

# Lunawat Bulletin

## Market Watch

### Sensex

30.06.2014 : 25413.78

31.05.2014 : 24217.34

### Nifty

30.06.2014 : 7611.35

31.05.2014 : 7229.95

## Inside .....

Compliance Due Dates	2
Income Tax & DVAT	3
RBI	3
Corporate Laws	4 & 5
Lunawat Update	6

**Lunawat & Co.**  
Chartered Accountants  
[www.lunawat.com](http://www.lunawat.com)

## Finance Ministry may double tax exemption limit under 80C to Rs 2 lakh

Seeking to boost household savings, the Finance Ministry is considering doubling the exemption limit for investments by individuals in financial instruments to Rs 2 lakh. Presently the investments and expenditures up to a combined limit of Rs 1 lakh get exemptions under Sections 80C, 80CC and 80 CCC of the Income Tax Act.

Sources said the revenue department is assessing the burden on the exchequer in case of increase in the benefit limit. The announcement is expected in the Budget. The Budget for 2014-15 will be presented by Finance Minister Arun Jaitley in the Lok Sabha on July 10.

There have been demands from bankers and insurers to hike the tax exemption limit from Rs 1 lakh per annum to encourage household savings. The savings rate has come down from over 38 per cent of GDP in 2008 to 30 per cent in 2012-13.

The hike in the exemption limit, sources said, would provide much needed relief to the salary earners who are reeling under the impact of high inflation. The financial instruments which enjoy exemption include life insurance premium, public provident fund, employees provident fund, National Savings Certificates, repayment of capital on home loan, etc.

## RBI keeps lending rate ceiling for MFIs unchanged at 27.75% for second quarter

The Reserve Bank of India has kept the lending rate ceiling for micro finance companies unchanged at 27.75% for the July to September quarter. This will be the highest rate MFIs can charge to their borrowers in the next quarter. They may have to charge less if their cost of funds is lower than 17.75%.

About 48 micro lenders that are registered with RBI as non banking finance companies follow this lending rate calculation. This set of lenders are known as NBFC-MFIs. The central bank has arrived at the maximum rate by taking the average of base rates of the top five commercial banks and multiplying it by 2.75 times.

RBI revises the average base rate on the last working day of every quarter for the purpose of calculating interest rates to be charged by NBFC-MFIs to borrowers in the ensuing quarter. It prescribed the formula in February by linking it to their actual cost of funds. This way, MFI observers said that the central bank tried to remove the anomalies in MFIs' pricing mechanism existed before.

RBI's rate prescription says that MFIs with Rs 100 crore loan portfolio should arrive at the lending rate by adding their cost of funds to a maximum 10% margin, or 27.75% as suggested by the central bank, whichever is lower.

