



# WIRC BULLETIN

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For Members only

March 2010

## From the Desk of Chairman



My Dear Professional Colleagues,  
 The Finance Minister Mr. Pranab Mukherjee has presented the Budget 2010 in the parliament. The Budget, as always, is the most awaited event of the year, as it affects not only the industry, professionals and the policy makers and one who implement them, but also 'Aam Aadmi' as it is going to affect his day to day life. The economy has witnessed tremendous ups and downs in the last couple

of years starting from 2008, which witnessed slowdown in the economy, and there was a bumpy ride, job cuts and lower GDP. Early 2009 showed signs of slow recovery. Government further took proactive steps and came out with stimulus packages which led this recovery to speed up and by the time, we were welcoming 2010, the economy was coming back on track as we witnessed phenomenal growth across the board.  
 Last month witnessed two major events which were most awaited by the members and the students. The Regional Cost Conference at Aurangabad was a grand success; where in more than 400 delegates participated from the region. The event was a memorable one with all the speakers excellent in their presentations. I congratulate the whole team of Aurangabad Chapter for putting up a great show. The 2nd, WIRC Student regional Conference at Nashik, was an unique event in many ways. The conference witnessed a record number of more than 700 students. Moreover the students showed tremendous enthusiasm in coming out with innovative ideas in their presentations and skit. Nashik Chapter, and more importantly the students

of the Chapter need to be congratulated for this.

Campus interviews were also organized at Nashik, along with the student's conference in the campus placements. More than 11 companies participated in the programme and showed positive response in recruiting Cost Accountants. I congratulate all the selected candidates who appeared for the interview.

I attended the Prize Distribution function of meritorious students organized by Kalyan-Ambernath chapter on 27th February, 2010. At this function CMA M. R. Dudani Vice-Chairman and Founder member of the Chapter was bestowed with the "Life Time Achievement Award" by the Chapter in recognition of his long and dedicated services.

Members would be happy to note that as promised in my "Mission 2009-10" published in August, 2009 issue of WIRC Bulletin for revamping the inactive Chapters in the region, Jabalpur chapter has been activated by starting oral coaching classes and inform you that the head quarters have also granted examination centre at Jabalpur with effect from June-2010 ICWAI exam. This was achieved only due to the painstaking efforts of office bearers of the Chapter. More Chapters are also being revamped on similar lines.

Results of the ICWAI examinations were declared in February 2010, and it is really heartening to note that this time also WIRC and chapters coming under our region have performed well, I congratulate all the successful candidates. Those students who could not clear the examinations, there is no need to get disappointed and should start working more hard for the forthcoming examinations.

With Warm regards,

**Manubhai K. Desai**



CMA G. N. Venkatarman, President - ICWAI welcoming Chief Guest Honorable Transport and Law Minister and Guardian Minister of Aurangabad district, Mr. Radhakrishna Vikhe Patil during Inauguration Ceremony of Regional Cost Conference -2010 on 11th February 2010.



Chief Guest Hon. Transport and Law Minister and Guardian Minister of Aurangabad district, Mr. Radhakrishna Vikhe Patil, CMA G. N. Venkatarman, President ICWAI, lighting the lamp during Regional Cost Conference -2010 held at Aurangabad. Also seen CMA Manubhai Desai, Chairman, WIRC, CMA Sanjay Mundade Chairman Aurangabad Chapter, CMA B. M. Sharma, Vice President ICWAI & CMA Amit Apte, Vice Chairman, WIRC and others.



CMA P.V. Wandrekar, Secretary WIRC offering memento to Adv. M.H. Patil, during Programme on Union Budget organized by WIRC on 27-2-2010.



View of members during Programme on Union Budget organized by WIRC on 27-2-2010.



CMA Manubhai K. Desai, Chairman WIRC of ICWAI being honoured by "Ujaas Award", by UJAAS magazine, one of the popular magazines in Gujarat for his long and dedicated services in the field of Professional Education in South Gujarat, especially in the area of Cost and Management Accountancy.



CMA Manubhai Desai, Chairman WIRC interacting with the participants during seminar on IFRS organized by Navi Mumbai Chapter on 20-2-2010. Also seen CMA Debashish Mitra, Secretary of the Chapter; CMA K.R. Jethani, Chairman of the Chapter; CMA V.C. Kothari, CCM-ICWAI, CMA B.M. Sharma, Vice President, ICWAI and CMA D.K. Jain, Founder Chairman of the Chapter.



C.A. Rakesh Kalwani, faculty, Ms. Ritika Sachdev, Vice-Principal Smt CHM College, CMA Manubhai Desai, Chairman WIRC, CMA M.R. Dudani - faculty during seminar on Union Budget organized by Kalyan Ambernath Chapter on 27-2-2010.



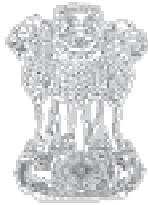
Mr. Raju P.Chhatpar, Executive Secretary & CMA G.B.Shamnani, Chairman of Kalyan Ambernath Chapter during Career Fair, on 15,16-2-2010, organised by Smt. Chandibai Himathmal Mansukhani College of Arts, Science & Commerce, Ulhasnagar



CMA D V.Joshi, Past President - ICWAI addressing the student during Certificate Course in Central Excise & Service Tax organised by Pune Chapter. Also seen (L to R): CMA D. V. Patwardhan, Hon. Director of PCCA, CMA N. K. Nimkar, Past Chairman - PCCA and CMA Pramod Dube, Chairman - PCCA



Group Photo of Students Participated in Industrial Visit organised by Pune Chapter on 28-2-2010.



सत्यमेव जयते

Government of India  
Ministry of Corporate Affairs



Institute of Cost and Works  
Accountants of India

&

Western India Regional Council of ICWAI

*organising*

## **INVESTORS AWARENESS PROGRAMME**

Venue:  
Siddharth College, (Room No. 205),  
D.N. Road, Fort, Mumbai

Date:  
Wednesday, the 17<sup>th</sup> March 2010

Venue:  
V. N. Bedekar Institute of Management,  
(Panini Hall), Thane (W)

Date:  
Saturday, the 20<sup>th</sup> March 2010

Time: 5.30 pm to 8.30 pm

*Programme Co-ordinators*

CMA Aruna Soman 98692 07020  
CMA S.G. Narasimhan 98199 95065  
CMA Ashish Thatte 98209 73559

For Registration:  
E.mail: [seminar@icwai-wirc.org](mailto:seminar@icwai-wirc.org)

Speaker: Mr. Chandrashekhar Tilak, Vice President, NSDL  
All ICWAI Members and Students are Welcome. (No participation fees)

Two CEP Credit Hours will be provided

## **ICWAI**

**Enhancing Value for Enterprise**

(Setup under an Act of Parliament)

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## IFRS CORNER

*A monthly column by CMA Rammohan Bhave and CMA Dr Anjali Bhave*

R N Bhavé, FICWA, FCA, ACS, IFRS-ICAI, Six sigma green belt, Dip IFRS (ACCA, UK), Certified IFRS – ICAI – Strategy & IFRS Consultant, & Dr Anjali Bhavé, CMA, DBF, Ph.D., IFRS Consultant

### *Write queries to*

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#### **What is PPE?**

Long form is property, plant and equipment. Broadly can be compared with our old word 'fixed asset'. Standard no IAS 16 covers it.

#### **What is Property?**

It covers land and building.

#### **What is significance of PPE in IFRS context?**

Huge. In manufacturing sector, PPE related IFRS implementation can be almost as high as 50% of work involved.

#### **Why is so?**

In IFRS first time adoption, it is allowed to carry PPE at cost or revaluation method, so the choice becomes very important.

#### **What are parameters for making this choice?**

Well, one can strengthen balance-sheet by using fair values by using revaluation method. On the other hand, it can be a big cost, subjective element and a marathon exercise by itself. Leave aside then the yearly (every period) review required.

#### **Who are valuers for IFRS?**

Not specifically defined, but VRA will come up about it. High time we all request ICWAI, President to come up with special valuation course on IFRS.

#### **Why not go for cost method? Is it not just carrying forward the WDV?**

OOPS, If life was so simple, why we professionals are needed. Cost method expects you to calculate carrying amounts of PPE as per provisions of IAS 16 etc etc. and the methods have major difference.

#### **What is the difference? I call it CRUDE. Wait and watch for next month – what is this crude?**

## ANNOUNCEMENT

The Management Accountant - April, 2010 will be a special issue on

### **'Budget 2010 : Growth strategy for 2020'**

Articles, views and opinions on the topic are solicited from readers to make it a special issue to read and preserve. Those interested may send in their write-ups by e-mail to research@icwai.org, followed by hard copy to the Research & Journal Department, 12 Sudder Street, Kolkata-700016 **to reach by 25th March 2010.**

The Management Accountant – MAY, 2010 will be a special issue on

### **'Cost and Strategic Management for Growth of SME Sector'**

Articles, views and opinions on the topic are solicited from readers to make it a special issue to read and preserve. Those interested may send in their write-ups by e-mail to research@icwai.org, followed by hard copy to the Research & Journal Department, 12 Sudder Street, Kolkata-700016 **to reach by 15th April, 2010.**

## NOTIFICATION

The Examination Committee of the Council of ICWAI at its 268th meeting decided to open new examination centers at (a) Jabalpur (Center Code 127) (b) Kannur -Kerala (Center Code 223) and (c) Noida (Center Code 425) with effect from June 2010 term of examination.

## Study Circle Meeting Report

CMA Debashish Mitra presented a topic on External Commercial Borrowings on 13th February 2010 at Mulund College of Commerce, Mulund.

CMA S. G. Narasimhan, Programme Co-ordinator, WIRC welcomed the speaker and CMA Shekhar Joshi, Programme Co-ordinator, Eastern Suburbs Study Circle, concluded with a vote of thanks.

The Programme was well attended by members.



# UNION BUDGET 2010 – Highlights Service Tax

*Compiled by : CMA Sanjay Bhargave, CCM - ICWAI*

**Following is the gist of important changes in Service Tax made in Union Budget 2010**

## **A) New Services included in the List of Taxable Services :**

1. Eight new services are being included in the ambit of taxable services through appropriate amendments in sub-section 105 of Section 65 of the Finance Act, 1994.

2. The new services are -

### **1. Services of promoting, marketing or organizing of games of chance, including lottery [Section 65 (105) (zzzzn)]**

Services in connection with games of chance, organized conducted or promoted by the client, in whatever form or by whatever name called (such as lottery, lotto) under the 'Games of chance' service. The tax would be applicable also to such games conducted online. Consequently, the Explanation appearing under 'Business Auxiliary Service' is being deleted.

2. Health services, namely

o **health check up undertaken by hospitals or medical establishments for the employees of business entities; and**

o **health services provided under health insurance schemes offered by insurance companies. [Section 65 (105) (zzzzo)]**

i. The services covered in the ambit of service tax mainly cover.

a) Corporate health check up schemes, undertaken by designated hospitals in order to detect any medical indicator or to ensure timely diagnosis of any disease so that prophylactic measures can be taken. Tax is being levied where the hospital providing these services charge the employer i.e. the business organization and it constitutes expenditure for the business organization.

