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EDITORIAL

IS RS.20, THE RIGHT PRICE FOR A US DOLLAR?

CA VINOD JAIN*

The Indian Rupee has recently appreciated, significantly against all major currencies of the world.

The fluctuation in Indian Rupee – US Dollar Exchange Rate has been a matter of great concern for the exporter community as Dollar has appreciated from its peak of Rs. 46.89 on 24th July, 2006 to a level of Rs. 40.71 on 9th May, 2007 (a fall of 13.18%).

Currencies	Current Exchange Rate	Change (percentage)	
		3 months	1 Year
British Pound	81.14	(-) 6.21	(-) 2.87
Chinese RMB	5.29	(-) 7 .12	(-) 5.86
Euro	55.13	(-) 3.76	(-) 3.50
Japanese Yen	0.34	(-) 6.70	(-)17.09
Singapore Dollar	26.85	(-) 6.69	(-) 6.37
Swiss Franc	33.45	(-) 5.32	(-) 9.10
US Dollar	40.71	(-) 7.79	(-) 9.77

The exporter community led by Commerce Minister Mr. Kamal Nath has been pressurising the Government and Reserve Bank of India (RBI) to intervene and buy Dollar from the market to curb the appreciation of the rupee vis a vis other major currency, specially US Dollar. How far pressure of exporting community is justified is to be examined in the backdrop of the following :-

- In 1991, Dr. Man Mohan Singh as Finance Minister intervened in the Forex Market in 2 trenches and US Dollar appreciated from Rs. 16 to Rs. 32, just in a matter of 3 months
- India had a fully controlled exchange control regime before this and India had a very tough time in 1990,as due to lack of foreign exchange ,India had to mortgage its Gold Reserve.
- A price parity research between India and US indicate that most of the products in the US market are about 5 times costlier (on an average) as compared to the Indian market, on the basis of current exchange rate.
- As per price parity US $ - Indian Rupee Exchange Rate should be in between Rs. 10 to Rs. 15.
- The foreign exchange reserves of India are more than US $ 200 billion, whereas the official reserve are in excess of US $ 120 billion. This amount represent, in majority, the Dollar purchased by RBI from the open market.
- There has been a continuous debate between Finance Ministry and RBI about utilization of Foreign Exchange Reserve for lending to the corporates. RBI has all along opposed this move of the Gov in view of inherent risk. The congress had

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1.0 CORPORATE BOND MARKET – LAUNCH OF TRADING PLATFORM

The order driven trade matching platform for listed corporate debt securities shall be implemented by BSE and NSE with effect from July 01, 2007 on the following lines:

- BSE and NSE may make use of the existing infrastructure available with them for operating the trade matching platform for corporate bonds, with necessary modifications.
- In the initial stage of usage of the trade matching platforms, the system shall retain the essential features of the Over The Counter (OTC) market.
- Orders executed through trading platforms of either BSE or NSE shall not be required to be reported again on the reporting platforms.
- All investors, including banks, who are desirous of using the trading platform of BSE or NSE, shall deal through stock brokers registered with SEBI for their transactions thereon. Respective regulators accordingly have been requested to issue necessary instructions to all entities regulated by them.
- At the option of the participants, they will also be allowed to undertake OTC transactions. Such transactions shall continue to be reported on the reporting platforms.
- The trading platforms shall be available from 10.00 am to 5.30 pm on all trading days. BSE and NSE shall ensure that the norms on trading hours, access rights to the trading systems etc. shall broadly follow the norms presently followed in the equity segment. BSE and NSE shall ensure that the norms are harmonious between the exchanges.
- The entities trading in listed corporate debt securities may settle their trades bilaterally between them. They may also use the services of the stock exchanges for clearing and settlement.
- BSE and NSE shall ensure that the shut period in corporate bonds shall be reduced and aligned to that applicable for Government Securities within a reasonable period of time.
- All entities, including Qualified Institutional Investors (QIBs), shall trade in corporate bonds subject to a minimum value of Rs.1 lakh. Exchanges may also have a limited segment for transactions in smaller market lots.

