



## EDITORIAL

### ICAI – THE ROADMAP AHEAD

The elections to the Central Council of the Institute of Chartered Accountants of India are scheduled on 4<sup>th</sup> and 5<sup>th</sup> December, 2009. At this juncture, it is therefore important to analyze some of the key agendas before the CA profession to be taken up by the Council of the Institute with the consultative process and the active participation of the members.

● **Employment Opportunities:**

It is important to harness national and international employment opportunities for newly qualified Chartered Accountants as well as for mid-level and top level management positions.

- It is important to restructure education and training and to provide residential course for significant skill up-gradation of members empowering them to compete with MBAs and other professions globally.
- Introduction of IFRS and International Accounting and Auditing Standards have increased complexities coupled with extensive compliance requirements. We have chalked out a plan for simplification and reduction in complexities in accounting and audit especially for small and medium enterprises/companies.
- **Auditors' Independence and appointment:**  
 The position of auditors has to be strengthened and duly empowered with independence. The power to

**It is important to strongly pursue with RBI, MCA, SEBI and other regulatory authorities for appointment of Chartered Accountants as independent auditors, joint auditors and special auditors through empanelment.**

**To prescribe minimum fee benchmark for concurrent, revenue and inspection audit of banks ...**

appoint auditors by Board of Directors or those charged with governance has severely impacted the efficacy of audit.

- It is important to strongly pursue with RBI, MCA, SEBI and other regulatory authorities for appointment of Chartered Accountants as independent auditors, joint auditors and special auditors through empanelment in banks, listed entities and other entities in which public is substantially interested and it is also important to ensure transparency in appointments.
- **Professional Fee Scale:**  
 It is important to prescribe that the norms of eligibility for tendering are within reasonable professional standards and are not highly leveraged to suit to specific

*contd. page 3*

### ICAI Election 2009

#### Polling Dates

Delhi/New Delhi : Friday, 4<sup>th</sup> December, 2009 &  
 Saturday, 5<sup>th</sup> December, 2009  
 Outside Delhi : Saturday, 5<sup>th</sup> December, 2009

#### Polling Timing

8.00 A.M. to 8.00 P.M.

**In the interest of the profession,  
 All India Chartered Accountants' Society  
 urges "members" of ICAI  
 to cast their valuable Vote**



### LATEST IN FINANCE

#### 1.0 INTEREST RATE CEILING ON RUPEE EXPORT CREDIT

The ceiling on interest rates on pre-shipment rupee export credit up to 270 days and post-shipment rupee export credit up to 180 days had been stipulated at BPLR minus 2.5 per cent, valid up to October 31, 2009. It has been decided to extend the validity of the above dispensation up to April 30, 2010.

(RBI/2009-10/197 October 28, 2009 MPD.BC.326 /07.01.279/2009-10)

#### 2.0 NEW NORMS FOR PRICING LOANS

- Base Rate at 8.55 per cent taking 2008-09 data.
- Sub-base rate lending not viable.
- Norms to be applicable on loans with duration of one year and above, including working capital loans.
- Lending below Base Rate not to exceed 15 per cent of total incremental lending for the financial year.
- All new and existing loans that come up for renewal to come under the new rate.
- All loan categories currently not linked to the Base Rate, except credit card receivables, loans to banks' own employees, etc.
- Administered lending rate for small borrowers be deregulated.

According to the working group which reviewed the system of lending rates, the Base Rate could serve as the benchmark for floating rate loans. The committee wants banks to bring more transparency in pricing products and to reflect changes in policy rates. In addition, the committee is contemplating abolition of sub-BPLR lending. Currently, more than 70 per cent loans are priced below the BPLR.

#### 3.0 MAURITIUS OPPOSE DIRECT TAX CODE AS AGAINST INTERNATIONAL LAW

Mauritius vice prime minister and finance minister Ramakrishna Sithanen has strongly supported the Double Taxation Avoidance Treaty (DTAA) it has with India. According to him, it is not a one-off treaty between the two countries but that both the countries have such treaties with many other countries and it is unfair to single out mauritius

and any unilateral move to change the terms of the treaty would be in violation of international laws. He further said that the proposed direct tax code of India which proposes treaty over-riding is also a unilateral move and against international laws.

