



# Newsletter - 41

May 2007

Mysore Chapter

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*From the*

## Chairman's Desk



Dear Friends,

Good wishes to you all !

The Chapter had the privilege of holding Half-Day Program jointly with Bangalore Chapter on "Limited Liability Partnership Bill,2006 and on Registration & Dissolution of Partnership Firms Under Part-IX of the Companies Act, 1956" as reported in our previous edition.

Chapter has been able to associate with other Professional Bodies/ Other Chapters for most of the Programs this year. The efforts are on to continue such association.

On 26th May, 2007 an evening Program on "Managing Inter personal relations" will be held to put a step beyond just subject matters.

The Chapter has taken up Career Counseling as a major thrust area for enhancing the student registration levels. Career Counseling scheduled during the month of May, 2007 are on 16th May, 2007 & one on 24th May, 2007. I request the members to spare their time for Career counseling Programs.

The members are requested to participate in the Study Circle Meetings held every Sunday at the Chapter Office. This would help in exchange of views & ideas, sharing of experiences among the members.

The Chapter Office needs to be given a facelift, for which purpose, ideas were sought from members. Some of the members have given valuable inputs to the Chapter. The proposal is being forwarded to Head Quarters for sanction/ approval.

With Warm Regards,

D D Bhat.

# Legal Round-up

## Income Tax

### Finance Bill 2007 enacted

Finance Bill, 2007 has been enacted as Finance Act, 2007 with effect from 11-05-2007.

### Circular on New Form 16 and Form 16A

Central Board of Direct Taxes have issued a Notification vide S.O. 455 (E) dated 26th March, 2007 prescribing, inter alia, new Form No.16 and Form No.16A. One of the columns in each of these Forms requires the deductor to quote 'Acknowledgement Nos. in respect of all Quarterly Statements of TDS.

However, the deductor may not be able to give the Acknowledgement No. in respect of Quarterly Statements for the fourth quarter as the TDS certificates in the aforementioned Forms are issued by 30th April whereas Quarterly Statements for the last quarter, i.e. the fourth quarter, are allowed to be furnished on or before 15th of June. Therefore, not available, the deductor may mention - 'Not Available as the last Quarterly Statement is yet to be furnished'.

F.No.142/44/2006-TPL dated 25th April 2007

### No need to submit Form 16

The Finance Minister Shri P Chidambaram unveiled new annexure-less I-T forms for 2007-08. Only details given in Form 16 are to be written in the new forms. The purpose of annexure-less forms is that they are amenable to be filed in electronic mode. Ultimately, all categories of employees are required to file forms on electronic mode only.

Press News

## EXCISE LAW

### Excise benefits to N-E region

The Government has effected amendments to the present dispensation in relation to excise duty benefits applicable to units located in the North Eastern region, including Sikkim, in order to incorporate the sunset date of 31st March, 2007 and to exclude there from certain activities not amounting to manufacture. Parallely, the



Chairman- Mysore chapter.

# Ripple Effect of the Rupee Appreciation

Compiled by: Sarina CH , CS, Meritor HVS, Mysore  
HM Dattatri, CS, Essilor India, Bangalore

The strengthening of rupee against the dollar has unleashed ripples across the various spectrum of the Indian Economy. Rising exports, increasing FDI inflows coupled with a weaker US economy are believed to be the causal. There are large public issues that are hitting the domestic market, which are attracting the overseas interests. Till now in 2007, FIIs have invested over \$ 32.9 billion in the equity and \$ 293 million in the debt markets. The rupee's appreciation is sure to hurt our exporters, as much as it will erode their profits. India's Garment exports are estimated at \$ 9.5 billion annually, the rupee appreciation will see this slipping down by 5-8%, this quarter. While the aftermath of the strengthening of Rupee against the Dollar will be felt for some more time to come, it is time to deliberate the pros and cons of this phenomenon. We invited our professionals to speak their mind and this is what we heard from them.....



"...any economy which witnesses a sustained influx of foreign investment will see a phase of strengthening of the local currency at some point, based on over all economic scenario in the rest of the world.