(SEBI/CBM/BOND/2/2007/dt:13/04/07)

2.0 RATE OF INTEREST IN DEATH CASES

Ministry of Finance has clarified that in cases where the depositor has expired before the maturity of the deposits and the nominee / legal heir approachs the banker for closure of the deposit account, the nominee / legal heir in such cases is entitled to the benefit of Saving Bank rate of interest for the period commencing the date of death of the depositor to the date of closure of the account under Senior Citizen Saving Scheme, 2004.

(RBI/2006-2007/360/ dt : 30/04/2007)

3.0 REVERSE MORTGAGE BY SENIOR CITIZEN

With the National Housing Bank coming out with guidelines for reverse mortgage, the contours of this new product for senior citizens are now becoming clear. Under the scheme, senior citizens can consider earning a monthly income by pledging their home with a Housing Finance Company (HFC) or a bank even while they continue to occupy it for a life time. The borrower is not required to service the loan during his / her lifetime or make monthly payments. On the borrower's death or on the borrower leaving the house permanently, the loan is repaid along with accumulated interest through sale of the house property. Alternatively, the borrower or his / her heir can repay or prepay the loan with accumulated interest and have the mortgage released without resorting to sale of the property. The highlights are: -

- Those in the age bracket of 60-70 will be eligible for 45% of the value of a property pledged with a lender.
- For those aged 71-75, the amount is 50% .
- For individuals in the age bracket of 76-80 it is 55%.
- For those aged over 80, the amount is 60%.

4.0 NO MIS-SELLING OF COMPLEX DERIVATIVES TO CORPORATES

Reserve Bank of India (RBI) has come out with strict guidelines under which the size of a bank's derivatives book would be linked to its net worth. It would also require banks to keep a close watch on their bloated off balance-sheet business which primarily comprises derivatives that enable corporates, Public Sector Undertakings (PSUs) and even Small and Medium Enterprises (SMEs) to take bets on interest rate and currency movements.

5.0 SEBI-LISTED VCFs ALLOWED TO INVEST IN FOREIGN START-UPs

Reserve Bank of India (RBI) has allowed Sebi-registered domestic Venture Capital Funds (VCFs) to invest in unlisted foreign companies and start-ups. The capital markets regulator, will set the limits for individual VCFs.

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IS RS. 20, THE RIGHT PRICE ...

included in its manifesto that it will use Forex reserves for on lending.

- In case rupee appreciates further the landed price of the imported commodities and other goods would reduce further, which will put necessary pressure on the Indian inflationary condition.
- The exports from India will become less attractive and exporter will have to focus on cost reduction and innovation significantly.
- In case RBI does not intervene by fresh acquisition of Dollar in the market, rupee may significantly appreciate further and may reach Rs.35-Rs.30 in 6-12 months.
- The rupee appreciation may result into–
  - Pressure on inflation
  - Reduction in money supply (M-3)
  - The RBI activity of market stabilization, by sucking rupee supply from the Market against issuance of government securities will go down, thereby reducing the burden of interest on the government.
- The Indian interest rates are currently 3 to 4% higher, as compared to international benchmark. The appreciate rupee will put further pressure on the interest rate to more reasonable and realistic level comparable to international benchmark.

Now the crucial question is, as to whether RBI and the Government should allow the rupee to fluctuate as per the market condition or RBI should intervene to take care of the interest of the exporters and then also address, resultant money supply by utilizing additional market stabilization fund of 30 000 crores, allocated to Reserve Bank recently.

It is a hard fact that due to pressure of the exporting community as well as due to lobbying of Indian industry, RBI has been taming the rupee for last 2-3 years. The Indian domestic industry has long standing apprehension that in view of significant reduction of custom duty rates (fiscal barrier) and withdrawal of almost all physical control on imports by the government, the Indian domestic industry is being subjected to tough competition from international markets.

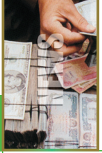
A sharp reduction fluctuation in forex rates as noticed in last 3 months is more killing for the Indian economy, as there is no effective hedging mechanism is available with the Indian market. However, an artificial rupee-dollar rate is only helping the international customer at the cost of the Indian domestic customer. Our goods are being exported at an artificially low price, whereas the imports are artificially priced high, thereby impacting the Indian consumer and benefiting the foreign consumer. Ultimately, the exchange rate has to be determined on price parity determined by inflation in the domestic economy Vis a Vis the international markets.

