E-NEWSLETTER OF THE GUWAHATI BRANCH OF EIRC OF ICAI

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CHAIRMAN'S PAGE

Dear Professional Friends,

The Profession of accounting is passing through an age of rapid transition, its environment has undergone vast changes in the last few decades and an accelerating rate of improvement and amendments are in prospect for the future. Changing social attitudes combine with development in information technology and growing competition, to affect radically the background on which accounting & attestation operate today.

Consequent to the changing environment, the profession is faced with numerous challenges. The changes are also presenting us with never ending opportunities. Time is to build capacities and consolidate. On 25th of this month the Branch is hosting a Full Day National Workshop under the aegis of *Committee for Capacity Building of CA Firms & Small and Medium Practitioners* to update members on the latest developments in the area of mergers, networking and capacity building of CA firms. On demand from members to organise another practical workshop on Revised Schedule VI, one complete session in the workshop has been scheduled for "Preparation of Financial Statement under Revised Schedule VI". Past EIRC Chairman CA. Debashis Mitra will be the speaker.

On 9th May, myself along with Branch secretary CA. Vikash Jain attended the EIRC branches orientation with the Hon'ble President and Vice President of ICAI. The interaction was very fruitful and the Hon'ble president has ensured us to look into the various issues raised by the branches, especially those faced by our branch.

I am pleased to announce that Guwahati branch is going to host first ever Students National Convention at Guwahati on 29-30th August. It is an excellent opportunity for the students of the branch to interact with Hon'ble Pres-

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READERS' COLUMN

Dear Mr. Garg,

Thank you very much for the Newsletter. It was very good and was very informative.

Congratulations to you and your team!

With regards

Nirupam Haldar, Past Chairman EIRC

FEEDBACK

The Institute has developed an online Feedback form on the Question Papers of Chartered Accountants Examinations held from 2nd May 2012 to 17th May 2012 at the link http://www.icai.org/app_forms/student_feedback.html.

Students and other stakeholders may make use of the facility.

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BRANCH ACTIVITIES

CPE PROGRAMMES

- A Full Day 6 CPE-hour seminar on "**Direct Tax**" was held on 28th April 2012 at Hotel Rajmahal, Guwahati. The first technical Session was chaired by President, FINER Sri R S Joshi. CA. Sunil Sharma spoke on "**Preparation and Presentation of Appeals before Appellate Authorities**". The other speaker CA. Sanjay Bhattacharya from Kolkata spoke on the topic "**General Anti-Avoidance Rule (GAAR)**". The second Technical Session was chaired by the Chief Commissioner of Income Tax Shri R K Gupta. 1st Speaker CA. K K Chaparia explained the "**Recent trends in S. 68 to 69C, S.56 and search provisions**". 2nd speaker CA. Sanjay Bhattacharya covered the topic "**Registration & Taxation of Charitable Entities**". The seminar was attended by more than 120 members and students and senior officers from Income Tax Department.

- **Teleconferences**: Arrangements were made at the Branch for viewing the Two-CPE hour Teleconferences held on 10th May 2012 on the topic ***Taxation Issues in Development Agreements.***

CHAPTERS

- A Full Day Seminar with 6 CPE HOURS CREDIT on ***"Finance Bill 2012 and Revised Schedule VI- Emerging Issues"*** was held at Tinsukia on Saturday 19th May 2012. Speakers were-CA. Khusbu Agarwal, CA. Shree Ram Agarwal & CA. Sanjay Modi.

STUDENTS

- Guwahati Branch of EICASA organised a seminar on 28th April 2012 on the topic "**Emerging Role of Chartered Accountants in the Modern Financial Arena**" at ICAI Bhawan, Guwahati. The Speaker for the seminar was Mr. Sanjay Saraf from Kolkata. Meet was attended by good number of students.

- One Day interactive Programme was organised at IT Centre on 2nd April 2012. Large No. of student participated in the programme.

FORTHCOMING PROGRAMMES

TELECONFERENCES

23.5.2012 - *Valuation of Internal Control Framework & Internal Audit in emerging Scenario.*

Time:
11am to 1pm
Venue:
ICAI Bhawan, 2nd Bye Lane, Manik Nagar, R G Baruah Road, Guwahati.

6 hr. CPE Workshop on

Capacity Building Measures for Practitioners & CA Firms

On 25th May 2012 at Hotel Rajmahal, Guwahati.

