

Tax & Corporate law Bulletin

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JUNE 2012

From the Editor's Desk...

Dear Reader,

Greetings for the season.

With the wishes of Peace and Joy Rise up and start fresh see the bright opportunity in each fresh day of the month....

This month provides us some updates, let's have an eye on them: Reconstitution of Advisory Group for International Transaction & Transfer Pricing in Department of Revenue, Ministry of finance, Exemption to Articles of Jewellery and Parts of Railway or Tramway Etc. Subject to certain Conditions and read many more...

We eagerly await your feedback on the bulletin.

Yours truly,

Rajput Jain & Associates
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“Adapting swiftly to the
global business environment”



DIRECT TAX

➤ Finance Minister's Speech on Finance Bill, 2012

Press Release dated 7th May, 2012 after presenting the Union Budget for the year 2012-13 on 16th March, 2012, Hon. Finance Minister – Shri Pranab Mukherjee has made certain amendment in the Finance Bill, 2012. His speech while presenting the amendments can be found at above citation.

➤ Reconstitution of Advisory Group for International Transaction & Transfer Pricing in Department of Revenue, Ministry of finance:-

The office memorandum (F.No.500/54/2012 FTS-1) dated 3rd May 2012 gives the list of members which would comprise for “the advisory group for international taxation and transfer pricing” with the approval of competent authority.

- Revenue Secretary to the Government of India- Head of Advisory Group.
- Chairman, Central Board of Direct Taxes, Department of Revenue-Member.
- Director General of Income Tax (International Taxation), New Delhi-Member.
- Joint Secretary (FT&TR-I), Department of Revenue-Member Secretary.
- Joint Secretary (FT&TR-II), Department of Revenue-Member.
- Joint Secretary (TPL-I), Department of Revenue, Member.
- Shri Som Mittal, NASSCOM, Member.
- Shri P.Y Gaurav, CII, Member.
- Shri Dinesh Kanabar, FICCI, Member.
- Mr. Ved Jain, ASSOCHAM, Member.
- Shri Mahesh P. Sarda, ICAI, Member.
- Shri T.P.Ostwal, IFA India, Member.
- Shri Mukesh Butani, ICC India, Member.

RECENT JUDGEMENTS

DIRECT TAX

➤ **Section 13(1)(c)–Benefits to specified person**
Section 13(1)(c)(ii) will get attracted if the benefit was confined primarily and predominantly to the persons mentioned in **Section 13(3)(b)** and **(e)** and incidentally some benefit had percolated and flowed to the public/third persons. **Section 13(1)(c)(ii)** postulates that the income or the property should not be used directly or indirectly for the benefit of the persons mentioned in **Section 13(3)**. It does not mean and imply that income or property of the institution cannot be paid or utilized by any person covered by **Section 13(3)**. The term 'benefit' is important and shows that reasonable and fair payments made for the actual services rendered and provided by persons under **Section 13(3)** will be and are allowed.

DIT v. Maruti Center for Excellence TS-355-HC-2012 (Del).

➤ **Section 45- Reconstitution of firm**

Partnership firm subsequent to revaluation of the assets, new partner were introduced. Upon introduction of new partners, share of erstwhile partners reduced and they have withdrawn substantial amount. AO took the stand that amount withdrawn represents capital gains on relinquishment of the share in the hands of new partners.

It was held by the Court that pre and post reconstitution of the firm, landed properties were held by the firm only. For the purpose of income-tax firm is legally distinct assessable entity. It was also held that none of the provisions of the Income-tax Act envisages situation where capital gains would be chargeable to tax on account of reduction in the share of a partners in the firm following reconstitution of the firm by way of introduction of new partners. Court also observed that this is not a colorable devise to avoid tax.

CIT V PN Panjwani [TS-351-HC- 2012 (Kar)].

➤ **Section 68- Duty on Receipt of Details of Loan Creditors**

Once the assessee has established that he has taken money by way of accounts payee cheques from the lenders who are all income tax assesses whose PAN have been disclosed, the initial burden under Section 68 stands discharge. Once the Assessing Officer gets hold of the PAN of the lenders, it is his duty to ascertain from the Assessing Officer of those lenders, whether in their respective return they had shown existence of such amount of money and had further shown that those amounts of money had been lent to the assessee. If before verifying of such fact from the Assessing Officer of the lenders of the assessee, the Assessing Officer decides to examine the lenders and asks the assessee to further prove the genuineness and creditworthiness of the transaction, the Assessing Officer did not follow the principle laid down under Section 68. CIT vs. Ranchhod Jivabhai Nakhava [2012] 21(Guj.)

