

The Chartered Accountant World



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

MASTERS IN BUSINESS FINANCE – A MAJOR LEAP BY ICAI

The ICAI – Management Accounting Committee under the able leadership of **CA Vinod Jain**, Member Central Council and National Course Director has taken a major leap by launching Certificate Course in Masters in Business Finance in Delhi and Mumbai on 11th and 12th July, 2009. This is a historical occasion for the Chartered Accountants. The Course Contents provide for imbibing expert knowledge and exposure to Chartered Accountants in the finesse of the field of finance including resource raising in India, international resource raising, investment banking, merchant banking, private equity funds, venture capital funds, international funding agencies, banks, pension fund, valuation, mergers and acquisitions and corporate structuring.

ICAI has developed MBF syllabus after thorough review and the detailed study of syllabi of Harvard, Stanford, Kellogg, International School of Business at Hyderabad,

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ICAI CREATING VALUE – CERTIFICATE COURSE ON VALUATION

The Corporate Laws Committee of the Institute, under the leadership of Mr. Vinod Jain as its Chairman also launched a 3 month Course on valuation to equip members with expertise in valuation of Business, Valuation of shares, Valuation of Brands, Valuation of Intellectual Property Right, Valuation of Assets, Valuation of Jewellery and Valuation of Companies under restructuring and all other types of valuations including valuation of Art and Artifacts. The 1st round of Course started in November, 2008 and has been successfully completed in Delhi, Mumbai, Chennai and Kolkata. Exams have been held and more than 200 highly equipped top quality Valuation Expert Chartered Accountants are already serving the market places. The 2nd batch of Valuation Course has already begun at Delhi and Mumbai. In the Valuation Course professors from IIMs, IITs, Top Management Institutes, CFO's, Big 4 Accounting Firms and top notch Consultants have shared their knowledge

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All India Chartered Accountants' Society

Announces

Lecture Meeting on

BUDGET - 2009

(Clause by Clause Analysis)

India International Centre, Annexe Building,
Lecture Hall, 40 Max Mueller Marg, Lodhi Estate,
New Delhi-110003

Date:
Saturday, 18th July 2009

Timings:*
9.30 AM to 1.00 PM

** Followed by Lunch at 1.00 pm.*

Participation Fee: Rs. 250 per head



CFO World and

All India Chartered Accountants' Society



Announces

“Orientation Programme”

for Young CA's

CAREER TAKE-OFF

India International Centre, Annexe Building,
Lecture Hall, 40 Max Mueller Marg,
Lodhi Estate, New Delhi-110003

Date:
Saturday, 25th July 2009

Timings:*
9.30 AM to 1.00 PM

** Followed by Lunch at 1.00 pm.*

Participation Fee: Rs. 250 per head

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



BUDGET HIGHLIGHTS 2009-10

DIRECT TAXES

Tax Rates

- **Basic exemption limits** in personal tax is proposed to be **raised**. Accordingly, the new exemption limits in case of different categories of individual assessee shall be as under:

Category of Assessee	Existing Limit	New Limit
Senior Citizens	2,25,000	2,40,000
Women Assesseees	1,80,000	1,90,000
Other Assesseees	1,50,000	1,60,000

- **Surcharge** of 10 percent in respect of individuals and HUFs having income exceeding Rs. 10 lacs and on firms having total income exceeding Rs. 1 Crore has been **eliminated**.
- Corporate Tax Rates remain unchanged
- Tax rate for Minimum Alternate Tax (MAT) u/s 115JB is increased from **10 per cent** of book profits to **15 per cent** of book profits.
- The period allowed for carry forward of **tax credit** under section 115JAA under MAT is extended from **7 yrs to 10 yrs**.
- A New clause has been inserted in explanation 1 to section 115JB (2) to provide that any provision debited in the profit and loss account for diminution in the value of any asset shall be added to the net profits for computation of book profits for MAT.
- Fringe Benefit Tax (FBT) **abolished** w.e.f. Assessment Year 2010-11 (F.Y 2009-10).
- Commodity Transaction Tax (CTT) is to be **abolished**.
- All purchase and sale of equity by New Pension Scheme (NPS) Trust to be exempt from Securities Transaction Tax (STT).
- Threshold limit for payment of Advance Tax raised from Rs.5,000/- to Rs.10,000/-.

