

Lunawat Bulletin

Market Watch

Sensex

30.06.2015 : **27780.83**

31.05.2015 : 27282.44

Nifty

30.06.2015 : **8368.50**

31.05.2015 : **8433.65**

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Lunawat & Co.
Chartered Accountants
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World economy may be slipping into 1930s Great Depression problems: RBI's Raghuram Rajan

When Raghuram Rajan warned about a looming financial market crisis a decade ago, former US Treasury Secretary Lawrence Summers said he was being 'Luddite'. In the event, Rajan was right. Now the Reserve Bank of India governor is sounding the alarm again — the very efforts of central banks in the developed world to avoid another Great Depression by keeping interest rates at zero may lead to precisely that outcome

But this time around, there seem to be few dissenting voices. "I do worry that we are slowly slipping into the kind of problems that we had in the thirties in attempts to activate growth," Rajan told an audience at the London Business School on Thursday. "And, I think it's a problem for the world. It's not just a problem for the industrial countries or emerging markets, now it's a broader game.

GDP to grow 8% in FY16; hit \$3 trillion mark in five years: Arvind Panagariya

India's growth rate is expected to accelerate to 8 per cent in the current financial year and the economy will surpass USD 3 trillion mark in less than five years. "I will be greatly disappointed if we do not hit the 8 per cent mark in 2015-16. I expect the economy to hit USD 3 trillion within five years or less," he told PTI in an interview.

Indian economy, which is little more than USD 2 trillion, recorded a growth rate of 7.3 per cent in 2014-15. India is presently the third largest economy in Asia after China and Japan. On the back of ongoing reforms and stress on manufacturing sector as part of the 'Make in India' drive, the NITI Aayog chief said that India can look for much bigger share in global exports, the global economic woes notwithstanding.

Government to borrow Rs 1.96 lakh crore in Q2 of FY16

Government today said it will borrow Rs 1.96 lakh crore from markets in the July-September quarter of the current financial year, 2015-16. "After reviewing the cash position of the Government, in consultation with the Reserve Bank of India (RBI), the Government of India has decided to notify the amounts for the issuance of Treasury Bills for the quarter ending September," said an official release.

Of the Rs 1.96 lakh crore, Rs 1.19 lakh crore would be raised through the auction of 91 days Treasury Bills. While, Rs 39,000 crore and Rs 38,000 crore are expected to be raised by way of auctioning 182 days and 364 days Treasury Bills. The government, as per the budget papers, plans to borrow Rs 6 lakh crore from the market in the current fiscal, up from Rs 5.92 lakh crore in 2014-15.

Compliance Due Dates

Due Date	Related to	Particulars
06.07.2015 (Monday)	<i>Service Tax</i>	Deposit Service Tax for the month of June 2015 for Company Assessee & for the quarter ended on 30.06.2015 for Other Assessee s.
07.07.2015 (Tuesday)	<i>TDS/TCS (Income Tax)</i>	<ul style="list-style-type: none"> • Deposit TDS/TCS for deductions/collections made during the month of June 2015. • Deliver copy of Form 15G/15H to CCIT/CIT for forms received in month of June 2015.
15.07.2015 (Wednesday)	<i>EPF</i>	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of June 2015.
15.07.2015 (Wednesday)	<i>DVAT/CST</i>	Deposit tax deducted at source under DVAT Act for the month of June 2015
15.07.2015 (Wednesday)	<i>TDS/TCS (Income Tax)</i>	TDS returns for Quarter ended June 2015 for non-government deductors & TCS returns for all deductors.
15.07.2015 (Wednesday)	<i>ESI</i>	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of June 2015.
21.07.2015 (Tuesday)	<i>DVAT</i>	Deposit DVAT and CST for the month ended June 2015.
22.07.2015 (Wednesday)	<i>DVAT</i>	Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of June 2015 in Form DVAT-43.
25.07.2015 (Saturday)	<i>DVAT</i>	File DVAT & CST quarterly return in electronic form for the quarter ended June 2015.
28.07.2015 (Tuesday)	<i>DVAT</i>	<ul style="list-style-type: none"> • Furnish hard copy of return verification Form 56 for the quarter ended June 2015 • File online Quarterly TDS Return under DVAT Act in form DVAT -48 for the quarter ended June 2015. The TDS certificates are to be issued form online facility. • Submission of return in Form Bank-1, All scheduled Banks having branches in Delhi & engaged in business of silver, gold, repossessed vehicles for quarter ending June 2015
30.07.2015 (Thursday)	<i>TDS/TCS (INCOME TAX)</i>	Issue of Form 16A/27D Quarterly TDS/TCS certificate for the quarter ended June 2015
31.07.2015 (Friday)	<i>TDS/TCS (INCOME TAX)</i>	File TDS returns for June Quarter for Government deductors in return form Return No.24Q, 26Q, 27EQ & 27Q.

