

Lunawat Bulletin

Market Watch

Sensex

28.02.2015 : 29361.50

31.01.2015 : 29182.95

Nifty

28.02.2015 : 8901.85

31.01.2015 : 8808.90

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Budget 2015: Higher fiscal deficit, rating agencies frown at fine-print

Rating agencies have not red-flagged the Budget stretching fiscal deficit target by 0.3 percentage points to 3.9 per cent in FY16, but cautioned that higher borrowings should be used for only capacity-building in the economy.

“This is a deviation from the earlier announced fiscal consolidation roadmap. We believe a higher fiscal deficit as such is not harmful, so long as the borrowed money is used for expanding the productive capacity of the economy,” India Ratings said in a statement.

It, however, said that the fine-print in the Budget does not support this. “The quality of fiscal deficit measured by the ratio of revenue deficit-to-fiscal deficit under FY15 revised estimate is 70.7 per cent while the FY16 budget estimate is 71 per cent,” it said.

It can be noted that a majority of the major international rating agencies have warned the country about the high fiscal deficit in the past. In the run-up to the Budget, S&P and Moody’s even had said the high fiscal deficit was among the factors which “constrains” the country’s rating.

In the Budget announced yesterday, Finance Minister Arun Jaitley had said the government would achieve the 4.1 per cent fiscal deficit target in FY15, but increased the FY16 target to 3.9 per cent as against 3.6 per cent set earlier, as part of the fiscal consolidation roadmap.

He had also put off the 3 per cent target by a year to FY18, saying “rushing into” a pre-set timetable for fiscal consolidation will not be conducive for growth.

Accordingly, the fiscal deficit targets are 4.1 per cent for FY15, 3.9 per cent for FY16, 3.3 per cent for FY17 and 3 per cent for FY18, each year missing 30 bps.

Stressing that the economy needs public expenditure, Jaitley plans to utilise the additional leg-room for capital expenditure.

“The total additional public investment over and above the revenue estimates is planned to be Rs 1.25 trillion out of which Rs 70,000 crore would be capital expenditure from budgetary outlays,” he said.

Black money holders will have a last chance to disclose assets: Jayant Sinha

Indians holding black money abroad will be given a last chance to disclose their overseas bank accounts or wealth to the government and avoid a jail term.

Revealing this, Minister of State for Finance Jayant Sinha today said the failure to unveil assets abroad will invite a rigorous jail term of up to seven years, while concealment of income and tax evasion would result in 10-year imprisonment.

“There is no amnesty scheme. We have said very clearly, we expect everybody, who has any undisclosed wealth, accounts, so on ...outside the country should disclose that.

“We have created a window to do that. There is no amnesty at all. You have to disclose, what you have. You have a certain amount of time to disclose that...If they don’t disclose, they will be liable to punishment of various imprisonment up to 7 years.”

Compliance Due Dates (PLEASE CHECK)

Due Date	Related to	Particulars
06.03.2015 (Tuesday)	Service Tax	E-payment of Service Tax for month ending February 2015 for Companies
07.03.2015 (Saturday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> • Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of February 2015. • Deposit TCS for collections made under section 206C during the month of February 2015 • Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of Feb 2015.
15.03.2015 (Sunday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of February 2015
15.03.2015 (Sunday)	DVAT/CST	Deposit tax deducted at source under DVAT Act for the month of February 2015
15.03.2015 (Sunday)	Income Tax	Deposit last installment of Advance Income Tax for the Financial Year 2014-15 for all tax payers
21.03.2015 (Saturday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of February 2015.
21.03.2015 (Saturday)	DVAT	Deposit DVAT and CST for the month ended February 2015.
22.03.2015 (Sunday)	DVAT	Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of February 2015 in Form DVAT-43.
25.03.2015 (Wednesday)	EPF	File monthly return under Employees Provident Fund & Misc. Provision Act, 1952 for the month of February 2015.
31.03.2015 (Tuesday)	DVAT/CST	File Form 9 for Reconciliation of Central Sales against various forms for the Financial Year 2013-14
31.03.2015 (Tuesday)	Service Tax	Payment of Service Tax for month ending March 2015 for Companies & for the quarter ending March 2015 for Others

LIST OF HOLIDAYS

DATE	DAY	HOLIDAY
06.03.2015	Friday	Holi
28.03.2015	Saturday	Ram Navami

Income Tax



CBDT issues clarification regarding section 40(a)(i) of Income Tax Act

“As per Section 40(a)(i), interest, royalty, fees for technical services or other sum chargeable to tax, payable either in India to a non-resident/foreign company or payable outside India, shall not be allowed as a deduction if there has been a failure in deduction or in payment of tax deducted in respect of such amounts.

