Tax & Corporate law Bulletin

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From the Editor's Desk...

Dear Reader,

Greetings for the season,

Income Tax (IT) Department attaches Benami properties of more than Rs 3500 crores; Highlights of the decisions taken by the GST Council in its 25th Meeting held at New Delh; Reduction in Late fee for delayed filing of GST Return recommended by the GST Council; Incorporate your Company with Zero Fees;RUN Services – Reserve Unique Name and read many more…

We eagerly await your feedback on the bulletin.

Yours truly,

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Individually, we are one Drop; Together we are an Ocean

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DIRECT TAX

➢ Income Tax (IT) Department attaches Benami properties of more than Rs 3500 crores

The Income Tax Department has stepped up actions under the Prohibition of Benami Property Transactions Act (the ‘Benami Act’), which came into force w.e.f 1st November, 2016. The Act provides for provisional attachment and subsequent confiscation of Benami properties, whether movable or immovable.

It also allows for prosecution of the beneficial owner, the Benamidar and the abettor to Benami transactions, which may result in rigorous imprisonment up to 7 years and fine up to 25% of fair market value of the property. The Department had set up 24 dedicated Benami Prohibition Units (BPUs) under its Investigation Directorates all over India in May, 2017 to ensure swift action in respect of Benami properties.

Due to intensive efforts undertaken by the Department, provisional attachment has been made in more than 900 cases of properties under the Act. These include plots of land, flats, shops, jewelry, vehicles, deposits in bank accounts, fixed deposits etc. The value of properties under attachment is more than Rs. 3500 crore including immovable properties of more than Rs. 2900 crore.

➢ Direct Tax Collections show a growth of 18.7% up to 15th January 2018

Direct Tax (DT) Collections for F.Y. 2017-2018 show Growth of 18.7% up to 15th January, 2018. Provisional figures of Direct Tax collections up to 15th January, 2018 show that net collections are at Rs. 6.89 lakh crore which is 18.7% higher than the net collections for the corresponding period of last year. There has been consistent and significant improvement in the position of Direct Tax collections during the current fiscal across all parameters.

The growth rate of Total Gross DT Collections has improved from 10.0% in Q1, to 10.3% in Q2, to 12.6% in Q3 and to 13.5% as on 15th January, 2018. Similarly, the growth rate of Total Net DT Collections has climbed up from 14.8% in Q1, to 15.8% in Q2, to 18.2% in Q3 and to 18.7%as on 15th January,2018.

➢ Relaxation in the provisions of Minimum Alternate Tax (MAT) for insolvent companies

Relaxation in the provisions relating to levy of MAT in case of companies against whom an application for corporate insolvency resolution process has been admitted under the Insolvency and Bankruptcy Code, 2016. The existing provisions of section 115JB of the Income-tax Act, 1961 (‘the Act’), inter alia, provide, that, for the purposes of levy of MAT in case of a company, the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account shall be reduced from the book profit. In this regard, representations have been received from various stakeholders that the companies against whom an application for corporate insolvency resolution process has been admitted.

Adjudicating Authority under Insolvency and Bankruptcy Code, 2016 (‘the IBC’), are facing hardship due to restriction in allowance of brought forward loss for computation of book profit under section 115JB of the Act. With a view to minimize the genuine hardship faced by such companies, it has been decided, that, with effect from Assessment Year 2018-19 (i.e. Financial Year 2017-18), in case of a company, against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the IBC, the amount of total loss brought forward (including unabsorbed depreciation) shall be allowed to be reduced from the book profit for the purposes of levy of MAT under section 115JB of the Act.

- **Sharp increase in prosecutions of tax evaders by IT Department**

The IT Department has accorded the highest priority to tackle the menace of black money. The Department has initiated criminal prosecution proceedings in a large number of cases of tax offenders and evaders. Prosecutions have been initiated for various offences including willful attempt to evade tax or payment of any tax; willful failure in filing returns of income; false statement in verification and failure to deposit the tax deducted / collected at source or inordinate delay in doing so, among other defaults.

During FY 2017-18 (Up to the end of November, 2017), the Department filed Prosecution complaints for various offences in 2225 cases compared to 784 for the corresponding period in the immediately preceding year, marking an increase of 184%.

