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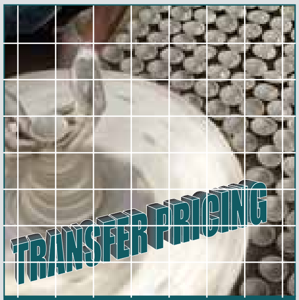

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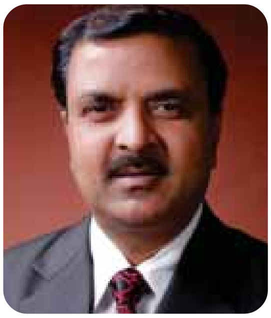

President's Communication

Dear Budding Professionals,

At the outset, I would like to convey my best wishes to all the students who are appearing for the November 2013 examinations. I am sure that amidst the festivals, you must have utilized your time effectively and prepared well for giving your best in the examinations. Your dedication, firmness and commitment would definitely help you all to climb the ladder of success. May the days of toiling and hard work bear the fruits that you all deserve and desire.

As you know, the Indian economy is estimated to have grown at a decade low rate of 5 per cent in 2012-13 and prospects for the current fiscal appear the same. The timely and well-distributed monsoon is the positive aspect this year. The cumulative rainfall in this monsoon season was 5 per cent above normal. This will push the agricultural growth to an above trend rate of 4.5 percent. Agriculture is 14 per cent of India's GDP. The remaining 86 per cent of the GDP, i.e., Industry and Services is expected to grow at a slower pace than last year. It is a fact that raising India's growth potential requires fundamental reforms such as Goods and Services Tax, transparent and predictable taxation policies, provision of labour market flexibility and the resolving of governance issues. Improving India's physical infrastructure and agricultural productivity will definitely raise its ability to growth very fast while keeping inflation low.

The promulgation of the new Companies Act can be seen as a step towards globalization. The Companies Act, 2013, which got the assent of the Hon'ble President of India on 29th August 2013 and notified in the Official Gazette on 30th August, 2013 by the Ministry of Law and Justice is a successful attempt to meet the changing environment and is progressive and futuristic duly envisaging the technological and legal developments. Through its 470 Sections, 29 Chapters and 7 Schedules, the new law makes it mandatory for firms to maintain their documents in electronic format, introduces the concept of one person company, Class Action Suits, Serious Fraud Investigation Office, asks big companies to set aside funds for corporate social responsibility and suggests rotation of auditors. The new law also makes its obligatory for certain companies that one-third of their board comprises independent directors to ensure transparency.

In the global environment, soft skills are increasingly becoming the hard skills for the people working for a competitive organization. In spite of being highly trained in technical skills, many professionals struggle to remain competitive and productive without developing soft skills like interpersonal and relationship building skills because these skills help the people to communicate and collaborate effectively in the organizations. Skills like problem solving, delegating, motivating, team building and knowing how to get along people will foster great team performance and lead people to contribute strongly to the organization's vision and strategy.

As far as the Indian Chartered Accountants are concerned, they are much ahead of other professionals in technical skills. However, the soft skills aspect requires more focus. Recently, a pilot batch of the language lab was conducted for the students who were not comfortable with English language. The responses received were very encouraging. Overall the participants found the software as informative & the Lab sessions organized by the Institute as a viable learning opportunity. I am happy that language labs would remove the soft skills gap and the students can use their technical expertise to full advantage.

Wishing you all the best for a wonderful time ahead.

CA. Subodh K. Agrawal
President
The Institute of Chartered Accountants of India

Vice President's Communication

Dear Students,

I am highly delighted to convey my best wishes to all those who are appearing for the November 2013 Examinations. I am fully aware and acknowledge the seriousness and the hard work that is required for achieving success in the professional examination of high quality like ours. I strongly believe that you all must have seriously considered the inputs and insights that I had given in my last communication. Your sincere efforts and dedication in dealing with the examinations will definitely bring to you the desired results. As you know, CA examination aims not only to test the theoretical knowledge, but application skills as well. I am sure that you will outshine in both these areas and remain elated on your success.

Dear friends, our profession still remain very dynamic, demanding and above all, highly rewarding. You have to develop multi-dimensional skills to recognize your hidden talents and unleash them to widen your professional growth. The Institute's articleship training provides you a lifetime learning experience and exposure to face practical situations while you grow in the accountancy profession. The completion of a well-disciplined and structured articleship will definitely help you in your path of professional excellence and growth. I personally believe that the comprehensive practical training during the chartered accountancy course is the foundation stone of a successful Chartered Accountant.

Being prospective Chartered Accountants, you should try and work for keeping high standards of the profession. We must be serious about our occupation. In other words, we must understand that our occupation is challenging, with high expectations of discernable standards, and we must consistently want to do better. We all should seek more opportunities and utilize our relationships for our personal growth. It is a common fact that we are interested in improving our circumstances, but reluctant to improve ourselves. If you want to change your circumstances, ultimately, you have to change yourself. You should always realize the fact that it is your skills, attitude and behavior that helps you to shape your circumstances.

To embark successfully on your chosen path of chartered accountancy, you need proper guidance and consultation. Never hesitate to take guidance and direction from your seniors and teachers. Always work for the implementation of the ideas and skills you gain from training programs, conferences and conventions. Always try to do something different coming out of your comfort zone. This will ultimately help you to build additional capabilities.

Wish you all the best.

Yours Sincerely,

K. Raghu

CA. K. Raghu
Vice President, ICAI, New Delhi

Chairman's Communication

My Dear Students,

This issue would reach you, when you all would be busy with your November examinations. I can understand the pressure and mental stress which you all would be going through. But you have to focus on the end result which is passing the examination and come out with flying colours. Too much of stress will create anxiety, so do not panic just give your best and leave to the Lord the rest.

The Board of Studies, your guide and mentor, had launched an e learning facility in January 2013 on Student Learning Management System. The core objective was to reach out to maximum students and provide them with best of lectures .It is such a delight to see an overwhelming response from the students. A great number of students are using the facility online and are saving lot of their precious time and money. The Board of Studies always has the priority of students on the top, so a new initiative of video lectures has been thought over for all the levels of CA course which is going to start very soon.

In order to help you to prepare for the examinations and analyse your mistakes and shortfalls , Mock Tests have been conducted with the help of Regional Offices and Branches. It is my pleasure to share with you that about 100 Regional Offices and Branches have already conducted Mock test for the IIPCC and Final November 2013 examinations. For the December 2013 CPT, Mock Tests would be conducted soon. I would suggest all of you to study well before the test , take Mock Test seriously ,assess and improve on your shortcomings.

A very beneficial step to cater to the needs of students who are more comfortable with Hindi medium has been taken by BOS. This is bringing out Suggested Answers for IIPCC and Final courses in hindi. Similiarly, for IIPCC, RTPs of all subjects are available in Hindi medium .Paper 6 of Final level(ISCA) is also available in Hindi medium. Study material and Practice manuals are already available in Hindi medium.This provides huge initiative for the students from backward regions to be at par with the English medium students and put in their best efforts to get through the exams. Besides this, e lectures are also available in Hindi medium.I am sure this special effort of BOS will go a long way in mitigating the hardships of Hindi medium students and improve the overall results.

The Board of Studies has announced new batches for the Four Week Residential Programme at Centre of Excellence ,Hyderabad from November 25,2013 to December 22,2013 for male students and from January 27,2014 to February 23,2014 for the female students respectively ,who have passed PCC/IPCC/PE-II and pursuing last year of articleship or have completed their articleship .Recently qualified Chartered Accountants can also join. I would advise the students and members to get registered for this programme as early as possible because of the limited seats available.This programme would add to your personality in lot of ways. It would focus on enriching your communication skills, leadership qualities and overall personality. Since in every sector, all these tacts and skills are very important, so register in more and more number and get benefitted from such a useful programme.

Perhaps you know that the ICAI has put in place revised Revalidation Scheme for the benefit of the students. Students of CPT have a validity for initial registration only for 3 years, IPCC/PCC students have a validity for 4 years and students of Final have a validity for 5 years. So if they revalidate their registration before 31/12/2013 no extra fees need to be paid by them .But after 31/12/2013 students is required to pay some fees. For each validation, CPT students are required to pay Rs300, IPCC students have to pay Rs400 and for final course, students have to pay Rs500. So students who want to take the benefit of this initiative are advised to get their registration revalidated before 31st December, 2013 as after 31st December they will have to pay revalidation fee of the mentioned amount.

A feedback form is also available at the end of each study material. It is my earnest request to each one of you to fill that form, and give your valuable suggestions for improvements in the study material.

Recently, I had very fruitful interactions with many students. Amongst them, the students in Ajmer and RGV hostel students at Mumbai, made many good suggestions which are being considered. I encourage you to continue sending your suggestions which will no doubt serve as a value addition.

Wishing you All the very Best for your examinations and A Happy and Joyful Festive Season.

Yours sincerely,

CA. Vijay Garg
Chairman, BOS

Indian Transfer Pricing- An evolutionary journey

Ashwin Vishwanathan

The Greek philosopher Heraclitus famously quoted, "the only thing that is constant is change". The tax environment across the globe and specifically, India embodies this truth. The global financial crisis afflicted companies and their profits while simultaneously straining the fiscal health of various countries. Companies responded by re-tuning their market and customer focus, restructuring their operations, centralizing functions, and searching for cost efficiency and mitigation in effective tax rates.Governments' hunt for larger tax revenues has taken the shape of augmented legislative and regulatory modifications, stricter disclosure norms, stringent penalty regimes, cross-country information exchange and targeted enforcement. It has brought in its wake controversy, disputes and uncertainty. With multinational enterprises dominating the business landscape, dealings within such groups has been the focus of all governments thereby elevating transfer pricing to an issue of grave importance.

Change is what has brought us to this juncture and change is what it will take to usher in a new future as we contemplateways to address these challenges.

Relevance of transfer pricing

Globalization has seen geographic boundaries shrink and national economies integrate through cross-border movement of goods, services, technology, capital and people. Around 60 percent of all cross-border trade takes place between related parties- typically members of a multinational group.

Transfer pricing examinations by tax authorities become increasingly intrusive and aggressive. Companies often have to deal with transfer pricing disputes in a number of countries with potential risks of tax demand and monetary penalties. These could negatively impact share prices and dent investor confidence. Enlarged disputes also require deployment of human and financial resources thereby inflating costs and reducing profitability. Hence, a company's approach to transfer pricing has a material impact on its financial statements thereby meriting attention from all key stakeholders.

Shifting trade flows has increased the prominence of emerging economies. India is seen as a leading player amongst the emerging economies with promises of steady growth, democratic institutions and liberalized economic policy. Not surprisingly, India has also been at the forefront of the new transfer pricing paradigm.

The Indian transfer pricing journey

The Indian transfer pricing regulations are enshrined in Section 92 to 92F of the Indian Income Tax Act, 1961 and Rule 10A to 10E of the Indian Income Tax Rules, 1962. These define various concepts, explain the transfer pricing methods, prescribe documentation to be maintained by the taxpayer and lay down the procedure for transfer pricing assessments. The law also prescribes a stringent penalty regime.

The law introduced in the year 2001 has been dynamic. Many changes have focussed on bringing in greater clarity while others have expanded the scope of its operation.The ambit of the TP provisions has been extended to cover certain domestic transactions.The definition of international transaction has been clarified to include a wide variety of flows. A sixth TP method has been notified. The tolerance range computation has been modified and narrowed. An alternate dispute resolution framework has been brought in. The tax authorities have been armed with greater investigative power. Controversy management options like safe harbour rules and Advance Pricing Agreements (APAs) have been inducted. These individually and collectively impact the approach to transfer pricing required of taxpayers and the tax administration.

The Government created a specialized directorate of transfer pricing to assess the compliance by taxpayers. In annual audits starting from the year 2003, transfer pricing officers have examined the TP policies of thousands of taxpayers and proposed adjustments amounting in excess of one lakh crore rupees. Some of the key areas of dispute include:

- Remuneration of captive contract service providers (CSPs) providing Information Technology (IT) & IT-enabled / Business Process

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Outsourcing (BPO) and Research & Development (R&D) services

- Payments for management services received by Indian taxpayers
- Royalty payments made by Indian taxpayers
- Advertising, Marketing & Promotional (AMP) expenditure incurred by Indian subsidiaries of global companies
- Appropriate pricing of Intra-group financial arrangements (loans and guarantees)
- Remuneration of procurement support service providers
- Valuation issues in respect of shares and other asset transfers

Cases have travelled through the appellate process and are pending adjudication at various levels. Dispute resolution has been a time consuming process. Many issues of divergence between the tax authorities and the taxpayers are still to be settled. The Income Tax authorities continue to commit more resources to investigation of transfer pricing practices of companies. Companies struggle with their internal price setting policies given the uncertainty regarding the tax department's approach and amendments in law. Consequently, the burden of administration, compliance and litigation has assumed greater proportions.

India's attempts at change

The Indian TP journey has been dotted many controversies so much so that the government also realizes the futility of endless litigation. Introducing the dispute resolution panel (DRP) in 2009 with three senior revenue officials as an alternate dispute resolution mechanism seemed to be a step in the right direction. It was expected to yield succour to the weary taxpayer as a time bound program that would cut litigation at some stage. While the DRP has passed orders moderating the initially proposed TP adjustment, the relief granted has been too meagre to reduce ongoing disputes. The efficacy of the vehicle is still under debate since the laws now permit the tax department to appeal thereby ensuring that one of the partieswill carry the dispute forward.

