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► FINANCE BULLETIN

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Compiled by R. Satyanarayana, M.Com, FICWA

E-mail : yadav.satyanarayana@gmail.com

Mobile: (91) 949-186-8036

EDITORIAL

Dear friends,

Gradually government is introducing XBRL in the preparation and submission of Annual Accounts to authorities for proper control and scrutiny. MCA released XBRL for comments of all stakeholders. CA Institute has brought a booklet on XBRL for use of industry and professionals.

The decision of the Income tax department to not to scrutinize IT Returns of the Sr. Citizens with income upto Rs 10 lacs and announcing that refund of excess paid tax would be made within 30 days of filing IT returns on line are a welcome feature.

The MCA has revised Schedule VI to be followed wef financial year commencing 1.4.2011 is to be taken note by all professionals. Simplifying the service of Annual Accounts to shareholders by email announced by MCA and revised procedure of appointment of Cost Auditor are noteworthy, Many other procedural simplifications and initiatives by the Government are really going to make life of professionals more demanding with increased responsibilities.

Regards,

R.Satyanarayana

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QUOTES FOR THE MONTH

1. An idealist is a person who helps other people to be prosperous -

Henry Ford

2. The fragrance of flowers spreads only in the direction of the wind, but the goodness of a person spreads in all directions -**Anonymous**

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FINANCE BULLETIN

GENERAL

- **Committee on CEIB:** The President of India has sanctioned the constitution of a Committee to review the role, functioning and structure of the Central Economic Intelligence Bureau (CEIB) in the changed economic scenario under the chairmanship of Mr.S.S.Khan Member (Retired) CBDT.
- **Imprisonment not must for bounced cheque:** Imprisonment is not a must while punishing a person who issues cheques which bounce, the Supreme Court stated in the case, Kaushalya Devi vs Roopkishore. In this case, the drawer of cheques was convicted under the Negotiable Instruments Act. However, he deposited Rs 2 lakh out of Rs 3.5 lakh against the cheques. The magistrate felt that under that circumstance, fine would suffice and imprisonment was not necessary. The Supreme Court agreed with the magistrate that jail sentence was not called for in this particular case.
- **Draft policy on mobile governance:** The Department of Information Technology (DIT) has published a draft policy on mobile governance that aims to enable government departments to provide services, including payment of utility bills and filing of tax returns from mobile phones.
- **Digital signature certificates:** From January 1, 2012 only SHA-256 Hash Algorithm and 2048 bit RSA Key Digital Signature Certificates will be issued. However, from 4th April 2011, Certifying Authorities should issue Digital Signature Certificates with SHA-256 Hash Algorithm which are valid for a period of one year only vide notification dated 18th March,2011 issued by the Controller of Certifying authorities Ministry of communication, Information and Technology of GOI.
- **Mobile check in facility at Metros:** National carrier Air India has introduced Mobile Check-In facility that will allow travellers to perform basic check-in functions through web-enabled mobile phones. The new facility, which will help in reducing queues at airports, will be available at Delhi, Mumbai, Chennai, Kolkata, Hyderabad and Bangalore on domestic travel, the airline said in a statement
- **China to build 56 airports in next five years:** China will build 56 more airports in the next five years to expand its transport capacity, a senior Chinese civil aviation official said on Thursday. Li Jiaxiang, head of the Civil Aviation Administration of China, said the total number of airports in the country is likely to cross 230 in next five years.
- **Promotion cannot be denied for minor punishment:** Promotion cannot be denied on minor punishments vide Madras High Court judgment on W.P.(MD)No.5998 of 2010 , W.P.(MD)No.5999 of 2010 and M.P.(MD) Nos.1 and 1 of 2010 decided between S. Ponniah Vs The Director General of Police and The Commissioner of Police.
- **BRICS to use own currencies for granting credit:** In a first-of- its-kind step, Brazil, Russia, India, China and South Africa (BRICS) will be signing an agreement on 21st April,2011 under which they would be able to give credit and grants to each other in their own currency instead of dollars.
- **Corporation bank launches mobile valet system:** State-run Corporation Bank launched a mobile wallet which makes it possible to make purchases using a mobile handset. Under the scheme, christened 'ypaycash', an account-holder can pay for purchases through the mobile handset, provided the merchant has the system installed. The service, which comes free for Corporation Bank customers, can be availed by asking the Bank to transfer up to Rs 5,000 from a savings or current account to the mobile wallet.
- **CD of telephone conversation is valid evidence:** A compact disc containing recording of telephone conversation could be valid evidence according to Section 3 of the Evidence Act and Section 2(t) of the Information Technology Act, the Supreme Court has stated in the case, K K Veluswamy vs N Palaniswamy.