Deductions/Exemptions Extended

- Deduction under section 80DD in respect of maintenance of a dependent with severe disability raised from 75,000 to Rs. 1 Lakhs.
- Sun-set clauses for deduction in respect of export profits under section 10A and section 10B being extended for financial year 2010-11.
- Donations to electoral trusts to be allowed as a 100% deduction from income under section 80GGB and section 80GGC.

- Deduction under section 80E in respect on interest on loans for higher education to be extended to all fields of study, including vocational studies.
- Tax holiday under section 80IB (9) available in respect of profits arising from commercial production or refining of mineral oil, to be extended to natural gas with retrospective effect.
- Scope of provisions relating to weighted deduction of 150% extended to all manufacturing businesses except for a small negative list.

Tax Deducted at Source

- The distinction between contractor and sub-contractor removed and uniform rate of TDS prescribed for payment to contractor and sub-contractors u/s 194C. The new rates w.e.f. 1st October, 2009 are as under:
 - a) 1% where payment made to or credit to an individual or HUF.
 - b) 2% where payment made / credit to person other than individual or HUF.
- The rate of TDS u/s 194I on payment by way of rent of machinery, plant and equipment is proposed to be **reduced from 10% to 2%** w.e.f. 01.10.2009. Also TDS on payment by way of rent of land, building or furniture is proposed to be **reduced from 15% / 20% to 10%** w.e.f. 01.10.2009, irrespective of who the payee is.
- Rate of TDS u/s 194A on interest other than on securities has been reduced from 20% to 10% w.e.f. the date of enactment of Finance Act.
- No surcharge and cess to be taken into account in case of TDS on non salary payments to resident taxpayers.
- Payment to transport operators exempted from the purview of TDS where transporter furnishes his PAN to the deductor.
- Non furnishing of PAN by the deducted shall result in higher TDS @ 20% w.e.f. 1st April, 2010.

OTHERS

- Section 56(vi) related to gifts has been amended to include any kind of property (movable or immovable) w.e.f. 1.10.2009.
- Basic exemption limit under Wealth Tax is increased from Rs. 15 lakhs to Rs. 30 lakhs.
- Limit for disallowance of cash expenditure u/s 40(A)(3A) has been increased from Rs.20,000/- to Rs.35,000/- in case of transporters.



INDIRECT TAXES

Service Tax

- Four new taxable services have been added:
 - a) Cosmetic Surgery or Plastic Surgery
 - b) Transport of Coastal Goods; and Goods transported through Inland water.
 - c) Legal Consultancy Service
 - d) Transport of Goods through Rail
- Following services to be exempt from services tax :
 - a) The inter-bank transactions of purchase or sale of foreign currency, when undertaken by scheduled banks
 - b) Service provided by tour operator undertaking point-to-point transportation of passengers in a vehicle bearing contract carriage permit.
 - c) Export Promotion Council and the Federation of Indian Export Organisation on membership and fees collected by them till 31st march 2010.
 - d) The following two services have been exempted, if they are used for export of goods and where the liability to pay the tax on such services is on the exporter himself, on reverse charge basis -
 - i) Transport of goods by road, from the place of removal to any ICD, CFS, port or airport; or from any CFS or ICD to the port or airport; and
 - ii) Services provided by a foreign commission agent for procuring orders.
- Services provided by sub- brokers excluded from the purview of service tax.
- Rate of service tax for provider of taxable as well as exempt services not maintaining separate books of accounts, reduced from 8% to 6%.

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MASTERS IN BUSINESS FINANCE ...

Indian Institute of Management (IIMs) at Ahmedabad, Bangalore, Kolkata, Lucknow, Kozhikode, Indore, other top 20 management institutes in India, ICAI and Certified Financial Analysts Institute of USA and various universities within India and outside India including London School of Economics and European Management Institutions.

