

# The Chartered Accountant World

A JOURNAL OF  
ALL INDIA CHARTERED ACCOUNTANTS' SOCIETY



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

## EDITORIAL

### FOREIGN DIRECT INVESTMENT – SECURITY CONCERN – POLICY PERSPECTIVE



CA VINOD JAIN\*

It has been reported in the media that the government is likely to opt for certain sector specific restrictions on foreign direct investment (FDI) to protect national security rather than imposing countries specific curbs, as recommended by a High Level Committee set up by the PMO.

In terms of current FDI guidelines there are restrictions on Pakistan and Bangla Desh nationals to invest in India and there are certain

specific restrictions on nationals from Sri Lanka, China, Afganistan, Iran, Nepal and Bhutan.

It may be appropriate for the government to prune down the aforesaid list of countries to a smaller number but to completely expunge the prohibition based on nationality could be a serious security threat.

It may also be important for the government to examine that declaration is filed by the investing company, duly verified by a chartered accountant that the effective control and management and / or the beneficial ownership of such investors do

contd. ...pg 2

### FAST TRACK JUSTICE FOR CORPORATES

The media has reported recommendation of Parliamentary Standing Committee to have a separate corporate bench in courts, which will hear cases of big corporate houses for enhanced fee to be paid by them is shocking. The fast track justice to be provided to those who can afford higher cost is against the basic tenets of our constitution to provide justice and equality to all the citizens. The hon'ble Supreme Court may kindly consider constituting a special committee of judges to be drawn from various high courts to suggest the ways and means as to how to reduce the delays in justice and how fast track justice can be provided to the poor and needy, who really needed.

The corporate sectors and businesses also need fast track justice and may be special additional benches can be created not only for criminal cases but also for civil cases including corporate and business claims. The benchmark and guidelines are to be provided to various courts at various levels to determine maximum number of days for a case can be kept with them before disposal, the circumstances in which adjournments can be granted and also ensuring that most of the evidences and arguments are completed in 1 or 2 hearings. All the parties to the dispute can be advised to supply all necessary supporting evidences and documents in advance before the case is taken

contd. ...pg 2



## 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 8<sup>th</sup> August to 23<sup>rd</sup> August 2008  
(8<sup>th</sup>, 9<sup>th</sup>, 22<sup>nd</sup>, 23<sup>rd</sup> August 2008)

**TIMING**  
11.00 am to 9.00 pm  
(Friday and Saturday)

*For Details Please see Page No. 3*



## All India Chartered Accountants' Society

announces

### 3 Days Intensive Workshop on VAT (Value Added Tax)

Critical issues and complex situations including CST  
to be deliberated upon by prominent professionals  
and academicians

**Dates : Saturday 8<sup>th</sup>, Friday 21<sup>st</sup> and  
Saturday 22<sup>nd</sup> November, 2008**

**At : Lecture Hall, India International Centre,  
Lodhi Estate, New Delhi**



## LATEST IN FINANCE

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### FOREIGN DIRECT INVESTMENT – SECURITY ...

not relate to certain specific alien nations. Also the KYC norms can be further strengthened in certain specific sectors like telecom, financial services, accounting, legal, consultancy, NGO's (trust, society and section 25 companies) and similar other vulnerable areas. The entities taking up foreign direct investments or foreign collaborations may be directed to give a declaration to the government that the ownership, management and control of the foreign investor and / or collaborator do not include specific alien nations nor they are involved in money laundering activities including terrorism, arm supply, narcotics (drugs) or similar other prohibited activities. The Indian chartered accountants, who may be requested to verify the aforesaid declaration may be empowered to receive necessary declaration and details from their counterparts in the respective countries to ensure that money laundering, anti-national activities or terrorism is not supported by foreign direct investment.

contd ... pg 1

### FAST TRACK JUSTICE FOR...

up for consideration and then in maximum 2 or 3 hearings the case has to be disposed off.

