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E-Newsletter of the Guwahati Branch of EIRC of ICAI

Volume VIII, Issue 6, September 2014

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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 newsguwahati.icai@gmail.com.

Chairman's Message ...

Dear Colleagues and Student Friends,

hello!

"When you are inspired by some great purpose, some extraordinary project, all your thoughts break their bonds – your mind transcends limitations, your consciousness expands in every direction, and you find yourself in a new, great, and wonderful world." – Patanjali

Foresight, ability to seize opportunities, relentless drive to succeed and tremendous professional acumen are the four cornerstones of our branch. These have always kept us at the forefront of growth and success in the past four decades. We continuously set newer benchmarks, explore and innovate, thus keeping ourselves ahead of the curve. Our members keep raising the bar and expect us to exceed their expectations, providing us with an opportunity to think differently and act differently; and to deliver value-added programmes and services.

Guwahati Branch of ICAI is all set to host a two-day National Conference under the aegis of CPE Committee, ICAI on 13th & 14th November 2014 at Pragjyoti ITA Centre for Performing Arts, Machkhowa in Guwahati. The theme of the conference is "Jigyasa – Exploring the Future". I am sure this will be another excellent opportunity for members to interact and explore newer horizons of our great profession. The success of a mega event like this depends not only on the hard work of a dedicated team but is also heavily dependent on its financial sponsors. I appeal to all the members to extend their wholehearted support to this mammoth event and muster support from like-minded organisations always keeping in mind that a gathering of illuminated professionals such as these also provides an excellent opportunity for business houses to showcase their products and services.

September begins on the same day of the week as December every year but no other month ends on the same day of the week as this. This year the month was also quite unique to our branch too. Two Hon'ble Members of Parliament made their gracious presence in our branch activities. Smt. Bijoya Chakravarty, Hon'ble Member of Parliament from Guwahati Constituency, was the Chief Guest in our programme on "Empowering Women CAs" on September 6, 2014 whereas Shri Ramen Deka, Hon'ble Member of Parliament from Mangaldoi Constituency, was the chief guest of the "Navaratra Celebrations 2014" organised by the students' body of our branch on September 28, 2014. Both of them were very happy to attend our program and were willing to support us in carrying out the good causes of our Institute. The members and students of our branch were indeed motivated by their inspiring presence.

It is festival time. Each and every Indian festival has a deep and historical meaning attached to it. Dussehra is the triumph of good over evil not just on the surface but within the heart of each and every human being. Id-ul-Zuha (Bakr-Id) teaches us endurance and willingness to sacrifice even our most precious possessions for the greater good. Diwali is the festival of light and signifies illumination of our inner selves that removes the darkness of ignorance and lights up the path of true knowledge. Let's feel blessed to be a citizen of such a culturally rich country.

May the festive season bring in lots and lots of good cheer and prosperity for you and your family! May love of people for people grow in such trying times as these! May humanity emerge a winner!

"Live your truth. Express your love. Share your enthusiasm. Take action towards your dreams. Walk your talk. Dance and sing to your music. Embrace your blessings. Make today worth remembering." – Steve Maraboli

Happy Reading!

– CA. K P Sarda

Swachh Bharat Abhiyaan or Clean India campaign is the biggest tribute to the Mahatma who wanted Indians to adopt hygienic practices for a decent and cultured living. In that sense, Modi's declaration to make India clean by 2019, the 150th birth anniversary of the father of the nation, is a tribute that the nation must pay to the great soul for his conviction about clean living and clean India.

While the Mahatma represented many sides of the India he wanted, cleanliness was one of his biggest aspirations (cleaning one's own toilets, washing one's own dish etc. were some of his pointers on keeping oneself and the surroundings clean). There is no doubt the campaign will succeed. Such a momentum and such a drive has seldom been seen before. It was a rare sight to see many people holding brooms and becoming a part of the campaign. But many impediments will need to be removed before the dream is realized. Modi's clean India campaign is all encompassing but how many of us would actually go beyond the symbolic broom. The garbage rots in open air, stinks and becomes a carrier of diseases. Defecation in the open by children and the overflowing of the drains form some of the grievous issues which need to be seriously looked into and should immediately be linked to the Campaign.

It is surprising that even after 67 years of independence, close to 60 per cent of the country's population does not have access to toilets. People still go out in the field to ease themselves. This has emerged as one of the biggest health challenges. More than 61 million children in India have stunted growth. Studies have suggested this is not linked to malnutrition alone but to bad sanitation as well. Diarrhea is a common disease that spreads through open defecation and bad hygiene. About 5000 children in the country die daily due to diarrhea. Simply washing hands with soap, clean drinking water and an end to defecation can handle this killer disease.

The campaign seeks to change that mindset that makes pan, *gutka* or tobacco chewing people spit at public places without any moral compunction. Mechanisms need to be devised to prevent these people from indulging in such activities. Banning of *gutka* or pan has not proved of much use.

Taking a photograph from mobile is not that easy. You risk getting thrashed. Hence, law and order must be at the basis of such drives. For the good to prevail, the bad must be contained. Raising fine and punishment for all such violations that affect cleanliness should be substantial beginning.

To keep the city clean, one also needs garbage disposal facilities at proper places and people should be supplied locations of these on Google Maps. Create awareness and give facilities but also provide legal backup. Absence of either of these would make the goal difficult. Modi is doing one. Can we do others?

Editor's Desk...

Dear Friends,

I will like to share a short story with you....

Once upon a time, there lived a King who, despite his luxurious lifestyle, was neither happy nor content.

