



# The Chartered Accountant Student

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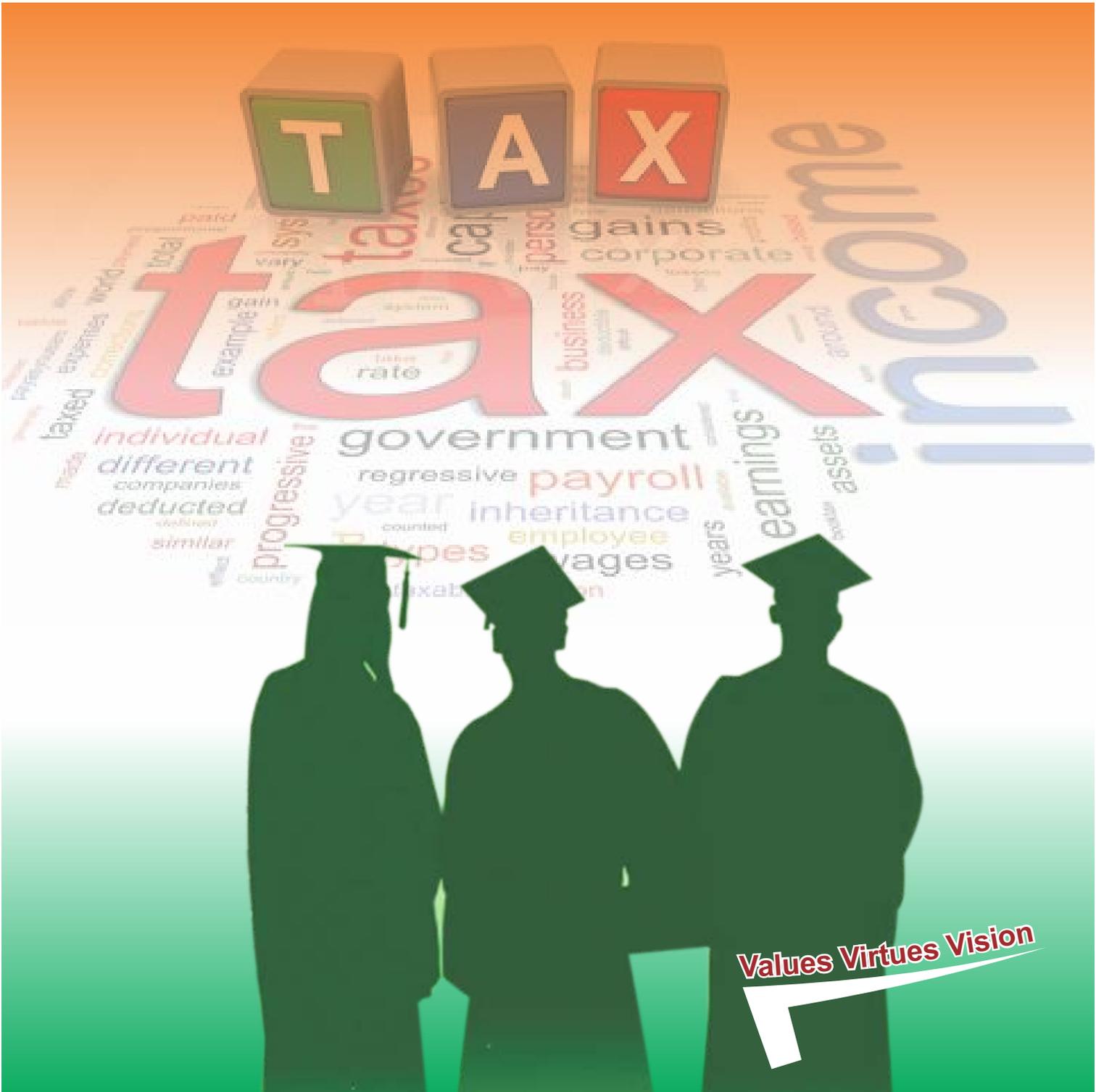
The Institute of Chartered Accountants of India  
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Your Monthly Guide to the CA News, Information & Events

STUDENTS' JOURNAL

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Values Virtues Vision



## President's Communication

**Dear Budding Professionals,**

The journey, our motherland began on 15 August 1947 is now 66 years old. I convey my warm greetings to all on this joyous occasion of the

67th Independence Day.

The results of the Chartered Accountancy Final Examinations and the Common Proficiency Test were declared recently. In Final examinations, the pass percentage of both groups is 10.03%. For the Group I and Group II, the pass percentages are 13.79 and 18.65 respectively. In the Common Proficiency test 27.02% of the students have passed. I am happy to convey my heartiest congratulations to those who have come out successful. Let me wish them all the best in their future endeavours.

My special appreciation goes to the students who have secured ranks. All of you have every reason to rejoice and look forward for the challenges and opportunities awaiting you.

Students who were not able to translate their efforts into success; to them I would like to tell that it is not the time to get disheartened, rather it is the time to introspect. It is time to ponder about your areas of strengths and at the same time you need to identify your weaknesses. Unless you accept your limitations, you will not be able to overcome them. Make suitable changes in your approach and continue with your efforts and hard work. It is often felt that many students have good knowledge, but they are not able to translate them in their answers. I would suggest to study exhaustively and practice by using pen and paper as much as you can. Do not ignore any subject - whether numerical or theoretical. Keep doing the hard work. I am sure success will be yours sooner than later.

Students who intend to appear in the forthcoming examinations should also make full use of various educational inputs provided in different subjects.

The study materials, suggested answers to the questions set in previous examinations, revision test papers are all important. Albert Einstein said that "Only source of knowledge is experience". Luckily the edifice on which our profession is built is strong on experience, therefore, I urge that students should take their articleship training in a diligent manner. Exposure and learning attained during articleship training will provide students real knowledge and improve the performance in the examinations. To chart a successful career post completion of course, along with knowledge, creative thinking, integrity, ethical conduct, leadership, motivation, and commitment are also required as personality traits and articleship training helps in inculcating such skills.

The Board of Studies is organizing a series of National Conventions for CA Students across the length and breadth of our country. Recently, such conventions have been organized in Ahmedabad, Aurangabad, Baroda, Cuttack, Guwahati and Nagpur. I appreciate Board of Studies for successfully organizing these events. I personally attended some of these programmes and found them to be intellectual feat. An International CA Students' Conference is also planned in Kolkata in the month of September, 2013. It would be an opportunity for you to get international perspective of accounting world. You will also have an opportunity to interact with the student delegates from foreign accounting bodies and share knowledge. At the same time you would be able to develop new friendships.

I would personally exhort students to attend the programmes being organized by the Board of Studies to get contemporary knowledge and practical skills.

Wish you all the best

**CA. Subodh K. Agrawal**  
**President**

**The Institute of Chartered Accountants of India**



## Vice President's Communication

Dear Students,

I extend my heartiest greetings on the occasion of the 67th Independence Day. Indeed, it is a historic day to refresh our memories of freedom struggle and pay our rich tributes to the martyrs who sacrificed their lives with extreme courage and noble spirits to make our motherland free from foreign rule. At this juncture, the role of accounting professionals is of great significance. Now it has become our responsibility to create an atmosphere for the quick and smooth progress of our country by adopting the best accounting practices.

I wish to convey my heartiest congratulations to all those who have cleared the May 2013 Final Examinations and June 2013 Common Proficiency Test. Your grand success reflects your perfect qualities of perseverance. I believe that the secret behind your success is your hard work and dedication. One cannot enjoy the fruit of success without hard work. I hope this saga of success is only a beginning of your professional career and not your final destination. You have to do a lot more to scale new heights of fame and success. I also appreciate the students who have secured the top ranks in all India level.

The students who have not been fortunate to clear the examinations are advised to take their studies more sincerely and regularly. Never give up your hope and never be discouraged or disheartened. You must chart out a new strategy and plan from now

onwards to tackle the next examinations with sincerity and dedication. Also go for an introspection to find out what might have gone wrong in achieving a positive result. You should also reorient your strategy of preparation with a positive mind. Gear up your preparations for the next attempt by making full use of the educational inputs provided to you by the Board of Studies and by repeated practice of tackling and solving practical problems and situations in different subjects.

As a well-disciplined student of the chartered accountancy course, you should be aware of the fact that to meet the challenges of a highly competitive professional world, you need to bring out and sharpen your skills. Recently, I had the chance of attending an Interactive meeting with students at Baroda. I was really overwhelmed by the amazing performance of our students. I wish all of you would come forward to participate in the upcoming CA Students Conferences and Conventions, which would ultimately help in your professional development by enhancing your presentation and communication skills. The extra - curricular activities will definitely empower you to boost your confidence level and will offer the best platform to demonstrate your skills before the rest of the world.

Yours Sincerely,

**CA. K. Raghu**  
**Vice President, ICAI, New Delhi**

## MESSAGE



### Chairman's Communication

My Dear Students,

The results of CA Final examination and Common Proficiency Test (CPT) are out. I am happy to share with you that about 10 percent candidates passed in Both Groups, 14 per cent passed in Group I and 19 per cent in Group II of the Final Course. As far as CPT is concerned, 27 per cent candidates passed it and entered the first stage of CA course i.e. Intermediate (Integrated Professional Competence) course (IIPCC). My heartiest congratulations to all the successful students! My special complements to Kruti Bhadresh Shah, Calvin Joshua Nicasius Fernandes and S.Astresh of Final course for securing first, second and third rank, respectively. Those of you were who were not able to clear the examinations should not get disheartened. Rather, you should approach the studies with a fresh perspective. I am sure if you work hard and with sincerity, nothing can stop you from being successful. I am happy to share with you that finally our dream of making a separate and dedicated **home page** for students has come true. The students' home page with address [students.icai.org](http://students.icai.org) was launched on the auspicious CA day - 1st July, 2013 by Shri Sachin Pilot, Union Minister of Corporate Affairs. The Students' home page contains all relevant information relating to CA students viz. the course contents, the course structure, study material, suggested answers, revision test papers, model test papers, mock test papers, announcements, students journal etc. Now you need not go to ICAI's website for any student related information and can directly visit the students' home page and thus, save your time and energy.

The e-learning programme of Board of Studies (BOS) has been very well received by students. Encouraged by the positive response of students on **e-learning programme** of IIPCC and Common Proficiency Course (CPC), the BOS carried forward the work of e-learning by uploading e-lectures on Final Course. Till date, 127 hours of e-lectures on Final Course, 250 hours on IIPCC and 52 hours on CPC have been uploaded. The work of recording and uploading the rest of e-lectures of all the courses is being carried out at a high speed. Very soon a complete set of e-lectures on all the subjects will be available on Students' Portal. Students are advised to take full benefit of this free service of the Institute. This will surely aid you in your preparation for your respective examination.

Students, perhaps you are aware that BOS from time to time brings publications which assist you in your

journey towards becoming Member of this esteemed profession. The latest addition to the series of publications is the booklet- **One Stop Referencer on CA Course: The ICAI's Interface with Students**. Released by the honorable Chief Minister of Gujarat, Shri Narendra Modi, at the National Convention of CA students at Ahmedabad on 29th -30th June, 2013, this booklet contains all relevant information for CA students, be it be the entry routes, the course curriculum, the fee structure, monetary and non monetary benefits available, the MOUs and MRAs with different national and international bodies or the contact details of various offices and officials of the Institute. This is a free publication and will be distributed to all the students participating in the conventions and conferences of BOS. Do participate in these conventions and conferences and secure a copy for yourself.

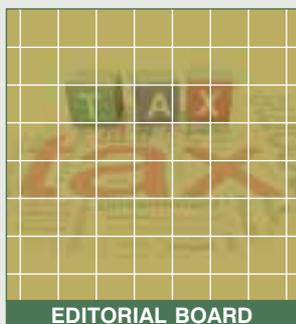
Another feather in the BOS's cap is the regular **webcast** of lectures on various issues relating to students. In the month of July, webcasts on preparing for different subjects of IIPCC took place. These subject specific webcasts are aimed to mentor students on the successful strategies to succeed in their forthcoming examinations. I hope you would have watched these webcasts. In case you missed them, you can still see them as they are available on the Institute's TV - <http://icaitv.com>. In August also, many webcasts are scheduled, please look for their announcements in the Students' Journal, Institute's website and the new Students Portal.

The BOS is successfully organizing **state/regional/national conventions and conferences** at various places with the help of respective regional council and students' association. In August and September also, a number of such programmes are scheduled. These are at Vasai (2nd -3rd August), Trivandrum (3rd-4th August), Surat (9th -10th August) and Jam Nagar (10th -11th August). Apart from these, an All India Conference is to be held at Bangalore on 31st August and 1st September and International Conference at Kolkata on 14th and 15th September 2013. It is my earnest advice that you participate in these events in great numbers and get the benefit of interacting with eminent subject experts and also with your fellow students from different parts of the country and also from abroad. This will surely broaden your horizon and give you enriching experiences.

Wishing you success in all endeavors in life and a very happy Independence Day

Yours sincerely,

CA. Vijay Garg  
Chairman, BOS



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# Goods and Service Tax - An Overview

Palkesh Asawa

**W**e all have heard about Goods & Services Tax. It is one of the many legislations that are pending in the list of changes that we might expect in times to come. But GST is something totally different from all these. This tax is a consolidation of many indirect taxes already levied in India, thereby drastically overhauling the system of indirect taxes in India.

## The need for GST

We begin by elaborating on the important concept of - cascading effect of taxes. It is also, logically, referred to as "taxes on taxes". It is simple to illustrate - say A sells goods to B after charging sales tax, and then B re-sells those goods to C after charging sales tax. While B was computing his sales tax liability, he also included the sales tax paid on previous purchase, which is how it becomes a tax on tax.



This was the case with the sales tax few years ago. To overcome this, VAT system was introduced whereby every next stage dealer used to get credit of the tax paid at earlier stage against his tax liability. This reduced an overall liability of many traders and also helped to reduce inflationary impact on the prices.