- **No scrutiny of Sr.citizens IT Returns:** CBDT issued a press release stating that IT Returns of Sr. citizens and those earning under Rs 10 lacs to be spared from scrutiny vide press release dated 14.3.2011.
- **IT refunds within one month:** The Central Board of Direct Taxes has promised to settle tax refund claims within 30 days of filing if taxpayers file their returns electronically vide The Times of India dated 19th April, 2011.

RESERVE BANK OF INDIA

- **Revised edition of FDI** The Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India, has released its Circular 1 of 2011 dated 31 March 2011 being the third edition of the Consolidated Foreign Direct Investment (FDI) policy effective from 1 April 2011.
- **Submission of system audit report:** RBI issued circular indicating that the system audit may be conducted by a Certified Information Systems Auditor (CISA) and registered with Information Systems Audit and Control Association (ISACA) or by a holder of a Diploma in Information System Audit (DISA) qualification of the Institute of Chartered Accountants of India (ICAI) vide RBI/2010-11/476 DPSS.CO.OSD. No. 2374/06.11.001/2010-2011 dated 15th April, 2011.
- **No service tax for banks for forex deals:** Banks will now be exempted from paying service tax on foreign exchange transactions entered into with other lenders vide Economic Times dated 2nd April, 2011.
- **Capital instruments with step up option:** RBI decided that banks should not issue Tier 1 or Tier 2 capital instruments with 'step-up option' so that these instruments continue to remain eligible for inclusion in the new definition of regulatory capital. However, such instruments can be issued with only 'call option' as per the existing rules.
- **RBI defines small account:** 'small account' means a savings account in a banking company where

the aggregate of all credits in a financial year does not exceed rupees one lakh; the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and the balance at any point of time does not exceed rupees fifty thousand vide RBI/2010-11/487 RPCD.CO.RCB.AML.BC. No.63/07.40.00/2010-11 dated 26th April, 2011.

- **Computation of capital charge:** The Basel II Framework presents three methods for calculating operational risk capital charge in a continuum of increasing sophistication and risk sensitivity: the Basic Indicator Approach (BIA); the Standardised Approach (TSA)/ Alternative Standardised Approach (ASA); and Advanced Measurement Approaches (AMA) RBI had issued guidelines for computation of Capital Charge under AMA vide RBI/2010-11/488 DBOD.No.BP.BC. 88 /21.06.014/2010-11 dated 27th April, 2011.
- **Deregulation of interest rates on SB Accounts:** As a part of Financial reforms and Deregulation of Savings Bank Deposit Interest Rate A Discussion Paper has been released by RBI and the same can be accessed on www.rbi.org

ACCOUNTS & AUDIT

- **Cost accounting standards for June 2011 exam:** It may be noted that Cost Accounting Standards (CAS) 1 – 12 will be applicable for the students appearing in June 2011 term of Examination vide notification by ICWAI refer www.icwai.org.
- **LLP:** The word LLP includes vide General Circular No. 10/2011-The Acts governing the three professional institutes define in Sec 2 –members who are deemed to be in practice in all the three Acts, there is a provision for a member to be in practice when he is in partnership. The word Partnership includes LLP vide CA/ICWA/CS Act includes LLP vide 17/71/2011-CL V dated 4th April, 2011.
- **ICWAI calls on line application for certified facilitation centre under CBEC:** Cost Accountants in whole-time practice may act as Certified Facilitation Centres (CFC) under the ACES Scheme of CBEC if he/she fulfills the terms

and conditions of ACES Scheme and after approval of ICWAI vide www.icwai.org.

