



SBS | *Interns'*
Digest
An attempt to share knowledge

By

**Interns of
SBS and Company LLP**

SNAPSHOTS OF LAST MONTH SATURDAY SESSIONS



***Section 44AA & 44 AB of Income Tax Act, 1961
- Md. Sameer Hussain***



***Audit of Sales returns and Goods sent on Sale or return
basis - A.Madhuri***



Online filing of FC-GPR - N.Supriya



***Introduction to Audit procedures & Vouching of Rental
receipts, Receipts from the customers and creditor
payments - G.Samatha***



Bank Audit - Md. Sameer Hussain



Bank Audit - D. Jhansi

CONTENTS

SEZ ACT.....	1
AN INSIGHT INTO ANNUAL PERFORMANCE REPORT (“APR”) UNDER SEZ LAWS.....	1
INCOME TAX.....	9
SEC 44AA & 44AB OF INCOME TAX ACT,1961.....	9
SERVICE TAX.....	14
VAT VS. SERVICE TAX ON FOOD SUPPLY IN A RESTAURANT/HOTEL.....	14
AUDIT.....	20
METHODS OF AUDIT SAMPLING.....	20
FEMA UPDATES.....	23
RULES, CIRCULARS AND NOTIFICATIONS ISSUED DURING THE MONTH OF MAY, 2016.....	23
COMPANIES ACT UPDATES.....	24
RULES, CIRCULARS AND NOTIFICATIONS ISSUED DURING THE MONTH OF MAY, 2016.....	24
INTERESTING FACTS.....	26
INTERESTING FACTS.....	26

SEZ ACT**AN INSIGHT INTO ANNUAL PERFORMANCE REPORT (“APR”) UNDER SEZ LAWS**

Contributed by Disha Maheswari & Vetted by CA Murali Krishna G |

APR OF A MANUFACTURING SEZ UNIT**Meaning**

APR refers to an annual performance report to be prepared by an SEZ unit **post commencement of production** by it. The preparation of APR has to be done independently by each SEZ unit located in SEZ area. An APR, which has to be duly certified by an independent Chartered Accountant^[i], has to be filed with the Development Commissioner of the subject unit, who shall place the same before the Approval Committee for consideration ^[ii]. The Approval Committee does annual review of the performance of every unit and the compliance with the conditions of approval on the basis of the APR.

Due date of filing / submission of the APR

The APR has to be submitted by a SEZ unit **within 90 days** from the end of the Financial Year (“FY”) in which commercial production of the unit has been initiated and every year thereafter. The form for the same, i.e., Form-I (format enclosed as **Annexure – A**), has been prescribed by the Rules issued under the SEZ Act.

Purpose of APR

The basic purpose of the APR is to identify the annual performance of the SEZ unit using the net foreign exchange earnings in a specified period by the SEZ unit.

Net foreign exchange earnings

The Net Foreign Exchange Earnings (“NFE”) earned by a SEZ unit has to be computed using the following formula:

$$\text{Net Foreign Exchange Earnings} = \text{Inflow of foreign exchange (A)} - \text{Outflow of foreign exchange (B)}$$

(For detailed aspects of the formula refer **Annexure – B**)

Units which would fall within the purview of monitoring

The units which would fall within the purview of monitoring (by the Approval Committee) are as follows ^[iii]:

[i]Refer Rule 54 read with Annexure-I of the Special Economic Zone Rules, 2006

[ii]Refer Rule 22 of the Special Economic Zone Rules, 2006

[iii]Refer Rule 54 read with Annexure-I of the Special Economic Zone Rules, 2006

- In case a unit has completed less than 5 years from the date of commencement of production, it will be monitored for the number of completed years;
- Annual monitoring in the case of old units which have completed more than 5 years will be undertaken only for such years which fall in the subsequent block of 5 years.

It is pertinent to note that units which have not **completed one year of operation** from the date of commencement of production will not be monitored;

Criteria for annual monitoring^[iv]

- Units **with negative NFE in the 1st and 2nd year** shall be placed under the **Watch List** to watch their performance
- If a unit continues to have a negative NFE by the end of 3rd year, a **Show Cause Notice** will be issued.
- If the negative performance continues till the end of 5th year, the Development Commissioner **shall initiate penal action** under the provisions of Foreign Trade (Development and Regulation) Act, 1992 and the rules made thereunder.

Penal provisions

- As stated above, if the negative performance continues till the end of 5th year, the Development Commissioner shall initiate penal action under the provisions of Foreign Trade (Development and Regulation) Act, 1992 and the rules made thereunder.
- Any SEZ unit, while undertaking the Bond-Cum-Legal Undertaking ("BLUT") (format prescribed in Form-H of the Rules) undertakes that in case of any default in filing the APR within the prescribed time limit or in case of wrong submission, the permission granted for the prescribed operations may be withdrawn and / or the permission for further imports and sales in the Domestic Tariff Area ("DTA") may be stopped.

^[iv]Refer Rule 25 and 54 read with Annexure-I of the Special Economic Zone Rules, 2006

APR of a Software Technology Parks of India ("STPI") unit

India has earned itself a reputation of an IT superpower. Software Technology Parks of India has played a seminal role in accomplishing this status. Today, STPIs across over the country are synonymous with excellent Infrastructure and Statutory support aimed at furthering growth of Information Technology in the country.

Software Technology Parks of India (STPI), is a society set up by the Ministry of Communications and Information Technology, Government of India in 1991, with the objective of encouraging, promoting and boosting the Software Exports from India.

STPI maintains internal engineering resources to provide consulting, training and implementation services. Services cover Network Design, System Integration, Installation, Operations and maintenance of application networks and facilities in varied areas.

The objectives of the Software Technology Parks of India are:

- To promote the development and export of software and software services including Information Technology ("IT") enabled services/ Bio- IT
- To provide statutory and other promotional services to the exporters by implementing STPs / Electronics and Hardware Technology Parks ("EHTP") Schemes and other such schemes which may be formulated and entrusted by the Government from time to time.
- To provide data communication services including value added services to IT / IT enabled Services ("ITES") related industries
- To promote micro, small and medium entrepreneurs by creating conducive environment for entrepreneurship in the field of IT/ITES

APR and due date of filing / submission of the APR

APR has to be submitted by a STPI unit by 30th June following the close of FY. The form for the same, is available on <http://www.hyd.stpi.in/downloads/download.html>. It is to bring to specific attention that each designated STPI has its own website and the user is always advised to download the STPI form from concerned STPI designated website

APR FOR IT/ITES SEZ UNIT

The SEZ Unit which is into IT/ITES sector need to use the APR designated under STPI scheme and submit the duly certified form to the designed STPI for compliance under SEZ Laws

[Annexure – A]**FORM – I****ANNUAL PERFORMANCE REPORT FOR UNITS [Refer rule 22]**

Period.....

