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E-Newsletter of the Guwahati Branch of EIRC of ICAI

Volume VIII, Issue 8, December 2014

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Write to Editor

'Information is Power' and our ever-evolving profession needs more and more of that today than ever before. Do you have any relevant points to make, experiences to share, and views to spread among the CA fraternity? If yes, e-mail us at newsguwahati.icai@gmail.com.

Chairman's Message ...

Dear Colleagues and Student Friends,

hello!

I often like to take the month of December as an opportunity to look back on the year and reflect on what I have learnt, things I have experienced, and what I am anticipating for next year. It's fun to apply this concept to different categories of interest in one's life. I like to take a look back and reminisce about the important events I attended this year, make a note of new things and skills I learnt during the year, who I learnt them from, performances I witnessed that inspired me, and if there are any goals I want to accomplish in the coming year.

In terms of what went on with the Guwahati Branch of ICAI this year, and what is on the horizon for next year, there is no shortage of activities going on. Here is a quick year-in-review of our branch apart from academic activities for 2014, and what we can look forward to for next year.

The dream of first ever International Study Tour by our branch became a reality when a 5-day long tour to UAE in last part of April 2014 went a long way in our attempt to get our presence felt in Dubai Chapter of ICAI. We undertook Residential Programme "Redefining learning with joy and bonding" from 6th June to 8th June 2014 to Kaziranga which is a world heritage site famed worldwide for its rich flora and fauna, especially the one-horned rhinoceros. On 8th March, when people around the globe honour women and celebrate their contributions, the Guwahati Branch did its bit to commemorate the day by felicitating a few notable lady achievers of the region. The Branch is not lagging behind in providing suggestions to the state government from time to time in formulating various policies for the benefit of public as well as our profession at large and hence it submitted pre-budget memorandum to the state government in the month of August. With a view to make the members aware about the importance of fitness in life, the branch organized a goodwill walk and a fitness session under the guidance of a renowned fitness professional as a part of CA day celebrations. CAs and Income Tax Officials share a symbiotic relationship. With a view to increase the camaraderie and facilitating interactions between CAs and I T Officials in a non-professional environment, we organized a friendly cricket match.

In a world of turmoil and uncertainty, it is more important than ever to make our families the center of our lives and the top of our priorities. With such an object in mind, we organized programmes like Holi Utsav 2014, Rongali Bihu Celebrations, Jash-E-Azadi – A Musical Tribute to Nation, Family Picnic, Sargam during National Convention for CA Students, Jhankar – An evening with Bollywood Singer during National Conference, to name a few, where families of the members were involved.

Give more than you take. Selfless acts will create a mutual positive feeling, and with this objective we have tried to contribute towards society through a series of programmes like Blood Donation Camp, Tree Plantation, Social Charity, Rice Bucket Challenge for Flood Victims of the region, and volunteering at Multi Specialty Free Health Camp from time to time.

We are all set to start the New Year 2015 by hosting a joint workshop on Companies Act 2013 and Corporate Governance with Tezpur University and Board of Studies, ICAI on 30-31 January 2015 and inaugurating the Reading Room for the benefit of CA Students of this region at A T Road, Guwahati on 6th February 2015.

It's our way of life, and I'm supremely confident that we will continue to reach for the stars, while staying grounded in our work ethic. Prosperity does bring new problems; but these are the problems of success. Nothing is irreversible. And there will be a great many people for whom life is tough, and looks set to remain so for some time. But in the ground, there's no denying it: we are living in the Golden Era. There has never been a better reason for people the world over to wish each other a happy and prosperous new year.

Wish you all a Happy Republic Day!!

– CA. K P Sarda

Cleanliness is next to godliness

Congratulations

We extend our Heartiest Congratulations to **Mr. Narendra Bhansali** for winning the Best Paper Presenter Award on the topic "Recent Changes in Cyber Law - An Opportunity for CA profession" at the National Convention for CA Students at Delhi Branch of NIRC held at Siri Fort Auditorium on 17th & 18th December 2014.

Well Done Narendra, you have made us all proud!!

Hearty Congratulations to **Ms. Neha Navalakha**, a bright student of our branch, for winning the Regional Level Elocution Contest on the topic "Related Party Transactions under the Companies Act 2013 – A Step Forward". She will now represent the Eastern Region of ICAI in the National Level Elocutions.

Well Done Neha, you have made us all proud !!

Nomination of ICAI for Swachh Bharat Abhiyan

The day 25th December, 2014 marked as "Good governance day" was the date on which our Hon'ble Prime Minister Sri Narendra Modi added a flagship to our fraternity by nominating ICAI for Swachh Bharat Abhiyan. We, the members of CA fraternity feel proud and honoured for receiving this nomination. Since we have been entrusted by our Prime Minister, we humbly accept the challenge & will also lend our hand towards cleanliness and will try to keep India as clean as possible.

It is a thumbs-up to the idea of our Prime Minister Narendra Modi of making Swachh Bharat Abhiyan, a people's movement by creating a chain through inviting people to join the campaign in order to spread the awareness on cleanliness.

It has started as a dream, a mission for us now & we should make it a success. ICAI is all geared up to make India Clean, Green & Healthy!

Editor's Desk...

Dear Friends,

As the year 2014 comes to close and soon becomes history we look forward to strengthen ourselves in the changing environment and brace ourselves to face the challenges of changes. The GST now seem a reality not far away, drastic economic reforms are on the agenda and tax laws are set to become more adaptive and compatible as the world shrinks further into a more competitive global village.

