue implications are taken up for SVB investigations, the following cases shall not be taken up for inquiries by SVBs -

- (i) Import of samples and prototypes from related sellers
- (ii) Imports from related sellers where duty chargeable is unconditionally fully exempted or nil
- (iii) Any transaction where the value of imported goods is less than Rs 1 lac but cumulatively these transactions do not exceed Rs 25 lacs in any financial year.

- Change in circumstances surrounding the sale:

- In case of any change in the circumstances surrounding the sale, the importer should file a declaration at the place of import as per Annexure C of this Circular.

- Procedure for considering reference to SVB

- To avoid delay in clearance of import, where the importer has entered into transactions with related parties or transactions involving additions in value on account of royalty, license fee etc., the importers are advised to file a prior bill of entry, preferably 15 days prior to the import along with information as prescribed in Annexure A to this Circular.

- The proper officer shall proceed to determine whether, prima facie, there is a need for investigation by the SVB based on the Bill of Entry and information provided.

- The proper officer shall examine the matter within three days of the receipt of Bill of Entry and then submit his findings before the Commissioner.

- The Commissioner after consideration of the preliminary findings shall make a decision whether the transaction should be referred to investigation by SVB.

- Procedure for reference to SVB:

- In case the Commissioner directs the transaction for investigation by SVB, the proper officer will carry out the provisional assessment and ensure that no delays occur in release of the goods.

- The proper officer along with provisionally assessing the bill of

- entry shall also request for further information from the importer as per the questionnaire (prescribed as Annexure B to the circular) which should be submitted to the jurisdictional SVB within 60 days.
- After completion of the provisional assessment and issue of the questionnaire and in no case later than three working days from the release of the goods, all related records shall be transferred to the jurisdictional SVB.
 - On receipt of information, the SVB will intimate the Risk Management Division (RMD) to indicate that the documents have been submitted within the time limit.
 - Finalization of assessments
 - After the receipt of the IR from SVB, the customs station where the bill of entry was provisionally assessed shall immediately proceed to finalize the assessment. In this case, there is no requirement to issue a speaking order for finalizing the assessment.
 - If the findings in IR states that the declared value is influenced by circumstances surrounding the sale, then the proper officer should issue a Show Cause Notice to the importer within fifteen days of the receipt of the IR.
 - In case of clearance of goods from multiple locations, the jurisdictional Commissioner, after issue of notices by proper officers, shall make a proposal to the Commissioner (Cus.), CBEC to appoint a common adjudicating authority for finalization of the provisional assessments.
 - The adjudicating authority after following the principles of natural justice will pass an order quantifying the extent of influence on the declared transaction value.
 - If aggrieved by the order passed by the adjudicating authority, the importer may file an appeal against the order as per the provisions of the Customs Act, 1962.
 - No more renewal of SVB Orders
 - The Government has done away with the system of renewal of SVB orders with immediate effect.
 - Monitoring of SVB investigations:
 - Once a case is registered by the SVB, detailed information regarding the same along with the IEC code of the importer should be entered in the Central registry database maintained by DGoV. It shall monitor the progress of the investigations and report to the board in cases involving inordinate delays.

Authors Comments:

The introduction of both these circulars shows the Government's intention towards the ease of doing business in India. The Government's decision of doing away with the Extra Duty Deposit and renewal of SVB Orders is bound to have a positive impact on the importers from the cash flow perspective and will help unplug the blockage of the working capital in the importer's business. Further, the provision of SVB not issuing any appealable order will obviate the hassle of the importer in pursuing multiple streams of appeal for the trade. These circulars are bound to bring immediate relief for the importers and remove unnecessary obstacles in the course of their business. ■

DIGEST ON RECENT DECISIONS UNDER COMMERCIAL TAX LAWS

(Contd. from Page 10)

- VS ACCT Zone II 2013(76) Kar.L.J. 390 and State of Karnataka Vs Centum Industries Private Limited Bangalore 2014 (80) Kar.L.J 65.
- The Petitioner argued that the above two cases pertain to Input tax credit whereas in the present case pertains to exclusion of land cost. The submissions of the petitioners were not accepted.
 - The Honorable High Court states that if it is permitted then the assessing authority or the Appellate Authorities would be given unfettered powers to grant any such relief which may not even have been claimed by the assessee in its returns.
 - Therefore it is held that if the petitioner fails to avail the benefit of filing revised return then it is only the original return which should be considered by the Assessing Authorities or other Authorities.
- As per Section 35 (4) of the Act the dealer shall furnish the revised return within six months from the end of the relevant tax period upon discovery of such omission or incorrect statement. The above provision makes mandatory that discovery should happen within six months from the end of the tax period which is legally/practically not correct for the reason that the due dates for filing of Form VAT 240 and Income Tax Audits are not in line with the provisions of Section 35(4) of the KVAT Act 2003. ■



SERVICE TAX - BUDGET AMENDMENTS, 2016

CA. A. Saiprasad



(Source: TRU Circular No.334/8/2016-TRU dt.29.2.16)

Clauses 145 to 157 of the Finance Bill, 2016 ('the Bill' for short) proposes amendments to Chapter V of the Finance Act, 1994 (service tax law). Chapter VI of the Bill (clause 158) proposes to levy *Krishi Kalyan Cess*, on any or all the taxable services @ 0.5% of the 'value of taxable services' with effect from 1.6.16.

Amendments are proposed in:

1. Service Tax Rules, 1994
2. Point of Taxation rules, 2011
3. CENVAT Credit Rules, 2004
4. Notification No. 25/2012-ST (Mega Exemption Notification)
5. Notification No. 26/2012-ST (Abatement Notification)
6. Notification No. 30/2012-ST (Reverse Charge Notification)
7. Notification No. 32/2012-ST (Technology Business Incubator)

Changes made in the Budget would come into effect on various dates, as indicated below:

- (i) Changes immediately w.e.f. 1.3.16.
- (ii) Changes w.e.f. 1.4.16.
- (iii) Changes w.e.f. 1.6.16
- (iv) Changes when the Bill is passed;
- (v) Krishi Kalyan Cess on all taxable services with effect from 1.6.16.

Changes to Service Tax Law (FA, 94)

Amendment to Negative List

Education

1. S.66D(l) which related to educational services has been omitted.

2. The aforesaid provision finds a mention as 'educational institution' in Mega Exemption Notification No.25/12.
3. As per Entry No. 9(a) to N.No.25/12, services provided by educational institution to its students, faculty and staff are exempt.
4. The omission in the service tax law and insertion in exemption notification shall be effective from such date on which the Bill receives the assent of the President,

Transportation

Stage Carriage

5. S.66D(o)(i) has been omitted w.e.f 1.6.16. – As per the said clause, services of transportation of passengers with or without belongings by a 'stage carriage' was not taxable.
6. However services by non-air-conditioned 'stage carriage' has been exempted w.e.f 1.6.16 by inserting clause (bb) to Entry No. 23 in N.No.25/12.
7. Services by air-conditioned stage carriage has been granted abatement of 60% of value similar to air-conditioned contract carriage.

