

Lunawat Bulletin

Market Watch

Sensex

30.06.2016 : **26999.72**

31.05.2016 : **26667.96**

Nifty

30.06.2016 : **8287.75**

31.05.2016 : **8160.10**

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Lunawat & Co.
Chartered Accountants
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India Ranks low at 105th on Human Capital Index

India was ranked low at 105th position globally on a worldwide Human Capital Index, which measures countries' ability to nurture, develop and deploy talent for economic growth and was topped by Finland. India ranks much below China's 71st position while Bangladesh, Bhutan and Sri Lanka are also placed higher on the index released today by Geneva-based World Economic Forum (WEF) in this Chinese city at its Annual Meeting of New Champions -- also known as 'Summer Davos' summit. India was ranked 100th last year out of total 124 countries included in the 2015 index. On positive side, India has got better rankings on quality of education system (39th), staff training (46th) and ease of finding skilled employees (45th) indicators. This suggests "a primary avenue for improvement for the country consists of expanding access to its numerous learning and employment opportunities".

Brexit impact on India: Uncertainty in IT, Re seen at 70, softer Oil prices

The Brexit, uncertainty may weigh upon the performance of merchandise and services exports and delay the concretization of investment plans, partly moderating the expected benefit of the recent FDI reforms." The extent of disorderliness in global markets and risk aversion as well as political developments in the European Union would determine the level of contagion in the Indian financial markets as well as the impact on Indian economic growth, although domestic consumption would largely cushion the latter. On balance, there are modest downside risks to our forecast of an improvement in growth of India's GVA at basic prices to 7.7% in FY2017.

India's end-March external debt rises to \$485.6 billion from year ago

India's external debt stood at \$ 485.6 billion at the end of March 2016, recording an increase of \$ 10.6 billion year-on-year, primarily on account of a rise in outstanding NRI deposits, according to RBI.

The increase in the magnitude of external debt was partly offset by valuation gain resulting from the appreciation of the US dollar vis-a-vis the Indian rupee and other major currencies, the central bank said in a statement.

The external debt to GDP ratio stood at 23.7 % at end-March 2016, a shade lower than its level of 23.8 per cent at end-March 2015.

Compliance Due Dates

Due Date	Related to	Particulars
06.07.2016 (Wednesday)	Service Tax	Deposit Service Tax for the month of June 2016 for Corporate Assessee & for the quarter ended 30.06.2016 for other Assesseees.
07.07.2016 (Thursday)	TDS/TCS (Income Tax)	Deposit TDS/TCS for deductions/collections made during the month of June 2016.
10.07.2016 (Sunday)	Company Law	File Forms without additional fee which were due for filing between 25.3.2016 to 30.6.2016 with the Registrar of Companies online
15.07.2016 (Wednesday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of June 2016.
15.07.2016 (Friday)	DVAT/CST	Deposit TDS under DVAT Act for the month of June 2016.
15.07.2016 (Friday)	TDS / TCS (Income Tax)	<ul style="list-style-type: none"> File TCS Returns for Quarter ended June 2016 for all deductors in Form 27EQ. Furnish Form 15G/15H to online for quarter ended June 2016 Furnish quarterly statement u/r 37BB(7) by an authorized dealer in Form 15CC in respect of foreign remittances made during the quarter ended 30th June 2016
15.07.2016 (Friday)	RBI (FEMA)	Furnish Annual Return on Foreign Liabilities & Assets (FLA return) under FEMA 1999 for year ended 31st March 2016 in case received FDI and/ or made overseas investment
15.07.2016 (Friday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of May 2016.
21.07.2016 (Thursday)	DVAT	Deposit DVAT and CST for the month ended June 2016.
22.07.2016 (Friday)	DVAT	Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of June 2016 in Form DVAT-43.
25.07.2016 (Monday)	DVAT	File DVAT & CST quarterly return in electronic form for the quarter ended June 2016.
28.07.2016 (Thursday)	DVAT	<ul style="list-style-type: none"> Furnish hard copy of return verification Form 56 for the quarter ended June 2016. File online Quarterly TDS Return under DVAT Act in form DVAT –48 for the quarter ended June 2016. 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 2016.
30.07.2016 (Saturday)	TCS (Income Tax)	Issue Form 27D Quarterly TCS certificate for the quarter ended 30th June 2016 .
31.07.2016 (Sunday)	TDS (Income Tax)	File TDS returns for Quarter ended 30th June 2016 by all deductors in Form Nos. 24Q / 26Q / 27Q.
31.07.2016 (Sunday)	Income Tax	<ul style="list-style-type: none"> Furnish ITR for AY 2016-17 in case not required to furnish by 30.9.2016 or 30.9.2016 Upload Statement in Form 10 to accumulate or set apart by charitable institutions u/s 10(21) or s. 11(2) if assessee required to furnish ITR by 31st July 2016 Upload option under Explanation to s. 11(1) to apply income in next year in Form 9A if assessee required to furnish ITR by 31st July 2016 Furnish quarterly return of Non TDS by banking Company in Form 26QAA for interest on deposit for quarter ended 30th June 2016 Furnish statement by Scientific Research Association, etc if ITR due date is 31.7.2016

LIST OF HOLIDAY

DATE	DAY	HOLIDAY
06.07.2016	Wednesday	Id-ul-Fitr

Income Tax

CBDT notifies due dates for filing Form 15G/H on quarterly basis

- Due Date for quarterly furnishing Form 15G/ Form 15H:

<u>Date of ending of the Quarter</u>	<u>Due Date</u>
30 th June	15 th July
30 th September	15 th October
31 st December	15 th January
31 st March	30 th April of Following F.Y.

