

Tax & Corporate law Bulletin

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MARCH 2015

From the Editor's Desk...

Dear Reader,

Greetings for the season,

As a beautiful season is over us, life starts all over again when it gets crisp in the fall of leaves which symbolizes the cycle of life. It's the time again for some changes in the working environment as the most overwhelming and with lots of expectations from the MODI SARKAR, Budget 2015-16 has been released. SEBI clears norms for international finance centres, Buy-back of securities- Amendment Regulations 2015, India's platinum demand to rise 25% in 2015, Changes in valuation of the goods- Excise Duty and read many more...

We eagerly await your feedback on the bulletin.

Yours truly,

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for success

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“Adapting swiftly to the global business environment”



DIRECT TAX



- **Section 90 of the Income-Tax Act, 1961 – double taxation agreement – agreement for avoidance of double taxation and prevention of fiscal evasion with foreign countries – Croatia**

NOTIFICATION NO. 24/2015 [F. NO. 501/09/1995 -FTD-I], DATED 17th March 2015

An Agreement and Protocol was entered into between the Government of the Republic of India and the Government of the Republic of Croatia for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income that was signed on the 12th February, 2014. The date of entry into force of the said Agreement and Protocol is 6th February, 2015. The Central Government hereby directs that all the provisions of the said Agreement and Protocol, shall be given effect to in the Union of India with effect from the first day of April, 2016.

- **Section 9 of the Income-Tax Act, 1961 – income deemed to accrue or arise in India – clarification on explanation 5 to clause (i) of sub-section (1) of section 9**

CIRCULAR NO. 4/2015 [F. NO. 500/17/2015-FT&TR-IV], DATED 26/3/2015

It is clarified that the dividends declared and paid by a foreign company outside India in respect of shares which derive their value substantially from assets situated in India would not be deemed to be income accruing or arising in India by virtue of the provisions of Explanation 5 to section 9(1)(i) of the Act.

- **AMENDMENT IN RULE 2BB**

NOTIFICATION 39/2015 [F. NO. 142/02/2015-TPL/SO 1002(E)]

Transport allowance exemption limit for employees has been increased from ` 800 to ` 1,600 per month. In case the employee is blind or orthopedically handicapped with disability of lower extremities the limit is increased from ` 1,600 to ` 3,200/- per month. The revised exemption limit shall be applicable from Assessment Year 2016-17.

- **Definition of Income – LPG subsidy and other welfare subsidies – Provision in Finance Bill – 2015.**

The CBDT notified ICDS on 31/3/2015 vide notification no. S.O. 892(E) and the draft was placed in the public domain. The ICDS is applicable to person having income chargeable under the head “Profit and gains of business or profession” or “Income from other sources” and following mercantile system of accounting. This is not applicable to Individuals not having any income chargeable under the head “Profit and gains of business or profession” and receiving LPG subsidy or any other subsidy which is for the welfare of the Individual.

The Finance Bill, 2015 proposes to align the definition of income with that provided in ICDS for this purpose. The certain doubts have been raised about the applicability of the official amendment moved in the Finance Bill, 2015 in the Lok Sabha on 30/4/2015 with respect to definition of “Income”. The CBDT vide press note dated 5/5/2015 restates the position that the provisions in the Finance Bill, 2015, will not affect the LPG subsidy and other welfare subsidies received by the individuals

RECENT JUDGEMENT

- **Disallowance of expenditure for failure to deduct TDS does not attract penalty.**

***Rushi Builders and Developers vs. ACIT
(ITAT Mumbai) dated March 4, 2015.***

In this case, the penalty has been levied for disallowance of expenditure u/s.40 (a) (ia) of the Act. It is not a case of furnishing of inaccurate particulars



of income or concealment of income. The failure to deduct the TDS on the part of the assessee has resulted in disallowance of expenditure. The assessee had not furnished any inaccurate particulars of income or expenditure.

