



ICAI MANGALORE

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

e- Bulletin



Volume 02 | February 2015

The Bulletin Board

- Chairpersons Message
- Branch Activities carried out in the month of Feb 2015
- Glimpse of Annual Day Celebration
- Handing over to the New Managing Committee Members
- Professional Updates
- Case Law Digest

Thought for the Month:



Everything is either an opportunity to learn and grow or an obstacle that keeps you stuck. You get to choose.

Positive Thoughts



Chairperson's Message



CA A.K Shyamala Shenoy
Chairperson
Mangalore Branch of SIRC of ICAI



Dear Members,

Month of February is when old gives way to new. CA Shivkumar, the incoming chairman expressed a desire to perform a pooja and take over on 19th. Accordingly, a committee meeting was organised on that day at 10 am. A unique feature of the meeting is that 5 past chairmen were present at the meeting and witnessed the take-over proceedings. Annual day with members and their families was organised on 27th February with CA M S Ranganath, past chairman SIRC and CA Nitin Mahadevappa, member SIRC as chief guests. 86 year old MSR who witnessed the inauguration of the branch in 1971 felicitated the new team lead by CA Shivkumar. He spent nearly 4 hours with members enjoying every bit of the program.

Meanwhile, 8th February was a tense day for concurrent audit participants, all 46 of them. It was the day of Assessment test and many of our CA's were taking the dreaded CA exams after 10-12 years

Another landmark event happened on 16th February. The 1st batch of Advanced ITT (reportedly in entire SIRC region, though unconfirmed) was started. 36 hours of the 100 hours was taken by experts from out of Mangalore. Another program, English course for Students was inaugurated on 15th February. Though this is a structured course of board of studies, this was held for the first time in Mangalore in association with Pro-Act Toastmasters club. Valentine Day at Mangalore branch started love-affair with GST with 5 distinguished resource persons from Bangalore.

As I sign off from the highest position in the branch, I thank you for the best wishes and felicitations all through the year. I strongly believe that this gave me the strength and virtue to lead the branch in a befitting manner.

Best Wishes.

CA. A K Shyamala Shenoy

Branch Activities February 2015



Sl No	Date	Activity at Branch	CPE Hours/ Number of Participants
01	14.02.2015	SEMINAR ON GOODS AND SERVICE TAX Topic: GST Framework & The Way Forward Speaker: CA Deepak Kumar Jain Topic: 122nd Constitution Amendment Bill Speaker: CA A Sai Prasad Topic: GST-Transition Provisions-State Levies Speaker: CA S Venkataramani Topic: GST-Transition Provisions-Central Levies Speaker: CA Vinayak Topic: Forms, Rules & Professional Opportunities and Challenges Speaker: CA Naveen Rajpurohit Topic: GST From Various Stakeholders Perspective Speaker: CA S Venkataramani	CPE Credit: 6 hours Members: 78 Students: 38 Others: 6
02	26.02.2015	CA Office Automation using Cloud Speaker: CA Francis P W, Mysore	CPE Credit: 2 hours Members: 22
03	15.02.2015 to 15.03.2015	Course on English speaking, writing skills & Business Communication (Organised under the aegis of Board of Studies, ICAI)	Participants: 15
04	23.02.2015	18th Batch of GMCS-1	Students : 39
05	27.02.2015	Annual Day Celebration <ul style="list-style-type: none"> - Entertainment and Games by Rj Arpith - Installation of new office bearers - Felicitation to newly qualified CA's - Dinner 	Participants : 90



Branch Activities Gallery February 2015



Glimpse of Seminar on Goods & Service Tax held at ICAI Bhawan, Padil on 14th February 2015



Top scorers of CPT December exam and IPCC November 2014 exam were honoured on 14th February 2014 in the presence of eminent speakers on GST



Recently qualified Chartered Accountants were honoured during the annual day Celebration at ICAI Bhawan Padil in the presence of CA Nitin Mahadevappa, SIRC Member, Bangalore and CA M S Ranganath, Past SIRC Chairman



