

Editorial Board

Chief Editor

CA. Rakesh Jhalani 9829064513

Dy. Editors

CA. Ashok Kumar Jain 9414078881

(Harkawat)

CA. Pramod Kumar Boob 9829015993

CA. Sushil Kumar Jalan 9414070306

Members

CA. Ajay Vijayvargiya 9314075152

CA. Dinesh Vijay 9314534594

CA. G P Gupta 9414049571

CA. Himmat Singh 9828123043

CA. Manoj Modi 9414079645

CA. Narendra Mittal 9928170500

CA. Rajesh Deedwania 9414075400

CA. Ravindra Badaya 9829063867

CA. S S Dhaked 9314561094

CA. Surendra Shah 9829060048

CA. Yash Daddha 9829186074

CA. Vijay Jain 9829060913

CA. Vijendra Bangar 9414070501

CA. Vinod Gandhi 9414075122

Managing Committee

Chairman : CA. Rakesh Jhalani
 Vice Chairperson: CA. Deepika Agarwal
 Secretary : CA. Ashok Kumar Jain
 (Harkawat)

Treasurer : CA. CL Yadav
 Member : CA. Ram Manohar
 Member : CA. Sharad Kabra
 Member : CA. Manish Borad
 Member : CA. Vivek Chatter

Ex-Officio :

CA. Vijay Garg, Member Central Council
 CA. Pawan Parashar, Member Regional Council
 CA. Nitin Vyas, Member Regional Council

Published by : **S.C. Chaturvedi**, Administrative Officer
 on behalf of The Institute of Chartered Accountants of India
 JAIPUR (CIRC)
 ICAI Bhawan, D-1, Institutional Area, Jhalana Doongari, Jaipur-4
 Ph. 0141-3989398/3044200/3044214 • Fax : 0141-3044215
 E-mail : jaipur@icai.org, jaipur@icai.in • Website : icaijaipur.org

Designed & Printed at :

Ganesh Art Printers

J-51, Krishna Marg, C-Scheme, Jaipur-302 001 (Rajasthan)
 Phone : 0141-2364472

Mobile : 9829074472, 94140-47472

Congratulations



CA. Sunil Goyal Ji
 President ICAI 2004-05

Being Nominated
 as
 Director
 in
 United Bank of India

Congratulations



CA. G. P. Gupta

Being Nominated
 as
 Director
 in
 State Bank of India
 (Bhopal Circle)

Congratulations



CA. Rajesh Deedwania

For
 Awarded
 CRISC Certificate
 by
 ISACA, U.S.

From the desk of Secretary.....

During the month of August, the Jaipur Branch was overwhelmed by the dignified presence of various eminent personalities namely CA. G Ramaswamy, President, ICAI, CA. Jaydeep N Shah, Vice President ICAI, Mrs. Jyoti Khandelwal, Mayor, Jaipur, CA. Vijay Garg, Central Council Member ICAI and CA Vivek Khanna, Chairman CIRC. Also various central council members and regional council members also visited branch during the month. This month Jaipur Branch was awarded with the opportunity to host the "Convocation 2011". Three batches of GMCS, an important part in the journey of CA Course were also inaugurated during this month. A seminar on Tax Audit was also organized and various study circle meetings were held during the month. Also, Valediction of GMCS Course of three batches was successfully organized. The Details of the activities held during these months are as follows:

01. Valediction of GMCS Batch No. 77 (5.8.11)

Jaipur Branch organized Valediction of GMCS Batch No. 77 on 5.8.11. CA. Sunil Goyal, Former President ICAI was the Chief Guest. He addressed the participants and distributed certificates to them. CA. Rakesh Jhalani, Chairman, CA. Ashok Kumar Jain (Harkawat), Secretary, Jaipur Branch were also present. CA. S K Jalan

convened the programme. There were 53 participants in that batch.



