Vol. : 34 No. : 2/2 (For Members Only) February, 2012 ₹ 5/-

Central India Regional Council

The Institute of Chartered Accountants of India

60th year setting in Motion Diamond Jubilee celebration of CIRC

CIRC NEWSLETTER 2012

'When deeds speak, words are nothing

Dear Members,

It was really great pleasure to hold the position of Chairman CIRC for the last one year. I am laying down esteemed position consequent to end of tenure. Words will fall short for expressing gratitude to all of you dear members for considering me worthy for the post. With your unflinching cooperation I was able to accomplish the noble endeavour's of CIRC. Much number of programmes were held across the Region in which important topics, relevant, useful and contemporary were discussed. The branches of CIRC and students association also attained honorable and remarkable activities and achievements. We all are aware that integrity is fundamental to the professional recognition by which public trust received and touchstone to test all decisions ultimately. Integrity calls us to be honest and open within the ambit of client confidentiality. The proficiency and efficiency of professional has succeeded to prove as one of most resonant cause of socio-economic growth that ushered to global success of the country through the instrumentally mature and a reliable system of Financial Reporting and good governance. During the calendar year CIRC was able to establish more than twice the number of branches of Students association. It was about 12 branches, **now we have 25 branches of CICASA** that would foster opportunity for creating awareness amongst the students, molding, nurturing and aiding them in their pursuit to become impeccable professionals. Today's CA Students would be the members who would shoulder the responsibility of the profession. The branches of students association are having the onerous responsibility of sharpening the skills of students. Abraham Lincoln has emphasized this aspect in following words: **'Give me six hours to chop down a tree and I will spend the first four sharpening the axe'.** Hence we should give maximum expertise to our students for sharpening their skills.

The result of CA. Final Examination ushered an honest number of students to become members of the Institute. In CIRC we have organized two parallel batches of GMCS and about 100 students participated. I wish them for fairing well in the ensuring campus interviews. I express thanks to all the faculties who extended a marvelous cooperation in all the events of CIRC and branches.

We have seen with each escalation of years, our Institute is gaining strength in the field of accounting profession. I am sure that New Year determinations of you all with pragmatic footings will lead you to your destinations. Recently I had the occasion of being with students of Central Region in programmes like Regional Residential Council of CA Students, CA. Students Youth Festivals or Regional Conference of students, in all such activities record level of students attended with great zeal and enthusiasm for keeping themselves updated which a profession like ours always yearns.

During the last three years, we have witnessed that Indian Accounting Profession has been preparing for transition to IFRS and Govt. has issued 35 Ind-AS as India equivalents for IFRS. The final decision of transition date has not come yet might be due to possible tax implication of IFRS accounting while Govt. is contemplating a separate set of accounting standards for tax computation viz., Tax Accounting Standards. The issue of tax matters will be resolved shortly and it is prone to pose challenges to accounting profession enroute to transition.

It is anticipated that there will be attempt to nudge entrepreneurs to invest more by unveiling a raft of investor-friendly policies in the budget to be presented in March, as the government looks to revive the economy without raising fiscal deficit. These policies include sops for infrastructure and labour-intensive industries and incentives to attract investment in sectors like urea. Driving investments will be one of the key areas; focus would be on major sectors such as infrastructure and those that benefit agriculture and employment generation.

'Let dedication be your Astra, direction be Sastra, ethics be your Vastra, consistency be your Mantra, strategy be your Tantra, then success will be your Yatra'

I would like to end up by saying that

I found in my room itself seven secrets of success:- roof said 'Aim high. 'Fan said 'Be cool'; clock said 'Every minutes is precious"; mirror says 'Reflect before you act.'; 'Window said 'see the world'; calendar said 'be up dated' and door said 'Push hard to achieve your goals'

With regards,

CA. Vivek Khanna
Chairman - CIRC
Mobile-09839031710
E-Mail : vivekkhannaca@rediffmail.com

Landmarks achievements

● **New Building :** A piece of land measuring 2459.60 Sq mtrs. was purchased for new ICAI Bhawan at Lakhanpur, Kanpur bhoomi pujan of which was done by CA. Amarjit Chopra, the then President of the Institute on 7th February, 2011.

Formalities for Map Approval from Kanpur Development Authority has been done and approved map was received on 7th June 2011 . Detailed drawings has been made and formalities regarding contract work has also been completed for starting the construction of building . Work related to construction of New ICAI Bhawan is under process. Construction of the building will take place shortly. Proposed Model of ICAI bhawan is given in the annexure.

● **An Honest Attempt to fulfill the Mission Statement – 2011 of President ICAI :** It is the endeavor of the CIRC to fulfill the mission statement 2011 of the President – ICAI. All efforts put into and maximum has been achieved during the year.

● **828 CPE Hours Progarmme by CIRC :** During the period CIRC has organised CPE programs for 828 hours during the year (Last year it was 455 Hours) i.e. approx 71 hours per month excluding the programme organised by the CPE Study Circles falling under CIRC and CPE Chapters and CPE Study Groups scattered over 7 States of the Central Region. CIRC is having a typical factor like geographically it covers almost 1/3 of the country comprising biggest states scattered at very far reaching places, thereby the members are also scattered and to organise programmes at wide spread places requires a lot of time, energy and efforts. Comparing to other regions which are clustered around metropolitan cities and which can have easy access and attendance of members for their programs, it is quite easy for them to organise programs. Criteria should be on the basis of Average CPE Hours on per member CPE Hours.

● **Orientation Progarmme and Chairman Meet – 2011 for CIRC Branches at Agra :** This year Orientation Progarmme and Chairmen Meet for CIRC 2011 was held at Hotel Clarks Shiraj, Taj Road, Agra on 26th & 27th April, 2011. On 26th of April, 2011 Chairmen Meet was inaugurated by the Hon'ble President CA. G. Ramaswamy, and Vice President –ICAI CA. Jaydeep N Shah. They have addressed the Chairmen and managing Committee Members of the Branches during orientation progarmme. Shri T. Karthikeyan, Secretary of the Institute has also graced the occasion. All 39 Branches of the Central Region has participated in the Meet.

● **Interaction Meeting with Branch Executive:** CA. G. Ramaswamy, President ICAI and CA. Jaydeep N. Shah, Vice President ICAI addressed the Executives of the Branches.

● **Press Conference:** On this occasion a press conference was also arranged wherein Hon'ble President and Vice President ICAI informed the Media person about the Institute and its policies.

● **Half Day Seminar:** On this occasion a Half Day Seminar was also organised by the CIRC to update the knowledge of the Members. CA. Amarjit Chopra, Past President ICAI was one of the speaker

● **Entertainment Programme at Kalakriti Kendra Agra :** In the evening of the 26th April all participants gone for Entertainment Programme "Mohhabaton Ka Taj" held at Kalakriti Kendra, Agra. This cultural programme was appreciated by all. Few Photographs of the progrmme are given somewhere in the report.

● **One to one Meeting of Chairman CIRC with the Branch Chairmen and Executives of the Branch:** On 27th April, 2011 one to one meeting of Branch Chairmen was held with Chairman CIRC, wherein various problems faced by the branches were discussed.

All arrangements of the Chairmen Meet 2011 was made by CA. Umesh Garg, Vice Chairman CIRC and the Agra Branch who deserve all appreciation.

● **New Look of CIRC Website:** The website of CIRC was reconstructed, refurbished and redesigned to give qualities in look, service and information, based on the latest design, changing photographs and floating announcements. The same was launched by the President of the Institute on the occasion of 32nd Regional Conference of CIRC held on 8th October, 2011

● **CIRC Newsletter and E Newsletter – 2011:** This year CIRC Newsletter has also been redesigned. CIRC newsletter contains articles on the topics of professional interest. Direct and Indirect Taxes Updates, information about the branches and its activities, cartoon corner, quiz corner and important information related to the members and students. This newsletter is also sent to all the members of the Central Region through email and the same is also hosted in the CIRC Website.

