

The Chartered Accountant World

A JOURNAL OF
ALL INDIA CHARTERED ACCOUNTANTS' SOCIETY

Volume XIX, No. 6, June 2008



EDITORIAL ADVISORY BOARD

Mr. Vinod Jain, FCA, Chairman

MEMBERS - Mr. Anil Sharma, FCA;
Mr. Avineesh Matta, FCA;
Mr. Naveen Jain, FCA;
Mr. Pramod K. Kapur, FCA;
Mr. Praveen Sharma, FCA;
Mr. Shiv Mittal, FCA;
Mr. Sunil Khemka, FCA;
Mr. Vijay Gupta, FCA;
Mr. Vinod Rustagi, FCA.

ANNUAL SUBSCRIPTION

- for Chartered Accountants:
Rs. 200/- Single Copy Rs. 20/-
- for Others: Rs. 250/-
Single Copy Rs. 25/-

EDITORIAL

SUBSTANTIAL INTEREST RATE REDUCTION : MANDATORY TO SUSTAIN GROWTH



CA VINOD JAIN*

The Finance Ministry, Government of India as well as Reserve Bank of India have been following a policy aggressively working on containing money supply (M^3) through increasing CRR, increasing rates of fixed deposits as well as REPO rates whereby clearly signaling an upward journey of interest rates. This policy has been adopted to contain inflationary pressure.

These policies measures have not yielded positive results and inflation is mounting due to increase in international prices of commodities as well as profiteering, hoarding and monopolistic and restrictive trade practices being adopted by a certain section with deep pockets and ulterior motive of making money at any cost.

The successive increase in rate of interest has severely impacted the growth rate prospects in industry as well as in the services sector. The housing sector, the real estate sector and the infrastructure sector will get the hit most. A substantial

DERIVATIVE & FINANCIAL INSTRUMENTS WORKSHOP

Understand the nitty-gritty of AS - 30 (Financial Instruments: Recognition & Measurement), AS - 31 (Financial Instruments : Presentation) and AS - 32 (Financial Instruments : Disclosure)

coupled with Introduction to IFRS

On 21st June 2008 from 9:00 AM to 1.30 PM (followed by lunch)
at Auditorium, India International Centre, Lodhi Estate, New Delhi
Special module at a fee of Rs. 1100 limited to 140 participants
only on first come first served basis.

SPEAKERS:

CA. P.R. Ramesh, National Head, Deloitte Haskins & Sells
CA. Amarjit Chopra, Chairman Accounting Standard Board, ICAI
CA. Vinod Jain, Chairman, INMACS Global
CA. Rahul Chattopadhyay, Asstt. Director, PWC

No additional charge for 6 days' Accounting Standards Workshop participants.

Registration Form on Page 5



The world's local bank

HSBC - COMMERCIAL BANKING IN INDIA

HSBC is a leading provider of financial services to small, medium-sized and middle-market enterprises. The Group has over 50,000 such customers in India, including proprietors, partnerships, clubs and associations, incorporated businesses and publicly quoted companies. Commercial Banking provides a full range of banking services to these customers including multi-currency business accounts, payments and cash management, trade services, factoring and a range of borrowing solutions. In India, Commercial Banking has a presence in 47 branches covering 26 key cities and for the convenience of our customers, a multi channel service including Internet and phone banking.

At HSBC, it is our constant endeavor to reach out and be of service to various customer groups. The business community is an important customer group for us not only in India but



CA BHUVNESH KHANNA
HEAD - SME



All India Chartered Accountants' Society

Announces an intensive professional learning
WORKSHOP ON SERVICE TAX

from concept to practice....

India International Centre, Annexe Building, Lecture Hall,
40 Max Mueller Marg, New Delhi

WORKSHOP SCHEDULE

DATE

From 8th August to 23rd August 2008
(8th, 9th, 22nd, 23rd August 2008)

TIMING

2.00 pm to 9.00 pm
(Friday and Saturday)

For Details Please see Page No. 5

* Mr. Vinod Jain, FCA, FCS, FICWA, LL.B., DISA (ICA), Chairman, INMACS Management Services Limited and Convenor, National Economic Forum (NEF). vinodjain@inmascindia.com, vinodjainca@gmail.com, 9811040004



LATEST IN FINANCE

contd pg 1

SUBSTANTIAL INTEREST RATE REDUCTION

interest rate is a must for propelling growth. The Government of United States has reduced the federal interest rate by more than 60% bringing it down to 2% per annum, with a view to arrest the recessionary tendency. The Govt. of India needs to take a lesson. A lower interest rate regime will also ensure better sentiments and prospects for the capital market, thereby further fuelling channelisation of resources for the growth of industry and business.