In certain cases (for example, in case of flight crew) pre-flight check ups are conducted not only to test the fitness levels but also to rule out the possibility of the flying crew being under intoxication. Such health check-up schemes are being brought within the ambit of service tax under the new service.

b) Health insurance schemes are being offered by the insurance companies under which charges for hospitalization, surgery, post-surgical nursing etc. are generally paid by the insurance company. Such insurance policies, which fall under the category of general insurance service, are already taxable. Under general insurance service, an insurance company is a service provider to its clients. Under the proposed new service, tax is also being imposed on the medical charges paid by the insurance companies to the hospitals on behalf of a business entity for its employees. As such, the insurance company would be the service receiver and the tax paid by the hospital would be available to the insurance companies as credit.

ii. The tax on the above mentioned health services would be payable only if and to the extent the payment for such medical check up or treatment etc. is made directly by the business entity or the insurance company to the hospital or medical establishment. Any additional amount paid by the individual (i.e. the employee or the insured, as the case may be) to the hospital would not be subjected to service tax. This is to ensure that an individual is not required to pay a tax for which he cannot take credit.

### **3. Services provided for maintenance of medical records of employees of a business entity [Section 65 (105) (zzzzp)]**

Business organizations maintain medical histories of their employees which are used not only for medical purposes but also for finding the suitability of a person for a particular job or for promotion etc. Increasingly, this activity is being outsourced for a consideration. Such records are either maintained by certain designated hospitals or even by independent record keepers for a charge. This activity is now being brought under service tax.

### **4. Services of promoting of a 'brand' of goods, services, events, business entity etc [Section 65 (105) (zzzzq)]**

i. Apart from the advertisements in print and visual media and sponsorship, one of the recent trends is to advertise a brand (i.e. of goods, services, events, business houses bearing a particular brand name or house name) A brand ambassador works under a contract of a reasonably long period, where under he is not only required to advertise the goods or service in different media but also to attend promotional, product launching events, make appearances in public activities related to the brand or the brand holder or use such goods or services in public. The contractual amounts are substantial and it may not only involve an individual celebrity but a group of celebrities such as a cricket team or the actors of a successful film.

ii. Promotion or marketing of sale of goods produced, provided or belonging to a client and promotion or marketing of services provided by the client are already covered under Business Auxiliary Services (BAS). Such activities would continue to remain classified under BAS. The difference between the services classifiable under BAS and the newly proposed service is that the latter has a wider coverage in the sense that mere promotion of a brand would attract tax under this service even if such promotions cannot be directly linked to promotion of a particular product or service. If the brand name / house mark etc. is promoted by a celebrity without reference to any specific product or services etc., it is difficult to classify it under BAS. Such activities, like mere establishing goodwill or adding value to a brand would fall under this newly introduced service.

**5. Services of permitting commercial use or exploitation of any event organized by a person or organization [Section 65 (105) (zzzzr)].**

Like intellectual property rights there are certain personal rights such as, right to privacy, easement right, right to secrecy. With expansion in the field of information technology and broadcasting sector, many individuals or organizations offer to share/part with these rights for a consideration. A corporate sponsored cricket match or company sponsored music concert; film award events; celebrities' marriages; beauty contests are some of such private functions, which a large number of viewers like to see on TV or media. In such cases, companies, broadcasting agencies and video producers are given right to capture these events or programmes for their commercial exploitation in future. Often such commercial exploitation results in provision of another taxable service such as broadcasting service or programme production service. The proposed service now seeks to tax the amount received by the person or organization, who permits the recording and broadcasting of the event from the broadcaster, or any other person, who seeks to commercially exploit the event. In many cases, the credit of the tax paid would be available to the receiver of the service

**6. Services provided by Electricity Exchanges [Section 65 (105) (zzzzs)]**

Under 'Forward Contract Service', tax is payable by exchanges who offer assistance in sale of goods or forward contracts in commodities. However, only forward contracts covered by the Forward Contract (Regulation) Act, 1952 are covered in the scope of taxation. In the recent past, exchanges have been set up for transactions in electricity. The Central Electricity Regulatory Commission authorizes such exchanges. Since electricity exchanges are not covered by Forward Market Regulations, such transactions are not covered under the commodity exchange taxation. The proposed new service seeks to tax the charges recovered for services in relation to assisting, regulating, controlling the business of trading, processing and settlement pertaining to sale or purchase of electricity by the associations authorized by Central Electricity Regulatory Commission.

**7. Services related to two types of copyrights hitherto not covered under existing taxable service 'Intellectual Property Right (IPR)', namely, those on (a) cinematographic films; and (b) sound recording [Section 65 (105) (zzzzt)]**

- i. The right to temporarily transfer or permit the use of Intellectual Property Rights (IPR), namely, trademarks, designs and patents was brought under tax net in 2004. However, one of the IPRs, i.e. copyright has been specifically kept out of the purview of the tax with an intent to encourage authors and artists, as it involves creative works, such as literary work, musical work and artistic work. In Budget 2008, Information Technology (IT) Software Service was also brought under tax net, which apart from involving development, upgradation, assistance etc. also covered the IPR aspect i.e. right to use the information technology.
- ii. The provisions of copyright are incorporated in the Indian Copyright Act, 1957. As per section 13 of the said Act, the

copyright subsists in the following classes of work:

- (a) Original literary, dramatic, musical and artistic works;
- (b) Recording of cinematographic films;
- (c) Sound recordings.

- iii. The first category of copyright has been kept out of the tax net while the second and third categories of copyrights are being made taxable under this service. A cinematographic film means any work of visual recording on any medium (emphasis added) produced through a process from which a moving image may be produced. The same may be accompanied with sound reproduction also. Both the recording of the cinematographic film and the accompanying sound track are the property of the producer, who can temporarily transfer it or permit its use by another person for a consideration. It is this activity, which is being taxed under this service. It would have an impact on the royalty payments on both imported and indigenously produced films when the producer/right holder allows such use to another person, say the distributor.
- iv. Similarly, song, its music, lyrics and composition also enjoy the copyright protection to its owner who can commercially exploit it in the manner stated above. Normally, the copyright of music vests in the composer and the copyright of music recorded vests in the producer of the sound recording. It is possible that a lyricist or a singer may hold copyright for the words of a song or the song itself. Merely allowing that song to be recorded is a copyright, which would fall under category (a) of section 13 of the Copyright Act and thus would not be subject to service tax. However, after the performer has transferred his rights to a sound recording company, the sound recording company acquires the copyright mentioned in category (c) of section 13 supra. It is the transfer or allowing use of this right, which would be subjected to tax under the new service.
- v. As such, depending upon the nature and conditions of the contract, companies distributing music, owners of copyright of cinematographic films etc. would be prospective taxpayers. It may be noted that this taxable service will not cover individual artists, composers, performers etc. as their copyrights fall under clause (a) of Sec. 13 of the Copyright Act.

**8. Special services provided by a builder etc. to the prospective buyers such as providing preferential location or external or internal development of complexes on extra charges [Section 65 (105) (zzzzu)]**

- i. Construction of commercial or industrial structures was brought under service tax net in 2004 while construction of residential complexes became a taxable service in 2005. The scope of the existing services includes construction, completion and finishing, repairs, alterations, renovation or restoration of complexes. In addition to these activities, the builders of residential or commercial complexes provide other facilities and charge separately for them and these charges do not form part of the taxable value for charging tax on construction. These facilities include,-
  - (a) prime/preferential location charges for allotting a flat/commercial space according to the choice of the buyer (i.e.

Direction-sea facing, park facing, corner flat; Floor-first floor, top floor, Vastu-having the bed room in a particular direction; Number-lucky numbers);

(b) internal or external development charges which are collected for developing/maintaining parks, laying of sewerage and water pipelines, providing access roads and common lighting etc;

(c) fire-fighting installation charges; and

(d) power back up charges etc.

- ii. Since these charges are in the nature of service provided by the builder to the buyer of the property over and above the construction service, such charges are being brought under the new service. Charges for providing parking space have been specifically excluded from the scope of this service. Development charges, to the extent they are paid to State Government or local bodies, will be would be excluded from the taxable value levy. Further, any service provided by Resident Welfare Associations or Cooperative Group Housing Societies consisting of residents/owners as their members would not be taxable under this service.

**The tax on these services would come into effect from a notified date after the enactment of the Finance Bill, 2010.**

**B) Alteration or expansion in the Scope of Existing Services :**

In the following existing taxable services, the scope has been altered either to expand their scope or to remove certain difficulties that have been faced during tax implementation. These changes are as follows,-

1. The scope of the taxable service '**Air Passenger Transport Service**' [section 65 (105) (zzzo)] is being expanded to include domestic journeys, and international journeys in any class.

1.1 The taxes on transport of passengers traveling by air were in operation in the past. These were not in the nature of service tax but operated through separate legislations. Inland Air Travel Tax [@ 15%] was levied on domestic travel in 1989. Foreign Travel Tax [@ Rs. 500 per trip, except to neighboring countries for which the rate was Rs. 150 per trip] was levied on international travel in 1979. These taxes were withdrawn in the interim Budget 2004. In 2006, tax was imposed on international air travel by a passenger embarking in India and traveling in higher [other than economy] classes. This tax continues.

1.2 The taxable service is being suitably amended to extend this levy to cover all domestic and international air passengers embarking in India.

2. Presently the taxable service, '**Information Technology Software Service**' [section 65 (105) (zzzz)] is subjected to tax only in cases where such IT software is used for furtherance of business or commerce. The scope of the taxable service is being expanded to tax such service even if the service provided is used for purposes other than business or commerce.

2.1 In Budget 2008, services provided in relation to Information Technology (IT) Software, such as development, designing, programming, up-gradation of IT software, providing advice, consultancy and assistance on the matters of IT software and

providing right to use IT software, whether supplied on a media or electronically were brought in the ambit of service tax. However, the tax was limited to cases where such IT software was to be used in the course or furtherance of business or commerce. In other words, these activities are taxable only when the receiver of service exploits them for commercial or business purposes.

2.2 The definition of this taxable service is being suitably amended to extend this levy to cover the aforesaid IT software services provided in all cases i.e. whether or not used in the course or furtherance of business or commerce.

3. An Explanation is being added in the definition of the taxable service '**Commercial Training or Coaching Service**' [section 65 (105) (zzc)] to clarify that the term 'commercial' appearing in the relevant definitions, only means that such training or coaching is being provided for a consideration, whether or not such training or coaching is conducted with a profit motive. This change is being given **retrospective effect from 01.07.2003**.

3.1 Commercial training and coaching service was introduced in Budget 2003 with a view to tax the mushrooming coaching institutes and training centres which either provide coaching classes for examinations or unrecognized courses in various areas such as, management, marketing, engineering etc. The schools, institutes, colleges and universities providing courses that lead to award of recognized diplomas/degrees and sports education were kept out of tax net. These include universities created under a Central or State Act, institutes recognized by UGC as universities or deemed universities, institutes granted recognition professional councils like AICTE, Medical Council of India, Bar Council of India etc. To distinguish the former types of institutes/centers from the latter, the word 'commercial' was used in the definitions of 'Commercial training and coaching', 'Commercial training and coaching centers' and 'taxable service'.

