



# WIRC BULLETIN

Vol. 39 No. 5 May 2011

For Members only

Rs. 5/-

## CAMPUS INTERVIEW

WIRC organized the 6th Campus Interview for Final students who passed in December 2010 Examination, on 16th April 2011 at N.M. College, Vile Parle (W), Mumbai. More than 200 students from all over Western Region participated in the Campus. 10 Companies participated in the Campus. CMA P. V. Wandrekar, Hon. Secretary WIRC welcomed students and company representatives. CMA M. B. Ashtamker, Faculty Member WIRC co-ordinated the presentation programme.

WIRC received excellent feedback from the students and the Companies who participated in the Campus. 26 students were selected on the same day and 84 students have been short-listed. Salary in the range Rs. 3 Lakhs to 6 Lakhs was offered to our students.

WIRC conducted special programmes on "Personality & Communication Skills Development" at WIRC office on 9th April & 15th April 2011 to help students to prepare for Campus Interview. Ms. Lakshmi Murthy, Soft Skills Trainer was the faculty for the programme.

## Congratulations



**Mrs. Shilpa Shekhar Parkhi**, a Fellow member of ICWAI and ACS is awarded Degree of Doctor of Philosophy (Ph.D.) in the area of Indirect Taxes under faculty of Management from YCMOU in April 2011. Title

of her study was "An analytical study for re-design of Central Excise Audit procedure for SSI units with special reference to Nasik Industrial Estate." She was guided by Dr. Mrs. A.A. Verulakar for the study. She also got subject matter guidance from our fellow members CMAs V.S. Datey and R. K. Deodhar from time to time. Model Audit plan suggested by her is appreciated by the Additional and Deputy Commissioners of Central Excise department.

## Congratulations



IFRS Record - Our members CMA Rammohan N. Bhave, CMA Dr. Anjali R. Bhave and WIRC of ICWAI get into LIMCA BOOK OF RECORDS 2011.

WIRC of ICWAI is proud to be associated with the effort of CMA Rammohan Bhave & CMA Dr. Anjali Bhave that has been recognised by the "Limca Book of Records".

## Limca Book of Records

National Record 2011

**Rammohan N Bhave** and **Dr Anjali R Bhave** in association with the Institute of Company Secretaries of India (ICSI), New Delhi, Reliance Communications Ltd and the Western India Regional Council (WIRC) of the Institute of Cost and Works Accountants of India (ICWA) organised the largest web-based seminar on August 22, 2009. The couple guided the 3 hr-long interactive seminar which was attended by 684 persons through video conferencing at 77 Reliance VC outlets in various cities of the country.

*Vijaya Ghose*

Vijaya Ghose  
Editor, Limca Book of Records

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**THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA**  
(Established by an Act of Parliament)

12, SUDDER STREET, KOLKATA - 700 016.

11th April 2011

**NOTIFICATION**

**ELECTION TO CENTRAL COUNCIL - 2011**

**FINAL LIST OF NOMINATIONS**

**WESTERN INDIA REGIONAL CONSTITUENCY**

1. **Shri Amit Anand Apte**  
11/7, Laxmi Narayan Nagar, S. No. 11 & 12,  
Erandawane, Pune - 411 004.
2. **Shri Sanjay Ramchandra Bhargave**  
3, Khushboo Apartments,  
S. No. 78/2, Plot No. 29,  
Bhusari Colony (L), Paud Road,  
Kothrud, Pune - 411 038.
3. **Shri Pramodkumar Vithaldasji Bhattad**  
Dy. General Manager (Finance),  
South Eastern Coalfields Ltd.,  
Seepat Road, Bilaspur - 495 006.
4. **Shri Ashwin Gordhanbhai Dalwadi**  
A.G. Dalwadi & Co., 403, Ashirvad Complex,  
Next to 'Aditya' Bldg.,  
Behind Sardar Patel Seva Samaj,  
Nr. Mithakhali Six Roads, Ahmedabad-380 006.
5. **Shri Manubhai Khandubhai Desai**  
94, Amrakunj Soc., Ghoddod Rd., Surat - 395 001.
6. **Shri Kirankumar Jayantilal Mehta**  
257, Ellisbridge Shopping Centre,  
Opp. M.J.Library, Ahmedabad - 380 006.
7. **Ms. Aruna Vilas Soman**  
501, Vidya Apartments, 168, Veer Savarkar Marg,  
Mahim, Mumbai - 400 016.

(Kaushik Banerjee)  
Returning Officer

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**NOTIFICATION**

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**WESTERN INDIA REGIONAL COUNCIL**

1. **Shri Dinesh Kumar Birla**  
A/3, Nirant Appartment, Opp. Town Hall, Nr. Karnavati  
Hospital, Ellis Bridge, Ahmedabad - 380 006.
2. **Shri Yogesh Chourasia**  
Yogesh Chourasia & Associates, R-73, Zone - II,  
M. P. Nagar, Near Arya Bhawan, Bhopal - 462011
3. **Shri Jayant Krishnarao Hampiholi**  
B2/3, Adarsh Housing Society, Dolasnath Colony,  
Talegaon, Dabhade - 410 506.
4. **Shri Neeraj Dhananjay Joshi**  
CMA Pride, 1st Floor, Plot No. 6, S. No. 1616,  
Erandawana Housing Soc., Erandawana, Pune - 411004.
5. **Shri Vijay P. Joshi**  
302, Sham Tower, 164/2, R. N. T. Marg,  
Near Hotel President, Indore, Madhya Pradesh.
6. **Shri Debasish Mitra**  
B/502, Mayuresh Srishty Park, Off. Lake Road,  
Bhandup (W), Mumbai - 400 078.
7. **Shri S. G. Narasimhan**  
B-204, Runwal Pride, Behind R. Mall,  
L.B.S. Marg, Mulund West, Mumbai - 400080.
8. **Shri Ashok Bhagawandas Nawal**  
A. B. Nawal & Associates, 203, Rohan Heights,  
D'Souza Colony, Off. College Road, Nasik - 422005.
9. **Shri Ghanshyam R. Paliwal**  
G. R. Paliwal & Co., 408A, Lokmat Bhawan,  
Ramdaspath, Wardha Road, Nagpur - 440012
10. **Shri Murlidhar Ramkumar Pandit**  
M. R. Pandit & Co., Cost Accountants  
Pawan Vihar, N-4, E-40, CIDCO, Aurangabad - 431003
11. **Shri Virochan B. Prabhudesai**  
C-28, Bhanukant Complex, Junction of Aarey Road &  
W. E. Highway, Goregaon (E), Mumbai - 400063
12. **Shri Shrenik Sumantlal Shah**  
"Swashraya", 1-A, A.D.C. Bank Society, B/h. Sahajanand  
College, Ambawadi, Ahmedabad - 380 015.
13. **Shri Suresh Kumar Soni**  
171, Rachna Nagar, Govindpura, Bhopal - 462 023.
14. **Shri Yashodhar S. Thakar**  
Y.S. Thakar & Associates, Vrund Complex,  
7, Second Floor, Near Urmi Char Rasta, Productivity Rd.,  
Akota, Vadodara - 390 020.
15. **Shri Ashish Prakash Thatte**  
3, A/5, Anand Deep, Pendse Nagar, Dombivili (E), 421201
16. **Shri Mihir Praful Turakhia**  
404, Shalimar Corporate Centre,  
8-B, South Tukoganj, Indore - 452001

