



THE CHARTERED ACCOUNTANT JOURNAL

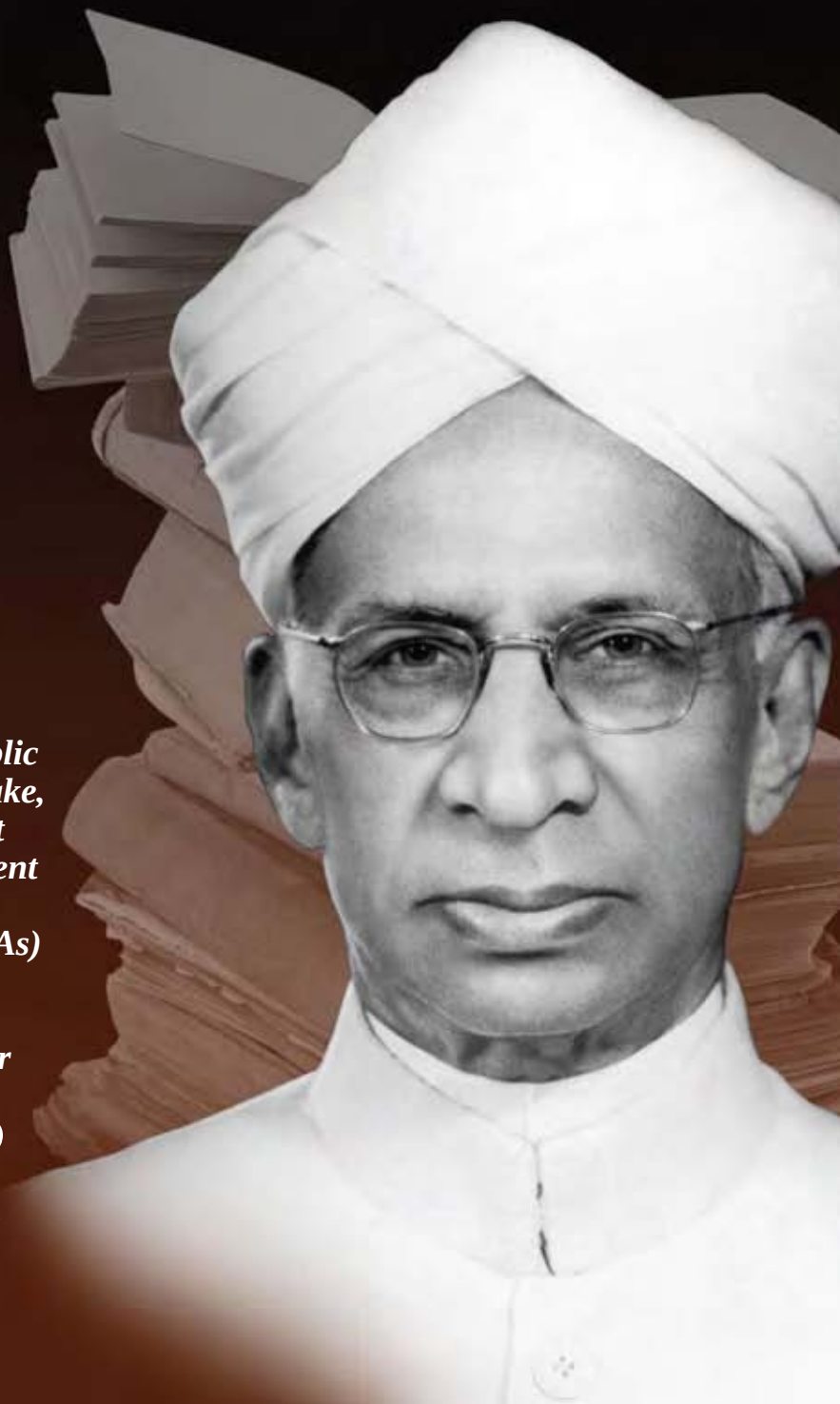
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SET UP BY AN ACT OF PARLIAMENT

TEACHER'S DAY 5TH SEPTEMBER

“In matters relating to the public enterprises which we undertake, our duty should be to see that monies spent are properly spent and that there is no wastage. That is a thing which you (CAs) have to promote. You will help us in maintaining high standards of public behaviour by your frank and candid accounting and auditing.”

Dr. Sarvepalli Radhakrishnan
Second President of India

(At a meeting of the Madras Region of ICAI on 5th June 1958)



Despite Global Pressures, Indian Economy Continues to be Resilient and Confident

Indian economy is currently passing through a difficult phase as growth has slowed and inflation has remained high. The entire world economy is facing the headwinds and Indian economy is certainly not off limits. A panel of top economic advisors to the Prime Minister has recently penciled in GDP growth of 6.7% for this fiscal year, scaling down its original forecasts but nevertheless swimming against the tide of sharply lower projection by independent forecasters. But, notwithstanding the tremendous pressure of an adverse external environment, our economy today is more resilient and confident. India is placed better, as the world economy is growing by just 2% , while the country is still growing at above 6%. As such, creating a negative impression is unfair to the inherent strength that our economy has shown in the past. Despite current but temporary slowdown, the Indian economy, which is the third largest economy in the world in terms of purchasing power, is going to touch new heights in the coming years. As per reliable independent estimates, by 2035 India would be the third largest economy of the world just after US and China. It will grow to 60% of size of the US economy. India is on an advantageous position over many nations now because of its large domestic market, its robust investment-to-GDP ratio and demographic advantage. The so perceived present negative developments should not cloud the fact that the average annual growth rate had been 8.3% over the seven year period beginning 2005-06. Two decades of steady economic reforms have contributed to improvement in average income and consumption levels in both rural and urban areas and there is a new found dynamism in some of the most backward areas, bringing them into national economic mainstream.

Yet there are several gaps that need to be bridged. The fiscal and current account deficits stand at uncomfortably high level. The Government needs to urgently curb subsidies and take steps to check the current account deficit and unleash critical reforms such as allowing foreign investment in multi-brand retail and aviation, and give a push to infrastructure spending. The kind of world that we are moving into is essentially a world in which, it will not be possible for a country to reach its full economic potential, if it is not able to compete globally with others in the same position. These issues have to be addressed if the country is to achieve a sustained high growth rate. There is a need to fast-track the creation of high quality infrastructure and to extend green revolution to the entire country. Education and health services have to reach the last man at the earliest. Much has been done, a lot more remains to be done.

In his first address to the nation as the President, Shri Pranab Mukherjee has rightly called for making the Indian economy a launching pad for the "second freedom struggle" to eradicate hunger, disease and poverty. The country's per capita Gross Domestic Product would increase from the current level of \$1,600 to \$8,000-\$10,000 by 2025, only if the country grew at 8% to 9% per annum.

And the Indian economic climate is gradually improving. The head of Prime Minister's Economic Advisory Council (PMEAC) former Reserve Bank of India Governor C Rangarajan has rightly said that after the 'disappointingly weak' first quarter, significant improvement is expected from the second quarter onwards because of positive policy developments. The PMEAC expects the farm sector to grow 0.5% this year even in the face of poor monsoon, and manufacturing expanding 4.5% in spite of 0.7% contraction in the April-June quarter.

For the government to bring about financial discipline, it means that we have to think differently about what exactly the role of government should be. We have to get away from the notion that all problems are solved by increasing expenditure. We have to bring in a modern tax system that is conducive to economic efficiency, that ensures that rates of taxation are moderate and, therefore, do not take away economic incentives. Finally, an area of major importance for the future functioning of the economy is the area of the financial sector. None of the changes that we are trying to bring about in the economy can really be effectively managed if the financial sector is not modernised, because economic re-structuring is about changing economic signals pushing resources into areas that are more efficient, into sectors that are more competitive, to support firms that are more capable of expanding. This can only be done if the financial sector is capable of responding to these signals.

In this regard, the Chartered Accountants, as the backbone of the Indian financial system and facilitators of fiscal prudence and financial discipline, can play a pivotal role in boosting the growth. The current situation demands that all the forces having stakes in the Indian economy join hands for national and global benefits.

-Editorial Board

ICAI- Partner in Nation Building

EDITOR

CA. JAYDEEP NARENDRA SHAH,
President

JOINT EDITOR

CA. SUBODH KUMAR AGRAWAL,
Vice-President

MEMBERS

CA. ANUJ GOYAL
CA. K. RAGHU
CA. MAHESH P. SARDA
CA. M. DEVARAJA REDDY
CA. NAVEEN N. D. GUPTA
CA. NILESH S. VIKAMSEY
CA. P. RAJENDRA KUMAR
CA. RAJKUMAR S. ADUKIA
CA. RAVI HOLANI
CA. SUMANTRA GUHA
CA. V. MURALI
SHRI PRITHVI HALDEA
SHRI GAUTAM GUHA
CA. ANIL S. DANI
CA. S. SUNDARAMAN
CA. K. GOPAL
CA. R. GIRI
CA. DEEPAK RINDANI
NADEEM AHMED
SUSANTA K. SAHU
DR. N. K. RANJAN
NIMISHA SINGH

SECRETARY

ICAI EDITORIAL TEAM

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ICAI Bhawan, Post Box No.7100, Indraprastha Marg,
New Delhi-110002, Tel: +91 (11) 39893989.
E-mail: icaio@icai.org, Website: www.icaai.org

SUBSCRIPTION RATES

Inland subscribers : ₹1,000 per annum
Overseas: \$150 per annum
(subscribers by sea mail)

For Overseas Members/Subscribers

- Air Mail Surcharge : ₹2,100 per annum
- Sea Mail Surcharge : ₹1,100 per annum

CA Students : ₹1,400 for 3.5 years

₹400 per annum

Other students & faculties : ₹600 per annum

CLASSIFIEDS:

Minimum ₹1,000/- for the first 25 words or part thereof and ₹250/- for five words or part thereof over and above first twenty five words. Please contact: The Journal Section at ICAI Bhawan, A-29, Sector-62, Noida or call at +91(120) 3045955 or e-mail at eboard@icai.org

EDITORIAL SUPPORT, DESIGN, ADVERTISEMENT & MARKETING SPENTA MULTIMEDIA

Aaron Rodrigues, V. Kalidasan, Nilesh Juvelekar & Anand Dhuri.

MUMBAI: Spenta Multimedia, Peninsula Spenta, Mathuradas Mill Compound, N. M. Joshi Marg, Lower Parel, Mumbai-400013.

Tel: +91 (22) 24811022/24811025, Telefax: -91(22) 24811021.

DELHI: No.7, 1st Floor, Nizamuddin (West) Market.

New Delhi-110013. Tel: +91 (11) 4669 9999.

BENGALURU: Old No. 583, New No. 9, Sri Manjunatha Krupa, 80 Feet Road, 3rd Cross, Opp. Koramangala Police Station, Bengaluru-560095. Tel: +91(80) 4161 8966/77.

KOLKATA: 206-Jodhpur Park, Kolkata - 700068. Tel: +91(33) 2473 5896. Telefax: +91(33) 2413 7973.

CHENNAI: 1st Floor, #5 Montieth Road Egmore, Chennai 600 028. Tel: +91-44-4218 8984/85

ICAI RESERVES THE RIGHT TO REJECT ADVERTISEMENTS Printed and published by Vijay Kapur on behalf of The Institute of Chartered Accountants of India (ICAI)

Editor – CA. Jaydeep Narendra Shah

Published at ICAI Bhawan, P. O. Box No. 7100, Indraprastha Marg, New Delhi - 110 002 and printed at Spenta Multimedia, Peninsula Spenta, Mathuradas Mill Compound, N. M. Joshi Marg, Lower Parel, Mumbai - 400013

The views and opinions expressed or implied in THE CHARTERED ACCOUNTANT are those of the authors and do not necessarily reflect those of ICAI. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, whether in part or in whole, without the consent of ICAI.

DISCLAIMER: The ICAI is not in any way responsible for the result of any action taken on the basis of the advertisement published in the Journal. The members, however, may bear in mind the provision of the Code of Ethics while responding to the advertisements.

TOTAL CIRCULATION: 2,27,230

Total No. of Pages: 164 including Covers

Cover Image: Rashtrapati Bhavan

Inside Images and Graphics: www.dreamstime.com

IN THIS ISSUE...

VOICE

- 395** Editorial
- *Despite Global Pressures, Indian Economy Continues to be Resilient and Confident*
- 398** From the President

MEMBERS

- 404** Readers Write
- 408** Photographs
- 416** Know Your Ethics
- 442** Opinion
- *Accounting for Book Value of Fixed Assets Demolished for Expansion Purpose.*
- 418** Classifieds

UPDATES

- 420** Legal Update
- *Legal Decisions*
- *Circulars and Notifications*



- 502** National Update
- 504** International Update
- 506** Accountant's Browser

ICAI NEWS

- 507** Notification: Chartered Accountants (Amendment) Regulations, 2012
- 518** Amendment: Regulation 43 of the Chartered Accountants Regulations, 1988
- 518** New Branches : Gandhidham and Solapur
- 518** Members in Practice
- 519** ICAI Awards for Excellence in Financial Reporting
- 520** Contribute to CABF
- 521** Invitation to Contribute Articles For E-Newsletter, *Prudence*
- 521** Excise & EXIM Compliance Software
- 522** New Publications
- 523** Tax Cloud
- 523** Billing and Accounting Software
- 524** Portfolio Management Software
- 524** Payroll Software
- 525** Providing Antivirus Software at Discounted Price
- 525** Quick Insight 2012
- 526** Ethical Standard Board
- 528** Direct Admission to the Chartered Accountancy Course
- *Exemption from Passing CPT to Certain Categories of Students*
- 533** Health Insurance Scheme for Members & Students of ICAI

EVENTS

- 534** Forthcoming Events





ACCOUNTING

- 444** Revised Schedule VI- A Scientific Approach towards Preparation of Financial Statements
– CA. Joydeb Bhattacharya

AUDITING

- 453** Audit of Smaller Entities: A Snapshot of Special Considerations In Standards on Auditing
– Auditing & Assurance Standards Board Secretariat



TAXATION

- 466** Taxability of Liaison Offices in India
– CA. Shruti Madan
- 472** Conversion of a Limited Liability Company to a Limited Liability Partnership
– CA. Sanath Ramakrishna and CA. Sandeep Jhunjhunwala



INTERNATIONAL TAXATION

- 475** A Primer on Attribution of Profits to Dependent Agent Permanent Establishment
– Committee on International Taxation of the ICAI
- 481** Profits Attributable to PE – Whose Slice of the Pie?
– CA. Ketan Dave and CA. Yogesh Kale



CORPORATE & ALLIED LAWS

- 486** Appointment of Sole Selling Agent
– CA. Sagala Nirupama



BANKING AND FINANCE

- 491** Implementation of Basel III Capital Regulation in India
– CA. Suresh Kumar Agarwal



INFORMATION TECHNOLOGY

- 495** Systems Audit of GRC Using COBIT 5
– CA. A. Rafeeq



GENERAL

- 500** Run for Health
– CA. B. R. Hariharan

BACKPAGE

- 536** Cross Word 075
Smile Please



INDEX

I to XIV Index of Volume 60 [July 2011 to June 2012]
of The Chartered Accountant



CA. Jaydeep Narendra Shah, President, ICAI

Dear friends,

A philosopher of repute born on 5th September, 1888, *Bharat Ratna* Dr. Sarvepalli Radhakrishnan was a philosopher-king in the real sense, a fact that the great Bertrand Russell ardently appreciated and celebrated. Dr. Radhakrishnan became the Vice-Chancellor of the established Andhra University and Banaras Hindu University. Through his philosophic investigations, he tried to bring the East closer to the West, i.e. by introducing our philosophical dialogue to the West. He recommended education could *build bridges between cultures*. His views on the responsibility towards our nation at one of our offices were simply amazing: *When we talk about patriotism, it is no use talking of your language or border...if we depart from...(our)...ideal and great traditions and try to build up man-made barriers, I am afraid, the day of our declines will start. We must knock down these barriers and learn to live as free citizens.* By *free citizens*, he meant people having equal opportunities. He went on to become the first Vice-President and the second President of India. On 5th September, we celebrate his birthday, as Teachers' Day in India.

According to Khalil Gibran, a *teacher...does not bid you to enter the house of his wisdom but rather leads you to the threshold of your mind*. Danish existentialist philosopher Soren Kierkegaard proclaims: *...what a teacher is, is more important than what he teaches*. Abraham Lincoln cites another perspective: *...teach the children so that it will not be necessary to teach the adults*. It wouldn't be wrong to vouch for the opinion that a teacher affects eternity, and that it wouldn't be possible to measure the influence of a teacher. That is why, Dr. Radhakrishnan always wanted the teachers to be amongst the best minds of the nation. And I completely agree with him. It would only be wise that our educational institutions take a serious note of his viewpoint.

I personally agree with the wisdom of the political activist Hellen Keller that education must let us achieve tolerance, which is a fundamental requirement for all human progress. Goal of education should be not to educate but to prepare us to educate ourselves throughout our life. A Chinese proverb says: *Teachers open the door. You enter by yourself*. Good teachers, therefore, inspire us to continue learning throughout our life. They provide options rather than asking us to follow one and stimulate and inspire us to think and view everything with an open mind. It then becomes a duty for the students to closely follow and fulfil their dreams which they realise in themselves because of their teachers. As students, they must try to achieve more than their teachers, which according to their teachers will be a real payback.

Now, let me update you with some of the significant achievements *vis-à-vis* accountancy profession over the last one month:

International Initiatives

IAESB Meeting in New York: ICAI Vice-President CA. Subodh Kumar Agrawal participated in the meeting of International Accounting Education Standards Board (IAESB) held recently in New York. The Board considered exposure drafts on various educational standards dealing with the initial professional development and deliberated upon its Strategy and Work Plan, 2014-2016, where it decided to focus on three major strategic objectives through its action plan, i.e., developing standards, implementation guidance and raising awareness. ICAI Director of Studies Shri Vijay Kapur also accompanied the Vice-President.

NSAC Accounting Conference in Las Vegas: My Central Council colleagues CA. Vijay Kumar Garg and CA. V. Murali participated in the NSAC's *Tax and Accounting Conference* held recently in Las Vegas. NSAC (National Society of Accountants for Cooperatives) comprising more than 1,400 members, is a professional society formed, to deal with issues in financial management and planning of cooperative business.

CAPA's PAODC Meeting in Vietnam: My Central Council colleagues CA. Amarjit Chopra, ICAI past-President, and CA. Shiwaji Bhikaji Zaware, as our nominees on IFAC's PAODC (Professional Accountancy Organisation Development Committee), participated in the second meeting of the PAO Development Committee of CAPA recently in Hanoi (Vietnam), where challenges facing the development of strong professional accountancy organizations in emerging and developing countries were deliberated upon.

Teleconference with AOSSG: A teleconference of the Chair's Advisory Committee of Asian Oceanian Standard-Setters Group was held recently, which was attended by the representatives of India, Malaysia, Australia, Japan, Hong Kong and Korea. My Central Council colleague CA. Manoj Fadnis, along with ICAI Technical Director Dr. Avinash Chander, represented us at the teleconference, where an update on regional body arrangements with the IASB, planning for October 2012 informal AOSSG meeting and 2012 Annual AOSSG meeting was provided. We offered for India to be included as a member of the new Working Group of AOSSG that is being constituted to send comments on *Comprehensive Review of the IFRS for SMEs* by the IASB, while informing the Group about the progress with regard to the Accounting Standard on Agriculture in India.

Initiatives for/with Government Offices and Officials

Goa Governor and Chief Minister address ICAI Council: I take pride to inform our stakeholders that we had with us, the Governor of Goa, Shri Bharat Vir Wanchoo and the Chief Minister of Goa, Shri Manohar Parrikar, who addressed the ICAI Council at its 317th meeting held recently in Goa. I am happy to inform you that both the leaders hold our profession in high esteem and pin hopes on us to be the trustees of good governance and facilitator of foolproof financial management mechanism and processes. While the Governor called us critical stakeholders in enabling the process of sustained growth, the Chief Minister,

in fact, asked for our sincere help in plugging the leakages in the state treasury and thereby helping in further development of Goa. He said CAs can act as pillars of honesty and integrity and the nation can rely on them. I assure them that we are committed to the cause of the nation and will do all we can for the good of Goa.

Meeting with Finance Department of Bihar: My Central Council colleague and ICAI past-President CA. Amarjit Chopra also met Shri R. K. Khandelwal, IAS, Secretary, (Resource), Finance Department, Government of Bihar, recently in Patna to discuss the areas of technical assistance especially in fostering economic reforms. Chairman of the Patna Branch of ICAI CA. B. L. Raju, among others, was also present.

Meeting with Shimla Municipal Corporation Officials: Second meeting of the group constituted to conduct a study on *improving the financial discipline of Shimla Municipal Corporation* was held recently at the Shimla Municipal Corporation office, where my Central Council colleague and ICAI past-President CA. Amarjit Chopra met Shri Ashish Kohli, IAS, Assistant Commissioner, Shimla Municipal Corporation, who briefed us on the sources of revenue of the Corporation. We suggested them various measures for improving the financial discipline of the Corporation. We also discussed conversion of property from leasehold to freehold and waste disposal management.

Third Meeting of Standing Committee on TDS: Recently, third meeting of the Standing Committee on TDS was organised where my Central Council colleague CA. Sanjay Agarwal represented the ICAI. The meeting was chaired by Smt. Anita Kapur, DGIT (Admin), and was attended by various representatives from ASSOCHAM, FICCI, CII, ICC, etc. Issues received from our members at large were submitted to the Committee for consideration with a suggestion that a FAQ (frequently asked questions) in respect of TDS e-filing be prepared and hosted for the convenience of taxpayers.

Training on Double-Entry Accounting in Punjab: As per our promise to Shri Surjit Singh Rakhra, Rural Development and Panchayat Cabinet Minister of Punjab, towards assisting them in developing double-entry accounting system for better transparency and administration of panchayat fund, we recently organised a training programme at Nabha in Punjab on the same for panchayat secretaries.

Government Promotes XBRL in India: XBRL India has been granted a certificate under Section 12AA and 80G of the Income-tax Act, 1961 with effect from the assessment year 2011-12 for its charitable object for promoting XBRL in the country; accordingly, income of the company is exempt from tax and donations granted to the company are also deductible under Section 80G of the Act in the hands of the donor.

Professional Representations:

- To *Shri Nitish Kumar*, Chief Minister of Bihar, *Shri Naveen Patnaik*, Chief Minister of Odisha, *Shri Parkash Singh Badal*, Chief Minister of Punjab, *Shri Narendra Modi*, Chief Minister of Gujarat, *Dr. Selvi J. Jayalalithaa*, Chief Minister of Tamilnadu, and *Shri Subrata Mukherjee*, Minister-in-Charge, Public Health Engineering & Panchayat & Rural Development Department, Government of West Bengal, to avail services of our members for conducting various assignments.
- To *Shri Bikram Singh Majithia*, Minister of Revenue, Rehabilitation Relief & Resettlement, Government of Punjab, to reconsider the notification/circular issued under the authority of/by the Assistant Registrar, ITAT, Chandigarh, whereby CAs are required to file the Power of Attorney (while filing an appeal or representing an assessee in appeal before the Tribunal) on a non-judicial stamp paper of ₹350/- whereas advocates are allowed to do the same on non-judicial stamp paper of ₹3/- only and revise the said charges accordingly.
- To the *Secretary, Panchayat & Rural Development* and ex-officio Chief Executive Officer, Madhya Pradesh State Tech e-Panchayat Society (MPSTEPS), to reconsider some of the restrictive covenants present in the notice inviting tender for financial audit and concurrent audit of all PRIs from reputed CA firms hosted by the MPSTEPS, Bhopal, for appointment of CA firms to conduct financial audit of PRIs for the financial year 2011-12 and concurrent audit of PRIs for the financial year 2012-13.
- To the *Secretary of the Ministry of Commerce and Industry* highlighting the issues related to the FDI in accountancy sector and related matters.
- To *Shri Sudhir Vasudeva*, Chairman, ONGC Videsh Ltd., regarding tender for engagement of tax consultants for Indian income tax matter floated by the ONGC.
- To *Dr. Sathyan David*, Chief General Manager, Reserve Bank of India, regarding restriction to carry out Statutory audit of public sector and private/foreign banks simultaneously.

Initiatives for Profession

Meeting with MPKV University: In order to obtain views with regard to appropriate accounting for biological assets in the formulation of Accounting Standard on Agriculture and its finalisation, a meeting was held recently at the Mahatma Phule Krishi Vidhyapeeth (MPKV), Rahuri, with the faculty and scientists of the University, where the ICAI Vice-President CA. Subodh Kumar Agrawal and my Central Council colleagues CA. Amarjit Chopra, ICAI past-President, and CA. Shiwaji Bhikaji Zaware, among others, represented us. I am happy to share that our approach followed in the exposure draft on Agriculture was broadly supported.

Direct Entry to the CA Course: The Ministry of Corporate Affairs has given its final approval to the Amendments to Chartered Accountants Regulations, 1988 which have been notified on 1st August, 2012. Amongst other provisions, the amendments also stipulate Direct Entry Scheme to CA Course. Henceforth Commerce Graduates/Post Graduates with prescribed percentage of marks and other students who have passed the Intermediate level examination or its equivalent examination by whatever name called conducted by The Institute of Cost Accountants of India or by The Institute of Company Secretaries of India, shall be exempted from passing the Common Proficiency Test (CPT). The details of the Scheme have been hosted on the Institute's website or elsewhere published in this issue of the Journal. I am confident that this shall provide an excellent opportunity for those students who wish to join the CA Course in later years in their life.

Training on International Taxation & Transfer Pricing for ITAT:

I recently addressed the participants as Guest of Honour at the valedictory session of the nine-day Residential Training Programme on International Taxation and Transfer Pricing for the members of the ITAT (Income Tax Appellate Tribunal), Ministry of Law & Justice, Govt. of India, successfully held in Mumbai. At the inaugural session, ITAT President *Shri G. E. Veerabhadrapa* delivered the welcome address, while Bombay High Court judge Justice Dr. D. Y. Chandrachud as Chief Guest delivered the inaugural address on the occasion. ITAT Bar Association of Mumbai President Dr. K. Shivram was the Guest of Honour. Delhi High Court judge Justice *Shri R. V. Easwar* was the Chief Guest at the valedictory session.

ISA-AT and IRM Results Declared: Results of the post-qualification Information Systems Audit – Assessment

Test (ISA-AT) held in June 2012 and that of the Insurance and Risk Management (IRM) held in May 2012 were declared recently. In ISA-AT, of the 1901 candidates appeared, 1033 were declared passed. In IRM, 32 candidates appeared and 20 passed out.

44th Regional Conference of SIRC in Bangalore:

I am happy to share with our stakeholders my appreciation for the enthusiasm of the participants including our members who actively attended the nine effective technical sessions of the 44th Regional Conference of SIRC, *Vishwas*, and made this event a successful knowledge congress. Corporate Affairs Minister Dr. M. Veerappa Moily was the Chief Guest and the MP (Rajya Sabha) CA. K. Rahman Khan was the Guest of Honour. I along with the ICAI Vice-President CA. Subodh Kumar Agrawal addressed the participants at the inaugural session. Panel discussions were quite informative as well as prophetic, especially that on expectations and challenges for the profession.

37th Regional Conference of EIRC in Kolkata: I would like to congratulate all the participants including our members, who actively participated in the four technical sessions of the two-day 37th Regional Conference of EIRC held in Kolkata and made this event a successful learning opportunity. MP (Rajya Sabha) CA. K. Rahman Khan was the Chief Guest. I along with the ICAI Vice-President CA. Subodh Kumar Agrawal addressed the participants at the inaugural session. The Conference with its theme *Chartered Accountants – the Architects of Today's Business World*, provided its participants an opportunity to interact with eminent faculty from the field of accountancy.

National Seminar on Taxation & Revised Schedule VI in Jammu: Recently, I attended a National Seminar on Taxation & Revised Schedule VI organised successfully by the Jammu Branch of NIRC in Jammu. My Central Council colleague CA. Charanjit Singh Nanda spoke at length on professional opportunities. The Seminar, well-executed by the expert faculty, was appreciated by all the participants.

Two-day National Conferences in Hyderabad and Indore: A two-day National Conference on Taxation and Revised Schedule VI was recently held in Hyderabad, which was jointly inaugurated by me and Shri V. Eswaraiah, Chief Justice of Andhra Pradesh High Court. More than 1300 members participated in the Conference. Another two-day National Conference on *Evolution in*

Profession – Preparing for the Change was organised recently in Indore, which was jointly inaugurated by me and CA K. Rahman Khan, MP (Rajya Sabha).

Residential Workshop in Srinagar: As part of our important initiative for members in public services, we recently organised a Residential Workshop for them in Srinagar on *Accountancy Profession for Economic Development*, which was attended by about 20 well-known ICAI members from various fields of public life including judiciary, politics and civil service that included MP (Rajya Sabha) CA. K. Rahman Khan, former Union Minister CA. Suresh P. Prabhu, former Member of Parliament CA. (Dr.) Kirit Somaiya, sitting member of Rajasthan Legislative Assembly from Jodhpur CA. Kailash Bhansali, Maharashtra Legislative Council member CA. Arun Kumar Gujarathi, ITAT past-President and sitting Delhi High Court judge CA. (Justice) R.V. Easwar, sitting Delhi High Court judge CA. (Justice) Rajiv Shakdher and sitting Rajasthan High Court judge CA. (Justice) Vineet Kothari. Besides me, my Central Council colleagues CA. Bhavna Doshi, CA. M. Devaraja Reddy and CA. Pankaj Tyagee also participated in the workshop.

Capacity Building of Practitioners and CA firms:

I am happy to inform you that, in order to strengthen the portfolio of CA practitioners, we recently organised a Workshop on Capacity Building Measures of the Practitioners and CA Firms in Amritsar. On the occasion, I, along with my Central Council colleagues CA. G. Ramaswamy, ICAI immediate past-President, CA. Sanjay Agarwal and CA. Pankaj Tyagee, among others, deliberated on the need and measures to build the capacity of our CA practitioners.

Infrastructure Initiatives

New Groups Formed: Good infrastructure in the offices of the Institute including its Regional Councils and Branches takes care of various requirements of our students and members arising out of activities such as Orientation Programmes, General Management and Communication Skills (GMCS) course, Additional GMCS in the first year of training, Information Technology Training (ITT), etc. This has been, of late, one of the focus areas in the present scheme of development in profession for us. Recently, in a meeting, we deliberated upon the requirements of our offices at various locations and branches, besides Centres of Excellence. To examine all related issues comprehensively and formulate a long-term draft policy, I recently constituted a Group under the convenorship of the ICAI Vice-President CA.

Subodh Kumar Agrawal, where my Central Council colleagues CA. Manoj Fadnis, CA. Charanjot Singh Nanda, CA. Shiwaji Bhikaji Zaware and CA. P. Rajendra Kumar are members. It will frame the draft policy after considering the existing infrastructure, available space, additional requirements, available fund position, etc., to be considered by the Executive Committee and further by the Council for its final approval.

Additionally, groups have also been formed to consider specifically the matter related to Centre of Excellence at Bangalore, Jaipur and Hyderabad, acquired land at Rohini (Delhi), and use of additional land at ICAI headquarters under the convenorship of my Central Council colleagues CA. K. Raghu, CA. Vijay Kumar Garg, CA. J. Venkateswarlu, CA. Vinod Jain and CA. Naveen N. D. Gupta respectively, to take stock of the status concerned.

Initiatives for Students

National Conventions in Kolkata, Indore and Siliguri: National Convention on *Changing Dynamics of CA Profession* was successfully organised recently in Kolkata, which was inaugurated by ICAI Vice-President CA. Subodh Kumar Agrawal. 1361 students participated in the Convention. National Convention on *Enhancing Knowledge, Setting New Benchmarks* was organised in Indore, which was inaugurated by me. National Convention on *CA Professional – Challenge to Change* was organised at Siliguri, which was inaugurated by the Vice-Chancellor of North Bengal University Prof. Sameer Kumar Das as Chief Guest and ICAI Vice-President CA. Subodh Kumar Agarwal as Guest of Honour. About 900 students participated in this Convention.

Placement Interviews for Newly-Qualified Members: As informed earlier, we have been organising placement programme at 18 centers across the nation. We have also made arrangements for the conduct of interviews in Chennai, Hyderabad, Kolkata, Jaipur, Pune, Delhi, Mumbai, Ahmedabad, Bangalore, Baroda, Bhubaneswar, Chandigarh, Coimbatore, Ernakulum, Indore, Kanpur, Nagpur and Vapi in August-September 2012. I sincerely hope our newly-qualified members will get benefitted with this scheme of their alma mater. Recently, we have also met the industry HR teams to discuss certain issues relating to campus placement in New Delhi and Mumbai.

PCC & IPCC Results Declared: Results of the examinations of the Professional Competence Course

(PCC) and the Integrated Professional Competence Course (IPCC) held in May 2012 have been declared. Nitish Jain from Delhi and Nikhil Kumar from Jaipur got the first rank in PCC and IPCC examinations with 75.67% and 86.43% respectively, while Hetalben Vinubhai Jikadara from Surat and Anil Babu Kunapareddy from Wollapalem got the second and third place in PCC examinations, and Nikhil Agrawal from Mathura and Jagravi D. Shah from Ahmedabad got the second and third place in IPCC examinations. 14.76% and 19.39% students passed in *Both Group* category in PCC and IPCC examinations respectively. Pass percentage in IPCC examinations in *Both Group* category has increased. Pass percentage in Group I and II of PCC and IPCC were 32.02 and 31.23, and 30.30 and 26.58 respectively.

If you remember, in my last communication, I had voiced my sincere concerns about safeguarding the interests of our innovators and creators while considering the ethical issues involved in that. More and more examples of usurping others' intellectual property rights and related concerns are showing up. We as torchbearers of an intellectual discipline called accountancy are sincerely concerned with the cause. Let me make this very clear to our stakeholders and to all other intellectual communities of our nation, that we would continue to act responsibly and tough on such examples as before, as we know the implications involved. I quote Dr. R. C. Cooper, a very senior ICAI past-President, who wrote in the foreword to the first edition of our Code of Ethics: *...practice of professional ethics is largely a matter of conscience and the determination...to distinguish between what is right and wrong.* I second him. Ethics must inspire a fundamental development in our *conscience*. I am proud of the fact that our accountancy profession has been constantly doing that for its membership since its inception.

Best wishes for a happy and prosperous time ahead!



CA. Jaydeep Narendra Shah

President, ICAI

New Delhi, August 24, 2012

August 2012 Issue Very Insightful and Informative

I am a new member of the institute and a reader of 'The Chartered Accountant' for last four years. The journal has come a long way and indeed is surpassing its set standards in each edition. The August 2012 edition has been extremely insightful and informative. The special coverage on Service Tax in various sectors is an excellent compendium of the dynamic and complex service tax legislation. However, I would like the ICAI to consider not sending the journals in plastic packet as part green initiative for mother earth.

**-CA. Krishna Upadhy S,
Bangalore**

The August 2012 issue of the journal was very topical and effectively highlighted various latest changes effected in the Service Tax regime in the country. All the eight articles published on various aspects of Service Tax were very informative and knowledge enhancing, which will be useful for our reference for a long time. Timely update on the Service Tax changes was really a need of the hour, which was very effectively fulfilled by the August 12 issue of the journal. I thank the Editorial Board of the ICAI for that.

-CA. S Rastogi

President's Appeal to the New Members was Encouraging

I am a regular reader of the monthly CA Journal. I was surprised as well as very happy to know the concern the

President of the Institute expressed in his "Appeal to New Members". The issues highlighted in Appeal are something I am experiencing currently. The Appeal refers to the actual scenario. It is the need of the hour for the new members to stop complaining and concentrate on skills development for brighter future prospects. What I liked most about the Appeal was that it placed importance on the fact that a new member should not compromise on their ability, knowledge and responsibility at any point and rather use these attributes to his/her benefit. Also the Appeal placed emphasis on the fact that continuous learning is the need of the day. It is very important to keep our self up-to-date so that we are always ahead of the rest. I am really thankful to the President for his concern towards ICAI's new generation of members. We are a part of a rare and esteemed fraternity and such message from our alma mater is nothing less than a word of encouragement for us.

-CA. Mansi Bhatt

Integrity and Excellence are a Must for CAs

I completely agree with the President of the ICAI CA. Jaydeep Narendra Shah when he emphasises in August 2012 message that each and every member of our Institute must maintain highest level of integrity and professional excellence. 'Nation first and Self after!' Indeed, this is what is expected of accountancy professionals, particularly in the backdrop of the meticulous training they get, and the high trust

reposed on them by the society. I salute ICAI for facilitating highest standards of integrity and excellence among its members.

**-CA. Vrajesh Parikh,
Ahmedabad**

July 2012 Issue Was Excellent

The July 2012 issue was really excellent in the contents and knowledge perspective of each article. The article on "Road Ahead for the Profession" by our past president CA. T. N. Manoharan was really good, showing the ground realities and steps to grow as a professional. Article by Shri Ashok Chawla on Competition Laws was very informative, which also brought into focus the concept of "Competition Audit" – something new for CA. This will open new avenues for CAs in Competition Laws areas which is presently dominated by Law Firms. Representation before Competition Tribunal by CA is a new avenue for practice beyond Tax & Audits. Article on "Challenges and Opportunities" for Accountancy Profession by TV Mohandas Pai was excellent. He has shown factual matters from Corporate angle and opportunities and ways ahead for CA. My sincere thanks to ICAI for continuously publishing such excellent articles and shaping our knowledge base. New opportunities for CA in the areas of ERP Audit, Competition Audit, Social Audit etc. are waiting. We have new practice areas in the fields of Corporate Finance, M&A Advisory, Capital Markets, International Tax, etc.

-CA. Mehul Suthar

Editor

For the Attention of Readers

Readers' attention is specifically invited to the fact that the views and opinions expressed or implied in The Chartered Accountant journal are those of the respective authors only, and not of the ICAI. The ICAI bears no responsibility of any sort whatsoever in case of any action taken by any reader based on any article published in the Journal.

Write to Editor

'Information is Power' and our ever-evolving profession needs more and more of that today than ever before. Do you have any relevant points to make, experiences to share, and views to spread among the CA fraternity? If yes, e-mail us at eboard@icai.org/nadeem@icai.org or write to:

The Editor, The Journal Section, ICAI, A-29, Sector 62, Noida (UP) - 201309



44th Regional Conference of SIRC in Bangalore

ICAI President and Vice-President CA. Jaydeep Narendra Shah and CA. Subodh Kumar Agrawal releasing publications along with Chief Guest Corporate Affairs Minister Dr. M. Veerappa Moily, Guest of Honour MP (Rajya Sabha) CA. K. Rahman Khan and SIRC Chairman CA. Shanmukha Sundaram. (August 18-19, 2012)



Programme on Ethics & Service Tax

ICAI Vice-President CA. Subodh Kumar Agrawal lights the lamp to inaugurate the programme on ethical issues and service tax held at Gwalior Branch, while Central Council members CA. Anuj Goyal and CA. Ravi Holani among others enjoy the moments. (August 22, 2012)



Goa CM addresses ICAI Council Meeting in Goa

Chief Minister of Goa Shri Manohar Parrikar along with the ICAI President and Vice-President CA. Jaydeep Narendra Shah and CA. Subodh Kumar Agrawal and other Central Council members during the meeting. (August 13, 2012)



Uttar Pradesh CM at National Convention for CA Students

ICAI Vice-President CA. Subodh Kumar Agrawal along with the Chief Guest at the Convention, Uttar Pradesh Chief Minister Shri Akhilesh Yadav, Minister of State for Protocol Shri Abhishek Mishra, Central Council member CA. Nilesh Shivji Vikamsey and Lucknow Branch Chairman CA. Rajeev Sharma sharing the dais at the Convention. (August 19, 2012)



Residential Workshop in Srinagar

ICAI President CA. Jaydeep Narendra Shah along with MP (Rajya Sabha) CA. K. Rahman Khan, former Union Minister CA. Suresh P. Prabhu, former Member of Parliament CA. (Dr.) Kirit Somaiya, and Central Council members CA. Bhavna Doshi and CA. M. Devaraja Reddy, among other dignitary participants from public service, civil services and judiciary. (August 11, 2012)



Goa Governor addresses ICAI Council Meeting in Goa

Governor of Goa Shri Bharat Vir Wanchoo along with the ICAI President and Vice-President CA. Jaydeep Narendra Shah and CA. Subodh Kumar Agrawal and other Central Council members at Central Council meeting. (August 13, 2012)



All India Conference 2012 in Bhubaneswar

ICAI President and Vice-President CA. Jaydeep Narendra Shah and CA. Subodh Kumar Agrawal along with Aditya Birla Group Chairman CA. Kumar Mangalam Birla, Minister of Finance of Odisha Shri Prasanna Acharya, NALCO Chairman-cum-MD CA. B. L. Bagra, Central Council member CA. M. Devaraj Reddy and Branch Chairman CA. Rajendra Kumar Das. (August 17-18, 2012)



National Conference in Indore

MP (Rajya Sabha) CA. K. Rahman Khan lights the lamp to inaugurate the National Conference organised by Indore Branch, while ICAI President CA. Jaydeep Narendra Shah along with Central Council members CA. Anuj Goyal, CA. Manoj Fadnis and CA. M. Devaraja Reddy, and Branch Chairperson CA. Sheetal Jain look on.



Sangli Branch of WIRC Welcomes ICAI Leadership

ICAI President CA. Jaydeep Narendra Shah lights the lamp while ICAI Vice-President CA. Subodh Kumar Agrawal, Central Council member CA. Shiwaji Bhikaji Zaware and Branch Chairman CA. Umakant Shrigopal Sarada, among other officials of the Branch participate. (July 26, 2012)



Seminar at Central Kolkata Study Circle

ICAI Vice-President CA. Subodh Kumar Agrawal lights the lamp to inaugurate a seminar on Taxation, while Central Council member CA. P. Rajendra Kumar among others celebrate the occasion in Kolkata. (July 28, 2012)



ICAI-DPE Workshop in New Delhi

Shri O. P. Rawat, Secretary, Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, with ICAI President CA. Jaydeep Narendra Shah and past-President CA. Amarjit Chopra during a Workshop on Revised Data Sheet Format for PE Survey 2011-12 - Consequent to Revised Schedule VI jointly organised by ICAI and DPE in New Delhi. (August 22, 2012)



WICASA at Solapur

ICAI President CA. Jaydeep Narendra Shah lights the lamp to inaugurate the event, while his better half Smt. Harsha Shah, Vice-President CA. Subodh Kumar Agrawal, Central Council member CA. Shiwaji Bhikaji Zaware among others share the joy at the inauguration. (July 26, 2012)



National Conference on Taxation in Surat

ICAI Central Council Member CA. Sanjay Agarwal addresses 'National Conference on Taxation' as Central Council member CA. Dhinal Ashvinbhai Shah, Chairman of Surat Branch CA. P. C. Choudhary, General Manager of Bank of Baroda Shri U. C. Singhvi, and Commissioner of Surat Municipal Corporation Shri M. K. Das look on.



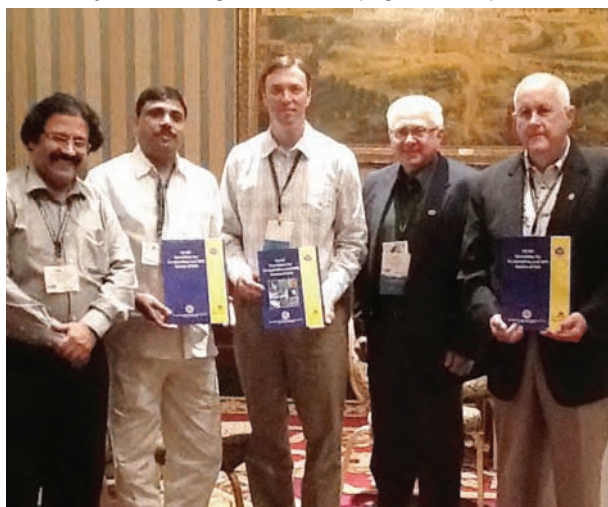
Training Programme for ITAT in Mumbai

ICAI President CA. Jaydeep Narendra Shah and Delhi High Court judge Justice CA. R. V. Easwar with the participants of the nine-day Residential Training Programme on International Taxation & Transfer Pricing for the members of Income Tax Appellate Tribunal organised by the ICAI in Mumbai. (August 19, 2012)



National Conference in Guwahati

ICAI Vice President CA. Subodh Kumar Agrawal addresses the the participants of the conference held at Guwahati as Arunachal Pradesh Governor General (Rtd.) J. J. Singh, EIRC Chairman CA. Prasun Kumar Bhattacharya and other dignitaries look on. (August 10, 2012)



Meeting with NSAC in Las Vegas

ICAI Central Council members CA. Vijay Kumar Garg and CA. V. Murali sharing with the international authorities of National Society of Accountants for Cooperatives (NSAC) in Las Vegas. (August 7, 2012)



Seminar in Amritsar

ICAI President CA. Jaydeep Narendra Shah lights the lamp to inaugurate the seminar on Capacity Building Measures of the Practitioners and CA Firms in the presence of CA. G. Ramaswamy, immediate past-President, ICAI, and the Central Council Members CA. Pankaj Tyagee and CA. Sanjay Agarwal among other dignitaries. (August 23, 2012)



37th Regional Conference of EIRC in Kolkata

MP (Rajya Sabha) CA. K. Rahman Khan, along with ICAI President and Vice-President CA. Jaydeep Narendra Shah and CA. Subodh Kumar Agrawal, Central Council members CA. Abhijit Bandyopadhyay and CA. Sumantra Guha, and EIRC Chairman CA. Prasun Kumar Bhattacharya during the Conference. (August 24, 2012)



Workshop in Allahabad

ICAI Vice-President CA. Subodh Kumar Agrawal, addressing the gathering during the Workshop in the presence of Central Council members CA. Ravi Holani and CA. Anuj Goyal, and Branch Chairman CA. Shiv Kumar Jaiswal. (August 21, 2012)



Seminar in Jammu

ICAI President CA. Jaydeep Narendra Shah, President, ICAI was receiving a memento during the Seminar in Jammu in the presence of Central Council member CA. Charanjit Singh Nanda. (August 22, 2012)



Members and Students Meet at Latur

ICAI President CA. Jaydeep Narendra Shah along with his better half Smt. Harsha Shah, ICAI Vice-President CA. Subodh Kumar Agrawal and Central Council member CA. Shiwaji Bhikaji Zaware during Members and Students Meet of the Branch.



Orientation Programme in New Delhi

ICAI President CA. Jaydeep Narendra Shah along with Central Council members CA. Pankaj Tyagee and CA. Rajkumar S. Adukia during the Programme. (August 9, 2012)

Q. In a representation submitted to a company under Section 225(3) of the companies Act, 1956, the auditors of the company included the contribution made by the firm in strengthening the control procedures of the company during their association with the company. Is it misconduct (Case Study)?

A. Para (i) under Clause (6) of Part I of the First Schedule to the Act, provides for scope of such representation, which an Auditor is entitled to make under Section 225 (3) of the Companies Act, 1956. Section 225(3) of the Companies Act, 1956 permits a retiring auditor to make a representation in writing (not exceeding a reasonable length) to the company. The proposition of the partner to highlight contributions made by the firm in strengthening the control procedures in the representation should not be included in such representation because the representation letter should not be prepared in a manner so as to seek publicity.

The Code of Ethics issued by the Institute makes it amply clear that the right to make representation does not mean that an auditor has any prescriptive right or a lien on an audit. The wording of his representation should be such that, apart from the opportunity not being abused to secure needless publicity, it does not tantamount directly or indirectly to canvassing or soliciting for his continuance as an auditor. The letter should merely set out in a dignified manner how he has been acting independently and conscientiously through the term of office and may, in addition, indicate if he so chooses his willingness to continue as auditor if re-appointed by the shareholders. Thus, such action proposed by a firm could not be approved since, it may lead to his being held guilty of professional misconduct under Clause (6) of Part I of the First Schedule to the Act.

Q. Can a Chartered Accountant in practice, accept original professional work emanating from the client introduced to him by another member?

A. No, Para (j) under Clause (6) of Part I of the First Schedule to the Act prescribes that a member should not accept the original professional work emanating from a client introduced to him by another member. If any professional work of such client comes to him directly, it should be his duty to ask the client that he should come through the other member dealing generally with his original work.

Q. Whether a Chartered Accountant in practice can give public interviews and also whether he can furnish details about himself or his firm in such interviews?

A. A Chartered Accountant in practice can give public

interviews. While doing so, due care should be taken to ensure that such interviews or details about the members or their firms are not given in a manner highlighting their professional attainments, which may hit clauses (6) & (7) of the First Schedule of the Act.

Q. A Chartered Accountant in practice during a TV interview, handed over a bio-data of his firm to the chairperson. Such bio-data detailed the standing of the international firm with which the firm was associated. It also detailed the achievements of the concerned partner and his recognition as an expert in the field of taxation in the country. The chairperson read out the said bio-data during the interview. Is it a professional misconduct? (Case Study)

A. Yes, Clause (6) of Part I of the First Schedule to the Act prohibits solicitation of client or professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means since it shall constitute professional misconduct. The Member would be held guilty of professional misconduct under Clause (6) of Part I of the First Schedule to the Act under the given circumstances.

Q. Can a Chartered Accountant in practice/firm of Chartered Accountants post the particulars of himself/itself on a website?

A. Yes, the Council has approved the detailed guidelines for posting the particulars on the Institute website by Chartered Accountants in practice and firm(s) of Chartered Accountants in practice.

Q. Whether website of any Chartered Accountant can provide a link to the website of ICAI, its Regional Councils and Branches and also to the websites of Government/Government Departments/Regulatory authorities?

A. Yes, please refer the relevant pages of the Code of Ethics, 2009.

Q. Whether the information contained in the website of the Chartered Accountants and/or Chartered Accountants' firms can be circulated on their own or through e-mail or by any other mode or technique?

A. Sub-para (3) & (4) of Para (m) under Clause (6) of Part I of the First Schedule to the Act prescribes that the Chartered Accountants and/or Chartered Accountants' firms should ensure that none of the information contained in the website be circulated on their own or through e-mail or by any other mode or technique except on a specific "pull" request. The Chartered Accountants and/or Chartered Accountants' Firms would ensure that their websites are run on a "pull" model and not a "push"

* Contributed by the Ethical Standards Board of the ICAI

model of the technology to ensure that any person who wishes to locate the Chartered Accountants or Chartered Accountants' firms would only have access to the information and the information should be provided only on the basis of specific "pull" request.

Q.Can a member put up his photograph on the website?

A. Yes, revised Sub-Para (8) of Para (m) under Clause (6) of Part I of the first schedule to the Act provides that display of passport size photograph is permitted.

Q.Can a Chartered Accountant advertise his professional attainments or services, or can he use any designation or expression other than Chartered Accountants on professional documents, visiting cards, letter heads or sign boards, etc.?

A. No, as per Clause (7) of Part I of the First Schedule to the Act, a Chartered Accountant shall be deemed to be guilty of professional misconduct, if he advertises his professional attainments or services, or uses any designation or expressions other than chartered accountant on professional documents, visiting cards, letter heads or sign boards, unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of the Institute of Chartered Accountants or of any other institution that has been recognised by

the Central Government or may be recognised by the Council.

However, the member in practice may advertise through a write-up setting out the services provided by him or his firm and particulars of his firm subject to such guidelines issued by the Council.

Q.Whether a Chartered Accountant in practice can use expression like Income Tax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant?

A.No, Council direction under Clause (7) of Part I of the First Schedule to the Act which prescribes that it is improper for a Chartered Accountant to state on his professional documents that he is an Income-tax Consultant, Cost Accountant, Company Secretary, Cost Consultant or a Management Consultant, whereas it is permitted to mention his degrees.

Q.Can a Chartered Accountant in practice give the date of setting up the practice or date of establishment on the letterheads and other professional documents, etc.?

A.No, Council direction under Clause (7) of Part I of the First Schedule to the Act prescribes that the date of setting up of the firm on the letterheads and the professional documents, etc. should not be mentioned. However, in the Website, the year of establishment can be given on a specific "pull" request. ■

Classifieds

4941 Kerala based CA partnership firm requires partners from Kerala. Retired or lady members can apply. Contact: casnaassociates@yahoo.com

4942 FCA, with office in Kochi, Kerala, wish to undertake professional work on sub-contract/partnership/assignment basis and networking. Please contact 9496177839/mgikumar@hotmail.com

4943 Pune based CA firm established in 1985 having four whole time partners willing to work on assignment/subcontract/partnership retainer-ship basis and also invites proposal from CA firms for merger on mutually beneficial terms. Contact:9422517877/020-24210031 E-mail: brijeshdattaji@bdcca.com

4944 A CA firm based in Bangalore in existence for about 8 years is looking for Chartered Accountant retired from industry to join as partner. Kindly contact: kamatca2002@yahoo.com

4945 Kochi based CA firm requires practicing or retired CAs as partners or employees and semi qualified CAs at Rourkela/Indore. E-mail CV to mail@kvco.in. Mobile: 09447070400.

4946 Experienced CA available for any type of Audit assignments and Income Tax consultancy CA. Aggarwal Balwant Singh 9312010142 paradiseslate@gmail.com

4947 CA with D.I.S.A. qualification having over 5 years of experience seeks professional work on assignment/contract basis/partnership basis from large/medium firms for mutual benefits. Contact at 9958061149. E-mail: arvindmittal81@yahoo.in

4948 CA with over 30 years of experience with last 15 years in internal audit & risk advisory seeks suitable opportunity with reputed consulting/audit firms in India & abroad. Contact: sucv1983@gmail.com

Legal Decisions¹



Income-tax Act

LD/61/5

Alstom Transport SA, In Re
June 7, 2012 (AAR)

Section 9 read with Section 2(31) of Income-tax Act, 1961 - Income - Deemed to accrue or arise in India

Where in terms of contract between Metro Rail and Consortium of four 'to implement the design, manufacture, supply, installation, testing and commissioning of signaling/train-control and communication system', consortium is jointly and severally responsible for work tendered and receipt from whole contract has to be taxed as a whole as an AOP; said contract cannot be split up to treat a part of it as confined to offshore supply of equipment which is done by non-resident consortium member and receipt therefrom cannot be said to be not capable of being taxed in India

The applicant French company along with its Indian subsidiary APIL, Portugal company Thales and Japanese company Sumitomo entered into a Consortium Agreement which was registered in Bangalore in India. Under the contract between Metro Rail (BMRC) and the Consortium of four, the consortium was jointly and severally responsible for the work tendered. The tender floated by BMRC was a composite work tender. A part of the contract was for design, manufacture, supply, installation, testing & commissioning of signaling/ train control and communication system.

The applicant contended that the design and supply of equipment it took place outside India and being an offshore transaction, income therefrom is not chargeable to tax in India. Title to the goods passed outside and payment was received outside India and no part of the income either arose in India or could be deemed to arise in India.

The Revenue contended that the contract was one and indivisible and could not be split up as sought to be done by the applicant. There was no contract for offshore supply of any equipment. It was also contended that Members of the Consortium who came forward to bid, formed an Association of Persons within the meaning of section 2(31). Hence, the income from the transaction is chargeable to tax in India.

The Authority for Advance Rulings ruled that a contract has to be read as a whole in the context of the purpose for which it is entered into. A contract for the installation and commissioning of a project like the present one, cannot be split up into separate parts as consisting of independent supply or sale of goods and for installation at the work site, leading to the commissioning and so on.

