



WIRC BULLETIN

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From the Desk of Chairman



Dear Professional Collogues

Thanks to chapters in the region to celebrate 19th May 2012, 'Foundation Day' of the institute by organizing professional development activities at various locations. We have also celebrated 'Foundation Day' by organizing "Students Felicitation Program" to felicitate the students with outstanding performance in the Dec-2011 attempt at M.L. Dahanukar College Auditorium, Vile Parle East Mumbai. Thanks to WIRC council

members and staff for organizing the program successfully,

The important development in the profession is General Circular No. 8/2012 dated 10th May, 2012, issued by Ministry of Corporate Affairs, directing cost auditors and the companies to file Cost Audit Reports (Form-I) and Compliance Reports (Form-A) for the year 2011-12 onwards in Extensible Business Reporting Language (XBRL). Once again we all CMA professionals need to gear up our competencies, knowledge and infrastructure to fulfill the requirements of statutory cost accounting compliances as directed by MCA. Now this is the high time when seminars, conferences, and CPE courses should be designed and organized to keep CMA professionals informed and prepared. As already communicated by Honorable President CMA M. Gopalakrishnan that the Institute has already developed the XBRL Taxonomy for Cost Audit Report & Compliance Report, and is under the process of finalization with MCA and once finalized, the Institute would conduct series of programs in association with Regional Councils and Chapters. Therefore, I request all the chapters in the region to take early initiatives and organize the programs to educate members on filing and creation of Instance documents in XBRL mode. I also request major chapters in the region to equip with Video Conferencing facility at their respective locations. Since the equipments are available at an affordable cost, and that enable us to connect

to any part of the world, it is considered as a cost effective solutions for the purpose organizing distance education programs. Any program arranged at HO or WIRC can be directly telecasted to chapter locations.

Goa Chapter of Cost Accountants jointly in association with Institute of Public Enterprise organized two days "National Conference on Cost & Risk Management" on 28th and 29th of May at Hotel Mandovi, Panaji, Goa. The conference was well-attended, with over 80 delegates representing numerous disciplines and backgrounds. Eminent speakers from our institute CMA A.N. Raman Former President-SAFA, CMA Sanjay Bhargave (CCM), CMA S.S. Shah (Vice Chairman WIRC) and others participated in this Seminars. I would like to take this opportunity to congratulate CMA Ram Mohan Menon, Chairman, Goa Chapter of Cost Accountants, CMA KRS Sastry, Conference Convener and their team for the success of this mega event.

Our institute have arranged the workshop on Indirect Taxation at WIRC and CMA Ashok Nawal, Past Chairman and Chairman, P.D. Committee has highlighted important changes in Service Tax and Role of Cost Accountants in the New ERA. CMA N. K. Nimkar, have deliberated on Valuation under Central Excise and Service Tax.

WIRC also organized full day seminar on "Applicability of Cost Audit and Cost Compliance in Engineering Machinery, Tractor and other Motor Vehicles (Chapter 84, 85 & 87) on 2nd Jun-2012 at Hotel VITS Andheri East Mumbai. I wish to thank CMA Ashok Nawal (Chairman P.D. Committee-WIRC), CMA Ashish Thatte (Hon. Secretary-WIRC) Shri S.S. Deshpande (Program Coordinator-WIRC) and other eminent speakers for generously offering their time, support, and guidance for making this seminar successful. One more, full day seminar with respect to applicability of Cost Accounting compliance on "Packaged Food Industry" is scheduled on 15th Jun at Grand Hotel, Ballard Estate, Mumbai.

With these words, I would like to take this opportunity to wish you all, the very best in your professional and personal life.

Thanks and with warm regards

CMA Vijay P. Joshi

Heartiest Congratulations!



First CMA to unveil the flag of professionals on the height of THE EVEREST! We are proud of CMA Prasad Narendra Joshi, Membership No. 32237, who is the first professional amongst all 3 institutes to unveil the flag on Mount Everest.



We are also proud of CMA Avinash Foujdar, Membership No. 10148, who was the guiding force directing from Base Camp.

Glimpses of the Institute's Foundation Day Celebration and Student's Felicitation Programme organized by WIRC on 19th May 2012



Dr. Madhavi Pethe, Principal, M. L. Dahanukar College, inaugurating the function by lighting the lamp.



Guest of Honour CMA S. Gopalkrishnan, Director (Finance), Indian Rare Earth was felicitated by CMA Vijay Joshi



Chief Guest Dr. Madhavi Pethe, Principal, M. L. Dahanukar College was felicitated by CMA Neeraj Joshi



Dignitaries on dais : CMAs Ashish Thatte, Shrenik Shah, S. Gopalkrishnan, Vijay Joshi and Dr. Madhavi Pethe.



Dr. Madhavi Pethe giving away prize to student.

The celebration function of Institute's Foundation Day & Student's Felicitation Function was held on 19th May 2012 at M. L. Dahanukar College auditorium, Vile Parle (E), Mumbai.

CMA Neeraj Joshi, Chairman, Student's Members & Chapters Co-ordination Committee, welcomed the Chief Guest, CMA S. Gopalkrishnan, Director (Finance), Indian Rare Earth, Guest of Honour, Dr. Madhavi Pethe, Principal, M. L. Dahanukar College, CMA Vijay Joshi, Chairman, WIRC & CMA Shrenik Shah, Vice Chairman WIRC and all the others. He said the Institutes Foundation Day is also celebrated today as it is a coincidence.

CMA Ashish Thatte, Hon. Secretary, WIRC, introduced the Chief Guest & Guest of Honour.

The function was inaugurated by lighting the lamp by all the dignitaries.

Chairman CMA Vijay Joshi congratulated the students and addressed them about the need and importance, in making the career as practicing CMA.

Dr. Madhavi Pethe, guided the students on the need of the education and its importance while selecting the carrier in future of the choice.

CMA S. Gopalkrishnan addressed the students, how the cost audit is inevitable in the industry and it's scope in the future.

All successful students were felicitated by the Chief Guest, Guest of Honour, Chairman & other dignitaries by giving them awards.

The programme was concluded by the vote of thanks, proposed by Vice Chairman CMA Shrenik Shah, followed by National Anthem.

Full Day Seminar on PACKAGED FOOD INDUSTRY EDIBLE OIL SEED AND OILS (Chapter 2 to 25 except 5, 6, 14, 23 and 24)

Date : Friday, 15th June 2012 **Time :** 10.00 a.m. to 5.00 p.m.

Venue : Grand Hotel, Ballard Estate, Mumbai 400 038

Delegate Fees :

Company Sponsored : Rs. 2,500/- + Service Tax *per participant*

Practising CMA : Rs. 1,500/- + Service Tax *per participant*

(Four CEP Credit Hours will be provided)

About the Seminar

The Government of India is continuously encouraging Indian Industry to be Cost Competitive to face the Global Competition. With this objective rationalised, simplified and corporate friendly legislations are being introduced. The Ministry of Corporate Affairs has issued Notifications on The Companies (Cost Accounting Records) Rules 2011. The Companies (Cost Audit Report) Rules 2011 which supersede the Cost Accounting Records Rules for 36 industries and Cost Audit Report Rules 2001. MCA has also issued orders consequential to the new notifications.

These new rules and orders have totally transformed the Cost Audit Mechanism. The new Cost Audit Report Rules provide for Cost Accounting Policy, Product Group Details, Product Group wise Abridged Cost Statement, Performance Appraisal Report and so on. The new Cost Accounting Records Rules provide for maintenance of Cost Accounting Records on the basis of Cost Accounting Standards issued by the ICWAI and the Generally Accepted Cost Accounting Principles. The Compliance Report has been introduced for the First time, which is mandatory in case of almost all companies with turnover exceeding Rs. 20 Crores. The deliberations at seminar will help in understanding the applicability of cost audit and cost compliance in Packaged Food Industry Edible Oil Seed and Oils. A unique kind of seminar exclusively talking about these industries.

Course Contents

1. The Companies (Cost Accounting Records) Rules 2011.
2. The Companies (Cost Audit Report) Rules 2011.
3. Cost Accounting Standards (CAS) issued by The ICWAI
4. Generally Accepted Cost Accounting Principles (GACAP)
5. MCA Cost Audit Branch Order dated 2nd May, 2011 regarding Mandatory Cost Audit for 8 industries.
6. MCA Cost Audit Branch Order dated 30th June, 2011 regarding Mandatory Cost Audit for 8 more industries.
7. MCA Cost Audit branch General Circular dated 11th April 2011 regarding appointment of Cost Auditor by Companies.
8. MCA Cost Audit Branch Order dated 24th January 2012.
9. Any further developments till the time of this seminar.

Speakers

Programme

CMA Amit Apte, CCM-ICAI	09.30 a.m. to 10.00 a.m.	...	Registration
CMA Vijay Joshi, Chairman, WIRC	10.00 a.m. to 10.15 a.m.	...	Inauguration
CMA Shrenik Shah, Vice-Chairman, WIRC	10.15 a.m. to 11.45 a.m.	...	Technical Session I
	11.45 a.m. to 12.00 Noon	...	Break
CMAA. B. Nawal, Past Chairman, WIRC	12.00 Noon to 01.15 p.m.	...	Technical Session II
	01.15 p.m. to 02.00 p.m.	...	Lunch
CMA Kirit Mehta, Past Chairman, WIRC	02.00 p.m. to 03.15 p.m.	...	Technical Session III
	03.15 p.m. to 03.30 p.m.	...	Tea Break
CMA Ashwin Dalwadi, Past Chairman, WIRC	03.30 p.m. to 04.45 p.m.	...	Technical Session IV
CMA Sukrut Mehta, Practising Cost Accountant	04.45 p.m. to 05.00 p.m.	...	Panel Discussion

For Registration Contact :

WIRC of ICWAI, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Mumbai 400 001.

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Bldg. No. 8, Ground Floor, Damani Hsg. Soc. Ltd., Damani Estate, Naupada, Thane (W) 400 602 • Tel. 022-2545 0763

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C/o. St. Francis Institute of Management and Research, Mt. Poincur, S.V.P. Road, Borivali (W), Mumbai 400 103 • Tel. 022-2894 8302

Impacts of the Amendments in the Foreign Trade Policy, 2009-14

CMA A. B. Nawal (Regional Council Member) nawal@bizsolindia.com



Hon'able Minister of Commerce and Industries has taken initiatives to provide to certain relief to the exporter to compete with international world considering Global recession and to resist decline in exports. It also seems from the measures taken that he had very less choice considering overall fiscal position of the country and therefore any relief given in critical period is required to be welcomed.

