VOL 19 | NO. 09 | PAGES 36 | FEBRUARY 2016 | R50

The Institute of Chartered Accountants of India
(Set up by an act of Parliament)

The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events

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Cover Image Courtesy: www.shutterstock.com

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ANNUAL SUBSCRIPTION RATES

CA Students	Members and Others	Overseas
` 200	` 500	US $ 100

Total Circulation: 4,47,221

Check your Address: All students should check their mailing address printed on back cover. In case, there is any change or the PIN Code (Postal Index Code) is either missing or is incorrect, kindly inform immediately the concerned Regional Office, giving full particulars of your address alongwith correct PIN Code. This would enable us to ensure regular and prompt delivery of the Journal.

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Email: writesj@icai.in

Non-receipt of Students' Journal
Email: nosj@icai.in

EDITOR: CA. V. Murali
Printed and published by Shri Vijay Kapur, on behalf of The Institute of Chartered Accountants of India, New Delhi.

PUBLISHED at the Institute's Office at Indraprastha Marg, New Delhi and printed at Spenta Multimedia Pvt. Ltd., Plot 15,16 & 21/1, Village Chikhloli, Morivali, MIDC, Ambernath (West), Dist. Thane

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My Dear Students,

Heartiest congratulations to the students who passed CA examinations in the results declared recently. I also compliment Rank holders on their special achievements. It is my earnest desire that the students speedily pass the CA examinations to join CA profession. This year we surpassed quarter of million mark of membership base, but we need more Chartered Accountants. I do not have any doubt that strong Indian economy will need more Chartered Accountants – both practicing and working in industry. The Indian economy, beating all odds, is growing at a very high rate.

It is said that *time and tide waits* for none. In the month of February, 2016, as in the past, I will be relinquishing my position of President of this Institute to make way for a new incumbent. While I sit down to write this message, I am reminded of so many small and big events. We have moved way ahead in clearing the disciplinary cases expeditiously. However, when we were working on our regulatory responsibilities, students never took backseat. We have taken many decisions and actions in the overall interest of students and future of profession.

Strong profession needs well qualified and competent professionals. We can meet future challenges and deliver our best, only when we are well equipped with strong competencies and skillsets. In implementing new scheme of education and training we have identified the required regulatory changes and submitted them to the Ministry of Corporate Affairs for their clearance. These are to be exposed for public comments to get wider feedback from all stakeholders. It is likely to happen very soon. We have also worked-out contemporary syllabus that has been benchmarked to the best in the world. These futuristic matters require careful consideration and planning and should not be rushed.

We have also tried to reengineer some of the processes to improve the overall quality of our services. An organisation of this size needs to heavily rely on tools of technology. To manage the affairs of training we are launching an online e-diary portal. The e-Diary will help in keeping periodical records of Articled Training undertaken by students, apart from keeping record of leaves taken and stipend received. The same is ready and being tested internally. It will be launched very soon. Another, technology driven project that I have undertaken is online submission of regulatory forms. Very soon members and students will be able to submit all regulatory forms using digital signatures.

The convocations held on 24th January, 2016 were another technological marvel. I along with the Vice-president addressed the new members using the tools of video-conferencing across eleven cities simultaneously. Even the oath was administered centrally by the Chairman, Board of Studies.

There was also increased emphasis on online lectures. This has helped the students to learn from experts in the comfort of their homes at their own desired pace. A series of Online Mentoring Sessions is enabling the students to get subject wise inputs for Common Proficiency Test, Intermediate and Final Courses. Students are able to ask queries on complex topics and get their doubts cleared. There were many other regular and special initiatives that were taken. These included, updation of study material, organising conferences and conventions, conducting contests and so on.

I wish to convey my sincere thanks to CA. M. Devaraja Reddy, Vice-president who stood with me like a pillar in managing the organisational affairs. I also compliment CA. V. Murali, Chairman, CA. Nilesh Vikamsey, Vice-Chairman and other members of Board of Studies for their untiring efforts in managing the affairs of Board of Studies. I also put on record my heartfelt appreciation for the Head, faculty members and other officials of Board of Studies.

As I pass on the baton, I look forward to profession to grow further. The profession has created new benchmarks and enjoys a lot of respect in society. It is a privilege to be part of this profession. I am thankful to the Almighty for giving me this opportunity to serve the profession. I hope I was able to deliver to the best of my abilities.

With best Wishes,

CA. MANOJ FADNIS
PRESIDENT
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

VICE PRESIDENT'S COMMUNICATION

My Dear Students,

It gives me immense pleasure to communicate and reconnect with all of you after a brief interregnum. As Vice President, this will be my last interaction with one and all. At the outset, I extend my warm greetings to each one of you and wish you all a belated Happy and Wonderful New Year 2016. I wish this New Year brings all the success, joy and happiness in your professional and personal life. I would also like to take this opportunity to express my heartiest congratulations to all the students who have come out with flying colours in their respective November 2015 examinations. Your constant and persistent efforts have proved their worth in bringing glory and adding one more feather in your cap. Please remember it is just a beginning of your long lasting and rewarding professional career.

Success and acknowledging your success builds the momentum that you have to maintain throughout your professional career. Nobody trips over mountains. It is the small pebble that causes you to stumble. Pass all the pebbles in your path, and you will find you have crossed the mountain.

Everyone loves the feeling of securing a huge victory but so many of us look over the fact that accomplishing the greatest feats means we have to win the small battles first.

If you examine all of the biggest characters in history, you will realize that though they may be known for one thing, or a few things even, in every single case of greatness, there are many small challenges that don't get talked about. It is in these small victories that the greatest people of all time became the conquerors and winners that we still read about and talk about today. For those who have not achieved success, it is the right time for self introspection. ***"Don't look where you fell, Look where you slipped".*** Never let the small things in life trip you up and keep you from overcoming the huge mountains in life. Bhagavad Gita also says, *"We are kept from our goal, not by obstacles, but by a clear path to a lesser goal."* Be great by continuing to stand in the midst of adversity. And remember to keep moving forward once you gather yourself from falling. Never quit! ***"Crave for a thing, you will get it. Renounce the craving, the object will follow you by itself". ..*** **Swami Sivananda.**

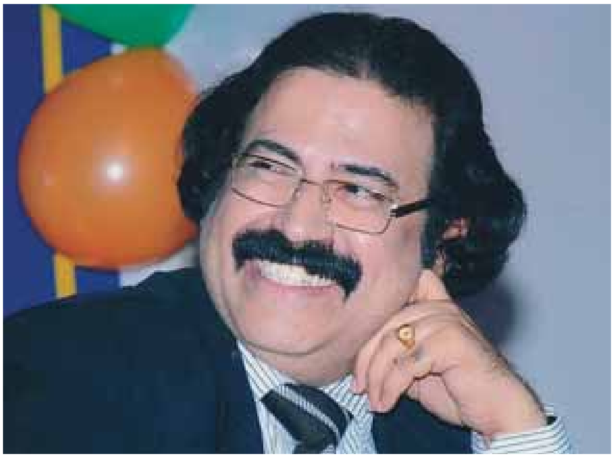
As you all are aware that the chartered accountancy profession is increasingly becoming international. It is time to understand that the impact of privatization and globalization will not only be confined to business and industry alone, but it will have its impact on the accountancy profession as well. You, as the future accountancy professionals, have to stand up and compete with international professionals on our own soil. This is something which is inevitable sooner or later. Also remember, with the more challenges we conquer more opportunity knocks on our door. As the economy registers growth in various sectors, professional opportunities will also grow. The Government is increasingly appreciating the efforts of the Institute to keep the profession dynamic and services of accountancy professionals are increasingly being utilized in the newer professional domains. Therefore, shed all your worries and inhibitions about your future and concentrate on your studies.

As you are aware, the Institute provides a wide range of continued support to its students for the enhancement of their technical knowledge and enrichment of their professional know-how. The high quality study material provided to our students is developed keeping in view the requirements of the concerned job sectors in the corporate and professional world. Our educational programs set the standard for both their quality and breadth. This has helped our students to blend rigorous study with practical experience, applying what they learn in the classroom to situations they face in their work and lives. These accomplishments were achievable because of our commitment to the students. It is important that we keep up this momentum in the New Year also. Many of our initiatives will move from the idea stage to implementation. To bring them to fruition, it will take the efforts of many. But we have the determination and strength to continue to innovate and grow.

Wish you all the best,

Yours sincerely

CA. M. DEVARAJA REDDY
VICE PRESIDENT
ICAI, NEW DELHI



My Dear Students,

As I pen this missive to you, I realised that twelve months have whizzed past like a flash of lightning and that its time for me to bid adieu. The CA final results are out and many of you would have cleared the exam – Congratulations to all the new Entrants to our great Profession. Some of you would have cleared a group, or got some exemptions leading you nearer to your cherished goal. For those who are not fortunate to be successful, my comforting advice is that everything heals. Your heart heals. The mind heals, wounds heal. Your happiness is always going to come back. Bad times don't last. Sometimes the worst times of our life put us on a direct path to the best times.

POINTS TO PONDER

Be happy always. Remember happiness is not an achievement, it is a choice. It is your choice. Nothing on this earth can make you happy unless you choose to be happy. Choose rainbows instead of rain, choose pleasure instead of pain, choose to smile than to fume and fret, choose to forgive and forget than to regret, choose to help than to be helped. Inspire others with your positive attitude, deal with your imperfections lightly, don't hold grudges, vindictiveness and anger within you. Always have faith and believe that something wonderful will happen and is waiting to happen to you. You never know which footstep will bring a right twist in life. So keep on walking. Happiness comes when it is most unexpected, that is life. Dr. Martin Luther King Jr. said "***Hatred paralyzes life; love releases it. Hatred confuses life; love harmonizes it. Hatred darkens life; love illuminates it.***" Be happy, not because everything is good, but because you can see the good side of everything.

WORDS OF WISDOM FOR CA STUDENTS

1. Study while others are sleeping; Work while others are loafing; Prepare while others are playing and dream while others are wishing.
2. Concentrate all your thoughts upon the work at hand. The sun's rays do not burn unless brought to a focus.
3. Learn from yesterday, live for today and hope for tomorrow. The important thing is to be focused and positive.
4. Opportunity dances only with those already on the dance floor.
5. Patience, persistence and perspiration make an unbeatable combination for success.
6. Luck is where preparation and opportunity meet.
7. It is said some succeed because they are destined to; Most succeed because they are determined to.
8. The only thing that can be achieved without effort is failure.
9. All successful and unsuccessful people have one thing in common; Twenty Four Hours a Day. Its how they use them that makes the difference.
10. Our minds are the factories that manufacture our thoughts. It is up to us to think of good thoughts, happy thoughts, think pro-active, positive and uplifting thoughts.
11. You have infinite potential inside you. Invest in yourself – improve yourself, your life, cherish your life, enjoy every moment and see the positive in everything.
12. Do everything with passion, enthusiasm and joy – you are bound to succeed.
13. There is no elevator to success. You have to take the stairs.
14. Take every chance, drop every fear.

HOLD ON DEAR CA STUDENTS

Hold on to ***faith***; it is the source of believing that all things are possible. It is the fibre and strength of a confident soul.
Hold on to ***hope***; it banishes doubt and enables attitudes to be positive and cheerful.
Hold on to ***trust***; it is at the core of fruitful relationships that are secure and content.
Hold on to ***love***; it is life's greatest gift to all, for it shares, cares and gives meaning to life.
Hold on to your ***dreams***; achieve them diligently and honestly. Do not surrender to deceit. Remember others on your way and take time to care for their needs.
Hold on to all that you are and all that you have learnt, for these things are what make you unique. Don't ignore what you feel and what you believe is right and important; your heart has a way of speaking louder than your mind.
Enjoy the beauty around you. Have the courage to see things differently and clearly. Make the world a better place one day at a time, and don't let go of the important things that give meaning to your life. Trust the timing of your life. All will come to you at the perfect time.

WRAP UP POINTS

A positive attitude is contagious but, don't wait to catch it from others. Be a carrier. Always give without remembering and always receive without forgetting. Learn to love without condition; Talk without bad intention; Give without any reason; And most of all, care for people without any expectation. Motivation is already lying in you like sticks in a matchbox. Ignite it and you can enlighten the entire Universe. Just do it. Chase down your passion as if it were the last bus of the night. Jack London's words have inspired and motivated me always ***"I would rather be ashes than dust, I would rather that my spark should burn out in a brilliant blaze, than it should be stifled by dry rot. I would rather be a superb meteor every atom of me in magnificent glow, than a sleepy and permanent planet. The proper function of man is to live and not to exist."*** Always face life head on, tackle obstacles with confidence, never let your resolve get shaken. Have Faith in God. Have faith in prayer. Don't think of the things you did not get after praying. Think instead of the countless blessings God gave you without asking. When you are going through difficulties and wonder where God is, remember the teacher is always quiet during the test. Keep your head up. God gives His hardest battles to His strongest soldiers. God works in mysterious ways, just like an anti-virus software, He enters your life, scans your problems, edits your tensions, downloads solutions and deletes your worries and protects you.

Wishing you a bright, prosperous and wonderful future. All the very best.

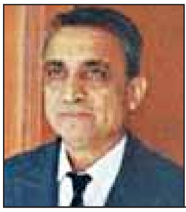
Good bye and Good Luck!

With Warm Professional Regards,

Forever, yours in service,

(CA. V. MURALI)
CHAIRMAN, BOARD OF STUDIES, ICAI, NEW DELHI

Export Promotional measures through Duty Credit Schemes



The author is a noted writer and Consultant on Indirect Tax

Exports are given top priority in India, in view of need of foreign exchange and growth of national GDP by increasing production. In fact, practice of giving encouragement to exports is followed by almost all nations. 'Make in India' is also a step in the same direction.

WTO stipulations in respect of export promotion schemes

India is a member of World Trade Organisation (WTO). Hence, our export policies and schemes are required to be compliant with WTO norms.

