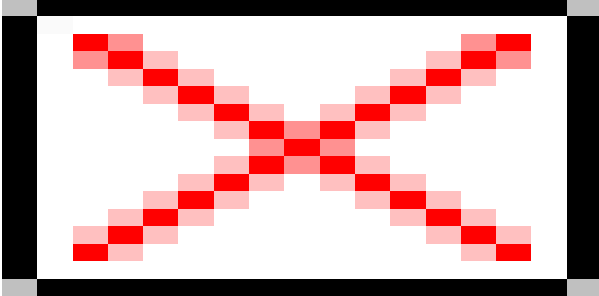


## TIOL Effect - CBEC Corrects Exchange Rate Notification



### TIOL-DDT 2766

15 01 2016

Friday

[DDT 2764 13 01 2016](#) reported about the Board's mess up of the exchange rates notification - ***Exchange Rates-CBEC Messes Up Notification-Hindi better than English.***

Instead of substituting Sl. No. 12 in the notification, the Board had substituted Sl. No. 9. This resulted in there being no exchange rate for Norwegian Kroner as Sl. No. 9 is replaced by Sl. No. 12 - South African Rand. Rand will have two sets of exchange rates. Utter confusion for importers, exporters and Customs Officers.

We pointed this out on 13.1.2016 and we are happy to report that the Board has rectified the mistake by issuing a corrigendum the very next day. This is the speed of light by Government standards. Kudos to the Board.

[CBEC Corrigendum in F. No. 468/01/2016-Cus.V., Dated January 14, 2016](#)

### ***Inspectors need not escort Joint Commissioners to their cabins - they know how to find way***

IN the same DDT ([DDT 2764 13 01 2016](#))

, we carried the story of the Vadodara Deputy Commissioner of Central Excise who directed the Control Room Duty Officers (Inspectors) to escort senior officers up to the rank of Joint Commissioners to their respective cabins.

DDT is happy to report that wisdom has dawned, though a little late and the Hon'ble Deputy Commissioner has issued another letter stating that the direction to escort is revoked with immediate effect, ***as per the directions of the Hon'ble Principal Commissioner.***

So finally the senior officers can go from the gate to their cabins in the office all by themselves. It is not really difficult, if you try hard you can achieve the impossible, even go to your cabin without an inspector escorting you.

Kudos to the Deputy Commissioner also.

Butâ€.

We are not able to get over the colonial feudalistic servility we thrust upon ourselves. The Deputy Commissioner acts on the directions of the ***Hon'ble***

Principal Commissioner. Now from which rank does an officer become honourable? Isn't an Inspector escorting an honourable Commissioner not honourable? Where does honour start from?

As Antony says in Julius Caesar,

Brutus is an honourable man  
So are they all, all honourable men

And as the soothsayer says,

The fault, dear Brutus, is not in our stars,  
But in ourselves, that we are underlings.

A judge fell down as he was climbing the steps to the court. A lawyer came running and asked, "Is your honour hurt?". "**Stupid, it is not my honour that is hurt; it is my foot**", said the honourable judge.

## *FAQ on Corporate Social Responsibility*

**THE** Ministry of Corporate Affairs has issued FAQ on CSR - Corporate Social Responsibility. Some of the questions and answers:

### 1. Whether CSR provisions of the Companies Act, 2013 is applicable to all companies?

CSR provisions of the Companies Act 2013 is applicable to every company registered under the Companies Act 2013 and any other previous Companies law having

• net worth of rupees five hundred crore or more, or  
• turnover of rupees one thousand crore or more or  
• a net profit of rupees five crore or more

during any financial year

### 2. Whether CSR expenditure of a company can be claimed as a business expenditure?

THE amount spent by a company towards CSR cannot be claimed as business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

### 3. What tax benefits can be availed under CSR?

No specific tax exemptions have been extended to CSR expenditure per se. The Finance Act, 2014 also clarifies that expenditure on CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like contributions to Prime Minister's Relief Fund, scientific research, rural development projects, skill development projects, agricultural extension projects, etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.

### 4. Which activities would not qualify as CSR?

- The CSR projects or programs or activities that benefit only the employees of the company and their families.
- One-off events such as marathons/awards/charitable contribution/advertisement/sponsorships of TV programmes etc.
- Expenses incurred by companies for the fulfillment of any other Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act, 2013, Apprentice Act, 1961 etc.)
- Contribution of any amount directly or indirectly to any political party.

- Activities undertaken by the company in pursuance of its normal course of business.
- The project or programmes or activities undertaken outside India.

#### 5. Whether display of CSR policy of a company on website of the company is mandatory or not?

As per section 135(4) the Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any (refer Rule 8 & 9 of CSR Policy, Rules2014).

#### 6. Whether reporting of CSR is mandatory in Board's Report?

The Board's Report of a company qualifying under section 135(1) pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.