- **Visit of President and Vice president to the Kanpur Regional Office :** CIRC also would like to take credit of having the personal presence of Hon'ble President CA. G. Ramaswamy and Vice President CA. Jaydeep N. Shah of the Institute in various Programes organised in Central Region making the events more important and memorable. The numbers of visits of the President runs upto 3 and Vice President Up to 2. This in itself becomes a great achievement of CIRC which is possible only due to the efforts put in by the Team CIRC and Team CIRC Branches.
- **Visit of Chairman in Branches of CIRC :** CIRC Chairman with other Regional Council Members visited all 39 Branches of CIRC from January, 2011 to December 2011 and each visit was followed by the program like Regional Conference, Sub Regional Conference, Full day Seminars, Half day Seminars and interaction meetings with the members of that branches and discussed the problems faced by the members and students and also taken up matters related to the professional development of the Institute.
- **Appointment of Nodal Officer :** To see the queries of branches in the Chairman Meet – 2011 CIRC has decided to appoint the Nodal Officer for CIRC Branches to look after the grievance/queries of the branches of CIRC. Now there is not query/grievances are pending from CIRC side.
- **Compliance of Guidelines and Policy of the Institute:** We proudly state that we have held all the activities in compliance of the rules, regulations of the Institute and also the confidence of the Council of the Institute.
- **Grievance statement of the Members and Students – Nil Pendency:** During the year apart from the professional development activities, CIRC and Central India Regional Office i.e DCO & BOS has shown exemplary efforts in their working as the redressed of grievances have been done away with related to all members and students of the Central Region and Other, which was possible only due to the team work efforts put in by CIRC by monitoring and motivating working of these wings.
- **International Residential Study Tours for Members:** CIRC has organised International Study Tour to Dubai from 23rd June, 2011 to 27th June, 2011 to provide an opportunity of exposure abroad in various field to the CA fraternity but also remove monotony from day to day routine life. Lucknow Branch of CIRC was host Branch. This IRRC was organised by CIRC under the aegis of Committee for capacity building of CA Firms and Small and Medium Practitioners of the Institute. IRRC was attended by 40 members from all over the region. Following Topics were discussed in the International Study Tour at Dubai :

  - Taxation
  - Professional Opportunity in Dubai by Dubai Chapter of the Institute
  - DTC vis-à-vis Charitable Institutions by CA. Mahendra Satya, Lucknow
  - Wills and Family Settlement by CA. Vivek Khanna, Chairman CIRC
  - Investment Vehicle ETFS – By CA. Avichal Kapoor. Chairman Lucknow Branch
  - Limited Liability Partnership
  - GST – Road Map by CA. Amit Agarwal,

9 CPE Hours was allotted to IRRC at Dubai by CPE Directorate.

- **Formation of CICASA at Branch Level and Activities:** As on date there are **25 CA Students Association** in the Central Region out of which 12 where formed in the previous years and 13 CA Students Association were constituted this year. Constitution of CA Students Association has given a separate platform to the students of region to organise the activities like Conferences, Seminars, Workshops, Sport activities, cultural activities etc.
- **Residential Program and Industrial Visits for CA Students:** During the Period CIRC has organised for the first time programmes for CA Students like Residential Programme at Bhimtal, Nainital where 52 students attended the programme, National Conferences, Regional Conference, National Conventions, Industrial Visits for exposure of the Students with the outside world and to update their knowledge and skills. During the year CIRC has organised the programmes such as Sub Regional Conference at Sriganganagar on 21-22 November, 2011, National Conference at Lucknow on 3-4 September, 11th Regional Conference for CA Students at Jaipur 30-31 December, 2011. List of all the programme organised by CIRC for the CA Students are given in the annexures of this report.
- **CICASA Newsletter at CIRC Website :** Under the aegis of CIRC, CICASA has been continuously providing its Newsletter to the Students through CIRC website : www.circ-icai.org containing useful articles on the professional interest, forthcoming programs of Students and other useful information for the benefit of the CA students at all levels.
- **HRD Program for Officers & Staff of Regional Office :** To serve better to the Members and Students, CIRC has organised Programes to enhance the working level of Officers and staff of the Institute during the Period. Counseling from Regional Council Members were given for overall development and better understanding of the needs of the Members and Students. This year HRD Programme for Officers and Staff of the Regional Council was held on 15th December 2011 on the Soft Skills. CA. Dinesh C. Shukla was the Speaker of this HRD Programme. A report alongwith photographs are given in the annexure.
- **Public Awareness Programme on Recognition of CA. Course for pursuing Ph.d**

Recent Updates

ICICI BANK LTD. Vs. DEPUTY COMMISSIONER OF INCOME-TAX, CIRCLE 3(1), WRIT PETITION NO. 1765 OF 2011, 09.11.2011, HIGH COURT OF BOMBAY Whether power to reopen an assessment cannot be exercised to reopen what formed subject matter of an appeal to Commissioner (Appeals). The object and purpose underlying the second proviso to section 147 is that upon an assessment being reopened, the Assessing Officer is entitled to assess or reassess such income which is chargeable to tax which has escaped assessment. However, matters, which are the subject matter of an appeal, reference or revision, are excepted from the jurisdiction of the Assessing Officer. In the instant case, the exercise of the power to reopen the assessment on the grounds which relate to the write off of bad debts under section 36(1)(vii) is in excess of jurisdiction, once the write off formed the subject matter of an appeal before the Commissioner (Appeals) and which resulted in an order of the appellate authority. The power to reopen an assessment cannot be exercised to reopen what formed the subject matter of an appeal to the Commissioner (Appeals).

BLB LIMITED Vs. ASSISTANT COMMISSIONER OF INCOME TAX, W.P.(C) 6884/2010, DATE OF DECISION: 01.12. 2011, HIGH COURT OF DELHI The petitioner BLB Ltd. has filed the present writ petition impugning notice under Section 148 dated 01.02.2010 and the order dated 16.9.2010 passed by the Assessing Officer dismissing their objections to the re-opening. Notice U/s 148 issued to BLB Ltd. on the basis of non-competence fees allowed as revenue expenditure. The reasons for issue of notice were recorded on 01.02.2010 i.e. after the period of four years from the end of the assessment year without compliance of Proviso to Section 147 of the Act is applicable. HC quashing the Notice under Section 148 dated 01.02.2010 and the order dated 16.9.2010 passed by the Assessing Officer.

CIT Vs. WIMCO SEEDLINGS LTD, ITA No. 1367, 1368 & 1391/2008 DATE OF DECISION : 12 DECEMBER 2011, HIGH COURT OF DELHI Whether common expenses incurred by an assessee can be allocated towards taxable and non-taxable income under the provisions of Section 14A of the Income Tax Act, 1961. It was held that unless and until there was actual expenditure for earning the exempted income, there could not be any disallowance under section 14A. While we agree that the expression 'expenditure incurred' refers to actual expenditure and not to some imagined expenditure, we would like to make it clear that the 'actual' expenditure that is in contemplation under section 14A(1) of the said Act is the 'actual' expenditure in relation to or in connection with or pertaining to exempt income. The corollary to this is that if no expenditure is incurred in relation to the exempt income, no disallowance can be made under section 14A of the said Act.

CIT Vs. MONTO MOTORS LTD., ITA NO. 978/2011, DATE OF DECISION : 12 DECEMBER 2011, HIGH COURT OF DELHI Advertisements and sales promotion are conducted to increase sale and their impact is limited and felt for a short duration. No permanent character or advantage is achieved and is palpable, unless special or specific factors are brought on record. Expenses for advertising consumer products generally are a part of the process of profit earning and not in the nature of capital outlay. The expenses in the present case were not incurred once and for all, but were periodical expenses which had to be incurred continuously in view of the nature of the business. It was an on-going expense.

SURAJ LAMP & INDUSTRIES (P) Ltd. Vs. STATE OF HARYANA, SLP NO. 13917 OF 2009 (SUPREME COURT), DATE OF DECISION : 11 OCTOBER 2011It was held that, transfer of Immovable property through General Power of Attorney Sales (GPA sales), Sale agreement (SA), Will transfer can't be recognized as valid mode of transfer. Because it does not convey any title nor create any interest in an immovable property. Immovable property can be legally and lawfully transferred / conveyed only by a registered deed of conveyance.

CIT Vs EHPT INDIA P. LTD., ITA=No. 1172/2008, DATE OF DECISION: 14 DECEMBER 2011, HIGH COURT OF DELHI. The Assessee operated two units - a software Technologies Park Unit (STP) and Domestic Unit (Non –STP). Assessee computed the profits from the STP unit by apportioning the indirect or common expenses on the basis of the head-count of the employees working in the said unit and the domestic unit and claimed the deduction u/s 10A in respect of the former unit accordingly. The assessing official contention is that the common expenses should have been apportioned on the basis of the turnover in the respective units. Held that, method adopted by the assessee has been consist antly accepted by the departmental authorities is not under challenge. No just case has been made out by the department for a departure from the past assessments and there is no distortion of Profit.

GIRNAR INVESTMENT LTD Vs. CIT, WP(C) NO. 5750/2010, DATE OF DECISION: 5TH JANUARY 2012, DELHI HIGH COURTS. 220(2): If original demand not fully paid, interest payable even for period when demand was not in existence The AO passed an assessment order and raised a demand of Rs. 21.24 lakhs of which Rs. 10.50 lakhs was paid by the assessee and the balance of Rs. 10.94 was stayed.

On 20.5.1998, the CIT (A) allowed the appeal of the assessee and no demand remained payable by the assessee. The AO refunded the taxes paid by the assessee. Subsequently, the Tribunal reversed the CIT (A). The AO gave effect to the Tribunal's order on 30.7.2004 and charged interest u/s 220(2) for the entire period. S. 220(2) provides for levy of interest if the demand is not paid within 30 days of the service of notice u/s 156. HC, held that-The assessee has not paid up the entire tax within the specified period, it is liable to pay interest u/s 220(2) from that date on the unpaid amount and any variation in the amount of the demand favorable to the assessee which was directed by any of the appellate authorities in the interregnum has no effect on the liability of the assessee to pay the interest.

