

### **I. Income Tax**

#### **a. CBDT extends E-filing date for non-audit Income Tax returns**

CBDT has extended the due date for mandatory e-filing of income-tax returns to 31<sup>st</sup> August, 2012 after power failure disrupted normal life in many parts of the country. The date has been extended for all assesseees who were required to file their return by July 31, 2012.

#### **b. Exemption from e-filing of Income Tax Returns for non-residents and private trusts**

CBDT has decided that it will not be mandatory for agents of non residents and private discretionary trusts whose total income for the assessment year 2012-13 exceeds ten lakhs to electronically furnish return of income for assessment year 2012-13.

#### **c. Amendment to DTAA will be given effect prospectively**

In the case of Abu Dhabi Commercial Bank Ltd vs. ADIT, Mumbai Tribunal has held that amendment made in Double Taxation Avoidance Agreement (DTAA) will not be given effect retrospectively. Accordingly amendment brought by way of protocol by which Article 7(3) of the tax treaty has been amended and limitation clause has been brought in, will not have any retrospective effect and hence disallowance of expenditure relating to head office cannot be made by invoking the provisions of Section 44C.

#### **d. DTAAs with Jersey, Estonia & Lithuania**

India has revised its DTAAs with Estonia & Lithuania which are effective from April 1, 2013. The revised DTAAs were signed on September 19, 2011 and July 26, 2011 respectively. India has also entered Double Taxation Avoidance Agreement (DTAA) with Jersey which is effective from May 8, 2012 and signed on November 3, 2011.

#### **e. Challenge to AAR order should be first challenged before High Court.**

In case of Columbia Sportswear Company vs. Director of Income Tax, Supreme Court has held that an advance ruling made by the Authority for Advance Ruling (AAR) can be challenged directly before the division bench of High Court to be decided as expeditiously as possible. Previously, rulings of the AAR were directly challenged before the apex court as Special Leave Petition.

### **II. Corporate Laws**

#### **a. Extension of time for filing of balance sheet and profit and loss in XBRL mode for the financial year 2011-12**

As per the circular issued by MCA, companies which are required to file their financial statements in XBRL mode upto 30 days are now allowed to file their financial statements without any additional fee/penalty upto November 15, 2012 or within 30 days from the date of their AGM, whichever is later.

#### **b. Fee applicable on e-Forms**

Ministry of Corporate Affairs has imposed fee on e-Forms which were previously submitted without any charges. The fee has been made applicable on the following forms w.e.f, July 22, 2012

- Form 1
- Form 23B
- Form 24A
- Form 36
- Form 65

Date for applicability for fee for Form 23B has been extended to Aug 5, 2012. (further extended to August 12, 2012)

### **III. FEMA/RBI/SEBI**

#### **a. Relaxation in cancellation and rebooking of forward contracts**

Exporters are allowed to cancel and rebook forward contracts to the extent of 25 percent of the total contracts booked for hedging their exposures. Previously, cancellation and rebooking of forward contracts having Rupee as one of the currencies had been stopped by the RBI to control the speculation at the time of steep fall in the Rupee value.

#### **b. Reduction in maintenance of Statutory Liquidity Ratio (SLR)**

RBI has reduced the Statutory Liquidity Ratio (SLR) for Scheduled Commercial Banks from 24 per cent of their Net Demand and Time Liabilities (NDTL) to 23 per cent with effect from the fortnight beginning August 11, 2012. SLR represents the amount of liquid funds that the financial institution should maintain as reserves.

#### **c. Review of conversion guidelines for EEFC accounts**

Earlier this year, the RBI had mandated that 50% of all receipts in Exchange Earner Foreign Currency Accounts, Diamond Dollar Accounts and Resident Foreign Currency Accounts be converted to Rupees immediately. Giving flexibility to the holders, RBI has now reviewed the said guidelines and has mandated that total accruals in the account during a calendar month should be surrendered for conversion to Rupee by the end of next calendar month after adjusting for utilization of balances. For instance, balance as on Aug 1, 2012 in the accounts and all receipts during the month of August 2012 should be converted to Rupees by September 30, 2012 after netting off any amount utilized towards approved purposes.

#### **d. Investment by Qualified Foreign Investors (QFIs) in Indian corporate debt securities.**

RBI has now been decided to allow QFIs to invest in Indian corporate debt securities and debt schemes of Indian mutual funds through SEBI registered Qualified Depository Participants (QDPs) subject to a total overall ceiling of USD 1 billion.

QFIs shall also be permitted to sell 'eligible debt securities' so acquired by way of sale through registered stock broker on a recognized stock exchange in India or by way of buyback or redemption by the issuer.

