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The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events



INTERNATIONAL YOGA DAY: JUNE 21



CA. Dhiraj Kumar Khandelval, Vice Chairman, Board of Studies along with Central Council Members, CA. Atul Kumar Gupta, CA. Vijay Kumar Gupta, NIRC Chairman, CA. Deepak Garg, Karnal Branch Chairman, CA. Surender Pal Lathar and other dignitaries at the Branch Orientation Programme organized by NIRC of ICAI in Karnal.



A group photo taken on the occasion of the Branch Orientation Programme organized by NIRC of ICAI in Karnal. Seen in the picture are CA. Dhiraj Kumar Khandelval, Vice Chairman, Board of Studies, Central Council Members, CA. Vijay Kumar Gupta, CA. Rajesh Sharma, NIRC Chairman, CA. Deepak Garg and other dignitaries.

ANNOUNCEMENT

INTERNATIONAL YOGA DAY: CURTAIN RAISER FUNCTION

United Nations General Assembly has declared 21st of June as International Yoga Day on December 11, 2014. Yoga in India is considered to be around 5,000 year old mental, physical and spiritual practice. Yoga originated in India in ancient time when people were used to meditation to transform their body and mind. Launching a particular date of practicing yoga all across the world and celebrating as Yoga day was initiated by the Indian Prime Minister to the United Nations General Assembly.

The Board of Studies of ICAI under the aegis of Ministry of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) to mark the momentum of celebrations of International Yoga Day is organizing a "Curtain Raiser" function at Mumbai on June 03, 2016 to spread awareness about the importance of Yoga among our members, students and their families.

The Union Minister of State, Ministry of AYUSH Shri Shripad Yesso Naik has in principle, accepted our invitation to be the Chief Guest of the function.

|| PRESIDENT'S COMMUNICATION



My Dear Students,

I hope you all are relieved from the relentless hard work for the examinations. Post examination phase is to be utilised to rejuvenate and gear-up for the future academic and professional responsibilities. Put in your best, perform honestly without any anxiety. Toil competently to precisely adapt subjects. *"Inaction breeds doubt and fear. Action breeds confidence and courage. If you want to conquer fear, do not sit home and think about it. Go out and get busy"* said **Dale Carnegie**. While awaiting results, use your time pragmatically. This is the ideal time for assessment and redefine your strategies. Time to introspect on what you have achieved as a student of Chartered Accountancy till date and how far you have advanced towards attaining the goals. Plan out for future.

ECONOMIC DEVELOPMENTS

Since my last communication with you, two important economic events have taken place. These are Union Budget 2016 and Insolvency and Bankruptcy Code 2016. Recently enacted Union Budget is one of the biggest annual economic events and you should always make a practice to acquaint with such developments. Though may not be always relevant to your academics, the practice will indeed help you to become well-versed. The time-bound settlement for insolvency and reorganization cases is major concern for the lenders/investors and foreign institutional investors in India. The Insolvency and Bankruptcy Code, 2016 assist to resolve concerns in a time-bound manner.

ATTAIN KNOWLEDGE AND SKILLS - KEY TO SUCCESS

The chosen field of Chartered Accountancy profession makes you attain an acumen on matters of up-to-date progressions in the core and allied matters of the profession. The importance of the informed knowledge of a professional is being increasingly recognized world over. Until and unless you accept and integrate the knowledge supplementing with up-to-date skills, you

will be left behind. Unceasing book learning and creative thinking are the abilities help to thrust forward. Read as much as you can and cultivate the habit of reading. You should not restrict reading to the textbooks alone, in addition read the Journals of the Institute, other journals, business magazines and newspapers. Apart from learning theory, learn life skills as well. As stated in Gita - *We are not cabin-dwellers, born to a life cramped and confined; we are meant to explore, to seek, to push the limits of our potential as human beings. The world of the senses is just a base camp: we are meant to be as much at home in consciousness as in the world of physical reality."*

Acquiring right skills is what distinguishes a professional from other. Accounting professionals must have the ability to adapt to diverse circumstances that are frequently fluctuating. Being a student of Chartered Accountancy course, you may have to confront numerous issues in your day-to-day professional life. You should possess a comprehensive knowledge to resolve the intricate matters. Resolute learnedness is key to success. Engage in different abilities, both academic and other specialized courses to complement wide-ranging talent to derive the best out of you. Resourcefulness plays a very important role in all your endeavours to success.

"A winner is someone who recognises their God given talents, works their tail off to develop them into skills and uses these skills to accomplish their goals. - Larry Bird

ICAI has strongly supported the foundation of student's professional growth. Students must avail all the ICAI facilities. ICAI's solemn assurance is to support its students to build strong communication and presentation skills. Students' must participate in conventions, conferences and other programmes, to gain knowledge of up-to-date changes. Apart from imparting quality education, such platforms give an opportunity to share your discoveries and the abilities gained with fellow learners, debate and exchange career prospects thus keeping informed yourself.

The earnest advice is to put forth determined efforts and leave no stone unturned for attaining distinct success. I conclude with the following excerpts:

"What we think or what we know or what we believe is, in the end, of little consequence. The only consequence is what we do." - John Ruskin; and

"Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world." - Albert Einstein.

Yours sincerely,

CA. M. DEVARAJA REDDY
PRESIDENT,
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

VICE PRESIDENT'S COMMUNICATION ||



My Dear Students,

May 2016 examinations are over and you would be having a sigh of relief. Schedule some time to relax so you can rest and refresh your mind and body. This will enable you to study more effectively. I am sure you would have all done well and your painstaking efforts are bound to bear fruit sooner or later. Writing a professional examination is not an easy task. It requires a lot of hard work. Because the CA examination is one amongst the toughest professional examinations, it causes a great level of stress to perform well. It is an appropriate time for the CA students to analyse what difficulties they have faced during the examination so that they can work on them and start taking sufficient remedial measures to avoid it in future.

In simple terms, Education means the process of gaining knowledge, inculcating forms of proper conduct and acquiring technical competency. It also aims at bringing progress in practical fields to enable each educated individual of society to earn a living. Education of the various fields produces productive human resources, who can contribute to the creation of wealth for the country. Thus, it lays the foundation for the accomplishment of an individual's dreams and aspirations. Education and training builds a resourceful individual out of a raw human being. Education and training contributes to the cultivation of a prudent person and paves the way for a feeling of fulfilment. The true purpose of education and training is to bring about profoundness to one's emotions, to broaden one's perspectives and to lead to a healthier approach of looking at life.

In the context of the Chartered Accountancy course, the purpose of education and training is to help

students mould themselves as competent professional accountants capable of making a positive contribution over their lifetime, to the profession and society. Broadly speaking, education and experience (practical training) of professional accountants must provide a foundation of knowledge, skills and professional values that enables them to continue to learn and adapt to change throughout their professional lives. A sustained and intensive programme of professional education and training provides chartered accountant students an opportunity to acquire entry level professional competence. It is necessary to assess periodically the extent and level of professional competence acquired by the chartered accountant students.

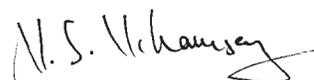
You can never cross the ocean until you have the courage to lose sight of the shore.

---Christopher Columbus

The Institute has always been a front runner in evolving and initiating steps for the overall grooming and development of its students. I urge all the students to utilize all the opportunities and amenities that are being extended by the Institute for the enhancement and enrichment of their skills. I have always believed that the participation in Conventions, Conclaves and Conferences enriches students in a way that no books can. The Board of Studies is organizing National Conventions in Jaipur on 14th and 15th June 2016 and in Guwahati & Ludhiana on 25th and 26th June 2016. I urge all of you to attend the Conventions and reap the benefits. The CA course is in distance learning mode. Hence, to narrow down the geographical distance, Students will have rare opportunity of interacting with a galaxy of professionals in the conventions. Apart from giving you the academic inputs, such programmes also provide you the opportunity to share your experiences, knowledge and insights with others and thereby updating yourself. You can also present papers and participate in the debates. This will help you to learn, get contemporary knowledge, develop rhetoric skills and remove your stage fright.

Wish you all the best

Yours sincerely,



CA. NILESH SHIVJI VIKAMSEY
VICE PRESIDENT
ICAI, NEW DELHI

CHAIRMAN'S COMMUNICATION



My Dear Students,

Our best wishes to all who have appeared for the May 2016 examinations. I am sure that most of you would have fared well and would come out successful. If for any reason, your performance has not been satisfactory or you have any doubt about a positive outcome, it is advisable not to waste time and wait for the results. Better keep in touch with the subjects and continue your preparation by more serious study. The time is precious and the pressure would be immense but with consistent hard work you can achieve your targets. **As Swami Vivekananda said "Great work requires great and persistent effort for a long time. Character has to be established through a thousand stumbles".** Remember, to achieve success in life, you should have a very positive and realistic outlook and willingness to sincere hard work.

UNLEASH THE POWER OF KNOWLEDGE

Knowledge is power. Knowledge also promotes self-confidence. Knowledge can be gained through extensive reading not only your subject but about other topics of contemporary relevance. Every aspiring CA student must develop a habit of reading books, magazines and newspapers. You should also keep in touch with the contemporary developments in the subjects. You should regularly read, in addition to this journal and Members' Journal, at least one financial newspaper and journal of other professional bodies. This will not only update you with the latest happenings but also broaden your horizon and increase your awareness.

PRACTICE MAKES YOU PERFECT

It is a fact that many of the students, knowingly or otherwise, ignore the importance of practical training. It is in fact, a very important part of the CA curriculum and is a blend of theoretical education and practical training. No other professional course in the country gives you hands on training for full three years. Articleship surely gives you the chance of looking at all the areas of practical world from a very close quarter. The 36 months that you spend with an audit firm as an articled trainee lay the foundation of a successful career ahead. During this period you learn to apply theoretical knowledge to practical situations. It gives you an interface with the industry and gives you an opportunity to develop into well rounded professional. Being exposed to a variety of areas – accounts, taxation, auditing, finance etc., you get a broader perspective of the real business world. Moreover, such experience certainly comes handy while answering questions in the CA examinations. Another important

advantage of practical training is that it helps you inculcate professional values, ethics and attitudes. Training in ethics and values cannot be taught merely through theoretical instructions but has to be inculcated and imbibed through practical training.

NEW CURRICULUM

Students are the edifice of our profession. Reorienting the students in line with the market demands and challenges is the onerous duty of our Institute. Sensitizing this, we have taken a number of steps in this direction through strengthening our training schemes, leveraging technology as a channel for not only registering but also for virtual learning and evaluation process. The Board of Studies of the Institute is working tirelessly to give final shape to the new curriculum under the Revised Scheme of Education and Training, which has already been approved in –principle by the Central Government. The revised scheme has already been notified for public comments. The stake holders and the students can send in their suggestions and comments on the new scheme to cret@icai.in. Dear Students, you need not worry about the implementation of the new curriculum, there will reasonable transition period and the old and new syllabus will concurrently continue.

INTERNATIONAL YOGA DAY

"For breath is life, and if you breathe well, you will live long on earth"- Sanskrit Proverb

Yoga is native to India and has a very rich and long history. If you just think that Yoga is all about bending, twisting, breathing and performing moves in odd shapes, then it's time for you to rethink. Yoga is much more comprehensive and extensive, which can only be understood when it is being learnt and practiced in the right way. The benefits of yoga are yet to be measured completely, but it is a proven technique that gives you strength, mental health, agility, flexibility and overall well-being. As a humble step to spread the amazing benefits of yoga among the CA fraternity, the Institute, in collaboration with the Ministry of AYUSH, Government of India is organizing a "Curtain Raiser" function at Mumbai on June 03, 2016. I would like to exhort all of you to participate in the function and make the event a grand success.

Before winding up this message, I extend my best wishes to the students appearing for the CPT examinations in June. You should also attend the Mock Tests being conducted by the respective regional/branch offices. The popularity and the demand of the Chartered Accountancy Course as well as of the Accountancy Profession have witnessed a paradigm shift. As the opportunity for the students has now become multi-dimensional, the responsibility also has become multi-level and diversified. I am sure that our students will be able to face these challenges and achieve the objectives in their future endeavours.

Yours sincerely,

CA. BABU ABRAHAM KALLIVAYALIL
CHAIRMAN, BOARD OF STUDIES, NEW DELHI

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Goods and Services Tax: Moving Towards an Efficient Indirect Tax Regime

As a student of Chartered Accountancy course, you are expected to keep abreast of the latest developments in your subject areas. With Goods and Services Tax being the most ambitious and path breaking indirect tax reform the country has ever seen, it becomes imperative for you to keep yourself updated with the ABCs of this new tax in country's tax landscape. In the ensuing paragraphs, an attempt has been made to explain the broad contours of this new tax. Please make a note that the write-up merely seeks to improve your knowledge base and is not relevant from examination perspective.

1. Introduction

1.1 It has now been more than a decade since the idea of national Goods and Services Tax (GST) was mooted by Kelkar Task Force in 2004. The Task Force strongly recommended fully integrated 'GST' on national basis. Subsequently, the then Union Finance Minister, Shri P. Chidambaram, while presenting the Central Budget (2007-2008), announced that GST would be introduced from April 1, 2010. Since then, GST has missed several deadlines and continues to be shrouded by the clouds of uncertainty. However, in the year 2014, the Government again showed its commitment towards GST by tabling the 122nd Constitutional Amendment Bill on GST in the Parliament on December, 19. Though the latest deadline i.e., April 1, 2016, set by the Government for the introduction of GST has again been missed, GST does not seem to be a far-fetched proposition considering the relentless background work being done by the Government for an early implementation of GST.

1.2 France was the first country to implement GST in the year 1954. Within 62 years of its advent, about 160 countries across the world have adopted GST because this tax has the capacity to raise revenue in the most transparent and neutral manner. Most of the countries follow unified GST i.e., a single tax



applicable throughout the country. However, in federal polities like Brazil and Canada, a dual GST system is prevalent. Under dual system, GST is levied by both the federal and the state governments. India, too, intends to adopt a dual GST.

“ ”

The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and can set off this credit against the GST payable on the supply of goods and/or services to be made by him. Thus, only the final consumer bears the GST charged by the last supplier in the supply chain, with set-off benefits at all the previous stages.

2. Concept of GST

2.1 Before we proceed with the finer nuances of proposed Indian GST, let us first understand the basic concept of GST. GST is a value added tax levied on manufacture, sale and consumption of goods and services. GST offers comprehensive and continuous chain of tax credits from the producer's point/service provider's point upto the retailer's level/consumer's level thereby taxing only the value added at each stage of supply chain. The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and can set off this credit against the GST payable on the supply of goods and/or services to be made by him. Thus, only the final consumer bears the GST charged by the last supplier in the supply chain, with set-off benefits at all the previous stages. Since, only the value added at each stage is taxed under GST, there is no tax on tax or cascading of taxes under GST system. Further, GST does not differentiate between goods and services and thus, the two are taxed at a single rate.

