



# WIRC BULLETIN

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## From the Desk of Chairman



Dear Professional colleagues,

*"Our greatest glory is not in never falling but is rising every time we fall"*

- Confucius

The global economy painted telltale signs of slowing down in the year passed by. In its latest update of the World Economic Outlook (WEO), the International Monetary Fund has revised its projection of global growth in 2012 marginally downwards to 3.5% and also emphasized further downside risks to growth. In the U.S., output growth decelerated to 1.5% in Q2 from 2% in Q1 of 2012. In the Euro area, growth was flat in Q1 after a contraction by 1.2% in the previous quarter. In the U.K., growth climbed down by 2.8% in Q2 and 1.3% in Q1. As of now "Greece totters, Spain withers and Italy dithers". Initiatives implemented so far have calmed the markets and overhang of debt seem snow balling into an avalanche. Japan too has suffered slippages. Among the BRICS countries, global engine of growth-China fell from 8.1% in Q1 of 2012 to 7.6% in Q2. There are structural problems in Chinese economy that cause unsteady, unbalanced, unco-ordinated, unsustainable developments.

Against this backdrop, Asia's third largest-India could hardly remain insulated. A sharp slowdown in industrial growth as well deceleration in service sector pulled down the overall GDP

growth to a nine-year low of 6.5% for 2011-12. Global rating agencies are adding to the gloom through periodical threats of a downgrade. It appears bad leadership, tepid tactics, partisan politics, lower capex, declining capital inflows, weakening rupee and renewed concerns about the slowdown of global economy are responsible for the present slowdown of our economy.

The change of guard at the Ministry of Finance seems to be beam rays of hope. Newspapers' reports suggest, "Men are at work"; bureaucracy is energized, files are being dusted and Allies have been beckoned. The key growth drivers are being primed to contain fiscal deficit and propel the economy into a higher growth trajectory with special reference to infrastructure investment, job creation and structural reforms for boosting our Indian economy. In such situation the CMA's can play a pivotal role in rejuvenating the Indian economy by creating the true and fair valuation of its resources for better and effective utilization of the same.

I thank the Goa Chapter for organizing Regional Cost Conference 2012 at Hotel Mandovi, Panjim. Good number of delegates participated in the said RCC and I thank all the delegates for their active participation and making RCC a grand success. During the deliberations of this RCC 2012 the speakers very rightly and consistently defined the role of CMA's in today's business. Cost and Management Accountants have a dual reporting relationship. As a strategic partner and provider of decision based financial and operational information, management accountants are responsible for managing the

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## Inauguration of Regional Cost Conference 2012 - Goa on 2-11-2012



Mr. V.P.C. Rao, Commissioner of Central Excise & Customs, Goa, inaugurating the Regional Cost Conference by lighting the lamp.



Release of Souvenir during the occasion.



**WIRC** wishes all its Members & Students  
*Happy Diwali & a Prosperous New Year*





CMA Vijay Joshi, Past Chairman WIRC welcoming CMAs Ashok Nawal, S.S. Gupta and S.R. Bhargave during Service Tax seminar organized by WIRC on 13th October 2012 at Ghatkopar.



CMA Vijay Joshi, Past Chairman felicitating CMA Ashok B Nawal during Service Tax seminar organized by WIRC on 13th October 2012 at Ghatkopar.



CMAs Ashok Nawal, Chairman, Students, Members & Chapter Co-ordination Committee, WIRC welcoming the students for Campus Interview organized by WIRC on 12th October 2012.



View of Students during Campus interview organized by WIRC on 12th and 13th October 2012 at Shah Institute, Ghatkopar



Allahabad Bank interview in progress at WIRC on 15th October 2012.



SEBI interview in progress



Mr. Hemant Kale addressing the participants during Investor Awareness Programme organized by the Institute as per guidelines issued by MCA, at St. Francis Institute of Management & Research, Borivali on 22nd October 2012



View of audience during Investor Awareness Programme organized by the Institute as per guidelines issued by MCA, at St. Francis Institute of Management & Research, Borivali on 22nd October 2012

# Professional Opportunities for CMA's and Challenges

By **CMA Ashok Nawal**,

*Past Chairman and Treasurer of WIRC of ICAI*

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Government of India have entrusted the great responsibility on the members of Chartered Accountants of India, Institute of Cost Accountants of India or Institute of Company Secretaries of India and these Institutes are enacted by Act of Parliament.

Any person involved in Trade, Business & Commerce has to comply with number of statutory laws prevailing in India and Government requires the Certification from member of Institute of Chartered Accountants of India,

Institute of Cost Accountants of India or Institute of Company Secretaries of India, those members should process the Certificate of Practice granted by respective Institute.

I give below the Provisions under Foreign Trade Policy, Customs Act 1962 and Rules made there under, Central Excise Act 1944 and Rules made there under, VAT Act of State Government, Income Tax Act 1961 and Rules made there under and Companies Act 1956.

