

Lunawat Bulletin

Market Watch

Sensex

31.08.2014 : 26638.11

31.07.2014 : 25894.97

Nifty

31.08.2014 : 7954.35

31.07.2014 : 7721.30

Inside

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

Lunawat & Co.
Chartered Accountants
www.lunawat.com

Black money pursuit: Foreign clients move Rs 25-trillion away from Swiss banks

As India steps up its pressure on Switzerland in its black money pursuit, foreign clients' funds worth 350 billion Swiss francs (nearly Rs 25 lakh crore) have left Swiss banks in the past six years. While there are no specific data for money that could be of Indians, this includes outflows to the tune of 100 billion Swiss francs that are related to fine payments in the context of declaration of untaxed money, as per a new study by PwC. The study, conducted by the Swiss unit of global consultancy giant PwC, has analysed annual reports of 90 private banking institutions in Switzerland, as also the other public data including that of Swiss Central Bank.

"We estimate that around 350 billion Swiss francs in net assets under management from foreign-domiciled private clients have left Switzerland in the last six years," PwC said. "Overall, we estimate that up to 100 billion Swiss francs net new money outflows are related to fine payments in the context of the declaration of untaxed money," it added. This leaves outflows to the tune of 250 billion Swiss francs from accounts of clients that have ultimately terminated their relationship with banks in Switzerland and transferred their money back to their home countries or to another financial centre, the study found.

Inflation trajectory on its way down; to be 6% in January 16: UBS

Inflation in India is not a "structural" issue and is likely to moderate to 6 per cent by January 2016 provided there is continued appropriate policy measures and absence of global macro shocks, says an UBS research report. "Our detailed analysis of key drivers -- macro/micro, structural-cyclical, food all indicate that inflation (CPI and WPI) will keep moderating towards 6 per cent in January 2016," the research report said.

Inflation is expected to follow the above mentioned trajectory provided there is continued appropriate policy measures and in the absence of global macro shocks especially in Crude oil and rupee front, the report added.

WPI inflation declined to 5-month low of 5.19 per cent in July on account of decline in vegetable prices. According to official figure, the Wholesale Price Index based inflation was at 5.43 per cent in June, and 5.84 per cent in July last year. Meanwhile, retail inflation - based on Consumer Price Index - rose marginally to 7.96 per cent in July, from 7.46 per cent in June mainly due to higher prices of food items like vegetables, fruits, milk.

The report further noted that inflation is one of the key impediments to a recovery in Indian growth and lower inflation would enhance the efficiency of India's economy.

" In the Business World, the rearview mirror is always clearer than the windshield "

Compliance Due Dates

Due Date	Related to	Particulars
05.09.2014 (Friday)	Service Tax	Deposit Service Tax for payments received by Companies from 01.08.2014 to 31.08.2014 . In case of deposit compulsory through electronic mode , the due date is 06.09.2014 .
07.09.2014 (Sunday)	TDS/TCS (Income Tax)	Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of August 2014. Deposit TCS for collections made under section 206C during the month of August 2014 Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of August 2014.
12.09.2014 (Friday)	D-VAT	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 September 2014 in Form BE-2
15.09.2014 (Monday)	Income Tax (Advance Tax)	In case of Company assessee , pay Second Installment and in case of assessee other than Company pay First Installment of Advance Tax..
15.09.2014 (Monday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of August 2014
15.09.2014 (Monday)	DVAT	Deposit DVAT TDS for the month of August 2014
21.09.2014 (Sunday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of August 2014.
21.09.2014 (Sunday)	DVAT	Deposit DVAT and CST for the month ended August 2014.
22.09.2014 (Monday)	DVAT	Issue DVAT TDS Certificates for the Tax deducted during August 2014 in Form DVAT 43 .
27.09.2014 (Saturday)	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 october 2014 in Form BE-2 .
30.09.2014 (Tuesday)	DVAT	Reconciliation of Statutory Forms for 2013-14 in Form -9 .
30.09.2014 (Tuesday)	Professional Tax	Return of Monthly Profession Tax (Liability equal to more than Rs. 50,000) in Form No. IIIB . Payment of monthly profession tax (Liability greater than equal to Rs. 50000) in Form MTR - 6 .
30.09.2014 (Tuesday)	Income Tax	File I. T. Return / Wealth Tax Return for assesses whose accounts are required to be audited under any other law. Further all assesseees whose accounts are required to be audited under Income Tax Laws including tax audit u/s 44AB are to file their ITR by 30th September 2014. As per the IT order the date extended is of tax audit only and not ITR.