ICAI has acquired a very large number of all possible top rated literature and books by best authors irrespective of the cost constraints but overtly useful, in the field of

finance and management from various countries across the world and has made them available in the library of the Institute as well as to the participants of the Course.

The Course has received overwhelming response from Chartered Accountants in India as well as outside India and the seats had to be increased to from 100 to 150 at Delhi as well at Mumbai to meet the tremendous demand among the aspirants. Even now 100s of Chartered Accountants across India are aspiring to join the Course.

Very prominent faculties from IIMs, XLRI, Jamshedpur, ISB, Top Management Institutes and Universities in India have given their consent and have already started participating as faculty and visiting professors to the Course. In addition Bank Chairmen, Executive Directors, private equity fund chiefs, heads of Mutual Funds, Top Investment Bankers and topmost merchant bankers are sharing their knowledge with the students of Masters in Business Finance Course.

In addition top leading Chartered Accountants including Chief Financial Officers of various large companies are expected to share their skill and practical experiences with a view to create wealth of knowledge within the Institute.

The Masters in Business Course is being delivered through classroom teaching over one year on Saturdays / Sundays, besides case studies, group discussions and research being undertaken by the MBF students.

Full details of the Course are available at www.icai.org on the home page.

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ICAI CREATING VALUE

and expertise with Chartered Accountants. All best quality books on valuation including case studies which are about 75 in numbers are available in the library of the Institute to equip Chartered Accountants in delivering value by preparing high quality Valuation Reports.

ICAI Council passed has passed "Valuation Standards" to be effective from 1st April, 2010 as a part of the series of Corporate Affairs Standards. India has become 3rd country in the world having international level of Valuation Standards for being observed by the Valuers and the users. It maybe noted that Valuation Standards are currently recommendatory in nature.

Full details of the Course are available at www.icai.org on the home page



LATEST IN FINANCE

1.0 3-DAY MIBOR INTRODUCED

The Market Practices Committee and Fixed Income Money Market & Derivative Association of India (FIMMDA) Board in consultation with National Stock Exchange (NSE), has decided to introduce a 3-Day MIBOR, with effect from Friday 6th June 2008. Banks which are on the polling list for polling MIBOR rates to NSE are requested to poll two rates on Fridays commencing from 6th June 2008, that is:

- i) A one day MIBOR, as usual.
- ii) An additional 3-Day MIBOR.

Commencing Saturday 7th June 2008, the MIBOR will be polled at 10.30 am instead of 9.40 am as is done on week-days, as the market is very thin on Saturdays, and market is expected to have a better depth by 10.30 am.

(FIMCIR/2008-09/08)

2.0 ECB POLICY-AMENDED

● External Commercial Borrowings (ECB) for Integrated Township

It has been decided to extend the permission up to December 31, 2009, under the Approval route.

● ECB for NBFC sector

Non-Banking Finance Companies (NBFCs), which are exclusively involved in financing of the infrastructure sector, are permitted to avail of ECBs from multilateral / regional financial institutions and Government owned development financial institutions for on-lending to the borrowers in the infrastructure sector under the Approval route, subject, inter-alia, to the condition that the direct lending portfolio of these lenders vis-à-vis their total ECB lending to NBFCs, at any point of time, should not be less than 3:1. It has now been decided to dispense with this condition with effect from July 1, 2009. The proposals will, however, continue to be examined by the Reserve Bank under the Approval route, as hitherto.

● ECB for Development of SEZ

It has now been decided to allow Special Economic Zone (SEZ) developers also to avail of ECB under the Approval route for providing infrastructure facilities, as defined in the ECB policy, within the SEZ. However, ECB shall not be permissible for development of

integrated township and commercial real estate within the SEZ.