Session I

Chairman & Key Note Address:
CA. Pankaj Tyagee,
Chairman CCBCAF&SMP
Initiatives of the ICAI for Capacity Building of CA firms

Speakers:
CA. Ravi Kumar Patwa
Capacity building through Networking, Merger and Corporate form of Practice

Session II

Chairman:
CA. Sumantra Guha
Central Council Member

Speakers:
CA. Debashis Mitra
Preparation of Financial Statements under Revised Schedule VI

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Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008

Editorial Note-*We have received communication from RBI in regard to deficiencies in Auditor's Report of NBFC, we are reproducing the RBI directions in this regard for the benefit of the members*

Notification No. DNBS. 201 /DG(VL)-2008 dated September 18, 2008.

The Reserve Bank of India (hereinafter referred to as "the Bank"), having considered it necessary in the public interest and for the purpose of proper assessment of books of accounts of NBFCs, in exercise of the powers conferred by sub-section (1A) of Section 45MA of the Reserve Bank of India Act, 1934 (Act 2 of 1934) and of all the powers enabling it in this behalf, and in supersession of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998, issues to every auditor of every non-banking financial company, the Directions hereinafter specified.

1. Short title, application and commencement of the Directions

(i) These Directions shall be known as "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008."

(ii) These Directions shall apply to every auditor of a non-banking financial company as defined in Section 45 I(f) of the Reserve Bank of India Act, 1934 (2 of 1934) hereinafter referred to as non-banking financial company.

(iii) These Directions shall come into force with immediate effect.

2. Auditors to submit additional Report to the Board of Directors

In addition to the Report made by the auditor under Section 227 of the Companies Act, 1956 (1 of 1956) on the accounts of a non-banking financial company examined for every financial year ending on any day on or after the commencement of these Directions, the auditor shall also make a separate report to the Board of Directors of the Company on the matters specified in paragraphs 3 and 4 below.

3. Matters to be included in the auditor's report

The auditor's report on the accounts of a non-banking financial company shall include a statement on the following matters, namely: -

(A) In the case of all non-banking financial companies

I. Whether the company is engaged in the business of non-banking financial institution and whether it has obtained a Certificate of Registration (CoR) from the Bank

II. In the case of a company holding CoR issued by the Bank, whether that company is entitled to continue to hold such CoR in terms of its asset/income pattern as on March 31 of the applicable year.

Note: A reference in this regard is invited to paragraph 15 of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 in respect of deposit taking NBFCs and paragraph 15 of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 in respect of non-deposit taking NBFCs.

III. Based on the criteria set forth by the Bank in Company Circular No. DNBS.PD. CC No. 85 / 03.02.089 /2006-07 dated December 6, 2006 for classification of NBFCs as Asset Finance Company (AFC), whether the non-banking financial company has been correctly classified as AFC as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the applicable financial year.

(B) In the case of a non-banking financial company accepting/ holding public deposits

Apart from the matters enumerated in (A) above, the auditor shall include a statement on the following matters, namely:-

(i) Whether the public deposits accepted by the company together with other borrowings indicated below viz;

(a) from public by issue of unsecured non-convertible debentures/bonds;

(b) from its shareholders (if it is a public limited company) and which are not excluded from the definition of 'public deposit' in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998

are within the limits admissible to the company as per the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998;

(ii) Whether the public deposits held by the company in excess of the quantum of such deposits permissible to it under the provisions of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 are regularised in the manner provided in the said Directions;

(iii) Whether an Asset Finance Company having Capital to Risk Assets Ratio (CRAR) less than 15% or an Investment Company or a Loan Company as defined in paragraph 2 (1)(ia), (vi) and (viii) respectively of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 is accepting "public deposit" without minimum investment grade credit rating from an approved credit rating agency;

(iv) In respect of NBFCs referred to in clause (iii) above, whether the credit rating, for each of the fixed deposits schemes that has been assigned by one of the Credit Rating Agencies listed in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 is in force; and whether the aggregate amount of deposits outstanding as at any point during the year has exceeded the limit specified by the such Cre it Rating Agency;

(v) In case of NBFCs having Net Owned Funds of Rs 25 lakh and above but less than Rs 200 lakhs, whether the public deposit held by the companies is in excess of the quantum of such deposit permissible to it in terms of Notification No. DNBS. 199/CGM (PK) - 2008 dated June 17, 2008 and whether such company :

-has frozen its level of deposits as on the date of that Notification; or

-has brought down its level of deposits to the level of revised ceiling of deposits in terms of that Notification.

