

We are nearly there:

100th
Edition



**E- Newsletter from
The Mysore Chapter of the
Institute of Company Secretaries
of India**

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*Message from
Chairperson*



**Dear Members and
Students of CS fraternity,**

I hope Yugadi has brought you all the new spirit, new beginning and new prosperity and all of you are well set to face the new challenges and opportunities the new financial year is bringing with it.

It is always surprising to note that the number of members in CSBF - a fund created with a very noble purpose with a very little contribution - is so less - that is about 7900 members. And even though the application for membership comes along with the application for membership of new member, the young members are choosing to opt out of the same!!! My personal appeal to all the fellow members is to make this small contribution and become a member of this fund. Who knows tomorrow it may be me or you who'll be benefited by this...

I'm sure the students who have filed the examination forms to appear for June 2012 Examinations are preparing well for the exams. All the best and prepare well for the same.

*"One more river,
and that's the river to cross..."*

We are just one more edition away from the Big No. **The 100th Edition** of the E-news letter and I'm sure you all are waiting as eagerly as I am for the same. I hope to see contributions from all of you for this Landmark issue.

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Yours in CS fraternity,
CS. Srilatha T G

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Activity Report

2 DAY WORKSHOP ON FOREIGN EXCHANGE

A two day workshop cum exhibition was organized on March 8 and 9, 2012 at Mysore by the Institute of Company Secretaries of India (ICSI), Mysore Chapter in association with RBI, Foreign Exchange Department, Bangalore with the objective of imparting knowledge on diverse facets of FEMA provisions including broad guidelines on extant rules and regulations and educating/ sensitizing the delegates about related issues and challenges. The resource persons were eminent officials from RBI-FED, Bangalore and RBI Central Office – Mumbai.

The workshop was well attended by 116 participants including Industry Representatives, Practicing Company Secretaries from Different parts of southern India, Chartered Accountants, Advocates, Professors and CS Professional Program Students.



While inaugurating the workshop, Smt. Uma Shankar, Regional Director for Karnataka touched upon the intent of transition from FERA to FEMA and the liberalized remittance facilities available to residents. She made an emphasis on the responsibility and accountability bestowed on the users of forex under FEMA. She had a word of appreciation for the initiative taken by ICSI as the company secretaries, chartered accountants etc., who have a greater role to play in the new regime, are expected to be fully conversant with the relevant laws and regulations to ensure compliance with the FEMA provisions.

Shri. M.Palanisamy, Banking Ombudsman in his address on customer awareness, explained the purpose of establishing the office of Banking Ombudsman for



Karnataka and disseminated the salient features of BOS, 2006.

It was followed by an address by CS. Baiju Ramachandran, Secretary, SIRC of ICSI and technical presentations by officers from RBI, Regional office on topics viz. overview of FEMA, Miscellaneous remittance facilities for residents, Non-resident accounts and foreign currency accounts for residents, Money changing activities and Money Transfer Service Scheme and Foreign Trade - Policy and Procedure. Senior officers/ representatives from FED, CO also made presentations on Foreign Direct Investments, External Commercial Borrowings and Forex Derivatives.

During the course of deliberations, the delegates were apprised of their position and bank's expectation from them to ensure that their corporate clients strictly follow the RBI guidelines and various circulars issued from time to time. The participants were highly impressed by the presentations, which were evident from the vibrant interactive sessions that followed. All the issues raised in the interactive sessions were satisfactorily replied by the officers from RO as well as CO. The programme was appreciated by one and all for both its content and intent. The workshop ended with a vote of thanks by CS. Srilatha T G, Chairperson of Mysore Chapter of ICSI.

WRITING CS. EXAMINATION:

An interactive session on "How to write CS. Examination" was conducted by the chapter on on 4th March 2012 @ 4 pm at the chapter. The program basically pointed out the common mistakes made by the students and students were apprised of the right method which may help them to secure more marks. The Discussions were led by Mrs. Bollamma, Faculty of General and Commercial Laws and CS. Anshuman A.S., Past Chairman of the chapter. The program was well attended by over 100 students.

