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Quarterly Newsletter – July 2015

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The Income Computation and Disclosure Standards (ICD's)

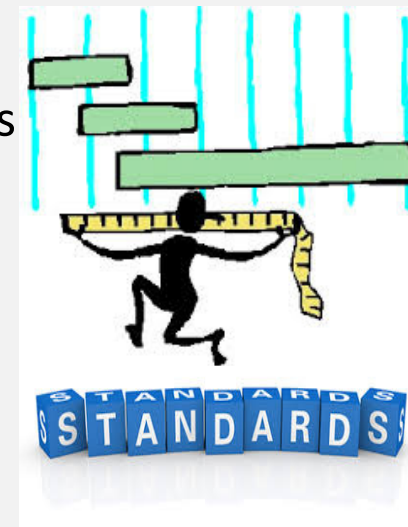
The concept of Tax Accounting standards was first introduced by Finance Act, 1995 with Central Govt prescribing 2 standards in 1996 viz – Disclosure of Accounting Policies and Disclosure of Prior Period and Extra ordinary items and Changes in Accounting Policies.

Now CBDT has notified 10 Tax Accounting Standards which are to be followed by assessee while computing “Income from Profits and Gains from Business or Profession” applicable from A.Y. 2016-17.

The assessee is required to maintain accounts as per applicable AS issued by ICAI or Ind-AS, as the case may be. But, if there exists any difference between the standards so followed and ICD's, then assessee will have to make adjustments while computing its taxable income.

The ten ICD's notified u/s 145(2) are related to the following –

- Accounting Policies
- Valuation of Inventories
- Construction Contracts
- Revenue Recognition
- Tangible Fixed Assets
- Effects of changes in Foreign Exchange Rates
- Government Grants
- Securities
- Borrowing Costs
- Provisions, Contingent Liabilities and contingent Assets



With the introduction of ICD's it is likely that the confusion over tax issues & compliances to suit disclosure requirements of ICD's will increase significantly.

Income Tax updates



New Income Tax Return forms Notified –

New Income Tax return forms have been prescribed on 22.06.2015. Along with ITR 1S and ITR 2, new form ITR 2A has been introduced. ITR 2A can be filed by Individuals and HUF not having Income from Business, Profession, Income from Capital Gain or foreign asset and income. Although forms have been prescribed, e-filing utility has been made available only for ITR 1 and ITR 4S.

Due Date for submission of Income Tax Return extended –

Due Date for filing Income Tax Return by non tax audit eligible and non corporate assessee's has been extended from 31st July, 2015 to **31st August, 2015.**

TDS applicable on Interest on Recurring Deposits and Interest from Co-op Bank –

Concession, hitherto available is now withdrawn as regards TDS applicability on Recurring Deposits with the bank in line with FD Interest. Similarly, w.e.f. 1st June 2015 TDS applicability shall be considered on "bank as a whole basis" rather branch basis. Also, CO-op banks are under obligation to deduct TDS from interest paid to their members.

Procedure for Response to Arrear Demand by Taxpayer and Verification and Correction of Demands by AO's -

CBDT vide circular no. 8/2015 has prescribed the Standard Operating Procedure for Verification and Correction of Demand available or uploaded by AO in CPC Demand portal.

Notification of dates for compliance window under Black Money Act -

The Central Government has notified the 30th day of September, 2015, as the date on or before which a person may make a declaration in respect of an undisclosed asset located outside India under the compliance provisions of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ('Black Money Act'). The last date by which a person must pay the tax and penalty in respect of the undisclosed foreign assets so declared shall be the 31st day of December, 2015.

Circular issued about instructions for Condonation of delay in filing Refund claim and claim of c/f losses –

The applications/claims for amount exceeding Rs.50 lakhs shall be considered by the Board. Claims between Rs. 10 to Rs. 50 Lacs to be considered by Pr.CCsIT/CCsIT, while claims below Rs. 10 Lacs are to be considered by Pr.CsIT/CsIT. Condonation application can be entertained upto 6 years only, which shall be disposed off within 6 months. Detailed provisions have been stated in Circular 9/2015dt. 09.06.15

Income Tax Forms for FY 2014-15 (AY 2015-16)	Description
ITR 1 (Sahaj)	For Individuals having Income from Income from Salary and Interest
ITR 2	For Individuals and HUF not having Income from Business or Profession
ITR 2A	For Individuals and HUF not having Income from Business or Profession and Capital Gains and who do not hold foreign assets
ITR 3	For Individual who is a partner in the Firm / LLP
ITR 4	For Individuals and HUF having Income from Business or Profession
ITR 4S (Sugam)	For Individuals and HUF having Income from presumptive Business