*" Life is so much brighter when we focus on what truly matters.... "*

## Compliance Due Dates

Due Date	Related to	Particulars
05.07.2014 (Saturday)	<b>Service Tax</b>	<b>Deposit Service Tax</b> for payments received by Companies from <b>01.06.2014 to 30.06.2014</b> . In case of deposit compulsory through <b>electronic mode</b> , the due date is <b>06.07.2014</b> .
07.07.2014 (Monday)	<b>TDS/TCS (Income Tax)</b>	<b>Deposit TDS</b> for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of June 2014. <b>Deposit TCS</b> for collections made under section 206C during the month of June 2014 Deliver copy of <b>Form 15G/15H</b> to CCIT/CIT for forms received in month of June 2014.
12.07.2014 (Saturday)	<b>D-VAT</b>	<b>Furnish</b> advance information for functions in Banquet Halls, hotels etc. where food &/or liquor items supplied & booking <b>cost &gt; Rs 1 lakh per function</b> for 2nd fortnight of <b>July 2014</b> in <b>Form BE-2</b>
15.07.2014 (Tuesday)	<b>TDS/TCS (INCOME TAX)</b>	<b>TDS returns</b> for June Quarter for non-government deductors & <b>TCS returns</b> for all Deductors in <b>Form - 24Q, 26Q, 27Q and 27EQ</b>
15.07.2014 (Tuesday)	<b>EPF</b>	<b>Deposit PF</b> under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of June 2014
15.07.2014 (Tuesday)	<b>DVAT</b>	<b>Deposit DVAT TDS</b> for the month of June 2014
21.07.2014 (Monday)	<b>ESI</b>	<b>Deposit ESI</b> under Employees State Insurance Act, 1948 deducted for the month of June 2014.
21.07.2014 (Monday)	<b>DVAT</b>	<b>Deposit DVAT and CST</b> for the month ended June 2014.
22.07.2014 (Tuesday)	<b>DVAT</b>	Issue <b>DVAT TDS Certificates</b> for the Tax deducted during June 2014 in <b>Form DVAT 43</b> .
25.07.2014 (Friday)	<b>DVAT</b>	File <b>DVAT &amp; CST quarterly return</b> in electronic form for the quarter ended June 2014.
27.07.2014 (Sunday)	<b>DVAT</b>	Furnish advance information for functions in Banquet Halls, hotels etc. where food &/or liquor items supplied & booking <b>cost &gt; Rs 1 lakh per function</b> for <b>1st fortnight of August 2014</b> in <b>Form BE-2</b>
28.07.2014 (Monday)	<b>DVAT</b>	<ul style="list-style-type: none"> <li>• Furnish hard copy of <b>return verification Form 56</b> for the quarter ended <b>June 2014</b>.</li> <li>• File <b>online Quarterly TDS Return under DVAT Act</b> in <b>form DVAT -48</b> for the quarter ended June 2014. The TDS certificates are to be issued form online facility.</li> <li>• Submission of return in <b>Form Bank-1</b>, All scheduled Banks having branches in Delhi &amp; engaged in business of silver, gold, repossessed vehicles for quarter ending <b>July 2014</b></li> </ul>
30.07.2014 (Wednesday)	<b>TDS/TCS (INCOME TAX)</b>	Issue of <b>Form 16/27D</b> Quarterly <b>TDS/TCS</b> certificate for the quarter ended <b>June 2014</b>
31.07.2014 (Thursday)	<b>TDS/TCS (INCOME TAX)</b>	File <b>TDS returns</b> for <b>June Quarter</b> for Government deductors in return form Return No. <b>24Q, 26Q, 27EQ &amp; 27Q</b> .
31.07.2014 (Thursday)	<b>Wealth Tax</b>	<b>File Wealth Tax Return (Form No. BA)</b> in respect of <b>Previous Year 2013-2014</b> .
31.07.2014 (Thursday)	<b>Income Tax</b>	<b>File non-audited returns</b> in ITR <b>Form-1,2,3,4,4S, 5,7</b> by Individuals, HUFs, Partnership firms, AOPs, BOIs, Trust and political parties for the <b>A.Y. 2014-15</b> .

## Income Tax



### CBDT notifies Cost Inflation Index for FY 2014-15

CBDT has notified Cost Inflation Index for F. Y. 2014-15 which is 1024.

### CBDT notifies New Form BB for Wealth Tax Return, Mandatory e-Filing of Wealth Tax Return for assesses having Tax Audit

CBDT has notified new Wealth Tax Return Form in Form BB. The form shall be required to be filed only in Electronic manner for all assesses except for the assessee, being an individual or HUF, who is not required to get his accounts audited under section 44AB.

*" There are two ways to get enough  
One is to accumulate more  
& the other is to Desire Less.... "*

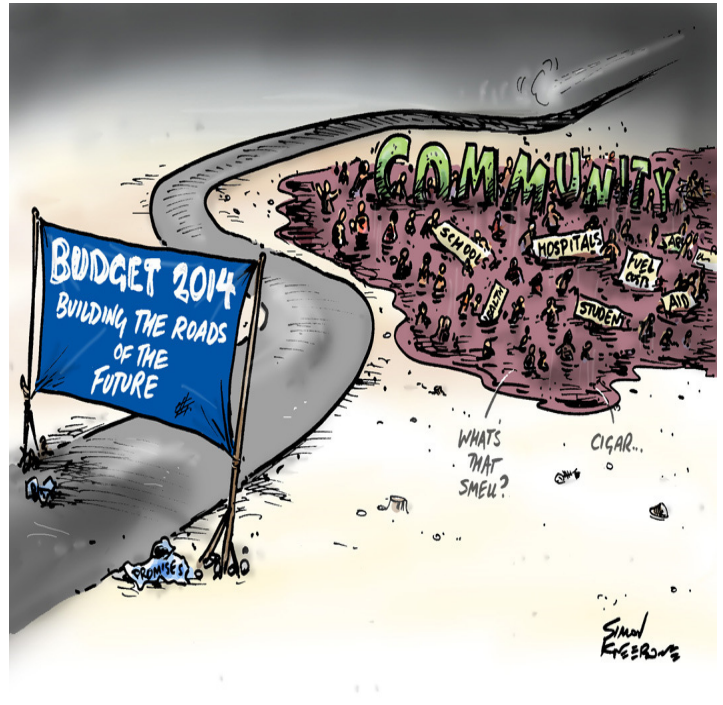
## DVAT



### Amendment to DVAT Rules

Amendments have been made to DVAT Rules to provide for Fee for filing Memorandum of Appeal. For this, Annexure I to the Rules has been replaced which contains the new chart of applicable fees.