Income Tax

Due Date of Filing Tax Audit Report extended

CBDT has extended the due date of obtaining and furnishing the report under Section 44AB for the Assessment Year 2014-15 in case of those assessee who are not required to furnish report under Section 92E of the Income Tax Act from 30th September, 2014 to 30th November, 2014.

It is further clarified by the department that the audit report already furnished within the period of 1st April, 2014 to 24th July, 2014 in the pre-revised forms are considered valid.

The due date of filing TAR is the due date of filing ITR itself. Extending the due date of filing ITR would have also extended filing of TAR automatically. The confusion over extension of filing Tax Audit Report to 30th November but not extending date of ITR is yet to be clarified by the Income Tax Department.

DVAT

DVAT Department notified Form 9

DVAT Department has notified Form 9:

- All eligible dealers are required to furnish relevant information related to year 2013-14 latest by 30-09-2014.
- Dealer can also furnish the details of pendency of forms for the preceding three year 2010-11, 2011-12 & 2012-13, if no assessment has been framed for the relevant year.
- No assessing authorities shall frame any central assessment related to Central Declaration Forms and where no refund is involved, as the same shall be generated by the Systems and Operation Branch on the basis of information furnished by the dealer in Form 9.
- Assessing Authorities are allowed to frame the central assessment order only in the case where it is required for processing the refund claim.

Other DVAT Notification

- Department has issued clarification for Works Contracts under Delhi Tax Compliance Achievement Scheme 2013.
- Department has issued a notification containing a detailed procedure of Input Tax Credit/Claim of Refunds. The process has already been in place. The department has only described and clarified it further.

Service Tax

Fixation of date for the applicability of Clauses (A), (B) & (C) of the Finance (No.2) Act, 2014

The CBEC vide its Notification No. 18/2014-ST dated August 25, 2014 has fixed the date of applicability of provisions of Section 114(A),(B),(C) of the Finance (No.2) Act, 2014 as October 1, 2014

Changes made in Interpretation of various terms

- Clause (32) of Section 65B of the Finance Act which contains the meaning of "Metered Cab" will not include radio taxi
- A new clause (39a) has been inserted under Section 65B of the Finance Act containing the meaning of "Print Media" which means "book" as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867, but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes; and "newspaper" as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867.

Changes made in the Negative List of Services:

- Sale of space or time for advertisements in broadcast media, namely radio or television, extended to cover such sales on other segments like online and mobile advertising, etc. Sale of space for advertisements in print media however would remain excluded from Service tax.
- Service provided by radio-taxis brought under the Service tax. The abatement of 60% presently available in terms of Notification No. 26/2012-ST Dated 20-6-2014, duly amended by Notification No. 8/2014-ST Dated 11-7-2014, to rent-a-cab service would also be made available to radio taxi service, to bring them on par.

Changes made in Rate of Exchange for valuation for Export or Import of Services

- Rate of exchange means the rate of exchange determined in accordance with such rules as may be prescribed which was earlier read as rate of exchange referred to in the Explanation to section 14 of the Customs Act, 1962.

Determination of Rate of Exchange (Rule 11)

- The rate of exchange for determination of value of taxable service shall be the applicable rate of exchange as per the generally accepted accounting principles on the date when point of taxation arises in terms of the Point of Taxation Rules, 2011.

Power to issue supplementary instructions (Rule 12)

- The Board or the Chief Commissioners of Central Excise may issue instructions for any incidental or supplemental matters for the implementation of the provisions of the Act.

Amendment in Rule 12AAA of the CENVAT Credit Rules, 2004

- The Rule prescribes power of CG to impose restrictions on certain types of cases to prevent misuse of provisions of the Credit Rules.
- Earlier, the CG was empowered to impose certain restrictions on a manufacturer, first stage and second stage dealer or an exporter only but now the restrictions can also be imposed on “provider of taxable service”.