Similar concept came for the duty on manufacture - Central Excise Duty - much before it came for sales tax. The CENVAT credit scheme (earlier known as MODVAT) was also a welcome move for trade and industry where credit of excise duty paid at the input stages was allowed to be set-off against the liability of excise on removal of goods. With effect from 2004, cross utilisation of credit between excise duty and service tax was also permitted. To a large extent, the problem of cascading effect of taxes is resolved by these measures.

However, there are still problems in the system that have not been solved till date. We shall talk about these problems now. The credit of Input VAT is available against Output VAT. In the same manner, the credit of input excise/service tax is available for set-off against output liability of excise/service tax. However, the credit of VAT is not available against excise and vice versa. We all know that VAT is computed on a value which includes excise duty. In the same manner, CENVAT credit is allowed only for the Excise duty paid on inputs, and not on the VAT paid on the input raw material. This shows that there is a tax on tax!



Excise duty and service tax are levied by the Central Government, while VAT is levied by the State Government, which is one of the reasons why such a cross-utilisation of credits is not allowed. However, this does not constitute a valid reason that justifies the cascading effect of taxes. For common man, it makes no difference if a tax is levied by the Centre or the State - a tax is a tax, and there is a tax on tax. GST is being proposed to be introduced to combat this problem, among many others.

## The Present System of Indirect Taxes

Let us first understand the various indirect taxes that are presently being levied by the Central & State Governments.

Ref.	Tax	Levy by	Levied on	Credit can be Set-off against	Covered by GST
1	Central Excise duty	Centre	Manufacture	1,2	Yes
2	Service Tax	Centre	Providing services	1,2	Yes
3	Customs	Centre	Import	-	No
4	CVD* under Customs	Centre	Import (compensating Excise)	1,2	Yes
5	SAD* under Customs	Centre	Import (compensating Sales Tax)	1	Yes
6	CST	Centre	Inter-State sales	-	Yes
7	VAT	State	Sales within a state	7	Yes

(\* CVD - Countervailing Duty; SAD - Special Additional Duty)

The author is a Member of ICAI (Mem. No. 423002)

The GST shall subsume all the above taxes, except the Basic Customs Duty that will continue to be charged even after the introduction of GST. Other indirect taxes, such as stamp duties etc. shall also continue. India shall adopt a Dual GST model, meaning that the GST would be administered both by the Central and the State Governments. This makes it the first tax of its kind in India!

**The Dual GST Model**

We begin by explaining the dual GST model and the taxes levied on each kind of transaction. See these abbreviations before we understand them-

- SGST - State GST, collected by the State Govt.
- CGST - Central GST, collected by the Central Govt.
- IGST - Integrated GST, collected by the Central Govt.

Now look at the chart given below:

Transaction	NEW system	OLD system	Comments
Sale within the state	SGST CGST	VAT & Excise/ ST*	Under the new system, a transaction of sale within the state shall have two taxes, SGST - which goes to the State; and CGST which goes to the Centre
Sale outside the state	IGST	CST & Excise/ ST*	Under the new system, a transaction of sale from one state to another shall have only one type of tax, the IGST - which goes to the Centre

\* It is worth mentioning here that the levy of Excise is not dependent on the levy of VAT/CST, as they are governed by different laws.

SGST, CGST and IGST are the taxes that shall be levied under the new system of GST. How this shall operate, and how can we have cross utilisation of credits can be seen in the discussion that follows -

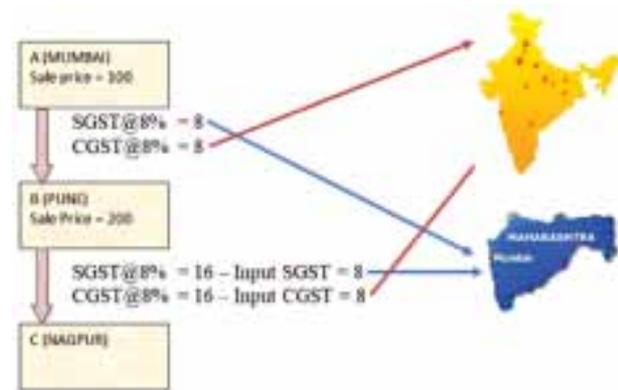
**How GST operates?**

CGST and SGST rates have been assumed to be 8%.

**Case 1: Sale in one state, resale in the same state**

In the example illustrated below, goods are moving from Mumbai to Pune. Since it is a sale within a state, CGST and SGST will be levied. The collection goes to the Central Government and the State Government as pointed out in the diagram. Then the goods are resold from Pune to Nagpur. This is again a sale within a state, so CGST and SGST will be levied. Sale price is increased so tax liability will also increase. In the

case of resale, the credit of input CGST and input SGST is claimed as shown; and the remaining taxes go to the respective governments.

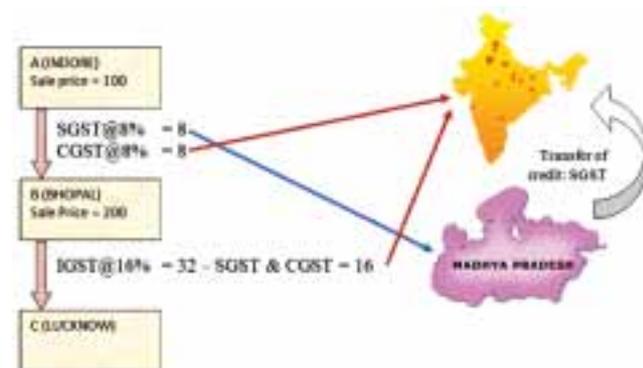


Rate of IGST has been assumed to be 16%.

**Case 2: Sale in one state, resale in another state**

In this case, goods are moving from Indore to Bhopal. Since it is a sale within a state, CGST and SGST will be levied. The collection goes to the Central Government and the State Government as pointed out in the diagram. Later the goods are resold from Bhopal to Lucknow (outside the state). Therefore, IGST will be levied. Whole IGST goes to the central government.

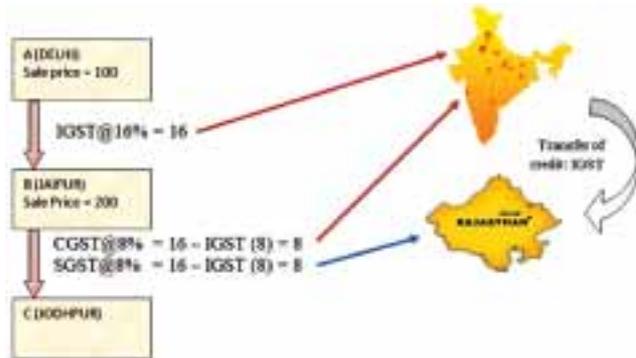
Against IGST, both the input taxes are taken as credit though SGST being a state levy is not collected by the Central Government. **This is the crux of GST.** Since this amounts to a loss to the Central Government, the state government compensates the central government by transferring the credit to the central government.



**Case 3: Sale outside the state, resale in that state**

In this case, goods are moving from Delhi to Jaipur. Since it is an interstate sale, IGST will be levied. The collection goes to the Central Government. Later the goods are resold from Jaipur to Jodhpur (within the state). Therefore, CGST and IGST will be levied.

50% of the IGST can be set off against CGST and the remaining 50% IGST can be set off against SGST which is taken as a credit. It is important to note that though IGST is not collected by the state government, still its credit is claimed against SGST. Since this amounts to a loss to the State Government, the Central government compensates the State government by transferring the credit to the State government.



### Advantages of GST

Apart from full allowance of credit, there are several other advantages of introducing GST in India:

- **Reduction in prices:** Due to full and seamless credit, manufacturers or traders do not have to include taxes as a part of their cost of production leading to reduction in prices. However, if the government seeks to introduce GST with a higher rate, this benefit might be lost.
- **Increase in Government Revenue:** This might seem to be a little vague. However, even at the time of introduction of VAT, the public revenue actually went up instead of falling because many people resorted to paying taxes rather than evading the same. However, the government may wish to introduce GST at a Revenue Neutral Rate, in which case the revenue might not see a significant increase in the short run.
- **Less compliance and procedural cost:** Instead of maintaining big records, returns and reporting under various different statutes, all assesseees will find comfort under GST as the compliance cost will be reduced. It should be noted that the assesseees are, nevertheless, required to keep record of CGST, SGST and IGST separately.

### Points to Ponder: Food for Thought

The GST is a very good type of tax. However, for the successful implementation of the same, we must be

cautious about a few aspects. Following are some of the factors that must be kept in mind about GST:

- Firstly, it is required that **all the states implement the GST** together and that too, at the same rates. Otherwise, it will be really cumbersome for businesses to comply with the provisions of the law. Further, GST will be very advantageous if the rates are same, because in that case taxes will not be a factor of consideration in deciding location for making investment decisions, and people will be able to focus on profitability.
- For smooth functioning, it is important that the GST legislation clearly sets out the **taxable event**. Presently, the CENVAT credit rules, the Point of Taxation Rules are amended/ introduced for this purpose only.
- Since GST is a destination based tax. It should be clearly identifiable as to where the goods are moving. This will be difficult in case of services, because it is not easy to identify where a service is provided, thus, this problem should be properly dealt with.
- More awareness about GST and its advantages need to be made, and Chartered Accountants will have to take the onus to assume this responsibility.

### GST: Way Forward!

Presently, lot of speculations are going on as to when the GST will actually be implemented in India. Looking into the political environment of India, it seems that more time will be required to ensure that everybody is satisfied. The states are confused as to whether the GST will hamper their revenues. Although the Central Government has assured the States about compensation in case the revenue falls down, still a little mistrust can be a severe drawback!

Sooner or later, the GST will surely knock the doors of India. And when that happens, we as future torch bearers of the profession are required to be prepared and fully equipped with our knowledge regarding GST. *Forewarned is forearmed*. Thus, we must be ready to deal with GST and many other changes that are going to take place in India.

Charles Darwin had very correctly pointed out that *The ones who are going to be the winners, are not those who are the strongest, or those who are the fastest; but those who are the most adaptive to changes...* ■

# Keyman Insurance Policy: Analysis of Amendment by the Finance Act, 2013

Vaishali Meharwan

The Finance Act, 2013 has amended Explanation 1 to clause (10D) of section 10 of the Income-tax Act, 1961 to provide that a Keyman insurance policy which has been assigned to a person during its term, with or without consideration, shall continue to be treated as a Keyman insurance policy.

This apparently simple and innocuous amendment is aimed at plugging an existing loophole whereby companies assign the Keyman insurance policy to the Keyman. Till the date of assignment, the company gets the benefit of deduction for the premium paid by it. Upon the maturity of the policy the amount is not taxable in the hands of Keyman. This article aims at analyzing the amendment in the light of the recent decision of Delhi High Court reported as *CIT vs Rajan Nanda and Others [2012] 349 ITR 8 (Delhi)*.

## Keyman policy - Salient Features

It is important to understand the basic features of the Keyman insurance policy which are generally in vogue. A Keyman insurance policy provides for an insurance policy taken by a business organization or a professional organization on the life of an employee, in order to protect the business against the financial loss, which may occur from the employee's premature death. The 'Keyman' is an employee or a director, whose services are perceived to have a significant effect on the profitability of the business. The premium is paid by the employer.

## Present Tax Treatment

The tax treatment in respect of Keyman insurance policy have been explained in the circular no. 762, dated February 18, 1998 ([1998] 230 ITR (ST.12)) issued by the Central Board of Direct Taxes as under:

(i) The premium paid towards Keyman insurance policy by the employer organisation is allowed as business expenditure u/s 37 of the Income tax Act, 1961.

(ii) The sums received under the policy shall be taxable as under:

- Any sum received under a Keyman insurance

policy by the employer organisation will be taxed as business profits u/s 28(iv) of the Act;

- The surrender value of the policy, endorsed in favour of the employee (keyman), or the sum received by him at the time of retirement be taken as "profits in lieu of salary" u/s 17(3) (ii);
- In case of other persons having no employer-employee relationship, the surrender value of the policy or the sum received under the policy be taken as income from other sources.



## Delhi High Court Decision

In the case reported as *CIT vs Rajan Nanda and Others [2012] 349 ITR 8 (Delhi)*, a company assessee had been taking Keyman insurance policies covering two persons, who were employees/directors of the assessee-company. After paying premia for a certain period, the policies were assigned to the two employees/directors, receiving the surrender value from them. For the remaining period of the policies, the insurance premia were paid by the assignees. The details of the policies as reported are as under:

A.Y. in which policy assigned	2003-04	2002-03		2001-02	2000-01
Policy No.	113192477	112963783	112689601	112689240	112680817
A.Y. in which policy is taken	2002-03	2001-02	2001-02	2000-01	1999-00
Date of Maturity	1-4-2007	1-04-2006	1-04-2006	1-04-2005	1-04-2004
Amount paid by the assessee before assignment	3,60,03,400	3,79,70,019	3,60,08,700	3,67,38,052	3,72,56,050
Amount paid by the Keyman for assignment	54,00,510	53,87,415	53,98,305	53,63,820	53,03,407

(The author is a student of ICAI (Reg.No. CRO 0298709))

## ARTICLE

The Assessing Officer held that since the expenditure incurred on the premia paid on the Keyman insurance policies was much more than the surrender value realized by the assessee on the assignment of these policies to the employees/directors, the amount paid by the assessee as premia on the policies could not be treated as expenditure incurred wholly and exclusively for the business purpose of the assessee. Therefore, he disallowed the premia paid in different years which was claimed as the business expenditure. The Commissioner (Appeals) and the Tribunal, however, held that the amount was deductible.