What was the purpose for which the tender was invited by BMRC cannot be in doubt in this case. It was for installing the signaling and communication system for the metro rail. It was not for supply of offshore equipments independently of the installation and commissioning. Nor was it for independent installation and commissioning, divorced from the design and supply of the equipments necessary. Such a contract has necessarily to be read as a whole and is not capable of being split up. The contract involved herein is a composite contract and it cannot be dissected into parts even if a dissecting approach is permissible after the *Vodafone International Holdings BV v. UOI & another*, 341 ITR 1 ruling. For the purpose of taxation, the contract must be taken as one, for installation and commissioning of a project in India.

The applicant and the others came together for bidding for the work tendered, after jointly preparing the bid. They came together for executing the project if their tender were to be accepted. The contract was for performing the entire work at the joint responsibility of the four Members of the Consortium who came together to perform the contract. The Members of the Consortium were all in business and they came together in pursuance of an intention to promote their businesses. The common object was to perform the contract and earn income therefrom. Thus, there was a common object in the coming together. There was a common purpose and there was concerted action. Here is a combination of persons formed for the promotion of a joint enterprise banded together. On the facts of this case, there is no difficulty in holding that the applicant, alongwith the other members of the Consortium, formed an Association of Persons liable to be taxed as such.

The coming together of the members of the Consortium is based on the tender floated for a particular work. The coming together is to meet the obligations to the tenderer arising out of that tender notification.

¹ Readers are invited to send their comments on the selection of cases and their utility at eboard@icai.org.

On winning the bid, the contract entered into is for the purpose of performing that obligation. Thus, the tender is the *rai-son d'être* and the contract with the tenderer is the foundation for the combination of the members coming together to perform the obligation thereunder. After committing themselves to perform the contract in terms of the contract with the tenderer, however the members of the Consortium divide the performance of the obligation, that would not affect the nature and content of the obligation undertaken by them jointly. Their arranging the *inter se* relationship while performing that joint and common obligation, cannot alter the status they acquire as Consortium members in performing a joint obligation undertaken by the Consortium. Even in the Consortium agreement, the joint and several liability to the tenderer is reiterated. Therefore, the members dividing the obligation among themselves after the bid is knocked down in favour of the Consortium cannot alter the status they acquire while entering into a contract with a common purpose and incurring a joint liability thereby.

What has to be considered is the transaction which is the source of the receipt. The source of the receipt in this case is the contract with BMRC and not the contract *inter se* or the understanding among the members of the Consortium. The receipt in rupees and Euros arise out of that transaction. Therefore, it is to be concluded that what is relevant in this context is to consider the legal rights and obligations arising out of and undertaken under that transaction to determine the status of the Consortium as a person.

The members of the Consortium, may be with their independent expertise, come together with a common object of winning the contract and performing the obligations under the contract for the bid amount offered by the Consortium and accepted by the tenderer. The effect of their coming together with a common object to earn an income by performing the common obligations incurred, cannot be got rid of by the members trying to separate the work among themselves or getting the tenderer to make separate payments. In fact, a public company like BMRC cannot depart from the tender it has floated or vary the scope of the work tendered or the manner of performance by its subsequent conduct. In this case, the applicant acts as the leader of the Consortium to deal with BMRC and the identity of the Consortium acquired under the contract, cannot get and does not get effaced by anything done after acceptance of the tender.

Thus, on the facts of this case and on the basis of the transaction involved, it was to be concluded that

the applicant along with the other members of the Consortium formed an Association of Persons liable to be taxed in India as such.

In the light of the above discussion, it has to be ruled that the contract entered into with BMRC by the Consortium, of which the applicant is a member, cannot be split up to treat a part of it as confined to offshore supply of equipment not capable of being taxed in India, and that the income from it has to be taxed as a whole and the income received by the Consortium Members in terms of the contract, is taxable in India under the Income-tax Act and under the Double Taxation Avoidance Convention relied on.

LD/61/6

Aramex International Logistics Private Limited, In Re
June 7, 2012 (AAR)

Section 9 of Income-tax Act, 1961 read with Articles 5 & 10 of the India-Singapore DTAC - Income - Deemed to accrue or arise in India
Where fully owned subsidiary secures orders in India wholly for the group and it has the right to conclude contracts for the group for its Express shipment business, such subsidiary has to be deemed to be a permanent establishment of the group in India

The applicant is a Singapore company looking after business of Aramax International-Bermuda. AIPL is a 100% subsidiary of Aramex International Bermuda. Aramex group has admittedly business in various countries all over the world including India. Its business in India is conducted by it through AIPL. AIPL has been formed as a subsidiary and has an identity under the Companies Act, 1956. The fact remains that the business is that of Aramex group and the reputation and appealability is that of the Aramex group.

When actually taking up the work in India, Aramex group enters into agreements with customers for the purpose of acceptance of articles and for their deliveries at various destinations around the world. It has to arrange, for picking up the articles from the customers collecting them at a convenient place for transportation to various destinations around the world. This is the position regarding the outbound services undertaken by Aramex group. As far as "inward business" is concerned, Aramex group companies in various parts of the world contact the customers, take delivery of the articles to be delivered to various cities and towns in India and deliver them at a chosen destination. The business is completed by delivery of the consignments

to the concerned addressees in India. For that, the Aramex group has created a subsidiary, in India, AIPL. The business of Aramex group as regards the articles sent to India, was performed in India by AIPL. It is the case of the applicant that the goods are brought to a common destination and delivered to AIPL and AIPL ensures that the articles are delivered to the concerned parties in various parts of India.

The Authority for Advance Rulings ruled that when a business cannot be carried on exclusively in so far as it relates to customers in India like in the present case, without intervention of another entity, a subsidiary, normally that entity must be deemed to be the establishment of the group in that particular country. The position may be different when the entity is an independent entity uncontrolled by the group unless it satisfies the other requirements mentioned in Article 5(2) of the DTAC. But in a case where a 100% subsidiary is created for the purpose of attending to the business of the group in a particular country, here, in India, the Indian subsidiary must be taken to be a permanent establishment of the group in India. It is not pretended that the without its part being played by the Indian entity, AIPL, the business of the applicant could be successfully transacted. Thus, AIPL is an essential part of the business of the group now routed through the applicant in India. No doubt, AIPL may have an independent existence as a subsidiary. Clearly, the authority over it of the principal, vertical or persuasive, cannot be in doubt. Therefore, satisfied that in a case like the present, the subsidiary must be considered to be a permanent establishment of the group in the concerned country, here, India.

AIPL has a fixed place of business and branches. The business of the applicant Aramex group in India is only carried on by AIPL. AIPL obtains orders, collects articles, transports them to a specified destination so as to be taken over by the group and then delivered to the addressees in various countries through its entities in those countries. Therefore, it would not be incorrect to say that AIPL is a permanent establishment of Aramex group in India.

The fact that the applicant, on behalf of the Aramex group, controls AIPL or that AIPL carries on its business in India, shall not of itself constitute AIPL a permanent establishment of the applicant. It is really a case of a group carrying on its business in India or that part of the business relatable to India through a fully owned subsidiary involving all its business activities.

Merely entering into an agreement describing the subsidiary controlled legally or persuasively by the

principal as an independent entity or a non-exclusive agent, would not bring the case of a subsidiary like AIPL within the ambit of paragraph 10 to Article 5 of the DTAC. There is considerable force in the argument on behalf of the Revenue that the agreement put forward by the applicant relating to its business with AIPL is a mere camouflage to screen the fact that AIPL is really a permanent establishment of the applicant's group in India. Therefore, AIPL should be considered as a permanent establishment of the applicant, on the facts and in the circumstances of the case.

AIPL secures orders in India wholly for the Aramex group. It also has the right to conclude and concludes contracts for the group for its Express shipment business. On facts it appears to me that AIPL has to be deemed to be a permanent establishment of Aramex group and the applicant in India. Here, the applicant gets done its entire business related to India through AIPL.

Thus, AIPL is a Permanent Establishment of the applicant in India within the meaning of Article 5 of the DTAC between India and Singapore.

LD/61/7

Columbia Sportswear Company

Vs.

Director of Income Tax, Bangalore

July 30, 2012 (SC)

**Section 245N of the Income-tax Act, 1961
read with Articles 136, 226/227 of the
Constitution of India – Advance Ruling**

Authority for advance ruling is a tribunal within meaning of articles 136 and 227 of the Constitution; an advance ruling pronounced by the Authority can be challenged by the applicant or by the Commissioner or any income-tax authority subordinate to him under Article 226/227 of the Constitution before the High Court

A. Authority for advance ruling is a tribunal

Under Article 226 of the Constitution, the High Court can issue writs of Certiorari and Prohibition to control the proceedings of not only a subordinate court but also of any person, body or authority having the duty to act judicially, such as a tribunal. Under Article 227 of the Constitution, the High Court has superintendence over all courts and tribunals throughout the territory in relation to which it exercises jurisdiction. Under Article 136 of the Constitution, the Supreme Court may, in its discretion, grant special leave to appeal from any judgment, decree, determination, sentence

or order in any cause or matter passed or made by any court or tribunal in the territory of India.

A plain reading of the very definition of advance ruling in Section 245N(a) would show that the Authority is called upon to make a determination in relation to a transaction which has been undertaken or is proposed to be undertaken by a non-resident applicant or in relation to the tax liability of a non-resident arising out of such transaction which has been undertaken or proposed to be undertaken by a resident applicant with such non-resident and such determination may be on any question of law or fact specified in the application. Further, the Authority may make a determination or decision in respect of a issue relating to the computation of total income which is pending before any income-tax authority or the Appellate Tribunal and such determination or decision may include the determination or decision of any question of law or of fact relating to such computation of total income specified in the application. Thus, the Authority may determine not only a transaction but also the tax liability arising out of a transaction and such determination may include a determination of issue of fact or issue of law. Moreover, the Authority may determine the quantum of income and such determination may include a determination on a issue of fact or issue of law. It may also be found that the determination of the Authority is not just advisory but binding. The binding effect of advance ruling as provided in Section 245S has been dealt with by the Authority (Chairman and two Members) in *Cyril Eugene Pereira, In re*, [1999] 239 ITR 650, where the Authority, held that the advance ruling of the Authority is binding in the case of one transaction only and the parties involved in respect of that transaction and for other parties, the ruling will be of persuasive nature. The Authority, however, has clarified that this is not to say that a principle of law laid down in a case will not be followed in future. This decision of the Authority in *Cyril Eugene Pereira, In re* (supra) has been taken note of by the Supreme Court in *Union of India & Anr. v. Azadi Bachao Andolan & Anr*, [2003] 263 ITR 706 at 742 to hold that the advance ruling of the Authority is binding on the applicant, in respect of the transaction in relation to which the ruling had been sought and on the Commissioner and the income-tax authorities subordinate to him and has persuasive value in respect of other parties. However, it has also been rightly held by the Authority itself that this does not mean that a principle of law laid down in a case will not be followed in future.

As Section 245S expressly makes the Advance Ruling binding on the applicant, in respect of the transaction and on the Commissioner and the income tax authorities subordinate to him, the Authority is a body acting in judicial capacity. According to Prof. de Smiths "an authority acts in a judicial capacity when, after investigation and deliberation, it performs an act or makes a decision that is binding and collusive and imposes obligation upon or affects the rights of individuals."

Thus, the Authority is a body exercising judicial power conferred on it by Chapter XIX-B and is a tribunal within the meaning of the expression in Articles 136 and 227 of the Constitution.

The fact that sub-section (1) of Section 245S makes the advance ruling pronounced by the Authority binding on the applicant, in respect of the transaction and on the Commissioner and the income-tax authorities subordinate to him in respect of the applicant and the transaction would not affect the jurisdiction of either the Supreme Court under Article 136 of the Constitution or of the High Courts under Articles 226 and 227 of the Constitution to entertain a challenge to the advance ruling pronounced by the Authority. The reason for this view is that Articles 136, 226 and 227 of the Constitution are constitutional provisions vesting jurisdiction on the Supreme Court and the High Courts and a provision of an Act of legislature making the decision of the Authority final or binding could not come in the way of the Supreme Court or the High Courts to exercise jurisdiction vested under the Constitution. In *Kihoto Hollohan v. Zachillhu and Others*, 1992 Supp (2) SCC 651, the Supreme Court held that the finality clause in Paragraph 6 of the Schedule-X of the Constitution does not completely exclude the jurisdiction of the Courts under Articles 136, 226 and 227 of the Constitution, though it may limit the scope of this jurisdiction. In *Jyotendrasinhji v. S. I. Tripathi and Others*, 1993 Supp (3) SCC 389] the Supreme Court held that the provision in Section 245-I of the Income Tax Act, 1961, declaring that every order of settlement passed under sub-section (4) of Section 245D shall be conclusive as to the matters stated therein would not bar the jurisdiction of the High Court under Article 226 of the Constitution or of the Supreme Court under Article 136 of the Constitution. Considering the settled position of law that the powers of the Supreme Court under Article 136 of the Constitution and the powers of the High Court under Articles 226 and 227 of the Constitution could not be affected by the provisions made in a statute by

the Legislature making the decision of the tribunal final or conclusive, sub-section (1) of Section 245S, insofar as, it makes the advance ruling of the Authority binding on the applicant, in respect of the transaction and on the Commissioner and income-tax authorities subordinate to him, does not bar the jurisdiction of this Court under Article 136 of the Constitution or the jurisdiction of the High Court under Articles 226 and 227 of the Constitution to entertain a challenge to the advance ruling of the Authority.

It cannot be held that an advance ruling of the Authority can only be challenged under Article 136 of the Constitution before the Supreme Court and not under Articles 226 and/or 227 of the Constitution before the High Court. In *L. Chandra Kumar v. Union of India and Others*, (1997) 3 SCC 261, the Constitution Bench of the Supreme Court has held that the power vested in the High Courts to exercise judicial superintendence over the decisions of all courts and tribunals within their respective jurisdictions is part of the basic structure of the Constitution. Therefore, to hold that an advance ruling of the authority should not be permitted to be challenged before the High Court under Articles 226 and/or 227 of the Constitution would be to negate a part of the basic structure of the Constitution. There is no force in the apprehension of the Authority that a writ petition may remain pending in the High Court for years, first before a Single Judge and thereafter in Letters Patent Appeal before the Division Bench and as a result the object of Chapter XIX-B which is to enable an applicant to get an advance ruling in respect of a transaction expeditiously would be defeated. When an advance ruling of the Authority is challenged before the High Court under Articles 226 and/or 227 of the Constitution, the same should be heard directly by a Division Bench of the High Court and decided as expeditiously as possible.

B. Petitioner to approach the High Court under Articles 226 and/or 227 of the Constitution

Article 136 of the Constitution itself states that the Supreme Court may, "in its discretion", grant special leave to appeal from any order passed or made by any court or tribunal in the territory of India. The words "in its discretion" in Article 136 of the Constitution makes the exercise of the power of the Supreme Court in Article 136 discretionary. Hence, even if good grounds are made out in a Special Leave Petition under Article 136 for challenge to an advance ruling given by the Authority, the Supreme Court may still, in its discretion, refuse to grant special leave on the ground that the challenge to the advance ruling of the

authority can also be made to the High Court under Articles 226 and/or 227 of the Constitution on the self same grounds. In fact, in *Sirpur Paper Mills Ltd. v. Commissioner of Wealth Tax, Hyderabad*, AIR 1970 SC 1520, it has been observed that the Supreme Court does not encourage an aggrieved party to appeal directly to the Supreme Court against the order of a Tribunal exercising judicial functions unless it appears to the Court that a question of principle of great importance arises. Unless, therefore, a Special Leave Petition raises substantial questions of general importance or a similar question is already pending before the Supreme Court for decision, the Supreme Court does not entertain a Special Leave Petition directly against an order of the tribunal.

In this Special Leave Petition, neither a substantial question of general importance arises nor is it shown that a similar question is already pending before the Supreme Court for which the petitioner should be permitted to approach the Supreme Court directly against the advance ruling of the Authority. The petitioner could move to the appropriate High Court under Article 226 and/or 227 of the Constitution.

Wealth Tax Act

LD/61/8

AIMS Oxygen Pvt. Ltd.

Vs.

Commissioner of Wealth –Tax

August 2, 2011 (GUJ-FB)

**Section 7 of the Wealth Tax Act, 1957 –
Valuation of Assets**

Where land was acquired and allotted to assessee company and same was later on declared surplus under Urban Land (Ceiling & Regulation) Act, valuation of said land in hand of allottee should be done based on compensation receivable by company

The Assessee-Company has shown the value of the open land at ₹62,538 in its return. The Assessing Officer was of the opinion that the valuation given by the Assessee-Company was shown at the same price at which the said land was acquired pursuant to land acquisition proceedings as early as in 1960. He therefore, referred the matter to the Departmental Valuation Officer under Sec.16A for assessing the fair market value of the said open land. In the meantime, the Assessee got another Govt. Regd. Valuer's report and on that basis, it filed revised return of wealth showing value of the open land at ₹1,44,146. Contention of the Assessee was that the land in question was subject

matter of Urban Land (Ceiling & Regulation) Act, 1976 (ULC Act) and its value should be at the rate of compensation to be awarded to the company by the Government under the provisions of the ULC Act and the valuation as worked out by the Govt. Regd. Valuer should be believed. The Assessing Officer relied upon the report of the Departmental Valuation Officer who had considered the impact of the ULC Act also while arriving at the valuation of the open land in question at ₹51,18,400

The Full Bench of the Gujarat High Court held that the settled law can be summarized as follows:

- [i] The words 'if sold in open market' do not contemplate actual sale or the actual state of the market, but only enjoins that it should be assumed that there is an open market and the property can be sold in such a market and on that basis, the value has to be found out. It is a hypothetical case which is contemplated and the Tax Officer must assume that there is an open market in which the asset can be sold.
- [ii] Whenever there is any restriction on transfer of any land, value of the property or land, as the case may be, would be normally reduced and the valuation is to be ascertained taking note of the restrictions and prohibitions contained in the Ceiling Act as if the land is notified as excess land.
- [iii] Once the competent authority issues any notification under Section 10(1) or Section 10(3) of the Land Ceiling Act, the land has to be deemed to have been acquired by the Government and what the assessee owned was the right to compensation and in such case, the compensation amount would only be the maximum compensation as provided under the Ceiling Act which is to be taken into consideration.

The land in question was declared surplus land under the ULC Act, which was having depressing effect on the value of the asset, the valuation had to be made on the basis of assumption that the purchaser would be able to enjoy the property as the holder, but with restrictions and prohibitions contained in the ULC Act and in such case value of the property or land would be reduced. Following the same principle, the Revenue, having already accepted the depressed valuation during the Assessment Years 1988-89 to 1990 and then for Assessment Year 1991-92, it was not open to the Revenue to assess the property on the basis of the market value, which normally could have

fetched without any restriction or prohibition, but ought to have accepted the value of open land with such restriction and prohibition at ₹1,44,146/-, as assessed by the Govt. Regd. Valuer.

Hence, the Appellate Tribunal was incorrect in holding that immovable property should be valued as per the open market rate, without any restriction and prohibition. In the result, the question, as referred is required to be answered in the negative, against the Revenue and in favour of the Assessee.



Arbitration and Conciliation Act

LD/61/9

ACC Ltd.

Vs.

Global Cements Ltd.

June 11, 2012 (SC)

Section 11 of the Arbitration and Conciliation Act, 1996 – Appointment of Arbitrators

Where arbitrators named in agreement died, in absence of any prohibition or debarment, parties can persuade court for appointment of an arbitrator under arbitration clause of agreement

The relevant arbitration clause 21 in the agreement between parties read that if any question or difference or dispute would arise between the parties at any time, question or dispute would be referred either to Mr. N. A. Palkhivala or Mr. D. S. Seth, whose decision in the matter would be final and binding on both the parties.

The petitioner submits that both Shri N. A. Palkhivala and Shri D. S. Seth are no more and therefore the arbitration clause in the agreement does not survive. The petitioner submits that since the arbitrators are no more, the arbitration clause in the agreement has no life and hence there is no question of entertaining the application preferred under Section 11 filed by the respondent.

The respondent submitted that the arbitration clause in the agreement would survive even after the death of the named arbitrators and the parties can still resolve their difference or dispute by referring them to another arbitrator or move the court for appointing a substitute arbitrator whose decision would be final and binding on both the parties.

The Bombay High Court took the view that clause 21 of the Agreement did constitute an agreement to refer disputes to arbitration and also took the view that in the absence of any prohibition or debarment, there was no reason for the court to presume an intent on

the part of the parties to the effect that a vacancy that would arise on account of a failure or inability of a named arbitrator to act couldnot be supplied by the court under Section 11.

The Supreme Court held that the words “at any time” which appear in Clause 21, is of considerable importance. “At any time” expresses a time when an event takes place expressing a particular state or condition that is when the dispute or difference arises. The arbitration clause 21 has no nexus with the life time of the named arbitrator. The expression “at any time” used in the arbitration clause has nexus only to the time frame within which the question or dispute or difference arises between the parties be resolved. Those disputes and differences could be resolved during the life time of the named arbitrators or beyond their life time. The incident of the death of the named arbitrators has no nexus or linkage with the expression “at any time” used in clause 21 of the Agreement. The time factor mentioned therein is the time within which the question or dispute or difference between the parties is resolved as per the Agreement. Arbitration clause would have life so long as any question or dispute or difference between the parties exists unless the language of the clause clearly expresses an intention to the contrary. The question may also arise in a given case that the named arbitrators may refuse to arbitrate disputes, in such a situation also, it is possible for the parties to appoint a substitute arbitrator unless the clause provides to the contrary. Objection can be raised by the parties only if there is a clear prohibition or debarment in resolving the question or dispute or difference between the parties in case of death of the named arbitrator or their non-availability, by a substitute arbitrator.

Clause 21 does not prohibit or debar the parties in appointing a substitute arbitrator in place of the named arbitrators and, in the absence of any prohibition

or debarment, parties can persuade the court for appointment of an arbitrator under clause 21 of the agreement.

The High Court was justified in entertaining such an application and appointing a former Judge of this Court as a sole arbitrator under the Arbitration and Conciliation Act, 1996 to adjudicate the dispute and difference between the parties.

Companies Act

LD/61/10

AVM Capital Services Private Limited, In Re
July 12, 2012 (BOM)

Section 391 of the Companies Act, 1956 - Compromise or Arrangements

Where shares of Transferee Company were held by Transferor Companies and Transferee Company merged with Transferor Companies to enable Promoter thereof to hold shares directly in Transferee Company rather than indirectly, there was nothing illegal or unlawful or dubious or colourful in Scheme

By a Company Scheme of arrangement, five Companies were sought to be merged with the Transferee Company. Pursuant to the Scheme, the entire undertaking of the Transferor Companies would stand vested with the Transferee Company. The main objection of the Objector was that the Scheme was propounded to avoid capital gains tax that would have arisen if the Transferor Companies would have directly transferred their shares to the Promoters. It was alleged that the object of the Scheme was not to help the Transferee Company, but to transfer these shares to the Promoter. According to the Objector, it was not shown how long term stability would be achieved if the shares are transferred in the name of the said promoter. According to the Objector, the Scheme was a colourable device to evade tax, since such a transfer could well have been effected through the stock market.

The Bombay High Court held that the transferor companies are in existence since 1975. The shares of the transferee company held by the transferor companies. It was felt that it would be in the interest of the Transferee Company to merge the five Transferor Companies with the Transferee Company, and to enable the Promoter thereof to hold shares directly in the Transferee Company rather than indirectly. The object of the Scheme was not to avoid any tax. Even today the shares are owned/controlled by the same Promoter



albeit through the Transferor Companies. Under the Scheme the only difference was that the Promoter would now hold shares directly in the Transferee Company. It was correctly submitted by the Transferee Company that there was nothing illegal or unlawful or dubious or colourful in the Scheme and the same was a perfectly legitimate scheme and permissible by law. Therefore, the objection of the objector that the Scheme was a tax avoidance device and ought not to be approved, was to be rejected.

Copyright Act

LD/61/11

Super Cassettes Industries Ltd.

Vs.

Music Broadcast Pvt. Ltd.

May 4, 2012 (SC)

Section 31 of the Copyright Act, 1957 - Compulsory licence in works withheld from public

On a complaint made to the Copyright Board under Section 31, the said Board has power under Clause (b) of Sub-Section (1) to pass an interim order in the pending complaint

The Copyright Board has been empowered in cases where the owner of a copyright in a work has withheld the same from the public, after giving the owner of the copyright in the work a reasonable opportunity of being heard and after holding such inquiry as it may consider necessary and on being satisfied that the grounds for withholding the work are not reasonable, to direct the Registrar of Copyrights to grant to the complainant a licence to republish the work, perform the work in public or communicate the work to the public by broadcast, as the case may be, subject to payment to the owner of the copyright of such compensation and subject to such other terms and conditions as the Board may determine. The language used in the Section clearly contemplates a final order after a hearing and after holding an inquiry to see whether the ground for withholding of the work from the public was justified or not. There is no hint of any power having been given to the Board to make interim arrangements, such as, grant of interim compulsory licences, during the pendency of a final decision of an application.

As has been held by this Court in innumerable cases, a Tribunal is a creature of Statute and can exercise only such powers as are vested in it by the Statute. There is a second school of thought which propagates the view that since most Tribunals have the trappings of a Court, it would be deemed to have



certain ancillary powers, though not provided by the Statute, to maintain the status-quo as prevailing at the time of filing of an application, so that the relief sought for by the Applicant is not ultimately rendered otiose.

In the instant case, the power being sought to be attributed to the Copyright Board involves the grant of the final relief, which is the only relief contemplated under Section 31 of the Copyright Act. Even in matters under Order XXXIX Rules 1 and 2 and Section 151 of the Code of Civil Procedure, an interim relief granting the final relief should be given after exercise of great caution and in rare and exceptional cases. In the instant case, such a power is not even vested in the Copyright Board and hence the question of granting interim relief by grant of an interim compulsory licence cannot arise.

To grant an interim compulsory licence during the stay of the proceedings would amount to granting the final relief at the interim stage, although the power to grant such relief has not been vested in the Board. It is no doubt true, that Tribunals discharging quasi-judicial functions and having the trappings of a Court, are generally considered to be vested with incidental and ancillary powers to discharge their functions, but that cannot surely mean that in the absence of any provision to the contrary, such Tribunal would have the power to grant at the interim stage the final relief which it could grant.

Such incidental powers could at best be said to exist in order to preserve the status-quo, but not to alter the same, as will no doubt happen, if an interim compulsory licence is granted. If the legislature had intended that the Copyright Board should have powers to grant mandatory injunction at the interim stage, it would have vested the Board with such authority. The presence of a power cannot be inferred from the absence thereof in the Statute itself. ■

Circulars/Notifications

Given below are the important Circulars and Notifications issued by the CBDT, CBEC, MCA, RBI and SEBI during the last month for information and use of members. Readers are requested to use the citation/website or weblink to access the full text of desired circular/notification. You are requested to please submit your feedback and suggestions on the column at eboard@icai.org.



(Matter on Direct Taxes has been contributed by the Direct Taxes Committee of the ICAI)

A. NOTIFICATIONS

1. Provisions of DTAA with 'Estonia' to be given effect to in Union of India w.e.f. 01.04.2013

In exercise of the powers conferred by section 90 of the Income-tax Act, 1961, the Central Government has, through this notification, directed that all the provisions of the Agreement between the Republic of India and the Republic of Estonia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (signed on 19/9/2011) shall be given effect to in the Union of India from 01.04.2013.

[Notification No. 27/2012, dated- 25-07-2012]

2. Provisions of DTAA with 'Lithuania' to be given effect to in Union of India w.e.f. 01.04.2013

In exercise of the powers conferred by section 90 of the Income-tax Act, 1961, the Central Government has, through this notification, notified that all the provisions of the Agreement between the Republic of India and the Republic of Lithuania for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital (signed on 19/9/2011) shall be given effect to in the Union of India from 01.04.2013.

[Notification No. 28/2012, dated- 25-07-2012]

3. Notification of New Form ITR-7

In exercise of the powers conferred by section 295 of the Income-tax Act, 1961, the Central Board of Direct Taxes has, through this notification, have substituted the existing Form ITR-7 in Appendix-II for persons including companies required to furnish return u/s 139(4A)/(4B)/(4C)/(4D), with new Form ITR-7 applicable for A.Y. 2012-13.

[Notification No. 29/2012, dated 26-07-2012]

4. DTAA -Agreement for exchange of information with respect to taxes with Guernsey

In exercise of the powers conferred by section 90 of the Income-tax Act, 1961, the Central Government has, through this notification, notified that all the provisions of the Agreement between the Republic of India and the States of Guernsey for the exchange of information with respect to taxes, shall be given effect to in the Union of India from 11.06.2012.

[Notification No. 30/2012, dated- 09-08-2012]

The complete details of the text of the Notifications can be downloaded from the link:

<http://law.incometaxindia.gov.in/DIT/Notifications.aspx>

B. CIRCULARS

1. Inadmissibility of expenses incurred in providing freebies to Medical Practitioner by Pharmaceuticals and Allied Health Sector Industry

Section 37(1) of Income-tax Act, 1961 provides for deduction of any revenue expenditure (other than those failing under sections 30 to 36) from the business income if such expense is laid out/expended wholly or exclusively for the purpose of business or profession. However, the explanation appended to this sub-section denies claim of any such expenses, if the same has been incurred for a purpose which is either an offence or prohibited by law. The Central Board of Direct Taxes has through, this circular clarified that considering the fact that the claim of any expense incurred in providing freebies to medical practitioner is in violation of the provisions of Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002, the expenditure so incurred shall be inadmissible under section 37(1) of the Income-tax Act, 1961, being an expense prohibited by the law.

This circular has also clarified that a sum equivalent to value of freebies enjoyed by the aforesaid medical practitioner or professional associations is also taxable as business income or income from other sources, as the case may be, depending on the facts of each case.

This circular has further mandated the AO of medical practitioner or professional association to examine the same and takes an appropriate action.

[Circular No. 5/2012, dated 01-08-2012]

2. Relaxation from compulsory e-filing of return of income for assessment year 2012-13 - for representative assessee of non-residents and in the case of private discretionary trusts

Rule 12 of the Income-tax Rules, 1962 mandates that an individual or Hindu undivided family, shall furnish the return electronically for the assessment year 2012-13 and subsequent assessment years, if his or its total income assessable under the Income-tax Act, 1961 during the previous year, exceeds ten lakh rupees.

Considering the difficulties being faced by certain assessee in electronically furnishing the returns due to limitations of existing e-filing software, the Board has decided that it will not be mandatory for agents of non-residents within the meaning of sec 160(1)(i)

of Income-tax Act, 1961 and for 'private discretionary trusts' to electronically furnish the return of income for assessment year 2012-13, if his or its total income exceeds ten lakh rupees.

[Circular No. 6/2012, dated 03-08-2012]

The complete details of the text of the Circulars can be downloaded from the link:

<http://law.incometaxindia.gov.in/DIT/Circulars.aspx>

C. ORDERS

1. Extension of Due date for filing Income Tax returns for A.Y. 2012-13

Considering the reports of disturbance of general life caused due to failure of power and also the fact that the e-filing of returns for a specified category of individuals and HUF has been made mandatory, the Central Board of Direct Taxes, had extended the 'due date' of filing of returns of income for the Assessment Year 2012-13 to 31st August 2012 in respect of assessee who are liable to file such returns by 31st July 2012.

The CBDT has, through, a Press release dated 1/08/2012 clarified that the extension of due date of filing of Return of Income is in respect of all returns which were due to be filed by 31.07.2012.

[Order [F. NO. 225/163/2012/ITA.II], dated 31-7-2012]

The complete details of the text of the order can be downloaded from the link:

<http://law.incometaxindia.gov.in/DIT/Circulars.aspx>

D. PRESS RELEASES

1. Exemption of Salaried Employees from requirement of filing of Returns for A.Y. 2012-13

The CBDT vide its Notification No. 9/2012 dated 17th February, 2012 had exempted salaried employees from the requirement of filing the returns for A.Y. 2012-13 subject to fulfillment of certain conditions specified therein. This Press release further clarifies that the exemption is applicable only if ALL the following conditions are fulfilled: -

- Employee has earned only salary income and income from savings bank account and the annual interest earned from savings bank account is less than ₹10 thousand.
- The total Income of the employee does not exceed ₹5 Lakh (Total Income means Gross Total Income less deductions under Chapter VIA).
- The Employee has reported his PAN to the employer.
- Employee has reported his income from interest on savings bank account to employer.
- Employee has received Form 16 from his employer.
- Total Tax Liability of employee has been paid off by employer by way of TDS and employer has deposited TDS with Central Government.
- Employee has no refund claim.
- Employee has received salary only from one employer.
- Employee has not received any Notice from Income Tax Department for filing of Income Tax return.

[Press Release [NO. 402/92/2006-MC (15 OF 2012)], dated 20-7-2012]

2. Income Tax Department starts two more Taxpayer Friendly initiatives

In order to make the Income tax Return filing experience more convenient, the Income Tax Department has started two more taxpayer friendly initiatives 'Register for Home Visit' and 'Online

Tax Help'. To avail these facilities, a taxpayer has to visit the website www.trpscheme.com and take help of trained professionals either online or at their homes. The taxpayer can choose between 'online help' or 'home visit'. The facility for home visit by TRPs has been presently made available in few cities such as Bangalore, Chennai, Guwahati, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, New Delhi and Patna. The facility would be extended to more cities during the next phase. The TRPs are authorized to collect nominal charges of ₹250 or less from the tax payers for preparing their return.

The TRP scheme call center **1800-10-23738** may be called for further information regarding these initiatives. Further details of the facility may be downloaded from the following link:-

http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CIR&schT=&csId=a2c7911a-4843-4c79-a817-9de9c880fa76&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws

[Press Release, dated 24-7-2012]

3. Measures taken by Government to tackle Black Money-PRESS RELEASE, DATED 26-7-2012 and Initiatives taken by the Government for unearthing and curbing black money: A Fact Sheet

The Government has formulated a five pronged strategy to tackle the menace of black money as below:

- (i) Joining the global crusade against black money,
- (ii) Creating an appropriate legislative framework,
- (iii) Setting up institutions for dealing with Illicit Funds,
- (iv) Developing systems for implementation (new manpower policy); and
- (v) Imparting skills to the manpower for effective action (constant training for skill development).

The Press release basically mentions the several steps taken by the Government in the last two-three financial years to tackle Black money.

Complete text of the Press release can be downloaded from the link below:-

http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CIR&schT=&csId=f43ab97c-fe02-4df0-b8b7-f5cb484f2276&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws & http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CIR&schT=&csId=261696ee-e3e5-4c4f-ac27-de60451548a4&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws

[Press Release, Dated 10-08-2012]

4. PM sets up Committee to review taxation of Development Centres & the IT Sector

The Prime Minister has constituted a Committee to review taxation of Development Centres and the IT Sector. The Committee will engage in consultation with stakeholders and related government departments to **finalise the Safe Harbour provisions** announced in Budget 2010 sector-by-sector. It will also suggest the approach to **taxation of Development Centres**.

The details of the said Press release may be downloaded from the link below:-

http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CI&schT=&csId=de65236e-1c25-4ee5-bd41-e62ba8f7ef04&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws

[Press release, dated 30-07-2012]

5. Taxation of Portfolio Investments referred to GAAR Committee

In order to address the additional issue relating to the taxation of portfolio investment, particularly in the context of the amendment made in the Income-tax Act, 1961 relating to the taxation of non-resident transfer of assets where the underlying asset is in India, the Prime Minister has decided to refer the issue of the implications of this amendment on FIIs and portfolio investors to the Expert Committee on GAAR.

The detailed text of this Press release may be downloaded from the link below:-

http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CI&schT=&csId=0d11cd09-debc-482c-9506-aba901907e6f&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws

[Press Release, dated 30-07-2012]

6. India signs revised DTAA with Indonesia

The Government of the Republic of India signed a revised Double Taxation Avoidance Agreement (DTAA) with the Government of the Republic of Indonesia for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income on 27th July, 2012.

The revised DTAA gives taxation rights in respect of capital gains on alienation of shares of a company to the source State. The Agreement further provides for rationalisation of the tax rates on dividend income, royalties and Fees for Technical Services in the source State up to 10% threshold limit. Further, it incorporates provisions for effective exchange of information including banking information and sharing of information without domestic tax interest.

The complete details of the said Press release can be downloaded from the link below:-

http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CI&schT=&csId=03f3587b-9016-4c9c-af35-a82233ce95ac&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws

[Press Release, dated 31-07-2012]

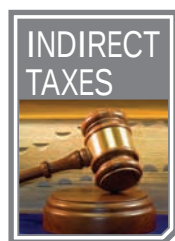
7. India signs Tax Information Exchange Agreement with Monaco

Government of India and Government of Principality of Monaco have signed a Tax Information Exchange Agreement (TIEA) on 31.07.2012. This is the ninth TIEA being signed by India.

The detailed features of this Agreement can be downloaded from the link below:-

http://law.incometaxindia.gov.in/DIT/File_opener.aspx?page=CIR&schT=&csId=3dd2db70-d0eb-4efe-bd4e-321d22aed6fa&crn=&yr=ALL&sch=&title=Taxmann%20-%20Direct%20Tax%20Laws

[Press Release, dated 01-08-2012]



INDIRECT TAXES

(Matter on Indirect Taxes has been contributed by the Indirect Taxes Committee of the ICAI)

A. SERVICE TAX

1. Amendment to Mega Exemption Notification – Slaughtering exempted for all services

Mega exemption Notification No. 25/2012 ST dated 20-06-2012 has been amended to extend the exemption from service tax to slaughtering of all animals. Earlier, the slaughtering of only bovine animals was exempted from service tax.

[Notification No. 44/2012-ST dated 07-08-2012]

2. Service tax to be paid under reverse charge in case of services provided by a Director and security services

Notification No. 30/2012 ST dated 20-06-2012 specifying the services in respect of which service tax is to be paid under reverse charge has been amended to include the following services within its ambit:

- Services provided by a director of a company to the said company and
- Security services

Whole of the service tax will have to be paid by the company receiving the services of director while in case of security services, 75% of service tax will be paid by the service receiver and 25% will be paid by the service provider.

Consequential amendments have been made in rule 2(1)(d) of the Service Tax Rules, 1994 which defines person liable for paying service tax.

Further, “security services” has been defined as services relating to the security of any property,

whether movable or immovable, or of any person, in any manner and includes the services of investigation, detection or verification, of any fact or activity.

[Notification No. 45 & 46 2012 ST dated 07-08-2012]

B. CUSTOMS

1. 24x7 Customs clearance operations at identified cargo complexes and seaports:

In order to facilitate imports and exports, CBEC has introduced, on a pilot basis, 24X7 customs clearance with effect from 1st September, 2012 at identified Air Cargo Complexes and Seaports in respect of following categories of imports and exports:

- Facilitated Bills of Entry where no examination and assessment is required; and
- Factory stuffed export containers and export consignment covered by Free Shipping Bills

[Circular No. 22/2012 - Customs dated 07-08-2012]

The text of the above notifications/circular is available at www.cbec.gov.in



FEMA

(Matter on FEMA has been contributed by CA. Manoj Shah and CA. Hinesh Doshi)

A. Risk Management and Inter Bank Dealings

1. A. P. (DIR Series) Circular No. 3 dated 11th July, 2012

Presently, the facility of cancellation and rebooking is not permitted for forward contracts, involving Rupee as one of the currencies, booked by residents to hedge current and capital account transactions. However, forward contract(s), booked by residents to hedge capital account transactions for tenor greater than one year, if cancelled with one AD Category-I bank can be rebooked with another AD Category-I bank, subject to specified conditions.

On a review, it has been decided to extend the above flexibility in regard to rollover of contracts by switching AD Category banks on the maturity date of the contract, to all hedge transactions undertaken by residents.

2. A. P. (DIR Series) Circular No. 13 dated 31st July, 2012 and Press Release : 2012-2013/165 dated 31st July, 2012

In order to provide operational flexibility to the exporters in their hedging operations, the RBI has

allowed exporters to cancel and rebook forward contracts to the extent of 25% of the contracts booked in a financial year for hedging their contracted export exposures. Further, to provide some flexibility to AD Category-I banks in managing their Net Overnight Open Position Limit (NOOPL), it has been decided to permit them to exclude their Net Options Position and the positions taken by the overseas branches from their NOOPL, for positions involving Rupee as one of the currencies. Accordingly, limits for such positions, within the overall NOOPL, may be separately fixed by the respective bank's board and communicated to the RBI for approval.

B. Non Resident Deposits (NRD) - Comprehensive Single Return

A. P. (DIR Series) Circular No. 4 dated 12th July 2012

Presently, the banks maintaining NRD Accounts are required to submit the data on NRDs in soft copy in the form of Stat 5 and Stat 8 Returns in Microsoft Excel format, both through email and a hard copy to the RBI, Department of Statistics and Information Management (DSIM), Central Office, Bandra-Kurla Complex, Bandra (East).

It has now been decided that the banks dealing in foreign exchange [excluding Regional Rural Banks (RRBs) and Co-Operative banks] can stop sending hard copies to DSIM, Central Office. Henceforth the soft copies as per the prescribed format should only be sent to DSIM, Central Office, RBI. Co-operative Banks and RRBs may, however, continue to submit both hard and soft copies of Stat 5 and Stat 8 Returns, to the Regional Offices of the Foreign Exchange Department, RBI.

C. Submission of revised A-2 Form

A.P. (DIR Series) Circular No. 5 dated 12th July, 2012

In view of the revision in the purpose codes for foreign exchange purchase/sale transactions, used for filling up of the cover page of R-Return, RBI has revised the list of purpose codes appended to Form A-2 for use by the applicants for remittance of funds abroad.

The above circular and the revised list are available on RBI website at:

<http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/5APDIR120712.pdf>

D. Scheme for Investment by Qualified Foreign Investors (QFIs) in Indian corporate debt securities

A. P. (DIR Series) Circular No. 7 dated 16th July, 2012

Hitherto, QFIs were allowed to invest in rupee denominated units of domestic Mutual Funds, listed equity shares and SEBI registered FIIs are allowed to invest in to be listed debt securities subject to specified terms and conditions.

RBI has, now decided to permit QFIs to purchase on repatriation basis debt securities subject to terms and conditions specified in the circular.

For detailed terms and conditions, refer circular available on RBI website at:

<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/AE134SI16072012.pdf>

E. Exchange Earner's Foreign Currency (EEFC) Account A. P. (DIR Series) Circular No. 8 dated 18th July, 2012

The RBI has advised that the provision contained in A. P. (DIR Series) circular no. 124 dated 10th May, 2012 relating to balance in EEFC account shall not apply to the Resident Foreign Currency Accounts.

F. Compounding of Contraventions under Foreign Exchange Management Act, 1999

A.P. (DIR Series) Circular No.11 dated 31st July, 2012

RBI has clarified that whenever a contravention is identified by RBI or brought to its notice by the entity involved in contravention by way of a reference other than through the prescribed application for compounding, the RBI will continue to decide:

- (i) whether a contravention is technical and/or minor in nature and, as such, can be dealt with by way of an administrative/cautionary advice;
- (ii) Whether it is material and, hence, is required to be compounded for which the necessary compounding procedure has to be followed; or
- (iii) Whether the issues involved are sensitive/serious in nature and, therefore, need to be referred to the Directorate of Enforcement (DOE).

However, once a compounding application is filed by the concerned entity *suo moto*, admitting the contravention, the same will not be considered as 'technical' or 'minor' in nature and the compounding process shall be initiated in terms of Section 15 (1) of Foreign Exchange Management Act, 1999 read with Rule 9 of Foreign Exchange (Compounding Proceedings) Rules, 2000.

G. Review of Guidelines - Exchange Earner's Foreign Currency (EEFC) Account, Diamond Dollar Ac-

count (DDA) and Resident Foreign Currency (RFC) Account

A. P. (DIR Series) Circular No. 12 dated 31st July, 2012 and Press Release: 2012-2013/165 dated 31st July, 2012.

RBI had vide A.P. (DIR Series) Circular No. 124 dated 10th May 10, 2012, stipulated that in respect of all future foreign exchange earnings, an exchange earner will be eligible to retain only 50% of her/his export earnings in EEFC accounts and the balance 50% shall be surrendered for conversion to rupee balances. This provision was, made applicable, *mutatis mutandis*, to DDA and RFC Account as well. Further, in terms of A.P. (DIR Series) Circular No. 8 dated 18th July, 2012, the RFC accounts were subsequently taken out of the purview of the provisions of the aforesaid Circular dated 10th May, 2012.

For operational convenience, it has now been decided to restore the erstwhile stipulation of allowing credit of 100% foreign exchange earnings to the EEFC account subject to the condition that the sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilisation of the balances for approved purposes or forward commitments. Accordingly, balances outstanding in an EEFC account as on 31st July, 2012 and those balances that would accrue in the account with effect from 1st August, 2012 shall get converted to Rupee balances on or before close of business on 30th September, 2012. Similar procedure may be followed for accruals during the subsequent months. The above stipulations would also apply to RFC (Domestic) and DDAs.

H. Downstream investment by a banking company incorporated in India which is owned and/or controlled by non-resident entities

Press Note No.2 (2012 Series) issued by DIPP dated 31st July, 2012

As per the present position as provided in Circular 1 of 2012 - Consolidated FDI Policy, the downstream investment by an Indian company, which is owned and/or controlled by non-resident entity/ies, into another Indian company, shall be considered for calculation of the indirect foreign investment only if the investing company is owned or controlled by 'non-resident entities', provided that as an exception, the indirect foreign investment in only the 100%

owned subsidiaries of operating-cum-investing/investing companies, will be limited to the foreign investment in the operating-cum-investing/investing company.

The Government of India has reviewed the policy relating to calculation of downstream investments by a banking company incorporated in India, which is owned and/or controlled by non-residents/a non-resident entity/non-resident entities. Accordingly, downstream investment/s made by a banking company (as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949, incorporated in India) which is owned and/or controlled by non-residents/a non-resident entity/non-resident entities under Corporate Debt Restructuring (CDR), or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not counted towards indirect foreign investment. Such downstream investment shall be reckoned only if it is in the nature of 'strategic downstream investment', i.e. investment by these banking companies in their subsidiaries, joint ventures and associates. Accordingly, a note has been inserted below paragraph 3.10.4.1 of 'Circular 1 of 2012 - Consolidated FDI Policy'.

I. Foreign Direct Investments from Pakistan

Press Note No.3 (2012 Series) issued by DIPP dated 1st August, 2012

Hitherto, investment from a citizen of Pakistan or an entity incorporated in Pakistan was not permitted to make investments in India. The Government of India has reviewed the policy as contained in paragraph 3.1.1 of Circular 1 of 2012 - Consolidated FDI Policy and decided to permit a citizen of Pakistan or an entity incorporated in Pakistan to make investments in India, under the Government route, in sectors/activities other than defence, space and atomic energy.

(Matter on Corporate Laws has been contributed by CA. Jayesh Thakur)

MCA (www.mca.gov.in)

1. Cost Audit Report and Compliance Report in the XBRL mode

The MCA has issued General Circular No. 18/2012 dated 26-07-2012 referring to the requirement issued earlier that all cost auditors and the concerned companies shall file their cost audit reports and compliance reports for the financial year 2011-12 onwards [including the overdue reports

relating to any previous year(s)] only in the XBRL mode. While this is made mandatory, the applicable taxonomy, business rules, validation tools, etc. and also the “product group” classification required for preparing the cost audit reports and compliance reports as per the notified Cost Accounting Records Rules, 2011 and Cost Audit Report Rules, 2011 are under preparation and would soon be made available by the MCA. The actual date for enabling XBRL filing will be intimated separately. Hence, all cost auditors and the concerned companies will be allowed to file their Cost audit reports and compliance reports for the 2011-12 [including the overdue reports relating to any previous year(s)] with the central government in the XBRL mode, without any penalty, upto 31st December, 2012. One may refer to the above citation for further details.

2. Imposing fees on certain e-forms - Form 23B

The MCA has issued General Circular No. 19/2012 dtd. 27-07-2012 in relation to imposing fees on certain e-forms filed with ROC, RD or MCA(HQ) under MCA-21 where at present no fee is prescribed and specifically in relation to filing of form 23B. It is now clarified that fees on Form 23B (Information by statutory auditor to the Registrar) has been deferred for two weeks and shall now be applicable from 5th August, 2012 (which is further extended to 12th August 2012 by another circular). One may refer to the above citation for further details.

3. Filing of balance sheet and profit & loss account in non-XBRL format

The MCA has issued Circular No. 21/2012 on 02-08-2012 extending the date of annual filing of forms 23AC and 23ACA in non-XBRL format without any additional fee or penalty. All companies which are required to file non-XBRL e-forms 23-AC and 23-ACA as per revised schedule VI will now be allowed to file their financial statements without any additional fee/penalty up to 15th September 2012 or within 30 days from the date of their AGM, whichever is later. One may refer to the above citation for further details.

4. Company Law Settlement Scheme (Jammu & Kashmir), 2012

The MCA has issued General Circular No. 23/2012 dated 06-08-2012 launching a Company Law Settlement Scheme, (Jammu & Kashmir) 2012 (CLSS-J&K) to provide an opportunity to the defaulting companies in the state of Jammu & Kashmir to

enable them to make their default good by filing such belated documents and to become a regular compliant in future. The CLSS-J&K will condone the delay in filing documents with the RoC, granting immunity from prosecution and charging additional fee of 25 % of actual additional fee payable for filing belated documents under the Companies Act, 1956 and the rules made thereunder. The scheme shall commence on 15-08-2012 and shall remain in force up to 14-12-2012. Any defaulting company is permitted to file belated documents, which were due for filing till 30-06-2012 in accordance with the provisions of this Scheme. The scheme has also provided clarification on the following matters:

- Manner of payment of fees and additional fee on filing belated document for seeking immunity under the Scheme
- Withdrawal of appeal against prosecution launched for the offences
- Application for issue of immunity in respect of document(s) filed under the scheme
- Order by designated authority granting immunity from the penalty and prosecution
- Scheme not to apply to certain documents like forms 20-B, 21-A, 23AC, 23ACA, 23AC-XBRL, 23ACA-XBRL, 23B, 52 and 66.

It is clarified that the scheme shall not apply to companies against which action under sub-section (5) of Section 560 of the Act has been initiated by the Registrar of Companies. At the conclusion of the scheme, the designated authority shall take necessary action under the Companies Act, 1956 against the companies which have not availed this scheme and are in default in filing of documents in a timely manner. One may refer to the above citation for further details and the application form for the purpose.

SEBI (www.sebi.gov.in)

1. Amendment to the equity listing agreement - e-voting by shareholders

The SEBI has issued Circular No. CIR/CFD/DIL/6/2012 dated 13-07-2012 referring to the requirement of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 (the Rules) which obligates listed companies to conduct certain businesses only by way of postal ballot. The Companies Act and the Rules also permit the companies to pass any other business through postal ballot apart from those businesses which are to be transacted mandatorily through postal ballot. Further, SEBI (Buy Back of Securities) Regulations,

1998, SEBI (Delisting of Equity Shares) Regulations, 2009, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 require listed companies to pass certain additional businesses through postal ballot. Under Section 192A, a postal ballot also includes voting by electronic mode. Considering the endeavor of the Central Government to provide wider participation of shareholders in decisions of the companies through electronic voting process and also in order to have secured electronic platform for capturing accurate electronic voting processes, the MCA had earlier clarified that any agency providing e-voting platform is required to obtain a certificate from Standardisation Testing and Quality Certification (STQC) Directorate, Department of Information Technology, Ministry of Communication and IT, Government of India, New Delhi. Presently, both the Depositories - Central Depository Services (India) Limited and National Securities Depository Limited - are providing e-voting platform, after obtaining necessary certifications.

It has now been decided to mandate listed companies to enable e-voting facility also to their shareholders, in respect of those businesses which are transacted through postal ballot by listed companies. To begin with, this requirement shall be applicable to top 500 listed entities at BSE and NSE, chosen based on the market capitalisation computed as on the date of this circular. Suitable listing conditions in this regard would be specified and the Equity Listing Agreement is amended as per Annexure to this circular. In order to effectively implement the process of e-voting, :

- o the concerned listed companies shall choose any one of the agencies, which is currently providing e-voting platform for this purpose;
- o agencies providing such e-voting platform shall ensure that the process for e-voting is explained in the e-voting platform along with necessary “FAQs” and shall also ensure that the draft resolutions, explanatory statement and other annexures, if any, sent to the shareholders are displayed prominently in the concerned page of the e-voting platform.

The amendment shall be applicable for shareholders’ meetings, for which notices are issued on or after 1st October, 2012. However, the listed companies are at liberty to provide e-voting facility to their shareholders in the meetings, for which notices have been sent prior to 1st October, 2012. One may refer to the above citation for further details.

2. Deployment of clients fund in liquid mutual funds

The SEBI has issued Circular No. Cir./IMD/DF-1/16/2012 dated 16-07-2012 informing that it had received representation from various portfolio managers seeking clarification regarding investment in short-term liquid mutual funds by portfolio managers. SEBI now clarifies that pending investment of funds, any short-term deployment of funds in liquid mutual funds for the purpose of cash management shall be maintained on the lines as specified by the SEBI circular

no. IMD/DoF-I/PMS/Cir-4/2009 dated 23rd June, 2009 which specified keeping the funds of all clients in a separate bank account, clear segregation of each client's fund, reconciling client-wise funds with the funds in the bank account on a daily basis, etc. One may refer to the above citation for further details.

3. Comprehensive guidelines on offer for sale (OFS) of shares by promoters

The SEBI has issued Circular No. CIR/MRD/DP/18/2012 dated 18-07-2012 replacing the previous guidelines by the comprehensive guidelines on offer for sale (OFS) of shares by promoters through the stock exchange mechanism. The guidelines relate to eligibility of exchanges/sellers/buyers, size of OFS, advertisement and offer expenses, operational requirements, risk management, allocation and many other aspects. One may refer to the above citation for further details.

4. Investment by qualified foreign investors (QFI) in Indian corporate debt

The SEBI has issued Circular No. CIR/IMD/FII&C/17/2012 dated 18-07-2012 stating that QFIs were allowed to invest in schemes of Indian mutual funds and Indian equity shares subject to terms and conditions mentioned therein by opening a demat account with a qualified depository participant (DP). In consultation with the Government of India (GoI) and the RBI, it has now been decided to allow QFIs to invest in Indian corporate debt securities and debt schemes of Indian mutual funds. The QFI transactions shall be limited to the following debt securities :

- o Purchase and sale of corporate debt securities listed on recognised stock exchange(s);
- o Purchase of corporate debt securities through public issues, if the listing on recognised stock exchange(s) is committed to be done as per the extant provisions of the Companies Act, 1956;
- o Sale of corporate debt securities by way of buyback or redemption by the issuer;
- o Purchase and sale of units of debt schemes of Indian mutual funds

One may refer to the above citation for further details and other terms and conditions for the purpose.

5. Amendment to definition of QFI and QFI Investment in debt MF schemes which invest in infrastructure

The SEBI has issued Circular No. CIR/IMD/FII&C/18/2012 dated 20.07.2012 amending the

definition of the QFI and few other matters. It has clarified that the term "person" and the phrase "resident in India" shall carry the same meaning as defined under the Income Tax Act, 1961. Accordingly, the amended definition for QFI shall now also include restrictions on QFI with regard to resident in a country that is a member of Financial Action Task Force (FATF) or a member of a group which is a member of FATF and resident in a country that is a signatory to IOSCO's MMOU (Appendix A Signatories) or a signatory of a bilateral MOU with SEBI. It is also clarified that QFIs can now invest in those debt mutual fund schemes that hold at least 25 % of their assets (either in debt or equity or both) in the infrastructure sector under the \$ 3 billion investment limit of debt mutual fund schemes which invest in infrastructure. One may refer to the above citation for further details.

