



M/s Pranjal Joshi & Co Chartered Accountants

Audit - Consulting - Tax - IFRS - Valuation

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21 IMPORTANT Income Tax changes

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A. Income Tax Rates

1. Income Tax Rates for F.Y. 2017-18 (AY 2018-19)

Income Slab	Individual (less than 60 years old) & HUF	Individual (60 years and above but less than 80 years old)	Individual (80 years and above) No Tax
Income up to Rs. 2,50,000	No Tax	No Tax	No Tax
Income up to Rs. 2,50,001 – Rs. 3,00,000	5%	No Tax	No Tax
Income from Rs. 3,00,001 – Rs. 5,00,000	5%	5%	No Tax
Income from Rs. 5,00,001 – 10,00,000	20%	20%	20%
Income more than Rs. 10,00,001	30%	30%	30%

Surcharge: 10% of income tax, where total income is between Rs. 50 lakhs and Rs.1 crore, 15% of income tax, where total income exceeds Rs. 1 crore.

Cess: 3% on total of income tax + surcharge.

2. Tax Rate for Domestic Companies -

- Domestic company – where the total turnover or gross receipts of the previous year 2015-16 does not exceed fifty crore rupees, the rate of income-tax shall be twenty five per cent of the total income
- For Other cases the rate of Income-tax shall be thirty per cent of the total income.

B. Provisions related to Income from House Property –

- Section 71 of the Act relates to set-off of loss from one head against income from another. In line with the international best practices, it is now provided that that set-off of loss under the head "Income from

house property" against any other head of income shall be restricted to two lakh rupees for any assessment year. However, the unabsorbed loss shall be allowed to be carried forward for set-off in subsequent years in accordance with the existing provisions of the Act. This may substantially reduce the tax benefit on let out property, since as per current provisions, entire interest (without any restriction) is allowed as deduction against income from let out property, and the negative income in turn on such property was allowed to be set off against other income without any restriction.

- Considering the business exigencies in case of real estate developers, it is now provided that



where the house property consisting of any building and land appurtenant thereto is held as stock-in-trade and the property or any part of the property is not let during the whole or any part of the previous year, the annual value of such property or part of the property, for the period upto one year from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be nil. So deemed Income shall be chargeable to tax upto 1 year from the date of completion.

C. Provisions related to Business and Professional Income –

5. **Capital expenditure in cash shall result in disallowance of depreciation** - Disallowance of depreciation under section 32 if the expenditure is made in cash exceeding Rs 10,000 to a person in a day.
6. **Revenue expenditure in cash** - Section 40A – Revenue Expenditure made in cash exceeding Rs 10,000 to a person in a day shall be disallowed (limit is reduced from current Rs 20,000 per day per person).
7. **Presumptive Income to be shown @ 6% if the mode of receipt is other than cash** - In order to promote digital transactions and to encourage small unorganized business to accept digital payments, Section 44AD (Presumptive scheme of taxation) is amended whereby it has reduced the existing rate of deemed total income of eight per cent of turnover to six per cent in respect of the amount of such total turnover or gross receipts received by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account
8. **Maintenance of Books of accounts** – As per current provisions, assessee is required to compulsorily maintain the books of accounts where the income and total sales or turn over or gross receipts, exceeds rupees one lakh twenty

thousand and rupees ten lakh, respectively. In order to reduce the compliance burden, now the provisions are amended by increasing monetary limits of income and total sales or turn over or gross receipts, etc specified in said clauses for maintenance of books of accounts from one lakh twenty thousand rupees to two lakh fifty thousand rupees and from ten lakh rupees to twenty-five lakh rupees, respectively in the case of Individuals and Hindu undivided family carrying on business or profession.