PERIOD OF REPORTING: ANNUAL (APRIL-MARCH)**1. Name of the Unit –****2. Item of manufacture/service activity.****3. EXPORT (INFLOW) (Rs. in lakhs)**

- a) FOB value of exports for the Year (indicate items of exports)
- b) Cumulative value of exports for the five year period
- c) Countries of exports

4. IMPORT (OUTFLOW) (Rs. in lakhs)**A. Raw materials and other inputs utilized**

- a) Opening balance of imported raw materials, consumables, components, packing materials etc.
- b) CIF value of raw materials, consumables, components, packing materials etc. imported during the year
- c) Cumulative value of raw materials, consumables, components, packing materials etc.
- d) Value of imported raw materials, consumables, components, packing materials etc. or finished goods/ services received from other units in SEZs/EOUs/EHTPs/ STPs during the year
- e) Total (c+d)
- f) Value of imported raw materials, consumables, components, packing materials etc. or finished goods/ services transferred to other units in SEZs/EOUs/STP during the year
- g) Closing balance of imported raw materials, consumables, components, packing materials etc.
- h) Value of imported raw materials, consumables, components, packing materials etc. actually consumed during the year {(e)-[f+g]}

B. Capital goods

- (i) Year-wise CIF value of capital goods imports and spares till end of the year under report
- (ii) Value of imported Capital goods and spares received from other units in SEZ/EOU/EHTP/STP during the year
- (iii) Total (i) + (ii)
- (iv) Value of imported Capital goods, and spares transferred to other units in SEZ/EOU/EHTP/STP during the year
- (v) Total value of imported capital goods and spares during the year (iii)-(iv)
- (vi) Proportionate amortized value of imported capital goods taken for NFE calculations as per rule— of Special Economic Zones Rules, 2006

5. Other outflow of Foreign Exchange (Royalty, technical know-how fee, repatriation of Dividend/Profits, Payment of Sales Commission, Interest on overseas borrowings, etc.) during the year

6. Total outflow [4.A.(h)+4.B.(vi)+5]

7. Net Foreign Exchange Earnings for the year [3(a)-6]

8. Net Foreign Exchange Earning position at the end of previous year

9. Cumulative Net Foreign Exchange Earnings for the five year period [7+8]

Note: For details of calculation of NFE, please refer to rule.....

Part- II

1. DTA SALES Value (Rs. in lakhs)

- a) Sale of finished goods/services
- b) Sales of rejects
- c) Sale of by-product
- d) Sale of Waste/Scrap/Remnant
- e) Total

2. Capital structure of the enterprise

- (i) Authorised capital
- (ii) Paid up capital

B. Overseas investments:—

	FDI	NRI
a) Approved	<input type="text"/>	<input type="text"/>
b) Actual Inflow during the year	<input type="text"/>	<input type="text"/>
c) Cumulative actual investment for 5 years	<input type="text"/>	<input type="text"/>

3. Employment Male/ Female

4. Investment in the Zone: (Rs. in lakhs)

- a) Building
- b) Plant and Machinery
 - (i) Indigenous
 - (ii) Import CIF value
 - (iii) Total (i) + (ii)

5. OTHER INFORMATION

(1) External commercial borrowing,

External commercial borrowing pending at the end of last year,

- a) Less than three years Amount
- b) More than three years

(2) Cases pending for foreign exchange realization, if any

Date of export
Name of importer
Address
Amount

(SIGNATURE)
with Seal of Co.

Note : The information given in the formats for APRs should be authenticated by the authorized signatory of the unit and certified by a Chartered Accountant.

[Annexure – B]**Rule 53 - Net Foreign Exchange Earnings**

The Unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production according to the following formula, namely:—

$$\text{Positive Net Foreign Exchange} = A - B \gg 0$$

Where:—

A: Is Free on Board value of exports, including exports to Nepal and Bhutan against freely convertible currency, by the Unit and the value of following supplies of their products, namely:—

- a) Supply of goods against Advance Licence or Duty Free Replenishment Certificate under the Duty Exemption or Remission Scheme or Diamond Imprest Licence under the Foreign Trade Policy;
- b) Supply of capital goods to holders of licence under the Export Promotion Capital Goods Scheme under the Foreign Trade Policy;
- c) Supply of goods to projects financed by multilateral or bilateral agencies or funds as notified by the Department of Economic Affairs, Ministry of Finance under International Competitive Bidding in accordance with the procedures of those agencies or funds, where the legal agreements provide for tender evaluation without including the customs duty;

- d) Supply of capital goods, including those in unassembled or disassembled condition as well as plants, machinery, accessories, tools, dies and such goods which are used for installation purposes till the stage of production and spares to the extent of ten per cent. of the free on rail value to fertilizer plants;
- e) Supply of goods to any project or purpose in respect of which the Ministry of Finance, by a notification, permits the import of such goods at zero customs duty;
- f) Supply of goods to the power projects and refineries not covered in (e) above;
- g) Supply to projects funded by United Nations Agencies;
- h) Supply of goods to nuclear power projects through competitive bidding as opposed to International Competitive Bidding;
- i) Supply made to bonded warehouses set up under the Foreign Trade Policy or under section 65 of the Customs Act and free trade and warehousing zones, where payment is received in foreign exchange;
- j) Supply against special entitlements of duty free import of goods under the Foreign Trade Policy;
- k) Export of services by services units including services rendered within Special Economic Zone or services rendered in the Domestic Tariff Area and paid for in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India;
- l) Supply of Information Technology Agreement items and notified zero duty telecom or electronic items, namely, Color Display Tubes for monitors and Deflection components for colour monitors or any other items as may be notified by the Central Government;
- m) Supply to other units and Developers in the same or other Special Economic Zone or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Unit or Bio-technology Park Unit provided that such goods and services are permissible for import or procurement by such Units and Developers;
- n) Supply of goods to Domestic Tariff Area against payment in foreign exchange from the Exchange Earners Foreign Currency account of the Domestic Tariff Area buyer or Free Foreign Exchange received from overseas;
- o) Supply of goods against free foreign exchange by a Free Trade and Warehousing Zone Unit.

Explanation: For the purposes of this sub-rule, the supplies under clause (m) shall be against procurement certificate, as applicable and the supplies under clauses (d) to (h) and (j) shall be as per the terms and conditions of the respective duty exemption notified by the Central Government, in the Ministry of Finance; and

B: Consist of sum of the following: -

- a) Sum total of the Cost Insurance and Freight value of all imported inputs used for authorized operations during the relevant period and the Cost Insurance and Freight value of all imported capital goods including goods purchased on high seas basis even though paid for in Indian Rupees and the value of all payments made in foreign exchange by way of export commission, royalty, fees, dividends, interest on external commercial borrowings during the first five-year period or any other charges;
- b) Value of goods obtained from other Unit or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Unit or Bio-technology Park Unit or from bonded warehouses or procured from international exhibitions held in India or precious metals procured from nominated agencies;

- c) The Cost Insurance Freight value of the goods and services, including pro-rata Cost Insurance Freight of capital goods, imported duty free or leased from a leasing company or received free of cost and/or on loan basis or on transfer for the period they remain with Unit.

