



Bidding a 'Bye' to
 2013
 & Way ahead
 2014

Wishing you all
 A Very Happy New Year

business
HIVE

Volume bHIVE 1 ** January 2014 ** Issue 01



Services Provided

*Setting up of Business
(India & Abroad)*
Accounting & Payroll
Audit & Assurance
Direct & Indirect Taxes
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We wish all readers

A Very Happy

NEW YEAR 2014

About Us

Our firm, **KV Associates**, began its professional practice in 2012. Its growth over the past couple of years has been predominantly internal, stemming from the referrals of our client base and those of other professionals. We have decided to seek an alliance with Company Secretaries' firm and Chartered Accountant's firm because we believe that a larger organization will allow us to provide a wider array of services under one roof and more depth. Mr. Pavan Kumar, Mr. Vasanth Kumar and Mr. Muniraju (Our new partners) shares the same values as we do. It is going to exceed our hopes for a firm we can combine with and continue the tradition we have for excellent service, deep expertise, and an environment our clients and associates want to be a part of. Our new venture is named as **HIVE Consultants LLP**.

We will be able to provide you many new services and areas of expertise in the future. We look forward to discussing those in more depth with you. However, there are several things we want to point out that will not change:

- ❖ You will continue to work with the same people in our firm you have in the past. All of our people are being retained in their current roles.
- ❖ Our fee structure will not change.
- ❖ The services we have provided you in the past will continue to be offered by the combined firm.

We will be moving our offices to:

HIVE Consultants LLP

#2418/A, 8th Main, 17th 'E' Cross,
Banashankari 2nd Stage,
Bangalore – 560 070.

Land mark: Near Banashankar II Stage Post Office

All the contact information for us will remain the same except our e-mail addresses will change. The convention for those addresses is **[first name]@hiveconsultants.in**

If you have any questions about this exciting news and what it will mean for you, please contact any of us at any time. We look forward to introducing you to our new partners.

We are grateful to you not only for giving us the opportunity to provide you with professional services but for your loyalty and friendship, which have enriched our relationship. We are confident that our new affiliation will serve us all well.

FUNDAMENTAL QUESTIONS ABOUT FISCAL POLICY..!!

The BJP has started asking fundamental questions about fiscal policy. If we're willing to flirt with iconoclastic ideas, there are good foundations for two propositions: It would be wise to cut total expenditure of the government to 12 percent of GDP. There are only two sensible taxes -- income tax on individuals, and GST. All other taxes should be eliminated. That leaves the problem of building sound tax policy and tax administration through which the income tax on individuals and the GST are set up, that yield revenue of 12 percent of GDP. Let's start at expenditure. The golden age of the UK was from 1865 to 1914. In this period, the UK had price stability, the world's strongest army, good law and order, good courts,

parks, clean water, a Metro system in London, and so on. They had world class public goods. Roughly speaking, the UK government did all this while spending 10 percent of GDP. This gives us one objective benchmark: All you need, to deliver a comprehensive array of world class public goods, is 10 percent of GDP.

Government of India does lots of things which are not public good. We would gain much by shutting all of them

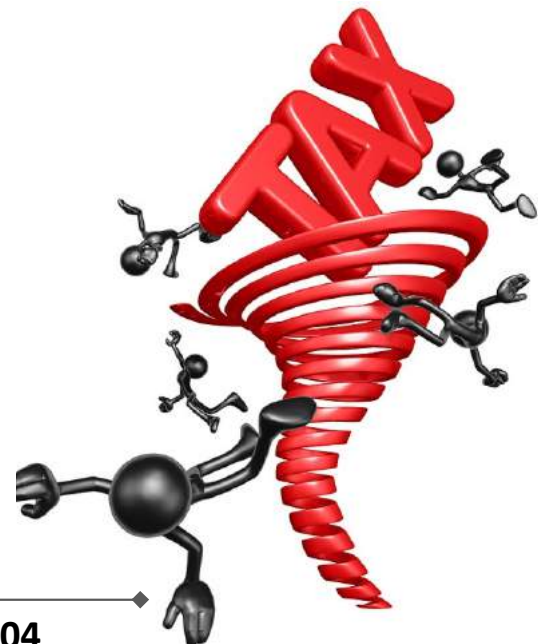
That leaves redistribution or subsidies. In the golden age of the UK, there were no subsidies. In India, we believe that we should help the poorest 20 percent of the population. This can be set up as a cash transfer costing 2 percent of GDP. If we are willing to spend 2 percent of GDP on delivering cash to 20 percent of the population, this pays for a subsidy of Rs 150 per household per day. This is an ample subsidy that will eliminate the extremities of poverty. The Government of India does lots of things which are not public goods. We would gain much by shutting all of them down and replacing them by this cash transfer.

