

# Lunawat Bulletin

## Market Watch

### Sensex

31.07.2016 : **28051.86**

30.06.2016 : **26999.72**

### Nifty

31.07.2016 : **8638.50**

30.06.2016 : **8287.75**

## Centrally-Sponsored Schemes to be reduced to 27 from 72

The government has decided to reduce the centrally sponsored schemes (CSS) to 27 from 72. Of the 27 CSS, the Centre would fully fund 10 and provide 60% of the funds for the 17 others. With some schemes merged with others, states have been given the option to continue any earlier schemes left out in the restructuring, in a sharing pattern of 50:50 between the Centre and states. This change in funding pattern would be implemented from the current fiscal year and managed within the budgetary allocations.

The Centre has decided to fully support programmes, which are targeted to the benefits of socially disadvantaged groups. The funding pattern will be 60:40 between the Centre and states for the following broad category of schemes (part of the national development agenda):

“Krishi Unnati Yojana, Rashtriya Krishi Vikas Yojana, Pradhan Mantri Krishi Sinchai Yojana, etc.”

For north-eastern states and three Himalayan states, the funding ratio would be 90:10 between the Centre and the states. The states can continue with the central assistance capped at 50%. On other schemes not covered under the 27 CSS, North-eastern states and Himalayan states would share only 20% in these schemes. As the funding of the Centre changes from 20-100% to at least 50% in the restructured schemes, the government would try to keep funding of the schemes from FY17 onwards keeping the FY16 Budget as a benchmark.

The 14th Finance Commission had recommended that the government increase the tax devolution to states to 42% from 32%; in FY16 this is estimated at Rs 5.2 lakh crore compared with Rs 3.8 lakh crore in FY15.

As a result, the CSS and central assistance to state plans as a whole to reduce but be more than compensated by a bigger devolution of taxes.

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## Axis Bank ties up with LIC

Axis Bank has signed an agreement with Life Insurance Corp to distribute policies of the LIC. This is the largest bancassurance partnership after the insurance regulator allowed banks to sell policies of more than one company. Bancassurance is a model where the insurance company join hands with a bank to sell its products. Axis bank already had a distribution arrangement with Max Life Insurance.

## Deposit cash using Card Swipe Machines

Credit card swipe machines, which are used for making payments, will also be enabled soon to accept deposits. MasterCard has tied up with banks that install point of sales (PoS) terminals to accept cash deposits for loading onto prepaid cards. The payments company has already got this proposal cleared with the RBI and would be launching this service repositioned shortly.

## Compliance Due Dates

Due Date	Related to	Particulars
05.08.2016 (Friday)	<b>Income Tax</b>	File <b>Returns of Income-Tax</b> for the <b>assessment year 2016-17</b> other than an assessee whose books of account are required to be audited; a working partner of a firm or; Assessee who is required to furnish a report under Section 92E. Due date is 31.08.2016 for the Assessee in J&K.
06.07.2016 (Saturday)	<b>Service Tax</b>	<b>Deposit Service Tax</b> for the month of <b>July 2016</b> for <b>Corporate Assessee</b> .
07.08.2016 (Sunday)	<b>TDS/TCS (Income Tax)</b>	Deposit <b>Tax deducted/collected</b> during the month of <b>July 2016</b>
15.08.2016 (Monday)	<b>TDS/TCS (Income Tax)</b>	Issue Quarterly <b>TDS Certificate</b> (in respect of tax deducted for payments other than salary) by any person for the <b>quarter ending June 30, 2016</b> .
15.08.2016 (Monday)	<b>DVAT</b>	<b>Deposit tax deducted at source</b> under DVAT Act for the month of July 2016
15.08.2016 (Monday)	<b>EPF</b>	<b>Deposit PF</b> under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of <b>July 2016</b> .
21.08.2016 (Sunday)	<b>ESI</b>	<b>Deposit ESI</b> under Employees State Insurance Act, 1948 deducted for the month of <b>July 2016</b> .
21.08.2016 (Sunday)	<b>DVAT</b>	<b>Deposit DVAT and CST</b> for the month ended <b>July 2016</b> .
22.08.2016 (Monday)	<b>TDS/TCS (Income Tax)</b>	Issue <b>TDS Certificate</b> for Tax deducted under section <b>194-IA</b> for the month of <b>July 2016</b>
30.08.2016 (Tuesday)	<b>TDS/TCS (Income Tax)</b>	Furnish <b>Challan cum Statement</b> in respect of Tax Deducted under <b>Section 194-IA</b> during the month of <b>July 2016</b>
31.08.2016 (Wednesday)	<b>Income Tax</b>	<b>Furnish Annual Information Return (AIR)</b> or Statement of Financial Transactions in <b>Form 61A</b> under section 285BA(1) for the FY 2015-16.
31.08.2016 (Wednesday)	<b>DVAT</b>	File Form DP-1 Online for all registered dealers.
31.08.2016 (Wednesday)	<b>DVAT</b>	Submit <b>DVAT</b> return of Quarter one (Q1) for FY 2016-17