Bringing in an APA regime has been a welcome step. An APA is a binding agreement between the taxpayer and tax authority to determine in advance, a set of criteria that would govern the transfer prices for covered inter-company transactions for a fixed period of time. These include unilateral APAs (agreement between the taxpayer and tax administration of one country), bilateral APAs (agreement between the taxpayer, the domestic tax administration and a foreign tax administration) and multilateral APAs (agreement between the taxpayer and multiple tax administrations).

Globally, APAs are seen as dispute resolution vehicles that help in attaining certainty on transfer pricing. Proactive agreement on the transfer pricing method and the price for various transactions for a fixed period of time prospectively typically reduces the burden associated with annual audit examinations and litigation which are generally time consuming and expensive. Bilateral or multilateral APAs additionally carry the advantage of mitigating economic double taxation by providing a two-sided or multi-sided resolution of a potential transfer pricing dispute. Ernst & Young's Global Transfer Pricing Survey 2010 identified APAs as a preferred means of controversy management and 90 percent of respondents who used APAs reported satisfaction and confirmed that they would use it again.

APAs therefore, offer taxpayers an opportunity to resolve their transfer pricing issues in a collaborative and cooperative setting and attain surety on their intra-group pricing.

The Government has recently announced safe harbour rules for specific industries and transactions. Safe Harboursare defined as *"circumstances under which the income-tax authorities shall accept the transfer price declared by the assesse.* This encourages taxpayers to voluntarily elect for the safe harbour and offer the specified profit margin to tax in India. These rules have been announced after public consultation with key stakeholders and demonstrate a consultative approach on part of the Government.

Taxpayer imperatives

Key to managing transfer pricing (and indeed tax) risk is effective and efficient controversy management. Success is driven by better information at one's disposal and intelligent use of that knowledge. Tax administrations are viewing issues globally. Hence, keeping a bilateral or multilateral perspective on risk and potential controversy can help engage with tax authorities on their own ground.The importance of documentation cannot be overstated. Evolving consistent policies and underlying documentation is a critical pre-requisite for success in controversy mitigation or management and more so in the face of ramped up information sharing between governments. Companies must strive to put in place early warning processes and resources to identify potential risks and manage them proactively. Developing constructive relationships with tax authorities is essential. Behavioral factors, such as responsiveness to requests for information and documents, transparency and collaboration should also be considered and used strategically to build tax authority confidence. This will carry the benefits of objectivity, flexibility and willingness to resolve disagreements in the event of an audit. Relationship building internally also assumes importance as the tax function cannot be divorced from business. It is prudent to keep key stakeholder aware of transfer pricing and tax issues and factor in potential risks into general decision making. Controversy should be handled through an overall strategic plan that keeps its ears to the ground of legislative and regulatory change. Deciding to pursue litigation or explore alternative dispute resolution mechanisms like APAs or competent authority dialogue or discussing the extent of information sharing with the tax authority should be woven into this strategic matrix. Companies would do well to point out their greatest risk areas and assess the ways to deal with controversy around them since a 'one size fits all' approach is often counterproductive.

In India specifically, audits are expected to become more intrusive as tax authority aggression mounts. Key to success is driven by timely and robust documentation. Overseas affiliates can render valuable assistance by supporting their Indian counterparts by providing relevant information and data and also sharing their learning from similar experiences in other jurisdictions. In domestic litigation, appellate forums have rewarded taxpayers who have been able to demonstrate a strong footprint of evidence from the first stage. Involving professional advisors early in the controversy lifecycle will be a key ingredient for success. Establishing and consolidating productive relationships with tax authorities can foster better discussions and increase open mindedness about each other's positions. Taxpayers should also evaluate options like safe harbours and APAs to reduce their domestic litigation burden and find mutually acceptable and long lasting solutions.

Prescription for the government

Governments have undoubtedly been hit hard by the economic crisis.However, in this maze of changes, certainty has been a casualty. Retrospective amendments like the ones introduced by the Indian Finance Act 2012 is likely to have an impact on investor confidence. Overruling legal jurisprudence through legislative changes promotes distrust and hurts business decisions. It is therefore, vital that governments and their tax administrations keep a level playing field and undertake changes that apply prospectively and do not disturb the past. It is best that laws are unambivalent and leave no room for interpretational battles. In the Indian context, the biggest hurdles to dispute resolution have been unpredictable changes to law and lack of compromise and absence of any settlement mechanism in the mainstream audit framework. A recent example of such changes in law are the retrospective amendment by the Finance Act 2012, like the expanded definition of international transactions and intangibles, denial of the tolerance range as a standard deduction. Further, changes that settle a litigative position in favour of the tax department before it has run its complete legal course also supplement the feeling of anxiety and make business decisions susceptible to uncertainty.

This mindset has to undergo a change if the government is serious about reducing litigation. While taxpayer cooperation is a valid expectation of the tax authorities, compromise is a two way street and has to be supported by a definite legislative framework and a non-adversarial approach of the same tax authorities. The Government must be lauded for its recent steps but clearly has a distance left to travel.

Concluding Thoughts

Businesses need to not only transform the way they operate but also align their response to the new era of transfer pricing and tax risk by preparing for and managing controversy. Governments and tax administrations on the other hand, will need to alter their frame of reference and bring stability to tax laws while laying a foundation for collaborative dispute resolution. The need of the hour is to come together in the light of understanding.This presents a great opportunity to create change and history. ■

Transfer Pricing Framework in India

Divya Singhal

The issue of transfer pricing has been in the limelight recently due to the recent developments in the field of international taxation as well as the quantum of litigations and amount of disputes related to the same. Transfer pricing adjustments worth thousands of crore rupees are reported to be the subject of litigation at present. With the introduction of safe harbor rules and other government initiatives the transfer pricing regime is now headed towards a comparatively more definite and structured framework. The following write-up aims at the overviewing of the transfer pricing regime in India and key terms related to the same, with special emphasis on recent developments in the field of transfer pricing.

Before introduction of transfer pricing provisions, international transactions aimed at avoidance of tax were subjected to the then existing provisions of the Income Tax Act to curb such practices and prevent the exploitation of any vulnerability in laws. But, with increased cross border transactions after the globalization of Indian Economy in 1991, the vulnerability got exposed when assessees realized that if they transfer their incomes to their "Associated Enterprises" situated in the countries which had lower or nil rate of taxation, they could avoid the liability to pay the tax on the same in India.Since then, the increasing participation of multinationals in the Indian economic scenario has led to emergence of more complex issues regarding transfer pricing due to increased cross border and intra group transactions. Hence, with a view of avoiding tax, a resident assessee may while dealing with a non-resident, owing to the close relation between them, arrange the course of business in such a manner that the resident makes either no profit or less than the ordinary profit and thus depriving the Indian tax authorities from their rightful revenue in the form of Tax. Ministry of Finance realized the potential impact of this exposure and it was felt that the then existing provisions [Section 92] may not be sufficient to curb the Transfer Pricing abuse in India. In this context, an expert group was set up in 1999 who gave its findings regarding necessary amendments required in the existing provisions. In February, 2001 the Ministry of Finance after considering the suggestions put forth by the expert committee, initiated measures to effectively tackle the issue of Transfer Pricing covered by Chapter X of the Act.

It was observed by the Supreme Court in the case of CIT vs. Glaxo Smith Kline Asia (P) Ltd. [2010] (195 Taxman 35) that in the absence of any expressly laid down mechanism for computation of a just market value of transactions with related parties, ordeals were being faced by assessing authorities, it was also felt that the methods available for computation of a fair value at which such transactions ought to have taken place were not sufficient. The Apex court in order to minimize the litigations suggested extension of transfer pricing provisions to Specified Domestic Transactions.To tackle the situation, Section 92BA was inserted by the Finance Act, 2012 w.e.f. A.Y. 2013-14 under Chapter Xwhich specifies the meaning of such specified domestic transactions.

In order to provide a statutory framework for computation of reasonable, fair and equitable profits and consequent tax in India, in the case of such "International Transactions" and "Specified Domestic Transactions", new set of special provisions relating to avoidance of tax has been introduced under Chapter X. The provisions contained in Chapter X can be divided into 4 parts as follows:

As per Chapter X: *The* ***International Transactions*** *and* ***Specified Domestic Transactions*** *should have the course of business transacted as per the* ***Arm's Length Price (ALP)****so as to ensure that there is no avoidance of tax.*

The author is a student of ICAI (Reg. No. CRO 0336483)

The various key terms associated with the provisions of transfer pricing are as follows:

International Transactions:

Section 92B lays down the following conditions for a transaction to qualify it as an international transaction-

- The Transaction should be between Associated Enterprises
- At least one of the parties to the transaction should be Non-Resident
- The Transaction entered into should be in the nature of;
    - o Purchase/sale/leasing of tangible/intangible assets
    - o Provision of service
    - o Lending/Borrowing of Money
    - o Any other transaction having a bearing on the profits, income, losses or assets of such enterprise
    - o Further, it shall include a mutual agreement or arrangement between two or more associated enterprises for allocation or apportionment of, or, contribution to any cost or expense incurred in connection with a benefit, service or facility provided/to be provided to any one or more of such enterprise
- Also as per the section 92B(2), even a transaction entered into by an enterprise with an unrelated enterprise(i.e. other than its associated enterprise) shall be deemed to be a transaction entered into between associated enterprises if;
    - o There exists a prior agreement in relation to the relevant transaction between such person and the associated enterprise, or,
    - o The terms of relevant transaction are determined among such other person and the associated person, i.e., associated enterprise influences the terms of the relevant transaction

Associated Enterprise:

Section 92A(1) of the Income Tax Act gives the general definition of Associated Enterprise, whereas, Section 92A(2) covers the cases of deeming fiction where an enterprise pursuant to some conditions shall be deemed to be an Associated Enterprise.

As per Section 92A(1), the definition of Associated Enterprise is a relative concept, i.e. it is in comparison to other enterprise. Associated Enterprise means an enterprise;

- Which participates, directly or indirectly or through one or more subsidiaries in the management or control or capital of the other enterprise, or,
- Which has the participation of one or more of such persons in its management or control or capital, who also have the participation in the management or control or capital of the other enterprise,

Thirteen illustrative situations are given under Section 92A(2), if any one of which is satisfied *at any time during the previous year,* the two enterprises shall be deemed to be Associated Enterprises.

Specified Domestic Transactions:

Meaning of Specified Domestic Transactions is given by the newly inserted Section 92BA, according to which these exclude international transactions and mean any of the following –

1. Any expenditure in respect of which payment is made or is to be made to person(s) referred to in Section 40A(2)(b) [i.e. Related party transactions];
2. Any transaction referred to in Section 80A [i.e. Related to deductions while computing total income];
3. Any transfer of goods or services referred to in Section 80-IA(8);
4. Any business transacted between assesse and other person referred to in section 80-IA(10);
5. Any transaction, referred to in Chapter VI-A or Section 10AA[i.e. related to SEZ units] to which 80-IA(8) or 80-IA(10) are applicable;
6. Any other transaction which may be prescribed in this regard

The specified persons or related parties referred to in section 40A(2)(b) are the relatives or close associates of the assesse, i.e.;

- In case of an individual assesse-
    - o Any relative of such individual assesee
    - o Any person in whose business or profession such individual assesee or his relative(s) have substantial interest

- In case of other than individual assesee, i.e., when the assese is a company, firm, AOP or HUF-
    - o Any director of company, partner of firm, member of AOP, or HUF, or, any relative of such director, partner or member
    - o Any person in whose business or profession, assessee or director, partner or member of the assese or their relative has a substantial interest
    - o Any individual having substantial interest in the business or profession of the assessee
    - o A company, firm, AOP or HUF having substantial interest in the business or profession of the assese or any director, partner or member of such person or their relative, or, any other company carrying on business or profession in which the first mentioned company has substantial interest as the case may be
    - o A company , firm, AOP or HUF of which director partner or member has substantial interest in the business or profession of the assessee or any director, partner or member of such person or relatives of such director, partner or member

Substantial interest in a business or profession –

- in case when carried out by a company refers to 20% by virtue of beneficial ownership of shares, and,
- in other cases refers to beneficial entitlement to 20% of the profits in such business or profession,

at any time during the previous year

Arm's Length Price:

Section 92F(ii) lays down the meaning of Arm's Length Price as a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises applicable in *uncontrolled conditions*i.e. where none of the enterprise involved are influenced by each other. Arm Length's Price hence refers to such a price which would have prevailed between the enterprises which had no relation or association with each other.

Computation of Arm Length's Price is explained in Section 92C of the Income Tax Act which prescribes the following methods from which the *most appropriate method* is to be considered:

- Comparable Uncontrolled Price Method (CUPM)
- Resale Price Method (RPM)
- Cost Plus Method (CPM)
- Profit Split Method (PSM)
- Transactional Net Margin Method (TNMM)
- Any such other method as may be prescribed by CBDT

However, before we choose any of the above methods;

i. International Transaction should be identified,

ii. Uncontrolled Transaction should be identified,

iii. Comparison between (i) and (ii) should be done

iv. Most Appropriate Method is to be ascertained, i.e., a method which is;

- o Most suitable to the condition, and,
- o Most reliable measure of the arm's length price

After this arm's length price is to be determined by applying the most appropriate method chosen.