The inflationary tendency, has a positive side. The Govt. must ensure that out of the increase in commodity prices, the resultant benefit must reach substantially to the poor agriculturist. It is he who and the others being part of the peasant community, who are actually helping grow most of the commodities. It this happens the poor man of this country can be helped the most. The Govt. needs to act strongly against restrictive trade practices and stop the lip services by openly threatening certain business houses. The threats are being viewed by the public as an attempt to increase corruption and fleece a part of the booty from the profiteers.

India is set to move to double digit growth leading to overall economic development of the poorest of poor. The Govt. needs to courageously ensure adequate money supply and resources at a very reasonable cost. A substantial reduction in the interest cost and increased money supply through reduction of CRR and SLR are a must.

We need to plan to get rid of the onslaught of oil rampage by a united action internationally forcing oil producing countries to come under a regulation of reasonable prices. G7 countries, Brazil, India and China need to act together and force OPEC nations through persuasion and pressure to reduce the prices to a

reasonable level. America should be convinced to take a lead inspite of their own interest arising out of large US oil reserve.

contd ... pg 1

HSBC - COMMERCIAL ...

across the globe. In order to do so, we give utmost importance to our relationships with professionals like you who aid and advise business firms on various financial matters that play a vital role in planning future.

We at HSBC believe in working very closely with professional to help us to provide greater value to business banking customers. Your insight on client's financial requirements helps us to tailor our products and services to the customer's need.

Our research and understanding of the SME sector in India says that they require fast-track approvals, sound advise, competitive rates and knowledgeable personnel who will guide them on suitable banking solutions. We are committed to providing superior banking services to help you save time and cost for your SME customers.

Our 150 – year presence in India and relationship with over 2.5 million business customers worldwide allows us to enjoy the advantages of deep rooted knowledge of local markets and international practices. This has led to development of our products and services, which are attuned to the unique financial needs of the Indian businesses.

We look forward to an opportunity in providing banking support to build your client's business. In addition, we expect advice and guidance from you in providing banking service to the SME sector.

It would be my pleasure to interact with you at the ongoing Direct Taxes Workshop at India International Centre.

Warm Regards

CA. Bhuvnesh Khanna
Head - SME

LATEST IN FINANCE

1.0 EXTERNAL COMMERCIAL BORROWINGS POLICY : LIBERALISATION

At present, borrowers proposing to avail ECB up to USD 20 million for Rupee expenditure for permissible end-uses require prior approval of the Reserve Bank under the Approval Route. It has been decided that, henceforth,

- (i) borrowers in infrastructure sector may avail ECB up to USD 100 million for Rupee expenditure for permissible end-uses under the Approval Route.
- (ii) In the case of other borrowers, the existing limit of USE 20 million for Rupee expenditure for permissible end-uses under the Approval Route has been enhanced to USD 50 million.

The all-in-cost ceilings in respect of ECB are modified as follows :

Maturity Period	All-in cost ceiling over 6-month LIBOR*	
	Existing	Revised
Three years and up to five years	150 bps	200 bps
More than five years	250 bps	300 bps

* for the respective currency of credit or applicable benchmark.

This amendment to ECB guidelines will come into force with immediate effect. All other aspects of ECB policy such as USD 500 million limit per company per year under the Automatic Route, eligible borrower, recognized lender, end-use of foreign currency expenditure for import of capital goods and overseas investments, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

The above changes will apply to ECB both under the automatic route and the approval route.

(RBI/2007-08/339 A.P. (DIR Series)
Cir. No. 43 dtd. 29/05/08)

CERTIFICATE COURSE

36 HOURS
of an intensive professional learning
WORKSHOP ON DIRECT TAXES & ACCOUNTING STANDARDS
From concepts to expertise



DATES:
From 31 May to 21 June 2008
(31st May, 7th, 13th, 14th, 20th,
21st June, 2008)

TIME:
9.00 a.m. to 9.00 p.m.
(Lunch: 1.30 p.m. to 2.00 p.m.)
(High Tea: 5.00 p.m. to 5.30 p.m.)