The year witnessed Elections 2014, the "Kumbha Mela" of Indian politics, and gave the nation a vibrant leader like Narendra Modi. We witnessed the Kumbha of world football FIFA 2014, The Commonwealth Games, 2014 and the Asian Games 2014 in a row. We witnessed the success of Indian Mars expedition, whereas the mysterious disappearance of MH370 is yet an unsolved mystery in the aviation industry. We witnessed unprecedented and devastating floods in Kashmir and cyclone in Andhra Pradesh. We witnessed the bullish Indian Stock market to bearish crude oil prices, the rising BJP popularity and the Congress downfall, the 100 crore club movies of Bollywood to the empowering social media proliferation, the Nobel Peace prize to Kailash Satyarthi in one hand and the cross border infiltration and firing at Indo Pak border on the other, the Swachha Bharat campaign to clean India and the world facing the malice of terrorism. The falling industrial production is sought to be mitigated by the "Make in India" campaign encouraging direct investment in India, whereas the smart city concept is yet to see the light of the day.

We lost many celebrities, politicians, writers and other eminent personalities in the year. We remember with fondness Suchitra Sen and Zohra Sehgal, the bollywood actresses, veteran Bollywood character actor, director and producer Deven Verma, the renowned author and journalist Khushwant Singh, the Union Rural Development Minister Gopinath Munde, Senior congress leader and former union minister Murli Deora and pay our grateful homage to the many brave soldiers who laid down their lives protecting us during 2014.

We search for hope amidst fears, for growth amidst bears. Friends I always wish and hope the coming year will be full of prosperity, good health and professional excellence. Good Bye 2014 and Welcome 2015 with smiles and hope.

– CA. Sharad Agarwalla

Members' Section

TAXABILITY OF 'LEGAL SERVICES' UNDER THE SERVICE TAX LAW

By: CA. Manoj Nahata*

Service Tax on legal services has always been a matter of debate amongst the professionals and the Government. Though the Govt. was tentative in imposing service tax on legal services long back but the strong representation from the legal fraternity put its efforts on the back foot. There was always a question that when the Chartered Accountants, Cost Accountants and Company Secretaries & other professionals were already under the tax net then why only the Advocates were spared. Finally, the Govt. took the call and Service tax on legal services was made applicable w.e.f.01.09.2009 vide Notification No. 26/2009-Service Tax dated 19.08.2009.

Initially, the service tax was levied only when legal services were provided by a business entity (advocate's partnership firm/ Company etc.) to another business entity (client's partnership firm/Company etc.). But w.e.f.01.07.2012 this position is changed and now the advocates firm/Company are not required to charge the service tax rather business entity itself is made liable to pay service tax as receiver of service under the reverse charge mechanism. Thus w.e.f. 01.07.2012 the business houses needs to be very careful while making payment on account of legal services because the responsibilities for payment of 100% service tax is shifted on them as receiver of service under the reverse charge mechanism.

The levy of Service Tax on Legal Services was protested also and has undergone through the judicial intervention many times since its introduction. Recently, the Hon'ble Bombay High Court in order dated: 15.12.2014 in case of **P.C. Joshi Vs. Union of India & others in WP No. 1927 of 2011** with other similar writ petitions rejected the advocate's contention that advocates should be exempted from service tax because the tax is levied on "value addition which is made as a result of rendition of service" and "representation [of litigant clients] before a court does not result in any value addition" and the legal profession is not a business or a trade but a "solemn duty". Further the Court did not accept the contention that the notification no. 25/2012 exempting legal services should be applied retrospectively. Hence the Writ was dismissed upholding the levy.

With the above background, let us first understand the taxability of legal services under the Service Tax law.

Position Prior to 01.07.2012

The legal services were liable to tax first time under section 66 read with section 65(105) (zzzzm) of the Finance Act, 1994. The definition and scope of service under section 65 (105) (zzzzm) was as under:

"Taxable Service" means any service provided or to be provided to a business entity, by any other business entity, in relation to advice, consultancy or assistance in any branch of law, in any manner.

Provided that any service provided by way of appearance before any court, tribunal or authority shall not amount to taxable service.

Further the term **'Business Entity'** was also defined under section 65(19b) of Finance Act, 1994 as amended:

"Business entity" includes an association of persons, body of individuals, company or firm but does not include an individual.

Thus on going through the above definition it can be said that it was not a tax on a profession of lawyer or advocate. Unlike chartered accountants, the persons was not subjected to tax merely he is holding educational qualification as advocate / lawyer and is practicing as member of the Bar Council. It was a tax on services rendered by any business entity in relation to advice, consultancy or technical assistance in any branch of law. Hence individual legal practitioners were out of tax net **irrespective of the quantum of their professional fee or receipts.** Thus it was only the Company, firms, association of persons or bodies of individuals rendering legal consultancy service were liable to service tax.

However the Small service providers were continued to be exempted under notification 06/2005 dated: 01.03.2005 for first aggregate realization (including other taxable Services) of Rs.10.00 Lakhs for financial year provided gross taxable services rendered in preceding financial year were below Rs.10.00 Lakhs.

Further the following legal services are not liable to service tax:

- Appearance before any court, tribunal or authority.
- Services provided to individuals by any business entity (firm, company, association of persons or body of individuals).

It means except for services mentioned above, all services rendered by legal consultants to non-individuals were taxable.

The Finance Act, 2011 further expanded the scope of service tax on legal services so as to cover within its ambit even individual lawyers. However the coverage was not omnibus. The scope was expanded by including services provided by business entities to individual as well as representational and arbitration services by individuals to business entity. There was however no service tax on services provided by individuals to other individuals.

