

# Lunawat Bulletin

## Market Watch

### Sensex

30.04.2015 : **27011.31**

31.03.2015 : **27957.49**

### Nifty

30.04.2015 : **8181.50**

31.03.2015 : **8491.00**

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## FM Arun Jaitley provides some relief to foreign investors from MAT and to provide simplified return forms

Seeking to calm investor jitters, Finance Minister Arun Jaitley today offered tax relief to FIIs by exempting some of their income from MAT and announced that an "extremely simplified" income tax return form will soon replace the controversial 14-page ITR that sought details of all bank accounts and foreign trips.

Replying to the debate on the Finance Bill, 2015, in Lok Sabha, he said Prime Minister's social security schemes will be exempt from service tax and also tinkered with indirect tax rates on raw silk, iron ore and rubber.

With funds fleeing India as the row over 20 per cent minimum alternate tax (MAT) on capital gains they made in past three years escalated, Jaitley offered relief by exempting income foreign firms earned from securities transactions and interest, royalties and fees for technical services from MAT.

The exemption would apply only in those cases where the normal tax rate is below 18.5 per cent.

He, however, offered no relief retrospectively as has been demanded by foreign portfolio investors. The rules for the application of MAT for real estate investment trusts were also eased.

Referring to the controversial new ITR form, he said an "extremely simplified" income tax return form will soon be brought.

"I am having the entire matter reviewed and very soon you will hear an extremely simplified procedure coming for us," he said. "Recently, a controversy did come up. There is an old income tax form of 12 pages which was made thirteen-and-half pages. I was out of the country when this was done, I had it stopped."

## Narendra Modi government eases incorporation of business, process to take just 1 form starting

Entrepreneurs keen on setting up new enterprises will be able to incorporate one by filing just one form starting Friday against eight separate forms earlier, as part of the government's drive to make it easier to do business in the country.

The corporate affairs ministry will from May 1 have an integrated company incorporation form to make compliance and reporting easier and convenient for corporates.

"Name availability, allotment of Director Identification Number (DIN), company incorporation and commencement of business will now be possible through a single form," said a senior ministry official who sought anonymity.

The new form, called INC-29, will be available on the MCA website as a part of the government's drive to improve India's ranking on the globally tracked parameter of ease of doing business.

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## Compliance Due Dates

| Due Date                 | Related to                       | Particulars  |
|--------------------------|----------------------------------|--|
| 05.05.2015<br>(Tuesday)  | <b>Service Tax</b>               | <b>Deposit Service Tax</b> for the month ended April 2015. For assesses requiring to deposit through e-payments, last date is 06.05.2015.  |
| 07.05.2015<br>(Thursday) | <b>TCS<br/>(Income Tax)</b>      | <ul style="list-style-type: none"> <li>• <b>Deposit TDS/TCS</b> for deductions/collections made during the month of April 2015.</li> <li>• Deliver copy of <b>Form 15G/15H</b> to CCIT/CIT for forms received in month of April 2015.</li> </ul>   |
| 15.05.2015<br>(Friday)   | <b>EPF</b>                       | <b>Deposit PF</b> under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of April 2015.   |
| 15.05.2015<br>(Friday)   | <b>DVAT/CST</b>                  | <b>Deposit tax deducted at source</b> under DVAT Act for the month of April 2015   |
| 15.05.2015<br>(Friday)   | <b>TDS/TCS<br/>(Income Tax)</b>  | <b>TDS returns</b> for Quarter ended March 2015 for non-government deductors & <b>TCS returns</b> for all deductors.   |
| 15.05.2014<br>(Friday)   | <b>DVAT/CST</b>                  | File <b>DVAT &amp; CST quarterly return</b> in electronic form for the quarter ended March 2015 & File annexure 2A & 2B electronically   |
| 21.05.2015<br>(Thursday) | <b>ESI</b>                       | <b>Deposit ESI</b> under Employees State Insurance Act, 1948 deducted for the month of April 2015.   |
| 21.05.2015<br>(Thursday) | <b>DVAT</b>                      | <b>Deposit DVAT and CST</b> for the month ended April 2015.  |
| 22.05.2015<br>(Friday)   | <b>DVAT</b>                      | <b>Issue TDS certificate</b> under DVAT Act for tax deducted and deposited for the month of April 2015 in Form DVAT-43.  |
| 30.05.2015<br>(Saturday) | <b>TDS/ TCS<br/>(Income Tax)</b> | <ul style="list-style-type: none"> <li>• <b>Issue TDS certificate</b> for tax deducted and deposited (other than Salary) for the quarter ended March 2015 in Form 16A.</li> <li>• <b>Issue TDS certificate</b> for tax deducted at source to employees in respect of salary paid during the previous financial year in Form 16.</li> <li>• <b>Issue TCS certificate</b> for tax collected for the quarter ended March 2015 in Form 27D.</li> </ul> |

