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FINANCE BULLETIN

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EDITORIAL

Dear friends,

Govt. has decided to allow downloading of Forms 16/16A relating to TDS deduction to avoid disputes of not matching TDS amounts mentioned in the IT returns by the assesses. Further it is a welcoming feature that salaried employees with income upto Rs 5 lakhs are exempted from filing IT Return from AY 2011-12.

MCA's green field initiative to allow companies to give all certificates in electronic mode and allowing conducting of AGM in electronic mode are really good feature for companies and shareholders. RBI has issued many circulars for supplication of banking operations and

Simplification of appointment of cost auditor and dispensing of notifying by MCA of company by company for cost audit in respect of industries in which cost audit is covered are really going to help the profession and indicates the seriousness of the government approach in simplification of its activities too. Besides these, many new items and information are covered in this issue. Hope readers will find this issue informative and useful.

Regards,

R.Satyanarayana

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QUOTES FOR THE MONTH

1. ***The fragrance of flower spreads only in the direction of the wind but the goodness of a person spreads in all directions*** ***-Anonymous***

2. ***Thinking creates an image. Images control feelings. Feelings cause actions and actions create results*** ***-Bob Proctor***

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GENERAL

- **Govt. announces restructured Technology up gradation fund.**: CG has announced the restructured Technology upgradation fund scheme for Textile and Jute industry to boost investment in technology vide TOI dated 2nd May,2011.
- **Project import regulation:** it has been decided by the CBEC that finalization of assessments under Project imports should be completed within a period of 60 days from the date of submission of required documents by the importer. However, in exceptional circumstances where it is not possible to complete the finalization within the time limit for justifiable reasons, the time limit may be extended by the jurisdictional Commissioner of Customs for such further period as may be decided by him and for the reasons to be recorded in writing vide Circular No.22/2011-Customs, Dated- 4th May, 2011.
- **Not considering law laid down by SC:** Not considering the Law laid down by Supreme Court will amount to an error apparent on face of record [2011 (2) MPLJ 492 (498 para 10)] and is a ground for Review.
- **No approval required for unaided college**: As per the decision of the Bombay High Court, there is no need to obtain state government approval to start unaided college vide decision given in the writ petition no.10424 of 2010 filed by KJ Social Society Morba.
- **Withdrawal of application permissible**: Withdrawal of application filed in the court is permissible as per the decision of the Supreme Court in the case of *RAJENDRA PRASAD GUPTA* V. *PRAKASH CHANDRA MISHRA & ORS.* {(2011) 2 SCC 705 = 2011 (1) SCALE 469; Civil Appeal No(s). 984 of 2006-Decided on 12-01-2011}.
- **Mortgage suits cannot be settled through arbitration:** Supreme court held that all disputes are not capable of settlement through arbitration and mortgage suits cannot be settled through arbitration vide the decision given in the case of vide Booz Allen and Hamilton Inc. Vs. SBI Home Finance Ltd. & Ors.
- **CS exam-Discontinuation of issue of physical admit cards:** In accordance with the decision taken by institute recently, it is brought to the notice of the students that effective from June, 2011 Session, the system of dispatch of Admit Cards in physical form will be discontinued. The Institute will arrange to upload the E-Admit Cards on the website of the Institute which can be downloaded by the students.
- **On line course on IPR**: Realizing the importance of knowledge on IPR, ICSI decided to start a short term certificate course on line on IPR for its members and students vide www.icsi.org
- **Indian courts jurisdiction on international arbitration**: SC held that Indian courts have no jurisdiction on International arbitration issues vide TOI dated 17th May,2011
- **Cell towers powers of Municipalities:** Municipal corporations have no power to regulate/control over the construction of Telecom towers within their area vide Delhi HC judgment in the case of Cellular Operators Association of India & Ors. Versus Municipal Corporation of Delhi.(Delhi High Court) decided on w.p.(c) 326/2010 dated 29th April,2011.
- **Unmarried Hindu woman has equal property rights:** An unmarried Hindu woman is entitled to equal share in ancestral or coparcenery property along with other male members under the amended **Hindu Succession Act**, the Supreme Court has held vide TOI dated 19th May,2011.
- **Exchange 25 paisa coins before 30th June,2011**: Reserve Bank on Wednesday

asked public to exchange 25 paisa coins and those with lower denominations with banks before June 30, the day from which they would be demonetized or cease to be a legal tender for payment vide TOI dared 19th May,2011.

