

Tax & Corporate law Bulletin

RAJPUT JAIN & ASSOCIATES CHARTERED ACCOUNTANTS



COMMITTED TO
PROVIDE
INNOVATIVE
SOLUTIONS



Rajput Jain & associates is a Chartered Accountant firm, offering its clients a full range of services. The firm has been setup by a group of young, enthusiastic, highly skilled and motivated professional who have taken experience from the top consulting firm and are extensively experienced in their chosen fields. The firm has been providing a wide array of accounting, auditing, taxation, assurance and business advisory service to various clients and other stakeholders.

We are the exclusive member in India of the Association of International Tax Consultants, an association of independent professional firm represented throughout Europe, US, Canada, South Africa, Australia and Asia.

DECEMBER 2014

From the Editor's Desk...

Dear Reader,

Greetings for the season.

We are happy to present the last issue of 2014 on the recent updates. Some of significant updates are as ... New PPP contracts to have renegotiation clause, India & Egypt to cooperate in science and technology sector, Foreign Exchange Management (Seventeenth Amendment) Regulations, 2014, and many more...

Wishing you a new year that's sparking with fun, bursting with joy and cracking with laughter well in advance.

We eagerly await your feedback on the bulletin.

Yours truly,

Rajput Jain & Associates
Chartered Accountants



Your partners
for success

For further details,

Please contact....

CA. Swatantra Singh

Singh.swatantra@carajput.com

CA. Sushil Singh

Sks_978@carajput.com

CA. Navneet Gupta

info@carajput.com

CA. Manoj Kumar Singh

support@carajput.com

Corporate office: P-6/90, Connaught circus, Connaught Place, New Delhi-110001.
Phone No: - 011- 23343333, 011-43520194, 9811322785, 9871857333

Table of contents

DIRECT TAX 3-4

RECENT JUDGEMENT 4-5



INDIRECT TAX 5-6

❖ SERVICE TAX

❖ CENTRAL EXCISE



CORPORATE LAWS 6-7

FEMA 7-9



POLICY WATCH 10-11

INDUSTRY WATCH & CORPORATE 11-13

HIGHLIGHTS



GLOSSARY

“Adapting swiftly to the
global business environment”



DIRECT TAX



- Section 10(46) of the Income-Tax Act, 1961 exemption - statutory Body/Authority/Board /Commission - Notified body or authority - bureau of Indian standards

Notification No. 89/2014, dated Dec. 23rd, 2014

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'West Bengal Building and Other Construction Workers Welfare Board', a body constituted by the Government of West Bengal in respect of the following specified income arising to that body, namely:-

- Cess collected under the building and other construction workers Welfare Cess Act, 1996 (28 of 1996) and the rules there under
- Registration fees and yearly subscription collected from construction workers registered with the Board as beneficiaries
- Amount received in the form of grants-in-aid and loan from Government
- Interest income received from investment.

This notification shall be applicable for the financial years 2011-12 to 2015-16. The notification shall be subject to the conditions that the West Bengal Building and Other Construction Workers Welfare Board:-

- Shall not engage in any commercial activity;
- Its activities and the nature of the specified income remain unchanged throughout the financial year; and
- Files return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the said Act.

- **Income-Tax deduction from salaries during the financial year 2014-15 under section 192 of the Income-Tax Act, 1961**

Circular No.08/2013 dated Oct 25th, 2013

The rates of deduction of income-tax from the payment of income under the head "Salaries" under Section 192 of the Income-tax Act, 1961, during the financial year 2013-14, were already intimated. The present Circular contains the rates of deduction of income-tax from the payment of income chargeable under the head "Salaries" during the financial year 2014-15 and explains certain related provisions of the Act and Income-tax Rules, 1962.

- **Section 120(1) and (2) of the Income Tax Act, 1961 - Income Tax Authorities - Jurisdiction of - supersession of Notification no. so. 1942(E), dated Aug 19th, 2011**

Notification No. 77/2014 [F.NO. 187/37/2014 (ITA.I)/ SO 3125(E), dated Dec 10th, 2014

The Central Board of Direct Taxes hereby,—

- Directs that the Director General of Income-tax (Intelligence and Criminal Investigation), shall exercise powers and perform functions in respect of such territorial areas or such persons or classes of persons or such incomes or classes of incomes or such cases or classes of cases, in respect of which the Directors of Income-tax specified in column (4) of the said Schedule are having jurisdiction;

- Authorises the Director General of Income-tax (Intelligence and Criminal Investigation) specified in column (2) of Schedule-I or Director(s) of Income-tax (Intelligence and Criminal Investigation) Specified in column (2) of Schedule-II in this Notification to issue orders in writing to the Income-tax authorities subordination to them for the exercise of such powers and functions specified in column (5) of the Schedule-II, in respect of territorial areas under their jurisdiction.

