



M/s PRANJAL JOSHI & CO

CHARTERED ACCOUNTANTS

Audit Consulting Tax IFRS Valuation

Office 9, Suvan, Opp. Jog High School, Mayur Colony, Kothrud, Pune – 411 038. Tel – 020 – 25430276 www.capranejoshi.com

Quarterly Newsletter – January 2016

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CA Pranjal Joshi

CA Arti Kirpekar

CA Amit Tanpure



Basic aspects of GST

Constitutional aspects (amendments expected) –

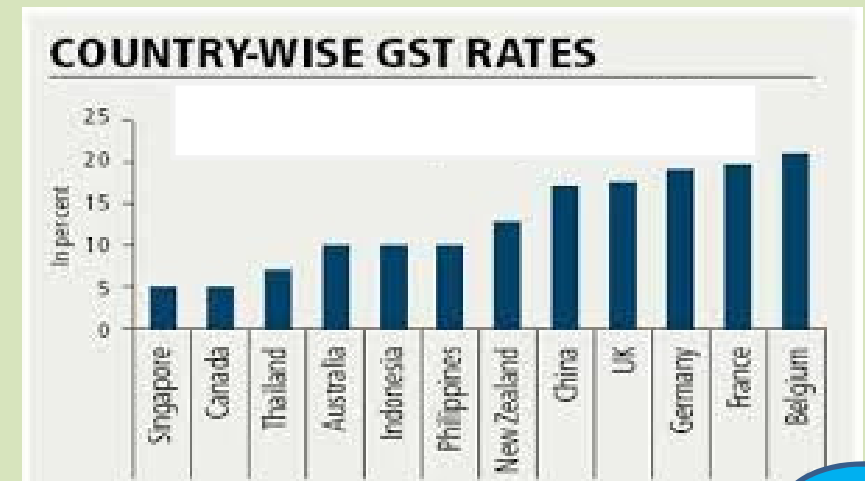
- Concurrent jurisdiction for levy & collection of GST by the Centre & the States –proposed Article 246A
- Authority for Centre to levy & collect IGST on supplies in the course of inter-State trade or commerce including imports – proposed Article 269A
- Authority for Centre to levy & collect non-vatable Additional Tax not exceeding 1% for 2 years on inter-state supply of goods – to be assigned to originating State – proposed Clause 18 ☐ Compensation for loss of revenue to States for five years on recommendation of GSTC – proposed Clause 19

Salient Features of GST –

- GST would be applicable on supply of goods or services against present concept of tax on the manufacture or sale of goods or provision of services.
- GST would be a destination based tax.
- Dual GST with the Centre (CGST) and the States (SGST) simultaneously levying it on a common base. An Integrated GST (IGST) would be levied on inter-State supply (including stock transfers) of goods or services.
- Import of goods or services would be treated as inter-State supplies and would be subject to IGST in addition to the applicable customs duties.
- Initially for 2 years or (as extended by GST Council) a non-vatable Additional Tax upto 1% on inter-State supply of goods would be levied and collected by the Centre and assigned to the originating State.

Rates and exemptions –

- CGST, SGST & IGST would be levied at rates to be mutually agreed upon by the Centre and the States under the aegis of the GST Council.
- A common threshold exemption would apply to both CGST and SGST. Taxpayers with a turnover below it would be exempt from GST.
- A compounding option (i.e.to pay tax at a flat rate without credits) would be available to small taxpayers below a certain threshold.
- The list of exempted goods and services would be kept to a minimum and it would be harmonized for the Centre and the States as far as possible.
- Exports would be zero-rated.