● Corporates under Investigation

Any request by corporates, which have violated the extant ECB policy and are under investigation by RBI for ECB will be examined under the Approval route

(RBI/2008-09/ 517 A.P. (DIR Series) Cir. No.71, June 30, 2009)

3.0 RUPEE EXPORT CREDIT INTEREST RATES

The Government of India has decided to extend Interest Subvention of 2 percentage points w.e.f. June 01, 2009 till September 30, 2009 on pre and post shipment rupee export credit extended by scheduled Urban Cooperative Bank (UCBs) holding AD category licenses, for certain employment oriented export sectors as under:

- Textiles (including Handloom)
- Handicrafts
- Carpets
- Leather
- Gems and Jewellery
- Marine Products, and
- Small & Medium Enterprises (as defined in the Annex)

The claims should be accompanied by an Auditor's Certificate certifying the claims for subvention of Rs.....for the period June 01, 2009 to September 30, 2009, as true and correct. Settlement of the claim will be done only on receipt of this certificate.

(RBI/2008-09/505 UBD.PCB.Cir.No. 3 /13.05.000/2008-09,18.06.09)

4.0 CONCERTED ACTION TO CHECK BANK FRAUDS SEEKED

In an effort to prevent fraud in cases involving multiple banking arrangements, the Reserve Bank of India (RBI) has asked that the details of such frauds should immediately be shared by the detector bank with consortium banks for joint action.

5.0 INTEREST SUBSIDY SCHEME FLOATED

The government has launched a new scheme on interest subsidy on educational loans taken for professional courses by economically weaker students. Under the new scheme, students can get loans from government with subsidised interest.

CERTIFICATE COURSE



All India Chartered Accountants' Society
Announces an Intensive
2nd WORKSHOP ON ACCOUNTING STANDARDS
From concepts to expertise



DATES:
From 4th July to 25th July 2009
(4th July, 11th, 18th,
25th July, 2009)

TIME:
1.00 p.m. to 8.00 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, Lodhi Estate,
New Delhi-110003

THE COMPREHENSIVE REFERESHER COURSE ON ACCOUNTING STANDARDS

Accounting profession has changed its dimensions over years. Rapid changes on regulatory front poses challenges for accountants and auditors in understanding and applying postulates emanating out of ever evolving accounting standards in presentation of and disclosure in financial statements. In order to empower the fraternity through structured learning, an intensive 4 days workshop is being conducted with the active participation of eminent academicians and practitioners as speakers

DAY 3 – 18th JULY 2009 (SATURDAY)

- | | | |
|--|---|---|
| <p>Session XIII
2.00 p.m to 4.00 p.m</p> <p>Session XIV
4.00 p.m to 5.15 p.m</p> <p>Session XV
5.45 p.m to 6.45 p.m</p> | <ul style="list-style-type: none"> • Indian GAAP, US GAAP and IFRS – a comparative study • AS – 22 (Accounting for Taxes on Income) • Concept and Application • Recognition Principles • Calculating Deferred Tax Assets and Deferred Tax Liability • Disclosure Requirement • 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. • AS – 17 Segment Reporting • Concepts, principles, application and disclosure requirement | <ul style="list-style-type: none"> • AS – 18Related Party Disclosure • Whether Related Party definition needs more elaboration/clarification • Related Party covered • Transactions to be covered • Controversies, issues and practical aspects • Position as per IFRS and major changes expected with IFRS implementation • Case studies and some examples of disclosures in published • AS – 29 (Provisions, Contingent Liabilities and Contingent Assets) • Difference between a provision and liability |
|--|---|---|

DAY 4 – 25th JULY 2009 (SATURDAY)

- | | | |
|--|--|--|
| <p>Session XVII
2.00 p.m to 3.45 p.m</p> <p>Session XVIII
3.45 p.m to 5.30 p.m</p> | <ul style="list-style-type: none"> • Deliberations on - AS 30 (Financial Instruments: Recognition & Measurement) - AS 31 (Financial Instruments Presentation) - AS 32 (Financial Instruments: Disclosures). A. Critical issues on AS – 15 implementation and Disclosure including some case studies | <ul style="list-style-type: none"> B. International Financial Reporting Standards • IAS 1 – Presentation of Financial Statement* • IAS 8 – Accounting policies, changes in accounting estimates and errors* IFRS 1 – First Time adoption of IFRS Implementation issues relevant to India Regulatory and other changes required in Indian context • Question Session |
|--|--|--|

