EDITOR CA. SUBODH KUMAR AGRAWAL, *President*
JOINT EDITOR CA. K. RAGHU, *Vice-President*
MEMBERS CA. TARUN JAMNADAS GHIA
CA. SHRINIWAS YESHWANT JOSHI
CA. NILESH SHIVJI VIKAMSEY
CA. BABU ABRAHAM KALLIVAYALIL
CA. M. DEVARAJA REDDY
CA. SUMANTRA GUHA
CA. SHYAM LAL AGARWAL
CA. ANUJ GOYAL
CA. SANJAY `VOICE OF CA' AGARWAL
CA. ATUL KUMAR GUPTA
CA. NAVEEN N. D. GUPTA
SECRETARY NADEEM AHMED
ICAI EDITORIAL TEAM SUSANTA K. SAHU
DR. N. K. RANJAN
NIMISHA SINGH

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ICAI Bhawan, Post Box No.7100, Indraprastha Marg,
New Delhi-110002, Tel: +91 (11) 39893989.
E-mail: icaiho@icai.org, Website: www.icai.org

SUBSCRIPTION RATES
Inland subscribers : ₹1,000 per annum
Overseas: $150 per annum
(subscribers by sea mail)

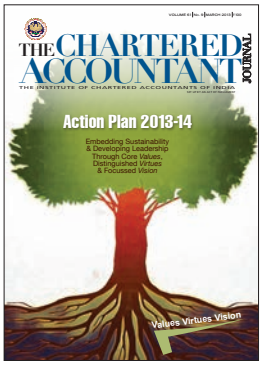
For Overseas Members/Subscribers
•Air Mail Surcharge : ₹2,100 per annum
•Sea Mail Surcharge : ₹1,100 per annum

CA Students : ₹1,400 for 3.5 years
₹400 per annum
Other students & faculties : ₹600 per annum

CLASSIFIEDS:
Minimum ₹1,000/- for the first 25 words or part thereof and ₹250/- for five words or part thereof over and above first twenty five words. Please contact: The Journal Section at ICAI Bhawan, A-29, Sector-62, Noida or call at +91(120) 3045955 or e-mail at eboard@icai.org

EDITORIAL SUPPORT, DESIGN, ADVERTISEMENT & MARKETING SPENTA MULTIMEDIA
Aaron Rodrigues, V. Kalidasan, Nilesh Juvalekar & Anand Dhuri.
MUMBAI: Spenta Multimedia, Peninsula Spenta, Mathuradas Mill Compound, N. M. Joshi Marg, Lower Parel. Mumbai-400013. Tel: +91 (22) 24811022/24811025, Telefax: -91(22) 24811021.
DELHI: No.7, 1st Floor, Nizamuddin (West) Market. New Delhi-110013. Tel: +91 (11) 4669 9999.
BENGALURU: No.606, 1st Floor, Rear Building, 80 Feet Road, 3rd Cross, Opp. Koramangala Police Station, Bengaluru-560 095. Landmark - Behind Boca Grande Restaurant. Tel: +91(80) 4161 8966/77.
KOLKATA: 206-Jodhpur Park, Kolkata - 700068. Tel: +91(33) 2473 5896. Telefax: +91(33) 2413 7973.
CHENNAI: 1st Floor,#5 Montieth Road Egmore, Chennai 600 028. Tel: +91-44-4218 8984/85
ICAI RESERVES THE RIGHT TO REJECT ADVERTISEMENTS
Printed and published by Vijay Kapur on behalf of The Institute of Chartered Accountants of India (ICAI)
Editor – CA. Subodh Kumar Agrawal
Published at ICAI Bhawan, P. O. Box No. 7100, Indraprastha Marg, New Delhi - 110 002 and printed at Spenta Multimedia. Peninsula Spenta, Mathuradas Mill Compound. N. M. Joshi Marg, Lower Parel, Mumbai - 400013
The views and opinions expressed or implied in THE CHARTERED ACCOUNTANT are those of the authors and do not necessarily reflect those of ICAI. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, whether in part or in whole, without the consent of ICAI.
DISCLAIMER: The ICAI is not in any way responsible for the result of any action taken on the basis of the advertisement published in the Journal. The members, however, may bear in mind the provision of the Code of Ethics while responding to the advertisements.
TOTAL CIRCULATION: 2,31,843
Total No. of Pages: 164 including Covers
Cover Image: Illustration by Nilesh Juvalekar
Inside images and Graphics: www.dreamstime.com

IN THIS ISSUE...



