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Moving Towards New Frontiers



President's Communication

**"We must be silent before we can listen.
We must listen before we can learn.
We must learn before we can prepare.
We must prepare before we can serve.
We must serve before we can lead."**

.....William Arthur Ward

Dear Students,

I am extremely happy to address you all through this medium of communication as the President of this leading professional body of the country. I accept this honour with a great sense of humility, mission and responsibility. I take this opportunity to place on record my sincere gratitude and thanks to representatives on the Council and to all Chartered Accountants for reposing trust and confidence in me. I am proud to belong to a profession, which is highly sought after spreading its wings beyond the national borders and thus contributing to the nation's prominence in the world.

Before sharing my thoughts and perceptions, I wish to state that I have succeeded very dynamic, energetic and visionary Past Presidents, who toiled tirelessly day and night and provided unparalleled fame, recognition and visibility to our profession and the Institute. During my tenure as President, it will be my endeavour to make further efforts to build up the profession so as to achieve greater heights in the dynamic global environment with the active involvement of Regional Councils/ Chapters.

Chartered Accountancy Course helps you to acquire the latest skills and knowledge in the field of Accountancy, Taxation and Auditing to show that you possess these skills and knowledge. We will move towards new frontiers through securing better professional opportunities and avenues for our members in practice and industry, and empowering them with cutting-edge technology that will enable

us to create a formidable and robust future for the profession. Empowerment of women members and attending to the need of generation next accountants will be one of our primary concerns.

Promoting transparency and ethics will be our constant endeavour and we shall continue playing critical role in the core domain of Standard Setting, Financial Reporting, Auditing, Corporate Governance and alike. We will adopt global best practices for the examination and education standards and thoroughly strive to increase the quotient of trust and transparency in our profession.

With a view to ensure all round development of our students, the Institute is moving towards the concept of shared services of networks. I believe that by introducing Cloud Campus as a next generation interactive learning management system, we can enable the best possible utilization of all resources for attaining effectiveness and development of our students.

While aiming to maintain the consistency in putting in the efforts, this year we are planning to lay emphasis on students' exchange program with international institutions, opening 100 reading rooms and e-libraries, opening new centers of excellence etc. The complete action plan for the year 2014-15 is accessible on the Institute website.

There is no shortcut for success except hard work. But in the changing world, the emphasis has shifted from process to outcome and outcome appears when hard work will be correlated with smart work. To conclude, renowned professionals have said that success and accomplishment are not limited to those who are lucky. They are available to anyone who chooses to be disciplined, focused, persistent, committed, positive and enthusiastic. Look behind the scenes at the success of others. And you will clearly see how you too can do it.

I congratulate my students on the festival of colours, *Holi*, in advance. May this festival spread colours of delight, unity and equality amongst all!

Best Wishes

K. Raghu

**CA. K. Raghu
President,
The Institute of Chartered Accountants of India**



Vice President's Communication

My Dear Students,

It is a matter of great pleasure for me to communicate with you as the new Vice President of one of the largest and premier accounting bodies of the world. I would like to take this opportunity to express my heartfelt thanks and gratitude to the Council of ICAI for considering me worthy to shoulder this responsibility to work for the overall benefit of the Institute and its student community. I think that the present role is much wider and bigger in terms of responsibilities. I am sure, with the active participation and whole-hearted support of our esteemed members, our Institute will be able to set new milestones and script new success in the times to come.

As you are all aware, Chartered Accountancy is a dynamic, challenging and rewarding profession. There is a great demand of young accounting professionals in the financial sector. I know that each one of you is capable and competent enough to rise up to our expectations and hence completely gear up to work in the changing work environment and will be able to meet all deadlines.

For achieving all round excellence in the personal and professional arena, our Institute offers latest professional courses that provide umpteen avenues of professional advancement and at the same time improve your professional and personal skills. I am sure that you will take an earnest note of the socio-economic development and contribute your share in a mighty way so that our country will be able to illuminate the rest of the world with its crowning glory of knowledge and wisdom.

Dear students, it is my earnest desire to provide an ambience of trust, honesty and professional growth to you so that you can develop a sense of belongingness towards your alma - matter Institute. Similarly, we, at the Institute must become fully equipped to facilitate best available learning facilities and excellent infrastructure to our students. The profession of Chartered Accountancy is drawing the attention of millions of youth and

witnessing a rapid growth. This phenomenal growth has brought the Accounting Profession at the forefront. Our CA course is unique, as it is developed to offer you an exposure of theoretical and practical knowledge. The rigorous articleship training programme is the backbone in framing a strong base for applying theory into practice. I advise all of you to develop a high level of concentration while pursuing your articleship. An honest and sincere approach towards articleship will yield rich dividends in all your professional endeavors.

I think that you all have opted for the Chartered Accountancy course after a well thought out decision. A systematic preparation with hard work and sincerity will definitely help you in cracking all the examinations and ultimately fulfill your ambitions. The Institute provides you the best inputs at all levels of your course. Concentrate on the study material of the Board of Studies on various subjects. You may also supplement your knowledge with selected reading of books by authors of repute. I would also urge you all to utilize maximum, the facilities provided by the Board of Studies to impart technical training and professional skills development programmes.

The profession of Chartered Accountancy requires a strong hold on soft skills and IT knowledge. These are the areas, where you have to work upon. Soft skills and IT knowledge play a huge role in the silhouetting career of successful CAs. I advise you to show keen interest in participating in our Institute's Programmes on Professional Development Skills and IT Training. The word success appears to be very simple to pronounce and spell out, but contrary to this, it requires many painstaking and persistent efforts to make it worth meaning and enjoyable.

Wish you all a wonderful and cheerful Holi festival.

Yours sincerely

CA. Manoj Fadnis

Vice President

The Institute of Chartered Accountants of India



Chairman's Communication

My Dear Students,

It is my immense pleasure to communicate with you as the Chairman of one of the most prestigious committees of the Institute – Board of Studies. I really wish to thank our President CA. K. Raghu and Vice President CA. Manoj Fadnis and the Council Members for electing me as the Chairman. The responsibility is sky high but I wish I am able to stand up to everybody's expectations. My predecessors have done a lot of good work in their chairmanship and I hope that my successors will have the same words for me as well. I heartily wish to congratulate you for being a part of this esteemed course. I am aware the journey is bit difficult but there is a saying "what we get too easily we esteem too lightly, it is dearness only which gives everything its value". So once you will become the member of this Institute you will exactly know its value and all the hardships and hard work will be repaid.

The Board of Studies (BOS), your guide and mentor, has taken a number of commendable initiatives in the previous year. One of these is the e-learning facility provided to all of you. E-learning started with the CPT level but now it is available for IIPCC and Final courses as well. You can now study anywhere, anytime with just a mouse click and save your precious time and money.

The BOS is well aware that besides education, extra-curricular activities are also required for the overall development of a student. It is with this overall objective in mind that various sport events and youth festivals are being organized by the BOS from time to time through the Regional offices and Branches. Your active participation in such events would help achieving this objective and would also prove that the distant learning mode of ICAI in no way hinders overall development of students.

With a view to make available all knowledge resources such as e-learning lectures, Power Point Presentations, Podcasts, etc. on the Institute's website, it is intended to harness technology further. A Cloud Campus is also proposed to be built up so that the education is easily accessible and becomes interactive to the extent possible. In addition, ICAI is encouraging branches to open more and more reading rooms to provide conducive environment to the students.

As you know that the Practical Training of three years is an important constituent of the CA course

curriculum. It trains students in the rigors of actual business and economic world. For the benefit of students, members and public in general, the Institute has recently released the revised Training Guide. The Guide contains all relevant information like time of training, areas of training, leave rules, stipend, secondment, etc. Do go through the Guide as you will find it to be immense use.

Discipline in life, especially in a student's life is very essential. For the benefit of students and members, the Institute has recently published a booklet containing Code of Conduct. You as a student must go through this booklet as it will guide you in your course of action as a student of this esteemed Institute.

As you are aware, Chartered Accountancy Course is a dynamic course requiring periodic review to keep pace with the global economic environment. So, Council of the Institute has constituted a High Powered Committee to review the existing scheme of Education and Training in a comprehensive manner and suggest a new one taking into consideration the anticipated changes in the economic environment.

The Board of Studies took an initiative to persuade Ministry of Human Resources Development for providing a separate educational channel/TV through Doordarshan to ICAI so that same can be utilized for imparting education to students on Pan India basis. A proposal to build State-of-the-Art Studios at different locations of the Institute for conducting regular e-lectures by engaging the best faculty across the country and telecasting through the proposed educational channel has also been made.

At this point of time you all must be gearing yourselves to prepare for the forthcoming examinations to be held in May 2014. This time, due to elections, you would be benefitting on account of the extra time available due to commencement of examinations in the last week of May. Since you have adequate time before the examinations, prepare well, put in your best efforts and success is bound to follow. Do go through the booklet "How to face CA Examination" and "How to face CPT". They will guide you as to how to approach the examinations with a positive attitude and how to face the examinations confidently.

Wishing you all very colorful and a happy Holi, Ugadi and Gudipadwa.

Yours sincerely

CA. M. Devaraja Reddy
Chairman, BOS

Our New President



CA. K. Raghu
President, ICAI

A worthy combination of youth, dynamism, experience and excellence, CA. K Raghu has taken over as the supreme torch-bearer of Indian accountancy profession as the President of the Institute of Chartered Accountants of India (ICAI) for the year 2014-15. An information technology maven regarded as a role model and mentor of the Next Generation Chartered Accountants, he was elected as the President by the 22nd Council of the Institute on February 12, 2014. Having gained deep insights into the profession as a fellow member of the ICAI with more than 23 years of impeccable professional standing, he was the Vice President of the ICAI for the Council Year 2013-14. A creative and visionary yet realistic and tech savvy, he craves for inclusive as well as exclusive growth of Indian accountancy profession. He is the second person from Karnataka to occupy this prestigious position.

Known for his altruism, openness to new ideas and dynamic and dedicated service to accountancy profession, he has always dazzled his fellow members with his deep and visionary understanding of Information Technology ever since 1990 when he started serving the profession with an inextinguishable youthful enthusiasm. A trusted and credible leader, liked for his strong values, high integrity, conscientious, and empowering style while serving the profession in various capacities, he is widely known for his pioneering and far-reaching initiatives of webcasting, e-learning and ICAI Web TV. A man driven by high level of passion for excellence, he specialises in Taxation, Business and Technology Consulting. Sociable, friendly, warm, supportive and approachable, CA. K Raghu is also widely respected as an inspirational motivator.

An illustrious and versatile professional, CA. K Raghu represents the ICAI in the Board of Insurance Regulatory and Development Authority (IRDA), besides being the Chairman of XBRL India. He has also represented ICAI in 'High Level Steering Committee for Implementation of XBRL based Data Submissions by Banks'. He is also the Chairman of the Accounting Research Foundation (ARF) of ICAI. He has also been the member of the Task Force in the Ministry of Corporate Affairs in regard to the Plan Budget of the Ministry for the 12th Five Year Plan and also represented the ICAI in the 'Advisory Committee on Mutual Funds' of Security and Exchange Board of India.

A native of Bangalore, CA. K. Raghu began his long and fruitful journey in the Central Council of the ICAI with his election to this supreme body of accountancy profession in 2007 to which he was again re-elected in 2010 and then again for a third term in 2012. Demonstrating the trust bestowed in him by the members, he has every time been elected to Central Council with highly impressive victory margins. A multi-dimensional professional, he has watched the nitty-gritty and intricacies of the profession from very close quarters ever since as a child as he belongs to a family of Chartered Accountants with his father CA. K R Kumar having been the Chairman of the SIRC of the ICAI in the past. A commerce graduate from the University of Bangalore and a student of St. Joseph's College of Commerce, CA. K. Raghu qualified as a Chartered Accountant in 1990 and practises in Bangalore.

CA. K Raghu has shown his professional skills and acumen in all tasks and responsibilities assigned to him both at national as well as international level. In the Central Council of the Institute, he has been pro-actively involved in the functioning of the ICAI in various capacities, viz. as Chairman, Vice-Chairman and member of its various Committees. As the ICAI President in charge for shaping the profession this year, he is now the chairman of all the standing committees of the ICAI viz. Examination Committee, Finance Committee and Executive Committee besides being Presiding Officer of the Board of Discipline (Under Section 21-A), Disciplinary Committee (Under Section 21-B) and Chairman Disciplinary Committee (under section 21D). He is also the ex-officio Member in all the Non-Standing Committees of ICAI and Editor of *The Chartered Accountant*. As the Vice President of the ICAI, he was the Vice-Chairman of all the Standing Committees of the ICAI, the Member ex-officio in all Non-Standing Committees of the ICAI and Joint Editor of *The Chartered Accountant* journal.

