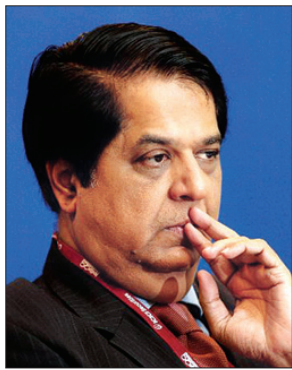


KV Kamath is ET's biz leader

There were a number of firsts to this year's edition of the jury meeting for the ET Awards for Corporate Excellence. For the first time the jury meeting was held outside Mumbai - the venue being Bangalore - and instead of one chairman, the jury was co-chaired by Azim Premji, chairman of Wipro, and N R Narayana Murthy, chairman of Infosys.

The award for Business Leader of the Year came down to a contest between K V Kamath, CEO, ICICI Bank, and Anand Mahindra, vice chairman, M&M. In the end, the jury decided to give the award to Kamath.

The Company of the Year award went to Bharti Airtel. Shobhana Bhartia walked away with the Businesswoman of the Year award thanks to the growth that HT Media has



KV Kamath

seen in recent times under her stewardship.

The winners of the Emerging Company of the Year and the Entrepreneur of the Year went to Glenmark and G M Rao of GMR for Entrepreneur of the Year. Civil aviation minister Praful Patel won hands down the award for Business Reformer of the Year for the vast change he has been able to effect in the Indian skies.



M Damodaran

Business Leader of the Year K V Kamath, Businesswoman of the Year Shobhana Bhartia, Company of the Year Bharti Airtel, Emerging Company of the Year Glenmark, Entrepreneur of the Year G M Rao, Corporate Citizen Shankar Netralaya, Policy Change Agent M Damodaran, Global Indian Rajat Gupta, Business Reformer Praful Patel, Lifetime

Achievement N R Narayana Murthy, Best 'policy change agent' is Damodaran

The Award for Policy Change Agent of the Year went to SEBI chairman M Damodaran for his contribution to effective regulation of the capital market.

The Global Indian of the Year went to Rajat Gupta, senior partner, McKinsey and Co.

The Corporate Citizen of the Year award went to Shankar Nethralaya, which was seen as a pioneer in the area as well as in the manner in which it has conducted its business.

The final award, for Lifetime Achievement, was conferred upon N R Narayana Murthy of Infosys, for the outstanding contributions he has made not just to the IT industry but to India Inc at large.

Business Briefs

Caparo's India expansion drive

The Caparo group is confident that its India operations will contribute as much as half of its total worldwide sales in the coming years, according to Angad Paul, its Chief Executive, and Chairman of Caparo India. "India is one of our largest customer bases ... every automotive company in the country is a customer of Caparo," said Mr Paul. Along with his father and Chairman of Caparo group Lord Swraj Paul, he was addressing press persons here on Thursday ahead of the inauguration of Caparo's manufacturing facilities at Sriperumbudur by Chief Minister M Karunanidhi. The Sriperumbudur industrial complex, set up on 120 acres with an investment of Rs 400 crore, houses an aluminium foundry, as well as facilities for forging, casting, tool and die making linked to research and development. It has the capability to design small automotive components and also serve as a platform for designing new vehicles. Mr Angad Paul said the facilities would also be involved in manufacturing maritime and aerospace components. The group is also setting up another manufacturing facility on a 100-acre plot at Oragadam, near here, with an initial investment of Rs 300 crore. It will manufacture tubular parts for automotive and aerospace, automotive braking systems, fasteners, composite material and also have testing facilities. "The largest single concentration of our business facilities in India will be in the South," Mr Angad Paul said. "By 2011, we estimate that we will have a turnover between Rs 3,000 crore and 4,000 crore from our India operations, of which a large proportion will be from Tamil Nadu." Caparo India, expects to invest around Rs 1,000 crore in the state.

Jet to buy 20 planes from Boeing

Private carrier Jet Airways has signed an agreement to buy 20 Boeing 737-800 aircraft from the US-based company, with an option to buy 10 more, to augment its fleet. The aircraft are scheduled to be delivered between October 2012 and December 2014 subject to regulatory approvals, the company said in a filing to Bombay Stock Exchange. The agreement is aimed at maintaining and expanding its international and domestic operations using B737 NG aircraft, it said. The company, under the purchase agreement, has also taken the option of acquiring an additional 10 Boeing 737-800 series aircraft, it said. These 10 aircraft are scheduled to be delivered between August 2013 and February 2015, it said. The last of the 10 B737NG aircraft, previously ordered by the company are scheduled to be delivered on October 11, 2007 and there are no unused delivery positions for B737NGs available till October 2012, it said. The shares of the company dropped 0.97 per cent to Rs 932.40 on the BSE.

India beat China in overseas mergers

Indian companies have surpassed their Chinese counterparts in making cross border mergers and acquisitions with a 126 per cent annual growth, while the Asia Pacific region registers a 36 per cent rise in overseas M&As, says a report. So far this year, India has recorded a 126 per cent jump in the amount spent on M&A deals outside the Asia Pacific region, compared to the previous year's figure. However, China posed a 82 per cent growth during the period.

"China and India are the second and third most acquisitive nations, with 17.3 billion dollars and 16.1 billion dollars respec-

tively spent on cross region outbound merger and acquisitions," according to global financial data provider Dealogic.