3. Need for GST in India

3.1 Understanding the existing indirect tax system in India is a pre-requisite to find the answer to the question as to why India needs GST. Charges levied by the Government on consumption, expenditure, privilege, or right but not on income or property basically constitute indirect taxes. Also called consumption taxes, they are regressive measures because they are not based on the principle of ability to pay.

Indirect Tax System in India

3.2 India has a three-tier federal structure, comprising the Union Government, the State Governments and the Urban/Rural Local Bodies. The power to levy taxes and duties is distributed among the three tiers of Governments, in accordance with the provisions of the Indian Constitution. Principal indirect taxes levied in India are listed below:

Tax	Relevant Statute	Particulars
Customs Duty	<ul style="list-style-type: none"> ➤ Customs Act, 1962 ➤ Customs Tariff Act, 1975 	<p>A duty imposed by the Central Government on goods imported into India. In case of exports, only very few products are liable to customs duty.</p> <p><i>Basic General Rate: 10% + Additional duty of customs (CVD) equivalent to the excise duty levied on like goods produced in India @ 12.5% + Special additional duty of customs @ 4%.</i></p> <p><i>Education Cess @ 2% and Secondary and Higher Education Cess @ 1% are also leviable on customs duty.</i></p>
Central Value Added Tax (CENVAT)-commonly known as excise duty	<ul style="list-style-type: none"> ➤ Central Excise Act, 1944 ➤ Central Excise Tariff Act, 1985 	<p>A tax on the manufacture or production of goods in India imposed by the Central Government.</p> <p>Basic General rate: 12.5%</p>
Service Tax	<ul style="list-style-type: none"> ➤ Finance Act, 1994 	<p>A tax imposed by the Central Government on the services (except the services covered in the negative list of services)</p> <p><i>Basic General Rate: 14%</i></p> <p><i>Swachh Bharat Cess @ 0.5% is also leviable on the value of taxable service. Further, w.e.f. June 1, 2016, Krishi Kalyan Cess @ 0.5% will also be leviable on the value of taxable service.</i></p>
Central Sales Tax	<ul style="list-style-type: none"> ➤ Central Sales Tax Act, 1956 	<p>A tax on the inter-State sales of goods imposed by the Central Government but appropriated by the originating State.</p> <p><i>Rate: 2% (on submission of Form C by buyer)</i></p>
State-Level Value Added Tax	<ul style="list-style-type: none"> ➤ VAT Acts of respective State Governments 	<p>A tax on the Intra-State sales/purchases of goods, imposed by the State Governments.</p> <p><i>Rate generally at 5% and 12.5% /13.5%</i></p>
Entry Tax	<ul style="list-style-type: none"> ➤ State specific legislations 	<p>A tax levied by the State Governments on entry of goods into the State for sale, consumption or use.</p> <p><i>Rate varies from State to State.</i></p>
Local levies such as octroi or local area taxes	<ul style="list-style-type: none"> ➤ Specific provisions by State Governments 	<p>These are levied by municipal or local authorities.</p> <p><i>Rate varies from authority to authority</i></p>

3.3 Besides these, there are other indirect taxes levied by State Governments like luxury tax, entertainment tax etc. Multiplicity of taxes and high rates of taxation have made the indirect tax structure quite complex in India; adversely affecting competitiveness of trade, industry and growth of economy.

3.4 Under the existing indirect tax structure, the various indirect taxes being levied are not necessarily mutually exclusive. To illustrate, when the goods are manufactured and sold both central excise duty (CENVAT) and State-Level VAT are levied. Though CENVAT and State-Level VAT are essentially value added taxes, set off of one against the credit of another is not possible as CENVAT is a central levy and State-Level VAT is a State levy. Moreover, CENVAT is applicable only at manufacturing level and not at distribution levels. The existing sales tax regime in India is a combination of origin based (Central Sales Tax) and destination based multipoint system of taxation (State-Level VAT).

3.5 Services were taxed for the first time by the Central Government in the year 1994 by introducing the levy of service tax. Service tax is currently leviable on all the services except the services that are covered in the Negative List. Initially, however, the same was charged on select services. Service tax is also a value added tax and the credit across the service tax and the central excise duty is integrated at the central level.

3.6 Deficiencies in the existing value added taxation: Despite the introduction of the principle of taxation of value added in India - at the Central level in the form of CENVAT and at the State level in the form of State VAT - its application has remained piecemeal and fragmented on account of the following reasons:

- (a) Double taxation of a transaction as both goods and services as the distinction between goods and services is often blurred, e.g. software is liable to both VAT and service tax.
- (b) In the existing scheme of CENVAT, the value-added chain in the distribution trade below the manufacturing level does not get captured.
- (c) Non-inclusion of several State and local levies in State VAT such as luxury tax, entertainment tax, etc.

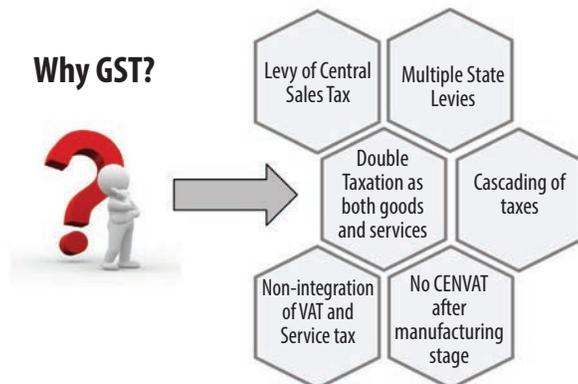
“ **The centre would be empowered to levy tax on intra-State sale of goods which at present is the exclusive power of States. Also, with the introduction of GST, burden of Central Sales Tax (CST) will be removed.** ”

- (d) Cascading effect of taxes on account of continued imposition of non-VATABLE central sales tax and inclusion of CENVAT in the value of goods taxed under State VAT.
- (e) Non-integration of VAT on goods with tax on services, at the State level. With service sector being the fastest growing sector in the economy, the exclusion of services from the tax base of the States potentially erodes their tax- buoyancy.

3.7 GST – A cure for ills of existing indirect tax regime: A comprehensive tax structure covering goods and services like Goods and Service Tax (GST) would address these problems. Simultaneous introduction of GST at both Centre and State levels would integrate taxes on goods and services for the purpose of set-off relief and will ensure that both the cascading effects of CENVAT and service tax are removed and a continuous chain of set-off from the original producer’s point/service provider’s point upto the retailer’s level/consumer’s level is established. For such a GST, the Constitution of India needs to be amended to empower the States to levy tax on services as at present the power to levy service tax is vested only with the Centre. Similarly, Centre would be empowered to levy tax on intra-State sale of goods which at present is the exclusive power of States. Also, with the introduction of GST, burden of Central Sales Tax (CST) will be removed.

4. GST in India: Journey so far

4.1 The Empowered Committee of State Finance Ministers (‘Empowered Committee’) has been working with the Central Government to prepare a roadmap for introduction of GST in India. Dr. Amit Mitra, the Finance Minister of West Bengal, is the current Chairman of the Empowered Committee. After considering the comments of the Government and having detailed deliberations, the Empowered Committee released the First Discussion Paper on GST in November, 2009. Thereafter, the Task Force appointed by the Thirteenth Finance Commission, Government of India, issued a report on December 15, 2009 giving its recommendations on various issues relating to the design and implementation of the proposed GST in India. Department of Revenue also gave its comments on the First Discussion Paper in January, 2010.



4.2 The significant documents issued by various authorities with respect to GST are enlisted below:

- (i) “A Model Roadmap for Goods and Services tax in India” by Empowered Committee of State Finance Ministers in April, 2008
- (ii) “GST Reforms and Inter-Governmental Considerations in India” by Department of Economic Affairs, Ministry of Finance, Government of India in March, 2009
- (iii) “First Discussion Paper on Goods and Services Tax In India” by Empowered Committee of State Finance Ministers in November, 2009
- (iv) “Report of Task Force – 13th Finance Commission” by Task force set up by 13th Finance Commission in December, 2009
- (v) “Comments of Department of Revenue on First Discussion Paper” by Department of Revenue in January, 2010
- (vi) “115th Constitution Amendment (GST) Bill, 2011” by Central Government in March, 2011
- (vii) “Report on the 115th Constitution Amendment (GST) Bill, 2011” by Parliamentary Standing Committee on Finance in August, 2013
- (viii) “122nd Constitution Amendment (GST) Bill, 2014” by Central Government in December, 2014 (as the earlier bill lapsed)
- (ix) “Report on the 122nd Constitution Amendment (GST) Bill, 2014” by Select Committee of Rajya Sabha in July, 2015
- (x) “Report on the Revenue Neutral Rate and Structure of Rates for the Goods and Services Tax” by Committee headed by the Chief Economic Adviser Dr. Arvind Subramanian on Possible Tax Rates under GST in December, 2015
- (xi) Reports of the Joint Committee on Business Process for GST on GST Payment Process, GST Registration, GST Refund and GST Return by Empowered Committee of State Finance Ministers in the year 2015

5. Proposed GST model of India – Dual GST

5.1 India intends to adopt a dual GST which will be imposed concurrently by the Centre and the States. The dual model was propounded in the First Discussion Paper released by the Empowered Committee with an objective to do away with the problem of tax cascading and move to a common tax base as also to subsume various Central and State levies on goods and services into Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST). The Dual Model GST discussed in the subsequent paragraphs is essentially the one as conceptualized in the First Discussion Paper.

5.2 Concurrent levy of tax by Centre and States: This dual levy is a clear departure from the existing scheme of indirect taxation where there is no overlapping of power between the Union and the State Governments with regard to levy of taxes. While Centre taxes

manufacture of goods, provision of services, inter-State sales and importation and exportation of goods, States are empowered to levy taxes on intra-State sale. However, under the dual model GST, Centre and States will simultaneously tax goods and services. Centre will get the power to tax intra-State sales & States will be empowered to tax services.

5.3 Central GST (CGST) and State GST (SGST): GST will be a destination based tax applicable on all transactions involving supply of goods and services for a consideration. GST will have a dual rate structure comprising of CGST, which will be levied and collected by Central Government, and SGST, which will be levied and collected by State Governments. All local or intra-State supplies of taxable goods and services will be liable to both CGST and SGST except when the same get excluded on account of turnover thresholds or exemptions. Credit of CGST and SGST will be available throughout the supply chain but cross utilization of credit of CGST and SGST will not be possible. Since GST will be a destination based tax, revenue of SGST will ordinarily accrue to the consuming States.

5.4 For example, if goods are manufactured by A and sold to B which are then again sold to C, D and E before they are finally consumed by F (assuming all supplies to be made within the same State) – CGST and SGST will be levied simultaneously by Centre and State on all the transactions i.e., on supply of goods to B, C, D, E, and F. CGST and SGST paid at an earlier stage will be available as credit to be set off against the CGST and SGST payable at the next stage respectively throughout this supply chain. Thus, the tax will finally be borne by the consumer.

5.5 Integrated GST (IGST): An Integrated Goods and Service Tax (IGST) model will be used to tax inter-State supply of goods and services. Under this model, IGST - which would be approximately a sum total of CGST and SGST - will be levied by Centre on all inter-State supplies of taxable goods and services. The inter-State supplier in the exporting State will be allowed to set off the available credit of IGST, CGST and SGST (in that order) against the

“ GST will have a dual rate structure comprising of CGST, which will be levied and collected by Central Government, and SGST, which will be levied and collected by State Governments. ”

IGST payable on inter-State supply made by him. The buyer in the importing State will be allowed to avail the credit of IGST paid on inter-State purchase made by him. Thus, unlike the existing scenario where the credit chain breaks in case of inter-State sales on account of non-VATable CST, under GST regime there will be a seamless credit flow in case of inter-State supplies too.

5.6 Since GST will be a destination based tax, the revenue of inter-State sale will not accrue to the exporting State and the exporting State will be required to transfer to the Centre the credit of SGST used in payment of IGST. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. There will be a Central Agency to act as a clearing house and verify the claims and inform the respective Governments to transfer the funds. Successful execution of IGST model would require robust and efficient IT infrastructure.

Illustration–Intra-State Supply

In case of local supply of goods/ services, the supplier would charge dual GST i.e., CGST and SGST at specified rates on the supply.

I. Supply of goods/services by A to B

	Amount (in ₹)
Value charged for supply of goods/ services	10,000
Add: CGST @ 8%	800
Add: SGST @ 8%	800
Total price charged by A from B for local supply of goods/ services	11,600

The CGST & SGST charged on B for supply of goods/ services will be remitted by A to the appropriate account of the Central and State Government respectively.

A is the first stage supplier of goods/services and hence, does not have credit of CGST, SGST or IGST.

II. Supply of goods/services by B to C – Value addition @ 20%

B will avail credit of CGST and SGST paid by him on the purchase of goods/ services and will utilise such credit for being set off against the CGST and SGST payable on the supply of goods/services made by him to C.

	Amount (in ₹)
Value charged for supply of goods/ services (₹10,000 x 120%)	12,000
Add: CGST @ 8%	960
Add: SGST @ 8%	960
Total price charged by B from C for local supply of goods/ services	13,920

Computation of CGST, SGST payable by B to Government

	Amount (in ₹)
CGST payable	960
Less: Credit of CGST	800
CGST payable to Central Government	160
SGST payable	960
Less: Credit of SGST	800
SGST payable to State Government	160

Note: For the sake of simplicity, rates of CGST and SGST have been assumed to be 8% each.

Statement of revenue earned by Central and State Governments

Transaction	Revenue to Central Government (₹)	Revenue to State Government (₹)
Supply of goods/ services by A to B	800	800
Supply of goods/ services by B to C	160	160
Total	960	960

Illustration – Inter-State Supply

In case of inter-State supply of goods/ services, the supplier would charge IGST at specified rates on the supply.

I. Supply of goods/services by X of State 1 to A of State 1

	Amount (in ₹)
Value charged for supply of goods/ services	10,000
Add: CGST @ 8%	800
Add: SGST @ 8%	800
Total price charged by X from A for intra-State supply of goods/services	11,600

X is the first stage supplier of goods/services and hence, does not have any credit of CGST, SGST or IGST.

II. Supply of goods/services by A of State 1 to B of State 2 – Value addition @ 20%

	Amount (in ₹)
Value charged for supply of goods/ services (₹10,000 x 120%)	12,000
Add: IGST @ 16%	1,920
Total price charged by A from B for inter-State supply of goods/services	13,920

Computation of IGST payable to Government

	Amount (in ₹)
IGST payable	1,920
Less: Credit of CGST	800
Less: Credit of SGST	800
IGST payable to Central Government	320

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The IGST charged on B of State 2 for supply of goods/services will be remitted by A of State 1 to the appropriate account of the Central Government. State 1 (Exporting State) will transfer SGST credit of ₹ 800 utilised in the payment of IGST to the Central Government.

