

I. Income Tax

a. GAAR deferred by three years

Looking at the current economic environment, the Government has decided to defer General Anti-Avoidance Rules (GAAR) by three years. Accepting Shome Panel's recommendation, GAAR will now come into force from April 1, 2016 instead of April 1, 2013 as planned earlier.

Other changes have also been made, including the clarification that GAAR will cover only those transactions whose main purpose — as opposed to one of the main purposes — is to get a tax benefit.

Ahead of the budget, this step will bring back trust from the foreign investors who had been getting sceptical about the tax policies in India.

b. Centralised processing Scheme of statements of tax deducted at source

Central Board of Direct Taxes (CBDT) has issued Centralised Processing of Statements of Tax Deducted at Source Scheme, 2013 wherein the authority to make the correction/rectification in TDS returns has been given to a Central Processing Cell (CPC) of the Income Tax Department.

The CPC shall have powers to rectify clerical and arithmetical mistakes, issue notice of demand as well as issue refund. Personal attendance would not be required before CPC and requests would be submitted online. Appeal against CPC's order shall lie only with jurisdictional commissioner of Income Tax.

The scheme is expected to quicken the process of rectification providing relief to a large number of assesseees who have received numerous notices pending on account of clerical and arithmetic errors.

c. A new- system of hearing of appeals at E-Courts introduced in ITAT Allahabad

A new system of hearing through Video Conferencing has been introduced and will be referred to as "E-Court". The e-courts will follow the procedures that are laid out for the bench for hearing appeals in an open court. There is no difference in procedures except that the bench and bar are at different places connected electronically.

Such facilities are expected to speed up the process of deciding the appeals and will bring Accountability, transparency and will help in eradicating fraud /corruption. Assessee /Department can opt out of an e-court option if they don't want the case to be heard through Video Conferencing. For the purposes of e-court, detailed Regulations along with Do's, Don'ts and Forms for use under these Regulations are framed and issued for compliance by Appellants, Respondents and all other concerned.

d. No penalty on declaration of additional income through revised return after survey

The Karnataka High Court has held in the case of Commissioner of Income Tax Vs. Vega Auto Accessories (P) Ltd. that filing of return after survey does not mean that there was suppression of income. Merely because there was a survey by the Income Tax Department

and it was only after a survey, a revised return was filed, is not a ground to hold that there was suppression of income attracting the provisions of Section 271(1)(c).

e. Sale of Carbon Credits not taxable

In the recent judgment passed by Hyderabad ITAT in the case of M/s Home Power Ltd. Vs. Deputy Commissioner of Income Tax, it was held that Carbon Credit is in the nature of "an entitlement" received to improve world atmosphere and environment reducing carbon, heat and gas emissions. It is not generated due to carrying on business but accrues due to "world concern". It is in the nature of entitlement to reduce carbon emissions, however, there is no cost of acquisition or cost of production to get this entitlement. Hence, it is in the nature of 'Capital Receipt' and not of profit or income. As such, the same is not taxable as income under Income Tax Act.

f. Clarification on Export of Computer Software

CBDT has issued a clarificatory circular containing various issues related to direct taxation impact on export of software. Some of the key issues discussed and clarified are as under.

1. Onsite development of computer software abroad qualifies as deemed export and is eligible for deduction U/S 10A, 10AA, 10B of Income Tax Act, 1961
2. The profits earned as a result of deputation of technical manpower for such "onsite" development abroad at client's place are also eligible for deduction
3. The tax benefits would not be denied if separate and specific Master Service Agreement does not exist for each Statement of Works
4. Research and Development are covered under the definition of Computer Software
5. Tax Benefits U/S 10A, 10B, 10AA would continue to remain available in a case of slump sale of a unit/undertaking if it does not result into splitting or reconstruction of existing business
6. There is no requirement in law to maintain separate books of accounts for an assessee in respect of its eligible units claiming tax benefits U/S 10A & 10B. However, Assessing Officer may call to furnish details pertaining to different units to verify the quantum of claim
7. Tax benefits u/s 10AA can be enjoyed by eligible SEZ unit consequent to its transfer to another SEZ for the unexpired period
8. Setting up of New unit /undertaking in a location (covered by Sections 10A, 10AA or 10B), where an eligible unit is already existing would amount to expansion subject to verification.

