SRCP's ➤ e-senze

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Editorial ....

Dear Readers,

India Votes.

Starting today India starts casts its ballot to elect. This country has seen amazing transition thru electrol process which no other country of same age has seen. This remarkable achievement has been mainly because we Indians have respected parliament as institution. The institution of democracy has been reflecting the voice of Indians, bringing its spirit of freedom in decision making process. Let us all resolve to exercise our right to vote by casting the ballot.

L. Muralidharan
& Editorial Team of e-senze

Designed by: Mr. G. Natarajan

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WORKSHOP ON Advanced Auditing Final in Chennai by CA. Kamal Garg from 14th August to 17th August 2009
Details in page No. 5 and 6

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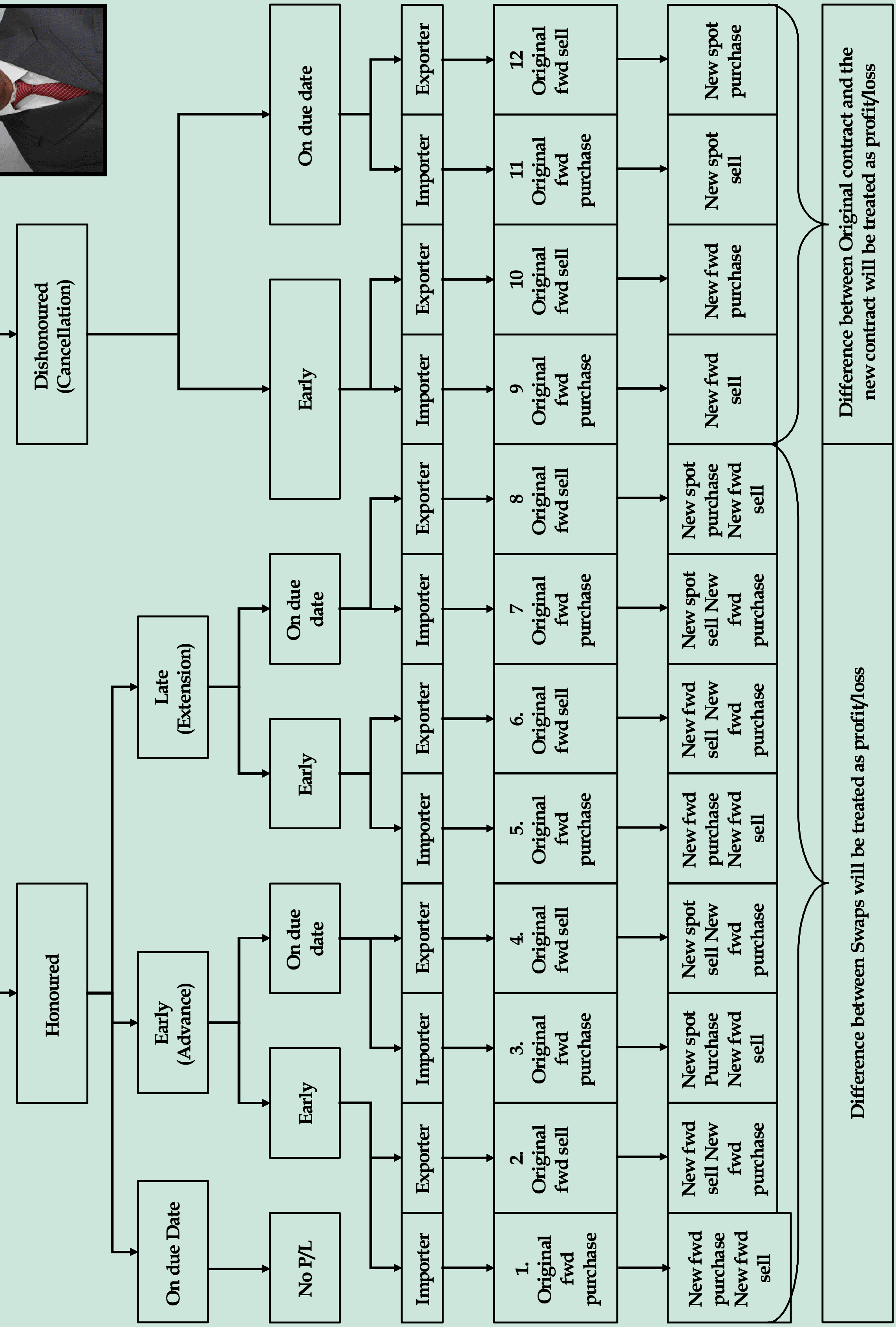
Classification of Forward Contract



Legal World - Corporate Laws - LW 18-02-2009 - by Mr. Kamal Garg

Continued from previous edition...