One day, the King came upon a servant who was singing happily while he worked. This fascinated the King; why was he, the supreme ruler of the land, unhappy and gloomy, while a lowly servant had so much joy.

The King asked the servant, 'Why are you so happy?'

The man replied, 'Your Majesty, I am nothing but a servant, but my family and I don't need too much - just a roof over our heads and warm food to fill our tummies.'

The king was not satisfied with that reply. Later in the day, he sought the advice of his most trusted advisor. After hearing the King's woes and the servant's story, the advisor said, 'Your Majesty, I believe that the servant has not been made part of the 99 Club.'

'The 99 Club? And what exactly is that?' the King inquired.

The advisor replied, 'Your Majesty, to truly know what the 99 Club is, place 99 gold coins in a bag and leave it at this servant's doorstep.'

When the servant saw the bag, he took it into his house. When he opened the bag, he let out a great shout of joy... So many gold coins! He began to count them. After several counts, he was at last convinced that there were 99 coins. He wondered, 'What could've happened to that last gold coin? Surely, no one would leave 99 coins!'

He looked everywhere he could, but that final coin was elusive. Finally, exhausted he decided that he was going to have to work harder than ever to earn that gold coin and complete his collection.

From that day, the servant's life was changed. He was overworked, horribly grumpy, and castigated his family for not helping him make that 100th gold coin. He stopped singing while he worked.

Witnessing this drastic transformation, the King was puzzled. When he sought his advisor's help, the advisor said, 'Your Majesty, the servant has now officially joined the 99 Club.'

He continued, 'The 99 Club is a name given to those people who have enough to be happy but are never contented, because they're always yearning and Striving for that extra one, saying to themselves: 'Let me get that one final thing and then I will be happy for life.' We can be happy, even with very little in our lives, but the minute we're given something bigger and better, we want even more! We lose our sleep, our happiness, all these as a price for our growing needs and desires.

That's "the 99 Club": Zero entrance fee; but you pay for it your whole life.

Friends, let's therefore avoid membership of the 99 Club and be happy and contented. Let's find pleasure in the little wonders of day to day life and enjoy our work with smiles on our faces and zeal in our hearts. Let's find ample time for ourselves, our families, for the society and for the nation.

Wishing you a Happy Puja, Dussehra, Eid and Diwali.

– CA. Sharad Agarwalla

TIME BARRED DEMAND –NO OCCASION TO ENQUIRE INTO THE MERITS OF THE CASE

By: CA. Manoj Nahata*

The limitation period prescribed under any taxing statue plays a very important role in framing assessment, recovery of taxes etc. Service Tax law is also not an exception to the same. The tax department always invokes the extended period /maximum period of demand whereas the assessee contends the same on the ground of legality. Recently, the Hon'ble Allahabad High Court had an occasion to deal with one such related issue. In case of **Commissioner of Customs and Central Excise & Service Tax Vs. Monsanto Manufacturer Private Limited – 2014 (4) TMI 505** the Hon'ble Court took the view that once the CESTAT had held the demand to be time barred, entering into the merits of the case and passing an order would amount to an illegality.

Position of Law:

Section 73 of the Finance Act, 1994 provides that the Central Excise Officer may recover the service tax from the assessee if the same has not been levied or not paid or short levied or short paid or erroneously refunded by issuing a show cause notice to the assessee within 18 months (earlier it was one year) from the relevant date. If there is an intention to evade payment by means of fraud, collusion, suppression of fact etc., the limitation period for issuing show cause notice is 5 years from the relevant date. The Revenue is to prove the case for invoking the extended period of limitation.

Facts of the case:

In the said case a notice to show cause was issued to the assessee on 21.7.2006 by which an amount of Rs. 9,46,766/- towards service tax along with interest was demanded. The case of the Department is that on a scrutiny of the balance sheet for the year 2001-012 to 2004-05 and of relevant documents, the Audit team noticed that the assessee had received cold storage fixed rent charges up to 31.03.2005 in the amount of Rs 1.46 crores from Hindustan Lever Limited for storage of frozen products. The agreement between the assessee and HLL was for providing clearing and forwarding agent's service.

The show cause notice is for the period between 2001-02 and 2004-05 ending 31.03.2005. The Revenue contended that the assessee provided a facility for the storage of goods belong to HLL in a cold storage owned by the assessee. The compensation structure stipulated that the assessee would receive a fixed charge of Rs 3.50 lakh per month for providing the facility of a cold storage and a reimbursement for clearing and forwarding agent expenses at a stipulated rate. The assessee was called upon to show cause as to why it should not be required to pay service tax amounting to Rs 9,46,766/-.

The Adjudicating Authority confirmed the demand with interest and imposed a penalty of Rs 200 per day till the deposit of the duty subject to a maximum of Rs 9,46,766/-. Penalties were also imposed under Section 75A and Section 77. The assessee filed appeal before the Commissioner (Appeals) who reduced the penalty. The duty was confirmed.

Aggrieved against the order of the Commissioner (Appeals) the assessee filed appeal before the Tribunal. The Revenue also filed appeal before the Tribunal for the reduction of penalty.

Tribunal's findings & High Court's view:

On the appeal filed by the Revenue the Tribunal held that the extended period of limitation could not invoked by the Revenue since the condition precedent under Section 73(1) of the Finance Act had not been fulfilled. The Tribunal found that for the first time the Revenue wrote a letter dated 27.9.2002 asking assessee to pay tax for the period September 2001 to July 2002. The assessee also filed reply to the letter. The Tribunal found that fact that assessee is not paying duty on cold storage was known to Department in 2002. Quantum of cold storage charges is already part of agreement and is fixed on monthly basis. The Tribunal was of the view that extended period based on suppression of fact cannot be invoked and therefore demand beyond period of one year is time barred.