EXHIBITION BY FED & RBI:

On 8th and 9th of March, an Public Information and Awareness Exhibition was organized at the chapter premises. Stalls/ displays were put up by FED as well as Issue Department of RBI for familiarizing the public with various facilities available to residents and non residents, features of genuine notes, Banking Ombudsman Scheme, Fraudulent Email Schemes, Money Laundering etc. In addition to over 100 participants in the workshop, the exhibition was attended by a large number of students of CA, CS, B.com, BBM, LLB, MBA and MFM from different colleges of Mysore.

Students, who visited the stalls evinced keen interest and were inquisitive to know more about dos and don'ts under FEMA. The Officials of RBI answered the questions raised by the students and gave them information about the exhibits.

'CS AS A CAREER' – AWARENESS TO STUDENTS:

The Chapter had arranged a career awareness campaign on 8th and 9th of March wherein open invitations were extended to all the colleges in Mysore to visit the chapter and obtain one to one guidance about the CS Course and CS as a career option to the students. A large number of students from various colleges in the city including JSS law college, GSSS Institute of Management, University of Mysore - Master of Financial Management Course, Mahajana First Grade College Pooja Bhagawat Memorial Institute of Management participated in this unique program. CS. Kiran T, CS. Anshuman A S, CS. Srilatha T G and Ms. Sowmya S provided information to the students.

GREEN INITIATIVE – PLANTING OF SAPLINGS:

As a green initiative, planting of tree sapling was done at the chapter premises on 8th March 2011. To commemorate their visit to Mysore chapter, Smt. Uma Shankar, RBI Regional Director for Karnataka and Shri. M. Palanisamy, Banking Ombudsman, Karnataka planted tree saplings at the chapter premises.

CELEBRATING 32ND FOUNDATION DAY OF THE CHAPTER

The 32nd Foundation Day was celebrated on 8th March with a fellowship meet and Dinner at Hotel, Mayflower, KRS Road, Mysore. The chapter was fortunate to have

over 60 Company Secretaries from different parts of South India in addition to the members of the chapter and their families who shared the joy of 32 years of the Chapter's existence. Before the dinner, a sight seeing trip to Brindavan Gardens was also organized by the Chapter.

LIVE TELECAST OF UNION BUDGET

Utilising the technology enabled new infrastructure, the chapter for the first time had organized the live telecast of Union Budget 2012 in its Auditorium on 16th March 2012. The audience could watch the Budget session live on the Big Screen and could deliberate on the issues.

SESSION ON UNION BUDGET

A Half day seminar on Union Budget, 2012 was conducted at the Chapter on 24th March 2012. Two Technical Sessions on the Direct Tax and Indirect Tax impact of the Union Budget were deliberated upon by the delegates.

The Resouce person was Mr. G Shivadass, Advocate, Partner in Lakshmi Kumaran & Sreedharan from Bangalore. CS. D D Bhat led the program and introduced the speaker.



PROGRAMME ON BASICS OF THE STOCK MARKET

A programme was organized in association with SVEI First Grade College on 17th March 2012 for the benefit of students who are studying B.com and B.B.A courses. Speaker for the day was Cs. M.C. Bhansali, who spoke on the Basics of the Stock market and gave investment tips to the students. Later on as part of the programme CS Ajay Madaiah B.B. briefed the students regarding the Company Secretary Course and Roles of Company secretary, around 100 students of the SVEI institute were present on the occasion.

08th SIP

The Eighth Student Induction Program was conducted by the chapter from 12th March 2012 to 18th March 2012 at the chapter Premises. The participants were trained by eminent faculties including Members of Mysore Chapter, Academicians and Industry Representatives. 28 sessions were held during this week long training program on various topics of academic interest, personality development, Soft Skills etc..

INVESTOR AWARENESS PROGRAMS:



The Chapter conducted 56 investor Awareness Programs both directly as well as through resource persons in various places in Mandya, Chamaraj Nagar, Kollegal, Mysore, Hassan, H D Kote, K R Pet, Bilikere, Harave, Sargur, Koppa, Pandavapura, Bramhavar, Kundapura, Bannur, Gundlepet, Tavarekere etc.. over 3500 people were reached and awareness was created regarding

investment options, primary and secondary markets, grievance handling, do's and don't's for the investors etc..