Position w.e.f. 01.07.2012

W.e.f.01.07.2012 there is a paradigm shift in the charge and levy of Service Tax. The Negative List based regime brought many changes. The legal service is now brought under the **reverse charge.** As per Notification No. 30/2012ST dated 20.06.2012, in case Legal services provided or agreed to be provided by advocates or firm of advocates to any business entity located in taxable territory then, 100% Service Tax needs to be paid by receiver of such service, i.e. Business Entity.

Exemption to Legal Services:

The Government vide entry serial no. 06(b) of the Mega Exemption notification no. 25/2012 dated: 20.06.2012 exempted the **legal services** by an individual advocate or a partnership firm of advocates from the whole of the service tax that can be levied thereon under section 66B the Act, when rendered to :

i) an advocate or partnership firm of advocates providing legal services (i.e same class of persons);

ii) any person other than a business entity; or

iii) a business entity with a turnover up to Rs.10 Lakhs in the preceding financial year.

As per the new law introduced from 01.07.2012, legal services provided by an individual as an advocate or a partnership firm of advocates to any person other than a business entity is exempt. Hence, services of advocates used for the purpose other than business are out of Service Tax net. For example an advocate providing legal services to a Charitable Trust is not liable to pay service tax. Further, benefit of exemption is also extended to small business entities whose turnover is less than rupees ten lakhs in the preceding financial year. Here, the term turnover should be understood as to include not only taxable services but some total of all economic activities including goods and services. Apart from above, the legal services provided by an individual as an advocate or a partnership firm of advocates to an advocate or partnership firm of advocates providing legal services has also been given exemption.

Thus, the individual advocates or a partnership firm of advocates providing legal service are not liable to pay service tax under any circumstance and in case of service provided to the business entities having turnover above Rs.10 Lakhs in the preceding financial year, such business entities are only liable to pay tax under reverse charge. Thus, per se advocates are freed from hassle of Service Tax registration and payment etc. However, the scope of the exemption is limited to the legal services only and hence all other services provided by an advocate or firm of advocates, for e.g. renting of immovable property will be covered by the normal provisions of the Service Tax laws and hence advocates would be liable to pay Service Tax.

Also, service provided by an **arbitral tribunal** is also exempt under the entry sl. 6(a) of Mega exemption notification. An arbitral comprising more than one arbitrator will constitute an entity by itself. Thus, services of individual arbitrator when represented on such an arbitral tribunal will be exempted from imposition of service tax. Also exempted are services provided by an arbitral tribunal to:

i) any person other than a business entity or

ii) a business entity with a turnover up to Rs.10 Lakhs in the preceding financial year

Cases where Legal Service is not exempted:

For legal services provided or agreed to be provided to business entities located outside India where place of provision of service is within the taxable territory, the advocate or firm of advocates is liable to pay tax. Such services include services relating to taxation advice, mergers and acquisitions, due diligence etc.

Also, in respect of services provided to business entities, with a turnover exceeding Rs.10 Lakhs in the preceding financial year, tax is required to be paid on reverse charge by the business entities.

Meaning of 'Advocate', Legal services & Business Entity:

It is necessary to understand the meaning of advocates, legal services and business entity to avail benefit of exemption notification.

As per clause (a) of subsection (1) of section 2 of the Advocates Act, 1961, **"advocate"** means ***an advocate entered in any roll under the provisions of Advocates Act, 1961.***

The government has also defined the term legal service and as per the said definition **"legal service"** means ***any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.*** The scope of the term legal service is very vast as services provided in any branch of law falls under its umbrella.

As per Section 65B (17) of The Finance Act, 1994, **"Business entity"** means ***any person ordinarily carrying out any activity relating to industry, commerce or any other business or profession.***

Author's Comments:

The legal Profession in India, inter-alia, is one of the respected professions. But there has always been a controversy about the levy of service tax on the legal services. When the Govt. finally took the bold step of introducing service tax on legal services it was challenged before different Courts in the Country. Further with the amendments made by the Finance Act, 2011, the matter was protested in larger way in different Courts including Hon'ble Gauhati High Court. In fact some of the Courts had though granted interim stay but final judgment is yet to be rendered. Recently, the Bombay High Court in disposing some of the writ petitions filed by legal practitioners & their body challenging the levy of service tax on advocates took the view that the levy was valid and within the judicial parameters.

In this regard, the author feels that the modus operandi prescribed for levy & collection in case of legal services appears to be discriminatory vis-à-vis other professionals where services rendered by individuals and services rendered to individuals are taxable in the hands of service providers professionals only. The advocates are rendering quite similar services as those rendered by other professionals except appearance in the Court of law. Take the example of Income Tax Practitioners, Sales Tax Practitioners, P.F. Consultants where all the professionals including advocates are engaged. But advocates are still given liberty to not to obtain registration, collect & pay service tax and file tax return. The author feels that such discrimination should be done away with the introduction of GST in the Country.

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CAN AN AUDITOR CONTINUE U/S 139(10) IN ALL CASES?

By CA. Nitesh More

Lots of small & medium size private limited companies had not appointed auditors in last AGM . This article aims to examine the situation & try to examine legal implications under the Companies Act, 2013.

Existing auditor shall continue (i.e not appointed) u/s 139(10)

As per sec 139(10), where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor shall **"continue"** to be the auditor of the company. It is to be noted that existing auditor has not been appointed u/s 139(10), but he shall **continue** as auditor. Company is neither required to intimate to the existing auditor nor to ROC about this.

Auditor to attend AGM & has right to be heard

As per Sec 146, the auditor shall, unless otherwise exempted to attend general meeting by the company, attend either by himself or through his authorized representative, who shall also be qualified to be an auditor, any general meeting and shall have right to be heard at such meeting on any part of the business which concerns him as the auditor.