VENUE:
India International Centre,
Annexe Building, Lecture Hall,
40 Max Mueller Marg, New Delhi

ACCOUNTING STANDARDS WORKSHOP

DAY 5 – 20TH JUNE 2008 (FRIDAY)

Session-XIII
9.00 am to 10.00 am

- AS – 22 (Accounting for Taxes on Income)
- Whether creation of Deferred Tax Liability is mandatory in every case
- Creation of Deferred Tax Asset/Liability in case of entities/companies enjoying tax holiday period.

Session-XIV
10.00 am to 11.00 am

- AS – 17 (Segment Reporting)

Session-XV
11.30 am to 12.15 pm

- AS – 28 (Impairment of Assets)

Session-XVI
12.15 pm to 1.00 pm

- AS – 18 (Related Party Disclosures.)
- Whether Related Party definition needs more elaboration/clarification
- Controversies, issues and practical aspects

SPECIAL MODULE FOR DAY 6 – 21TH JUNE 2008 (SATURDAY)

Session-XVII
9.00 am to 12.30 pm

- Deliberations on
- AS 30 (Financial Instruments: Recognition & Measurement)
- AS 31 (Financial Instruments Presentation)
- AS 32 (Financial Instruments: Disclosures).

Session-XVIII
12.30 pm to 1.30 pm

- Introduction to IFRS.
- Compatibility of IFRS to AS of ICAI.
- Compatibility of IFRS and Schedule VI (Fair Value Vs. Historical Cost)

SPEAKERS - ACCOUNTING STANDARD WORKSHOP

CA Kaushal Kishore, Partner, B S R & Co.
CA Sanjiv Agarwal, Jaipur
CA Munish Saraogi, Associate Director, Price Waterhouse Coopers
CA Akhil Bansal, Partner, B S R & Co.

CA P.R. Ramesh, National Head, Risk Partner, Deloitte Haskins & Sells
CA Vinod Jain, Chairman, Inmecs Global
CA Rahul Chattopadhyay, Associate Director, Price Waterhouse Coopers



presents

DIRECT TAXES WORKSHOP

DAY 5 – 20TH JUNE 2008 (FRIDAY)

Session-XIII
2.15 pm to 5.00 pm

Tax Deduction at Source

- TDS on payment for printing of Labels, boxes, packaging
- Service Tax portion of payment
- Commission/Discount
- Lease of car.
- Tax on interest portion in an EMI, hiring charges
- Division / Sharing of expense.
- Reimbursement of Expense.
- Hiring of exhibition Space in hotels & exhibition ground
- Hiring of hotels Room resulting in Payment of Rs 120000/- Or more.
- Payment for leasedlink /data link / VPN
- Repair & maintenance Of Plant & Machinery Whether 194 C or 194J.

Session-XIV
5.30 pm to 6.15 pm

- Discount on air tickets or prepaid calling cards issued by telecom companies
- TDS on Deemed Dividend Royalty and Know how

Topic :-Mat & Books Profits

- Whether qualification by Auditors can be used for adjusting the Book Profit
- Treatment of FBT/STT/CTT
- Treatment of profits of exempted undertaking
- Tax Planning
- Charging of interest under 234A, 234 B and 234 C
- Penalties and prosecutions** including
- Late/Non Filing of return
- Concealment of Income
- Failure to deduct/pay TDS
- Infringement of Sec.269 SS ,269 T

Session-XV
6.15 pm to 8.30 pm

DAY 6– 21ST JUNE 2008 (SATURDAY)

Session-XVI
2.15 pm to 4.30 pm

Assessment

- Practical Aspect of handling assessment, Reassessment preparation of replies, responding to queries, matters to be recorded, submission of documents etc.
- Mock assessment
- Preparation of appeal to CIT and ITAT & handling appellate proceedings
- Stay of Demand

Session-XVII
5.00 pm to 6.30 pm

Surveys & Searches

- Pre Search/survey precautions

- Mock Search operation
- Rights and Duties of assessee, I T Officials and CAs
- Practical Tips of Handling Search, Seizure and post search proceeding .