India is a net importer and large component of import is to meet the energy needs and hence such currency appreciation augurs well for the domestic economy. As far as the export competitiveness is concerned, the currency appreciation is not a cause of worry yet as India still holds an edge over other developing countries due to the technological edge in its primary area of export. "

Ghanashyam Hegde,

Company Secretary, Times Infotainment Media Limited, Mumbai

"A moderate firming up of rupee is good. However, the depreciation of US\$ against rupee in the past six months has been quite sharp. Even though India is a net importer, it is not definitely desirable to have further appreciation of rupee. In the short term it is good for the importers. Unless our exports are at competitive price we will not sustain. Volatility of FEX rates will also mean higher premium for taking hedge by both the exporters and importers. No country can afford to have higher imports and lower exports.

This would result in demand for Foreign Currency in the long run thereby weakening of the Rupee. The situation can be compared to a rocking boat.....

Government has notified revised excise duty benefits for goods manufactured by industrial units in the region subject to such units commencing production before 31st March, 2017. The excise duty benefit will be available for a period of 10 years from the date of commercial production.

Notification Nos. 20-CE & 21-CE dt 25-4-2007

### No export benefits on automobiles....

The CBEC has clarified that no export benefits are available in respect of automobile and other cesses which are not specifically covered under rebate and other export provisions under central excise law.

M.F. (DR) Letter F. No. 262/01/2007- CX8, dated 20-3-2007

### Refund of unutilized credit of additional duties on textiles and textile articles

The Government has clarified that unutilized credit of the additional duties on textiles and textile articles in respect of inputs used in export goods is eligible for refund under Rule 5 of the CENVAT Credit Rules.

Instructions dt. 22-3-2007 vide F.No. 267/11/2003 -CX-8 issued by Ministry of Finance and Company Affairs

### Case Laws

#### Process of lining of pipes - Manufacture?

The Tribunal has held that the process of lining of pipes with cement mortar and MS weld mesh, not resulting in a new product, does not amount to manufacture under excise law.

Subash Projects & Marketing Ltd. Vs. CCE (2007 (79) RLT 254)

#### Scrap from non-manufacturing process

The Tribunal has held that waste and scrap arising from a non manufacturing activity is not dutiable under excise law.

Hindustan Petroleum Corporation Ltd. Vs. CCE (2007 (79) RLT 374)

#### Emergence of waste oil on use of lubricating oil-not excisable

The Tribunal has held that emergence of waste oil upon use of lubricating oil in machinery is not excisable under law.

Spic Pharmaceuticals Division Vs. CCE (2007 (79) RLT 508)

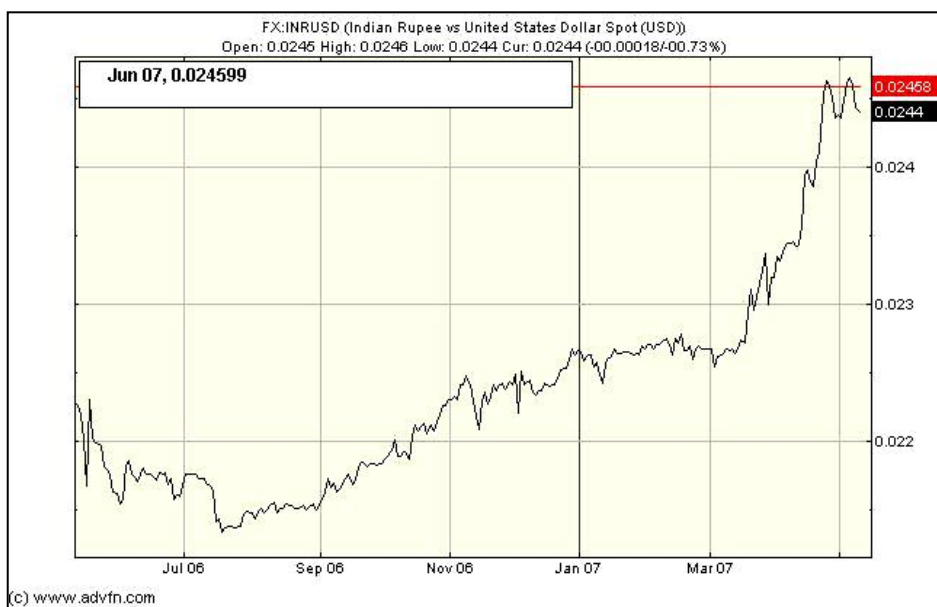
RBI should intervene sooner or later to bring in some sort of equilibrium in the FEX market. The extent of intervention, duration and magnitude should be judged by the RBI."

