



## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

### Nagpur Branch of WIRC of ICAI



*“As professionals, while we render value added services based on certain known parameters, we must appreciate that each of one of us is special in our own way..”*



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#### Chairman's Communique

“The greatest thing in the world is to know how to belong to oneself.” wrote the 16th century celebrated author Michel de Montaigne. As professionals, while we render value added services based on certain known parameters, we must appreciate that each of one of us is special in our own way. We need to figure out ourselves, know ourselves truthfully and find success in ourselves. The simple fact is that if one is successful within, he will be successful on the outside as well. To be successful, however one must become addicted to continuous improvement and gain increase in knowledge consistently and constantly. Therefore, investing in oneself would witness the transformation which will happen in each one.

To help this transformation of members and students of Nagpur, Nagpur Branch is continuously organizing various programmes for all round benefit of all. During the month, newly qualified Members were felicitated at the auspicious hands of Hon. Justice of Mumbai High Court, Nagpur Bench, Shri Zaka Haque Sir, who enlightened and guided the young professionals to their success path in future. Campus Orientation and Interview for Newly Qualified Members was also organized. I am Happy to inform you that total 6 members got placement

throughout campus interview at an average package of 6 Lacs rupees. Certificate Course on Arbitration was successfully concluded during the month. A Full Day Seminar on Tax Audit inaugurated by Smt Kiran Vasudev, NADT Director & Principal Commissioner Income Tax, Vidharbha Region with learned speakers CA Mukesh Hundiwalla from Aurangabad, CA Jiten Saglani from Nagpur and CA Rekha Dhamankar from Pune was successfully organized with more than 300 participants. A Joint Seminar with CREDAI was organised on Practical Issues on Housing Loan Taxation and Financing Issues with CA. Nikhilesh Thakar and CA Nitish Bhambri as speaker wherein more than 500 members of general public were benefited. Nagpur Branch had the privilege to Felicitate Chairman of Central Board of Taxes, Shri K.V. Choudhary and also submitted a detailed memorandum on various issues concerning our profession and for better tax governance. I am happy to inform you that all our request have been accepted by the department and necessary actions have been taken.

A Half day Seminar on MAT- AMT & TDS with Tax Audit perspective was organised in which Senior Chartered Accountant Rajeev Khandelwal and CA. Ninand Nandgaonkar effectively deliberated on the topic. Regular Sessions of Study Circle Vaartalap was



## IMPRESSIONS



Felicitation of Shri K.V. Chaudhary, Chairman  
Central Board of Direct Taxes



CA. Julfesh Shah, Vice Chairman, WIRC inaugurating  
Half Day Seminar on MAT-AMT & TDS - Tax Audit Persepctive



Campus Orientation Programme-  
CA. Tarun Ghia, Chairman CMII - Chief Guest



GMCS Course Concluding Programme,  
CA. Anil Parakh- Chief Guest



Felicitation of Newly Qualified CAs , Hon. Shri Justice Z.A. Haq,  
Mumbai High Court- Chief Guest



Seminar on Tax Audit- Smt. Kiran Vasudeo,  
Principal CIT - Chief Guest



CA. Neeraj Kolkatwar



CA. P.C. Sarda



CA. R.K. Ganeriwala



CA. Yash Verma

## CHAIRMAN'S COMMUNIQUÉ CONT...



organised in which CA. P.C. Sarda, CA. R.K. Ganeriwala, CA. Yash Verma and CA. Neeraj Kalkotwar deliberated on various topics of varied interest. On students front, a visit to Swaminarayan Temple was organised for Newly qualified members with impressive discourse on "Balancing Professional & Personal Life" in which more than 100 members participated. Students of GMCS visited

orphanage and distributed educational material to needy students.

I conclude with some thoughts to ponder upon:

*"We can see better with open eyes,  
We can hear better with open ears and  
We can perform better with open minds*

Yours in Profession  
CA. Ashwini Agrawal



## JOINT EDITOR'S MESSAGE



After a long Cat & Mouse game and off course many judgments by Hon'ble High Courts, the CBDT blinked to extend the due date of filing the return to 30<sup>th</sup> November. The CBDT extended the date of filing of new enlarged 3CD and the returns to

30<sup>th</sup> November subject to interest u/s 234A. It would be interesting to see what view the judiciary takes on interest u/s 234A if the matter goes to them for adjudication.

September still was a hectic month for all our members with lots of work inspite of the extension of date. I'm sure all will be looking forward to the arrival of cooler and not so hectic winter. However, the politics over allotment of coal mines is sure to hot up with Apex Court ruling cancelling the 214 coal blocks. We do hope that the new government will now allot these mines in the best of national interest.

I thank all those who are contributing to the making of the newsletter every month and also look forward to your greater participation by sending your articles / analysis on important subjects to us.

