

February 2018

# Lunawat Bulletin

## Market Watch

### Sensex

31.01.2018: 35965.02

31.12.2017 : 34056.83

### Nifty

31.01.2018: 11027.70

31.12.2017 : 10530.70

## Racing against Flipkart, Amazon pumps record capital into India

Amazon has pumped record capital into its main India unit this financial year, adding crucial firepower with its latest infusion of Rs 1,950 crore as the global online retail giant accelerates efforts to race past larger domestic rival Flipkart.

Overall, Amazon Seller Services has received Rs 8,150 crore, or about \$1.3 billion, so far in 2017-18 from its US parent, as per filings submitted with the Registrar of Companies. The latest capital infusion is the fourth since Flipkart.

The frequent capital infusions indicate Amazon India's increased spending, or cash burn, towards acquiring new customers and growing market share. The online marketplace is burning through \$120 million every month — \$75 million on ecommerce and \$45 million on its subscription service.

"Amazon's (cash) burn is increasing due to push in three categories — smartphones, fashion and grocery," said Satish Meena, senior forecast analyst at Forrester Research. "As its burn increases, it will see more infusions. In fact, 2018 will see both Flipkart and Amazon spending a lot on offline strategies."

## India 6th wealthiest country with total wealth of \$8,230 Billion

India has been ranked sixth in the list of wealthiest countries with total wealth of USD 8,230 billion, while the United States topped the chart, says a report.

According to a report by New World Wealth, the United States is the wealthiest country in the world as the total wealth held in 2017 amounted to USD 64,584 billion, followed by China at the second place with USD 24,803 billion and Japan with USD 19,522 billion at third .

Total wealth, refers to the private wealth held by all the individuals living in each country/city. It includes all their assets (property, cash, equities, business interests) less any liabilities. The report, however, excludes government funds from its figures .

Others in the list include United Kingdom (4th, USD 9,919 billion), Germany (5th, USD 9,660 billion), France (7th, USD 6,649 billion), Canada (8th, USD 6,393 billion), Australia (9th, USD 6,142 billion) and Italy (10th, USD 4,276 billion).

The report further noted that India was the best performing wealth market globally in 2017 as its total wealth swelled from USD 6,584 billion in 2016 to USD 8,230 billion in 2017, registering a 25 per cent growth. Meanwhile, during the period under consideration China's wealth saw an increase of 22 per cent .

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## Compliance Due Dates

| Due Date                  | Related to                      | Particulars   |
|---------------------------|---------------------------------|---|
| 07.02.2018<br>(Wednesday) | <b>TDS/TCS<br/>(Income Tax)</b> | <ul style="list-style-type: none"> <li>Deposit TDS Deducted during the month of January 2018.</li> </ul>  |
| 10.02.2018<br>(Saturday)  | <b>GST</b>                      | <ul style="list-style-type: none"> <li>Last date of filing of GSTR-1 for the month of December for assessee having turnover more than Rs. 1.50 Cr.</li> </ul>   |
| 14.02.2018<br>(Wednesday) | <b>TDS/TCS<br/>(Income Tax)</b> | <ul style="list-style-type: none"> <li>Issue of TDS Certificate for tax deducted under Section 194-IA &amp; 194-IB in the month of December, 2017.</li> </ul>   |
| 15.02.2018<br>(Thursday)  | <b>GST</b>                      | <ul style="list-style-type: none"> <li>Last date of filing of GSTR-1 upto the month of December for assessee having turnover upto Rs. 1.50 Cr.</li> </ul>   |
| 15.02.2018<br>(Thursday)  | <b>TDS/TCS<br/>(Income Tax)</b> | <ul style="list-style-type: none"> <li>Furnish form 24G by an office of the Government where TDS for the month of January, 2018 has been paid without the production of challan .</li> <li>Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2017.</li> </ul> |
| 15.02.2018<br>(Thursday)  | <b>ESI/EPF</b>                  | <ul style="list-style-type: none"> <li><b>Deposit ESI</b> under Employees State Insurance Act, 1948 and EPF under Employees Provident Fund &amp; Misc. Provision Act, 1952 deducted for the month of January 2017</li> </ul>  |
| 20.02.2018<br>(Tuesday)   | <b>GST</b>                      | <ul style="list-style-type: none"> <li>Deposit GST collected for the month of January 2017.</li> <li>Last date of filing GSTR-3B For the month of January 2017.</li> </ul>  |

## List of Holidays

| <i>DATE</i>       | <i>DAY</i>       | <i>REGARDING</i>     |
|-------------------|------------------|----------------------|
| <b>14.02.2018</b> | <b>Wednesday</b> | <b>Mahashivratri</b> |

## Income Tax

### CBDT Adopts Zero-Tolerance Policy, Sends TDS Defaulter To Tihar Jail

The CBDT has made it clear that it will no longer tolerate defiance of the law by unscrupulous taxpayers. Offenders will be dealt with harshly and sent to Jail for non-compliance. In the latest development, a person who deducted TDS but did not pay it over to the Government has been sent to Tihar Jail.