RECENT JUDGEMENT



- **Section- 45/48: Gains on sale of TDR has no cost of acquisition and is not chargeable to capital gains:-**

Only an asset which is capable of acquisition at a cost would be included within the provisions pertaining to the head "Capital gains" as opposed to assets in the acquisition of which no cost at all can be conceived. In the present case as well, the situation was that the FSI/TDR was generated by the plot itself. There was no cost of acquisition, which has been determined and on the basis of which the Assessing Officer could have proceeded to levy and assess the gains derived as capital gains. It may be that subsection (2) of section 55 clause (a) having been amended, there is a stipulation with regard to the tenancy rights.

CIT vs. Sambhaji Nagar Coop. Hsg. Society Ltd

(Bombay High Court)

- **For constituting a long-term capital asset, date of allotment of property and not date of registration to be considered:-**

All the aforesaid judgments relied on by the Revenue are cases arising prior to the amendment to Section 2(47) of the Act. The very same judgments show, in particular the judgment of the Full Bench of the Gujarat High Court, the reasons for amendment i.e., even in the absence of a registered deed of transfer, if the transaction in question demonstrates the intention of the parties and after paying the entire consideration agreed upon, the purchaser enjoys the property. The fact that the transaction is not completed by execution of the registered sale deed makes no difference in the eye of law for the purpose of taxes. If the Revenue is entitled to collect tax on such capital gains, even in the absence of a registered document, on the same analogy, the assessee, who is liable to pay the capital gains, is also entitled to the exemption granted under the very Act on such capital gains.

That is precisely what the Apex Court has said in Smt.Saroj Aggarwal's case (supra) that facts should be viewed in natural perspective, having regard to the compulsion of the circumstances of a case. Too hyper technical or legalistic approach should be avoided in looking at a provision which must be equitably interpreted and justly administered. The Courts should place an interpretation making a benevolent and justice oriented inference and the facts must be viewed in the social milieu of a country.

Andhra Networks Limited vs. DCIT (ITAT Hyderabad)

- **Section 50C does not apply to the purchaser of property:-**

A plain reading of Section 50C of the Act shows that the income under the head “capital gains” is applicable to the sale of immovable property, and not to “purchase” thereof. Therefore, the provisions of Section 50C(1) of the Act are not applicable to the case of a purchaser. It is well settled that the legislature chooses its words with utmost care. When the words of a particular provision are explicit, clear and unambiguous, there is no room for interpretation thereof and as such, the legislative intent qua such a provision is not required to be gone into, as has been wrongly done by the learned CIT (A) in the present case. The section talks of ‘consideration received or accruing’. Period. ‘Consideration paid’ cannot be imported; when the legislature has itself not deemed it fit to incorporate anything to such effect in the section.

Nitco Logistics Pvt. Ltd vs. JCIT (ITAT Amritsar)

INDIRECT TAX

Service Tax

➤ **Notification No. 23/2014**

The Central Government hereby makes the following rules to amend the Service Tax Rules, 1994, namely:-

- The rules may be called the Service Tax (Third Amendment) Rules, 2014.
- They shall come into force on the date of their publication in the Official Gazette.
- In the Service Tax Rules, 1994, in rule 5A, for sub-rule (2), the following sub-rule shall be substituted, namely:-
- Every assessee, shall, on demand make available to the officer empowered under sub-rule (1) or the audit party deputed by the Commissioner or the Comptroller and Auditor General of India, or a cost accountant or

chartered accountant nominated under section 72A of the Finance Act, 1994

- The records maintained or prepared by him in terms of sub-rule (2) of rule 5
- The cost audit reports, if any, under section 148 of the Companies Act, 2013 (18 of 2013)
- The income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961 (43 of 1961),

For the scrutiny of the officer or the audit party, or the cost accountant or chartered accountant, within the time limit specified by the said officer or the audit party or the cost accountant or chartered accountant,.

Central Excise

➤ **NOTIFICATION No. 25/2014**

The Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts all goods falling under the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) donated or purchased out of cash donations, for the relief and rehabilitation of the people affected by the floods in the State of Jammu and Kashmir from the duty of excise leviable thereon under the Central Excise Act, 1944, subject to the following conditions, namely:-

- That it is certified by the manufacturer of such goods on the relevant clearance documents that the goods are intended to be donated for the relief and rehabilitation of the people affected by the floods in the said State free of cost;
- That the goods are sent directly from the factory of the manufacturer or warehouse to the Central Government, the Government of Jammu and Kashmir; or as the case may be, the relief agencies of the Central Government, the Government of Jammu and Kashmir including the relief agencies duly approved by the Central Government or the Government of

Jammu and Kashmir; and

- That the manufacturer produces before the jurisdictional Deputy Commissioner or the Assistant Commissioner of Central Excise, as the case may be, within six months from the date of removal of the goods or within such extended period as the said officer may allow, a certificate from the District Magistrate of the affected area in the State of Jammu and Kashmir that the said goods have been donated for use for the aforesaid purpose.