III. Supply of goods/services by B of State 2 to C of State 2 – Value addition @ 20%

B will avail credit of IGST paid by him on the purchase of goods/services and will utilise such credit for being set off against the CGST and SGST payable on the local supply of goods/services made by him to C.

	Amount (in ₹)
Value charged for supply of goods/services (₹ 12,000 x 120%)	14,400
Add: CGST @ 8%	1,152
Add: SGST @ 8%	1,152
Total price charged by B from C for local supply of goods/ services	16,704

Computation of CGST, SGST payable to Government

	Amount (in ₹)
CGST payable	1,152
Less: Credit of IGST	1,152
CGST payable to Central Government	Nil
SGST payable	1,152
Less: Credit of IGST (₹ 1,600 - ₹ 1,152)	768
SGST payable to State Government	384

Central Government will transfer IGST credit of ₹ 768 utilised in the payment of SGST to State 2 (Importing State).

Note: For the sake of simplicity, rates of CGST, SGST and IGST have been assumed to be 8%, 8% and 16% respectively.

Statement of revenue earned by Central and State Governments

Transaction	Revenue to Central Government (₹)	Revenue to Government of State 1 (₹)	Revenue to Government of State 2 (₹)
Supply of goods/services by X to A	800	800	
Supply of goods/services by A to B	320		
Transfer by State 1 to Centre	800	(800)	
Supply of goods/services by B to C			384
Transfer by Centre to State 2	(768)		768
Total	1,152	Nil	1,152

5.7 Taxes to be subsumed in GST: The following indirect taxes will be subsumed in GST:

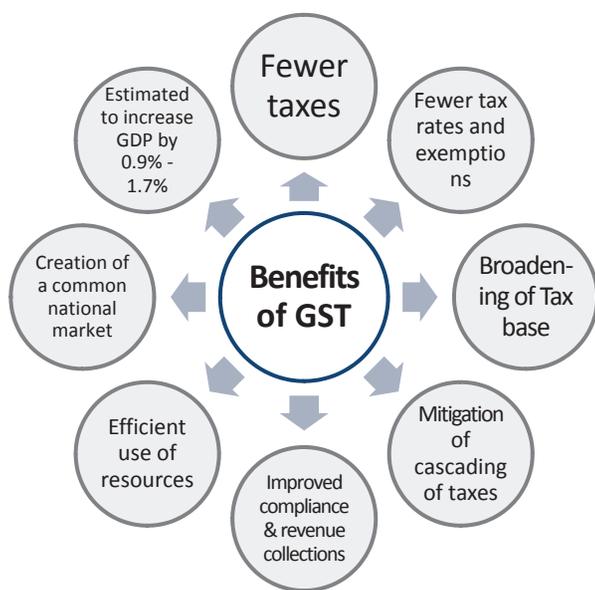
Central Levies	State/Local Body Levies
Central Excise Duty	Value Added Tax/ Sales tax
Additional Excise Duties	Entertainment Tax (other than the tax levied by local bodies)
Service Tax	Luxury Tax
Excise Duty under Medicinal & Toiletries Preparation Act	Tax on lottery, betting and gambling
Additional Duty of Customs commonly known as Countervailing Duties (on imports in lieu of excise duty)	Octroi
Special Additional Duty of Customs (levied on imports in lieu of value added tax or central sales tax)	Entry Tax
Central Sales Tax	Purchase Tax
Surcharges and Cesses	State surcharges and cesses in so far as they relate to supply of goods and services

5.8 As regards the legislative framework, there would be a single legislation for levying Central GST but each State and Union territory will enact its own State GST legislation. Though there would be multiple SGST legislations, the basic features of law, such as chargeability, definition of taxable event and taxable person, classification and valuation of goods and services, procedure for collection and levy of tax and the like would be uniform in all the SGST legislations, as far as feasible. This would be necessary to preserve the essence of dual GST.

6. Benefits of GST

6.1 GST is expected to give a major relief to industry, trade, agriculture and consumers through a comprehensive and wider coverage of input tax set-off (both on goods and services), subsuming of multiple taxes and phasing out of CST. The significant benefits of GST are discussed hereunder:

➤ **Mitigation of cascading taxation:** Since under the GST regime, credit will be available across the



entire supply chain there will be no cascading of taxes and the issues under the existing system like tax payable on tax (e.g. VAT is payable on excise duty) will be suitably addressed. Thus, in due course of time, GST will lower the prices of goods and benefit the common man.

- **Elimination of multiple taxes and double taxation:** GST will subsume majority of existing indirect tax levies both at Central and State level into one tax i.e., GST which will be leviable uniformly on goods and services. This will make doing business easier and will also tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.
- **Creation of unified national market:** The existing indirect tax structure has disintegrated the Indian market into 29 state markets by creating tax barriers. Such artificial fences in the economy hamper efficient production and supply chain models and curb trade. GST will create unified national market which would facilitate free movement of goods and services across the country. This will help in removing economic distortions, promote exports and give a boost to India's tax-to-gross domestic product (GDP) ratio. According to a Study conducted by the National Council of Applied Economic Research [December 2009] for 13th Finance Commission to assess the impact of GST on India's Growth and International trade, GST is expected to increase the country's GDP somewhere within a range of 0.9%-1.7%.
- **Increase in voluntary compliance and tax revenues:** As GST will do away with multiplicity of taxes, it will ensure a simpler tax regime with fewer taxes, rates and exemptions. A simplified tax regime coupled with simple, articulate and

largely online procedures will lead to improved tax compliances with lesser scope for mistakes. Increased compliances together with a wider tax base will eventually boost the tax revenues.

7. Challenges in implementation of GST

7.1 Integrating all taxes levied on goods and services in a federal country with clear cut distribution of legislative powers, like India, is undoubtedly, a mammoth task. Introduction of GST requires extensive amendments in the Constitution of India and consensus between Central and States Governments on variety of issues like rates, basic threshold, exemptions, administration etc.

7.2 The significant challenges in implementation of a harmonized and integrated GST are as follows:

- (i) **Amendment of Constitution:** At present, the States do not have the powers to levy tax on supply of services and the Centre does not have the power to levy tax on the intra-State sale of goods. The UPA Government introduced the Constitution (115th) Amendment Bill, 2011 for GST on 22.03.2011, but it could not be passed and ultimately lapsed with the dissolution of the 15th Lok Sabha. Thereafter, the NDA Government presented Constitution (122nd) Amendment Bill, 2014 for GST in Lok Sabha on 19th December, 2014. The Lok Sabha has passed the bill in May, 2015. [*The salient features of the Bill are discussed in para 8 below*].
The Constitution will be amended when this Bill gets passed by 2/3rd majority in Rajya Sabha too and thereafter gets ratified by at least 50% of the State Legislatures and finally gets the assent of the President of India. Once the Constitution is amended, Central GST law will be introduced and passed in Parliament and State GST Laws will be passed in respective States; and then the GST will be implemented in India.
- (ii) **Basic design issues:** Though the broad design of the GST is firmed up, specific issues like threshold limits for goods and services, exemptions, definition of supply, determining the place of supply of goods and services, transition provisions for existing exemptions etc. need to be carefully identified, analysed and appropriately addressed.
- (iii) **IT Infrastructure:** The process of tracking inter-State transactions will be extremely complex and will require an infallible IT system. The clearing-house mechanism envisaged in the dual model GST will handle humungous data. Designing and developing an IT infrastructure of such a size and complexity will be a herculean task. For this purpose, a Special Purpose Vehicle (SPV) called

the Goods and Service Tax Network (GSTN) has been set up by the Government to create enabling environment for smooth introduction of GST.

- (iv) **Tax administration:** The Central Board of Excise and Customs (CBEC) and the State tax administrations will be responsible for implementing CGST and SGST respectively. For implementing dual GST, a robust and integrated tax administration will be required to efficiently track flow of goods and services across the country as also precisely account for the associated taxes. Any sort of risk management system will give meaningful results only when there will be an efficient tax administration. An inefficient tax administration will not be able to provide the necessary level of deterrence which may ultimately lead to non-compliance and under performance of the tax regime. It may be noted that the Joint Committee on Business Process for GST released four reports on GST Payment Process, GST Registration, GST Refund and GST Return for public comments last year.
- (v) **Revenue Neutral Rate (RNR):** At present States are charging VAT @ 0%, 1%, 5%, 12.5%/13.5% and 20% besides other levies. Similarly, Centre is charging central excise duty @ 12.5%, CST @ 2%, service tax @ 14%. RNR rates are a point of debate and will be one of the final issues for consensus between the Empowered Committee and the Centre. Revenue neutral rate (RNR) basically means the rate which preserves revenue at desired (current) levels. World over, the average GST/VAT rate is around 16.4%. The average rate in Asia-Pacific is 9.88% and Canada and Nigeria have the lowest rate of 5%. Recently, a panel under Chief Economic Adviser, Arvind Subramanian, constituted by the Government to decide on goods and services

tax (GST) rates, has recommended a revenue-neutral rate of 15-15.5%, with a standard rate of 17-18% which will be levied on most goods and all services.

8. Constitution (122nd) Amendment Bill, 2014

8.1 The Finance Minister Mr. Arun Jaitley presented the 122nd Constitution Amendment Bill, 2014 ('Bill') on the introduction of GST before the Lok Sabha on December 19, 2014. The Lok Sabha passed the Bill in May, 2015 and referred the same to a Select Committee of Rajya Sabha for examination.

8.2 In line with the proposed dual model of GST, the Bill proposes amendments like giving concurrent powers to both Union and States to legislate on GST, subsuming of various Central and State levies (*enlisted in para 5.6*) in GST, empowering Centre to levy and collect CGST and States to levy and collect SGST on supplies within a State, empowering Centre to levy and collect IGST on inter-State supply of goods and services. The other significant proposals of the Bill are:

- **GST Council:** A joint forum of the Centre and States namely, Goods & Services Tax Council is proposed to be created by inserting a new Article 279A in the Constitution. The Union Finance Minister will be the Chairman of this Council and Ministers in charge of Finance/Taxation or Minister nominated by each of the States & UTs with Legislatures will be its members. The function of the Council will be to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc.
- **Integrated GST (IGST):** Centre would levy and collect IGST on inter-State supplies of goods and services and there will be uninterrupted flow of credit across the States. The tax collected would be apportioned between the Centre and the States in a manner to be provided by Parliament, by law, on the recommendations of the GST Council. Import of goods and services will also be liable to IGST. This seems to be in lieu of additional duties of customs (CVD and Special CVD) which is proposed to be subsumed in GST; though CVD and Special CVD is levied only on importation of goods and not on services.
- **Compensation to States:** States will be compensated by the Centre for revenue loss on account of implementation of GST. Such compensation will be given for a period upto five years on a tapering basis, i.e., 100% for first three years, 75% in the fourth year and 50% in the fifth year.
- **Coverage of goods and services in GST:** All goods and services will be brought under



the purview of GST with an exception of alcoholic liquor for human consumption. However, GST will be payable on petroleum and petroleum products only from a future date to be notified on the recommendation of the GST Council. Till the time such date is notified, existing taxes being levied by the States and the Centre on petroleum and petroleum products i.e., sales Tax/VAT, CST and excise duty will continue to be levied on them. Electricity and real estate have been kept out of GST. Thus, electricity duty, stamp duty and other property taxes will continue in GST regime too. Tobacco products will be liable to both GST and excise duty. Thus, even after the implementation of GST, existing taxes like excise duty, VAT and CST will continue to be in operation though with limited scope and applicability.

- **Rates of GST:** There will be uniform GST rates across the Country. However, Centre and States will be given a flexibility to fix CGST and SGST rates within a narrow tax band over and above the floor rates of CGST and SGST. This has been done to give some fiscal autonomy to Centre and States.
- **1% additional levy:** Since GST is a destination based tax, the revenue thereof will accrue to the consuming State which is in stark contrast to the present position where manufacturing States are entitled to the revenue of origin based CST. Keeping in view the concerns of revenue loss of manufacturing States, an origin based additional levy of 1% chargeable on inter-State supply of goods has been proposed in the Bill. Being an origin based tax, the revenue thereof will be assigned to the States from where such supplies originate i.e., the manufacturing State. This levy would be non-VATable and would apply only on goods and not on services. The Bill proposes that such levy would be in force for a period not exceeding 2 years, or such further period as recommended by the GST Council. Such an origin based tax is against the fundamental principle of GST which is a destination based tax. Further, since this levy is non-VATable, it will lead to tax cascading.
- **Definition of service:** The term “services” is proposed to be exhaustively defined as “anything other than goods”.
- The concept of ‘declared goods of special importance’ is proposed to be removed from the Constitution.

8.3 Recommendations of Select Committee on the Constitution 122nd Amendment Bill, 2014: The Report of the Select Committee on the

Constitution 122nd Amendment Bill, 2014 was presented to Rajya Sabha on July 22, 2015. One of the key recommendations of the Select Committee is to exempt stock transfers from the additional 1% levy. The Committee recommended that the 1% levy be restricted to only supplies made for a consideration. The Committee also recommended that the term “band” be defined in the GST laws as range of GST rates over the floor rate within which CGST or SGST may be levied on any specified goods or services or any specified class of goods or services by the Central or a particular State Government. Further, the Committee recommended full compensation to States (not tapered one as proposed in the Bill) for five years.

9. Conclusion

Albert Einstein said that “The hardest thing in the world to understand is the income tax.” In India, this stands equally true for indirect taxes as well. The proposed dual-structure GST, however, seeks to simplify the complex indirect taxation system in India and create a common national market by bringing down fiscal barriers between the States. Its potential introduction though is an incredible challenge considering the issues involving fiscal autonomy of the Center and of the States. Nevertheless, the Government should leave no stone unturned and be committed to usher in this tax, as soon as possible, not only to give a fillip to the slowing domestic economy but also to keep pace with the changing global indirect tax scenario. ■

This write-up has been prepared by compiling and integrating information from various sources, the main sources being:

The Empowered Committee of State Finance Ministers, New Delhi, November 10, 2009, “First Discussion Paper on Goods and Services Tax in India”

13th Finance Commission, 15th December, 2009, “Report of the Task Force on Goods and Services Tax”

Press Release of Central Government on 122nd Constitution Amendment Bill, 2014

Report of the Select Committee of Rajya Sabha on 122nd Constitution Amendment Bill, 2014 Committee headed by the Chief Economic Adviser Dr. Arvind Subramanian on Possible Tax Rates under GST, December, 2015, “Report on the Revenue Neutral Rate and Structure of Rates for the Goods and Services Tax”

The Institute of Chartered Accountants of India, “GST – A Boon for Indian Economy”

The contributor is Deputy Secretary, ICAI

November 2016 Final Examination: Some Essentials for Preparation

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

In order to ensure clarity as regards the applicability of provisions of Direct Tax Laws (DTL) and Indirect Tax Laws (IDTL) for November, 2016 examination, as well as the BOS publications relevant for the said examination, the details regarding the same are briefed hereunder:

I. Applicability of Finance Act, Assessment Year, Notifications/Circulars etc. for November, 2016 Final Examination

- (1) The amendments made by the **Finance Act, 2015** in DTL & IDTL;
- (2) The provisions of direct tax laws as applicable for the **assessment year 2016-17**;
- (3) The significant **notifications and circulars issued upto 30th April, 2016** (DTL & IDTL).

