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CHARTERED ACCOUNTANTS
Audit Consulting Tax IFRS Valuation

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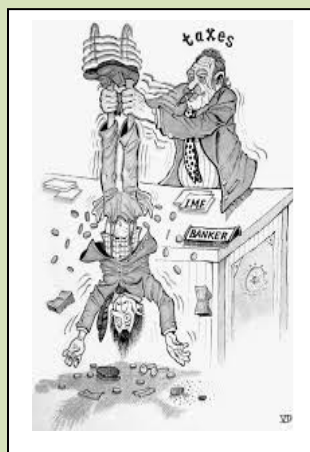
Taxation Updates

INCOME TAX

MAHARASHTRA VAT

SERVICE TAX

Income Tax updates



➤ Unpaid Self Assessment tax returns shall be Defective Returns –

The CBDT vide Letter No. [F.NO. DIT(S)-III/ CPC/ 2013-14/ UNPAID SELFASSESSMENT TAX], dated 22/10/2013, directed to inform that number of e-returns have been submitted for A.Y. 2013-14 where unpaid self assessment- tax existed on the date of submission of e-returns. Such returns shall be treated as Defective Returns.

➤ Refund to be granted without adjustment of Demand up to Rs. 5,000 –

The CBDT vide Letter No. [F.NO. DIT(S)-III/ CPC/ 2013-14/REFUND ADJUSTMENT], dated 22/10/2013, directed the CPC to issue the refund without adjustment of demand as an interim measure in cases where either the outstanding demand against the assessee was less than Rs. 5000/- or claim of refund was less than Rs. 5000/-.

➤ Circular for Deduction of TDS on Salary for FY 2013-14 prescribed –

The CBDT vide Circular No. 08/2012 dated 5/10/2012 gives the rate for deduction of Income Tax from the payment of income chargeable under the head “Salaries” during the F.Y. 2013-14 and explains certain related provisions of the Act and Income Tax Rules, 1962.

Source – www.wirc-icai.org

Vat updates

The Commissioner of Sales Tax has issued Circular 7T of 2013 dated 22-11-2013 clarifying the procedure for correction of mistake in the payment of taxes. Few of the important provisions are as follows –

Sr No	Type of Mistake	Correction Procedure
01	Payment made against wrong TIN	Application to be made to Deputy Comm Sales Tax Return and Recovery Branch along with Photocopy of challan and NOC in prescribed format from Dealer whose TIN was wrongly mentioned.
02	Payment made against wrong period or wrong Act	Application to be made to Return and Recovery branch officer or officer before whom proceedings of said dealer are open. After verification, DC, AC or STO shall make corrections in Mahavikas.
03	Double payment of taxes	Application for refund shall be made at the end of the year to Joint Comm (Refund).

Service tax updates

Central Government vide Notification No.15/2013-ST dated 21st November, 2013 has amended Notification No.12/2013-ST dated 1st July, 2013 whereby the due date for furnishing quarterly statement in Form A-3 by developer/unit of SEZ claiming ab initio exemption under the said Notification is prescribed as 30th of the month following the particular quarter.

Central Government vide Notification No.16/2013-ST dated 22nd November, 2013 has amended Rule 6(2) of the Service Tax Rules, 1994 whereby the limit for mandatory electronic payment of Service Tax is reduced from Rs.10 Lacs to Rs.1 Lac w.e.f. 1st January, 2014.

Source – www.wirc-icai.org

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House Property and Income tax Provisions

- House Rent Allowance and Interest on Borrowed capital can be claimed simultaneously if the necessary conditions are satisfied.
- Limit of Rs. 1,50,000/- p.a for claiming Interest Deduction on House Property is not applicable to Property given on rent i.e. in such cases full amount of interest without any restriction can be claimed as deduction.
- Benefit of Interest deduction on Loan taken for purchase of House Property can be taken for any number of House Properties.
- Although deduction of Interest on Housing Loan is allowable only from the year when the possession of the Property is received, deduction for stamp duty and registration charged paid is allowed u/s 80 C in the year of payment itself.
- If you sell one residential property and purchase another within 2 years, then there is no Capital Gain Tax payable, provided necessary conditions are fulfilled.
- If you own more than one property, then only one property can be treated as self occupied while others are treated as “Deemed Let out” and such Notional Income becomes taxable.