The four main WTO guidelines are – (i) Trade without discrimination (ii) Predictable and growing market access (iii) Promoting fair competition and (iv) Encouraging development and economic reforms.

As per stipulation of World Trade Organisation (WTO), any country cannot give 'export incentives' or 'export subsidies' as such. The reason is that WTO intends to encourage free competition among nations and provide 'level playing field' to all. If export incentives or subsidies are permitted, then there will not be free and fair competition among manufacturers of different countries.

Various schemes designed by Government of India to promote exports ensure that these comply with WTO norms. Most of the schemes are designed to make inputs used to manufacture exported goods, tax free. This is permissible under WTO.

Since cash incentives for exports are not permissible under WTO regime, a via media has been found in the form of 'duty credit schemes.'

Two export promotional measures have been specified in Foreign Trade Policy [FTP] 2015-2020. These are termed as 'Export from India schemes.'

Under these schemes, Exporter gets Duty Free Credit Entitlement Certificate.

The Duty Credit Scrip can be used for importing inputs and capital goods which are freely importable. The scrips can also be used for payment of excise duty on indigenous goods procured and service tax on services received.

Export from India Schemes

The purpose of schemes is to provide rewards to exporters to offset infrastructural inefficiencies and associated costs involved and to provide exporters a level playing field.

The two schemes are – (a) Merchandise Exports from India Scheme (MEIS) (b) Service Exports from India Scheme (SEIS).

Merchandise Exports from India Scheme (MEIS)

The scheme is effective from 1-4-2015 i.e. when the Foreign Trade Policy 2015-20 came into effect.

Objective of MEIS scheme is to offset infrastructural inefficiencies and associated costs involved in export of goods/products, which are produced/manufactured in India, especially those having high export intensity, employment potential and thereby enhancing India's export competitiveness.

Thus, basic purpose of scheme is to offset the extra costs incurred by exporters due to (a) poor infrastructure in India (b) extra transport costs incurred if countries are located far away from India.

It may be noted that the scheme is not applicable to all products and exports to all countries. The scheme is limited to specified products and countries. Even, the value of scrip is not uniform to all specified countries. The countries have been classified in three groups A, B and C. The value of scrip depends upon the product exported and country to which the goods are exported. The value of MEIS scrip normally varies between 2% to 5% of FOB value of exports. In majority of cases, the duty scrip available is 5% of FOB value of exports.

The rates of rewards of various products ITC(HS) code wise are also given. The basis of calculations of reward would be on realized FOB value of exports in free foreign exchange, or on FOB value of exports as given in shipping bills in free foreign exchange, whichever is less, unless otherwise specified.

Application for MEIS shall be made electronically with digital signature in form ANF 3A. Application should be made within 12 months from let export order or 3 months from uploading of shipping bill, whichever is later.

Where reward is available for export to specified countries only, proof of landing shall be submitted.

Export through e-commerce - Export of goods through commerce through courier of foreign post office, upto `25,000 per consignment would be entitled for rewards under MEIS. The post offices eligible and ports eligible for such export are specified in para 3.05 of FTP 2015-2020.

List of eligible category of goods under MEIS if exported through e-commerce platform are given in Handbook of Procedures. These cover handicrafts, handloom products, books/periodicals, leather footwear, toys, customized fashion garments.

Ineligible categories under MEIS – Ineligible categories are under MEIS includes:

(a) EOU/EHTP/BTP/STP availing direct tax benefits/ exemption
(b) Supplies from DTA to SEZ
(c) Deemed exports
(d) Diamonds, gold silver in any form
(e) Cereals
(f) Items restricted for imports or exports
(g) Sugar (unless notified)
(h) Milk & milk products and meat & meat products.

Service Exports from India Scheme (SEIS)

Objective of SEIS is to encourage exports of notified services from India.

WTO stipulations about export of services are not very rigid. Hence, the scheme applies to specified services provided to any country and not restricted to services provided in specified countries only.

The scheme applies to export of services made after 1-4-2015. It is valid for export of services upto 31-3-2016 (unless the scheme is extended).

Services to EOU and services by EOU are not eligible for SEIS .

Services provided by SEZ unit are eligible for SEIS.

Supply of service by DTA unit to SEZ are not eligible.

Only those service providers having minimum net free foreign exchange (NFE) earnings of USD 15,000 in preceding financial year are eligible for SEIS. For individual service providers and sole proprietorship, minimum NFE should be USD 10,000.

'Services' include all tradable services covered under General Agreement on Trade in Services (GATS) and earning foreign exchange.

'Service Provider' means a person providing

(i) Supply of a 'service' from India to any other country (mode 1 – Cross border trade)
(ii) Supply of a 'service' from India to service consumer(s) of any other country in India (mode 2 – Consumption abroad)
(iii) Supply of a 'service' from India through commercial presence in any other country (mode 3 – Commercial presence)
(iv) Supply of a 'service' from India through the presence of natural persons in any other country (Mode 4 – Presence of natural persons).

Only export of services falling under clauses (i) and (ii) above are eligible for SEIS scrip. Provision of services through mode 3 and 4 are not eligible.

Following services are eligible for SEIS

(1) Business services – consisting of professional services, Research and Development Services, Rental/leasing services without operators and Other business services
(2) Communication Services
(3) Construction and related Engineering Services
(4) Educational services
(5) Environmental services
(6) Health related and social services
(7) Tourism and travel related services
(8) Recreational cultural and sporting services
(9) Transport services – consisting of marine transport, air transport, road transport services and services auxiliary to all modes of transport.

The general rate of duty scrip is 3% to 5% of Net Foreign Exchange (NFE) earnings. Application for SEIS shall be made in form ANF 3B with digital signature. Application for SEIS shall be submitted within 12 months from end of relevant financial year of claim period.

General provisions applicable to both MEIS and SEIS scrips

The following provisions apply to both MEIS and SEIS scrips.

Use of duty credit scrips – The duty credit scrips can be used for following – (a) Payment of customs duties for import of inputs as well as capital goods, (b) Payment of excise duty on domestic procurement of inputs or goods, including capital goods (c) Payment of service tax on procurement of services (d) Payment of customs duty in case of export obligation defaults and application fees.

Thus, wide flexibility is available for utilization of the duty credit scrips. However, duty credit scrip cannot be sold in market. The scrip cannot be encashed.

Payment through duty credit scrip is as good as payment by cash - Payment of customs duty, excise duty or service tax through duty credit scrip is as good as payment by cash. Hence, if CVD/special CVD/ excise duty on input goods or service tax on input services is paid by utilising duty credit scrip, the CENVAT credit of CVD/special CVD/excise duty/service tax is available.

If customs duty is paid on imports by utilizing duty credit scrip, duty drawback of customs duty is allowed.

Validity of duty credit scrip – The duty credit scrip will be valid for 18 months from date of issue.

Declaration on shipping bill – Declaration of intent on shipping bill for claiming benefit under MEIS is required.

Payment of 'amount' under rule 6 of CENVAT Credit rules not required if DTA unit supplies goods under Duty Credit Scrip – It has been clarified that the duty is debited to the scrip. The scrip holder is also permitted to avail CENVAT credit of duties debited in the scrip. Hence, such debit of duty in these scrips shall be treated as payment of duty for purpose of rule 6 of CENVAT Credit Rules. Hence, any reversal of CENVAT credit under rule 6(3) of CENVAT Credit Rules is not required.

Conclusion

The scheme is surely useful in promoting exports of goods to far off countries where India's exports are not much. The scheme is also useful in promoting export of new categories of goods and services, which are not much exported presently. ■

Entity Options for doing business in India – An Overview

The contributor is a member of ICAI
(Membership No: 094560)

A foreign company desirous of venturing into the Indian markets can evaluate several entity options available under law. It can opt to operate either as an incorporated or an unincorporated entity. The key options being:

- **Incorporated Entity**
  - (a) Company (both Private Limited and Public Limited)
  - (b) Limited Liability Partnership (LLP)
  - (c) Joint Ventures
- **Unincorporated Entity**
  - (d) Liaison Office
  - (e) Branch Office
  - (f) Project Office

Typically, the key factors which influence the choice are the nature of work proposed in India, duration of work, compliance costs (both in terms of time and money), ease of setting up and closure and tax considerations. The foreign exchange regulations, specifically, the regulations governing Foreign Direct Investment (FDI) also play an important role. In India, most aspects of foreign currency transactions are governed by Foreign Exchange Management Act, 1999 (FEMA) and the delegated legislations thereunder.

In this write-up, we would look at the options of setting up a place of doing business in India, as an unincorporated entity, provided under FEMA i.e. Liaison Office, Branch Office and Project Office.

A. Liaison Office (LO)

LO also known as representative office, is often a preferred choice of foreign companies who wish to initially understand business opportunities or study the Indian markets before making major investment. The role of such offices is, therefore, limited to collecting information about possible market opportunities and providing information about the foreign company and its products to the prospective Indian customers. A LO is permitted to undertake the following activities in India:

- Representing in India the parent company / group companies.
- Promoting export / import from / to India.
- Promoting technical/financial collaborations between parent/group companies and companies in India.
- Acting as a communication channel between the parent company and Indian companies

LO is not allowed to undertake any business activity in India and cannot earn any income in India. Expenses of the LO are met entirely through inward remittances from the head office outside India.

LO is set up with specific approval of the Reserve Bank of India (RBI). The application is considered by RBI, under two routes:

a. RBI Route - Where principal business of the foreign company falls under sectors where 100 per cent FDI is permissible under the automatic route; the approval is granted by RBI itself.

b. Government Route - Where principal business of the foreign company falls under the sectors where 100 per cent FDI is not permissible under the automatic route; concurrence of the government is also obtained while granting approval.

The significant aspects considered by RBI while granting approval are:

- Profit making track record of the foreign company during the immediately preceding three financial years, in the home country.
- Net Worth [total of paid-up capital and free reserves, less intangible assets as per the latest Audited Balance Sheet] should not be less than USD 50,000 or its equivalent.

Foreign companies, who do not satisfy these eligibility criteria and are subsidiaries of other companies, can submit a "letter of comfort" from their parent company, subject to the condition that the parent company satisfies these eligibility criteria. The application is filed though any designated AD Category - I bank (AD). The AD carries out necessary due diligence in respect of the applicant's background, antecedents of the promoter, nature and location of activity, sources of funds, etc. and also ensures compliance with the KYC norms before forwarding the application together with its comments and recommendations to the RBI. Permission to set up such offices is initially granted for a period of three years; however, this may be extended from time to time.

The LO is required to intimate the Director General of Police (DGP) of the relevant State within 5 working days of becoming operational. Registration under Companies Act 2013 is also required. There are annual compliances with RBI, Income-tax department, Registrar of Companies (ROC) and DGP.

LOs are not allowed to buy property in India. However, they have a general permission to carry out permitted or incidental activities from leased property, subject to lease period not exceeding five years. LO is allowed to open non-interest bearing INR current account in India. There are only certain permitted debits and credits possible in such account. LOs are not permitted to undertake any business activity in India, as such; there may not be any repatriation from LO. However, in the event of closure of LO, any surplus cash may be repatriated with RBI's approval.

Generally, LOs should not constitute PE of the foreign company under the Double Taxation Avoidance Agreements (DTAAs) if they restrict themselves to work covered by auxiliary and preparatory activities. A PE is a fixed place from which the business of a foreign company is carried out. DTAAs generally contain carve out for auxiliary and preparatory activities, which if carried out by a fixed place of business in India, do not create PE exposure.

In case a PE is established due to the nature of activities being more than just preparatory and auxiliary, income attributable to the PE would be taxed @ 40% (plus applicable surcharge and cess). It is important to note that what constitutes preparatory and auxiliary activity is a subjective issue and is prone to litigation.

B. Branch Office (BO)

BO is set up as an extension of foreign company in India, with specific approval of RBI to undertake permitted commercial activities and earn profits in India. Normally, the BO should be engaged in the activity of the foreign parent company.

Just as in case of LO, the application for setting up BO is filed with the AD and approval is given by RBI. The approval could be under the RBI route or Government route, as the case may be. A BO can undertake the following activities in India:

- Export or Import of goods.
- Rendering professional or consultancy services.
- Carrying out research work, in areas in which the parent company is engaged.
- Promoting technical or financial collaborations between Indian companies and parent or overseas group company.
- Representing the parent company in India and acting as buying or selling agent in India.
- Rendering services in information technology and development of software in India.
- Rendering technical support to the products supplied by parent or group companies.
- Foreign airline or shipping company.

The significant aspects examined by RBI while granting approval are:

- A profit making track record during the immediately preceding five financial years in the home country.
- Net worth of more than USD 100,000 or its equivalent.

In case these parameters are not met, a comfort letter from foreign parent is required. Manufacturing and processing activities (except in SEZs) is not permitted for BOs. It can also not undertake any retail trading activity in India. The BO cannot expand its activities or undertake any new trading, commercial or industrial activity other than what is expressly approved by the RBI. As in case of LOs, permission to set up such offices is initially granted for a period of three years, however extension is possible.

The BO needs to intimate the jurisdictional DGP within 5 working days of becoming operational. Registration under Companies Act 2013 is also required. There are annual compliances with RBI, Income-tax department, ROC and DGP.

BOs are permitted to acquire immovable property by way of purchase, for their own use and to carry out permitted or incidental activities. BOs also have a general permission to carry out permitted or incidental activities from leased property, subject to lease period not exceeding five years. BO is allowed to open non-interest bearing INR current account in India. The entire expenses in India can be met either out of the funds received from head office through normal banking channels or through income generated in India.

BO constitutes PE of the parent and has taxable presence under DTAAs. Income attributable to the PE is taxed @ 40% (plus applicable surcharge and education cess). BO is also required to comply with the Indian transfer pricing (TP) regulations. Minimum Alternate Tax (MAT) is also applicable in case of BO. BO is permitted to remit surplus revenues to its foreign parent. There is no further tax on repatriation of profits to the parent.