#### 4.0 CONTINUATION OF 2% INTEREST SUBVENTION SCHEME AND 1% ADDITIONAL INCENTIVE SUBVENTION FOR SHORT-TERM CROP LOANS IN 2009-10

Government will provide interest subvention of 2% p.a. to Public Sector Banks in respect of short-term production credit up to Rs.3 lakh provided to farmers. This amount of subvention will be calculated on the crop loan amount from the date of its disbursement/drawal upto the date of repayment or up to the date beyond which the outstanding loan becomes overdue i.e. March 31, 2010 for Kharif and June 30, 2010 for Rabi, respectively, whichever is earlier, **subject to a maximum period of one year**. This subvention will be available to Public Sector Banks on the condition that they make available short-term credit at ground level at 7% p.a.

#### 5.0 SPECIAL REFINANCE FACILITY WITHDRAWN

Special Refinance Facility (SRF) to banks withdrawn under Section 17(3B) of the Reserve Bank of India Act, 1934. In terms of this facility all scheduled commercial banks (excluding RRBs) are provided refinance from the Reserve Bank equivalent to up to 1.0 per cent of each bank's Net Demand and Time Liabilities (NDTL). As per Second Quarter Review of Monetary Policy 2009-10, Banks cannot avail fresh refinance from the Reserve Bank under this facility from now onwards.

(RBI / 2009-10/186 /October 22, 2009 )

#### 6.0 ESSAR ARM RAISED RS. 4,280 CRORE THROUGH NCDs

Essar Group's telecom holding company (ETHL Communications) has raised Rs. 4,280 crore by issuing rated, listed, zero coupon, non-convertible debentures (NCDs) through private placement to part finance the group's refinery and steel businesses. The issue which opened on



October 7, 2009 was oversubscribed by more than three times with over 20 investors across mutual funds, insurance companies and corporates. The Non-Convertible debenture issue was sold in two separate series of Rs. 2,250 crore each, maturing in July 2011 and December 2011. The yield for the series A and series B is 9.15% and 9.25% respectively.

## 7.0 MFIs MAKE LARGE MARGIN

As RBI has mandated that no bank can charge

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### ICAI – THE ROADMAP AHEAD

section. It is necessary to introduce minimum fee benchmark for all tendering assignments and to prohibit tendering in specific professional areas.

- To prescribe minimum fee benchmark for concurrent, revenue and inspection audit of banks, insurance, co-operative societies, public sector enterprises etc.
- To fully involve the members in industry in the Institute's affairs and as members of the Councils, Committees and professional development and technical groups to utilize their immense talent to the advantage of the profession.
- To empower Chartered Accountants to be elevated as CFOs, CEOs and as entrepreneurs for setting up industries, businesses, funds and service organizations.
- To significantly increase professional opportunities for members in practice especially for younger members and smaller firms.

In the backdrop of prospective complete transformation of Direct Tax (DTC), Indirect Tax (GST), Companies Bill 2009, Accounting Standards (conversion to IFRS), and Auditing Standards (conversion to clarity projects of International Accounting Standards Board), it is imperative that the Institute, the regional councils and the branches are fully geared up to prepare members at large for a complete alignment in the light of changing national and international economic environments.

We stand committed to take the profession of Chartered Accountants to newer heights and to increase its participation and status in all areas of profession, society and economy.

more than the prime lending rate for loans up to Rs.2,00,000, bank have been working on thin margin but on the other hand, microfinance institutions (MFIs) charge between 25 per cent and 50 per cent, with their average lending rate hovering around 30 per cent.

## 8.0 COMMERCIAL REAL ESTATE LOANS MAY COST MORE

Interest rates on loans to commercial real estate sector may move up with the Reserve Bank of India (RBI), increasing the provisioning requirement for advances to this sector from the present level of 0.4 per cent to 1 per cent.

## 9.0 READYMADES TO GET INTEREST RATE SUBVENTION

The Government of India has decided to include readymade garments along with textiles under the rupee export credit interest rates subvention scheme with retrospective effect from December 1, 2008.

## 10.0 NOD FOR CURRENCY FUTURES CONTRACTS IN DIFFERENT CURRENCY PAIRS

The Reserve Bank of India (RBI) has decided to permit recognized stock exchanges to offer currency futures contracts in currency pairs of Euro-INR, Japanese Yen-INR and Pound Sterling-INR, in addition to the US dollar-rupee contracts which are already permitted.

## 11.0 NEW INDUSTRIAL ZONE

Egypt has offered India an exclusive industrial area in the Suez Canal Development Zone. India has become the first country to which Egypt has made this rare offer.