#### 7. What is the role of Government in monitoring implementation of CSR by companies under the provision of the Companies Act, 2013?

The main thrust and spirit of the law is not to monitor but to generate conducive environment for enabling the corporates to conduct themselves in a socially responsible manner, while contributing towards human development goals of the country. The existing legal provisions like mandatory disclosures, accountability of the CSR Committee and the Board, provisions for audit of the accounts of the company etc., provide sufficient safeguards in this regard. Government has no role to play in monitoring implementation of CSR by companies

#### 8. Can CSR funds be utilized to fund Government Scheme?

The objective of this provision is indeed to involve the corporates in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes. Therefore, CSR should not be interpreted as a source of financing the resource gaps in Government Scheme. Use of corporate innovations and management skills in the delivery of 'public goods' is at the core of CSR implementation by the companies. In-principle, CSR fund of companies should not be used as a source of funding Government Schemes. CSR projects should have a larger multiplier effect than that under the Government schemes. However, under CSR provision of the Act and rules made thereunder, the Board of the eligible company is competent to take decision on supplementing any Government Scheme provided the scheme permits corporates participation and all provisions of Section 135 of the Act and rules thereunder are complied by the company.

#### 9. Whether involvement of employees of the company in CSR project/ programmes of a company can be monetized and accounted for under the head of 'CSR expenditure'?

Contribution and involvement of employees in CSR activities of the company will no doubt generate interest / pride in CSR work and promote transformation from Corporate Social Responsibility (CSR) as an obligation, to Socially Responsible Corporate (SRC) in all aspects of their functioning. Companies therefore, should be encouraged to involve their employees in CSR activities. However monetization of pro bono services of employees would not be counted towards CSR expenditure.

[Ministry of Corporate Affairs General Circular No. 01/2016., Dated January 12, 2016](#)

### *Customs - Imports from Myanmar - Exemption Notification withdrawn*

#### **NOTIFICATION**

No. 9/1995-Cus dated 6th March 1995 grants a concessional rate of duty for certain goods like rice, garlic when imported into India from the Union of Myanmar.

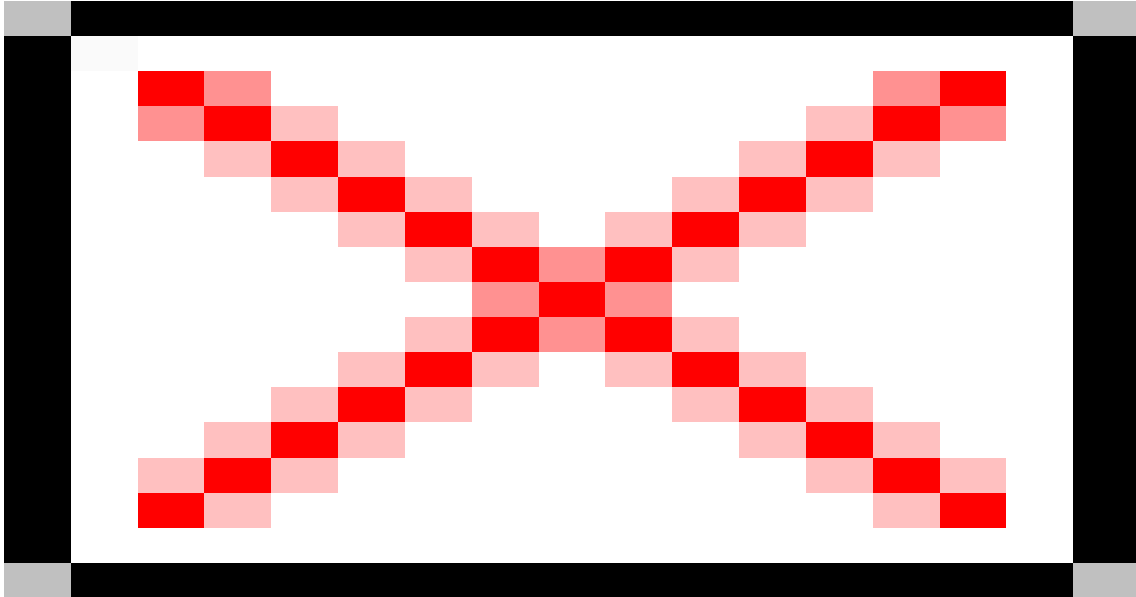
The exemption is subject to the importer producing evidence to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs that such goods have, in fact, been produced in the Union of Myanmar and are imported into India through the land route from a notified land customs station.

The Government has rescinded the Notification.

[Notification No.03/2016-Customs, Dated: January 11, 2016](#)

## *Greetings*

The Prime Minister tweeted:



We join the Prime Minister in greeting all our esteemed Netizens.

Until Monday with more **DDT**

**Have a nice weekend.**

Mail your comments to [vijaywrite@tiol.in](mailto:vijaywrite@tiol.in)