g. Extension of time limit for filing ITR-V FORMS for the AY2010-11, AY 2011-12 & AY 2012-13

CBDT has extended the time limit for filing ITR-V form relating to returns filed electronically without digital signatures for the AY 2010-11, AY 2011-12 and AY 2012-13

AY 2010-11 (Filed during FY 11-12)	28 February, 2013
AY 2011-12 (Filed on or after 01.04.2011)	28 February, 2013
AY 2012-13 (ITR-V not received & time of 120 days has also elapsed)	31st March 2013 or 120 days of filing, whichever is later



II. Indirect Taxes

a. Disposal of firearms imported as baggage under transfer of residence

Import of Fire arms is strictly prohibited. However, one firearm of permissible bore is allowed to be imported by persons transferring subject to the condition that the said person was not allowed to part with the firearm on any terms during his lifetime. However CBEC recently has modified this condition, allowing the importer under transfer of residence to alienate his firearm after ten years of the import. However, an individual will be allowed to import a firearm under transfer of residence only once during his / her lifetime.

b. Custom duty imposed on on crude edible oil, hiked on gold and platinum

The Central Government imposed Basic custom duty at a rate of 2.5% on all types of crude edible oil imported into India with immediate effect. The hike was done to protect the interest of the farmers and processing industry.

The import duty on gold and platinum was also hiked from 4% to 6% with immediate effect to curb the imports of precious metal and to check the widening current account deficit. The government also hiked the excise duty on gold ore to 5% and on silver ore to 3% to curb the speculative demand in gold.

c. HC quashes Circular No.158 requiring professionals to pay 2% differential service tax

The Delhi High Court has held in the case of Delhi Chartered Accountants Society (Regd.) Vs Union Of India And Ors that the services of the Chartered Accountants which were actually rendered and the invoices were also issued before 01.04.2012, but the payment was received after the 01.04.2012, the rate of tax will be 10% and not 12% Thereby, demand of 2% differential service tax on above mentioned services by Service tax authorities were suppressed.

III.RBI/FEMA/SEBI

a. External Commercial Borrowings limits for NBFCs enhanced to 75%

NBFC's categorized as infrastructure finance companies were earlier permitted to avail ECB's (including the outstanding ECB's) upto 50% of their owned funds under the automatic route and above 50% of their owned funds are being considered under the approval route. Now, ECB's Limit of 50 % has been enhanced to 75 % and it has also been decided to reduce the hedging requirement for currency risk from 100% to 75%.

b. Second hand machineries excluded for Issue of Equity Shares

Earlier under the FDI Scheme Issue of equity shares/ preference shares in consideration of import of second hand machineries (Capital Goods) was allowed. Now Second Hand Machineries have been excluded from this scheme.

c. Revision of Bank Rate, CRR, Repo Rate, Reverse Repo Rate

Reserve Bank of India (RBI) slashed its key policy (repo) rate by 25 bps to 7.75% in its third quarter monetary policy. Repo is the rate at which banks borrow funds from the central bank. Consequently, the reverse repo rate too decreased to 6.75%. At the same time, RBI cut the cash reserve ratio (CRR) or the portion of deposits banks keep with RBI, by 25 bps to 4.00%

d. Eligibility for shifting from Trade for Trade Settlement (TFTS) to Normal Rolling Settlement

The Stock Exchanges may consider shifting the trading in these securities to normal Rolling Settlement subject to the specified conditions i.e. Before shifting the trading in the securities of the company at least 50% of other than promoter holdings are in dematerialized mode and shall submit the to the stock exchange/s and no other grounds/reasons for continuation of the trading in TFTS shall exist.