Happy Reading,

Yours in profession,  
CA. Tushar Singhvi.



September month is always a busiest month for our members, but this time it was not so. Our member were bit relaxed as CBDT has extended the date of filing of 3CD and IT returns to 30<sup>th</sup> November.

Committee members of Nagpur branch always try to deliver their best to serve the profession.

For the continuous development of our members Nagpur branch has come up with an idea of having series of detailed workshop on various important topics where best and renowned faculties will be deliberating and discussing on the various topics. First workshop in this series was on Value Added Tax (VAT) which a good response from the members and they also enjoyed learning and sharing their practical experiences.

I request all our members to kindly actively participate, through some article or write up on some important subject which you feel is good for updating of knowledge of members.

With Warm Regards  
CA Ashish Agrawal

With Warm Regards  
CA. Ashish Agrawal







**CBDT directs AO to enquiry into only AIR data or 26AS mismatch issues if scrutiny is made on this basis**

The CBDT has directed that the scope of enquiry of AO should be restricted to verification of either AIR data or Credit Information

Bureau (CIB) information or 26AS mismatch issues if:

- a) Cases has been selected for scrutiny during the Financial Year 2014-15 under Computer Aided Scrutiny Selection ('CASS'); and
- b) Selection has been made on the basis of either AIR data or CIB information or for non-reconciliation with 26AS data.

However, the cases may be taken up for comprehensive scrutiny with the approval of concerned Principal CIT or Principal DIT if following conditions are satisfied:

- a) If it is found that there is potential escapement of income exceeding Rs 10 lakhs (for non-metro cities (sic), the monetary limit shall be Rs 5 lakhs); and
- b) Escapement of income is found on any other issue(s) apart from the AIR/CIB/26AS information based on which the cases were selected under CASS requiring substantial verification.

**1. Joit Kumar Jain v. Additional Commissioner of Income-tax [2014] 240 Mumbai Trib.**

**User of asset :** Depreciation on factory building and plant & machinery never put to use during year, could not be allowed - Whether for claiming depreciation, assessee must prove use of asset - Held, yes - Whether where power authorities had recorded categorical finding that assessee had not used assets during year and no evidence was produced by assessee to prove use of said assets during year, assessee was not entitled to depreciation on such assets - Held, yes

**2. Commissioner of Income v. Impact Containers (P.) Ltd. [2014] 48 (Bombay)**

**Loans and advances :** Where certain companies advanced money to assessee-company in which one director of assessee was holding more than 10 per cent equity shares, since assessee itself was not shareholder of those lending companies, impugned addition made by Assessing Officer by invoking provisions of section 2(22)(e) was not sustainable.

**3. Apar Industries Ltd. v. Assistant Commissioner of Income-tax (2014) 48 (Mumbai - Trib.)**

**INCOME TAX UPDATES :  
COMPILED BY CA. TUSHAR SINGHVI**

**Rentals :** Where payment made to a depot agent by assessee under agency service agreement was described as rentals paid for premises and specifications were also earmarked and it was for composite services, arrangement would fall under definition of 'rent' provided under section 194C and not under section 194I.

**4. Income Tax Officer v. Shiv Kumar Daga (2014) 48 (Mumbai - Trib.)**

**Land dealings:** Where assessee converted ancestral land into smaller plots and after providing road, parking space etc., sold same over a period of years, assessee's claim that he converted capital asset i.e. land into stock-in-trade and, thus, income arising from sale of land was taxable as business income was to be accepted.

**5. Jcdecaux Advertising India (P.) Ltd. v. Deputy Commissioner of Income-tax (2014) 49 (Delhi - Trib.)**

Where in pursuance of contract awarded by NDMC for construction of Bus Queue Shelters (BQS), assessee entered into manufacturing agreement with third party for manufacture and installation of BQS and also made advance payment, assessee's business could be said to commence in relevant year and, therefore, revenue authorities were not justified in rejecting assessee's claim for deduction of certain expenses taking a view that said expenses were in nature of pre-operative expenses as business would be set up in a subsequent year when BQs would be ready for providing space to assessee for advertisement -

**6. Assistant Commissioner of Income-tax v. Raj Girish Karia (2014) 48 (Mumbai - Trib.)**

**In section 172 cases:** Where assessee claims that tax is not required to be deducted at source as payment of freight has been made to foreign shipping company, in such a case, assessee has to show that shipping companies to whom payments have been made are not only non-residents but also that they have been assessed under section 172 -

**7. Amrit Banaspati Co. Ltd. V. Commissioner of Wealth-Tax (2014) 49 (SC)**

**Wealth Tax:** AO had discretionary power to apply Rule 8 of schedule III of the Wealth-Tax Act, 1957 to determine value of immovable property as per Rule 20 (reference to Departmental Valuation Officer) if he found Rules 3 to 7 impracticable in the given case.