## A. Foreign Trade Policy

Sr. No.	FTP Appendix	Particulars	Nature of Certification	Certified bywhom
1	11A	DATA SHEET FOR ADVANCE AUTHORISATION APPLICATION ON SELF DECLARATION UNDER PARA 4.4.2 & 4.7 OF HBP v 1.	Consumption of Raw Material for application for Advance Authorization on self declaration	CMA / CA
2	14-I-F	FORM OF LEGAL AGREEMENT FOR EOUs	Annual Progress Report	CMA / CA
3	14-I-H	GUIDELINES FOR SALE OF GOODS IN THE DOMESTIC TARIFF AREA (DTA) BY EOU/EHTP/STP/BTP UNITS	DTA Sale Application	CMA / CA
4	14-I-I	PROCEDURE TO BE FOLLOWED FOR REIMBURSEMENT OF CENTRAL SALES TAX (CST) ON SUPPLIES MADE TO EXPORT ORIENTED UNITS (EOUS) AND UNITS IN ELECTRONIC HARDWARE TECHNOLOGY PARK (EHTP) AND SOFTWARE TECHNOLOGY PARK (STP)	CST Refund	CMA / CA
5	15A	APPLICATION FOR CERTIFICATION OF EXPORT PERFORMANCE OF UNITS IN THE PHARMACEUTICAL AND BIOTECHNOLOGY SECTORS BY THE REGIONAL OFFICES OF THE DGFT AS PER CUSTOMS NOTIFICATION NO 21/2002 DATED 1.03.2002 AS AMENDED FROM TIME TO TIME	Export Performance of Units in Pharmaceuticals & Biotechnology	CMA / CA
6	15B	APPLICATION FOR CERTIFICATION OF EXPORT PERFORMANCE OF UNITS IN AGRO CHEMICALS SECTORS BY THE REGIONAL OFFICES OF THE DGFT AS PER CUSTOMS NOTIFICATION NO 21/2002 DATED 1.03.2002 AS AMENDED FROM TIME TO TIME	Export Performance of Units in Chemicals	CMA / CA
7	22D	CERTIFICATE FOR OFFSETTING OF EXPORT PROCEEDS	Offsetting of Export Proceeds	CMA / CA
8	23	REGISTER FOR ACCOUNTING THE CONSUMPTION AND STOCKS OF DUTY FREE IMPORTED OR DOMESTICALLY PROCURED RAW MATERIALS, COMPONENTS ETC. ALLOWED UNDER ADVANCE AUTHORISATION / DFIA*	Consumption and Stocks data under Advance License	CMA / CA
9	26	CERTIFICATE OF CHARTERED ACCOUNTANT COST AND WORKS ACCOUNTANT/ COMPANY SECRETARY (FOR ISSUE OF EPCG/ ANNUAL EPCG AUTHORIZATION)	Last Three years Export performance for Calculating Average Export Performance	CMA / CA
10	26A	CERTIFICATE OF CHARTERED ACCOUNTANT/ COST AND WORKS ACCOUNTANT/COMPANY SECRETARY (FOR REDEMPTION EPCG/ ANNUAL EPCG AUTHORIZATION)	Export Proceeds	CMA / CA / CS
11	ANF 3A	Application for Grant of Status Certificate	Export Proceeds	CMA / CA / CS
12	ANF 3B	Application Form for Served From India Scheme (SFIS) [For Foreign Exchange Earned with effect from 1.1.2011 as per Appendix 41 of HBPv1/ Foreign exchange earned upto 31.12.2010 as per Appendix 10 of HBPv1, as applicable]	Export Proceeds	CMA / CA / CS

Sr. No.	FTP Appendix	Particulars	Nature of Certification	Certified by whom
13	ANF 3D	ANF for Policy Para 3.13.4 For Agri. Infrastructure Incentive Scrip under VKGUY (Kindly see Para 3.13.4 of FTP and Para 3.7.2 of HBPv1) Export of Products covered under ITC HS Chapter 1 to 24 (to be filing with RA, CIA, New Delhi only) April - September / October - March period	Agri-Infrastructure Incentive Scrip for VKGUY	CMA / CA
14	ANF 4A	For Advance Authorization (Including Advance authorization for Annual Requirement) / Advance Release Order (ARO)/ Invalidation letter	Last Three years Export performance for Calculating Average Export Performance	CMA / CA
15	ANF 4B	For Fixation / Modification of Standard Input Output Norms (SION)	Production and consumption details	CMA / CA
16	ANF 4C	For Fixation or Revision of DEPB Rates / Fixation of Brand rate of DEPB for SAD component	Statement containing Shipping Bill No, Date, FOB Value, towards which SAD Claim is filed	CMA / CA
17	ANF 4F	Redemption / No Bond Certificate against Advance Authorization	Statement certifying for utilization of goods	CMA / CA
18	ANF 4I	GEM REP Application	Export Proceeds	CMA / CA
19	ANF 5A	APPLICATION FORM FOR EPCG / ANNUAL EPCG AUTHORISATION (UNDER ZERO DUTY / 3% DUTY/ EPCG DUTY REMISSION SCHEME)	Last Three years Export performance for Calculating Average Export Performance	CMA / CA
20	ANF 5B	Statement of Export for Redemption of EPCG/ Annual EPCG Authorization	Export Proceeds	CMA / CA
21	ANF 8	For claiming Duty Drawback on All Industry Rates/Fixation of Drawback Rates/Refund of Terminal Excise Duty	DBK Refund / Rate Fixation of Terminal Excise Duty	CMA / CA
22	35 & ANF 8A	35 - FORMATS FOR CLAIMING DUTY DRAWBACK ON ALL INDUSTRY RATES/FIXATION OF DRAWBACK RATES/ REFUND OF TERMINAL EXCISE DUTY ANF- 8A - Application for payment of interest on delayed refund of Duty Drawback (DBK)/Terminal Excise Duty (TED) on deemed exports/ Central Sales Tax (CST) on supplies to Export Oriented Units (EOU)	- DBK -II, IIA, III, IIIA - DBK II - Receipts of Imported Inputs during three months prior to exports and duty involved therein - DBK IIA - Opening stock of Imported Inputs prior to three months of exports and duty involved therein - DBK III - Receipts of Indigenous Inputs during three months prior to exports and duty involved therein - DBK IIIA - Opening stock of Indigenous Inputs prior to three months of exports and duty involved therein - Brand Rate Calculation sheet	CMA / CA

**B. Customs Act 1962 and Rules made there under****1. Customs Act, 1962 - Section 146A ,**

Legal practitioner and Custom House Agent is stated to be Authorized Representatives however, in accordance with Custom, Central Excise, Service Tax Appellate Tribunal Procedures (Rule 82) following persons are also authorized to represent the matter , in accordance with Section 35Q of Central Excise Act, 1944: Chartered Accountant, Cost Accountants or Company Secretary

Similarly, they are also authorized to represent before following Authorities

1. Advance Ruling Authority
2. Settlement Commission
3. Anti- Dumping Authority

**2. Manufacture and other operations in warehouse Regulations, 1961**

In accordance with Regulation 11, of the said Rules , special audit can be conducted by Cost Accountants in certain cases when, Chief Commissioner of Customs, for reasons to be recorded in writing directs such Audit.

**3. Refund of Special Additional Duty (SAD)**

The Provision of obtaining SAD refund has been notified wherein, any statutory auditor (Chartered Accountant or Cost Accountant) can provide the Certificate in the prescribed format which is considered for granting refund.