## SERVICE TAX

### 1.0 LEVIABILITY OF SERVICE TAX ON TOUR OPERATOR SERVICE IN CONNECTION WITH HAJ & UMRAH PILGRIMAGE

It is clarified that service tax is not chargeable on the services provided in respect of tour undertaken for carrying out Haj and Umrah Pilgrimage in Saudi Arabia by Indian pilgrims considering these as export of service, provided they fulfill the other conditions of export as provided in Export of Service Rules.

*(Circular No. 117/11/2009)*



## INBOUND INVESTMENT IN INDIA

Foreign investment in India can come broadly in form of

- Foreign Direct Investments (FDI)
- Foreign Portfolio Investments

### A. Foreign Direct Investment

Foreign Direct Investment is freely permitted in almost all sectors.

**A.1 Types of Instruments:** FDI includes investment in India by non residents in

- Equity Shares
- Fully and mandatorily convertible debentures
- Fully and mandatorily convertible preference shares of an Indian company.

### A.2 Routes for FDI

- **Automatic Route:** the foreign investor or the Indian company does not require any approval from the Reserve Bank or Government of India for the investment.
- **Government Route:** prior approval of the Government of India, Ministry of Finance, Foreign Investment Promotion Board (FIPB) is required.

### A.3 Prohibition on investment in India

Foreign investment in **any form** is prohibited in following activities:

- Retail Trading (except single brand product retailing)
- Atomic Energy
- Lottery Business
- Gambling and Betting
- Business of chit fund
- Nidhi company
- Trading in Transferable Development Rights(TDRs)
- Activities / sectors not opened to private sector investment
- Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro and allied sectors) and Plantations (other than Tea Plantations)
- Real estate and farm houses except under specific condition and minimum size of project.

### A.4 Eligibility for investment

Following persons are eligible for Investment in India:

- A Person resident outside India (other than citizen of Pakistan)
- Entity incorporated outside India (other than Entities incorporated in Pakistan)
- Citizens / Entities of Bangladesh only with prior approval of RBI
- Overseas Corporate Bodies incorporated outside India only with prior approval of RBI

### A.5 Transfer of shares and convertible debentures

Foreign investors can also invest in Indian companies by purchasing / acquiring existing shares from Indian shareholders or from other non-resident shareholders. General permission has been granted to non-residents / NRIs for acquisition of shares by way of transfer subject to certain stipulations

### A.6 Sectors where 100% FDI freely permissible

Illustrative List

Agriculture	Manufacturing	Services
Floriculture & Horticulture	Food processing Development	Construction
Tea Sector	Power	Courier Services
Exploration and mining of precious stones	Industrial explosives	NBFCs*
Coal & Lignite Mining	Drugs and pharmaceuticals	Trading export

\* subject to certain capital inflow condition.

### A.7 Reporting Requirements

- (i) **Reporting of Inflow:** Intimation for receipt of Share Application Money to be filed with RBI in specified format within 30 days of such receipt in the Advance Reporting form
- (ii) **Time frame for issue of shares:** Share to be issued within 180 days from days of receipt of inward remittance. Else refunded to non-resident investor
- (iii) **Issue of Shares:** File Form FC-GPR with RBI within 30 days of allotment along-with the following documents:
  - Valuation certificate from a Chartered Accountant;
  - Foreign inward remittance certificate;
  - Compliance certificate from a Company Secretary.
- (iv) **Transfer of Shares** (From Resident to a Non-resident and viceversa): File form FC-TRS to be filed with RBI through authorised dealer within 60 days of receipt of consideration on value as per CA valuation as per guidelines.

### B. Foreign Portfolio Investment

Foreign Institutional Investors (FIIs) registered with SEBI and Non-resident Indians (NRIs) are eligible to purchase shares and convertible debentures issued by Indian companies under the Portfolio Investment Scheme (PIS).

- B.1 NRIs may purchase/sell shares/convertible debentures through a designated bank branch on repatriation or non-repatriation basis. The paid-up value must not exceed-
  - 5% of total paid - up value, for each NRI
  - 10% in aggregate for all NRIs can be raised to 24% if special resolution is passed.
- B.2 In case of FIIs, holding must not exceed
  - 10% of total paid-up value for each FII
  - 24% of total paid-up value for all FIIs.

Above limit can however be increased by passing a resolution of BOD and special resolution of General Body.