**Circular No. : 990/14/2014-CX-8 dated 19/11/2014:**

Attention is invited to the Notification of the Government of India in the Ministry of Finance, Department of Revenue No. 21/2014-CE (NT) dated 11.07.2014, vide which, inter alia, amendment was made in Rule 4(1) and 4(7) of CENVAT

Credit Rules, 2004 (CCR, 2004) to prescribe that manufacturer or output service provider shall not take CENVAT credit after six months of the date of issue of any of the documents specified in sub-rule (1) of Rule 9.

2. Concerns have been expressed by trade that in view of above changes, the re-credit taken in following three situations may be hit by the time limit of six months prescribed:

- i. 3rd proviso to Rule 4(7) of CCR, 2004 prescribes that if the payment of value of input service and Service tax payable is not made within three months of date of invoice, bill or challan, then the CENVAT Credit availed is required to be paid back by the manufacturer or service provider. Subsequently, when such payment of value of input service and Service tax is made, the amount so paid back can be re-credited.

- ii. According to Rule 3(5B) of CCR, 2004, if the value of any input or capital goods before being put to use on which CENVAT Credit has been taken, is written off or such provisions made in Books of Account, the manufacturer or service provider is required to pay an amount equal to credit so taken. However, when the inputs or capital goods are subsequently used, the amount so paid can be re-credited in the account.

- iii. Rule 4(5)(a) of CCR, 2004 prescribes that in case inputs sent to job worker are not received back within 180 days, the manufacturer or service provider is required to pay an amount equal to credit taken on such inputs in the first instance. However, when the inputs are subsequently received back from job worker, the amount so paid can be re-credited in the account.

3. The matter has been examined. The purpose of the amendment made by Notification No. 21/2014-CE (NT) dated 11.07.2014 is to ensure

that after the issue of a document under sub-rule (1) of Rule 9, credit is taken for the first time within six months of the issue of the document. Once this condition is met, the limitation has no further application. It is, therefore, clarified that in each of the three situations described above pertaining to Rule 4(7), Rule 3(5B) or Rule 4(5) (a) of CCR, 2004, the limitation of six months would apply when the credit is taken for the first time on an eligible document. It would not apply for taking re-credit of amount reversed, after meeting the conditions prescribed in these rules.

**Circular No. 179/5/2014-ST dated 24/09/2014:**

Certain doubts have been raised regarding the levy of Service Tax on taxable services provided (i) by the members of the Joint Venture (JV) to the JV and vice versa; and (ii) inter se between the members of the JV. In addition, doubts have also been raised regarding taxation of cash calls or capital contribution made by the members to the JV and also administrative services provided by a member to the JV.

2. The issue has been examined. With effect from 1st July, 2012, under the negative list approach, all services are taxable subject to the definition of the service [available in section 65B (44) of the Finance Act, 1994], other than the services specified in the negative list [section 66D] and exemption notification [Notification No. 25/2012-ST]. According to Explanation 3(a) of the definition of service, "an unincorporated association or a body of persons, as the case may be, and a member thereof shall be treated as distinct persons". In accordance with the above explanation, JV and the members of the JV are treated as distinct persons and therefore, taxable services provided for consideration, by the JV to its members or vice versa and between the members of the JV are taxable.
3. In the context of a JV project, cash calls are capital contributions made by the members of JV to the JV. If cash calls are merely a transaction in money, they are excluded from the definition of service provided in section 65B(44) of the Finance Act, 1994. Whether a 'cash call' is 'merely... a transaction in money' [in terms of section 65B(44) of the Finance Act, 1994] and hence not in the nature of consideration for taxable service, would depend on the terms of the Joint Venture



4. Agreement, which may vary from case to case.
4. Detailed and close scrutiny of the terms of JV agreement may be required in each case, to determine the Service Tax treatment of cash calls. Some important aspects, by way of illustration, which could be examined in this regard, are:-

**4.1 Taxable service provided by a JV to its members:**

Cash calls, sometimes, could be in the nature of advance payments made by members towards taxable services to be received from the JV. For instance, JV which receives the cash call from its members may in return agree to do something of direct benefit either to the member or on the behest of a member to a third party, such as granting of right, reserving production capacity or providing an option on future supplies.

**4.1.1 Taxable services received by a JV from its members or third party:**

Payments made out of cash calls pooled by a JV, towards taxable services received from a member or a third party is in the nature of consideration and hence attracts Service Tax.

**4.2 Taxable services provided by members to the JV:**

Usually responsibility of managing the cash calls of the JV is assigned to one or some of the members of the JV, by way of a contractual agreement, for which he/they may receive a consideration either in cash or kind (say, goods or services).