CORPORATE LAWS



- **MCA General Circular No. 45/2014 Dated: 18.11.2014- Extension of time for holding Annual General Meeting (AGM) under section 96(1) of the Companies Act, 2013- Companies registered in State of Jammu and Kashmir.**

The State of Jammu and Kashmir faced unprecedented floods, particularly in the Kashmir valley in September 2014. Kashmir Chamber of Commerce and Industry and others have represented that due to the devastation caused by the floods, companies registered in the State could not convene AGMS for the financial year 2013-2014 within the stipulated time as required under the provisions of Companies Act, 2013. 2. In view of the exceptional circumstances, Registrar of

Companies Jammu and Kashmir is advised to exercise powers conferred on him under the third proviso to section 96(1) of the Companies Act, 2013 to grant extension of time upto 31/12/2014 to those companies registered in the State of Jammu and Kashmir who could not hold their AGMS (other than first AGM) for the financial year 2013-14 within the stipulated time. 3. This issues with the approval of the competent authority.

- **MCA General Circular No. 37/2014 Dated 14th October, 2014-Clarification with regard to Trust/trustee as a partner in the Limited Liability Partnerships (LLPS).**

Clarifications have been sought on whether a trust or a trustee representing a trust in the case of "Real Estate Investment Trust" (REIT) or "Infrastructure Investment Trust" (InvITs) or such other trusts set up under the regulations prescribed under the Securities & Exchange Board of India Act, 1992, can become a partner in an LLP.

The matter has been examined in consultation with the Law Ministry and it is clarified that for the purposes of these trusts it is not barred for a trustee, being a body corporate, to hold partnership in an LLP in its name without the addition of the statement that it is a trustee.

- **MCA Notification No. 38/2014 Dated: 14th October, 2014 Right of persons other than retiring directors to stand for directorship - Refund of deposit under section 160 of the Companies Act, 2013 in certain cases.**

Clarity has been sought by companies registered under section 8 of the Companies Act, 2013 (corresponding to section 25 of Companies Act, 1956) about the manner in which the amount of deposit of rupees one lakh received by them under sub-section (1) of section 160 of the Companies Act, 2013 (Act) is to be handled if the depositor fails to secure more than twenty five per cent of the total valid votes. It has been noted that the relevant

provision is silent on such issue.

The matter has been examined in the Ministry and it is clarified that in such cases, the Board of directors of a section 8 company is to decide as to whether the deposit made by or on behalf of the person failing to secure more than twenty-five percent of the valid votes is to be forfeited or refunded.

➤ **SEBI Press Release No. PR No. 165/2014 Dated -December 11, 2014, Mumbai- Caution to Investors**

Investors are advised that SEBI does not regulate any scheme or arrangement made or offered by Cooperative Society, Deposits accepted by Non-Banking Financial Companies (NBFCs), Deposits accepted under 58A of Companies Act, Chit Fund Business, Contract of Insurance, Pension Scheme or Insurance Scheme, Nidhi or mutual benefit society and any other activities which are regulated by any other Authority or banned under any existing law viz., Multi Level Marketing, Pyramid schemes, etc. Accordingly, investors are cautioned not to invest in any company which is not registered and regulated and bring such schemes to the notice of various authorities i.e SEBI, Reserve Bank of India (RBI), Central Bureau of Investigation (CBI), Ministry of Corporate Affairs (MCA), Pension Fund Regulatory and Development Authority (PFRDA), Insurance Regulatory and Development Authority (IRDA) and State / Police Authorities, etc.

FEMA

➤ **Foreign Exchange Management(Export and Import of Currency) (Second Amendment) Regulations, 2014**

The Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Export and Import of Currency) Regulations, 2000

Notification No. FEMA 6/2000-RB

• **Short title and commencement**

These Regulations may be called the Foreign Exchange Management (Export and Import of Currency) (Second Amendment) Regulations, 2014.

They shall come into effect from the date of their publication in the Official Gazette.

• **Amendment of the Regulations:**

In the Foreign Exchange Management (Export and Import of Currency) Regulations, 2000 (Notification No.FEMA.6/2000-RB dated May 3, 2000), in Regulation 8, for the existing sub-regulation (1), the following shall be substituted.