Justification of sec 139(10)

Company practically takes certificate from auditor before 1 month from AGM date. There may be practical situations when after giving such certificate, auditor subsequently either disqualify or do not want such assignment. In such a case, auditor will express his unwillingness subsequently (either at AGM or before AGM to company). In a case, when auditor expresses his unwillingness at AGM, it will be impossible for company to appoint another auditor. Company is required to held adjourned AGM with due date of AGM. It is also not possible to apply to ROC to take extension of AGM(maximum of 3 months). There will be a situation of "no auditor" in such case. Law maker knows this. To avoid such situation, sec 139(10) has been inserted.

Disqualification of auditor appointed [Sec 141(3)]

As per sec 141(3)g, an auditor shall not be eligible to be 'appointed' as auditor if as on the date of appointment, he is holding 20 company audit. As per sec 141(*4*), where a person appointed as an auditor of a company incurs any of the disqualifications mentioned in sub-section 141(*3*) after his 'appointment', he shall vacate his office as such auditor and such vacation shall be deemed to be a <u>**casual vacancy**</u> in the office of the auditor.

How to fill up casual vacancy?

As per sec 139(*8*), any casual vacancy in the office of an auditor shall be filled by the Board of Directors within thirty days, but if such casual vacancy is as a result of the resignation of an auditor, such appointment shall also be approved by the company at a **general meeting** convened within **three months** of the recommendation of the Board and he shall hold the office till the conclusion of the next annual general meeting.

Is disqualification u/s 141 applicable to such auditor?

<u>**A)One view:**</u> An auditor is not appointed u/s 139(10), but he continues to be auditor of the company by express provision of law. Disqualification u/s 141(3) is applicable to an auditor "appointed". Law maker have not used the word "appointed" u/s 139(10), but have used the word "continue". It can be argued that disqualification u/s 141(3) is not at all applicable to auditor who "continues" u/s 139(10).

Effect of such view: If such a view is taken, auditor can audit financial statement for next year. In next AGM, company can appoint same or another auditor.

Filling of annual financial statement to ROC

A question arises, "How will annual financial statement be filled to ROC without SRN no of ADT1 in such a case?". Kindly note that ADT1 is also not required to be filled for first auditor. In such a case, we take Z999999999 as SRN as provided in help menu of Eform.

<u>**B)Another view:**</u> However, on contrary, it can be argued that it is a case of "deemed appointment". In such a case, auditor has to vacate his office as provided u/s 141(4). This second view may be an absurd view in a sense that it will practically defeat the purpose of sec 139(10) as auditor who continue to be an auditor, have to vacate his office . Practically, auditor will vacate office by submitting resignation on the day it comes to his knowledge that he continue as auditor u/s 139(10), which can be examined as follows:

Case a: When auditor has attended the AGM:

If auditor has attended the AGM, he must have disclosed to the shareholders that he is holding 20 company audit & hence disqualified. In such a case, the following questions arise:

a) Can AGM be finished without transacting a business i.e. without appointing an auditor?

b) Should AGM be adjourned so that another auditor be appointed?

In my view, AGM should be adjourned to appoint another auditor, if possible. However, in case when AGM held on last date on which company should held AGM, say 30th Sep, it is not possible to adjourned AGM, in such a case existing auditor shall continue as auditor. But, auditor has to vacate office immediately by submitting resignation & casual vacancy will be filled as provided u/d 139(8).

Case b: When auditor has not attended AGM & company approached auditor on 15th Dec,2014

Auditor has been exempted by company to attend AGM on the ground that he has to attend another AGM on the same time. He continues as auditor u/s 139(10). Company approached his auditor on 15th Dec, 2014 & argued that he is continuing u/s 139(10). Auditor shall vacate the office by submitting resignation if he is disqualified & file ADT3. It will result casual vacancy & will be filled as provided u/d 139(8).

Case c: When auditor has not attended AGM & when company approaches auditor on 15th June,2015

A Pvt Ltd approaches his auditor on 15th June, 2015 & argued that he is continuing u/s 139(10). Auditor can continue as auditor, if he is not disqualified.

Corporate Social Responsibility: Theory and Practice

By CA. Mohammad Hassan

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Corporate Social Responsibility **- CSR "analyses economic, legal moral, social and physical aspects of environment." – Barnard (1938)**

Corporate Social Responsibility (CSR) is a concept that has attracted countrywide attention and acquired a new resonance in the Indian economy. CSR is a form of corporate self-regulation integrated into a business model CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. In some models, a firm's implementation of CSR goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law. CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

Evolution of Corporate Social Responsibility

The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed.

The evolution of corporate social responsibility in India refers to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. CSR is not a new concept in India. Ever since their inception, corporate like the Tata Group, the Aditya Birla Group and Indian Oil Corporation, to name a few, have been involved in serving the community.

The governments have been traditionally assuming the sole responsibility for the improvement of the living conditions of the population, but society's needs have exceeded the capabilities of governments to fulfill them. Though in India, many corporate have been voluntarily engaged in CSR activities, the provisions of Companies Act, 2013 have put formal and greater responsibility on companies in this regards. The Companies (Corporate Social Responsibility Policy) Rules 2014 came into force w.e.f 1st April 2014.

Legal Mandate - Companies Act, 2013

Section 135 of Companies Act 2013, provides that every specified company shall spend at least 2% of average net profit made during immediate three preceding financial years on CSR on projects and programs specified in Schedule VII of companies act 2013.

1. Each qualifying company to form a CSR committee to formulate the CSR policy of the company and effectively monitor the CSR activities of the company.
2. Board of Directors of the companies are responsible to ensure that the company spends the mandatorily required amount on specified CSR activities in accordance with the CSR policy of the company and disclose the CSR policy and CSR activities of the company as specified in the provisions.