Aircraft/ Vessel

8. S.66D(p)(ii) has been omitted w.e.f.1.6.16. As per the said clause, services by way of transportation of goods by an aircraft or a vessel from a place outside India up to

the customs station of clearance in India was not taxable.

9. However services by way of transportation of goods by an aircraft from a place outside India up to the customs station of clearance in India is being exempted by inserting entry no.53 to N.No.25/12w.e.f 1.6.16.
10. The domestic shipping lines registered in India will pay service tax under forward charge while the services availed from foreign shipping line by a business entity located in India will get taxed under reverse charge (import of service) in the hands of the business entity.
11. The service tax so paid will be available as credit to manufacturer/ service provider.
12. Cenvat credit of eligible inputs, capital goods and input services is being allowed for providing the service by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.
13. Accordingly, definition of exempted service as per Rule 2(e) of CCR, 04 and Credit Reversal Rule 6 of CCR, 04 has been suitably amended to exclude services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India.

Lottery

14. Explanation 2 to S.65B(44) specifically stated that promotion, marketing, organising, selling of lottery would not be excluded from the definition of service under 'transactions in money or actionable claim'.
15. The said explanation has held as '*ultra vires*' FA, 94 (service tax law) and has been struck down by the Sikkim High Court in Future Gaming & Hotel Services Pvt Ltd V. UOI, 2015 (40) STR 833 (Sikkim)
16. Hence the aforesaid said part of explanation has been substituted by FB, 16 with an intent to prove that transaction between the State Government and the distributors or selling agents is on principal to agent basis and hence liable to service tax.
17. The Sikkim High Court in 2015 (37) STR 65 and 2014 (36) STR 733 had held the aforesaid transaction as purchase and sale of lottery tickets and hence not liable to service tax.

Declared Service

18. Assignment by the Government of the right to use the radio-frequency spectrum and subsequent transfers thereof has been included as a declared service.

Point of Taxation Rules, 2011

19. Power to amend POTR has been specifically brought in u/s.67A since S.67A *inter-alia* seeks to determine rate of tax.
20. Rule 5 of POTR has been amended to apply in case of new levy on services.

Recovery of Service Tax

21. S. 73 provides for demand of service tax. The normal period of limitation is 18 months (*i.e. in cases other*

than fraud, collusion, suppression, wilful misstatement, contravention of the provisions of the Act with an intent to evade payment of duty). The normal period of limitation has now been extended to 30 months.

Interest

22. Section 75 has been amended to provide for 'such other rate of interest' for a person who collects service tax but fails to pay the same to the Central Government.
23. Consequently, N.No.13/16 ST provides the interest rates as follows:
 - a. Collection of service tax but failure to remit to Central Government – 24%.
 - b. Other than situation covered in (a) above – 15%.

Penalty for offences by Director etc. of Company

24. Option has been provided to pay service tax with interest within 30 days of service of notice. If tax, interest is so paid, no penalty would be imposed u/s 76 in case of notice issued under normal period of limitation and 15% penalty would be imposed u/s 78 where notice invokes extended period of limitation.
25. If tax, interest and penalty (if any) is paid as aforesaid, then penalty proceedings if any initiated against directors/ manager/ secretary/ such other officer of the company would be deemed to be concluded u/s 78A as per amendment.

Offences & Penalties

26. Following offences listed u/s 89 entails punishment with imprisonment:
 - a. Knowingly evading payment of service tax,

- b. Availing and utilizing credit of taxes or duty without actual receipt of taxable service or excisable goods,
- c. Maintaining false books of account or failure to supply any information required to be supplied or
- d. Collecting service tax but failure to pay the tax to government
27. The threshold limit in the aforesaid cases for imposing punishment was Rs. 50 lakhs or more. The threshold limit is now increased from 50 lakhs to 2 Crores.

Power to Arrest

28. At present power to arrest is provided for all the offences mentioned aforesaid u/s 89.
29. The power to arrest is now restricted to only those cases where service tax has been collected but not paid, where such tax collected but not paid is in excess of Rs.2 crores.

Refund of Service Tax – Clause 157 of FB, 16

30. Refund of service tax on services used beyond the factory for export of goods was provided by N.No.1/16 w.e.f 3.2.16.
31. The said amendment is being given retrospective effect from the date of application of the parent notification, i.e., from 1.7.12.
32. Time period of one month is proposed to be allowed to the exporters whose claims of refund were earlier rejected in absence of amendment carried out vide notification No.1/16-ST dated 3.2.16.

Construction Services Provided to Governmental Authority – S.101 of FB, 16

33. Definition of Governmental authority was amended with effect



from 30.1.14 so as to exempt services provided by way of construction, erection, maintenance, or alteration etc. of canal, dam or other irrigation works provided to entities set up by Government but not necessarily by an Act of Parliament or a State Legislature.

34. However, services provided prior to 30.1.14 to such bodies remained taxable. The benefit of exemption is proposed to be extended to the said services provided from 1.7.12 to 29.1.14.

35. Refund of Service Tax paid on the said services from 1.7.12 to 29.1.14 shall also be allowed in accordance with the law including the law of unjust enrichment

Restoration of Certain Exemptions

36. Construction services provided to Government, Local Authority, Governmental Authority by way of construction, erection, etc. was withdrawn with effect from 1.4.2015 in respect of the following:

- (i) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;
- (ii) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;
- (iii) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to S.65B(44);

37. The said exemption is being restored under Entry No.12A to N.No.25/12 for the services provided under a contract which had been entered into prior to the 1.3.15 and on

which appropriate stamp duty, where applicable, had been paid prior to such date.

38. The said exemption is being granted up to 31.3.2020

39. Since the exemption had been withdrawn from 1.4.15, clause 102 of FB, 16 states that no tax shall be levied on aforesaid activity from 1.4.15 to 29.2.16. From 1.3.16 up to 31.3.20, exemption is being granted under entry no.12A of N.No.25/12.

Construction services pertaining to airport, port

40. Construction, erection, commissioning, or installation of original works pertaining to airport, port was exempted from 1.7.12 to 31.3.15 as per Entry No.14(a) of N.No.25/12.

41. The aforesaid exemption was withdrawn from 1.4.15.

42. Entry No.14A has been inserted to N.No.25/12 exempting services by way of construction, erection, commissioning, or installation of original works pertaining to an airport or port provided under a contract which had been entered into prior to 1.3.15 and on which appropriate stamp duty, where applicable, had been paid prior to such date with a condition that Ministry of Civil Aviation/ Ministry of Shipping GOI, certifies that contract had been entered prior to 1.3.15.

43. The exemption has been provided up to 31.3.20

44. The aforesaid services provided during the period from 1.4.15 to 29.2.16 under such contracts are also proposed not to be taxed as per Clause 103 of FB, 16.