9. **Limit for tax Audit** - Section 44AB (applicability for Tax Audit) is amended to exclude the eligible person, who declares profits for the previous year in accordance with the provisions of section 44AD (presumptive scheme of taxation) where the total turnover or gross receipts, as the case may be, in business does not exceed two crore rupees in such previous year. As such, those assesses are exempted from requirement of audit of books of accounts under section 44AB

D. Provisions related to Capital Gain –

10. **Exemption of LTCG on sale of shares through recognised stock exchange** - Exemption from Long Term Capital Gain where transfer of equity share acquired are sold on recognised stock exchange shall be available only if the acquisition of share is also chargeable to Securities Transactions Tax.



11. **Sale consideration for non-quoted shares to be equal to FMV** - In case where the consideration for transfer of share of a company (other than quoted share) is less than the Fair Market Value (FMV) of such share determined in accordance with the prescribed manner, the FMV shall be deemed to be the full value of consideration for the purposes of computing income under the head "Capital gains".
12. **Immovable Property holding over 24 months to be eligible for LTCG** - With a view to promote the real-estate sector and to make it more attractive for investment, the period of holding has been reduced from the existing 36 months to 24 months in case of immovable property, being land or building or both, to qualify as long term capital asset.
13. **Base year of computation for Capital Gain** - The base year for computation of capital gains has been shifted to 01.04.2001. as such, the cost of acquisition of an asset acquired before 01.04.2001 shall be allowed to be taken as fair market value as on 1st April, 2001 and the cost of improvement shall include only those capital expenses which are incurred after 01.04.2001.
14. **Investment in Bonds u/s 54EC for Capital Gain Exemption** - Section been amended so as to provide that investment in any bond redeemable after three years which has been notified by the Central Government in this behalf shall also be eligible for exemption.

E. Provisions related to TDS –

15. **TDS on rent** - Individual and HUF who are not liable for Tax Audit but are paying rent over Rs 50,000 p.m. are also liable for TDS deduction and payment on such rent @ 5% of such income. Some procedural relaxations have been given in such cases.
16. **TDS on ECB Interest** - The concessional rate of five per cent TDS on interest payment ON ECB loan shall be available in respect of borrowings made before the 1st July, 2020 (against existing provision which allowed benefit till 1st July, 2017 only).



F. Provisions related to Charitable Trusts –

17. **No cash donations over Rs. 2,000** - In order to provide cash less economy and transparency, Section 80G is amended so as to provide that no deduction shall be allowed under the section 80G in respect of donation of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash.
18. **No Donation by one trust to other trust towards the Corpus** - New Explanation to section 11 of the Act is inserted so as to provide that any amount credited or paid, out of income referred to in clause (a) or clause (b) of sub-section (1) of section 11, being contributions with specific direction that they shall form part of the corpus of the trust or institution, shall not be treated as application of income.
19. **Fresh Registration to be obtained by trust in case of change in Objects** - Section 12A is amended so as to provide that where a trust or an institution has been granted registration under section 12AA or has obtained registration at any time under section 12A and, subsequently, it has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, it shall be required to obtain fresh registration by



making an application within a period of thirty days from the date of such adoption or modifications of the objects in the prescribed form and manner

G. Restriction on cash receipts over Rs. 2 Lacs –

20. **Section 269ST has provided that no person shall receive an amount of two lakh rupees or more –**

(a) in aggregate from a person in a day; or (b) in respect of a single transaction; or (c) in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account. Further, the Act has provided for levy of penalty on a person who receives such sum in contravention of the above provisions. The penalty shall be a sum equal to the amount of such receipt.

H. Provisions related to Filing of Income Tax Return –

21. Late Income Tax Return filing to attract “Late Fee” - In order to ensure that return is filed within due date, it is provided in the Act that a fee for delay in furnishing of return shall be levied for assessment year 2018-19 and onwards in a case where the return is not filed within the due dates. The fee structure is as follows:—

- (i) a fee of five thousand rupees shall be payable, if the return is furnished after the due date but on or before the 31st day of December of the assessment year;
- (ii) a fee of ten thousand rupees shall be payable in any other case.