- **Check on Menace of Counterfeiting of Currency**: The Finance Minister said that with a view to check this menace of fake currency, an exercise for introduction of security features in all denominations of Indian Bank Notes is under way vide TOI dated 24th May,2011.
- **CG employees retirement age likely to be extended to 62**: The government is planning to extend the retirement age of all central government employees by two years — from the current 60 to 62 years. Sources said that an in-principle decision has been taken in this regard and the department of personnel and training (DoPT) has begun the work to implement the same vide www.financialexpress.com dated 2nd May,2011.
- **Failed ATM transactions**: The Reserve Bank on Friday directed banks to reimburse customers for amounts wrongfully debited from their accounts in failed ATM transactions within seven days of an account holder's complaint or else pay a Rs. 100 per day compensation vide The Economic Times dated 27th May,2011.

LABOUR LAWS

- **Consulting services coverage under ESI:** Professional consulting service firms are liable under ESI vide judgment of Delhi HC in the case of *CONSULTING ENGINEERING SERVICES (INDIA) PVT. LTD.Vs.THE CHAIRMAN, ESI CORPORATION & ORS*
- **Training for CS students:** Ministry of Corporate Affairs has agreed to provide part of training (6Months) of 15 Months training in its various offices RD/ ROC/OL at the stipend of Rs 10000/ and Rs 7000/- per month for Professional **Passed** and Executive Passed students respectively vide www.mca.org
- **Interest rate on PF:** CG notified that the rate of interest on PF will be 9.5% wef 1st Sept,2010 under IT and the same is applicable to FY 2010-11 vide NOTIFICATION NO. 24/2011 [F.NO. 142/14/2010-SO (TPL)] dated 13th May, 2011.

RESERVE BANK OF INDIA

- **Foreign Contribution Regulation Act 2010 comes into effect:** Government notified that the FCRA 2010 will come into effect from 1st May, 2011 vide Economic Times dated 2nd May,2011.
- **Opening of Escrow Accounts for FDI transactions:** RBI has decided to permit AD Category –I banks to open and maintain, without prior approval of the Reserve Bank, **non-interest bearing** Escrow accounts in Indian Rupees in India on behalf of residents and/or non-residents, towards payment of share purchase consideration and / or provide Escrow facilities for keeping securities to facilitate FDI transactions vide RBI/2010-11/498 A. P. (DIR Series) Circular No. 58Dated 2nd May,2011.
- **Pledge of shares for business purposes**: It has been decided by RBI to delegate powers to the AD Category-1 banks to allow pledge of shares of an Indian Company held by non-resident investor/s in favour of Indian bank in India to secure the credit facilities being extended to the resident investee company for bonafide business purposes subject to specified conditions vide RBI/2010-11/497A. P. (DIR Series) Circular No. 57 dated 2nd May, 2011.
- **Repo and Reverse Repo rates**: As per the policy announced by RBI Chairman on the new rates of Repo will be 7.25% and reverse Repo rate 6.25 with immediate effect vide RBIRBI/2010-2011/501FMD.MOAG. No.58/01.01.01/2010-11 dated 3rd May,2 011**.**