CS. Anshuman A S, CMA. Trinesh, Mr. Niranjana Babu Reddy, Mr. Ramesh H K, Mr. Somanna, Mr. Narayan K B, Mr. Manju S, Mr. Ajith Kumar K S, Mr. Rajendra and Mr. Venkatesh Gowda K P were the resource persons.

CAREER GUIDANCE PROGRAM

The Chapter had arranged 3 Career Awareness Programs on 22nd, 24th and 29th of February in Mysore, Mandya and Hassan. During these programs, the students were addressed by CS. Anshuman A S and they were given an insight to the Company Secretaries Course and the Career Prospects for CS. Pamphlets about the Course were distributed to the participants. Around 520 students were benefitted by this program.

STUDY CIRCLE MEETINGS

In the month of March 2012, Chapter has conducted 3 study circles. On 11th March 2012 students discussed regarding Service Tax. CS. Rajesh Ram, Company Secretary BCV Developers Pvt Ltd, Bangalore had joined the discussion.

Second study circle was held on 18th March 2012 topic was VAT and Service tax. Third Study Circle of the month was on 25th March 2012 wherein students discussed on the General and Commercial laws and Wealth tax.

LETTERS FROM READERS...

Thanks for rendering great service for the CS profession. I enjoy reading ICSI Mysore eNewsletters. The article on brand building in the 97th issue will be very useful for all new practicing Company Secretaries as well as others.

CS. Rakesh K. Jain, CSP
sirshree.rakesh@gmail.com

The News letters issued by the Mysore Chapter are extremely professional, knowledgeable and highly presentable. I regularly go through the newsletter. Kindly convey my thanks and regards to all your team members at Mysore Chapter.

CS. Jatinder Wadhwa
Company Secretary at Claridges Hotel Private Limited, New Delhi



Centenary Edition of the e-Newsletter

Come May 2012; Mysore Chapter of the ICSI is all set to release the 100th edition of its electronic newsletter!

Countdown begins!



*It is with pride that we announce the reaching of the **100th Milestone of e-Newsletter** from the ICSI Mysore Chapter, come May 2012. We have been, time and again, complimented by our learned readers for the contents and style. The E Newsletter has made quite a journey in the last eight years, reaching more than 35,000 mail boxes every month. It has served the CS profession in its own distinct way. We attribute this success to overwhelming support and contributions of each one of our knowledge sharers.*



How about you participate by writing an article in the 100th edition of the e-Newsletter?

You may choose any topic of the professional interest. For the sake of brevity and space requirement, we shall be obliged if the length of the articles is limited to an A4 size limit.

Please also mail us your recent photo with details such as your name, profession/employment, designation, location and email id.

*Keeping in view the time required for making this mega edition, we need to receive your article by **20th of April 2012**. Mail your articles to one of these email ids please: dattatrics@gmail.com or omkargayatri@gmail.com or rashmi174@gmail.com*



THAT CAB DRIVER...



A successful Banker had flown into Dallas for the sole purpose of calling on a client. Time was of the essence and his plan included a quick turnaround trip from and back to the airport.

A spotless cab pulled up. The driver rushed to open the passenger door for the banker and made sure he was comfortably seated before he closed the door. As he got in the driver's seat, he mentioned that the neatly folded Wall Street Journal next to him for his use. He then showed him several tapes and asked him what type of music the banker would enjoy. The banker looked around for a "Candid Camera!" Wouldn't he? He could not believe the service he was receiving! He took the opportunity to say, "Obviously you take great pride in your work. You must have a story to tell."

"You bet," he replied, "I used to be in Corporate America. But I got tired of thinking my best would never be good enough. I decided to find my niche in life where I could feel proud of being the best I could be. I knew I would never be a rocket scientist, but I love driving cars, being of service and feeling like I have done a full day's work and done it well. I evaluate my personal assets and...here! I became a cab driver.

One thing I knew for sure, to be good in my business I could simply just meet the expectations of my passengers. But, to be GREAT in my business, I have to EXCEED the customer's expectations! I like both the sound and the return of being 'great' better than just getting by on 'average'."

Now this Cab driver has got permanent customers, who wait for him only to come and pick them up, even at a premium!