The assessee has already faced the consequences by way of disallowance of expenditure for non-deduction of TDS as per the provisions of section 194C of the Act. It is not the case of the Revenue that the assessee had not incurred the expenditure claimed or that the claim of expenditure was bogus or incorrect. The disallowance of expenditure was attracted due to non-deduction of TDS and it cannot be said to be a case of concealment of income or furnishing of inaccurate particulars of income. The levy of penalty u/s.271(1)(c) of the Act is not attracted in this case and the same is accordingly ordered to be deleted.

- **Expenditure on an aborted capital project is revenue in nature & can be claimed as deduction in year of abandoning the project.**

***Binani Cement Ltd vs. CIT (Calcutta High Court)
March 23, 2015***

Expenditure made for construction/acquisition of new facility subsequently abandoned at the work-in-

progress stage is allowable as incurred wholly or exclusively for the purpose of Assessee's business. It is revenue expenditure as it does not result in the acquisition of an asset or an advantage of an enduring nature.

The expenditure has to be claimed in the year in which the decision is taken to abandon the project. There would have been no occasion to claim the deduction if the work-in-progress had completed its



course. Because the project was abandoned the work-in-progress did not proceed any further. The decision to abandon the project was the cause for claiming the deduction. The decision was taken in the relevant year. It can therefore be safely concluded that the expenditure arose in the relevant year.

- **Section 40(a)(ia): If an amount becomes taxable due to a retrospective amendment, payments prior to the amendment cannot be disallowed for want of TDS.**

***ACIT vs. Ajit Ramakant Phatarpekar (ITAT Panaji)
dated March 16, 2015***

It is an undisputed fact that the Finance Act, 2010 received the assent of the President on 8.5.2010 and all the payments have been made by the Assessee to the non-resident party prior to receiving of assent of the President making the retrospective amendment by adding explanation to Sec. 9(1). At the time when the Assessee made the payment there was no provision u/s 9(1) making the technical fees deemed to accrue or arise in India whether or not (a) the non-resident has residence or place of business or business

connection in India or (b) the non-resident has rendered services in India. It is not disputed by the Id. DR that the non-resident did not have residence or place of business or business connection in India. The non-resident has also not rendered services in India. The source of the income in the hands of the non-resident was outside India. Even the place of business which earned the income was also outside India. Since the technical fees was not deemed to accrue or arise in India at the time when the Assessee made the payment as there was no provision under Sec. 9(1), the income received by the non-resident as per the existing law at the time when the Assessee made the payment, in our opinion, was not taxable in India under the Income Tax Act.

Prior to the insertion of explanation to Sec. 9(1) by the Finance Act, 2010 with retrospective effect, the professional and consultancy services even though rendered outside India were not deemed to accrue or arise in India irrespective of the fact whether the party who rendered the services is having place of residence or place of business in India. It is only due to the retrospective amendment made by the Finance Act, 2010 that the position has become clear. If the income was not taxable in India it cannot be made taxable in view of the tax treaty.

This is a fact that as argued by the Id. AR the retrospective amendment brought by the Finance Act, 2010 was not in existence at the time when the Assessee had made the payments. The Assessee cannot be penalized for performing an impossible task of deducting TDS in accordance with the law which was brought into the statute book much after the point of time when the tax deduction obligation was to be discharged.

INDIRECT TAX

Service tax

- **Hike in Service tax rates (From date to be notified):**

Service tax rate has been increased from 12.36% (including Education cess and Secondary and Higher Education cess) to flat 14%. The 'Education Cess and Secondary and Higher Education Cess' shall be subsumed in the new Service tax rate. The revised



rate shall come into effect from a date to be notified. An enabling provision is being made to empower the Central Government to impose a Swachh Bharat Cess on all or certain taxable services at a rate of 2% on the value of such taxable services. The proceeds from this Cess would be utilized for Swachh Bharat initiatives. This Cess will be effective only from a date to be notified

- **Changes In Abatement Notification No. 26/2012-ST Dated 20-6-2012 Vide Notification No. 8/2015-ST Dated 01-03-2015 (Effective From 01-04-2015):-**

A uniform abatement of 70% has been prescribed for transport by rail, road and vessel to bring parity in these sectors. Service tax shall be payable on 30% of the value of such service subject to a uniform condition of non-availment of Cenvat credit on Inputs, Capital goods and Input services.

