



Happy Independence Day

Vande Mataram!

Newsletter - 44

August 2007

"CSMysore"

the 'e-Parivaar'
of Mysore Company
Secretaries is
launched



15th August 2007 Mysore: With intent to establish a platform for knowledge and ideas' sharing amongst the people connected with the profession, Mysore Chapter of ICSI has launched an e-group "CSMysore – The e-Parivaar" on the Google platform today. Over 100 members have already joined the new e-Parivaar. Presently the e-Parivaar is being moderated by Mr. H M Dattatri, past Secretary of the Mysore Chapter. It is well known that e- Learning contracts the distance and allows interaction with a wide spectrum of participants. The Parivaar intends to utilize the rapid developments in technology to hone the skills. It calls for sharing your knowledge, ideas, experiences, views, requirements and gain in turn. Major advantages of this network are that, it includes members from various expertises in the society and members can discuss any matter relevant to the betterment of life. Discussions are not restricted to the subjects coming under Company Secretary's official responsibilities.

The e-Parivaar invites the participation of all those who would broadly fall into following categories:

- Local Members of the Profession and Students of the Institute
- Those who have been associated with the Mysore Chapter as students in the past Those who aspire to pursue the Course in Mysore
- Those who have practiced or have been employed as Company Secretaries at any point of time in Mysore
- Members of the Faculty of Oral Coaching Classes, Resource Persons and other facilitators
- **Readers of the Newsletter of the Mysore Chapter and all those contributing articles or providing feedback for improvement**
- All our well wishers

Now, no second thoughts; just Visit <http://groups.google.com/group/csmysore/> and join the e-Parivaar

Inside...

From the Chairman's Desk.....3

Chapter News:

Career in CS – Live Phone in Program... 3

Legal Roundup...4

Observer: "Dear CS, Reach Geneva, It is the right Time"... 4

Investor Secretary...4

Living Room: Courage...6

Web Yaatraa: howstuffwors.com... 6

Book Review:

Kenny's Outlines of Criminal Law...7

RBI unveils new norms on letter of credit...7

Words worth millions...7

IT- interest ordered for delayed refund...8

Liberalized Remittance Scheme: FAQ...8

News of Use...8

Spectrum Space: 10

In Lighter vein...10

Editors: Dattatri H M, Sarina C H, Omkar N G and 'Spectrum' Team

From the Chairman's Desk



Dear Friends,

Nothing succeeds like success!

The chapter has more than just one reason to celebrate!!!

The students have been offering reasons to celebrate month after month! It has become a habit with our students to raise the bar and conquer what ever they set their eyes on. Two Teams were sent from Mysore Chapter to participate in the SIRC Company Law quiz competition. First & Third positions were won by our Teams. **The Mysore Team which stood first at SIRC level represented the SIRC and secured second place at the National Level!**



Ms. Pracheta



Mr. Kamal Kumar

I may sound little immodest, but I do not believe in hiding my feelings, particularly when the students deserve it. Students from a small chapter with only 29 members and with very minimum facilities have been creating ripples which would definitely catch the attention of other chapters. I am sure the waves created by Mysore Chapter students would have a motivating effect on other smaller chapters also. **Ms. Pracheta M and Mr. Kamal Kumar** the winners of second place deserve all our appreciation. I congratulate them on behalf of all the members of the chapter.

Chapter News:

'Career in CS'

Live Phone in program

On 04th and 05th of August 2007 Bangalore and Mysore Chapters of ICSI conducted a live phone-in program in local TV Channel UMN Network. The program was of one hour duration each on both the days. The grand success of the program was evidenced by many number of calls received throughout the program. From Bangalore Chapter Mr. G V Srinivasa Murthy - Chairman, Mr. Dwarakanath - Vice Chairman and Mr. Nagendra Rao - Secretary participated in the discussion. From Mysore Chapter Mr. C K Sabareeshan, Mr. Anshuman, Ms. Sareena - members of Management Committee and Mr. M Krishna Company Secretary participated in the interactions. Mr. Dattatri H M - Past Secretary of Mysore Chapter anchored the program.

