

### **I. Income Tax**

#### **a. Exemption from filing of Return of Income**

The Central Board of Direct Taxes exempted Individuals whose total income does not exceed Rs. 5 lakh and consists of only salary income and interest of Rs.10,000 or less from saving account, from furnishing a return of income for the AY 2011-12. The exemption is subject to fulfillment of certain specified conditions of proper deduction of TDS on the Income, but still will provide relief to significant number of people.

For people availing the above exemption, it is recommended that they mandatorily collect their Form 16 from their employer and verify the details from their tax statement (Form 26AS) available online.

#### **b. Filing with Digital Signature Certificates mandatory for assesseees covered under Sec 44AB**

CBDT has made it compulsory for Individuals/HUFs and Partnership Firms who are covered u/s 44AB (i.e who are required to get their books of accounts audited u/s 44AB) to file their Income tax return for the AY 2011-12 and onwards with digital signature only in prescribed form ITR 4 and ITR 5 respectively.

#### **c. Cost Inflation Index for F.Y. 2011-12 notified**

The Central Board of Direct Taxes notified cost inflation index for the F.Y. 2011-12 as '785'. Cost Inflation Index is used for calculation of indexed cost of acquisition while computing Long Term Capital Gains(LTCG) under Income Tax Act, 1961.

#### **d. Exemption on Interest from Post office saving bank account restricted to Rs. 3500**

CBDT has restricted the exemption from Income Tax available on Interest from Post Office Savings account to Rs 3,500/- in case of individual and Rs 7,000/- in case of joint account holders. Prior to the notification, the whole of such interest was fully exempt from tax under Sec 10(15).

#### **e. No Income Tax on income received on behalf of funds established for annual medical check ups**

CBDT has issued a notification giving relief to the salaried class person by exempting the income received on behalf of the notified welfare fund established to give cash benefits to the employees or dependents to meet the cost of annual medical tests or medical checkups of the member, his spouse and dependent children on the fulfillment of certain conditions.

#### **a. India, Singapore amend DTAA to exchange tax information**

India signed a protocol, amending the Double Taxation Avoidance Agreement (DTAA) with Singapore to allow for exchange of information in tax matters. Banking information would also come under the ambit of the new agreement. This would help India track assets illegally stashed away in Singapore.

## **II. Custom, Excise & Service Tax**

### **a. Clarification on issues related to Excise Duty on Branded Readymade Garments/ made-ups**

The CBEC has clarified that readymade garments and made-ups used by hotels, restaurants, airlines etc. bearing the name/ logo of the hotels, restaurants, or airlines etc. shall not be covered under the definition of "brand name" unless otherwise it bears a brand name in addition to the name/ logo of the school, security agency, hotels, restaurants, airlines etc. Also, blankets supplied to the Ministry of Defence or its organizations bearing the name of the manufacturer will not merit treatment of Branded goods.

Further, the board clarified that a self certification may also be accepted instead of a CA certificate for the turnover of previous year where the assessee claims the benefit of the SSI notification.

### **b. Point of taxation rules amended to allow consulting engineers to pay service tax on receipt basis**

The Point of Taxation rules, 2011, which determines the point of time when the services shall be deemed to be provided, have been mandated from July 1, 2011. Further, the rules specify the services which shall continue to pay service tax on receipt basis. CBDT has now also notified consulting engineers' services also in its ambit services which are allowed to pay service tax on receipt basis.

### **a. Self-Certified statement sufficient to claim SSI benefit**

The CBEC has clarified in the case of Small Scale Units (SSI), a self certified statement shall be sufficient for claiming the benefit of exemption under SSI notification. Previously, CA certificate for the turnover of previous year was required where the assessee wished to claim the exemption.

## **III. Corporate Laws**

### **a. E-mode of issue of Certificates by ROC**

As a step further towards "Green Initiative" the Ministry of Corporate Affairs (MCA) has decided to issue digitally signed certificates in respect of registration or modification of mortgages, incorporation, establishment of place of business etc. from May 29, 2011/ June 12, 2011. The remaining certificates are being planned to be issued with a digital signature by July 2011.