Also, if only one price is determined by the most appropriate method, that price is considered to be the arm's length price and no variation is allowed while comparison that price with the actual transaction price.

But, if more than one price is determined by the most appropriate method as a result of more than one comparative transactions employed to reach at the arm's length price, arithmetical mean of such prices shall be taken to be the arm's length price. Further, a variation allowed by Central Government in this behalf in the official gazette (which can't exceed 3% of the actual transaction price) is allowed while comparing this Arm's Length Price with the actual transaction price and if the difference of ALP and actual transaction price is within the limits specified by CG, no adjustment shall be made and the actual transaction price shall be deemed to be the arm's length price.

Safe Harbour Rules:

Section 92C of the Income Tax Act provides for adjustment in the transfer price of an international transaction with an associated enterprise if the transfer price is not equal to the arm's length price. As a result of this, large number of such transactions are subjected to adjustments resulting in litigations and disputes.

Section 92CB of the Income Tax Act comes to overcome this situation and provides for framing of Safe Harbour Rules. If these safe harbor rules are followed by the assessee, the Income Tax authorities shall accept the transfer price declared by the assessee and Transfer Pricing Officer shall not determine the arm's length price separately.

In this regard CBDT has notified the safe harbor rules and salient features of the same were intimated by the board via its press release dated 19.09.2013

The main features of the safe harbor rules notified by the board are-

- These rules shall be applicable for 5 assessment years beginning from A.Y. 2013-14
- These rules are optional in nature and an assessee can opt for them subject to the eligibility criteria and eligible international transactions for a period not exceeding five years
- The option to opt for safe harbor rules can be exercised by filing of Form 3CEFA which has been prescribed in the rules
- Clear timelines have been set in which the eligibility of the assessee will be determined to avail the benefits under these regulations
- Ceiling limit or ₹ 1 lakh has been removed in case of transactions in the nature of routine ITES and ITS activities
- The definition of Knowledge process outsourcing (KPO) has been rationalized and the ceiling in respect of KPO transactions has been removed
- The option exercised by the assessee can be held invalid in an assessment year following the initial assessment year only if there is change in the facts and circumstances only if such change has material bearing on the eligibility of the assessee or of the international transactions he is engaged in

These rules have emerged as a good alternative to the existing Advance Pricing Agreements (APAs) [governed by Section 92CC] for avoiding transfer pricing related disputes with the Income Tax Department. An effective execution of these rules will help reducing the quantum of litigations and at the same time ensure and promote the flow of international transactions with no adverse effect on the Indian tax revenue.

Conclusion:

The current transfer pricing framework in India needs constant monitoring for its proper execution. The proposed threats which currently appear to hamper the transfer pricing scenario in India appear to be failure on the execution part of the framework or moral perils of the assessees. It can be concluded that, from the perspective of current framework, if the intent of legislature meets the perfect execution, the ordeals in transfer pricing regime may be bought to an end to a large extent. ■

ANNOUNCEMENT

Suggested Answers and Revisionary Test Papers available in Hindi

The Board of Studies in its continuous efforts to help the students in the process of learning through its various educational inputs has put in special efforts for the benefit of Hindi Medium Students for translation of the Suggested Answers and Revisionary Test Papers for the first time in Hindi. These materials have been hosted at ICAI website, in addition to the Hindi Study Material and Practice Manuals:

(i) Suggested Answers for Examinations held in May 2013.

(For Final Course - link: http://www.icai.org/post.html?post_id=9968 and for Intermediate (Integrated Professional Competence) Course- link: http://www.icai.org/post.html?post_id=9989)

(ii) Revisionary Test Papers (RTP's) for Final Course Paper 6: Information System Control Audit *(link: http://www.icai.org/post.html?post_id=9967)* and for Intermediate (Integrated Professional Competence) Course *(link: http://www.icai.org/post.html?post_id=9969*) for Nov 2013 Examinations.

Students are advised to avail benefit of the above while preparing for their Examinations.

Chairman,
Board of Studies

Getting acquainted with Indian GAAR

Richa Sawhney

The term "General Anti Avoidance Rule" or "GAAR" as it is commonly called, refers to a set of broadly worded provisions meant to counter tax avoidance.

As far the term "tax avoidance" is concerned, it implies use of sophisticated and contrived arrangements by a taxpayer to reduce its tax liability. Typically these arrangements are structured in a manner that they appear to be legal in form; however it is their substance which is questionable. The objective behind creation of such arrangements by taxpayers is to take advantage of the loop holes in law. These arrangements endeavour to defeat the spirit and intent of law. One may also note that there is a distinction between tax avoidance and tax evasion. As against tax avoidance, tax evasion involves use of illegal means, both in form and substance, to hide or mitigate ones tax liability.

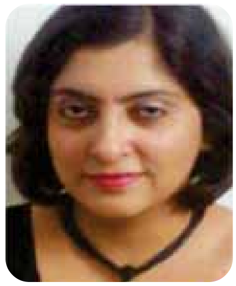
It is important to keep in mind that GAAR, as a tool, is meant to tackle tax avoidance and not tax evasion. Once GAAR is invoked tax consequences of the arrangement are determined, as far as possible, on the basis the substance rather than the form of the arrangement.

Indian Statutory GAAR

The Indian statutory GAAR provisions are codified in Chapter X-A of the Income-tax Act, 1961 which becomes effective from Assessment Year 2016-17. As per the Memorandum explaining the provisions of Finance Bill 2012, which introduced GAAR in the Income-tax Act, 1961, the policy intent behind these provisions is to target "aggressive tax planning through use of sophisticated structures". It is meant to ensure that the correct tax base is subject to tax in India, keeping in mind the increasing use of opaque low tax jurisdictions for residence as well as for sourcing capital by taxpayers.

Judicial GAAR and Specific Anti Avoidance Rules (SAARs)

At this juncture it is also important to note that courts have often applied the principal of "substance over form" to deal with cases of tax avoidance. In fact several provisions of the Indian statutory GAAR are derived from well known judicial GAAR doctrines.



Further, the Income-tax Act, 1961, also consists of several SAARs such as Transfer Pricing provisions, Deemed Dividend provisions, clubbing provisions etc. SAARs deal with specific areas of tax avoidance. Typically SAARs list down the conditions in which they get triggered and also provide the remedy. Statutory GAAR on the other hand can boast of a much wider coverage.

Journey so far

GAAR was initially meant to be part of the Direct Taxes Code, however due to the Vodafone verdict, it made an early debut. It was Finance Act 2012 that inserted the GAAR provisions in the Income-tax Act, 1961. Draft GAAR guidelines were then released in June 2012. In July 2012, an Expert Committee (EC), under the chairmanship of Dr. Parthasarthi Shome was set up to examine these provisions and give its recommendations to the Government. After discussions with several stakeholders, the EC released its Final Report in September, 2012.

In January, 2013 Finance Minister issued a statement putting forth the decisions taken on the recommendations of the EC. Major recommendations of the EC, including deferment of GAAR were accepted. The Finance Act 2013, then brought about several consequential changes in GAAR provisions. Release of GAAR Rules in September 2013 is yet another milestone towards the approaching GAAR.

Basic Framework

As per the current provisions the basic attributes of Indian statutory GAAR are as follows:

- GAAR could be invoked in case an arrangement gets classified as an "impermissible avoidance arrangement". The term arrangement has been defined to include a step or part of an arrangement.
- This could happen when "main purpose" of the arrangement is to obtain a tax benefit. Further one

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of the four elements is also required to be present. The elements being; non arm's length dealings, lack of bonafide purpose, misuse or abuse of the provisions of the Income-tax Act, 196 and lack of commercial substance.

- The term "tax benefit" has been defined in a very wide manner. It even includes deferment of tax within its ambit.
- Once the "impermissible avoidance arrangement" has been identified, tax authorities are empowered to nullify the tax benefit being sought by the taxpayer. For this purpose extremely wide powers have been conferred on them. These include lifting of corporate veil, clubbing or disregarding entities, treating capital receipts as revenue, debt as equity etc.
- If a part of an arrangement is declared to be an "impermissible avoidance arrangement" the GAAR consequences would be determined with reference to that part only.
- Timelines have been laid down for each step of the GAAR invocation process.
- The IT Act permits the taxpayer to avail any benefit provided under the relevant Double Taxation Avoidance Agreement (Tax treaty). However, Tax treaty benefits claimed by the taxpayer would be denied in case GAAR is invoked.
- GAAR panel, comprising of a High Court Judge, Chief Commissioner of Income-tax and a Scholar of repute, would review the GAAR cases. The directions issued by the Panel would be binding on taxpayer and tax authorities.
- It would be possible for the taxpayers to seek an Advance Ruling, as regards applicability of GAAR on the factual matrix of their case.
- Typically, any arrangement could involve several parties. As per the existing provisions, if GAAR gets invoked in case of one party to an arrangement, there is no provision to effectuate any compensatory adjustment in respect of other parties.
- GAAR provisions can be invoked in case of all categories of taxpayers. However, keeping in mind that GAAR is a costly tool, a monetary threshold of INR 3 crores of tax benefit in a financial year, taking into account all parties to an arrangement has been provided.
- Grandfathering provisions in the GAAR Rules give immunity to only income from transfer of investments made before August 30, 2010, i.e. date of introduction of Direct Taxes Code Bill, 2010. This in effect implies provisions of Chapter X-A shall apply to any arrangement, irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from such arrangement on or after April 1, 2015 i.e. Previous Year relevant for Assessment Year 2016-17.
- The Central Board of Direct Taxes has been empowered to issue guidelines to facilitate implementation of GAAR

Key Concerns

Some of the key concerns today are:

- Guidance is required as regards what is the point of time when the main purpose of an arrangement would be evaluated. Is the point of conceptualisation or point of implementation relevant? What factors would be considered to determine the main purpose? What type of evidence would be required? It is also important to have clarity on what the term "main" denotes i.e. more than 50%, more than 75% etc.
- What would be the parameters to identify the existence of each of the four tainted elements? Though some guidance is provided in the IT Act as regards the commercial substance test e.g. round trip financing, self cancelling elements etc; more guidance is required in case of the other three elements. One must appreciate that these aspects are extremely subjective and detailed guidance would benefit both the taxpayers and the tax authorities.
- The provisions are silent on how tax benefit would be worked out in case of tax deferral. The EC had recommended that in such cases, the amount should be determined based on present value of money, taking the interest rate applicable for shortfall of taxes.
- In the Indian context, there are numerous judicial precedents which have clarified that specific provisions overrides general provisions. The current GAAR provisions however state that GAAR would apply "i*n addition to, or in lieu of,*

any other basis of determination of tax liability". Hence, this provision is capable of creating a lot of uncertainty in the implementation of GAAR. The EC had recommended that where SAAR is applicable to a particular aspect, then GAAR should not be invoked to look into that aspect. The Government had, on the other hand, indicated that where GAAR and SAAR both are in force, only one of them will apply to a given case. Recently released GAAR Rules, however, do not deal with this issue.

- The EC had recommended that where the Tax treaty itself has anti-avoidance provisions such as the Limitation of Benefits (LoB) clause, GAAR should not be invoked to deny Tax treaty benefits. Where it is felt that LoB is not able to cater to all cases of avoidance, then the Tax treaty should be renegotiated. Further, it is also not clear if Tax treaty benefit is lost forever if GAAR is invoked or once the tax officer removes the taint from the arrangement, Tax treaty benefit would be available to the cured arrangement.

- The current provisions do not contain any safe harbors. The term "safe harbors" refer to situations or cases which would not be examined under GAAR. This would have ensured that there is clarity on several critical issues, such as cases where tax benefit arises to a taxpayer when it avails fiscal benefits provided under law itself. Such benefits would not be questioned under GAAR. The EC had recommended several significant ones e.g. selection of one of the option provided under law, timing of a transaction in case of capital gains, purchase v. lease, dividend v. buyback, mergers and amalgamation approved by Courts, funding through debt or equity. Also, the EC report had listed several illustrations to highlight commonly used arrangements or structures giving rationale as regards applicability /non applicability of GAAR. These illustrations are missing in the existing GAAR Rules.

- Though the GAAR provisions do not provide any immunity to arrangements proposed to be entered into before April 1, 2015, there is no avenue to approach the Authority for Advance Rulings till April 1, 2014 to seek a Ruling on applicability of GAAR on the facts of the taxpayer's case.

In nutshell, though the changes made by Finance Act 2013 and the recently released GAAR Rules have ironed out a number of issues that stakeholders were really concerned about, the fact remains that clarity is still required on several key aspects. It is important that these issues are dealt with as soon as possible so as to ensure that there is adequate level of clarity as regards the key interpretational aspects and the implementation of GAAR. ■

CROSSWORD

October, 2013

Solution

[1]N	A	[2]S	[3]A			[4]P	E	[5]R	[6]S	[7]O	N
O		[8]O	I	L		A		[9]D	I	N	
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India The Superpower : The Arthkranti Way

Gopal Rajendraji Zawar

Preamble

In the period of elections, we were regularly hearing the questions like 'Why Young India should have old politician?' or 'why youngest country in the world should be ruled by oldest politicians?' etc. So definitely we the youth are not happy with the political system in India. Even the tax payers are not happy about huge amount of tax they have to pay in the form of Direct and Indirect Taxes.

