

## **I. Income Tax**

### **a. TDS not deductible on payment of interest on delayed payment of Purchase Bills**

In the case of Sri Venkatesh Paper Agencies (Hyd.) (P.) Ltd., the Honorable ITAT (Hyderabad bench) held that a payment which has direct link & immediate nexus with trading liability being connected with delayed payments of purchase bills, will not fall within the category of interest as defined in Section 2(28A) and thus there is no liability to deduct tax under section 194A. As per section 2(28A) interest means interest paid in respect of money borrowed or debt incurred and it also includes any services fees or other charges paid in respect of the same.

### **b. Purchase of Software cannot be treated as payment of royalty**

The Honorable ITAT (Mumbai Bench) in the case of Sonata Information Tech Ltd. held that the consideration paid merely for right to use software cannot be held to be royalty as the rights acquired are limited and specific to those necessary to enable the user to operate the program, whereas royalty will amount to transfer of rights or letting the purchaser of software exploit the rights that would otherwise be the sole prerogative of the copyright holder of the software.

### **c. Deposits in bank withdrawn from Cash book cannot be treated as unexplained credit**

The Honorable ITAT (Mumbai bench) in the case of Deora Trading Co. has held that the deposits made out of cash withdrawn from Cash Book needs no separate justification u/s 68 and the nature & its source are clearly explainable as there is a direct nexus between the withdrawals from cash book and further deposits in bank account.

## **II. Indirect Taxes**

### **a. CBEC notifies due date for 2<sup>nd</sup> Quarter of FY 2012-13 service tax return in amended ST-3 return form**

The CBEC has released most awaited form for filing of Service Tax Return for the period July,2012 to September,2012 and notified 25<sup>th</sup> March, 2013 as last date for filing of Service Tax Return.

### **b. Willingness to pay demand of service tax not a bar to challenge leviability of service tax**

The Bombay High Court in the case of Godavari Khore Cane Transport Co. Vs. Commissioner of Central Excise held that the petition/appeal of the assessee cannot be rejected merely on the ground that assessee himself expressed his willingness to pay service tax in the affidavit-in-reply to the show cause notice and/or could not produce documents before the lower adjudicating authority during the proceedings before him. The assessee can very well challenge leviability of service tax at any stage i.e., even after the service tax demand is paid by him.

**III. RBI/FEMA/SEBI****a. Banks can open A/c's for Bangladeshi nationals without RBI nod**

Reserve Bank permitted now to open non-resident ordinary rupee (NRO) account of Bangladeshi nationals without its prior approval. The permission is granted subject to the conditions the bank should satisfy itself that the individual holds a valid visa and valid residential permit. RBI asked banks to place a system of quarterly reporting whereby each branch of the bank shall maintain a record of the bank accounts opened by individual(s) of Bangladesh nationality and details of such account shall be forwarded to their head office and then head office shall submit the same to the Ministry of Home Affairs. However, it has been clarified that, opening of accounts by entities of Bangladesh ownership shall continue to require approval of RBI.

**b. RBI tightens norms for import of precious, semi-precious stones**

The Reserve Bank has tightened norms for import of precious and semi-precious stones by imposing a limit of 90 days towards letter of credit. As per the extant rules, banks have been permitted to approve Suppliers' and Buyers' Credit or the trade credit including the usance period of Letters of Credit opened for import of gold in any form or for jewellery made of gold or precious metal or any studded with diamond or semi-precious or precious stone for a period not exceeding 90 days from the date of shipment.

**c. SEBI allows Liquidity Enhancement Schemes(LES) in Equity Cash market and extends call action facility to all scrips**

SEBI has allowed stock exchanges to introduce incentive schemes for brokers and intermediaries to enhance liquidity in illiquid securities in the equity cash segment (earlier in derivative segment). Under the scheme, brokers and other market intermediaries are given incentives for a specified period of time to bring in liquidity and generate investor interest in those securities which have limited trading activity. In line with this, it has also extended the pre-open call auction facility (i.e. session which start from 9.00 a.m. to 9.15 a.m.) for all the scrips (including illiquid scrips) w.e.f. 1<sup>st</sup> April, 2013. Generally, in a call auction the buyers set a maximum price at which the shares can be bought while the sellers keep a minimum price for selling the scrip which helps in reducing the price volatility.

**IV. MCA****a. MCA relaxes additional fees & extension of last date in filing of various forms**

Stakeholders who are required to file their forms related to their financial statements, incorporation documents, name availability and charge documents where the due date is on or after January 17, 2013 but could not be filed due to technical issues in MCA-21 system are now allowed to file their forms without any additional fee/penalty up to February 28, 2013.



**V. DVAT****a. Registration of contractors engaged in development/construction of Immovable properties**

All Contractors/Builders/Developers/Collaborators, etc. engaged in development/construction of immovable properties in Delhi whose turnover exceeds 10 lakhs during a financial year are required to seek registration and pay VAT in order to avoid penalty and coercive action under DVAT Act and Rules. Also, the owners who have engaged such contractors are requested to provide the information regarding details of contractors, amount paid/payable to them immediately after the commencement and the non-submission of such information can make the owner himself deemed contractor and thus would become liable for VAT payment.

**b. Mandatory e-payment of taxes for all the dealers**

Department of Trade and Taxes has made it mandatory for all the dealers and contractees (TAN holders) to pay any taxes, interest and penalty or any other payment in electronic mode only. Such dealers who are not having internet banking facility can pay cash/cheque to the notified banks and such bank will act as 3<sup>rd</sup> Party.

**c. Filing of Audit Report in Form AR-1**

Every registered dealers whose gross turnover exceeds 10 crores in year 2011-12 or in any subsequent financial year should get their accounts audited as per Section 49 of the Act and shall furnish audit report in Form AR-1 within seven and a half months (i.e. 15th Nov) from the end of the year in duplicate. Dealers exclusively dealing in commodities listed in the first schedule to the act and dealers with 100% export turnover shall be exempted from furnishing audit report.

**VI. LABOUR LAWS****a. EPFO increases interest rate to 8.5% for 2012-13**

The EPFO apex body the Central Board of Trustees (CBT) has decided that PF subscribers will receive interest at the rate of 8.5% on their deposits for 2012-13, higher than 8.25% disbursed in the previous financial year.



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

7th March	Deposit TDS/ TCS deducted/ collected during the month ended February 28, 2013.
15th March	Payment of final installment of advance tax (100%) for corporate and non-corporate assessees.
31st March	Late filing of Income Tax Return for A.Y. 2012-13 without Penalty.
31st March	Due date for submission of ITR-V (AY 12-13) to CPC for assessees who have filed their electronically without digital signature.

**Service Tax**

5th/6th March	Deposit Service Tax liability of corporate/other assesses for the month ended February 28, 2013.
31st March	Quarterly & monthly payment of service tax for the month of March.

**Excise Duty**

5th March	Deposit Excise duty liability for the month ended February 28, 2013.
10th March	Submit return of Excise Duty for liability for the month ended February 28, 2013.
31st March	Quarterly & monthly payment of Central excise duties for the month of March.

**DVAT/CST**

21st March	Deposit DVAT/CST for the month ended February 28, 2013.
25th March	Submit monthly return in electronic form for month ended February 28, 2013.
28th March	Deposit monthly return in manual form for the month ended February 28, 2013.

**Labour Law**

15th March	Deposit Employee's & Employer's contributions to provident fund for the month ended February 28, 2013.(Including grace period 20 <sup>th</sup> March)
21st March	Deposit ESI dues for the month ended February 28, 2013.
25th March	Submit return of Provident Fund for the month ended February 28, 2013.