The Revenue contended that the extended period of limitation was validly invoked since the assessee has failed to furnish to the Department information that would indicate that the fixed charges that were levied for the use of a cold storage facility were part of the same agreement under which the assessee had agreed to provide clearing and forward agent services to HLL.

The High Court held that it is clear fact that the assessee was not paying the tax on the fixed monthly charges was known to the Department on 27.09.2002. The Department evidently had knowledge of the agreement between the assessee and HLL under which the payment of cold storage charges on a fixed monthly basis was part of the agreement. In view of this matter the Tribunal, in the view of High Court, was justified in coming to the conclusion that the extended period of limitation could not be invoked since there was no suppression of fact.

On the appeal filed by the assessee the Tribunal also enquired the merits of the case and came to the conclusion that since storage of goods in the cold storage was an essential part of the clearing and forwarding operations of the assessee, cold storage charges are required to be added in the taxable value of services rendered. But the assessee raised objection for this before the High Court. The assessee contended that once having come to the conclusion that extended period of limitation could not have been validly applied, the Tribunal could not enquire into the merits of the case. The High Court viewed that the Tribunal acted outside its jurisdiction in entering upon the merits of the dispute on whether the demand for duty should be confirmed. Once it is held that the demand is time barred, there would be no occasion for the Tribunal to enquire into the merits of the issues raised by the Revenue. Thus the revenue's appeal is dismissed and the assessee's appeal is disposed of in terms of the above findings of the Hon'ble Court.

Author's Comments:

In the above judgment the Hon'ble Court has laid the threshold on the jurisdiction of the CESTAT to enquire into the merits of the case. It is very clear that section 73 enables the department to invoke extended period only in certain exceptional cases of fraud, suppression etc. But when it is proved that such extended period is not at all warranted or justified, then *prima facie* the same is not legally valid. Now, in the instant case, the revenue tested purview /operation of 73(1) on the touchstone of the merits of the case. But it is more or less a settled position that if a demand is time barred then it attains illegality. Even merits of case cannot save it from stepping into the shoes of illegality. Thus once a demand is confirmed to be time barred it is immaterial whatever may be the merit of the case. Once the CESTAT had held the demand to be time barred, entering into the merits of the case and passing an order would amount to an illegality. This judgment will have a far reaching impact especially on those cases where department has made a strong case against the assessee but the same is /are hit by limitation. In such cases the department has to prove the existence of elements of fraud, suppression, willful default etc. for invocation of larger period of limitation. Otherwise in view of the discussed judgment the assessee is going to get the relief.

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Role of SHG & Micro-Finance in North-East

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"No, the women needed opportunity, not charity – They want chance, not bleeding hearts" – Prof. Mohammed Yunns[1]

Introduction

Throughout history, people have formed groups with others who have something in common with them, and oppressed people have joined together to overcome the conditions they face.

A self-help group (**SHG**) is a village-based entity with homogeneous gathering where its members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose.

The emergence of self-help groups can be seen as a response to industrialization, the breakdown of the kinship system, and the decline of the community (Katz & Bender, 1976; Humm, 1997; Kessler et al. 1997), although alternative views see it as a reflection of an ineffective, inefficient and dehumanizing formal system of care (Gartner & Riessman, 1977).

Need in Northeast

Northeast is the most financially excluded region in the country. The banking and finance infrastructure in the region is very weak, with Northeast lagging in almost all critical banking outreach indicators. Agriculture remains the mainstay of the economy of the region engaging almost 75 % of the workforce. Most other economic activity is small scale and heavily dependent on traditional skills of weaving and handicrafts.

"The North East region remains a classic case of financial exclusion," says Dr Abhijit Sharma, assistant professor at the IIBM and the coordinator of the study conducted for Sa-Dhan.[2]

In June 2009, average population per commercial bank branch for northeast was as high as 21,000, 40% higher than the national average of 15,000. Manipur in particular had an average population of 33,000 per commercial bank branch which was highest for any state in the country. [3]

The region offers low investment opportunity which is reflected by low credit-deposit ratio. In March 2009 the C-D ratio of Northeast, as per sanctioned amount, was 35.8%, a figure less than half the country average of 72.6%.[4]

However these indicators clearly support the view of Dr. Abhijit Sharma about financial exclusion in the region.

The SHG aims to strengthen the economically poor individuals as members thereof. The people do require financial services for various economic activities, consumption smoothening and social security. The low income households' members can be motivated to form SHG and thereafter can avail the benefits of microfinance. A vision is to be provided & created among them.

SHG Composition & Membership

1. Homogeneous among the members should be aimed at so that all members must work as a team with common objectives.
2. Recommendatory practice should be "One family, one member – Only one member can participate in a SHG from a family.[5]"
3. "Women have a vital role to play in SHG as they easily understand the problems faced by their family member".[6]
4. The person writing the accounts should not handle the money.

Record Keeping

Proper record keeping is very import for any entity and it essential for transparency and safety of the common fund. General measures that can be adopted to ensure it are as under:

1. The total amount and important transactions should be announced at meetings and/or written on the board.
2. Members should sign the days' minute only after getting the writer to read out what has to be signed.