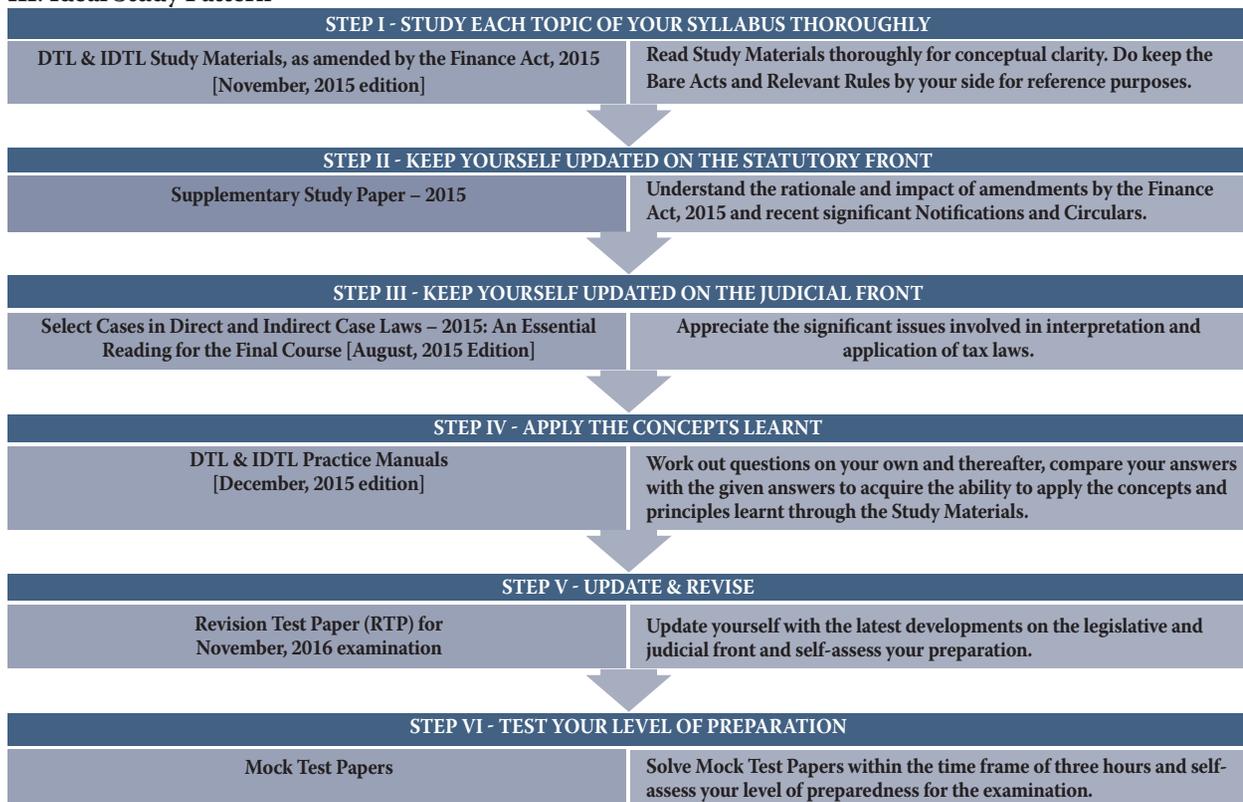
II. BOS Publications relevant for November, 2016 Final Examination

	Publication	Edition	Objective & Content
(1)	Study Material on DTL (Modules 1, 2 & 3) (A.Y.2016-17) <i>[As amended by the Finance Act, 2015]</i> (Thoroughly revised and updated)	November, 2015	<p>This edition of the Study Material is based on the provisions of direct tax laws as amended by the Finance Act, 2015 and applicable for A.Y.2016-17.</p> <p>Study each topic of your syllabus thoroughly for conceptual clarity. The aim of the Study Material is to build a strong conceptual base by explaining the complex tax laws in a lucid manner.</p> <p>Do keep the Bare Act i.e., Income-tax Act, 1961, by your side for reference purposes. This will facilitate understanding of the language of law and the logical sequence of the sections.</p> <p>You should make it a habit to read the tax provisions along with the relevant sections so that you are able to relate the provisions of law, circulars and notifications with the respective sections.</p>
	Practice Manual on DTL (Thoroughly revised and updated) (Questions adapted/modified and solved on the basis of provisions of law applicable for A.Y.2016-17)	December, 2015	<p>Each question contained in this edition of the Practice Manual has been answered/solved on the basis of the provisions of tax laws applicable for A.Y.2016-17. The amendments made by the Finance Act, 2015 have been taken into account.</p> <p>The Practice Manual has also been grouped chapter-wise and contains a variety of questions and problems in each topic for better understanding and application of the concepts explained in the Study Material. In the Practice Manual, questions set at the past Final examinations of chartered accountancy course have been modified/adapted and answered on the basis of the provisions of law applicable for A.Y.2016-17.</p> <p>After reading each chapter in the Study Material, try to work out the questions in the corresponding chapter of the Practice Manual on your own, and thereafter compare your answers with the answers given therein. This would help you to identify your mistakes and also learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same while solving practical questions.</p> <p><i>Note – After you complete study of the entire syllabus content, solve all the questions in the Practice Manual once again to make sure that there are no grey areas.</i></p>
(2)	Study Material on IDTL (Modules 1, 2 & 3) <i>(As amended by the Finance Act, 2015)</i> (Thoroughly revised and updated)	November, 2015	<p>This edition of the Study Material is based on the provisions of indirect tax laws, as amended by the Finance Act, 2015.</p> <p>The objective of the Study Material on IDTL and manner of studying are the same as described for the Study Material on DTL.</p>
	Practice Manual on IDTL (Thoroughly revised and updated questions adapted/modified and solved on the basis of provisions of Indirect Tax laws as amended by the Finance Act, 2015)	December, 2015	<p>The questions contained in this edition of the Practice Manual have been adapted/modified and solved on the basis of the provisions of law as amended by the Finance Act, 2015.</p> <p>The objective of the Practice Manual on IDTL and the manner of solving the questions are the same as given for the Practice Manual on DTL.</p>

	Publication	Edition	Objective & Content
(3)	Supplementary Study Paper - 2015 (DTL & IDTL) [A discussion of amendments made by the Finance Act, 2015 in DTL & IDTL]	July, 2015	This publication explains the amendments made by the Finance Act, 2015 in DTL & IDTL as well as the significant circulars and notifications issued between 1.5.2014 and 30.4.2015. It is especially relevant in case you have the earlier edition of the DTL & IDTL Study Materials (i.e., the November 2014 edition), which are based on the provisions of law as amended by the Finance (No.2) Act, 2014. However, even if you have the latest edition, i.e., the November, 2015 edition of the DTL & IDTL Study Materials, you are still advised to read the Supplementary Study Paper-2015 for a better understanding of the statutory amendments.
(4)	Select Cases in Direct & Indirect Tax Laws – An Essential reading for the Final Course	August, 2015	This publication is a compilation of significant recent judicial decisions of Supreme Court and High Courts which, when read in conjunction with the DTL & IDTL Study Materials, will enable you to appreciate the significant issues involved in interpretation and application of tax laws.
(5)	Revision Test Paper (RTP) for November, 2016 Examination [Revision material for self-assessment and updation]		In Supplementary Study Paper – 2015, the amendments made by the Finance Act, 2015 and significant notifications and circulars issued upto 30.4.2015 have been discussed. However for November, 2016 examination, the circulars and notifications issued upto 30.4.2016 are relevant. The Annexure to the RTP for November, 2016 examination would, therefore, contain the significant amendments by way of notifications and circulars issued after the date up to which they are covered in the Supplementary Study Paper-2015 i.e., the significant amendments by way of notifications and circulars issued between 1st May, 2015 and 30th April, 2016. The Annexure would also contain recent significant legal decisions in direct and indirect tax laws which are relevant for November, 2016 examination. These legal decisions are in addition to the case laws reported in the August, 2015 edition of the publication “Select Cases in Direct and Indirect Tax Laws”. The RTP also helps you self-assess your preparation by solving the questions contained therein independently and comparing the same with the answers given.

Note: All the above publications, except Revision Test Paper for November, 2016 examination, are hosted at the BOS Knowledge Portal on the Institute's website www.icaai.org.

III. Ideal Study Pattern



EXAMINATION ||

Paper 4 –Taxation: Some Essentials for Preparation November, 2016 Intermediate (IPC) Examination

In order to ensure clarity as regards the applicability of provisions of income-tax and indirect taxes for November, 2016 Intermediate (IPC) Examination, as well as the BOS publications relevant for the said examination, the details regarding the same are briefed hereunder:

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

- (1) The amendments made by the **Finance Act, 2015** in income-tax and indirect taxes;
- (2) The provisions of income-tax law as applicable for the **assessment year 2016-17**;
- (3) The significant **notifications and circulars issued upto 30th April, 2016** (income-tax and indirect taxes).

II. BOS Publications relevant for November, 2016 Examination

	Publication	Edition	Objective & Content
(1)	Study Material (and Practice Manual) on Paper 4 : Taxation		
	Study Material (Part I: Income-tax) (Modules 1, 2 & 3) (A.Y.2016-17) <i>[Income-tax law as amended by the Finance Act, 2015]</i> (Thoroughly revised and updated)	September, 2015	The Study Material is based on the provisions of the Income-tax Act, 1961, as amended by the Finance Act, 2015 and applicable for A.Y.2016-17 . It is divided into three modules. Study each topic of your syllabus thoroughly for conceptual clarity. The aim of the Study Material is to build a strong conceptual base by explaining the complex tax laws in a lucid manner.
	Practice Manual (Part I: Income-tax) (Thoroughly revised and updated) (Questions adapted/ modified and solved on the basis of the provisions of law applicable for A.Y.2016-17)	October, 2015	Each question/problem on income-tax contained in this edition of the Practice Manual has been adapted/modified and solved on the basis of the provisions of law applicable for A.Y.2016-17. The amendments made by the Finance Act, 2015 have been taken into account. The Practice Manual has also been grouped chapter-wise and contains a variety of questions and problems in each topic for the better understanding and application of the concepts explained in the Study Material. In the Practice Manual, questions set at the past PE-II, PCC, and IPCC level examinations of chartered accountancy course have been modified/adapted and answered on the basis of the provisions of law applicable for A.Y.2016-17. After reading each chapter in the Study Material, try to work out the problems in the corresponding chapter of the Practice Manual on your own, and thereafter compare your answers with the answers given therein. This would help you to identify your mistakes and also learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same in problem solving. <i>Note – After you complete study of the entire syllabus content, solve all the questions in the Practice Manual once again to make sure that there are no grey areas.</i>
	Study Material (Part II: Indirect Taxes) (As amended by the Finance Act, 2015) (Thoroughly revised and updated)	September, 2015	The Study Material of Part II: Indirect Taxes is based on the indirect tax laws as amended by the Finance Act, 2015 . The objective of the Study Material on Part II: Indirect Taxes is the same as described for the Study Material on Part I: Income-tax.
	Practice Manual (Part II: Indirect Taxes) (Thoroughly revised and updated) (Questions adapted/modified and solved/answered on the basis of the provisions of Indirect tax laws as amended by the Finance Act, 2015)	September, 2015	All questions/problems of the Practice Manual on Indirect Taxes have been answered/solved on the basis of the provisions of law as amended by the Finance Act, 2015. The objective of the Practice Manual on Part II: Indirect Taxes and the manner of solving the questions is the same as given for the Practice Manual on Part I: Income-tax.
(2)	Supplementary Study Paper - 2015 (Taxation) [A discussion of amendments made by the Finance Act, 2015 in income-tax and indirect taxes]	July, 2015	This publication explains the amendments made in income-tax and indirect taxes by the Finance Act, 2015 as well as by way of significant circulars and notifications issued between 1.5.2014 and 30.4.2015 . It is especially relevant in case you have the earlier edition of the Taxation Study Material (i.e., the October 2014 edition), which is based on the provisions of law as amended by the Finance (No.2) Act, 2014. However, even if you have the latest edition (i.e., September, to read the Supplementary Study Paper - 2015 for a better understanding of the statutory amendments.

	Publication	Edition	Objective & Content
(3)	Revision Test Paper (RTP) for November, 2016 Examination [Revision material for self-assessment and updation]		<p>In Supplementary Study Paper – 2015, the amendments made by the Finance Act, 2015 and significant notifications and circulars issued upto 30.4.2015 have been discussed. However for November, 2016 examination, the circulars and notifications issued upto 30.04.2016 are relevant.</p> <p>The RTP for November, 2016 examination, therefore, contains the significant notifications and circulars in income-tax and indirect taxes issued after the date up to which they are covered in the Supplementary Study Paper-2015 i.e., the significant amendments made by way of notifications and circulars issued between 1st May, 2015 and 30th April, 2016.</p> <p>The RTP would also help you self-assess your preparation by solving the questions contained therein independently and comparing the same with the answers given.</p>

Note: All the publications mentioned above, except Revision Test Paper for November, 2016 examination, are hosted at the BOS Knowledge Portal on the Institute's website www.icaai.org.

III. Ideal Study Pattern

Steps in Preparation	Objective of study	Relevant Publication
Step I	Study each topic of your syllabus thoroughly for conceptual clarity	Study Material, as amended by the Finance Act, 2015 [September, 2015 edition]
Step II	Understand the rationale and impact of amendments made by the Finance Act, 2015 and significant amendments made by way of notifications and circulars issued between 1.5.2014 and 30.4.2015	Supplementary Study Paper – 2015
Step III	Work out the problems and solve the questions after completing study of each chapter in the Study Material to test your level of understanding of concepts explained in the said chapter. Note – After you complete study of the entire syllabus content, solve all the problems in the Practice Manual once again to make sure there are no grey areas.	Practice Manual [October, 2015 edition – Part I: Income-tax & September, 2015 edition – Part II: Indirect Taxes]
Step IV	Update yourself with the latest developments on the legislative front and self-assess your preparation.	Revision Test Paper (RTP) for November, 2016 examination
Step V	Test your level of preparation by solving the Mock Test Papers hosted on the Institute's website. Mock Tests are also held at the various regional offices and branches of the Institute.	Mock Test Papers

ANNOUNCEMENT

Election to the Managing Committee of NICASA

The Annual General Meeting (AGM) of Members of the Northern India Chartered Accountants Students' Association (NICASA) will be held on Saturday, the 23rd July, 2016 at 10.00 A.M. in the auditorium of the Institute of Chartered Accountants of India, ICAI Bhawan, 52-53-54, Institutional Area, Vishwas Nagar, Shahdara, Near Karkardooma Courts, Delhi – 110 032.

