

I. Income Tax

a. Advance Pricing Agreement Scheme announced

CBDT has notified the much awaited Advance Pricing Agreement (APA) Scheme on August 31, 2012. APA Scheme is a measure introduced to bring stability in the transfer pricing cases by determining the arm's length price prior to entering into a transaction instead of post-facto analysis. Once APA has been entered into with respect to an international transaction, the arm's length price with respect to that international transaction, for the period specified in the APA, will be determined only in accordance with the APA. The APA process is voluntary and will supplement appeal and other Double Taxation Avoidance Agreement (DTAA) mechanism for resolving transfer pricing dispute. However, minimum fees for submitting application under this scheme is ₹10 Lakhs.



b. Tolerance band percentage of Arm's Length Price notified

Tolerance band percentage for variation of transaction price with Arm's Length Price has notified at 5 per cent for assessment year 2012-13. As such where the variation between the arm's length price and the price at which the international transaction has actually been undertaken does not exceed 'five' per cent of the latter, the price at which the international transaction has actually been undertaken shall be taken as the arm's length price for assessment year 2012-13.

c. Goodwill being intangible assets is eligible for depreciation

Supreme Court has in the case of Smifs Securities Limited held that Goodwill in case of amalgamation in the form of difference between amount paid and cost of net asset acquired for the amalgamating company is an asset eligible for depreciation in pursuance of Explanation 3(b) to section 32(1) of the Act. The Court also contended that company in process of amalgamation had acquired a capital right in the form of goodwill because of which the market worth of assessee-Company stood increased.

d. Expenses for freebies to Health Professionals to be inadmissible

CBDT has clarified that expenses incurred by pharmaceuticals companies and allied health sector industry towards providing freebies in violation to regulations issued by Medical Council of India shall be inadmissible under section 37(1).

e. Multilateral Convention on mutual administrative assistance of tax

Central Government has notified that Multilateral Convention on mutual administrative assistance of tax signed by India on 26th January, 2012 with Organization for Economic Co-operation and Development. The Convention will be effective from 1st June, 2012 and states that member countries will exchange information including simultaneous tax examinations and participation in tax examinations abroad and assistance in recovery, including measures of conservancy.

II. Corporate Laws

a. Service tax on Commission payable to non-whole time director not to be included in limit of 1% or 3% for approval of remuneration

Ministry clarifies that if the Service Tax is paid by the company on commission payable, it would be part of the remuneration of the non-whole time director. It has further clarified that if because of such service tax, remuneration of non-whole time director exceeds the limit of 1% or 3% of the profit of the company than in such case company shall not require approval of Central Government.

b. Revision of fees for filing applications with MCA for the appointment of cost auditor.

Period of delay fee payable with the application

Period of Delay	Fee Payable with the Application
Upto 30 days	Two times of normal fee
More than 30 days and upto 60 days	Four times of normal fee
More than 60 days and upto 90 days	Six times of normal fee
More than 90 days	Nine times of normal fee

c. No restriction on employees pay on 0.5% ESOP stake



As per the circular the MCA clarifies that if an employee holding shares of up to 0.5 per cent of stake in the company under any scheme formulated for allotment of shares to employees, including ESOPs will not be considered as having any interest in the capital of the company. Accordingly, the remuneration to such companies would not require the central Government approval.

III. Indirect taxes

a. Scope of reverse charge extended

The scope of services which are covered under reverse charge has been extended. 'Reverse charge' means that the tax on the services is required to be paid by the service receiver and not the service provider. New services which have been brought under reverse charge net are:

- Security services
- Services provided by director of the company.

b. 24x7 Customs clearance operations

With effect from September 1, 2012, CBEC has begun the pilot for 24 X 7 operations at selected sites. Such sites would facilitate the customs clearance for Bill of Entry where no examination, assessment is required and stuffed export containers and export consignment covered by Free Shipping Bills.



IV. FEMA/RBI/SEBI**a. RBI replaces 'No Frill' accounts with 'Normal Savings bank account'**

RBI asked bank to convert existing no frill accounts (accounts which were opened to provide basic banking facilities to the poor and promote financial inclusion) into basic saving bank accounts and limit the maximum number of withdrawals to four in the month with no limit on number of deposits. Also, The account shall not have the requirement of any minimum balance. Further, no charge will be levied for non-operation/activation of in-operative basic savings bank deposit account.

b. FDI by citizen /entity incorporate in Pakistan

RBI in a view of Globalisation has allowed Foreign Direct investment by citizen /entity incorporate in Pakistan through approval route only(i.e., with prior approval of the Foreign Investment Promotion Board(FIPB) of the Government of India).Except FDI in Indian company which is not engaged or shall not engage in sectors activities pertaining to defence, space and atomic energy and sectors /activities prohibited for foreign investment

c. Bank to pay compensation for delay in clearance on local cheques

Banks are advised to reframe their Cheque Collection Policies (CCP) to include compensation payable for the delayed period in the case of collection of local cheques. In case, no rate is specified in the CCP for the delay in realization of local cheques , compensation at "savings bank interest rate" shall be paid for the corresponding period of delay.

d. SEBI recognized Aadhaar letter as admissible Proof of Address

In consultation with Unique Identification Authority of India (UIDAI), Government of India , it has now been decided that the Aadhaar letter issued by UIDAI shall be admissible as Proof of Address in addition to its presently being recognized as Proof of Identity

e. Business Responsibility Reports –Amendment in listing Agreement

It has been decided to mandate inclusion of Business Responsibility Reports (BR reports) as part of the Annual Reports for listed entities . Currently, to include BR Reports as part of the Annual Reports shall be mandatory for top 100 listed entities based on market capitalization at BSE and NSE as on March 31,2012

f. Facility for Basic Services Demat Account (BSDA)

For the benefit of Retail investors SEBI mandates all Depository participants to provide to all the individuals who have or propose to have only one demat account (where they are the sole or first holder) shall be eligible to have a BSDA provided the value of securities held in demat account does not exceed Rs.2,00,000 at any point of time. No Annual Maintenance Charges(AMC) shall be levied upto the value of Rs.50,000 and beyond this Rs. 100 may be charged.



V. Delhi Value Added Tax

a. Mandatory filing of tax rate wise details of Closing Stock as on 31st March

Delhi Government has mandated the filing of tax rate wise details of closing stock as on 31st March of every year online in Form Stock-1 by dealers up to 30th June of same year. However details of closing stock as on 31st March 2012 shall be submitted latest by 31st October 2012.

b. Clarification regarding obtaining declaration forms

Department of trade & taxes has clarified that all the registered dealers can obtain the declaration forms online such as-form C,H & F under CST Rules,1957 for the year 2012-13 and onwards.



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

7th September	Deposit TDS/ TCS deducted/ collected during the month ended August 31, 2012.
15th September	Deposit of installment of advance income tax by corporate and other assesses for financial year 2012-13.
30th September	Last date for filing of Income tax return for companies and assesses who are required to get their books audited under Income Tax Act

Service Tax

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

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

DVAT

21th September	Deposit DVAT/CST for the month ended August 31, 2012.
25th September	Submit monthly return in electronic form for month ended August 31, 2012.
28th September	Deposit monthly return in manual form for the month ended August 31, 2012.
30th September	Deposit DVAT 51 along with statutory central forms for 1st, 2nd & 3rd quarters of financial year 2011-12

Labour Law

16th September	Deposit Employee's & Employer's contributions to provident fund for the month ended August 31, 2012 (grace of 5 days).
21st September	Deposit ESI dues for the month ended August 31, 2012.
26th September	Submit return of Provident Fund for the month ended August 31, 2012.