3.2 The use of the word 'commercial' in these definitions has led to certain unintended consequences. A view has been taken that the term 'commercial' appearing in various definitions implies that the institute must be run with a profit motive to fall under the taxable service. A number of taxpayers resisted paying tax on this ground. In order to clarify the legislative intent, the definition of the taxable service is being suitably amended, through insertion of an Explanation, to clarify that the word 'commercial' means any training or coaching that is provided for a consideration irrespective of the presence or absence any profit motive. This amendment is being carried out retrospectively (from July 2003) so as to resolve the disputes pending at different levels of the dispute settlement system.

4. In the definition of the taxable service '**Sponsorship Service**' [section 65 (105) (zzzn)], the exclusion relating to sponsorship pertaining to sports is being removed.

4.1 Business entities often associate their brand names, products or services by sponsoring popular or successful events with intent to obtain commercial benefits of spreading their name, goodwill or reputation to public. It is a form of advertisement. Sponsorship service was brought under tax net in Budget 2006. However, sponsorship of sports events was kept out of the purview of the

taxation with a view to encourage sports activity and to provide an avenue for funding sports events.

- 4.2 The exclusion available for sponsorship pertaining to sports is being removed by suitable amendment. Suitable exemption to certain categories of sports events would be considered at the appropriate time.
5. In the definition of the taxable services '**Construction of Complex service**' [section 65 (105) (zzh)], and '**Commercial or industrial construction service**' [section 65 (105) (zq)], it is being provided that unless the entire consideration for the property is paid after the completion of construction (i.e. after issuance of completion certificate by the competent authority), the activity of construction would be deemed to be a taxable service provided by the builder/promoter/developer to the prospective buyer and the service tax would be charged accordingly.
- 5.1 The service tax on construction of commercial or industrial construction services was introduced in 2004 and that on construction of complex was introduced in 2005.
- 5.2 As regards payment made by the prospective buyers/flat owners, in few cases the entire consideration is paid after the residential complex has been fully developed. This is in the nature of outright sale of the immovable property and admittedly no service tax is chargeable on such transfer. However, in most cases, the prospective buyer books a flat before its construction commencement/completion, pays the consideration in instalments and takes possession of the property when the entire consideration is paid and the construction is over.
- 5.3 In some cases the initial transaction between the buyer and the builder is done through an instrument called 'Agreement to Sell'. At that stage neither the full consideration is paid nor is there any transfer in ownership of the property although an agreement to ultimately sell the property under settled terms is signed. In other words, the builder continues to remain the legal owner of the property. At the conclusion of the contract and completion of the payments relating thereto, another instrument called 'Sale Deed' is executed on payment of appropriate stamp duty. This instrument represents the legal transfer of property from the promoter to the buyer.
- 5.4 In other places a different pattern is followed. At the initial stage, instruments are created between the promoter and all the prospective buyers (which may include a person who has provided the vacant land for the construction), known as 'Sale Of Undivided Portion Of The Land'. This instrument transfers the property right to the buyers though it does not demarcate a part of land, which can be associated with a particular buyer. Since the vacant land has lower value, this system of legal instrumentation has been devised to pay lesser stamp duty. In many cases, an instrument called 'Construction Agreement' is parallelly executed under which the obligations of the promoter to get property constructed and that of the buyer to pay the required consideration are incorporated.
- 5.5 These different patterns of execution, terms of payment and legal formalities have given rise to confusion, disputes and discrimination in terms of service tax payment.
- 5.6 In order to achieve the legislative intent and bring in parity in tax

treatment, an Explanation is being inserted to provide that unless the entire payment for the property is paid by the prospective buyer or on his behalf after the completion of construction (including its certification by the local authorities), the activity of construction would be deemed to be a taxable service provided by the builder/promoter/developer to the prospective buyer and the service tax would be charged accordingly. This would only expand the scope of the existing service, which otherwise remain unchanged.

6. Amendments are being made in the definition of the taxable service '**Renting of immovable property**' [section 65 (105) (zzz)] to,-
- (i) provide explicitly that the activity of 'renting' itself is a taxable service. This change is being given **retrospective effect from 01.06.2007**; and
- (ii) provide that renting of vacant land, where the agreement or contract between the lessor and lessee provides for undertaking construction of buildings or structures on such land for furtherance of business or commerce during the tenure of the lease, shall be subjected to service tax.

This service was introduced in 2007 with a view to tax the commercial use of immovable property hired on rent. The tax on rent paid is available as input credit if the commercial activity involves provision of taxable service or manufacture of dutiable goods. However, the Hon'ble High court of Delhi in its order dated 18.04.2009 in the case of Home Solutions Retail India Ltd. & Others vs. UOI has struck down this levy by observing that the renting of immovable property for use in the course of furtherance of business or commerce does not involve any value addition and therefore, cannot be regarded as service. In order to clarify the legislative intent and also bring in certainty in tax liability the relevant definition of taxable service is being amended to clarify that the activity of renting of immovable property per se would also constitute a taxable service under the relevant clause. This amendment is being given retrospective effect from 01.06.2007

#### **Renting of vacant land**

- 1 Under the definition of taxable service pertaining to renting of immovable property, the renting of vacant land used for agriculture, farming, forestry, animal husbandry, mining, education, sports, circus, and entertainment and parking purposes, is excluded from the purview of service tax. Further, 'vacant land', whether or not having facilities clearly incidental to the use of such vacant land has also been excluded from the tax net.
- 2 In many states, vacant land is being rented on a long term leases with an explicit understanding that lessee would construct factory or commercial building on that land. In such cases the ownership of the land is not transferred to the lessee and thus it is a service provided by the lessor to the lessee. The situation is similar to renting out a constructed structure for commercial purposes except that at the time of executing the lease agreement the land is in a vacant state and that later the lessee constructs commercial structure thereon after executing the lease deed. Such lease agreements escape service tax because of the exclusion mentioned above.
- 3 Suitable amendment in the definition of taxable service relating to renting to immovable property is being made so as to provide that

tax would be charged on rent of a vacant land if there is an agreement or contract between the lessor and lessee that a construction on such land is to be undertaken for furtherance of business or commerce during the tenure of the lease.

7. The definitions of the taxable services, namely the 'Airport Services' [section 65 (105) (zzm)], the 'Port Services' [section 65 (105) (zn)] and the 'Other Port Services' [section 65 (105) (zsl)] are being amended to provide that, - (a) all services provided entirely within the airport/port premises would fall under these services; and (b) an authorization from the airport/port authority would not be a pre-condition for taxing these services.

Two services, namely 'port services' and the 'airport services' were introduced in Budgets 2001 and 2004 respectively. The services provided by minor ports covered under 'other ports' became taxable from 2003. The purpose behind creating these services was that since a number of activities are undertaken within the premises of ports and airports, it would be easier to consolidate all such services under one head. The definitions of the relevant taxable services are being amended to clarify that all services provided entirely within the port/airport premises would fall under these services. Further, specific authorisation from the port/airport authority would now not be a pre-condition for the levy.

8. An explanation is being added in the definition of the taxable Service 'Auctioneer's Service' [section 65 (105) (zzzr)] to clarify that the phrase 'auction by government' means an auction involving sale of government property by any auctioneer and not when the government acts as an auctioneer for sale of the private property.
9. The definition of the taxable service 'Management of Investment under ULIP Service' [section 65 (105) (zzzt)] is being amended to provide that the value of the taxable service for any year of the operation of policy shall be the actual amount charged by the insurer for management of funds under ULIP or the maximum amount of fund management charges fixed by the Insurance Regulatory & Development Authority (IRDA), whichever is higher.

The explanation provided under the definition of the taxable service is being suitably amended to provide that the value of the taxable service for any year of the operation of policy shall be the actual amount charged by the insurer for management of funds under ULIP or the maximum amount of fund management charges fixed by IRDA, whichever is higher.

The method of computation for monthly payment of tax by such service providers, would be prescribed at the appropriate time.

**These modifications would come into effect from a notified date after the enactment of the Finance Bill, 2010.**

#### **C) Other Amendments to The Finance Act, 1994 :**

1. Finance Act, 1994 is being amended to -
  - a) Explanation in sub-section (3) of Section 73 is inserted to clarify that no penalty shall be imposed where service tax along with interest has been paid before issuance of notice by the department. This would be effective from the date of enactment of the Finance bill, 2010; and
  - b) Definition of the term 'business entity' is amended so as to include an association of persons, body of individuals, company or firm

but to exclude an individual. This would be effective from a notified date after the enactment of the Finance bill, 2010

#### **D) Exemptions :**

The following exemptions from service tax are being provided **with effect from 27th February 2010**, namely,-

1. Statutory taxes charged by any government (including foreign governments, where a passenger disembarks) on air passenger would be excluded from taxable value for the purpose of levy of service tax under the Air Passenger Transport Service. (Notification No.15/2010-ST, dt. 27th February, 2010).
2. Exemption from service tax is being provided to services relating to 'Erection, Commissioning or Installation' of,
  - Mechanized Food Grain Handling Systems etc.;
  - Equipment for setting up or substantial expansion of cold storage; and
  - Machinery/equipment for initial setting up or substantial expansion of units for processing of agricultural, apiary, horticultural, dairy, poultry, aquatic, marine or meat products. (Notification No.12/2010-ST, dt. 27th February 2010).
3. Packaged I.T. software, pre-packed in retail packages for single use, is being exempted from service tax leviable under IT Software Service, subject to specified conditions. These conditions include that either the customs duty (in case of import) or excise duty (in case of domestic production) has been paid on the entire amount received from the buyer (Notification No.17/2010-ST and No.2/2010-ST, both dt. 27th February, 2010).
4. At present, exemption from service tax is available to transport of fruits, vegetables, eggs or milk by road by a goods transport agency. The scope of exemption is being expanded by including food grains and pulses in the list of exempted goods (Notification No.4/2010-ST, dt. 27th February, 2010).
5. Exemption from service tax is being provided to Indian news agencies under 'Online Information and Database Retrieval Service' and 'Business Auxiliary Service' subject to specified conditions (Notification No.13/2010-ST, dated 27th February, 2010 refers).
6. Exemption from service tax is being provided to the 'Technical Testing and Analysis Service' and 'Technical Inspection and certification service' provided by central and State seed testing laboratories, and Central and State seed certification agencies (Notification No.10/2010-ST, dt. 27th February, 2010).
7. Exemption from service tax is being provided to the transmission of electricity (Notification No.11/2010-ST, dt.27th February, 2010).
8. **All the exemptions mentioned above would come into force immediately.**

#### **E) Withdrawals or Amendments to Existing Exemptions :**

The following changes have been brought about in the existing exemptions,-

1. Exemption from service tax on service provided in relation to 'Transport of Goods by Rail' by notification No.33/2009, dated September, 2009 is being withdrawn (Notification No.7/2010-ST, dated 27th February, 2010 refers). The exemption provided to certain specified goods transported by rail vide Notification No. 28/2009-ST,

dated 31st August, 2009, which was subsequently withdrawn vide 9th notification No. 36/2009-ST dated September, 2009, has been restored. (Notification No. 8/2010-ST, dated 7th February, 2010 refers). An abatement of 70% of the gross value of the freight charged on goods (other than exempted goods) is being provided vide notification No. 9/2010-ST dated 27th February, 2010 by adding the service of 'Transport of goods by rail' in notification No. 1/2006-ST dated 01.03.2006. All these changes will also come into effect from 01.04.2010.