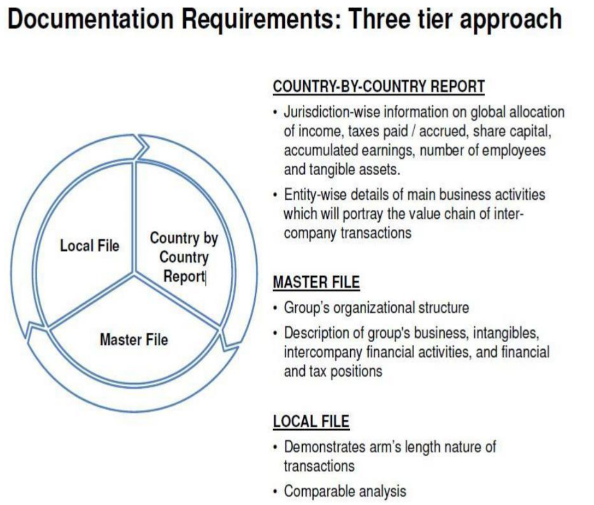
- **CBDT Order on approach for revival of struck off company**

Recently, CBDT has issued a letter stating that request/appeal for restoration of name of the 'struck off' company with retrospective date from the date of being 'struck off' shall be made by the income-tax department in the following situations:

Where proceedings under Sections 143(3) / 144 / 147 / 153A / 153C / set asidecases were already in progress.
Where proceedings under Sections 143(3) / 144 /147/ 153A/ 153C are contemplated in near future.
Where departmental appeals were pending.
Where penalty proceedings already initiated were pending.
Where prosecution proceedings were initiated / launched.
The CBDT letter states that while filing
Request / appeal, the restoration is being requested to protect the legitimate interests of revenue. The concerned company had apparently committed serious violations of the Income-tax Act, 1961 (the Act) and rendering the entity liable to consequences under the Act and restoration of the company in the register of companies would enable the tax department to take pending proceedings to a logical conclusion.
Assessing Officer to immediately make a reference to the respective regional Registrar of Companies (RoC) for revival of 'struck off companies' on a case to case basis in aforementioned situations. As an alternative, CBDT directs that jurisdictional Income-tax authorities on a case to case basis shall also file an appeal before the National Company Law Tribunal (NCLT) for revival of 'struck off company' immediately.

INTERNATIONAL TAXATION/TRANSFER PRICING

- **Country by Country (CbyC) Re porting in India**



The CbyC reporting provisions requires Multi National Entities (MNEs) to report the amount of revenue (related and unrelated party), profits, income tax paidand taxes accrued, employees, stated capital and retained earnings, and tangible assets annually for each tax jurisdiction in which they do business.

In addition, MNEs are also required to identify each entity within the group doing business in a particular tax jurisdiction and to provide an indication of the business activities each entity conducts.This information is to be made available to the tax authorities in all jurisdictions in which the MNE operates

- **Jurisdictions implement final regulations for first filings of CbyC Reports, with over 1400 bilateral relationships now in place for the automatic exchange of CbyC information**

A further important step was taken to implement CbyC Reporting in accordance with the BEPS Action 13 minimum standard, through activations of automatic exchange relationships under the Multilateral Competent Authority Agreement on the Exchange of CbyC Reports.

The automatic exchange of CbyC Reports which is set to start in June 2018 will give tax administrations around the world access to key informationon the annual income and profits, as well as the capital, employees and activities of Multinational Enterprise Groups that are active within their jurisdictions. With more than six months before the first exchange deadline, there are now over 1400 automatic exchange relationships in place among jurisdictions committed to exchanging CbyC Reports as of mid-2018, including those under EU Council Directive 2016/881/EU and bilateral competent authority agreements (including 31 with the UnitedStates).

RECENT JUDGEMENTS

- **Plastiblends India Limited vs. Addl. Commissioner of Income Tax (Supreme Court of India)**

Depreciation has to be taken into account for computing profits eligible for deduction U/s. 80-IA

Section 80-IA of the Income Tax Act, 1961 (the 'Act') provides deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc. Recently, in Plastiblends India Ltd. vs. ACIT, the singular issue which was to be considered in the various appeals pertained to claim of depreciation under Section 80-IA of the Act.

Interpreting the provisions of Section 32 of the Act (which prevailed in the relevant Assessment Years) Supreme Court in CIT vs. Mahendra Mills [(2000) 243 ITR 56] had held that it is a choice of an assessee whether to claim or not to claim depreciation. This decision was rendered in the context of assessing business income of an assessed under Chapter IV of the Act which is regulated by Sections 28 to 43D of the Act. Section 32 deals with depreciation and allows the deductions enumerated therein from the profits and gains of business or profession. Section 80-IA of the Act, on the other hand, contains a special provision for assessment of industrial undertakings or enterprises which are engaged in infrastructure development etc. This provision allows certain specific kind of deductions in respectofdepreciation.