(Kaushik Banerjee)  
Returning Officer

## POLLING BOOTHS OF WESTERN INDIA REGIONAL CONSTITUENCY

Booth No.	ADDRESS
B-1	Ahmedabad Chapter of Cost Accountants, 303-304, 'SARAP', Behind Gujarat Vidyapith, Opp. Navjivan Press, Ashram Road, Ahmedabad - 380014.
B-2	Aurangabad Chapter of Cost Accountants, Flat No. A-9/10, Chetan Super Market, Trimurti Chowk, Jawahar Colony, Aurangabad - 431005.
B-3	Gujarat Narmada Valley Fertilizer Corporation Ltd., P.O. Narmada Nagar, Dist. Bharuch, Bharuch - 392015.
B-4	Bhilai Chapter of Cost Accountants, ICWAI Bhawan, Civic Centre, Bhilai - 490006.
B-5	Bhopal Chapter of Cost Accountants, 182, Akanksha Building, II Floor, M. P. Nagar, Zone I, Bhopal - 462011.
B-6	Bilaspur Chapter of Cost Accountants, C/o. O/o, General Manager(Fin.) SECL Head Quarters, Seepat Road, Bilaspur - 495006(C.G.).
B-7	Radhabai Sathe Kanyashala High School, Rajaji Road, Ramnagar, Opp. Bank of India, Dombivli (E) - 421201.
B-8	Indore-Dewas Chapter of Cost Accountants, 303, Shyam Tower, Near Hotel President, 164/2, R.N.T. Marg, Indore - 452001 (M.P.)
B-9	Shri GH Gosrani Commerce College, Oshwal Education Trust, Near Gokul Nagar, Indira Gandhi Marg, Jamnagar - 361004.
B-10	Kalyan-Ambarnath Chapter of Cost Accountants, Sai Chintan Co-op. Hsg. Soc. Ltd. Dhobi Ghat, Maratha Section - 32, Ulhasnagar - 421004.
B-11	Kolhapur-Sangli Chapter of Cost Accountants, 1170/E, Jyotichandra Apartments (Basement), Rajaram Road, Takala, Kolhapur - 416001.
B-11A	Kutch Gandhidham Chapter of Cost Accountants, C/o. Tolani Institute of Management Studies, Opp. Railway Crossing, Lilashah Ashram Road, Adipur-Kutch (Gujarat) - 370205.
B-12	Western India Regional Council, "Rohit Chambers", 4th Floor, Janmabhoomi Marg, Fort, Mumbai - 400001.
B-13	D.G. Ruparel College of Arts, Science and Commerce, Opp. Matunga Road Station (W.Rly.), Senapati Bapat Marg, Mahim, Mumbai - 400016.
B-14	Ramniranjan Jhunjhunwala College of Commerce & Economics, Ghatkopar (West), Mumbai - 400086.
B-14A	Mulund College of Commerce, Mulund (W), Mumbai - 400080.
B-15	SIES College of Arts, Science & Commerce, Sion (West), Mumbai - 400022.
B-15A	N. M. College of Commerce, Vile Parle (W), Mumbai - 400056.
B-16	Parle Tilak Vidyalaya Association's M.L. Dahanukar College of Commerce, Dixit Road, Vile Parle (East), Mumbai - 400057.
B-16A	Sheth M. K. High School, Complex Factory Lane, Borivli (W), Mumbai - 400092.
B-17	ICLES' Motilal Jhunjhunwala College of Arts, Science & Commerce, Plot No. 53, Sector - 9A, Amlendu Roye Marg, Vashi, Navi Mumbai - 400703.
B-18	Nagpur Chapter of Cost Accountants, ICWAI Bhavan, 243/3, Laxminagar, Nagpur -440022.
B-19	Nashik-Ojhar Chapter of Cost Accountants, 2nd Floor, Prasanna Arcade, Old Agra Road, Nashik - 422002.
B-20	Modern College of Arts, Science and Commerce, Shivaji Nagar, Pune - 411005.
B-21	S. S. Ajmera Junior College, Pimpri, Pune - 411018.
B-21A	Raja Shree Shivaraya Pratishthan's, Maharashtra College of Science & Commerce, Educational Campus, Baburao Sutar Peth, Rambaug Colony, Paud Road, Kothrud, Pune - 411 038.
B-22	Rotary Club of Raipur, Jalbihar Colony, Raipur (C.G.) - 492 001
B-23	Surat-South Gujarat Chapter of Cost Accountants, B-210, Tirupati Plaza, Near Collector Office, Athwa Gate, Surat - 395001.
B-24	VPMS Institute of Management Studies, Chendani Bunder Road, Creek Land, Thane - 400601.
B-25	Baroda Chapter of Cost Accountants, 242, Phoenix Complex, Near Suraj Plaza, Sayajigunj, Vadodara - 390005.

# UNION BUDGET- 2011 SERVICE TAX

CMA Sachin P. Gandhi

Changes in Service Tax in consequence of Union Budget 2011 effective from 01.05.2011 .

## A) New Services

Vide Noti.No.29/2011-ST dt. 25th April 2011, CBE & C has notified the date of 1st May 2011 for levy of service tax on the following services.

1. Services by air-conditioned restaurants having license to serve liquor -
  - Tax is being imposed on services provided by high-end restaurants that are air-conditioned and have license to serve liquor. Such restaurants provide conditions and ambience in a manner that service provided may assume predominance over the food in many situations.
  - It is not necessary that the facility of air-conditioning is available round the year. If the facility is available at any time during the financial year the conditions for the levy shall be met.
  - The levy is intended to be confined to the value of services contained in the composite contract and shall not cover either the meal portion in the composite contract or mere sale of food by way of pick-up or home delivery, as also goods sold at MRP. Vide Noti.No.34/2011-ST an abatement of 70% has been granted on this service, which is, inter-alia, meant to separate such portion of the bill as relates to the deemed sale of meals and beverages.
2. Short-term accommodation in hotels/inns/clubs/guest houses etc.
  - Short term accommodation is provided by hotels, inns, guest houses, clubs and others and at campsites. This service is to be taxed where the continuous period of stay is less than 3 months.
  - Actual levy is being restricted to accommodation with declared tariff of Rs.1,000/- per day or higher by an exemption notification. Once this requirement is met, tax will be chargeable irrespective of the fact that actually the amount charged from a particular customer is less than Rs 1,000. The tax will also be charged on the gross amount paid or payable for the value of the service.
  - Notification No. 31/2011 -ST dt. 25th April 2011 exempts the taxable service as referred to in sub-clause (zzzzw) of clause (105) of section 65 of the said Act, when the declared tariff for providing of such accommodation is less than rupees 1000 per day from the whole of the service tax leviable thereon under section 66 of the said Act.

- As per the Explanation to the said notification, "declared tariff" includes charges for all amenities provided in the unit of accommodation like furniture, air-conditioner, refrigerators etc., but does not include any discount offered on the published charges for such unit.
- Vide Notification No. 34/2011 ST dated 25th April 2011- provides an abatement of 50% to the service provided under this category.

## B) Alteration or expansion in the scope of existing services

1. Commercial Training or Coaching Service [section 65 (105) (zzc) : The scope of the service is being expanded to include all coaching and training that is not recognized by law irrespective of whether the institute is providing any other course(s) recognized by law.
  - 1.1 The levy in its earlier form kept outside its purview unrecognized education which is imparted by an institute that issues any certificate or diploma or degree or any educational qualification recognized by law. Thus two identical courses are be treated differently merely because some of the institutes also conducts another course that is recognized by law. This anomaly is proposed to be corrected by subjecting all such unrecognized education to tax.
  - 1.2 The definition of "commercial training coaching centre" has been amended. Exemption has been given vide Noti. No. 33/2011-ST dt.25.04.2011 to preschool coaching and training and to coaching or training relating to educational qualifications that are recognized by law.
2. Services provided by clinical establishments [section 65 (105) (zzzzz): have been exempted from Service Tax vide notification No. 30/2011-ST dtd 25th April 2011. In view of the change in the scope of service under Sec65(105)(zzzzz),the services provided by Hospitals / Clinical establishments in respect of health checkup or preventive care are also exempted from service tax.

## CAREER FAIR

WIRC participated in Career Fair organized by Career Foundation at Navghar Municipal School Ground, Bhayander from 15th to 17th April 2011. Dr. Sanjeev Ganesh Naik, Member of Parliament graced the occasion on the last day of the fair and gave away the participation trophies to all the organisations. Shri Ganesh Naik, Minister for Excise and Guardian Minister, Thane Dist. also graced the occasion.

Large number of students visited the Institute's stall.

# Entitlement of Cenvat Credit of Various Input Services

## Bizsolindia Services Pvt. Ltd.

Finance Bill has been approved by Parliament and has been given assent by Hon'ble President thereby it has become enactment w.e.f. 8th April 2011.

During the budget, definition of Input Services is totally changed and therefore, the doubts have been raised across w.r.t entitlement of Cenvat Credit on input services and therefore, attempt has been made to analyse the legal provisions.

Input Service has been defined as-

(l) "input service" means any service, -

(i) used by a provider of taxable service for providing an output service; or  
(ii) used by a manufacturer, whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products upto the place of removal, **and includes services used in relation to** modernization, renovation or repairs of a factory, premises of provider of output service or an office relating to such factory or premises, advertisement or sales promotion, market research, storage upto the place of removal, procurement of inputs, accounting, auditing, financing, recruitment and quality control, coaching and training, computer networking, credit rating, share registry, security, business exhibition, legal services, inward transportation of inputs or capital goods and outward transportation upto the place of removal; **but excludes services,-**

(A) specified in sub-clauses (p), (zn), (ztl), (ztlm), (zzq), (zzzh) and (zzza) of clause (105) of section 65 of the Finance Act (hereinafter referred as specified services), in so far as they are used for-

(a) construction of a building or a civil structure or a part thereof; or  
(b) laying of foundation or making of structures for support of capital goods, except for the provision of one or more of the specified services; or

(B) specified in sub-clauses (d), (o), (zo) and (zzzj) of clause (105) of section 65 of the Finance Act, in so far as they relate to a motor vehicle except when used for the provision of taxable services for which the credit on motor vehicle is available as capital goods; or

(C) such as those provided in relation to outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, membership of a club, health and fitness centre, life insurance, health insurance and travel benefits extended to employees on vacation such as Leave or Home Travel Concession, when such services are used primarily for personal use or consumption of any employee;

The definition can be divided into 3 categories, mainly,

1. Category A - Services used directly or indirectly in relation to manufacture and clearance of excisable goods up to place of removal.

2. Category B - Inclusive

3. Category C - Specific exclusions

Therefore, first category is specified as

(i) used by a provider of taxable service for providing an output service; or  
(ii) used by a manufacturer, whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products upto the place of removal

Second category is for "inclusive" services used in relation to modernisation, renovation or repairs of a factory, premises of provider of output service or an office relating to such factory or premises, advertisement or sales promotion, market research, storage up to the place of removal, procurement of inputs, accounting, auditing, financing, recruitment and quality control, coaching and training, computer networking, credit rating, share registry, security, business exhibition, legal services, inward transportation of inputs or capital goods and outward transportation upto the place of removal;

Third category of "Specific exclusions" is specified as "but excludes-

(A) specified in sub-clauses (p), (zn), (ztl), (ztlm), (zzq), (zzzh) and (zzza) of clause (105) of section 65 of the Finance Act (hereinafter referred as specified services), in so far as they are used for-

(i) construction of a building or a civil structure or a part thereof; or  
(ii) laying of foundation or making of structures for support of capital goods,

except for the provision of one or more of the specified services; or

(B) specified in sub-clauses (d), (o), (zo) and (zzzj) of clause (105) of section 65 of the Finance Act, in so far as they relate to a motor vehicle except when used for the provision of taxable services for which the credit on motor vehicle is available as capital goods; or

(C) such as those provided in relation to outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, membership of a club, health and fitness centre, life insurance, health insurance and travel benefits extended to employees on vacation such as Leave or Home Travel Concession, when such services are used primarily for personal use or consumption of any employee.