As per the analysis, Australia was the most acquisitive nation with 38.2 billion dollars spent on 217 deals outside the region. The largest deal was made by Centro Properties Group to acquire US-based New Plan Excel Realty Trust for 5 billion dollars.

Companies in the Asia Pacific region have invested 104.3 billion dollars through 622 deals outside the region so far this year, which is 36 per cent higher than the same period last year. This is the highest

year-to-date figure on record, Dealogic said, adding that around 27 deals each valued over 1 billion dollars were announced so far this year, compared to 18 deals a year ago. Dealogic said the US was the most targeted nation by companies in the Asia Pacific, with spending of 42.7 million dollars through 207 deals. Out of the US-specific M&As this year, the Asia Pacific region accounted for nearly 3 per cent. Britain stood second on the target list of firms in Asia Pacific. The UK witnessed M&A volume of 31.9 billion dollars coming from this region through 81 deals, representing 10 per cent of the

total inbound acquisitions in that country.

"The Asia Pacific cross region outbound M&A revenue aggregated to 818 million dollars so far this year," Dealogic said.

Canada, Germany and France were other target nations. Canada saw a deal value of 11.4 billion dollars coming in from the region, while for Germany it was 2.9 billion dollars. France witnessed a deal value of 1.7 billion dollars.

In terms of number, Canada had 35 deals, Germany 34 and France 13. M&As that were taken into consideration include deals made mainly by companies in Australia, China, India and Japan.

Welcome to The Last Chance Saloon!

The Offshore Disclosure Facility was designed for people to reveal offshore and other tax irregularities to HMRC, and to make restitution of avoided tax, together with commercial interest and a penalty of 10% of the tax unpaid.

To take advantage of this, taxpayers notified an "intention to disclose" by 22 June 2007, and must follow this by 26 November 2007 with a disclosure of, and payment of, all omitted liabilities.

HMRC will examine disclosures and by 30 April 2008 either confirm that the disclosure is accepted, or raise any queries deemed necessary. Most disclosures will be accepted without query, and those taxpayers can then rest easy - assuming of course that they are not found to have been too economical with the truth!

All well and good, then, if an "intention to disclose" has been registered. But what about those unfortunate who missed their

opportunity?

HMRC expected 100,000 disclosures from around 400,000 individuals identified with offshore accounts. The number of disclosures made is however, lower, around 60,000, and there are several reasons for this.

1. It is possible that despite their research, HMRC overstated their expectations of numbers who needed to disclose.

2. For those who gamble there is the belief that one will not be identified, and will therefore avoid investigation. Perhaps an account was closed, or an investment was not with a targeted bank. But note that the banks have provided information covering several years; and other institutions will be targeted in due course.

3. There are people who believe that despite having offshore income, they have no UK liabilities, due to their foreign origin; at its simplest, the fact of not being born here. This

brings in the question of domicile. There are many factors affecting domicile, but as a starting point, you inherit the domicile of your father, and keep this unless you abandon it by truly adopting a different domicile. HMRC will look at UK residents with origins abroad, arguing that long-term residence here means adoption of the UK as a domicile of choice.

Note that non-UK domicile does not prevent UK tax liability, and if income arising abroad is remitted here, it is taxable. The major players in the domicile game are wealthy and can arrange to avoid any danger of offshore income reaching the UK, but most people do need their money available, and genuinely keeping it outside the UK may not be practical.

If someone with foreign origins has lived here for many years, expert assistance will be required in presenting a case for non-UK domicile.

4. A final category is simple inertia, failure to act.

HMRC are identifying holders of offshore funds, and it has been reported that 3,500 investigations are to be started each month into people who failed to declare themselves under the amnesty. Such individuals should be concerned, because HMRC feel they have provided a well-publicised route to a low penalty as a reward for disclosure, and non-disclosure will therefore warrant higher penalties. They will "seek much higher than 10%; in some cases 100% will be demanded."

In calculating penalties, HMRC will look at the traditional features relating to mitigation. These are the size and gravity of the offence, the degree of cooperation and the quality and completeness of the disclosure.

Not disclosing irregularities until challenged, and not cooperating with HMRC, will increase the

bill, with worse to follow in serious cases where HMRC will be looking for prosecution. Then, the spectre of the Proceeds of Crime Act looms, and some taxpayers will see the difference between settling for £500/600,000 with HMRC on the basis of a disclosure of tax plus interest and penalties - say on undeclared income of £1million over 10 years - and having the whole proceeds of £1million confiscated in addition to a prison sentence.

I didn't register, but I wish I had - what should I do now?

The offshore disclosure regime applied to an "intention to disclose" registered by 22 June 2007. You can still make a disclosure; but to your normal HMRC office. If a disclosure is made before 26 November 2007, before any approach by HMRC, and if the liabilities are paid in the same way as with registered cases, a relatively low penalty may still be nego-

tiable.

November is fast approaching, and it will be more difficult as time goes by to carry out the investigative work necessary to produce proper disclosures. Time really is of the essence, and HMRC, having determined that this exercise will be very cost effective, will not readily concede the advantage they have after the time limit expires. Then, taxpayers newly investigated can expect severe treatment. But for now, there is still an opportunity to reach a reasonable settlement with HMRC.

There are no promises, the whole exercise is a matter of negotiation, and expert professional assistance is vital.

Noshir Avari is principal of Avari and Associates, which he set up in July 1988. Previously he was a Senior Inspector of Taxes with the Inland Revenue for 20 years.

www.avariandassociates.co.uk