Supreme Court observed that it is clear from the arguments advanced by the senior counsel of the assesse that main thrust of his argument was predicated on the judgment of Supreme Court in Mahendra Mills(supra), which according to us, cannot be applied while interpreting Section 80-IA of the Act. It may be stated that judgment in Mahendra Mills (supra) was rendered while construing the provisions of Section 32 of the Act, as it existed at the relevant time, whereas we are concerned with the provisions of Chapter VI-A of the Act.

Chapter IV of the Act, which allows depreciation under Section 32 of the Act, is linked to investment. Section 80-IA of the Act not only contains substantive but procedural provisions for computation of special deduction. The learned Judges held that any device adopted to reduce or inflate the profits of eligible business has to be rejected. The assesses/appellants want 100% deduction, without taking into consideration depreciation which they want to utilize in the subsequent years. This would be anathema to the scheme under Section 80-IA of the Act which is linked to profits and if the contention of the assessesis accepted, it would allow them to inflate the profits linked incentives provided under Section 80-IA of the Act which cannot be permitted.

- **CIT vs. M/s. Joy Alukkas Traders (India) Pvt. Ltd. (Kerala High Court)**

For AY 2007-08, the Department is in appeal against the Order passed by the Income Tax Appellate Tribunal (ITAT) in ITA No. 6 of 2013 whereby the Tribunal has set aside the addition made on account of disallowance of notional interest. The question of law was whether on the facts and in the circumstances of the case the interest paid on money borrowed to bring into existence a show room (according to the Revenue an income earning apparatus) is revenue expenditure? Relying upon its earlier decision in the case reported in Joy Alukkas India (P) Ltd. vs. Asst. Commissioner of Income Tax (2016) 282 CTR (Ker.) 551, the Court has held that the expenditure incurred by the assesse is revenue expenditure and answered the questions of law framed therein in favour of the assesse. The principle laid down in the aforesaid judgment has to govern the question of law framed for the consideration in this case as well. Therefore, this appeal is disposed of, answering the question of law against the revenue and in favour of the assesse.

- **ACIT vs. M/s. Haldyan Glass Ltd. (ITAT Mumbai)**

Embezzlement Loss due to Fund Siphoning by Employees is Business Loss

Embezzlement loss due to siphoning of funds of assesse company by the employees is a business loss allowable U/s 28 of the Act. The fact that there is embezzlement in the assesse company is not in dispute. The fact that the employees have siphoned off the funds of the assesse company and the assesse has filed criminal complaints against the employees for the frauds committed by them is also not in dispute. Thus, the order passed by the Ld.CIT(A) is a well-reasoned order based on the reliance of various High Courts including the Jurisdictional High Court and the Supreme Court. None of the findings of the Ld.CIT(A) have been controverted by the Revenue. In the circumstances The Tribunal upheld the Order of the Ld.CIT(A) and rejected the grounds of Revenue.

- **Pravin Thanmal Shah HUF vs. Asst. CIT(A) (ITAT Mumbai)**

(I.T.A. No.4162/Mum/2017, Date of Judgement/Order: 12/10/2017, Assessment Year: 2009-10)

Honble Mumbai ITAT in the case of Pravin Thanmal Shah HUF Vs. Asst. CIT has held that if sales are not doubted than 100% addition on bogus purchases cannot be done.

In the case the AO had made 100% addition on account of bogus purchase amounting to Rs.9,61,350/- from two parties i.e Shubhlabh trading Co & Aayushi Enterprises as their names appeared in the list of hawala operators. The Honb'le Mumbai ITAT restricted the addition to 12.5% of the disallowance by observing .I have heard both the counsel and perused the records. I find that in this case the sales have not been doubted. It is settled law that when sales are not doubted, 100% disallowance for bogus purchase cannot be done. The rationale being no sales is possible without actual purchases. This proposition is supported from Hon'ble jurisdictional High Court decision in the case of Nikunj Eximp Enterprises (in Writ Petition No. 2860, order dated 18.6.2014)

In this case, the Hon'ble High Court has upheld 100% allowance for the purchases said to be bogus when sales are not doubted. However, the facts of the present case indicate that assesse has made purchase from the grey market. Making purchases through the grey market gives the assesse savings on account of non-payment of tax and others at the expense of the exchequer. In such situation, in our considered opinion, on the facts and circumstances of the case, 12.5% disallowance out of the bogus purchases meets the end of justice. Accordingly, I hold that the disallowance should be restricted to 12.5% of the bogus purchases."