Career Guidance out side Mysore: Mysore Chapter conducted career awareness program in Vidyodaya College of Arts & Commerce in T. Narasipura. Around 150 students from Commerce and Arts branches participated in the interaction. Mr. Anshuman led the team of four students namely Mr. Prasanna Raje Urs, Mr. Sunil, Mr. Kiran and Mr. Manjunath. Mr. Ramachandra HOD - Commerce coordinated the program.

Two of our teams have been selected to represent the SIRC in the National Level Moot Court competition to be held at Bangalore. I wish the teams the all the best!!

As the members are aware the students of the Chapter have been extremely enterprising and hard working. Those students representing the Chapter SIRC and National had tough competition at the Chapter level. Tough competition at initial stages had made the winners tougher and seasoned for all terrains!!

The Chapter was one of the first to start the News Letter. Now the Chapter has taken one more innovative step. The e-parivaar of Mysore is getting launched today. It will be a forum for exchange of ideas & discussions on various topics - professional or otherwise. I hope the members will receive it well and actively participate in the e-Parivar discussions & suggestions etc..

I sincerely request the members to spare some time every week for the Chapter activities. The students would feel encouraged to still better if the admiration of the members is demonstrated by actively joining in the student activities.

'Let's grow together'

Looking forward to your support and most valuable suggestions,

With Warm Regards,

D D Bhat



Legal Round-up

Income Tax

TNMM is most appropriate for computation of profits of foreign company.

Non-resident company setting up a company in India to support main office functions: Transactional net margin method is most appropriate for computation of profits of foreign company.

DIT (International Taxation) v. Morgan Stanley and Co. Inc (SC)

No weighted deduction in case of exporting different brands of tea.

Purchasing different grades and brands of tea and blending them and exporting them not manufacture. Assessee not entitled to weighted deduction.

CIT v. Tara Agencies (SC)

Ignorance of Income-tax Act is not an excuse

The Karnataka High Court held that the delay in furnishing the tax audit reports due to ignorance about the relevant statutory provisions is not excusable (no reasonable cause) and penalty proceedings get attracted in such a case.

Saraswathi Electronics v. ITO [2007] 292 ITR 411 (Kar HC)

Estimated and actual value of stock

Difference between value on estimate and actual verification of closing stock : No suppression of income : Addition of such value to income not justified.

CIT v. Apcom Computers P. Ltd. (Mad)

Cases at a glance

- Bad debt: Change of law w.e.f. 1-4-1989 : Assessee only to write it off as irrecoverable in its accounts and no need to prove that debts had become bad - CIT v. Morgan Securities and Credits P. Ltd. (Delhi HC) and CIT v. Autometers Ltd. (Delhi HC)
- Tribunal examining record of case and taking view without giving reasons : Not proper - Director of Income-tax (Exemptions) v. Uma Maheswar Parmarth Trust (Delhi HC)
- Agricultural land brought within purview of capital asset w.e.f. 28-2-1970 : Date of valuation for capital gains purposes is

Observer

“Dear CS, reach Geneva. This is the right time”

By: CS Dattatri H M,
Company Secretary - Essilor India, Bangalore

For past several months we have been worrying about shrinking space for Company Secretaries, particularly in Practice. No doubt; news like CAs and CWAs getting recognition by MCA for certification, Central Government incorporating separate institution for Corporate Governance and for Valuation brought sleepless nights to Company Secretaries. Many raised questions about the future of the Company Secretary ship itself.

But, after many days we heard something different. It was Mr. A Ramaswamy, Principal Secretary - Agriculture and Horticulture, Karnataka State who called upon the Company Secretaries to understand their strengths. He was addressing the gathering during the 33rd Annual Day celebration of Bangalore Chapter of ICSI on 12th August 2007 held in Bangalore.



Out of his vast experience he mentioned that Indian Company Secretaries are far more skilful than the foreign advocates to protect Indian interests in foreign trade. It is only the question of confidence and not of competence. He advised that in as many locations as possible, company secretaries should open WTO Cells to educate the entrepreneurs with respect to the foreign trade, Educate future Secretaries, train up the Company Secretaries to deal issues in foreign trade and reach Geneva to protect the cause - you are capable of doing it.