Qualified Company

Any company (whether public/private/foreign company) having either of following :

1. net worth of Rs. 500 crore or more; or
2. turnover of Rs. 1000 crore or more; or
3. net profit of Rs. 5 crore or more during any Financial Year is a qualified company.

Meaning and Appointment of CSR Committee

Every qualified company shall appoint a CSR committee consisting of at least 3 Directors out of which 1 should be an independent director. The committee so formed shall formulate CSR policy & make recommendations to Board. Board of such companies is mandated to spend, in every Financial Year minimum 2% of the average net profits of the company made during the 3 immediately preceding Financial Years, on corporate social responsibility activities in pursuance of its CSR Policy.

Clarification by Companies (Corporate Social Responsibility Policy) Rules 2014,

1. an unlisted public company or a private company which is not required to appoint an independent director as per sec 149(4) of the Act, shall have its CSR Committee without independent director.
2. a private company having only two directors on its Board shall constitute its CSR Committee with two such directors;
3. with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.

CSR Reporting

1. The Board's Report of a company shall include an annual report on CSR containing particulars specified in Annexure given in Companies (Corporate Social Responsibility Policy) Rules 2014.
2. In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

Meaning of Net Profit

1. As per Rule 2(f) of Companies (Corporate Social Responsibility

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Policy) Rules, 2014 - "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

a. any profit arising from any overseas branch or branches of the company

b. any dividend received from other companies in India

2. In case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of Section 381(1)(a) read with section 198 of the Act.

CSR Expenditure

CSR expenditure shall include following expenditures:-

1. all expenditure including contribution to corpus, or
2. on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee

   but such expenditure should be as per Schedule VII of the Companies Act 2013.

   CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act.

Highlights of the activities that can be undertaken by a company to fulfill its CSR obligations include:

1. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
5. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts:
6. measures for the benefit of armed forces veterans, war widows and their dependents;
7. training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
8. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. rural development projects;
11. any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 of Companies Act, 2013 and rules made there-under.

Points of Consideration

1. The amount spent for benefit of employees and/or for their relatives shall not be considered as CSR.
2. The amount should be spent on projects/programs in India only.
3. The companies shall give preference to the local area and area around it where it operates for spending the amounts earmarked for CSR activities.

Concluding remarks

1. The fundamental idea of CSR is that business corporations have an obligation to work towards meeting the needs of a wider array of stakeholders. In my view the private sector is the dominant engine of growth – the principle creator of value and managerial resources – and that it has an obligation to contribute to economic growth and opportunity – equitable and sustainable. CSR is therefore founded on a stronger recognition of the role of business as an active partner in a world of scarcity and dwindling resources.
2. Proponents however characterize CSR as essential for successful business operations and as an opportunity for business to look beyond narrow economic returns and take the wider social concern into consideration (Jackson and Nelson, 2004; Rudolph, 2005).
3. Corporate Social Responsibility represents a new challenge and a truly paradigmatic shift for business corporations.
4. Despite mandatory provisions, the CSR approach of the companies may remains amateurish and sketchy, thus we Chartered Accountants as advisors & consultants to companies should help in guiding them in the best possible manner and be the part of Nation Building.

Workshop on Information Technology

CA. Anil Kumar Agarwala, Past Chairman & Faculty deliberating to the participants of the I T Workshop

A three CPE hour IT workshop on "Information Technology" was organised at IT Lab, ICAI Bhawan, Guwahati on 12th December, 2014 from 3 pm onwards. Faculty CA. Anil Kumar Agarwala, an expert in IT from Guwahati presented his deliberation on "M S Excel Essentials" by sharing some useful tips on M S Excel to the large no. of members present at the workshop.

Members Cricket Meet

Posing for a group photograph after the match

The Guwahati Branch of ICAI organized Members Cricket Meet on 13th December, 2014 at the Judges Filed, Guwahati from 4 pm onwards under the flood lights.Four different teams comprising of members of the Branch participated and played against each other before the final match was played between "Team A" lead by CA. Vikash K Jain and "Team D" lead by CA. Naveen Garg. "Team A" put up a spirited performance against "Team D" and lifted the winner's trophy. A total of 3 matches including the Final Match each of Eight Overs a side was played amongst the members in the Cricket Meet. The members thoroughly enjoyed the break from the professional commitments and made it a very successful event.

Friendly Cricket Match with the officials of Income Tax Department

With a view to increase the camaraderie and facilitating interactions between CAs and Income Tax officials, a friendly cricket match with the Income Tax Department was held under the flood lights of Judges Field, Guwahati on Sunday, the 14th December, 2014 from 5 pm onwards. The event was inaugurated by Hon'ble PHE Minister of Assam & President, Assam cricket Association Mr. Gautam Roy. The match was played in a great spirit and despite a valiant effort by the team from Income Tax Department, the match was finally won by the Team ICAI.

A photo opportunity for both the teams with the Hon'ble Minisiter, Govt. of Assam Mr. Gautam Roy

Various officials from the Income Tax Department and Senior Members of the Branch were present in the field to cheer their respective teams. All in all it was a terrific game of cricket played in a fantastic spirit.

Workshop on Information Technology

Felicitation of CA. Ankit Jallan, faculty for the workshop

A three CPE hour IT workshop on "Information Technology" was organised at IT Lab, ICAI Bhawan, Guwahati on 20th December, 2014 from 3 pm onwards. Faculty CA. Ankit Jallan, a young member of our branch presented his deliberation on "Data Analysis and Reporting with MS Excel". The workshop drew a good number of participants.

