



BCAS Newsletter

A monthly newsletter of the Bombay Chartered Accountants' Society

Vol. 10 No. 5

Harnessing Talent and Providing Quality Service

August 2007



Vice-President's Communiqué . . .

Dear Members,

The month of July has gone by. As members of a vibrant profession, you must have met all the challenges and helped your clients complete the arduous task of compiling tax returns in the new forms.

By the time this communication reaches you, we will have celebrated 60 years of independence. The last decade has seen our country emerge as an important player in the global economy. While this part of a shining India gladdens our hearts, the areas of darkness that were there six decades ago still remain unlit. While we in the metros are worried about load shedding, there are areas that have yet to see electricity. While we are concerned about the availability of higher education to our children, there is a large section of the population that does not have a functional primary school ! It is this disparity that must go away.

Apart from this, we read newspaper reports which reflect a decay in the moral fabric of institutions in our country. There is however reason to be optimistic. There are individuals who achieve their goals despite the odds, organisations work selflessly for the public cause, and use tools like the Right to Information Act to achieve their objectives. Lastly, our beleaguered judicial system works, principle of equality before the law is upheld, and justice, even if delayed, is not denied.

On the professional front, the Society is conscious of the challenges ahead and the opportunities that technology is creating. The Society will soon launch an e-learning course. The other programmes catering to varied interests of members will continue.

Let me end on a lighter note. The resurgence of the rains has created the right atmosphere and lifted our spirits. The months of September and October will be hectic with social/religious events and professional work. So friends, take a small monsoon break and refresh yourselves for taxing times ahead !

With warm regards,

Anil Sathe

Lecture Meetings

Venue : 4th floor, IMC, Churchgate, Mumbai-400020.
(Unless otherwise specified)
Time : 6.15 p.m.

Day & Date : Wednesday, 22nd August 2007*

Speaker : T. Gunasekaran, Advocate

Subject : Recent Controversies in Service Tax

Day & Date : Wednesday, 5th September 2007*

Speaker : Yogesh A. Thar, C.A.

Subject : Recent Issues on Corporate Taxation

Day & Date : Wednesday, 19th September 2007*

Speaker : Shefali Goradia, C.A.

**Subject : Inbound Investment and Entry Strategy
(structure, tax issues, etc. with practical examples)**

Day & Date : Wednesday, 3rd October 2007*

Speaker : Paresh Vakharia, C.A.

Subject : Issues in Tax Audit

Day & Date : Friday, 12th October 2007

Venue : Bombay House Auditorium, Homi Modi Street, Mumbai-400001.

Speaker : R. Gopalakrishnan, Executive Director, Tata Sons Ltd.

Subject : Prosperity Beyond our Cities by Spreading Enterprise

(A. D. Shroff Memorial Lecture organised jointly with Forum of Free Enterprise)

*Fellowship over a cup of tea at 5.45 p.m.

President : Rajesh Kothari, 28089956; Vice-President : Anil Sathe, 24367693; Hon. Secretaries : Pradip Thanawala, 22694248; Mayur Nayak, 26831199; Hon. Treasurer : Deepak Shah : 22420089

P R O G R A M M E S	Service Tax seminar			A T A G L A N C E	
	— Issues in Procedural Aspects of Service Tax	22-9-2007	Gulmohar Conference Hall, BCAS		3
	Half-day seminar on Auditing and Assurance Standards (AAS) 28-9-2007		Gulmohar Conference Hall, BCAS		3
	Seminar on Transfer Pricing — Recent Developments	13-10-2007	C. K. Nayudu Banquet Hall, Cricket Club of India, Churchgate, Mumbai ..		2
	Forthcoming Study Circle Meetings		Gulmohar Conference Hall, BCAS		6

7, Jolly Bhavan No. 2, New Marine Lines, Mumbai-400020. Tel. Nos. : 66595601 to 05; Fax : 66595606 E-mail : bca@bcasonline.org; Website : www.bcasonline.org





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International Taxation

C O M M I T T E E

Chairman : Kishor Karia
 Convenors : Dhishat Mehta
 Nitin Shingala
 Sushil Lakhani

Course co-ordinators : Anil Doshi and Mihir Khandwala

Seminar on

Transfer Pricing — Recent Developments

The law and practice of transfer pricing continues to evolve in India. This seminar will focus on recent developments in law and practical aspects, such as transfer pricing study, analysis, and search for comparables. It would be our endeavour to make the seminar more interactive through question-answer sessions.