Elections to the Managing Committee of the Association for the year 2016-17 would be held from 11.00 am to 4 PM on the same day. For details, students may visit : www.nirc-icaai.org

Accounting

1. Companies (Indian Accounting Standards) (Amendment) Rules, 2016 – 30 March 2016

MCA has issued Companies (Indian Accounting Standards) (Amendment) Rules, 2016 to amend Companies (Indian Accounting Standards) Rules, 2015. The amended Rules, inter alia, provide the following:

- Roadmap for implementation of Ind AS by Non-Banking Financial Companies; As per the notification,
 - (a) The following NBFCs shall comply with the Indian Accounting Standards (Ind AS) for accounting periods beginning on or after the 1st April, 2018, with comparatives for the periods ending on 31st March, 2018, or thereafter—
 - (A) NBFCs having net worth of rupees five hundred crore or more;
 - (B) holding, subsidiary, joint venture or associate companies of companies covered under item (A),
 - (b) The following NBFCs shall comply with the Indian Accounting Standards (Ind AS) for accounting periods beginning on or after the 1st April, 2019, with comparatives for the periods ending on 31st March, 2019, or thereafter—
 - (A) NBFCs whose equity or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having net worth less than rupees five hundred crore;
 - (B) NBFCs, that are unlisted companies, having net worth of rupees two-hundred

and fifty crore or more but less than rupees five hundred crore; and

- (C) holding, subsidiary, joint venture or associate companies of companies covered under item (A) or item (B) of sub-clause (b),
- Omission of Ind AS 115, 'Revenue from Contracts with Customers', and insertion of Ind AS 11, 'Construction contracts' and Ind AS 18, 'Revenue';
- Consequential amendments to other Ind AS.

These rules have come into force on the date of their publication in the Official Gazette (ie. 30 March 2016).

(Link: http://mca.gov.in/Ministry/pdf/Notification_30032016_I.pdf)

2. Companies (Accounting Standards) Amendment Rules, 2016 – 30 March 2016

MCA has issued Companies (Accounting Standards) Amendment Rules, 2016 to amend Companies (Accounting Standards) Rules, 2006 by incorporating the references of the Companies Act, 2013, wherever applicable. Also, the Accounting Standard (AS) 2, AS 4, AS 10, AS 13, AS 14, AS 21 and AS 29 as specified in these Rules will substitute the corresponding Accounting Standards with the same number as specified in Companies (Accounting Standards) Rules, 2006.

Following table summarises the changes made by the Companies (Accounting Standards) Amendment Rules, 2016 vis a vis the Companies (Accounting Standards) Rules, 2006 in the following accounting standards:

Name of the standard	Para no.	As per the Companies (Accounting Standards) Rules, 2006	As per the Companies (Accounting Standards) Amendment Rules, 2016	Implication
AS 2	4 (an extract)	<i>Inventories do not include machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular; such machinery spares are accounted for in accordance with Accounting Standard (AS) 10, Accounting for Fixed Assets.</i>	<i>Inventories do not include spare parts, servicing equipment and standby equipment which meet the definition of property, plant and equipment as per AS 10, Property, Plant and Equipment. Such items are accounted for in accordance with Accounting Standard (AS) 10, Property, Plant and Equipment.</i>	Now, inventories also do not include servicing equipment and standby equipment other than spare parts if they meet the definition of property, plant and equipment as per AS 10, Property, Plant and Equipment.
	27	Common classifications of inventories are raw materials and components, work in progress, finished goods, stores and spares, and loose tools.	Common classifications of inventories are: <ol style="list-style-type: none"> (a) Raw materials and components (b) Work-in-progress (c) Finished goods (d) Stock-in-trade (in respect of goods acquired for trading) (e) Stores and spares (f) Loose tools (g) Others (specify nature)". 	Para 27 of AS 2 requires disclosure of inventories under different classifications. One residual category has been added to the said paragraph i.e. 'Others'.

Name of the standard	Para no.	As per the Companies (Accounting Standards) Rules, 2006	As per the Companies (Accounting Standards) Amendment Rules, 2016	Implication
AS 4	Footnote to AS 4	<i>Pursuant to AS 29, Provisions, Contingent Liabilities and Contingent Assets, becoming mandatory in respect of accounting periods commencing on or after 1-4-2004, all paragraphs of this Standard that deal with contingencies (viz. paragraphs 1(a), 2, 3.1, 4 (4.1 to 4.4), 5 (5.1 to 5.6), 6, 7 (7.1 to 7.3), 9.1 (relevant portion), 9.2, 10, 11, 12 and 16) stand withdrawn except to the extent they deal with impairment of assets not covered by other Indian Accounting Standards. For example, impairment of receivables (commonly referred to as the provision for bad and doubtful debts), would continue to be covered by AS 4.</i>	All paragraphs of this Standard that deal with contingencies are applicable only to the extent not covered by other Accounting Standards prescribed by the Central Government. For example, the impairment of financial assets such as impairment of receivables (commonly known as provision for bad and doubtful debts) is governed by this Standard.	Footnote has been modified.
	8.5	There are events which, although they take place after the balance sheet date, are sometimes reflected in the financial statements because of statutory requirements or because of their special nature. <i>Such items include the amount of dividend proposed or declared by the enterprise after the balance sheet date in respect of the period covered by the financial statements.</i>	There are events which, although they take place after the balance sheet date, are sometimes reflected in the financial statements because of statutory requirements or because of their special nature. <i>For example, if dividends are declared after the balance sheet date but before the financial statements are approved for issue, the dividends are not recognised as a liability at the balance sheet date because no obligation exists at that time unless a statute requires otherwise. Such dividends are disclosed in the notes.</i>	No liability for proposed dividends has to be created now. Such proposed dividends are to be disclosed in the notes.
AS 10	All	Fixed Assets	Property, Plant and Equipment	Entire standard has been revised with the title AS 10: 'Property, Plant and Equipment' by replacing the existing AS 6 and AS 10
AS 13	20	The cost of any shares in a co-operative society or a company, the holding of which is directly related to the right to hold the investment property, is added to the carrying amount of the investment property.	<i>An investment property is accounted for in accordance with cost model as prescribed in Accounting Standard (AS) 10, Property, Plant and Equipment.</i> The cost of any shares in a co-operative society or a company, the holding of which is directly related to the right to hold the investment property, is added to the carrying amount of the investment property.	Accounting of investment property was not stated in this para but now incorporated i.e. at cost model.
	30	An enterprise holding investment properties should account for them as <i>long term investments.</i>	An enterprise holding investment properties should account for them <i>in accordance with cost model as prescribed in AS 10, Property, Plant and Equipment.</i>	Accounting of investment property shall now be in accordance with AS 10 i.e. at cost model
AS 14	3(a)	Amalgamation means an amalgamation pursuant to the provisions of the Companies Act, 1956 or any other statute which may be applicable to companies.	Amalgamation means an amalgamation pursuant to the provisions of the Companies Act, 2013 or any other statute which may be applicable to companies and <i>includes 'merger'.</i>	Definition of Amalgamation has been made broader by specifically including 'merger'.
	18 and 39	In such cases the statutory reserves are recorded in the financial statements of the transferee company by a corresponding debit to a suitable account head (e.g., 'Amalgamation Adjustment Account') which is <i>disclosed as a part of 'miscellaneous expenditure' or other similar category in the balance sheet.</i> When the identity of the statutory reserves is no longer required to be maintained, both the reserves and the aforesaid account are reversed.	In such cases the statutory reserves are recorded in the financial statements of the transferee company by a corresponding debit to a suitable account head (e.g., 'Amalgamation Adjustment Reserve') which is <i>presented as a separate line item.</i> When the identity of the statutory reserves is no longer required to be maintained, both the reserves and the aforesaid account are reversed.	Corresponding debit on account of statutory reserve in case of amalgamation in the nature of purchase is termed as 'Amalgamation Adjustment Reserve' and is now to be presented as a separate line item since there is not sub-heading like 'miscellaneous expenditure' in Schedule III to the Companies Act, 2013

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Name of the standard	Para no.	As per the Companies (Accounting Standards) Rules, 2006	As per the Companies (Accounting Standards) Amendment Rules, 2016	Implication
AS 21	9	A parent which presents consolidated financial statements should consolidate all subsidiaries, domestic as well as foreign, other than those referred to in paragraph 11.	A parent which presents consolidated financial statements should consolidate all subsidiaries, domestic as well as foreign, other than those referred to in paragraph 11. <i>Where an enterprise does not have a subsidiary but has an associate and/or a joint venture such an enterprise should also prepare consolidated financial statements in accordance with Accounting Standard (AS) 23, Accounting for Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures respectively.</i>	Amendment has been made in line with the provisions of the Companies Act, 2013.
	Illustration (vi)	A statement showing the computation of net profits in accordance with <i>section 349 of the Companies Act, 1956</i> , with relevant details of the calculation of the commissions payable by way of percentage of such profits to the directors (including managing directors) or manager (if any).	A statement showing the computation of net profits in accordance with <i>section 198 of the Companies Act, 2013</i> , with relevant details of the calculation of the commissions payable by way of percentage of such profits to the directors (including managing directors) or manager (if any).	Reference to the Companies Act, 2013 has been inserted by removing the reference of the Companies Act, 1956.
AS 29	35 (An extract)	The amount of a provision should not be discounted to its present value.	The amount of a provision should not be discounted to its present value <i>except in case of decommissioning, restoration and similar liabilities that are recognised as cost of Property, Plant and Equipment. The discount rate (or rates) should be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) should not reflect risks for which future cash flow estimates have been adjusted. Periodic unwinding of discount should be recognised in the statement of profit and loss.</i>	Now discounting of provision for decommissioning, restoration and similar liabilities has to be done as per the pre-tax discount rate as mentioned therein.
	73		<u>Transitional Provisions</u> <i>All the existing provisions for decommissioning, restoration and similar liabilities (see paragraph 35) should be discounted prospectively, with the corresponding effect to the related item of property, plant and equipment.</i>	Discounting of above existing provisions and similar liabilities should be prospectively, with the corresponding effect to the related item of property, plant and equipment.

These rules have come into force on the date of their publication in the Official Gazette (ie. 30 March 2016).
(Link: http://mca.gov.in/Ministry/pdf/Notification_30032016.pdf)

3. Companies (Removal of Difficulties) Second Order, 2016 – 29 March 2016

MCA has issued Companies (Removal of Difficulties) Second Order, 2016. It provides that till the constitution

of NFRA, the Central Government may prescribe standards of accounting (under Section 133 of the 2013 Act) as recommended by the ICAI in consultation with and after examination of the recommendations made by NACAS.

The Order will be deemed to have come into force from 01 April 2015.

(Link: http://mca.gov.in/Ministry/pdf/CoOrder_30032016_II.pdf) ■

Income - Tax

CBDT's Clarificatory Circulars on issues arising out of the provisions of the Income-tax Act, 1967: A significant initiative to minimise litigation

One of the key focus areas of the Income Tax Department is to reduce litigation with the taxpayers. The Central Board of Direct Taxes (CBDT) has taken several initiatives in the last six months to significantly reduce disputes and provide relief to taxpayers facing long standing litigation. A significant initiative taken by the CBDT in this direction is issuance of Circulars clarifying the department's view on issues forming the subject matter of litigation.

The revision of monetary limits for filing of appeals by the Department with the objective of reducing litigation is an example of an important initiative taken by the CBDT to minimise litigation. Besides this, the CBDT has issued a number of Circulars clarifying the position of law relating to the subjects detailed hereunder:

S. No.	Circular No.	Date	Subject matter/Issue addressed	Clarification by CBDT
(1)	18/2015	2.11.2015	Whether in the case of banks, expenses relatable to investment in non-SLR securities need to be disallowed under section 57(i), by considering interest on non-SLR securities as "Income from other sources."	<i>In CIT v. Nawanshahar Central Cooperative Bank Ltd. [2007] 160 Taxman 48, the Supreme Court held that investments made by a banking concern are part of the business of banking.</i> Therefore, the income arising from such investments is attributable to the business of banking falling under the head "Profits and Gains of Business and Profession" Even though the abovementioned decision was in the context of co-operative societies/Banks claiming deduction under section 80P(2)(a)(i), the principle is equally applicable to all banks/commercial banks, to which Banking Regulation Act, 1949 applies.
(2)	21/2015	10.12.2015	Revision of monetary limits for filing of appeals by the Department before the ITAT and High Courts and SLP before Supreme Court	Appeals/SLP shall not be filed in cases where tax effect does not exceed the monetary limits given hereunder – ₹10 lakhs, in case of appeal before ITAT; ₹20 lakhs, in case of appeal before High Court; and ₹25 lakhs, in case of appeal before Supreme Court. Further, appeal should not be filed merely because the tax effect in a case exceeds the monetary limits prescribed above. Filing of appeal in such cases is to be decided on merits of the case. The above limits would apply equally to cross objections under section 253(4) and references to High Court under sections 256(1) and (2).
(3)	22/2015	17.12.2015	Allowability of employers contribution to welfare funds of employees remitted after due date under the relevant Act but before the due date of filing of return under section 139(1)	If the assessee deposits any sum payable by it by way of tax, duty, cess or fee by whatever name called under any law for the time being in force, or any sum payable by the assessee as an employer by way of contribution to any provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees, on or before the 'due date' applicable in his case for furnishing the return of income under section 139(1), no disallowance can be made under section 43B. This clarification is based on Supreme Court decision in <i>CIT v. Alom Extrusions Ltd. (2009) 185 Taxman 416</i> . It is further clarified that this Circular does not apply to claim of deduction relating to employee's contribution to welfare funds which are governed by section 36(1)(va) of the Income-tax Act, 1961.
(4)	23/2015	28.12.2015	Whether provisions of section 194A apply to fixed deposits made in the name of Registrar General of the Court on the directions of the Court during the pendency of proceedings before the Court.	The CBDT has, following the Delhi High Court judgment in <i>UCO Bank in Writ Petition No. 3563 of 2012</i> , clarified that interest on FDRs made in the name of Registrar General of the Court or the depositor of the fund on the directions of the Court, will not be subject to TDS till the matter is decided by the Court. However, once the Court decides the ownership of the money lying in the fixed deposit, the provisions of section 194A will apply to the recipient of the income.

