

Lunawat Bulletin

Market Watch

Sensex

31.01.2015 : 29182.95

31.12.2014 : 27499.42

Nifty

31.01.2015 : 8808.90

31.12.2014 : 8282.70

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Five risks to India's markets rally : Bloomberg India

There are times in financial-market rallies where the gains become so spectacular and the euphoria reaches such a pitch that it becomes easy to forget about the risks. A look at five of the biggest of them

- **Oil Rebounds:** India, which imports 80% of its oil, has just begun to reap the benefits of cheaper oil prices.
- **US Interest Rates Jump:** A bigger-than-expected increase in the Fed's benchmark rate makes Indian government debt less attractive. It also damps the 3.4% carry return to those who borrow in dollars and invest in rupees, the highest this year among Asian currencies.
- **Remittances Fall :** Migrant laborers working overseas in oil-producing countries risk losing their jobs as growth slows in those nations, which could translate into lower remittances. India probably got \$71 billion in remittances in 2014, the highest among 143 countries tracked by the World Bank. Of that, 37% came from the six Gulf Cooperation Council states.
- **Forex Reserves Prove Insufficient:** India's forex reserves pile, though sufficient for nine months of imports, may not be enough to support the currency and meet liabilities. In eight months, the RBI will need to pay back \$30 billion borrowed from banks at discounted rates when the rupee was falling in 2013. Before then, the government and commercial lenders also need to repay about \$86 billion worth of foreign debt. Also, Indian companies are borrowing more in dollars to take advantage of cheaper overseas funding costs, at the of being stuck with higher debt-servicing costs if the rupee weakens.
- **Religious, Border Disputes:** Besides the ever present risk of conflict with Pakistan, violence among the country's religious groups is a more likely threat to the market rally. Already the opposition has blocked key economic bills over demands that his party address reports of forced conversions of religious minorities. Further incidents of religious strife could undermine Modi's efforts to overhaul the economy.

Fiscal deficit exceeds Budget estimate in just 9 months

The Centre will have to keep its revenues above expenditure in the last quarter of the current financial year to rein in its fiscal deficit at 4.1 per cent of Gross Domestic Product (GDP) as the deficit has crossed the Budget Estimates (BE) in the first nine months itself.

The fiscal deficit remained high despite softening oil prices which enabled the government to raise excise duty twice (till December) and reduce subsidies of the oil marketing companies as revenues from other streams--taxes, disinvestment and spectrum---were not forthcoming.

The fiscal deficit data was released by the Controller General of Accounts (CGA) on Friday when another news of government collecting more than Rs 22,000 crore from disinvestment in Coal India Ltd came.

The official data showed the deficit stood at Rs 5.32 lakh crore during April-December of 2014-15, surpassing a full-year's BE of Rs 5.31 lakh crore by 0.2 per cent . For the corresponding period last year, the deficit was 93.9 per cent of the full-year BE.

Lunawat & Co.
Chartered Accountants
www.lunawat.com

Compliance Due Dates

Due Date	Related to	Particulars
06.02.2015 (Friday)	<i>Service Tax</i>	E-payment of Service Tax for month ending January 2015 for Companies
05.02.2015 (Monday)	<i>DVAT/CST</i>	File Form 9 for Reconciliation of Central Sales against various forms for the Financial Year 2013-14
07.02.2015 (Saturday)	<i>TDS/TCS (Income Tax)</i>	<ul style="list-style-type: none"> • Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of January 2015. • Deposit TCS for collections made under section 206C during the month of January 2015 • Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of Jan 2015.
15.02.2015 (Sunday)	<i>EPF</i>	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of January 2015
15.02.2015 (Sunday)	<i>DVAT/CST</i>	Deposit tax deducted at source under DVAT Act for the month of January 2015
21.02.2015 (Saturday)	<i>ESI</i>	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of January 2015.
21.02.2015 (Saturday)	<i>DVAT</i>	Deposit DVAT and CST for the month ended January 2015.
22.02.2015 (Sunday)	<i>DVAT</i>	Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of January 2014 in Form DVAT-43.
25.02.2015 (Wednesday)	<i>EPF</i>	File monthly return under Employees Provident Fund & Misc. Provision Act, 1952 for the month of January 2015.