6. Stocks in derivatives segment – revision of eligibility criteria

The SEBI has issued Circular No. CIR/DNPD/3/2012 dated 23-07-2012 in order to improve market integrity, it has been decided to tighten the eligibility and exit criteria for stocks in derivatives segment. The current minimum Median Quarter Sigma Order Size (MQSOS) requirement for a stock to be eligible for introduction in derivatives segment of ₹5 lakh is revised to ₹10 lakh. Also, the current minimum market-wide position limit (MWPL) requirement for a stock to be eligible for introduction in derivatives segment of Rs. 100 crore is revised to ₹300 crore. Similarly the current minimum MWPL requirement for a stock to be retained in derivatives segment of ₹60 crore is revised to ₹200 crore. And, the current minimum MQSOS requirement for a stock to be retained in derivatives segment of ₹2 lakh is revised to ₹5 lakh. One may refer to the above citation for further details.

7. Public Issue of Debt Securities - Contents of Application Form and Abridged Prospectus

The SEBI has issued Circular No. CIR/IMD/DF-1/19/2012 dated 25-07-2012 referring to the SEBI (Issue and Listing of Debt Securities) Regulations in 2008 specifying norms for public issue of debt securities and privately placed listed debt securities. With respect to public issue of debt securities, there is currently no specified standard format for the Application form and abridged prospectus resulting in different application forms and abridged prospectus

being used in public issues of debt securities. In order to standardise the application form and abridged prospectus for public issue of debt securities, the existing forms and abridged prospectus were discussed and deliberated upon with market participants. Based on the discussions, the structure, design, format, contents and organisation of information in the application form and abridged prospectus have been standardised and made uniform for public issues of debt securities. One may refer to the above citation for further details, requirements on the application form and the format of the application form.

8. Activation of ISIN in case of additional issue of shares/securities

The SEBI has issued Circular No. CIR/MRD/DP/21/2012 dated 02-08-2012 stating its decision that in case of IPO for debt securities, the ISINs shall be activated only on the date of commencement of trading on the stock exchange. Further, in order to curtail the transfer of additional issue of shares/securities, viz. further public offerings, rights issue, preferential allotment and bonus issue of the listed company, prior to receipt of final listing/trading approval, the depositories shall devise a mechanism so that such new securities created shall be frozen till the time final listing/trading permission is granted by the exchange. In order to achieve this, the Depositories are advised to allot such additional shares/securities under a new temporary ISIN which shall be kept frozen. Upon receipt of the final listing/trading permission from the exchange for such additional shares/securities, the shares/securities credited in the new temporary ISIN shall be debited and the same would get credited in the pre-existing ISIN for the said security. Thereafter, the additional securities shall be available for trading. One may refer to the above citation for further details.

RBI (www.rbi.gov.in)

1. Non-Banking Financial Company – Factor (Reserve Bank) Directions, 2012

The RBI has issued Notification No. DNBS. PD.No. 247/CGM(US)-2012 dtd. 23-07-2012 releasing the above Non-Banking Financial Company – Factor (Reserve Bank) Directions, 2012 so as to prevent the affairs of any NBFC-Factor from being conducted in a manner which is detrimental to the interest of investors or in any manner prejudicial to the interest of such NBFC-Factors. One may refer to the above citation for further details and the directions. ■

Accounting for Book Value of Fixed Assets Demolished for Expansion Purpose

The following is the opinion given by the Expert Advisory Committee of the Institute in response to a query sent by a member. This is being published for the information of readers.

A. Facts of the Case

1. A company (hereinafter referred to as 'the company') is an infrastructure company, which is developing, constructing, operating and maintaining an international airport. The company has in its Fixed Asset Register (FAR), various assets, which include buildings and other infrastructure assets used for the airport operations. Depreciation is provided on straight line method (SLM) based on the useful life of the assets in line with the rates prescribed under Schedule XIV to the Companies Act, 1956 which are considered as the minimum rates.

2. The querist has stated that after 3 years of commencement of operations, the company is planning to expand the existing terminal building in order to cater to the increase in passenger traffic movement. Due to this, portion/part of the existing building and other infrastructure assets may have to be demolished and the book value of those assets are material amounts. Net realisable values arising from disposal of those assets are not material. This demolition is required exclusively for the expansion of terminal building.

Kind of assets demolished include:

- Part of building
- Escalators
- Furniture and fittings
- Electrical Installations

3. The company has ascertained the below-mentioned options to treat the above book value of the assets on demolition:

- (i) To treat the same as expenditure on demolition and charge to profit and loss account.
- (ii) To treat the book value as depreciation and charge it to profit and loss account in the year of demolition.
- (iii) To treat the above book value loss as those cost that relate directly to the specific asset and to capitalise it by referring to paragraph 21 of Accounting Standard (AS) 10, 'Accounting for Fixed Assets' and till such time, to retain under 'capital work-in-progress'. The said paragraph is reproduced by the querist as follows:

"21. The cost of a self-constructed fixed asset should comprise those costs that relate directly to the specific asset and those that are attributable to the construction activity in general and can be allocated to the specific asset."

- (iv) Nothing to be removed from the FAR and instead add the cost of the asset demolished to the cost of the new asset and to depreciate over the new useful life based on the ground that the extension increases the future benefits from the existing asset beyond its previously assessed standard of performance. The querist has referred to paragraphs 12 and 23 of AS 10 in this context. (Emphasis supplied by the querist.)

4. As per the querist, impact of the above-mentioned first 2 options will be debit/charge to the profit and loss account and impact of 3rd and 4th option will be capitalisation as part of expansion. Further, in case of first two options, the accounting treatment may not be appropriate as the demolition has been carried out exclusively for the expansion of the existing infrastructure facility. Taking into account that the demolition was needed for the purpose of bringing a new asset into existence and is necessary to create the asset, the company believes that the correct treatment would be to capitalise taking the 3rd or 4th option or any other option available in this scenario.

B. Query

5. On the basis of the above, the querist has sought the opinion of the Expert Advisory Committee on the treatment of the above value in the books of the company based on the above alternative options or any other option.

C. Points considered by the Committee

6. The Committee notes that the basic issue raised in the query relates to accounting for book value of fixed assets, which are demolished for expansion of business.

Accordingly, the Committee has examined only this issue and has not examined any other issue that may arise from the Facts of the Case, such as, accounting treatment of cost of demolition, accounting treatment of construction of new assets, ascertainment of book value of demolished fixed asset, accounting for use of the material salvaged from dismantling/demolition in the construction of new asset, etc. The Committee notes that in the extant case, the fixed assets register is being maintained wherein the details of various assets, viz., buildings, escalator, etc. are being recorded separately and, therefore, the assets which are being demolished can be identified separately. Further, it is understood from the Facts of the Case that the existing assets are being demolished and there is no intention to refurbish such assets. Further, these assets will not be used in future. The Committee is also of the view that there could be a possibility of time gap between the time when these assets are retired from their active use and the time when these are demolished/disposed off. However, the Committee has not examined accounting for assets retired from active use and held for disposal since the querist has not raised that issue.

7. The Committee notes paragraphs 14.1, 14.3, 25 and 26 of AS 10, notified under the Companies (Accounting Standards) Rules, 2006, which are reproduced as below:

“14.1 An item of fixed asset is eliminated from the financial statements on disposal.”

“14.3 In historical cost financial statements, gains or losses arising on disposal are generally recognised in the profit and loss statement.”

25. Fixed asset should be eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

26. Losses arising from the retirement or gains or losses arising from disposal of fixed asset which is carried at cost should be recognised in the profit and loss statement.

From the above, the Committee notes that a fixed asset should be eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. The Committee is of the view that as per the requirements of AS 10, when an already existing fixed asset is demolished for construction of a new asset, it is the derecognition principles of AS 10, which are to be first applied to the existing asset before recognition of a new asset, irrespective of the purpose for which it is being demolished/disposed off. Accordingly,

the Committee is of the view that on disposal/demolition of the existing fixed assets, the carrying amounts of the portion/items of the fixed assets demolished/disposed off should be eliminated from the financial statements and the gain or loss on derecognition, i.e., the difference between the net disposal proceeds (if any) and the net book value of such fixed assets should be recognised in the statement of profit and loss. As regards the argument of the querist relating to capitalisation of book value of the demolished asset to the cost of new asset to be constructed, the Committee is of the view that although demolition/disposal of the existing asset may be necessary for the construction of a new asset, the demolished asset is not part of the construction activity and accordingly, cannot be said to be directly related to the specific asset or attributable to the construction activity in general. Therefore, the book value of the demolished/disposed off asset should not be capitalised as part of the cost of the new asset.

D. Opinion

8. On the basis of the above and considering the observations in paragraph 6 above, the Committee is of the opinion that on disposal/demolition of the existing fixed assets, the carrying amount of the portion/items of the fixed assets demolished/disposed off should be eliminated from the financial statements and the gain or loss on derecognition should be recognised in the statement of profit and loss, as discussed in paragraph 7 above.

1	The Opinion is only that of the Expert Advisory Committee and does not necessarily represent the Opinion of the Council of the Institute.
2	The Opinion is based on the facts supplied and in the specific circumstances of the querist. The Committee finalised the Opinion on 24.05.2012. The Opinion must, therefore, be read in the light of any amendments and/or other developments subsequent to the issuance of Opinion by the Committee.
3	The Compendium of Opinions containing the Opinions of Expert Advisory Committee has been published in twenty nine volumes. A CD of Compendium of Opinions containing twenty nine volumes has also been released by the Committee. These are available for sale at the Institute's office at New Delhi and its regional council offices at Mumbai, Chennai, Kolkata and Kanpur.
4	Recent opinions of the Committee are available on the website of the Institute under the head 'Resources'.
5	Opinions can be obtained from EAC as per its Advisory Service Rules which are available on the website of the ICAI, under the head 'Resources'. For further information, write to eac@icai.org .

Audit of Smaller Entities: A Snapshot of Special Considerations In Standards on Auditing

Purpose of Audit

1. The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This confidence is provided by the auditor through the opinion that he/she expresses on the financial statements subjected to audit i.e. whether these financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework. In terms of the opinion, the auditor, normally, states whether these financial statements are presented fairly, in all material respects, or give a true and fair view in accordance with the financial reporting framework.

Overall Objectives of the Auditor

2. In conducting an audit of financial statements, the overall objectives of the auditor are:
 - (a) To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and
 - (b) To report on the financial statements, and communicate as required by the Standards on Auditing (SAs), in accordance with the auditor's findings.

Standards on Auditing (SAs)

3. The Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI), contain objectives, requirements and application and other explanatory material that are designed to support the auditor in obtaining reasonable assurance about the financial statements and express an appropriate opinion.
4. Auditors are required to comply with all the SAs relevant to the audit. An SA is relevant to the audit when:
 - The SA is effective; and
 - The circumstances addressed in the SA exist.

The auditor, therefore, needs to have an understanding of the entire text of an SA, including its application and other explanatory material to understand its objectives

and to apply its requirements properly.

5. To achieve the overall objectives of the auditor, the auditor needs to use the objectives stated in relevant SAs in planning and performing the audit. In doing so, the auditor also needs to have regard to the interrelationships among the SAs. Each SA contains one or more objectives which provide a link between the requirements and the overall objectives of the auditor. The objectives help the auditor in:
 - Understanding what needs to be accomplished and, where necessary, the appropriate means of doing so; and
 - Deciding whether more needs to be done to achieve them in the particular circumstances of the audit.

In using the objectives, the auditor is required to have regard to the interrelationships among the SAs.

SAs – Smaller Entity Considerations

6. When appropriate, additional considerations specific to audits of smaller entities and public sector entities are also included within the application and other explanatory material of an SA. These additional considerations assist in the application of the requirements of the SA in the audit of such entities. They do not, however, limit or reduce the responsibility of the auditor to apply and comply with the requirements of the SAs.

Smaller Entities – Characteristics

7. For purposes of specifying additional considerations to audits of smaller entities, a “smaller entity” refers to an entity which typically possesses qualitative characteristics such as:
 - (a) Concentration of ownership and management in a small number of individuals (often a single individual – either a natural person or another enterprise that owns the entity provided the owner exhibits the relevant qualitative characteristics); and
 - (b) One or more of the following:
 - (i) Straightforward or uncomplicated transactions;
 - (ii) Simple record-keeping;
 - (iii) Few lines of business and few products within business lines;
 - (iv) Few internal controls;
 - (v) Few levels of management with responsibility for a broad range of controls; or

(Contributed by Auditing & Assurance Standards Board Secretariat.
Comments can be sent at aasb@icai.org)

- (vi) Few personnel, many having a wide range of duties.

These qualitative characteristics are not exhaustive, they are not exclusive to smaller entities, and smaller entities do not necessarily display all of these characteristics.

The SAs refer to the proprietor of a smaller entity who is involved in running the entity on a day-to-day basis as the “owner-manager.”

SAs – Smaller Entity Considerations

8. The following is an extract from the various such SAs which contain considerations specific to their application to audits of smaller entities. **The extract is for the ready reference of the readers and is not meant to be a substitute for the authoritative text of the SAs issued by ICAI.**

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
SA 210: Agreeing The Terms Of Audit Engagements		
<i>Pre-conditions for an audit</i>	6. In order to establish whether the preconditions for an audit are present, the auditor shall: (b) Obtain the agreement of management that it acknowledges and understands its responsibility:	A19. One of the purposes of agreeing the terms of the audit engagement is to avoid misunderstanding about the respective responsibilities of management and the auditor. For example, when a third party has assisted with the preparation of the financial statements, it may be useful to remind management that the preparation of the financial statements in accordance with the applicable financial reporting framework remains its responsibility.
SA 220: Quality Control For An Audit Of Financial Statements		
<i>Engagement quality control review</i>	20. The engagement quality control reviewer shall perform an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the auditor's report. This evaluation shall involve: (a) Discussion of significant matters with the engagement partner; (b) Review of the financial statements and the proposed auditor's report; (c) Review of selected audit documentation relating to the significant judgments the engagement team made and the conclusions it reached; and (d) Evaluation of the conclusions reached in formulating the auditor's report and consideration of whether the proposed auditor's report is appropriate.	A29. In addition to the audits of financial statements of listed entities, an engagement quality control review is required for such engagements also that meet the criteria established by the firm that subjects engagements to an engagement quality control review. In some cases, none of the firm's audit engagements may meet the criteria that would subject them to such a review.
	21. For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following: (a) The engagement team's evaluation of the firm's independence in relation to the audit engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached. (Ref: Para. A27-A30)	

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
SA 230: Audit Documentation		
<i>Form, Content and Extent of Documentation</i>	8. The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand: - The nature, timing, and extent of the audit procedures performed to comply with the SAs and applicable legal and regulatory requirements; - The results of the audit procedures performed, and the audit evidence obtained; and - Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.	A16. The audit documentation for the audit of a smaller entity is generally less extensive than that for the audit of a larger entity. Further, in the case of an audit where the engagement partner performs all the audit work, the documentation will not include matters that might have to be documented solely to inform or instruct members of an engagement team, or to provide evidence of review by other members of the team (for example, there will be no matters to document relating to team discussions or supervision). Nevertheless, the engagement partner complies with the overriding requirement in paragraph 8 to prepare audit documentation that can be understood by an experienced auditor, as the audit documentation may be subject to review by external parties for regulatory or other purposes. A17. When preparing audit documentation, the auditor of a smaller entity may also find it helpful and efficient to record various aspects of the audit together in a single document, with cross references to supporting working papers as appropriate. Examples of matters that may be documented together in the audit of a smaller entity include the understanding of the entity and its internal control, the overall audit strategy and audit plan, materiality, determined in accordance with SA 320(Revised)¹, assessed risks, significant matters noted during the audit, and conclusions reached.
SA 240: The Auditor's Responsibilities Relating To Fraud		
<i>Evaluation of Fraud Risk Factors</i>	24. The auditor shall evaluate whether the information obtained from the other risk assessment procedures and related activities performed indicates that one or more fraud risk factors are present. While fraud risk factors may not necessarily indicate the existence of fraud, they have often been present in circumstances where frauds have occurred and therefore may indicate risks of material misstatement due to fraud.	A27. In the case of a small entity, some or all of these considerations may be inapplicable or less relevant. For example, a smaller entity may not have a written code of conduct but, instead, may have developed a culture that emphasises the importance of integrity and ethical behavior through oral communication and by management example. Domination of management by a

¹ SA 320 (Revised), "Materiality in Planning and Performing an Audit".

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
		single individual in a small entity does not generally, in and of itself, indicate a failure by management to display and communicate an appropriate attitude regarding internal control and the financial reporting process. In some entities, the need for management authorisation can compensate for otherwise deficient controls and reduce the risk of employee fraud. However, domination of management by a single individual can be a potential deficiency in internal control since there is an opportunity for management override of controls.
SA 265: Communicating Deficiencies In Internal Control		
	9. The auditor shall communicate in writing significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.	A18. In the case of audits of smaller entities, the auditor may communicate in a less structured manner with those charged with governance than in the case of larger entities.
SA 300: Planning An Audit Of Financial Statements		
<i>Planning activities</i>	7. In establishing the overall audit strategy, the auditor shall: (e) Ascertain the nature, timing and extent of resources necessary to perform the engagement.	<i>Considerations Specific to Smaller Entities</i> A12. In audits of small entities, the entire audit may be conducted by a very small audit team. Many audits of small entities involve the engagement partner (who may be a sole practitioner) working with one engagement team member (or without any engagement team members). With a smaller team, co-ordination of, and communication between, team members are easier. Establishing the overall audit strategy for the audit of a small entity need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the audit, and the size of the engagement team. For example, a brief memorandum prepared at the completion of the previous audit, based on a review of the working papers and highlighting issues identified in the audit just completed, updated in the current period based on discussions with the owner-manager, can serve as the documented audit strategy for the current audit engagement if it covers the matters noted in paragraph 7.

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
<i>Direction, supervision and review</i>	10. The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work.	A16. When an audit is carried out entirely by the engagement partner, questions of direction and supervision of engagement team members and review of their work do not arise. In such cases, the engagement partner, having personally conducted all aspects of the work, will be aware of all material issues. Forming an objective view on the appropriateness of the judgments made in the course of the audit can present practical problems when the same individual also performs the entire audit. When particularly complex or unusual issues are involved, and the audit is performed by a sole practitioner, it may be desirable to consult with other suitably-experienced auditors or the auditor's professional body ² .
SA 315: Identifying And Assessing The Risk Of Material Misstatement Through Understanding The Entity And Its Environment		
<i>Analytical procedures</i>	6. The risk assessment procedures shall include the following: (b) Analytical procedures	A8a. Some smaller entities may not have interim or monthly financial information that can be used for purposes of analytical procedures. In these circumstances, although the auditor may be able to perform limited analytical procedures for purposes of planning the audit or obtain some information through inquiry, the auditor may need to plan to perform analytical procedures to identify and assess the risks of material misstatement when an early draft of the entity's financial statements is available.
<i>Discussion among engagement team</i>	10. The engagement partner and other key engagement team members shall discuss the susceptibility of the entity's financial statements to material misstatement, and the application of the applicable financial reporting framework to the entity's facts and circumstances. The engagement partner shall determine which matters are to be communicated to engagement team members not involved in the discussion.	A14. Many small audits are carried out entirely by the engagement partner (who may be a sole practitioner). In such situations, it is the engagement partner who, having personally conducted the planning of the audit, would be responsible for considering the susceptibility of the entity's financial statements to material misstatement due to fraud or error.
<i>Measurement and review of the entity's financial performance</i>	11. The auditor shall obtain an understanding of the following: (e) The measurement and review of the entity's financial performance.	A37. Smaller entities often do not have processes to measure and review financial performance. Inquiry of management may reveal that it relies on certain key indicators for evaluating financial performance and taking appropriate action. If such

² In India, the Institute of Chartered Accountants of India governs the accountancy profession to provide services of high quality in the public interest which are accepted worldwide.

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
		inquiry indicates an absence of performance measurement or review, there may be an increased risk of misstatements not being detected and corrected.
<i>Limitations of Internal control</i>	12. The auditor shall obtain an understanding of internal control relevant to the audit. Although most controls relevant to the audit are likely to relate to financial reporting, not all controls that relate to financial reporting are relevant to the audit. It is a matter of the auditor's professional judgment whether a control, individually or in combination with others, is relevant to the audit.	A45. Smaller entities often have fewer employees which may limit the extent to which segregation of duties is practicable. However, in a small owner-managed entity, the owner-manager³ may be able to exercise more effective oversight than in a larger entity. This oversight may compensate for the generally more limited opportunities for segregation of duties. A46. On the other hand, the owner-manager may be more able to override controls because the system of internal control is less structured. This is taken into account by the auditor when identifying the risks of material misstatement due to fraud.
<i>Components of internal control – control environment</i>	14. The auditor shall obtain an understanding of the control environment. As part of obtaining this understanding, the auditor shall evaluate whether: (a) Management, with the oversight of those charged with governance, has created and maintained a culture of honesty and ethical behavior; and (b) The strengths in the control environment elements collectively provide an appropriate foundation for the other components of internal control, and whether those other components are not undermined by deficiencies in the control environment. (Ref: Para. A65-A74)	A72. The control environment within small entities is likely to differ from larger entities. For example, those charged with governance in small entities may not include an independent or outside member, and the role of governance may be undertaken directly by the owner-manager where there are no other owners. The nature of the control environment may also influence the significance of other controls, or their absence. For example, the active involvement of an owner-manager may mitigate certain of the risks arising from a lack of segregation of duties in a small business; it may, however, increase other risks, for example, the risk of override of controls. A73. In addition, audit evidence for elements of the control environment in smaller entities may not be available in documentary form, in particular where communication between management and other personnel may be informal, yet effective. For example, small entities might not have a written code of conduct but, instead, develop a culture that emphasises the importance of integrity and ethical behavior through oral communication and by management example.

³ Owner-manager refers to the proprietor of an entity who is involved in running the entity on a day-to-day basis.

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
		A74. Consequently, the attitudes, awareness and actions of management or the owner-manager are of particular importance to the auditor's understanding of a smaller entity's control environment.
<i>Components of internal control - The entity's risk assessment process</i>	15. The auditor shall obtain an understanding of whether the entity has a process for: (a) Identifying business risks relevant to financial reporting objectives; (b) Estimating the significance of the risks; (c) Assessing the likelihood of their occurrence; and (d) Deciding about actions to address those risks.	A75. The entity's risk assessment process forms the basis for how management determines the risks to be managed. If that process is appropriate to the circumstances, including the nature, size and complexity of the entity, it assists the auditor in identifying risks of material misstatement. Whether the entity's risk assessment process is appropriate to the circumstances is a matter of judgment.
<i>Components of internal control - The information system, including the related business processes, relevant to financial reporting, and communication</i>	18. The auditor shall obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including the following areas: (a) The classes of transactions in the entity's operations that are significant to the financial statements; (b) The procedures, within both information technology (IT) and manual systems, by which those transactions are initiated, recorded, processed, corrected as necessary, transferred to the general ledger and reported in the financial statements; (c) The related accounting records, supporting information and specific accounts in the financial statements that are used to initiate, record, process and report transactions; this includes the correction of incorrect information and how information is transferred to the general ledger. The records may be in either manual or electronic form; (d) How the information system captures events and conditions, other than transactions, that are significant to the financial statements; (e) The financial reporting process used to prepare the entity's financial statements, including significant accounting estimates and disclosures; (f) Controls surrounding journal entries, including non-standard journal entries used to record non-recurring, unusual transactions or adjustments.	A81. Information systems and related business processes relevant to financial reporting in small entities are likely to be less sophisticated than in larger entities, but their role is just as significant. Small entities with active management involvement may not need extensive descriptions of accounting procedures, sophisticated accounting records, or written policies. Understanding the entity's systems and processes may therefore be easier in an audit of smaller entities, and may be more dependent on inquiry than on review of documentation. The need to obtain an understanding, however, remains important.

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
	19. The auditor shall obtain an understanding of how the entity communicates financial reporting roles and responsibilities and significant matters relating to financial reporting, including: (a) Communications between management and those charged with governance; and (b) External communications, such as those with regulatory authorities.	A83. Communication may be less structured and easier to achieve in a small entity than in a larger entity due to fewer levels of responsibility and management's greater visibility and availability.
<i>Components of internal control – Control Activities relevant to audit</i>	20. The auditor shall obtain an understanding of control activities relevant to the audit, being those the auditor judges it necessary to understand in order to assess the risks of material misstatement at the assertion level and design further audit procedures responsive to assessed risks. An audit requires an understanding of only those control activities related to significant class of transactions, account balance, and disclosure in the financial statements and the assertions which the auditor finds relevant in his risk assessment process.	A89. The concepts underlying control activities in small entities are likely to be similar to those in larger entities, but the formality with which they operate may vary. Further, small entities may find that certain types of control activities are not relevant because of controls applied by management. For example, management's sole authority for granting credit to customers and approving significant purchases can provide strong control over important account balances and transactions, lessening or removing the need for more detailed control activities. A90. Control activities relevant to the audit of a smaller entity are likely to relate to the main transaction cycles such as revenues, purchases and employment expenses.
<i>Components of internal control – Monitoring of Controls</i>	22. The auditor shall obtain an understanding of the major activities that the entity uses to monitor internal control over financial reporting, including those related to those control activities relevant to the audit, and how the entity initiates remedial actions to deficiencies in its controls.	A96. Management's monitoring of control is often accomplished by management's or the owner-manager's close involvement in operations. This involvement often will identify significant variances from expectations and inaccuracies in financial data leading to remedial action to the control.
SA 320: Materiality In Planning And Performing An Audit		
<i>Determining Materiality and Performance Materiality when Planning the Audit</i>	10. When establishing the overall audit strategy, the auditor shall determine materiality for the financial statements as a whole. If, in the specific circumstances of the entity, there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than the materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements, the auditor shall also determine the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.	A7. When an entity's profit before tax from continuing operations is consistently nominal, as might be the case for an owner-managed business where the owner takes much of the profit before tax in the form of remuneration, a benchmark such as profit before remuneration and tax may be more relevant.

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
SA 330: The Auditor's Responses To Assessed Risks		
<i>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</i>	7. In designing the further audit procedures to be performed, the auditor shall: (a) Consider the reasons for the assessment given to the risk of material misstatement at the assertion level for each class of transactions, account balance, and disclosure, including: (i) The likelihood of material misstatement due to the particular characteristics of the relevant class of transactions, account balance, or disclosure (i.e., the inherent risk); and (ii) Whether the risk assessment takes into account the relevant controls (i.e., the control risk), thereby requiring the auditor to obtain audit evidence to determine whether the controls are operating effectively (i.e., the auditor intends to rely on the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures); and (b) Obtain more persuasive audit evidence the higher the auditor's assessment of risk.	A18. In the case of very small entities, there may not be many control activities that could be identified by the auditor, or the extent to which their existence or operation have been documented by the entity may be limited. In such cases, it may be more efficient for the auditor to perform further audit procedures that are primarily substantive procedures. In some rare cases, however, the absence of control activities or of other components of control may make it impossible to obtain sufficient appropriate audit evidence.
SA 540: Auditing Accounting Estimates, Including Fair Value Accounting Estimates, And Related Disclosures		
<i>Understanding how management identifies the need for accounting estimates</i>	8. When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, as required by SA 315,⁴ the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates: (b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognised or disclosed in the financial statements. In obtaining this understanding, the auditor shall make inquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates.	A21. Obtaining this understanding for smaller entities is often less complex as their business activities are often limited and transactions are less complex. Further, often a single person, for example the owner-manager, identifies the need to make an accounting estimate and the auditor may focus inquiries accordingly.
<i>Understanding how management identifies the need for accounting estimates – Management's Use of Experts</i>	8. When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, as required by SA 315,⁵ the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates: 	A30. In smaller entities, the circumstances requiring an accounting estimate often are such that the owner-manager is capable of making the required point estimate. In some cases, however, an expert will be needed. Discussion with the owner-manager early in the audit process about the nature of any accounting

⁴ SA 315, paragraphs 5-6 and 11-12.

⁵ SA 315, paragraphs 5-6 and 11-12.

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
	(c) How management makes the accounting estimates, and an understanding of the data on which they are based, including: (Ref: Para. A22-A23) - The method, including where applicable the model, used in making the accounting estimate; - Relevant controls; - Whether management has used an expert; - The assumptions underlying the accounting estimates; - Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and - Whether and, if so, how management has assessed the effect of estimation uncertainty.	estimates, the completeness of the required accounting estimates, and the adequacy of the estimating process may assist the owner manager in determining the need to use an expert.
<i>Responses to Assessed Risks of Material Misstatements – Events Occurring upto the balance sheet date</i>	13. In responding to the assessed risks of material misstatement, as required by SA 330,⁶ the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate: (a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate.	A67. When there is a longer period between the balance sheet date and the date of the auditor's report, the auditor's review of events in this period may be an effective response for accounting estimates other than fair value accounting estimates. This may particularly be the case in some smaller owner-managed entities, especially when management does not have formalised control procedures over accounting estimates.
<i>Responses to Assessed Risks of Material Misstatements – testing how management made the accounting estimate</i>	13. In responding to the assessed risks of material misstatement, as required by SA 330,⁷ the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate: (b) Test how management made the accounting estimate and the data on which it is based. In doing so, the auditor shall evaluate whether - The method of measurement used is appropriate in the circumstances; and - The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.	A70. In smaller entities, the process for making accounting estimates is likely to be less structured than in larger entities. Smaller entities with active management involvement may not have extensive descriptions of accounting procedures, sophisticated accounting records, or written policies. Even if the entity has no formal established process, it does not mean that management is not able to provide a basis upon which the auditor can test the accounting estimate.
<i>Responses to Assessed Risks of Material Misstatements – Testing the Operating Effectiveness of Controls</i>	13. In responding to the assessed risks of material misstatement, as required by SA 330,⁸ the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate: 	A86. Controls over the process to make an accounting estimate may exist in smaller entities, but the formality with which they operate varies. Further, smaller entities may determine that certain types of controls are not necessary because of

⁶ SA 330, paragraph 5.

⁷ SA 330, paragraph 5.

⁸ SA 330, paragraph 5.

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
	(c) Test the operating effectiveness of the controls over how management made the accounting estimate, together with appropriate substantive procedures.	active management involvement in the financial reporting process. In the case of very small entities, however, there may not be many controls that the auditor can identify. For this reason, the auditor's response to the assessed risks is likely to be substantive in nature, with the auditor performing one or more of the other responses in paragraph 13.
<i>Estimation Uncertainty – Management's Consideration of Estimation Uncertainty</i>	15. For accounting estimates that give rise to significant risks, in addition to other substantive procedures performed to meet the requirements of SA 330,⁹ the auditor shall evaluate the following: (a) How management has considered alternative assumptions or outcomes, and why it has rejected them, or how management has otherwise addressed estimation uncertainty in making the accounting estimate.	A106. Smaller entities may use simple means to assess the estimation uncertainty. In addition to the auditor's review of available documentation, the auditor may obtain other audit evidence of management consideration of alternative assumptions or outcomes by inquiry of management. In addition, management may not have the expertise to consider alternative outcomes or otherwise address the estimation uncertainty of the accounting estimate. In such cases, the auditor may explain to management the process or the different methods available for doing so, and the documentation thereof. This would not, however, change the responsibilities of management for the preparation and presentation of the financial statements.
SA 550: Related Parties		
<i>Understanding The Entity's Related Party Relationships And Transactions</i>	14. The auditor shall inquire of management and others within the entity, and perform other risk assessment procedures considered appropriate, to obtain an understanding of the controls, if any, that management has established to: (Ref: Para. A15-A20) (a) Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework; (b) Authorise and approve significant transactions and arrangements with related parties; and (c) Authorise and approve significant transactions and arrangements outside the normal course of business.	Considerations specific to smaller entities A20. Control environment in smaller entities is likely to be different from larger entities. In particular those charged with governance may not include an outside member, and the role of governance may be undertaken directly by the owner-manager where no other owner exists. Control activities in smaller entities are likely to be less formal and smaller entities may have no documented processes for dealing with related party relationships and transactions. An owner-manager may mitigate some of the risks arising from related party transactions, or potentially increase those risks, through active involvement in all the main aspects of the transactions.

⁹ SA 330, paragraph 20.

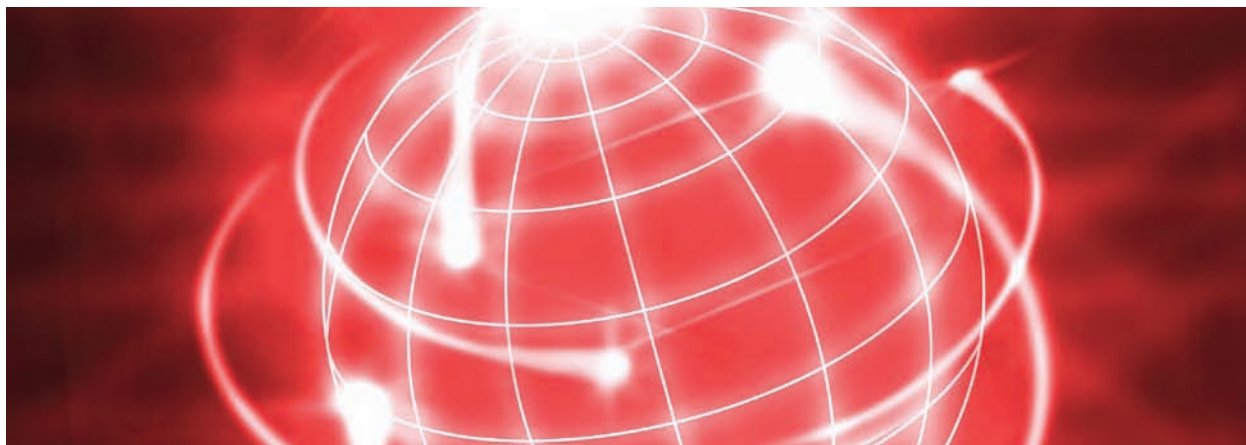
Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
		For such entities, the auditor may obtain an understanding of the related party relationships and transactions, and any controls that may exist over these, through inquiry of management combined with other procedures, such as observation of management's oversight and review activities, and inspection of available relevant documentation.
<i>Identified Significant Related Party Transactions outside the Entity's Normal Course of Business – Authorisation and approval of significant related party transactions</i>	23. For identified significant related party transactions outside the entity's normal course of business, the auditor shall: (b) Obtain audit evidence that the transactions have been appropriately authorised and approved.	A41. A smaller entity may not have the same controls provided by different levels of authority and approval that may exist in a larger entity. Accordingly, when auditing a smaller entity, the auditor may rely to a lesser degree on authorisation and approval for audit evidence regarding the validity of significant related party transactions outside the entity's normal course of business. Instead, the auditor may consider performing other audit procedures such as inspecting relevant documents, confirming specific aspects of the transactions with relevant parties, or observing the owner-manager's involvement with the transactions.
SA 570: Going Concern		
<i>The period of Management's Assessment</i>	12. The auditor shall evaluate management's assessment of the entity's ability to continue as a going concern. 13. In evaluating management's assessment of the entity's ability to continue as a going concern, the auditor shall cover the same period as that used by management to make its assessment as required by the applicable financial reporting framework, or by law or regulation if it specifies a longer period. If management's assessment of the entity's ability to continue as a going concern covers less than twelve months from the date of the financial statements as defined in SA 560,¹⁰ the auditor shall request management to extend its assessment period to at least twelve months from that date.	A11. In many cases, the management of smaller entities may not have prepared a detailed assessment of the entity's ability to continue as a going concern, but instead may rely on in-depth knowledge of the business and anticipated future prospects. Nevertheless, in accordance with the requirements of this SA, the auditor needs to evaluate management's assessment of the entity's ability to continue as a going concern. For smaller entities, it may be appropriate to discuss the medium and long-term financing of the entity with management, provided that management's contentions can be corroborated by sufficient documentary evidence and are not inconsistent with the auditor's understanding of the entity. Therefore, the requirement in paragraph 13 for the auditor to request management to extend its

¹⁰ Revised SA 560, "Subsequent Events", paragraph 5(a).

Context	Requirement of SA (and Para Nos.)	Application wrt Smaller Entity Audit
		assessment may, for example, be satisfied by discussion, inquiry and inspection of supporting documentation, for example, orders received for future supply, evaluated as to their feasibility or otherwise substantiated. A12. Continued support by owner-managers is often important to smaller entities' ability to continue as a going concern. Where a small entity is largely financed by a loan from the owner-manager, it may be important that these funds are not withdrawn. For example, the continuance of a small entity in financial difficulty may be dependent on the owner-manager subordinating a loan to the entity in favour of banks or other creditors, or the owner-manager supporting a loan for the entity by providing a guarantee with his or her personal assets as collateral. In such circumstances the auditor may obtain appropriate documentary evidence of the subordination of the owner-manager's loan or of the guarantee. Where an entity is dependent on additional support from the owner-manager, the auditor may evaluate the owner-manager's ability to meet the obligation under the support arrangement. In addition, the auditor may request written confirmation of the terms and conditions attaching to such support and the owner-manager's intention or understanding.
SA 720: The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements		
	2. In this SA "documents containing audited financial statements" refers to annual reports (or similar documents), that are issued to owners (or similar stakeholders), containing audited financial statements and the auditor's report thereon. This SA may also be applied, adapted as necessary in the circumstances, to other documents containing audited financial statements.	A4. Unless required by law or regulation, smaller entities are less likely to issue documents containing audited financial statements. However, an example of such a document would be where a legal requirement exists for an accompanying report by those charged with governance.



Taxability of Liaison Offices in India



Globalisation is the new buzzword that has come to dominate the world since the nineties. Also, globalisation has brought in new opportunities to developing countries. The past decade and a half has seen India transforming itself into a very alluring destination for foreign investments. As a part of commencing their foray into India, foreign Companies usually establish a Liaison Office ('LOs') in India, for testing the local waters before deciding whether a full-fledged business must be established. It is a first logical step to create an initial presence that works as a bridge between the exploratory stage and establishing a full commercial presence in the overseas jurisdiction. However, recently, there has been a lot of controversy on the issue as to whether the LOs transgress the line of permitted activities and constitute the Company's PE in India. The ensuing discussion captures the list of permitted activities of the LO in India and the tax scenario that looms over the LOs activities in India.

In common parlance, a liaison office (LO) is in the nature of a representative office set up primarily to explore and understand the business and investment climate. It is not permitted to undertake any commercial/trading/industrial activity, directly or indirectly, and is required to maintain itself out of inward remittances received from parent company through normal banking channel. Generally speaking, the activities of LO cannot be held to be earning any income from the activities in India, and if it is established that there is no business connection in India, no income could be said to be accruing to the parent company in India. Further, most of India's Double Tax Avoidance Agreements ('DTAA') exclude from the definition of a permanent establishment ('PE'), a fixed place of business engaged in carrying out preparatory or auxiliary activities.

Regulatory Environment in India

Any foreign company intending to open an LO in India is required to obtain prior approval from the RBI, the apex foreign exchange management authority in India



CA. Shruti Madan

(The author is a member of the Institute. She can be reached at eboard@icai.org)

which lays down the restrictive conditions, at the time of granting permission for the opening of an LO.

Regulation 2(e) of Foreign Exchange Management Act (FEMA) 2000 defines LO as follows:

“(e) Liaison office means a place of business to act as a channel of communication between the principal place of business or Head Office by whatever name called and entities in India, but which does not undertake any commercial/trading/industrial activity, directly or indirectly and maintains itself out of inward remittances received from abroad through normal banking channel”

Further, schedule II to the FEMA read with Regulation 6(1) gives the following list of activities, which can be carried on, through an LO:

- “(i) Representing the parent company/group companies in India.*
- (ii) Promoting export/import from/to India.*
- (iii) Promoting technical/financial collaboration between parent/group companies and Indian companies.*
- (iv) Acting as communication channel between parent and Indian companies.”*

Hence, from the above discussion, it can be deduced that LOs can act as a lynchpin between overseas and the Indian activities. However, the above listed permitted activities of an LO are amenable to wide connotations and diverse interpretations.

Tax Implications

As per Section 9(1)(i) of the Income-tax Act, 1961 (hereafter referred to as the Act), an LO would be deemed to be liable to tax on its income in India in case it constitutes a ‘business connection’ of its foreign parent in India. However, under the provisions of the Act, no income shall be deemed to accrue or arise in India to the foreign parent through or from ‘operations

which are confined to the purchase of goods’ in India for the purpose of export.

Moving towards the provisions of the Double Tax Avoidance Agreement (‘DTAA’), a conjoint reading of Article 5 with Article 7, an LO would be taxable in India, in case it constitutes a PE of its foreign parent in India. However, most of India’s tax treaties exclude from the definition of a PE, a fixed place of business engaged in carrying out preparatory or auxiliary activities. Hence, as per the provisions enunciated by the law, an LO may undertake preparatory and auxiliary activities in India and escape the taxation cobweb. However, it is a matter of debate as to what constitutes preparatory and auxiliary activities that the LO can undertake in India and move out of the tax net. Accordingly, at this juncture, it would be quite appropriate to refer to the connotations of the phraseology ‘preparatory and auxiliary’. The word ‘Preparatory’ has been defined in Oxford Dictionary as ‘serving to prepare’ or ‘introductory’. Further, the word ‘auxiliary’ has been defined in Black Law Dictionary 7th Edition at page 130 as meaning: ‘aiding or supporting, subsidiary’.

While analysing the Permanent Establishment (PE) implications, the OECD Commentary 2010 in paragraph 4 of Article 5, has analysed preparatory and auxiliary activities as under:

‘It is recognised that such a place of business may well contribute to the productivity of the enterprise, but the services it performs are so remote from the actual realisation of profits that it is difficult to allocate any profit to the fixed place of business in question. Examples are fixed places of business solely for the purpose of advertising or for the supply of information or for scientific research or for the servicing of a patent or a know-how contract, if such activities have a preparatory or auxiliary character.’

The technical explanation of the convention and protocol between the United States of America and the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed on September 12, 1989, has held as follows:

“The maintenance of a fixed place of business solely for purchasing goods or collecting information for the enterprise, or solely for activities that have a preparatory or auxiliary character for the enterprise such as advertising, the supply of information, or scientific activities, will not constitute a permanent establishment of the enterprise. A combination of these activities will not give rise to a permanent establishment.”

As per Section 9(1)(i) of the Income-tax Act, 1961 (hereafter referred to as the Act), an LO would be deemed to be liable to tax on its income in India in case it constitutes a ‘business connection’ of its foreign parent in India. However, under the provisions of the Act, no income shall be deemed to accrue or arise in India to the foreign parent through or from ‘operations which are confined to the purchase of goods’ in India for the purpose of export.

Hence, from the above, an insight can be gathered as to what constitutes preparatory and auxiliary activities undertaken by the LO. One may also like to place reliance on the discussion on Article 5(4)(e) by a commentary on Double Taxation Conventions of Klaus Vogel, which is reproduced as follows:

“To a considerable degree it limits that definition and excludes from its rather wide scope a number of forms of business organisation which, although they are carried on through a fixed place of business, should not be treated as permanent establishments. It is recognised that such a place of business may well contribute to the productivity of the enterprise, but the services it performs are so remote from the actual realisation of profits that it is difficult to allocate any profit to the fixed place of business in question. Examples are fixed places of businesses solely for the purpose of advertising or for the supply of information or for scientific research or for the servicing of a patent or a know-how contract, if such activities have a preparatory or auxiliary character.”

Further, a collection of information has also been captured in Arvid A. Skaar’s Commentary as falling in the definition of ‘preparatory and auxiliary activity’. The relevant extract from the commentary is reproduced below:

“Collecting information for an enterprise’s headquarters through an office abroad is considered an auxiliary activity, unless the collecting of information is the primary purpose of the enterprise”.

Hence, from the above, it can be inferred that a fixed place of business whose general purpose is identical to the general purpose of the whole enterprise, cannot be treated as preparatory or auxiliary services. However, where the LOs are established solely for undertaking preparatory and auxiliary activities and do not divulge into any core activity of the enterprise, it can be argued that their operations are different from the enterprise and hence their activities may qualify as preparatory and auxiliary in nature.

Judicial Pronouncement on Procurement Activities Undertaken by LOs in India

Various LOs are engaged in undertaking procurement activities in India. An insight may be taken from various judicial pronouncements to understand the role and activities that an LO may undertake in India without invoking any adverse tax implications.

In this regard, reference may be made to the Ruling pronounced by the Bangalore Tribunal in the case of *Nike Inc Vs. ACIT (2008) 122 TTJ 201*. In this case,

It can be inferred that a fixed place of business whose general purpose is identical to the general purpose of the whole enterprise cannot be treated as preparatory or auxiliary services. However, where the LOs are established solely for undertaking preparatory and auxiliary activities and do not divulge into any core activity of the enterprise, it can be argued that their operations are different from the enterprise and hence their activities may qualify as preparatory and auxiliary in nature.



the assessee was incorporated in USA. It purchased goods in India through its LO in India for the purpose of exports from India. Thus, the assessee argued that the LO had been opened solely for the purpose of helping its affiliates located at different parts of the world to buy the goods for trading operations. The Tribunal held that the assessee was a purchasing agent of the affiliates to procure goods from India. Accordingly, Explanation 1(b) of Section 9(1) of the Act was applicable to the assessee and, hence, no income was derived by it in India through its operations of the LO in India.

A similar view has been taken in the case of *IKEA Trading (Hong Kong) Ltd. Vs. DIT (2009) 308 ITR 422* wherein the company incorporated in Hong Kong set up an LO in India for purposes of liaisons activities in connection with purchase of goods from India. The Authority for Advance Ruling (‘AAR’) held that the

activities of the LO were confined to only purchase of goods and no sale was effected in India. Accordingly, it was not possible to attribute/apportion any income on account of purchase operations.

Another judicial pronouncement that deserves mention here is the case *ADIT (IT) Vs. Fabrikant & Sons Ltd. (Appeal Nos. 4657 to 4660 and 3342)* dated 28th January 2011. In this case, M Fabrikant and Sons Inc (F&S Inc), a company based in USA was engaged in the business of sale of loose diamonds and diamond jewellery. It set up an LO in India for purchase of finished loose diamonds from the Indian market. The Tribunal observed that the LO was only part of the purchasing process of the diamonds and did not bring any physical or qualitative change in the goods purchased. F&S Inc was purchasing goods through LO and all the activities carried out by the LO were of a basic and preliminary nature in the purchasing process/operation. Hence, no income could be deemed to accrue or arise in India to F&S Inc by virtue of the purchases made by F&S Inc through the LO for export.

Holding a similar view, the Authority for Advance Rulings (AAR) in the case of *Angel Garment Ltd (2006) 287 ITR 341* has held that an LO established with a view to merely undertaking 'purchasing activities' in India (such as collecting information about Indian suppliers, acting as a communication channel between the foreign parent and Indian suppliers etc) cannot be held liable to tax in India, as there is a specific exclusion to this effect prescribed under Section 9(1)(i) of the Act. However, the issue as regards what activities can be said to be comprised within the meaning of the term 'operations which are confined to the purchase of goods' (i.e. the specific exclusion laid down in Section 9(1)(i) of the Act) was not raised before the AAR.

However, a different view has been taken by the Delhi Tribunal as held in the case of *Linmark International (Hong Kong) Ltd. Vs. DDIT (2011) 57 DTR 340*. In the case under consideration, the ITAT held that the income earned by a foreign company from procurement activities carried out through its LO in India is taxable in India. In terms of the background, Linmark Development (BVI) Ltd. operated in India through its three LOs. During the course of assessment proceedings, the Revenue authorities held that the LOs were carrying activities such as vendor interaction, selection and development, developing garment designs jointly with the vendors and the overseas clients, sample preparation/approval, price negotiation, order tracking, production/process control, supply chain management etc. Accordingly, the Tribunal held that

the income earned by the assessee through its LOs from procurement activities in India was accruing or arising in India u/s. 5(2)(b) of the Act as Indian offices were carrying out real and substantial part of the business operations of the assessee. Accordingly, the Tribunal, relying on the judgement of Rajasthan High Court in the case of *Bikaner Textiles Mercantile Merchandise Ltd. Vs. CIT (1965) 58 ITR 169*, held that even purchase activities may also lead to earning of profits in India.

This view has also been iterated by the Karnataka High court in the case of *Jebon Corporation India Vs. Commissioner of Income Tax (2010) 127 TTJ 98*. On the basis of material available on record, the Tribunal held that the activities carried on by the LO were not confined only to the liaison work. The LO was actually carrying on the commercial activities of procuring purchase orders, identifying the buyers, negotiating with the buyers, agreeing to the price and thereafter requesting them to place a purchase order.

A similar view has been iterated by the AAR in the case of *Columbia Sportswear Company (2011-TII-21-ARA-Intl)*. In this case, a US company, engaged in worldwide wholesaling and retailing of outdoor apparel, set up an LO in India to act as a liaison for the purchase of goods in India. The LO also assisted the US company in procuring the goods from Egypt and Bangladesh. The AAR observed that the activities of the LO were not restricted to purchasing goods, but it was practically involved in all the activities connected with the business of the US Company and hence constituted the Company's PE in India.

Hence, from the above discussion, it can be inferred that there are divergent views taken by the judiciary while interpreting the procurement activities undertaken by the LOs in India.

Judicial Pronouncements on Research Activity Undertaken by LOs

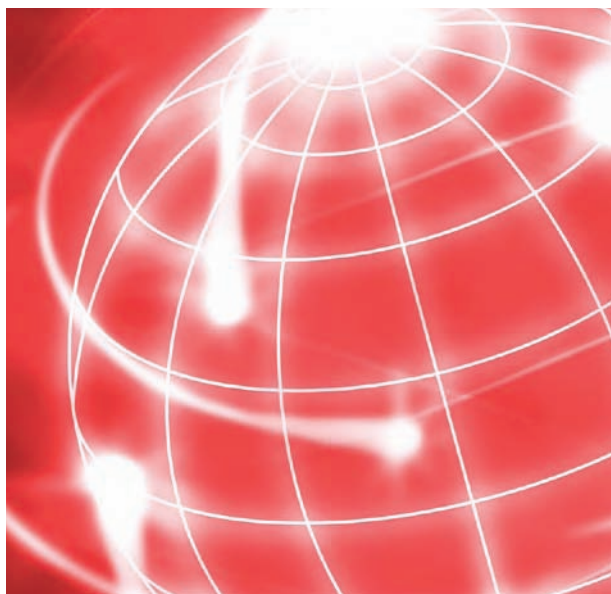
An insight may also be done on the tax scenario for the LOs engaged in market research activities in India.

It may be relevant here to mention the judgement pronounced in the case of *Western Union Financial Services Inc., (2006) 101 TTJ 56*, wherein the Delhi Tribunal held that no PE can be constituted where the office of foreign entity in India only carried out the activities in the nature of preparatory & auxiliary activities. The following activities of the LO were held as preparatory and auxiliary in nature:

- It acted as a communication link between the agents and the head office of the foreign entity;
- It trained and installed agents of the foreign entity;

- It provided training and refresher courses in connection with the operations of the foreign entity;
- It organised local production of posters for display at the agents' locations;
- It facilitated visit of managerial person from head office of the foreign entity to agents' locations;
- It provided management software to the agents (free of cost) and trained their staff on its usage.

Another judgement that deserves mention here is the judicial pronouncement in the case of *Mitsui & Co. Ltd Vs. Commissioner of Income Tax* (2008) 114 TTJ 903 pronounced by the Delhi ITAT. In this case, the LO in India was carrying on various activities in the nature of supplying of business information to Head Office HO. Accordingly, these activities were construed as preparatory and auxiliary in character for the business of the Head Office, since the same were in the nature of support services for business being undertaken by the Head Office.



To add to the woes of the LOs in India, through introduction of Section 285 of the Income-tax Act, 1961, the Government has made it mandatory for the LOs to file an annual statement of their activities in India. In line with the same, the CBDT has recently introduced Rule 114DA providing that the Annual statement is required to be produced in Form 49C.

Further, in the case of *Sojitz Corp. Vs. Assistant Director of Income Tax* (2008) 117 TTJ 792, the ITAT held that where the LO was engaged in the activities of collecting information on economic and Industrial matters of India and sending it to the Head office in Japan, the activities would fall in the definition of preparatory and auxiliary activities.

Another landmark judgement that deserves a striking mention here is the case of *Motorola Inc. Vs. DCIT* (2005) 96 TTJ 1. In this case, the Delhi ITAT held that the activities undertaken by the LO before the commencement of the assessee's business such as market survey, industry analysis, economic evaluation, furnishing of product information, ensuring distributorship and their warranty obligation, ensuring technical presentations to potential users, development of market opportunities, providing services and support information, procurement of raw materials for Motorola and accounting and finance services, etc. would fall only in the definition of preparatory and auxiliary activities of the LO in India and, hence, would not be considered as PE in view of Article 5(3)(e) of the DTAA. The Delhi ITAT held that these activities cannot be considered as activities in the course of carrying on of the business by Motorola in India, but they are anterior thereto.

Further, in case of Ruling pronounced by the Authority for Advance Ruling (AAR) in the case of *K.T. Corporation* (2009) 224 CTR 234, it was held that the LO did not perform any core business activity and hence it did not constitute PE in India. The LO carried out following activities in India:

- Holding of seminars, conferences
- Receiving trade enquiries from customers
- Advertising about the technology being used by applicants in providing wired/wireless services and to answer the queries of the customers
- Collecting feedback from prospective customers/consumers, trade organisations, etc.

The AAR held that the aforementioned LO activities were defined as preparatory and auxiliary in nature and hence did not constitute assessee's PE in India.

However, the journey for the LOs is not free from hassles. For instance, the judiciary has held a contrary view in case of *UAE Exchange Center* (2004) 268 ITR 9. While interpreting the tax treaty between India and UAE, the Authority for Advance Ruling held that the LO created both a PE in India as well as a business connection. However, while interpreting the same DTAA, in case of *Gutal Trading* (2005)

The issue of taxability of LOs still looms the foreign entities and is not free from ambiguity. To capture the entities in the tax clutches, the tax authorities have been contending that the LOs are transgressing the list of permitted activities and constitute Company's PE in India. On the other hand, while holding the crutches of various judicial pronouncements, the foreign companies are formidably arguing that the scope of activities of the LOs is well within the domain defined by the RBI.

278 ITR 643, the AAR held a different view that the LO neither created a PE nor any business connection and that the LO was carrying on activities strictly in terms of the conditions specified by the RBI. The Authority scrutinised the activities of the LO and held that the scope of activities of the LO were not contemplated either under the definitions of business connection or the judicial elucidation on the same. It also held that since the activities were only in the nature of dissemination and collection of information and not for the procurement of any contracts, the LO operated only on the lines of a communication channel between the potential customers, traders, and industry on the one hand and the principal company on the other. Accordingly, the Authority concluded that the activities of the LO cannot be held to be earning any income for the applicant in India, and since there was no business connection in India no income could be said to be accruing to the applicant in India.

Another recent development on this issue is the judgement pronounced by the Delhi ITAT in the case of *Metal One Corporation Vs. DDIT (I.T.A No. 5377/Del/2011)*, wherein it was held that no PE is created by the LO in the absence of any violation noted by the RBI on its functioning. Hence, the LO would be presumed to be carrying on preparatory and auxiliary activities, unless RBI has any contrary finding. Further, the ITAT also relied on the co-ordinate Bench's decision in the case of *Sofema SA (I.T.A. No. 3900/Del/2002)* that had been confirmed by the High Court and also by the Supreme Court, and held that the revenue is prima facie responsible for establishing that the LO activity is not limited to being auxiliary or preparatory in character. This judgement brings some respite for the LOs since it places the onus on the revenue to establish that the LO creates PE in India.

