Chairman's Letter, Board of Studies

My Dear Students,

As I sit down to write this message for the month of April, it occurs to me that the Financial Year 2005-2006 has passed like a flash before my eyes. The warmth and affection bestowed by the students on me is overwhelming and I shall cherish each moment spent with you. This monthly missive, is my attempt to reach out to each and every one of you and I am immensely happy to receive positive response from many students and I thank the students from the depths of my heart for the appreciative letters about the innovative programmes conducted by the Board of Studies. I have an open mind on all the issues. You are welcome to give pro-active suggestions.

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Vice-chairman's Letter, Board of Studies

Message from the Vice-Chairman, Board of Studies

Last year I closely worked with you. It is my pleasure to continue this close association with the Board of Studies this year as well. It would be my endeavour to work with the new Chairman and help him in ensuring smooth flow of the continuing tasks in the Board of Studies.

In my last message as chairman, I had briefly covered various tasks accomplished in the last year. My job also involved meeting young students, addressing their problems and guiding them. In my interactions I have met all kind of students, meritorious, hardworking, serious, not so serious and others. In general, many students face difficulty in managing their time. There are also students who need to improve their communication skills and

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Friends and neighbors complain that taxes are indeed very heavy, and if those laid on by the government were the only ones we had to pay, we might the more easily discharge them; but we have many others, and much more grievous to some of us. We are taxed twice as much by our idleness, three times as much by our pride, and four times as much by our folly.

— Benjamin Franklin
Members of Board of Studies – 2006–07

V. Murali, Chairman, Chennai
T. N. Manoharan, President (Ex-Officio) Chennai
Sunil Talati, Vice-President (Ex-Officio) Ahmedabad
Jaydeep Narendra Shah, Vice-Chairman, Nagpur

Anita Kapur, New Delhi
Anuj Goyal, Ghaziabad
Kashi Prasad Khandelwal, Kolkata

K. C. Parashar, Jodhpur
Rajkumar S. Adukia, Mumbai
Uttam Prakash Agarwal, Mumbai

Atul C. Bheda, Navi Mumbai
Dharmendra Kumar Garg, New Delhi
Mahaveer Chand Bohra, Jodhpur

Parveen Sharma, Delhi
Selva Ganesh, Chennai
Shiwaji Bhikaji Zaware, Pune
Members of Board of Studies – 2006–07

Chairman
CA. V. Murali, FCA, Chennai, has been has been nominated as Chairman of the Board of Studies of the Institute of Chartered Accountants of India for the year 2006–07. In addition, he is currently holding Vice Chairmanship of Committee on Financial Markets & Investors’ Protection Committee. Besides, he is also member of the ICAI–ICWAI–ICSI Coordination Committee, Committee for Members in Industry, Corporate & Allied Laws Committee, Professional Development Committee, Committee on Trade Laws & WTO and Financial Reporting Review Board. Academically, he is a bachelor of Commerce from Vivekananda College, Mylapore. He is a rank holder of Madras University. He is also a Graduate Member of the Institute of Cost & Works Accountants of India.

Earlier, CA. V. Murali is distinguished to be Chairman of various committees, viz., Public Relations Committee, Committee for Members in Industry, Regional Monitoring Committee of the Southern Region, Regional Budget & Finance Committee of the Southern Region. He has also been a member of a Fiscal Laws Committee, Expert Advisory Committee, Board of Studies, International Affairs Committee, Committee on Insurance, Examination Committee, Committee on Trade Laws and WTO, Committee on Ethical Standards & Unjustified Removal of Auditors, Public Relations Committee and Committee on Electoral Reforms.

He has also been Vice-Chairman of the Research Committee and was the Chairman, Computer Committee, Bangalore Computer Centre.

Prior to joining council, he was twice Regional Council Member of the Southern India Regional Council for the years 1998–2001 and 2001–2004. During the period he held the various posts of SICASA Chairman, Treasurer, Secretary, Vice-Chairman and Chairman of the Southern India Regional Council.

He was a member of the Special Committee constituted by the Department of Company Affairs to consider the suggestions for amendment of the Companies Act and Rules made thereunder and was a member of the various committees constituted by the Government from time to time. He had been a member of the Regional Direct Taxes Advisory Committee. He has also been closely associated with Chambers of Commerce & Industry, and has held different positions in different Social Organisations, Professional Bodies and Associations.

He has Chaired many Technical Sessions and has presented various Technical papers on varied topics. He is a Prominent Master of Ceremonies, Coordinator, convener of various Conferences, seminars, workshops and Brain-storming Sessions. A prolific writer he has written many books and articles. He has written, Practical Auditing (Co-Author), Conveyancing & Real Estate Transactions, Computation of Capital Gains – A Ready Referenceer, Computation of Taxable Income – A Ready Referenceer, The Impact of Globalisation on the Indian Economy, Role of Intelligentsia in the Upliftment of Society, How to become a Successful Entrepreneur, Strategies for Success in Life, Winning Communication Skills and Public Relations and Positive Thinking.

Vice-Chairman
CA. Jaydeep Narendra Shah, aged 49 years is a fellow member of The Institute of Chartered Accountants of India. He has passed M. Com from Nagpur University standing 1st in the order of Merit and was awarded P. Satyanarayanan Gold Medal and Jawaharlal Nehru Memorial Award. He passed B. Com from Nagpur University standing 8th in the order of Merit.

CA. Jaydeep Narendra Shah, has been nominated as Vice-Chairman of the Board of Studies of The Institute of Chartered Accountants of India for the year 2006–07. In addition he is a member of Examination Committee, Auditing & Assurance Standards Board, Committee for members in Industry, Fiscal Law Committee, Committee on Ethical Standards, Committee on Information Technology and Committee on Insurance & Pension.

For the year 2005–06 he was Chairman of the Board of Studies and Committee for Commerce Education and Career counselling.


He was member of Managing Committee of Nagpur Branch of WIRC of ICAI during 1991–95 and served as its Secretary for 1991–92, 1992–94 and Chairman for 1994–95.

He has been associated with Nagpur University for 3 years as member of Board of Studies, Accounts and Statistics Board. He has delivered talks and presented papers in conferences, seminars and other programmes organized by the Institute of Chartered Accountants of India, various Regional Councils of ICAI, various branches of ICAI and various other organization and Associations.

He was a visiting faculty to 47th IRS batch in National Academy of Direct Taxes. He had been a visiting faculty for Post Graduate courses on Financial Management at Bhartiya Vidya Bhawan, Nagpur for 10 years. He was also a faculty for Revisionery Coaching Classes organized by Nagpur Branch of WIRC of ICAI for Professional Education – II and C.A. Final Examination.

Members
CA. T.N. Manoharan, FCA, Chennai, aged 48, has been elected as the President of the Institute of Chartered Accountants of India (ICAI), the Apex Body of the profession of Chartered Accountants in India, for a period of one year commencing from 5th February, 2006. He hails from a freedom fighter’s family with agriculture background. He is a post graduate in commerce from Sri Venkateswara University and a law graduate from Madras University.
A member of the ICAI with 23 years of standing, CA. Manoharan was elected to the Council of ICAI for the first time in 2001 and thereafter in 2004. He has served in all standing committees and various non-standing committees of the ICAI. During his association with the ICAI, he pioneered the bringing out of Peer Review Manual. He took initiative to bring out the Guidance Notes on Certification for Transfer Pricing and for Minimum Alternate Tax. He was instrumental in bringing out the revised edition of 'Issues on Tax Audit'.

CA. Manoharan was the convener of Working group constituted at the instance of Government of India for formulating recommendations for amendment in the Chartered Accountants Act, 1949.

CA. Manoharan represented the ICAI at the meetings of the International Innovative Network (INN), UK; Government Finance Officers Association (GFOA), USA and International Standards of Accounting and Reporting (ISAR) of the United Nations Conference on Trade and Development (UNCTAD), Geneva.

CA. Manoharan is presently chairman of ICAI Accounting Research Foundation. He is Chairman of the Centre of Excellence on Education, training and Continuing Professional Development (CPD) of the South Asian Federation of Accountants (SAFA – an Apex Body of SAARC). CA. Manoharan is a member of the International Accounting Education Standards Board of International Federation of Accountants (IFAC).

CA. Manoharan was a visiting faculty at renowned professional Institutions and Business Schools. Besides being Chairman at technical sessions, Paper Writer and Key Note speaker at various conferences/seminars/workshops organised by professional bodies in India and abroad, he is also a prolific writer. He has authored many books on Direct Taxation. He has contributed articles in leading newspapers and journals.

CA. Sunil H. Talati, FCA, Ahmedabad, aged 54 years has been elected as the Vice-President of the Institute of Chartered Accountants of India (ICAI), the Apex Body of the profession of Chartered Accountants in India, for the year 2006-07. He is a postgraduate in commerce and also a law graduate.

A member of the ICAI with 30 years of standing, CA. Talati was elected to the Council of ICAI for the first time in 2001 and thereafter in 2004. He has held the position of Chairman of Expert Advisory Committee, Financial Reporting Review Board, Corporate & Allied Laws, Corporate Governance Committee; and Vice-Chairman of Professional Development Committee, Committee for Members in Industry, Board of Studies, Committee for Information Technology and Professional Development Committee. Besides the above, he has also served on the Examination Committee, Disciplinary Committee, Expert Advisory Committee, Committee for Vision & Restructuring, Fiscal Laws Committee, Research Committee, Committee on Ethical Standards, Committee on Career Counselling and Commerce Education, Professional Development Committee, Editorial Board, Financial Market and Investor’s Protection, Expert Advisory Committee, Committee on Information Technology, Audit Committee, Accounting Standards Board and Board of Studies as a Member.

CA. Talati was the Vice-Chairman of the Western India Regional Council (WIRC) of ICAI and also Secretary of the Ahmedabad Branch of WIRC of ICAI.

During his association with the ICAI, he was actively involved in preparing Pre and Post Budget suggestions/proposals. He has contributed actively in bringing out other publications by various Committees.

CA. Talati has authored the Income Tax Ready Reference in Gujarati and was also instrumental in bringing out Form 2C of Income Tax Act in Gujarati.

Besides excellence in education and profession, he had been excelling in extra curricular activities also. He had been first Rotaract Governor in India from District 305 and first Chairman of National Council of Rotaract Governors. Having held various posts in Jaycees and in other social leading clubs, he was a sportsman right from School and College days being champion in Swimming, Tennis and Badminton. He is a regular columnist in Gujarati ‘Financial Express’ every Tuesday and monthly Journal Tax Reporter.

CA. Anita Kapur is an Officer of Indian Revenue Service of 1978 batch. She has held varied assignments in the Department with wide ranging experience. She did a 22 week course for Tax Administrators in U.K. conducted in association with Inland Revenue service. She had a deputation stint with Banking Division of Department of Economic Affairs as Director during 1989 to 1994. She headed Northern Regional Office of Securities and Exchange Board of India during 1995 to 2001. She was associated with Narsimhan Committee on Financial Sector reform and was a member of Shah Group on Non-banking Financial Companies. She was also Government nominee Director on the Boards of Oriental Bank of Commerce, Andhra Bank, State Bank of Hyderabad and State Bank of Bikaner and Jaipur and SEBI nominee Director on the Boards of Delhi Stock Exchange, Jaipur Stock Exchange and Ludhiana Stock Exchange. She was guest faculty at CBI Academy, National Institute of Financial Management and National Academy of Audit and Accounts. She has participated in various Seminars in India and abroad on Financial Sector reforms, Capital Market Regulation and Supervision, Computerized Banking and Monetary/Fiscal Policies. Presently, she is Joint Secretary in the Tax Policy and Legislation division of the Ministry of Finance.