**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.

**FEE STRUCTURE FOR ACCOUNTING
STANDARDS WORKSHOP**

PARTICIPANTS	FOR 2 DAYS	1 DAY
For Non-Chartered Accountant	Rs. 2300/- per delegate	1250/- per delegate
For Chartered Accountant's	Rs. 2000/- per delegate	1100/- per delegate

FOR FURTHER DETAILS PLEASE CONTACT:

Ms. Chhaya (9873230416)
aicas.cfo@gmail.com, cfoworld@gmail.com

For Registration Form see page 6

*Speakers**

- CA Amarjit Chopra-Vice President ICAI, Former Chairman, Accounting Standard Board, India
- CA Praveen Kumar-Partner, ASA & Associates
- CA Neeraj Sharma-Associate Director, Grant Thornton
- CA Archana Bhutani-Director, BSR & Co.
- CA Venkataraman Vishwanath-BSR & Co.
- CA P R Ramesh-Partner, Deloitte Haskins and Sells, Hyderabad
- CA Kaushik Dutta-Partner, Pricewaterhouse Coopers

Other honourable speakers who deliberated during first two days of workshop:

Dr. Avinash Chander, CA Suchita Sharma, CA Balvinder Singh, CAD.S. Rawat, CA V. Rethinam, CA Vijay Agarwal, CA Sumant Chadha, CA Meenakshi Sangal, CA Munish Saraogi

** Speakers are being confirmed*



REGISTRATION FORM

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

Name : Mem. No. (ICAI) :
Designation :
Organisation :
Address :
.....
Phone No.: Off.: Res.:
Mobile No. E-mail (Official).....
(Personal).....
Please Tick:
 Accounting Standards
Specify
Payable to "All India Chartered Accountants' Society"
Via DD/Cheque (Delhi only) No. :
Date : Bank :
Amount : Signature

TAXATION

1.0 NO TAX ON FOREIGN TELCOS FOR CARRYING CALLS ABROAD: AAR

The Authority for Advance Ruling (AAR) has ruled that the foreign telecom firms operating without a permanent establishment in India are no more required to pay any tax on income from carrying international calls and data services in pacts with domestic operators. Giving a ruling on an application from Cable & Wireless Networks India which proposed to enter a pact with the UK arm of the same parent company, AAR said that in the absence of there being any permanent establishment of C&W Uk in India, this income is not at all taxable here.

2.0 UTN IMPLEMENTATION DEFERRED

The Central Board of Direct Taxes (CBDT), the apex body administering direct taxes, put on hold the new form and conditions to improve tax deduction at source filing system. The new rules which had been brought out without any notice had drawn criticism from the taxpayers as it allegedly made the process further cumbersome. This was particularly as even tax department's own software was allegedly found lacking in supporting the new form and conditions. Thus, taxpayers filling their income tax return for assessment year 2009-10, or any other earlier assessment year, may continue to file their returns without mentioning the unique transaction number (UTN) as required under these rules.

CORPORATE LAW

1.0 LABOUR: CIVIL COURTS CAN'T DECIDE INDUSTRIAL DISPUTES

The Supreme Court has set aside the judgment of the Kerala high court in the case of Apollo Tyres Ltd. vs. CP Sebastian, and asserted that civil courts have no jurisdiction to decide labour matters. In this case, the general secretary of the trade union in the Kerala factory was promoted and transferred to a unit in West Bengal. He refused the promotion and resisted the transfer. He moved the civil court asking it to restrain the management from interfering with his right to perform legitimate trade union activities in the Kerala unit. He also asked the court not to force him to accept any promoted post. The civil court dismissed his petition, but high court ruled that the issue could be decided by the civil court. On appeal by the company, the apex court declared that the issue was in the nature of an industrial dispute. There are many powers which the labour court or the industrial tribunal enjoys which the civil court does not enjoy, e.g. the power to enforce contracts of personal service, to create contracts, to change contracts.