Rate of Interest for delayed in payment of Service Tax has been amended

Variable Rates of Interest for Delayed Payment of Service Tax To encourage prompt payment of Service tax, new interest rates on delayed payments under Section 75 of the Finance Act, 1994, which would vary as per the extent of delay has been prescribed as under:

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

As specified in the proviso to section 75, 3% concession on the applicable rate of interest will continue to be available to the small service providers, whose value of taxable services provided in a financial year does not exceed Rs. 60 Lacs during any of the financial years covered by the notice or during the last preceding financial year, as the case may be.

Changes in the Service Tax Rules, 1994

E-payment of Service tax made mandatory with effect from October 1, 2014. Relaxation from e-payment may be allowed by the Deputy Commissioner/ Asst. Commissioner on case to case basis.

Changes in Partial Reverse Charge Mechanism

In case of Renting of motor vehicle where the service provider does not take abatement, the portion of Service tax payable by the service provider and service receiver has been modified as 50% each.

Changes in the Service Tax (Determination of Value) Rules, 2006

In Rule 2A (ii) of the Service Tax (Determination of Value) Rules, 2006, Category ‘B’ (70%) and ‘C’ (60%) of Works Contract has been merged into one single category, with percentage of service portion as 70%, for the chargeability of Service tax.

Changes in the Service Tax (Determination of Value) Rules, 2006

- In Rule 2A (ii) of the Service Tax (Determination of Value) Rules, 2006, Category ‘B’ (70%) and ‘C’ (60%) of Works Contract has been merged into one single category, with percentage of service portion as 70%, for the chargeability of Service tax.

Changes in the Point of Taxation Rules, 2011

- The Point of Taxation in respect of Reverse Charge under the first Proviso to Rule 7 of the POT Rules has been amended to be the payment date or the first day that occurs immediately after a period of three months from the date of invoice, whichever is earlier.
- A transition rule for the same has also been prescribed under new Rule 10 of the POT Rules.

Changes in Abatement

- Taxable portion in respect of transport of goods by vessel has been reduced from 50% to 40% with effect from October 1, 2014. Service related to transportation of passenger by air-conditioned contract carriages has now become taxable. Therefore, a new entry is inserted at Sr. No. 9A providing taxable portion of such services to be 40% with the condition that CENVAT credit of inputs or capital goods or input services has not been availed.
- The condition in entry No. 9 is amended with effect from October 1, 2014. The whole of the CENVAT credit has been allowed with respect to input service of renting of any motor cab, received from a person who is paying Service tax on 40% of the value of services. The CENVAT credit eligibility will be restricted to 40% of the credit of the input service of renting of any motor cab if Service tax is paid or payable on full value of the services i.e. no abatement is availed.
- Effective from October 1, 2014, the service of tour operator is also being allowed to avail CENVAT credit on the input service of another tour operator, which are used for providing the taxable service.

Corporate Laws

Insertion of new item in Schedule VII of Companies Act, 2013

The Central Govt. hereby inserted clause (xi) “Slum Area Development” as an new item in Schedule VII of Companies Act, 2013 whereby slum area means any area declared by Central Government or any State Government or any competent authority under any law for the time being in force.

Corporate Laws

Company Law Settlement Scheme

One time opportunity to the defaulting companies and their directors who have not filed the annual accounts, financial statements and related documents due for filing on or before 30/06/2014 can file these documents before 15/10/2014 and avail the following benefits:-

- Pay only 25% of payable additional fees
- Enjoy immunity from prosecution
- Directors will not be disqualified under Section 164(2) of the Companies Act, 2013

Clarification regarding AS 10 & AS 16 by MCA

The clarification was sought for capitalization of borrowing cost incurred during extended delay in commercial production is respect of power plants. It has been clarified that Cost incurred during the extended delay in commencement of commercial production after the plant is otherwise ready does not increase the worth of fixed assets; hence such costs cannot, therefore, be capitalized. Further, in case one of the units of the project is ready for commercial production and is capable of being used while construction continues for other units, cost should be capitalized when such unit is ready for commercial production.