Words worth Millions

"What is the greatest enemy of Enlightenment?" **"Fear"**

"And where does fear come from?" **"Delusion"**

"And what is delusion?" **"To think that the flowers around you are poisonous snakes."**

"How shall I attain Enlightenment?" **"Open your eyes and see."**

"What?" **"That there isn't a single snake around."**

Anthony de Mello, SJ



Shruthi K.
CS Professional Student, Mysore
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As we all know, our government has taken many measures to safe guard the interest of consumers, who are considered as the Kings of the market. In spite of so many judicial and quasi judicial measures there are many instances that consumers will be cheated or deprived from what they have to get for the money spent. In this context Indian government has come up with new idea i.e., using technology for consumer protection and grievances redressal.

Here is a website www.confonet.nic.in which is beneficial to Consumers, Consumer Activists and NGOs, Members of Consumer Courts, Bar Councils and Advocates.

As a layman what we may get from this website is:

- ✓ Information on Consumer Rights and Protection
- ✓ Online Cause Lists
- ✓ Online Judgments
- ✓ Online Case Status and Case History
- ✓ Statistical Reports (For Commissions and Forums only)

Further this site gives the information about list of documents which is to be filed by the prospective complainant while filing a complaint before consumer court, which helps for easy, speedy and inexpensive redressal of consumer disputes. It's the right example of use of technology in protecting rights of citizens and increasing awareness about law among us.

IT FOR CORPORATE PROFESSIONALS

WorkFlowy
Organize your brain.



Amitkumar Hegde, B.Com, MCA,
amits.hegde@gmail.com

We often come across projects which involve various activities to be completed in a specific order. We would maintain them on an Excel spreadsheet or OneNote; but there is a better way to maintain workflows.

workflowy.com is a nice web application for maintaining and collaborating workflows. Once you are done with simple registration, you are up for creating workflows. workflowy allows you to create workflows in a hierarchical manner. Each item can have child items and they can be expanded and collapsed. Once the workflow is ready, while completing the actual activity, each item can be stroked through to mark completion.

If you hover on the bullet at the left, it will show up a menu which allows to share each item. It will create a unique URL which can be shared with others. You can create a unique URL which allows read only or with editable workflow. In a collaboration session, each user can edit the workflow and the same gets updated and will be available for everyone. We have been using workflowy for quite some time for creating checklists and workflows and found it to be quite useful. Give it a try; you might like too.

URL: www.workflowy.com



Compilation:
CS. Ajaay Madaiah, Mysore

International Securities Identification Number (ISIN)

Many of us who have associated with capital market have heard of ISIN. It means International Securities Identification Number (ISIN) which uniquely identifies a [security](#). Its structure is defined in [ISO 6166](#). Securities for which ISINs are issued include [bonds](#), [commercial paper](#), [equities](#) and [warrants](#). The ISIN code is a 12-character alpha-numerical code that does not contain information characterizing financial instruments but serves for uniform identification of a security at trading and [settlement](#).

Securities to which ISINs can be issued include debt securities, shares, options, derivatives and futures. The ISIN identifies the security, not the [exchange](#) (if any) on which it trades; it is not a [ticker symbol](#). For instance, if a stock trades through many trading platforms and exchanges worldwide, and it is priced in different currencies; it will have the same ISIN on each, though not the same ticker symbol. An ISIN consists of three parts: Generally, a two letter country code, a nine character alpha-numeric national security identifier, and a single [check digit](#). The country code is the [ISO 3166-1 alpha-2](#) code for the country of issue, which is not necessarily the country where the issuing company is domiciled.

Did you Know?

Now Cheques
are valid
only for
3 Months



It has been brought to the notice of Reserve Bank by Government of India that some persons are taking undue advantage of the practice of banks of making payment of cheques/drafts/pay orders/banker's cheques presented within a period of six months from the date of the instrument as these instruments are being circulated in the market like cash for six months. To avoid the same Reserve bank of India in exercise of the powers conferred by Section 35A of The Banking Regulation Act, 1949, vide its circular number DBOD.AML BC.No.47/14.01.001/2011-12 dated November 4, 2011 directed banks that with effect from April 1, 2012, banks should not make payment of cheques/ drafts/ pay orders/banker's cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument.

Pick of the Month

Can a company avail exemption from preparation of accounts in format other than prescribed under Schedule VI of the Companies Act, 1956?