**C. Central Excise Act, 1944 and Rules made there under**

1. In accordance with Section 35Q, Chartered Accountant, Cost Accountants or Company Secretary can represent before any Authorities up to CESTAT
2. In accordance with Section 14A, special audit can be conducted by Cost Accountant or Chartered Accountant for determination of correct valuation , if appointed by Chief Commissioner of Central Excise
3. In accordance with Section 14A, special audit can be conducted by Cost Accountant or Chartered Accountant for determination of correct availment of CENVAT , if appointed by Commissioner of Central Excise

**D. Finance Act, 1994, (Service Tax) and Rules made there under**

1. In accordance with Section 83, Chartered Accountant, Cost Accountants or Company Secretary can represent before any Authorities up to CESTAT
2. In accordance with Section 72A, special audit can be conducted by Cost Accountant or Chartered Accountant for determination of correct payment of service tax if appointed by Proper Officer of Service Tax

**E. State VAT Acts and Rules made there under**

VAT Audit has been made mandatory to certain class of dealer based on the turnover and Chartered Accountants are qualified to do the Audit, however, in 17 states including Maharashtra, Gujarat. However, Madhya Pradesh has specified that Vat audit can be conducted by Cost

Accountant when dealer is engaged in manufacturing and turnover is less than Rs. 10crs. Cost Accountants are not qualified to do the Audit in Goa and Chhattisgarh. Assessment of VAT Returns also can be done by eligible graduates who can be Sales Tax Practitioner.

**F. Income Tax Act 1961 and Rules made there under,**

1. In accordance with Section 44AB, Accountant (defined as Chartered Accountant) is only qualified to conduct the tax audit for certain class

of assesses or for claiming certain exemptions

2. In accordance with Section 92, transfer pricing of international & domestic transaction with related party to be certified by Chartered Accountant and determine 'Arms Length Price'.
3. **Representation before various Authorities are given below:**

No.	Income tax Section	Description	Authorized Representative	Remarks
1	246A	Appealable orders before Commissioner (Appeals)	Authorized Representative as per Sec 288 of Income Tax Act 1961	<p>288. (1) Any assessee who is entitled or required to attend before any income-tax authority or the Appellate Tribunal in connection with any proceeding under this Act otherwise than when required under section 131 to attend personally for examination on oath or affirmation, may, subject to the other provisions of this section, attend by an authorised representative.</p> <p><b>(2) For the purposes of this section, "authorised representative" means a person authorised by the assessee in writing to appear on his behalf, being-</b></p> <p>(i) a person related to the assessee in any manner, or a person regularly employed by the assessee; or  (ii) any officer of a Scheduled Bank with which the assessee maintains a current account or has other regular dealings; or  (iii) any legal practitioner who is entitled to practise in any civil court in India; or  (iv) an accountant; or  (v) any person who has passed any accountancy examination recognized in this behalf by the Board; or  (vi) any person who has acquired such educational qualifications as the Board may prescribe for this purpose; or (See note 1)  (via) any person who, before the coming into force of this Act in the Union territory of Dadra and Nagar Haveli, Goa†, Daman and Diu, or Pondicherry, attended before an income-tax authority in the said territory on behalf of any assessee otherwise than in the capacity of an employee or relative of that assessee; or  (vii) any other person who, immediately before the commencement of this Act, was an income-tax practitioner within the meaning of clause (iv) of sub-section (2) of section 61 of the Indian Income-tax Act, 1922 (11 of 1922), and was actually practising as such.</p> <p>Explanation.-In this section, "accountant" means a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949), and includes, in relation to any State, any person who by virtue of the provisions of sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956), is entitled to be appointed to act as an auditor of companies registered in that State.</p> <p>(3) 32 [***]</p> <p>(4) No person-</p> <p>(a) who has been dismissed or removed from Government service after the 1st day of April, 1938; or  (b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, other than a penalty imposed on him under 33 [clause (ii) of sub-section (1) of] section 271; or  (c) who has become an insolvent,</p> <p>shall be qualified to represent an assessee under sub-section (1), for all times in the case of a person referred to in sub-clause (a)*, for such time as the [Chief Commissioner or Commissioner] may by order determine in the case of a person referred to in sub-clause (b)*, and for the period during which the insolvency continues in the case of a person referred to in sub-clause (c)*.</p> <p>(5) If any person-</p> <p>(a) who is a legal practitioner or an accountant is found guilty of misconduct in his professional capacity by any authority entitled to institute disciplinary proceedings against him, an order passed by that authority shall have effect in relation to his right to attend before an income-tax authority as it has in relation to his right to practise as a legal practitioner or accountant, as the case may be;  (b) who is not a legal practitioner or an accountant, is found guilty of misconduct in connection with any income-tax proceedings by the prescribed authority, the prescribed authority<sup>36</sup> may direct that he shall thenceforth be disqualified to represent an assessee under sub-section (1).</p> <p>(6) Any order or direction under clause (b) of sub-section (4) or clause (b) of sub-section (5) shall be subject to the following conditions, namely :-</p> <p>(a) no such order or direction shall be made in respect of any person unless he has been given a reasonable opportunity of being heard;  (b) any person against whom any such order or direction is made may, within one month of the making of the order or direction, appeal to the Board to have the order or direction cancelled; and  (c) no such order or direction shall take effect until the expiration of one month from the making thereof, or, where an appeal has been preferred, until the disposal of the appeal.</p> <p>(7) A person disqualified to represent an assessee by virtue of the provisions of sub-section (3) of section 61 of the Indian Income-tax Act, 1922 (11 of 1922), shall be disqualified to represent an assessee under sub-section (1).</p>