There will be no disputes w.r.t services utilized whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products up to the place of removal or used by a provider of taxable service for providing an output service since it can be related to each other in almost all the cases, except few cases like telephone.

The second category, there may be some disputes in relating the services w.r.t inclusive functions such as

1. advertisement or sales promotion,
2. market research
3. business exhibition
4. procurement of inputs

5. and the services utilized by persons / representatives / employees in relation to the functions as stated in "inclusive" definition e.g. reimbursement of travel of auditors by air - whether can be considered services utilized for performing auditing function or can be treated as services are used primarily for personal use.

Though it can be argued, exclusion is only for services which are used primarily for personal use or consumption for employees or the perquisites or benefits offered to employees for their personal use or compensated by the company which has no relationship with business of the company and normally required to be considered while calculating the TDS for salary and issuing Form 16. Any services for personal use cannot be treated as business expenditure and if it is accepted as business expenditure as per Indian Accounting Standard or under IFRS or any other generally accepted Accounting Standards, then it should be considered as "business purpose" and to be linked with "inclusive functions" for entitlement of Cenvat Credit. However, it is recommended that such expenses should be considered by the service provider and charge

the Service Tax considering the value inclusive of such reimbursement /expenditure which is otherwise also to be included in determining taxable value of services in accordance with "Service Tax (Determination of Value) Rules, 2006". However, department may raise dispute on the expenditure or the reimbursement in connection with / or in relation with services availed for use of the person even though the same may be for business purpose.

As far as exclusion categories are concerned, there is absolute clarity on the following excluded services

A) Architect Services, Architect, Port & other Port Services, Airport Authorities, Commercial & Industrial Construction, Construction of complex, Execution of Works Contract used in relation to construction of a building or a civil structure or a part thereof, laying of foundation or making of structures for support of capital goods.

(B) such as those provided in relation to outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, membership of a club, health and fitness center, life insurance, health insurance and travel benefits extended to employees on vacation such as Leave or Home Travel Concession, when such services are used primarily for personal use or consumption of any employee.

Consumed has been defined in the "Shorter Oxford English Dictionary Volume 1 as "to use up, to eat up, to drink up or to destroy or to accomplish or to complete". However it has been stated in the Corpus Secundam Vol. 16 Page 1523 that the word "consumed" does not necessarily mean eat up or destruction but

may often thus contemplate the ultimate use to which all intermediate ones lead. Personal use means "private use". Person includes a corporation, so goods purchased for a corporation could be goods purchased for the personal use of corporation as decided by the Bombay High Court (158-IC-703:1935 & 415:37 LR 703). It has been held by Honourable Tribunal in the case of Anand Jaisal v/s. CCE (1988 (37) ELT 320) that a VCR which has been cleared as baggage, on payment

of duty, as it is used by proprietor in his business of running videotorium. It has to be considered as personal use and not as used for commercial purpose. Therefore, in view of the above, there may be some disputes for certain services even though it may relate to inclusive services used for the business.

We give below the categories of services and our opinion w.r.t entitlement of Cenvat Credit considering new definition of input services.

Category of Service	Category as mentioned above	Eligibility of Cenvat Credit	Remarks
Architect's Services	B & C	The services for renovation / Modernization of factory premises or office premises of service provider will be allowed. Moreover these services for service provider are the Input services as per category A and cenvat will be allowed	Services for construction, laying down the foundation for machines, structures for capital goods will not be allowed
Auction of property	A	Cenvat will be allowed only if it is input service in relation to output service.	For others cenvat will not be allowed.
Construction Services - Commercial or industrial	A & B	Cenvat will be allowed only if it is input service in relation to output service. However Cenvat is restricted to 40% of total Cenvat. If Composition scheme is obtained no Cenvat is allowed.	The services for renovation / Modernization of factory premises or office premises of service provider will be allowed.
Construction Services - other than commercial and Industrial	A	Cenvat will be allowed only if it is input service in relation to output service. However Cenvat is restricted to 40% of total Cenvat. If Composition scheme is obtained no Cenvat is allowed.	No Cenvat Credit will be allowed in other cases.
Dredging Services	A	Cenvat will be allowed only if it is input service in relation to output service. However Cenvat is restricted to 40% of total Cenvat. If Composition scheme is obtained no Cenvat is allowed.	No Cenvat Credit will be allowed in other cases.
General Insurance Services	A & C	Insurance premium for Fire Marine & other related policies of factory building, plant and machinery, capital assets, office premises, material handling equipment, etc. which is in relation to manufacture or clearance of manufacture goods up to the place of removal, and if it is input service for providing output service	No Cenvat will be allowed w.r.t. Services related to employee or person e.g. personal insurance, Group Insurance, Mediclaim, policy. However, if it is to cover statutory liability of employer, then it is not for personal benefit of employee but to cover employer's liability and should be eligible such as under Workmen Compensation. This may however be subject to litigation. Moreover no Cenvat will be allowed on insurance of motor vehicles or any office equipment which are having no relationship with manufacturing or clearance of excisable goods
Interior Decorators Services	B & C	The services for renovation / Modernization of factory premises or office premises of service provider will be allowed. Moreover these services for service provider are the Input services as per category A and cenvat will be allowed.	Services for construction, laying down the foundation will not be allowed
Legal Consultancy Services	B	Cenvat Credit will be allowed	—
Mandap Keeper Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B
Mining of mineral, oil or gas	A	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	—
Provision of preferential location or external or internal development of complexes	A	Cenvat will be allowed only if it is input service in relation to output service. However Cenvat is restricted to 40% of total Cenvat. If Composition scheme is obtained no Cenvat is allowed.	No Cenvat Credit will be allowed in other cases.
Real Estate Agent Services	A	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	Cenvat Credit to real estate agent for procurement of land for hiring Flats for employee will not be allowed.

Category of Service	Category as mentioned above	Eligibility of Cenvat Credit	Remarks
Renting of immovable property	A	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	Cenvat Credit to real estate agent for procurement of land for hiring Flats for employee will not be allowed. However Cenvat Credit w.r.t. factory taken on lease / rent Cenvat will be allowed but may be litigated.
Site formation and clearance, excavation and earth moving and demolishing services	A	Cenvat will be allowed only if it is input service in relation to output service. However Cenvat is restricted to 40% of total Cenvat. If Composition scheme is obtained no Cenvat is allowed.	No Cenvat Credit will be allowed in other cases.
Survey and Map making services	A	Cenvat Credit will be allowed only if it is input service in relation to output service.	No Cenvat Credit will be allowed in other cases.
Works Contract Service	A	Cenvat will be allowed only if it is input service in relation to output service. However Cenvat is restricted to 40% of total Cenvat. If Composition scheme is obtained no Cenvat is allowed.	Cenvat Credit will be allowed only if it is in relation to category of A & B subject to establishment of relationship.
Air Travel Agent's Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B. However Air Travel agent generally books the tickets for persons, As explained above in the definition of Consumption & personal use, Credit may be litigated
Airport services	A	Cenvat Credit will be allowed for service charges paid on importation or exportation of goods. Port is the place of removal & hence Cenvat Credit on export of goods will be allowed	Assessee has two options either to claim refund under Notification. No. 17/ 2009 ST dt. 07.07.09 or claim Cenvat Credit.
Association engaged in assisting sale and purchase of any goods or forward contracts	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B
Authorized Service Station Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Beauty Treatment services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Business Exhibition Services	B	It is in relation to sales promotion hence Cenvat Credit is allowed subject to establishing the relationship with the functions mentioned in category B	–
Cargo Handling services	A	Cenvat Credit will be allowed for service charges paid on importation or exportation of goods. Port is the place of removal & hence Cenvat Credit on export of goods will be allowed	Assessee has two options either to claim refund under Noif. No. 17/ 2009 ST dt. 07.07.09 or claim Cenvat Credit.
Cleaning Activity Services	A	Cleaning with respect to category A will be allowed. Cenvat Credit will be allowed even if it is cleaning of container for import or export of goods	In any other case credit will not be allowed
Clearing and forwarding agents services	A	Cenvat Credit will be allowed for services paid CFI agents or CHA since warehouse is also the place of removal.	–
Commercial Coaching & Training Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	Services in relation to personnel development which have no relationship with manufacturing will not be eligible for cenvat credit
Convention Services	A & B	The Convention w.r.t. training & development will be allowed subject to establishing the relationship with category A & functions of category B	It has to be ensured in narration that relation is established as mentioned in category B. However conventions are attended by the persons. As explained above in the definition of Consumption & personal use, Credit may be litigated