Importance of MVat Audit Report

Applicability, Form, Time Limit for submission and Penalty for failure –

- Vat Audit is applicable to every dealer who is liable to pay tax and if his turnover either of sales or purchases, exceeds Rs. 60 Lacs during the financial year.
- Vat Audit Report is to be submitted in Form 704 within 9 months and 15 days from the end of financial year i.e. for FY 2012-13 due date is 15th January, 2014.
- Responsibility of submission of Vat Audit Report is that of Dealer. Failure to do so will attract penalty @ 0.1% of Turnover of Sales or Purchases. Further, there may be imprisonment for 6 month

Contents of Vat Audit Report –

- If you examine the detail contents of Vat Audit Report, then it can be easily identified that Vat Audit is full Vat assessment itself.
- It includes verification of returns, computation of tax liability or refund, reporting on declaration forms (C, F, H, I etc) status and liability, if any arising thereon as well as comments on other records and compliances by the dealer.
- Vat audit report is basically bifurcated into 3 sections – Part I being main certification, Part II containing general information about the dealer and Part III containing 6 schedules as per type of return and supplementary information Annexures for reporting of other data (viz. tax paid challans, details of declaration form status, particulars of customers and suppliers etc)

Key ingredients of Vat Audit Report compilation –

Following can be considered as key ingredients of Vat Audit Report compilations –

- Summaries of Sales and Purchases and comparison with summaries of sales and purchases as per return
- Correct classification of Goods and Confirmation of Vat rates
- Eligibility of set off and application of vat set off rules
- Treatment of additions to and sale of fixed assets
- Reconciliation of GTO Sales and Purchases with financial statements
- Verification of out of state sales and export sales
- Availability of proper declaration forms

Closing remarks -

- After uploading of Vat Audit Report, statement of tax liability and dealer acceptance is required to be submitted to Vat Authorities. As per recent change, dealer is required to pay and submit the challan details of liability as well which is accepted by him.
- Vat Audit Report and its schedules / Annexures are very crucial as Issue Based Audit cases are selected through Vat Audit Report details only. Further for selection of Assessment cases also Vat Audit report findings is an important parameter.

Tips to clients for better Vat Compliances -

- Please send data for application of C Form / F Form immediately after the end of the quarter. It helps to make applications immediately and the clients will be able to get such forms issued by Dept by the end of next quarter.
- If there exists reporting in Vat Audit Report Annexure I for non-submission of declaration forms, then start follow up with the customers immediately on submission of vat audit report instead of waiting for notice to be received from dept. this will help to timely produce such copies before assessing officer and avoid interest / penalty.
- Please do reconciliation of vat returns and accounting records on quarterly basis instead of waiting till year end.
- Always maintain proper and adequate documents proving movement of goods especially in case of out of state sale and exports.
- Always Consult in case of executing any non-recurring nature of transaction rather than taking its tax impact at the time of audit.
- Pay attention to your Profession Tax dues and timely filing of Monthly / Annual Profession tax Return as late return now attracts penalty of Rs. 1,000/- per return.
- Promptly communicate address change, additional place, change in product, branch opening / closing etc. to the Department.

Better compliances will lead to greater and stable success in business.

Companies Act, 2013 **(Some Important and Newer Provisions)**

Companies Act, 2013 has come out with several legislative, administrative, compliance and other provisions which have made vast changes to the concepts and current practices. Some of the important and newer provisions are highlighted in this article.

Corporate Social Responsibility

India perhaps may be the first country in the world which have legislated mandatory requirement for Corporate Social Responsibility.

- The provisions are applicable to all the specified companies including private companies.
- Following companies should constitute a CSR Committee
 - Net worth \geq Rs. 500 crores; OR
 - Turnover \geq Rs. 1,000 crores; OR
 - Net Profit \geq Rs. 5 crores
- CSR committee should comprise of 2 Directors + 1 Independent Director. This Committee need to formulate CSR policy and monitor implementation. CSR policy is also required to be disclosed in Board Report.
- Qualifying Activities for CSR have been listed in the schedule VII.
- As per provisions, it is mandatory to Spend at least 2% of the average net profits made by the company in the preceding three financial years. Such spending is to be disclosed by way of footnote to profit or loss.
- In case of non-compliance, reasons are required to be specified in the board report.