1 In 1976, Prof. Mohammed Yunus of Bangladesh started women's groups in Bangladesh and developed thrift and savings among the poorest. Now it has developed into a bank named Bangladesh Grameen Bank.
2 A study was carried out by the Indian Institute of Bank Management (IIBM), Guwahati, Assam, and commissioned by Sa-Dhan
3 Report on Trend and Progress of Banking in India, 2008-09; RBI
4 Report on Trend and Progress of Banking in India, 2008-09; RBI
5 A Tool Kit for SHG Facilitator – ICAI, Jan 2013 edition.
6 A Tool Kit for SHG Facilitator – ICAI, Jan 2013 edition

3. SHG members must ensure that books are always kept up-to-date and stored in a secure place.
4. The book writer should not be the custodian of the records.
5. The book writer should be a trusted group member and not an outsider.

Generally, SHGs are promoted by NGOs or other facilitators it is seen that their Resource Persons take the responsibility of maintaining books of accounts and records. This takes away the ownership and responsibility from the SHG. Resource persons should only guide and encourage the SHG in the book keeping function.

Group Savings

Group savings is central to Self Help Groups (SHGs). Only those groups which save sufficient money can lend money and rotate the funds so that the entire group benefits. Savings are the important ingredient of revolving fund which makes them self-sufficient. Those SHGs which can follow systematic and democratic procedures for receiving money, depositing it in banks and lending it can qualify itself for credit linkage with rural banks. Banking habit among the members of group should be promoted.

Entrepreneurship & Income Generation Activities (IGAs)

Self-Help Group (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development.

IGAs are expected to diversify income sources and should be one of the key strategies to encourage and promote SHGs. IGAs should not be imposed; they should be selected by the concerned S. Facilitators should not impose their thoughts on the community instead guide them in choosing such activities that not only match to their calibre but also have economic feasibility. IGA should be need based.

SHG should be formed & promoted with a mechanism for income generating activities - mobilization of investment funds, provision of business management, and technical support services.

Women Empowerment

Self-help groups (SHGs) are fast emerging as powerful tool of socio-economic empowerment of the economically poor women in our rural areas. Women are known to participate in informal credit markets in most Third World countries. Even in North-East local money lenders dominate the rural areas. Thus, Women SHG aims for their empowerment through their independence.

In our country the pioneer in this field is Self-Employed Women's Association (SEWA). Without the Grameen model SEWA was started in 1972. Though started as a Trade union for women in the unorganised sector, today SEWA boasts of running the first Women's Bank in the country.

A typical rural women's self-help group is a good example of capacity building for prospective entrepreneurs. Women led SHGs in Andhra Pradesh have won laurels for their exemplary performance.

Micro Finance

The irrepressible desire and inherent capacity of poor to improve their living for themselves is considered as the foundation for concept of Micro Credit. Propelled by the demonstrative success of Bangladesh Grameen Experiment Micro Credit is acknowledged as an effective channel to take the poor into a new domain of economic empowerment.

Further, micro credit movement assumed global advocacy through Micro Credit Summit held in February 1997 at Washington.

To overcome the cons of informal credits like extremely high dept rates, SHG should be promoted among the economically poor and be guided by the NGOs, Corporate, Government Agencies, International donors etc. Micro – credit is a novel approach of banking with poor with the distinct advantages of high repayments of loans and low transaction cost.

Micro – credit is distinctly different from other poverty alleviation schemes. Loans under micro – credit programs are very small, on an average less than $100 by world standards.

Conclusion

The growing commercialization of rural economy, increasing dependence of agriculture on external inputs, mobilizations of savings towards construction and the growing education have opened up new vistas for the micro-enterprise (like SHG) development in Northeast States of India. Since Northeast is diverse SHG bank linkages shall be required. Existing MFIs need to be strengthened and encouraged to work in unreached areas rather than concentrating in limited geography, which is currently in and around Guwahati. There are several indigenous institutions operating in the Northeast. These institutions have been in existence for many years and play significant roles in providing financial security as well as social security to their members.

SHGs have set a new empowerment agenda for financial intermediation by banks. Further, SHG as a system has infused certain synergy among its members to move up in the socio-economic ladders from passive onlooker into an active partner/ stakeholder in the development process. Today, SHGs in Northeast have become a potential tool for the empowerment of women, social solidarity and socioeconomic betterment of the poor in their own setting.

Congratulations!!

CA. Ashoke Kumar Jalan (M.No.: 052464) has been appointed as Honorary Consultant under State Planning Board, Planning Department, Government of Mizoram.

The agony of Cenvat Credit

By: CA. SHIVANI SHAH
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Union Budget 2014, has posed an embargo on the time within which credit needs to be availed. Prior to this, there was no statutory provision that limited the availment of credit. Now, wef 01/09/2014, as per proviso to rule 4(1) (relating to inputs) and sixth proviso to rule 4(7) (relating to input services) of Cenvat Credit Rules ('CCR') Cenvat credit must be taken within six months from date of issue of any duty paying document (invoice, bill of entry, GAR-7 challan etc. as applicable).

It is important to note that there is no time limit prescribed for utilizing the credit. Once the credit is taken in the records, the same may be utilized any time without any limit.

<u>For credits where assessee is not sure of its eligibility</u>

Since there is a time limit prescribed for taking credits, it is advisable in case of doubtful credits (credit for which assessee is not sure whether it is eligible or not), that such credits are taken in the books and not utilized. The department may be informed about the same. Since the credit is not utilized, the burden of interest does not arise. Also since the department is informed about the credit, penal provisions also may not be attracted.