C. Project Office (PO)

PO is often a suitable entity choice for foreign companies who have to execute specific projects in India e.g. projects related to oil exploration, construction, dams etc. POs operate for a specific period of time and shut down after completion of the project.

The RBI has granted general permission to foreign companies to establish POs in India, provided they have secured a contract from an Indian company to execute a project in India, and

a. the project is funded directly by inward remittance from abroad; or
b. the project is funded by a bilateral or multilateral International Financing Agency; or
c. the project has been cleared by an appropriate authority; or
d. a company or entity in India awarding the contract has been granted term loan by a Public Financial Institution or a bank in India for the project.

However, if the above criteria are not met, the foreign company has to approach the RBI, for approval through its AD. Just like a BO or LO, a PO must also get itself registered with the ROC and its details must be reported to the jurisdictional DGP. There are annual compliances with RBI, Income-tax department, ROC and DGP.

Like a BO, a PO of a foreign entity is also permitted to acquire immovable property by way of purchase for its own use and to carry out permitted or incidental activities. All POs have general permission to carry out permitted or incidental activities from lease property subject to lease period not exceeding five years. PO is allowed to open non-interest bearing INR current account in India. ADs can also open non-interest bearing Foreign Currency Account for POs in India, subject to certain conditions. The permissible debits to the account are payment of project related expenses and credits could be foreign currency receipts from the Project Sanctioning Authority, and remittances from parent/group company abroad or bilateral / multilateral international financing agency. The Foreign Currency accounts have to be closed at the completion of the project. AD can permit intermittent remittances by PO pending winding up or completion of the project provided they are satisfied with the bonafides of the transaction subject to completion of certain documentation requirement.

From taxation perspective PO is also considered as PE of the foreign company and income attributable to the PE is taxed @ 40% (plus applicable surcharge and education cess). MAT is also applicable in case of PO. PO is required to comply with the Indian TP regulations. There is no further taxation on remittance of tax paid surplus to the foreign parent.

One may note that a private or a public limited company incorporated in Indian is liable to tax on global income @ 30% (plus applicable surcharge and education cess). Further, Dividend Distribution Tax @ 17.647% (plus applicable surcharge and cess) is payable on distribution of dividend. Dividend, however, is exempt in the hands of the shareholders. It may also be worthwhile to note that compliances are relatively less in case of a LO, BO or PO as compared to a private or a public limited company incorporated in India.

To conclude, a foreign company must carefully consider the pros and cons of each entity type in terms of the tax and regulatory considerations, before deciding how it attain its business objectives in India with minimal compliance burden. ■

References:
- RBIs Master Circular on Establishment of Liaison / Branch / Project Offices in India by Foreign Entities
- Companies Act 2013

(Disclaimer: The above reflects the views of author and not necessarily the views of the Institute).

[1] 15/85 of amount distributed

ANNOUNCEMENT

Conferences conducted recently by Board of Studies, ICAI

S.No.	Name of Branch	Name of Programme	Dates
1	Patna	National Conclave	16th & 17th January, 2016
2	Karnal	Sub-Regional Students Conference	24th & 25th January, 2016
3	Bhilai	National Conclave	28th & 29th January, 2016
4	Pune	National Convention	30th & 31st January, 2016

Significant Notifications and Circulars of central excise, customs and service tax issued between 1st May, 2015 and 31st October, 2015

Central Excise

1. **No refund of CENVAT credit under rule 5B to service providers providing manpower supply/ security services**

   Rule 5B of the CENVAT Credit Rules, 2004 provides that service providers, rendering notified reverse charge services, being unable to utilise the CENVAT credit availed on inputs and input services for payment of service tax on such output services, shall be allowed refund of such unutilised CENVAT credit.

   In this regard, earlier following partial reverse charge services were notified:

   (i) renting of a motor vehicle designed to carry passengers on non-abated value, to any person who is not engaged in a similar business;

   (ii) supply of manpower for any purpose or security services; or

   (iii) service portion in the execution of a works contract

   Since with effect from 01.04.2015, service tax with respect to supply of manpower for any purpose or security services is payable on the basis full reverse charge, service providers of said services will no longer be eligible for refund of CENVAT credit availed on inputs and input services for payment of service tax on such output services. Further, application in Form A for claiming refund has also been suitably modified.

   The aforesaid amendment is effective from April 01, 2015.

   [Notification No. 15/2015 CE (NT) dated 19.05.2015]

2. **Reversal of credit under rule 6 not required in case of ethanol produced from molasses generated from cane crushed in the sugar season 2015-16 [Clause (ix) inserted to rule 6(6) of the CENVAT Credit Rules, 2004]**

   The provisions of sub-rules (1), (2), (3) and (4) of rule 6 would not apply to ethanol produced from molasses generated from cane crushed in the sugar season 2015-16 i.e. 1st October, 2015 onwards, for supply to the public sector oil marketing companies, namely, Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd. or Bharat Petroleum Corporation Ltd., for the purposes of blending with petrol, under *Notification No.12/2012 CE dated 17.03.2012.*

   In case of such removal, though ethanol is removed without payment of duty, CENVAT credit on inputs/capital goods/input services used in the manufacture of ethanol can be availed. Further, where common inputs/input services are used to manufacture ethanol and other dutiable final product, reversal of credit or payment of amount on removal of ethanol will not be required.

   [Notification No. 21/2015 CE (NT) dated 07.10.2015]

3. **Output service providers allowed to utilize credit of education cess (EC) and secondary and higher education cess (SHEC) for payment of service tax on any output service [Sixth, seventh and eighth provisos inserted to rule 3(7)(b) of the CENVAT Credit Rules, 2004]**

   Prior to 01.03.2015, education cess (EC) and secondary and higher education cess (SHEC) paid on excisable goods could be availed as CENVAT credit. Further, EC and SHEC paid on taxable services could also be availed as CENVAT credit till 31.05.2015. Credit of EC on excisable goods or taxable services could not be utilised for payment of any other duty except EC payable on excisable goods or taxable services. Similarly, credit of SHEC on excisable goods or taxable services could not be utilised for payment of any other duty except SHEC payable on excisable goods or taxable services.

   However, pursuant to EC and SHEC leviable on all taxable services ceasing to have effect (with effect from 01.06.2015), an output service provider has been allowed to utilise the following credits of EC and SHEC for the payment of service tax on any output service:

   (i) credit of EC and SHEC paid on inputs/ capital goods received in the premises of the output service provider on or after 01.06.2015;

   (ii) credit of balance 50% EC and SHEC paid on capital goods received in the premises of the output service provider in the financial year 2014-15; and

(iii) credit of EC and SHEC paid on input service in respect of which the invoice, bill, challan or Service Tax Certificate for Transportation of Goods by Rail (referred to in rule 9), as the case may be, is received by the output service provider on/ after 01.06.2015.

[Notification No. 22/2015 CE (NT) dated 29.10.2015]

4. Centralised registration allowed to manufacturers of aluminium roofing panels subject to fulfillment of specified conditions

Every manufacturing unit engaged in the manufacture of aluminium roofing panels* has been exempted from obtaining the central excise registration, subject to fulfillment of the following conditions:

(i) such roofing panels are consumed at the site of manufacture for execution of the project and

(ii) manufacturer of such goods has a centralised billing or accounting system in respect of such goods manufactured by different manufacturing units and he opts for registering only the premises or office from where such centralised billing or accounting is done.

**falling under tariff item 7610 90 10 of the First Schedule to the Central Excise Tariff Act, 1985*

[Notification No. 17/2015 CE (NT) dated 08.06.2015]

5. Conditions, safeguards and procedure for preserving digitally signed records and issuing digitally signed invoices prescribed

Rule 10(4) and rule 11(8) of the Central Excise Rules, 2002 provide for authentication of every page of excise records preserved in electronic form and of invoices respectively, by means of digital signatures. Further, rule 10(5) and rule 11(9) have authorized CBEC to notify the conditions, safeguards and procedure to be followed by an assessee for preserving digitally signed records and issuing digitally signed invoices.

In this regard, the following conditions, safeguards and procedure have been prescribed vide *Notification No. 18/2015 CE (NT) dated 06.07.2015:*

(a) Every assessee proposing to use digital signature shall use Class 2* or Class 3** Digital Signature Certificate duly issued by the Certifying Authority in India.

*Class 2 Certificate: These certificates are issued for both business personnel and private individuals use and are available for download after verifying a person's identity against a trusted and pre-verified database.

**Class 3 Certificate: This certificate is issued to individuals as well as organizations. Since these are high assurance certificates, primarily intended for e-commerce applications, they shall be issued to individuals only on their personal (physical) appearance before the Certifying Authorities.

(b) Every assessee proposing to use digital signatures shall intimate the following details to the jurisdictional Deputy/ Assistant Commissioner of Central Excise, at least 15 days in advance:

- name, e-mail id, office address and designation of the person authorised to use the digital signature certificate;
- name of the Certifying Authority;
- date of issue of digital certificate and validity of the digital signature with a copy of the certificate issued by the Certifying Authority along with the complete address of the said Authority.

However, in case of any change in aforesaid details, complete details shall be submitted afresh within 15 days of such change.

In case of assessees already using digital signature, aforesaid details should be intimated within 15 days of issue of this notification.

(c) Every assessee who opts to maintain records in electronic form:

(i) and has more than one factory/ service tax registration shall maintain separate electronic records for each factory/ service tax registration.

(ii) shall on request (in a letter or e-mail) by a Central Excise Officer, produce the specified records in electronic form and invoices through e-mail or on a specified storage device in an electronically readable format for verification of the authenticity of the document.

(iii) shall ensure that appropriate backup of records in electronic form is maintained and preserved for a period of 5 years immediately after the financial year to which such records pertain.

(d) A Central Excise Officer, during an enquiry, investigation or audit, may direct an assessee to furnish printouts of the records in electronic form and invoices and may resume printouts of such records and invoices after verifying the correctness of the same in electronic format; and after the print outs of such records in electronic form have been signed by the assessee or any other person authorised by the assessee in this regard, if so requested by such Central Excise Officer.

Note: The above conditions will also apply in case of preservation of service tax records in electronic form and authentication of service tax invoices by digital signatures.

Further, all importers and exporters using services of Customs Brokers for formalities under Customs Act, 1962, shipping lines and air lines have also been required to file customs documents under digital signature certificates mandatorily with effect from 01.01.2016. The importers/ exporters desirous of filing Bill of Entry or Shipping Bill individually may however have the option of filing declarations/ documents without using digital signature [Circular No. 26/2015 Cus. dated 23.10.2015].

6. **Exemption from sealing in a package/ container to export of bulk cargo [for e.g. coal, iron-ore, alumina concentrate, heavy machinery etc.] which is difficult to seal in packages/container**

The conditions and procedure relating to export (under bond) without payment of duty to all countries except Bhutan are contained in *Notification No. 42/2001 CE (NT) dated 26.06.2001* issued under rule 19 of the Central Excise Rules, 2002. The said notification stipulates that before clearing the export consignments from the factory/ warehouse/ any other approved premises, goods needs to be sealed-either by Central Excise Officer after examination of such goods or by the exporter himself under self-sealing and self certification. However, bulk cargo e.g. coal, iron-ore, alumina concentrate, heavy machinery etc. are difficult to seal in packages or container. *Consequently, Notification No. 23 /2015 CE (NT) dated 30.10.2015* has been issued which provides that where the nature of goods is such that the goods cannot be sealed in a package or a container such as coal or ore, etc., exemption from sealing of package or container may be granted by the Principal Chief Commissioner/ Chief Commissioner of Central Excise subject to safeguard as may be specified by him in the permission.

The safeguards shall, *inter-alia*, include the following:-

(i) method of verification of quantity and quality of goods including testing of goods where necessary at the place of removal or despatch and at the port of export or SEZ, where the goods are received;

(ii) no remission of duty shall be allowed for loss of goods within transit;

(iii) permission shall be given on case to case basis for a specified period not exceeding 1 year at a time and may be withdrawn in case of misuse; and

(iv) any additional safeguards as may be specified.

7. **Withdrawal of circular classifying coconut oil packed in small size containers upto 200 ml as Hair oil**

Earlier, *Circular No. 890/10/2009 dated 3.6.2009* had clarified that coconut oil packed in small container of sizes upto 200 ml was classifiable under Central Excise Tariff Heading 3305 as Hair oil.

However, in the case of *Raj Oil Mills Ltd. v. CCE 2014 (314) ELT 541 (Tri.-Mumbai)* [maintained by SC], it has been held that edible coconut oil in retail packing of 200 ml or less is classifiable under Chapter 15 covering animal or vegetable fats and oils and not under Chapter 33 covering Cosmetics and Toilet Preparation.

Further, in the case of *Capital Technologies Ltd. & Ors v. CCE 2015 (321) ELT 479 (Tri.-Bang.)* [maintained by SC] also, it was held that the edible coconut oil packed in retail packs of 50 ml, 100 ml, 200 ml and 500 ml would be classifiable as coconut oil under heading 1513 and not as Hair oil under heading 3305.

Thus, in view of the said judicial pronouncements, aforesaid circular has been withdrawn vide *Circular No.1007/14/2015 CE dated 12.10.2015.* The issue of classification would be decided considering the facts of the case read with the judicial pronouncements.

8. **Amount payable under rule 6(3)(i) of CENVAT Credit Rules, 2004 enhanced from 6% to 7% of the value of exempted services**

Earlier, in case an output service provider provides output service chargeable to tax as well as exempted services, he had an option to avail CENVAT credit in respect of any inputs/ input services without maintaining separate accounts provided he has paid an amount equal to 6% of the value of exempted services [Rule 6(3)(i) of the CENVAT Credit Rules, 2004].