**“ Limitations live in only in our Mind.
But if we use our imaginations, our
possibilities become limitless ”**

Income Tax



CBDT issues Draft Income Computation & Disclosure Standards

CBDT has issued Draft Income Computation & Disclosure Standards which will be applicable w.e.f. 1st April, 2015 for computation of income chargeable under the head “Profits and gains of business or profession” or “Income from other sources” and not for the purpose of maintenance of books of accounts.

In the case of conflict between the provisions of the Income-tax Act, 1961 (‘the Act’) and this Income Computation and Disclosure Standard, the provisions of the Act shall prevail to that extent.

CBDT has issued clarification regarding applicability of Section 143(1D) of Income Tax Act

"Under the existing provisions, every return of income is to be processed under sub-section (1) of section 143 and refund, if any, due is to be issued to the taxpayer. Same returns of income are also selected for scrutiny which may lead to raising a demand for taxes although refunds may have been issued earlier at the time of processing.

It is therefore proposed to amend the provisions of the Income tax Act to provide that processing of return will not be necessary in a case where notice under sub-section (2) of section 143 has already been issued for scrutiny of the return."

" Success isn't something that happens—success is learned, success is practiced and then it is shared "

- Sparky Anderson

Insertion of Rule 12CA in Income Tax Rules, 1962

The statement of Income distributed by the business trust shall be furnished to the Principal Commissioner or CIT within whose jurisdiction the principal office of such business is situated by the 30th November of the financial year following the previous year during which such income was distributed in Form No. 64A alongwith to the unit holder by 30th June of the financial year following the previous year during which such income was distributed in Form No. 64B.

The DGIT shall specify the procedure for filing in Form No. 64A and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished.

Most of the problems in life are because of two reasons, we act without thinking or we keep thinking without acting.

GeniusQuotes.net

Miscellaneous

- CBDT notifies investment in Sukanya Samriddhi Account eligible for Section 80C deduction
- CBDT issues Explanatory Notes to the Finance (No. 2) Act, 2014
- CBDT issues instruction that premium on share issue is not liable to TP adjustment (Judgement by Hon'ble High Court of Bombay: Vodafone India Services Private Limited for AY 2009-10 (WP No. 871/2014)

" Behind me is infinite power, before me is endless possibility, around me is boundless opportunity "

- W. Michael Scott

Corporate Laws



MCA amends The Companies (Accounts) Amendments Rules, 2015

- After Rule 2, Rule 2A shall be inserted which states that the notice regarding address at which books of account may be kept shall be in Form AOC-5.
- As per Rule 6, the consolidation of financial statements of the company shall be made in accordance with the provisions of Schedule III of the Act and the applicable accounting standards, however, nothing in this rule shall apply in respect of consolidation of financial statement by a company having subsidiary or subsidiaries incorporated outside India only for the financial year commencing on or after 1st April, 2014.

MCA amends The Companies (Appointment and Qualification of Director) Amendments Rules, 2015

In case a company has already filed Form DIR-12 with the Registrar under rule 15, a foreign director of such company resigning from his office may authorise in writing a practicing Chartered accountant or cost accountant in practice or company secretary in practice or other resident of the company to sign Form DIR-11 and file the same on his behalf intimating the reasons for the resignation.

MCA amends The Companies (Corporate Social Responsibility Policy) Amendments Rules, 2015

- For the words, "established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise", the words "established under section 8 of the Act by the company, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company' or otherwise" shall be substituted;
- In the proviso, in clause (i), for the words "not established by the company or its holding or subsidiary or associate company", the words "not established by the company, either singly or alongwith its holding or subsidiary or associate company or alongwith any other company or holding or subsidiary or associate company of such other company" shall be substituted.

" Coins always makes sound... but paper moneys are always silent. So, when your value increases, keep yourself silent and humble "



Securities and Exchange Board of India

SEBI issues circular to strengthen Implementation of Index Based Market-wide Circuit Breaker Mechanism by Stock Exchanges

The mechanism implemented by the stock exchanges for 'Index based market-wide circuit breakers' was discussed with SEBI's Technical Advisory Committee (TAC) and Secondary Market Advisory Committee (SMAC) to further strengthen the same as under:

- NSE and BSE shall compute their market-wide index after every trade and shall check breach of circuit breaker limits after each computation thereof.
- Stock exchange shall stop matching of orders in order to bring about a trading halt.
- All the unmatched order shall be purged thereupon by the Stock Exchanges.
- All messages related to market wide circuit breaker shall be given higher priority.
- Index based market-wide circuit breaker mechanism shall be included in the scope of their annual system audit to identify improvements.
- Necessary amendments to the relevant bye-laws, rules and regulations and take necessary steps for implementation of the provisions of this circular by stock brokers.