(vi) Whether the company has defaulted in paying to its depositors the interest and /or principal amount of the deposits after such interest and/or principal became due;

(vii) Whether the company has complied with the prudential norms on income recognition, accounting standards, asset classification, provisioning for bad and doubtful debts, and concentration of credit/ investments as specified in the Directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

(viii) Whether the capital adequacy ratio as disclosed in the return submitted to the Bank in terms of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 has been correctly determined and whether such ratio is in compliance with the minimum CRAR prescribed therein;

(ix) Whether the company has complied with the liquid assets requirement as prescribed by the Bank in exercise of powers under section 45 -IB of the RBI Act and whether the details of the designated bank in which the approved securities are held is communicated to the office concerned of the Bank in terms of Notification No.DNBS.172/CGM (OPA)-2003 dated July 31, 2003;

(x) Whether the company has furnished to the Bank within the stipulated period the return on deposits as specified in the NBS 1 to the Non -Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998;

(xi) Whether the company has furnished to the Bank within the stipulated period the half-yearly return on prudential norms as specified in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;

(xii) Whether, in the case of opening of new branches or offices to collect deposits or in the case of closure of existing branches/offices or in the case of appointment of agent, the company has complied with the requirements contained in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

(C) In the case of a non-banking financial company not accepting public deposits

Apart from the aspects enumerated in (A) above, the auditor shall include a statement on the following matters, namely: -

(i) Whether the Board of Directors has passed a resolution for non-acceptance of any public deposits.

(ii) Whether the company has accepted any public deposits during the relevant period/year;

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FOR INFORMATION OF MEMBERS'

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Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008

(iii) Whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

(iv) In respect of Systemically Important Non-deposit taking NBFCs as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

-whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank;

-whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period.

(D) In the case of a company engaged in the business of non-banking financial institution not required to hold CoR subject to certain conditions

Apart from the matters enumerated in (A)(I) above where a company has obtained a specific advice from the Bank that it is not required to hold COR from the Bank the auditor shall include a statement that the company is complying with the conditions stipulated as advised by the Bank.

4. Reasons to be stated for unfavourable or qualified statements

Where, in the auditor's report, the statement regarding any of the items referred to in paragraph 3 above is unfavourable or qualified, the auditor's report shall also state the reasons for such unfavourable or qualified statement, as the case may be. Where the auditor is unable to express any opinion on any of the items referred to in paragraph 3 above, his report shall indicate such fact together with reasons therefor.

5. Obligation of auditor to submit an exception report to the Bank

(I) Where, in the case of a non-banking financial company, the statement regarding any of the items referred to in paragraph 3 above, is unfavourable or qualified, or in the opinion of the auditor the company has not complied with:

-the provisions of Chapter III B of Reserve Bank of India Act, 1934 (Act 2 of 1934); or

-the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998; or

-Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007; or

-Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;

it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located as per Second Schedule to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

(II) The duty of the Auditor under sub-paragraph (I) shall be to report only the contraventions of the provisions of RBI Act, 1934, and Directions, Guidelines, instructions referred to in sub-paragraph (1) and such report shall not contain any statement with respect to compliance of any of those provisions.

6. Repeal and saving

The Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998 shall stand repealed by these Directions.

Not with standing such repeal,

(a) any action taken, purported to have been taken or initiated under the Directions hereby repealed shall, continue to be governed by the provisions of said Directions

(b) (b) any reference in other Notifications issued by the Bank containing reference to the said repealed Directions, shall mean reference to these Directions, namely, Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 after the date of repeal.

WHITE PAPER ON BLACK MONEY

(issued by MINISTRY OF FINANCE)

Generation of black money and its stashing abroad in tax havens and offshore financial centres have dominated discussions and debate in public fora during the last two years. Members of Parliament, the Supreme Court of India and the public at large have unequivocally expressed concern on the issue, particularly after some reports suggested estimates of such unaccounted wealth being held abroad. The Finance Minister, while responding to an adjournment motion on the 'Situation Arising out of Money Deposited Illegally in Foreign Banks and Action Being Taken against the Guilty Persons' in the Lok Sabha on 14 December 2011 gave an assurance that a white paper on black money would be prepared. This document is being presented to Parliament as a result.