Tribulations

In Last 60 yrs, India developed, rapidly. Still rest of world count us as 'Third World Country and we are still facing problems like Corruption, Unemployment, Population growth, Poverty, etc.

Corruption

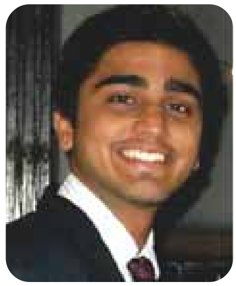
Corruption is one of the main reason due to which India's Image has not improved in the eyes of the rest of world. In India corruption is not limited only to the public sector employees but also in printing of high denomination notes, like ₹ 500 & ₹ 1000. Due to which a terrorist can easily create a parallel economy of fake notes by just investing **₹ 37**. It's very big challenge for national defense.

50 years ago, America had same problem of fake currency, when they used to have notes (Bills) of $10,000 & $5000 as highest ones. As soon as USA came to know about fake notes, they have stopped circulation of those high denomination notes. Today their highest denomination is $100. Following table shows highest denomination of few counties and its ratio with per capita income, as per investigation:

Country	Per Capita Income (A)	Highest Denomination (B)	Ratio (A : B)
U.S.A.	$40,000	$100	400
Japan	Yen 40,00,000	Yen 10,000	400
England	Pounds 20,000	Pounds 50	400
India	₹ 33,000	₹ 1,000	33

Highest Denomination: ₹ 50

If India wants to be counted among above developed countries, India has to perk up its ratio from 33 to 660, i.e. the highest denomination in our country should be of ₹ 50. Then only we can control this parallel economy. If somebody wants to give bribe to a public servant, it will be highly impractical to give huge money with ₹ 50 notes. Today one can do that with high currency notes like ₹ 500 & ₹ 1000. If at all big amount has been given in ₹ 50/- denomination, it will be difficult for that public servant to carry that amount.



According to a survey, it is established that 72% people in India haven't seen ₹ 500 note and 80% people haven't seen ₹ 1000 note in India. In daily life also, Bus Master, small shopwala or else a Rikshawala, no one entertains you if you have high denomination. And then you have to seek for the change. If common man is suffering because of these notes, why India is still printing these notes? What is the utilization of those? These notes are used mainly for creating black money in India.

By devastating these high denominations, Black money will be reduced a lot; But not 100%. People in India pilfer taxes, which also creates black money. In India, huge tax is levied in the form of Direct Tax and Indirect Tax. Also our Taxation system is too complex to understand. Not only for a common man but, even to a Chartered Accountant.

Arthakranti Proposal

In History Aryachanakya, while explaining his taxation system (*ChanakyaNiti*), said "Government should collect taxes from people like 'A bee collecting honey from flower'. It should be very less and in significant which a common man can pay easily with a smile on face".

***'Arthakranti Pratishthan'* founded by Mr. Anil Bokil**, has a revolutionary proposal that says, **remove all the taxes levied in the form of Direct and Indirect Tax apart from Custom Duties. and there should be only one tax - i.e. Transaction Tax (T.T.).** Say, on each Transaction happening through Bank, bank will deduct 2% of the transaction amount as T.T. and it will go to the Government, which will be further divided as

0.70% to Central Government,

The author is a student of ICAI (Reg. No. WRO 0304183)

0.60% to State Government,

0.35% to Local Self Government like Municipal Corporation (which doesn't get sanctioned money in right now circumstances),

0.20% to Bank for expansion and

0.15% as Global Tax this will be used for underdeveloped countries like Africa, Bangladesh, etc.

And **that can make us from good citizen to best *Globizen***. It will be the ideal Globalization.

Doesn't it sound like the easiest way to pay the tax for public? Who is going to be upset to pay ₹ 2 in the transaction of ₹ 100? And after that there is no '*Zanzat*' of return filling, Assessment, Challan payment, scrutiny, compliances, etc. There will be no Indirect tax on any product also. This all is good, but then some great minds come up with the query that how can I do all the transactions from Bank? What if I want to purchase a '*Bhaji*' from *Bhajiwali?*

No problem sir. Cash transaction up to ₹ 2000 will be allowed (right now this limit is ₹ 20,000) and it will be totally tax-free. No tax will be levied for cash transaction up to ₹ 2,000. The transaction above ₹ 2,000 must be done through bank; it may be by Cheque, or by Credit/Debit Cards, etc. The person who will do cash transaction above ₹ 2,000, will be black listed by bank and he will be barred from all the banks for further transactions. Then it will be freaking tough for him to survive in the country.

Hence, this will be strong, diplomatic and sleaze-less economy. India will get freedom from devils like parallel economy, unemployment, poor infrastructure, wrong taxation system, black money, etc. Think, after 9/11, how many terrorists attacks happened in America? Zero! And in India? Tons of them. It's because, after 9/11, America took major action on black money circulating in the country. Now most of the transactions in USA are through Cards. So, in United States, terrorists don't get money to attack. But in India, there is no dearth of money to the terrorists. By transacting through the Banks, we can not only control black money; but we can also avoid attacks like 26/11.

Now, what about people holding some black money or big notes currency? Don't be anxious about that too! As the Amnesty scheme, Voluntary Declaration Scheme will be there, in which, all the notes above ₹ 50 should be submitted in the bank at once. 2% T.T. will be deducted on it and remaining 98% money will be officially recognized and will be available for you in your bank account for future transactions. And on the eve of submission of notes, no other taxes or no any other questions will be raised.

That's it!! **Arthakranti** is that simple in India. If you make your mind to implement this concept by accepting it for self-development, then nobody can stop you. By implementing and applying Arthakranti proposal, Political, Social, Educational, Economical, Family, etc. all sectors will be enriched and there will be huge growth in Government Revenue for further development. ■

Disclaimer: The views expressed in this article are the personal notes of the author and do not reflect the views of the Institute

Announcement

The following Conventions/Conferences for CA students are also being organized by ICAI Regional Councils / Branches

S. N.	Branch/RC	Name of the Conference	Proposed Dates	Contact Details
1.	Chennai (SIRC)	National Convention	27th & 28th November, 13	Phone: 044-39893989, 30210300, Email: sro@icai.in
2.	Agra (CIRC)	National Convention	7th & 8th December, 13	Phone: 0562-2856598, 4040589, Email: agra@icai.org, icaiagra@sancharnet.in
3.	Hubli (SIRC)	State Level Conference	7th & 8th December, 13	Phone: 0836-2288 337, Email: icaihubli@sify.com
4.	Ludhiana (NIRC)	National Convention	21st & 22nd December, 13	Phone: 7355551043, Email: ludhiana@icai.org
5.	New Delhi (NIRC)	National Convention	27th & 28th December, 13 at Shri Ram College of Commerce, North Campus, University of Delhi.	Phone: 011-30100504/539, Email: nirc@icai.in
6.	Pune (WIRC)	National Convention	11th & 12th January, 14	Phone: 020-24212251/52, Email: pune@icai.org

For further details, please contact the respective Regional Council/ Branch or visit at www.icai.org under the link http://icai.org/new_category.html?c_id=348

Social Media Marketing May Be the Key to Practice Profitability

Stuart Black & Paul Thompson

The acquisition of new clients continues to be a dominant driver of profitability for small- and medium-sized practices (SMPs). Indeed, in the latest edition of the IFAC SMP Quick Poll, the largest portion of respondents identified acquisition of new clients as the main driver of practice profitability – by a wide margin (see chart below).

While SMPs understand the importance of improving operational leverage (doing more with less), improving productivity (e.g., changing work practices or introducing technology), reducing overheads, and better utilization of assets, *these* are not the main drivers of profitability for most SMPs. This is not surprising given the fact that practice overheads are relatively fixed.

The poll results seem to question the wisdom of many practice management "gurus" who say that the cost of acquiring a new client is far higher than the cost of retaining, or selling more services to, an existing client. What those "gurus" may be failing to recognize is the full potential and cost effectiveness of a marketing campaign that includes low-cost social media.

This article looks at promotion and marketing and, in particular, the role of social media in acquiring new clients and driving practice profitability.

Branding

The first step of a marketing strategy is to identify your target customers and what they need. You then have to determine how you can satisfy those needs at a profit and, at the same time, differentiate yourself from your competitors. This becomes your brand. The aim of your marketing strategy is to have people associate your brand with their needs and desires, choose you over the competition, and, if you do it right, pay a premium for your services.

Promotion and Marketing

An organic growth strategy involves leveraging promotion and marketing activities to build brand and attract new clients or sell additional services to existing clients. Remember that most businesses in the market are likely to already have an accountant. In the majority of cases, that means for you to grow your practice you will need to win clients from rival practices. And, in order to do that, you must offer a compelling reason for them to switch. This makes promotion and marketing more important than ever – and demands that practices build the capability to proficiently promote and market their brand and service offerings. You will likely be faced with the classic "make-or-buy" dilemma, that of using (and

[1] *Simonds, Lauren. "Business Growth and Social Media." Time. June 28, 2013. Web. September 26, 2013.*

training as needed) existing staff to do promotion and marketing, or else recruiting or outsourcing for the requisite skills.

Promotion and marketing efforts are most effective when a number of activities and channels are used simultaneously: this harnesses the momentum of such efforts and is likely to be more impactful. There are many "tried and true" strategies for marketing but the newest one, social media, has already broken the mold. Social media marketing has rapidly grown in prominence and gone from marginal to mainstream in the marketing space. Social media is a low-cost channel with a very wide reach into your target market.

Social Media Marketing

Social media essentially has taken traditional word-of-mouth marketing (historically the norm for accountants) and moved it to a digital space, exponentially increasing opportunities to influence. It is one of the most powerful tools to engage customers and drive revenue growth. But according to Steven D. Strauss, small business expert and author of *The Small Business Bible*, while small business owners recognize how important social media is to their success, they're not taking advantage of social media's full potential.[1] And, chances are, the same applies to SMPs: after all, SMPs are effectively small businesses in the accountancy sector.

Getting started in social media marketing and deciding whether it can benefit your practice can be quite overwhelming – even scary, at first. Here are some steps to take when building a social media presence:

1. **Set aside preconceived notions** – social media carries risks but the rewards are greater: it will take time and expense to plan and execute but there are many tools, resources, and articles to help.
2. **Learn about the what, why, and how** – take the time to read and educate yourself about social media, including Twitter (see Twitter's *Small Business Guide*), LinkedIn, Facebook, and blogging, and see what your peers are doing.
3. **Check out the tools and resources available to help** – there is a growing suite of tools, resources, and guidance available, for example, the AICPA PCPS has developed a number of resources, many of which are available for free, including a social media toolkit and articles.
4. **Create a strategy and action plan** – define goals, decide how you will measure success and allocate responsibility, then start out small by, for example, pilot testing one of the tools. See "10 Questions to Ask When Creating a Social Media Marketing Plan."
5. **Implement the plan** – aim to provide content that creates conversation rather than advertises and involve staff from the millennial generation as they often have the most experience.
6. **Periodically evaluate, analyze, and update the plan** – track your efforts and monitor the return on investment using common metrics including likes, shares, followers, traffic, and conversions.
7. **Consider the need for a policy** – this can help manage the risks and reap the rewards.

Resources

IFAC's website hosts a range of resources and tools to help SMPs grow their practices. See Resources and Tools in the SMP area of the IFAC website (www.ifac.org/SMP, especially the *Guide to Practice Management for Small - and Medium-Sized Practices*) and the SMP Committee's Delicious page, which features bookmarked links to relevant free resources (see especially Practice Management, Module 3).

ANNOUNCEMENT

One time extension to complete GMCS-I Course

The Council at its 326th Meeting decided to grant one time extension to students, who were registered for practical training between **1st May, 2012 and 31st December, 2012** to complete GMCS-I Course **latest by 31st December, 2013**.

The eligible students are advised to contact the nearest Regional Council/Branch for registration of GMCS-I Course and complete the same at the earliest but not later than 31st December, 2013.

Director, Board of Studies

Corporate Laws

(i) **The Securities and Exchange Board of India Act, 1992**

The Ministry of Law and Justice (Legislative Department) has notified the Securities and Exchange Board of India (Amendment) Act, 2013 in Official Gazette on 13th September, 2013 to further amend the Securities and Exchange Board of India Act, 1992. It shall be deemed to have come into force on 21st January, 2013.

To download the above notification, students may visit http://www.sebi.gov.in/cms/sebi_data/attachdocs/1379571080468.pdf

(ii) **The Securities Contracts (Regulation) Act, 1956**

The Securities and Exchange Board of India vide Notification No. LAD-NRO/GN/2013-14/26/6667 dated 3rd October, 2013, has issued a notification under section 16 and 28 of the Securities Contracts (Regulation) Act, 1956 and declared that no person in the territory to which the Securities Contracts (Regulation) Act, 1956 extends, shall, save with the permission of the Board, enter into any contract for sale or purchase of securities other than a contract falling under the notification.