Category of Service	Category as mentioned above	Eligibility of Cenvat Credit	Remarks
Cosmetic and Plastic Surgery Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Courier Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B
Custom House Agency Services	A	Cenvat Credit will be allowed for service charges paid on importation or exportation of goods. Port is the place of removal & hence Cenvat Credit on export of goods will be allowed	Assessee has two options either to claim refund under Notf. No. 17/ 2009 ST dt. 07.07.09 or claim Cenvat Credit.
Dry Cleaning Services	C	There is no specific mention of said service in category C the service for persons / employee hence Cenvat Credit will not be allowed	However if relationship is established with the functions in category A or B Cenvat Credit may be allowed subject to litigation.
Erection, Commissioning & Installation Services	A	Cenvat will be allowed only if it is input service in relation to output service and if it is related to manufacturing like installation of plant and machinery. However Cenvat is restricted to 40% of total Cenvat. If Composition scheme is obtained no Cenvat is allowed.	Cenvat Credit will be allowed only if it is in relation to category of A & B subject to establishment of relationship.
Event Management Services	A & B	The Event Management managing the specific event w.r.t. training & development will be allowed subject to establishing relationship with category of A & functions of category B	It has to be ensured in narration that relation is established as mentioned in category B. However conventions are attended by the persons. As explained above in the definition of Consumption & personal use, Credit may be litigated
Fashion Designing Services	C	There is no specific mention of said service in category C the service for persons / employee hence Cenvat Credit will not be allowed	However if relationship is established with the functions in category A or B Cenvat Credit may be allowed subject to litigation.
Forward Contract Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Health and Fitness Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Health Checkup and Treatment Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Internet Cafe Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Management, Maintenance & Repairs Services	A, B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	Management, Maintenance & Repairs Services with respect to motor vehicle will not be allowed
Membership of Club or Association Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Other Port Services	A	Cenvat Credit will be allowed for service charges paid on importation or exportation of goods. Port is the place of removal & hence Cenvat Credit on export of goods will be allowed	Assessee has two options either to claim refund under Notification No. 17/ 2009 ST dt. 07.07.09 or claim Cenvat Credit.
Outdoor Catering Services	C	No Cenvat Credit will be allowed since there is specific exclusions	Outdoor catering service would be eligible if it is in connection with sales or finance (e.g. sales conference or shareholder's meeting) and have absolute relation with functions of category B. However it may be subject to litigation
Packaging Activity Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B.
Pandal or Shamiana Contractor Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B
Photography Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B

Category of Service	Category as mentioned above	Eligibility of Cenvat Credit	Remarks
Port Services	A	Cenvat Credit will be allowed for service charges paid on importation or exportation of goods. Port is the place of removal & hence Cenvat Credit on export of goods will be allowed	Assessee has two options either to claim refund under Notf. No. 17/ 2009 ST dt. 07.07.09 or claim Cenvat Credit.
Processing or Clearing House Services	B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Rail Travel Agent's Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B. However Rail Travel agent generally books the tickets for persons, As explained above in the definition of Consumption & personal use, Credit may be litigated
Renting of Cab Scheme operators Services	B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	However Cenvat Credit may litigated considering definition of Consumption & personal use.
Security / Detective Agency Services	B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Sound Recording Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Steamer Agent's Services	B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Stock Broker's Services	B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Stock Exchange Services	B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Storage & Warehousing Services	A	Cenvat Credit will be allowed subject to relationship with import or export of goods up to warehouse / depot of the Assessee, i.e. Place of removal.	Storage of inputs outside factory premises in a warehouse will also be allowed for cenvat credit
Survey and exploration of mineral	A	Cenvat Credit will be allowed only if it is input service in relation to output service.	No Cenvat Credit will be allowed in other cases.
Technical inspection and certification Services	A	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Tour Operator's Services	B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	However Cenvat Credit may be litigated considering definition of Consumption & personal use.
Transportation of Coastal goods and goods transported through National Water ways and Inland water services	B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Travel Agent's Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B. However Travel agent generally books the tickets for persons, As explained above in the definition of Consumption & personal use, Credit may be litigated
Underwriting Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Video tape production Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Credit Rating Agency's Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Promotion of "Brand" of Goods, Services, Events, Business Entity etc	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Advertising Agency Service	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–

Category of Service	Category as mentioned above	Eligibility of Cenvat Credit	Remarks
Air Craft Services for transport of passenger	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B. However it is for persons, As explained above in the definition of Consumption & personal use, Credit may be litigated
Asset Management Service	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Automated Teller Machines Operations, Maintenance or Management Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Banking and Financial Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Broadcasting Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Business Auxiliary Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Business Support Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Cable Operator Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Commercial use or exploitation of any event	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Consulting Engineer's Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Copyright Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Credit Card, Debit Card, Charge Card or Other payment card related services	B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	However Cenvat may litigate considering definition of Consumption & personal use.
Design Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Development and supply of contents in Telecom Services etc.	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Electricity Exchanges Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Facsimile Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B
Foreigner Exchange Broker	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Franchise Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Hotel, guest house, inn, club or campsite services having tariff Rs 1000/- or more	B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	However Cenvat Credit may be litigated considering definition of Consumption & personal use.
Information Technology Software services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	Input credit on softwares for email communication, anti-virus, business reporting, etc. will be subject to litigation
Insurance Auxiliary Services	A & C	Insurance premium for Fire Marine & other related policies which is in relation to manufacture or clearance of manufacture goods up to the place of removal, and if it is input service for providing output service	No Cenvat will be allowed w.r.t. Services related to employee or person e.g. personal insurance, Group Insurance, Medclaim, policy under Workmen Compensation.

Category of Service	Category as mentioned above	Eligibility of Cenvat Credit	Remarks
Insurance Auxilliary Services concerning Life Insurance Business	A & C	Insurance premium for Fire Marine & other related policies which is in relation to manufacture or clearance of manufacture goods upto the place of removal, and if it is input service for providing output service	No Cenvat will be allowed w.r.t. Services related to employee or person e.g. personal insurance, Group Insurance, Medclaim, policy. However, if it is to cover statutory liability of employer, then it is not for personal benefit of employee but to cover employer's liability and should be eligible such as under Workmen Compensation. This may however be subject to litigation
Intellectual Property Services	C	Cenvat Credit will not be allowed though there is no specific exclusion in category C, generally royalty will be paid on sale hence may be considered as post removal activity.	Royalty may not be on sale of goods, but is computed on the value of the goods sold. Royalty is for transferring the rights to manufacture and sale of goods. It may include use of brand name, trade name etc. In some cases it is part of the payment for transferring the know-how. The manufactured products are marketed under the brand name. Cenvat is entitled but will be subject to definite litigation
Internet Telecommunication Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Leased Circuit Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Life Insurance Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Mailing List Compilation & Mailing Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	It has to be ensured in narration that relation is established as mentioned in category B
Management Consultant's Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Management of Investments in ULIP Services	B & C	If with respect to financial activity then only allowed.	–
Managing Public Relations	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Manpower Recruitment or Supply Agency's Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	The inclusion part covers only recruitment and not supply. Therefore temporary manpower supplied for cleaning, office work, etc., cenvat credit will not be allowed. However, cenvat availed on contractual workmen deployed for production, packaging, will be allowed but gardening will be litigated.
Market Research Agency Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Medical Records Maintenance Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
On Line Information & Data base Access / Retrieval Services through Computer Network	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Opinion Poll Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Paging Services	B & C	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	If it is in relation to personal use of employee then credit not allowed.
Practicing Chartered Accountant's Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Practicing Company Secretary's Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Practicing Cost Accountant's Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–

Category of Service	Category as mentioned above	Eligibility of Cenvat Credit	Remarks
Programme Producers Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Promotion , Marketing or Organising of Games of chance, including Lottery	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Recovery Agent Services	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Registrar to an Issue's Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Restaurant Services having Air conditioner and licence to serve the beverages	C	No Cenvat Credit will be allowed since there is specific exclusions	–
Sale of space or time for advertisement	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Scientific or Technical Consultancy Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	–
Share Transfer Agent's Service	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Ship Management Services	A	Cenvat Credit will be allowed subject to relationship with import or export of goods upto warehouse / depot of the assessee, i.e. Place of removal.	–
Sponsorship Services	B	Cenvat Credit will be allowed subject to establishing the relation to functions of category B	–
Supply of Tangible Goods Services	A & B	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	If it is in relation to personal use of employee then credit not allowed.
Technical testing and analysis Services	A	Cenvat Credit will be allowed subject to relationship with import or export of goods upto warehouse / depot of the assessee. Technical Testing and analysis which is related to production, quality control, sales and marketing is also allowed	–
Telecommunication Services by Telegraph Authorities	A, B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	If it is in relation to personal use of employee then credit not allowed.
Telegraph Services	A, B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	If it is in relation to personal use of employee then credit not allowed.
Telephone Services	A, B & C	Cenvat Credit will be allowed subject to establishing the relation to category A & functions of B	If it is in relation to personal use of employee then credit not allowed.
Transport of Goods by Air Services	A	Cenvat Credit will be allowed subject to relationship with import or export of goods upto warehouse / depot of the assessee, i.e. Place of removal.	–
Transport of Goods by Pipeline or Other Conduit Services	A	Cenvat Credit will be allowed subject to relationship with import or export of goods upto warehouse / depot of the assessee, i.e. Place of removal.	–
Transport of goods by Rail Services	A	Cenvat Credit will be allowed subject to relationship with import or export of goods upto warehouse / depot of the assessee, i.e. Place of removal.	–
Transport of goods by Road Services	A	Cenvat Credit will be allowed subject to relationship with import or export of goods upto warehouse / depot of the assessee, i.e. Place of removal.	–
Transport of person by Cruise Ship within India	C	No Cenvat Credit will be allowed since there is specific exclusions	–

It is important to note that when service tax payment is made on reverse charge mechanism for import of services then before taking Cenvat Credit, it should be established as to whether these services are in relation to category A & functions of category B otherwise Cenvat Credit credit will not be allowed.

It is recommended to write proper narration in books of accounts establishing relationship otherwise entitlement of Cenvat Credit may be litigated.