Exporter might have got more relief is procedure might have been simplified and beaurocracy is kept in vigilance which might have helped to reduce transaction cost and time but such measures which are required are overlooked by Hon'ble Minister.

Some of the schemes are well fully thought but if not been properly implemented by Department of Revenue and Ministry of Commerce together then there will no benefit to the exporters.

We give below the details thereof:

General

1. Two per cent Interest Subvention Scheme was available only to Handlooms, Handicrafts, Carpets and SMEs till 31st March 2012. Now this would be continued till 31st March 2013. It is also being extended to labour intensive sectors, namely, Toys, Sports Goods, Processed Agricultural Products and Ready-Made Garments, in addition to four sectors benefitting from the scheme earlier.

Market & Product Diversification

1. Seven new markets have been included within the Ambit of Focus Market Scheme - Algeria, Aruba, Austria, Cambodia, Myanmar, Netherlands, Antilles and Ukraine.
2. Seven new markets have been included within the Ambit of Special Focus Market Scheme - Belize, Chile, El Salvador, Guatemala, Honduras, Morocco and Uruguay.
3. Market Linked Focus Product Scheme is extended till 31/03/2013 for export to USA & EU in respect of items falling in Chapter 61 & 62 of Customs Tariff Act, 1975.
4. 46 new items are being added to Market Linked Focus Product Scheme (MLFPS).
5. 110 new items are being added to Focus Product Scheme - Exhibit "I".
6. 2 new items are being added to VKGUY - Roasted Cashew Kernel & Protein Concentrates / textured protein substances.

Support for Export of Products from North Eastern Region

1. EPCG Scheme shall be 25% of the normal export obligation for manufacturer exporter / merchant exporter tied with supporting manufacturers located in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim.
2. Export of specified products through notified Land Customs Stations of North Eastern Region shall be provided additional incentive to the extent of 1% of FOB value of exports. This benefit shall be in addition to any other benefit that may be available under Foreign Trade Policy in respect of these exports.

Town of Export Excellence

1. Three new towns are being declared as Towns of Export Excellence (TEE). These are Ahmedabad (Textiles), Kolhapur (Textiles), and Shaharanpur (Handicrafts).

Re-writing of FTP / HBP to make it more user-friendly

1. DGFT has undertaken a through revision of Foreign Trade Policy / Handbook of Procedures, Vol.1 to make it more user-friendly. Substantial efforts have been made to remove ambiguities in language, delete repetitions and harmonise the text with amendments to policy and new policy announcements.

New "e-BRC" initiative.

1. An extremely challenging and significant EDI initiative, "e-BRC" has been launched by DGFT. "e-BRC" would herald electronic transmission of Foreign Exchange Realization from the respective Banks to the DGFT's server on a daily basis. Exporter will not be required to make any request to bank for issuance of Bank Export and Realization Certificate (BRC). This will establish a seamless EDI connectivity amongst DGFT, Banks and Exporters. "e-BRC" would facilitate early settlement and release of FTP incentives / entitlements. This is a significant step to reduce transaction cost to the exporters.

Simplification of Procedures

1. Import under Advance Authorisation (AA) will henceforth be permitted at any of the EDI ports, irrespective of EDI port in which the AA has been registered. There would be no requirement of Transfer Release Advice (TRA). This would facilitate imports under AA and would significantly bring down transaction costs of the exporters.
2. Exports shipments from Delhi & Mumbai through Post, through Courier or through e-Commerce shall be entitled for export benefits under FTP. An Inter-Ministerial Task Force constituted by the Ministry of Finance would expeditiously look into various aspects to the feasibility of enabling shipments through all postal locations.
3. Exporters will be henceforth permitted to give single revolving Bank Guarantee for different transactions.

FOREIGN TRADE POLICY CHAPTER-WISE CHANGES

Chapter 1A (Legal Framework)

No change.

Chapter 1B (Special Focus Initiatives)

1. Two countries have been added in the Focus Market Scheme. [Para 1B.1.i.a of FTP]
2. The Status Holders Incentive Scrip is now being extended up to 31/03/2013. [Para 1B.1.iii of FTP]
3. List of items allowed for import for "Park Houses" notified in Appendix 37 F. [Para 1B.1.iv.g. of FTP]

Chapter 1C (Board of Trade)

No change.

Chapter 2 (General Provisions)

1. The ITC (HS) is now aligned with international Harmonized System goods nomenclature maintained by World Customs Organization.

2. Clarification has been brought in that except where it is clearly specified in Schedule 1 of ITC (HS), Import Policy is for new goods and not for Second Hand goods. For Second Hand goods, the Import Policy Regime is given in Para 2.17 on this FTP. [Para 2.1(d)]
 3. All the UN Security Council Resolutions / Documents and IAEA Documents referred to above are available on the UN Security Council website (www.un.org/Docs/sc) and IAEA website (www.iaea.org), which was previously available at DGFT Website. [Para 2.1.3 (b)]
 4. Direct or indirect import of charcoal is now prohibited from Somalia, irrespective of whether or not such charcoal has originated in Somalia [United Nations Security Council Resolution 2036 (2012)]. Importers of Charcoal shall submit a declaration to Customs that the consignment has not originated in Somalia. [Para 2.1.4]
 5. In line with the National Treatment proviso of World Trade Organization (<http://www.wto.org>), Domestic Laws/ Rules/ Orders/Regulations/technical specifications/ environmental/ safety and health norms applicable to domestically produced goods shall apply, mutatis mutandis, to imports, unless specifically exempted. [Para 2.2]
 6. A Policy Interpretation Committee (PIC) may be constituted to aid and advice DGFT in the policy interpretation matters. [Para 2.3(b)]
 7. Only those waste and scrap can be removed from SEZ to DTA, which are freely importable. [Para 2.17A]
 8. Samples of such items which are freely exportable can be exported as a part of personal baggage without an Authorisation. [Para 2.31(b)]
 9. Export proceeds against specific exports to Iran realized in Indian rupees are permitted to avail exports benefits/ incentives under the Foreign Trade Policy, 2009-14, at par with export proceeds realized in freely convertible currency. [Para 2.40A]
 10. A secure EDI Message Exchange system for various documents i.e. Authorisations, Shipping Bills, IEC, Application Fee, RCMCs has been established with trade partners i.e. Customs, Banks and Export Promotion Councils. These documents are no longer required to be physically filed with DGFT or transmitted physically to the concerned partners. Therefore, it has reduced the transaction cost for the exporters. It is the endeavour of DGFT to enlarge the scope and domain of EDI exchange continuously. [Para 2.45]
 11. DGFT has provided 'on-line' facility for filing applications to obtain various authorizations / IECODE. The authorizations are issued and transmitted electronically to Customs for clearance so as to reduce the required documentation. DGFT has also become India's first digital signature enabled department in Government of India, which has introduced a higher level of Encrypted 2048 bit Digital Signature for enhanced security in communications with essential features like authentication, Privacy, non-repudiation and integrity in the virtual world. [Para 2.47]
 12. A novel 'Niryat Bandhu' scheme for mentoring first generation entrepreneurs has been conceptualised. The Officer (Niryat Bandhu) would primarily mentor interested individuals in the arena of international business. Such hand-holding by officers of DGFT would help the new exporters/importers by leveraging the knowledge base of officers and by providing timely and appropriate guidance. [Para 2.51]
 13. Bank Realization Certificates (BRCs), evidencing receipt of export proceeds would be transmitted electronically from the respective banks to the DGFT. This will bring down transaction cost to the exporters as they will not be required to obtain physical copies of BRCs from the banks and then submit such physical copy to DGFT. [Para 2.52]
- Chapter 3 (Promotional Measures)**
1. Service Providers in Telecom Sector, Service Providers of Airlines / Shipping line Service Providers providing services from plying from any country x to any country y routes, not touching India can now be eligible for the entitlements of benefits under the SFIS Scheme. [Para 3.6.1 HBPv1 read with Para 3.12.3 of FTP]
 2. The Status Holders Incentive Scrip is now transferable amongst status holders provided transferee status holder is a manufacturer. [Para 3.16.3 of FTP]
 3. Under Status Holder Incentive Scrip upto 10% value of the Duty Credit Scrip is now being allowed for import of components, spares/parts of such CG imported earlier. [Para 3.16.3 of FTP]
 4. Duty Credit Scrip now can be utilised for payment of Excise Duty on domestic procurement of such items as permitted to be imported under respective scheme such as Focus Product Scheme, Focus Market Scheme, Vishesh Krishi and Gram Udyog Yojana, Status Holder Incentive Scrip, Market Linked Focus Product Scheme, Agricultural Incentive Scrip Scheme on the similar line of Served from India Scheme. [Para 3.17.5.C of FTP]
- Chapter 4 (Duty Exemption / Remission Scheme)**
1. Para 4.1 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 4.1].
 2. Intimation to RA, which has issued AA/ DFIA/ DEPB, for re-importation goods exported within one month of the re-importation made compulsory. [Para 4.1.1]
 3. Advance Authorisation under paragraph 4.7A of HBP-V1 for pharmaceutical products manufactured through Non-Infringing (NI) process shall be issued to Manufacturer exporter only. [Para 4.1.3.4]
 4. Now Advance Authorisation is allowed to supplies made under Para 8.2 (a) & (h) also. [Para 4.1.3.4 (b) (iii)]
 5. Advance Authorisation cannot now be availed by subcontractor to project under Para 8.2 (g) of FTP since it is deleted from Chapter 8 itself. [Para 4.1.3.5]
 6. Actual User Condition under Advance Authorisation is now made applicable in case of import of Raw Sugar since the period allowed for import between 17/02/2009 to 30/09/2009 is already over. [Para 4.1.5 (a)]
 7. Sub-para under Para 4.1.6, 4.1.10, 4.1.11, 4.1.13, 4.2.2, 4.2.6, 4.3.1, 4.3.4, 4A.1, 4A.4, 4A.8, 4A.14, 4A.17 and 4.4.2 are numbered & reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy.
 8. Effective date of DFIA Scheme i.e. from 01/05/2006 has been deleted. [Para 4.2.1]
 9. Authorized laboratories for certification / grading of diamonds defined. [Para 4A.2.1]
- Chapter 5 (EPCG Scheme)**
10. Specific exclusion of Products for Zero Duty EPCG Scheme as given in Para No. 5.1A of HBP Volume I is shifted to Para No. 5.1 (c) of the FTP for consolidation. [Para 5.1(c)]
 11. Zero Duty EPCG Scheme benefits extended to Units

availing Technology Upgradation Fund Scheme (TUFS) for another line of business as well as to Units availing Technology Upgradation Fund Scheme (TUFS) for same line of business if benefits of TUFS is surrendered/refunded with interest before availing EPCG [Para 5.1 (e)]

