

Lunawat Bulletin

Market Watch

Sensex

31.03.2015 : **27957.49**28.02.2015 : **29361.50**

Nifty

31.03.2015 : **8491.00**28.02.2015 : **8901.85**

Surplus liquidity, low credit demand may force State Bank of India, Axis bank, others to cut rates

A two-year wait for cheaper credit may end in the next few weeks as banks across the board are poised to lower lending rates as their hands are being forced by surplus liquidity and low credit demand.

The country's top banks, be it the largest lender State Bank of India or IDBI Bank, or Axis Bank in the private banking space, seem to be on the same page now on the direction of interest rates and the need to lower rates to push credit demand. Companies have turned their backs on banks which were reluctant to lower rates.

"With increased government spending, liquidity is likely to be abundant at the beginning of the new fiscal. This would lead to bank base rate cuts in April-June quarter," said NS Venkatesh, IDBI Bank's executive director & chief financial officer.

Banks mostly stayed away from reducing base rates even after two rate cuts by the Reserve only fresh deposit mobilisation. That would have

shrunk banks' interest incomes ahead of financial year earnings," Venkatesh said.

Any rate cut would be applicable on the whole loan portfolio while impacting only fresh deposit mobilisation.

Bank credit grew just 10.2% year-on-year to Rs 65,24,300 crore as on March 6 while companies have raised Rs 3,56,382 crore in bonds this fiscal so far, a 32% growth over the preceding fiscal. RBI has kicked off a benign interest rate cycle by lowering repo rate 50 basis points in two separate phases since January 15, but lenders have so far refused to transmit the monetary policy action to protect margins ahead of the fiscal year-end as impact of any deposit rate cut comes after a lag.

The exceptions were Union Bank of India and United Bank of India, which lowered base rates after January 15 to 10% per year, the lowest in the industry

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All services will not attract Swachh Bharat cess

The Swachh Bharat cess will be levied on select services at the rate of up to 2 per cent, depending upon the need for funds to take forward the Prime Minister's national cleanliness drive. This was explained to a group of tax experts by Finance Ministry officials during a post-budget. The group was told that the cess may be 0.5 per cent or 1 or per cent or even 2 per cent depending upon the requirement. However, the cess will be imposed on select services.

In his Budget speech, Finance Minister Arun Jaitley had proposed an enabling provision to levy the cess at a rate of 2 per cent or less on all

or certain services if need arises. This cess will be effective from the date to be notified. Resources generated from this cess will be utilised for financing and promoting initiatives towards Swachh Bharat.

Using the donations, the fund will finance activities such as construction of new toilets as well as repair and renovation of dysfunctional toilets in rural areas, urban areas, elementary, secondary and senior secondary government schools and anganwadis.

Lunawat & Co.
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Compliance Due Dates

Due Date	Related to	Particulars
07.04.2015 (Tuesday)	TCS (Income Tax)	<ul style="list-style-type: none"> • Deposit TCS for collections made under section 206C during the month of March 2015. • Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of March 2015.
15.04.2015 (Wednesday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of March 2015
15.04.2015 (Wednesday)	DVAT/CST	Deposit tax deducted at source under DVAT Act for the month of March 2015
21.04.2015 (Tuesday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of March 2015.
21.04.2015 (Tuesday)	DVAT	Deposit DVAT and CST for the month ended March 2015.
22.04.2015 (Wednesday)	DVAT	Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of March 2015 in Form DVAT-43.
25.04.2015 (Saturday)	Service Tax	Half Yearly - Return of Service Tax for the period October-March 2015 in form ST-3.
25.04.2015 (Saturday)	DVAT/CST	File DVAT & CST quarterly return in electronic form for the quarter ended March 2015 & File annexure 2A & 2B electronically
25.04.2015 (Saturday)	EPF	File monthly return under Employees Provident Fund & Misc. Provision Act, 1952 for the month of March 2015.
28.04.2015 (Tuesday)	DVAT/CST	<ul style="list-style-type: none"> • Furnish hard copy of return verification Form 56 for the quarter ended March 2015. • File online Quarterly TDS Return under DVAT Act for the quarter ended March 2015. The TDS certificates are to be issued form online facility.
30.04.2015 (Thursday)	TDS/TCS (Income Tax)	• Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of March 2015.
30.04.2015 (Thursday)	EPF	• File Annual Return for Employee Provident Fund for the year ended March 2015
30.04.2015 (Thursday)	Service Tax	Input Service Distributor to file half-yearly return of service tax credit received and distributed for the period 01.10.2014 to 31.03.2015 in Form ST-3.