One Person Company (OPC)

- OPC means a company which has only one person as a member. Natural Person who is Citizen of India and Resident of India may form OPC.
- It will be formed as a private company and the words “One Person Company” are to be mentioned below name.
- Name of the nominee who will continue in event of death of such one person is required to be specified.
- There are various concessions to OPC, as no AGM or Board Meeting (in case of 1 director) is required. Entering resolutions in minutes book is sufficient. Board’s report to contain only response to auditor’s qualification. Annual Return to be signed by CS, if appointed, else by one director.

Concept of "Small Company" -

- Small company" means a company, other than a public company:-
 - whose paid up share capital does not exceed 50 Lacs or such higher amount as may be prescribed (not exceeding 500 Lacs); or
 - whose turnover as per its last P&L account does not exceed 200 Lacs or such higher amount as may be prescribed (not exceeding 2000 Lacs)
- Small Company cannot be a holding or subsidiary company
- Following relaxations shall be available to such small company -
 - Cash flow statement is not required to be prepared and submitted
 - Annual Return can be signed by Company Secretary or one director
 - Board meeting is to be held at least once in each half of a calendar year and the gap between the 2 meetings is not less than 90 days
 - Merger process between 2 or more small companies will be approved on fast track basis.

Loans to Directors -

- No company shall directly or indirectly make any loan including book debt or give any guarantee or provide any security to its director or to any other persons in whom the director is interested. This provision is applicable to public and private companies as well.
- Even if a loan etc obtained in contravention of the above provisions is repaid, the contravener would still be exposed to punishment by way of imprisonment.
- However, following shall be exempted from such provisions
 - Loan to MD / WTD -
 - as a part of contract of services extended to all its employees; or
 - Pursuant to scheme approved by members by special resolution



Investment Watch

RBI Inflation Indexed Bonds Issue -

RBI has issued Notification dt December 19, 2013, to issue Inflation Indexed National Savings Securities- Cumulative, 2013. Earlier the issue close date was announced to be December 31, 2013. However, now, it has been extended till 31st March, 2014.

Following are the salient features of it –

- **Eligibility for Investment** – The Bonds may be held by:-
 - an individual, not being a Non-Resident Indian-
 - Hindu Undivided Family (HUF)
 - Charitable Institution
- **Limit of Investment** - Minimum limit for investment in the bonds is 5,000/- and maximum limit for investment is 5,00,000/- per applicant per annum.
- **Tax Treatment** - Interest on the Bonds will be taxable under the Income-Tax Act, 1961 as applicable according to the relevant tax status of the bonds holder.
- **Receiving Offices** - Applications for the Bonds in the form of Bonds Ledger Account will be received at: (a) Branches of SBI, Associate Banks, Nationalised Banks, HDFC Bank Ltd., ICICI Bank Ltd., AXIS Bank Ltd. and SHCIL during their working hours.
- **Interest** - The Bonds will bear interest at the rate of 1.5% (fixed rate) per annum + inflation rate calculated with respect to final combined Consumer Price Index [(CPI) Base; 2010 = 100]. Final combined CPI will be used with a lag of three months to calculate incremental inflation rate (i.e. final combined CPI for September would be used as reference CPI for all days of December). Interest will be compounded with half-yearly rests and will be payable on maturity along with the principal.
- **Advances/Tradability against Bonds** - The Bonds shall not be tradable in the secondary market. The Bonds shall be eligible as collateral for loan from banks, Financial Institutions and Non-Banking Financial Company (NBFC).
- **Repayment** - The Bonds shall be repayable on the expiration of 10 (ten) years from the date of issue. Early repayment/redemption before the maturity date is allowed after one year of holding from the date of issue for senior citizens, i.e. 65 and above years of age and for all others, after 3 (three) years of holding, subject to the penalty charges at the rate of 50% of the last coupon payable. Early redemption to be allowed only on coupon date.
- **Handling charges** - Handling charges at the rate of Re1.00 (Rupee one only) per Rs. 100.00 will be paid to the authorised banks on the subscription received by them from investors.

