



ICAI MANGALORE

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The Bulletin Board

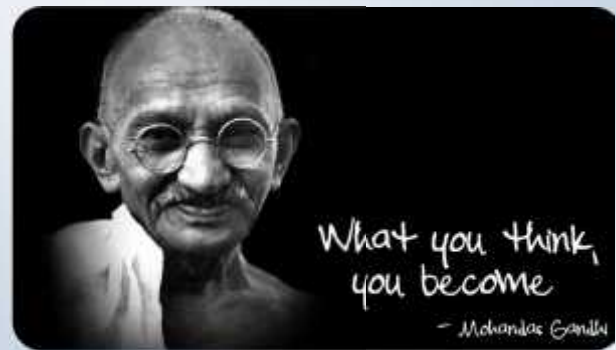
e- Bulletin



Volume 03 | March 2015

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Thought for the Month:



What you think,
you become

- Mahatma Gandhi

- Mahatma Gandhi

don't become



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Chairperson's Message



CA Shivakumar K
Chairperson
Mangalore Branch of SIRC of ICAI



Dear Members,

I deem it my privilege to serve as the chairman of Mangalore Branch of SIRC of ICAI for the year 2015-16. I am extremely happy that Sri.CA.M.S.Ranganath, Past Chairman of SIRC and Sri.CA.Nithin Mahadevappa, Member, SIRC were our guests in the take over function held on 27th February 2015.

I congratulate and compliment CA.Shyamala Shenoy for a very successful year, for excellent work done during 2014-15 and for her contribution to the Branch. All the Past Chairmen of the branch have rendered yeoman service to the Institute and have set highest standard/ benchmark for the functioning of the branch. It would be challenging to any incoming person to continue the same legacy.

Friends, there is a saying that: **“Alone we can do so little, Together we can do so much”**. I am sure, with all your support and as a team we will be able to discharge the onerous responsibility cast on us.

We have made a year plan in such a way that there will not be any shortage of CPE hours to the members. Apart from regular CPE seminars and study circle meetings in every month, we have planned the following major programmes for the year:

- 2days National Conference in the month of June under the aegis of CPE committee. CPE committee Chairman Sri.CA.Babu Abraham has already accorded approval for the programme.
- Two day residential seminar in the month of November at Chickmagalur
- Certificate course on FAFD in the month of December.
- 2 day National conference for students in the month of December 2015
- International tour in the month of Jan 2016
- CA day, Independence Day and Republic Day will be celebrated in a most befitting Manner

In all, we will have wonderful year ahead filled with full of activities. I solicit your whole hearted co-operation and support in our endeavor to keep the Institute flag high. We welcome your suggestions and comments in improving the functioning of the branch.

Let us all –WORK TOGETHER AND WIN TOGETHER.

Best Wishes,
CA. Shivakumar K

Branch Activities March 2015



Sl No	Date	Activity at Branch	CPE Hours/ Number of Participants
01	04.03.2015	Clause by Clause Discussion on Union Budget 2015- Direct Tax	CPE Credit: 2 hours Members: 93
02	05.03.2015	Clause by Clause Discussion on Union Budget 2015- Indirect Tax	CPE Credit : 2 hours Members: 76
03	07.03.2015	K. Ganesh Shenoy Memorial Lecture on Union Budget 2015 Speaker: Shri. B. Firoze Andhyarujina Eminent Authority on tax laws, Sr. Counsel, Mumbai High Court	CPE Credit: 2 hours Members: 49 others: 80 Students: 11
04	11.03.2015	National Live Webcast on “ Bank Audit”	CPE Credit: 2 hours Members : 28
05	13.03.2015	Workshop on Urban Co-Operative Banks Topic: Burning Issues in Income Tax of Urban Co-operative Banks Speaker: CA. D.R. Venkatesh, Bangalore Topic: Banking Regulation Act 1949 & Rights and Duties of Board of Directors Speaker: Shri. K.S. Mahadhevaswamy, AG AGM, Reserve Bank of India, Town Co-operative Bank Division , Bangalore	CPE Credit: 6 hours Members: 54 Others: 2
06	14.03.2015	Topic: Recommended Minimum Scale of fees to be charged by CAs	CPE Credit: 2 hours Members: 38



