

- (x) Designs registered under the Designs Act, 1911.
- (xi) SIM Cards used in Mobile Phones
- (xii) Franchise, that is to say, an agreement by which the franchisee is granted representational right to sell or manufacture goods or to provide service or undertake any process identified or associated with the franchisor, whether or not a trade mark, service mark, trade name or logo or any symbol, as the case may be, is involved.
- (2) for Entry at Sl.No.45, the following shall be substituted, namely;
- "45. Pipes of all varieties including G.I.,C.I., PVC and Ductile pipes and fittings thereof but excluding RCC and PCC pipes and their fittings."
- (3) for Entry at Sl.No.46, the following shall be substituted, namely;
- "46.Moulded Plastic footwear and Hawai Chappals and straps thereof.
- (4) for Entry at Sl.No.47, the following shall be substituted, namely;
- "47. Diary Calendar, Annual Reports, Application forms and similar printed materials."
- (5) in the entry at Sl.No.100,
- (i) for the words, "industrial inputs, that is to say" the words "The following goods, when sold as industrial inputs:" shall be substituted;
- (ii) in the table after sub-entry 231, the following sub-entries shall be added, namely:-
- "232. Yeast of all kinds and forms.
233. Gel used for preparing bakery products and bread softener."
- (6) for Entry at Sl.No.107, the following shall be substituted, namely;
- "107. (a) preserved fruits, vegetables, meat, poultry, sea foods and fish sold in sealed containers or in a frozen state.
- (b) Fruit jams, jelly, fruit squash, fruit juices and fruit drinks but excluding aerated fruit drinks;
- (c) Cottage cheese (paneer), pickles, sauces, porridge, marmalade, honey;
- (7) for entry at Sl.No.117, the following shall be substituted, namely:-
- "117. Ayurvedic and homeopathic products manufactured under license issued by the licensing authorities concerned under Drugs and Cosmetics Act, 1940."
- (8) after note (5), the following shall be added, namely;
- "6. Note: in order to claim reduced rate of tax of 4% under the entry 100, the dealer shall be in possession of a declaration in the Form, as may be prescribed, and issued by the dealer purchasing such commodities for the purpose of using them as industrial inputs."."

## SEARCH AND SEIZURE UPDATE

by CA Hari Agarwal, FCA

- Search operations during pendency of appeal - Valid - **Smt. NANDITA ACHARJEE v. UNION OF INDIA 302 ITR (Gauhati) 75**
- Presumption- Articles found in possession & control of person - Presumption that such articles belong to person - Articles can be retained by income - tax authorities - **Smt. NANDITA ACHARJEE v. UNION OF INDIA 302 ITR (Gauhati) 75 (2008)**
- Unaccounted cash sales - Seizure of loose sheets reflecting sales - Addition on basis of unaccounted cash sales -Entire amount cannot be taxed, only gross profit earned on sales - **CIT v. GURUBACHHAN SINGH J. JUNEJA 302 ITR (Guj) 63 (2008)**
- Proceedings under s. 158BD - AO having jurisdiction over the searched person having not handed over any material to the assessee's AO indicating that undisclosed income discovered during the search belonged to the assessee, assumption of jurisdiction under s. 158BD was illegal - Recourse to s. 158BD was illegal also on the ground that the impugned satisfaction note is much beyond the period within which the block assessment could be completed in the case of the person searched. - **Shoreline Hotel (P) Ltd. vs. Dy. CIT (Mumbai 'D') 116 TTJ 536 (2008)**
- Limitation under s. 158BE - Search having been only temporarily concluded on 12th March, 1999, after passing a prohibitory order under s. 132(3) in respect of documents placed in the drawer of a table in assessee's office and commenced once again on 16th April, 1999, pursuant to the original warrant of

authorisation which was still in operation, it can be said that the search concluded only on 16th April, 1999, when the restraint order was revoked and the contents of the drawer were examined and seized and a fresh Panchnama was prepared, and, therefore, the time - limit for framing the block assessment commenced on 16th April, 1999 and the assessment order framed on 30th April, 2001, was within limitation.

- **Smt. Krishna Verma vs. Asstt. CIT (Del 'D') (SB) 116 TTJ 565 (2008)**

6. Requisition under s. 132A - Silver seized by police - Silver having been seized by police under s. 102 Cr. PC from employee of assessee and CIT not being in possession of such information as to arrive at a conclusion that the silver represented undisclosed assets of the assessee, it was fallacious on the part of Chief Judicial Magistrate to entertain an application under s. 132A and direct handing over of silver to IT

Department.

- **Director of IT (Investigation) vs. Payal Selection & Company & Ors. (MP) 217 CTR 378 (2008).**

7. Common Search warrant-When competent authority has reason to believe that a number of persons are involved in interconnected transactions as reflected in prima facie material available with such authority, there is no prohibition against issuance of common search warrant to those persons -

- **Anjuga Chit Funds (P) Ltd. v. Dy. CIT (Chennai) 113 ITD 67 (2008).**

8. Protective assessment of income subject to block assessment - Income which was assessed as undisclosed income for the block period cannot be assessed even on protective basis in regular assessments under s. 143 for those years.

- **CIT vs. Wipro Finance Ltd. (Kar) 10 DTR 281 (2008).**

## ACCOUNTANCY TRAVELOGUE : GALLERY OF AS-9

By CA Kameswara Rao Challa, FCA, DISA

The Gallery of Expenses has many areas, such as, Human Resource Cost, Borrowing Costs, Lease Charges, Depreciation, Intangible Expenses, Retirement benefits, Research & Development Costs etc. Some of them are specialized areas and will be dealt when we visit the respective land. Excluding the specialized areas, the gallery is routine by and large. Let us relish a few accounting and disclosure practices in this 'Gallery of Expenses', helpful in discharge of our professional responsibilities with suitable adaptations.

### Recognition:

- Pending fresh agreement, provision for bonus has been made in the accounts on estimated basis, in respect of the employees governed by the Payment of Bonus Act, 1965.
- Compensation to employees who have opted for retirement under the voluntary retirement scheme of the company is debited to the Profit & Loss Account in the year of payment.
- Software systems and development expenses and user's licence fees are expended in the year in which it is incurred.
- Electricity charges debited to Profit & Loss Account (P & L A/c) is net of Rs \_\_\_ being the electricity generated through Wind Electric Generators.

- Power and Fuel does not include expenses for generation of power and consumption of certain fuel elements produced by the plants which have been included under the primary heads of account, the extent of which is not readily ascertainable.

### Grouping (break up to be given in Notes on Accounts):

- Selling and distribution expenses include, packing charges, additional sales tax, freight outwards, advertisement.
- Workmen and Staff Welfare Expenses include 'Expenses on schools' of Rs\_\_\_ which is net of Grants Rs \_\_\_\_\_. (**Cement Company**)
- During the year the company has considered the process of packing and labeling for its spare parts as manufacturing activity based on the Central Excise Notification No. \_\_\_, dated \_\_\_\_\_. Accordingly, spare parts purchases have been accounted for under consumption of raw material and components, which hitherto were accounted for as 'purchase of spare etc., for resale', and after packing and labeling (manufacturing process as per excise laws) these components have been sold as spare parts. (**Automobile Manufacturing**)
- The P & L A/c includes Expenditure on Public Relations and Publicity amounting to Rs \_\_\_ which

Article