INDIRECT TAX

Goods &Service Tax

- **Highlights of the decisions taken by the GST Council in its 25th Meeting held at New Delhi**
  - ❖ GST Council has recommended change in GST rate of 29Goods and 53 Services.
  - ❖ The facility for generation, modification and cancellation of e-way bills has been started on trial basis on the portal ewaybill.nic.in.After its full-fledged operation, it will start functioning on the portal ewaybillgst.gov.in
  - ❖ For cancellation of registration of migrated taxpayers, the last date for filing FORM GST REG-29 is extended by further three months till 31.03.2018.
  - ❖ The report and recommendations submitted by the Committee on Handicrafts were also accepted by the GSTCouncil.
  - ❖ Exemption limit of Rs 5000/- per month per member has been enhanced to Rs 7500/- in respect of services provided by Resident Welfare Association (unincorporated or nonprofit entity) to its members against their individual contribution.
- **Following new functionalities have been made available on GSt portal for Taxpayers**

Registration:

One year lock in period for taxable persons who have obtained voluntary registration has been removed i.e. they are now permitted to apply for cancellation of registration even before the expiry of one year from the effective date of registration

- **Returns:**
  - ❖ Taxpayers have been provided with the facility to provide details of supplies made to merchant exporters at rate of 0.1% in all returns.
  - ❖ Taxpayer has now been provided with Table 9 of Form GSTR 1 to give amendment details of invoices / credit or debit notes etc. of previous period.
  - ❖ GSTR 4 and Composition Return Dashboard: Composition tax payers are required to file quarterly return and Normal tax payers have to file monthly returns in GST Regime. For the taxpayers who have opted in to composition scheme and taxpayers who have opted out from the composition scheme as normal tax payer, provision to file both monthly / quarterly returns (in the interim period), has been enabled on the GST Portal.
  - ❖ Track Return status: Track Return Status is now available post login to taxpayers on the GST Portal to track the status of submitted / filed return.
  - ❖ Form GSTR 5: Creation and submission of Form GSTR 5 by Non-resident taxable person is now available on GST Portal for giving details of ITC taken, amendments, supplies made etc by them.
  - ❖ Online GST grievance enabled on GST portal: Taxpayers are now being provided with a facility to lodge grievance related to processes (application), ledgers, payments etc. on the GST portal.
    - ❖ The following type of complaints can be submitted online:
    - ❖ Complaint against grievance relating to processes(Application)
    - ❖ Complaint against registered taxpayer, unregistered person or anentity
    - ❖ Grievance against ledgers/Registers
    - ❖ Grievance against Payment(GST PMT07),Others
- **Reduction in Late fee for delayed filing of GST Return recommended by the GST Council**

The late fee payable by any registered person for failure to furnish thefollowing Forms has been reduced to Rs.50 / Rs.20 based on the type of Return filed by taxpayers.

S. NO.	FORM	NIL RETURN FILERS	OTHERS
1	FORM GSTR 1 (Outward Supply Details)	Rs. 20 /- per day	Rs. 50 /- per day
2	FORM GSTR-5 (Return Non-resident taxable	Rs. 20 /- per day	Rs. 50 /- per day

	person)		
3	GSTR 5A (Return for OIDAR)	Rs. 20 /- per day	Rs. 50 /- per day
4	FORM GSTR-6 (Return for Input Service Distributor)	Rs. 50 /- per day	Rs. 50 /- per day

- **E-way Bill Mechanism**

E-way bill is an electronic way bill for movement of goods which can be generated online through the GST portal.

A registered dealer / supplier of goods can cause movement of goods of more than Rs 50,000 in value by generating an e-way bill on GST common portal.The facility of generation and cancellation of e-way bill may also be made available through SMS.

- The facility for generation, modification and cancellation of e-way bills has been started on trial basis from 16th January 2018 on the portal ewaybill.nic.in.After its full-fledged operation, it will start functioning on the portalewaybillgst.gov.in.
- Traders and transporters can use e-way bill system on voluntary basisfrom the deployment dateitself.
- Nationwide e-way Bill system for Inter-State movement of goods willbe required on compulsory with effect from 1st February, 2018. Rules for compulsory requirement will be notified on the saiddate.