Family Picnic

We are family!!

Branch Activities

Senior Member CA. K C Jain in a lighter mood

Faces behind the Grand Show

A family picnic was organized for the members of the branch to welcome the coming season of the Year 2015. A feast with a lot of activities including musical troop and other fun filled events for the members & their families through a day out was organised at Spring Valley Resort, Sonapur, Guwahati on 21st December, 2014. Members of all age group came forward to be a part of this 1st ever Family Picnic of the Guwahati branch and enjoyed themselves to the fullest along with their families and colleagues. The picnic was a grand success and attended by around 135 persons.

Sub Regional Conference

L to R: CA. Rohit Agarwal, Chairman, CPE Committee; CA. Bikash Agarwala, Past Chairman & Speaker; CA. K P Sarda, Chairman; Mr. B B Mahapatra, Commissioner, Central Excise & Service Tax & Chief guest; Mr. A A Sengupta, Superintendent, Service Tax & Speaker

The last week of the year 2014 saw a good professional opportunity for the members of the Guwahati Branch of ICAI as a 6 CPE hour "Sub Regional Conference" on **"Service Tax"** was organized at the Auditorium, ICAI Bhawan, Maniknagar, Guwahati on Saturday, the 27th December, 2014. The event began with the introductory remarks by CPE Committee Chairman CA. Rohit Agarwal whereas the Branch Chairman CA. K P Sarda in his welcome address updated the members about the various activities of the Branch in the recent past & also apprised the members about the forthcoming events. The Sub Regional Conference was chaired by Commissioner of Central Excise and Service Tax Mr B. B. Mohapatra. The learned Speakers Mr A. K. Sengupta, CA. Bikash Agarwala and CA. Raginee Goyal deliberated on the various topics of Service Tax in the conference.

L to R: CA. Vikash K Jain, Vice-Chairman; Mr. Pallav Bagaria, Speaker; Mr. Prim Singh Syiem, Assistant ROC, N E Region; CA. Ankit Jallan, Speaker and CA. Dhiraj Jain, Chairman, EICASA, Guwahati

Investor Awareness Programme

As a part of its social responsibility, an Investors Awareness Program was organized on Saturday, the 27th December, 2014 by the Guwahati Branch after the sub Regional Conference to educate the members and public at large on investor protection and precaution in investing into Capital Market. The session was initiated by the Vice Chairman CA. Vikash Kr Jain. The session was chaired by Assistant Registrar of Companies, Shillong Mr. Prim Singh Syiem. The Speakers on the session were Mr. Pallav Bagaria and CA. Ankit Jallan. A large number of people were benefitted from the program. MC member CA. Dhiraj Jain offered the formal Vote of thanks to end the session.

Teleconferencing

In addition to this, arrangements were also made for viewing of teleconferencing programme on the following dates –

Date	Topic	Faculty
28/12/2014	National CPE Live Webcast on Taxation of Real Estate Transactions	CA. Dr. Girish Ahuja
29/12/2014	National CPE Live Webcast on i) Formation & Taxation of Charitable Trusts ii) Foreign Contribution Regulation Act - A Threadbare Analysis	CA. Kanagaraj Antonysamy
30/12/2014	National CPE Live Webcast on Mergers, Demergers, Acquisition, Transaction Advisory & Due Diligence – Role of Chartered Accountants	CA. S. Ramakrishnan

Forthcoming Events

- **Republic Day Celebrations :**

  The branch will be celebrating the biggest democratic festival of the people of India - the Republic Day which will begin with the hoisting

Branch Activities

of the National Flag at the branch premises from 9:00 AM onwards followed by the felicitation of the victorious EICASA Guwahati Cricket Team who won the Eastern Premier League Cricket Tournament held at Siliguri on 17th & 18th January, 2014. All the members are requested to make their presence felt at the event and make this republic day celebrations a grand one.

- **Joint Workshop with Tezpur University :**

  The Board of Studies, ICAI and School of Management Science, Tezpur University is organising a Two day Joint Workshop on "The Companies Act, 2013 and Corporate Governance" being hosted by our Branch on January 30th and 31st, 2015 at Tezpur University. CA. (Dr.) DebashisMitra, CA. Devajit Sharma, CA. Bikash Kumar Agarwala and CA. Anil Kumar Agarwala, all past chairmen and CA. Sunil Sharma, senior member will represent our branch as the faculties of the workshop. All the members are requested to participate at the workshop in numbers and make this workshop a successful one.

- **Participation in Friendship Cup Cricket Tournament, 2015 :**

  The players of the Guwahati Branch Members' Cricket Team are going to participate in the Friendship Cup Cricket Tournament, 2015 to be held between the branches of EIRC at Siliguri on 1st February, 2015.

- **Inauguration of Reading Room for CA Students :**

  The Guwahati Branch is all set to add another feather in its cap by introducing the first reading room for CA students outside the branch premises. The reading room is situated at Bharalamukh, Guwahati and is most likely to be inaugurated by one of the eminent personality of our Institute on 6th February, 2015. We request all the members to grace the occasion by making their presence felt. We hope that the starting of reading room will benefit the students of the region immensely.

- **Indoor Sports Meet for Members on 7th& 8th February, 2015 :**

  The Indoor Sports Meet for members will be held on 7th& 8th February, 2015 at Don Bosco Indoor Stadium, Panbazar, Guwahati. The Sports meet will include various indoor games like Badminton, Chess, Carrom & Table Tennis.

Take a Break !!

ALL ABOUT "WORLD CUP CRICKET" !

