

Lunawat Bulletin

Market Watch

Sensex

31.10.2013 : 21164.52

30.09.2013 : **19379.77**

Nifty

31.10.2013 : 6299.15

30.09.2013 : **5735.30**

Sensex hits another record closing high; market turnover at record Rs 5 lakh cr

The Sensex hit another record closing high today, and is just 42.25 points away from its lifetime intraday high. The lifetime intraday high for Sensex is 21,206.77; while the same for Nifty is 6,357.10. The S&P BSE Sensex ended at an all-time high of 2,1164.52, up 130.55 points, or 0.62 per cent.

The Nifty closed at highest level since November 9, 2010. The index ended at 6,299.15, up 47.45 points or 0.76 per cent. It is now 57.95 points away from its lifetime intraday high. Nifty today closed at highest level since November 9, 2010.

The S&P BSE Midcap Index ended at 1.43 per cent and the S&P BSE Smallcap Index closed up 0.55 per cent. The market cap for the Bombay Stock Exchange swelled over 5 lakh crore for the first time ever today.

The Sensex is likely to touch the 22,000-mark by January next year, this is the next target which majority of the respondents polled by ET said. All those polled believe that the Fed will start tapering only by March 2014. Consequently, the emerging markets, including India, will continue to attract more foreign institutional flows.

Inside

Compliance Due Dates	2
DVAT	3 & 4
Income Tax	4
Service Tax	5
Others	5
Lunawat Update	6

Weak rupee discouraging Indian firms from investing in Ras Al Khaimah FTZ

Depreciation of the rupee has been a dampening factor for Indian companies looking to invest in UAE's free trade zone Ras Al Khaimah, says a top official here. "India is our most important market, we centre around top 10 cities in India... Rupee depreciation is an obstacle which Indian companies face," Peter Fort Chief Executive Officer of Ras Al Khaimah Free Trade Zone (RAK FTZ) said here.

"We hope that the Indian government improves the situation soon," he added. Over the past few months the rupee has weakened sharply against foreign currencies, especially the US dollar. It touched lifetime low of 68.85 against the dollar on August 28.

The Indian government as well as the Reserve Bank have taken several steps to arrest the rupee's decline. It has strengthened to 61.32 per dollar since it touched record lows. RAK FTZ, which also has a presence in India since 2006, has about 30 per cent of its clients from the country. "We hope to expand this number soon," Fort said without divulging further details.

Free Trade Zone (FTZ) provide tax and regulatory incentives to businesses to help spur investments, economic growth and exports. As many as 7,000 companies have registered with the RAK FTZ, which was started in 2000, and about 6 per cent more companies are expected than last year.

Lunawat & Co.
Chartered Accountants

www.lunawat.com

"SILENCE is the source of great strength"

For Private Circulation Only

Due Dates for Statutory Compliances

Due Date	Related to	Particulars
05.11.2013 (Tuesday)	Service Tax	Deposit Service Tax for payments received by Companies from 1.10.2013 to 31.10.2013. In case of electronic payment , due date is 6.10.2013 .
07.11.2013 (Thursday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> • Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of October 2013. • Deposit TCS for collections made under section 206C during the month of October 2013 • Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of October 2013.
11.11.2013 (Monday)	DVAT	E-return of VAT for dealer having GTO upto Rs. 10 Crore or more in the year 2012-2013
15.11.2013 (Friday)	DVAT	<ul style="list-style-type: none"> • Furnish AR-1 New DVAT Audit Report for FY 2012-13 for Turnover > 10 cr. • Deposit of DVAT TDS in Form DVAT 20 for the Month of October 2013.
15.11.2013 (Friday)	IncomeTax	Issue of Form 16/27D - TDS/TCS certificate for the quarter September for Govt. deductors.
15.11.2013 (Friday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of October 2013.
18.11.2013 (Monday)	DVAT	Filing of Return verification form DVAT-56 for Dealers having GTO 10 Crore or more in the year 2012-13 for the quarter ended September 2013 .
20.11.2013 (Wednesday)	DVAT	E- Return of VAT for Dealers having GTO 1 Crore or more but less then 10 Crore in the year 2012-13 the quarter ended September 2013.
21.11.2013 (Thursday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of October 2013.
21.11.2013 (Thursday)	DVAT	Deposit of DVAT & CST Tax for October 2013.
22.11.2013 (Friday)	DVAT	<ul style="list-style-type: none"> • Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of October 2013 in Form DVAT-43. • Filing of Return verification Form DVAT-56 for Dealers having GTO 1 Crore or more but less then 10 Crore in the year 2012-13 the quarter ended September 2013
25.11.2013 (Monday)	DVAT	E- Return of VAT for Dealers having GTO < Rs.1.00 Crore in the Year 2012-13 for the quarter ended September 2013.
25.11.2013 (Monday)	EPF	File monthly return under Employees Provident Fund & Misc. Provision Act, 1952 for the month of October 2013.
28.11.2013 (Thursday)	DVAT	Filing of Return verification form DVAT-56 for Dealers having GTO < Rs.1.00 Cr for the Year 2012-13 quarter ended September 2013