E-way Bill generation for both inter-State and intra-State is ready from 16th January, 2018, however the States may choose their own timings for implementation of e-way Bill for intra-State movement of goods on anydate before 1st June,2018.

There are few states already having system of e-way Bill for intra-State as well as inter-State movement and some of those States can be early adopters of national e-way Bill system for intra-State movement also. Butin any case, the Uniform System of e-way Bill for inter-State as well as intra-State movement will be implemented across the country by 1st June,2018.

- **Nil Return filing and Questionnaire based display in Form GSTR 3B for the Tax payers**

Functionality to file Nil Return is available on GST portal, in case a taxpayer selects option to file Nil GSTR 3B Return, he can straightaway file nil return. Earlier there was no such provision hence all taxpayers were shown all tiles along with payment tile.

Further on logging and selecting Form GSTR 3B In Return dashboard, system displays a questionnaire to the taxpayer based on which relevant tables of GSTR 3B will be visible to the taxpayer. It has removed non-relevant tables of the return which are not applicable for a particular assesse such as interstate supply to unregistered.

- **Total collection under GST for the month of December 2017 has been Rs. 80,808 crore till 25th December 2017**

Total Revenue Collection under GST: The total collection under GST for the month of December 2017 has been Rs. 80,808 crore till 25th December 2017. 99.01 lakh taxpayers have been registered under GST so far till 25th December, of which 16.60 lakh are composition dealers which are required to file returns every quarter. 53.06 lakh returns have been filed for the month of November till 25th December.

Revenue of States: Rs. 80,808 crore collected under GST for the month of December, 2017 (upto 25th December) segregation of which under different heads is as follows:

S. NO	TAX	AMOUNT(IN CRORE)
1	IGST	41270/-
2	SGST	13089/-
3	CGST	18650/-
4	COMPENSATION CESS	7798/-

- **Uniform rate of tax @ 0.5% for manufacturers and traders under Composition Scheme**

The Central Government has brought down the composition rate to 0.5% from 1% for manufacturers.

S.NO.	CATEGORY	RATE
1	MANUFACTURERS	0.5% (CGST) + 0.5%(SGST/UTGST)
2	TRADERS	0.5% (CGST) + 0.5%(SGST/UTGST)

Further, in case of traders, turnover only for supply of taxable goods will be considered for the tax liability. Exempted supply will not be included in total turnover.

- **Clarifications regarding GST on College Hostel Mess Fees**

The Central Government has clarified that Supply of food or drink provided by a mess or canteen is taxable at 5% without Input Tax Credit irrespective of the fact that service is provided by the educational institution itself or the institution outsources the activity to an outside contractor.

CORPORATE LAWS

- **Incorporate your Company with Zero Fees**

The Ministry of Corporate Affairs (MCA) brought about a transformational change in the company name reservation and incorporation processes ever since it has undertaken the initiative of Government Process Re-engineering (GPR) and setting up the Central Registration Center (CRC) for processing of Company Name Availability and Incorporation aspects. The project to transform the processing of Company Incorporation e-Forms was undertaken with one clear objective – Applications for Name reservation and Incorporation of a company should be processed and completed within 24 hours (One working Day) in line with Global best corporate practices.

- **RUN Services – Reserve Unique Name**

Recently the Ministry of Corporate Affairs took up a bold initiative by introducing the RUN (Reserve Unique Name) service. Effective from 26th January, 2018. It is a simple and easy to use web service for reserving a name for a new company or for change of name for any existing company. Let's check out the salient features of this newly introduced service:

- It is introduced in form of an Online Utility on the MCA portal.
- As compared to the previous procedure of Filing INC-1 e-Form, no prior DINs or DSCs are required for making RUN application.
- The name applied for will either be approved or rejected and no re submission is allowed. A fresh payment of Rs. 1000 has to be made for every application submitted using the RUN service.
- Filing fees remains the same as compared to previous procedure i.e. Rs. 1000/- but as there are no chances for Re submission, there remains a probability of frequent name rejections.
- An approved name is valid for a period of
  (i) 20 days from the date of approval (in case name is being reserved for a new company); or
  (ii) 60 days from the date of approval (in case of change of name of an existing company).
- A comment section is introduces where the applicant has to enter the objects of the proposed company and any other relevant comments in support of the proposed name.
- Name applications will be processed by Central Registration Center (CRC) under Non- STP

mode. The name applied for will be subjected to a comprehensive check by the Central Registration (CRC) and thereafter approval or rejection, as the case may be, shall be communicated by e-mail to the applicant.