Details of the White Paper is available at- http://finmin.nic.in/reports/WhitePaper_BackMoney2012.pdf

NEW GMCS PROGRAM

The Council has decided that the General Management and Communication Skills (GMCS) Programme, presently being organized for 15 days for the CA students should be organized twice during the period of articled training as under:

(i) GMCS-I (15 days) - during 1st year of articled training

(ii) GMCS-II (15 days) - after completion of 18 months of training but before completion of articled training

In view of the above decision, it is hereby informed that GMCS-I & II Programme will be implemented in respect of those students, who will be registered for articled training on or after 1st May, 2012. Students, who are undergoing articled training or have been registered for articled training prior to 1st May, 2012 shall be governed by the existing GMCS Scheme.

The fee for each programme of GMCS I & II shall be Rs.6,500/- only.

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FOR INFORMATION OF MEMBERS & STUDENTS

How to submit an Online Rectification request

Step 1: Make sure you have received an intimation under section 143 (1) from CPC Bangalore for the E-returns filed by you for AY 2009-10 or later.
Step 2: Carefully examine the intimation to see if the computation by CPC is correct even if different from what was expected by you. It may be that you may have computed tax liability or interest incorrectly.
Step 3: Carefully review the Common Error guide and the table above to understand as the basic reason for the variation.
Step 4: Since the Rectification Request is to be submitted by uploading the complete xml file similar to uploading the original return, it may be preferable to start with the saved e-return data that was prepared by the return preparation utility/software (Department provided excel software or other software), in case it is available with the taxpayer.
Step 5: All errors in data entry should be completely corrected and schedules or fields left blank should be filled accurately as explained in the guide. **The complete return should be filled including TDS and Tax payment schedules and not only schedules that need change or the fields that need correction. This is because the entire return with corrected data would be re-processed under rectification.**
However, there should not be any revision in income figures or new claims since then the rectification request would be rejected or rectification would be delayed. **It may be clearly noted that this facility is only for correcting mistakes apparent from record.**
Step 6: After the Return data is corrected then the xml can be generated. **This is the Rectification XML file.**
Step 7: Log in to http://incometaxindiaefiling.gov.in and go to My Account-> Rectification-> Rectification upload
Step 8: Fill in details from the intimation sheet which will be verified to ascertain that only the taxpayer in possession of the Intimation from CPC would be able to submit a rectification request.
Step 9: Fill in details of Schedules where changes have been made and reasons for seeking rectification.
Fill in due date for filing return, if incorrect as per intimation sheet. Leave blank if not applicable.
Fill in details which are not available in the return form such as details of 80G donations (not available in ITR forms for 1, 2 and 3) and Quarter-wise details of Capital Gains (all four types- which is not available in ITRs 2, 3, 4, 5 and 6 for AY 2009-10) only if applicable. Leave blank if not applicable
Please note if your address has been changed in the rectification XML file, you should check the address changed checkbox to ensure that the new address is updated else the old address as per e-return only will be used.
Step 10: Now upload the Rectification XML file.
Validations will be done to ascertain that only mistakes apparent from record are sought to be rectified
Step 11: Upon successful upload, Rectification Request number and acknowledgement will be displayed.
In case Bank Account Number is changed in rectification XML as compared to Bank Account number as per e-return then the rectification request is only PROVISIONALLY uploaded. A response sheet will be displayed, which has to be filled and a cancelled cheque attached and sent to CPC Bangalore. Only upon receipt of this response sheet at CPC Bangalore will the Rectification Request be finally accepted and acknowledgement generated.
Step 12: The rectification request can be withdrawn within 7 days if uploaded by mistake or the request needed to be amended. Only one rectification request can be submitted at any time. Any rectification request after submission has to be processed at CPC before the next rectification request for the same PAN and AY can be submitted.
Step 13: The rectification request will be processed at CPC and either the rectification order under Section 154 will be issued or the request would be rejected.

May 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15 Last date for TDS returns	16	17	18	19
20	21 Last date for AVAT	22	23 Teleconference	24	25 6 Hr CPE Work-	26
27	28	29	30	31		

ENERGY SAVING TIPS

1. Computers use up to 70% less electricity when you put them in sleep mode. So don't use a screensaver.
2. Enable "Power Management" on all computers and make sure you turn them off at night. A laptop uses up to 90% less energy than a desktop models.
3. Devises such as TVs, VCRs, DVD players and mobile chargers eat up maximum power, even on standby!
4. as much as possible, use fans instead of air conditioners, since fans use much less power for similar perceived cooling effect.
5. Make the most of the sun by installing solar water heaters & light systems.
6. lastly, always choose products that are certified by an authority like the BEE, to ensure quality products.