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## GOODS AND SERVICES TAX (GST)

The empowered committee of the State Finance Ministers has come up with the first discussion paper on Goods and Services Tax. The broad contours of the proposed GST structure are as under:

### PROPOSED GST STRUCTURE

#### DUAL GST MODEL

- The GST shall have two components:
  - one levied by the Centre (CGST i.e Central GST ) and
  - the other levied by the States (SGST i.e State GST)
- CGST and SGST applicable on all transactions of goods and services for consideration except
  - exempt goods and services,
  - goods and services outside the purview of GST and
  - transactions below threshold limits

#### CREDIT AND REFUND

- Separate books to be maintained for utilization or refund of credit.
- Cross credits between CGST and SGST generally not permissible except in case of Inter State GST model

#### INTER STATE GST

- All inter-state transactions of goods and services to attract IGST i.e Inter State GST
- IGST will be equal to CGST plus SGST
- Inter-state seller to pay IGST after adjusting credit of IGST, CGST and SGST
- The Exporting State will transfer to the Centre the credit of SGST used in payment of IGST
- The Importing dealer will claim credit of IGST while discharging his output tax liability in his own State
- The Centre will transfer to the importing State the credit of IGST used in payment of SGST.

#### GST RATE STRUCTURE

- Two-rate structure –
  - **a lower rate** for necessary items and goods of basic importance and
  - **a standard rate** for goods in general.
  - There will also be a special rate for precious metals and a list of exempted items

#### THRESHOLD LIMIT

- Threshold limit under **SGST** for goods and services may be adopted of **INR 10 lakhs**
- Threshold limit under **CGST** for goods may be kept of **INR 1.5 crores**, and for services not specified

- Composition/ compounding cut-off of INR 50 lakhs and floor rate of 0.5% across states.
- Scheme to allow option for GST registration to dealers with turnover below compounding cut off

#### TAXES TO BE SUBSUMED

##### At Central Level

Central Excise Duty, Additional Excise Duty, Excise duty under Medicinal and Toiletries Preparation Act, Additional Customs Duty (CVD) and Special Additional Custom Duty (SACD), Service Tax, Surcharges and Cess

##### At State Level

VAT, Sales Tax, Entertainment Tax (not levied by local bodies), Luxury Tax, Taxes on lottery, betting and gambling, State Cesses and Surcharges relating to supply of goods and services, Entry tax (not in lieu of octroi)

#### EXPORTS AND IMPORTS

- Exports including supplies to SEZ (processing zones only) would be zero-rated.
- Both CGST and SGST will be levied on import of goods and services into the country.
- The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed.
- Full and complete set-off will be available on the GST paid on import on goods and services

#### ADMINISTRATION AND COMPLIANCE

- Periodical returns to be filed before the respective CGST and SGST authorities in common format as far as possible
- PAN Based Identification Number with a total of 13/ 15 digits

#### SPECIAL INDUSTRIAL AREA SCHEME (SIAS)

- The tax exemptions, remissions etc. related to industrial incentives should be converted into cash refund schemes after collection of tax
- Exemptions, remissions etc. would continue up to legitimate expiry time both for the Centre and the States.
- Any new exemption, remission etc. or continuation of earlier exemption, remission etc. would not be allowed

#### DATE OF IMPLEMENTATION

- Effective date of GST implementation, rate of GST, and similar other aspects will be known in the course of appropriate legislative actions

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### TAXATION

#### 1.0 I-T DEPT SLAPS NOTICE ON VODAFONE

In a setback to telecom major Vodafone Essar, the Income Tax department has issued a showcause notice to Vodafone International Holdings, alleging tax evasion in its \$ 11.2 billion deal with Hutchison Telecommunications International Ltd. in 2007. In the 531-page notice sent under Section 201(1) and 201(1A) of the IT Act, 1961, it asked Vodafone to explain why it should not be held that “the tax department has competent jurisdiction to proceed against it for the default of non-deduction of tax at source” in the transaction.

#### 2.0 PUNJAB TO PAY INTEREST ON DELAYED VAT REFUND

The Punjab Government has decided to pay interest on delay in refund of value added tax (VAT) under the new industrial policy 2009. The time period for issuing VAT refunds has also been reduced from 90 days to 60 days.