- When a proposed name is approved or rejected, an email communication containing confirmation of approval or rejection (as the case may be) with related documents, if any, is sent to the email id of the applicant.

This is a post-login service and existing users would need to login into their account using their credentials, and new users are required to create a login account first before using the service on MCA portal. The same user login ID which was used for reserving the name has to be used for submitting and uploading Spice or any other Incorporation forms.

Along with the introduction of RUN services, the Ministry has introduced Companies (Registration Offices and Fees) Amendment Rules, 2018, wherein it has eliminated the fees charged by it at various stages of Incorporation. Although, the Stamp Duty being still levied, this is a huge relief as they have implemented the process of Speedy, Smooth, Simple incorporation with Zero fee for incorporation of all companies with authorized capital up to Rs. 10 lakh. The following table represents the revamped fee-structure implemented by the Ministry

Process for Incorporation of Company Private Limited

Moving from the Companies Act 1956 to the Companies Act 2013 is like shifting from your old house to a new one. All the provisions become changed with new Act, 2013. Due to new act many amendments were introduce by Central Government from time to time by Notification, Amendments etc. Same like this many amendments have been made in last approximately 4 years in relation to Incorporation of New Company. Let's look at the Journey of Major Amendments in relation to Incorporation of Company since 1st April, 2014 to till date i.e. 01st February, 2018.

This Date is revolutionary in the History of Companies Act for the purpose of "Ease of Doing Business". Following Alteration made by Central Government:

i. New Process of Name Approval "RUN" notified and e-form INC-1 omitted.
ii. INC-7 form omitted. Only way out for incorporation of Company is SPICE.
iii. No ROC fees for Incorporation of Company upto10 lack of authorized capital.
iv. Updated version of SPICE notified.

Executive & Non- Executive Director under Companies Act, 2013

Executive Director: As per Rule 2(1)(k) of the Companies (Specification of definitions details) Rules, 2014 "Executive Director" means a Whole Time Director as defined in clause (94) of section 2 of the Act"

Whole Time Director: As per Clause 2(94) of Companies Act, 2013 "“whole-time director”includes a Director in the whole-time employment of the company.

After reading of above mentioned both definitions one can opine that following shall be considered as Executive Director: A. Executive Director: (Whole Time Director)

Condition-I:

To became executive Director 'a person should be Director' of the Company.

Condition-II:

To became executive Director 'a person should be Whole Time Employee' of the Company.

Condition-II:

To became executive Director ultimately 'a person should be Whole Time Director' of the Company.

Note* as per definition of Whole time Director, both conditions should be fulfilled to consider a person as WTD. {Director + Whole Time Employee}

In Simple Words; A person who is DIRECTOR + Whole Time Employee of the Company indirectly shall be considered as Executive Director due to (2) (1) (k) whether designated by Company as executive Director or not.

Director Identification Number of disqualified directors reactivated by the Government

The process for 'reactivation' of the Director Identification Numbers (DINs) in respect of disqualified Directors under Condonation of Delay

Scheme (CODS) has been completed by the Ministry of Corporate Affairs and the status of the relevant DINs can be checked now.

Stakeholders may now file necessary 'overdue documents' as per the scheme.

The scheme is not applicable for those Directors who may have been associated with a company which was struck off under Section 248(1) of the Companies Act-2013 and DINs for such individuals shall be re-activated only upon receipt of orders for revival of the said company, as per due process laid down under the CompaniesAct, 2013.

- **Companies fined for non- appointment of women directors on the Board**

A provision under the Companies Act, 2013 requires every listed company and prescribed class of companies to have a women director. Securities and Exchange Board of India (SEBI) also mandates appointment of at least 1 woman director on the boards of listed companies.

Registrar of Companies has filed prosecutions against 202 non-compliant public unlisted companies. 142 companies including PSUs listed on Stock Exchanges which had not appointed women directors as on 30 September 2017 have been levied fine for non-appointment of women directors, as per fine structure prescribed by SEBI.