Day & Date : Saturday, 13th October 2007

Time : 9.00 a.m. to 6.00 p.m.

Venue : C. K. Nayudu Banquet Hall, Cricket Club of India, Churchgate, Mumbai.

Fees : Rs.1,120 inclusive of course material, tea, coffee & lunch and Rs.20 towards contribution to BCAS Foundation.

Topic	Faculty
Introduction and recent decisions	Samir Gandhi, Mumbai
Practical aspects of transfer pricing study of a company in manufacturing industry	Rohan Phatarpekar, Mumbai
Practical aspects of transfer pricing study of a company in IT/ITES industry	H. Padamchand Khincha, Bangalore
Practical issues in assessments	T. P. Ostwal, Mumbai
Practical aspects of economic analysis/search process with help of electronic database software	Vispi Patel, Mumbai

Enrolment restricted to 125 participants (BCAS members) on first-come-first-served basis.

Enrolment form is printed on page 6.

RTI Booklet

BCAS Foundation has published a small booklet which provides basic information on the Right to Information Act, 2005. You can buy it in multiple of 10 and distribute to your friends, relatives, clients, neighbours and so on.

A pack of 10 booklets is priced at Rs.50. With that pack, you will get 20 attractive 'Stop Corruption with RTI' stickers with our compliments for your use.

Order as many packs of 10 as you like, but do it fast.



From RBI

Contributed by
Gaurang Gandhi

The Reserve Bank of India has issued 3 Circulars.

A.P. (DIR Series) Circular No. 2, dated July 19, 2007

Maintenance of collateral by FIs for transactions in derivatives segment — Opening of demat accounts by Clearing Corporations and Clearing Members

Presently, Foreign Institutional Investors (FIIs) are permitted to offer foreign securities with AAA rating as collateral to recognised Stock Exchanges in India for their transactions in the derivatives segment.

This Circular has liberalised the procedure further in this regard. It provides that, SEBI-approved Clearing Corporations of Stock Exchanges and their Clearing Members can undertake the following transactions, subject to applicable SEBI guidelines :

1. Open and maintain demat accounts with foreign depositories and acquire, hold, pledge and transfer the foreign sovereign securities offered as collateral by FII.
2. Remit the proceeds arising from corporate action, if any, on such foreign sovereign securities.
3. Liquidate the foreign sovereign securities, if the need arises.

A.P. (DIR Series) Circular No. 3, dated July 19, 2007

Remittances to non-residents — Deduction of tax at source

This Circular clarifies that a remitter of foreign exchange is required to submit an undertaking and Chartered Accountant's certificate in the prescribed format at the time of making the remittance in foreign exchange to non-residents, even in cases where the remittances are in the nature of trade transactions such as import payments.

A.P. (DIR Series) Circular No. 4, dated August 7, 2007

Review of External Commercial Borrowings (ECB) Policy

RBI has reviewed the ECB guidelines and modified them as under :

1. All ECB under the Automatic Route (US \$ 500 million limit per borrower-company per financial year) and ECB exceeding US \$ 20 million per borrower-company per financial year under the Approval Route are permitted only for foreign currency expenditure (the funds cannot be remitted to India) for permissible end-uses.
2. ECB up to US \$ 20 million per borrowing company per financial year for Rupee expenditure for permissible end use requires prior approval of RBI under the Approval Route.
3. All other aspects of ECB policy remain the same.
4. The above conditions will not apply to borrowers who have already entered into loan agreements and obtained loan registration numbers from RBI. Borrowers who have taken verifiable and effective steps wherein the loan agreement has been entered into to avail ECB, but have not yet obtained registration number are required to apply to RBI through their Authorised Dealer.

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Accounting & Auditing

C O M M I T T E E

Chairman : Hemendra Shah
Co-chairman : Himanshu Kishnadwala
Convenors : Abhay Mehta
Kamlesh Doshi
Nandita Parekh

Half-day Seminar on

Auditing and Assurance Standards (AAS)

AAS are central to the integrity of any audit. There has been a marked increase in the issuance of AAS by the ICAI. These AAS have been devised to help the auditors to carry out the attest function in a structured manner. Adoptions of these standards though mandatory, is not normally understood in its right perspective.

