



INSIDE THIS ISSUE.....

Corporate News

Tax News

Circulars , Notifications

Tax Case Laws

CORPORATE NEWS

Banks take steps to make credit card payments more safe

To reduce credit card frauds, banks and merchant establishments are upgrading their security measures to make electronic payment transactions more secure. Among the big credit card players, HDFC Bank and ICICI Bank have started issuing chip-based EMV (Europay, MasterCard and Visa) cards.

DoT seeks legal opinion on Tata Tele's GSM spectrum

The Department of Telecom has put the scanner back on Tata Teleservices' GSM spectrum by seeking legal opinion on whether or not to scrap the permit given to the company in 2008 followed by the recent order by the Supreme Court to cancel all licences and spectrum issued on or after January 10, 2008 forthwith.

Things work out best for

those who make the best of

how things work out.

John Wooden

Sony, Zee FDI proposals approved; Coke's submission put on hold

The Government has formally approved Sony's proposal to induct foreign equity worth Rs 545 crore in its television arm Multi Screen Media while deferring a decision on Hindustan Coca Cola Beverage's proposal for delayed redemption of preference shares in favour of its holding company.

Extended sops to MSME sector to benefit foreign retailers

Global multi-brand retail companies including Walmart and Tesco may find it easier to meet the mandatory local sourcing norms for investing in India thanks to the relaxations for micro, small & medium enterprises (MSME) introduced in the Union Budget 2013-14.

Bill aimed at giving CCI more teeth tabled

With an eye on strengthening the Competition Commission of India (CCI), corporate affairs minister Sachin Pilot introduced a Bill to amend the Competition Act, 2002. aiming to extend CCI's jurisdiction to cover all M&A deals without the exception of any sector. However, all forced mergers involving, for example, ailing banks and insurance companies would come under the ambit of the RBI and the Insurance Regulatory and Development Authority.



Opportunity is missed by

most people because it is dressed

in overalls and looks like

work."

Thomas Edison

TAX NEWS

I-T deduction on cash funding disallowed

Finance Minister P Chidambaram's Budget proposals yesterday had an important change in the law on the income tax deduction for political funding. The Finance Bill, 2013, has proposed to disallow deduction of any sum contributed through cash in computation of income for tax purposes from April 1, 2014.

Royalty and FTS taxable at flat rate of 25% irrespective of date of agreement -Impact

- (a) Multiple rates of 10%, 20% and 30% for royalty or FTS received by a non-resident depending on date of agreement replaced by with one single rate of 25%
- (b) Simplification replacing three different tax rates with one tax rate
- (c) More revenue to Government where treaty allows taxation at a higher rate than 10% / 20%

Return of income filed without payment of self-assessment tax to be treated as defective return - Proposed Amendment

A Return of income is regarded as defective unless it fulfils all the conditions laid down in section 139(9) of the Income Tax Act, 1961.



“Taxation is just a sophisticated way of demanding money with menaces.

Terry Pratchett

The Finance Bill, 2013 proposes to add one more condition stipulating that the return of income shall be regarded as defective unless the tax together with interest, if any, payable in accordance with the provisions of section 140A has been paid on or before the date of furnishing of the return.

Budget Analysis : Hike in cigarette excise duty - Consumers will grimace and smoke it

Finance Minister P. Chidambaram's decision to hike the excise duty on cigarette comes with full knowledge that while most smokers will grumble when manufacturers inevitably raise prices, they will have no choice but to do so with a cigarette in hand. The hike is targeted at middle-to-high-end brands: only cigarettes exceeding a length of 65 mm will attract the 18 per cent hike in excise duty.



*““ No nation has ever
taxed itself into
prosperity. ”*

— Rush Limbaugh

Circulars Notifications & Press Releases

RESERVE BANK OF INDIA

RBI/2012-13/416

DNBS.CC.PD.No.320/03.10.01/2012-13 dated Feb 18, 2013

Guidelines on Fair Practices Code for NBFCs - Grievance Redressal Mechanism - Nodal Officer

- Revised guidelines in view of the creation of a new category of NBFCs viz; NBFC-MFIs -lending against gold jewellery.
- According to Para 2 A (v) of the guidelines, the Board of Directors of NBFCs should lay down the appropriate grievance redressal mechanism, at their operational level within the organization to resolve disputes between the company and its customers

SERVICE TAX

Notification No. 01/2013-Service Tax, dated 22nd February, 2013

CBEC notifies ST-3 Return for the period July 1, 2012 to Sept 30, 2012 to be e-filed by March 25, 2013. The electronic version of the ST-3 Return is under development and the date of its availability in ACES will be announced later.

