



# KSCAA

# NEWS BULLETIN

Upholding the Moral & Professional Excellence

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## 27<sup>th</sup> KSCAA Annual Conference



27th KSCAA Annual Conference inaugurated by Hon'ble Justice N. Kumar, High Court of Karnataka



Felicitation of Members who have completed 50 years of Service in Profession



Cross section of the delegates



# Inauguration of 27th KSCAA Annual Conference



## From the President

**“ಮಹತ್ವವನ್ನು ಚಿಂತಿಸಿದರೆ ಬೃಹತ್ತಾಗಿ ಅದನ್ನು ಸಾಧಿಸಬಹುದು”**

ಉತ್ತಮ ಯೋಜನೆ, ಅತ್ಯುತ್ತಮ ಜಿಂತನೆ ಇದ್ದರೆ ಒಳಬಗೆ ತೋಳಿಯುತ್ತದೆ, ಹೊಸ ಬೆಳಕು ಹೊಳೆಯುತ್ತದೆ.

ಒಳ್ಳೆಯ ಮನಸ್ಸುಗಳ ಸಂಗಮವೇ

27ನೇ ವಾರ್ಷಿಕ ಸಮ್ಮೇಳನ - 'ವಿಕಾಸ'ದ ಯಶಸ್ಸಿಗೆ ಮೂಲ ಕಾರಣ.

ನಮ್ಮ ಕಾರ್ಯಕಾರಿಣಿ ಮಂಡಳಿಯ ಕಾರ್ಯಗಳಿಗೆ ಸದಾ ಬೆನ್ನೆಲುಬಾಗಿ ನಿಂತು, ತಮ್ಮ ಸ್ಫೂರ್ತಿಯ ಸೆಲೆಯನ್ನು ಧಾರೆ ಎರೆದು, ಈ ಸಮ್ಮೇಳನದ ಪ್ರಚಂಡ ಯಶಸ್ಸಿಗಾಗಿ ಶ್ರಮಿಸಿದ ತಮ್ಮೆಲ್ಲರಿಗೂ ಅನಂತ ಅನಂತ ಧನ್ಯವಾದಗಳು.

*Dear Professional Colleagues,*

I am writing this message with a great sense of relief and satisfaction that the 27th Annual Conference of KSCAA held on 7<sup>th</sup> & 8<sup>th</sup> March 2015 at Jnana jyothi Auditorium, Bengaluru was a grand success. The Conference received overwhelming response from members, more than Seven hundred, precisely 745, delegates registered for the event. Justice N. Kumar, Honourable Judge of High Court of Karnataka inaugurated the Conference. In his key note address, Honourable Justice N. Kumar recognised the role of Chartered Accountants in justice delivery system and lauded our efforts in nation building exercise. He also acknowledged our role in bringing transparent system to our country by eliminating corruption. Technical sessions were addressed by eminent speakers made the sessions very interactive and informative. The spiritual session by Dr. Aralumallige Parthasarathy was very enlightening and entertainment program received a great applause from delegates and their family. This year's conference stands evidence to honouring our members who completed 50 years in CA profession, who stood by us, encouraged us to reach the level what we are today. We wish to continue this gesture in coming all annual conferences in future. On behalf of KSCAA, I thank conference committee, EC members, past presidents and other well-wishers who have contributed in one or the other form for the success of this conference.

The Hon'ble Finance Minister presented the NDA Government's first full year budget before the lower house of the Parliament on 28<sup>th</sup> Feb 2015. With expectations rocketing sky high on the new Government and with the mandate the Government possesses, it has come up with earnest to unclog the process and put in place a strong foundation for the all-new Indian Economy. While no significant changes in the direct tax rates except for repealing the age old wealth tax laws and increase in the surcharge for the super-rich for FY 2015-16, important announcements have been made signalling reduction of the tax rates for corporates in the years to come coupled with removal of exemptions gradually to boost the confidence of the industry. An increase in the Service Tax Rate to 14% and marginal changes in the median rate of Customs Duty and Excise Duty, the Hon'ble Finance Minister has been assertive in his speech on introduction of GST in 2016. Few of the major changes in the budget 2015 are listed elsewhere in the news bulletin.

The much awaited IndAS has finally seen the light of the day. The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Rules 2015, which come into force on 1st April, 2015. Earlier this month, the Ministry has come out with a road map for companies to migrate to Indian Accounting Standards (Ind-AS) that is IFRS compliant. Effective from April 1, 2016, companies have the option to voluntarily follow it from the next financial year. Banking and insurance companies and NBFCs have been kept outside its ambit.

We have presented a memorandum from KSCAA to the Chief Minister expressing our expectations from the upcoming State Budget for FY 2015-16. We expect to include our suggestion in the budget to be presented on 13th March 2015.

Congratulations to our beloved Past President CA. Allama Prabhu M.S. on being elected as the Chairman of Bangalore Branch of SIRC of ICAI. We also congratulate the new office bearers of Bangalore Branch and new office bearers of other Branches in Karnataka.

We express our deep condolence on the sad demise of CA. H.C. Gulecha, past Vice President of KSCAA. He was such a helpful personality that no words are really adequate to explain and he will be sadly missed. May god give his family the comfort and peace and may his soul rest in peace.

KSCAA is organising a joint program with KASSIA on the topic Union Budget 2015 and the Karnataka State Budget on 19th March 2015 at KASSIA Bhawan, Vijayanagar, Bengaluru. The seminar is open to public and we welcome you to participate in the event. The details are presented elsewhere in the bulletin.

I hope that this New Year lightens up your life with more cheer and success. **Wish you a happy Ugadi!**

In service of the Profession,

**CA. Raveendra S. Kore**  
President





**INAUGURAL SESSION**



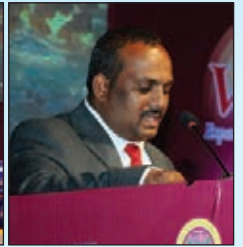
Welcoming Chief Guest



Invocation by Kum. Nityashri Narayan



Dignitaries on the Dais



welcome speech by President CA. Raveendra S. Kore



Overview of the Conference by CA. T.M. Dileep Kumar, Chairman, Conf. Committee



President with Chief Guest



Felicitating the Chief Guest Hon'ble Justice N. Kumar



Introduction of Chief Guest by CA. Bhavya Parvathi



Justice N. Kumar delivering the Key Note Address



Release of Publication of CA. S. Krishnaswamy and also seen book sponsors M/s. BRV Goud & Co.



Releasing the Souvenir by Chief Guest



Recognition of Presence of CA. Shivanand Halabhavi, Chairman, Belgaum Br. of SIRC



Felicitating to CA. M.S. Ranganath, CA. S. Krishnaswamy, CA. O.R. Pandurang and CA. T.S. Sadashivaiah for completing the 50 years of service in profession



Recognition of Presence of CA. Prakash R. Kadur, Chairman, Hubli Br. of SIRC



Vote of thanks by Secretary CA. Raghavendra Puranik

**TECHNICAL SESSIONS**



CA. Niranjana Prabhu welcoming the speaker



CA. K. Gururaj Acharya



CA. Marulasiddaiah M., presenting memento to speaker



CA. Malakajappa R. Biradar, Kalaburgi welcoming the speaker



CA. Dr. N. Suresh



CA. Gajanan Nilakari, Hubballi presenting memento to speaker

**TECHNICAL SESSIONS**

**SPONSORERS PROGRAMME**



CA. Raghavendra Puranik welcoming Speaker



CA. M.P. Vijay Kumar, Chennai



Mr. Bennett, Golden Gate Properties Ltd.



President presenting memento to sponsorer



CA. Raghavendra T.N. welcoming Shri R. Badriprasad, Rotary Intl. Dist. 3190



**TECHNICAL SESSIONS**



CA. Virupakshappa Tuppad welcoming Speaker



CA. Dileep Kumar T.M. welcoming Speaker



CA. N. Anand, CA. Venkataramani S and CA. Rajesh Kumar T.R.

**TECHNICAL SESSIONS**



CA. K.S. Chetty, Gadag presenting memento to Speaker



CA. Ravi Prasad presenting memento to Speaker



Team 5678



Humor talk show by Shri Kotresh, Kudlagi



Humor talk show by Shri Phani Bhushan

**ENTERTAINMENT PROGRAMME**

**ENTERTAINMENT PROGRAMME**



Members and their family enjoying the entertainment session



Members and their family enjoying the entertainment session



Selecting Lucky Couple



Presenting memento to Lucky Couple



Organizers with Team 5678



Childrens and Members rocking on stage



# KSCAA

## News Bulletin

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#### Disclaimer

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KSCAA welcomes articles & views from members for publication in the news bulletin / website.

email: [info@kscaa.co.in](mailto:info@kscaa.co.in)

Website: [www.kscaa.co.in](http://www.kscaa.co.in)

## Seminar on Budget Amendments in Income Tax, KVAT and Service Tax

on Thursday, 19th March 2015

at KASSIA Auditorium

No  
Delegate Fee

KASSIA Bhavan, 17th Cross, West of Chord Road, Vijayanagar Entrance, Bangalore

Organized by Karnataka State Chartered Accountants Association

Jointly With Karnataka Small Scale Industries Association (KASSIA)

#### First Technical Session

3:30 Pm to 4:30 Pm Direct Tax Amendments  
**CA. Venkatesh D R**

4:30 Pm High Tea

#### Second Technical Session

5:00 Pm to 5:45 Pm KVAT Amendments  
**CA. Annapurna Kabra**

#### Third Technical Session

5:45 Pm to 6:30 Pm Service Tax Amendments  
**CA. Madhukar Hiregange**

#### For Details Contact:

CA. Raveendra Kore - 9902046884  
CA. Dileep Kumar TM - 9845330800  
CA. Raghavendra Puranik - 9632245475  
CA. Maddanaswamy BV - 9341214962

### KSCAA Congratulates

### Newly Elected Chairmen of Branches of SIRC of ICAI in Karnataka for the year 2015-16



CA. Allama Prabhu M.S.  
Bangalore Branch



CA. Shivanand V. Halbhavi  
Belgaum Branch



CA. Bharath J Gupta  
Bellary Branch



CA. Prakash R Kadur  
Hubli Branch



CA. Shivakumar K.  
Mangalore Branch



CA. C.S. Sathanarayana  
Mysore Branch



CA. Prashantha Holla T  
Udupi Branch

## APARTMENT OWNERS ASSOCIATION

### - PRINCIPLE OF MUTUALITY



CA. S. Krishnaswamy

The principle of mutuality applies to any member's club or association which has as its main purpose service to the members. The principles have been reiterated in a recent case where the SC dealt with the matter in relation to a club. The issue was taxability of interest on Bank Deposits from Member Banks.