BCAS has planned a half-day seminar to deal with certain AAS which are felt to be of relevance in conduct of audits of small as well as large entities. This will equip the participants with a systematic approach to carry out the attest function and improve the quality of audit.

Date : 28th September 2007

Time : 2.00 p.m. to 6.00 p.m.

Venue : Gulmohar Conference Hall, BCAS,
7, Jolly Bhavan No. 2, New Marine Lines,
Mumbai-400020.

Fees : Rs.350 (inclusive of course material, refreshment and Rs.20 contribution to BCAS Foundation)

Auditing & Assurance Standards (AAS)	Speaker
AAS-3 Documentation AAS-8 Audit Planning AAS-11 Representation by Management AAS-14 Analytical Procedures	Ketan Vikamsey
AAS-6 Risk Assessment & Internal Control AAS-15 Audit Sampling AAS-18 Audit of Accounting Estimates AAS-25 Comparatives	Khurshed Pastakia

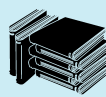
Enrolment is restricted to 75 participants on first-come-first-served basis.

Enrolment form is printed on page 6.



Success is a lousy teacher. It seduces smart people into thinking they can't loose. Your most unhappy customers are your greatest source of learning.

— Bill Gates



Indirect Tax and Allied Laws

C O M M I T T E E

Chairman : Pranay Marfatia
Co-Chairman : Govind Goyal
Convenors : Raman Jokhakar
Sunil Gabhawalla
Shardul Shah

Service Tax seminar

Issues in Procedural Aspects of Service Tax

Most of the seminars/programmes on Service Tax concentrate on the substantive provisions of the law interpreting the taxability of a transaction, availability of CENVAT, applicability of reverse charge mechanism, etc. While the initial emphasis was on voluntary compliance, interaction with the Central Excise Department cannot be avoided.

This seminar deals with all practical issues pertaining to procedural aspects of Service Tax. Participants are expected to have basic knowledge of Service Tax law and procedures. The seminar aims at covering only controversial issues.

Topics to be covered

1. Registration
2. Payment of Service Tax
3. Filing of Returns
4. Responding to Summons, Letters, Notices, Personal Telephone Calls
5. Recording of Statement
6. Show-Cause Notice, Drafting of a Response and Personal Hearing
7. Service Tax Department Audit, Visits & Surveys
8. Jurisdiction of Service Tax & Central Excise Authorities
9. Drafting of Appeals
10. Representation before the Authorities concerned.

Day & date: Saturday 22nd September 2007

Time : 9.30 a.m. to 1.30 p.m.

Venue : Gulmohar Conference Hall, BCAS

Fees : Rs.360 per participant inclusive of course material, refreshments and Rs.20 as contribution to BCAS Foundation.

Faculty : Samir Kapadia, CA and Rajiv Luthia, CA

In case the participants want to discuss some live case studies/queries, please send them in advance to the Knowledge Manager, BCAS by email : km@bcasonline.org

Enrolment form is printed on page 6.



Disposal of old magazines

We wish to dispose of the copies of 'Fortune' and 'Journal of Accountancy' magazines from January 2000 to February 2005. Any member interested in having these magazines may contact the Librarian at journal@bcasonline.org or the General Manager at gm@bcasonline.org.



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BCAS Opinion Poll Cast your vote

and help us in mobilising the opinion of our members, so that the same can be conveyed to the authorities in a strong voice.

This month's poll :

Can the rally in the stock market be sustained in the long run ?

 Yes

 No

 Can't say

To cast your vote, log on to
www.bcasonline.org

The result of the last poll is as under :

In view of the highly complicated new ITR Forms having been notified recently, do you think there is a need for the Govt. to extend the due date for filing the IT Returns for A.Y. 2007-08 ?

Yes : 82%

No : 15%

Can't say : 3%

Required Knowledge Manager for BCAS

- ➡ Always been reading this newsletter and wondered what went into making it ?
- ➡ BCAS publications are a fantastic source of information and reference material. Would you like to be associated with the publications ?
- ➡ Our updated website has around 1000 hits a day now. Would you like to be a part of the team that updates it ?