LW 21.02.2009
COMMIS-SIONERS OF INCOME-TAX v.MAINA ORE TRANSPORT (P.) LTD.. [(2008) 175 TAXMAN 494 (BOM)] S.C. Dharmadhikari & Santosh Bora, JJ. [Decided on 22.08.2008]

Income tax Act, 1961 - Sections 36 and 37 - Payment of ex gratia to employees in excess of statutory bonus - Whether liable to be disallowed - Held, No.

Brief Facts: The assessee company earns income from hiring of trucks, dumpers and barge. During the assessment year 1993-94 it had made payment of ex gratia in the sum of Rs. 2,37,702 to its employees in excess of the limits of 8.33 per cent under the Payment of Bonus Act. The assessee claimed the deduction of the said amount in computing its total income. The Deputy Commissioner of Income-tax disallowed the said claim on the ground that it is an excess payment than permissible limits as per the Act. The Deputy Commissioner of Income Tax held that the payment of only 8.33 per cent was in accordance with the Bonus Act and therefore, the payment of Rs. 2,37,702 which was in excess of 8.33 per cent maximum statutory limit under the Act could not be allowed. After the initial rounds the issue reached the High Court for determination.

Decision: Reference answered in favour of the assessee.

Reasons: Perusal of the decisions of the Calcutta and Rajasthan High Courts shows that the object of the proviso to section 36(1)(ii)of Income tax Act was to encourage the management to pay bonus in excess of what is statutorily bound to be paid to the employees provided the payment is justifiable as "reasonable payment". It was observed that any other construction of the said provision would be artificial and may not be in keeping with such a benevolent provision. The decision in the case of Rajasthan State Mineral Development Corpn. (2003) 261 ITR 479 (Raj) cited (supra) is somewhat similar to the facts of the instant case. The assesseecompany in the said case claimed deduction of ex gratia payment to its employees, the Assessing Officer negated the claim on the ground that the assessee had suffered a loss and no outstanding performance has been shown. The appellate authority also confirmed the order of the Assessing Officer. The Rajasthan High Court held that the payment could be allowed under section 37 since it has been incurred wholly or exclusively for the purpose of business. It further held that the payment has been made to maintain industrial harmony and in order to run the business.For the reasons stated above, we are of the view that the points for reference deserved to be answered in the affirmative and accordingly the reference is answered and the same may be returned to the Tribunal.

LW 22.02.2009
COMMISSIONER OF INCOME-TAX v. SECURE METERS LTD. [(2008) 175 TAXMAN 567 (RAJ)] N.P. Gupta & Kishan Swaroop Chaudhari, JJ. [Decided on 20.11.2008]

Income tax Act, 1961 - Section 80HHC - Whether octroi, sales taxand excise duty recovered from customers forms part of the export turnover - Held, No.

Brief Facts: The revenue had filed instant appeal against the order of the Tribunal wherein it was held that amount received by the assessee from buyers of its products, to the extent it related to octroi, sales tax and excise duty was not includible in the total turnover vis-a-vis the export turnover for the purpose of computation of amount deductible under section 80HHC.

Decision: Appeal dismissed.