**G V Srinivasa Murthy** PCS  
Chairman, ICSI Bangalore Chapter

"...dollar is depreciating against all the major currencies in the world. It was at 26 year low as against the pound sterling. It means that by continuing to export at the same dollar value to countries other than the US we shall be making the imports for these countries cheaper. Corollary is that if the rupee stabilises at the current levels then there exists a scope for price increase. Exporters may need to know the final destination for their products, study their currency pattern against dollar and pass the additional cost by increasing the price. It may well help in tiding over the current crises looming as a result of weak dollar.

If dollar is weakening continues globally, even RBI may find it difficult. We need also to think of transactions outside US in currencies other than USD."

**Krishnamurthy Rajagopalan**  
Dy Manager-Finance, Essilor India, Bangalore



"Competitiveness of an export program, regardless of the country, should be inherent to the business or the addressed market. Basing such cost competencies only on the exchange rates mechanism would be extremely risky and short sighted;

RBI's intervention should be rare and only in extreme situations, as the FOREX market should be driven by market forces. Let us remember that our country has a huge import bill, on account of oil, as we are not self sufficient. Any appreciation in the rupee would only benefit the exchequer and the country at a macro level."

**C. K. Sabareeshan,**  
E D - Finance & C S, Automotive Axles Ltd, Mysore



## Valuation in respect of goods notified under Section 4A

The Tribunal has held that goods notified under Section 4A of the CE Act are required to be valued on the basis of transaction value under Section 4, if such goods are not intended for retail sale but are to be distributed free by the buyers of such goods.

Rallis India Ltd. Vs. CCE (2007 (142) ECR 447)

## CENVAT

### Credit availed on common inputs

The Tribunal has held that reversal of proportionate credits availed on common inputs, to the extent of use in exempted goods, would tantamount to non-availment of input credits in relation to such exempted goods.

Greaves Ltd. Vs. CCE (2007 (79) RLT 266)

### Capital goods used in mines

The Tribunal has held that inputs and capital goods used in mines located outside the factory are entitled to CENVAT credits under the rules.

Aditya Cement Vs. CCE (2007 (142) ECR 552)

### Excess duty paid not passed on to customer

The Tribunal has held that the bar of unjust enrichment is not applicable in case the excess duty paid is not passed on to the buyer. Further issuance of a credit note or the refusal by the buyer to pay the excess duty would be evidence that the incidence of such duty was not passed on.

CCE Vs. Gokak Mills Ltd. (2007 (79) RLT 348)

### Burden of proof

The Tribunal has held the burden of proof that duty incidence has not been passed to the customer stands discharged once the manufacturer produces certificates from a Chartered Accountant as well as from the customer to that effect and the doctrine of unjust enrichment would consequently not apply.

CCE Vs. Talsila Pharmaceutical (P) Ltd. (2007 (210) ELT229)



“There are several factors responsible for strengthening of Indian rupee vis-à-vis US dollar..., all other things remain the same, this trend would help our economy.

There is no doubt that a strong rupee would go against exports but most of our exports are import driven such as gems, jewellery, petroleum etc, which have a large portion of imports.

The macro level fundamentals support the growth story of our country. The main cause of worry at this stage is inflation, which can be tackled through growth in supply side. Since augmenting the supplies takes a longer time, we see short term measures being tested by the Reserve Bank such as restricting monetary supplies through various means. A strong rupee would dampen inflation, which would reduce pressure on Reserve Bank to tighten credit.”

**Pradeep Mehta,**

M D & C S , AT & S India Pvt Ltd, Chairman of CII, Mysore

“Exchange rates of a country’s currency is subject to various political, economical, general perception about a country coupled with various concepts like PPP (Purchasing Power Parity), demand & supply into international financial market. Accordingly, we should perceive the given situation about dollar, as weakening of US Dollar in the global market only and not specifically against rupee.....the Indian economy is growing faster (nearly double the rate of USA and only second to China), we should not be surprised if the rupee becomes more stronger as against dollar and only option can be to plan-out the strategy to meet such situations. “

**B.R. Sachdeva,** PCS,

B Raj Corporate Services New Delhi

“The transition from protected economy to open economy will always throw up some issues. The currency becoming stronger need not cause such a panic as there are plus as well as minus sides to this. The water has to settle at its own level sooner or later.”