- **Government notifies Condonation of Delay Scheme, 2018**

In September 2017, Ministry of Corporate Affairs (MCA) had identified more than 3 Lakh directors who were associated with such companies which had failed to file annual returns or financial statements online with MCA, for a continuous period of 3 financial years. The list of such directors was published on MCA and they were barred from accessing online registry on MCA.

Several representations were received from the industries, defaulting companies and their directors seeking an opportunity to become compliant and normalize their operations. Therefore, the Government, on 29 December 2017, notified Condonation of Delay Scheme, 2018 to give opportunity to the defaulting non- compliant companies to rectify their default.

Validity: The scheme shall remain valid from 1 January 2018 till 31 March 2018.

Applicability: Defaulting companies are allowed to file overdue documentswhich were due for filing till 30 June 2017. Scheme is valid only for filing overdue documents in prescribed forms like Form 20B/MGT-7, 23AC & ACA/ AOC-4, 66, 23B/ADT-1 etc.

Procedure:-

- The Director Identification Number (DIN) of the disqualified directors, de- activated at present, shall be temporarily activated during this period toenable them file the overduedocuments.
- The defaulting companies shall file their overdue documents in therespective forms paying normal filing fee and the additional feepayable.

The defaulting companies, after filing the overdue documents in respective forms as mentioned above, shall seek Condonation of Delay by filingonline form e-CODS on MCA. The fee for filing this e-form shall be Rs.30,000/-

SEBI

- **Revised guidelines issued for electronic book mechanism for issuance of securities on private placement basis**

SEBI vide circular dated April 21, 2016, mandated usage of electronicbook mechanism for issuance of debt securities on private placement basis.Subsequently, on the basis of the market feedback,suitable revisions were made to the existing framework for Electronic Book Mechanism.

The revisions made to the existing framework are aimed at further streamlining the procedure for private placement of debt securities, allowing private placement of other classes of securities which are in the nature of debt securities and enhancing transparency in the issuance, resulting in better discovery ofprice.

New circular shall come into force from 1 April 2018 and the above mentionedcircular dated April 21, 2016 shall stand repealed from the samedate.

POLICY WATCH

- **India FY2019 fiscal deficit to come in at 3.5% of GDP:**

India's fiscal deficit is expected to come in at 3.5 per cent of GDP in financial year 2018-19, as policymakers seek to promote economic growth by reducing the pace of fiscal consolidation, says a report.

According to the report by BMI Research, a unit of Fitch Group, there is room for fiscal slippage as the government seeks to achieve its 7.5 per cent growth target.

"We are therefore revising our forecast for the financial year 2018-19 fiscal deficit to come in at 3.5 per cent of GDP, from 3.3 per cent previously," BMI Research said in a note.

- **Higher defence pension outgo may stress Centre's finances**

Notwithstanding the sharply higher than budgeted revenue deficit for 2017-18, which has analysts worried, a steady increase in pensions to defence personnel over the years to nearly Rs 1.08 lakh crore for 2018-19 from around Rs 45,500 crore in 2013-14 is further expected to accentuate the stress on government's finances. The revenue deficit for 2017-18 increased from 1.9 per cent of GDP as per budget estimate to 2.6 per cent as per revised estimates.

"The expenditure on pensions is estimated to increase from Rs 1,31,201 crore in BE 2017-18 to Rs 1,47,387 crore in RE 2017-18, mainly on account of implementation of 7thPayCommission recommendations.

In Budget estimates of 2018-19 the total expenditure on pensions is estimated at Rs 1, 68,466 crore which is 0.9 per cent of estimated GDP for the year. This includes a provision of Rs 108853 crore for Defence pensions, Rs 46,378 crore for Civil pensions and Rs 11,676 crore for Telecom pensions in BE 2018-19," according to a document from Union Budget 2018-19.

INDUSTRY WATCH & CORPORATE HIGHLIGHT

- **Interest rates may rise in future, says PNB chief**

Ahead of RBI's monetary policy review tomorrow, Punjab National Bank Managing Director Sunil Mehta said lending rates are likely to go north due to hardening inflation.

"As of now interest rates are stable but the way inflation is moving, they are likely to harden in the future," he said after announcing the third quarter numbers.

This seems to be good news for the savers. However, borrowers will have to shell out extra if the lending rates go up.

RBI will unveil its bi-monthly policy tomorrow amid widespread expectations that the central bank may go in for a status quo for the third time in a row.

This would be the first policy announcement after the Union Budget 2018-19, that was unveiled on February 1.