Further, Ministry has advised ROC to issue pending manual certificates by June 30, 2011.

### **b. Non- Acceptance of event based information in case of defaulting companies**

Observing the recent trend of filing only the event based information and not the updated financial statement and annual return with MCA, the ministry in order to ensure corporate governance and proper compliance of the Companies Act, 1956, it has been decided not to accept such event based information from such defaulting companies except a few necessary forms like forms related to filing of annual

#### ***XBRL Filings expected to start from July 15<sup>th</sup>***

*MCA expects to start the filing of Financial Statements in XBRL mode from July 15<sup>th</sup>. In March this year, MCA had mandated XBRL filings for prescribed Companies. MCA has released the taxonomy for the filings. Validation tool is yet to be released.*

return and financial statement, change in directors, Cost Audit branch, investor complaint form etc. The said is applicable from July 3, 2011 for defaulting companies who have made default for the F.Y.2006-07, 2007-08, 2008-09 and 2009-10.

**c. Video conference mandatory for AGM from April 1, 2012**

MCA has clarified that companies have an option to provide video conferencing facility to shareholders and directors for the meetings held during the financial year 2011-12. However, it has been mandated for all listed companies to provide video conferencing facility to the shareholders for all Annual General Meetings (AGM) held on or after April 1, 2012.

**d. Fast Track Exit Mode for defunct companies**

Ministry has framed guidelines which will be implemented from 3rd July, 2011 for Fast Track Exit of defunct companies (companies which are inoperative since incorporation or commenced business but became inoperative or defunct later on) to get their name strike off from the Register of Companies maintained by ROC on the payment of prescribed fees, instead of following the existing route of filing e-form 61.

This will provide an easier route for closing a company which is not active anymore.

**e. Cost Accounting Rules released**

The Ministry has issued Companies (Cost Accounting Records) Rules, 2011 and Companies (Cost Audit Report) Rules, 2011 to provide guidelines to the Companies on Cost records and audit.

Cost Accounting Records Rules define the applicability of the rules and the provide the compliance with respect to

1. Maintenance of cost records
2. Form, time limit for submission and authentication of compliance report
3. Penalties which company, every officer of the company and cost accountant face in the event of contraventions of the rules.

The Cost Audit Report Rules 2011 define who can undertake a cost audit and provide guidance and form of audit report for the Cost Auditor.

#### **IV. FEMA/RBI**

**a. FDI in LLPs allowed**

Opening doors to a completely new domain, the RBI allowed Foreign Direct Investment (FDI) in Limited Liability Partnerships (LLPs). Initially, it is only available to sectors which fall under 100% FDI is allowed under Automatic Route.

**b. Liberalisation of Prepayment of Foreign Currency Convertible Bonds (FCCB)**

The Reserve Bank of India has reviewed the policy with respect to premature buyback of FCCBs. RBI has provided a simplified procedure for both FCCBs falling under Automatic Route and under Approval Route. The simplified procedure is subject to certain conditions and should be completed by March 31, 2012 to avail the exemption.

***FDI in Multibrand Retail in foray***

A panel of experts appointed by PM has given its approval to allow FDI in 'Multibrand Retail' in a properly-regulated fashion to control inflation. This will open the floodgates for big corporate like Walmart, Carrefour to finally penetrate the 1 Billion people strong Indian consumption market.

**c. Repo and Reverse Repo Rates increase further**

The Reserve Bank of India, in a period of less than 45 days, has again increased the Repo rate and Reverse Repo rate. The repo rates have been increased by 25 basis points from 7.25% to 7.50% with effect from June 16, 2011. Similarly the Reverse Repo Rate will now stands at 6.50% with a spread of 100 basis point below the Repo Rate.