The current practice of listing large number of cases and then their hurried interim disposal by adjournment or small hearing has to be completely avoided.

The High Power Committee so appointed by Hon'ble Supreme Court may set up necessary guidelines for the government for increasing number of judges, their facilities, computerization of judicial cases and all other necessary steps as may be required.

The profession of chartered accountants is ready to help the highest court of justice in evolving proper procedures and practices and designing the same for the approval of the Hon'ble Court so that justice is not delayed.

### JUSTICE DELAYED IS JUSTICE NOT DONE

## LATEST IN FINANCE

### 1.0 CRRHIKE

RBI has decided to increase cash reserve ratio (CRR) of Scheduled Commercial Banks by 50 basis points to 8.75 per cent of its net demand and time liabilities in two stages, effective from fortnights as indicated below:

Effective date (i.e., the fortnight beginning from)	CRR on net demand and time liabilities (per cent)
July 5, 2008	8.50
July 19, 2008	8.75

(RBI/2007-2008/383 Ref: DBOD.No. Ret.  
BC. 96 /12.01.001/2007-08)

### 2.0 LIQUIDITY ADJUSTMENT FACILITY – REPO AND REVERSE REPO RATES

The Reserve Bank of India has decided to increase the fixed repo rate under the liquidity Adjustment Facility (LAF) by 50 basis points to 8.50 per cent from 8.00 per cent with effect from June 25, 2008. The reverse repo rate under LAF remains unchanged at 6.00 per cent.

(RBI/2007-2008/379 FMD.MOAG. No.19/01.01.01/2007-08)

### 3.0 RESEARCH, IT & ITES TO ATTRACT TAX SOPS

Research and development, IT and ITES would now qualify for inclusion in the industrial parks scheme. The Central Board of Direct Taxes notified the amendments that the Industrial parks are eligible for a 10-year income-tax holiday under sub-section (4) of Section 80 IA of the Income Tax Act, 1961.

According to the amendment scheme, the ambit of industrial activity has been expanded to include research and experimental development on natural sciences and engineering, development of computer software and information technology enabled services. The minimum constructed floor area has been reduced to 15,000 sq.m from the earlier 50,000 sq.m. The CBDT had notified the original scheme on January 8.

### 4.0 OVERSEAS DIRECT INVESTMENT BY REGISTERED TRUST/SOCIETY

It has been decided to allow Registered Trusts and Societies engaged in manufacturing / educational sector to make investment in the same sector(s) in a Joint Venture or Wholly Owned Subsidiary outside India, with the prior approval of the Reserve Bank. Trusts /Societies satisfying the eligibility criteria as prescribed in the Annex, may submit the application/sin Form ODI-Part I, through their AD Category-I bank/s. The AD Category-I bank, after ensuring that the applicant satisfies the prescribed criteria, may forward the application/s with their comments / recommendations, to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Overseas Investment Division, Central Office.

Conditions for Trust/ Society

- The Trust/Society should be registered.
- The Trust deed/ Society by-laws permits the proposed investment overseas.
- The proposed investment should be approved by the trustee/governing body
- The Authorised Dealer bank is satisfied that the Trust/Society is KYC (Know Your Customer) compliant and is engaged in a bonafide activity.
- The Trust/Society has been in existence at least for a period of three years.
- The Trust/Society has not come under the adverse notice of any Regulatory/Enforcement agency like the Directorate of Enforcement, CBI etc.

In addition to the registration, the activities which require special license / permission either from the Ministry of Home Affairs, Government of India or from the relevant local authority, as the case may be, the Authorised Dealer Category – I bank should ensure that such special license /permission has been obtained by the applicant.

(RBI/2007-08/387 A. P. (DIR Series) Circular No. 53)

# CERTIFICATE COURSE



## All India Chartered Accountants' Society

Announces an Intensive  
3rd Workshop on Service Tax  
from concepts to expertise.....