<u>Treatment of credits of past period</u>

Another issue that deserves mention is what would be the status of the credits of the past period. In case of an on-going litigation, if the Tribunal confirms a demand, generally credit of that particular period was allowed. With the time limit being imposed, will it be possible to take the credit of such past periods.

<u>If payments made to service providers after six months</u>

As per the provisions of the Point of Taxation Rules, 2011, read with Rule 4(7) of the CCR, cenvat credit can be taken on receipt of invoice if the payment to the service provider is made within three months. If not, then the said credit needs to be reversed. The credit can be taken again when the payment is made. Now the question arises that if the payment is made after six months, will credit be available. In my view, the credit will be available as the date of payment is the basis of credit admissibility. Hence the period of six months should be computed from the date of payment and not date of invoice. However, this will definitely be fraught with litigation.

The application of the amendments made to Rule 4 of the CCR should, apply to credits taken on and after 01/09/2014. Further, this provision curbs the substantive right of taking credit of an assessee. If challenged, the provision may not stand the test of time.

<u>Credit in capital goods</u>

As noted above, the amended provisions apply only to the input services and inputs. Rule 4(2)(a) and 4(2)(b) of the CCR govern the provisions relating to cenvat credit on capital goods. Hence the law does not pose a time limit of availment in case of credit on capital goods.

<u>Time limit of taking credit in case of reverse charge</u>

W.e.f. 01/09/2014, in cases where the entire service tax is payable by the receiver of service, it can take credit on the basis of the challan after making the payment of service tax. As per the first proviso to Rule 4(7) of the CCR, the credit can be taken whether or not the payment of the taxable value is made to the provider of service. However, the credit should be taken within six months of the date of the challan evidencing the payment.

In cases where both service provider and receiver are liable to make payment, cenvat credit can be taken only after making payment to the provider of the taxable value and service tax. This holds good for the credit of the service tax portion payable by the receiver. As for the credit of the service tax payable by the provider, as per third proviso to Rule 4(7) of the CCR, credit is available immediately on receipt of invoice provided payment to provider is made within three months.

All in all, the amendments have made things complicated and an assessee needs to be doubly sure of the treatment of credits in its book to avoid losing lawful credits and unnecessary litigation.

ICAI - Announcement

Raising of number of partners in CA Firm with reference to the provisions of Companies Act, 2013. (02-09-2014)

The Council of the Institute has clarified that the earlier restriction of maximum of 20 partners permitted for firms under section 11 of the Companies act, 1956 is no more applicable to the firms as Section 464 of the Companies Act, 2013 has been notified w.e.f. 01.04.2014 wherein sub-section (1) provides for a maximum number of partners permissible for business firms at 100 and sub-section (2) provides that nothing in sub section (1) shall apply to an association or partnership, if it is formed by professionals who are governed by special Acts.

Accordingly, as per proviso to the said section, Chartered Accountants firms are now allowed to be registered/ reconstituted with more than 20 partners w.e.f. 01.04.2014 under the Indian Partnership Act as in the case of a firm under the Limited Liability Partnership Act.

For more details: **Click Here**

Selection Criteria for Income Tax Scrutiny Cases during Financial Year 2014-15

Instruction No: 6/2014 dated 03.09.2014

Subject: Compulsory manual selection of cases for scrutiny during the Financial Year 2014-15 (for Financial year 2013-14 check here)

1. In supersession of earlier Instructions on the above subject, the Board hereby lays down the following procedure and criteria for manual selection of returns/cases for scrutiny during the financial-year 2014-2015:-
    a) Cases involving addition in an earlier assessment year in excess of Rs. 10 lakhs on a substantial and recurring question of law or fact which is confirmed in appeal or is pending before an appellate authority.
    b) Cases involving addition in an earlier assessment year on the Issue of transfer pricing in excess of Rs. 10 crore or more on a substantial and recurring question of law or fact which is confirmed in appeal or is pending before an appellate authority.
    c) All assessments pertaining to Survey under section 133A of the Act excluding the cases where there are no impounded books of accounts/documents and returned income excluding any disclosure made during the Survey is not less than returned income of preceding assessment year. However, where assessee retracts the disclosure made during the Survey will not be covered by this exclusion.
    d) Assessments in search and seizure cases to be made under section 1588, 1588C, 1588D, 153A & 153C read with section 143(3) of the Act and also for the turns filed for the assessment year relevant to the previous year in which authorization for search and seizure was executed u/s 132 or 132A of the Act.
    e) Returns filed in response to notice under section 148 of the Act.
    f) Cases where registration u/s 12AA of the IT Act has not been granted or has been cancelled by the CIT/DIT concerned, yet the assesseehas been found I to be claiming tax-exemption under section 11 of the Act. However, where such orders of the CIT/DIT have been reversed/set-aside in appellate proceedings, those cases will not be selected under this clause.
    g) Cases where order denying the approval u/s 10(23C) of the Act or withdrawing the approval already granted has been passed by the Competent Authority, yet the assessee has been found claiming tax-exemption under the aforesaid provision of the Act.
    h) Cases in respect of which specific and verifiable information pointing out tax- evasion Is given by Government Departments/Authorities. The Assessing Officer shall record reasons and take prior approval from jurisdictional Pr. CCIT CCIT/Pr. DGIT/DGIT concerned before selecting such a case for scrutiny.
2. Computer Aided Scrutiny Selection (CASS): Cases are also being selected under CASS on the basis of broad based selection filters. List of such cases shall be separately intimated In due course by the DGIT(Systems) to the jurisdictional authorities concerned.