Amendment to Schedule II “Depreciation”

MCA has amended Schedule II to Companies Act 2013 on Depreciation. Three Major amendments to Schedule II of Companies Act 2013 are as under:

1. In case a company is using a working life or residual value other than that prescribed in the schedule than it would require to give a justification **supported by a technical advice**. Earlier there was no such requirement of having a technical advice.
2. Component accounting has been made voluntary w.e.f. 1.4.2014 and mandatory w.e.f. 1.4.2015
3. If the asset's useful life as on 31.3.2014 is Nil, the company has now an option to transfer the balance after retaining residual value to Surplus. Earlier it was mandatory.

**“ You don't always need a Plan,
Sometimes you just need to
Breathe, trust, let go
& see
what happens. ”**

Companies (Meeting of Board and its powers) Rules, 2014 amended

Company shall require the prior approval of members by a special resolution for the following transactions with related parties:-

- Sale, purchase or supply of any goods or materials exceeding rupees one hundred crore or 10% of the turnover, whichever is lower.
- Selling or buying or leasing of property of any kind exceeding rupees one hundred crore or 10% of the net worth, whichever is lower.
- Availing or rendering of services exceeding rupees fifty crore or 10% of the turnover, whichever is lower.
- In case of appointment of related party to any office or place of profit in the company, its subsidiaries or its associates at a monthly remuneration exceeding rupees two and half lakh rupees.
- In case the remuneration for underwriting the subscription of any securities or derivatives exceeding one percent of the net worth.

For this purpose, the turnover or net worth shall be taken on the basis of previously audited financial statements.

Independent Director Repository Operationalized

The three Professional Institutes namely, The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India and The Institute of Cost Accountants of India, under the active encouragement of the Ministry of Corporate Affairs, have taken a joint initiative and developed a portal namely "Independent Directors Repository " which would help to facilitate the individuals who are eligible and willing to act as Independent Directors. The portal is now operational and the URL of the portal is <http://independentdirector.in>.

Others

Increment in Trade Mark Fees

Ministry of Commerce and Industry issued a notification wherein the fees for filing of application to register a trademark for specification of goods or services included in one class has been increased from Rs. 3500 to Rs. 4000 and fees for expedite examination is increased to Rs. 20000 respectively.

All applicants who have filed trademark application or request for expedite examination on or after 01.08.2014 are requested to tender the deficiencies in fees amounted to Rs. 500 per application or Rs.2500 per request for expedite examination in respect of applications filed till the date from the date on or before 30th September, 2014.

Lunawat Update

Presentations

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

- “*Depreciation & Audit under Companies Act 2013*” at Shastri Nagar CPE Study Circle.
- “*Important procedural aspects of Companies Act 2013*” at South Delhi CA Study Circle.
- “*New Tax Audit Report* at Gurgaon Central CPE Study Circle.
- “*New Tax Audit Report* at West Delhi Study Circle of NIRC of ICAI.
- “*Accounts & Audit under Companies Act, 2013*” at Haridwar, organised by CCBCAF&SMP of ICAI.
- “*Overview and Chapters I to VI of Companies Act, 2013*” at Patna Branch of EIRC of ICAI
- “*New Tax Audit Report* at East End CPE Study Circle.
- “*Recent Issues and Notifications in Companies Act 2013*” at East End CPE Study Circle.
- “*Filing of Resolutions under Companies Act, 2013*” at Shalimar Bagh CPE Study Circle.
- “*New Tax Audit Report*” at Karol Bagh CPE Study Circle.
- “*Taxation of HUF*” at Delhi Tax Bar Association.
- “*Depreciation & Fraud under Companies Act 2013*” at CCBCAF&SMP of ICAI jointly by NIRC of ICAI & Jawahar Park CPE Study Circle

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

Trade Centre, Chamunda Circle, Near
Station,
Borivali (W), Mumbai - 400 092
Tel: + 91 22 28954451
Email: 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

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

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

We also have ASSOCIATES at :

Chennai, Kolkatta, Ludhiana, Pune,
Chandigarh, Udaipur, Vadodara,
Bangalore, Cochin, Indore, Jodhpur,
Jaipur, Bharatpur, Hyderabad,
Jharsuguda, Panipat, Ranchi, Gha-
ziabad and Tezpur.

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 (LLP)**
- **Compliance Audits**
- **Investigations**
- **Outsourcing Services**
- **Setting up Business in India**
- **Consulting Services**
- **Trainings**
- **Valuations**

Disclaimer

© 2014 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, Ankit Jain & Yamini Arora.