



Newsletter-14

Mysore Chapter

January 2005

From Chairman's desk...

Dear Friends,

Happy & Prosperous New Year to you all!

I express my sincere thanks for electing me as the Chairman for the Silver Jubilee Year of the Chapter.

The New Year started in the shadows of the Tsunami tragedy which claimed more than 1,50,000 lives across several South East Asian Countries. India suffered a casualty of nearly 16,000 and several thousands rendered homeless, orphaned or disabled for life. The 'Unity in Diversity' of the Nation was evident in expressing their concern from all walks and parts of the Country for the people affected by contributing their mite for the cause.

2005 happens to be the Silver Jubilee year of the Chapter. In common parlance 25 years is the prime of youth & vibrancy. The vibrancy of the members is reflected in the vibrancy of the chapter. If the good attendance at the General Meeting was an indicator, then the Chapter has ushered in the New Year on an encouraging note. I sincerely request the members to spare at least one hour in a week for the Chapter by regularly visiting the Chapter office. The rich experience of the members can be shared with the students & other members. We can think of having evening meetings after study circle meetings every Sunday for sharing such thoughts & experiences. I seek the views of the members on this idea.

The student registration for the year has not been on expected line, at least for the foundation course. Registrations so far received for foundation

course do not reflect the efforts & hard work put in by the Career Counseling team, which had done an excellent job by covering more than 5000 prospects. We have to look in to ways and means of popularizing the Course. The visibility of the profession needs a boost. The headhunters and managements are yet to warm up to the immense utility of the Company Secretaries in general management cadres. A Company Secretary is a multi-skilled professional is yet to be popularized. This may be one of the major reasons for poor registration at the foundation course level. I welcome suggestions from all the members in correcting this perception.



The Year 2005 is also expected to be an year which would see amendments to the Patent Laws; Arbitration & Conciliation Act, Information Technology Laws and Tax Laws apart from much postponed New Companies Act The year is also expected to witness introduction of VAT through out the Country.

The Silver Jubilee Committee is expected to meet shortly & come out with the activities chalked out for the year.

Wishing You All a Happy Sankranti & Happy Pongal!

With warm regards.

Mysore
13th January 2005

D.D. Bhat

Chapter News

Annual General Meeting for the year 2004

AGM 2004 was held on Saturday 25th December 2004 at Hotel 'Sandesh the Prince'. This AGM evidenced highest ever attendance of the members compared to all earlier AGMs. The Members present were

1. C.K. Sabareeshan
2. H.M. Dattatri
3. Jayalakshmi Anshuman
4. D.D. Bhat
5. S. Bhadrinarayanan
6. G.D. RamaRao
7. M.C. Bhansali
8. Sarina Chouta Harisha
9. Anshuman
10. Radhakrishnan
11. K.R. Ganapathy
12. N. Parashuraman
13. Hitaish Kumar
14. Mahadev Prakash
15. M Krishna
16. Chandrashekar



Mr. Chandrasekhar was appointed to the Managing Committee in of Mr. V S Kumar, who resigned consequent to his relocation out of Mysore.

The following were unanimously appointed to the executive committee:

D D Bhatt:	Chairman
S Badri Narayan:	Vice-Chairman
H M Dattatri:	Secretary
Jayalakshmi A.:	Treasurer



The AGM was not just an official routine gathering. It was a family get together of all company secretaries of Mysore. Hence was a rarest occasion.

A small concert by a keyboard artist added colours to the function. Family members and Children entertained every one by participating in singing.

Thus one more memorable page was added to the history of the ICSI - Mysore Chapter.

Legal Roundup

Towards a single standard

From 2005, more than 90 countries will either permit or require their quoted companies to present their accounts according to international financial reporting standards.

FROM January 1st, the 7,000 or so companies listed on stock exchanges in the European Union will have to grapple with a new set of accounting standards. Nor will they be alone. In total, more than 90 countries, from Australia to Russia, will either require or permit the use of new global norms for presenting their figures, known as international financial reporting standards (IFRS).

Valuation

In *Mytri Enterprises Vs. CC* (2004 (174) ELT 389), the Tribunal has upheld the setting aside of the declared transaction values on the ground that these were uniformly declared without reference to models and/or combinations. The Tribunal upheld the determination of transaction values on the basis of product quotations obtained through manufacturers price lists and internet sites.