- Compiled by CA. Anuj Bajaj

It's a new year and the most awaited event of this year is The 11th edition of the ICC Cricket World Cup , which will be played in Australia and New Zealand from 14TH of February. The World Cups of cricket have always been the priority for all of the cricket playing nations. But the zeal and enthusiasm in India has no limits. The World cups have their own stories and facts. Let us have a look on them.

Brief History of ICC Cricket World Cup :

The ICC Cricket World Cup has come a long way and it has been the premier and most awaited tournament among the cricket lovers. The format of One Day games was first played during the 1960s in England in the county cricket. It was a time when nobody could ever think that a cricket game can have a result in one day since it was an age of the Test Cricket. In 1962 the English County Cricket had first ever four team knockout competition and next year they had the inaugural Gillette Cup. Gradually the one day cricket gained popularity in England and in 1969 the National Sunday League was formed. Although the first ever One Day International was played between Canada and USA in the year 1844, but when a test match in 1971 was washed out between England and Australia to fill the time an eight ball over one day match was played and it became the first milestone for one day cricket's existence. The ever so growing popularity of One Day Cricket forced ICC to organize a World Cup competition for major cricket playing nations.

The Story So Far:

Prudential World Cups, England (1975-1983)

The first ever Cricket World Cup was organized in England in the year 1975 the name of this World Cup was after its sponsors Prudential plc. There were three Prudential World Cups organized in the year 1975, 1979 and 1983. The first two World Cups were won by the West Indies and in 1983 India upset the mighty West Indians in the finals under the leadership of Kapil Dev to lift their first ever World Cup. All three World Cups were 60 overs a side affair.

The Reliance World Cup, India & Pakistan (1987)

The first ever World Cup, which was played as a 50 overs a side tournament. The defending champions India were firm favorites, but they lost to England in the semi-finals in Mumbai with English captain Graham Gooch and Mike Getting just used the sweep shot to combat Indian spinners. In the final which was played at the historic Eden Gardens in Kolkata Australia with 100% crowd support beat England to become the champions, first time in their history.

Benson & Hedges World Cup, Australia & New Zealand (1992)

Again the format of the World Cup was changed and from pool system, it was changed to the round robin format where each team played against each other ones. Australia, the host nation, once again was favorite to win but lost to New Zealand's tactics of bringing the spinner Dipak Patel in the first 15 overs in the first match it self. New Zealand got the momentum, but somehow lost to Pakistan in the semis who were almost on the brink. Pakistan, then beat England in the final and their captain Imran Khan lift the cup.

Take a Break !!

The Wills World Cup India, Pakistan & Sri Lanka (1996)

World Cup returned to the subcontinent and this time the island nation Sri Lanka too became the co-host. Sri Lanka was unstoppable throughout the tournament because of their hammering openers Sanath Jayasuriya and Romesh Kaluwithrana just changed the script of One Day International. After beating India in the semi final in a crowd troubled match at Kolkata Sri Lankans defeated Australia in the finals played at Lahore's Gaddafi Stadium.

ICC World Cup 1999, England and Scotland

The first time ever ICC got the full control over the economics of the World Cup and the gave its name for the trophy forever. Now there are sponsors for the event, but they never have their names on the Cup. This world cup started the Australian domination over it who defeated Pakistan in the finals easily after overcoming a nail biting and tensed semifinal against South Africa.

ICC World Cup 2003, South Africa, Kenya and Zimbabwe

First time the African nations hosted the cricket world cup and South Africa and Australia were firm favorites, but South Africa lost the way and Australia kept its juggernaut rolling. The surprise package of the world cup was the associate nation Kenya who stunned full time members like Sri Lanka, West Indies and Zimbabwe to reach the semi finals of the World Cup. India started miserably to the world cup, but then won all of their matches to reach the final where Australia just dumped them.

ICC World Cup 2007, West Indies

The first time six different countries came under one roof and hosted the world cup but it became one of the most poorly attended world cup ever. This world cup also witnessed the murder of the then Pakistani coach and South African Bob Woolmer. But nothing could stop the Aussies as they won the final convincingly amid bit of controversy against Sri Lanka.

ICC World Cup 2011 India, Sri Lanka & Bangladesh

This world cup witnessed the end of the domination of Australia on world cricket when they lost to India in the quarter finals at Ahmedabad. India and Sri Lanka were firm favorites to lift the cup and both battled for it in the final which was played at Mumbai's famous Wankhede Stadium. India's captain Mahendra Singh Dhoni's impressive tactics and his batting and of course his famous last ball six helped India to lift their second world cup after the long wait of 28 years!

Interesting Facts about Cricket World Cups :

- England is the only nation which has hosted most number of World Cups (4) the next is India and Pakistan (2-both jointly)
- The 1987 World Cup was the first ever world cup which was held outside England.
- The 1992 World Cup was the first ever world cup which was hosted by the Southern Hemisphere countries.
- The 1992 World Cup was the first ever world cup, where white balls were used and Day and Night games were played with colour clothings.
- Because of the racial policy in South Africa, they could participate in the World Cup only in it's 5th edition in 1992.
- Sri Lanka became the host for the first time in 1996 when they co-hosted the world cup in 1996.
- Chetan Sharma of India is the first bowler to claim a hat trick in a world cup (1987).
- Australia is the only team which has won 4 world cups in which three world cup wins came in a row (1999, 2003 & 2007).
- After losing a round robin game against Pakistan in 1999 World Cup, Australia lost a game in a World Cup against the same team in the 2011 World Cup only.
- Clive Lloyd and Ricky Ponting are the only captains who have won the world cup twice. Lloyd in 1975 and 1979 and Ponting in 2003 and 2007.
- Sachin Tendulkar of India is the highest run getter in the World Cup history; he has scored 2,278 runs in 6 world cups.
- Glenn McGrath of Australia has claimed the highest number of wickets in the history of world cups which is standing at 72.
- Shahid Afridi of Pakistan has a unique record of taking four wickets or more wickets in a match in four world cups.
- The venues for the World Cup finals are Lord's (1975, 1979, 1983, 1999), Eden Gardens (1987), Melbourne Cricket Stadium (1992), Gaddafi Stadium (1996), The Wanderers (2003), Kensington Oval (2007) and Wankhede Stadium (2011).