- **15 minutes reading time to students of CA exam:** The Council of the CA Institute, based on the recommendation of the Examination Committee has decided to allow 15-minute reading and planning time allowance to the candidates in the Chartered Accountants Examinations before the scheduled commencement of the examinations i.e, if the examination commences from 2.00 PM, then the candidates will be given Question Papers at 1.45 PM. This reading time will not be available for CPT and all post qualification Courses Examinations.
- **eBook on XBRL** ICAI has published an Ebook on XBRL Language which can be downloaded from the website of the Institute www.icai.org.
- **ICWAI launches eLearning course on IFRS:** President-ICWAI signed MOU with C&K Management Ltd. for Certificate Course of IFRS through e-learning modules for members, students and others for details refer to www.icwai.org
- **1% interest subvention on Housing Loans:** RBI issued liberalized the existing scheme of interest subvention of 1 per cent on housing loans by extending it to housing loan up to Rs. 15 lakh where the cost of the house does not exceed Rs. 25 lakh from the present limit of Rs. 10 lakh and Rs. 20 lakh respectively vide RBI/2010-11/481 RPCD.SME & NFS. BC. No. 62/06.11.01/2010-11 April 21, 2011
- **Setting up of Central Electronic Registry:** RBI issued fresh guidelines regarding Registry under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002-making mandatory furnishing of particulars of any charge creating security interest over property is required to be filed with the Registry within 30 days from the date of creation vide RBI /2010-11/484 DBOD .Leg. No .BC. 86/09.08.011 /2010-11 dated 21st April, 2011.
- **Provisioning coverage ratio (PCR):** As per RBI the 70% PCR provisioning should be with

reference to gross NPA provisioning as at 30th Sept 2011 any additional provisioning would be treated as buffer and can be used by banks vide RBI/2010-11/485 DBOD.No.BP.BC. 87/21.04.048/2010-11 dated 21st April, 2011.

- **Appointment of Cost Auditor:** GOI has revised the guidelines for appointment of Cost Auditor by companies and henceforth The Audit committee of the Board of the company shall be the first point of reference regarding the appointment of Cost Auditor vide MCA, Cost Audit Branch letter 52/5/CAB-2011 dated 11th April, 2011 addressed to the President of ICWAI..

INCOME TAX

- **Transfer of funds by Charitable organization:** Transfer of funds by a charitable society to another charitable institution is application of income as per section 11 vide ACIT v. U.P. Cricket Association (ITA NO.422(LU .)/2009) [2011] 9 taxmann.com 102
- **Direct stay application maintainable:** Direct Stay Application to Tribunal maintainable. Not necessary that lower authorities must be approached First vide Honeywell Automation India Ltd vs. DCIT (ITAT Pune)(Stay Application No. 08/PN/2011.
- **The Depreciated Replacement Cost Method of Valuation:** The ICWAI is an Institutional Member of the INTERNATIONAL VALUATION STANDARDS COUNCIL (IVSC). The IVSC has released the exposure draft on **The Depreciated Replacement Cost Method of Valuation** . Members are requested to forward their comments / suggestions on the same to the Technical Directorate (technical@icwai.org) up to May 15, 2011 vide www.icwai.org
- **Losses on cancellation of forward contracts:** The Mumbai bench of the Income-tax Appellate Tribunal, in a ruling' in the case of Citicorp Banking Corporation, Baharain v. Addl. Director of Income Tax (I.T.)-Range 1-[2011-T11-40-1TAT-MUM-INTL] , held that losses arising on cancellation of foreign exchange

forward contracts entered into by the assessee for protecting it against the risk of currency fluctuation would be characterized as capital loss and the said loss can be set-off against other capital gains under the provisions of the Income-tax Act, 1961 Further, the Tribunal also held that section 115AD provides for tax rates on income from securities or capital gains and it has nothing to do with determination of the nature of gain or loss i.e. capital or revenue.

- **Mandatory filing of IT Return by foreign companies:** Filing of Income tax return is mandatory for a foreign company even if income is not taxable in India under DTAA vide the decision of the AAR in the case of VNU International B. V., AAR No. 871 of 2010, order dated 28 March 2011.
- **CBDT instructions on use of Technical expert's report:** In the case of Bharti Cellular the Supreme Court (SC) acknowledged the role of technical experts while deciding on tax issues arising from complex technical matters. The SC, accordingly, directed the Central Board of Direct Taxes (CBDT) to issue directions to tax authorities, including transfer pricing officers (TPOs), to take opinion of technical experts and bring on record technical evidence in cases involving complex technical issues and substantial revenue. Pursuant to the above, the CBDT has issued Instruction No. 5/2011 [F. No. 225/61/2011 - IT(A-11)] dated 30 March 2011 (Instruction).
- **Govt. to issue Bio-metric PAN Cards:** The government has decided to issue biometric PAN cards to taxpayers across the country to weed out the problem of duplicate and fake ones vide TOI dated 5th April, 2011
- **Know TDS/TCS status on SMS:** NSDL will send SMS for each quarterly TDS/TCS statement processed at TIN. You just need to quote correct latest mobile number in the quarterly TDS/TCS statement.
- **CBDT Notifies Forms for IT Returns for AY2011-12:** The finance ministry introduced on 5th April, 2011 "Sahaj" and "Sugam" forms to make the process of filing income tax returns simpler, user-friendly and to reduce

