

I. Corporate Laws

a. Indian Accounting Standards converged with IFRS

Thirty five Indian Accounting Standards have been converged with International Financial Reporting Standards (henceforth called IND AS) are being notified by the Ministry and placed on the website. These are: IND ASs 1, 2, 7, 8, 10, 11, 12, 16, 17, 18, 19, 20, 21, 23, 24, 27, 28, 29, 31, 32, 33, 34, 36, 37, 38, 39, 40, 101, 102, 103, 104, 105, 106, 107 and 108. These IFRS converged Indian Accounting Standards in a phased manner after various issues including tax related issues. The date of implementation of the IND AS will be notified by the Ministry at a later date.

b. Revision of Schedule–VI of the Companies Act, 1956

Schedule-VI of the Companies Act, 1956 which lays down the format in which the Balance Sheet and Profit and Loss Account statement of a Company is required to be prepared has been revised through Notification No. 447. The changes have been made taking into consideration the shift to the IFRS converged accounting standards. Horizontal Format of financial statements has been discontinued in the new Schedule VI.

The schedule will be effective for Financial Statements prepared for the year commencing on or after April 1, 2011.

c. Filing of Balance Sheet and Profit & Loss Account in XBRL mode

MCA has decided to mandate listed companies and all companies having a paid up capital of Rs. 5 crore and above or a turnover of Rs. 100 crore or above to file balance sheets and profit & loss account for the year 2010-11 onwards by using XBRL taxonomy. The Financial Statements required to be filed in XBRL format would be based upon the Taxonomy on XBRL developed for the existing Schedule VI, as per the existing, (non converged) Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006.

d. Commission to Non-Whole Time Directors of the Company

Ministry of Corporate Affairs has recently decided that company shall not require the approval of Central Government for making payment of remuneration by way of commission to its Non-Whole Time Directors in addition to sitting fees in case such amount does not exceed 1% of the net profit where company has a whole time director and 3% in case a company does not have a whole time Director

e. DIN Process - Simplified

MCA has simplified the process to obtain DIN, now application for DIN will be made on E-form and no physical submission of documents shall be accepted and for this purpose scanned documents will be attached with the E-form. Through this simplification DIN may be allotted on the same day of the application.

f. Simplified Process of incorporation of Companies

With a view to reduce the time period required for formation of a company, the process for incorporation of Companies and establishment of principal place of business has been simplified by the Ministry of Corporate Affairs. According to the new procedure :

- Only Form-1 shall be approved by the ROC Office. Form 18 and Form 32 shall be processed by the system online;
- There shall be one more category, i.e., Incorporation Forms (Form 1A, Form 37, Form 39, Form 44 and Form 68) which will have the highest priority for approval;



- Average time taken for incorporation of company should be reduced to one day only.

g. Payment of MCA fees in Electronic Mode

MCA has decided to accept payments of value upto Rs. 50,000 for MCA 21 services, only in electronic mode w.e.f. 27th March, 2011. For the payments of value above Rs. 50,000, stakeholders would have the option to either make the payment in electronic mode, or paper challan. However such payments would also be made in electronic mode w.e.f. 1st October, 2011.

h. Disclosure of Particulars of Employees

The Companies Act (Particulars of Employees) Rules, 1975 require that specified particulars (such as designation, nature of duties, etc.) of employees whose remuneration exceeds a certain limit should be disclosed in the Financial Statements. This limit has now been increased by the Ministry of Corporate Affairs from Rs. 24 Lakhs per annum to Rs. 60 Lakhs per annum, or from Rs. 2 Lakh per month to Rs. 5 Lakh per month.

i. Companies (Name Availability) Rules, 2011

Central Government has introduced Companies (Name Availability) Rules, 2011. These rules provide various guidelines regarding composition, availability of name for the companies and required authorized capital for using key words in the name of the companies. Date from which these rules will apply is yet to be notified.

II. Income Tax

a. Streamlining procedure for scrutiny of income-tax returns

CBDT has decided that during the financial year 2011-12, cases of senior citizens and small taxpayers, filing income-tax returns in ITR-1 and ITR-2 will be subjected to scrutiny only where the Income Tax department is in possession of credible information. Small taxpayers would be individual and HUF taxpayers whose gross total income, before availing deductions under Chapter VIA, does not exceed Rs. 10 lacs.

b. Changes in the recognition criteria of Recognised Stock exchange

CBDT has through its notification amended Rule 6DDA (which provides conditions that a stock exchange is required to fulfill to be notified as a stock exchange for the purpose of the clause (d) to section 43(5) of the IT Act) provides the manner in which the Recognised stock exchange shall make modifications in the transactions in respect of cash and derivative market. Corresponding amendment is also made in Rule 6DDB.

c. Changes in procedure of obtaining certificate of non-deduction or lower deduction of tax

CBDT has amended Rule 28AA and modified the method for calculating TDS liability by the AO of the person making application under section 197 of the income tax act for obtaining certificate of lower or non-deduction of tax. The new method will allow the Assessing Officer to issue a certificate of lower rate of deduction than the average rate of tax of the previous three years.

Consequent changes have also been made in Form 13. The changes come into effect from April 1, 2011.



III. Custom & Excise

a. Relief to branded readymade garments manufactures.

Abatement on retail sale price of branded garments and made-ups of textiles increased from 40% to 55%. As a result the SSI would be able to enjoy the benefit of exemption in FY 2011-12 if it has turnover based on the Retail Sale Price (RSP) till an amount of Rs. 8.9 Crore (Approx.) in FY 2010-11.

Also, Central Government exempted returned or bought back garments and textile made-ups subject to certain conditions and upto 10% of the total value of clearances in the preceding financial year when such goods are cleared after re-made, re-conditioning etc.