A member of JV may provide support services (for example, administrative service in the form of setting up/management of a project office/site office) to the JV for a consideration either in cash or kind (say, goods or services).

5. JV being an unincorporated temporary association constituted for the limited purpose of carrying out a specified project within a time frame, a comprehensive examination of the various JV agreements (at times, there could be number of inter se agreements between members of the JV) holds the key to understanding of the taxation of transactions involving taxable services between the JV and its members or inter-se between the members of a JV. Therefore officers in the field formations are advised to carefully examine the levibility of Service Tax with reference to the specific terms/clauses of each JV agreement.



## Congratulations

**Office Bearers & Members of the Executive Committee for the Period 2014-15**  
**Sales Tax Bar Association, Nagpur**



**CA. Harish Bhoneja**  
President



**CA. Nitin S. Gandhi**  
Vice President



**CA. Sushil Chandwani**  
Birthday Celebration Incharge



**CA. Shailendra Jain**  
Member



**CA. Mahendra Kumar Jain**  
Member



**CA. Abhay S. Rajandekar**  
Member

## EXPERIENCE CORNER

### PAST CHAIRMAN SHARE THEIR EXPERIENCE



**CA. MAKARAND JOSHI**

First of all, I would like to thank Nagpur Branch of ICAI for giving me an opportunity to introspect and analyze the issues relating to charging fees in our office. I am confident that all the problems as mentioned below can be resolved if every practicing member introspect his practice and answers the questions mentioned below without considering any opinion or suggestion given by others. If we can properly define answers to these questions for our office every practicing chartered accountant would be flourishing without favor or fear.

**1.** Your Opinion as to what ails our Fraternity vis-a-vis the fees charged by CA's for their work?

**Ans.** While having interaction with the fellow colleagues' either at seminar /conference or meeting them in Departments, the topic of charging of fees gains the prime importance, why not?

After so many years of practise, having little judgement of the mindset of the colleagues as well as of clients, I have come to a conclusion that the CA Fraternity is always worried about charging of fees to the client.

In my opinion what ails in charging the fees to the client as compared to what we have charged to the clients is lack of unity, interaction, clarity on the subject amongst the fraternity. We tend to bow before the client's wishes to reduce the fees irrespective of putting of labour, hard work and using the brains while giving advice to the clients.

**2.** Should the fees be charged as per the cost involved in delivering the services or the value generated for the client?

**Ans.** We are doing the Profession to earn something by setting up office and doing practise. While doing the profession we definitely incur many expenses such as stipend of article assistant, payment of staff, electricity, petrol, setup cost which has definitely to be recovered from the fees charged to the client.

While giving services to the client these costs are to be considered as well as the profit we intend to earn has to be added the cost and accordingly the fees is to be charged.

Further, many a times situation comes where we give special type of services which has got tremendous value for the client, but such value cannot be ascertained in exact monetary terms, so accordingly we have to take the best judgement and should charge the fees accordingly so that we can also be benefited.

**3.** How the Valuation / Costing of our work should be done? What factors should be taken into account?

**Ans.** It is very difficult for a professional to arrive at exact cost that has been put in by the office because technically it is not a commodity which is valued in the market. Every

Professional has to judge its own cost of various factors that are being applied to the work or in the office.

Basically for arriving at the valuation /costing of our work we have to consider the time devoted by the partners, paid Chartered Accountants, article assistants, other staff. Also the importance will have to be given to how much coverage is being done on the assignment. Further, we have to also consider the complexity of the work, references made to various books, case laws or any online references. After considering the above things, only the professionals who have rendered the service will be in a better position to arrive at the cost of the assignment.

**4.** How the value of our Service offering should be communicated to the client? How should he be convinced to pay not only as per time involved but also considering the value of advice & risks involved?

**Ans.** In my opinion, here the communication skill of a Professional comes into play. The professional having the best communication skills will have an upper edge to communicate with the client of value of our services provided to the client. In reality there will be different communication for different types of client a) those clients who are regular b) those clients who have come for the first time or only for a single assignment. In my opinion communicating with the first type of client is very difficult because a Professional has developed a close relationship with the client and hence communication becomes a bit difficult. So considering these aspects we have to be very careful while communicating the value of our work to these types of clients.

In regard to second set of clients either we tend to be very soft so as to retain the client or to see that the client comes the next time also, but in both the cases without losing the temper and in a very soft and humble manner we should be able to communicate the value of our services offered.

**5.** Should some part of Audit Fees or any other work be taken in Advance?

**Ans.** It is a matter of judgement entirely at the discretion of the Professional rendering the service whether Audit





fees or any other work to be taken in advance. Generally it is a practise not to take any Audit fees in advance as we have a regular relationship with the said client. Further, if we take, Audit fees in advance before the closure of the financial year then we are debarred from conducting the Audit as we become the debtor of the client. Suppose if we ask for the Audit fees in advance after the closure of the year it will create an atmosphere of disbelief and may spoil harmonious relationship with the client.