### LIST OF HOLIDAYS

<i>DATE</i>	<i>DAY</i>	<i>HOLIDAY</i>
<i>15.08.2016</i>	<i>Monday</i>	<i>Independence Day</i>
<i>18.08.2016</i>	<i>Thursday</i>	<i>Raksha Bandhan</i>
<i>25.08.2016</i>	<i>Thursday</i>	<i>Janmashtami</i>

## Income Tax

### **CBDT prescribes limits for determining Arm length price under transfer Pricing Law u/s 92C for A.Y. 2016-17.**

CBDT has prescribed that if there is variation between the arm's length price determined under section 92C, the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed

- 1% in respect of wholesale trading
- 3% in all other cases,

the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for Assessment Year 2016-2017.

### **CBDT issues notification for relaxation in payment of tax, surcharge & penalty under IDS 2016.**

CBDT notifies the date on or before which the tax and surcharge u/s 184 and penalty u/s 185 is payable in respect of undisclosed income shall be as follows:

S.No.	Date	Percentage of amount
(i)	30 <sup>th</sup> November	Minimum 25% of tax, surcharge & penalty
(ii)	31 <sup>st</sup> March	Further 25% of such tax, surcharge & penalty
(iii)	30 <sup>th</sup> September	Balance amount payable u/s 184 & 185

### **Other Notifications**

- CBDT notifies certain areas of Telangana, West Bengal & Bihar u/s 32 for additional depreciation of 35% & 32AD for investment allowance of 15%.
- CBDT amends Income Disclosure Rules amending Form 1 to allow revision of disclosure made.

### **CBDT introduces Aadhar based e-signatures for allotment of PAN & TAN online**

- Digital Signature Certificate (DSC) based application procedure has been introduced on the portals of PAN service providers, to facilitate the fast tracking the allotment of PAN & TAN to company applicants.
- Under new process, PAN & TAN will be allotted within one day after completion of valid online application
- Similarly, new Aadhaar e-Signature based application process for Individual PAN applicants has been made available on the portals of PAN service providers.



### **Issue of notices u/s 143(2) of Income Tax Act 1961 in revised format**

CBDT decided to modify the format of notices issued u/s 143(2). There shall be three prescribed formats of the said notices namely:

- Limited scrutiny
- Complete Scrutiny
- Manual scrutiny

### CBDT issues draft rules for valuation of shares in case of buyback by unlisted shares by companies u/s 115QA

- Under section 115QA of the Act, additional Income-tax at the rate of 20 % levied on the distributed income arising out of buy back of unlisted share by the company.
- The distributed income was defined to be the consideration paid by the company on buy back of shares as reduced by the amount which was received by the company for issue of such shares.

### Issue of refunds upto Rs. 5000 in non CASS cases without outstanding demand adjustment u/s 245

To provide relief to small taxpayers, it has been decided that refunds up to Rs. 5,000/-, as also refunds in cases where arrear demand is up to Rs. 5,000/- in non-CASS cases, may be issued expeditiously without any adjustment of outstanding demand under Section 245 during the Financial Year 2016-17.

### CBDT clarifies that a person born on 1st April would be considered to have attained a particular age on 31<sup>st</sup> March

- CBDT clarifies doubt on attainment of prescribed age for availing higher exemption in cases of the person whose date of birth falls on 1<sup>st</sup> April of calendar year.
- It is clarified that a person born on 1<sup>st</sup> April would be considered to have attained a particular age on 31<sup>st</sup> March

### CBDT issues order for maintaining confidentiality of a valid disclosure made under IDS 2016

Central govt. directs that no public servant shall produce before any person or authority any such document or record or any information or computerized data as comes into his possession during the discharge of official duties in respect of a valid declaration made under 'the Income Declaration Scheme, 2016'.