**D D Bhat,**

GM - Legal & Commercial, J.K Tyres, Mysore

“Rupee gaining reflects not only “doing well” but also a multitude of factors playing the best orchestra ensuring that the flows to and fro the capital markets, interest rates and the exchange rates, hedging against inflation, bullion and commodity markets are playing their cards in more ways than one.

We cannot obviously be led by a mechanism where exchange and interest rates are stage managed but market led which determines the real strength and the inherent weaknesses that prevail both in the industry and the economy. While we want the goodies that the developed world has to offer why we shy away from having to imbibe a culture where we perform or perish. Value is the mantra

## Clearance of goods from one bonded warehouse to another

The Tribunal has held that clearances of goods without payment of duty under bond to another bonded warehouse cannot be considered as clearance at nil rate of duty or under exemption. The benefit of exemption available on intermediate goods used in the manufacture of such goods cannot therefore be denied.

Madras Refineries Ltd & Anr. Vs CCE (2007 (79) RLT 389)

## Service Tax

### New Form ST-3

The Central Government has notified new Form ST-3 under the Service Tax Rules, 1994. The additional details required to be filled in the form, inter-alia, pertain to:

- tax payments as a recipient of services
- non monetary consideration received, if any
- expenses incurred as a pure agent
- consideration realised for exported/exempted services
- Large Taxpayer Unit related details, if relevant.

Notification No. 14/2007 dated 02-04-2007

### Commission received by del credere agent-No service tax

The Tribunal has held that commission received by del credere agents is not liable to service tax under the category of clearing and forwarding agents services.

CCE Vs. Goel Polymers (2007 (7) STT 201)

### No ST on sub-consultants/sub-contractors

The Tribunal has held that no service tax demand can be raised on sub-consultants/sub-contractors rendering services under the category of architect's services.

OIKOS Vs. CCE (2007 (7) STT 335)

### No ST on royalty paid to Foreign collaborator for IP

Bharat Electronics Ltd. Vs. CCE (2007 (7) STT 206), the Tribunal has held that ST is not leviable on royalty and technical service fees paid by Indian companies to foreign collaborators for transfer of patents, know-how, trade marks, designs, etc. under the consulting engineer category.

and not just the price, cost, profit and returns per se. This is a wake up call for India who have for long been in the comfort zone of being protected and do not now want to take things head on."

**Harish Machia Kodandera,**  
Businessman & Trainer

"Booming economy brings challenges. Indian economy is strong enough to withstand this kind of ups and downs. However companies on stand alone basis will have some losses and gains."

**M Krishna,**  
Finance Controller, AT&S India

".....this kind of situation will occur in every economy which is gaining momentum. All that we have to do is carefully analyze the situation and be cautious and be prepared to face it. "

**Damodar K,**  
Manager F & A, A T & S ECAD Technologies, Bangalore

"Rupee gain shows the trend in the economic development in India. The companies like ours always wish for strong dollar as it improves the bottom line. However on the macro level, rupee should gain."

**B S Srinivasa,**  
F M & C S Microchip Technologies Designs Pvt Ltd, Bangalore

## Closing Remarks...

While we convey our profuse thanks to everyone that shared their opinion, we may conclude that,

- If rupee appreciation is any indicator, then India is definitely scaling the heights in terms of Economic growth. Going by history, this paradigm shift is bound to happen in any economy that is steadily moving on the path of progress
- Dollar is weakening against many currencies. While counting on growth, we need to discount this factor.
- Exports, which are not import driven, shall suffer till a point when the backlog is cleared and the prices re-aligned
- Liability on Import bill shall not be as burdensome as earlier
- RBI's intervention is not imminent unless the situation goes out of hand
- Finally, India is coming a full circle



## Input credit of ST paid on mobile phones in providing output service

The Tribunal has held that service tax paid on mobile phones used in rendering output services is available as input credit.

Nice Telecommunications Pvt. Ltd. Vs. CCE (2007) 9 STJ 29)

## Sales Tax

### Whether banks are dealers?

The Supreme Court has held that since banks are dealers under the respective sales tax laws, as per the amended definitions, the sale of pledged and hypothecated goods by such banks is incidental / ancillary to the banking business and hence chargeable to sales tax.

