

THE
BHUBANESWAR BRANCH OF
EASTERN INDIA REGIONAL COUNCIL OF
INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

e-newsletter/09/2013-14

NEWSLETTER

NOVEMBER 2013



ICAI BHAWAN,
PLOT NO-A/122/1, NAYAPALLI,
BHUBANESWAR-751012
PH NO- 0674-2392391
E-MAIL- bhubaneswar@icai.org



Editorial

EDITORIAL BOARD

**A story of four people...**

This is a story about four people named Everybody, Somebody, Anybody, and Nobody. There was an important job to be done and Everybody was asked to do it. Everybody was sure Somebody would do it. Anybody could have done it, but Nobody did it.

Somebody got angry about that, because it was Everybody's job. Everybody thought Anybody could do it but Nobody realized that Everybody wouldn't do it. It ended up that Everybody blamed Somebody when Nobody did what Anybody could have done.

*Editor-in-Chief***CA. Ramesh Chandra Pradhan***Editor :***CA Siddharth Ranjan***Members :***CA Partha Sarathi Mishra****CA Vijaya Batth****CA Amit Kumar Agarwalla****CONTENTS**

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Published by**Ramesh Chandra Pradhan****Chairman****Bhubaneswar Branch of EIRC of ICAI at****A-122/1, Nayapalli, Bhubaneswar – 751012****Phone: 91-674-2392391, 2390773****E-Mail: bhubaneswar@icai.org****Visit us @ www.bbsricai.org**

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Newsletter can be downloaded from the

Branch website : www.bbsricai.org**Printed at:**

Dear Members,
Warm greetings!

After having a memorable national conference in August we kept the momentum by organizing a host of relevant programs for our students and members. Teachers' day celebration which was started last year was continued this year also. This is going to be a regular fixture in our activity calendar in the future years.

September is the month of filing Income Tax returns by most big assesses. With the changes in e-filing we were concerned about building the awareness and hence organized many seminars and workshops for this purpose. On 3rd September there was a dedicated seminar of e-filing of Tax audit reports, which was well received by the participating members.

For many years now we've been celebrating Ganesh puja in our institute premises, where students make active participation. This year there was no exception. Though the celebration was not ostentatious, it was tasteful well appreciated.

As 30 September is also the deadline for conducting the AGMs for companies and before which should the audits get over; we also thought it appropriate to conduct our monthly study circle on the theme of "Reporting requirements under SA 700, 705 & 706".

For students besides continuing the regular classroom coaching for CPT & IPCC we also conducted a GMCS-I and orientation program. Like regular classroom coaching for CPT & IPCC even the GMCS-I and orientation program are also becoming regular monthly features.

Besides all the above, we also organized a school level debate competition to reach out to young people and popularize our profession among budding talents.

Dear friends I've quoted the story of four people, at the top, with a purpose. You are intelligent people so just a word is enough for you. I seek your leave for this edition, and should there be the need to elaborate on "the story of four people" I would do that in the next communiqué.

CA. Ramesh Chandra Pradhan
Chairman



**Whether transfer of goods by way of hiring, leasing, etc., attracts Service Tax or Value Added Tax?**

Biswa Ranjan Pattnaik, FCA

brp_bbsr@yahoo.co.in

9437011066

A. Taxability of hiring, leasing, etc., of goods and equipments:

Many a times, the aforesaid question is being raised by many tax payers. They are in a dilemma as to whether income from hire charges is subjected to service tax or value added tax. In fact, this dilemma affects not only the tax payers but also the tax collectors resulting in imposition of service tax as well as VAT on the same hire charges income. In this article, an endeavour has been made to throw some light on this much debated and disputed topic.

