

July 25, 2007

To,

**The Chairman & Managing Director, all Nationalised Banks and
The Managing Director, Associate Banks of SBI**

Dear Sir/Madam,

**Remuneration payable to the Statutory Central and
Branch Auditors of Public Sector Banks from the year 2006-07**

Please refer to our circular DBS.ARS.No.BC.08/08.92.001/2006-07 dated June 06, 2007 on remuneration payable to statutory central and branch auditors of public sector banks for the year 2006-07. As regards fees in respect of tax audit we advise as under:

- (i) The SCAs as hitherto may be assigned the Tax Audit work at the banks' Head Office level ;
- (ii) In order to maintain transparency and a fair distribution of work arrangement amongst the SCAs, tax audit work may be allotted by the banks to one of the existing SCAs by rotation and in consultation with the SCAs/ ACB;
- (iii) The fee for tax audit payable to SCAs may continue to be paid at 20% of basic audit fee as prescribed hitherto;
- (iv) As regards tax audit at branch level/ Controlling Office level, it has been decided that PSBs may decide on their own in consultation with ACB/ Board, the appointment of auditors as also the audit fees payable to them; and
- (v) The system at (i) to (iv) above will be effective from the current year i.e. 2007-08. As regards the year 2006-07, the fee payable for tax audit at HO/Controlling Office and branches may be paid at the existing rate of 20% and 15% of basic audit fee to SCAs and branch auditors respectively.

Please acknowledge receipt.

Yours faithfully

(P.S. Sharma)
General Manager