CA. Anuj Goyal, M.Com, LL.B, FCA, FCS, AICWA, DISA (ICA), DIRM (ICA) is a merit holder at High School and Intermediate level. He is also a topper in University at Graduation and Post Graduation levels. He passed the C.A. Intermediate and Final both groups in first attempts before the completion of article training.

Presently, he is Chairman of Committee on Insurance & Pension, Vice Chairman of Committee for Members in Industry and member of Continuing Professional Education Committee, Committee on Ethical Standards, Expert Advisory Committee, Research Committee and Financial Reporting Review Board. In past, he has also been, in different capacities, associated with Fiscal Laws Committee, Committee on Ethical Standards & Unjustified Removal of Auditors, Committee on Information Technology, Committee on Insurance, Committee for Internal
He was awarded as SAMAJ BIVUSHAN by Khandelwal Vaisya Development Bank.

various institutions like ASSOCHAM, C&AG and Asian Ministries from time to time and he is a frequent speaker at the Head Quarter in Florida, USA) and Association of Corporate Governance in SAFA Countries.

He also contributed a Paper in a Seminar at Karachi, Pakistan.

He was also a member of the Institute of Company Secretaries of India and served as Executive Committee Member of its Ghaziabad Chapter and also as Chairman of Ghaziabad Chapter. He is also a member of the Institute of Cost & Works Accountants of India and has served as Chairman of its Ghaziabad Chapter for two consecutive terms.

He also active academically and is a reputed faculty member. He has also worked as editor-in-chief & editor of various publications of professional interest. He is also successfully organized numerous conferences, seminars, workshops, study circles for benefit of members in profession & students.

He is also a member of Lions Club Ghaziabad–Main and serving the society as its Director. He is also a Life Member of a charitable society “Anwarpur Vikas Samiti”, Ghaziabad. As an executive member of the society he is looking after more than 20 (Twenty) schools of the society, which are providing quality education to the poor children having little or no means.

CA. Kashi Prasad Khandelwal, aged 55 years is a B.COM (HONS) from Calcutta University. He is also a Law Graduate from Calcutta University.

Currently, he is the Chairman, Committee on Ethical Standards and Expert Advisory Committee. He is also a member of Committee for Members in Industry, Research Committee, Financial Reporting Review Board, Committee on Accounting Standards for Local Bodies. Earlier, he has also been associated with, in different capacities, with Executive Committee, Examination Committee, Accounting Standards Board, Auditing and Assurance Standards Board, Continuing Professional Education Committee, Committee for Members in Industry, Fiscal Law Committee, Corporate & Allied Laws Committee, Committee on Ethics, Professional Development Committee, International affairs Committee, Editorial Board, Committee on Insurance and Accounting Research Foundation. Earlier, he was also Chairman of the Eastern India Regional Council of the Institute. He was a member of Working Group on Best Practices of Corporate Governance in SAFA Countries.

He also contributed a Paper in a Seminar at Karachi, Pakistan. He was President of the various Institutes, such as, Institute of Internal Auditors, Kolkata Chapter (An affiliated body with its Head Quarter in Florida, USA) and Association of Corporate Advisers & Executives, Kolkata.

He was faculty in the training programme organized by the Ministries from time to time and he is a frequent speaker at various institutions like ASSOCHAM, C&AG and Asian Development Bank.

He was awarded as SAMAJ BIVUSHAN by Khandelwal Vaisya Mahasabha. He is also interested in social work and associated with Avantika, Lions Club International Dist. 322B2 and Khandelwal Parishad.

C.A. K.C. Parashar, FCA aged 64 years is a practicing Chartered Accountant. He has experience of auditing the accounts of Bank Branches, concurrent audit of Banks, Hotels, Restaurants, Private and Public Charitable Trusts, Investment Companies, Real Estate Companies. His expertise also include working in the area of Income Tax, Wealth Tax, Expenditure Tax, Gift Tax, Interest Tax, Sales Tax and has handled the cases of individuals, firms, AOPs, Private Trusts, Public Charitable Trusts, Companies carrying on the business of Hotels and Restaurants, Investments, Real Estate, Cinema film exhibitors, etc.

He is Government Nominee to the Council of the Institute, since February, 2004. He has attended a number of conferences, seminars particularly relating to Direct Tax Laws, Sales Tax, Audits, and accounts of Charitable Trusts, Bank Audits etc. From February, 2004 onwards he is a member of Standing, Non-Standing Committees of ICAI which includes Examination Committee, Board of Studies, AASB, Peer Review Board, Fiscal Law Committee, FRBB, Committee on Insurance & Pension, Accounting Standards for Local Bodies etc.

CA. Rajkumar S. Adukia, FCA, did his graduation from Sydenham College of Commerce & Economics & was adjudged Best Student of College. He has also scored top ranks in B. Com, C.A., and ICWA examinations.

He is also a recipient of Samaj Ratna Award by Khandelwal Parishad.

Earlier, he was very actively involved in various capacities at branch level and region level. He has been in Executive committee of the Ghaziabad Branch of CIRC of ICAI and a member of Central India Regional Council and served the Regional Council as Secretary, Vice-Chairman & Chairman till 2004.

He has also written twenty-two books on various topics on Accounting, Business India, Financial Express, Economic Times and many more. He has also written twenty-two books on various topics including Audit, Direct and Indirect taxes, Import and Export, Corporate Laws, Labour Laws, Foreign Exchange, Project Finance.
He has also participated and presented papers at International Seminars in United States, Europe, Canada, Australia, middle-east and south-east Asia.

In addition, he has contributed time, money & efforts through various charitable organisations like Lions, Rotary, Giants, Jaycees, Madhya Pradesh Mitra Sangh & Rajasthani National Service Association. Corpus is established in these organisations to carry out elocution, essay & personality development programmes. Rajkumar Adukia Foundation has made significant contributions to various charitable projects. About 10,000 students have benefited from various activities of the trust.

CA. Uttam Prakash Agarwal, B.Com, F.C.A, aged 41 Years, is a Senior Partner of M/s Uttam Abulwala & Co. Chartered Accountants, Mumbai. Presently, he is also Vice-Chairman, Committee on Ethical Standards. Besides he is also member of Disciplinary Committee, Auditing & Assurance Standards Board, Committee for Members in Industry, Committee on Financial Markets & Investors’ Protection, Committee on Trade Laws and WTO, Committee on Internal Audit. He has also been associated in past with Examination Committee, Peer Review Board, Financial Review Reporting Board, Editorial Board, C. P.E. Committee. Earlier he has also been Chairman of Western India Regional Council. He has been Chairman of Mumbai Computer Center at WIRC. He has also acted as Member of Task Force for Maharashtra appointed by PD Committee of ICAI and Member of CPE Regional Monitoring Committee. He has been a Member of expert group Constituted by C.B.D.T. and was appointed as Arbitrator by the Stock Exchange, Mumbai.

He is also a keen speaker and has acted as faculty in various Seminars. In addition he is also acting as Directors in various companies. He has also authored a book on Taxation of HUF and Guidelines on Co-operative Housing Society.

He is also socially active. He has been associated, in different capacities with various social, professional, educational organization including Committee on Information Technology. He has been a member of Expert Group Constituted by C.B.D.T. and was appointed as Arbitrator by the Stock Exchange, Mumbai.

Dr Dharmendra Kumar Garg, FCA is a doctorate in finance and is presently pursuing D. Litt. He has a personal vision to fight against corruption, to bring radical reform in Education for quality education and putting managerial ethos into practice. Presently, he Executive Director of Ishan Institute of Management and Technology and Ishan College of Technical Education.

He is a professor in finance with interests in Corporate Tax Planning, Business legislations, Financial Management, Working Capital Management and Management Accounting, Project Appraisal, Security Analysis, Audit and Control. He has won various awards including Best Institution Builder Award by Vice-Chancellor, Dr BR Ambedkar University, Agra, Citation in Republic day by Union Minister of State for HRD for contribution in giving personality development programme for Police Officers, G B Nagar, Best Institution Builder Award by UP Journalist Association and Dr Radhkrishnan Smiriti National Teacher Award by Akhil Bhartiya Swatantra Patrakar & Lekhak Association (Regd), Delhi.

He has been associated, in different capacities with various social, professional, educational organization including Committee on Commerce Education and Career Counselling, MDS University, Ajmer, Department of Promotion Committee of Greater Noida Authority, Consortium of Autonomous Management Institutions, New Delhi, Association of Autonomous Members of Management Institutes, U P Trade Association, Indian Industry Association, J P Greens Golf Club, Noida Golf Club, U P Journalist Association and Indian Society for Socialist Studies.
He has also written research articles and papers in various journals of repute. He actively participates in various seminars, conferences, symposiums and congress. He has also presented papers at International Affairs Seminars.

CA. Mahaveer Chand Bohra, FCA is a gold medalist in M Com from J. N. Yyas University, Jodhpur. He is practicing in Jodhpur. He is also Executive member of Jodhpur Branch of CIRC. He has served as Chairman, Vice-Chairman, Secretary and Treasurer of Jodhpur Branch of CIRC. He has also been a co-opted member of the Board of Studies in the year 2001-02 and Committee for Review of Education and Training in the years 2004-05 and 2005-06.

In addition he has been a member of Governing Council of Nakoda Parshvanath College, for the period 2004-06. He has also served as Regional Secretary (Jodhpur) of RICA, Jaipur.

CA. Parveen Sharma is a Chartered Accountant (Rank holder in both intermediate and final examinations). He is also an Associate member of the Institute of Cost and Works Accountants of India and Licentiate of the Institute of Company Secretaries of India. He has topped Delhi University by scoring 100% marks in Accountancy. He also won Gold Medal in Accounts Olympiad held in 1990.


CA. Shiwaji Bhikaji Zaware, FCA aged 56 years is the Managing Director of Zaware’s Professional Academy Pvt Ltd at Pune. Apart from being a faculty at the academy he is involved in the administration and finance of the academy. He is also the Managing Director of Zaware Creative Enterprises Pvt Ltd.

He has rich and varied experience. He has worked in Sudharshan Chemical Industries Ltd. as Chief Accountant, The Bharatiya Agro Industries Foundation as Executive Secretary (Finance), Zaware and Thorat, Chartered Accountants as Partner. He is founder of Zaware’s Professional Academy. His positions also include being Managing Director of Zaware’s Professional Academy Pvt. Ltd, Zaware’s Professional Creative Forum Pvt. Ltd. and Zaware Creative Enterprises Pvt. Ltd.

He has undergone a specialised training in 1985 ‘Training to the Trainers’ with International Institute of Rural Reconstructions, Philippines.

He is a writer of Articles of Professional Interest in newspapers and magazines. He actively participates Conference and Seminars arranged by the Institute and other bodies. He was also a member of Western India Regional Council from 1985 to 1988.

Chairman’s Letter, Board of Studies

(Continued from page 1)

POINT TO PONDER

I recall H.H. Poojya Sri Sri Ravi Shankar’s golden words regarding the Art of Living – we must enjoy the essence of life with the spice, the pitfalls, the dark moments and good times. To be effective in whatever we do, we must first develop a passion for what we are doing and enjoy the same. At the same time, if others say that our level of competency is not up to the standard, it does not mean that we sit back diffidently, letting the world pass on by. As Henry Van Dyke said “Use What talent you possess, the woods would be very silent, if no birds sang except those that sang best.”