To download the above notification, students may visit http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380791858733.pdf

Board of Studies

The Institute of Chartered Accountants of India
[Set up by an Act of Parliament]
Post Box No.7112, 'ICAI BHAWAN', Indraprastha Marg
New Delhi-110002

TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA

NOTIFICATION **8th October, 2013**

No.13-CA(Exam)/N/2013/II: In partial modification of the Institute's Notification No. 13-CA(Exam)/N/2013 dated 5th July, 2013, it is hereby notified for general information that in view of the Election to the Legislative Assembly of Chhattisgarh State, the Chartered Accountants Final (Group II), Paper – 7, Direct Tax Laws, IRM, Module 3, Risk Management and Reinsurance, MAC (Part I), Group II, Paper – 3, Economic Environment and General Management, CMC (Part I), Group II, Paper – 3, Production and Productivity Management and TMC (Part I), Group II, Paper – 3, Direct Taxes (2) Examinations initially scheduled to be held on 19th November 2013 at Bilaspur, Durg and Raipur centre(s) (in the State of Chhattisgarh) stand rescheduled and the examinations in the said paper(s) shall now be held on 23rd November 2013 at the same venues and at the same timings i.e. 2.00 PM to 5.00 PM (IST). Admit Cards already issued would remain valid.

However, it is clarified that the schedule of examinations notified vide Notification No.13-CA(Exam)/N/2013 dated 5th July 2013 in respect of all other cities shall remain unchanged.

Sd/-
(G. Somasekhar)
Additional Secretary (Examinations)

The Institute of Chartered Accountants of India
[Set up by an Act of Parliament]
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TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA

NOTIFICATION **9th October, 2013**

No.13-CA(EXAM)/ISA/N/2013: - In pursuance of Regulation 204 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to notify that the Information Systems Audit (ISA) Course Assessment Test (which is open to the members of the Institute) will be held on **30th November, 2013 (Saturday) from 10.30 AM to 2.30 PM** at the following cities provided that sufficient number of candidates offer themselves to appear therefrom.

Sl. No.	Name of the Cities	Sl. No.	Name of the Cities	Sl. No.	Name of the Cities
1	AGRA	2	AHMEDABAD	3	AKOLA
4	ALLAHABAD	5	AURANGABAD	6	BANGALORE
7	BHOPAL	8	BHUBANESWAR	9	BIKANER
10	CHANDIGARH	11	CHENNAI	12	COIMBATORE
13	CUTTACK	14	DELHI / NEW DELHI	15	DHANBAD
16	ERNAKULAM	17	FARIDABAD	18	GHAZIABAD
19	GURGAON	20	GUWAHATI	21	HISAR
22	HYDERABAD	23	INDORE	24	JABALPUR
25	JAIPUR	26	JALANDHAR	27	JALGAON
28	JAMMU	29	JAMNAGAR	30	JAMSHEDPUR
31	JODHPUR	32	KANPUR	33	KOLHAPUR
34	KOLKATA	35	KOTA	36	LUCKNOW
37	LUDHIANA	38	MEERUT	39	MUMBAI
40	NAGPUR	41	NASIK	42	PATIALA
43	PATNA	44	PUNE	45	RAIPUR
46	RAJKOT	47	ROHTAK	48	SHIMLA
49	SILIGURI	50	SOLAPUR	51	SRI GANGA NAGAR
52	SURAT	53	UDAIPUR	54	VADODARA
55	VARANASI	56	VIJAYAWADA		

The Council reserves the right to withdraw any centre at any stage without assigning any reason. The above Test is open only to the Members of the Institute who are already registered with the Institute for the ISA course and passed the related eligibility test. The fee payable for the above Assessment Test is ₹ 1000/-.

An application for admission to the Assessment Test is required to be submitted online by visiting http://isaat.icaiexam.icai.org and the sum of ₹ 1100/- (₹ 1000/- as examination fees and ₹ 100/- towards the examination form) has to be paid online using Master / Visa / Maestro Credit or Debit Card on or from 30th October, 2013. Alternatively, the format of application form can be downloaded from the website of the Institute viz. www.icai.org and the cost of the application form of ₹ 100/- can be added to the Assessment Test fee of ₹ 1000/- and the Demand Draft for ₹ 1100/- of any Scheduled Bank drawn in favour of "The Secretary, The Institute of Chartered Accountants of India", payable at New Delhi only has to be sent to the Additional Secretary (Exams), The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110002 so as to reach him on or before 12th November, 2013. The applications received after **12th November, 2013** will not be entertained under any circumstances.

(G. SOMASEKHAR)
ADDITIONAL SECRETARY (EXAMS.)

Solution to Case Study on TSIL

(Chartered Accountant Student's Journal July 2013)

(i) The proposed acquisition of Travel Dhoom by TSIL involves a major capital investment and therefore there are a number of factors which we should consider before making a bid. These factors are as follows:

(a) *Synergies:* From the perspective of tourism market there would appear to be considerable advantages in acquisition which are as follows:

- Revenue synergies: There is likely to be an enhancement in the revenue on account of expansion of business in northern India which remained untapped for a long period by the Travel South.
- Cost synergies: Economies of scale and scope are available in the touring business in the areas of ticket booking through airlines, same fleet of car, bargaining power in booking of room in hotels. Ordering of new offices by Travel Dhoom would also present operational opportunities.
- Financial synergies: Travel South would be in better position to raise funds in the domestic and international capital market at more favourable rates and under better conditions.

(b) *Risk mitigation:* It might be possible that the larger operation would not necessarily help the Travel South's exposure to market risk and likely to be unchanged if it is assumed that underlying asset beta of both firms to be the same. However, operational risk may be mitigated due to firm's increased ability to hedge its operations.

(c) *Future options:* With this type of acquisition there will be a creation of real options for Travel South i.e. to expand the operation by entering into diversified areas or re-employment of resources to expand the existing business. When and how real option will be exercised will depend on the circumstances at the time of exercising the option.

(d) *Financing:* With the surplus cash available Travel South can finance this acquisition through a cash offer plus shares because as a substantial sum is expected to be paid for the goodwill to Travel Dhoom, this may not be an attractive proposition for debt market.

(ii) The Cost of equity using CAPM can be derived by proxy beta of competitor company or equivalent company. In the present case we can use data of Udaan South Ltd.

$$\text{Book Value (Equity)} = \frac{₹\ 300\text{ crore}}{1.25} = ₹\ 240\text{ crore}$$

$$\text{Gearing} = \frac{\text{Book Value of Debt}}{\text{Book Value of Equity}}$$

Accordingly Book Value of

$$\text{Debt} = \frac{₹\ 240\text{ crore}}{0.4} \times 0.6 = ₹\ 360\text{ Crore}$$

Assuming debt beta equal to zero and using the following formula, we can compute the Beta for Udaan South Ltd. or Asset Beta

$$\beta_{Asset} = \beta_{Equity} V_E$$

$$V_E = (1\text{-}V_D)$$

$$V_D = \frac{360\text{ crore }(1\text{-}0.3)}{240\text{ crore} + 360\text{ crore }(1-0.3)} = 0.5122$$

$$V_E = 1 - 0.5122 = 0.4878$$

$$\beta_{Asset} = 2.00\ (0.4878) = 0.9756$$

With this Beta of Udaan South Ltd., we can now re-gear to Travel Dhoom as follows:

$$W_{Debt} = \frac{15\text{ crore} \times (1\text{-}0.30)}{12\text{ crore} + 15\text{ crore }(1\text{-}0.30)}$$

$$W_{Debt} = 0.4667$$

$$\beta_{Equity} = \frac{\beta_{Asset\ Beta}}{(1\text{-}V_{Debt})}$$

$$= \frac{0.9756}{(1\text{-}0.4667)}$$

$$= \frac{0.9756}{0.5333}$$

$$\beta_{Equity} = 1.8294$$

Now we can use CAPM to find out Cost of Equity of Travel Dhoom

$= R_f + \beta_{Equity}$ (Risk Premium of Equity)

$= 4.5\% + 1.8294 \times 3.5\%$

$= 10.90\%$

(iii) To calculate the Growth Rate we need to calculate the retention ratio of Travel Dhoom. This ratio can be calculated from Cash Flow Statement. First we shall calculate Free Cash Flow to Equity (FCFE) as follows:

FCFE before Acquisition of Fixed Asset = Cash Flow from Operating Activities – Net Interest Paid – Tax Expense

= ₹ 21 Crore – ₹ 0.15 Crore – ₹ 0.41 Crore

= ₹ 20.44 Crore

Since in the year 2011-2012 a sum of ₹ 12.02 crore has been reinvested, which implies a retention ratio of

$$b = \frac{\text{Acquistion of Fixed Assets}}{\text{Free Cash Flow to Equity before acquisition of Fixed Asset}}$$

$$= \frac{₹\ 12.02 \text{ crore}}{₹\ 20.44 \text{ crore}} = 0.59$$

With this retention ratio, we can calculate growth rate using Gordon Model as follows:

g (growth rate) = $0.59 \times 10.90\% = 6.431\%$

If we use Return on Equity (ROE) bases, which can be calculated as follows

$$ROE = \frac{\text{Net Profit}}{\text{Net Assets}} = \frac{₹\ 5 \text{ crore}}{₹\ 12 \text{ crore}} = 41.67\%$$

With this ROE, the growth will be

$= 41.67\% \times 0.59 = 24.58\%$

Which is quite unlikely in this type of industry due to seasonality in nature.

Thus, expected growth rate of Travel Dhoom shall be as follows:

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
(g)	6.431%	6.431%	6.431%	6.431%	6.431%	4.00%

Additional Assumptions

(a) Gordon's Model has been used for approximation of growth rate.

(b) It has been assumed that pattern of Cash Flow and reinvestment is likely to continue in forthcoming years.

(iv) Computation of Value of Travel Dhoom on the basis of Free Cash Flow.

	2012-13	2013-14	2014-15	2015-16	2016-17
Free Cash to Equity (FCFE) (₹ Crore)	8.961*	9.537	10.150	10.803	11.500
PVF@ 10.9%	0.902	0.813	0.733	0.661	0.596
PV of FCFE (₹ Crore)	8.083	7.754	7.440	7.141	6.854
Total					**37.272**

* Free Cash Flow to Equity after acquisition of Fixed Assets (1 + g)

(₹ 20.44 Crore – ₹ 12.02 Crore)(1 + 0.06431)
= ₹ 8.961 Crore

$$\text{Cash Flow 2017-18 onwards} = \frac{FCFE_5\ (1+g)}{k_e - g}$$

$$= \frac{11.500\ (1+0.04)}{0.109 - 0.04} = ₹\ 173.333 \text{ Crore}$$

PV of Cash Flow 2017-18 onwards

= ₹ 173.333 Crore × 0.596 = ₹ 103.306 Crore

Thus PV of Equity

= ₹ 37.272 Crore + ₹ 103.306 Crore

= ₹ 140.578 Crore

This is to put on record our sincere appreciation to all those students who submitted solutions namely, Shalini Agarwal (CRO 0402032), Akshay Dilip Jain (WRO 0467772), Sumit Sagar (NRO 0187243), Anand Krishna Desai (SRO 0386187), Vibhor Jain (CRO 0332829), Shaik Hasan Basha (SRO 0305428), Priyanka Yadav (CRO 0354495) and Jyotsna Saraswat (CRO 0269346). Since there were deficiencies in these solutions, none of the student is being awarded any Cash Prize.

Board of Studies

Economy – Prospects for 2013-14

Global Outlook

The year 2013-14 has begun with tumultuous changes. After early signs that growth was picking up in the US and Japan, the indication by the Fed that it would unwind part of the monetary stimulus earlier than anticipated, has led to tightening in financial conditions. Bond yields firmed up across the curve and across geographies, and brought further changes in other asset prices. Currencies of the Emerging Markets and Developing Economies (EMDEs) depreciated speedily, not just of the current account deficit economies but also for some current account surplus economies. This, in turn, led to a decline in equity prices as portfolio shifts occurred from EMDEs to US markets. Global commodity prices, which had exhibited a softer bias during February–April 2013, firmed up temporarily. Political unrest in parts of the Middle East also put upward pressure on global oil prices.

The emerging macroeconomic scenario for the year 2013-14 is challenging amid the wide CAD, risks to fiscal targets, persistence of high consumer price inflation, risk of exchange rate depreciation feeding into inflation, slowing growth and deteriorating asset quality. As such, macroeconomic and monetary policies need to be carefully calibrated to achieve the immediate objective of maintaining stability without compromising growth.

Growth Outlook : India

Recovery is possible and can take shape later in 2013-14, but is predicated on better governance, the removal of supply constraints and maintenance of stability. Despite the new risks, as a baseline the real GDP growth outlook for 2013-14 is better than that in 2012-13, following the growth-supportive measures taken by the Government of India and the south-west monsoon that has performed well so far. The Annual Monetary Policy Statement for 2013-14 of May 3, 2013 projected the baseline GDP growth for 2013-14 at 5.7 per cent conditional upon a normal monsoon, revival in domestic investment and global growth. While the risks to the first of these conditions have since diminished, the risks to the latter have increased. Weakness in industrial activity has persisted and global growth has been tepid. Considering these factors, the First Quarter Review of Monetary Policy at end-July 2013 scaled down its growth projection from 5.7 per cent to 5.5 per cent.

