

CBEC has High Regard for ICAI and CAs: S. K. Goel

Chairman of Central Board of Excise and Customs (CBEC) Shri S. K. Goel, who has been extending valuable guidance and support to The Institute of Chartered Accountants of India (ICAI) and its members on various important issues over the time, participated in a meeting of the members and the officials of the ICAI at its headquarters on 1st May, 2012. In his enlightening speech, he touched upon various crucial matters of interest to the profession, with particular reference to the changes effected in indirect taxes by the Union Budget 2012-13. CBEC Joint Secretary, Shri. V. K. Garg was also present in the meeting. Following are the excerpts from Shri Goel's address:



“In the Central Board of Excise and Customs, we have the highest regard for all professional bodies and, particularly, for ICAI because the society and the nation hold the professionals in high esteem. I believe that the professionals are dedicated to objectivity, they are dedicated to truth and what you are trying to do when you are writing accounts for somebody, certifying accounts for somebody, auditing accounts, is to arrive at the truth.

All stakeholders of that enterprise for which you are writing accounts or auditing— the banks who lend money, the shareholders who invest money, the potential suppliers, creditors, buyers, and we, the tax department, all are interested that the truth of the transaction, financial statement, etc., is made

out clearly, and for that we depend on you. By an Act of Parliament, this body (ICAI) has been given this power and status and, as such, your certificate carries a lot of weight. We give a large number of refunds on the basis of certificates issued by chartered accountants; we do a lot of things on the basis of certificates your professional members are giving. We have been involving chartered accountants in our cost audit exercise — special audit, which we carry out under the Central Excise Act. We have been involving chartered accountants in our audit plan. I must also acknowledge that you have been helping our officers in training. We always do pre-budget consultation with various bodies including ICAI and you would have noticed that many of your suggestions are

accepted. It is not that we are just receiving the representation and not examining— we are looking at it sincerely.

I will make only one submission before I address some of the technical points raised by the ICAI. As I mentioned, we consider the professionals as seekers of truth and not as partisan people. Sometimes, the representations which come to us, sometimes the way in which things are represented, gives us the feeling as if the professionals are taking a partisan stand. Do ask for tax concessions as that is your right but at the same time also suggest the ways by which the Government can increase the revenue, because the Government is also one of the important stakeholders in this whole exercise — Government

means public, which the Government represent. When we had pre-budget consultation, we requested everybody to also give suggestions on how to increase revenue because the fiscal deficit is staring us in the face. Suggest the ways of raising taxes without hurting people more than what is required.

Please consider the Government or tax authorities as equal partners. You should play the role of a bridge between the tax payers and tax collectors, and give correct and truthful advice from the beginning.

Your suggestions and the points you have made in the post-budget representation are most welcome. Regarding some points that you have mentioned about 'Point of Taxation Rules' and 'billing versus cash basis', you know that we have done this only for people who are having turnover of more than ₹50 lakh, which will mean only very large chartered accountants would be covered by this, and the smaller ones will still have that benefit as earlier. In any case, we cannot distinguish between the various streams of taxpayers, be it professionals, be it manufacturers or others. The duty liability arises because duty here is not on realisation, the duty here is on the provision of service or manufacture by definition. Still, for the small professionals with a turnover of less than ₹50 lakh, that benefit has been given and even for the bigger ones, if they have a bad debt, if the payment doesn't come,



our certificate carries a lot of weight. We give a large number of refunds on the basis of certificates issued by chartered accountants; we do a lot of things on the basis of certificates your professional members are giving. We have been involving chartered accountants in our cost audit exercise— special audit, which we carry out under Central Excise Act. We have been involving chartered accountants in our audit plan. I must also acknowledge that you have been helping our officers in training”

there is always a way out – write off and adjustment can be done, it will take little time but it can be done. Any way, your suggestion has been well noted.

On the other point about where you have billed before 31st March and service are being rendered now, we will look at various permutations and combinations and then try to come out with clarifications.

The other point was raised about the discrimination *vis-a-vis* with advocate. Now, as you know, now for advocates also we have introduced that they will have to pay service tax, of course on reverse charge basis. Our understanding is that there is slight difference, of course, it has been maintained for various policy reasons, that the lawyers are not only tax professionals, they are doing lot of criminal justice and civil justice activities. So, considering that, some distinction has been maintained, but for whatever advices, basically tax advices they are giving to business entities, they will have to pay the tax. As far as CAs are concerned, they are basically giving advices to

business entities, they are not practicing criminal law and civil law in the courts. You are giving advice to business entities only. However, there is a situation where CAs are giving tax advices to individuals also, and to that effect we will see what can be done. Otherwise, we have tried to bring in parity to the extent possible.

On the issue of the continuing professional education, whether it should be liable to service tax, we will examine it, because in the Negative List formal education is basically out, as also vocational education. We will see whether all this can be covered and how it can be covered because you have a valid point.

In the end, I appreciate the Certificate Course on Indirect Taxes which you are going to commence shortly, and the training given to our officers. I welcome your suggestion and the offer that your officers should be associated with the various studies conducted by our department. I would keep in mind whether something can be done in due course.

I reiterate that we have the highest regard for whatever suggestions and advice we receive from various professional bodies and, particularly, from ICAI, we consider these various seriously and sincerely, and whatever is practical and within the constraints, we do try to agree and implement, and we do expect the similar response from the professionals. ■

In the Central Board of Excise and Customs, we have the highest regard for the all professional bodies and, particularly, for ICAI because the society and the nation hold the professionals in high esteem. I believe that the professionals are dedicated to objectivity, they are dedicated to truth and what you are trying to do when you are writing accounts for somebody, certifying accounts for somebody, auditing accounts, is to arrive at the truth.