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S. No.	Circular No.	Date	Subject matter/Issue addressed	Clarification by CBDT
(5)	24/2015	31.12.2015	Applicability of Supreme Court guidelines on recording of satisfaction note under section 158BD to proceedings under section 153C for the purpose of assessment of income of a person other than the searched person	<p>The Supreme Court, in <i>M/s Calcutta Knitweaves, in its judgement in Civil Appeal No. 3958 of 2014 dated 12-3-2014</i>, observed that recording of a satisfaction note is a pre-requisite and the satisfaction note must be prepared by the Assessing Officer before he transmits the record to the other Assessing Officer who has jurisdiction over such other person under section 158BD. The Supreme Court observed that the satisfaction note could be prepared at any of the following stages:</p> <ul style="list-style-type: none"> (a) at the time of or along with the initiation of proceedings against the searched person under section 158BC; or (b) in the course of the assessment proceedings under section 158BC; or (c) immediately after the assessment proceedings are completed under section 158BC of the searched person. <p>The provisions of section 153C are substantially similar/ <i>pari-materia</i> to the provisions of section 158BD and therefore, the above guidelines of the Supreme Court, apply to proceedings under section 153C, for the purposes of assessment of income of other than the searched person.</p> <p>Even if the Assessing Officer of the searched person and the "other person" is one and the same, then also he is required to record his satisfaction as has been held by the Courts.</p>
(6)	4/2016	29.2.2016	Applicability of TDS provisions on payments made by broadcasters/ telecasters to production houses for production of content or programme for broadcasting/ telecasting	<p>While applying the relevant provisions of TDS on a contract for content production, a distinction is required to be made between:</p> <ul style="list-style-type: none"> (i) a payment for production of content/ programme as per the specifications of the broadcaster/telecaster; and (ii) a payment for acquisition of broadcasting/ telecasting rights of the content already produced by the production house. <p>In case (i), where the content is produced as per the specifications provided by the broadcaster/telecaster and the copyright of the content/ programme also gets transferred to the telecaster/ broadcaster, such contract is covered by the definition of the term 'work' in section 194C and, therefore, subject to TDS under that section.</p> <p>However, in case (ii), where the telecaster/broadcaster acquires only the telecasting/ broadcasting rights of the content already produced by the production house, there is no "contract for carrying out any work", as required in section 194C(1). Therefore, such payments are not liable for TDS under section 194C. However, payments of this nature may be liable for TDS under other sections of Chapter XVII-B of the Act.</p>
(7)	5/2016	29.2.2016	1. Applicability of TDS provisions on payments made by television channels or media houses publishing newspapers or magazines to advertising agencies for procuring and canvassing for advertisements	<p>There are two types of payments involved in the advertising business:</p> <ul style="list-style-type: none"> (i) Payment by client to the advertising agency, and (ii) Payment by advertising agency to the television channel/ newspaper company <p>TDS under section 194C (as work contract) will be applicable on the first type of payment; however, there will be no TDS under section 194C on the second type of payment e.g. payment by advertising agency to the media company.</p>

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S. No.	Circular No.	Date	Subject matter/Issue addressed	Clarification by CBDT
			2. Whether the fees/ charges taken or retained by advertising companies from media companies for canvassing/booking advertisements is 'commission' or 'discount', to attract the TDS provisions under section 194H.	The issue has been examined by the Allahabad High Court in the case of <i>Jagran Prakashan Ltd.</i> and Delhi High Court in the matter of <i>Living Media Limited</i> and it was held in both the cases that the relationship between the media company and the advertising agency is that of a 'principal-to-principal' and, therefore, not liable for TDS under section 194H. The SLPs filed by the Department in the matter of <i>Living Media Ltd.</i> and <i>Jagran Prakashan Ltd</i> have been dismissed by the Supreme Court vide order dated 11-12-2009 and order dated 5-5-2014, respectively. Though these decisions are in respect of print media, the ratio is also applicable to electronic media/ television advertising as the broad nature of the activities involved is similar.
(8)	6/2016	29.2.2016	Whether gains on sale of listed shares and other securities would constitute capital gains or business income?	<p>a) Where assessee opts to treat such shares and securities as stock-in-trade: Where the assessee itself, irrespective of the period of holding the listed shares and securities, opts to treat them as stock-in-trade, the income arising from transfer of such shares/securities would be treated as its business income,</p> <p>b) Listed shares and securities held for a period of more than 12 months: In respect of listed shares and securities held for a period of more than 12 months immediately preceding the date of its transfer, if the assessee desires to treat the income arising from the transfer thereof as Capital Gain, the same shall not be put to dispute by the Assessing Officer. However, this stand, once taken by the assessee in a particular Assessment Year, shall remain applicable in subsequent Assessment Years also and the taxpayers shall not be allowed to adopt a different/contrary stand in this regard in subsequent years;</p> <p>c) Other cases: In all other cases, the nature of transaction (i.e. whether the same is in the nature of capital gain or business income) shall continue to be decided keeping in view Circular No.4/2007 dated 15.6.2007 issued by the CBDT.</p> <p>The above principles have been formulated with the sole objective of reducing litigation and maintaining consistency in approach on the issue of treatment of income derived from transfer of shares and securities. All the relevant provisions of the Act shall continue to apply on the transactions involving transfer of shares and securities.</p>
	7/2016	7.3.2016	Does a consortium of contractors formed to implement large infrastructure projects, particularly in Engineering Procurement and Construction ('EPC') contracts and Turnkey Projects, constitute an Association of Persons (AOP) i.e., a separate entity for charging tax? This is an issue which has led to tax disputes particularly in those cases where each member of the consortium, although jointly and severally liable to the contractee, has a clear distinction and role in scope of work, responsibilities and liabilities of the consortium members.	<p>The CBDT has clarified that a consortium arrangement for executing EPC/Turnkey contracts which has the following attributes may not be treated as an AOP:</p> <ol style="list-style-type: none"> (i) each member is independently responsible for executing its part of work through its own resources and also bears the risk of its scope of work i.e., there is a clear demarcation in the work and costs between the consortium members and each member incurs expenditure only in its specified area of work; (ii) each member earns profit or incurs losses, based on performance of the contract falling strictly within its scope of work. However, consortium members may share contract price at gross level only to facilitate convenience in billing; (iii) the men and materials used for any area of work are under the risk and control of respective consortium members; (iv) the control and management of the consortium it not unified and common management is only for the <i>inter-se</i> co-ordination between the consortium members for administrative convenience; <p>There may be other additional factors also which may justify that consortium is not an AOP and the same shall depend upon the specific facts and circumstances of a particular case, which need to be taken into consideration while taking a view in the matter.</p> <p>This Circular shall not be applicable in cases where all or some of the members of the consortium are Associated Enterprises within the meaning of section 92A of the Act. In such cases, the Assessing Officer will decide whether an AOP is formed or not keeping in view the relevant provisions of the Act and judicial jurisprudence on this issue.</p>

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S. No.	Circular No.	Date	Subject matter/Issue addressed	Clarification by CBDT
	9/2016	26.4.2016	Does the limitation for imposition of penalty under sections 271D and 271E commence at the level of the Assessing Officer (below the rank of Joint Commissioner of Income-tax) or at level of the Range authority i.e., the Joint Commissioner of Income-tax/ Additional Commissioner of Income-tax.	<p>The CBDT clarifies that the Departmental view is reflected in the judgment of the Kerala High Court, in <i>Grihalaxmi Vision v. Addl. CIT</i>, wherein it was observed that the question to be considered is whether proceedings for levy of penalty are initiated with the passing of the order of assessment by the Assessing Officer or whether such proceedings have commenced with the issuance of the notice by the Joint Commissioner. From the statutory provisions, it is clear that the competent authority to levy penalty is the Joint Commissioner. Therefore, only the Joint Commissioner can initiate proceedings for levy of penalty. Such initiation of proceedings could not have been done by the Assessing Officer. If that be so, the initiation of the penalty proceedings is only with the issuance of the notice by the Joint Commissioner to the assessee to which he has filed his reply.</p> <p>Where any High Court decides this issue contrary to the Departmental View, this Circular shall not be operative in the area falling in the jurisdiction of the relevant High Court.</p>
	10/2016	26.4.2016	Period of limitation for imposition of penalty under sections 271D and 271E – whether to be determined under section 275(1)(a) or section 275(1)(c).	<p>The Delhi High Court has, in <i>CIT v. Worldwide Township Projects Ltd.</i>, observed that it is well settled that a penalty under this provision is independent of the assessment. The action inviting imposition of penalty is granting of loans above the prescribed limit otherwise than through banking channels and as such infringement of section 269SS is not related to the income that may be assessed or finally adjudicated. In this view, section 275(1)(a) would not be applicable and the provisions of section 275(1)(c) would be attracted." The judgment has been accepted by the CBDT.</p> <p>In view of the above, it is a settled position that the period of limitation of penalty proceedings under section 271D and section 271E is governed by the provisions of section 275(1)(c). Therefore, the limitation period for the imposition of penalty under these provisions would be the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which action for imposition of penalty is initiated, whichever period expires later. The limitation period is not dependent on the pendency of appeal against the assessment or other order referred to in section 275(1)(a).</p>
	11/2016	26.4.2016	Eligibility for interest on refund of excess tax deducted at source to a tax deductor	<p>The Supreme Court, in the case of <i>Tata Chemical Limited 1, Civil Appeal No. 6301 of 2011 vide order dated 26.02.2014</i>, held that refund due and payable to the assessee is debt-owed and payable by the Revenue. Though there is no express statutory provision for payment of interest on the refund of excess amount/ tax collected by the Revenue, the Government cannot shrug off its apparent obligation to reimburse the deductors lawful monies with the accrued interest for the period of undue retention of such monies. The State having received the money without right, and having retained and used it, is bound to make the party good, just as an individual would be under like circumstances. The obligation to refund money received and retained without right implies and carries with it the right to interest.</p> <p>In view of the above judgment of the Apex Court, it is settled that if a resident deductor is entitled for the refund of tax deposited under section 195, then, it has to be refunded with interest under section 244A from the date of payment of such tax.</p>

National Convention for CA Students - Jaipur

14TH & 15TH JUNE, 2016

BIRLA AUDITORIUM, JAIPUR

Organized by: Board of Studies, ICAI

Hosted by: Jaipur Branch of CIRC of ICAI & Jaipur Branch of CICASA

THEME: CA Profession - Enlighten, Enrich & Excel

DAY-1

9:30 am to 10:30 am	Inaugural Session
10.30 am to 11.30 am	Interaction and Open House with CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice-Chairman, Board of Studies, ICAI
11.30 am to 1.30 pm	Technical Session - 1 : Direct Taxes – Systematic Approach Session Chairman: CA. Girish Ahuja , New Delhi Topics: 1) Business and Profession under IT Act 2) Capital Gains under IT Act 3) Deductions u/s Chapter VI A under IT Act
2.30 pm to 3.00 pm	Initiatives taken by Board of Studies, ICAI for Students
3.00 pm to 5.00 pm	Technical Session - 2 : Company Law – Practical Orientation & Updation Session Chairman: CA. Siddharth Agarwal , Kolkata Topics: 1) CARO 2016 – The Heavy Dose of Law into Audit 2) Board Meetings versus General Meetings 3) Exemption to Government Companies – All in name of public interest

DAY - 2

9.30 am to 11.45 am	Technical Session - 3 : Accounting Standards – An Overview & Grooming Session Chairman: CA. Jay Chhaira, Surat , Central Council Member, ICAI Topics: 1) AS – 11 / 20 2) AS – 22 / 28 3) Altitude – Attitude – Aptitude
11.45 am to 1.45 pm	Technical Session - 4 : Personality Development Session Chairman: CA. Shyam Lal Agarwal , Central Council Member, ICAI CA. Manu Agarwal, Central Council Member, ICAI CA. Kemisha Soni, Central Council Member, ICAI CA. Mukesh Singh Kushwah, Central Council Member, ICAI CA. Prakash Sharma, Central Council Member, ICAI Topics: 1) Positive Attitude 2) Importance of Effective Articleship 3) Time Planning 4) Art of presenting yourself
2.45 pm to 5.15 pm	Technical Session - 5: Audit – Practical Orientation Session Chairman: CA. Aseem Trivedi , Indore Topics: 1) Risk Based Audit 2) Audit Sampling 3) Fraud Risk Factors

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

Registration fees	₹500/- Per Student	For Accommodation details contact the branch
Payment Mode	Cash/DD/Cheque to be drawn in favour of "Jaipur Branch of CIRC of ICAI", payable at Jaipur Link for Online Payment facility : http://www.jaipur-icai.org/Payments/page	

For registration queries contact:-

Mr. Manish Jain, Asst. Education Officer
JAIPUR BRANCH OF CIRC OF ICAI

ICAI BHAWAN, D-1 INSTITUTIONAL AREA, JHALANA DOONGARI, JAIPUR – 302004
www.jaipur-icai.org ; email: education@jaipur-icai.org ; Jaipur@icai.org ; Jaipur@icai.in
Branch Telephone Nos; 0141-3044200 / 3044214 / 3044216 / 9667555065

Students (pursuing Practical Training/Industrial Training) are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical-Sessions and submit for approval a soft copy of the Paper at education@jaipur-icai.org or jaipur@icai.in by **20th May, 2016** and a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), ICAI Students' Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the Jaipur Branch of CIRC of ICAI.

Outstation student speakers shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ ₹1500/- per day for lodging and incidental expenses etc. (It is suggested that the students submitting the papers may tentatively book train tickets pending selection of their papers. This may enable them to have confirmed train tickets).