No.	Income tax Section	Description	Authorized Representative	Remarks
2	253	Appeals to the Appellate Tribunal.	Same as above (As per Sec 2690)	269-0. Any person who is entitled or required to attend before a competent authority or the Appellate Tribunal in any proceeding under this Chapter, otherwise than when required to attend personally for examination on oath or affirmation, may attend- (a) by an authorised representative in connection with any matter ; (b) by a registered valuer in connection with any matter relating to the valuation of any immovable property for the purposes of this Chapter or the estimation of the amount Explanation.-In this section,- (i) "authorised representative" has the same meaning as in section 288 ; (ii) "registered valuer" has the same meaning as in clause (oaa) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).
3	245C	Application to settlement commission	Same as above (As per Sec 2690)	
4	144C	Dispute Resolution Panel	Same as above (As per Sec 2690)	
5	260A	Appeal to High Court	Practicing Advocate (Sec 30 of Advocate Act, 1961)	
6	261	Appeal to Supreme Court	Practicing Advocate (Sec 30 of Advocate Act, 1961)	

#### G. Companies Act, 1956

- In accordance under Section 224 of the said Act, each company registered under the said Act needs to appoint Auditor for auditing their accounts and Chartered Accountants are only qualified to conduct such Audit.
- In accordance under Section 233B of the said Act, each company registered under the said Act and engaged in manufacture, processing, production, mining having a turnover of Rs. 20 Cr for specified industries or Rs. 100 cr. for specified industries or net worth more than Rs. 5 cr. are subjected for Cost Audit needs to appoint Auditor for auditing their accounts and Cost Accountants are only qualified to conduct such Audit.
- In accordance with Section 209 1 (d) of the said Act, certain companies have to maintain Cost Accounting Records in accordance with Cost Accounting Record Rules, 2011 and Cost Accountants are competent to give Cost Compliance Report .
- In Accordance with Sec 10GD of The Companies Act 1956, representation with Registrar of Company or Competent Authority under Company Act, 1956 can be made by Chartered Accountants , Cost Accountants or Company Secretaries
- In accordance with 383A , certain companies to have company secretaries or obtain Compliance Certificate from Practicing Company Secretary

#### H. National Tax Tribunal Act, 2005

- In accordance with Section 13, following persons can represent before National Tax Tribunal:  
(1) A party to an appeal other than Government may either appear in person or authorize one or more chartered accountants or legal practitioners or any person duly authorized by him or it to present his or its case before the National Tax Tribunal.

- The Government may authorize one or more legal practitioners or any of its officers to present its case before the National Tax Tribunal.  
Explanation.-- For the purposes of this section,-

- " chartered accountant" means a chartered accountant as defined in clause (b) of sub- section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949 ) and who has obtained a certificate of practice under sub- section (1) of section 6 of that Act;
- " Legal practitioner" means an advocate, a vakil or any attorney of any High Court, and includes a pleader in practice.

In view of the above, companies have to disclose correct information for obtaining the certification from the members as stipulated and the professionals have to also follow the ethical practices and should have through knowledge on all the subjects and report his un-bias opinion and provide such report which will be the effective tool to build the Nation.

#### Challenges

- It can be observed from the above that, there are still some provisions left out where, Cost Accountants are still not qualified for representation or certification in certain cases, therefore, it should be our endeavor to capture our competency and prove to the Appropriate Authorities so as to enable them to entrust such responsibility on Cost Accountants.
- There should be continuous programs for updating the knowledge and keeping all members equipped to perform their duties with all diligences and ethics.
- Members of the Institute should add value to the assessee and also to the Nation for completing statutory role entrusted on them and perform the same with diligence and ethical practices.
- If such opportunities are not encashed, in the liberalized era such statutory compliances losses its own sanctity.

## **Report on Regional Cost Conference 2012 held at Goa on 2nd & 3rd November 2012**

Goa a tourist's paradise, a world heritage centre, historian's delight and a gourmet's platter was the venue of Western India Regional Cost conference 2012. Cost conference was held on 2nd and 3rd November at the scenic setting of Hotel Mandovi, Panaji in Goa situated in the lap of nature.

The conference, which was an overwhelming success, was well attended by outstation delegates, Chapter representatives, Regional Council and Central Council Members. CMA S.C.Mohanty, Vice President of our Institute graced the occasion

Mr. V.P.C Rao, Commissioner of Central Excise was the Chief Guest and Mr. Manguirish Pai Raikar the President of Goa Chamber of Commerce and Industry was the Guest of Honour. Mr. Rao in his inaugural address lauded the role of CMAs in creating profit for the organisation. He stressed the need of cost accounting and said that it is an essential ingredient of corporate sustenance and success. Therefore, CMAs have active roles in the enterprise's quest for cost leadership.

Mr. Manguirish Raikar complimented the Goa Chapter of Cost Accountants for their pro-active role in the industrial development of Goa. He urged Cost Accountants to lend a helping hand to small and medium enterprises of Goa which otherwise cannot afford to avail the expertise of Cost and Management Accountants. He called for a closer co-operation between the Institute of ICAI through its Goa Chapter of Cost Accountants and the Goa Chamber of Commerce and Industry. He lamented that in spite of their competence; Cost and Management Accountants are not recognized for audit under Goa VAT Act. He felt this to be a gross injustice and promised to take up the issue with Government of Goa.

In the first technical session Dr. Dilip Kare, the Director of Adharsha Institute of Management, Margao and former faculty of Indian Institute of Management, Bangalore and University of North Florid, USA explained the nuances of valuation of an enterprise with particular reference to closely held companies. His presentation intertwined with practical examples kept the audience spell bound. Speakers for other technical

sessions were Dr. Shailesh Gandhi, Professor, Indian Institute of Management, -Ahemdabad, CMA Milind Date and CA Shrenik Ajmera. Participants were enraptured to have had an opportunity to listen Dr. Shailesh Gandhi a top class faculty from the best management school in the country. His presentation, delving on the topic of Performance Management was well received by the participants. CMA Milind Date with his long association as an executive and trainer was at his best while presenting the topic 'Aligning Enterprise Performance for value creation'. Participants thoroughly enjoyed his session which was sprinkled with real life examples. CA Shrenik Ajmera explained methods and practices deployed in the valuation of Intangible assets. There was also a demonstration of XBRL soft ware by Alpha Brick, Pune.

Meeting of the representatives from different chapter was held at the conclusion of the proceedings of the first day

The hallmark of the conference was an unique entertainment programme organized for the delegates - a cruise boat ride down the Mandovi River. The boat was exclusively hired for the delegates. The artists on the boat performed different dances depicting goan culture. The delegates were delighted with the novel programme and they thoroughly enjoyed, joining in to dance to their heart content. The programme was followed by a cocktail dinner.