Presently, Service tax is payable on 30% (in case of rail transport)/ 25% (in case of road transport)/ 40% (in case of transport by vessels). Further, there is no condition for availment of Cenvat credit on Inputs, Capital goods and Input services in case of transport by rail, which is now withdrawn.

The abatement for classes other than economy class (i.e. business/ first class) has been reduced from 60% to 40%. Accordingly, Service tax would be payable on 60% of the value of such higher classes. At

present, Service tax is payable on 40% of the value of transport of passenger by air for economy as well as higher classes (i.e. business/ first class)

Abatement for the services provided in relation to Chit fund stands withdrawn. Consequently, Service tax shall be paid by on full consideration received by the Chit fund foremen.

- **Notification No. 42/2012-ST dated. 29.6.2012 rescinded vides Notification No. 3/2015-ST dated. March 1, 2015:**

Definition of 'Intermediary' has been amended vide the Place of Provision of Services Rules, 2012 ("The POP Rules") Vide Notification No. 14/2014-ST Dated 11- 7-2014 (Effective from October 1, 2014) to include intermediary of goods in its scope at par with Intermediary for services. Accordingly, an intermediary of goods, such as a commission agent or consignment agent shall be covered under Rule 9(c) of the POP Rules instead of Rule 3 of the POP Rules. Existing exemption, vide Notification No. 42/2012-ST dated 29.6.2012, to the service provided by a commission agent located outside India to an exporter located in India is being rescinded with immediate effect. This exemption has become redundant in view of the above amendments made in the previous budget, in the definition of Union Budget 2015 "intermediary" in the POP Rules, making the place of provision of a service provided by such agents as outside the taxable territory.

- **Exemption widened on Service provided by road for transport of export goods by road from the place of removal to a land customs station (LCS) vide Notification No. 4/2015-ST dated. March 1,2015 (Effective From April 1, 2015)**

Goods transport agency service provided for transport of export goods by road from the place of removal to an inland container depot, a container freight station, a port or airport is exempt from Service Tax vide notification No. 31/2012-ST dated 20.6.2012. Scope of this exemption is being widened

to exempt such services when provided for transport of export goods by road from the place of removal to a land customs station (LCS)

CENTRAL EXCISE



- **Change in Ad Valorem rate of Excise Duty**

The standard ad valorem rate of duty of excise (i.e. CENVAT) is being increased from 12% to 12.5%. Specific rates of Basic Excise Duty on petrol, diesel, cement, cigarettes & other tobacco products (other than biris) are also being suitably changed. In this regard, the First Schedule to the Central Excise Tariff Act, 1985 has been amended by Clause 104 of the Finance Bill, 2015. These changes will come into force with immediate effect owing to a declaration under the Provisional Collection of Taxes Act, 1931.

- **Changes in valuation of the goods for the purposes of levy of Excise Duty.**

All goods falling under Chapter sub-heading 2101 20, including iced tea has been notified under Section 4A of the Central Excise Act, 1944 ("the Excise Act") for the purpose of assessment of Central Excise Duty with reference to the Retail Sale Price Union Budget 2015 with an abatement of 30%. Such goods are also being included in the Third Schedule to the Excise Act; Goods, such as lemonade and other beverages, have also been notified under Section 4A of the Excise Act for the purpose of assessment of Central Excise duty with reference to the Retail Sale Price with an abatement of 35%. Such goods are also being included in the Third Schedule to the Excise Tariff Act.