That leaves a required expenditure outlay of 12 percent of GDP.

How do we obtain 12 percent of GDP?

We need a tax system that would yield 12 percent of GDP. The puzzle lies in doing this at the lowest possible distortion of the economy. The distortion caused by a tax goes up

sharply when the rate is raised, in proportion to the tax rate squared. An income tax rate of 20 percent is four times more distortionary when compared with an income tax rate of 10 percent. For this reason, it would make sense to have two taxes: the income tax on individuals and the GST.





inflation tax generates rapidly spiraling hyperinflation. When people mistrust the rupee and switch to gold or dollars or bitcoin, this hurts seignorage revenues. In history, every state that failed to build a tax capability has collapsed, and generated a social and political catastrophe.

By having two taxes, each rate can be lower. And all other taxes/duties like customs duties, octroi, electricity duty, transaction taxes, stamp duty, etc should be stopped. An important candidate for this bonfire of the taxes is taxation of corporations. All corporations are owned by individuals: If we just taxed individuals, we would tax all income once. The entire attempt at taxing corporations is conceptually a mistake and is worth eliminating. But we will need to build top quality tax policy and tax administration for the income tax for individuals and for the GST. Every individual would have to deal with exactly one tax man -- to pay income tax -- and it would be a low rate. Every firm would have to deal with exactly one tax

man -- to pay the GST -- and it would be a low rate. It is valuable to obtain income tax from a very large number of individuals in the country. This makes possible a lower tax rate. In addition, when most adults

It is easy to make fun of the BJP or AAP who are asking basic questions. There is value, however, in asking first principles questions, and in being willing to say that the emperor has no

Is BJP asking the right set of questions??

in the country pay taxes, this improves the political economy: people who pay taxes are more careful in the expenditure programmes that they ask for. In contrast, people who pay no taxes are likely to blindly support more profligacy as they are not paying for it.

clothes. We will go far in public life in India if we are constantly willing to challenge the foundations of what is being done in public policy, for most of what is in place is based on bad thinking.

Every state requires tax resources. When a state has no tax base, it is down to exactly two sources of revenue: seignorage and the inflation tax. The



ITO vs. M/s.Theekathir Press (ITAT Chennai)

Due to judicial controversy on whether s. 40(a)(ia) applies to amounts that have already been “paid” or it is confined to amounts that are “payable” as at the end of the year, the view in favour of the assessee should be followed.

MDLR Resorts Pvt. Ltd vs. CIT (Del HC)

As per Sec 132, Copy of search warrant should be given to the searched person. Defects in the panchnama do not invalidate the search or the s. 153A assessment proceedings.

IFB Agro Industries Ltd vs. JCIT (ITAT Kol)

Inter-corporate deposits (“ICDs”) are not “loans and advances” and are not assessable to tax as “deemed dividend” U/s 2(22)(e).