Software

45. N.No.11/16 ST **exempts service tax** in relation to information technology software when such software is recorded on a media; classifiable under Chapter 85 to Sch I of CETA, 85; on which RSP is liable to be declared under Legal Metrology Act, 09, from whole of the service tax subject to the following conditions:

- a. the value of the package domestically produced or imported, for the purpose of levy of excise duty/ CVD respectively has been determined as per S.4A of CEA, 44 (i.e. MRP based valuation)
- b. appropriate excise duty is paid if locally produced
- c. appropriate CVD is paid if imported

46. N.No.11/16 CE **exempts excise duty** on media with recorded information technology software, classifiable under Chapter 85 of CETA, on which RSP is not required to be affixed as per Legal Metrology Act, 09, from so much of excise duty determined u/s 4 as is equivalent to excise duty payable on the value of information technology software recorded on media, which is liable to service tax u/s 66B r/w S.66E. Similar **exemption has been granted from CVD** (i.e. customs duty equivalent to excise duty u/s 3(1) of CTA, 75) by N.No.11/16 Cus.

47. As per the understanding of the author, the combined effect of aforesaid Exemption Notification Nos. 11/16 CE, 11/16 Cus & 11/16 ST is:

- a. Software on which RSP is liable to be affixed as per Legal Metrology Act (i.e. packaged/ canned software)

would be liable to excise duty; valued as per S.4A of CEA, 44 when domestically procured.

- b. As per Entry No.93A of Notification No.49/08 CE, Packaged Software or Canned Software, classifiable under CETH 8523 is liable to S.4A (i.e. MRP based) Valuation
 - c. CVD would have be paid (valuation of CVD as per S.4A of CEA, 44) when software on which RSP is liable to be affixed as per Legal Metrology Act is imported.
 - d. Service Tax is exempted on packaged/ canned software on which RSP is liable to be affixed provided excise duty/ CVD is paid (valuation as per S.4A of CEA, 44) when locally produced/ imported respectively.
 - e. Software recorded on a media, on which RSP is not liable to be affixed as per Legal Metrology Act, 09 (i.e. Customised Software) would be liable to Service Tax as per S.66B r/w S.66E.
48. For Background/ Reasoning kindly refer S.65(105)(zzzze)(v), S.66E(d)&(f), N.Nos.14/11 CE, 25/11 Cus, Infotech Software Dealers Association V. UOI, 2010 (20) STR 289 (Mad))

Service by Senior Advocate

Exemption to services provided by a senior advocate to an advocate or partnership firm of advocates is **withdrawn** w.e.f 1.4.06.

49. Service tax by such senior advocates would be payable by such senior advocates and not by recipients of the said services.
50. For services provided by firm of advocates of individual advocate other than senior advocate, the

present reverse charge mechanism would continue

Services to Arbitral Tribunal

51. Service provided by a person represented on an arbitral tribunal to an arbitral tribunal is **withdrawn** w.e.f 1.4.06.

Ropeway, cable car or aerial tramway

52. Exemption under Sl. No. 23 (c) of the notification No.25/2012-ST on transport of passengers, with or without accompanied belongings, by ropeway, cable car or aerial tramway is being **withdrawn** w.e.f 1.4.06

Metro, Monorail

53. Exemption to construction, erection, commissioning or installation of original works pertaining to monorail or metro (under S. No 14 of the notification No. 25/12-ST) is being **withdrawn**, in respect of contracts entered into on or after 1.3.16.
54. Aforesaid exemption shall continue for railways.

New Exemptions

55. Certain new exemptions have been granted by inserting new entries in N.No.25/12 ST. Notification No.9/16 ST may kindly be referred.

Abatements

56. Tour Operator were liable to pay tax on 10% value, 25% value and 40% value under difference circumstances.
57. Tax was payable on 10% value in case of 'booking accommodation' where value includes cost of such accommodation.
58. Tax was payable on 25% value for 'package tour' and on 40% value for other than (a) package tour,

(b) booking accommodation has now been rationalized.

59. Tax would now be payable at a single rate of 30% of value for all services other than service of booking accommodation Consequently, definition of 'tour package' has been omitted.

Chit Funds

60. Services provided in relation to Chits was previously liable to tax on 70% value under entry No.8 of N.No.26/12 ST.
61. The said entry no.8 was omitted by N.No.8/15 during Budget 15.
62. Services provided by a foreman of chit fund in relation to chit has been re-introduced as entry no.8. Tax is payable on 70% of the value.

Construction Service

63. At present, two rates of abatement have been prescribed for services of construction of complex, building, civil structure, or a part thereof,-
(a) 75% of the amount charged in case of a residential unit having carpet area of less than 2000 square feet and costing less than Rs 1 crore, and (b) 70% of the amount charged in case of other than (a) above, both subject to fulfilment of certain conditions prescribed therein.
64. A uniform abatement at the rate of 70% is now being prescribed for services of construction of complex, building, civil structure, or a part thereof, subject to fulfilment of the existing conditions.

Transport of Goods by Rail

65. At present, service tax is payable on 30% of the value of service of transport of goods by rail but without Cenvat credit on inputs, input services and capital goods.



66. As per N.No.8/16 ST, the same value i.e. 30% would be liable to service tax but with benefit of cenvat credit of input services.

Transport of Goods by Rail by persons other than Indian Railways

67. Goods are transported by rail by persons other than by Indian Railway. They are called Container Train Operators (CTOs) who haul their container train (i.e. rake of wagons with containers).

68. As per N.No.8/16 ST, 40% of the value charged by them would be liable to service tax. Benefit of input service is available.

Refund of Cenvat Credit

69. The time limit of 1 year for filing refund application under R.5 of CCR, 04 shall be 1 year from the date of:

- receipt of payment in convertible foreign exchange, where provision of service has been completed prior to receipt of such payment; or
- the date of issue of invoice, where payment for the service has been received in advance prior to the date of issue of the invoice.
- Amendment by N.No.14/16 CE (NT) to 27/12 CE (NT)

Indirect Tax Dispute Resolution Scheme, 2016 (Clauses 209 to 215 of FB, 16)

70. The scheme is applicable to Customs, Excise & Service Tax Disputes.

71. In certain cases pending before Commissioner (Appeals), a person may make a declaration to the designated authority on or before 31.12.16.

72. The designated authority shall acknowledge the declaration.

73. The declarant shall pay tax, interest and penalty equivalent to 25% of tax amount within 15 days of receipt of acknowledgement and intimate the designated authority within 7 days of making such payment.

74. The designated authority shall, within 15 days of the receipt of such proof, pass an order of discharge of dues.

75. The scheme shall not be applicable in the following cases:

- The impugned order is in respect of search and seizure proceeding; or
- Prosecution for any offence punishable under the Act has been instituted before 1.1.16; or
- The impugned order is in respect of narcotic drugs or other prohibited goods; or
- The impugned order is in respect of any offence punishable under the Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985 or the Prevention of Corruption Act, 1988; or
- Any detention order has been passed under COFEPOSA, 74

Service Tax Payment on Receipt Basis

76. In addition to individual and partnership firm, 'one person company' has been added for payment of tax on receipt basis.