Explanation: For the purposes of this sub-rule "Inputs" mean raw materials, intermediates, components, consumables, parts and packing materials;

- d) For annual calculation of Net Foreign Exchange, value of imported capital goods and lump sum payment of foreign technical know-how fee shall be amortized at the rate of ten per cent every year from the first year to tenth year.

"The highest education is that which does not merely give us information but makes your life in harmony with all existence."

-Rabindranath Tagore

*This article is contributed by Disha Maheswari, Intern of SBS and Company LLP.
The author can be reached at interns@sbsandco.com*

INCOME TAX**SEC 44AA & 44AB OF INCOME TAX ACT,1961**

Contributed by Sameer & Vetted by CA Ram Prasad |

Sec 44AA – Maintenance of books of accounts:**Applicability:**

This section applies to all the persons i.e. individual, HUF, Company, Partnership firm, AOP/BOI, Local authority, Co-operative society, Trust, AJP.

Importance:

- **For assessee's:** Maintaining books of accounts enables to assess income appropriately
- **For Tax authorities:** Helpful to check whether assessee has complied with all the provisions of the Income-tax Act,1961 ("Act") & had not evaded the tax.

Classification of income for maintenance of books of accounts:

Provisions relating to the maintenance of Books of accounts can be classified into three categories:

- Provisions for person engaged in Specified profession
- Provisions for person engaged in Non-Specified profession
- Provisions for person engaged in Business

Provisions for person engaged in Specified profession:

Every person carrying on the following profession are said to be Specified profession:

- Legal
- Medical
- Engineering
- Architectural profession
- Profession of Accountancy
- Technical consultancy
- Interior decorators
- Authorized representative
- Film artist & others as specified by the board....

Every person carrying on the above specified profession shall keep and maintain the books of accounts and other documents except if gross receipts in the profession doesn't exceed Rs 1,50,000/- in any of the three years immediately preceding the previous year or in case of newly setup profession gross receipts doesn't likely to exceed Rs 1,50,000/-

Provisions for person engaged in Non-Specified profession:

These persons need to maintain books of accounts if:

- Income from profession exceeds one lakh twenty thousand rupees or Gross receipts exceeds ten lakh rupees in any one of the three years immediately preceding the previous year
- In case of profession which is newly set up, Income from profession is likely to exceed one lakh twenty thousand rupees or Gross receipts is likely to exceeds ten lakh rupees during such previous year

What constitutes Books of Accounts in case of Specified Professions?

Rule 6F, of the Act defines books of accounts only for professionals which are as follows:

- Cash Book
- Journal (*If Mercantile system is followed*)
- Ledgers
- Carbon copies of bills (*Exception if the amount doesn't exceed Rs 25/-*)
- Original bills in respect of expenditures incurred (*Exception if the amount doesn't exceed Rs 50/- and payment vouchers in respect of the same has been prepared & signed by authorized person*)

Note: *If Cash books contains the adequate info regarding the expenditure incurred then there is no need for preparation of payment vouchers too.*

In case of person carrying medical profession the following additional books should also be maintained:

- A daily case register in Form No. 3C
- A Stock statement containing opening and closing stock values used in the profession

Place where books of accounts to be maintained:

In case of profession carried in a single place

- at a place where the profession is carried on

In case of profession carried in multiple places

- at a principle place where the profession is carried or
- at each place where the profession is carried

Period for which Books should be maintained

- These books of accounts should be kept and maintained for a period of six years from the end of the relevant assessment year.
- In case of assessment as per Sec 147 of the Act, all the books of account and other documents which were kept and maintained at the time of reopening of the assessment shall continue to be so kept and maintained till the completion of the assessment.

Provisions for person engaged in Business

In case of persons engaged in business they shall maintain books of accounts if:

- Income from business exceeds one lakh twenty thousand rupees or Turnover or Total sales or Gross receipts exceeds ten lakh rupees in any one of the three years immediately preceding the previous year or
- In case of business which is newly set up, Income from business is likely to exceed one lakh twenty thousand rupees or Turnover or Total sales is likely to exceeds ten lakh rupees during such previous year or
- In case where profits and gains are deemed to be the profits and gains of the assessee under section 44AE or 44BB or 44BBB & the assessee has claimed his income to be lower than the profits and gains so deemed to be profits and gain of his business or
- In case where profits and gains are deemed to be the profits and gains of the assessee under section 44AD & the assessee has claimed such income to be lower than the profits and gains so deemed to be profits and gain of his business and his income exceeds the maximum amount which is not chargeable to Income-tax during such previous year

Penalty for failure to maintain books:

As per Section 271A of the Act, 1961 if a person fails to maintain or retain books of accounts and other documents then the Assessing officer or the commissioner shall charge a sum by way of penalty of Twenty-five thousand rupees.

Sec 44AB – Audit of books of accounts:

Applicability:

This section applies to all the persons i.e. individual, HUF, Company, Partnership firm, AOP/BOI, Local authority, Co-operative society, Trust, AJP based on the below conditions:

Nature of activity	Basis	Criteria	Other conditions (Maximum amount not chargeable tax)
Business	Total sales/Turnover/ Gross receipts	Exceeds 1 crore	Not applicable
Profession	Gross receipts	Exceed 25 lakhs	Not applicable
Business (Sec 44AE/ 44BB/44BBB)	Income	Lower than specified limit	Not applicable
Business (Sec 44AD)	Income	Lower than 8%	Applicable

Tax audit report:

Every person to whom tax audit is applicable should get his accounts audited by an accountant before the prescribed due date i.e. 30th September in case of Companies & persons liable for Tax audit under Sec 44AB, 30th Nov in case of persons who is required to furnish a report referred to in section 92E.

Such accountant should give the Audit report and other particulars in the forms prescribed.