In case of the assignment is a project finance or any other assignment where some expenditure is required to be done then the professional can very well communicate with the client and take certain amount as advance towards expenses. If the client is totally new, then in my opinion a sizeable portion should be taken as fees in advance by the Chartered Accountant.

**6. How to discourage the client from Bargaining of the quoted fees?**

**Ans.** It is my honest belief that no bargaining should be done with the client for charging of fees. This fact has to be communicated with the client in a very soft manner and also telling the client the reasons of no bargaining. It is better that the client should be given an idea of the amount of fees that is to be charged in advance and consent can be taken of the same from the client.

Generally it is observed that client tries to give example that so and so CA is charging this much and why are you charging so much. He can be told firstly that, I don't know the reasons why that CA is charging so much, what work

he has rendered, how much time he has spent on the said assignment, hence cannot comment on that. As far as my charging is concerned, I consider the labour I have put, hard work I have done, man hours I have spent etc. This type of bargaining is a mind game played by the client and because of the insecurity the Professional tends to bow before the client.

We should be very confident, firm but polite and humble while dealing with the client when he starts bargaining.

**7. How can we bring in the system of charging for Consultations?**

**Ans.** The client just thinks that consultation from his CA is his right if he is paying for Audit / Taxation, but it should not be the case every time. Free consultation can be given to the client occasionally but not on regular basis. I know that it is very difficult to convince regular clients to pay for consultations, but we will have to inculcate the habit of making the client pay for consultations. Any change whether in the area of finance or our routine life is very difficult at the beginning, but not at all impossible. At the start the client may be reluctant to pay for the consultation but if soft and gentle reminders are given the client will slow start making the payment. Here skill of a CA to communicate properly and convince the client preaching him the importance of consultations. The client will also have to be made aware of how we have given him our time, used our knowledge and skill which technically generates income for a Professional.



## WICASA MEMOIRS



WICASA- Educational Tour



## EXPERIENCE CORNER

### PAST CHAIRMAN SHARE THEIR EXPERIENCE



**CA. KAILASH JOGANI**

**1. Ans :** There are various reasons depending on the nature of our members. The reasons are different such as treating the professional work as a personal work, no proper valuation of our time and intellectual capacity, fear of losing the clients, not properly addressing the output given to the

client, no real time billing on completion of assignment, charging consolidated bill for the work done during the entire year, fear of breaking personal or other relationship on the cost of professional fees and last but not the least not keeping proper billing procedure & recovery.

**2. Ans :** In my opinion the fees should be charge on the basis of expertise involved in completion of the job but the input cost and time involved should also be taken care-off while charging the fees. One should not forgot that the code of conduct issued by our Institute which does not permit for charging the fees on profitability and as such we should not charge on the basis of his profitability but we must take into account the benefit delivered to the client by our personal, intellectual or expertise knowledge while charging the fees.

**3. Ans :** It totally depends on the type of assignment and complexity involved in completion of such assignment. The valuation will totally depend on the expertise in the field and depends on involvement of the hierarchy in the assignment. If it is attestation or audit work it depends on the factors like person involved, time consumed, risk factor and finally size of the enterprise. If the work is of representative in nature it primary comprises of the outcome of the assignment, benefits accrued to the client by our representation and finally the paying capacity of the client but that should not be below the input cost & time involved except for the honorary / obligatory or social responsibility assignments.

**4. Ans :** The client should value our services than only he will pay as per our expectation. For this the first and foremost requirement is that the client should have the confidence and believes in us that we can deliver the assignment. The member must notice the commitment of client for paying the proper value of our services at the initial stage of assignment only and if by-chance the members fails on this front he should not attend such

client from next time. In my personal opinion there is no need to communicate to each and every client about our value of service instead the result should be seen & valued by the client himself. Many times we end up taking the assignment in hands which we cannot deliver resulting in non receipt of fees even after involvement of time and cost rather we should avoid taking up such assignment. Finally it is on the judgment of the member to take the assignment or not.

**5. Ans :** Taking advance would depend on the client to client and also on the nature of assignment. In audit or attestation work taking advance is not possible but if the work is of recurring in nature the advance can be taken. But if we raise bill & recover the fees on real time than there would be no need to take advance for the assignment from the client.

**6. Ans :** If the fees is charged on the basis of the above discussion & the same is not unreasonable there will be no scope for client to bargain. The member should convince about the value of the services rendered to the client if he starts bargaining. The member should discourage the client for doing comparison on the chargeability by the other professional colleague.