LIST OF HOLIDAYS

DATE	DAY	HOLIDAY
18.07.2015	Saturday	Id-ul-Fitr

Income Tax

Appellate Order should be passed within 15 days of the last hearing

CBDT has given clear instructions regarding the Appellate Orders that:

- The Appellate order by Commissioner of Income Tax (Appeals) should be issued within 15 days of the last hearing.
- And this shall be applicable to any orders passed by the CIT (Administration)/ CCIT as matters under varied section of the Income Tax Act such as sections 80G, 264, 263 or Orders under Rule 86 of 2nd Schedule and under other allied direct taxes shall be applicable.

CBDT issues circular for claiming Wealth Tax Refund beyond Time Limit u/s 25 on Urban Land Classified Agricultural in Revenue Records

CBDT has issued a circular for claiming the Wealth Tax Refund beyond time limit giving the following details:

- Urban Land would not include land classified as agricultural land in the records of the Government and used for agricultural purposes as per Finance Act, 2013.
- Amendment has retrospective effect from 01.04.1993 but the assessee has paid wealth tax on such agricultural land, the wealth tax paid in respect of such land is required to be refunded.
- Board hereby authorizes Principal Commissioners/ Commissioners of Wealth Tax to admit application for revision u/s 25 of the Wealth Act from assessee seeking refund due to aforesaid amendment.
- The Principal Commissioners/ Commissioners shall dispose of such applications within one year from the end of Financial year in which the application is received.
- The application for such claim shall be made by assessee within one year from the date of issue of this order.

Due Date for Filing Income Tax Return by Non Audit Assessee extended to 31.08.2015

CBDT extends the due date for filing returns of income for the assessment year 2015-16 from 31st July, 2015 to 31st August, 2015 in respect of income tax assessee concerned.

CBDT Clarify Rollback Provisions of Advance Pricing Agreement Scheme

CBDT has issued the following clarifications on Rollback Provisions of Advance Pricing Agreement Scheme:

- The person (Company) who makes an APA application or enters into an APA would only be entitled for the rollback provision in case of Merger and Demerger.
- The applicant would be entitled for rollback provision on his revised return of income.
- The same international transactions implies that the transactions in the rollback year has to be same nature and with the same associated enterprise(s), as proposed to be undertaken in future years and in respect of which agreement has been reached,.
- The applicant has option to withdraw its rollback application even while maintaining the APA application for the future years.

Guidelines and Procedure for Condonation of Delay in Filing Claim of Refund/ Carry Forward of Losses

CBDT has notified the following Guidelines & procedure for condonation of delay in filing claim of Refund/Carry Forward of Losses:

- Limits of the respective authority to accept/reject the applications:

Authority	Limits
Principal CIT/CIT	< 10 lacs
Principal CCIT/CCIT	> 10 lacs but < 50 lacs
Board	> 50 Lacs

- No condonation application for claim of refund/loss shall be entertained beyond six years from the end of assessment years for which such application claim is made.
- Applicant who made investments in 8% savings (Taxable) bonds, 2003 issued by government of india and has accounted interest earned on mercantile basis and the intermediary bank on the time of maturity deducted TDS on the amount of interest , the time limits of six years for making such refund claim is not applicable.

Expeditious disposal of applications for rectification under section 154

CBDT has instructed that applications for rectification are to be disposed of within two months from the end of month in which the application is received as declared in the Citizen's Charter of the Department. All rectification applications received upto 31st March, 2015 were required to be disposed by 15th May, 2015. In this regard a feedback report on the achievement of the targets for disposal of rectification applications may be forwarded to the respective Zonal Members, under intimation to Member (IT), on or before 20th June 2015.

Clarification regarding the Prosecution of Tax Evaders

CBDT has clarified that Effective and stringent action shall only be taken in known and big cases of tax evasion and this would go a long way in demonstrating to the large number of compliant tax payers that the tax laws are just and fair and also encourage voluntary tax compliance.

In those cases where after intensive fact assessment, the Department undertakes search and seizure action as permissible under the law, mere tax collection does not have deterrence value and these need to be taken to their logical conclusion in terms of levy of penalty and launching of prosecution as per the provisions of the Income Tax Act.