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STUDENTS' PAGE

FAQs on EXEMPTION MARKS IN CA EXAMS

1. What are the passing requirements for PCE/IPCE/Final exam?

a) A candidate shall ordinarily be declared to have passed in both the groups simultaneously, if he-

- secures at one sitting a minimum of 40% marks in each paper of each of the groups and minimum of 50% marks in the aggregate of all the papers of each of the groups; or
- secures at one sitting a minimum of 40% marks in each paper of both the groups and a minimum of 50% marks in the aggregate of all the papers of both the groups taken together.

b) A candidate shall be declared to have passed in a Group, if he secures at one sitting a minimum of 40% marks in each paper of the Group and minimum of 50% marks in the aggregate of all the papers of that Group.

2. What are the rules regarding "exemption" and validity period?

☐ A candidate who has appeared in all the papers comprised in a group/unit and fails in one or more papers comprised in that group/unit but secures a minimum of 60% of the marks in any paper or papers of that group/unit shall be eligible for exemption in that paper or papers in the **next three following examinations.**

☐ He shall be declared to have passed in that group/unit if he secures at one sitting aminimum of 40% marks in each of the papers of that group/unit and a minimum of 50% of the total marks of all the papers of that group/unit including the paper/s in which he had secured a minimum of 60% marks in the earlier examination.

☐ He/she shall not be eligible for any further exemption in the remaining paper(s) of that group/unit until he/she has exhausted the exemption already granted to him in that group/unit.

☐ The implications of the above paragraph are clarified below:

i. You must have appeared in all the papers of the group/unit.

ii. You must have failed in the group/unit and should have secured a minimum of 60 marks in any paper/s of the group/unit.

iii. The exemption is automatic and will be found indicated in the statement of marks issued by the Institute.

iv. An exemption is valid for three immediate succeeding exams and will be carried forward automatically for the next three examinations.

v. A candidate shall be declared to have passed in a Group/unit, if he secures at one sitting a minimum of 40 percent marks in each paper of the Group/unit and a minimum of 50 percent marks in the aggregate of all the papers of that group/unit. For the purpose of arriving at the aggregate marks, 60 percent or more marks secured earlier will also be taken into account.

vi. As long as exemption in one or more paper(s) of a group/unit, brought forward from an earlier attempt is subsisting, no further exemption in any paper in that group/unit will be given, even if one secures 60% or more marks in any paper in that group/unit.

Note- **The above rules relating to "Exemption" are common to all the exams, i.e., PCE, IPCE, IPCE Units, ATE and Final, conducted by the Institute.**

3. I secured exemption in Paper I of PCE/IPCE/Final exam in November 2009 exam. I did not appear in the exams held in May 2010, November 2010 and also in May 2011. I have submitted my exam application form for appearing in November 2011 exam. Can I get the exemption in the said paper in November 2011 exam?

No. The exemption obtained by you in November 2009 exam would last only for the next three exams, i.e. for May 2010, November 2010 and May 2011 exam, irrespective of the fact whether you appeared in those exams or not. The exemption you obtained in November 2009 examination stands exhausted now and will not be valid for November 2011 exam onwards. You will have to appear in the said paper once again in November 2011 exam.

4. I appeared, say, in Papers 1 and 2 of Group I and remained absent in the remaining paper(s) of Group I of PCE / IPCE / Final and secured more than 60% of the marks in both the papers. However my mark sheet does not show any exemption in those two papers.

To be eligible for exemption in any paper of a group in any of the exams (PCE/IPCE/Final), **you should have appeared in all the papers comprised in that group**. In your case, though you obtained more than 60% marks in two papers, you will not be eligible for exemption in those two papers since you did not appear in all the papers of that group

5. How do I know that I am eligible for exemption in a paper?

The fact that you are eligible for exemption in a paper, will be found indicated in the statement of marks, issued by the Institute, by way of a symbol "#" against the marks of the paper(s) in which you had secured a minimum of 60% marks.

In your statement of marks, you will find the alphabet "E" marked against the marks of already exempted paper(s) carried forward from an earlier examination, provided the exemption is still valid.