“Take or send out of India to Nepal or Bhutan, currency notes of Government of India and Reserve Bank of India notes (other than notes of denominations of above Rs.100/- in either case); provided that an individual travelling from India to Nepal or Bhutan can carry Reserve Bank of India currency notes of denomination Rs.500/- and/or Rs.1000/- up to a limit of Rs.25000/-.”

➤ **Foreign Direct Investment (FDI) in India – Review of FDI policy –Sector Specific conditions Construction Development**

The extant FDI policy for Construction Development sector has since been reviewed. Accordingly, effective December 3, 2014 100% FDI under automatic route shall be permitted in construction development sector subject to the conditions specified in the Press Note 10 (2014 Series) dated December 3, 2014 issued in this regard by DIPP, Ministry of Commerce & Industry, Government of India is appended.

➤ **Foreign Exchange Management (Transfer or**

Issue of Security by a Person Resident Outside India) (Seventeenth Amendment) Regulations, 2014

Notification No.FEMA 330/2014-RB

A new scheme called 'Depository Receipts Scheme, 2014' (DR Scheme, 2014) for investments under ADR/GDR have been notified by the Central Government effective from December 15, 2014 which provides for repeal of extant guidelines for Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 except to the extent relating to foreign currency convertible bonds.

The salient features of the new scheme are:

- A person will be eligible to issue or transfer eligible securities to a foreign depository for the purpose of issuance of depository receipts as provided in DR Scheme 2014
- The aggregate of eligible securities which may be issued or transferred to foreign depositories, along with eligible securities already held by persons resident outside India, shall not exceed the limit on foreign holding of such eligible securities under the extant FEMA regulations.
- The eligible securities shall not be issued to a foreign depository for the purpose of issuing depository receipts at a price less than the price applicable to a corresponding mode of issue of such securities to domestic investors under FEMA, 1999.
- If the issuance of the depository receipts adds to the capital of a company, the issue of shares and utilisation of the proceeds shall have to comply with the relevant conditions laid down in the Regulations framed and Directions issued under FEMA, 1999.
- The domestic custodian shall report the

issue/transfer of sponsored/un-sponsored depository receipts as per DR Scheme 2014 in 'Form DRR' as given in Annex within 30 days of close of the issue/ program.

Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Seventeenth Amendment) Regulations, 2014 notified vide Notification No. FEMA.330/2014-RB dated December 15, 2014, c.f. G.S.R. No. 914(E) dated December 24, 2014. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals.

➤ **Remittance of Assets – Submission of Auditor's certificate**

Notification No. FEMA324/2014-RB dated 14th, Nov,2014

Foreign Exchange Management (Remittance of Assets) Regulations, 2000, notified vide Notification No. FEMA 13/2000-RB dated May 3, 2000, as amended from time to time, which required submission of certificates in the formats prescribed by Central Board of Direct Taxes, Ministry of Finance Government of India specified in their circular No. 10/2002 dated October 9, 2002.

The instructions by Central Board of Direct Taxes (CBDT) regarding submission of certificates have undergone significant changes over the years. Also it is pertinent to note that CBDT vide its notification dated September 2, 2013 has revised the instructions regarding furnishing of tax declarations and submission of Form 15CA and 15 CB.

Accordingly, Reserve Bank has since amended the Principal Regulations through the Foreign

Exchange Management (Remittance of Assets) (Amendment) Regulations, 2014 notified vide Notification No. FEMA. 324/2014-RB dated October 31, 2014, c.f. G.S.R. No. 803 (E) dated November 14, 2014, with respect to submitting certificates on tax payments.

Authorised Dealer banks may refer to the instructions contained in A.P (DIR Series) Circular No. 151 dated June 30, 2014. The conditions stipulated therein shall be complied with while making remittances.

➤ **Foreign Exchange Management (Deposit) (Amendment) Regulations, 2014, Notification No. FEMA.327/RB-2014**

The Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Deposit) Regulations, 2000 (Notification No. FEMA.5/2000-RB dated 3rd May 2000), hereinafter called 'Principal Regulations' namely:-

● **Short Title & Commencement**

These Regulations may be called the Foreign Exchange Management (Deposit) (Amendment) Regulations, 2014.

They shall come into force from the date of their publication in the Official Gazette.

● **Amendment of Regulation**

In the Foreign Exchange Management (Deposits) Regulations, 2000 (Notification No. FEMA 5/2000-RB dated May 3, 2000),

In Regulation 4, sub-regulation 5 shall be substituted by the following namely:

“(5) Deposits held in accounts maintained with an authorised dealer by any multilateral organization

and its subsidiary/affiliate bodies and officials in India of such multilateral organisations, of which India is a member nation.”