➤ **Swachhbharat initiatives.**

Under the Customs and the Central Excise:- The Scheduled rate of Clean Energy Cess levied on coal, lignite and peat has been increased from Rs. 100 per tonne to Rs. 300 per tonne. The effective rate of Clean Energy Cess has been increased from Rs. 100 per tonne to Rs. 200 per tonne. Concessional Customs and Excise Duty rates on specified parts of Electrically Operated Vehicles and Hybrid Vehicles, presently available upto March 31, 2015, is being extended upto March 31, 2016; Excise Duty on sacks and bags of polymers of ethylene other than for industrial used is being increased from 12% to 15%.

➤ **Under compliance facilitation under central excise and customs.**

Online Central Excise/Service Tax Registration within two working days. Facility of direct dispatch of goods by registered dealer from seller to customer's premises is being provided. Similar facility is also being allowed in respect of job workers. Registered importer can also send goods directly to customer from the port of importation; Penalty provisions in Customs, Central Excise and Service Tax has been rationalized to encourage compliance and early dispute resolution; Central Excise/Service Tax assessee are being allowed to issue digitally signed invoices and maintain other records electronically.

FEMA

➤ **Foreign Exchange Management (Permissible Capital Account Transactions) (Second Amendment) Regulations, 2015**



Notification No. FEMA. 337/2015-RB Dated March 02, 2015

The Reserve Bank of India makes, in consultation with the Central Government, the following amendments in the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 (Notification No. FEMA 1/2000-RB dated 3rd May 2000)

Amendment to the Regulation

The existing 'explanation' shall be numbered as (i) and the following new explanation shall be added, namely:

“(ii) The Registrar of Chits or an officer authorised by the state government in this behalf, may, in consultation with the State Government concerned, permit any chit fund to accept subscription from Non-resident Indians. Non-resident Indians shall be eligible to subscribe, through banking channel and on non-repatriation basis, to such chit funds, without limit subject to the conditions stipulated by the Reserve Bank of India from time to time”.

Transfer or Issue of Security by a Person Resident outside India

➤ **Notification No. FEMA. 338/2015-RB Dated March 02, 2015**

In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated 3rd May 2000), in Schedule 5, in paragraph 2, after sub-paragraph (2)

Amendment to Schedule 5

The existing paragraph 2A starting with the words, “A person resident outside India” and ending with the words..... “From time to time” shall be renumbered as paragraph 2B

After paragraph 2B, the following new- sub paragraph shall be added, namely:

“(2C) A Non-resident Indian may, without limit and on non- repatriation basis, subscribe to the chit funds authorised by the Registrar of Chits or an officer authorised by the State Government in this behalf, provided such subscriptions are made through normal banking channels”

➤ **Operational guidelines on International Financial Services Centre.**

RBI/2014-15/530 March 31, 2015

A financial institution or a branch of a financial institution set up in the IFSC and permitted / recognised as such by the Government or a Regulatory Authority shall be treated as person resident outside India.

Therefore, their transaction with a person resident in India shall be treated as a transaction between a resident and non- resident and shall be subject to the provisions of Foreign Exchange Management Act, 1999 and the Rules/Regulations/Directions issued there under.

The financial transaction in this context shall mean making or receiving payment, drawing, issuing or negotiating any bills of exchange or promissory note, transferring any security or acknowledging any debt. Similarly, financial service shall mean any activity which a financial institution is permitted to carry on by the Respective Act of the Parliament or Government of India or any Regulatory Authority empowered to regulate the concerned financial institution.

Reserve Bank of India has issued the subject Notification through the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 which have been notified vide Notification No.FEMA.339/2015-RB dated March 2, 2015, vide G.S.R. No. 218(E) dated March 23, 2015.

INTERNATIONAL TAXATION

➤ **Commissioner of Income-tax vs. Alcatel Lucent Canada [2015] Dated February 27, 2015**



Facts of the case

The assessee, a company incorporated in France used to manufacture, trade and supply equipment and services for GSM Cellular Radio Telephones Systems. The assessee had supplied hardware and software to various entities in India. Software licensed by assessee embodied process which was required to control and manage specific set of activities involved in business use of its customers.