## Service Tax – Point of Taxation & Cenvat Entitlement

During the Budget discussion, Honorable Finance Minister, Shri Pranab Mukherjee hinted that he had appreciated the concerns w.r.t Point of Taxation Rules, 2011 and promised that implementation thereof can be postponed to 1st July 2011. However, on 31st March 2011, number of notifications have been issued changing the provision of Point of Taxation Rules, 2011 as well as amending the provisions of Cenvat Credit Rules, 2004 and thereby in the attempt of simplification, number of options have been provided and therefore, the attempt has been made in this article to provide comparative provisions prior to Budget and present provisions w.e.f 1st April 2011 on the issues of Cenvat Credit & Service Tax.

<b>FREQUENTLY ASKED QUESTIONS</b>										
Sr. No.	Frequently Asked Questions	Practice / Provisions Prior to Budget	Present Provision w.e.f 1st April 2011							
			<b>For Non-Continuous Service</b>							
1	What is Point of Taxation?	Though there was no Point of Taxation Rules, there was a provision to raise the invoice within 14 days from the provision of services or payment received, whichever is earlier	Completion of service	Raising of invoice	Payment	Point of taxation				
						For Individual Partnership / Proprietorship providing services with related to Architect, Interior Decorators, Practicing Chartered Accountants, Practicing Cost Accountants, Practicing Company Secretaries, Legal Consultancy Services, Scientific or Technical Services	Export of Services	Services under Reverse Charge Mechanism like GTA, Import of Services, Sponsorships, Mutual Fund & Insurances	Associated Enterprises	For Other Categories
			Before	After	After	Point of Taxation will be only when payment is received for specified services.	Point of Taxation will be when payment is received. Therefore, when rebate claim is being filed, Point of Taxation will be when payment is received. However, if payment is not received within specified time limit of RBI then the Point of Taxation will be raising of invoice and Service Tax will have to be paid with interest	Point of Taxation is the date of payment. However if payment is not made within six months then Point of Taxation will be from the date of receiving the invoice and Service Tax will have to be paid along with interest.	If services are provided to Associate Enterprises within India then Point of Taxation will be completion of services / invoice. However, it is option either to make it effective from 1st April 2011 or 1st July 2011. However, if services are provided to Associated Enterprises which are located outside of India, then Point of Taxation will be date of credit in the books of service availers or the date of making payment, whichever is earlier.	Point of Taxation will be completion of services / invoice. If invoice is not raised with 14 days, Point of Taxation will be invoice or payment whichever is earlier. However, it is option either to make it effective from 1st April 2011 or 1st July 2011.

			Before	Before	After	Same as above	Same as above	Same as above	Same as above	Same as above
			Before	After	Before	Invoice will have to be raised within 14 days from the date of completion of service or date of the payment received and Point of Taxation will be date of payment received	Same as above	Same as above	Same as above	Same as above
			Before	Before	After	Point of Taxation will be only when payment is received for specified services.	Same as above	Same as above	Same as above	Same as above
			After	Before	Before	Point of Taxation will be only when payment is received for specified services.	Same as above	Same as above	Same as above	Point of Taxation will be date of payment received partly or fully.
			After	After	Before	Point of Taxation will be only when payment is received for specified services.	Same as above	Same as above	Same as above	Point of Taxation will be date of payment received partly or fully.
2	When invoice should be raised?	Invoice to be raised within 14 days of completion of service or payment received whichever is earlier	Invoice to be raised within 14 days of completion of service or payment received whichever is earlier							
3	When Cenvat Credit is entitled?	Cenvat Credit was entitled only when complete payment of taxable services has been made	Cenvat Credit can be availed on receipt of invoice irrespective of payment made. However if payment is not made within 3 months, proportionate credit to be reversed to short payment made and re-credit can be taken when payment is made. Further, in case of Service Tax payment under the Reverse Charge Mechanism, date of payment will be the date of entitlement of Cenvat Credit.							
4	What happens to the Services availed prior to 1st April 2011 and payment is outstanding?	Cenvat Credit was entitled only when complete payment of taxable services has been made	Service tax credit can be taken only when complete payment is made for the services availed prior to 31st March 2011							
5	What is continuous service? And When Service Tax to be paid?	There was no such provision earlier	Continuous supply of service means any service which is provided or to be provided continuously, under a contract, for the period exceeding 3 months, Where Central Government, by a Notification in Official Gazette, prescribes provision of a particular service to be a continuous supply of service, whether to or not subject to any conditions. Central Government vide Notification No. 28/2011 ST dated 1.4.2011 has notified following services to be treated as continuous supply of service for the purpose of Point of Taxation Rule, 2011. Point of Taxation for such services will be the time when invoice for the services provided or to be provided is issued and if invoices are not issued within 14 days of completion of provision of service, and then it will be the date of such completion. However, if payment is received before raising the invoice or completion of services, then Point of Taxation will be date of receipt of payment to the extent of payment received. Explanation has also been inserted to clarify if by way of contract date of completion of each event and payment terms w.r.t such completion is mentioned then such date will be considered as date of completion of services and if any advance by whatever name is called is received then the Point of taxation will be date of receipt of each advance.							
6	What happens when there is change in rate between the date when services were provided and date when payment was received?	Earlier, also the rate of Service Tax applicable was required to be considered based on the period when services were rendered or payment was received.	Completion of Service	Invoice	Payment	Point of Taxation	Remark			
			Before	After	After	Date of Invoice or Payment, whichever is earlier	The rate of Service Tax is modified to Effective Rate of Service Tax considering the abatement. Therefore, whenever abatement rate has been changed, still the provision will apply since rate of tax and taxable value has been combined and worded as Effective Rate of Service Tax.			
			Before	Before	After	Date of issuing of invoice				
			Before	After	Before	Date of Payment				
			After	Before	After	Date of Payment				
			After	Before	Before	Date of Invoice or Payment, whichever is earlier.				
			After	After	Before	Date of issuing of invoice				

7	What are Transitional provisions?	No Provision	The services for which provision is completed before 30.06.2011 or where invoices are issued up to 30.06.2011, Point of Taxation shall at the option of tax payer, be the date on which payment has been received or made, as the case may be. However, the said provision can be opted by the Tax Payer w.e.t 1st April 2011 when the Point of Taxation Rule came into force.
8	How the value of the services to be determined by Banking & financial Institution and Foreign Exchange Broker in relation to money changing and what will be rate of tax?	Gross amount of currency exchange was the taxable value and rate of tax was 0.25%	Difference between buying rate and selling rate with reference to RBI Reference Rate at particular time of money exchange will be the taxable value and rate of tax will be 0.1% of gross amount of currency exchange up to Rs. 1 lac subject to minimum amount of Rs. 25,000/- or Rs. 100/- and 0.5% if the amount of gross amount exchange is between Rs. 1lac to Rs. 10 lacs or Rs. 550/- & 0.01% if amount of gross amount exchange exceeding Rs. 10lacs and amount of Service Tax will be maximum Rs. 5,000/-
9	How valuation of exempted services i.e. trading to be considered while reversal of Cenvat credit under Rule 6 (3) when exempted service or taxable service or exempted goods and excisable goods are produced?	No such provision	Value of exempted service w.r.t traded goods will be difference between sale price (-) cost of goods based on generally accepted Accounting Principles without including the expenses incurred towards their purchase or 10% of the cost of goods sold, whichever is more.
10	Whether Cenvat Credit can be availed on supplementary invoice, bill or challan for differential Service Tax?	Though there was no specific provision, it was entitled.	Now, it has been restricted only in case when differential Service Tax is not paid by reason of fraud, collusion or willful misstatement or contravention of any of the provision of Finance Act or the rules made thereunder with intend to evade Service Tax.

It can be observed from the above that one have to be more vigilant for discharging the Service Tax liability and also availment of Cenvat credit on invoices received from Service Provider or under Reverse Charge Mechanism. There has to be mechanism of internal control so as to be 100% statutory compliant.

## IFRS CORNER

Column by CMA Rammohan Bhave, LIMCA RECORD HOLDER on IFRS - mohanbhave@consultifrs.com

FICCI said delay IFRS. Our govt decided to delay. Why delay?

Infosys - like big company had been presenting in IFRS and 7 other GAAPs for many years.

Answer is simple and clear. Those who are scared of transparency and corporate governance, will oppose tools like IFRS.

Who else could be better spokesman - than our Institute, whose members bring in transparency thru MIS and corporate governance.

Controlled entity concept of IFRS will bring out all the skeletons from hidden balance-sheets, proved amply by 2G scam investigation. Lessor said the better.

Read next issue for further details.

## FELICITATION FUNCTION

WIRC has organised a function to felicitate all the students who passed their December 2010 Intermediate and Final Examinations from Mumbai on Saturday 14th May 2011 at 3.00 p.m. at Sydenham College, B-Road, Churchgate, Mumbai.

For more details, **Contact :**

**WESTERN INDIA REGIONAL COUNCIL**

Rohit Chambers,

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F.No.354/73/2011 -TRU  
Government of India, Ministry of Finance,  
Department of Revenue, Tax Research Unit

**Circular No.943/04/2011-CX**  
New Delhi, 29th April 2011

To The Chief Commissioners of Central Excise and Service Tax (All), The Director General (All),  
The Commissioners of Service Tax (All), The Commissioners of Central Excise and Service Tax (All).

Madam/Sir,

**Sub: Clarification on issues relating to CENVAT Credit Rules 2004– regarding.**

The CENVAT Credit Rules 2004 were amended along with the Budget 2011 unannouncements vide Notification 3/2011-CE (NT) dt 1.3.2011. A few changes were further effected vide Notification 13/2011-CE (NT) dt 31.3.2011. On a few issues trade has requested for clarity. Accordingly the following clarifications are presented issue wise in a tabular format.