Yes, under Section 211(4) of the Companies Act, 1956, the Central Government may on the application or with the consent of the Board of Directors of the company by order modify in relation to that company any of the requirements of the Act, as to the matters to be stated in the company's Balance Sheet or Profit and Loss account for the purpose of adapting them to the circumstances of the company. To avail the same an application shall be made to the Central Government along with requisite fees, a statement specifying the reasons for adopting new form, certified copy of the resolution.



Compiled by:
CS. Abhishek Bhardwaj A.B.
Bangalore



CA. Ashit Shah, Team Genicon, CS. Kasturi S.,
Mumbai Chennai Bangalore



CUSTOMS & FTP Notifications/ Circulars

FTP amended to provide that supply to non mega power projects shall not be entitled to any deemed export benefit. Previously, benefit of deemed exports was available in respect of supplies to non mega power projects under Para 8.3(a) of FTP, viz., Advance Authorization/ Advance Authorization for annual requirement/ DFIA.

Notification No. 107(RE-2010)/2009-2014 dated March 21, 2012

Director General of Foreign Trade has replaced Paragraph 2.13.2A of the Handbook of Procedures (Vol.1), 2009-14 relating to for refund / revalidation of DEPBs/Reward Scrips for re-credit of 4% CVD, thereby reduces the transaction cost and procedural burden as it will facilitate utilisation of re-credit without requiring it to be presented to RA of DGFT for an endorsement of revalidation.

Public Notice No. 105 / 2009-14(RE 2010) Dated 27.03.2012

DGFT has extended the Prohibition on export of pulses by one more year, which is from 31.03.2012 to 31.03.2013. But, there are two exceptions to this. One is export of Kabuli Chana. Second is export of Organic Pulses and lentils; but with a ceiling of 10,000 MTs per annum and subject to certain conditions as mentioned therein

Notification No. 109 (RE - 2010)/2009-2014 Dated 27.03.2012

Export of 5,000 bales of Assam Comilla Cotton has been exempted from any export restrictions during the current cotton season (up to 30.09.2012) subject to registration with DGFT. Registration Certificate for such exports will be valid for 30 days only.

Notification No. 108 (RE- 2010) /2009-2014 Dated 22.03.2012

The Central Government being satisfied that it is necessary in the public interest so to do, hereby exempts all the goods falling within the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), when imported into India, from whole of Secondary and Higher Education Cess which is leviable thereon under sub-section (1) of section 3 of the Customs tariff Act, 1975, read with section 136, 138 and 139 of the said Finance Act.

Notification No. 14 /2012-Customs New Delhi, dated the 17th March, 2012

The Central Government, being satisfied that it is necessary so to do for the purpose of the protection of human, animal, plant life and health, has prohibited import into India and export out of India of hazardous wastes specified in Scheduled VI to the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008, issued under the Environment (Protection) Act, 1986.

Notn.31/2012-Customs (N.T.) - New Delhi, 4th April 2012.

Case Law

The provisions of Section 146A of the Act would have to be read in conjunction with and harmoniously to Section 129(6) of the Customs Act and the person who earns a disqualification under this provision cannot derive any extra benefit contrary to Section 129(6) of the Customs Act from the reading of Section 146A of the Customs Act.

N.K. Bajpai Vs. Union of India (UOI) and Anr. (Decided on 15.03.2012) MANU/SC/0213/2012

Regulatory Developments Notifications/ Circulars

In order to strengthen the compliance mechanism and role of the Boards of BTIs, it has been decided to review the norms and format for periodic reporting. The revised format as provided therein includes the status of regulatory compliance and investor grievances redressal.

Circular No. CIR/MIRSD/ 4/2012 Dated 29.03.2012

CENVAT Notifications/ Circulars

Where duty demand has been confirmed under Section 11A of the Central Excise Act, 1944, an assessee may pay such duty from Cenvat credit available at the time of payment of duty, whether Cenvat credit accrued prior to or after the arrears arose.

The CBEC Circular No.962/05/2012-CE dated March 28, 2012

CBEC has issued clarification on certain issues relating to clearances of goods for Mega Power Projects for guidance of the field formations and the trade. The issues so clarified has been provided therein.