<b>ITR Forms for Assesseees other than Individual &amp; HUF</b>	<b>ITR 4S Sugam</b>	<b>ITR 5</b>	<b>ITR 6</b>	<b>ITR 7</b>
<b>Firm [including Limited Liability Partnership (LLP)]</b>		✓		
<b>Firm [including LLP] having</b> • Income from Presumptive Business; or • Income from 1 house property (excluding c/f losses); or • Income from other sources (other than winnings from lottery & race horses)	✓			
<b>Association of Persons (AOP)</b>		✓		
<b>Body of Individuals (BOI)</b>		✓		
<b>Companies (other than claiming exemption u/s. 11)</b>			✓	
<b>Persons including companies required to furnish return under:</b> 1. Section 139(4A); 2. Section 139(4B); 3. Section 139(4C); 4. Section 139(4D); or 5. Section 139(4F) <b>(It includes charitable trusts registered u/s 12AA)</b>				✓

## Corporate Laws

### MCA amends Companies (Incorporation) Rules

Major amendments made by MCA through Companies (Incorporation) Third Amendment Rules, 2016 include:-

- No Person shall be **member** of more than one (1)“One Person Company” (OPC) at any point of time along with nominee of more than one (1)“One Person Company” (OPC).
- Every company which has a website for conducting online business or otherwise, shall disclose/ publish its
  1. Name,
  2. Address of its registered office,
  3. CIN,
  4. Telephone No.,
  5. Fax No.(If any),
  6. Email address and
  7. Name of the person who may be contacted in case of any queries or grievances on the home page of the said website.
- In Memorandum and Articles, type written or printed particulars of subscribers and witness is allowed so long as signatures or thumb impression is done by them respectively.
- Proof of identity and residence of subscribers is not required to be attached, if subscriber have valid DIN and their particulars are updated and declaration to that effect is given.
- Change of name of the company shall be allowed if annual returns etc are filed and default if any of repayment of deposits is made good.
- Shifting of registered office shall be allowed, provided that on completion of inquiry, inspection or investigation as a consequence of which no prosecution is envisaged or no prosecution is pending.
- NBFC shall be required to submit a copy of the No Objection Certificate from the RBI for shifting of registered office from one state or Union territory to another state, for filling of the Form No. INC- 23.
- New Rules have been inserted for conversion of Unlimited Liability Company into a Limited Liability Company by shares or guarantee.



- Form INC 10 omitted.
- Form INC 11 and Form 27 amended
- Form INC 11A and INC 27A inserted.

### MCA amends Companies (Share Capital & Debentures) Rules

MCA has amended Companies (Share Capital and Debentures) Rules. Major amendments include:

- A company can issue equity shares with differential rights on expiry of 5 years from end of financial year in which default is made good.
- A Start-up company may issue sweat equity not exceeding 50% of its capital from date of its incorporation or registration.
- No restrictions for issue of ESOPs to employees of Start-up for 5 years from date of its incorporation or registration.
- Preferential issue can be partly paid up.
- Flexibility given for valuation on issue of convertible securities.
- Debentures issues can be secured against movable assets of the company or its holding company or its subsidiaries or associate companies or otherwise.

## Corporate Laws

### MCA issues notification regarding accounts of Foreign Airlines Companies

- MCA has issued a notification regarding compliance of section 381(1)(a) for making of balance sheet and profit and loss account of a foreign company which is a foreign airline to be adequate if:
  - Consolidated financial statements of the parent foreign company is submitted.
  - In respect of Indian operations a statement of receipt and payment duly certified by Chartered Accountant is filed .
  - The Central Government can further ask for any other information when asked by it in writing regarding its accounts as it may require.

### MCA amends Companies (Accounts) Rules

MCA has amended Companies (Accounts) Rules 2014 via Amendment Rules 2016. Major amendments include:

- Consolidated Financial Statements would not be required by unlisted companies subject to certain conditions. Earlier the exemption was blanket without any condition.
- Board Report to include highlights of performance of subsidiaries, associates and joint venture companies and their contribution to overall performance of the company during the period under report.
- Internal audit can be done either by an individual, partnership firm or body corporate. Chartered Accountant or Cost Accountant appointed as internal auditor may be in practice or not
- Form AOC –1 and AOC - 4 amended.

### MCA amends Companies (Cost Records and Audit) Rules, 2016

MCA has amended Cost Record & Audit rules via Companies (Cost Records and Audit) Amendment Rules, 2016. Major amendments include:

- Before appointment of cost auditor, written consent and a certificate from him or it shall be obtained.
- Cost auditor may be removed from his office before the expiry of 180 days from the closure of the FY or till he submits the cost audit report for the FY for which he has been appointed, through a board resolution after giving a reasonable opportunity of being heard to him and Form CRA-2 to be filed with the CG for intimating appointment of another cost auditor shall enclose the relevant Board Resolution to the effect.
- Signed Report shall be furnished by the cost auditor to the Board of Directors within 180 days from the closure of FY to which report relates.
- Form CRA-4 is required to be filed in XBRL providing full information and explanation on every reservation or qualification contained therein within 30 days from the date of receipt of a copy of cost audit report.