It is imperative to note here that, where the tax authorities have been adopting a position that the LO constitutes a PE/business connection of its foreign parent in India, any receipt (or part thereof) due to the LO or to its foreign parent from any activity in India have been held as liable to tax in India. This is contrary to the LO's contention that they are prohibited from carrying on business in India (as per RBI guidelines) and also that no profits are attributable to the activities carried out by them in India.

From the above, it can be inferred that the judicial pronouncements are divided on the issue and there is a lot of uncertainty on the subject. The matter is subject to diverse connotations and requires formidable arguments based on the factual matrix.

Stringent Reporting Imposed on LOs

To add to the woes of the LOs in India, through introduction of Section 285 of the Income-tax Act, 1961, the Government has made it mandatory for the LOs to file an annual statement of their activities in India. In line with the same, the CBDT has recently introduced Rule 114DA providing that the Annual statement is required to be produced in Form 49C.

The Annual Statement for the financial year 2011-12 is required to be filed mandatorily by 30th September, 2012. It requisitions huge volume of data, making it a cumbersome exercise to comply with. It seeks to collect extensive details about the activities of the non-resident from India or their operation in India. The non-residents are required to obtain and file voluminous information pertaining to their operations from or in India, including the role played by the LO in the overall operations.

Conclusion

LOs are very popular forms of business in India since a long time. However, the issue of taxability of LOs still looms over the foreign entities and is not free from ambiguity. To capture the entities in tax clutches, tax authorities have been contending that the LOs are transgressing the list of permitted activities and constitute company's PE in India. On the other hand, while holding the crutches of various judicial pronouncements, foreign companies are formidably arguing that the scope of activities of LOs is well within the domain defined by the RBI. Unless the clear laws are laid down, the assessee shall continue to face hardships from the revenue authorities. ■

Conversion of a Limited Liability Company to a Limited Liability Partnership

Taxability in case of breach of three year – ₹60 lakhs condition for tax neutrality

While allowing Foreign Direct Investment ('FDI') in Limited Liability Partnership ('LLP'), the Government of India took a cautious and calibrated approach by allowing FDI under approval route only in sectors where 100% FDI was allowed under the automatic route and there were no FDI-linked performance related conditions, for example in sectors such as power, roads, information technology, manufacturing, etc. This welcome move, coming nearly two years after the LLP regulations were first enacted, was made with the intention of attracting overseas funds, latest technologies and best international practises in the country. LLP system is at a nascent stage and brings with it various implementation challenges. While the LLP Act permits traditional partnerships and companies to convert into LLP, there exists ambiguity on the tax treatment of such conversions in the Income-tax Act, 1961 ('the Act'). This article throws light on the income tax related issues which impact conversion of Limited Liability Company to an LLP.



LLP as a structure is not new in the international scenario. Most western economies have provisions for hybrid business entities like the LLPs. The United States legislation provides for six independent business forms, including the LLP. However, LLP form of business in US can be set up only by professional outfits. The LLP in US is governed by state laws, and in general, each partner in the LLP is fully liable for the debts of the partnership, but not for the acts of professional negligence of other partners. Similarly, Singapore and United Kingdom regulations also provide for LLP form of business.

LLP, a hybrid business structure, fuses the operational flexibility and tax advantages of a traditional partnership firm with the limited liability feature of a corporate entity, thereby providing a more attractive investment option to foreign investors as compared to the traditional investments routes of joint ventures/wholly owned subsidiaries.

A registered limited company in India [private or public] has a lot of complex formalities and incurs additional overheads for managing affairs including mandatory board meetings, maintenance of statutory records, etc. Absence of such mandates for LLP combined with advantages such as non-applicability of dividend distribution tax on profit repatriation, transfer of profit rules [cash traps] and deemed dividend related issues, underline the attractiveness of the LLP form of organisation. Further, the strategy of 'check-the-box' election for LLP [which allows the LLP to be treated as a transparent/disregarded entity for US tax



CA. Sanath Ramakrishna and CA. Sandeep Jhunjhunwala

(The authors are members of the Institute. They can be reached at CA.Sanath.Ramakrishna@in.gt.com)

purposes] could be used as an effective strategy for cross-border tax arbitrage (via tax credits).

Section 56 read with Third Schedule of the Limited Liability Partnership Act, 2008 ('LLP Act') provides that a company can be converted into LLP provided that:

1. There is no security interest in the company's assets subsisting or in force at the time of application for conversion; and,
2. The partners of LLP to which it converts, comprises all shareholders of the company and no one else.

However, a recent news release suggests that the Ministry of Corporate affairs is easing out on the first criterion and accordingly companies having secured loans attached to them in the form of loan undertaken against their assets may be permitted to convert into a LLP. On the other hand, where companies have acquired unsecured loans, they are not required to obtain any written consent from creditors.

In this regard, it would be vital to note that transfer of assets on conversion to a LLP is to be considered as exempt, if following conditions stipulated under Section 47(xiiiib) of the Act are satisfied, namely –

1. All the assets and liabilities of the company immediately before the conversion become the assets and liabilities of the LLP;
2. All the shareholders of the company immediately before the conversion become the partners of the LLP and their capital contribution and profit sharing ratio in the LLP are in the same proportion as their shareholding in the company on the date of conversion;
3. The shareholders of the company do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of share in profit and capital contribution in the LLP;
4. The aggregate of the profit sharing ratio of the shareholders of the company in the LLP shall not

be less than fifty percent at any time during the period of five years from the date of conversion;

5. The total sales, turnover or gross receipts in the business of the company in any of the three previous years preceding the previous year in which the conversion takes place does not exceed sixty lakh rupees; and
6. No amount is paid, either directly or indirectly, to any partner out of balance of accumulated profit standing in the accounts of the company on the date of conversion for a period of three years from the date of conversion.

In case any of the stipulated conditions are not satisfied, profit and gains arising from the transfer of such capital/intangible asset/share(s) (not charged to tax on account of the above exemption) would be liable to tax in the hands of the successor LLP/shareholders of the predecessor company, as the case may be.

In practice, the three year – ₹60 lakh requirement is becoming a significant impediment for many companies to convert themselves into a LLP and thereby benefit from the flexible structure of LLP and single-tier taxation. The said criterion specified in the Act, while shattering the plans of the big sized companies looking forward to convert themselves into LLP, has also raised the eyebrows of tax professionals struggling for a solution.

Three views are possible regarding the basis for determining the profits and gains to determine taxable income in the hands of successor LLP and the shareholders of the company if the aforesaid three year–₹60 lakh condition is breached.

View 1 – Slump Sale from Private Limited Company to LLP:

On slump sale, the difference between consideration received for the transfer and networth of the business transferred is treated as capital gains. Net worth of the business transferred is computed as the aggregate value of assets relating to the business transferred less the book value of liabilities. The value of assets for this purpose is determined as follows, namely, in case of depreciable assets – Written down value determined in accordance with the provisions of the Act and for other assets – Book value.

The nature of capital gains, long term or short term, would depend on the period of holding of the undertaking (capital gain will be long term if held for more than 36 months). The company is required to obtain a report of a Chartered Accountant certifying the computation of net worth, prior to filing the income tax return for the year of transfer. In case the net

In practice, the three year – ₹60 lakh requirement **is becoming a significant impediment for many companies to convert themselves into a LLP and thereby benefit from the flexible structure of LLP and single-tier taxation. The said criterion specified in the Act, while shattering the plans of the big sized companies looking forward to convert themselves into LLP, has also raised the eyebrows of tax professionals struggling for a solution.**

worth is negative, based on judicial precedents (*Zuari Industries Ltd Vs. ACIT [2007] 105 ITD 569 [Mum]*, *Paperbase Co. Ltd. Vs. ACIT [2008] 19 SOT 163 [Delhi]*), it can be argued that the cost of acquisition should be considered as Nil.

In any case, on conversion of a Company to LLP at book value, the consideration will be equal to networth and hence no gain is likely to accrue, except in case of transfer of land or buildings where Section 50C of the Act, which contains provisions to substitute the actual consideration with the guidance/stamp duty value (where the same is higher than actual consideration) will kick in. The Company should be able to substantiate the consideration paid as the provisions of Section 55A of the Act (which allow a tax officer to refer the valuation of capital asset to valuation officer for ascertaining fair market value) should not apply to slump sale.

View 2 – No Transfer But Only Change in Form to LLP:

Based on principles enunciated in the Advance ruling obtained by Umicore Finance Luxembourg [AAR No. 797 of 2009 dated 12th March 2010], no capital gains would arise in the hands of the shareholders or successor LLP on account of the following:

1. The conversion and automatic vesting of assets/liabilities in the LLP on account of the LLP Act does not result in actual 'transfer' of assets;
2. Asset would be transferred at book value and shareholders would become partners and receive profit share in line with their shareholding ratio. So no additional benefit accrues to the shareholders;
3. There is no actual consideration payable to company/shareholders on account of the conversion (even assuming there is a transfer).

However, it would be pertinent to note that the said ruling was issued in case of conversion of firm to company. Further, the same being an Advance Ruling, it only applies to the non-resident who has applied for such ruling. Hence, the principles in this ruling would have only a persuasive effect.

View 3 – Dissolution of Company and Formation of New LLP:

Shareholders could be taxed on shares transferred on the basis that the conversion leads to deemed dissolution of Company. Taxable value on deemed dissolution to be determined as per the provisions of Section 46 of the Act as follows:

1. Amount to the extent of accumulated profits of company treated as deemed dividend under Section

With FDI being permitted in LLPs, this can be a suitable and viable entity form for several businesses to compete with global players, considering its advantages over company form of organisations **from tax and operational flexibility standpoint. For any change/new initiatives to be put in place, various challenges need to be faced and there is also a steep learning curve. The Government should respond swiftly to the concerns based on their experiences of the initial years and make appropriate and timely changes in the legal framework.**

2(22)(c) of the Act. However, the same would be exempt under Section 10(34) of the Act, subject to the successor LLP paying Dividend Distribution Tax.

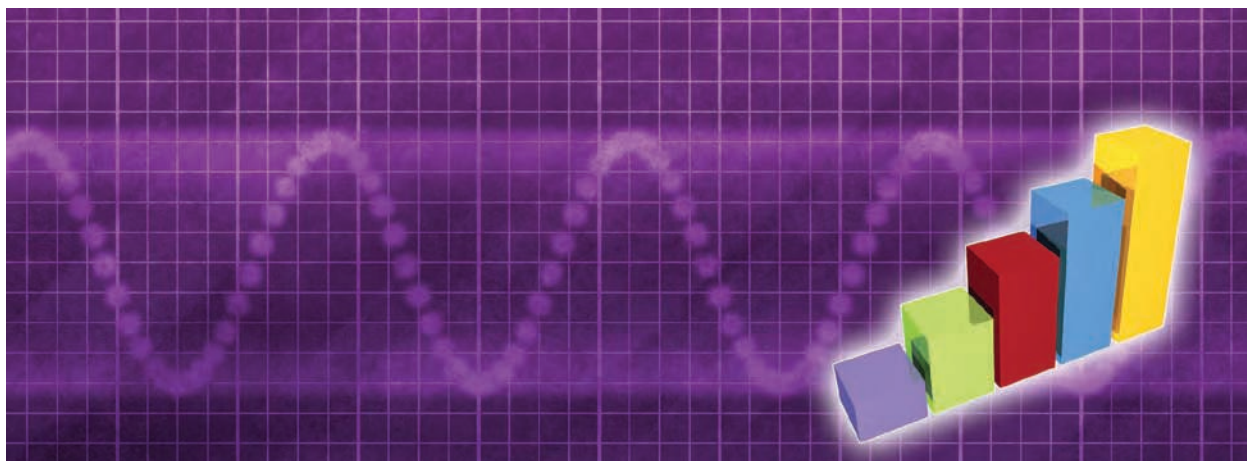
2. Receipts/market value of assets distributed in excess of accumulated profits treated as full value of consideration and subject to capital gains tax under Section 46 of the Act.

Taxation in the hands of the successor LLP based on the deemed transfer of assets (at book value) to the LLP as per Section 45(3) of the Act. For land and building, the stamp duty value would replace the book value [based on the provisions of Section 50C of the Act]. Dividend Distribution Tax on deemed profits distribution at 16.223% on the deemed dividend would be applicable.

It is also to be noted that since this is a law of recent origin, there are not many precedents on this matter, hence leading to lack of clarity. The insertion of clause [xiiib] in Section 47, in its present form, is likely to create confusion and prolonged litigation instead of providing a certainty to taxpayers.

With FDI being permitted in LLPs, this can be a suitable and viable entity form for several businesses to compete with global players, considering its advantages over company form of organisations from tax and operational flexibility standpoint. For any change/new initiatives to be put in place, various challenges need to be faced and there is also a steep learning curve. The Government should respond swiftly to the concerns based on their experiences of the initial years and make appropriate and timely changes in the legal framework. This would go a long way in building investor confidence in the LLP system. The success of the LLP system would depend only when the perceived advantages/objectives set, are actually felt and realised by every stakeholder in the LLP system. ■

A Primer on Attribution of Profits to Dependent Agent Permanent Establishment



The globalisation and growth of technology have resulted into novel ways of doing business across the globe. With the surge in e-commerce and increasing cross-broader transactions, taxation of income earned by the foreign enterprises has attracted the attention of the Indian tax authorities. This has created high exposure of constituting a Permanent Establishment (PE) in the country where the foreign enterprise carries on its business. In earlier articles in this column, we analysed ‘basic concepts of Agency Permanent Establishment and circumstances in which a person can be considered as an agent of foreign enterprise’ and ‘concept of Dependent Agent PE’. In this final article in the series of three articles, we have discussed ‘basic concept of attribution of profits to a dependent agent PE and discussed some of the landmark rulings on the subject’. The attribution of profits to PEs has recently been the focus of attention of the Indian tax authorities because of increasing globalisation, innovative ways of doing business and use of advanced technology in almost every facet of business environment. Further, realising the need to have consistent approach to the attribution of profits, OECD has made several efforts in developing a standard approach to attribution of profits resulting in The OECD Discussion Drafts of 2001, 2004 and “2008 Report on Attribution of Profits to Permanent Establishments”.

Basic International Taxation

In order to appreciate the subject of attribution of profits, it would be apt to discuss some of the basic aspects of international taxation.

The Double Tax Avoidance Agreements (DTAA) governs allocation of taxing rights of two countries, signing the DTAA, in respect of various streams of income. The allocation of taxing rights broadly provides for determining

(Contributed by the Committee on International Taxation of the ICAI. Comments can be sent to citax@icai.org)

- the nature of the income (income from house property, business income, income from capital gains etc.),
- the jurisdiction (country) in which the concerned income should be taxed (the country of residence of tax payer or the country of source of income of the tax payer or both),
- at what point of time, the concerned income should be taxed (at the time of generation of income, at the time of credit of such income, at the time of payment of such income etc.); and
- the quantum of such income to be taxed in the state of source of income, if the source country has the right to tax it.

For example, in case of income earned/generated from house property, entire income in the nature of rental income, transfer or exploitation of house property, is liable to be taxed in the source state, if the property is located in the source state. Similarly, as regards income from capital gains, dividend, royalty, technical services and interest, the DTAA provides for the exact quantum of amount to be taxed in the source country without any subjectivity being involved either for the residence country or the source country to tax the particular income.

As discussed in the first article of this series, a permanent establishment needs to be constituted in order to trigger taxability of business income in the source country, unless these profits fall into special categories of income for which other Articles of the DTAA give taxing rights to the source state. The DTAA does not provide for what kind of receipt or receivable is considered as business income. The same is determined on the basis of the domestic tax rules of the source and residence country. The DTAA, however, provides for rules of how much business income may be taxed in the source country. Generally,

It would be difficult to determine the contribution of each activity into the overall profit of the enterprise. The importance of each of the activities of the enterprise varies in terms of the entire chain of activities within the enterprise. The significance of any particular activity within the enterprise depends on the nature of the product dealt with by the enterprise, long term and short term business strategy adopted, the period since when the enterprise is in existence and so on.

all the DTAAs provide that only so much of income as is attributable to the activities of the PE may be taxed in the source country.

Further, Section 9 of the Income-tax Act, 1961 (the Act) also mandates to tax only that part of the income as is reasonably attributable to the operations carried out in India. Accordingly, in situations where the foreign enterprise is a tax resident of a country or a jurisdiction with which India has not signed a DTAA, income should be attributed as per provisions of Section 9 of the Act.

Principles of Attribution of Profits to PE under DTAA

An enterprise earns profit by carrying on many activities in its business. The quantum of profit (or loss) is a factor of many activities of the business. Collective efforts of the assets and personnel of the enterprise result in the profit of the enterprise. Generally, in case of a manufacturing enterprise, the enterprise carries out functions of purchasing raw material, converting raw material into finished goods, holding the inventory, undertaking marketing activities and carrying out promotion activities, selling price negotiation and finally collecting receivables. Thus, profit is, broadly, combination of all these activities.

From the above discussion, it follows that it would be difficult to determine the contribution of each activity into the overall profit of the enterprise. The importance of each of the activities of the enterprise varies in terms of the entire chain of activities within the enterprise. The significance of any particular activity within the enterprise depends on the nature of the product dealt with by the enterprise, long term and short term business strategy adopted, the period since when the enterprise is in existence and so on. The amount of profit earned by an enterprise through its various activities depends on various commercial reasons.

Accordingly, understanding the business of the enterprise is of extreme importance while dealing with the situation of attribution of the profits to its PE in the source country.

A Attribution of profits to dependent agent permanent establishment (DAPE) under the Act

1 Circular No. 23 dated 23rd July 1969

Circular states that only that portion of profit which can reasonably be attributed to the operations of the business carried out in India, is liable to Income Tax. The relevant extract of the circular is reproduced below:

“7. Extent of the profit assessable under Section 9 – Section 9 does not seek to bring into the tax-net the profits of a non-resident which can reasonably be attributed to the operations carried out in India. Even if there be a business connection in India, the whole of the profit accruing or arising from the business connection is not deemed to accrue or arise in India. It is only that portion of the profit which can reasonably be attributed to the operations of the business carried out in India, which is liable to Income tax.”

The above circular has been withdrawn by CBDT with effect from 22nd October 2009. The said circular has been relied upon in several important judgements including Morgan Stanley 292 ITR 416 (SC), SET Satellite (Singapore) 11 DTR 313 (Bom) / 173 TM 475, Amadeus Global 113 TTJ 767 (Del.) etc.

2 Rule 10 of Income Tax Rules, 1962

Rule 10 of the Income Tax Rules, 1962 provides, where the actual amount of income accruing or arising to a non-resident cannot be definitely ascertained, the amount of such income may be calculated:

- at such percentage of turnover as the tax officer may deem reasonable.
- on any amount which bears the same proportion to the total profits and gains of the business of such person, as the receipt so accruing bear to the total receipt of the business.
- in such other manner as the Tax Officer may deem fit.

It can be seen from the above that there is not much guidance on the attribution of the profits in the Act. The foreign enterprises having DAPE in India have to mainly rely on the judicial precedents available on the subject.

B Attribution of profits to DAPE under DTAA

1 Attribution methodology differs from one type of PE to other type of PE

In case of foreign companies having distributors in India, generally, the terms of the arrangements are reduced in writing by way of contracts. Hence, it is relatively easier to understand the division of activities, risks and assets between a foreign company and the Indian distributor. The problem arises in case where there is only one entity in the

residence country and the source country. If there is no other legal entity to carry out the activities but the activities are carried on fictionally by the PE, the enterprise has to ascertain and carry out factual analysis to decide what activities are deemed to be carried out by the PE.

Since in case of dependent agent PE, there would not be any formal agreement between the foreign enterprise and fictional entity being PE, it is pertinent to ascertain the functions, assets and risks (FAR) attributable to the PE.

2 Trends in OECD

Over the years, there have been considerable variations in the language and general principles of article 7 of the OECD MC. Further, OECD acknowledged that there is a need to provide more certainty to taxpayers in respect of the principles of attribution of the profits in its report - *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*. It was indicated that further work would address the application of the arm's length principle to permanent establishments. Accordingly, in 2008, a report entitled Attribution of Profits to Permanent Establishments was published by the OECD.

Further, in order to provide certainty on how profits should be attributed to permanent establishments, 2008 Report's full conclusions are reflected in a new version of Article 7, together with accompanying Commentary.

3 Structure of Article 7 of the OECD model

Paragraph 1 incorporates the rules for the allocation of taxing rights on the business profits of enterprises of each Contracting State.

Paragraph 2 provides the basic rule for the determination of the profits that are attributable to a permanent establishment. According to the paragraph, these profits are the profits that the permanent establishment might be expected to make if it were a separate and independent enterprise engaged in the same or similar activities under the same or similar conditions, taking into account the functions performed, assets used and risks assumed through the permanent establishment and through other parts of the enterprise.

Paragraph 2 does not seek to allocate the overall profits of the whole enterprise to the permanent establishment and its other parts but, instead, requires that the profits attributable to a

permanent establishment be determined as if it were a separate enterprise. Profits may therefore be attributed to a permanent establishment even though the enterprise as a whole has never made profits. Conversely, paragraph 2 may result in no profits being attributed to a permanent establishment even though the enterprise as a whole has made profits.

Paragraph 3 ensures that there is no double taxation of the same income. Paragraph 4 provides that Article 7 will be applicable to business profits which do not belong to special categories of income covered by other Articles of DTAA.

Principles of attribution under the Act are similar to the principles provided in the DTAA. Explanation 1 to Section 9(1)(i) also states that where in case of a business of which all the operations are not carried out in India, only such part of the income which is reasonably attributable to operations in India shall be chargeable to Income tax.

4 Approaches to allocate profits

There are broadly two methodologies followed to attribute profits to a PE

- Relevant Business Activity Approach
- Functionally Separate Entity Approach

4.1 Relevant Business Activity Approach

Under this approach, it is presumed that there is a fixed quantity of profits made by the foreign enterprise as a result of various activities carried out in the residence country and the source country. In other words, the amount of profits is first determined. The profits earned by the enterprise as a whole would then be attributed to the PE situated in the source country.

Thus, there is a limit on attribution of profits to the PE. Loss from the other parts of the business would reduce profits attributable to PE. This approach disregards activities actually carried out by the PE in the source country, as it first derives the total profit that can be attributed to the PE.

4.2 Functionally Separate Entity Approach

Approved by OECD and popularly called as Authorised OECD approach (AOA), this approach does not restrict attribution of profits to the PE. The approach is essentially a bottom-up approach and suggests that activities of PE need to be compensated appropriately as PE is a separate entity. PE is deemed to perform various functions independent of the foreign enterprise.

Thus, this approach does not impose overall limit on the profits that can be attributed to the PE. Attribution of the profits can exceed the profits of the enterprise as a whole or from a particular business activity. Further, loss from the other part of the activities would not reduce the profits of the PE.

Rationale behind “Dual taxpayer” approach being more appropriate:

- DA would be awarded for its service, taking into account its assets/risk
- Profits to be attributed towards assets and risks of non-residents in relation to functions performed by DA on its behalf
- AOA attributes profit to DAPE based on such assests/risks/functions
- Remuneration to DA does not include remuneration related to risks assumed by non-resident through DA
- Profits attributable to DAPE must reflect these risks

5 Basics of Authorised OECD Approach

Under the Authorised OECD Approach, following steps are to be followed:

Hypothesising the PE as a distinct & separate enterprise

- Perform functional & factual analysis
- Attribute rights & obligations to PE arising out of external transactions of enterprise
- Attribute risks based on significant people function
- Attribute economic ownership of assets based on significant people function
- Attribute capital (free & debt) based on assets & risks attributed to PE
- Recognise & determine nature of dealings between PE & HO

Since, in case of DAPE, there is no contractual agreement between the HO and DA, one needs to visualilse what all functions are performed by the PE. In case of the attribution methodology, more importance is given on functions which will determine risk and assets assumed by the PE, unlike in case of two separate legal entities, where risks and assets are assumed by the PE independent of the foreign enterprise. Accordingly, in case of agency PE, functions are determined based on the conduct of the DAPE and risks and assets are attributed as per the functions performed by the

DAPE. The functions of the PE and people of the PE determine the asset and risks of the PE.

Similarly capital and debt and nature of dealing between PE and the HO i.e. interdivision transactions need to be factored into, to hypothesise the character of PE.

Step two: Determining pricing on arm's length basis in respect of transactions between PE and rest of hypothesised enterprise.

Based on the FAR of the DAPE, based on the transfer pricing regulations, one needs to ascertain the comparables of the DAPE and compute the profitability of the comparables. Same principles are to be applied for attribution of losses as well.

6 If profits are attributed at arm's length, no further attribution

Arm's length remuneration to the DAPE extinguishes the liability of the foreign principal enterprise. This proposition has been upheld by various judicial pronouncements including the Supreme Court judgment in the case of Morgan Stanley (292 ITR 416). Further circular no. 23 of 1969 also supports the requirement of arm's length payment.

However, one needs to be careful to ensure that the arm's length remuneration considers not only functions performed, assets employed and risks assumed by the DAPE but also functions performed, assets employed and risks assumed by the foreign principal enterprise to avoid any further attribution of profits.

7 Jurisprudence on the Attribution of profits

Though, there are several judicial precedents on the attribution of profits, following three landmark judicial precedents on the subject of attribution of profits have been discussed, being leading judgments in the context of the agency PE.

7.1 Galileo International Inc (19 SOT 257)

Facts

Assessee-company was incorporated under laws of US and carried on business of maintaining and operating system for providing electronic global distribution of services to airlines, hotels and tour and cab operators by connecting them to travel agents utilising a Computerised Reservation System (CRS) - On their behalf, assessee had entered into an agreement with various participants

Principles of attribution under the Act are similar to the principles provided in the DTAA. Explanation 1 to Section 9(1)(i) also states that where in case of a business of which all the operations are not carried out in India, only such part of the income which is reasonably attributable to operations in India shall be chargeable to income tax.

known as 'participating carrier agreement' - It had also entered into a separate agreement known as distribution agreement with travel agent in India - For services rendered by said agent under agreement, assessee was paying to it 1 Euro for each booking from airlines, etc. - Assessee was, however, paid 3 Euro for each booking -

Held

AO held that assessee's income generated in India was chargeable to tax in India under Section 5(2), read with Section 9(1). The Commissioner (Appeals) upheld order of AO. On second appeal, Tribunal upheld findings of lower authorities that assessee's income was chargeable to tax in India, but held that only 15% of revenue accruing to assessee in respect of bookings made in India should be treated as income accruing or arising in India. The Tribunal further held that since assessee was charging 3 Euro per booking, 15% thereof would come to 0.45 Euro and after paying commission of 1 Euro per booking to travel agent, there was no income or profit which was chargeable to tax in India since there was no additional income attribution as payment to distributor exceeded attributable income. The Delhi HC upheld the findings of the Tribunal.

Apparently, no particular approach i.e. Relevant Business Activity Approach or Functionally Separate Entity Approach was followed by the tribunal or the high court.

7.2 Rolls Royce Plc (113 TTJ 446)

Facts

The assessee was a Singaporean company. Its principal activities were sale of spare parts for oil-field equipments and engines and turbine compressor systems and electronic retrofit projects and services rendered in connection with repair and overhauling of such equipments. The major

clients of the assessee in India included ONGC, GAIL, etc. Though in the Income-tax return filed by the assessee-company, it had shown income from maintenance services as fee for technical services (FTS) and paid tax at the rate of 20%. Thereupon as per the provisions of the Act, it had not declared any income for supply of equipments made to the Indian clients on the ground that it had no PE in India and, therefore, its business income from supply of spare parts was not chargeable to tax in India.

Held

PE was determined under “fixed place” as well as “agency” PE rules. It was also held that activities carried out outside India was not taxable and accordingly, 50% of profits was allocated towards manufacturing activities and 15% of profits allocated towards R&D activities carried outside India. Further, activities carried out in India was held taxable and 35% of profits allocated towards marketing activities. Following the principles laid down by the SC in the case of Morgan Stanley, it was also held that attribution of Profits to PE is extinguished when the remuneration to the Agent takes care of risks assumed by the Principal in India. In other words, the profits attributable to the PE in India will have to be computed, taking into consideration the functions performed and risks assumed not only by the dependent agent but also the Principal in India. The ruling further emphasised the importance of performing a robust factual and functional analysis.

7.3 SET Satellite (307 ITR 205)

Facts

The taxpayer, a company incorporated in Netherlands was a wholly owned subsidiary of Satellite Television Asia Region Limited (STAR Limited) based in Hong Kong, which in turn was a subsidiary of Star Television Limited, a company incorporated in British Virgin Island.

The taxpayer was granted the exclusive right for sale of advertising time, in India, on the channels of the STAR TV network, which were owned by STAR Limited. Consequently, the taxpayer engaged an Indian Company, Star India Pvt. Ltd. (SIPL), to procure business from Indian advertisers, on a commission of 15% of receipts from such business. The taxpayer offered to tax

@10% of the revenue so earned on the basis of CBDT circular no.742.3.

However, the Assessing Officer (AO), after considering the taxpayer as a conduit company, held that the taxpayer company was floated only for the purposes of tax planning and avoidance and therefore, the income earned by the taxpayer actually belonged to STAR Limited. However, as a protective measure the AO assessed the taxpayer at the rate of 20% of the gross revenue as income earned in India.

The Commissioner of Income-tax (Appeals) [CIT(A)] upheld the order of the AO and held that income from advertisement revenue be taxed in the hands of Star Limited as per the provision of CBDT Circular No. 742.

Held

Mumbai Tribunal held that Dependent Agent (‘DA’) and DAPE are two distinct taxable entities. The Arm’s length remuneration paid to DA is for FAR assumed by him and not by the foreign entity for earning profits. The profits need to be attributed based on FAR assumed by the foreign entity in respect of the business carried on through the PE. Such FAR of the DA would depend on the facts/functions/activities carried on by the DAPE. Further, remunerating the DA at arm’s length does not extinguish the tax liability of the DA in respect of the DAPE in India.

The HC accepted the finding that DAPE existed and that the income attribution limited to profit attributable to the DA’s services. Further, if correct ALP is applied for compensating the agent, nothing further is taxable. The HC held the same by relying on the Morgan Stanley ruling and CBDT Circular No 23 of 1969. Such a ruling upholds the “single taxpayer” approach.

Conclusion

The subject of attribution of profits to agency PE involves understanding of the business of the foreign enterprise, understanding of the concepts and application thereof. In the Indian context, since the jurisprudence is still being developed, the subject is marked with the huge subjectivity and prolonged litigation. Accordingly, the taxpayer needs to constantly review their cross broader arrangements and ensure that the payments made by it are backed by the robust transfer pricing documentations reflecting the FAR of the foreign enterprise as well. ■



For example, paragraph 1 of Article 7 of many Indian tax treaties typically provides that business

profits of an enterprise *shall only be taxed* in the state of residence (State R) unless the enterprise has a permanent establishment (PE) in the state of source (State S) of such profits. If the enterprise has a PE in State S, profits attributable to such a PE *may be taxed* in that State. Looking at the language of Article 7, one may wonder whether State S is given an exclusive right to tax profits attributable to a PE in that State, if a PE exists or State R also has a right to tax such profits.

There has been a lot of deliberation on this issue in India as well as in commentaries on various model tax conventions and works of several international tax experts. This article aims at briefly discussing the extant Indian jurisprudence on the issue including a recent decision given by Delhi Bench of the Income Tax Appellate Tribunal (the ITAT) in the case of *Telecommunications Consultants India Limited vs. ACIT*¹ and comparison of the Indian jurisprudence with international scenario.

Extant Indian Jurisprudence

If we look at the circumfluent Indian jurisprudence, it can be observed that Indian judicial authorities have expressed divergent views on the aspect, with a larger number of decisions holding that State S has an exclusive right to tax profits attributable to PE. Let us touch upon a few landmark case laws on this issue.

1. The Special Bench of Chennai ITAT held in *P.V.A.L. Kulandagan Chettiar vs. ITO*² that the right of India (State R) to levy tax in respect of business profits of its enterprises as provided in opening paragraph of Article 7 of the tax treaty between India and Malaysia was taken away because a PE was situated in Malaysia (State S). It was, therefore, held that the income from PE in Malaysia was taxable only in Malaysia.

The aforesaid decision was upheld by the Madras High Court. However, in *CIT vs. P.V.A.L. Kulandagan Chettiar*³, the Supreme Court affirmed the decision of the Madras High Court for different reasons. The Supreme Court after applying the tie-breaker rule under the tax treaty between India and Malaysia held that the taxpayer in this case was a tax resident of Malaysia. Further, as he did not have a PE in India, his business income arising in

Malaysia was held to be taxable only in Malaysia.

2. It would be interesting to note that despite the above legal position, Delhi ITAT has held in *DCIT vs. Mideast India Limited*⁴ that the decision of the Special Bench of the ITAT in *P.V.A.L. Kulandagan Chettiar vs. ITO* (*supra*) still holds good. Delhi ITAT further observed that the said decision of the Special Bench of the ITAT was upheld by the Supreme Court for different reasons, and hence it could not be inferred that the reasoning given by the Special Bench of ITAT was disapproved by the Supreme Court.
3. Karnataka High Court has observed in *CIT vs. R.M. Muthaiah*⁵ that the tax treaty, by necessary implication takes away the power of India (State R) to levy tax on income in respect of certain categories of income as per certain Articles, including Article 7.
4. As held by Madras High Court in *CIT vs. VR.S.R.M. Firm & Others*⁶ and *CIT v. Lakshmi Textile Exporters Limited*⁷, business income attributable to PE is taxable in State S and tax authorities in State R cannot assess the same in State R.
5. In *DCIT vs. Essar Oil Limited*⁸, Mumbai ITAT dealt with Article 7 of the tax treaty between India and Qatar. Article 7 of the said tax treaty is uniquely worded insofar as it uses the phrase “*may also be taxed*” (in State S) as against the phrase “*may be taxed*” in most of the other Indian tax treaties. In this case, Mumbai ITAT observed that wherever the contracting states intended that income is to be taxed in both the states, they have specifically provided in clear terms. It further observed that the

Though it seems to be an internationally accepted position that Article 7 grants State S a non-exclusive right to tax profits attributable to a PE therein, it seems that reaching a consensus on this has so far been an uphill battle in the Indian scenario. There has been a lot of hugger-mugger in this regard insofar as the Indian judicial authorities have expressed views that are contradictory to each other or to those expressed by the higher authorities.

¹ (2012) 20 taxmann.com 31)

² 3 ITD 426

³ 267 ITR 654

⁴ 124 TTJ 924

⁵ 202 ITR 508

⁶ 208 ITR 400 (Madras High Court)

⁷ 245 ITR 521

⁸ 47 SOT 139

phrase “*may also be taxed*” was at par with “*may be taxed*” and held that State S had exclusive right to tax profit attributable to PE.

Though there is a series of judgements in favour of the taxpayer as discussed above, some courts have expressed an exactly opposite view. Such adverse decisions are discussed hereunder:

1. While examining the question whether loss incurred by a PE abroad can be claimed as deduction in computation of tax liability in India in *DCIT vs. Patni Computer Systems Limited*⁹, Pune ITAT observed that once an income is held to be taxable in a tax jurisdiction under a tax treaty and unless there is a specific mention that it can also be taxed in the other tax jurisdiction, the other tax jurisdiction is denuded of its power to tax the same. The above observation of Pune ITAT may imply that as Article 7 mentions that profits will be taxable in State R unless a PE exists in State S, State R is not denuded of its power to tax profits attributable to PE.
2. In case of *The Bombay Burmah Trading Corporation Limited vs. ACIT*¹⁰, the Mumbai ITAT held that if there is a PE situated in State S, that State can levy tax on the profits earned by the PE. At the same time, State R will also levy tax on the profits earned by the PE and will give credit for taxes paid in State S.
3. Chennai ITAT observed in *ITO vs. Data Software Research Company Private Limited*¹¹ that paragraphs 2 and 3 of Article 7 of the tax treaty between India and the USA prescribe modes for computation profits attributable to PE and they nowhere prescribe that such profits will be exempt from taxation in India (State R). It was, therefore, held that profits attributable to PE in the USA (State S) would also be taxable in India and in such a case, tax credit method would be the only method for elimination of double taxation.

Moreover, the Central Board of Direct Taxes (the CBDT) has issued a notification (No. 91/2008 dated August 28, 2008) stating that if a tax treaty provides that income of a resident of India “may be taxed” in the other country, such income shall be taxed in India and

relief shall be granted in accordance with the method of elimination of double taxation provided in the tax treaty. This abundantly makes clear the view of the CBDT on the issue being discussed.

Recently, Delhi ITAT has also expressed a similar view in the case of *Telecommunications Consultants India Limited vs. ACIT (supra)*. Facts of the case and the ruling given by Delhi ITAT after a detailed analysis are briefly discussed in the forthcoming paragraphs.

Delhi ITAT Decision in Telecommunications Consultants Limited Case:

Telecommunications Consultants India Limited (the taxpayer) is a public sector undertaking engaged in the business of providing full range of consultancy, design and engineering services in all the fields of telecommunication in India and abroad.

During the year under consideration, the taxpayer had earned income from foreign projects in Oman, Mauritius, Netherlands and Tanzania. This income was not included in the total income on the ground that the same is taxable only in respective countries where the taxpayer had PEs, as per the respective tax treaties. A number of judicial precedents were cited in support of the taxpayer’s contention, important ones among which are *CIT vs. P.V.A.L. Kulandagan Chettiar (supra)*, *CIT vs. VR.S.R.M. Firm & Others (supra)*, *CIT vs. Essar Oil Ltd.*¹², *Ms. Pooja Bhatt vs. DCIT*¹³ and *DCIT vs. Mideast India Limited (supra)*. Some of these cases are discussed in “Extant Indian Jurisprudence” section herein before.

The tax authorities vehemently combated the contentions of the taxpayer mainly referring to some fundamental principles of international taxation and the commentary on the OECD¹⁴ Model Tax Convention (**OECD Commentary**), which are discussed in the “International Scenario” herein below. The tax authorities also contended that the judicial precedents cited on behalf of the taxpayer were based on the Supreme Court decision in *CIT vs. P.V.A.L. Kulandagan Chettiar (supra)* and that the ratio of the said Supreme Court decision was incorrectly applied in all these cases.

Observations and Decision of the ITAT:

The ITAT upheld majority of the contentions put forth

⁹ 109 TTJ 742

¹⁰ 76 TTJ 785

¹¹ 2008-TIOL-09-ITAT-MAD

¹² ITA No. 135 of 2008 (Bombay High Court)

¹³ 26 SOT 574 (Mumbai ITAT)

¹⁴ Organisation for Economic Co-operation and Development

by the tax authorities. Let us have a fleeting glance at the observation noted and the decision given by the ITAT.

The ITAT observed that if a contracting state is to be given exclusive right to tax a particular kind of income, then relevant article of a tax treaty uses the phrase “shall be taxable only”. This phrase precludes the other contracting state from taxing that income. As a rule, such exclusive right is given to State R, though there are a few articles where exclusive right to tax is given to State S also.

In respect of income where the attribution of right to tax is not exclusive, the tax treaty uses the phrase “may be taxed”. Therefore, even if a tax treaty provides that an item of income “may be taxed” in State S and nothing is mentioned about taxing right of State R, State R can tax the income using inherent right of state of residence to tax global income of its resident.

While interpreting Article 7 of the relevant tax treaties, the ITAT noted that first sentence of paragraph 1 of Article 7 consists of two parts. The first part gives exclusive right to taxation of business income to State R, as it uses phrase “shall be taxable only”. The second part states that if there is PE in State S, then right to taxation of State R is not exclusive, but inherent right of State R is not lost, as the phrase “may be taxed” is used.

The combined reading of these sentences of Article 7 means that State S has a non-exclusive right to tax business income attributable to PE. However, this non-exclusive right does not extinguish inherent right of State R to tax global income of its resident. Otherwise, the phrase “shall be taxable only” would have been used in the second part as well.

In tax treaties, in case of a number of items of income, an exclusive right to tax is conferred on one of the contracting states. The other contracting state is thereby prevented from taxing those items and double taxation is avoided. As a rule, this exclusive right to tax is conferred on State R. In case of other items of income, the right to tax is not an exclusive one.

On this ground, the ITAT held that there was no contradiction between the provisions of the relevant tax treaties and the Act and hence, the business income earned abroad by the taxpayer through its PE was taxable in India under the Act as well as the respective tax treaties.

The ITAT also distinguished the decision in *CIT vs. P.V.A.L. Kulandagan Chettiar (supra)* on the basis that the Supreme Court had not expressed any opinion on the aspect and scope of the expression “may be taxed”.

International Scenario

Before we embark on the discussion on international scenario on the issue at hand, let us take note of one of the basic principles of interpretation of tax treaties.

In tax treaties, in case of a number of items of income, an exclusive right to tax is conferred on one of the contracting states. The other contracting state is thereby prevented from taxing those items and double taxation is avoided. *As a rule, this exclusive right to tax is conferred on State R. In case of other items of income, the right to tax is not an exclusive one.*¹⁵

Let us now proceed to see what the internationally accepted interpretation of paragraph 1 of Article 7 is.

OECD Commentary¹⁶ :

Business profits that are not attributable to PE in State S are taxable only in State R (*Paragraph 23 of Introduction*). A natural corollary of this may be that business profits that are attributable to PE in State S would be taxable in both the states, subject to terms used in the respective treaty.

The profits of an enterprise of a contracting state shall not be taxed in the other state unless the enterprise carries on business in that other state through a PE therein (*Paragraph 11 of commentary on Article 7*). Thus, State R may be considered to have an inherent right to tax business profits of its enterprises, though such profits may also be taxed by State S.

Purpose of paragraph 1 of Article 7 is to limit the right of one contracting state to tax business profits of enterprises of the other contracting state (*Paragraph 14 of commentary on Article 7*).

UN Commentary¹⁷:

Paragraph 1 of Article 7 reproduces paragraph 1 of Article 7 of the 2008 OECD Model Tax Convention

¹⁵ Paragraph 19 of Introduction to the OECD Commentary 2010

¹⁶ OECD Commentary 2010

¹⁷ Commentary on 2011 United Nations Model Double Taxation Convention between Developed and Developing countries

with addition of limited force of attraction¹⁸, which in turn substantially resembles to paragraph 1 of Article 7 of the 2010 OECD Model Tax Convention. Celebrated international tax expert Klaus Vogel also states that the OECD and UN Model Tax Conventions are largely in conformity¹⁹.

Therefore, the interpretation of paragraph 1 of Article 7 as discussed under the head **OECD Commentary** above by and large holds good in the case of UN Commentary as well.

Views of International Tax Experts:

Eminent international tax expert Philip Baker states that where an enterprise of a contracting state carries on business in the other state through a PE, then that other state may tax profits attributable to PE. The right is not exclusive, however, the state of residence also has the right to tax such profits.²⁰

Klaus Vogel, while analysing the main features of OECD Model Tax Convention, states that profits of enterprise operated by a resident of a contracting state are, as a rule, taxed exclusively by the state of residence, and this applies even if profits result from activities exercised in the other contracting state²¹. He emphasises on the phrase “*shall be taxable only*” used in paragraph 1 of Article 7.

Conclusion

Though it seems to be an internationally accepted position that Article 7 grants State S a non-exclusive right to tax profits attributable to a PE therein, it seems that reaching a consensus on this has so far been an uphill battle in the Indian scenario. There has been

a lot of hugger-mugger in this regard insofar as the Indian judicial authorities have expressed views that are contradictory to each other or to those expressed by the higher authorities.

Further, there is a lack of unanimity on role of commentaries on model tax conventions in interpretation of Indian tax treaties. Though India is not a member of OCED, OECD Commentary has been quoted in support in many cases by Indian courts, whereas in some cases like *CIT vs. P.V.A.L. Kulandagan Chettiar (supra)*, *Pooja Bhat vs. DCIT (supra)* and *P No. 28 of 1999, In re*²², it has not been accepted as having a precedent value.

It is an internationally well-accepted view that the commentaries on model tax conventions, particularly the OECD Commentary, have a significant persuasive value, unless language of the concerned tax treaty and the context are materially different.

Due to the “flattening of the world” as the famous American journalist and author Thomas Friedman terms it, Indian tax authorities and the judicial system can no longer remain uninfluenced by the internationally accepted interpretations and principles in the sphere of international taxation; and a well-reasoned order of Delhi ITAT in *Telecommunications Consultants India Limited v. ACIT (supra)* seems to be a kickoff in this direction and the taxpayers may now need to explore the alternative route for avoidance of double taxation in respect of business profits, viz. availing credit in State R for tax paid in State S under the tax treaty.

To conclude, it would be worthwhile to note that in the current scenario, it seems that India is slowly waking up to the international trend and moving towards a robust Transfer Pricing regulation in order to determine the most appropriate basis for determining PE profits attribution. Recently, the Delhi High Court²³ has also observed that in order to arrive at a cogent basis of attribution, guidance must be drawn from the FAR (functions, assets, risk) analysis that clearly provides the functions of the Indian PE. Hence, going forward, in all the cases, it would be advisable that multinational companies should prepare the FAR analysis before hand in order to substantiate the correct attribution of profits to a PE in India. ■

There is a lack of unanimity on role of commentaries on model tax conventions in interpretation of Indian tax treaties. Though India is not a member of OECD, OECD Commentary has been quoted in support in many cases by Indian courts, whereas in some cases like *CIT vs. P.V.A.L. Kulandagan Chettiar (supra)*, *Pooja Bhat vs. DCIT (supra)* and *P No. 28 of 1999, In re*²⁵, it has not been accepted as having a precedent value.

¹⁸ Paragraph 6 of commentary on Article 7

¹⁹ Klaus Vogel on Double Taxation Conventions (South Asian Reprint Edition), Page 403

²⁰ Page 7-2 of “Double Taxation Convention” (September 2002)

²¹ Klaus Vogel on Double Taxation Conventions (South Asian Reprint Edition), Page 403

²² 242 ITR 208 (Authority for Advance Rulings)

²³ Rolls Royce Singapore (P) Ltd. vs ADIT [2011] 202 Taxman 45 (Del)

Appointment of Sole Selling Agent



Section 294 and 294AA of the Companies Act, 1956 regulate the appointment of sole selling agents. These sections provide, among other things, that no company shall appoint a sole selling agent for any areas for a term exceeding five years at a time and the term may be extended for another period but not exceeding five years on each occasion. [Section 294(1)]. The Board of Directors may appoint a sole selling agent but only subject to the condition that the appointment shall cease to be valid if it is not approved by the company in the first general meeting held after the date on which the appointment is made. In case, the company in general meeting, as aforesaid, disapproved the appointment, it shall cease to be valid with effect from the date of that general meeting [Section 294(2) and (2A)]. No company shall appoint any individual firm or body corporate, who or which has a substantial interest in the company as sole selling agent of that company unless such appointment has been previously approved by the Central Government. A company having a paid-up share capital of ₹50 lakh or more shall not appoint a sole selling agent except with the consent of the company accorded by a special resolution and the approval of the Central Government. Read on to know more...



CA. Sagala Nirupama

(The author is a member of the Institute. She can be reached at niru02@rediffmail.com)

Sole Selling Agent

The term 'Sole Selling Agent' refers to a person who is given an exclusive right to sell the goods of the company in a particular area to the exclusion of all others, including the company.

The relationship between the company and the sole selling agent is that of principal and agent, and not that of employer and employee. If the proposed sole selling agent is to be appointed in a foreign country, the prior permission has to be obtained from the Reserve Bank of India.

Applicability: The provisions of Section 294 shall apply irrespective of the fact that –

- Appointment of sole selling agent is restricted to a particular area or extends to the whole of India;
- Sole selling agent is appointed in respect of some of the products or the entire range of products of the company.

Section 294 deals with Appointment of Sole Selling Agent

a. Requirements for appointment of sole selling agent:

(i) Appointment subject to approval in general meeting:

Where the Board of Directors of a company appoints a sole selling agent, such appointment shall be subject to the condition that the appointment shall cease to be valid if it is not approved by the shareholders in the first general meeting held after the date of the appointment. If the shareholders in the general meeting disapprove the appointment, the appointment shall cease to be valid with effect from the date of that general meeting. In the meantime, if the agent has done some work, he is entitled to remuneration there for (*Firestone Tyre & Rubber Company Vs. Synthetics & Chemicals Ltd (1971)41 Comp Cas 377*).

(ii) Disclosure of material facts to the shareholders:

The notice convening the meeting for approving the appointment of sole selling agent must give full information so that the shareholders can know the exact nature of the agreement. The mere mentioning in the notice that a copy of the agreement is available for inspection at the registered office of the company is not sufficient.

(iii) Appointment must be conditional:

The sole selling agreement must incorporate the condition that the appointment shall cease to be valid if not approved in the general meeting. If there is no such condition, the agreement will be void *ab initio* even if it is approved by the general meeting. As such provisions regarding incorporation of this condition are mandatory. (*Arantee Manufacturing Corporation Vs. Bright Bolts Pvt Ltd*)

b. Tenure of Office:

A company cannot appoint a sole selling agent of any area for a term exceeding five years at a time. But it

can re-appoint, or extend the term of office by further period not exceeding five years on each occasion.

Power of Central Government in Controlling the Appointment of Sole Selling Agent

Prohibition of Sole Selling Agent for Certain Goods:

The Central Government may, by Notification in Official Gazette, declare that sole selling agent shall not be appointed by a company for the sale of goods for specified period if the Central Government is of opinion that,

1. Demand for goods of any specified category is substantially in excess of the production or supply of such goods; and
2. Services of sole selling agents are not necessary to create a market for such goods.

Goods for which sole selling agents cannot be appointed:

The central government has issued notification prohibiting the appointment of sole selling agent for bulk drugs, Drugs and Formulations as defined in Drugs (Price Control) order, 1995 other than,

- a. Any bonafide preparation included in the Ayurvedic (including Siddha) or Unani systems of medicines, or
- b. Any preparation included in the Homoeopathic system of medicine.

Substantial interest of sole selling agent in the company:

Section 294AA (2): A company shall not appoint any person on having a substantial interest in the company as a sole selling agent, unless such appointment has been previously approved by the central government.

No retrospective effect: Where at the time of appointment, the sole selling agent has no substantial interest in the company but thereafter he acquires substantial interest in the company, the provisions of this section are not attracted. In other words acquisition of substantial interest subsequent to the appointment is not regulated by this section.

Substantial Interest

Now let's discuss Substantial Interest in the context of Sole Selling agent. Substantial interest means beneficial interest in the shares of the company exceeding ₹5 lakh or 5% of paid up share capital of the company, whichever is less.

An individual, firm or body corporate may be appointed as sole selling agent.

A company cannot appoint a sole selling agent
of any area for a term exceeding five years at
 a time. But it can re-appoint, or extend the term
of office by further period not exceeding five years
 on each occasion.

Sole selling agent

Individual	Firm	Body Corporate
Beneficial interest is held by Individual or his relatives, whether singly or taken together	Beneficial interest is held by one or more partners of the firm or Any relative of such partner, whether singly or taken together.	Body corporate or One or more of its Directors or their relatives, whether singly or taken together.
Shares of the company, the aggregate paid-up amount thereon exceeds the least of the following—		
• ₹5,00,000 or • 5% of the paid-up share capital of the company.		

Companies having share capital of ₹50 lakh: Section 294AA(3)

A company having a paid up share capital of ₹50 lakh or more shall not appoint a sole selling agent except,

- With the consent of the company accorded by a special resolution and
- With the approval of the central government.

Time of passing special resolution and approval of Central Government. The special resolution may be passed in the first general meeting held after the appointment of sole selling agent. Similarly, the approval of central government may be obtained after the appointment of sole selling agent.

Effect of disapproval: The appointment of sole selling agent shall cease to be valid, if—

- The central government disapproves the appointment; or
- Special resolution approving the appointment is not passed in the first general meeting.

Summary

Case	Paid up Capital	Sole Selling Agents Substantial Interest	Procedural aspects for Sole Selling Agents Appointment		
			Board Resolution	Shareholders Approval	Central Government Approval
1.	< ₹50 Lakh	No	Yes	Ordinary Resolution	Not required
2.	₹50 Lakh or more	No	Yes	Special Resolution	Required
3.	< ₹50 Lakh	Yes	Yes	Ordinary Resolution	Prior approval required
4.	₹50 Lakh or more	Yes	Yes	Special Resolution	Prior approval required

No retrospective effect. Where the paid up capital of the company is increased to ₹50 lakh after the appointment of sole selling agent, the provisions of this section are not attracted. In other words, the appointments subsisting as on the date of increase in the paid up capital are not affected.

Illustration

The Board of directors of A Ltd having a paid-up share capital of ₹45 lakh appointed B Ltd as sole selling agent for a period of five years with effect from 1st April, 2011 and the said appointment was approved by the company in the next annual general meeting held on 30th September, 2011. The directors of B Ltd were holding fully paid-up shares of ₹4 lakh in A Ltd. Answer the following explaining the relevant provisions of the Companies Act:

- Is the appointment of the sole selling agent in order?
- Will your answer be different if both are private companies or if the directors of B acquired the aforesaid shares in A Ltd., on 1st September, 2011?

Solution:

As per Section 294AA of the Companies Act, a company shall not appoint any person having a substantial interest in the company as a sole selling agent, unless such appointment has been previously approved by the central government.

Substantial interest means beneficial interest in the shares of the company exceeding ₹5 lakh or 5% of paid up share capital of the company, whichever is less. In case of a body corporate, beneficial interest may be held by such body corporate together with one or more of its directors and any of the relatives of directors.

Where at the time of appointment, the sole selling agent has no substantial interest in the company but thereafter he acquires substantial interest in the company, the approval of the central government is

not required (Department circular No.1/78, dated 7-3-1978).

All the provisions of the companies Act relating to sole selling agents apply to private companies as they apply to public companies.

- (i) In the given case B Ltd., along with its directors, holds more than 5% of the paid-up share capital of A Ltd. Thus, B Ltd can be appointed as sole selling agent of A Ltd. Only with the prior approval of the central government. Since, no prior approval has been obtained, the appointment of B Ltd. as a sole selling agent is not valid.
- (ii) Even if both the companies are private companies, Section 294AA would apply. As such the appointment will remain invalid.

If the shares were acquired on 1st September 2011, then the provisions of Section 294AA would not be attracted to the appointment of B Ltd. and therefore B Ltd. can continue as sole selling agents for a period of five years, i.e., up to 31st March, 2016.

Powers of the Central Government: Section 294

The powers of Central Government to investigate the terms of appointment of sole selling agent are as follows:

Investigation by the Central Government

(a) Where a company has appointed sole selling agent (Section 294(5))

- (i) Where the Central Government suspects that the terms and conditions of sole selling agent are prejudicial to the interest of the company, it may call the information from the company.
- (ii) If the company refuses or neglects to furnish the information, the central government may appoint an inspector to investigate into the terms and conditions of appointment of sole selling agent.
- (iii) If after perusal of the information furnished either by the company or by the investigator, if the central government is of the opinion that the terms and conditions of the appointment are prejudicial to the interest of the company, it may make necessary modifications so that they are not longer prejudicial to the interests of the company.
- (iv) The appointment of sole selling agent shall be regulated by the terms and conditions as varied by the central government from the date as may be specified by the Central Government.