In so far as the employees/directors were concerned, the question was whether the difference between the actual premium paid and the surrender value given by them was to be treated as 'salary' in their hands and was to be taxed accordingly and whether the maturity value received by them on the policy was to be taxed or not. The Assessing Officer held that the directors had taken a substantial benefit by paying only the surrender value as against the much higher amount of premia paid by the assessee. The difference between premia paid by the assessee and the surrender value paid by them was treated as benefit to be taxed in their hands.

The Tribunal held that merely by assignment in a particular year when the policy was still continuing, no taxable event had taken place and, therefore, no tax could be charged. It had also held that the amount in question could not be taxed as perquisite so as to fall within the scope of section 17(3) of the Income-tax Act, 1961.

The Tribunal took note of the certificate obtained by the assessee from the insurance company whereby it had certified that a Keyman insurance policy after assignment assumed the status of an ordinary insurance policy. The Tribunal while giving requisite relief brought to tax the amount of surrender value at the time of assignment subject to verification by the Assessing Officer.

On an appeal filed by the Revenue, the Hon'ble Delhi High Court dismissed the appeal and held as under:-

- (i) That the Department had itself allowed the expenditure incurred on the premium paid for the Keyman insurance policy in previous years as business expenditure under section 37 of the Act. Right from 1991-92 to 1993-94 and thereafter even in respect of the assessment year 1997-98, the expenditure was allowed. Thereafter, the expenditure was disallowed, but again the claim was accepted for the assessment years 2001-02 and 2002-03. The principle of consistency would, therefore, be applicable in such a case.

The object of a Keyman insurance policy is to enable business organisations to insure the life of a keyman in order to protect the business against the financial loss which may occur in the likely eventuality of his premature death. Such expenditure is treated as business expenditure by the Department and recognized in the circular dated February 18, 1998. The circular is binding on the Income-tax Department, which categorically stipulates that premium on Keyman policy should be allowed as business expenses. Merely because the policy was assigned after sometime that would not mean that the expenditure incurred in the first instance would lose the flavour of "business expenditure". The premia were deductible as business expenditure.

- (ii) That the Explanation to section 10(10D) gives the meaning to "Keyman insurance policy" and only that sum received under this policy would be treated as income. Sub-clause (ii) of clause (3) of section 17 taxes "any sum received in a Keyman insurance policy". The word "received" assumes significance. The Legislature in its wisdom thought to tax only that payment, which is received by the employee-assessee under the Keyman insurance policy.

The purport of sub-clause (ii) is altogether different. Such an amount due or received by the assessee has to be:

- (a) Before joining any employment; or
- (b) After cessation of its employment

No such contingency occurred when the Keyman insurance policy was assigned by the company in favour of the director-assessee. The tax event did not occur, as no such amount was received at the time of assignment of the policy by the company as employer to the director-assessee, as employee. The amounts were not taxable in the hands of the directors.

- (iii) That there is no prohibition on the assignment or conversion of Keyman insurance under the Act. Once there is an assignment, it leads to conversion and the character of policy changes. The insurance company had itself clarified that on assignment; it does not remain a Keyman policy and is converted into an ordinary policy. Hence, the policy in question was not a Keyman insurance policy and when it matured; the advantage drawn there from was not taxable.

#### Analysis of Budget Proposals

In the Finance Act, 2013 the said *Explanation 1* to clause (10D) of section 10 is amended to provide that a Keyman insurance policy, which has been assigned to a person during its term, with or without consideration, shall continue to be treated as a Keyman insurance policy.

Thus, if the employer organisation assigns the Keyman insurance policy to a Keyman, the company will get the benefit of deduction for the premium paid by it

and at the same time on the maturity of the policy the amount received will not qualify for exemption u/s 10(10D) of the Act. It will become taxable as "Profit in lieu of salary" u/s 17(3)(ii). The employer/the former employer as the case may be, would, therefore, be required to deduct tax at source u/s 192 of the Act. Compliance with the TDS provisions in case of former employer will pose great difficulty.

Since the entire proceeds of the amount received on maturity will be subject to tax u/s 17(3)(ii) of the Act in the hands of the Keyman, no set off will be available for the surrender value paid by the employee to the employer at the time of assignment.

The amendment made by the Finance Act, 2013 will cover even those cases where the Keyman insurance policy has been assigned prior to 01.04.2013.

In the case of Rajan Nanda (supra) the main contention of the Department before the Hon'ble High Court was that by assigning the policy and receiving only surrender value as against the actual premium paid, which was much higher, the difference between two amounts was the benefit received by the director assessee, which should be treated as income assessable to tax.

Therefore, it would have been better if the Finance Act, 2013 had amended section 17(3)(ii) appropriately to provide that the tax would be levied only to the extent of the difference between the premium paid by the employer and the surrender value (if any) paid by the employee. ■

## ANNOUNCEMENT

### NIRC REGULAR COACHING CLASSES

Northern India Regional Council of the Institute of Chartered Accountants of India will be conducting **Regular Coaching Classes** for both the Groups of **IPCC & FINAL w.e.f. 3rd June, 2013. The classes will be conducted at the Indian Medical Association (IMA) Building, Indra Prastha Marg, Delhi-110002.**

Interested students are advised to register with NIRC (i.e. at ICAI Bhawan, NIRC, 4th & 5th Floor, Annexe Building, Post Box No. 7100, Indraprastha Marg, New Delhi - 110002). The Registration Form can be downloaded from [www.nirc-icai.org](http://www.nirc-icai.org). For more details, please contact Tel. Nos: (Mob) 9540999189 9540999195, 9999505978, 9540999199 and Land Line : 011-30100500

# Comparison: Provisions Regarding Related Party Under Existing and Proposed Companies Act

Vipul Jain

**C**ompanies Bill, 2012 has been passed in Lok Sabha. It has laid down several amendments in respect of related parties provisions. Let's understand these proposed provisions briefly in comparable manner.

## Section 299 and Clause 184: Disclosure of Interest by Director

Section 299 of the Companies Act, 1956 requires every director to disclose his interest or concern in any contract or arrangement entered into or to be entered into by the company at a meeting of the Board of Director (BOD). Here the interest or concern is assumed where the director is also a director of a specified body corporate or is a member holding more than 2% of paid up share capital in another company or is a member of a specified firm. Under Clause 184 of the Companies Bill, the meaning of interest or concern is widened. Under proposed law interest or concern means-

- (i) holding more than 2% of share capital of another body corporate or holding a post of promoter, manager or chief executive officer of another body corporate;
- (ii) a partner of a firm or owner or member of any other entity.

It is further noted that under existing law manner of disclosing the interest or concern has been defined viz a general notice may be given to the Board in this regard whereas under proposed law no manner of disclosing interest or concern is prescribed.

## Section 295 and Clause 185: Loan to Directors, etc.

Section 295 of the Companies Act stipulates that a company without obtaining previous approval of the Central Government, cannot make any loan to, or give guarantee or provide security in connection with a loan made by any other person, or to any other person by - (a) any director of lending company or of its holding company or any partner or relative of any such director; (b) firm of director or relative; (c) private company of which any such director is a director or member; (d) body corporate of which not less than 25% of voting power may be exercised or controlled by any such director(s); (e) any body corporate of which BOD, Managing Director (MD) or manager is accustomed to act in accordance with direction of the Board or any director of the lending company.

Clause 185 of Companies Bill doesn't require approval of Central Government. Although it prescribes certain conditions subject to which a company can make loan etc. These are as follows-



- (a) loan may be given to MD or whole-time director-
  - (i) as a part of the conditions of service extended to all employees of the company; or
  - (ii) pursuant to any scheme approved by members by a special resolution; or
- (b) a company in the ordinary course of its business may make loan, give guarantee or provide security but rate of interest should not be less than the bank rate declared by the Reserve Bank of India (RBI).

It is also important to note that Section 295 does not apply to any loan made, guarantee given or security provided by a Private Company which is not a subsidiary of a public company and any loan, guarantee or security provided by a holding company to its subsidiary company. These exceptions are not provided under proposed law.

## Section 372A and Clause 186: Loan and Investment by Company

The ambit of Section 372A of Companies Act, 1956 is restricted to loan given to "any other body corporate" but Clause 186 of Companies Bill, 2012 is proposed to grab in its ambit the loan to any person including a body corporate. In the recent past years some corporate scandals are visualised. To control such scandals, 'Inter corporate Loans and Investments' under Section 372A is proposed to be replaced by 'Loan and Investment by Company' under proposed Section 186.

According to Section 372A, no company (BOD of the company) shall directly or indirectly-

- (a) make any loan to any other body corporate;
- (b) give any guarantee or provide security in connection with a loan made by any other person to, or to any other person by, any body corporate; and

*The author is a student of ICAI (Reg. No. CRO0265224)*

- (c) acquire the securities of any other body corporate exceeding 60% of its paid up share capital and free reserves, or 100% of its free reserves, whichever is more, unless previously authorised by a special resolution passed in a general meeting.

Further there is a special provision in respect of guarantee that the Board may give guarantee, without being previously authorised by a special resolution, if-

- a resolution is passed in the meeting of the Board authorizing to give guarantee in accordance with the provisions of this section i.e. a unanimous resolution;
- there exists exceptional circumstances which prevent the company from obtaining previous authorisation by a special resolution passed in a general meeting for giving a guarantee; and
- the resolution of the Board is confirmed within 12 months in general meeting or the Annual General Meeting held immediately after passing of the Board's resolution, whichever is earlier.

The aforesaid special provision in respect of guarantee is missing in the proposed law.

Clause 186 also requires the company to disclose to the members in the financial statement the full particulars of the loans given, investment made or guarantee given or security proposed to be utilised by the recipient of the loan or guarantee or security. Clause 186 prohibits companies registered under section 12 of the Securities and Exchange Board of India Act, 1992 and covered under such class or classes of companies as may be prescribed, to take inter corporate loan or deposits exceeding the prescribed limit and such companies are required to furnish in its financial statement the details of the loan or deposits. The disclosure requirement in the financial statement is inserted to make Board of Directors accountable to members of the company and also to maintain corporate governance.

Exceptions are also different. Section 372A does not apply inter alia but Clause 186 applies -

- to a private company which is not a subsidiary of a public company;
- to a loan made, guarantee given or security provided by a holding company to its wholly owned subsidiary;
- to acquisition, by a holding company, the securities of its wholly owned subsidiary.

One more difference is seen that Section 372A states different penal provision for non maintenance of register mentioned under that section and non compliance of other provisions of the said section but Clause 186, on the other hand states same penalty for

non maintenance of register and non compliance of other provisions.

### **Section 297/314/294 and clause 188: Related Party Transaction**

Clause 188 is a mixture of Section 297, Section 314 and Section 294. Companies Act, 1956 contains detailed provisions related to sole selling agent under Section 294, 294A and 294AA which have been compressed enough under the Companies Bill, 2012. Moreover Section 314 is also proposed to be shrunk in the form of Clause 188 which contains detailed provisions relation to office or place of office held by director, etc.

According to Section 297:- Except with the consent of Board of Directors, a director of the company or his relative, a firm in which such a director or relative is a partner, any other partner in such a firm, or a private company of which the director is a member or director, shall not enter into any contract with the company -

- 1) for the sale, purchase or supply of any goods, materials or services; or
- 2) for underwriting the subscription of any shares or debentures of the company:

Provided that in case of a company having paid-up share capital of not less than ₹ 1 crore, previous approval of the Central Government is also required to be obtained.

According to Clause 188:- Except with the consent of BOD given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to -

- (a) sale, purchase or supply of any goods or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, material, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transaction not exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a special resolution. (No Central Government approval is needed)

## ARTICLE

The term 'related party' includes some more persons apart from as mentioned under Section 297, such as -

- key managerial personnel or his relative or their firm;
- private company in which a manager or his relative is a member or director;
- public company in which director or manager is a director or holds along with his relative more than 2% of its paid up share capital;
- any body corporate whose BOD, MD or manager is accustomed to act in accordance with the instructions of a director or manager;
- any person on whose advice, directions or instructions a director or manager is accustomed to act;
- holding, subsidiary, fellow subsidiary or associate company.

Clause 188 of Companies Bill does not apply to any transactions entered into by the company in its ordinary course of business which are not on arm's length basis. Every contract or arrangement shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

According to Section 314, consent of the company accorded by a special resolution is required for holding

office or place of profit by certain persons carrying total monthly remuneration exceeding ₹ 50000. In case where office or place of profit is held by certain person carrying total monthly remuneration exceeding ₹ 250000, prior approval of Central Government is also required. Meaning of "office or place of profit" is same as per Section 314 and as per Clause 188.

According to Section 294AA:- BOD can appoint sole selling agent subject to approval of the company in the general meeting. No company shall appoint a person, who has substantial interest in the company, as sole selling agent without obtaining approval of Central Government. In case a company having paid-up share capital of ₹50 lakhs or more, approval of the company by way of special resolution and approval of Central Govt. are required. But Clause 188 sweeps out all the provisions relating to sole selling agent and provide only one line for it.

**CONCLUSION :-** After perusal of the proposed act, we can say that the provisions of the Companies Bill are made in the manner to protect stakeholders interest of the company, to make shareholders more informed and to ensure the accountability of the higher level of authority in the company. There are more stringent penal provisions under proposed law. It is also observed that role of the Central Government is going to be reduced and more power is going to be transferred in the hands of the members of the company. ■



# ICAI Online e-Learning for CA Course

## Common Proficiency Test (CPT), Intermediate (IPC) Course and Final Course

<http://StudentsLMS.icaai.org>

### Introduction

The Board of Studies of the Institute has made available e-Learning facility for the CA Course at three levels: (a) Common Proficiency Course, (b) Intermediate (IPC) Course and (c) Final Course on the Students Learning Management System (LMS).

### Objective

Provide quality education for learning, re-learning and revising anytime and anywhere in an affordable manner through a self learning/ development facility.

