

“Thinking is the capital, Enterprise is the way, Hard Work is the solution”
Dr. APJ Abdul Kalam

INCOME TAX

NEW INITIATIVE IN THE E-FILING OF ITR :

- ✧ **Notification 2/2015 dated 13th July 2015** : CBDT has come out with a process of generating EVC (Electronic Verification Code) for verifying the identity of the person furnishing the return of Income (called the Verifier)

Key features:

- EVC is a 10 digits alpha numeric code and can be generated from the E-filing website <https://incometaxindiaefiling.gov.in>
- EVC can be generated in 4 ways: (1) Through net banking (2) Through Aadhaar One Time Password (3) Through ATM of a bank (4) Through registered e-mail id and mobile number of the assessee.
- The EVC can be used by a Verifier being an Individual to verify his ITR or that of an HUF of which he is the Karta.
- EVC would be unique and can be used only with the PAN of the person furnishing the income tax return. This means one EVC for one PAN.
- One EVC can be used to validate only one ITR whether it is original or revised return.
- The EVC remains valid for 72 hours but can be generated various times through various modes.
- With this EVR process there is **no need** to send signed ITR-V to CPC, Bangalore

DISCLOSURE OF FOREIGN ASSETS AND INCOME FROM ANY SOURCE OUTSIDE INDIA :

- ✧ It is now mandatory for a resident individual to disclose in the ITR details of Foreign Assets and Income derived from any source outside India. The details to be provided in the ITR includes:
- Details of Foreign Bank Accounts (including any beneficial interest) at any time during the previous year
 - Details of Financial Interest in any Entity held (including any beneficial interest) at any time during the previous year
 - Details of Immovable property held (including any beneficial interest) at any time during the previous year
 - Details of any other Capital Asset held (including any beneficial interest) at any time during the previous year
 - Details of account(s) in which the assessee has signing authority held (including any beneficial interest) at any time during the previous year and which has not been included in the above.
 - Details of trusts, created under the laws of a country outside India, in which the assessee is a trustee, beneficiary or settlor

- Details of any other income derived from any source outside India which is not included in (i) the items mentioned above and, (ii) income under the head business or profession

INTRODUCTION OF BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) AND IMPOSITION OF TAX ACT, 2015

✧ Key features of the Act:

- The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act 2015 provides for charging of tax on undisclosed foreign income and asset for every assessment year beginning on or after 1st April 2016
- The Act has come in to force from 1st July 2015
- The Act is applicable to the following assets held outside India (a) jewellery or bullion (b) archaeological collections, drawings, paintings, sculptures or any work of art (c) shares and securities (d) immovable property (e) bank accounts and deposits (f) interest of a person in a partnership firm or in an association of persons or a limited liability partnership
- Section 59 to 72 of the Act provide for a one time compliance opportunity for disclosing the foreign assets
- The Rate of Tax is 30% on the value of the undisclosed assets and the penalty is 100% on the value of the tax ie. 60% of the value of the undisclosed assets
- The last date for making the declaration is 30th September 2015 and 31st December 2015 is the last date of payment of the tax and the said penalty
- The declaration in respect of any undisclosed asset located outside India under section 59 of the Act is to be made in Form 6.
- The declaration is to be filed with the Commissioner of Income Tax, Delhi or can be filed online at the e-filing website of the Income Tax Department using Digital signature of the declarant
- The amount of undisclosed investment in the asset declared will Act for any assessment year
- The contents of the declaration will not be admissible in evidence against the declarant in any penalty or prosecution proceedings under the Income-tax Act, the Wealth Tax Act, the Foreign Exchange Management Act, the Companies Act or the Customs Act
- The value of asset declared in the declaration will not be chargeable to Wealth Tax for any assessment year or years.
- The declaration of undisclosed foreign asset will not affect the finality of completed assessments. The declarant will not be entitled to claim re-assessment of any earlier year or revision of any order or any benefit or set off or relief in any appeal or proceedings under the Act or under Income-tax Act in respect of declared undisclosed asset located outside India or any tax paid thereon.

- The Act provides for imprisonment from 3-10 years for willful tax evasion
- Rules for determining the fair market value of the assets are set out in Notification no 56/2015 dated 2nd July 2015. The same can be viewed at http://www.incometaxindia.gov.in/communications/notification/notification58_2015.pdf
- Explanatory notes are available in Circular no 12/2015 dated 2nd July 2015, the same can be viewed at http://www.incometaxindia.gov.in/communications/circular/circular_12_2015.pdf
- Clarifications on tax compliance are available in Circular no 13/2015 dated 6th July 2015 and the same can be viewed at http://www.incometaxindia.gov.in/communications/circular/circular13_2015.pdf

INTRODUCTION OF NEW TAX FREE BONDS

- ✧ **Notification No. 59/2015 dated 6th July 2015:** The Central Government has authorised 7 entities viz. (1) The National Highways Authority of India -NHAI (2) Indian Railways Finance Corporation -IRFC (3) Housing and Urban Development Corporation – HUDCO (4) Indian Renewable Energy Development Agency (5) Power Finance Corporation Limited (6) Rural Electrification Corporation Limited (REC) and (7) National Thermal Power Corporation (NTPC) to issue tax-free, secured, redeemable, non-convertible bonds during the financial year 2015-16.