Circular No. 963/06/2012-CX Dated 29.03.2012

Case Law

An exemption notification has to be interpreted in the light of the words employed by it and not on any other basis. A person who claims exemption or concession must establish clearly that he is covered by the provision(s) concerned and, in case of doubt or ambiguity, benefit of the same must go to the State.

CCE, Surat Vs. M/s Favourite Industries [2012 TIOL 30 SC CX]

There is no time limit under Rule 16 of Central Excise Rules, 2002 for taking Cenvat credit on goods returned to the factory as defective.

Paramount Minerals & Chemicals Ltd Vs. CCE, Thane [2012 TIOL 322 CESTAT MUM]

Service Tax

Notifications/ Circulars

The point of taxation for invoices issued on or before March 31, 2012, shall continue to be the date of payment in case of individuals or proprietary firms or partnership firms providing taxable services of consulting engineer, architect, interior decorator, chartered accountant, cost accountant, company secretary, scientist or technocrat, and legal service.

The CBEC Circular No.154/5/ 2012 -ST dated March 28, 2012

Seeks to amend Notification No.32/2007-ST dated 22.05.2007 so as to give an option to the provider of a works contract service to pay an amount equivalent to 4.8 per cent. of the gross amount charged for the works contract instead of paying service tax at the rate specified in section 66 of the Finance Act, 1994 with effect from 1st April, 2012.

Notification No. 10/2012 - Service Tax - New Delhi, the 17th March, 2012

Seeks to supercede Notification No. 26/2010-Service Tax, dated the 22nd June, 2010 to change the rate applicable under transport of passenger by air service with abatement of 60 per cent.

Notification No.6/2012 - Service Tax - New Delhi, the 17th March, 2012

Seeks to exempt the taxable service involving import of technology, from so much of the service tax leviable, as is equivalent to the amount of cess payable on the said import of technology under the provisions of section 3 of the Research and Development Cess Act, 1986 (32 of 1986), subject to certain conditions.

Notification No.14/2012 - Service Tax - New Delhi, the 17th March 2012

Seeks to provide exemption on specified taxable services, by way of abatement from taxable value for the purposes of calculating service tax, subject to the fulfilment of the prescribed conditions.

Notification No. 13/2012- Service Tax - New Delhi, the 17th March, 2012

Case Law

Activity of storage and retrieval of records of banks and corporate houses viz. discharged cheques, vouchers, agreements, books of accounts etc. which were not intended for sale and do not have any commercial value is not leviable to

Service Tax under the category of "Storage and Warehousing of goods", since "goods" must be capable of being bought and sold.

CST, Mumbai Vs. P N Writer & Co Ltd [2012 TIOL 343 CESTAT MUM]

Highlights of the proposed amendments as per Finance Bill 2012 are as under:

- Rate of Service tax is enhanced from 10% to 12%;
- Composition of Rate of Tax for payment under Works Contract Services is also enhanced from 4% to 4.8%
- Introduction of Negative list approach in lieu of selective approach like, Services by Government or a local authority, Services by the Reserve Bank of India, Services by a foreign diplomatic mission located in India, Services relating to agriculture, Trading of goods etc.,
- Nine Declared Services are introduced to be effective from the date to be notified after the enactment of Finance Bill, 2012, such as Renting of Immovable Property, Construction of a complex, building, civil structure or a part thereof, etc.,
- Principles of Interpretation for Classification of Services are proposed to be introduced
- New Reverse Charge Mechanism has been introduced and widens the base by listing ten specified Services and providing the different proportions in which the service tax is to be paid by the person liable to pay service tax thereon
- A new list of Abatements is provided
- Draft Place of Provision of Services Rules has been placed in public for discussion.
- A List of Exemptions from levy of Service Tax is provided to exempt 34 services
- Rationalization of provisions of Cenvat Credit Rules, 2004
- Interest would not be chargeable on wrong avilment of Cenvat Credit with effect from 17th March 2012.
- The time limit for issuance of invoice as per Rule 4A has been enhanced from 14 days to 30 days and is further enhanced to 45 days incase the service provider is banking and other financial services provider with effect from 01-04-2012.
- The Individuals and Partnership Firms whose aggregate value of taxable services provided is Rs. 50 lacs or less in the previous financial year will have an option to pay service tax on receipt basis.
- The Date of Payment is now defined as per Rule 2A of POTR, 2011 to be effective from 01-04-2012.
- For the first time the Best Judgment Assessment has been introduced in Service tax by Rule 9 of POTR, 2011
- In the definition of Capital Goods even Motor Vehicle is now included
- Condition for allowing Cenvat Credit as per Rule 4 of CCR, 2004 in respect of service provider has been changed
- Reversal of Cenvat Credit Rate has also been enhanced to 6% from 5% pursuant to Rule 6 of the CCR, 2004 with effect from 01-04-2012.
- Advance Ruling Provisions are introduced