#### **Bangalore Club V. Commissioner of Income Tax and another (2013) 350 ITR 509 (SC)**

The principle of mutuality is related to a notion that a person cannot make a profit from himself. The concept of mutuality has been extended to defined groups of people who contribute to a common fund, controlled by the group, for a common benefit. Any amount surplus to that needed to pursue the common purpose is said to be simply an increase of the common fund and as such neither considered income nor taxable.

*Facts:* The Bangalore Club ("the "assessee"), an unincorporated association of persons, (AOP), in relation to the assessment years 1990-91, 1993-94, 1994-95, 1995-96, 1996-97, 1997-98 and 1999-2000, had sought an exemption from payment of income tax on the interest earned on the fixed deposits kept with **certain banks, which were corporate members of the assessee**, on the basis of the doctrine of mutuality. However, tax was paid on the interest earned on fixed deposits kept with non-member banks.

The Assessing Officer rejected the assessee's claim, holding that there was a lack of identity between the contributors and the participators to the fund, and hence, treated the amount received by it as interest as taxable business income. On appeal by the assessee, the Commissioner of Income-tax (Appeal) reversed the view taken by the Assessing Officer, and held that the doctrine of mutuality clearly applied to the assessee's case. On appeal by the Revenue, the Income-tax Appellate Tribunal affirmed the view taken by the Commissioner of Income-tax (Appeals).

The High Court reversed the decision of the Tribunal and restored the order of the Assessing Officer holding that on the facts of this case and in the light of the legal principles it was clear to us what has been done by club is nothing but what could have been done by a customer of a bank. The principle of 'no man can trade with himself' is not available in respect of a nationalized bank holding a fixed deposit on behalf of its customer.

On appeal to the Supreme Court by the assessee, the Supreme Court observed that the assessee was an association of persons. The concerned banks were all corporate members of the club. The interest earned from fixed deposits kept with non-member banks were offered for taxation and the tax due was paid. Therefore, it was required to examine the case of the assessee, in relation to the interest earned on fixed deposits with the member banks, on the touchstone of the three cumulative conditions.

"The first condition to invoke the principle of mutuality required that there must be a complete identity between the contributors and the participators.

The second feature demands that the actions of the participators and the contributors must be in furtherance of the mandate of the association. In the case of a club, it would be necessary to show that steps are taken in furtherance of activities that benefit the club, in turn its members. The condition postulates a direct step with direct benefits to the functioning of the club. The mandate of the club is a question of fact and can be determined from the Memorandum and Articles of Association, rules of membership, rules of the organization etc.,. However, the mandate must not be construed myopically. While in some situations, the benefits may be evident directly in the short run, in others, they may be accruable to an organization indirectly, in the long run. Space must be made for both such forms of interactions between the organization and its members.

Thirdly, there must be no scope of profiteering by the contributors from a fund made by them which could only be expended or returned to themselves. However, at what point mutuality ends and commerciality begins is a difficult question of fact."

"Before evaluating the rival stands, it would be necessary to appreciate the general understanding of the doctrine of mutuality. The principle relates to the notion that a person cannot make a profit from himself. An amount received from oneself is not regarded as income and is therefore, not subject to tax; only the income which comes within the definition of section 2(24) of the Income Tax Act, 1961 is subject to tax (income from business involving the doctrine of mutuality is denied exemption only in special cases covered under clause (vii) of section 2(24) of the Act). The concept of mutuality has been extended to defined groups of people who contribute to a common fund, controlled by a group, for a common benefit.

As said earlier, any amount surplus to that needed to pursue the common purpose is said to be simply an increase of the common fund and as such neither considered income nor taxable. Over time, groups which have been considered to have mutual income have included corporate bodies, clubs, friendly societies, credit unions, automobile associations, insurance companies and finance organizations. Mutuality is not a form of organization, even if the participants are often called members. Any organization can have mutual activities. A common feature of mutual organizations in general and of licensed clubs in particular, is that participants do not have property rights to their share in the common fund, nor can they sell their share. And when they cease to be members, they lose their right to participate without receiving a financial benefit from the surrender of their membership. A further feature of licensed clubs is that there are both membership fees and, where prices charged for club services are greater than their cost, additional contributions. It is these kinds of prices and/or additional contributions which constitute mutual income.” – Para 10.

In short, there has to be a complete identity between the class of participators and class of contributors; the particular label or form by which the mutual association is known is of no consequence. Kanga and Palkhivala explain this concept in *The Law and Practice of Income Tax* (eighth edition volume I, 1990 at page 113) as follows:

“... The contributors to the common fund and the participators in the surplus must be an identical body. That does not mean that each member should contribute to the common fund or that each member should participate in the surplus or get back from the surplus precisely what he has paid. The Madras, Andhra Pradesh and Kerala High Courts have held that the test of mutuality does not require that the contributors to the common fund should willy-nilly distribute the surplus amongst themselves: it is enough if they have a right of disposal over the surplus, and in exercise of that right they may agree that on winding up the surplus will be transferred to a similar association or used for some charitable objects...”

#### **Conclusion:**

The SC ultimately held that the principle of mutuality does not extend to interest earned on deposits even if such deposits are with a member Bank.

### **The Karnataka Apartment Ownership Act, 1972**

#### **Sec 16: Bye-laws and their contents**

The Act Provides that

1. The administration of every property shall be governed by bye-laws, a true copy of which shall be annexed to the Declaration. No modification of or amendment to the bye-law shall be valid, unless set forth in an amendment to the declaration and such amendment is duly recorded and a copy thereof is duly filed with the competent authority.

An association is formed to carry on the administration.

2. The bye-laws shall provide for the following matters, namely:-

The election from among the apartment owners, appointing office bearers, manner of administration, maintenance of accounts, deposit of surplus funds etc.,

Also, such restrictions on the requirements respecting the use and maintenance of the apartments and the use of the common areas and facilities not set forth in the declaration, as are designed to prevent unreasonable interference with the use of their respective apartments and of the common areas and facilities by the several apartment owners.

3. The bye-laws may also provide for the following matters namely:-

Provisions enabling the Board of Managers to retain certain areas of the building and lease to non-residents for commercial purposes and for distribution of resulting proceeds to the apartment owners as income or application thereof in reduction of their common charges for maintaining the building; and

An Apartment Owners association has a certain specified features.

1. The tenants are also equaled with owners in the matter of access to amenities.

#### **“MEMBERS– COMMON REGULATIONS:**

In order to simplify the explanations in this section, all resident-OWNERS and their families, tenants and their families including all GUESTs, servants including drivers, frequent VISITORS are considered as in-mates of a FLAT.”

#### **Apartments Owners Society**

The Principles of mutuality applies equally to a society as the owner, under The Karnataka Apartment Ownership Act, 1972 have joined together to form a society for the mutual benefits of the members. But the principle of mutuality will end if the amenities of the association are made available to non-members having the ‘taint of commerciality’. If in the normal course a member’s guest avails the benefits with the member the principle of commerciality may not affect in the said case.

#### **Transactions with Non-members:**

Any Association/Society/Club that transacts with non-members and has earnings from such activity will come into the tax net. The lead case is CIT V Bankipur Club Ltd (1997) 226 ITR 97 (SC). The decision was cited in Bangalore Club’s case at Paras 23, 26, 35 and discussed where “mutuality ends and commerciality begins.

“... If the object of the assessee-company claiming to be a ‘mutual Concern’ or ‘club’, is to carry on a particular business and money is realised both from the members and from non-members, for the same consideration by giving the same or similar facilities to all alike in respect of the one and the same business carried on by it, the dealings as a whole disclose the same profit earning motive and are alike tainted with commerciality. In other words, the activity carried on by the assessee in such cases, claiming to be a ‘mutual concern’ or ‘member’s club’ is a trade or an adventure in the nature of trade and the transactions entered into with the members or non-members alike is a trade/business/transaction and the resultant surplus is certainly profit-income liable to tax. We should also state, that ‘at what point, does the relationship of mutuality end and that of trading begin’ is a difficult and vexed question. A host of factors may have to be considered to arrive at a conclusion. ‘whether or not the persons dealing with each other, are a “mutual club” or carrying on a trading activity or an adventure in the nature of trade’, is largely a question of fact. The SC held that transaction with non-members if it has the taint of ‘commerciality’ then such transaction will be outside the principle of mutuality.

“.... if the object of the assessee-company claiming to be a ‘mutual concern’ or ‘club’, is to carry on a particular business and money is realized both from the members and from non-members, for the same consideration by giving the same or similar facilities to all alike in respect of the one and the same business carried on by it, the dealings as a whole disclose the same profit earning motive and are alike tainted with commerciality. In other words, the activity carried on by the assessee in such cases, claiming to be a ‘mutual concern’ or ‘member’s club’ is a trade or an adventure in the nature of trade and the transactions entered into with the members or non-members alike is a trade/business/transaction and the resultant surplus is certainly profit-income liable to tax. We should also state, that ‘at what point, does the relationship

of mutuality end and that of trading begin’ is a difficult and vexed question. A host of factors may have to be considered to arrive at a conclusion. ‘whether or not the persons dealing with each other, are a “mutual club” or carrying on a trading activity or an adventure in the nature of trade’, is largely a question of fact. (Wilcock’s case [1924] 9 TC 111, 132(CA); [1925] 1 KB 30 at pages 44 and 45).” (emphasis supplied)

The other citations are

1. DITC(E) V Chamber Gymkhana (2012) 346ITR 86 (Ban)
2. CIT V Kumbakonam Mutual Benefit Fund Ltd [1964] 53 ITR 241
3. The Karnataka High Court in CIT V Bangalore Club [2006] 287 ITR 263 (Karn)
4. Chelmsford Club V CIT [2000] 243 ITR 89 (SC)
5. CIT V Royal Western India Turf Club Ltd. [1953] 24 ITR 551 (SC)

Thus it can be concluded that in case of a ‘Mutual Concern’ interest on Deposits is taxable; income from transactions with the non-members is taxable. However, the decision rests on facts. Patna High Court in CIT V Ranchi Club Ltd. [1992] 196 ITR 137 (Patna) [FB] applied the ruling in Bankipur Club Ltd.’s case in the following words:

“... That merely because the assessee-company had entered into transactions with non-members and earned profits out of transactions held with them, its right to claim exemption on the principle of mutuality in respect of transactions held by it with its members was not lost. The assessee was a mutual concern. The income derived by it from its house property let to its members and their guests and from the sale of liquor, etc., to its members and their guests was not taxable in its hands.”