It is that time of the year when those appearing for May Exams will be going for the full slog. I wish all of you the very best in your forthcoming exams. Regular Study, Review and Repetition are the 3 R’s for Success. The thought provoking quote by Omar Nelson Bradley comes to mind “We need to learn to set our course by the stars, not by the lights of every passing ship.” If our aim is high and true there is nothing to stop our growth.

ACTION PLAN OF BOARD OF STUDIES FOR 2006 – 2007

We have finalised the action plan for Board of Studies for the year 2006-07. Providing enhanced academic input to the students has been set as our priority. This will be achieved through publication of video cassettes, E-learning and organizing structured virtual classes.

We intend to focus on improving analytical ability of the students using case studies. Our earnest endeavour is to increase direct interaction with the students through academic activities of the decentralized offices and branches. I also wish to exhort more branches to conduct compulsory computer training for the benefit of students.

CAREER OPTION

With flourishing business the country is growing at a fast pace. The investors are euphoric about the business potential and buoyant economy. These sentiments are also reflected in the rising share prices. The burgeoning sensex at the time of writing this letter has just crossed the 11,000 level. The intermittent corrections are too small to hold its growth. All that I mean to emphasize that buoyant business scenario and bull market has
brought resplendent dream and restively demanding increased professional services. Our students should pay equal attention to financial management as a career and should convert the opportunities in the areas of investment and portfolio management, derivatives, international finance and global financial reporting into a dream career.

ACTIVITIES IN MARCH 2006

I had been to the Madurai Branch of Southern India Regional Council of ICAI and had a face to face with the students about the C.A.Course. The brainstorming session was lively and I was faced with a barrage of pertinent questions regarding the exams, the course curriculum etc. I had the opportunity to visit the charming metropolis of Kolkata to attend a National Seminar as part of the Post Centenary Golden Jubilee Celebrations of the University of Kolkata organized jointly by the Commerce Department, Commerce Alumni Association and the Board of Studies of ICAI wherein I was the Chief Guest. Our Director of Studies, Dr.T.P.Ghosh and myself had addressed the Students of the Graduate, Post Graduate Courses about the Opportunities available to Chartered Accountants and about the efficacy of the CA Course. I was invited as Chief Guest to the Valedictory Celebrations of the GMCS course at Chennai. The interactions with the newly qualified and soon to be qualified Chartered Accountants was of a high order. On 24th March, I had inaugurated the Virtual Classes at Reliance Web World.

Mr.M.P.Vijaykumar, the renowned faculty addressed the students on Accounting Standard (AS) 22 in a lucid manner.

The month of February witnessed two major developments on the macro front. The Economic Survey 2005 – 06 was released followed by presentation of Budget 2006-07 in the Parliament.

ECONOMIC SURVEY

Economic Survey has drawn a very rosy picture of the economy. The budget highlights that the Indian economy after growing at 8.5 percent and 7.5 percent in the two previous years is poised to grow at 8.1 percent in the current year - 2005-06. The economy is resting on strong pillars of dynamic industrial sector, growing investments, modest inflation, rapid growth in exports and imports, improved infrastructure and fiscal consolidation. The growth has happened despite rising global crude oil prices. Since services especially the financial services, have been an important constituent of the robust growth achieved by the economy, chartered accountants being providers of these services can take not only pride in it but can resolve to do the best for furthering the growth of the economy.

UNION BUDGET 2006

Our Honourable Finance Minister and Visionary Shri P Chidambaram presented his third budget on 28th of February. The proposals in Budget - 2006 would pave the way for stability and fiscal consolidation. First of all, no new taxes are being imposed. Further, there are no changes proposed in income-tax rates, threshold limits, slabs as well as in the rates for surcharge and education cess. However, the rate of Minimum Alternate Tax (MAT) for companies is proposed to be increased from 7.5% to 10% of book profits. As a compensatory measure, the period for availing set-off of MAT credit has been increased from 5 years to 7 years and MAT credit is to be allowed to be adjusted while calculating interest liability. Further, an increase of 25%, across the board, on all rates of securities transaction tax has been proposed.

On the personal taxation front, investments in fixed deposits with scheduled banks for a term of not less than five years would also qualify for section 80C deduction. Further, the limit of Rs.10,000 for contribution to certain pension funds in section 80CCC is proposed to be removed. However, they would be subject to the overall ceiling of Rs. 1 lakh.

Dilution of certain provisions of Fringe Benefit Tax (FBT) are also proposed. The fringe benefit in respect of tour and travel is to be valued at 5% instead of 20%. For shipping and airline companies, the fringe benefits in the form of ‘hospitality’ and ‘use of hotel boarding and lodging facilities’ are proposed to be valued at 5% instead of 20%. A threshold of Rs.1,00,000 is proposed to be prescribed in respect of employer’s contribution to an approved superannuation fund so that only such contribution in excess of Rs.1 lakh per year per employee will attract FBT.

Considering the constraints, our Finance Minister Hon’ble Shri P.Chidambaram has done an excellent job.

WRAP UP POINT

Helen Keller was a person who had a very positive attitude in life and her words of wisdom have been a
One of her pro-active quotes I share with you "Keep your face to the sunshine and you cannot see the shadows." To carry on in life we must polish up the bright side and not be sucked into the dark and dreary void of vindictiveness, hatred, non-achievement, and other energy draining emotions. It is better to light one small candle than to curse the darkness. As accountants we learn depreciation, but there is one thing that we should avoid depreciating – our life and the moral values and ideals that go with it. As a fraternity we should work towards a better tomorrow for society, for growth and prosperity of our country.

From what we get, we can make a living; what we give, however makes a life.

Good bye and Good Luck.

With Warm Professional Regards,

Forever, yours in Service,

(Jaydeep Narendra Shah)

Vice-chairman's Letter, Board of Studies

(Continued from page 1)

overall personality. I wish to give some tips on these three aspects.

For the students pursuing CA course managing time is really difficult. Allocating enough time after rigorous practical training to studies becomes an uphill task. However, In order to manage your time successfully, you need to have an awareness of what your academic and personal goals are and prioritise your activities. You should also create a calendar and record major events. Create a monthly/weekly schedule of your activities. Decide specific times to study each subject. Some recreation must be there in life, but you should avoid time wasters. Finish whatever is started. Dilly-dallying will only make matters worse.

The best way to hone your communication skills is by communicating. Although, we are good speakers in a familiar and friendly environment, we fumble and feel nervous in unfamiliar surroundings. To tackle this you should not avoid such situations, rather confront them. Participate in seminars, conferences, contests and other programmes organised by the Institute. Another aspect of good speaking is the sound knowledge. You can speak only when you know. You should read a lot – newspapers, magazines, journals and things like that.

Development of personality is very difficult. Personality is totality of qualities and traits that are peculiar to each one of you. Personality is based on how you act, react and interact with others. Our personality determines our traits such as openness, self-reliance, sensitivity, sense of responsibility, emotional control, risk taking, assertiveness. These cannot be changed overnight. Rather they evolve over a very long period of time. Attending lectures or reading books may inspire you to take steps to improve your personality, but may not actually lay down a prescription that can change personality. I will suggest that you look around yourself and find the virtues that you are lacking and you need to develop and then make efforts to develop and improve the same. The first step can be changing appearance.

In the above paragraphs I have briefly touched upon some of the areas where some of the students need to work. At the same time I have also met students who have impressed me. They have not only displayed sound and contemporary knowledge, but have put them across in words. They have good personality and communication skills.

Last year a series of compilations of suggested answers were published. I wish that you write to me about how really you find them useful in your preparation. Further I would like to advice you to communicate your academic and administrative difficulties appropriately. In case you face any problem in academic issues, you should write to bosnoida@icai.org. Your administrative difficulties are addressed by the Head of the Decentralised offices whose e-mail addresses are available inside this issue. The best way to get a prompt response is to address your e-mail to the appropriate person.

With best wishes

Yours truly

(V. MURALI)

April, 2006
Amendments made by Finance Bill 2006

Dr. Vinod K. Singhania

Object of the Article
1. This article examines different changes made by the Finance Bill, 2006 (as passed by Both Houses of Parliament) in income-tax, fringe benefit tax, wealth-tax and securities transaction tax.

Definition of infrastructure capital company and infrastructure capital fund
2. Definitions of infrastructure capital company and infrastructure capital fund have been inserted in section 2 where clauses (26A) and (26B) with effect from the assessment year 2006-07.

Payment of lease rent of aircraft made by an Indian company [Sec. 10(26B) / (15A)]
3. Section 10(15A)/(26B) has been amended to the effect that the exemption for lease payments shall continue with regard to agreements entered into on or before March 31, 2007. Likewise, the benefit of exemption from tax on tax will be available in respect of lease payments made in pursuance of agreements entered on or after April 1, 2007.

Constituency allowance to MLAs/MLCs [Sec. 10(17)]
4. Section 10(17) provides exemption in respect of allowances received by members of Parliament and State Legislature. It has been amended from the assessment year 2007-08 so as to allow an exemption to the constituency allowance received by any person by reason of his membership of any State Legislature under any Act or rules made by that State Legislature.

Exemption to university/educational institution/hospital/trust/fund/institution [Sec. 10(23G)]
5. The following amendments have been made in section 10(23G):
   ♦ Under the existing provisions contained section 10(23G), there is no time-limit for any university/educational institution/hospital/trust/fund/institution to make an application for issue of notification or grant of approval or continuance thereof. It has been amended from June 1, 2006 so as to provide a time-limit for the purposes of making an application under section 10(23G). On or after June 1, 2006 such application for grant of exemption or continuance thereof shall have to be filed during the financial year immediately preceding the assessment year from which such exemption is sought.
   ♦ With effect from the assessment year 2007-08 any anonymous donation referred to in section 115B5BC on which tax is payable at the rate of 30 per cent (+SC+EC) shall be included in taxable income of the aforesaid institutions.

Income of notified investor protection fund [Sec. 10(23EA)]
6. Under section 10(23EA), any income of notified Investor Protection Fund set up (either jointly or separately) by recognised stock exchanges in India is not chargeable to tax. This provision has been amended from the assessment year 2007-08 so as to allow the exemption only to income by way of contributions received from recognised stock exchanges and the members thereof.

Withdrawal of exemption [Sec. 10(23G)]
7. Exemption under section 10(23G) will be withdrawn from the assessment year 2007-08.

Long-term capital gains [Sec. 10(38)]
8. The following amendments have been made in section 10(38):
   ♦ With effect from the assessment year 2007-08, long-term capital gain generated by a company and which is exempt under section 10(38), will be taken into consideration to calculate book profit under section 115JB for the purpose of calculating minimum alternate tax.
   ♦ The definition of equity oriented fund has been amended from June 1, 2006. With effect from June 1, 2006, “equity oriented fund” will be a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65 per cent (up to May 31, 2006, it is 50 per cent).

Insertion of clause (42) in section 10
9. Clause (42) has been inserted in section 10 with effect from the assessment year 2006-07. It provides exemption from income-tax to any specified income of a non-profit body or authority notified by the Central Government. Such body or authority should be established, constituted or appointed under a multilateral treaty, agreement or convention, to which the Central Government is a signatory.