12. Zero Duty EPCG Scheme is also extended to Units availing Status Holder Incentive Scrips (SHIS) provided SHIS is surrendered with interest. [Para 5.1 (f)]
13. Zero Duty EPCG Scheme is extended upto 31st March 2013. [Para 5.1 (h)]
14. Para 5.2 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 5.2]
15. Import of catalyst for subsequent charge upto a maximum of 2 times during the Export Obligation Period is allowed under EPCG Scheme subject to achieving 50% of EO. [Para 5.2A]
16. For import of spares in respect of capital goods sourced indigenously is not allowed under EPCG Scheme. [Para 5.2A(b)]
17. Para 5.2B is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 5.2B]
18. Para 5.3 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 5.3]
19. Bank Guarantee can be given by Common Service Provider (CSP) or by any one of the users or a combination thereof, at the option of the CSP under EPCG Scheme. [Para No. 5.3 (b)(iii)]
20. Para 5.8 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 5.8]
21. Capital Goods to be imported under Technological Upgradation of existing CG must now be new and technologically superior to earlier CG and also to be certified by Chartered Engineer. [Para 5.8 (e)]
22. For exporters of 16 Green Technology Products specified in Para 5.24 (a) of HBP, EO shall be 75% of normal EO as stipulated in Para 5.1 or Para 5.2, as applicable. [Para 5.10]
23. New Post-Export EPCG Duty Script introduced for the Exporters, who imported capital goods (CG) with payment of duties, would subsequently receive Duty Credit Scrip on completion of export obligation. After import of CG, the Exporter has to inform the Regional Office of DGFT (RA) about the import of CG & RA will fix export obligation (EO), which would be 85% of normal EO. On the basis of export performance, a Duty Credit Scrip will be issued subsequently by RA in proportion to EO so fixed. These Duty Credit Scrip(s) can be used for payment of applicable custom duties for imports and applicable excise duties for domestic procurement. [Para 5.11]
24. For units located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura, Specific EO shall be 25% of the EO, as stipulated in Para 5.1 or Para 5.2, as applicable. There shall be no change in average EO as stipulated in Para 5.5, if any. [Para 5.12]

Chapter 6 (EOU/STP/EHTP/BTP)

1. Heading for the Para 6.9 "Other Supplies in DTA" has been substituted by the term "Other Supplies". [Para 6.9]

2. Supplies of marble in DTA against Advance Authorisation, DFIA, Remission Scheme and EPCG Scheme will not be counted towards fulfilment of positive NFE except supply of marble to another EOU / EHTP / STP / BTP / SEZ Units as provided in Para 6.9 (C). [Para 6.9]

Chapter 8 (Deemed Exports)

1. Supply of goods to Fertilizer Plants will be now regarded as "Deemed Exports" under Para 8.2(f) [earlier was covered in para 8.2(e)], as it is covered under Sl.No. 506 of Notification 12/2012 Cus. [Para 8.2 (f)]
2. Supply of goods to Power Projects other than Mega Power Projects will not be regarded as "Deemed exports". [Para 8.2 (g)]
3. Supply of goods to Refineries will not be regarded henceforth as "Deemed exports" since Para 8.2 (g) has been deleted and also it is not covered by Notification No. 12/2012 for Zero rate of Customs Duty. [Para 8.2 (g)]
4. Supply of goods to Coal Mining Projects will now be regarded as "Deemed Exports" under Para 8.2(f) as it is covered under Sl. No. 506 of Notification 12/2012 Cus. [Para 8.2 (f)]
5. Supply of goods to Drinking Water Supply Projects will now be regarded as "Deemed Exports" under Para 8.2(f) as it is covered under Sl. No. 512 of Notification 12/2012 Cus. [Para 8.2 (f)]
6. Supply of goods to Liquefied natural gas (LNG) facility project of M/s Ratnagiri Gas and Power Private Limited for their power project at Dabhol will now be regarded as "Deemed Exports" under Para 8.2(f) as it is covered under Sl. No. 513 of Notification 12/2012 Cus. [Para 8.2 (f)]
7. Supply of equipments to National Automotive Testing and Research and Development Infrastructure Project (NATRIP) will now be regarded as "Deemed Exports" under Para 8.2(f) as it is covered under Sl. No. 514 of Notification 12/2012 Cus. [Para 8.2 (f)]
8. Supply of any items of equipments to Delhi MRTS Project Phase-I and Specified corridors of Delhi MRTS Project Phase-II will now be regarded as "Deemed Exports" under Para 8.2(f) as it is covered under Sl. No. 354 of Notification 12/2012 Cus. [Para 8.2 (f)]
9. Notification No. 21/2002 is superseded by Notification No. 12/2012 Cus. Hence, supply of goods to Nuclear Power Project as specified in the List 33 of Sl. No. 511 will now be regarded as "Deemed exports". [Para 8.2 (j)]
10. An additional condition is brought in the name of sub-contractor to the main contractor of designated projects should be added in the main contract prior to supply of goods to make him eligible for deemed export benefits. [Para 8.6.2]
11. Eligibility of Supply of Cement for Deemed Export Benefit is restricted to supplies made to projects under Para 8.2 (d) financed by multilateral agencies or bilateral agencies / funds as notified by DEA or MoF under ICB. [Para 8.8.1]
12. Eligibility of Supply of Steel for Deemed Export Benefit is restricted to supplies made to
 - 1) projects financed by multilateral agencies or bilateral agencies / funds as notified by DEA or MoF under ICB under Para 8.2
 - 2) as an inputs under an Advance Authorisation/Annual Advance Authorisation/DFIA
 - 3) as an input for making goods. [Para 8.8.2]
13. Eligibility of Supply of Fuel for Deemed Export Benefit is restricted to supplies made

- (a) for petroleum operation undertaken under Petroleum exploration Licences / mining Leases / Specified contracts under the new Exploration licensing Policy,
- (b) for Coal bed methane operations undertaken under specified contracts under the Coal Bed Methane Policy,
- (c) to Advance Authorisation holder / Annual Advance Authorisation, or
- (d) to EOUs. [Para 8.8.3]

Chapter 9 (Definition)

No Change.

HANDBOOK OF PROCEDURE CHAPTER-WISE CHANGES**Chapter 1A (Legal Framework)**

No change.

Chapter 1B (Special Focus Initiatives)

No change.

Chapter 1C (Board of Trade)

No change.

Chapter 2 (General Provisions)

1. Validity Period of Advance Authorisation for Deemed Export is revised to 12 months from 24 months or coterminous to contracted duration of project execution whichever is more. [Para 2.12]
2. Validity Period of all other Import Authorisations including for restricted items and CCP is revised to 18 months in place of 24 months. [Para 2.12]

Chapter 3 (Promotional Measures)

1. Valid SHIS Holders, can apply for endorsement of transferability to RA concerned by fulfilling the requirement of Para 3.10.5.d of HBPv1. [Para 3.10.5.d of HBPv1]
2. SHIS can now be used for payment of excise duty on domestically procured Capital Goods. [Para 3.10.6 of HBPv1]
3. Para 3.10.7 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 3.10.7 of HBPv1]
4. Now there is no need to verify the genuineness of the duty credit scrip from RA concerned while doing registration with customs by customs authority. [Para 3.11.3 of HBPv1]
5. Para 3.11.4 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 3.11.4 of HBPv1].
6. The requirement of "Declaration of Intent" for claiming Chapter 3 benefits is dispensed with immediate effect. [Para 3.11.8 of HBPv1].

Chapter 4 (Duty Exemption / Remission Scheme)

1. Procedures for obtaining Advance Authorisation & redemption thereof for Pharma Products under Non-Infringing (NI) process prescribed. [Para 4.7A]
2. The export of SCOMET items shall not be permitted against an Authorisation application until and unless the requisite SCOMET Authorisation is issued. [Para 4.12(c)]
3. Vishakhapatnam Airports is added for import and export of goods under Advance Authorisation [Para 4.19]
4. The requirement of TRA shall not be required if the port of registration and port(s) of imports are EDI enabled and the authorisation holder has registered its authorisation. [Para 4.19.2]

5. Accountability of import & exports restricting in relation to individual categories of Advance Authorisation (AA) including AA for Annual Requirement has been done away with. [Para 4.20.2]
6. Since DEPB Scheme has been discontinued with effect from 30/09/2011, Paras No. 4.38 (Fixation of DEPB Rate), 4.38A (Provision DEPB Rate) & 4.39 (Exports in anticipation of DEPB Rate) have been deleted.
7. Consolidated Guidelines for monitoring for import of precious metal by the Nominated Agencies prescribed. [Para 4A.35]
8. Sub-paras under Para 4.7.1, 4.7.2, 4.7.5, 4.7.6, 4.8, 4.10, 4.12, 4.13, 4.14.1, 4.15.1, 4.16, 4.20.3, 4.20.4, 4.20.5, 4.21, 4.22, 4.22.1, 4.23, 4.24, 4.24A, 4.26, 4.27, 4.28, 4.29, 4.30A, 4.45, 4.46, 4.52, 4.53, 4A.8, 4A.14, 4A.15 and 4A.34 are numbered & reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy.