If the above job profile entices you, then you are fit to be what we at BCAS are looking for.... a **Knowledge Manager**.

BCAS is recognised today as one of the premier depositories of knowledge in the country, so far as Chartered Accountants are concerned.

The various programmes, publications, web-pages and the journal of BCAS generate a wealth of data and information which is priceless, and sought by professionals all over India. We need somebody to help us manage it.

You should be an academician (preferably a Chartered Accountant), eager to learn new things and to grow professionally. Working knowledge of computers is essential. Besides co-ordinating matters relating to the journal, website and publications, the work profile would include co-ordination and management of matters relating to our library and relating to preparation of course material for various seminars, conferences and study circles. You would need to interact with professionals of different age profiles, and to also co-ordinate with various committee members and faculty.

If you feel that you fit the job requirement, please apply to Col. Raje, General Manager, by emailing him at gm@bcasonline.org or send your CV to him at the Society's office.

The BCAS Clinics

Right to Information Clinic

BCAS Foundation conducts the Right to Information Clinic.

The Right to Information Clinic (RTI Clinic) is headed by Mrs. Hema Sampat, a research scholar on the subject of RTI. The Clinic has two RTI activists, Mr. Kewal Semrani and Mr. Shailesh Gandhi, as advisors. Mr. A. K. Asher, Advocate, also assists in the working of the Clinic.

The Clinic provides help and guidance to BCAS members as also to non-members, *i.e.*, all citizens, for making applications under the RTI Act and also assists in resolving any related difficulties on the subject of RTI.

The Clinic will operate from **BCAS office** — 11 a.m. to 1 p.m.

The RTI Clinic days are 25th August & 8th, 15th and 22nd September 2007 (all Saturdays).

Charitable Trust Clinic

The next Charitable Trust Clinic will be held on **Friday, 7th September 2007, from 5 p.m. to 7 p.m. in the library room of BCA Society** at New Marine Lines.

Chartered Accountants and Trustees interested in having their queries solved are requested to call the Society's office (Mrs. Mistry on extn. 20) and obtain a prior appointment, latest by noon on the day of the Clinic. Querists are also advised to bring along relevant papers like trust deeds, audited accounts, etc.

Panel of Advisors :

Ratanshaw Damanwala,
Shariq Contractor,
Gautam Nayak,
Anil Sathe and Atul Shah

Accounts & Audit Clinic

The next Accounts & Audit Clinic will be held on **Saturday, 1st September 2007, from 10.30 a.m. to 11.30 a.m. in the library room of BCA Society** at New Marine Lines.

Persons interested in having their queries pertaining to accounting and auditing issues solved are requested to send the queries by email to em@bcasonline.org one week in advance and call the Society's office (Ms. Pratibha on extension 13) to obtain a prior appointment, a day before the day of the Clinic. Please note that the Society will not answer any queries pertaining to tax issues.

Panel of Advisors :

Sanjeev Pandit,
Himanshu Kishnadwala and
Jayesh Gandhi

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BCAS Publications for sale

Recent additions to the BCAS Library

Name of Publication	Price Rs.	Postage Rs.	
Books			
New arrivals	(a) Law of Service Tax — Members Compilation of amendments to Non-Members the Act and Rules (1994 — May, 2007)	200 250	60 60
	(b) Laws & Business — A Compendium Members Non-Members	200 250	60 60
	(c) Audit Checklist for Companies Members Non-Members	300 350	50 50
	(d) Registration of Firms with ROF : Procedure and Frequently Faced Problems Members Non-Members	25 30	20 20
	(e) Taxation of Charitable Trusts Members and NGOs Non-Members	125 150	50 50
	(f) Fringe Benefit Tax — An Analysis Members Non-Members	250 300	75 75
	(g) Transactions in Shares & Securities	200	50
	(h) Mandatory Accounting Standards From Published Accounts	200	50
	(i) Service Tax Goods Transport Agency Services	25	20
	(j) Fraud Detection — A Practical Approach for Auditors	300	75
	(k) Harmful Tax Competition — An Emerging Global Issue	100	25
	Conference Papers		
	(a) 40th RRC Papers	450	50
	(b) 1st Residential Study Course on Service Tax	350	50
	CDs		
(a) 40th RRC which contains papers, speeches of the paper writers and photographs Members Non-Members	600 750	20 20	
(b) 39th RRC which contains discussions conducted by various paper writers	100	20	