- The payer shall furnish 15G/H declaration received during the period from Oct to March on e filing portal in the given format on or before 30th June, 2016.

CBDT issues clarification on applicability of TCS on motor vehi-

In order to reduce the cash transactions in sale of goods and services, Finance Act 2016 has expanded the scope that Seller who receives consideration for sale of a motor vehicle exceeding ten lac rupees, shall collect one per cent of the sale consideration as tax from the buyer.

Miscellaneous

- No TDS shall be made on the payment made to securitization trust regarding activity of securitization as defined in a. 115TC.
- Cost of inflation index for F.Y. 2016-17 has been notified to be 1125.
- CBDT has issued various clarifications through FAQs on Income Disclosure Scheme 2016
- CBDT has notified 1st April 2017 to be the date of application of General Anti Avoidance Rules (GAAR)
- CBDT has amended Rules 114F, 114H & Form 61B related to FATCA & CRS for US Reportable accounts

CBDT provide procedure for allowance of Foreign Tax Credit

CBDT has inserted Rule 128 and Form 67 in Income Tax Rules, 1962 to provide procedure for allowance of Foreign Tax Credit to Residents in India

CBDT amends Rule 8D of Income Tax Rules 1962

The expenditure related to income does not form part of total income shall be aggregate of following amount:

- The amount of expenditure directly relating to income which does not form part of total income
- An amount equal to 1% of the annual average of the monthly average of the opening & closing balances of the value of investment, income from which does not or shall not form part of total income. However the disallowance shall not exceed the expenditure claimed

CBDT notifies exemption of TDS

CBDT has notified that no TDS would be made on the payment made to bank listed in the second schedule to the RBI Act 1934 (excluding payments to Foreign Banks & any payment systems company authorised by the RBI) on following payments:

- Bank Guarantee commission
- Cash Management Service Charges
- Depository charges on maintenance of DEMAT accounts
- Charges for warehousing services for commodities
- Underwriting service charges
- Clearing charges
- Credit card or debit card commission for transaction between merchant establishment and acquirer bank.

CBDT notifies startup companies to be exempt from tax u/s 56(2) on account of share premium received

Any person being resident who make any consideration exceeding the face value for issues of share of a *startup company*, no tax shall be paid on it.

CBDT clarification on amendment in section 206C

- CBDT amended section 206C of the Income Tax Act through Finance Act 2016 wherein the seller had to collect tax at the rate of 1% from the purchaser on sale in cash of certain goods or provision of services exceeding Rs. 2 Lacs
- It also provided for collection of tax at source at the rate of 1% on sale in cash of bullion exceeding Rs. 2 Lacs & jewellery exceeding Rs. 5 Lacs
- It is clarified that no tax collection at source will not be levied if the cash receipt does not exceed Rs. 2 Lacs even if the consideration exceeds Rs. 2 Lacs.

CBDT inserts Rule 37BC related to relaxation from deduction of tax at higher rate u/s 206AA

In case of a non resident , not being a company or a foreign company & not having PAN the provisions of higher tax rate as per sec. 206AA shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of capital asset provided following documents should be submitted:

- Name, e-mail id, contact no.
- Address of territory outside India of which the deductee is resident
- A certificate of his being resident in any country
- TIN of the deductee in the country

Service Tax

Legal services exempt upto Rs. 10 L

CBEC has exempt the legal services provided by senior advocates to any person or business entity with a turnover upto Rs. 10 Lacs in preceding Financial year.

CBEC issues notification on exemption of taxable services regarding transportation of goods

It is notified that the taxable services by way of transportation of goods by a vessel from outside India upto the custom station in India with respect to which the invoice for the service has been issued on or before the 31st May, 2016 is exempt from the whole of service tax leviable thereon, subject to the condition that import report should be delivered on or before 31st May, 2016.