### Salient Features

- Anytime/ Anywhere Online Learning
- Foundation for understanding concepts and Self Study of Study Materials
- Examination Oriented
- Online Self-Assessment Quiz - Chapter, Subject, All Subjects
- Quality Lectures by leading Faculty
- Uniform training across the country
- Multimedia Lectures
- Presentation & Podcast Download
- Tracks Learning - Lesson/ Self Assessment completed

### Anytime/ Anywhere Learning

This e-Learning facility takes learning and development to the doorsteps of students and they can now learn at their convenience from their homes/ offices/ cyber cafes even in smaller cities and mofussil towns.

### How to Access?

Students of the Common Proficiency Course and Intermediate (IPC) Course of the Institute interested in pursuing the e-Learning can register themselves on the Students LMS using their Student Registration Number and start using the e-Learning facility immediately. **Currently free access.**

Students with temporary Student Registration Numbers or belonging to earlier courses or those who are not able to register are required to contact their concerned Regional Offices.

### Requirements

Multimedia Computer/ Laptop with Internet Connection and Adobe Flash Player, which is available for free download at [www.adobe.com](http://www.adobe.com).

## Accounting

### Regulations for Issuance and Listing of Non-Convertible Redeemable Preference Shares

With a view to foster the fund raising options for Corporates and Banks and at the same time ensuring transparency and interest of investors, the Capital Market Regulator, SEBI, has notified a new set of Regulations on June 12, 2013 to govern issuance and listing of Non-Convertible Redeemable Preference Shares (NCRPS), to be called SEBI (Issue & Listing of Non Convertible Redeemable Preference Shares) Regulations, 2013.

The key features of these Regulations are:

1. The Regulations are applicable for listing of NCRPS raised through **public issues** as well as by way of **private placements**. The Regulations also apply to issuance and listing of Perpetual Non Cumulative Preference Shares and Innovative Perpetual Debt Instruments issued by Banks, in compliance with the Guidelines issued by RBI.
2. For **Public Issues** of NCRPS:
  - 2.1 The Promoters/ the issuer should not have been restrained/ debarred from dealing in securities.
  - 2.2 Credit Rating is mandatory for such issues.
  - 2.3 Minimum tenure of the NCRPS should be 3 years.
  - 2.4 The Issuer shall create a Capital Redemption Reserve, as per the provisions of Companies Act, 1956.
  - 2.5 One very important condition is that the issue cannot be made against loans or acquisition of shares of companies in the same management.
  - 2.6 The issuer shall appoint a Merchant Banker, who shall conduct a Due Diligence into the Company.
  - 2.7 A detailed Offer Document is needed to be prepared and filed with the Designated Stock Exchange. Copy of the final Offer Document shall also be needed to be filed with SEBI for its records.
  - 2.8 On or before the date of opening of issue, the Issuer shall issue detailed Advertisements in one English & one Hindi national daily newspaper.
  - 2.9 The issue may be a fixed price issue or through Book Building process.
  - 2.10 The redemption shall take place as per the terms of the offer document.
  - 2.11 The Issuer has the liberty to decide upon the Minimum Subscription, but the same is to be disclosed in the Offer Document.
  - 2.12 The Issue may be underwritten.
  - 2.13 Listing Application for the same is needed to be filed as per the provisions of Sec 73(1) of the Companies Act, 1956.
3. For listing of NCRPS issued on **Private Placement basis**:
  - 3.1 Even NCRPS issued on private placement basis can be listed on the Stock Exchanges, subject to fulfillment of specified conditions.
  - 3.2 Provisions of the Companies Act, 1956 have to be complied with.
  - 3.3 Mandatory Credit Rating to be obtained.
  - 3.4 The NCRPS should be issued only in Demat mode.
  - 3.5 The minimum Application size for each investor, in case of a private placement, shall not be less than Rs 10 Lacs each.
4. The listings of NCRPS (whether by way of public issue or on private placement) shall be subject to such continuous listing conditions, as may be specified in the Listing Agreement for NCRPS.

(Source: [www.sebi.gov.in](http://www.sebi.gov.in))

*(Contributed by CA. Sibaram Tripathy, BoS)*

## Accounting

### Series of Master Circulars issued by the RBI

Reserve Bank of India consolidates and updates all the instructions/guidelines on the subject issued upto June 30 in the form of Master Circulars. These Master Circulars are a one point reference of instructions on a particular subject. These are issued by RBI on July 1 every year and automatically expire on June 30 next year. Accordingly, many master circulars have been issued on Banking Regulations for schedule and non-schedule Urban Commercial Banks (UCBs), Co-operative Banks, Currency, Financial Institutions, Financial Markets, Foreign Entities/ FDIs, Government Business, NBFCs, Primary Dealers and others. The updated notifications as on 1<sup>st</sup> July, 2013 are given on the <http://www.rbi.org.in>.

(Source: [www.rbi.org.in](http://www.rbi.org.in))

(Contributed by CA. Shilpa Agrawal, BoS)

## Corporate Law

### Name Availability Guidelines, 2011- Registration of Electoral Trust as companies under section 25 of the Companies Act, 1956

Vide General Circular No. 12/2013, dated on 28.6.2013, point 9(iii) of the earlier General Circular No. 45, dated 8/7/2011 on the Name Availability Guidelines, 2011 have been modified by the Ministry of Corporate Affairs.

Point 9(iii) of the General Circular No. 45, dated 8/7/2011 says that if the name application of any company 'includes the words indicative of a separate type of business constitution or legal person or any connotation thereof, the same shall not be allowed. For eg: cooperative, sehkari, trust, LLP, partnership, society, proprietor, HUF, firm, Inc., PLC, GmbH, SA, PTE, Sdn, AG etc'.

Further, the publication of the General Circular No. 12/2013, dated on 28.6.2013, the above clause has been modified, saying that if the name application of any company is based on the above para, there such company, may be allowed to be registered under the section 25 of the Companies Act in the name ' Electoral Trust' under the Electoral Trust Scheme, 2013. And such company shall be considered as new company and required to be complied with section 293A( Prohibitions and restrictions regarding political contributions) of the Companies Act, 1956. Such a name application may be supported by an Affidavit to the effect that the name to be obtained, shall be only for the purpose of the registration of Companies under the Electoral Trust Scheme as notified by the CBDT.

For details refer General Circular Number 12/2013 available on the Ministry's portal ([www.mca.gov.in](http://www.mca.gov.in)) under the head 'Circulars' of main head 'Acts, Bills & Rules'.

### Compounding of contraventions under the Foreign Exchange Management Act, 1999

The Reserve Bank of India vide Master Circular No. 9/2013-14, dated 1st July, 2013 has issued a Master Circular on Compounding of Contraventions under FEMA, 1999. The compounding of contraventions under FEMA, 1999 is a voluntary process by which an applicant can seek compounding of an admitted contravention of any provision of FEMA, 1999 under Section 13(1) of the FEMA, 1999.

This Master Circular consolidates the existing instructions on the subject of "Compounding of Contraventions under FEMA, 1999" at one place. This Master Circular is being issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2014 and be replaced by an updated Master Circular on the subject.

For further details refer <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8098&Mode=0>

(Contributed by Nisha Gupta/CS. Megha Goel, BoS)

## ANNOUNCEMENT

### National Convention for CA Students at Siliguri

Siliguri Branch of EIRC of ICAI is hosting National Convention for CA Students organised by Board of Studies, ICAI on 28th & 29th December, 2013 at Siliguri. For details please contact at ICAI Bhawan, Near Overbridge, Tinbatti More, Siliguri - 734 405, Phone: 0353-2560445 and Email- [siliguri@icai.org](mailto:siliguri@icai.org).

## Strategic Management

### Mergers and Acquisitions in Organizations

Many organizations in order to achieve quick growth or expansion or diversification often use strategies such as mergers and acquisitions. This also helps in deploying surplus funds.

#### Merger and Acquisition Strategy

Merger and acquisition in simple words are defined as a process of combining two or more organizations together. There is a thin line of difference between the two terms but the impact of combination is completely different in both the cases.

Some organizations prefer to grow through mergers. Merger is considered to be a process when two or more organisations join together to expand their business operations. In such a case the deal gets finalized on friendly terms. Owners of pre-merged entities have right over the profits of new entity. In a merger two organizations combine to increase their strength and financial gains.

When one organization takes over the other organization and controls all its business operations, it is known as acquisition. In this process of acquisition, one financially strong organization overpowers the weaker one. Acquisitions often happen during recession in economy or during declining profit margins. In this process, one that is financially stronger and bigger establishes its power. The combined operations then run under the name of the powerful entity. A deal in case of an acquisition is often done in an unfriendly manner, it is more or less a forced association where the powerful organization takes over a weaker entity.

#### Types of Mergers:

##### 1. Horizontal merger:

Horizontal mergers are combinations of firms engaged in the same industry. It is a merger with a direct competitor. The principal objective behind this type of mergers is to achieve economies of scale in the production process by shedding duplication of installations and functions, widening the line of products, decrease in working capital and fixed assets investment, getting rid of competition and so on. For example, formation of Brook Bond Lipton India Ltd. through the merger of Lipton India and Brook Bond.

##### 2. Vertical merger:

It is a merger of two organizations that are operating in the same industry but at different stages of production or distribution system. This often leads to increased synergies with the merging firms. If an organization takes over its supplier/producers of raw material, then it leads to backward integration. On the other hand, forward integration happens when an organization decides to take over its buyer organizations or distribution channels. Vertical merger results in many operating and financial economies. Vertical mergers help to create an advantageous position by restricting the supply of inputs to other players, or by providing the inputs at a higher cost.

##### 3. Co-generic merger:

In co-generic merger two or more merging organizations are associated in some way or the other related to the production processes, business markets, or basic required technologies. Such merger include the extension of the product line or acquiring components that are required in the daily operations. It offers great opportunities to businesses to diversify around a common set of resources and strategic requirements. For example, organization in the white goods categories such as refrigerators can diversify by merging with another organization having business in kitchen appliances.

##### 4. Conglomerate merger:

Conglomerate mergers are the combination of organizations that are unrelated to each other. There are no linkages with respect to customer groups, customer functions and technologies being used. There are no important common factors between the organizations in production, marketing, research and development and technology. In practice, however, there is some degree of overlap in one or more of these factors.

*(Contributed by Shaleen Suneja/Dr. Ruchi Gupta, BoS)*

## Legal Decisions – Indirect tax laws

1. **Can the pre-delivery inspection (PDI) and free after sales services charges be included in the transaction value when they are not charged by the assessee to the buyer?**

***Tata Motors Ltd. v. UOI 2012 (286) E.L.T. 161 (Bom.)***

**Facts of the case:** The petitioners-Tata Motors Ltd. were the manufacturers of cars. They sold their cars to their subsidiary companies-M/s TMLD which in turn sold cars to the dealers. The petitioners appointed various persons as dealers to sell the car in the market. On selection of a person for being appointed as a dealer, an agreement was entered into between the petitioners and the said dealer. The petitioners notified the maximum amount for which the car could be sold by the dealer. The dealer paid to the petitioners a particular price quoted by them. According to the petitioners, this price was the assessable value and excise duty was paid on it. The amount charged by the dealer to his customer minus the amount charged by the petitioners to such dealer was the dealer's margin.

Further, on account of the dealership agreement, the dealer was required to carry out Pre Delivery Inspection (PDI) before the car was actually delivered to the customer. After the car was delivered to the customer, the dealer was required to conduct specified number of free services of the said car as set out in the Owner's Manual [hereinafter referred to as "said services"].

Moreover, the petitioners gave warranty to the customer provided the customer got the car duly inspected as per the PDI requirements and also availed the said services. If a particular customer did not get the PDI done or did not submit his car for said services, he would not be able to get the benefit of terms of warranty.

**Point of dispute:** Revenue issued a show cause notice to the petitioners alleging that costs incurred by the dealer towards PDI and said services was also includible in the assessable value on account of *Clause 7 of Circular No. 643/34/2002 dated 1st July, 2002.*

However, the petitioners contended that *Circular No. 643/34/2002-CX, dated 1-7-2002 and Circular No. 681/72/2002-CX, dated 12-12-2002* were contrary to the provisions of section 4(1)(a) and section 4(3)(d) of the Central Excise Act, 1944. They further submitted that the dealer had to incur the expenses to conduct PDI and said services without reference to them. The petitioners did not reimburse such expenses

incurred by the dealer. They paid the excise duty on the amount charged by them to the dealer while selling the car to the dealer.

**Observations of the Court:** The High Court, after considering the rival submissions observed as follows:-

1. The High Court accepted the contention of the petitioners that it did not charge the dealer for the expenses incurred by the dealer towards PDI and said services. It further stated that when a car was sold by the petitioner to dealer, price was the sole consideration and the petitioners and dealer were not related to each other. Hence, since the requirements of section 4(1)(a) were being complied with, the assessable value would be the transaction value [determined as per section 4(3)(d)]. Accordingly, the expenses incurred for PDI and said services should not be included in the transaction value of the car.
2. The High Court rejected the Revenue's claim that the expenses incurred for PDI and after sales services must be included in the transaction value for the reason that the warranty given by the petitioners was linked with such expenses. The Court observed that it only implied that petitioner would undertake the responsibility to provide the benefit of warranty to customer only when the customer had availed PDI and after sales services. However, it had no bearing on assessable value.
3. The High Court opined that in Clause 7 of Circular dated 1st July, 2002, reference to rule 6 of the Central Excise (Determination of Price of Excisable Goods) Rules, 2000 was not correct. Valuation rules, in the first place, would not apply in the instant case as this transaction did not fall within the ambit of section 4(1)(b) because the transaction of sale of a car between the petitioners and the dealer was governed by the provisions of section 4(1)(a). Further, it also opined that the linkage of the expenses incurred for PDI and said services with expenses for advertisement or publicity in the said circular was not correct.
4. The Court noted that the said circular wrongly held that in case where the assessee (manufacturer) sold the motor vehicles to a dealer (buyer) at a given price and the dealer in turn sold the said motor vehicles to a

customer at a price with dealers margin which included the PDI charges and after sales service charges, then, the assessable value would include the PDI and after sales service charges even if they were not been charged by the assessee (manufacturer) to the dealer. It was contrary to the provisions of section 4(1)(a) read with section 4(3)(d).