2. The exemption from service tax on 'Commercial training or coaching service' extended to vocational training institutes vide notification No. 24/2004-ST dated 10.09.2004 is being limited by introducing a new definition of vocational training institutes. Service tax exemption will be available only to industrial training institutes or industrial training centres affiliated to National Council of Vocational Training (NCVT) and offering courses in the designated trades covered under Schedule I of the Apprentices Act, 1961. The List figuring under Schedule I of the Act covers engineering as well as non-engineering skills/trades (Notification No.3/2010-ST, dated 27th February, 2010 refers).
3. Exemption from service tax, presently available to Group Personal Accident Scheme provided by Govt. of Rajasthan to its employees, under General Insurance Service is being withdrawn (Notification No.5/2010-ST, dated 27th February, 2010 refers).
4. Notification No.1/2002-ST dated 01.03.2002 is being superceded by Notification No.14/2010-ST, dated 27th February 2010 to provide that the construction and operation of installations, structures and vessels for the purposes of prospecting or extraction or production of mineral oils and natural gas in the Exclusive Economic Zone and the Continental Shelf of India and supply of any goods connected with these activities would be within the purview of the provisions of Chapter V of the Finance Act, 1994. Similar changes have been made in the definition of the term 'India' appearing in the Export of Services Rules, 2005 and Taxation of Services (Provided from Outside India & Received in India) Rules, 2006. (Notification No.6/2010-ST and Notification No.16/2010-ST, both dated 27th February, 2010 refers).

#### **F) Amendment to Export of Service Rules, 2005 :**

Export of Service Rules, 2005 have been amended as follows:

1. The taxable service, namely 'Mandap Keeper Service' has been shifted from the list under rule 3(1) (ii) [i.e. performance related services] to the list under rule 3(1) (i) [immovable property related services] and three taxable services, namely 'Chartered Accountant Services', 'Cost Accountant Services' and 'Company Secretary's Services', have been shifted from the list under rule 3(1) (ii) [i.e. performance related services] to the list under rule 3(1) (iii) [residual category of services]. Notification No.6/2010-ST, dated 27th February 2010 refers. Identical changes have been made under the Taxation of services (Provided from Outside India and Received in India) Rules, 2006 as well (Notification No.16/2010-ST, dated 27th February 2010 refers);
2. The condition prescribed under rule (2) (a) i.e. 'such service is provided from India and used outside India' has been deleted (Notification No.6/2010-ST, dated 27th February 2010 refers).

#### **G) Amendment to Notification No. 5/2006-CE(NT) issued under Rule 5 of The Cenvat Credit Rules, 2004 :**

1. Notification No. 5/2006(CE) (NT) has been amended vide Notification

No. 7/2010-CE (NT), dated 27th February 2010. This mainly deals with the procedure that needs to be adopted in case of the new refund claims. However, to resolve the disputes arising on account of the wordings/ illustration provided in the notification, the same is being amended retrospectively (w.e.f. 14.03.2006) (Clause 73 of the Finance Bill, 2010 refers) so as to resolve the disputes in respect of pending cases as well.

2. The salient features of these changes are as follows:-

Retrospective changes effected from 14.03.2006 (i.e. from the date of issue of notification)

- 1) The words "in relation to" have been added in main condition (a) of the Notification.
- 2) The word "in" contained in main condition (b) of the said Notification has been replaced with "for".

The above two changes ensure that the provisions of the refund notification and the CENVAT Credit Rules are aligned and that refund is granted on all goods or services on which CENVAT can be claimed by the exporter of goods or services.

- 3) The illustration given in condition 5 of the Appendix to the Notification has been deleted. This ensures that refund of CENVAT credit which has been availed in the period prior to the quarter/ period for which the refund has been claimed is also eligible for refund. The refund claims should be calculated only on the basis of the ratio of the export turnover to the total turnover of the claimant. Thus, if the CENVAT credit available to the exporter at the end of the quarter, or month, as the case may be, is Rs. 1 crore, and the ratio of export to total turnover during the quarter is 50%, then Rs. 50 lakh should be refunded to the exporter. The essence of the changes is that refund shall be available for all goods, or input services, on which CENVAT is permissible and should be processed accordingly. Further, refund of CENVAT should not be linked to CENVAT taken in a particular period only.

#### **Prospective changes**

1. The conditions A and B given in the Annexure to the Notification are being deleted, and the details required to be given under these conditions, along with certain additional details, are to be furnished by the claimant in a table, which has been prescribed in condition A. The table should be certified by a person authorized by the Board of Directors (in the case of a limited company) or the proprietor/partner (in case of firms/partnerships) if the amount of refund claimed is less than Rs.5 lakh in a quarter. In case the refund claim is in excess of Rs.5 lakh, the declaration should also be certified by the Chartered Accountant who audits the annual accounts of the exporter for the purposes of Companies Act, 1956 (1 of 1956) or the Income Tax Act, 1961 (43 of 1961), as the case may be. This verification is aimed at reducing the checking of voluminous records which is required to be done by the officers processing the refund claims and ensure faster processing of refund claims.
2. Consequential changes by introducing the words "in relation to" and "for" in the Annexure to the Notification have been brought to bring them in line with the amendments made in the main conditions of the Notification.



## Union Budget 2010-2011- Highlights Central Excise

Compiled by : CMA Sanjay Bhargave, CCM - ICWAI

Budget 2010-11 and Finance Bill 2010 was presented before parliament on 26.02.2010 by Finance Minister. Following is the list of important changes in Central Excise, made in the Union Budget 2010.

**A) Enhancement of Standard Rate:-** The standard rate of excise duty on non-petroleum products is now being enhanced from 8% to 10% w.e.f. 27.02.2010, with a few exceptions.

**B) Duty on Cement, Large Cars, Multiutility Vehicles, Sports Vehicles, Tobacco Products is increased.**

### C) Petrol and Diesel :

The rates of Excise Duty on Motor Spirit (Petrol) and HSD (Diesel) have been increased by Re.1/- per litre. The increase is applicable to both branded and unbranded products.

**D) Duty on corrugated Boxes is reduced to 4%**

**E) A Note to CH 68 of CETA , 1985 has been inserted to state that the process of cutting, sowing or sizing or any other process, for converting stone blocks into slabs or tiles shall amount to manufacture.**

**F) A Note to CH 76 of CETA, 1985 has been inserted to state that in relation to products of heading 7608 (Aluminium Tubes and Pipes), the process of drawing or redrawing shall amount to manufacture.**

### G) Clean Energy Cess

A Clean Energy Cess is being imposed on coal, lignite and peat produced in India. This cess would be levied and collected as a duty of excise from coal mines. The rate of the cess, the date from which it will be effective and the rules and procedure for its collection shall be notified after the enactment of the Finance Bill, 2010. This cess would apply to imported coal as CVD.

### H) Small Scale sector

Two significant procedural relaxations/ concessions have been made for the SSI sector. These are:

(i) Full Cenvat credit on capital goods in one installment in the year of receipt of such capital goods in the factory

(ii) Payment of duty on quarterly rather than monthly basis

For this purpose, amendments have been made in the CENVAT Credit Rules, 2004 and Central Excise Rules, 2002. These amendments come into effect on the 1st of April, 2010. The important point about these relaxations is that they are available to any assessee who is 'eligible' to claim SSI exemption regardless of whether he actually claims it or opts to pay duty. An "eligible" unit has been defined as one whose aggregate value of clearances did not exceed Rs. 4 crore in the preceding financial year. Moreover, the benefit is available to a unit that is eligible for the entire financial year even if it crosses the limit of Rs. 4 crore aggregate value of clearances during the year.

The date of filing of quarterly returns by SSI units is being aligned with the date for non-SSI units so that all returns are required to be filed by the 10th of the month following the said quarter.

Brand name exemption under Not. no. 8/2003-CE dt. 01.03.2003, presently available to packing materials bearing a brand name of another person is being extended to such plastic containers and plastic bottles also, provided the same are used as packing material by the person whose brand name such containers or bottles bear. Not. No. 4/2010 dt. 27.02.2010

### D) Central Excise Act, 1944

(i) An Explanation is being inserted in sub-section 2B to Section 11A of the CE Act, 1944 to clarify that penalty shall not be imposed in case duty short paid and interest thereon is paid before service of show cause notice.

(ii) Section 32 of the Central Excise Act, 1944, dealing with Settlement Commission is being amended so as to restore certain provisions as they obtained prior to the enactment of the Finance Bill, 2007. Accordingly, the prohibition on filing of applications for the settlement of cases where an assessee admits short-levy for goods in respect of which he has not maintained proper records i.e. cases of mis-declaration, clandestine removal etc. is being removed. Similarly, the restriction that an assessee may seek only one-time settlement is also being relaxed. The Commission is being empowered to extend the time limit of nine months for disposal of applications by another three months, for reasons to be recorded in writing.

The above changes will come into effect on enactment of the Finance Bill. Clause 57, 58 and 59 of the Finance Bill 2010 .

**J) Central Excise Rules, 2002 :** Rule 11 (5) of the CE Rules, 2002 is being deleted so as to dispense with the pre-authentication of invoices w.e.f. 01.04.2010.

### K) CENVAT Credit Rules, 2004

i) CENVAT Credit Rules are being amended to :

(a) Rule 3 (5) of Cenvat Credit Rules, 2004 is being amended to allow accelerated reduction in cenvat credit required to be reversed on clearance of used computers and computer peripherals; Details of reduction in value of capital goods for the purpose of reversing Cenvat Credit at the time of removal after use are as per the following For computers and computer peripherals

For each quarter in the first year	10%
For each quarter in the second year	8%
For each quarter in the third year	5%
For each quarter in the 4th and 5th year	1%

For capital goods other than computers and computer peripherals 2.5 % for each quarter.

(b) Rule 4 (5) (b) of Cenvat Credit Rules, 2004 is being amended to allow availment of credit on jigs, fixtures, moulds and dies sent to a vendor.

(c) Rule 6 of Cenvat Credit Rules , 2004 is being amended to allow

Cenvat credit on inputs used in the manufacture of goods supplied to mega power projects from which power has been tied up through tariff based competitive bidding or the project has been awarded through tariff based competitive bidding

- (d) Rule 15 of Cenvat Credit Rules, 2004 is being amended to create parity in penal provisions for wrong availment of credit in respect of inputs, capital goods and input services Not. No. 6/2010-CE N.T. dt. 27.02.2010
- (e) Central Excise Rules 1944, Cenvat Credit Rules 2001, Cenvat Credit Rules 2002 and Cenvat Credit Rules 2004 are being amended retrospectively from 1st September 1996 to 31st March 2008 to provide for reversal of credit or payment of equivalent amount attributable to the inputs used in or in relation to the excisable goods on which no Central Excise duty is payable. These changes will take effect on enactment of the Finance Bill 2010. According to the amended provision Cost Accountant /Chartered Accountant can certify the input credit attributable to the inputs used in or in relation to manufacture of exempted goods, within a period of six months from the date on which the Finance Bill 2010 receives the assent of the President. The provisions would apply only to such manufacturers where the disputes are pending as on the day the Finance Bill 2010 is enacted.