Branch Activities March 2015



SI No	Date	Activity at Branch	CPE Hours/ Number of Participants
07	17.03.2015	40th Batch of Orientation Programme	Students: 24
08	19.03.2015	National Live Webcast Topic: Finance Bill 2015- Proposals on Indirect Taxes	CPE Credit : 2 hours Members: 12
09	21.03.2015	Seminar on Bank Audit Inaugural Session: Chief Guest: CA.Raghavendra Rao.A I st Session: Topic: Recent Changes in IRAC Norms Speaker: CA. S.Ananthan, Bangalore II Session : Topic: Issues in Tax Audit of Bank Branches Speaker: CA.R.Lalitha, Bangalore III Session Topic: Long Form Audit Report Speaker: CA. Vaman Kamth, Mangalore IV Session Topic: Audit under CBS Environment Speaker: CA.Vittal Raj.R, Chennai	CPE Credit: 6 hours Members: 104 Students: 153
10	26.03.2015	Meeting to collect comments on the New Scheme of Education and Training for CA Students Discussion Leader: CA. Kiran A. Vasant, Mangalore	Members: 6 Public: 4 Students: 5





Branch Activities Gallery March 2015



Clause by Clause Discussion on Union Budget 2015-
Direct Tax held at ICAI Bhawan, Mangalore on
04.03.2015

Discussion Leaders: CA Vijay Kumar Shetty, CA B R
Kamath and CA Sriram V Rao.



Clause by Clause Discussion on Union Budget 2015-
Indirect Tax held at ICAI Bhawan, Mangalore on
05.03.2015

Discussion Leaders: CA Keshava Ballakuraya, CA
Colin D'souza, CA Shravan Dota



K. Ganesh Shenoy Memorial Lecture on Union Budget
2015 held at T V Raman Pai convention Centre on
07.03.2015 Speaker: Shri. B. Firoze Andhyarujina



Workshop on audit of Co-operative Banks held at
ICAI Bhawan, Padil on 21.03.2015



Branch Activities Gallery March 2015



Discussion on recommended minimum scale of fees to be charged by CA's held on 14.03.2015 at ICAI Bhawan, Mahindra Arcade, Mangalore. Discussion Leaders: CA Vijay Kumar Shetty, CA M Jagannath Kamath, CA Chandramohan K Y



Seminar on Bank Audit held at ICAI Bhawan, Padil, Mangalore on 21.03.2015 inaugurated by CA A Raghavendra Rao.



Session on Recent Changes in IRAC norms by CA S Ananthan, Bangalore and Session on Issues in Tax Audit of Bank Branches by CA R Lalitha, Bangalore during the seminar on Bank Audit held at ICAI Bhawan, Padil, Mangalore on 21.03.2015.

Session on LFAR by CA Vaman Kamath, Mangalore and Session on Audit under CBS Environment by CA Vittal raj R, Chennai during the seminar on Bank Audit held at ICAI Bhawan, Padil, Mangalore on 21.03.2015.



Professional Updates

Indirect Taxes: Simplification of Service Tax registration procedure:

Central Board of Excise and Customs specifies the following documentation, time limits and procedure with respect to filing of registration applications for single premises, which shall come into effect from 1-3-2015.

Applicants seeking registration for a single premises in service tax shall file the application online in the Automation of Central Excise and Service Tax (ACES) website www.aces.gov.in in Form ST-1.

(PAN, Email and Mobile No, are Mandatory for Registration)

Once the completed application form is filed in ACES, registration would be granted online within 2 days, thus initiating trust-based registration. On grant of registration, the applicant would also be enabled to electronically pay service tax.