LIST OF HOLIDAYS

DATE	DAY	HOLIDAY
02.04.2015	Thursday	Mahavir Jayanti
03.04.2015	Friday	Good Friday

Income Tax

Introduction of the Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015

The Finance Minister, in his budget speech, while acknowledging the limitations under the existing law, had conveyed the considered decision of the Government to enact a comprehensive new law on black money to specifically deal with black money stashed away abroad. Its salient features are as follows:-

- The Act will apply to all persons resident in India.
- Undisclosed foreign income or assets shall be taxed at the flat rate of 30%. No exemption, deduction, set off of any carried forward of losses shall be allowed.
- The penalty for non-disclosure of income or an asset located outside India will be equal to 90 percent of the undisclosed income or the value of the undisclosed asset, in addition to tax payable at 30%.
- Failure to furnish return (or assessee has filed a return of income, but has not disclosed the foreign income and asset or has furnished inaccurate particulars of the same. in respect of foreign income or assets) shall attract a penalty of Rs.10 lakh.
- The punishment for willful attempt to evade tax in relation to a foreign income or an asset located outside India will be rigorous imprisonment from 3 years to 10 years along with fine.
- Failure to furnish a return in respect of foreign assets and bank accounts or income (or has filed a return of income, but has not disclosed or has furnished inaccurate particulars) will be punishable with rigorous imprisonment for a term of 6 months to 7 years.
- Bank accounts with a maximum balance of upto Rs.5 lakh at any time during the year will not entail penalty or prosecution.

CBDT clarifies that Dividend from Foreign Company is not deemed income accrue or arise in India

- Dividends declared by a foreign company outside India on shares that derived substantial value from assets in India cannot be brought to tax within the country, the Central Board of Direct Taxes (CBDT) has said in a circular.
- CBDT has made it clear that declaration of a dividend by a foreign company — whose shares derive value substantially from assets situated in India — does not have the effect of transfer of any underlying assets located in India.

Government notifies rules for rolling back advance pricing agreements for international transactions

- An APA is essentially a contract between a taxpayer and the tax authorities that sets out beforehand the method for determining transfer pricing pertaining to transactions between a subsidiary and its foreign parent.
- Rollback provisions essentially mean that a negotiated position on pricing of an international transaction reached under the advance pricing arrangement can be applied to a similar transaction for up to four years in the past.
- This will provide certainty to tax payers for their four prior tax years and in all provide certainty for nine years, that is five prospective years and four prior years.
- To be eligible for the applicability of the rollback provisions, the applicant should have filed Return of Income and Form 3CEB on or before the statutory due date.
- The application for rollback has to be made(Form 3CEDA) along with main APA application (Form 3CED).
- An additional fee of Rs. 5,00,000 is to be paid along with rollback application.

CBDT opens window for roll back requests for another 3 months for existing APAs or pending applications in Form 3CEDA

- The CBDT has notified that in a case where an application has been filed prior to the 31st day of March, 2015, application for roll back in Form No. 3CEDA along with proof of payment of additional fee may be filed at any time on or before the 30th day of June, 2015(as against 31.03.2015 earlier) or the date of entering into the agreement whichever is earlier. Similarly, in a case where an agreement has been entered into before the 31st day of March, 2015, application for roll back in Form No. 3CEDA along with proof of payment of additional fee may be filed at any time on or before the 30th day of June, 2015(as against 31.03.2015 earlier).

Miscellaneous

- CBDT has revealed Central Action Plan for completion of departmental work in time frame within 1st quarter of FY 2015-16. The work would include various assessments, audit follow-ups, disposal of appeals etc.

Corporate Laws

Amendments in Company Rules related to MGT 14, voting via electronic means, relaxation in preferential issue, etc.

MGT 14 filing for Resolutions

- The amendment has omitted certain sub rules resulting in no longer mandatory requirement to pass these resolutions by Board of Directors. Hence, from the date of this notification the resolutions related to these would not be required to be filed in MGT- 14:-
- To take note of appointment(s) or removal(s) of one level below the KMP
 - To take note of disclosure of director's interest and share-holding (MBP-1)
 - To buy sell investments held by the company (other than trade investments), constituting 5% or more of the paid up share capital and free reserves of the investee company.
 - To invite or accept or renew public deposits and related matters
 - To review or change the terms and conditions of public deposits.
 - To approve quarterly, half yearly and annual financial statements or financial results as the case may be .

Preferential Issue of Shares

- A company going for preferential issue of shares is also required to comply with provisions of section 42 i.e., Private Placement. A relaxation, has been provided in the amendment in case preferential issue is made to one or more existing members only. In such a case the company shall be exempt from issuing of Private Placement Offer Letter in PAS-4 and also filing of PAS 4 and PAS 5.

Other amendments in Shares & Debentures

Rule 5 has been amended and now it shall not be mandatory for

a company secretary to be authorized for signing the share certificates while it is being issued.

- In case of listed companies, duplicate share certificates shall be issued within 45 days from the date of submission of complete documents with the company instead of the earlier 15 days .
- An employee for the purpose of ESOPs to exclude employee of an associate company.
- Rule 18(5) related to time for execution of trust deed by the debenture issuer company in favour of the debenture trustees has now been made "within 3 months of closure of the issue or offer" from the earlier "within 60 days of allotment of debentures" .