Further, a deeming provision is introduced wherein manufactures can pay duty on the wholesale price at which they make the sale to the brand owner. As and when the manufactures affixes the Retail Sale Price (RSP) on such garment and made-ups, such brand owner would be liable to pay Additional Duty.

b. Anti-dumping duty on import of Glass Fibre and articles thereof from China

The designated authority regarding import of Glass Fibre and articles thereof from China had come to the conclusion that:

- The product under consideration has been exported to India from China below normal values;
- Industry of India had suffered material injury on account of subject imports from China;
- The material injury had been caused by dumped imports of subject goods from China.

and had recommended imposition of provisional anti- dumping duty on the import of subject goods, originating in, or exported from, the China.

IV. Service Tax

a. Service tax on specified professionals to continue on receipt basis

Point of Taxation Rules, 2011, as introduced in the budget have been amended to provide that for specified professionals, the service tax shall continue to be liable on receipt basis. The Point of Taxation Rules, 2011 had initially provided that the liability to pay Service Tax would arise as per accrual method or receipt basis, whichever is earlier for all people liable to pay service tax. With this amendment, the specified professionals have been exempted from the said change in Point of Taxation. The list of specified professionals include Chartered Accountants, Cost Accountants, Company Secretaries, Architects, Interior Decorators and Advocates.

Persons required to pay Service Tax under reverse charge under Sec 68(2) and under Rule 3(1) of Export of Services Rules, 2005 shall also be liable to pay tax on receipt basis, subject to conditions.

V. Sales Tax

a. Compulsory E-filing of DVAT Annual return

Electronic filing of DVAT Return for dealers who are required to file their return annually has been made mandatory. The return is to be filed within a period of 72 days from the end of tax period, i.e., for the year ended March 31, 2011, return is required to be filed by June 11, 2011. With this change, all category of dealers are now required to submit their returns in Electronic Form.



b. Due date for deciding appeals pending extended

The due date for deciding pending appeals relating to the period prior to the enforcement of the DVAT Act has been extended by one more, i.e., till March 31, 2012.

The DVAT Act came into force in 2005 in the city. This envisaged disposal of all pending appeals within next five years. However, the period was extended from 2010-11 for disposal of pending cases. With adoption of the DVAT (Amendment) Act, 2011 by voice vote in the Legislative Assembly, the period stands extended from April 2011 to March 2012.

VI. RBI & FEMA**a. Discontinuation of the Part B of form FC-GPR and Introduction of Annual Return**

RBI has discontinued the filing of Part B of form FC-GPR by Indian Companies and has introduced filing of Annual Return by Indian Companies of their foreign liabilities and assets position as at end of March of the previous financial year as well as the end of December and end of March of the latest financial year. Companies are required to file Annual Return upto 15th July every year along with the copy of the Balance sheet.

b. Consolidated Foreign Direct Investment (FDI) Policy

Central Government has issued the revised Consolidated FDI policy Circular summarizing the policies with regard to FDI in one place. FDI Policy inter alia, provides for Policy for Entry Routes, Entry conditions for foreign direct investment in India by Manufacturing, Service, Power and Mining sectors. The Salient Features of the Circular includes

- Requirement of approval from Govt where the Foreign Investor had an existing tie-up with an Indian Partner has been removed.
- The condition for upfront pricing of convertible instruments brought into force vide Circular 2 of 2010 has been diluted.
- Issuance of equity shares for non cash consideration for certain categories has been permitted.
- Simplification of policy for downstream investments

c. Increase in Repo & Reverse Repo Rates

RBI has increased the repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.50 per cent to 6.75 per cent and the reverse repo rate by 25 basis points from 5.50 per cent to 5.75 per cent with effect from March 17, 2011.

d. Coins of 25 Paise and below – withdrawal from circulation

The Government of India has decided to withdraw coins of denomination of 25 paise and below from circulation with effect from June 30, 2011. RBI has instructed the banks maintaining small coin depots to arrange for exchange of coins of denomination of 25 paise and below for their face value at their branches. The coins will be exchanged at the banks specified for this purpose.

e. NBFCs not to be Partner/contributor in Partnership Firms

RBI has decided to prohibit NBFCs from contributing capital to any partnership firm or to be partners in partnership firms. In cases of existing partnerships, NBFCs may seek early retirement from the partnership firms.



Relevant due dates for the month of April, 2011**Income Tax**

- 7th April Submission of copy of Declaration forms (Form 15G and Form 15H) received from deductees by the deductor for non deduction of TDS under section 197A before CIT/CCIT
- 7th April Deposit of TCS Collected during the month of March, 2011
- 30th April Deposit TDS deducted during the month of March, 2011

Service Tax

- 25th April Submit return of Service tax for liability for the half-year ending March, 2011
- 30th April Submit half-yearly return of service tax credit received and distributed by a Input Service Distributor

Excise Duty

- 10th April Submit return of Excise Duty for liability for the month ending March, 2011
- 30th April Submit declaration of Principal inputs and annual installed capacity statement in case of units paying duty more than Rs. 1 crore in Form ER-5 and ER- 7 respectively

DVAT

- 15th April Intimation for change in tax period in form DVAT-55
- 25th April Submit monthly/quarterly return in electronic form for the period ending March, 2011
- 28th April Submit monthly/quarterly return in manual form for the month ending March, 2011
- 28th April Filing of Annual TDS return under DVAT in form DVAT-48

Labour Law

- 15th April Deposit Employee's & Employer's contributions to provident fund for the month ending March, 2011 (grace of 5 days)
- 21st April Deposit ESI dues for the month ending March, 2011
- 25th April Submit return of Provident Fund for the month ending March, 2011

Corporate Law

- 30th April Last day for getting their names strike off by defunct companies from Register of Companies under Easy Exit Scheme, 2011