S.No.	Issue	Clarification
1	Can credit of capital goods be availed of when used in manufacture of dutiable goods on which benefit under Notification 1/2011- CE is availed or in provision of a service whose part of value is exempted on the condition that to credit of inputs and input services is taken?	As per Rule 6(4) no credit can be availed on capital goods used exclusively in = manufacture of exempted goods or in providing exempted service. Goods in respect of which the benefit of an exemption under notification No. 1/2011-CE, dated the 1st March, 2011 is availed are exempted goods [Rule 2(d)]. Taxable services whose part of value is exempted on the condition that no credit of inputs and input services, used for providing such taxable service, shall be taken, are exempted services [Rule 2(e)]. Hence credit of capital goods used exclusively in manufacture of such goods or in providing such service is not allowed.
2	Is the credit of only specified goods and services listed in the definition of inputs and input services not allowed such as goods used in a club, outdoor catering etc, or is the list only illustrative?	The list is only illustrative. The principle is that cenvat credit is not allowed when any goods and services are used primarily for personal use or consumption of employees.
3	How is the “no relationship whatsoever with the manufacture of a final product” no be determined?	Credit of all goods used in the factory is allowed except in so far as it is specifically denied. The expression “no relationship whatsoever with the manufacture of a final product” must be interpreted and applied strictly and not loosely. The expression does not include any goods used in or in relation to the manufacture of final products whether directly or indirectly and whether contained in the final product or not. Only credit of goods used in the factory but having absolutely no relationship with the manufacture of final product is not allowed. Goods such as furniture and stationary used in an office within the factory are goods used in the factory and are used in relation to the manufacturing business and hence the credit of same is allowed.
4	Is the credit of input services used for repair or renovation of factory or office available?	Credit of input services used for repair or renovation of factory or office is allowed. Services used in relation to renovation or repairs of a factory, premises of provider of output service or an office relating to such factory or premises, are specifically provided for in the inclusive part of the definition of input services.
5	Is the credit of Business Auxiliary Service (BAS) on account of sales commission now disallowed after the deletion of expression “activities related to business”?	The definition of input services allows all credit on services used for clearance of final products upto the place of removal. Moreover activity of sale promotion is specifically allowed and on many occasions the remuneration for same is linked to actual sale. Reading the provisions harmoniously it is clarified that credit is admissible on the services of sale of dutiable goods on commission basis.
6	Can the credit of input or input services used exclusively in trading, be availed?	Trading is an exempted service. Hence the credit of any inputs or input services used exclusively in trading cannot be availed.
7	What shall be the treatment of credit of input and input services used in trading before 1.4.2008?	Trading is an exempted service. Hence credit of any inputs or input services used exclusively in trading cannot be availed. Credit of common inputs and input services could be availed subject to restriction of utilization of credit up to 20% of the total duty liability as provided for in extant Rules.
8	While calculating the value of trading what principle to follow - FIFO, LIFO or one to one correlation?	The method normally followed by the concern for its accounting purpose as per the generally accepted accounting principles should be used.
9	Are the taxes and year end discounts to be included in the sale price and cost of goods sold while calculating the value of trading?	Generally accepted accounting principles need to be followed in this regard. All taxes for which set off or credit is available or are refundable/ refunded may not be included. Discounts are to be included.
10	Does the expression “in or in relation” used in Rule 6 override the definition of “input” under Rule 2(k) for determining the eligibility of cenvat credit?	The redefinition of “input” is given in Rule 2(k) and Rule 6 only intends to segregate the credits of inputs used towards dutiable goods and exempted goods. While applying Rule 6, the expression “in or in relation” must be read harmoniously with the definition of “inputs”.
11	Sub-rules 3B and 3C of rule 6 apply to whole entity or independently in respect of each registration?	The sub-rules 6(3B) and 6(3C) impose obligation on the entities providing banking and financial services (in case of a bank and a financial institution including a non-banking financial company) or life insurance services or management of investment under ULIP service. The obligation is applicable independently in respect of each registration. When such a concern is exclusively rendering any other service from a registered premises, the said rules do not apply. In addition to BoFS and life insurance services if any other service is rendered from the same registered premises, the said rules will apply and due reversals need to be done.
12	Is the credit available on services received before 1.4.11 on which credit is not allowed now? e.g. rent-a-cab service	The credit on such service shall be available if its provision had been completed before 1.4.2011.

- Trade and Industry as well as field formations may be suitably informed.
- Receipt of this Circular may kindly be acknowledged.
- Hindi version will follow.

Yours faithfully,  
(Shobhit Jain)  
OSD, TRU

General Circular No. 15/2011

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

'B-1' Wing, 2d Floor, Paryavaran Bhawan,  
CGO Complex, Lodhi Road, New Delhi 110 003.

Dated the April 11, 2011

To,

The President,  
Institute of Cost and Works Accountants of India,  
12, Sudder Street, Kolkata 700 016

**Subject: Appointment of Cost Auditor by Companies**

Sir,

Ministry has reviewed the existing procedure followed by the companies for seeking prior approval of the Central Government for appointment of cost auditor under section 233B (2) of the Companies Act, 1956. In supersession of any earlier order/circular issued in this regard, the revised procedure to be followed by the companies and cost auditor shall be as under:

- (a) The company required to get its cost records audited under section 233B (1) of the Companies Act, 1956 shall appoint a cost auditor who is a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959) and who holds a valid certificate of practice under sub-section (1) of section 6 of that Act and includes a firm of cost accountants.
- (b) The Audit Committee of the Board shall be the first point of reference regarding the appointment of cost auditors.
- (c) The Audit Committee shall ensure that the cost auditor is free from any disqualifications as specified under section 233B (5) read with section 224 and sub-section (3) or sub-section (4) of section 226 of the Companies Act, 1956.
- (d) While a cost auditor shall have prime responsibility to ensure that he does not violate the limits specified under section 224 (1-B) of the Companies Act 1956, the Audit Committee shall also be responsible for such compliance by the cost auditor.
- (e) The Audit Committee shall obtain a certificate from the cost auditor certifying his/its independence and arm's length relationship with the company.
- (f) The company shall e-file its application with the Central Government on [www.mca.gov.in/portal](http://www.mca.gov.in/portal), in the prescribed form 23C within ninety days from the date of commencement of each financial year, along with the prescribed fee as per the Companies (Fees on Applications) Rules, 1999 as amended from time-to-time and other documents as per existing practice i.e. (i) certified copy of the Board Resolution proposing appointment of the cost auditor; and (ii) copy of the certificate obtained from the cost auditor regarding compliance of section 224 (1-B) of the Companies Act, 1956.
- (g) On filing the application, the same shall be deemed to be approved by the Central Government, unless contrary is heard within thirty days from the date of filing such application.
- (h) If within thirty days from the date of filing such application, the Central Government directs the company to re-submit the said application with such additional information or explanation, as may be specified in that direction, the period of thirty days for deemed approval of the Central Government shall be counted from the date of re-submission by the company.
- (i) After expiry of thirty days, as the case may be, the company shall issue formal letter of appointment to the cost auditor, as approved by the Board.
- (j) Within thirty days of receipt of formal letter of appointment from the company, the cost auditor shall inform the Central Government in the prescribed form, alongwith a copy of such appointment. An e-form for the same is being developed and will be notified shortly.
- (k) The company shall disclose full particulars of the cost auditor, along with the due date and actual date of filing of the cost audit report by the cost auditor, in its Annual Report for each relevant financial year.
- (l) In those companies where constitution of an Audit Committee of the Board is not required by law, the words "Audit Committee" shall stand substituted by the words "Board of Directors".
2. If a company contravenes any provisions of this circular, the company and every officer thereof who is in default, including the persons referred to in sub-section (6) of section 209 of the Act, shall be punishable as provided under sub-section (2) of section 642 read with sub-sections (5) and (7) of section 209 and sub-section (11) of section 233B of Companies Act, 1956.
3. If default is made by the cost auditor in complying with the aforesaid provisions, he shall be punishable with fine, which may extend to five thousand rupees.
4. The modified procedure contained in this circular shall be effective from the financial year commencing on or after the 1<sup>st</sup> day of April, 2011.
5. The Institute is requested to bring this to the general information of all Members in practice, and of the corporate sector.

Yours faithfully,

(B. B.Goyal)  
Adviser (Cost)

F. No. 52/26/CAB-2010  
Ministry of Corporate Affairs  
**Cost Audit Branch**


B-1 Wing, 2nd Floor,  
Paryavaran Bhawan,  
CGO Complex, Lodhi Road,  
New Delhi-110 003

Dated the 2nd May, 2011

**ORDER**

In exercise of the powers conferred by sub-section (1) of section 233B of the Companies Act, 1956 (1 of 1956), the Central Government, being of the opinion that it is necessary to do so, hereby directs that all companies to which any of the following rules apply, and wherein, the aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crores of rupees; or wherein the aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds twenty crores of rupees; or wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India, shall get its cost accounting records, in respect of each of its financial year commencing on or after the 1st day of April, 2011, audited by a cost auditor who shall be, either a cost accountant or a firm of cost accountants, holding valid certificate of practice under the provisions of Cost and Works Accountants Act, 1959 (23 of 1959).