6. I secured exemption in Paper V(Group II) of PCE/IPCE/Final in May 2011 exam. I have submitted my exam application form for appearing in Group II of November 2011 exam. Is the exemption automatic or do I have to specifically mention in my exam application form that I got exemption in Paper V in May 2011 exam?

An exemption is valid for three immediate succeeding exams and will be carried forward automatically for the next three examinations. However, you are required to give details of the exemption(s) secured by you in the immediate three preceding exams, in your exam form, which will help us to cross check with our data base.

7. I secured exemption in Paper 3 (Group I) of PCE/IPCE/Final in November 2009 exam. I appeared in Group I in May 2011 exam once again and secured more than 60% marks in Paper 2 of (Group I) of PCE/IPCE/Final. However, I did not get exemption in Paper 2 even though I secured more than 60% marks in that paper? Why is it so?

As long as exemption in one or more paper(s) of a group/unit, brought forward from an earlier attempt is subsisting, no further exemption in any other paper in that group/unit will be given, even if you secure 60% or more marks in any other paper in that group/unit. You will not be eligible for any further exemption in the remaining paper(s) of that group until you have exhausted the exemption already granted to you in that group.

The exemption that you secured in a paper in November 2009 exam lasted till May 2011 exam. Hence, you did not get any exemption in Paper 2 in May 2011 exam even though you secured more than 60% marks in that paper.

8. I secured exemption in Paper 3 (Group I) of PCE/IPCE/Final in November 2010 exam. I intend to appear in Group II in November 2011 exam and applied for the same. Can I get exemption in any paper in Group II in November 2011 exam if I secure more than 60% marks in any of the papers of Group II?

Yes. You can get exemption in any of the papers of Group II in November 2011 exam. The exemption that you secured in Paper 3 of Group I does not come in the way of your getting exemption in any paper of Group II. Please note that the rules relating to exemptions are applied group-wise.

However, you will not be eligible for any further exemption in the remaining paper(s) of Group I until you have exhausted the exemption already granted to you in that group.

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STUDENTS' PAGE

WEALTH TAX ACT, 1957 - CA. Anjani Kumar Mundhra

.....Continued from the last issue

Deemed Assets – Sec 4 cont...

- Interest of partner of firm or member of AOP other than co-operative society. (Minor partner interest in parent's income.)
- Conversion by individual his self acquired property into joint family property without adequate consideration.
- Note: if on partition of family, out of assets transferred by individual, share received by spouse that to be deemed asset for individual (Assume it is indirect transfer)
- Member of cooperative housing society (Asset is house allotted from allotment date) Amount payable under such scheme is deducted as debts owned in relation to asset.
- Gift by book entries unless AO satisfy money's actual delivery.
- If properties are assets as on valuation date then it is to be clubbed in transferor wealth even if these were not assets at time of transfer.
- Relationship must exist at time of transfer and also as on valuation date.
- Accretions to Assets is taxable in transferee hand, it will not be clubbed with transferors wealth.

EXEMPTIONS IN RESPECT OF CERTAIN ASSETS (SEC.5)

(i) Any property (in India or outside India) held under trust or under legal obligation for any public purpose of charitable or religious nature in India.

Note: Exemption is available for business assets only when such business in incidental and separate books maintained.

(ii) Interest in co-parcenary property of HUF.

(iii) Any one building in occupation of Ruler which was declared by C.G as his official residence.

(iv) Heirloom jewellery (kept permanently in India and in original shapes) in possession of Ruler not being his personal property.

(v) An Indian citizen or person of Indian origin who was Non Resident and who has returned to India with intention of permanently residing in India, then the money and assets brought to India and value of assets acquired out of money sent from abroad and NRE account within one year immediately preceding his date of return and assets acquired after coming back out of such money shall be exempt for a period of 7 successive A.Y. commencing with A.Y next following date on which he returned.

Note: If Assessee brought assets (not money) from outside India and convert them into other assets in India, Assets converted in India will also be eligible for exemption. As per Kerla high court decision.

(vi) Any one house (may be let out, Residential, commercial, farm house, self occupied, or Guest house etc.) or part of a house or a plot of land (land area 500 Sq. Mt.or less) belonging to Individual or HUF.