(Rohit Garg)
Deputy-Secretary to the Government of India
See more at: Click Here

Instruction No. 7/2014 dated 26/09/2014

AO to confine questionnaire/ verification/enquiry on specific points for cases selected for scrutiny under CASS for FY 2014-15 on the basis of AIR/CIB/26AS-mismatch

Central Board of Direct Taxes, by virtue of its powers under section 119 of the Act, in supersession of earlier instructions/ guidelines on this subject, Here by directs that the cases selected for scrutiny during the Financial Year 2014-20 5 under CASS, on the basis of either AIR data or CIB information or for non-reconciliation with 26AS data, the scope of enquiry should be limited to verification of these particular aspects only. Therefore, in such cases, an Assessing Officer shall confine the questionnaire and subsequent enquiry or verification only to the specific point(s) on the basis of which the particular return has been selected for scrutiny.

See more at: **Click Here**

Finance Minister clears air on service tax levy on joint ventures

The Finance Ministry has made it clear that "taxable services" provided by members of a joint venture (JV) to a JV and vice-versa will attract service tax. This will be the case when the "taxable services" are provided for a consideration, the Finance Ministry said in Circular No. 179/5/2014-ST, dated 24-09-2014. The same treatment will hold good when taxable services are provided between members of a JV for a consideration, says the circular.

India is currently adopting the concept of negative list for services taxation and except for a specified set of services in this list, all other services are subject to service tax.

As regards taxation of cash calls or capital contributions made by the members to the JV, the Ministry said that detailed and close scrutiny of the terms of JV agreement may be required in each case.

If "cash calls" are merely a transaction in money, they are excluded from the definition of service and, therefore, will not attract tax, says the circular.

Tax authorities at the field level have been advised to carefully examine the leviability of service tax with reference to the specific terms/clauses of each JV agreement.

India is currently adopting the concept of negative list for services taxation and except for a specified set of services in this list, all other services are subject to service tax.

For details please: Click Here

Branch Activities

Empowering Women CAs

The Guwahati Branch of The Institute of Chartered Accountants of India organized a 5 hour CPE Workshop on "Empowering Women CAs" at the Auditorium, ICAI Bhawan, Maniknagar, Guwahati on Saturday, the 6th September, 2014.

Hon'ble Member of Parliament Smt. Bijoya Chakravarty inaugurating the workshop by Lighting of the Lamp in the presence of CA. K P Sarda, Branch Chairman; CA. Kaberi Bhuyan, Immediate Past Chairperson; CA. Devajit Sharma, Past Chairman; CA. Rakesh Agarwala, Branch Secretary; CA. MahabirAgarwala, Branch Treasurer & CA. Rohit Agarwal, Chairman CPE Committee

The event was inaugurated by Hon. Member of Parliament and Chairman, National Committee for Women Empowerment, Smt Bijoya Chakravarty. CA. Rohit Agarwal CPE Committee Chairman began the Inaugural Session with introductory remarks whereas the Branch Chairman CA. K P Sarda in his welcome address updated the members about the various initiatives taken by the ICAI for women empowerment. The Chief Guest Smt Bijoya Chakravarty on her speech threw light on the need of empowerment of the women and praised the institute for its initiatives in this regard. Branch Secretary CA Rakesh Agarwal offered formal vote of thanks in the session.

L to R: CA. Rohit Agarwal, Chairman CPE Committee; Smt. Bijoya Chakravarty, Hon'ble MP; CA. K P Sarda, Branch Chairman & CA. Rakesh Agarwala, Branch Secretary

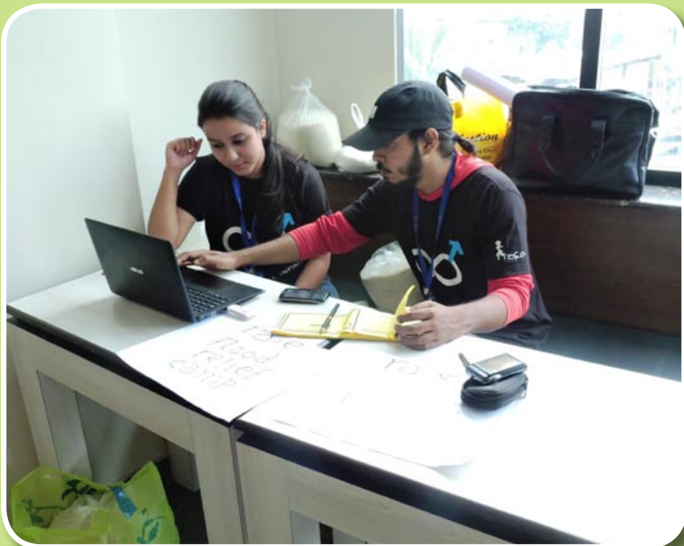
The technical session was initiated by CA Sangita Agarwal and Chaired by immediate past Branch Chairperson CA. Kaberi Bhuyan. Learned Speaker Dr. P V S Jagan Mohan Rao, Central Council Member – The Institute of Cost Accountants of India and Past President of the Institute of Company Secretaries of India, from Hyderabad spoke on "Loans to Directors (Section - 185) and Loan and Investment by Company (Secton -186) under the Companies Act, 2013 and Rules made there under" whereas CA Sonia Sharma from Delhi had spoken on "Scope & Opportunities for women CAs in Industry & Practice". CA Nikita Agarwal offered the formal vote of thanks.