### DATES:

From 8<sup>th</sup> August 2008 to 23<sup>rd</sup> August 2008  
(8<sup>th</sup>, 9<sup>th</sup>, 22<sup>nd</sup> & 23<sup>rd</sup> August 2008)

### TIME:

11.00 a.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 – 8<sup>TH</sup> AUGUST 2008 (FRIDAY)

<b>Inaugural Session</b> 11.30 am to 1.00 pm	<b>Registration &amp; Tea : 11.00 a.m.</b> ● Delegate's Introduction ● Open House (to crystalize critical issues for workshop deliberations)
<b>Session-I</b> 2.00 pm to 3.45 pm	● Applicability-Person/Geographical (J & K) ● General Exemptions ● ● Issues related to Minimum Threshold Limit ● Finding appropriate classification for a particular service ● Bundled and Composite Services ● Sale v. Service - Challenges in tax on sale and service ● Service Tax vis-a-vis Other Tax Laws ● Service Tax on sub-contractors-legal position ● Latest Important Amendments in service tax ● Abatement under Service Tax Law
<b>Session-II</b> 3.45 pm to 5.30 pm	● Business Auxiliary Services ● Business Support Services ● Nature of above services and fine differences
<b>Session-III</b> 6.00 pm to 7.00 pm	● Valuation of Services ● Service Tax (Determination of Value) Rules, 2006
<b>Session-IV</b> 7.00 pm to 8.00 pm	Intellectual Property Services ● Franchise Services ● Intellectual Property Services

### DAY 2 – 9<sup>TH</sup> AUGUST 2008 (SATURDAY)

<b>Session-V</b> 11.15 am to 12.15 pm	Special session on Stock Broking and Financial Services ● Stock Broking Services ● Recognized Stock Exchange Services (New) ● Recognized Association or Registered Association Services (Goods or Forward Contract) (New) ● Processing and Clearing House Services (Goods or Forward Contract) (New)
<b>Session-VI</b> 12.15 am to 1.15 pm	● Banking & Other Financial Services (Enlarged) ● Foreign Exchange Broker's Services (Enlarged) ● Portfolio Management Services ● Management of Investment under ULIP Services (New)
<b>Session-VII</b> 2.00 pm to 3.00 pm	<b>Transport of Goods Services</b> ● Goods Transport Agency's Services ● Clearing and Forwarding ● Cargo Handling Services (Enlarged) ● Customs House Agent Services
<b>Session-VIII</b> 3.30 pm to 4.45 pm	<b>Professional Services</b> ● Practicing Chartered Accountants Services ● Management or Business Consultancy Services and related issues ● Consulting Engineer's Services (Enlarged) ● Scientific and Technical Consultancy Services ● Technical Testing and Analysis Services (Enlarged) ● Public Relations Services ● Information Technology Software Service ● Maintenance of Software Services
<b>Session-IX</b> 4.45 pm to 6.00 pm	<b>Procedures, Abatements and Filing</b> ● Registration procedure-Centralized / Decentralized ● Payment of Service Tax including e payment ● Concept of Associated Enterprises-need & evolution ● Refund/Adjustment of Service Tax ● Filing/Revision of returns ● Abatements from Service Tax ● Assessments ● Interest/Penalties ● Advance Rulings
<b>Session-X</b> 6.00 pm to 7.15 pm	<b>Concept of Goods and Service Tax (GST)</b>
<b>Session-XI</b> 7.15 pm to 7.45 pm	● Critical Issues in Service Tax
<b>Session-XII</b> 7.45 pm to 9.00 pm	Panel Discussion by Service Tax Experts

### 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.
- Programme is subject to last minute changes due to extraneous circumstances.