The form in which tax audit report should be submitted is classified as follows

- **Form 3CA:** In case of person who is required to get his accounts audited under any other law
- **Form 3CB:** In case of persons who are not required to submit 3CA

The other particulars are required in Form 3CD

Who can be an accountant (Sec 288 of Act, 1961):

A Chartered Accountant defined as per Chartered Accountants Act, 1949 holding valid certificate of practice and except:

In case of Companies:

- A body corporate other than LLP registered under LLP Act, 2008
- An officer or employee of the company
- A person who is a partner or who is in the employment, of an officer or employee of the company
- A person who, or his relative or partner
 - (i) Is holding any security/interest in the company or its subsidiary or of its holding or associate company or subsidiary of such holding company
Provided that the relative may hold security or interest in the assessee of the face value not exceeding one lakh rupees
 - (ii) Is indebted to the company or its subsidiary or is holding or associate company or subsidiary of such holding company, in excess of five lakh rupees
 - (iii) Has given guarantee or provide any security in connection with the indebtedness of any third person to the company or its subsidiary or its holding or its associate or subsidiary of such holding company for value in excess of one lakh rupees
- A person who has direct or indirect business relationship with the company or its subsidiary or is holding or associate or subsidiary of such holding or associate company
- A person who is in the employment as director or whose relative is a director or Key managerial person
- Person who has been convicted for offence by court and a period of 10 years has not been elapsed from such date of conviction
- Any person whose subsidiary or associate company or any other form of entity, is engaged as on the date of appointment in consulting and specialized services
- Person holding appointment as auditor for more than 20 companies

In case of persons other than Companies:

- The assessee himself or in case of the assessee, being a firm or association of persons or Hindu undivided family, any partner of the firm, or member of the association or the family
- Relative of the assessee or the firm
- Employee or officer of the assessee
- An individual who is a partner, or who is in the employment, of an officer or employee of the assessee
- Person having business relationship directly or indirectly with the assessee
- Person who has been convicted for offence by court and a period of 10 years has not been elapsed from such date of conviction
- An individual who, or his relative or partner:
 - (i) Is holding any security of, or interest in, the assessee
Provided that the relative may hold security or interest in the assessee of the face value not exceeding one lakh rupees;
 - (ii) Is indebted to the assessee
Provided that the relative may be indebted to the assessee for an amount not exceeding one lakh rupees;
 - (iii) Has given a guarantee or provided any security in connection with the indebtedness of any third person to the assessee
Provided that the **relative** may give guarantee or provide any security in connection with the indebtedness of any third person to the assessee for an amount not exceeding one lakh rupees.

Requirement of audit under any other law:

If a person is required to get his accounts audited under any other law, then audit under this section is said to be complied with if:

- Such person gets his accounts audited and
- Such audit has been completed before the due date (i.e. due date for Tax audit) and
- Furnishes the audit report required under the other law before the due date and
- Furnishes the audit report in Form 3CA additionally

Penalty for failure to comply with Sec 44AB:

As per Sec 271B, if any person fails to comply with the provisions of the Section 44AB then penalty will be levied by the Assessing officer which will be minimum of the following amounts:

- (i) 0.5% of the Total sales or Gross receipt or Turnover as the case may be or
- (ii) Rs 1,50,000/-

“Talents take you to higher position, but good character helps you to maintain the higher position.”

- Bill Gates

This article is contributed by Md. Sameer Hussain, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

SERVICE TAX**VAT VS. SERVICE TAX ON FOOD SUPPLY IN A RESTAURANT/HOTEL**

Contributed by Uday Kumar P & Vetted by CA Harsha Vardhan K

Introduction:

Till the levy of service tax on restaurant service (w.e.f. 01.05.2011) by the central government, the entire transaction of food supply at a restaurant was subjected to VAT only by the state governments. However, with Central Government's decision to tax certain portion of the total bill (presently 40% of total bill) as service portion involved in supply of food or beverages, there has been overlapping of service tax and VAT levied on total bill value.

In this article, an attempt is made to understand the series of events which has led to the charge of service tax and VAT on the supply of food in a restaurant/hotel.

Background:**Initial attempts to levy Sales Tax on Services involving food supply – Prior to Article 366(29A):**

An attempt to levy sales tax on food supply has been first made by Punjab Government which has been challenged by Associated Hotels of India Ltd. In the case of State of Punjab vs. Associated Hotels of India Ltd, 1972 AIR 1131, the hotelier served meals at stated hours to those who stay at the hotel and a consolidated bill was given to him. There was no break up of amounts pertaining to sale of food and service in such bill.

Here, sales tax was proposed on certain portion of accommodation charges treating it as consideration for supply of food. The issue has gone to the High Court, wherein the High Court after relying on various judgments has concluded that there is no sale involved in such transaction since the parties had never intended to purchase and sale of goods. The revenue has approached the Supreme Court against the High Court order.

The Supreme Court held that the transaction is essentially of service in the performance of which or as a part of the amenities incidental to that, the hotelier served meals at stated hours. Thus, held that the revenue was not entitled to split up the transaction into two parts as one of service and the other of sale of food stuffs so as to bring the later part under the ambit of sales tax.

However, the state governments have been levying sales tax on food supply in restaurants on the basis that the Associated Hotels of India case (supra) was applicable only for composite transactions (to supply of food or drink by a hotelier to a person lodged in the hotel) and that tax was leviable on the direct, isolated sale of foodstuffs by a restaurant.

Later, the Supreme Court in the case of Northern India Caterers (India) Ltd. Vs. Lt. Governor of Delhi (A.I.R. 1978 S.C.1591) has held that service of meals whether in a hotel or restaurant does not constitute a sale of food for the purpose of levy of sales tax but must be regarded as the rendering of a

service in the satisfaction of a human need or ministering to the bodily want of human beings. It would not make any difference whether the visitor to the restaurant is charged for the meal as a whole or according to each dish separately. Accordingly the supreme court has quashed the levy of sales tax on sale of food.

Step taken by central government to enable state governments to tax food supply sales in hotels/restaurants- Insertion of 366(29A):

Consequent to these judgements of Supreme Court, the Central Government, with an intention to enable the State Governments to levy tax on transactions involving supply of food, has amended vide THE CONSTITUTION (Forty-sixth Amendment) Act, 1982, the definition of 'Sale' as appearing in Article 366(29) to include these transactions as deemed sales.

Clause 29A reads as follows- "*tax on the sale or purchase of goods*" includes-

(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

Note that there is no levy of service tax at the time of insertion of clause 29A, as levy of tax on services first began in 1994.

Post insertion of clause (29A) of Article 366 of the Constitution:

Post insertion of clause 29A of article 366, most state governments amended their respective state sales tax act to include the deemed sales as part of definition of the term 'sale' enabling them to levy sales tax on the same.

Now, the question has arisen as to whether sales tax has to be levied on entire consideration received for restaurant service involving supply of food or on part of consideration after excluding value of service component in the transaction.

In the case of K. Damodarasamy Naidu vs. State of Tamil Nadu & Others in February 1990, the levy of sales tax on entire consideration was challenged by the assesses contending that when the transaction has both supply of goods and service portion, it is illegal to tax on the consideration without proper guideline to separate the value for service portion.