(b) Where a company has appointed more than one selling agent (Section 294(6))

- (i) The Central Government may if it reasonably feels so, as the company to furnish particulars of the terms and conditions of appointment of all the selling agents.
- (ii) If the company refuses or neglects to furnish the information, the central government may appoint an inspector to investigate into the terms and conditions of the appointment of all the selling agents.
- (iii) On the basis of the information thus obtained directly or through the investigator, the central government may reasonably form an opinion that any of the selling agents is to all intents and purposes the sole selling agent for such area; it may order that such selling agent of the company shall be appointed as the sole selling agent.
- (iv) The Central Government may also make variations in the terms and conditions of such sole selling agent if these are prejudicial to the interests of the company. The variations will be effective from the date specified in the order.

Principles of natural justice to be followed: The proceeding undertaken by the Central Government must be guided by the principles of natural justice. The Central Government must give the sole selling agent an opportunity of being heard before making any order prejudicial to him. (*Nanavathi & Company Pvt.Ltd Vs. R.C.Dutt*)

Section 294 limits the powers of central government to make an order of variation in the terms of a sole selling agent. It does not authorise the central government to cancel the appointment of a sole selling agent.

Company Duties: Section 294(7)

It shall be the duty of the company

- a. To furnish to the Central Government all information regarding the terms and conditions of the appointment of the sole selling agent or all the selling agents, as the case may be.
- b. To produce the inspector all books and papers of the company which are in its custody or power.
- c. To give to the inspector all assistance in connection with the investigation.

The company and every officer of the company who is in default (by not fulfilling his duty) shall be punishable with fine up to ₹ 50000 plus ₹ 500 for every day till the default continues.

The proceeding undertaken by the Central Government must be guided by the principles of natural justice. The Central Government must give the sole selling agent an opportunity of being heard before making any order prejudicial to him. (Nanavathi & Company Pvt.Ltd Vs. R.C.Dutt). Section 294 limits the powers of central government to make an order of variation in the terms of a sole selling agent. It does not authorise the Central Government to cancel the appointment of a sole selling agent.

Prohibition of payment of compensation to a sole selling agent: (Section 294A):

Section 294A governs the determination of compensation payable to a sole selling agent in case of loss of office.

1. **Compensation not payable:** A sole selling agent shall not be entitled to any compensation for premature termination of the agency brought about in any of the following circumstances:
 - (a) Where his appointment is not approved in the first general meeting held after his appointment.
 - (b) Where the sole selling agent resigns because of the reconstruction or amalgamation of the company and is appointed as the sole selling agent of the reconstructed or amalgamated company.
 - (c) Where the sole selling agent resigns otherwise than on reconstruction or amalgamation of the company, i.e., where he resigns voluntarily.
 - (d) Where the sole selling agent is guilty of fraud or breach of trust or gross negligence in the conduct of his duties.
 - (e) Where the sole selling agent has instigated or is directly or indirectly responsible for the termination of the sole selling agency.
2. **Restriction on quantum of compensation:** Where a sole selling agency is terminated because of any reason other than the five circumstances mentioned above, the sole selling agent is entitled to compensation, as follows:
 - a. **Period:** The compensation shall be admissible only for the lower of the following periods:
 - (i) The unexpired period of the agency; or
 - (ii) Three years
 - b. **Basis:** The compensation shall be based on the "average remuneration".
Average remuneration shall be calculated taking into account the remuneration actually

earned by the sole selling agent during three years immediately preceding the date of cessation of office. However, where he has held his office for a period shorter than three years, the average remuneration shall be based on such shorter period.

Example

Mr. Perfect was appointed as the sole selling agent of Q Ltd., for a period of five years in a general meeting of the company. Exactly after one and half years, Q Ltd was amalgamated with another company, R Ltd. Mr. Perfect was not appointed as the sole selling agent of R Ltd. Q Ltd paid p ₹6 lakh as selling agency commission during the said one and half years. Is Mr. Perfect entitled to any compensation and if yes, what is the quantum?

Solution:

As per Section 294A a sole selling agent shall not be entitled to any compensation for premature termination if he resigns because of the reconstruction or amalgamation of the company and is appointed as the sole selling agent of the reconstructed or amalgamated company.

In the given case Mr. Perfect was not appointed as a sole selling agent of R Ltd and so he is entitled to compensation.

Quantum of Compensation: The compensation shall be admissible only for the lower of the following periods;

- (i) The unexpired period of the agency; or
- (ii) three years

In the given case compensation payable to Mr. Perfect can be calculated as follows:

Unexpired period of the sole selling agency three and a half years

Lower of unexpired period of the agency or three years

Period of office = One and a half years

Remuneration earned by Mr. Perfect = ₹6 lakh

Average remuneration = ₹6 lakh/1.5years = ₹4 lakh

Maximum compensation payable = Average

remuneration*3 years = ₹4 lakh*three years = ₹12 lakh.

Thus, a maximum of ₹12 lakh can be paid to Mr. Perfect as compensation for loss of office. ■

Implementation of Basel III Capital Regulation in India



The Basel Committee on Banking Supervision (BCBS) had issued comprehensive reform packages entitled “Basel III- A global regulatory framework for more resilient banks and banking systems” in December 2010. The objective of the Basel III was to improve banking sector resilience by strengthening global capital and liquidity regulations, respectively. Reserve Bank of India (RBI), being a member of the BCBS, is fully committed to the objective of Basel III reform package and, therefore, intends to implement these proposals for banks operating in India. Accordingly guidelines have been drafted based on Basel III reforms on capital regulation, to the extent applicable to banks operating in India. The final guidelines on Basel III capital regulations have been issued by the RBI vide circular DBOD.No.BP. BC.98/21.06.201/2011-12 dated 2nd May, 2012. The article discusses implementation of Basel III Capital Regulation in India. Read on...

The final guidelines on Basel III capital regulations issued by the RBI vide circular DBOD.No.BP. BC.98/21.06.201/2011-12, dated 2nd May, 2012, would become effective from 1st January, 2013, in a phased manner. The Basel III capital ratios will be fully implemented as on 31st March, 2018. The RBI has laid out a six year road map to make Indian banks safer and avoid recurrence of the 2008 crisis, but it will need an estimated ₹ 1.5 lakh crore in capital at a time when it is scarce. According to the rating agencies, banks in India have to raise about ₹ 2.7 lakh crore between January 2013 to March 2017 to meet the new capital adequacy norms. Of these, banks will need to raise ₹ 1.4 lakh crore in the form of equity capital.

Extract of Paragraph 90 of the Monetary Policy Statement 2012-13

Implementation of Basel III Capital Regulations

As indicated in the SQR of October 2011, the Reserve Bank prepared the draft guidelines on Basel III, which was placed on its website in December 2011, for comments/suggestions from various stakeholders. The draft guidelines provide for a roadmap for smooth implementation of Basel III capital regulations in



CA. Suresh Kumar Agarwal

(The author is a member of the Institute. He can be reached at suresh.lko@gmail.com)

terms of the transitional arrangements (phase-in) of capital ratios and grandfathering (phase-out) of ineligible capital instruments. The Reserve Bank is also in the process of estimating, on the basis of data collected from banks, the likely impact of the proposed Basel III norms on banks' capital position and leverage. The estimation exercise, as also the comments/suggestions from various stakeholders, will form the basis for finalising the guidelines on capital regulations. It is proposed: to issue the final guidelines on the implementation of Basel III capital regulations by end April 2012.

Major Changes Proposed in Basel III over Earlier Accords, i.e. Basel I and Basel II

- (i) **Better Capital Quality:** One of the key elements of Basel III is the introduction of much stricter definition of capital. Better quality capital means the higher loss absorbing capacity. This in turn will mean that banks will be stronger, allowing them to better withstand periods of stress.
- (ii) **Capital Conservation Buffer:** Another key feature of Basel III is that now banks will be required to hold a capital conservation buffer of 2.5%. The aim of asking to build conservation buffer is to ensure that banks maintain a cushion of capital that can be used to absorb losses during periods of financial and economic stress.
- (iii) **Countercyclical Buffer:** This is also one of the key elements of Basel III. The countercyclical buffer has been introduced with the objective to increase capital requirements in good times and decrease the same in bad times. The buffer will slow banking activity when it overheats and will encourage lending when times are tough i.e. in bad times. The buffer will range from 0% to 2.5%, consisting of common equity or other fully loss-absorbing capital.
- (iv) **Minimum Common Equity and Tier 1 Capital Requirements:** The minimum requirement for common equity, the highest form of loss-absorbing capital, has been raised under Basel III from 2% to 4.5% of total risk-weighted assets. The overall Tier 1 capital requirement, consisting of not only common equity but also other qualifying financial instruments, will also increase from the current minimum of 4% to 6%. Although the minimum total capital requirement will remain at the current 8% level, yet the required total capital will increase to 10.5% when combined with the conservation buffer.
- (v) **Leverage Ratio:** A review of the financial crisis

of 2008 has indicted that the value of many assets fell quicker than assumed from historical experience. Thus, now Basel III rules include a leverage ratio to serve as a safety net. A leverage ratio is the relative amount of capital to total assets (not risk-weighted). This aims to put a cap on swelling of leverage in the banking sector on a global basis. 3% leverage ratio of Tier 1 will be tested before a mandatory leverage ratio is introduced in January 2018.

- (vi) **Liquidity Ratios:** Under Basel III, a framework for liquidity risk management will be created. A new liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are to be introduced in 2015 and 2018, respectively.

Guidelines by RBI for Implementation of Basel III Capital Regulation in India

The final guidelines issued by the RBI are as below. These guidelines would become effective from 1st January, 2013 in a phased manner. The Basel III capital ratios will be fully implemented as on 31st March, 2018.

A. Summary of Basel III Capital Requirements

1. Improving the Quality, Consistency and Transparency of the Capital Base:

Presently, a bank's capital comprises Tier 1 and Tier 2 capital with a restriction that Tier 2 capital cannot be more than 100% of Tier 1 capital. Within Tier 1 capital, innovative instruments are limited to 15% of Tier 1 capital. Further, Perpetual non-cumulative preference shares along with innovative Tier 1 instruments should not exceed 40% of total Tier 1 capital at any point of time. Within Tier 2 capital, subordinated debt is limited to a maximum of 50% of Tier 1 capital. However, under Basel III, with a view to improving the quality of capital, the Tier 1 capital will predominantly consist of common equity. The qualifying criteria for instruments to be included in additional Tier 1 capital outside the common equity element as well as Tier 2 capital will be strengthened.

One of the key elements of Basel III is the **introduction of much stricter definition of capital.** Better quality capital means the higher loss absorbing capacity. This in turn will mean that banks will be stronger, allowing them to better withstand periods of stress.

At present, the regulatory adjustments (i.e. deductions and prudential filters) to capital vary across jurisdictions. These adjustments are generally applied to total Tier 1 capital or to a combination of Tier 1 and Tier 2 capital. They are not generally applied to the common equity component of Tier 1 capital. With a view to improving the quality of common equity and also consistency of regulatory adjustments across jurisdictions, most of the adjustments under Basel III will be made from common equity. The important modifications include the following:

- (i) Deduction from capital in respect of shortfall in provisions to expected losses under internal ratings based (IRB) approach for computing capital for credit risk should be made from common equity component of Tier 1 capital;
- (ii) Cumulative unrealised gains or losses due to change in own credit risk on fair valued financial liabilities, if recognised, should be filtered out from common equity;
- (iii) Shortfall in defined benefit pension fund should be deducted from common equity;
- (iv) Certain regulatory adjustments which are currently required to be deducted 50% from Tier 1 and 50% from Tier 2 capital, instead will receive 1250% risk weight; and
- (v) Limited recognition has been granted with regard to minority interest in banking subsidiaries and investments in capital of certain other financial entities.

The transparency of capital base has been improved, with all elements of capital required to be disclosed along with a detailed reconciliation to the published accounts. This requirement will improve the market discipline under Pillar 3 of the Basel II framework.

2. Enhancing Risk Coverage

At present, the counterparty credit risk in the trading book covers only the risk of default of the counterparty. The reform package includes an additional capital charge for credit value adjustment (CVA) risk which captures risk of mark-to-market losses due to deterioration in the credit worthiness of a counterparty. The risk of interconnectedness among larger financial firms (defined as having total assets greater than or equal to \$100 billion) will be better captured through a prescription of 25% adjustment to the asset value correlation (AVC) under IRB approaches to credit risk. In addition, the guidelines on counterparty credit risk management with regard to collateral, margin period of risk and central counterparties and counterparty

credit risk management requirements have been strengthened.

3. Enhancing the Total Capital Requirement and Phase-in Period

The minimum Common Equity, Tier 1 and Total Capital requirements will be phased-in between 1st January, 2013 and 1st January, 2015, as indicated below:

As a %age to Risk Weighted Assets (RWAs)	1 st January, 2013	1 st January, 2014	1 st January, 2015
Minimum Common Equity Tier 1 capital	3.5%	4.0%	4.5%
Minimum Tier 1 capital	4.5%	5.5%	6.0%
Minimum Total capital	8.0%	8.0%	8.0%

(i) Capital Conservation Buffer

The capital conservation buffer (CCB) is designed to ensure that banks build up capital buffers during normal times (i.e. outside periods of stress) which can be drawn down as losses are incurred during a stressed period. The requirement is based on simple capital conservation rules designed to avoid breaches of minimum capital requirements. Therefore, in addition to the minimum total of 8% as indicated in paragraph 2.3.1 above, banks will be required to hold a capital conservation buffer of 2.5% of RWAs in the form of common equity to withstand future periods of stress bringing the total common equity requirement of 7% of RWAs and total capital to RWAs to 10.5%. The capital conservation buffer in the form of common equity will be phased-in over a period of four years in a uniform manner of 0.625% per year, commencing from 1st January, 2016.

(ii) Countercyclical Capital Buffer

Further, a countercyclical capital buffer within a range of 0 – 2.5% of RWAs in form of common equity or other fully loss absorbing capital will be implemented according to national circumstances. Purpose of countercyclical capital buffer is to achieve the broader macro-prudential goal of protecting the banking sector from periods of excess aggregate credit growth. For any given country, this buffer will only be in effect when there is excess credit growth that results in a system-wide build-up of risk. The countercyclical capital buffer, when in

The risk of interconnectedness among larger financial firms (defined as having total assets greater than or equal to \$100 billion) will be better captured through a prescription of 25% adjustment to the asset value correlation (AVC) under IRR approaches to credit risk. In addition, the guidelines on counterparty credit risk management with regard to collateral, margin period of risk and central counterparties and counterparty credit risk management requirements have been strengthened.

effect, would be introduced as an extension of the capital conservation buffer range.

(iii) *Supplementing Risk-based Capital Requirement with a Leverage Ratio*

One of the underlying features of the crisis was the build-up of excessive on-and off-balance sheet leverage in the banking system. In many cases, banks built up excessive leverage while still showing strong risk based capital ratios. Subsequently, the banking sector was forced to reduce its leverage in a manner that not only amplified downward pressure on asset prices, but also exacerbated the positive feedback loop between losses, declines in bank capital and contraction in credit availability. Therefore, under Basel III, a simple, transparent, non-risk based regulatory leverage ratio has been introduced.

Thus, the capital requirements will be supplemented by a non-risk based leverage ratio which is proposed to be calibrated with a Tier 1 leverage ratio of 3% (the Basel Committee will further explore to track a leverage ratio using total capital and tangible common equity). The ratio will be captured with all assets and off balance sheet (OBS) items at their credit conversion factors and derivatives with Basel II netting rules and a simple measure of potential future exposure (using current exposure method under Basel II framework) ensuring that all derivatives are converted in a consistent manner to a “loan equivalent” amount. The ratio will be calculated as an average over the quarter.

B. Additional Aspects Covered in Basel III

The guideline issued by the RBI also contains the following additional aspects covered in Basel III reform package:

1. Capital conservation buffer and
2. Leverage ratio.

All other instructions contained in remaining paragraphs of the Master Circular DBOD.No.BP.BC. 11/21.06.001/2011-12, dated 1st July, 2011 on ‘Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF)’ will remain unchanged under Basel III framework.

Calculation of Admissible Excess Additional Tier 1(AT1) and Tier 2 Capital for the purpose of reporting and disclosing minimum total Capital Ratios

Capital Ratios in the year 2018	
Common Equity Tier 1	7.5% of RWAs
CCB	2.5% of RWAs
Total CET1	10% of RWAs
PNCPS/PDI	3.0% of RWAs
PNCPS/PDI eligible for Tier 1 capital	2.05% of RWAs {(1.5/5.5)*7.5% of CET1}
PNCPS/PDI ineligible for Tier 1 capital	0.95% of RWAs (3-2.05)
Eligible Total Tier 1 capital	9.55% of RWAs
Tier 2 issued by the bank	2.5% of RWAs
Tier 2 capital eligible for CRAR	2.73% of RWAs {(2/5.5)*7.5% of CET1}
PNCPS/PDI eligible for Tier 2 capital	0.23% of RWAs (2.73-2.5)
PNCPS/PDI not eligible Tier 2 capital	0.72% of RWAs (0.95-0.23)
Total available capital	15.50%
Total Capital	14.78% (12.28% + 2.5%) (CET1 -10%+AT1-2.05% +Tier 2-2.73)

Time Frame for Implementation of the Guidelines

The implementation of the capital adequacy guidelines based on the Basel III capital regulations will begin as on 1st January, 2013. This means that as at the close of business on 1st January, 2013, banks must be able to declare/disclose capital ratios computed under the amended guidelines. However, as on 31st December, 2012, banks should calculate the capital adequacy according to existing Basel II framework. Banks should get the capital adequacy computation as on 1st January, 2013, verified by their external auditors and keep the verification report on record. The Basel III capital ratios will be fully implemented as on 31st March, 2018. ■

Systems Audit of GRC Using COBIT 5



Using globally recognised framework such as COBIT 5 makes available a large repository of best practices which can be used to enhance compliance and improve auditability. Enterprises as well as auditors and consultants can use this systematic approach and knowledge repository to institutionalise GRC processes and its implementation. CAs with the domain knowledge of GRC and functional expertise of business processes can provide assurance or advisory services to enterprises in the GRC domain. This article provides an overview of regulatory requirements of GRC and outlines how a GRC program can be implemented or reviewed by using COBIT 5, the business framework for governance of enterprise IT. Read on to know more...

Introduction

Failures of some large enterprises in the last decade due to lack of adequate level of Enterprise Risk Management has compelled regulators to mandate its enforcement, thus necessitating compliance with Governance, Risk Management and Compliance (GRC). GRC implementation and certification is a regulatory and business requirement for large enterprises, but could be used by Small and Medium Enterprises (SME) as well because it provides a robust process oriented structure and system enabling compliance and value addition. Effective implementation of ERM requires consideration of multiple factors such as using a holistic approach which encompasses enterprise from end-to-end, top down approach, best practices framework, technology deployment, related regulatory requirements and business needs. As IT is a key enabler for most enterprises, it is imperative to implement IT GRC as a sub-set of overall GRC under the regulatory umbrella of corporate governance. The principles of GRC applied in SME provide the benefit of a safe and secure environment, although the scope and level of ERM would be lesser. This has led to an increasing demand for GRC related services, which is being provided by vendors and solution providers ranging from consulting firms to large IT vendors.



CA. A. Rafeeq

(The author is a member of the Institute. He can be reached at rafeeq@vsnl.com)

Section 49 (C) outlines the need for Board Disclosures relating to Risk management and states: “The Company shall lay down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a **properly defined framework**.”

What is Governance, Risk Management, and Compliance (GRC)

Let us first understand by having a clarity on what is meant by GRC. Different vendors are providing their own interpretations of GRC to suit the varied solutions they have to offer. GRC, in general, is the umbrella term which encompasses corporate governance, enterprise risk management (ERM) and compliance with applicable laws and regulations. GRC has gained prominence globally after enactment of Sarbanes Oxley Act (SOX) in the US and similar legislations across the world. In India, Clause 49 of the listing agreements applicable for listed companies *inter alia* includes all the key aspects of SOX and covers corporate governance requirements including GRC. Some key definitions related to GRC aspects which need to be understood while implementing/reviewing GRC are:

Corporate Governance: The systems and processes, by which enterprises are directed, controlled and monitored.

Compliance: The systems and processes that ensure conformity with business rules, policy and regulations.

Governance: ensures that stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives to be achieved; setting direction through prioritisation and decision making; and monitoring performance and compliance against agreed-on direction and objectives. In most enterprises, overall governance is the responsibility of the board of directors under the leadership of the chairperson. Specific governance responsibilities may be delegated to special organisational structures at an appropriate level, particularly in larger, complex enterprises.

Management: Plans, builds, runs and monitors activities in alignment with the direction set by the governance body to achieve the enterprise objectives.

In most enterprises, management is the responsibility of the executive management under the leadership of the chief executive officer (CEO).

Governance of Enterprise IT (GEIT): Concerned with IT value delivery to the business and the mitigation of IT-related risks. This is enabled by the availability and management of adequate resources and the measurement of performance to monitor progress towards the desired goals.

Risk Management: The culture, processes and structures that are directed to the effective management of potential opportunities and adverse effects.

Risk: The potential for an event to occur that could have an effect on the Enterprise objectives or operations.

Need for GRC Review from Corporate Governance Perspective (Clause 49)

Specific provisions highlighting the regulatory requirements for implementing GRC in enterprises as per Clause 49 listing requirements, are given below:

Risk Management

Section 49 (C) outlines the need for Board Disclosures relating to Risk management and states: “The Company shall lay down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.”

CEO/CFO Certification

Section 49 (V) deals with CEO/CFO certification and states that the CEO, i.e. the Managing Director or Manager appointed in terms of the Companies Act, 1956 and the CFO i.e. the whole-time Finance Director or any other person heading the finance function discharging that function shall certify to the Board and includes *inter alia* the following:

(c) *They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.*

Auditor Certification

Section 49 (VII) deals with compliance aspects and states that the company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual report filed by the company.

GRC Programme Implementation

Although a GRC programme (project) can be implemented primarily from a compliance perspective, it is advisable to consider business requirements also so as to optimise the investments made in implementing relevant processes, control structures and systems. GRC programme implementation requires:

- Defining clearly what GRC requirements are applicable.
- Identifying the regulatory and compliance landscape.
- Reviewing the current GRC status.
- Determining the most optimal approach.
- Setting out key parameters on which success will be measured.
- Using a process oriented approach.
- Adapting global best practices as applicable.
- Using uniform and structured approach which is auditable.

Successful implementation of GRC in enterprise can be measured in general by the assurance provided to the senior management on the adequacy of controls implemented. However, it is important to set specific success criteria for measuring how well GRC program is implemented. Sample goals and metrics which can be adapted are given below:

1. The reduction of redundant controls and related time to execute (audit, test and remediate)
2. The reduction in control failures in all key areas.
3. The reduction of expenditure relating to legal, regulatory and review areas.
4. Reduction in overall time required for audit for key business areas.
5. Improvement through streamlining of processes and reduction in time through automation of control and compliance measures.
6. Improvement in timely reporting of regular compliance issues and remediation measures.
7. Dashboard of overall compliance status and key issues to senior management on a real-time basis as required.

Using COBIT 5 for Effective GRC Programme

Governance of Enterprise IT (GEIT) focuses on benefit realisation, risk optimisation and resource optimisation. Benefit realisation focuses on creating new value for the enterprise through IT, maintaining and increasing value derived from existing IT investments, and eliminating IT initiatives and assets that are not creating sufficient value for the enterprise. Risk optimisation addresses the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise. IT-related business risk consists of IT-related events that could potentially impact the business. Resource optimisation focuses on ensuring that the right capabilities are in place to execute the strategic plan and sufficient, appropriate and effective resources are provided.



Source: COBIT® 5, figure 3. © 2012 Courtesy: ISACA

Responsibility of Senior Management in GRC

The responsibility of senior management in implementing and monitoring functioning of requisite GRC measures is not only a regulatory requirement but also makes business sense as an effective GRC implementation helps in not only ensuring compliance but also meeting business requirements. Using the best practices frameworks such as COBIT 5 can help in discharging this responsibility by ensuring that all aspects of GRC are implemented. It is advisable that the board should mandate adaption of a GEIT framework such as COBIT5, as an integral part of enterprise governance development. COBIT 5 framework would provide the overall approach and based on this, relevant guidance can be selected from specific standards and good practices for designing specific policies, processes, practices and procedures. This ensures that appropriate governance processes and other enablers are developed and optimised so that GEIT operates effectively as part of normal business practice and becomes a supporting culture as demonstrated by top management. Alignment with COBIT 5 best practices

would also result in faster and more efficient external audits, since COBIT is widely accepted as a basis for IT audit procedures.

The COBIT 5 framework describes seven categories of enablers which need to be implemented as applicable in an enterprise. These enablers are: principles, policies and frameworks, processes, organisational structures, culture, ethics and behaviour, information, services, infrastructure and applications and people, skills and competencies. Implementing an effective GRC programme would require selection of required enablers as applicable to the enterprise. COBIT has published “COBIT 5 enabling process” guide which has detailed guidance on the “processes” enabler. The following section illustrates how to scope a GRC review by using relevant content from COBIT 5 enabling process guide.



Source: COBIT® 5, Figure 8. © 2012 Courtesy: ISACA

How to Scope a GRC Review using COBIT 5

GRC review helps an enterprise to obtain objective evaluation of existing policies, procedures and practices and to confirm whether it meets governance, compliance requirements and enterprise objectives. A GRC review will provide assurance on how far the enterprise has been successful in achieving set objectives of GRC programme. Further, it may also identify gaps in control weaknesses or areas of improvement and provide actionable recommendations for mitigating risks, ensuring compliance and meeting business needs.

Using the approach outlined in the COBIT 5 Goals Cascade, the relevant processes as applicable to GRC can be selected, using the step by step approach given below. Readers are requested to refer to the articles published in the Tech for you section in May/June 2012 for more details. The COBIT 5 framework is available to all as a free download from ISACA at www.isaca.org/cobit.

1. **Identify Stakeholder needs:** Based on the Governance objectives: Benefits Realisation, Risk optimisation and Resource optimisation, relevant governance objectives are to be selected. *The primary objective of a GRC review would be Risk optimisation, although other objectives may be combined depending on the need.*
2. **Select Enterprise Goals:** Based on the Governance objectives, select the relevant enterprise goals from the list of 17 enterprise goals. *Using Figure 5 of COBIT 5 Business Framework, the following Enterprise Goals (EG) would be selected: EG 3: Managed business risks (safeguarding of assets), EG 4: Compliance with external laws and regulations and EG 15: Compliance with internal policies,*
3. **Select IT Related Goals:** Based on the identified enterprises goals, select relevant IT-related Goals from the list of 17 IT-related goals. *Using Figure 22 of COBIT 5 Business Framework, the following IT Related Goals (ITG) which are primarily impacted are selected. These are ITG 2: IT compliance and support for business compliance with external laws and regulations, ITG 3: Managed IT-related business risks, ITG 10: Security of information and processing infrastructure and applications, ITG 15: IT compliance with internal policies.*
4. **Select IT processes:** Based on the selected IT-related goals, using the Primary criteria, select relevant COBIT 5 process. *Using Figure 23 of COBIT 5 Business Framework, the following COBIT 5 processes would be selected for the relevant IT Goals:*
 - EDM1 Set and Maintain the Governance Framework
 - EDM3 Ensure Risk Optimisation
 - EDM5 Ensure Stakeholder Transparency
 - APO1 Define the Management Framework for IT
 - APO12 Manage Risk
 - APO13 Manage Security
 - BAI6 Manage Changes
 - BAI10 Manage Configuration
 - DSS5 Manage Security Administration
 - MEA1 Monitor and Evaluate Performance and Conformance
 - MEA2 Monitor System of Internal Control

- MEA3 Monitor and Evaluate Compliance with External Requirements:
5. **Filter and Short-list applicable IT processes:** The above list of processes may be filtered further based on applicability of the contents, depending on scope and relevance for the enterprise.
 6. **Use the relevant contents:** The relevant content from each of the relevant components of COBIT 5 Processes such as: Process description, purpose, Goals cascade and metrics, Process Goals and related Metrics, RACI Chart, practices with Input-output document references, list of activities and related guidance, can be used to prepare the benchmark of COBIT as applicable for the assignment.
 7. **Customise the extracted contents:** The extracted contents that are relevant, are to be customised as required by integrating with other frameworks and internal practices and converting them to a benchmark of best practices or audit procedures to be used for implementation/evaluation of enterprise specific policies, procedures and practices.
- Using COBIT 5 Enabling Process Knowledge Base**
- COBIT 5 provides complete, consistent, and easily navigable guidance which can be used and adapted for meeting any applicable legal, regulatory and contractual requirements. Detailed information for each of the 37 IT processes are given in a structured manner. This facilitates easy understanding and usage of contents. The structure and purpose for COBIT 5 processes as applicable for specific assignment for example: GRC review is explained here:
1. **Process description:** This can be used for understanding scope of coverage of the process.
 2. **Process purpose statement:** This can be used for defining the objective or purpose for which the specific process could be used.
 3. **Goals cascade information:** This can be used for identifying relevant IT-related goals which are impacted.
 4. **Process goals and metrics:** This can be used for setting specific process goals with metrics as applicable for the identified processes.
 5. **RACI chart:** The RACI chart can be used for establishing the required organised structure and process responsibility for the relevant management practices by clearly outlining the Responsibility: Who is responsible for getting the task done? Accountability: Who is accountable for the success of the task? Consultation: Who is to be consulted to provide inputs? And Informed: Who is to be kept informed by providing relevant information.
 6. Detailed description of the process practices for each practice:
 - **Practice title and description:** The management practices can be selected and customised as applicable for implementation or evaluation.
 - **Practice inputs and outputs:** These can be used for identifying the work products which can be used, produced and, shared with relevant stakeholders or process owners.
 - **Activities:** These can be used for implementing the relevant practices.
 7. **References of related guidance:** This can be used to integrate information with other standards and direction to supplement information from COBIT as applicable.

Conclusion

Implementing GRC is need of the hour and in an IT enabled enterprise, IT GRC is key to implementing effective GRC. The benefit of GRC implementation can be derived not only by large enterprises but also by SMEs. CAs with their core competencies in compliance can use globally recognised frameworks to provide advisory services as also to review GRC from the perspective of assurance. CAs, who are technologically adept, can advise enterprises on ways to leverage technology in ways that ensure compliance but also add value. Knowledge of COBIT 5 can empower CAs to provide IT enabled services in all areas including consulting on Implementing/reviewing IT GRC by using it as the single integrated framework with its repository of global best practices to be adapted as applicable. ■

Knowledge of COBIT 5 can empower CAs to provide IT enabled services in all areas including consulting on Implementing/reviewing IT GRC by using it as the single integrated framework with its repository of global best practices to be adapted as applicable.

Run for Health

The author, an ardent lover of marathon and a professional runner himself, introduces the members to the healthy habit of running outdoors. Though started running the marathon quite late, i.e. at the age of 59, CA. Hariharan is quite ecstatic about sharing its benefits with the community of accountancy. This brief write-up is a smooth reading on running with advantage.

The Author, 64 now, has already won medals at State-level events in 100, 200 and 400 meters in 2010 and 2011. He has also represented India in international events like Asian Meet held in Malaysia Open Meet in Colombo. At Colombo in 2010, he has bagged medals too in the events of 200 and 400 meters runs. Having run at many national and international marathons, the author successfully persuades us to consider running while sharing his personal zeal on the profits of running. Read on:



Marathon's Brief History

According to AIMS (Association of International Marathons and Distance Races), a member-based organisation of more than 320 of the world's leading distance races from over 95 countries, "in 490 BC, the Persian Army had mustered an estimated 150,000 troops to invade Greece, in order to punish Athens for their part in the Ionian Revolt. Led by General Datis and Artaphernes, their attack was launched from the Marathon gulf. The Athenian forces consisted of 10,000 citizen-soldiers, including 1,000 soldiers from Plataea, and were lead by General Miltiades. The two forces met near the small village of Marathon to the north of Athens, in September 490 BC. The Persian military was considered one of the greatest fighting

forces of the era, and the Athenians were fighting against all odds."

It further states: "Despite being greatly outnumbered the Athenians fought and won the Marathon battle. The casualties were recorded as 192 Athenians, 11 Plataeans and 6,400 Persians. Although the writings do not mention his name, the legend says that a brave Athenian called Pheidippides ran the 40 km (approximately 25 miles) from the battlefield at Marathon to Athens to announce the Greek victory. "Nenikekamen" (We are victorious) or "Niki" (Victory) and then collapsed from exhaustion and died. It is quite possible that he may have also taken part in that battle. The marathon run is commemorating this event."

Why should We Run?

If you ask me *why we should run*, I would say:

- It gives us pleasure. It is a stress buster.
- It makes us feel younger than what we are by being physically fit. We may lose additional weight and become healthier.
- Training for marathon makes us disciplined to follow a particular schedule. It brings a potential in us which we never know we had that before.
- Long distance running gives us enough time to concentrate on our thoughts without any disturbance. Surprisingly, that we may find very good solutions for a number of our problems during those long runs, e.g. like handling a colleague



CA. B. R. Hariharan

(The author is a member of the Institute. He may be contacted at eboard@icai.org.)

or boss and method of implantation of a recent regulator circular.

- Marathon running in different parts of the globe helps us know people from various professional and cultural communities. It is always very interesting to get to know their aspirations and success stories. During those runs, we can also indulge in other activities like parasailing, jet skiing, etc., in addition to sightseeing.
- Awards such as medals give us a new high and a sense of achievement. Runner's high after finishing a marathon can only be experienced.
- Marathon lets us visit places normally we don't.
- It is fulfilling and responsible when we share our joy of running with others.

Balancing Act

While there are many benefits of running, people, however, do find excuses for not running. Once we start running, we will enjoy and, then, there is no stopping after that. All excuses and disagreements will disappear.

Typically, many of the members appear bespectacled having a moderate to extra-large paunch, which is possibly an outcome of some form of physical lethargy; despite this, some of us may feel better for getting their due compensations. While all of us are good at numbers and balance sheets, we must also aim to stand out and become role models for everybody in our society by becoming health-conscious individuals.

Running Clubs in India

One of the first questions that arise after deciding to run is to know where to start and train, etc., in order to run. And, it is always nice to have partners for training or running. There are many running clubs in India, almost in all cities, where enthusiastic runners gather to run on daily and weekly basis. There are clubs that organise marathon runs in cities across the nation:

- *Running and Living, New Delhi*: Conducts marathon in Shimla, Delhi, Chandigarh, Gurgaon, Jaipur, etc.
- *Auroville Society, Pondicherry*: Conduct annual half, full marathons and 10 km-runs.

While all CAs are good at numbers and balance sheets, we can also aim to stand out by becoming health-conscious individuals before our society.

- *Runners for Life, Bangalore*: Conduct weekly/monthly/annual marathons.
- *Chennai Runners, Chennai*: Conduct daily/weekly/annual marathons in November.
- *Hyderabad Runners Society, Hyderabad*: Conducts weekly runs, hill and cross training, besides half/full (including relay) marathons in August.
- *Hyderabad 10K Foundation, Hyderabad*: Conduct annual half/full marathons in October and 10 km run in November.
- *Vasco Sports Club, Goa*: Conduct annual half marathon in December.
- *Procam International, Mumbai*

Similar clubs exist in cities like Ahmedabad, Pune, Mangalore and Kochi too. In fact, there are *marathon calendars*, which list out marathon events in India as well as in other foreign countries.

International Runs

Berlin Marathon, London Classic Marathon, Paris Marathon, ING New York Marathon, Gold Coast Marathon, Prague (Czechoslovakia), Anghorwatt (Cambodia), Boston Marathon, Chicago Marathon, Athens Marathon and the famous Comrades Race in South Africa are some of the popular international runs. Running international marathons also facilitates us in getting close to different cultures as well as places and monuments.

Sprint running versus marathon

There is a general perception that skill sets required for running a marathon is different from sprinting. But then nothing is impossible provided we have the passion and will power.

Conclusion

In order to break the stereotype of a chartered accountant, our Institute (The Institute of Chartered Accountants of India) can:

- Conduct marathon every year while celebrating the CA Day while including 10 km run, half and full marathons, and make half marathon a mandatory requirement for all chartered accountants who are above the age of 35; and/or
- Create *continuing physical education* (CPE) on the lines of *continuing professional education* (CPE) in order to help its members in keeping physically fit constantly.

Chartered accountants who are serious runners should share their running experiences with their fraternity in order to spread awareness about health benefits of from exercises like running. ■

Inflation cools, Indirect Tax Mop- up Rises

The economy has received a rare breather from the recent welter of bad news, with government figures showing an unexpected decline in inflation and robust indirect tax collections, although not enough to provide comfort that the worst was over and it would be all hunky dory from here on. Contrary to expectations of a rise, headline inflation eased to 6.87% in July from 7.25% in June, data released recently showed, triggering a rally in the stock markets, where the data was viewed as buttressing the case for a cut in interest rates. Separately, indirect tax collections for July rose 22.2% from a year ago, largely on the back of strong excise collections, seeding hopes that the industrial production figure for July would be better after the 1.8% contraction in June. But amid all this, a 14.8% decline in July exports - the steepest fall in three years - provided a sobering reality check for the economy, underlining the scale of the challenge the country faces in cranking up its growth engines at a time the global economy is in turmoil.

(Source: <http://www.business-standard.com/india/>)

CBDT for New Laws, Strict Penalties on Black Money

ACBDT panel on black money has suggested enactment of new laws, strengthening of existing legislation and introduction of deterrent penalties for tax offences to deal with the menace. In its 66-page report on measures to tackle black money in India and abroad, the CBDT committee also recommended steps to prevent generation of illicit funds through transactions in property, bullion and equity market. Besides, the panel, headed by former Central Board of Direct Taxes (CBDT) Chairman Laxman Das, made a case for strengthening laws relating to investments by FIIs, Participatory Notes (PNs) and routing of funds from Mauritius. The Committee, however, did not provide any estimate of the black money, saying "it can be said that though black money exists to a substantial extent in our economy, its quantum cannot be determined exactly. It did provide estimates of various studies and said think-tanks like NIPFP, NIFM and NCAER which are looking into the matter would submit their reports by September to the government. The Committee, which was set up by the government in wake of public outcry over corruption and bringing back of funds stashed abroad, said while there was no dearth of laws to deal with the menace of black money, some new laws were needed to deal with specific issues.

(Source: <http://www.economictimes.com>)

Centre Gives No Amnesty to Indian Accounts of HSBC

The Central Board of Direct Taxes (CBDT) has offered no tax amnesty scheme to Indian account-holders of HSBC, Switzerland, said the Central government. Replying in the negative to a written query if the CBDT, the apex direct taxes body, had offered any "amnesty scheme" to wealthy citizens who had evaded taxes by hiding funds in accounts of Swiss unit of HSBC, Minister of State for Finance SS Palanimanickam had made it clear in the Lok Sabha recently. The minister also made it clear that there was no plan to give amnesty to tackle the issue of black money. Palanimanickam said that there is "no verifiable information" as to estimate black money brought back to the country till date. Also, there is no verifiable information to estimate money deposited in foreign accounts by Indian, "which is exclusive of their legitimate foreign deposits," the minister said, and replying to another query, he added that Swiss National Bank, the liability of Swiss banks towards Indians as on 31st December, 2011, was \$2.245 billion. It may be noted that a-year-and-a-half ago, India had received a list of 700 Indians from the French government about their bank accounts in HSBC, Geneva.

(Source: www.timesofindia.com)

Government to Set Up 14 New Overseas Income Tax Offices

The government will set up 14 more Income Tax Overseas Units (ITOUs) to deal with the menace of black money and keep a tab on illegal routing of funds from abroad and parking money in foreign countries. The Finance Ministry has recently sent a detailed proposal in this regard to the Ministry of External Affairs along with the names of the countries where these ITOUs would be made operational. India has already established ten ITOUs in its missions at Cyprus, France, Germany, Netherlands, Japan, UAE, UK, USA, Mauritius and Singapore, and the Finance Ministry and the investigation wing of I-T department has found the experiment successful as "good" information has been received by Indian financial sleuths in connection with their probes. "The proposal to establish 14 more ITOUs has been sent to the MEA. The proposal is under consideration and the MEA and the Finance Ministry have had a few rounds of talks on the subject," a top Finance Ministry official said. The countries where these new ITOUs would be set up include Switzerland, an important partner country with which India has revised its Double Taxation Avoidance Agreement (DTAA) and the tax exchange

treaty to effectively combat illegal funds stashed abroad or routed from foreign countries. These ITOUs are manned by tax officers who are designated as First Secretaries to "maintain effective coordination and liaison between Indian tax authorities and the tax authorities of countries concerned". The then Finance Minister Pranab Mukherjee, in his Budget speech for 2012-13, had made a sizeable allocation for setting up these I-T overseas offices. While the initial budgetary allocation for these units was ₹2.41 crore in the last fiscal, it has been raised to ₹18.20 crore in the current year. The ITOUs would obtain information on tax and financial data of investments made by individuals and institutions in these countries and facilitate exchange of data on legal investment or routing of money in the country and vice-versa.

(Source: Press Information Bureau)

Free Samples to Doctors Now Taxable Income

Doctors getting free samples of medicines, gifts or foreign trips from pharmaceutical or healthcare companies should now be prepared to pay tax as such freebies will be calculated as taxable income. Similarly, drug makers and allied healthcare companies will also be no longer getting tax exemptions on expenses for such promotional activities, according to a Central Board of Direct Taxes (CBDT) notification recently. It has also asked its officials to take "necessary action" to implement the guidelines. There is a rampant practice of drug makers giving freebies to doctors in forms of gifts, sponsoring foreign trips and sightseeing in return for prescribing a particular company's brand of drug over its competitors. This expenditure is embedded in the cost of medicines and borne by consumers.

Last month, following a directive from the prime minister's office (PMO), department of pharmaceuticals held a meeting with representatives of the drug industry, Medical Council of India (MCI) and finance ministry to respond to allegations of violations of the guidelines by doctors. The rules are currently not applicable to pharmaceutical companies, but considered unethical. CBDT said it has to its notice about freebies being doled out illegally to doctors. According to Indian Income Tax Act, expenditure from the income is eligible for tax deduction if it is spend for promotion of business or profession. But since the amended guidelines of MCI of 2009 make such freebies and promotional activities illegal, this provision was no longer applicable in the pharmaceuticals and allied health care industry, the CBDT release said.

(Source: <http://www.thehindubusinessline.com/>)

Tax Saver Funds See Outflows

Tax saver mutual funds schemes are facing outflows for first four consecutive months in FY 2012-2013. According to monthly data captured by Association of Mutual Funds in India (AMFI), tax saver mutual fund schemes, technically known as equity linked saving schemes, have seen an outflow of ₹491 crore in the current financial year. Highest outflow in current financial year was seen in April 2012 to the tune of ₹160 crore followed by ₹145 crore in July 2012.

A point to note is this funds' category saw an inflow of ₹267 crore in March 2012, owing to last minute investments made by individuals to save tax under Section 80C of the income tax act.

(Source: Press Trust of India)

Consulates Do Not Come Under Consumer Courts

Foreign consulates do not come under the purview of Indian consumer courts and are not liable to pay compensation to an Indian citizen for errors in visas due to which an Indian is stopped from travelling abroad. The Goa state consumer disputes redressal commission consisting of commission president, Justice N A Britto, and member Jagdish G Prabhudesai, recently in its ruling said consulates are sovereign. The commission set aside the order of the North Goa district consumer forum which had awarded damages to a Goan man who could not travel to Portugal because the Portuguese consulate in Goa entered wrong dates in his visa.

(Source: <http://www.hindustantimes.com>)

E-courts to Reduce Pendency in a Big Way

The government is working on a project as part of computerisation of courtrooms where you will get certified copies of judgments online, putting an end to making inordinate rounds of courts. There will be additional facilities like e-payments and e-filing as well. A senior law ministry official said the computerisation of courtrooms are in progress and already more than 8,500 courts across the country have been networked and efforts are on to complete the process in the next few years. Law minister Salman Khurshid confirmed the ongoing drive to modernise courtrooms at a recent media interaction, saying the government has set a deadline for computerisation of 12,000 courts across the country by 2015. The minister said along with computerisation the government had initiated a drive last year to bring down pendency of cases. "Last year we started pendency reduction drive which brought down the number of pendency cases by six lakh nationwide," he added.

(Source: <http://www.financialexpress.com/news>)

Incoming IFAC CEO Talks of Challenges to Profession

Fayez Choudhury, Incoming IFAC CEO, has said the global profession has one overarching, ongoing challenge: to ensure that accountancy remains a trusted profession. This concerns substantive issues—such as standard setting, independence, quality, and a clear demonstration of the public interest—as well as perception and communication issues—such as a lack of clarity about responsibilities and accountabilities. “As we know, there have been issues that caused trust to be eroded; in some cases, this was justified, and in some cases, it was not. It is incumbent on the profession to discharge our responsibilities and accountabilities effectively, but we should not be the target of blame when others have a more primary role,” he added in a recent interview published in IFAC Newsletter.

(Source: <http://www.ifac.org>)

IASB to Develop IFRS Guidance for 'Micro-sized Entities'

Very small companies are expected to receive IFRS financial reporting guidance tailored to their needs. The staff of the International Accounting Standards Board (IASB) will develop guidance to help so-called “micro-sized entities” apply *IFRS for Small and Medium-sized Entities (IFRS for SMEs)* in their financial reporting. The IASB staff will extract from the *IFRS for SMEs* only those requirements that clearly are necessary for most micro-sized entities. The principles for recognising and measuring assets, liabilities, income, and expenses will not be altered, but the guidance will include only the main principles relating to those requirements. The term “micro-sized entity,” is usually used when referring to entities with fewer than 10 employees. The micro guidance will contain cross-references to the *IFRS for SMEs* for issues that aren't contained in the guidance booklet. A company that applies the guidance will be able to include notes to financial statements and auditor's reports that refer to conformity with the *IFRS for SMEs* because there is no modification of principles. The SME Implementation Group will work with the IASB staff in developing the guidance, and will approve a final draft to be sent to the IASB for review.

(Source: <http://www.journalofaccountancy.com/News/20126128.htm>)

FASB Proposes Presenting Amounts Reclassified Out of Accumulated Other Comprehensive Income (OCI)

A new FASB proposal would require preparers of financial statements to present in one place information about the amounts reclassified out of accumulated other comprehensive income (OCI). FASB issued a Proposed Accounting Standards Update (ASU) for public comment. The board presented a plan to require a tabular disclosure that would present information in one place about the amounts reclassified out of accumulated OCI and provide a road map to related financial disclosures. The purpose of the proposal is to improve presentation for users of financial statements without creating significant costs to preparers. U.S. GAAP currently requires information about amounts reclassified out of accumulated OCI to be presented throughout the financial statements, so FASB does not expect preparers to incur significant costs if the Proposed ASU is approved. OCI includes gains and losses that initially are excluded from net income for an accounting period. Those gains and losses later are reclassified out of accumulated OCI into net income. The Proposed ASU is the result of a FASB cost/benefit analysis that originated last year. In June 2011, FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, which was intended to increase the prominence of OCI in financial statements and facilitate convergence of U.S. GAAP and IFRS. Simultaneously, the International Accounting Standards Board (IASB) issued amendments to International Accounting Standard (IAS) 1, *Presentation of Financial Statements*. FASB noted that while it reached agreement with the IASB on how items of comprehensive income should be reported, differences between U.S. GAAP and IFRS remained. In December, FASB deferred the ASU No. 2011-05 requirement to present items that are reclassified from OCI to net income, in order to further evaluate the costs and benefits of the requirements. That deferral was issued in ASU No. 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income In Accounting Standards Update No. 2011-05*. The amendments in the ASU proposed recently provide different requirements on

how to present reclassifications out of accumulated OCI. FASB will decide on an effective date for the Proposed ASU after seeking public comment. The comment period ends Oct. 15. Information on how to offer feedback can be found on the FASB website.

(Source: <http://www.journalofaccountancy.com/News/20126249.htm>)

IAESB Proposes Revised Standard on Professional Development of the Audit Engagement Partner

The International Accounting Education Standards Board (IAESB) recently released for public exposure a proposed revision of International Education Standard (IES) 8,

Professional Development for Engagement Partners Responsible for Audits of Financial Statements. The revised standard proposes the professional development requirements for both aspiring and current engagement partners on audits of financial statements. IES 8 is primarily aimed at IFAC member bodies, but will be of interest to employers, regulators, government authorities, educational organisations, and any other stakeholders who support the learning and development of professional accountants. The Board recognises the quality of an aspiring engagement partner's performance is dependent on professional development. Accordingly, the Board is proposing learning outcomes that demonstrate the professional competence required to become an engagement partner in areas relating to technical competence, professional skills, and professional values, ethics, and attitudes. IES 8 also recognises the professional development needed to foster and maintain professional competence for those currently serving as engagement partners, especially for those serving on audits involving more complex industries, operations, or reporting requirements. As part of its initiative to improve the clarity of its standards, the IAESB is redrafting all eight of its IESs in accordance with its new drafting conventions. Also related to the revision project on IES 8 are the proposed revisions of: IES 2, *Initial Professional Development – Technical Competence*; IES 3, *Initial Professional Development – Professional Skills*; IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes*; IES 5, *Practical Experience Requirements for Aspiring Professional Accountants*; and IES 6, *Assessment of Professional Competence*. Under the current timetable, the IAESB anticipates

that all IESs will have been revised and redrafted, or redrafted only, by the third quarter of 2013.

(Source: <http://www.ifac.org/news-events/2012-08/iaesb-proposes-revised-standard-professional-development-audit-engagement-partner>)

IAESB Proposes Revised Standards on the Development of Technical Competence and Professional Skills

The International Accounting Education Standards Board (IAESB) recently released for public exposure proposed revisions of International Education Standard (IES) 2, *Initial Professional Development—Technical Competence*,

and International Education Standard (IES) 3, *Initial Professional Development—Professional Skills*. These revisions, part of the IAESB's project to improve the clarity of its standards, address the development of technical competence and professional skills by an aspiring professional accountant. IESs 2 and 3 will be helpful to educational organisations, employers, regulators, government authorities, and other stakeholders who support the learning and development of professional accountants. IESs 2 and 3, drafted in 2004, prescribe the knowledge content and the mix of professional skills aspiring professional accountants should acquire during initial career development. The revision of these IESs has focused on prescribing learning outcomes that demonstrate the competence required to become professional accountants. In addition to proposing an outcome-based approach to developing professional competence, the IAESB is also proposing requirements for IFAC member bodies to assess the achievement of technical competence and professional skills and to regularly review and update their professional accounting education programs to achieve learning outcomes identified in these standards.

As part of its initiative to improve the clarity of its standards, the IAESB is redrafting all eight of its IESs in accordance with its new drafting conventions. Also related to the revision project on IESs 2 and 3 is the proposed revision of IES 4, *Initial Professional Development—Professional Values, Ethics, and Attitudes*, released last month. Under the current timetable, the IAESB anticipates that all IESs will have been revised and redrafted, or redrafted only, by the third quarter of 2013.

(Source: <http://www.ifac.org/news-events/2012-08/iaesb-proposes-revised-standards-development-technical-competence-and-profession>)

ACCOUNTANT'S BROWSER

'PROFESSIONAL NEWS & VIEWS PUBLISHED ELSEWHERE'

Index of some useful articles taken from Periodicals/Newspapers received during July-August 2012 for the reference of Faculty/Students & Members of the Institute.

1 ACCOUNTING

Carbon Tax – Financial Reporting implications by Ahmad Hamidi-Ravari. *Charter*, August 2012, pp.46-47.

GAPS in GAAP – Accounting for Rate Regulated Activities by Dolphy D'Souza. *BCAJ*, July 2012, pp.107-110.

Accounting Treatment of Spares Consumption by A.U.M. Ravi & P. Venkatarao. *The Management Accountant*, July 2012, pp.841-43.

Associations Between Internal & External Corporate Governance Characteristics: Implications for Investigating Financial Accounting Restatements by William R. Baber etc. *Accounting Horizons*, Vol.26/2, 2012, pp.219-237.

Green Vision: From Tax Breaks to IFRS Reporting, The Green Tech Sector Has a Very Specific Set of Challenges for Accountants by Sarah Perrin. *Accountancy*, July 2012, pp.18-23.

125 People of Impact in Accounting by Ken Tysiac. *Journal of Accountancy*, June 2012, pp.58-72.

2 AUDITING

Challenges Faced by Professional Firms by M.L. Bhakta. *BCAJ*, July 2012, pp.9-11.

Corporate Governance Best Practices: 10 Year after SOX by Ken Tysiac. *Journal of Accountancy*, July 2012, pp.24-26.

Delivering Quality Audit: Through the Eyes of Singapore & Australia by ICPAS & CPA Australia. *CPA Singapore*, August 2012, pp.31-32.

Highlights of Audit Research by Cynthia E. Bolt Lee & D. Scott Showalter. *Journal of Accountancy*, July 2012, pp. 32-35.

Investors', Auditors', & Lenders' Understanding of the Message Conveyed by the Standard Audit Report on the Financial Statements by Stephen Kwaku etc. *Accounting Horizons*, Vol.26/2, 2012, pp.193-217.

A Proportionate Approach: For Micro-entity Audits, Customize Your Approach and Create Documents Proportional to the Complexity of Each Engagement by Phil Cowperthwaite. *CA Magazine*, August 2012, pp.41-43.

Should the Big Four Cominate Global Auditing? by Eamonn Ryan. *Accountant SA*, July 2012, pp.32-38.

3 ECONOMICS

Exploring the Challenge of Financial Education Across Emerging Economies by K. C. Chakrabarty. *RBI Monthly Bulletin*, July 2012, pp.1291-94.

How to Market SMEs & SMPs Online by Nick Pendrell. *Charter*, August 2012, pp.42-43.

Price Stability & Financial Stability: An Emerging Market Perspective by Deepak Mohanty. *RBI Monthly Bulletin*, July 2012, pp.1299-1309.

4 EDUCATION

Career Advancement for University Library Professionals by V. K. J. Jeevan. *University News*, July 16-22, 2012, pp.15-22.

A Critique on the National Accreditation Regulatory Authority for Higher Educational Institutions Bill, 2010 by K. Viyyanna Rao. *University News*, July 30 – August 05, 2012, pp.1-4 +20.

5 MANAGEMENT

The Adoption and Design of Enterprise Risk Management Practices: An Empirical Study by Leen Paape & Roland F. Spekle. *European Accounting Review*, September 2012, pp. 533-564.

Capital Employed Leverage – A Tool for Efficient Capital Management by Abhash Kumar Basu. *The Management Accountant*, July 2012, pp.825-829.

6 TAXATION & FINANCE

A Better Way to Tax US Businesses by Mihir A. Desai. *Harvard Business Review*, July-August 2012, pp.134-139.

