

Lunawat Bulletin

Market Watch

Sensex

31.08.2016 : **28452.17**

31.07.2016 : **28051.86**

Nifty

31.08.2016 : **8786.20**

31.07.2016 : **8638.50**

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RBI cautions Banks over Retail Lending

The Reserve Bank of India has cautioned state-run lenders on overexposure to the retail sector. "It is not necessary that everything is hunky dory in retail," S Vishwanathan, a deputy governor with the central bank, said on Tuesday. There is a need to ensure that stressed asset buildup is contained so that banks get back to generate adequate internal accruals, he said at an Assocham event here. Vishwanathan said credit growth is more in private sector banks as opposed to the public sector banks and "then you have problem of the state run lenders also going for retail (loans)".

"We believe that information asymmetry is the main bottleneck in some credit appraisal and strong credit monitoring," he said, and called for a proper understanding of risk and mitigation of the risk so that the banks are lending to the right parties.

Noting that businesses can get into financial difficulties, Vishwanathan said genuine business needs should be supported and malfeasance should be properly dealt with.

"We have therefore put in place a detailed system for identifying wilful defaulters and non-cooperative borrowers with attendant consequences to the borrowers who are so declared. We also believe that frauds should be sternly dealt and have created a fraud registry," he said.

The government has notified amendments to debts recovery tribunals Act and Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act to speed up the debt recovery process, Vishwanathan said, adding that the insolvency code has already been enacted.

Arun Jaitley wants Indo-US trade on firmer footing, hardsells NIIF

Seeking US investment in the Rs 40,000-crore NIIF, Finance Minister Arun Jaitley today said there is need to further increase bilateral trade between the two countries. US Secretary of Commerce Penny Pritzker, in her meeting with Jaitley, too said the US wants to institutionalise the trade relations between the two countries to give it an impetus. There is "a great potential to increase the bilateral trade among the two nations", she said. During the meeting, Jaitley drove home the point that many Indian states are growing at 10-11 per cent and offer opportunity for US investment. "Both the leaders discussed issues relating to bilateral trade and measures to increase the trade," said a finance ministry statement. Appreciating the passage of the Goods and Services Tax (GST) Bill by Parliament, Pritzker hoped that it will boost economic activities in India.

"The trade dialogue by the state chief ministers with different US authorities can be given a structured shape in order to give impetus to the bilateral trade," Pritzker noted. Jaitley, on his part, expressed India's interest in increasing the bilateral trade and said most concerns between the two countries have been either resolved or narrowed down to a large extent. CEOs of various Indian companies are in constant dialogue with their US counterparts for increased trade and investment among the two, he said. The Indo-US trade stood at USD 109 billion last year. Going further, Jaitley said the GST Bill was passed by both Houses of Parliament unanimously earlier this month. He said eight states have already approved the Bill and hoped that the remaining will follow suit and the desired number of state ratifications can come in early next month. Pritzker is on a 3-day visit to India.

Compliance Due Dates

| Due Date | Related to | Particulars |
|---------------------------|---------------------------------|--|
| 06.09.2016 (Tuesday) | Service Tax | Deposit Service Tax for the month of August 2016 for Corporate Assessee . |
| 07.09.2016 (Wednesday) | TDS/TCS (Income Tax) | <ul style="list-style-type: none"> Deposit Tax deducted/collected during the month of August 2016 Furnish Challan cum Statement in respect of Tax Deducted under Section 194-IA during the month of August 2016 |
| 10.09.2016 (Saturday) | DVAT | Submit DVAT return of Quarter one (Q1) of FY 2016-17 |
| 15.09.2016 (Thursday) | Income Tax | Deposit 2nd Instalment of Advance Tax for AY 2017-18 |
| 15.09.2016 (Thursday) | DVAT | Deposit tax deducted at source under DVAT Act for the month of August 2016 |
| 15.09.2016 (Thursday) | EPF | Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of August 2016 . |
| 21.09.2016 (Wednesday) | ESI | Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of August 2016 . |
| 21.09.2016 (Wednesday) | DVAT | Deposit DVAT and CST for the month ended August 2016 . |
| 22.09.2016 (Thursday) | DVAT | Issue TDS certificates for the Tax Deducted at Source under Rule 59(2). |
| 22.09.2016 (Thursday) | TDS/TCS (Income Tax) | Issue TDS Certificate for Tax deducted under section 194-IA for the month of August 2016 |
| 30.09.2016 (Friday) | Income Tax | <ul style="list-style-type: none"> Furnish Audit report under Section 44AB for the AY 2016-17 in the case of a Corporate or Non-Corporate Assessee (who is required to submit his/its return of income on 30th September). Furnish Annual Return of Income for the AY 2016-17 if the assessee (not having any international or specified domestic transaction) is (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) working partner (of a firm whose accounts are required to be audited) Upload statement to accumulate / set apart income u/s 10(21) / 11(2) in Form 10, & Form 9A to apply income in next year as per Expl. to s. 11(1). Submit statement by Scientific research association, university, college, etc as required by Rule 5D / 5E / 5F |

LIST OF HOLIDAYS

| DATE | DAY | HOLIDAY |
|------------|--------|----------------------|
| 12.09.2016 | Monday | Id-ul-Adha (Bakr-Id) |

Income Tax

Payment of tax in installment under Income Declaration Scheme

CBDT has amended Income declaration scheme rules, 2016 to provide that the declarant is hereby directed to make payment as specified below:

- a) an amount not less than twenty-five per cent. of the sum payable on or before 30th day of November, 2016
- b) an amount not less than fifty per cent. of the sum payable as reduced by the amount paid under clause (a) above on or before 31st day of March, 2017

the whole of the sum payable as reduced by the amount paid under clause (a) and (b) above on or before 30th day of September, 2017. In case of non-payment of the amount as specified above, the declaration under Form-1 shall be treated as void and shall be deemed never to have been made.