He played a distinguished role as a member of the Executive Committee of the ICAI in his first year in the Council in 2007-2008. He outstandingly served as the Chairman CPE Committee in 2008-09, and as Chairman of the IT Committee, and Peer Review Board in 2009-10. He proactively worked as Member Disciplinary Committee in 2010-11. He also won accolades of the profession as the Chairman of CMII, during which tenure he is particularly known for launch of ICAI Web TV (www.icaivt.com) and launch of ICAI Connect – Membership Revival Campaign. He was also a Vice Chairman of the Peer Review Board in 2011-12. He also served as Chairman Ethical Standards Board (ESB) and Vice Chairman of Financial Reporting Review Board in Council Year 2012-13.

He has also particularly left an indelible mark in the service of the profession as a member of the Accounting Standards Board, Auditing and Assurance Standards Board, Corporate Governance Committee, Professional Development Committee, Public Finance Committee, Management Accounting Committee, Editorial Board, Financial Markets and Investor Protection Committee, International Trade Laws and WTO Committee, Committee for Capacity Building of CA Firms and Small and Medium Practitioners and International Affairs Committee before taking over as Vice President.

Known for his technology driven initiatives for ICAI as a partner in nation building, CA. K. Raghu had earlier been elected to the Membership Development Committee of XBRL International and also appointed as Director of XBRL India (Section 25 Company) as a nominee of ICAI to promote the use of XBRL (Extensible Business Reporting Language) in India. He had also been nominated as ICAI representative on the MCA 21 Stakeholders Committee constituted by Ministry of Corporate Affairs for ensuring continuous improvement in service delivery under MCA 21.

Also acknowledged for his international outlook and drive to promote brand 'Indian CA' globally, he has also put forward Indian accountancy profession's views in various meetings and programmes of IFAC, SAFA, Confederation of Asian and Pacific Accountants (CAPA) and many other international bodies. He was nominated as the Mentor for the New York Chapter of the Institute of Chartered Accountants of India for the year 2008-09.

As an avid academic and an orator of excellence, CA. K. Raghu has attended and contributed to numerous national and international seminars and conferences on the issues of professional interest, commendably demonstrating his passion for the profession and its core concerns.

Before his elevation to the Central Council, he had recorded his magnetic presence in the Southern India Regional Council of the Institute as its Chairman during 2003-04. He has served as the Vice Chairman and Secretary of the SIRC in its Golden Jubilee Year during which the SIRC was adjudged as the 'Best Regional Council' of the Institute. During 1996-97, he was the Chairman of the Bangalore Branch of SIRC of ICAI during which the Branch was adjudged the Most Active Branch of the Region. He also served as the Secretary and Vice-Chairman of the Branch and was the Chairman of the Southern India Chartered Accountants Students Association during 1991-92.

Besides professional domain, he has also been involved in societal and economic causes all through these years. During 1997-98, he was the Chairman of the Economic Affairs Committee of the Federation of Karnataka Chambers of Commerce and Industry, Bangalore. He was also appointed as the Member of the Managing Committee of Bangalore Chamber of Industry and Commerce (BCIC) for the year 2013-14. He is a life member of the Bombay Chartered Accountants Society, Karnataka State Chartered Accountants Association and Bangalore Management Association. He has recently been nominated as a member of the RBI Regional Monitoring Committee of NBFC's for Karnataka State.

Having a penchant and inclination for social service, CA. K Raghu is also an active Rotarian. He was the President of Rotary Club of Bangalore Peenya (RI District 3190) during 2002-03 and was awarded the "Best President Award" by RI District 3190 for conducting the 6th Mega Jaipur Foot Camp where more than 2350 patients were provided with artificial foot, calipers, crutches and wheel chairs free of cost. He is also a Paul Harris fellow of Rotary Foundation of Rotary International.

His motto for the year 2014-15 is: '**Moving Towards New Frontiers**'.

Our New Vice-President



CA. Manoj Fadnis
Vice-President, ICAI

A blend of erudition, experience, foresight, technical expertise and professional excellence worth emulating, **CA. Manoj Fadnis** has been elected as the Vice-President of the Institute on of Chartered

Accountants of India (ICAI) on February 12, 2014 for the term 2014-15. A fellow member of the ICAI with 27 years of standing, he was elected as the Vice-President by the 22nd Council of the Institute. An altruistic hard-worker bestowed with exceptional organisational, networking, administrative and leadership skills, he has been serving as a Central Council member since 2001, for five consecutive terms. An illustrious and versatile accountancy professional, he passed his B.Com. from Indore University and qualified as a Chartered Accountant in January 1987. He has been in practice ever since. Known for his passion for professional upliftment, he also holds Diploma in Information Systems Audit (DISA).

A seasoned professional, he was elected to the Managing Committee of Indore Branch for the term 1992-95 and later elected as Chairman of the Branch in 1994-95. He was also elected to the Central India Regional Council for the term 1995-98 and was later elected as Chairman in 1997-98.

During his illustrious inning in ICAI Council ever since 2001, CA. Manoj Fadnis has made noteworthy contributions in whatever capacity he served the profession, particularly as the Chairman of various important Committees/ Board like Board of

Studies, Direct Taxes Committee, Committee on Economic, Commercial Laws & WTO and Accounting Standards Board (ASB), etc. He was also on various Standing Committees of the Institute like Disciplinary and the Examination Committees. As Chairman of the ASB, he has been widely credited with the formulation of the Indian Accounting Standards converged with the International Financial Reporting Standards, which were eventually notified in February 2011.

Having also passionately represented Indian accountancy profession on the international front, he had been ICAI nominee in the meetings of the National Standard Setters and the World Standard Setters, Asia Oceanea Standard Setters Group and Emerging Economies Group.

An outstanding facilitator of ICAI and accountancy profession as a leading partner in nation building, he has been nominated on the board of public companies by the Ministry of Corporate Affairs. He is also on the board of listed companies as independent director, besides being on the board of Directors of Indore Management Association. He was nominated as Director on the Board of State Bank of Indore from 2002 to 2005 besides having been nominated on the Audit Board of M.P. Co-operative Board, Bhopal.

A prolific writer and ace speaker, his articles have been published in various magazines including *The Chartered Accountant*. He has also been the visiting faculty in management colleges for the subjects related to the profession.

Our New Chairman



C.A. M. Devaraja
Reddy
Chairman,
Board of Studies

Born on 1st day of August, 1961 as elder son of Shri M. Krishnareddy and Subbalakshamma at Cheenepalli village, K.V. Palli Mandal, Chittoor District – Andhra Pradesh. He studied up to 7th class in his native

village – Cheenepalli. There after he got selected in Andhra Pradesh Residential School Competitive Examination and studied from 8th to 10th class at Kodiganahalli near Hindupur of Ananthapur District. In his School days he was associated with NCC, NSS, Bharath Scout, etc. He studied intermediate with BPC at S.V. Junior College – Tirupati. He was Graduated in Commerce from Pragati Maha Vidyalaya Abids Hyderabad affiliated to Osmania University, Hyderabad.

He did his articleship from V S Narayan & Co. Boggula Kunta -Hyderabad. He qualified CA examination in Nov 1987 and thereafter he started independent professional practice under the name of DEVA & Co. Chartered Accountants in Hyderabad. Before starting his practice he associated with B N & Co. Chartered Accountants and Kalyandas & Co. Hyderabad. He is an active member in Indo-Pakistan Cultural Society and Federation of Andhra Pradesh Chamber of Commerce & Industry. He travelled extensively to Singapore, Malaysia, Srilanka, Egypt, Turkey and Bahrain. He got elected with highest votes at Hyderabad branch in 1994 and he was the Secretary in 1994, Vice chairman in 1995 and Chairman in 1996 of Hyderabad Branch.

He was a Member of SIRC for the terms 2004-07 and 2007-10. He held the post of Secretary during the 2005, Vice-Chairman during the year 2008-2009 and was Chairman of SIRC during the year 2009-10. He was elected to the Central Council of ICAI for the terms 2010-13 and 2013-2016. During the year 2010-2011 he was Member of Executive Committee, Vice Chairman of Direct Taxes Committee. During the year 2011-2012, he was Member of Examination Committee, Board of Disciplinary Committee, Vice Chairman of International Taxation Committee and Committee for Members in Entrepreneurship & Public Services. During the year 2012-2013, he was Chairman of Continuing Professional Education Committee, Member of Disciplinary Committee, Vice Chairman of Committee for Members in Entrepreneurship & Public Services. During all these years he was member of various non standing committees. Currently he is Chairman, Board of Studies, Chairman of Peer Review Board and Committee for Members in Entrepreneurship & Public Services and also Member of Auditing & Assurance Standards Boards, Continuing Professional Education Committee, Direct Taxes Committee, Editorial Board, Ind AS (IFRS) Implementation Committee, Committee on Information Technology, International affairs Committee, Committee for Members in Industry, Professional Development Committee and Committee on Accounting standards for local bodies.

Our New Vice-Chairman



CA. Prafulla Chhajed
Vice-Chairman,
Board of Studies

CA. Prafulla Chhajed is the new Vice-Chairman of Board of Studies for the term 2014-15. He is practicing Chartered Accountant with more than 20 years of professional experience. His

continuous stress is on providing better learning facilities for the students.

Academic Background: CA. Prafulla Chhajed is a fellow member of The Institute of Chartered Accountants of India. He had completed his articleship training under CA. Bansi S. Mehta. He is a commerce graduate from University of Pune and completed his LL.B. (Gen) from Government Law College Mumbai.

Positions held in the ICAI: CA. Prafulla Chhajed is an elected Central Council member of ICAI from Western region. Presently he is the Chairman of 'Young Members Empowerment Committee' of ICAI, which is constituted for the first time. He is also a member of various committees such as CPE, Internal Audit Standards Board, International Affairs Committee, Research Committee, Peer Review Board, Committee for Capacity Building of CA firms and Small & Medium Practitioners, Committee on Management Accounting, Committee on Accounting Standards for Local Bodies, Strategic and Perspective Planning Committee and Women Member's Empowerment Committee.

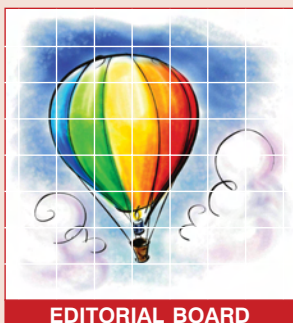
In the year 2013-14 he served on various committees such as Vice- Chairman of Members in Industry Committee, Vice-Chairman of Economic, Commercial Laws & WTO Committee. He was also member of Executive Committee.

He also represented ICAI as member of Professional Accountants in Business Committee of South Asian Federation of Accountants (SAFA).

Before being elevated to Central Council, he had been the Chairman of WIRC (2007-08), for that year WIRC was awarded as Best Regional Council. He had also been the Chairman of WICASA (2002-03), during his tenure WICASA was awarded as Best Student Association for the first time on All India Basis.

Other Achievements: He is active member of Banking & Finance Committee of Indian Merchant Chambers. He was appointed as member of Regional advisory committee, Western region of Company Law Department. He regularly appears as guest speaker on Star Mazza, IBN Lokmat and CNBC Awaz.

For the past ten years he is contributing a column 'Paisa Zala Motha' in well known Marathi daily 'Maharashtra Times'. He is also member of RVG Alumni Association and Life member of 'Hariyali', a NGO dedicated for the cause of preserving green environment.



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CA. Manoj Fadnis, Indore

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Director – Board of Studies

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Editorial Support

Prem Bhutani, Deputy Director

K. Sudhakaran, Assistant Director

Dr. Ruchi Gupta, Senior Executive Officer

Office

Board of Studies

The Institute of Chartered Accountants of India,

ICAI Bhawan, A-29, Sector-62, Noida-201 309.

Phone : 0120-3045938

Correspondence with regard to subscription,
advertising and writing articles

Email : writesj@icai.in

Non-receipt of Students' Journal

Email : nosj@icai.in

Head Office

The Institute of Chartered Accountants of India,

ICAI Bhawan, Indraprastha Marg, New Delhi-110 104.

http://www.icai.org

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Interim Union Budget, 2014-15 – An Overview of Indirect Tax Proposals

As the country goes to polls in coming months, Mr. P. Chidambaram, the Finance Minister of India, unveiled on 17.02.2014, the Interim Union Budget 2014-15 along with a vote-on account to seek Parliament's sanction for spending till July.

An interim budget is generally presented by an outgoing government to primarily run its affairs till a new government assumes office and Parliament passes a full budget. Like a regular budget, an interim budget also comprises of statement of estimated receipts and expenditure of the government for a fiscal year. However, it does not usually contain significant tax proposals. The outgoing government normally refrains from announcing major policy changes in the interim budget as the same may not be in line with the economic agenda of the new government. Keeping with the tradition, the Finance Minister did not tinker with direct taxes but announced few tax proposals relating to indirect taxes. The significant highlights of the Interim Union Budget, 2014-15 relating to service tax, excise and customs duties are given hereunder:

SERVICE TAX

Stem cell banking exempt from service tax

Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation have been exempted from payment of service tax by inserting Entry No. 2A in Mega Exemption Notification No. 25/2012 ST dated 20.06.2012. Therefore, services provided by cord blood banks, such as collection of umbilical cord blood, processing the same for segregation of stem cells, testing and cryo-preservation of stem cells will be exempt from levy of service tax.