**7. Ans :** First the consultancy should not be in casual manner. Many times friends, relatives or known persons who are not our regular clients start asking the problems faced by them in wedding receptions or in social gatherings and we just start giving our full expertise knowledge may be for soliciting the clients. The true professional never gives his opinion or consultancy in such places and to every Tom, Dick and Harry. The consultancy should be given either at our office or at clients place. Every consultancy should be billed either individually or with related assignment. Due to close relation if it is utmost necessary to give some consultancy than also avoid plainly if the same is not our area of practice or even in the area of practice tell the person that it is advisable to consult with his regular Chartered Accountant. Even then if he is keen for our advice than raise bill on him so that such free advices gets reduce in future. Consultancy is one of the main areas of practice for Chartered Accountants. Many senior members' core area of practice is of chamber consultancy and every member should develop the practice for consultancy in his own core area & charge for the same.





## COMPANY LAW SETTLEMENT SCHEME, 2014 COMPILED BY : CA. AKSHEY V. GULHANE



The Central Government in exercise of powers conferred under section 403 and 460 of the Companies Act, 2013 has decided to introduce a Scheme namely "Company Law Settlement Scheme 2014 [CLSS-2014] providing one-time opportunity for defaulting

companies to file their annual statutory documents and condoning the delay in filing such documents with the Registrar vide Ministry's General Circular No 34/2014 Dated 12.08.2014.

Earlier the scheme was in force for two months from 15/08/2014 upto 15/10/2014.

However, vide General Circular No 40/2014 the scheme is extended upto 15/11/2014, **which is now further extended upto 31<sup>st</sup> December 2014.**

For availing the benefit of this scheme you first have to **file form CLSS-2014** which is application for issue of immunity certificate under this scheme.

### Applicability:

- 1) Any defaulting company is permitted to file belated documents which were due for filing till June 30, 2014 in accordance with the provisions of this scheme
- 2) **Withdrawal of Appeal:** If the Defaulting company has filed any appeal against any notice issued or complaint filed before the competent court for violation of the provisions under existing act CA 2013 or earlier act CA 1956, The applicant shall withdraw the appeal and submit proof of the same before making application under the CLSS 2014.

### Under the scheme:

- 1) Entities that are yet to file their required annual documents would be provided "immunity" from prosecution
- 2) The defaulting company shall pay statutory filing fee as per Companies (Registration Offices and Fee) Rules, 2014 along with reduced additional fee of 25% of the actual additional fee payable as per section 403 read with Companies (Registration Offices and Fee) Rules, 2014 for filing those belated documents under the Companies Act, 1956/2013 and the Rules made thereunder. i.e 75% waiver

from additional fees has been granted under the scheme.

- 3) Inactive companies would get an opportunity to get themselves declared as "dormant" by filing a simple application at reduced fee.
- 4) Immunity from disqualification of Directors vide the provisions of section 164(2) of the Act, inter alia, providing for disqualification of directors in case a company has not filed financial statements or annual returns for any continuous period of three financial years has been extended to all companies.

The Companies Act, 2013, lays down a "stricter regime" for defaulting companies along with higher additional fees and increased quantum of punishment for non-compliance

"A specific provision for enhanced fine in case of repeated default has also been included in the form or section 451 of the Act.

In view of this, CLSS 2014 is being seen as a relief to defunct companies. whose numbers are estimated to be in thousands.

### Exclusion:

The scheme shall not apply to:

- 1) Vanishing companies
- 2) Entities which have already applied for striking off their names from the Register of Companies
- 3) Companies which have sought dormant status

**Definitions** – In this Scheme, unless the context otherwise requires,

- (a) "Act" means the Companies Act, 2013 and Companies Act, 1956 (where ever applicable);
- (b) "Company" means a company as defined in clause of 20 of section 2 of the Companies Act, 2013;
- (c) "Defaulting company" means a company defined under the Companies Act, 2013, and which has made a default in filing of annual statutory documents.
- (d) "Designated authority" means the Registrar of Companies having jurisdiction over the registered office of the company.
- (e) "Immunity certificate" means the certificate referred to in sub-paragraph (vi) of the Scheme;
- (f) "Inactive Company" means as defined In Explanation (i) to sub-section (1) of section 455(1) of Companies Act, 2013.



Being a Chartered Accountant, we always need to be updated to serve our client and society in effective manner. This updation is required not only in terms of our knowledge but also in terms of technology we are using. In modern era, as we are exploring our workings we are in need of latest technology which can cater our needs and give us desired output in quick time.

As more and more Chartered Accountants are coming into practice these days, they are required to have proper office infrastructure to serve their clients. To set up new office, the second highest cost is computer and networking cost after real estate infrastructure.