Others

Director (Customs) has issued guidelines on Export and Import of Currency

- Any person residing in India (other than to Nepal and Bhutan) may take outside India Currency Notes of Government of India and Reserve Bank of India upto an amount of Rupees *twenty five thousands rupees* which has been enhanced from ten thousand rupees.
- Any person residing in India who had gone out of India on a temporary visit, may bring currency notes of Government of India and Reserve Bank of India upto an amount of Rupees twenty five thousands rupees into India at the time of his return from any place outside India (other than from Nepal and Bhutan)
- Any person outside India (other than Pakistan and Bangladesh) and also not a traveller thereon and visiting back to India may take currency notes of Government of India and Reserve Bank of India upto an amount of Rupees twenty five thousands rupees while exiting through an airport.

- Any person outside India (other than Pakistan and Bangladesh) and also not a traveller thereon and visiting back to India may bring India currency notes of Government of India and Reserve Bank of India upto an amount of Rupees twenty five thousands rupees while entering through an airport.

Reserve Bank of India

RBI has reviewed Overseas Direct Investments by proprietorship concern/unregistered partnership firm in India

RBI has reviewed the Overseas Direct Investments by Proprietary Concerns/Unregistered Partnership Firms in India. Under the approval route, the following revised conditions are to be complied with:-

- The proprietorship concern / unregistered partnership firm in India is classified as 'Status Holder' as per the Foreign Trade Policy issued by the Ministry of Commerce and Industry, Govt. of India from time to time;
- The proprietorship concern / unregistered partnership firm in India has a proven track record, i.e., the export outstanding does not exceed 10% of the average export realisation of the preceding three years and a consistently high export performance;
- The Authorised Dealer bank is satisfied that the proprietorship concern / unregistered partnership firm in India is KYC (Know Your Customer) compliant, engaged in the proposed business and has turnover as indicated;
- The proprietorship concern / unregistered partnership firm in India has not come under the adverse notice of any Government agency like the Directorate of Enforcement, Central Bureau of Investigation, Income Tax Department, etc. and does not appear in the exporters' caution list of the Reserve Bank or in the list of defaulters to the banking system in India; and
- The amount of proposed investment outside India does not exceed 10 per cent of the average of last three years' export realisation or 200 per cent of the net owned funds of the proprietorship concern / unregistered partnership firm in India, whichever is lower.

" When everything seems to be going against you, remember the airplane that takes off against the wind, not with it "

- HENRY FORD

Lunawat Update

Presentations

During January 2015, our partner CA. Pramod Jain gave following presentations:

- “Conversion of Company into LLP and its Taxation ” at Ludhiana Branch of NIRC of ICAI.
- “Finalization of Accounts for the FY 2014-2015 of Companies” at Patparganj CPE Study Circle of NIRC of ICAI.
- “Finalization of Accounts for the FY 2014-2015 of Companies” at Shalimar Bagh CPE Study Circle of NIRC of ICAI.
- “Taxation of HUF” – at Advocate Forum, Delhi
- ‘Legal & Practical aspects of Assessment under Income-

-tax’ at Karol Bagh Westend CPE Study Circle of NIRC of ICAI

During January 2015, our partner CA. Rajesh Saluja gave following presentations:

- “Three Programs on Finance and Non Finance Executives” at BSES Rajdhani.
- “Financial Planning” at Hero MotoCorp Limited, Dharuhera.

We may be contacted at:

Daryaganj, New Delhi

54, Daryaganj,
New Delhi – 110 002
Tel: +91 11 23270624
+ 91 11 23279414
Email: dgooffice@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

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

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Chennai, Kolkatta, Ludhiana, Pune,
Chandigarh, Udaipur, Vadodara,
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Editorial Team: CA. Vikas Yadav & Ankit Jain