➤ **Section- 80IA Engineering Drawing Whether Manufacture**

The activities of the assessee involving incorporation of client data in engineering drawings, documents detailed design engineering of the specimen facilities, preparation of technical know-how, review of installation related engineering, fabrication, equipment's specific for legal system, testing procedure and assurance technical serviced fall in the category of preparing engineering drawings, designs and other technical knowhow. Therefore, the assessee brings into existence new and distinguished product and design.

Accordingly said activity of the assessee falls within the meaning of the word 'manufacture' or produce used in S. 80- I. Further the word 'worker' used in section cannot be construed in the context of Industrial Dispute Act. CIT v. John Brown Technologies TS-314- HC-2012(Kar)

SERVICE TAX

➤ **Rate of Tax:-**

The assessee, a commercial training and coaching centre, received an advance prior to September 10, 2004, on which date the rate of tax was increased from 8% to 10%, but paid service tax on the entire advance @ 8%. The revenue contended that tax @ 10% would be applicable on the advance to the extent it pertains to services provided post September 10, 2004. Noting that there are no provisions that provide for the relevant date for determining the rate of tax (which were introduced only on 1st April, 11) and the fact that service tax is payable only on receipt of payment, the Tribunal held that "rate applicable at the time of receipt of value of service will apply in a case where the assessee chose to pay tax on the advance amount received".

[*Vigyan Gurukul vs. CCE (2012) 25STR459 (Tri.-Del.)*]

• **Valuation:-**

On facts, the Tribunal held that the appellant an advertising agency did not act as a pure agent of its client (the advertiser) in making payments to television channels, print media, hoarding suppliers, etc. for purchase of time slots/ space for advertising and it is liable to pay service tax on the gross amount charged from their clients including the amounts charged as recovery of payments made to the media but would be entitled to avail credit on the media payments.

[*Quadrant communications Ltd. vs. CCE (2012) 26STR33 (Tri- Mumbai.)*].

Retreading of rubber tires is an activity liable for service tax under the category of 'Management, Maintenance and Repair' services. Further the value of materials like tread rubber, patches, bonding gum consumed in retreading of tyres cannot be said to be sold in the course of providing retreading services and accordingly the value thereof cannot be claimed as deduction from the value of taxable services under Notification No. 12/2003 – ST. [Safety Retreading Company (P) Ltd. vs.CCE (2012) 26 STR225 (Tri-LB)]

• **Demand:-**

Where the service tax demand had been confirmed under a category of service different from the one alleged in the SCN the Tribunal held that the same is not permissible and accordingly confirmation of demand of interest and penalty is also not sustainable [Prabhudas Kishordas vs. CST (2011) 24 STR711 (Tri- Ahmd)]. Where the penalties levied under Section 76, 77 and 78 of the Finance Act, 1994 had been dropped on the grounds that there was a bonafide doubt regarding the applicability of service tax on the assessee's activities,

The High Court held that non-payment of service tax would not fall within any of the circumstances mentioned in the proviso to subsection (1) of Section 73 and accordingly the extended period of limitation was not inviolable. [CCE vs. Indian Institute of Chemical Technology (2012)26STR97 (A.P.)]. Where the assessee had not paid tax due to the prevalence of conflicting decisions passed by the Tribunals, the High Court held that the same would amount to bonafide doubt and hence there being no intent to evade payment of tax the extended period of limitation was not inviolable [UOI vs. Bharat Aluminum Co. Ltd. (2012)26STR101(Chhattisgarh)].

• **Business Auxiliary Services:-**

No service tax was held to be payable on commission received by dealers of motor vehicles from manufacturer of vehicles out of the manufacturer's commission received from finance companies for marketing loans of the finance companies on which the manufacturer has paid service tax. [CCE vs. Ajmer Automobiles P (Ltd) (2012) 26 STR 19(Tri-Del.) relying on Popular Vehicles and Services Ltd. vs. CCE (2010) 18 STR 493 (Tri-Del), 2012(26) S.T.R.36 (Tri-Delhi)].