New ITR Forms Sahaj (ITR 1), ITR 2, ITR 2A and Sugam (ITR 4S) notified

CBDT has issued notification for amendment of Income Tax Rules by amending Rule 12 in which the following new ITR Forms for the AY 2015-16 have been notified:

- A. SAHAJ (ITR 1)
- B. ITR 2
- C. ITR 2A
- D. SUGAM (ITR 4S)

Further the following is also clarified:

- In case of a person being an individual where the total income does not include any income chargeable to income under the heads salary or income in nature of family pension, Income from house property, Income from other sources or a HUF where the total income does not include any income chargeable to income tax under the heads Profit and gains of Business and Profession and capital gains shall file his return of income in form no. ITR-2A and be verified in the manner indicated therein.
- In case of Individual having Agricultural Income of more than 5000/- shall not file his return in ITR 1 (Sahaj).

Term "Nature of Business Relationship" Defined

A new Rule 51A has been inserted into Income Tax Rules to define the Term "Nature of Business Relationship" as follows:

"any transactions entered into for a commercial purpose other than:

- commercial transactions which are in the nature of professional services permitted to be rendered by an auditor or audit firm under the Act and the Chartered Accountants Act, 1949(38 of 1949) and the rules or the regulations made under those Acts;
- Commercial transactions which are in the ordinary course of business of the company at arm's length price –like sale of products or services to the auditor, as customer, in the ordinary course of business, by companies engaged in the business telecommunications, airlines, hospitals."



Service Tax

Change in Rate of Service Tax applicable w.e.f. 1st June 2015

CBEC has given some clarifications on the Service Tax rates applicable with effect from 1st June 2015:

- General Rate of Service Tax would be 14% instead of 12.36%. Education Cess & Secondary & Higher Education Cess are not applicable on Service Tax from now on. (Notification No. 14/2015-Service Tax, dated 19th May 2015)
- Rate of Service Tax on Restaurants having the facility of air-conditioning or central air heating in any part of establishment, at any time during the year is now increased to 5.6% (40% of 14%, after abatement of 60%) of total amount charged from existing 4.9% with effect from 1st June, 2015 vide circular No.184/3/2015 ST.

Corporate Laws

Extension for filing of Notice of appointment of the Cost Auditor for the F.Y, 2015-16 in Form CRA-2 and filing of cost audit report to the Central Govt. for the F.Y, 2014-15 in form CRA-4.

- Revised form CRA-2 is available on the MCA 21
- Additional fee on account of any delay beyond the prescribed period of 30 days from the date of Board Meeting in which the appointment of the Auditor was made for filing of CRA-2 for the financial year starting on or after 1st April, 2015 is waived for all such filings till 30th June, 2015.
- Additional fees on delayed filing of form CRA- 4 beyond the prescribed period of 30 days from the date of receipt of a copy of Cost Audit Report from the Cost Auditor for the Financial Year starting on or after 1st April, 2014 is also waived for all such filings till 31st August, 2015.

Repayment of deposits accepted by the companies before the commencement of the Companies Act, 2013

The Company Law Board has been empowered to exercise the powers of National Company law Tribunal under section 73(4) and section 74(2) of the said Act, till the latter's constitution. Thus, a depositor is free to file an application under section 73(4) of the said Act, with the Company Law Board if the company fails to make repayment of deposits accepted by it. Further the company may also file application under section 74(2) of the said Act with the Company Law Board seeking extension of time in making the repayment of deposits accepted by it before the commencement of the provisions of the said Act

Change in calculation of number of companies a person can audit

- For the purpose of calculation of number of companies a person can be auditor, the following would not be included:
 - one person companies,
 - dormant companies,
 - small companies, and
 - private companies having paid-up share capital less than one hundred crores rupees .

limit currently as per ICAI is 30 companies per auditor including private companies (unless changed by ICAI later)

Exemptions to Private Company under Companies Act, 2013

- Holding, subsidiary etc. would not be related party for purposes of sec. 188 transactions .
- Company may not issue various kinds of shares or shares with different voting rights, if it's MOA / AOA restricts so.
- If 90% of members of a private company have given their consent in writing or in electronic mode, then company can bring right issue to be open for 15 days to 30 days and notice to be sent at least 3 days before the opening of issue
- ESOPs can be issued by passing ordinary resolutions of members.
- Restrictions on purchase by company or giving of loans by it for purchase of its shares and can give loan to directors or concerns in which they are interested subject to prescribed conditions
- Private company would be able to bring in deposits from its members to the extent of 100% of its paid and capital and free reserves
- Private company need not file resolutions passed u/s 179(3) (g). No need to file resolutions for borrowing, investing, approval of financial statements and board report, etc. by directors.
- In private companies no person other than retiring directors to stand for directorship and requiring deposit of Rs. 1 Lac for the same
- Appointment of directors in a private company need not be voted individually.
- Need not pass special resolution for exceeding borrowings beyond paid up capital and free reserves. Also other resolutions not required to be passed as stated in sec. 180.
- Interested director (in a contract or arrangement) can vote for approval of such transaction after disclosing his interest.
- Member of a private company can vote on a resolution even if he is a related party to that transaction .