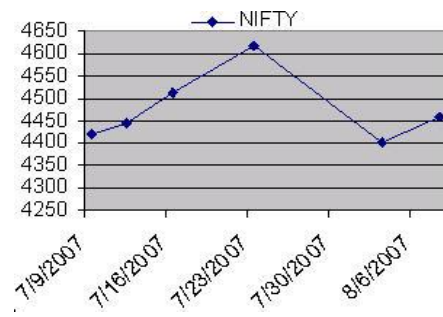
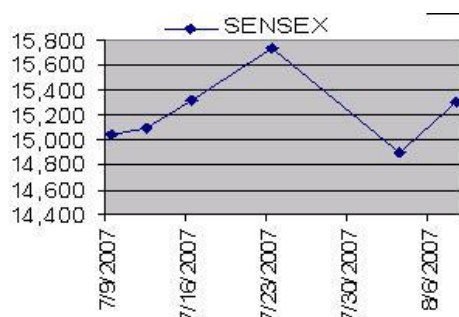
Further he informed that after amendments to the Companies Act 1956 to include producer companies in the ambit of Companies Act, these companies are in acute requirement of services of Company Secretaries. Added to that India Inc. is having lot of expectations from Company Secretaries in the field of statutory compliances including labour legislations.

His message was clear. ‘You concentrate on developing confidence on your strengths and skills in the areas of demand, you will win’.

Investor Secretary

Sreeraj M, CS Final, Mysore

Dear All! This month we had a nerve chilling roller coaster ride in the market sentiments. Caution needs to be exercised as the markets are highly volatile and a free fall is expected in the days to come. The enthusiasm of the investors did not help the SENSEX to cross the magical 16000 levels infact the Index was struggling to stay above 15000 levels.



28-2-1970 : CIT v. Gurcharan Singh (P&H HC)

- Reassessment not valid where no material to infer escape of assessment : CIT v. Mahesh Gum and Oil Industries (Raj HC)
- Revised return disclosing enhanced income after search : Penalty levied to include such income in original return which was not due to mistake : Justified : M. Shahul Hameed Batcha v. ITO (Mad HC)
- Parts of hotel building occupied by employees and parts rented out to shops and bank : Entire hotel building entitled to depreciation at higher rate : CIT v. Sangu Chakra Hotels P. Ltd. (Mad HC)
- Expenditure on replacement of machinery : Revenue expenditure : CIT v. Fenner (India) Ltd. (Mad HC)
- No TDS where leave travel concession allowed to employees by assessee bona fide : CIT v. Semiconductor Complex Ltd. (P&H HC)
- Premium on issue of shares collected by assessee neither a long-term borrowing nor a debenture : Not deductible : Berger Paints India Ltd. v. CIT (Delhi HC)
- Cash payments exceeding specified limit made on Sunday to persons from unorganised sector not disallowable : CIT v. K. K. S. K. Leather Processor P. Ltd. (Mad HC)

Appellate Tribunal Orders

- Transfer of case : Direction by Commissioner to AO to whom case assigned to complete assessment : Order passed pursuant to direction valid : Ram Bhaj and Sons P. Ltd. v. ITO (Amritsar)
- Interest on purchase of securities allowed as revenue expenditure : Reassessment notice after four years on basis of subsequent SC decision that interest not deductible : Not valid : Lakshmi Vilas Bank Ltd. v. Deputy CIT (Chennai)
- Deposits made by firm in names of third persons related to depositors : Money deemed to be income if such person failed to explain source of deposits : CIT v. K. Chinnathamban
- Cheques for provident fund and employees' State insurance contributions cleared before due date for filing return : Deductible: Aravali Minerals and Chemicals Industries P. Ltd. v. Asst.CIT (Jodhpur)

The markets are volatile but I still prefer to be bullish as there is seldom any negative break out to confirm a bear market. As on 8th August 2007, the SENSEX closed at 15307.98 points and the NIFTY at 4459 points.

Investing Strategy:

I prefer to opt for Sector Play focussing on the sectors that underperformed the recent rally. Investors can consider the stocks with lower Price - Earnings multiples to take exposure.

Attractive Sectors for one to two year investments

- Service Sector
- Infrastructure
- Manufacturing
- Power Generation
- Capital Goods

Sector for immediate consideration:

I feel **AUTOMOBILE** is the Sector to focus on from the month of August. This sector has been an underperformer in the recent Bull Run due to the concerns over interest rates. Investors can take fresh exposures in automobile stocks with attractive valuations. Investments in this sector can be considered with a one year horizon. A positive breakout is expected in this sector from August.