We are of the considered view that the Government of India and RBI need to have a serious debate on the exchange rate management strategy and they should consider the following in the interest of the long term Indian economy as a whole:

- RBI intervention in the foreign exchange market should be primarily aimed at addressing wide and swift fluctuation, thereby allowing the Indian rupee to appreciate or depreciate, in terms of market dynamism, without wild fluctuation.
- The current Foreign Exchange Reserve of more than US dollar 200 billion are reasonably adequate to support a market correction and even if rupee appreciates, the impact of short term trade deficit can be absorbed by the Forex Reserve.
- RBI and the government need to keep a close vigil on the other major economies and their strategy regarding exchange fluctuation;
- In the WTO Forum, the Indian Government should take up that international economies should shift to market driven exchange rate parity. In case certain major economy like China continues to control their exchange rate, a free international competitive market cannot be contemplated. The reduction in fiscal barrier and withdrawal of physical barrier are not enough to achieve free international trade. It is necessary that the foreign exchange market be also left to the market forces, without any major intervention by the respective government, including the Government of US and European countries.

We, as India are poised for a significant growth and sudden fluctuation in the exchange rate, similar to what has happened in last one month or in last 3 months is not healthy for a sound Indian economy.

The Government needs to strategize clearly and also ensure that Forex Market in India including derivative market, forward market and other hedging mechanism are made available in a free, fair and transparent manner through computerised exchange trading similar to equity trading in the Stock Exchanges. The foreign exchange is an important necessity for the Indian Market and it cannot be left to the OTC Market.



1.0 FBT ON ESOPs

Indian Subsidiaries of multinational companies like Coca-Cola, Adobe and Dell, which offer their Employees Stock Options (ESOPs) in parent companies abroad, are in for some taxing times. They will have to foot the Fringe Benefit Tax (FBT) bill for the options they give to their Indian employees to acquire stocks in their parent company.

These ESOPs are given in the parent company as these MNCs are not listed in India. However, the finance ministry has held that tax liability on these stock options issued by MNCs will have to be borne by the Indian subsidiary. Indian employees get ESOPs in the parent company because of their employment in the Indian subsidiary, and this would make the Indian subsidiary liable to FBT on ESOPs. The Government is expected to clarify on the issue when it brings out guidelines on how the FBT would be levied.

2.0 E-FILING OF ITR MANDATORY FOR FIRMS

Electronic filing of Income Tax Returns (ITRs) has become mandatory for more categories of taxpayers. The Finance Minister recently announced that all partnership firms liable to tax audit, would have to file their returns electronically for assessment year 2007-08 (previous year 2006-07).

3.0 NEW INCOME TAX RETURN FORMS

The Central Board of Direct Taxes has come out with the following new tax return forms for A.Y. 2007-08. These forms have been issued in press release and the board has invited the comments upon it latest by 15th May, 2007 Companies and partnership firms, who are liable to tax audit, would have to file mandatorily their ITRs in electronic form. Others can also file their returns electronically except the religious and charitable institutions. These forms are to be finalized by Government in consultation with the Institute of Chartered Accountants of India (ICAI). These draft forms are available at http:\\www.incometaxindiaefiling.gov.in

Name of the Form	For the Purpose of
ITR-1	For Individuals having Income from 'Salary & Interest'
ITR-2	For Individuals and HUFs not having Income from Business or Profession
ITR-3	For Individuals/HUFs being partners in firms and not carrying out business or profession under any proprietorship
ITR-4	For individuals & HUFs having income from proprietary business or profession
ITR-5	For firms, AOPs and BOIs (including Fringe Benefit Tax)
ITR-6	For Companies - other than Companies claiming exemption u/s 11 (including Fringe Benefit Tax)
ITR-7	For persons including companies required to furnish return u/s 139(4A) or section 139(4B) or section 139(4C) or section 139(4D) (including Fringe Benefit Tax)
ITR-8	Return for Fringe Benefits
ITR-V	Where the data of the Return of Income/Fringe Benefits in Form ITR-1, ITR-2, ITR-3, ITR-4, ITR-5, ITR-6 & ITR-8 transmitted electronically without digital signature

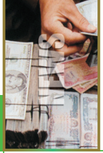
We have already received many comments on this issue, which in turn, have been collected and forwarded to the Board as well as the Institute (ICAI). Any further comments are also invited to us at : *aicas.cfo@gmail.com, cfoworld@gmail.com*, or you can also e mail your comments directly to *flc@icai.org*

4.0 NO TRANSFER PRICING NORMS IF NO TAX LIABILITY

If a foreign company does not have a liability to pay tax, the income-tax department cannot apply transfer pricing provisions on it. Giving relief to the Netherlands-based Vanenburg Group BV, Authority for Advance Ruling (AAR) has ruled that transfer pricing provisions will not apply in its case as it was not liable to pay tax in India.