With effect from 01.06.2015, pursuant to increase in the rate of service tax from 12% to 14%, aforesaid rate has been enhanced from 6% to 7%. Further, if any part of the value of a taxable service has been exempted on the condition that no CENVAT credit of inputs and input services, used for providing such taxable service, shall be taken, amount specified in rule 6(3)(i) has also been enhanced to 7% of the value so exempted.

[Notification No. 14/2015 CE (NT) dated 19.05.2015]

9. **Board Circulars contrary to Supreme Court and High Court judgments (where Board has decided not to file an appeal on merit) not binding on Departmental officers**

   Supreme Court in case of *Ratan Melting & Wire Industries v. CCE 2008 (231) E.L.T. 22 (S.C.)* has held that circulars and instructions issued by the Board are no doubt binding in law on the authorities under the respective statutes, but when the Supreme Court or the High Court declares the law on the question arising for consideration, it would not be appropriate for the Court to direct that the circular should be given effect to and not the view expressed in a decision of this Court or the High Court. So far as the clarifications/ circulars issued by the Central Government and of the State Government are concerned, they represent merely their understanding of the statutory provisions. They are not binding upon the Court. It is for the Court to declare what the particular provision of statute says and it is not for the Executive. A circular which is contrary to the statutory provisions has really no existence in law.

   In the light of the aforesaid judgment, *CBEC, vide Circular No. 1006/13/2015-CX dated 21.09.2015,* has clarified that Board Circulars contrary to the judgements of Hon'ble Supreme Court and High Court judgments where Board has decided not to file an appeal on merit, become *non-es*t in law and should not be followed.

   All pending cases decided after the date of the judgement would, conform to the law laid by the Hon'ble Supreme Court or High Court, as the case may be, irrespective of whether the circular has been rescinded or not.

10. **Clarification regarding CENVAT credit in transit sale through dealer**

    If goods are directly sent to any person on the direction of the registered dealer, the invoice will also contain the details of the registered dealer as the buyer and the person as the consignee, and that person will take CENVAT credit on the basis of the registered dealer's invoice [Third proviso to rule 11(2)]. Further, if the goods imported under the cover of a bill of entry are sent directly to buyer's premises, the invoice issued by the importer should mention that goods are sent directly from the place or port of import to the buyer's premises [Fourth proviso to rule 11(2)].

    In this regard, following clarifications have been issued:

(i) Where a registered dealer negotiates sale of an entire consignment from a manufacturer/a registered importer and orders direct transport of goods to the consignee, credit can be availed by the consignee on the basis of invoice issued by the manufacturer or the registered importer. In such cases no CENVATABLE invoice shall be issued by the registered dealer in favour of the consignee though commercial invoice can be issued. Where a registered dealer negotiates sale of goods from the total stock ordered on a manufacturer or an importer to multiple buyers and orders direct transportation of goods to the consignees and the manufacturer or the importer is willing to issue individual invoices for each sale in favour of the consignees for such individual sale, the same procedure shall apply.

(ii) Where a registered dealer negotiates sale by splitting a consignment procured from a manufacturer or a registered importer and issues CENVATABLE invoices for each of the sale, it would now be possible for the dealer to order direct transport of the consignments as per the individual sales to the consignee without bringing the goods to his godown. This would save time and transportation cost for the dealer adding to ease of doing business. This is a new facility which flows from the amended provisions. Procedure as prescribed in the third proviso of rule 11(2) shall be applicable in such case.

(iii) Where a un-registered dealer negotiates sale of an entire consignment from a manufacturer or a registered importer and orders direct transport of goods to the consignee, credit can be availed by the consignee on the basis of invoice issued by the manufacturer or the registered importer. As the dealer is not registered, there is no question of issuing any CENVATABLE invoice by him. Such dealers as in the past can continue to be un-registered.

(iv) Where goods are sold by the registered importer to an end-user (say a manufacturer) who would avail credit on the basis of importer's invoice and the goods are transported directly from the port or warehouse at the port to the buyer's premises, the amendment prescribes that for such movement the factum of such direct transport to the buyer's premises needs to be recorded in the invoice.

[Circular No. 1003/10/2015 CX dated 05.05.2015]

Service tax

1. **Services provided under the Power System Development Fund Scheme of the Ministry of Power exempted from service tax**

   Exemption from service tax has been granted to taxable services provided under the Power System Development Fund Scheme of the Ministry of Power by way of-

   (A) re-gasification of Liquefied Natural Gas (LNG) imported by the Gas Authority of India Limited (GAIL);

   (B) transportation of the incremental Re-gasified Liquefied Natural Gas (RLNG) (e-bid RLNG) to specified power generating companies or plants

   subject to fulfillment of certain conditions prescribed in the exemption notification.

   However, the exemption shall not be available if such RLNG and LNG are used for generation of electrical energy by captive generating plant as defined in section 2(8) of the Electricity Act, 2003.

   Further, the exemption shall be valid only till 31.03.2017.

   [Notification No. 17/2015 ST dated 19.05.2015]

2. **Section 11C benefits granted to MTSO agents in relation to remittance of forex from outside India for disputed period (01.07.2012 to 13.10.2014)**

   During the period between 01.07.2012 and 13.10.2014, service tax was not being levied and paid on the services provided by an Indian Bank or other entity acting as an agent to the Money Transfer Service Operators (MTSO) in relation to remittance of foreign currency from outside India to India, in terms of a practice that was generally prevalent at that time. However, this service was liable to service tax as also clarified vide *Circular No. 180/06/2014 ST dated 14.10.2014.*

   Now, the Central Government, in exercise of the powers conferred by section 11C of the Central Excise Act, 1944 [as made applicable to like matters in service tax vide section 83 of the Finance Act, 1994] has directed that the service tax payable on the service provided by an Indian Bank or other entity acting as an agent to the MTSO in relation to remittance of foreign currency from outside India to India, in the said period, but for the said practice, shall not be required to be paid.

   [Notification No. 19/2015 ST dated 14.10.2015]

   Note: *Circular No. 180/06/2014 ST dated 14.10.2014 clarified that the services provided by an Indian Bank or other entity acting as an agent to MTSO in relation to remittance of foreign currency from outside India to India are liable to service tax.*

3. **Yoga included in the definition of charitable activities**

   Mega Exemption *Notification No. 25/2012 ST dated 20.06.2012* exempts services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities.

   Activities relating to advancement of religion or spirituality are included in the definition of charitable activities. Now yoga has also been included therein. Thus, services relating to advancement of yoga provided by charitable entities registered under section 12AA of the Income-tax Act, 1961 will not be liable to service tax e.g., service tax will not be payable on fee charged for yoga camps conducted by charitable trusts.

   [Notification No. 20/2015 ST dated 21.10.2015]

4. **Services provided by (i) business facilitator/ business correspondent with respect to Basic Savings Bank Deposit Accounts covered by Pradhan Mantri Jan Dhan Yojana and (ii) an intermediary to business facilitator/ business correspondent with respect to such services, exempt from service tax**

   With a view to promote financial inclusion, Mega Exemption *Notification No. 25/2012 ST dated 20.06.2012* has been amended to exempt the services provided by a business facilitator or a business correspondent to a banking company with respect to Basic Savings Bank Deposit Accounts covered by Pradhan Mantri Jan Dhan Yojana (PMJDY) by way of account opening, cash deposits, cash withdrawals, obtaining e-life certificates and Aadhar seeding, in the rural area branches of banking companies, from service tax. Further, the services provided by any person as an intermediary to a business facilitator or a business correspondent with respect to the above mentioned services, have also been exempted from service tax.

   For this purpose, Basic Savings Bank Deposit Account has been defined to mean a Basic Savings Bank Deposit Account opened under the guidelines issued by Reserve Bank of India relating thereto.

   [Notification No. 20/2015 ST dated 21.10.2015]

5. **70% abatement available on ancillary services provided by a GTA in the course of transportation of goods**

   It has been clarified that ancillary services such as loading/ unloading, packing/unpacking, transshipment, temporary storage etc., would form part of the goods transport agency's (GTA) service if such services are provided by a GTA in the course of transportation of goods and the charges for such services are included in the invoice issued by the GTA, and not by any other person. Thus, abatement of 70%, applicable to GTA service, would also be available to the ancillary services. In other words, a single composite service need not be broken into its components and need not be considered as constituting separate services, if it is provided as such in the ordinary course of business. Thus, a composite service should be treated as a single service based on the main or principal service.

It has also been clarified that in cases where GTA undertakes to deliver goods at a destination within a stipulated time, it should be considered as services of GTA in relation to transportation of goods. Thus abatement of 70% will be applicable if the entire transportation of goods is by road and the GTA issues a consignment note, by whatever name called.

[Circular No. 186/5/2015 dated 05.10.2015]

6. **Monetary threshold limits enhanced for prosecution and arrest in central excise and service tax**

Prosecution

Revised guidelines have been issued on prosecution under central excise and service Tax. The significant aspects of the guidelines are:

(a) Monetary limit: Prosecution will normally not be launched unless evasion of central excise duty or service tax, or misuse of CENVAT credit in relation to offences specified under section 9(1) of the Central Excise Act, 1944 or section 89(1) of the Finance Act, 1994 is equal to or more than ` 1 crore. It may be noted that though there is no change in the monetary limits (` 50 lakh) prescribed under the concerned sections, these directions have been issued to optimally utilize limited resources of the Department.

(b) Habitual evaders: Notwithstanding the above limits, prosecution can be launched in the case of a company/ assessee habitually evading tax/ duty or misusing CENVAT credit facility.

A company/ assessee would be treated as habitually evading tax/ duty or misusing CENVAT credit facility, if it has been involved in 3 or more cases of confirmed demand (at the first appellate level or above) of central excise duty or service tax or misuse of CENVAT credit involving fraud, suppression of facts etc. in past 5 years from the date of the decision such that the total duty or tax evaded or total credit misused is equal to or more than ` 1 crore.

(c) Authority to sanction prosecution: The criminal complaint for prosecuting a person can be filed only after obtaining the sanction of the Principal Chief/ Chief Commissioner of Central Excise or Service Tax as the case may be. Once the sanction for prosecution has been obtained, criminal complaint in the court of law will be filed as early as possible by an officer of the jurisdictional Commissionerate authorized by the Commissioner.

(d) Cases when prosecution would not be filed: Prosecution would not be filed merely because a demand has been confirmed in the adjudication proceedings particularly **in cases of technical nature or where interpretation of law is involved.**

(e) Adequacy of evidence: One of the important considerations for deciding whether prosecution can be launched is the availability of adequate evidence. The standard of proof required in a criminal prosecution is higher as the case has to be established beyond reasonable doubt whereas the adjudication proceedings are decided on the basis of preponderance of probability. Therefore, even cases where demand is confirmed in adjudication proceedings, evidence collected would be weighed so as to likely meet the test of being beyond reasonable doubt for recommending prosecution. Decision will be taken on case-to-case basis considering various factors, such as, nature and gravity of offence, quantum of duty/ tax evaded or CENVAT credit wrongly availed and the nature as well as quality of evidence collected.

(f) Stage for launching of prosecution: Normally, prosecution may be launched immediately on completion of adjudication proceedings.

If the party deliberately delays completion of adjudication proceedings, prosecution may be launched even during the pendency of the adjudication proceedings, where offence is grave and qualitative evidences are available [in view of the decision of Supreme Court in case of *Radhe Shyam Kejriwal 2011(266) ELT 294* [discussed in detail under Customs section].

[Circular No.1009/16/2015 CX dated 23.10.2015]

Arrest

Pursuant to the enhancement in prosecution limits, monetary limits for arrest have also been enhanced. Henceforth, arrest of a person in relation to offences specified under clauses (a) to (d) of section 9(1) of the Central Excise Act, 1944 or under clauses (i) or (ii) of section 89(1) of the Finance Act, 1994, may be made in cases where the evasion of central excise duty/ service tax or the misuse of CENVAT credit is equal to or more than ` **1 crore**.

[Circular No.1010/16/2015 CX dated 23.10.2015]

Customs

1. **Monetary threshold limits enhanced for prosecution and arrest under customs**

   Prosecution

   Revised guidelines have been issued on prosecution under Customs Act, 1962. The significant aspects of the guidelines are:

   (a) **Person liable to be prosecuted:** As per the provisions of the Customs Act, prosecution may be launched against any person including legal person for offences covered under sections 132, 133, 134, 135, 135A or 136 of the Customs Act, 1962.

(b) **Threshold limits for launching of prosecution:** CBEC has laid down the following threshold limits for launching prosecution:

S.No.	Particulars	Threshold limits
(i)	**Baggage and Outright smuggling cases:**	
	(a) Cases involving unauthorized importation in baggage / cases under Transfer of Residence Rules	CIF value of the goods involved is ` 20 lakh or more
	(b) Outright smuggling of high value goods such as precious metal, restricted items or prohibited items notified under section 11 of the Customs Act, 1962 or goods notified under section 123 of the Act or offence involving foreign currency	Value of offending goods is ` 20 lakh or more
(ii)	**Appraising Cases/ Commercial Frauds**	
	(a) Importation of trade goods involving wilful mis-declaration in value / description of goods / concealment of restricted goods / goods notified under section 11 of the Act	CIF value of the offending goods is ` 1 crore or more
	(b) Fraudulent availment of drawback or attempt to avail of drawback or any exemption from duty provided under the Customs Act, 1962	Amount of drawback or exemption from duty is ` 1 crore or more
	(c) Exportation of trade goods involving wilful mis-declaration in value / description, concealment of restricted goods or goods notified under section 11 of the Customs Act, 1962	FOB value of the offending goods is ` 1 crore or more

(c) Exceptions:

Threshold limit will not apply in following cases:

(i) In case of habitual offenders or where criminal intent is evident in ingenious way of concealment, where prosecutions can be considered irrespective of the value of goods/ currency involved in such professional or habitual offenders, etc. provided the cumulative value of 3 or more such offences in past 5 years from the date of the decision exceeds the threshold limit(s) indicated in above table.