Further, the applicant would not need a signed copy of the Registration Certificate as proof of registration. Registration Certificate downloaded from the ACES web site would be accepted as proof of registration dispensing with the need for a signed copy.

The applicant is required to submit a self attested copy of the mandatory documents by registered post/ Speed Post to the concerned Division, within 7 days of filing the Form ST-1 online, for the purposes of verification

Indirect Taxes :

Toyota Construction pvt. Ltd. Vs. commr.of c. ex., Daman [2014] 36 STR 199 (Tri.- Ahmd.)

Slow – down in realty sector held to be a reasonable cause for invocation of section 80 of the finance act, 1994.

Facts:

The appellants filed services tax returns; however, there was a delay in payments of services tax. The department demanded interest and penalty on the same. An appeal was filed with the contention that since there was a slow-down in realty sector, they were unable to pay services tax in time.

Held:

Having regard to facts of the case, the Tribunal invoked provision of section 80 of the Tribunal invoked provisions of section 80v of the finance act, 1994 as there was a reasonable cause for failure in payment of services tax in time and penalty u/s. 76 was waived off.

Direct Taxes :

Central Board of Direct Taxes Clarification regarding Explanation 5 to clause (i) of sub-section (l) of section 9 of Income tax Act, 1961 ('Act')

Refer Circular No. 4 Dated 26-3-2015

Professional Updates



Indirect Taxes: In Calderys India refractories ltd. Vs. C.C.E., Aurangabad [2014] 36 STR 102 (Tri.-Mum.)

Promptness in payment of services tax, reflections of transactions in balance sheet and revenue neutrality were evidences of a bonafide case for non-levy of penalty u/ss.77 and 78 of the finance act, 1994.

FACTS :The appellants on detection paid services tax with interest immediately and filed a letter with the department stating that since services tax with interest was paid and since the non-payments was unintentional, no penalties should be levied on them.

Further with effect from 10-05-008 when section 78 is invoked, no. penalty u/s.76 of the finance act 1994 is payable. It was contested that since the liability pertained to January, 2009 penalty cannot be levied under section 76 of the finance act, 1994. Further, the dropping of penalty u/s.77 and 78 of the finance act, 1994 was pleaded on factual grounds. It was argued that they did not suppress any information with an intention to evade services tax and this was a bonafide case.

HELD: In view of amendment to section 78 during the relevant period, penalty u/s. 76 of the finance act, 1994 was not sustainable in law. The payment of services tax was made immediately on discovery and was intimated to the department much before the issuance of show cause notice, the transaction was already reflected in respective balance sheets. Accordingly, it was evident that there was no intention to suppress facts. Further, since it was a case of reverse charge mechanism, the situation was revenue neutral in view of CENVAT credit available to the appellants. Relying on the decision of Ahmadabad tribunal in case of Essar steel ltd. 2009 (13) STR 579 (Tri. – Ahmd.) it was held that penalty was not imposable u/ss. 77 and 78 vide section 73(3) read with section 80 of the finance act, 1994.

Corporate Affairs: MCA Clarification with regard to section 185 and 186 of the Companies Act, 2013 - loans and advances to employees:

This Ministry has received a number of references seeking clarification on the applicability of provisions of section 186 of the Companies Act, 2013 relating to grant of loans and advances by Companies to their employees.

The issue has been examined and it is hereby clarified that loans and/or advances made by the companies to their employees, other than the managing or whole time directors (which is governed by section 185) are not governed by the requirements of section 186 of the Companies Act, 2013. This clarification will, however, be applicable if such loans/advances to employees are in accordance with the conditions of service applicable to employees and are also in accordance with the remuneration policy, in cases where such policy is required to be formulated.

This issues with the approval of the Secretary.