02. Study Circle Meeting on Revised Schedule VI of Companies Act 1956 (6.8.2011)

The Jaipur Branch organized a Study Circle Meeting on Revised Schedule VI of Companies Act 1956 on 6.8.2011 at ICAI Bhawan with a motive to update the knowledge of members. CA. Bhupendra Mantri was the eminent speaker.

03. Valediction of GMCS Batch No. 78 & 78A (11.8.11)

Jaipur Branch organized Valediction of GMCS Batch No. 78 & 78A on 11.8.11. CA. Pramod Patni, Senior Chartered Accountant was the Chief Guest. He addressed the participants and distributed certificates to them. CA. Rakesh Jhalani, Chairman, CA. Ashok Kumar Jain (Harkawat), Secretary, Jaipur Branch were also present. There were 50 participants in each batch.

04. Inauguration of GMCS Batch No. 79 & 80 (11.8.11)

Jaipur Branch organized inauguration of GMCS Batch No. 79 & 80 from 11.8.11. Sh.

Ashwani Kumar Sharma, Technical Director, RAJCOM Ltd. was the Chief Guest. He inaugurated the batch by lighting the lamp. He addressed the participants and expressed his best wishes for their bright future. CA. Rakesh Jhalani Chairman, CA. Deepika Agrawal, Vice Chairperson, Jaipur Branch were present. CA.S K Jalan convened the programme.

05. Members Family Picnic at Bairath Farm House, Ajmer Road, Jaipur (14.8.2011):

On 14.8.2011 to provide the CA members a relief from their hectic and cumbersome schedule, Jaipur Branch organized "Members Family Picnic" at Bairath Farm House, Ajmer Road, Jaipur. CA members enjoyed the whole day along with their kith and kins to the fullest. Main attraction of the picnic were swimming, rain dance, housie, bumpy-jumpy for kids etc. Also, various competition were organized for ladies. Children also enjoyed a lot of programmes organized for them, the Jaipur Branch gave gifts to all children present there. The Jaipur Branch is very thankful to Sh. H.C. Jain for providing farm house.

06. Independence Day Celebration (15.8.2011):

With the strong patriotic feeling, the Jaipur Branch celebrated the Independence Day on 15.8.2011. On this

occasion CA. Rakesh Jhalani, Chairman, Jaipur Branch along with Managing Committee Members hoisted the national flag. Senior Chartered Accountants Members also attended the programme.

07. Convocation 2011 (16.08.2011)

The Convocation Programme for the Newly enrolled Associate Members of the Institute from Central Region (covering the states of Rajasthan and MP) was successfully held at SMS Convention Centre, Jaipur on 16.8.2011.

CA. Rakesh Jhalani, Chairman Jaipur Branch welcomed the President and Vice President of ICAI, Chairman CIRC, Central Council Member, Regional Council Members, Past President of ICAI, Past council Member and all other dignitaries He expressed his thanks to President, ICAI for giving the opportunity to Jaipur Branch to host the Convocation 2011. He also congratulated the budding CA Members for becoming the part of this noble and esteemed profession.

CA.G Ramaswamy, President-ICAI was the Chief Guest and Mrs. Jyoti Khandelwal-Mayor Jaipur and CA. Jaydeep N Shah, Vice President, ICAI were the guest of honour. They inaugurated the function by lighting the lamp and conferred the merit certificates to rank holders. They also addressed the newly qualified Chartered

Accountants and congratulated them for being enrolled as new member of the ICAI. CA. Vijay Garg, Central Council Member ICAI administered the oath to the newly enrolled members. At the end CA Vivek Khanna, Chairman CIRC posted the vote of thanks.

08. Study Circle Meeting on Use of ICAI – ROC Software (20.8.2011)

The Jaipur Branch organized a Study Circle Meeting on Use of ICAI – ROC Software on 20.8..2011 at ICAI Bhawan. CA. Saurabh Mishra from Dehli was the eminent speaker.