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

### DAY 3 – 22<sup>ND</sup> AUGUST 2008 (FRIDAY)

<b>Session-XIII</b> 11.30 am to 1.00 pm	<b>Open House discussion amongst the delegates-Experience Sharing</b>
<b>Session-XIV</b> 2.00 pm to 4.00 pm	<b>Cenvat Credit</b> ● Concept of Cenvat Credit ● Definition of input services-issues & litigation ● New Rule 6(3) and (3A)- Practical aspects & issues ● Operational issues in Cenvat credit including relevant notifications, Circulars and case laws ● Concept of Input Service Distributor
<b>Session-XV</b> 4.00 pm to 5.30 pm	<b>Real Estate &amp; Infrastructure Services</b> ● Initialization of related critical issues from industry perspective ● Commercial or Industrial Construction Services ● Construction of Complex Services ● Erection, Commissioning & Installation Services ● Services tax on Real Estate Developers-issues & litigation ● Services in execution of Works Contract ● Renting of Immovable Property Services ● Special Economic Zones related Issues
<b>Session-XVI</b> 6.00 pm to 7.00 pm	● Program Production Services ● Advertisement Services ● Broadcasting Services ● Space or Time Selling Services ● Sponsorship Services
<b>Session-XVII</b> 7.00 pm to 7.45 pm	● Convention Services ● Business Exhibition Services ● Event Management Services
<b>Session-XVIII</b> 7.45 pm to 8.15	

### DAY 4 – 23<sup>RD</sup> AUGUST 2008 (SATURDAY)

<b>Session-XIX</b> 11.30 am to 12.15 pm	● Commercial Training or Coaching Services ● Manpower Recruitment or Supply Agency's Services
<b>Session-XX</b> 12.15 pm to 1.00 pm	● Management Maintenance or Repair Services ● Authorised Service Station Services
<b>Session-XXI</b> 2.00 pm to 2.45 pm	● On Line Information and Database Access or Retrieval Services ● Internet Telecommunication Services ● Telecommunication Services
<b>Session-XXII</b> 2.45 pm to 3.15 pm	● Tour Operator's Services ● Rent a Cab Services
<b>Session-XXIII</b> 3.15 pm to 4.00 pm	● Design Services ● Development & Supply of Contents Services
<b>Session-XXIV</b> 4.00 pm to 5.30 pm	● Export of Services Rules, 2005 ● Taxation of Services (Provided from Outside India and received in India) Rules, 2006-Issues & litigation
<b>Session-XXV</b> 6.00 pm to 6.45 pm	● Supply of tangible goods-VAT vs. Service Tax ● Supply of tangible goods services (New) - need & evolution
<b>Session-XXVI</b> 6.45 pm to 7.30 pm	● Accounting and auditing issues in Services Tax ● Service Tax Compliance Audit ● Handling Departmental Audit
<b>Session-XXVII</b> 7.30 pm to 9.00 pm	● 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-110019  
Tel. : 26223712, 26226933, 26228410

Registration for ☐ Service Tax

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 .....



# 1<sup>ST</sup> WORKSHOP ON ACCOUNTING STANDARDS



AICAS Workshop Team



Cross section of participants attending the workshop

## LEADING EXPERTS SHARING THEIR TECHNICAL EXPERTISE



CA Amarjit Chopra  
Chairman Accounting Standard Board, ICAI



CA Akhil Bansal  
BSR & Co.



CA Aseem Vohra  
Grant Thornton



CA Jitendra Agarwal  
Deloitte Haskins & Sells



CA P R Ramesh  
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CA Balwinder Singh  
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CA Munish Saraogi  
Pricewaterhouse Coopers



CA Avinash Matta, President &  
CA Vinod Jain, Founder President, AICAS

# 5<sup>TH</sup> ANNUAL 6 DAYS WORKSHOP ON DIRECT TAXES

## LEADING TAX EXPERTS SHARING THEIR TECHNICAL EXPERTISE



CA Ved Jain  
President, ICAI



Dr. Girish Ahuja, FCA  
Lecturer Shri Ram College of Commerce



CA Vinod Jain  
Chairman, INMACS Management Services Ltd.