CIT Vs. SPL 17; S SIDDHARTHA LTD, ITA NO. 836 OF 2011, DECISION DELIVERED ON 14TH SEPTEMBER 2011, DELHI HIGH COURT Section 147: Sanction of CIT instead of JCIT renders reopening invalid. The AO issued a notice u/s 148 to reopen an assessment. As Section 143 (3) order had not been passed & 4 years had elapsed, the AO ought to have obtained the sanction of the Joint/Additional CIT u/s 151(2). Instead, he routed the file through the Additional CIT and obtained the sanction of the CIT.(i) Section. 151(2) require the sanction to be accorded by the Joint/Additional CIT. The AO sought the sanction of the CIT. Though the file was routed through the Addl. CIT, the latter only made an endorsement "CIT may kindly accord sanction". This showed that the Addl. CIT did not apply his mind or gave any sanction. Instead, he requested the CIT to accord approval. This is not an irregularity curable u/s 292B;

(ii) The different authorities specified in s. 116 have to exercise their powers in accordance with law. If powers conferred on a particular authority are arrogated by other authority without mandate of law, it will create chaos in the administration of law and hierarchy of administration will mean nothing. Satisfaction of one authority cannot be substituted by the satisfaction of the other authority. If the statute requires a thing to be done in a certain manner it has to be done in that manner alone. Also, the designated authority should apply his independent mind to record his satisfaction and it should not be at the behest of a superior authority.

AIRPORT AUTHORITY OF INDIA Vs. COMMISSIONER OF INCOME TAX, ITA No. 432/2008, Date of Judgment: 16.12.2011, HIGH COURT OF DELHI The assessee incurred expenditure on removal of encroachments and claimed the same as a vevenue deduction on the ground that the expenditure was incurred in the normal course of the business; High Court Held upheld the assessee contention -Expenditure incurred for running the business or working it, with a view to produce profits is in the nature of revenue expenditure. While expenditure or acquisition of a source of income would ordinarily be capital expenditure, expenditure which merely enables the profit making structure to work more efficiently would be in the nature of revenue expenditure. Expenditure incurred to fine tune trading operations to enable the management to run the business effectively, efficiently and profitably leaving the fixed assets untouched would be an expenditure of a revenue nature even though the advantage obtained may last for an indefinite period. On facts, the land belonged to the assessee and the amount paid for removal of encroaches was not for acquisition of new assets. The payment was made to facilitate its smooth functioning of the business i.e. in relation to carrying on the business in a profitable manner.

M/s Nandi Steels Limited Vs. The Assistant Commissioner of Income tax, ITA No. 546/2008, Date of pronouncement: 09-12-2011, ITAT- BANGALORE Gains arising from "business assets" not eligible for set-off against Brought forward business loss. The assessee sold land & building used for business purposes. Though the gain was offered as capital gains, Section 72 (1) allows brought forward business loss to be set-off against the "profits & gains of any business or profession" of the subsequent year. The expression "profits & gains"; gains of business" means income earned out of business carried on by the assessee and not just income connected in some way to the business or profession carried on by the assessee. The land & building were fixed & capital assets used by the assessee for its business purposes. The gains arising there from were assessable as capital gains and were not eligible for set-off against the brought forward business loss u/s 72

CA. Vivek Khanna
Chairman - CIRC
E-Mail : vivekkhannaca@rediffmail.com

Taxability of Charitable & Religious Trusts

By Dr. Girish Ahuja
M.Com., Ph.D, FCA
dr.girishahuja@gmail.com

Continued from January News Letter.....

Income deemed to have been applied during the previous year for charitable or religious purposes [Clause 2 of the Explanation to section 11(1)]: If the income applied to charitable or religious purposes during the previous year falls short of 85% of the income derived during the year either:

(a) for the reason that whole or part of the income has not been received during the previous year or

(b) for any other reason, then the charitable trust has been given the option to spend such income for charitable or religious purposes in the following manner:

(i) In case of (a) either during the previous year in which the income is so received or in the immediately following previous year. Example, if the income of previous year 2011-12 is received on 15.4.2014, such income should be applied for charitable or religious purposes either during previous year 2014-15 and/or 2015-16.

(ii) In case of (b) during the previous year immediately following the previous year in which the income was derived. If the income is received on 28.1.2012 and it could not be spent in the previous year 2011-12 for any reason, it could be applied in the next previous year i.e. 2012-13.

To avail the facility of the above extended period of application of income, the trust has to exercise an option in writing before the due date of filing return under section 139(1).

If such option is exercised by the trust, such income shall be deemed to have been applied for charitable and religious purposes during the previous year in which the income is earned, though it is actually spent at a later date. In this case, as such income is deemed to have been applied during the previous year in which it was derived, it shall not be treated as application of income for charitable purposes, of the previous year in which it is actually spent.

Example for reason (a)

During the previous year 2011-12 a charitable trust earned an income of ₹50,00,000 out of which ₹40,00,000 was received during the previous year 2011-12 and the balance ₹10,00,000 was received during the previous year 2013-14. To claim full exemption of ₹50,00,000 in the previous year 2011-12, state:

(i) What is the maximum amount which can be accumulated to be utilized for charitable or religious purposes at a later date.

(ii) How much amount should be actually spent during the previous year 2011-12.

(iii) How much amount will be deemed to be utilized during the previous year 2011-12 and within what time should it be actually utilized.

Answer

	₹
Total income earned	50,00,000
Accumulation allowed @ 15%	7,50,000
Balance to be utilized during the year	42,50,000
Amount which may be deemed to be utilized because it has not been received during the previous year	10,00,000
Therefore, amount to be actually applied during the previous year	32,50,000

₹10,00,000 received during the previous year 2013-14 should be actually utilized either during the previous year 2013-14 or previous year 2014-15

Ans. (i) ₹7,50,000; (ii) ₹32,50,000; (iii) ₹10,00,000 to be actually utilised till 31.3.2015.

Example for reason (b)

During the previous year 2011-12 a charitable trust earned an income of `50,00,000. Out of this an income of `10,00,000 was received on 29.3.2012. Although the amount of `10,00,000 has been received during the previous year 2011-12 itself, but it may not be possible to spent such amount within the previous year as it has been received on 29.3.2012. Therefore, it has been provided, that such sum can be applied at any time during the immediately following previous year i.e., upto 31.3.2013. If the amount is so utilized during the immediately following previous year, it shall be deemed to have been utilized in the previous year 2011-12 it self.

Consequences if the income is not actually applied within the prescribed period after exercising the above option [Section 11(1B)]: Where the income for which an option has been exercised by the assessee is not actually applied within the prescribed time, it shall be treated as the income of the previous year immediately following the year of receipt, in case of reason (a). In the above illustration if income of ₹10,00,000 is not applied till 31.3.2015 it will be treated as the income of previous year 2014-15.

In case of reason (b) it will be treated as the income of the previous year immediately following the previous year in which such income was derived. Similarly in the above illustration given for reason (b) if ₹10,00,000 is not applied till 31.3.2013 it will be treated as income of previous year 2012-13.

4c Mode of computation of income of a trust: Where the trust derives income from house property, interest on securities, capital gains, or other sources, the word 'income' should be understood in its commercial sense, i.e., book income, after adding back any appropriations or applications thereof towards the purposes of the trusts or otherwise, and also after adding back any debits made for capital expenditure incurred for the purposes of the trust or otherwise. It should be noted, in this connection, that the amounts so added back will become chargeable to tax under section 11(3) to the extent that they represent outgoings for purposes other than those of the trust. The amounts spent or applied for the purposes of the trust from out of the income computed in the aforesaid manner should be not less than 75% (now 85%) of the later, if the trust is to get the full benefit of the exemption under section 11(1). [Circular No. 5P (XX-6), dated 19-6-1968].

The income from the properties held under trust have to be arrived at in the normal commercial manner without classification under the various heads set out in section 14 of the Income-tax Act, 1961. The expression "income" has to be understood in the popular or general sense and not in the sense in which the income is arrived at for the purpose of assessment to tax by application of some artificial provisions either giving or denying deduction. The computation under the different categories or heads arises only for the purposes of ascertaining the total income for the purposes of charge. Those provisions cannot be introduced to find out what the income derived from the property held under trust to be excluded from the total income is, for the purpose of the exemptions under Chapter III. The income is arrived at after meeting the required expenses and charges including the expenses of maintaining the trust property, salaries and miscellaneous expenses, legal expenses connected with the affairs of the trust, depreciation, payment of income-tax and other taxes but excluding loss on sale of investment or apportioning any part of such expenses to capital donations received by the trust. The amount of depreciation debited to the accounts of the charitable institution has to be deducted to arrive at the income available for application to charitable and religious purposes. **[CIT v Sheth Manilal Ranchhoddas Vishram Bhavan Trust (1992) 198 ITR 598 (Guj). See also CIT v Bhoruka Public Welfare Trust (1999) 240 ITR 513 (Cal)].**

Depreciation is also application of income: (a) Depreciation shall be allowed on the assets, the cost of which had been fully allowed as application of income under section 11. Depreciation is even allowable on assets received on transfer when the assessee had not incurred the cost of acquiring the assets, even though it has already treated as application of income in the hands of the transferor trust. **[CIT v Institute of Banking Personnel Selection (IBPS) (2003) 264 ITR 110 (Bom)].**

Where in the light of Escorts Ltd. v UOI (1993) 199 ITR 43 (SC) a charitable trust was disallowed the depreciation by the Assessing Officer on the ground that since the income of the assessee was exempt from tax under section 11, allowing depreciation would amount to conferring double benefit as the assessee has already claimed deduction of the cost of the asset treating as application of income, it was held that in Escorts Limited's case, the Supreme Court rendered decision in the context of section 35(1)(iv), which barred depreciation under section 32 for an equipment acquired for research, the cost of which had been allowed as deduction under section 35. In case of charitable trust, the depreciation is reduced from the income for determining the percentage of funds which have to be applied for the purpose of the trust. Hence, distinguishing the Escorts Ltd. case, it was held that double deduction is not being given in allowing claim of depreciation for computing income for purposes of section 11. **[CIT v Market Committee, Pipli (2011) 330 ITR 16 (P&H). Also see CIT v Tiny Tots Education Society (2011) 330 ITR 21 (P&H)].**