It is being further provided that such manufacturers shall pay interest @24% p.a. from the date of clearance till date of reversal of the said credit or payment of equivalent amount.

#### **D) Changes in levies Medicinal & Toilet Preparation Act**

Section 3 of the M & TP Excise Duties Act, 1955 is being amended to exclude goods manufactured in a special economic zone. Clause 84 of Finance Bill 2010 . This change will come into effect on enactment of Finance Bill 2010.

Excise duty on medicinal and toilet preparations covered under M & TP Excise Duties Act, 1955, is being reduced from 16% to 10% ad valorem. Not. No.1 /2010- M&TP, dt. 27.02.2010 .

The rate of abatement on toilet preparations covered under M & TP Excise Duties Act, 1955, in being revised from 40% to 35%. Not. No.2 /2010- M&TP dt. 27.02.2010 .

#### **M) Other Legislative Proposals**

Among the important legislative provisions is the amendment of section 37 of the Central Excise Act, 1944 to enable the Central Government to make rules providing for deterrent action through the withdrawal of certain facilities to deal with evasion.

In the First Schedule to the Central Excise Tariff Act, amendments have been made to–

- i Carry out editorial changes in sub- heading no.2712 20 through the deletion of the entry covering chlorinated paraffin wax and insertion of new entries for paraffin wax.
- ii Prescribe that certain processes in respect of goods falling under 68 and 76 as amounting to manufacture. These would come into effect immediately as the relevant provisions have been declared under the PCT Act.

### **STUDY CIRCLE MEETING OF EASTERN SUBURBS / THANE**

*Date* : Saturday, the 13th March 2010  
*Time* : 5.30 p.m. to 8.00 p.m.  
*Topic* : Discussion on Budget  
*Speakers* : CMA Sanjay Bhargave, CCM-ICWAI & Practising Cost Accountant and Mr. Hrishikesh Wandrekar, FCA  
*Venue* : Mulund College of Commerce, Mulund (W), Mumbai - 400 080

**(2 CEP Credit Hours will be provided)**

#### **Programme Co-ordinators**

CMA S.G. Narasimhan – 98199 95065  
 CMA Shekhar Joshi – 98204 25493  
 CMA Ashish Thatte – 98209 73559

**For Registration:**

**E-mail: seminar@icwai-wirc.org**

### **STUDY CIRCLE MEETING OF WESTERN SUBURBS**

*Date* : Saturday, the 27th March 2010  
*Time* : 6.00 p.m. to 8.30 p.m.  
*Topic* : E-Filing of Excise Returns  
*Venue* : N.M. College, Vile Parle (West), Mumbai 400 056.

**(2 CEP Credit Hours will be provided)**

#### **Programme Co-ordinators**

CMA Aruna Soman – 98692 07020  
 CMA V.B. Prabhudesai – 98201 54768  
 CMA M.S. Chandani – 98210 77748

**For Registration :**

**E-mail: seminar@icwai-wirc.org**

### **REPORT ON UNION BUDGET SEMINAR**

WIRC had arranged a lecture on Union Budget 2010, on 27th February for its members. The speakers were Adv M H Patil, Advocate- Supreme Court and Mr. S.L. Kabadi - Tax Practitioner. Adv. Patil briefed the members about the highlights of the budget and the amendments with particular reference to Excise, Cenvat and Service Tax. Mr. Kabadi spoke about the amendments to the income tax act in the budget 2010. More than 50 members attended the program and the program was well received by the members.

# BUDGET ANALYSIS 2010-11 – CUSTOMS

— CMA Ashok B. Nawal, Past Chairman, WIRC



## Customs Act, 1962

### 1. Section 127B

The scope of Settlement Commission has been increased so as to include even the smuggled goods for which the bill of entry not filed or any matter.

### 2. Section 127C

An order shall be passed in respect of application filed upto 29/02/2008 should be passed within specified period of 9 months but can be extended for a maximum period of three months for the reasons to be recorded in writing.

### 3. Section 127L

Now there is no bar for filing the application before the Settlement Commission. The assessee can file a number of applications before the Settlement Commission.

### 4. Section 25

Retrospective amendment has been made empowering Government exempting from payment of customs duty under First & Second Schedule.

## Customs: Non-Tariff Changes

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
	<b>NON-TARIFF</b>						
1	Rule 2(b) of Customs Tariff (Identification, Assessment and Collection of Anti-dumping duty on Dumped Articles and For Determination of Injury) Rules, 1995	18/2010		“domestic industry means the domestic producers .....in which case such producers may be deemed not to form part of domestic industry”	“domestic industry means the domestic producers .....in such case the word domestic industry may be construed as referring to the rest of producers only”		As per the existing provision of the said Rules, any domestic producer who is related to the exporters or importers of the alleged dumped article or is importer thereof, then such producer will not be deemed to be part of domestic industry. This may have created anomaly in interpretation of the said producer status. To address this anomaly, it has been amended to make it more specific that the domestic industry would refer to producers other than the said producer. Moreover the definition is amended to align the same in line with the provisions of article 4.1 (i) of the WTO's Anti-Dumping Agreement

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
2	Sr. No. 3E, 3F, 3G, 3H of the Project Imports Regulations and Notification 42/96 dt. 23.07.1996	15/2010, 19/2010, 24/2010	9801	<p>Certain projects viz Water supply projects, Power Plant and Transmission Projects, etc sponsored by specified authorities have been approved under the said regulations and are eligible for concessional rate of duties and allowed as project imports which are covered under Chapter 9801.</p> <p>Presently Digital Cinema Development Projects are also eligible for such concession.</p>	<p>New projects have been added to qualify as Project imports –</p> <ul style="list-style-type: none"> <li>• Digital head end project sponsored by Ministry of Information and Broad Casting</li> <li>• Monorail projects for urban public transport sponsored by Concerned State Government.</li> <li>• Project for installation of mechanized food grain handling systems and pallet racking systems in mandis and warehouses for food grains and sugar sponsored by Ministry of Agriculture</li> <li>• Cold storage cold room (including farm pre-cooling) or industrial projects for preservation, storage or processing of agricultural, apiary, horticultural, dairy, poultry, aquatic and meat</li> </ul>	SAD NIL for Digital head end project, Project for installation of mechanized food grain handling systems and pallet racking systems in mandis and warehouses for food grains	<p>The Budget has focus on infrastructure development and 46% of the Budget Outlay plan has been allocated for infrastructure development. To facilitate this plan, the monorail projects have been given this boost.</p> <p>Similarly to ensure quick and efficient handling of the agricultural produce, their preservation and storage, the benefits have been extended to projects w.r.t. mechanisation of food grain handling process and also storage of the said goods</p>
3	Sr. No.3 of Notification No. 154/94 dt. 13.07.1994	16/2010		<p>Commercial samples upto Rs. 1 lac (other than for gems and jewellery) or 15 units in numbers within a period of 12 months is exempted from payment of basic customs duty and CVD when imported as personal baggage by bonafide commercial traveller or businessmen for the purpose of export orders.</p>	<p>The limit for import of such commercial samples has been increased to Rs.3 lacs subject to fulfilment of other conditions specified in the Notification.</p>		<p>This would provide the exporters / probable exporters to import the samples as per their requirement by mode of personal carriage and save on the duties on such samples which are imported for development of products for the purpose of exports.</p>

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
4	Notification No. 172/1994 dt. 30.09.2004 as amended	17/2010	71 11	The customs duty in excess of Rs.1000 per kg on silver imported by a passenger (as specified in the Notification) as personal baggage is exempted along with the CVD on such import of silver / silver ornaments other than those studded with pearls or stones.	The customs duty in excess of Rs.1500 per kg on silver imported by a passenger (as specified in the Notification) is exempted along with the CVD on such import of silver / silver ornaments other than those studded with pearls or stones.	Rs.1500 per kg on silver	The rates of duty on imports have been increased when imported by baggage or otherwise. Eligible importer is the person who has stayed abroad for not less than 6 months or person who has done short visits during the last 6 months which are less than 30 days and who has not availed the exemption during the short visits.
5	Notification No. 31/2003 dt. 01.03.2003 as amended	17/2010	71 11	The customs duty in excess of Rs.200 per 10 gm on gold bars (other than tola bars) and Rs.500 per 10 gms for gold in any other form including tola bars and ornaments except ornaments studded with stones or pearls imported by a passenger (as specified in the Notification) is exempted along with the CVD on such import.	The customs duty in excess of Rs.300 per 10 gm on gold bars (other than tola bars) and Rs.750 per 10 gms for gold in any other form including tola bars and ornaments except ornaments studded with stones or pearls imported by a passenger (as specified in the Notification) is exempted along with the CVD on such import.	Rs.300 per 10 gm on gold bars (other than tola bars) Rs.750 per 10 gms for gold in any other form including tola bars and ornaments	In line with above, rates of duty on imports have been increased.
6	Notification No. 62/2004 dt. 12.05.2004 as amended	17/2010	71 11	The customs duty in excess of Rs.200 per 10 gm on gold bars (other than tola bars), Rs.500 per 10 gms for gold in any other form including liquid gold and tola bars, Rs.1000 per kg for silver in any form, when imported otherwise than by post, courier or baggage is exempted along with the CVD on such import.	The customs duty in excess of Rs.300 per 10 gm on gold bars (other than tola bars), Rs.750 per 10 gms for gold in any other form including liquid gold and tola bars, Rs.1500 per kg for silver in any form, when imported otherwise than by post, courier or baggage is exempted along with the CVD on such import.	Rs.300 per 10 gm on gold bars (other than tola bars) Rs.750 per 10 gms for gold in any other form including liquid gold and tola bars Rs.1500 per kg for silver in any form	In line with above, rates of duty on imports have been increased.
7	Notification No.33/2003 dt. 01.03.2003, Notification No.39/2005 dt. 02.05.2005 and Notification No.79/2009 dt. 07.07.2009	18/2010					These notifications have been rescinded and covered separately under different Notifications.

