

## **I. Income Tax**

### **1. Supreme Court settles Vodafone favourably**

Delivering a historic judgment, the Supreme Court pronounced its decision in the high stake dispute between the tax department and Vodafone International Holdings BV. Holding the principle that genuine tax planning cannot be abandoned and that the situs of the shares is to be determined as per the legal provisions, the Court held that deal between Vodafone International B.V. and Hutchinson Telecommunications International Limited (HTIL) is not chargeable to tax in India.

Vodafone purchased the shareholding of CGP Investment Holdings Ltd, a Cayman based entity, from HTIL, effectively obtaining controlling interest in Hutch India. The tax department had raised a demand of approximately Rs. 11,000 Crores (USD 2.2 Billion) contending that the transaction was effectively a transfer of assets based out of India and hence, chargeable to tax.

With the Supreme Court giving a favourable decision, the foreign investors can take a sigh of relief. The decision settles various relevant issues bringing certainty to corporates looking to invest in India.

### **2. Extension of due date of filing ITR-V for A.Y. 2011-12**

The due date for submission of signed acknowledgement, known as ITR-V, for returns filed for assessment year 2011-12 has been extended up to March 31, 2012 or 120 days from the date of upload whichever is later.

ITR-V is required to be submitted to the Central Processing Centre of Income Tax Department by all assesseees who have submitted their return online without Digital Signature.

## **II. Corporate Laws**

### **a. Refund of wrongly paid fees by ROC**

The Ministry of Corporate Affairs has issued the procedure for refund of wrongly fees paid by the stakeholder by filing a refund e-form. Refund is available for multiple payments of Form 1, Form 5, incorrect/ excess payments. Refund is not applicable for certain services/ e-forms like inspection of documents/ certified copies, transfer deeds, Stamp duty fee (D series SRN), IEPF Payment, STP Forms, DIN e-Form, etc.

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

### **a. Private Sector banks allowed to carry Government Agency Business**

The Reserve Bank of India, in order to improve customer convenience for revenue collection and payments on behalf of Government, allowed private sector banks to conduct Government business as agents of RBI other than those already allowed. Such banks would be allowed after necessary approvals from the designated authorities.

**b. Reduction in the Cash Reserve Ratio**

The Reserve Bank of India reduced the Limit of Cash Reserve Ratio (CRR) maintained by the banks with RBI from 6% to 5.5% of net time and demand liabilities. This reduction in CRR would help pump liquidity into the system.

**c. External Commercial Borrowings – Simplification of procedure**

To simplify and speed up external commercial borrowing (ECB) transactions, the Reserve Bank of India (RBI) allowed Authorized Dealer Category-I (AD Category-I) banks to undertake some of its functions in respect of the ECB transactions such as cancellation of Loan Registration Number (LRN), change in end use of ECB proceeds etc. subject to certain conditions.

**d. Government notifies 100% FDI in single-brand retail**

Department of Industrial Policy and Promotion (DIPP) has raised 100 per cent Foreign Direct Investment (FDI) in Single brand retail from the existing level of 51% under the government approval route subject to certain conditions. This move will allow foreign giants to buy out the domestic partners and have full ownership of their India operations. The notification is operative from January 13, 2012.

**IV. Indirect Taxes****a. Ad-valorem Import duty on import of Gold and Silver**

Customs Department through a notification has changed the basis of determination of duty on Gold and Silver to ad-valorem against the fixed duty being charged previously. Now, duty shall be payable at 2% of the import price against a fixed Rs 300 per 10g previously in the case of Gold. Similarly, for Silver, duty shall be payable at 6% of the value vis-à-vis a fixed Rs. 1500 per kg earlier.

**V. DVAT****b. Extension of due date of filing of monthly/quarterly DVAT return**

Department of value added tax has extended the last date for filing of online returns (in Form DVAT-16 and Form -1) for the tax periods for the month /quarter ending Dec 2011, to 10-Feb-2012 and for filing of hard copy up to 13-Feb-2012.

**c. Mandatory on-line filing of Annexure-2A and 2B**

The procedure of online filling of Annexure 2A & 2B (month- wise and dealer- wise summary of sales and purchases) by Quarterly return filing dealers made mandatory w.e.f. third Quarter of 2011-12. Also, Form DVAT 16 and Form -1 can only be filed after uploading of Annexure-2A and 2B.



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

7th February                      Deposit TDS/TCS deducted/collected during the month ended January 31, 2012.

**Service Tax**

5th/6th February                Deposit Service Tax liability of corporate assesseees for the month ended January 31, 2012.

**Excise Duty**

5th/6th February                Deposit Excise duty liability for the month ended January 31, 2012.

10th February                    Submit return of Excise Duty for liability for the month ended January 31, 2012.

**DVAT**

25th February                    Deposit VAT/ CST for the month ended January 31, 2012.

25th February                    Submit monthly return in electronic form for the month ended January 31, 2012.

28th February                    Deposit monthly return in manual form for the month ended January 31, 2012.

**Labour Law**

15th February                    Deposit Employee's & Employer's contributions to provident fund for the month ended January 31, 2012 (grace of 5 days).

21st February                    Deposit ESI dues for the month ended January 31, 2012.

26th February                    Submit return of Provident Fund for the month ended January 31, 2012.