Two days conference organized by Goa Chapter after a span of eight years was a grand success. Both the electronic and the print media gave wide publicity to the Press conference which was attended by CMA Shrenik Shah, Chairman, Western India Regional Council. Media both the print and the electronic covered the entire proceeding. All news papers and news channels carried extensive reports on this conference. This would augur well for the image of the institute.

CMAs Neeraj Joshi, Chairman Task Force for RCC, Ashish Thatte, Vice Chairman WIRC, A.B. Nawal, Treasurer WIRC, RCMs Vijay Joshi, Dinesh Birla, Debashish Mitra, CCMs Sanjay Bhargave, Amit Apte also attended the conference.

## Glimpses of Regional Cost Conference 2012 – Goa



Dignitaries of Dias: CMA Anant Chodnekar, Secretary Goa Chapter, CMA Neeraj Joshi, Chairman Task Force for RCC, CMA S.C. Mohanty, Vice President, ICAI, Mr. V.P.C. Rao, Commissioner of Central Excise & Customs, Goa, Mr. Raikar, President, Goa Chamber of Commerce, CMA Shrenik Shah, Chairman WIRC, CMA Rammohan Menon, Chairman Goa Chapter and CMA Savari Muthu, Convener RCC.



CMA Rammohan Menon, Chairman Goa Chapter welcoming the participants



CMA Savari Muthu, Convener RCC interacting with participants



CMA S.C. Mohanty, Vice President, ICAI welcoming Chief Guest Mr. V.P.C. Rao, Commissioner of Central Excise & Customs, Goa



CMA Shrenik Shah, Chairman WIRC offering memento to Mr. Manguirish Pai Raikar, Guest of honour and President, Goa Chamber of Commerce.



CMA Anant Chodnekar, Secretary Goa Chapter offering memento to CMA Neeraj Joshi, Chairman Task Force for RCC



CMA Savari Muthu, Convener RCC offering memento to CMA Ashish Thatte, Vice Chairman WIRC.



## Glimpses of Regional Cost Conference 2012 – Goa



CMA Sanjay Bhargave, CCM-ICAI welcoming the Dr. Shailesh Gandhi, Faculty IIM, Ahmedabad



CMA Vijay Joshi, Past Chairman WIRC welcoming Mr. Mahesh Bengali, faculty XBRL



Mr. V.P.C. Rao, Commissioner of Central Excise & Customs, Goa



Mr. Raikar, President, Goa Chamber of Commerce



CMA S.C. Mohanty, Vice President, ICAI



CMA Shrenik Shah, Chairman WIRC



CMA Sanjay Bhargave, CCM-ICAI



View of Participants

## Chapters' Meet held during Regional Cost Conference 2012 – Goa



CMA Neeraj Joshi, Hon. Secretary, WIRC welcoming Chapter Representatives during Chapters Meet



CMA Shrenik Shah, Chairman WIRC addressing Representatives during Chapters Meet, Also seen L to R: CMAs A.B. Nawal, Ashish Thatte, Amit Apte and Neeraj Joshi



CMA Sanjay Bhargave, CCM-ICAI addressing Chapter Representatives



View of Chapter Representatives

### Report on Full Day seminar on Recent Changes in Service Tax held on 13th October 2012

A Full day Seminar on Recent Changes in Service Tax was organized on 13th Oct.2012 at Hotel ROA , Ghatkopar. Hon.CMA S.S. Gupta, CMA Sanjay Bhargave & CMA Ashok B. Nawal were the speakers. Three Technical Sessions were addressed by the honorable speakers on practical applicability of Service Tax on the Services & Recent changes in Service Tax.

CMA Vijay Joshi, Past Chairman WIRC welcomed the speakers & participants.

CMA Gupta has addressed the gathering on applicability of Service Tax on various aspects of Services rendered such as service, Negative list, Declared service & Bundled service.

CMA Sanjay Bhargave addressed on applicability of Service Tax on the aspects of services, which included Exempted List, Reverse Charge Mechanism Point of Taxation & Abatement.

CMA Ashok Nawal addressed on the applicability & practical working. He elaboratively discussed on the Place of Provision of Services, Works Contract, Valuation Accounting Transactions Key amendments in Service Tax Rules & Cenvat Credit Rules.

All the three sessions were interactive & participant's queries were addressed by the speakers. The seminar concluded with vote of thanks by CMA G.K.Das. CMA Ashish Thatte, Chairman Professional Development Committee, WIRC also present on the occasion.



## Disallowance u/s 43B with reference to provisions of India-Mauritius DTAA

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In computing taxable income under the head 'profits or gains of business or profession', whereas expenses which are expressly allowed by the Income Tax Act are covered under sections 29 to 37, there are specific provisions concerning expenses that are expressly disallowed. One such disallowance is covered under section 43B as per which certain expenses are only deductible while computing business income on payment basis. This means, for claiming deduction of such expenses, the taxpayer must actually make payment either during the relevant financial year or at the most on or before the due date of filing income tax return. It is worth noting that Section 43B applies to taxpayers maintaining books of accounts under mercantile basis. Further, Section 43B applies to expenses such as payment of tax, duty cess or fees, any sum payable as interest on loan from Financial Institutions or scheduled bank, amount payable by employer with respect to Provident Fund contribution, leave encashment, bonus or commission, etc.

'Bonus or commission payable to employees for services rendered' is one such item amongst the list of expenses which are covered within the scope of Section 43B.

It is worth noting that a foreign company having a Permanent Establishment (PE) in India can consider either the provisions of income tax Act or the Double Tax Avoidance Agreement (DTAA) whichever is more beneficial.

In the light of the above discussions let us see whether disallowance with respect to expenses incurred under section 43B can be triggered while computing income under Article 7 of the DTAA with Mauritius?