*Author can be reached on e-mail: [skcoca2011@yahoo.in](mailto:skcoca2011@yahoo.in)*

## OBITUARY

*We deeply regret to inform the sad demise of our beloved*



**CA. A.R. Viswanathan**  
*Past President, KSCAA*



**CA. H.C. Gulecha**  
*Past Vice-President, KSCAA*

*May their soul rest in peace.*





# SERVICE TAX BUDGET CHANGES — AN ANALYSIS

CA. Madhukar N. Hiregange and CA. Roopa Nayak



The Finance Minister has envisaged that the IDT collections would add about Rs.20,000 Crores to the tax kitty for the year 2015-16. The suggestions of professional bodies or industry associations do not seem to have been considered. The only silver lining seems to be the endeavour to introduce Social security for all, housing and road focus which would lead to growth. In this backdrop the paperwriters have examined the important implications of the service tax provisions in budget 2015 in relation to rate and additional exposure.

## 1. Change in Service Tax Rate

Service tax rate has been proposed to increase from 12% to 14 %. 2 % Education cess and 1% Secondary and Higher Education Cess is proposed to be subsumed in the proposed 14%. Additional revenue on this account could be near to Rs.20,000crores for 15-16.

**Effective date would be the date as notified after the enactment.**

*Comment: This seems to be increase as preparation to high rates of GST [ 22-27%] expected.*

Considering that many more services are now liable, major exemption in real estate withdrawn and 1.64 % increase in rate, the additional revenue from services could be much higher than 40,000 crores. This is an opportunity for service providers to bill for the services completed till date and recover the same faster. Otherwise, the payment of St may have to be made at a higher rate.

## 2. Swachh Bharat Cess

An additional Cess of 2% proposed to be imposed as service tax on the value of the service, which needs to be paid to consolidated fund of India.

*Comment: The amendment proposed levies the cess on value of service, therefore if the same would be implemented the total rate of service tax would be 16%.*

*The proposed tax rate increase would also serve to fund the Swachh Bharat Abhiyan in case of shortfall. If this rate is put in place it would see higher evasion by splitting service income.*

## Changes in Negative list

### 3. Service provided by Government to Business Entity has been bought into tax net

The support service provided by the Government to a business entity has been enhanced to include any service provided by

the Government. The business entity receiving such service would be person liable to pay service tax under reverse charge. In this context "Government" has been defined vide proposed section 65 B (26A) and the definition of the "support service" vide clause (49) section 65B has been omitted.

*Comment: All other services provided by Govt. to Business Entity would be liable. ( but for few exceptions). The definition of Government seems to add to ambiguity as it excludes entities whose accounts are not required to be maintained as prescribed. But nowhere clarified exactly which are those entities.*

### 4. Manufacture or production of alcoholic liquor for human consumption bought into tax net

Clause (f) of the 66 D has been amended to exclude the "services provided by way of any processes which is amounting to manufacture of alcoholic liquor for human consumption". Accordingly the definition of the word "process amounting to manufacture" has been amended. Consequently Notification 25/2012-ST amended to remove the exemption of carrying out an intermediate production process as job work in relation to alcoholic liquor for human consumption.

### Effective date to be notified.

*Comment: Alcoholic liquor for human consumption is a state subject covered under Entry 51 of List II of the Schedule VII of the Constitution and hence this amendment encroaches into the State Subject without the authority, which could be challenged.*

### 5. Lottery distributor or selling agent

Service in relation to promotion, marketing, organizing, selling of lottery or facilitating in organizing lottery of any kind by a lottery distributor or selling agent is propose to tax. Further the responsibility to pay service tax has been imposed the recipient of the service. As per the interpretation given "lottery distributor or selling agent" means any person appointed or authorized by the respective state governments as per the provisions of Lotteries Regulations Act, 1998

### Effective date would be notified

*Comment: The legislative competence of the Parliament to pass a law on lottery tickets could be challenged in view of List II to Seventh Schedule of the Constitution which under Entry 34 and Entry 62 vests the subject-matter of 'Betting and gambling' and 'Taxes on luxuries, including taxes on entertainments, amusements, betting and gambling' being within the sole competence of the State Legislature.*



## 6. Foreman of chit fund

Service by a foreman of chit fund for conducting or organizing a chit in any manner is propose to tax by replacing the Explanation 2 to section 65B (44) of the Finance Act, 1994.

### Effective date to be notified

*Comment: This amendment has been proposed to overcome the decision on Hon'ble Delhi High Court in the case of Delhi Chit Fund Association Case. Earlier the entire chit fund installments were intended to be taxed, however now the taxability is restricted to Foreman of chit fund as defined in the Chit Funds Act, 1982. All foremen may not be covered. Constitutional challenge would continue.*

## 7. Taxability of Amusement facilities and entertainment events

The negative list entry vide section 66 D (J) providing "Admission to entertainment events or access to amusement facilities" has been proposed to be deleted, making this activity taxable.

Service tax to be levied on the services provided by way of access to amusement facility such as rides, bowling alleys, amusement arcades, water parks, theme parks etc.

Service tax to be levied on the service by way of admission to entertainment event of concerts, non-recognised sporting events, pageants, music concerts and award functions, if the amount charged for admission is more than Rs 500.

Service by way of admission to exhibition of cinematographic film, circus, dance, or theatrical performances including drama, ballets or recognised sporting events shall continue to be exempt.

### Effective date to be notified

*Comment: Entertainment events or access to amusement facilities is a state subject covered under Entry 62 of List II of the Schedule VII of the Constitution and hence this amendment encroaches into the State Subject without the authority, which in the opinion of the paper writers can be challenged.*

## 8. Widen the term consideration for levy of service tax

Explanation inserted in Section 67 clause (a) (ii) the term consideration, includes the value of re-imburement of expenses claimed in the provision of output service.

### Effective date would be from the date to be notified after the enactment

*Comment: This amendment is proposed to overcome the decision of Hon'ble Delhi High Court in case of M/s. Intercontinental Consultants which quashed Rule 5(1) of ST Valuation Rules holding by including expenses in value of taxable services, the rule goes far beyond section 67. This amendment seems to continue the trend of amending the law with a revenue bias,*

*when a decision favouring the assessee is passed. May not be valid amendment. Likely to be challenged again.*

## 9. Changes in Reverse Charge Mechanism

3 new services are brought under the reverse charge, which are as under:

- Services provided by mutual fund agent or distributor, to a mutual fund or asset management company, where in mutual fund or asset management company is liable for payment of service tax to the extent of 100%
- Services provided by a selling or marketing agent of lottery tickets to a lottery distributor or selling agent are bought, wherein the Organizer is liable for service tax
- Service provided by a person involving an aggregator in any manner the recipient of the service is liable to pay service tax. Aggregator means a person, who owns and manages a web based software application, and by means of such application enables a potential customer to connect with service provider under the brand name or trade name of the aggregator. This may cover the marketing/ advertising intermediaries assisting the intelligent location of potential customers for the product/ service.
- In case of the existing supply of manpower and security agency services now the recipient has to pay the full 100% tax, which was 75% earlier.

*Comment: This concept seems to be to rope in the services provided by small service providers working under aggregator models, where aggregator pays ST on his commission. Example could be those providing rent a vehicle designed to carry passengers services [rent a cab], where the amounts are collected by such driver. But question arises who is to bear the brunt of the ST under reverse charge especially when ST payable by the aggregator, is reduced out of the commission/fee amounts received.*

*Comment: The passing on of the compliance on the receiver business entity body corporate means that the assessee eligible to avail credits of ST paid under reverse charge alone would be in revenue neutral situation due to the excess cash outflowed on account of ST under reverse charge.*

### Effective from 01.04.2015

### Changes to Cenvat Credit Rules 2004:

## 10. Time limit of one year for availing the Cenvat credit

Rule 4 has been amended to provide for time limit of one year as against 6 months for availing the Cenvat credit on inputs and input services from the date of invoice.

*Comment: The missed out eligible credits of past 1 year could be availed and disclosed in ST-3 returns from March 15 onwards.*



### **11. Cenvat immediately on payment of tax in partial reverse charge**

Rule 4(7) is being amended to allow Cenvat Credit of Service Tax paid under partial reverse charge by the service receiver without linking it to the payment to the service provider.

Comment: This is brought in line with the facility of availing credits **on input service on payment of** service tax by receiver of service under reverse charge which was brought in from Oct 14.

**All Cenvat credit related changes otherwise provided would be effective from 01.03.2015.**

#### **Exemptions**

### **12. Addition of GTA Exemption with respect to exports**

Goods transport agency service provided to an exporter in relation to transport of export goods by road was exempted in case where such goods are transported from the place of removal to an inland container depot, a container freight station, a port or airport. Now extended to transport of such goods from place of removal even to the Land Customs Station.

*Comment: This is a move intended to help the exporters, and encourage the Made In India Scheme.*

**Effective Date: April 1, 2015**

### **13. Ambulance services are now exempted**

Any service provided by way of transportation of a patient to and from a clinical establishment by a clinical establishment is exempt from Service Tax.

**Effective Date: April 1, 2015**

*Comment: This is a natural extension of the benefit of exempted health care services.*

### **14. Exemption to artists in folk or classical form is now restricted for consideration upto Rs.1,00,000/-**

Exemption to services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theatre, is now limited only to such cases where the amount charged the artist is upto Rs.1,00,000 for the performance.

*Comment: It is not clarified whether the exemption is per performance basis or per team/person taking part in the performance.*

**Effective Date: April 1, 2015**

### **15. Exemption for Transportation of foodstuff by Rail, road or vessel is limited to certain products only**

Exemption to transportation is now limited to the transportation of food grains, rice and pulses, flour, milk and salt.