The CBDT has clarified that disallowance is not to be made on basis of whole sum remitted to non-resident/foreign company without deduction of tax as Section 40(a)(i) contemplates disallowance of only that portion of sum which is chargeable to tax and on which TDS default is made by payer.

CBDT issues clarification regarding interest under section 234A of Income Tax Act

“Interest under the said section is charged at the rate of 1% on the amount of tax payable on the total income, as reduced by the amount of advance tax, TDS/TCS, any relief of tax allowed under section 90 and section 90A, any deduction allowed under section 91 and any tax credit allowed in accordance with the provisions of section 115JAA and section 115JD of the Act.

The Board has clarified, after considering the current practice of charging interest under the said section, that no interest under section 234A of the Act is chargeable on the amount of self-assessment tax paid by the assessee before the due date of filing of return of income.”

Miscellaneous

- CBDT issues Standard Operating Procedure (SOP) for Prosecution in Cases of Tax Deducted, Collected at Source (TDS/TCS) Default.
- DIT (Systems) issues letter to follow up the Self Assessment defaulters for AY 2013-14 and 2014-15.
- ITOs to take immediate action on TDS Defaulters, Short/Late Payments, Outstanding Interest, etc.
- CBDT notifies Safe Harbour Rules for Specified Domestic Transactions for Government Company engaged in the business of generation, transmission or distribution of electricity.



“When a goal matters enough to a person, that person will find a way to accomplish what at first seemed impossible”
-NIDO QUBEIN

“Not everything that is faced can be changed, but nothing can be changed until it is faced”

- LUCILLE BALL

Corporate Laws

MCA issues order for definition of Small Company and applicability of section 186 for Banking Company

MCA has made the following two amendments to the Companies Act, 2013 in respect of the above mentioned subject -

- (a) "small company" means a company, other than a public company-
- paid-up share capital of which does not exceed fifty lakh rupees , AND
 - turnover of which as per its last profit and loss account does not exceed two crore rupees.

Previously, the word used was "OR" instead of "AND". Now both the conditions need to be satisfied in order to be a small company.

MCA has inserted sub-clause (iv) to Section 186(11)(b) of the Companies Act 2013, which states the list of those companies on which the said section shall not be applicable to "banking company or an insurance company or a housing finance company, making acquisition of securities in the ordinary course of its business."



MCA notifies IND-AS

MCA has notified Companies (Indian Accounting Standards) Rules, 2015 which shall come into effect from 1 April 2015. The said rules require adoption for Indian Accounting Standards (Ind AS) :-

1. From FY 15-16 : Any company can voluntary adopt Indian Accounting Standards from Financial year 15-16 with comparatives to be given for the period ending on 31 March 2015 or thereafter.

2. From FY 16-17 : Following companies to mandatorily adopt Ind AS from FY 16-17 onwards with comparatives for period ending 31 March 2016 or thereafter:-

- Companies with net worth of Rs 500 crores or more and whose equity or debt securities are either listed or in the process of listing in any Indian stock exchange or otherwise.
- Holding, subsidiary, joint venture and associate of above companies.