**Decision:** In the light of the above discussion, the High Court held that Clause No. 7 of Circular dated 1st July, 2002 and Circular dated 12th December, 2002 (where it confirms the earlier circular dated 1st July, 2002) were not in conformity with the provisions of section 4(1)(a) read with section 4(3)(d) of the Central Excise Act, 1944. Further, as per section 4(3)(d), the PDI and free after sales services charges could be included in the transaction value only when they were charged by the assessee to the buyer.

**Note:** Clause 7 of Circular No. 643/34/2002 dated 01.07.2002 reads as follows:-

**Point of doubt:** What about the cost of after sales service charges and pre-delivery inspection (PDI) charges, incurred by the dealer during the warranty period?

**Clarification:** Since these services are provided free by the dealer on behalf of the assessee, the cost towards this is included in the dealer's margin (or reimbursed to him). This is one of the considerations for sale of the goods (motor vehicles, consumer items etc.) to the dealer and will therefore be governed by Rule 6 of the Valuation Rules on the same grounds as indicated in respect of Advertisement and Publicity charges. That is, in such cases the after sales service charges and PDI charges will be included in the assessable value.

Circular No. 681/72/2002-CX, dated 12.12.2002, inter alia affirms the aforesaid circular.

2. **Can Appellate Authorities or Courts permit assessee to pay reduced penalty of 25% beyond the time prescribed under section 11AC?**

**CCEx. v. Castrol India Ltd. 2012 (286) E.L.T. 194 (Bom.)**

**Facts of the case:** The penalty under section 11AC was imposed on the assessee. The assessee paid the duty sought to be evaded and interest payable thereon before the passing of the adjudication order. However, the assessee did not pay 25% of the penalty imposed under section 11AC within 30 days from the date of the communication of the order of Central Excise Officer determining the duty sought to be evaded under erstwhile section 11A(2) [now section 11A(10)] which was

the mandatory requirement under section 11AC for claiming the benefit of reduced penalty. Instead of paying 25% of the penalty within the stipulated time, the assessee chose to file an appeal against imposition of penalty under section 11AC.

Tribunal affirmed that the penalty was leviable under section 11AC. However, it further noted that since the option to pay the reduced penalty under the proviso to erstwhile section 11AC [now section 11AC(1)(c)] had not been given in the adjudication order, the benefit of reduced penalty under section 11AC could not be denied to the assessee. Thus, it permitted the assessee to pay 25% penalty from the date of communication of the order passed by the Tribunal.

**Point of dispute:** The Revenue contended that Tribunal could not permit assessee to pay reduced penalty of 25% beyond time prescribed under section 11AC.

**Observations of the Court:** The High Court elucidated that when the liability to pay 25% penalty under the first and the second proviso to erstwhile section 11AC [now section 11AC(1)(c)] was required to be paid within 30 days from the date of communication of the order of the Central Excise Officer determining duty under erstwhile section 11A(2) [now section 11A(10)], it would not be open to the appellate authority or the Court to direct the assessee to pay 25% penalty beyond the stipulated time period.

Further, the Court noted that the third and fourth proviso to erstwhile section 11AC [now section 11AC(1)(d)] made it clear that, it was only when the duty determined as payable under erstwhile section 11A(2) [now section 11A(10)] was increased by the appellate authority/Court in the appellate proceedings, the appellate authority/Court was authorised to permit the assessee to pay 25% of the increased penalty within 30 days of the communication of the order by which such increase in the duty took effect.

**Decision:** In the light of the aforesaid discussion, the High Court inferred that Tribunal permitting the assessee to pay 25% penalty beyond the time prescribed under the first and second proviso to erstwhile section 11AC [now section 11AC(1)(c)], was not permissible in law.

**Notes:**

1. *The aforesaid judgment relates to erstwhile section 11AC which existed prior to 08.04.2011. However, the principle enunciated in the said judgment that Appellate Authorities or Courts cannot permit*

## CASE LAWS

*the assessee to pay reduced penalty of 25% beyond time prescribed under section 11AC holds good in the present section 11AC also (applicable with effect from 08.04.2011).*

*Further, it is important to note that under present section 11AC(1)(c), in case where there is a short levy/non-levy, short payment/non-payment or erroneous refund of excise duty by fraud, collusion etc., option to pay 25% penalty is available provided:-*

- (i) *the default has been found during the course of any audit, investigation or verification and*
- (ii) *the details of such transaction are available in the specified records.*

*Under the erstwhile section 11AC, the aforesaid two conditions were not required to be fulfilled.*

2. *The Bombay High Court, while deciding the aforesaid case, departed from the view taken by the High Courts in the following cases in the said matter:-*

- *Commissioner v. Bhagyoday Silk Industries 2010 (262) E.L.T. 248 (Guj.)*
- *Commissioner v. J.R. Fabrics Pvt. Ltd. 2009 (238) E.L.T. 209 (P & H)*
- *K.P. Pouches Pvt. Ltd. v. Union of India 2008 (228) E.L.T. 31 (Del.)*

3. **Is assessee required to pay interest in case of voluntary payment of time-barred duty before issuance of the show cause notice?**

***C.C.E. & C. v. Gujarat Narmada Fertilizers Co. Ltd. 2012 (285) E.L.T. 336 (Guj.)***

**Point of dispute:** The question which arose for consideration before Gujarat High Court was that in a case where before the issuance of the show cause notice, the assessee voluntarily pays the duty short paid recovery of which has become time-barred, can he be required to pay interest on the duty so paid.

**Observations of the Court:** The High Court observed that in case the recovery of the unpaid or short paid duty has become time-barred, if the manufacturer does not pay it voluntarily, it would not be possible for the Department to recover the same. Thus, if he does it voluntarily despite completion of period of limitation, he should not, further be saddled with the liability to pay statutory interest. The High Court held that while issuing sub-section (2B) in erstwhile section 11A of the Act [now section 11A(1)(b)], intention of the Legislature was not to impose interest on the voluntary payment of time-barred duty.

**Decision:** The High Court held that the assessee was not required to pay interest in case of voluntary payment of time-barred duty before issuance of show cause notice.

4. **In a case where the manufacturer clandestinely removes the goods and stores them with a firm for further sales, can penalty under rule 25 of the Central Excise Rules, 2002 be imposed on such firm?**

***CCEx. v. Balaji Trading Co. 2013 (290) E.L.T. 200 (Del.)***

Prabhat Zarda Factory was engaged in manufacturing zarda which had the brand name of "Ratna". It clandestinely cleared 'Ratna' zarda and stored them with Balaji Trading Co. (respondents) for further sales. The respondents were allegedly the related concerns of Prabhat Zarda Factory.

Commissioner (Adjudication) imposed a penalty under rule 25 of the Central Excise Rules, 2002 on the respondents. However, in an appeal filed by the respondents to CESTAT, CESTAT noted that penalty under rule 25 could be imposed only on four categories of persons:-

- (a) producer;
- (b) manufacturer;
- (c) registered person of a warehouse; or
- (d) a registered dealer.

Since, the respondents were neither producers nor manufacturers of the said zarda, neither were they the registered persons of a warehouse in which the said zarda had been stored nor were the registered dealers, penalty under rule 25 (higher of duty payable on excisable goods in respect of which contravention has been committed or ₹ 2,000), could not be imposed on the respondents.

The Department aggrieved by the said order filed an appeal with High Court wherein it contended that rule 25(1)(c) of the Central Excise Rules, 2002 would be applicable in the instant case. However, High Court concurred with the view of the Tribunal and concluded that rule 25(1)(c) would have no application in the present case.

*Note: Rule 25(1)(c) of the Central Excise Rules 2002 provides that in case of manufacture, production or storage of any excisable goods without having applied for the registration certificate, a penalty not exceeding the duty on such excisable goods or ₹ 2,000, whichever is greater is leviable on the producer, manufacturer, registered person of a warehouse or a registered dealer committing such contravention. ■*

***(Contributed by CA. Shefali Jain, BoS)***

NOTIFICATION



**The Institute of Chartered Accountants of India**

[Set up by an Act of Parliament]

Post Box No.7112, 'ICAI BHAWAN', Indraprastha Marg

New Delhi-110002

**TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA**

**NOTIFICATION**

**5<sup>th</sup> July, 2013**

No.13-CA (EXAM)/CPT/December/2013: 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 Common Proficiency Test will be held on Sunday, 15<sup>th</sup> December, 2013 in two sessions as below, at the following centres provided that sufficient number of candidates offer themselves to appear from each centre.

[This Common Proficiency Test will be conducted as per provisions of Regulation 25 D (3) of the Chartered Accountants Regulations, 1988 and the syllabus as published in the pages 291-293 of the Journal 'The Chartered Accountant' August 2006 issue and pages 12-13 of Chartered Accountants Students' Newsletter August 2006 issue.]

<b>First Session (i.e. Morning Session)</b>	<b>10.30 AM to 12.30 PM (IST)</b> Section - A Fundamentals of Accounting Section - B Mercantile Laws
<b>Second Session (i.e. Afternoon Session)</b>	<b>2.00 PM to 4.00 PM (IST)</b> Section - C General Economics Section - D Quantitative Aptitude

**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	ASANSOL	15	AURANGABAD
16	BANGALORE	17	BAREILLY	18	BATHINDA
19	BEAWAR	20	BELGAUM	21	BELLARY
22	BERHAMPORE	23	BHAGALPUR	24	BHARAUCH
25	BHARATPUR	26	BHAVNAGAR	27	BHILWARA
28	BHIWANI	29	BHOPAL	30	BHUBANESWAR
31	BHUJ	32	BIKANER	33	BILASPUR
34	CHANDIGARH	35	CHENNAI	36	COIMBATORE
37	CUTTACK	38	DEHRADUN	39	DELHI/NEW DELHI
40	DHANBAD	41	DUNDLOD	42	DURG
43	DURGAPUR	44	ERNAKULAM	45	ERODE
46	FARIDABAD	47	GANDHIDHAM	48	GHAZIABAD
49	GORAKHPUR	50	GUNTUR	51	GURGAON
52	GUWAHATI	53	GWALIOR	54	HISAR
55	HUBLI	56	HYDERABAD	57	INDORE
58	JABALPUR	59	JAIPUR	60	JALANDHAR
61	JALGAON	62	JAMMU	63	JAMNAGAR
64	JAMSHEDPUR	65	JODHPUR	66	KAITHAL
67	KAKINADA	68	KANNUAR	69	KANPUR
70	KARNAL	71	KISHANGARH	72	KOLLAM
73	KOLHAPUR	74	KOLKATA	75	KOTA
76	KOTTAYAM	77	KOZHICODE	78	KUMBAKONAM
79	LATUR	80	LUCKNOW	81	LUDHIANA
82	MADURAI	83	MANGALORE	84	MAPUSA (GOA)
85	MARGAO (GOA)	86	MATHURA	87	MEERUT
88	MORADABAD	89	MUMBAI	90	MUZAFFARNAGAR
91	MYSORE	92	NAGPUR	93	NANDED
94	NASHIK	95	NELLORE	96	NOIDA

## NOTIFICATION

97	PALGHAT	98	PALI MARWAR	99	PANIPAT
100	PANVEL	101	PATNA	102	PATIALA
103	PIMPRI-CHINCHWAD	104	PONDICHERRY	105	PUNE
106	RAIPUR	107	RAJAMAHENDRAVARAM	108	RAJKOT
109	RANCHI	110	RATLAM	111	REWARI
112	ROHTAK	113	ROURKELA	114	SAHARANPUR
115	SALEM	116	SAMBALPUR	117	SANGLI
118	SANGRUR	119	SATARA	120	SHIMLA
121	SIKAR	122	SILIGURI	123	SIRSA
124	SIVAKASI	125	SOLAPUR	126	SONEPAT
127	SRI GANGANAGAR	128	SRINAGAR	129	SURAT
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145	VELLORE	146	VIJAYAWADA	147	VISAKHAPATNAM
148	WARANGAL	149	YAMUNA NAGAR		

### **PLACES OF EXAMINATION CENTRES OVERSEAS:**

(1) ABU DHABI (2) DUBAI (3) BAHRAIN (4) DOHA (5) KATHMANDU

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

Applications for admission to Common Proficiency Test is required to be made in the relevant prescribed form as contained in the Information Brochure, which may be obtained from the **Additional Secretary (Examinations)**, The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi - 110002 on payment of ₹ 1000/- (₹ 500/- towards examination fee and ₹ 500/- towards cost of application form and Information brochure) per application form. The fee for candidates opting for Abu Dhabi, Dubai, Doha and Bahrain centres will be US \$160 (US \$ 150 towards examination fee and US \$ 10 towards cost of application form and information brochure) or its equivalent Indian Currency. The fee for the candidates opting for Kathmandu centre are required to remit INR.1350/- (INR 850/- towards examination fee and INR 500/- towards the cost of application form and information brochure) or its equivalent foreign Currency. Since the cost of Information brochure containing Common Proficiency Test application form includes the examination fee, no separate fee is required to be remitted at the time of submitting the filled in application form. The Information brochure containing Common Proficiency Test application form will also be available in the Regional and Branch Offices of the Institute and can be obtained there from on cash payment on or from **7<sup>th</sup> October, 2013**.