The Tribunal, in *Time Masters Vs. CC* (2004 (117) ECR 623), has held that the transaction value cannot be enhanced on the basis of imports of similar/identical goods which were not contemporaneous in time and were of a lesser quantity.

The Director General of Foreign Trade (DGFT) has made amendments/additions to the Duty Entitlement Pass Book (DEPB) rates

(Public Notice No. 25/2004 -09 and 26/2004-09).

Works Contract Tax

Hon'ble Karnataka High Court has held that even if the value of the materials used in works contract is negligible when compared to the labour involved the value of the material is exigible to tax.

Impact: Irrespective of the value of the materials involved in a works contract the same is subject to works contract tax under the Act. One cannot take a plea that, as the material component is insignificant; the same is not chargeable to tax.

M.M.T (India) Pvt. Ltd. v. State of Karnataka 137 STC 257

In a recent advance ruling (No. CLR. CR-98/04-05/24.09.2004: 2004-05 (9) KCTJ 257) it was held that

- Goods purchased from registered dealers in the State and used in the execution of works contract in the same form are not subject to works contract tax but are subject to resale tax.
- Goods purchased from registered dealers in the State and used in the execution of works contract in a different form are subject to works contract tax but are not subject to resale tax.

RBI

Trade Credits for Imports into India -Issue of Guarantees-Delegation of Powers

General permission has been given to ADs to issue guarantees/LoUs/LoCs in favour of overseas supplier, bank and financial institution, up to USD 20 million per transaction for a period up to one year for import of all non-capital goods permissible under Foreign Trade Policy (except gold) and up to three years for import of capital goods, subject to prudential guidelines issued by Reserve Bank from time to time.

The period of such guarantees/LoUs/ LoCs has to be co-terminus with the period of credit, reckoned from the date of shipment.

A.P. (DIR Series) Circular No. 24 dated 01.11.04

Waiver Of Filing GR Forms For Exports Of Value Below USD 25,000

(Contd..)
As per the circular dated 13/10/2004, the exports of goods valued not more than USD 25,000/- have been exempted from filing GR/PP declaration. Similarly for export of gifts valued upto Rs 5 lacs have also been exempted from filing GR/PP declaration.

Income Tax

CHANGE IN TAX AUDIT FORM No. 3 CD

CBDT has amended the 3CB/3CD. As per the amendment, now in addition to particulars presently required to be given in form 3CD, certain additional information will be required to be given by way of annexure to form 3CD. The Annexure to this Form must be filled up failing which the Form will be considered as incomplete. This Form and the Annexure have to be signed by the person competent to sign Form No. 3CA or Form No. 3CB, as the case may be. They shall come into force from the 1st day of December, 2004.

Tribunal has held that the bar of unjust enrichment

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is not applicable to a claim for refund of the duty of customs paid on imported capital goods.

Venkateswara Hospitals Vs. CC (2004 (117) ECR 418)

Gifts Need Not Be Compulsory From Some Blood Relation

In this case, the minor son of the assessee received a gift by cheque from one NRI of Thailand. The gift was treated by the assessing officer as bogus and non-genuine and he treated the gift as undisclosed income of the assessee. It was held that for making a gift, blood relation is not compulsory. In the present case, the assessee has filed all the relevant documents such as gift deed from the donor, fax message of the donor, passport, visiting card of the donor and affidavit of the donor. The aforesaid documents had not been proved by the AO as false. Therefore, no addition could be made on that account.

DCIT vs Ramdeo Kumar

Excise

Annual Financial Information Statement - Exemption therefrom to assessee paying Excise duty less than one crore.

An exemption has been granted to assessee paying excise duty less than one crore from submission of Annual Financial Information Statement as per Rule 12(2)(b) of Central Excise Rules, 2002

Not. No. 35/2004-C.E.(N.T.)
DT.01.11.2004/2004(173) ELT N14

The Tribunal, has held that MODVAT credit is admissible on chemicals used in the effluent treatment plant of the factory of manufacturing.

Chemplast Sanmar Ltd. Vs. CCE (2004 (65) RLT 625)