09. Inauguration of GMCS Batch No. 81 (23.8.11)

Jaipur Branch organized GMCS Batch No. 81 from 23.8.11. CA. Pawan Parashar, Regional Council Member and Chairman CICASA was the Chief Guest. He inaugurated the batch by lighting the lamp and addressed the participants. CA. Rakesh Jhalani, Chairman and CA. Ashok Kumar Jain (Harkawat) Secretary Jaipur Branch were also present.

10. Seminar on Tax Audit (30.8.2011)

The Jaipur Branch organized a Seminar on Tax Audit on 30.8..2011 at ICAI Bhawan. Sh. Brijesh Gupta (DGIT Investigation, Rajasthan) was the Chief Guest and CA.

Manoj Fadnis, Indore, Central Council Member, CA. Rajiv Mehrotra-Kanpur and CA. Rajeev Gupta were the eminent speakers. CA. Sunil Bhargava was the Session Chairman. On this occasion CA. Sunil Goyal, Former President of ICAI and CA. G P Gupta were also felicitated on being nominated as Directors in United Bank of India and State Bank of India respectively.

In this way, the Month of August was full of various activities. The Branch will look forward to organize more Study Circle Meeting, workshops and seminars so that knowledge of the members can be upgraded. I heartily welcome your valuable suggestions for making the functioning of Jaipur Branch more efficient and useful for all of us.