Though these services were not taxable prior to negative list regime, their taxability was not so clearly spelt out in the new dispensation. At the time when cord blood is being widely used to save lives and is being researched as potential treatment for diseases that currently have no cure, exempting stem cell banking from service tax is definitely a step in the right direction.

[Notification No. 4/2014 ST dated 17.02.2014]

Loading, unloading, packing, storage/warehousing of rice exempt from service tax

Services by way of loading, unloading, packing, storage or warehousing of rice have been exempted

from payment of service tax by inserting Entry No. 40 in Mega Exemption Notification No. 25/2012 ST dated 20.06.2012 vide Notification No. 4/2014 ST dated 17.02.2014.

Till June 30, 2012, such services in relation to rice were exempt from service tax since rice was classified as agricultural produce. Even w.e.f 01.07.2012, services by way of loading, unloading, packing, storage or warehousing of agricultural produce were included in the negative list. However, it was clarified by the Finance Ministry that under the new definition of agricultural produce as contained in section 65B(5) of Finance Act, 1994, paddy would be an agricultural produce but not rice since it is processed and de-husked in a mill. This made loading, unloading, packing, storage or warehousing of rice liable to service tax @ 12.36%.

Acknowledging that the "distinction (between paddy and rice) is somewhat artificial", Finance Minister has exempted loading, unloading, packing, storage or warehousing of rice from service tax. However, since the exemption has been granted w.e.f. 17.02.2014, such services would be liable to service tax during the period between 01.07.2012 and 16.02.2014. Probably, a notification would be issued under section 11C of the Central Excise Act, 1944 to exempt such services during the period in question. Further, it is important to note that though services by way of loading/unloading/packing/storage/warehousing of rice have been exempted, rice has still not been classified as agricultural produce.

It has also been clarified vide Circular No. 177/3/2014 ST dated 17.02.2014 that transport of rice by rail, vessel or a goods transport agency is already exempted under Notification No. 25/2012 ST as foodstuff includes rice. Further, milling of paddy is also exempted vide the same notification as an intermediate production process in relation to agriculture.

Though the above exemptions and clarificatory circular have ensured that loading, unloading, packing, storage/warehousing and transport of rice and milling of paddy are not subjected to service tax, not classifying rice as agricultural produce has lead to an unintended anomaly. Services by way of construction, erection, commissioning, or installation of original works pertaining to post-

harvest storage infrastructure for **agricultural produce** including a cold storage for such purposes are exempted vide Sl. No. 14 (d) of *Notification No. 25/2012 ST*. However, since rice is not an agricultural produce, construction of warehouses for storage of rice will not be exempted, which does not seem to be the intent of the legislature. This needs to be rectified soon.

EXCISE DUTY

Notification No. 4/2014 CE dated 17.02.2014 has been issued to bring in to effect the changes in excise duty rates announced in the Interim-Budget speech by the Finance Minister. The following amendments made vide the said notification have become effective from 17.02.2014 and will remain valid till 30.06.2014:

- (i) To give a fillip to capital goods and consumer non-durables, general excise duty on all machinery & equipment, appliances (washing machine, air conditioner, refrigerators, computers, colour televisions, LCD, microwave oven etc.) and parts thereof falling under Chapters 84 and 85 of the Central Excise Tariff has been reduced from 12% to 10%.
- (ii) In order to provide the much needed relief to the sagging automobile sector and to boost consumer demand, excise duty has been reduced in the following manner:

Type of automobile	Old rate	New rate
small cars, motor cycles, scooters, commercial vehicles and trailers	12%	8%
SUVs	30%	24%
Large segment cars	27%	24%
Mid segment cars	24%	20%

Excise duty on chassis has also been reduced appropriately in sync with the duty reduction on commercial vehicles.

- (iii) Hitherto, mobile handsets with retail sale price (RSP) up to Rs.2,000 were liable to 1% excise duty and mobile handsets with RSP above Rs.2,000 were liable to 6% excise duty. With a view to encourage declining domestic production of mobile handsets and reduce increasing dependence on imports, rates of excise duty for all categories of mobile handsets have been restructured. The new excise duty rates for **all** mobile handsets are 1% without CENVAT credit and 6% with CENVAT credit. The move to levy a uniform excise duty on mobile handsets across

price bands will adversely affect entry-level phones (having RSP up to Rs.2,000) which were earlier chargeable to 1% excise duty but will now be liable to 6% duty (with CENVAT credit). This may add to the burden of consumers of low-end phones.

CUSTOMS DUTY

Following changes in rates of custom duties have been made vide *Notification No. 5/2014 Cus. dated 17.02.2014*:

- (i) CVD exemption available on specified road construction machinery has been withdrawn.
- (ii) Basic customs duty structure on non-edible grade industrial oils and its fractions, palm stearin, fatty acids and fatty alcohols has been pegged at 7.5 per cent to encourage domestic production of soaps and oleo chemicals.
- (iii) LNG imported for being consumed in the authorized operations in the ONGC SEZ unit at Dahej and the remnant LNG cleared into the domestic tariff area (DTA) have been exempted from basic customs duty and CVD.
- (iv) Human embryo has been fully exempted from customs duty.
- (v) Full exemption from customs duty on pulses valid till 31.03.2014 has been extended by another 6 months i.e. up to 30.09.2014.

All the above changes have become effective from 17.02.2014.

Further, a concessional basic customs duty of 5% [CVD (Nil) + SAD (Nil)] has been provided on capital goods imported by Bank Note Paper Mill India Private Limited to encourage indigenous production of security paper for printing currency notes. The exemption is valid up to 31.12.2014 [*Notification Nos. 5 and 6/2014 Cus dated 17.02.2014*].

It was in his budget speech of year 2007-08, when Mr. P. Chidambaram, the then Union Finance Minister, had announced that Goods and Service Tax would be introduced from April 1, 2010. Now in the year 2014-15, when GST has missed many deadlines and still seems to be a distant dream, the Finance Minister has vocally expressed his disappointment in his Interim Budget speech and appealed to all the political parties to resolve to pass the GST laws in 2014-15. We can only hope that the new Government succeeds in removing all the roadblocks and the GST dream soon turns into reality.

(Contributed by CA. Smita Mishra, BoS)

Accounting

Applicability of Paragraph 46 of AS 11 ‘The Effects of Changes in Foreign Exchange Rates’ to Entities other than Companies

After considering the proposal for providing the option available to the companies under paragraphs 46 and 46A of AS 11* notified by the Ministry of Corporate Affairs to those entities to which the Accounting Standards notified under Companies Act, 1956 are not applicable, the Council of the ICAI has recently decided that the options available under paragraphs 46 and 46A of AS 11 notified by the Central Government be also made available to the aforementioned entities.

It has been decided* that paragraphs 46 and 46A introduced in AS 11(modified from time to time), as applicable to companies, shall be deemed to be introduced in AS 11 issued by ICAI for entities to which the Companies Act is not applicable with effect from the accounting periods as follows:

“In respect of accounting periods commencing on or after the 7th December 2006, (such option to be irrevocable and to be applied to all such foreign currency monetary items), the exchange differences arising on reporting of long-term foreign currency monetary items[£] at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and should be depreciated over the balance life of the asset, and in other cases, can be accumulated in a “Foreign Currency Monetary Item Translation Difference Account” in the enterprise’s financial statements and amortized over the balance period of such long term asset or liability, by recognition as income or expense in each of such periods, with the exception of exchange differences dealt with in accordance with the provisions of paragraph 15 of the Standard”.

Provided that the option exercised by the enterprise should disclose the fact of such option and of the amount remaining to be amortized in the financial statements of the period in which such option is exercised and in every subsequent period so long as any exchange difference remains unamortized.”

For more details visit <http://220.227.161.86/32364asb22277.pdf>

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* The Ministry of Corporate Affairs, Government of India had inserted paragraph 46 by notification dated 31st March, 2009 which was subsequently modified in 2011 by notification dated May 11, 2011 and notification dated 29th December, 2011 and paragraph 46A in AS 11, inserted by notification dated 29th December, 2011, after paragraph 45 of AS 11 notified under the Companies (Accounting Standards) Rules, 2006. It may be noted that this paragraph was earlier relevant to companies only.

• Vide announcement dated 13 February, 2014.

£ An asset or liability should be designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability.

Auditing

Tax Audit Limit Increased From 45 to 60 for audits conducted during the financial year 2014-15 and onwards. - (11-02-2014)

In view of the enhancement of professional competence of members to perform quality services in an IT-enabled environment, the Council of the Institute at its 331st meeting held from 10th to 12th February, 2014 has decided to increase the “specified number of tax audit assignments” for practicing Chartered Accountants, as an individual or as a partner in a firm, from 45 to 60. The said limit will be effective for the audits conducted during the financial year 2014-15 and onwards. Accordingly, the Council Guidelines No.1-CA(7)/02/2008, dated 8th August, 2008 stands amended **from 1.4.2014** as under:-

In the Council General Guidelines, 2008, the Council Guidelines No.1-CA(7)/02/2008, dated 8th August, 2008, in Chapter VI “Tax Audit assignments under Section 44AB of the Income-tax Act, 1961”, in Explanation given in Para 6.1, in sub-para(a) and sub-para(b), the figure “45” be substituted with the figure “60”.

For more details visit http://www.icai.org/post.html?post_id=10354

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Legal Decisions – Indirect Tax Laws

Central Excise

1. How will a cream which is available across the counters as also on prescription of dermatologists for treating dry skin conditions, be classified if it has subsidiary pharmaceutical contents - as medicament or as cosmetics?

CCEx. v. Ciens Laboratories 2013 (295) ELT 3 (SC)

Facts of the case: The assessee manufactured a cream called as 'Moisturex' which was prescribed by dermatologists for treating dry skin conditions. However, the same was also available in chemist or pharmaceutical shops without prescription of a medical practitioner. The pharmaceutical content of the cream included urea (10%), lactic acid (10%) and propylene glycol (10%). The assessee classified the cream as medicament under Heading 30.03 of the Central Excise Tariff.

Point of dispute: The Department contended that the product 'Moisturex' is mainly used for **care** of the skin and thus, the same ought to be classified as cosmetic or toilet preparations under Heading 33.04. It was further contended that even if such cosmetic products contained certain subsidiary pharmaceutical contents or even if they had certain subsidiary curative or prophylactic value, still, they would be treated as cosmetics only. It was also contended that since the product can be purchased without prescription of a medical practitioner, it could not be a medicament.

The assessee on the other hand contended that the very presence of pharmaceutical substances changes the identity of the product since such constituents are not used for **care** of the skin, but for **cure** of certain diseases relating to skin.

Observations of the Court: The Apex Court observed that the cream was not primarily intended to protect the skin but was meant for treating or curing dry skin conditions of the human skin. The Apex Court stated that presence of pharmaceutical ingredients in the cream show that it is used for prophylactic and therapeutic purposes.

The Supreme Court made the following further significant observations:

- (i) When a product contains pharmaceutical ingredients that have therapeutic or prophylactic or curative properties, the proportion of such ingredients is not invariably the decisive factor in classification. The relevant factor is the curative attributes of such ingredients that render the product a medicament and not a cosmetic.

- (ii) Though a product is sold without a prescription of a medical practitioner, it does not lead to the immediate conclusion that all products that are sold over / across the counter are cosmetics. There are several products that are sold over-the-counter and are yet, medicaments.
- (iii) Prior to adjudicating upon whether a product is a medicament or not, it ought to be seen as to how do the people who actually use the product, understand it to be. If a product's primary function is "**care**" and not "**cure**", it is not a medicament. Medicinal products are used to treat or cure some medical condition whereas cosmetic products are used in enhancing or improving a person's appearance or beauty.
- (iv) A product that is used mainly in curing or treating ailments or diseases and contains curative ingredients, even in small quantities, is to be treated as a medicament.

Decision: The Supreme Court held that owing to the pharmaceutical constituents present in the cream 'Moisturex' and its use for the cure of certain skin diseases, the same would be classifiable as a medicament under Heading 30.03.

Note: The classification discussed in the above-mentioned case relates to the old Central Excise Tariff. However, the ratio of the judgment will hold good under the current Central Excise Tariff as well.

2. Can CENVAT credit be availed on machineries purchased for being used in setting up a sugar plant in foreign country when (i) the same are not used in the factory premises and (ii) no duty is paid on final product viz., the sugar plant?

KCP Ltd. v. CCEx. 2013 (295) ELT 353 (SC)

Facts of the case: The assessee was a manufacturer of machinery for sugar and cement plants and parts thereof falling under Chapter 84 of the Central Excise Act, 1944. It entered into a contract for setting up a sugar manufacturing plant in Vietnam. For this purpose, the assessee manufactured certain machines in its own factory and also purchased certain other machinery from other dealers/manufacturers. Both the machineries (manufactured and bought-out) were then put in a container and transported to Vietnam for setting up the sugar plant.