CA Amarpal S Chadha  
Sr. Manager, Ernst & Young



CA Baldev Raj  
S P Puri & Co.



CA Rakesh Gupta &  
CA Ajay Wadhwa



Mr. Inder Madhan  
Sr. Vice President, New Horizon



Sh. K. Sampat  
Advocate, Former Member ITAT



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CA Pramod Batra  
Sr. Manager, Ernst & Young



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Sh. R. Devrajan  
Secretary, Fiscal Law Committee



CA Sanjay Agarwal



CA Rupesh Jain  
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CA Alok Vasant  
Sr. Manager, Ernst & Young



CA S.K. Khurana  
Sr. Advocate



Sh. S.P. Singh  
Ex IRS Former Director Int. Taxation, Income Tax



CA Sandeep Chaufla  
KPMG



CA Sanjiv Chaudhary  
Pricewaterhouse Coopers



Sh. Subhash Lakhotia  
Sr. Advocate, Tax & Investment Advisor



Sh. V.P. Gupta  
Sr. Advocate



CA Vikas Vasal  
KPMG



CA Yogendra Khurana  
Pricewaterhouse Coopers







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### 5.0 RBI TIGHTENS ANTI-MONEY LAUNDERING NORMS

The Reserve Bank of India made it mandatory for regional rural banks (RRBs) to report all suspicious transactions above Rs. 10 Lakh to the directorate of financial intelligence as part of exercise to strengthen the anti-money laundering drive. The central bank had earlier issued similar guidelines for the commercial banks.

### 6.0 RBI EXTENDS FOREX BENEFITS TO CREDIT RISKS SETTLED BY PVT. PLAYERS

In a relief to exporters, the Reserve Bank of India has said that credit insurance claims settled by private insurers would qualify for compliance with foreign exchange obligations. So far, only claims settled by the Export Credit Guarantee Corporation (ECGC) were considered for discharging forex obligations in case a payment from the overseas buyer was not received by an exporter.

### 7.0 IT INVESTMENT REGIONS NOT ELIGIBLE FOR NEW TAX BENEFITS

The Information Technology Investment Regions (ITIRS) being planned across the country will lay stress only on creating infrastructure. The ITIRs will not be eligible for new tax benefits. A policy resolution for the ITIRs was gazetted on May 28. The ITIRs, which will be mostly built on the private public partnership model, are planned to promote investment in the IT, IT-enabled services sectors and electronic hardware manufacturing. If there are any special economic zones in the ITIR area, they will get existing tax benefits eligible for them.

#### INVESTMENT REGIONS

The idea of ITIRs is to create huge IT investment regions where the Central Government will provide infrastructure like airports, roads and telecom, and States will provide land and power.

### 8.0 RBI SETS M-BANKING NORMS

The wait for rolling out mobile banking seems to be over, with the Reserve Bank of India's (RBI) issuing draft operative norms for such payment system. According to RBI said, now it will be easier and safer to use mobile phones for carrying out a gamut of banking transactions.

## TAXATION

### 1.0 SEZ LAND ACQUISITIONS COME UNDER IT SCANNER

Land acquisition by special economic zones (SEZs) has come under tax scanner. The income tax department has upped the ante zero tax deduction at source (TDS) on payments made for purchase of land for these projects. Inspections and surveys by the I.T. department have revealed that in several recent SEZ land transactions, there was no deduction of tax. TDS in such cases has to be deducted at the rate of 1% for payments exceeding Rs. 15 Lakh.

### 2.0 SOURCING ARMS OF NRIs NOT TO PAY TAX

In a landmark decision, the Bangalore Tribunal has ruled that the income arising from non-resident Indians' (NRIs') sourcing operations through liaison offices in India is not taxable. The liaison offices have of late come under the scanner of the revenue department. The tax authorities are of the view that sourcing goods from India through agents is a revenue generating activity and so income from it should be taxed. The ruling is a breather for NRIs buying goods through agents in India for exports. The ruling is also important as it sets a principle that the purchase activity is not taxable in India, irrespective of whether the goods are purchased by the principal or the agent.