- Powers of Special Audit under specified circumstances is introduced under Section 72A with effect from 01-04-2012.
- Time limit for issuance of show cause notices has been enhanced from 1 year to 18 months with effect from 01-04-2012.
- Time limit for filing appeals with Commissioner of Central Excise (Appeals) has been reduced from 3 months to 2 months
- Waiver of penalty to service providers in respect of Renting of Immovable property service, if tax is paid along with interest within a period of 6 months

VAT, Sales Tax and Entry Tax

Case Law

Duty free shops situated at the International Airport of Bangalore are beyond the custom frontiers of India. Thus, in terms of Article 286 of the Constitution no sales tax could be imposed on the sales made by the duty free shops.

Hotel Ashoka Vs. Assistant Commissioner of Commercial Taxes [2012-TIOL-08-SC-VAT]

While interpreting Rule 9(a) of the Kerala General Sales Tax Rules, 1963 the Supreme Court held that the Rule does not speak of invoices but stipulates that discount must be shown in the accounts. Thus, IFB Industries' claim for exemption of amounts of trade discount cannot be rejected solely on the ground that discounts were not shown in sale invoices.

IFB Industries Ltd. Vs. State of Kerala [2012-TIOL-SC-CT]

FEMA & RBI

Notifications/Circulars

It is clarified that transfer of assets of Liaison / Branch Office to subsidiaries or other LO / BO or any other entity is permitted only with the specific approval of the Central Office of the Foreign Exchange Department, Reserve Bank of India.

A.P. (DIR Series) Circular No.88 dated March 01, 2012

A SEBI registered Foreign Venture Capital Investor (FVCI) is allowed to invest in equity, equity linked instruments, debt, debt instruments, debentures of an Indian Venture capital Undertaking (IVCU) or of a Venture Capital Funds (VCF), by way of private arrangement / purchase from a third party also, subject to such terms and conditions mentioned therein.

A.P. (DIR Series) Circular No.93 dated March 19, 2012

Clarification:

Foreign Institutional Investors (FII) and Non-Resident Indians (NRI) are allowed to purchase/sale shares and convertible debentures up to 24 per cent and 10 per cent respectively, of the paid up equity capital or value of each series of convertible debentures of an Indian company (through registered brokers) on recognized stock exchanges in India under Portfolio Investment Scheme (PIS) without obtaining prior approval from RBI.

It is clarified that the Indian company raising the aggregate FII investment limit of 24 per cent or to the sectoral cap/ statutory

limit, as applicable to the respective Indian company or raising the aggregate NRI investment limit of 10 per cent to 24 per cent, should necessarily intimate the same to the Reserve Bank of India, immediately, along with a Certificate from the Company Secretary stating that all the relevant provisions of the extant Foreign Exchange Management Act, 1999 regulations and the Foreign Direct Policy, as amended from time to time, have been complied with.

A.P. (DIR Series) Circular No.94 dated March 19, 2012

Overseas Direct Investments by Indian Party - Rationalization

- Now, an Indian Company can create charge in the form of pledge / mortgage / hypothecation on the immovable / movable property and other financial assets of the Indian Company and their group companies against loan given to JV/WoS, subject to prior approval from RBI.
- Now, the bank guarantee issued by a resident bank on behalf of an overseas JV / WOS of the Indian Company, which is backed by a counter guarantee / collateral by the Indian Company, shall be reckoned for computation of the financial commitment (i.e 400%) of the Indian Company and reported accordingly.
- Issuance of personal guarantee by the promoters of the Indian Company is presently allowed under the General Permission shall also be extended to the indirect resident individual promoters of the Indian Company with same stipulations as in the case of personal guarantee by the direct promoters.
- Now, the Indian Company is permitted to undertake financial commitment without equity contribution in JV / WOS subject to approval from RBI.
- Now, the Indian Company can report APR with unaudited accounts of the JV / WOS where the law of the host country does not mandate auditing of the books of accounts of JV / WOS.