*Comments: This would mean the earlier broad based exemption given to GTA, which exempted even transport of the processed foods such as ice cream/noodles/biscuits is lost. Also the ST to be paid on 30% and not on 25% of total amount charged by GTA under reverse charge. Increase cost of transported goods.*

**Effective Date: April 1, 2015**

### **16. Services of exhibition of movie by exhibitor to distributor is exempted**

Service of exhibition of movie by the exhibitor (theatre owner) to the distributor is exempted. Further, Service of exhibition of movie by the exhibitor (theatre owner) to an association of persons (where such exhibitor is one of the members of such association) is also being exempted.

*Comments: This exempted revenue could arise in form of a profit sharing arrangement as well.*

**Effective Date: April 1, 2015**

### **17. Operation of Common Effluent Treatment Plant**

Service provided by a Common Effluent Treatment Plant operator for treatment of effluent is being exempted.

*Comment: This ensures that service tax is not saddled on the waste disposal which is critical for the success of Swachh Bharat Abhiyan.*

**Effective Date: April 1, 2015**

### **18. Specified Post Agricultural Processes exempted.**

Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables is being exempted.

*Comment: This covers specified services of getting agricultural produce ready for the secondary market. The services of getting the agricultural produce ready for the primary market [wholesale] was already covered in negative list.*

**Effective Date: April 1, 2015**

### **19. Withdrawal of Exemption**

Existing exemption, vide notification No. 42/12-ST dated 29.6.2012, to the service provided by a commission agent located outside India to an exporter located in India is being rescinded with immediate effect.

*Comments: Redundant exemption omitted.*

### **20. Certain Construction services provided to Government, a local authority, or a governmental authority are now taxable**

Construction, repair etc of the following provided to the Government, a local authority, or a governmental authority are now taxable:

- a civil structure or any other original works meant predominantly for other than commercial purposes;



- of a structure for use as an educational, a clinical, or an art or cultural establishment;
- Residential complex for self-use or the use of the employees.

*Comment: This would lead to cash flow issues for the contractors who are executing ongoing contracts for the Government, Government Authority, especially as a norm the agreements are standardized and there are no clause for taxes extra in contracts with Government/Government Authority and Local Authority. They may have to go out of pocket.*

**Effective Date:** April 1, 2015

### **21. Services of construction, erection etc of airport or port shall now be taxable**

Original work of Construction, erection, commissioning or installation pertaining to an airport or port is now taxable.

**Effective Date:** April 1, 2015

*Comments: The railways and road related works continue to be exempted from ST levy.*

### **22. Exemption for certain public telephone services are now withdrawn**

Exemption is being withdrawn on the following services:

- (a) Departmentally run public telephone;
- (b) Guaranteed public telephone operating only local calls;
- (c) Telephone calls from free telephone at airport and hospital.

*Comments: The service tax may be collected from the airport authority and then paid.*

**Effective Date:** April 1, 2015

### **23. Changes in Abatements**

The following changes as been made in abatement 26/2012 Service Tax dated 20.06.2012:

- a. CENVAT on inputs, capital goods and input services for the "Transport of goods by Rail" & "Transport of passengers, with or without accompanied belongings by rail"
- b. Taxable value for transport of passengers by air, with or without accompanied in other than economy class has been increased to 60% from 40% (Serial No.5)
- c. Taxable value towards goods transport agency services has been enhanced from 25% to 30%. (Serial No. 7)
- d. Taxable Value towards transport of goods in a vessel from one port in India to another has been enhanced to 40% from 30%

### **Effective date would be from 01.04.2015**

*Comment: The idea behind the increase seems to be thought process from revenue that there is higher component of labour charges as opposed to earlier understood by them. Thus increase in portion on which ST needed to be paid.*

### **Other Changes:**

#### **24. ST Registration in 2 days**

It has also been prescribed that henceforth registration for single premises shall be granted within two days of filing the application. Same under central excise.

*Comments: A measure to bring some accountability. This would depend of the officers attitude.*

#### **25. Invoice can now be authenticated digitally, records can be preserved in electronic form**

Any invoice, bill, challan or a consignment note issued under this act can now be authenticated by way of digital signatures. Further, option is given to preserve records as specified under these rules in electronic form and every page of the record so preserved shall be authenticated by means of a digital signature. The conditions and procedure in this regard shall be specified by the CBEC.

*Comment: The availment of Cenvat credits on such electronic invoices may have to be enabled by clarifying eligibility, in order to avoid unnecessary disputes in availing credits based on e-invoice-printed out.*

**Effective Date:** March 1, 2015

#### **26. Advance Ruling benefit is extended to Resident Firms**

The facility of Advance Ruling is being extended to all 'resident firms' which includes LLP, sole proprietorship, One person company. Earlier the benefit of advance ruling was available only for non-residents and body corporate.

**Effective Date:** March 1, 2015

*Comment: This is a welcome move which facilitates the clarification being obtained regarding classification, valuation of taxable service, principles to determine value, applicability of notifications, admissibility of credits, determination of ST liability. But the advance ruling obtained by one assessee for his set of facts, cannot be made applicable to another assessee.*

### **Conclusion**

In this article the paper writer has sought to examine the implications of the major changes of the service tax budget. The industry need of building responsibility and accountability while ensuring reforms are moved forward has not been acted in any significant manner. It is expected that disputes would increase and service providers would have a much more difficult time.

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# SUMMARY OF CHANGES PROPOSED IN BUDGET 2015 RELATED TO CENTRAL EXCISE PROVISIONS AND CENVAT CREDIT RULES, 2004



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## A. Rate Structure :

Education Cess and Secondary and Higher Education Cess has been subsumed into excise duty and the standard rate has been revised to 12.5%. However, wherever the goods are made liable to tax at a rate lesser than 12% would remain at the same rate, but without CESS.

## B. Goods brought under MRP valuation and deemed manufacture

Following products will be taxed on the retail sale price less abatement as under. Further, these goods would get covered under third schedule, which makes the process such as packing, re-packing or labeling etc., in relation to such products would be deemed to be manufacture.

- a. Preparations of tea under chapter 210120 with abatement of 30%
- b. All goods under chapter 22.02 other than aerated waters and mineral waters with abatement of 30%.
- c. Condensed milk under Chapter 4 - 30% abatement;
- d. LED lights with abatement of 35%.  
Further for the following items the abatement rates have been revised.
- i. Footwear under covered Chapter.65 - abatement reduced from 35% to 25%;

## C. Simplification of Registration procedures [Notification No. 7/2015-Central Excise (N.T.) dt. 01.03.2015- Effective from 1.3.2015]

Registration and cancellation process has been simplified as detailed below:

- (i) Application for registration shall be made online.
- (ii) Registration shall be PAN based and hence PAN is mandatory.
- (iii) Department shall grant registration within 2 days. Verification of the premises shall be made after the grant of registration certificate.
- (iv) Existing temporary registrants, except Government Departments shall apply online for conversion of temporary registration to PAN based registration within three months from the date of publication of this notification, failing which

the temporary registration shall stand cancelled. However, extension for making application could be sought.

- (v) Applicant shall quote, email ID, Mobile Number and details of registration with other Government authorities such as VAT, ICE etc. Existing registration holder who have not submitted above information has to submit within three months of this notification.
- (vi) Applicant shall submit self attested copy of the following documents at the time of verification:
  - a. Plan of the factory premises;
  - b. Copy of the PAN Card of the proprietor or the legal entity registered;
  - c. Photograph and Proof of the identity of the applicant;
  - d. Documents to establish possession of the premises to be registered;
  - e. Bank account details;
  - f. Memorandum or Articles of Association and List of Directors; and
  - g. Authorization by the Board of Directors or Partners or Proprietor for filing the application by a third party.
- (vii) Physical verification shall be made within 7 days from date of receipt of application and discrepancies or clarifications shall be intimated immediately. Within 15 days from the date of application, such errors or clarifications to be complied, failing which the registration shall be cancelled after giving reasonable opportunity of being heard.
- (viii) Transfer of Business or change in Constitution: Where due to transfer or change in constitution, new PAN is allotted, then transferee shall obtain new registration. Where there is no change in PAN, then amendment of registration shall be sought.
- (ix) Provision made for cancellation of registration after following principles of natural justice.
- (x) De registration would be done within 30 days if no dues are present.

## D. Invoicing and storage of records:

Central Excise Rules have been amended to provide for issue of digitally signed invoices and also storage of records digitally. Summary of the amendments are as below:



- (i) Where goods are directly sent to a job worker on the direction of a manufacturer or the provider of output service, the invoice shall also contain the details of the manufacturer or the provider of output service, as the case may be, as buyer and contain the details of job worker as the consignee.
- (ii) Where the goods are directly sent to any person on the direction of the registered dealer, the invoice shall also contain the details of the registered dealer as the buyer and the person as the consignee, and that person shall take CENVAT credit on the basis of the registered dealer's invoice.
- (iii) Where the goods imported under the cover of a bill of entry are sent directly to buyer's premises, the invoice issued by the importer shall mention that goods are sent directly from the place or port of import to the buyer's premises
- (iv) Rule 11 provisions mutatis mutandis was applicable to first and second stage dealers, would now also be applicable to the importer who issues an invoice on which CENVAT credit can be taken.
- (v) Rule 11(8) has been inserted to provide for issue of digitally signed invoice. Further, where the duplicate copy of the invoice meant for transporter is digitally signed, a hard copy of the duplicate copy of the invoice meant for transporter and self attested by the manufacturer shall be used for transport of goods.