Federal Bank Ltd. Vs. State of Kerala [(2007) 6 VST 736] and Government of Andhra Pradesh Vs. Corporation Bank [(2007) 6 VST 755]

### Who is liable to discharge entry tax?

The Karnataka High Court has held that the liability to discharge entry tax is on the person who actually causes entry of goods into the local area and it is immaterial as to whether the tax is payable by the seller / purchaser or any other person.

State of Karnataka & Others Vs. Wipro GE Medical Systems Ltd. [(2007) 6 VST 510]

## VAT

### Software licenses are under KVAT

Software licenses have been included in the list of intangibles chargeable to VAT @ 4% w.e.f 1.4.2007.

The Karnataka VAT (Amendment) Act, 2007

### Cigarettes-No exemption under VAT

Karnataka Finance Act, 2007, Commr of C T Circular No 1/2007-08 dated 7th April, 2007

## Customs law

### Concession for imports under India Singapore FTA

The Central Government has notified further concessions for imports effected in terms of the India Singapore Free Trade Agreement.

Notification No.49/2007dated 29/03/2007



**A business executive** was deep in debt and could see no way out. Creditors were closing in on him. Suppliers were demanding payment. He sat on the park bench, head in hands, wondering if anything could save his company from bankruptcy.

Suddenly an old man appeared before him.

"I can see that something is troubling you," he said.

After listening to the executive's woes, the old man said, "I believe I can help you."

He asked the man his name, wrote out a check, and pushed it into his hand saying, "Take this money. Meet me here exactly one year from today, and you can pay me back at that time."

Then he turned and disappeared as quickly as he had come.

The business executive saw in his hand a check for \$500,000, signed by John D. Rockefeller, then one of the richest men in the world!

"I can erase my money worries in an instant!" he realized. But instead, the executive decided to put the uncashed check in his safe. Just knowing it was there might give him the strength to work out a way to save his business, he thought.

With renewed optimism, he negotiated better deals and extended terms of payment. He closed several big sales. Within a few months, he was out of debt and making money once again.

Exactly one year later, he returned to the park with the uncashed check. At the agreed-upon time, the old man appeared. But just as the executive was about to hand back the check and share his success story, a nurse came running up and grabbed the old man.

"I'm so glad I caught him!" she cried. "I hope he hasn't been bothering you. He's always escaping from the rest home and telling people he's John D. Rockefeller."

And she led the old man away by the arm.

The astonished executive just stood there, stunned. All year long he'd been wheeling and dealing, buying and selling, convinced he had half a million dollars behind him.

**Suddenly, he realized that it wasn't the money, real or imagined, that had turned his life around. It was his newfound self-confidence that gave him the power to achieve anything he went after.**

## Inter-unit transfer of capital goods

The Central Government has recently clarified that all goods which qualify as capital goods on the basis of their use are to be allowed the facility of inter-unit transfer from one 100% EOU/unit in STP/EHTP/BTP to another 100% EOU/unit in STP/EHTP/BTP.

Circular No. 16/2007 dated 18/04/2007

## Case laws

### Royalty for post importation works

The Tribunal has held that royalty which is not a condition for sale and is paid for post importation activities, is not includible in the value of the imported goods.

Steel Authority of India Ltd. Vs. CC (2007 (210) ELT 150)

### Transaction value when can be rejected?

The Tribunal has held that the declared transaction value can only be rejected where the circumstances indicated in Rule 4(2) of the Customs Valuation Rules (CVR) are present.

Haridas Aggarwal Vs. CC (2007 (210) ELT 272)

### Concesion under the Projecte Import scheme

The Supreme Court of India has held that the customs authorities cannot deny an importer the concessional duty benefits under the Project Import Scheme, 1988 where the sponsoring authority had issued an essentiality certificate. It has also held that Heading 98.01, for Project Imports, is a specific heading and not a general or residuary one.

Zuari Industries Ltd. Vs. CCE (2007 (79) RLT 545)

### Benefit of exemption and procedural conditions

The Tribunal has held that the benefit of an exemption notification cannot be denied on account of non-fulfillment of procedural conditions.

