

# Lunawat Bulletin

## Market Watch

### Sensex

31.12.2014 : 27499.42

30.11.2014 : 28693.99

### Nifty

31.12.2014 : 8282.70

31.10.2014 : 8588.25

## Inside .....

Compliance Due Dates	2
Income Tax	3
Corporate Law	4
Service Tax , VAT, RBI & SEBI	5
Lunawat Update	6

**Lunawat & Co.**  
Chartered Accountants  
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## ‘Make in India’ promises to reignite growth: Cyrus Mistry

As Cyrus Mistry completes two years at the helm of the Tata Group, in his letter to the employees of the large conglomerate, the Tata chief has put a lot of emphasis on acquiring new age technologies and enhancing customer-centric approach of all Tata companies.

Cyrus Mistry is also pinning a lot of hope on the 'Make In India' initiative by the Modi government. In his annual message to the group, he said, "recent policy measures and the strategic direction defined by the new government, especially its ambitious 'Make in India' campaign, hold the promise to re-ignite growth in future."

While wishing a prosperous year to the Tata Group employees, Cyrus Mistry said, "We must deepen our understanding in several areas such as digitization and big data analytics, and develop an innovation and technology roadmap to serve evolving customer needs."

Reflecting on the year that has gone by, Mistry said: "Globally, major markets seem to be on two different growth tracks. Some countries, such as the US and the UK, continue to show signs of recovery and growth. On the other hand, the large economies of China and Europe fell short of growth expectations. This has led to a fall in global commodity markets, which offers both challenges and opportunities."

## Interest rate cuts might not be imminent: Reserve Bank of India

Industry may be clamouring for rate cuts and Finance Minister Arun Jaitley may have pointed to the cost of capital as one of the culprits responsible for low growth in manufacturing but the Reserve Bank's latest Financial Stability Report indicates that interest rate cuts might not be imminent.

In the report released on Monday, RBI has said, "latest projections suggest that CPI (Consumer Price Index) inflation over the next 12 months may hover around 6% if the international crude prices remain around the current levels and the monsoon next year turns out to be normal".

The statement is a clear indication that RBI might want to observe inflation numbers for a longer period before deciding on lowering the key policy rate, i.e., repo rate.

"The Financial Stability Report which assesses the overall financial sector is cautious in its outlook," said Siddhartha Sanyal, chief India economist at Barclays Capital. "RBI will decide on a rate cut only after it is comfortable with the macro developments, including inflation numbers." Barclays expects the first rate cut to take place in February 2015, when RBI carries out its next bi-monthly review of monetary policy.

“HAPPY NEW YEAR 2015”

## Compliance Due Dates

Due Date	Related to	Particulars
06.01.2015 (Monday)	<b>Service Tax</b>	<b>E-payment of Service Tax</b> for month ending December 2014 for Companies & quarter ending December 2014 for others.
07.01.2015 (Wednesday)	<b>TDS/TCS (Income Tax)</b>	<ul style="list-style-type: none"> <li>• <b>Deposit TDS</b> for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of December 2014.</li> <li>• <b>Deposit TCS</b> for collections made under section 206C during the month of December 2014</li> <li>• Deliver copy of <b>Form 15G/15H</b> to CCIT/CIT for forms received in month of Dec 2014.</li> </ul>
09.01.2015 (Friday)	<b>DVAT</b>	Submit Form 9 for Reconciliation of Central Sales for the year 2013-2014
15.01.2015 (Thursday)	<b>DVAT</b>	Deposit <b>tax deducted at source</b> under DVAT Act for the month of December 2014.
15.01.2015 (Thursday)	<b>TDS (Income Tax)</b>	<b>TDS returns</b> for December Quarter for non-government deductors & <b>TCS returns</b> for all Deductors
15.01.2015 (Thursday)	<b>EPF</b>	<b>Deposit PF</b> under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of December 2014.
21.01.2015 (Wednesday)	<b>ESI</b>	<b>Deposit ESI</b> under Employees State Insurance Act, 1948 deducted for the month of December 2014.
21.01.2015 (Wednesday)	<b>DVAT</b>	Deposit of DVAT & CST Tax for December 2014.
22.01.2015 (Thursday)	<b>DVAT</b>	Issue <b>TDS certificate under DVAT</b> Act for tax deducted and deposited for the month of December 2014 in Form DVAT-43.
28.01.2015 (Wednesday)	<b>DVAT</b>	<ul style="list-style-type: none"> <li>• <b>E-return of VAT</b> in Form 16 and CST -1 for the quarter ended December 2014.</li> <li>• Filing of DVAT Return Verification Form for the quarter ended December 2014 in Form DVAT-56.</li> <li>• <b>Return of TDS</b> for December quarter in DVAT-48.</li> </ul>
30.01.2015 (Friday)	<b>TDS (Income Tax)</b>	Issue of <b>Form 16/27D</b> Quarterly <b>TDS/TCS</b> certificate for the quarter ended December 2014.
31.01.2015 (Saturday)	<b>TDS (Income Tax)</b>	<ul style="list-style-type: none"> <li>• File <b>TDS returns</b> for December Quarter for Government deductors in return form Return No.24Q, 26Q, 27EQ &amp; 27Q.</li> <li>• <b>Returns by banks</b> for interest upto Rs. 5000 for December quarter in Form 26QAA.</li> </ul>