Credit mechanism –

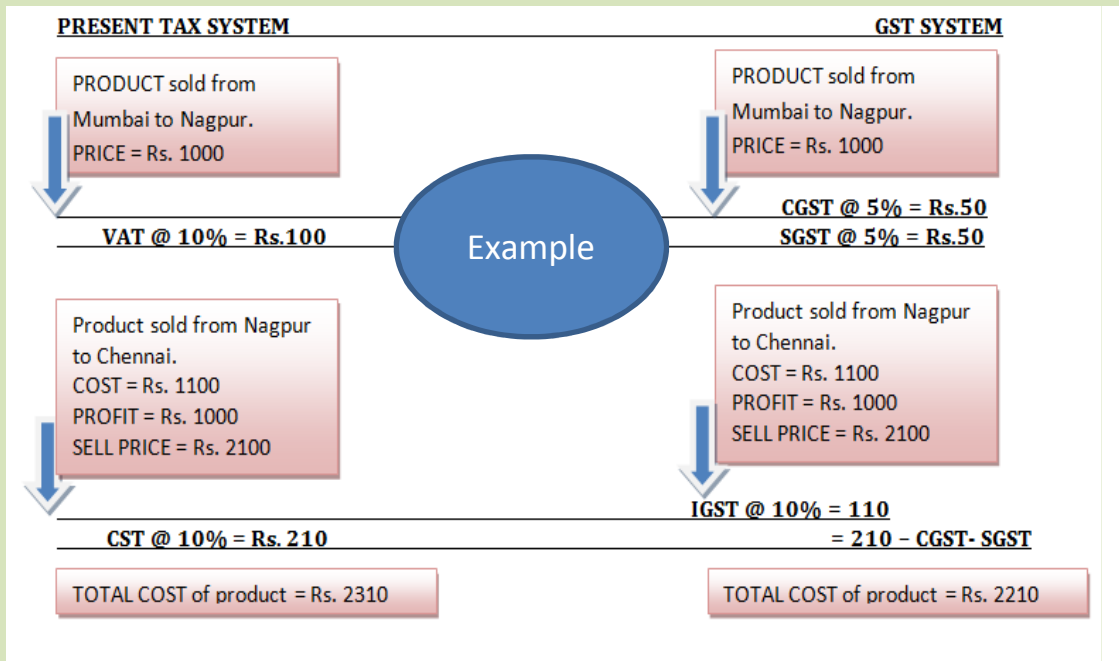
- ITC of CGST allowed for payment of CGST & IGST in that order;
- ITC of SGST allowed for payment of SGST & IGST in that order
- ITC of IGST allowed for payment of IGST, CGST & SGST in that order



GST impact –

- Change in systems – Invoices, Quotations, Accounting system etc.
- Change in business decisions – sourcing, warehousing, stock transfers, price reduction
- Change in Point of Taxation
- Change in working methodology

For detailed presentation, Please visit www.capranjaljoshi.com



Service Tax updates



- Rate of Service Tax has undergone change w.e.f. 15.11.2015 due to application of Swachh Bharat Cess (SBC) of 0.50%. Thus effective Service Tax rate is **14.50%**. SBC would be levied, charged, collected and paid to Government independent of service tax. So it is to be shown separately in the Invoice. SBC @ 0.50% shall be applicable even in case of Reverse Charge mechanism. SBC liability on RCM is applicable where although bill is received before 15.11.2015, but the payment of the same is made after 15.11.2015. SBC shall be applicable for abatement benefit also. For example, in the case of GTA, [Service Tax + SBC]% would be $(14\% \text{ Service Tax} + 0.5\% \text{ SBC}) \times 30\% = 4.35\% (4.20\% + 0.15\%)$. Accordingly Rates on all services covered under RCM will get changed. SBC is not integrated in the Cenvat Credit Chain. Therefore, credit of SBC cannot be availed.
- SBC cannot be paid by utilizing credit of any other duty or tax. Accounting code for SBC is 00441493.
- CBEC vide Notification No. 22/2015- Dated 29.10.2015 has amended CENVAT Credit Rules, 2004 to allow utilisation of the credit of Education Cess (EC) and Secondary and Higher Education Cess (SHEC) paid on input service in respect of which the invoice, bill, challan etc. is received by the provider of output service on or after the 1st day of June, 2015 for the payment of service tax on any output service.
- CBEC has issued circular no. 187/6 dt. 10.11.2015 for speedy disposal of pending refund claims of exporters of services u/r 5 of Cenvat Credit rules. Scheme is applicable for all refund claims submitted on or before 31.03.2015. As per the scheme, on submission of certificate from Auditor / CA and undertaking in prescribed format, 80% of the amount claimed as refund shall be immediately issued to the assessee & balance after due verification.
- CBEC has issued instruction dt. 17.12.2015 whereby in order to reduce the litigations, monetary limits for filing appeals have been revised upwardly. As such, no appeal shall be preferred in respect of Service Tax in CESTAT below Rs. 10 Lacs, High Court for amounts below Rs. 15 Lacs and Supreme court below Rs. 25 Lacs.