➤ **Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fourth Amendment) Regulations, 2014, Notification No. FEMA. 325/RB-2014**



The Reserve Bank hereby makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations 2004 (Notification No. FEMA.120/RB-2004 dated July 7, 2004), as amended from time to time.

● **Short Title & Commencement**

These Regulations shall be called the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Fourth Amendment) Regulations, 2014.

● **Amendment to Regulation 19A**

The existing Regulation 19A shall be substituted with the following, namely:

19A. Overseas Direct Investments by Proprietorship Concern / Unregistered Partnership Firm in India

A proprietorship concern or an unregistered partnership firm in India, satisfying the criteria for Overseas Direct Investment as prescribed by the Reserve Bank from time to time, may set up / acquire a Joint Venture (JV) / Wholly Owned

Subsidiary (WOS) outside India with the prior approval of the Reserve Bank.”

- **Amendment to Schedule II**

The existing Schedule II stands deleted.

POLICY WATCH

➤ **Ministry of Textiles approve usage of geotechnical textiles in north east region**

The scheme has a financial outlay of USD 67 million for five years from 2014-15. The use of this modern and globally proven technology will help in creating roads and infrastructure in North East, which will require less maintenance and shall have longer life. The scheme will be driven by Textile Ministry's Centers of Excellence and will also provide technological support, capacity building, training, market development support and create awareness about geotextiles by supporting the entire supply chain.

➤ **Cabinet approves constitutional amendment bill for GST**

The Union Cabinet has approved the Constitutional Amendment Bill for Goods & Services Tax (GST). This is now expected to be introduced in the ongoing session of Parliament. The government intends to introduce GST from April 1, 2016. The bill needs to be approved by a 2/3rd majority of the house. After this, it needs to be endorsed by at least half of the State Assemblies. Then the centre will introduce separate legislation for GST. States, too, will be required to bring in legislations. The new regime would replace a number of indirect taxes currently being levied by the Central and State Governments and is intended to remove cascading of taxes and provide a common national market for goods and services.

➤ **Union cabinet approves coal & insurance ordinance**

Union cabinet has approved an executive order to implement coal and insurance reforms. The move comes after a month-long Parliament session that ended failed to vote on a bill to raise the cap on foreign investment in insurance companies to 49% from 26%, and another legislation to overhaul the troubled coal sector. The order will need to be approved by the members of parliament within six weeks of the opening of the next session of Parliament scheduled for the beginning of February.



➤ **Defence acquisition proposals worth USD 700 million cleared**

The Defence Acquisition Council (DAC) has approved proposals worth USD 700 billion, including the purchase of four helicopters for survey vessels at USD 366 million. It has also cleared the upgradation of the mobile integrated electronic warfare system, Samyukta, at a cost of USD 265 million. Purchase of P-7 Heavy Drop Platform, which is used for military logistics, for USD 63 million was also approved. It however deferred decision on a proposal from Tata Sons Ltd and Airbus to replace the Indian Air Force's Avro transport fleet.

➤ **EPFO plans social security agents to improve service delivery**

Employees' Provident Fund Organisation's (EPFO)

is planning to engage agents to improve delivery of its social security schemes as done by the Income Tax Department to facilitate tax payers and improve compliance. The EPFO subscribers will have an option of such specialised service. These social service agents could also help the EPFO in a big way in case of Universal (portable PF) Account Number scheme.

INDUSTRY WATCH & CORPORATE HIGHLIGHTS



➤ **India and US to sign agreement on secret exchange of investment**

India is to sign an agreement with the US by December 31 allowing for confidential bilateral exchange of details of overseas investments held by people in both the countries. The Supreme Court had earlier told the government that it should not enter into agreements with secrecy clauses that are not in sync with the Constitution. However, the court-appointed SIT had later not raised any objection. By becoming a signatory to the US's Foreign Account Tax Compliance Act (FATCA) by the year end, India will manage to salvage the US arms of Indian financial institutions from a 30% penal withholding tax on outbound payments. The income-tax authorities here will get information under this agreement about the undisclosed financial investments by Indians in the US.

➤ **India & Egypt to cooperate in science and technology sector**

India and Egypt have signed an agreement for cooperation in the field of science and technology especially in biotechnology and nano-technology. Under the Executive Programme, which will be valid for the period 2015-2018, the two countries will arrange joint research and development projects, exchange of visits by scientists and training programmes and scientific workshops and conferences. It will focus on cooperation on vital sectors of biotechnology (agriculture biotechnology and enzymes bio-technology); nano-technology (material sciences and sensors); and information and communication technology (e-Health, e-Education and e Governance).