Basics of Cloud Computing

What it is –

Cloud computing is a phrase used to describe a variety of computing concepts that involve a large number of computers connected through a real-time communication network such as the Internet. Cloud computing relies on sharing of resources to achieve coherence and economies of scale, similar to a utility (like the electricity grid) over a network. At the foundation of cloud computing is the broader concept of converged infrastructure and shared services

Cloud computing is an umbrella term used to refer to Internet based development and services

What are the characteristics of Cloud computing –

Following are important characteristics of cloud computing –

- Broad network of access – users can access cloud using smart phones, tablets, laptops, and office computers.
- Rapid elasticity – it is flexible and scalable to suit business needs.
- Resource pooling - The cloud enables many users to enter and use data within the cloud at the same time, from any location, and at any time.
- Measured service – user need to pay only for what he has used.

Cloud service models can be bifurcated into following three types –

- Software as a Service (SaaS)
- Platform as a Service (PaaS), and
- Infrastructure as a Service (IaaS)

Advantages of Cloud Computing –

- Cloud computing enables companies and applications, which are system infrastructure dependent, to be infrastructure-less.
- By using the Cloud infrastructure on “pay as used and on demand”, there can be considerable saving in capital and operational investment.
- Instant software updates are available
- Unlimited storage capacity is available
- Universal document access is possible
- Device independence is achieved

Disadvantages of cloud computing are –

- Requires a constant Internet connection
- Does not work well with low-speed connections
- Features might be limited
- Stored data might not be secure



Due date Calender for January to March 2014

Income Tax -

- 7th January – Payment of TDS for the Month of December, 2013
- 15th January – Filing of TDS Return for Quarter ending 31th December, 2013
- 7th February - Payment of TDS for the Month of January, 2013
- 7th March - Payment of TDS for the Month of February, 2013
- 15th March – Payment of Advance Income Tax Instalment for FY 2013-14
- 31st March – Filing of belated return without penalty for A.Y. 2012-13

VAT / Profession tax -

- 15th January – Submission of Vat Audit Report (Form 704) in online mode
- 21st January – Filing of Vat Return by Monthly / Quarterly filers
- 25th January – Submission of signed copies of Part I of Form 704 (Vat Audit Report)
- 31st January – Filing of Profession tax Return by Monthly filers
- 21st February – Filing of Vat Return by Monthly filers
- 28th February – Filing of Profession tax Return by Monthly filers
- 21st March – Filing of Vat Return by Monthly filers
- 31st March – Filing of Profession tax Return by Monthly filers

Service Tax -

- 5th January – Payment of Service tax by Monthly / Quarterly
- 5th February – Payment of Service Tax (other than Individual and Partnership Firms)
- 5th March – Payment of Service Tax (other than Individual and Partnership Firms)

THINK POSITIVELY
and
EXERCISE DAILY
EAT HEALTHY
WORK HARD
STAY STRONG
BUILD FAITH
WORRY LESS
READ MORE
BE HAPPY

Reiki is a spiritual practice. The word Reiki is made of two Japanese words - Rei which means "God's Wisdom or the Higher Power" and Ki which is "life force energy". So Reiki is actually "spiritually guided life force energy." Mikao Usui, the founder of the Reiki system of natural healing, recommended that one practice certain simple ethical ideals to promote peace and harmony, which are nearly universal across all cultures.

2013 Self Test Card

If answer to each question is "Yes" then you get full 10 marks.

Personal		Financial		Social	
Family and Friends Whether you devoted sufficient time to your family and friends ? Whether your family and friends were happy with the time you spent with them ?		Income Whether you earned more Income than last year ? Whether you earned Income more with less efforts than last year ?		Events Have you organised any parties / functions during the year ? Whether they were attended by majority of whom you invited to ?	
Health Whether you enjoyed good health in the last year ? Whether you have done enough physical exercise in the last year ?		Expenditure Whether you were happy with the money you spend in the last year ? Whether you have planned your expenses properly in the last year ?		Relationships Whether you were able to attend the important functions of your near and dears ? Whether others enjoyed your company in such functions ?	
Individual Interests Whether you were able to pursue your hobbies ? How much time you have taken out during the year for yourself ?		Investment Whether you made the necessary investments which suits your objectives ? Whether you have reviewed your past investments before making new ?		Culture Whether you actively participated in cultural and regional activities ? Whether you enjoyed such participation ?	
Spiritual					
Whether during the last year you were connected to the supreme power ? Have you enjoyed the connection and received master's message ?					