Capital Goods and **FMCG** stocks are also looking red hot with very attractive valuations. They failed to sustain the market interest in the recent rally. Watch out for Larsen and Toubro Stock.

Tan's Portfolio (Status as on 8th August 2007)

1	Alchemist	9.00	BSE	90.90 ↑	0.90%
2	Arvind Mills	50.00	BSE	45.6 ↓	- 8.8%
3	Ashok Leyland	38.00	NSE	36.30 ↓	- 4.47%
4	Sree Ashta inayak Cine Vision	294.00	NSE	358.30 ↑	21.87%
5	KEI Industries	87.00	NSE	83.60 ↓	- 3.91%
6	Ramco System	150.00	BSE	162.60 ↑	8.40%
7	Timex Watches	29.80	BSE	30.60 ↑	2.68%
8	Welspun India	64.00	NSE	63.85 ↓	- 0.23%
TOTAL					16.44%

The Stock of **ALCHEMIST** got consolidated form 10 shares of Re.1 each into 1 share of Rs.10 each on 12th July 2007. That is the reason why the stock is quoting around Rs.90.

Mr.Tan added some more stocks to his portfolio.

Additions to Tan's portfolio this month

Sl.No	Stock	Purchase Price
1.	Dynacons Systems and Solutions (BSE)	Re 0.72 per share
2.	Accel Frontline (NSE)	Rs.53 Per Share
3.	Atlanta (NSE)	Rs.233.70 Per Share
4.	Essar Oil (NSE)	Rs. 52.85 Per Share
5.	Kesoram (NSE)	Rs. 484.70 Per Share

(Note*: prices as on 8th August 2007)

[Disclaimer: The Stocks mentioned above are assumed for specific risk classes and should not be considered as recommendation. It is advisable to consult an advisor to assess your risk class and invest. The author is not responsible for any loss arising due to investments based on this article or in the above said stocks.]

Wealth-tax

- Assessee entitled to exemption for the land used for purposes of business - CWT v. Standard Fireworks P. Ltd. (Mad HC)

Labour law

- No damages to late deposit of P.F. when P.F. depts. committed delay in allowing P.F. code No. to employer.

Held. Levy of damages for late deposit of provident funds contribution by an employer will amount to high handedness and malafide since the employer has been persistently seeking allotment of code Number from the Commissioner for depositing contributions which has been delayed and as such the Provident fund Authorities could not levy damages for the lapses on their part.

Poona Shims Pvt. Ltd. vs B.P Ramaiah, Regional Provident Fund Commissioner and Anr. 2007 LLR 488 Bombay High Court.

- “Accident arising out of and in the course of employment.”

Driver went home on feeling chest pain, thereafter admitted to hospital and died. Death could not be attributed to “ accident arising out of and in the course of employment.”

Held. When the death of a deceased did not take place in the course of his employment, no nexus between the employment and the death which took place following heart attack hence the impugned order fastening the liability on the insurance company will have to be set aside.

Branch Manager, United India Insurance Company Limited, Hunsur vs Srinivasa and others 2007 LLR 481 Karnataka High Court

Judicial intervention in disciplinary matters by the Labour Court

Single act of driver causing fatal accident negligently sufficient for dismissal. Although wide powers are vested with the Labour Court / Tribunal to give appropriate relief in cases of dismissal and discharge of a workman but it could be exercised judicially and not arbitrarily which may be prejudicial to the interest of the Society.

A driver, driving the public vehicle negligently, can endanger the lives of the public in general which is prejudicial to the interest of the Society and as such a drunken driver can be a grave hazard to the public safety. Allowing reinstatement of a driver



Courage

We are not born with courage, but neither are we born with fear. Maybe some of our fears are brought on by your own experiences, by what someone has told you, by what you've read in the papers. Fears, even the most basic ones, can totally destroy our ambitions, fortunes, relationships, our lives.

Let me tell you about five of the other enemies we face from within.

The first enemy is **indifference**.

The second enemy is **indecision** -thief of opportunity and enterprise.

The third enemy is **doubt**. Sure, you can't believe everything. But you also can't let doubt take over. Many people doubt the past, doubt the future, doubt each other, doubt the government, doubt the possibilities and doubt the opportunities. Worse of all, they doubt themselves. I'm telling you, doubt will destroy your life and your chances of success.