CA. Ashok Kumar Jain

Secretary

Mobile: 09414078881

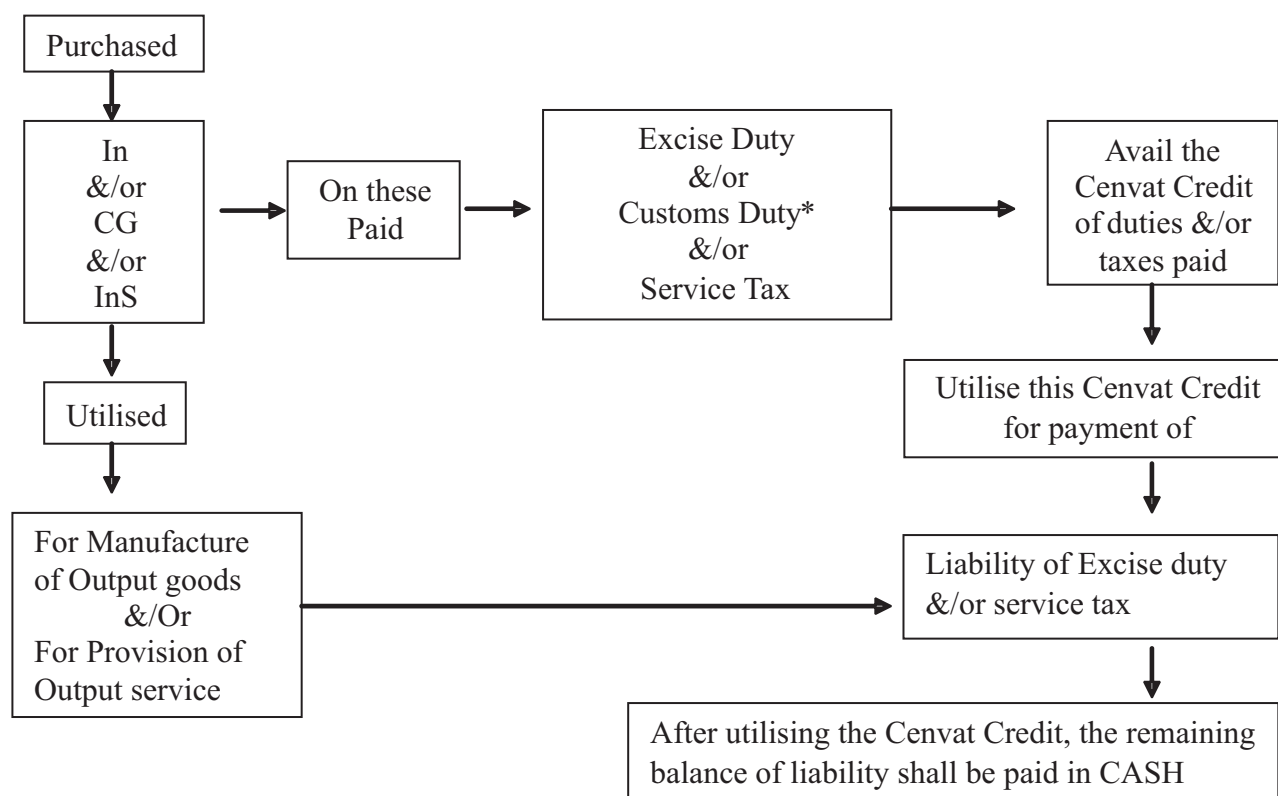
E-Mail : harkawat205@yahoo.com

FUNDAMENTALS OF CENVAT CREDIT

Compiled By:
CA. Yashvant Mangal

HOW CENVAT CREDIT OPERATES:

A business enterprise procures Inputs (In), Capital Goods (CG) and Input services (InS) for the manufacture of dutiable goods & / or for providing taxable services. Now CENVAT Credit (CC) operates in the following manner:



Here is an example which will help in understanding the operation of Cenvat Credit:

	Amount (Rs.)
Purchase of In, CG, InS	100
Excise Duty / Customs Duty* / Service Tax paid (say 10%)	10
Total	110
Avail Cenvat Credit (Debited in Cenvat Credit Account)	10
Cost to be charged to P&L Account	100
Value Addition	40
Value of Output goods / service	140
Excise Duty / Service tax liability (say 10%)	14
Total	154
Now for discharging liability of Excise duty or Service tax (Rs. 14) on output goods or output services, utilize the Cenvat Credit of Rs. 10 and pay Rs. 4 in Cash to the Government.	

Points to be noted:

1. No CENVAT Credit shall be taken of the duty or tax paid on any goods or services that are not inputs or capital goods or input services as per definition given under CENVAT Credit Rules, 2004.
2. No CENVAT Credit will be allowed if the final product or output service is exempt or non taxable.
(i.e. if Inputs, Capital Goods or Input Services are used exclusively for the manufacture of exempt goods or for provision of exempt services, then CENVAT Credit will not be allowed in respect of such Inputs, Capital Goods or Input Services.)
3. Now the question will arise regarding the admissibility of the CENVAT Credit of duties or taxes paid on Inputs, Capital Goods or Input Services which have been commonly used for the manufacture of dutiable goods as well as exempt goods and / or for providing the taxable services as well as exempt services. For this explanation is as under:
 - i) In respect of Inputs and / or Input Services – Proportionate CENVAT Credit will be allowed in proportion of their use in the dutiable goods or taxable services; or as per other options given under Rule 6 of CENVAT Credit Rules, 2004.
 - ii) However, in respect of Capital Goods the whole of the credit of duty paid on Capital Goods shall be available even if such Capital Goods is partially used for manufacture of taxable goods or for provision of taxable services.
4. No input output correlation is required. One to one correlation between inputs / input service and final products / output service is not required. It means, the Cenvat Credit earned on any input / input service can be utilized for payment of excise duty on any of the final product or service tax on any output service.
E.g. From Input X, final product Y is manufactured and from Input A, final product B is manufactured. The CENVAT Credit of input X can be utilized for payment of duty on final product Y & B both. Similarly, CENVAT Credit of input A can be utilized for payment of duty on final product Y & B both.
5. Cenvat Credit lawfully earned on a commodity could be utilized even after withdrawal of eligibility of Cenvat for that particular commodity.
6. The Cenvat Credit once lawfully taken, can never be required to be reversed, unless it is specifically provided in the law.
7. Any penalty or interest cannot be paid by utilizing the CENVAT credit.

***CENVAT Credit in respect of Customs duty paid on Import of goods:**

In case of import of goods, out of the total Customs Duty paid, CENVAT Credit is allowed only in respect of Additional Customs duty u/s 3(1) of Customs Tariff Act, 1975 (including Education Cess and Secondary & Higher Education Cess paid on this duty) and Additional Customs duty u/s 3(5) of Customs Tariff Act, 1975.