Amendment of section 10B/insertion of section 80AC
10. With effect from the assessment year 2006-07, deduction under section 10B or 80-IA or 80-IAB or 80-IB or 80-IC will not be allowed to an assessee who does not furnish his return of income on or before the due date of submission of income given under section 139(1).
Amendment of section 14A

11. Section 14A has been amended with effect from the assessment year 2007-08. After the amendment if the Assessing Officer is not satisfied with the correctness of the claim of the taxpayer in respect of expenditure pertaining to exempt income, he shall determine the quantum of such expenditure in accordance with a method which is to be prescribed by the Central Board of Direct Tax.

Amendment of section 17/36(1) (ib)

12. From the assessment year 2007-08, section 17 has been amended. Under the existing provisions “mediclaim” insurance premium paid by an employer on the health of his employees (including family members) is not treated as “perquisite” chargeable to tax. With effect from the assessment year 2007-08, such benefit will also be available in respect of health insurance premium paid under any scheme approved by Insurance Regulatory and Development Authority. A similar amendment has been made in the provisos of section 36(1) (ib).

Deduction in the computation of income of taxes paid on income earned outside India not allowable

13. Section 40(a)(ii) has been amended from the assessment year 2006-07 so as to clarify that any sum paid outside India and eligible for relief of tax under section 90/90A/91 is not allowable, and is deemed to have never been allowable, as a deduction under section 40.

Unpaid interest converted into fresh loan/advance – Not to be treated as interest paid [Sec. 43B]

14. Two new Explanations, namely, Explanation 3C (applicable from the assessment year 1989-90) and Explanation 3D (applicable from the assessment year 1997-98) have been inserted in section 43B to clarify that if any sum payable by the assessee as interest on any loan or borrowing or advance is converted into a loan or borrowing or advance, the interest so converted and not ‘actually paid’, shall not be deemed as ‘actual payment’ and shall not be allowed as deduction in the computation of income under section 43B.

Change in definition of “long-term specified asset” for exemption under section 54EC

15. Under the existing provisions of section 54EC, capital gains arising from the transfer of any long-term capital asset is exempt from tax if the taxpayer makes investment within six months from the date of transfer in any “long-term specified asset”. The definition of “long-term specified asset” has been modified with effect from the assessment year 2006-07. With effect from the April 1, 2006 only bonds issued by National Highway Authority of India and Rural Electrification Corporation (issued on or after April 1, 2006) will qualify for claiming exemption under section 54EC.

Withdrawal of exemption under section 54ED

16. Exemption under section 54ED will not be available from the assessment year 2007-08.

Extending the tax benefits of section 80C to fixed deposits in banks

17. From the assessment year 2007-08, term deposit for a period of 5 years or more with a scheduled bank in accordance with a scheme framed and notified by the Central Government will be eligible for including it in gross qualifying amount for the purpose of section 80C. However, deduction would be available only in the case of an individual or a Hindu undivided family.

Annuity plan of LIC [Sec. 80CCC]

18. From the assessment year 2007-08, the amount of deduction under section 80CCC in respect of payment/deposit by an individual to annuity plan of LIC or any other insurer has been increased from Rs. 10,000 to Rs. 1,00,000. However, the overall ceiling of Rs. 1,00,000 in respect of aggregate deductions under sections 80C, 80CCC and 80CCD has not been revised.

Extension of time-limit under section 80-IA

19. The following time-limit given under section 80-IA has been extended from the assessment year 2007-08:

<table>
<thead>
<tr>
<th>Undertaking which develops, develops and operates, or maintains and operates an industrial park</th>
<th>Such scheme can be notified up to March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undertaking engaged in generation or generation and distribution of power</td>
<td>Such activity should be commenced during April 1, 1993 and March 31, 2010</td>
</tr>
<tr>
<td>Undertaking engaged in transmission or distribution by laying a network of new transmission or distribution lines</td>
<td>Such activity should be commenced during April 1, 1999 and March 31, 2010</td>
</tr>
<tr>
<td>Undertaking engaged in substantial renovation and modernization of the existing network of transmission or distribution</td>
<td>Such activity should be commenced during April 1, 2004 and March 31, 2010</td>
</tr>
</tbody>
</table>

Withdrawal of tax benefits available to certain co-operative banks

20. With effect from the assessment year 2007-08 deduction under section 80P will not be available to any co-operative bank. However, a primary agricultural credit society or a primary co-operative agricultural and rural development bank will continue to claim the tax benefit under section 80P.

Provisions relating to double taxation relief etc. [Sec. 90A]

21. With effect from the assessment year 2006-07, a new section 90A has been inserted. By virtue of this section the Central Government may, by notification in the Official Gazette, make
the necessary provisions for adopting and implementing an agreement which is entered by a specified association in India with a specified association outside India (situated in a specified country):

a. for grant of double taxation relief, for avoidance of double taxation;

b. for exchange of information for the prevention of evasion or avoidance of income tax;

c. for recovery of income tax.

Provisions relating to transfer pricing [Sec. 92C]

22. The reference of section 10AA has been inserted in section 92C(4). Consequently, if by applying the provisions of arm’s length price, the income of an assessee is increased, the taxpayer will not be eligible for deduction under section 10AA in respect of such increase in taxable income.

An anonymous donation [Sec. 115BBC]

23. The expression “anonymous donation” has been defined as follows:

1. It is a voluntary contribution referred to in section 2(29)(iia).

2. The person receiving such contribution does not maintain a record of:
   a. the identity indicating the name and address of the person making such contribution; and
   b. such other records as may be prescribed.

“Anonymous donation” would be taxable from the assessment year 2007-08 at the rate of 30 per cent (plus S+H+EC).

The new provisions are applicable in the case of (a) any trust or institution referred to in section 11; (b) any university or other educational institution referred to in section 10(23)(iiiia) and (vi); (c) any hospital or other institution referred to in section 10(23) (iiiia) and (vii); (d) any fund or institution referred to in section 10(23) (iv); and (e) any trust or institution referred to in section 10(23) (v).

The following anonymous donations shall not be covered by the new provisions of section 115BBC:

i. donations received by any trust or institution created or established wholly for religious purposes; and

ii. donations received by any trust or institution created or established for both religious as well as charitable purposes.

However, if any anonymous donation is received by a trust which is created for religious as well as charitable purposes, it will be taxable at the rate of 30 per cent (plus S+H+EC) if such anonymous donation is made with a specific direction that it is for any university or other educational institution or any hospital or other medical institution run by such trust or institution.

Minimum alternate tax

24. The following amendments have been made with effect from the assessment year 2007-08 in the provisions regulating minimum alternate tax –

24.1 Rate of MAT increased from 7.5 per cent to 10 per cent: The rate of minimum alternate tax has been increased from 7.5 per cent of book profit to 10 per cent of book profit with effect from assessment year 2007-08.

24.2 Long-term capital gains will be subject to MAT: With effect from the assessment year 2007-08, long-term capital gain which is exempt under section 10(38) will be subject to minimum alternate tax. In other words, if such long-term capital gain is credited in profit and loss account, it shall not be deducted from net profit to calculate book profit.

24.3 Computation of book profit vis-à-vis depreciation on revaluation of asset: Under the normal provisions of the Act, claim of higher depreciation on account of revaluation of assets is not allowed. However, companies do resort to revaluation of assets to claim such higher depreciation for calculating book profit. With a view to plugging the leakage of revenue on account of claim of higher depreciation through revaluation of assets by certain companies, the mode of computation of book profit has been amended. Depreciation on account of revaluation of assets will not be deducted from net profit to convert it into book profit. However, any amount withdrawn from revaluation reserve and credited to the profit and loss account, to the extent it does not exceed the amount of depreciation on account of revaluation of assets, shall be reduced from the book profit.

24.4 Period for carry forward of MAT credit increased to 7 years: From the assessment year 2007-08 MAT credit in respect of excess tax paid under section 115JB will be available for 7 years (in place of 5 years). However, there is no change in respect of tax paid under the provisions of section 115JA.

Modification in the scheme of sections 115R and 115T

25. Under the existing provisions of section 115R, dividend distribution tax is not payable in respect of any income distributed to unit holders of open-ended equity oriented funds in respect of any distribution made from such funds.

With effect from June 1, 2006, dividend distribution tax will not be applicable even in respect of closed ended equity oriented mutual fund.

The definition of equity oriented mutual fund has been amended with effect from June 1, 2006. Under the amended definition, equity oriented mutual fund will be a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65 per cent. of the total proceeds of such fund instead of the existing 50 per cent.

Fringe benefit tax

26. The following amendments have been made in the scheme of fringe benefit tax from the assessment year 2007-08:
26.1 **Sales promotion expenditure:** The following shall not be subject to fringe benefit tax:

a. the expenditure on distribution of free samples of medicines or of medical equipment, to doctors; and

b. payment to any person of repute for promoting the sale of goods or services of the business of employers.

26.2 **Transport to employees** – According to section 115WB(3), fringe benefits do not include any perquisite in respect of which tax is paid or payable by the employee. Section 115WB(3) has been amended to exclude the following from the purview of fringe benefit tax:

a. any benefit or amenity in the nature of free or subsidised transport; or

b. any such allowance provided by the employer to his employees for journeys by the employees from their residence to the place of work or such place of work to the place of residence.

26.3 **Contribution towards superannuation fund:** Contribution by an employer to an approved superannuation fund to the extent it does not exceed Rs. 1 lakh per employee in respect of whom contribution is made, shall not be liable to fringe benefit tax.

26.4 **Tour and travel expenses:** 5 per cent of the expenses incurred on tour and travel (including foreign travel) shall be taken for determining the value of fringe benefits. However, 20 per cent of the expenses incurred for the purposes of conveyance shall be continued to be taken for the purposes of valuation of fringe benefits.

26.5 **Expenses on hospitality and hotel by airlines/shipping companies:** In the case of an employer engaged in the business of carriage of passengers or goods by aircraft or ship, the value of fringe benefits for the following purposes shall be 5 per cent (in place of 20 per cent):

- Section 115WB(2)(B) – Hospitality of any kind.
- Section 115WB(2)(G) – Use of hotel, boarding and lodging.

**Amendment of section 120**

27. Section 120 has been amended with retrospective effect from April 1, 1988 so as to provide that any income-tax authority, being an authority higher in rank, may exercise the powers and perform the functions of the income-tax authority lower in rank, if it is so directed by the Board.

**Omission of the one-by-six scheme**

28. No return shall be required to be furnished under the one-by-six scheme for the assessment year 2006-07 and subsequent years.

**Defective returns**

29. The following amendments have been made in the provisions regulating defective returns given in section 139(9):

- Under the existing provisions the return of income is not regarded as defective if TDS certificate (in Form No. 16/16A/16AA) is not furnished by the deductor to the deductee and such certificate is produced within a period of 2 years from the end of the assessment year.

In the above provisions, the reference of tax collection at source shall be included from April 1, 2007. Consequently, if the return of income is not accompanied by proof of tax collected at source, such certificate can be produced within a period of 2 years from the end of the assessment year.

- Under the existing provisions, a return is regarded as defective if it is not accompanied by proof in respect of tax deducted up to March 31, 2006. In respect of tax deducted on or after April 1, 2006, the return is not required to be accompanied by proof of tax.