However, in a case where the total income does not exceed five lakh rupees, it is proposed that the fee amount shall not exceed one thousand rupees.

Income Tax Return forms for Individuals and HUF for FY 2016-17 (AY 2017-18)

ITR	Description
ITR 1	For Individuals having Income from Salary & Interest.
ITR 2	For Individuals / HUFs being partners in firms and not carrying out business or profession under any proprietorship
ITR 2A	For Individuals & HUFs not having Income from Business or Profession and Capital Gains and who do not hold foreign assets
ITR 3	For Individuals & HUFs having income from a proprietary business or profession
ITR 4	For Individuals / HUF having income from presumptive business or profession
ITR 4S (SUCAM)	For Individuals / HUF / Partnership Firm having income from presumptive business



Maharashtra Budget 2017 (Mvat and Profession Tax)



AMENDMENTS TO THE **MAHARASHTRA STATE TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS ACT, 1975.**

A. Restricting Liability for the unenrolled period

- Where the Certificate of Enrolment is granted on or after 1st April, 2017, the maximum liability to pay tax, interest and penalty is restricted to 4 years, against current provision of 8 years.

B. Restricting Liability for the unregistered period

- Similarly, An employer, who has been granted certificate of registration on or after the 1st April 2017, shall not be liable to pay tax for a period of more than four years from the end of the year immediately preceding the year in which the certificate of registration has been granted or the year in which the proceeding for registration is initiated against him, whichever is earlier.

C. New entry for PT Deduction - Liability to deduct and pay tax has been provided against payment of commission @ Rs 2500/- p.a.

D. New entry for PT enrolment - Any person, who is a service provider and is registered under Service Tax, is also required to get enrolled under Profession Tax and pay profession tax @ Rs 2500/- p.a.

E. Interest on Late Payment of Profession Tax - Interest shall be payable @ 15% for delay up to 1 month. While it will be payable @ 18% for delay upto 3 months, and thereafter @ 24%

AMENDMENTS TO THE **MAHARASHTRA VALUE ADDED TAX ACT, 2002.**

A. Ceiling fixed for deposit of disputed tax to be paid before filing appeal - At the time of filing any appeal, it must be accompanied by the proof of payment of an aggregate of the following amounts, as applicable –

- If the appeal is preferred for disallowed amount on account of non-production of declaration certificates then, the amount of tax arising out of such disallowance.



- If the appeal is preferred for any other disallowance or for any other penalty amount only, then it shall be 10% of disputed tax/ penalty as the case may be.

B. Additional time allowed for filing appeal -

Time available for filing appeal with High Court has been increased from 120 days to 180 days.

C. Interest on Refund - The dealer shall be entitled to Interest on refund, if such refund is not received within 60 days against current provision of 90 days.

D. Govt. to provide relief - In order to provide relief for those dealers (i) who were not able to pay the tax during the prescribed period, due to technical problems of the automation system of the Sales Tax Department, or (ii) who obtained registration late, govt is empowered to issue notification and grant appropriate relief to them.

E. Personal liability of Directors of Private Limited Co -

Where any tax or other amount recoverable under this Act from a private company, whether existing or wound up or under liquidation, for any period, cannot be recovered, for any reason whatsoever, then, every person who was a director of the private company during such period shall be jointly and severally liable for the payment of such tax or other amount unless, he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the said company

F. Ex-parte assessment -

No application for cancellation of ex-parte assessment order can be made to the assessing authority, in case of assessment orders, passed on or after the commencement of this Act, but the first appellate authority is empowered to remand back the assessment order for fresh assessment, in case the dealer was not able to attend or remain present at the time of hearing, when the assessment order was passed.