#### 3.0 FEES TO FOREIGN SATELLITE PROVIDERS TAXABLE

A special bench of the Income Tax Appellate Tribunal (ITAT), Delhi has held that fees paid by Indian broadcasting companies to foreign satellite service providers can be taxed in India. The foreign satellite companies held the view that the amount received by them from India cannot be taxed in India because they have no material or men or machinery or a combination of them in India.

### CAPITAL MARKET

#### 1.0 MARKET ACCESS THROUGH AUTHORISED PERSONS

Pursuant to the recommendations made by the Secondary Market Advisory Committee of SEBI and discussions with major stock exchanges and with a view to expand the reach of the markets for exchange traded products, it has been decided to allow SEBI registered stock brokers (including trading members of stock exchanges) to provide access to clients through authorized persons. The framework governing the market access through

authorized persons is prescribed. This framework provides the minimum requirements and the stock exchanges and stock brokers may prescribe additional requirements, as they may deem appropriate, in the interest of investors and market.

The authorized person shall not receive or pay any money or securities in its own name or account. All receipts and payments of securities and funds shall be in the name or account of stock broker. The authorised person shall receive his remuneration - fees, charges, commission, salary, etc. - for his services only from the stock broker and he shall not charge any amount from the clients.

*(MIRSD/ DR-1/ Cir- 16 /09/November 06, 2009)*

#### 2.0 BSE OFFERS TRADING IN NSE-LISTED ETFs

Investors can now trade on the Bombay Stock Exchange in Exchange Traded Funds (ETFs) that are exclusively available on the National Stock Exchange (NSE).

#### 3.0 CORPORATE BOND SETTLEMENT THROUGH NSCCL

According to the Securities and Exchange Board of India (SEBI), all trades in corporate bonds between mutual funds, foreign institutional investors, venture capital funds and RBI-regulated entities would be cleared and settled through the National Securities Clearing Corporation or the Indian Clearing Corporation from December 1, 2009.

#### 4.0 RELIANCE GIFTS 1:1 BONUS

Mukesh Ambani's Reliance Industries (RIL) proposes give one bonus share for every share owned in the company for the first time in 12 years in a move intended to instill confidence in investors about the company's growth prospects.

#### 5.0 NSE SEEKS FATF COMPLIANCE

National Stock Exchange (NSE) has advised its members to ensure compliance with the Financial Action Task Force (FATF)'s public statement, which is to protect the international financial system from the abuse of money laundering and terrorist financing.



**6.0 SEBI ALLOWED STOCK EXCHANGES TO GO 9-5**

The Securities and Exchange Board of India (SEBI) has allowed stock exchanges to extend trading time by almost two-and-a-half hours, permitting them to operate between 9 a.m. and 5 p.m.

**7.0 CHINA ENHANCED INVESTMENT CAP FOR FIIs TO \$1BILLION**

China raised the amount that foreign funds can invest in stocks by 25% to \$ 1 billion, encouraging inflows after the benchmark index slumped into a bear market in August.

**8.0 US TYCOON HELD FOR INSIDER TRADING**

US prosecutors who used wiretaps to make their insider trading case against billionaire Raj Rajaratnam, founder of hedge fund firm Galleon Group, intent to use similar tactics to fight future crimes on Wall Street.

**9.0 SEBI PROPOSED MAJOR AMENDMENTS**

The Securities and Exchange Board of India has proposed changes to the way public share offerings are done, spelt out guidelines for smaller companies to raise capital through share sales, and called for more disclosures from listed companies to prevent delayed shocks in the form of holes in the books of accounts.

- Companies listed on SME exchanges to be exempted from eligibility norms applicable for IPOs & FPOs
- Minimum IPO application size and trading lot for small and medium enterprises to be Rs.1 lakh
- Companies wanting to list on SME platform should have maximum Rs.25 crore paid-up capital. For listing on NSE and BSE, minimum paid-up capital of Rs.10 crore to be required
- Shares reserved for a company’s employees in public issues will have a ceiling of Rs.1 lakh on the value of allotment per employee
- All listed entities, with subsidiaries, have an option to submit consolidated financial statements as per IFRS, but these entities will have to continue filing their standalone results as per Indian GAAP

- Companies have to give half yearly disclosure of balance-sheet items with audited figures or unaudited figures with limited review
- Companies will mandatorily disclose audited results within 45 days of the end of the quarter. Results have to be disclosed within 60 days for those companies that opt to submit annual audited results on a stand-alone basis

**AUDITING**

**1.0 PROVISIONING REQUIREMENT FOR STANDARD ASSETS**

The revised standard asset provisioning requirements for all categories are summarised below.