The aforesaid date has been extended till March 31, 2008, as demat scheme of TDS/TCS certificate will be applicable in respect of tax deducted/collected at source on or after April 1, 2008. The extended date shall also apply in respect of non-furnishing of proof of tax collected at source after April 1, 2008.

Consequently, non-furnishing of TDS/TCS certificates in Form No. 16/16A/16AA/27D (in respect of tax deducted or collected at source up to March 31, 2008) will make the return defective. However, the taxpayer can produce such certificate within a period of two years from the end of the assessment year under section 155(14) to get the assessment order rectified.
Finance Bill, 2006 was presented before Parliament by Finance Minister Shri P Chidambaram on 28-2-2006 at 11.00 AM. Major changes relating to service tax are summarised below. Changes relating to exemption notifications and procedures have become effective immediately w.e.f. 1-3-2006. Finance Bill, 2006 has been passed by Lok Sabha on 20-3-2006 and by Rajya Sabha on 21-3-2006. It will become Act and be effective on the date it receives assent of President. In case of new services, the tax on these services will be effective after relevant notification is issued after Finance Bill, 2006 receives assent of President. Other changes, including that relating to increase in rate of service tax from 10% to 12% (plus education cess of 2%) will be effective on the date the Finance Bill, 2006 receives assent of President.

Major changes have been made in provisions relating to service tax. These have been summarised in D.O. letter No. 334/4/2006-TRU dated 28-2-2006 signed by R Sekar, Joint Secretary (TRU).

1. Budget Provisions relating to service tax
   1.1. Increase in rate of service tax
   The rate of service tax is being increased from 10% to 12%, by amendment to section 66 of Finance Act, 1994. The increase in service tax rate will be applicable from the date of enactment of the Finance Bill, 2006 i.e. date on which the Finance Bill, 2006 receives assent of President.
   1.2. New Services and expansion of scope
   Service tax is being imposed on fifteen individually specified services. These proposals will come into effect from a date to be notified after enactment of the Finance Bill, 2006. These are discussed later.

   Following services are specifically included in the list of taxable services:
   1. Registrar to an Issue Services
   2. Share Transfer Agent Services
   3. Automated Teller Machine operations, maintenance or management.
   4. Recovery agent’s services
   5. Sale of space or time for advertisement, other than in print media.
   6. Sponsorship services provided to any body corporate or firm, other than services in relation to sponsorship of sports events.
   7. international journey by air, other than in economy class.
   8. Transport of goods in containers by rail provided by any person other than Government railway
   9. Business support services
   10. Auctioneers’ service
   11. Public relations service
   12. Ship management service
   13. Internet telephony service
   14. Transport of persons by cruise ship
   15. Credit card, debit card, charge card or other payment card related services

   These are discussed later.

   1.2.1 Expansion of scope of certain services: Scope of certain existing services is being extended or clarified. These proposals will come into effect from a date to be notified after enactment of the Finance Bill, 2006. These are discussed later.

   1.3. Changes in exemption notifications
   Some exemptions have been withdrawn and some added.

   1.3.1 Withdrawal of exemptions: Following exemptions are withdrawn with effect from 1.3.2006:
   Re-insurance services taxable: The exemptions in relation to general insurance where—(i) Premium is received from re-insurance both domestic and overseas; (ii) All business for which premium is booked outside India, have been withdrawn w.e.f. 1-3-2006.

   All services provided by Practising CA/CWA/CS taxable: Exemption for services, other than accounting, auditing, and statutory certification services, provided by a practicing chartered accountant, company secretary or cost accountant in his professional capacity is withdrawn. Consequently all services provided by such persons in their professional capacity become taxable w.e.f. 1-3-2006.

   Call centres or medical transcription centre: Exemption for taxable services provided by a Call Centre or a Medical Transcription Centre is withdrawn w.e.f. 1-3-2006. However, they can enjoy exemption where their services fall under ‘export of services’.

   ERP management consultancy taxable: Exemption for taxable service provide in relation to Enterprise Resource Planning (ERP) software system provided by a management
Catering in railway train and catering in academic or medical establishment by outdoor caterer: Exemption for catering services provided on a railway train by an outdoor caterer and for catering services provided within the premises of an academic institution or medical establishment by an outdoor caterer has been withdrawn.

Tax processing fee, documentation charges etc. plus 10% of interest in case of hire purchase and leasing: Substantial exemption from service tax has been provided to financial leasing services including equipment leasing and hire-purchase, both for principal and interest portion of the installments paid. Service tax will be payable only on 10% of interest. The interest will be calculated as the difference between the installment paid towards the payment of the lease amount and the principal amount in such installment. In addition, service tax will be payable on lease management fee, processing fee, documentation charges and administration charges (Notification No. 4/2006-Service Tax dated 1.3.2006).

Testing and analysis of water quality exempt: Exemption from service tax has been provided to testing and analysis services provided in relation to water quality testing by Government owned State and District level laboratories. (Notification No. 6/2006-Service Tax dated 1.3.2006).

Services of RBI exempt: Exemption from service tax has been provided to all taxable services provided by Reserve Bank of India. (Notification No. 7/2006-Service Tax dated 1.3.2006).

Partial exemption only if no Cenvat availed: In case of many services like construction service, catering service, mandap and shamiana services, tour service etc. partial exemption is available, if gross value of service includes value of material. The service provider was not entitled to avail Cenvat credit of excise duty on inputs and capital goods, but could avail Cenvat credit of Service-tax on input service. Now, he will not be able to avail any Cenvat credit at all – either of excise duty or service tax.

Valuation provisions

So far, section 67 of Finance Act only provided that service tax shall be payable on gross value charged by service provider for the taxable services provided or to be provided. Now, detailed provisions have been made for valuation as in many cases, when consideration was other than money consideration or when it involved other charges, it was not possible to calculate value on which service tax is payable.

Valuation on basis of money consideration: New section 67 (1) provides that subject to the provisions of this Chapter, service tax chargeable on any taxable service with reference to its value shall,— (a) in a case where the provision of service is for a consideration in money, be the gross amount charged by the service provider for such service provided or to be provided by him (ii) in a case where the provision of service is for a consideration not wholly or partly consisting of money, be such amount in money, with the addition of service tax charged, is equivalent to the consideration (iii) in a case where the provision of service is for a consideration which is not ascertainable, be the amount as may be determined in the prescribed manner.

Explanation to section 67 states that for the purposes of this section, — (a) "consideration" includes any amount that is payable for the taxable services provided or to be provided (b) "money" includes any currency, cheque, promissory note, letter of credit, draft, pay order, travellers cheque, money order, postal remittance and other similar instruments but does not include currency that is held for its numismatic value (c) “gross amount charged” includes payment by cheque, credit card, deduction from account and any form of payment by issue of credit notes or debit notes and book adjustment.

Gross Amount charged to be inclusive of service tax – New section 67 (2) provided that where the gross amount charged by a service provider for the service provided or to be provided is inclusive of service tax payable, the value of such taxable service shall be such amount as, with the addition of tax payable, is equal to the gross amount charged. -- Thus, gross value will be taken as inclusive of service tax and tax payable will be derived by back calculations.

Amount may be payable before, during or after provision of service – New section 67 (3) states that the gross amount charged for the taxable service shall include any amount received towards the taxable service before, during or after provision of such service.

Valuation by valuation rules – New section 67 (4) provides that subject to the provisions of sub-sections (1), (2) and (3) of section 67, the value shall be determined in such manner as may be prescribed.

Draft valuation rules have been placed on the website of CBEC for comments and suggestions.

Services provided abroad and import of services

An explanation was added to section 65(105) w.e.f. 16-6-2005, providing for imposing service tax on services provided abroad or even provided and consumed abroad. Now, this explanation has been omitted and new section 46A has been inserted, with the same objective but with more elaborate provisions.

New 66A(1) provides that where any service specified in clause (105) of section 65 is,— (a) provided or to be provided by a person who has established a business or has a fixed establishment from which the service is provided or to be
Provided or has his permanent address or usual place of residence, in a country other than India, and (b) received by a person (hereinafter referred to as the recipient) who has his place of business, fixed establishment, permanent address or usual place of residence, in India, such service shall, for the purposes of this section, be taxable service, and such taxable service shall be treated as if the recipient had himself provided the service in India, and accordingly all the provisions of this Chapter shall apply.

**Exemption to individual receiving the service:** First proviso to section 65A(1) states that where the recipient of the service is an individual and such service received by him is otherwise than for the purpose of use in any business or commerce, the provisions of this sub-section shall not apply.

**When service provider has establishment at both places:** Section proviso to section 65A(1) states that where the provider of the service has his business establishment both in that country and elsewhere, the country, where the establishment of the provider of service directly concerned with the provision of service is located, shall be treated as the country from which the service is provided or to be provided.

**Two permanent establishments to be treated as two separate persons:** As per section 66A(2), where a person is carrying on a business through a permanent establishment in India and through another permanent establishment in a country other than India, such permanent establishments shall be treated as separate persons for the purposes of this section.

**Branch is also establishment:** Explanation 1 to section 66A make it clear that a person carrying on a business through a branch or agency in any country shall be treated as having a business establishment in that country.

**Registered office is place of business of body corporate:** As per Explanation 2 to new section 66A, usual place of residence, in relation to a body corporate, means the place where it is incorporated or otherwise legally constituted. Thus, even services provided and consumed abroad will be taxed in India. Validity of such a provision is highly doubtful.

**1.6. Procedural changes in service tax**

Changes have also been made in Service Tax Rules, 1994. The procedural changes have come into effect from 1.3.2006.

**Intimation of changes in information to be informed:** Rule 4(5A) is inserted to make it obligatory on the part of the assessee to intimate any change in information submitted at the time of registration within thirty days of such changes.

**Procedure for cancellation of registration:** Newly inserted rule 4(8) provides for cancellation of registration certificate where the assessee makes an application for cancellation. It may be noted that the cancellation of registration may be done when the assessee applies for cancellation on his own or surrenders his certificate under Rule 4(7) and not in other cases.

**Preservation of records:** Rule 5(3) makes it obligatory for an assessee to preserve records at least for a period of five years.

**Making record available to central excise officer:** Rule 5(4) makes it obligatory for an assessee to make available records maintained by him to a Central Excise Officer for the purpose of inspection or examination. However, such inspection or examination can be undertaken only after the written approval of the jurisdictional Assistant/Deputy Commissioner. It may also be noted that the assessee is required to make available the records in his registered premises.

**1.7. Reasons for regrouping of services**

D.O. letter No. 334/4/2006-TRU dated 28-2-2006 signed by R Sekar, Joint Secretary (TRU) explains why some services have been re-grouped, in following words, ‘Often services provided consist of more than one service. In such cases, it is important to decide, for the purpose of classification of services, whether each element of the transaction should be treated separately or as a single composite transaction, albeit, made up of two or more separate services. A composite service, even if it consists of more than one service, should be treated as a single service based on the main or principal service and accordingly classified. The decision is to be made on question of facts and law. It will not make a difference if the tax rates of the components are the same as that of the principal service. The problem may arise when some elements are taxable and others are exempt. While taking a view, both the form and substance of the transaction are to be taken into account. The guiding principle is to identify the essential features of the transaction. The method of charging does not in itself determine whether the service provided is a single service or multiple services. – – For the sake of clarity and ease of classification, certain categories of services are clubbed together and a new service category created. Some of the newly specified services may also contain services which are presently covered under some of the existing services. The scope and coverage of individual service should be interpreted strictly in accordance with the statutory provisions. This aspect needs to be kept in mind while classifying the taxable services’.