compliance burden on salaried persons and small businessmen. The Chairman of CBDT informs that senior citizens (60 years and above) filing returns for incomes from pension, dividend, interest incomes and property will not be subjected to scrutiny. "Such cases (of senior citizens) will not be picked up for scrutiny and the Government will trust senior citizens..

- **Excise Duty Receipt:** Excise duty receipt under subsidy scheme is capital receipt not liable for income tax vide the Decision of the Jammu and Kashmir High court in the case of M/s Balaji Alloys & Others Vs CIT ITA No. 2 OF 2010 AND ITA No. 4 OF 2010 AND ITA No. 5 OF 2010.
- **COD not mandatory for adjudicating disputes:** Supreme court held that COD is not mandatory for adjudicating the disputes between two government undertakings vide the judgment in the case of ECIL Vs UOI (2011) 51DTR193.
- **Deduction under Sec 80IA:** Income from generation of power even if it is for captive consumption of electricity deduction under sec 80IA is allowed vide the decision given in the case of Tamilnadu Petro products Ltd Vs ACIT (2011) 51 DTR 67 decision of Madras High court.
- **Disallowance under sec 40(a)(ia) increases deduction under Sec 80IB:** The ITAT Ahmadabad held that if there is disallowance under section 40(a)(ia) which leads to increase in business profits, then increased deduction under sec 80IB is allowed vide ITO Vs Computer Force (2011) 136 TTJ 221.
- **No TDS on payment of out of pocket expenses:** Punjab & Haryana High Court held that payment of out-of-pocket expenses does not partake of the character of royalty or fees for technical services and accordingly no requirement to deduct tax at source vide CIT v. Swaraj Mazda Ltd. (ITR No. 162 of 1996) P&H HC dated 9 March 2011
- **Correctness of Book profits cannot be questioned by ITO:** When book profits are computed under section 115JB and correctness of P&L Account prepared by the assessee is certified by an Auditor ITO cannot

question its correctness vide ITAT Hyderabad decision (2011) Taxmann.com

- **Fines paid to RTO allowable expenditure:** fines paid to the RTO that are compensatory in nature. In a recent order, Income-tax Appellate Tribunal, (ITAT) has held that fines paid to RTO is an allowable expenditure under the Income-tax Act.
- **Book profits under section 115JA prior period expenses:** Prior period expenses not to be deducted while computing prior period expenses under section 115JA vide Shree Bhagawathy Textiles Ltd. v. Asstt. CIT-ITA No. 74/2010-Kerala High Court Judgment
- **Concealment no penalty:** ITAT Mumbai in the case of Ruchi Strips & Alloys Ltd vs. DCIT held that the concealment of income had its repercussions only when the assessment was done under the normal procedure. If the assessment as per the normal procedure was not acted upon and it was the deemed income assessed u/s 115JB which became the basis of assessment, the concealment had no role to play and was totally irrelevant. The concealment did not lead to tax evasion at all vide I.T.A. No.6940/Mum/2008
- **No penalty for failure to offer income under Sec 50C:** ITAT Mumbai held that no penalty can be levied for deemed additions as income under section 50C of the ITAT vide decision in the case of Renu Hingorani vs. ACIT (ITAT Mumbai) ITA No. 221 0/Mum/2010, (Assessment Years: 2006-07)
- **Procedure for refund of excess TDS deducted/paid:** CBDT prescribed the procedure for regulating refund of amount paid in excess of tax deducted and/or deductible in respect of TDS on residents vide circular No.2/2011 dated 27th April.,2011.
- **Extra territorial jurisdiction on salaries:** The Supreme Court ruled that an Indian company is responsible for withholding tax on remuneration paid to its expatriates by a foreign company outside India if the services are rendered solely in India. Section 192 has extra-territorial jurisdiction when salaries taxable u/s 9(1)(ii) are payable outside India

.vide CIT vs. M/s Eli Lilly & Co. (India) P. Ltd. [(312 ITR 225)(SC)]