The Assessing Officer opined that the consideration of supply of software amounted to royalty under section 9(1)(vi). The Commissioner (Appeals) as well as the Tribunal held that the supply of embedded software which was part of the hardware supplied to the assessee’s customers did not constitute royalty and, therefore, section 9(1)(vi) was not attracted and for the same reasons, Article 13(3) of the DTAA was not involved. Aggrieved revenue filed an appeal with High Court of Delhi.

Issue

Whether supply of software embedded in hardware for GSM Cellular Radio Telephone Systems to various entities in India amount to ‘royalty’ under section 9(1)(vi)?

Held

High Court held that what was sold by the assessee to the Indian customers was a GSM which consisted both of the hardware as well as the software; Recent Judgments JUNE 2015 Western India Chartered Accountants Newsletter 21 Recent Judgments therefore, the Tribunal was right in holding that it was not permissible for the Revenue to assess the same under two different Articles.

The software that was loaded on the hardware did not have any independent existence. The software supply is an integral part of the GSM mobile telephone system and is used by the cellular operator for providing the cellular services to its customers. This software merely facilitates the functioning of the equipment and is an integral part thereof. It further relied upon the ruling of this Court in DIT vs. Ericsson identical case wherein it was held that when the assessee supplies the software which is incorporated on a CD, it has supplied tangible property and the payment made by the cellular operator for acquiring such property cannot be regarded as a payment by way of royalty.

In view of this settled position, it was held that no substantial question of law arises. The appeal was dismissed.

- **Even if contract is awarded to the Joint Venture, the income is assessable only in the hands of the person which has executed the work**

CIT vs. M/s SMSL-UANRCL (JV) (Bombay High Court), dated March 2, 2015

The High Court had to consider whether the entire income earned by the joint venture company is liable to be taxed in the hand of one of the members of the assessee company without appreciating the fact that the contract was awarded to the assessee company and not to the individual member of the assessee company. It also had to consider the impact of C.H. Acthaiya 218 ITR 239 (SC) and Murugesu Naicker Mansion 244 ITR 461 (SC) wherein it was held that

AO is not precluded from taxing the right person merely on the ground that a wrong person is taxable.

Held

The ITAT has as a matter of fact found that the assessee/ joint venture did not execute the contract work and the said work was done by one of its constituents namely SMS Infrastructure Limited. It is also found that the receipts for the said project work are reflected in the books of account of SMS Infrastructure Limited and in return, said SMS Infrastructure Limited has disclosed that income. The said return was accepted by the Assessing Officer in the assessment made under Section 153A read with Section 143 (3) of the Income Tax Act, 1961. It found that, therefore, some income could not have been taxed again in the hands of joint venture/assessee.

CORPORATE LAW



- **Section 186, read with section 185, of the companies act, 2013 - loans and investment by company - loans and advances to employees.**

Circular No.4/2015 [no.1/32/2013-cl.v], dated 10-3-2015

This Ministry has received a number of references seeking clarification on the applicability of provisions of section 186 of the Companies Act, 2013 relating to grant of loans and advances by Companies to their employees.

The issue has been examined and it is hereby clarified that loans and/or advances made by the companies to their employees, other than the managing or whole time directors (which is governed by section 185) are not governed by the requirements of section 186 of the Companies Act, 2013. This clarification will, however, be applicable if such loans/advances to employees are in accordance with the conditions of service applicable to employees and are also in accordance with the remuneration policy, in cases where such policy is required to be formulated.

- **Prohibition on citizens of certain countries in respect of acquisition/transfer of immovable property in India.**

Circular No. 83, dated 11 March 2015

Attention of Authorised Dealers in Foreign Exchange is invited to Regulation 7 of Foreign Exchange Management (Acquisition and Transfer of immovable property in India) Regulations, 2000 notified vide Notification No. FEMA 21/2000-RB dated 3rd May 2000 in terms of which no person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan without prior permission of the Reserve Bank shall acquire or transfer immovable property in India, other than lease, not exceeding five years

Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Acquisition and Transfer of immovable property in India) (Amendment) Regulations, 2015 notified vide Notification No. FEMA.335/2015-RB dated February 4, 2015 c.f. G.S.R. No.120 (E) dated February 24, 2015.