VOICE

1339 Editorial
- Challenges of Indian Economy and the Way Ahead
1346 From the President
1350 Action Plan 2013-14
1354 Vision 2030

PROFILE

1342 Our New President
1344 Our New Vice President

MEMBERS

1358 322nd Council Group Photograph
1360 Photographs
1364 Know Your Ethics
1402 Opinion
- Accounting for Common Fixed Assets Constructed for a Project under Progress.
1490 Classifieds

UPDATES

1380 Legal Update
- Legal Decisions
- Circulars and Notifications
1472 National Update
1474 International Update
1478 Accountant's Browser

ICAI NEWS

1368 Revised Passing Requirement for CPT effective from June, 2013
1461 Campus Placement Programme
1485 Revised Audit Report Formats
1485 Guidance Note on Accounting for Oil and Gas Producing Activities (Revised 2013)
1486 Industrial Training – Articled Assistant
1486 Industrial Training- Industry/Organisation
1486 Secondment of Articled Assistants
1487 Invitation for Expression of Interest for Authoring Publications relevant to the Members in Practice of ICAI
1488 Invitation for Empanelment as Resource Persons
1489 New Publications

COMMITTEE LIST

1479 Compositions of Committees Year 2013-14

STANDARD

1491 Standard on Internal Audit (SIA) 18 Related Parties

EVENTS

1366 Forthcoming Events

VOLUME 61 | No. 9 | MARCH 2013 | ₹ 100

THE CHARTERED ACCOUNTANT JOURNAL

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SET UP BY AN ACT OF PARLIAMENT

REPORT

1370 Professional Excellence & Success Hog the Limelight at ICAI's 63rd Annual Function

1378 The 6th Edition of ICAI Awards 2012

ACCOUNTING

1406 Comparison of Financial Statements Prepared As Per International Financial Reporting Standards and Indian GAAP
– *CA. Abhay S. Nagale and CA. (Dr.) Varadraj Bapat*

BANK AUDIT

1412 Verification of Advances with Special Reference to Prudential Norms
– *CA. Ketan Saiya*

1418 Restructuring of Advances
– *CA. Chinmay Goswami*

1424 Interpretational Issues in Bank Audit
– *CA. M. Naganathan and CA. P. S. Narasimhan*

AUDITING

1428 Concurrent Audit — A Real Time Audit Machinery for Banks
– *CA. Debraj Gupta and Anandraj Saha*

TAXATION

1433 Share Premium in Excess of Fair Market Value Deemed as Income: Insertion of Section 56(2)(viib) by Finance Act, 2012, w.e.f. 01-04-2013
– *CA. Thakur Repudaman*

1438 Exemption from Service Tax on Education Related Services under the Comprehensive Scheme of Taxation by Finance Act, 2012 Needs To Be Widened
– *T. N. Pandey*

1443 Monetary Limits for Filing Departmental Appeals in Income Tax
– *CA. Raghav Kumar Bajaj*

INTERNATIONAL TAXATION

1449 Whether Transfer Pricing Provisions are Applicable when No Income is Chargeable to Tax – Recent Rulings Analysed
– *CA. Dhinal Ashvinbhai Shah*

1453 Electronic Commerce & Principle of Service PE in the International Tax Law
– *Dr. P. Sri Sudha*

1462 Mutual Agreement Procedure
– *CA. Hemali Deepak Thakkar*

BANKING AND FINANCE

1467 India Needs Allowance For Equity and Compulsory Dividends to Woo Back Retail Investors
– *Manish Bhandari*

BACKPAGE

1496 Cross Word 081
Smile Please