## LIST OF HOLIDAYS

| DATE       | DAY    | HOLIDAY        |
|------------|--------|----------------|
| 04.05.2015 | Monday | Buddha Purnima |

## Income Tax

### CBDT clarifies that there would be no STCGs on extension, roll over of Fixed Maturity Plans MF Units as per SEBI Regulation

- FMPs are closed ended funds having a fixed maturity date wherein the duration of investment is decided upfront.
- In the case of mutual funds, the unit of a mutual fund constitutes a capital asset and any sale, exchange or relinquishment of such unit is a 'transfer' under clause (47) of section 2 of the Act.
- The roll over in accordance with the aforesaid regulation will not amount to transfer as the scheme remains the same.
- Accordingly, it is hereby clarified that no capital gains will arise at the time of exercise of the option by the investor to continue in the same scheme. The capital gains will, however, arise at the time of redemption of the units or opting out of the scheme, as the case may be.

### CBDT amends IT Rules to prescribe documents for identity proof and form for PAN for companies not incorporated under Companies Act

- In case of an applicant, being a company which has not been registered under the Companies Act, 2013, the application for allotment of a PAN may be made in Form No. INC-7 for incorporation of the company .
- Documents required in respect of application for allotment of PAN number in case of Company registered in India shall also include corporate identity number allotted by the Registrar under section 7 of the Companies Act, 2013.

### CBDT prescribed ITR Forms for AY 2015-16 but have gone under review

CBDT amended IT rules to prescribe ITR forms for AY 2015-16, however went under review due to public outcry. Following is the list of major changes which were made-

- ITR-1 (SAHAJ) & ITR-4S (Sugam) cannot be filed by individual who has earned any income from source outside India.
- Introduction of furnishing Aadhar Card Number in ROI. Which will be used for EVC (Electronic Verification Code) system.
- Super Senior citizen are now allowed to file ROI in paper form even though their income exceed Rs 5 lacs subject to other conditions.
- Details of all bank accounts with Bank name, IFSC Code, Name of Joint Holder, if any, Account number, Account balance as on 31.03.2015 mandatorily to be provided. Even those accounts which are closed during the year.
- Details of Foreign Travel made if any (For resident and nonresident both) includes, Passport No, Issued at, name of country, number of times travelled and expenditure- Disclose details of Foreign Travel In Income Tax Return (ITR-2)
- In case of LTCG & STCG not chargeable to tax to Non-resident on account of DTAA benefit, It is required to furnish Country name, Article of DTAA, TRC obtained or not?(ITR-2)
- Details of utilization of amount deposited in capital gain account scheme for years preceding to last two assessment years. Particulars asked include year of utilization, amount utilized, amount unutilized lying idle in capital gain account scheme till the date of filing of return of income .(ITR-2)
- For Non-resident, Income from other sources, If any income chargeable to tax at special rate provided in DTAA, It is now required to provide details of Name of Country, Relevant article of DTAA, Rate of Tax, Whether TRC



obtained or not?, Corresponding rate of tax under income tax act.(ITR-2)

- In schedule FA-Foreign assets disclosure, Following details added. (a) Foreign Bank accounts details: It is now further require to furnish A/c number, A/c opening date, Interest/ income accrued from such A/c, If any along with details of head of income and schedule under which such income is shown, if offered to tax in India. (b) In similar manner, details of income from Financial interest in any entity outside India along with details of income offered to tax in ITR-2 from such income. (c) Similar disclosure requirement is also required for Immovable property outside India, capital asset held outside India, trust held outside India.

**NOTE: The above forms are still under review and forms maybe revised.**

## CBDT amends IT Rules to increase Transport Allowance under Rule 2BB from Rs. 800 p.m. to Rs. 1600 p.m

- CBDT has doubled the transport allowance exemption to Rs 1,600 per month from its earlier level of Rs. 800 per month.
- The notification further said the exemption limit for blind and orthopedically handicapped to has been doubled to Rs 3,200 a month.

## CBDT decides that there would be no TDS requirement on payments to Corporations established u/s 10(26BBB)

- The Central Board of Direct Taxes issued Circular No. 4/2002 dated 16.07.2002 according to which, in case of entities, whose income is unconditionally exempt under section 10 of the Income-tax Act and who are statutorily not required to file return of income as per section 139 of the Act, there would be no requirement for TDS from the payments made to them since their income is anyway exempt under the Act .
- Since the corporations covered under section 10(26BBB) satisfy the two conditions of Circular No.4/2002,there would be no requirement for TDS from the payments made to such corporations.