B. Legal back ground vis-à-vis Sales tax / VAT:

1. To start with, it would be prudent to narrate the legal provisions. Article 246 of the Constitution of India deals with the subject matter of laws made by Parliament and Legislatures of States. As per clause (3) of Article 246, Legislature of any State has exclusive power to make laws for such State with respect to any of the matters enumerated in List II of the Seventh Schedule to the Constitution of India. Entry 54 of the List II of the Seventh Schedule contains the matters regarding **'taxes on sale or purchase of goods'**. Thus Legislatures of States can make laws pertaining to **'taxes on sale or purchase of goods'**.
2. Now, the next question arises as to what is the meaning of the expression **'taxes on sale or purchase of goods'**. It is pertinent to mention here that Article 366 of the Constitution of India contains the definitions of various expressions that have been used in the Constitution of India. Clause (29A) of Article 366 of the Constitution of India defines the expression **'tax on sale or purchase of goods'** and as per the definition it includes-
 - a. a tax on the transfer, otherwise than in pursuance of a contract, of property in any goods for cash, deferred payment or other valuable consideration;
 - b. a tax on the transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;
 - c. a tax on the delivery of goods on hire purchase or any system of payment by installments;
 - d. a tax on the **transfer of the right to use any goods** for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;
 - e. a tax on the supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration;
 - f. a tax on the supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply or service, is for cash, deferred payment or other valuable consideration
3. Thus, as per sub-clause (d) of clause (29A), **"tax on sale or purchase of goods"** includes a tax on the **'transfer of the right to use any goods'** for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.
4. That is the reason why under the erstwhile sales tax laws as well as under the existing VAT laws, the term 'sale' includes, among other things, a **'transfer of the right to use any goods'** for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

**C. Legal back ground vis-à-vis Service tax:**

1. Now, coming to service tax, it may be mentioned that as per clause (1) of Article 246 of the Constitution of India, Parliament has exclusive power to make laws with respect to any of the matters enumerated in List I of the Seventh Schedule. Entry 97 of the List I of the Seventh Schedule empowers the Central Government to make laws on any other matter not enumerated in List II or List III including any tax not mentioned in either of those Lists and in pursuance this power, service tax was introduced vide Chapter V of Finance Act, 1994.
2. During the initial years of operation of service tax, only few services were taxable. But, year after year, more and more services were brought under service tax net and with effect from 16.05.2008, sub-clause (zzzzz) was inserted in clause (105) of section 65 of Finance Act, 1994 so as to bring under service tax net hire charges income arising from **“supply of tangible goods including machinery, equipment and appliances for use, without transferring right of possession and effective control of such machinery, equipment and appliances.**
3. It is pertinent to mention here that Tax Research Unit of Department of Revenue, Ministry of Finance, Govt. of India had issued letter no F. No.334/1/2008-TRU dated 29.02.2008 explaining the changes relating to service tax that were brought in Finance Bill 2008. Paragraph 4.4 of the said letter explains the provisions relating to **supply of tangible goods for use** which are summarized hereunder:
 - a. **Transfer of the right to use any goods** is leviable to sales tax / VAT as deemed sale of goods.
 - b. **Transfer of right to use any goods** involves transfer of both possession and control of the goods to the user of the goods. Accordingly, **transfer of the right to use any goods** which is leviable to VAT / sales tax as deemed sale of goods, is not proposed to be covered under the service tax net.
 - c. **However, transaction of allowing another person to use the goods, without giving legal right of possession and effective control, not being treated as sale of goods, is treated as service and is proposed to be subjected to service tax.**
 - d. Whether a transaction involves **‘transfer of possession and control’** is a question of facts and is to be decided based on the terms of the contract and other material facts. This could be ascertainable from the fact whether or not VAT is payable or paid.
4. Subsequently, with effect from 01.07.2012, service tax regime has shifted from selective taxation scheme to comprehensive taxation scheme. As per the new comprehensive taxation scheme, service tax is leviable u/s 66B of Finance Act, 1994 in respect of all services except those covered u/s 66D known as negative list.
5. It is pertinent to mention here that clause (44) of section 65B of Finance Act, 1994 defines the term **‘service’** and as per the said definition, **‘service’** means any activity carried out by a person for another for consideration and it includes **‘declared service’**. However, the said clause specifically excludes certain activities from the purview of the term **‘service’**. In that excluded category falls the activity which constitutes transfer, delivery or supply of any goods which is deemed to be a sale within the meaning of clause (29A) of Article 366 of the Constitution.
6. Therefore, **transfer of the right to use any goods for any purpose is not an ‘service’ and no service tax is leviable on the same as the same is treated as sale** within the meaning of clause (29A) of Article 366 of the Constitution **and is subjected to sales tax / VAT.**
7. As explained earlier, service includes **‘declared service’** and Section 66E of Finance Act, 1994 enumerates the list of **‘declared services’** and as per clause (f) of the said section the activity of **“transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of**