LIST OF HOLIDAYS

DATE	DAY	REGARDING
03.11.2013	Sunday	Deepawali
05.11.2013	Tuesday	Bhai Duj
17.11.2013	Sunday	Guru Nanak Jayanti

DVAT

Date of Filing Online Return for Quarter 2 extended

The last date of submission of online Return of Second Quarter of FY 2013-14 in Form DVAT-16 & 17 and submission of Hard Copies has been extended. However the last date for deposit of Tax has not changed.

Type of Dealer	Last Date for Online Filing	Last Date for Hard Copy Submission
GTO<Rs. 1.00 Cr during the year 2012-13	25.11.2013	28.11.2013
GTO>Rs. 1.00 Cr but <Rs.10.00 Cr during the year 2012-13	20.11.2013	22.11.2013
GTO>Rs. 10.00 Cr during the year 2012-13	11.11.2013	18.11.2013

-the ITC related to the same shall reflect in the ITC Ledger of the buyer. Now the Buyer has to either accept or reject the transactions depending on the purchases actually made by him. Further, the acceptance would be bifurcated into receipt of goods in the same tax period & in the subsequent period. If buyer rejects the transaction, the seller would get an alert & would be required to correct the details.

Further, the Sale purchase detail in Form 2A/B shall get populated automatically in the return form. The need for maintaining separately Form DVAT 30 & 31 shall also be done away.

Advisory issued to CAs for VAT & Special Audits

Department has issued an advisory notification for CAs involved in VAT Audit AR-1 & Special Audits. Department has advised CAs to carry out VAT Audit & Special Audit with strict reference to the relevant statutory provisions, and complete the work timely.

The findings of VAT/Special Audit would be subject to peer review and comparison with system based risk profiling of the department would be undertaken.

Where the report is found wanting in material particulars or where there is deliberate suppression of facts, the department may refer such cases to the disciplinary committee of ICAI.

Stock Details as on 31.03.2013 to be filed along with Second Quarter Return of FY 2013-14 in Form 1D

Department has notably withdrawn the need for filing Statement Stock 1 separately. However, the details of Stock for as on 31.03.2013 are still required to be filed along with Second Quarter Return of FY 2013-14 in Form 1D.

However, there is still requirement of filing Stock 1 statement separately for FY 2011-12. (i.e. as on 31.03.2012).

Draft Paper on new procedure for Matching of ITC released

Department has issued Draft Paper on New Procedure to be followed for the matching of ITC.

Previously, the matching of ITC was done after filing of Form 2A & 2B by the respective buyer & seller. Then both the forms were crossed matched by the system & notices were being issued for any mismatch of data.

Now in the new procedure, a new ITC Ledger for every buyer is proposed to be there in the system. Whenever a Seller would update his Form 2B, -

Processing of Refund Claims expeditiously through System

In order to streamline the disposal of refund cases, the Department has issued some guidelines for faster processing of refunds:

1. Detail of Form C/H/I/E1/E2/J to be furnished Quarterly & that of Form F to be furnished monthly in their Online Refund Claim Form.
2. Wherever there is a mismatch in data furnished by Dealer & data as per latest return, the case will no longer be processed through automated system.
3. For cases where forms are pending for period upto 2011-12, default assessment of the dealer will be carried out irrespective of dealer having surrendered or not surrendered the sale for which forms are pending.
4. For cases where forms are pending for period upto FY 2012-13, if any, dealer does not wish to surren-



DVAT

Processing of Refund Claims expeditiously through System ...Contd.