(ii) In cases involving offences relating to items i.e., fake Indian currency notes (FICN), arms, ammunitions and explosives, antiques, art treasures, wild life items and endangered species of flora and fauna, prosecution would be launched invariably, irrespective of value of offending goods involved.

(iii) In respect of cases involving non-declaration of foreign currency by foreign nationals and NRIs detected at the time of departure back from India, exceeding the threshold limits of ` 20 lakh, if it is claimed that the currency has been legally acquired and brought into India, prosecution would not be considered as a routine.

Prosecutions will not be launched as a matter of routine and/or in cases of technical nature, where the additional claim for duty is based solely on a difference of interpretation of the law.

(d) **Authority to sanction prosecution:** Prosecution may be launched after due sanction by the Commissioner / Principle Commissioner or Additional Director General / Principle Additional Director General of Revenue Intelligence (collectively known as 'sanctioning authority'). However, in case of habitual offenders and appraising cases/ commercial frauds, prior approval of the Chief Commissioner/Principal Chief Commissioner or Director General/Principal Director General of Revenue Intelligence, as the case may be, will be required for launching prosecution.

(e) **Stage for launching of prosecution:** Normally, prosecution may be launched immediately on completion of adjudication proceedings.

Exceptions:

(i) Prosecution in respect of cases involving offences relating to items i.e. FICN, arms, ammunitions and explosives, antiques, art treasures, wild life items and endangered species of flora and fauna may preferably be launched immediately after issuance of show cause notice.

(ii) If the party deliberately delays completion of adjudication proceedings, prosecution may be launched even during the pendency of the adjudication proceedings, where offence is grave and qualitative evidences are available [in view of the decision of Supreme Court in case of *Radhe Shyam Kejriwal 2011(266)ELT 294**.

Further, in following cases investigation may be completed in time bound manner preferably within **six months** and adjudication may be expedited to facilitate launching of prosecution. These cases are:

(A) Case where arrest has been made during investigation (for commercial fraud cases as well as outright smuggling cases) or in the case of a habitual offender.

(B) Case where arrest has not been made but it relates to outright smuggling of high value goods such as precious metal, restricted items or prohibited items notified under section 11 or goods notified under section 123 of the Customs Act, 1962 or foreign currency where the value of goods is ` 20 lakh or more.

[Circular No. 27/2015 Cus dated 23.10.2015]

Arrest

Pursuant to the enhancement in threshold limits for prosecution, threshold limits for arrest have also been enhanced vide *Circular No. 28/2015 Cus dated 23.10.2015.* Threshold limits for arrest are also the same as mentioned in case of initiating prosecution. It has been clarified that powers of arrest should be exercised in exceptional situation. However, such threshold limit would not apply in case of offences relating to FICN, arms, ammunitions and explosives, antiques, art treasures, wild life items and endangered species of flora and fauna. In such cases, arrest, if required on the basis of facts and circumstances of the case, may be considered irrespective of value of offending goods involved.

* The Supreme Court of India in the case of *Radhe Shyam Kejriwal 2011 (266) ELT 294 (SC)* had, *inter alia*, observed that

(i) adjudication proceedings and criminal proceedings can be launched simultaneously;

(ii) decision in adjudication proceedings is not necessary before initiating criminal prosecution;

(iii) adjudication proceedings and criminal proceedings are independent of each other in nature and

(iv) the findings against the person facing prosecution in the adjudication proceedings is not binding on the proceeding for criminal prosecution.

2. Refund claim of safeguard duties as duty drawback allowed

With respect to safeguard duties which are leviable under section 8B or section 8C of the Customs Tariff Act, 1975 read with section 12 of the Customs Act, it is clarified that these are rebatable as drawback in terms of section 75 of the Customs Act.

Since safeguard duties are not taken into consideration while fixing All Industry Rates of drawback, the drawback of the same can be claimed under an application for Brand Rate under rule 6 or rule 7 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. This implies that drawback shall be admissible only where the inputs which suffered safeguard duties were actually used in the goods exported as confirmed by the verification conducted for fixation of Brand Rate.

Further, where imported goods subject to safeguard duties are exported out of the country as such, then the drawback payable under section 74 of the Customs Act would also include the incidence of safeguard duties as part of total duties paid, subject to fulfilment of other conditions. ■

[Circular No. 23/2015 Cus dated 29.09.2015]

ACCOUNTING

Exposure Draft of Amendments in Transitional Provisions of Accounting Standards

The existing Accounting Standards which were notified under the Companies Act 1956 under the Companies (Accounting Standards Rules) 2006 have to be notified afresh under Section 133 of the Companies Act, 2013.

Certain existing Accounting Standards which were notified in 2006 contain 'Transitional Provisions'. The objective of these 'Transitional Provisions' is to prescribe the accounting treatment when an Accounting Standard becomes applicable for the first time. Accordingly, in 2006, there was some justification to include these 'transitional provisions'. As now the Accounting Standards are being notified afresh, so from the perspective of their re-notification, 'Transitional Provisions' are being re-examined (i.e. in certain standards the transitional provisions have either been proposed to be deleted / revised / added or continued as it is) in the following standards:

Amendments in Transitional Provisions of Accounting Standards

S. No.	Accounting Standard
1.	AS 10 (Revised), Property, Plant and Equipment
2.	AS 11, The Effects of Changes in Foreign Exchange Rates
3.	AS 15, Employee Benefits
4.	AS 21, Consolidated Financial Statements
5.	AS 22, Accounting for Taxes on Income
6.	AS 23, Accounting for Investments in Associates in Consolidated Financial Statements
7.	AS 25, Interim Financial Reporting
8.	AS 26, Intangible Assets
9.	AS 28, Impairment of Assets
10.	AS 29, Provisions, Contingent Liabilities and Contingent Assets

1. Accounting Standard (AS) 10 : Property, Plant and Equipment

The proposed changes are in the transitional provisions of AS 10 (revised), Property, Plant and Equipment which will replace the existing AS 10, Accounting for Fixed Assets.

The draft of the AS 10 (revised) as finalised by the Council of ICAI was sent to the National Advisory Committee on Accounting Standards (NACAS). After making certain changes in the draft in consultation with ICAI, the NACAS recommended the revised AS 10 to MCA for notification. The revised AS 10 is yet to be notified by MCA.

In AS 10 (revised) the transitional provisions are included, as it would replace the existing AS 10 and thus the revised AS 10 would be applied for the first time. In the draft of revised AS 10 as finalised by the NACAS, the paragraph 90 dealt with the depreciation of parts of an item of property, plant and equipment, i.e., with component accounting. Paragraph 90 was included in revised AS 10 as at that time Schedule XIV (now Schedule II) to the Companies Act was silent on component approach. However, with Schedule II mandating the component approach, this paragraph is now not relevant. Accordingly, it is proposed to delete the paragraph 90 of the AS 10 (revised) and retain the remaining transitional provisions as given in paragraph 88-89 and 91-92.

2. Accounting Standard (AS) 11 : The Effects of Changes in Foreign Exchange Rates

AS 11, The Effects of Changes in Foreign Exchange Rates contains the transitional paragraphs in paragraph 45 to 46A. It is proposed to delete the transitional provisions given in paragraph 45 as now these are no longer relevant. Paragraphs 46 and 46A will be retained.

It is also proposed to add the following paragraph 46B in AS 11, that where a company has exercised an option available under paragraph 46 and 46A in respect of a long-term foreign currency monetary item, then the same treatment should be made in respect of the exchange differences related to the hedging instruments (forward covers) obtained to cover the exchange risk on that monetary item.

"**46B** Where a company has exercised an option available under paragraphs 46 and 46A in respect of a long-term foreign currency monetary item, then the same treatment should be made in respect of the exchange differences related to the forward contracts obtained to cover the exchange risk on that monetary item. For instance, where an entity has obtained a forward contract to cover the exchange risk in respect of a long-term foreign currency liability incurred to acquire a depreciable capital asset, and the company has exercised the option under paragraphs 46 and 46A to capitalise the exchange differences on such a liability, the exchange differences on the forward contract should also be capitalised, i.e., adjusted in the cost of the asset. Where such a liability has not been incurred for the purpose of acquiring a depreciable capital asset and by exercising the option available under paragraphs 46 and 46A, the company has transferred the exchange differences to the Foreign Currency

Monetary Items Translation Difference Account, the exchange difference on the forward cover should also be transferred to that account."

3. Accounting Standard (AS) 15 : Employee Benefits

Paragraphs 142 and 143 related to 'Transitional Provisions' and paragraphs 144 and 145 related to 'Defined Benefit Plans' and also Example illustrating paragraphs 144 and 145 are proposed to be deleted from AS 15 on revisiting the standard from the perspective of re-notification.

4. Accounting Standard (AS) 21 : Consolidated Financial Statements

Paragraph 30 of the standard related to 'Transitional provision' has been proposed to be continued with the perspective of re-notification.

5. Accounting Standard (AS) 22 : Accounting for Taxes on Income

Paragraphs 33 and 34 which dealt with 'Transitional provision' have been proposed to be deleted from AS 22 on revisiting the standard from the perspective of re-notification. Now there will be no transitional provision in the standard.

6. Accounting Standard (AS) 23 : Accounting for Investments in Associates in Consolidated Financial Statements

Paragraph 26 of the standard related to 'Transitional provision' has been proposed to be continued with the perspective of re-notification.

7. Accounting Standard (AS) 25 : Interim Financial Reporting

Paragraph 44 of the standard related to 'Transitional provision' has been proposed to be continued with the perspective of re-notification.

8. Accounting Standard (AS) 26 : Intangible Assets

Paragraphs 99 and 100 and Illustration B which dealt with 'Transitional Provisions' have been proposed to be deleted from AS 26 on revisiting the standard from the perspective of re-notification. Now there will be no transitional provision in the standard.

9. Accounting Standard (AS) 28 : Impairment of Assets

Paragraphs 124 and 125 which dealt with 'Transitional Provisions' have been proposed to be deleted from AS 28 on revisiting the standard from the perspective of re-notification. Now there will be no transitional provision in the standard.

10. Accounting Standard (AS) 29 : Provisions, Contingent Liabilities and Contingent Assets

Paragraph 68 of the standard related to 'Transitional provision' has been proposed to be continued with the perspective of re-notification. ■

(Link:resource.cdn.icai.org/40032ASB29673.pdf)

CORRIGENDUM

Intermediate (IPC) Course

1. Study Material of Part II: Indirect Taxes of Paper 4: Taxation [September, 2015 Edition relevant for May, 2016 and November, 2016 Examinations] – Printed copy

In Chapter 6, pg. no. 6.27, sub-point (3) of table given under heading C., the figure "0.07" be read as "0.014".

2. Practice Manual of Part II: Indirect Taxes of Paper 4: Taxation [September, 2015 Edition relevant for May, 2016 and November, 2016 Examinations] – Printed copy

In Unit-5 of Chapter 1, sub-point (ii) of Question 4 at pg. No. 1.71, the words "(including VAT@ 12.5%)" be omitted. Also, in sub-point 1 given under Notes of the said answer, the words "Hence, VAT paid thereon is a part of cost of production." be omitted.

Final Course

1. Practice Material of Paper 8: Indirect Tax Laws [December, 2015 Edition relevant for May, 2016 and November, 2016 Examinations] – Printed copy

Following words be added at the end of Note to Question 7 at pg. No. 5.6 of Chapter -5 of Section B: "Ignore CENVAT credit provisions."

Applicability of Standards/Guidance Notes/ Legislative Amendments etc. for May, 2016 – Intermediate (IPC) Examination

Paper – 1: Accounting

Accounting Standards

AS 1	:	Disclosure of Accounting Policies
AS 2	:	Valuation of Inventories
AS 3	:	Cash Flow Statements
AS 6	:	Depreciation Accounting
AS 7	:	Construction Contracts (Revised 2002)
AS 9	:	Revenue Recognition
AS 10	:	Accounting for Fixed Assets
AS 13	:	Accounting for Investments
AS 14	:	Accounting for Amalgamations

Paper 5: Advanced Accounting

Accounting Standards

AS 4	:	Contingencies and Events occurring after the Balance Sheet Date
AS 5	:	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
AS 11	:	The Effects of Changes in Foreign Exchange Rates (Revised 2003)
AS 12	:	Accounting for Government Grants
AS 16	:	Borrowing Costs
AS 19	:	Leases
AS 20	:	Earnings Per Share
AS 26	:	Intangible Assets
AS 29	:	Provisions, Contingent Liabilities and Contingent Assets.

