

Lunawat Bulletin

Market Watch

Sensex

31.03.2014 : 22386.27

28.02.2014 : 21120.12

Nifty

31.03.2014 : 6704.20

28.02.2014 : 6276.95

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Lunawat & Co. Chartered Accountants

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Chidambaram's rebuttal to Yashwant Sinha; cites UPA's 'multiple economic achievements'

In a rebuttal to BJP's Yashwant Sinha and other party leaders regarding their criticism of the economy's state, Finance Minister P Chidambaram on Monday said, "The Indian economy is now stable and the fundamentals have strengthened."

"Many of the 18 questions posed by Yashwant Sinha were quite puerile," said Chidambaram. "Yashwant Sinha is a distant memory for Indian economy. I hope he remains that," Chidambaram added.

Chidambaram slammed the opinion that Indian markets are rallying on the hopes of a change in government at the centre.

Chidambaram cited the Economic Times editorial on 28th March 2014, to strengthen this argument. The editorial had said, "The markets are cheering India's fundamentals, nothing else."

Citing UPA government's 'economic achievements' in the past few years, Chidambaram said, "We have contained inflation. Our biggest success is containing fiscal deficit. We will end FY14 with a fiscal deficit of 4.6%, as planned." "There are no talks of a sovereign ratings downgrade anymore. The CAD has contracted. We have added to reserves. FY14 CAD is likely to be about \$35 billion." Chidambaram said .

India to grow at 5.5% in FY 2015: FICCI

India's economic growth is likely to pick up and reach 5.5 per cent in 2014-15 as industrial output will recover to expand at 3.3 per cent, says FICCI.

The Economic Outlook Survey by the industry chamber pegs agriculture and services sector growth in the next financial year, starting April 1, at 3.3 per cent and 7 per cent respectively.

It also estimates that growth in the fourth quarter of the current fiscal will pick up marginally to 5 per cent.

"However, this might imply that actual growth in the year 2013-14 will be slightly lower than the growth of 4.9% projected by the Central Statistical Organization some time back," FICCI said.

On inflation, it said that majority of the participating economists felt that going ahead both WPI and retail inflation rates would remain range bound.

Inflation based on Wholesale Price Index (WPI) is expected to stay at about 5.5 per cent in 2014-15 and the one based on the Consumer Price Index (CPI) will be at about 7.9 per cent, as per the survey.

On CPI becoming the new anchor for the Reserve Bank's monetary policy, the opinion was divided. Some economists felt that it is a good indicator, while others were of the opinion that monetary policy decision on the basis of a single parameter may not be a correct approach.

"A simple rule of Business is; if you do things that are Easier First, Then you can actually make a lot of Progress"

Compliance Due Dates

Due Date	Related to	Particulars
07.04.2014 (Monday)	TCS <i>(Income Tax)</i>	<ul style="list-style-type: none"> • Deposit TCS for collections made under section 206C during the month of March 2014. • Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of March 2014.
15.04.2014 (Tuesday)	DVAT	Deposit DVAT TDS for the month of March 2014.
15.04.2014 (Tuesday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of March 2014 .
21.04.2014 (Monday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of March 2014.
21.04.2014 (Monday)	DVAT	Deposit DVAT and CST for the month ended March 2014.
22.04.2014 (Tuesday)	DVAT	Issue DVAT TDS Certificates for the Tax deducted during March 2014 in Form DVAT 43.
25.03.2014 (Friday)	DVAT/CST	File DVAT & CST quarterly return in electronic form for the quarter ended March 2014 & File annexure 2A & 2B electronically
25.04.2014 (Friday)	EPF	File monthly return under Employees Provident Fund & Misc. Provision Act, 1952 for the month of March 2014.
25.04.2014 (Friday)	Service Tax	File Service Tax Return for the period between 1st October 2013 to 31st March 2014.
28.04.2014 (Monday)	DVAT/CST	<ul style="list-style-type: none"> • Furnish hard copy of return verification Form 56 for the quarter ended March 2014. • File online Quarterly TDS Return under DVAT Act for the quarter ended March 2014. The TDS certificates are to be issued form online facility.
30.04.2014 (Wednesday)	TDS <i>(Income Tax)</i>	Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional Fee, etc. during the month of March 2013. For provisions made on 31.03.2014 also the due date is 30.04.2014
30.04.2014 (Wednesday)	Service Tax	Input Service Distributor to file half-yearly return of service tax credit received and distributed for the period 01.10.2013 to 31.03.2014 in Form ST-3.
30.04.2014 (Wednesday)	DVAT/CST	Last date to switch in or switch out of composition schemes of DVAT and Works Contract under DVAT

LIST OF HOLIDAYS

DATE	DAY	HOLIDAY
08.04.2014	Tuesday	Ram Navami
13.04.2014	Sunday	Mahavir Jayanti

Income Tax



Deduction of tax at source relating to the payment made to a non-resident

The board has directed that in a case where the assessee fails to deduct tax under Section 195 of the I. T. Act, the AO shall determine the appropriate proportion of the sum chargeable to tax as mentioned in sub-section (1) of Section 195 to ascertain the tax liability on which the deductor shall be deemed to be an assessee in default under Section 201 of the Act.

