



The New Horizon

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Newsletter of the Mysore chapter of the SIRC of ICSI



News Highlights

Different set of tax rules for different services: Datta

Central Excise Commissioner Biswajit Datta on Monday suggested that new entrants into the service tax fold should carefully consult the circular from the department as different services had a different set of rules.

"Each service has at least one instruction issued," Datta said. He said there was no threshold limit and as such all the units, irrespective of size, under 58 services notified by the government would have to pay the tax.

Datta, however, clarified that the department would not insist on keeping a separate set of records for payment of service tax as the existing system was sufficient.

Commenting on the penal provisions, he said certain new systems had been introduced on the line of IT Act, including 15 per cent per annum penalty for delayed payment.

In addition a penalty of Rs 500 for non-registration and a fine varying between Rs 100 and Rs 200 for non-payment of tax would be imposed, he said, adding, penalty for suppressing the value of services would not exceed twice the original value.

Commenting on the positive aspects, Datta said there was a provision that if any application for registration was pending for more than seven days, it would be treated as deemed registered.

SC rejects plea against tax relief under DTAA

MUMBAI: A division bench of the Supreme Court, in a recent order, has dismissed a review petition filed against the apex court's recent decision on the Indo-Mauritius Double taxation Avoidance agreement. The apex court

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Athavale Visits Mysore in May'04

Mr. Mahesh Ananth Athavale, new president of the ICSI is visiting to Mysore Chapter in the first week of may 2004. He is expected to address the members and students of ICSI on the occasion of Foundation day celebration. Incidentally Mysore chapter is planning for a professional development program besides a press meet on the occasion.

Chapter Chairmen's Meet at Chennai

SIRC of ICSI had organized a meet of chairmen of all chapters of southern India on 12th March 2004. C K Sabareeshan, our chapter Chairman has attended the meeting and briefed the management committee members in the meeting held on 14th March 2004 at the chapter office. Accordingly, detailed discussion were taken place on various issues including student activities, professional development programs for members, actions required for gaining more visibility to the profession, target number of enrollment of students, system review of oral coaching classes, administration of chapter offices and related matters.

Oral Coaching Classes

The first batch of the oral coaching classes for the year 2004 has completed in this month. The classes had been conducted for Foundation and Intermediate first group.

The second batch of oral coaching classes is scheduled to be initiated from the 2nd week of June 2004. As of now classes are being planned for second group of Intermediate.

Chapter Accounts flying with Wings...

Mysore chapter has transformed its accounting system from manual to digital. In line with ICSI guidelines, accounting software "Wings" is installed and tested already. From 1st April 2004 online updation of financial reports to the head office at Delhi will be possible from Mysore Chapter.

E-News letter from SIRC

Now it is SIRC to bring out E-News letter. SIRC has recently constituted E-News letter committee with Mr. Suryanarayana as Editor. The first edition is expected to be published by the end of this month. It is informed that one representative from each chapter will work as resource person for the newsletter project. 12 editions and 1 special edition is planned to be published under the project. Mysore chapter wishes all the best for the project.



Legal updates,,,

For purpose of section 50(2) of Income Tax Act, where 100 per cent depreciation had been allowed on assets, whole of amount received by assessee on sale of those depreciated assets is required to be treated as capital gain arising from transfer of short-term capital assets
[2004] 134 Taxman 790 (Mad.)

Where at initial stage itself both assessee as well as potential investors knew well in advance that a major portion of fund or entire fund, as the case may be, raised by way of debentures would be converted into share capital, entire expenditure qua issue of debentures could not be said to be revenue expenditure
[2004] 88 ITD 283 (Delhi)

Reference to such profits in sub-clause (1) of clause (baa) of Explanation to section 80HHC can only be to profit of business computed under head Profits and gains of business or profession and addition of prefix the to profits in clause (baa) makes it clear that it is only amount already included in that computation which are now to be reduced to extent of 90 per cent, if those items are included in clause (1) of that definition
[2004] 134 Taxman 735 (Mad.)

Income-tax authorities have jurisdiction under Act to enquire into matter, to issue orders of attachment and prohibitory order to keep property intact subject to result of proceedings and mere delay in disposal of proceedings does not confer any right on respondent in proceedings to proceed against State and State authorities
[2004] 134 Taxman 766 (Kar.)

As to in what manner Governor ought to have exercised his discretion or ought not to have exercised his discretion, when recommendation was made and advice was tendered by Council of Ministers for dissolution of Legislative Assembly, is a question, which is in absolute discretion of Governor and there cannot be a judicial review thereon
[2004] 14 ILD 210 (AP)

Where immovable property of minor is sold by natural guardian without previous permission of Court, minor or any person claiming under him, is required to challenge said sale at first instance; without setting aside said alienation/sale, no relief can be obtained by minor or person claiming under him:
[2004] 14 ILD 257 (Ker.) (FB)

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SC rejects plea against tax relief under DTAA

- has upheld the government's circular stating that even a certificate of residence from Mauritius government makes the company eligible for tax exemption provided under the Indo-Mauritius DTAA. The petition was to review this decision.

With the dismissal of the review petition, the clarity given by the apex court on tax matters under the Indo-Mauritius DTAA, has been upheld. The Supreme Court verdict had clearly underlined the tax benefits available for Mauritius-based companies operating in India. It also reflected a certainty in tax matters as far as Mauritius companies are concerned. The litigation on this issue began with the I-T department's decision to question the authenticity of the claim of the Mauritius base made by certain corporates.

Exim monopoly goes; new windows opened

The government has chosen State Bank of India (SBI), Bank of Baroda (BoB) and Indian Overseas Bank (IOB) for channelising government credit to other countries which runs into billions of dollars. Till now, Exim Bank had virtual monopoly in establishing credit facilities in the form of line of credit either to assist a certain country or boost Indian exports to the country.

According to decisions finalised by the finance ministry on the basis of proposals forwarded by the external affairs ministry, the rate of interest on any such line of credit (LoC) will be decided on the basis of four slabs, depending upon the economic health and indebtedness of the country concerned.

Till now, the rate of interest on such LoCs was decided virtually on a case-to-case basis. With the country's foreign exchange reserves topping \$100 billion, there is ample scope to boost Indian exports and also provide relief to select countries through such credit facilities, government officials said.

India has a large number of credit facilities established with various countries, especially those from the African, south American, CIS and Asian region.

Investor Word...

bollinger bands:

A technical analysis technique in which lines are plotted two standard deviations above and below a moving average, and at the moving average itself. Because standard deviation measures volatility, these bands will be wider during increased volatility and narrower during decreased volatility. Some technical analysts consider a market, which approaches the upper band to be overbought, and a market, which approaches the lower band to be oversold



On lighter side.....

Food for thought...

"Don't lower your expectations to meet your performance. Raise your level of performance to meet your expectations. Expect that best of yourself, and then do what is necessary to make it a reality. "

Ralph Marston

WHEN ASKED A QUESTION, NEVER ADMIT THAT YOU DON'T HAVE THE ANSWER. INSTEAD, RESPOND WITH AN IMPOSSIBLE QUESTION OF YOUR OWN.