However, the Supreme Court ruled that with the insertion of clause (29A) of Article 366 of Constitution, the parliament has given an inclusive definition of 'tax on the sale or purchase of goods' intended to undo the effect of the Supreme Court decisions and it will now be permissible for the State Legislature to levy sales tax where there is supply of goods, being food or any other article for human consumption or any drink, **even though it is by way of or as part of any supply or in any other manner whatsoever.**

In view of this specific expansion of the meaning by the constitutional amendment, the court do not see how any objection can be raised that the supply of foods which were a part of service and which were originally found to be not taxable under the Sales Tax Act by the Supreme Court, cannot even now be taxed by proper legislative enactment.

Thus, the Supreme Court ruled that no distinction is to be made between the supply part and the service part in the supply of food and drinks in a hotel. Also, the argument of assesses that attempt to levy sales tax on entire transaction including service without proper rules to separate service portion from the total value of transaction, has been quashed by the Supreme court, taking stand that, with amendment in definition of 'sale' thereby inserting 'deemed sales' in the definition, the States have got the authority to tax entire transaction including service portion.

Since then, the trade has been accustomed to pay sales tax (or VAT) on the entire consideration, coming to the general conclusion that transactions involving supply of food or beverages are prima facie 'sales' thus subject to Sales tax on entire value.

Subsequently, appeals have been filed for the case (K. DamodarasamyNaidu vs. State of Tamil Nadu & Others AIR 1999 SC 3909) wherein with respect to supplies at restaurants it was held vide para 9 as follows;

"The provisions of Sub-clause (f) of Clause (29A) of Article 366 need to be analysed. Sub-clause (f) permits the States to impose a tax on the supply of food and drink. The supply can be by way of a service or as part of a service or it can be in any other manner whatsoever. The supply or service can be for cash or deferred payment or other valuable consideration. The words of Sub-clause (i) have found place in the Sales Tax Acts of most States and, as we have seen, they have been used in the said Tamil Nadu Act. *The tax, therefore, is on the supply of food or drink and it is not of relevance that the supply is by way of a service or as part of a service.* In our view, therefore, the price that the customer pays for the supply of food in a restaurant cannot be split up as suggested by learned Counsel. The supply of food by the restaurant owner to the customer, though it may be a part of the service that he renders by providing good furniture, furnishing and fixtures, linen, crockery and cutlery, music, a dance floor and a floor show, is what is the subject of the levy." (Para 9)

Thus the Supreme Court had interpreted the language of Article 366(29A)(f) and held that supply of food in a restaurant is by way of a service and States can impose tax on the entire transaction value of restaurant sales.

With respect to food supplies in residential hotel accommodations where the supply of food is as part of hotel accommodation service, it was vehemently pleaded by petitioners that residential hotels may provide only lodging or lodging and boarding involving breakfast alone, breakfast, lunch and dinner or breakfast and one meal. Tax could not be levied on these composite transactions involving boarding and lodging unless the State make Rules which set down formulae for determining that component of the composite charge which was exigible to the tax on food and drink.

The important point to notice here is that the Learned Counsel for the States had not put forward any argument that entire value of composite charge would be subject to VAT. It was only argued that no rules were necessary for assessment as the officers would undertake assessments depending upon the facts of each individual case. But the Supreme Court ordered the State Governments for Rules to be prescribed for separation of the value of services from food supply in composite charge made by residential hotels with the reasoning that it is impossible to carry out assessments of several thousands of assessees by considering facts of each case and further it would lead to arbitrariness.

Thus Supreme Court had made a clear distinction between supply of food at restaurants and that supplied by residential hotels. After 46th amendment, it appears to have laid out or at least agreed to the principle that State Governments can levy Sales Tax on the entire transaction value in case of restaurants though services are also involved in such supply in view of the clear provisions of Article 366(29A)(f) i.e. a tax on the supply, by way of or as part of any service or in any other manner whatsoever. Wherever separate discernable services (which can be provided independently also without food supply) are involved along with food supply like lodging/accommodation services, Sales Tax is restricted to the value of food supply involved in such transaction.

Levy of service tax on Restaurant services w.e.f. 01.05.2011:

For around a decade after the judgement given by Supreme court in case of K. Damodarasamy Naidu vs. State of Tamil Nadu & Others AIR 1999 SC 3909, the trade was of opinion that the issue of taxing on food supply in restaurant service and sales tax was paid on entire consideration. It is for this reason that the decision of central government to levy service tax on service portion involved in food supply came as a jolt to the trade.

The Central government brought restaurant service (with certain conditions), under the ambit of service tax levy vide sub clause (zzzzv) of clause 105 of Section 65 of the Finance Act, 1994, which reads as follows:

“Services provided or to be provided to any person, by a restaurant, by whatever name called, having the facility of air-conditioning in any part of the establishment, at any time during the financial year, which has licence to serve alcoholic beverages, in relation to serving of food or beverage, including alcoholic beverages or both, in its premises.”

and

on hotel accommodation vide sub clause (zzzzw) of clause 105 of Section 65 of the Finance Act, 1994, which reads as follows:

“Services provided or to be provided to any person, by a hotel, inn, guest house, club or camp-site, by whatever name called, for providing of accommodation for a continuous period of less than three months”

Central Government, through amendment of Service Tax (Determination of Value) Rules, 2006 in 2012, stated that value of service portion in case of restaurant service shall be 40% of total amount charged and in case of outdoor catering to be 60% of total consideration.

Taking stand that serving of food or beverage including alcoholic beverages represents only sale of goods which squarely falls under Entry 54 of List II (State List) of the 7th schedule to the Constitution of India and therefore within the exclusive competence of the State Legislature, the trade challenged in courts as to the legislative competence of the Parliament to impose a tax on sale of goods which is absolutely the domain of the state legislation.

Thus, the constitutional validity of Service tax on restaurant services has been a subject matter of consideration before several High Courts. Kerala High Court and Maharashtra High court took divergent views on this issue placing reliance on different cases.

In the case of Kerala Classified Hotels and Resorts Association vs. UOI, 2013-TIOL-533-HC-Kerala-ST, initially, the single Judge held that the matters covered in the sub clauses (zzzv) and (zzzw) of Section 65(105) were enumerated in Entries 54 and 62 of the State List, whereby the State government has the exclusive right to tax on the same and hence, the Parliament did not have the legislative competence to levy tax thereon. Thus, the Kerala High Court held that levy of service tax on restaurant services is unconstitutional.

Later on, In the case of Indian Hotels & Restaurant Association vs. UOI, 2014-TIOL-498-HC-MUM-ST, the Mumbai High Court refused to place any reliance in the single member bench decision of Kerala High Court in the case of Kerala Classified Hotels and Resorts Association and thereby upheld the levy of Service tax on the services rendered by restaurants under clause (zzzzv) of section 65(105) of the Finance Act, 1994. The court placed reliance on the case of Tamil Nadu KalyanaMandapam Owners' Association vs. Union of India & Others, 2004, wherein it was held that Article 366(29A)(f) only permits the State to impose a tax on supply of food and drinks by whatever mode it may be made which does not conceptually include the supply to services within sale or purchase of goods.