CASE
Studies



Update yourself with latest Cases relating to various issues

DCIT vs. Allied Investments Housing P. Ltd (ITAT Chenn)

U/s. 14A & Rule 8D, Onus is on AO to show how assessee’s claim is incorrect. AO has to show direct nexus between expenditure & exempt income. Disallowance cannot be made on presumptions

Maharashtra Housing & Area Development Authority vs. ADIT

The action of the AO in recovering the outstanding without affording the assessee minimum reasonable time to take remedial steps is a misuse of powers and a gross violation of the directions laid down by the Courts as well as the basic rule of law and principles of natural justice

Oracle India Pvt. Ltd vs. CIT (Del HC)

Expenditure on acquiring master copy of software subject to obsolescence is deductible as revenue expenditure U/s 37(1)



CIT vs. Riyaz A. Sheikh (Bom HC)

Amount received by partner on his retirement is not chargeable to tax as capital gains

Shree Datta SSK Ltd. (Mumbai)

Buffer-stock subsidy cannot be considered as a consideration received for services rendered and, therefore, service tax would not be leviable on such activity. Furthermore, sugar factories were storing sugar for themselves and, therefore, there cannot be any service to self. Even otherwise, subsidies are negative taxation and there cannot be a positive tax on the same under service tax.

CIRCULARS / NOTIFICATIONS

No. 15/2013 November 21, 2013

Exemption from payment of service tax to services received by a SEZ Unit or Developer of SEZ subject to condition that such unit to furnish to the jurisdictional Superintendent of Central Excise a quarterly statement in Form A-3 giving details of specified services received without payment of service tax by 30th of the month following particular quarter. It has been further specified that for quarter of July 2013 to September 2013, Form A-3 shall be furnished by December 15, 2013.

CENVAT: 15/2013-CE(NT) & No. 16/2013-CE(NT) November 22, 2013

Amends Rule 8 of the Central Excise Rules, 2002 and Rule 6(2) of the Service Tax Rules, 1994 respectively to lower threshold limit for electronic payment of excise duty and service tax to INR one lakh from INR ten lakh.

Waiving off of stamp duty on Demat Account:

Investors, Depository Participant and the Demat Account Holder are no longer required to pay stamp duty relating to Agreements on Demat Account under the new guidelines introduced by SEBI.

Banks may charge a flat rate for SMS Alerts

Instead of linking the charges to the number of transaction alerts received by customers, banks are weighing the possibility of recovering Rs. 5 – 10 a month from those opting to receive the alerts via SMS.

Prevention of Sexual Harassment Act is made effective from December 9, 2013

Any complaint under the Act filed in organisation on or after 09th December 2013 has to be tried as per the provisions of the new Act & the Rules.