Venenburg Group, which had transferred the entire shareholding of its Indian subsidiary Cordys R&D (India) Pvt Ltd. to its Cordys Holdings BV (Netherlands), had sought a ruling from the AAR on whether the transfer would attract capital gains tax and the transfer pricing provisions under Sections 92-92F of the Income-Tax Act, 1961.

The AAR, in its ruling,said capital gains arising out of Cordys (Netherlands) would not attract tax under Article 13(5) of the India-Netherlands Double Taxation Avoidance Agreement. AAR held that the provisions under section 92-92F of the Income-Tax Act, 1961, are machinery provisions and will not apply where there was absence of liability to pay tax.



Mauritius-A Business Opportunity

Routing of Investments in India through an International Tax Haven can save considerable proportion of earnings of a business being swept away in discharging tax liabilities. Of the various tax havens, MAURITIUS is one of the most preferred jurisdictions, where the various tax incentives provided under the domestic law of the country added up with the unique clauses of Indo-Mauritius Double Taxation Avoidance Treaty can be leveraged to reduce the taxes significantly and infuse flexibility in the business.

An International Business Company incorporated in Mauritius can be classified as either a GBC 1 company or a GBC 2 company. Various benefits and exemptions available under both options are enumerated below:

GBC 1 Company

A company holding GBC 1 License can avail advantages under Mauritian Double Taxation Treaties. The most important benefit of this flows in the form of exemption from Capital Gain Tax. As per the provisions of the relevant (DTAA), any capital gains arising from transfer of shares in an Indian Company shall be taxable in Mauritius. However, Mauritius does not levy any taxes on Capital Gain. Consequently any capital gain arising in the hands of Mauritius Company on transfer of shares in Indian company shall be fully exempt from tax in India as well as Mauritius. Further, capital gains from transfer of immovable property are subjected to tax in the country where property is situated. Nevertheless, a foreign investor intending to invest in property in India can save on taxes levied on transfer by routing its investment via Mauritius i.e where investment is made by an investor in property in India via a company in Mauritius, such a property can be transferred by merely transferring the shares of the Mauritius Company. Since capital gains are exempt in Mauritius, no tax liability arises. There are several other structuring options.

Any dividends, royalty payments received by a GBC 1 Company from India are subject to a tax rate of 15%. However, the company is entitled to a deemed foreign tax credit of 80%, thereby reducing the effective tax rate to 3%.

There are no withholding taxes on Dividends or other payments made by Mauritian company to Non Residents.

GBC 2 Company

A GBC 2 Company is exempt from all kind of taxes in Mauritius. Any payments (dividend, royalty etc.) made by an Indian company or individual to a Mauritius GBC2 company will be exempt from tax in Mauritius. However, such a Company cannot avail benefit of Mauritian Double Taxation Treaties. Drawing from the above analysis, although in case of GBC 2 Company any capital gains arising from transfer of shares in Indian Company will be subjected to tax as per Indian Domestic Law, investment in immovable property via Mauritius through a GBC 2 company would be equally beneficial.

Apart from the above tax advantages, the Government grants permanent resident status to foreigners. Subject to a minimum investment, there are no exchange controls and very generous foreign tax credit regulations. All the advantages add up to make Mauritius an ideal location for setting up an offshore holding company. Similar advantages are available in terms of Treaties with only a few other countries.

Besides, Mauritius is now well established as a high class tourist resort and the tourism industry stands poised as one of the driving forces of the Mauritian Economy. For the tourism industry, there are various incentive schemes namely the Hotel Development Certificate Scheme, the Hotel Management Services Certificate and the Leisure Development Certificate. The first two schemes offer a 15% corporate tax as against a regular tax rate of 35% and tax free dividends for 10 years. The third one concerns registration duty payable on purchase of immovable properties.