right to use such goods” is a ‘declared service’ and accordingly service tax is to be levied on the same.

D. What is the meaning of the expression ‘Transfer of right to use goods’?

1. From the analysis made so far, it is very much apparent that if there is ‘**transfer of right to use goods**’, then sales tax / VAT is leviable whereas service tax is leviable if there is transfer of goods but it is not accompanied by “**transfer of right to use goods**”.
2. Hence, the moot point is to find out whether there has been ‘**transfer of right to use any goods**’ and the answer will determine whether VAT will be applicable or service tax will be applicable.
3. The expression ‘**transfer of right to use any goods**’ has not been defined either under service tax laws or under VAT laws. Besides, there is no straight jacket formula for finding out the meaning of the expression ‘**transfer of right to use goods**’ and that is the reason why we find so many High Court and Apex Court decisions on this subject. In all these decisions it has been held that whether a transfer amounts to ‘**transfer of right to use**’ or not cannot be determined with reference to a particular word or clause in the agreement. The agreement between the transferor and transferee has to be read as a whole so as to determine the true nature of the transaction.
4. For the benefit of readers, some of the important case laws pertaining to ‘**transfer of right to use goods**’ are given hereunder.
5. **Andhra Pradesh High Court in the case of G.S. Lamba & Sons v. State of A.P. [2012] 35 STT 248**, has held that Hiring of Transit Mixers amounts to transfer of rights to use goods and therefore liable to sales tax.
6. In the case of **K.C.Behera v. State of Orissa (1991) 83 STC 325 (Ori)**, bus was hired out to State Transport Corporation. The bus was to be run for Corporation as per the agreement. It was held that the transaction is a “sale” within the extended meaning of the word. Providing of the driver by the owner notwithstanding, there was a transfer of the right to use bus for consideration, and effective control, general control and possession of the bus vested in the Corporation.
7. In the case of **Brahmaputra Valley Construction and Suppliers v ONGC [2012] 53 VST 401 (Gau)** it has been held that the transaction involved the transfer of the right to use goods. The facts and decision of the case are as follows:

Facts:

ONGC entered into contracts with the dealers, under which the dealers undertook to provide manned cranes according to technical specifications with the necessary accessories with valid permits, insurance, for performing the duties as advised by ONGC, at the appointed time and place. The question was whether the transaction involved the transfer of the right to use goods, taxable under the Assam Value Added Tax Act, 2003:

Held:

The heading and the recital clearly showed that the agreement in question was for hiring of the cranes. The hire charges were per day for all days except the off days, though the bill was to be raised monthly. The provisions for maintenance, providing staff for maintenance and operation and taking responsibility for claim of third parties did not affect the nature of the transaction. The work was not to be executed by the contractor but by the ONGC itself. The cranes were at the disposal of the ONGC and per day hire charges were paid for all days, except maintenance days. The services of staff and maintenance were incidental to the hiring of the cranes. Liability to the third party was on account of the fact that in spite of hiring of the cranes by the ONGC, the employees operating the cranes were provided by the dealers.



It was the ONGC alone which was entitled to exclusively use the cranes and not the assessee. The transaction clearly involved a transfer of right to use.