### Central Board of Direct Taxes (CBDT)

### CBDT Launches Aggressive Prosecution Of Tax Evaders & Sends Warning To All Taxpayers To Behave

The Finance Ministry has revealed that it has launched aggressive prosecution against wilful attempt to evade tax or payment of any tax; wilful failure in filing returns of income; false statement in verification and failure to deposit the tax deducted/collected at source etc. It is made clear that the department will carry forward the drive against tax evasion in future as well. All taxpayers have been warned to get their act in order to avoid unpleasant consequences at the hands of the IT department

### Processing of income-tax returns under section 143(1)

CBDT modified procedure of Processing of income-tax returns under section 143(1) of the Income-tax Act which were filed in Forms ITR-1 to 6 & applicability of section 143(1)(a)(vi). Since section 143(1)(a)(vi) of the Act is being applied for the first time while processing the returns, it has been decided that before issuing an intimation of the proposed adjustment, initially an awareness campaign would be carried out to draw the attention of the taxpayer to such differences. The concerned authority will be informing taxpayer about variation and requesting him to submit response to the variation within one month of receiving the communication electronically. Based upon response of the taxpayer the information so available with the CPC-ITR, thereafter, such returns shall be taken up for processing by CPC-ITR as per provisions of section 143(1).

### CBDT Directs AOs To Adopt No-Holds-Barred Approach Towards Tax Recovery

The CBDT has apparently directed the officials of the income-tax department to “go into overdrive” in the next three months while making recovery of tax. The officials have been warned that their performance is being “monitored at the highest level”.

### Introduction of Electoral Bonds Scheme, 2018

As per notification dated 02.01.2018 of CBDT, Electoral Bonds Scheme 2018 of CG has notified in which eligibility, validity and periodicity of the said bonds is given. Various other clarifications on issues such as procedure for making application of purchase of these bonds, their tax treatment, payment options, encashment of bonds is also given in notification.



## Income Tax

### Income Tax Department steps up actions under Prohibition of Benami Property

The Income Tax Department has stepped up actions under the Prohibition of Benami Property Transactions Act (the 'Benami Act'), which came into force w.e.f 1st November, 2016. The Act provides for provisional attachment and subsequent confiscation of benami properties, whether movable or immovable. It also allows for prosecution of the beneficial owner, the benamidar and the abettor to benami transactions, which may result in rigorous imprisonment up to 7 years and fine upto 25% of fair market value of the property.

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### Relaxations of MAT Provisions in case of companies in whose case corporate solvency resolution process has been admitted.

Ministry of Finance made suitable amendment in section 115JB that In case of a company, against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority the amount of total loss brought forward (including unabsorbed depreciation) shall be allowed to be reduced from the book profit for the purposes of levy of MAT under section 115JB of the Act.

### Other Notifications

Certain amendments have been made in Tax Return Preparer Scheme, 2006 specified as per Tax Return Preparer (Amendment) Scheme, 2018.

CBDT issues the Annual Circular on TDS to be made on salaries during FY 2017-18.

CBDT notifies Central Government has approved Ms LPG Equipment Research Centre ('LERC') (PAN:- AAAAL0454G) in the category of 'Scientific Research Association from Assessment year 2017-2018 onwards for the purpose of section 35 of the Income-tax Act, 1961.

### GST Highlights

- CBEC extends the time limit for furnishing the return by an Input Service Distributor in **FORM GSTR-6** for the months of July 2017 to February 2017, till the **31<sup>st</sup> March 2018** from 31<sup>st</sup> December 2017
- Central Government, on the recommendations of the Council, hereby makes the following further amendments under Composition Scheme for the manufactures and other suppliers (traders):
  - (a) 0.5 % ( earlier was 1%) of the turnover in State in case of a manufacturer.
  - (b) 0.5% of the turnover of taxable supplies (earlier was turnover) of goods in case of other supplies.
- The Central Government notified [www.ewaybillgst.gov.in](http://www.ewaybillgst.gov.in) as the Common Goods and Services Tax Electronic Portal for furnishing electronic way bill.