The revenue, thus, after Mumbai High Court's judgement upholding levy of Service tax on restaurant service, went into appeal against the decision of the single Judge in case of Kerala Classified Hotels and Resorts Association vs. UOI, 2013. However, the Division bench upheld the decision of the single Judge and confirmed that levy of Service tax on supply of food and beverages in an air-conditioned restaurant and on accommodation in hotels, inns etc. under sub-clauses (zzzzv) and (zzzzw) of Section 65(105) respectively is unconstitutional. The Court held that even the service part involved in the supply of food and beverages is deemed as a sale to enable the States to impose tax thereon. Hence, having characterised constitutionally the subject matter of supply of food in a restaurant, including the service part of it, as a sale, the Parliament cannot characterise the same transaction as a service for imposition and levy of Service tax.

As of now, there is no clarity as to constitutional validity of levy of Service tax on Restaurant services and Hotel accommodation services. However, the revenue authorities have been collecting service tax on these services and also, restaurant services now fall under major revenue generating category (service). Thus, the Supreme Court has to put an end to this ambiguity for the benefit of industry.

Conclusion:

In the view of the paper writer, the reason for which courts are rejecting constitutional validity of levy of service tax on service portion of transactions involving food supply is, for all the years till 2011, Sales Tax was collected, stating that the transaction is entirely sale. Now, if the courts upheld the levy of service tax on restaurant services, it has the meaning that the Government has been collecting sales tax on entire value including service portion, which is ultra vires the constitution. **Article 265 of Constitution of India reads "No tax shall be levied or collected except by the authority of law."**

Thus, the only concrete solution for the Indian government to address this issue is introduction of GST, wherein all goods and services are taxed on the same line and both state and central governments have power to collect tax on the same.

Also, though the issue is before several High Courts, the Central Revenue is still reaping the service tax collection on restaurant services and State Revenue is charging VAT on entire bill value including service tax (which is yet another litigated issue), which ultimately has to be borne by consumers.

"If a plan doesn't work change the plan but never the goal."

This article is contributed by Udaykumar P, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

AUDIT

METHODS OF AUDIT SAMPLING

Contributed by A Sai Ram & Vetted by CA Sandeep Das |

Introduction:

SA530 deals with Audit sampling. It came into effect from 1st April 2009. It deals with the Auditor's use of statistical and non-statistical Sampling when designing and selecting the audit sample and evaluating results from the sample.

The application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the Auditor with a reasonable basis on which to draw conclusions about the entire population.

The objective of the Auditor, when using audit sampling, is to provide a reasonable basis for the Auditor to draw conclusions about the population from which the sample is selected.

Methods of Audit Sampling:

Sampling Methods are of two types:

- Statistical method
- Non-statistical method

Statistical method:

i. Random sampling method:

It is a method in which every item will be given equal opportunity to be selected in the sample

There are two types of random sampling

(a) Simple random sampling: In this method each item of population has equal chance of selection. It is suitable for homogeneous population (i.e. Population having similar items)

(b) Stratified random sampling: In this method, the entire population is divided into separate groups called strata. Each stratum is treated as a separate population and random selection is made from each stratum. This method is an extension of simple random sampling.

Example: The controls in the organization is designed in the following manner

Transactions **above Rs. 2,00,000/-** require approval from Manager

Transactions **above Rs. 10,000/-** and **below Rs. 2,00,000/-** require approval from Asst. Manager

Transactions **below Rs. 10,000/-** doesn't require any approval.

Solution: Thus as per the stratified random sampling, population is divided into the following strata's

Transactions **above Rs. 2,00,000/-**

Transactions **ranging between Rs. 2,00,000/- and Rs. 10,000/-**

Transactions **below Rs. 10,000/-** and picking samples from above strata's randomly. This enables the auditor to evaluate controls established by the management and form an opinion about its effectiveness.

Advantages of Random Sampling:

1. Simple to use
2. Needs minimum knowledge of population.

Limitations of Random Sampling:

1. It lacks the use of available knowledge concerning the population and
2. Selection of sample becomes difficult if the units or items are **widely dispersed**.

ii. Systematic sampling method:

Under this Method items are chosen in such a way that there is constant interval between the sections. This method will be more appropriate in case of the population doesn't correspond to a particular trend. Systematic sampling can further be classified into two types:

- a) **Block sampling:** Block sampling involves selection of a block of adjoining items within the population.

Example: First 100 purchase invoices for month of November.

- b) **Cluster Sampling:** In this type of sampling population is divided into groups called cluster. And then a number of clusters are selected on random basis.

Example: 1000 sale invoices are divided into 10 clusters having 100 items each. Randomly 3rd, 6th and 9th clusters are chosen.

Advantages of systematic sampling: Simple method akin to Judgmental sampling.

Limitations of systematic sampling: This technique is ineffective when the samples selected have similar characteristics and thereby is less effective than random sampling since each item is selected in a systematic manner and not randomly.

iii. Monetary unit sampling:

Under this method the total monetary value of the population to be verified is divided by the number of samples to be selected. The amount arrived at is considered the benchmark for the sample selection and the transaction at which the cumulative amount touches the benchmark or the multiples of the benchmark amount is included in the list of samples to be vouched.

Example:

Total Monetary Value Rs.	8,70,000/-
Desired Sample	3
Benchmark	Rs. 2,90,000/-

Solution:

S.No	Sale value (in Rupees)	Cumulative Sale value(in Rupees)	Sample to be selected/Not selected
1	1,20,000	1,20,000	No
2	70,000	1,90,000	No
3	1,30,000	3,20,000	Yes
4	50,000	3,70,000	No
5	2,00,000	5,70,000	No
6	1,00,000	6,70,000	Yes
7	1,50,000	8,20,000	No
8	50,000	8,70,000	Yes

Non-statistical method:

- i. **Judgmental Sampling:** This method is a non-Probability method where the sample is selected as per the knowledge, experience and professional judgment of the Auditor.

Advantages of judgment sampling are it saves **time** and **cost**.

Limitations of judgment sampling are **low level of reliability** and **high levels of bias**.

Conclusion:

Thus Audit sampling enables the auditor to focus more on samples selected and helps to provide a reasonable assurance to draw conclusions about the population.

As the present era has taken a huge shift towards technological advancements, the usage of the above methods of sampling has been further supplemented by greater usage of data analysis technology.

