



Dr. Sanjiban Bandyopadhyaya
Chairman,
Direct Taxation Committee

Respectable Professional Friends,

It is indeed a privilege to represent my alma mater and serve as Chairman, Direct Taxation Committee. This is my third consecutive year of assuming this esteemed office as its Chairman, which was erstwhile functioning as "Taxation Committee" in 2010-11 and "Taxation and Perspective Planning Committee" in 2009-10. I take this opportunity to express my gratitude to the Hon'ble Council for bestowing confidence on me in this long march towards attaining our objectives. The activities of the Committee are:

PREPARATION of Technical Papers on areas of Direct Taxation including International Taxation;

RESPONSE in lieu of Government Notifications/requirements like exercise on Pre-Budget Memorandum and prescribe tools for ensuring strict compliance;

ADVISE MoF, Government of India through CBDT - on tools/measures, based on Generally Accepted Cost Accounting Principles, which may be gainfully incorporated to plug revenue leakage and increase revenue collection for the exchequer

LIAISON with concerned Ministries to discuss, advise and prescribe methodology for effective application of Cost Accounting principles, as is relevant for assessment income, to plug revenue leakage and strengthen the governance mechanism.

In our efforts during 2011-12, till date, we have been working on various issues of National importance, which also include the following:

Preparation and submission of Pre-Budget Memorandum to the Ministry of Finance, Government of India [submitted on 15th November, 2011 for Union Budget 2012-13]

Response to Tax Accounting Standards issued by the Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India [submitted on 8th November, 2011]

Pre-budget Meeting and presentation before the Ministry of Finance [25th November, 2011]

Presentation on effective application of Cost Accounting Principles for in assessment of Income;

Prescribing formats which would enable Revenue Authorities to collect more relevant information for assessment, with special reference to international transactions and matters relating to transfer pricing and determination of arm's length price;

Prescribing suggestions/recommendations on Income Tax Act, 1961 and also on Direct Tax Code Bill, 2010 to strengthen provisions enshrined therein, which would be in favour of the Revenue.

With the changing paradigm in socio-economic-dynamic corporate environment and increasing diversified and complex business transactions, the utilization of the services of Cost and Management Accountants is much felt and strongly upheld by both for the business houses as well the Revenue. While, the corporates are reaching far and beyond to expand their business horizon, through effective implementation of cost-reduction techniques Government, on the other hand, requires a proper mechanism to ensure governance through soft laws but strict compliance. One of the major activity of ours' is thus to uphold Generally Accepted Cost Accounting Principles (GACAP) and its effective application for assessment of income, through a bottom-up approach. Cost classification, cost accumulation and cost determination is our absolute domain. However, a top-down approach of deducting profit from sales, does not justify the actual cost. This bottom up approach of cost-built up mechanism, being wishfully avoided by statutory auditors, therefore, creates a path to evade tax, through wishful cost-setting. This leads to reduce reporting profits. With the increasing propensity of corporate financial frauds, surfaced and reported in public, it is quite apparent that mere conformance of legal and statutory compliance does not ensure a proper disclosure. I wonder, the magnitude of this parallel economy and spiraling inflationary pressure, could have been curbed and controlled. Huge amount of undisclosed funds could have been recovered from therein, which could, in turn, be gainfully utilized in funding various programmes on poverty eradication, infrastructure development, funding education and other economic development projects of this country, had, expertise and specialized services of Cost Accountants, been recognized and utilized by the Revenue Authorities. Further, with the reported statistics of fiscal deficit, steep fall in collection of targeted revenue, it is high time for the Government to seek the specialized services of Cost Accountants through a much deserved recognition by incorporating "Cost Accountants" in the definition of "Accountant" u/s 288(2) of the Income Tax Act, 1961 vis-à-vis in Clause 314(2) of the proposed Direct Tax Code Bill, 2010. Till the recent past, the Government of the country was kept in abeyance by vested interested group, who had opposed inclusion therein, with a fear to be exposed of their professional irregularities. It is a high time for the Government to offer due recognition to this esteemed profession and incorporation in the definition of Accountant.

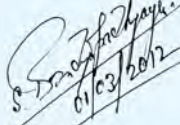
As Cost Accountants, we measure performance and facilitate in compliance too. Expertise of "Cost Accountants" could be sought for, which apparently promises a major increase in revenue collection for the exchequer. Hence, the Ministry of Finance, should initiate involvement of our professionals, especially in conducting "Special Audits" all across manufacturing, trading or service sectors. I look forward for a healthy proposition and due recognition of our professionals in the ensuing Union Budget, 2012.

I shall fail in my duty, if I do not offer my gratitude to my colleagues in the Central Councils, members from the Regional Councils, fellow professional friends and well wishers, for their continuous support in our efforts.

I seek your sincere co-operation and valuable contribution/suggestion.

Wish you all a very happy Fiscal year 2012-13.

Best Wishes



(Dr. Sanjiban Bandyopadhyaya)

1st March, 2012