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
8	Notification No.25/99 dt.28.02.1999	20/2010	7220 12 90 or 7409 11 00 or 7409 90 00, 3824 90 21, 2528 90 10, 2905 31 00, 3212 10 00, 2712 20 90, 3907 99 20, 3404 90 33, 3908 90 90	The importer importing the goods specified in the Notification and following the procedure set out in the Customs (Import of Goods at Concessional Rate of duty for manufacture of Excisable Goods) Rules, 1996 is exempted from payment of basic customs duties for the said goods.	New set of products have been added for exemption from payment of basic customs duties: <ul style="list-style-type: none"> <li>• Goods falling under 7220 12 90 or 7409 11 00 or 7409 90 00 viz Silver bronze strips/ coils; Copper strips/coils/sheets; Copper nickel alloy or other alloys of copper in strip/coil/sheets; Stainless steel strips</li> <li>• Goods falling under 3824 90 21 viz Palladium electroplating salt</li> <li>• Goods falling under 2528 90 10, 2905 31 00, 3212 10 00, 2712 20 90 viz Boric acid, Mono ethylene glycol, Marking foil/ stamping foil, Liquid paraffin</li> <li>• Goods falling under 3907 99 20, 3404 90 33, 3908 90 90 viz Plastic powder PBT (Poly brominated Terephthalate), PCT (Poly chlorinated terphenyls), Stanyl used in manufacture of IC Sockets</li> </ul>	NIL	The import duty exemption provided for specified raw materials for use in electronics / IT industry is being extended to some more items subject to following the procedure set out in the Customs (Import of Goods at Concessional Rate of duty for manufacture of Excisable Goods) Rules, 1996.
9	Notification No.21/2002 dt. 01.03.2002 as amended, Notification No.20/2006 dt. 01.03.2006 as amended	21/2010, 24/2010		The Notification provides exemption / concessional rate of basic customs duties and CVD for items specified therein subject to the fulfilment of conditions.	New products have been granted the exemption / concession or concession has been removed for certain products as under:		
			84 or any chapter		Import of machinery/ equipment for use in plantation sector will continue to import at concessional rate of 5% upto 31st March, 2011, i.e. extension of almost 9 months has been granted for such imports.	5%	Condition NIL

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
			Any Chapter		Import of Battery Pack, Battery Charger, AC or DC Motor, AC or DC Motor Controller used for manufacture of electrically operated vehicles shall be allowed at NIL rate of basic customs duties	NIL Addl. Duty 4% SAD NIL	The procedure set out in the Customs (Import of Goods at Concessional Rate of duty for manufacture of Excisable Goods) Rules, 1996 shall be followed.
			0904 11 10		Import of long pepper (piper longum) shall be allowed @ 30% instead of 70% peak rate.	30%	Condition NIL
			1301 90 13		Import of asafoetida shall be allowed @ 20% instead of 30% peak rate.	20%	Condition NIL
			2616 90 10		Gold ores and concentrates for use in the manufacture of gold	NIL Addl. Duty Rs.140 per 10 gm of Gold content SAD NIL	Duty exemption allowed
			2710, 2711, 2712, 2713, 2714, 2715		Petroleum oils and oils obtained from bituminous minerals, petroleum gases, petroleum jelly, petroleum coke, Bitumen and asphalt, Bituminous mixtures	10%	The exemption has been removed except for items mentioned hereunder.
			2710, 2711 11 00, 2711 12 00, 2711 13 00, 2711 21 00, 2711 19 00, 2713		Naphtha, Liquefied Natural Gas, Liquefied Petroleum Gases (LPG), Petroleum coke, Petroleum gases,	5%	Basic customs duty on other petroleum products is being increased from 5% to 10% However, Naphtha, LPG, LNG, Petroleum Gases and Pet coke continue to attract 5% basic customs duty
			2709 0000		Petroleum oils and oils obtained from bituminous minerals, crude	5%	BCD @ 5% is now imposed on these petroleum products. Earlier it had complete exemption.
			2710 11, 2710 1930		Motor spirit i.e. Petrol and High speed diesel	7.5%	Rate is increased from 2.5% to 7.5%.
			39 or any Chapter		Security fibre, security threads, M-feature for use in the manufacture of Security paper by Security Paper Mill, Hoshangabad	NIL	The procedure set out in the Customs (Import of Goods at Concessional Rate of duty for manufacture of Excisable Goods) Rules, 1996 shall be followed.

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
			39139090		Compostable polymer or bio-plastic used in the manufacture of biodegradable agro mulching films, nursery plantation pots and flower pots	NIL	The procedure set out in the Customs (Import of Goods at Concessional Rate of duty for manufacture of Excisable Goods) Rules, 1996 shall be followed.
			39, 72 and 81		The following goods, for the manufacture of orthopedic implants falling under sub-heading 9021 10, namely:- 1) Special Grade Stainless Steel; 2) Titanium Alloys; 3) Cobalt-Chrome Alloys; 4) High-Density Polyethylene	NIL	The procedure set out in the Customs (Import of Goods at Concessional Rate of duty for manufacture of Excisable Goods) Rules, 1996 shall be followed.
			7110 11 or 7110 19 00		Platinum	Rs.300 per 10 gms	Duty increased
			7110 3100, 7110 39 00		Rhodium	2%	Condition NIL – Duty rate reduced instead of peak rate of 10%
			84 or any chapter		Machinery, instruments, raw materials, spares, consumable stores for renovation or modernisation / maintenance of fertiliser plant, goods specified and required for setting up crude petroleum refinery, goods for renovation or modernisation of a power generation plant (other than captive power generation plant), goods imported by manufacturer supplier for manufacture and supply of machinery and equipment to a power generation plant	5% Addl. Duty 10%	No change except for amendment to accommodate the increase in rate of excise duty to 10%
			8703		Golf cars	10% Addl. Duty 10%	No change except for amendment to accommodate the increase in rate of excise duty to 10%

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
			9018, 9019, 9020, 9021 or 9022		Goods required for medical, surgical, dental or veterinary use	5% SAD NIL	Condition NIL
			90 or any other Chapter		Parts and accessories required for the manufacture of the goods required for medical, surgical, dental or veterinary use	5%	Condition NIL
			90 or any other Chapter		Hospital Equipment including spare parts and accessories,	5% Addl. Duty 4%	Additional duty of 4% is imposed. Exemption from CVD on imports of hospital equipment for use in specified hospitals and life saving equipment is being withdrawn.
			90 or any other Chapter		Medical Equipment, accessories, parts, continuous ambulatory peritoneal dialysis, accessories and parts thereof, spare parts of hearing aids	10% Addl. Duty 10%	Exemption withdrawn
			90 or any other Chapter		Life saving medical equipment including accessories or spare parts or both of such equipment for personal use	5% Addl. Duty 4%	The exemption is limited to life saving medical equipment for personal use only. Moreover the same will also attract addl. Duty of 4%. This is subject to producing the necessary Certificate as prescribed.
			9801		Goods required for fertiliser projects, coal mining projects, power generation projects, power transmission, distribution projects	5% Addl. Duty 10%	No change except for amendment to accommodate the increase in rate of excise duty to 10%
			9805		All stores on board of vessel such as prepared meat, fish, consumable stores	Addl. Duty 10%	No change except for amendment to accommodate the increase in rate of excise duty to 10%
			9801		Goods required for Project for LNG Regassification plant	Addl. Duty 10%	No change except for amendment to accommodate the increase in rate of excise duty to 10%
			84		Bacteria removing clarifier	NIL	Bactofuges entry substituted

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
-	-	-	Any	-	PU for inflatable balls, Extra tec (cricket bat facing tape), Resin hardener TTP-33S and release paper for composite hockey sticks, Table tennis glue, Evazote foam for protective equipments e.g. leg guards, thigh guards, plywood for carrom board	NIL	Exemption is granted for certain sports goods.
-	-	-	84	-	Geothermal ground source heat Pumps, Truck Refrigeration unit	NIL SAD NIL	Exemption granted. CVD continued
-	-	-	84,85	-	Tunnel boring machines used for hydro-electric projects	NIL Addl. Duty NIL	Subject to producing the relevant certificate
-	-	-	84 or any other Chapter	-	Paddy transplanter, Laser land leveller, Reaper-cum-binder, sugarcane harvester, Straw or fodder balers, Cotton picker, Track used for manufacture of track type combine harvesters.	5%	Basic customs duty on specified agricultural machinery is being reduced from 7.5%.
-	-	-	8540 71 00	-	Magnetrons of up to 1000KW used for the manufacture of domestic microwave ovens	5%	The procedure set out in the Customs (Import of Goods at Concessional Rate of duty for manufacture of Excisable Goods) Rules, 1996 shall be followed.
-	-	-	9801	-	Goods required for installation of mechanized food grain handling systems and pallet racking systems in 'mandis' and warehouses for food grains and sugar	5% Addl. Duty NIL	Exemption granted
-	-	-	Any chapter	-	Promotional material (like Trailers, Making of Film etc.) imported in the form of Electronic Promotion Kits (EPK)/ Beta Cam	NIL Addl. Duty NIL	Exemption granted subject to the condition that remittances are made or required to be made by the importer relating to the import of the said goods

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
10	Notification No.21/2002 dt. 01.03.2002 as amended	21/2010	84 or any chapter	Goods specified and required for construction of roads - Exemption was available subject to condition that imported goods will be actually used and will not be disposed off or sold for the period of 5 years from the date of importation.	Provision has been amended so as to provide that these imported goods can be sold or disposed off on payment of applicable customs duties after providing for depreciation @5% on SLM for each completed quarter and certification by respective authority that these are no more required for the project.	–	This comes as a relief for the contractors
11	Notification No.25/2002 dt. 01.03.2002 as amended	22/2010	69,82,84, 85,90	The notification provides for exemption from basic customs duty to import of capital goods for use by IT / Electronic Industry.	Now exemption is also available to capital goods viz high vacuum frequency adjusters, seam sealers, high vacuum base plating system, lapping machine, etc. pick and place machines, assembly line including welding, soldering, encapsulation, filling and drying, Cathode ray oscilloscope/ oscilloscopes, frequency counter, spectrum analysers, AC/ DC power supplies, LCR bridges used for manufacture of the finished product Mounted Piezo electric crystals.  Benefit is extended to semi-automatic assembling machine for manufacture of connectors, potentiometers, relays, LED indicator lamps and display systems	–	–
12	Notification No.21/2005 dt.31.03.2005	23/2010, 28/2010	–	The existing Notification provides exemption from basic customs duty and CVD to parts, components and accessories of mobile handsets including cellular phones.	The new Notification extends the exemption to sub-parts for the manufacture of parts, components and parts for battery chargers and hands free headphones. Further the Special Additional Duty is also exempted.	NIL Addl. Duty NIL	The SAD exemption is valid up to 31 <sup>st</sup> March, 2011.