77. As per third proviso to Rule 6, the aforesaid persons shall have the option to pay tax on receipt basis on taxable service provided up to Rs.50 lakhs in the current year.

Quarterly Payment of Service Tax

78. Individuals and partnership firms were eligible to pay service tax quarterly instead of monthly.

79. HUF and a 'one person company' whose aggregate value of taxable service in previous year is less than or equal to Rs.50 lakhs may also pay service tax quarterly.

Advt.

Advt.

3D PRINTED KIDNEY & INTERNATIONAL TAXATION

CA Sachin Kumar B.P.



Introduction

It is a common lament among the tech savvy that laws do not keep pace with the rapid rate of innovation we are experiencing currently. Practicing in Bangalore popularly known as the Silicon Valley of India, I have come across new technologies such as 3-D Printing, IoT, etc. which makes me wonder as to the laws required to regulate the same. By the time you are reading this article the budget would have just been announced and it will be hard for me draw your attention away from the budget material. However, I will make an attempt to do the near impossible by discussing a futuristic scenario from the perspective of International Taxation.

Though IoT, 3 – D Printing, etc. may sound futuristic to a layman, in tech speak these technologies are old and boring. What is taking the tech world by storm currently is, innovation in Healthcare as this is the next area of disruption with trends like broader penetration of wearables etc. Therefore in my following narrative I am going to attempt to open your mind by weaving in a futuristic situation with a flavour of international tax, where my narrative is titled “Kidney and International Tax”.

Narration

Circa: Late 2016 AD

Scene-1

A pleasant Bangalore morning where Chartered Accountant Ramesh (All

Characters are fictional) has just stepped into his office feeling great after his jog in Cubbon Park. However, as soon as Ramesh enters his cabin a call is forwarded to Ramesh, it's Anitha, the daughter of his client and close friend Rizwan. Anitha sounds tensed and is speaking in a hurried tone until Ramesh calms her down and becomes aware of the situation.

Scene-2

The previous day Rizwan had been suffering from severe stomach pain and had admitted himself to the hospital with the assistance of his wife. He had been subjected to multiple tests and the doctor finally came in to the ward where Rizwan was resting, to announce the diagnosis which was bleak and with regret informed Rizwan that both his kidneys had failed. However, Doctor Ranganath was numero uno in Nephrology and advised Rizwan that there has been a path breaking innovation in the field of Nephrology, where Kidneys could now be 3 – D Printed and customised to a patient's requirement in a lab in the United Kingdom (UK) and he would soon be getting in touch with his colleagues in the UK to put Rizwan back on the path of health.

Scene-3

Ramesh had just finished the phone call with Anitha and had become aware of Rizwan's diagnosis and the future course of treatment. Ramesh sat down on his

desk to call his secretary to postpone his appointments for the first half, as he was going to the hospital to visit Rizwan. But before he left as the laptop lay open before Ramesh he was overcome by a sense of curiosity to educate himself as to what is a 3 – D Printed Kidney, and therefore he googled the same. There he came across the following mind boggling talk of Dr Anthony Atala (Not Fictional Character - https://www.ted.com/talks/anthony_atala_printing_a_human_kidney?language=en) and obtained an understanding of 3 – D Printing of Human Organs.

Scene-4

Ramesh has driven down to the hospital and is in the waiting area of the hospital lobby for Anitha to take him to Rizwan's room, while contemplating about the fragility of the human life. In a short while Anitha arrives and Ramesh is soon at Rizwan's bedside comforting him and offering any help possible, knowing little, how Ramesh's expertise will soon be called for in helping Rizwan.

Scene-5

Rizwan's 3 – D Printed Organ transplant will be the first of its kind medical procedure in India. However, being an unique transaction the Hospital is unable to decide whether the payment being made to Advanced Laboratories PLC (UK) will be liable to tax deduction at source. Among many fine qualities possessed by CA Ramesh, he is also



a popular expert on the matters of International Taxation and knowing he is inside the vicinity of the hospital campus, Prasad the CFO of the Hospital soon requests an urgent appointment with Ramesh, with whom he has had interactions on tax matters earlier as well. Ramesh who is ever so willing to offer his expertise is immediately at the CFO's office, to assist in resolving the issue and expediting the payment.

Scene - 6

Ramesh and the CFO are grappling with the issue at hand, as this is first of such transaction and it is a challenge to determine whether the 3 – D Printed Kidney being procured from Advanced Labs PLC (UK) would be considered as an import of goods or is it payment of fees for technical services. What follows is a brainstorming session between the CFO and Ramesh:

CFO: Ramesh, can the payment for the organ be considered purchase of goods and therefore, we will not have to deal with the issue of tax deduction at source?

Ramesh: Prasad, the term Goods has been defined in Article 366(12) of the Constitution, to include all materials, commodities and articles. Sale of Goods Act, in Section 2(7) defines 'goods' as every kind of movable property other than actionable claims and money and includes stocks and shares, growing crops, grass and things attached to and forming part of land which are agreed to be severed before sale or under the contract of sale. Also under the Central Excise Laws the Courts have construed goods for the purpose of levy of excise duty and according to these judicial pronouncements, goods must satisfy the following requirements:

- (a) They must be movable
- (b) They must be marketable

As per my understanding Prasad, it would be a stretch to call this custom built 3-D Printed Kidney as import of goods, as the Revenue may take a stand that the same is not goods, as it is not marketable & also there is no mention of the 3-D Printed Kidney in the Customs Tariff Schedule.

CFO: Wow! Ramesh, I can always expect you to really lay it on me. So give me a solution.

Ramesh: As per my understanding, your hospital has to take a detailed scan of the kidney structure and also send the tissue to Advanced Labs in UK. On receiving the same, the lab in UK will manufacture scaffolds as per the structure scan sent by your hospital and using the scaffolds regrow the kidney tissue using the patient's stem cells again sent by your hospital. In my opinion, the payment is being made for the technical services being rendered by the lab in UK who possess the specialised know-how.

CFO: I am impressed with your attention to detail Ramesh. On a lighter note you could very well pass off as a doctor and I would have been none the wiser about it. So to summarise, you're saying its Fees for Technical Services (FTS) and we'll be making the payments after grossing up, as the contract between our hospital and the UK PLC requires for all taxes to be borne by us.