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VALUATION PROFESSIONAL BODY PROPOSED

The Ministry of Company Affairs is considering to present a bill before the Parliament to create a Council of Valuation Professional. ICAI, ICSI and ICWAI, besides other will be recognized Institutes. The recognized institutes will register students, impart education, monitor training & conduct examination of the students, who desire to become the Valuation Professionals.

The Council will issue the certificate of practice to the successful candidates after completion of their curriculum and training. The person, having certificate of practice may use the designation of Valuation Professionals.

These Valuation Professionals in practice can engage themselves in practice of valuation, involving valuation of business, shares, debt, assets, goodwill, brands, intellectual property rights or of any other item with the object of arriving at financial value of the object being valued.

Editorial Comment :

Is there a need for a seperate body?

ICAI can introduce a curriculum for its members and students to cover proposed syllabus and training intensively.

INTERNATIONAL NEWS

OBJECTIVE OF THE INDEPENDENT AUDITOR, AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH ISAs

The Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (Preface) was reissued in January 2007 to reflect the effect of the new drafting conventions being used for the purposes of International Standards on Auditing (ISAs). It contains important statements about the authority of ISAs and the obligations of auditors who follow those standards. Because the amended Preface may not be adopted in certain jurisdictions, the International Auditing and Assurance Standards Board (IAASB) decided that these statements should be incorporated within the ISAs themselves. Accordingly, proposed ISA 200 (Revised and Redrafted) incorporates the provisions of the amended Preface relevant to ISAs.

HIGHLIGHTS OF FINANCE ACT 2007

After the reply to debate on Finance Bill 2007 by Hon'able Finance Minister, the Lok Sabha passed the Finance Bill, 2007, including the amendments introduced by the Government.

Major reliefs proposed by the Hon'ble Finance Minister while moving Government amendments are as under:

- **Infrastructure incentive :** The business of developing or operating and maintaining or developing, operating and maintaining any infrastructure facility has been included in the definition of clause (23FB) of section 10.
- **House Rent Perks :** The new valuation of rent free or concessional rent accommodation owned and provided by the Non-Governmental employer is reduced to 7.5% of salary (for cities having population of 10 lakhs and below), 10% of salary (for cities having population of more than 10 lakhs, but not more than 25 lakhs) and 15% of salary (for cities having population of more than 25 lakhs). The amount paid or recovered from employee for the rent of the accommodation will get reduced from this valuation.
- **ESOPs valuation date :** In the case of ESOPs, the fringe benefit arising from ESOPs will now be valued on fair market value, on the date of vesting of option, as reduced by the amount paid by the employee for acquiring the specified security. The period of holding for the purpose of capital gain tax will be reckoned from the date of allotment or transfer of specified security.
- Investment in rural bonds of NABARD, as notified by the Central Government, is to be included in the list of permissible investment under section 80C.

EXIM / FEMA

1.0 GOVT. REVISES FDI NORMS FOR TELECOM COMPANIES

The Government has expanded the definition of indirect foreign holding by including proportionate investments made by a foreign entity in a telecom company through mutual funds, trusts or a holding company. Such equity holding will be counted as Foreign Direct Investment (FDI) under the new guidelines to be effective from July 19,2007.

"Indirect foreign investment" shall mean foreign investment in the company/ companies holding shares of the licensee company and their holding company / companies or legal entity (such as mutual funds, trusts) on proportionate basis. In any case, the 'Indian' shareholding will not be less than 26 per cent.

The Government has also allowed telecom companies to locate their network monitoring centres outside the country after meeting security conditions. For instance operators will be allowed to locate the monitoring centers only in specific countries.

2.0 RBI WANTS CHECK ON SHORT-TERM FII FLOWS

Reserve Bank of India (RBI) has urged the Government to review FEMA Regulations to check volatility on account of short-term portfolio inflows. Liberal provisions for Foreign Institutional Investment (FII), were ushered in to respond to a particular macro-economic condition that has changed now.

Liberal norms for FII inflows leave the door open for investments through Participatory Notes (PNs) and sub-accounts that have been questioned by the security apparatus due to lack of information about source of funds and identity of investors. RBI has warned that FIIs would be the first to pull out their investments in case the economy slows down.