Session-XVIII
6.30 pm to 8.00 pm

Mock Tribunal Proceedings

Session-XIX
8.00 pm to 8.30 pm

Validictory session

SPEAKERS - DIRECT TAXES WORKSHOP

- CA Ved Jain, ICAI
- CA Amarpal S. Chadha, Sr. Manager, Ernst & Young
- CA Pramod Batra, Sr Manager, Ernst & Young
- Dr. Rakesh Gupta, Sr. Advocate
- CA Ajay Wadhwa, S R Wadhwa & Co.
- Shri K. Sampath, Sr. Advocate

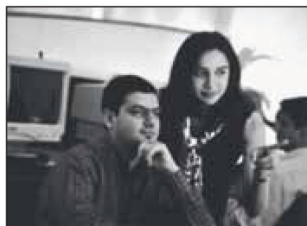
- CA Adesh Jain
- Sh. CL Sethi, Hon'ble Judicial Member, ITAT Delhi
- CA Rohit Jain, Vaish Associates
- CA Ajay Wadhwa
- CA Baldev Raj
- Sh. V.P. Gupta, Sr. Advocate

Business Banking

A range of options to suit your individual business needs

At HSBC, we understand that running a business, big or small, takes time, money and effort. And it is our pleasure to help you benefit from our innovative products, based on local insights and global expertise. We have over 100 million customers, in over 83 countries around the world.

Choose from our range of business accounts and other financial products that offer comprehensive solutions to help meet your unique business needs.



Business Select (Current Account)

- Free Cheques payable at par
- Free Demand Drafts
- Free ATM/Debit cards
- Free Personalised Chequebook
- Free Phonebanking and Internet Banking and more



Escrows Services

- Mergers and Acquisitions
- Open Offers
- Real Estate Transfers
- Bond Redemption
- Trust and Retention
- Source Codes



Trade Services

- Export/Import Collections
- LC Advising and Issuance
- LC Confirmation
- LC Negotiation
- Advisory Services
- Forex Services-Spots, Forwards and Options



Cash Management Services

- Receivables Management Solutions
- Payments Management Solutions
- Electronic Banking
- Bankers to Issue



Factoring Solutions

- Domestic Factoring
- Export Factoring
- Invoice Discounting

To know more about our Business Banking Products,

log on to www.hsbc.co.in

For contact details see page 8

▶▶▶ SME Business Banking ◀◀◀

HSBC 
The world's local bank

Issued by The Hongkong and Shanghai Banking Corporation Limited, India

CERTIFICATE COURSE



All India Chartered Accountants' Society Announces an Intensive 3rd Workshop on Service Tax from concepts to expertise.....



DATES:
From 8th August 2008 to 23rd August 2008
(8th, 9th, 22nd & 23rd August 2008)

TIME:
2.00 p.m. to 9.00 p.m.
(Lunch: 1.00 p.m. to 2.00 p.m.)
(High Tea: 5.30 p.m. to 6.00 p.m.)

VENUE:
India International Centre,
Annexe Building, Lecture Hall,
40 Max Mueller Marg, New Delhi

THE COMPREHENSIVE REFERESHER 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.

DAY 1 – 8TH AUGUST 2008 (FRIDAY)

- Session-I**
2.15 pm to 3.45 pm
- Applicability- Person/Geographical (J & K) • General Exemptions
 - Special Economic Zones related Issues • Issues related to Minimum Threshold Limit • Abatements from Service Tax • Service Tax vis-à-vis Other Tax Laws • Latest Important Amendments in service tax
- Session-II**
3.45 pm to 5.30 pm
- Session-III**
6.00 pm to 7.00 pm
- Session-IV**
7.00 pm to 8.00 pm
- Session-V**
8.00 pm to 9.00 pm
- Business Auxiliary Services • Business Support Services
 - Financial Services
 - Banking & Other Financial Services • Foreign Exchange Broker's Services
 - Portfolio Management Services • Management of Investment under ULIP Services
 - Intellectual Property Services
 - Franchise Services • Intellectual Property Services
 - Valuation of Services
 - Service Tax (Determination of Value) Rules, 2006

DAY 2 – 9TH AUGUST 2008 (SATURDAY)