-dered part or entire amount of pending forms or if the dealer is willing to wait for refund till receiving all pending forms for 2012-13, the case will be eliminated from auto processing through system.

5. Bank details will be picked from DP 1. Disbursal of refund shall be made through ECS.

Income Tax

Amendment of Reverse Mortgage Scheme

CBDT has amended Reverse Charge Scheme through introduction of Reverse Charge Mortgage (Amendment) Scheme 2013.

- LIC and other IRDA-registered insurers have also been included as annuity sourcing institutions.
- Annuity payments to the senior citizens availing of the reverse mortgage scheme (RMS) would not be taxed.
- The scheme which was so far available only for 20 years, will now be available for the entire life of those taking the product where the disbursement of the loan is made through an annuity.

Annual Circular on TDS on Salary issued

As per annual practice, the department has issued an annual circular on TDS on Salary. The circular explains the complete procedure of deduction of TDS on Salary & Perquisites, Rates of Tax, Deposit of Tax, Submission of Returns etc. including the Penalty provisions for Non Deduction etc.

CBDT extends Due Date of Tax Audit Filings & Corresponding ITRs

CBDT notifies that in cases where the 'due date' of furnishing reports of audit and corresponding income-tax returns was 30th September, 2013 and where the same are furnished electronically on or before 31st October, 2013, such reports of audit and returns of income shall be deemed to have been furnished within the 'due date' prescribed under section 139 of the Income-tax Act, 1961.

Hence the last date of filing of Tax Audit Reports & their return stands extended till 31.10.2013.

Instruction to treat ITRs filed with Unpaid Self Assessment Tax to be Defective Returns

The Director of Income Tax has instructed that in cases where the Income Tax Returns of AY 2013-14 of assesses who have not paid Income Tax on the day of filing of their e-returns, such returns shall be deemed Defective Returns & action to be taken by CPC, Bangalore accordingly.



“Yesterday is not ours to recover, but tomorrow is ours to win or lose.”



Service Tax

Clarification in respect of Service Tax on Restaurant Services

- In a complex, if there is more than one restaurant, which are clearly demarcated and separately named but food is sourced from a common kitchen, only the service provided in the specified restaurant is liable to service tax and service provided in a non air-conditioned or non centrally air-heated restaurant will not be liable to service tax.
- In a hotel, if services are provided by a specified restaurant in other areas e.g. swimming pool or an open area attached to the restaurant, Services provided by specified restaurant in other areas of the hotel are liable to service tax.
- If goods are sold on MRP basis (fixed under the Legal Metrology Act) they have to be excluded from total amount for the determination of value of service portion.

Here Specified Restaurant means a restaurant where services provided in relation to serving of food or beverages by a restaurant, eating joint or mess, having the facility of air conditioning or central air heating in any part of the establishment, at any time during the year.

Others

Brokers can retain up to Rs 10,000 in active client accounts

To ensure operational ease in providing services to their clients, brokers have been allowed to retain up to Rs 10,000 in trading accounts of active customers after obtaining their written consent.

As per the existing practice, the brokers were supposed to settle the funds and securities in running accounts of their clients on a quarterly or monthly basis, under which they were required to transfer any excess funds from the client's trading account to his or her bank account.

However, the stock exchanges, in consultation with Sebi, have now decided to ease these norms "based on representations received from investors and members (brokers)".

In separate circulars dated October 29, [BSE](#) and [NSE](#) said that "to address the administrative/operational difficulties in settling the accounts of regular trading clients (active clients), the member may retain an amount of up to Rs 10,000 (net amount-

-across segment and across stock exchanges), only after obtaining written consent of the Client.

However, this threshold limit on retention of amount would not be applicable in case of clients who have not traded even once during the last one month/quarter, as the case may be, and a settlement would be required to be done at the end of every month of quarter.