#### **e. Buyback/Prepayment of Foreign Currency Convertible Bonds (FCCBs)**

RBI has permit buyback of FCCB under the approval route up to March 31, 2013, subject to: -

- i. The buyback value of the FCCB must be at a minimum discount of 5% on the accreted value.
- ii. In case the buyback is to be financed by foreign currency borrowing all FEMA rules / regulations relating to foreign currency borrowing shall be complied with.

**f. Time line reduced for registering transfer of securities.**

SEBI has reduced time-line for registering the transfer of equity shares and transfer of debt securities to 15 Days in order to expedite the transfer process.

**g. E-voting in case of specified resolutions**

SEBI is in process of mandating E-voting for atleast the top 500 companies listed in the NSE and BSE for its shareholders for conducting business carried through Postal Ballot. This is consequential to the opportunities proposed for wider shareholder participation in the Budget Speech for financial year 2012.

**h. Guidelines for stake sale by Promoter/ Promoter Group Entities**

SEBI issued circulars to NSE and BSE laying the guidelines regarding the stake sale by the Promoter/ Promoter Group Entities. The guidelines lay that for the sale of shares worth more than ₹ 25 Crore by the Promoter/ Promoter Group Entities, they shall not purchase shares between the cooling period of 12 weeks before and after the offer for sale of shares by them.

**IV. Indirect taxes****a. Services of Indian Railways exempted from service tax.**

Following services provided by Indian Railways have been exempted from service tax till 30<sup>th</sup> September, 2012:

- i. Transportation of passengers travelling in first class or air conditioned coach.
- ii. Transportation of goods.

**b. Clarification on Foreign Currency Remitted to India.**

CBEC has clarified that amount of foreign currency remitted to India from overseas would not be considered as services as transaction of money has been excluded from the new definition of 'Service' defined in section 65B.

It is further clarified that any fee or conversion charges levied for such transaction would not be liable to service tax as service is provided outside India.

**c. New Accounting Code for Payment of Service Tax**

CBEC has introduced new accounting code for payment of Service Tax and other receipts under the negative list approach in addition to service specific accounting code which are as follows:

<b>Particulars</b>	<b>Accounting Code</b>
Tax Collection	00441089
Education Cess	00440298
Secondary & Higher Education Cess	00440426
Other Receipts	00441090
Penalties	00441093
Deduct Refunds	00441094

**V. Delhi Value Added Tax**

**a. Mandatory filing of details of Central Declaration Forms missing & payment thereof.**

Delhi Government has mandated that the details of central declaration forms missing and tax deposited on account of missing forms should be furnished in Form CD-1 by the dealer quarter wise. Due date of filing Form CD-1 will be same as the due date of filing DVAT 51.

**b. Clarification regarding credit on Central Declaration Forms.**

Delhi Government has clarified that credit of central declaration forms for the financial year 2011-12 shall be allowed only in case where assessee has provided the information online and central declaration forms physically received shall be considered as additional evidence.

**c. No security required on registration.**

Delhi Government has dispensed the requirement of security on registration for the dealers who apply for registration with the department from 23<sup>rd</sup> July, 2012 to 22<sup>nd</sup> September, 2012.

**d. Date of filing DVAT Return has been extended.**

Department of Trade & Taxes has extended the due date of on-line filing & submission of hard copy of returns for all quarterly return filing dealers have been extended to 11<sup>th</sup> August, 2012 and 14<sup>th</sup> August, 2012 respectively.



**Relevant due dates for the month of August 2012****Income Tax**

7th August	Deposit TDS/TCS deducted/collected during the month ended July 31, 2012
31st August	Due date of filling return for assesses whose accounts are not required to be audited as extended.

**Service Tax**

5/6th August	Deposit Service Tax liability of corporate assesses for the month ended July 31, 2012
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**Excise Duty**

5th August	Deposit Excise duty liability for the month ended July 31, 2012
10th August	Submit return of Excise Duty for liability for the month ended July 31, 2012

**DVAT**

11th August	Submit quarterly return in electronic form for quarter ended June 30, 2012.
16th August	Deposit quarterly return in manual form for the quarter ended June 30, 2012.
21th August	Deposit DVAT/CST for the month ended July 31, 2012
25th August	Submit monthly return in electronic form for month ended July 31, 2012
28th August	Deposit monthly return in manual form for the month ended July 31, 2012.

**Labour Law**

16th August	Deposit Employee's & Employer's contributions to provident fund for the month ended July 31, 2012 (grace of 5 days)
21st August	Deposit ESI dues for the month ended July 31, 2012