CA. Babu Abraham Kallivayalil Convention Chairman & Chairman, Board of Studies, ICAI	CA. Dhiraj Kumar Khandelwal Convention Vice-Chairman & Vice-Chairman, Board of Studies, ICAI	CA. Shyam Lal Agarwal Central Council Member-ICAI CA. Prakash Sharma Central Council Member-ICAI Convention Conveners	CA. Pramod Kumar Boob Vice Chairman CIRC CA. Rohit Ruwatia Agarwal YMEC Chairman CIRC CA. Gautam Sharma Regional Council Member-CIRC Convention Co-Coordinators
CA. Dinesh Kumar Jain Convention Coordinator & Chairman, Jaipur Branch of CIRC of ICAI	CA. Sanjay Kumar Maheshwari Convention Coordinator & Chairman, Jaipur Branch of Students Association		

National Convention for CA Students - Guwahati

25th & 26th JUNE, 2016

PRAGJYOTI ITA CENTRE,
MACHKHOWA, GUWAHATI

“Eduvision-16, Quest to Conquer”

Organized by: Board of Studies, ICAI

Hosted by: Guwahati Branch of EIRC of ICAI & Guwahati Branch of EICASA of ICAI

DAY-1

9:30 am to 10:30 am	Inaugural Session Chief Guest: CA. Nilesh S Vikamsey , Vice President, ICAI Guest of Honor: CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice Chairman, Board of Studies, ICAI Central Council Members and Regional Council Members from EIRC of ICAI
10:45 am to 11:15 am	Interaction and Open House with CA. Nilesh S Vikamsey , Vice President, ICAI CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice Chairman Board of Studies, ICAI
11:30 am to 01:00 pm	First Technical Session – Audit & Financial Reporting Session Chairman: CA. Praveen Sharma , New Delhi Topics: a) Challenges in implementation of notified Ind AS b) Reporting on Internal Financial Controls system in case of Companies
02:15 pm to 03:15 pm	Special Session: Initiatives taken by Board of Studies, ICAI for Students
03:30 pm to 05:00 pm	Second Technical Session–Indirect Taxes Session Chairman: CA Manoj Batra , New Delhi Topics: a) Impact of GST on Indian Tax System & Economy b) CENVAT Credit - Recent Developments

DAY-2

9:30 A.M. to 11: 00 A.M.	Third Technical Session –Corporate & Business Laws Session Chairman: CA (Dr.) Debashis Mitra , Guwahati Topics: a) CARO 2016- A Critical Analysis b) Start Up Companies in India - Way forward for entrepreneurship
11:15 A.M. to 12:45 P.M.	Special Motivational Session: “India calling-Are you Ready ?”:- Dr. Suresh Chari , Nagpur
02:00P.M. to 3:30 P.M.	Fourth Technical Session –Direct Taxes Session Chairman: CA. Vinod Gupta , New Delhi Topics: a) Income Computation and Disclosure Standards (ICDS) b) Taxation of E-Commerce Business
3:45 P.M. to 5.00 P.M.	Fifth Technical Session –Economic Environment & General Awareness Session Chairman: Dr. Shantikam Hazarika , Guwahati Topics: a) Social Media – A Time Killer or an Useful Tool? b) Make in India – A Dream or A Reality?

The Inaugural Session will be on Day – 1 and the Valedictory Session on Day – 2.

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

Registration fees	₹ 500/- per student ₹ 1,000/- for others	Accommodation (if required) @ ₹ 1,500/- per student
Payment Mode	Cash/DD/Cheque to be drawn in favour of Faridabad Guwahati Branch of EIRC of ICAI payable at Guwahati	

For registration queries contact:

Guwahati Branch of EIRC of ICAI, ICAI Bhawan, 2nd Bye Lane, Manik Nagar, R G Baruah Road, Guwahati-781 005 (Assam)

Phone No:-+91-361-2207660 ; Mobile:+91-97070-78491 • Email :icai.guwahati@gmail.com • Website: www. guwahati-icai.org

Students (pursuing Practical Training/Industrial Training) are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical-Sessions and submit for approval a soft copy of the Paper at icai.guwahati@gmail.com by **31st May, 2016** and a hard copy of the same along with Student’s Photograph (with his/her name on the back of the photograph), ICAI Students’ Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the Guwahati Branch of EIRC of ICAI.

Outstation student speakers shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ ₹ 1500/- per day for lodging and incidental expenses etc.*(It is suggested that the students submitting the papers may tentatively book train tickets pending selection of their papers. This may enable them to have confirmed train tickets.)*

Students who are interested to participate in the cultural programme are requested to register before **31st May, 2016** at icai.guwahati@gmail.com or Contact CA. Kamal Mour, Chairman, Guwahati Branch of EICASA of the ICAI.

CA. Babu Abraham Kallivayalil
Convention Chairman &
Chairman, Board of Studies, ICAI

CA. Dhiraj Kumar Khandelwal
Convention Co-Chairman &
Vice-Chairman, Board of Studies, ICAI

CA. (Dr.) Debashis Mitra
CA. Ranjeet Kumar Agarwal
CA. Sushil Kumar Goyal
Convention Conveners & Members, Board of Studies, ICAI

CA. Rakesh Agarwala
Convention Coordinator &
Chairman, Guwahati Branch of EIRC of ICAI
Mobile:+91-98640-20068

CA. Kamal Mour
Convention Coordinator &
Chairman, Guwahati Branch of EICASA of ICAI
Mobile- +91-94355-59587

National Convention for CA Students - Baroda

8th & 9th JULY, 2016

**SIR SAYAJI RAO NAGAR GRUH,
AKOTA, BARODA, GUJARAT**

Organized by: Board of Studies, ICAI

Hosted by: Baroda Branch of WIRC of ICAI & Baroda Branch of WICASA

THEME: ... SUCCESS IS BORN OUT OF ACTION

DAY-1

9:30 am TO 10:30 am	Inaugural Session Chief Guest: Miss Bhakti Sharma, First Asian Women Open water Swimmer Guests of Honour: CA. M Devaraja Reddy , President, ICAI* CA. Nilesh S Vikamsey , Vice President, ICAI* Opening Remarks: CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI Closing Remarks & Vote of Thanks: CA. Dhiraj Kumar Khandelwal , Vice Chairman, Board of Studies, ICAI
10:30 am to 12:00 noon	Technical Session I: Corporate Law Session Chairman: CA. Vikas Ballia , Jodhpur 1. Independent Director; Definition, Remuneration and difference between Non-executive Director and Independent Director 2. Internal Financial Controls on Financial Reporting 3. Structuring of Shareholder's Agreement
12:15 pm to 1:15 pm	Interactive Session with CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice Chairman Board of Studies, ICAI CA. Pradeep K. Agrawal , Chairman, WICASA
2:15 pm to 3:15 pm	Special Session: "Success is Born out of Action" Session Chairman: CA. Uttam Prakash Agarwal , Past President of ICAI Session Speaker: Mr. T. S. Madaan , Delhi
3:30 pm to 5:00 pm	Technical Session II: Changing Paradigm of Indian Economy Session Chairman: CA. Anil Bhandari , Central Council Member, ICAI 1. Top 5 ways to boost startups in Growing India 2. Tax Reforms – Path to India 2030 3. Intricacies of Taxation of E-Commerce – Domestic & International Transaction
7:00 pm Onwards	The Creative Side of CA Student (for the Students, by the Students, of the Students)

DAY-2

9:00 am to 11:30 am	Panel Discussion by CFO & CA in Practice: The Changing Landscape for Financial Services in India Session Chairman: CA. Jay Chhaira , Central Council Member, ICAI Panel Moderator: CA. Maulik Mehta* , Vadodara Panelist: 1. CA. Rajendra Joshipara , CFO of M/s. Nirma Ltd. 2. CA. P. R. Remesh , Hyderabad
11:45 am to 1:15 pm	Technical Session III: Accounts & Auditing Session Chairman: CA. Yagnesh Desai , Mumbai 1. Auditor's Responsibility under Companies Act 2013 2. Ind AS – Flight to Globalization of Indian Accounting 3. Expression of Modified Opinion by the Auditor and usage of EOM/OM Paragraph - Case Studies' based discussion from the Annual Reports.
2:00 pm to 3:45 pm	Technical Session IV: Indirect Taxation Session Chairman: CA. Atul Kumar Gupta , Central Council Member, ICAI 1. Controversies in Export of Service 2. Comparative View of Indirect Tax of Developed v/s Developing Countries 3. Declared Services
4:00 pm to 5:30 pm	Special Session & Valedictory Session Chief Guest – Eminent Personality Transform your thinking Speaker: Mr. Saunak Bhattha , Motivational Speaker, Kathmandu, Nepal*

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

Registration fees	₹900/- before 30th June, thereafter ₹1100/-
Payment Mode	Cash/DD/Cheque to be drawn in favor of WICASA, payable at Baroda. Students can enroll themselves online also by visiting on www.baroda-icai.org

For registration contact:-

Mr. Dhiren Parikh, Secretary Baroda Branch of WIRC of ICAI: +91 93762 11099	Mr. Ayush Goyal, Vice Chairman Baroda WICASA: +91 84604 69220 Ms. Sangeeta Kumari, Secretary Baroda WICASA: +91 8460064320
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Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical -Sessions and submit for approval a soft copy of the Paper at wicasa.baroda@gmail.com by **05th June, 2016**. The Mail or Hard Copy for selection as a Paper Presenter should consist of 1) MS Word Copy of Presentation (1500-2000 Words) having Font Siz' 14 2) Brief Profile of Student 3) Passport Size Photograph 4) 120 Seconds Video Recording of Participants giving speech 5)Power Point Presentation of 10-15 slides along with Student's Photograph (with his/her name on the back of the photograph), ICAI Students' Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to Baroda Branch of ICAI.

Students can also take part in Debate in a team of 3. Interested Students are requested to submit a soft copy of the Paper / submission for debate (points in favor and against of the topic) at wicasa.baroda@gmail.com

Outstation student speakers shall be reimbursed actual travelling expenses of himself/herself only, equivalent to 2 tier AC and DA @ ₹ 1500/- per day for lodging etc. maximum of 5 days including Journey time.

Students who are interested to participate in the cultural programme are requested to register before 30th May, 2016 at Baroda Branch of the ICAI.

CA. Babu Abraham Kallivayalil Chairman, Board of Studies, ICAI Convention Chairman	CA. Dhiraj Kumar Khandelwal Vice-Chairman, Board of Studies, ICAI Convention Co-Chairman & Convener	CA. Shruti Shah Chairperson, WIRC of ICAI Convention Coordinator
CA. Pradeep K. Agrawal Chairman WICASA, Convention Coordinator	CA. Viral Shah Chairman, Baroda Branch of WIRC of ICAI Convention Coordinator	CA. Arpan Dodia Chairman, Baroda Branch of WICASA Convention Coordinator

*Subject to confirmation

National Convention for CA Students - Kolkata

16TH & 17TH JULY, 2016

CENTENARY HALL, CALCUTTA
UNIVERSITY, KOLKATA

Organized by: Board of Studies, ICAI

Hosted by: EIRC & EICASA

THEME: AASHAYEIN : THE GLIMPSE OF BETTER TOMORROW

DAY-1

11 am to 12 Noon	Interaction and Open House with CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice-Chairman, Board of Studies, ICAI
12.00 pm to 1.30 pm	Technical Session I: Corporate Law Session Chairman:- Topics: a) Fraud Reporting under Companies Act 2013 b) Ease of doing business in India: Company Law Reforms c) Companies Amendment Bill 2016: Adieu to unwarranted compliances.
2.30 pm to 3 pm	Initiatives taken by Board of Studies, ICAI
3 pm to 4.30 pm	Technical Session II: Accounts & Audit Session Chairman:- Topics: a) Implementation of Ind AS – Final step towards IFRS & challenges thereof b) How to manage finances in a start up company? c) Forensic Audit: The Future
4.30 pm to 5.30 pm	Panel Discussion Topic: 1) Reservation in India should be based on Economic criteria. Topic: 2) Articleship Training- Myth or Reality

DAY - 2

10 am to 11.30 am	Technical Session III: Taxation Session Chairman:- Topics: a) GST in India: Way Forward b) Taxation of HUF and Family settlements c) Regulation to curb black money
11.30 am to 12.30 pm	Special Session: “ Women Leaders – making a mark in Men’s World: Challenges and Success “
12.30 pm to 2 pm	Technical Session IV: Indian Economy, Technology & Current Affairs Session Chairman:- Topics: a) MCLR Interest regime – Its Impact on Economic Growth b) Technology in CA Education: E-learning, Satellite Learning, Social Networking Sites c) Swach Bharat: Role of Student
3 pm – 4 pm	Special Session V: Panel discussion on ‘Success Strategies for CA Examinations’ Speakers: Rank Holders

The Inaugural Session will be on Day – 1 and the Valedictory Session on Day – 2.

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

Registration fees	₹500 per student upto 15th June, 2016 ₹600 per student upto 1st July, 2016 ₹750 per student from 2nd July to 10th July, 2016	Accommodation (if required) @ Rs. 500 per student PER DAY OVER & ABOVE DELEGATE FEES. (Outstation students who wish to join, as delegates are required to register within 25th June 2016 to enable us to make necessary stay arrangements.)
Payment Mode	Cash/DD/Cheque to be drawn in favour of ICAI- EIRC, payable at Kolkata Or Details for Online Registration (if any): Students may register online at www.eirc-icai.org or write to conventionkolkata@gmail.com	

For registration queries contact:-

Eastern Regional Office of the ICAI

Phone: 033- 30211138 & Email: payal.agarwal@icai.in Website- www.eirc-icai.org

Mobile: CA.Payal Agarwal 9903541161 (from 10 am to 5 pm)

Students (pursuing Practical Training/Industrial Training) are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical-Sessions and submit for approval a soft copy of the Paper at [jyoti.luharuka@icai.in](mailto: jyoti.luharuka@icai.in) and [payal.agarwal@icai.in](mailto: payal.agarwal@icai.in) by **15th June 2016** along with Student’s scanned Photograph , ICAI Students’ Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID . One paper for each topic would be selected. Only selected paperwriters would be informed by email.

Outstation student speakers shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ ₹1500/- per day for lodging and incidental expenses etc. (It is suggested that the students submitting the papers may tentatively book train tickets pending selection of their papers. This may enable them to have confirmed train tickets.)

CA. Babu Abraham Kallivayalil Convention Chairman & Chairman, Board of Studies, ICAI	CA. Dhiraj Kumar Khandelwal Convention Co-Chairman & Vice-Chairman, Board of Studies, ICAI	CA Anirban Datta Convention Coordinator & Chairman, EIRC	CA Manish Goyal Convention Co- Coordinator, Chairman, EICASA & Vice Chairman, EIRC	CA (Dr) Debashis Mitra CA Sushil Kumar Goyal CA Ranjeet Kumar Agarwal Convention Conveners & Member, Board Of Studies, ICAI
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ANNOUNCEMENT

The Board of Studies has planned the following Conventions/ Conferences for CA students as of May, 2016.
For further details, please contact the respective Regional Council/Branch/Decentralised Office.