Extracting Key Phrases as Predictors of Corporate Bankruptcy: Empirical Analysis of Annual Reports by Tax Mining by Cindy Yoshiko Shirata, etc. *Journal of Emerging Technologies in Accounting*, Vol.8, 2011, pp. 31-44. ■

Full Texts of the above articles are available with the Central Council Library, ICAI, which can be referred on all working days. For further inquiries please contact on 011-23370154 or by e-mail at library@icai.org

Notification: CHARTERED ACCOUNTANTS (AMENDMENT) REGULATIONS, 2012

[TO BE PUBLISHED IN PART III, SECTION 4 OF THE GAZETTE OF INDIA, EXTRAORDINARY
DATED, THE 1ST AUGUST, 2012]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

New Delhi, the 1st August, 2012

NOTIFICATION

NO.1-CA(7)/145/2012.- Whereas certain draft regulations further to amend the Chartered Accountants Regulations, 1988, were published as required by sub-section (3) of section 30 of the Chartered Accountants Act, 1949 (38 of 1949), in the notification of the Institute of Chartered Accountants of India No. 1-CA(7)/145/2012, dated the 23rd February, 2012, in the Gazette of India, Extraordinary, Part III, Section 4, dated the 23rd February, 2012, inviting objections and suggestions from persons likely to be affected thereby, before the expiry of forty-five days from the date on which the copies of the Gazette containing the said notification were made available to the public;

And whereas the copies of the said Gazette were made available to the public on the 28th February, 2012;

And whereas the objections and suggestions received from the public on the said draft regulations have been considered by the Council of the Institute;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 30 of the said Act, the Council, with the approval of the Central Government, hereby makes the following regulations further to amend the Chartered Accountants Regulations, 1988, namely:-

1. (1) These regulations may be called the Chartered Accountants (Amendment) Regulations, 2012.
- (2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Chartered Accountants Regulations, 1988, (hereinafter referred to as the said regulations), in regulation 2, in sub-regulation (1),
 - (i) after clause (xiii), the following clause shall be inserted, namely:-

“(xiii) a) “rules” means the rules made by the Central Government under the Act;

(ii) in clause (xv), for the words “or any Deputy”, the words “or any Additional or Joint or Deputy” shall be substituted.

3. In regulation 25C of the said regulations, for the words “Common Proficiency Test” wherever they occur, the words “Common Proficiency Course” shall respectively be substituted.

4. In regulation 25D of the said regulations,

(i) in sub-regulation (1),

(a) after the words, “Central Government”, the words “or the State Government” shall be inserted;

(b) after the words “as equivalent thereto”, the words “for the purposes of admission to graduation courses” shall be inserted.

(ii) after sub-regulation (1), the following sub-regulations shall be inserted, namely:-

“(1A) Any graduate or post graduate referred to in sub-clause (ix) of regulation 2 shall be exempted from passing the Common Proficiency Test under this regulation if such person is a

- (i) graduate or post graduate in commerce having secured in aggregate a minimum of fifty-five per cent of the total marks or its equivalent grade in the examination conducted by any recognised University (including Open University) by studying any three papers of 100 marks each out of Accounting, Auditing, Mercantile Laws, Corporate Laws, Economics, Management (including Financial Management), Taxation (including Direct Tax Laws and Indirect Tax Laws), Costing, Business Administration or Management Accounting; or

- (ii) graduate or post graduate other than those referred to in clause (i) having secured in aggregate a minimum of sixty per cent of the total marks or its equivalent grade in the examination conducted by any recognised University (including Open University).

(1B) Any candidate who has passed the Intermediate examination conducted by the Institute of Cost Accountants of India set up under the Cost and Works Accountants Act, 1959 (23 of 1959) or by the Institute of Company Secretaries of India set up under the Company Secretaries Act, 1980 (56 of 1980) shall also be exempted from passing the Common Proficiency Test under this regulation.

Explanation.- For the purposes of sub-regulations (1A) and (1B),

- (i) for calculating the percentage of marks, the marks secured in subjects in which a person is required by the University (including open University) to obtain only pass marks and for which no special credit is given for higher marks, shall be ignored; and
- (ii) any fraction of half or more shall be rounded up to the next whole number."

5. In regulation 28C of the said regulations,

- (a) for the words "Professional Competence Examination" wherever they occur, the words and brackets "Intermediate (Professional Competence) Examination" shall respectively be substituted;

- (b) in sub-regulation (1),

- (i) in clause (a),

(a) after the words, "Central Government", the words "or the State Government" shall be inserted;

(b) after the words "as equivalent thereto", the words "for the purposes of admission to graduation courses" shall be inserted;

- (ii) (a) in clause (b), for the word "worked", the word "served" shall be substituted;

- (b) after the words "examination is held", the words "and has been so continuing on the first day of the said month" shall be inserted;

- (iii) in the second proviso, after the words, brackets and letters "to appear in the Professional Education (Examination-II)", the words, brackets and letter "and he fulfils the condition laid down under clause (b)" shall be inserted.

6. In regulation 28D of the said regulations,

- (a) for the words "Integrated Professional Competence Course" wherever they occur, the words and brackets "Intermediate (Integrated Professional Competence) Course" shall respectively be substituted;

- (b) for sub-regulation (2), the following sub-regulation shall be substituted, namely:-

"(2) No candidate shall be eligible for enrolment to any of the level of the Intermediate (Integrated Professional Competence) Course, unless he

- (a) has passed the Common Proficiency Test held under these regulations and Senior Secondary Examination (10+2 examination) conducted by an examining body constituted by law in India or an examination recognised by the Central Government or the State Government as equivalent thereto for the purposes of admission to graduation courses; or

- (b) has been exempted from passing Common Proficiency Test under regulation 25D."

- (c) after sub-regulation (2), the following sub-regulation shall be inserted, namely:-

"(2A) Notwithstanding anything contained in sub-regulation (2), a candidate who is pursuing the final year of graduation course shall be provisionally registered to the Intermediate (Integrated Professional Competence) Course which shall be confirmed only on submission of satisfactory

proof of having passed the graduation examination with the minimum marks as provided in sub-regulation (1A) of regulation 25D within such period not exceeding six months as may be decided by the Council, from the date of appearance in the final year graduation examination:

Provided that if such candidate fails to produce the proof within the aforesaid period, his provisional registration shall be cancelled and the registration fee or the tuition fee, as the case may be, paid by him shall not be refunded and for the purpose of these regulations no credit shall be given for the theoretical education undergone."

7. In regulation 28E of the said regulations,

(a) for the words "Integrated Professional Competence Examination", "Integrated Professional Competence Course" and "Professional Competence Examination" wherever they occur, the words and brackets "Intermediate (Integrated Professional Competence) Examination", "Intermediate (Integrated Professional Competence) Course" and "Intermediate (Professional Competence) Examination" shall respectively be substituted;

(b) in sub-regulation (1), after clause (b), the following proviso shall be inserted, namely,

"Provided that a candidate who has been exempted from passing Common Proficiency Test under sub-regulation (1A) of regulation 25D and enrolled for the Intermediate (Integrated Professional Competence) Course shall be eligible to appear in the examination on completion of nine months of practical training under regulation 50."

8. In regulation 29B of the said regulations, after the words "Professional Competence Examination" wherever they occur, the words and brackets "or the Intermediate (Professional Competence) Examination" shall respectively be inserted.

9. In regulation 29C of the said regulations,

(A) in sub-regulation (1),

(i) in clause (i),

(a) for the words "Professional Competence Examination", the words and brackets

"Intermediate (Professional Competence) Examination" shall be substituted;

(b) the word "and" occurring at the end, shall be omitted;

(ii) in clause (ii), after the words "examination is held", the words "or has been serving the last six months of practical training under regulation 50 on the first day of the month in which the examination is held" shall be inserted;

(iii) after clause (ii), the following clauses shall be inserted, namely:-

"(iii) he produces a certificate to the effect that he has undergone a study course for such period, as on the first day of the month in which examination is held, in such manner as may be decided by the Council from time to time; and

(iv) completed the Advanced Course on Information Technology Training under these regulations for such period and in such manner as may be decided by the Council, from time to time."

(iv) for the proviso, the following proviso shall be substituted, namely:-

"Provided that a candidate who has passed Professional Education (Examination-II) under the syllabus as decided by the Council under sub-regulation (5) of regulation 28B and has completed the practical training as is required for admission as a member on or before the last day of the month preceding the month in which the examination is held or has been serving the last twelve months of practical training including excess leave, if any, on the first day of the month in which the examination is held and has completed the said study course and Advanced Course on Information Technology Training, shall be admitted to the Final Examination."

(B) in sub-regulation (2),

(a) after the words "Integrated Professional Competence Examination", the words and brackets "or Intermediate (Integrated

Professional Competence) Examination” shall be inserted;

- (b) after the words “examination is held” occurring at the end, the words “and has completed the aforesaid study course and Advanced Course on Information Technology Training” shall be inserted.

10. In regulation 31 of the said regulations,

- (i) in clause (ii), for the words “Professional Competence Examination”, the words and brackets “Intermediate (Professional Competence) Examination” shall be substituted;

- (ii) in clause (iii), for the words “Integrated Professional Competence Course”, the words and brackets “Intermediate (Integrated Professional Competence) Course” shall be substituted.

11. For regulation 36A of the said regulations, the following regulation shall be substituted, namely:-

“36A Requirement for passing Common Proficiency Test. A candidate for the Common Proficiency Test shall ordinarily be declared to have passed the test if he obtains at one sitting a minimum of thirty per cent marks in each section and a minimum of fifty per cent marks in the aggregate of all the sections, subject to the principle of negative marking, in such manner as may be determined by the Council, from time to time.

Explanation - For the removal of doubt, it is hereby declared that the provisions of this regulation shall apply to a Common Proficiency Test held on or after the commencement of the Chartered Accountants (Amendment) Regulations, 2012.”

12. In regulation 37B of the said regulations, for the words “Professional Competence Examination” wherever they occur, the words and brackets “Intermediate (Professional Competence) Examination” shall respectively be substituted.

13. In regulation 37C of the said regulations,

- (i) for the words “Integrated Professional Competence Examination” wherever they

occur, the words and brackets “Intermediate (Integrated Professional Competence) Examination” shall respectively be substituted;

- (ii) for the words “Professional Competence Examination” wherever they occur, the words and brackets “Intermediate (Professional Competence) Examination” shall respectively be substituted;

- (iii) in sub-regulation (2), clause (a) shall be omitted.

14. In regulation 40 of the said regulations,

- (i) for the words “Professional Competence Examination”, the words and brackets “Intermediate (Professional Competence) Examination” shall be substituted;

- (ii) for the words “Integrated Professional Competence Examination”, the words and brackets “Intermediate (Integrated Professional Competence) Examination” shall be substituted.

15. In regulation 43 of the said regulations,

- (i) after sub-regulation (2), the following sub-regulation shall be inserted, namely:-

“(2A) A member in full time employment with a firm of chartered accountants shall be entitled to train one articled assistant provided he has been in employment with the same firm for a continuous period of three years.”

- (ii) in sub-regulation (3), clause (i) shall be omitted.

16. In regulation 45 of the said regulations,

- (i) for the words “Integrated Professional Competence Course” wherever they occur, the words and brackets “Intermediate (Integrated Professional Competence) Course” shall be substituted;

- (ii) in sub-regulation (1), in clause (b),

- (a) for sub-clause (i), the following sub-clause shall be substituted, namely:-

“(i) has passed the Professional Education (Examination-II) or has passed Group I level or Accounting Technician level of Intermediate (Integrated Professional Competence) Examination held under these regulations or has been exempted from passing Common Proficiency Test under sub-regulation (1A) of regulation 25D; and ”

(b) in sub-clause (ii), after the words “so specified”, the word “and” shall be inserted;

(c) after sub-clause (ii), the following sub-clause shall be inserted, namely:-

“(iii) has completed the Orientation Course for such period and in such manner and within such time as may be decided by the Council from time to time.”

(iii) in sub-regulation (2),

(a) after the words “Central Government”, the words “or the State Government” shall be inserted;

(b) after the words “as equivalent thereto”, the words “for the purposes of admission to graduation courses” shall be inserted.

17. In regulation 50 of the said regulations,

(i) in the third proviso, for the words “Professional Competence Examination”, the words and brackets “Intermediate (Professional Competence) Examination” shall be substituted;

(ii) for fourth Proviso, the following provisos shall be substituted, namely:-

“Provided also that a candidate enrolled for the Intermediate (Integrated Professional Competence) Course shall be eligible to three years of articles training on his passing the Group I level or Accounting Technician level of the Intermediate (Integrated Professional Competence) Examination:

Provided also that a candidate who is a graduate or post graduate and has been exempted from passing the Common Proficiency Test shall be eligible to three years of articles training on

his registration to the Intermediate (Integrated Professional Competence) Course.”

18. In regulation 51 of the said regulations, in sub-regulation (1), for the words “Professional Competence Examination”, the words and brackets “Intermediate (Professional Competence) Examination” shall be substituted.

19. After regulation 51B of the said regulations, the following regulation shall be inserted, namely:-

“51C. Advanced Course on Information Technology Training - A candidate shall undergo an Advanced Course on Information Technology Training as may be determined by the Council which shall not be less than one hundred hours and not more than five hundred hours and in such manner and within such time as may be determined by the Council from time to time.”

20. In regulation 69 of the said regulations,

(a) in sub-regulation (1), in clause (b), for sub-clauses (ii) and (iii), the following sub-clauses shall respectively be substituted, namely:-

“(ii) has passed the Professional Education (Examination-II) or Group I level or Accounting Technician level of Intermediate (Integrated Professional Competence) Examination held under these regulations or has been exempted from passing the Common Proficiency Test under sub-regulation (1A) of regulation 25D; and

(iii) has successfully completed computer training programme or Information Technology Training, for such period, in such manner and within such time as may be decided by the Council from time to time; and”

(b) after sub-clause (iii), the following sub-clause shall be inserted, namely:-

“(iv) has completed the Orientation Course for such period, in such manner and within such time as may be decided by the Council from time to time.”

21. In regulation 72 of the said regulations, in sub-regulation (1), for the words “Professional Competence Examination”, the words and brackets “Intermediate (Professional Competence) Examination” shall be substituted.

22. After regulation 72B of the said regulations, the following regulation shall be inserted, namely:-

“72C Advanced Course on Information Technology Training - A candidate shall undergo the Advanced Course on Information Technology Training as may be determined by the Council which shall not be less than one hundred hours and not more than five hundred hours and in such manner and within such time as may be determined by the Council from time to time.”

23. In regulation 127 of the said regulations, in sub-regulation (1), for item 4, the following item shall be substituted, namely:-

“4. The States of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Uttarakhand and Uttar Pradesh.”

24. In regulation 130 of the said regulations, in sub-regulation (2),

(i) in clause (xvii), the word “and” occurring at the end shall be omitted;

(ii) after clause (xvii), the following clauses shall be inserted, namely:-

“(xvii a) to publish Newsletter for dissemination of useful information;

(xvii b) to conduct Continuing Professional Education Programmes on topics of professional relevance; and ”

25. In regulation 134 of the said regulations,

(i) in sub-regulation (1),

(a) for the words “April of the year”, the words “April of the financial year” shall be substituted;

(b) after the proviso, the following provisos shall be inserted, namely:-

“Provided further that, if the professional address is not borne on the Register on the relevant date, the residential address borne on the Register shall determine his regional constituency:

Provided also that, in the case of a member having his professional address outside India and eligible to vote, his regional constituency shall be determined according to his professional address in India registered immediately before he went abroad or the residential address in India borne on the Register on the relevant date, whichever is later.”

(ii) in sub-regulation (2),

(a) for the words “April of the year”, the words “April of the financial year” shall be substituted;

(b) for the words “on the date of election”, the words “on the last date of scrutiny of nominations” shall be substituted;

(c) the following provisos shall be inserted, namely:-

“Provided that no person shall be eligible to stand for election to a Regional Council, if,

(a) he is holding a post under the Central Government or State Government;

(b) he is or has been elected as a member to Regional Council for more than three consecutive terms; or

(c) he is or has been elected as the Chairman under regulation 137:

Provided further that, no person who has been found guilty of any professional or other misconduct and whose name is removed from the Register or has been awarded penalty of fine, shall be eligible to stand for election to a Regional Council,

(i) in case of misconduct falling under the First Schedule to the Act, for a period of three years;

- (ii) in case of misconduct falling under the Second Schedule to the Act, for a period of six years,

from the completion of the period of removal of name from the Register or payment of fine, as the case may be:

Provided also that, no person who has been auditor of the Regional Council shall be eligible to stand for election to a Regional Council for a period of three years after he ceases to be the auditor of that Regional Council.”

- (iii) in sub-regulation (3), for the words and figures “under regulation 85”, the words, figures and brackets “under rule 8 read with Schedule 3 to the Chartered Accountants (Election to the Council) Rules, 2006” shall be substituted;

- (iv) for sub-regulation (4), the following sub-regulation shall be substituted, namely:-

“(4) (i) At least three months before the date of election, the Council shall publish, for each regional constituency, a list of members eligible to vote showing distinctly and separately

- (a) whether the voter is an associate or a fellow;
- (b) the address of each member as determined under sub-regulation (1) for deciding the eligibility of the member to vote;
- (c) in the case of a voter residing outside India, in addition to his address in India under sub-clause (b), his address outside India if furnished to the Institute by the voter concerned;
- (d) details of internet address or e-mail address as furnished by a voter to the Institute, provided an express consent is given by the voter for its inclusion in the list of voters;
- (e) the manner in which the voter shall exercise his franchise; and

- (f) in case the voter is to exercise his franchise at a polling booth, the number and address of the polling booth, at which the franchise shall be exercised.

- (ii) Subject to the provisions of these regulations, the address of a member published in the list of voters for determining the manner in which he shall be entitled to cast his vote, the constituency and the polling booth to which he shall belong for the purpose of casting his vote, shall be final.

- (iii) The inclusion of the name of a member in the list of members eligible to vote shall not confer an absolute right to vote at the election which shall be subject to the other provisions of these regulations, the Act and the rules made thereunder.

- (iv) The list of members eligible to vote shall be made available at the Headquarters of the Regional Council and its branches on payment of such price as may be fixed by the Council.

- (v) An announcement about the availability of the list, shall be put on the website of the Regional Council, the notice board of the Regional Council, as well as the notice board of the branches of the Regional Council, wherever these exist.

- (vi) If a clerical mistake or omission is detected in the list of members eligible to vote, the Secretary may rectify such mistake at any time by issue of a suitable corrigendum.”

- (v) in sub-regulation (6),

- (i) in clause (i), for the words “appropriate form”, the words “form approved by the Council” shall be substituted;

- (ii) for clause (ii), the following clauses shall be substituted, namely:-

“(ii) delivered along with requisite fees, security deposit and other papers required for the purpose in

the form approved by the Council to the Secretary by name not later than 6 P.M. on the notified date:

Provided that no nomination delivered after the last date and time notified for the election shall be entertained by the Panel for scrutiny of nominations.

(iii) An acknowledgement of delivery shall be issued by the Secretary or by a person authorised by him on receipt of nomination form mentioning the time and date of receipt of nomination form.”

(vi) after sub-regulation (6), the following sub-regulation and Explanation shall be inserted, namely:-

“(6A) The nomination shall be valid only if it is accompanied by a statement signed and verified by the candidate containing the information called for.

Explanation.— For the purpose of this sub-regulation, a valid nomination means a nomination which contains all the particulars called for through the nomination form and incomplete nomination without one or more particulars shall liable to be rejected.”

(vii) in sub-regulation (7), for the words “one thousand rupees”, the words “twenty-five thousand rupees” shall be substituted;

(viii) after sub-regulation (7), the following sub-regulation shall be inserted, namely:-

“(7A) A candidate for election, in addition to fee as provided in this Chapter shall pay, irrespective of the number of nominations filed, an amount of ten thousand rupees as security deposit, which shall be forfeited if he fails to secure not less than one per cent. of the original votes polled in the concerned regional constituency.”

(ix) in sub-regulation (8), for the words “in consultation with and approval”, the words “with the prior approval” shall be substituted;

(x) after sub-regulation (9), the following sub-regulation shall be inserted, namely:-

”(9A) At the time of giving his decision, the President may,

(a) dismiss the dispute referred to him under sub-regulation (9);

(b) declare the election of all or any of the elected candidates to be void;

(c) declare the election of all or any of the elected candidates to be void and declare the applicant or any other candidate to have been duly elected; or

(d) may pass such order as to costs as he may consider appropriate.”

(xi) in sub-regulation (10), for the words and figures “prescribed in Chapter VI of these regulations”, the words, brackets and figures “specified in the Chartered Accountants (Election to the Council) Rules, 2006” shall be substituted.

26. In regulation 135 of the said regulations, in sub-regulation (4), the Explanation shall be omitted.

27. In regulation 137 of the said regulations,

(i) in clause (i) of sub-regulation (1), for the word “September”, the word “February” shall be substituted;

(ii) in sub-regulation (7), in clause (i), after item (e), the following item shall be inserted, namely:-

“(f) Continuing Professional Education Committee.”

(iii) in sub-regulation (11), for the word “September”, the word “February” shall be substituted.

28. In regulation 141 of the said regulations, in the proviso to sub-regulation (1), for the word "September", the word "February" shall be substituted.
29. In regulation 149 of the said regulations, for sub-regulation (1), the following sub-regulation shall be substituted, namely:-
- "(1) The Regional Council shall, on a requisition made in writing by at least ten per cent. of the total number of members of the region or seven hundred fifty members in the region, whichever is less, convene an extraordinary General Meeting."
30. In regulation 159 of the said regulations,
- (i) in sub-regulation (1), for the figures and word "100 members", the figures and word "150 members" shall be substituted;
- (ii) after sub-regulation (1), the following sub-regulation shall be inserted, namely:-
- "(1A) The Council may also, by notification in the Gazette of India, set up a branch of a Regional Council at such place in a district in which neither the Headquarters of the Regional Council nor a branch of the Regional Council is located, provided there are minimum 100 members having their addresses registered in that district."
31. After regulation 161 of the said regulation, the following regulation shall be inserted, namely:-
- "161A. Meetings of Council through teleconferences or video conferences. - A meeting of the Council, through teleconferencing or video conferencing may, at any time, be called subject to such conditions as may be determined by the Council from time to time."
32. After regulation 169 of the said regulations, the following regulation shall be inserted, namely:-
- "169A. Meetings of Standing Committee through teleconferences or video conferences. - A meeting of the Standing Committee, through teleconferencing or video conferencing may, at any time, be called subject to such conditions as may be determined by such Committee from time to time."
33. In regulation 177 of the said regulations, in sub-regulation (3), after the words and figures "in regulations 169", the figures and letter "169A", shall be inserted.
34. In regulation 184, for sub-regulation (1), the following sub-regulation shall be substituted, namely:-
- "(1) Where a holder of a certificate granted by the Council has lost it, the Council may, on an application made in this behalf, duly supported by an affidavit of the applicant to the effect that he was in possession of such a certificate and had lost it, issue a duplicate,
- (a) in case of a certificate of membership or a certificate of practice as an associate or fellow on payment of a fee of five hundred rupees; and
- (b) in case of any other certificate issued under these regulations, on payment of a fee of two hundred rupees."
35. In regulation 192 of the said regulations, in the proviso,
- (i) in clause (b), the word "and" occurring at the end shall be omitted;
- (ii) after clause (c), the following clauses shall be inserted, namely:-
- "(d) in the case of certain management consultancy services as may be decided by the resolution of the Council from time to time, the fees may be based on percentage basis which may be contingent upon the findings, or results of such work;
- (e) in the case of certain fund raising services, the fees may be based on a percentage of the fund raised;
- (f) in the case of debt recovery services, the fees may be based on a percentage of the debt recovered;

- (g) in the case of services related to cost optimisation, the fees may be based on a percentage of the benefit derived; and
- (h) any other service or audit as may be decided by the Council.”

36. In regulation 203 of the said regulations,

- (i) in item (14),
 - (a) for the word “staff”, the words “officers and employees” shall be substituted;
 - (b) for the word “President”, the words “Executive Committee shall” shall be substituted;
- (ii) after item (20), the following item shall be inserted, namely:-

“(20A) signing all agreements, contracts, deeds, documents and undertaking, etc., on behalf of the Institute subject to the approval of the President;”
- (iii) in item (21), for the words “signing vakalatnamas”, the words “taking necessary steps in matters of any civil or criminal or other proceeding on behalf of the Institute in courts or forums or judicial or quasi-judicial authorities and signing vakalatnamas” shall be substituted;
- (iv) after item (23), the following item shall be inserted, namely:-

“(23A) authorising any officer of the Institute to exercise or discharge any powers or duties under items (7), (9), (10), (11), (12), (16), (17), (18) and (19), as may be considered necessary from time to time.”

37. In regulation 204 of the said regulations, for the words and letters “in connection therewith in accordance with the rules contained in Schedules ‘C’, ‘D’, ‘E’, ‘F’, ‘G’ and ‘H’”, the words “in connection with the post qualification courses in Management Accountancy, Corporate Management, Tax Management,

Information Systems Audit, Insurance and Risk Management, and International Trade Laws and World Trade Organisation” shall be substituted.

38 In Schedule A to the said regulations,

- (i) in Form “4” relating to Certificate of Membership in the opening paragraph, for the words and figures “This is to certify that of was admitted as an Associate of the Institute on the day of..... 20.....”, the following shall be substituted, namely:-

“This is to certify that of was admitted as an Associate of the Institute on the day of..... 20... and he/she is entitled to use the letters A.C.A. after his/her name.”

- (ii) in Form “5” relating to Certificate of Membership in the opening paragraph, for the words and figures “This is to certify that of was admitted as a Fellow of the Institute on the day of..... 20.....”, the following shall be substituted, namely:-

“This is to certify that of was admitted as a Fellow of the Institute on the day of..... 20... and he/she is entitled to use the letters F.C.A. after his/her name.”

[File No.1-CA(7)/145/2012]

Sd/-
T. Karthikeyan
Secretary

Note: The principal regulations were published in the Gazette of India, Extraordinary, vide notification number 1-CA(7)/134/88, dated the 1st June, 1988 and subsequently amended by the following notification numbers:-

- (i) Notification No.1-CA(7)/1/89 published in the Gazette of India, dated the 7th October, 1989;
- (ii) Notification No.1-CA(7)/10/90 published in the Gazette of India, dated the 19th January, 1991;

- (iii) Notification No.1-CA(7)/11/90 published in the Gazette of India, dated the 19th January, 1991;
- (iv) Notification No.1-CA(7)/12/91 published in the Gazette of India, dated the 23rd February, 1991;
- (v) Notification No.1-CA(7)/13/90 published in the Gazette of India, dated the 2nd February, 1991;
- (vi) Notification No.1-CA(7)/19/92 published in the Gazette of India, dated the 7th March, 1992;
- (vii) Notification No.1-CA(7)/28/95 published in the Gazette of India, dated the 1st September, 1995;
- (viii) Notification No.1-CA(7)/30/95 published in the Gazette of India, Extraordinary, dated the 13th March, 1996;
- (ix) Notification No. 1-CA(7)/31/97 published in the Gazette of India, dated the 16th August, 1997;
- (x) Notification No. 1-CA(7)/44/99 published in the Gazette of India, dated the 26th February, 2000;
- (xi) Notification No.1-CA(7)/45/99 published in the Gazette of India, dated the 26th February, 2000;
- (xii) Notification No.1-CA(7)/51/2000 published in the Gazette of India, Extraordinary, dated the 17th August, 2001;
- (xiii) Notification No.1-CA(7)/59/2001 published in the Gazette of India, Extraordinary, dated the 28th September, 2001;
- (xiv) Notification No.1-CA(7)/64/2002 published in the Gazette of India, Extraordinary, dated the 31st March, 2003;
- (xv) Notification No.1-CA(7)/64A/2003 published in the Gazette of India, Extraordinary, dated the 4th December, 2003;
- (xvi) Notification No.1-CA(7)/83/2005 published in the Gazette of India, Extraordinary, dated the 28th July, 2005;
- (xvii) Notification No.1-CA(7)/84/2005 published in the Gazette of India, dated the 17th June, 2006;
- (xviii) Notification No. 1-CA(7)/92/2006 published in the Gazette of India, dated the 13th September, 2006;
- (xix) Notification No. 1-CA(7)/102/2007(E) published in the Gazette of India, dated the 17th August, 2007;
- (xx) Notification No.1-CA(7)/116/2008 published in the Gazette of India, dated the 25th September, 2008;

- (xxi) Notification No.1-CA(7)/123/2008 published in the Gazette of India, dated the 3rd December, 2008.

.....

Copies forwarded to :-

1. All Members of the Council.
2. All Regional Councils and their branches.
3. All Students' Associations and their branches.
4. The Secretary to the Government of India, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi.
5. All Officers and Sections in the Institute.
6. Journal Section for publication in September, 2012 issue of the Journal – 2 Copies.
7. (a) The Chief Secretaries of All State Governments (except Bihar, Punjab, West Bengal) and all Union Territories (except Delhi).
- (b) The Secretary, Finance Department, Government of Bihar, Patna.
- (c) The Secretary, Industries Department, Government of Punjab, Chandigarh (3 copies)
- (d) The Secretary, Finance Department, Government of Rajasthan, Jaipur (2 copies).
- (e) The Secretary, Finance Department, Government of Kerala, Trivandrum (2 copies).

With reference to letter no. S(III)/L/15/PA dated 7th July, 1958 of the Department of Parliamentary Affairs, Government of India for publication in the official State Gazettes.

8. Decentralised Offices at Mumbai, Chennai, Kolkata, Kanpur, Bangalore, Hyderabad, Ahmedabad, Pune and Jaipur.
9. EDP Section for hosting on Institute's Website.

By order etc.

(G. Ranganathan)
Deputy Secretary



Amendment: Regulation 43 of the Chartered Accountants Regulations, 1988

Eligibility of a paid assistant working with a firm of chartered accountants for the purpose of engagement of articled assistants – Amendment to the Regulation 43 of the Chartered Accountants Regulations, 1988

This is to inform all concerned that with the issuance of the Notification No.1-CA (7)/145/2012 on August 1, 2012, the period of employment of a paid assistant with the same firm of Chartered Accountants for the purpose of engagement of articled assistants has been increased

from twelve months to three years with effect from August 1, 2012.

The said notification is available on the Institute's website at the link <http://220.227.161.86/27508notification17036.pdf> for information of all concerned.

Secretary
August 9, 2012

New Branches : Gandhidham and Solapur

July 5, 2012

**The Institute of Chartered Accountants of India,
New Delhi-110 002**

In pursuance of Regulation 81(5) of the Chartered Accountants Regulations, 1988, read with Rule 4 of the Chartered Accountants Students' Association Rules (as contained in Appendix No. (5) to the Chartered Accountants Regulation 1988), the Council of the Institute of Chartered Accountants of India is pleased to announce the setting up of Branches of Western India Chartered Accountants Students' Association at Gandhidham and Solapur with effect from July 4, 2012.

As prescribed under Rule 4(b) of the Chartered Accountants Students' Association Rules, the Branch shall, at all time function subject to the control, supervision and direction of the Central Council, exercised through the Regional Council or the Regional Students' Association and shall be governed by the directions issued by the Central Council from time to time, for the functioning of the Branches of Students' Association or such other directions that may be issued from time to time.

The Branches shall be known as under:

- (1) Gandhidham Branch of WICASA
- (2) Solapur Branch of WICASA

(T. Karthikeyan)
Secretary

ANNOUNCEMENT: MEMBERS IN PRACTICE

No. ICAI/ESB/2012/01

In continuation of the Announcement published in the February, 2011 issue of The Chartered Accountant journal at page 1174, attention of the members in practice is hereby once again drawn to the resolution of the Council taken in December, 2010 required to be complied with, while responding to tenders or enquiries issued by various users of professional services.

In terms of the said Council decision, a member in practice responding to tenders and accepting

professional work based thereon is required to maintain a cost sheet incorporating therein details of the costs being incurred therein having regard to number of persons involved, hours to be spent, etc. The said cost sheet is required to be submitted to the Institute, when so directed.

Members concerned are required to take note of the above and ensure compliance, in their own interest.

ICAI Awards for Excellence in Financial Reporting: Invitation to Participate in the Competition for the year 2011-12 - Last date for receipt of entries: 30th September, 2012

Objective

To recognise and encourage excellence in preparation and presentation of financial information.

Award Categories of the Competition 'ICAI Awards for Excellence in Financial Reporting' for the year 2011-12

- Category I** : Public Sector Banks
Category II : Private Sector Banks (including Co-operative Banks & Foreign Banks)
Category III : Insurance Sector
Category IV : Financial Services Sector (Other than Banking and Insurance)
Category V : Manufacturing Sector – (Turnover equal to or more than ₹500 crore)
Category VI : Manufacturing Sector – (Turnover less than ₹500 crore)
Category VII : Infrastructure and Construction Sector (Turnover equal to or more than ₹500 crore)
Category VIII : Infrastructure and Construction Sector (Turnover less than ₹500 crore)
Category IX : Service Sector (Other than financial services sector) – (Turnover equal to or more than ₹500 crore)
Category X : Service Sector (Other than financial services sector) (Turnover less than ₹500 crore)
Category XI : Not-for-Profit Sector
Category XII : Local Bodies
Category XIII : Agricultural Sector (includes entities engaged in direct agriculture, horticulture, tea & coffee, plantations, dairies, poultry, etc. but excludes entities engaged in food processing, etc. which are covered by Manufacturing Sector).

In a case, where an organisation is engaged in more than one business, the dominant source of revenue will determine the category to which the organisation

belongs.

Turnover will be determined on the basis of standalone financial accounts.

Awards to be distributed

Hall of Fame to be awarded to the entity that has been winning the first prize under the same category continuously in the last five years. One Gold Shield and one Silver Shield in each category for the best entry and the next best entry, respectively. Plaques to be awarded to the entities who are following better financial reporting practices amongst the enterprises that are left in each category after conferring Hall of Fame, Gold Shield and Silver Shield.

Procedure for Participation

1. There is no fee for participation in the competition.
2. Annual report relating to the financial year ending on any day between April 1, 2011 and March 31, 2012 (both days inclusive) is eligible for participation in this competition.
3. Decisions of the Panel of Judges in all the matters relating to the Competition will be final.
4. Fill in the Entry Form (<http://220.227.161.86/27260research16796a.pdf>) and submit with requisite documents on or before September 30, 2012 to:

The Secretary, Research Committee,
 Technical Directorate,
 The Institute of Chartered Accountants of India,
 ICAI Bhawan, Indraprastha Marg,
 New Delhi – 110 002

For any further information please write to research@icai.org or visit our website www.icai.org.



One Goal, One Passion
CONTRIBUTE TO CABF
And help the Fraternity

Life Subscription of the fund : **Rs. 2500**

Ordinary/Annual Subscription : **Rs. 500** per annum

payable in favour of Chartered Accountants Benevolent Fund at New Delhi

- ◆ Become life member of CABF, a fund registered under the Societies Registration Act 1860.
- ◆ The Fund provides financial assistance for maintenance/ medical needs of the members of the Institute and their families in distress.
- ◆ Contribute voluntarily any sum over and above life contribution for the noble and pious cause.
- ◆ Contributions are exempt from tax under section 80-G of Income Tax Act.
- ◆ The fund thanks all members who have contributed generously for the cause.



Chartered Accountants Benevolent Fund
(Registered under the Societies Registration Act, 1860)

C/o The Institute of Chartered Accountants of India

ICAI Bhawan, Indraprastha Marg, New Delhi - 110002

Visit us at the link funds/award in members area on website www.icaai.org, e-mail : cabf@icaai.in

Invitation to Contribute Articles For E-Newsletter, *Prudence*

The Committee on Public Finance & Government Accounting of The Institute of Chartered Accountants of India is regularly coming up with its E-Newsletter - 'Prudence' featuring various articles on economic issues and measures on monthly basis.

The July 2012 issue of the E-Newsletter is available at the URL http://www.icai.org/new_post.html?post_id=3825&c_id=241.

We expect our experts, researchers and writers to be more proactive in contributing articles. We invite them to contribute articles in different areas of Public Finance and Government Accounting preferably on *Public Debt, Public Expenditure, Fiscal Policy, Monetary Policy, Accounting Reforms, Accrual Accounting, Accounting for Intangible Assets and Restructuring of Chart of Accounts in Accrual System in Public Sector* for publication in the September 2012 issue of its E-newsletter.

If the article is published, a token honorarium of ₹3000/- per article shall be paid. Discretion of the Committee regarding publication /non-publication of the article shall be final and abiding therewith under copyright of the Committee. Material of this E-Newsletter may not be reproduced,

whether in part or in whole, without the consent of Editorial Board of Committee. Authors may only submit original work that has not been appeared elsewhere in any publication. A formal signed undertaking in the form of a letter stating that "the article is original and does not infringe any copyright and has not been published elsewhere or has not been sent for publication" should be sent along with the article.

The articles (up to 1500 words) may be sent to us latest by 10th September 2012 in the form of soft copy through mail/CD or in printed format through post giving details of the subject matter.

Those desirous may please contact at the following address:

The Secretary
Committee on Public Finance and Government Accounting
The Institute of Chartered Accountants of India
'ICAI Bhawan', A-29, Sector-62,
Noida- 201 309
Phone: 0120-3045950
Email: cpf_ga@icai.org



Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP)
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

AN INITIATIVE OF CCBCAF & SMP: EXCISE & EXIM COMPLIANCE SOFTWARE

Salient Feature of the Excise & EXIM compliance Software are as follows:

System Features : Multiple document interface, Powerful Configuration settings, Addition of custom fields on demand, Workflow customization, Addition of narrations, Attaching files to transactions, Period lock/unlock, Cheque printing, Copy existing transactions, Multiple UOMs, Multiple Currencies, Multiple years, Multi-tasking, Print preview, Multi-company reports for Accounting and Inventory, Flexible voucher numbering series with ability to define multiple series for each voucher type, Printing on pre-printed stationery, plain paper (A4 and letter). Supports Dot-matrix and laser printers, 80 and 132 column, format, Data Export into multiple formats (Excel, PDF, Word, HTML, CSV etc)

Excise Manufacturing: Supports all types of manufacturers - LTU, SSI & non-SSI units, Industry specific Process for Steel, Apparel, Pharmaceuticals, Chemicals etc. Contains option of Daily / Monthly posting, Calculation of Excise duty on the basis of Ad - Valorem / Ad - Quantum / MRP, Progressive Calculation, User definable percentage of Excise Duties, BOM (Bill of Material) Definition, Generation of Multiple Invoice formats, Differential Rate Invoice entry, Job Work Management, Group Companies Concept, Loan Licensing process, Automatic Duty Debit Posting, Export related activities (Rebate claim, CT-3 & Bond/LUT), Direct Posting of Sales Return into RG23 A Part I & II, latest Excise rules, Automated Serial number generation for various statutory registers, Trading activities by Manufacturer, Complete integration with Udyog accounting, Statutory registers

Excise Trading : Supports all types of traders - Metal, Steel, Pharma, Chemical, Engineering, Clothing, etc, Fast Excise Invoice Generation from Purchase, Options in two units (e.g. KGS or No. of Bags) & to add Excise duty in final value, Complete integration with Udyog accounting, Direct posting from Invoice to RG23 D Register & Form 2 report, Variable duty rate selection while making invoice, Multiple warehouses with option of warehouse transfer, Excise invoice with multiple item details, Supplementary Invoice Tracking for Purchase & Sales, Automatic duty pass from purchase to sales, Shortage Stock handling, Auto Generation of RG Page Numbers, Registers, Excise reports, MIS Reports

Export Import Documentation

- | | | |
|-------------------------------------|------------------------|--------------------------------|
| • Export Documentation | • Import Documentation | • Pre - Shipment Documentation |
| • Post-Shipment Documentation | • LC Related Reports | • Letter to Bank Related |
| • Foreign Expenses Document Related | • DBK - Entry Screens | |

Chairman
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI
E-mail : chairman.cbcacf@icai.org

For any other Query:
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI
E-mail : ccbcacf@icai.org, Telephone : 011-30110497

For Query on technical support:
Adequare Info Pvt. Ltd.
Email: support@udyogsoftware.com
Phone: 18004252383 (toll free) 040-23111205 (Hyderabad)
022-87993535 (Bombay) 011-46016181 (Delhi)

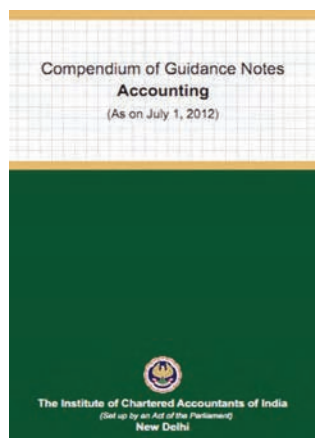
New Publications

Compendium of Guidance Notes Accounting (As on July 1, 2012) with CD

An updated edition of 'Compendium of Guidance Notes – Accounting' has been recently brought out by the Research Committee which contains the Guidance Notes on accounting aspects issued till date and in force as on July 1, 2012.

The Guidance Notes on accounting provides assistance on wide variety of accounting issues arising in general as also in specific sectors from time to time. The Research Committee has compiled these Guidance Notes in the form of a publication to facilitate reference to all the Guidance Notes in force at one place.

This updated edition of the Compendium contains twenty-five Guidance Notes on accounting which are relevant as on date. The Compendium is accompanied by a CD facilitating easy referencing with its search-function



Ordering Information:

Price ₹ 350/- (CD included)
Postal Charges ₹ 35/- (plus ₹ 17/-, if required by registered parcel)

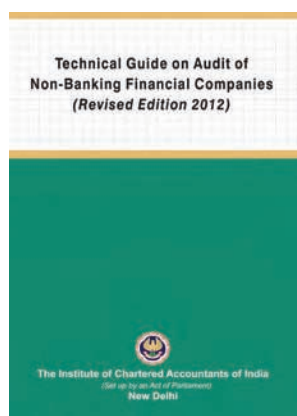
Courier Charges ₹ 8/- (for NCR) and ₹ 42/- (rest of India)

Available at Sale counters of the Institute of Chartered Accountants of India at New Delhi, Chennai, Mumbai, Kolkata and Kanpur. Copies can also be obtained by post. To order by post, request may be sent along with a demand draft for the amount of the price of the publication plus the postal charges in favour of "The Secretary, The Institute of Chartered Accountants of India", payable at New Delhi, to the Postal Sales Department, The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector-62, Noida, (U.P.).

Technical Guide on Audit of Non-Banking Financial Companies (Revised Edition 2012)

Significant features of the Technical Guide are:

- This 2012 edition of the Guide is completely revised version of its 2010 edition.
- The Guide highlights focus on aspects such as knowledge of operating and financial reporting environment of NBFCs, Areas of concern for auditors of NBFCs.
- The Guide covers introduction of NBFCs, points for consideration for audit of NBFCs, auditing framework, areas of audit concern, operations of NBFCs, governance etc.



- The Appendices to the Guide contain the Illustrative Audit Report / Certificate Templates, Illustrative Audit Checklist, Illustrative List of Circulars / Notifications issued by RBI.
- The Guide has been authored by eminent experts in the field.
- The Guide comes with a CD of the entire guide to provide ease of reference.

Price: ₹ 300/- (including CD)

Ordering Information

The publication can be purchased directly from the Sales Counters at the ICAI's Regional Offices or at the Head Office. To order by post, requisition may be sent to the Postal Sales Department of the ICAI at postalsales@icai.org or postalsales@icai.in



Committee for Capacity Building of CA Firms and
Small & Medium Practitioners
The Institute of Chartered Accountants of India
[Set up by an Act of Parliament]

An Initiative of CCBCAF & SMP : 'Tax Cloud' : Cloud based ITR and TDS Return Preparation for CAs' software

The 'Tax Cloud' software will enable the Chartered Accountants to prepare Income Tax Returns for Individuals, HUFs, Firms, LLPs & Companies. By using the software, CAs may prepare ITR-1, 2, 3, 4S, 4, 5 & 6 and tax returns online.

Benefits of the software:

- Tax cloud is completely cloud based and fully online.
- All that the user needs to do is to create a free account at www.clearartax.in.
- CAs can work from any computer/laptop and from as many computers as they want. No issues with LAN.
- CAs can file as many tax returns as they want. No upper limit.
- All data warehousing and data backup is done by ClearTax Engineering. CAs need not manage IT servers.
- All data is kept private. CAs need not worry about information leak or data security.

In 'Tax cloud' software, the CAs can file Income Tax Returns with a single click without creating multiple logins on Income Tax Department website for every client.

Features:

- All types of assessee support. Individuals, Firms, LLPs, HUF and Companies.
- Automatic data backup every night for CAs via cloud servers.
- Works on multiple computers (LAN) without any installation or server on CA premise.
- No Information Technology background needed for CA office. No complex installation.
- Training videos and tutorials available online.
- Works like your email (GMail or Yahoo! email). Store everything online. Just with username and password).
- 256-bit SSL encryption. This is bank grade security online.
- TDS software which can identify errors in color-coded manner.
- Import from excel sheet in TDS for bulk entry.
- Support for multiple assessment years.
- ITR pdf preview and Word document for detailed analysis of Income Tax Return

Chairman
Committee for Capacity Building of CA Firms and
Small & Medium Practitioners (CCBCAF & SMP), ICAI
E-mail : chairman.ccbcaf@icai.org

For any other Query:
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of CA Firms and
Small & Medium Practitioners (CCBCAF & SMP), ICAI
E-mail : ccbcaf@icai.org, Telephone: 011-30110497

For Query on technical support:
ClearSharp Technology Pvt. Ltd., New Delhi
E-Mail: taxcloud@clearartax.in
Telephone: 011-45733983

Billing & Accounting Software

Software on Accounting and Billing on Cash Basis for Chartered Accountants

An Initiative of Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI

Salient Features

Billing & Accounting software for accounting requirements of Chartered Accountants. This is a complete package to manage the accounting and billing requirements of a CA Firm on Cash System of Accounting. This package provides you the facility to generate bills, receipts, vouchers and clients outstanding, some of the salient features are as follows:

Master Data

- Maintains Accounts of Multiple Firms
- Client Master

Accounting and Billing

- Accounting on Cash Basis i.e. client's ledger will not be part of account books
- Generates Bill with Different Series according to requirements
- Automatic Calculation of Service Tax on billing and receiving
- Multiple Services can be inserted in one bill
- Provision of TDS when receiving payment
- Automatic entry in Professional Receipts account, Service Tax Payable A/c and TDS A/c when feeding and receipt from client
- Provision to write off any outstanding balance in client's account
- Customization of Bill Format
- Bill wise receipt can be maintained
- Different series for each type of voucher can be maintained Billing Reports
- Client's Outstanding (Bill wise / Consolidated)
- Client's Ledger
- Receipt Register (Bill Wise / Service Wise / Monthly)
- Bill List (Full / Pending)
- Service Tax Collection Report
- TDS Register
- TDS Certificate List (Received / Pending)
- Reminder Letter to clients (Pending Bill / Pending TDS Certificates)
- Service Tax Report
- Facility to generate the Client Ledger for period more than 1 year Accounting Reports
- Listings (Cash / Bank Receipt / Payment / Journal)
- Voucher Printing

- Receipts (Cash / Bank)
- Cash Book
- Ledger
- Journal
- Trial Balance
- Balance Sheet
- Profit & Loss Account
- Daily Cash / Bank Report

About the Arrangement

- The MDA Softwares Ltd (hereinafter referred to as vendor) will provide initial license for Billing & Accounting software free of cost for 2 financial years i.e. upto 31st March, 2013
- The license renewal charges will be Rs. 1000/- after 31st March, 2013. Statutory taxes on License Renewal shall be extra as applicable.
- The Vendor will provide support which would be free up to 31st March, 2013 and include all upgrades up to Assessment Year 2013-14. Thereafter, support would be provided on payment of renewal charges.
- The Vendor will provide free of cost patches up to two years and till renewed.

Installation Support

The vendor will provide a web form to enable CA firms and members to request for support for Online Installation on "First Come, First Serve" basis.

Downloading the Software:

The Software may be downloaded free of cost from the website of Committee for Capacity Building of CA Firms and Small & Medium Practitioners, www.icai.org.in on request by members.

Support on use of Software:

The vendor will provide the technical support to the users and renewed customers via Phone, email and remote PC access from the date of registering the license.

E-mail : support@mdasoft.in, Phone: 09621813973, 09621813874



Chairman
Committee for Capacity Building of CA Firms and Small & Medium
Practitioners (CCBCAF & SMP), ICAI
E-mail: chairman.ccbcaf@icai.org

For any other query
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of CA Firms and Small &
Medium Practitioners (CCBCAF & SMP), ICAI
E-mail: ccbcaf@icai.org, Telephone: 011-30110497



Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI

AN INITIATIVE OF CCBCAF&SMP : Portfolio Management Software

Main Features:

- Direct import of Broker Bills of scripts sale/purchase
- Import of market rates directly from NSE/BSE
- Profitability statement
- Brokerwise/Demat accountwise informations
- Entry options for derivatives/mutual funds/investment policies
- Maintenance of stock ledgers and reports
- Keeping the record of cheques issued/received from Broker, and Broker ledger
- Report Of Long Terms/Short term/Business profit/Speculation of Capital Gains/Losses automatically

Report Options:

- Broker Ledger
- Demat account statement.
- Script Ledger
- Portfolio Valuation Sheet
- Short Selling Report
- Capital Gain Statement as per IT Act
- Portfolio Position
- Portfolio's Market Valuation Sheet.

Other Features:

- Import Facility for Bills from some Brokers:

Chairman
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: chairman.ccbcaf@icai.org,

For any other query
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: ccbcaf@icai.org, Telephone: 011-30110497

For Query on technical support:
MDA Softwares Ltd., Kanpur
E-Mail: support@mdasoft.in
Telephone No.-09621813973, 09621813874

Payroll Software : Software on Payroll Management

An Initiative of Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI

Features of Payroll Software

- **Recruitment Management** - Store and search resumes to Schedule interview. The complete recruitment management process is automated.
- **Time & attendance** - Attendance, integration with time & attendance devices, leave allotment, encashment, applying & approval system.
- **Payroll Management** - Recording attendance, processing salary, arrears, gratuity, loan, medical reimbursements etc.

- **Indian Labor Law Management** - PF, ESI, PT, TDS and all Indian Labor Acts forms
- **HR Communication Management** - An automated tool to update the each transaction with respect to HR activity to the staff and their higher-ups
- **HR Office Management** - An automated emailing & documentation process related to HR activity
- **Employee Information Portal** - A self login portal to have details about salary, leave etc. it allows employee to apply leave etc.

About the Arrangement

1. The Relyon Softech Ltd. (hereinafter referred to as vendor) will provide initial license for Payroll software free of cost for 2 years i.e. up to 31st December, 2013
2. The license renewal charges will be Rs. 1300/- after 31st December, 2013. Statutory taxes on License Renewal shall be extra as applicable.
3. The Vendor will provide support which would be free up to 31st December, 2013 and thereafter, support would be provided on payment of renewal charges.
4. The Vendor will provide free of cost patches up to two years and till renewed.

Installation Support

The vendor will provide a web form to enable CA firms and members to request for support for Online Installation on "First Come, First Serve" basis.

Downloading the Software:

The Software may be downloaded free of cost from the website of Committee for Capacity Building of CA Firms and Small & Medium Practitioners, www.icai.org.in on request by members.

Support on use of Software:

The vendor will provide the technical support to the users and renewed customers via Phone, email and remote PC access from the date of registering the license.

E-mail: info@relyonsoft.com; Phone: 1860-425-5570



Chairman
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: chairman.ccbcaf@icai.org,

For any other query
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: ccbcaf@icai.org, Telephone: 011-30110497





Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI

AN INITIATIVE OF CCBCAF & SMP: PROVIDING AN ANTIVIRUS SOFTWARE AT DISCOUNTED PRICE

Price of the Antivirus software for the Members of ICAI: Rs 750/- + applicable taxes (for 3 years from the date of activation)

The Anti virus software will protect your laptops & desktops and will provide protection against all kinds of Internet or network-based threats. Upon installation, it acts as a shield against viruses, worms, trojans, spywares and other malicious threats. It also provides security against new and unknown threats with the anti virus software's renowned DNAScan® Technology. Its improved Anti-Phishing feature ensures that you do not land on phishing sites when browsing the net. The Parental Control feature allows you to schedule Internet access for your children and its pre-configured restricted browsing ensures that children do not visit adult sites. The PCTuner tool improves the overall efficiency of your system and the PC2Mobile Scan feature scans, detects and removes malwares from your mobile phones. It utilizes minimum system resources, thereby giving complete protection to your system without slowing it down.

Chairman
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: chairman.ccbcaf@icai.org,

For any other query
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: ccbcaf@icai.org, Telephone: 011-30110497

For Query on technical support & getting a copy of the subscription of the antivirus software at the aforesaid discounted price:
Quick Heal Technologies Pvt. Ltd., Pune
E-Mail: support@quickheal.co.in
Support number: 927-22-33-000
Toll free number: 1800-233-3733



Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI

CAPACITY BUILDING INITIATIVE: QUICK INSIGHT 2012

The Committee for Capacity Building of CA Firms and Small & Medium Practitioners of ICAI as a part of its commitment to strengthen the Small & Medium Practitioners has brought out the publication on Quick Insight 2012 for the Members of ICAI

The Quick Insight contains important information pertaining to:

- ➔ Compliance of matters pertaining to the Direct Tax & Indirect Tax
- ➔ Companies Act, 1956, LLP, MCS & other services
- ➔ Standards on Audit
- ➔ Relevant information for Members`
- ➔ Accounting & Auditing Standards
- ➔ List of Mandatory Statements
- ➔ Relevant information for students
- ➔ Important websites & E-mail Ids

The details about the Brochure on Quick Insight 2012 can be seen at <http://www.icai.org/post.html?post id=8634>

Chairman
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: chairman.ccbcaf@icai.org,

For any other query
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: ccbcaf@icai.org, Telephone: 011-30110497



ETHICAL STANDARDS BOARD (ESB)

Over the time, functions of ESB have not only become manifold, but critical to the well being of the profession. ESB is today engaged in dissemination of professional ethics, to the highest standards, among the members of the ICAI. It formulates ethical principles for members and creates awareness of ethics among them through various ways. Besides, it examines and renders advice on ethical issues referred to it. It reviews and revises its publications as and when required. It promotes public awareness and confidence in the fundamental principles. It also examines and deals with the complaints of members against their unjustified removal as auditors.

MISSION STATEMENT

"To work towards evolving a dynamic and contemporary Code of Ethics and ethical behaviour for members while retaining the long cherished ideals of 'excellence, independence, integrity' as also to protect the dignity and interests of the members".

RECENT INITIATIVES

The Ethical Standards Board has taken an initiative and launched CA ETHICS PLUS Brochure to promote the Ethical Standards amongst members whereby various frequently asked Ethical queries of the members have been answered in a precise and concise manner.



The Ethical Standards Board has launched an educative initiative of E-mail flashes highlighting some of the important decisions of the Ethical Standards Board / Council. The E-mail Flashes are being sent to all practicing members of the profession on weekly basis.

The Ethical Standards Board has taken another initiative and prepared a Compendium of Ethical Standards for members to be distributed in the various workshops/ Seminars and Outreach Programmes of the Board.

The Board requests the members/resource persons/ Expert hands on Ethics to send their resume for deliberating in the seminars, workshops etc. to be held on various emerging Ethical Issues on regular basis.



CA ETHICS PLUS
No Initiative to Promote Ethical Standards
**Knowledge Sharing on Ethics
for Chartered Accountants**

ETHICAL STANDARDS BOARD (ESB)
The Institute of Chartered Accountants of India



**COMPENDIUM OF
ETHICAL STANDARDS**
• Code of Ethics
• Ethics and Independence of Accountants
• Business Role of Member of Audit Report
• Frequently Asked Questions on Ethical Issues

ETHICAL STANDARDS BOARD (ESB)

ETHICAL STANDARDS BOARD (ESB)
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

Secretary, Ethical Standards Board
N.P. Singh

Chairman, Ethical Standards Board
CA. K. Raghu

Contact us

The Secretary,
ETHICAL STANDARDS BOARD,

The Institute of Chartered Accountants of India

ICAI Bhawan, I. P. Marg, New Delhi- 110002; Phone- 011-30110422, fax- 011- 30110586; Email us at: esb@icai.org

One Profession Versatile Roles

CA

A Total Business Solution Provider

Ever since its inception sixty years ago, ICAI has achieved recognition as a premier accounting body not only in the country but also globally, for its contribution in the fields of education, professional development, maintenance of high quality accounting, auditing and ethical standards.