Sri. CA.M.S.Ranganath, Bangalore, Past SIRC Chairman(The person who inaugurated Mangalore Branch of SIRC on 18-08-1971)shared his thoughts on the occasion of Annual day celebrations held at ICAI Bhawan, Padil on 27th Feb 2015

Branch Activities Gallery February 2015



*Glimpse of Annual day celebrations held at ICAI Bhawan, Padil on 27th
Day of February 2015*





Professional Updates

Direct Taxes : Circular issued for deduction of tax at source on salary for the financial year 2014-15:

In circular No.17 of 2014 dated 10.12.2014 the CBDT has issued its annual exhaustive circular with regard to deduction of tax at source on salary income. Some of the features are (a) employees can finish a simple statement of particulars of income other than salaries for enabling the employer to consider the same for deducting tax at source. However loss under any head other than income under the head 'house property' will not be considered for tax deduction under section 192; (b) when salary is paid in foreign currency the value in rupees shall be calculated at the telegraphic transfer buying rate as on the date on which tax is required to be deducted at source; (c) where salary includes pension, tax at source will have to be deducted from pension also, unless otherwise so required. However, no tax is required to be deducted from the commuted portion of pension of the extent it is exempt under section 10 (10A); (d) family pension is chargeable to tax under head "income from other sources" and not under the head "Salaries", therefore, provisions of section 192 are not applicable; (e) where interest on loan taken for residential house property is deductible under section 80EE and the amount claimed during the assessment year 2014-15 is less than ` 1 lakh, the balance amount is allowable in the assessment year 2015-16; and (f) deduction under section 80GG is allowed to employees who do not receive any house rent allowance but who pay house rent for their residence.

Direct Taxes : Circular issued for deduction of tax at source on salary for the financial year 2014-15:

Section 143(1D) provides that where a notice has been issued to a taxpayer under section 143(2), it shall not be necessary to process such return. The expression "shall not be necessary" created doubt as to whether the provision permits processing of returns having refund claims, when notice under section 143(2) has been issued. The CBDT in its Instruction No.01/2015 dated 13.01.2015 has clarified that when an unprocessed return is selected for scrutiny such return is not to be processed under section 143(1), if a notice under section 143(2) has already been issued. It has expressed that it is desirable that it is desirable that such scrutiny assessments are completed expeditiously.

FEMA : Overseas investments by Alternative Investment Funds (AIF) :

RBI vide A.P. (DIR Series) Circular No.48 dated 9th December 2014 has reviewed the Regulation 26 of Notification No. FEMA.120/RB-2004 dated July 7, 2004 [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] (the notification), as amended from time to time and the provisions under A.P.(DIR Series) Circulars No. 49 and 50 dated April 30, 2007 and May 04, 2007 respectively.

Necessary amendments to the Notification *ibid* has been issued vide Notification No. FEMA. 326/rb-2014 dated November 12, 2014 and effective from the date of publication in the Gazette i.e. November 21, 2014.

Professional Updates



Direct Taxes : No interest under section 234A is chargeable when self-assessment tax is paid before the 'due date' of filling of return of income: In Circular No. 2/2015 dated 10.02.2015 the CBDT dealt with the issue of charging interest under section 234A on the amount of self –assessment tax paid before the 'due date' of filling of return. It took note of the apex court decision in the case of Cit v. Prannoy Roy (2009) 309 ITR 231 (SC) and decided that no interest under section 234A is chargeable where self-assessment tax is paid by the assessee before the 'due date' of filling of return of income.

Direct Taxes: Business trusts to furnish statement of income distributed: The CBDT vide Notification No.3/2015 dated 19.01.2015 has inserted rule 12CA to prescribe the statement to be furnished under section 115UA(\$). Business trusts accordingly have to furnish a statement of income distributed by it to unit holders to the principal Commissioner or Commissioner of Income-tax by 30th November of the financial year following the previous year in which such income was distributed. A statement of income distributed must also be furnished to the unit holders by 30th June of the financial year following the previous year during which the sum was distributed.