Ramesh: You know Prasad, Benjamin Franklin once said "In this world nothing can be said to be certain, except death and taxes". Coming to the point, broadly there are two approaches which India has adopted in negotiating its DTAA's in case of FTS:

- The "broad approach" under which the term FTS is defined to include all managerial, technical or consultancy services (similar to the Act definition). DTAA's with countries such as Germany, Austria, Ireland, Japan, adopt this approach.
- The "narrow approach" under which the term FTS is defined to cover only those technical services which "make available" technical know-how, skill etc. to the recipient of the services. DTAA's with countries such as US, UK, Canada, Singapore, adopt this approach. This is popularly referred to as the FIS (Fees for included services) provision.

CFO: Ramesh earlier you had my curiosity, now you have my attention, go on I am listening

Ramesh: DTAA's entered into by India with USA, UK, Canada, Singapore cover only technical services which "make available" technical know-how, skill etc. to the recipient of the services and fall under the narrow approach. The concept of "make available" is explained in the memorandum of understanding (MoU) to the India – USA DTAA. The USA MoU explains that "Generally speaking, technology will be considered "made available" when the person acquiring the service is enabled to apply the technology." The provision of service may at times require technical input by the service provider. This does not mean that technical knowledge, skills, etc. are "made available" to the service recipient. To conclude in simple terms, the idea of not making available vs make available can be equated with giving a man a fish vs. teaching him to fish. The fact is that the service recipient must be equipped to do the service thenceforth

is the key criteria of the 'make available' clause which therefore restricts from the classification of all and every technical service as FTS which is taxable in India.

CFO: So Ramesh as we're making payments to a tax resident in UK and there is no 'make available' of service happening, we do not have to deduct any tax on the payments being made

Ramesh: Yes, subject to all other things remaining equal

CFO: Thank you Ramesh! For your

valuable assistance. What would have we done without you.

Scene – 7

Two months after, Scene – 6, Mr. Rizwan is at Ramesh's office, having a friendly chat.

Conclusion

As technology rapidly evolves and the time-gap between one disruption to another becomes ever so shorter, & as members of this noble profession, we

are the first point of contact, to clients who are willing to take risks by dipping their feet into these disruptions. Through this article I hope to have captured your attention and provoked your curiosity on the myriad of transactions we would be staring at in the future and where our services will be called upon to provide our advice. I look forward to meeting you all at the many budget sessions we'll be soon be attending and wish you all Happy Learning in Advance.

IMPORTANT DATES TO REMEMBER DURING THE MONTH OF MARCH 2016

Due Date	Statute	Compliance
6 th March 2016	Service Tax	E-Payment of Service Tax Collected During Feb 2016
	Excise	E-Payment of Excise Collected During Feb 2016
7 th March 2016	Income Tax	Deposit of TCS Collected During Feb 2016
		Payment of TDS on Credits given or Payments made in Feb 2016
10 th March 2016	Excise	Monthly Returns for Production and Removal of Goods and CENVAT Credit for Feb 2016
		Monthly Returns of Excisable Goods Manufactured & Receipt of Inputs and Capital Goods by Units in EOU, STP, HTP for Feb 2016
		Monthly returns of Information relating to principal inputs for Feb 2016 by Manufacturer of Specified Goods who paid Duty of Rs.1 Crore or More during financial year 2015-2016 by PLA/CENVAT/Both.
15 th March 2016	Income Tax	Due date for payment of third installment of Advance Tax for Non Corporate Assesseees and Fourth Installment for Corporate Assesseees for AY 2016-17
	VAT	Payment and filing of VAT 120 under KVAT Laws for month ended Feb 2016.
	Provident Fund	E-Payment of EPF Contribution for Feb 2016
		Consolidated Statements of Dues and Remittances under EPF and EDLI For Feb 2016
20 th March 2016	CST/VAT/KTEG	Filing of Monthly Returns and Payment of CST and VAT Collected During Feb 2016.
	Professional Tax	Monthly Returns and Payment of PT Deducted During Feb 2016.
21 st March 2016	ESI	Deposit of ESI Contribution and Collections of Feb 2016 to the credit of ESI Corporation.
31 st March 2016	Service Tax	E-Payment of Service Tax Collected During March 2016 (Other than Individuals and Firms)
		E-Payment of Service Tax Collected During the period Jan 2016 to March 2016 (Individuals and Firms)
	Excise	E-Payment of Excise Collected During March 2016
	Income Tax	Filing of Income Tax returns without any penalty under section 271F of the act for the assessment year 2015-16
		Last date for filing of belated return for the assessment year 2014-2015.
		Last date for filing of revised return (Voluntary) for the assessment year 2014-15 (Section 139(4))



COMPANY LAW - UPDATES

CA K. Gururaj Acharya



I. Important Updates – January 2016

1. MCA Updates

1.1 Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR) u/s. 135 of Co's Act, 2013 issued by MCA (vide General Circular 01/2016 dated 12.01.2016)

- Corporate Laws and Corporate Governance Committee (CLCGC) of ICAI had earlier in April 2015 issued FAQ's on CSR u/s. 135 and corresponding rules which was later withdrawn by virtue of issuance of "Guidance Note on Accounting for Expenditure on CSR Responsibility Activities" by ICAI on 15.05.2015
- FAQ's on CSR now issued by MCA vide above notification is in line with the contents of the Guidance Note on Accounting for Expenditure on CSR Responsibility Activities issued by ICAI.

1.2 Centralized approval for Application for Reservation of Name by ROC (Delhi) WEF 26.01.2016

[Constitution of Central Registration Centre (CRC) vide Notification S.O. 218(E) and Companies (Incorporation) Amendment Rules, 2016 dated 22.01.2016]

Highlights of the Amended Name Availability Rules –

- Three re-submission opportunities will be provided to correct defects in integrated form INC-29 and the total period for re-submission of documents not to exceed 30 days (presently, 2 resubmission opportunities were allowed with 15 days time each)
- Names shall be considered desirable even if it is not in consonance with the principle objects of the Company. [Ex. 23K Hotels Limited may be incorporated with principle objects of Real Estate Developers]
- Vague and Abbreviated Names will not be considered undesirable [Ex. 23K Limited, DJMO Limited]
- Names indicating scope or scale of Company's activities beyond the resources at its disposal will not be considered as Undesirable. [Ex. 23K Industries Limited can be incorporated even with a paid up capital of Rs. 10,000]
- No Objection and Proof of Relationship need not be submitted in cases where the Name is based on names of other persons or names of relatives of the promoters

1.3 Constitution of Authority for Administration of Investor Education and Protection Fund (IEPF)

[Commencement of sub-sections (5), (6) and (7) of S. 125 vide MCA Notification S.O.125 (E) WEF 13th January 2016]

Subsections 5, 6 (except with respect to the manner of administration of IEPF) & 7 of S. 125 notified along with corresponding Rules called "IEPF Authority (Appointment of Chairperson and Members, holding of meetings and provision for offices and officers) Rules, 2016".