Title	Author	Edition
Gleim's CIA Review (Part I to IV)	Irvin N. Gleim	12th Ed., 2006
129 Frequently Asked Questions on Survey — Direct Taxes	M.V.P. Rao	2nd Ed., 2006
Increasing Intolerance and Suppression of Dissent	Soli Sorabjee	
Post-Reform Trends in Poverty and Inequality in India	Suresh Tendulkar	
Gandhi Ganga (Part 1)	Mahendra Meghani	2nd Ed., 2007
The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	PL. Subramanian	2007-08
The Indian Partnership Act, 1932	PL. Subramanian	2007
International Valuation Standards		7th Ed., 2007
India-USA Business and Legal Partnership, Strategies	Ajay Singh Bharat Agrawal Davis Daniel Diljeet Titus J. D. Nankani Pranay Marfatia Sujeeth Karkal Dr. K. P. Sastry	1st Ed., 2007
Risk Management	S. Kumaraswamy	1st Ed., 2007
The Examination of Prospective Financial Information		2007
Preface to the Accounting Standards for Local Bodies		2007
General Guidelines on Internal Audit		2nd Ed., 2007
Technical Guide on Accounting and Auditing in Not-for-Profit Organisations (NPOs)/ Non-Governmental Organisations (NGOs)		2nd Ed., 2007
Securitisation	Vinod Kothari	2nd Ed., 2007

I have learned, that if one advances confidently in the direction of his dreams, and endeavours to live the life he has imagined, he will meet with a success unexpected in common hours.

— Henry D. Thoreau

(Continued on next page)

Forthcoming Study Circle Meetings*

Venue : BCAS Conference Hall, BCAS

Date & Day	Time	Subject	Speaker	Study Circle	Convenors
17th Aug 07 Friday	6.00 p.m.	Clause 49 — Internal Audit	Swati Gosher C.A.	Internal Audit Studies	Mukesh Trivedi & Zainab Lakkadghat
21st Aug 07 Tuesday	6.15 pm	AS-15 — Retirement Benefits	S. Venkatraman C.A.	Company Law, Accounting & Auditing	Manish Reshamwala & Hardik Chokshi
23rd Aug 07 Thursday	6.15 pm	Risk Management	Nandita Parekh C.A.	Real Estate & Construction	Naushad Panjwani & Surul Shah
24th Aug 07 Friday	6.15 pm	Using FORMAT Menu in MS Excel	Giriraj Soni C.A.	Computer	Samir Kapadia & Kamlesh Doshi
31st Aug 07 Friday	6.15 pm	Analysis of US DTAA — Technical Explanation	Natwarlal G. Thakrar C.A.	I.T.F. — II	Deepak Kanabar, Shardul Shah and Rajesh L. Shah
21st Sept 07 Friday	6.00 pm	Internal Audit for SMEs	Nandita Parekh C.A.	Internal Audit Studies	Mukesh Trivedi & Zainab Lakkadghat

* These meetings are restricted to members of that particular Study Circle only.

(Continued from previous page)

Recent additions to the BCAS Library

Title	Author	Edition	Title	Author	Edition
Guide to Auditor's Report	R. K. Agarwal	2007	Direct Taxes Law & Practice	Dr. Vinod Singhania Dr. Kapil Singhania	2007-08
Management Information Reports	R. K. Agarwal	2007	Law of Income Tax	Sampath Iyengar	2007

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Combined Enrolment Form

wherever applicable

SEMINAR :

Service Tax seminar — Issues in
 Procedural Aspects of Service Tax 22-9-2007 Rs.360 Seminar on Transfer Pricing
 — Recent Developments 13-10-2007 Rs.1120
 Seminar on Auditing and Assurance Standards 28-9-2007 Rs.350

Name :

Address :

E-mail : Mobile : Tel. : Fax :

BCAS Memb. No. : Tel. (O) : Tel. (R) : Fax :

Cash / Draft / Cheque No. drawn on Bank,
 dated for an amount of Rs. is enclosed.

Date :

 (Signature)

*Please fill in the above form appropriately and send the same to the Society's office along with the requisite payment.
 Please mention your name and membership number on the reverse side of the local cheque/at par cheque/Demand Draft.*