Board may, by notification, specify the conditions, safeguards and procedure to be followed by an assessee using digitally signed invoice

- E. **Fee for delay in filing of records:** Fee at the rate of Rs. 100 per day of delay or Rs. 20,000/- whichever is lower shall be paid for delay in filing of return or statements by assesses including EOUs.
- F. **Extension of provisions to importers:** Provisions relating to maintenance of records, access to premises, penalties and other restrictions would also extend to importers who issues cenvatable invoices.
- G. **Amendments under Cenvat Credit Rules [effective from 1.3.2015]**
  - a) **Time limit to avail credit :**Time limit to avail credit on inputs and input services which was restricted to 6 months from the date of invoice has been extended to 1 year
  - b) **Credit Goods directly delivered to job-worker:** Credit on input and capital goods would be available to the manufacturer or service provider even if the same is delivered to job worker premises directly. Credit availment shall be after receipt of goods by job worker.
  - c) **Amendment to Job work procedures:** Principally the job-work procedure remain same with certain modifications and also specifically allowing movement of goods from one job-worker to another without bringing back the goods to principal manufacturer. The said provisions are summarized below:

- (i) Inputs sent to a job-worker, could be sent directly from first job-worker premises to another job worker for further processing without reversal of credit. In effect there is no requirement of reversal where goods reach back the factory or premises of service provider within 180 days from date of removal to the first job-worker.
- (ii) Capital goods could be cleared as such to a job-worker, without reversal of credit subject to condition that such capital goods shall be received back within 2 years from the date of clearance. In case the capital goods are cleared directly to job worker then, two years shall be counted from the date of receipt of capital goods by the job-worker. The existing provision as regards moulds, dies and fixtures to be held in the job workers premises will continue and not suffer the 2 year period.
- (iii) Where the inputs or capital goods are not received back within 180 days or 2 years as the case may be, proportionate credit shall be reversed and such amount could be taken as credit after the receipt of such goods.
- d) **Availment of credit on input services [effective from 1.4.2015]:** presently provisions relating to credit availment on input services covered under reverse charge or joint charge are subject to contrary views and confusions. The same are simplified as below:

Nature of transaction	When to avail credit
100% reverse charge	After remittance of service tax
<b>Joint Charge</b>	
Service provider's portion of tax	Immediately on receipt of invoice
Service recipient's portion of tax	After remittance of service tax
Where no payment is made to service provider within 3 months from date of invoice	Reverse service provider's portion of credit and avail as and when the payment is made to the vendor

- e) **Refund / rebate on deemed export of goods:** by defining the phrase 'export goods' to mean *any goods which are to be taken out of India to a place outside India*, the refund has been restricted to physical exports. High Court in CCE vs Shilpa Copper Wire Industries case 2011 (269) ELT 17 had held that deemed exports (supply to EOU etc.) would also be eligible for refund. The said decision would henceforth be not applicable. Similarly exports has been defined in Rule 18 of Central Excise Rules, 2002 to mean movement of goods outside the territory of India
- f) **Non excisable goods are also brought into ambit of Rule 6:** Rule has been amended to cover non excisable goods manufactured and cleared for a consideration under the ambit of Rule 6. Henceforth, where an assessee clears non excisable goods along with excisable goods, appropriate credit as per rule 6 shall have to be reversed.



Value of non-excisable goods for the purposes of this rule, shall be the invoice value and where such invoice value is not available, such value shall be determined by using reasonable means consistent with the principles of valuation contained in the Excise Act and the rules made thereunder.

**g) No interest is payable where credit is availed but not utilized [Rule 14]:** Recovery provisions under Rule 14 has been recast as below:

- (i) Credit availed but not utilised could be recovered in terms of provision of Section 11A of Central Excise Act or Section 73 of Finance Act, 1994 without payment of interest.
- (ii) Credit availed but utilised could be recovered along with interest in terms of provision of Section 11A and 11AA of Central Excise Act or Section 73 and 75 of Finance Act, 1994.
- (iii) Credit utilisation for the purpose of this rule shall be determined as below:
  - (a) the opening balance of the month has been utilised first;
  - (b) credit admissible in terms of these rules taken during the month has been utilised next;
  - (c) credit inadmissible in terms of these rules taken during the month has been utilised thereafter.

**H. Demand and recovery provisions:[Section 11A]**

**(i) Sub-section (5) to (7):**

These subsection refers to provisions relating to recovery of duty which was not paid or short paid by reasons of fraud, mis-representation etc., but are recorded in the books of accounts.

The amendment seeks to omit these sub-sections. The proposed amendment brings uniformity in treatment of all such cases irrespective of whether the transaction is so recorded or not; These matters may now get covered by the new proposed subsection (16).

**(ii) Amend the provision relating to relevant date:**

Provisions relating to relevant date for issue of show cause notice, which is reckoned for determination of time limit to serve show cause notice, has been amended.

Presently, sub clause (ii) provided that where the return is filed **on due date**, then the date of filing return shall be considered as relevant date. The said sub-clause is proposed to be amended to omit the words 'on due date'. In effect, where the return is filed prior to or after due date also, the date of filing of return shall be considered as relevant date. It also appears that the words "on due date" were not required.

**(iii) Sub-section (16):**

New sub-section (16) is proposed to be inserted to provide that the provisions of section 11A shall not apply to cases where the non-payment or short payment of duty is reflected in the periodic returns filed and that in such cases recovery of duty shall be made in such manner as may be prescribed in the rules

It appears that if this sub section is enacted in this manner, there will be no parent statute recovery provision and the same will have to be specified through rules. Can the recovery provision be left to the rules and not dealt with in the statute itself is a moot question?

**(iv) Applicability of the above amendments to earlier period:**

Explanation 2 to Section 11A is inserted to provide that the above amendments would be applicable even to earlier period for which show cause notices are not issued as on the date when the presidential assent is given to Finance Bill 2015.

**I. Amendment to Section 11AC dealing with penalty provisions [clause 92]:**

Section 11AC has been recast and the summary of proposed new provisions is as below:

Sub section	Nature of contravention	Amount of penalty
(1)(a)	Non payment of duty for reasons not involving fraud, willful mis-statement or suppression of facts etc.	An amount of Rs. 5000 or 10% of duty liable, whichever is higher
Proviso to (1)	If amount of duty along with interest is paid before issue of SCN or within 30 days from date of issue of SCN	No penalty in respect of such SCN Proceedings shall be deemed to be concluded
(1)(b)	If duty + interest is paid within 30 days of communication of order. <b>Condition:</b> Subject to condition that the penalty is also paid within 30days of Communication Applicable to cases not involving fraud etc.	Penalty would be 25% of the penalty proposed in the order.
(1)(c)	Non payment of duty for reasons involving fraud, willful mis-statement or suppression of facts etc.	Amount equal to the duty demanded
Proviso to 1)(c)	details relating to such transactions are recorded in the specified record for the period beginning with 8th April, 2011 [date of presidential ascent to Finance Act, 2011] up to the date on which the Finance Bill, 2015 receives the assent of the President (both days inclusive),	50% of the duty demanded



Sub section	Nature of contravention	Amount of penalty
1(d)	If duty + interest is paid within 30 days of communication of the notice. <b>Condition:</b> Subject to condition that the reduced penalty is also paid within 30 days of Communication Applicable to cases involving fraud etc.	15% of the duty demanded Proceedings shall be deemed to be concluded
1(d)	If duty + interest is paid within 30 days of communication of the order <b>Condition:</b> Subject to condition that the reduced penalty is also paid within 30 days of Communication Applicable to cases involving fraud etc.	25% of the penalty demanded Proceedings shall be deemed to be concluded

**11AC (2):** Where duty amount gets modified in any appellate proceeding (Commissioner(A) or Tribunal) , then the penalty in cases involving fraud etc., shall also stand modified accordingly.

**11AC (3):** Where the duty amount is increased in the appellate proceedings, the benefit of reduced penalty as specified shall be admissible if duty, interest and reduced penalty in relation to such increased amount is paid within 30 days of such appellate order.

**Explanation:**

a) The above provisions would be applicable to all Notices issued after the date when Finance Bill, 2015 receives the assent, irrespective of period involved.

b) SCNs issued prior to date when Finance Bill, 2015 receives the assent of the President, but pending adjudication could be closed by following :

**I. Cases not involving fraud etc. :** on payment of duty and interest within 30 days of the Finance Bill, 2015 receiving the assent of the President.

**II. Cases involving fraud etc. :** on payment of duty, interest and penalty @ 15% within 30 days of the Finance Bill, 2015 receiving the assent of the President.

c) For orders demanding duty issued on or after the date when the Finance Bill, 2015 receives the assent of the President, would be eligible for the reduced penalties as discussed above.

Provisions of Rule 15 of Cenvat Credit Rules, 2004 dealing with penalties under Cenvat rules, has been amended to align with the above section.

**J. Amendment to provisions relating to Settlement commission [clause 93- 100]:**

Consequent to amendments to Settlement provisions in the year 2007 and 2010, certain provisions relating to settlement

have become redundant. The amendments proposed in clause 93 to 100 of Finance Bill is either omit or suitably amend such redundant provisions. Other important amendments are as below:

- a) Further, where in any appeal or revision, the matter is remanded to original authority, then such matters were not eligible for settlement. Clause 93 is proposed to be amended definition of 'case' in Section 31 (c) This amendment proposes to omit the words 'in any appeal or revision' in the definition of 'case' . This is to provide that all matters referred back by the court or Tribunal, irrespective of appeal or revision or otherwise would not be entitled for 'settlement' before Settlement Commission.
- b) Section 32B is proposed to be amended so as to enable any member of the Settlement Commission to officiate as Chairman in the absence of the Chairman of the Settlement Commission. Presently, only Vice Chairman could officiate.

**K. Amendment to Section 3A –Capacity based levy of duty [Clause 90]**

Section 3A provides for levy of duty on the basis of production capacity. Insertion of explanation 3 is proposed in this section to provide that the Central Government may specify more than one factor relevant to determine the production capacity to levy duty.

By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this amendment will come into force with immediate effect. Pursuant to the same, amendments to Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010 and Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 have been made vide **Notifications No. 4&5/2015-Central Excise (N.T.) dt. 01.03.2015.**

**L. Advance Ruling:** Resident companies both private and public are already covered under advance ruling. Now resident firms are also covered under eligible entities which could seek advance ruling. The term 'firm' includes LLPs, Sole proprietor, one person company and partnership firms.

**M. Important clarifications issued during budget:**

- i. Circular No.996/3/2015-CX dated 28.2.2015 gives the benefit of payment of excise duty, customs duty and service tax under instalments upto 3 years subject to certain conditions;
- ii. Circular No.998/3/2015-CX dated 28.2.2015 giving certain guidelines when prosecution cases can be withdrawn from Courts based on adjudication done in same cases on merit.
- iii. Circular No. 999/6/2015-CX dated 28.2.2015 to further clarify on the concept of "place of removal" to include the port from where goods are exported in direct exports and in cases of supplies to merchant exporter to be the factory. This would be relevant for taking credit on input services.

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# KVAT UPDATES AND LATEST JUDICIAL PRONOUNCEMENTS

CA. G.B. Srikanth Acharaya and CA. Annapurna Kabra



## I) E-Upass – Circular 22/2014-2015 dated 30/12/2014

The objective of bring E-upass initiative is to minimise the disputes relating to input tax credit, facilitate electronic audit across VAT chain for all dealers for faster processing of refunds.