G. Tax Rates changes -

Sr. no	Particulars	Existing	Proposed
1	GEO membrane	6%	Nil
2	Soil Testing Kit	13.5%	Nil
3	Milk Testing Kit	13.5%	Nil
4	Aviation Turbine Fuel	5%	1%
5	Card Swipe Machine	13.5%	Nil
6	Gas & Electric Incinerators	13.5%	Nil
7	Liquor	23.08%	25.93%
8	Lottery Tax (Weekly Lotteries)	Rs.70,000/-	Rs.100,000/-



Transition to Ind-AS (Roadmap and Steps for Phase II companies)

Applicability Date for Phase II Companies –

As per Rule 4 of The Companies (Indian Accounting Standards) Rules, 2015, the Companies and their auditors are required to comply with the Indian Accounting Standards (Ind-AS), in a phase wise manner.

Phase II companies are as follows –

(a) companies whose **equity or debt securities are listed** or are in the process of being listed on any stock exchange in India or outside India and having **net worth of less than rupees five hundred crore;**

(b) **Unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore.**

Date of transition –

Phase II companies are required to comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2017. But, rule 4 states that while doing so they need to present the comparatives for the periods ending on 31st March, 2017.

Ind-AS 101 defines the term “Date of transition to Ind Ass” as the beginning of the earliest period for which an entity presents full comparative

information under Ind ASs in first Ind AS financial statements.

Thus combining above two provisions gives the result of the date of transition to Ind-AS for Phase II companies being **1st April, 2016.**

As such, Phase II companies are already in Ind-AS environment.

Listed entities will start reporting Ind-AS complied financial results from June 2017 quarter with comparative figures for June 16 (which should also be as per Ind-AS), while unlisted entities will get time till 31st March 2018, wherein figures for comparative year (i.e. 2016-17) also need to be as per Ind-AS.

This makes FY 2016-17 as the special year for Phase II companies, as reporting for this year will be first as per existing Accounting Standards and then next year as per Ind-AS being comparative financial year to first Ind-AS reporting period.

Preparing for Ind-AS Transition –

Step 1 – Prepare comparative chart for Existing Accounting Standards to Ind-AS corresponding or applicable standard



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This may be taken as the first step as regards transition journey from existing accounting standards to Ind-AS. Under this, as a simple strategy, one may prepare comparative chart aligned to line items of entity's financial statements.

This may be prepared in variety of ways, but easy to understand way may be to take existing 31st March 2016 Balance sheet and Profit and Loss account – Face Pages and then add two more columns to it. In the first column, start writing names of existing AS

applicable to each line item and in Second column write the details of corresponding Ind-AS.

Extra Care to be taken while doing this exercise, as there may be line items for which there is no existing standard available but Ind-AS is providing guidance for the same, while there may be even cases that no line item is currently appearing in the financial statements, but Ind-AS requires such recognition.

Example can be as follows –

Balance sheet line item example –

Particulars	Amount (Rs in Lacs)	Existing standard	Ind-AS
Non-current Assets			Ind-AS 16, Ind-AS 40, Ind-AS 105,
Tangible	1200.00	AS – 10	Ind-AS 38
Intangible	300.00		
Deferred Tax	25.00	AS – 22	Ind-AS 12

Profit and Loss line item example –

Particulars	Amount (Rs in Lacs)	Existing standard	Ind-AS
Revenue	30000.00	AS – 9	Ind-AS 18

Step 2 – Listing out R-M-D principles

Once comparative chart and analysis, as mentioned above is done, then the crucial step, is to list out Recognition – Measurement – Disclosure (R-M-D) principles under each of such applicable Ind-AS.

While recognition stands for timing of taking element in your financial statements, measurement is putting amount to recognised

element and disclosure is a way of presentation mandated by applicable Ind-AS. For this, study and understanding of Ind-AS is a must.

Point to be noted here is that - Just for understanding purposes, we are mentioning this step as “R-M-D”, but the fact is “R” here will include recognition as well as de-recognition under Ind-AS, while “D” shall include disclosure as well as necessary classification and re-classification, as may be required under Ind-AS.