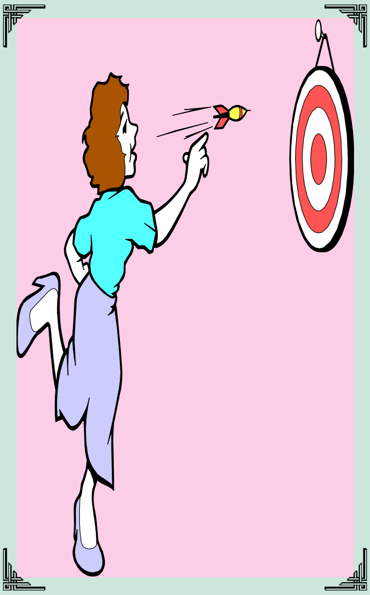
Reasons: A look at the judgment in CIT v. Laxmi Machine Works (2007) 290 ITR 667 (SC) shows that the Legislature intended to exclude items like commission and interest from deduction, on the ground that they did not possess any element of 'turnover', even though commission and interest emanated from exports. The words 'total turnover' in section 80HHC has to be read as part of the formula, which seeks to segregate the 'export profits' from the business profits. Therefore, the formula has to be read in entirety. In that formula, the entire business profit is not given deduction. It is the business profits, which is proportionately reduced by the fraction/ratio of the export turnover to the total turnover which constitutes section 80HHC concession to provide incentives to promote exports. The incentive is to exempt profits relatable to exports. In the case of combined business of an assessee, having export business and domestic business, the Legislature intended to have a formula to ascertain export profits by apportioning the total business profits, on the basis of turnover. Therefore, though commission received by an assessee is relatable to exports, yet it cannot form parts of the 'turnover'. Excise duty and sales tax also cannot form parts of the 'turnover' and not includible in the 'total turnover'. Moreover, excise duty and sales tax are indirect taxes, and they are recovered by the assessee on behalf of the Government. Therefore, if they are made relatable to exports, the formula under section 80HHC would become unworkable.

Therefore, the Tribunal was justified in holding that the amount received by the assessee from buyers of its products, to the extent it related to octroi, sales tax and excise duty was not includible in the total turnover vis-a-vis the export turnover for the purpose of computation of amount deductible under section 80HHC.

The author can be reached at his gmail ID: cakamalgarg@gmail.com

Continued in next edition

Dart-Board

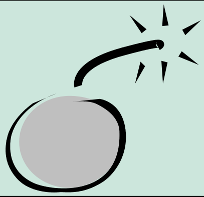


Last *Week's* Question: What do you mean by Packet Switching?

Packet switching : It is a sophisticated means of maximizing transmission capacity of networks. This is accomplished by breaking a message into transmission units, called packets, and routing them individually through the network depending on the availability of a channel for each packet. Passwords and all types of data can be included within the packet and the transmission cost is by packet and not by message, routes or distance. Sophisticated error and flow control procedures are applied on each link by the network.

This Week's Question: What do you mean by twisted pair wiring?

Send your queries and suggestions to : joinsreeram@gmail.com



Jokes

A psychiatrist was testing the mentality of a patient. "Do you ever hear voices without being able to tell who is speaking or where the voices are coming from?" asked the psychiatrist. "As a matter of fact, I do," said the patient. "And when does this happen?" asked the psychiatrist. "Oh," said the patient, "when I answer the telephone."

==oo00oo==

One day a college professor of Psychology was greeting his new college class.

He stood up in front of the class and said, "Would everyone who thinks he or she is stupid please stand up?"

After a minute or so of silence, a young man stood up.

"Well, hello there sir. So you actually think you're a moron?" the professor asked.

The kid replied, "No sir, I just didn't want to see you standing there all by yourself."

==oo00oo==

A lawyer defending a man accused of burglary tried this creative defense: "My client merely inserted his arm into the window and removed a few trifling articles. His arm is not himself, and I fail to see how you can punish the whole individual for an offense committed by his limb." "Well put," the judge replied. "Using your logic, I sentence the defendant's arm to one year's imprisonment. He can accompany it or not, as he chooses."

The defendant smiled,

With his lawyer's assistance he detached his artificial limb, laid it on the bench, and walked out.

==oo00oo==

A doctor vacationing on the Riviera met an old lawyer friend and asked him what he was doing there. The lawyer replied, "Remember that lousy real estate I bought? Well, it caught fire, so here I am with the fire insurance proceeds. What are you doing here?"

The doctor replied, "Remember that lousy real estate I had in Mississippi? Well, the river overflowed, and here I am with the flood insurance proceeds."

The lawyer looked puzzled. "Gee," he asked, "how do you start a flood?"

==oo00oo==

Lawyer: Doctor, before you performed the autopsy, did you check for a pulse?

Doctor: No.