The revision option has been inserted for the period from May 2014 to August 2014 for all the dealers. And From September 2014 it can be revised by filing the revised return.

### *Harsha Enterprises Malavagoppa, Shimogha and Another Vs State of Karnataka and Another (HC) 2015 (81) Kar.L.J (HC)*

Notification dated 29.4.2014 issued by the Commissioner of Commercial Taxes (Karnataka). The directions are issued to a specified class of dealers in terms of turnover to furnish all details electronically through internet. Whether it would affect the business of the dealer?

The requirement of uploading the data will enhance the transparency in the business of the dealers and would bring efficacy in the assessment proceedings and avoidance of tax and legal wrangles and uncertainty in payment of tax. It will lend efficacy to recovery of tax from errant dealers and will be in interest of Revenue.

The entry of the details as sought in the impugned Notification by the user name and pass word is only to the Department and not for public consumption. The details will be used by the department only for the Assessment purpose and not for any other purpose. Therefore it will not affect the business of the dealer.

## II) Notification No FD 88 CSL 2014 dated 30.09.2014

The input tax shall not be deducted in calculating the net tax payable under the said Act on rubber compound, cushions, patches and rubber bonding solution by whatever name called used as inputs in the business relating to Tyre retreading

## III) Notification No FD 229 CSL 2013 dated 04.9.2014

The amendment in the Notification as follows

The old entry is **deleted** as “ Microphones and stands thereof, headphones and earphones, whether or not combined with a microphone and sets consisting of a microphone and one or more loudspeakers and Audio frequency electric amplifiers.

The new entry is

- Microphones and stands thereof
- Multimedia speakers with price not exceeding Rs. 1000/- per set

- Headphones and earphones, whether or not combined with a microphone and sets consisting of a microphone and one or more loudspeakers

## LATEST JUDGEMENTS

### a. *Milan Plywood Suppliers Vs State of Karnataka (HC) STRP 315-12 dated 10.7.2014*

The assessee has claimed deduction of input tax on the basis of three invoices showing purchase of goods from three dealers. These three dealers have not remitted the tax recovered from the assessee. The department is not justified in drawing the inference that the said three dealers are bogus unless the Authority is not satisfied that the transaction in question is genuine one, the assessee has paid the money and received the goods and necessary entries are made in the books of accounts of the assessee. It should be proved by the department that the said purchase transaction is not genuine, bogus or fraud for disallowing the input tax credit

### b. *Intel Technology (India) Private Limited Vs State of Karnataka (HC) STRP 18-10-18.06.2014*

The High Court allows input tax rebate on Xerox machines, air conditioners and security systems used for export of developed software. The HC has rejected the revenue contention stating that such equipment is not used directly in relation to ‘software development’. Hence the rebate is inadmissible. There should be direct nexus between machinery and main activity is not necessary. The transaction ancillary / incidental is sufficient to bring machinery under ‘capital goods’ definition under Karnataka VAT Act. However HC denies input tax rebate on stationery and building materials, says same cannot by any stretch of imagination be construed as machinery / equipments / tools used in course of business other than for sale.

A slotted angle framework is used to keep manufactured goods is in the nature of capital goods. It does not fall under the restricted goods. The input tax credit is to be made available. (*State of Karnataka Vs Vinyas Innovative Tech Private Limited 2014 (80) KLJ 141 (HC)(DB)*)

### c. *S.P Fabricators Private limited Bangalore Vs State of Karnataka (Tri) (DB)*

Clarification regarding rate of tax given by Authority under section 60 of the Act is applicable only to particular dealer in response to whose seeking it was given. Such clarification held is not binding in proceedings before Tribunal/Commissioner



- d. Aluminium Rods are not liable to entry tax by virtue of Entry 29-A of Second schedule to Act (*Bharath Conductors Private Limited Vs State of Karnataka 2015 (81) Kar.L.J.91 (Tri)(DB)*)
- e. Assessee showing tax paid on capital goods as input tax in appropriate column of Form VAT 100 without claiming credit in respect of the same. There is no liability of output tax. It is indicated that he is not entitled to refund of input tax. There is no case of overstatement of input tax credit. The penalty is levied on such ground and it is set aside. (*Enercon (India) Infrastructure Private Limited Vs Additional Commissioner of Commercial Taxes (Zone- I) Bangalore 2015 (81) Kar.L.J.88(HC)(DB)*)
- f. Declarations in Form C,F and I in support of claims of concessional rate of tax and exemption submitted before Appellate Authority can also be accepted. (*G.E India Industrial Private Limited Bangalore Vs State of Karnataka 2014 (80) KLJ 588 (Tri)(DB)*)
- g. Difference of tax on account of non furnishing of Statutory forms like C forms at the time of assessment cannot be treated as understatement of liability attracting penalty under section 72(2) of the KVAT Act (*Forsec Chemicals (India) Private Limited Vs State of Karnataka 2014 (80) Kar.L.J.497 (HC)(DB)*)
- h. Hand held electronic ticketing machine is liable to tax at 12.5% and is not an IT product. (*Micro fix Bangalore Vs State of Karnataka 2014 (80) Kar.L.J.484 (HC)(DB)*)
- i. Tribunal is competent to review and to review its own order when party brings to its notice that relevant facts were not brought before while passing the original order (*Mandovi Motors Private Limited Vs State of Karnataka 2014 (80) Kar.L.J. (HC) (DB) 337*)
- j. Order levying penalty less than the minimum penalty prescribed passed by Tribunal set aside and penalty levied at double tax payable (*State of Karnataka Vs Gati Limited Bangalore) 2014 (80) KLJ 281 (HC)(DB)*)
- k. Order of Appellate Authority passed without considering plea of assessee for grant of time to submit C/D forms set aside and remanded to consider the plea and to pass the reasonable order. (*Pepsic Holdings India Limited Bangalore Vs The Joint Commissioner of Commercial Taxes (Appeal-06) Bangalore*)
- l. Aids and implements used by handicapped persons is broad enough to cover not only hearing aids but also their parts (*State of Karnataka Vs Siemens Hearing Inst Private limited 2014 (80) KLJ 28(HC)(DB)*)
- m. *International Hospital Private Limited Vs State of Uttar Pradesh and Others 2015 (81) Kar.L.J. 50(HC)(DB)* The issue in the present case relates to a contract between patient and a hospital where an individual gets admitted as an indoor patient for the purposes of a surgical procedure under medical supervision. Admittedly, Neither of the six clauses of Article 366 (29-A) of the constitution is attracted to the rendering of such a service and hence, the deeming definition under which a contract is regarded as a contract for the sale of goods is not attracted. According to the hospital, where a patient comes to get admitted for a surgical procedure like an angioplasty, the contract is indivisible, in the course of which medical service is rendered to the patient. The issue as to whether a service of this nature would fall within the ambit of the expression "sale" has to be determined with the reference to the definition of that expression in the section 2(ac) of the Act. There can be no doubt about the position that in the case of patient who enters the hospital for the purpose of a surgical procedure like an angioplasty, there is no intent between the parties to the agreement, namely, the hospital and the individual that there would be a sale of stent or value by the hospital to the patient. The substance of the contract is not a contract for sale of the stent or value that is used in the course of the surgical procedure. The contract, in substance, is an agreement in which the patient enters the hospital and is administered treatment in the form of a medical procedure, like an angioplasty. An intrinsic and integral element of that procedure, is the implantation of a stent or value in the heart of patient. Admittedly, the present case does not involve the application of one of sub-clauses of Article 366(29-A). The deeming provision of clause (29-A) are not attracted..... Therefore Implant of stents or valves in a patient in the course of the surgical procedure is not a sale
- n. *State of Punjab & ors Vs Nokia India Private Limited 2015 (81) Kar.L.J.3(SC)* It is held that the mobile/cell phone charger is an accessory to cell phone and is not a part of the cell phone. Therefore the rate of tax on mobile charger is different from mobile rate of tax. Battery charger cannot be held to be a composite part of the cell phone and it is only the accessory to the mobile. The battery charger is an independent product which can be sold separately. Therefore it is held that mobile/cell phone charger is an accessory to the cell phone.
- o. *Surya Constructions Vs Commissioner of Tax Officer (WC&T) and another 2015 (81) Ker.L.J.9 (HC)* The petitioner has sub contracted the entire work. The work executed by the sub contractor results in a single transaction and not multiple transactions. Amount retained by the petitioner form out of payment made by awarder of the contract has represented only profit element that accrued to him as the main contractor. There is no liability on the petitioner since there was no sale of material in the course of execution of works contract. The demand of the tax on amount representing only profit from the transaction is illegal and liable to be set aside.

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# CONSTITUTIONAL VALIDITY OF SECTION 234-E OF THE INCOME TAX ACT

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*Practicing Advocate*

On February 9, 2015, a Division Bench of the Hon'ble High Court of Bombay dismissed a batch of writ petitions and upheld the Constitutional validity of Section 234-E of the Income Tax Act, 1961 ("the Act"). See Rashmikant Kundalia v. Union of India, (W.P. Nos. 771/2014). Apart from raising some very interesting issues, the judgment is highly significant because writ petitions challenging the validity of Section 234-E are currently pending in various High Courts across the country, including the Karnataka High Court, and this judgment provides some insights into the issues that the Courts will need to decide. Needless to state, the Bombay High Court judgment is not binding on any of the other High Courts and it is possible that they may take a contrary view. While the outcome of the case in the other High Courts is uncertain, what is certain is that the Supreme Court will eventually be called upon to weigh in on the issue. This article provides a broad overview of the relevant statutory provisions, the Bombay High Court's judgment, and the issues arising from the said judgment.

## **Statutory Provisions.**

Section 234-E of the Act was inserted in the Act by the Finance Act, 2012, with effect from July 1, 2012, and reads, in pertinent part, as follows:

### ***"Section 234-E. Fee for default in furnishing statements.***

- (1) *Without prejudice to the provisions of the Act, where a person fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of Section 200 [...], he shall be liable to pay by way of fee, a sum of two hundred rupees for each day during which the failure continues.*
- (2) *The amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible, as the case may be.*
- (3) *The amount of fee referred to in sub-section (1) shall be paid before delivering or causing to be delivered a statement in accordance with sub-section (3) of Section 200 [...]."*

Therefore, Section 234-E(1) levies a fee of Rs. 200 per day on a person who fails to file the statement referred to in Section 200(3) ("TDS statement") within the time prescribed for filing such statement. Section 234-E(2) caps the maximum fee by stating that it shall not exceed the amount of tax deductible, and Section 234-E(3) requires the fee to be paid along with the statements that are belatedly filed.