Note Regarding Applicability for Paper 1 and Paper 5: The relevant notified Sections of the Companies Act, 2013 and legislative amendments including relevant Notifications / Circulars / Rules / Guidelines issued by Regulating Authority up to 31st October, 2015 will be applicable for May, 2016 Examination

Non-Applicability of Ind ASs for May, 2016 Examination: The Ministry of Corporate Affairs has notified Roadmap for applicability of Indian Accounting Standards (Ind AS) vide Notification No. G.S.R.......(E) dated 16 February, 2015, for compliance by the class of companies specified in the said roadmap. The notification has been uploaded on www.mca.gov.in along with the thirty nine (39) Indian Accounting Standards (Ind AS). **Students may note that these Ind ASs are not applicable for May, 2016 Examination.**

Paper 2: Business Laws, Ethics and Communication

The Companies Act, 2013: The relevant sections of the Companies Act, 2013, along with significant Rules/ Notifications/ Circulars/ Clarifications/ Orders issued by the Ministry of Corporate Affairs upto 31st October, 2015. For updates, see http://www.mca.gov.in/

The Companies (Amendment) Act, 2015 : This amendment Act is an Act to amend the Companies Act, 2013 notified in the Official gazette by the Ministry of Law and Justice on 26th May, 2015. VideNotification dated 29th May 2015, Central Government declared the date of enforcement of provisions of sections 1 to 12 and 15 to 23 of the Companies (Amendment) Act, 2015. For relevant sections, see detail at http://www.mca.gov.in/Ministry/pdf/AmendmentAct_2015.pdf

The Negotiable Instruments (Amendment) Second Ordinance, 2015 : In exercise of the powers conferred by Article123(1) of the Constitution, the President promulgated the ordinance called the Negotiable Instruments(Amendment) Second Ordinance, 2015 with effect from 15th June, 2015. Amendments is made with an object to address the difficulties faced by the payee or the lender of the money in filing cases under section 138 of the said Act, because of which large, large number of cases are stuck, so the jurisdiction for offence under section 138 has been clearly defined. For detail click the following link- **file:///C:/Users/user/Desktop/Negotiable%20Instruments%20(A)%20second%20Ordinance.pdf**

Non-applicability of the following sections of the Companies Act, 2013

S.No.	Section No.	Section title
1.	Section 48	Variation of shareholders' right
2.	Section 66	Reduction of share capital
3.	Section 75	Damages for fraud
4.	Section 97	Power of tribunal to call AGM
5.	Section 98	Power of Tribunal to call meetings of members, etc.
6.	Section 99	Punishment for default in complying with provisions of sections 96 to 98

Paper 4: Taxation

Applicability of the Finance Act, Assessment Year etc. for May, 2016 examination

The provisions of income-tax and indirect tax laws, as amended by the Finance Act, 2015, including circulars and notifications issued upto 31st October, 2015, are applicable for May, 2016 examination. The relevant assessment year for income-tax is A.Y. 2016-17.

Paper 6: Auditing and Assurance

I. Standards on Auditing (SAs)

S.No	SA	Title of Standard on Auditing
1	SA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing
2	SA 210	Agreeing the Terms of Audit Engagements
3	SA 220	Quality Control for Audit of Financial Statements
4	SA 230	Audit Documentation
5	SA 240	The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements
6	SA 250	Consideration of Laws and Regulations in An Audit of Financial Statements
7	SA 260	Communication with Those Charged with Governance
8	SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
9	SA 299	Responsibility of Joint Auditors
10	SA 300	Planning an Audit of Financial Statements
11	SA 315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment
12	SA 320	Materiality in Planning and Performing an Audit
13	SA 330	The Auditor's Responses to Assessed Risks
14	SA 402	Audit Considerations Relating to an Entity Using a Service Organization
15	SA 450	Evaluation of Misstatements Identified during the Audits
16	SA 500	Audit Evidence
17	SA 501	Audit Evidence - Specific Considerations for Selected Items
18	SA 505	External Confirmations
19	SA 510	Initial Audit Engagements-Opening Balances
20	SA 520	Analytical Procedures
21	SA 530	Audit Sampling
22	SA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
23	SA 550	Related Parties
24	SA 560	Subsequent Events
25	SA 570	Going Concern
26	SA 580	Written Representations
27	SA 600	Using the Work of Another Auditor
28	SA 610	Using the Work of Internal Auditors
29	SA 620	Using the Work of an Auditor's Expert
30	SA 700	Forming an Opinion and Reporting on Financial Statements
31	SA 705	Modifications to the Opinion in the Independent Auditor's Report
32	SA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
33	SA 710	Comparative Information – Corresponding Figures and Comparative Financial Statements
34	SA 720	The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements

II. Statements

Statement on Reporting under Section 227(1A) of the Companies Act, 1956 (Section 143 (1) of the Companies Act, 2013).

III. Guidance Notes

1. Guidance Note on Audit of Inventories.
2. Guidance Note on Audit of Debtors, Loans and Advances.
3. Guidance Note on Audit of Investments.
4. Guidance Note on Audit of Cash and Bank Balances.
5. Guidance Note on Audit of Liabilities.
6. Guidance Note on Audit of Revenue.
7. Guidance Note on Audit of Expenses.
8. Guidance Note on Reporting under section 143 (3) (f) and (h) of the Companies Act, 2013

IV. Applicability of the Companies Act, 2013:

(i) The relevant notified Sections of the Companies Act, 2013 and other legislative amendments including relevant Notifications / Circulars / Rules / Guidelines issued by Regulating Authorities, cut-off date will be 31st October, 2015.

(ii) Companies (Auditor's Report) Order, 2015 issued by Ministry of Corporate Affairs on 10th April, 2015 is applicable for May, 2016 Examination. ■

Applicability of Standards/Guidance Notes/Legislative Amendments etc. for May, 2016 – Final Examination

Paper 1: Financial Reporting

I. Framework for the Preparation and Presentation of Financial Statements.

II. Accounting Standards

AS No.	AS Title
1	Disclosure of Accounting Policies
2	Valuation of Inventories
3	Cash Flow Statements
4	Contingencies and Events Occurring after the Balance Sheet Date
5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
6	Depreciation Accounting
7	Construction Contracts (Revised 2002)
9	Revenue Recognition
10	Accounting for Fixed Assets
11	The Effects of Changes in Foreign Exchange Rates (Revised 2003)
12	Accounting for Government Grants
13	Accounting for Investments
14	Accounting for Amalgamations
15	Employee Benefits
16	Borrowing Costs
17	Segment Reporting
18	Related Party Disclosures
19	Leases
20	Earnings Per Share
21	Consolidated Financial Statements
22	Accounting for Taxes on Income
23	Accounting for Investment in Associates in Consolidated Financial Statements
24	Discontinuing Operations
25	Interim Financial Reporting
26	Intangible Assets
27	Financial Reporting of Interests in Joint Ventures
28	Impairment of Assets
29	Provisions, Contingent Liabilities and Contingent Assets

III. Guidance Notes on Accounting Aspects

1. Guidance Note on Accrual Basis of Accounting.
2. Guidance Note on Accounting Treatment for Excise Duty.
3. Guidance Note on Terms Used in Financial Statements.
4. Guidance Note on Availability of Revaluation Reserve for Issue of Bonus Shares.
5. Guidance Note on Accounting Treatment for MODVAT/CENVAT.
6. Guidance Note on Accounting for Corporate Dividend Tax.
7. Guidance Note on Accounting for Employee Share-based Payments.
8. Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.
9. Guidance Note on Measurement of Income Tax for Interim Financial Reporting in the context of AS 25.
10. Guidance Note on Applicability of AS 25 to Interim Financial Results.
11. Guidance Note on Turnover in case of Contractors.
12. Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (Now Schedule III to the Companies Act, 2013).

IV. Applicability of the Companies Act, 2013 and other Legislative Amendments : The relevant notified Sections of the Companies Act, 2013 and legislative amendments including relevant Notifications / Circulars / Rules / Guidelines issued by Regulating Authority up to 31st October, 2015 will be applicable for May, 2016 Examination.

V. Applicability of Indian Accounting Standard (Ind AS) : Topic of "Introduction of Indian Accounting Standards (Ind AS); Comparative study of ASs vis-a-vis Ind ASs; Carve outs/ ins in Ind ASs vis-à-vis International Financial Reporting Standards (IFRSs)" has been made applicable from May, 2016 Examination in place of "Overview of International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), Interpretations by International Financial Reporting Interpretation Committee (IFRIC), Significant differences vis-a-vis Indian Accounting Standards; Understanding of US GAAPs, Applications of IFRS and US".

VI. Non-applicability of AS 30, 31 and 32 on the topic 'Accounting and Reporting of Financial Instruments' : Ind AS 32 "Financial Instruments: Presentation", Ind AS 107 "Financial Instruments: Disclosures" and Ind AS 109 "Financial Instruments" have been made applicable to the topic 'Accounting and Reporting of Financial Instruments' instead of AS 30 "Financial Instruments: Recognition and Measurement", AS 31 "Financial Instruments: Presentation" and AS 32 "Financial Instruments: Disclosures".

In view of the complexities involved, simple practical problems involving conceptual issues or application issues may be asked in the examination.

Paper 3: Advanced Auditing and Professional Ethics

I. Statements and Standards

1. Statement on Reporting under Section 227(1A) of the Companies Act, 1956 (Section 143 (1) of the Companies Act, 2013).
2. Framework for Assurance Engagements.

II. Engagements and Quality Control Standards on Auditing

S.No	SA	Title of Standard on Auditing
1	SQC 1	Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements
2	SA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing
3	SA 210	Agreeing the Terms of Audit Engagements
4	SA 220	Quality Control for Audit of Financial Statements
5	SA 230	Audit Documentation
6	SA 240	The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements
7	SA 250	Consideration of Laws and Regulations in An Audit of Financial Statements
8	SA 260	Communication with Those Charged with Governance
9	SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
10	SA 299	Responsibility of Joint Auditors
11	SA 300	Planning an Audit of Financial Statements
12	SA 315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment
13	SA 320	Materiality in Planning and Performing an Audit
14	SA 330	The Auditor's Responses to Assessed Risks
15	SA 402	Audit Considerations Relating to an Entity Using a Service Organization
16	SA 450	Evaluation of Misstatements Identified during the Audits
17	SA 500	Audit Evidence
18	SA 501	Audit Evidence - Specific Considerations for Selected Items
19	SA 505	External Confirmations
20	SA 510	Initial Audit Engagements-Opening Balances
21	SA 520	Analytical Procedures
22	SA 530	Audit Sampling
23	SA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
24	SA 550	Related Parties
25	SA 560	Subsequent Events
26	SA 570	Going Concern
27	SA 580	Written Representations
28	SA 600	Using the Work of Another Auditor
29	SA 610	Using the Work of Internal Auditors
30	SA 620	Using the Work of an Auditor's Expert
31	SA 700	Forming an Opinion and Reporting on Financial Statements
32	SA 705	Modifications to the Opinion in the Independent Auditor's Report
33	SA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
34	SA 710	Comparative Information – Corresponding Figures and Comparative Financial Statements

35	SA 720	The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements
36	SA 800	Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Framework
37	SA 805	Special Considerations-Audits of Single Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
38	SA 810	Engagements to Report on Summary Financial Statements
39	SRE 2400	Engagements to Review Financial Statements
40	SRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity
41	SAE 3400	The Examination of Prospective Financial Information
42	SAE 3402	Assurance Reports on Controls At a Service Organisation
43	SRS 4400	Engagements to Perform Agreed Upon Procedures Regarding Financial Information
44	SRS 4410	Engagements to Compile Financial Information

III. Guidance Notes and other publications

1. Code of Ethics
2. Guidance Note on Independence of Auditors.
3. Guidance Note on Audit Reports and Certificates for Special Purposes.
4. Guidance Note on Audit under Section 44AB of the Income-tax Act .
5. Guidance Note on Audit of Inventories.
6. Guidance Note on Audit of Debtors, Loans and Advances.
7. Guidance Note on Audit of Investments.
8. Guidance Note on Audit of Cash and Bank Balances.
9. Guidance Note on Audit of Liabilities.
10. Guidance Note on Audit of Revenue.
11. Guidance Note on Audit of Expenses.
12. Guidance Note on Reporting under section 143 (3) (f) and (h) of the Companies Act, 2013.
13. Guidance Note on Computer Assisted Audit Techniques (CAATs).
14. Guidance Note on Audit of Payment of Dividend.
15. Guidance Note on Audit of Capital and Reserves.

IV Applicability of the Companies Act, 2013: The relevant notified Sections of the Companies Act, 2013 and legislative amendments including relevant Notifications / Circulars / Rules / Guidelines issued by Regulating Authority up to 31st October, 2015 will be applicable for May, 2016 Examination.

Paper 4 : Corporate and Allied Laws

Applicability of the following Amendments/ Circulars/Notifications:

(I) The Companies Act, 2013: The relevant sections of the Companies Act, 2013, along with relevant Rules/ Notifications/ Circulars/ Clarification/ Orders issued by the Ministry of Corporate Affairs upto 30th October, 2015.

(II) The Companies (Amendment) Act, 2015: This amendment Act is an Act to amend the Companies Act, 2013 notified in the Official gazette by the Ministry of Law and Justice on 26th May, 2015.Vide Notification dated 29th May 2015, Central Government declared the date of enforcement of provisions of sections 1 to 12 and 15 to 23 of the Companies (Amendment) Act, 2015. For detail see http://www.mca.gov.in/Ministry/pdf/AmendmentAct_2015.pdf

(III) SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009

S No.	Amendments	Date of Notification	Reference of Link
1	**The SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2015**	24th March, 2015	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1427273950402.pdf
2.	**Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2015**	5th May 2015	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1430885855266.pdf
3.	**The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2015**	11th August, 2015	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1439288946967.pdf

4.	**The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015.**	14th August, 2015	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1439551592983.pdf
5.	**The SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2015**	10th September 2015	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441965949162.pdf
6.	**The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2015**	27th October 2015	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1446100080710.pdf

(IV) Securities Contracts (Regulation) Act, 1956 [As Amended by the Finance Act, 2015] : Various amendments have been inserted in the Securities Contracts (Regulation) Act, 1956 by Part II of Chapter VIII of the Finance Act 2015, w.e.f. 28.09.2015 vide Gazette Notification F. No. 1/9/SM/2015, Extraordinary, Pt. II, Sec. 3, Sub-section (ii) dated 28.08.2015.
For detail see http://www.sebi.gov.in/cms/sebi_data/attachdocs/1444898310496.pdf

(IV) Foreign Exchange Management Act, 1999

S. No	Amendment	Notification No. with date	Link
1.	Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India)(Amendment) Regulations, 2015	FEMA. 335/2015-RB, dated 4th Feb, 2015	https://rbi.org.in/scripts/FS_Notification.
2.	Foreign Exchange Management (Permissible Capital Account Transactions)	FEMA. 337/2015-RB dated 2nd March, 2015	https://rbi.org.in/scripts/FS_Notification.
3.	The Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2015.	FEMA.342/RB-2014, dated 23rd April, 2015	https://rbi.org.in/scripts/FS_Notification.
4.	Foreign Exchange Management (Permissible Capital Account Transactions)	FEMA. 341/2015-RB dated May 26, 2015	https://rbi.org.in/scripts/FS_Notification.
5.	The Foreign Exchange Management (Export of Goods & Services)	FEMA. 347/2015-RB, dated 24th July 2015	https://rbi.org.in/scripts/FS_Notification.

