

Letters To The Editor



Fringe Benefit Tax

I would like to share my grievance about the tax imposed on fringe benefits, which appears to be against any taxing principles. Already, all the perks are taxed to maximum extent. In addition to that, Government is trying to tax the expenses incurred in normal course of business as fringe benefit. It is the indirect way of disallowing the expenses incurred for business purposes.

There is no logic in assuming that all employee welfare expenses, sales promotion expenses, conveyance expenses, tour and travel expenses, hotel, boarding and lodging, entertainment and hospitality expenses result in benefit to employees. The Institute needs to take up this matter with the Government.

—A.K. Velu

(Member, Mumbai)

March 31 deadline no good

As we all know the CBEC had issued a circular for payment of Service Tax for the month/quarter of March 2005, to be paid on 31st March. Such situations pose unnecessary pressures on both the taxpayers and the Professionals.

A deadline of 31st March means that many service tax providers have to shut down their business two-three days before March end. Further, it leads to heavy workload for professionals as they have to give challans to their clients in addition to other year-end activities. Moreover, at various places there is only one bank accepting the service tax payment, which results in last-minute rush situations thereby creating more problems for the professionals as well as taxpayers. A number of members like me feel that ICAI should approach the Finance Ministry to avoid such situations in future.

— Jayprakash J Dhoot

(Member, Aurangabad)



'Information is Power' and our ever-evolving profession needs more and more of that today than ever before. Do you have any relevant points to make, experiences to share, and views to spread among the CA fraternity? If yes, email us at ebsecretariat@icai.org / nadeem@icai.org or write to: The Journal Section, ICAI, PO Box 7100, New Delhi

Informative Tour

I appreciate the publication of the write-up titled "China: A brief on the Institute's study tour" in the January 2005 issue of our journal. It was very informative and has done well in updating the knowledge of the professionals working in today's globalised environment.

— Sudhir. K. Gupta

(Member)

Thought-provoking editorial

I read with interest the editorial of the February 2005 issue of your journal, which advocates for Integrated Supervisor for financial services entities in India. In this context, I would like to state that as a thumb rule, generally, a country should go in for an Integrated Supervisor if a financial entity in that jurisdiction are allowed to operate in the different sub-segments in the financial market i.e. banking, insurance, securities market etc.

— Abhijit Mone

(Member, Mumbai)

A matter of concern

In a lot many cases in Delhi and Mumbai, the sec.80HHC deduction has been/is being denied by the Assessing officers on the basis of decisions of ITAT in the cases starting from DCM Shriram, then Rohan Dyes & Intermediates Ltd, Sid Industries Pvt. Ltd. and like those in which the tribunal has upheld the figure of loss calculated by AOs as per clause (baa) of Explanations to Section 80HHC (as appears in Form 10CCAC report) by resorting to decisions of Supreme Court in the IPCA Lab case.

The IPCA Lab case nowhere takes into account the figures appearing in Form 10CCAC report for loss figure calculated and to that extent it appears that ITAT has misinterpreted the decision of IPCA case. Thus, a need has arisen for the ICAI to intervene by providing an expert opinion on the issue to Income Tax Department so that any further litigation, etc. is avoided.

— Arun K Varshney

(Member)

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