COST INFLATION INDEX

- ✧ **Notification No 60/2015 dated 24th July 2015:** CBDT has notified the cost inflation index as 1081 for the Financial Year 2015-16 for computation of Capital Gains.

ITR'S AND DUE DATES FOR WEALTH TAX

- ✧ **Notification No 61/2015 dated 29th July 2015:** New ITR – 3, 4, 5, 6 and 7 have been notified for Assessment year 2015-16. Utility for ITR -6 is yet to be notified.
- ✧ The due date for filing wealth tax return for individuals for Assessment year 2015-16 is extended from 31st July 2015 to 31st August 2015 ie. it is the same date as that of filing Income Tax Return.

OTHERS

- ✧ Sukanya Samriddhi Scheme (Bank account for Girl child) can be opened only upto 10 years of age of the girl child. However this year alone there is a relaxation and for children born on or after 02.12.2003, the account can be opened on or before 1st December 2015 which means the account can be opened upto 12 years.

- ✧ United States and Government of India sign an Inter Government Agreement to implement the Foreign Account Tax Compliance Act (FATCA) to share tax information between the two countries.

PROVIDENT FUND

APPLICABILITY OF TDS ON WITHDRAWAL FROM EMPLOYEES PROVIDENT FUND SCHEME 1952

- ✧ When withdrawal amount exceeds or equals to Rs.30,000/- and when period of rendered service is less than 5 years then TDS would be deductible at the following rates:
 - 10% when valid PAN is provided
 - 34.608% in the absence of PAN
 - No TDS when Form 15G / 15H is submitted
- ✧ TDS will not be deducted when withdrawal is more than 5 years or when withdrawal amount is less than Rs. 30,000/-

CORPORATE LAW

ANNUAL E-FILING

- ✧ Circular No 10/2015 dated 13th July 2015: Since the electronic versions of Form AOC-4, AOC-4 XBRL and MGT-7 (these are formats applicable for filing financial statements, auditor's report and Board's report w.e.f 1.4.2014) are in the process of development and are expected to be made available for filing only by 30th September 2015, it has been decided to relax the additional fee payable on these forms up to 31st October 2015.
- ✧ Version of various forms such as Form 20B (Form for filing annual return by a company having a share capital), Form 23AC (Form for filing balance sheet and other documents), Form 21A (Particulars of annual return for the company not having share capital), Form 23ACA (Form for filing Profit and Loss account and other documents), Form 66 (Form for submission of compliance certificate), Form 23ACA-XBRL (Form for filing Profit and Loss account and other documents), Form 4 LLP (change in partnership in a Limited Liability Partnership), Form FC-4(Annual Return of a Foreign company), Form 23B (Information by auditor), Form FC-1(Information to be filed by foreign company), are modified w.e.f 1st Aug 2015.

CIRCULATION OF FINANCIAL STATEMENTS AT SHORTER NOTICE

- ✧ Circular No 11/2015 dated 21st July 2015: it is clarified that a company holding a general meeting after giving a shorter notice as provided under section 101 of

the Act may also circulate financial statements (to be laid/considered in the same general meeting) at such shorter notice.

FEMA

PROHIBITION IN INVESTMENT

❖ **RBI/2015-16/116 A. P. (DIR Series) Circular No. 2 dated 3rd July 2015:** Foreign direct investment is prohibited in manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes. However the prohibition applies only to manufacturing of the products mentioned therein and foreign direct investment in other activities relating to these products including wholesale cash and carry, retail trading etc. shall be governed by the sectoral restrictions laid down in the FDI policy framed by the Department Of Industrial Policy & Promotion, Ministry of Commerce and Industry, Government of India and in the Schedule 1 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 as amended from time to time.

EMPLOYEES' STOCK OPTION

❖ **RBI/2015-16/128 A. P. (DIR Series) Circular No. 4 dated 16th July 2015:** It has been decided that an Indian company may issue “employees’ stock option” and/or “sweat equity shares” to its employees/directors or employees/directors of its holding company or joint venture or wholly owned overseas subsidiary/subsidiaries who are resident outside India, provided that :

- The scheme has been drawn either in terms of regulations issued under the Securities Exchange Board of India Act, 1992 or the Companies (Share Capital and Debentures) Rules, 2014 notified by the Central Government under the Companies Act 2013, as the case may be.
- The “employee’s stock option”/ “sweat equity shares” issued to non-resident employees/directors under the applicable rules/regulations are in compliance with the sectoral cap applicable to the said company.
- Issue of “employee’s stock option”/ “sweat equity shares” in a company where foreign investment is under the approval route shall require prior approval of the Foreign Investment Promotion Board (FIPB) of Government of India.
- Issue of “employee’s stock option”/ “sweat equity shares” under the applicable rules/regulations to an employee/director who is a citizen of Bangladesh/Pakistan shall require prior approval of the Foreign Investment Promotion Board (FIPB) of Government of India.
- The issuing company shall furnish to the Regional Office concerned of the Reserve Bank of India under whose jurisdiction the registered office of the company operates, within 30 days from the date of issue of employees’ stock option or sweat equity shares, a return as per the Form-ESOP.