Where the appellant was engaged in arranging documents for the bank to evaluate creditability, eligibility and financial status of prospective customer for funding by the bank, the Tribunal held that appellant was acting as a catalyst in connecting the bank with the borrow errand hence was promoting the funding business of the bank

.Accordingly the appellant was liable to pay service tax under the category of business auxiliary service [S.K.Jalendra & Associates. CCE (2012) 26S. T.R. 135 (Tri-Del.)].

CENTRAL EXCISE

➤ **Exemption to Articles of Jewellery and Parts of Railway or Tramway Etc. Subject to certain Conditions**



In view of representations made by trade and industry, articles of jewellery falling under Tariff ID 7113 are exempted from central excise duty unconditionally. Further, certain parts of rail/tramway have also been exempted from central excise duty provided the same are manufactured by a factory belonging to Central Government and are meant for use by any department of Central Government.

➤ **Exemption to yarns, inks and reduction in rates of duties for certain Products:-**

- Notification No. 12/2012-CE dated 17th March, 2012 has been amended vide present Notification to provide exemption to ball pen inks and polyester fibre/yarn and to reduce duty on products like: specified vehicles, Chassis of Battery powered vehicles and dumper sand certain petroleum products.
- Increase of limit in RSP for granting exemption to Hawaii chappal when consumed with in the factory of production:
- Notification No. 10/1996-CE dated 23rd June, 1996,Provides exemption to goods consumed

within the factory of production in the manufacture of certain specified goods. An exemption was granted under the said Notification to footwear of retail sale price not exceeding Rs. 125 per pair and hawai chappals of any value. Now the said exemption is modified to prescribe the limit of Rs. 500 per pair for all kinds of footwear including hawai chappals.

(Notification No. 24/2012-CE dated 8th May, 2012).

➤ **Non-tariff:-**

Amendment to Notification Providing List of Goods and Rate of Abatement With Respect To RSP Based Valuation under Section 4A of the Central Excise Act, 1944

Under Central Excise law, certain notified products, which require Retail Sales Price (RSP) to be declared on the package of such goods under the Legal Metrology Act, 2009, are valued at RSP less permissible abatement.

Notification No. 49/2008-CE (NT) dated 24th December, 2008 notifies such goods and rates of abatements thereof. The said notification is amended through this notification to modify the list of products as well per permissible abatement from RSP.

(Notification No. 26/2012-CE (NT) dated 10th May, 2012).

INDIRECT TAX

➤ **SERVICE TAX**



➤ **Central Government vide Notification No.16/2012-ST dated 29th May, 2012 has notified Service Tax (Settlement of Cases) Rules, 2012. The salient provisions of these rules areas under:**

The Rule has come into force w.e.f 29th May, 2012. Application to be made in Form SC (ST)-1 in quintuplicate (5 copies) Accompanied by filing fees of Rs.1,000/- Application & relevant documents to be verified & signed by specified authorized person Additional amount of service tax accepted by the applicant to be deposited along with Interest.

The Settlement Commission shall forward a copy of the application along with relevant annexure & other documents while calling for a report U/s.32F (3) of the CE Act, 1944 from the jurisdictional CCE/CST. Where the Settlement Commission orders attachment of property, it shall send a copy of such order to the jurisdictional CCE/CST of the place where the applicant owns any movable/immovable property or resides or carries on his business or has his bank account. Commissioner, on receipt of such order, May authorized any subordinated officer not below the rank of Asst. Commissioner of CE/ST to take steps to attach such property.

The authorized officer shall prepare an inventory of the property attached & specify the description of such immovable property & the place where such movable property is lodged/ kept and shall hand over a copy of the same to the applicant/person from whose charge the property is attached.

The authorized officer shall send a copy of inventory to the CCE & Settlement Commission. Any person making application for inspection of reports u/s.32J of the CE Act, 1944 shall pay a fee of Rs.5/- per page for obtaining copy of the reports.

➤ **Central Government vide Notification No.17/2012-ST dated 29th May, 2012 has notified Service Tax (Compounding of Offences) Rules, 2012.**

The salient provisions of these rules areas under:-

The Rules have come into force w.e.f. 29th May, 2012. Application for compounding to be made in prescribed Form to the Chief CCE (compounding authority) having jurisdiction of the place where the offence has been committed. Such application can be made either before or after the institution of prosecution. Where the offence has been committed at more than one place, the application to be made to Chief CCE having jurisdiction over such place where the service tax evaded is more than the others.