Chapter 5 (EPCG Scheme)

1. Para 5.1A is deleted since it is shifted to Para 5.1 of FTP [Para 5.1A]
2. Para 5.3 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 5.3]
3. Separate Authorisation shall be issued in case application is filed for import of Spares (including refurbished/reconditioned spares), moulds, dies, jigs, fixtures, tools, refractory for initial lining and catalyst for initial charge as well as catalyst for subsequent charge. [Para 5.3 (c)]
4. Para 5.5 is reworded to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 5.5]
5. Maintenance of average export obligation is done away with under EPCG Scheme for Carpet, Coir & Jute Sector. [Para 5.7.6 (a)]
6. Sub-paras under Para 5.8.4, 5.10, 5.11, 5.11.1, 5.11.2, 5.13 & 5.21 are numbered to remove ambiguities in language & repetitions and to harmonise the text with amendments to Policy. [Para 5.8.4, 5.10, 5.11, 5.11.1, 5.11.2, 5.13 & 5.21]
7. Procedures for obtaining new Post Export EPCG Duty Credit Scrip under Para 5.11 prescribed. [Para 5.23]
8. 16 items for allowing EPCG Scheme under Para 5.10 of FTP for Green Technology Products defined. [Para 5.24]

Chapter 6 (EOU/STP/EHTP/BTP)

No Change.

Chapter 8 (Deemed Exports)

1. Relaxation of 90% receipt of payment for TED benefit is now withdrawn and TED benefit will also be limited to the extent of payment received. [Para 8.3.1 (ii) & (iv)]
2. Relaxation of not insisting payment certificate for the payment made by the main contractor to the sub contractor in case of supply to projects financed by unilateral or bilateral agencies/funds, projects notified by 12/2012 (for importing at zero custom duty) and nuclear power projects (which are considered as Deemed Exports) is now removed. Payment certificate for payment made by the main contractor to sub contractor is now required in all the categories of Deemed exports. [Para 8.4]

Chapter 9 (Miscellaneous Matters)

1. Time limit for disposal of application by RA for Input Output Norms has been increased from 90 days to 120 days. [Para 9.11].

Place of Provision of Service Rules, 2012

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Proposed section 66 C of the Finance Act 1994, provides determination of place of provision of service with regard to nature and description of various services, determining the place where such services are provided or deemed to be provided or agreed to be provided or deemed to have been agreed to be provided and the same can not be made invalid merely on the ground that either the service provider or service receiver or both located being outside the taxable territory.

Draft Rules i.e. Place of Provision of service Rules has also been uploaded on the website www.cbec.gov.in or www.finmin.nic.in wherein it has been clearly specified that the said rules, once notified, will superceed Export of Service Rules 2005 notified under notification No. 9/2005ST and Taxation of Services (Provided from outside India and Received in India) Rules 2006 notified under notification No. 11/2006ST.

It is proposed that both rules as mentioned above will not be in existence and provision of Place of Service Rules will be applicable for payment of service tax or otherwise when services are exported or payment of service tax under reverse charge mechanism as mentioned in notification 12/2012ST.

It is well settled that Service tax is destination based consumption tax and hence Service tax cannot be imposed on services provided or consumed outside India. That means if service is provided or delivered outside India from India it will be out of the purview of Service Tax provisions. The said principles have been applied in the case of Jindal Steel and Power vs CCE, 2008(14STT 443) (t) in number of cases.

After 1.03.2007 till 27.02.2010 there were 2 conditions

- Services should be provided from India and used outside India and
- Payment for such services received in convertible foreign exchange

And then first condition was omitted w.e.f. 27.02.2010

Export of Service Rules, 2005, had defined Export of Services and three categories were made. In the first category, the service will be treated as Exported only if immovable property is situated outside India. The second category is based on the performance base and certain services specified in such category were treated as Export of Services if it is partly or wholly performed outside India. And the third category was based on the recipient of the Services, i.e. place of Service availer. It means certain services under the said category will be treated as export of services when recipient is located outside India.

The various services falling under different categories as mentioned above has changed w.e.f. 01.04.2011 which are explained below:

CATEGORY A

SERVICE DESCRIPTION	Sub Clause 65(105)
Architect's Services	p
Auction of property	zzx
Construction Services - Commercial or industrial	zzq
Construction Services - other than commercial & Industrial	zzh

Dredging Services	zzzb
General Insurance Services	d
Interior Decorators Services	q
Legal Consultancy Services	zzzm
Mandap Keeper Services	m
Mining of mineral, oil or gas	zzzy
Provision of preferential location or external or internal development of complexes	zzzu
Real Estate Agent Services	v
Renting of immovable property	zzz
Site formation and clearance, excavation and earth moving and demolishing services	zza
Survey and Map making services	zzc
Works Contract Service	zzaa

CATEGORY B

SERVICE DESCRIPTION	Sub Clause 65(105)
Air Travel Agent's Services	l
Airport services	zzm
Association engaged in assisting sale and purchase of any goods or forward contracts	zzzh
Authorized Service Station Services	zo
Beauty Treatment services	zq
Business Exhibition Services	zzo
Cargo Handling services	zr
Cleaning Activity Services	zzd
Clearing and forwarding agents services	j
Commercial Coaching & Training Services	zzc
Convention Services	zc
Cosmetic and Plastic Surgery Services	zzzk
Courier Services	f
Custom House Agency Services	h
Dry Cleaning Services	zt
Erection, Commissioning & Installation Services	zdd
Event Management Services	zu
Fashion Designing Services	zv
Forward Contract Services	zzy
Health and Fitness Services	zv
Health Check up and Treatment Services	zzzo
Internet Cafe Services	zzf
Management, Maintenance & Repairs Services	zzg
Membership of Club or Association Services	zzze
Other Port Services	ztl

Outdoor Catering Services	zzt
Packaging Activity Services	zzzf
Pandal or Shamiana Contractor Services	zzw
Photography Services	zb
Port Services	zn
Processing or Clearing House Services	zzzi
Rail Travel Agent's Services	zz
Renting of Cab Scheme operators Services	o
Security / Detective Agency Services	w
Sound Recording Services	zj
Steamer Agent's Services	"i"
Stock Broker's Services	a
Stock Exchange Services	zzzg
Storage & Warehousing Services	zza
Survey and exploration of mineral	zzv
Technical inspection and certification Services	zzi
Tour Operator's Services	n
Transportation of Coastal goods and goods transported through National Water ways and Inland water services	zzzl
Travel Agent's Services	zzx
Underwriting Services	z
Video tape production Services	zi

CATEGORY C

SERVICE DESCRIPTION	Sub Clause 65(105)
Credit Rating Agency's Services	x
Promotion of "Brand" of Goods, Services, Events, Business Entity etc	zzzq
Advertising Agency Service	e
Air Craft Services for transport of passenger	zzo
Asset Management Service	zzzc
Automated Teller Machines Operations, Maintenance or Management Services	zzk
Banking and Financial Services	zm
Broadcasting Services	zk
Business Auxiliary Services	zzb
Business Support Services	zzq
Cable Operator Services	zs
Commercial use or exploitation of any event	zzzr
Consulting Engineer's Services	g
Copyright Services	zzzt
Credit Card, Debit Card, Charge Card or Other payment card related services	zzw
Design Services	zzzd
Development and supply of contents in Telecom Services	zzzb
Electricity Exchanges Services	zzzs
Facsimile Services	zg deleted wef 01.6.2007
Foreigner Exchange Broker	zzk

Franchise Services	zzc
Hotel, guest house, inn, club or campsite services having tariff Rs 1000/- or more	zzzw
Information Technology Software services	zzze
Insurance Auxilliary Services	zl
Insurance Auxilliary Services concerning Life Insurance Business	zy
Intellectual Property Services	zzr
Internet Telecommunication Services	zzu
Leased Circuit Services	zd deleted wef 1.6.2007
Life Insurance Services	zx
Mailing List Compilation & Mailing Services	zzg
Management Consultant's Services	r
Management of Investments in ULIP Services	zzzf
Managing Public Relations	zzs
Manpower Recruitment or Supply Agency's Services	k
Market Research Agency Services	y
Medical Records Maintenance Services	zzzp
On Line Information & Data base Access / Retrieval Services through Computer Network	zh
Opinion Poll Services	zss
Paging Services	c deleted wef 1.6.2007
Practicing Chartered Accountant's Services	s
Practicing Company Secretary's Services	u
Practicing Cost Accountant's Services	t
Programme Producers Services	zzu
Promotion, Marketing or Organising of Games of chance, including Lottery	zzzn
Recovery Agent Services	zzl
Registrar to an Issue's Services	zzl
Restaurant Services having Air conditioner and licence to serve the beverages	zzzv
Sale of space or time for advertisement	zzzm
Scientific or Technical Consultancy Services	za
Share Transfer Agent's Service	zzj
Ship Management Services	zzl
Sponsorship Services	zzn
Supply of Tangible Goods Services	zzzj
Technical testing and analysis Services	zhh
Telecommunication Services by Telegraph Authorities	zzx
Telegraph Services	ze deleted wef 1.6.2007
Telephone Services	b deleted wef 1.6.2007
Transport of Goods by Air Services	zzn
Transport of Goods by Pipeline or Other Conduit Services	zzl
Transport of goods by Rail Services	zzp
Transport of goods by Road Services	zzp
Transport of person by Cruise Ship within India	zzv

Similarly, said categories were also made applicable for payment of service tax under reverse charge mechanism if services are provided from outside India and recipient of such services is in India. Only conditions for the same was that service provider don't have permanent establishment or branch or office in India.

Now, since both the notifications, 09/2005ST and 11/2006ST will not be in existence when notification for Place of Provision of Service Rules will be notified. The Place of Provision of Service Rules will become highly relevant when GST is introduced as part of GST/ share of GST will go to respective State Government and that is the reason, perhaps, the new rules will be notified.

There are certain important definitions under the place of provision of service rules.

Rules 2H provides the definition of "Location of Service Provider" which means:

- A. Where the service provider has obtained a single registration whether centralized or otherwise, the premises for which such registration has been obtained.
- B. Where the service provider is not covered under sub clause A - (i) the location of his business establishment or (ii) where the services are provided from a place other than the business establishment, i.e. to say, a fixed establishment elsewhere the location of such establishment or (iii) where services are provided from more than 1 establishment, whether business are fixed, the establishment most directly concerned with the provision of service and (iv) in the absence of such places, the usual place of residence of the service provider.