Sr.No.	Category of standard asset	Rate of provisioning
(a)	Direct advances to Agriculture and SME sectors	0.25 %
(b)	Commercial Real Estate (CRE) sector	1.00 %
(c)	All other loans and advances not included in (a) and (b) above	0.40%

*(RBI 2009-10/ 209/ November 5, 2009)*

**2.0 GOVT. ORDERED AUDITS OF IT FIRMS**

The government has begun random audits of IT companies across the country on possible violations of the Software Technology Parks of India (STPI) Act, even as it mulls extending the benefits of this legislation to 2015.

**3.0 ICAI SEEKS RCOM DATA**

The Institute of Chartered Accountants of India (ICAI) has sought details on reports of alleged discrepancies in the books of the Anil Dhirubhai Ambani Group’s flagship company, Reliance Communications (RCom), to see if it needs to initiate any action against the telecom major’s auditor.

The Department of Telecom (DoT) has appointed independent auditor that scrutinized the accounts of RCom had found that the telecom major has under-reported revenues of Rs. 2,799 crore to the Government, resulting in under-payment of Rs. 315 crore as license fee and spectrum charges during 2006-08.

## SINGAPORE - A FAVOURABLE TAX & WEALTH CREATION JURISDICTION

Over the last four years, Singapore has become India's most attractive destination for investments and also the second largest source of foreign direct investments into India. Its domestic taxation and corporate laws offer various advantages which are conducive for expansion of global business operations. The broad tax provisions are outlined below:

### Basis of Charge

Singapore follows a territorial and remittance basis for taxation of income wherein following incomes of resident as well as non resident companies are taxable in Singapore

**Singapore domestic taxation and corporate laws offer various advantages**

- ◆ TERRITORIAL BASIS: Tax is levied only on income earned from sources within Singapore.
- ◆ REMITTANCE BASIS: Tax is levied on foreign source income only if remitted into Singapore.

Foreign source income earned outside Singapore which is not remitted to Singapore is not taxable in Singapore.

However, following foreign source Income not taxable **even if remitted** in Singapore:

- ◆ Foreign source dividend
- ◆ Foreign branch income
- ◆ Foreign source service income

**provided** foreign Income had been taxed in foreign country at minimum Tax Rate of 15%

### Tax Rates

Corporate tax rates in Singapore are considerable low as compared to other jurisdictions

Amount of Chargeable income

Effective Tax Rate

First SGD	10,000	4.25%
Next SGD	2,90,000	8.5%
In excess of SGD	3,00,000	17%

### Full Tax Exemption Scheme

100% tax exemption on Income up to SGD 100,000 for each of the first 3 consecutive years is available if following conditions are satisfied

- ◆ Company should be incorporated in Singapore
- ◆ Company should be tax resident in Singapore
- ◆ Not more than 20 shareholders
- ◆ All shareholders are individuals

### Other Tax Provisions

- ◆ No taxes levied on Capital Gains
- ◆ No taxes levied on Dividend either on the hands of shareholder or the company paying the dividend

**As per DTAA between India and Singapore, any capital gains arising from transfer of shares in an Indian company by Singapore holding company shall not be taxable**

### India Advantage

Besides the above advantages, Singapore offers peculiar benefit for investment in India. As per the provisions of the DTAA between India and Singapore, any capital gains arising from transfer of shares in an Indian company by Singapore holding company shall be taxable in Singapore. However, Singapore does not levy any taxes on capital gain. Consequently any capital gain arising in the hands of Singapore Company on transfer of shares in Indian company shall be fully exempt from tax in India as well as Singapore.

Thus a Singapore company can be effectively used in an international corporate structure for leveraging investment as well as taxation benefit.

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## FINANCIAL INDICATORS

	Current Rate* (in %)	Month Ago (in %)
3 Month LIBOR	0.27	0.28
3 Month MIBOR	4.44	4.47
SENSEX	16696	17026
NIFTY	4953	5054
Gold (per 10 gm)	16727	15880
Silver (per kg)	27062	27440
Crude (USD/bbl)	78.85	73.24
Rs. vs USD	46.50	46.58
Rs. vs Euro	69.71	68.48

\* as on 12<sup>th</sup> November, 2009.

(Sources: Bloomberg, NSE, MCX)

### Goods & Service Tax discussion paper issued (See page no. 5)

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