The answer to the above question was provided in a case recently concluded before the Mumbai Tribunal. Under this case, one Mauritius based taxpayer, State Bank of Mauritius Limited had a branch (Permanent Establishment) in India. The taxpayer sought a deduction of bonus expenses although a part

of the same had not been paid on or before the date of filing return of income in India. This was disallowed by the Assessing Officer u/s 43B (AO) on the ground that the amount was not paid on or before the due date for filing return of income. The decision of AO was challenged before the Mumbai Tribunal and following observations were made:

Going by the provisions of Section 43B, a taxpayer is entitled to claim deduction of bonus expenses only to the extent it is paid on or before the due date for filing return of income. However, as per the provisions of Article 7(3) of the India-Mauritius DTAA, in determining profits of the PE, a foreign company is allowed to consider all expenses which are incurred for the purpose of business of PE including executive and general administration expenses that may be incurred in the country where the PE is situated or elsewhere. Thus there is no express restriction in Article 7 of the India-Mauritius DTAA (on the lines of India-US DTAA) on allowability of such expenses subject to limitation of taxation laws of the respective country. The argument that terms not defined in the treaty would draw their meaning from respective domestic laws, cannot be accepted, since disallowance of bonus under Section 43B cannot be construed as term not defined in DTAA. Moreover, as per Article 23(1), the laws of the respective States would govern the taxation of income except where provisions to the contrary are made in the DTAA. Thus the provisions of DTAA would prevail as there is some provision in DTAA which is contrary to the domestic law.

Thus based on the provisions of India-Mauritius DTAA, the Mumbai Tribunal held that there can be no disallowance of expenditure under Section 43B of the Act, while computing business income under Article 7 of the DTAA.

*\*Jagdish is a Mumbai based Company Secretary in Practice and can be reached at ahuja.jag@gmail.com*

*Contd. from Page 1*

business team and at the same time, having to report relationships and responsibilities to the corporation's finance organization. The basic shift in the area of work of CMA's is now moving away from simple measurement and supply of information to management of processes and creation of value by deploying the information itself. I thank the chapter's representatives for making the Chapter's meet successful during the RCC.

The Council of the Institute in its 277th Meeting held on 1st October 2012 has approved the 'Syllabus 2012'. It will be effective from 1st December, 2012. Students admitted to the Course of the Institute, on or after 1st December, 2012 shall compulsorily pursue Course under 'Syllabus 2012'. The First Examination under Syllabus 2012 shall be conducted in December 2013. The Last Examination under 'Revised Syllabus 2008' shall be conducted in June 2015.

The Ministry of Corporate Affairs vide General Circular No. 3312012 dated 16th October 2012 requested the members of

the Institute to be more careful while filing the e-forms through XBRL mode with respect to their completeness and correctness. It mentioned number of cases where the proper and correct mapping / tagging is not done by the professionals while filing the financial statements with the Ministry. Few instances of 'incorrect' tagging of XBRL documents have been provided in Annexure-I to this circular. The action of incorrect tagging shall be liable to be penalized. Therefore, the members are requested to improve the quality of XBRL filing for financial year 2011-12. Full text of this Circular can be seen at the Institute and MCA websites for hiring of professional Cost Accountants (CMA's) for Scrutiny & Review of Cost Audit Reports, Compliance Reports and Cost Data Analysis.

I wish Happy Diwali to you and to your family members and wish the auspicious occasion of Diwali brings lights of hopes and your life is filled with lots of joy and happiness.

With Warm Regards,

**CMA SHRENIK S. SHAH**

## CHAPTER NEWS

### AHMEDABAD

"Students' Skill Development committee of Ahmedabad Chapter has organized Mock Interview session as a part of Industry oriented training on 07th October 2012. CMA Hetal Shah, Chairman Students' Skill development committee welcomed the interviewing panel and the students.

Three panels were formed for interviewing the students.

#### **1st Panel comprises of**

CMA P H Desai, PCA and Chairman A'bad Chapter of ICAI

CMA Hetal Shah, DGM Finance Cadila Healthcare Ltd. and Chairman Students' Skill Development Committee

#### **2nd panel comprises of**

CMA R B Kothari, GM (Finance)-UGVCL and Vice Chairman A'bad Chapter of ICAI

CMA Haren Bhatt, Sr GM, Dishman Pharmaceuticals Ltd.

#### **3rd panel comprising**

CMA H C Shah, CFO Elecon Engineering Ltd

CMA Nikunj Shah, VP Cadila Pharmaceuticals Ltd.

Students were required to submit CV and duly filled up "Employment form" to one of the interviewing panel. Panel took interview of the students for a profile of "Trainee" for fresh students. At the end, panel gave common feedback about the performance and provided useful tips for better performance in the real interview.

Students felt excited with the mock interview exercise and expressed confidence to face the real interview in a much better way."

### INDORE-DEWAS

#### **XBRL Seminar**

A seminar was organized by Indore-Dewas Chapter of Cost Accountants on 26th October 2012 at Chapter Office Hall, Indore on XBRL. CMA Ashwin Dalwadi (Former Central Council Member) was the resource person for the seminar. CMA Dalwadi discussed about importance of XBRL i.e. eXtensible Business Reporting Language and he elucidated its utility by providing hands on experience to the participants through online activity. He explained the nuances of filing cost audit and compliance report through XBRL by making live demonstrations. He emphasized that Cost Accountants should be very careful while final submission of report in XBRL because any error which may crept in during the filing will prove to be very costly for the Cost Accountant as well as the Company. It was convinced that XBRL helps in proper data warehousing and data mining through reducing

human interface, standardization and data validation during data input and processing. Chapter Chairman CMA Dr. Niranjana Shastri welcomed all the delegates sitting on the dais and off the dais. CMA Vijay P. Joshi (Ex Chairman WIRC) presented the background and need for the seminar. Program was attended and appreciated by delegates of Industries, faculty members, ICAI members and students. The seminar was approved for 2 CEP hours. The program was covered by local media and almost all leading newspapers gave good coverage to the event.

### NAVI MUMBAI

Report of the CEP Program "Costing and Pricing - Perspectives from Banking industry" organized by the Navi Mumbai Chapter of Cost Accountants on Sunday, the 28th October 2012.

A discussion meet was organized by Navi Mumbai Chapter of Cost Accountants on the topic "Costing and Pricing - Perspectives from Banking industry". The speaker was Mr. Srinivas Yanamandra, a senior official from a leading private sector bank. CMA Amit Sarker, Secretary of the Chapter, introduced the Speaker & briefed about the importance of the subject in our profession.