And, the definition of "Location of Service Receiver" which means:

- A. Where the service receiver has obtained a single registration whether centralized or otherwise, the premises for which such registration has been obtained
- B. Where the service receiver is not covered under sub clause A - (i) the location of his business establishment or (ii) where the services are received at a place other than the business establishment, i.e. to say, a fixed establishment elsewhere the location of such establishment or (iii) where services are received at more than 1 establishment, whether business are fixed, the establishment most directly concerned with the use of service and (iv) in the absence of such places by usual place of residence of the service receiver.

In accordance with the Rule 14, where the provision of the services is prima facie determinable in terms of more than one rule, it shall be determined in accordance with the rule that occurs later amongst the rules that merits equal consideration.

Rule 3 provides location of the service receiver as the normal place of provision of service. However in case the location of service availer is not available in the ordinary course of business then place of provision shall be location of service provider. For example if service is availed in aircraft by aircraft operator for providing you the food on chargeable basis then the location of place of provision of service will be the place of service provider where its office is located.

Whereas Rule 4 provides the place of provision of services as location where the services are actually performed namely-

- a. Services provided in respect of goods that are required to be made physically available by the service receiver to the service provider, in order to provide the service. However, when such services are provided from a remote location by

way of electronic means the place of provision shall be the location where goods are situated at the time of provisions of service

- b. Services provided in conjunction with the supplies of goods under another contract by the service provider
- c. Services provided entirely or predominantly in the ordinary course of business, in the physical presence of an individual, represented either as the service receiver or a person acting on behalf of the receiver

Rule 5 provides the place of provision of service related to immovable property, including services provided in the regards by experts and estate agents, hotel accommodation, guest house, club or grant of right to use immovable property. All the services related to immovable properties will be subjected for deciding the place of provision of service where immovable property is located.

Rule 6 provides place of provision of service related to events by way of admission to or organization of a cultural, artistic, sporting, scientific, educational, or entertainment event, or celebration, conference, fair exhibition, or similar events, the location of place of service will be the event wherever it is held.

Rule 7 provides that where the place of provision of service falls at more than one location then provision of such services will be place where the greatest proportion of service is provided.

Rule 9 provides the place of services for banking company or financial institution or NBFC, Telecommunication, On-line information or database intermediary services or services consisting of hiring of any transport for a period of one month then the place of service will be location of the service provider.

Rule 10 provides for place of provision of Goods Transport Services other than mail or courier and in such case place of provision of service will be the place of destination of service. However, place of provision of service in case of GTA will be the location of the person who will be paying freight and will be liable to pay tax.

Rule 11 provides for place of transportation of service and in it the place of service will be the location where passenger embarks his journey.

Rule 12 provides for place of provision of service provided on board during the course of passenger transport operation, the place of service will be first place of departure of that conveyance for that journey.

To conclude, payment of service tax liability will be based on whether it is export of service or not and the export of service will be decided on the above factors and if the place of providing the service in accordance with above rules falls outside taxable territory then only it will be considered as export of service.

Similarly, service tax liability, whether it is in reverse charge mechanism or not will depend on place of provision of service to be determined in accordance with above rules and the said rules will be applicable even for considering import of services or services provided in India and therefore necessary care is to be taken for obtaining registration as a service provider or under ISD to cover all the location.

Provisions proposed in the Finance Bill has been slightly amended and amended Finance Bill has received the assent from Hon'ble President of India on 28th May, 2012 and effective date of applicability of provisions relating to Service Tax under Section 65B, 66B, 66C, 66D, 66E and 66F has been notified w.e.f. 01.07.2012. Place of Provision of Service Rule 2012 is being notified and will be effective from 01.07.2012. Other provisions are effective from 28.05.2012. ■

LEASE AND LICENSE

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Very often one is confronted with the issue of precise distinction between the lease and license. This article discusses the said topic.

1. Statutorily Provisions

Section 105 of the Transfer of Property Act, 1882 (TP Act) defines the Lease as follows:

"A lease of immovable property is a transfer of a right to enjoy such property, made for a certain time, express or implied, or in perpetuity, in consideration of a price paid or promised, or of money, a share of crops, service or any other things of value, to be rendered periodically or on specified occasions to the transferor by the transferee, who accepts the transfer on such terms.

Lessor, lessee, premium and rent defined. The transferor is called the lessor, the transferee is called the lessee, the price is called the premium, and the money, share, service or other thing to be so rendered is called the rent."

Section 108 of the TP Act specifies the rights and liabilities of Lessor and Lessee, which are subject to contract or local usage to the contrary. The clause "j" of the said Section reads as follows:

"the lessee may transfer absolutely or by way of mortgage or sub-lease the whole or any part of his interest in the property, and any transferee of such interest or part may again transfer it. The lessee shall not, by reason only of such transfer, cease to be subject to any of the liabilities attached to the lease;

Nothing in this clause shall be deemed to authorize a tenant having an untransferable right of occupancy, the farmer of an estate in respect of which default has been made in paying revenue, or the lessee of an estate under the management of a Court of Wards, to assign his interest as such tenant, farmer or lessee;"

Section 52 of Indian Easements Act, 1882 defines License as follows:

"Where one person grants to another or to a definite number of other persons, a right to do, or continue to do in or upon the immovable property of the grantor, something which would, in the absence of such right, be unlawful and such right does not amount to an easement or an interest in the property, the right is called a license".

2. Similarity and distinction.

In both the cases there is a right to occupy, use and enjoy (OUE) the immovable property as understood in general parlance. While in the case of a License there is "mere" right to OUE there is something "more" in the case of a Lease. What is this "more"? It is an interest in the property (IIP). In the context, the IIP can only mean a right to create further IIP. Therefore the test of distinction is of IIP.

3. Analysis/Comments.

(i) The distinction is based on statutory provisions as stated herein above. The IIP is specifically excluded

in the case of a License, by the definition itself. In the case of a Lease, IIP is not specifically provided for but is implied in view of clause "j" of Section 108 of the TP Act.

- ii) The right of the Lessee of creating further interest i.e. IIP is subject to the contract or local usage to the contrary. Therefore, even if a transaction is called as Lease but creation of further interest is barred by contract then the transaction is virtually nothing but of a License. Similarly, even if a transaction is called as License and specific permission is granted for creating further interest then the same would amount to a Lease.
 - iii) The period or duration of a transaction has no direct relevance in determining the nature of transaction. There can be Lease for a period shorter than the period of License.
 - iv) Going beyond the TP Act, the Rent Control Acts/ Tenancy Laws in various States have created a fiction of protected or statutory tenancy. In the cases of a transactions of License for a longer period, many licensees sought to claim that the intention behind the transaction was of creation of tenancy and using of expression as "License" as sham. It appears that such contentions received judicial acceptance in many cases. In view of this, there came into vogue a practice of making the Lease and License agreement only for a period of eleven months i.e. not even a year. The said period of eleven months has no other legal sanctity.
 - v) The Bombay Stamp Act provides for levy of stamp duty for both the transactions. The stamp duty payable for the Lease is more than for the License. There is a statutory fiction under the said Act by which a License for more than a particular period is considered as a Lease and attracts stamp duty accordingly. It is pertinent to note the criteria of period under the Bombay Stamp Act is notional and only for the purpose of levy of stamp duty. The said provision is not decisive of the nature of transaction.
4. The Rent Control Acts/Tenancy Laws referred to above create special legal relationship between the parties. The said special provisions may not be consistent in many respects with the general Law and they prevail over the general Law. The relationship between the parties in so far as their rights and liabilities are concerned in respect of the premises covered by Rent Control Acts/ Tenancy Laws is regulated by the said Laws. To that extent, the above said distinction can be said to be effectively and fully applicable only in respect of premises not covered by Rent Control Acts/ Tenancy Laws.

Can Corporate Fraud be Controlled by Forensic Accountant?

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Abstract: The term 'fraud' encompasses the entire range of irregularities and illegal acts that are committed with a deceptive intent. The Corporate frauds range from the kind tricks to wicked scams. They occur at the companies of every size, from small, unknown firms to the most prominent global ones. With the surge in corporate frauds, the article suggests the need of forensic accounting so as to safeguard the interest of the stake holder.

Key words: Fraud, Financial Crime, Forensic Accounting, Forensic Tools and Technique.

Introduction:

Globalization has led to acceleration in the Indian economy, due to which it has also increase in competition and pressure among the companies and between the employees of the companies to secure their jobs. Rising inflation is also one of the factors which have increase in malpractices and fraud at all level of management so as to meet their own interested needs. Management fraud can be said to be basically a zero-sum game. The gains made by the managers are equivalent to the losses to the others involved in it. Fraud may be committed against an organization, in which the perpetrator is the sole gainer, or it may be committed in its favor, to the detriment. Fraud of the first variety includes internal misappropriation or corruption and embezzling of funds through credit card fraud etc. Fraudulent financial reporting fits into the second variety, fraud in favor of the organization, and goes along with the corruption and bribery in doing deals that favor the organization.

There are many types of financial crimes. Some of these crimes can be solved in a short period, while others will take a long time. The time required directly relates to the complexity of the crime. Complex financial crimes consume large amounts of time to gather huge amounts of financial records to support a conviction. However, all financial crimes have one common factor: greed. Most people are honest and trustworthy when the opportunity is not present. There are three factors that are present in financial crimes¹:

- (1) Something of value must be present;
- (2) An opportunity to take something of value without being detected must be present; and
- (3) There must be a perpetrator who is willing to commit the offense.

Growing cybercrimes, failure of regulators to track the security scams, series of cooperative banks bursting all are pinpointing the need of forensic accounting, irrespective of whether we understand the need or not. The legal structure and the financial system of our country demand this special breed of accountants.

What worries the Indians Most?

Nature of the frauds is changing worldwide and everyone is worried about the crimes committed with the aid of the technology. Though two separate options were given to the participants in the form of BPO frauds and Cyber frauds not a single participant was worried about these kinds of the frauds, since these are the new birth frauds. However this is a false belief, surprising facts that were noted during the survey conducted by India forensic Research Foundation showed that it is Occupational Fraud is something that worries Indian auditors the most. More than 45% of the surveyed participants confirmed that the Occupational fraud is the severe disease in the financial world. Over 30% of the participants voted in favour of the bank frauds. Sequential failure of the Co-operative banks, political involvements in the co-operative banks, failure of Global Trust Bank is some instances that support the fear of the common auditor about the Bank Frauds.