Point of dispute: The assessee availed CENVAT credit on bought-out machinery describing them as eligible capital goods. The Department, however, contended that the bought-out machinery was not eligible capital goods as the

same had not been used by the assessee in its factory premises.

Observations of the Court: The Supreme Court observed that the objective of the scheme of CENVAT credit is to remove cascading effect of duty imposed on the final product. There are two basic conditions for availing CENVAT credit:

- (i) Duty must have been paid on inputs and such inputs must be used in manufacture of final product in the factory of the manufacturer,
- (ii) Excise duty must have been levied on final product.

The Supreme Court explained that if duty is not levied on the final product, question of grant of any relief would not arise as in that case there would not be any cascading effect on the duty imposed on inputs.

The Supreme Court pointed out that since the sugar plant was set up in Vietnam, it could not be said that the plant was manufactured in the factory of the assessee. Thus, no duty was paid by the assessee on the final product i.e., on sugar plant which had been set up in Vietnam. Therefore, there would not be any question of availing credit of the duty paid on the inputs.

The Supreme Court further observed that the bought-out machinery was not used by the assessee in the manufacture of the machinery (which had been transported along with bought-out machinery to Vietnam for setting up the sugar plant) as the same was not even unpacked or tested, and transported in exact condition along with machinery manufactured by the assessee. The assessee, therefore, merely acted as a trader or as an exporter in relation to the machinery purchased by it, which had been exported and used for setting up a sugar plant in a foreign country.

Decision: The Supreme Court held that CENVAT credit could not be allowed to the assessee as no duty was paid on sugar plant set up in a foreign country. Further, since the bought-out machinery was not used in the assessee's factory premises, the necessary condition for availing CENVAT credit on capital goods could not be fulfilled.

Note: Although the above-mentioned case is based on old MODVAT provisions, the principle enunciated therein will hold good in context of CENVAT Credit Rules, 2004 also. For the sake of simplicity and better understanding, the term MODVAT has been referred to as CENVAT wherever applicable.

3. Where clearances of a dubious company are clubbed with clearances of the original company, whether penalty can be imposed on

such dubious company if all the clearances have been made by the original company?

CCEx v Xenon 2013 (296) ELT 26 (Jhar.)

Facts of the case: In the instant case, the Department found that the assessee had set up a dubious company of another company to mis-utilize the benefits of SSI exemption notification. It was established that the dubious company did not manufacture and clear any goods and that all the transactions shown by it were, in fact, the transactions undertaken by the original company. Thus, the manufacture and clearances shown by the two units separately were clubbed together as manufacture and clearances of a single unit viz. original company in terms of the applicable SSI exemption notification and the differential duty and penalty was imposed on such original company. At the same time, penalty was also imposed on the dubious company.

Point of dispute: The issue which came up before the High Court was whether separate penalty could be levied on the dubious company, as the same was, in fact, a non-existent company. The Department contended that since there existed two companies, which had different registrations and availed separate SSI exemptions, the dubious company could not be said to be a non-existent company. Therefore, the said dubious company should also be liable to penalty for taking wrong benefits of the SSI exemption.

Observations of the Court: The High Court observed that merely because the dubious company was in existence, it could not be said that it undertook the transactions. Its existence could not itself create any liability; the liability could arise only when the transactions were actually undertaken by the dubious company. If the transactions shown by the dubious company were not undertaken by the same but by the original company, then such transactions would be taken to be the transactions of the original company and clubbed with the transactions of the original company.

Decision: The High Court held that when it had been established that dubious company did not undertake any transactions, penalty could not be levied on the same for the transactions undertaken by the original company. The High Court emphasized that penalty could not be imposed upon the company who did not undertake any transaction.

Note: Though the above-mentioned case relates to the old provisions of law, the ratio of the judgment will also hold good in the context of present position of law as applicable to SSI exemption.

Customs

4. Whether interest is liable to be paid on delayed refund of special CVD arising in pursuance of the exemption granted vide Notification No. 102/2007 Cus dated 14.09.2007?

KSJ Metal Impex (P) Ltd. v. Under Secretary (Cus.) M.F. (D.R.) 2013 (294) ELT 211 (Mad.)

Facts of the case: Section 3(5) of the Customs Tariff Act, 1975 (CETA) provides for levy of special additional duty (special CVD) in addition to duty leviable under section 3(1) of the CETA to counterbalance sales tax, value added tax, local tax or any other charges. *Notification No. 102/2007 Cus dated 14.09.2007*, issued under section 25(1) of the Customs Act, 1962, grants exemption in respect of such special CVD subject to certain conditions. The exemption under the said notification is being granted by way of refund of the special CVD. In other words, exemption is not given *ab initio* but duty has to be paid first and thereafter, refund for the same needs to be claimed.

The assessee paid the special CVD and applied for the refund of the same under section 27 of the Customs Act, 1962 along with interest in pursuance of the above-mentioned notification. The Department, however, rejected the assessee's claim for the interest in view of paragraph 4.3 of *CBEC Circular No. 6/2008 Cus. dated 28.04.2008* which stipulated that interest could not be granted as *Notification No. 102/2007-Cus.* did not have any specific provision for payment of the same on refund of duty. The Department was of the view that since such refund of special CVD was an automatic refund by virtue of *Notification No. 102/2007 Cus.* it could not be considered as a refund under section 27 of the Customs Act, 1962 so as to claim interest under section 27A of the Customs Act, 1962.

Observations of the Court: The High Court was of the view that paragraph 4.3 of *Circular No. 6/2008 Cus* was totally inconsistent with the provisions of the Customs Act, 1962 and the CETA. The High Court observed that grant of exemption under section 25(1) of the Customs Act, 1962 is an independent exercise of power by the Central Government. *Notification No. 102/2007 Cus.*, issued in exercise of such powers, provides exemption by way of refund of special CVD and imposes certain conditions for seeking refund. However, the procedure for such refund will be governed in terms of section 3(8) of the CETA. Therefore, provisions of section 27 of the Customs Act, 1962 in relation to refund of duty [made applicable to refund of special CVD vide section 3(8) of CETA] would be applicable to such refund of special CVD also.

The High Court further stated that a conjoint reading of section 25(1) and section 27 of the

Customs Act makes it clear that the refund application of special CVD should only be filed in accordance with the procedure specified under section 27 of the Customs Act, 1962 and that there is no method prescribed under section 25 of the Customs Act, 1962 to file an application for refund of duty or interest.

Decision: The High Court, therefore, held that :

- (i) It would be a misconception of the provisions of the Customs Act, 1962 to state that notification issued under section 25 of the Customs Act, 1962 does not have any specific provision for interest on delayed payment of refund.
- (ii) When section 27 of the Customs Act, 1962 provides for refund of duty and section 27A of the Customs Act, 1962 provides for interest on delayed refunds, the Department cannot override the said provisions by a Circular and deny the right which is granted by the provisions of the Customs Act, 1962 and CETA.
- (iii) Paragraph 4.3 of the *Circular No. 6/2008 Cus. dated 28.04.2008* being contrary to the statute has to be struck down as bad.

Note: This case clarifies that refund of special CVD arising as a result of exemption granted by way of exemption notification is governed under section 27 of the Customs Act, 1962 and thus, the provisions relating to payment of interest on delayed refund of duty as contained in section 27A of the Customs Act also become applicable in respect of delayed refunds of special CVD which is granted to give effect to the exemption contained in an exemption notification. Thus, it appears that the provisions applicable to normal refunds of duty/tax may apply to refunds of duty/tax arising as a result of exemption granted by way of exemption notifications as well.

5. Can penalty for short-landing of goods be imposed on the steamer agent of a vessel if he files the Import General Manifest, deals with the goods at different stages of shipment and conducts all affairs in compliance with the provisions of the Customs Act, 1962?

Caravel Logistics Pvt. Ltd. v. Joint Secretary (RA) 2013 (293) ELT 342 (Mad.)

Facts of the case: In the instant case, the steamer agent (assessee) authored Import General Manifest and acted on behalf of the master of the vessel (the person-in-charge) before Customs Authorities to conduct all affairs in compliance with the Customs Act, 1962. The assessee filed Import General Manifest, affixed the seal on the containers and took charge of the sealed containers. It also dealt with the customs department for appropriate orders that had to be

passed in terms of section 42 of the Customs Act. Penalty under section 116 of the Customs Act was imposed by the Department on the steamer agent for short landing of goods.

Observations of the Court: The High Court noted that section 116 of the Act imposes a penalty on the **person-in-charge** of the conveyance *inter alia* for short-landing of the goods at the place of destination and if the deficiency is not accounted for to the satisfaction of the Customs Authorities. Section 2(31) defines “person-in-charge” to *inter alia* mean in relation to a vessel, the master of the vessel. Section 148 provides that the agent appointed by the person-in-charge of the conveyance and any person who represents himself to any officer of customs as an agent of any such person-in-charge is held to be liable for fulfillment in respect of the matter in question of all obligations imposed on such person-in-charge by or under this Act and to penalties and confiscation which may be incurred in respect of that matter.

The High Court observed that if assessee affixed seal on containers after stuffing and took their charge, he stepped into shoes of/acted on behalf of master of vessel, the person-in-charge.

Decision: The High Court held that conjoint reading of sections 2(31), 116 and 148 of Customs Act, 1962 makes it clear that in case of short-landing of goods, if penalty is to be imposed on person-in-charge of conveyance/vessel, it can also be imposed on the agent appointed by him. Hence, duly appointed steamer agent of a vessel, would be liable to penalty. However, steamer agent, if innocent, could work out his remedy against the shipper for short-landing.

The High Court also clarified that in view of section 42 under which no conveyance can leave without written order, there is an automatic penalty for not accounting of goods which have been shown as loaded on vessel in terms of Import General Manifest. There is no requirement of proving *mens rea* on part of person-in-charge of conveyance to fall within the mischief of section 116 of the Customs Act.

Note: Steamer agent is a person who undertakes, either directly or indirectly,-

- (i) *to perform any service in connection with the ship's husbandry or dispatch including the rendering of administrative work related thereto; or*
- (ii) *to book, advertise or canvass for cargo for or on behalf of a shipping line; or*
- (iii) *to provide container feeder services for or on behalf of a shipping line.*

The statutory provisions discussed in the case law are given hereunder:

Section 42 - No conveyance to leave without written order:

- (1) *The person-in-charge of a conveyance which has brought any imported goods or has loaded any export goods at a customs station shall not cause or permit the conveyance to depart from that customs station until a written order to that effect has been given by the proper officer.*
- (2) *No such order shall be given until –*
 - (a) *the person-in-charge of the conveyance has answered the questions put to him under section 38;*
 - (b) *the provisions of section 41 have been complied with;*
 - (c) *the shipping bills or bills of export, the bills of trans-shipment, if any, and such other documents as the proper officer may require have been delivered to him;*
 - (d) *all duties leviable on any stores consumed in such conveyance, and all charges and penalties due in respect of such conveyance or from the person-in-charge thereof have been paid or the payment secured by such guarantee or deposit of such amount as the proper officer may direct;*
 - (e) *the person-in-charge of the conveyance has satisfied the proper officer that no penalty is leviable on him under section 116 or the payment of any penalty that may be levied upon him under that section has been secured by such guarantee or deposit of such amount as the proper officer may direct;*
 - (f) *in any case where any export goods have been loaded without payment of export duty or in contravention of any provision of this Act or any other law for the time being in force relating to export of goods,*
 - (i) *such goods have been unloaded, or*
 - (ii) *where the Assistant Commissioner of Customs or Deputy Commissioner of Customs is satisfied that it is not practicable to unload such goods, the person-in-charge of the conveyance has given an undertaking, secured by such guarantee or deposit of such amount as the proper officer may direct, for bringing back the goods to India.*

(Compiled by CA. Smita Mishra, BoS)

Legal Decisions – Income-tax

1. What is the nature of expenditure incurred on glow-sign boards displayed at dealer outlets - capital or revenue?

CIT v. Orient Ceramics and Industries Ltd. (2013) 358 ITR 49 (Delhi)

High Court's observations: On this issue, the Delhi High Court noted the following observations of the Punjab and Haryana High Court in *CIT v. Liberty Group Marketing Division [2009] 315 ITR 125*, while holding that such expenditure was revenue in nature -

- (i) The expenditure incurred by the assessee on glow sign boards does not bring into existence an asset or advantage for the enduring benefit of the business, which is attributable to the capital.
- (ii) The glow sign board is not an asset of permanent nature. It has a short life.
- (iii) The materials used in the glow sign boards decay with the effect of weather. Therefore, it requires frequent replacement. Consequently, the assessee has to incur expenditure on glow sign boards regularly in almost each year.
- (iv) The assessee incurred expenditure on the glow sign boards with the object of facilitating the business operation and not with the object of acquiring asset of enduring nature.

High Court's decision: The Delhi High Court concurred with the above observations of the P & H High Court and held that such expenditure on glow sign boards displayed at dealer outlets was revenue in nature.

