

Lunawat Bulletin

Market Watch

Sensex

31.07.2014 : 25894.97

30.06.2014 : 25413.78

Nifty

31.07.2014 : 7721.30

30.06.2014 : 7611.35

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Government aims to open 7.5 crore bank accounts by August 15, 2018

The NDA government has drafted a new financial inclusion plan that aims to open 7.5 crore bank accounts in rural and urban areas and extend financial services to all citizens by August 15, 2018. An official familiar with the deliberations told renowned newspaper ET that the 600,000—odd villages in the country will be split into smaller service areas and assigned to banks, which in turn will provide at least one fixed banking point for every 1,000 -1,500 households.

Finance Minister Arun Jaitley is set to discuss the plan with bankers at a meeting on Thursday.

Its details are likely to be announced by Prime Minister Narendra Modi on Independence Day.

According to the official, the six-pillar financial inclusion plan has been split into two phases. The first phase, which will run until August 15, 2015, will try and achieve universal access to banking facilities and impart financial literacy. The second phase will run for three years up to August 15, 2018.

The government hopes that through this approach every habitation will have access to banking service within 5 km by August 2015, except insurgency affected and hilly areas, which will be covered by August 2016.

Gold drops on renewed stockists selling, weak global cues

Gold prices fell back after a brief overnight bounce at the bullion market here today on emergence of fresh selling by stockists and jewellery traders amid global sluggishness.

The industrial metal, silver also drifted to close below Rs 45,000 per kg mark due to heavy unwinding by speculators coupled with subdued industrial off-take.

Standard gold (99.5 purity) slumped by Rs 190 to finish at Rs 27,790 per 10 grams compared to Tuesday's level of Rs 27,980.

Pure gold (99.9 purity) also shed by a similar margin to end at Rs 27,935 per 10 grams from Rs 28,125 previously.



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“ My future depends mostly upon myself ”

Compliance Due Dates

Due Date	Related to	Particulars
05.08.2014 (Tuesday)	Service Tax	Deposit Service Tax for payments received by Companies from 01.07.2014 to 30.07.2014 . In case of deposit compulsory through electronic mode , the due date is 06.08.2014 .
07.08.2014 (Thursday)	TDS/TCS (Income Tax)	Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of July 2014. Deposit TCS for collections made under section 206C during the month of July 2014 Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of July 2014.
08.08.2014 (Friday)	DVAT	Filing of online return /hard copy of quarter ended on June 2014 extension of period thereof, in form of DVAT-16, DVAT-17 and DVAT-48
12.08.2014 (Tuesday)	DVAT	Furnish advance information for functions in Banquet Halls, hotels etc. where food &/or liquor items supplied & booking cost > Rs 1 lakh per function for 2nd fortnight of Aug 2014 in Form BE-2
15.08.2014 (Friday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of July 2014
15.08.2014 (Friday)	DVAT	Deposit DVAT TDS for the month of July 2014
21.08.2014 (Thursday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of July 2014.
21.08.2014 (Thursday)	DVAT	Deposit DVAT and CST for the month ended July 2014.
22.08.2014 (Friday)	DVAT	Issue DVAT TDS Certificates for the Tax deducted during July 2014 in Form DVAT 43 .
27.08.2014 (Wednesday)	DVAT	Furnish advance information for functions in Banquet Halls, hotels etc. where food &/or liquor items supplied & booking cost > Rs 1 lakh per function for 1st fortnight of September 2014 in Form BE-2
31.08.2014 (Sunday)	COMPANY LAW	Last date of filing Form-DPT-4, wherever applicable.