The appropriate proportion of the sum will depend on the facts and circumstances of each case taken into account nature if remittances, income component therein or any other fact relevant to determine such appropriate proportion and the penalty shall be levy on the amount chargeable to tax.

Direct Tax Benefits– Exports relating to computer software

- “On Site” Development of computer software qualifies as an export activity for tax benefit under section 10A, 10AA and 10B of I.T. Act, 1961
- Receipt from Deputation of Technical Manpower for such “On Site” Software Development Abroad at the client place are also eligible for deduction under section 10A, 10AA and 10B of I.T. Act, 1961
- the tax benefits under sections 10A, 10AA and 10B would not be denied merely on the ground that a separate and specific MSA docs not exist for each SOW.
- Research And Development (R&D) Activities pertaining to software development would be covered under the definition of "Computer Software" stipulated under explanation 2 to section 10A and 10B.
- Tax Benefit under Sections 10A, 10AA AND 10B would continue to remain available in case of slump sale of a unit/undertaking, subject to fulfillment of prescribed conditions.
- It is not necessary to maintain separate books of accounts for an assessee in respect of its eligible units claiming tax benefits under Section 10 and 10B.
- Tax benefits under Section 10AA can be enjoyed by an eligible SEZ unit consequent to its transfer to another SEZ.

- Setting up of new unit in the same location where there is an existing eligible unit would amount to expansion of existing unit or new unit is a matter of fact requiring examination and verification. However, such a fresh unit is eligible for exemption as long as the unit is set-up after obtaining necessary approvals from the competent authorities: has not been formed by splitting or reconstruction of an existing business; and fulfils all other conditions prescribed in the relevant provisions of law.

DVAT



DVAT Department amended Form T-2

DVAT department has revised online furnishing of Form T-2 and also revised the format of submission of details in summarized form through a web based mobile application/SMS. T-2<space>Invoice No.<space>Delhi VAT Rate<space>VAT rate wise actual invoice amount.

DVAT Department amended Delhi Value Added Tax Rules

- DVAT department has amended DVAT Rules called Delhi Value Added Tax (Amendment) Rules, 2014 which shall come into force from the date of publication in the official gazette.
- Amendment in Section 67(1):** DVAT 51 (Reconciliation of C Forms) has been omitted
 - Form **DVAT 38** substituted with amended DVAT 38, inserted twelve columns
 - Amendment in DVAT 17:** Return for Composition Dealer has been amended.
 - “**Civil**” word has been omitted from Column 27 of 2B & Column 27 of DVAT 31, now shall be read as “**Charges towards labor, services and other like charges, in Works Contract**”.

DVAT Department amended Central Sales Tax Rules

DVAT department has amended various CST Rules called Central Sales Tax (Amendment) Rules, 2014. Changes include Requirement of Reconciliation of C Forms, forms to be kept for 7 years, Revision of Form 9, amendment to Form 1 etc.

Corporate Law



Clarification with regard to Section 180 of the Companies Act, 2013

Ministry has received many representations regarding various difficulties arising out of implementation of section 180 of the Companies Act, 2013 with reference to borrowings and/or creation of security, based on the basis of ordinary resolution.

The matter has been examined in the Ministry and it is hereby clarified that the resolution passed under section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) and / or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of section 180 of the Act.

Another 183 Sections of Companies Act 2013 made applicable w.e.f. 1st April 2014

Central Government has made another 183 sections of Companies Act 2013 applicable with effect from 1st April 2014.

Schedule I to VII of the Companies Act 2014 has also been made applicable from the same date.

MCA issues Various Final Rules of Companies Act

Ministry has issued final Rules related to various matters of Companies Act 2013. The rules are effect from 1st April 2014.

The following final rules have been issued:

- Companies (Specification of definitions details) Rules, 2014
- Companies (Incorporation) Rules, 2014
- Companies (Prospectus and Allotment of Securities) Rules, 2014
- Companies (Share Capital and Debentures) Rules, 2014
- Companies (Registration of Charges) Rules, 2014
- Companies (Management and Administration) Rules, 2014

- Companies (Declaration & Payment of Dividend) Rules, 2014.
- Companies (Accounts) Rules, 2014.
- Companies (Appointment & Qualification of Directors) Rules, 2014.
- Companies (Meetings of Board & its Powers) Rules, 2014.
- Nidhi Rules 2014.
- Companies (Miscellaneous) Rules 2014.
- Companies (Adjudication of Penalties) Rules 2014.
- Companies (Audit & Auditors) Rules 2014.
- Companies (Registration of Foreign Companies) Rules 2014
- Companies (Inspection, Investigation & Inquiry) Rules 2014
- Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Nomenclature of various forms under the Companies Act, 2013 being notified

In order to facilitate easy understanding of the e-forms being rolled out under the provisions of Companies Act, 2013 and Rules made there under, numbering of various forms under the are mandatorily numbered alpha-numeric. Initial of forms is to be started with alphabet of two or three letters based on the subject of the Chapter, followed by serial number of the form.