CORPORATE LAWS

1.0 INDEPENDENT DIRECTORS MAY STAY OFF UNLISTED SMEs

Unlisted Small and Medium Enterprises (SMEs) will be exempted from the proposed new company law's requirement to reserve one-third of the board seats for independent directors. SMEs will also be spared other compliance requirements in accounting and law.

The Institute of Chartered Accountants of India is working in this direction. The accounting profession's regulator is evolving a stripped down version of accounting standards for SMEs in line with the latest simplified international standard that reduces the accounting guidance applicable to SMEs by more than 85% when compared with the full set of International Financial Reporting Standards. The JJ Irani panel had suggested a separate format of accounts or even a separate standard for small companies.

2.0 RBI ASKS BANKS TO CANCEL OR OPEN UNOPERATED LOCKERS

The Reserve Bank of India (RBI) has asked banks to either cancel or open lockers in case they remained unoperated for more than three years for medium risk category or one year for higher risk category. In a notification issued to all the scheduled commercial banks recently, the RBI has asked them to immediately contact the locker-hirer in such cases and advise him to either operate the locker or surrender it. Also , the banks have been asked to carry out the exercise even if the locker hirer was paying the rent regularly.

INSURANCE

1.0 RBI ALLOWS RRBs TO ENTER INTO INSURANCE BROKERAGE

RBI has allowed Regional Rural Banks (RRBs) to take up insurance business without its prior approval. It has been decided that RRBs may take up corporate agency business, without risk participation, for distribution of all types of insurance products, including health and animal insurance.

CAPITAL MARKET

1.0 PAN AS A SOLE ID FOR PARTICIPANTS SOON

After making Permanent Account Number (PAN) mandatory for those trading in shares through depository participants, the SEBI now plans to make PAN the sole identification number for all participants in the securities market, including mutual funds, from July 2,2007.

(MRD/DoP/Cir- 05/2007/dt:27/04/07)

2.0 RBI ISSUES GUIDELINES FOR RUPEE INTEREST RATE DERIVATIVES

RBI has issued detailed norms for banks and primary dealers, asking them to trade in rupee interest rates derivatives only with those who understand the risks associated with the products. Derivatives are instruments to be settled at a future date, whose value is derived from change in interest rate, foreign exchange rate, credit rating, price of securities, or a combinatio. In money markets, rupee interest rate derivatives and foreign currency derivatives include interest rate swaps, forward rate agreement and interest rate futures.

3.0 SEBI ISSUES NORMS ON CONSENT ORDERS TO SORT OUT DISPUTES

The Securities and Exchange Board of India (Sebi) issued the guidelines for consent orders, which would pave the way for direct resolution of disputes between concerned parties. The guidelines also list out detailed norms for considering requests for composition of offences. Whether the violation was intentional, party's conduct during the investigation and disclosure of facts are some of the factors to be considered while seeking consent from any party. Major offences such as fraud, market manipulation or insider trading, history of non-compliance and whether the party has undergone any other regulatory enforcement action for the same violation should also be considered before giving the consent order.

4.0 SEBI TO ACCEPT ABRIDGED ANNUAL REPORTS

Keeping in mind the rising costs of compliance and increasing availability of information about listed companies in the public domain, capital market regulator Sebi has permitted companies to despatch a stand-alone statement (abridged annual report) encapsulating all salient features of the final account.

The companies, however, have been instructed that they send the complete final accounts – balance sheet, profit and loss account and auditors' report – only on written request from shareholders.

Editorial Comment :

Shareholders should be allowed to convey their option to depositories who in turn may include this in data dissemminated to corporates. This will ensure saving of unnecessary paper work and will also address complain of non-response by companies as in past.

5.0 SEBI TO REWRITE ITS RULEBOOK

The Securities and Exchange Board of India (SEBI) has decided to rewrite its rulebook to help radically change the way capital markets are regulated. Launching a massive project for this, Sebi has roped in the two National Law Schools at Bangalore and Kolkata, a leading law firm, a senior jurist and a former judge of the Supreme Court.

The market regulator has decided to convert all existing circulars – including guidelines issued by it – into regulations. All existing circulars for different market intermediaries, too, will be converted into master circulars and then into regulations.