### 3.0 NO CAPITAL GAINS TAX ON ASSETS TRANSFER AT COST PRICE: TRIBUNAL

In a ruling that will help companies planning to transfer capital assets to other companies, including group entities, at the cost price, which may be significantly lower than the market price, the Mumbai tax tribunal has held that no capital gains tax needs to be paid in such transactions. The tribunal rules against the income-tax department's order that considered the difference between the transactions value and the prevailing market price as capital gains on which tax would be levied. The tribunal felt that

capital gains tax cannot be levied since no gain had accrued.

### 4.0 NO INTEREST ON UNEVEN DEDUCTION OF TDS

The Bangalore Income Tax Tribunal has held that where an assessee has deducted the tax at source (TDS) on salary every month and adjusted the shortfall of tax in the last month of that year in view of change in structure of salary payment, it cannot be considered as short-fall in deduction of TDS on a month-to-month basis.

The tribunal held that Section 192(3) of the IT Act provides liberty to the employer at the time of making of deduction, to increase or reduce the amount to be deducted for the purpose of adjusting any excess or deficiency in the deduction in the financial year. The assessee having exercised this liberty has adjusted the shortfall in the last month of the year and so there was no case of shortfall. Hence, it was held that interest for short deduction of TDS was not leviable.

### 5.0 PROJECT MONITORING SERVICES NOT A FEE

In a recent ruling, the Authority of Advance Rulings has said that project monitoring services do not amount to "making available" the technical knowledge, experience etc and so, cannot be taxed as "fees for technical services" under Double Taxation Convention. The income from such receipts would be taxed as business profits under Article 7 of the Convention. In this case, an Australian company provided professional services to an Indian company. The nature of services was to monitor the detailed project schedule, generate project monitoring report and provide fortnightly status report to the Indian Company.

AAR has laid down the pre-requisite for the application of the concept of "make available" is that the recipient of the services should be able to use the technical knowledge, experience etc. subsequently on its own without any recourse to the service provider.



### SERVICE TAX

#### 1.0 EXEMPTION TO SERVICE OF SUPPLY OF GOODS CARRIAGE

The Central Government, on being satisfied that it is necessary in the public interest so to do, has exempted the taxable service of supply of a goods carriage, without transferring right of possession and effective control of such goods carriage, referred to in sub-clause (zzzzj) of clause (105) of section 65 of the Finance Act, provided by any person to a goods transport agency for use by the said goods transport agency to provide any service, referred to in sub-clause (zzp) of clause (105) of section 65 of the Finance Act, to a customer in relation to transport of goods by road in the said goods carriage, from the whole of the service tax leviable thereon under section 66 of the Finance Act.

#### 2.0 BANKS FORECLOSURE CHARGES LIABLE FOR SERVICE TAX

It has been clarified by the Finance Ministry that Pre-closure or foreclosure charges collected by banks and other companies, as part of their lending and financial services activities, would attract service tax.

#### 3.0 TRUCKERS IN RENTAL BUSINESS NOT TO PAY SERVICE TAX

Truck Owners who rent out their vehicles to goods transport agencies (GTAs) have got a major relief with the finance ministry clarifying that they are exempt from service tax.

However, the agencies, which were also seeking exemption from service tax, are disappointed that they will have to continue to pay the tax.

### CORPORATE LAWS

#### 1.0 CONDONATION OF DELAY IN REGISTRATION OF CHARGES-CLB ORDER MANDATORY

The documents filed on the portal ([www.mca.gov.in](http://www.mca.gov.in)), on or after 6th July 2008 for registration /modification of the charge or for giving of intimation of payment or satisfaction thereof af-

ter a period of 60 days or 30 days respectively, shall not be registered by the concerned Registrar until the delay is condoned by the Hon'ble Company Law Board.