Step 3 – Categorise Impact into High-Medium-Low

Once comparative chart and R-M-D theoretical understanding is developed, next step is to identify the key impact areas so that detailed analysis and steps to be taken can be listed out. This in itself may give rise to smaller “Ind-AS transition Projects” within the bigger Project of complete Ind-AS transition.

Step 4 – Summarising the results and preparing background information ready

Under this, entire understanding of R-M-D will be summarised and the background information for each element, steps to be taken and Ind-AS para referencing will be kept ready, as it may be required to be referred to again and again during transition exercise as well as may be referred for answering queries of the auditors.

Decisions to be taken / Activities to be done for Ind-AS transition –

After the theoretical understanding is finalised, now its time to start with actual transition activities, which may be listed out as follows –

A. Selection of Accounting policies - Reference Ind-AS 101 para 7

An entity shall use the same accounting policies in its opening Ind AS Balance Sheet and throughout all periods presented in its first Ind AS financial statements. Those accounting policies shall comply with each Ind AS effective at the end of its first Ind AS reporting period. So Ind-AS which will be applicable as on 31.03.2018 (reporting date) need to be followed right from Opening Ind-AS Balance Sheet as of 1st April, 2016.

B. Considering Exceptions to the retrospective application of other Ind As

Appendix B to Ind-AS 101 allows exceptions to retrospective application of other Ind-AS. Entity

need to consider this as a part of transition exercise.

C. Selection of choices for Exemptions allowed on transition to Ind-AS

These are prescribed in Appendix C and D to Ind-AS 101. Interestingly, appropriate selection of choices may result in increasing net worth for the company without attracting additional MAT liability.

D. Preparation of Opening Ind-AS Balance sheet

This shall be prepared as of 1st April, 2016. While doing so, entity needs to do the following–

- (a) recognise all assets and liabilities whose recognition is required by Ind AS;
 - ◆ e.g. - Currently we have single AS for Fixed Assets, but with the change in purpose, assets are recognised differently and are treated differently under Ind-AS. Assets used for generating revenue, assets for earning rentals or appreciation, assets to be disposed off in near future etc. This is not currently done.
 - ◆ Certain “elements” which are currently recognised only in part shall now get recognised full fledged in Balance sheet under Ind-AS

E.g. – employment benefits – Plan Assets and Liabilities

- (b) not recognise items as assets or liabilities if Ind ASs do not permit such recognition;
 - ◆ e.g Internally generated intangible assets (Ind-AS 38), Deferred tax assets where recovery is not probable (Ind-AS 12) Provision for Dividend (Ind-AS 10)
- (c) reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with Ind ASs; and



- ◆ e.g. Investments accounted for in accordance with Ind-AS 39, Certain financial instruments previously classified as equity, Noncurrent assets held-for-sale (Ind-AS 105)
- (d) apply Ind ASs in measuring all recognised assets and liabilities.
- ◆ e.g. Along with Historical cost, Fair Value, Present Value, Realisable value,

With the preparation of Opening Ind-AS Balance Sheet, major hurdle is over and not it will be available as a base for doing Ind-AS accounting. However, the challenges would still remain as to comparative information for Profit and Loss Account line items specifically for FY 2016-17 which is under existing standards to be now reported as per Ind-AS.

Presentation and Disclosure (Structure and Content)

Format of financial statements is guided by Schedule III of The Companies Act, 2013. While Ind-AS 1 also lists out the requirements for Presentation of Financial Statements.

An entity's first Ind AS financial statements shall include at least –

- A. Three Balance Sheet (**01.04.16 (Op Ind-AS B/s), 31.03.17 (Last yr CI Ind-AS B/s) and 31.03.18 (CI Ind-AS B/s)**,

- B. Two Statements of profit and loss (**31.03.18 (CI Ind-AS P&L) and 31.03.17 (Last yr CI Ind-AS P&L)**), Statement of Profit and Loss shall include two sections – “Profit or Loss” and “Other Comprehensive Income
- C. Two Statements of cash flows and
- D. Two Statements of changes in equity and
- E. Related notes, including comparative information for all statements presented

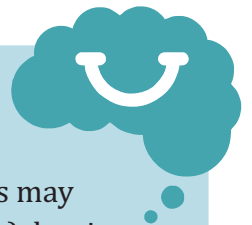
With this, the entire set of financial statement is now ready.