**Swachh Bharat
Cess**
Applicable w.e.f.
15.11.2015

**Changes in
Cenvat Credit
Rules, 2004**

A 3D-style button with a red top and a silver base. The words "tax refund" are written in white, bold, sans-serif font on the red surface.

**tax
refund**

Income tax Updates



FORM 15G
FORM 15H

- **Change in procedure for submission of Form No. 15G & 15H** - Notification No. 4/2015 – As per the procedure, the payee to furnish the declaration even in electronic form or paper form as usual. A unique identification number (comprising of sequence no of 10 alphanumeric characters starting with G / H and 9 digits, financial year and TAN) shall be allotted to declaration (paper/electronic). The payer shall digitise the paper declaration and upload all declarations on quarterly basis.

- **Notices will be sent on email ID** – Dept has decided to start e-scrutiny and sending notices for scrutiny through email, as well as accept the submissions through electronic mode on Pilot basis. For communications to be delivered or transmitted electronically, the following addresses may be referred: (i) e-mail address available in the income-tax return furnished by the addressee to which the communication relates; or (ii) the email address available in the last incometax return furnished by the addressee; or (iii) in the case of addressee being a company, email address of the company as available on the website of Ministry of Corporate Affairs; or (iv) any email address made available by the addressee to the income-tax authority or any person authorised by such income-tax authority.



INCOME TAX
NOTICE



TDS
on Salaries

- **TDS deduction on salary for FY 2015-16** – Circular No 20/2015 dt. 02.12.2015. Dept has issued annual circular for TDS on salary for FY 2015-16. It explains in detail the procedure of tax deduction, tax treatment of various components of salary, exemptions and deductions that can be allowed by the employer incl. Documentation and verification requirements, if any and illustrations on TDS on salary for FY 2015-16.

- **“E-Sahyog” Pilot Project of The Income-Tax Department to Facilitate Taxpayers** – The “e-Sahyog” project launched on a pilot basis is aimed at reducing compliance cost, especially for small taxpayers. Under this initiative the Department will provide an end to end e-service using SMS, e-mails to inform the tax assesses of the mismatch. The taxpayers will view mismatch related information and submit online response on the issue.



E SAHYOG A PILOT
PROJECT



Income tax Updates

- **Payment to Non-residents (Change in conditions for submission of form 15CA and 15CB)** - Form 15CA is a Declaration of Remitter in respect of payments to non-residents. Form no. 15CB is a Certificate from a CA stating the nature of remittance and amount, if any to be deducted as TDS. CBDT Has amended the provisions relating to same, effective 01.04.2016, as follows –
- No Form 15CA and 15CB will be required to be furnished by an individual for remittance which do not requiring RBI approval under its Liberalised Remittance Scheme (LRS)
- The list of payments of specified in Rule 37 BB which do not require submission of Forms 15CA and 15CB has been expanded from 28 to 33 including payments for imports.
- CA certificate in Form No. 15CB will be required to be furnished –
 - only in respect of such payments made to non-residents which are chargeable to tax and
 - the amount of payment during the year exceeds Rs. 5 lakh.
- Form No. 15CC prescribed for Quarterly Statement
- (to be furnished by an authorised dealer in respect of foreign remittances made by him.)

Contents of New Form 15CA are as follows -

- Form 15 CA – **Part A:** For Taxable Remittance & annual amount **less than 5.00 Lacs**
- Form 15 CA – **Part B:** For Taxable Remittance & annual amount **less than 5.00 Lacs** + **certificate from Assessing Officer** is obtained.
- Form 15 CA – **Part C:** For Taxable Remittance & annual amount **more than 5.00 Lacs** + **Certificate from CA**
- Form 15 CA – **Part D:** For **Non- Taxable Remittance**
- furnished by an authorised dealer in respect of foreign remittances made by him.

