

Focus on small Bengal units

The first in a series of export awareness workshops was organized by FIEO (ER) jointly with the West Bengal State Export Promotion Society (WBSEPS) on December 9, 2011 in Kolkata. The seminars are in keeping with the discussions with the Department of MSSE & Textiles, West Bengal Government.

There were 55 participants from various entrepreneurial backgrounds such as handicrafts, leather, textiles, agriculture and food processing. Most of the entrepreneurs had little experience of exports though they belonged to the small and micro sectors. The participants also constituted General Managers of the District Industries Centre of Kolkata, Howrah, South & North 24 Parganas and Hooghly.

Mr S.C. Panja, Addl. Director, WBSEPS, initiated the workshop by introducing the facilitators at the workshop and explained the purpose behind the workshop.

Mrs Debdatta Nandwani, DDG, FIEO (ER), provided an overview of



Mr S.C. Panja, Addl. Director, West Bengal State Export Promotion Society, addressing the audience. On the dais, from left, Mr P. Halder, CES, Zonal Jt. DGFT, Kolkata; Mrs Tapasi De, Dy. General Manager, ECGC, Kolkata; and Mrs Debdatta Nandwani, Dy. Director General, FIEO ER.

the workshop.

Presentations commenced with Mr P. Halder, ZJDGFT, providing an overview of the incentives under the Foreign Trade Policy 2009-14. Mr Tapasi De, AGM, and Regional Manager, ECGC, provided an overview of the services of ECGC for the export sector. Mr H.V. Umre, Dy. Commissioner, Kolkata Customs, gave a presentation on the

customs manual and rules. Mr P.T. Srinath, Dy. Director, FIEO (ER), gave a presentation on the services of FIEO to the audience.

The presentations were followed by an interactive session wherein both the entrepreneurs as well as DIC personnel participated.

The workshop concluded with a vote of thanks by Mr Srinath. ■

Commission paid to foreign parent for export contracts

The taxpayer was engaged in the development and export of software. It paid commission to its parent company in the UK, on sales and amounts realized on export contract procured by the UK company. The AO disallowed the deduction for commission paid to the UK company under Section 40 (a) (i) on the ground that no tax was deducted as the commission accrued or deemed to accrue in India. The AO also observed that the UK company had a business connection in India under Section 9.

The CIT (A) based on CBDT circulars deleted the addition made by the AO. On appeal by the department, the Tribunal also held that commission was not chargeable to tax in India. On further appeal, the HC observed that simply because income was taken into account in the balance sheet prepared in India or that mere credit

entries in favour of the UK company, could not result in deemed accrual in India. The HC also observed that the AO failed to demonstrate how the UK company had a business connection in India when it was a non-resident company, did not have a permanent establishment in India and was not rendering any services or performing any activity in India itself.

The HC observed that the stand of Revenue was contrary to the CBDT Circular which has clarified that where a foreign agent of an Indian exporter operates outside India and commission is directly remitted to them outside India, such commission is not taxable in India.

CIT vs Eon Technology Private Limited (ITA No 1167 / 2011) (Delhi High Court)