4d Meaning of "Applied": Applied, in this context, means that the income is actually applied for the charitable or religious purposes of the trust. The word applied need not necessarily imply spent. Even if an amount is irretrievably earmarked and allocated for the charitable or religious purpose(s), it may be deemed to have been applied for its purposes. A mere credit entry in the books of the trust in the expectation of future income is not sufficient but a credit entry made to allocate already earned income followed by some payments made in the year was held proper application. **[CIT v Thanthi Trust (1982) 137 ITR 735 (Mad)].**

Application of income may not result into revenue expenditure: Where income is applied for purchase of a capital asset, it would still be application of income to the charitable purpose. If the assessee invests in construction of a building, which is a permissible investment under section 11(5) of the Income-tax Act, so as to augment its resources for fulfilling the objectives of the institution, there is no doubt that such outlay would qualify as income applied for charitable purposes. **[CIT v St. George Forana Church (1988) 170 ITR 62 (Ker)].**

Repayment of a debt incurred for charitable purposes by a charitable trust and loans advanced by educational trusts are application of income: Repayment of loan taken for construction of a building by the assessee for the purpose of augmenting its funds shall qualify as income applied for charitable purpose. **[Janmabhoomi Press Trust (Kar)].**

Repayment of loan taken by the charitable institution for construction of commercial complex so as to augment the resources of the trust would amount to application of income. **[Director of Income-tax (Exemption) v Govindu Naicker Estate (2009) 315 ITR 237 (Mad)].**

Repayment out of rental income of the funds borrowed for construction of the building was to be treated as application of income for charitable purpose and thus the assessee shall be eligible for exemption under section 11. It was further pointed out that as and when the loans are discharged and the assessee becomes free to utilize the rental income, the trust will apply the same for charitable purpose set out in the trust deed and that it is at that juncture that the Assessing Officer could insist that the application of the income be for the purpose mentioned in the trust deed. **[Director of Income Tax (Exemption) v Span Foundation (2009) 178 Taxman 436 (Del)].**

Excess application in an earlier year may be set off against next year's income: Where a trust or institution expends or applied more than its income, it can only mean that such excess amount is from corpus or future income. The intention whether it from corpus or future income should be manifest from the accounts. If such deficit is debited to corpus, it should ordinarily mean that the corpus is used or applied for the purpose of the trust so that there can be no objection to such use. On the other hand, if the deficit is merely carried forward, it would be clear, that the intention is to absorb such deficit against future income.

When a trust had spent in excess of its income for the current year resulting in a deficit which was carried forward to the next year, it was held that in considering the application of income for the next year, the carried forward deficit was first to be set off against the income of the subsequent year. **[CIT v Maharana of Mewar Charitable Foundation (1987) 164 ITR 439 (Raj)].**

Excess expenditure of an earlier year can be adjusted against income of subsequent year and such adjustment is to be treated as application of income in subsequent year. **[CIT v Shri Plot Swetamber Murti Pujak Jain Mandal (1995) 211 ITR 293 (Guj)].**

The excess of application of the current year/Past year can be set off against the income of subsequent/current year. **[Raghuvanshi Charitable Trust and others v DIT (2011) 221 Taxation 250 (Del)].**

5. Accumulation of income in excess of 15% of the income earned [Section 11(2) and Rule 17]

As already mentioned, assessee is allowed to accumulate upto 15% of the income earned during the year for application for charitable or religious purposes in India in future. If the assessee wants to accumulate or set apart the income in addition to 15% of the income, he can do so if certain conditions are satisfied. In this case, the amount accumulated in excess of 15% shall be deemed to have been applied for charitable or religious purposes in India during the previous year itself.

Section 11(2) further liberalises and enlarges the exemption given under section 11(1)(a). A combined reading of both the provisions would clearly show that section 11(2), while enlarging the scope of exemption, removes the restriction imposed by section 11(1)(a) but it does not take away any the exemption allowed by section 11(1)(a). **[CIT v G.R. Govindarajulu & Sons Charities (2005) 271 ITR 145 (Mad)].**

Conditions to be satisfied:

(1) Such assessee should give a notice, in writing, in the prescribed form [F. No. 10] and manner, to the Assessing Officer specifying:

(a) the purpose for which the income is being accumulated or set apart;

(b) the period for which the income is to be accumulated or set apart. Such period should not exceed 5 years in any case.

(2) The money so accumulated or set apart should be invested or deposited in the form or mode specified in section 11(5).

1. In computing the period of 5 years, the period during which the income could not be applied for the purpose for which it is so accumulated or set apart due to an order or injunction of any court, shall be excluded.

2. The notice in Form 10 should be delivered to the Assessing Officer before the expiry of time allowed u/s 139(1) for filing the return of income. [Rule 17]

Mode of investment.—Section 11(5) specifies the following modes of deposit/ investment:

(1) Investment in Government Saving Certificates and any other Securities or Certificates issued by the Central Government under its Small Saving Scheme.

(2) Deposits with Post Office Savings Banks.

(3) Deposits with Scheduled Banks or Co-operative Banks (including a Cooperative Land Mortgage Bank or a Cooperative Land Development Bank).

(4) Investments in the units of Unit Trust of India.

(5) Investments in Central or State Government Securities.

(6) Investments in debentures issued by or on behalf of any company or corporation. However both the principal and interest thereon must have been guaranteed by the Central or the State Government.

(7) Investment or deposits in any public sector company.

An investment or deposit in a public sector company shall continue to be one of the eligible modes of investment for charitable or religious trusts, for a period of three years (in the case of shares), and till the date of maturity of other investment or deposit from the date a public sector company ceases to be a public sector company.

(8) Investment in bonds of approved financial corporation providing long term finance for industrial development.

(9) Investment in bonds of approved public companies whose principal object is to provide long-term finance for construction or purchase of houses in India for residential purposes.

(10) Investment in immovable property excluding plant and machinery, not being plant and machinery installed in a building for the convenient occupation thereof.

(11) Deposits with or investment in any bonds issued by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for urban infrastructure in India.

Explanation.—For the purposes of this clause,—

(a) long-term finance means any loan or advance where the terms under which moneys are loaned or advanced provide for repayment along with interest thereof during a period of not less than five years;

(b) public company shall have the meaning assigned to it in section 3 of the Companies Act, 1956;

(c) urban infrastructure means a project for providing potable water supply, sanitation and sewerage, drainage, solid waste management, roads, bridges and flyovers or urban transport.

(12) Deposits with the Industrial Development Bank of India.

(13) Any other form or mode of investment or deposit as may be prescribed.

Prescribed Forms or modes of investment or deposit by a charitable or religious trust or institution (Rule 17C): As per rule 17C the following forms and modes of investments or deposits have been prescribed:

(i) investment in the units issued under any scheme of mutual fund referred to in section 10(23D) of the Income tax Act, 1961;

(ii) any transfer of deposits to the Public Account of India;

(iii) deposits made with an authority constituted in India by or under any law enacted either for the purpose of dealing with any satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both.

(iv) investment by way of acquiring equity shares of a depository as defined in section 2(1)(e) of the Depositories Act, 1996.

Donation to other institution out of accumulated income not to be treated as application of income for charitable/religious purpose: The Explanation under section 11(2) provides that any amount credited or paid out of the income referred to in section 11(1)(a) or (b) read with explanation to that sub-section which is not applied, but is accumulated or set apart, to any trust or institution registered under section 12AA or to any fund or institution or trust or any university or other educational institution or any hospital or other medical

to be continued in next news letter........

Activities Carried Out by CIRC in Year 2011

Continued from January News Letter....