"Life is not about finding yourself. Life is all about creating

-George Bernard Shaw

This article is contributed by A Sai Ram, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

FEMA UPDATES**RULES, CIRCULARS AND NOTIFICATIONS ISSUED DURING THE MONTH OF MAY, 2016**

Contributed by Supriya & Vetted by CA Murali Krishna G |

1. Regulations issued under the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 have been repealed and superseded by the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015. The new regulations have been notified vide Notification No. FEMA. 23 (R)/2015-RB dated January 12, 2006 and have come into force with effect from January 12, 2016
2. Authorized persons, who are Indian Agents under Money Transfer Service Scheme are required to submit quarterly statement of the quantum of remittances received in the prescribed format are now advised to report the same in eXtensible Business Reporting Language (XBRL) system from the quarter ending June 2016. RBI vide **A.P. (DIR Series) Circular No.70** has been released by RBI dated May 16, 2016
3. Authorized Dealer Category-1 were required to submit statement E on total remittances received every quarter are now advised to report the same in eXtensible Business Reporting Language (XBRL) system from the quarter ending June 2016. In relation to the RBI vide **A.P. (DIR Series) Circular No.71** has been released dated May 19, 2016
4. Procedure for channelling the instructions through Asian Clearing Union was detailed in **Memorandum ACM** which was issued on February 17, 2010 as amended from time to time. As per the paragraph 11 of the Memorandum the minimum amounts and the multiples in which Reserve Bank receives and pays U.S Dollar/ Euro is \$ 25,000/€ 25,000 and \$ 1,000/€ 1,000 respectively. It has been decided to revise the minimum amount and multiples in which Reserve Bank will receive and pay for the purpose of funding or for repatriating the excess liquidity in the ACU Dollar and the ACU Euro accounts to \$ 500/€ 500.
5. The Reserve Bank was, vide GSR 609 (E) dated September 13, 2004 empowered to compound all the contraventions of Foreign Exchange Management Act, 1999 (FEMA) except section 3(a) of FEMA. To ensure more transparency and greater disclosure, it has now been decided

a. Public Disclosure of Compounding Orders:

Hosting of compounding orders passed on or after June 1, 2016 on the website of Reserve Bank of India (www.rbi.org.in)

b. Public disclosure of guidelines on the amount imposed during compounding

As per the provisions of Section 13 of FEMA the amount imposed can be up to 3 times of the amount involved in the contravention. However, the amount imposed is calculated based on the guidance note given. It has been decided to put the guidance note on the Website of Reserve Bank of India (www.rbi.org.in)

This article is contributed by Supriya N, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

COMPANIES ACT UPDATES**RULES, CIRCULARS AND NOTIFICATIONS ISSUED DURING THE MONTH OF MAY, 2016**

Contributed by Bhavani K & Vetted by CS Phanindra DVK |

RULES❖ **The Companies (Registration Offices and Fees) Amendment Rules 2016, Dt:06.05.2016.**

Vide the above amendment rules, Form No.GNL-1 (Form for filing application with ROC) & Form GNL-4 (Form for filing addendum for rectification or defects or incompleteness) have been notified. Click below for Complete Rule http://www.mca.gov.in/Ministry/pdf/Rules_09052016.pdf

❖ **The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016, Dt:23.05.2016.**

Vide the above amendment rules, the Rule 4(2) (relating to implementing CSR activities either directly or through an external agency, and criteria thereof) stands substituted with a new sub-rule. Click below for Complete Rule http://www.mca.gov.in/Ministry/pdf/Notification_CSR_30052016.pdf

❖ **The Companies (Authorised to Register) Amendment Rules, 2016, Dt:31.05.2016.**

Vide the above amendment rules, certain provisions in the principal rules stand amended, so as to contain the mention of "Partnership Firm", in addition to LLPs, which seem to have inadvertently missed out in the principal rules. Further a fresh Form URC-1 (Being the application for conversion) was also notified. Click below for Complete Rule http://www.mca.gov.in/Ministry/pdf/NotificationOrder_01062016.pdf

CIRCULARS❖ **General Circular No.5, Dt:16.05.2016:**

Vide General Circular No.5, Ministry has given clarification with regard to provisions of Corporate Social Responsibility under section 135 of the Companies Act, 2013, that while undertaking CSR activities under the Act, companies shall not contravene any other prevailing laws of the land including Cigarettes and Other Tobacco Products Act (COTPA), 2003. Click below for the Circular http://www.mca.gov.in/Ministry/pdf/General_circular05_16052016.pdf

❖ **General Circular No.6, Dt:16.05.2016:**

Vide General Circular No.6, Ministry had extended the relaxation as granted vide General Circular No.3, Dt:12.04.2016, thereby there is a onetime waiver of additional fees, applicable to all forms due for filing by companies between **25.03.2016 to 31.05.2016**, and the last date for filing the forms and availing benefit extended upto**10.06.2016**. Click below for the Circular http://www.mca.gov.in/Ministry/pdf/General_circular_16052016.pdf

❖ **General Circular No.7, Dt:31.05.2016:**

Vide General Circular No.7, Ministry has further extended the relaxation as granted vide General Circular No.3, Dt:12.04.2016 and General Circular No.6, Dt:16.05.2016, thereby there is a one time waiver of additional fees, applicable to all forms due for filing by companies between **25.03.2016 to 30.06.2016**, and the last date for filing the forms and availing benefit extended upto **10.07.2016**. Click below for the Circular http://www.mca.gov.in/Ministry/pdf/GeneralCircular07_31052016.pdf

NOTIFICATIONS❖ **Designation of Special Courts under section 435 of the Companies Act, 2013:**

Ministry vide Notification Dt:18.05.2016, has designated the following courts as Special Courts, pursuant to Section 435 of the Companies Act, 2013, for the purpose of trial of offences punishable with imprisonment of 2 years or more. Extract of the notification is as below. Click below for the Complete Notification http://www.mca.gov.in/Ministry/pdf/NotificationOrder_19052016_2.pdf

EXISTING COURT	JURISDICTION AS SPECIAL COURT
Courts of Additional Special Judge, Anti - Corruption at Jammu and Srinagar	State of Jammu and Kashmir
Presiding Officers of Court No's. 37 and 58 of the City Civil and Sessions Court, Greater Mumbai	State of Maharashtra
Court of Principal District and Sessions Judge, Union territory of Dadra and Nagar Haveli at Silvassa	Union Territories of Dadra and Nagar Haveli and Daman and Diu
Court of District Judge-1 and Additional Sessions Judge, Panaji	State of Goa
Court of Principal District and Sessions Judge, Ahmedabad (Rural), situated at Mirzapur, Ahmedabad	State of Gujarat
9 th Additional Sessions Judge, Gwalior, Madhya Pradesh	State of Madhya Pradesh
Court of Additional District and Session Judge, Port Blair, Andaman and Nicobar Islands	Union territory of Andaman and Nicobar Islands.
2 nd Special Court, Calcutta.	State of West Bengal

❖ **Commencement of various provisions relating to Special Courts (Chapter 28):**

Vide NotificationDt:18.05.2016, the Ministry has notified that with effect from 18.05.2016, the provisions of clause (iv)of sub-section (29) of section 2, sections 435 to 438 (both sections inclusive) and section 440 of the said Act shall come into force.Click below for the Complete Notification http://www.mca.gov.in/Ministry/pdf/NotificationOrder_19052016_1.pdf

This article is contributed by Bhavani K, Intern of SBS and Company LLP. The author can be reached at interns@sbsandco.com

INTERESTING FACTS**INTERESTING FACTS**

Contributed by V. Sai Aditya & Priya Singh |

1. What is the National Language of India??

Generally, when we hear this question the immediate answer which comes out without a second thought is "Hindi".