*"A goal is not always
meant to be reached, it
often serves simply as
something to aim at."*

— Bruce Lee "



Tax Case Laws

HANNA AND ANNADHANAM VS. CIT (DELHI HIGH COURT) 2013 (1) TMI 681

Compensation to CA Firm for loss of referral work is a non taxable Capital receipt

BRIEF FACTS : The assessee, a firm of Chartered Accountants, was one of the “associate members” of Deloitte Haskins & Sells for 13 years pursuant to which it was entitled to practice in that name. Deloitte desired to merge all the associate members into one firm. As this was not acceptable to the assessee, it withdrew from the membership and received consideration of Rs. 1.15 crores from Deloitte. The said amount was credited to the partners’ capital accounts & claimed to be a non-taxable capital receipt by the assessee. The AO rejected the claim. The CIT (A) reversed the AO. The Tribunal reversed the CIT (A) and passed the order against the assessee. Aggrieved by the order, the assessee filed an appeal with the High court.

“Justice is incidental to

law and order.”

John Edgar Hoover

Held That: The High Court stated that there is a distinction between the compensation received for injury to trading operations arising from breach of contract and compensation received as solarium for loss of office. The compensation received for loss of an asset of enduring value would be regarded as capital. If the receipt represents compensation for the loss of a source of income, it would be capital and it matters little that the assessee continues to be in receipt of income from its other similar operations. Hence the order was passed in favour of the assessee.



Under the arrangement with DHS there was a regular inflow of referred work .There is no evidence that the assessee had entered into similar arrangements with other international firms of chartered accountants. The arrangement with DHS was for a fairly long period of time and had acquired a kind of permanency as a source of income. On termination, it is the loss of the source of income for which compensation was paid to the assessee. The compensation was thus a substitute for the source and the Tribunal was wrong in treating the receipt as being revenue in nature.

O.B.C Versus ITAT[HIGH COURT OF DELHI ITA No. 20/1999] Dated 14.02.2013

BRIEF FACTS : This appeal has been filed by the assessee on being aggrieved by the order dated 23.02.1999 passed by the Income Tax Appellate Tribunal, New Delhi .In that order ITAT has increased the amount of Net Profit by the amount of provision of bonus by considering it as “unascertained liability “in accordance with Section 115-J of Income Tax Act, 1956.But the assessee has shown that it was liable to pay bonus under the Payment of Bonus Act & the bonus was computed as per the Payment of Bonus Act,1965. Accordingly, it provided for payment of bonus to the employees.

*“Laws are not
invented, they grow out
of Circumstances. .”*

Azarias



HELD:- It was held that if the computation of the provision for bonus was on the basis of Payment of Bonus Act, 1965, the said provision would have to be treated as an ascertained liability. On the contrary, if the provision for payment of bonus was not in accordance with the provisions of the Payment of Bonus Act, 1965 and it was merely an estimation then it would be considered as unascertained liability. Hence, the order was passed in favour of the assessee.

**Delhi Chartered Accountants Society vs. UOI
(Delhi High Court) 2012 (8) TMI 169**

BRIEF FACTS :

- (a) The service is provided by the chartered accountants prior to 01.04.2012
- (b) the invoice is issued by the CAs prior to 01.04.2012, but
- (c) the payment is received after 01.04.2012.

The rate of service tax was enhanced from 10% to 12% w.e.f. 01.04.2012 .The Petitioner claimed that Rule 4(a)(ii) of the Point of Taxation Rules, 2011 applies, which says that the point of taxation shall be the date of issuance of the invoice i.e service tax shall be charged at 10%. However, the service tax authorities issued Circular No.154 dated 28.03.2012 and Circular No.158 dated 08.05.2012 that in respect of invoices issued on or before 31st March 2012, the point of taxation shall be the date of payment. The Petitioner filed a Writ Petition to challenge the said Circulars.

*"Laws are not
invented, they grow out
of Circumstances. "*
Axarias

HELD: The Honorable High Court made the decision in favor of the assessee. As per Rule 4, whenever there is a change in the effective rate of tax in respect of a service, the point of taxation shall be determined in the manner where the taxable service has been provided before 01.04.2012 and the invoice was also issued before 01.04.2012, but the payment is received after 01.04.2012, then the date of issuance of invoice shall be deemed to be the date on which the service was rendered. So in the above case the rate of tax will be 10% and not 12%.



*" One with the law is
a majority... "*

Calvin Coolidge



Thanks !!!

For any suggestions & Queries

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