Polyplex Corporation Ltd. Vs. CCE (2007 (142) ECR 521) and Kanchi Karpooram Ltd. Vs. CC (2007 (142) ECR 550)

## Web Yaatra



## [www.doingbusiness.org/lawlibrary](http://www.doingbusiness.org/lawlibrary)

- Smitha B.Com, ACS

In this edition of web yaatra, we have for you, a one stop solution for all of your legal inquests. Log on to [www.doingbusiness.org/lawlibrary](http://www.doingbusiness.org/lawlibrary)

This website is provided by World Bank. It has the largest collection of business laws & regulations. It provides complete information about all the regulations pertaining to nearly 175 economies around the world. This website offers a complete solution to those who are on the watch out for the changes in the business laws of various economies in order to choose an ideal economy for the purpose of investments.

For budding professionals, this website offers an insight into the various regulations of different economies, keeping you updated on the happenings in the legal world.

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## In Lighter Vein.....

- **Circuit:** Bhai ye doctor log operation ke time pe patient kobehosh kyokarte hai?  
**Munnabhai:** Is liye ki patient surgery seekh na le, bole to, secret hai !!!
- **Sardar.....**is writing an exam standing at the door. Another guy asks "Aap darwaje pe khade hokar exam kyu likh rahe hain"  
  
Sardar replied, " Bewakuf, ye entrance exam hai"

## Words worth Millions...

"All the time, circumstances are not going to favour us. We shall have to face obstacles and adversities. Fearlessness is the first virtue of a hero, the starting point of all other noble virtues."

- MS Golwalkar



## Custom officials have no power to impose additional restrictions

The Tribunal has held that the customs authorities cannot impose any restrictions in addition to those specified in the exemption notification so as to reduce the benefits applicable therein.

Giesecke & Devrient (India) Pvt. Ltd. Vs. CC  
(2007 (142) ECR 501)

## News from RBI

### ECB limit enhanced

With a view to providing greater flexibility to the corporates in managing their liquidity and interest costs dynamically, the existing limit for prepayment of ECB has been enhanced from USD 300 million to USD 400 million. Accordingly, AD Category - I banks may allow prepayment of ECB up to USD 400 million, without prior approval of the Reserve Bank subject to compliance with the minimum average maturity period as applicable to the loan.

The amended ECB policy will come into force with immediate effect and is subject to review

RBI/2006-2007/365 A. P. (DIR Series) Circular  
No. 44/30-04-2007

## News of Use

### ROLL CHECK Digital Signature.

MCA plan to implement role check at the time of filing of eforms. This implies if the eform is not digitally signed by authorised person then it shall not be accepted on MCA21 portal. The check shall be performed for :

- Director
- Authorised Signatory (Manager /Secretary)
- Practising Professional

Register your DSC now by clicking on Register Digital Signature icon in the MCA website [www.mca.gov.in](http://www.mca.gov.in)

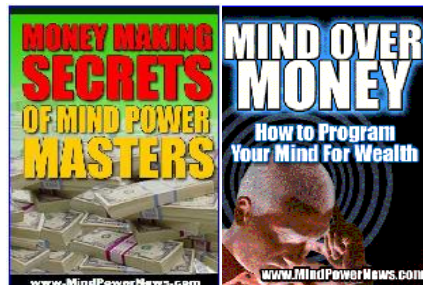
### Companies can send abridged reports highlighting important features

The SEBI has decided to amend clause 32 of the equity listing agreement to align it with the provisions of section 219 of the Companies Act, allowing a company to send a statement containing important features of the balance-sheet, profit and loss

## Book Review

# Mind Power News

Nimmo Kinger PCS, Mysore



This month's book review is actually a gift ; although a free gift which I am passing on. Mind Power News, an online ezine ([www.mindpowernews.com](http://www.mindpowernews.com)) is giving away two ebooks which are actually training manuals on becoming successful and rich. They are Money Making secrets of Mind Power Masters and Program Your Mind for wealth.You can download them at: <http://mindpowernews.com/FreeOnlineBooks.html>.

These are online versions of both of the Mind Power for Wealth" training manuals. **The first is a simple 30-day course in how to use the amazing power of your mind to attract abundance and prosperity into your life and the second is a course where you can do so in only 10 minutes a day!** Try them out! The manuals contain the age old truths and practices than can lead to success.