8. It is therefore evident that if as per the term of agreement there is transfer of right to use goods involving transfer of possession and effective control over the goods then it will fall under the meaning of the Clause (29A)(d) of Article 366 of the constitution enabling states to levy tax on the same. Similarly, if there is transfer of goods by way of hiring, leasing, etc., but it is not accompanied by transfer of right to use goods then service tax liability will arise.

E. Whether same transaction will be subjected to service tax and VAT/sales tax?

1. In the case of **Gujarat Ambuja Cements Ltd. Vs. Union of India (2005) 4 SCC**, it has been held by the Apex Court that mutual exclusivity which has been reflected in Article 246(1) means that taxing entries must be construed so as to maintain exclusivity.
2. In the case of **BSNL v. Union of India[2006] 145 STC 91**, while dealing with the issue as to whether the "**aspect theory**" is applicable to the transaction enabling the States to levy sales tax on the same transaction in respect of which the Union Government levies service tax, the Apex Court has held that the **aspect theory** would not apply to enable the value of the services to be included in the sale of goods or the price of goods in the value of the service.
3. From the above judgments of the Apex Court it is evident that States cannot levy tax where there is **no transfer of right to use goods** and Centre cannot levy service tax where there is **transfer of right to use goods**. Therefore, the same transaction cannot be subjected to both VAT and service tax.
4. However, if a dealer has wrongly paid service tax on which VAT is payable, then states can levy VAT even if on the said transaction service tax has been paid. Similarly, if a dealer wrongly pays VAT on which service tax is payable then Centre can levy service tax even if on the said transaction VAT has been paid.

F. Place and point of taxable event in case of transfer of right to use goods:

1. In **20th Century Finance Corpn. Ltd. vs State Of Maharashtra[2000] 6 SCC 12** it has been held by Hon'ble Apex Court that:
 - a) Article 366(29A)(d) further shows that levy of tax is not 'on use of goods' but on 'the transfer of the right to use goods'. The 'right to use goods' accrues only on account of the transfer of right. In other words, right to use arises only on the transfer of such a right and unless there is transfer of right, the right to use does not arise. Therefore, it is the transfer which is sine qua non for the right to use any goods. [para -27]
 - b) Where goods to be transferred are available and a written contract is executed between the parties, it is at that point situs of taxable event on the transfer of right to use goods would occur and situs of sale of such a transaction would be the place where the contract is executed. [para - 28]
2. The aforesaid view of Apex Court was again reiterated by the Apex Court in **Goa Carbon Ltd vs Commissioner of Trade Tax**.
3. Accordingly, if the agreement is executed by the parties in a particular state then it will be taxed under the VAT laws of that state. For example, if the agreement is executed in the state of Odisha then tax has to be paid as per the VAT Laws of Odisha. If the agreement is executed in Maharashtra then tax will be paid as per VAT laws of Maharashtra.



G. Rate of taxation:

1. Now, as far as rate of tax is concerned, it may be mentioned that if the transaction falls under domain of service tax, then uniform tax rate of 12.36 % is applicable on the amount received.
2. On the other hand, if the intention is to transfer the right to use goods and such intention is reflected in the contract and the transaction falls under VAT net, then the tax rate of the state in which the contract is executed will apply.
3. For example, if the agreement is executed in the state of Odisha, then tax rates as per VAT Laws of Odisha will be applicable.
4. It may be mentioned that the Schedules to the Odisha Value Added Tax Act do not contain any specific rate for the deemed sale covered under **Clause (29-A)(d) of Article 366 of the constitution**. Therefore, each item will be taxed according to the rate as prescribed in the Schedules to the Odisha VAT Act. For example if the item involved is 'Hyva' then residuary VAT rate of 13.5% is applicable as there is no specific rate for 'Hyva' in the Schedules to the Odisha VAT Act. However, if the item involved is Excavator then VAT rate of 5% (as per Sl No 48A of Part-II of Schedule B) is applicable.