The Memorandum explaining the provisions in the Finance Bill, 2012, states that the rationale for introduction of the above provision is to avoid delays in furnishing TDS statements by tax deductors, which would result in consequent delays in granting credit of taxes deducted to the deductees and issuing refunds to the deductee-taxpayers or in the raising of infructuous demands against the deductee-taxpayers.

Section 200(3), which Section 234-E refers to, states that any person deducting tax "shall, after paying the tax deducted to the credit of the Central Government within the prescribed time, prepare such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed income tax authority or the person authorized by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed."

The time frames for filing the TDS statements are prescribed under Rule 31-A of the Income Tax Rules. In short, persons other than the government are required to file their TDS statements within 15 days after the end of the quarters ending on June 30, September 30, and December 31, and for the quarter ending March 31, the statement is due by May 15.

## **Rival Contentions.**

Section 234-E of the Act was challenged as being unconstitutional by a number of persons before the Bombay High Court. Interestingly, the lead petitioner was a practicing chartered accountant who had received several notices on behalf of his clients under Section 200-A of the Act.

The primary contention of the petitioners was that a "fee" can only be collected in exchange for services rendered and that in the case of the fee leviable under Section 234-E, there were no services being rendered in exchange by the Income Tax Department ("the Department") or the Government. In other words, the argument was that a fee can only be collected as a recompense for some service rendered and that since the Legislature had termed the levy under Section 234-E as a fee, it cannot be collected in the absence of any service being rendered by the Department or the Government. The petitioners, therefore, argued that the levy under Section 234-E is, in effect, a tax and not a fee. Furthermore, it was argued that the levy is in the nature of a penalty and that the same is impermissible since Section 271-H of the Act already provided for the levy of penalty for belated filing of TDS statements.



The petitioners also argued that the provisions of Section 234-E were extremely onerous and offered no protections to assesseees. More specifically, it was argued that the assessing officer was conferred with unbridled powers to invoke the provisions of Section 234-E and levy a fee for belated filing of TDS statements. Moreover, the officer was not vested with any power to condone the delay in filing TDS statements even in cases where there may have been genuine reasons for the delay, and no remedy by way of an appeal was provided against an order levying a fee under Section 234-E.

On the other hand, the respondents argued the late submission of TDS statements creates additional work for the Income Tax Department and the fee under Section 234-E was levied to recompense the Department for the additional work burden created by not furnishing the information in time. The respondents also defended the validity of the provision stating that it was not onerous and, therefore, not violative of Article 14 or any other Constitutional provision.

### **Judgment.**

The Bombay High Court began its analysis of the issues by discussing the basic purpose and scheme of the TDS provisions. The Court observed that any delay in filing the TDS statements has a cascading effect as the Department would not be able to process the returns of the person on whose behalf tax has been deducted (“the deductee”) until it received information of the deductions that have been made. The Court further observed that if returns are not processed in a timely manner, then:

- (a) There would be a delay in the granting of credit of TDS to the deductee;
- (b) There would be a delay in issuing refunds, if any, to the deductee;
- (c) The delay in issuing refunds would affect the Government financially as interest would be payable for the delay in granting the refund;
- (d) The delay in issuing refunds would also adversely affect business;
- (e) Infructuous demands may be raised on the deductee; and
- (f) The confidence of the taxpayer in the administration of tax would, in general, be eroded.

Noting the above consequences of belated submission of TDS statements, the Court observed that the fee under Section 234-E was levied to compensate for the additional work burden forced on the department by deductors who do not file TDS statements in a timely manner. The Court, accordingly, concluded that the levy under Section 234-E is not in the nature of a tax or penalty, but a “fee which is a fixed charge for the extra service which the department has to provide due to the late filing of TDS statements.” According to the Court, “the late filing of TDS return/statements is

regularized upon payment of the fee as set out in Section 234-E” and “is nothing but a privilege and a special service to the deductor allowing him to file the TDS return/statements beyond the time prescribed by the Act and/or the Rules.” The Court, therefore, did not agree with the argument of the petitioners that the fee under Section 234-E is really nothing but a collection in the guise of a tax or a penalty.

In support, the Court relied on a judgment of the Calcutta High Court in the case of Howrah Tax Payers’ Association v. The Government of West Bengal, (2010) SCC Online Cal. 2520. In the said case, the constitutional validity of a late fee imposed under the West Bengal Value Added Tax Act was under challenge. In upholding the validity of the said provision, the Court held that, “though a fee must be correlated to the serviced rendered, such relationship need not be a mathematical one [and] a casual relationship is all that is necessary.” In the facts of that case, the Calcutta High Court held that there exists a quid pro quo between the taxpayer and the Department as the taxpayer’s “irregular filing of return is regularized upon payment of late fee.”

In Howrah Tax Payers, the Calcutta High Court had relied on a judgment of the Supreme Court in the case of SonaChandiOal Committee v. State of Maharashtra, (2005) 2 SCC 345, wherein it was held, in pertinent part, that:

*“Quid pro quo in the strict sense was not always a sine qua non for a fee. All that is necessary is that there should be a reasonable relationship between the levy of fee and the services rendered. It was observed that it was not necessary to establish that those who pay the fee must receive direct or special benefit or advantage of the services rendered for which the fee was being paid.”*

Relying on the above two judgments, the Bombay High Court held that the fee sought to be levied under Section 234-E is not in the guise of a tax and, therefore, cannot be said to be constitutionally invalid.

The Bombay High Court also rejected the argument that Section 234-E is onerous because it does not permit the assessing officer to condone any delay in filing the TDS statements or provide for any appeal against an order under the said provision. In this regard, the Court held that a right of appeal is a creature of statute and if the Legislature deems it fit not to provide for a remedy of appeal, the provision cannot be struck down on the ground that it is too onerous. The Court also observed that, in any case, a deductor is not completely remediless as a writ petition under Article 226 can always be filed in appropriate circumstances in order to challenge the levy of a fee under Section 234-E.

In view of the above observations, the Bombay High Court concluded that it is of “the clear view that Section 234-E of the Income Tax Act, 1961 does not violate any provision of the Constitution and is therefore intra vires [the] Constitution of India.”



## **Analysis.**

The essence of the Bombay High Court's judgment is that the fee levied under Section 234-E is to compensate the department for the extra service it has to provide due to the belated filing of TDS statements. Interestingly, the Court relies on a judgment of the Supreme Court in SonaChandiOal Committee, wherein it has been held that a quid pro quo in the strict sense is not a sine qua non for a fee. These observations are contrary to a subsequent judgment of a Constitutional Bench of the Supreme Court in Jindal Stainless v. State of Haryana, (2006) 145 STC 544) and, therefore, it appears that the Bombay High Court has applied the incorrect legal standard in analyzing the validity of Section 234-E. The relevant observations of the Supreme Court in Jindal Stainless are as follows:

*“To sum up, the basis of every levy is the controlling factor. In the case of ‘a tax’, the levy is a part of the common burden based on the principle of ability or capacity to pay. In the case of ‘a fee’, the basis is the special benefit to the payer (individual as such) based on the principle of equivalence.”*

The Supreme Court further held that “the main basis of a fee is the quantifiable and measurable benefit” being provided to the payer of the fee and that “[u]nder the principle of equivalence, [...] there is an indication of a quantifiable data, namely, a benefit that is measurable.”

Based on the above observations, it can be said that a quid pro quo is the sine qua non for a fee and, therefore, the observations in SonaChandiOal Committee in this regard are contrary to the holding in Jindal Stainless.

It is surprising that the Supreme Court's judgment in Jindal Stainless was not referred to by the Bombay High Court. First, the judgment in SonaChandiOal Committee was rendered on December 16, 2004, whereas Jindal Stainless was rendered on April 13, 2006. Therefore, Jindal Stainless is a more recent judgment of the Supreme Court. Moreover, SonaChandiOal Committee was rendered by a two-judge Bench of the Supreme Court whereas the Bench in Jindal Stainless comprised of five judges. Therefore, the Bombay High Court ought to have analyzed the validity of Section 234-E in view of the law laid down in Jindal Stainless and not SonaChandiOal Committee.

As stated above, the Supreme Court in Jindal Stainless expressly held that in the case of fee, there must be a special benefit provided to the payer of the fee. The fee under Section 234-E is payable by persons who deduct tax at source and fail to timely file statements of the tax so deducted. Therefore, in order to sustain the levy, it must be shown that there is a special benefit or service being provided to the payers of the fee, that is, the deductors of tax. It is possible that the outcome of the case would have been different if the Bombay High

Court had analyzed the validity of Section 234-E in light of the stricter standard laid down in Jindal Stainless.

The Bombay High Court's judgment was premised on the fact that the late submission of TDS statements creates additional work for the department and the fee was levied to compensate itself for this additional work burden. For instance, if TDS statements were not filed in time, the department might have to revise assessment orders passed in respect of the deductee and, in some cases, pay interest to the deductee for belated processing of refunds. However, the Court does not specifically enumerate any benefit inuring to the deductors of tax who are required to file TDS statements under Section 200(3) of the Act. In other words, the Bombay High Court's judgment does not point out any special services or benefits being provided to the deductors of tax by the department, for which the fee under Section 234-E was levied to defray its expenses.

It is arguable that allowing the deductor to belatedly filing the TDS statement may itself be the service being rendered by the department. However, it is highly doubtful whether that can be said to be a “quantifiable or measurable” benefit being provided to the deductor. In any case, this aspect of the issue was never discussed by the Bombay High Court as it never referred to the standard laid down in Jindal Stainless.

It is further pertinent to note that as per the Memorandum inserting Section 234-E, the rationale for introduction of the said provision is to avoid delays in furnishing TDS statements by tax deductors. The intention behind insertion of the provision, therefore, appears to be deterrent in nature and not to defray costs incurred for providing any services. The Bombay High Court did not examine this aspect of the matter, either.

## **Conclusion.**

In sum, the Bombay High Court appears to have applied the wrong legal standard in deciding the constitutional validity of Section 234-E. As discussed earlier, the correct standard for determining whether a levy constitutes a fee or a tax appears to be the one laid down by the Supreme Court in Jindal Stainless. It is possible that the Bombay High Court may have arrived at a different conclusion had it applied the standard laid down in Jindal Stainless.