Further amendments include changes to Form DVAT 16 & 17.



## RBI



### RBI further simplifies KYC norms for Bank Accounts

RBI has decided to simplify the requirement of submission of 'proof of address' as follows:

- customers may submit only one documentary proof of address (either current or permanent) while opening a bank account or while undergoing periodic updation. In case the address mentioned as per 'proof of address' undergoes a change, fresh proof of address may be submitted to the branch within a period of six months.
- In case the proof of address furnished by the customer is not the local address or address where the customer is currently residing, the bank may take a declaration of the local address on which all correspondence will be made by the bank with the customer. No proof is required to be submitted for such address for correspondence/local address. In the event of change in this address due to relocation or any other reason, customers may intimate the new address for correspondence to the bank within two weeks of such change.

## Corporate Laws



### Clarification on certain issues related to directors and independent directors

Some issues related to appointment & qualifications of Directors and independent directors were raised by the Industry chambers, professional institutes, the clarifications related to those are as follows:

- “Pecuniary Interest” would not include those transactions which are entered into by an Independent Director which are in the ordinary course of business of the company and are at Arm’s Length.
- “Pecuniary Interest” would not include the remuneration paid to Independent Director for participation in board.
- In case Existing IDs being remained appointed for new tenure starting from 01.04.2014 then such appointment shall be made expressly under section 149(10)/(11) read with Schedule IV of the Act within one year from 01.04.2014, subject to compliance with eligibility and other prescribed conditions.
- Since the Act provides for a term of “upto 5 consecutive years” for an ‘ID’. Hence an ID can be appointed for a term of less than 5 years.
- Appointment of Existing IDs shall have to be formalised through issue of an Appointment Letter as per the provisions of Schedule IV.

### Various MCA amendments, clarifications

- Through an amendment to the Companies (Acceptance of Deposits) Rules 2014, it has been provided that the companies may accept deposits without deposit insurance contract till the 31st March 2015.
- A new Rule 8A has been inserted into Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 to provide that every company having paid up capital of 5 crore or more would need to have a Whole time Company Secretary.
- Penal Provisions for non-repayment of Deposits u/s 74 have been made applicable w.e.f. 6th June 2014.
- Company Law Board has been given the powers to exercise the jurisdiction, powers, authority and functions of the Tribunal u/s 74 (2) of the Companies Act 2013.

- Company Law Board has been given the powers to exercise the jurisdiction, powers, authority and functions of the Tribunal under the Proviso to 2 (41) of the Companies Act 2013.
- While filing INC-7 (Incorporation Form), PAN details are mandatory for those foreign nationals who are required to possess PAN in terms of provisions of Income Tax Act on the date of application. Where the intending Director who is a foreign national is not required to compulsorily possess PAN, it will be sufficient for such person to furnish his/her passport number, along with an undertaking stating that provisions of mandatory applicability of PAN are not applicable to the person concerned.
- In case of receipt of Share Transfer form duly executed between two persons in accordance with the old companies act, and the form is timely received by the company after 31st March 2014, even then the company needs to accept the form. Even if the same is not received within the prescribed time, the company may accept the same if the delay is supported by a valid reason.
- A committee of Directors may issue Duplicate Shares subject to any regulations imposed by the board.
- Form MGT-10 needs to be physically signed by professional and to be filed with other required enclosures with general E Form GNL-2 until an e form for MGT-10 is made available.
- Public companies which were not required to constitute Audit Committee under the old companies act but which are required to constitute an Audit Committee under new act shall constitute such Audit, Nomination & Remuneration Committee within one year of commencement of the related rules or appointment of independent directors by them, whichever is earlier.
- New Format of Registers to be maintained to record loans given under section 186 in MBP2 shall be required to be maintained from 01.04.2014.
- In filing Form INC27 for conversion of a public company into a private company, relevant provisions of the old act shall remain in force until the corresponding provisions of the new act are notified.
- Voting through electronic means have been deferred till 31st December 2014. Clarifications on various issues related to these have also been issued.
- Declaration & Payment of Dividend Rules have been amended to provide that No company shall declare dividend unless carried over previous losses and depreciation not provided for are set off against profit of the current year.
- There is no bar in the new act for a company incorporated outside India to incorporate a subsidiary either as a public company or a private company. An existing company, being a subsidiary of a company incorporated outside India, registered under Companies Act 1956, either as a private or public company, will continue as such.