ICC Cricket World Cup 2015

The 11th edition of the ICC Cricket World Cup kicks off in Christchurch on 14 February when co-host New Zealand take on Sri Lanka. On the same day at the picturesque Melbourne Cricket Ground, four-time world champion Australia will square-off against England.

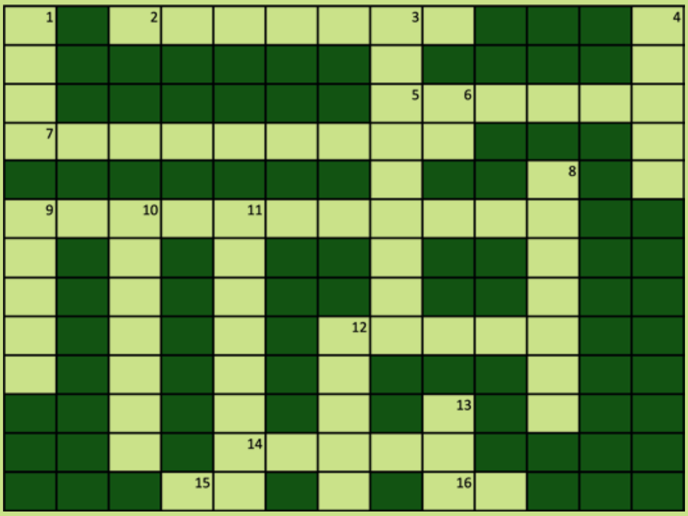
A total of 49 matches will be played across 14 venues, seven in New Zealand (Auckland, Christchurch, Dunedin, Hamilton, Napier, Nelson and Wellington) and seven in Australia (Adelaide, Brisbane, Canberra, Hobart, Melbourne, Perth and Sydney).

The format of the tournament is the same as the ICC Cricket World Cup 2011, i.e. two groups of seven sides each, quarter-finals, semi-finals and final. All the knock-out stage matches will have reserve days.

Apart from the 10 Full Members, four qualifiers – Afghanistan, Ireland, Scotland and the United Arab Emirates – will take part in the tournament.

The excitement of the World Cup grows with every new edition and this year's host nations, Australia and New Zealand, are known for their sporting culture, great cricket facilities and knowledgeable crowds. In our country, the excitement is doubled this year because We are the Defending Champions !Further, Tendulkar getting elected as the Brand Ambassador of this year's edition has proved to be the cherry on the cake. Can we ask for more? So, lets keep our fingers crossed and pray that the Indian Players do justice to the hopes of the countrymen and defend the title, giving their best shots.

CROSSWORD # 19



QUICK CLUES

Across:

2 New Airlines of Tata Group & Singapore International Airlines (7)

5 Richest person in Asia (6)

7 Goodwill ambassador for 35th National Games of India (9)

9 Which sector is the largest source of employment in India (11)

12 Present CEO of 'PepsiCo' (5)

14 This country developed the Julang-2 (JL-2) ballistic missile (5)

15 Headquarters of UNO (abbr.) (2)

16 Team featuring in the first match of Cricket World Cup 2015 (abbr.) (2)

Down:

1 Currency of Myanmar (4)

3 This State gives the "Meera Puraskar" as highest literature award (9)

4 Chief guest for Republic Day celebrations 2015 (5)

6 Mozart of Madras (Initials) (2)

8 Topped the 2014 Forbes list of best nation for business (7)

9 World's largest company by market capitalization (5)

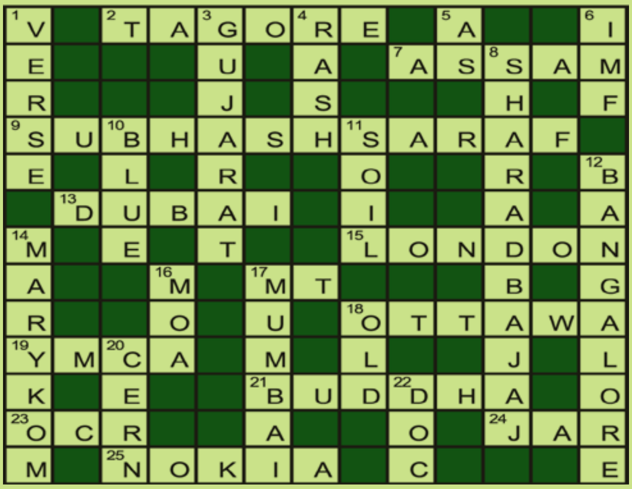
10 Voted as the number one footballer in the world (7)

11 In ancient time, the term Nishka was related to .... (8)

12 Won the Kabaddi World Cup 2014 (5)

13 Present secretary general of UNO (3)

SOLUTION CROSSWORD # 18



Congratulations to **CA. Mohammed Mandlaywala** for submitting correct solution to crossword # 18

Guwahati Branch Managing Committee for the Session 2013-16 and Office Bearers for the year 2013-14

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चलते चलते.....

रहिमन मुश्किल आन पड़ी, टेढ़े दोऊ काम ।
सीधे से जग ना मिले, टेढ़े मिले ना राम ।।