Non-Applicability of the following Amendments/Circulars/Notifications

S.No.	Subject Matter
1.	Chapter 9 of the study material (October, 2014 edition) covering provisions relating to Revival and Rehabilitation of Sick-Industrial Companies.
2.	Chapter 15 of the study material (October, 2014 edition) covering provisions relating to the National Company Law Tribunal and Appellate Tribunal.

Paper 7 : Direct Tax Laws & Paper 8 : Indirect Tax Laws

Applicability of Finance Act, Assessment Year etc. for May, 2016 Examination

The provisions of direct tax laws (income-tax) and indirect tax laws, as amended by the Finance Act, 2015, including notifications and circulars issued up to 31st October, 2015, are applicable for May, 2016 examination. The relevant assessment year for Paper 7: Direct Tax Laws is A.Y.2016-17. ■

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

To Be Published In Part III Section 4 of The Gazette of India

NOTIFICATION

19 January, 2016

No. 13-CA (EXAM)/M/2016: In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to notify that the Intermediate (IPC) and Final examinations will be held on the dates given below at the following places provided that sufficient number of candidates offer themselves to appear from each centre.

INTERMEDIATE (IPC) EXAMINATION
[As per syllabus contained in the scheme notified by the Council under Regulation 28 E (3) of the Chartered Accountants Regulations, 1988]

Group-I: 3rd, 5th, 7th & 9th May 2016
Group-II: 11th, 13th & 15th May 2016

(Afternoon Session: 2.00 PM to 5.00 PM) (IST)

FINAL EXAMINATION
[As per syllabus contained in the scheme notified by the Council under Regulation 31 (ii) of the Chartered Accountants Regulations, 1988.]

Group -I: 2nd, 4th, 6th & 8th May 2016
Group -II: 10th, 12th, 14th & 16th May 2016

(Afternoon Session: 2.00 PM to 5.00 PM) (IST)

Places Of Examination Centres In India:

1	AGRA	2	AHMEDABAD	3	AHMEDNAGAR
4	AJMER	5	AKOLA	6	ALAPPUZHA
7	ALIGARH	8	ALLAHABAD	9	ALWAR
10	AMBALA	11	AMRAVATI	12	AMRITSAR
13	ANAND	14	ANANTAPUR	15	ASANSOL
16	AURANGABAD	17	BAREILLY	18	BATHINDA
19	BEAWAR	20	BELGAUM	21	BELLARY
22	BENGALURU	23	BERHAMPORE	24	BHARATPUR
25	BHARUCH	26	BHAVNAGAR	27	BHILWARA
28	BHIWANDI	29	BHIWANI	30	BHOPAL
31	BHUBANESWAR	32	BHUJ	33	BIKANER
34	BILASPUR	35	CHANDIGARH	36	CHENNAI
37	CHITTORGARH	38	COIMBATORE	39	CUTTACK
40	DEHRADUN	41	DELHI / NEW DELHI	42	DHANBAD
43	DHULE	44	DURG	45	DURGAPUR
46	ERNAKULAM	47	ERODE	48	FARIDABAD
49	FATEHABAD	50	GANDHIDHAM	51	GANDHINAGAR
52	GHAZIABAD	53	GORAKHPUR	54	GUNTUR
55	GURGAON	56	GUWAHATI	57	GWALIOR
58	HISAR	59	HUBLI	60	HYDERABAD

61	ICHALKARANJI	62	INDORE	63	JABALPUR
64	JAIPUR	65	JALANDHAR	66	JALGAON
67	JAMMU	68	JAMNAGAR	69	JAMSHEDPUR
70	JHANSI	71	JHUNJHUNU	72	JIND
73	JODHPUR	74	KAITHAL	75	KAKINADA
76	KANNUR	77	KANPUR	78	KARIMNAGAR
79	KARNAL	80	KISHANGARH	81	KOLHAPUR
82	KOLKATA	83	KOLLAM	84	KOTA
85	KOTTAYAM	86	KOZHIKODE	87	KUMBAKONAM
88	KURNOOL	89	LATUR	90	LUCKNOW
91	LUDHIANA	92	MADURAI	93	MALAPPURAM
94	MANGALORE	95	MAPUSA (GOA)	96	MARGAO (GOA)
97	MATHURA	98	MEERUT	99	MORADABAD
100	MUMBAI	101	MUZAFFARNAGAR	102	MYSORE
103	NAGPUR	104	NANDED	105	NASHIK
106	NAVI MUMBAI	117	NAVSARI	108	NEEMUCH
109	NELLORE	110	NOIDA	111	ONGOLE
112	PALAKKAD	113	PALI MARWAR	114	PANIPAT
115	PANVEL	116	PATIALA	117	PATNA
118	PIMPRI-CHINCHWAD	119	PONDICHERRY	120	PUNE
121	RAIPUR	122	RAJAMAHENDRAVARAM	123	RAJKOT
124	RANCHI	125	RATLAM	126	REWARI
127	ROHTAK	128	ROURKELA	129	SAHARANPUR
130	SALEM	131	SAMBALPUR	132	SANGLI
133	SANGRUR	134	SATARA	135	SHIMLA
136	SHIMOGA	137	SIKAR	138	SILIGURI
139	SIRSA	140	SIVAKASI	141	SOLAPUR
142	SONEPAT	143	SRI GANGANAGAR	144	SRINAGAR
145	SURAT	146	SURENDRANAGAR	147	THANE
148	THIRUVANANTHAPURAM	149	THRISSUR	150	TINSUKIA
151	TIRUCHIRAPALLI	152	TIRUNELVELI	153	TIRUPATI
154	TIRUPUR	155	TUTICORIN	156	UDAIPUR
157	UDUPI	158	UJJAIN	159	VADODARA
160	VAPI	161	VARANASI	162	VASAI
163	VELLORE	164	VIJAYAWADA	165	VISAKHAPATNAM
166	WARANGAL	167	YAMUNA NAGAR		

PLACES OF EXAMINATION CENTRES OVERSEAS:

1) ABU DHABI	**2) DUBAI**
3) KATHMANDU (NEPAL)	**4) MUSCAT**

Payment of fees for the examinations should be made by Demand Draft only. The Demand Drafts may be of any Scheduled Bank and should be drawn in favour of **The Secretary, The Institute of Chartered Accountants of India, payable at New Delhi only.**

The Council reserves the right to withdraw any centre at any stage without assigning any reason.

Applications for admission to Intermediate (IPC) and Final examinations are required to be made either online at http://icaiexam.icai.org **free of cost (i.e. ` 1000/- for Intermediate (IPC) & Final candidates for the cost of application form shall not be charged if applications are filled in online**) or in the relevant prescribed form, copies of which may be obtained from the **Deputy Secretary (Examinations), The Institute of Chartered Accountants of India,** 'ICAI BHAWAN', Indraprastha Marg, New Delhi – 110002 on payment of ` 1000/- per application form in respect of Intermediate (IPC) and Final Examination candidates. The forms shall also be made available in the Regional and Branch Offices of the Institute and can be obtained there from on cash payment on or from **3rd February, 2016**.

Applications together with the prescribed fee by Demand Draft of any Scheduled Bank may be sent so as to reach the Deputy Secretary (Examinations) at New Delhi not later than **24th February, 2016**. However, applications will also be received at Delhi Office after **24th February, 2016** and upto **2nd March, 2016** with late fee of ` **600/-**. Applications for the students' examinations only duly filled in will also be received by hand delivery at the office of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Delhi, Ahmedabad, Bengaluru, Ernakulam, Hyderabad, Indore, Jaipur, Nagpur, Pune, Surat, Thane and Vadodara upto **2nd March, 2016**. Candidates residing in these cities are advised to take advantage of this facility. Applications received after **2nd March, 2016** shall not be entertained under any circumstances.

The candidates who apply online at http://icaiexam.icai.org from 3rd February, 2016 to 24th February, 2016 and remit the fee online by using either VISA or MASTER Credit/ Debit Card shall not be charged ` 1000/- in case of Intermediate (IPC) & Final examination (i.e. cost of application form fee). They shall however, be required to remit additional ` 600/- towards late fee in case the application online is made after 24th February, 2016 and upto 2nd March, 2016.

The fees payable for the various examinations are as under:

INTERMEDIATE (IPC)	
For Both the Groups / Unit - 9	` 1900/-
For one of the Groups / Unit 1 to 8	` 1200/-
FINAL EXAMINATION	
For Both the Groups	` 2700/-
For one of the Groups	` 1500/-

Candidates of Intermediate (IPC) and Final examination opting for Dubai /Abu Dhabi / Muscat are required to remit, US$ 420 and US$ 480 respectively or their equivalent Indian Currency irrespective of whether the candidates appears in a group or in both the groups or in a unit.

Candidates of Intermediate (IPC) and Final Examinations opting for Examination Centre at Kathmandu are required to remit Indian ` 2700/- and Indian ` 3600/- respectively or their equivalent relevant foreign currency irrespective of whether the candidates appear in a group or in both the groups or in a unit.

OPTION TO ANSWER PAPERS IN HINDI:

Candidates of Intermediate (IPC) and Final Examinations will be allowed to opt for Hindi medium for answering papers. Detailed information will be found printed in the Information Sheets attached to the relevant application form. ■

(V. Sagar)
Acting Secretary

ANNOUNCEMENT

Sub: Extension of date to complete GMCS-I Course by the students registered for articleship training on or after 1st May, 2012

It has been decided to grant extension to students, who were registered for practical training on or after 1st May, 2012 and completed one year of their practical training but not completed the GMCS-I course, are required to complete GMCS-I Course latest by 31st December, 2016.

The above students are advised to register at the online portal www.icaionlineregistration.org or contact the nearest Regional Council/Branch for registration in GMCS-I Course and complete the same at the earliest but not later than 31st December, 2016.

Additional Secretary
Board of Studies

Legal Decisions – Indirect Taxes

1. **Does printing on jumbo rolls of GI paper as per design and specification of customers with logo and name of product in colourful form, amount to manufacture?**

   CCE v. Fitrite Packers 2015 (324) ELT 625 (SC)

   Facts of the case: The assessee purchased duty paid GI paper from the market and carried out printing on it according to the design and specifications of the customer. The printing was done on jumbo rolls of GIP twist wrappers. On the paper, logo and name of the product was printed in colorful form and the same was delivered to the customers in jumbo rolls without slitting. The customer intended to use this paper as a wrapping/packing paper for packing of their goods.

   Point of dispute: Revenue contended that the process amounted to manufacture and the assessee was liable to pay excise duty thereon. The Tribunal concluded that printing was only incidental and primary use of GI printing paper roll was for wrapping, which was not changed by the process of printing. The Revenue appealed before the Supreme Court.

   Supreme Court's observations: The Supreme Court referred to one of its earlier judgments in the case of *Servo-Med Industries Pvt. Ltd. v. CCEx. 2015 (319) ELT 578*. In this case, the Apex Court had culled out four categories of cases to ascertain whether a particular process would amount to manufacture or not:

   (i) Where the goods remain exactly the same even after a particular process, there is obviously no manufacture involved. Process which remove foreign matter from goods complete in themselves and/or processes which clean goods that are complete in themselves fall in this category.

   (ii) Where the goods remain essentially the same after the particular process, again there can be no manufacture. This is for the reason that the original article continues as such despite the said process and the changes brought about by the said process.

   (iii) Where the goods are transformed into something different and/or new after a particular process, but the said goods are not marketable. Examples within this group are cases where the transformation of goods having a shelf life which is of extremely small duration. In these cases also, no manufacture of goods takes place.

   (iv) Where the goods are transformed into goods which are different and/or new after a particular process, such goods being marketable as such. It is in this category that manufacture of goods can be said to take place.

   The Apex Court stated that GI paper was meant for wrapping and the use thereof did not undergo any change even after printing as the end use thereof was still the same namely wrapping/packaging. However, whereas the blank paper could be used as wrapper for any kind of product, after the printing of logo and name of the specific product thereupon, the end use was now confined to only that particular and specific product of the particular company/customer. The printing, therefore, was not merely a value addition but had been transformed from general wrapping paper to special wrapping paper.

   Supreme Court's decision: The Supreme Court held that the process of aforesaid particular kind of printing resulted into a product i.e., paper with distinct character and use of its own which it did not bear earlier. The Court emphasised that there has first to be a transformation in the original article and this transformation should bring out a distinctive or different use in the article, in order to cover the process under the definition of manufacture. Since these tests were satisfied in the present case, the Apex Court held that the process amounted to manufacture.

2. **Is the assessee entitled to avail CENVAT credit of service tax paid on outward transportation of goods cleared from factory?**

   CCE v. Haryana Sheet Glass Ltd. 2015 (39) STR 0392 (P&H)

   Facts of the case: Assessee availed CENVAT credit of service tax paid on outward transportation of goods cleared from factory. The assessee was of the view that the transportation of goods from factory to the premises of the petitioner ought to be treated as input service. However, the Revenue disallowed the credit holding that the assessee was not entitled to credit of the service tax towards outgoing freight. The Appellate Tribunal, allowed the appeal of the assessee.

   High Court's decision: The High Court relied upon one of its earlier decision in the case of *Ambuja Cements Ltd. v. Union of India 2009 (236) ELT 431 (P&H)* and upheld the decision of the Tribunal.