2. What is the eligible rate of depreciation in respect of computer accessories and peripherals under the Income-tax Act, 1961?

CIT v. BSES Yamuna Powers Ltd (2013) 358 ITR 47 (Delhi)

Assessee's contention vs. Department's contention: The assessee claimed depreciation on computer accessories and peripherals at the rate of 60%, being the eligible rate of depreciation on computers including computer software. However, the Revenue contended that computer accessories and peripherals cannot be treated at par with computers and computer software, and hence were eligible for depreciation at the general rate applicable to plant and machinery, i.e., 15%.

High Court's decision: The High Court observed that computer accessories and peripherals such as printers, scanners and server etc. form an integral part of the computer system and they cannot be used without the computer. Consequently, the High Court held that since they are part of the computer system, they would be eligible for depreciation at the higher rate of 60% applicable to computers including computer software.

Note - The Delhi High Court, in *CIT v. Orient Ceramics and Industries Ltd. [2013] 358 ITR 0049*, following its own judgment in the above case, held that depreciation on UPS is allowable @ 60%, being the eligible rate of depreciation on computers including computer software, and not at the general rate of 15% applicable to plant and machinery.

3. Where the stamp duty value under section 50C has been adopted as the full value of consideration, can the reinvestment made in acquiring a residential property, which is in excess of the actual net sale consideration, be considered for the purpose of computation of exemption under section 54F, irrespective of the source of funds for such reinvestment?

Gouli Mahadevappa v. ITO (2013) 356 ITR 90 (Kar.)

Facts of the case: In the present case, the assessee sold a plot of land for Rs.20 lakhs and reinvested the sale consideration of Rs.20 lakhs together with agricultural income of Rs.4 lakhs, in construction of a residential house. The assessee claimed capital gains exemption under section 54F, taking into consideration the entire investment of Rs.24 lakhs. The Assessing Officer, applying the provisions of section 50C, deemed the stamp duty value of Rs.36 lakhs as the full value of consideration since the consideration received or accruing as a result of transfer of capital asset (i.e. Rs.20 lakhs) was less than the value adopted by the stamp valuation authority (i.e., Rs.36 lakhs). The same was not disputed by the assessee before the Assessing Officer.

Assessing Officer's contention vis-a-vis assessee's contention: The Assessing Officer allowed exemption under section 54F, taking into consideration investment in construction of residential house, to the extent of actual net consideration of Rs.20 lakhs. He did not consider the balance amount of Rs.4 lakhs, invested in the construction of residential house, out of

agricultural income, for computation of exemption under section 54F, even though the sale consideration adopted for the purpose of computation of capital gains i.e., stamp duty value of Rs.36 lakhs, was more than the amount of Rs.24 lakhs invested in the new house.

The assessee contended that the entire investment of Rs.24 lakhs made in construction of the residential house should be considered for computation of exemption under section 54F, irrespective of the source of funds for such reinvestment. Further, the assessee also contended before the High Court that the registration value adopted under section 50C was excessive and disproportionate to the market value of the property.

High Court's observations: On the issue of applicability of section 50C, the Karnataka High Court observed that section 50C(2) allows an opportunity to the assessee to contend, before the Assessing Officer, the correctness of the registration value fixed by the State Government. Had he done so, the assessing authority would have invoked the power of appointing a Valuation Officer for assessing the fair market value of the property. The High Court held that when the assessee had not disputed the registration value at that point of time, it is not permissible for the assessee to now contend, at this stage, that the registration value does not correspond to the market value. Hence, the value of Rs.36 lakhs adopted under section 50C has to be deemed as the full value of consideration.

High Court's decision: On the issue of exemption under section 54F, the High Court held that when capital gain is assessed on notional basis as per the provisions of section 50C, and the higher value i.e., the stamp duty value of Rs.36 lakhs under section 50C has been adopted as the full value of consideration, the entire amount of Rs.24 lakhs reinvested in the residential house within the prescribed period should be considered for the purpose of exemption under section 54F, irrespective of the source of funds for such reinvestment.

4. **Where a building, comprising of several floors, has been developed and re-constructed, would exemption under section 54/54F be available in respect of the cost of construction of -**
 - (i) **the new residential house (i.e., all independent floors handed over to the assessee); or**
 - (ii) **a single residential unit (i.e., only one independent floor)?**

CIT v. Gita Duggal (2013) 357 ITR 153 (Delhi)

Facts of the case: In the present case, the assessee was the owner of property comprising the basement, ground floor, first floor and second floor. In the year 2006, she entered into a collaboration agreement with a builder for developing the property. According to the terms of the agreement, the builder was to demolish the existing structure on the plot of land and develop, construct, and/or put up a building consisting of basement, ground floor, first floor, second floor and third floor with terrace at its own costs and expenses. The assessee handed over to the builder, the physical possession of the entire property, along with 22.5% undivided interest over the land. The handing over of the entire property was, however, only for the limited purpose of development. The builder was to get the third floor plus the undivided interest in the land to the extent of 22.5% for his exclusive enjoyment. In addition to the cost of construction incurred by the builder on development of the property, a further amount of Rs.4 crores was payable by the builder to the assessee as consideration against the rights of the assessee.

Assessee's contention vis-à-vis Assessing Officer's contention: The assessee, in her return of income, showed only Rs. 4 crore as sales consideration. The Assessing Officer, however, took the view that the sale consideration for the transfer should include not only the amount of Rs. 4 crores received by the assessee in cash, but also the cost of construction amounting to Rs. 3.44 crore incurred by the developer in respect of the other floors, which were handed over to the assessee.

The assessee contended that if the cost of construction incurred by the builder is to be added to the sale price, then, the same should also correspondingly be considered as reinvestment in the residential house for exemption under section 54.

However, the Assessing Officer rejected the claim for exemption under section 54 on the ground that the floors obtained by the assessee contained separate residential units having separate entrances and cannot qualify as a single residential unit. He contended that deduction under section 54F was allowable, and that too only in respect of cost of construction incurred in respect of one unit i.e., one floor.

Appellate authorities' views: The Commissioner (Appeals), on the basis of the judgment in *CIT v. D. Ananda Basappa [2009] 309 ITR 0329 (Kar.)*, took a contrary view. The Tribunal concurred with

the view of the Commissioner (Appeals), observing that the words “a residential house” appearing in section 54/54F of the Act cannot be construed to mean a single residential house since under section 13(2) of the General Clauses Act, “singular” includes “plural”.

High Court’s observations: The High Court observed that sections 54 and 54F use the expression “residential house” and not “residential unit” and it is the Assessing Officer who has introduced a new concept of “residential unit” into these sections. Sections 54 and 54F require the assessee to acquire a “residential house” and so long as the assessee acquires a building, which may be constructed, for the sake of convenience, in such a manner as to consist of several units which can, if the need arises, be conveniently and independently used as an independent residence, the requirement of the section should be taken to have been satisfied. There is nothing in these sections which requires the residential house to be constructed in a particular manner. The only requirement is that it should be for residential use and not for commercial use. The physical structuring of the new building, whether lateral or vertical, should not come in the way of considering the building as a residential house.

High Court’s decision: The High Court held that the fact that the residential house consists of several independent units cannot be permitted to act as an impediment to the allowance of the deduction under section 54 or section 54F. It is neither expressly nor by necessary implication prohibited. Therefore, the assessee is entitled to exemption of capital gains in respect of investment in the residential house, comprising of independent residential units handed over to the assessee.

5. Can the transmission, wheeling and SLDC charges paid by a company engaged in distribution and supply of electricity, under a service contract, to the transmission company be treated as fees for technical services so as to attract TDS provisions under section 194J or in the alternative, under 194C?

Ajmer Vidyut Vitran Nigam Ltd., In re (2013) 353 ITR 640 (AAR)

Facts of the case: In the present case, the applicant is a government company engaged in the business of distribution and supply of electricity to customers in various districts of Rajasthan. The activity of distribution is preceded by the production of electricity and its transmission from

the point of production to the point of distribution. The production is by the generating company, which is another entity and transmission to the applicant is through the transmission system network of the transmission company. The transmission company carries the electrical energy to the applicant at the distribution system network of the applicant. The applicant then distributes the energy to the end customers.

The transmission of electricity from the point of generation to the point of distribution of the applicant is termed as “wheeling”. The applicant pays transmission and wheeling charges for this wheeling, which it contends are statutory charges. The transmission company also functions as a State Load Dispatch Centre (SLDC), which is responsible for the general co-ordination of production and transmission of electricity to ensure uniform distribution in the State. The applicant pays to the transmission company, SLDC charges, which it claims as statutory in nature, since the levy is in terms of the Electricity Act, 2003.

Applicant’s contention: The applicant contended that the above charges were not in the nature of fees for technical services to attract TDS provisions under section 194J, on the following grounds –

- (i) The transmission does not involve rendering of any technical services nor were technically qualified staff of the transmission company involved in the transmission of electrical energy;
- (ii) The SLDC charges were also mere statutory charges and does not involve rendering of technical services;
- (iii) The payment of transmission, wheeling and SLDC charges were in the nature of reimbursement of actual cost and hence, do not generate any income in the hands of the transmission company.

Revenue’s contention: The Revenue, on the other hand, was of the view that the transmission of electrical energy from the point of generation to the point of distribution of the applicant involves rendering of technical services and consequently, the applicant was bound to withhold tax. The Revenue supported its view on the basis of the following contentions –

- (i) Transmission of electrical energy is a technical service and requires constant involvement of a technical system consisting

of sophisticated instruments, constant monitoring and supervision by persons with a technical ability and knowledge to operate and manage the system so as to ensure regular and consistent supply of electricity at the grid voltage at the distribution point of the applicant.

- (ii) As regards SLDC charges, the services rendered require the technical support and services of technically qualified staff and therefore they were technical services within the meaning of section 194J.
- (iii) The fact that the contract between both the parties is backed by a statutory obligation cannot alter the nature of services rendered.

AAR's observations: The AAR did not agree with the applicant's contention regarding transmission and wheeling charges not constituting fees for technical services on the ground that no rendering of technical services was involved for maintaining proper and regular transmission of electrical energy. It was also not in agreement with the applicant's argument that the services of technical personnel were not needed for ensuring due and proper transmission of electrical energy from the generation point to the distribution point. The AAR concurred with the Revenue's view that the personnel of the transmission company had to ensure regular and consistent transmission of electrical energy at the grid voltage at the distribution point of the applicant.

AAR's decision: The AAR, considering the definition of fees for technical services under section 9(1)(vii) and the process involved in proper transmission of electrical energy, held that transmission and wheeling charges paid by the applicant to the transmission company are in the nature of fees for technical services, in respect of which the applicant has to withhold tax thereon under section 194J.

As regards SLDC charges, the AAR opined that the main duty of the SLDC is to ensure integrated operation of the power system in the State for optimum scheduling and dispatch of electricity within the State. The SLDC charges paid appeared to be more of a supervisory charge with a duty to ensure just and proper generation and distribution in the State as a whole. Therefore, such services were not in the nature of technical service to the applicant; Resultantly, it does not attract TDS provisions under section 194J or under section 194C.

*(Compiled by CA. Priya Subramanian/
CA. Aparna Chauhan, BoS)*

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I, Vijay Kapur, Hereby declare that the particulars given above are true to the best of my knowledge and belief.

Sd/-

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Signature of Publisher

May, 2014 Intermediate (IPC) Examination Paper 4 – Taxation : Some Essentials for Preparation

In order to ensure clarity as regards the applicability of provisions of income-tax, service tax and VAT for May, 2014 Intermediate (IPC) Examination, as well as the BOS publications relevant for the said examination, the details regarding the same are briefed hereunder:

I. Applicability of Finance Act, Assessment Year etc. for May, 2014 Examination

- (1) The amendments made by the **Finance Act, 2013** in income-tax and service tax;
- (2) The provisions of income-tax law as applicable for the **assessment year 2014-15**;
- (3) The significant **notifications and circulars issued upto 31st October, 2013** (income-tax and service tax)

II. BOS Publications relevant for May, 2014 Examination

	Publication	Edition	Objective & Content
(1)	Study Material (and Practice Manual) on Taxation		
	Volume I Study Material (Part I: Income-tax) (A.Y.2014-15) <i>(As amended by the Finance Act, 2013)</i> (Thoroughly revised and updated)	August, 2013	Volume I of this edition of the Study Material is based on the provisions of the Income-tax Act, 1961, as amended by the Finance Act, 2013 and applicable for A.Y.2014-15 , and the significant notifications and circulars issued upto 30.4.2013. Study each topic of your syllabus thoroughly for conceptual clarity. The aim of the Study Material is to build a strong conceptual base by explaining the complex tax laws in a lucid manner.
	Volume II Practice Manual (Part I: Income-tax) (Thoroughly revised and updated) (Questions adapted/modified and solved on the basis of the provisions of law applicable for A.Y.2014-15)	August, 2013	Each problem 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 upto 30.4.2013 have been taken into account. 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. In the Practice Manual, questions set at the past PE-II, PCC, and IPCC level examinations of chartered accountancy course have been modified/adapted and answered on the basis of the provisions of law applicable for A.Y.2014-15. After reading each chapter in the Study Material, try to work out the problems in the corresponding chapter of the Practice Manual on your own, and thereafter compare your answers with the answers given therein. This would help you to identify your mistakes and also learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same while solving practical problems. Note – After you complete study of the entire syllabus content, solve all the questions in the Practice Manual once again to make sure that there are no grey areas.