### Late Fees Reduced For GST Return

| Particulars   | Late Fees                |
|---|--------------------------|
| Normal Return<br>(GSTR-1,GSTR-5,GSTR-5A and GSTR-6) | Rs.25/- per day of delay |
| Nil Return<br>(GSTR-1,GSTR-5,GSTR-5A)               | Rs.10/- per day of delay |

## Ministry Of Corporate Affairs

### CG amended Companies (Registration Offices and Fees ) Rule 2014

This rule may be called companies (Registration offices and fees) Amendments Rules, 2018. For registration of OPC and Small Companies whose nominal share capital is less than or equal to Rs. 10,00,000 is no longer required to pay registration fees to Registrar. Further details are provided in the Notification dated 20<sup>th</sup> January, 2018.

### Amendment in Form INC-32 (Incorporation of Company)

In case of proposed directors not having approved DIN, the particulars of maximum three directors shall be mentioned in Form INC-32 (SPICe) and DIN may be allotted to maximum three proposed directors through Form INC-32 (SPICe)";



### Other Notifications

an application for reservation of name shall be made through the web service available at [www.mca.gov.in](http://www.mca.gov.in) by using RUN (Reserve Unique Name) which may either be approved or rejected, as the case may be, by the Registrar, Central Registration Centre".

An application for registration of a company shall be filed, with the Registrar within whose jurisdiction the registered office of the company is proposed to be situated, in Form No.INC-32 (SPICe)

in case of incorporation of a company having more than seven subscribers or where any of the subscriber to the MOA/AOA is signing at a place outside India, MOA/AOA shall be filed with INC-32 (SPICe) in the respective formats as specified in Table A to J in Schedule I without filing form INC-33 and INC-34"

### Customs Highlight

- Inclusion of Dhamra and Dighi Ports in the list of Ports mentioned in Export Promotion (EP) Scheme Notifications.
- Seeks to impose definitive anti-dumping duty on imports of "Toluene Di-Isocyanate (TDI)" originating in or exported from China PR, Japan and Korea RP.



### Companies (Amendment) Act 2017

The Central Government notified the Companies Amendment Act 2017 on 3rd January, 2018. A few provisions in the Amendment Act have important bearing on the working of the Insolvency and Bankruptcy Code, 2016:

- According to section 53 of the Companies Act, 2013 now companies allow to issue share at discount to its creditors when its debt is converted into share in pursuance of any statutory resolution plan.
- As per section 197 of the Companies Act, 2013 where a companies has defaulted in payments of dues to any bank or public financial institution or non-convertible debenture holder or any other secured creditor, the prior approval of bank public financial institution concerned or the non-convertible debenture holder or other secured creditors as the case may be, for payment of managerial remuneration (in excess of 11% of the net profits) shall be obtained by company before obtaining the approval in the general meeting.
- Section 247 of the Companies Act,2013 now prohibited a registered valuer from undertaking valuation of any Assets in which he has direct or Indirect interest or become so interested at any time during three years prior to his appointment as valuer or three year after valuation of assets was conducted by him.



## Lunawat Update

### Presentations

During January 2018, our partner **CA. Pramod Jain** gave following presentations:

- “Financial Statement from Banker perspective” at Indian Institute of Banking and Finance, Delhi.
- “Taxability of Gifts & Share Capital under IT Act, Shell Companies”, at Mayur Vihar Study Circle of NIRC of ICAI.
- “Assessment & Appeals under Income Tax Act” at Karol Bagh Westend CPE Study Circle of NIRC of ICAI .
- “Certain Issues in Companies (Amendment) Act 2017” at Patparganj Study Circle of NIRC of ICAI.
- “Taxability of Gifts & Share Capital, strike-off companies under IT Act” at District Centre Janakpuri CPE Study Circle of NIRC of ICAI.
- “Companies Amendment Act 2017, Disqualified directors”, at District Centre Janakpuri CPE Study Circle of NIRC of ICAI.
- “Taxability of Gifts & Share Capital, strike-off companies under IT Act” at West Delhi Study Circle (WDSC)

- “Taxability of Gifts & Share Capital, strike-off companies under IT Act, Disqualified Directors, CODS 2018, Shell Companies, etc” at Gwalior Branch of CIRC of ICAI.
- “Companies Act for CA Students” at CA Students Conference at Amritsar Branch of NIRC of ICAI.
- “Companies (Amendment) Act 2017” at East End CPE Study Circle of NIRC of ICAI.

During January 2018, our partner **CA Rajesh Saluja** gave following presentations:

- “Finance for Non-finance” at HMCL Neemrana.
- “Finance for Non-finance” at Aricent Technologies, Bangalore
- “Finance for Non-finance” at MSIL
- “Finance for Non-finance” at Adani, Gurgaon
- “Finance for Non-finance” at Times Group, Gurgaon
- “GST presentation on E way bill”, at OCCL, Noida.
- “Finance for Non-finance” at BSES, Yamuna

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