- **MCA Circular No. 05/2015 dated 30th March 2015 – Clarification with regard to applicability of Companies (Acceptance of Deposits) Rules 2014.**

MCA has clarified that amounts received by private companies prior to 1st April, 2014 shall not be

treated as 'deposits' under the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 subject to the condition that the relevant private company shall disclose, in the notes to its financial statements for the financial year commencing on or after 1st April, 2014 the quantum of such amounts and the accounting head in which such amounts have been shown in the financial statement. Further it is also clarified that any renewal or acceptance of fresh deposits on or after 1st April, 2014 shall, however, be in accordance with the provisions of Companies Act, 2013

- **Buy-back of securities-Amendment Regulations, 2015**

Notification Nlad-nro/gn/2014-15/29/543, dated 24 March 2015

Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with clause (f) of sub-section (2) of section 68 of the Companies Act, 2013 (18 of 2013), the Board hereby makes the following Regulations to amend the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, namely:-

These regulations may be called the Securities and Exchange Board of India (Buy-back of Securities) (Amendment) Regulations, 2015. They shall come into force on the date of their publication in the Official Gazette.

In the Securities and Exchange Board of (Buy-back of Securities) Regulations, 1998, in regulation 9, after sub-regulation (3), the following sub-regulation shall be inserted, namely-

"3A. the acquirer or promoter shall facilitate tendering of shares by the shareholders and settlement of the same, through the stock exchange mechanism as specified by the Board."

- **Section 74 of the companies act, 2013 – clarification regarding amounts received by private companies from their members,**

directors or their relatives before 1st April, 2014

General circular no.5/2015 [f.no.1/8/2013-cl-v], dated 30 March 2015

Stakeholders have sought clarifications as to whether amounts received by private companies from their members, directors or their relatives prior to 1st April, 2014 shall be considered as deposits under the Companies Act, 2013 as such amounts were not treated as 'deposits' under section 58A of the Companies Act, 1956 and rules made there under.

The matter has been examined in consultation with RBI and it is clarified that such amounts received by private companies prior to 1st April, 2014 shall not be treated as 'deposits' under the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 subject to the condition that relevant private company shall disclose, in the notes to its Financial statement for the financial year commencing on or after 1st April, 2014 the figure of such amounts and the accounting head in which such amounts have been shown in the financial statement.

Any renewal or acceptance of fresh deposits on or after 1st April, 2014 shall, however, be in accordance with the provisions of Companies Act, 2013 and rules made there under.

➤ **Delegation by central government of its powers and functions to specified regional directors under section 94(5)**

Notification no. So 891(e) [f.no.1/6/2014-cl-v] dated 31 March 2015

Section 458 of the Companies Act, 2013 (18 of 2013), the Central Government hereby delegates to the Regional Directors at Mumbai, Kolkata, Chennai, Noida, Ahmedabad, Hyderabad and Shilling, the powers and functions vested in it under sub-section (5) of section 94 of the Companies Act, 2013, subject to the condition that the Central Government may revoke such delegation of powers or may itself exercise the powers under the said sub-

section, if in its opinion such a course of action is necessary in the public interest. This notification shall come into force with effect from the date of its publication in the Official Gazette.

POLICY WATCH

➤ **Budget 2015: Govt's tax moves to ensure policy certainty, assure investors**



The budget has unveiled several measures which will add certainty to taxation policy in the months ahead and help make the country an attractive destination for investors and improve the ease of doing business. Shoring up tax administration is a key policy priority for the government as it moves to attract investment and boost growth. The government has deferred the controversial General Anti-Avoidance Rules (GAAR) by two years and made it clear that it would apply prospectively to investments made on or after April 1, 2017. Authorities will use the breather to resolve contentious issues related to GAAR, which had dented the confidence of investor.