Speaker explained banking business in brief and nicely explained the importance of pricing of the banking products and challenges thereof. Various factors, which need to be considered at the time of finalizing the pricing of the banking products, were explained with practical examples. The speaker also touched upon the risk exposure, which is part and parcel of banking business, and steps generally taken by the banks to mitigate the risks. The regulatory part, with regard to pricing of banking products, were discussed at length.

Due to the active participation of the Members, the program became very interesting. Program ended with a hearty vote of thanks CMA V. Narayanan, senior member of the Chapter.

### PUNE

**A. CEP ON "Pune Chapter of Cost Accountants has arranged a CEP programme on 8th September 2012 on "XBRL".**

Speaker: - Mr.Samir Dadia

CMA Mohrir and Chairman of PDC introduced and welcomed the Speaker and audience

Mr.Samir Dadia explained the concept and its importance in a very lucid manner. He also welcomed questions during his presentation and replied the queries to their satisfaction. The session ended with a vote of thanks by CMA Anant Dhavale

## **B. CEP ON "Discussion on the Exposure Draft of the Guidance Note on Performance Appraisal Report (Form III) - 21st Sept 2012**

Speaker: - CMA Milind Date

CMA Chaitanya Mohrir, Chairman, Professional Development Committee, PCCA introduced the speaker and welcomed the audience and Mr.S.S.Abhyankar, Hon.Director, PCCA welcomed the speaker.

The session was well appreciated by the audience. It was followed by a good interactive session. CEP ended with a vote of thanks proposed by CMA Amit Shahane

### **VAPI DAMAN SILVASSA**

Vapi Daman Silvassa Chapter of Cost Accountants of WIRC of ICAI had organised a seminar on XBRL at Vapi. The speaker was CMA Ashwin Dalwadi from Ahmedabad. The program was well attended by members from industry in this area and cost accountants. The subject was explained in a lucid language understandable easily by audience.

## **CEP REPORT**

On 3rd October 2012, WIRC organized a full day CEP on How to Conduct Cost Audit & Cost Compliance - A Practical Approach. CMA Ravi Sahani was the speaker

On 6th October 2012, WIRC organized a CEP on "Exposure Draft of Guidance Note on Performance Appraisal Report issued by ICAI " at Students & Members Facilitation Centre, Borivali.

WIRC organized a CEP on "XBRL CEP on Latest Changes (After final taxonomy and Business Rules) at WIRC Office, Mumbai, Thane SMF Centre on 15th October & on 16th October at Borivali SMF Centres. CMA Ashwin Dalwadi, Past Chairman WIRC was the faculty for the programme.

On 19th October 2012, WIRC organized a CEP on Activity Based Costing - A Practical Approach at PTVA's Institute of Management, Vile Parle (E), Mumbai. CMA R. Jayaram, Sr. Consultant, Shriram Value was the faculty for the programme.

On 27th October 2012, WIRC organized a CEP on "Opportunity for CMAs' under Foreign Trade Policy - 2009-14" at Students & Members Facilitation Centre, Thane. CMA Ashok B Nawal, Past Chairman WIRC was the faculty for the programme.

Large number of members attended the program.

## **WIRC CHAPTERS' MEET:**

Chapters' Meet was organized by WIRC on 2nd November, 2012, on the occasion of the Regional Cost Conference held at Goa.

CMA Ashok B. Nawal, Chairman, Students, Members & Chapter Co-ordination Committee and Treasurer of WIRC welcomed CMA Shrenik S. Shah, Chairman, WIRC, CMA Ashish P. Thatte, Vice-Chairman, WIRC and CMA Neeraj D. Joshi, Hon. Secretary, WIRC. CMA Sanjay R. Bhargave, CCM and CMA Amit A. Apte, CCM., requested to be on the dais. He also welcomed the Representatives from various Chapters to attend the Chapters' Meet.

CMA Neeraj D. Joshi, Hon. Secretary, WIRC welcomed the guests and started proceedings.

Queries raised by the Chapter Representatives pertaining to Regional Council were satisfactorily replied by Chairman, Vice-Chairman and CMA Ashok Nawal, Chairman, Students, Members & Chapter Co-ordination Committee of WIRC.

The matters pertaining to HQ., were attended by CMA Sanjay R. Bhargave, CCM., and CMA Amit A. Apte, CCM. CMA Sanjay Bhargave briefed about the 'New Syllabus 2012', introducing by the Institute with effect from 1st December, 2012 onwards.

It was also discussed the possibility of having Training Programmes and Seminars by the Chapters with the help of WIRC.

The meeting ended with the vote of thanks to the chair and Chairman, Goa Chapter invited all the members to join the Entertainment Programme and Dinner.

\* \* \*

52/5/CAB-2011  
Government of India  
Ministry of Corporate Affairs, Cost Audit Branch

B-1 Wing, 2nd Floor, Paryavaran Bhavan,  
CGO Complex, New Delhi-110 003

Dated the 6th November, 2012

To,  
All Stakeholders  
Sir,

**Subject: Regulating Cost Audit Fee and fixing limit on the no. of Compliance Reports - Request for comments**

**On regulation of cost audit fee**

Section 233B of the Companies Act, 1956 empowers the Central Government [i.e. Ministry of Corporate Affairs] to direct audit of cost accounts of the companies. It also empowers the Government to (a) prescribe the manner for conducting such audit; (b) grant prior approval for appointment of the cost auditor; and (c) to receive the report of the cost auditor.