➤ **New PPP contracts to have renegotiation clause**

The Union finance ministry is to introduce a renegotiation clause in new PPP contracts. This is expected to revive investment in infrastructure projects. It is of the opinion that certain renegotiation triggers might be necessary for long-term projects, as in the case of some complicated construction contracts. If the scope of a project is changed midway, that could trigger renegotiation. The infrastructure sectors, particularly roads and power, had pushed for changes in the terms of signed contracts to get more favourable terms, in the case of those which had become financially unsustainable due to extra-aggressive bidding to secure them. GMR, GVK, Adani, Reliance Power and Tata Power are some companies which have tried to modify their contracts or exit these.

➤ **Alstom wins USD 28.37 million order from NTPC**

Alstom India has secured an order worth around USD 28.37 million from NTPC Ltd. The company

would supply a 765 kV switch yard at the 2x800 MW Darlipalli super thermal power project (STPP) in Sundergarh district of Odisha. The switch yard will facilitate evacuation of 1600 mw of power produced by STPP to the Odisha grid. Alstom T&D India will design, engineer, manufacture, install and commission eleven 765kV bays and fourteen 132kV bays. All equipment will be manufactured and supplied from Alstom T&D India's manufacturing facilities located in Padappai, Hosur and Pallavaram.

➤ **Vistara signs inter-line agreement with Singapore Airlines**

Vistara, the airline promoted by a joint venture of Tata Sons Ltd and Singapore Airlines Ltd, has signed inter-line agreements with Singapore Airlines and SilkAir. Such an arrangement refers to an agreement to issue and accept tickets for flights that are operated by the partner airlines. On the contrary, in the case of code-share agreement, another form of business alliance refers to a pact of marketing and selling the flights of another airline as if they were the airline's own flights. A code-share agreement always consist of two partner airlines; the operating airline and one marketing airline that places its own flight number on the partner's operated flights.

➤ **Reliance Industries Ltd signs shipping deal with Japan's Mitsui**

Reliance Industries has signed a long-term agreement with Japan's biggest shipping company Mitsui OSK Lines for transportation of liquefied ethane from North America to India. Mitsui will manage six very large ethane carriers. It will supervise the construction of 87,000 cubic meter ships and upon vessel delivery, manage the ships. Ethane, a natural gas component, is expected to be produced in large volumes in North America due to the shale gas revolution, which has generated an

abundance of liquefied natural gas (LNG) and cooking gas LPG.

➤ **Steel output outpaces world average of 0.1% growth in November**

India's steel production grew at 4.8% in November outpacing the world average of 0.1% growth in November. During the month, India produced 6.89 million tonnes (mt) of steel compared to 6.57 mt in the same month, last year. With domestic production touching 76.19 mt during the first eleven months of calendar year (January-November 2014), India maintained its position as the world's fourth largest steelmaker in 2014. China, Japan and the US were the three leading steel producers.

➤ **Flipkart announces USD 700 million funding**

Flipkart, India's largest e-commerce marketplace, has announced a USD 700 million funding. The new investment, which comes five months after a landmark USD 1 billion fundraising, has seen its valuation exceed USD 10 billion. With this Flipkart has raised USD 2 billion this year alone. The investment in Flipkart demonstrates a growing faith of investors in Indian e-commerce market, currently estimated USD 3.5 billion which may grow 70% to touch USD 6 billion next year.

➤ **SBI Approves settlement scheme for mining-affected borrowers in Goa**

State Bank of India (SBI) has approved the one-time settlement (OTS) scheme for its borrowers from the mining industry in Goa. This is expected to pave the way for other financial institutions to settle the long-pending bad debts of



those who have been facing severe problems due to the halting of mining in the state. The scrutiny committee of the state's Economic Development Corporation has recommended the Goa government to go ahead with the OTS offered by SBI to its borrowers. The bank has proposed 30% waiver on principle loan amount to the truck owners and 40% to the barge owners.

➤ **World Bank signs USD 1100 million loan agreement with Dedicated Freight Corridor**

The Dedicated Freight Corridor Corporation (DFCC) and the World Bank have signed a loan agreement of USD 1100 million for construction of the second phase of a 393 km long electrified double line between Mughalsarai-Bhaupur sections of Eastern DFC. World Bank has agreed in principle to partly finance the Eastern DFC Corridor project from Mughalsarai to Ludhiana, which has been divided into three phases. The total in-principle loan commitment is USD 2.7 billion, out of which the loan for the first phase amounting USD 975 million was sanctioned in May in 2011.