As of now, we have 2 major alternatives to fulfil our technology requirement:-

1. PC Model
2. Server based Computing

#### PC Model :-

We've all become accustomed to the PC model, which allows every user to have their own CPU, hard disk, and memory to run their applications. A single PC costs around 20 k to 30 k depending on the configuration and processing power. But the major disadvantage PC model possess is that personal computers have now become so powerful that most people can't possibly use all the processing power they purchase. Apart from that they consume too much electricity and generate too much e-waste. A typical PC takes 110 watts to run, and there are almost a billion of them on the planet and according to the Silicon Valley Toxics Commission, e-waste is the fastest growing part of the waste stream. Up to 95% of PC power is wasted.

#### Server Based Computing (SBC) :-

Server Based Computing is like mainframe computing with a few minor differences. The dumb terminal is replaced by a PC that communicates with a server and receives a full screen interface that is transferred across the network. The most popular application of server-based computing has been to host a small subset of applications on a server that are accessed by a PC client in this way. In this case the PC is still used to run local applications in addition to running the server-based applications hosted with Citrix or Microsoft Terminal Services software. In some SBC installations, a slimmed-down version of a PC with a low-end processor and flash storage, called a "thin client" is used. With the thin client approach, most, if not all, applications are run on the server. In terms of cost, SBC can cost from 1.00 lakh to 2.50 lakh depending on the serving capacity of the server. Though SBC was intended to provide the same advantages as mainframe computing while mitigating the cost and environmental factors, but it created a completely different set of disadvantages. These disadvantages include:

- Constrained user experience with limited desktop interface performance, especially when graphical applications are used.
- Expensive thin clients that are fundamentally still PCs and commonly require special customizations.
- Expensive, high-end server components.
- Complex setup and administration requiring network administrators with specialized skills.

There is an another technology which has emerged as an alternative to the server based computing and which provides all the benefits of SBC at effectively lesser cost. N-Computing is a technology that allows multiple users to share 1 computer simultaneously, this means that with N-Computing you could have 1 ordinary desktop computer catering for 11 people or more at the same time. N-Computing desktop virtualization is a modern take on the time-honoured concept where multiple users share the processing power of a single computer.



### How does it work??

For this there is no need to have separate CPUs for every user. Only one CPU (shared computer) can serve all the users. The additional users connect to the shared computer using a N-Computing device, the monitor, keyboard and mouse connect to the device, the device is then connected to the shared computer through a cable. The unique N-Computing technology is composed of three primary components:

- a) vSpace™ virtualization software
- b) a user extension protocol and
- c) Access devices.

By combining all three of these components into an integrated solution, N-Computing delivers unmatched performance at an incredibly low cost.

### vSpace™ virtualization software

N-Computing vSpace desktop virtualization software was developed to tap into the unused power of PCs and efficiently divide their resources into independent virtual workspaces that give each user their own full PC experience. It functions as a data manager that transmits and handles the desktop display and remote activities from the user's keyboard, mouse and other interfaces. N-Computing vSpace was developed specifically for N-Computing's unique access devices in order to achieve the best user performance. Also, it was developed to be independent of the host computer's operating system and runs on both Windows and Linux platforms. Best of all vSpace is easy to install and use, unlike the complex software associated with traditional server-based computing.


### User extension protocol

A key part of being able to deliver a full remote computing experience is the extension protocol used. Traditional thin clients use protocols that were developed for occasional use by administrators for temporary remote control. N-Computing developed its unique User eXtension Protocol (UXP) for continuous use by end users demanding a full PC experience. As a result, multimedia applications including streaming video, Flash, and 3D graphics can be supported. UXP provides the communication link between the N-Computing virtualization software and the access devices that connect through Ethernet (L-series products) or directly (X-series products). UXP was developed to reside on a software layer outside of the operating system on the shared PC and works with both Windows and Linux. UXP provides the communication link between the N-Computing virtualization software and the access device.

### Access Devices

The N-Computing access devices do not use PC-based processors or chipsets and do not run a local operating system. All of the primary functionality is integrated into a single chip that has an optimal set of resources for working with the N-Computing virtualization software and extension protocol. This System-on-Chip (SoC) contains patented technologies for delivering unmatched performance from a very low-power device. The device also contains a small amount of DRAM used to perform local screen display. The SoC in the access device executes several processes including boot management, initialization, network connection, protocol decoding, bitmap cache acceleration, and administration. This approach results in access devices with very low power requirements (less than 5 watts). This enables significant power savings when compared to individual PCs that draw over 100 watts each.

### Why use N-Computing??

The main benefit is that it is a cheaper alternative to the desktop computer. Since modern computers are powerful enough to cater for more than 1 user, N-Computing taps into that performance power that would otherwise have remained idle. It also benefits an organisation in that when they need to upgrade their I.T in a few years, instead of finding funds to buy a whole fleet of new desktop computers they merely have to buy and replace the computer that was being shared by multiple users. Most importantly, by using N-Computing, computing cost can be slashed by almost 30% to 40%. 





### Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a form of self-regulation integrated into a business model. It is also known as corporate conscience, corporate citizenship, social performance or sustainable business/responsible business.

With the enactment of the Companies Act, 2013, India has become the forerunner to mandate spend on Corporate Social Responsibility (CSR) activities through a statutory provision.

While many corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies in

India to set out clear framework and processes to ensure strict compliance. However, what the Companies Act does is bring more companies into the fold and increase the total CSR spend.

### Application of Provision (Companies in any one of below conditions)

Net worth	Rs 500 Cr or more
Turnover	Rs 1000 Cr or more
Net Profits	5 cr or more

### Applicable Date w.e.f 1st April 2014

- Net profit excludes income (profit) from overseas branch & divided distributed by company on which this section apply.
- If any company on which CSR provisions were applicable cease to come in above criteria for consecutive three years, they are not required to follow the provision of CSR

### CSR Spend

- Section 135(5) mandates 2 percent of the Average net profit during the three immediately preceding financial years.

Type of Company	Composition
Listed	Three or more directors including at least one Independent Director
Unlisted Public Co. or Pvt co required to appoint ID.	Three or more directors, Independent Director is mandatorily required to be appointed.
Private Co. having two Director	Two directors
Foreign	At least two persons of which one person resident in India and an person shall be nominated by foreign company

### Functions of CSR committee

- Committee shall formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act.
- Committee shall also initiate a CSR Policy, including how, where, and when to invest funds w.r.t. CSR
- Committee shall recommend the amount of expenditure to be incurred on the activities referred to above. Further, the CSR Committee is under an obligation to monitor the implementation of the CSR policy from time to time
- Method of Undertaking CSR Activities
- By Charity – Donate Money
- By Contract – Hire NGO

- By Itself – Undertaking Projects on its own & / Or in collaboration with other Co.s

#### ● CSR ACTIVITIES – Schedule VII

Schedule VII mandates expenditure for the following activity-

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts
6. Measures for the benefit of armed forces veterans, war widows and their dependents
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects
11. Slum Area Development
12. Swatch Bharat Abhiyaan (Recently added)
13. Ganga Rehabilitation Project (Recently added)

#### ● CSR ACTIVITIES – Distinguishing Features

What is CSR?	What is not CSR?
It should be rupee measurable	That which is not rupee measurable is not a CSR activity
It must bring direct benefits to marginalized, disadvantaged, poor or deprived sections of the community	If it does not benefit the poor & backward sections of the community it is not a CSR activity
It should not benefit only the employees of the company & their families	Employee benefits will not count as CSR
It should be independent of compliance with any regulation or law	Activities which are in compliance with any regulation or law will not count as CSR
Corporates are expected to fund projects from their own accounts through implementing agencies	Funds/moneys deposited in Central or Government accounts will not count as CSR
CSR activities must be in the form of projects / programmes. Thus CSR activities should be projectivized ; Components of a project are as follows: <ul style="list-style-type: none"> <li>• Need Based Assessment/Baseline Survey/Study</li> <li>• Clearly identified time frame</li> <li>• Specific annual financial allocation</li> <li>• Clearly identified milestones</li> <li>• Clearly identified &amp; measurable objectives /goals</li> <li>• Robust &amp; periodic review &amp; monitoring</li> <li>• Evaluation &amp; Assessment (Where possible, by third party)</li> </ul>	Pure philanthropy or mere donations will not count as CSR
Programmes/projects must be within India	Programmes/projects undertaken outside India will not count as CSR
Government programmes / initiatives can be complemented / supplemented	Government programmes / initiatives should not be duplicated



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### Accommodations

Villas  
Cave Rooms  
Tree Houses  
Tents

### Jungle Safaris

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Wolf Sanctuary  
Khursapar Gate  
Sillari Gate  
Rukkhad

### Facilities

Lakes,  
Indoor Swimming Pool,  
3000 sq.ft. Conference Hall,  
60 Seater Restaurant,  
Bar,  
6000 sq. ft. SPA,  
Library and  
Video room  
In-house Bakery  
In-house Laundry

### Activities

Cycling,  
Boating,  
Nature Walks,  
Bonfires,  
Bar-be-ques,  
Archery,  
Darts,  
Rain Shower,  
Karaoke,  
Many Indoor Games,

Story Telling,  
Village Visit,  
Picnic Excursions,  
Pottery,  
Star Gazing,  
Botanical Walk,  
Bird Watching,  
Folk Performances,  
Wild Life Documentaries Etc.

### Contact

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