## CBDT decides that interest is not chargeable on Self-assessment Tax paid before Net Wealth Return Due Date u/s 17B

- The CBDT has already issued Circular No.2/2015 dated 10.02.2015 giving effect to the decision of the Hon'ble Supreme Court with regard to the provisions under the Income-tax Act which is concerned with default in furnishing return of income providing that interest shall be payable only on the amount of tax that has not been deposited before the due date of filing of the income-tax return for the relevant assessment year.
- Maintaining an analogous position with regard to the provisions under the Wealth-tax Act, the Board has decided that no interest under section 17B of the Wealth-tax Act is chargeable on the amount of self-assessment tax paid by the assessee before the due date of filing return of net wealth.

## CBDT issues Digital Evidence Investigation Manual

- The CBDT has issued a comprehensive document called the "Digital Evidence Investigation Manual". The Manual points out that the days of manual books of account and other documents are getting extinct and that most books of account and documents are maintained on digital media devices.
- Any worthwhile investigation of such books and documents requires proper handling and thorough analysis to ensure its integrity and evidentiary value. The Manual provides insight into the legal framework for acquiring digital evidence, a step-by-step procedure as to how such devices should be approached, how relevant data be identified and how clones have to be prepared and utilized for the purposes of investigative analysis.
- The Manual will prove to be of immense utility to all tax officials and professionals battling the menace of unaccounted money in the economy.

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## CBDT decides that claims of FII's Seeking benefits under DTAA's, to be decided within one month

- It has been decided by CBDT that in all cases of Foreign Institutional Investors (FIIs) seeking treaty benefits under the provisions of respective DTAA's, decision may be taken on such claims within one month from the date such claim is filed.
- The Income Tax department has sent notices in 68 cases to FIIs for payment of dues totaling Rs 608.83 crore towards Minimum Alternate Tax (MAT).

## CBDT decides to fast track all applications made u/s 11(1)(c) of IT Act seeking approval for rendering help to the victims of earthquake in Nepal

- The CBDT has decided to fast track all applications made under section 11(1)(c) of the Income Tax Act, 1961 seeking approval for rendering help to the victims of earthquake in Nepal. It will be the endeavor of the Department to process these applications within two working days of receiving the completed applications.
- The applications seeking approval u/s 11(1)(c) may be submitted in the office of Member (IT), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi.



**"Today's financial report will be a short one: We had money, now we don't."**



## Corporate Laws

### MCA issues The Companies (Auditor's Report) Order, 2015

- MCA has notified the Companies (Auditor's Report) Order, 2015 (CARO, 2015) on 10th April, 2015.
- It has been notified under section 143(11) of the Companies Act, 2013 which provides that auditor's report shall include a statement on such matters as may be specified therein by the Central government in consultation with National Financial Reporting Authority. Earlier, it was to be provided as per section 227(4A) of the Companies Act, 1956.
- CARO-2015 will be applicable for the financial year commencing on or after 1st April, 2014.
- In contrast to CARO-2003, new CARO applies to the following including those mentioned in CARO 2003 :- Every company including a foreign company as defined under section 2(42) of the 2013 Act.
- Class of companies which are excluded from CARO -2013 application ( in addition to those mentioned in CARO-2003) are:- One Person Company as defined under section 2(62) of the act , Small company as defined under section 2(85) of the act ,Companies incorporated with Charitable objects, etc ,i.e, companies licensed to operate under section 8 of the companies act 2013.
- As compared to CARO-2003, the reporting requirements under the CARO-2015 have been reduced considerably( i.e from 21 clauses to 12 clauses)

## ICAI publishes Application Guide for Depreciation Schedule II to Companies Act 2013

- The Corporate Laws & Corporate Governance Committee of the Institute of Chartered Accountants of India has issued the Application Guide on the provisions of the Schedule II of the Companies Act 2013. The provisions governing charge of depreciation in the erstwhile Schedule XIV to the Companies Act, 1956 have been replaced with Schedule II to the Companies Act 2013. To facilitate members of the profession understand the requirements for implementation of Schedule II, the Corporate Laws & Corporate Governance Committee has brought out Application Guide on Provisions of Schedule II to the Companies Act, 2013.