S. No.	DATE	PROGRAMME	TOPICS
77.	06.07.2011	Second Workshop	Second Workshop on Direct Taxes topic - Issues on Tax Audit
78	09.07.2011	Second Workshop	Second Workshop on Indirect Taxes on the topics Procedural Compliance in Central Excise in respect of 130 items duty levied @ 1 %. And Trade Credit and Indian Financial System with special reference to Medium & Small Scale Industries.
79	09.07.2011	Workshop on Tax Audit	Workshop on Tax Audit organised by CIRC hosted by Agra Branch on Clause 1- 16 and 17 - 32
80	13.07.2011	Workshop	Workshop on the topics Indirect Tax Ombudsman Guideliens and revised Schedule VI
81	12.07.2011	Workshop	Workshop organised by CIRC at Jhansi hosted by Bundelkhand CPE Chapter on the topics Property Valuation Report - As Piece of Evidence under Income Tax Provisions and Tax Planning - Through creation of Huf
82	15.07.2011	Teleconference	Teleconferencing
84	16.07.2011	Workshop	Workshop on Filing of Income Tax Returns and Recent Developments
85	19.07.2011	Full Day Seminar	Full Day Seminar at Mathura organised by CIRC Hosted by Mathura branch of CIRC
86	19.07.2011	Teleconference	Teleconferencing "XBRL Concepts & Practical approach to MCA filing"
87	19.07.2011	60 AGM of Central Region	60th Annual General Meeting of CIRC at Mathura at Hotel Brijvasi Royal, Mathura
88	23.07.2011	Sub Regional Conference	Sub Regional Conference of CIRC at Muzaffarnagar hosted by Muzaffarnagar Branch of circ on the topics Income Tax Appeal, Corporate Laws - Revised Scheduled VI, IFRS, Code of Conduct, Merger Demerger and Networking of CA Firms
89	24.07.2011	Sub Regional Conference at Saharanpur	Sub Regional Confernece of CIRC at Saharanpur organised by CIRC hosted by Saharanpur Branch on the topics Appeal Proceedings under Income Tax and Revised Schedule VI and IFRS
90	29.07.2011	Teleconference	Teleconferene on XBRAL
91	29.07.2011	Full Day Seminar	Full Day Seminar of CIRC hosted by Patna Branch on the topics Concurrent Audit - Salient Features w.r.t. Audit of Bans revised code of ethics, and Companies Incorporation Management and Compliance
92	04.08.2011	Workshop on Tally	Two days Workshop on Tally auditors edition organised by CIRC hosted by Agra Branch of CIRC
93	09.08.2011	Teleconference	Teleconferencing on XBRL
94	09.08.2011	Workshop of CIRC	Workshop on the topics Tax Audit hosted by Lucknow Branch of CIRC
95	12.08.2011	Sub Regional Conference	CIRC Organised a Sub Regional Conference on the topics Rvised Code of Ethics, Revised Schedule VI
97	16.08.2011	Computer Awareness Programme at Patna	Computer Awareness Programme for Members organised by CIRC hosted by Patna Branch of CIRC
98	20.08.2011	Full Day Seminar	CIRC Organised Full Day Seminar on the topics XBRL at Lucknow
99	20.08.2011	Full Day Confernece of CIRC at Sikar	Full Day Conference organised by CIRC at Sikar on the topics Recent Landmarks judgement under IT Act, Writ Petitionis in Taxatino Matter, Salient Features of Law relating to LLP in India, and Service Tax in respect of Real Estate Activities.
100	20.08.2011	Full Day Seminar	Full Day Seminar on XBRL and Tax Audit at Hotel K.D. Palace
101	26.08.2011	Orientation Programme for Campus Placement	Orientation Programme for Campus Placement August, September, , 2011 held at CIRC of ICAI participated by 25 participants
102	27.08.2011	Full Day Seminar at Kota	Full Day Seminar of CIRC on Taxation hosted by Kota branch on the topics undisclosed sources of Income, Point of Taxation Under Service Tax and Exemption under Capital Gaians under Income Tax
103	28.08.2011	Sub Regional Conference of CIRC at Gorakhpur	Sub Regional Conference of CIRC hosted by Gorakhpur Branch on the topics Revised Schedule VI, Income Tax Appeal & Procedure and Code of Ethics
104	29.08.2011	Teleconference	Teleconferencing "Professional opportunities in Internal Audit, Risk Management and Internal Control"
105	02.09.2011	Campus Interview	Campus Interview take place at the premises of CIRC of ICAI, Kanpur three companies namely, Vijay Bank, Union bank and CTIL company participated and around 15 candidates were selected
106	08.09.2011	Full Day Semina	Full Day Seminar of CIRC hosted by Saharanpur Branch of CIRC on the topics Revised Schedule VI Stress Management & Issues in Tax Audit
107	08.09.2011	Half Day Seminar	Half Day Seminar of CIRC hosted by Dehradun Branch on the topics Usuages of MS Excel Commonds in CA Practice and Revised Schedule VI & CARO

S. No.	DATE	PROGRAMME	TOPICS
108	09.09.2011	Half Day Seminar	Half Day Seminar of CIRC hosted by Dehradun Branch on the topics Usuages of MS Excel Commonds in CA Practice and Revised Schedule VI & CARO
109	10.09.2011	Regional Level Eloqution and Quiz Contest - 2011	Regional Level Eloqution and Quiz Contest - 2011 of Central Regional held at Agra on 10th & 11th September, at Hotel Park Plaza, Fatehabad Road, Agra hosted by Agra Branch of CIRC
110	16.09.2011	Teleconference	Teleconferencing Programme
111	08.10.2011	32nd Regional Conference	32nd Regional Conference of CIRC held at Lajpat Bhawan Motijheel, Kanpur on 8 - 9th October, 2011 on the theme CA.s: Embracing Challenges in the transformed Opportunities - Inaugurated by President and Vice President ICAI, Keynotes and topics of the conference was : Keynote Address on the theme of the conference CA.'s : Embracing Challenges in Transformed Environment, & Global Professional Opportunities ini Crises.Technical Papers on India Investment Opportunities , Withholding Tax under Section 195 of I T Act – Recent issues , Tax Planning for real Estate Transactions and recent issues in section 14A, Service Tax - Point of Taxation Rules and Works Contracts and Construction Contracts, Recent Issues in Accounting Standards AS 7, 11 & Others, Auditing – Reporting Requirements for Auditors. Lucknow Branch of CIRC was the Co Host of the Conference.
112	07.10.2011	Computer Awareness Programme at Bhilai	Computer Awareness programme organised by CIRC Hosted by Bhilai Branch of CIRC at Bhilai
113	17.10.2011	Computer Awareness Programme at Bhopal	Computer Awareness programme organised by CIRC Hosted by Bhopal Branch of CIRC at Bhopal
114	04.10.2011	Teleconference	Teleconferencing Service Tax – Point of Taxation Rules & other significant amendments
115	03.11.2011	Teleconference	Teleconferencing on "Auditing in ERP Environment"
116	05.11.2011	CIRC Sub Regional Conference at Aligarh	Sub Reginal Confernece organised by CIRC hosted by Aligarh Branch of CIRC on topics Personality Development, Revised Schedule VI, Companies Act and Serice Tax
117	10.11.2011	CIRC Seminar at Varanasi	Sub Reginal Confernece organised by CIRC hosted by Aligarh Branch of CIRC on topics Personality Development, Revised Schedule VI, Companies Act and Serice Tax
118	12.11.2011	Sports	CIRC Sports Event at Kanpur on 12-13 November, 2011 on 12th Nov. at Ganges Club and on 13th Nov. at CIRC Premises. Sports includes Badminton, Chess, TT, Carrom
119	16.11.2011	Advance Workshop on MS Excel	Computer Awareness Programme on Advanced MS Excel from 16.11.2011 to 24.11.2011 at ITT Center Kanpur for 8 days
120	24.11.2011	Teleconference	Teleconferencing Transfer Pricing Provisions
121	26.11.2011	4th Workshop on Indirect Taxes	Fourth Workshop on Indirect Taxes on the topics Exports Incentives and Obligations
122	27.11.2011	CIRC Sub Regional Conference at Jodhpur	CIRC Sub Regional Conference at Jodhpur on 27.11.2011 on the topics Real Estate Transactions, Income Tax Appeals, Issues on Capital Gains
123	28.11.2011	Teleconference	Teleconferencing on SA 700 & SA 705 - Auditors Reports
124	02.12.2011	Teleconference	Teleconferencing on Professional Opportunities
125	09.12.2011	Workshop on Computer at Dehradun	CIRC Workshop on Practical Use of CAAT Tools at Dehradun hosted by Dehradun Branch of CIRC on 9th & 10th December, 2011
126	10.12.2011	CIRC Sub Regional Conference at Bilaspur	CIRC Sub Regional Conference at Bilaspur hosted by Bilaspur Branch of CIRC on 10th & 11th December, 2011
127	02.12.2011	Teleconference	Teleconference on Professional opportunities for CA in Capital & Financial Market
128	11.12.2011	CIRC Sub Regional Conference at Jabalpur	CIRC Sub Regional Conference at Jabalpur hosted by Jabalpur Branch of CIRC on 11th December, 2011
129	10.12.2011	CIRC Study Circle Meeting at Dhanbad	CIRC Study Circle Meeting on Filling of Balance Sheet and P & L Account in XBRL Mode Hosted by Dhanbad Branch of CIRC
130	15.12.2011	Seminar	Seminar on Soft Skills at Kanpur
131	12.12.2011	Computer Awareness Program at Patna	Seminar on Soft Skills at Kanpur
132	14.12.2011	Computer Awareness Program at ALwar	Computer Awareness Program at Alwar 14.12.2011 to 19.12.2011