The fourth enemy is **worry**. Worry can be useful. If you step off the footpath in Bangalore and a taxi is coming, you've got to worry. But you can't let worry loose like a mad dog that drives you into a small corner. Drive them into a small corner.

The fifth enemy is **over-caution**. It is the timid approach to life. Timidity is not a virtue; it's an illness. If you let it go, it'll conquer you. Timid people don't get promoted. They don't advance and grow and become powerful in the marketplace.

Be **COURAGEOUS IN YOUR LIFE** and in your pursuit of the things you want and the person you want to become.

Web Yatra



- Amit Hegde B Com, MCA(Final)

How many times would you have pondered over how your credit card works? Or how could you be located by the mobile network no matter where you are roaming....? So on and so forth..... Then this month we have a one stop solution for all your questions which you didn't know whom to ask or where to search.

Initially howstuffworks.com started with how different technologies work. But today it covers many domains such as Finance, Computers, Electronics, Entertainment, Food & Recipes, Health..... you name it, it has it.

causing fatal accident, on the plea that the act of gross negligence was for the first time, is highly uncalled for since a transport undertaking is not required to wait until one of its drivers commits several fatal accidents before it takes the decision to impose penalty of dismissal.

Brihanmubai Muncipal Corporation vs Ashokkumar Hingu sing. 2007 LLR 472 Bombay High Court.

Corporate laws

Cases at a glance

High Court Orders

- Consent of the CLB under proviso to section 80A of the 1956 Act can be obtained subsequent to the issuance of redeemable preference shares : Sahu Cylinders and Udyod P. Ltd. v. Registrar of Companies (Mad HC).
- Failure to meet expected standard of professional efficiency cannot be treated as professional misconduct : Council of the Institute of Chartered Accountants of India v. Somnath Basu (Cal HC)
- Bidder at the auction sale of property failing to deposit the balance earnest money cannot be penalised, earnest money deposit to be refunded : Kanoria Wisconsin Centrifugal Ltd. In re.(Cal HC)
- Allegations involving questions of fact cannot be adjudicated in writ petition : Bharitia Traders P. Ltd. v. UCO Bank (Cal HC)
- Where suit for recovery of same debt pending, petition for winding up not maintainable : Euro Containers v. Morepen Laboratories Ltd. (HP HC)
- High Court not appellate authority over actions of administrative authorities : Foto Pan Colour Lab v. M. D., T. I. I. C Ltd. (Mad HC)
- Where official liquidator retaining property after termination of lease, rent to be paid in priority to lessor for period in possession of the official liquidator : S. P. Jain v. Official Liquidator (P & H HC)
- Petition for winding up to be admitted where dispute as to debt is without any basis: Bapi Construction v. Pronob and Company P. Ltd. (Cal HC)
- Provision in the scheme for increase of authorised capital of transferee company : Scheme to be sanctioned : Ashwin

Everything is neatly categorized and can be browsed by category or by a keyword search. Each article provides exhaustive information about the topic along with necessary examples, links to related articles and photos/images/graphs. If you found something worth printing, then you can get a printable version by clicking on the "Print" button at the top of each page. If you want to share the information with your friend, you can use the Email facility to send the page.

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Book Review

Kenny's Outlines of CRIMINAL LAW

Omkar. N.Gayatri, B.Com, LLB, ACS

When we say criminal law, Indian Penal Code (IPC) passes our mind. IPC defines the offence and its punishment. But there are many basic principles which we need to understand first.

Where do we go for clear understanding of these principles? Don't worry! Just open "**Kenny's Outlines of CRIMINAL LAW**" - a book to be read before reading IPC.

This book extensively covers principles of criminal liability, preliminary crimes, classification and possible parties to a crime in Part I. Part II defines criminal offences. Taking of evidence in criminal cases is explained in Part III. Part IV covers fundamental procedures of Criminal Trial. This book provides us around **2000 citations** and decisions of leading cases on various topics of criminal law.

Thanks to Universal Law Publishers for bringing Indian Economy print of this Cambridge book which helps us to understand not only **substantive** and **procedures** of Criminal law, but also **Case laws**.