However, Credit of the Additional Customs Duty paid u/s 3(5) of Customs Tariff Act, 1975, cannot be utilized for payment of liability of Service Tax.



LEADERSHIP V-REVERSE SWEEP

Compiled by **CA. Sushil Kumar Jalan**
Email : skjalanca@yahoo.co.uk

Take the last ten years. How many inventions have seen the light of the day. Hardly any. The 19th century and the earlier part of 20th century have seen so many inventions. What about the 21st century. Though, inventions are few and far between, there had been countless and amazing improvements and improvisations. Yes, this era is the era of innovation. We continuously improve upon existing things.



Like in the more competitive format of cricket today, a reverse sweep is an effective way of scoring. It is a cross-batted unorthodox sweep shot played to a low bouncing ball, by kneeling on one knee and swinging the bat around in a horizontal arc close to the pitch, but reversing the blade and sweeping the ball around to the off side from the leg side. This innovative shot effectively defeats the field positions and strategy of the opponent.

Will to Innovate

Great works are the result of great passion. Microsoft and Hewlett Packard are excellent examples.

Some people confuse between innovation and invention. Invention is discovering things that never have been discovered before. Innovation is discovering new ways of creating value.

However innovation today has moved well beyond the scope of labs. There is virtually every company striving to innovate to change, to improve with objective of achieving some new level of competitive advantage.

We in India are accustomed to right hand drive cars with traffic keeping to the left side of the road. Ever tried a left hand drive vehicle in India? Or suppose you were in Dubai or the U.S. where traffic keeps to the right, and were to drive a car for the first time, how would you feel? Scared at first perhaps, or tending to be too cautious, not very sure of yourself; but at the same time very excited about the new experience. This is similar to creative thinking. You start thinking in the way that you have never

thought before. You try and do things differently, and in the process feel all the excitement and invent better ways of doing things.

“Creativity is seeing what everybody has seen and thinking what nobody has thought.”

Creativity is all about thoughts. Thoughts that emerge out of a fertile mind that provide you with insights into the kind of problems you face and how to overcome them.

What is Creativity?

Creativity is nothing but **SEEING WHY AND ASKING WHY NOT**. You will see all fertile and creative minds will look at ideas from this angle and consider various options before zeroing in on the most appropriate one. Applied creativity is what we should be concerned about than mere conceiving of ideas.

Your creative attitude is born out of a preparedness to accept new approaches to problem solving and also in your ability to implement the ideas that get sparked off in your fertile mind.

Creative Thinking

Dreamers are dangerous people. They may achieve what they dream if they wake up and dare to perform. The first step of any creative activity is to dream. Dreams are potent catalysts that trigger off the passion. Once you dream and wake up and you start thinking about the dream, the visualizing of the dream turns it into a vision. Yes, thinking is a very important link between the dream and the vision. The problem with many of is that we think small. When we think small, we fall short of being a visionary.

The magic is in **THINKING BIG**. If you have to grow big, you have to think big. How do you think big? The one and only way is to break loose from all shackles and allow your brain to wander and get to the creative base. You have to think creatively to be a visionary. This is an era of creativity and this fiercely competitive world looks out for new ideas, innovative approaches and breaking of traditional mind sets.

Big scale accomplishments like inventing electricity, sending man to the moon, etc are certainly evidences of creatively thinking. But this should not stop you from being a creative thinker in your right. We are not talking of super intelligent people, we are talking about you and me.

One of the prerequisites of creative thinking is to believe that you can do something difference, a bit better. The second requirement is that you should wrangle out the 'NO' factor from your mind. Standard phrases like, "It will not work", "It is not possible", "It will be a failure", "This has never been the way", are the manifestations of the 'NO' factor floating in your mind. The sooner you get out of these blocks, the better for you and your creative thinking to bloom. The way to do this is to believe that you are beyond impossibilities and then your mind starts working a way out. Yes, it is here you start thinking in a different way. Some call it lateral thinking. This is how creative thinking blossoms in you.