Direct Taxes: clarification issued for disallowance under section 40(a)(i) in respect of payment made to non-residents without deduction of tax at source:

In circular No.3/2015 dated 12.02.2015 the CBDT clarified doubts regarding interpretation of the term 'other sum chargeable' contained in section 195 for the purpose of disallowance under section 40(a)(i) of the act. It considered its earlier instruction No.2/2014 dated 26.02.2014 where it clarified that the Assessing officer will decide the appropriate portion of the sum chargeable to tax for the purpose of section 195(1), to ascertain the tax liability on which the deductor shall be deemed to be an assessee in default under section 201 of the Act. Now it has clarified in Circular No.3/2015 that for the purpose of disallowance of 'other sum chargeable' under section 40(a)(i) of the Act the appropriate portion of the sum liable for disallowance shall be the same as determined by the assessing Officer for the purpose of section 195(1) in accordance with Instruction No.2/2014 referred above. The determination under sub-sections (2), (3) or (7) of section 195 will form the basis for disallowance, if any, under section 40(a)(i) of the Act.

- circular No.3/2015 dated 12.02.2015 the CBDT

Direct Taxes: Draft of Income Computation and Disclosure Standards (ICDS) released: The CBDT vide its press release dated 09.01.2015 has released the final report of the Committee along with the draft of accounting standards in public domain soliciting comments from the stakeholders. The new drafts of 12 Income Computation and Disclosure standards (ICDS) are uploaded in the Finance Ministry website (www.finmin.nic.in) and Income –tax Department website (www.incometaxindia.gov.in).

Professional Updates



Direct Taxes: New guidelines for compounding of offences issued:

The CBDT has issued guidelines in F.NO: 285/35/2013 IT (Inv.V)/108 dated 23.12.2014 for the compounding of offences. It would be applicable in respect of any application received on or after 01.01.2015 and for applications prior to that date the guidelines dated 16.05.2008 would apply.

FEMA: Foreign Direct Investment in Pharmaceuticals sector-clarification:

RBI vide A.P (DIR Series) circular No. 70 dated February 02.2015 has reviewed and clarified the A.P (DIR series) Circular No.124 dated April 21, 2014 and the Foreign Exchange Management (Transfer or Issue of Security by a Person resident outside India) Regulations, 2000, notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000, relating to the foreign Direct Investment in Pharmaceuticals Sector.

Foreign Direct Investment (FDI) up to 100 percent is permitted under government approval route for Brownfield investment (i.e investment in existing companies) in pharmaceuticals sector. The extant FDI policy for pharmaceutical sector has since been reviewed and it has now been reviewed and it has now been decided with immediate effect that there would be a special carve out for medical devices which was earlier given the same treatment as pharmaceutical sector

FEMA: Delay in Utilization of advance Received for Exports:

RBI vide A.P (DIR Series) Circular No. 74 dated February 09,2015 has reviewed the sub-regulation (1) of Regulation 16 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, notified vide Notification No. FEMA 23/RB-2000, dated May 3, 200, as amended from time to time read with A.P. (DIR Series) Circular No. 105 dated May 20, 2013, A.P. (DIR Series) Circular No. 108 dated June 11, 2013 and A.P. (DIR Series) Circular No. 37 dated November 20,2014 as per which an exporter receiving an advance payment for exports (with or without interest) from a buyer outside India shall be under an obligation to ensure that the shipment of goods is made within the stipulated period from the date of receipt of advance payment.

As it has been observed that there is substantial increase in the number and amount of advances received for exports remaining outstanding beyond the stipulated period on account of non-performance of such exports (shipments in case of export of goods), AD Category-I banks are advised to efficiently follow up with the concerned exporters in order to ensure that export performance (shipments case of export of goods) are completed within the stipulated time period.