### Other Notifications

- Format of Form AOC-1 (Statement containing salient features of the financial statement of subsidiaries or associate companies or Joint ventures) has been amended.
- Format of Form AOC-4 (Financial statement and other documents with the Registrar) has been amended.
- MCA has relaxed and extended the due date of filing AOC-4, AOC-4(XBRL), AOC-4(CFS) & MGT 7 without additional fee for AGM due to be held on or after 1st April 2016.
- MCA has notified National Company Law Tribunal rules with effect from 21<sup>st</sup> July 2016.
- MCA has notified National Company Law Appellate Tribunal rules with effect from 21<sup>st</sup> July 2016.

## DVAT

### Delhi Value Added Tax Act Amendment

- **Payment of Advance Tax under Delhi Value Added Tax Act 2004**

The government by notification may specify the class of goods on which a person shall pay Advance Tax at the rates notified by the government but not exceeding the rates applicable on such goods under DVAT Act at the time of importing goods in Delhi from place outside India, this advance payment of tax will be the final tax liability of the taxable person. The person will pay tax in advance on the presumption that he will use such goods for sale or for manufacturing products meant for sale and such goods will not be sold below the price at which the goods were purchased and imported unless otherwise proved by the purchaser.

- **Limit for Penalty of False Misleading or Deceptive Return changed**

The limit for Penalty of False/Misleading/Deceptive Return has been changed to one thousand rupees or tax deficiency whichever is greater. Earlier it was ten thousand rupees or tax deficiency whichever is greater.

- **Electronic communication of Sale Information**

The government may, by way of notification, require any dealer or class of dealers to install such physical compliance device or software as may be considered necessary for instantaneous communication of the information of sale invoice to the commissioner. The cost of equipment and installation of the device and software shall be borne by the dealer.



### Filing of DVAT Returns through Digital Signatures.

The dealers whose gross turnover (DVAT Act 2004 plus Central Sales Tax, 1956) during the FY exceeds 1 Cr and the dealers registered with Delhi Value Added Tax 2004 on or after 1<sup>st</sup> April 2016 will have to furnish their returns in Form DVAT 16 or Form DVAT 17 as the case may be using Digital Signatures for the tax period 1<sup>st</sup> April 2016 to 30<sup>th</sup> June, 2016 and subsequent tax periods. These Dealers shall not be required to submit the return verification form in Form DVAT 56 for acknowledgement of the return separately.

Once filing the return through DSC is opted, further returns will have to be filed through DSC only, even if their annual turnover falls below 1 Cr any time in future.

The dealers who are not mandatorily required to file their return through digital signatures may also furnish their return using Digital Signature at their own wish.

In regard to the provision of Central Sales Tax (Delhi) Rules 2005, the return under DVAT Act, 2004 which is filed using Digital Signatures, the return in Form 1 shall also be required to be filed with digital signatures.

## SEBI

### Central KYC Records Registry (CKYCR)

Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI), to perform the functions of, the Central KYC Records Registry including receiving, storing, safeguarding and retrieving the KYC records in digital form of a “client”

The “live run” of the CKYCR has started with effect from July 15, 2016 in a phased manner beginning with new “individual accounts”. Further, “Test Environment” has also been made available by CERSAI for the use of the reporting entities.



## Lunawat Update

### Presentations:

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

- “*CARO 2016 and Internal Financial Control*” at AICAS Student Council, Gurgaon .
- “*CARO 2016, IFC Reporting, Equalization Levy and DT Dispute Resolution Scheme 2016*” at Trinagar Keshavpuram CPE Study Circle of NIRC of ICAI
- “*CARO 2016*” at Bhartiya Vitta Salahakar Samitti (BVSS) .
- “*Practical Issues in Preparation of Financial Statements*” at Bhartiya Vitta Salahakar Samitti (BVSS)
- “*Practical Points in Preparation of Financial Statements*” at East Delhi Study Circle

- “*Critical issues in finalization of Financial Statements including IFC Reporting*” at West Delhi Study Circle (WDSC) of NIRC of ICAI
- “*Accounting & Taxation of Real Estate Builders*” at Allahabad Branch of CIRC of ICAI.
- “*Critical issues in finalization of Financial Statements including IFC*” at Faridabad Branch of NIRC of ICAI.

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

- “*Presentation on Finance for Non Finance*” at Volvo Eicher Commercial Vehicle Ltd, Indore.

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