With ever changing economic and financial scenario on global front, the need arises for well rounded professionals who can tackle corporate matters. From laws to disputes, finance to taxation, ICAI's curriculum is aptly designed and formulated to turn CAs into all round professionals, that is truly a Complete Business Solution provider.

- **Financial Reporting**
- **Auditing** : Compliance Audit, Management Audit, Forensic Audit.
- **Taxation and Corporate Laws**
- **Internal Audit and Control** : Enterprise Risk Management
- **Financial Management** : Corporate Restructuring, Mergers and Acquisitions, Forex and Treasury Management, Due Diligence.
- **Information Technology** : ERP Implementation, Systems Audit, Software Development.
- **Valuation**
- **Arbitration**
- **Insurance and Risk Management**
- **Strategic Management**
- **Knowledge Management**
- **Management Consultancy and much more**



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

ICAI - ENRICHING THE NATION WITH PROFESSIONAL EXCELLENCE

Announcement: Direct admission to the Chartered Accountancy Course - Exemption from passing CPT to certain categories of students

IMPORTANT ANNOUNCEMENT

BoS/Announcement/227/12 (1)

Date: 16th August, 2012

Sub: Direct admission to the Chartered Accountancy Course - Exemption from passing Common Proficiency Test (CPT) to certain categories of students.

Pursuant to Notification No. 1-CA(7)/145/2012 dated 1st August, 2012 published in the Gazette of India notifying amendments made to the Chartered Accountants Regulations, 1988, the following categories of students shall be exempted from passing the Common Proficiency Test (CPT) and such students with effect from 1st August, 2012 shall be eligible for direct admission to the Chartered Accountancy Course. Applicants who fulfil the requirements, as given below, may register for the Intermediate (Integrated Professional Competence) Course by downloading **“Registration Form for admission to the Intermediate (Integrated Professional Competence) Course under Direct Entry Scheme”** by submitting the filled-in applications to respective Offices of the ICAI as mentioned in the application form.

1. Direct Entry to Chartered Accountancy Course:

Exempted Categories:

The following categories of students shall be exempted from passing the Common Proficiency Test (CPT):-

- (A) Graduates or Post Graduates in Commerce having secured in aggregate a minimum of 55% of the total marks or its equivalent grade in the examination conducted by any recognised University (including Open University) by studying any three papers of 100 marks each out of Accounting, Auditing, Mercantile Laws, Corporate Laws, Economics, Management (including Financial Management), Taxation (including Direct Tax Laws and Indirect Tax Laws), Costing, Business Administration or Management Accounting;

OR

Graduates or Post Graduates other than those falling under Commerce stream mentioned above having secured in aggregate a minimum of 60% of the total marks or its equivalent grade in the examination conducted by any recognised University (including Open University).

Explanation:

- (a) for calculating the percentage of marks, the marks secured in subjects in which a person is required by the University (including Open University) to obtain only pass marks and for which no special credit is given for higher marks, shall be ignored; and
- (b) any fraction of half or more shall be rounded up to the next whole number

Provisional Registration: Students who are pursuing the Final year of Graduation Course shall be eligible for provisional registration to the Intermediate (Integrated Professional Competence) Course. Such students would be required to submit satisfactory proof of having passed the graduation examination with the specified percentage of marks within six months, from the date of appearance in the final year graduation examination (i.e. from the day of commencement of the examination). During the period of provisional registration, a student can undergo and complete Information Technology Training (ITT) and Orientation Course. It is clarified that in their case, the practical training shall commence only on becoming a Graduate with specified percentage of marks. Such students shall be eligible for appearing in the Intermediate (Integrated Professional Competence) Examination on completion of nine months of practical training. If such students fail to produce the proof within

the aforesaid period, his provisional registration shall stand cancelled and the registration and other fees, as the case may be, paid by him shall not be refunded/ adjusted and no credit shall also be given for the theoretical education undergone.

OR

- (B) Candidates who have passed the Intermediate level examination or its equivalent examination by whatever name called conducted by The Institute of Cost Accountants of India or by The Institute of Company Secretaries of India.

2. Admission to Practical Training (Articled Training):

(i) Students covered under the category mentioned at (A) above, i.e. Commerce Graduates or Post Graduates or Non-Commerce Graduates or Post Graduates with specified percentage of marks shall be eligible for admission to three years articled training, on completion of -

- Information Technology Training; and
- Orientation Course

(ii) Students covered under category (B) above, i.e. those who have passed Intermediate level examination of The Institute of Cost Accountants of India or The Institute of Company Secretaries of India shall be eligible for admission to three years articled training on -

- Passing of 1st Group or Both Groups of Intermediate (Integrated Professional

Competence) Examination; or Accounting Technician level Examination;

- Completion of Information Technology Training; and
- Completion of Orientation Course

3. Eligibility to appear in the Intermediate (Integrated Professional Competence) Examination:

(i) Applicable for students falling under Category (A) above

A candidate shall be eligible for admission to the Intermediate (Integrated Professional Competence) Examination if he -

- is registered for the Intermediate (Integrated Professional Competence) Course; and
- has completed nine months of practical training (including study course for a period of eight months which shall commence from the date of registration to the Course).

(ii) Applicable for students falling under Category (B) above

A candidate shall be eligible for admission to the Intermediate (Integrated Professional Competence) Examination if he -

- is registered for the Intermediate (Integrated Professional Competence) Course; and
- has undergone a study course for a period of eight months commencing from the date of registration to the Course.

Director, Board of Studies

IMPORTANT ANNOUNCEMENT

BoS/Announcement/227/12 (2)

Date: 16th August, 2012

Sub: Relaxation in Eligibility Criteria for students registering upto 30th September, 2012 under the Direct Entry Scheme – Eligible to appear in Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

The Council, in order to mitigate the hardships being faced by the students registering under Direct Entry Scheme to Chartered Accountancy Course upto 30th September, 2012, has relaxed the eligibility criteria as a one time dispensation, as under, so as to be eligible

to appear in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

“The Council has resolved as under -

By virtue of powers vested under Regulation 205 of the Chartered Accountants Regulations,

1988, the Council of The Institute of Chartered Accountants of India hereby resolves that the eligibility requirement(s), inter alia, for the students registering under the Direct Entry Scheme for the Intermediate (IPC) Course till 30th September, 2012, shall be as under, so as to become eligible to appear in the Intermediate (IPC) Examination to be held in May, 2013:-

- Students registered for the articulated training till 30th September, 2012 and have also completed Orientation Course and Information Technology Training (ITT) latest by 31st March, 2013.
- Such students shall be eligible to appear in the Intermediate (IPC) Examination to be held in May, 2013 by completing 7 months of articulated training and study course concurrently, instead

of 9 months of articulated training and 8 months of study course respectively.

- Students registered for Intermediate (IPC) Course by passing Intermediate level examination of The Institute of Cost Accountants of India/ The Institute of Company Secretaries of India shall have to undergo 7 months of study course instead of 8 months as prescribed under Regulations, so as to become eligible to appear in the May, 2013 Examination”.

The eligibility criteria including fee structure for the fresh students registering and existing CPT/ IPCC/ PE-II/ PCC students converting (under the transition scheme), as the case may be, under the Direct Entry Scheme are given below for the information of students:

Direct Entry Scheme (for Fresh Students) – Eligibility Criteria and Fee Structure

Sl. No.	Fresh Registration	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure (in ₹)		
1.	Graduates/ Post Graduates with prescribed percentage of marks i.e. 55 or 60% or Provisional Registration* .	Register for Both Groups	Eligible for admission to three years articulated training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	Particulars	Fee (₹)	Fee (\$)
					Registration fee for Both Groups	9000	550
					Articled Registration Fee	2000	120
					ATC (Optional) Fee	1000	60
					<u>Payable for undergoing the course:</u>		
					Orientation Course fee	3000	180
					IT Training Course Fee	4000	250
2.	Intermediate level Examination passed students of The Institute of Cost Accountants of India/ The Institute of Company Secretaries of India	Register for either 1 st Group or Both Groups	(a) On passing either Both Groups/ 1 st Group of Intermediate (IPC) Examination; (b) Completion of Information Technology Training (ITT); and (c) Completion of Orientation Course	After undergoing a study course for a period of eight months which shall commence from the date of registration to the Course.	Particulars	Fee (₹)	Fee (\$)
					Registration fee for Both Groups	9000	550
					OR		
					Registration fee for 1 st Group	8000	500
					ATC (Optional) Fee	1000	60
					<u>Payable for joining the Articled training:</u>		
					Articled Registration Fee	2000	120
					<u>Payable for undergoing the course:</u>		
					Orientation Course fee	3000	180
					IT Training Course Fee	4000	250

*Provisional Registration: Students who are pursuing the Final year of Graduation Course shall be eligible for provisional registration to the Intermediate (Integrated Professional Competence) Course. Such students would be required to submit satisfactory proof of having passed the Graduation examination with the specified percentage of marks within six months from the date of appearance in the final year Graduation examination

(i.e. from the date of commencement of the examination). During the period of provisional registration, a student can undergo IT Training and Orientation Course. It is clarified that in their case, the practical training can commence only on becoming a Graduate with specified percentage of marks. Such students shall be eligible for appearing in the Intermediate (Integrated Professional Competence) Examination on completion of nine months of practical training. If such students fail to produce the proof within the aforesaid period, his provisional registration shall be cancelled and the registration and other fees, as the case may be, paid by him shall not be refunded/ adjusted and no credit shall be given for the theoretical education undergone.

Note: Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

Direct Entry Scheme (Existing Students) – Transition Provisions, Eligibility Criteria and Fee Structure

i) Existing CPT Students:

Sl. No.	Situation	Requirement of registration	Requirement to undergo articled training	Examination Eligibility	Fee payable as per existing fee structure – (in ₹)																								
1.	CPT students who are Graduates/ Post Graduates with 55 or 60% marks.	Register for Both Groups	Eligible for admission to three years articled training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	<table><tr><td>Particulars</td><td>Fee (₹)</td><td>Fee (\$)</td></tr><tr><td>Conversion Fee</td><td>500</td><td>30</td></tr><tr><td>Registration fee for Both Groups</td><td>9000</td><td>550</td></tr><tr><td>Articled Registration Fee</td><td>2000</td><td>120</td></tr><tr><td>ATC (Optional) Fee</td><td>1000</td><td>60</td></tr></table> <u>Payable for undergoing the course:</u> <table><tr><td>Orientation Course fee</td><td>3000</td><td>180</td></tr><tr><td>IT Training Course Fee</td><td>4000</td><td>250</td></tr></table>	Particulars	Fee (₹)	Fee (\$)	Conversion Fee	500	30	Registration fee for Both Groups	9000	550	Articled Registration Fee	2000	120	ATC (Optional) Fee	1000	60	Orientation Course fee	3000	180	IT Training Course Fee	4000	250			
Particulars	Fee (₹)	Fee (\$)																											
Conversion Fee	500	30																											
Registration fee for Both Groups	9000	550																											
Articled Registration Fee	2000	120																											
ATC (Optional) Fee	1000	60																											
Orientation Course fee	3000	180																											
IT Training Course Fee	4000	250																											
2.	CPT students who have qualified Intermediate level of ICWAI/ICSI	Register for Group I or Both Groups	(a) On passing either Both Groups/ 1 st Group of Intermediate (IPC) Examination; (b) Completion of Information Technology Training (ITT); and (c) Completion of Orientation Course	After undergoing a study course for a period of eight months which shall commence from the date of registration to the Course.	<table><tr><td>Particulars</td><td>Fee (₹)</td><td>Fee (\$)</td></tr><tr><td>Conversion Fee</td><td>500</td><td>30</td></tr><tr><td>Registration fee for Both Groups OR</td><td>9000</td><td>550</td></tr><tr><td>Registration fee for 1st Group</td><td>8000</td><td>500</td></tr><tr><td>ATC (Optional) Fee</td><td>1000</td><td>60</td></tr></table> <u>Payable for joining the Articled training:</u> <table><tr><td>Articled Registration Fee</td><td>2000</td><td>120</td></tr></table> <u>Payable for undergoing the course:</u> <table><tr><td>Orientation Course fee</td><td>3000</td><td>180</td></tr><tr><td>IT Training Course Fee</td><td>4000</td><td>250</td></tr></table>	Particulars	Fee (₹)	Fee (\$)	Conversion Fee	500	30	Registration fee for Both Groups OR	9000	550	Registration fee for 1 st Group	8000	500	ATC (Optional) Fee	1000	60	Articled Registration Fee	2000	120	Orientation Course fee	3000	180	IT Training Course Fee	4000	250
Particulars	Fee (₹)	Fee (\$)																											
Conversion Fee	500	30																											
Registration fee for Both Groups OR	9000	550																											
Registration fee for 1 st Group	8000	500																											
ATC (Optional) Fee	1000	60																											
Articled Registration Fee	2000	120																											
Orientation Course fee	3000	180																											
IT Training Course Fee	4000	250																											

Note: Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

ii) Existing IPCC Students:

Sl. No.	Situation	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure (in ₹)																								
1.	Students registered in IPCC after passing Entrance/ Foundation/ PE-I/ CPT and are Graduates/ Post Graduates with 55 or 60% marks but not passed any of the Groups	If already registered for one group then register for other group (If already registered for Both Groups, pay only conversion fee and articulated registration fee, if not paid earlier)	Eligible for admission to three years articulated training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	<table><tr><td>Particulars</td><td>Fee (₹)</td><td>Fee (\$)</td></tr><tr><td>Conversion Fee</td><td>500</td><td>30</td></tr><tr><td>Registration fee for Both Groups OR</td><td>9000</td><td>550</td></tr><tr><td>Registration fee for 1st Group</td><td>8000</td><td>500</td></tr><tr><td>ATC (Optional) Fee</td><td>1000</td><td>60</td></tr></table> <u>Payable for joining the Articled training:</u> <table><tr><td>Articled Registration Fee</td><td>2000</td><td>120</td></tr></table> <u>Payable for undergoing the course:</u> <table><tr><td>Orientation Course fee</td><td>3000</td><td>180</td></tr><tr><td>IT Training Course Fee</td><td>4000</td><td>250</td></tr></table>	Particulars	Fee (₹)	Fee (\$)	Conversion Fee	500	30	Registration fee for Both Groups OR	9000	550	Registration fee for 1 st Group	8000	500	ATC (Optional) Fee	1000	60	Articled Registration Fee	2000	120	Orientation Course fee	3000	180	IT Training Course Fee	4000	250
Particulars	Fee (₹)	Fee (\$)																											
Conversion Fee	500	30																											
Registration fee for Both Groups OR	9000	550																											
Registration fee for 1 st Group	8000	500																											
ATC (Optional) Fee	1000	60																											
Articled Registration Fee	2000	120																											
Orientation Course fee	3000	180																											
IT Training Course Fee	4000	250																											
2.	IPCC students who are Graduates/ Post Graduates with 55 or 60% marks and have passed Group II of the IPCE	Register for 1 st Group if not registered for Both Groups	Eligible for admission to three years articulated training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course)	<table><tr><td>Particulars</td><td>Fee (₹)</td><td>Fee (\$)</td></tr><tr><td>Conversion Fee</td><td>500</td><td>30</td></tr><tr><td>Registration fee for 1st Group, if not paid earlier</td><td>7000</td><td>430</td></tr><tr><td>Articled Registration Fee, if not paid earlier</td><td>2000</td><td>120</td></tr><tr><td>ATC (Optional) Fee</td><td>1000</td><td>60</td></tr></table> <u>Payable for undergoing the course:</u> <table><tr><td>Orientation Course fee</td><td>3000</td><td>180</td></tr><tr><td>IT Training Course Fee</td><td>4000</td><td>250</td></tr></table>	Particulars	Fee (₹)	Fee (\$)	Conversion Fee	500	30	Registration fee for 1 st Group, if not paid earlier	7000	430	Articled Registration Fee, if not paid earlier	2000	120	ATC (Optional) Fee	1000	60	Orientation Course fee	3000	180	IT Training Course Fee	4000	250			
Particulars	Fee (₹)	Fee (\$)																											
Conversion Fee	500	30																											
Registration fee for 1 st Group, if not paid earlier	7000	430																											
Articled Registration Fee, if not paid earlier	2000	120																											
ATC (Optional) Fee	1000	60																											
Orientation Course fee	3000	180																											
IT Training Course Fee	4000	250																											

Note: Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

iii) PE-II Stream Students/ Erstwhile Intermediate students not converted to PCC/ IPCC:

Sl. No.	Situation	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure (in ₹)															
1.	PE-II/ Erstwhile Intermediate stream students not converted to PCC/ IPCC and have not passed either of the Groups but opts for Intermediate (IPC) Course under Direct Entry Scheme by fulfilling the requirement of 55 or 60% marks in Graduate/ Post Graduates.	Register for Both Groups by paying conversion fee and articulated registration fee	Eligible for three years articulated training, on completion of - (a) Computer Training Programme or Information Technology Training, if not completed earlier; (Orientation Course is exempted for this category of students)	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	<table><tr><td>Particulars</td><td>Fee (₹)</td><td>Fee (\$)</td></tr><tr><td>Conversion Fee (including Study Material)</td><td>500</td><td>30</td></tr><tr><td>ATC (Optional) Fee</td><td>1000</td><td>60</td></tr><tr><td>Articled Registration Fee</td><td>2000</td><td>120</td></tr></table> <u>Payable for undergoing the IT Training, if not completed earlier:</u> <table><tr><td>IT Training Course Fee</td><td>4000</td><td>250</td></tr></table>	Particulars	Fee (₹)	Fee (\$)	Conversion Fee (including Study Material)	500	30	ATC (Optional) Fee	1000	60	Articled Registration Fee	2000	120	IT Training Course Fee	4000	250
Particulars	Fee (₹)	Fee (\$)																		
Conversion Fee (including Study Material)	500	30																		
ATC (Optional) Fee	1000	60																		
Articled Registration Fee	2000	120																		
IT Training Course Fee	4000	250																		

Note: Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

iv) Existing PCC Students:

Sl. No.	Situation	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure (in ₹)														
1.	PCC students who opts for Intermediate (IPC) Course. Students may continue to appear in the last Professional Competence Examination (PCE) to be held in November, 2012 and thereafter shall be required to shift to Intermediate (IPC) Course in order to appear in Intermediate (IPC) Examination to be held from May, 2013 onwards.	Register for Both Groups	Complete Computer Training Programme or Information Technology Training, if not completed earlier. Complete remaining period of practical training of three and half years. If terminated then re-register. (Orientation Course is exempted for this category of students.)	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course). It is clarified that students who have already fulfilled the above requirement shall be eligible to appear in the May, 2013 examination. Those students who have not fulfilled the above requirement shall be required to re-register for articulated training and fulfil the above requirement so as to become eligible for appearing in the said examination.	<table><tr><td>Particulars</td><td>Fee (₹)</td><td>Fee (\$)</td></tr><tr><td>Conversion Fee (including Study Material)</td><td>500</td><td>30</td></tr><tr><td>ATC (Optional) Fee</td><td>1000</td><td>60</td></tr></table> <u>Payable for undergoing the IT Training, if not completed earlier:</u> <table><tr><td>IT Training Course Fee</td><td>4000</td><td>250</td></tr></table>	Particulars	Fee (₹)	Fee (\$)	Conversion Fee (including Study Material)	500	30	ATC (Optional) Fee	1000	60	IT Training Course Fee	4000	250		
Particulars	Fee (₹)	Fee (\$)																	
Conversion Fee (including Study Material)	500	30																	
ATC (Optional) Fee	1000	60																	
IT Training Course Fee	4000	250																	

Director, Board of Studies



Health Insurance Scheme for Members & Students of ICAI



AN INITIATIVE OF THE COMMITTEE FOR CAPACITY BUILDING OF CA FIRMS AND SMALL & MEDIUM PRACTITIONERS (CCBCAF & SMP), ICAI

The Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP) of ICAI has arranged Health insurance for members & Students of ICAI from New India Assurance Co Ltd., Mumbai in the form of specially designed Health insurance Scheme at a reasonable premium. The scheme is already in effect for the Members & Students of the ICAI.

Special Coverages under the Health Insurance Scheme For Members & Students of ICAI:

- Family would comprise of self, spouse and two dependant children with Sum Insured on Floater basis for the entire family. Dependant Parents can be covered by paying additional premium and for a separate Sum Insured on Floater basis for both parents. Additional dependant children may be covered by paying 10% loading on family premium for each child.
- For Students only self is covered, and the family members and parents are not covered. The coverage for the students is restricted to Rs. 1 lakh.
- Member would be given an one time option for selecting his family / dependants. Unmarried members can select their parents instead of spouse. Inclusion of additional dependants would be allowed only in case of marriage of a member / employee or birth of a child.
- For members & Students without any previous continuous insurance, the coverage for pre-existing diseases would be subject to the following:
1st year – Eligibility of 25% of Sum Insured; 2nd year – Eligibility of 50% of Sum Insured; 3rd year – Eligibility of 75% of Sum Insured; 4th year and thereafter – Eligibility of 100% of Sum Insured.
- For members / students with existing Medicaid Insurance and Cumulative Bonus, NIA has agreed to consider a discount in premium in lieu of CB, which would be as under:
Cumulative Bonus of upto 10% - 5% discount in premium; Cumulative Bonus of 10-30% - 10% discount in premium; Cumulative Bonus of above 30% - 15% discount in premium.
- In case of family members having an existing Medicaid policy with different CB for different persons, the average of the CB for all family members would be considered for the entire family.
- A Hospital Cash Allowance amounting to 0.10% of Sum Insured would be payable on hospitalization of the insured member, for a maximum of 10 days.
- Cashless services to be provided in all hospitals, and not restricted to PPN.

For Details please visit the Committee's exclusive Website www.icai.org.in.

Chairman
Committee for Capacity Building of CA Firms
and Small & Medium Practitioners
(CCBCAF&SMP), ICAI
E-mail: chairman.ccbcaf@icai.org,

For any other query
Dr. Sambit Kumar Mishra, Secretary
Committee for Capacity Building of
CA Firms and Small &
Medium Practitioners (CCBCAF&SMP), ICAI
E-mail: ccbcf@icai.org, Telephone: 011-30110497

Assistant Manager
Mr. Satyanarayan Mohapatra
Sr. Divisional Manager
New India Assurance Co. Ltd
Mumbai R.O.I, New India Bhawan, 2nd Floor, 34-38
Bank Street, Fort Mumbai-400023
E-mail: satyanarayan.mohapatra@newindia.co.in
Mobile No:- 08108311713
Phone No:- 022 24620307

Forthcoming Events¹

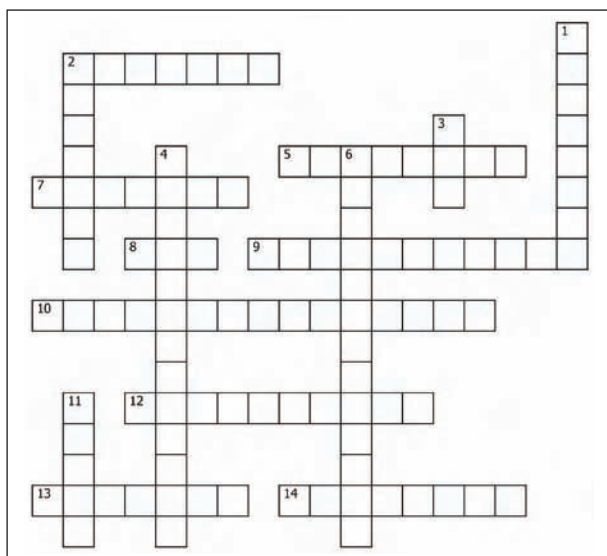
Sl. No.	Title of the Seminar/Conference	Date	Place	CPE Hours	Topics (in brief without details of technical sessions, timings and speakers)	Contact Person
1.	GCC Annual International Seminar themed "Waves of Change – Oceans of Opportunities" by Abu Dhabi* Chapter of The Institute of Chartered Accountants of India, United Arab Emirates * Abu Dhabi is the Capital and the second largest city of the United Arab Emirates. Abu Dhabi is one of the most modern cities in the World. More information on the City, Things to do, Hotels, Visas and Events is available on http://visitabudhabi.ae/en/Default.aspx .	8 th & 9 th November 2012	Armed Forces Officers Club, Abu Dhabi, United Arab Emirates (http://www.afoc.mil.ae/afoc/home.htm)		Thursday 8th November 2012 3.30 PM - Registration 4.30PM - Inauguration Ceremony (Will be graced by the President. ICAI and the Guest of Honour will be The Ambassador of India to UAE H.E. M. K. Lokesh) 5.30 PM - Group Photo 5.45PM–8.15PM - Technical sessions Friday, 9th November 2012 8.30 AM - Registration 9.30 AM. – 12.15 PM. Technical Session 1 12.15 PM – 01:45 PM Prayer and Lunch Break 01.45 PM – 4.45 PM Technical Session 2 7.00 PM Gala Dinner 9.00 PM – 12.00 AM Live in Musical Concert	CA. Ramesh Krishnan Chairman Chairman@icaiauh.org +97150 692 6433 CA Padmanabha Acharya Vice Chairman Vicechairman@icaiauh.org +97150 616 2270 CA. Rajiv Shah Secretary Secretary@icaiauh.org +97150 884 6602 Further Information and Registration: For group or multiple course registrations for the members of your Branch/Chapter, please contact our PDC Leader, Nilesh Ambikar on nilesh@icaiauh.org / +97152 9829 775. For registration please write to : registration@icaiauh.org .
2.	Training Programme for Technical Reviewers Organised By the Financial Reporting Review Board	Monday, 3 rd September, 2012	Valentine Banquplex, 4 Shivaji Marg, (Near Campa Cola), Moti Nagar, Najafgarh Road, New Delhi- 110015	6	- Overview of Financial Reporting Review Board - Common Non-compliances in the General Purpose Financial Statements observed by FRRB - Developments in GAAPs & Convergence with IFRS - Regulatory Compliances – Revised Schedule VI & CARO - Case studies & Query Clarifications	Programme Chairman CA. Naveen N. D. Gupta, Member, FRRB – Mob: 09810689998 Host Branch Contact details CA. Durga Das Agarwal, Chairman, NIRC of ICAI, Phone: 9811075092 Email: nirc_seminar@icai.in
3.	Workshop on Capacity Building Measures through IT Tools Organised by: Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI	8 th September, 2012	ICAI Bhawan, Tirunelveli	3	- ICAI-XBRL - ICAI Tax Suite - Payroll Software	Programme Chairman CA. Pankaj Tyagee Chairman Committee for Capacity Building of CA Firms and Small & Medium Practitioners, ICAI Email: chairman.ccbcaf@icai.org Program Co-ordinator CA. Subramanian. R. Chairman Tirunelveli Branch of SIRC of ICAI Mob: 98421 57725 E-mail: tvlrsmunica@yahoo.com

¹ For more details about the forthcoming events please refer the detailed announcements hosted on the ICAI website www.icai.org

Sl. No.	Title of the Seminar/Conference	Date	Place	CPE Hours	Topics (in brief without details of technical sessions, timings and speakers)	Contact Person
	Hosted By: Tirunelveli Branch of SIRC of ICAI					
4.	Workshop on Capacity Building Measures through IT Tools Organised by: Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI Hosted By: Dehradun Branch of CIRC of ICAI	8 th September, 2012	ICAI Bhawan, Dehradun	3	• ICAI-XBRL • ICAI Tax Suite • Payroll software	Program Chairman CA. Pankaj Tyagee Chairman Committee for Capacity Building of CA Firms and Small & Medium Practitioners, ICAI E-mail: chairman.cbcaf@icai.org Program Co-ordinator CA. Ravi Maheshwari Chairman Dehradun Branch of CIRC of ICAI E-mail: ravim@rmcca.co.in Mob: 09412059532
5.	Workshop on Capacity Building Measures through IT Tools Organised by: Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI Hosted By: Pali Branch of CIRC of ICAI	8 th September, 2012	ICAI Bhawan, Pali	3	• ICAI-XBRL • ICAI Tax Suite • Payroll software	Program Chairman CA. Pankaj Tyagee Chairman Committee for Capacity Building of CA Firms and Small & Medium Practitioners, ICAI E-mail: chairman.cbcaf@icai.org Program Co-ordinator CA. Shahnawaz Rizvi Chairman Pali Branch of CIRC of ICAI E-mail: shahpali@hotmail.com Mob: 09829048278
6.	Workshop on Capacity Building Measures through IT Tools Organised by: Committee for Capacity Building of CA Firms and Small & Medium Practitioners (CCBCAF & SMP), ICAI Hosted By: Ranchi Branch of CIRC of ICAI	8 th September, 2012	ICAI BHAWAN, Ranchi	3	• ICAI-XBRL • ICAI Tax Suite • Payroll Software	Program Chairman CA. Pankaj Tyagee Chairman, Committee for Capacity Building of CA Firms and Small & Medium Practitioners, ICAI E-mail: chairman.cbcaf@icai.org Program Co-ordinator CA. Jay Prakash Sharma Chairman Ranchi Branch of CIRC of ICAI E-mail: jpsarmaca@gmail.com Mob: 09431736555

CROSSWORD

075



ACROSS

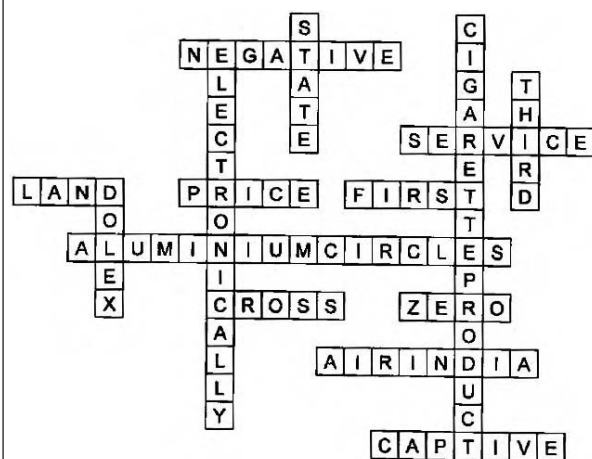
2. The framework for establishing good corporate governance and accountability was originally set up by the _____ Committee.
5. AAS8 Auditing Assurance Standard deals with Audit _____.
7. New Issue Market is an element of _____ market.
8. Maximum gain of a _____ option holder is restricted to Strike Price – Premium.
9. Another name for Exchange Rate is _____.
10. A Futures contract is a standardised version of a _____.
12. Spot exchange rate is the rate of exchange between two _____ for immediate delivery.
13. Debenture redemption reserve is a _____ reserve.
14. _____ audit of the accounts of a limited company is required by the Companies Act 2006.

DOWN

1. A chartered accountant in _____ is eligible to be appointed as an auditor of a Government Company.
2. Special audit is conducted at the order of the _____ Government under Section 242 (A).
3. As per C & AG Act, 1971 the tenure of the Comptroller and Auditor General is _____ years.
4. Auditor of a _____ company does not have right to visit foreign branches of the company.
6. _____ is not one the underlying principles of the corporate governance Combined Code of Practice.
11. The first computerised online stock exchange in India was _____.

NOTE: Members can claim one hour – CPE Credit – Unstructured Learning for attempting this crossword by filling the details in the self-declaration form to be submitted to your regional office annually to avail CPE hours credit for Unstructured Learning activities under the activity 'Providing Solutions to Questionnaires/puzzles available on Web/Professional Journals'. There is no need to individually send this crossword in hard copy or email.

SOLUTION CROSSWORD 074



A couple drove down a country road for several miles, not saying a word. An earlier discussion had led to an argument and neither of them wanted to concede their position.

As they passed a barnyard of mules, goats, and pigs, the husband asked sarcastically, 'Relatives of yours?'
'Yep,' the wife replied, 'in laws.'

INDEX OF VOLUME 60 [JULY 2011 TO JUNE 2012] OF THE CHARTERED ACCOUNTANT*

Aadhar

- See under heading 'Article/General'

Accountant's Browser, 173, 336, 487, 622, 770, 931, 1266, 1414, 1590, 1754, 1905,

Accounting

- See under heading 'Article'

Action Plan

- 2012-2013, 1310

Advance Rulings, 236, 239, 394, 1186, 1339

Advance Pricing Agreements

- See under heading 'Articles/International Taxation'

Advance tax, Interest for, 394, 853

Air Craft, 240

Alternate Minimum Tax

- See under heading 'Articles/Taxation'

Annual Value, 1800

Anti-competitive Agreement, 857

Appellate Tribunal, 132, 236, 684

Appointment of Arbitrator, 856

Arbitration and Conciliation Act

- See under heading 'Legal Decisions'

Arm's Length Price, 239

Article

Accounting

- Difference between IFRSs and Ind AS, 117
- Revised Schedule VI and its Comparison with Existing Schedule VI An Overview, 266
- Reforms in Government Accounting and Financial Reporting, 274
- Financial Statement Presentation under Revised Schedule VI, 420
- Accounting for Credit Value Adjustments, 565

- Forensic Accounting- Another Feather in the Hat of Accounting, 568
- Accounting for Customer Loyalty Programmes- IFRS Perspective, 872
- Service Concession Arrangements- IFRIC 12, 1682
- Integrated Reporting: *Moving Beyond Financial Reporting*, 1687
- IFRS 9: A Standard on Financial Instrument Accounting, 1693
- Three Dimensional Accounting System, 1699
- Accounting for Foreign Currency Forwards, 1831
- Revised Schedule VI- Some Key Aspects, 1835

Auditing

- All About Frauds, Corruption And Forensic Audit, 426
- Internal Audit of Infrastructure Project, 433
- Benford Distribution-An Effective Audit Tool, 716
- Professional Scepticism of Auditors, 1842

Bank Audit

- Role of Central Statutory Auditors in a Bank Audit with Special Reference to Core Banking Environment, 1358
- Bank Audit- Points to Ponder, 1364
- Statutory Bank Branch Audit: Strengthening Audit Plan, 1370

Banking and Finance

- Basel III The Mantra of New Economic Order, 327
- Bonus Debenture as an Innovative Financial Instrument, 457
- Information Risk and Risk Assurance in Auditing, 586
- Municipal Bonds and India, 906
- How to Structure an External Commercial Borrowing?, 1065
- Interest Rates-A New Facet: Time to Dodge the Market, 1071
- Basel III-The BCBS Responses to Financial Crisis and its Implementation in India, 1226
- Financing the Future of Indian

Infrastructure, 1374

- Crisis Management & Infrastructure Financing in India- Role of PPP, 1721
- Using Accounting Ratios to Find Better Investments, 1731

Capital Market

- Understanding Green Shoe Option in Public Offerings, 1076
- New Takeover Code, 1235
- Reliability on IPO Grades for Retail Subscription- An Empirical Study, 1243

Corporate and Allied Laws

- Prize Chit and Money Circulation (Banning) Scheme Act, 1978: Precautions, 318
- Limited Liability Proprietorship, 323
- Restriction on Transfer of Shares in a Public Company, 450
- Changing Methodologies- Interpreting Exemption Notification, 612
- Foreign Contribution (Regulation) Act, 2010- A Changing Perspective, 721
- Justice is Important, Rules of Procedure are Handmaids: Discussion in View of SC Verdict, 728
- Issue of Equity and Preference Differential Right Shares- A Perspective, 1232
- Advocacy Role of the Competition Commission of India- An Appraisal, 1734
- Ombudsman: A Regulator to Regulate the Regulator, 1865
- Scheme of Arrangements: Role of the High Court, 1872
- Merger Control Regime in India, 1876

Economics

- Inflation- Macro View, 1718

Ethics

- Ethical Governance for a Knowledge- Based Economy: *Reconnecting accounting and auditing with knowledge*, 1882

* No(s) in italics after each entry denotes Page No(s)

General

- How Ingratiation is Ruining Work Culture?, 187
- How to Succeed in Life Against All Odds, 649
- Understanding the Aadhaar, 810
- Leadership Beyond, 964
- Using Out-of-The-Box thinking in Everyday Life, 1108

Global Audit

- Green Audit a Boon to World, 1205

Global Perspective

- 'Totalisation Agreement' with US will Augment billions of Dollars Annually in India's Forex, 911
- Doing Business in Ireland, 1742

Industry Specific

- Expansion of the Media Industry in India, 1249

Information Technology

- Cloud Computing Concepts Challenges and Opportunities, 461
- Roadmap for a Successful Technology Transfer, 1892

Insurance

- The Dynamics of an Evolving Environment Role of a Chartered Accountant, 256

International Taxation

- Non- Discrimination clauses- A Catalyst to the growing International Trade, 157
- Dependent Personal Services - Relieving Dual Taxes on Income from Employment, 302
- Investment through Mauritius- Is it still a Valid Ticket to claim tax Exemption from Capital Gains?, 443
- Are you virtually handicapped?, 469
- e - Invoicing Next Step For New Age CFOs , 475
- Taxability of Software Payments under the Act-The Controversy Continues, 602
- Special Measures in Respect of Transactions with Persons located in Notified Jurisdiction Area, 741
- Attribution of Profits to Permanent Establishment- The Indian Experience, 750
- Transfer Pricing- Tribunal Explains the Law, 877

- An Insight into Advance Pricing Agreements, 884
- Taxability of Technology Related Payments- The Controversy Continues, 1213
- New Capital Allocation Rules for Permanent Establishments (Article 7 AOA), 1220
- Transfer Pricing Regulation and Practical Issue and Updates, 1392
- Vodafone Ruling: Key Tax Principles, 1398
- Secondment Arrangements-PE Exposure, 1715
- Agency Permanent Establishment- Basic Concepts and Issues, 1859

Management

- Benchmarking- A Strategic Tool for CFOs, 757
- Reverse innovation and the Role of a Strategist, 1081
- Balanced Score card in Corporate India: From Philosophy to Practice, 1253
- Observation on Some Exponential Smoothing Forecasting Methods, 1387

Reporting

- Enhancement of Value for Corporate Reporting in Current Competitive Era, 290
- Disclosures in Corporate Annual Reports-A case study of some selected public limited companies in India, 572
- Global Trends in Reporting to the Stakeholders, 579

Social Audit

- Social Audit and Its Relevance in India, 278

Sustainability

- Assurance on Corporate Sustainability Reports, 284

Taxation

- Debate on Characterisation of Payment for Purchase of Software, 150
- Point of Taxation Rules - A Study, 309
- ESOP Cost Allowability- An Issue for the Indian Companies, 313
- Is Goodwill an Intangible Asset Eligible for Tax Depreciation, 593
- Proposed Goods and Services Tax, 598

- LLP to be Subject to Alternate Minimum Tax, 734
- Paradigm Shift in Taxing Services, 1704
- Concept of Brand Under Indirect Tax Laws, 1707
- Waiver of Term Loan, Working Capital Loan: Taxability under Income Tax Act, 1961, 1846
- Analysis of Section 36(1) (viii) of Income Tax Act, 1961, 1855

Tech for You

- Developing IT Strategic Plan and Identifying Areas of Specialisation, 333
- Approach to Developing IT Strategy plan, 479
- Mobile Computing: Business Applications and Chartered Accountants, 773
- Mobile Computing: Concepts Challenges and Opportunities for Chartered Accountants, 626
- e-Commerce and Avenues for CAs, 1608
- Using Business Intelligence Tools and Techniques, 924
- Technology Trends for 2012 and How Chartered Accountants Could Successfully Surf this Technology Wave, 1088
- Data Analytics- The Tool to Transform Data to Decisions, 1267
- CAATs: The Essential Tools to Audit Digital Data, 1405
- Using COBIT 5- The Business Framework for the Governance and Management of Enterprise IT, 1745
- Scoping Information Technology (IT) Enabled Services by Using COBIT 5, 1898

UDIN

- Unique Document Identification: Way to Authenticate Attested documents, 504
- UDIIN, 628
- Also see under 'General', 810

Union Budget 2012-13

- Salient Features of the Finance Bill, 2012: Direct Taxes, 1478
- Union Budget - An Economic Perspective, 1502
- Budget 2012-13: Treading a Middle Path, 1507

- Union Budget 2012-13- Key Tax Proposals in Respect on International Taxation, 1511
- Procedural Aspects of Finance Bill, 2012-Direct Taxes, 1517
- The Finance Bill, 2012- Proposed Amendments in Provisions Relating to Varios Deductions, 1525
- Shift from Profit-Linked Deduction to Investment-Linked Incentive, 1528
- Amendments Relating to the Capital Gains Taxation, 1531
- Union Budget 2012: Extension of TDS and TCS Provisions to more Areas, 1535
- Service Tax Perspective of Finance Bill, 2012, 1538
- Negative List of Services- A Paradigm shift in Service Tax Law, 1547
- Impact of Budget 2012-13 on Central Excise, 1552
- Finance Bill-2012: An Analysis of Major Amendments in Penal Provision under Direct Taxes, 1560
- Also see Under Post-Budget Memorandum, 1754

Valuation

- Areas that Need to be Focused to increase the Value of Business, 889
- Relative Valuation- Based on Multiples, 893
- Dividend Policy Effect on Valuation, 900

XBRL

- XGRL: XBRL for Reporting in Government, 1380

Assessment in Search Cases, 1336

Audit, 858

Auditing

- See under heading 'Article'

Back Page, 192, 356, 506, 652, 816, 980, 1129, 1292, 1457, 1613, 1768, 1925

Bad Debts, 1569

- See under heading 'Articles/ Taxation'

Bank Audit

- See under heading 'Article'

Bank Branch Audit

- See under heading 'Article- Bank Audit'

Banking and Finance

- See under heading 'Article'

Banking and other Financial Services, 241

Banking Regulation Act

- See under heading 'Legal Decisions'

Basel-III

- See under heading 'Article/Bank Audit'

Benford Distribution

- See under heading 'Article/Auditing'

Billing and Accounting Software, 1277, 1761

Block assessment in search cases, 684

Bonus Debenture

- See under heading 'Articles/Banking and Finance'

Business Expenditure, 395, 680, 1015, 1016, 1648, 1649, 1800

Business and Professional Income, 680, 1646

CAATs

- See under heading 'Article/Tech for You'

Capital Gains, 542, 846, 1022, 1332, 1802, 1884

Capital Gains Taxation

- See under heading 'Articles/Union Budget'

Career Watch

- Report on Career Placement Programme – August-September 2011, 623
- Career Watch, 1749

Cash Credits, 849, 1571

Celebrations

Regional Councils

- Journey Down the Memory Lane Through Glorious Sixty Years

of Western India Regional Council, 95

- Having Taken Accountancy Profession to Newer Heights, SIRC Enters Diamond Jubilee Year, 98
- EIRC- A Heritage of Service that Thrives On, 101
- Paving the Path of Progress since 1951, CIRC Celebrates Diamond Jubilee with Professional Camaraderie, 103
- Upholding Excellence and Professional Glory, NIRC Celebrates 60th Year of its Existence, 104

Branches

- Facilitating Professional Excellence and Growth Across India, Many Branches of ICAI Celebrate Golden and Silver Jubilee

Central Excise Act

- See under heading 'Articles/Union Budget'
- See also under heading 'Circulars/ Notifications'
- See also under heading 'Legal Decisions'

Central Excise Rules

- See under heading 'Legal Decisions'

Central Excise (Removal of Goods at Confessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001

- See under heading 'Legal Decisions'

Central Excise Tariff Act

- See under heading 'Legal Decisions'

Central Statutory Auditor

- See under heading 'Articles/Bank Audit'

Charitable Trust/Institution, 1022

Chartered Accountants Act

- See under heading 'Legal Decisions'

Chartered Accountants (Amendment) Regulations, 2012, 1594

Chartered Accountants (Procedure of Investigation of Professional and other Misconduct and Conduct of Cases) Rules, 2007

- See under heading 'Legal Decisions'

Circulars /Notifications

Direct Tax

Income-tax Act

Circulars

- Circular No. 4/2011 dated 19-07-2011, 400
- Circular No. 5/2011 dated 16-08-2011, 554
- Circular No. 6/2011 dated 24-08-2011, 554
- Circular No. 7/2011 dated 29-09-2011, 696
- Circular No. 8/2011 dated 14-10-2011, 696
- Circular No. 1/2012 dated 09-04-2012, 1656

Notifications

- Notification No. 29/2011 dated 30-05-2011, 138
- Notification No. 32/2011 dated 03-06-2011, 138
- Notification No. 33/2011 dated 03-06-2011, 138
- Notification No. 35/2011 dated 23-06-2011, 245
- Notification No. 36/2011 dated 23-06-2011, 245
- Notification No. 37/2011 dated 01-07-2011, 245
- Notification No. 47/2011 dated 01-09-2011, 554
- Notification No. 48/2011 dated 02-09-2011, 554
- Notification No. 49/2011 dated 06-09-2011, 554
- Notification No. 50/2011 dated 09-09-2011, 696
- Notification No. 52/2011 dated 23-09-2011, 696
- Notification No. 54/2011 dated 03-10-2011, 697
- Notification No. 56/2011 dated 17-10-2011, 860
- Notification No. 57/2011 dated 24-10-2011, 860
- Notification No. 58/2011 dated 29-10-2011, 860
- Notification No. 60/2011 dated 01-12-2011, 1029
- Notification No. G.S.R. 868(E) dated 07-12-2011, 1029
- Notification No. 61/2011 dated 27-12-2011, 1192
- Notification No. 1/2012 dated 02-01-2012, 1192

- Notification No. 2/2012 dated 04-01-2012, 1192
- Notification No. 3/2012 dated 04-01-2012, 1192
- Notification No. 4/2012 dated 06-01-2012, 1192
- Notification No. 5/2012 dated 06-02-2012, 1574
- Notification No. 6/2012 dated 14-02-2012, 1574
- Notification No. 7/2012 dated 14-02-2012, 1574
- Notification No. 8/2012 dated 17-02-2012, 1574
- Notification No. 9/2012 dated 17-02-2012, 1574
- Notification No. 13/2012 dated 06-03-2012, 1574
- Notification No. 5(4) dated 13-03-2012, 1656
- Notification No. 14/2012 dated 30-03-2012, 1656
- Notification No. 15/2012 dated 28-03-2012, 1656
- Notification No. 16/2012 dated 30-04-2012, 1819

Press Releases

- Press Release No. 402/92/2006-MC (09 of 2011) dated 27-05-2011, 138
- Press Release No. 402/92/2006-MC (10 of 2011) dated 28-05-2011, 138
- Press Release No. 402/92/2006-MC (12 of 2011) dated 01-06-2011, 138
- Press Release No. 402/92/2006-MC (13 of 2011) dated 06-06-2011, 138
- Press Release No. 402/92/2006-MC (15 of 2011) dated 24-06-2011, 245
- Press Release No. 402/92/2006-MC (17 of 2011) dated 26-07-2011, 400
- Press Release No. 402/92/2006-MC (18 of 2011) dated 01-08-2011, 400
- Press Release No. 402/92/2006-MC (19 of 2011) dated 12-08-2011, 400
- Press Release No. 402/92/2006-MC (20 of 2011) dated 24-08-2011, 554
- Press Release No. 402/92/2006-MC (26 of 2011) dated 20-10-2011, 860
- Press Release No. 402/92/2006-MC (28 of 2011) dated 04-11-2011, 860
- Press Release No. 402/92/2006-MC (3 of 2012) dated 18-01-2012, 1346
- Press Release No. 402/92/2006-MC (4 of 2012) dated 27-01-2012, 1346

Instructions

- Instruction No. 01/2012 [F. No. 225/34/2011-ITA.II], Dated 02-02-2012, 1346

Letters

- Letter No. DIT(L&R)-I/SLP/393/ 2011/4589 dated 02-09-2011,

Announcements

- Due date for submission of ITR-V, 1575
- Set up of New e-filing call centre by CPC, 1575

Indirect Tax

Central Excise Act

Circulars

- Circular No. 947/8/2011-CX dated 21-06-2011, 246
- Circular No. 953/14/2011 dated 12-09-2011, 698
- Circular No. 956/17/2011- CX dated 28-09-2011, 698
- Circular No. 957/18/2011- CX-3 dated 25-10-2011, 861
- Circular No. 960/03/2012- CX dated 17-02-2012, 1576
- Circular No. 965/8/2012- CX dated 17-04-2012, 1821

Notifications

- Notification No. 14/2011-CE(NT) dated 03-06-2011, 139
- Notification No. 15/2011-CE(NT) dated 30-06-2011, 246
- Notification No. 16/2011-CE(NT) dated 18-07-2011, 401
- Notification No. 17/2011-CE(NT) dated 18-07-2011, 402
- Notification No. 18/2011-CE(NT) dated 28-07-2011, 402
- Notification No. 19/2011-CE(NT) dated 28-07-2011, 402
- Notification No. 20/2011-CE(NT) dated 13-09-2011, 556
- Notification No. 21 & 22/2011-CE(NT) dated 14-09-2011, 555
- Notification No. 24-29/2011-CE(NT) dated 05-12-2011, 1029
- Notification No. 1/2012-CE(NT) dated 09-02-2012, 1347
- Notification No. 2/2012-CE(NT) dated 22-02-2012, 1575
- Notification No. 3-5/2012-CE(NT) dated 12-03-2012, 1575

- Notification No. 9/2012-CE(NT) dated 17-03-2012, 1659
- Notification No. 12/2012-CE(NT) dated 17-03-2012, 1659
- Notification No. 13/2012-CE(NT) dated 17-03-2012, 1659
- Notification No. 18/2012-CE(NT) dated 17-03-2012, 1659
- Notification No. 23/2012-CE(NT) dated 18-04-2012, 1820
- Notification No. 24/2012-CE(NT) dated 19-04-2012, 1820
- Notification No. 25/2012-CE(NT) dated 08-05-2012, 1820
- Notification No. 23/2012-CE dated 08-05-2012, 1820
- Circular No. 143/11/2011 - ST dated 26-05-2011, 139
- Circular No. 144/13/2011 - ST dated 18-07-2011, 401
- Circular No. 145/14/2011 - ST dated 19-08-2011, 555
- Circular No. 147/16/2011 - ST dated 21-10-2011, 861
- Circular No. 148/17/2011 - ST dated 13-12-2011, 1029
- Circular No. 149/18/2011 - ST dated 16-12-2011, 1193
- Circular No. 150/1/2012 - ST dated 08-02-2012, 1346
- Circular No. 151/2/2012 - ST dated 10-02-2012, 1346
- Circular No. 152/3/2012 - ST dated 22-02-2012, 1575
- Circular No. 157/8/2012 - ST dated 27-04-2012, 1819
- Circular No. 158/9/2012 - ST dated 08-05-2012, 1819
- Notification No. 11/2012 ST dated 17-03-2012, 1658
- Notification No. 12/2012 ST dated 17-03-2012, 1658
- Notification No. 13/2012 ST dated 17-03-2012, 1658
- Notification No. 14/2012 ST dated 17-03-2012, 1658
- Notification No. 15/2012 ST dated 17-03-2012, 1659

Customs Act

Circulars

- Circular No. 24/2011-Cus, dated 31-05-2011, 139
- Circular No. 33/2011-Cus, dated 29-07-2011, 402
- Circular No. 34/2011-Cus, dated 03-08-2011, 402
- Circular No. 37/2011-Cus, dated 23-08-2011, 556
- Circular No. 42/2011-Cus, dated 22-09-2011, 699
- Circular No. 44/2011-Cus, dated 23-09-2011, 698
- Circular No. 45/2011-Cus, dated 13-10-2011, 699
- Circular No. 47/2011-Cus, dated 21-10-2011, 861
- Circular No. 48/2011-Cus, dated 31-10-2011, 862
- Circular No. 1/2012-Cus, dated 05-01-2012, 1193

Notifications

- Notification No. 53/2010 Cus. (NT) dated 28-07-2011, 402
- Notification No. 67/2011 Cus. (NT) dated 22-09-2011, 699
- Notification No. 69/2011 Cus. (NT) dated 22-09-2011, 699
- Notification No. 77/2011 Cus. (NT) dated 14-11-2011, 861
- Notification No. 81/2011 Cus. (NT) dated 25-11-2011, 1030

Service tax

Circulars

- Circular No. 142/11/2011 - ST dated 18-05-2011, 139

Notifications

- Notification No. 38-40/2011 ST dated 14-06-2011, 139
- Notification No. 41/2011 ST dated 27-06-2011, 245
- Notification No. 42/2011 ST dated 25-07-2011, 401
- Notification No. 43/2011 ST dated 28-08-2011, 555
- Notification No. 44/2011 ST dated 09-09-2011, 555
- Notification No. 45/2011 ST dated 12-09-2011, 555
- Notification No. 46/2011 ST dated 19-09-2011, 697
- Notification No. 48/2011 ST dated 21-10-2011, 861
- Notification No. 49-51/2011 ST dated 30-12-2011, 1192
- Notification No. 52/2011 ST dated 30-12-2011, 1192
- Notification No. 1/2012 ST dated 17-03-2012, 1657
- Notification No. 2/2012 ST dated 17-03-2012, 1657
- Notification No. 3/2012 ST dated 17-03-2012, 1657
- Notification No. 5/2012 ST dated 17-03-2012, 1657
- Notification No. 6/2012 ST dated 17-03-2012, 1657
- Notification No. 7/2012 ST dated 17-03-2012, 1658
- Notification No. 10/2012 ST dated 17-03-2012, 1658

Order

- Order No. 3/2011 & 1/2012 - ST F. No. 137/99/2011 - ST dated 29-12-2011 & 09-01-2012, 1193

Other Corporate Laws

Companies Act

Circulars

- MCA Circular No. CIR MIRSD/03/2011 Dated 09.06.2011, 142
- MCA Circular No. 37/2011 Dated 07.06.2011, 143
- MCA Circular No. 356/2011 Dated 06.06.2011, 143
- MCA Circular No. 17/143/2011-CL.V dated 06.06.2011, 144
- MCA Circular No. F.No. 12/13/2011-Legal dated 24.05.2011, 144
- MCA Circular No. 29/2011 Dated 20.05.2011, 143
- MCA Circular No. 31/2011 Dated 02.06.2011, 246
- MCA Circular No. 33/2011 Dated 01.06.2011, 143
- MCA Circular No. 34/2011 Dated 02.06.2011, 246
- MCA Circular No. 36/2011 Dated 07.06.2011, 246
- MCA Circular No. 38/2011 Dated 20.06.2011, 246
- MCA Circular No. 39/2011 Dated 21.06.2011, 252
- MCA Circular No. 42/2011 Dated 07.07.2011, 408
- MCA Circular No. 43/2011 Dated 07.07.2011, 250
- MCA Circular No. 44/2011 Dated 08.07.2011, 250
- MCA Circular No. 45/2011 Dated 08.07.2011, 250
- MCA Circular No. 49/2011 Dated 23.07.2011, 410
- MCA Circular No. 48/2011 Dated 22.07.2011, 405