Professional Updates



Direct Taxes : Section 80C-deduction in respect of Investment in Specified Media-Notified Plan Under Section 80C (2)(viii) –‘Sukanya Samridhhi Account Notified : Notification No. 9/2015 [F. No. 178/3/2015-ITA-1], dtd. 21-1-2015

In exercise of the powers conferred by clause (viii) of sub-section (2) of section 80C of the Income-tax Act, 1961 (43 of 1861), the Central Government hereby specifies the ‘Sukanya Samridhhi Account’ for the purposes of the said clause.

Direct Taxes : Rate of interest for Amount Invested in Sukanya Samridhhi Account during Financial Year 2014-15 : office Memorandum [F.No. 2/3/2014.NS-ii], dtd. 20-1-2015

In compliance of announcement by Finance Minister in his Budget Speech 2014-15 the Government of India has introduced a new scheme named “Sukanya Samridhhi Account” vide Notification No.GSR No.863 (E), dated 2nd December, 2014. It has been decided to allow 9.1% rate of interest on investments in the scheme during the financial year 2014-15.

MCA: Notifying Accounting Standards: The Ministry of corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Rules 2015 vide notification dated 16 February 2015 under section 133 of the Companies Act 2013. For More information visit www.mca.gov.in

Service Tax: Simplification of Registration Procedures in Service Tax- S.Tax Registration within 2 Days:-

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

Case Law Digest



Service Tax: *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.

Direct Taxes : *CIT .v. Shabir Hussain Pithawala (2014) 98 DTR 62(MP)(HC) : Capital asset-Capital gains–Sale of agricultural land – Distance from municipal limits. [S.54B] : S.2(14)(iii)(b) of IT Act 1961* : As the land in question was not situated within 8 kms from the municipal limit in terms of the approach by road, assessee was entitled to exemption u/s. 54B. (AY. 2007-08)

Direct Taxes : *JB Educational Society .v. ACIT (2014) 159 TTJ 236 (Hyd.)(Trib.), Joginapally B.R.Education Society .v. ACIT (2014)159 TTJ 236 (Hyd.)(Trib.) : Income–Charitable trust–Donation towards building construction was held not taxable –Donations used for the benefit of trustees is held to be taxable -Matter was set aside. [S. 2(24)(ia), 12]:*

Donations received by the assessee-society towards building construction cannot be brought to tax and the donations used for the benefit of trustees are taxable as income of the assessee. The matter was sent back to Assessing Officer to segregate the donations which have been diverted for personal benefit of the members of the society.

Direct Taxes : *Commissioner of Income Tax & Another v. IBM Global Services India P. Ltd. (2014) 60 (I) ITCL 116 (Karn-HC) : Amount paid for getting domestic customer base and for getting trained personnel is allowable as business expenditure.:* Payment made for getting domestic customer base and trained personnel was revenue expenditure and the same was entitled for deduction under section 37 (1) of IT Act,1961

Direct Taxes : *Commissioner of Income Tax v. Jasubhai Somabhai Patel (2014) 60 (I) ITCL 113 (Guj-HC) : Allowability of Exemption under section 10(37) where Land was not cultivated by assessee himself.:* Merely because the agricultural land was not cultivated by assessee himself but by hired labourer or through his family member would not be sufficient to hold that land was not used for agricultural purposes, thus, exemption claimed by assessee under section 10(37) on additional compensation received on compulsory acquisition of agricultural land could not be denied.



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.

5 Years..... 50 Laws... 500 Lectures....5000 Practical.... 50000 Sections....500000 Rules.... A normal human being can't bear it.

The remaining abnormal are called as CHARTERED ACCOUNTANTS.



Feed back on this e-bulletin can be sent to the editorial team @ icaiebulletin@gmail.com

Editorial Team:

CA Prasanna Shenoy M | CA Gautham Nayak M | CA Madhav Shenoy S |
CA Shravan Dota | CA Vignasha M | CA Akshay Shet | Committee Members