Clarifications resulting in Exemptions

- CBEC clarifying has exempted taxable services with respect to which the invoice of service has been issued on or before 31st May, 2016 from the whole of Krishi Kalyan Cess leviable thereon subject to condition that the service has been completed before the 31st May, 2016.
- CBEC exempts service tax on transportation of goods by a vessel from outside India upto customs station in India where invoice is issued on or before 31st May, 2016 subject to certain conditions

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work hard,
make it
happen.
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SEBI

SEBI issues circular on KYC norms for ODI subscribers

SEBI has issued clarifications on following issues for ODI subscriber:

- Applicability of KYC norms
- KYC Reviews
- Suspicious transaction Reports
- Reporting of complete transfer trail of ODI
- Transferability of ODIs
- Reconfirmation of ODI positions
- Periodic operational evaluation

Investor Protection Fund of Depositories

- As per SEBI Regulations, every depository is required to maintain Investor Protection Fund.(IPF)
- It is mandating the depositories to credit 5% or percentage as may be specified by board, of its profits from depository operations to IPF every year.
- SEBI has issued clarification on the following issues:
 - i) Utilization of IPF
 - ii) Constitution & Management of IPF
 - iii) Contribution to the IPF
 - iv) Investment of Funds

RBI

Foreign currency accounts by a person resident in India

- An insurance & reinsurance companies registered with IRDA may open, hold or maintain foreign currency account with the bank outside India & credit the account with insurance/reinsurance premia received by them outside India.
- An Indian startup or any other notified entity may open foreign currency account for crediting foreign exchange earnings out of exports/sales.

Other Notifications

- RBI prescribed a uniform format for all NBFCs, who are required to submit a certificate from their Statutory Auditors every year w.e.f they continue to engage in the business of NBFI.
- RBI recommends reporting of information on investment in commercial papers & unhedged foreign currency exposures of the borrowers to credit information.
- RBI decides to simplify & rationalise the process of registration of new NBFCs.

**IF YOU WANT TO BE TRUSTED,
BE HONEST.
IF YOU WANT TO BE HONEST,
BE TRUE.
IF YOU WANT TO BE TRUE,
BE YOURSELF.**

Companies Act

Amendment in rules for acceptance of deposit by Companies

MCA has amended the Company (Acceptance of Deposit) Rules 2014. Major amendments include:

- as an advance towards consideration for providing future services in the form of a warranty or maintenance contract as per written agreement or arrangement, if the period for providing such services does not exceed the period prevalent as per common business practice or five years, from the date of acceptance of such service whichever is less.
- as an advance received and as allowed by any sectoral regulator or in accordance with directions of Central or State Government.
- as an advance for subscription towards publication, whether in print or in electronic to be adjusted against receipt of such publications.

Relaxation in Rules for rotation of Statutory auditors

MCA has issued a removal of difficulty order to provide relief in case of rotation of auditors

The order has amended the proviso to provide that the auditor who is required to rotate shall comply with requirements of the provision within a period which shall not be later than the date of the 1st AGM of the company held, within the period specified under section 96(1), after three years from the date of commencement of the Act, i.e., 1st April 2014.

Managerial Personnel Remuneration Rules amended

MCA has amended Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 to provide:

- Form MR 1, not required to be filed for CEO, CS and CFO
- Detail of only top 10 employees now to be given having remuneration exceeding Rs. 1 Cr. instead of all exceeding Rs. 60 Lacs earlier in Board Report
- Limit for part of the year increased from Rs. 5 Lacs to Rs. 8.50 Lacs per month
- Several other disclosures in Board Report for Listed Companies omitted.

Other Notifications

- MCA issues notification to constitute National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) w.e.f 01.06.2016.
- MCA transfer all matters or proceedings or cases pending before the Board Of Company Law Administration (Company Law Board) to the National Company Law Tribunal and it shall dispose of such matters or proceedings in accordance with the provisions of Companies Act 2013 or Companies Act 1956.
- MCA amends LLP Rules to amend following Forms to include Body Corporate nominee Details:
 - Form 2 (Form of Incorporation)
 - Form 3 (LLP Agreement)
 - Form 4 (Notice of appointment, cessation, change in name/address/designation of Partners)
 - Form 11 (Annual Return of LLP)

Lunawat Knowledge Sharing Ways

Presentations

During June 2016, our partner **CA. Pramod Jain** gave following presentations:

- “LLP, Conversion & its Taxation” at Kota branch of CIRC of ICAI.
- “CARO 2016 and Reporting on Internal Financial Control” at Rohini CPE study circle of NIRC of ICAI.
- “PAN Quoting, AIR Reporting, TCS section 44AD/AB, Income Disclosure Scheme 2016, etc.” at Rohini CPE study circle of NIRC of ICAI.
- “Practical aspects of Audit including CARO 2016” at Karnal Branch of NIRC of ICAI.
- “CARO 2016 and 3 schemes under Finance Act 2016” at Patel Nagar CPE Study Circle.

- “Updates on Income Tax, Corporate Laws” at West Delhi Study Circle of NIRC of ICAI.
- “CARO 2016 & 3 schemes under Finance Act 2016” at Jalandhar Branch of NIRC of ICAI.
- “Updates on Income tax & Corporate Laws” at WDSC of NIRC of ICAI.
- “CARO 2016 & Income tTx covering PAN quoting, AIR reporting TCS, Income declaration scheme, etc.” at Jalandhar Branch of NIRC of ICAI.
- “Latest in income tax from businessmen point of view” at Model Town, Phagwara.

During June 2016, our partner **CA. Rajesh Saluja** gave following presentations:

- “Finance for Non-Finance Executives” at Panasonic India Pvt. Ltd., Gurugram.

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Our Services

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- Consulting Services
- Trainings
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- XBRL
- Trade Marks

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