## ICSI issues the Secretarial Standard-2 on General Meetings and Secretarial Standard-1 for Meetings of Board of Directors

- ICSI issues Secretarial Standard-1 for Meetings of Board of Directors and Secretarial Standard-2 on General Meetings to be effective from 1st July 2015.
- The intention of the legislatures to observe SS appears to be clear as it would oblige the companies to adopt uniform practices in conducting Board & general meetings, matter pertaining to placing agenda, finalization of minutes etc. Further, miniscule compliance and corporate governance is bound to increase tremendously once the companies, irrespective of capital, turnover, profit etc., start complying with the SS.

## MCA clarifies Remuneration to managerial person under the Companies Act, 1956 would continue till his terms expire even under Companies Act 2013

- It has been clarified by MCA that a managerial person may continue to receive remuneration for his remaining term in accordance with terms and conditions approved by company as per relevant provisions of Schedule XIII of earlier Act even if the part of his/her tenure falls after 1st April, 2014.

## MCA issues clarification on effective yield on government securities

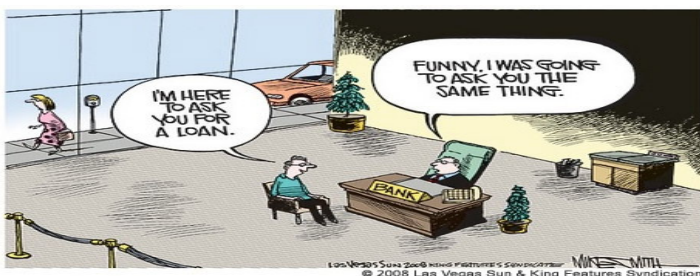
- MCA issued clarification on effective yield on government securities under section 186(7) of Companies Act, 2013.
- The ministry has relied on General Circular No.06/2013 vide which it was clarified that in cases where the effective rate of return on tax free bonds is greater than the yield on prevailing bank rate, there was no violation of Section 372A(31) of Companies Act, 1956. Ministry relied upon the circular and clarified that there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.



## Service Tax

### CBEC clarifies that rate of service tax currently is 12.36% only and not 14%

- CBEC has cleared doubts regarding the proposed increase in the rate of service tax from 12.36% (including education cesses) to 14% on the value of taxable service.
- CBEC clarified that change in service tax rate, will come into effect from a date to be notified by the Government after the enactment of the Finance Bill, 2015.



## SEBI



### SEBI prescribes fine structure for non-compliance with the requirement of Clause 49(II)(A)(1) of Listing Agreement

- SEBI has prescribed fine structure for non-appointment of women director on Board of Listed Companies which is as follows:-
- Listed entities complying between April 1, 2015 and June 30, 2015 : Rs. 50,000/-
- Listed entities complying between July 1, 2015 and September 30, 2015 :Rs.50,000 +Rs.1000/- per day w.e.f. July 1, 2015 till the date of compliance.
- Listed entities complying on or after October 1, 2015: Rs.1,42,000/- + Rs.5000/- per day from October 1, 2015 till the date of compliance

## Others

### Ministry of Commerce & Industry notifies India's Foreign Trade Policy 2015-2020

- Ministry of Commerce and Industry notified foreign trade policy for the next five years (2015-2020). The five-year foreign trade policy structurally represents a medium-term economic plan aiming to achieve key goals.
- The macroeconomic goal is to increase India's share in world merchandise and services exports from 2% at present to 3.5%. Translated in numbers, the increase would imply doubling exports from just under \$500 billion to close to \$1 trillion over a five-year period with annual average increases of roughly 20%.

## Sales Tax/VAT



### DVAT Department has extended the return date of 4th Qtr for FY 2014-15

- DVAT department on 27.04.2015 extended the last date of filing of online/hard copy of 4th Qtr return for the year 2014-15 in form DVAT-16, DVAT-17,DVAT-48 along with required annexure/enclosures to 15.05.2015.





## Lunawat Update

### Presentations

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

- “Companies Audit & Compliance of CARO 2015” at Young Members Empowerment Committee of ICAI .
- “Specific Issues in Audit of FY 2014-15 under Companies Act 2013” at Patparganj CPE Study Circle of NIRC of ICAI
- “Specific Issues in Audit of FY 2014-15 under Companies Act 2013” at South Delhi CA Study Circle.
- “Conversion of Company into LLP and its Taxation ” at Tri Nagar Keshav Puram CPE Study Circle.
- “Updates on Taxation and Company Law” at West Delhi Study Circle of NIRC of ICAI .

### Presentations

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

- 2 day Training Programme for “Cost Awareness for Operation” at Hero MotoCorp, Gurgaon, Haryana.
- “Finance and Non Finance Manager” at Ericsson at Noida, Uttar Pradesh.

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