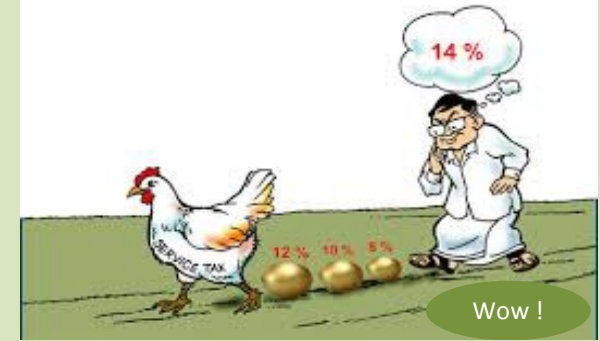
Maharashtra Vat updates

Particulars	Amended Provisions
Amendment to Profession Tax	w.e.f. 1st April, 2015 Exemption limit ONLY FOR WOMAN EMPLOYEES has been increased from Rs. 7500/- p.m. salary to Rs. 10,000/- p.m. salary.
No Vat on Service Tax amount	With the amendment of definition of Sale Price and Purchase Price, Service tax levied and collected separately shall not form part of Sale Price / Purchase Price. Benefit of this deduction shall be available only if Service Tax is levied and collected separately in the Bill. However this benefit shall not be available to Works Contract Transactions opting for Composition scheme.
Multiple Revised returns allowed	Currently, a dealer is barred from filing multiple revised returns. However, w.e.f. 1st April, 2015 statutory bar for multiple revised returns has been removed.
Reduction in late Fee	Late fee for filing return is reduced to Rs. 1,000/- only upto delay of 30 days (from existing Rs. 2000/-)
Limitation period for transaction wise assessment	Limitation period of 6 years has been fixed to complete transaction wise assessment. Form 302 Notice can not be issued for any transaction wise assessment u/s 23(5) for transaction falling in FY 2005-06, 2006-07, 2007-08 and 2008-09 after 31.03.2015

Service Tax Rates for selected Services

Basic Rate of Service Tax –

Basic Service tax rate w.e.f. 01.06.2015 is 14% No separate Education cess and Higher Secondary Education cess is to be charged.



Abatements and Composition under Service Tax –

Service Tax is payable on value of taxable service. In few cases, simplified scheme (composition scheme) is available while in few cases abatement (partial exemption from service tax) has been provided. Abatement reduces the base to which service tax rate is to be applied. Abatements are covered by Notification No. 26/2012 dt. 20.06.2012 as amended from time to time. Due to this, effective rate of service tax will be different.

Following are the few Important Services where owing to abatement and composition scheme, effective rate of service tax is different –

Description of Taxable Service	Effective Service Tax Rate w.e.f. 01.06.2015
Services of goods transport agency	4.20 %
Renting of any motor vehicle designed to carry passengers	5.60 %
Construction of residential unit having carpet area upto 2000 square feet or where the amount charged is less than rupees one crore; for area above 2000 s. ft. or amount over Rs. 1 crore	3.50 % 4.20 %
Commercial Construction	4.20 %
Outdoor Caterer	8.40 %
Works Contract – Original Work	5.60 %
Others	9.80 %
Catering and Renting in Hotel, club, convention centre etc.	9.80 %
Restaurant Service	5.60 %



Service Tax updates

Negative list has been amended. So, following services shall become taxable –

service provided by way of access to amusement facility providing fun or recreation by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, water parks and theme parks.

service by way of admission to entertainment event of concerts, pageants, musical performances concerts, award functions etc. if the amount charged is more than R500 per person for the right to admission

Swachh Bharat Cess - Central Government has been empowered to impose a Swachh Bharat Cess on all or any of the taxable services at a rate of 2% or lower on the value. The applicable date is not notified yet.

CENVAT Credit Rules, 2004 – Rule 6(3) related to Reversal of CENVAT Credit on exempted goods and services has been amended to provide that the manufacturer of goods or the provider of output service, opting not to maintain separate accounts, shall pay an amount equal to 7% of the value of exempted services (as against earlier rate of 6%)

Service by way of admission to entertainment event, namely, exhibition of cinematographic film, circus, recognized sporting event, dance, theatrical performance including drama and ballet is exempted from Service Tax (Entry No 47 in Mega Exemption Notification)

LIFE



Water is what sustains life and decides the quality of life we live. Dr. F. Batmanghelidj have made several researches and has proved that water can cure all the diseases.

He says "You're not sick; you're thirsty. Don't treat thirst with medication."

Refer www.watercure.com for insights on water therapy and scientific information

July 2015
to Sept
2015

Vat –

•21st July, 21st August,
21st September –
Payment by monthly
filers

As per Trade Circular 16T
of 2008 concession of
additional 10 days are
given for uploading e-
return. If the payment of
tax as per return is made
on or before prescribed
due date.