	Volume III Study Material (Part II: Service tax and VAT) (As amended by the Finance Act, 2012)	November, 2012	Volume III of the November 2012 edition comprising of the Study Material and Practice Manual on Part II: Service tax & VAT is based on the law as amended by the Finance Act, 2012 and the significant notifications and circulars issued upto 30.6.2012. Students appearing in May, 2014 examination are advised to read this edition of the Study Material, along with the Supplementary Study Paper – 2013 explaining the amendments made in service tax by the Finance Act, 2013 and through notifications and circulars issued between 1.7.2012 and 30.4.2013.
(2)	Supplementary Study Paper - 2013 (Taxation) [A discussion of amendments made by the Finance Act, 2013 in income-tax and service tax]	July, 2013	This publication explains the amendments made in income-tax and service tax by the Finance Act, 2013 as well as by way of significant circulars and notifications issued between 1.7.2012 and 30.4.2013 . It is especially relevant in case you have the earlier edition of the Taxation Study Material (i.e., the November, 2012 edition), which is based on the provisions of law as amended by the Finance Act, 2012. However, even if you have the latest edition (i.e., August, 2013 edition) of Volumes I and II of the Taxation Study Material, you are still advised to read the Supplementary Study Paper-2013 for a better understanding of the statutory amendments.
(3)	Revision Test Paper (RTP) for May, 2014 Examination [Revision material for self-assessment and updation]		The August, 2013 edition of Vol. I & II of the Study Material, updated on the basis of the amendments made by the Finance Act, 2013 and significant notifications and circulars issued upto 30 th April, 2013, is the Study Material relevant for May, 2014 examination. However, the significant notifications issued upto 31st October, 2013 are applicable for May, 2014 examination. The RTP for May, 2014 examination, therefore, contains the significant notifications in income-tax issued after the date up to which they are covered in the August, 2013 edition of Vol. I & II of the Study Material on Taxation (i.e., from 1st May 2013 upto 31st October, 2013). The RTP also helps you self-assess your preparation by solving the questions contained therein independently and comparing the same with the answers given.
Note: All the publications mentioned above have also been hosted at the BOS Knowledge Portal on the Institute's website www.icai.org .			

ANNOUNCEMENT

Education Loan Scheme for Students pursuing CA Course & Concessional Loan to Girl Students

The ICAI has entered into Memorandum of Understanding (MoU) with Bhartiya Mahila Bank Limited (BMB) having its corporate office at 9th Floor, IFCI Tower, 61, Nehru Place, New Delhi-110 019 (website: www.bmb.co.in) for financing CA students through its Education Loan Scheme "BMB Saraswati (CA) Loan" for pursuing CA Course. For encouraging girl students to join this prestigious course, the Bank provides a concession of 1% in the prevailing interest rates to Girl Students.

The Highlights of the Scheme alongwith Application Form are available at the ICAI website link http://www.icai.org/post.html?post_id=10304. Students who intend to avail of this facility may download the Application Form and send to the Bank. The Bank shall consider the proposal on merits of each case as per guidelines and the decision of the Bank shall be final.

For any assistance from ICAI, the Board of Studies may be contacted at 0120-3045930/931 or bosnoida@icai.in.

Chairman, Board of Studies

May 2014 Final Examination : Some Essentials for Preparation Paper 7: Direct Tax Laws & Paper 8: Indirect Tax Laws

In order to ensure clarity as regards the applicability of provisions of Direct Tax Laws (**DTL**) and Indirect Tax Laws (**IDTL**) for May 2014 examination, as well as the BOS publications relevant for the said examination, the details regarding the same are briefed hereunder:

I. Applicability of Finance Act, Assessment Year etc. for May 2014 Final Examination

- | |
|--|
| (1) The amendments made by the Finance Act, 2013 in DTL & IDTL;
(2) The provisions of direct tax laws as applicable for the assessment year 2014-15 ;
(3) The significant notifications and circulars issued upto 31st October, 2013 (DTL & IDTL) |
|--|

II BOS Publications relevant for May 2014 Final Examination

Publication	Edition	Objective & Content
(1) Study Material on DTL (Vol. I & II) (A.Y.2014-15) <i>(As amended by the Finance Act, 2013)</i> (Thoroughly revised and updated)	October, 2013	This edition of the Study Material is based on the provisions of the Income-tax Act, 1961 and Wealth-tax Act, 1957, as amended by the Finance Act, 2013 and applicable for A.Y.2014-15, and the significant notifications and circulars issued upto 30.4.2013. Study each topic of your syllabus thoroughly for conceptual clarity. The aim of the Study Material is to build a strong conceptual base by explaining the complex tax laws in a lucid manner. Do keep the Bare Acts i.e., Income-tax Act, 1961, and Wealth-tax Act, 1957 by your side for reference purposes. This will facilitate understanding of the language of law and the logical sequence of the sections. You should make it a habit to read the tax provisions along with the relevant sections so that you are able to relate the provisions of law, circulars and notifications with the respective sections.
Practice Manual on DTL (Vol. III) (Thoroughly revised and updated) (Questions adapted/modified and solved on the basis of provisions of law applicable for A.Y.2014-15)	October, 2013	Each question contained in this edition of the Practice Manual has been answered/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 upto 30.4.2013 have been taken into account. 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. In the Practice Manual, questions set at the past Final examinations of chartered accountancy course have been modified/adapted and answered on the basis of the provisions of law applicable for A.Y.2014-15. After reading each chapter in the Study Material, try to work out the problems in the corresponding chapter of the Practice Manual on your own, and thereafter compare your answers with the answers given therein. This would help you to identify your mistakes and also

			learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same while solving practical problems. Note – After you complete study of the entire syllabus content, solve all the questions in the Practice Manual once again to make sure that there are no grey areas.
(2)	Study Material on IDTL (Vol. I & II) <i>(As amended by the Finance Act, 2013)</i> (Thoroughly revised and updated)	August, 2013	This edition of the Study Material is based on the provisions of indirect tax laws, as amended by the Finance Act, 2013 and the significant notifications and circulars issued upto 30.4.2013. It is pertinent to note that even though the Study Material has been prepared on the basis of the revised syllabus applicable from November 2014 examination, it is also relevant for May 2014 examination since it is based on the provisions of law as amended by the Finance Act, 2013. The manner of studying from the Study Material (prepared as per the revised syllabus) for May 2014 examination which is based on the existing syllabus, has been explained in the Study Material itself. The objective of the Study Material on IDTL is the same as described for the Study Material on DTL.
	Practice Manual on IDTL (Vol. III) (Thoroughly revised and updated as per the law as amended by the Finance Act, 2013)	December, 2013	The questions contained in this edition of the Practice Manual have been adapted/modified and solved on the basis of the provisions of law as amended by the Finance Act, 2013 and significant notifications and circulars issued upto 30.4.2013. Here again, even though the Practice Manual has been prepared on the basis of the revised syllabus applicable from November 2014 examination, it is also relevant for May 2014 examination based on the existing syllabus, since the questions have been adapted/modified and answered on the basis of the provisions of law as amended by the Finance Act, 2013. The objective of the Practice Manual on IDTL and the manner of solving the questions is the same as given for the Practice Manual on DTL.
(3)	Supplementary Study Paper - 2013 (DTL & IDTL) [A discussion of amendments made by the Finance Act, 2013 in DTL & IDTL]	June, 2013	This publication explains the amendments made by the Finance Act, 2013 in DTL & IDTL as well as the significant circulars and notifications issued between 1.7.2012 and 30.4.2013. It is especially relevant in case you have the earlier edition of the DTL & IDTL Study Materials (i.e., the October, 2012 & November 2012 editions, respectively), which is based on the provisions of law as amended by the Finance Act, 2012. However, even if you have the latest editions of the DTL & IDTL Study Materials, you are still advised to read the Supplementary Study Paper-2013 for a better understanding of the statutory amendments.

(4)	Select Cases in Direct & Indirect Tax Laws – An Essential reading for the Final Course (Relevant for May 2014 & November 2014 Examinations)	September, 2013	This publication is a compilation of significant recent judicial decisions of Supreme Court and High Courts which, when read in conjunction with the DTL & IDTL Study Materials, will enable you to appreciate the significant issues involved in interpretation and application of tax laws.
(5)	Revision Test Paper (RTP) for May, 2014 Examination [Revision material for self-assessment and updation]		The October, 2013 edition of DTL Study Material & the August 2013 edition of the IDTL Study Material, updated on the basis of the amendments made by the Finance Act, 2013 and significant notifications and circulars issued upto 30th April, 2013, are the Study Materials relevant for May, 2014 examination. However, the significant notifications and circulars issued up to 31st October, 2013 are applicable for May, 2014 examination. The Appendix to the RTP for May, 2014 examination, therefore, contains the significant notifications and circulars issued (both in DTL & IDTL) between 1st May, 2013 and 31st October, 2013. The Appendix also contains recent significant legal decisions in direct and indirect tax laws which are relevant for May, 2014 examination. These legal decisions are in addition to the case laws reported in the September 2013 edition of the publication “Select Cases in Direct and Indirect Tax Laws”. The RTP also helps you self-assess your preparation by solving the questions contained therein independently and comparing the same with the answers given.

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

CROSSWORD

February, 2014

Solution

¹ I		² D	³ T	⁴ C				⁵ F	⁶ O	⁷ U	⁸ R
⁹ C	¹⁰ A		¹¹ R	A	¹² M		¹³ V	I	D	E	O
	¹⁴ L	¹⁵ O	A	D	E	¹⁶ R		¹⁷ V	E	T	O
¹⁸ R	T	P				¹⁹ I	²⁰ R	E			S
		²¹ E	²² R	²³ M	²⁴ I	N	E		²⁵ G	²⁶ S	T
²⁷ S	²⁸ P	R	E	A	D	S	H	²⁹ E	E	T	
³⁰ U	R	A	L		L		³¹ A	G	R	A	
³² R	O	T	A		³³ E	³⁴ B	B		³⁵ E	T	³⁶ C
³⁷ E	D	I	T			O		³⁸ U		³⁹ E	C
T		⁴⁰ O	E	⁴¹ D	⁴² I	P	U	S		⁴³ S	C
Y		⁴⁴ N	D	P	L			⁴⁵ A	⁴⁶ C		
				⁴⁷ M	O	O	T		⁴⁸ D	I	N

TOPPERS SPEAK.....

A set of questions were asked to the first three rank holders of the CA Final Examination- November 2013. The questions and their responses, which are included in these pages, would be helpful to the students sail through the Examinations smoothly and with good scoring.

Q. How does it feel to be at the top?

Ans. Words are insufficient to express this feeling. When CA Subodh Agrawal Sir called me around 10.45 AM and said “congratulations, aap pure bharat mein pehle aaye ho”. Initially I thought somebody is pulling my leg. After 20 minutes, I checked my result on website and the news was confirmed. I was very very happy.

Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.

Ans. In IPCC, I secured 23rd Rank in all India level. On that day, I said, “I can not become complacent. I have to beat remaining 22 people in next exam”. So, for achieving any success “One must Dream” and to convert his/her dream into reality. **HARDWORK, DEDICATION, COMMITMENT and DISCIPLINE** are **MUST**. Believe me hard work never goes unrewarded.

Q. What strategy/study plan did you follow while preparing for the exam?

Ans. My basic plan was to give equal weightage to all 8 subjects because each subject carries 100 marks. During my articleship leaves, I used to give one and a half hour to each subject. Shuffling of subjects after every one and half an hour helps you to refresh yourself and I used to end up doing 12-13 hours study per day. I used to study 6 days a week and Sunday was totally dedicated for Fun and Enjoyment. One need not be a Bookworm to secure a rank.

Q. How have been the inputs provided by the Institute contributed to your success in the examinations?

Ans. Study material, Practice manual and RTP's are of great help especially Practice manual. Study material gives you the Basic concept of every topic and for quick revision, RTP is very useful. Practice manual helps you in presenting your answer in a better way.

Q. What are your aspirations for the future? Do you have any specific career choice?

Ans. I am very much interested in the field of Direct Taxation especially International and corporate taxation.

Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?

Ans. Yes, CA course is the gateway to achieving professional excellence. Three years of your



**Gaurav Deepak
Shrawagi**
Akot

First Rank - CA Final
November 2013

articleship training is very important. Articleship helps you to apply theoretical knowledge in practical life. Also, one can improve his/her soft skills in these 3 years. So please do your articleship **SERIOUSLY**.