H. Conclusion:

In order to determine the applicability of VAT or service tax one has to determine whether there has been **'transfer of right to use any goods'** or not. But one thing is certain and that is each stake holder (i.e. service tax authorities, VAT authorities and tax payers) will try to interpret it keeping in view its own interest and therefore, surely, lot of litigation will arise in future.



Announcement

ICAI Invites Suggestions for Pre-Budget Memorandum-2014. - (08-11-2013)

The Direct Taxes Committee, Indirect Taxes Committee & Committee on International Taxation of ICAI are in the process of identifying issues for inclusion in the Pre-Budget Memoranda- 2014 to be submitted to the Ministry of Finance. Suggestions are invited on laws relating to Direct Taxes (including International Taxation) and Indirect Taxes for the same.

Suggestions relating to Direct Taxes are invited under the following head:

Suggestions for widening the tax base and increasing the tax revenue

Suggestions to check tax avoidance

Suggestions to reduce/minimize litigations

Suggestions for rationalization of the provisions of Direct Tax Laws

Suggestions for removing administrative and procedural difficulties relating to Direct Taxes

Suggestions in respect of Indirect Taxes are invited to cover the following:

Central Excise Law

Customs Law

Service Tax Law

Central State Tax Act, 1956

[Click here to submit suggestions](#)

Announcement

Invitation for contributions towards CPT question bank (to be hosted on Institute's website and published in the 'The Chartered Accountant' journal December, 2013 issue) The Common Proficiency Test (CPT) is an entry level test meant for 10+2 students to the Chartered

Accountancy Profession having multiple choice objective questions. The level of knowledge

Expected is basic knowledge with the objective to develop conceptual understanding of the subject concerned.

With a view to augment the Question Bank in the Subjects of Accounting/Mercantile Laws/General Economics/Quantitative Aptitude of Common Proficiency Test, it has been

decided to invite questions from Chartered Accountants/Subject experts working in various

Colleges/Universities/Public/Students pursuing Chartered Accountancy Course etc. The contributor can contribute as many questions as he/she can, but in a lot of minimum of 10 questions in the subjects of Accounting/Mercantile Laws/General Economics/Quantitative Aptitude in the following manner:-

- ☐ The questions should be of objective type with four probable answers for each question. The correct answer for each question is also required to be given.
- ☐ Fill in the blanks having four alternative answers.
- ☐ Small paragraph containing two to three lines followed by a question having four alternative answers.
- ☐ Numerical having four alternative answers (in Fundamentals of Accounting, Mathematics and Statistics).
- ☐ Simple worded Case studies involving multiple concepts be also prepared. The case study could be something like a practical situation described in 3 to 4 lines in simple language with application of single/multiple concepts



and requiring students to choose one answer from amongst four answers whereby the analytical/ logical ability and intelligence of the students is tested. Since the CPT is an entry level Test meant for 10+2 students, the level of knowledge expected is basic knowledge and the questions should be aimed at testing the conceptual understanding and fundamentals of the subject than merely testing the memory of candidates. The difficulty level of the questions should be of 10+2 level and capable of being answered/solved in about one minute. While framing the questions, the questions be framed in such a manner that each one of the four answers given for a particular question, per se, appear to be the right answer thereby requiring the candidate to use his analytical ability to find the correct answer.

- The language of the questions to be sent should be in English only and is clear, correct, unambiguous and free from any doubt. The language conveys the same meaning as was intended by you.
- The copyrights of the questions so submitted shall vest with the Council of the Institute. The contributor of the questions shall ensure that the questions so submitted to the Institute are not parted with by him/her to any other Body/Person and shall be meant only for the exclusive use by the Council of the Institute.

The contributor can contribute as many questions, but in a minimum lot of 10 questions in the following manner:-

Q. no.	Question and Answer Option	Answer(for example)
01	Question description	
	A) Option A	
	B) Option B	C
	C) Option C	
	D) Option D	

02

.....