RBI unveils new norms on letter of credit

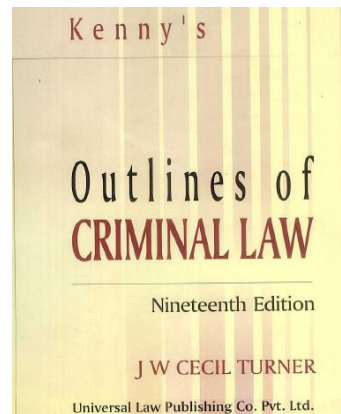
Banks can now negotiate a Letter of Credit (LC) where the negotiation of bills drawn under LC is restricted to a particular bank, and the beneficiary of the LC is not a constituent of that bank, said a press release from the Reserve Bank of India.

The LC can be negotiated subject to the condition that the proceeds will be remitted to the regular banker of the beneficiary. The guidelines will come into effect with immediate effect, said the release. The prohibition regarding negotiation of unrestricted LCs of non-constituents and restriction on purchase or discount of other bills (the bills drawn otherwise than under LC) on "without recourse" basis will continue to be in force.

Business Line, August 4, 2007

Words worth millions...

"What we have for ourselves dies with us. But what we have done for others remains forever. We make a LIVING by what we get. But we make a LIFE by what we give"



COMPANY LAW BOARD ORDERS

- Holding company, a distinct corporate entity : Where neither a shareholder nor a party to the joint venture agreement need not be a necessary party to ss. 397/398 petition : C. G. Holdings P. Ltd. v. Cheran Enterprises P. Ltd
- Where misstatement in prospectus neither by shareholders nor directors and signatories of prospectus not absconding, attachment of property and appointment of Government directors not necessary : Central Government v. Nuline Glassware India Ltd.

News of Use

Ministry of Corporate Affairs review corporates "e-Governance"

The Ministry of Corporate Affairs is all set to exploit the benefits of its ambitious e-Governance programme-MCA 21, which is considered to have been successfully implemented by the Government of India as one of the Mission Mode Projects under the National e-Governance Programme (NeGP).

Press Information Bureau, August 3, 2007

Cash reserve ratio of banks hiked

In a bid to drain out the excess supply of funds and ensure price and financial stability, the Reserve Bank of India hiked the Cash Reserve Ratio (CRR)-the proportion of the deposits banks have to keep with the RBI-by 0.5 percentage points to 7 per cent.

In the first quarter review of the monetary policy announced today, the RBI kept unchanged its key rates such as the reverse repo at 6 per cent., the repo rate at 7.75 per cent., and the bank rate at 6 per cent.

Business Line, August 1, 2007

Income-tax Commissioners told to finalise assessments in search cases quickly

The Central Board of Direct Taxes (CBDT), in a bid to achieve the budgeted 16.25 per cent. increase in direct tax collections of both corporation and personal income-tax in 2007-08, has urged the cadre-controlling Chief Commissioners of Income-tax to finalise assessments in search cases quickly.

IT- interest ordered for delayed refund

action recommended against officers concerned - Order to be sent to Finance Minister : Gujarat HC

Ahmedabad August 13, 2007

The Gujarat High Court observed as follows:

The question whether an assessee is entitled to compensation by way of interest for the delay in the payment of amounts lawfully due to the assessee, which are withheld wrongly and contrary to law, stands concluded in favour of the petitioner by the judgment of the Supreme Court rendered in Sandvik Asia Limited vs. Commissioner of Income-Tax & Ors.,

The stand taken by the respondents (not to pay interest on delayed refunds) is discriminatory in nature and thereby causing great prejudice to lakhs and lakhs of assesseees. Very large number of assesseees are adversely affected inasmuch as the Income-tax Department can now simply refuse to pay to the assesseees amounts of interest lawfully and admittedly due to them as has happened in the instant case.

Liberalized Remittance Scheme - Individuals allowed to Remit up to \$ 100000/- Clarifications form RBI

Dated: 10.08.2007

** (Abridged)*

The RBI had announced a Liberalized Remittance Scheme (the Scheme) in February 2004 as a step towards further simplification and liberalization of the foreign exchange facilities available to resident individuals. As per the Scheme, resident individuals may remit up to USD 100,000 per financial year for any permitted capital and current account transactions. The Scheme was operationalised vide A.P. (DIR Series) Circular No. 64 dated February 4, 2004.