Option provided to Assessee to value Immovable Property under Income Declaration Scheme

CBDT has amended Income Declaration Scheme to provide that:

Where the acquisition of immovable property by the declarant is evidenced by registered deed, the fair market value of such property shall at the option of the declarant may be taken on the stamp duty value as increased by the same proportion as Cost Inflation Index for the year 2016-17 bears to the Cost Inflation Index for the year in which the property was registered. Provided further that where the immovable property was acquired before the 1st day of April, 1981, FMV of such property shall at the option of the assessee may be taken on the fair market value of the property as on 1st day of April, 1981 on the basis of the valuation report obtained by the declarant from a registered valuer as increased by the same proportion as proportion as Cost Inflation Index for the year 2016-17 bears to the Cost Inflation Index for the year 1981-82.

CBDT notifies class or classes of buyers to whom provisions of sub-section (1D) of section 206C shall not apply

The provisions of sub-section (1D) of section 206C in relation to sale of any goods (other than bullion or jewellery) or providing any service shall not apply to the following class or classes of buyers, namely:—

- a) Government
- b) Embassies, Consulates, High Commissions, Legation or Commission and trade representation, of a foreign State
- c) Institutions notified under United Nations (Privileges and Immunities) Act, 1947



Other Notifications

- a) CBDT issues order to extend issue of acknowledgement by department in Form 2 under IDS 2016 from 15 days to 30 days where declaration is filed in the month of July 2016.
- b) CBDT issues revised statistics of Income tax returns for A.Y. 2012-13.

Corporate Laws



Rules related to Debentures not applicable to Rupee Denominated Bonds

MCA has clarified the issues raised by stakeholders regarding applicability of Chapter III of Companies Act, 2013 and rule 18 of Companies (Share Capital and Debentures) Rules, 2014 that these would not apply to issue of rupee denominated bonds issued exclusively to person resident outside India.

Others

Changes in Maternity Benefits Act & Factories Act

Cabinet has approved amendments in following two acts:

I. Maternity Benefits Act:

Increase in Maternity Leave:

A) There have been increase in maternity from 12 weeks to 26 weeks for upto 2 children and 12 weeks for more than 2 children and for “commissioning mother” & Adopting mother.

B) Facility of work from home is available in establishment of 50 or more person.

II. Factories Act:

Increase in Overtime Hours:

As per Section 64: Limits of overtime hours for a quarter have been increased to 100 hours from existing 50 hours (For persons employed in Supervision/management/confidential position in a factory)

As per Section 65: Limits of overtime hours for a quarter have been increased to 125 hours from existing 75 hours (For Adult workers employed in a factory).

DVAT



Filing of DVAT Forms 16/17 through DSC not required

DVAT Commissioner has withdrawn notifications requiring Mandatory filing of DVAT returns in Form DVAT 16 & DVAT 17 through Digital Signatures with immediate effect.

RBI

FDI in Other Financial Services Sector

Cabinet has approved amendment in Foreign Exchange Management Rules to allow foreign investments in Non-Banking Finance Companies. If the services of NBFCs are regulated by any regulator (i.e. RBI, SEBI, PFRDA), foreign investments will be allowed on automatic route, if not regulated, it will be allowed under approval route. Further, minimum capitalisation norms as mandated under FDI policy have been eliminated as most of the regulators have already fixed minimum capitalisation norms.

In the budget 2016 speech, FM announced that FDI will be allowed beyond the 18 specified NBFC activities in the automatic route in other activities which are regulated by



Lunawat Update

Presentations:

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

- “Presentation on CARO 2016 and Internal Financial Control” at Mayur Vihar CPE Study Circle of NIRC.
- “Presentation on Tax Audit” at East End CPE Study Circle of NIRC of ICAI.
- “Presentation on Practical aspects of Audit under Companies Act 2013” at Bhopal Branch of CIRC of ICAI.
- “Presentation on Tax Audit” at Bhopal Branch of CIRC of ICAI.

- “Presentation on Practical Aspects of Company Audit including CARO & IFC” at Bilaspur Branch of CIRC of ICAI.
- “Presentation on Finalization of Company's Financial Statements & Audit Reports” at Urban Estate CPE Study Circle, Faridabad of NIRC of ICAI.

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

- “Presentation on Commercial Thinking” at Bharti Infratel Ltd, Gurgaon.

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- NGOs/Societies and Trusts
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