   The High Court held that outward transportation up to the place of removal falls within the expression "input service". The place of removal, in terms of the Circular* of the Board is a question of fact. If a manufacturer is to deliver the goods to the purchaser, the place of removal would not be a factory gate of the manufacturer but that of the purchaser. In the given case, there is no evidence that the property in goods stood transferred to the purchaser at the factory door of the assessee. Therefore, the assessee is entitled to avail CENVAT credit of service tax paid on outward transportation of goods cleared from factory.

Note: *(1) The above case establishes that factory cannot necessarily be the place of removal in all cases. Only if the property in goods is transferred at factory gate, the sale will get complete at the factory gate, and then the factory will be considered as the place of removal.*

**(2) The circular referred to in the above case law was issued at an earlier point of time on 23.08.2007. However, a recent circular [Circular No. 988/12/2014 CX dated 20.10.2014] issued by the Board clarifies that the place of removal needs to be ascertained in term of provisions of Central Excise Act, 1944 read with provisions of the Sale of Goods Act, 1930. Payment of transport, inclusion of transport charges in value, payment of insurance or who bears the risk are not the relevant considerations to ascertain the place of removal. The place where sale has taken place or when the property in goods passes from the seller to the buyer is the relevant consideration to determine the place of removal.*

3. Whether an assessee using a foreign brand name, assigned to it by the brand owner with right to use the same in India exclusively, is eligible for SSI exemption?

CCE v. Otto Bilz (India) Pvt. Ltd 2015 (324) ELT 430 (SC)

Facts of the case: The assessee was availing the benefit of SSI exemption notification and was using a brand name 'BILZ' of a foreign company. The foreign company had assigned the said brand name in favour of the assessee under an agreement with right to use the said trade mark in India exclusively. The Revenue contended that since the assessee was using a brand name of a foreign company, it was ineligible to seek exemption under the aforesaid Notification.

Supreme Court's observations: The Supreme Court observed that because of the aforesaid assignment, the assessee was using the trade mark in its own right as its own trade mark and therefore, it cannot be said that it is using the trade mark of another person. ■

Supreme Court's Decision: In the light of the aforesaid observations, the Supreme Court held that the assessee would be entitled to the exemption notification.

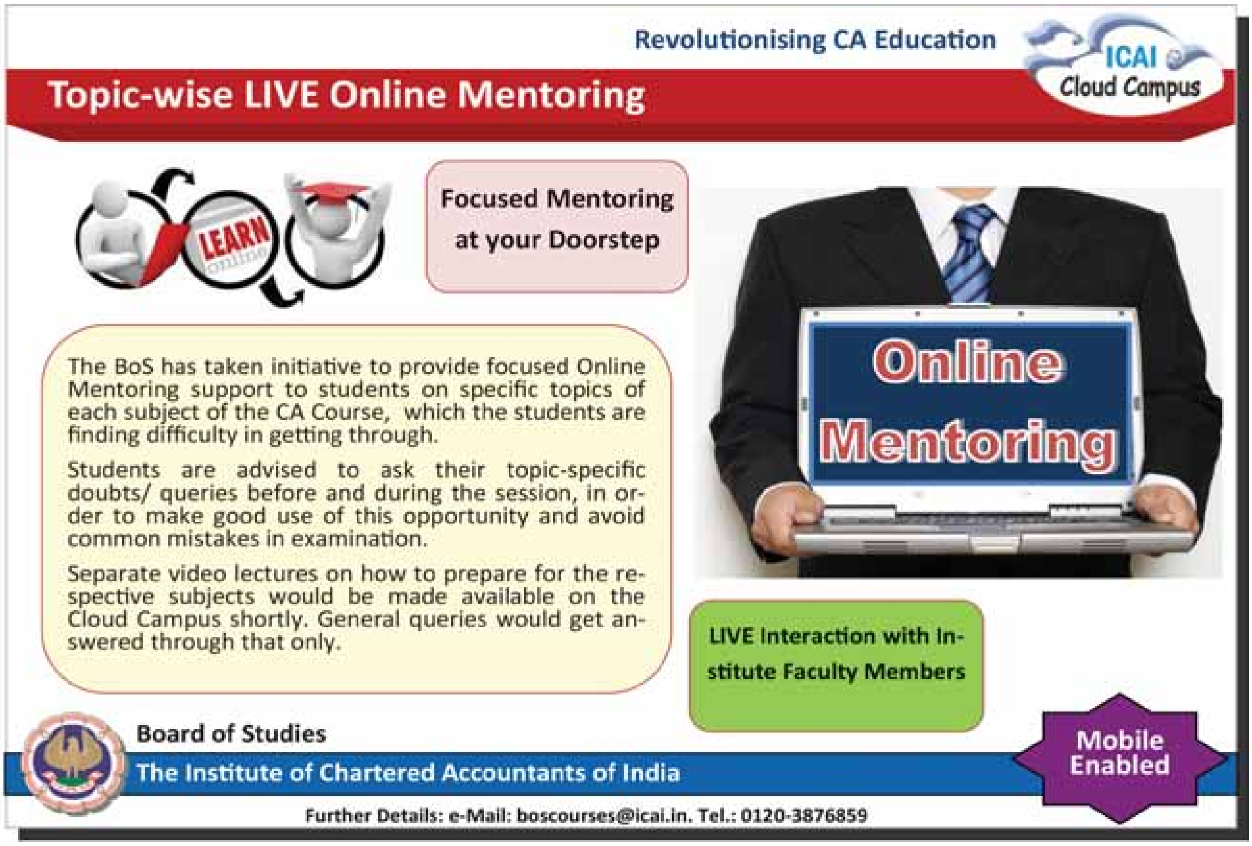
(Compiled by BoS faculty)

CORRIGENDUM

Intermediate (IPC) Course Paper 4: Taxation [Part I: Income-tax] and Final Paper 7: Direct Tax Laws

In the printed copy of the following publications, in the example/illustration (for page number, see table below) explaining the amendments in section 194A, in the answer to part (iii), the date "31.3.2015" should be read as "31.3.2016". Further, students are advised to ignore the example/illustration on new section 80JJAA given in the following pages of the printed copy of the publications mentioned below:

Publication	Section 80JJAA	Section 194A
Supplementary Study Paper 2015	**Example in Page Number**	
IIPCC Paper 4: Taxation	106	115
Final Paper 7: Direct Tax Laws	109	172
Study Material	**Illustration in Page Number**	
IIPCC Paper 4: Taxation – **September 2015 Edition [Module 3]**	7.60	9.12
Final Paper 7: Direct Tax Laws – **November 2015 Edition [Module 2]**	11.59	-



ANNOUNCEMENT

Online Mentoring on ICAI Cloud Campus - http://cloudcampus.icai.org

The ICAI Cloud Campus enables Students to learn anytime and from anywhere using e-Learning, Audio Lectures, Video Lectures and Online Mentoring. Students can even learn through Mobile Enabled e-Learning facility on the Students Learning Management System (LMS) on their Mobile Phones/ Smart Phones/ Tablets. Online Mentoring is one of the major value added features on the Cloud Campus. The schedule of online mentoring sessions for February, 2016 is as follows:

Online Mentoring Schedule

Date	Course	Paper	Topic	Faculty	Time
February 2	Final	Paper-3 Advanced Auditing and Professional Ethics	Company Audit (Contd.)	CA. Rajeev Sachdeva	3.00 – 4.00 pm
February 3	Final	Paper-2 Strategic Financial Management	Derivatives	CA. Ashish Gupta	3.00 – 4.00 pm
February 4	Final	Paper-2 Strategic Financial Management	Derivatives (Contd.)	CA. Ashish Gupta	3.00 – 4.00 pm
February 5	Final	Paper-2 Strategic Financial Management	Derivatives (Contd.)	CA. Ashish Gupta	3.00 – 4.00 pm
February 8	Final	Paper-2 Strategic Financial Management	Foreign Exchange Risk Management	CA. Ashish Gupta	3.00 – 4.00 pm
February 9	Final	Paper-8 Indirect Tax Laws	Foreign Trade Policy 2015-2020 – An Overview	CA. Smita Mishra and CA. Shefali Jain	3.00 – 4.00 pm
February 10	Final	Paper-1 Financial Reporting	Chapter 2: Major differences between existing AS and Ind AS	CA. Seema Gupta and CA. Shilpa Agrawal	1:30 – 2:30 pm
February 10	IIPC	Paper-3 Part-I Cost Accounting	Material	Dr. N.N. Sengupta and CA. Sanjit Sharma	3.00 – 4.00 pm
February 11	Final	Paper-2 Strategic Financial Management	Foreign Exchange Risk Management (Contd.)	CA. Ashish Gupta	3.00 – 4.00 pm
February 12	Final	Paper-7 Direct Tax Laws	Business Taxation: Developments	CA. Priya Subramanian and CA. Aparna Chauhan	1:30 – 2:30 pm

Date	Course	Paper	Topic	Faculty	Time
February 15	Final	Paper-2 Strategic Financial Management	Foreign Exchange Risk Management (Contd.)	CA. Ashish Gupta	3.00 – 4.00 pm
February 16	IIPC	Paper-6 Auditing and Assurance	Company Audit (Contd.)	CA. Rajeev Sachdeva	3.00 – 4.00 pm
February 17	Final	Paper-1 Financial Reporting	Chapter 2 : Major differences between existing AS and Ind AS (Contd.)	CA. Seema Gupta and CA. Shilpa Agrawal	1:30 – 2:30 pm
February 17	IIPC	Paper-3 Part-II Financial Management	Capital Structure	Dr. N.N. Sengupta and CA. Sanjit Sharma	3.00 – 4.00 pm
February 18	IIPC	Paper-7B Strategic Management	Chapter-3 Strategic Analysis and Chapter-4 Strategic Planning	Mr. Shaleen Suneja and Dr. Ruchi Gupta	3.00 – 4.00 pm
February 19	Final	Paper-4 Corporate and Allied Laws	Appointment of Directors, Key Managerial Personnel and their Remuneration	Ms. Nisha Gupta and Ms. Megha Goel	3.00 – 4.00 pm
February 23	Final	Paper-3 Advanced Auditing and Professional Ethics	Company Audit (Contd.)	CA. Rajeev Sachdeva	3.00 – 4.00 pm
February 24	Final	Paper-7 Direct Tax Laws	Deductions from Gross Total Income	CA. Priya Subramanian and CA. Aparna Chauhan	3.00 – 4.00 pm
February 25	IIPC	Paper-1 Accounting and Paper-5 Advanced Accounting	Amendments relevant for May 2016, Examinations	CA. Seema Gupta and CA. Shilpa Agrawal	3.00 – 4.00 pm
February 26	Final	Paper-8 Indirect Tax Laws	CENVAT Credit – Developments	CA. Smita Mishra and CA. Shefali Jain	3.00 – 4.00 pm

Students are advised to register for Online Mentoring Sessions on the ICAI Cloud Campus and provide specific questions/ queries that they need to be discussed at least 48 working hours before the session. Links to access the aforementioned Online Mentoring Sessions are also available on the http://cloudcampus.icai.org under Online Mentoring.

Additional Secretary
Board of Studies

Toppers of Chartered Accountants Final Examination

November 2015

JAMES JOHN BRITTO R
First Rank
Chennai

NAGOLU MOHAN KUMAR
Second Rank
Tirupati

AVINASH SANCHETI
Third Rank
Kolkata

Our Hearty Congratulations

A poem written by CA.V. MURALI, Chairman, BOS of ICAI
Dedicated to the CA Students

BLESSINGS AND WISHES

May there always be Light to guide your way;
May the Lord shower His choicest blessings on you, I pray;
May there be roses strewn in your path;
May you reach your desired destination fast.

I wish that the sun shines bright on your dreams;
And you are able to translate them to reality;
I wish that all obstacles and hurdles melt like chaff;
And be ever blessed, happy with your life full of laughs.

Always try to do your best;
Whether it is life or exam or any test;
Aim for satisfaction and see;
That life's best things will come to thee.

Always keep a smile on your face;
Despite the trials and tribulations in your workplace;
Try to do your utmost with sincerity;
And will find yourself rewarded amply.

Have faith and trust in your competence;
Study with full commitment and diligence;
Aim to win, to be at the top of the game;
You will garner laurels and fame;
And the coveted letters 'CA' before your name!

Wishing you a Wonderful Life and a Fulfilling Future!

Good Bye and Good Luck

Press Conference at Nagpur addressed by President, ICAI


CA. Manoj Fadnis, President, ICAI and CA. V. Murali, Chairman, Board of Studies at the press conference.


President, ICAI addressing at the National Conclave for CA Students at Dehradun.

Group Photograph taken at the International Conference for CA Students at Indore.

All India Rank Holders (Southern Region) along with His Excellency the Governor of Tamil Nadu, Dr. K. Rosaiah.


Group Photograph taken at Indore with CA. Manoj Fadnis, President, ICAI, Vice President, CA. M. Devaraja Reddy along with Past Presidents and CA. V. Murali, Chairman, Board of Studies.

His Excellency the Governor of Tamil Nadu honouring Mr. James John Britto, All India First Rank Holder in the CA Final Examinations.


CA. V. Murali, Chairman, Board of Studies, ICAI honouring Mr. Debendranath Sarangi IAS, Former Chief Secretary, Govt. Of Tamil Nadu.

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Posted at Mumbai Patrika Channel Sorting Office, Mumbai
Posting Date: 26th - 30th of Advance Month
Date of publication: 26th of previous month

National Convention for CA Students held at Gurgaon, Haryana.

Best Student Paper Writer being honoured by Mr. Rajiv Hota IRS, Commissioner of Income Tax at the All India CA Students Conference, Chennai.

Mega GMCS programme participants along with CA. V. Murali, Chairman, Board of Studies.

Group photo of the National Conclave for CA Students held at Mangalore, Karnataka.

CA. P. R. Aruloli, Chairman, SIRC presenting memento to Mr. Debendranath Sarangi IAS, in the presence of CA. V. Murali, Chairman, Board of Studies.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110104