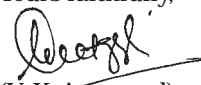
2. Examination of cost audit reports of previous few years show that in large number of cases, the quality of such reports are not satisfactory/upto the expected level. Similar such shortcomings have been observed by many other government agencies. This poses a serious problem with the regulators & other user agencies in the government who uses these reports as key inputs in their decision making process.
3. These issues were further examined and without prejudice, it has been observed that in majority of such cases, the company and the cost auditor have not taken the job seriously. Among others, one of the key reasons appears to be very low audit fee which is not commensurate with the size of the company and nature of its activities. Though it may not be proper to draw such direct correlation between the quality of services rendered with that of the fees paid, but such a hypothesis cannot be ignored. While there is no law governing the audit fee payable by the companies [or charged by the auditors], there appears some justification in creating a sense of discipline among the entities so as to ensure that the cost audit mechanism instituted by law fulfils its intended purpose.
4. Therefore, in order to ensure highest level of quality standards, companies and cost auditors may be advised, as far as possible, to follow the minimum fee structure suggested by the Institute of Cost Accountants of India for rendering cost audit and non-audit services. However, it is also proposed that such fee structure for cost audit and compliance should be suggested by the Institute in consultation with the Ministry of Corporate Affairs.

**On fixing limit on the no. of Compliance Reports**

5. In the revised structure, subject to certain exemptions, all companies covered by Cost Accounting Records Rules 2011 but not covered by cost audit are required to file compliance report with the MCA ensuring maintenance of cost accounting records. This report can be certified by a cost accountant who is either in full-time employment of the company or is engaged in public practice. Vide General Circular No. 68/2011 dated 30th November 2011, a cost auditor of the company has also been allowed to certify the compliance report of the said company. While an employee cost accountant can only sign the compliance report of his own company, there is no limit on the practicing cost accountants to certify such compliance reports.
6. Under section 224(1-B) of the Companies Act 1956, there is a limit on the professionals for holding appointment as auditor [or as cost auditor] of a number of companies. There is no such similar provision for compliance certificates. With a view to curb concentration of compliance certificates and ensure high quality services, the Institute of Company Secretaries of India had imposed ceiling of 50 certificates for each practicing company secretary for issue of compliance certificates under section 383A; and 30 for signing of Annual Returns under section 161 of the Companies Act, 1956; which was later changed in the year 2008 to a combined limit of 80 per company secretary. For similar reasons, the Institute of Chartered Accountants of India, in 2007, had imposed a limit of 45 per member or per partner of a firm for undertaking tax audits. On the same analogy, it is proposed to fix a limit of 50 compliance reports for each practicing cost accountant or for each partner of a firm of cost accountants. Since these limits are imposed through the respective Institute, it is proposed to ask the Institute of Cost Accountants of India to do the same.
7. All the above changes are proposed to be made effective from the financial year beginning on or after the 1st day of January, 2013.
8. Various companies, and professionals and other stakeholders from corporate sector connected with cost accounting records and cost audit are welcome to examine the above issues and furnish comments/suggestions to this Ministry within a period of three weeks i.e. by 25th November, 2012 on the following e-mail address:-

bharat.goyal@mca.gov.in, goyalbb@gmail.com, vijay.aggarwal@mca.gov.in

Yours faithfully,

  
 (V. K. Aggarwal)  
 Director (Cost)



CMA Nikunj Shah, CMA H C Shah, CMA R B Kothari, CMA P H Desai, CMA Hetal Shah during Mock Interview session organized by Ahmedabad Chapter.



View of students during Mock Interview session organized by Ahmedabad Chapter.



CMA Ashish Jain, Treasurer, CMA Dr. Niranjan Shastri, Chairman of Indore Dewas Chapter, CMA Vijay P. Joshi, Ex Chairman WIRC, CMA Ashwin Dalwadi (Resource Person) and CMA Sunil Singh Joint Secretary, Indore Dewas Chapter during Seminar on XBRL was organized by Indore-Dewas Chapter on 26th October 2012.



CMA Vijay P. Joshi (Ex Chairman WIRC), CMA Dr. Niranjan Shastri (Chairman), CMA Ashwin Dalwadi (Resource Person), Participants from Industry, Practicing Cost Accountants & Students during Seminar on XBRL was organized by Indore-Dewas Chapter on 26th October 2012.



CMA Ashwin Dalwadi delivering lecture during seminar on XBRL organized by Vapi Daman Silvassa Chapter.



CMA Ashwin Dalwadi delivering lecture during seminar on XBRL organized at WIRC on 15th October 2012.

## INVESTOR AWARENESS PROGRAMMES

As per direction received from Office of Regional Director, Western Region, Ministry of Corporate Affairs, WIRC has conducted following Investor Awareness Programme in the month of October 2012 in Maharashtra.

Date	Venue
5th October 2012	Jalgaon SMF Centre, Mr. Sunil Gagbani, Investment Cons, Angel Broking Ltd
20th October 2012	Shah Institute of Management, Ghatkopar (W) Mr. Hement Kale, Founder, ZEST Capital
22nd October 2012	Borvali SMF Centre, Mr. Hement Kale, Founder, ZEST Capital

## CAMPUS INTERVIEW

WIRC had organized the 9th Campus Interview for Final students passed in June 2012 Examination on 13th October 2012 at Aruna Manharlal Shah Institute of Management & Research, Ghatkopar (West), Mumbai. More than 150 students from Western Region participated in Campus and more than 50% students got selected.

WIRC received excellent feedback from the students and the Companies who participated in the Campus. CMA Ashok Nawal, Chairman, Students, Members and Chapter Co-ordination Committee WIRC, CMA Ashish Thatte, Chairman Professional Development Committee, WIRC, CMA Vijay Joshi, Past Chairman WIRC and CMA S.R. Bhargave, CCM-ICAI were present on the occasion.

Special Programme on "Personality and Communication Skills Development" was also organized on 6th & 11th October 2012, to help students to prepare for Campus Interview. Mr. Gurmeet Singh Mehtay, was the faculty for the programme.

### List of Companies Participated

- SEALY MIDDLE EAST MATTRESS TRADING LLC, DUBAI
- SECURITIES & EXCHANGE BOARD OF INDIA
- TATA CONSULTANCY SERVICES
- WIPRO TECHNOLOGY LTD.
- ALLAHABAD BANK (WIRC)

## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

*(Statutory Body under an Act of Parliament)*

### WESTERN INDIA REGIONAL COUNCIL

*Announces*

## 54<sup>TH</sup> NATIONAL CONVENTION - 2013

**Dates: 18th & 19th January 2013**

**Venue: Gujarat University Convention and Exhibition Center, Ahmedabad.**



To

If undelivered please return to:

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COST ACCOUNTANTS OF INDIA  
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