- (a) Cost Accounting Records (Bulk Drugs) Rules, 1974
  - (b) Cost Accounting Records (Formulations) Rules, 1988
  - (c) Cost Accounting Records (Fertilizers) Rules, 1993
  - (d) Cost Accounting Records (Sugar) Rules, 1997
  - (e) Cost Accounting Records (Industrial Alcohol) Rules, 1997
  - (f) Cost Accounting Records (Electricity Industry) Rules, 2001
  - (g) Cost Accounting Records (Petroleum Industry) Rules, 2002
  - (h) Cost Accounting Records (Telecommunications) Rules, 2002
2. Every company to which these orders apply shall follow the revised procedure for appointment of cost auditor as laid down vide Ministry of Corporate Affairs' General Circular No. 15/2011 [52/5/CAB-2011] dated 11th April 2011.
  3. The audit shall be conducted in such manner as will enable the cost auditor to prepare the report in accordance with the Cost Audit (Report) Rules, 2001 as amended from time to time. The report of the cost auditor shall be forwarded to the Central Government in the prescribed format within the time stipulated under the said Rules.
  4. These orders do not apply to a company which is a body corporate governed by any special Act.
  5. All companies covered by these orders and wherein cost audit orders have been issued so far in respect of products/activities covered by the above mentioned rules shall continue to comply with the said orders until these orders become applicable on them.
  6. If a company contravenes any provisions of these orders, the company and every officer thereof who is in default, including the persons referred to in sub-section (6) of section 209 of the Companies Act, 1956, shall be punishable as provided under sub-section (2) of section 642 read with sub-section (11) of section 233B of the Companies Act, 1956 (1 of 1956).

  
(B. B. Goyal)  
Adviser (Cost)

**Copy to:**

1. E-Governance Cell, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi with a request to upload this order on the MCA's website.
2. The President, Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata - 700016 with a request to bring this order to the general information of all Members in practice and of the corporate sector.

F. No. 52/26/CAB-2010  
Ministry of Corporate Affairs  
**Cost Audit Branch**

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B-1 Wing, 2nd Floor,  
Paryavaran Bhawan,  
CGO Complex, Lodhi Road,  
New Delhi-110 003

Dated the 3rd May, 2011

**ORDER**

In exercise of the powers conferred by sub-section (1) of section 233B of the Companies Act, 1956 (1 of 1956), the Central Government, being of the opinion that it is necessary to do so, hereby directs that all companies to which any of the following rules apply, and wherein the aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds hundred crores of rupees; or wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India, shall get its cost accounting records, in respect of each of its financial year commencing on or after the 1<sup>st</sup> day of April, 2011, audited by a cost auditor who shall be, either a cost accountant or a firm of cost accountants, holding valid certificate of practice under the provisions of Cost and Works Accountants Act, 1959 (23 of 1959).

- (a) Cost Accounting Records (Cement) Rules, 1997
  - (b) Cost Accounting Records (Tyres & Tubes) Rules, 1967
  - (c) Cost Accounting Records (Steel Plant) Rules, 1990
  - (d) Cost Accounting Records (Steel Tubes and Pipes) Rules, 1984
  - (e) Cost Accounting Records (Paper) Rules, 1975
  - (f) Cost Accounting Records (Insecticides) Rules, 1993
2. Every company to which these orders apply shall follow the revised procedure for appointment of cost auditor as laid down vide Ministry of Corporate Affairs' General Circular No. 15/2011 [52/5/CAB-2011] dated 11th April 2011.
  3. The audit shall be conducted in such manner as will enable the cost auditor to prepare the report in accordance with the Cost Audit (Report) Rules, 2001 as amended from time to time. The report of the cost auditor shall be forwarded to the Central Government in the prescribed format within the time stipulated under the said Rules.
  4. These orders do not apply to a company which is a body corporate governed by any special Act.
  5. All companies covered by these orders and wherein cost audit orders have been issued so far in respect of products/activities covered by the above mentioned rules shall continue to comply with the said orders until these orders become applicable on them.
  6. If a company contravenes any provisions of these orders, the company and every officer thereof who is in default, including the persons referred to in sub-section (6) of section 209 of the Companies Act, 1956, shall be punishable as provided under sub-section (2) of section 642 read with sub-section (11) of section 233B of the Companies Act, 1956 (1 of 1956).



(B. B. Goyal)  
Adviser (Cost)

Copy to:

1. E-Governance Cell, Ministry of Corporate Affairs, Shastri Bhavan, New Delhi with a request to upload this order on the MCA's website.
2. The President, Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata - 700016 with a request to bring this order to the general information of all Members in practice and of the corporate sector.

## REPORT ON CEPs ORGANISED BY WIRC, MUMBAI

On 9th April 2011 WIRC organized CEP at Students' & Members' Facilitation Centre, at Thane. The topic was First Look on VAT Audit and Opportunities for Cost Accountants. Mr. Pramod Surte, was the speaker for the programme.

He was welcomed by CMA P V Wanderkar, Hon. Secretary WIRC. Mr. Surte gave brief introduction of what is VAT and how it has evolved in our country. Various tricky points in VAT were also explained by him. Members contributed well to the discussions held on the topic. Following are the salient aspects he touched upon;

- Maintenance of Accounts u/s 63
- Various issues regarding invoices related to VAT
- Self Assessment and Audit u/s 61
- Turnover Limits and meaning of turnover u/s 61(1)(a)
- Definition of accountant includes cost accountants as well
- Penalty clauses u/s 61(2)
- Rules 65 and 66 for submission of audit reports
- Form 704 and various annexure of 704 were discussed

Mr. Surte requested all Cost Accountants to take VAT audit seriously and come forward to take assignments of VAT audit. Meeting ended with vote of Thanks by CMA. Shekhar Joshi.

On 30th April 2011 WIRC organized a CEP on "Discussion on Cost Audit and Cost Accounting Standards (CAS 1-12)" at WIRC premises. CMA M.B. Ashtamker was the Programme Facilitator.

In the deliberation on Cost Audit, the new "General Circular No. 15 / 2011 issued by MCA - CAB, format of the consent letter to be issued by the Cost Accountant to the Board of Directors / Chairman of the Audit Committee and Disqualification as specified under sub-section (4) of section 226 of the Companies Act, 1956 were discussed at length.

During deliberations on the Cost Accounting Standards attention was drawn to the fact that "Large Taxpayer Units" are not required to file CAS-4 certificate as it forms a part of their benefits of being an LTU. It was agreed that the Cost Accounting Standard 5 (CAS-5) issued on "Determination of Average (Equalized) Cost of Transportation" needs to be a subject matter for further discussion, deliberation and necessary sharing of experience.

CMA P. V. Wandrekar, Hon. Secretary offered the vote of thanks.

## CONTINUING EDUCATION PROGRAMMES

**Saturday, 14th May 2011 from 5.30 p.m. to 8 p.m.**

**Topic : Cost Audit – Recent Developments**

**Faculty : CMA Harshad Deshpande**

**Fees : Rs. 100/-**

**Venue :**

Students' & Members Facilitation Centre, Bldg.No.8, Ground Floor, Damani CHS Ltd.,  
Damani Estate, Old Agra Road (LBS Marg), Near Naupada P.O.,  
Near Hariniwas Circle, THANE (W) - 400 602. Tel. : 022 - 2545 0763

∨ ∨ ∨

**Saturday, 21st May, 2011 from 3.00 p.m. to 6.00 p.m.**

**Topic: Awareness in Commodities Future Markets in India.**

**Faculty : from MCX India Ltd**

**Fees : Rs.100/-**

**Venue :** N.M. College of Commerce, Juhu Scheme, Vile Parle (W), Mumbai - 400056  
**(2 CEP Credit Hours will be provided)**

For Registration : E-mail: seminar@icwai-wirc.org

## CHAPTER NEWS

### AURANGABAD

The results of December - 2010 exams of ICWAI were very encouraging for Aurangabad Chapter. In the Foundation course 6 students, Intermediate 82 & Final 48 students were passed out.

To celebrate this achievement & to boost moral of the students, a function was organized by Chapter. Dr. C.M. Rao (Principal, M.P. Law College, Aurangabad) was the Chief Guest.

CMA Rajesh Shukla, Chairman of the Chapter, welcomed the Chief Guest and briefly narrated the activities of the Chapter. CMA S.R. Pimple introduced the Guests to audience and CMA A.R. Joshi, Chairman, Training Committee briefed about the achievements of the training committee.

Dr. Rao appealed to students to plan their studies and work hard to achieve success. He also appealed to focus on their objectives first for getting success in professional examination and to build the confidence for increasing the percentage of success. He expressed happiness to note the efforts of Chapter in creating infrastructure and awareness for the students towards pursuing the course.

Many special prizes were announced by the Members of Aurangabad Chapter to successful students for increasing the motivation of the students.

Ms. Aboli Pathak & Mr. Ketan Sahuji co-ordinated the programme and CMA N.L. Kuyate proposed vote of thanks.

CMAs R.G. Modani, S.P. Bhangale, Mr. Prasad Deshmukh, Mr. Sunil Maniyar and Mr. Amit Devdhe attended the programme.

The programme was attended by a large number of students & their parents.

### KALYAN-AMBERNATH

#### Guest lecture - Investment Opportunities in Share Market

On 10th April 2011 Chapter organized Guest Lecture on "Investment Opportunities in Share Market" at New High School, Joshi Baug, Kalyan (West). Mr. Raju P.Chhatpar, Executive Secretary of Chapter welcomed the dignitaries CMA G.B.Shmanani, Chairman of Chapter, CMA D.M. Bathija, Past Chairman of Chapter, Mr. Prasad Joshi, Investment Consultant, Prof. R.B. Paithane, R.K. T. College of Arts, Science and Commerce, Ulhasnagar and students of and their parents. CMA G.B. Shamnani,

inaugurated the lecture by lighting the lamp, he informed the students about importance of topic for students pursuing I.C.W.A.I course. CMA D.M. Bahtija, explained the importance of fundamental analysis of the company before investing money in share market. He gave examples of companies whose prices have shown frequent movements enabling the investors to earn money in share market. Mr. Prasad Joshi explained the basic concepts of dealing on Stock Market. Prof. R.B. Paithane, cautioned the students against too much of speculation on stock market.