Also, the trading members can settle the running accounts across segments and across stock exchanges for a particular client.

Also, the actual settlement of funds and securities shall be done by the member, at least once in a calendar quarter or month, depending on the preference of the client.

SEBI cracks whip on new 'cattle and goat farms' scheme

In a fresh crackdown on fraudulent investment schemes promising huge returns from 'cattle and goat farms', SEBI barred their operators from raising funds from such schemes and began further proceedings.

The crackdown against Samruddha group follows actions by the capital markets watchdog against similar schemes launched by at least two other entities HBN Dairies and Beetal Livestock, which were found to be raising money through unauthorised schemes with returns linked to 'cattle and ghee investments' and 'goat-rearing business', respectively.

Asking Samruddha and its three directors to reply within 15 days, Sebi said in an order that it began investigating the case after receipt of complaints about the company agents promising "more than 12 per cent fixed returns and other unusual returns on investments in cattle and goat farms"

Besides, a CBI investigation also found that the company had a livestock of only 16,876 as against a total of 6,48,406 customers, which indicated that it was not buying cattle against every deposit made by the investors.

“ The Price of Success is Hard Work, dedication to the job at hand, and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand”

Lunawat Update

Presentations

In October 2013, our partner CA. Pramod Jain gave following presentations:

1. "Critical issues in Incorporation & audit of companies under Companies Act 2013" at Bhartiya Vitta Salahakar Samiti, New Delhi
2. "Overview of New Companies Act 2013 with emphasis on Accounts & Audit" at West Delhi Study Circle of NIRC of ICAI, New Delhi.

3. "Incorporation, Accounts & Audit under Companies Act 2013" at Patparganj CPE Study Circle, New Delhi.

"Everybody is genius. But if you judge a fish by its ability to climb a tree, it will live its whole life believing that it is stupid.

- Albert Einstein "

We may be contacted at:

Daryaganj, New Delhi

54, Daryaganj,
New Delhi – 110 002
Tel: +91 11 23270624
+ 91 11 23279414
Email: dgoffice@lunawat.com

Paschim Vihar, New Delhi

A-2/132, Prateek Apartments,
Paschim Vihar,
New Delhi – 110 063
Tel: + 91 11 25278405
+ 91 11 25278406
+ 91 11 45581263
+ 91 11 45581264
Email: pvoffice@lunawat.com

Karampura, New Delhi

109, Magnum House-1,
Karampura Complex,
New Delhi-110 015
Tel: + 91 11 25920301
+ 91 11 25920303
Email: karampura@lunawat.com

Mumbai

Office No. 9, First Floor. Star Trade
Centre, Chamunda Circle, Near Station,
Borivali (W), Mumbai - 400 092
Tel: + 91 22 28954451
Email: mumbai@lunawat.com

Keshopur, New Delhi

WZ-339, 2nd Floor,
Street No. 19,
Santgarh, Keshopur,
Outer Ring Road,
New Delhi - 110 018
Tel: +91 11 28333914
Fax: + 91 11 28331602
Email: keshopur@lunawat.com

We also have ASSOCIATES at :

Chennai, Kolkatta, Ludhiana, Pune,
Chandigarh, Udaipur, Vadodara,
Bangalore, Cochin, Indore, Jodhpur,
Jaipur, Bharatpur, Hyderabad,
Jharsuguda, Panipat, Ranchi, and
Ghaziabad

Our Services

- Audit and Assurance
- International Taxation
- Indian Direct Tax Laws
- VAT/Sales Tax
- Service Tax
- Corporate Laws
- NGOs/Societies and Trusts
- Limited Liability Partnership
- Compliance Audits
- Investigations
- Outsourcing Services
- Setting up Business in India
- Business and Management Consultancy Service
- Trainings
- Valuations

Disclaimer

© 2013 Lunawat & Co. All Rights Reserved

Information in this document is intended to provide only a general outline of the subjects covered. We recommend that you seek professional advice prior to initiating action on specific issues. Lunawat & Co. does not take any responsibility for any loss arising from any action taken or not taken by anyone

Editorial Team: CA. Vikas Yadav, Yamini Arora