- **Policy guidelines for issue of pre-paid instruments in India**: To facilitate larger acceptance of mobile phone based pre-paid payment instruments (M-wallets) as a mode of payment., it has been decided to bring semi closed m-wallets on par with the other semi-closed pre-paid instruments subject to the following conditions The maximum value of such pre-paid semi-closed m-wallet shall not exceed ` 50,000 as indicated in Para 6.3 of the guidelines vide DPSS.CO.No.2501/02.14.06/ 2010-11
- **Maintenance of Statutory Liquidity ratio**: As announced in the Reserve Bank of India's Annual Monetary Policy Statement 2011-12 on May 03, 2011 Scheduled Commercial Banks (SCBs) may borrow overnight up to one per cent of their respective Net Demand and Time Liabilities (NDTL) under the Marginal Standing Facility (MSF)Scheme effective from the fortnight beginning on May 07, 2011. Operating instructions in this regard are contained in circular FMD No.59/01.18.001/2010-11 dated May 9, 2011 vide RBI/2010-11/516 Ref. DBOD No. Ret. BC. 92 /12.02.001/2010-11 dated 9thMay, 2011.
- **Regulatory and Audit compliance**: RBI decided that for all foreign banks operating in India, the Chief Executive Officer would be responsible for effective oversight of regulatory and statutory compliance as also the audit process and the compliance thereof in respect of all operations in India vide RBI/2010-11/520 Ref .DBS.ARS.BC. No.07/ 08.91.020/ 2010-11 dated 11th May, 2011.
- **FDI in Limited Liability company**: Cabinet committee of CG approved FDI in Limited Liability company with certain conditions vide Press note of CG dated 11th May,2011.
- **Gratuity regulatory treatment for RRBs**: RBI clarified that in respect of RRBs on enhanced gratuity limit if not fully charged to the Profit and Loss Account during the financial year 2010-11, be amortized over a period of five years beginning with the financial year ending March 31, 2011 subject to a minimum of 1/5th of the total amount involved every year. The unamortized expenditure carried forward as aforementioned shall not include any amounts relating to separated/retired employees.. Appropriate disclosures of the accounting policy followed in this regard may be made in the 'Notes to Accounts' to the financial statements vide RBI/2010-11/527 RPCD.CO RRB. BC. No. 70 /03.05.33/2010-11 dated 16th May, 2011.
- **Comprehensive guidelines on OTC foreign exchange derivatives**: RBI has issued comprehensive guidelines on OTC foreign exchange derivatives and overseas hedging of commodity prices and trade risks vide RBI/2010-11/526 A.P. (DIR Series) Circular No. 60 dated 16th May,2011.
- **RBI raises NPA provision for bad loans**: The Reserve Bank of India (RBI) vide circular no. DBOD.No.BP.BC. 94/21.04.048/2011-12 dated 18.05.2011 tightened the prudential norms for banks and raised provisioning requirement for bad loans by up to 10%, a development that would impact bottom lines of banks. Advances classified as sub-standard will attract a provision of 15% against the existing 10%, RBI said in a notification. An asset would be classified as sub-standard asset, if it remains non-performing for a period of 12 months.
- **Report on Financial holding structure**: RBI releases Report of the Working Group on Introduction of Financial Holding Company Structure in India The Reserve Bank of India placed on its website the Report of the Working Group on Introduction of Financial Holding Company Structure vide www.rbi.org
- **Hedging IPO flows:** RBI has decided that for initial public offers (IPO) related transient capital flows under the Application supported by blocked amount (ASBA) mechanism, foreign currency rupee swaps may be permitted to the FII subject to certain conditions vide AP(DIR) Series circular No.68 dated 20th May,2011.
- **Govt. raises ECB limits and eases norms:** The Government of India has decided to raise the

limit for external commercial borrowings to $30 billion from $20 billion. The government has decided not to raise the foreign institutional investor limit in government bonds, FIIs can invest up to $10 billion in government bonds currently vide The Economic Times of India dated 27th May,2011.

- **New banks with FDI rider:** The finance ministry has cleared the Reserve Bank of India's draft guidelines on new bank licenses with a rider that the existing 74% cap on foreign direct investment be retained vide The Economic Times dated 28th May, 2011.