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
13	–	24/2010	2707	–	Carbon Black Feed Stock exempted from SAD	SAD NIL	SAD exempted
14	–	24/2010	4707 90 00	–	Waste paper and paper scrap	SAD NIL	SAD exempted
15	–	25/2010, 26/2010	2716 00 00	Electrical energy attracts duty @ Rs. 2,000/- per 1000 Kwh	The said duty is now being exempted. However the said exemption shall not be applicable for clearance of such electrical energy from SEZ to DTA or non-processing areas of SEZ.	NIL SAD NIL	SEZs will be at a loss on account of difference in basic customs duty rates when imported. SAD is exempted in SEZ if VAT / CST is charged on sales and to this effect the impact will be w.r.t. difference in basic customs rates
16	–	27/2010	3706, 8523	–	Exemption is being provided to motion pictures, music, gaming software for use on gaming consoles, recorded on media falling under heading 8523	NIL Addl. Duty NIL SAD NIL	The exemption is in excess of the duties which would be leviable if the value of the said goods, for the purposes of sub-section (1) of section 14 of the said Customs Act, were equal to the aggregate of cost of the carrier medium and the freight and insurance charges incurred in respect of the carrier medium. However, the motion pictures, music, gaming software for use on gaming consoles imported in pre-packaged form intended for retail sale will attract customs duty on the value determined in terms of the provisions of the Customs Act, 1962.
17	–	29/2010	Any Chapter	Under the existing provisions, refund of SAD is allowed to import dealers subject to the fulfilment of conditions specified therefor.	The new provision exempts all pre-packaged goods intended for retail sale in relation to which it is required, under the provisions of the Standards of Weights and Measures Act, 1976 (60 of 1976) or the rules made there-under or under any other law for the time being in force, to declare on the package thereof the retail sale price of the article	SAD NIL	This comes as a major relief and reduction in transaction cost and time for the dealers dealing as aforesaid

Sr. No.	Section / Rule / Notification	Latest Notification	Tariff Heading	Existing provision	New Provision	Effective Rate	Comments
18	–	29/2010	61 (excluding 6117 90 00), 62 (excluding 6217 90), 8517 12, 9101, 9102	–	Articles of apparel and clothing accessories (excluding parts), Telephones for cellular networks and other wireless networks, wrist watches, pocket watches are exempted from SAD NIL	SAD NIL	–
19	–	30/2010	–	–	Items of machinery, including prime movers, instruments, apparatus and appliances, control gear and transmission equipment and auxiliary equipment (including those required for testing and quality control) and components, required for initial setting up of a solar power generation project or facility have been exempted from basic customs duty.	5%	Certificate to be furnished and declaration to be provided w.r.t. actual user condition
20	–	31/2010	85	In previous budget, amendment was made that Packaged software or canned software, will be exempted from so much of the CVD, as is equivalent to the duty payable on the portion of the value of the packaged software determined under section 14 of the Customs Act, or the rules made thereunder; read with sub-section (2) of section 3 of the Customs Tariff Act, which represents the consideration paid or payable for transfer of the right to use such goods provided that the said transfer of the right to use shall be for commercial exploitation. transfer of the right to use for commercial exploitation.	The condition of commercial exploitation is being removed. Consequently, the exemption would be available on imported packaged software in all cases.	–	The other conditions w.r.t. registration of importer with the Service Tax would continue.

**SEZ**

It has been clarified that Excise Duty imposed under Medicinal & Toilet Preparations (Excise Duties) Rules, 1956 will not be applicable for Goods manufactured in SEZ.

## Report on WIRC Student Conference organised by Nashik Chapter

The Western India Regional Student Conference of ICWAI was organized on the theme "The Contemporary Role of Global CMA - Opportunities & Challenges" by WIRC of ICWAI in association with Nashik Ojhar Chapter of Cost Accountants at Nakshatra Lawns, Gangapur Road, Nashik on 13th February, 2010.

### **Inauguration Function:**

The conference was inaugurated by lighting of lamp, in the hands of Chief Guest CMAs B.M Sharma, Vice President, ICWAI, S. R. Bhargave, CCM, ICWAI, Manubhai Desai, Chairman, WIRC of ICWAI, Amit Apte, Vice Chairman, WIRC of ICWAI, P.V.Wandrekar, Hon. Secretary, WIRC of ICWAI.

On this occasion, CMA V.S.Datey, Chairman of the Chapter welcomed all the esteemed guests and Students attending Conference. CMA Bhargave greeted all the Students and congratulated for organizing the Conference. CMA Manubhai Desai explained the importance of having contemporary global approach through TQM, TCM and TTM. He further expressed his views on the future career opportunities for CWA profession. CMA Sharma congratulated the students of Nashik Ojhar Chapter of Cost Accountants for arranging the Conference and was confident that such kind of programme shall really benefit the students.

CMA R. K. Deodhar, Vice - Chairman proposed the vote of thanks and appreciated the efforts taken by everyone. Mr. Hrushikesh Shrotriya and Ms. Tejaswini Kapure, members of Students' Council hosted the Inauguration.

### **Technical Sessions on IFRS and GST:**

Post Inauguration, technical sessions on the important issues of changing horizons of India's Accounting and Taxation Scenario was organized. CMA Anjali Bhawe, delivered a session on "Roadmap for IFRS convergence in India" and CMA V.S. Datey, on "Roadmap to GST". Both the sessions were well received by the dignitaries as well as students. CMA Latika Pradhan and CMA Deodhar felicitated the Guest Lecturers with a memento and bouquet. Sandeep Ilag and Priyanka Bhosale coordinated and hosted the sessions.

### **The Big Meet:**

The signature programme of the function - "The Big Meet - The Meet of Contemporary Cost Accountants to share their views about their career paths", was organized in the post lunch session of the Conference. The esteemed panel members for the Big Meet were CMA Sanjay Bhargave, CMA Latika Pradhan, Mr. Jayant Manmadkar, CMA Sanjay Mundade and CMA S. W. Parnerkar.

The dignitaries expressed their honest and sincere views about future opportunities in the profession, opportunities and challenges etc. The discussion continued for two hours. The programme concept was designed by Nashik Chapter Students was very well acknowledged by the audience. The Big Meet was hosted by CMA Shilpa Parkhi, an active member of Chapter. Ms. Punam Deshmukh and Mr. Chinmay Hanumante coordinated the programme.

Quiz, Paper Presentation Competition and Best Personality Test:

Various Competitions were arranged for the benefits of students to help groom their personalities, present their skills and test their competence. Due to overwhelming response from more than 100 Candidates from various chapters including Surat-South Gujrat, Ahmedabad, Nagpur, Indore, Aurangabad, Pune, Mumbai, Kalyan - Ambarnath, Kolhapur, Bilaspur & Nashik, the preliminary rounds of paper presentation and quiz competition were conducted in the morning session. The qualified teams of the preliminary rounds of quiz competition appeared for the final round and the best paper presentations were delivered to the audience, in the evening session. The Best personality test was conducted by assessment of students on the basis of answers submitted by them and personal interaction with Prof. Shah, the guest jury for the said competition. All the audience very well enjoyed the competitions. CMA Shilpa Parkhi thanked all the judges including CMA Amit Apte, Mr. Shah, CMA Parnerkar, Mrs. Chandorkar and Mr. Jaimin Shah. Manali, Dipti, Piyusha and Snehal coordinated the Preliminary rounds while Dipak, Vinayak, Tanvi, Megha managed the final sessions in the evening. The above Programme concluded with national anthem.

### **The Cultural Event - Bizarre 2010:**

A Colorful Cultural Programme - Bizarre 2010 was organized at the open lawns along with grand dinner. The students from Pune, Aurangabad, Mumbai, Surat-South Gujarat & Nashik Chapter participated enthusiastically. The Rock Band of Nashik Students - Veda impressed the audience very much. Individual Singing performances, Skits on Cost Accounting Record Rules & Qualifications of Auditor brought cheer in the audience. The group and solo dance were also performed by various chapters. The Cultural event was hosted by Vaibhav Kulkarni and Utkarsha Patankar.

### **The Campus Interview:**

The Full Day Campus Interviews & Placements were also arranged on the next day i.e. 14th February, 2010 as a part of Conference activity. The inauguration of the campus interviews programme was done in the hands of CMA Manubhai Desai, Chairman, WIRC of ICWAI. He happily supported the initiative of Chapter and gave best wishes to the candidates. CMA R.K Deodhar, Vice - Chairman, offered welcome to the participating companies and candidates sitting for the interview on behalf of Nashik Chapter. CMA Shilpa Parkhi, Member, gave vote of thanks and Mr. Hrushikesh Shrotriya hosted the inauguration function. More than 10 Companies and 200 candidates participated in the campus recruitment process. Ms. Tejaswini Kapure, Ms. Mayuri Baviskar & Ms. Priyanka Bhosale coordinated the campus interview programme.

The Conference was very uniquely promoted through its website [www.nashikconference.webs.com](http://www.nashikconference.webs.com), and networking websites by The Students' Pulse - The Council of CWA/ CS Students of Nashik. All the Members, office bearers of Chapter and Students took strenuous efforts in making arrangements for the conference. ●

## Report on Western India Regional Cost Conference organised by Aurangabad Chapter

Western India Regional Cost Conference-2010 was hosted by the Aurangabad Chapter of Cost Accountants on 11th & 12th Feb 2010 at Tapadiya Nattya Mandir, Nirala Bazar, Aurangabad in Maharashtra.

Honorable Transport & Law Minister of Maharashtra and Guardian Minister of Aurangabad district, Mr. Radhakrishna Vikhe Patil was the Chief Guest. The inaugural function was presided over by CMA G. N. Venkataraman President of Institute of Cost and Works Accountant of India (ICWAI).

The theme of the two days regional cost conference was "Challenges of change".

### Day One: Date 11.02.2010

Chief Guest Honorable Mr. Radhakrishna Vikhe Patil, Minister of Transport & Law of Maharashtra State and Guardian Minister of Aurangabad district, inaugurated the Conference. In his inaugural speech, he stated that with the governments in the Centre and also in State of Maharashtra in clear majority, it is possible to implement the meaningful reforms for our government. The changes in the accounting and tax areas of IFRS, (International Financial Reporting Standards), GST (Goods and Service Tax) and DTC (Direct Tax Code) are really the need of the hour. Cost & Management Accountants have a role to support the government to balance the needs and the availability of knowledge sharing. This is critical to ensure the sustained growth momentum continues in the economy. He appreciated the initiative taken to put persons from various industries on Dias in the "Industry Perspective - forum". He announced to help for Aurangabad chapter from the state government. He asked ICWAI to conduct audits of the state transport (ST) and co-operative sugar industry and the sector to help the state.

In his welcome speech CMA Sanjay Mundade, Chairman of Aurangabad Chapter of Cost Accountants narrated glorious 20 years of Aurangabad Chapter. In his Presidential speech CMA G N Venkataraman, President of Institute of Cost and Works Accountant of India (ICWAI) narrated about new Course of CAT by ICWAI. he also informed about the expert group recommendation to the Ministry of Corporate Affairs. He added that if the recommendations are implemented, it will address the issue of enterprise governance. CMA B. M. Sharma, Vice President Institute of Cost and Works Accountant of India (ICWAI) stated that The world economy is undergoing a number of fundamental and dramatic changes. The tasks of the accountants need to be tuned to the changing requirements of the market & Regulators.

In the plenary Session CMA Girishji Jakhotia, Management Guru Delivered his thoughts and niti's on Managing the Change & Krishna Niti.

In the 1st Technical Session on IFRS - Mr. Sudhir Soni -

Partner - Ernest & Young India Pvt Ltd Presented on Challenges of convergence with IGAP. In the same session CMA R. N. Bhawe, IFRS Consultant, presented on Challenges for SMEs and role of CMA's.

In the session on Challenges of Change - Industry perspective the Panelists were CMA Sanjay Mundade, CFO and Director - Commercial, SKODA Auto India Pvt. Ltd, Mr. S. K. Jain, Chief Financial Officer - CE & HA business of Videocon Industries Ltd. Mr. Mantri, From Mahindra and Mahindra, Mr. K. V.V. S. Murthy CFO, Reliance, Mr. Rajesh Shukla HOD - Accounts, Taxation and Custom - Skoda Auto India Pvt Ltd. The panelists presented their views and strategies. In this session they also answered on questions, difficulties of delegates representing various Industries.