LIST OF HOLIDAYS IN AUGUST

DATE	DAY	HOLIDAY
10.08.2014	Sunday	Rakshabandhan
15.08.2014	Friday	Independence Day
18.08.2014	Monday	Janmastami

Income Tax

Changes made in Finance (Bill) No. 2, 2014 as passed by the Lok Sabha

Following are the changes made in Finance (Bill) No.2,2014

1. Unlisted securities and units of MF transferred between 01-04-14 and 10-07-14 shall be deemed to be long-term capital assets, if held for more than 12 months.
2. Long-term Capital Gains on Units of Mutual Funds transferred between 01-04-14 and 10-07-14 shall be taxable at 10% with out indexation.
3. A third proviso has been inserted in Section 92C the provisions of first and second proviso (arithmetic mean and tolerable range) shall not apply.
4. Taxpayers can approach Settlement Commission even for pending re-assessment cases.
5. Resident taxpayers can approach Authority for Advance Ruling.
6. Changes are aimed at strengthening Authority for Advance Ruling.

Changes made to Form 3CA, 3CB and 3CD

Following are the changes made to Form 3CA, 3CB

Mention the period for which profit & loss account/ Income and expenditure account has been prepared whether accounts are prepared for more than or less than 12 months.

Following are the changes made to Form 3CD

1. 7 New clauses added. More than 20 clauses extended / amended
2. Annexures to the form deleted.
3. Particulars of registration under excise, vat, customs, service tax etc to be given
4. Location(s) addresses(s) of keeping books of accounts to be Given
5. Particulars of sale of Land/Building less than Stamp Value
6. Name of payee whose TDS not deducted
7. Whether receive shares below fair value u/s 56(2)(viiia)
8. Detailed information of TDS/TCS deducted section wise
9. Late filing of TDS/TCS Return
10. Interest payable u/s 201(1A) and 206C(7)
11. Observation on audit under service tax also to be reported
12. Demand/Refund raised under any other law during the previous year
13. Comparison of amount debited vis a vis amount admissible on account of various deductions
14. Detail of TDS deducted not deposited or not deducted u/s 40(a) non resident
15. Amount to be profit u/s 40A(3A) also to be given
16. The word 'Modvat' has been replaced by 'Cenvat'
17. Detail of receipt of security premium taxable u/s 5(2)(viiia)
18. Comparative Ratios of previous year also to be given

CBDT Revises Monetary Limits for Filing of Appeals

CBDT has revised the limits for appeals which shall not be filed in cases where the tax effect does not exceed the monetary limits given hereunder:-

S.No.	Appeals in Income-tax matters	Monetary Limit (in Rs)
1.	Before Appellate Tribunal	4,00,000/-
2.	U/s 260A before High Court	10,00,000/-
3.	Before Supreme Court	25,00,000/-

DVAT

DVAT quarter1(2014-15) Returns due date extended to 8th August 2014

The Last date of filing of online/hard copy of first quarter return for the year 2014-15, in Form DVAT-16, DVAT-17 and DVAT-48 along with required annexure/enclosures to 08 August,2014

RBI

Various notifications issued by RBI during the month

- Liberalised Remittance Scheme (LRS) for resident individuals-Increase in the limit from USD 75,000 to USD 125,000
- Banks can now issue long-term bonds with a minimum maturity of seven years to raise resources for lending to (i) long term projects in infrastructure sub-sectors, and (ii) affordable housing.
- The pricing of the partly paid equity shares shall be determined upfront and 25% of the total consideration amount (including share premium, if any), shall also be received upfront; The time period for receipt of the balance consideration within 12 months shall not be insisted upon where the issue size exceeds rupees five hundred crore.
- The limit of Overseas Direct Investments (ODI)/ Financial Commitment (FC) to be undertaken by an Indian Party under the automatic route has been restored to the prevailing limits as per FEMA provisions. However any such commitment exceeding USD 1 (one) billion in a FY would require prior approval of the RBI even if the FC is under the eligible limit.
- NBFC's shall not charge foreclosure charges / pre payment penalties on all floating rate term loan sanctioned to individual borrowers.
- RBI revises pricing guidelines for issue or transfer of shares or convertible debentures.