Learned Speaker Dr. P V S Jagan Mohan Rao, Central Council Member – The Institute of Cost Accountants of India and Past President of the Institute of Company Secretaries of India, from Hyderabad addressing the august gathering

L to R: CA. Sangita Agarwal; CA. Kaberi Bhuyan, Immediate Past Chairperson & Chairman of Technical Session; Speaker CA. Sonia Sharma, Delhi& CA. Nikita Agarwala

The workshop was attended by a large number of Chartered Accountants including many senior members and past Chairmen of the branch.

Contribution towards Society



Members of RAGE, a leading NGO, collecting charity for the flood victims of Assam

In response to an appeal made by the Branch Chairman, the participants of the workshop on "Empowering Women CAs" came forwardin large numbers and took the "Rice Bucket Challenge" by generously donating Rice for the flood victims of Assam through "RAGE - Righteous Action for Gender Equity", a leading NGO.

Branch Activities

Navaratra Celebrations 2014

L to R: CA. K P Sarda, Branch Chairman; CA. Ramen Deka, Hon'ble Member of Parliament delivering his inaugural speech; Smt. Ranee Dekakakaty & CA. Dhiraj Jain, Chairman, EICASA -Guwahati Branch

Navratri, literally interpreted as 'nine nights' is the most celebrated Hindu festival devoted to Goddess Durga symbolizing purity and power or 'shakti'. After the splendid success of Navaratra celebrations for last several years, this year also The Eastern India Chartered Accountants Students Association (EICASA), Guwahati Branch organized a DandiyaProgram to mark the occasion at Hotel

Jubilant Crowd enjoying Dandiya Celebration

Rajmahal, Guwahati on Sunday, the 28th of September, 2014. The chief guest of the occasion was Mr. Ramen Deka, Hon'ble Member of Parliament from Mangaldoi constituency. The event started off by lighting of the ceremonial lamp and a symbolic playing of Dandiya by the chief guest and his wife. In his inaugural speech Hon'ble MP emphasized the importance of organizing such program to keep our tradition alive and congratulated the students' body for their untiring efforts.

Tapping feet on musical beats

Once the inauguration was over, the students and members present burst into playing 'Dandiya' and 'Garba' with rocking numbers displaying different Dandiya dance formations. The crowd's boundless talent on the dance floor with their dandiyas was a treat to the eye. Rhythmic movie tracks captivated the crowd, forcing even senior members to join-in and set incredible tempo to the party. Most of them eventually gave up dandiya sticks and kept dancing till the very end. One could easily tell that the CA folks work hard and party harder as was visible in the excitement and vigor shown by the members, students and their families.

EICASA Branch Chairman CA. Dhiraj Jain and his executive members & convener CA. Kamal Mour made special efforts to create a perfect setting for the occasion. Branch Chairman CA. K P Sarda along with managing committee members too pitched in to make this event a memorable one. Finally, the sumptuous dinner was enjoyed by all.

FORTHCOMING PROGRAMMES

- A 3 hour CPE workshop on Information & Technology will be held at Branch Auditorium, ICAI Bhawan, Guwahati on Friday, October 10, 2014 from 3.00 PM onwards.
- ISA PT Classes will be organised from Saturday the October 11, 2014 at ITT Hall, ICAI Bhawan, Guwahati as per the following schedule:

Class	Dates	Module
1 & 2	Oct 11 & 12	1 & 2
3 & 4	Oct 18 & 19	3
5 & 6	Oct 25 & 26	4
7 & 8	Nov 01 & 02	4 (hands on training)
9 & 10	Nov 08 & 09	5
11 & 12	Nov 15 & 16	6 (hands on training) & 7

- Guwahati Branch of ICAI brings you most awaited 12 hour CPE event a two day National Conference ***"Jigyasa – Exploring the Future"*** on 13th & 14th November 2014 at Pragjyoti ITA Centre for Performing Arts, Machkhowa, Guwahati. Please register yourself well in advance and make it a grand success.

Happy Diwali !!

It's better to light one candle than to curse the darkness.......

An occasion to celebrate Victory over defeat, Light over darkness, Awareness over ignorance, An occasion to Celebrate Life .... May this auspicious occasion light up your life with Happiness, Joy and Peace!

Volume VIII, Issue 6, September 2014

Take a Break !!

Super Facts About India's Mars Mission

- Compiled by CA. Anuj Bajaj

On 24th September, Early in the morning, while most of us were probably in our beds, history was created as India's Mars Orbiter Mission (M.O.M.) successfully entered the orbit of the red planet. The I.S.R.O. pulled off an incredible feat of frugal engineering and helped us join an elite club of space-faring nations to have accomplished this stellar feat.

The internet has been abuzz and congratulations have been pouring in. Here are a few facts about the mission which every Indian would be proud of.

1. India is the first country in the world to have succeeded in putting a probe into Mars' orbit in the very first attempt.

2. This is, hands down, the most cost effective Mars Mission to have ever been undertaken.

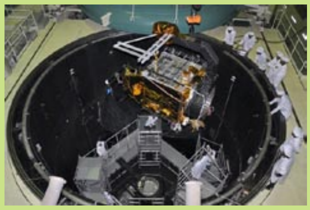
The Mangalyaan Mission cost $ 74 million. The recent Hollywood space adventure movie "Gravity" cost about a $ 100 million to make.

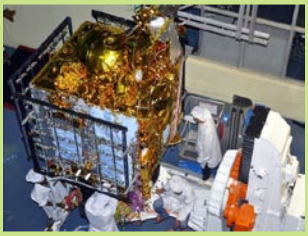
3. On an average, every Indian has probably contributed about Rs. 5 per person towards the mission.