ACCOUNTS & AUDIT

- **IASB issues 4 new standards:** IASB issued 4 new standards- IFRS 10 *Consolidated Financial Statements* includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures..IFRS 11 *Joint Arrangements* describes the accounting for joint arrangements with joint control; proportionate consolidation is not permitted for joint ventures (as newly defined).IFRS 12 *Disclosures of Interests in Other Entities* includes all of the disclosure requirements for subsidiaries, joint ventures, associates, and "structured entities..IFRS 13 *Fair Value Measurement* provides guidance on how to measure fair value, but does not change when fair value is required or permitted under IFRS..These new standards are effective for annual periods beginning on or after 1 January 2013 vide http://www.ifrs.org.
- **IASB flays India for postponing IFRS implementation:** The International Accounting Standards Board (IASB) flayed India's dilly-dallying on implementing global accounting norms IFRS and said that it is undermining the country's global standing. "New Delhi needs to curb its anxiety to be different and stop mongering about the many unsubstantiated differences and instead should get into an honest dialogue with the IASB, said Prabhakar Kalavacherla, a board member of the London-based IASB vide The Economic Times dated 19th May,2011.
- **Indian Govt. Accounting Standard (IGAS 2):** Central Government had notified Indian Government Accounting Standard 2(IGAS2) – Accounting and classification of Grants in Aid vide NOTIFICATION NO. S.O.1113(E), DATED 19-5-2011.
- **Fees to be charged by ICWAI professionals:** The Central Council of ICWAI in its meeting held on 28th May, 2011 approved the minimum fees to be charged by practicing ICWA members for various assignments for details refer to www.icwai.org
- **Govt. to rework on deviations of Ind AS from IFRS:** : The government is exploring options to rework at least two vital accounting deviations adopted in the Indian version of International Financial Reporting Standards , or IFRS, so that financial statements by Indian companies are aligned globally and also to enable local companies to raise capital overseas easily. The treatment of exchange differences and the accounting for valuation of fixed assets were two big ticket items that were suitably modified for Indian companies, in a stark departure from norms under global IFRS vide The Economic Times dated 16th May,2011
- **eLearning portal:** ICWAI has is starting an eLearning portal to enable members and students to learn IFRS at their pace and time vide www.icwai.org
- ` **Appointment of Cost Auditor simplified:** As per MCA general Circular No.15 dated 11th April, Audit committee is the first point of contact for appointment of Cost Auditor. Further the appointment of the Cost Auditor by the Board is assumed to be cleared by CG if there is no rejection of the same within 30 days of filing Form 23C by the company vide www.icwai.org
- **Cost Audit:** MCA has dispensed with the idea of ordering company by company for Cost audit and instead issued a general circular

vide 52/26/CAB-2011 dated 2nd/3rd May,2011 vide President ICWAI communication in the Management Accountant for May 2011.

- **Information system audit ICAI:** ICAI test by notifies Information system audit course assessment test vide www.icai.org