Lawyer: Did you check for blood pressure?

Doctor: No.

Lawyer: Did you check for breathing?

Doctor: No.

Lawyer: So, then it is possible that the patient was alive when you began the autopsy?

Doctor: No.

Lawyer: How can you be so sure, Doctor?

Doctor: Because his brain was sitting on my desk in a jar.

Lawyer: But could the patient have still been alive nevertheless?

Doctor: It is possible that he could have been alive and practicing law somewhere.

==oo00oo==

Class Timings & Venue

SUBJECT	DATE	TIMINGS	VENUE
Advanced Auditing	14th August to 17th August	9.00 am to 5.00 pm	P.S. High School, Behind Sanskrit College, Mylapore, Chennai-600 004

Registration in full swing

For more details & queries Contact :

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Details of New Success(ive) Batch

CA - IPCC/CA - FINAL
NOV./DEC. 2009 EXAMINATION

S. No.	Subject	Faculty	Commencing on	Venue	Time	Days
1	Advanced Accounts	Mr. L. Muralidharan	16/5/09*	Mylapore	5.30 pm to 8.30 pm 2.00 pm to 5.30 pm	Mon., Wed., Sun Sat.,
2	MAFA/SFM-Batch - 1	Mr. L. Muralidharan	15/5/09	Mylapore	6.00 to 8.30 am 6.00 to 9.30 am	Mon, Wed, Fri, Sun
3	MAFA/SFM-Batch - 2	Mr. L. Muralidharan	14/5/09	Mylapore	5.30 pm to 8.45 pm	Tues, Thurs, Sat
4	Cost Management	Mr. L. Muralidharan	14/5/09	Mylapore	6.00 am to 8.45 am 2.30 pm to 5.30 pm	Tues., Thurs., Sat Sun.
5	Direct Taxation	Mr. P. Subbaraman	8/6/2009	Mylapore	5.30 to 8.45 pm	Mon., Tues., Wed., Thurs.,

*Advanced Accounts: From 16th May to 3rd June: Monday, Wednesday and Weekend classes, thereafter weekend classes only

Advanced Auditing Workshop by Mr. Kamal Garg: 14-8-2009 to 17-8-2009
Accounting Standards Work Shop by Mr. L. Muralidharan 9-8-09 to 13-8-09

IPCC - Nov/ Dec. 2009 Examination

S. No.	Subject	Faculty	Venue
1	Advanced Accounts	Mr. V. G. S. Mani	T. Nagar
2	Law, Ethics & Comn.	Mr. M. Bhaskar & Mr. P. Subbaraman	T. Nagar
3	Cost Management & FM	Mr. Hariharan	T. Nagar
4	Taxation	Mr. P. Subbaraman & Mr. Rafi	T. Nagar

CA - IPCC Class timing:
8.30 am to 12.30 pm & 1.30 pm to 4.30 pm
Days: Monday to Saturday
Classes commencing on 11th June, 2009
Auditing and Assurance:
Workshop by Mr. Kamal Garg: 14-8-2009 to 17-8-2009
Information Technology and Strategic Management Workshop

FEES STRUCTURE	
CA - FINAL - COMBINATIONS	
One Subject	5500
MAFA & Accounts	8000
Cost Management (Direct Tax Free)	7500
MAFA, Costing (Direct Tax Free)	12500
Cost Management, Accounts (Direct Tax Free)	12500
Cost Management, MAFA, Accounts (Direct Tax Free)	15500
Workshop	
Accounting Standards - 10 am to 5 pm	3000
Advanced Auditing - 9.30 am to 4.30 pm	3000

FEES STRUCTURE	
IPCC	
1 Subject	4000
2 Subjects	7500
3 Subjects	9500
4 Subjects	11000
WORKSHOP	
Info-Tech & SM	3000
Auditing & Assurance	3000
BOTH WORKSHOPS	5500

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Class Venue:

Mylapore

P.S. High School,
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Behind Sanskrit College
Mylapore, Chennai - 600 004

Class* Venue:

T. Nagar

No. 7, Sree Flats, (Ground floor, Rear Side),
4/3, Krishnaswamy Street,
North Usman Road, T. Nagar,
Chennai - 600 017.

***Hitech - A/c Classroom**