Normal and spatially well-distributed rainfall so far during the south-west monsoon augurs well for the agriculture sector and is expected to boost rural demand for industrial goods and services. Until August 13, 2013, 85 per cent of the country's area had received excess or normal rainfall, with the remaining 15 per cent falling in Haryana and parts of the East and North-East region receiving deficient rainfall. The Reserve Bank's foodgrain production weighted index showed that rainfall was 10 per cent above normal in the current monsoon season till August 13, 2013. Ample rainfall has resulted in an improvement in the water storage levels in reservoirs.

Industrial Outlook

Industrial growth has been nearly stagnant for two years now, with signs that the stagnation has extended into 2013-14. Corporate performance continues to weaken as a result of slowing activity levels in industry and services sectors. The expenditure on consumption of raw materials had contracted and at the aggregate level profits recorded moderate growth. The operating profit margin (EBITDA to sales ratio) was maintained at the level observed in the previous quarter but the net profit margin declined due to higher interest to sales ratio. However, the downward spiral could get arrested with some uptick later in the year as improved rural demand and better project execution supports activity. The low inventory levels of finished goods may enable expansion in output levels if rural consumption demand improves. If construction activity also improves as public investment in road, urban housing projects and execution of mega projects pick up, it will generate more demand across the industrial sector.

However, in attempting to revive demand, it is important to reduce the current high consumer price inflation. This is necessary to arrest the flagging growth rate of private final consumption expenditure. The positive orientation of the Union Budget 2013-14 and measures to arrest macroeconomic deterioration and stabilise the economy are expected to have some favourable impact on investment with a lag. The effects of government efforts to incrementally resolve key policy impediments to investment, such as land acquisition, environmental clearances and raw material shortages, particularly coal, should translate into ground-level execution.

Inflation Outlook

Overall, the inflation outlook appears to be better than in the previous year. Non-food manufactured products inflation at 2.4 per cent in July 2013 remained within comfortable limit. In its Annual Policy Statement of Monetary Policy on May 3, 2013, the Reserve Bank projected WPI inflation to be range-bound around 5.5 per cent during 2013- 14, keeping in view the domestic demand-supply balance, the outlook for global commodity prices and the forecast of a normal monsoon. The Reserve Bank will endeavour to condition the evolution of inflation to a level of 5.0 per cent by March 2014, using all instruments at its command. Its objective is to contain headline WPI inflation at around that level in the short term and 3.0 per cent over the medium term.

On the demand-supply balance, the supply may turn out to be slightly weaker than assessed earlier. Demand deceleration continues, but rural demand may stay robust in the wake of a likely good crop on the back of a normal monsoon. The outlook for global commodity prices largely remains benign, but risks of price increase on-shore have increased following the rupee depreciation and firming up of global crude prices during July 2013. Therefore, some price pressures may build up in the latter half of 2013-14. The normal monsoon, however, has taken a major risk off the horizon, although the renewed upsurge in food prices in the first four months of 2013-14 implies that a close vigil is necessary so that the relative price change does not affect the general level of prices.

Current Account Deficit (CAD) Outlook

Even though CAD is expected to widen during Q1 of 2013-14 on account of higher trade deficit, it is likely to moderate thereafter. After sharp increase in first two months of the current fiscal year, trade deficit has narrowed considerably in the months of June and July 2013. Going forward, the CAD is expected to see correction due to trade policy measures taken to curb gold imports and price adjustments effected to moderate consumption of fuel products. Besides, there may still be scope for curbing non-essential imports as well to improve the trade balance. CAD in 2013-14 is expected to be lower than the historic high of 2012-13.

Nevertheless, CAD may continue to be much above the sustainable level, which is estimated at around 2.5 per cent of GDP, underscoring the importance of medium-term correction aimed at improving expor t competitiveness, discouraging avoidable imports and to improve more stable capital inflows.

Looking Ahead

Indian economy is currently going through a difficult period. However, the problems are not unique to India. Growth has also slowed down in many other EMDEs. What is important at this stage is to preserve India's growth potential by arresting the downtrend and maintaining stable macroeconomic conditions. For this, the focus need to be on implementation of measures aimed at removing structural constraints so that production and investment activity could gather momentum. This is important, because spillovers from global growth and financial market conditions can only account for a part of the slowdown. Current slowdown has been accentuated by structural factors that have come in the way of smooth adjustment through pure demand management policies. With consumer price inflation, fiscal deficit and current account deficit being amongst the highest in EMDEs, the need to preserve macroeconomic stability has emerged as a binding constraint. As such the momentum of recovery could come from reengineering focus on unclogging the stalled investment projects, giving an impetus to investments in key infrastructure sectors, supporting productivity enhancements by technology enhancements, bringing in more managerial efficiencies and supporting research and development.

Inherently, the Indian economy has several strengths including its natural endowment and demographic dividends. Simple institutional reforms such as better regulation of natural resources, improved harnessing of water resources, investing more in skill formation, digitalising land records, land consolidation, better integration of regional agricultural markets, freer labour markets and more competitive domestic markets can go a long way in improving India's potential as well as actual growth. As such, efforts in the direction of macroeconomic stability and structural reforms can pave the way for the recovery.

(Source: Annual Report 2012-13 of RBI)

ANNOUNCEMENT

Extension of time period to complete ITT and Orientation Course by students registered under Direct Entry Scheme

It has been brought to the notice of the Council that some students of the Direct Entry Scheme, who were registered between 01.08.2012 and 31.01.2013 for the Intermediate (Integrated Professional Competence) Course and were required to complete ITT and Orientation Course by 31.05.2013, could not complete the same for some reason or the other.

With a view to mitigate the hardship of such students (namely those registered between 01.08.2012 and 31.01.2013 under Direct Entry Scheme), the Council of the Institute as a special case has decided to extend the date for completion of ITT and Orientation Course upto 31.12.2013.

Such students are therefore required to complete ITT and Orientation Course latest by 31.12.2013 and submit relevant certificate/s to the concerned regional office of ICAI where they are registered with.

-Sd-
Joint Secretary (MSS)

ANNOUNCEMENT

Revised Scheme of Revalidation of Registration in CA course

The Council in order to streamline the period of validity of registration for Common Proficiency Course (CPC), Intermediate (Integrated Professional Competence) Course and Final Course decided as under:

- Revised Scheme of Revalidation of Registration for CA courses shall be effective from 1st January, 2013 onwards.

Common Proficiency Course (CPC):

- Initial registration for Common Proficiency Course (CPC) is valid for 3 years.
- Fee for revalidation is ₹ 300/- for 3 years period.

Intermediate (Integrated Professional Competence) Course:

- Initial registration for Intermediate (IPC) Course is valid for 4 years.
- Validity period for students converted from erstwhile Intermediate/ Professional Education (Course-II)/ Professional Competence Course is counted from the date of conversion to Intermediate (IPC) Course.
- Fee for revalidation is ₹ 400/- for 4 years period.

Final Course:

- Initial registration for Final Course is valid for 5 years.
- Fee for revalidation is ₹ 500/- for 5 years period

Students of respective course can revalidate their registration any number of times as per the scheme applicable and should have valid registration before applying for the relevant level of examination.

Student who have completed/completing prescribed registration period on or before December 31, 2013 in Common Proficiency Course (CPC), Intermediate (IPC) Course and Final Course may revalidate their registration without paying revalidation fee till 31st December, 2013, failing which effect from 1st January, 2014 onwards all students are required to pay prescribed revalidation fee for revalidation of their registration in the respective courses.

For format of application and further details, please visit www.icai.org

Director,
Board of Studies

ANNOUNCEMENT

Release of Revised Publications for Final Course Paper 7: Direct Tax Laws & Paper 8: Indirect Tax Laws, relevant for May, 2014 & November, 2014 Examination

The Board of Studies has released the following publications relevant for May, 2014 and November, 2014 examination for Final Course Paper 7: Direct Tax Laws & Paper 8: Indirect Tax Laws –

	Publication	Edition
1.	Supplementary Study Paper-2013 (Direct Tax Laws & Indirect Tax Laws)	June, 2013
2.	Select Cases in Direct and Indirect Tax Laws	September, 2013
3.	Study Material on Indirect Tax Laws (As amended by the Finance Act, 2013)*	August, 2013
4.	Study Material on Direct Tax Laws [A.Y.2014-15] (As amended by the Finance Act, 2013)	October, 2013

All the above publications have also been hosted at the BOS Knowledge Portal on the Institute's website www.icai.org.

**** Note: The Study Material of Paper 8: Indirect Tax Laws, though prepared as per the revised syllabus (the examinations under which will be held from November, 2014 onwards), is also applicable for May, 2014 examination.*** *Students appearing in May, 2014 examination are advised to prepare for their examination from the Revised Study Material in the following manner:*

(i) Ignore Chapter 16 - Foreign Trade Policy in Section C: Customs and Foreign Trade Policy of the Study Material [as it is included only in the revised syllabus]; and

(ii) Refer to Chapters 1 - 8 relating to VAT and Inter-relationship of accounting with excise, customs and service tax grouped together under the Appendix [as these Chapters are included in the old syllabus but do not form part of the revised syllabus]. The Appendix is, however, not relevant for students appearing in November, 2014 examination.

ANNOUNCEMENT

Release of Revised Study Material and Practice Manual of Part I : Income-tax of Intermediate (IPC) Paper 4: Taxation [Relevant for May, 2014 and November, 2014 examinations]

The Board of Studies has come out with the August 2013 edition of the Study Material and Practice Manual of Intermediate (IPC) Course **Paper 4: Taxation [Part I: Income-tax],** which is relevant for students appearing in May, 2014 and November, 2014 examinations.

The August 2013 edition of the Study Material and Practice Manual is based on the provisions of income-tax law as amended by the Finance Act, 2013 and applicable for A.Y.2014-15, which is the relevant assessment year for May, 2014 and November, 2014 examinations. The significant notifications and circulars issued upto 30th April, 2013 have been covered in this edition of the Study Material.

The Study Material of Part I: Income-tax constitutes Volume I and the Practice Manual of Part I: Income-tax constitutes Volume II. Each question on income-tax contained in Volume II of this edition of the Practice Manual has been adapted/modified and solved on the basis of the provisions of law applicable for A.Y. 2014-15. The amendments made by the Finance Act, 2013 and significant notifications and circulars issued up to 30.4.2013 have been given effect to while solving the problems. The Practice Manual has also been grouped chapter-wise and contains a variety of questions and problems in each topic for the better understanding and application of the concepts explained in the Study Material.

The August 2013 edition of the Study Material and Practice Manual, based on the provisions of income-tax law as amended by the Finance Act, 2013 and applicable for A.Y.2014-15, are now available at the Institute's sale counters. The same have also been hosted at the BOS Knowledge Portal on the Institute's website.

ANNOUNCEMENT

Release of Study Materials of Paper 6: Information Systems Control and Audit and Paper 8: Indirect Tax Laws of Final Course prepared in accordance with revised syllabi [Relevant for November, 2014 Examination]

The syllabi of Paper 6: Information Systems Control and Audit and Paper 8: Indirect Tax Laws of Final Course have been revised in terms of the decision of the Council taken at its 324th meeting held in March, 2013. It has been decided to hold the examinations of the aforesaid papers in accordance with the revised syllabi from November, 2014 onwards. [Refer the detailed Announcement and Note explaining significant changes made in the revised syllabi published in September, 2013 issue of this Journal as also hosted on the website at BoS page.]

The Study Materials of both the papers prepared on the basis of the revised syllabi are now available at the Institute's sale counters. The same have also been hosted at the BoS Knowledge Portal on the website of the Institute.

The law stated in the Study Material of Paper 8: Indirect Tax Laws is updated with the amendments made vide the Finance Act, 2013 and notifications/circulars issued till April 30, 2013.

ANNOUNCEMENT

Webhosting of Study Materials of Part II: Indirect Taxes of Paper 4: Taxation and Paper 7A: Information Technology of Intermediate (IPCC) prepared as per revised syllabi [Relevant for November, 2014 Examination]

The syllabi of Part II: Service Tax and VAT of Paper 4: Taxation and Paper 7A: Information Technology of Intermediate (IPCC) have been revised in terms of the decision of the Council taken at its 324th meeting held in March, 2013. It has been decided to hold the examinations of the aforesaid papers in accordance with the revised syllabi from November, 2014 onwards. [Refer the detailed Announcement and Note explaining significant changes made in the revised syllabi published in September, 2013 issue of this Journal as also hosted on the Institute's website.]

As communicated earlier, the Study Materials of both the papers prepared on the basis of the revised syllabi will be hosted at the Institute's website on BoS Knowledge Portal in the first week of November. The Study Materials will also be made available at the sale counters of the Institute within due course of time.

The law stated in the Study Material of Part II: Indirect Taxes of Paper 4: Taxation is updated with the amendments made vide the Finance Act, 2013 and notifications/circulars issued till April 30, 2013.