INCOME T AX

- **Credit for TDS to the deductee if refund has been granted to the deductor:** The ITAT Mumbai held that since the taxes have been deducted from the payment made to the assessee and it is also in receipt of TDS certificate, the credit for TDS cannot be declined on the basis of an administrative action of refund which is neither envisaged by the provisions of the ITA nor in the control of the assessee vide Lucent Technologies GRL LLC V DCIT 19 Taxmann.com 182.
- **Refund procedure for excess TDS on payment to Residents:** CBDT had issued a circular indicating the new procedure to be followed for refund of TDS and under the new Circular, claim for refund of excess TDS needs to be made within a period of two years from the end of the financial year in which the tax was deducted at source. This effectively means that the claim for refund can be made only for financial year (FY) 2009-10 on or before 31 March 2012. The claims for refund for FY 2008-09 and earlier years may need to be made independent of the new Circular vide Circular No.2/2011 dated 27th April,2011.
- **Group reorganization transfer of shares**: AAR in the case Goodyear Tire and Rubber Company held that capital gains provisions are not attracted in case of transfer of shares without consideration due to group reorganization vide [2011] 11 taxmann.com 43 (AAR)
- **VRS expenditure is tax deductible:** Delhi ITAT in the case of Sony India Pvt. Ltd. v. ACIT [I.T.A. Nos. 4008, 4114 & 4994(Del)/2010] held that deduction in respect of expenses incurred pursuant to a Voluntary Retirement Scheme can be claimed under section 35DDA of the Income-tax even if the scheme is not in accordance with the exemption provision for employees.
- **Trade discount:** Trade discount is not an expenditure and hence section 40A(2)(b) of ITA does not apply to it, opined Delhi High court in the case of United Exports Vs CIT (2011) 330 ITR 549 (Del)
- **No interest on Salary TDS**: The Uttarakhand HC in the case of CIT Vs Enron Expat Services Ind (2011) 330 ITR 496 (Utk) held that no interest under section 201(1A) is applicable if TDS from employees salary is not recovered proportionately every month as long as the due TDS is deducted during the Financial year
- **Date of effect of Finance Act 2011**: The Finance Act, 2011 has been notified to coming into effect from May 01, 2011-. (No. 29/2011 dt. 25/04/2011).
- **No withholding tax on payments for transcription and data processing:** Indian firms outsourcing routine work to their overseas subsidiaries would not have to deduct withholding tax on the payments made to them. In a landmark ruling, the Authority of Advance Ruling (AAR) (A.A.R. No.883 of 2010 dated 16.05.2010 – Applicant R.R. Donnelley India Outsource Private Limited).
- **Downloaded TDS certificate in Form 16A**:CBDT has issued a circular in connection with issuance of TDS certificate in Form 16A downloaded from TIN website and authentication of the same by digital signature vide CBDT CIRCULAR NO-03/2011 dated 13th May,2011.
- **Foreign companies to pay tax on seismic data acquisition**: Foreign firms operating in the country will have to pay tax at the existing rate of 4.223 per cent on revenue earned under seismic data acquisition and processing contracts, says a tribunal. In a ruling, the Authority of Advanced Rulings (AAR) held that foreign firms would not enjoy any leeway even if their income falls under the label of royalties or is considered as fees for technical services.

- **Transfer pricing –TNMM:** Arms length price under TNMM can be determined even with one comparable company vide The Delhi bench of the Income-tax Appellate Tribunal ["The Tribunal"] recently pronounced its ruling in the case of Haworth (India) Private Limited v. DCIT [ITA NO.5341/DEL/2010
- **Exemption from filing IT Return**: Salaried taxpayers who do not have other sources of income and whose income are below5 lakh rupees per annum, are being exempted from filing income tax return. The Finance Minister Mr. Pranab Mukherjee said that this will apply for AY 2011-12 vide The Economic Times dated 23rd May,2011.
- **CAG to review transfer pricing cases of IT Department**: Transfer pricing cases which have revenue implications for the exchequer will be audited by CAG vide The Business Standard dated 12th May,2011.
- **Book profits**: Business profits carried forward beyond 8 years can be deducted for arriving book profits under sec 115JA of the ITA vide the decision of Visakhapatnam ITAT in the case of Source: Susi Sea Foods Pvt. Ltd. v. ACIT (ITA No. 280/Vizag/2010) Visakhapatnam 1 .
- **Corporates need to prepare two sets of accounts to avoid tax ambiguity:** it has been decided that corporates in future will have to prepare two set of accounts — one for taxation purpose and the other for common investors and shareholders, thereby partly resolving confusion over the taxation aspect. This would mean that a company will have to prepare the consolidated account as per the International Financial Reporting Standard (IFRS) for shareholders while individual accounts of companies as per Indian GAAP (generally accepted accounting principles) for the taxation purpose vide Indian Express dated 18th May,2011.