➤ **November coal imports at 3 month high**

India's coal imports have risen 7% to a three-month high of 16 million tonnes in November from a year ago. Falling prices have encouraged power companies to continue stocking up. India is the third-largest coal importer though state-owned Coal India is the world's largest miner of the fuel and accounts for about 80% of the country's total output. To quickly ramp up coal output and meet demand from power companies, the government has passed an executive order that will break Coal India's near monopoly on commercial mining by allowing private firms to mine and sell for the first time in more than four decades. The government expects higher production from Coal India and private firms in the next four years will allow India to almost end imports of thermal coal.

➤ **Cabinet approves 100% FDI in medical devices sector**

Cabinet has approved 100% Foreign Direct Investment (FDI) in medical devices sector. Currently the medical devices sector falls under the pharmaceutical category and is accordingly subjected to

FDI limits and other conditions such as mandatory government

FOREIGN
DIRECT INVESTMENT



approval. While 100% FDI is permitted in the pharma sector, the FDI is permitted through automatic route in the case of green-field investment or new venture and the Foreign Investment Promotion Board (FIPB) approval is required in the case of brown-field investment or in existing companies. As per estimates, India imports about 70% of its requirement of medical devices. The industry size in the country is about USD 7 billion.

➤ **Spicejet shares slump nearly 13%**



Shares of Spicejet tumbled nearly 13 per cent today amid reports that the Airports Authority of India (AAI) has decided to withdraw credit facility to the low-cost carrier. Following the buzz, Spicejet's stock plunged 12.7 per cent to Rs 16.15 on the BSE.

Statutory compliance calendar for the month of December 2014			
Due date	Statutory compliance under Act	particulars	Governing Authority
			
06/12/2014	Service Tax	Payment of monthly service tax for the month of October by all tax payers electronically	Central Board of Excise and Custom
	Central Excise	Payment of monthly central excise duty for the month of October on goods by assesses other than SSI units electronically	Central Board of Excise and Custom
07/12/2014	Income Tax	Deposit of Income Tax TCS and TDS deducted in October	Central Board of Direct Tax.
	NBFC-ND-SI	Monthly return of source and application of funds, profit and loss account, asset classification	Reserve Bank of India.
	NBFC-D	Monthly return of exposure to capital markets in form NBS-6 by NBFC having total assets of ` 100 crore and above	Reserve Bank of India.
10/12/2014	Central Excise	Monthly central excise return in form ER-1/ER-2 by other than SSI	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952
	NBFC-ND-SI	Monthly statement of short term dynamic liquidity in form NBS-ALM1	Reserve Bank of India.
	Central Excise	Monthly return of receipts and consumption of Principal Inputs by specified manufacturers of excisable goods in form ER-6	The securities and exchange board of India Act-1992
15/12/2014	Income Tax	Advance income tax under section 211 of Income Tax Act by corporate (third installment) and non-corporate assesses (second installment)	Central Board of Direct Tax.
	Provident Fund	(a) Payment of monthly dues of Provident Fund for the month of November	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952
		(b) Monthly return in form 5 for employees joining Provident Fund during November along with declaration in form 2 furnished by the employees	
		(c) Monthly return of Provident Fund in form 10 of employees leaving the service during November	
21/12/2014	ESIC	Payment of ESIC contribution for the month of November	The employees' state insurance Act-1948. Ministry of labour and employment.
25/12/2014	Provident Fund	Monthly contribution statement (abstract) in form 12A, along with copy of receipted challans regarding payment of contribution.	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952

Glossary:

AAR	Authority of Advance Rulings
ADR	American Depository Receipt
ALP	Arm's Length Price
AO	Assessing Officer
AP	Association of Persons
APA	Advance Pricing Agreement
ATM	Automated Teller Machine
AY	Assessment Year
BCD	Basic Customs Duty
BI	Body of Individuals
BP	Balance of Payments
CA	Chartered accountant
CAD	Current Account Deficit
CBDT	Central Board of Direct Taxes
CBEC	Central Board of Excise & Customs
CENVAT	Central Value Added Tax
Customs Act	Customs Act, 1962
CIT	Commissioner of Income Tax
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CD	Countervailing Duty
DDT	Dividend Distribution Tax
DTA	Domestic Tariff Area
ECB	External Commercial Borrowings
ESI	Employee's state insurance
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FERA	Foreign Exchange Regulation Act
FII	Foreign Institutional Investors
FIPB	Foreign Investment Promotion Board
FPI	Foreign Portfolio Investment
FTS	Fees for Technical Services
FY	Financial Year
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	Institute of chartered accountant
IFRS	International Financial Reporting Standard
IDR	Indian Depository Receipt
IIP	Index of Industrial Production
IRDA	Insurance Regulatory Development Authority
ITR	Income tax return