Students and parents heard the Chief Guest and speakers with attention and raised questions which were answered to their satisfaction. Lecture came to an end with vote of thanks by Raju P. Chhatpar

### NAVI MUMBAI

#### CEP on Over view of IPO process

A CEP was conducted on over view of IPO process by Navi Mumbai Chapter of Cost Accountants on 17th April 2011. CMA Amit Sarkar - Sr. Managing Committee Member of the Chapter welcomed the audience and introduced the speaker, Mr. K.Venkataram - Company Secretary of DB Corp. Ltd. (Dainik Bhaskar group). Mr. Venkataram discussed elaborately the Initial Public Offer (IPO) process, including how the price band decides, what is the role of lead manager, what is Red Hearing Prospectus, what is the difference between Book Building and Fixed Price Process.

The full session was very much interactive and the presentation was well accepted by all students and members.

CMA K. R. Jethani - Chairman of the Chapter proposed vote of thanks.

### PUNE

#### A) Seminar at Solapur Unit of Pune Chapter

Solapur Unit of Pune Chapter of Cost Accountants organized a seminar on the "Corporate Social Responsibility" on 27th March 2011 at Solapur.

Mr. Vishwas Kakade, B.Tech & Management Consultant, Solapur was the speaker.

CMA R. V. Kshirsagar welcomed the speaker and the participants. CMA N. K. Alwal introduced the speaker Mr. Vishwas Kakade.

The CEP was inaugurated by CMA R. V. Kshirsagar.

Mr. Murali Iyengar explained the theme of the seminar.

Mr. N D Dontul felicitated Chief Guest Mr. Vishwas Kakade.

Mr. Kakade explained the need of corporate sector form of organisation for meeting the needs of modern technology. Industry has to face competition and maintain low price. While doing so the corporate sector has to see that there should not be any evils against social interest.

Mr. Kakade observed that Corporate Social Responsibility (CSR) is becoming an increasingly important activity nationally and internationally. As globalization accelerate and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken world wide.

The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economics, markets and communities. The key drivers for CSR are:

- Enlightened Self-interest
- Social Investment
- Transparency and Trust
- Increased Public Expectations of Business

He further explained by narrating some case studies in CSR concept.

Members from the industry & in practice and students attended the programme in large number.

Mr. Murali Iyengar proposed a vote of thanks.

### **B) Report on New batch of Short Term Course in Central Excise and Service Tax**

Pune Chapter of Cost Accountants started new batch on "Short Term Course in Central Excise and Service Tax". The course was formally inaugurated on 21st April, 2011 by CMA Dhananjay V. Joshi, former President of ICWAI. CMA Harshad Deshpande, Treasurer of Pune Chapter delivered welcome address. Mr. Joshi expressed the need to have expertise in Indirect taxes and expressed confidence that after completing the course, the candidates will definitely be benefited due to the knowledge gained from this course. This will be useful for getting good opportunities in industry and also in profession.

CMA N. K. Nimkar and Shekhar Sane, faculties for the course were present. CMA Dhavale, Member of Pune Chapter Managing Committee offered vote of thanks.

### **C) Career Guidance Seminar**

Guidance seminar on Career in Cost and Management Accountancy was organized by Pimpri Chinchwad Akurdi Center of Pune Chapter of Cost Accountants on 30th April 2011 at our Akurdi Center for the benefit of students from Pimpri - Chinchwad - Akurdi area.

CMA Dhananjay V Joshi, Former President, ICWAI was the Chief Guest for this seminar.

On the dais were CMA Pramod Dube, Chairman - Pune Chapter of Cost Accountants, CMA (Dr.) N M Vechalekar, Associate Dean - Post Graduate Programs, Indsearch, Pune & Past Chairman of WIRC and CMA Ashwini Nande, Vice Chairman Working Committee, PCAC of PCCA. Many students who were curious about Cost and Management Accountancy as a career, participated in this seminar along with their parents.

CMA Ashwini Nande welcomed the students and their parents and introduced & felicitated the dignitaries on the dais.

CMA D V Joshi gave inaugural speech to the students.

CMA Pramod Dube, Chairman, PCCA gave a brief about ICWAI, PCCA & PCAC. CMA Dr. N. M. Vechalekar who was associated with the activity of finalization of Revised Syllabus 2008 referred to mission of the Institute and the objective behind the revision of syllabus. He observed that considering the Global scenario, the thrust of the syllabus was towards building knowledge base on financial reporting, regulatory work, management function and strategy development. He referred to the most important change brought in the course curriculum by inclusion of practical training as an integral part. He also explained the various career prospects, job opportunities, academic opportunities and various emerging areas for Cost and Management Accountants.

The seminar received excellent response from the students and parents. CMA Sachin Gandhi, Working Committee Member, PCAC of PCCA proposed a vote of thanks.

Compering of the seminar was done by Mrs. Belan of PCA Center.

## **OBITUARY**

**Mr. K. S. Ravindran** (M/5017), fellow member of the Institute passed away on 9th December 2010.

**Mr. T. S. Kurian** (M/8199) member from Mumbai passed away on 15th April 2011.

May their soul rest in eternal peace.



View of students during "Personality & Communication Skills Development" programme organised by WIRC on the eve of Campus.



View of students and Company Representatives during Campus Interview organised by WIRC

**THE INSTITUTE OF COST & WORKS ACCOUNTANTS OF INDIA**  
(Set up under an Act of Parliament)

**WESTERN INDIA REGIONAL COUNCIL**

**CAMPUS INTERVIEWS**

**Saturday, 16th April 2011**

**List of Companies Participated**

- |                                  |                                       |
|----------------------------------|---------------------------------------|
| ✓ BAJAJ AUTO LIMITED             | ✓ SUZLON ENERGY LTD.                  |
| ✓ BIZSOLINDIA SERVICES PVT. LTD. | ✓ SYSTIME                             |
| ✓ CIPLA LTD.                     | ✓ TATA CONSULTANCY SERVICES           |
| ✓ GALAXY SURFACTANTS LTD.        | ✓ TATA MOTORS LTD.                    |
| ✓ IRIS BUSINESS SERVICES LTD.    | ✓ THE GREATER BOMBAY CO-OP. BANK LTD. |

**CAMPUS SELECTION DETAILS**

Total Companies participated : 10 & Total Number of Students Attended : 209

NAME OF THE COMPANY	SELECTED	SHORT-LISTED	TOTAL	SALARY OFFERED (In Lakhs)
BAJAJ AUTO LIMITED	0	13	13	4.5
BIZSOLINDIA SERVICES PVT. LTD.	5	0	5	2.5 - 4
CIPLA LTD	0	11	11	N.A.
GALAXY SURFACTANTS LTD	0	20	20	4 - 6
IRIS BUSINESS SERVICES LTD	10	11	21	3.5
SUZLON ENERGY LTD	2	2	4	5.25
SYSTIME	4	0	4	N.A.
TATA CONSULTANCY SERVICES	2	5	7	3.4
TATA MOTORS LTD	3	2	5	4 - 5.5
THE GREATER BOMBAY CO-OP BANK LTD	0	20	20	After Probation 3.00
<b>TOTAL</b>	<b>26</b>	<b>84</b>	<b>110</b>	<b>N.A.</b>



CMA M.B. Ashtamker interacting with members during CEP organized by WIRC on 30th April 2011.



Mr. Raju P. Chhatpar, Executive Secretary of Kalyan-Ambernath Chapter interacting with the participants during lecture organized by Chapter on 10th April 2011.



CMA Ashwini Nande interacting with participants during Guidance seminar on Career in Cost and Management Accountancy organized by Pimpri Chinchwad Akurdi Center of PCCA on 30th April 2011 at our Akurdi Center. Also seen (L to R) CMA Pramod Dube, Chairman, PCCA, CMA D. V. Joshi, Former President, ICWAI and CMA (Dr.) N. M. Vechalekar, Management Committee Member, PCCA.



CMA Dhananjay Joshi, Former President of ICWAI addressing the participants during inaugural function of Short Term Course in Central Excise organized by Pune Chapter. Also seen (L to R): CMA Harshad Deshpande, Treasurer - PCCA, CMA N K Nimkar, Member & Faculty of PCCA and CMA Anant Dhavale, Member & Chairman - Students Co-ordination Committee, PCCA.



Mr. Vishwas Kakade, B.Tech & Management Consultant, Solapur delivering lecture on CEP on 'Corporate Social Responsibility' on 27.3.2011 at Solapur during seminar on CSR organized by Pune Chapter. Also seen (L to R): CMAs Murali Iyengar, N. K. Alwal and R. V. Kshirsagar.



Dr. T. P. Ghosh interacting with participants during Certificate Course on IFRS organized by ICWAI from 4th to 8th May 2011 at Mumbai. Also seen (L to R) CMA D. Chandru, Addl. Director, CEP, ICWAI and CMA V. C. Kothari, CCM-ICWAI



If undelivered please return to:

THE INSTITUTE OF  
COST AND WORKS ACCOUNTANTS OF INDIA  
WESTERN INDIA REGIONAL COUNCIL,  
Rohit Chambers, Janmabhoomi Marg,  
Fort, Mumbai 400 001.

Tel.: 2204 3406 / 2204 3416 / 2284 1138

Fax : 2287 0763

E-mail : bulletin@icwai-wirc.org

Website : www.icwai-wirc.org

To