Service Tax

Highlights of changes made in Service Tax through Budget 2014

Finance Minister presented the Union Budget 2014 this month and have made several changes to the Service Tax and Rules. The details of all changes have already been given in our Budget Publication.

Highlights of the same are given below:

- **Changes in Service Tax Rules:**

- ◆ In Rule 2(1)(d)(i), item AA is inserted in relation to service provided or agreed to be provided by a recovery agent to a banking company or a financial institution or a non banking financial company, the recipient of service.
- ◆ In Service Tax Rule 2(1)(d)(i), item EE has been substituted in relation to service provided or agreed to be provided by a director of a company or a body corporate to the said company or body corporate, the recipient of service.
- ◆ Every assessee shall pay the service tax payable by him electronically through net banking unless otherwise allowed by AC/DC of Central Excise to deposit the service tax by any other mode.

- **Changes to Negative List:**

- ◆ Space selling or selling of time slots for advertisement is removed from Negative List and is now taxable except for advertising in Print Media which is still covered in Negative List. Definition of Print Media has been given vide Cl. (39a) of Section 65B.
- ◆ Service Tax shall be applicable on service of radio taxis however abatement shall be allowed to radio taxis as it is allowed in the case of rent-a-cab service.
- ◆ General Exemptions to clinical research on human participants, air conditioned contract carriages is being withdrawn.
- ◆ Service provided to Government/Local Authority/ Government authority by way of repair or maintenance of a vessel shall be liable for service tax whereas by way of water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation shall continue to be exempt from service tax.
- ◆ Services of transportation of students, staff and faculty; catering, including any mid-day meals and security or cleaning or housekeeping services provided to an eligible educational institution are now excluded from the service tax.
- ◆ Life micro-insurance schemes for the poor, approved by IRDA, where sum assured does not exceed Rupees Fifty Thousand to be exempted from service tax.
- ◆ Transport of organic manure by vessel, rail or road (by GTA) is being exempted.

- ◆ Loading, unloading, packing, storage or warehousing, transport by vessel, rail or road (GTA), of cotton, ginned or baled, is being exempted.
- ◆ Services provided by common bio-medical waste treatment facility operators to clinical establishments are being exempted.
- ◆ Specialized financial services received by RBI from global financial institutions in the course of management of foreign exchange reserves, e.g., external asset management, custodial services, securities lending services, etc. are being exempted.
- ◆ Services provided by Indian tour operators to foreign tourists in relation to a tour wholly conducted outside India are being exempted.
- ◆ Service provided by ESIC prior to 1st July, 2012 is to be exempted and service provided after 1st July, 2012 was already exempt from service tax by notification no. 25/2012 (mega exemption list).

- **Changes to Mega Exemption Notification:**

- ◆ Few Services are newly exempted which shall come into force from 1st July, 2014 such as Life Micro Insurance Schemes where sum total does not exceed Rs.50,000, transport of organic nature, loading-unloading, packing, storage of cotton, ginned or baled etc.
- ◆ Few Services provided to eligible education institutions are now excluded from service tax.
- ◆ Services by way of renting for residential or lodging purpose having declared tariff of Rs.1000 or equivalent are exempted to service tax including dharamshalas and ashrams.

- **Changes to Service Tax Determination of Value Rules:**

- ◆ In Rule 2A of Service Tax Valuation Rules, category 'B' and 'C' of works contract proposed to be merged into one single category, with service portion as 70% (Applicable from 1st October, 2014)
- ◆ Taxable portion in respect of transport of goods by vessel to be reduced from 50% to 40%. Effective service tax will decrease from the present 6.18% to 4.944%.

- **Changes to Interest on Delayed payment of Tax:**

- ◆ Simple interest rates per annum payable under section 75, to vary on the basis of extent of delay in payment of service tax. This will come into force on 1st October 2014.