- Session-VI**
2.00 pm to 3.30 pm
- Transport of Goods Services
 - Goods Transport Agency's Services • Courier and Mailing Services
 - Transport of Goods by Air Services • Clearing and Forwarding • Cargo Handling Services • Airport / Port Services • Customs House Agent Services • Storage and ware-housing Services • Transport of Goods through Pipeline, Rail Services
- Session-VII**
3.30 pm to 5.30 pm
- Session-VIII**
6.00 pm to 7.30 pm
- Session-IX**
7.30 pm to 9.00 pm
- Professional Services
 - Management or Business Consultancy Services • Information Technology Software Services • Consulting Engineer's Services
 - Scientific and Technical Consultancy Services • Technical Testing and Analysis Services • Technical Inspection and Certification Services
 - Practicing Chartered Accountants Services • Market Research Services
 - Opinion Poll Services • Public Relations Services • Architect Services
 - Procedures, Abatements and Filing
 - Registration procedure–Centralized/Decentralized • PAN based code (STC) • Payment of Service Tax including e payment • Refund/Adjustment of Service Tax • Filing/Revision of returns • Interest/Penalties
 - Assessments & Reply to Show Cause Notices • Advance Rulings
 - Critical & Practical Issues in Service Tax • Panel Discussion by Service Tax Experts

DAY 3 – 22ND AUGUST 2008 (FRIDAY)

- Session-X**
2.00 pm to 3.30 pm
- Session-XI**
3.30 pm to 5.30 pm
- Session-XII**
6.00 pm to 7.00 pm
- Session-XIII**
7.00 pm to 7.45 pm
- Session-XIV**
7.45 pm to 8.15 pm
- Session-XV**
8.15 pm to 9.00 pm
- Cenvat Credit
 - Concept of Tax Credit (Cenvat) • Operational issues of Cenvat credit including relevant notifications, procedures & rules and case laws
 - Concept of Input Service Distributor
 - Real Estate & Infrastructure Services
 - Commercial or Industrial Construction Services • Construction of Complex Services • Erection, Commissioning & Installation Services
 - Services in execution of Works Contract • Site formation and Clearance, excavation and earthmoving and demolition Services • Interior Decorator's Services • Renting of Immovable Property Services
 - Accounting and auditing issues in Service Tax • Service Tax Compliance Audit • Handling Departmental Audit
 - Program Production Services • Advertisement Services
 - Broadcasting Services • Space or Time Selling Services
 - Sponsorship 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
 - Maintenance of Software Services

DAY 4 – 23RD AUGUST 2008 (SATURDAY)

- Session-XVI**
2.00 pm to 2.45 pm
- Session-XVII**
2.45 pm to 3.15 pm
- Session-XVIII**
3.15 pm to 4.00 pm
- Session-XIX**
4.00 pm to 5.30 pm
- Session-XX**
6.00 pm to 6.45 pm
- Session-XXI**
6.45 pm to 7.30 pm
- Session-XXII**
- 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
 - Tour Operator's Services • Air & Rail Travel Agent's Services
 - Rent a Cab Services
 - Design Services • Development & Supply of Contents Services
 - Telecommunication Services • Internet Telecommunication services (New)
 - Export of Services Rules, 2005 • Taxation of Services (Provided from Outside India and received in India) Rules, 2006
 - Supply of tangible Goods Services (New)
 - Recognised Stock Exchange Services (New) • Recognised Association or Registered Association Services (Goods or Forward Contract) (New)
 - Processing and Clearing House Services (Goods or Forward Contract) (New)
 - Panel of Experts • Practical issues in various aspects of services tax including specific case studies

REGISTRATION FORM

* Fax form to : 91-11-26223014
* E-mail form to : aicas.cfo@gmail.com
All India Chartered Accountants' Society
503-504, Chiranjiv Tower, 43, Nehru Place,
New Delhi-19

Registration for ☐ Service Tax ☐ Special Session on Derivatives

Name : Mr/Ms

CA Membership No. :

Designation :

Company Name :

Address : Pin

Phone : (O) (R)

E-mail:

Payable to "All India Chartered Accountants' Society"

Via DD/Cheque (Delhi only) No. :

Date : Bank :

Amount : Signature

FEE DETAILS

Non CAs/Corporate	Rs. 4000/-
CAs/CA Firm	Rs. 3700/-
AICAS Members	Rs. 3500/-
CFO World Members	Rs. 3500/-

RESTRICTED TO ONLY 100 PARTICIPANTS ON FIRST COME FIRST SERVE BASIS

NOTE:

- Alternative participants permitted
- Sending of cheques doesn't confirm registration
- Participation fees covers background material to the participants, lunch and high tea
- 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.