Concluding remarks –

While an effort has been made in this article to list out the steps for Ind-AS transition in simplistic way, during actual implementation, it may differ / get altered due to several aspects.

What is the key however to Ind-AS transition, is the training and understanding of Ind-AS by all i.e. right from senior level management (which will make key decisions about Ind-AS transition) to the junior most accountants (for the preparation of statements and handling day to day accounting), so as to make it a smooth transition.

LIFE



All of us are born divine as we are part of that divine. Structured education at times may increase temporary information levels (which may be wrongly referred as knowledge), but it ignores wisdom which is natural and internal phenomenon. The laws of Gravitation are taught in the class. But, where a big moon is moving in the defined orbit due to gravitational force of earth, a small grass tree grows against the same gravitational force. This is the force of divine power. Let us re-discover this force of divine, which is right there inside all of us. Jai Gurudev !!

Draft GST provisions related to Migration, CENVAT Transition and Job Work

GST preparations are in full swing at the Govt level and therefore there is an urgent need to make preparations by the assesses also. Important part of such preparations is understanding as to treatment of existing cenvat credit available to such assessee under existing law. Following extract therefore highlights such important matters -

- 1. Migration of existing taxpayers** – This is already in progress, wherein existing vat / excise / service tax assesses are being given provisional user ID for GST. Final Registration certificate will be issued on appointed date.
- 2. Transitional arrangements for input tax credit –**
 - a. CENVAT Credit balance under earlier law** - Every registered person, unless opting to pay tax under composition, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT credit c/f in the return filed immediately before the appointed day.

However, credit shall not be allowed:—

- ✦ Where the said amount of credit is not admissible as input tax credit under GST regime; or
- ✦ Where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date; or



- ✦ Where the said amount of credit relates to goods manufactured and cleared under such exemption notifications as are notified by the Government.

Additionally, credit of the unavailed CENVAT credit in respect of capital goods, not carried forward in a return immediately before the appointed day shall also be allowed, unless it is not allowed under existing law.

- b. CENVAT credit for goods in stock in case or unregistered dealer under earlier law** - A registered person, who was not liable to be registered under the existing law, or was engaged in the manufacture of exempted goods or provision of exempted services, or was providing works contract service (availing of the benefit of notification No. 26/2012 of Service Tax), or a first stage dealer or a second stage dealer or a registered importer or a depot of a manufacturer, shall be entitled to take, in his electronic credit ledger, credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock.

But for taking credit, following conditions must be satisfied –

- ✦ Such inputs or goods are used or intended to be used for making taxable supplies under GST regime;
- ✦ The said registered person is eligible for input tax credit on such inputs under GST regime;
- ✦ The said registered person is in possession of invoice or other prescribed documents evidencing payment of duty under the existing law in respect of such inputs;
- ✦ Such invoices or other prescribed documents were issued within 12 months immediately preceding the appointed day; and
- ✦ The supplier of services is not eligible for any abatement under GST regime

c. Manufacturer of taxable and exempted goods or Provider of taxable and exempted services - A registered person, who was engaged in the manufacture of taxable as well as exempted goods or provision of taxable as well as exempted services but which are liable to tax under GST, shall be entitled to take, in his electronic credit ledger–

- ✦ The amount of CENVAT credit c/f in last return furnished; and
- ✦ The amount of CENVAT credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, relating to such exempted goods or services, after fulfilling conditions mentioned in point no b above.

d. Inputs and Input Services received after appointed date but bills issued earlier - A registered person shall

be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid by the supplier under the existing law. But the invoice or tax paying document for the same must be recorded in the books of accounts within 30 days from the appointed day (60 days if permitted by Commissioner). Such person must submit the specific statement related to such transactions.

e. Registered person paying tax at fixed rate under existing law - A registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take, in his electronic credit ledger, credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day.