So pat yourselves on the back.

4. At Rs 450 Crore for 780 Million km, the mission cost about Rs 5.77 per km. That is cheaper than what many auto-rickshaws charge in the country.

5. N.A.S.A. took 5 years to complete its "Maven" Mars Orbiter. The I.S.R.O. took just 15 months to complete Mangalyaan.





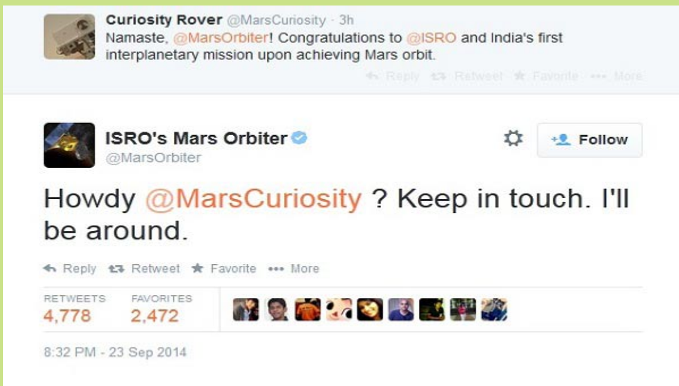
6. They even managed to make it weigh about 1,350 kilograms. That's less than your average S.U.V.

7. The odds were stacked against us. Of the 51 Mars missions attempted across the world so far, only 21 have succeeded. But we nailed it.

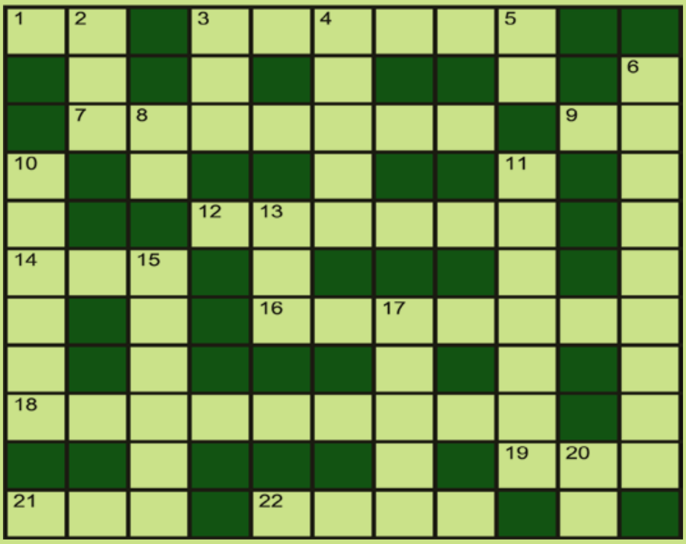
8. India will join the U.S, Europe and Russia in an elite group of countries to have successfully undertaken a mission to Mars.

9. The success of the mission will solidify India's reputation as a competent and low cost base for sophisticated engineering.

10. And by the way, this happened. Awesomeness!



CROSSWORD # 17



QUICK CLUES

Across:

1 .. .. D: Initials of first branch chairman (2)
3 Old capital of Madhya Pradesh (before Bhopal) (6)
7 Greenland is an autonomous region within this kingdom (7)
9 This follows the ET when you go for ISA (2)
12 Foreign guest at swearing in ceremony of PM (6)
14 A premier trade body of Guwahati (3)
16 Forthcoming ICAI mega event at Guwahati: 13th and 14th November (7)
18 Homi Jehangir Bhaba died here in a plane crash (4,5)
19 Measure of when a ship, vehicle, aircraft etc. is expected to arrive (3)
21 Rate at which energy is absorbed by the human body when exposed to a radio frequency (3)
22 Discovery to bag first ever Nobel prize in physics (4)

Down:

2 Use of computer systems to assist in designing (3)
3 French equivalent to "no" (3)
4 Airline owned by the Wadias (5)
5 Ancient Egyptian solar deity (2)
6 Rajendra Prasad's autobiography (9)
8 Typographic measure (2)
10 Indian state divided into four districts named after the four cardinal points (6)
11 Mahindra & Mahindra co-founder Malik Ghulam Mohammed was the first .... Minister of Pakistan (7)
13 Part Initials of 11th Indian President (3)
15 State tree of J&K (6)
17 Allahabad safeda, Allahabad surkha and Nagpur seedless are varieties of this fruit (5)
20 "Horse" in Tibetan (2)

SOLUTION CROSSWORD # 16

Congratulations to **CA. Mohammed Mandlaywala** for submitting correct solution to crossword # 16

Guwahati Branch Managing Committee for the Session 2013-16 and Office Bearers for the year 2013-14

Designation	Name	Contact No.	E-mail
Chairman	CA. K P Sarda	9864060803	kpsarda@gmail.com
Vice-Chairman	CA. Vikash Kumar Jain	9435043223	vikash196@gmail.com
Secretary	CA. Rakesh Agarwala	9864020068	rakeshagrl_ca@yahoo.com
Treasurer	CA. Mahabir Agarwala	9435198133	mahabir_agarwala@rediffmail.com
Member	CA. Rohit Agarwal	9435058514	aknc@rediffmail.com
Member	CA. Dhiraj Kumar Jain	9435013867	dhiraj@icai.org
Member	CA. Sharad Agarwalla	9435051237	sharad.agarwalla@gmail.com
Immediate Past Chairperson	CA. Kaberi Bhuyan	9864095563	kaveribhuyan16@gmail.com

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Disclaimer:

चलते चलते.....