3. From FY 17-18 : Following companies to mandatorily adopt Ind AS from FY 17-18 onwards with comparatives for period ending 31 March 2017 or thereafter:-

- Companies with net worth less than Rs 500 crores and whose equity or debt securities are either listed or in the process of listing in any Indian stock exchange.
- Companies other than above and whose net worth is Rs 250 crores or more but less than Rs 500 crores.
- Holding, subsidiary, joint venture and associate of above companies.
- Provided that nothing stated above, except companies adopting Ind AS voluntarily, shall apply to companies whose securities are listed or are in the process of being listed on SME exchange as referred to in Chapter XB or on the Institutional Trading Platform without initial public offering in accordance with the provisions of Chapter XC of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- MCA has notified 39 Ind AS. The Ind AS should be adopted for standalone financial statements as well as consolidated financial statements.
- The insurance companies, banking companies and non-banking finance companies shall not be required to apply Indian Accounting Standards (Ind AS) for preparation of their financial statements either voluntarily or mandatorily.

"Strength does not come from winning. Your struggles develop your strength. When you go through hardships and decide not to surrender, that is strength"

- MAHATMA GANDHI

MCA constitutes committee to suggest measures for improved monitoring of CSR policies

MCA has constituted a high level committee to suggest measures for improved monitoring of CSR policies with the following terms of reference :-

- To recommend suitable methodologies for monitoring compliance.
- To suggest measures to be recommended by the government to the companies for systematic evaluation and monitoring of their own CSR initiatives.
- To identify strategies for evaluation and monitoring of CSR activities to facilitate feedback to the government with regard to efficiency of CSR expenditure and quality of compliance by the companies.

The committee shall submit its report within six months from the date of holding of its first meeting.

Reserve Bank of India



Ministry of Finance launches New Upgraded and Secure Portal for E-Filing of Applications for Foreign Direct Investment

- Department of Economic Affairs, Ministry of Finance launched a new upgraded and secure user friendly web site for filing and processing of applications for Foreign Direct Investment (FDI) requiring Government approval.
- Presently the applications are filed online at www.fipbindia.com which had limited features and processing capabilities. The new website <http://fipb.gov.in>, shall henceforth receive applications regarding FDI in approval route sectors.

Others

Government notifies new list of agricultural commodities which are not taxable under Commodity transaction Tax

- Government exempts oilseeds, raw cotton , 36 other products from commodity transaction tax.
- Twenty three commodities like oilseeds, raw cotton, spices, etc were exempt from CTT, introduced in July 2013. The government has exempted 38 more commodities from the levy.

" I can accept failure, everyone fails at some thing. But I can't accept not trying again"

- Michael Jordan

"ABILITY
is what you're capable of doing.
MOTIVATION
determines what you do.
ATTITUDE
determines how well you do it."

- Lou Holtz

Miscellaneous

- Government issues direction that digital signatures shall be issued on same E-mail Id's unless it is of same persons.
- MCA extends time for filing of Notice of appointment of the Cost Auditor in Form CRA-2 to 31st March 2015.
- ICSI allows Practicing Company Secretaries to become designated / active partner of LLP
- Any further information or documents called in respect of application or e-form or document shall be filed electronically with the Ministry of Corporate Affairs to be furnished in Form No. GNL4 .

Lunawat Update

Presentations

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

- “Conversion of Company into LLP and its Taxation ” at Jalandhar Branch of NIRC of ICAI.
- “Finalization of Audits for the FY 2014-2015 of Companies” at Ludhiana Branch of NIRC of ICAI.
- “Amendments in Accounts & Audit under Companies Act 2013” at Indian Habitat Centre.
- “Finalization of Audits for the FY 2014-2015 of Companies” at North Campus CPE Study Circle of NIRC of ICAI.
- “Handling of Assessment to go to next level” at Laxmi Nagar CPE Study Circle.
- “Companies Act 2013 for Students” at ICAI Auditorium at Vishwas Nagar.
- “Finalization of Audits for the FY 2014-2015 of Companies” at West Delhi Study Circle of NIRC of ICAI.
- “Inflow of Funds, Accounts and Audit under Companies Act” at Bareilly Chapter of NIRC of ICSI.
- “Finalization of Audits for the FY 2014-2015 of Companies” at Shalimar Bagh CPE Study Circle of NIRC of ICAI.

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

- “Finance and Investment Planning” at Asian Paints Limited, Greater Noida.
- “Finance and Non Finance Manager” at JSPL Angul at Barbil, Orissa.
- “Finance and Non Finance Manager” at BSES Rajdhani, Nehru Place.

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- XBRL
- Trade Marks

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