### LIST OF HOLIDAYS

DATE	DAY	HOLIDAY
14.01.2015	Wednesday	Makar Sankranti
26.01.2015	Monday	Republic Day

## Income Tax

### Reliance Retirement Fund notified us 80C(2)(xiv) as Notified Pension Fund

The central government hereby specifies the Reliance Retirement Fund setup by the Reliance Mutual Fund registered under SEBI as pension fund for the purpose of deduction u/s 80C for the assessment year 2015-16 or subsequent years.

### CBDT issues new guidelines for Compounding of Offences

CBDT issues new guidelines for Compounding of Offences. It shall come into force from 1st January 2015 and shall be applicable for compounding received on or after that date. The applications received before 01.01.2015 shall continue to be dealt with in accordance with the guidelines dated 16.05.2008

### CBDT inserted Rule 2BBB the concerns mentioned u/s 10(23C) as substantially financed by Govt.

If the Government Grant to the institution as mentioned in sub-clauses of (iiia) and (iiib) of Section 10(23C) exceeds fifty per cent of the total receipts, including any voluntary contributions, of such institution during the relevant previous year.

Such institution includes:

- ⇒ Any University or Other Educational Institution solely for educational purpose and not for the purpose of profits, and which is wholly or substantially financed by Government.
- ⇒ Any Hospital or Other Institution solely for the purpose of persons suffering from illness or mental defectiveness and other as mentioned and not for the purpose of profits, and which is wholly or substantially financed by Government.

### CBDT has issued Annual Circular on TDS on Salaries for FY 2014-15

CBDT has issued Annual Circular on TDS on Salaries of the Individual for the Financial Year 2014-15.

**" Nothing worthwhile comes easily. Work, continuous work, and hard work, is the only way to accomplish results that last "**  
**- STEVE JOBS**

### CBDT issues instructions for admission of undisclosed income under coercion/pressure during search/survey

Director (Inv.)-II, CBDT has issued an internal instruction for the Board of Investigation and emphasized upon the need to focus on gathering evidences during search/surveys and to strictly avoid obtaining admissions of undisclosed income under coercion/undue influence.

Any instance of above such recordings of undisclosed income by way of coercion/undue influence during the Search/Seizure shall be viewed by the Board adversely.

### CBDT amends IT Rules to insert Rule 11-OB for semiconductor wafer fabrication manufacturing unit as specified business u/s 35AD

Director (TPL-II) has inserted Rule 11-OB after Rule 11OA which states the guidelines for notification of a semiconductor wafer fabrication manufacturing unit as specified business under section 35AD.