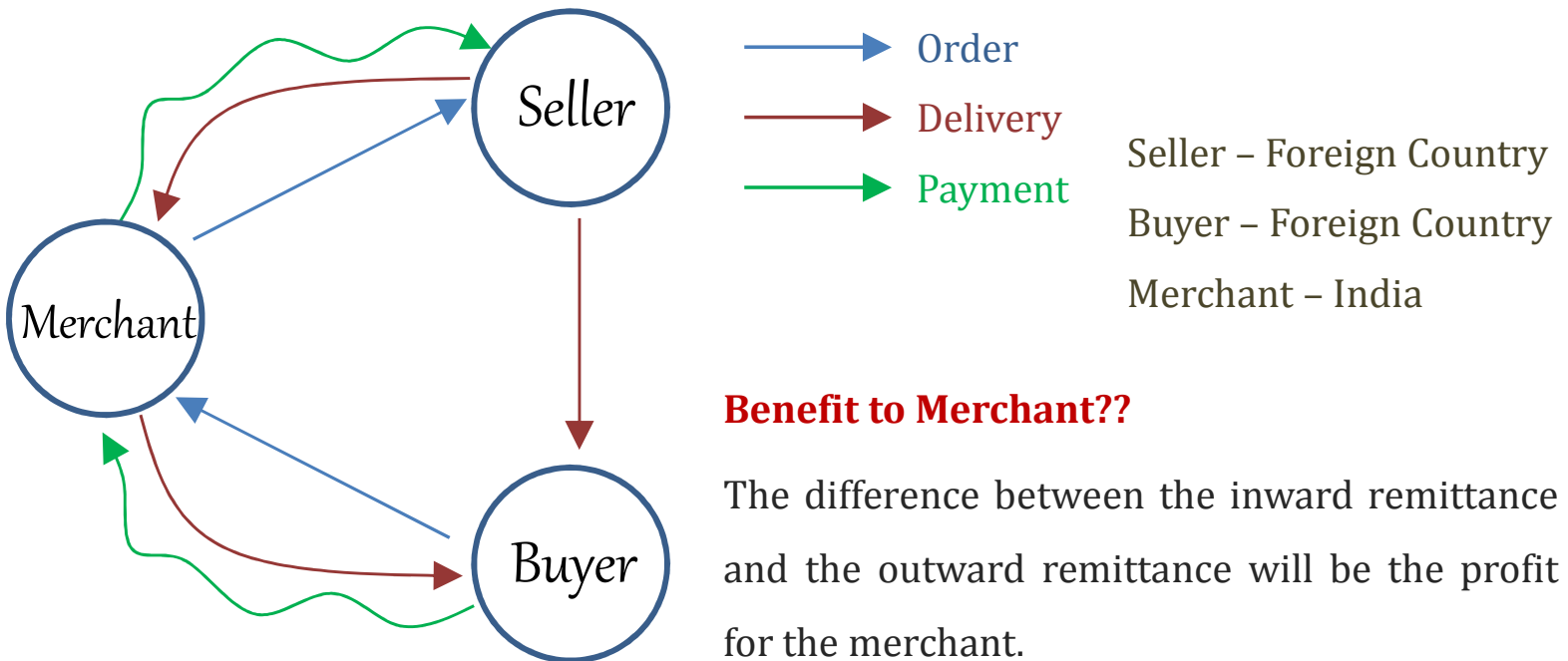


Merchandise Trading

What is Merchant Trade??

The supplier of goods will be resident in one foreign country. The buyer of goods will be resident in another foreign country. The merchant or the intermediary will be resident in India. He will book

the order from the buyer, place the order with the supplier, supervise and coordinate the shipment of goods from the supplier's country and deliver the same to buyer's country. He will be receiving payment from the overseas buyer and making payment to the overseas supplier through an authorized dealer in foreign exchange in India.



Benefit to Merchant??

The difference between the inward remittance and the outward remittance will be the profit for the merchant.

What are other modes of Merchant Trade??

Some times goods may be imported by a buyer in India from a seller in one country and exported to a buyer in another country. Such imports are kept in bond and then exported.

It is also possible that repacking may be done under customs supervision and then exported. This is basically to avoid the foreign buyer to know the source from where goods are being bought and supplied to them



Merchandise Trading

What are RBI Regulations??

RBI under Master Circular of Import of Goods and Service, has given norms to be followed in case of all Merchant Transactions. Extract of the relevant section is given below.

C.17. Merchant Trade

AD Category - I bank may take necessary precautions in handling bonafides merchanting trade transactions or intermediary trade transactions to ensure that:

- ✓ Goods involved in the transactions are permitted to be imported into India and all the rules, regulations and directions applicable to export (except Export Declaration Form) and import (except Bill of Entry) are complied with for the export leg and import leg, respectively.
- ✓ The entire merchant trade transaction is completed within a period of 6 months.
- ✓ The transactions do not involve foreign exchange outlay for a period exceeding three months.
- ✓ Payment is received in time for the export leg.
- ✓ Where the payment for export leg of the transaction precedes the payment for import leg, AD Category - I banks should ensure that the terms of payment are such that the liability for the import leg of the transaction is extinguished by the payment received for the export leg of the transaction, without any delay.

Frequently Asked Questions:

- Who can do the merchandizing activity??

Ans: Any commercial enterprise which is having Import Export Code (IEC)

- What goods can be traded??

Ans: Except for goods included in the negative list which require license under the Foreign Trade Policy

- What are the Consequences on contravention??

Ans: Any violation amounts to contravention of Foreign Exchange Management Act, 2000 and needs to be compounded

- What is the Point of Contact??

Ans: Authorized dealers

- Is agreement necessary for doing such activity??

Ans: Not necessary

Sayuri is a single mother of an autistic child and has run in numerous marathons for Khushi, a registered NGO that works for the cause of improving the life of children with disabilities; Autism in particular. In the below post Sayuri, elucidates how life unexpectedly brought her face to face with Autism and at the end, we will realize she is a Winner all the way, because she just doesn't know to give up. Over to Sayuri.