Q. How would you motivate the youngsters joining this course?

Ans. “CHASE YOUR DREAMS, DREAMS DO COME TRUE”. There is no substitute for hardwork and discipline. While studying, don't think about your results. Give your best and forget the rest. All the best!

♦♦♦♦♦

Q. How does it feel to be at the top?

Ans. It feels great. I feel on top of the world!

Seeing my parents and my family so happy seems like a dream come true for me.

Getting all the attention and praise makes me feel really special.

However, this definitely brings with it more responsibility to meet the expectations of all concerned.

Q. Did you ever consider gender as a limiting factor/ contributing factor in achieving your goal?

Ans. Gender was never a limiting factor for me.

In the era of today, where girls and boys are treated as equal, I found that there were equal opportunities for both the genders to achieve what they dream.

In the end, what matters is our focus and hard work. Gender, really neither limited nor contributed to the process.

Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.

Ans. I made it a point to keep my focus and goal clear from the very beginning.

I tried to give time to studies during my articleship over the weekend.

I used to relate the practical knowledge gained during articleship with the course content, which helped me grasp things better.

Further, my seniors in the firm have been extremely supportive and have guided me frequently during work related technical discussions, and there has been continuous support from my parents and family, which helped me be at ease and work to my fullest potential.

Q. What strategy/study plan did you follow while preparing for the exam?



Mridu Garg
Delhi
Second Rank-
CA Final
November 2013

Ans. On the first day of the examination leave, I made a comprehensive time table to ensure at least 3 revisions before the exam.

I took up 2 subjects at a time for the first revision, and one subject at a time thereafter.

Once I was done with the course, I did the practice manuals issued by the ICAI for the theory subjects.

I solved RTPs, mock test papers, and previous year question papers for each subject within the three-hour time frame, simulating the conditions of an exam, to ensure correct writing speed and compared my answers with the suggested answers issued by the ICAI to find out my weak areas, where I needed to improve.

For the practical subjects, I marked the comprehensive questions during my first revision, on which I worked in the subsequent revisions.

One thing that I would like to reiterate is that taking proper rest should be given utmost importance. Only a calm mind can grasp things well.

So, take proper sleep during the study schedule.

Q. How have been the inputs provided by the Institute contributed to your success in the examinations?

Ans. The Institute material provided immense help. The practice manuals helped me understand the type of questions that could be asked and helped me improve on my question analysing skills, as to what is asked in the question and what is expected out of me.

Once I was done with the course, solving the revision test papers and compilation guided me about my weak areas, where I worked further.

I would specially want to mention that the Mock tests that the ICAI conducts are of great help.

It helped me gain confidence over the subjects I had prepared. The timely declaration of results thereof, acts as an eye opener, because sometimes we feel that we have prepared for a subject, but are not really ready for the exam. Giving the mock tests builds our confidence and writing capability.

Q. What are your aspirations for the future? Do you have any specific career choice?

Ans. I am continuing with my articleship at the moment.

I am planning to take up short-term courses conducted by ICAI in the future.

As for the career choice, I will prefer job to practice.

Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?

Ans. Definitely.

CA is such a well-drafted course, with a perfect blend of practical and theoretical knowledge.

It trains us on our corporate skills while working on our technical and theoretical skills, making it a complete package, which paves the way for our future professional career.

Q. How would you motivate the youngsters joining

this course?

Ans. CA is definitely one of the most prestigious courses in the world. We should be proud to be pursuing it.

As Aristotle has said, "It is during our darkest moments that we must focus to see the light."

Just stay focused, keep yourself calm, keep self confidence and thou shall win !

Replicating the words of Muhammad Ali, "I hated every minute of training, but I said, 'Don't quit'. Suffer now and lead the rest of your life as a champion."

Believe you can and you are halfway there!

All the very best!

◆◆◆◆◆

Q. How does it feel to be at the top?

Ans. It feels great and nice. Getting to know about your results from the president itself is something that can't be expressed.

Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.

Ans. It was all about hard work, dedication and patience along with the support of friends, family and teachers. (Especially my mother).

Q. What strategy/study plan did you follow while preparing for the exam?

Ans. My main focus was to revise all the subjects for at least two times. I just made a routine by dividing the number of days available to me by the number of subjects, and accordingly tried to execute the same.

Q. How have been the inputs provided by the Institute contributed to your success in the examinations?

Ans. The practice manual of the institute helped me in revising some of the subjects, for ISCA specifically, it was a great help.

Q. What are your aspirations for the future? Do you have any specific career choice?

Ans. No specific career choice. Presently thinking of doing job only and in future might go for practice.

Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?

Ans. Besides accountancy and auditing, it also gives knowledge of costing, finance and taxation and therefore this multi disciplinary course helps us in growing as a professional to look after different areas.

Q. How would you motivate the youngsters joining this course?

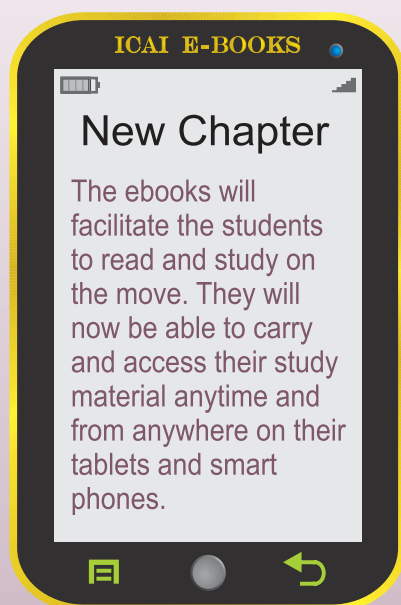
Ans. Besides giving you one of the most respected professional degrees with a wide variety of knowledge, it also makes you a survivor, hard worker, and brings a lot of patience in you.



Akshay Losalka
Kolkata

Third Rank- CA Final
November 2013

e-books



Features

- ◆ Table of Contents for easy navigation
- ◆ Automatically reaches last page read
- ◆ Facility of bookmarking
- ◆ Highlight important points
- ◆ Text search facility
- ◆ Add notes
- ◆ Customizable background, fonts and their sizes

(Features are dependent on the e-book apps)

ICAI believes in harnessing technology for the benefit of members and students. In view of increased use of tablets and smart phones that facilitate easy reading, the ICAI has come out with study materials in form of e-books. Students are able to conveniently read and learn on the move. Presently, following study materials are available:

Intermediate (IPC) Course

1. Paper 1: Accounting
2. Paper 2: Business Laws, Ethics and Communication
3. Paper 3: Cost Accounting and Financial Management
4. Paper 4: Taxation
5. Paper 5: Advanced Accounting
6. Paper 6: Auditing and Assurance
7. Paper 7: Information Technology and Strategic Management

Final Course

1. Paper 6 : Information Systems Control and Audit
2. Paper 8 : Indirect Tax Laws

The e-books have been created in epub format. The format is compatible with multiple devices. Readers can optimize text according to settings of a particular display device.

Steps for users to read ICAI's ebooks on Android based devices

1. Users need to download an e-book reader app from google play. Many reader apps are available as freeware.
2. Add a new catalog naming it as ICAI with the URL - <http://www.icaai.org/ebooks/>.
3. Open the catalog ICAI to download and read books.

Steps for users to read ICAI's ebooks on Apple (IOS based) devices

1. Users need to install iBooks from the app store.
2. Search and install an app that will facilitate downloading of ebooks. Add catalog ICAI with URL <http://www.icaai.org/ebooks/>.
3. Open the catalog ICAI to download and read books.

In case you face any difficulty or have suggestions, please send an email to bosnoida@icaai.in with a copy to Shri Shaleen Suneja, Deputy Director at ssuneja@icaai.in.

Director of Studies

Online Registration Portal for ITT, OP and GMCS Courses on All India Basis

Board of Studies and IT Directorate jointly has developed “ Online Registration Portal for GMCS, ITT and Orientation Programs” for Registration/ Allocation of Batches for ITT, OP and GMCS courses to facilitate the students to register themselves from anywhere for any training centres of ICAI across India. The Online portal provides the facility for online registration for courses, selection of batches / location, batch transfer, faculty allocation and scheduling, online feedback, online certificate generation etc. The online portal is consisting of 4 modules namely “Student Module”, “Faculty Module”, “POU Module” and “HO Admin Module”. The key features of all the modules are as follows:

Key features:-

Facility for Student: The online portal will provide facility for the student to -

- Register online from anywhere in any open batch.
- Register in waiting list with preferred location, in absence of current batch.
- Make payment online through payment gateway in 2nd phase. For offline, DD to be submitted to respective branch who in receipt of the same will confirm batch on auto generated email.
- Capture the student detail from CITRIX / VIP software.
- Transfer to another batch.
- Submit of feedback online.
- Generate the completion certificates online.

Facility for Faculty: The online portal will provide facility for faculty to -

- Register online for courses at POU
- Creation of user name and password for faculty login ids.
- Edit / Modify Registration
- Receive Approval / Disapproval status.

Facility for POU: The online portal will provide facility for POU to -

- Launch every batch of every activity online.
- View the status of registration of each batch.
- Access data of faculties for different subject who are registered on portal to allocate subject to them.
- Get the list of registered student for each batch with payment details to reconcile
- Print the attendance sheet of the participants well before 24 hours of batch commencement.
- Generate the statement to claim the money from respective branch, in case of batch transfer.
- Generate MIS for Batches organised, students participated for reconciliation purpose of every activity.
- Approve / disapprove the faculty after registration.
- Approve the attendance of Students.

Facility for HO Admin: The online portal will provide facility for HO Admin to -

- Monitor students registration for course-wise and POU wise
- Monitor faculty registration for course-wise and POU wise
- Monitor feedback form filled by the students
- Monitor student attendance at POU level
- View online ITT examination report POU wise
- Addition of new POU
- Report Generation – Batch wise student and faculty report, Batch wise student attendance report, batch wise certificate generation etc.

ANNOUNCEMENT

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

The following publications of Board of Studies are 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 of Indirect Tax Laws (As amended by the Finance Act, 2013)*	August, 2013
4.	Study Material and Practice Manual of Direct Tax Laws [A.Y.2014-15] (As amended by the Finance Act, 2013)	October, 2013

It may be noted that Practice Manual of Paper 8: Indirect Tax Laws (As amended by the Finance Act, 2013) is also available at the Institute's sale counters.

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

- (i) Ignore Chapter 16 - Foreign Trade Policy in Section C: Customs and Foreign Trade Policy of the Study Material and Practice Manual [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 to the Study Material and Practice Manual [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.

Director, Board of Studies

Important Announcement

Revalidation of Registration for continuation of CA Course

The Council of the Institute of the Chartered Accountants of India has announced a Scheme for Re validation of registration after expiry of its scheduled time period enabling students to continue the respective CA Course they are registered in.

The scheme is effective from 1st January, 2013 and details are given as under:-

1. Common Proficiency Course (CPC):

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

2. Intermediate (Integrated Professional Competence) Course :

- Initial registration for Intermediate (IPC) Course is valid for 4 years
- Fee for revalidation is Rs.400/- for a period of 4 years.

3. Final Course:

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

Accordingly students who could not complete their course in its entirety in the stipulated period of registration have to revalidate their registration so as to continue CA course. Students' desirous to continue the course may apply for revalidation of registration by filing the prescribed Application Form to their respective Regional Office of ICAI as available on the Institutes website www.icai.org or on link: <http://220.227.161.86/31554bos21626.pdf> along with prescribed revalidation fee as stated above.

Students may note that only such students having valid registration will be allowed to apply and appear at CPT, Intermediate (IPC) and Final Examination, as the case may be.

Director, Board of Studies

ANNOUNCEMENT

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 August 2013 edition of the Study Material and Practice Manual of Intermediate (IPC) Course **Paper 4: Taxation [Part I: Income-tax]**, is relevant for students appearing in May, 2014 and November, 2014 examinations. It 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 available at the Institute's sale counters. The same have also been hosted at the BOS Knowledge Portal on the Institute's website.

Director, Board of Studies

ANNOUNCEMENT

Scope for Industrial Training in Govt. Organization For Information to all concerned Articled Assistants of ICAI

Under Approval of the Ministry of Corporate Affairs, the Serious Fraud Investigation office of MCA, Government of India, New Delhi has provided opportunity for Industrial Training to the eligible article assistants of ICAI.

The salient features of Industrial Training Programme offered by SFIO are given below:

1. Internship will be available throughout the year depending upon vacancy.
2. Duration of the training would be for a period ranging between nine months to twelve months.
3. Training allowance of Rs. 7000/- per month would be paid during the course of training.
4. Program will be at the headquarter of SFIO, Paryavaran Bhawan, 2nd Floor, B Wing, CGO complex, New Delhi.
5. Applications should be routed through the Institute.

All interested articled assistants are invited to submit Form 104 for registration of Industrial Training to the concerned Regional office of ICAI.

