

I. Income Tax

a. Due Date of filing of return of Income Tax extended for Sikkim

Considering the disturbance on account of the sever earthquake in the state of Sikkim, the Govt has extended the due date of filing of return of income tax for assesseees who are required to have their books of audited to October 31, 2011 from September 30, 2011.

b. Five Companies are specified for issuing Bonds for the purposes of Sec 80CCF

Central Government has specified that deduction under section 80CCF for Financial year 2011-12 can be claimed if investment is made in the Long Term Infrastructure Bonds issued by the following companies

- The Industrial Finance Corporation of India (IFCI),
- Life Insurance Corporation of India (LIC),
- Infrastructure Development Finance Company Limited (IDFC),
- India Infrastructure Finance Company Ltd (IIFC), and
- Non-Banking Finance Company classified as an Infrastructure Finance Company by the Reserve Bank of India.

Under Sec 80CCF, individuals may claim a deduction upto Rs. 20,000 for investing in specified Long-term Infrastructure Bonds.

c. TPO has no power to scrutinise the transactions which are specifically not referred to him by the AO

In the case of Diageo India, the ITAT in a recent judgement has clarified that the reference made by Assessing Officer (AO) to the Transfer Pricing Officer (TPO) is transaction specific and not enterprise specific. As such, the TPO has no power to scrutinise the transactions which have not been specifically referred to by the AO.

It was also held that transfer pricing provisions would be applicable to a transaction entered with an unrelated entity which is deemed associated enterprise.

d. No TP adjustments in respect of the corporate guarantee provided by the assessee company on behalf of its subsidiary

The Tribunal in a recent judgement in the case of Four Soft Ltd has held that corporate guarantee provided by the assessee company does not fall within the definition of international transaction. The TP legislation does not stipulate any guidelines in respect to guarantee transactions. In the absence of any charging provision, the lower authorities are not correct in bringing aforesaid transaction in the TP study.

It was further clarified that the corporate guarantee is very much incidental to the business of the assessee and hence, the same cannot be compared to a bank guarantee transaction of the Bank or financial institution. No TP adjustment is required in respect of corporate guarantee transaction done by the assessee company.

II. Corporate Laws

a. Company Law Settlement Scheme Extended

The last date for availing the benefit of Company Law settlement scheme launched earlier this year has been extended to December 15, 2011.

As an incentive to all defaulting companies to bring to date their corporate law compliances, Ministry of Company Affairs (MCA) has introduced the Company Law Settlement Scheme, 2011. The Scheme provides for condonation of delay of filing of documents and provides immunity from prosecution for delay in filing of documents. Similar to the scheme released in 2010, only 25% additional fees shall be payable. The Scheme is only applicable for Form 20B, Form 23AC, Form 23ACA, and Form 66.

b. XBRL Validation tool released

The revised XBRL validation tool has been released by the Ministry of Company Affairs for verifying the XBRL instance documents. Revised Form 23AC and 23ACA has also been issued.

Earlier this year, filings in XBRL format had been mandated for specified companies. Now, with the revised Taxonomy and Validation tool, XBRL filings can be made with the Registrar of Companies.

c. Exemption from Revised Schedule-VI

The Ministry of Company Affairs has notified that the Companies intending to go for Initial Public Offer / Follow up Public Offer may prepare the financial statements in a format of the pre-revised Schedule VI. This would be applicable only in the case for period ended March 31, 2012. For subsequent years, the financial statements have to be prepared in the revised format only.

a. Due date of filing DIN-4 extended

DIN-4 which is required for furnishing PAN or to update PAN details to ROC has been extended upto 15.12.2011

III. FEMA/RBI/SEBI

a. Revised FDI Circular released

The Govt has released the revised Consolidated FDI circular. The significant changes in the Circular are as follows

- Exemption of construction-development activities in the education sector and in old-age homes, from the general conditions in the construction-development sector
- Inclusion of 'apiculture' , under controlled conditions, under the agricultural activities permitted for FDI
- Inclusion of 'basic and applied R&D on bio-technology pharmaceutical sciences/life sciences', as an 'industrial activity', under industrial parks
- Notification of the revised limit of 26% for foreign investment in Terrestrial Broadcasting/ FM radio

The Consolidated FDI Circular is a single point reference for investors and regulators and is updated every six months.

b. Liberalisation of FEMA norms for Resident Individuals

After reviewing the recommendations of the Committee to review the facilities for individuals under Foreign Exchange Management Act, (FEMA), RBI has rationalized and liberalized such policies. Significant changes are as follows

- Resident individual may lend to a NRI Close relative by way of crossed cheque/electronic transfer subject to certain conditions
- Resident individual may repay loan of NRI Close relatives
- Resident individual may meet Medical Expenses of NRI Close relatives
- Resident individuals permitted to include resident close relative(s) as a joint holder(s) in their EEFC/RFC bank accounts on 'former or survivor' basis

c. External Commercial Borrowings - Liberalisation

The existing policy for External Commercial Borrowings (ECBs) has been reviewed by the RBI. The policy has been liberalized and rationalized. Significant changes are as follows