As a matter of fact, there is no trace of any provision that had been made or order issued declaring Hindi as a National Language of our country.

However, under article-343 of the constitution of India: -

- (a) Hindi in Devanagari script is the first **official language** of India.
- (b) English is the second **official language** of India.

Source: www.thehindu.com

2. What is the National Game of India??

Hockey is not the National Game of India.

The Ministry of Youth Affairs says that the country doesn't have a National Game as no game has been notified as such.

The response from the ministry has come on an RTI query from a ten-year-old girl, AishwaryaParashar, who has grown learning in school books that hockey is the national game of the country and was the first non-European team to be a part of the Indian Hockey Federation. The Indian men's field hockey team is the most successful team in Olympic history with 8 gold, 1 silver, and 2 bronze medals.

Source: www.timesofindia.indiatimes.com

3. How many times the tax amount collected and cost for collection of tax is multiplied during 2004-2014??

In terms of Revenue

Direct Tax amount collected during 2014-15 is 524% more than, of what it was collected in 2004-05.

Indirect Tax amount collected during 2014-15 is 317% more than, of what it was collected in 2004-05.

In terms of cost

The cost of collection of tax during 2014-15 is 360% more than, of what it was incurred in 2004-05.

Source: www.incometaxindia.com

4. **India's most prized voter** - A special polling station is set up for a lone voter in the middle of Gir Forest

Bharatdas Darshandas, in his 60's, belonging to Banej village deep in the Gir forest in Junagadh, was the privileged voter again (in 2014) as the Commission had set up a booth solely for him in Una Assembly constituency. Darshandas is a temple priest. If the booth is not set up he would have to travel 20 km to cast his vote. The voter, not afraid of lions of the sanctuary, has been there for the last 12 years and has voted in the 2009 and 2012 polls too.

Source: www.thehindu.com

5. Floating Post Office in India

India has the largest postal network in the world with over 1, 55,015 post offices. A single post office on an average serves a population of 7,175 people. The floating post office has been working in the alluring Dal Lake of Srinagar since August 2011. The floating post office, besides offering regular postal services, is also home to philately museum and also has a shop that sells postage stamps and other products associated with postal department. Dal Lake is home to large number of floating boats or 'shikaras' that serve the tourists that visit the valley.

A unique aspect of this floating post office is that any letter which gets posted from this post office has a special design that features the backdrop of the picturesque Dal Lake and also of Srinagar city.

Source: www.ndtv.com

6. India's first rocket was brought on bicycle and started from a Church

In 1963 Indian Space Research Organization (ISRO) launched its first rocket from Thumba Equatorial Launching Station. The station had a single launch pad in the midst of coconut plantations. A local Catholic Church the St Mary Magadlene's Church served as the main office for the scientists. The bishop's house was converted into a workshop. A Cattle shed became the laboratory in which young Indian scientists like Abdul Kalam Azad worked and the rocket was transported to lift-off pad on a "bicycle". The second rocket, which was launched sometime later, was a little bigger and heavier and it was transported in a bullock cart for the lift off.

Source: www.financialexpress.com

*This article is contributed by V. Sai Aditya & Priya Singh, Interns of SBS and Company LLP.
The author can be reached at interns@sbsandco.com*

SATURDAY SESSIONS

S.No.	Event	Date	Speaker	Venue
1	Preparation of CMA Model	11/06/2016	Jhansi	SBS - Hyd
2	SA 500 "Audit Evidence"	11/06/2016	Samatha	SBS - Hyd
3	Compliance Check Under Indirect Tax	18/06/2016	Priya	SBS - Hyd
4	SA 505 "External Confirmation"	18/06/2016	Madhuri	SBS - Hyd
5	SA 315 "Identifying & Assessing the risk of Material misstatements through understanding entity & IT's environment"	25/06/2016	Ashok	SBS - Hyd
6	Income from other sources	25/06/2016	Sai Krishna	SBS - Hyd
7	Board Meetings Vs General Meetings of the Company	02/07/2016	Venkat Krishna	SBS - Hyd
8	SA 700 "Forming an Opinion and Reporting on Financial Statements"	02/07/2016	Bhavani	SBS - Hyd



***An Insight on Levy of Service Tax on Aggregator Services
- P.Uday Kumar***



SA 530 - Audit Sampling - A.Sai Ram



SA 520 - Analytical Procedures - G.Chandrashekar



CARO 2016 - Disha Maheswari - ICAI Hyd. Branch

© All Rights Reserved with SBS and Company LLP



Hyderabad: 6-3-900/6-9, #103 & 104, Veeru Castle, Durganagar Colony, Panjagutta, Hyderabad, Telangana

Kurnool: No. 302, 3rd Floor, V V Complex, 40/838, R.S. Road, Near SBI Main Branch, Kurnool, Andhra Pradesh

Nellore: 16-6-259, 1st Floor, Near Santi Sweets Opp: SBI ATM, Vijayamahal Centre, SPSR Nellore, Andhra Pradesh

Tada: 8-3-425/2, Flat No. 202, 2nd Floor, Bigsun Avenue, Near SRICITY, TADA, SPSR Nellore Dist, Andhra Pradesh

Visakhapatnam: # 39-20-40/6, Flat No.7, Sai Yasoda Apartments, Madhavadhara, Visakhapatnam (Urban), Vizag, Andhra Pradesh

Bengaluru: B104, RIRCO, Santosh Apartments, Wind Tunnel Road, Murugeshpalya, Old Airport Road, Bangalore – 560017, Karnataka.

Disclaimer:

*The articles contained in **SBS Interns' digest**, are contributed by the respective resource persons and any opinion mentioned therein is his/their personal opinion. **SBS Interns' digest** is intended to be circulated among fellow professional and clients of the Firm, to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). The information provided is not for solicitation of any kind of work and the Firm does not intend to advertise its services or solicit work through **SBS Interns' digest**. The information is not intended to be relied upon as the sole basis for any decision. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.*

SBS AND COMPANY LLP [Firm] does not endorse any of the content/opinion contained in any of the articles in **SBS Interns' digest**, and shall not be responsible for any loss whatsoever sustained by any person who relies on the same.

To unsubscribe, kindly drop us a mail at interns@sbsandco.com with subject 'unsubscribe'.