1.4 HUF or its Karta cannot become Partner or Designated Partner in LLP

[Clarification vide General Circular 02/2016 (dated 15.01.2016)]

2. ICAI Updates

Draft of New CARO to be submitted soon to MCA:

MCA had constituted a Committee to develop a new CARO to be made applicable from FY 2015-16 onwards. Draft of the proposed revised CARO was prepared and circulated in the ICAI Council for comments and will be submitted to the MCA for onward consideration of the Committee.

II. Corporate Social Responsibility (Gist of FAQ's issued on 12.01.2016)

- CSR Provisions are applicable to Every Company having –
 - Net worth \geq Rs. 500 Crores, or
 - Turnover \geq Rs. 1,000 Crores, or
 - Net Profit \geq Rs. 5 Crores
 during any of the **3 Preceding Financial Years** (as also clarified vide General Circular no. 21/2014 dtd 18.06.2014) (FAQ no. 1 & 2)

2. CSR Expenditure cannot be claimed as Business Expenditure.
As per the provisions of Finance Act 2014, CSR expenditure cannot be claimed as Business Expenditure for Income Tax Purposes. (FAQ no. 3).
However, contributions to PM's Relief Fund, Scientific Research, Rural Relief Fund, and similar which find place in Sch VII and which already enjoy exemptions under IT Act will be allowed. (FAQ no. 6)
In my opinion, this aspect must not have been commented by MCA in its FAQ as it does not fall under its jurisdiction.
3. Co's covered under CSR provisions must spend in every Financial Year at least **2% of "Average Net Profits"** made during 3 immediately preceding Financial Years in pursuance of its CSR Policy. "Net Profit" means **PROFIT BEFORE TAX** computed as per S. 198 (FAQ no. 4)
4. The statutory provision and provisions of CSR Rules, 2014, is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013, the entries in the said Sch VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Sch VII of the Act, are **broad-based and are intended to cover a wide range of activities.** The list of Activities covered in the Circular 21/2014 is only **illustrative and many more activities can be covered.** (FAQ no. 5)
5. The following activities **would not qualify as CSR** –
 - a. Projects / programs or activities that benefit only employees of the Co. and their families.
 - b. One-off events such as marathons / awards / charitable contribution / advertisement/ sponsorships of TV programmes etc.
 - c. Expenses for fulfillment of requirements under any Act / Statute (*Labour Laws, Land Acquisition Act etc.*)
 - d. Contributions to Political Parties directly or indirectly.
 - e. Activities undertaken in pursuance of Co's normal course of business.
 - f. Projects / programs or under taken outside India. (FAQ no. 7)
6. **CSR not applicable to Holding / Subsidiary Co. unless such Holding / Subsidiary Co. is otherwise covered** –
Rule 3 of Companies (Corporate Social Responsibility Policy) Rules, 2014 reads as under -
"Every company including its Holding or Subsidiary, and a foreign company, which fulfills the criteria specified in sub-section (1) of S. 135 of the Act shall comply with the provisions of S. 135 and these rules"
FAQ's have now clarified that **Holding or Subsidiary of a Company covered under CSR need not comply with CSR rules unless such Holding or Subsidiary itself fulfils the criteria u/s. 135.** (FAQ no. 8)
In my opinion, the confusion created by MCA through the Rules is solved through the FAQ!!
7. CSR provisions are **applicable even to S. 8 Co's** if applicability criteria u/s. 135 are fulfilled (FAQ no. 9)
8. Contributions to Trust / Society / S. 8 Co's **will be treated as CSR Expenditure** of contributor Co's if –
 - a. Trust / Society / S. 8 Co. is created exclusively for undertaking CSR activities; or
 - b. Corpus is created exclusively for a purpose directly relatable to subjects covered in Sch VII. (FAQ no. 10)
9. CSR Policy to be mandatorily **displayed on the Co's Website** (if any) (FAQ no. 11)
10. Annual Report on CSR (*containing specified particulars - Rule 9*) to be included in **Boards Report** (FAQ no. 12)
This requirement is applicable to Financials filed u/s. 381(1) by Foreign Co's as well (FAQ no. 13)
11. **Contributions in Kind cannot be monetized to be shown as CSR Expenditure.** The Company has to actually spend such amount (FAQ no. 15)
Similarly, **monetization of services of employees of Co. involved in CSR projects / programs would not be counted as CSR Expenditure** (FAQ no. 23)
12. **CSR Contributions to Disaster Relief** –
Disaster relief can cover wide range of activities that can be appropriately shown under various entries in Sch VII. For example –
 - a. Medical Aid under 'Promoting health care including preventive health care.'



- b. Food supply under 'eradicating hunger, poverty and malnutrition'
- c. Supply of clean water under 'sanitation and making available safe drinking water'(FAQ no. 14)
13. **Excess Amounts spent** (i.e in excess of specified 2%) **cannot be carried forward** and adjusted against CSR expenditure of subsequent years (FAQ no. 16)
- However, in case of **shortfall**, the **Board is free to decide whether the amount unspent is to be carried forward to the next year** and such carried forward amount **must be over and above** the amount of CSR required to be spent in the next year. (FAQ no. 17)
14. **Role of Government in implementation of CSR –**
- The main thrust and spirit of law is not to monitor, but to generate conducive environment for enabling Corporates to conduct themselves in a socially responsible manner, while contributing towards Human Development Goals of the country. Government has no role to play in -
- monitoring implementation of CSR by companies (FAQ no. 18)
 - engaging external experts for monitoring quality and efficacy of CSR expenditure (FAQ no. 19)
 - approving and implementation of CSR programmes / projects. (FAQ no. 21)
15. **CSR and Government Schemes –**
- CSR funds should not used as a source of funding Government Schemes and CSR projects should have larger multiplier effect than under the Government schemes.
- However, Board of eligible companies may take decisions on supplementing any Government Schemes provided such schemes permits Corporate Participation and the CSR provisions are complied with. (FAQ no. 20)
16. A well designed CSR project / program can be managed with even small funds. Further, Co's with small CSR funds can combine with other Co's and pool their CSR resources as provided in CSR Rules. (FAQ no. 22)

**Southern India Chartered Accountancy Students Association
Bangalore Branch of SIRC of ICAI**

Bank Branch Audit Seminar – 2016

On **Saturday 19th March 2016**, from **9.00 am to 4.30 pm** at ICAI Bhavan, Bangalore Branch.

Time	Particulars	Speakers
09.00 am to 09.30 am	INAUGURAL SESSION	Inaugural address by Chief Guest
10.00 am to 11.30 am	1ST TECHNICAL SESSION Audit Documentation & Working Papers	CA Veera Basanna Gouda
11.30 am to 11.45 am	Tea Break	
11.45 am to 01.15 pm	2ND TECHNICAL SESSION Auditing under Computerized Environment	CA Venkatesh Padiyar
01.15 pm to 02.15 pm	LUNCH BREAK	
02.15 pm to 04.00 pm	3RD TECHNICAL SESSION Tax Audit Issues relating to Bank Audit	CA Kaleswar Prasad and CA Kanthilal Jain Salacha
04.00 pm to 04.15 pm	Open House	Students
04.15 pm to 04.20 pm	Vote of Thanks	Students – Vice Chairman / Secretary
04.20 pm to 04.30 pm	Tea – Concluded	

CA Pampanna B E
Chairman, Bangalore Branch

CA Raveendra S Kore
Chairman, SICASA

Vice Chairman
SICASA

Secretary

Registration Fee : **Rs. 200/-**

Please Contact for Registration: **Ms. Divya, 080-3056 3511**

SICASA Chairman's Message to the Students

My Dear Students,
Hearty greetings to all of you!