It is very necessary to accept ideas from others in order to stay fresh. Acceptance of ideas from others is the starting point for Creative Thinking. The maxim 'SEE WHY and ASK WHY NOT' works very well in creative thinking.

The underlying factor to be considered in creative thinking is that it should be progressive and not regressive. The best way to consistent creativity is to ask yourself the question, "How can I, do this a shade better?" Well, it again depends on how much YOU think you can do better. They very fact that we are thinking people mean that we can imagine. Only imagination can take you to the exciting realms of creativity. The more you imagine, the more your canvas grows and you have a greater spread to draw.

And so think differently and think creatively.



A SNEAK PEEK INTO GOODS AND SERVICE TAX

Compiled by CA Yash Dhadda

What is Goods & Services Tax?

Goods and Service Tax (GST) is a broad based and a single comprehensive tax levied on goods and services consumed in an economy. GST paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. But being the last person in the supply chain, the end consumer has to bear this tax and so, in many respects, GST is like a last-point retail tax.



Need for GST model in India

Due to the under mentioned structure of Indirect Taxation in India there is a need to bring in the GST model in India:

- There are shortcomings in the structure of VAT at the Central and the State level.
- Several Central Taxes such as additional Customs Duty, surcharges etc. do not form part of the CENVAT chain.
- Present system allows for multiplicity of taxes.
- Many areas of services are left untaxed.
- Increased compliance and administrative cost.

Discussion Paper on GST

The effort to introduce the new tax regime was reflected, for the first time, in 2006-2007 Union Budget Speech of former Finance Minister Mr. P. Chidambaram. Empowered Committee of State Finance Ministers has been working with the Central Government to prepare a roadmap for introducing a national level GST. The First Discussion Paper on GST in India was released by the Empowered Committee of the State Finance Ministers on 10.11.2009. It reflects the various meetings held by both Central and the State Government officials and a comprehensive discussion on the subject.

Features of GST Model in India

The GST shall have two components. One levied by the Centre which is Central GST and the other levied by the States which is State GST. The Central GST and the State GST would be levied on all transactions of goods and services made for consideration except the exempted goods. The seller or the service provider can claim Input Tax Credit (ITC) paid on purchases. But however Cross Utilization of ITC between CGST & SGST would not be allowed. Threshold limit of Rs. 10 lacs for goods and services for all the states and

continue to levy Sales Tax /VAT or Excise Duty on these items. Tobacco would be subjected to GST with Input Tax Credit (ITC). Centre may be allowed to levy Excise Duty on Tobacco products over and above GST without ITC.

Hurdles in Implementation

GST introduction is a matter of dispute because some of the states are collecting their own taxes to support their state's economy and are doing very well. GST introduction will affect revenue of most of the states very badly as GST will curtail their power to tax. States will have to surrender their power to tax the goods and share central tax and certainly this will be a very tough bargain for them. States are demanding that they should be given power to tax the services also but will actually lose their power to tax even the goods.

Preparation for GST

Implementation of GST calls for effecting widespread amendments in the Constitution and the various constitutional entries relating to taxation. It craves for standardization of systems and procedures and formation of uniform dispute settlement machinery. It requires training for both tax payers and tax enforcers. It needs building information technology backbone – the single most important initiative for GST implementation. States should have powers to increase/decrease the rate of State GST on certain specified goods within a permissible limit. It also needs mechanism for electronic State GST and Central GST refunds.

The GST is proposed to be implemented from April 1, 2012 but however the general perception is eagerly awaited Goods and Services Tax (GST) might not be implemented by April 2012, even as the Government gets set to introduce the Constitutional Amendment Bill required for GST during the current session of Parliament

But the Enumeration of benefits casts a welcome setting for GST. It is going to be the biggest tax reform ever introduced in independent India. If GST is introduced in its true spirit, it will lead to a better tax environment in India.