Joint Secretary, MC & MSS

TOPPERS OF CHARTERED ACCOUNTANTS- INTERMEDIATE (IPC) EXAMINATION-NOVEMBER-2013



Eti Aggarwal
First Rank
Lucknow



Akshay Jain
First Rank
New Delhi



Dhruv Jain
Second Rank
Surat

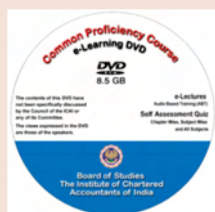


Yash Sanjay Heda
Third Rank
Amravati

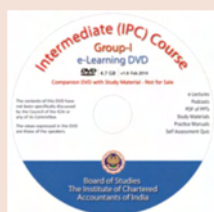
e-Learning DVDs available for CPT, Intermediate (IPC) and Final Courses

The Board of Studies, the academic wing of the Institute, had made available online e-Learning facility on the Students Learning Management System (LMS) at <http://studentslms.icai.org> last year to enable students to learn at their convenience anytime and anywhere. The Students LMS provides a dashboard of e-Lectures available, attempted and completed, to track the learning and development by the Students. The LMS also has a Self Assessment Quiz Chapter and Subject wise, to enable students to make a self-assessment of their preparation. There has been a very encouraging response and acceptance for this initiative with a steady growth by the day.

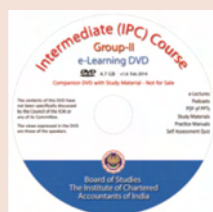
The Board of Studies is pleased to inform availability of the following five DVDs that aim to enable Students to learn at their convenience anytime and anywhere without the need for Internet, waiting for files to download and costs thereto:



**CPT Course
e-Learning DVD**



**Intermediate (IPC)
Course Group-I
e-Learning DVD**



**Intermediate (IPC)
Group-II
e-Learning DVD**



**Final Course
Group-I
e-Learning DVD**



**Final Course
Group-II
e-Learning DVD**

These DVDs are a compilation of (1) e-Lectures, (2) Podcasts (MP3), (3) Study Material, (4) Practice Manual, (5) PDF of PowerPoint Presentations and (6) Self Assessment Quiz that have been organized Chapter Wise for the respective papers of Intermediate (IPC) Course and Final Course, as available on Students LMS at the time of creation of these DVDs. These e-Learning DVDs are available for sale @ Rs.100/- each at Institute Sale Counters in Regional/Branch Offices. The e-Learning facility aims to supplement the Study Material, Practice Manual and other content provided to the students.

While these DVDs have been designed to work on Multimedia Desktop Computer and Laptop, they have been developed as a responsive site that may also work on recent Mobile Phones and Tablets (Android 4+, IOS), when copied on the Memory/SD Card. Students are encouraged to make good use of these DVDs to have a better understanding of the subjects and enhance their preparation for forthcoming Examination through the Study Materials issued to them and updated from time to time.

Director, Board of Studies

ANNOUNCEMENT

Release of Practice Manual based on the Revised Syllabus of Paper 8: Indirect Tax Laws of Final Course Relevant for November, 2014 examination

The syllabus of Paper 8: Indirect Tax Laws has 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 paper in accordance with the revised syllabus from November, 2014 onwards. [Refer the detailed Announcement and Note explaining significant changes made in the syllabus published in September, 2013 issue of this Journal as also hosted on the Institute's website.]

The Practice Manual prepared on the basis of the revised syllabus of Paper 8: Indirect Tax Laws of Final Course is available **at the Institute's sale counters**. The same has also been hosted at the BoS Knowledge Portal on the website of the Institute.

The questions included in this Practice Manual have been adapted and answered on the basis of the indirect tax laws as amended by the Finance Act, 2013. The questions relating to Foreign Trade Policy have been answered on the basis of the Foreign Trade Policy as amended by the Annual Supplement issued in April, 2013.

Director, Board of Studies

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 students and they can now learn at their convenience from their homes/ offices/ cyber cafes even in smaller cities and mofussil 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.

Scholarships for CA Students

The Board of Studies awards following Scholarships to students twice a year i.e. in the month of April and October:

Sr. No.	Scholarship Name	No. of Scholarships	Amount (p.m.)	Eligibility Criteria
1.	Merit	As per eligibility criteria	Rs. 1500/- in case of Intermediate (IPC) Students. Rs. 2000/- in case of Final Students	Awarded to students whose names appear at Sl. No. 1-10 of Merit lists of CPT/ Intermediate (IPC) of Dec./ Nov. 2013 Exam. In case the Rank at Sl.No.10 continues to Sl. No. 11 or 12 or so on, then all such rank holders securing the same marks in a particular rank shall be covered.
2.	Merit-cum-Need	30	Rs.1500/-	Rank holders (other than covered under Merit category at Sr. No.1) of CPT/ Intermediate (IPC) Dec./Nov. 2013 Exam provided their parents/guardians total annual income does not exceed Rs. 1,50,000/-
3.	Need Based and Weaker Sections	100	Rs.1250/-	Students of Intermediate (IPC) /Final provided their parents/guardians total annual income does not exceed Rs. 1,00,000/-
4.	Sri Dhanraj Kanhaiyalal Dudharia Scholarship	2	Rs.1250/-	Students of Intermediate (IPC)/Final from Karnataka State under Need Based & Weaker Sections criteria
5.	Out of Joint Corpus formed by Donors	2	Rs.1250/-	Students of Intermediate (IPC)/Final under Need Based & Weaker Sections criteria

Merit Scholarships under Serial No. 1 are automatically awarded to the eligible students hence they are not required to apply.

With regard to Scholarship from Sl. No. 2 to 5, applications are invited for grant of scholarship to be paid from April 1, 2014 onwards to the selected candidates.

The detailed guidelines along with the requisite application forms are available on the Institute's Website (www.icai.org) (link: http://icai.org/post.html?post_id=6486).

Notes:

- Applicants shall be the registered students of Intermediate (IPC) or Final Course.
- In the case of Intermediate (IPC) Students, Scholarship shall be paid for a maximum period of 18 months.
- In the case of Final students, Scholarship shall be paid for a maximum period of 30 months or balance period of their articleship, whichever is less.
- An additional amount of Rs. 100/- p.m. shall be paid to SC/ ST/ OBC students, under Need-based and Weaker Sections Category. They shall have to enclose a certificate/ documentary proof duly attested by a gazetted officer or a member of the Institute.
- One scholarship under the Need-Based and Weaker Section Category is reserved for a Physically Challenged student.

Duly completed and signed Application Forms in the prescribed formats (Form No. 3 & Form No. 4) should reach the Director, Board of Studies, The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector-62, NOIDA-201309 **latest by 31st March, 2014.**

In case of any clarification, please contact the Board of Studies, Telephone Nos. 0120-3045930/931; email: gagandeepsingh@icai.in, bosnoida@icai.in

Director, Board of Studies



A photograph taken on the occasion of the Convocation Ceremony of newly qualified members held in Kanpur. Seen in picture (L-R) CA.Manish Borad, Secretary, CIRC, Kanpur, CA.Shyam Lal Agarwal, Central Council Member, CA.Subodh Kuamar Agrawal, immediate past President ICAI, Shri SriPrakash Jaiswal (Chief Guest), Union Coal Minister, CA.K.Raghu, President, ICAI, CA.Vijay Garg, Central Council Member and CA.V.Murali, Central Council Member.



CA. K. Raghu, President, ICAI lighting the Lamp to inaugurate the Convocation Ceremony in Mumbai. Seen in picture(L-R) CA. Neel Majithia, Secretary-WIRC, CA. Shardul Shah,RCM, CA. Sandeep Jain, RCM, CA. Priti Savla, Treasurer, WIRC, CA. Tarun Ghia, Central Council Member, CA. Prafulla Chhajed, Central Council Member, CA. Subodh Kumar Agrawal, immediate past President ICAI, CA. Niranjan Hiranandani, Chief Guest & MD Hiranandani Group, CA. Vijay Garg, Central Council Member,CA. Mangesh Kinare, Chairman,WIRC, CA. Manoj Fadnis, Vice President, ICAI CA. Shriniwas Joshi, Central Council Member, CA. V. Murali,Central Council Member.



CA. K. Raghu, President, ICAI addressing at the Convocation-2014 at Bengaluru, Karnataka.Also seen in picture(L-R) CA. Ravindranath S.N, Chairman, Bangalore Branch, CA. Babu Abraham Kallivayalil, Central Council Member, CA. M.Devaraja Reddy, Chairman, Board of Studies, CA.Vijay Garg, Central Council Member, CA. Subodh Agrawal, immediate past President, ICAI, CA.V.Murali, Central Council Member, CA. Sekar.G, Central Council Member.



CA. K.Raghu, President, ICAI presenting the Certificate of Membership to a newly qualified Chartered Accountant at the Convocation- 2014 in New Delhi. Also seen in picture (L-R) CA. Radhey Shyam Bansal, Executive Member, NIRC, CA. Rajesh Kumar Agrawal, Executive Member, NIRC, CA. V. Murali, Central Council Member, CA. Atul Kumar Gupta, Central Council Member.



CA. K.Raghu, President, ICAI addressing the two-days Mega Seminar for CA students organized by the Guntur branch of SIRC of ICAI in Guntur. Among others, CA. M.Devaraja Reddy, Chairman, Board of Studies also seen in picture.



CA.K.Raghu, President, ICAI with the CA students during the inauguration of ICAI Bhawan, Mangalore , Karnataka. Among others, CA. Manoj Fadnis, Vice President, ICAI, CA. Babu Abraham kallivayalil,Central Council Member and CA. Jagannath Kamath. M, Chairman, Mangalore Branch also seen in picture.



A group photo taken during the visit of the President and the Vice President to UDUPI Branch of SIRC of ICAI. Seen in picture: CA.K.Raghu, President, ICAI, CA. Manoj Fadnis, Vice President, ICAI, CA. Babu Abraham kallivayalil,Central Council Member CA. Muralidhar Kini U, Chairman, Udupi Branch, CA. P.R.Suresh, Vice Chairman SIRC, and CA. Ravindranath S N, Chairman, Bangalore Branch.



National Convention for CA Students, Bhilwara: Uncovering the souvenir in the inaugural session by CA. Vijay Garg, Central Council Member, ICAI and other dignities.

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41									42		
	43				44						

CROSSWORD

ACROSS

- _____expresses the scope, object and purpose of the Act more comprehensively than a Long Title to the Act.
- _____ Bank is the premier export finance institution in India, established in 1982.
- Copies
- Cash dispenser or a cash machine.
- Voiceless
- Pure and Clean Water: Adam's _____.
- To begin sleeping, especially not intentionally: _____ off.
- India's internal intelligence agency and reputedly the world's oldest intelligence agency.
- The maximum tolerable period in which data might be lost from an IT service due to a major incident.
- Let the sleeping dog _____ means not to stir up old conflicts or provoke an argument over unresolved issues.
- Revenue arising from _____ contracts is not covered by AS 9.
- A _____ is a part of the process of returning a product in order to receive a refund, replacement, or repair during the product's warranty period.
- In computing, _____ is a programming paradigm that aims to increase modularity by allowing the separation of cross-cutting concerns.
- A special department of a hospital or health care facility that provides intensive care medicine.
- The global address of documents and other resources on the World Wide Web.
- A field, sphere, or province.
- _____-2, a form used by Income Tax Assesseees in India.
- A leading software company which develops softwares to manage business operations and customer relations.
- _____ door policy : A communication policy followed by the top management to encourage openness and transparency with the employees of that company.
- _____light is found in sunlight.
- To look for information about other sailing clubs on the internet, the user should use a _____.
- One of the trigonometric ratios.
- Numbers which are not multiples of 2 are called _____ numbers.

DOWN

- All rational numbers and irrational numbers are _____ numbers.
- Evidence which originates outside the client's organization is _____ evidence.
- Objective
- 2000 in Roman numerals.
- Under customs law, vehicle means conveyance of any kind used on _____ and includes a railway vehicle.
- Gross Income minus Depreciation is _____ Income.
- Male friend in French.
- Under the SEBI Act, 1992, an initial public offer or further public offer is known as _____ issue.
- The Companies Act, 2013 consists of _____ Schedules.
- Interests _____ on Time basis.
- One who attests deeds, contracts and other instruments that are used abroad.
- A curve which shows all combinations of two goods which give same satisfaction to the consumer.
- An informal document acknowledging debt.
- In the CPT of ICAI the students are required to mark their answers on _____ sheet.
- A measurement to show a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.
- A coalition of left political parties in India formed after the 2004 general election.
- Deferred tax is the tax effect of _____ differences.
- Still waters _____ deep means someone can be more knowledgeable than they first appear.
- A _____ is a collection of distinct objects, considered as an object in its own right.
- One of the ratings given by the rating agencies.
- A Latin phrase meaning in the circumstances or as the circumstance arises.
- _____ An exclamation expressing surprise, exultation, or derision.
- Substances used by athletes to improve their performances.
- Finish
- A professional who practices veterinary medicine by treating disease, disorder, and injury in non-human animals.
- That is in Latin.