S. No.	DATE	PROGRAMME	TOPICS
133	19.12.2011	Computer Awareness Program at Muzzafarnagar	Computer Awareness Program at Muzzafarnagar at 19.12.2011 to 24.12.2011
134	19.12.2011	Computer Awareness Program at Kanpur	Computer Awareness Program at Kanpur from 19.12.2011 to 27.12.2011
135	12.12.2011	Computer Awareness Program at Mathura	Computer Awareness Program at Mathura from 12.12.2011 to 17.12.2011
136	19.12.2011	Computer Awareness Program at Kota	Computer Awareness Program at Kota from 19.12.2011 to 24.12.2011
137	19.12.2011	Seminar on S. Vaidynath memorial lecture	Seminar on S. Vaidynath memorial lecture on "Society vis-à-vis Chartered Accountants"
138	19.12.2011	Seminar on Service Tax	Seminar on S. Vaidynath memorial lecture on "Society vis-à-vis Chartered Accountants"
139	16.12.2011	Computer Awareness Program at Jaipur	Computer Awareness Program at Jaipur from 16.12.2011 to 29.12.2011
140	24.12.2011	Full Day Seminar	Full Day Seminar on Corporate Taxation, Search & Seizure, Amendments in Schedule VI & Corporate Governance in Public Sector
141	19.12.2011	MS Excel for Members in Industry	MS Excel Computer Awareness Program for its Members in Industry at J K Cement Ltd, Kanpur
142	23.12.2011	5th & 6th Workshop on Indirect Taxes	5th & 6th Workshop on Indirect Taxes - Topics Covered were Allowbility and reversal of Input Tax credit under UP VAT Act, Defence Reply to show Cause Notice and Appellate Proceedings under Service Tax Act
143	19.12.2011	Computer Awareness Program at Pali	Computer Awareness Program at Pali from 19.12.2011 to 24.12.2011
144	19.12.2011	Computer Awareness Program at Mathura	Computer Awareness Program at Mathura from 19.12.2011 to 24.12.2011
145	21.12.2011	Third Workshop on Direct Taxes and Others	Third Workshop on Direct Taxes and Others on 21.12.2011 on Issues in Income Tax Procedures
146	20.12.2011	Two Days Workshop on Professional Learning for Members in Industry	Two Days Workshop on Professional Learning for Members in Industry on 20.12.2011 & 21.12.2011 at Mathura Refienry on Srvice Tax & GST - Practical Aspects & Emerging Issues and IFRS - Implementation
147	19.12.2011	Teleconference	Teleconference on HUF
148	24.12.2011	CIRC Sub Regional Conference	CIRC Sub Regional Conference on Income Tax Planning and Project Finance
149	21.12.2011	Computer Awareness Program at Beawar	Computer Awareness Program at Beawar from 21.12.2011 to 27.12.2011
150	22.12.2011	Computer Awareness Program at Agra	Computer Awareness Program at Agra from 22.12.2011 - 27.12.2011
151	23.12.2011	Computer Awareness Program at Bareilly	Computer Awareness Program at Bareilly from 23.12.2011 - 28.12.2011
152	26.12.2011	Computer Awareness Program at Jodhpur	Computer Awareness Program at Jodhpur from 26.12.2011 - 31.12.2011
153	06.01.2012	Computer Awareness Program at Bhopal	Computer Awareness Program at Bhopal from06.01.2012 - 04.02.2012
154	26.12.2011	Computer Awareness Program at Udaipur	Computer Awareness Program at Udaipur from 26.12.2011 - 31.12.2011
155	28.12.2011	Workshop	4th and 5th Workshop on Direct Taxes
156	30.12.2011	Teleconference	Teleconference

Change in the Address of Moradabad Branch office

Moradabad Branch of CIRC of ICAI,
Ground & Ist Floor,
Dubey Complex, Opp. Sai Hospital,
Towards Mansarovar Colony, Delhi Road

ACTIVITY OF CICASA DURING THE CALENDER YEAR-2011

During the year 13 new Branches of CICASA has been formed.
Total 25 Branches of CICASA as on Date

S. No.	DATE	Branch Name	Name Of Activity	Particulars of activity
1.	30th & 31st Dec. 2011	CICASA & Jaipur	11th Central India CA Students Regional Conference	Two days students conference on theme of CA Profession -Adherence, Convergence & Challenges
2.	26th July 2011	Kanpur	Diamond Jubilee Conference	State Level CA Students conference on Financial Management-Auditing & Corporate Affairs.
3.	27-02-2011 17-08-2011	Bhilai	Diamond Jubilee Conference	One Day confrence on Accounting Standards and office etiquets
4.	29-01-2011 27-08-2011	Agra	Sub Regional Conference	Full day seminar, Subject : E filling, Tax Audit, Exam, Stress, Management.
5.	28-05-2011	Udaipur	Sub Regional Conference	Subjects : Practical aspects of TDS, Technical Aspects of Amalgamation.
6.	04-03-2011 26-03-2011	Bhopal	Sub Regional Conference	Seminar on Accounting,AS for Banks, Direct Tax Implication Proposed in Union Budget,2011
7.	14-04-2011 23-12-2011	Jaipur	Sub Regional Conference	Approach for Direct Tax Papers in CA Exam,s, Personality Development & How to Face CA Exam
8.	26-03-2011, 12-06-2011, 19-06-2011, 10-09-2011	Indore	Sub Regional Conference	Full Day Confrence on Bank Audit, Tally , XBRL, TDS and Tax Audit.
9.	13-08-2011, 03-11-2011	Bhopal	Study Circle Meeting	Meeting was Organised on the Subject: IT
10.	04-03-2011 19-03-2011 10-06-2011 21-12-2011	Indore	Study Circle Meeting	Subjects: Budget, Exam Stress, Examination Procedure, and XBRL
11.	16/06/2011 04/07/2011 02/08/2011	Agra	Study Circle Meeting	Subjests: AS, Communication Skill, Pesonality Development, Audit, Tally
12.	24-06-2011 25-06-2011 23-12-2011 14-03-2011	Bhilai	Study Circle Meetings	Two days CA students National Convention Org by BOS hosted by CICASA
13.	3rd & 4th Sep 2011	Lucknow	National Convention for CA Students	Two days CA students National Convention Org by BOS hosted by CICASA
14.	11th &12th Aug. 2011	Inodre	National Convention for CA Students	Two days CA students National Convention Orgnised by BOS hosted by CICASA.
15.	30th-31st -12- 2011	Ghazaibad	National Convention for CA Students	Two days CA students National Convention Org by BOS hosted by CICASA
16.	6/11/2011	Bhopal	Joint Seminar with Universities	BOS,ICAI & Barkatullah University organised jointly seminar Hosted by CICASA Bhopal
17.	08th & 9th Sep. 2011	Agra	Regional Elocution Contest & Quiz context	Regional Level Elocution and Quiz Context organised.
18.	26-29 Dec. 2011	Kanpur/Lucknow	Educational Tours/Visit	Students Residential Refresher Course were organisedat Bhimatal & Nanital
19.	29-03-2011 08-05-2011 17-05-2011 19-08-2011	Bhopal	Educational Tours/Visit	Place Visited: Vidhan Sabha, Sanchi Milk Factory, Nature Conservation at Van Vihar National Park, Bhopal, Reserve Bank of India
20.	18 & 19/11/2011	Agra	Educational Tours/Visit	Rishikesh
21.	12-03-2011 25-05-2011 25-06-2011 08-07-2011 25-08-2011 04-10-2011 26-11-2011 17-12-2011	Bhilai	Industrial visit	Industrial visit: The Kushal Akshat Udyog, Top Worth Steels Pvt. Ltd, Shree Sita Refineries(P) Ltd, Bhilai Steel plant, Manmeet Ispat (P) Limited, Adani Power, Vossioh Beekay Casting,BSBK

To be continued on page 10.....

Quiz

1. Suppose that the market price of Company X is $45 per share and that of Company Y is $30. If X offers three-fourths a share of common stock for each share of Y, the ratio of exchange of market prices would be:
A. .667 B. 1.0 C. 1.125 D. 1.5

2. The restructuring of a corporation should be undertaken if
A. the restructuring can prevent an unwanted takeover.
B. the restructuring is expected to create value for shareholders.
C. the restructuring is expected to increase the firm's revenue.
D. the interests of bondholders are not negatively affected.

3. The "information effect" refers to the notion that
A. a corporation's actions may convey information about its future prospects.
B management is reluctant to provide financial information that is not required by law.
C. agents incur costs in trying to obtain information.
D. the financial manager should attempt to manage sensitive information about the firm.

4. In the long run, a successful acquisition is one that:
A. enables the acquirer to make an all-equity purchase, thereby avoiding additional financial leverage.
B. enables the acquirer to diversify its asset base.
C. increases the market price of the acquirer's stock over what it would have been without the acquisition.
D. increases financial leverage.

5. Bidding companies often pay too much for the acquired firm. The hubris hypothesis explains this by suggesting that the bidders
A. have too little information to make an optimal decision.
B. have big egos and this impedes rational decision-making.
C. have difficulty in thinking strategically over the long-term.
D. are overly influenced by the tax consequences of an acquisition.

6. A tender offer is
A. a goodwill gesture by a "white knight."
B. a would-be acquirer's friendly takeover attempt.
C. a would-be acquirer's offer to buy stock directly from shareholders.
D. viewed as sexual harassment when it occurs in the workplace.

7. The public sale of common stock in a subsidiary in which the parent usually retains majority control is called
A. a pure play. B. a spin-off. C. a partial sell-off. D. an equity carve-out.

8. In the United States, goodwill charges arising from a current acquisition are generally deductible for "tax purposes" over
A. 15 years. B. 20 years. C. 40 years. D. no years

9. Empirical evidence on acquisitions indicates excess returns on average to the shareholders of the selling company, and e xcess returns on average to those of the buying company.
A. no; no B. substantial; no
C. no; substantial D. substantial; substantial

10. One means for a company to "go private" is
A. divestiture. B. the pure play.
C. the leveraged buyout (LBO). D. the prepackaged reorganization.