➤ **Government committee suggests key steps for oil & gas sector**

A government panel has recommended key measures such as amending public sector procurement rules, setting up manufacturing zones and targeting 50% local input in the upstream oil and gas sector in three years, in a bid to boost local manufacturing. For

contribution to 'Make in India' plan, government is targeting an investment of Rs 6,000 to 7,000 billion in oil and gas sector in the next five years. The government had stopped giving a 10% price preference to local companies as public sector firms complained the policy had led to high costs for them. However, industry bodies have been demanding review of the withdrawal of the price preference policy for oil and gas equipment makers.

➤ **SEBI clears norms for international finance centres**



The Securities and Exchange Board of India (SEBI) approving a framework for international financial centres (IFCs). The market regulator issued broad guidelines for IFCs, aimed primarily at reversing the export of India's financial markets. A framework to enable local fund managers to simultaneously manage foreign funds was issued, and some key initiatives planned for the coming financial year were also unveiled. With tax concessions and a relaxed regulatory framework, IFCs will aim at reversing or at least stemming the export of India's financial market. Due to an easy regulatory environment and lower costs, a major portion of trading on India's benchmark stock indices and currency has shifted to markets like Singapore and Dubai.

➤ **Foreign Trade Policy gives sops for export of goods, services to key markets.**

The new Foreign Trade Policy (FTP) has proposed schemes to incentivize goods and services exports to key markets. There are measures to promote the use of domestically procured capital goods in line with

the Centre's 'Make in India' thrust. The focus of the policy is to promote exports of value-added and labour intensive manufacturing as well as services. High-tech exports too will be encouraged. The Government has replaced all existing focus product and focus market schemes for goods with a single 'Merchandise Export from India Scheme'. Under the scheme, incentives will be given for export of specific goods to specific markets. For services, all schemes have been replaced by a 'Services Export from India Scheme', with a greater thrust on notified services.

INDUSTRY WATCH

➤ **LIC to invest Rs 1,500 billion in Indian Railways over next 5 years.**

Life Insurance Corporation (LIC), the country's biggest insurer will be investing Rs 1,500 billion in Indian railways over the next five years. As per the Memorandum of Understanding (MoU) signed by the two organisations, the railways will use the funds to augment its capacity. LIC will invest in bonds issued by various railway entities such as Indian Railways Finance Corporation, beginning next fiscal.

➤ **Centre approves 10 FDI proposals worth USD 458.4 million**

The Centre has approved 10 proposals for foreign direct investment (FDI) amounting to USD 458.4 million. The proposals include Air Works India (Engineering) Private Ltd's proposal for increasing foreign equity investment; Ostro Energy's proposal to invest USD 224.5 million over four-five years in wind energy assets in India via downstream investment; IPCA Laboratories' proposal for FII investment up to 35 per cent USD 144.4 million; and Syngene International, Bangalore's approval for 10 per cent foreign equity participation in the company USD 61 million.

➤ **Iron ore production in FY16 estimated to grow 10% to 135 million tonnes.**

The Federation of Indian Mineral Industries (FIMI) estimates iron ore production in 2015-16 at 135 million tonnes (mt), a mere eight percent growth over the current financial year. In 2014-15, the production is estimated at 125 million tonnes. Of this, Odisha will be the major contributor at 50 million tonnes and is followed by Chhattisgarh at 25 million tonnes. Jharkhand and Karnataka produced 19 million tonnes and 17 million tonnes respectively.

➤ **India's platinum demand to rise 25% in 2015.**

Platinum demand in India is likely to rise 25% in 2014 on the back of growing consumers' interest in bridal jewelry and other innovative collections. The World Platinum Investment Council has pegged India's platinum demand at 125,000 ounce (oz) in 2015, compared with 100,000 oz in 2014. There has been a growing focus on emission norms in India. With this, there is a great upside in platinum use as a catalyst in diesel cars going forward. The rise in platinum demand from automotive sector is estimated at 165,000 oz.