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Separate files/documents are to be prepared for the various subjects mentioned above.

It may please be noted that the questions framed by you should be original and not already published in some books or journals or study material of the Institute or reference/ text books available in the market or also from question papers of any other examinations or material distributed by any coaching institution. The requirement being the questions are original and framed with the meticulous care and genuinity.

For each question framed and forwarded and accepted by the Council of the Institute for augmentation of the Question Bank of CPT, `250/- per question selected/accepted will be paid as honorarium. In addition to honorarium payable towards questions selected, `100/- (fixed) will be paid as postal/stationery charges. The questions may be sent in a sealed envelope by Registered/Speed Post superscribing "Question Bank – CPT" to Shri G. Somasekhar, Additional Secretary (Exams), The Institute of Chartered Accountants of India, Indraprastha Marg, New Delhi – 110002 by name or by e-mail to exam.development@icai.in. Soft copy of the contributions should be in word format for windows. The font should be Times New Roman, size 12.

While sending the questions by post/mail, please mention your name, e-mail id, complete postal address, PAN No. , Name of Bank, Bank A/c no, Type of account i.e saving or current. IFSC code along with contact details including mobile number. All correspondence on the subject should be treated as secret.

Interested persons may kindly contribute to the Question Bank of CPT.

(G. Somasekhar)

Additional Secretary (Exams)



Non-applicability of Companies Act, 2013 for May 2014, Examinations. - (18-11-2013)
18th November, 2013
Important Announcement

Attention: Intermediate (IPC) and Final Course students

Non-applicability of Companies Act, 2013 for May 2014, Examinations

This is to bring to the notice of students that the Companies Act, 2013 notified in the Official Gazette on 30th August, 2013 (with partial enforcement of only 98 sections of the Companies Act, 2013 from 12th September, 2013) shall not be applicable for May 2014 examinations both at the Intermediate (IPC) and Final levels.

The examinations will be based only on the existing syllabus.

Director, Board of Studies

EVENTS FOR THE MONTH OF DECEMBER 2013						
Day & Date	Programme	Speaker/ Resource Person	Venue	Duration	CPE Hours	Fees Rs.
			ICAI Bhawan, Plot No-/122/1, Nayapalli, Bhubaneswar- 751012			
			ICAI Bhawan, Plot No-A/122/1, Nayapalli, Bhubaneswar- 751012			
			ICAI Bhawan, Plot No-A/122/1, Nayapalli, Bhubaneswar- 751012			
ON THE LIGHTER SIDE OF LIFE						



Here's a sample of our favorite accountant jokes, as well as IRS jokes and jokes about taxes:

Are accountant's boring? Well, we don't think so but

When does a person decide to become an accountant?

When he realizes that he doesn't have the charisma to become an undertaker.

Why did the accountant cross the road?

To bore the people on the other side.

What does an accountant use for birth control?

His personality.

How can you tell when an accountant is extroverted?

He looks at your shoes while he's talking to you instead of his own.

What do you call an accountant seen talking to someone?

Popular.

What do accountant's do for fun?

Add up the telephone book.

If an accountant's wife can't get to sleep, what does she do?

Leans over to her husband and says "Tell me about work today, honey."

And finally:

A lady goes to see her doctor with some very worrisome symptoms. After examining her, he says, "I'm terribly sorry to tell you this, but you only have six months to live." The lady is very distraught, "Oh doctor, what should I do", she asks. The doctor says, "I advise you to marry a CPA." "Will that make me live longer?", she asks, hopefully. "No, " says the doctor. "But it will **seem** longer."

But, in our defense, accountants aren't really boring people.

We just get excited over boring things.

We know you know that all accountants are honest. But ...

The clerk walks into the boss's office and says, "The auditors have just left, sir." "Have they finished checking the books?", asks the boss. "Very thoroughly," is the reply. "Well, what did they say", says the boss. "They want 15% to keep quiet."