**1.8. Other Changes relating to service tax**

**Conclusion of adjudication proceedings:** New section 73(1A) provides that if a show cause notice demanding tax and proposing penalty for suppression of facts is issued and if the person voluntarily deposits the service tax demanded along with interest and penalty equal to 25 per cent, of the service tax specified in the demand notice, the proceedings in respect of such person shall be deemed to be concluded (new section 73(2)).

**Amount collected representing as tax must be paid to Government:** New section 73A(1) provides that any amount collected representing as service tax must be paid to Government. Section 73A(2) provides that if tax is not
required to be collected, but is still collected by a person representing it as service tax, he must deposit it with the Government.

Thus, any amount collected as service tax, whether or not legally required to be paid, is to be deposited with the Government under this section, if collected representing it as service tax. This section is applicable not only to a person liable to pay service tax but also to any person, even if he is not an assessee.

**Recovery with interest if any amount is recovered representing it as service tax:** If the amount is not paid, a demand will be issued and amount payable by him shall be determined [section 73A(4)].

**Recovery procedure:** Section 87 provides for procedure of recovery of amount due to Government.

**Interest payable on such amount:** New section 73B enables the Central Government to collect interest on the amount referred to in section 73A.

**Provisions for recovery of tax:** New section 73C provides for provisional attachment of property by the Central Excise Officer during the pendency of any proceedings under section 73 or section 73A. New section 73D provides for publishing the name of any person and particulars of any proceedings in relation to such person, in public interest.

**Heavy Penalty in case of late payment of tax:** New section 76 provides for imposition of minimum penalty for failure to pay service tax by the due date @ Rs 200 per day or 2% per month, whichever is more. Mercifully, penalty cannot exceed the amount of tax payable. The penalty for delayed payment is also linked to the amount due. Though the words used are 'not less than Rs 200 per day or @ 2%', section 80 of Finance Act provides that penalty can be waived, if assessee proves that there was reasonable cause for his failure to pay service tax on time. Thus, the penalty is not mandatory.

**Non-applicability of sections 11 and 11D of Central Excise Act:** Reference to section 11 and section 11D of the Central Excise Act, 1944 in section 83 of the Finance Act, 1994 have been omitted, in view of separate recovery provisions for service tax inserted in the said Finance Act.

**Recovery of tax dues:** New section 87 provides for recovery of any amount of service tax due to the Central Government.

**Power of Central Government to remove difficulties:** New section 95(1C) empowers the Central Government to issue orders for removal of difficulty in case of classifying, assessing the value of, or implementing any taxable service. Such power can be exercised within one year from date on which Finance Bill, 2006 is assented by president.

**AAR can decide liability to pay service tax:** Amendment to section 96C specifically empowers the Authority for Advance Rulings to determine the liability to pay service tax [section 96C].

(... To be continued in next issue)

Prem Bhutani

Overall growth

The Indian economy after growing at 8.5 per cent and 7.5 per cent in 2003–2004 and 2004–2005 respectively is poised to grow at 8.1 per cent in the current year 2005–2006. Growth of Gross Domestic Product at constant prices in excess of 8 per cent has been achieved by the economy in only five years of recorded history and two of these five years are in the last three years. The Central Statistical Organisation (CSO) has changed the base year for calculation of national income aggregates (at constant prices) from 1993–1994 to 1999–2000. Accordingly, against the target of annual average growth rate of 8 per cent for the Tenth Plan, the actual achieved average growth rate is estimated to be 7 per cent in the first four years of the Plan. Excluding the first year of the Plan (with a much lower growth of 3.8 per cent), the remaining years witnessed an annual average growth of 8 per cent. Maintenance of growth at or above 8 per cent in 2006–2007 will yield a plan period annual average growth rate of at least 7.2 per cent.

Sectoral Growth

♦ Agriculture

Indian agriculture is characterised by low and volatile growth rates. The value-added in this sector declined from 4.7 per cent during the Eighth Plan to 2.1 per cent during and Ninth Plan. As against the target of annual growth rate of 4 per cent during the Tenth Plan, agriculture growth in the first year was negative (–6.9) due to a severe drought of 2002. With a favourable monsoon, growth rate was an impressive 10 per cent in 2003–2004. But deficient rainfall in 2004–2005 again caused a decline in the growth rate of food grains production as well as rate of growth of agricultural and allied sectors to 0.7 per cent. The advanced estimates of National Income for 2005-2006 released by the CSO, has estimated a growth rate of 2.3 per cent for the agriculture and allied sectors based on new series (at 1999-2000 prices). Prospects of agricultural production in 2005–2006 are bright as rainfall has been near normal in 2005. Total food grain production is estimated to increase marginally in 2005–2006 to 209 million tones from the level of 204.6 million tones achieved in 2004–2005. The emerging areas in agriculture like horticulture, floriculture, organic farming, branding and packaging have high potential of growth. Development of rural infrastructure, rural extension services and agro-based and processing industries is essential for harnessing this potential.

♦ Industry

In contrast to the sharp fluctuations in agriculture, industry has continued to expand steadily. After an acceleration of growth of industrial GDP at factor cost at constant (1999–2000) prices from 7 per cent in 2002–2003 to 7.6 per cent and 8.6 per cent in the next two years, the industrial resurgence is manifest in the projected step up in its growth to 9 per cent in the current year. In the current year, industrial growth is driven by robust performances from manufacturing and construction sectors. While manufacturing growth has accelerated steadily from 7.1 per cent in 2003–2004 to 9.4 per cent in 2005–2006, construction growth has been in double digits in each of the last three years.

On the negative side, a declaration in the growth of mining and quarrying has had a dampening impact on overall industrial growth.

♦ Services

Services sector growth continued to be broad based in 2005–06. Among the three sub-sectors of services, ‘trade, hotels, transport and communication services’ continued to lead by growing at double-digit rates (ranging between 10.6 to 12 per cent) for the third successive year. Growth in financial services (comprising banking, insurance and real estate services), which after dipping in 2003–2004 to 4.5 per cent had bounced back in the following year to 9.2 per cent growth rate and maintained the momentum with progressive maturing of Indian financial markets and the on going construction boom. However, community, social and personal services, which include public administration and defense, experienced a growth deceleration of more than 1 percentage point.

♦ Infrastructure

During 2005–2006, so far, the infrastructure sector experienced mixed outcomes. The overall index of six core industries having a direct bearing on infrastructure and accounting for 27 per cent weight in the Index of Industrial Production (IIP), in April–December, 2005, registered a growth of 4.5 per cent, which was lower than 6.4 per cent registered during April–December, 2004. Crude-oil production registered a decline, and there was deceleration in growth of coal, electricity, refinery throughput and steel sectors. Growth of cement production, however, accelerated.

Human Development, Unemployment and Poverty

As per the United Nations Development Programme’s Human Development Reports, the value of Human Development Index – a composite indicator based on income, education and health has increased consistently over the years. However, India’s relative global ranking on this index has remained at a low of
Keeping fiscal deficit and revenue deficit in check. Efficient management and delivery of the social sector. Simplifying tax administration and making tax system globally competitive.

The 60th round of NSSO Survey on employment situation estimates the unemployment rate, based on the current daily status in 2004, for males at 9 per cent (up from 5.6 per cent in 1993-1994) in rural areas and at 8.1 per cent (up from 6.7 per cent in 1993-1994) in urban areas. The corresponding figures for females were 9.3 per cent (up from 5.6 per cent) in rural areas and 11.7 per cent (up from 10.5 per cent) in urban areas.

The latest available official data of poverty continues to be that relating to 1999-2000. According to those estimates, the incidence of poverty reduced from 36 per cent in 1993-1994 to 26.1 per cent during 1999-2000. While the results of 61st round of the large scale NSSO Survey of 2004-2005 are still awaited, the annual thin sample surveys available for the period beyond 1999-2000 points towards a continued reduction in the incidence of poverty. It is hoped that the Tenth Plan’s targeted reduction in poverty to 19.3 per cent in 2007 would be achieved.

Inflation

The year 2005-2006 started with an inflation rate of 5.7 per cent on April 2, 2005, which was followed by a softening trend until August 27, 2005 when it reached a trough of 3.3 per cent. While the rate rose steadily thereafter, it remained below 5 per cent. Average WPI inflation decelerated from 10.6 per cent in the first half of 1990s to 4.7 per cent during 2001-2002 to 2004-2005. The downward secular trend in inflation observed since the beginning of reforms in 1991 came under threat due to rapid rise in international price of crude and petroleum products. Annual average WPI inflation in the fuel group was 9-10 per cent both at the end of 2004 and 2005. Nevertheless there was successful containment of the inflationary pressure with the overall annual inflation rate declining from 6.5 per cent at end 2004 to 4.7 per cent at end 2005.

Foreign Trade

The year 2004-2005 marked a significant departure in the structural composition of India’s Balance of Payments (BOP) with the current account, after three consecutive years of surplus, turning into deficit. From a surplus of US $14.1 billion in 2003-2004, the current account turned into a deficit of US $ 5.4 billion in 2004-2005. The deficit was caused due to a burgeoning excess of merchandise imports over exports, which was left uncompensated by the net surplus in invisibles. Invisibles though grew by 31 per cent during the first half of 2005-2006; they failed to compensate for the trade deficit which grew much faster by 114 per cent. India’s merchandise exports by continuing to grow at over 20 per cent per year in the last three years since 2002-2003, have surpassed targets. In 2004-2005, export growth was a record of 26.2 per cent, the highest since 1975-1996. Growth in India’s merchandise imports in 2004-2005 at 40 per cent in dollar terms was the highest since 1980-1981. The surge in import growth in 2004-2005 was mainly due to the steep rise in price of crude petroleum and other commodities.

Foreign Exchange Reserve

In spite of a deficit in the current account, the total stock exchange of foreign currency assets went up by US $ 28.5 billion during 2004-2005. At end March 2005, India’s total foreign exchange reserves stood at US $ 141.5 billion, reflecting an increase of US $ 28.5 billion, as compared with US $ 113 billion at end March, 2004.

Revenue and Fiscal Deficits

As a proportion of GDP, tax receipts of the General Government fell from 15.4 per cent in 1990-1991 to 13.8 per cent in 2001-2002. Thereafter, the proportion picked up to reach 15.8 per cent in 2004-2005 and is budgeted at 16.4 per cent in 2005-2006. With total expenditure at around 30 per cent of GDP, revenue and fiscal deficit remained intractably high for a long time. In recent years, there has been a significant reduction in revenue and fiscal deficits. Combined revenue deficits as a proportion of GDP were 7 per cent in 2001-2002, they reduced to 4.1 per cent in 2004-2005 and further 3.4 per cent in 2005-2006. Gross Fiscal Deficit fell from 9.9 per cent in 2001-2002 to 8.4 per cent in 2004-2005 and further to 7.7 per cent in 2005-2006. A number of important fiscal measures were implemented by the Government which included reducing the peak rates of custom duty, introduction of VAT scheme, rectifying anomalies in duty structure, rationalising excise duties and relying on voluntary tax compliance.