(Gen. Cir. No: 1/2008 No.8/2/2007 CL-V Dt. 1.07.08.)

#### 2.0 MRTPC CANNOT ORDER ALLOTMENT OF PLOTS, SAYS SC

The Supreme Court has ruled that the Monopolies and Restrictive Trade Practices Commission (MRTPC) has no power to order a housing authority to allot a plot to an applicant. It can impose damages or order compensation to a person who complains against the authority for practicing unfair trade practice but it cannot order allotment of plots to the applicant. This power belonged to the civil court.

#### 3.0 SC RULING ON SECTION 138 OF NEGOTIABLE INSTRUMENTS ACT

The Supreme Court has ruled that criminal proceedings for issuing a cheque without sufficient balance in the account would be valid only if it is drawn for discharging a debt or liability. If it is issued to satisfy the term of a compromise or settlement, Section 138 of the Negotiable Instruments Act could not be used to proceed against the drawer of the cheque.

### ACCOUNTING

#### 1.0 ICAI TO LAUNCH CERTIFICATE COURSE ON IFRS FOR ITS MEMBERS

The finance and accounting fraternity is concerned over the change in accounting practices and procedures and recruiting and retaining talent to deal with International Financial Reporting Standards (IFRS) that will become effective from April 1, 2011. Bodies like Accounting Standard Board of Institute of Chartered Accountants of India (ICAI) have kicked started series of awareness programmes to manage the conversion from Generally Accepted Accounting Standards in India (Indian GAAP) to IFRS and meet the deadline without any hiccup. ICAI is considering coming up with a certificate

course for its members to equip them with accounting and reporting based on IFRS.

#### 2.0 FULL CONVERGENCE WITH GLOBAL ACCOUNTING STANDARDS BY 2011, SAYS ICAI

Indian Accounting Standards will fully converge with the International Financial Reporting Standards (IFRS) by 2011. The National Advisory Committee on Accounting Standards (NACAS) is reviewing AS-30, AS-31 and AS-32. Following this, AS-32 will become mandatory from April 2011. There are now more than 100 countries across the world where IFRS is followed. Once the Indian accounting standards converge with the IFRS, it would be first applicable for the listed companies and then for other entities in phases. The convergence to IFRS would greatly enhance Indian entities' ability to raise and attract foreign capital at low cost. The US is proposing that foreign filers may comply the US GAAP if they adopt the IFRS standards.

### CAPITAL MARKET

#### 1.0 MANDATORY REQUIREMENT OF PERMANENT ACCOUNT NUMBER (PAN)

It is clarified that PAN may not be insisted in the case of Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market.

#### 2.0 SEBI CLEARS EXCHANGE TRADED CURRENCY FUTURES

The SEBI Board decided on the introduction of Exchange Traded Currency Futures Market. A SEBI board took note of the report of the RBI-SEBI Standing Technical Committee on Exchange Traded Currency Futures. It also noted that applications had been received from two exchanges – the National Stock Exchange of India Ltd. and the Multi Commodity Exchange India Ltd. – for starting exchange traded currency futures platform.

**Date of Publishing : 12<sup>th</sup> JULY, 2008**  
**R.N.I. No. 50796/90**  
**Posting Date 14/15 JULY, 2008**

**Registration No. DL(IP)-01/7049/2006-08**  
**Licenced to post without prepayment No. U-(C)-82/2006-08**

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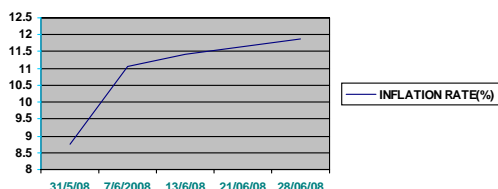


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