CENTRAL EXCISE

- **Branded garment co. to get cenvat :** In a relief to the branded garments industry, which has been slapped a 10% excise levy in the budget, the government has decided that the sector will be eligible for taxes paid on inputs. The finance ministry will issue a clarification soon. "They can avail cenvat credit", said a finance ministry official indicating that the government is in no mood to relent on the tax vide The Economic Times dated 9th April.2011.
- **Freight charges upto Depot:** The Supreme Court has held that where an assessee sold goods to a related person, freight charges arising between the factory of the assessee and the depot of related person cannot be claimed as a deduction from the value, since the place of removal of the goods is the depot of the related person vide CCE Vs Pepli Foods Ltd (2011) (183) ECR 180.
- **Duty on samples:** The Bombay High Court has held that no duty is payable on samples where such samples are used up during the process of testing within the factory premises vide CCE Vs RPG Life Sciences Ltd (2011) (264) ELT 346
- **Cenvat on By-products:** There is no requirement of reversal of credit under Rule 6 of the Cenvat Credit Rules, in relation to exempted by-products emerging during the manufacture of dutiable product vide Madaras Vanaspati Ltd Vs CCE (2010) 262 ELT 400.

SERVICE TAX

- **Education Cess and Higher education cess:** Education Cess is levied and collected as percentage of service tax, when and wherever service tax is NIL by virtue of exemption, Education Cess would also be NIL vide CBEC Circular No. 134 /3 / 2011 – ST dated 8th April,2011.

- **Point of Taxation Rules 2011:** CBEC notified the Point of Taxation Rules 2011 vide Notification No.25/2011 – Service Tax dated 31st March,2011.
- **Service tax on accrual basis exempted:** CA,CS ICWAI and Legal professionals exempted from collecting service tax on accrual basis
- **CBEC approves revised service tax audit manual:** CBEC approves revised service tax audit manual vide CIRCULAR NO 135/4/2011-STdated 19th April,2011.
- **Service tax on Forex transaction capped:** The government said service tax on foreign exchange transactions would be capped at Rs 5,000
- **Govt.withdraws exemption to CA, CS and ICWAI from levy of service tax:** CG withdrawn exemption on service provided by CA, CS and ICWA related to representation of client before any statutory authority wef 1st May,2011 vide notification No. Notification No.32/2011 – Service Tax dated 25th April,2011.
- **Govt. amends service tax rules of import services:** CG notified the Taxation of Services (Provided from Outside India and Received in India) (Third Amendment) Rules, 2011. They shall come into force on the 1st day of May, 2011 vide Notification No. 37/2011 – Service Tax dated 25th April, 2011.
- **Govt. amends export service rules:** CG notified amendments to Export service rules vide Notification No. 36/2011 – Service Tax dated 25th April,2011 and these are effective from 1st May,20-11
- **Service tax amendments effective 1st May 2011 relating to Finance Act:** The amendments to the provisions of Finance Act, 2011 pertaining to Service Tax shall come into force from 1st day of May 2011. Notification No. 29/2011 – Service Tax the 25th April, 2011
- **Value of goods in local markets:** The value of goods in the local market cannot form the basis of valuation of imported goods vide Asia impex Vs CC (2011 184 ECR 147
- **Recovery of erroneously paid drawback:** The Gujarat High Court held that drawback erroneously paid to the exporter can be recovered beyond the period of limitation, Rule 16 of Customs, Central Excise Duties and service Tax Drawback Rules 1995 vide Dadri Inorganics Pvt Ltd Vs CC (2011) 184 ECR 59.
- **Govt. can not ban exports retrospectively:** In a significant order, the Bombay High Court has held that the Union Government cannot ban exports of any product with retrospective effect, while allowing a private company to go ahead with exports of milk powder. The order dated 20th April,2011 was compan4(ro)-15(m) TJET

CUSTOMS ACT

- **Self-Assessment in Customs:** New Section 17 of the Customs Act, 1962 provides for self-assessment of duty on imported and export goods by the importer or exporter himself by filing a Bill of Entry or Shipping Bill, as the case may be vide. Circular No.17/2011- Customs dated 8th April,2011.

Comments, if any, are invited on the same by 30th April, 2011.