CONGRATULATION Winners of January Quiz

Name	M. No.	Mobile No.
CA. Sachin Aggarwal	410827	9456655407
CA. Ashok Kumar Agarwal	FCA 74551	9826064589
CA. Sanjiv Bhootra	407730	92149-88605
CA. Yogesh Bhargava	071818	9827560008
CA. Mohd Aamir Raza	414429	8439395590
CA. Ankur Goyal	412399	9889233731
CA. Richa Agarwal	407493	9889252056

Answers of January Quiz

1. Fill the 3-cup container with milk and then pour all three cups of milk into the 5-cup container. Fill the 3-cup container with milk again and then use it to fill the 5-cup container the rest of the way. The remainder left in the 3 cup container will equal one cup.
2. There are three possible solutions for this 51 and 15. 42 and 24. 60 and 06.
3. Take the goose over first and come back. Then take the fox over and bring the goose back. Now take the corn over and come back alone to get the goose. Take the goose over and the job is done.
4. You turn 2 switches on and leave 1 switch off and wait about a minute. Then enter the room, but just before you enter, turn one switch from on to off in the room, feel the light bulb - if it is warm but off, it has to be the last switch you turned off. If it is on, it has to be the switch left on. If it is cold and is off, it has to be the switch you left on the off position.
5. The man did exactly as he said he would and wrote 'your exact weight' on the paper.
6. Draw an S in front of the IX and it spells SIX. No one said the line had to be straight

Note : Kindly send your solutions at circquiz@icai.in along with your membership number & mobile number before 15th February 2012.

ANNOUNCEMENT

GENERAL AMNESTY FOR RETROSPECTIVE RESTORATION OF NAMES FROM REGISTER OF MEMBERS AND CERTIFICATE OF PRACTICE

With a view to mitigating the hardships being faced by such members whose names stand removed as on date due to non-payment of membership fee, the Council has decided to give them an opportunity by way of General Amnesty for restoration of their names retrospectively.

Continuation of membership entitles to designate as 'CA' and benefits alike monthly Journal of the Institute , newsletters of Regional Councils & Branches of the Institute, participation in the conferences, seminars and other programmes organized by the Institute, Regional Councils and/or Branches at concessional rates; regular update of programs being organized and initiatives taken for the benefit of the profession and members; emerging professional opportunities, practice area development, publications of the Institute.

This is an excellent opportunity to get your name restored with retrospective effect by submitting your **application in Form 9 on or before 31st March, 2012** alongwith the outstanding fee for the intervening period of name removal and restoration fee submitted. Details of General Amnesty Scheme are given below:-

(i) Retrospective restoration of membership under General Amnesty Scheme:

Category I: The names of the members whose name is removed prior to 31st March 2011 on account of non payment of fees and not restored as on date may apply for retrospective restoration of their names under General Amnesty Scheme by filling Form 9 along with the membership fees for the year during which the name was removed and for the current year together with the fee(s) for the intervening years and the additional fee of Rs.1200/- towards restoration. To avail benefits of General Amnesty Scheme, members should submit the requisite fees and Form upto 31st March 2012.

The scale of membership fee as applicable from time to time is as given below:

Effective from	Associate	Fellow
1st April, 2011	*Rs.800	*Rs.2200
1st April, 2008	*Rs.600	**Rs.1,800
1st April, 2000	Rs.300	Rs.900
1st April, 1996	Rs.225	Rs.700
1st April, 1991	Rs.150	Rs.400
1st April, 1986	Rs.100	Rs.275
1st April, 1982	Rs.80	Rs.200
1st April, 1976	Rs.60	Rs.125
1st April, 1975	Rs.45	Rs.110
1st April, 1964	Rs.28	Rs.83
1st April 1949	Rs.25	Rs.25

*Rs.450/- and Rs.*Rs.600/- where an Associate member has attained the age of 65 years as on 1st April, 2008 and 1st April 2011.**Rs.1300/- and **Rs.1600/- where a Fellow member has attained the age of 65 years as on 1st April, 2008 and 1st April 2011

(ii) Retrospective restoration of membership under Regulation 19 of CA Regulations, 1988:

Category II: The members whose membership exists as on 01st April 2011 and continued upto 30th September 2011 but subsequently got removed as on 1st October 2011 on account of non-payment of fee are eligible for restoration of their names retrospectively under Regulation 19 of the Chartered Accountants Regulations, 1988. Such persons may apply upto 31st March 2012 in Form 9 along with the membership fees i.e Rs.800/- as an associate and Rs.2200/- as fellow, as the case may be, for the current year and the additional fee of Rs.1200/- towards restoration.

Members desirous of availing the opportunity may also apply on-line for restoration of their name by visiting www.icai.org and downloading pre-filled Form '9'. The link is given on home page "Know Your Institute - Restore your Membership".

(iii) Restoration of certificate of Practice:

(a) The members who had held their certificate of practice as on 30th September 2011 and the same had subsequently been cancelled on account of non payment of the related fee w.e.f 01st October 2011 are eligible to have their certificate of practice restored retrospectively i.e from 1st October 2011 provided application in Form 101 for restoration along with the certificate of practice fee of Rs.2000/-[Rs.1500/- where a member has attained the age of 65 years as on 1st April 2011] for the current year from such members is received by the Institute upto 31st March 2012.

(b) Where, the certificate of practice stands cancelled on or before 31st March 2011 on account of non payment of the related fee, certificate of practice in such cases will be issued afresh from the prospective date, i.e., the date on which the application for the same together with Form '101'/ '6' and the requisite fee is received by the Institute.

Such members desirous of availing the opportunity may also apply online for restoration/issue of afresh Certificate of Practice by visiting www.icai.org and downloading Form '6' and the payment can be made online through link "online membership payment under e-services".

For any clarification or more details, please contact the concerned Decentralised Office of the Institute or the Head Office over phone No. 011-30110426 / 30110535 or e-mail to mss@icai.in

Secretary
ICAI

The above Amnesty shall be in force till 31st March 2012 and that from 5:30 pm of 31st March 2012 and will be withdrawn automatically.

..... Continued from page 8

S. No.	DATE	Branch Name	Name Of Activity	Particulars of activity
22.	4th Feb., 25th June, 11th July, 15th Dec, 30th Dec 2011	Udaipur	Industrial visit	Secure Meters, Pyrotech Industires, Reliance Chemotax
23.	7/1/2011	Kanpur	Indoor Games	Various Games were Organised during the CA Day.
24.	12/17/2011	Lucknow and Kanpur	Outdoor Games	One Cricket was organised at Dav Stadium.
25.	10th & 11th Dec. 2011	Indore	Youth Festival	Youth Festival were organised.
26.	17th & 18 Dec 2011	Bhilai	Youth Festival	Youth And Sports Festivals
27.	23 & 24 Dec. 2011	Agra	Youth Festival	Youth Festival were organised.
28.	18th Dec. 2011	Udaipur	Youth Festival	Youth Festival were organised.

Note: The Information Given Above to the Extent Submitted by Branches Concerned.

Congratulations

All India Level Elocution and Quiz Contests – 2011-12

The All India Elocution and Quiz Contests for the Year 2011-12 were held in Chennai on 18th January, 2012. The following contestants were declared winners and runners-up for the Quiz and Elocution Contest.

Quiz Contest

Runners-up: Team CIRC
– Ms. Dvipal Bhandari (CRO – 0217326)
– Mr. Kunal Jethani (CRO – 0344559)

Elocution Contest:
Second Prize – Ms. Shivi Tandon (CRO – 0304716)

Congratulations

CA N.K.Billaiya has been selected as Tribunal (ITAT) Member. He is first CA from M. P. selected for this post.

Front side – L To R – CA U.C. Tatiya and CA Dhiraj Ghai.
Other side – L To R – CA K.Kumar, CA Satish Poddar(Chairman Branch), CA N.K.Billaiya, CA R.P.Oswal and CA Sukesh Kumar

Resumption of SAP Course Facilitated by Committee on InformationTechnology, ICAI

The Committee on Information Technology wishes to Inform you that registrations for SAP ERP Course conducted by the IT Committee of the ICAI in tie up with M/s SAP India Pvt. Ltd. have been started again. .

There are two courses, **SAP ERP Financial Accounting and SAP ERP Management Accounting** and fees for each course is Rs 142875/-(including taxes and one time certification fees).

Please submit the registration form available at http://220.225.242.182:82/SAP_REGISTRATION.aspx along with Demand draft of Rs 142875/- (In favour of Secretary ICAI, payable at Delhi) and send the said documents to join this course to:

The Secretary Committee on Information Technology
The Institute of Chartered Accountants of India
5th Floor, Hostel Block, ICAI Bhawan, A-29,
Sector-62, Noida - 201309, India
Tel (Direct): +91 120 3045961
Email: cit@icai.in, erp@icai.in

The registration fee is Rs 142875/- (including taxes and one time certification fees) as against the market price of Rs 190000 /- (excluding taxes). Please note that as per the agreement between ICAI and M/s SAP India Pvt. Ltd. the fee is non-refundable under any circumstances. The fees once collected by ICAI will be paid in advance to M/s SAP India Pvt. Ltd.immediately after realisation, so that M/s SAP India Pvt. Ltd. thereafter can commence the Training. Please give us sufficient time to realise your payment and pay to M/s SAP India Pvt. Ltd. in advance.