- MCA Circular No. 50/2011 Dated 25.07.2011, 405
 - MCA Circular No. 51/2011 Dated 25.07.2011, 405
 - MCA Circular No. 52/2011 Dated 25.07.2011, 404
 - MCA Circular No. 53/2011 Dated 26.07.2011, 409
 - MCA Circular No. 54/2011 Dated 26.07.2011, 409
 - MCA Circular No. 55/2011 Dated 26.07.2011, 408
 - MCA Circular No. 56/2011 Dated 28.07.2011, 410
 - MCA Circular No. 57/2011 Dated 28.07.2011, 410
 - MCA Circular No. 59/2011 Dated 05.08.2011, 412
 - MCA Circular No. 1/2011 No. 3/57/2011/CL-II Dated 29.07.2011, 413
 - MCA Circular No. 61/2011 Dated 05.09.2011, 558
 - MCA Circular No. 62/2011 Dated 05.09.2011, 558
 - MCA Circular No. 63/2011 Dated 06.09.2011, 558
 - MCA Circular No. 65/2011 Dated 04.10.2011, 706
 - MCA Circular No. 66/2011 Dated 04.10.2011, 706
 - MCA Circular No. 22/2011 Dated 11.11.2011, 1032
 - MCA Circular No. 69/2011 Dated 30.11.2011, 1032
 - MCA Circular No. 70/2011 Dated 15.12.2011, 1033
 - MCA Circular No. 71/2011 Dated 15.12.2011, 1033
 - MCA Circular No. 72/2011 Dated 27.12.2011, 1197
 - MCA Circular No. 1/2012 Dated 10-02-2012, 1351
 - MCA Circular No. 2/2012 Dated 01-03-2012, 1578
 - MCA Circular No. 3/2012 Dated 07-03-2012, 1579
 - MCA Circular No. 4/2012 Dated 09-03-2012, 1579
 - MCA Circular No. HQ/104/2007 Dated 17-02-2012, 1579
 - MCA Circular No. 7/2012 Dated 25-04-2012, 1823
- Notifications**
- MCA Notification No. F. No. 17/133/2008-CL.V dated 11.05.2011, 142
 - MCA Notification No. F. No. 2/2/2011-CL.V dated 23.05.2011, 142
 - MCA Notification No. F. No. 2/1/2011-CL.V dated 02.06.2011, 144
 - MCA Notification No. F. No. 2/4/2011-CL.V dated 30.06.2011, 144
 - MCA Notification dated 26.05.2011, 146
 - MCA Notification No. GSR 403(E) dated 03.06.2011, 246
 - MCA Notification No. SO-1355(E) dated 10.06.2011, 246
 - MCA Notification No. F. No. 5/18/2011-CL.V dated 11.08.2011, 558
 - MCA Notification No. F. No. 2/17/2011-CL.V dated 14.09.2011, 558
 - MCA Notification No. F. No. 2/17/2011-CL.V dated 14.09.2011, 706
 - MCA Notification No. F. No. 2/13/2011-CL.V dated 22.09.2011, 706
 - MCA Notification No. F. No. 2/20/2011-CL.V dated 23.09.2011, 706
 - MCA Notification No. F. No. 5/18/2005-CL.V dated 05.10.2011, 707
 - MCA Notification No. 17/43/2005-CL.V dated 28.10.2011, 864
 - MCA Notification No. F. No. 2-17-2011-CL.V dated 04.11.2011, 864
 - MCA Notification No. F. No. 271/2009-11-CA (Vol. 1) dated 09.11.2011, 864
 - MCA Notification No. F. No. 21/14/2011-CL.V dated 11.11.2011, 1032
 - MCA Notification No. GSR 869(E) to 874(E) dated 07.12.2011, 1032
 - MCA Notification No. F. No. 2/21/2011-CL.V dated 14.12.2011, 1196
 - MCA Notification No. F:2/6/2008/CL.V dated 14.12.2011, 1196
 - MCA Notification No. F. No. 17/133/2008-CL.V dated 29.12.2011, 1197
 - MCA Notification No. SO-190(E) dated 30.01.2012, 1351
 - MCA Notification No. 268(E) dated 13-02-2012, 1665
 - MCA Notification No. F. No. 17/292/2011-CL.V dated 17-04-2012, 1823
 - MCA Notification No. GSR 313(E) to 874(E) dated 24-04-2012, 1824
- FEMA**
- Circulars**
- A.P. (DIR Series) Circular No. 60 dated 16-05-2011, 140
 - A.P. (DIR Series) Circular No. 67 dated 20-05-2011, 140
 - A.P. (DIR Series) Circular No. 68 dated 20-05-2011, 140
 - A.P. (DIR Series) Circular No. 69 dated 27-05-2011, 141
 - A.P. (DIR Series) Circular No. 70 dated 09-06-2011, 141
 - Circular No. IDMD.PCD.No. 5053/14.03.2010-11 dated 23-05-2011, 141
 - Circular No. DNBS(PD) CC. No. 222/03.10.001/2010-11 dated 14-06-2011, 254
 - A.P. (DIR Series) Circular No. 73 dated 29-06-2011, 254
 - A.P. (DIR Series) Circular No. 74 dated 30-06-2011, 255
 - A.P. (DIR Series) Circular No. 75 dated 30-06-2011, 255
 - A.P. (DIR Series) Circular No. 01 dated 04-07-2011, 255
 - A.P. (DIR Series) Circular No. 02 dated 15-07-2011, 404
 - A.P. (DIR Series) Circular No. 03 dated 21-07-2011, 404
 - A.P. (DIR Series) Circular No. 08 dated 09-08-2011, 404
 - A.P. (DIR Series) Circular No. 09 dated 29-08-2011, 556
 - A.P. (DIR Series) Circular No. 11 dated 07-09-2011, 556
 - A.P. (DIR Series) Circular No. 12 dated 15-09-2011, 700
 - A.P. (DIR Series) Circular No. 13 dated 15-09-2011, 700
 - A.P. (DIR Series) Circular No. 14 dated 15-09-2011, 700
 - A.P. (DIR Series) Circular No. 15 dated 15-09-2011, 700
 - A.P. (DIR Series) Circular No. 16 dated 15-09-2011, 702
 - A.P. (DIR Series) Circular No. 17 dated 16-09-2011, 702
 - A.P. (DIR Series) Circular No. 18 dated 16-09-2011, 702

- A.P. (DIR Series) Circular No. 19 dated 16-09-2011, 702
 - A.P. (DIR Series) Circular No. 20 dated 16-09-2011, 702
 - A.P. (DIR Series) Circular No. 25 dated 27-09-2011, 702
 - A.P. (DIR Series) Circular No. 26 dated 27-09-2011, 702
 - A.P. (DIR Series) Circular No. 27 dated 23-09-2011, 703
 - A.P. (DIR Series) Circular No. 28 dated 26-09-2011, 703
 - A.P. (DIR Series) Circular No. 29 dated 26-09-2011, 703
 - A.P. (DIR Series) Circular No. 30 dated 27-09-2011, 702
 - A.P. (DIR Series) Circular No. 31 dated 03-10-2011, 704
 - A.P. (DIR Series) Circular No. 32 dated 10-10-2011, 862
 - A.P. (DIR Series) Circular No. 35 dated 14-10-2011, 862
 - A.P. (DIR Series) Circular No. 36 dated 19-10-2011, 862
 - A.P. (DIR Series) Circular No. 37 dated 19-10-2011, 863
 - A.P. (DIR Series) Circular No. 40 dated 01-11-2011, 863
 - A.P. (DIR Series) Circular No. 42 dated 03-11-2011, 863
 - A.P. (DIR Series) Circular No. 43 dated 04-11-2011, 863
 - A.P. (DIR Series) Circular No. 44 dated 15-11-2011, 1030
 - A.P. (DIR Series) Circular No. 45 dated 16-11-2011, 1030
 - A.P. (DIR Series) Circular No. 46 dated 17-11-2011, 1030
 - A.P. (DIR Series) Circular No. 47 dated 17-11-2011, 1030
 - A.P. (DIR Series) Circular No. 48 dated 21-11-2011, 1031
 - A.P. (DIR Series) Circular No. 49 dated 22-11-2011, 1031, 1033
 - A.P. (DIR Series) Circular No. 50 dated 23-11-2011, 1031
 - A.P. (DIR Series) Circular No. 51 dated 23-11-2011, 1031
 - A.P. (DIR Series) Circular No. 52 dated 23-11-2011, 1031
 - A.P. (DIR Series) Circular No. 55 dated 09-12-2011, 1031
 - A.P. (DIR Series) Circular No. 56 dated 09-12-2011, 1032
 - A.P. (DIR Series) Circular No. 57 dated 13-12-2011, 1194
 - A.P. (DIR Series) Circular No. 59 dated 19-12-2011, 1195
 - A.P. (DIR Series) Circular No. 63 dated 29-12-2011, 1195
 - A.P. (DIR Series) Circular No. 64 dated 05-01-2011, 1195
 - A.P. (DIR Series) Circular No. 65 dated 12-01-2012, 1347
 - A.P. (DIR Series) Circular No. 66 dated 13-01-2012, 1347
 - A.P. (DIR Series) Circular No. 67 dated 13-01-2012, 1348
 - A.P. (DIR Series) Circular No. 68 dated 17-01-2012, 1348
 - A.P. (DIR Series) Circular No. 69 dated 25-01-2012, 1348
 - A.P. (DIR Series) Circular No. 70 dated 25-01-2012, 1350
 - A.P. (DIR Series) Circular No. 71 dated 30-01-2012, 1350
 - A.P. (DIR Series) Circular No. 72 dated 30-01-2012, 1350
 - A.P. (DIR Series) Circular No. 73 dated 31-01-2012, 1350
 - A.P. (DIR Series) Circular No. 75 dated 07-01-2012, 1349
 - A.P. (DIR Series) Circular No. 76 dated 09-02-2012, 1350
 - A.P. (DIR Series) Circular No. 79 dated 15-02-2012, 1576
 - A.P. (DIR Series) Circular No. 80 dated 15-02-2012, 1576
 - A.P. (DIR Series) Circular No. 81 dated 21-02-2012, 1576
 - A.P. (DIR Series) Circular No. 82 dated 21-02-2012, 1576
 - A.P. (DIR Series) Circular No. 83 dated 27-02-2012, 1577
 - A.P. (DIR Series) Circular No. 84 dated 29-02-2012, 1577
 - A.P. (DIR Series) Circular No. 85 dated 29-02-2012, 1577
 - A.P. (DIR Series) Circular No. 88 dated 01-03-2012, 1578
 - A.P. (DIR Series) Circular No. 89 dated 01-03-2012, 1578
 - A.P. (DIR Series) Circular No. 90 dated 06-03-2012, 1578
 - A.P. (DIR Series) Circular No. 92 dated 13-03-2012, 1659
 - A.P. (DIR Series) Circular No. 93 dated 19-03-2012, 1659
 - A.P. (DIR Series) Circular No. 94 dated 19-03-2012, 1660
 - A.P. (DIR Series) Circular No. 95 dated 21-03-2012, 1660
 - A.P. (DIR Series) Circular No. 96 dated 28-03-2012, 1661
 - A.P. (DIR Series) Circular No. 97 dated 28-03-2012, 1662
 - A.P. (DIR Series) Circular No. 99 dated 30-03-2012, 1662
 - A.P. (DIR Series) Circular No. 100 dated 30-03-2012, 1663
 - A.P. (DIR Series) Circular No. 101 dated 02-04-2012, 1663
 - A.P. (DIR Series) Circular No. 102 dated 02-04-2012, 1663
 - A.P. (DIR Series) Circular No. 103 dated 03-04-2012, 1664
 - A.P. (DIR Series) Circular No. 104 dated 04-04-2012, 1664, 1821
 - A.P. (DIR Series) Circular No. 109 dated 18-04-2012, 1821
 - A.P. (DIR Series) Circular No. 111 dated 20-04-2012, 1821
 - A.P. (DIR Series) Circular No. 112 dated 20-04-2012, 1821
 - A.P. (DIR Series) Circular No. 113 dated 24-04-2012, 1821
 - A.P. (DIR Series) Circular No. 117 dated 07-05-2012, 1822
 - A.P. (DIR Series) Circular No. 118 dated 07-05-2012, 1822
 - A.P. (DIR Series) Circular No. 119 dated 07-05-2012, 1821
 - A.P. (DIR Series) Circular No. 120 dated 08-05-2012, 1822
 - A.P. (DIR Series) Circular No. 121 dated 08-05-2012, 1822, 1823
 - A.P. (DIR Series) Circular No. 122 dated 09-05-2012, 1822
 - A.P. (DIR Series) Circular No. 123 dated 10-05-2012, 1822
- Press Note**
- Press Note 1 of 2011 date 20-05-2011, 139
 - Press Release 2011-2012 dated 10-08-2011, 404
 - Press Release dated 31-10-2011, 864
 - Press Note No. 3(2011 Series) dated 08-11-2011, 864
 - Press Release 2011-2012/927 dated 13-12-2011, 1194
 - Press Note No. 1(2012 Series) dated 10-12-2011, 1196
 - Press Release dated 10-04-2012, 1665
- RBI**
- Circulars**
- | | | |
|------------|--------------------------|-------|
| - Circular | No. | IDMD |
| - | No./29/11.08.043/2010-11 | dated |
| | 30.05.2011, | 146 |

- Circular No. DNBS.PD.CC. No./221/03.02.002/2010-11 dated 27.05.2011, 146
 - Circular No. IDMD.PCD. 08/14.03.03/2011-12 dated 23.08.2011, 560
 - Circular No. CIR/IMD/FIIC/15/2011 Dated 26.08.2011, 560
 - Circular No. CID/BC.30/20.16.042/2011-12 Dated 05.09.2011, 560
 - Circular No. IDMD.PCD. No. 12/14.03.04/2011-12 dated 20.10.2011, 866
 - Circular No. DBOD.DIR.BC. 43/13.03.00/2011-12 dated 31.10.2011, 866
 - Circular No. DBOD. No. BP.BC. 44/21.04.157/2011-12 dated 02.11.2011, 866
 - Circular No. DBOD.BP.BC. No. 45/08.12.015/2011-12 dated 03.11.2011, 866
 - Circular No. DBOD.BP.BC. No. 50/21.01.001/2011-12 dated 04.11.2011, 866
 - Circular No. CIR/IMD/FIIC/20/2011 Dated 18.11.2011, 1033
 - Circular No. DNBS.CC.PD. No. 254/03.10.01/2011-12 dated 30.12.2011, 1200
 - Circular No. DNBS.CC.PD. No. 255/03.10.01/2011-12 dated 30.12.2011, 1200
 - Circular No. RPCD.CO.RCB.AML. BC. No. 50/07.40.00/2011-12 dated 30.12.2011, 1201
 - Circular No. RBI/2011-12/408/UBD. CO.BPD.CIR.No. 19/09.11.200/2011-12 dated 13.02.2012, 1583
 - Circular No. UBD.CO.BPD.CIR. No. 25/12.05.001/2011-12 dated 06.03.2012, 1583
 - Circular No. DNBS.PD.CC. Dated 17.06.2011, 144
 - Circular No. CIR/MIRSD/2/2011 Dated 03.06.2011, 252
 - Circular No. CIR/ISD/3/2011 Dated 03.06.2011, 253
 - Circular No. CIR/MIRSD/8 to 11/2011 Dated 20.06.2011, 253
 - Circular No. CIR/MIRSD/12/2011 Dated 11.07.2011, 253
 - Circular No. CIR/MIRSD/14/2011 Dated 02.08.2011, 410
 - Circular No. CIR/DNPD/07/2011 Dated 11.08.2011, 414
 - Circular No. CIR/IMD/DF/13/2011 Dated 22.08.2011, 559
 - Circular No. CIR/MIRSD/16/2011 Dated 22.08.2011, 709
 - Circular No. CIR/MIRSD/17/2011 Dated 24.08.2011, 559
 - Circular No. LAD-NRO/GN/2011-12/27668 Dated 30.08.2011, 559
 - Circular No. CIR/IMD/DF/16/2011 Dated 08.09.2011, 560
 - Circular No. F. No. LAD-NRO/GN/2011-12/24/30181 dated 23.09.2011, 707
 - Circular No. SEBI/CFD/DCR/SAST/1/2011/09/23 Dated 23.09.2011, 708
 - Circular No. CIR/CFD/DIL/5/2011 Dated 27.09.2011, 708
 - Circular No. CIR/CFD/DIL/6/2011 Dated 28.09.2011, 708
 - Circular No. SEBI/CIR/ISD/5/2011 Dated 30.09.2011, 709
 - Circular No. IMD/DF/17/2011 Dated 28.09.2011, 709
 - Circular No. SEBI/CFD/DCR/SAST/2/2011/10/20 Dated 20.10.2011, 865
 - Circular No. CIR/MRD/DSA/12/2011 Dated 24.10.2011, 865
 - Circular No. CIR/MIRSD/22/2011 Dated 25.10.2011, 865
 - Circular No. CIR/IMD/DF/19/2011 Dated 11.11.2011, 865
 - Circular No. SEBI/CFD/DCR/SAST/3/2011/11/22 Dated 22.11.2011, 1034
 - Circular No. CIR/MRD/DMS/13/2011 Dated 29.11.2011, 1034
 - Circular No. CIR/MIRSD/24/2011 Dated 15.12.2011, 1034
 - Circular No. CIR/MIRSD/24/2011 Dated 15.12.2011, 1198
 - Circular No. CIR/MIRSD/25/2011 Dated 19.12.2011, 1197
 - Circular No. CIR/IMD/DF/22/2011 Dated 26.12.2011, 1198
 - Circular No. CIR/MIRSD/Cir-26/2011 Dated 23.12.2011, 1198
 - Circular No. CIR/DNPD/01/2012 Dated 02.01.2012, 1198
 - Circular No. CIR/MIRSD/1/2012 Dated 10.01.2012, 1200
 - Circular No. CIR/MRD/DP/02/2012 Dated 20.01.2012, 1352
 - Circular No. CIR/MRD/DSA/03/2012 Dated 20.01.2012, 1352
 - Circular No. CIR/MRD/DSA/04/2012 Dated 20.01.2012, 1352
 - Circular No. CIR/MRD/DP/05/2012 Dated 01.02.2012, 1353
 - Circular No. CIR/CFD/DIL/1/2012 Dated 08.02.2012, 1354
 - Circular No. CIR/MIRSD/2/2012 Dated 15.02.2012, 1579
 - Circular No. CIR/MRD/DSA/06/2012 Dated 21.02.2012, 1580
 - Circular No. CIR/MRD/DP/07/2012 Dated 23.02.2012, 1580
 - Circular No. CIR/IMD/DF/6/2012 Dated 28.02.2012, 1582
 - Circular No. CIR/IMD/DF/7/2012 Dated 28.02.2012, 1582
 - Circular No. CIR/MIRSD/3/2012 Dated 01.03.2012, 1582
 - Circular No. CIR/MIRSD/4/2012 Dated 29.03.2012, 1668
 - Circular No. SEBI/CIR/ISD/1/2012 Dated 30.03.2012, 1666
 - Circular No. CIR/MRD/DP/07/2012 Dated 13.04.2012, 1667
 - Circular No. MIRSD/CIR/5/2012 Dated 13.4.2012, 1667
 - Circular No. CIR/MRD/DMS/12/2012 Dated 13-04-2012, 1668
 - Circular No. CFD/DIL/LA/SK/AT/8278/2012 dated 11.04.2012, 1824
 - Circular No. CIR/CFD/DIL/4/2012 Dated 16.04.2012, 1824
 - Circular No. CIR/CFD/DIL/5/2012 Dated 03.05.2012, 1824
 - Circular No. CIR/MRD/DP/10/2012 Dated 13.04.2012, 1824
 - Circular No. CIR/MRD/DP/11/2012 Dated 13.04.2012, 1824
- Notifications**
- Notification No. DNBS.CC.PD. No. 250/03.10.01/2011-12 dated 02.12.2011, 1033
- Press Release**
- Press Release dated 01.01.2012, 1201
- SEBI**
- Circulars**
- Circular No. CIR/CFD/DIL/3/2011 Dated 03.06.2011, 143
 - Circular No. CIR/OIAE/2/2011 Dated 26.12.2011, 1198
 - Circular No. CIR/MIRSD/Cir-26/2011 Dated 23.12.2011, 1198
 - Circular No. CIR/DNPD/01/2012 Dated 02.01.2012, 1198
 - Circular No. CIR/MIRSD/1/2012 Dated 10.01.2012, 1200
 - Circular No. CIR/MRD/DP/02/2012 Dated 20.01.2012, 1352
 - Circular No. CIR/MRD/DSA/03/2012 Dated 20.01.2012, 1352
 - Circular No. CIR/MRD/DSA/04/2012 Dated 20.01.2012, 1352
 - Circular No. CIR/MRD/DP/05/2012 Dated 01.02.2012, 1353
 - Circular No. CIR/CFD/DIL/1/2012 Dated 08.02.2012, 1354
 - Circular No. CIR/MIRSD/2/2012 Dated 15.02.2012, 1579
 - Circular No. CIR/MRD/DSA/06/2012 Dated 21.02.2012, 1580
 - Circular No. CIR/MRD/DP/07/2012 Dated 23.02.2012, 1580
 - Circular No. CIR/IMD/DF/6/2012 Dated 28.02.2012, 1582
 - Circular No. CIR/IMD/DF/7/2012 Dated 28.02.2012, 1582
 - Circular No. CIR/MIRSD/3/2012 Dated 01.03.2012, 1582
 - Circular No. CIR/MIRSD/4/2012 Dated 29.03.2012, 1668
 - Circular No. SEBI/CIR/ISD/1/2012 Dated 30.03.2012, 1666
 - Circular No. CIR/MRD/DP/07/2012 Dated 13.04.2012, 1667
 - Circular No. MIRSD/CIR/5/2012 Dated 13.4.2012, 1667
 - Circular No. CIR/MRD/DMS/12/2012 Dated 13-04-2012, 1668
 - Circular No. CFD/DIL/LA/SK/AT/8278/2012 dated 11.04.2012, 1824
 - Circular No. CIR/CFD/DIL/4/2012 Dated 16.04.2012, 1824
 - Circular No. CIR/CFD/DIL/5/2012 Dated 03.05.2012, 1824
 - Circular No. CIR/MRD/DP/10/2012 Dated 13.04.2012, 1824
 - Circular No. CIR/MRD/DP/11/2012 Dated 13.04.2012, 1824
- Notifications**
- Notification No. LAD-NRO/GN/2011-12/25/30309 dated 23.09.2011, 707

- Notification No. LAD-NRO/
GN/2011-12/29/36772 dated
02.12.2011, 1034
- Notification No. LAD-NRO/
GN/2011-12/30/37715 dated
14.12.2011, 1034
- Notification No. LAD-NRO/
GN/2011-12/34/2499 dated
30.01.2012, 1353
- Notification No. LAD-NRO/
GN/2011-12/36/3187 dated
07.02.2012, 1354
- Notification No. LAD-NRO/
GN/2011-12/37/3689 dated
10.02.2012, 1354
- Notification No. LAD-NRO/
GN/2011-12/38/4290 dated
21.02.2012, 1580

Press Release

- Press Release No. 119/2011 dated
28-07-2011, 410
- Press Release dated 02-01-2012,
1199
- Press Release No. 2/2012 dated 03-
01-2012, 1199

Classifieds, 178, 382, 530, 790, 946,
1104, 1275, 1433, 1607, 1636, 1915

Cloud Computing

- See under heading 'Article/
International Taxation'

COBIT 5

- See under heading 'Article/Tech for
You'

Code Criminal Procedure (CrPC)

- See under heading 'Legal Decisions'

Cognizance of Offence, 134

Collection and Recovery of Tax, 1338

Commission or Brokerage, 1086,
1180

Companies Act

- See under heading 'Circulars/
Notifications'
- See also under heading 'Legal
Decisions'

Company Law Board, 1344

Competition Act

- See under heading 'Legal Decisions'

Competition Commission of India (CCI)

- See under heading 'Articles/
Corporate and Allied Laws'

Condemned Articles, 133

Contempt of Court, 705

Copyright Act

- See under heading 'Legal Decisions'

Corporate and Allied Laws

- See under heading 'Article'

Corporate Annual Reports

- See under heading 'Articles/
Reporting'

Corporate Reporting

- See under heading 'Articles/
Reporting'

Corporate Sustainability Report

- See under heading 'Article/
Sustainability'

Council Committee Photo, 1316

Council General Guidelines, 188

Credit Value Adjustments

- See under heading 'Articles/
Accounting'

Crosswords

- See under heading "Back Page"

Custody of Company Properties, 134

Customer Locality Programme

- See under heading 'Articles/
Accounting'

Customs Act

- See under heading 'Circulars/
Notifications'

Customs Tariff Act

- See under heading 'Legal Decisions'

Deduction of Tax at Source (TDS),
236, 1180, 1337

- See under heading 'Articles/Union
Budget'

Delhi Sales Tax Act

- See under heading 'Legal Decisions'

Delhi Value Added Tax Act

- See under heading 'Legal Decisions'

Depreciation, 394

- See under heading 'Articles/Taxation'

Did You Know, 167

Dispute Resolution Panel, 545

Double Taxation Avoidance Agreement, 226, 228, 390, 532, 536,
850, 1178, 1183, 1186, 1339, 1564,
1808

Duty Entitlement Pass Book Scheme,
1565

Economic Update, 172, 335, 621, 779,
930, 1265, 1413, 1591

Editorial

- Indian Accountancy Profession:
Today and Tomorrow, 003
- Corporate Social Responsibility and
Chartered Accountants, 199
- Information Technology and
Chartered Accountants, 363
- Concept of 'Independence' in
'Independent Auditor', 511
- Global Economic Turbulence and
India, 659
- Decline of Indian Rupee Hits
Economy, 823
- The Economic morass and the Way
Out, 987
- Hints of Global Economic Recovery
and India, 1135
- Budget 2012-13 and Challenges of
Indian Economy, 1299,
- Budget 2012-13 to Boost
Recovering India, 1463
- Challenges of Financial Inclusion in
India and Role of CAs, 1619
- Alternative Dispute Resolution in
India and Role of CAs, 1775

e-Invoicing

- See under heading 'Articles/
International Taxation'

Events, 180-186, 347-354, 498-503,
637-646, 637-646, 794-807, 949-963,
1767, 1784-1916

ESOP

- See under heading 'Articles/
Taxation'

Excise Duty, Power of Government, 546, 1813

Export Business, 392, 1566, 1652

Exposure Drafts

- Standard on Internal Audit (SIA), Related Parties, 344, 1454

External Commercial Borrowings

- See under heading 'Article/Banking and Finance'

Fees for Technical Services

- See under heading 'Articles/International Taxation'

Finance Act

- See under heading 'Legal Decisions'

Finance Bill, 2012

- See under heading 'Articles/Union Budget'

Finance Reporting

- See under heading 'Article/Accounting'

Foreign Currency Forwards

- See under heading 'Articles/Accounting'

Foreign Exchange Management Act (FEMA)

- See under heading 'Circulars/Notifications'
- See also under heading 'Legal Decisions'

Forensic Audit

- See under heading 'Article/Auditing'

Free Trade Zone, 391

From the President, 6, 202, 516, 664, 826, 990, 1138, 1304, 1466, 1622, 1778

From the leaders of Accountancy

- The Global Challenges and Increasing Expectations from the Accountancy Profession, 32
- Needs and Challenges of Accountancy Profession in CAPA Region, 40
- Sustainability and Non-Financial Reporting is the Global Need of the Hour, 47

- Sixty Years in a Glorious Profession, 52

- Six Decades of Our Independence, 55

- Accounting Profession vis-à-vis The ICAI- Now and Then, 60

- Role of Chartered Accountant in the Current Economic Syndrome, 62

- Trends and Challenges in the Profession, 67

- Challenges before the Profession: The Path Ahead, 72

- The Next Stage in the Evolution of Business Reporting- The Journey Towards an Interlinked, Integrated Report, 75

Full Value Consideration, 1804

General

- See under heading "Article"

General Anti Avoidance Rules (GAAR), 396

Goods and Service Tax (GST)

- See under heading 'Articles/Taxation'

Government Accounting

- See under heading 'Article/Accounting'

Green Audit

- See under heading 'Articles/Global Audit'

Green Shoe Option

- See under heading 'Articles/Capital Market'

Guidance Note

- Guidance Note on Certification of XBRL Financial Statements, 968

- Guidance Note on Accounting for Real Estate Transactions (Revised 2012), 1436

- Guidance Note on Accounting for Self-generated Certified Emission Reductions (CERs) (Issued 2012), 1448

- Guidance Note on Accounting for Real Estate Transactions (Revised 2012), 1442

Health Insurance Scheme for Members, 1792

High Court, Appeals to, 1029, 1190, 1812

ICAI Achievements

- Significant Achievements of ICAI (2011-12): Towards Sustained Emergence and Growth, 1150

ICAI Committee List

- Year 2012-2013, 1415

ICAI Corporate Forum

- Career Ascent, 755, 935,
- Gulf Campus, 763, 936,
- ICAI Awards, 775, 932,
- Financial Expo, 792, 933
- Corporate Enclave, 808, 937,

ICAI News

- New Publication from the Internal Audit Standards Board, 174
- Invitation to Contribute Articles for E- Newsletter, 174
- Contribution to the Question Bank of CPT, 175
- Announcement regarding Working Hours of the Articled Assistants, 176
- Enhancement of fees for issue of duplicate statement of marks, 177
- Campus Placement Programme for Newly Qualified CAs, 177
- Certificate Course on Indirect Taxes, 178
- Further updates on the article titled 'How Fair is Fair Value'- Understanding Fair Value under IFRS, 179
- Commencement of Certificate Course on Forex and Treasury Management at Delhi and Mumbai, 179
- New Publication from the Auditing and Assurance Standards Board, 340
- Invitation to Contribute Articles for E-Newsletter, 340
- ICAI- ROC, AMCA-21 Compliance software, 341
- www.icai.org.in: A Exclusive Website for Members in practice and CA Firms of ICAI, 341
- ICAI- Tax Suite- A Tax Compliance software, 342
- Campus Placement Programme for Newly Qualified Chartered Accountants – August-September 2011, 343

- CPE Study Circle for Members in Industry, 343
- Invitation for Research Proposals, 344
- Comments Invited on Exposure Drafts of ASLB 8 'Construction Contracts', 344
- Certificate Course on Master in Business Finance, 345
- Attention Depositors of NBFCs, 346
- Invitation of Comments on Draft Policy on *Plagiarism*, 346
- Certificate Course-Master in Business Finance, 488
- Amendment in Council General Guidelines, 2008, 488
- Definition of 'Relative' in Chapter IV of Council General Guidelines, 2008, 488
- Know Your Client (KYC) Norms, 489
- Status of In-charge of Head office or branch of Chartered Accountant Firm, 489
- ICAI Awards For Excellence In Financial Reporting Invitation to Participate in the Competition for the year 2010-2011, 490
- Common Proficiency Test (Paper-Pencil Mode) - December, 2011, 491
- Non receipt of Journal, 492
- Chartered Accountants Examinations – November, 2011, 493
- New Publication from the Accounting Standards Board, 496
- Invitation for empanelment of resource persons for investor awareness Programmes, 496
- ICAI requires Technical Director, 497
- ICAI requires Secretary, 497
- Invitation to Contribute Articles for E-Newsletter - 'Prudence', 632
- Announcement - Peer Review Board, 632
- Statutory audit of public sector and private/foreign banks simultaneously, 632
- ICAI- ROC: AMCA-21 Compliance software, 633
- www.icai.org.in - A Exclusive Website, 633
- ICAI- Tax Suite- A Tax Compliance software, 634
- CABF Group Term Insurance Scheme for Chartered Accountants and Spouse, 635
- Empanelment of Resource Persons for Investor Awareness Programmes, 636
- Integrated Professional Competence Examination [Paper 7 - Section B] and Professional Competence Examination [Paper 6 - Section B]- Strategic Management, 636
- Certificate Course On Enterprise Risk Management, 780
- Certificate Course on Internal Audit, 781
- Articles requested for new feature, *Professional Opportunities*, 782
- Invitation to Contribute Articles for e- Newsletter, 782
- Invitation to Contribution of Questions for ISA-AT Question Bank, 783
- Contribution to the Question Bank of CPT, 784
- ICAI Announcement regarding minimum recommended scale of fees, 785
- Quick Insight: CA Profession, 785
- E-learning Courses on Service Tax and Transfer Pricing, 785
- CMII Forms 50th CPE Study Circle for Members in Industry, 786
- New publications from the Auditing and Assurance Standard Board, 787
- New Publication from the Research committee, 788
- Announcement Regarding compliance with paragraphs 61 and 62 of the Standard on Review Engagements (SRE) 2410, 789
- Certificate course on Indirect Taxes at Chennai, 790
- ICAI Offers First MBF Campus Placement, 791
- Expert Advisory Committee of the ICAI, 941
- Empanelment of Chartered Accountant firms for the year 2012-2013, 942
- Certificate Course on International Taxation, 942
- Requirement of Faculty on Ethics, 942
- ISA Course Assessment Test, December 2011, 943
- New Branches of Students' Association, 944
- Empanelment of Resource Persons for Investors Awareness Programmes, 944
- Revised Guidelines of Network, 945
- New Publication- Handbook on Professional Opportunities in Internal Audit, 946
- ICAI offers First MBF Campus Placement, 947
- Certificate Course on Master in Business Finance, 948
- General Amnesty for Retrospective Restoration of Names from Register of Members and Certificate of Practice, 1272
- Empanelment of Chartered Accountant Firms for the year 2012-2013, 1274
- Invitation to Contribute Articles for E-Newsletter — 'Prudence', 1274
- Invitation to Join Panel of Examiners, 1275
- Revision in Fee of Expert Advisory Committee, 1275
- Invitation for Contribution of Questions for ISA-AT Question Bank, 1276
- Billing and Accounting Software, 1277
- Contribution to the Question Bank of CPT, 1278
- Campus Placement Programme for the Newly Qualified CAs, 1279
- ICAI-XBRL Software, 1280
- New publications, 1281
- Arrangement with Taxmann to provide the contents of its website only at ₹3500/- to the members of ICAI, 1283
- Certificate Course on Master in Business Finance, 1284
- Payroll Software, 1285
- New Branches of ICAI –Sivakasi & Kannur, 1286
- Invitation to be a member of a CFOs GUILD (Corporate Accountants Guild), 1287
- Chartered Accountants Examinations – May, 2012, 1288
- Announcement regarding Statutory Auditor's Reporting Responsibilities in Respect of Depositing of Cess Pursuant to Clause 4(ix)(a) of the Companies (Auditor's Report) Order, 2003 and Section 227(3) (g) of the Companies Act, 1956, 1422
- Common Proficiency Test (Paper-Pencil Mode), June 2012, 1423
- New Publications, 1426
- Invitation for Contribution of Questions for ISA-AT Question Bank, 1430

- Contribution to the Question Bank of CPT, 1431
 - Setting up of WICASA Branch at Navi Mumbai, 1432
 - Invitation to Join Panel of Examiners, 1430
 - Non-Receipt of Journal, 1434
 - Invitation for Empanelment of Resource Persons for Investor Awareness Programmes, 1434
 - Branch Audit of Public Sector Banks for the year 2011-12: An Update, 1472
 - Draft Chartered Accountants (Amendment) Regulations, 2012, 1594
 - Setting up of Branches of WICASA, CICASA and EICASA, 1602
 - Request to Contribute Articles -Journal on Management Accounting and Business Finance, 1603
 - Committee on Management Accounting Invites Applications for Visiting/Regular Faculty for Certificate Course in Master in Business Finance (MBF) At New Delhi, Mumbai, Chennai, and Kolkata, 1604
 - Invitation for Empanelment of Resource Persons for Investor Awareness Programmes, 1604
 - Invitation to Contribute Articles for E-Newsletter – *Prudence*, 1605 For the Attention of the Members: Expert Panel for Addressing Queries Arising During Bank Branch Audits for Year Ending 31st March 2012, 1606
 - Faculty Required: Post Qualification Courses on Information Systems Audit Workshops, Conferences and Seminars in IT related areas, 1606
 - New Publications, 1607
 - Job Fair for Chartered Accountants: Exclusively Structured for Small and Medium sized CA firms and Small & Medium Enterprises (SMEs), 1755
 - Commencement of Certificate Course on Indirect Taxes in all Regions, 1756
 - Committee on Management Accounting Invites Applications for Visiting/Regular/faculty for a Certificate Course in MBF, 1757
 - Certificate course on Concurrent Audits of Banks, 1758
 - Invitation to Contribute Articles for E-Newsletter – “Internal Audit and Beyond”, 1758
 - Invitation for empanelment as Resource Persons for the programmes to be organised by CCBCAF & SMP, 1759
 - Request to contribute articles for the Journal on Management Accounting and Business Finance, 1760
 - Billing and Accounting Software, 1761
 - Payroll Software: Software on Payroll Management, 1762
 - Invitation to Contribute Articles for e-Newsletter ‘*Prudence*’, 1763
 - Invitation for Expression of interest for Authoring Publications relevant to the Members in Practice of ICAI, 1763
 - Certificate course of Enterprise Risk Management, 1765
 - Invitation to become Checker for Chartered Accountants Examinations, 1766
 - Health Insurance Scheme for Members of ICAI, 1792
 - ICAI- XBRL Software, 1796
 - Invitation to Contribute Articles for E- Newsletter ‘*Prudence*’, 1906
 - Study Tour on International Taxation to Vienna, Austria, 1906
 - Announcement for the Attention of the Members: Manner of Reporting by the Statutory Auditors on Accounting for Liabilities Arising on Dismantling of Indian Motor Third Party Insurance Pool (IMTPIP) Prescribed by IRDA, 1907
 - Certificate Course on Master in Business Finance, 1909
 - The Institute of Chartered Accountants of India Requires Additional Director (Technical), 1910
 - Commencement of Certificate Course on Forex and Treasury management at Delhi and Mumbai, 1915
- In Conversation**
- ICAI can effectively advise Govt. how best to Mobilise Resources: CA. K. Rahman Khan, 1640
 - CAs Can Help Govt. Maintain its Accounts and Achieve Fiscal Consolidation Yashwant Sinha, 1643
 - CBEC has High Regard for ICAI and CAs: S. K. Goel, 1798
- In Quotes, 113**
- IFRC-12**
- See under heading ‘Articles/Accounting’
- IFRS**
- See under heading ‘Articles/Accounting’
- Income, 226, 228, 232, 390, 532, 536, 538, 846, 851, 1178, 1180, 1188, 1332, 1564, 1645**
- Income Escaping Assessment, 131, 234, 396, 682, 1806, 1807**
- Income-tax Act**
- See under heading ‘Circulars/Notifications’
 - See also under heading ‘Legal Decisions’
- Income-tax Rules**
- See under heading ‘Legal Decisions’
- Indian Evidence Act**
- See under heading ‘Legal Decisions’
- Indian Stamp Act**
- See under heading ‘Legal Decisions’
- Inflation**
- See under heading ‘Articles/Economics’
- Information Technology**
- See under heading ‘Article’
- Insider Trading, 398**
- Inspiration**
- Where There is a Will, There is a Way, 648
- Insurance Business, 850, 1806**
- Interest, 1016, 1180, 1182**
- See under heading ‘Articles/International Taxation’
- Interest for Advance tax, 394, 853**

Internal Audit

- See under heading 'Article/Auditing'

Interim Measures by Court, 1572

International Conference

- Accountancy Profession: Leveraging Emerging Challenges for Inclusive Growth, 676
- Accountancy Profession: Leveraging Emerging Challenges for Inclusive Growth, 832

International Taxation

- See under heading 'Article'

International Update, 170, 339, 484, 619, 767, 928, 1261, 1411, 1588, 1752

Integrated Reporting

- See under heading 'Article/Accounting'

Investigation, 1817

Kar Vivad Samadhan Scheme, 1024

Know Your Client (KYC), 189

Know Your Ethics, 129, 214, 380, 528, 771, 842, 1002, 1634, 1794

Legal Decisions*

Direct Taxes

Income-tax Act

- Section 2(14), 1804(ALL)
- Section 2(42C), 1802(DEL)
- Section 5, 1564(AAR)
- Section 9, 226(AAR), 228(AAR), 232(AAR), 390(BOM), 532(AAR), 536(AAR), 846(AAR), 851(DEL), 1178(Uttarakhand), 1178 (AAR), 1180(BOM), 1332(SC), 1564(AAR), 1564(ITAT-Chennai), 1645 (ITAT-Chennai)
- Section 10(23C), 1022(P&H), 1331(DEL)
- Section 10(33), 534(BOM)
- Section 10(38), 1806(BOM)
- Section 10A, 391(ITAT-PUNE)
- Section 14A, 534(BOM), 1800(KAR)
- Section 22, 680(ALL)
- Section 23, 1800(GUJ-FB)

- Section 28(i), 680(ALL), 1646 (DEL-FB)
- Section 28(iii), 1566(SC)
- Section 28(iiib), 1565(SC)
- Section 28(iiid), 1565(SC)
- Section 28(iv), 230(DEL)
- Section 32, 394(DEL)
- Section 36, 1648(DEL)
- Section 36(1)(vii), 1568(SC)
- Section 36(1)(viii), 1568(SC)
- Section 37(1), 395(BOM), 680 (MP), 1015 (DEL), 1016 (DEL), 1648(DEL-FB), 1649 (DEL), 1800 (P&H)
- Section 40(a)(i), 1645(ITAT-Chennai)
- Section 40(a)(ia), 1016(ITAT-MUM-SB), 1180(BOM)
- Section 40(b), 1182(DEL)
- Section 41(1), 230(DEL)
- Section 44, 1806(BOM)
- Section 44BB, 232(AAR), 536(AAR), 537(AAR)
- Section 45, 1332(SC)
- Section 48, 542(AAR), 1022 (KAR)
- Section 50B, 1802(DEL)
- Section 50C, 1804(ALL)
- Section 54, 848(KAR), 1023 (P&H)
- Section 54EC, 848(KAR)
- Section 60, 538(BOM)
- Section 68, 849(DEL), 1571 (CAL)
- Section 70, 392(ITAT-PUNE)
- Section 72, 1650(ITAT-BANG-SB)
- Section 80G, 1022(P&H)
- Section 80HHC, 853(DEL), 1565 (SC), 1652(SC)
- Section 80HHE, 392(ITAT-PUNE)
- Section 80-IA, 682(BOM)
- Section 80M, 1652(SC)
- Section 90, 850(AAR), 1183 (AAR)
- Section 92, 392(ITAT-PUNE)
- Section 92B, 394(ITAT-PUNE)
- Section 92C, 239(ITAT-DEL), 540 (ITAT-HYD), 680 (ITAT-DEL)
- Section 92CA, 1653(GUJ)
- Section 112, 542(AAR)
- Section 115-O, 1808(AAR)
- Section 132, 1336(ALL)
- Section 139, 1023(P&H), 1186 (BOM)
- Section 144, 1023(CAL)
- Section 144C, 545 (Uttarakhand), 1653(GUJ)
- Section 147, 131(DEL), 234(KER), 682 (BOM), 1806 (BOM), 1807(Chhattisgarh)

- Section 148, 131(DEL), 1806 (BOM)
- Section 149, 396(GUJ)
- Section 152, 1807 (Chhattisgarh)
- Section 153A, 1336(ALL)
- Section 154, 234(KER)
- Section 158B, 684(CAL), 850 (CAL)
- Section 163, 390(BOM), 851(DEL), 1332(SC)
- Section 194J, 1180(BOM)
- Section 195, 228(AAR), 846(AAR), 1178(AAR), 1332(SC), 1339(AAR), 1564(AAR), 1808(AAR)
- Section 201, 236(KAR), 1337 (CAL)
- Section 220, 1338(DEL)
- Section 234A, 234B & 234C, 394 (ITAT-PUNE), 853(DEL)
- Section 245, 1571(AAR)
- Section 245Q, 1339(AAR)
- Section 245R, 236(AAR), 1186 (AAR)
- Section 254, 132(ITAT-MUM-SB), 238(DEL)
- Section 255, 132(ITAT-MUM-SB), 684(ITAT-MUM-SB)
- Section 256, 230(DEL), 238(SC)
- Section 260A, 1023(CAL), 1812(KAR)
- Section 263, 238(DEL)
- Section 271(1)(c), 1188(DEL)

Income-tax Rules

- Rule 3, 545(Uttarakhand)
- Rule 10B, 239(ITAT-DEL)
- Rule 11A, 1022(P&H)

Finance Act

- Section 87, 1024(SC)

Taxation Law (Constitution and Validation of Recovery Proceedings) Act, 1964

- Section 3, 1338(DEL)

Income-tax Act, R.C.S. 1985 (Canada)

- Section 245, 396 (Canada Tax Court)

Indirect Taxes

Central Excise Act, 1944

- Section 3A, 546(SC)
- Section 5A, 1343(SC)
- Section 11A, 547(SC)

Central Excise Rules

- Rule 3, 1343(SC)
- Rule 57A, 1340(SC)
- Rule 192, 1342(SC)

* Entries in italics after each Section(s)/Rule(s)/Regulation(s) denotes Page No(s) and in bracket denote(s) Court(s).

Central Excise Tariff Act, 1985

- Section 3, 1813(SC)

Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001

- Rule 8, 1342(SC)

Customs Tariff Act

- Heading 8803 of the First Schedule, 240(AAR)
- Heading 3824 90 90, 1814(AAR)

Delhi Sales Tax Act, 1975

- Section 46, 854(DEL-FB)

Delhi Value Added Tax Act, 2004

- Section 74A, 854(DEL-FB)
- Section 106, 854(DEL-FB)

Service tax (Finance Act, 1994)

- Section 65(12), 241(AAR)
- Section 65(105)(zzzx), 548(SC)
- Section 65(105)(zzzz), 688(DEL-FB)
- Section 66, 688(DEL-FB)
- Section 66A, 242(AAR)
- Section 68, 1189(CESTAT-AHD)
- Section 70, 1189(CESTAT-AHD)
- Section 73, 1189(CESTAT-AHD)

Tamil Nadu Sales tax

- Entry IV(1)(a), 133(SC)

Other Acts**Arbitration and Conciliation Act, 1996**

- Section 9, 1572(BOM)
- Section 11, 856(SC)

Banking Regulation Act, 1949

- Section 30, 858(DEL)

Chartered Accountants Act, 1949

- Section 21A, 692(DEL)

Chartered Accountants (Procedure of Investigation of Professional and other Misconduct and Conduct of Cases) Rules, 2007

- Rule 9, 692(DEL)

Code Criminal Procedure (CrPC)

- Section 198, 550(CAL)
- Section 320, 1815(SC)
- Section 468, 550(CAL)

Companies Act

- Section 10F, 1344(DEL)

- Section 33, 548(DEL)
- Section 295, 550(CAL)
- Section 428, 1026(RAJ)
- Section 433, 1190(CAL)
- Section 434, 691(CAL)
- Section 456, 134(SC), 135 (DEL)
- Section 459, 548(DEL)
- Section 536, 1026(RAJ)
- Section 543, 550(CAL)
- Section 621, 135 (DEL), 135(SC)
- Section 633, 550(CAL)

Competition Act, 2002

- Section 2(h), 1573(DEL)
- Section 3, 857(CCI)
- Section 4, 857(CCI)
- Section 19, 857(CCI), 1573(DEL)

Copyright Act, 1957

- Section 52, 846(AAR)

Foreign Exchange Management Act

- Section 35, 1190(SC)

Indian Evidence Act

- Section 57, 1190(CAL)

Indian Stamp Act

- Section 18, 1190(CAL)
- Section 35, 1190(CAL)

Limitation Act, 1963

- Section 5, 1190(SC)
- Section 14, 1190(SC)

Limited Liability Partnership Act, 2008

- Section 11, 548(DEL)

Negotiable Instruments Act, 1938

- Section 138, 134(SC), 1815(SC)
- Section 142, 134(SC)
- Section 147, 1815(SC)

Presidency Insolvency Act, 1909

- Section 47, 550(CAL)

SEBI Act

- Section 11, 1816(DEL)
- Section 11C, 1816(DEL)
- Section 24, 1028(DEL)
- Section 27, 1028(DEL)

SEBI (Brokers and Stock Broker's) Regulations, 1992

- Regulation 26, 552(SAT-MUM)

SEBI (Collective Investment Scheme) Regulations, 1999

- Regulation 26, 1028(DEL)
- Regulation 27, 1028(DEL)

SEBI (Mutual Funds) Regulations, 1996

- Regulation 18, 136(SAT-MUM)

SEBI (Prohibition of Fraudulent Trades and Unfair Practices relating to Securities Market) Regulations, 2003

- Regulation 4, 397(SAT-MUM)

SEBI (Prohibition of Insider Trading) Regulations, 1992

- Regulation 3, 694(SAT-MUM)

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

- Regulation 11, 398(SAT-MUM)

Special Economic Zones Act

- Section 51 & 53, 242(AAR)

Trade Marks Act

- Section 29, 1345(DEL)

Legal Update

- Circular and Notifications, 138, 245, 400, 554, 680, 860, 1192, 1346, 1574, 1656, 1819
- Legal Decisions, 131, 226, 390, 532, 696, 846, 1178, 1331, 1564, 1645, 1800

Limitation Act

- See under heading 'Legal Decisions'

Limited Liability Partnership (LLP)

- See under heading 'Articles/Corporate and Allied Laws'
- See also under heading 'Articles/Taxation'
- See also under heading 'Legal Decisions'

Losses, 1650**Management**

- See under heading 'Article'

Memorandum of Articles, 548**Merger**

- See under heading 'Articles/Corporate and Allied Laws'

Messages

- President of India Smt. Pratibha Devisingh Patil, 18
- Vice President of India Shri Hamid Ansari, 20
- Minister of Corporate Affairs Shri Murli Deora, 22
- Governor of Madhya Pradesh CA. Rameshwar Thakur, 24
- Deputy Chairman Rajya Sabha, Shri K. Rahman Khan, 26
- Minister of State for Corporate Affairs Shri R. P. N. Singh, 28

Minimum Alternate Tax

- See under heading 'Articles/Taxation'

Mobile Computing

- See under heading 'Articles/Tech for You'

Modvat Credit, 1350

Municipal Bonds

- See under heading 'Articles/Banking and Finance'

Mutual Fund, 136

National Update, 168, 337, 482, 617, 765, 926, 1263, 1409, 1750, 1901

NBFCs, 346

Negative List of Services

- See under heading 'Articles/Union Budget'

Negotiable Instruments Act

- See under heading 'Legal Decisions'

New Publications, 171, 340, 496, 787, 788, 946, 1281, 1426, 1607

Non-resident, 232, 536, 538, 851

Nostalgia & From the Archives

- Role as an Auditor, 80
- Some Problems Facing a Practising Accountant, 84
- Role of an Accountant and auditor In National Economy, 88
- Speech at Third Annual Meeting of the Council of ICAI, 92
- On Social Responsibility of an Accountant, 165

Notified Jurisdiction Area

- See under heading 'Articles/International Taxation'

Offences by Companies, 1028

Ombudsman

- See under heading 'Articles/Corporate and Allied Laws'

Opinion

- Treatment of loss arising on sale of under performing assets and associated liabilities to a group company of the supplier of the assets, 147
- Capitalisation of interest during pre-operative period in Cable and Telecommunication Industry, 262
- ESOP accounting on account of revision of the exercise price, 416
- Segment Reporting, 561
- Accounting for Leave Liability, 710
- Depreciation on freehold land having mineral reserves and the internal roads constructed in the premises of the company, 867
- Treatment of tax Expense on Deemed Income Under Section 56(2) (viiia) of the Income Tax Act, 1961 Arising on Purchase of Investments, 1035
- Accounting treatment of success fee paid to financial advisors, 1202
- Accounting for Sales Returns, 1355
- ICAI Committees 2012-13, 1415
- Accounting for payments made in respect of land pending execution of conveyance deeds and borrowing costs incurred in respect thereof, 1584
- Computation of Depreciation on Extra Shift Workings, 1669
- Revenue Recognition in Case of Construction Contracts, 1825

Our New President, 1302

Our New Vice President, 1303

Payroll Software, 1285, 1762

Permanent Establishment

- See under heading 'Articles/International Taxation'

Photographs, 014, 210, 376, 524, 672, 838, 998, 1146, 1318, 1474, 1630, 1786,

Post- Budget Memorandum

- Direct taxes, 1672
- Indirect taxes, 1677

Presidency Insolvency Act

- See under heading 'Legal Decisions'

Prize Chit and Money Circulation (Banking) Scheme Act, 318

Professional Skills

- Certificate Course offered by ICAI, 127

Profile

- New Corporate Affairs Minister, 374
- Our New President, 1302
- Our New Vice President, 1303

Quick Insight, 785

RBI

- See under heading 'Circulars/Notifications'

Readers Write, 372, 522, 670, 836, 996, 1144, 1320, 1628, 1784,

Reassessment, 1807

Recovery of Excise Duty, 547

Recovery of Service Tax, 1189

Refunds, 1571

Religious Trust/Institution, 1331

Remission or Cessation of Trading Liability, 230

Remuneration, 1182

Renting of Immovable Property, 688

Report

- ICAI celebrates tradition of professional excellence, launches New Initiatives on its 63rd Foundation Day, 216
- ICAI International Conference Highlights Role of Accountants in Ensuring Inclusive Growth, 1167

- ICAI Celebrates Professional success & Excellence at its 62nd Annual Function, 1322

Return of Income, 1023, 1186

Revision, 238, 854

Schedule VI

- See under heading 'Article/Accounting'

Scheme of Arrangement

- See under heading 'Articles/Corporate and Allied Laws'

SEBI Act

- See under heading 'Circulars/Notifications'
- See also under heading 'Legal Decisions'

SEBI (Brokers and Stock Broker's) Regulations, 1992

- See under heading 'Legal Decisions'

SEBI (Collective Investment Scheme) Regulations, 1999

- See under heading 'Legal Decisions'

SEBI (Mutual Funds) Regulations, 1996

- See under heading 'Legal Decisions'

SEBI (Prohibition of Fraudulent Trades and Unfair Practices relating to Securities Market) Regulations, 2003

- See under heading 'Legal Decisions'

SEBI (Prohibition of Insider Trading) Regulations, 1992

- See under heading 'Legal Decisions'

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

- See under heading 'Legal Decisions'

Securities Lending and Borrowing (SLB), 712

Service Tax

- See under heading 'Articles/Union Budget'
- See also under heading 'Circulars/Notifications'

- See also under heading 'Legal Decisions'

Services Received Outside India, 242

Shareholder, 135

Slum Sale, 1802

Smile Please

- See under heading "Back Page"

Social Audit

- See under heading 'Article'

Software

- See under heading 'Articles/International Taxation'
- See also under heading 'Articles/Taxation'

Special Economic Zone

- See under heading 'Legal Decisions'

Speculation Business, Losses in, 252, 1352

Speech

- As India Grows, CAs Have to Share a lot of Responsibilities, 615

Super Concentration, 1814

Survey, 384,

Takeover Code

- See under heading 'Articles/Capital Market'

Tamil Nadu Sales Tax Act

- See under heading 'Legal Decisions'

Tax Compliance Software, 342,632

Taxation

- See under heading 'Article'

Taxation Law (Constitution and Validation of Recovery Proceedings) Act, 1964

- See under heading 'Legal Decisions'

Tech for You

- See under heading 'Article'

Technology Related Payments

- See under heading 'Articles/International Taxation'

Telecommunication Service, 548

Three Dimensional Accounting Systems

- See under heading 'Articles/Accounting'

Total Income, 534,1800

Trade Marks Act, 1346

- See under heading 'Legal Decisions'

Transfer of Income, 538

Transfer Pricing, 540, 680, 1653

- See under heading 'Articles/International Taxation'

Tribute

- Veteran Leader- CA. N. K. P. Salve no more, 1638

Unfair Trade Practices, 397

Union Budget

- See under heading 'Article'

Unique Identification Number (UID)

- See under heading 'Article-General'

Vadafone Rulings

- See under heading 'Articles/International Taxation'

Valuation

- See under heading 'Article'

Vision

- Vision 2030, 1592

What the Leading Lights said about Accounting Profession, 113

Winding up, 134,135,691,1026

XBRL

- See under heading 'Article'

XBRL Software, 1280,1796