- **Simplified Easy Exit Scheme 2011:** Ministry of Corporate Affairs GOI has notified revised and simplified Easy Exit Scheme 2011 in view of requests received from Industry vide General Circular No. 12/2011F.No.2/7/2010-CL-V dated 7th April,2011
- **New norms for hiring of relatives:** The government has released norms for appointment of relatives in companies, a decision that will allow directors or managers to engage services of close ones without seeking permission of the Centre
- **Particulars of employees reporting under Sec 217(2A):** The monetary limits for publishing particulars of employees under Section 217(2A) have been revised fixing the revised limits of Annual emoluments of Rs 60 lacs and average monthly emoluments of Rs 5 lacs in place of Rs 24 lacs and Rs 2 lacs presently existing vide Notification F. No. 2/29/1998-CL.V` dated 31st March,2011 of Ministry of Corporate Affairs GOI.
- **Mandatory PAN in DIN:** All Din applications of Indian nationals must contain PAN number. All existing DIN holders who are being Indian nationals not furnished their PAN must furnish their PAN by filing For DIN 4 before 31st May 2011 vide General Circular No.11/2011 F.No.2/1/2011 CL.V dated 7th April,2011.
- **Revised Schedule VI:** MCA clarified that the Revised Schedule VI to the Companies Act 1956 shall be applicable for the Balance Sheet and Profit and Loss Account to be prepared for the financial year commencing on or after 1.4.2011 vide F.No.2/6/2008-CL/V dated 28th March,2011.
- **Enhanced limit for CG approval of Director's relatives:** The Ministry of Corporate Affairs has notified vide NOTIFICATION [F.NO. 17/75/2011-C.L.V], DATED 6-4-2011 enhancement in previous limit of Rs. Fifty thousand per month given under Rule 3 of Director's Relative (Office or Place of Profit) Rules, 2003 to Rs. Two lakh fifty thousand per month for payment remuneration to relatives or partners of the directors of the Company falling under Section 314(1B) of the Companies Act 1956. By such notification, the amended rules may be called as Director's Relative (Office or Place of Profit) Amendment Rules, 2011.
- **Revised procedure for appointment of Cost Auditor by Companies** Ministry of Corporate Affairs Cost Audit Branch GOI had issued revised guidelines for the appointment of Cost Auditor by Companies vide **General Circular No, 15/2011 52/5/CAB-2011** dated 11th April, 2011.
- **Simplified procedure for amalgamation of government companies' u/sec396:**Govt. has issued circular indicating the simplified procedure for amalgamation of companies vide GENERAL CIRCULAR NO. 16/2011 F.No. 51/16/2011/CL-III
- **Service of documents to shareholders by e Mode:** It is clarified by Ministry of Corporate affairs GOI that a company would have complied with Section 53 of the Companies Act, if the service of document has been made through electronic mode provided the company has obtained e-mail addresses of its members for sending the notice/documents through email by giving an advance opportunity to every shareholders to register their email address and changes therein from time to time with the company. In cases where any member has not registered his e-mail address with the company, the service of document etc will be effected by other modes of service as provided under section 53 of the Companies Act, 1956 vide Ministry of Corporate Affairs Circular No. 17/2011No 17/95/2011 CL-V dated 21st April,2011
- **No stamp duty on increased capital:** The Delhi High Court has held that a company is not required to pay the stamp duty on the increased amount of its authorized share capital. A bench headed by Justice S Muralidhar said this while allowing the plea of **S E Investments Ltd**, which challenged the direction of the Registrar of Companies (ROC) seeking stamp duty on increased amount in authorized share capital.
- **Status of foreign company without office in India:** The mere fact that a company is doing business in India or that it is a party to a joint venture in India would not mean that it has

established a place of business in India, the high court stated in the judgment, Willis Europe BV vs Willis India Insurance Brokers (P) Ltd.

- **MCA instructs icai, icwai and icsi on steps to be taken on certain actions on members:** As soon as it comes to the notice of the Institute, either on the basis of press reports or otherwise, that a member of the Institute has been, or appears to have been, arrested by the police or any other law enforcement agency, it shall immediately take steps to obtain details in respect of the matter from the concerned agency and such other sources as may be appropriate and put on its website factually vide mca website.
- **Clarification on sending BS and P&L A/c etc:** MCA issued guidelines for sending BS, P&L Account and Board of Directors report by email only to those members who have furnished their email address for receiving in such mode and the circular contains some more guidelines about handling other cases too vide MCA Circular No. 18/2011, Dated: 29.4.2011