## Draft Notification on Exemptions to Private Limited Companies

MCA has issued a Draft notification which shows some exemptions that may be provided to Private Limited Companies. MCA has invited comments from general public, professional bodies etc. on such draft notification by 1st July 2014.

## MGT-7 “Annual Return” shall not be applicable for FY ending before 01.04.2014

MCA has clarified that Annual Return in new Form MGT-7 shall not be applicable to those annual returns which relates to any FY which ended on or before 01.04.2014. Such companies may file their return for relevant form of the companies act 1956.

## Clarifications on CSR Activities by the Companies

MCA has issued some clarifications related to CSR activities to be undertaken by Companies.

- The items indicated in Schedule VII are only illustrative in nature.
- CSR activities should be undertaken by the companies in project/ programme mode [as referred in Rule 4 (1) of Companies CSR Rules, 2014]. One-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies can be factored into CSR project cost as part of the CSR expenditure.
- “Any financial year” referred under Sub-Section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014, implies ‘any of the three preceding financial years’.
- Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.

- ‘Registered Trust’ (as referred in Rule 4(2) of the Companies CSR Rules, 2014) would include Trusts registered under Income Tax Act 1956, for those States where registration of Trust is not mandatory.
- Contribution to Corpus of a Trust/ society/ section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly related to a subject covered in Schedule VII of the Act.

## Clarification on requirement of a Resident Director

MCA has clarified that the residency requirement would be reckoned from the date of commencement of section 149 of the act i.e. from 01.04.2014. The first previous calendar year for compliance with these provisions would be Calendar Year 2014. The period of remaining calendar year would be taken into consideration for compliance of these provisions. Hence proportionately, the number of days required to be India to become a Resident Director would be 136 days. For new companies incorporated between 01.04.2014 to 30.09.2014 should have a resident director either at the incorporation stage or within six months of their incorporation.

## Clarification on the use of words “Commodity Exchange”

Use of words “Commodity Exchange” may be allowed to be used only where a NOC from Forward Markets Commission is furnished by Applicant. Such an NOC is also required for companies already registered with such words in their name.

## Filing of DPT-4 extended till 31.08.2014

MCA has through a notification extended the date of filing of DPT-4 till 31.08.2014 without any additional fee in terms of section 403 of the act.

## Clarification regarding Shares held in a Fiduciary Capacity

MCA clarified that the shares held by a Company in another company in a Fiduciary Capacity shall not be counted for the purpose of determining the relationship of “Associate Company”.

## Lunawat Update

### Presentations

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

1. “Companies Act 2013 (Specific Aspects)” at Shastri Nagar CPE Study Circle of NIRC of ICAI.
2. “Companies Act 2013 (Specific Aspects)” at Ajmer Branch of CIRC of ICAI.
3. “Companies Act 2013” at Power Grid Corp Ltd., Gurgaon.
4. “Companies Act 2013 & Importance of LLP” at East End CPE Study Circle of NIRC of ICAI.
5. “Companies Act 2013” at Eagle Group, Mangalam & Shri Balaji Study Circle, Rohini, New Delhi.
6. “Companies Act 2013” at Alwar Branch of CIRC of ICAI .
7. “Immediate Steps to be taken under Companies Act 2013” at Karol Bagh CPE Study Circle of NIRC of ICAI.
8. “Companies Act 2013” at North Campus (CA-CPE) Study Circle of NIRC of ICAI .
9. “Companies Act 2013” at Jawahar Park CPE Study Circle of NIRC of ICAI.

Also our partner CA. Rajesh Saluja gave presentation on ‘DVAT Latest Amendments’ at Shastri Nagar CPE Study Circle of NIRC of ICAI

## 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](mailto:dgoffice@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](mailto:mumbai@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](mailto:pvoffice@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](mailto:keshopur@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](mailto:karampura@lunawat.com)

### We also have ASSOCIATES at :

Chennai, Kolkata, Ludhiana, Pune,  
Chandigarh, Udaipur, Vadodara,  
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Editorial Team: CA. Vikas Yadav & Yamini Arora.