Issues and Priorities

The Survey points out that in view of the fact that Indian labour force is likely to increase in near future, the multi-pronged challenge lies in providing an appropriate policy framework to harness the dormant talent of Indian work force and entrepreneur to position economy on a sustained high growth trajectory. This necessitates:

- Speedy provision of quality infrastructure.
- Unburdening the Indian industry from the high levels of taxes and the distortive exemptions so that it becomes globally competitive.
- Simplifying tax administration and making tax system transparent and hassle free.
- Efficient management and delivery of the social sector programmes and
- Keeping fiscal deficit and revenue deficit in check.
No. 13-CA (EXAM) /M/2006:- In partial modification of the Institute’s Notification No. 13-CA (EXAM) /M/2006 dated 16th January, 2006, it is notified for general information that the Chartered Accountants Professional Education – I, Professional Education –II and Final examinations, Post Qualification Courses in Management Accountancy Course (Part-I), Corporate Management Course (Part-I), Tax Management Course (Part-I), Insurance and Risk Management Course (IRM) and International Trade Laws and World Trade Organisation Course (ITL & WTO) examinations scheduled to be held from 2nd May to 10th May 2006 are rescheduled. These examinations will now be held from 2nd May 2006 to 12th May 2006. The revised examination-wise date schedule is as under:

PROFESSIONAL EDUCATION- I EXAMINATION
[As per syllabus contained in the scheme notified by the Council under Regulation 25-B (4) of the Chartered Accountants Regulations, 1988.]

2nd, 4th, 5th and 6th May 2006
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

PROFESSIONAL EDUCATION- II EXAMINATION
[As per syllabus contained in the scheme notified by the Council under Regulation 28-B (5) of the Chartered Accountants Regulations, 1988.]

Group – I: 2nd, 4th, and 5th May 2006
Group – II: 6th, 9th and 10th May 2006
(Afternoon Session – 12.30 p.m. to 3.30 p.m.) (IST)

FINAL EXAMINATION
[As per syllabus contained in the scheme notified by the Council under Regulation 31 (2) of the Chartered Accountants Regulations, 1988.]

Group – I: 2nd, 4th, 5th and 6th May 2006
Group – II: 9th, 10th, 11th and 12th May 2006
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

MANAGEMENT ACCOUNTANCY COURSE (PART-I), CORPORATE MANAGEMENT COURSE (PART-I) AND TAX MANAGEMENT COURSE (PART-I) EXAMINATIONS
[As per provisions contained in "Schedules C, D and E" of Chartered Accountants Regulations, 1988]

Group – I: 2nd, 4th and 5th May 2006
Group – II: 6th, 9th and 10th May 2006
(Afternoon Session – 12.30 p.m. to 3.30 p.m.) (IST)

INSURANCE AND RISK MANAGEMENT (IRM) COURSE EXAMINATION
[As per provisions contained in "Schedule G" of Chartered Accountants Regulations, 1988]

Modules I to IV: 9th, 10th, 11th and 12th May 2006
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL & WTO) COURSE EXAMINATION:
[As per provisions contained in "Schedule H" of Chartered Accountants Regulations, 1988]

Group–A: 2nd, 4th and 5th May 2006
Group–B: 6th, 9th and 10th May 2006
(Afternoon Session – 12.30 p.m. to 3.30 p.m.) (IST)

The centres of examinations and other conditions shall remain the same.

(G. SOMASEKHAR)
JOINT SECRETARY (EXAMS.)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA—NEW DELHI

IN IMPORTANT ANNOUNCEMENT

March 8, 2006

In view of the General Elections to some of the State Assemblies in the month of April/May 2006, the Chartered Accountants Professional Education – I, Professional Education –II and Final examinations, Post Qualification Courses in Management Accountancy Course (Part-I), Corporate Management Course (Part-I), Tax Management Course (Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation Course (ITL & WTO) examinations scheduled to be held from 2nd May 2006 to 10th May 2006 are rescheduled. These Examinations will now be held from 2nd May 2006 to 12th May 2006. The sequence of papers, centres of examinations and other conditions shall remain the same.

The Council reserves the right to withdraw any centre at any stage without assigning any reason.
The revised examination-wise date schedule is given below:

**PROFESSIONAL EDUCATION– I EXAMINATION**

[As per syllabus contained in the scheme notified by the Council under Regulation 25-B (4) of the Chartered Accountants Regulations, 1988.]

2nd, 4th, 5th and 6th May 2006  
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

**PROFESSIONAL EDUCATION– II EXAMINATION**

[As per syllabus contained in the scheme notified by the Council under Regulation 28-B (5) of the Chartered Accountants Regulations, 1988.]

- Group-I: 2nd, 4th, and 5th May 2006  
- Group-II: 6th, 9th and 10th May 2006  
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

**FINAL EXAMINATION**

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (2) of the Chartered Accountants Regulations, 1988.]

- Group -I : 2nd, 4th, 5th and 6th May 2006  
- Group -II: 9th, 10th, 11th and 12th May 2006  
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

**MANAGEMENT ACCOUNTANCY COURSE (PART-I), CORPORATE MANAGEMENT COURSE (PART-I) AND TAX MANAGEMENT COURSE (PART-I) EXAMINATIONS**

[As per provisions contained in “Schedules C, D and E” of Chartered Accountants Regulations, 1988]

- Group-I : 9th and 10th May 2006  
- Group-II : 11th and 12th May 2006  
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

**INSURANCE AND RISK MANAGEMENT (IRM) COURSE EXAMINATION**

[As per provisions contained in “Schedule G” of Chartered Accountants Regulations 1988]

- Modules I to IV: 9th, 10th, 11th and 12th May 2006  
(Morning Session – 8.00 a.m. to 11.00 a.m.) (IST)

**INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL & WTO) COURSE EXAMINATION:**

[As per provisions contained in “Schedule H” of Chartered Accountants Regulations, 1988]

- Group-A: 2nd, 4th and 5th May 2006  
- Group-B: 6th, 9th and 10th May 2006  
(Afternoon Session – 12.30 p.m. to 3.30 p.m.) (IST)

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**Advertisement**

Sukh Sagor  
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New publications of Board of Studies

For the benefit of students following new publications are released or in the course of being released. Students are advised to acquire a copy of the same at the earliest.

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<thead>
<tr>
<th>Publication</th>
<th>Price (Rs)</th>
</tr>
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<tbody>
<tr>
<td>1. Compilation of questions set in previous examinations with answers</td>
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</tr>
<tr>
<td>Professional Education (Course - I)</td>
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<tr>
<td>Paper 1: Fundamentals of Accounting</td>
<td>40</td>
</tr>
<tr>
<td>Paper 2: Mathematics and Statistics</td>
<td>40</td>
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<tr>
<td>Paper 3: Economics</td>
<td>40</td>
</tr>
<tr>
<td>Paper 4A: Business Communication</td>
<td>25</td>
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<td>Paper 4B: Organisation and Management</td>
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<tr>
<td>Professional Education (Course - II)</td>
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<tr>
<td>Paper 3: Business and Corporate Laws</td>
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<tr>
<td>Paper 4 A: Cost Accounting</td>
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<td>Paper 4 B: Financial Management</td>
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<td>Paper 6: Information Technology</td>
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<td>Final</td>
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<td>Paper 1: Advanced Accounting</td>
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<tr>
<td>Paper 2: Management Accounting and Financial Analysis</td>
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<tr>
<td>Paper 4: Corporate Laws and Secretarial Practice</td>
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<tr>
<td>Paper 5: Cost Management</td>
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<tr>
<td>Paper 6: Management Information and Control System</td>
<td>60</td>
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<td>2. Compilation of questions set in previous examinations</td>
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<td>Professional Education (Course - I)</td>
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<td>Professional Education (Course - II)</td>
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<td>Final</td>
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<tr>
<td>3. Supplementary Study Paper - 2005</td>
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<tr>
<td>Professional Education (Course - II) : Income-tax and Central Sales-tax</td>
<td>30</td>
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<tr>
<td>Final : Direct Taxes and Indirect Taxes</td>
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<td>4. Suggested Answers to Questions set in November, 2005 Examination</td>
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<td>Professional Education (Course - II) : Group I &amp; II</td>
<td>40 each</td>
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<td>Final Course : Group I &amp; II</td>
<td>40 each</td>
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<td>5. Revison Test Papers – May, 2006</td>
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<td>Professional Education (Course - I)</td>
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<td>Professional Education (Course - II) : Group I &amp; II</td>
<td>40 each</td>
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<tr>
<td>Final Course : Group I &amp; II</td>
<td>40 each</td>
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<tr>
<td>For free distribution at the time of registration</td>
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<tr>
<td>8. Training Guide</td>
<td>80</td>
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<tr>
<td>Also for free distribution to new members</td>
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</table>
1. Endowment Scholarships w.e.f. 1st April, 2006

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of scholarship</th>
<th>Sponsors</th>
<th>Number</th>
<th>Amount (Rs. p.m.)</th>
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<tbody>
<tr>
<td>1</td>
<td>J.S. Lodha Memorial Scholarship</td>
<td>M/s Lodha Charitable Trust</td>
<td>7</td>
<td>300</td>
<td>Students of PE-II/Final</td>
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<tr>
<td>2</td>
<td>Rustomji N. Mehta Scholarship</td>
<td>M/s Hiramehta Charitable Trust, Mumbai</td>
<td>1</td>
<td>500</td>
<td>Students of PE-II/Final belonging to Western India Regional Council</td>
</tr>
<tr>
<td>3</td>
<td>Pallonji N. Mehta Scholarship</td>
<td>M/s Hiramehta Charitable Trust</td>
<td>1</td>
<td>500</td>
<td>Students of PE-II/Final belonging to Western India Regional Council</td>
</tr>
<tr>
<td>4</td>
<td>Shorilal Kapoor Memorial Scholarship</td>
<td>CA S.S. Kapoor, Mumbai</td>
<td>1</td>
<td>500</td>
<td>Non-Commerce graduate belonging to the state of Maharashtra and undergoing PE-II Course.</td>
</tr>
<tr>
<td>5</td>
<td>Sourangshu Ghosh Memorial Scholarship</td>
<td>Mrs. Nabanita Ghosh, Kolkata</td>
<td>1</td>
<td>500</td>
<td>Final students belonging to Eastern India Regional Council</td>
</tr>
</tbody>
</table>

Notes

1. (i) The income of parents/guardians should not exceed Rs.1,00,000 p.a.
   (ii) Scholarship shall be granted to the students of Professional Education (Course-II) for a maximum period of 18 months and to the students of Final Course for a period of 30 months or the balance period of practical training, whichever is lower.

2. Scholarship is discontinued if the recipient does not pass both Groups of Professional Education (Examination-II) and Final Examination conducted by the Institute in the first available chance for S.Nos. 2 & 3 and for others in the first two available chances. (Non-appearance at the Examination is treated as the not qualifying in the examination).

3. The above stated scholarships will be released w.e.f. April, 2006. The duly completed application in the prescribed form should reach The Director of Studies, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 36, C-1, Sector-1, NOIDA-201 301, latest by 31st May, 2006. Application form can be downloaded from web site of the Institute.