Other Changes

MCA has notified exemption from certain important provisions under Companies Act 2013, to

- Nidhis companies.
- Section 8 companies
- Government companies.

DVAT

Instructions regarding the process of Refund

Although the Department has issued a detailed Circular on 04.08.2014 regarding the Process of Refund. As per DVAT Act & Rules, refund has to be given to the applicant within 60 days from the date of application. In those situations where any information/document is required by the DVAT Officer, a notice shall be served to the Dealer requiring such information or document within such 60 days. It was also seen from the files sent for recommendation of releasing the Refund that the officers are not using proper language so that responsibility may be fixed upon them, hence from now on the following certificates shall be given by various officers while recommending to release the Refund:

1. Certificate by VATI
2. Certificate by Ward in Charge
3. Certificate by Zonal Accounts Officer (Refund)
4. Certificate by Zonal in Charge.

SEBI

Requirements under the SEBI (Share Based Employee Benefits) Regulations

SEBI has released a circular where the necessary guidelines and requirements have been specified for Share Based Employee Benefits.

The Stock Exchanges are advised to bring the contents of this circular to the notice of the companies listed on them and ensure its compliance.

Broad requirements for such Benefits are as under:

- Minimum Provisions to be covered in the Trust Deed
- Terms and Conditions of such Schemes are to be formulated by the Compensation Committee.
- Contents of the Explanatory Statement to the Notice and Resolution for Shareholders' Meeting.
- Information required in the Statement to be filed with the Stock Exchange.
- List of Documents to be filed with the Registration Statement.

Extension for submission of Form DP-1

In partial modification of Notification No.F.3(352)/Policy/VAT/2013/936-47 dated 31/03/15 regarding submission of information online in Form DP-1, notify that the Form DP-1 shall be submitted online by all the dealers latest by 31/08/2015.

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Lunawat Update

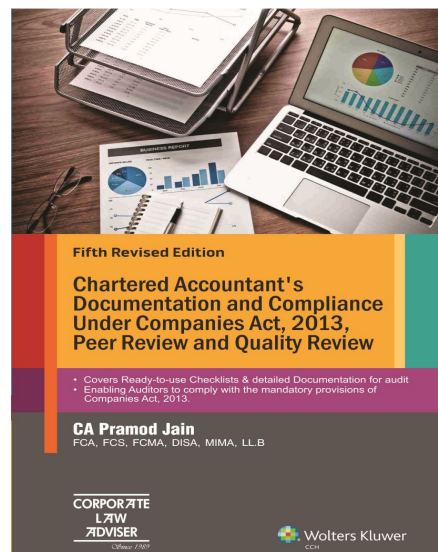
Presentations

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

“Financial Statement Analysis” at Yes Bank Ltd. Ahmedabad

“Finance for Non Finance” at Ericsson Noida

“Commercial Awareness” Bharti Infratel Ltd Jaipur



5th Revised Edition of a book authored by our partner CA. Pramod Jain

Lunawat Update

Presentations

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

- “Finalization of audits under Companies Act 2013 ” at Karol Bagh CPE Study Circle of NIRC of ICAI .
- “Accounts and Audit Legal and regulatory challenges” at IICA, Manesar Haryana
- “Auditors Reporting Requirements under Companies Act 2013” at Bhiwani Haryana
- “Recent Amendments in Companies Act 2013 ” at Faridabad Income Tax Bar Association
- “Updates on Taxation and Company Law” at West Delhi Study Circle of NIRC of ICAI .
- “Specific Issues in Finalization of Audits under Companies Act 2013” at District Centre Janakpuri Study Circle
- “CSR and Issues in Audit in Companies Act 2013 ” at Vishwas Nagar, Delhi organized by Professional Development Society
- “Accounts & Audit under Companies Act 2013” at EIRC of ICAI - Kolkata
- “Updates on Companies Act & LLP and its Taxation” at Shivaji Marg CPE Study Circle of NIRC of ICAI
- “Finalization of Audits of companies for 2014-15 under Companies Act 2013” at Nehru Place CPE Study Circle of NIRC of ICAI
- “LLP, Conversion and Taxation of LLP” at Ludhiana Branch of ICAI
- “Updates on Companies Act 2013” at Company Law Study Group of Jalandhar Branch of NIRC of ICAI
- “Practical aspects of handling assessment under Income Tax” at IIC

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