➤ **Hinduja Global Solutions acquires Colibrium**

Bangalore-based business process outsourcing firm Hinduja Global Solutions Ltd (HGS) has acquired a majority stake in Colibrium Partners LLC and Colibrium Direct LLC. The acquisition has been made by HGS Colibrium Inc, a US subsidiary of HGS, which would own 89.9% of Colibrium, a wellness automation technology firm. Colibrium has developed a solution to implement health insurance portals that integrate with the customer relationship management solutions of companies and automates

the workflow. For the year ended 31 December 2014, Colibrium reported revenue of USD 12.6 million.

➤ **News Corp announces acquisition of VCCircleNetwork.**





News Corp announced the signing of a definitive agreement to acquire VCCircle Network, which includes VCCircle.com, Techcircle.in, VCCEdge, VCCircle Training, in addition to a premium content-driven conference business. For the past decade, VCCircle has built a strong franchise with proprietary data, information, content, and networking capabilities around India's digital business world, and this acquisition will lead them to accelerate their already aggressive growth plans.

➤ **MRF to invest USD 721.8 million in Tamil Nadu to ramp up capacity.**

MRF Ltd, the largest tyre maker in India, will invest USD 721.8 million in its two factories in Tamil Nadu as part of its expansion plan. The Chennai-based tyre company has announced that as part of its expansion plan, it proposes to invest in its plants at Perambalur and Arakonam in Tamil Nadu over seven years. The government of Tamil Nadu considered the proposal and decided to accord ultra-mega project status under the Tamil Nadu Industrial Policy of 2014. The memorandum of understanding between the state government and the company in this regard is expected to be signed shortly.

➤ **German specialty chemicals maker Evonik acquires Monarch Catalyst.**

German specialty chemicals manufacturer Evonik Industries AG has signed a definitive agreement to acquire Mumbai-based catalyst supplier Monarch Catalyst. The transaction is expected to close during the first half of 2015 after the required approvals are received. Monarch's global oils & fats hydrogenation catalysts business is a broadening of the Evonik catalysts portfolio.

Statutory Compliance calendar for the month of March 2015			
Due date	Statutory compliance under Act	particulars	Governing Authority
			
06/03/2014	Service Tax	Payment of monthly service tax for the month of April by all tax payers electronically	Central Board of Excise and Custom
	Central Excise	Payment of monthly central excise duty for the month of April on goods by assesses other than SSI units electronically	Central Board of Excise and Custom
07/03/2014	Income Tax	Deposit of Income Tax TCS and TDS deducted in April	Central Board of Direct Tax.
	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.
	NBFC-ND-SI	Monthly return of source and application of funds, profit and loss account, asset classification	Reserve Bank of India.
10/03/2014	Central Excise	Monthly central excise return in form ER-1/ER-2 by other than SSI	Central Board of Excise and Custom
	Central Excise	Monthly return of receipts and consumption of Principal Inputs by specified manufacturers of excisable goods in form ER-6	Central Board of Excise and Custom
	NBFC-ND-SI	Monthly statement of short term dynamic liquidity in form NBS-ALM1	Reserve Bank of India.
15/03/2014	Provident Fund	(a) Payment of monthly dues of Provident Fund for the month of April (b) Monthly return in form 5 for employees joining Provident Fund during April 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 April	The Central Board of Trustees, The Employees' Provident Fund Scheme, 1952
	ESIC	Payment of ESIC contribution for the month of April	The employees' state insurance Act-1948. Ministry of labour and employment.

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

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- System and process control reviews.
- Secretarial Audit.

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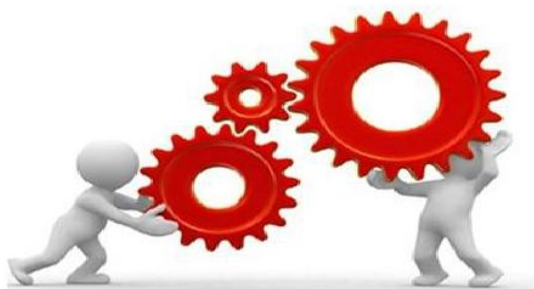
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- Financial analysis
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