- **Kellton Tech offers IoT enabled AI solution to energy sector**

Kellton Tech Solutions, a Hyderabad headquartered IT and digital transformation solutions provider, has announced foraying into energy vertical with what it claims an innovative and first of its kind IoT (Internet of Things) enabled AI (Artificial Intelligence) solution.

In a statement, the company said the IoT enabled AI platform remotely monitors the real time data of energy assets at multiple locations. The solution architecture enables communication between man and machine at any point of time with its proprietary, smart IoT devices, resulting in streamlining and improvement of operations with an immediate effect.

The Platforms based on predictive and prescriptive analytics allows our customers to make smarter, faster and informed decisions. The platform enables maximization of asset utilization, reduction in down time with an immediate effect," said the company.

- **Tata Steel aims Rs 1,000 crore revenue from home solutions**

KOLKATA: Tata Steel Ltd is bullish on its home solution products, aiming at sales of Rs 1,000 crore from this segment over the next years, a senior company official said.

"Our revenue from the retail interior steel home solutions in the current fiscal will be about Rs 200 crore. We expect this to Rs 1,000 crore in the next three years," Tata Steel VP (marketing and sales) Peeyush Gupta said.Steel doors of the company under the 'Pravesh' brand accounts for the bulk of revenue in the segment, which also has products like steel windows in select markets and steel wardrobes.

Gupta said the division has clocked sales of 15,000 doors per month through 1,500 dealers across the country. Doors alone have the potential to post Rs 1,000 crore year revenue in future, with the rise in construction activities.

- **World economic forum to set up center for the fourth industrial revolution in mumbai – in partnership with reliance industries limited**

The new economy will greatly benefit from the outcome of the Fourth Industrial Revolution in a digital age and is expected to create significant value to countries that embrace them quickly by accelerating their GDP and job growth. The World Economic Forum (WEF) has been championing the Fourth Industrial Revolution. The most pressing challenges facing humanity, by using a combination of multiple technologies and tools.

It is in this context that the WEF has established Center for Fourth Industrial Revolution (C4IR) in the Silicon Valley at San Francisco, as Silicon Valley is already home to several of these exciting developments. The World Economic Forum today announced establishing a new centre in Mumbai, India in partnership with Reliance Industries. RecognizingHonorable Prime Minister Shri Narendra Modi's leadership, his Digital India Vision and Startup India programmer to encourage young entrepreneurs. It is the first center opened outside of Silicon Valley.

Statuary compliance calendar for the month of January 2018

Due Date	Statuary Compliance Under Act	Particulars	Governing Authority
			
7/1/2018	ITNS 281	Due date to deposit of TDS on salaries with the Government	INCOME TAX
10/1/2018	GSTR-1	Taxpayers whose t/o is more than 1.5 crores (MONTHLY)- July to Nov'17	GOODS AND SERVICES TAX
10/1/2018	GSTR-1	Taxpayers whose t/o is up to 1.5 crores (QUARTERLY)- July to Sep'17	GOODS AND SERVICES TAX
15/1/2018	MONTHLY ECR	The Employees` Provident Funds & MP Act 1952 (Provident Fund)	PROVIDENT FUND
15/1/2018	MONTHLY ECR	The Employees' State Insurance Act 1948 (ESIC)- Online upload EXCEL file	ESIC
18/1/2018	GSTR-4	Composite Taxable Person- Oct to Dec'17	GOODS AND SERVICES TAX
21/1/2018	ANNUAL RETURN	The Maternity Benefit,1961- LMNO Rule 16(1)	COMPETENT AUTHORITY UNDER THE ACT
30/1/2018	RETURN	The Contract Labour (R&A) Act,1970 & Rules- Half yearly return by Contractor	CONCERNED LICENCING OFFICER
31/1/2018	FORM NO 24Q AND FORM NO. 27A	Quarterly e-TDS/TCS statements to be filed in paper form by deductors/collectors along with soft copy of FVU at TIN Facilitation Centers	INCOME TAX
31/1/2018	GSTR-5	Non Resident Taxpayer-July to Dec'17	GOODS AND SERVICES TAX
31/1/2018	GSTR-5A	By person supplying OIDAR- July to Dec'17	GOODS AND SERVICES TAX
31/1/2018	ITC-01	GST Registered Taxpayer- July to nov'17	GOODS AND SERVICES TAX

Glossary

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.

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.

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.

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 Dutv and VAT.

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.

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