However, following conditions must be satisfied –

- ✦ Such inputs or goods are used or intended to be used for making taxable supplies under GST;





- ✦ The registered person is not paying tax under composition scheme;
- ✦ The registered person is eligible for input tax credit on such inputs under GST;
- ✦ The registered person is in possession of invoice or other prescribed documents evidencing payment of duty under the existing law and
- ✦ Invoices or other prescribed documents were issued within 12 months immediately preceding the appointed day.

f. Input Service Distributor - The input tax credit on account of any services received prior to the appointed day by an Input Service Distributor shall be eligible for distribution as credit under GST even if the invoices relating to such services are received after the appointed day.

g. CENVAT on Input Services which was reversed due to non-payment to service provider - Where any CENVAT credit availed for the input services provided under the existing law has been reversed due to non-payment of the consideration within a period of three months, such credit can be reclaimed subject to the condition that the registered person has made the payment of the consideration for that supply of services within a period of three months from the appointed day.

3. Transitional provisions relating to job work

a. No tax shall be payable - Where any inputs received at a place of business had been removed as such or removed after being

partially processed (or any semi-finished goods removed) to a job worker for further processing, testing, repair, reconditioning or any other purpose in accordance with the provisions of existing law prior to the appointed day and such inputs are returned to the said place on or after the appointed day.

b. However, such inputs or any semi-finished goods, after completion of the job work or otherwise, must be returned to the said place within 6 months (8 months if permitted by commissioner) from the appointed day. However, if the said goods are not returned within such period then, the input tax credit shall be liable to be recovered under GST.

c. Additionally, manufacturer and the job-worker must declare the details of the inputs or goods held in stock by the job-worker on behalf of the manufacturer on the appointed day in prescribed form, to avail such benefit of no tax payment.

4. Form No and period for availing above benefits as per Draft Transition Rules –

Draft Transition rules have been prescribed and hosted on the cbec website.

As per such draft rules, **FORM GST TRAN- 1** is to be filed by the assessee within 60 days from the appointed date.. This will be application in respect of tax or duty credit c/f under any existing law or on goods held in stock on the appointed day.



Due Dates Calendar for transactions / event falling in April to June 2017

Income Tax

For Monthly TDS payment	
March	30th April 2017
April	7th May 2017
May	7th June 2017
June	7th July 2017
Filing TDS return of fourth Quarter of FY 2016-17	31st May 2017
Due Date for issue of Form 16 / 16A	15th June (31st May for Form 16)
Advance Tax – 1st Instalment by all assesses	15th June 2017

Service Tax

Half Yearly Service Tax Return	25th April 2017
For Monthly service tax payment	
April	6th May 2017
May	6th June 2017
June	6th July 2017
For Quarterly service tax payment	6th July 2017

VAT Payment and filing Return

April 2016 to Feb 2017 monthly return	10th April 2017 *
Quarterly Return of Q1 and Q2	10th April 2017 *
October 2016 to December 2016 Q3 return	21ST April 2017 *
March 2017 monthly return	30th April 2017 *
January 2017 to March 2017 Q4 return	10th May 2017 *

Profession Tax

March	30th April
April	31st May
May	30th June

* All are extended due dates as per circular



Life Insurance

&

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Types of Life Insurance Policies –

Term Life Insurance Policy – This type of policy provides a death benefit for a fixed number of years that the insured chooses at the time of buying the policy. Premium is paid over the policy term and if unfortunate event (death) happens during such term, then only beneficiary receives the benefit. If insured is alive at the end of the term, then nothing is receivable. Term life insurance is generally the least expensive type of life insurance for the amount of coverage one gets and it is the easiest type of life insurance to understand. Term Insurance Policy is also recommended in case of exposure towards high value loans. Term Life Insurance is the simplest form of Insurance and it provides only protection rather than any Investment Opportunity.