Sayuri Dalvi



I have always been an athlete since whatever I remember of my childhood. I always did well at almost all school and inter school tournaments. I won at majorly most competitions at the state. I got a tremendous high out of the success and the adrenaline rush every run produced was beyond description. At that time training was crude and I really didn't have the necessary back up and support. Then life does

a 'U' turn and things start happening when you least expect them to. I have always been a victim to such situations. Marriage happened at a raw age of 20 when girls my age were figuring out what to wear on romantic dates and was busy planning career options. I won't say I didn't like it then but I wasn't prepared - emotionally. But I have always been God's favorite guinea pig to experiments. He loved to

try me out. I never fail to thank him every night before packing up for this because if it wasn't for His deliberate attempts of using me, I wouldn't have a body of steel and heart of iron. They say 'what doesn't kill you makes you stronger' this completely implied for me as I saw myself bouncing back from the toughest of situations.

Vihaan my lovely son happened at 23. Today, I feel, he is the only strong bond that connects me to life. I see myself having a purpose to live for a task to perform.

Childbirth did bring tons of baggage. The most hated one was piling on pounds. So by the time my son celebrated his first birthday, I was looking like a 35 year old 'woman' instead of a 24 year old 'girl'.



Running for a cause ... Running to help those with Autism

Men don't like unattractive women, this is something any ordinary woman on earth will know. Nevertheless I decided to take things in my hands. I joined a gym and started regular workouts. I wasn't new to exercise though I admit I had a huge break of a more than a decade but then I had made up my mind and when a fierce leo personality like me decides, there is no looking back. But as I mentioned before God never ceases to shock me. My marriage was already falling apart and We further drifted apart and I was in no mood to save it.

While I was trying to cope on that front, came another blow, hit me straight, 'a-never-of-its-kind' kind of. Vihaan gave the least eye contact and even screaming his name into

ears gave absolutely no response. It made me think if he was deaf. No child blabber and gibberish, no baby talk. No chewing of food until he was almost 18 months. He had sleep disorder ever since he was born. Yes my little boy was diagnosed of ASD (Autism Spectrum Disorder). Now this was something completely unheard of...something I was unaware about. I googled and surfed and found horrible articles about autism I never wanted to read. Every blog or article would scare me beyond imagination. I was in a denial for a few months. So I read and read until I could confer a PHD degree on me. What followed were a series of intensive therapies and work at home. Vihaan would sometimes not cooperate and things would get

difficult. School became a dreadful trip. He went to an inclusive school but later I realized he couldn't handle long hours and would throw tantrums sometimes resulting in unintentionally harming other kids. Finally he got through an international school for kids with disabilities in August 2012. Since then, he has a fantastic change in his personality. He has become very social, completely aware and curious of his surroundings, a lot more independent with functional chores and has progressed well with language, though his learning language is universally English. But this has been a long journey from what we started a few years ago.



It is a social disorder, so most individuals find it difficult to make friends, hold onto a social conversation or understand jokes, sarcasm and diplomacy. They mostly remain simpletons; manipulation not at their discretion. Many of them cannot emote well, so they do not fall in love, marry, or have children. I was obviously shaken when I gathered I wouldn't see Vihaan do things we would love our children to experience and enjoy. It no more deters me. The aim is to make him an independent individual.

My son is my rock. He taught me a lot of lessons. I started believing in karma and I believe there is redemption. It comes in any form. There is no escape; we have to pay in some way. AUTISM made me a better person. Today, I am no more vain, proud definitely, because I have emerged a strong survivor of circumstances. I am responsible, accommodating, patient and grounded. I save and invest. I live for the present. In the entire turmoil which evolved me, I developed a hobby. I was always an

athlete. I took up running again to went out frustration, anger and despair.

After Vihaan's diagnosis, I never thought I would bring him till what he is today. Though we have a long journey further, I am confident I have made a genius and he will do me proud one day. We'll try..overcome obstacles and move on. Autism is a neurological disorder and the causes are yet unknown. It can be genetic sometimes. These individuals are just like us.