I am delighted to communicate to you for the first time as the Chairman of SICASA for the period 2016-17. After successfully serving Karnataka State Chartered Accountants Association and members in various capacities for about six years, I deem it privilege to serve the members and students at Bangalore Branch, which is one of the most happening branch with more than 30,000 students registered for CA course.

When we take up an education, integrally it consists of two parts. One makes you Earn a living & another teaches you How to live! When one takes up a professional course one needs to Study the way in which it's designed as well as the way he's supposed to act after qualification. Hence to be a true professional one needs to build all-round development. Of course priority for Studies should be given but it should not be the only way out. Therefore to excel in demanding fields Bangalore Branch aids the students in all possible ways.

We have successfully conducted the SICASA First Programme for the year 2016-17 on grace day of the year, 29th February 2016 on the topic – Career Counseling at Sri Basaveshwara College of Commerce, Arts and Science, Rajajinagar, Bangalore. More than 200 students enthusiastically participated and got inputs to decide on their future

career. We are planning to conduct more such program on the coming days to encourage students to join chartered accountancy course on right time.

The Months Ahead:

We are planning to conduct a half day seminar on Bank Branch Audit on 19th March 2016 and another half day program on Companies Audit during May, 2016. Both programs aimed to equip the students with better knowledge on the upcoming audits amid changing laws, regulations and systems. I request each one of you to participate in all SICASA programs and make use of the programs to enrich your knowledge.

The Year Ahead:

This year we are planning to conduct various programs for the benefits of Students, few of the program ideas listed below.

- ❖ March 2016 – Bank Audit Seminar
- ❖ April 2016 – Program on How to face CA Exams
- ❖ May 2016 – Seminar on Companies Audit
- ❖ June 2016 – SICASA Sports meet
- ❖ July 2016 – One day trip to Historical places
- ❖ August 2016 – Seminar on Tax Audit
- ❖ Sept 2016 – Workshop on Computer aided audit techniques
- ❖ Oct 2016 – Program on How to face CA Exams

- ❖ Nov 2016 – SICASA Students Festival
- ❖ Dec 2016 – Seminar on VAT Audit
- ❖ Dec 2016 – National Level Conference / SICASA Conference
- ❖ Jan - Mar 2017 – Need Based programs / events as suggested by students.
- ❖ Planning to conduct study circle meetings & Industrial visits every month and Career Counseling programs at rural colleges.

Apart from the above we are planning to have more interactive programs and events like quiz competitions, blood donation camps, Motivational sessions, CA Day, etc. Students can come forward and suggest for more new events and initiatives which would be helpful for them. We would consider on merits and help to arrange for the programs as appropriate.

Before I conclude let me recall a motivating line from Swami Vivekananda: "Everything that is excellent will come when this sleeping soul is aroused to self conscious activity".

Arise, Awake, and stop not till the goal is reached!

With these initiative in mind I wish you all the very best. I wish & hope that you all will excel in exams and life.

Thank you

CA Raveendra S. Kore
Chairman, SICASA



IPCC AND FINAL PRE-EXAM CRASH COURSE FOR MAY 2016 EXAMS

We are glad to know that you have registered for IPCC & CA Final Course and would be appearing for May 2016 exams. Few of you might have taken coaching classes at our Institute. Many students have requested us for organizing special sessions. Hence, pre-exam crash course for the benefit of the students appearing for May 2016 examinations is being organized, apart from the regular coaching classes, as per the schedule given below:

IPCC Timings: 10.00 am to 06.00 pm				
SL No	DATE	DAY	SUBJECT	FACULTY
1.	21.03.2016	MON	ACCOUNTING (Gr 1)	CA. CHINMAYA HEGDE
	22.03.2016	TUE	ACCOUNTING (Gr 1)	CA. CHINMAYA HEGDE
2.	23.03.2016	WED	TAXATION : DIRECT TAXES	CA. N .R .Rani
	24.03.2016	THU	TAXATION: SERVICE TAX,CUSTOMS, EXCISE, VAT	CA. A.SAI PRASAD
3.	25.03.2016	FRI	FINANCIAL MANAGEMENT	CA. VINTI VARMA
	26.03.2016	SAT	COSTING	CA. M.IRFAT
4.	27.03.2016	SUN	BUSINESS LAW, COMPANY LAW	CA. KALESHWAR PRASAD
	28.03.2016	MON	ETHICS & COMMUNICATION	CA. VINTI VARMA
5.	29.03.2016	TUE	AUDITING & ASSURANCE	CA. SHANKAR SANKETH
	30.03.2016	WED	AUDITING & ASSURANCE	CA. SHANKAR SANKETH
6.	31.03.2016	THU	ACCOUNTING (Gr- 2)	CA. GEORGE VICTOR CRASTA
	01.04.2016	FRI	ACCOUNTING (Gr- 2)	CA. GEORGE VICTOR CRASTA
7.	02.04.2016	SAT	STRATEGIC MANAGEMENT	CA. VENKATESH PADIYAR
	03.04.2016	SUN	INFORMATION TECHNOLOGY	CA. VENKATESH PADIYAR
FINAL Timings: 10.00 am to 06.00 pm				
1.	21.03.2016	MON	FINANCIAL REPORTING	CA. GEORGE VICTOR CRASTA
2.	22.03.2016	TUE	FINANCIAL REPORTING	CA. GEORGE VICTOR CRASTA
	23.03.2016	WED	IDT: SERVICE TAX & FOREIGN TRADE POLICY	CA. A.SAI PRASAD
3.	24.03.2016	THU	IDT: CUSTOMS & CENTRAL EXCISE	CA. JATIN CHRISTOPHER
	25.03.2016	FRI	ST. FINANCIAL MGMT	CA. GEORGE VICTOR CRASTA
4.	26.03.2016	SAT	ST. FINANCIAL MGMT	CA. GEORGE VICTOR CRASTA
	27.03.2016	SUN	ST. FINANCIAL MGMT	CA. GEORGE VICTOR CRASTA
5.	28.03.2016	MON	CORPORATE AND ALLIED LAWS	CS. ABHISHKEK BHARADWAJ
	29.03.2016	TUE	CORPORATE AND ALLIED LAWS	CS. ABHISHKEK BHARADWAJ
6.	30.03.2016	WED	ADVANCED MANAGEMENT ACCOUNTING	CA. CHINMAYA HEGDE
	31.03.2016	THU	ADVANCED MANAGEMENT ACCOUNTING	CA. CHINMAYA HEGDE
7.	01.04.2016	FRI	QUANTITATIVE TECHNIQUES	CA. CHINMAYA HEGDE
	02.04.2016	SAT	ADVANCED AUDITING & PROFESSIONAL ETHICS	CA. VIDYASARATHY
8.	03.04.2016	SUN	ADVANCED AUDITING & PROFESSIONAL ETHICS	CA. VIDYASARATHY
	04.04.2016	MON	ISCA	CA. NARASIMHAN
9.	05.04.2016	TUE	ISCA	CA. NARASIMHAN
	06th, 7th & 9th.04.2016	WED, THU & SAT	DIRECT TAXES	CA. NAVEEN KHARIWAL.G, CA. DEEPAK CHOPRA & CA. SUNIL.D.SURANA

Registration on First Come First Served basis.