A.P. (DIR Series) Circular No. 96 dated March 28, 2012

External Commercial Borrowing Policy & Trade Credit - Review of all-in-cost ceiling

RBI has extended enhanced all-in-cost ceiling for a further period of six months in respect of ECBs and Trade Credit as under:

Average Maturity Period	All-in-cost over 6 month LIBOR*
Three years and up to five years	350 Basis points
More than five years	500 Basis points
Trade Credit - upto three years	350 Basis points

The all-in-cost ceiling is applicable up to September 30, 2012 and subject to review thereafter. All other aspects of ECB policy remain unchanged.

A.P. (DIR Series) Circular No. 99 dated March 30, 2012



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FII norms for commodity exchanges relaxed

After much dithering, the government released the revised consolidated foreign direct investment (FDI) policy, relaxing norms of investment by foreign institutional investors (FIIs) in commodity exchanges. Now, FIIs will not require government approval to invest in these exchanges. The cap on FII investment, however, remains at 23 per cent. The department of industrial policy and promotion (DIPP) under the commerce and industry ministry said government approval would nonetheless be required for the FDI component of investment up to 26 per cent in commodity exchanges.

This change aligns the policy for foreign investment in commodity exchanges with that of other infrastructure companies in the securities markets, such as stock exchanges, depositories and clearing corporations.

FDI in Aviation soon...?

The government is close to allowing foreign airlines to pick up stakes in Indian carriers, throwing a potential lifeline to struggling aviation companies. The Cabinet is likely to decide on the proposal to allow investments by foreign carriers into Indian ones this week. An immediate beneficiary could be financially stressed Kingfisher Airlines, whose owner Vijay Mallya recently said the revival of his airline depends on government policy.

Environment Ministry says EU tax deal breaker for global climate talks

A European Union law that charges airlines for carbon emissions is "unacceptable" and would be a "deal breaker" for global climate change negotiations, India's environment minister said. From Jan. 1, all airlines using EU airports have come under the European Union Emissions Trading Scheme, which has stirred up strong opposition in the United States, China and India. India has already joined China in asking its airlines to boycott the European Union's carbon scheme.

China set to ban Indian seafood from June 1

Seafood exporters from Gujarat and Maharashtra are at a loss as China has decided to stop imports of Indian seafood on quality grounds from June 1. India has been excluded from the list of countries that have cleared China's General

E-Newsletter from ICSI – Mysore Chapter | Edition – 99; April 2012

Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) certification norms for the export of aquatic products. Seafood exporters have decided to move the commerce as well as agricultural ministries on the issue.

China had published a notice on the implementation of administrative measures of inspection, quarantine and supervision on the entry and exit of aquatic products in May 2011. Even as India did not figure in the list of approved countries published in October, it is said to have not acted on it.

ADB forecasts China's GDP to be around 8.5 pc in 2012

The Asian Development Bank (ADB) said that China's GDP growth this year is expected to be around 8.5 per cent, down from 9.2 per cent in 2011, as the economy slowed down due to declining exports and global downturn.

China's economic growth is set to moderate slightly over the next two years but will exceed 8 per cent, on the back of strong investment, rising private consumption and a more stable global economy.

India Drags US to WTO on Visa Fee Hike

India has dragged the US to the WTO challenging the visa fee hike which discriminates against the Indian software companies sending professionals to the US on short-term contracts. Before India's complaint goes to the Dispute Settlement Body (DSB) of the Geneva-based WTO, the parties to the dispute are required to engage into bilateral consultations. The process takes about two months.

The US had raised visa fee in 2010 to fund its enhanced costs on its securing its border with Mexico under the Border Security Act. India has been protesting against the measure and raising its concern for the last 18 months. The law substantially increased the fees for H1B and L1 categories of visas for applicants which employ more than 50 persons in the US or have more than 50 per cent their employees admitted on non-immigrant visas (the 50:50 rule).