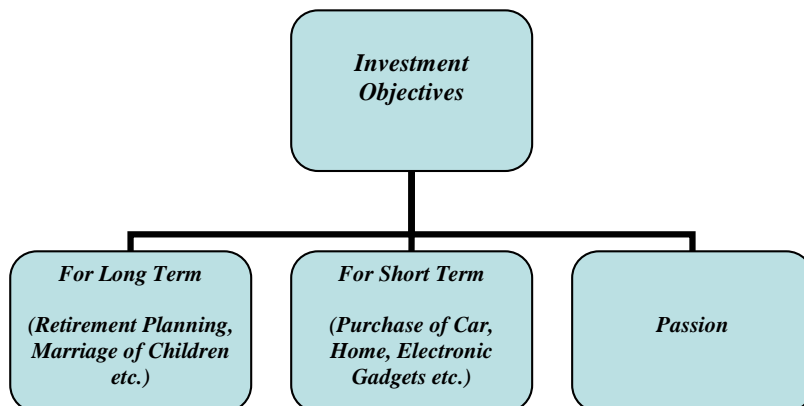
## Market Round-up

# INVESTOR SECRETARY

- Sreeraj M. ACS Final

Dear Friends, from this issue onwards "INVESTOR SECRETARY" column will focus on the investment patterns in Equities and Market round up. Readers, who are busy in their professional lives but have an inclination to the Equity market may take a tip or two from this column.

Speculative returns would supplement the otherwise slower returns from alternative modes of investment. We should plan our investments proportionate to the risks that we are willing to afford. Equities are an attractive option to feed the better part our investment objectives.





account and the auditor's report in place of the full balance-sheet and annual report.

Other provisions of clause 32 pertaining to turnover and income from new activities, along with the cash flow statement tagged to the profit and loss account, shall remain unchanged.

The SEBI move should trim the rising cost of compliance. Also, in today's day and age, most of the information is available in the public domain, including the websites of the company and stock exchanges, the circular said.

The SEBI has directed all stock exchanges to appropriately amend clause 32 of the listing agreement. However, a company will be required to send the complete balance-sheet, profit and loss account and the auditors' report at the written request of any shareholder.

Business Line, April 27, 2007

### **New ITAT ruling to hit BPO industry hard**

In an unprecedented judgment that could have far reaching ramifications, the Income-tax Appellate Tribunal (ITAT) has ruled that foreign companies having local agents with Permanent Establishment (PE) will have to pay taxes in India.

The concept of PE is one of the most complex issues that international tax treaty laws have to deal with. That is because a foreign company's profits are taxable in a country only if the enterprise is deemed to be a PE, usually defined as a "fixed place of business" through which business is carried out.

With this order, income earned by foreign companies in India will come under the tax net even if the foreign company has paid the Indian agent on the basis of the Arm's Length principle (ALP). Under the terms of this principle, the prices paid to a foreign company's agent would be the same as they would have been, had the parties to the transaction not been related to each other.

BPO business that will now come under the scanner as foreign companies in the BPO space that have Indian agents are not filing returns in India.

The Economic Times, April 26, 2007

For every kind of objective there is an investment plan based on your risk appetite. In the next issue, we shall take up how to plan your investments based on your age and objective.

Investment expertise never comes by chance rather it comes by experience. But the good news is that you need not be an expert to start with. If you have the passion for it you can start it right away.

## **Spectrum Space**

### **Spectrum this month . . . ,**

Hi Friends,

With the June session of exams round the corner, the last month saw the students focusing on examination related queries in our study circles along with sessions on Assessment Procedure under IT Act, an overview of the Wealth Tax Act, Consolidation of Accounts and Forex Management. The preparatory exams for the Intermediate Groups were conducted from 16<sup>th</sup> to 23<sup>rd</sup> of April 2007 for evaluating the preparations. We expect the preparations for the exams to be in full swing!

From the Spectrum Team, here's wishing everyone, who are burning the midnight oil, all the very best and wishing that you come out in flying colours!

*Good Luck Again!!!*

*Spectrum friends*

## **STOP PRESS**

### **Ministry Of Company Affairs Renamed As "MINISTRY OF CORPORATE AFFAIRS"**

Ministry of Company Affairs has been renamed as Ministry Of Corporate Affairs vide presidential notification dated 9th May 07 amending the Govt. of India (Allocation of Business) rules, 1961.