Form 15CA
& Form 15CB





Maharashtra Vat and Profession Tax updates



- **Change in Interest applicable u/s 30** - Interest u/s 30 (1) for failure to apply for registration / failure to apply in prescribed time, u/s 30 (2) for failure to pay tax in time and u/s 30(3) for other reasons shall be charged as follows –

Period liable for Interest	Interest Rate
Upto 1 month	@ 1.25% p.m.
From 2 nd Month till 3 rd month	@ 1.50% p.m.
Beyond 3 months	@ 2% p.m.



- **Issue of Invoice –**

No invoice to be issued on thermal paper, as it has been observed that the data is not readable after some time. Department has therefore clarified that the bill should be printed on such paper so as to retain the same for a period of 8 years. Such bill should be readable for 8 years.



- **Digitally signed Certificates –**

After introducing online registration along with the submission of scan documents related to registration, now the Department has started with the procedure of downloading the registration certificates which will be digitally signed. Such facility however shall be available for registration applications made on or after 22.12.2015 only.



- **Refund through National Electronic Fund Transfer (NEFT) –**

Presently refunds are granted through Refund manual issuance of Refund Payment Orders. The process is time consuming and causes delay in actual deposit of amount. In order to avoid delay, a facility for direct remittance of refund through NEFT, in bank account of dealer has been made available. The dealer, in order to avail this facility need to submit bank account details which facilitate NEFT.

Jan 2016
to Mar
2016

Imp Due Dates



Vat –

- 15th January – Submission of Vat Audit Report in Form 704
- 21st January, 21st February, 21st March – Payment by monthly filers
- 25th January - Submission of physical acknowledgement for submission of for 704

Profession Tax –

- 31st January, 28th February - Filing of Monthly returns
- 31st March – Filing of Monthly & Annual returns

Service Tax –

- 5th January – Monthly / Quarterly Payment of Service Tax
- 5th February – Monthly payment of Service Tax (other than Proprietary concerns and Partnership firms)
- 31st March - Monthly / Quarterly Payment of Service Tax

Income Tax –

- 7th January, 7th February, 7th March – Payment of Monthly TDS
- 15th January – filing of TDS return for third quarter
- 15th January – Payment of Advance Income Tax
- 30th January - Quarterly TDS / TCS certificates to be issued
- 31st March, 2016 – Belated Income Tax Return without payment of Penalty



Smile Please !

ACCOUNTANT



What My Friends Think I Do



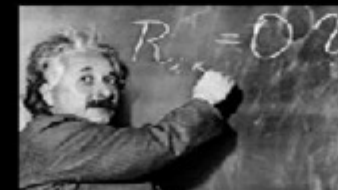
What My Parents Think I Do



What Society Thinks I Do



What My Boss Thinks I Do



What I Think I Do



What I Really Do



Taxation of Individuals – Tips before year ending

Investments

Please ensure that wherever possible 80C investments viz. PPF, LIC, NSC, 5 year FD with Scheduled Bank etc. have been made before 31st March to avail full benefit of Rs. 1,50,000/-

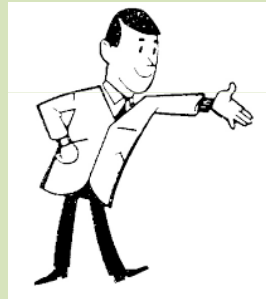
Submission of proofs to the employer
Please submit all the investment proofs to the employer so as to avoid excess TDS from your salary. However, if you fail to submit it, please remember to claim this while filing the Income Tax return.

Pay tax to avoid interest

Although your employer will deduct tax on your salary income, if you have any income viz. Interest on FD, RD, Post office investments, gain on sale of shares, renting of additional property, then it is advisable to calculate and pay tax before 15th March, 2016 so that, you will not be required to pay interest on the tax amount at the time of filing the Income Tax return.