ANNOUNCEMENT

Conducting of Mock Tests for CPT students for December, 2013 Examination

With a view to further encourage the students to evaluate their preparation for the examination, the Board of Studies has prepared CPT Mock Test Papers for CPT students to assess their preparation for the main examination to be held on 15th December, 2013. All our Regional Councils and Branches have been advised to conduct CPT Mock Tests under examination conditions for the benefit of CPT students in the month of November, 2013.

Students are advised to contact the respective Regional Councils/Branch(es) to ascertain the exact date(s) and venue for CPT Mock Tests and take advantage of the same which will help them to assess their preparation for the main examinations.

Chairman,
Board of Studies

ANNOUNCEMENT

The Chartered Accountants Students Benevolent Fund (CASBF), ICAI

The Board of Trustees of The Chartered Accountants Students Benevolent Fund have decided to grant financial assistance to 300 students (who are currently undergoing articled training in accordance with The Chartered Accountants Regulations, 1988 and are poor, needy but meritorious) requiring financial assistance to pursue the Chartered Accountancy course @ ₹ 1000/- p.m. for one year with effect from 1st April, 2013 to 31st March, 2014 to be paid in lump sum, subject to filing of application for the same.

The eligibility criteria for obtaining financial assistance from CASBF are as under:

i) Passed 10 + 2 examination with a minimum of 70 percent marks and also have Passed Common Proficiency Test of ICAI in the first attempt

or

Passed B.Com Examination of a recognized University with a minimum of 60% marks.

ii) Currently undergoing articled training as per CA Regulations.

iii) Annual income of parents from all sources must be less than ₹ 1.50 lakh.

Students who are needy, poor but meritorious and are fulfilling the above criteria may apply for financial assistance from the Chartered Accountants Students Benevolent Fund. Students may send their request in the prescribed form, duly filled in to the Member Secretary, Chartered Accountants Students Benevolent Fund at the following address so as to reach on or before 30th November, 2013. The form can be downloaded from website of the Institute www.icai.org.

The Board of Trustees will consider each of such cases on merit basis and decide at their discretion the amount to be granted from Chartered Accountants Students Benevolent Fund

Member Secretary
Chartered Accountants Students Benevolent Fund
C/O The Institute of Chartered Accountants of India,
"ICAI Bhawan",
Indraprastha Marg, New Delhi-110002
website www.icai.org email : cabf@icai.in

ANNOUNCEMENT

ICAI Four Weeks Residential Programme on Professional Skills Development at the Centre of Excellence,(COE), Hyderabad

The Board of Studies is pleased to announce the special batch (es) of Four Weeks Residential Programme on Professional Skills Development at the Centre of Excellence, (COE), Hyderabad as under:

S.No.	Batch No	Date of the Programme	Eligibility	Link for Registration -Online
1.	22nd and 23rd Batch	25th November, 2013 to 22nd December 2013	For Males	http://220.227.161.86/30980bos-fwrp-22-23-main-male.pdf
2.	24th and 25th Batch	27th January, 2014 to 23rd February, 2014	For Females	http://220.227.161.86/30982bos-fwrp-24-25-main-female.pdf

The programme offers an unique opportunity and would focus on development of communication skills, leadership skills, personal traits for effective functioning in business organization and profession. More emphasis is given on soft skills, developing personality trait and communication skills of the participants.

For online registration and further details visit the Board of Studies Announcements under the Students Icon on the Home Page of ICAI website www.icai.org .

Director, Board of Studies

ANNOUNCEMENT

National Convention for CA Students - Bhubaneswar

28th & 29th November, 2013
Venue: Hotel Swosti Premium, Bhubaneswar
Organized by: Board of Studies, ICAI
Hosted by: Bhubaneswar Branch of EIRC of ICAI & Bhubaneswar Branch of EICASA
Theme: " CA Profession: Spectrum of Opportunities ....Commitment to Excellence"

Programme Details

Day I- Thursday, 28th November, 2013	
9.00 AM to 10.00 AM	Registration
10.00AM to11.30 AM	Inaugural Session
11.30am to 1.00 PM	Technical Session I - (Financial Reporting) Analysis of Financial Statement & Reporting Requirements
2.00 PM to 3.30 PM	Technical Session II - (Service Tax) Mega Exemption notification & Negative List
3.45 PM to 5.00 PM	Technical Session III - (Corporate Governance) Role of Audit Committees
6.00 PM to 7.30 PM	Cultural Extravaganza
Day II- Friday , 29th November, 2013	
10.00 AM to11.30 AM	Technical Session IV - (Direct Taxes) (i) Assessment (ii) Issues on TDS
11.30 AM to 1.00 PM	Technical Session V - (Companies Act) Paradigm shift from 1956 to 2013
2.00 PM to 3.30 PM	Technical Session VI Spectrum of opportunities in CA Profession
3.30 PM to 5.00 PM	Special Session on Communication Skills
5.00 PM to 5.30 PM	Valedictory

Students are hereby requested to register for the Convention as per the following details:-

Registration fees	₹ 400 per student
Payment Mode	Cash/DD/Cheque to be drawn in favour of "Bhubaneswar Branch of EIRC of ICAI"payable at Bhubaneswar.

For registration queries contact:-

Bhubaneswar Branch of ICAI at ICAI Bhawan, Plot No- A/122/1, Nayapalli, Bhubaneswar-751012, Phone. 0674-2392391 & Email- eicasabhubaneswar@gmail.com Website. http://bbsricai.org/

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical - Sessions and submit for approval a soft copy of the Paper at eicasabhubaneswar@gmail.com by 15th November, 2013 and a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the branch. The students whose papers would be selected for the convention shall be exempted from paying registration fees. The outstation students shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ 1500 per day for lodging etc. subject to maximum 5 days.

Students who are interested to participate in the cultural programme are requested to register before 20th November, 2013 at Bhubaneswar Branch of EIRC of ICAI.

CA. Vijaya Batth Chairperson, Bhubaneswar Branch of EICASA & Convention Coordinator 9437006081	***CA. Ramesh Chandra Pradhan*** Chairman, Bhubaneswar Branch of EIRC & Convention Coordinator 9437177221	***CA. V. Murali*** Convention Co-Chairman & Vice-Chairman Board of Studies, ICAI	***CA. Vijay Garg*** Convention Chairman & Chairman Board of Studies, ICAI

ANNOUNCEMENT

National Convention for CA Students – Vijayawada

1st & 2nd December, 2013
Venue: 'A' Convention Centre,Vijayawada
Organized by: Board of Studies, ICAI
Hosted by: Vijayawada Branch of SIRC of ICAI & Vijayawada Branch of SICASA
Theme: JAGRATI - AWAKENING THE EXCELLENCE

DAY-I Sunday, 1st Dec 2013	
09:00 am - 10:00 am	**Registration**
10:00 am - 11:30 am	**Inaugural Session**
11:30 am - 12:30 pm	**Special Session I**
12:35 pm - 1:45 pm	**Technical Session-I: Financial Reporting** (1) Integrated Reporting, (2) Forensic Audit-Reporting perspective
2:30 pm - 3:40 pm	**Technical Session-II: Auditing** (1) Audit report in the New Era, (2) Green audit
04:00 pm - 5:00 pm	**Special Session II-** Interaction with Board of Studies
05:30 pm – 8 : 30 pm	Cultural GALA
DAY-II Monday, 2nd Dec 2013	
09:30 am – 10:30 am	**Special Session III:** Personality Development
10:30 am – 11:20 am	**Technical Session-III: Legal Shuttle** Companies Act 2013-Auditors watch
11:20 am - 12:30 pm	**Technical Session-IV: Taxation Blues** (1) Issues in Sec.195 (International Taxation), (2) Taxation of Services and its Recent Developments
01:30 pm - 02:30 pm	**Special Session IV:** Global Career opportunities for CA's- Sky is the limit.
02:30 pm - 03:40 pm	**Technical Session-V: Strategic Tools** (1) Rupee Depreciation adding fire to Economic Downturn, (2) BYOD - Bring Your Own Device.
04:00 pm – 05:00 pm	**Valedictory Session**

Students are requested to register for the Convention as per the following details:-

Registration fees	Rs.300/-per student	Accommodation (if required)	Rs. 300/- per student
Payment Mode	DD/Cheque to be drawn in favour of "Vijayawada branch of SIRC of ICAI", payable at Vijayawada.		

For registration queries contact:-

Vijayawada Branch of SIRC of ICAI, 27-12-63,64,65, Ali Baig Street, Governorpet, Vijayawada
Phone: 0866-2576666 & Email: vjabranchofsircoficai@gmail.com, Website: Vijayawada-icai.org

Students are invited to contribute papers for presentation (in MS-Word Format, font 12 & 1500 to 2000 words) on topics of the Technical-Sessions and submit for approval a soft copy of the Paper alongwith a scanned passport size photograph, Regn No., Course pursuing, complete postal address, Bio-Data including your experience in previous paper presentations, if any, Mobile & Landline numbers and e-mail ID at **"vjasicasa2013@gmail.com"** by 10/11/2013 and also a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), and above details be also sent to the Vijayawada Branch. Students interested to participate in the cultural programme may register before 15/11/2013 at the Branch.

CA. KVN Poorna Chandra Rao Chairman Vijayawada Branch of SICASA 09849090111	***CA. B. Shivaji Prasad*** Chairman Vijayawada Branch 09848290289	***CA. V. Murali*** Convention Co-Chairman & Vice-Chairman Board of Studies, ICAI	***CA. Vijay Garg*** Convention Chairman & Chairman Board of Studies, ICAI

ANNOUNCEMENT

National Convention for CA Students – Ernakulam

17th & 18th December, 2013
Venue: Gokulam Convention Centre, Kochi
Organised By: Board of Studies, ICAI
Hosted by: Ernakulam Branch of SIRC of ICAI & Ernakulam Branch of SICASA
Theme: PRAKEERTHI 2013

DAY 1	
9.00 am – 10.30 am	**Session 1 - Technical Session** **Session Chairman** : CA. Sumantra Guha, Central Council Member, ICAI **Session Speakers** : Two Student Speakers **Topic :-** Accounting Standards - (i) Recognition Based Standards, (ii) Disclosure Based Standards
10.45 am – 12.15 pm	**Inaugural Session**
12.15 pm – 1.30 pm	**Session 2 - Motivational Session** **Session Chairman** : CA. V Murali, Vice-Chairman, Board of Studies, ICAI **Session Speakers** : CA. Syamlal Agarwal, Central Council Member, ICAI : CA. Nilesh S Vikamsey, Central Council Member, ICAI
2.30 pm – 4.00 pm	**Session 3 - Technical Session** **Session Chairman** : CA. S. Santhanakrishnan, Central Council Member, ICAI **Special Address** : CA. Mukesh Singh Kushwah, Central Council Member, ICAI **Session Speakers** : Two Student speakers **Topic :-** Highlights on Companies Act 2013
4.15 pm – 5.30 pm	**Session 4 - Technical Session** **Session Chairman** : CA. Atul Gupta, Central Council Member, ICAI **Session Speakers** : Two Student Speakers **Topic :-** Joint Charge and Reverse Mechanism & Critical Issues Under Negative List Regime
DAY 2	
9.00 am – 10.30 am	**Session 5 - Technical Session** **Session Chairman** : CA. Venugopal C Govind, Cochin **Session Speakers** : Two Student Speakers **Topic :-** Audit Documentation & Risk Based Audit
10.45 am – 11.45 am	**Special Session -** Interaction with Chairman, Board of Studies
12.00 pm – 1.30 pm	**Session 6 - Technical Session** **Session Chairman** : CA. G Sekar, Central Council Member, ICAI **Special Address** : Dr. Girish Ahuja **Session Speakers** : Two Student Speakers **Topic :-** Issues On Tax Audit U/S 44ab
2.30 pm onwards	**Valedictory Session & Cultural Evening**

Students are requested to register for the conference as per the following details:-

Regn Fee	Rs. 500/- per delegate till 5th Dec, 2013 and Rs. 750/- later on	Accommodation @ Rs. 500/- for outstation students.
Payment	Cheques/DD to be drawn in favour of "ERNAKULAM BRANCH OF SICASA" payable at Ernakulam.	

For registration please contact:-

Ernakulam Branch of SIRC of ICAI at ICAI BHAWAN, 57/3146, Dewan's Road, Ernakulam, Kochi – 682 016,
Ph: 0484 - 2369 238, 2372 953, 2369 258, Email: ernakulam@icai.org

Students are invited to contribute papers for various technical sessions. Two papers will be selected on each topic. Intrested students may submit their paper in a soft copy along with scanned photograph and bio-data for approval so as to reach positively by **25th November 2013** to CA. M O Poulose, Chairman, Ernakulam Branch of SICASA, by e-mail at **infosicasa@gmail.com , ekmsicasanc@gmail.com.** A student cannot submit more than one paper. Please provide your regn no., course of study, complete postal address for communication, phone no. (Landline & mobile) & email id. and the Paper in MS – Word format (14 points typing) to be sent as attachment to the mail. Paper writers selected for presentation of paper at the Convention are exempted from payment of registration fee. All paper writers of the National Convention will be reimbursed to and fro first class or 2 Tier AC railway fare by the shortest route (including service tax paid) or any airline, whichever is less.

Intrested students may register for Cultural Evening before 5th Dec, 13 with Mr. Srinath K, Vice-Chairman, Ernakulam Branch of SICASA.