CENTRAL EXCISE

- **Clarification on issues relating to CENVAT Credit**: CBEC issued circular clarifying certain issues relating to CENVAT credit vide Circular o.943/04/2011-CX dated 29th April,2011
- **Cenvat credit on supplementary invoice:** CENVAT credit availment extended on the basis of a supplementary invoice, a bill or challan issued by a provider of an output service wherein the elements of fraud, suppression etc. are absent. Vide *(No. 13/2011-CE (N.T.) dt. 31- 03-2011)*
- **Waste generated at Job workers Premises**: The principal manufacturer could not be held liable to discharge excise on waste and scrap generated and cleared at the job worker's premises vide *Fac Engineering Vs. CCE (2011 (184)ECR 27)*
- **Cenvat credit on export goods:** Credit is eligible on inputs used in the manufacture of export goods or goods cleared to an EOU vide Aurobindo Pharma Ltd. Vs. CCE (2011 (265) ELT 358)
- **Cenvat on goods directly sent to processor:** CENVAT credit on inputs cannot be denied merely for the reason that such goods were sent directly to the processor instead of first being received at the factory when there is no dispute regarding the subsequent receipt of intermediate product by the manufacturer from the processor vide CCE Vs. Hindustan Motors Ltd. (2011 (266) ELT 202).
- **Substantial expansion::** The modification of an existing plant & machinery including replacement resulting into enhancement of production capacity by more than 25% would amount to "Substantial Expansion" vide CCE Vs. M/s. Uttaranchal Iron & Ispat Ltd. (2011-TIOL-222)

SERVICE TAX

- **Negative list of services:** CG initiates public discussion on the negative list of services for service tax purposes vide TOI dated 6th May,2011.
- **Service tax on canteen services:** Service tax paid on catering services for a canteen located within the factory premises is an eligible input service vide Samsung Electronics (I) Pvt. Ltd. Vs. CCE (2011 (22) STR 200).
- **Service tax refund to SEZ:** CBEC has issued clarificatory circular on refund of service tax

to SEZ vide Circular No.142/11/2011 – ST dated 18th May, 2011.

- **SEZ needs Administration nod to claim refund of service tax:** The government said that SEZ units and developers would require the sanction of Unit Approval Committee for availing benefits of service tax refund vide The Economic Times dated 19th May,2011

CUSTOMS ACT

- **Goods destroyed by Fire in SEZ:** No customs duty can be demanded when goods are destroyed by fire in SEZ because the goods have to held to have been destroyed in deemed foreign territory vide Satguru Polyfab Private Limited Vs CC (2011-TIOL-387)

SALES TAX / GST

- **C forms can not be refused for arrears of tax:** C Form Cannot Be Refused To Be Issued On Ground Of Arrears Of Tax – Central Sales Tax Act vide decision in the case of Sri Rajeswari Agencies V. Additional Deputy Commercial Tax Officer II, (74 Of 1956), S. 9(2)

COMPANY LAWx

- **Amendments to Schedule VI date of effect**: As per the notification issued by the CG the amended Schedule VI shall come into effect from 1.4.2011 vide notification No. F. No. 2/6/2008-C.L-V issued by the Ministry of Corporate Affairs.
- **Green initiatives in corporate governance**: The Ministry of Corporate Affairs has clarified that only a duly approved agency approved by it will have to be appointed for providing and supervising electronic platform for electronic voting to have a secured electronic platform for capturing accurate voting processes. Accordingly, the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited are approved by the MCA
- **Effective date of Companies(Particulars of employees)amendment Rules 2011:** MCA clarified that the revised ceiling for furnishing the particulars of employees under Companies (Particualrs of employees) Amendment rules are applicable to all Director's reports to be approved on or after 1st April,2011 vide General Circular 23/2011 dated 1st May 2011.
- **Statutory Compliance:** MCA has issued a circular stating that event based information being filed by the companies would not be henceforth accepted at ROC till the till the statutory annual reports –BS and P&L accounts are filed, with exception for allowing filing of some statutory Forms listed in the circular letter No.F.No.17/146/2011-CL-V dated 12th May,2011.
- **Loan to Public Limited companies-clarification:** MCA had clarified that when the beneficiary of the loan/guarantee/security is a Public Limited Company, approval of Central Government should only be sought if the provisions of sub-Section (d) or (e) of Section 295 of the Companies Act, 1956 are attracted. The application should also clearly bring out the facts in this regard vide General Circular No. 24/2011, Dated 12th May, 2011.
- **Certification by professionals:** MCA clarified that the certification by professionals of eForms includes Financial statements prepared under XBRL wef 2011-12 vide General Circular No 26/2011 dated 18th May, 2011.
- **ROC to issue all letters and certificates electronically:** In order to cut timelines and an another step towards "Green Initiative" it has been decided that all certificates and standard letters issued by the Registrar of Companies will now be issued electronically under the Digital Signature of the Registrar of Companies. The Digital Certificates are

being developed and will be available for issue by 30th June, 2011 in phased manner vide General Circular of MCA dated 29/2011 dated 20th May, 2011.