Hopefully, the other High Courts currently seized of the matters, including the Karnataka High Court, apply the law laid down in Jindal Stainless while disposing of the cases. It will be interesting to see if the outcome of those cases is any different from that recently disposed of by the Bombay High Court.

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# BusinessLine

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(This article was published in the Business Line print edition dated March 4, 2015)

# THE HINDU

07.03.2015

## Media Coverage

### ವಿಜಯ ಕರ್ನಾಟಕ

ಬುಧವಾರ, 4 ಮಾರ್ಚ್ 2015, ಬೆಂಗಳೂರು

ರಾಜ್ಯ STATE 03

ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ವಾರ್ಷಿಕ ಸಮಾವೇಶ 7ರಿಂದ

ಬೆಂಗಳೂರು: ರಾಜ್ಯ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಸಂಘದ ವತಿಯಿಂದ ಆರ್ಥಿಕ ಹಾಗೂ ವಾಣಿಜ್ಯ ಕ್ಷೇತ್ರದಲ್ಲಿನ ಕಾರ್ಯದಕ್ಷಿಣ ಬದಲಾವಣೆಗಳ ಕುರಿತು ಮಾಹಿತಿ ನೀಡಲು ಮಾರ್ಚ್ 7 ಮತ್ತು 8ರಂದು ನಗರದಲ್ಲಿ 27ನೇ ವಾರ್ಷಿಕ ಸಮಾವೇಶವನ್ನು ಆಯೋಜಿಸಲಾಗಿದೆ ಎಂದು ಸಂಘದ ಅಧ್ಯಕ್ಷ ರವೀಂದ್ರ ಎನ್. ಕೋರ ಪತ್ರಿಕಾಗೋಷ್ಠಿಯಲ್ಲಿ ಮಂಗಳವಾರ ತಿಳಿಸಿದರು.



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### ಪ್ರಜಾವಾಣಿ

04.03.2015

27ನೇ ವಾರ್ಷಿಕ ವಿಚಾರ ಸಂಕರಣ

'ಆರ್ಥಿಕ ಹಾಗೂ ವಾಣಿಜ್ಯ ಕ್ಷೇತ್ರದಲ್ಲಿನ ಕಾರ್ಯದಕ್ಷಿಣ ಆಗುತ್ತಿರುವ ಬದಲಾವಣೆಗಳ ಕುರಿತು ಲೆಕ್ಕ ಪರಿಶೋಧಕರಿಗೆ ಮಾಹಿತಿ ನೀಡಲು ಮಾರ್ಚ್ 7 ಹಾಗೂ 8ರಂದು ನಗರದ ಜ್ಞಾನಜ್ಯೋತಿ ಸಭಾಂಗಣದಲ್ಲಿ 27ನೇ ವಾರ್ಷಿಕ ವಿಚಾರ ಸಂಕರಣವನ್ನು ಹಮ್ಮಿಕೊಳ್ಳಲಾಗಿದೆ ಎಂದು ಕರ್ನಾಟಕ ರಾಜ್ಯ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಸಂಘದ ಅಧ್ಯಕ್ಷ ರವೀಂದ್ರ ಎನ್. ಕೋರ ತಿಳಿಸಿದರು. ಮಂಗಳವಾರ ಪತ್ರಿಕಾಗೋಷ್ಠಿಯಲ್ಲಿ ಮಾತನಾಡಿದ ಅವರು 'ಸಂಕರಣದಲ್ಲಿ ಹಲವಾರು ತಾಂತ್ರಿಕ ವಿಷಯಗಳ ಕುರಿತು ಚರ್ಚೆಗಳು ಹಾಗೂ ಗೋಷ್ಠಿಗಳನ್ನು ಆಯೋಜಿಸಲಾಗಿದೆ. ಕಾರ್ಯಕ್ರಮವನ್ನು ಪೈಕೋರ್ಡ್ ನ್ಯಾಯಮೂರ್ತಿ ಎನ್.ಕುಮಾರ್ ಉದ್ಘಾಟಿಸಿದ್ದು, ಈತನ ಪ್ರಮುಖ ಲೆಕ್ಕ ಪರಿಶೋಧಕ ತಜ್ಞರು ಭಾಗವಹಿಸಲಿದ್ದಾರೆ ಎಂದು ಅವರು ತಿಳಿಸಿದರು.

**AROUND THE CITY**  
**Meet of chartered accountants**  
 The 27th annual conference of the Karnataka State Chartered Accountants' Association will be held on Saturday and Sunday at Jnana Jyothi Convention Centre, Central College campus. On the theme 'Vikaas: Expanding professional frontiers', the conference is aimed at encouraging chartered accountants to think innovatively about the latest business and economic developments, and various challenges it poses to businesses and professionals. The conference, to be attended by over 1,000 members from across the State, will be inaugurated by N. Kumar, judge of the High Court of Karnataka, said a release.

### ವಿಜಯವಾಣಿ

07.03.2015

ವಿಚಾರಸಂಕರಣ: ರಾಜ್ಯ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ಸಂಘದಿಂದ ಆಯೋಜಿಸಿದ ವಿಷಯ: ವ್ಯಕ್ತಿಯ ಎಲ್ಲೆಯನ್ನು ವಿವರಿಸುವ ಉದ್ದಾಟನೆ: ರಾಜ್ಯ ಉಚ್ಚ ನ್ಯಾಯಾಲಯದ ನ್ಯಾಯಾಧೀಶ ಕುಮಾರ್. ಮಾ.ಕೆ.ರವರಗೆ. ಶ್ಲಃ: ಜ್ಞಾನಜ್ಯೋತಿ ಸಭಾಂಗಣ, ಸೆಂಟ್ರಲ್ ಕಾಲೇಜು ಆವರಣ, ಬೆಂಗಳೂರು 9ರಿಂದ.

## KSCAA Legal Fund - List of Contributors

(From 13.02.2015 to 12.03.2015)

Sl. No.	Name	Amount (Rs.)
1	CA. T.C. Mehta	5,000
2	CA. M.D. Pise	5,000
3	CA. L.K. Kathare	5,000
4	CA. H.B.M. Murugesh	3,000

Sl. No.	Name	Amount (Rs.)
5	CA. Jayaram Bhat	2,500
6	CA. Subhas I. Sangannavar	2,000
7	CA. B.R. Shetty	2,000

KSCAA requests the members to generously contribute towards the legal fund and support in its constant endeavour to protect the interests of our profession.

Kindly issue Cheque / DD in favour of "KSCAA" payable at Bengaluru.



### SPIRITUAL SESSION



Welcoming the Dr. Aralumallige Parthasarathy



Dr. Aralumallige Parthasarathy



Honouring to CA. K. Babu, Past Chairman, Bangalore Br. of SIRC



CA. Ramesh Sharma presenting memento to Dr. Aralumallige Parthasarathy



Dr. Aralumallige Parthasarathy announcing his book details



Members with Dr. Aralumallige Parthasarathy

### SPECIAL SESSION



Panelists CA. Cotha S. Srinivas, CA. P.R. Suresh and CA. Nithin Mahadevappa



Moderator CA. N. Nityananda



CA. Umesh Bolmal, Belagavi presenting memento to Moderator

### SPECIAL SESSION



CA. Maddanaswamy B.V. presenting memento to Panelist



CA. K. Ravi presenting memento to Panelist



CA. Shambhu Sharma presenting memento to Panelist



CA. Narendra K.V. Shivamogga welcoming the speaker

### TECHNICAL SESSION

### TECHNICAL SESSIONS



CA. Vivek Mallya



CA. Ravindraraj Bhandari presenting memento to Speaker



CA. Santhosh Kumar welcoming the Speaker



CA. Padamchand Khincha



CA. Ananth Nyamannavar presenting memento to Speaker



Shri K.G. Raghavan, Advocate



CA. Tara Bevinje presenting memento to speaker



Master of Ceremonies - CA. Sandhya P. Nagar and CA. Sanjana Hegde



Volunteers at KSCAA Stall



**TECHNICAL SESSIONS**



CA. Ramachandran Mahadevan welcoming the Speaker



CA. Raghavendra Shetty welcoming the speaker



CA. R.R. Joshi, Gadag welcoming the speaker



CA. Vishnumurthy S and CA. Prashanth G.S.



Panel Discussion on Union Budget Proposals



Moderator  
CA. R. Ramasubramanian



CA. Vishnumoorthi H and CA. Madhukar N. Hiregange



CA. S.A. Narayana Shetti presenting memento to Moderator



CA. Ravindranath K. presenting memento to Panelist



CA. Bargeshappa presenting memento to Panelist



CA. Venkatesh Babu T.R. presenting memento to Panelist



Organizers in Happy mood at Conference



President with Members from Kalaburagi



President with Members from Hubballi



Members with CA. M.P. Vijay Kumar from Chennai



Cross section of Delegates



Conference Committee Members



Members enjoying the hospitality





### VALEDICTORY SESSION



Valedictory address by President CA. Raveendra S. Kore



Managing Committee Members at Valedictory Session



Selecting Lucky Delegate and Lucky Stall Visitor



CA. Marulasiddaiah M. presenting memento to Lucky Delegate CA. Shambhu Sharma



CA. Madhukar N. Hiregange presenting memento to Lucky Stall Visitor



Executive Committee Members Honouring President

### PRESENTING MEMENTO TO VOLUNTEERS AND STAFF



Presenting Memento to Smt. Gayathri Shekar



Presenting Memento to Mr. Dilip S.

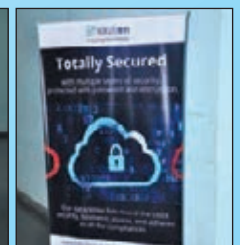


Organizing Committee and Volunteers



Vote of thanks of the Conference by Secretary

### EXHIBITION STALLS AT CONFERENCE





A Vasana Healthcare Enterprise



# “I got back the joy of living life with greater confidence. Thanks to Vasana.”

My husband gave me a lot of confidence to face life fearlessly. Till today that is one of the things that keeps me going bravely. The strength and independence to do whatever I feel gave me the courage to undergo my Cataract treatment at Vasana.

## Cataract treatment at Vasana

**Roma Saha, Kolkata**

Housewife

Patient ID: 1514, Cataract Patient

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