S. N	Branch/RC	Name of the Programme	Region	Approved Dates	Contact Details
1	Ludhiana	National Convention	N	25th-26th June, 2016	Ph: 0161-2402425 Email: ludhiana@icai.org
2	Indore	National Convention	C	2nd-3rd July, 2016	Ph: 0731-4298198, 2570052/53 Email: indore@icai.org
3	Nagpur	National Convention	W	8th-9th July, 2016	Ph: 0712-2443968,2441196 Email: nagpur@icai.org
4	Salem	National Convention	S	15th-16th July,2016	Ph: 0427-2318813/2316638 Email: salem@icai.org
5	Lucknow	National Convention	C	27th-28th Aug, 2016	Ph: 0522-2301524 , 3941932 Email: lucknow@icai.org
6	Goa	National Conclave	G	30th Nov-1st Dec, 2016	Ph: 0832-2438516, 6642216 Email: goa@icai.org
7	Bangalore	National Convention	S	10th-11th Dec, 2016	Ph: 080-22252547 Email: bangalore@icai.org
8	Rajkot	National Conclave	G	11th-12th Dec, 2016	Ph: 0281-2582412/13 Email: rajkot@icai.org
9	Ernakulam	All India Conference	S	16th-17th Dec, 2016	Ph: 0484-2396238/58, 2372953 Email: ernakulam@icai.org
10	Mumbai	National Convention	W	30th-31st Dec, 2016	Ph: 022-39893989, 33671400/1500 Email: wro@icai.org
11	Chennai	National Convention	S	31st-Dec, 2016- 1st Jan, 2017	Ph: 044-39893989, 30210300 Email: sirc@icai.in
12	Hyderabad	International Conference	S	07th-8th Jan, 2017	Ph: 040-23317026, 23393182 Email: hyderabadco@icai.org, coehyd@icai.in

ANNOUNCEMENT

On Line Articles Placement Portal for selection of Articled Assistants by CA Firms

The Board of Studies of the ICAI has been providing Online Articles Placement facility for selection of Articled Assistants by CA Firms through its Articles Placement Portal on pan India basis. It provides a platform to the firms of Chartered Accountants having vacancies for Articled Assistants to shortlist eligible students for selection of articled assistants, and call them for Interview at their offices, as per date and time convenient to them. The eligible candidates who have passed Group-I or both Groups of the Intermediate (Integrated Professional Competence) Course or have been admitted under the Direct Entry Scheme and are willing to join articled training can register themselves on the portal. **The services to the Online Placement Portal are available free of charge for both CA Firms and students and they can register themselves online through the Portal at <http://bosapp.icai.org>.**

The services on the Portal would be available for two months, twice a year, from the date of registration by the firms. Similarly the bio data of a student will also be available on the portal for a maximum period of 2 months from student's registration. The candidates shortlisted by CA Firms would be informed by e-mails through the Portal, to appear for interview at their respective Offices, at the designated date and time.

Detailed guidelines are available at the institutes' website www.icai.org and on the Portal. In case of any further clarification, please contact the Board of Studies, ICAI Bhawan, A-29, Sector-62, Noida-201309, Tel. No. 0120-3045930/931/988; eMail: bosapp@icai.in.

**Chairman,
Board of Studies**

ANNOUNCEMENT



ADDRESS TO REDRESS

AN INITIATIVE OF SIRC
TOWARDS MEMBERS & STUDENTS SERVICES

FIRST MONDAY OF EVERY MONTH

10.00 A.M. – 05.00 P.M.

CALL TOLL FREE NUMBERS : 1800 425 4265 / 1800 425 4275

ANNOUNCEMENT

9th May 2016

Invitation for contributions to Question Bank in respect of Information System Audit-(Assessment Test (ISA-AT)(New Syllabus)

Information Systems Audit is a post qualification course meant for the members of the Institute. Members who are registered for the course are required to appear and pass ISA-Eligibility Test and those who qualify thereon are required to appear and pass the ISA-Assessment Test (ISA-AT).

ISA-AT is an objective type test, candidates being required to choose the correct answer out of multiple answers provided in the question. The question paper is for 200 marks with 200 questions carrying 1 mark each. The duration of the exam is 4 hours.

With a view to develop the Question Bank for the various Modules spread over the Syllabus of the ISA-AT (New Syllabus), it has been decided to invite questions from Chartered Accountants/experts working in various organizations/ institutions.

The titles of these Modules prescribed in the New Syllabus are given hereunder:

Module No.	Module Title
1	Primer on Information Technology, IS Infrastructure and Emerging Technologies
2	Information Systems Assurance Services
3	Governance and Management of Enterprise Information Technology, Risk Management and Compliance
4	Protection of Information Assets
5	Systems Development: Acquisition, Maintenance and Implementation.
6	Business Applications Software Audit
7	Business Continuity Management

Details are available at : http://cit.icaai.org/ISA_eLearn_2/ISACourse2.0DVD/index.html on www.icaai.org

The Guidelines in this regard are as follows:

1. The contributor can contribute as many questions as he/she can, but in a lot of minimum of 50 questions on the aforesaid modules in the following manner:-

Q. No.	Question and Answer Option	Answer(for example)
01	Question description	C
	A) Option A	
	B) Option B	
	C) Option C	
02	D) Option D	
.....		
50		

2. While framing the questions, the contributors have to prepare the questions for individual modules in separate files/documents.
3. The questions should cover all the sub chapters or aspects of the syllabus and be free from any ambiguity, doubt etc.
4. The language of the question should be free from ambiguity and should be such that it conveys exactly the same meaning as is intended by the person who frames it.
5. It is also essential that proper care is taken in framing the questions and options (answers) provided below the questions. The answer key (correct answer) to each option (answer) be given as per the above format.
6. The copyrights of the questions as well as answers so submitted shall vest with the Council of the Institute.
7. The contributor of the questions shall ensure that the questions so submitted to the Institute are not parted with by him/her to any other Body/Person and shall be meant only for the exclusive use by the Council of the Institute. It may please be noted that the questions framed by you should be original and not already published in some books or journals or study material of the Institute or reference/text books available in the market or also from question papers of any other examinations or material distributed by any coaching institution. The requirement is that the questions are original and framed with meticulous care.
8. A honorarium of ₹500/- per question selected/accepted by the Institute will be paid as honorarium. In addition to honorarium payable towards questions selected, ₹100/- (fixed) will be paid as contingent expenses.
9. Interested persons may send their contributions in a sealed envelope superscribing "Question Bank – ISA-AT (New Syllabus)" to Shri B. Muralidharan, Deputy Secretary (Exams), The Institute of Chartered Accountants of India, "ICAI Bhawan", Indraprastha Marg, New Delhi – 110002 by Speed Post or by e-mail to exam.development@icaai.in. Soft copy of the contributions should be in word format for windows. The font should be Times New Roman, size 12.
10. While sending the questions by post/mail, please mention your name, complete postal address, contact details (e-mail ID and mobile phone number), PAN No., Name of Bank, Bank A/c no. and IFSC code.
11. All correspondence on the subject should be treated as secret.

Deputy Secretary (Exams.)

ANNOUNCEMENT

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

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

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

Director,
Board of Studies

ANNOUNCEMENT

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

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

Online Mentoring Schedule

Date	Course	Paper	Topic	Faculty	Time
June 8	IIPC	Paper-3: Cost Accounting and Financial Management	Essentials of preparation of Cost Accounting and Financial Management	Dr. N.N. Sengupta and CA. Sanjit Sharma	3 pm - 5 pm
June 10	IIPC	Paper-4: Taxation	How to prepare Taxation – Income Tax and Indirect Taxes	CA. Shefali Jain and CA. Aparna Chauhan	3 pm - 5 pm
June 16	IIPC	Paper-1: Accounting and Paper-2: Business Laws, Ethics and Communication	Preparation of Financial Statements of Companies	CA. Seema Gupta and Ms. Nisha Gupta	3 pm - 5 pm
June 17	Final	Paper-7: Direct Tax Laws and Paper-8: Indirect Tax Laws	Essentials for preparation in Direct and Indirect Tax Laws, covering statutory updates/judicial updates relevant for November, 2016 examination	CA. Priya Subramanian and CA. Smita Mishra	3 pm - 5 pm
June 29	Final	Paper-1: Financial Reporting and Paper-3: Advanced Auditing and Professional Ethics	Accounting Standards	CA. Shilpa Agrawal and CA. Karuna Bhansali	3 pm - 5 pm
June 30	Final	Paper-2: Strategic Financial Management and Paper-5: Advanced Management Accounting	Essentials of preparation of Advanced Management Accounting and Strategic Financial Management	CA. Ashish Gupta and CA. Deepak Kumar Gupta	3 pm - 5 pm

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

**Director,
Board of Studies**

ANNOUNCEMENT

For kind attention of eligible candidates, planning to attend the Campus Placement Programme, meant for newly qualified CAs, scheduled in August-September, 2016.

PRECISION IN COMMUNICATION PROVES PROFESSIONAL SOPHISTICATION

Communication tests and reflects the depth and width of one's true strength. The way you conduct yourself in interview Board truly matters to gain employment opportunities. A persistent honing of soft skill improves presentation potential and enhances chances of being selected. To make such things happen, in the forthcoming Campus Placement Programme to be held in August-September, 2016, we would request you to put special focus on communication and presentation, besides keeping yourself up to date on subject matters, and face the Interview fearlessly. There's no fear if courage and confidence complement each other. To know more, besides visiting the CPABI's sites of ICAI, please do visit other sites and must read the article(s) "*5 ways to improve your Business Language Skills*" (including all other sites linked with that write-up), "*7 tips to improve verbal communication skills*" and so on by doing research on the internet.

CORRIGENDUM

Students may read the words 'Finance Bill, 2015' as 'Finance Bill, 2016' as appearing on pages 16 and 17 of the April, 2016 issue of the Journal.

ANNOUNCEMENT

Four Weeks Residential Programme on Professional Skills Development organised by Board of Studies at Centre of Excellence, (CoE), Hyderabad

The Board of Studies is pleased to announce the next two batches of ICAI Four Weeks Residential Programme as below:

Venue	Participant	Fees	Date	Links for Registration
Centre of Excellence (CoE), Hyderabad	Women	₹ 40,000/-	27th June, 2016 to 24th July, 2016	http://220.227.161.86/36975bos26354main.pdf
Centre of Excellence (CoE), Hyderabad	Men	₹ 40,000/-	30th July, 2016 to 26th August, 2016.	http://220.227.161.86/36975bos26354main.pdf

The programme aims to help the Chartered Accountancy students and newly qualified Chartered Accountants in imbibing the professional skills required for effective functioning in business organisations and the profession. The Programme environment focuses on development of communication skills, personal qualities, interpersonal and teamwork skills, problem solving skills and leadership skills.

Salient Features of the Programme:

- Emphasis on Soft Skills, Communication Skills and Personality Development.
- Exemption from payment of Fees to Top 10 Rank holders.
- Part of Articleship Training.
- No need for Separate GMCS/GMCS II
- Special Session on Group Discussion & Interview.
- Preparation of Project and Presentation Skills.
- Building Team Spirit.

Students who have passed Chartered Accountancy IPCC/ PCC/ PE- II examination and pursuing last year of article training or completed Articleship training are invited to join the course for this batch. Recently qualified Chartered Accountants are also welcome to join the course.

For online registration, further details visit the Board of Studies Announcements under the Students Icon on the Home Page of ICAI website www.icai.org.

For upcoming batches, please regularly visit www.icai.org or refer to the Chartered Accountant Student Journal. For any query, you can also call at 0120-3045935.

**Director,
Board of Studies**

CROSSWORD SOLUTION - MAY 2016

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CROSSWORD - JUNE 2016

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41						42		

17. One of the punctuation marks.
18. Internationally well accepted concept of..... to be introduced in the Income-tax Act, 1961 for determining the residential status of companies.
19. Condition for equilibrium for a firm: $MC = \underline{\hspace{1cm}}$.
20. Contributions to Swachh Bharat Kosh set up for the promotion of sanitation will also be considered as eligible expenditure qualifying for _____.
21. The time limit for return of capital goods from a job worker is _____ years.
22. Ballots
25. SEBI formulated the SEBI (Share Based Employee Benefits) Regulations, 2014 which replaces the SEBI (_____) Guidelines, 1999.
27. An unbiased examination and evaluation of the financial statements of an organization.
28. Boy
29. A life insurance which provides coverage at a fixed rate of payments for a limited period of time.
32. A subject which is proposed to be dropped from the CA Final course as per new proposed scheme of education and training.
33. A social science and a system of rules that are enforced through social institutions to govern behaviour.
34. Compete with _____
35. Ind AS is applicable to _____ the companies on voluntary basis for financial statements for accounting periods beginning on or after April 1, 2015, with the comparatives for the periods ending 31st March, 2015 or thereafter.
36. _____ checks how well the eyes, inner ears, and brain help you keep your balance and position.
40. For example, in Latin.

ACROSS

1. 1. Minimum number of meetings to be conducted by a company in a year.
5. Smell
9. An independent assessment and certification body which provides global assessment and certification services in the field of management system, product certifications, etc.
10. The first annual general meeting of the company shall be held within _____ months from the closing of first financial year.
12. Largest company (in terms of assets value) in India.
13. Maximum number of public companies in which a person can be appointed as a director.
14. A grouping of assets, such as mortgages, that serves as a basis for the issuing of securities.
15. Roman numeral for four.
16. An open _____ policy: A communication policy in which a manager encourages openness and transparency with the employees of that company.
17. The speed of a printer is measured in _____.
19. Roman numeral for 1001.
20. Payment of interest on time deposits with _____ banks to be subject to TDS under section 194A with effect from 1st June, 2015.
23. These get special benefits from the government.
24. Watchdog of international trade.
26. A short-term memory for your computer to store programs it is using and gets wiped out, when shut down is _____.
27. The highest adult male singing voice especially in church music.
30. _____ is the popular name in India for withholding tax.
31. One of major trade partners of India.
32. That is, in Latin.
33. Roman numeral for 55.
35. In computer architecture, _____ bus is a set of wires that connects CPU and RAM and carries the memory addresses.

37. Intelligence exhibited by machines or software.
38. Roman numeral for 51.
39. An organization that owns or controls productions of goods or services in one or more countries other than the home country.
41. _____ tax has been abolished w.e.f. A.Y.2016-17.
42. Tax benefit under section 80G has been extended for contribution made by domestic donors to Clean _____ Fund.

DOWN

1. The scheme of Advance Ruling has been extended to resident _____ in Central Excise and Customs.
2. Persons of Indian origin (of certain categories) who migrated from India and acquired citizenship of a foreign country are eligible to be granted an _____.
3. A _____ is a reference to a resource that specifies the location of the resource on a computer network and a mechanism for retrieving it.
The time limit for taking CENVAT credit on inputs has been enhanced from six months to _____ year .
5. If something happens _____ and off during a period of time, it happens sometimes.
6. A kind of borrowing made by the companies.
7. An intergovernmental organization established 24 October 1945 to promote international co-operation.
8. Ind AS has been notified under the Companies (Indian Accounting Standards) _____, 2015
11. As per the Companies Act, 2013, an intermediate wholly-owned subsidiary company whose immediate parent is a company incorporated in _____ is not required to prepare consolidated financial statements.
13. A telecommunication medium that is used for transmitting and receiving moving images and sound.
15. Organizations that provide services for accessing, using, or participating in the Internet.

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