Hub of the Frauds in India

Mumbai was hub of the financial frauds. All the big ticket financial scandals such as Harshad Mehta, Ketan Parekh and Sanjay Seth were committed from the Mumbai city. Since it is the financial capital of the country it was very obvious. But to the surprise of the nation hub of frauds have changed. Over a period the technology changed and even the hub of the frauds. New hub of frauds is transformed from Mumbai to Pune. Though Bangalore leads the competition of becoming the silicon valley of India and Pune has surpassed Bangalore, Mumbai and all other cities in the cybercrimes. Pune BPO, Webcam Kulkarni, Swimming Tank Webcam and thousands of credit card frauds are the few to mention.²

What is Forensic Accounting?

Forensic accounting, also called investigative accounting or fraud audit, is a merger of forensic science and accounting. It is the combination of Accounting, Auditing and Investigation. The forensic accountant takes a more proactive, skeptical approach in examining the books of accounting. They make no assumption of management integrity, show less concerns for the arithmetical accuracy have nothing to do with the Accounting or Assurance Standards but are keen in exposing any possibility of fraud. The job demands reporting, where the accountability of the fraud is established and the report is considered as evidence in the court of law or in the administrative proceeding. In addition to the specialized knowledge about the techniques of finding out the frauds one needs patience and analytical mindset.

Forensic Accounting has two specific areas:

1. Litigation support
2. Investigative services.

Litigation services demand the role of forensic accountant as

an expert or consultant. Litigation support consists of providing assistance for actual, pending, or potential legal or regulatory proceedings before courts of laws in relation with the resolution of disputes between parties. In short litigation services generally include expert witness, consulting and other services (special master, court-appointed expert, referee, arbitrator, or mediator on behalf of a client).

Investigative services include forensic services like performing analysis or investigations of the frauds, which though not involved in litigation, may require the same skills used in litigation. In the investigation, forensic accountants might review the situation and suggest possible courses of action, assist the clients with the protection and recovery of assets, and work with private investigators, forensic document examiners, and consultants.

The use of forensic accountants and their procedures is being incorporated in both internal and external audits as well as in investigations and forensic procedures being performed by various professionals. Traditionally internal auditing is becoming the cost center for the companies'. But if the internal auditors have a dedicated forensic accountant in the team to investigate the frauds the performance can be quantified in terms of return on investment.

Audit committees are required to play a crucial role in the prevention and detection of fraud, and to take appropriate action in the investigation of fraud. Chartered Accountants are forensic accounting consultants have recently been recognized as vital allies. Qualified forensic accounting consultants have the education, training and experience to provide additional assistance to audit committees so they may better carry out their fiduciary responsibilities in the fight against fraud.

Attorneys often lead special investigation team and may add forensic accountants to the team if financial or accounting matters are involved. In these engagements, forensic accountants evaluate procedures performed by the special investigation team, and may recommend the performance of forensic procedures not otherwise utilized. In the cases like siphoning of the funds opinion of the chartered Accountants will be very important and will also be required to present before the courts of law.

There are numerous agencies and / or individuals that investigate frauds. For instance, a stock market fraud would possibly draw investigators from the Securities Exchange Board of India (SEBI). Recently governments have started two new offices to control the financial crimes viz. financial intelligence unit and the Serious Fraud Investigation Office which require the services of forensic accountants all across.

The marketplace requires the forensic accountant to possess a different skill set from the traditional accountant as the latter has a following limitation.

- a) Auditors mechanically go through the audit process "ticking and turning". They are coastal guards of the financial ocean but they enter the ocean they become a cruise. They just stay on the track without deviating from the guidelines of the controlling authorities. They have to work as per their engagement letter and hence cannot find frauds which it is beyond their area.
- b) They see what is shown to them. They don't find anything, which is not shown to them, and to find out frauds one needs to see what can be found rather than finding what is seen on the surface.
- c) Everything comes to materiality while auditing. Whatever has no impact on the balance sheet figures are generally

skipped from the auditing process and sometimes auditors skip to audit the high- risk areas.

- d) As the auditors have not been trained to be aware of the fraud indicators. However, they surely do know how to follow that audit work program; just like a train on a track. If you do not know what fraud looks like you will never find.
- e) Auditor assume when an auditor is working on the audit of a client for the third or fourth year and, assuming there has never been problem, he or she often begins to lose their objectivity.

Common Tools used by Forensic Accountant to detect corporate fraud.

The techniques used to perform data mining for fraud range from simple statistical averages to complex neural networks and cluster analyses.

Benford's law: It is a statistical tool, and is one of the various ways to determine whether variable under study shows any patterns in the data. Benford suggested the probabilities for the occurrences of each digit at various places in the number. Benford's law is applicable only if the data is not manipulated. The law states that fabricated figure possess a different pattern from random figures.

Theory of relative size factor (RSF)

It highlights all unusual fluctuations, which may be routed from fraud or genuine errors. RSF is measured as the ratio of the largest number to the second largest number in the given set of the data. This is the technique to identify the highest number in the data but in some relation with the second highest data. If there is any stray instance of single transaction that is way beyond the normal range, then there is a need to investigate further into it. RSF tests helps in better detection of anomalies or outliers. In this method the records that fall outside the prescribed range are suspected of errors or fraud. These records or fields need to relate to other variables or factors in order to find the relationship, thus establishing the truth.

Same, Same, Different

The same, same, different criteria can find many different types of near identical entries. In airline ticket refund data, it can find cases where the ticket number is the same, the rupee amount is same and the credit card number is different. The cases like Kingfisher Airline frauds could have been cracked earlier had the forensic accounting principles used there. In payroll data it can find instances where the employee number is the same, the date is the same and the checking account number is different.

Outlier Detection

One of the primary methods of detecting fraud is discovering data values that are outside the normal course of business. For example, a kickback scheme might be the reason purchases from one vendor are twice as high as similar purchases from another vendor. The simplest method of outlier detection is the statistical z- score calculation. This formula, given as (value mean)/ standard deviation, provides a simple and compact method of measuring outliers. The numerator shifts each point to a zero based scale, and the denominator adjusts the distribution to a standard deviation of one. Once the data are transformed into this standardized scale, generalized statements can be made. In the author's experience, outlier scores of 5, 8, or even 12 are often found in real world data. At times these may be the result of non normal distributions, but even in those cases, the score provides an indicator to potential problems. More advanced techniques have been used in

specialized areas. For example, credit card fraud can be discovered by identifying transactions through both unsupervised and supervised learning. Behavioral outlier used detection with unsupervised learning to detect abnormal spending behavior as well as increased frequency of use. Others technique are used in a form of regression models, Discrete Gaussian Exponential, depth based techniques, distance based techniques, and a number of other techniques to identify outliers.

Trending

In addition to comparing same period numbers from different vendors, employees, or customers, fraud can be discovered by comparing numbers over time. Because almost all perpetrators are greedy fraud increases exponentially over time. Auditors can easily spot an increasing trend on a line chart-computers are not needed if only one item is being audited (one employee, one vendor, etc.). The need for automation is during the initial phase of a fraud investigation. If auditors do not know which item is increasing, they must look through thousands of graphs to determine which item requires additional investigation. Trending methods allow the computer to determine which trends are increasing so the auditor can focus on those items. One of the most basic methods of determining an increasing trend is linear regression. Once the computer fits a line to the data, the slope and goodness of-fit provide a simple measure of trend. Nonlinear regression and Box Jenkins analysis provide more advanced methods of measuring trend. Statistical packages like SAS and SPSS provide full trending modules for the interested auditor.

Advanced Statistical Techniques

Work has been done in statistical and computer science field on advanced methods for fraud detection. These methods include Bayesian Networks, genetic algorithms, state transition analysis, rule matching, and cluster analysis. These advanced technical methodologies are not generally used in typical business systems (such as payroll, sales, and purchasing databases). They are most often used in highly specialized areas like credit card fraud, health care claims, and voter fraud.

Ratio Analysis

Traditional methods for the detection of financial statement fraud, such as vertical and horizontal analysis, tip lines, analysis of relationships between management and others, comparisons with industry. More recently, research has focused on ratio analysis for the detection of financial statement fraud. Ratio analysis involves calculating both traditional and nontraditional financial ratios, such as accruals to assets, asset quality, asset turnover, days sales in receivables, deferred charges to assets, depreciation, gross margin, increase in intangibles, inventory growth, leverage, operating performance margin, percent uncollectible, sales growth, selling, general and admin expense, and working capital turnover. Since ratios standardize firms for size and other factors, one would expect firms within an industry to follow similar trends. Early studies use statistical techniques like probit and logistic regression, while later studies have branched out to neural networks, classification schemes, and rule ensembles.

Software - Hardware investigation

These tools make up the tool kit of a forensic investigator. Most auditors only need to understand the general categories to effectively work with dedicated forensic personnel.

Forensic investigators generally look for information in the following areas:

a) Office suite files in computer directories

- b) Graphics in directories and in the browser cache
- c) Email, instant messaging logs, and other computer based communication
- d) Cell phone text message logs and call records.
- e) Memory and disk caches
- f) Deleted space on hard drives
- g) Other digital devices like USB flash drives

Various Forensic Accounting Techniques:

There are seven standard techniques for the investigation of frauds or litigation support. These techniques encompass everything from surveillance to analysis and reviews to investigation. These are widely accepted technique across the world.

- 1) Grapevine information's
- 2) Interviewing the Knowledgeable employees
- 3) Background Verifications
- 4) Physical and Electronic Surveillance
- 5) Lab Analysis of physical and Electronic Evidence
- 6) Surprise visits and Undercover operations
- 7) Analysis of Financial Transactions.

CONCLUSION:

With the current economic downturn, we have seen an increased demand for forensic accounting services as the public deals with financial collapses, increased white collar crime and growing occurrences of occupational fraud.

Volatile economic conditions coupled with increasing business and technological complexities have led to increased opportunities for fraud. Organizations have to constantly deal with fraud and compliance challenges in today's business environment. Not surprisingly, a majority of the survey respondents perceive an increase in the level of fraud in India, in general, and also within their industry. While Forensic Accountants usually do not provide opinions, the work performed and reports issued will often provide answers to the how, where, what, why and who. The Forensic Accountants have and are continuing to evolve in terms of utilizing technology to assist in engagements to identify anomalies and inconsistencies. It is important to remember that it is not the Forensic Accountants that determine fraud, but instead the court. In summary, it is observed that fraud and a corrupt practice are common in corporate world and has negative impact on the economy and hence role of Forensic Accountant will help to reduce the risk of fraud if implemented properly. Forensic Accounting currently lacks the standardized methodologies and standardized practices found in many other professions. Though there is more interest and awareness around financial statement fraud amongst audit committees and company managements, there are deficiencies in instituting appropriate prevention, detection and response mechanisms. Hence forensic accounting has an important role to play to prevent the fraud.