2.0 BOUNCED CHEQUE: CIVIL AND CRIMINAL LIABILITY CAN RUN SIMULTANEOUSLY

The Supreme Court has set aside the judgement of the Delhi High Court and ruled that in a case of bounced Cheque, both civil and criminal cases can go on at the same time. In this case, Vishnu Dutt vs. Daya Sapa, the drawer of bounced Cheque stated that her Cheque book was forcibly taken by a former policeman and used in lieu of a bribe in a property transaction. The criminal court believed it and acquitted her of the charge of issuing Cheque without sufficient funds in the bank account. However, she was sued for repayment of the loan. She argued that since the criminal court had acquitted her, the civil suit for recovery of the loan could not stand. The high court accepted this contention, but the Supreme Court quashed the high court decision, stating that the civil suit for recovery of loan would continue even if she was acquitted under Section 138 of the Negotiable Instruments Act.

3.0 MOTOR INSURANCE: TRIBUNAL CAN AWARD MORE THAN ASKED FOR

The Supreme Court has dismissed the appeal of the National Insurance Company against the award of compensation in a road accident death, and ruled that



INSURANCE / INDIRECT TAX / ACCOUNTING / CAPITAL MARKET

the accident claims tribunal can award damages more than asked for by the dependant of the victim. In this case, a technician of Maruti Udyog Ltd died in a road accident because of the negligence of the driver of a truck insured by National Insurance. The widow and her two children sought Rs. 20 lakh as compensation from the truck owner. The tribunal awarded Rs. 22 lakh, to be paid by the insurer. It appealed to the Punjab and Haryana high court, without success. Its appeal to the SC also was rejected. The judgement emphasized that the tribunal has powers to give more than asked for.

INSURANCE

1.0 IRDA PROHIBITS INSURERS FROM INVESTING IN IDRs

The Insurance Regulatory and Development Authority (IRDA) has barred insurance companies from investing in Indian Depository Receipts (IDRs), saying the Insurance Act forbids investments outside the country.

INDIRECT TAX

1.0 HIGH COURTS CANNOT OVERLOOK DELAY IN FILING EXCISE APPEALS

The Supreme Court has reiterated that high courts have no power to condone delay in filing an appeal under section 35-G of the Central Excise Act. This question was raised in the case of Chaudharana steels (P) Ltd vs. The Commissioner of Central Excise, Allahabad. The Supreme Court pointed out that in one of its earlier judgment, Commissioner of Customs, Central Excise, Noida vs. Punjab Fibres Ltd, the court had held last year that high courts have no power to condone delay in seeking reference under Section 35-H of the Act. Doubting the correctness of that view, a reference was made to a larger bench. A three-judge bench then upheld the view of the Punjab Fibres judgment in March this year in the case of Commissioner of Customs & Central Excise vs. Hongo India (P) Ltd. Thus the Supreme Court said while dismissing the appeal that there was no doubt about this question after the judgement in the Hongo India case.

ACCOUNTING

1.0 RBI MODIFIED NBFC ACCOUNTING NORMS

The Reserve Bank of India (RBI) has modified the accounting norms for non-banking finance companies.

NBFCs were earlier advised in July 2008 that in terms of Accounting Standard 22, the tax effects of timing differences are included in the tax expense in the statement of profit and loss as deferred tax assets (DTA) (subject to the consideration of prudence) or as deferred tax liabilities (DTL) in the balance sheet. Further that the balance in DTL account will not be eligible for inclusion in Tier I or Tier II capital for capital adequacy purpose and that DTA being an intangible asset, should be deducted from Tier I capital. However RBI has further clarified that DTL created by debit to opening balance of revenue reserves or to profit and loss account for the current year should be included under 'others' of "Other Liabilities and Provisions."