LCD	Liquid-crystal Display
MP	Madhya Pradesh
MP	Market price
MF	Mutual fund
MSME	Micro Small and Medium Enterprises
NBFC	Non Banking Finance Company
NHAI	National Highway Authority of India
NPS	National Pension Scheme
NRI	Nonresident in India
NABARD	National Bank for Agriculture and Rural Development
OEM	Original Equipment Manufacturer
OET Act	Odessa Entry Tax Act, 1999
PSU	Public Service Undertakings
P&L	Profit & loss
PF	Provident fund
POTR	Point of Taxation Rules
QE	Quantitative Easing
QFI	Qualified Foreign Investor
RBI	Reserve Bank of India
REF	Renewable Energy Fund
REIT	Real Estate Investment Trust
Rules	Income-tax Rules, 1962
SA	Standard on Auditing
SAD	Special Additional Duty
SC	Scheduled Caste
SC	Supreme Court
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
ST	Scheduled Tribes
ST	Service Tax
STP	Software Technology Park
STR	Service Tax Rules
STCG	Short Term Capital Gain
TIN	Transaction identification number
TNNM	Transactional Net Margin Method
Tribunal	Income tax Appellate Tribunal
TDS	Tax Deducted at Source
TPO	Transfer Pricing Officer
TED	Terminal Excise Duty
VAT	Value Added Tax
VCC	Venture Capital Companies
VCF	Venture Capital Fund
WPI	Wholesale Price Index
WT	Wealth tax
WB	World bank

BUSINESS ADVISORY

- Growth Planning
- Succession Planning.
- Strategic Decision Appraisal
- Risk, Uncertainty and Change Management Services
- Strategic Decision Implementation – National and Global Platform
- Wealth Management Services.

TAXATION SERVICES

- Direct Taxation Advisory
- Service Tax, Excise duty, VAT Registration Services
- Tax Planning Strategy– Optimum use of Corporate Tax Incentives.
- Implementing and Operating in the tax consolidation regime
- Preparation of return of Income Tax, Service Tax, Excise Duty and VAT.

AUDIT & ASSURANCE

- Statutory Audit including Tax Audit & VAT Audit
- Internal Audit and Concurrent Audit
- Management Audit and Operational Audit
- Cost Audit/Reviews
- System and process control reviews.
- Secretarial Audit.

OUTSOURCING ACCOUNTANTS

- Annual financial report preparation
- Preparation of general and special purpose statutory accounts
- Processing Payroll
- Cash management reporting
- Accounting system reviews
- Financial analysis
- General Accounting Support, as required by client.

RBI, FEMA, SEBI Services

- Setting up Liaison Office, Branch Office and Project Office.
- RBI Consulting
- Private Equity Finding Advisory.
- Project Financing.
- Credit Rating.
- Business Asset Valuation.
- Due Diligence.



We are the exclusive member of in India of the Association of International Tax Consultants, an association of independent professional firms represented throughout worldwide.



**Grow your
business with
one change**

DISCLAIMER

The contents of this document are for information purposes and general guidance only and do not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice.

No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication and Rajput Jain & Associates disclaims all responsibility for any loss or damage caused by errors/ omissions whether arising from negligence, accident or any other cause to any person acting or refraining from action as a result of any material in this publication.



BRANCHES / AFFILIATES:-

The headquarter of **Rajput Jain & associates** Chartered Accountants is located in Delhi, India. Beside this **Rajput Jain & associates** has presence all over India, with Nepal, and United States of America, Australia, through its associates / affiliates.

CORPORATE OFFICE

P-6/90, Connaught Place, Connaught
Circus, New Delhi-110001, India.

Phone No: - +91-9811322785;

011-233 433 33.

DELHI BRANCH

204, Prakash Chamber, 6 Netaji Subhash
Marg, Main Road Daryaganj, New Delhi-
110002, India.

Phone No: - +91-9871857333; 011-
43520194.

UTTAR PRADESH BRANCH

B-2, Shanchar Vihar, ITI Mankapur,
District Ghonda, Uttar Pradesh,
271308241, India.

Phone No: - +91-9811322785.

NEPAL BRANCH

Building No:-65, Ward No: - 10, Lakhe
Chaur Marg, Kathmandu Metropolitan
Kathmandu, Nepal.

FINANCE &
Accounting Solutions

Integrity, Service, Resources



While every care has been taken in the preparation of this Bulletin to ensure its accuracy at the time of publication, Rajput Jain & associates, chartered Accountant assumes no responsibility for any errors which despite all precautions, may be found therein. Neither this bulletin nor the information contained herein constitutes a contract or will form the basis of a contract. The material contained in this document does not constitute/substitute professional advice that may be required before acting on any matter.

All logos and trademarks appearing in the newsletter are property of their respective owners.

THANK YOU

FOR CHOOSING