2. Dewan Kuldeep Singh CA Students Hostel

WIRC, under the auspices of Western India Chartered Accountants’ Educational Trust, maintains a Hostel, “Dewan Kuldeep Singh CA Students Hostel”, exclusively for students pursuing Chartered Accountancy Course. The hostel is located at Vasai (East), near Mumbai and can accommodate 187 Students. It has its own mess, computer Centre and Library facility. The complete address and details of the hostel are given below:

Mr. Atul N, Hostel Superintendent
Western India Chartered Accountants Educational Trusts
Dewan Kuldeep Singh CA Students Hostel
Evershine City, Vasai (East), Thane – 401 205
Phone: 0250 – 2463266, 2462551

3. Virtual Classes for Students

The Board of Studies has added a new feature in the pedagogy of imparting education through “Virtual Classes”. An eminent subject expert delivers lecture and interacts with students on selected networked centres at scheduled time to assist in assimilation of the concepts and getting their queries resolved. The Institute has associated with Reliance Infocomm Ltd. for conducting these virtual classes. The classes are being conducted at the selected Web-world centers of Reliance at 6 P.M. as per the schedule given below. The duration of each class is 90 minutes. The students are not required to pay any fee for attending these classes.

Schedule for Final Course classes
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date</th>
<th>Subject</th>
<th>Topic</th>
<th>Faculty name</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>24th March, 2006</td>
<td>Advanced Accounting</td>
<td>AS 22- Accounting for Taxes on Income</td>
<td>Mr. Vijay Kumar, Chennai</td>
</tr>
<tr>
<td>2.</td>
<td>28th March, 2006</td>
<td>Corporate Law &amp; Secretarial Practice</td>
<td>Directors duties and responsibilities, managerial remuneration</td>
<td>Mr. N R Sridharan, Chennai</td>
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<tr>
<td>3.</td>
<td>3rd April, 2006</td>
<td>MAFA</td>
<td>Capital assets pricing model and financial derivatives</td>
<td>Dr. T.P. Ghosh, Director of Studies</td>
</tr>
<tr>
<td>4.</td>
<td>5th April, 2006</td>
<td>Direct Taxes</td>
<td>Taxation of capital gains.</td>
<td>Mr. Girish Ahuja, Delhi</td>
</tr>
<tr>
<td>5.</td>
<td>8th April, 2006</td>
<td>Advanced Accounting</td>
<td>AS 17- Segment Reporting, AS 18- Related Party Disclosures</td>
<td>Mr. Amarjit Chopra, Council member</td>
</tr>
<tr>
<td>6.</td>
<td>10th April, 2006</td>
<td>Advanced Auditing</td>
<td>AAS 12- Responsibility of Joint Auditors, AAS 13- Audit Materiality, AAS 14- Analytical Procedures, AAS 15- Audit Sampling</td>
<td>Mr. Amarjit Chopra, Council member</td>
</tr>
</tbody>
</table>

**Schedule for Professional Education Course II**

<table>
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<th>Topic</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>29th March, 2006</td>
<td>Information Technology</td>
<td>Internet &amp; E-commerce</td>
<td>Dr. Sanjeev Gupta, Delhi</td>
</tr>
<tr>
<td>2.</td>
<td>31st March, 2006</td>
<td>ITCST</td>
<td>Basic Concepts in Taxation of Salary Income</td>
<td>CA R. Devarajan, Additional Director of Studies</td>
</tr>
<tr>
<td>3.</td>
<td>4th April, 2006</td>
<td>Accounting</td>
<td>Hire Purchase and Installment System</td>
<td>Mr. S.B. Zaware, FCA, Pune</td>
</tr>
<tr>
<td>4.</td>
<td>7th April, 2006</td>
<td>Financial Management</td>
<td>Investment Decisions</td>
<td>CA V. Pattabhi Ram, Chennai.</td>
</tr>
</tbody>
</table>

**Schedule for Professional Education Course I**

<table>
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<th>Date</th>
<th>Subject</th>
<th>Topic</th>
<th>Faculty name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>30th March, 2006</td>
<td>Fundamentals of Accounting</td>
<td>Insurance Claims</td>
<td>Mr. S.B. Zaware, FCA, Pune</td>
</tr>
<tr>
<td>2.</td>
<td>6th April, 2006</td>
<td>Business Communication</td>
<td>Communication inside and outside the organisation.</td>
<td>Shri C.S. Nanda, Council Member</td>
</tr>
</tbody>
</table>

The recording of these lectures shall be made available in the form of CD ROMs shortly and notified separately.

### 4. 250 Hours Compulsory Computer Training Programme

The next online Examination for 250 Hours Compulsory Computer Training Programme will be conducted on 9th April, 2006 at 10.00 AM. All those students who fulfil following requirements are eligible to appear for this examination:

1. Completed minimum three months computer training,
2. Cleared all module tests
3. Submitted the project
4. Attained 90% attendance

It is observed that even those students who do not fulfil the conditions stated above are appearing for the online examination. It is reiterated that only those students who fulfil all the four aforesaid criteria are eligible to appear for the online exam. Ineligible students will not be issued CCT completion certificates even if they are allowed to appear for the online examination by their concerned training institute. Students are advised to contact their concerned accredited training institutes for further details. In case you face any difficulty regarding conduct of online examination at your training centre, please contact the concerned
Regional Office. Alternatively, you can contact Mrs. Indu Arora at NOIDA office at e-mail address indu@icai.org

5. Recommended books
The Board of Studies and Examination Committee have recommended the following books:

- For Chartered Accountancy Final Course
  Subject: Advanced Accounting
  Accounting & Analysis – The Indian Experience – Global Data Services of India Ltd.
  Recommended as a reference book.

- For Chartered Accountancy Professional Education (Course-II) and Final Course
  Subjects: Accounting and Advanced Accounting
  Accounting Standards – Taxmann Allied Services (P) Ltd.
  Recommended as a text book.

6. Response to general queries regarding transition to New Education and Training System
Enquiries are received about the impact of the proposed curriculum on the existing students. In this regard, it is clarified that the proposed scheme of curriculum is pending before the Government for consideration and will be notified only after due approval. Thereafter, the transition provisions will be known as to how the existing students will be accommodated and allowed to converge with the new curriculum over a period of time. Students are informed that the transitional provisions will take care of smooth convergence of existing and proposed curriculum.

There have been specific queries from students undergoing practical training about preponement of eligibility to appear in final examination. This matter is receiving attention of the Council and ultimately requires Government approval. Therefore, students are required to continue their preparation without entertaining rumours. As and when a decision is taken for implementation, the students will be duly notified.

7. General Management and Communication Skills Course
The Course on General Management and Communication Skills (GMCS) is a 15 days full time compulsory course conducted by the Board of Studies at over 50 locations in India and Dubai.

A comprehensive Background Material prepared by the Board of Studies is distributed to all the participants at the time of admission to the course to facilitate orientation before the commencement of each topic. A uniformity in course delivery and sequential learning is achieved across all the centres through a specially designed Training Calendar and multiple training methods. Participants are required to strictly follow the attendance norms; remaining absent could result in having to repeat the missed sessions/course again. The course quality is continuously monitored and reviewed on the basis of computerized data analysis based on feedback from participants.

Students are eligible to join the GMCS Course after passing the PE-II examination and completing 2 years of practical training. It is suggested that the students should complete the GMCS course once they have completed 2 years of practical training so that they can apply the concepts and skills learned on the job during their final year of training and also avoid delay in membership enrolment due to difficulty in getting leave sanctioned or overseas postings, as except Dubai, there are no other overseas centers for completing the GMCS course. Details of the course syllabus, batch commencement dates at various centers etc. are available on our website: www.icai.org >students > courses >GMCS.

8. De-accreditation from the list of Accredited Institution
M/s Shayok Computers, Udhna, Surat is de-accredited from the list of Accredited Institutions engaged in imparting 250 Hrs. Compulsory Computer Training Programme which will be effective on and from 1st July, 2006. This Computer Training Centre has been instructed not to admit the students on or after 31st March, 2006. Accordingly, the students are advised to take note of this Announcement.
CA. V. Murali, Chairman, Board of Studies addressing the students on the occasion of 11th All India Elocution Contest. Seen in picture (from L to R): CA. Manoj Fadnis, Council Member, CA. T. N. Manoharan, President, CA. Jaydeep Narendra Shah, Vice-Chairman, Board of Studies (then Chairman), CA. Rajkumar. S. Adukia, Council Member, Dr. T. P. Ghosh, Director of Studies.

CA. V. Murali, Chairman, Board of Studies, being felicitated at CPE seminar. CA. N Sudakaran, Madurai Branch Chairman and CA. R Rajkumar, Madurai Branch Secretary standing besides him.

CA. V. Murali, Chairman, Board of Studies, addressing at CPE seminar. Other seen in picture (from L to R): CA. A Mohamad Khan, SICASA Chairman, CA. N Sudakaran, Madurai Branch Chairman, CA. R Rajkumar, Madurai Branch Secretary.

Medal winners on the occasion of One day seminar jointly organised by The Institute of Chartered Accountants of India, Department of Commerce, Calcutta University and Commerce Alumni Association, University of Calcutta. Seen in picture (from L to R - sitting) Prof. Jita Bhattacharya, Head of Department of Commerce, Calcutta University, Dr Babatosh Banerjee, Senior Professor, Department of Commerce, Prof. Asis Kumar Banerjee, Vice-Chancellor, Calcutta University, CA. V. Murali, Chairman, Board of Studies Dr. T P Ghosh, Director of Studies.

Dr Babatosh Banerjee, Senior Professor, Department of Commerce felicitating CA. V. Murali, Chairman, Board of Studies at the One day seminar jointly organised by The Institute of Chartered Accountants of India, Department of Commerce, Calcutta University and Commerce Alumni Association, University of Calcutta. Others seen in picture (from L to R) Dr D R Dandapat, General Secretary, Commerce Alumni Association, Calcutta University, Prof. Jita Bhattacharya, Head of Department of Commerce, Calcutta University, Prof. Asis Kumar Banerjee, Vice-Chancellor, Calcutta University, Dr T P Ghosh, Director of Studies. Dr D P Dey, Secretary, PG Faculty for council of Arts, Commerce and Business Management.

Prof Asis Kumar Banerjee, Vice-Chancellor, Calcutta University awarding medal on the occasion of One day seminar jointly organised by The Institute of Chartered Accountants of India, Department of Commerce, Calcutta University and Commerce Alumni Association, University of Calcutta. Others seen in picture (from L to R) Dr Babatosh Banerjee, Senior Professor, Department of Commerce, CA. V. Murali, Chairman, Board of Studies Dr. T P Ghosh, Director of Studies. Dr D P Dey, Secretary, PG Faculty for council of Arts, Commerce and Business Management.
CA. T. N. Manoharan, President, setting mission and the vision of Board of Studies for the year 2006 along with CA. V. Murali, Chairman, Board of Studies.

CA. V. Murali, Chairman, Board of Studies, felicitating Shri K. Rehman Khan, Deputy Chairman, Rajya Sabha.

A scene of General Management Communication Skills organised in southern region.

A scene of valedictory session of General Management Communication Skills organised in southern region. Seen in picture in centre CA. V. Murali, Chairman, Board of Studies and Shri V N Venkatanathan, Senior Vice President, Sundaram-Clayton Limited.

Check your Address: All students should check their mailing address printed here. In case, there is any change or the PIN Code (Postal Index Code) is either missing or incorrect, kindly inform immediately the concerned Regional Office giving full particulars of your address along with correct PIN Code. This would enable us to ensure smooth and prompt delivery of the Newsletter.

Editor: V. Murali

Printed and published by Dr. T. P. Ghosh, on behalf of The Institute of Chartered Accountants of India, New Delhi. Published at the Institute's Office at Indraprastha Marg, New Delhi and printed at Tej Press, 8-B, Bahadur Shah Zafar Marg, New Delhi - 110 002

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