For further details please contact : Ms. Chhaya (9873230416)
aicas.cfo@gmail.com, cfoworld@gmail.com



2.0 RBI ENHANCES THE ALL-IN-COST CEILING FOR TRADE CREDIT

RBI has been decided to enhance the all-in-cost ceiling for trade credits as under :

Maturity Period	All-in cost ceiling over 6-month LIBOR*	
	Existing	Revised
Upto one year	50 basis points	75 basis points
More than one year upto three year	125 basis points	125 basis points

* for the respective currency of credit or applicable benchmark.

(RBI/2007-08/337 A.P.(DIR Series) Cir. No. 42 dt. 28/5/08)

3.0 EXTERNAL COMMERCIAL BORROWINGS (ECB) BY SERVICES SECTOR – FURTHER LIBERALIZATION

Under the extant ECB guidelines, borrowers in the services sector are not eligible to avail ECB under the Automatic Route. It has been decided, in consultation with the Govt. of India, to allow entities in the service sector viz. hotels, hospitals and software companies to avail ECB up to USD 100 million, per financial year, for the purpose of import of capital goods under the Approval Route. All other aspects of ECB policy shall remain unchanged. It is also clarified that the existing guidelines on trade credit, allowing companies including those in the services sector, to avail trade credit up to 20 million per import transaction, for a period less than 3 years, for import of capital goods, shall continue.

(RBI/2007008/348 A.P.(DIR Series) Cir. No.48 dt. 02/06/08)

4.0 RBI TIGHTENS NBFC CAPITAL ADEQUACY NORMS

In a bid to prevent any financial irregularities and make the Non-Banking Financial Companies (NBFCs) safer, the Reserve Bank of India asked non-deposit taking NBFCs to raise the minimum capital to risk-weighted assets ratio (CRAR) from 10% now to 12% with immediate effect and further to 15% with effect from April 1, 2009.

TAXATION

1.0 EXHIBITION COST IS BUSINESS EXPENSES, RULES IT

Companies can treat expenditure incurred on participation in exhibitions as business expense and claim tax benefits, the Income Tax Appellate Tribunal has said in a recent decision pertaining to the Indian subsidiary of Austrian auto component maker Styler Daimler Puch.

2.0 DONATIONS NOT BUSINESS EXPENDITURE, RULES IT

Donations to trusts cannot be treated as business expenditure, a tax tribunal has ruled. The Income Tax Appellate Tribunal gave this ruling in a case pertaining to an advocate from Indore who claimed tax benefit on donation made to a charitable trust with instructions to use the money for buying books for the court library.

3.0 LUXEMBOURG AND INDIA SIGN DTAA

India inked a Double Taxation Avoidance Agreement (DTAA) with the Grand Duchy of Luxembourg. The treaty will help in the avoidance of double taxation and in prevention of fiscal evasion with respect to taxes on income and on capital besides stimulating the flow of capital, technology and personnel between the two countries.

4.0 SCRIDERS ON TAX REBATE FOR FOREIGN INSTITUTES

The Supreme Court has said that 'non-profit' foreign educational institutions having branch offices in India can claim tax exemption only if they impart education in India. The 'non-profit' tag of such institutions has to be tested against India activities and not the calculation of income over expenditure to decide whether they are qualified to be such organization for tax exemption, the apex court said in a ruling.

The bench decided that "If the applicant wants exemption under Section 10(23C)(vi) (Income Tax Act, 1961) it has to impart education in India and only then it would be entitled to claim initial approval under that section."

EXIM / FEMA

1.0 REPORTING PROCEDURE UNDER FDI SCHEME REVISED

Indian companies are required to report the details of receipt of the amount of consideration for issue of shares/convertible debentures in Annex II, together with a copy/ies of the FIRC/s evidencing the receipt of the remittance along with the KYC report on the non-resident investor in Annex III, through an AD Category – 1 bank, not later than 30 days from the date of receipt of the amount of consideration. The report would be acknowledged by the Regional Office concerned, which would allot a Unique Identification Number (UIN) for the amount reported.

The details of the issue of shares / convertible debentures should, henceforth, be reported in the revised form FC-GPR (Annex I). While forwarding form FC-GPR to the Regional Office concerned, the AD Category 1 bank should ensure that the UIN is correctly indicated in the form. It is also clarified that the annual report of all investments which is to be filed in Part B of the revised form FC-GPR, which is hitherto to be submitted by June 30 every year, would now have to be submitted by July 31 every year.