Amendments to Schedule II of Companies Act 2013

CG has made several amendments to Schedule II of the Companies Act 2013 which is related to the "Useful Lives to Compute Depreciation". Major amendments are as follows:

A. The useful life of an asset shall not be longer than the useful life specified in the Schedule, however, useful life or residual value of the asset which is different from the said limits can be used if justification for the difference is disclosed in its financial statement.

B. For intangible assets, the provisions of the accounting standards applicable for the time being in force shall apply, except in case of intangible assets (Toll Roads) created under 'Build, Operate and Transfer', 'Build, Own, Operate and Transfer' or any other form of public private partnership route in case of road projects.

C. Useful Life of Continuous Process Plant for which no special rate has been prescribed has been changed from 8 Years to **25 Years**.

CIN to be mentioned in letter heads, invoices etc.

As Section 12 (3)(c) of the Companies Act 2013 becomes applicable with effect from 1st April 2014, every company shall get its **name, address of its registered office and the Corporate Identity Number along with telephone number, fax number, if any, e-mail and website addresses**, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications.

Temporary Suspension of e-Filing of Forms on MCA Website

To facilitate new Scheme & Sections of Companies Act 2013 and smooth transition from Old to New Forms, the e-Filing of Forms has been temporarily suspended from 1st April to 13 April 2014.

Payment of Stamp Duty & Court Fee for Certified Copies of Documents

For getting Certified True Copies of any public document related to any company, the user is required to pay court fee along with the stamp fee related to the State which delays the process as this has to be done manually.

So now to smoothening the process, MCA has enabled payment of Stamp Duty & Court Fee online through MCA portal itself. This would enable the respective ROCs to send the documents without waiting for physical stamp papers and any formal application (With Court Fee Stamp) in this regard.

Roll out Plan for forms under Companies Act 2013

Ministry has notified 183 additional sections in addition to 99 sections earlier notified under the provisions of Companies Act, 2013. In this regard a Notification related to commencement of Companies Act, 2013 has been issued on 25/03/2014 which is available on the website of the Ministry.

In order to facilitate the completion of notified sections this Ministry has planned a staggered roll out of various forms. It has been decided to waive fees for all event based filing whose due date falls between 01/04/2014 to 30/04/2014. For the same, a separate Circular is being issued by the Policy Cell of this Ministry.

Department has provided a list of Forms which will be available for filing from 01/04/2014 to 14/04/2014. Other Front office portal services will continue.

Others

Revision of Interest Rate for Small Savings Scheme for FY 2014-15

With the approval of the Finance Minister, the rates of interest on various small savings schemes for the Financial Year 2014-15 effective from 01.04.2014 has been changed. The following changes have been made to various interest rates:

Scheme	Rate of Interest for FY 2012-13	Rate of Interest for FY 2013-14
1 Year Time Deposit	8.2	8.4
2 Year Time Deposit	8.2	8.4
3 Year Time Deposit	8.3	8.4
5 Year Time Deposit	8.4	8.5
5 Year Recurring Deposit	8.3	8.4

For other Savings Schemes e.g. Savings Deposits, SCSS, MIS, NSC & PPF, rates of interest shall remain the same as were in the FY 2013-14.

Revised “Direct Taxes Code 2013” released

The Finance Ministry has released a revised and comprehensive “Direct Taxes Code 2013”. The said Code contains several significant changes with far-reaching implications to the law and practice of income-tax. The Code also seeks to make the law more simplified and comprehensible. There is specific emphasis in the Code on measures to tax evasion. The Finance Ministry has also issued a paper highlighting the salient features of the Direct Taxes Code 2013.

“Sometimes you have to forget what's gone, appreciate what still remains and look forward to what's coming next.”

Lunawat Update

Presentations

During March 2014, our partner CA. Pramod Jain gave following presentations:

1. *“Deemed Dividend”* at Gurgaon CPE Study Circle of NIRC of ICAI.
2. *“Expenses Disallowed in relation to Exempt Income—Section 14A”* at Gurgaon CPE Study Circle of NIRC of ICAI.
3. *“Companies Act 2013: Overview, New Concepts, Accounts, Audit, CSR, Deposits, Private Placement”* at Manglam CA Study Group & Shree Balaji Study Forum, Rohini, New Delhi

4. *“Peer Review & Documentation”* at Daryaganj CPE Study Circle of NIRC of ICAI, New Delhi.
5. *“Latest Updates on Taxation”* at West Delhi Study Circle of NIRC of ICAI.

Also, our partner CA. Rajesh Saluja gave the following presentations during the month:

1. *“Various Finance Concepts”* at Claas India Private Limited, Morinda, Punjab.

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