PERMISSION TO BANKS FOR EXPORT FACTORING

- ❖ **RBI/2015-16/129 A. P. (DIR Series) Circular No. 5 dated 16th July 2015:** In order to facilitate exports, Authorized Dealer Category – I (AD Category –I) banks have been permitted to provide ‘export factoring’ services to exporters on ‘with recourse’ basis by entering into arrangements with overseas institutions for this purpose without prior approval from the Reserve Bank of India subject to compliance with guidelines issued by the Department of Banking Regulation in this regard.

INVESTMENTS BY FOREIGN PORTFOLIO INVESTORS IN SECURITY RECEIPTS ISSUED BY ASSET RECONSTRUCTION COMPANIES

- ❖ **RBI/2015-16/131 A. P. (DIR Series) Circular No. 6 dated 16th July 2015:** The Reserve Bank has been receiving enquiries about the applicability of the investment by FPIs in security receipts (SRs) issued by the Asset Reconstruction Companies (ARCs). It is clarified that the restriction on investments with less than three years residual maturity shall not be applicable to investment by FPIs in SRs issued by ARCs. However, investment in SRs shall be within the overall limit prescribed for corporate debt from time to time. The aforesaid directions come into force with immediate effect. Further operational guidelines, if any, will be issued by SEBI. All other existing conditions for investment by FPIs in the debt market remain unchanged.

SERVICE TAX

CONDITIONS FOR MAINTENANCE OF RECORDS IN ELECTRONIC FORM

- ❖ **Notification No. 18/2015-Central Excise (N.T.) dated 6th July 2015:** The Central Board of Excise and Customs specifies the following conditions and procedures for issue of invoices, preserving records in electronic form and authentication of records and invoices by digital signatures, namely:-
1. Every assessee proposing to use digital signature shall use Class 2 or Class 3 Digital Signature Certificate duly issued by the Certifying Authority in India.
 2. (i) Every assessee proposing to use digital signatures shall intimate the following details to the jurisdictional Deputy Commissioner or Assistant Commissioner of Central Excise, at least fifteen days in advance:-
 - a) name, e-mail id, office address and designation of the person authorised to use the digital signature certificate;
 - b) name of the Certifying Authority;
 - c) date of issue of digital certificate and validity of the digital signature with a copy of the certificate issued by the Certifying Authority along with the complete address of the said Authority:

Provided that in case of any change in the details submitted to the jurisdictional Deputy Commissioner or Assistant Commissioner, complete details shall be submitted afresh within fifteen days of such change.

- (ii) Every assessee already using digital signature shall intimate to the jurisdictional Deputy Commissioner or Assistant Commissioner of Central Excise the above details within fifteen days of issue of this notification.
3. Every assessee who opts to maintain records in electronic form and who has more than one factory or service tax registration shall maintain separate electronic records for each factory or each service tax registration.
 4. Every assessee who opts to maintain records in electronic form, shall on request by a Central Excise Officer, produce the specified records in electronic form and invoices through e-mail or on a specified storage device in an electronically readable format for verification of the authenticity of the document and the request for such records and invoices shall be specified in the letter or e-mail by the Central Excise Officer

VALUE ADDED TAX

PAN MADE MANDATORY

- ❖ As per Rule 9A (a) and (b) of the TN VAT Rules 2007, PAN has been mandated for every registered dealer under VAT. List of dealers with invalid PAN is available in [http://www.tnvat.gov.in/English/intimation%20of%20PAN%20validation 101114 .pdf](http://www.tnvat.gov.in/English/intimation%20of%20PAN%20validation%20101114.pdf). These dealers are instructed to produce a copy of the PAN to the Assessing Authority before 15.08.2015 failing which the dealer registration is likely to be cancelled.

OTHERS

- ❖ As per proceedings of the Authority for Clarification And Advance Ruling, Ref: ACAAR No: 13/2014-15, dated 14.07.2015, it is clarified that the “Sale of Steel to a developer or co-developer or a registered dealer authorised to set up a SEZ unit for the execution of works contract in such SEZ is exempted from tax as per terms and conditions laid down in G.O.Ms.No.193, CT&R B2 department dated 30.12.2006”.

“Excellence is a continuous process and not an accident” – Dr. APJ Abdul Kalam

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