(RBI/2007-2008/342 A.P. (DIR Series) Cir. No. 44 dtd. 30/05/08)

2.0 EXPORT OF GOODS AND SERVICES – REALISATION AND REPATRIATION OF EXPORT PROCEEDS – LIBERALISATION.

RBI has enhanced the present period of realization and repatriation to India



of the amount representing the full export value of goods or software exported, from Six Months to Twelve Months from the date of export, subject to review after one year. The provisions in regard to period of realization and repatriation to India of the full export value of goods or software exported by a unit situated in Special Economic Zone (SEZ) as well as exports made to warehouses established outside India with the permission of Reserve Bank remain unchanged.

(RBI/2007-08/354 A.P. (DIR Series) Cir.No. 50
dtd. 03/06/08.)

CAPITAL MARKET

1.0 SEBI ENHANCES MINIMUM NET WORTH FOR PORTFOLIO MANAGERS

SEBI said in a statement that the board, in a meeting held, decided to enhance the minimum networth requirement for registration as portfolio manager from the existing Rs. 50 lakh to Rs. 2 crore. It has been decided to give effect to the requirement of maintaining continuous networth separately for portfolio management activities.

2.0 APPELLATE TRIBUNAL SETS ASIDE SEBI ORDER ON KARVY

The Securities Appellate Tribunal has set aside SEBI's disgorgement order on Karvy Stock Broking Ltd. in the IPO allotment case.

This is in line with SAT's November 2007 order setting aside the same disgorgement order on nine other entities, including National Securities Depositories Ltd.

3.0 SEBI EASES STREET PLAY FOR FOREIGNERS

Listed foreign companies with an asset base of not less than \$2 billion and a profitability record, and foreign individuals with a minimum net worth of \$50 million can now trade in local stocks. They can operate as sub-

accounts, where FIIs registered in India manage the investments.

The changes introduced by capital market regulator Sebi would also enable more overseas entities to invest as sub-accounts of FIIs, foreign portfolio managers take exposure to collective investment schemes like art funds, and FIIs to issue participatory notes (PNs) to entities like some hedge funds. PNs are derivative instruments issued by FIIs to overseas investors who have no access to the Indian market.

4.0 SEBI NOD FOR CROSS-MARGINING

In a move that will help stock market investors and brokers use their margin funds efficiently, the Securities & Exchange Board of India has approved cross-margining across cash and derivatives segments. What it means is that if an investor is buying a stock in which he already has a short position in the futures segment, he will not have to pay margin twice over.

ACCOUNTING

1.0 CONVERGENCE OF US GAAP AND IFRS

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) has published consultative documents that seek public comment on two of the eight phases of their joint project to develop an improved conceptual framework.

The objective of the project is to develop an improved conceptual framework that provides a sound foundation for developing future accounting standards.

2.0 GOVT. DECIDES TO ADOPT INTERNATIONAL ACCOUNTING GUIDELINES

In a major step to avoid any hardship to nearly 200 Indian firms listed on European bourses due to

'differences' in Indian and EU accounting norms, the government has announced its decision to adopt international accounting norms.

3.0 ICAI TIGHTENS DISCLOSURE NORMS FOR DERIVATIVES-AS-32 ON DISCLOSURE OF FINANCIAL INSTRUMENTS APPROVED BY ICAI

Companies will soon need to disclose the nature and extent of risks arising from the financial instruments they hold and the steps taken to manage such risks.

In a step which is likely to give shareholders a clearer picture of the health of the company they own, accounting regulator Institute of Chartered Accountants of India has approved a new accounting standard on disclosure of all sorts of financial instruments. It would also keep investors abreast of the steps taken by the companies to guard against potential financial losses.

COMMODITIES

1.0 HEDGING OF DOMESTIC PURCHASES OF CRUDE OIL AND SALES OF PETRO-PRODUCTS ALLOWED

As per the prevailing trade practices, indigenously produced crude oil is purchased at international prices by the refineries. However, hedging of price risk on domestic purchases of crude oil is not permitted. In order to enable domestic crude oil refining companies to hedge their risk exposures, it has been decided to permit them to hedge their commodity price risk on domestic purchase of crude oil and sale of petroleum products on the basis of underlying contracts linked to international prices on overseas exchanges / markets. The hedging will be allowed strictly on the basis of underlying contracts.