IV. MCA

a. Further extension of the due date of filing of Balance Sheet in XBRL mode

The time limit of filing the financial statements for the FY 2011-12 in the XBRL mode without any additional fee/penalty has been re-extended upto 15th February 2013 or within 30 days from the due date of AGM of the company, whichever is later.

b. Filing of Cost Audit Reports and Compliance Reports XBRL mode re-extended.

All cost auditors and the companies concerned are allowed to file their Cost Audit Reports and Compliance Reports for the year 2011-12 (including the overdue reports of any Previous Year(s)) with the Central Government in the XBRL mode, without any penalty, within 180 days from the close of the company's financial year to which the report relates or by February 28, 2013, whichever is later.

V. DVAT

a. Last dates for Filing of online DVAT returns for December and Third quarter of 2012-13 extended

Department of Trade & Taxes has extended the last date of online filing of monthly return for the month of December, 2012-13 up to 01.02.2013 and submission of hard copy up to 5th February, 2013.

The last date of filing of return for the third quarter of quarterly dealers for 2012-13 has been extended as per schedule given below :-

Class/category of quarterly dealers (as per net tax paid during year 2011-12)	Last date of filing of Online returns	Last date of filing hard copy of return
Paid net tax more than Rs. 1,00,000/-	5 th Feb, 2013	8 th Feb, 2013
Paid net tax between Rs. 50,000/- to 1,00,000/-	10 th Feb, 2013	13 th Feb, 2013
Paid net tax less than Rs. 50,000/-	15 th Feb, 2013	19 th Feb, 2013

b. Online submission of information regarding Goods Movement detail (Form T-2)

Department of Trade and Taxes has made it mandatory for the Dealers to submit the details of Invoice and Goods Receipt Note in on-line Form T-2 in respect of all goods received from outside Delhi, (i.e., Interstate Purchases, Imports and Stock Transfers etc.) before the goods physically enter the boundary of Delhi).

The same shall come into force as per the following schedule:-

Class of Dealers	Effective date from which submission of information in Form T-2
Turnover \geq Rs.10 Crores And total liability of tax* \geq Rs.50 Lakhs in the year 2011-12.	1 st March, 2013
Turnover = Rs.10 Crores And total liability of tax* = Rs.50 Lakhs in the year 2011-12.	01.03.2013 or any future date on which the dealer attains the lower limit of GTO Rs.10 Crores and total liability of tax* Rs.50 Lakhs, whichever is earlier
All other dealers	1 st April, 2013

* Tax = VAT + TDS deduction + CST

c. Default Assessments u/s 9(2) of the CST Act

Department of Trade and Taxes has clarified that default assessment u/s 9(2) of the CST Act, 1956 in all cases for the year 2008-09 (for tax periods that are not yet time-barred), 2009-10 and 2010-11, where deficiency of forms exists shall be undertaken and re-extended up to February 28, 2013 (Earlier it was 31st January). The default assessments for one dealer should be taken up together for all these years.

Relevant due dates for the month of February 2013**Income Tax**

7th February Deposit TDS/ TCS deducted/ collected during the month ended January 31, 2013.

Service Tax

5th/6th February Deposit Service Tax liability of corporate/other assesses for the month ended January 31, 2013.

Excise Duty

5th February Deposit Excise duty liability for the month ended January 31, 2013.

10th February Submit return of Excise Duty for liability for the month ended January 31, 2013.

DVAT/CST

15th February Deposit tax deducted at source under DVAT Act for the month ended January 31, 2013.

21st February Deposit DVAT/CST for the month ended January 31, 2013.

25th February Submit monthly return in electronic form for month ended January 31, 2013.

28th February Deposit monthly return in manual form for the month ended January 31, 2013.

Labour Law

15th February Deposit Employee's & Employer's contributions to provident fund for the month ended January 31, 2013.(Including Grace period 20th February)

21st February Deposit ESI dues for the month ended January 31, 2013.

25th February Submit return of Provident Fund for the month ended January 31, 2013.

MCA

15th February File Financial Statements for FY 2011-12 in XBRL mode in Form 23AC and 23ACA without additional fee.

28th February Last date for filing of Cost Compliance Reports and Cost Audit Reports (XBRL) for the FY 2011-12.