Q1. Which capital account transactions permitted under the scheme?

Ans: The remittance under the Scheme is available to the resident individuals for any permitted current or capital account transactions or a combination of both. Under the Scheme, resident individuals can acquire and hold immovable property or shares or debt instruments or any other assets outside India, without prior approval of the Reserve Bank.

Individuals can also open, maintain and hold foreign currency accounts with banks outside India. However, it was clarified that remittance from India for margins or margin calls to overseas exchanges / overseas counterparty are not allowed under the Scheme.

The remittance facility under the Scheme is also not available for the following:

- i) Remittance for any purpose specifically prohibited under Schedule-I (like purchase of lottery/sweep stakes, tickets proscribed magazines etc) or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000.
- ii) Remittances made directly or indirectly to Bhutan, Nepal, Mauritius or Pakistan.
- iii) Remittances made directly or indirectly to countries identified by the Financial Action Task Force (FATF) as "non co-operative countries and territories" from time to time.
- iv) Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank to the banks.

In cases where a major audit objection has been accepted, the Department has been advised to expedite orders for remedial action and ensure appropriate recovery of taxes within the year itself.

According to CBDT sources, the Administrative Commissioners have been directed to review assessments on a priority basis and forward specific findings-whether the case is one of under assessment, proper or over assessment

Business Line, August 4, 2007

Directors to be punished for not filing company e-returns

The Government is set to prosecute directors of listed and other big companies after one reminder if they do not file their balance-sheet and annual returns online this filing season ending November.

Armed with a digital filing system, which was made mandatory last September, the Ministry of Corporate Affairs expects 90 per cent. compliance by listed companies, PSUs and companies with authorised capital of Rs. 1 crore or more.

The Economic Times, July 31, 2007

Finance Ministry issues guidelines for PPP project approval

The Finance Ministry's new scheme for hassle-free approval of public-private-partnership (PPP) projects in infrastructure came into effect, with the Ministry notifying the guidelines in this regard.

According to these guidelines formulated by the Department of Economic Affairs in the Ministry, appraisal of PPP projects of all sectors costing more than Rs. 100 crore but less than Rs. 250 crore would now be considered by a two-member committee comprising the DEA Secretary and the Secretary of the Ministry sponsoring the project.

The Economic Times, July 31, 2007

E-filing of applications for Patent and Trademark registration launched

The Government launched a facility for e-filing of patent and trademark applications to expedite the process of securing exclusive rights over a product or trading symbol.

Payments can be made through authorised bankers. As of now five lakh trademarks have been registered in the country and efforts are taken to ensure the backlog of applications is cleared promptly.

The Economic Times, July 21, 2007

Q2. Whether this facility is in addition to existing facilities detailed in Schedule III under remittances?

Ans: Yes, it is **in addition** to private travel, business travel, studies, medical treatment, etc as described in Schedule III of FEM (Current Account Transactions) Rules, 2000. However, gift and donation remittances cannot be made separately and have to be made under the Scheme only. Accordingly, resident individuals can remit gifts and donations up to USD 100,000 per financial year under the Scheme.

Q3. Whether resident individuals under this Scheme have to repatriate the accrued yield on deposits/investments abroad, over and above the principal amount? Ans.: Not mandatory. The investor can retain and reinvest the income earned on investments made under the Scheme.

Q4. Whether remittance under the Scheme is on gross basis or net basis (net of repatriation from abroad)? Ans: Gross basis.

Q5. Whether minors can also avail of the remittance facility? Ans: Yes.

Q6. Whether remittances under the facility can be consolidated in respect of family members?

Ans: Yes, subject to the individual family members complying with the terms and conditions of the Scheme.

Q7. Whether the Scheme can be used for purchase of objects of art (paintings etc) either directly or through auction house?

Ans: Yes, subject to the provisions of other applicable laws such as the extant Foreign Trade Policy of the Government of India.

Q8. Whether small value remittance of USD 5000/- (gifts, donation etc) is in addition to LRS of US \$ 100,000/-?

Ans: Remittance against gifts and donations cannot be made separately and have to be made under the Scheme only and therefore no separate limits for gift and donation are available.

Q9. Whether the AD is required to check permissibility of remittances based on nature of transaction or allow the same based on remitters declaration?