In the session on Valuation Management and Implementing of Cost of Accounting Standards, CMA Chandra Wadhwa Past President ICWA India and Senior Cost Accountant presented Papers on Cost Accounting Standards.

In Challenges & Opportunities for Practicing CMA's Session Past President CMA Dhananjay Joshi informed the Challenges & Opportunities for Practicing CMA's in perception of future changes.

### Day 2 - 12.02.2010

Day Two Session was inaugurated by Chief Guest, Mr. K. R. Bhargava, Commissioner, Chief Commissioner of Commissioner of Custom, Nhava Sheva Port, Mumbai. On this Occasion Mr. K. R. Bhargava, inaugurated the Web site of Aurangabad Cost Accountants Chapter.

In GST & Indirect Tax Session Mr. G. D. Lohne. G. D. Addl. Commissioner of Customs Nhava Sheve Port, Mumbai, Mr. M. S. Mani Senior Director (Indirect Tax) Deloitte Touche tohmatsu Pvt. Ltd, CMA Sanjay Bhargave, CCM, ICWAI, gave presentation on GST & Indirect Tax.

In Direct Tax Code session Mr. C.V Chitale, Partner, M.P.Chitale & Co & Hitesh Sharma, Partner - Ernest & Young India Pvt. Ltd made the presentations.

At Valedictory Session, CMA B. M. Sharma felicitated all committee members. Vote of Thanks Presented by CMA Sanjay Mundade.

Eminent resource persons from renowned Institutes, business schools, industry, service sector, and government department's delegates attended the conference.

CMAs A. R. Joshi, M.R. Pandit, H.B. Shah, R.G. Modani, R.K. Khadalkar, P.P. Mohani, R.P. Gore, D.V.Dabri, S.R. Pimple, R.G. Zavar, Mr. Nitin Sharma, Mr. S.J. Deore, Mr. Vishwanath Joshi & Mr. Mahesh Avhad took the special effort for making this event successful.

Mr. Rajesh Shukla, Aboli Pathak and Sayuri Gandhi co-ordinated the event.

## CHAPTER NEWS

### JABALPUR

Jabalpur chapter of ICWAI had organised a conference on courses offered by the ICWAI, at Govt. autonomous Man kuwarbai Girls college of Arts & commerce, Jabalpur on 26th of Feb-2010. In this concerence 200 girls participated. The programme was organised by Mr. Mukesh Jain HOD commerece. Dr. Mrs. Agnesh Thakur Principal had chaired the inaugural session. Vote of thanks was given by Mr. Mukesh Jain.

### KALYAN - AMBERNATH

#### Career Fair

Chapter participated in two days Career Fair organised by Career and Placement Cell of Smt. Chandibai Himathmal Mansukhani College of Arts, Science & Commerce, Ulhasnagar on 15-16th February, 2010. CMA G.B. Shamnani Chairman of Chapter along with Mr. Raju P. Chhatpar, Executive Secretary, Mr. Ravi Rohra, Mr. Omprakash Dalwani, Mr. Shamsheer K. Chand, informed the students about details of the course.

#### Lecture on Union Budget 2010-11

Chapter organized lecture on Union Budget 2010-11 on 27th February 2010 at Town Hall, Ulhasnagar. CMA G.B. Shamnani, Chairman of Chapter welcomed Chief guests CMA Manubhai K. Desai, Chairman WIRC and Ms. Ritika Sachdev, Vice-Principal, Smt. C.H.M. College of Arts Science and Commerce, Ulhasnagar. CMA M.R. Dudani, Vice-Chairman of chapter and C.A. Rakesh Kalwani, Faculty Member Smt. C.H.M. College of Arts Science and Commerce, and Ms. Neeta Rohra, Lecturer of Information Technology of Smt. C.H.M. College of Arts Science and Commerce were the speakers for the programme.

In his keynote address CMA M.R. Dudani spoke on major changes in Union Budget covering Direct Taxes and Indirect Taxes. C.A. Rakesh Kalwani, made power point presentation on various changes in budget and its implication on different sectors of business community and salaried persons. The Programme was attended by many members including CMA V.J. Talati, Past Chairman of WIRC, CMA G.U. Keswani Treasurer of Chapter and Mr. Raju P. Chhatpar, Executive Secretary of Chapter and students of Final and Inter. Lecture was followed by question answer session. CMA D.M. Bathija, Immediate Past Chairman of Chapter proposed vote of thanks.

#### Demo Lecture on 'Security Tools'

On 27th February 2010 Chapter organized a demo lecture on "Security Tools". CMA G.B. Shamnani, Chairman of Chapter welcomed and introduced the speaker Ms. Neeta Rohra, Lecturer of Information Technology of Smt. C.H.M. College of Arts Science and Commerce. She explained the meaning, use, and procedure of retrieving passwords used for saving files on computers and websites. The lecture was fully supported by power point presentation and lives examples. The students and members found the lecture informative and useful and requested to arrange more lectures on similar topics.

#### Prize Distribution Function

On 27th February 2010 Chapter organized Prize Distribution Function for the Students of Foundation, Inter and Final, who cleared in December 2009 exam. CMA G.B. Shamnani informed that results of Chapter have improved due to efforts of faculty and round the clock executive support for which Mr. Raju. P. Chhatpar, Executive Secretary was felicitated at the hands of CMA Manubhai K. Desai, Chairman WIRC. More than 60 students of Dec. 2009 examination passing, out of which 23 students were of Final. Prizes were distributed at the hands of Ms. Ritika Sachdev, Vice-Principal, Smt. C.H.M. College of Arts Science and Commerce, CMA Manubhai K. Desai Chairman WIRC, CMA M.R. Dudani, Vice-Chairman of Chapter, C.A. Rakesh Kalwani. Mr. Raju P. Chhatpar, Executive Secretary proposed Vote of thanks.

### NAVI MUMBAI

#### Seminar on International Financial Reporting Standard

Navi Mumbai Chapter organized its 2nd annual seminar (full day) on International Financial Reporting Standard (IFRS) on 20th February 2010. CMA B. M. Sharma Vice President of the Institute was Chief Guest and CMA Manubhai. K. Desai, Chairman, WIRC of ICWAI was Guest of Honour.

Eminent speakers, CA Ravi Bansal, CA Hemal D Shah and CA Leon Verdes from S R Batliboi & Co. (a member firm of Ernst & Young Global) handled the technical sessions. In the welcome address, CMA Debasish Mitra – Secretary of the Chapter informed that from 2011 IFRS is going to be the single accounting language for the global accounting community, and thus the seminar is of utmost relevance to our students, members and practitioners.

CMA K.R. Jethani – Chairman of the Chapter outlined the Chapter activities, and informed that very soon Chapter will start coaching classes for prospective students and will apply for a new examination centre at Navi Mumbai as students of Navi Mumbai have to travel four hours daily on the examination day as there is no examination centre in the area.

In his inaugural address, CMA B.M. Sharma highlighted the Institute activities, and CMA Manubhai. K. Desai stressed how students and members are important for the growth of the Institute.

In the session CA Ravi Bansal gave an Introduction and basic overview of IFRS, First time adoption of IFRS, and full details of Inventory valuation as per IAS 2. CA Leon Verdes discussed about IAS 16 - Property, Plant and Equipment, IFRIC4 - arrangements containing Lease.

CA Hemal Shah's presentation was on Discussion over Important and Relevant provisions of IFRS, IFRS-1-First time adoption of IFRS, IAS 2 – Inventories, Key IFRS impacts on manufacturing companies. Good number of delegates comprising of students, Members, Practitioners and Faculty attended the seminar. All the sessions were very interactive and educative. CMA D.K. Jain – Founder Chairman of the Chapter proposed vote of thanks.

### PUNE

#### Certificate Course in Central Excise & Service Tax

Pune Chapter of Cost Accountants commenced a short term Certificate Course in Central Excise & Service Tax from 18th February 2010 at its Laxminagar premises and from 21st February 2010 at its PCA Center-Akurdi.

This course was designed for persons working in Central Excise, Service Tax, Materials, Finance, Marketing, Purchase and Stores Departments and for C.A., C.S., I.C.W.A. students & persons intending to practice in Central Excise and Service Tax.

This course has been designed to educate the participants to enable them to handle day to day problems and records related to various provisions in Central Excise and Service Tax more effectively and also get ready for GST.

The Faculties for this course were CMA Sanjay Bhargave CCM, CMA D.V. Joshi, Past President - ICWAI, Chandrashekhar Chitale Practicing Chartered Accountant, CMA N. K. Nimkar and CMA Sachin Gandhi. The response for this course was overwhelming at both the places.

#### Students' Industrial Visit

Pune Chapter of Cost Accountants organised an industrial visit for our intermediate students on 28th February 2010. About 50 students participated in this visit. Mr. Rahul Pathak our Faculty for the subject on Operations Management & Info. System took the lead and conducted this visit within the factory premises of M/s. Alpha Dies & Pattern (I) Pvt. Ltd.

Mr. Bhattacharya, Head of the Dept., from this unit spared his valuable time in taking the students around the factory. Mr. Vikas, Amol and other staff members of the unit, also helped the students in this visit. It was a great learning tour for our students.

## Glimpses of Regional Cost Conference organised by Aurangabad Chapter on 11th and 12th February 2010



*Release of Souvenir*



*CMA S. B. Shah, Secretary Aurangabad Chapter greets CMA Manubhai Desai during Inauguration Ceremony.*



*CMA Pravin Mohani, Treasurer, Aurangabad Chapter greets CMA Amit Apte during Inauguration Ceremony.*



*Guests on dais – inaugural function of Second Day*



*Mr. Sudhir Soni, Partner - Ernest & Young India Pvt. Ltd., CMA Sanjay Bhargave, CCM-ICWAI, CMA (Dr.) Girish Jakhotiya, Management Consultant and Mr. K. R. Bhargava, Chief Commissioner of Customs, JNPT delivering speech.*



*CMA G. N. Venkatarman, President - ICWAI and CMA V. C. Kothari along with students of Aurangabad Chapter.*



*CFO's, Top Officials, eminent resource persons from Renowned industry, Service sector and Government departments attended Regional Cost Conference -2010*

## Glimpses of Students Conference organized by Nashik Chapter on 13th February 2010



*CMA Manubhai Desai lighting the lamp. Also seen CMA R.K. Deodhar, Vice Chairman WIRC, CMA Sanjay Bhargave, CCM-ICWAI, CMA B.M. Sharma, Vice President, ICWAI, CMA Amit Apte, Vice Chairman WIRC, CMA V.S. Datey, Chairman of Nashik Chapter, CMA P.V. Wandrekar, Hon. Secretary, WIRC, CMA S.W. Parnekar, Secretary Nashik Chapter*



*CMA Sanjay Mundade, Chairman of Aurangabad Chapter interacting with the participants. Also seen CMA S.R. Bhargave, CCM-ICWAI, CMA Latika Pradhan, CMA Shilpa Parkhi, CMA Jayant Manmadkar, CMA S.W. Parnekar*



*Release of Souvenir*



*Group photo of students participated in Cultural Programme.*



*Representative of Companies participated in Campus Interview organized by Nashik Chapter on 14th February 2010.*



*View of Students for Campus Interview organized by Nashik Chapter on 14th February 2010.*



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