Common Proficiency Test application forms duly filled in may be sent so as to reach the **Additional Secretary (Examinations)** at New Delhi not later than **28<sup>th</sup> October, 2013**. Applications received after **28<sup>th</sup> October, 2013** shall not be entertained under any circumstances. Applications duly filled in will be received by hand delivery at the offices of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune upto **28<sup>th</sup> October, 2013**. Candidates residing in these cities are advised to take advantage of this facility. **It may be noted that there is no provision for acceptance of application forms after 28<sup>th</sup> October, 2013 with late fee.**

The candidates who fill up the examination application form **online** at <http://icaixam.icaai.org> from **7<sup>th</sup> October, 2013 (10.00 hrs) to 28<sup>th</sup> October, 2013 (17.30 hrs)** and remit the fee online by using either VISA or MASTER Credit/ Debit Card **shall not be charged ₹ 500/-** (i.e. cost of application form fee).

**The aforesaid Common Proficiency Test (CPT) is open only to students registered with the Institute of Chartered Accountants of India for the Common Proficiency Course on or before 1<sup>st</sup> October, 2013 and fulfill the requisite eligibility conditions.**

### **QUESTION PAPER BOOKLET LANGUAGE:**

Common Proficiency Test is an objective type multiple choice questions based examination. Candidates will be allowed to opt for Hindi medium Question Paper Booklet for answering the questions. Detailed information will be found given in the Information brochure.

**(G. SOMASEKHAR)**  
**ADDITIONAL SECRETARY (EXAMINATIONS)**

August 2013 | The Chartered Accountant Student

NOTIFICATION



**The Institute of Chartered Accountants of India**  
*[Set up by an Act of Parliament]*  
 Post Box No.7112, 'ICAI BHAWAN', Indraprastha Marg  
 New Delhi-110002

**TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA**

**NOTIFICATION**

**5<sup>th</sup> July, 2013**

No. 13-CA (EXAM)/N/2013: 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.

Similarly, Examinations in Post Qualification Courses under Regulations 204, viz.: Management Accountancy Course (MAC) Part - I, Corporate Management Course (CMC) Part - I, Tax Management Course (TMC) Part - I, Insurance and Risk Management (IRM), and International Trade Laws and World Trade Organisation (ITL & WTO) examinations (which are open to the members of the Institute) will be held on the dates given below at the above places (centres in India only) provided that sufficient number of candidates offer themselves to appear from each of the above places.

**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]

<b>Group-I: 6<sup>th</sup>, 8<sup>th</sup>, 10<sup>th</sup> &amp; 12<sup>th</sup> November 2013</b>
<b>Group-II: 15<sup>th</sup>, 18<sup>th</sup> &amp; 20<sup>th</sup> November 2013</b>

(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 (iii) of the Chartered Accountants Regulations, 1988.]

<b>Group -I: 5<sup>th</sup>, 7<sup>th</sup>, 9<sup>th</sup> &amp; 11<sup>th</sup> November 2013</b>
<b>Group -II: 13<sup>th</sup>, 16<sup>th</sup>, 19<sup>th</sup> &amp; 21<sup>st</sup> November 2013</b>

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

**MANAGEMENT ACCOUNTANCY COURSE (MAC) PART - I, CORPORATE MANAGEMENT COURSE (CMC) PART - I, TAX MANAGEMENT COURSE (TMC) PART - I EXAMINATIONS**

<b>Group-I: 13<sup>th</sup> &amp; 16<sup>th</sup> November 2013</b>
<b>Group-II: 19<sup>th</sup> &amp; 21<sup>st</sup> November 2013</b>

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

**INSURANCE AND RISK MANAGEMENT (IRM) EXAMINATION**

<b>Modules I to IV 13th, 16th, 19th &amp; 21st November 2013</b>
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(Afternoon Session: 2.00 PM to 5.00 PM) (IST)

**INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL&WTO) EXAMINATION**

<b>Group A</b>	<b>6<sup>th</sup>, 8<sup>th</sup> &amp; 10<sup>th</sup> November 2013</b>
<b>Group B</b>	<b>12<sup>th</sup>, 15<sup>th</sup> &amp; 18<sup>th</sup> November 2013</b>

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

**PLACES OF EXAMINATION CENTRES IN INDIA: (FOR ALL EXAMINATIONS)**

1	AGRA	2	AHMEDABAD	3	AHMEDNAGAR
4	AJMER	5	AKOLA	6	ALAPPUZHA
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## NOTIFICATION

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### PLACES OF EXAMINATION CENTRES OVERSEAS: (FOR INTERMEDIATE (IPC) AND FINAL EXAMINATIONS ONLY)

1) ABU DHABI	2) DUBAI	3) KATHMANDU	4) MUSCAT
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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 these examinations are required to be made either online at <http://icaiaexam.icaai.org> free of cost (i.e. ₹ 500/- 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 **Additional Secretary (Examinations), The Institute of Chartered Accountants of India, 'ICAI BHAWAN', Indraprastha Marg, New Delhi - 110002** on payment of ₹ 500/- per application form in respect of Intermediate (IPC) and Final Examination candidates. The cost of Examination application

**NOTIFICATION**

forms for Management Accountancy Course (MAC) Part - I, Corporate Management Course (CMC) Part - I, Tax Management Course (TMC) Part - I, Insurance and Risk Management (IRM), International Trade Laws and World Trade Organisation (ITL & WTO) examination is ₹ 100/- per application form. 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 **5<sup>th</sup> August, 2013**.

Applications together with the prescribed fee by Demand Draft of any Scheduled Bank may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than **26<sup>th</sup> August, 2013**. However, applications will also be received at Delhi Office after **26<sup>th</sup> August, 2013** and upto **2<sup>nd</sup> September, 2013** with late fee of ₹ 500/-. 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, Bangalore, Hyderabad, Jaipur and Pune upto **2<sup>nd</sup> September, 2013**. Candidates residing in these cities are advised to take advantage of this facility. Applications received after **2<sup>nd</sup> September, 2013** shall not be entertained under any circumstances.

However, application forms duly completed for the Post Qualification Course Examinations i.e. Management Accountancy Course (MAC) Part - I, Corporate Management Course (CMC) Part - I, Tax Management Course (TMC) Part - I, Insurance and Risk Management (IRM), International Trade Laws and World Trade Organisation (ITL & WTO) will be received **only** at the New Delhi office of the Institute.

**The candidates who apply online at <http://icaiaexam.icaai.org> from 5<sup>th</sup> August, 2013 to 26<sup>th</sup> August, 2013 and remit the fee online by using either VISA or MASTER Credit/ Debit Card shall not be charged ₹ 500/- in case of Intermediate (IPC) & Final examination (i.e. cost of application form fee). They shall however, be required to remit additional ₹ 500/- towards late fee in case the application online is made after 26<sup>th</sup> August 2013 and upto 2<sup>nd</sup> September, 2013.**

The fees payable for the various examinations are as under:

<b>INTERMEDIATE (IPC)</b>	
For Both the Groups / Unit - 9	₹ 1600/-
For one of the Groups / Unit 1 to 8	₹ 1000/-
<b>FINAL EXAMINATION</b>	
For Both the Groups	₹ 2250/-
For one of the Groups	₹ 1250/-
<b>MANAGEMENT ACCOUNTANCY COURSE (MAC) PART - 1, CORPORATE MANAGEMENT COURSE (CMC) PART - I, TAX MANAGEMENT COURSE (TMC) PART - I EXAMINATIONS</b>	
For Both the Groups	₹ 400/-
For one of the Groups	₹ 200/-
<b>INSURANCE &amp; RISK MANAGEMENT (IRM) EXAMINATION</b>	
	₹ 1000/-
<b>INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL &amp; WTO) EXAMINATION:</b>	
For Both the Groups	₹ 2000/-
For one of the Groups	₹ 1000/-

Candidates of Intermediate (IPC) and Final examination opting for Dubai /Abu Dhabi / Muscat are required to remit, US\$ 350 and US\$ 400 respectively or their equivalent Indian Currency irrespective of whether a 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 ₹ 2250/- and Indian ₹ 3000/- 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. However the medium of Examinations will be only English in respect of Post Qualification Courses viz.: Management Accountancy Course (MAC) Part - I, Corporate Management Course (CMC) Part - I, Tax Management Course (TMC) Part - I, Insurance and Risk Management (IRM) Examination and International Trade Laws and World Trade Organisation (ITL & WTO) Examinations.

**(G. SOMASEKHAR)  
ADDITIONAL SECRETARY (EXAMS)**

## ANNOUNCEMENT

## Supplementary Study Paper 2013 - Final Course

The Board of Studies has come out with the publication "Supplementary Study Paper-2013" for Final Course, relevant for May 2014 and November 2014 examinations. This publication is now available at the sale counters of the branches and regional offices of the Institute.

**Circular Nos. 2/2013 & 3/2013 dated 26.3.2013, included in Supplementary Study Paper-2013, NOT RELEVANT consequent to issue of new circulars by CBDT withdrawing Circular Nos. 2/2013 & amending Circular No. 3/2013**

The Supplementary Study Paper-2013 contains a discussion of the amendments made by the Finance Act, 2013 and **notifications and circulars issued by the CBDT between 1<sup>st</sup> July, 2012 and 30<sup>th</sup> April, 2013**. Accordingly, Circular Nos. 2/2013 & 3/2013 dated 26.3.2013 issued by the CBDT are included in the Supplementary Study Paper-2013. Circular No. 2/2013 clarifies certain points to be kept in mind while selecting Profit Split Method (PSM) as the most appropriate method to determine the arm's length price in international transactions involving transfer of intangibles and Circular No. 3/2013 dated 26.3.2013 clarifies the conditions relevant to identify development centers engaged in contract R & D services with insignificant risk.

However, subsequently, the CBDT has, vide Circular No. 5/2013 dated 29.6.2013, withdrawn Circular No.2/2013 dated 26.3.2013. Further, the CBDT has issued new Circular No. 6/2013 dated 29.6.2013 amending Circular No.3/2013 dated 26.3.2013.

In effect, **Circular Nos. 2/2013 & 3/2013 dated 26.3.2013** included in the Supplementary Study Paper-2013 for Final Course, are no longer relevant. The details of Circular No.6/2013 dated 29.6.2013, providing guidance for determining whether a contract R&D centre can be considered an R&D centre with insignificant risk, would be given in the Revision Test Paper (RTP) for May 2014 and November 2014 examinations.

The following table summarizes the position as per the Circulars contained in the Supplementary Study Paper-2013 vis-à-vis the Revised position consequent to issue of new Circulars -

	As contained in the Supplementary Study Paper-2013	Revised Position
(1)	<b>Circular No.2/2013 dated 26.3.2013</b> – Selection of PSM as the most appropriate method to determine the ALP in international transactions involving transfer of intangibles.	<b>Withdrawn vide Circular No.5/2013 dated 29.6.2013</b> – Consequently, PSM need not be regarded as the preferred transfer pricing methodology to determine the ALP in international transactions involving transfer of intangibles.
(2)	<b>Circular No.3/2013 dated 26.3.2013</b> – containing conditions relevant to identify development centers engaged in contract R & D services with insignificant risk.	<b>Amended vide Circular No.6/2013 dated 29.6.2013</b> – This Circular contains the revised conditions to identify development centers engaged in contract R & D services with insignificant risk.

## CROSSWORD

July, 2013

Solution

<sup>1</sup> O	<sup>2</sup> T	<sup>3</sup> I	<sup>4</sup> S		<sup>5</sup> P	<sup>6</sup> R	I	<sup>7</sup> C	E		<sup>8</sup> S
<sup>9</sup> M	O	N	E	Y		<sup>10</sup> E	R	A		<sup>11</sup> P	I
<sup>12</sup> B	I	T	E			N		<sup>13</sup> P	<sup>14</sup> O	R	T
U		E			<sup>15</sup> I	T	R		<sup>16</sup> F	O	E
<sup>17</sup> D	<sup>18</sup> I	R	<sup>19</sup> E	<sup>20</sup> C	T					X	
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M		<sup>25</sup> A	P	T		<sup>26</sup> I	C	O	R		<sup>27</sup> B
<sup>28</sup> A	<sup>29</sup> L	L		E		<sup>30</sup> M	E		<sup>31</sup> U	T	I
<sup>32</sup> N	O		<sup>33</sup> I				<sup>34</sup> S	<sup>35</sup> O	S		N
	A		<sup>36</sup> S	<sup>37</sup> P	<sup>38</sup> O	<sup>39</sup> T		<sup>40</sup> R	T	<sup>41</sup> I	
<sup>42</sup> A	D	V	A	N	C	E			<sup>43</sup> E	M	I
N				<sup>44</sup> B	L	A	N	K	E	T	

## ANNOUNCEMENT

**The Institute of Chartered Accountants of India  
Board of Studies**

**Webcasts for Students: Intermediate (IPC) Course, Final Course and Accounting Standards**

The Board of Studies of the Institute is organizing Webcasts on Accounting Standards and respective subjects of the Intermediate (IPC) Course and Final Course on Saturdays from 1.00 p.m. to 5.00 p.m. and/ or Sundays from 10.00 a.m. to 2.00 p.m. in July-September, 2013.

The Subject specific webcasts by leading faculty members aim to mentor Students on the successful strategies to succeed in their forthcoming examinations.

The webcasts aim to take learning and development to the doorsteps of students through a uniform platform across the country. Students can also ask specific queries/ questions, many of which would get answered subject to relevance and availability of time, through links that would be made available for each of the forthcoming webcasts.

The schedule of forthcoming webcasts and links to access available webcasts would be available on the Institute's website at the link [http://www.icaai.org/new\\_post.html?post\\_id=9630&c\\_id=344](http://www.icaai.org/new_post.html?post_id=9630&c_id=344) and updated from time to time.

Students of the CA Course are encouraged to make good use of this opportunity to learn from and interact with the eminent speakers on the topic. Students are also encouraged to view recorded webcasts and the Online e-Learning facility available on Students Learning Management System at <http://studentslms.icaai.org> to learn anytime from anywhere.