CA. Babu Abraham Kallivayalil Central Council Member, ICAI	**CA. V. Murali** Convention Co-Chairman & Vice-Chairman, Board of Studies, ICAI	**CA. Vijay Garg** Convention Chairman & Chairman, Board of Studies, ICAI
CA. M O Poulose Chairman Ernakulam Branch of SICASA 09447095022	**CA. Mathew Jospeh** Chairman Ernakulam Branch of SIRC of ICAI	**CA. Balagopal R** Secretary Ernakulam Branch of SIRC of ICAI

ANNOUNCEMENT

National Convention for CA Students – Siliguri

28th & 29th December 2013
Venue: Savin Kingdom, Siliguri
Organized by: Board of Studies, ICAI
Hosted by: Siliguri Branch of EIRC of ICAI & Siliguri Branch of EICASA
Theme: "Enlightening Mind… Creating Future…"

(Day 1)	
8.30 to 9.30 am	**Registration**
9.30 to 10.30 am	**Inaugural Session** Chief Guest : CA. Subodh Kumar Agarwal, President ICAI Guests of Honour : CA. Sumantra Guha, Central Council Member, ICAI : CA. Abhijit Bandyopadhyay, Central Council Member, ICAI : CA. Ranjeet Kumar Agarwala, Chairman, EIRC of ICAI Convention Chairman : CA. Vijay Garg, Chairman, Board of Studies, ICAI EICASA Chairman : CA. Subhash Chandra Saraf, Vice Chairman EIRC of ICAI
10.45 to 12.45 am	**1st Technical Session - Corporate Governance and Corporate Laws** Speaker: Eminent Person (i) Revised Schedule VI : Raising Presentation Level by Indian Corporate Companies Act-2013
1:00 to 2:00 pm	**Special Interaction Session-1** CA. Subodh Kumar Agarwal , President, ICAI CA. Vijay Garg, Chairman, Board of Studies, ICAI
3.00 to 5.00 pm	**2nd Technical Session : Taxation** Speaker : Eminent Person (i) Service Tax- Reverse Charge Mechanism (ii) Taxation of Real Estate Transactions
5.00 pm onwards	**Cultural Evening**
(Day 2)	
9.30 to 11.30 am	**3rd Technical Session : Information Technology** Speaker: Eminent Person (i) Social Networking Websites- New Avenue to Expand the Business? (ii) Cloud Computing-Opportunities and Challenges
11.30 to 1.00 pm	**Special Session-2 -** Speaker: Eminent Person
2.00 to 4.00 pm	**4th Technical Session : Finance and Economy** Speaker: Eminent Person (i) FDI in Retail and Service Sector, (ii) Recent Economic Crisis in India
4.00 to 5.00 pm	**Special Session-3 -** Speaker: Eminent Person
5.00 to 6.00 pm	**Valedictory Session -** Chief Guest: Mr. Vijay Kapur, Director, Board of Studies

Students are hereby requested to register for the Convention as per the following details:-

Regn fees	Rs.600/-per student	Accommodation (Max 2 Nights) @ Rs.1500/- per student Extra
Payment	Cash/DD/Cheque to be drawn in favour of "The Institute of Chartered Accountants of India" payable at Siliguri.	

For registration queries contact:-

Siliguri Branch of EIRC of ICAI, ICAI BHAWAN, Near Overbridge,(Tinbatti More), SILIGURI - 734 405,
Ph 0353-2560445/2562984 & Email - siliguri@icai.org, conventionsiliguri@gmail.com, Website: www.icaisiliguri.org

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical Sessions and submit for approval a soft copy of the paper at conventionsiliguri@gmail.com by 1st Dec,2013 and a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), Regn No, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID may also be sent to the branch. Outstation students shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ 1500 per day for lodging etc.

CA. Sanjay Goyal Chairman, Siliguri Branch of EICASA & Vice-Chairman, Siliguri Branch of EIRC of ICAI 97330-91111	***CA. Dinesh Goyal*** Chairman Siliguri Branch of EIRC of ICAI 94348-06937	***CA. V. Murali*** Convention Co-Chairman & Vice-Chairman Board of Studies, ICAI	***CA. Vijay Garg*** Convention Chairman & Chairman Board of Studies, ICAI

Industrial Training

CA Regulations, 1988 under proviso 51 & 72 provides scope for Industrial Training facilitating articled assistants real life exposure in office workings at industry and service organizations in order to develop their professional acumen. Industrial Training is highly benefiting to articled assistants in terms of practical knowledge & learning. The period of Industrial Training may range between nine months to twelve months during last year of the prescribed period of Practical Training under CA Course.

An articled assistant who has passed Intermediate (Integrated Professional Competence) Examination/Intermediate (Professional Competence) Examination/Professional Education (Examination-II)/Intermediate Examination may serve as an Industrial Trainee in any of the financial, commercial, industrial undertakings under an eligible member of the Institute working with such organization. A list of registered organization permitted to impart Industrial Training is available at the ICAI website.

Eligible articled assistant completing second year of articled training are advised to pursue industrial training under consent of their Principal. It requires termination of current articled services on submission of Form 109 and registration in Industrial Training on submission of Form 104 under an eligible member serving with registered Industry/Organization/Department. Detailed information and prescribed application forms are available on ICAI website www.icai.org as well as may be obtained from concerned regional offices of ICAI.

The Institute of Chartered Accountants of India
[Set up by an Act of Parliament]

ICAI Online e-Learning for CA Course

Common Proficiency Test (CPT), Intermediate (IPC) Course and Final Course

http://StudentsLMS.icai.org

Introduction

The Board of Studies of the Institute has made available e-Learning facility for the CA Course at three levels: (a) Common Proficiency Course, (b) Intermediate (IPC) Course and (c) Final Course on the Students Learning Management System (LMS).

Objective

Provide quality education for learning, re-learning and revising anytime and anywhere in an affordable manner through a self learning/ development facility.

Salient Features

- Anytime/ Anywhere Online Learning
- Foundation for understanding concepts and Self Study of Study Materials
- Examination Oriented
- Online Self-Assessment Quiz - Chapter, Subject, All Subjects
- Quality Lectures by leading Faculty
- Uniform training across the country
- Multimedia Lectures
- Presentation & Podcast Download
- Tracks Learning - Lesson/ Self Assessment completed

Anytime/ Anywhere Learning

This e-Learning facility takes learning and development to the doorsteps of studentsand they can now learn at their convenience from their homes/ offices/ cyber cafes even in smaller cities and moffusil towns.

How to Access?

Students of the Common Proficiency Course and Intermediate (IPC) Course of the Institute interested in pursuing the e-Learning can register themselves on the Students LMS using their Student Registration Number and start using the e-Learning facility immediately. **Currently free access**.

Students with temporary Student Registration Numbers or belonging to earlier courses or those who are not able to register are required to contact their concerned Regional Offices.

Requirements

Multimedia Computer/ Laptop with Internet Connection and Adobe Flash Player, which is available for free download at www.adobe.com.

CA. Subodh Kumar Agrawal, President, ICAI and CA. K. Raghu, Vice President, ICAI inaugurating the Language Lab at Vishwas Nagar Office of ICAI in New Delhi

CA. Subodh Kumar Agrawal, President, ICAI and CA. K. Raghu, Vice President, ICAI interacting with the officials and students inside the Language Lab at Vishwas Nagar Office of ICAI in New Delhi

CA. Subodh Kumar Agrawal, President, ICAI with the students on the occasion of the CPE Conference at Udaipur Branch of ICAI.

Paying respect to ICAI Motto Song at the inaugural function of the National Convention for CA Students at Surat. Dignitaries on the Dias (LtoR) Mr. Dharmil Shah, Secretary Surat Branch of WICASA, CA Balkishan Agarwal, Secretary,Surat Branch, CA Hardik Shah, Regional Council Member, CA Jay Chhaira, Central Council Member, Mr. Hemendra Patidar, Director Investigation Income Tax, Surat and Chief Guest, CA Vijay Jagani, Chairman,Surat Branch and CA Mahesh Madkholkar, Regional Council Member and Chairman WICASA, WIRC.

Inaugural function of ICAI Joint Seminar with Alagappa University, Tamil Nadu. Seen in Dias (L to R) Dr.V.Balachandran, Director, Professional Programmes, Alagappa University, Dr.M.Selvam,Dean , Faculty of Management, Dr.S.Sudalaimuthu, Vice-Chancellor, Alagappa University, CA.P.V.Rajarajeswaran, Ex-officio Member, SIRC, Dr.S.Kaliamoorthy, Syndicate Member, Alagappa University, CA.P.Saravanan, Chairman, Madurai Branch of SIRC, of ICAI and CA.Dungar Jain , Secretary, Madurai Branch.

Prof. A.H. Rajasab, Vice-Chancellor, Tumkur University, lighting the auspicious Lamp to inaugurate the ICAI- Tumkur University joint seminar at Tumkur. Also seen in picture Prof. P. Paramashivaiah, Professor & Dean, Dept of Studies & Research in Commerce, Tumkur University, Tumkur, CA. S. Viswanath, CA. N.Nityanand and Dr. G.Sudarshan Reddy, Associated Professor & Chairman, Dept of Studies & Research in Commerce, Tumkur University, Tumkur.

Dr. Dipayan Chaudhary, IIM, Indore address the ICAI – Devi Ahilya University joint seminar on Goods and services tax organized by The School of Economics, DAVV, Indore.

RNI No. 66180/97

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Date of Publication: 26.10.2013

CROSSWORD

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ACROSS

1. __________ budget is a schedule of expected cash receipts and disbursements.
4. A form of computer data storage.
7. Open _____ Policy: A management practice whereby all employees have direct access to the senior executives without going through several gatekeepers or layers of bureaucracy.
9. Mega exemption notification has been amended to provide the exemption to services by way of slaughtering of _______ animals.
10. Veni, Vidi, Vici is a _____ phrase which means I came, I saw and I conquered.
11. The ____ Act has increased transparency and greater accountability in the functioning of the Indian government.
12. A 3D animation computer program mostly used to pose and animate the figures in a similar way as a mannequin.
13. The ____ Committee of ICAI provides suggestions to the government on the tax laws.
15. The Committee of ICAI which looks into CA course syllabus review and revision.
16. _______ has become an important place replacing the conventional reading room.
18. A student of ICAI has to compulsorily do two trainings in _______ now.
20. India Post provides the facility of _____ which leads to instant on-line money transfer.
21. ___________ Rao is a famous Indian American mathematician and statistician.
22. Employee benefits are all forms of _________ given by an enterprise in exchange for service rendered by employees.
24. A coin and monetary unit of Romania, equal to 100 bani.
25. ______ is vested with the primary duty of registering companies floated in the respective states and the Union Territories and ensuring that such companies comply with statutory requirements under the Act.
26. A person in a company responsible for building relationships with relevant companies/parties around the world.
29. One of the measures for measuring inflation.
31. A rock, sandbar, or other feature lying beneath the surface of the water.
32. ______ wits end means utterly at a loss
34. An assessment /tax may be called as _______.
36. An association of Indian businesses which works to create an environment conducive to the growth of industry in the country.
40. Meaning of Dies ________- Sunday
41. ______ Department : A wing of ICAI which looks into Mutual recognition Agreements with other countries.
42. The term __________, refers to a set of broadly worded provisions meant to limit avoidance of tax, which will be implemented from April 2016.
43. A monopolist has ____ competitor.
44. Monetary limit of the single bench of the Tribunal to hear and dispose of appeals has been enhanced to rupees _____ lakh under Customs Act.

DOWN

1. _________ used by an assessee as stock in trade, is not part of his wealth.
2. One of the keys on the computer's key board.
3. Pink _____: a notice of dismissal from one's job.
5. ______ vera produces two substances, gel and latex, which are used for medicines.
6. The __________ budget is the summary of all the functional budgets, usually including a budgeted income statement, balance sheet and cash flow statement.
7. _______ fee has been brought under Reverse Charge Mechanism.
8. A chip _____ your shoulder - means you think you know a lot
12. Inventories are assets in the process of _______ for such sale.
13. Abbreviation used for Debit.
14. Price at which one department transfers goods to other department under same organisation is called ________price.
15. An independent economic think tank in India.
17. _________ perspective identifies targeted customer and market segments and measures the company's success in these segments.
18. A statutory body for controlling the accountancy profession in India.
19. See eye ___________ eye means agree on something.
20. A macroeconomic tool that demonstrates the relationship between interest rates and real output, in the goods and services market and the money market.
23. If _____ is more than AC (average cost), the firm earns abnormal profits.
27. The Return of a HUF is to be signed by _________.
28. The _______ is the sum total of average fixed cost (AFC) and Average Variable Cost (AVC).
30. A curve which shows the different combinations of two goods which give equal satisfaction to the consumer.
33. An Indian multinational information technology services, business solutions and consulting company.
35. An independent network of Security Focal Points who represent European-based humanitarian NGOs operating internationally.
37. A United Nations agency dealing with labour issues.
38. To tap gently.
39. "For example" in latin.

If undelivered, please return to:
The Institute of Chartered Accountants of India
ICAI Bhawan, Indraprastha Marg
New Delhi - 110 104