Please note that one time certification fee is included in above mentioned fee and certification must be taken within one month of completion of 200 hours of course, otherwise Rs.5000/-(Plus Taxes) has to be paid. The details are given below:

Sl.No. Certification Validity Fees per students

1 1 month from the date of completion of the course Included in Rs 142875/-

2 After 1 month of completion of the course INR 5,000.00 (Plus taxes) (Apart from registration fees of Rs 142875/-)

3 Recertification until the certification is in the offering INR 35,000.00 (Plus taxes)

Maximum three attempts are allowed for appearing in certification examination.

All the fees has to be paid in the form of Crossed Demand Draft in favour of "Secretary, The Institute of Chartered Accountants of India" payable at Delhi

In case of any difficulties you may get in touch with us at **0120-3045961** or at erp@icai.in

1. There are 3 certification attempts allowed for the participant. If a participant does not clear the certification in three attempts he / she will have to take up the course again. For each of three attempts member has to pay certification fees. One time (first attempt) certification fees is included with registration fees of Rs 142875/-. If candidate fails to clear in the first attempt, candidate has to pay Rs 35000/- for next attempt and If candidate fails to clear in the second attempt, candidate has to pay Rs 35000/- again for the final and third attempt.
2. M/s SAP India Pvt. Ltd. normally takes 10 working days after the receipt of all docs (CV, photo, ICAI Id Card or authorization and payment).
3. You can visit the updated centre list by the given url http://www.sap.com/asia/services/education/centres/partners.epx

ICAI enters into an arrangement with TAXMANN to provide the contents of its website only at Rs.3500/- to the members of ICAI - (23-01-2012)

As an ongoing attempt to enable the members to keep pace with the latest developments in direct taxes, the Direct Taxes Committee of ICAI has entered into an arrangement with Taxmann, a reputed and a well known publisher, wherein Taxmann has agreed to provide all materials that are published and made available by it as a part of its standard practice and procedure on its website www.taxmann.com at a subsidized price of Rs. 3500/- p.a. vis-a- vis its market value which is Rs.7500/-. With this, the Committee has tried to make available, in a timely manner, relevant educational resources at a subsidized cost to the members, which in turn would enable them to discharge their functions in an effective manner.

It may be mentioned that this facility is available to members of ICAI ONLY. The detailed features of the site www.taxmann.com are given below:

- 127 years of Direct Tax Laws (1886-2012) covering 42000 judgments of Supreme Court/High courts since 1886, 19000 Orders of ITAT, 10500 Notifications, 2100 Circulars and 6000 Articles
- 100 years of Company Law (1913-2012) covering 9800 Judgments/Orders of Supreme Court/High Courts/SAT/CLB/CCI/CAT/ATFE on company Law/Securities Laws/ Foreign Exchange Laws. The Laws covered are Company Laws, Securities Laws, Foreign Exchange Laws, Competition Laws, Banking & Insurance Laws, Other Corporate Laws, 150 Acts, 350 Rules, 900 Forms, 6000 Circulars, 2500 Notifications and 2500 Articles.
- Complete Data on Service Tax (1994-2012) covering 5800 Judgments of Supreme Court/High Court/CESTAT, Acts, Rules, Circulars, Notifications, Articles

To subscribe to this useful subscription, you may click on the link below:

http://www.taxmann.com/icaimember.aspx

L-R: CA. Mukesh Jain, Shri M K Padia, CA. Nitesh Gupta – Chairman Agra Branch, CA. Mayur Choksi and CA. Alok Agrawal – Secretary Agra Branch during the Two Days workshop organised at IOCL Mathura Refinery on 20 & 21 December 2011 by Agra Branch.

L to R - on the podium CA. Vivek Khanna Chairman CIRC, CA.Vaibhav Pahariya, Secretary Allahabad Branch, CA.Amit Agarwal Chairman Allahabad Branch, CA.Ramesh Chand Agarwal Past Chairman Allahabad Branch & Director Bank of Maharashtra CA.Vivek Pandey, Speaker-Kanpur & CA.Shiv Kumar Treasurer & Vice-Chairman Allahabad Branch.

Shri. Brijesh Gupta – CCITC on the podium, CA. Nitin Vyas – Secretary CIRC, CA. Vivek Khanna – Chairman CIRC, CA. Pawan Parashar – Chairman CICASA and CA. Rakesh Jhalani – Chairman Jaipur Branch during 11th Central India CA Students Regional Conference held on 30 & 31 December 2011 at Jaipur

CA. Nitin Vyas – Secretary CIRC, CA. Vivek Khanna – Chairman CIRC, CA. Pawan Parashar – Chairman CICASA , Shri. Brijesh Gupta – CCITC, CA. Rakesh Jhalani – Chairman JaipurBranch and CA. Ashok Kumar Jain – Secretary Jaipur Branch during 11th Central India CA Students Regional Conference held on 30 & 31 December 2011 at Jaipur

CA. Pawan Parashar – Chairman CICASA with other Office Bearers during CICASA Annual General Meeting held at Kanpur on 23.01.2012

Students during Youth Fest organised by Jabalpur Branch on 14 &15 Jan 2012

Seminar on Taxation held on 11/12.12.2011. In Seen CA. Sumit Agrawal, Chairman, Ranchi Branch (Left) and other guest Faculty.

Right to Left- CA. Shanu Parakh, Secretary Pali Branch, CA. O.P. Maheshwari CIRC member, CA. Nitin Vyas Secretary CIRC, CA. Vivek Khanna Chairman CIRC, Shri Neeraj K Pawan- District Collector Pali, CA. Pawan Parashar Chairman CICASA, CA. Umesh Garg Vice Chairman CIRC, CA. Motimal Mehta Chairman Pali Branch, CA S D Kalani- ex chairman Pali Branch

LICENCE NO. RO/KP/PC-47 DATED 21-03-2011
POSTAGE PREPAID IN CASH

R. No. 33039/Registered : Misc-2/CPM/KPHO/09-09-11
Date of Posting 1st, 2nd & 3rd of Every Month

Ms. Manjari Kacker – Member CBDT, CA. Manu Agrawal – Member CIRC, CA. Ajay Kedia, CA. Vivek Khanna – Chairman CIRC, CA. Mukesh S. Kushwah – Treasurer CIRC, CA. Anuj Goyal – Central Council Member, and Shri. Dhirendra Khare – CCIT inaugurating the Seminar on Direct Taxes on 13.01.2012 organised by CIRC at Kanpur.

L-R Shri. Dhirendra Khare – CCIT, Ms. Manjari Kacker – Member CBDT, CA. Sanjay Agrawal – Chairman DTC, CA. Vivek Khanna – Chairman CIRC and CA. Mukesh S. Kushwah – Treasurer CIRC during the Session of Full day Seminar on Direct Taxes on 13.01.2012 organised by CIRC at Kanpur.

Presentation of Bouquets to important Authorities of Income Tax Department during Full day Seminar on Direct Taxes on 13.01.2012 organised by CIRC at Kanpur.

CA. Vivek Khanna – Chairman CIRC on the Podium. L-R Shri. Dhirendra Khare – CCIT, Ms. Manjari Kacker – Member CBDT, CA. Sanjay Agarwal – Chairman DTC-ICAI, CA. Mukesh S. Kushwah – Treasurer CIRC and CA. Piyush Agrawal during Full day Seminar on Direct Taxes on 13.01.2012 organised by CIRC at Kanpur.

L-R Shri. Dhirendra Khare – CCIT, Ms. Manjari Kacker – Member CBDT, CA. Sanjay Agarwal – Chairman DTC-ICAI, CA. Mukesh S. Kushwah – Treasurer CIRC and CA. Piyush Agrawal during Full day Seminar on Direct Taxes on 13.01.2012 organised by CIRC at Kanpur.

Important Authorities of income tax department along with Chairman CIRC CA. Viviek Khanna and other Council Members, having Lunch during Full day Seminar on Direct Taxes on 13.01.2012 organised by CIRC at Kanpur.

Address : CIRC of ICAI, ICAI BHAWAN, 16/77 B, Civil Lines, Kanpur-208 001 • Phones : *Chairman : 3011151 • Mr. E.P. James, Dy. Secretary : 3011153* • EPABX : *(Reliance No.) 3989398* Fax : *3011193* • e-mail : *circ@icai.in* • Website : *www.circ-icai.org*

PUBLISHER & PRINTER :

Mr. E.P. James, Dy. Secretary on behalf of Central India Regional Council of The Institute of Chartered Accountants of India, ICAI BHAWAN, 16/77 B, Civil Lines, Kanpur - 208001
Phones : (0512) 3989398, 3011151, 3011181, 3011156
Fax No. : 0512 - 3011193 • Gram : CIRCA, Kanpur;
E-mail : cro@icai.in; circ@icai.in; •Website : circ-icai.org
Designed by: Allies (www.alliesinteractive.com)
Printed at M/s. Zed Creation 88/551, Chamanganj, Kanpur
Phone : 0512-3241268,3026186, E-mail : zed_creation@rediffmail.com

If undelivered please return to :
Central India Regional Council of
The Institute of Chartered Accountants of India
ICAI BHAWAN, Post Box No. 314
16/77 B, Civil Lines, Kanpur - 208 001