Director, Board of Studies

August 17, 2013

**Forthcoming Webcasts Schedule for August 2013: Saturdays from 1.00 p.m. to 5.00 p.m.**

Date	Webcast Topic	Faculty	Link/ URL
Aug 10	Preparing for Final Course Paper-1: Financial Reporting	CA. R. Nagarajan	<a href="http://icaitv.com/live/icaai100813">http://icaitv.com/live/icaai100813</a>
	Preparing for Final Course Paper-7: Direct Tax Laws	CA. R. Bupathy, Past President, ICAI	
Aug 17	Preparing for Final Course Paper-5: Advanced Management Accounting	Mr. Alok Chakroborty	<a href="http://icaitv.com/live/icaai170813">http://icaitv.com/live/icaai170813</a>
	Preparing for Final Course Paper-3: Advanced Auditing and Professional Ethics	CA. Arijit Chakraborty	
Aug 24	Preparing for Final Course Paper-2: Strategic Financial Management	CA. V. Pattabhiram	<a href="http://icaitv.com/live/icaai240813">http://icaitv.com/live/icaai240813</a>
	Preparing for Final Course Paper-6: Information Systems Control and Audit	CA. R. Vittal Raj	
	Preparing for Final Course Paper-5: Advanced Management Accounting (Operations Research)	Dr. P.R. Vittal	
Aug 31	Preparing for Final Course Paper-4: Corporate and Allied Laws	CA. Karan K. Mansukhani	<a href="http://icaitv.com/live/icaai310813">http://icaitv.com/live/icaai310813</a>
	Preparing for Final Course Paper-8: Indirect Tax Laws	CA. S.S. Gupta	

**Webcasts Currently Available**

Webcast Topic	Link to Access
<b>For Intermediate (IPC) Course</b>	
Preparing for IPCC Paper 7 Section-A: Information Technology	<a href="http://icaitv.com/?p=2965">http://icaitv.com/?p=2965</a>
Preparing for IPCC Paper 7 Section-B: Strategic Management	<a href="http://icaitv.com/?p=2972">http://icaitv.com/?p=2972</a>
Preparing for IPCC Paper 1: Accounting	<a href="http://icaitv.com/?p=2905">http://icaitv.com/?p=2905</a>
Preparing for IPCC Paper 3 Part-I: Cost Accounting	<a href="http://icaitv.com/?p=2930">http://icaitv.com/?p=2930</a>
Preparing for IPCC Paper 3 Part-II: Financial Management	<a href="http://icaitv.com/?p=2934">http://icaitv.com/?p=2934</a>
Preparing for IPCC Paper 4 Part-I: Income Tax	<a href="http://icaitv.com/?p=2941">http://icaitv.com/?p=2941</a>
Preparing for IPCC Paper 5: Advanced Accounting	<a href="http://icaitv.com/?p=2943">http://icaitv.com/?p=2943</a>
Preparing for IPCC Paper 2: Business Laws, Ethics & Communication	<a href="http://icaitv.com/?p=2945">http://icaitv.com/?p=2945</a>
Preparing for IPCC Paper 6: Auditing & Assurance	<a href="http://icaitv.com/?p=2947">http://icaitv.com/?p=2947</a>
How to Prepare for CA Exams	<a href="http://icaitv.com/?p=1930">http://icaitv.com/?p=1930</a>
<b>For Final Course</b>	
Preparing for Final Paper 5: Advanced Management Accounting	<a href="http://icaitv.com/?p=2877">http://icaitv.com/?p=2877</a>
Final Paper-7: Direct Tax Laws (Income Tax)	<a href="http://icaitv.com/?p=1861">http://icaitv.com/?p=1861</a>
How to Prepare for CA Exams	<a href="http://icaitv.com/?p=1930">http://icaitv.com/?p=1930</a>

## ANNOUNCEMENT

### ANNOUNCEMENT

#### International Conference for CA Students - Kolkata

14th & 15th September, 2013

Venue: Science City Auditorium, Kolkata

Organized by: Board of Studies, ICAI

Hosted by: EIRC of ICAI & EICASA

Theme: ACCOUNTING PROFESSIONAL - ACE, ASTUTE & ADAPTABLE

#### DAY 1

9 - 10 AM	Registration
10 AM- 11.30 AM	<b>Inaugural Session</b> <b>Chief Guest</b> - Shri K. Rahman Khan, Hon'ble Union Minister for Minority Affairs, Govt. of India <b>Guests of Honour</b> - CA. Subodh Kumar Agrawal, President, ICAI, CA. K Raghu, Vice-President, ICAI, CA. Vijay Garg, Chairman, Board of Studies, ICAI
11.30 AM - 1 PM	<b>Technical Session 1: Financial Reporting &amp; Analysis</b> <b>Chairman:</b> CA. Abhijit Bandyopadhyay, Central Council Member, ICAI <b>Key Note Speaker:</b> CA. Nilesh S. Vikamsey, Central Council Member, ICAI (a) Financial Reporting - Paradigm Shift Internationally (b) Reforms in Government Accounting & Public Finance (c) Convergence of Accounting Standards
2 PM - 3.30 PM	<b>Special Session 1: Making of a Successful Professional</b> <b>Chairman:</b> CA. V. Murali, Vice-Chairman, Board of Studies, ICAI <b>Key Note Speaker:</b> CA. Shyam Lal Agarwal, Central Council Member, ICAI
3.30 PM - 5 .00 PM	<b>Technical Session 2: Audit : Dynamic Shift</b> <b>Chairman:</b> CA Rajkumar S. Adukia, Central Council Member, ICAI <b>Key Note Speaker:</b> CA. Tarun J. Ghia, Central Council Member, ICAI (a) Risk Based Audit (b) Audit Tools & Data Analysis (c) Audit Reporting - Recent Developments
5.30 PM - 7.00 PM	<b>Special Session 2: Special Session on communication skills : "Bindass Bol"</b> <b>Guest Speaker:</b> Mr. Akash Gautam

#### DAY 2

9 - 10 AM	Registration
10 AM - 11.30 AM	<b>Technical Session 3: Taxation : New Dimension</b> <b>Chairman:</b> CA Manoj Fadnis, Central Council Member, ICAI <b>Key Note Speaker:</b> CA Sanjay Agarwal, Central Council Member, ICAI (a) Recent Changes in Non-Resident Taxation (b) Transfer Pricing (c) Goods & Service Tax (GST)
11.30 AM - 1:00 PM	<b>Special Session 3: Practical Training : An Important Ingredient of a Successful CA</b> <b>Moderator:</b> CA. A.C. Chakrabortti, Past President, ICAI Address by Past Presidents, ICAI- CA. S. K. Gupta, CA. S.K. Dasgupta, Padmashree CA T. N. Manoharan
2.00 PM - 3.30 PM	<b>Technical Session 4: Impact of IT on CA Profession</b> <b>Chairman:</b> CA. S. Santhanakrishnan, Central Council Member ICAI <b>Key Note Speaker:</b> CA. Sumantra Guha, Central Council Member ICAI (a) Cloud Computing - Opportunities, Risks & Challenges (b) Online Filing & Reporting (c) ERP Implementation - CA's role
03:30 PM - 04:00 PM	Valedictory Address, Certificate & Prize Distribution
04:30 PM - 07:30 PM	Cultural Program & Closure

Students are hereby requested to register for the Conference at the earliest. The details are as under:-

Regn. Fees	Rs.600 per student (Early bird discount of Rs. 100 is applicable for registrations on and before 5th August, 2013, i.e. Fees Payable upto 5th August, 2013 will be Rs. 500 )
Accommodation	Rs.400 per day over & above delegate fees of Rs.500. (For outstation students, if required). Outstation delegates to register names with the delegate fee within 5th August 2013.
Payment Mode	DD to be drawn in favour of "The Institute of Chartered Accountants of India, EIRC", payable at 'Kolkata'. Fee can also be paid in cash at EIRC office during office hours in person.

#### For Registration Contact:-

Chairman, EIRC, ICAI, 7, Anandilal Poddar Sarani (Russell Street), Kolkata-700 071, Phone: 033-39893989/3021-1120 to 23  
Fax: 033-30211146; E-mail: erobos@icai.in, eircorient@icai.in; website: www.icai.org, www.eircicai.org

<b>CA. Sumantra Guha</b> Conference Director & Member, Board of Studies, ICAI	<b>CA. V. Murali</b> Conference Co-Chairman & Vice-Chairman, Board of Studies, ICAI	<b>CA. Vijay Garg</b> Conference Chairman & Chairman, Board of Studies, ICAI
<b>CA. Abhijit Bandyopadhyay</b> Central Council Member, ICAI	<b>CA. Subhash Chandra Saraf</b> Vice-Chairman, EIRC & Chairman, EICASA 09831087579	<b>CA. Ranjeet Kumar Agarwal</b> Chairman, EIRC 09830140211

## ANNOUNCEMENT

## National Convention for CA Students - Surat

9th &amp; 10th August, 2013

Venue: Convention Hall, Vnsgu, University Road, Surat

Organised By: Board of Studies, ICAI

Hosted By: Surat Branch of WIRC of ICAI &amp; Surat Branch of WICASA

Theme: "AVANT GARDE" - Ingenious - Innovative - Imaginative

## DAY 1

8:00 am to 9:30 am	Registration
9:30 am to 10:30 am	Inaugural Session
10:30 am to 12:00 pm	<b>Technical Session 1: Taxation</b> Chairman- CA. Sanjeev Lalan (Past Chairman WIRC , Mumbai) (1) DTC - GAAR Invoking Conditions & Tax Consequences (2) GST- A Name Changer or A Game Changer (3) Service Tax- Reverse Charge Mechanism (4) Capital Gain For Real Estate Transactions
12:00 pm to 12:45 pm	<b>Special Session 1: Unleash the Power within: Be an Efficient Communicator</b> Speaker: CA. CJS Nanda (Central Council Member, ICAI, Delhi)
2:15 pm to 3:45 pm	<b>Technical Session 2: Reporting &amp; Finance</b> Chairman- CA. Shriniwas Joshi (Central Council Member, ICAI, Mumbai) (1) IFRS - Boon or Bane? ( 2) Revised Schedule VI- A Step Towards Global Reporting (3) Forensic Accounting- Need of Hour? (4) XBRL - The Future Language of Business and Accounting
3:45 pm to 4:30 pm	<b>Special Session 2: Invest Four Years and Earn for Lifetime</b> Speaker: CA. G. Sekar (Central Council Member, ICAI, Chennai)
REJOUISSANCE 2013	The Cultural Evening

## DAY 2

9:30 am to 11:00 am	<b>Technical Session 3: Management</b> Chairman- CA. Jay Chhaira (Central Council Member, ICAI, Surat) (1) EPS - Effective Public Speaking (2) Balancing Time By Articled student - Training/Study/Co-Curricular (3) Aptitude. Attitude, Altitude (4) An Idea Can Change Your Life
11:00 am to 12:30 pm	<b>Technical Session 4: Information Technology and Audit</b> Chairman- CA. Anil Bhandari (Regional Council Member, WIRC, ICAI, Mumbai) (1) Social Networking Websites - A New Avenue to Expand the Business? (2) Cloud Computing- Opportunities & Challenges (3) Impact of IT on CA Profession (4) SA-240 - Auditors Responsibility Towards Risks & Frauds
2:00 pm to 3:00 pm	<b>Special Session 3: Moot Tribunal</b>
3:00 pm to 4:00 pm	<b>Special Session 4: Marketing Skills</b> by Eminent Personalities
4:00 pm to 5:00 pm	Valedictory Session

Students are hereby requested to register for the convention at the earliest. The details for registration are as follows:-

Regn. Fees	Rs. 800/- per delegate	Accommodation charges - Rs. 400/- Approx per Delegate per day
Payment Mode	Cash/Cheque/DD to be in favour of "SURAT BRANCH OF WICASA - NCS 2013" payable at Surat	

For registration contact:-

Surat Branch of WIRC of ICAI, 2nd Floor, Saiffie Building, Nanpura, Surat.

Phone: 0261-2464413 & Email: [nationalconventionsurat@gmail.com](mailto:nationalconventionsurat@gmail.com)

<b>CA. Hemant Jariwala</b> Chairman Surat Branch of WICASA 08401550155	<b>CA. Vijay Jagani</b> Chairman Surat Branch of WIRC 09924299218	<b>CA. V. Murali</b> Convention Co-Chairman & Vice-Chairman Board of Studies, ICAI	<b>CA. Vijay Garg</b> Convention Chairman & Chairman Board of Studies, ICAI
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## ANNOUNCEMENT

## State Level Conference for CA Students - Trivandrum

3<sup>rd</sup> and 4<sup>th</sup> August, 2013

Venue: Alakapuri Auditorium, Edappazhanji, Trivandrum

Organized by: Board of Studies, ICAI

Hosted by: Trivandrum Branch of SIRC of ICAI and Trivandrum Branch of SICASA

Theme: "Enlightening the knowledge - The Horizon"

## Day-1, Saturday 3rd August, 2013

9.00 AM -10.30 AM	<b>Inaugural Session</b> CA. K. Raghu, Vice-President, ICAI, CA. Vijay Garg, Chairman, Board of Studies, ICAI, CA Babu Abraham Kallivayalil, CA VX Jose, CA Jomon K George
10.45 AM - 01.00 PM	<b>Special Session - 1</b> , Chairman - CA T N Manoharan, Past President, ICAI (1) Motivation and Road Map to Success (2) Challenges in CA Career
01.45 PM - 3.15 PM	<b>Technical Session - 2</b> , Chairman - CA Ramanujam (1) Audit Report with emphasis to new reporting formats, (2) Importance of SA and consequences of non-compliance
03.30 PM - 05.15 PM	<b>Technical Session - 3</b> , Chairman - CA Chetan D Dalal (1) Forensic Audit (2) Fraud Detection
05.30 PM Onwards	"Cultural Eve"

## Day-2, Sunday 4th August, 2013

9.00 AM - 11.30 AM	<b>Technical Session - 4</b> , Chairman - CA M P Vijay Kumar (1) Accounting Standards an overview, (2) Non Compliance and its consequences (3) Applicability of AS to Government Accounts
11.45 AM - 12.45 PM	<b>Technical Session - 5</b> , Chairman - CA Raj Sekhar (1) Excel as tool for financial analysis, (2) Data Security and Control (3) XBRL - Financial Reporting Language - an overview Session
01.45 PM - 3.30 PM	<b>Technical Session - 6</b> , Chairman - Dr Girish Ahuja (1) International Taxation - its evolution and importance, (2) Domestic Transfer Pricing, (3) DTAA and its applicability to Indian Taxation
3.45 PM- 5.15 PM	<b>Special Session - 7</b> , Chairman - CA V. Murali, Vice-Chairman, Board of Studies, ICAI Topic- Strategies for Success
5.15 PM- 5.45 PM	Valedictory Session

Students are hereby requested to register for the Conference at the earliest as per the following details:-

Registration fees	Rs 350/- per student	Accommodation - As per requirement
Payment Mode	Cash/DD/Cheque to be drawn in favor of "Trivandrum Branch of ICAI", payable at Trivandrum.	