6.0 BANKS & FIs MAY SELL FOREIGN STOCKS

Indian Policy makers are vetting a proposal to allow Financial Intermediaries (FIs) to offer a product that will enable local investors to invest in stocks of foreign companies up to an annual limit of $ 100,000.

Rules governing outbound foreign investment administered by the central bank provide for local residents to invest up to $ 100,000 annually in stocks or property abroad. However, the catch is that both local and foreign financial intermediaries are forbidden from marketing investment products to investors here. Banks and institutions are yet to secure an approval from the banking regulator, although, technically, the rules provide for investment abroad for individuals.

7.0 RBI RELAXES NORMS ON INFRA LENDING

The Reserve Bank of India has relaxed the prudential norms on infrastructure assets, financed by banks. In its latest notification, RBI has stated that banks can declare an infrastructure project account as sub-standard only when commercial production does not begin within one year of the project's completion. Having stated that in case of infrastructure projects funded by banks, the date of completion of the project should be clearly spelt out at the time of financial closure of the project, the central bank has clarified that the revised instructions should come into force with effect from March 31, 2007.

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CERTIFICATE COURSE

AICAS

28 HOURS
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WORKSHOP ON SERVICE TAX
From concepts to practice….

CFO WORLD
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DATES:	TIME:	VENUE:
from 22nd June, 2007 to 30th June, 2007 (22nd, 23rd, 29th & 30th June 2007)	1.30 p.m. to 9.00 p.m. (Lunch: 1.30 p.m. to 2.00 p.m.) (High Tea: 5.30 p.m. to 6.00 p.m.)	Lecture Hall, India International Centre (IIC), Annexe Building, 40 Max Mueller Marg, New Delhi

THE COMPREHENSIVE REFRESHER COURSE ON SERVICE TAX

A Comprehensive Refresher Course/Workshop on Service Tax is being conducted spread over 4 days with the active participation of eminent speakers and professionals. The MAIN THRUST is to carry out an indepth study of the basic concepts, critical issues and their practical applications including tax planning of the laws, rules and regulations and recent case laws relating to Service Tax.

4 DAYS WORKSHOP COVERAGE

DAY 1 – 22/06/2007 (Friday)

Concept of Service Tax Evolution of Service Tax Levy, Scheme of Levy, Service Tax authorities, Structure of Service Tax Department, Latest developments in service tax, Impact of Central Excise Act and Laws on Service Tax, Business Auxiliary Services,
Business Support Services, Franchise Services, Intellectual Property Services, Banking & Other Financial Services, Credit Rating Services, Foreign Exchange Broker's Services.

DAY 2 - 23/06/2007 (Saturday)

Goods Transport Agency's Services, Courier Agency's Services, Transport of Goods by Air Services, Clearing and Forwarding Agent's Services, Customs House Agent Services, Cargo Handling Services, Storage and warehousing Services, Port Services, Transport of Goods through Pipeline, Transport of Goods in Containers through Rail, Practicing Chartered Accountants Services, Management or Business Consultancy Services, Consulting Engineer's Services, Scientific and Technical Consultancy Services, Technical Testing and Analysis Services, Market Research Services, Opinion Poll Services, Public Relations Services, Commercial or Industrial Construction Services, Construction of Complex Services, Architect's Services, Real Estate Agent/ Consultant's Services, Site formation and Clearance, excavation and earthmoving and demolition Services, Interior Decorator's Services, Renting of Immovable Property Services, Critical Issues in Service Tax, Panel Discussion by Service tax experts.

DAY 3 - 29/06/2007 (Friday)

Registration procedure – Centralised / Decentralised, PAN based code (STC), Payment of Service Tax, Adjustment of Service Tax, Filing of returns, Exemption/Abatements from Service Tax/Refund of Service Tax, Assessments, Interest/ Penalties, Advance Rulings, Concept of Tax Credit (Cenvat), Operational issues of Cenvat credit including relevant notifications, procedures & rules and case laws, Practical aspects and issues in availment of Cenvat Credit, Accounting and auditing issues in Service Tax, Service Tax Compliance Audit, Program Production Services, Advertisement Services, Broadcasting Services, Space or Time Selling Services, Sponsorship Services, Cable Operator's Services, Video Tape Production Services, Sound Recording Services, Convention Services, Business Exhibition Services, Event Management Services, Mandap Keeper Services, Shamiana Services, Outdoor Caterer's Services, Commercial Training or Coaching Services, Management, Maintenance or Repair Services, Authorised Service Station Services, Cleaning Activity Services, Maintenance of Software Services, Manpower Recruitment or Supply Agency's Services, Clubs or Association Services, BPO Services, On Line Information and Database Access or Retrieval Services, Security Agency Services