Extent of Delay	Simple Interest Rate (p.a.)
Upto 6 Months	18%
From 6 Months-1 Year	24%
More than 1 Year	30%

- **Changes to Reverse Charge Mechanism:**

- ◆ In case of reverse charge services, it is proposed to provide that point of taxation will be the payment date or first day after three months from the date of invoice, whichever is earlier. The amended point of taxation will apply to invoices issued after 1st October 2014.

- ◆ **Change in Place of Provision of Services Rules**

- ◆ Agents in India providing services to Foreign manufactures against commission covered liable to pay service tax w.e.f. 1st October 2014.

Corporate Laws



Clarification on matters relating to Related Party Transactions

MCA clarified that a member who is a related party can vote on a special resolution to approve the contract or arrangement provided that related party should have no interest in such contract or arrangement.

Clarification on transitional period for resolutions passed under Companies

MCA clarified that resolutions approved or passed by companies under provisions of the Old Companies Act during the period from 1st September, 2013 to 31st March, 2014, can be implemented, in accordance with provisions of the Old Companies Act subject to the conditions:-

- (a) that the implementation of the resolution actually commenced before 1st April, 2014; and
- (b) that this transitional arrangement will be available up to expiry of one year from the passing of the resolution or six months from the commencement of the corresponding provision in New Act i.e. 1st April, 2014, whichever is later.

Amendment in the definition of Related Party

MCA issued an order to amend the definition of related party. Now, relative of director or manager who is a director or manager in a private company shall also be covered under the definition of related party. Further, Independent Director would no more be considered as a related party.

Expert Committee for Cost Records & Audit constituted

MCA constituted an expert committee to examine issues relating to maintenance of Cost Records and Cost Audit and the committee may submit its report within a period of 3 months from its first meeting.

Clarification on Registration of names of the Companies/LLPs

MCA has issued a clarification in continuation of the Circular No. 02/2014 and 26/2014 dated 11.02.2014 and 27.06.2014 that the Registrar of Companies concerned should exercise due care to ensure that the names are not in contravention of the provisions of the Emblems and Names (Prevention of Improper Use) Act, 1950.

Requirement of fresh approvals for past contracts under Section 188

A clarification has been issued by MCA that the contracts entered into by companies under the provisions of Old Companies Act i.e. before 12th September, 2013, will not require fresh approval under the provisions of New Companies Act until the expiry of the original term of such contracts provided no modification is made in such contracts on or after 1st April, 2014.

Extension of Validity of reserved names

Due to the technical snag on the website, MCA has extended the due date till 18th August, 2014 for those applicants whose validity period for filing of relevant e-forms for incorporation of companies got expired as on 19th July, 2014.

Clarification on Form MGT-14 through STP mode

In order to simplify procedures and with a view to ensure timely disposal of E-Forms, MCA clarifies that Form MGT-14 will be processed using Straight Through Process (STP) mode in all cases except for change of Name, change of object resolution for further issue of capital and conversion of companies.

Other Amendments by MCA

- CG notified that public companies which are engaged in multiple businesses-
 - (a) having paid-up share capital of 100 crore or more; and
 - (b) annual turnover of 1000 crore or more can have its CEO or Managing Director who is also its Chairman.
- MCA seeks comments on a new Central Sector Plan Scheme - Corporate Data Management. The proposed duration of the proposal is FY 2014-15 to 2016-17 & proposed cost would be Rs. 33.94 crores.
- MCA issues clarifications in relation to auditors of Government Companies & Deemed Government Companies. Further, it would be the responsibility of newly formed Companies to intimate to CAG about its incorporation so that CAG may appoint first Auditors.

Lunawat Update

Presentations

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

1. "Overview of *Companies Act 2013*" at Nehru Place Study Circle of NIRC of ICAI.
2. "Audit & Auditors under *Companies Act 2013*" at NIRC of ICAI, New Delhi.
3. "Taxation aspects under *Union Budget 2014*" at West Delhi Study Circle of NIRC of ICAI
4. "*Companies Act 2014*" at Unicharm India Pvt. Ltd.



**UNION BUDGET 2014
DECODED**

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