References:

- 1] Dr. George A. Manning; Financial Investigation and Forensic Accounting 2005; Boca Raton FL; CRC Press, Pg 15
- 2] Lighting the Fraud Examination in India; Complete Resource Guide on Fraud Examination in India (Report by India forensic Research Foundation, Pune), Pg 7.



Avoiding DDT via Buyback of shares

*CMA Jagdish Ahuja, ahuja.jag@gmail.com

Of late many listed as well as closely held companies world over are seen adopting strategic buyback of its own shares for various benefits it offers. Last year, when the US economy was seen reeling in depression, the three major American energy giants viz. Exxon-Mobil, ConocoPhillips and Chevron Corp rewarded its shareholders by announcing buy back of shares worth USD 31.5 billion. In India, recently, Reliance Industries Ltd (RIL) announced similar buyback scheme worth Rs 10,440 Cr. (USD 2.1 billion) to reward its shareholders at the time when its (RIL) share price was expected to fall further due to its deteriorating quarterly performance.

No doubt that genuine buy backs offer a number of benefits to all stakeholders be it a company whose shares are being bought out or the ordinary investors like us. Genuine share buyback schemes, generally improves the investor's sentiment and help increase its market price. But there may be buyback offers with the fraudulent intention of tax avoidance. In such cases, tax authorities may lift the veil and treat the so called buyback arrangements as a mere colorable device for avoiding tax and demand tax liability with interest and penalty. Let us see how it can happen with reference to avoidance of payment of dividend distribution tax (DDT).

We all know that dividend declared by any domestic/ Indian Company is exempt in the hands of shareholders u/s 10(34) of the Income Tax Act. This is because, such dividends are already taxed in the hands of the company declaring dividend as DDT u/s 115-O (w.e.f. 1st Apr 2003) of the Income Tax Act. The current rate of DDT is 16.2225% which is inclusive of surcharge and Education Cess. The exemption of dividend in the hands of shareholders is on the principle of avoidance of double taxation of the same income. It is worth noting here that if any foreign investor is acquiring stake in an Indian Company via Mauritius route, the capital gain tax on Indian income earned by such foreign investor can be avoided. According to Article 13 (4), gains derived by a resident of a contracting state from the alienation of any property will be taxable only in that state. Therefore, if a Mauritian investor earns capital gains in India, then such income from capital gains is not eligible to be taxed in India. Also, capital gains arising from the sale of securities in India by a Mauritian resident are taxable only in Mauritius.

In the light of the above discussions, let us see how a closely held company (X Ltd) can escape a dividend distribution tax u/s 115-O by announcing a buyback plan. X Ltd is a profit making cash rich closely held Indian company promoted by owners based in USA, Singapore

and Mauritius. The company wants to pay dividend to its shareholders but want to avoid payment of Dividend Distribution tax. The Board of directors of X Ltd may propose a scheme of buyback of its own shares which is permitted as per Sec 77A of the Companies Act, 1956. Now let us say that the shareholder based in Mauritius accepts this proposal. It is worth noting that in this case, since India has signed Double Tax Avoidance Convention with Mauritius, income of Mauritius based shareholder is not subject to capital gain tax within India. Moreover, there will not be any dividend distribution tax as X Ltd has not paid any dividend to its shareholders.

However, as discussed above, if tax authorities come across any such case, they have a right to lift the veil and recover tax dues from assessee with interest and penalties. In the above context, it may not be out of place to say that Dividend in terms of definition includes any distribution by a company of accumulated profits to its shareholders. The exemption is available only with respect to genuine buyback of shares and not to other buy back arrangements entered into by assesses merely to repatriate huge funds out of India without payment of tax. Thus there is a word of caution to all such companies which are planning to adopt buyback scheme for avoiding DDT in the near future. This view is also in line with a recent decision in a similar case by Authority for Advance Ruling (AAR) wherein it was ruled that distribution of accumulated profits through a scheme of buy back of shares could be deemed as colorable device and subject to tax withholding under a tax treaty. In view of the above arguments, in my opinion, buyback of shares is certainly not a new Mantra for avoiding DDT.

*Jagdish is a Mumbai based Company Secretary in Practice.

QUOTES

Liberty has never come from the government. Liberty has always come from the subjects of it. The history of liberty is a history of resistance.

* * * *

Interest does not tie nations together, it sometimes separates them. But sympathy and understanding do unite them.

Comprehensive Financial Planning

CMA Raja Dutta, ACMA, CFP, PGDBA (Fin.)



What is Comprehensive Financial Planning

1. Financial Planning is the process of meeting your life goals through the proper management of your finances.
2. It involves the process of assessing your financial situation, determining your objectives and formulating a plan to achieve them.
3. The objective of financial planning is to ensure that the right amount of money is available in the right hands at the right point in the future to achieve an individual's life goals.

Why Comprehensive Financial Planning is so important for us

1. Child education and marriage are getting costly day by day
2. We are living under nuclear family concept so all financial responsibility has to be borne by us as the concept of joint family is getting vanished now.
3. Medical treatment cost is also high.
4. We would like to enjoy Independent retirement life.

How Comprehensive Financial Planning helps us -

- Financial planning can help you avoid mistakes such as incurring too much debt, ignoring retirement opportunities provided by an employer, not having enough cash when you need it, or having inadequate insurance
- Financial planning can help you make wiser decisions about saving for a home, education, or caring for aging parents, and can help you cope with major life changes such as marriage, retirement, divorce, birth of a child, changing jobs,
- It helps us to track unnecessary expenses of our daily life.

Broad areas in which Comprehensive Financial Planning can be undertaken

- Goal Analysis - child education and marriage, better standard of living after retirement, planning for own house, contingency planning

- Cash flow Management- Analysis of Income and expenses to determine exact amount of saving
- Emergency Planning- Plan for job loss periods or illness
- Insurance/Protection Planning- To determine exact amount of insurance, it includes Life insurance as well as mediclaim
- Assets Allocation- Analysing present investment and suggest proper assets allocation (i.e. Debt+Equity) to achieve financial goals
- Investment Planning- Suggest proper allocation of savings
- Retirement Planning- It helps accumulating funds for fulfilling post retirement needs and helps to maintain same standard of living after retirement.
- Comprehensive Financial Planning Process
 - Establishing Relationship with client.
 - ↓↓
 - ↓↓
 - Data Gathering & Goal Setting
 - ↓↓
 - ↓↓
 - Identification of Financial Problem
 - ↓↓
 - ↓↓
 - Preparation of Written Plans and Recommendation
 - ↓↓
 - ↓↓
 - Implementation of Agreed Recommendation
 - ↓↓
 - ↓↓
 - Review and Revision of the Plan Periodically

Workshop on Indirect Taxation – A Report

Continuing Education Programme Directorate and Indirect Taxation Committee, ICAI organized a one day workshop on Indirect Taxation for CMA's on 30th May 2012 at WIRC Premises, Mumbai.

The course was designed to cover, inter alia, Valuation Audit, CENVAT Audit, valuation of taxable Services, computation of cost of Services/ Composite Services/ Services in Works Contract and Compliance/ Procedural Aspects of Central Excise/ Service Tax/ Customs/ VAT.

The workshop began with the Inaugural Session. CMA Vijay P. Joshi, Chairman-WIRC, CMA Manas Kumar Thakur, Central Council Member & Chairman, Indirect Taxation Committee and CMA Chiranjib Das, Dy. Director

& Secretary to Indirect Taxation Committee were also present for the Inaugural Session. Chairman-WIRC gave the Welcome Address while CMA Manas Kumar Thakur addressed the gathering. The inaugural session was followed by Technical Session I. The session was delivered by CMA A. B. Nawal, Chairman PD Committee WIRC. In the afternoon Technical Session CMA N.K. Nimkar Practising Cost Accountant from Pune addressed the participants.

Workshop was concluded by CMA Chiranjib Das. The workshop proved to be useful and was very well appreciated by the participants.

CHAPTER NEWS

BARODA

Office Bearers for 2012-13

CMA M.B.Kaka	....	<i>Chairman</i>
CMA R.K. Patel	....	<i>Vice Chairman</i>
CMA Y.S. Thakar	....	<i>Secretary</i>
CMA Minal Sonaje	....	<i>Jt. Secretary</i>
CMA Arvind Bajpai	....	<i>Treasurer</i>

PIMPRI - CHINCHWAD - AKURDI

CEP Seminar on Cost Accounting Record Rules and Foundation Day Celebrations

The Pimpri-Chinchwad-Akurdi Chapter of the ICAI organized a seminar on "Cost Accounting Record Rules" on Saturday, May 19th 2012 at ATSS College, Chinchwad.

In the technical session, which was thoroughly interactive and educational, CMA Kishore Bhatia explained various definitions, applicability and practical approaches to the Cost Accounting Record rules. The technical session was followed by Question and Answer session, wherein the queries raised by the audience were answered.

PUNE

Industrial Visit for Students - 5th May 2012

PCCA arranged an industrial visit for the students of Intermediate to Hiper Filters Pvt Ltd. The company made all necessary arrangements to make the visit of students very informative. For the students the visit was an eye opener. They were made aware of the connection between theory and practice. CMA Narhar Nimkar, Member, Managing Committee, PCCA, accompanied the students on this visit. The students appreciated the visit and Mr. Nimkar explained the method of costing of filters in such industries.

CEP on Knowledge Sharing Session on SAP CO (Controlling) Module - 19th May 2012

Pune Chapter of Cost Accountants organized CEP "Knowledge Sharing Session on SAP CO (Controlling) Module" on 19th May 2012. The programme was conducted by Mr. Amit Mundada, Delivery Manager, Adroit Infotech, Pune.

CMA Chaitanya Mohrir, Chairman, Professional Development Committee introduced the speaker and welcomed the Speaker and the audience. Members of PCCA and large number of members and students attended. CEP ended with a vote of thanks proposed by CMA Chaitanya Mohrir.