Voting through Electronic means

Voting through Electronic Means for listed companies having not less than 1000 members has been permitted subject to fulfilment of certain conditions prescribed under Rule 20

MCA clarifies that loan to employees other than directors are not governed by 186 of the Act

- Loans and/or advances made by the companies to their employees, other than the Managing Director or Whole Time Directors (which is governed by Section 185) are not governed by the requirements of Section 186 of the Companies Act, 2013.
- This clarification will, however, be applicable if such loans/ advances to employees are in accordance with the conditions of service applicable to employees and are also in accordance with the remuneration policy, in cases where such policy is required to be formulated.



Budget meeting organized by Lunawat & Co

MCA issues clarification relating to filing of e-form DIR-11 & DIR-12 in case all directors resign

- Registrar of Companies within their jurisdictions are authorized on request of the “stakeholders” and after due examination, to allow any one of the resigned directors who was an authorized signatory director for the purpose of filing Form DIR – 12 only along with additional fees, as applicable and subject to compliance of other provisions of Companies Act, 2013.

MCA issues clarification relating to loans accepted from shareholders and relative of directors before 01.04.2014 incase of a Private Company

- MCA has clarified that such amounts received by private companies prior to 1st April,2014 shall not be treated as 'deposits' under the Companies Act,2013 and Companies (Acceptance of Deposits) Rules, 2014.
- It would be subject to the condition that relevant private company shall disclose, in the notes to its financial statement for the financial year commencing on or after 1st April, 2014 the figure of such amounts and the accounting head in which such amounts have been shown in the financial statement.
- Any renewal or acceptance of fresh deposits on or after 1st April, 2014 shall, however, be in accordance with the provisions of Companies Act, 2013 and rules made there under.

ICAI issues Guidance Note on Fraud Reporting u/s 143(12) of Companies Act 2013

- ICAI has issued the much awaited Guidance Note on Reporting on Fraud under Section 143(12) of the Companies Act, 2013.
- The Guidance Note provides an overview of reporting requirement u/s 143(12). It also provides detailed guidance with respect to various aspects of this reporting requirement like requirements for reporting u/s 143(12), responsibility of management, responsibility of auditor, Issues for consideration by the auditors, Applicability of Standards on Auditing, Audit procedures Technical guidance, Appendices etc.

Miscellaneous

- MCA has appointed jurisdictional Registrar of Companies to be the adjudicating officers for the purpose of levy of penalties under Companies Act 2013. The Appeals, if any, filed before the concerned Regional Director having jurisdiction over the adjudicating offices shall be disposed of in accordance with the notification of the government of India in the Ministry of Corporate Affairs .
- ICAI issued frequently asked questions (FAQs) on the provisions of corporate social responsibility (CSR) under section 135 of the Companies Act 2013 and rules thereon.
- MCA has amended the Companies (Acceptance of Deposits) Rules,2014 due to which pending share application monies will have to be settled by 1st June,2015 and the format of Form DPT -3 (Return of Deposits) has been amended .
- Powers of immediate inspection u/s 94(5)has been delegated to Regional Directors .

VAT/ Sales Tax

Delhi VAT department extends filing of form DP-1 to 30th June 2015

- Form DP-1 is a new form inserted under DVAT Act, 2004 regarding updating the information about the business online on Delhi VAT portal.
- The last date for online Submission of Form DP-1 by all the dealers has been extended from 31st March, 2015 to 30th June, 2015.

Delhi VAT department extends filing of reconciliation return for the year 2013-14 to 30th June 2015

- The last date for filing of reconciliation return in form 9 for the year 2013-14 has been extended to 30th June 2015.
- The return is to be filed by dealers who have made inter-state sale against Form 'C' or stock transfer against Form 'F' or sold goods against Form 'H' to dealers(other than Delhi) or claimed deduction from taxable turnover against E -I/EII forms or I/J forms etc.
- The dealers who have made the sale as mentioned above need not file reconciliation return in form 9.

Lunawat Update

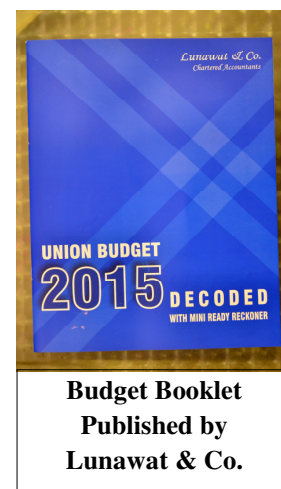
Presentations

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

- “Challenges & Opportunities in Self Practice” at Hindi Bhawan , Delhi.
- “Finalization of Audits for the FY 2014-2015 of Companies” at Patel Nagar CPE Study Circle of NIRC of ICAI .
- “Finalization of Audits for the FY 2014-2015 of Companies” at Hotel President, Jalandhar , Punjab.

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

- “Finance in business Acumen” at JCB, Ballabgarh , Haryana.
- “Finance and Non Finance Manager” at Nalwa Steel & Power Limited at Raigarh , Chhattisgarh



**Budget Booklet
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