- **Companies can hold AGM in electronic mode:** The government allowed companies to hold annual general meetings through video conferencing, with a view to provide larger participation and for curbing costs, borne by the shareholders to attend AGMs and also indicated the procedure to be followed for the same vide press release of MCA dated 20th May,2011.
- **Participation by Shareholders in General Meetings through electronic mode:** MCA has issued clarifications regarding conduct of GMs in electronic mode vide General Circular Nos. 27 & 28/2011 both dated 20th May,2011.
- **LLP has a statutory auditor now permissible:** Central Government specifies that LLP is a body corporate for the limited purpose of section 226 (3) (a) which deals with appointment of auditors vide notification dated 23.05.2011.The notification given clarifies that LLP will not be treated as body corporate for the purpose of f section 226(3)(a) of the Companies Act 1956 which is related to appointment of statutory auditor and put restriction on appointment of body Corporate as statutory auditor. The circular paves the way for appointment of LLP as statutory auditor of the company. It is to be noted that MCA has already allowed vide General Circular No. 10/2011 dated – 04.04.2011 to the CA/CS/CWA to practice under LLP in partnership with other fellow members of same institute and in case of CS, also with members of such recognized profession as may be prescribed vide MCA F No 2/2/2011-CL.V dated 23rd May,2011.
- **Revision in Forms No.8 and 17 and introducing new form No.23D:** New and revision in the forms is given effective from 29th May,2011 for details refer to notifications No.F.No.5/18/2005-CL.V dated 26th May,2011

FEMA

- **Export of Trade samples**: CG has clarified that bonafide trade samples can be exported duty free as part of export baggage in terms of the FTP vide (No. 495/2/2011 dt. 05/04/2011)

SEBI

- **Adjustment of differential pricing at the time of allotment of securities**: SEBI decided to allow investors eligible for differential pricing in public issues to make payment at a price net of discount, if any, at the time of bidding itself, and in this context vide CIR/CFD/DIL/2/2011, dated 16th May,2011.
- **MF to give option for crediting units to demat account:** Mutual Funds should provide an option to the investors to receive allotment of Mutual Fund units in their demat account while subscribing to any scheme (open ended/close ended/Interval). Therefore Mutual Funds/AMCs are advised to invariably provide an option to the investors to mention demat account details in the subscription form, in case they desire to hold units in demat form vide CIR/IMD/DF/9/2011 May 19, 2011

DG&FT

- **DEPB scheme ends on 30th June,2011:** Rejecting exporters' repeated pleas, the Finance Ministry said the popular DEPB tax rebate scheme will come to an end from June 30, saving revenue for the government vide The Economic Times dated 19th May,2011.

INSURANCE

- **Compliance with CG corporate governance guidelines:** All insurers are required to file a Report on status of compliance with the C G Guidelines on an annual basis w.e.f. the Financial Year 2010-11. This report shall be filed within 90 days from the end of the Financial year (i.e., before 30th June).vide RDA/F&A/CIR/CG/081/05/2011 dated 2-05-2011.
- **Outsourcing activities by Insurance companies:** IRDA had issued clarificatory guidelines to insurance companies regarding outsourcing of services and indicated that insurance companies shall shall remain responsible for the receipts issued and date and time of such receipt shall be taken into account for considering the underlying benefits of an insurance contract vide IRDA/Life/Cir/Misc/ 103 /05/2011 dated 18th May,2011.
- **Insurance policies in DMAT form:** Insurance policyholders can finally store their various policies in a dematerialized form similar to shareholders holding shares in demat scrip. Regulator Irda issued guidelines for insurance repositories and electronic issuance of insurance policies vide TOI dated 30th April,2011.

******THE END*****`**