THE FEE FOR THE PRE EXAM CRASH COURSE IS AS FOLLOWS:

Final: Both Groups	Rs.3600/-	IPCC: Both Groups	Rs.3000/-
I Group Subjects	Rs.2000/-	I Group Subjects	Rs.2000/-
II Group Subjects	Rs.2300/-	II Group Subjects	Rs.1500/-
Single Subject	Rs.800/-	Single Subject	Rs.750/-

CA. Pampanna B. E
Chairman

Mode of payment: CASH / DD in favour of
"BANGALORE BRANCH OF SIRC OF ICAI"
PAYABLE AT BANGALORE.

To register please contact: 080,30563500 / 511/ 512 / 513
blrregistrations@icai.org

CA. Shravan Guduthur
Secretary

National Conference on FAFP



Inauguration



CA. K. Raghu,
Imm. Past President, ICAI



CA. Rajkumar Adukia, Chairman,
Committee on IT, ICAI



CA. Parag Deodhar,
President, ACFE



CA. Manoj Khanna



CA. Sundar Narayan



Committee Members with the Branch Staff

Digital Library Inauguration



Digital library inauguration by CA. K. Raghu, Immediate Past President, ICAI
along with CA. Rajkumar Adukia

Name Board Inauguration



Name Board Inauguration by CA. K. Raghu, Immediate Past President, ICAI

Intensive Workshop on International Taxation



CA. K. K. Chythanya



CA. Subramanian K

Practice Alert Discussions

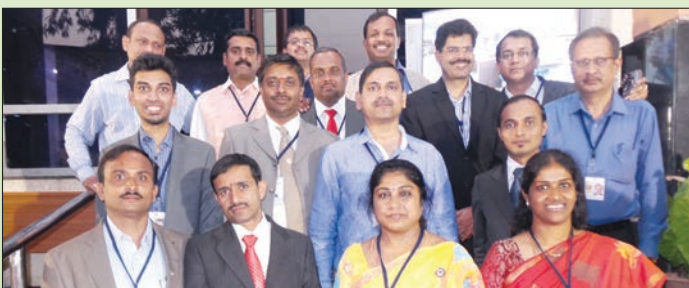


CS. M.S. Sivashankaran Iyer & CS. Ms. Mangala Rohit

Branch Election



Candidates



Candidates with Election Officer CA. Cotha S. Srinivas





Felicitation to incoming Chairman



Felicitation to out going Chairman



Felicitating the newly elected Branch Chairman & Vice Chairman



First Managing Committee Members Meeting



Committee Members with the Branch Staff

Workshop on Ind AS



Inauguration



CA. Pampanna B.E.,
Chairman



CA K. Gururaj Acharya,
Co-Ordinator



CA Vinayak Pai



CA Mohan R. Lavi



CA Adarsh Ranka

Speakers at Study Circle Meetings



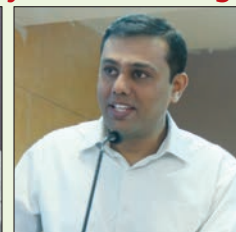
CA. Ramachandran
Mahadevan



CA. Naveen Rajpurohit



CA. D R Venkatesh



CA. A Saiprasad



Mr. Susobhan Sinha,
GM, RBI



Mr. NCN Acharya,
DGM, RBI

Career Counseling Programme at Basaveshwara College, Rajajinagar



Dignitaries on the Dais



CA. Nithin Mahadevappa



CA Raveendra S. Kore,
Chairman, SICASA

SICASA Meeting



Cross section of participants at Career Counseling Programme



Advt.

BANK BRANCH AUDIT SEMINAR

6 Hrs
CPE

on **Saturday, 26th March 2016**
at **Hotel Le Meridien**, Sankey Road, Bangalore

Timings	Topics	Speakers
09.00am to 10.00am	Registration	
10.00am to 10.30am	INAUGURATION Shri. Rakesh Sharma , MD & CEO, Canara Bank* CA. M. Devaraja Reddy , President, ICAI CA. Nilesh Shivji Vikamsey , Vice-President, ICAI CA. E. Phalguna Kumar , Chairman, SIRC of ICAI	
10.30am to 11.45am	Audit of Advances	CA. Shyam Ramadhyani , Bangalore
11.45am to 12.00pm	Tea Break	
12.00pm to 01.30pm	Audit of IT and related Controls in CBS Branches	CA. Vittal Raj , Chennai
01.30pm to 02.15pm	Lunch	
02.15pm to 03.45pm	Audit of areas other advances: Including LFAR and Tax Audit and Certifications	CA. P R Suresh , Bangalore
03.45pm to 04.00pm	Tea Break	
04.00pm to 05.15pm	An Overview of asset classification and recent RBI Circulars	CA. Ananthan , Bangalore

*Confirmation awaited

CA. Pampanna B. E
Chairman

CA. Shravan Guduthur
Secretary

Delegate Fee: FOR MEMBERS: **Rs. 2100/-** FOR OTHERS: **Rs. 5725/-** (Incl. of service tax & cess)

Mode of Payment: Cash/Cheque/DD in favour of **"Bangalore Branch of SIRC of ICAI"**, payable at Bangalore

For Registration please contact: **Ms. Geetanjali D.** Tel: **080 - 3056 3500 / 513**

Email: **blrregistrations@icai.org** | Website: **www.bangaloreicai.org**

Managing Committee of Bangalore Branch of SIRC of ICAI 2016 - 2017



CA. Pampanna B. E
Chairman



CA. Geetha A. B
Vice Chairperson



CA. Shravan Guduthur
Secretary



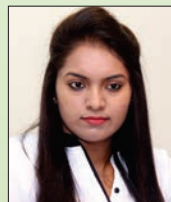
CA. Bhat Shivaram Shankar
Treasurer



CA. Raveendra S Kore
Chairman, SICASA



CA. Bhojaraj T Shetty
Member



CA. Divya S
Member



CA. Srinivasa T
Member