DAY 4 - 30/06/2007 (Saturday)

Tour Operator's Services, Air Travel Agent's Services, Rail Travel Agent's Services, Steamer Agent's Services, Rent a Cab Services, Transport of Persons by Cruise, Design Services, Development & Supply of Contents Services,

Telecommunication Services, Execution of Work Contracts Services, Portfolio Management by Individual Services,

Export of Services Rules, 2005, Taxation of Services (Provided from Outside India and received in India) Rules, 2006, Service Tax (Determination of Value) Rules, 2006, Panel of Experts , Practical issues in various aspects of services tax including specific case studies

REGISTRATION FORM

- **By Fax** – Fax Form to : 91-11-26223014
- **By email** – email from to : aicas.cfo@gmail.com
- **By mail** – Mail to The Secretariat:
  All India Chartered Accountants' Society
  422 Okhla Industrail Estate, Phase-III, New Delhi-20

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Address: ………………………………………………………………

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SPEAKERS

Experts invited to address the participants at the workshop are:

- Ms. Anita Rastogi, PWC
- Mr. Ashok Batra, FCA
- Mr. Atul Gupta, Deloitte Haskins & Sells
- Mr. J K Mittal, FCA, LLB
- Mr. Nilamber Marawah
- Mr. N Mathivanan, Advocate
- Mr. P K Sahu, Advocate
- Mr. Sanjiv Agarwal, FCA
- Mr. S Vasudevan, ACA
- Mr. Tapas Misra, RSM & Co.
- Mr. V Lakshmi Kumaran, Senior Advocate, Supreme Court of India.

…. and many other eminent experts.

SPECIAL COMBO OFFER
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Category of Participants	Fee under special Combo offer
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CAs/CAFirm	**Rs. 7200/-**
AICAS Members	**Rs. 6500/-**
CFO World Members	**Rs. 6500/-**

PARTICIPATION FEES

- **NON CAs/CORPORATE** **Rs. 3500/-** *per person*
- **CAs/ CA FIRM** **Rs. 3200/-** *per person*
- **AICAS MEMBERS** **Rs. 3000/-** *per person*
- **CFO WORLD MEMBERS** **Rs. 3000/-** *per person*

For further details please contact:
Kanika (9891199234)
aicas.cfo@gmail.com, cfoworld@gmail.com

RESTRICTED TO ONLY 100 PARTICIPANTS ON FIRST COME FIRST SERVE BASIS

NOTE:

- Participation fees covers high tea, lunch and background material to the participants.
- A voluntary Appraisal Questionnaire to judge the understanding of the workshop is proposed.
- A Certificate of satisfactory completion of workshop will be issued.
- Participants are expected to share their own practical experience and raised queries during interactive session.
- **Alternative nominee for specific session(s) or day(s) could be permitted.**

• **CONTACT DETAILS :** Medha (9899600345) / Kanika (9891199234) All India Chartered Accountants' Society - CFO World 422, Okhla Industrial Estate, Phase III, New Delhi-110 020. Ph: 41000043, 32478997 E-mail: cfoworld@gmail.com / aicas.cfo@gmail.com • **EDITOR :** Pankaj Gupta, LLB, FCS E-mail: pankajguptafcs@gmail.com • **PUBLISHED & PRINTED :** At New Delhi by Satish Chandra, Administrative Officer, on behalf of All India Chartered Accountants' Society, 4696, Brij Bhawan, 21A, Ansari Road, Darya Ganj, New Delhi - 110 002 Phone : 23265320, 23288101 E-mail: aicas.cfo@gmail.com Printed at : EIH Limited, Unit: Printing Press, No. 7, Sham Nath Marg, Delhi-110054. Views expressed by contributors are their own and the Society does not accept any responsibility.

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