The Repo rate refers to the interest rate at which the banks borrow money from RBI. Reverse Repo refers to the interest rate which RBI pays on the deposits it receives from the banks.

**d. Regulations for Overseas Direct Investment rationalised**

The RBI has rationalised the regulations for overseas direct investment by Indian Corporates to provide for operational flexibility. Specifically, the regulations have been liberalized with respect to

- Performance Guarantees issued by the Indian Party
- Restructuring of the balance sheet of the overseas entity involving write-off of capital and receivables
- Disinvestment by the Indian Parties of their stake in an overseas JV/WOS involving write-off
- Issue of guarantee by an Indian Party to step down subsidiary of JV /WOS under general permission

**e. NOC required for overseas investment by NBFCs**

All NBFCs intending to make any overseas investment must now obtain a 'No Objection' (NoC) from the Department of Non-Banking Supervision of Reserve Bank before making such investment. The NOC is to be obtained from the Regional Office of the Bank in whose jurisdiction the head office of the company is registered.

**f. Sale of JV/WOS – Revised provisions**

RBI has restated various provisions relating to transfer by way of sale of joint venture or wholly owned subsidiary abroad with or without write off of shares/securities. Both types of disinvestments are possible without the approval of RBI but subject to certain conditions specified by RBI such as in case if sale results in write off of share/security, then amount repatriated on disinvestment must be less than the amount of the original investment.

If the above conditions are not satisfied, then prior permission of RBI is required to be taken for such sale of investment.

**V. Delhi Value Added Tax****a. Mandatory Filing of Annexure 2A and 2B with Form D VAT-16**

Department of Value added tax has removed the confusion from the mind of dealers and made it compulsory to file Annexure 2A (dealer-wise and month-wise summary of Sales) and Annexure 2B (dealer-wise and month-wise summary of Purchase) along with the form DVAT 16 filed for the relevant tax period retrospectively, w.e.f., May 7, 2010.

**b. Final time limits for disposal of pending Central Assessments**

Department of Value Added Tax has fixed the final time limit for disposal of all pending central assessments which are related to deficiency in central statutory forms submitted by the assessee with the department. Assessment for the second quarter of 2007-08 and third & fourth quarter of AY 2007-08 have to be completed before June 30, 2011 and September 30, 2011.

**Relevant due dates for the month of July 2011****Income Tax**

7th July	Deposit TDS/TCS deducted/collected during the month ended June 30, 2011
15th July	Submit return for TDS/TCS for the quarter ending June, 2011
30th July	Issue Form 16A for the quarter April to June 2011
31st July	Submit Return of Income tax of assesseees whose accounts are not required to be audited
31st July	Submission of ITR V for A.Y. 2010-11 at CPC Bangalore

**Service Tax**

1st July	Point of Taxation Rules become mandatory
5th/6th July	Deposit Service Tax liability of corporate assesseees for the month ended June 31, 2011

**Excise Duty**

5th/6th July	Deposit Excise duty liability for the month ended June 31, 2011
10th July	Submit return of Excise Duty for liability for the month/ quarter ended June 31, 2011
15th July	Submit quarterly returns of Excise Duty of First Stage and Second Stage Registered Dealers

**DVAT**

20th July	Deposit VAT/ CST for the month/ quarter ended June 30, 2011
25th July	Submit monthly/ quarterly return in electronic form for the month/quarter ended June 30, 2011
28th July	Submit monthly/ quarterly return in manual form for the month/ quarter ended June 30, 2011

**Labour Law**

15th July	Deposit Employee's & Employer's contributions to provident fund for the month ended June 30, 2011 (grace of 5 days)
21st July	Deposit ESI dues for the month ended June 30, 2011
25th July	Submit return of Provident Fund for the month ended June 30, 2011.

**FEMA/FCRA**

15th July	Submit Annual Return of Assets and Liabilities for Financial year 2010-11 for FDI with Reserve Bank of India
31st July	Submit return in Form – FC3 along with Financial Statements for Foreign Funds with Ministry of External Affairs