"The new name not merely reflects a change in the form but also in the vision and approach that drives the initiatives of the Ministry", said the Minister, Shri Prem Chand Gupta while recounting the reasons for changing the name.

The focus of the Ministry's working is no longer limited to the administration of companies but has increasingly acquired an all-inclusive role of addressing a wide sweep of functions - Corporate Governance reforms and the emerging legal framework. With the introduction of the 'Limited Liability Partnership Bill' proposing a new corporate structure, the

## SEBI may review practice of giving revenue guidance

Market regulator Securities and Exchange Board of India (SEBI) may review the industry practice of giving revenue guidance and effect changes in a host of other procedures related to dividend payout among others, besides coming out with norms for oil and gas firms to make adequate disclosures.

Speaking at a FICCI meeting SEBI Chairman said it had become difficult to know "where guidance stops and forward looking statements start".

The practice of providing guidance was being reviewed even in the US, he said, but did not say if he intends to put an end to such announcements.

He indicated that changes were being contemplated with regard to practice of declaring dividends on a percentage basis, easing the procedure for issue of shares on rights basis and introduction of different classes of shares instead of focussing only on equity shares.

The capital market regulator was also working on norms for oil and gas companies such as the timing of their announcement of new discoveries.

The Economic Times, April 27, 2007

### ➤ National platform for information exchange between all Tax Depts.

The Government will soon unveil a national platform for information exchange between all tax departments - both at Central and State levels. The system would connect all tax departments at the Centre, State and Local Government levels.

The Economic Times, New Delhi, dated 05/04/2007

### ➤ SEBI guidelines on consent orders

The Securities and Exchange Board of India has issued more detailed guidelines for consent orders and for considering requests for composition of offences.

This will come into force with immediate effect

Circular No EFD/ED/Cir-1/2007 on April 20 2007

amendments in the Acts governing the three professional institutions viz. the Institute of Chartered Accountants of India, the Institute of Costs & Works Accountants of India, and the Institute of Company Secretaries of India, notification of Accounting Standards, the initiatives being taken towards operationalisation of the 'Competition Commission of India', etc., the Ministry has, during the period of last two years, re-oriented itself to meet the expectations of a vibrant corporate sector in its march towards the global competitive environment.

## Service Tax Circulars Withdrawn

CB&C had issued various circulars from time to time on various issues relating to service tax. CBE&C had appointed Shri T R Rustagi on 13-6-2006 to review circulars/clarifications etc. issued from time to time, taking into account change in law, Court decisions etc. He had submitted his report on 22-2-2007.

On the basis of his report and comments received, CBE&C has withdrawn 48 circulars vide circular No. 93/4/2007-ST dated 10-5-2007. The circulars have either lost their relevance or have become anachronistic due to changes in law.

It is also clarified that all circulars relating to valuation of service tax have already been withdrawn vide para 4.1.13 of instruction No. B1/4/2006-TRU dated 19-4-2006.

## New Income Tax Return Forms for A.Y. 2007-08 Notified By CBDT

Sl. No.	Form Name	Form Description
1	<a href="#">ITR-1</a>	For Individuals having Income from Salary & Interest
2	<a href="#">ITR-2</a>	For Individuals & HUFs not having Income from Business or Profession
3	<a href="#">ITR-3</a>	For Individuals/HUFs being partners in firms and not carrying out business or profession under any proprietorship
4	<a href="#">ITR-4</a>	For Individuals & HUFs having income from a proprietary business or profession
5	<a href="#">ITR-5</a>	For firms, AOPs and BOIs
6	<a href="#">ITR-6</a>	For Companies other than companies claiming exemption under section 11
7	<a href="#">ITR-7</a>	For persons including companies required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D)
8	<a href="#">ITR-8</a>	Return for Fringe Benefits
9	<a href="#">ITR-V</a>	INDIAN INCOME TAX RETURN VERIFICATION FORM [Where the data of the Return of Income/Fringe Benefits in Form ITR-1, ITR-2, ITR-3, ITR-4, ITR-5, ITR-6 & ITR-8 transmitted electronically without digital signature]
10	<a href="#">Rule-12</a>	Rule-12