[F.No. 1/32/2013-CL.V]

Corporate Affairs: MCA Clarification on Amounts received by private companies from their members, directors or their relatives before 1st April, 2014 - Clarification regarding applicability of Companies

(Acceptance of Deposits) Rules, 2014

Refer General Circular No. 05 Dated 30-3-2015

Professional Updates



Direct Taxes: Abolition of Wealth Tax:

The Wealth Tax Act, 1975 was introduced with effect from 1-4-1957. It was amended from time to time. This Act was revised with effect from 1-4-1993 and provided for taxation of non – productive wealth only. During the Budget speech the Finance Minister has observed that the revenue from wealth tax was only Rs.1,008 crore in 2013 – 14. Compared to this the compliance cost and administrative cost was much high. He has, therefore, proposed that this tax should be abolished from A/Y: 2016-17. However, he has decided to levy additional surcharge of 2% on individuals and HUF having taxable income of over Rs.1 crore. This will lead to tax simplification and the Government will be able to collect additional revenue of over Rs.9000 crore at no extra cost. Thus the rate of surcharge, on abolition of wealth tax, from A.Y. 2016-17 will be:

- (i) For individual, an HUF, an AOP, etc., if the total income exceeds Rs.1 crore – surcharge on tax will be 12% (existing rate 10%).
- (ii) In the case of cooperative society, local authority or firm rate of surcharge, if total income exceeds Rs 1 crore, will be 12% (existing rate 10%).
- (iii) In the case of domestic company, surcharge will be:

Income Slab	Surcharge on entire income	
	New Rate	Existing Rate
Rs.1 cr. to Rs.10 Crore	7%	5%
Above Rs. 10 crore	12%	10%

- (iv) In the case of a foreign company there is no change in the rates of surcharge. In other words, they remain the same, i.e. 2%, if total income exceeds Rs.1 crore but is less than Rs.10

Indirect Taxes: Gurmehar construction vs. commissioner of central excise, Raipur [2014] 36 STR 545(Tri. - Del.)

Following bhayana builders' free supply of materials by the service recipient is not includible in the gross value of taxable services. Interest is not chargeable when CENVAT credit is reversed before utilization.

Facts:The appellant received free supply of diesel from the services recipient for rendering services. The department included the value of free supplies in the assessable value u/s. 67 of the finance act Further interest was demanded on wrong avilment of CENVAT credit which was reversed without utilization.

Held:Tribunal relying on the decision of the larger bench in the case of bhayana builders' pvt. Ltd. Vs. commissioner services tax, held value of free supplies is not includible in the gross amount charged. Relying on the decision of Karnataka high court in the case of bill forge pvt. Ltd. 2012 (26) S.T.R.204 (kar), where the court taking due note of the judgment of the supreme court in the case of the judgment of the supreme court in the case of ind-swift laboratories ltd. 2012 (25) S.T.R. 184 (S.C.) concluded "that interest is compensatory in character and is imposed on an assessee who has withheld payments of any tax as and when it is due and payable " the tribunal held that interest is not chargeable when CENVET credit was Reversed without utilization.



Managing Committee 2015-16



Managing Committee

CA Shivakumar K, Chairman
CA Keshava N Ballakuraya, Vice -Chairman
CA Bhargava Tantri P, Secretary
CA Chitra Chandramohan, Treasurer
CA Shivananda Pai, SICASA Chairman
CA Raviraj B, Member

Invitation for the Articles

The Managing Committee of Mangalore Branch of SIRC of ICAI invites articles, write-ups and other similar materials in the areas of Accounting, taxation or any other subject of professional interest for publishing in its e-bulletin. The articles submitted for consideration of publication should be of 2,000- 4,000 words typed double space on A4 size paper with 1 inch margin all around. Soft copy of the article may be sent to icaiebulletin@gmail.com.

Conversation between a customer and Sales person:

Customer : How much is that banana for?

Salesperson : Rs.10

Customer : Can you sell it to me for Rs.6?

Salesperson : At that rate, you will only get the banana peel!

Customer : Okay I will buy the banana for Rs.4 , but you can keep the peel!



Feed back on this e-bulletin can be sent to the editorial team @

icaiebulletin@gmail.com

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