- ⇒ The applicants shall apply for notification for the unit in Form 3CS.
- ⇒ The board shall serve a deficiency letter on the applicant if any defect is noticed in the application of Form 3CS.
- ⇒ The applicant shall remove the deficiency within fifteen days or such days mentioned in the notice.
- ⇒ The board shall treat the application as invalid, if the applicant fails to remove the deficiency in mentioned period.
- ⇒ The board may call such further documents from the applicant or from income tax authorities or from other departments as it may deemed fit.
- ⇒ The board may, after receipt of above documents and information, issue the notification or reject on such grounds recorded by it.
- ⇒ The board may withdraw the approval if the assessee has ceased, or such activities are not genuine, or the approval granted by competent authority has been withdrawn.
- ⇒ No order treating the application invalid or cancelled, or withdrawing the notification without an opportunity of being heard.
- ⇒ A copy of order shall be communicated to the applicant as well as AO having jurisdiction over it.
- ⇒ A unit shall be considered for notification which satisfies the conditions of board like business line, approval from competent authority, date of commencement etc.
- ⇒ The assessee shall maintain separate books of accounts and also maintain such records as mentioned in the notification.

## Corporate Laws

### Synopsis of Companies (Amendment) Bill, 2014

S. No.	Proposed Amendments	Our brief comments	
1	Omitting requirement for minimum paid up share capital, and consequential changes. (For ease of doing business)	All private companies already have Rs. 1 Lac and Public Companies Rs. 5 Lac paid up capital. Would reduction of capital be allowed?	
2	Making common seal optional, and consequential changes for authorization for execution of documents. (For ease of doing business)	Good amendment.	
3	Prescribing specific punishment for deposits accepted under the new Act. This was left out in the Act inadvertently. (To remove an omission)	No clarity on acceptance of deposits from shareholders and relatives of directors by Private company. This would be another punishment, which could be much harsher.	
4	Prohibiting public inspection of Board resolutions filed in the Registry. (To meet corporate demand)	Corporate demand was to scrap filing of board resolutions for private companies to reduce over compliance. What would be the benefit to stakeholders (except MCA) if they cannot see what the company has resolved and filed?	
5	Including provision for writing off past losses/depreciation before declaring dividend for the year. This was missed in the Act but included in the Rules.	This to provide in Act, which was squeezed in through Rules	
6	Rectifying the requirement of transferring equity shares for which unclaimed/unpaid dividend has been transferred to the IEPF even though subsequent dividend(s) has been claimed. (To meet corporate demand)	Good amendment	
7	Enabling provisions to prescribe thresholds beyond which fraud shall be reported to the Central Government (below the threshold, it will be reported to the Audit Committee). Disclosures for the latter category also to be made in the Board's Report. (Demand of auditors)		Good Amendment
8	Exemption u/s 185 (Loans to Directors) provided for loans to wholly owned subsidiaries and guarantees/securities on loans taken from banks by subsidiaries. (This was provided under the Rules but being included in the Act as a matter of abundant caution).		This to provide in Act, which was squeezed in through Rules
9	Empowering Audit Committee to give omnibus approvals for related party transactions on annual basis. (Align with SEBI policy and increase ease of doing business)		Good Amendment
10	Replacing 'special resolution' with 'ordinary resolution' for approval of related party transactions by non-related shareholders. (Meet problems faced by large stakeholders who are related parties)		Problems not fully solved where there are only two shareholders, who are directors also and are also the related party for this purpose.
11	Exempt related party transactions between holding companies and wholly owned subsidiaries from the requirement of approval of non-related shareholders. (corporate demand)		Was envisaged in the draft notification with the parliament too. Amendment in act would be good
12	Bail restrictions to apply only for offence relating to fraud u/s 447. (Though earlier provision is mitigated, concession is made to Law Ministry & ED)		Good amendment
13	Winding Up cases to be heard by 2-member Bench instead of a 3-member Bench. (Removal of an inadvertent error)		Technical flaw corrected
14	Special Courts to try only offences carrying imprisonment of two years or more. (To let magistrate try minor violations).		Administrative amendment

## Reserve Bank of India

- ⇒ RBI has extended the time window for RTGS.
- ⇒ RBI has extended the time limit for change of all old currency notes latest by June 30th, 2015 instead of previously decided last date of January 1, 2015