- Eligible companies in real estate-industrial-infrastructure sector avail of ECB up to USD 750 million or equivalent per financial year under the automatic route as against the present limit of USD 500 million or equivalent per financial year.
- Indian Companies in Infrastructure sector may avail ECBs in Renmibi (RMB) under approval route subject to an annual cap of USD 1 Billion.
- Corporates in specified service sectors viz. hotel, hospital and software, can avail of ECB up to USD 200 million or equivalent during a financial year as against the present limit of USD 100 million or equivalent per financial year subject to the condition that the proceeds of the ECBs should not be used for acquisition of land
- Term debt-equity ratio replaced with 'ECB Liability'-equity ratio
- Service sector units, in addition to those in hotels, hospitals and software, could also be considered as eligible borrowers if the loan is obtained from foreign equity holders under approval route

IV. Indirect taxes**a. Research & Development Cess (R&D Cess) Credit allowed on due basis**

As per a recent notification issued by the Central Board of Excise and Customs (CBEC), the R&D Cess paid on Import of Technology Transfer by certain assesseees can be claimed as credit for the payment under Service Tax. Previously, such credit can only be claimed after payment of such cess. This is subject to specified conditions.

b. Excise and Service Tax Returns – Mandatory E-filing

Modifying the relevant Rules, CBEC has made it mandatory for all Excise and Service Tax assesseees to file their returns electronically. The provision takes effect from October 1, 2011 and will be applicable for returns to be filed for the month/quarter/half-year ended Sept 30, 2011.

Previously, only those assesseees who were making a payment of more than Rs. 10 lakh as service tax and/or Excise Duty were required to file their return electronically.

c. New Excise Forms ER-1 and ER-3 amended

Forms ER-1 and ER-3 were introduced earlier this year for quarterly returns of manufacturers availing benefit of exemption to Small Scale Industries. The forms have been amended and the date of applicability of such forms has been postponed from October 2011 to January 2012.

V. Delhi Value Added Tax**a. New DVAT E-Return Form for online uploading of Annexure-2A and Annexure 2B**

In order to facilitate the on-line filing of returns (DVAT-16 and Form 1) along with Annexure 2A and 2B, by the dealers a new software has been developed in which Annexure 2A and Annexure 2B has to be uploaded on-line and it has been mandated that all monthly returns for the month of August and onwards shall be filed only through this new software only. To ease the process of deposit of tax, Department of Value added tax of Delhi has included UCO Bank in the scheme for payment of tax, interest, penalty or any other dues under the DVAT Act, 2004, through electronic payment.

b. Extension of due date of filing monthly DVAT Return

In order to understand the procedure of new software for filing of DVAT return and difficulty in using the software Delhi department of Sales tax has extended due date of furnishing monthly DVAT return along with annexure 2A and 2B for the month of August to October 14th 2011 and hard copy of it shall be submitted by October 17th 2011.

c. Transfer of rights of live telecasting of events performed in Delhi is covered under Entry no.3 of Third Schedule

Department of Trade and taxes has clarified that sale or transfer of rights of live telecasting of events performed in Delhi is covered under Entry no.3 of Third Schedule of the Delhi Value Added Tax Act, 2004. Entry No.3 reads as all intangible goods like copyrights, patents, rep license, goodwill etc.



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

7th October	Deposit TDS/TCS deducted/collected during the month ended September 30, 2011
15th October	Last date of filing of TDS/TCS return for the quarter ended September 30, 2011
30th October	Issue TDS Certificates (Form 16A) for all non-salary deductions made during the quarter ended September 30, 2011

Service Tax

5th/6th October	Deposit Service Tax liability of corporate assesseees for the month ended September 30, 2011
25th October	Last date of filing service tax return for the half year ending 30 th September 2011.(Mandatory E-filing for all assesses w.e.f 1.10.2011)

Excise Duty

5th/6th October	Deposit Excise duty liability for the month ended September 30, 2011
10th October	Submit return of Excise Duty for liability for the month ended September 30, 2011
15th October	Submit quarterly return of excise duty of First stage and Second stage Registered dealers

DVAT

14th October	Deposit VAT/ CST for the month ended August 31, 2011(As re-extended)
17th October	Submit monthly return in electronic form for the month ended August 31, 2011. (As re-extended)
28th October	Deposit monthly return in manual form for the month/ quarter ended September 30, 2011.
25th October	Deposit VAT/ CST for the month/quarter ended September 30, 2011(As re-extended)
25th October	Submit monthly return in electronic form for the month ended September 30, 2011. (As re-extended)

Labour Law

15th October	Deposit Employee's & Employer's contributions to provident fund for the month ended September 30, 2011 (grace of 5 days)
21st October	Deposit ESI dues for the month ended September 30, 2011
25th October	Submit return of ESIC for the half year ended September 30, 2011
26th October	Submit return of Provident Fund for the month ended September 30, 2011