## For registration please contact

Trivandrum Branch of SIRC of ICAI, ICAI Bhawan, PB No:416, Pound Road, Thycaud, Trivandrum-695014, Phone- 0471-2323789, 0471-2328590, E-mail: icaitvm@gmail.com, trivandrum@icai.org, Website: www.tvmicai.org

Students are invited to contribute papers for presentation (maximum up to 2000 words) for topics in Technical Sessions and submit for approval - a soft copy of the paper at sicasamail@gmail.com and hard copy at Trivandrum Branch by 20<sup>th</sup> July, 2013 along with Student's Photograph with name, Registration Number, address, Mobile Number and E-mail ID.

<b>CA Revathy Raja N</b> Chairman Trivandrum Branch of SICASA 09846344446	<b>CA Hari C</b> Chairman Trivandrum Branch of SIRC	<b>CA V. Murali</b> Conference Co-Chairman & Vice-Chairman Board of Studies, ICAI	<b>CA Vijay Garg</b> Conference Chairman & Chairman Board of Studies, ICAI
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**ANNOUNCEMENT****Sub Regional Conference for CA Students - Jamnagar**

10th &amp; 11th August, 2013

**Venue:** Shri M.P. Shah Municipal Town Hall, Jamnagar**Organised by:** Jamnagar Branch of WIRC of ICAI & Jamnagar Branch of WICASA**Theme:** Zenith - The top is never too far**Day 1**

08.30 am - 09.30 am	Registration
09.30 am - 10.30 am	<b>Inaugural Session</b> Chief Guests : CA. Subodh Kumar Agarwal, President, ICAI CA. K. Raghu, Vice-President, ICAI Guest of Honour: CA. Vijay Garg, Chairman, Board of Studies, ICAI
10.45 am - 12.45 pm	<b>Technical Session-I Indirect Tax</b> 1. Works Contract-VAT v/s Service Comparative Analysis 2. CENVAT Credit Rules 3. Reverse Charge Mechanism of Service Tax Chairman: CA. Sandesh Mundra, Ahmedabad
02.00 pm - 04.00 pm	<b>Special Session-I</b> CA. Charanjot Singh Nanda, Central Council Member, ICAI, Delhi
04.15 pm - 06.15 pm	<b>Technical Session-II Direct Tax</b> 1. Domestic Transfer Pricing 2. Minimum Alternate Tax/ Alternate Minimum Tax. 3. Set Off And Carry Forward of Losses Chairman: CA. Dipak Rindani, Rajkot
07.30 pm Onwards	Entertainment Programme

**Day 2**

09.00 am - 11.15 am	<b>Special Session-II</b> CA. Jay Chharia, Central Council Member, ICAI, Surat
11.30 am - 01.30 pm	<b>Technical Session-III Current Affairs in Corporate World</b> 1. Limited Liability Partnership. 2. One Man Company. 3. Green Initiative in Corporate Social Responsibility - Paperless Compliance Chairman: CA. Yagnesh Desai, Mumbai
02.30 pm - 04.30 pm	<b>Special Session-III</b>
04.30 pm - 04.45 pm	<b>Valedictory Session</b>

Students are requested to register as per the following details:-

Registration Fees	₹ 400/- till 31st July, 2013 & ₹ 500/- from 1st August, 2013
Payment Mode	Cheque/DD to be drawn in favour of "Jamnagar Branch of WIRC", payable at Jamnagar

**For registration details please contact**Jamnagar Branch of WIRC of ICAI, 305, 306, 313 & 314 Mayur Complex, Khodiyar Colony,  
Aerodrome Road, Jamnagar- 361 006, Phone: 0288-2713333, Email: jamnagar@icai.org

<b>CA. Parag Sumaria</b> Chairman Jamnagar Branch of WICASA 9998872568	<b>CA. Kaupil Doshi</b> Vice-Chairman Jamnagar Branch of WIRC 9426994383	<b>CA. Bharat Bhatt</b> Chairman Jamnagar Branch of WIRC 9824360833
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## ANNOUNCEMENT

## All India Conference for CA Students - Bangalore

Saturday, 31st August &amp; Sunday, 1st September, 2013

**Venue:** Christ University Auditorium, Bangalore**Organized by:** Board of Studies, ICAI**Hosted by:** Bangalore Branch of SIRC of ICAI jointly with Bangalore Branch of SICASA**Theme:** Adopt, Adept & Achieve

## Day 1: Saturday, 31st August 2013

08.45am	Registration
10.00am to 11.30am	Inaugural Session
11.30am to 01.00pm	E-learning & Other student initiatives by Board of Studies- Interactive Session with Board of Studies
02.00pm to 03.30pm	<b>Technical Session I: Accounting Standards</b> (i) Recognition based Standards (ii) Disclosure based Standards
03.30pm to 04.45pm	<b>Technical Session II: Income Tax</b> (i) Taxation of Gifts & Cash credits (ii) Disallowances under the Income Tax Act
04.45pm to 05.45pm	<b>Debate:</b> Practice v/s Industry
06.15pm to 08.15pm	Cultural Event

## Day 2: Sunday, 01st September 2013

09.45am to 10.45am	How to be happy with what we earn by righteous means by An Eminent Speaker of International Repute
10.45am to 12.00pm	Unlock your potential - Create Values - Face Challenges and Passing the Exams with merit -sharing the success mantra by CA Rank Holders
12.00pm to 01.30pm	<b>Technical Session III: Service Tax</b> (i) Joint Charge & Reverse Mechanism (ii) Critical issues under Negative list regime
02.30pm to 04.00pm	<b>Technical Session IV: International Taxation</b> (i) Basics of International Taxation (ii) Basics of Transfer Pricing
04.00pm to 05.15pm	<b>Technical Session V: Information Technology</b> (i) Using MS Excel for financial analysis and Reporting (ii) ERP - Concept, Challenges & Solutions
05.15pm to 05.45pm	Valedictory Session

Students are hereby requested to register for the Conference as per the following details:-

Registration fees	Rs.500/-per student	Accommodation @ Rs. 500/- per student (Extra)
Payment Mode	Cash/DD/Cheque to be drawn in favour of "Bangalore Branch of SIRC of ICAI", payable at Bangalore.	

## For registration queries contact:-

Bangalore Branch of SIRC of ICAI, 'ICAI Bhawan', #16/O, Millers Tank Bed Area, Vasanthnagar, Bangalore-560052  
Phone: 080 - 30563500/ 509 / 513 & Email : blrsicasa@icai.org, blrregistrations@icai.org, Website: www.bangaloreicai.org

<b>CA. I. S. Prasad</b> Conference Co-ordinator & Co-opted Member, Board of Studies, ICAI	<b>CA. V. Murali</b> Conference Co-Chairman & Vice-Chairman, Board of Studies, ICAI	<b>CA. Vijay Garg</b> Conference Chairman & Chairman, Board of Studies, ICAI
<b>CA. Naina Gadia</b> Chairperson, Bangalore Branch of SICASA	<b>CA. Ravindranath S. N.</b> Chairman, Bangalore Branch of SIRC	

TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS  
FINAL EXAMINATION, MAY-2013



**Kruti Bhadresh Shah**  
First Rank  
Mumbai



**Calvin Joshua Nicasius Fernandes**  
Second Rank  
Mumbai



**S. Aatresh**  
Third Rank  
Jaipur

COMMON PROFICIENCY TEST-JUNE-2013



**Kandukuri Sharath**  
First Rank  
Hyderabad



**Narra Venkata Siva**  
Sai Ravi Teja  
Second Rank  
Vijayawada



**Yella Abhilash Reddy**  
Third Rank  
Guntur



**Eranti Sravya**  
Third Rank  
Hyderabad



**Sripada Srirama Govinda Pavan Kumar**  
Third Rank  
Hyderabad

*Our Hearty Congratulations!!*

**ANNOUNCEMENT**

The following Regional/Sub-Regional Conferences for CA students are also being organized by ICAI Branches. For further details, please contact the respective Branches/Regional Councils

S.N	Branch	Name of the Conference	Proposed Dates	Contact Details
1.	Vasai	Sub-Regional Conference (WIRC)	2nd & 3rd August, 13	Phone: 022- 65568900, Email: vasaibranch@gmail.com
2.	Nashik	Regional Conference (WIRC)	8th & 9th August, 13	Phone: 0253- 2236012/107, Email: nashik@icai.org
3.	Bhopal	Regional Conference (CIRC)	10th & 11th August, 13	Phone: 0755- 2558066, Email: bhopal@icai.org

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Hon'ble Chief Minister of Gujarat , Shri Narendra Modi lighting the auspicious lamp to inaugurate the National Convention for CA students at Ahmedabad in the presence of CA. Subodh kumar Agrawal , President ICAI, CA. K Raghu ,Vice President ICAI, CA. Vijay Garg ,Chairman, Board of Studies, CA. Dhinal Shah , Central Council Member and CA. Purushottam Khandelwal , Chairman , Ahmedabad Branch.



Hon'ble Chief Minister of Gujarat , Shri Narendra Modi release the BOS Publication " One Stop Referencer on CA Course" on the occasion of the National Convention for CA Students at Ahmedabad. Also seen in picture CA. Subodh kumar Agrawal , President ICAI, CA. K Raghu ,Vice President ICAI, CA. Vijay Garg ,Chairman, Board of Studies, CA. Dhinal Shah , Central Council Member and CA. Purushottam Khandelwal , Chairman , Ahmedabad Branch, CA. Aniket Talati , Vice Chairman, Ahmedabad branch ,CA Amrish Patel, Sectary and CA Subodh Kedia, Chairman, WICASA.



CA. Subodh kumar Agrawal, President ICAI, addressing the Members during his visit to Ahmednagar Branch, while Central Council Member CA.Prafulla Chhajed,CA.Vijay Garg, Chairman Board of Studies, Branch Chairman CA.Sanjay Deshmukh and CA.Mangesh Kinare, Chairman, WIRC Share the dais.



CA. Subodh kumar Agrawal , President ICAI receiving the cheque of Rs.1,11,000/- from Ahmednagar Branch of WIRC of ICAI towards the contribution to CA Benevolent Fund in the presence of CA.Vijay Garg, Chairman Board of Studies, Central Council Member CA.Prafulla Chhajed, Branch Chairman CA.Sanjay Deshmukh and CA.Mangesh Kinare, Chairman and other dignitaries and office bearers.



Dr. Vijay Pandhripande, Vice Chancellor, Dr. Baba Saheb Ambedkar Marathwada University, lighting the Lamp to inaugurate the State Level Conference for CA Students at Aurangabad in the presence of CA. Subodh Kumar Agrawal, President, ICAI, CA. Piyush Goyal, Member of Parliament, CA. Vijay Garg, Chairman, Board of Studies, CA. Mangesh Kinare, Chairman, WIRC, CA. Rajkumar Kothari, Chairman, Aurangabad Branch and others.



CA. Subodh Kumar Agrawal, President, ICAI, addressing the State Level Conference for CA Students at Aurangabad. Also seen in Dais Dr. Vijay Pandhripande, Vice Chancellor, Dr. Baba Saheb Ambedkar Marathwada University, CA. Piyush Goyal, Member of Parliament, CA. Vijay Garg, Chairman, Board of Studies, CA. Mangesh Kinare, Chairman, WIRC and CA. Rajkumar Kothari, Chairman, Aurangabad.



Hon'ble Chief Minister of Assam Sri Tarun Gogoi at the inaugural session of the National Convention for CA Students in Guwahati. Also seen in Dais CA. Subodh Kumar Agrawal, President, ICAI and CA. Kaberi Bhuyan, Chairperson, Guwahati Branch.



CA. Subodh Kumar Agrawal, President, ICAI along with Hon'ble Chief Minister of Assam Sri Tarun Gogoi, CA. Vijay Garg, Chairman, Board of Studies, CA Sumantra Guha, Central Council Member and CA. Kaberi Bhuyan, Chairperson, Guwahati Branch.



CA. K. Raghunath, Vice President, ICAI with CA. Mangesh Kinare, Chairman, WIRC, CA. Parag Rawal, Vice Chairman, WIRC, CA. Mahesh Madhholkar, Chairman, WICASA, CA. Ashish Parikh, Chairman, Baroda Branch, CA. Nayan R. Kothari, Chairman Baroda Branch of WICASA, CA. Pradeep Agrawal, Immediate Past Chairman, Baroda Branch and office bearers of Baroda WICASA and students at an interactive meeting in Baroda.



CA. Vijay Garg, Chairman, Board of Studies, inaugurating the National Convention for CA Students in Cuttack by lighting of Lamp in the presence of CA. Ranjeet Agarwal, Chairman EIRC, CA. Subash Saraf, Chairman EICASA, CA. Rajesh Kumar Agarwal, Chairman Cuttack Branch and CA. Pawan Udaypuria, Vice Chairman, Cuttack Branch.

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