FEMA

- **Export proceeds:** Export proceeds can be brought up to 1 year up to 30th Sept 2011 vide A.P. (DIR SERIES) CIRCULAR NO. 47, DATED 31-3-2011
- **Advance remittance for imports liberalized:** With a view to liberalizing the procedure, it has been decided to enhance the aforesaid limit of USD 100,000 to USD 200,000 or its equivalent, with immediate effect for importers (other than a Public Sector Company or a Department/Undertaking of Central/State Governments where the requirement of bank guarantee is to be specifically waived by the Ministry of Finance, Government of India for advance remittances exceeding USD 100,000 or its equivalent) vide RBI/2010-11/493 A.P. (DIR Series) Circular No. 56

SEBI

- **Debt recovery Tribunal can not exempt:** The Supreme Court has stated that the debt recovery appellate tribunal has no power to exempt a defaulter from making a pre-deposit before entertaining his appeal under the Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest Act. In this case, Narayan Chandra vs UCO Bank, the tribunal granted exemption vide the decision given in the case of Narayan Chandra Ghosh Vs. UCO Bank & Ors.
- **website for listed companies:** SEBI made it mandatory wef 1st April, 2011 for all listed companies to maintain functional website providing details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of designated officials responsible for assisting and handling investor grievances, **Mandatory** details of agreements entered into with the media companies and/or their associates, etc vide notification dated 2nd April, 2011
- **SEBI to set up toll-free help line:** To resolve investors' grievances and spread financial literacy, market regulator SEBI will set up a toll free helpline to respond to queries of investors and help track the status of their complaints. The investors, according a strategic action plan approved by the SEBI Board as posted in SEBI site on 24th April, 2011.
- **SEBI circular on Annual issuer charges:** it has been decided to modify the methodology of calculating the Annual Issuers charges. The annual issuer charges would be based on the average no. of folios (ISIN positions) during the previous financial year instead of the total number of folios (ISIN positions) as on 31st March of the previous financial year vide CIR/MRD/DP/05/2011 dated 27th April, 2011.
- **Foreign investment by SEBI registered FII limit enhanced:** The total limit available to FIIs for investment in listed non convertible debentures / bonds would be USD 40 billion with a sub limit of USD 25 billion for investment in listed non-

convertible debentures / bonds issued by corporates in the infrastructure sector vide RBI/2010-11/492 A.P. (DIR Series) Circular No. 55 dated 29th April,2011

DG&FT

- **Power to amend EPCG License:** The High court of Bombay held that the DGFT has the power to amend the EPCG license retrospectively vide the decision in the case of Bhilwara Spinners Limited Vs UOI (2011-TIOL-159).
- **Labeling of goods in bond before ex-bond clearance:** Revised guidelines have been issued regarding labeling of goods in bond before ex-bond clearances vide DGFT Circular No. 19 /2011-Customs- Dated 15th April, 2011.

INSURANCE

- **Insurance company can not deny claim:** If the owner of a motor vehicle has shown due diligence while appointing a driver and examined his licence, the insurance company cannot deny the insured amount on the ground that the license was fake. The ruling of the National Consumer Commission to the contrary in the case, Mrs Rubi Dutta vs United India Insurance Co, was set aside by the Supreme Court and the company was asked to pay Rs 2.70 lakh as compensation for the damage to a bus in an accident.
- **IRDA issues new guidelines for Telemarketing:** Tele-callers of insurance products should be trained according to the syllabus prescribed by IRDA and they should inform clients that the call is being recorded and that the client is entitled to a voice copy, according to the new guidelines issued.
- **Third party Insurance premium to go up by 65%:** Owning a vehicle would now pinch your pockets even more, with third-party motor insurance premiums set to rise by up to 65 per cent for two-wheelers, private cars and heavy load carriers from April 25. The premiums are being revised.

- **IRDA relaxes accounting norms for insurers:** The Insurance Regulatory and Development Authority (IRDA) on Tuesday relaxed accounting norms for insurance companies to take care of higher liability arising out of enhanced outgo towards gratuity for their employees. The regulator allowed the insurance and reinsurance companies to amortize the additional liability on account of gratuity over five years starting from financial year 2010-11 vide The Hindu dated 20th April,2011.
- **Lokadalat cannot pass order to pay Insurance money:** The Supreme Court has stated that a Lok Adalat cannot pass an order to pay the insurance money when there was no compromise between the parties, in the case, Life Insurance Corporation vs Suresh Kumar. Lok Adalat cannot take over the function of the regular courts

****THE END****