Health Insurance & Donations

Please keep record of Health Insurance premium paid for self, spouse, children (for benefit upto Rs. 25,000/-), and for Sr citizen parents (for benefit of additional Rs. 30,000). Also keep on record Donations receipts and ask for PAN of the trust and 80G certificate to claim the benefit.



House Property purchased through loan and possession received late

If you have purchased property in FY 2014-15 but the possession was received in FY 2015-16 then the interest paid for FY 2014-15 can be claimed as interest deduction in FY 2015-16 along with the interest actually charged in FY 2015-16. You need to maintain copies of interest certificate for this for 5 years (from the date of possession), as interest paid in FY 2014-15 shall be allowed 20% for 5 years from FY 2015-16 (year of possession)

Change in employment during the year

If you have changed the employment during the year please make sure that your present employer has considered your past income for the year. If not, please update the employer for this. Failing this, both employers will allow exemption limit and other deductions and at the time of filing income tax return you will be required to pay heavy tax plus interest thereon.

Tax credit verification

You can verify your Tax credit (TDS deducted by your employer) from your net banking and reviewing form 26AS.

Please bring the discrepancy, if any to the notice of your employer otherwise tax will be required to be paid by you again.

Other Updates

Trusts and NGO's – FCRA updates

Online services have been started by MHA through following portal –

<https://fcraonline.nic.in/home/index.aspx>,

Online facilities now allow all the following forms to be submitted through online mode –

- FC 1 – Intimation of receipt of foreign contribution
- FC 2 – Application for FCRA hospitality
- FC 3 – Application for prior permission / registration / renewal
- FC 4 – Annual Return
- FC 5 – Permission for transfer of foreign contribution to unregistered persons
- FC 6 – Intimation for change in Name, Key persons, Bank account etc.

Further, due date for filing Annual FC4 return has also been extended to 15.03.2016

Updates on Shop Act License in Maharashtra

For the interest and to regulate the working condition of the employees engaged in Shops, Commercial Establishments, Hotel, Theatres and other Establishments, the Bombay Shops and Establishment Act, 1948 come into the force on 11th January 1948.

In order to ensure **Ease of doing Business** the Government of Maharashtra has simplified the process of issuing the registration of the shops and establishments under the Maharashtra Shops and Establishments Act, 1948.

Following services have now been made available online through <http://mahakamgar.gov.in/> -

- Registration of Shops and Establishments
- Duplicate Certifications Shop & Establishment
- Notice of Change Application for Shop & Establishment
- Renewal Application for Shop & Establishment
- Exemption Application for Shop & Establishment
- Cancellation Application for Shop & Establishment

Do You Know?

Following are Tax Free Gifts –
Any sum of money or any property received : -

- from any relative; or
- on the occasion of the marriage of the individual ;or
- under a will or by way of inheritance; or
- in contemplation of death of the payer or donor or

Investment in National Pension Scheme (NPS) shall give you tax benefit of Rs. 50,000/- u/s 80 CCD which is over and above Rs. 150,000/- normally available for other investment products.

Under the NPS funds are invested by PFRDA regulated professional fund managers as per the approved investment guidelines in the diversified portfolios

- **External Commercial Borrowings (ECB) Policy – Revised framework - Circular No.32 dt. 30.11.2015.** Following are the basic features of revised framework –
 - More liberal approach, with fewer restrictions on end uses, higher all-in-cost ceiling, is allowed for long term foreign currency borrowings as the extended term makes repayments more sustainable and also minimizes roll-over risks for the borrower;
 - More liberal regime for INR denominated ECBs where the currency risk is borne by the lender;
 - Expansion of the list of overseas lenders to include long-term lenders, such as, Insurance Companies, Pension Funds, Sovereign Wealth Funds;
 - Only a small negative list of end-use restrictions applicable in case of long-term ECB and INR denominated ECB;
 - Alignment of the list of infrastructure entities eligible for ECB with the Harmonised List of the Government of India.



5 principles for peaceful Life –

- Not to worry
- Not to get angry
- Be honest to your work
- Be in attitude of Gratitude
- Love and respect all living beings