(RBI/2007-08/351 A.P. (DIR Series)
Cir. No. 47 dtd 3/06/08)

SPEAKERS - SERVICE TAX WORKSHOP

Ms. Anita Rastogi, PWC
Mr. Ashok Batra, FCA
Mr. Atul Gupta, Deloitte Haskins & Sells
Mr. J.K. Mittal, FCA, LLB
Mr. Manmohan Khemka, SAMYANK & Co.
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

** Speakers are being confirmed.*

FOR FURTHER DETAILS PLEASE CONTACT:

Ms. Chhaya (9873230416)
aicasfo@gmail.com, cfoworld@gmail.com
Convenor: CA Manmohan Khemka (9810064427)
Co-convenors:
CA Deepak Bahl (9810084888)
CA Manoj Pahwa (9811066276)
CA Rajesh Gosain (9810618348)
Advisor : CA Rajiv Kohli (9873430075)
Founder President : CA Vinod Jain (9811040004)
Vice President: CA Pramod Kapoor (9810730568)
President: CA Avineesh Matta (9811052264)

DUMMY TRAINING - TOUGH ACTION

Tough action has already been taken against CA trainees undertaking dummy article-ship. Vigilance, surveillance and also measures have been beefed up to take action against coaching institutions undertaking coaching activities between 9.30 a.m. to 5.30 p.m. besides serious action against students attending classes during office hours including cancellation of their training and / or suspending their appearance in the examinations. A self regulation is obligatory.

AUDIT

1.0 ONLY CAs CAN AUDIT, CERTIFY SALES TAX RETURNS: SC

The Supreme Court upheld the order which had said that only chartered or cost accountants will be eligible to audit and certify sales tax returns.

A bench comprising Justice HK Sema and Justice Markenday Katju dismissed the petitions filed by the Sales Tax Practitioners Association of Maharashtra and the Bar Council of Maharashtra. It upheld Bombay High Court order which had said that only chartered accountants or cost accountants would be eligible to certify sales tax returns.

The high court while upholding an amendment to Maharashtra Value Added Tax Act had observed that "the objective is to facilitate prevention of evasion of tax." The Act makes it mandatory for traders- with annual sales of over Rs. 40 lakh – to file sales tax returns verified only by chartered or cost accountants.



For any Further query, Please contact undersigned –

New Delhi	Rajesh Yadav – 09899999494, Kulbir Singh – 09999915695, Anshul Mathur – 09811100372
Jaipur	Toshika – 09772200299, Randhir – 9828023828
Kolkata	Saagar Rajpal – 09836803444, Somenath Chatterjee – 09830072709, Prasenjit Ukil – 9836028844
Noida	Salil Khanna – 09811136903, Manish Kathpalia – 09811920119
Gurgaon	Akshay Malik – 09811994313, Nikhil Anand – 09999499237
Chandigarh	Khushwant – 09988853579, Ankit – 09988881909
Lucknow	Ritesh Kumar – 09838078511, Dheeraj – 09838777177
Raipur	Rajkumar Agarwal – 09300099898
Patna	Rakesh Kumar – 09835018023
Mumbai	Himanshu Panchmatiya – 09360099008, Aalap Shah – 09920250986
Coimbatore	Kishore Siraj – 9360099008, V Prabakaran – 09790554422
Pune	Anish Verma – 9822901666, Brijesh Chirath – 09923398786
Ahmedabad	Vishal Rathi – 09879546359, Parin Shah – 09879200235
Jodhpur	Chaitanya – 09983316020, Prashant – 09772207022
Mysore	Ayyappa Radhakrishnan – 09886106894
Chennai	Praveen Kumar – 09841420471
Hyderabad	Satendra Singh – 09703202238
Kochin	Shaji Ravindran – 09745606780
Indore	Manoj Rathore – 09755591555
Nagpur	Amit Chatterjee – 09881147027
Bangalore	Judhajit Mallik – 09945696734

● **Contact details :** Dharampal (9350597662) / Chhaya (9873230416) All India Chartered Accountants' Society - CFO World 422, Okhla Industrial Estate, Phase-III, New Delhi-110020. Ph: 26223712, 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 Ltd., 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.

If undelivered, please return to :
All India Chartered Accountants' Society
4696, Brij Bhawan 21A, Ansari Road,
Darya Ganj, New Delhi-110 002