A businessman was interviewing job applications for the position of manager of a large division. He quickly devised a test for choosing the most suitable candidate. He simply asked each applicant this question, "What is two plus two?"

The first interviewee was a journalist. His answer was, "Twenty-two".

The second was a social worker. She said, "I don't know the answer but I'm very glad that we had the opportunity to discuss it."

The third applicant was an engineer. He pulled out a slide rule and came up with an answer "somewhere between 3.999 and 4.001."

Next came an attorney. He stated that "in the case of Jenkins vs. the Department of the Treasury, two plus two was proven to be four."

Finally, the businessman interviewed an accountant. When he asked him what two plus two was, the accountant got up from his chair, went over to the door, closed it, came back and sat down. Leaning across the desk, he said in a low voice, "How much do you want it to be?" He got the job.

Our own pearly gates story:

An accountant dies and goes to heaven (no, that's not the joke). St. Peter, of course, is there, looking through the files and asking a few quick questions. "What sort of accountant were you?" "Oh, I was a CPA", was the reply. "Name?" asks St. Pete. The accountant gives his name and St. Peter finds his file. "Oh yes, we've been expecting you. You've reached your allotted time span." The accountant says, "I don't get it. How can that be? I'm only 48 years old." Pete looks again at the file and says, "Well, that's impossible." "Why do you say that?" asks the accountant. "Well," says St. Peter, "we've been looking over your time sheets and the hours you've charged your clients. By our reckoning, you must be at least 93 years old!"

But in the "we ain't as dishonest as them lawyers" category ...



An accountant and a lawyer were laying on a beach in Hawaii sipping mai tai's. The lawyer started telling the accountant how he came to be there. "I had this downtown property in Memphis that caught fire and after the insurance paid off, I came here." The accountant said, "I had a downtown property, too, in Miami. It got flooded so here I am with the insurance proceeds." The lawyer took another sip of his mai tai, and then asked in a puzzled voice, "How do you start a flood?"

What about the IRS and taxes?

What's the difference between death and taxes?

Congress doesn't meet every year to make death worse.

And the difference between tax avoidance and tax evasion?

Jail.

A mugger stops a guy on the street at gunpoint. "Give me all your money", he says. The mugger is indignant. "You can't do this," he yells. "I'm an IRS agent. "In that case," says the mugger, "give me all **MY** money."

It's Halloween and when the man answers his door, there's a well-dressed young boy there wearing a suit and matching tie, who says "Trick or treat". The man's a bit confused so he asks the boy what he's dressed up as. "I'm an IRS agent", says the boy, and with that, he snatches 40% of the candy, and leaves without saying thank you.

An IRS agent is lying on his psychiatrist's couch bemoaning the fact that everyone in the world hates him. "Nonsense", says his doctor. "Everyone in the world doesn't hate you. Everyone in the United States, perhaps, but certainly not everyone in the world."

And, what about those damn tax forms?

An accountant is walking along the beach (also, not the joke) and he finds an old lamp. He picks it up, rubs it and of course, a genie appears. The genie says "I am the most powerful genie that has ever lived. I can do great and wonderful things and I can grant you your dearest wish. But only one." Well, this accountant is a deeply caring individual. He pulls out a map of the Mediterranean area and says, "My dearest wish is that you solve the Arab-Israeli conflict in the Middle East. The genie strokes his beard and looks worried. "Oh dear, " he says, staring at the map. "That's a tough one. Those people have been fighting for eons. No one has been able to come up with a successful solution. I'm not sure if I could do any better. You should probably make another wish." The accountant is understanding and says, "All right. Listen, the IRS has asked me to re-design their 1040 form so that **everyone** can understand it. Can you help me with that?" There's a long silence and finally the genie says, "Let's have another look at that map."

In the "Rodney Dangerfield we just don't get no respect" file ...

A wife to her husband as they watch their young son playing: "He's such a sensitive child. Let's wait until he's older before we tell him you're an accountant."