Ans: AD will be guided by the nature of transaction as declared by the remitter and will certify that the remittance is in conformity with the instructions issued by Reserve Bank.

Q10. Whether under this scheme a customer can remit funds for acquisition of ESOPs? Ans: Yes.

Q11. Whether the scheme is in addition to acquisition of ESOPs linked to ADR/GDR (i.e USD 50,000/- for a block of 5 calendar years)? Ans: Yes.

Q12. Whether the Scheme is in addition to acquisition of qualification shares (i.e USD 20,000/- as 1% of paid up capital of overseas company whichever is lower)? Ans: Yes.

Q13. Whether a resident individual can invest in units of Mutual Funds, Venture Funds, unrated debt securities, promissory notes etc under this scheme? Ans: Yes. Further, the resident can invest in such securities out of the bank account opened abroad under the Scheme.

Q14. Whether an individual, who has availed of a loan abroad while a

New accounting standards by ICAI challenged in Supreme Court

A Bench headed by Justice S. H. Kapadia deferred hearing on the plea seeking quashing of the accounting standards AS-22 issued by the Institute of Chartered Accountants of India on deferred tax liability of listed companies and posted the matter for consideration on July 30.

Earlier, the Calcutta High Court had upheld these accounting norms. AS-22 has brought in a new concept called deferred taxation. Under this, a company became liable to provide for deferred tax liability on the first day the company accounted for its income in accordance with the AS-22 even when there was no certainty.

Press Trust of India, July 30, 2007

Relaxation on FDI, ECB norms for infrastructure financing Cos curbed

The Reserve Bank of India (RBI) has rejected proposals to relax external commercial borrowing (ECB) and foreign direct investment (FDI) norms for infrastructure financing companies as well as to enhance foreign institutional investment in debt papers.

The RBI also rejected a proposal to relax the current overall cost ceiling of Libor plus 350 basis points fixed for ECBs, citing concerns over increased inflows. The Parekh panel, which had recommended refinancing of rupee loans through ECB, got no favour from the RBI as ECB route is meant for only creation of productive assets in the real sector.

Business Standard, July 19, 2007

Provisions for leave encashments are tax deductible

Providing for leave encashments is mandatory under ICAI accounting norms for companies. However, companies were unable to claim a deduction for the encashments if there was no actual cash outflow due to a provision in the Income-tax Act

According to a recent ruling by the Calcutta High Court, companies will be able to claim deduction based on provision for leave encashment. The court has termed the amendment carried out by Government as arbitrary and struck it out.

The High Court held that leave encashment is not a statutory liability and does not involve public money.

The Economic Times, July 12, 2007

non-resident can repay the same on return to India, under this Scheme as a resident? Ans: This is permissible.

Q15. Whether it is mandatory for resident individuals to have PAN number for sending outward remittances under the Scheme? Ans: Yes.

Q16. In case a resident individual requests for an outward remittance by way of issuance of a demand draft (either in his own name or in the name of the beneficiary with whom he intends putting through the permissible transactions) at the time of his private visit abroad, whether against self declaration of the remitter such an outward remittance can be effected?

Yes, against the declaration by the resident individual in the format prescribed under the Scheme.

Alpana Killawala
Chief General Manager

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Spectrum Space

Spectrum this month . . . ,

Hello everybody,

Its celebration time at the Mysore chapter!! Our team members **Ms. Pracheta** and **Mr. Kamal Kumar** have won the second place at the National Level Company Law Quiz competition.

Also two teams will take part at the National Level Moot Court Competition to be held at Bangalore. We wish all the team members the very good luck.

The study circles on all the Sundays of the month threw light on several aspects of academic as well as professional relevance, in addition to the preparations for the competitions.

Well, you all must be aware of the web group that was launched today with 100 founder members. Please visit the web group <http://groups.google.com/group/csmysore> for further details. Looking forward for group messaging and more.....!!!!!!

Don't forget to send your responses. Bye!!!

- Spectrum Friends

In Lighter Vein...



Boss: Do you believe in life after death?

Employee: No Sir!

Boss: That's very bad, when you took leave for your Grandma's funeral, she visited our office!!!

Teacher: What do you call a person who cannot hear anything?

Student: We can call him anything, because he cannot hear anything.

Disclaimer

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