CAPITAL MARKET

1.0 MUTUAL FUND ENTRY LOAD SCRAPPED

- There shall be no entry load for all mutual fund schemes.
- The scheme application forms shall carry a suitable disclosure to the effect that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor.
- Of the exit load or CDSC charged to the investor, a maximum of 1% of the redemption proceeds shall be maintained in a separate account which can be used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Any balance shall be credited to the scheme immediately.
- The distributors should disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing schemes of various mutual funds from amongst which the scheme is being recommended to the investor.

This circular shall be applicable with effect from August 1, 2009

(SEBI/IMD/CIR No.4/168230/09, June 30, 2009)

2.0 PAN NOT NEEDED FOR SIP INVESTMENTS UP TO RS 50K

Retail investors can put their money in mutual funds in small lots without giving their PAN card details for up to Rs 50, 000.

3.0 SEBI WANTS MUTUAL FUND ALLOCATIONS IN ANCHOR INVESTOR QUOTA

The Securities and Exchange Board of India (SEBI) has recommended reservation for domestic mutual funds within the quota allocated for “anchor investors” in initial public offers (IPOs). The concept of anchor investors was introduced with a view to bring high quality investors. This allows for 30 per cent of the quota for qualified institutional buyers (QIBs) to be allocated to anchor investors. For domestic mutual funds, SEBI said the quota should be one-third of the anchor investor portion or 10 per cent of the QIB portion.

Anchor investors will have to invest a minimum of Rs. 10 crore and bring in 25 per cent of the margin money on application and the remaining 75 per cent within two days of the issue closing. SEBI has also said if the anchor investor allocation is less than 30 per cent of the QIB quota, the remainder can be allocated to other investors. Those allotted shares under the anchor investor quota can also apply for the same IPO under the general QIB quota.

FINANCIAL INDICATORS		
	Current Rate* (in %)	Month Ago (in %)
3 Month LIBOR	0.50	0.62
3 Month MIBOR	4.84	4.83
Inflation (WIP) **	-1.55	0.13
SENSEX	13504	15238
NIFTY	4004	4583
Gold (per 10 gm)	14485	14578
Silver (per kg)	21710	23584
Crude (USD/bbl)	59.89	71.55
Rs. vs USD	48.69	47.41
Rs. vs Euro	68.00	66.81

* as on 11th July, 2009.
** for the week ended June 27 & May 30, 2009 resp.
(Sources: Bloomberg, NSE, MCX)

FEMA

1.0 FIPB SAYS PRESS NOTES 2, 4 CAN'T BE RETROSPECTIVE

The Foreign Investment Promotion Board (FIPB) has made it clear that press Notes 2 and 4 issued in February 2009, which changed the way indirect foreign equity would be treated in calculating foreign investment levels in Indian corporations, cannot take effect retrospectively for proposals before the board.

AUDITING

1.0 UCBs MUST PROVIDE MORE FOR BAD LOANS

The Reserve Bank of India (RBI) has asked all primary urban cooperative banks (UCBs) in the country to ensure more than the prescribed provision for non-performing assets (NPAs). RBI said that the norms for provisioning represented only the minimum requirement. Banks could put in place policies to provide for estimated actual losses in collectable amounts and make provisions accordingly.

PROFESSIONAL OPPORTUNITIES

- In the case of Refund of Service tax for exporters where the amount of refund exceeds 0.25% of the total declared FOB value of the export under the claim, a certificate from Chartered Accountant who audit the annual accounts of exporter under the provisions of the Companies Act, 1956 or the Income-tax Act, 1961 is required
- The Finance Minister has accepted the representation received from the Institute to nominate Chartered Accountant u/s 14A & 14AA of the Central Excise Act, 1944 for special audit. Consequently Section 14 A and 14AA have been amended to provide that the Chief Commissioner may also nominate Chartered Accountants for conducting special audits.
- Chartered Accountants may soon see their world expanding with the government considering a proposal for deploying them in the countryside to audit the finances of sarpanches, block development officers and other officials handling the United Progressive Alliance's flagship National Rural Employment Guarantee Programme (NREGP).

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