But in the chip off the old block file, we have...

Accountant after reading a nursery rhyme to his child, "No, son. It wouldn't be tax deductible when Little Bo Peep loses her sheep. But I like your thinking."

And, lastly, in our "don't feel so bad if you're just not getting it" file, a quote from the late Albert Einstein:

"The hardest thing in the world to understand is income tax."



Glimpses of Events



Diwali Celebration



Diwali Celebration



CA. Ramesh Chandra Pradhan, Chairman, CA. Gourav Garg, New Delhi, CA. B.K. Mahapatra, Bhubaneswar and CA. Sanjay Kumar Agarwalla, Secretary



CA. Partha Sarathi Mishra, Vice Chairman presenting a mementoes to CA Gourav Garg, New Delhi in presence of CA. B.K. Mahapatra, Member, Bhubaneswar



Study Circle meeting on Representation before CIT Appeal



CA. P. Venugopala Rao, First Chairman, Bhubaneswar Branch presenting a mementoes to Sri Siddharth Pradhan, Settlement Commission, New Delhi in presence of CA. S.C. Bhadra, former Council Member and CA. Rajib Sekhar Sahoo, Past Chairman, Bhubaneswar Branch



Seminar on Companies Act 2013



National Convention for CA Students





Updates:

1. The Direct Taxes Code Bill, which seeks to replace the archaic Income Tax Act, is likely to be placed in Parliament during the winter session.
2. Voluntary disclosure does not lead to assessee being free from mischief of penal proceedings under section 271(1)(c) of the Income Tax Act. [Mak Data (P.) Limited. Vs. CIT (2013) 38 taxmann.com 448 (Supreme Court)].
3. RBI clarifies that supplies of Gold to SEZs not to be counted as exports to qualify for further purchases from overseas. 20% of imports have to be exported.
4. Where due to confusion created by CBDT's circular and amendment made to section 54EC, assessee was under a bona fide belief of availing exemption, and did not pay capital gains tax, levy of interest for default in payment of advance tax was to be restricted - [P.S. SeshadriI Vs. Chief CIT (2013) 38 taxmann.com 10 (Karnataka)].
5. The ICAI Council has decided that members should comply with their CPE hour requirements for the current block of three years, i.e. from 01-01- 2011 to 31-12- 2013, and complete the same by 31-12- 2013.
6. DVAT Amnesty Scheme covers all outstanding tax dues, even Sales Tax. Dealers can self declare and pay 50% of admitted tax by 31-01-2014 and balance by 21-03-2014.
7. The Supreme Court on Thursday issued a series of path-breaking directions to insulate civil servants from political influence. The court stated that officers should have a minimum fixed tenure, they should not act on verbal orders from politicians, and civil service boards should be set up at central and state levels within three months to regulate postings, transfers and disciplinary actions. It also asked the government to pass a comprehensive law on the subject. The directions were issued by a bench comprised of Justices K S Radhakrishnan and Pinaki Chandra Ghose on a batch of public interest petitions moved two years ago.
8. The draft bank branch auditor panel for the year 2013-14 has been hosted on http://meficai.org/draftpanel_cov_letter_new.jsp. In case, you do not agree with category given, you are requested to visit <http://www.meficai.org/login-step-1.jsp> and check the details provided therein with the empanelment norms (http://www.icaai.org/new_post.html?post_id=725&c_id=91
9. Cyprus Notified as a notified Jurisdictional Area Under Section 94a of the Income-Tax Act,1961 ; All Parties to the Transaction with a Person in Cyprus shall be Treated as Associated Enterprises and the Transaction shall be Treated as an International Transaction Resulting in Application.
10. Where a return of income could not be filed by the assessee due to unavoidable circumstances, and assessee proved to have a bona fide belief , coupled with the voluntary payment of tax liability, the Chief Commissioner was not justified in declining the benefit of a waiver of interest u/s 234B to assessee amendment to Sec. 54EC.