## VAT

### Filing or Amending of Form DP-1

Commissioner of VAT directed register dealer to:-

- ⇒ Online File or update the information required as per Form DP-1.
- ⇒ Attach scan copy of signatories sheet after duly signed.
- ⇒ The information so filed/updated shall be treated as request for amendment in the registration.
- ⇒ The dealers who have changed the constitution of their business shall file hard copy of the acknowledgement, generated at the time of submission of DP-1 form online, along -with supporting legal document(s) in the ward concerned.
- ⇒ The filing/updating process shall commence from the date of issuance of this notification and shall continue upto 31<sup>st</sup> March, 2015.

## Service Tax

### Service Tax Rules amended to provide various documents to audit party including audit reports

Every assessee shall, on demand make available to the officer empowered by or the audit party deputed by the Commissioner or the Comptroller and Auditor General of India, or a cost accountant or chartered accountant nominated under section 72A of the Finance Act, 1994:-

- ⇒ The records as maintained or prepared by the assessee
- ⇒ The cost audit report, if any, as per Section 148 of Companies Act, 2013
- ⇒ The income-tax-audit report, if any, as per Section 44AB of the Income Tax Act, 1961

**" To succeed in your mission, you must have single-minded devotion to your goal"  
- APJ ABDUL KALAM**

**" Dreams are fuel of life, bigger the dreams, bigger is the life"  
- NADEEM KAZI**

## Securities and Exchange Board of India

### SEBI issued Discussion Paper on "Issuance of Partly Paid up shares and warrants by Indian Co.(s)"

The Ministry of Finance has decided to permit issuance of partly paid shares and warrants ("the said instruments") by the Indian companies to foreign investors.

Deputy General Manager of Corporation Finance Department of SEBI has issued discussion paper in this regard.

### SEBI cautions investors not to invest in schemes offered by entities barred by SEBI from raising money

It has been observed that certain entities collect/mobilize money under existing/new schemes even after SEBI has directed such entities not to collect any further money, not to launch any new schemes, etc. These companies/entities without obtaining registration are illegally collecting/mobilising money, from investors by making false promises, assuring unrealistic return,

Investors and general public are hereby cautioned that other than "GIFT Collective Investment Management Company Limited" no other entity is registered with SEBI under the Collective Investment Schemes (CIS) Regulations.

**"I WILL ALWAYS CHOOSE A LAZY PERSON TO DO A DIFFICULT JOB... BECAUSE HE WILL FIND AN EASY WAY TO DO IT."**

**-Bill Gates**





## Lunawat Update

### Presentations

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

- “*Specific Issues in Companies Act, 2013* ” at Pune Branch of WIRC of ICAI.
- “*Conversion of Company into LLP and its Taxation* ” at Pune Branch of WIRC of ICAI.
- “*Specific Issues in Companies Act, 2013* ” at Pune Branch of WIRC of ICAI.
- “*Companies Act, 2013- Management Perspective*” at Bhiwadi MI Study Circle of CIRC of ICAI.
- “*Conversion of Company into LLP and its Taxation*” at Patel Nagar CPE Study Circle of NIRC of ICAI.
- “*Conversion of Company into LLP and its Taxation* ” at Gurgaon Central CPE Study Circle of NIRC of ICAI.
- “*Conversion of Company into LLP and Its Taxation*” at Ranchi Branch.
- “*Overview of Companies Act 2013*” at Siri Fort CPE Study Circle of NIRC of ICAI.
- “*Overview of Companies Act 2013*” at Mehra Goel & Co.
- “*Compliance under Companies Act 2013*” at Tri Nagar Keshav Puram CPE Study Circle.
- “*Students National Convention—Ranchi*” at CICASA of Ranchi Branch.
- “*Companies Act 2013 with emphasis on Accounts and Audit for SMEs*” at South Delhi CA Study Circle.

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Jharsuguda, Panipat, Ranchi, Ghaziabad and Tezpur.

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- **VAT/Sales Tax**
- **Service Tax**
- **Corporate Laws**
- **Limited Liability Partnership (LLP)**
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