Whole Life Insurance Policy – This type of policy provides a death benefit to the beneficiary. Whole life has a guaranteed death benefit and fixed premiums. It also accumulates a cash value, based on a steady, but slow return rate. One can borrow against the cash value, but the amount must be paid back with interest to avoid a decrease in death benefit. This type of Insurance is slightly expensive as compared to Term Insurance Policy, but cheaper than other Insurance products where cash value /

terminal benefits accrue to the Insured. Generally premium is payable over the period of time (say 15 – 20 years etc), a variation called single-premium whole life insurance is also available, which allows to pay the entire premium up front in a lump sum.

Endowment Insurance Policy – This type of policy is basically a savings linked insurance which offer cover for a certain time period and the insured person get sum assured with bonus at the time of maturity in case of his survival. While Term Insurance do not give any return on investment, while whole life policy do give return but only on death, Endowment policy is designed to give return at the end of the term to the policy holder as well. Hence this is one of the popular form of life Insurance Policy. Due to saving lined policy nature, it is slightly expensive as compared to Term Life and Whole Life policy.

Money Back Life Insurance Policy – This type of policy provides some part of the sum assured in returned back to the policyholder in case of survival of the insured person. The nominee receives death benefit in case of policyholder's death during the policy term and this death benefit is equal to the sum assured plus accumulated cash benefits. This policy has been typically developed in order to provide some return to the policy holder,



as a incentive measure to promote the sale of Insurance Policies as a Investment tool. This type of policy is more expensive as compared to Term Life, Whole Life and Endowment policy

Unit-Linked Insurance Policy - This type of policy is a combination of both investment and life insurance. Some portion or percent of the premiums goes into investment and some part goes into investment. The money collected by the insurance company is utilized to form a pool of fund that is used to invest in various markets instruments (debt and equity) in varying proportions which is similar to mutual funds. Policy holders have the option of selecting the type of funds (debt or equity) or a mix of both based on their investment need and appetite. ULIP policy holders are allotted units and each unit has a net asset value (NAV) that is declared on regular basis. The NAV is the value based on which the net rate of returns on ULIPs are determined. The NAV varies from one ULIP to another based on market conditions and the fund's performance.

Income Tax provisions for Life Insurance Policies

- Life insurance policies are useful tax planning tools as the policy holder is eligible for tax benefits under the Income Tax Act 1961.

Important provisions are as follows -

Deduction u/s 80C/80CCC - Amount of premium paid is deductible from Income and hence, results in tax savings @ 10% to 30% depending upon the Income slab of such person. This tax benefit is available to Individual and HUF assessee only.

Benefit is available in case of individual assessee - Himself / herself, spouse, children of such individual, while in case of HUF assessee, benefit is available for payment of premium for policy of any member of such HUF.

However, if the amount of premium paid in a financial year for a policy is in excess of 10% of the actual capital sum assured, then deduction will be allowed only for premiums upto 10% of the sum assured (15% of actual capital sum assured in case of person with severe disability or specified ailment).

Most important to note that the above benefits shall be reversed if the policy is terminated / ceases to be in force within 2 years for endowment / whole life / Term Insurance policies and 5 years for ULIP policies after the date of commencement of policy.

Maximum amount of deduction that can be claimed is restricted to Rs. 150,000.

Maturity proceeds of Insurance Policy - Any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy will be exempt from tax.

However, this rule does not apply to - Keyman Insurance Policy, or where any sum received other than as death benefit under an insurance policy for which the premium payable in any of the years during the term of the policy does not exceed 10% of the actual capital sum assured (15% of actual capital sum assured in case of person with severe disability or specified ailment).





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