They just need integration, education in a unique direction....that's when you know you are blessed with a diamond, uncut and unpolished. We just have an extra effort. They are different, not less. They need our acceptance!

*I am a distance runner.
I have been trained to keep going
even when it's hard.
When it hurts. When it sucks.
When I don't want to.
I look past it all. Relentless, call it
what you want – stubbornness,
determination, endurance, guts.
Deep down, I don't know how to
give up.*



Hello CG!!..
I am "Putta"
attending an
Interview
tomorrow..
What dress
should I
wear??
Please give
me some
tips..

Corporate Guru

Answers all your queries about Corporate.
From Top To Bottom, Nail To Head..
This Page Covers Every Aspect Of
Corporate World.

Episode 01

Putta from College to Corporate

Body Language:

Men

- Pressed, conservative two-piece business suit - solid dark blue or grey is preferable
- Necktie should be silk
- Socks & Shoes - black lace-ups best
- Get a haircut; short hair
- No beards - No goatees either. & Mustache, make sure it is neat and trimmed
- No rings other than wedding ring or college ring & No earrings - if you normally wear one, take it out

Women

- Pressed suit with a jacket – (preferably)
- Shoes with conservative heels
- No purses, small or large - carry a briefcase instead
- Minimal use of makeup
 - If you wear nail polish use clear or a conservative color – don't use pink, reds and browns
 - No more than one ring on each hand & One set of earrings only

General

- Clean, trimmed fingernails
- Minimal perfume
- Pockets - no bulges/coins
- No gum, candy or cigarettes



Mr. Putta.. .With this costume don't even deserve to enter into the gate of any Corporate.



Here are few basic interview tips which will help you cover everything you need to know to successfully ace a job interview.

Here you go Mr.Putta. First get your hair cut and get a new look.

To Conclude:

Whatever you wear should accent the fact that you are a professional ready to get to work at a new job. Let conservative sense be your guide, and it should be easy to avoid

fashion blunders that could damage your chances of getting to the next level in the process. *It is essential that you look good and you Dress to Impress.*

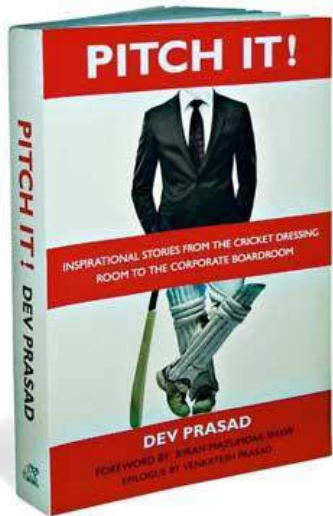
Having said that, our Putta is ready for a **BIG BANG** at the scheduled **INTERVIEW**.

Lets meet Putta in our next edition

Keep Awaiting.



Rabindranath Tagore, an Indian has written National Anthem of two Countries : India and Bangladesh



Pitch It:

Cricket Dressing Room to Corporate Board Room

Pitch It! is an innovative and delightful book by Dev Prasad consisting of enthralling anecdotes linking top cricketing giants and corporate moguls that will act as a catalyst for professionals to soar to top echelons in their respective fields.

Peppered with fascinating case studies from an eclectic spectrum of industries ranging from IT, Consumer Goods, Aerospace, Banking, and Food & Beverages, Pitch It! provides the essential blueprint for creating and sustaining winning organizations.

- 392 pages
- Published in 2013
- Random House

Pitch It! has a Foreword by Kiran Mazumdar-Shaw (CMD, Biocon) and former Indian cricketer & coach, Venkatesh Prasad

Click of the Month!!!



"Lunch allowance will do, thanks; I don't need a tea allowance. I may be attending another interview by tea time."



Baraha

Baraha is a word processing application for creating documents in Indian languages. Baraha can be effectively used for creating documents, sending emails and publishing web pages.

It supports Kannada, Konkani, Tulu, Hindi, Marathi, Sanskrit, Nepali, Tamil, Telugu, Malayalam, Gujarati, Punjabi, Bengali, Assamese and Oriya languages.

Baraha was a freeware from 1998 to 2010 for personal and commercial use.

<http://www.baraha.com>