Note: If exemption under sub sec. (iii) then no expemption to ruler under sub section (vi)

DEBTS SEC.2 (m)

- ♦ Debts owned on the valuation date by assessee on assets included in wealth are deductible.
- ♦ If assets included but exempted u/s 5 then debt owned not deductible.
- ♦ Even if value of assets is less, whole amount of debt is deductible.
- ♦ Debts outside India are deductible if such debts have been incurred to acquired assets in India included in Wealth.
- ♦ If single debt is on asset and non asset both and it is not possible to compute debt portion for asset, then use following formula to calculate debt for asset-

Total Debt X Actual cost of asset / Actual cost of asset and non asset together.

SEC 6 EXCLUSION OF ASSETS AND DEBTS IN WEALTH OF CERTAIN PERSONS

- * In case of Individual or HUF who is Non Resident or Not ordinarily resident.
- * Company which is non resident
- * Individual who is non citizen of India
- * During the year ending on valuation date, Assets **located outside India** and debts on such (even if debts in India) shall not be included for wealth calculation.

VALUATION (SCHEDULE III)

Assets	Rule numbers
◊ Building or Land Appurtenant thereto	3 to 8
◊ Assets of Business	14
◊ Interest in Firm/AOP	15, 16
◊ Jewellery	18, 19
◊ Urban Land, Cars, Yachts, Aircrafts, Boats.	20

Even Valuation Officer has to follow Schedule III.
For Valuation of Building or Land appurtenant thereto Sec. 7 also relevant

Other important issues

- ⇒ Procedure of Assessment under wealth tax is almost similar to Income Tax Act.
- ⇒ Return below specified exemption limit i.e. ₹30 Lacs deemed never furnished.
- ⇒ No Advance Tax and Education cess in wealth Tax.
- ⇒ Wealth R/off to nearest ₹ 100.
- ⇒ Tax liabilities of deceased can be recovered from legal representative up to estate inherited. However, no penalty can be levied on legal heir

Filing of Returns

- * Wealth tax returns to be filed in Form BA
- * Due date for filing is similar to 139(1) due date
- * Delay is furnishing returns shall attract penal interest @ 1% p.m – Sec 17B (similar to 234A)
- * Wealth tax is payable on before the due date of filing
- * Belated Return can be filed within one year from the end of the relevant assessment year.

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Chairman's page contd..

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ident and Vice president of ICAI, who will inaugurate the convention. Details of the program along with the topics will be announced shortly.

The branch organised a 6 CPE hour seminar on "Direct Tax" on 28th April 2012. Large number of members and Officers from the Income Tax Department participated in the Seminar. Sri R S Joshi, Chairman of FIN-ER chaired the 1st Technical Session and Chief Commissioner of Income Tax, Sri R K Gupta Chaired the second. CA. Sunil Sharma, CA. Sanjay Bhattacharya and CA. K K Chapparia were the speakers.

We are also in the process of starting coaching for CPT students at Branch. Members interested in taking classes may contact branch administration.

Before I conclude, I request you to please contribute articles and share important information for publishing the same in E-Newsletter. Please do send your valuable feedback.

With Warm Regards

CA. Naveen Garg

Chairman

IMPORTANT RECENT SERVICE TAX NOTIFICATIONS

02/2012-ST dated 17th March, 2012 -Seeks to rescind Notification No.08/2009-Service Tax, dated 27.02.2009 so as to change the rate of service tax.

04/2012-ST dated 17th March, 2012 -Seeks to amend Point of Taxation Rules, 2011 to amend and introduce certain provisions under the Rules.

10/2012-ST dated 17th March, 2012 - Seeks to amend Notification No.32/2007-ST dated 22.05.2007 so as to give an option to the provider of a works contract service to pay an amount equivalent to 4.8 per cent. of the gross amount charged for the works contract instead of paying service tax at the rate specified in section 66 of the Finance Act, 1994 with effect from 1st April, 2012.

11/2012-ST dated 17th March, 2012 -Seeks to amend the Service Tax (Valuation) Rules, 2006 to amend certain provisions under the Rules.

12/2012-ST dated 17th March, 2012 -Seeks to exempt the following taxable services from the whole of the service tax

13/2012-ST dated 17th March, 2012 -Seeks to provide exemption on specified taxable services, by way of abatement from taxable value for the purposes of calculating service tax, subject to the fulfilment of the prescribed conditions.

15/2012-ST dated 17th March, 2012 -Seeks to supercede the Notification No. 36/2004-Service Tax, dated the 31st December, 2004 so as to specify taxable services, and the extent of service tax payable thereon by person specified under section 68(2) of the Finance Act,1994.

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