Profession Tax –

•31st July, 31st August,
30th Septmeber – Filing
of Monthly returns

Income Tax –

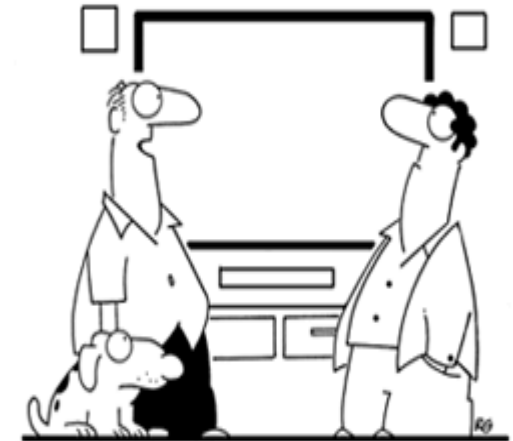
- 7th July, 7th August, 7th September – Payment of Monthly TDS
- 15th July – filing of TDS return for third quarter
- 30th July - Quarterly TDS / TCS certificates to be issued
- 31st August, 2015 – Income Tax Return by non-corporate and non-tax audit assessee, Annual Information Return
- 15th September – Payment of Advance Income Tax
- 30th September, 2015 – Tax Audit Report Submission, Income Tax Return by corporate and tax audit assessee



Smile Please !

What's 2 + 2?

- ENGINEER:** "It lies between 3.98 and 4.02."
- MATHEMATICIAN:** "In 2 hours I can demonstrate it equals 4 with the following proof."
- PHYSICIST:** "It's in the magnitude of $1-10^1$."
- LOGICIAN:** "This problem is solvable."
- SOCIAL WORKER:** "I don't know the answer, but I'm glad we discussed this important question."
- ATTORNEY:** "In the case of Smith vs State, 2 + 2 was declared to be 4."
- TRADER:** "Are you buying or selling?"
- ACCOUNTANT:** "What would you like it to be?"



"I can claim a 70-inch plasma TV as a business expense because my accountant said it's important to look at the big picture."

Service Tax –

•5th July – Monthly / Quarterly Payment of Service Tax

•5th August, 5th September – Monthly payment of Service Tax (other than Proprietary concerns and Partnership firms)



Facilities for Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs)

Liberalised Remittance Scheme (LRS) for resident Individuals -

The limit for remittances by resident individual has been increased up to USD 2,50,000 per financial year for any permitted capital and current account transaction.

The permissible capital account transactions by individual under LRS are:

- i. Opening of foreign currency account abroad with bank
- ii. Purchase of property abroad
- iii. Making investments abroad
- iv. Setting up wholly owned subsidiary and joint ventures abroad
- v. Extending loans incl loans in INR to NRIs who are relatives.

Further, for item numbers at (iv) emigration, (vii) expenses in connection with medical treatment abroad and (viii) studies abroad in para 1 of Schedule III, individuals can avail of exchange facility for an amount in excess of the overall limit under LRS, if it is so required by the country of emigration, medical institute offering treatment or university respectively.

- Maintaining of Accounts** - If a person is NRI or PIO, she/he can, without the permission from the Reserve Bank, open, hold and maintain the following accounts –
- Non-Resident Ordinary Rupee Account (NRO Account)
 - Non-Resident (External) Rupee Account (NRE Account)
 - Foreign Currency Non Resident (Bank) Account – FCNR (B) Account

- Lending to close Relative in India** - An individual resident Indian can borrow upto USD 250,000 or its equivalent from his close relatives staying outside India, subject to the conditions that -
- the minimum maturity period of the loan is one year;
 - the loan is free of interest; and
 - the amount of loan is received by inward remittance in free foreign exchange through normal banking channels or by debit to the NRE/FCNR(B) a/c of NRI.

- Borrowing from close relative in India** – NRI can borrow money from close relative resident Individual by way of crossed cheque /electronic transfer within the limit prescribed under the LRS. The loan should be interest free and have a maturity of minimum one year and cannot be remitted outside India. CONTD.....

Facilities for Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs)



Investment facilities - NRI may, without limit, purchase on repatriation basis - Units of domestic mutual funds; Bonds issued by a PSU in India. Non-convertible debentures of a company incorporated in India, Shares in PSE's, Shares and convertible debentures of Indian companies under the FDI scheme (including automatic route & FIPB), subject to the terms and conditions., Shares and convertible debentures of Indian companies through stock exchange under Portfolio Investment Scheme, subject to the terms and conditions. However **NRIs are not permitted to invest in small savings or Public Provident Fund (PPF).**



Investment in Immovable Property - NRI / PIO may acquire/transfer immovable property in India other than agricultural land/ plantation property or a farm house out of repatriable and / or non-repatriable funds.

The payment of purchase price, if any, should be made out of funds received in India through normal banking channels by way of inward remittance from any place outside India or funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank.

Facilities to returning NRIs / PIOs - Returning NRIs/PIOs may continue to hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India, if such currency, security or property was acquired, held or owned when resident outside India.

The income and sale proceeds of assets held abroad need not be repatriated.



Other facilities - Individuals resident in India are permitted to include non-resident close relative(s) as a joint holder(s) in their resident bank accounts on 'either or survivor' basis subject to conditions.

A resident individual is permitted to gift shares/securities/convertible debentures etc to NRI close relative up to USD 50,000 per financial year subject to certain conditions.



A resident individual can give rupee gifts to his visiting NRI/PIO close relatives by way of crossed cheque/electronic transfer within the overall limit prescribed under Liberalised Remittance Scheme for the resident individual and the gifted amount should be credited to the beneficiary's NRO account.