Foundation Day - 19th May 2012

Foundation Day was celebrated on 19th May 2012. CMA Pramod Dube, Chairman, PCCA welcomed the guests. CMA Dhananjay Joshi, Past President, ICWAI and CCMs CMA Sanjay Bhargave and CMA Amit Apte and CMA Mr. Sane, past Chairman, PCCA were requested to grace the dais. They were then felicitated by CMA Pramod Dube.

CMA Ajit Shahane then took over the proceedings and requested the dignitaries on the dais to address the audience.

CMA Mr. Dhananjay Joshi spoke about the history of the Institute. CMA Sanjay Bhargave spoke about the joint efforts made by PCCA and how the name of was changed to ICAI. CMA Amit Apte emphasized the need for the audience to get

registered as members and how it will help strengthen the hands of ICAI when taking up matters with the Government.

Mr. Sane also spoke on the occasion and answered queries from the audience. The meeting ended with a vote of thanks by Mr. Shrirang Abhyankar, Hon. Director, PCCA

Gurukul Educational Exhibition

PCCA participated in GURUKUL educational exhibition organized by Sakal Papers from 18-20 May, 2012. It helped make people aware of the prestigious career in Cost Accountancy.

SURAT - SOUTH GUJARAT

Annual Function, Prize Distribution and Full Day Seminar on Recent Developments in Statutory Cost Accounting And Service Tax

Surat South Gujarat Chapter of Cost Accountants organized annual function and seminar on recent changes in statutory cost accounting and service tax on 5th May 2012 which was chaired by Hon'able Vice President of the Institute CMA Rakesh Singh. Chairman WIRC CMA Vijay Joshi and Vice Chairman WIRC CMA Shrenik Shah also graced the occasion with their valuable presence. As a part of Annual function the meritorious students of Chapter for Foundation Inter and Final ICAI were honoured. The Chapter has just completed 20 years of establishment, and hence as a part of annual function founder members of the Chapter were felicitated.

Chairperson of the Chapter CMA Dr. Heena Oza welcomed the guest speakers, members and students and gave brief of the activities during the year and acknowledged the co-operation of all those who contributed to won best chapter award for year 2011, which is second consecutive year in row. Hon'able Vice President Rakesh Singh in his presidential address discussed the new developments and opportunities and threats to the profession.. Chairman WIRC CMA Vijay Joshi, Vice Chairman CMA S Shah blessed the students. Founder Chairman of the Chapter CMA R N Bhave, gave expert lecture on 'impact on IFRS on Cost Audit'. Eminent speaker CMA V S Datey covered the new developments in Service tax. The vote of thanks was proposed by CMA Leena Painter. CMA Sejal Shaah and Leena Painter co-ordinated the program. The program was well attended by members and students.

Celebration of Institute's Foundation Day

To celebrate Institute's Foundation day, Surat South Chapter of Cost Accountants organized get-to gather function for students and members at Citizen Council Hall, Tirupati Plaza, Surat on 19th May 2012. Secretary CMA J T Parmar Wel-come the members and students and briefed about Foundation Day of the Institute.

Interview by Surat Channel

In wake of ample opportunities created in competitive market for cost and management accountancy profession, duly acknowledged by Ministry of Corporate Affairs, GOI in form of statutory cost accounting system for corporate sector Surat Channel, a leading Television Channel of South Gujarat Invited Managing Committee members to create awareness among students, parents and society at large about the new developments and opportunities in the profession. Half an our interview has been organized. Chairperson CMA Heena Sunil Oza, CMA M K Desai and CMA Leena Painter represented the Chapter at Interview.

CONTINUING EDUCATION PROGRAMME

Schedule for June 2012

(Specially arranged for Cost Accountants to complete required CEP Hours)

Date & Time	Venue	Topic & Speaker
09-6-2012 – 6.00 to 9.00 p.m.	Thane SMFC	Time Management by Mr. Parag Amin
16-6-2012 – 6.00 to 9.00 p.m.	Borivli SMFC	<i>Please visit WIRC Website</i>
23-6-2012 – 3.00 to 6.00 p.m.	WIRC Office	<i>Please visit WIRC Website</i>
30-6-2012 – 6.00 to 9.00 p.m.	Borivli SMFC	Employee Stock Option (ESOP) by CS A. Sekar

Fees : Rs.100/-

(Two CEP Credit Hours will be provided)

For Details & Registration contact:

WIRC Office - 2204 3406/16 Ext. 31/36

Thane Office - 2545 0763 • Borivali Office - 2894 8302

E.mail - seminar@icwai-wirc.org

Report on Full Day Seminar on Applicability of Cost Audit and Cost Compliance in Engineering Machinery, Tractor and Other Motor Vehicles organized by WIRC on 2nd June 2012

Full Day Seminar on Applicability of Cost Audit and Cost Compliance in Engineering Machinery, Tractor and Other Motor Vehicles (Chapter 84,85 and 87) was organized by WIRC on 2nd June 2012 at Hotel VITS, Andheri, Mumbai.

CMAs Ashok Nawal, Chairman PD, Programme & CEP Committee WIRC, Kirit Mehta, Past Chairman WIRC, Ashwin Dalwadi, Past Chairman WIRC and Sukrut Mehta, Practising Cost Accountants were the speakers for the seminar.

CMA Ashish Thatte, Hon. Secretary WIRC introduced the speakers to the participants.

Sessions started by lighting the lamp by dignitaries. CMA Shrenik Shah, Vice Chairman WIRC welcomed the speakers & participants and addressed about the theme of the seminar.

CMAA.B. Nawal, addressed to the participants about the Cost Accounting Records Rules 2001 with practical examples and case studies. The session was quite interactive.

CMA Sukrut Mehta reviewed on various aspects to be incorporated while considering the cost. He explained application of Cost Accounting Standards and GACAP in Engineering Machinery.

Post Lunch session was started by CMA Ashish Thatte, Hon. Secretary WIRC who briefed about Cost Audit Orders and its applicability, importance in Engineering Industry.

CMA Kirit Mehta addressed the session on CARR 2011 in details and emphasized on Cost effective approach. He stressed importance of Performance Appraisal Report in Cost Audit Mechanism.

CMA Ashwin Dalwadi briefed on XBRL Reporting of Cost Audit Report and Cost Compliance Report. During the session Practical difficulties arising during implementation of rules and records were also discussed. CMA Dalwadi suggested some solutions while applying the same.

CMA Ashish Thatte, Hon. Secretary WIRC proposed vote of thanks. Members from Industry and Practice attended the seminar.



CMA Dr. Heena S. Oza, Chairperson of Surat Chapter inaugurating the seminar on Recent Changes in Statutory Cost Accounting and Service Tax organized by Surat-South Gujarat Chapter on 5-5-2012. Also seen (L to R) CMAs Vijay Joshi, Chairman WIRC, Shrenik Shah, Vice Chairman WIRC and Rakesh Singh, Vice President ICAI



PCCA participated in GURUKUL educational exhibition organized by Sakal Papers from 18-20 May, 2012. Seen in the picture (L to R) CMA Pramod Dube, Chairman Pune Chapter, CMA Neeraj Joshi, Treasurer WIRC, Mr. Shreerang Abhyankar, Director PCCA and CMA Chaitnya Moharir, Chairman PD Committee, Pune Chapter



CMA Sanjay Bhargave, CCM-ICAI interacting with participants during celebration of Foundation Day of Institute organized by Pune Chapter on 19th May 2012.



CMA D. V. Joshi, Past President, ICAI interacting with participants during celebration of Foundation Day of Institute organized by Pune Chapter on 19th May 2012.



CMA Amit Apte, CCM-ICAI interacting with participants during celebration of Foundation Day of Institute organized by Pune Chapter on 19th May 2012.



CMA Narhar Nimkar (3rd from left) with management of Hiper Filters and students during Industrial Visit organized by Pune Chapter



CMA Ashok Nawal, Chairman PD, Programme & CEP Committee WIRC, CMA Vijay P. Joshi, Chairman-WIRC, CMA Manas Kumar Thakur, CCM & Chairman, Indirect Taxation Committee and CMA Chiranjib Das, Secretary to Indirect Taxation Committee during workshop on Indirect Taxation for CMA's held on 30th May 2012 at WIRC.



View of participants during workshop on Indirect Taxation for CMA's held on 30th May 2012 at WIRC.

Glimpses of Half Day Seminar on Applicability of Cost Audit and Cost Compliance in Engineering Machinery, Tractor and Other Motor Vehicles held on 2nd June 2012 at Hotel VITS Mumbai



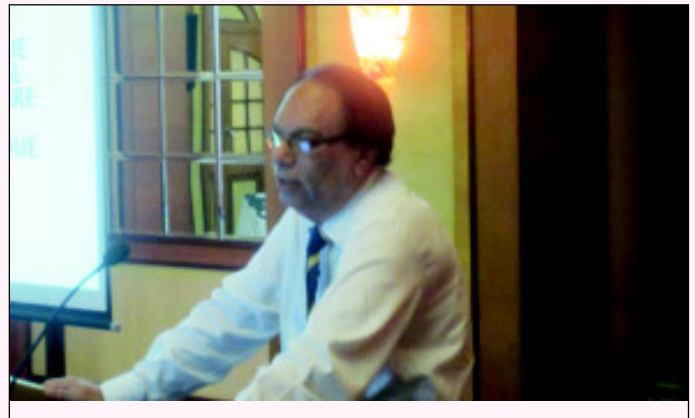
CMA Shrenik Shah, Vice Chairman WIRC welcoming the participants.



CMA Ashok Nawal, Chairman PDP & CEP Committee WIRC, lighting the lamp.



CMA Ashwin Dalwadi, Past Chairman WIRC interacting with participants.



CMA Kirit Mehta, Past Chairman WIRC interacting with participants.

Forthcoming programmes

- a) Seminar on Cost Accounting Record Rules, 2011 and Cost Accounting Systems in Construction Industry
- b) Seminar on Service Tax (Finance Act, 2012)

(Date & Venue will be declared on the WIRC Website)



If undelivered please return to:

THE INSTITUTE OF
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WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.
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E-mail : bulletin@icwai-wirc.org
Website : www.icwai-wirc.org

To