The compounding authority to examine the application after calling for a report from the jurisdictional CCE/CST (reporting authority) with reference to the particulars furnished in the application. Reporting authority to furnish such report within a period of 1 month or such extended period allowed by the compounding authority. Compounding authority may allow the application indicating the compounding amount and grant the applicant immunity from prosecution or reject such application.

Compounding authority not to reject any application without mentioning grounds of such rejection & without giving the applicant an opportunity of being heard. No application is allowed unless the service tax, penalty & interest are paid for the case for which application for compounding has been made. Applicant to pay the compounding amount within 30 days from receipt of order allowing compounding & furnish the proof of such payment to compounding authority. No refund of compounding amount shall be allowed except where the court rejects the grant of immunity from prosecution.

The applicant shall not claim, as of right, that his offence becomes poned. The prescribed compounding amounts are as follows: If a person has committed more than 1 offences and where the amount of Service Tax evasion & utilization of CENVAT Credit is same for all such offences, the compounding amount shall be higher of the amounts prescribed for such offences.

The compounding authority may grant the applicant unconditional/conditional immunity from prosecution for any offence if he is satisfied that the applicant has co-operated in the compounding proceedings & has made full & true disclosures of the facts regarding the case. Such immunity shall stand withdrawn if such person fails to pay any sum specified in compounding order within the time limit specified in order or fails to comply with any other condition subject to which the immunity was granted.

On withdrawal of such immunity, the provisions of the Act shall apply as if no such immunity has been granted. The compounding authority may withdraw the immunity if he is satisfied that such person has concealed any material particulars or had given false evidence during the course of compounding proceedings. On withdrawal of such immunity, the applicant may be tried for the offence for which the immunity was granted or for any other offence that appears to have been committed by him and the provisions of the Act shall apply as if no such immunity has been granted.

FEMA



➤ **Transfer of Funds from Non-Resident Ordinary (NRO) account to Non-Resident External (NRE) Account :-**

A.P. (DIR Series) Circular No.117 dated 7th May, 2012.

Presently, transfer of funds from NRO to NRE account is not permissible. Consequent to the recommendation made by the Committee to Review the Facilities for Individuals Under FEMA, 1999 under the Chairmanship of Smt. K. J. Udeshi, the RBI has permitted NRIs (as defined in Foreign Exchange Management (Deposit) Regulations, 2000) to transfer funds from NRO account to NRE account within the overall ceiling of USD 1 million per

financial year subject to payment of tax, as applicable (i.e. as applicable if funds were remitted abroad). Such credit of funds to NRE account shall be treated as eligible credit to NRE Account.

➤ **Release of Foreign Exchange for Miscellaneous Remittances:-**

A.P. (DIR Series) Circular No.118 dated 7th May, 2012.

With a view to further liberalize the documentation requirements, the limit for foreign exchange remittance for miscellaneous purposes on the basis of a simple letter from the applicant without obtaining Form A-2, has been raised from USD 5000 to USD 25000 with immediate effect. It has also been clarified that ADs need not obtain any document, including Form A-2, except simple letter from the applicant containing the basic information as long as the foreign exchange is being purchased for a current account transaction (not included in the Schedules I and II of Government Notification on Current Account Transactions), and the amount does not exceed USD 25000 or its equivalent and the payment is made by a cheque drawn on the applicant's bank account or by a Demand Draft.

➤ **Utilization of External Commercial Borrowings (ECB) proceeds for Rupee expenditure:-**

A.P. (DIR Series) Circular No.119 dated 7th May, 2012

As per the extant guidelines, ECB proceeds can be utilized for permissible foreign currency expenditure and Rupee expenditure. It has now been decided that at the time of availing Loan Registration Number (LRN) from the RBI, borrowers should provide bifurcation of the utilization of the ECB proceeds towards foreign currency and Rupee expenditure in Form-83. The primary responsibility to ensure that the ECB proceeds meant for Rupee expenditure in India are repatriated to India for credit to their Rupee accounts is that of the borrower concerned. The designated AD bank shall also be required to ensure that the ECB proceeds meant for Rupee expenditure are repatriated to India immediately after drawdown.

CORPORATE LAWS

Guidelines on securitization transactions revised:-

The RBI has issued Circular No. DBOD.No.BP.BC-103/21.04.177/2011-12 dated 7th May, 2012 referring to RBI's Monetary Policy Statement 2012-13 announced on 17th April, 2012 on issuance of final guidelines on securitization. With a view to developing an orderly and healthy securitization market and ensuring greater alignment of the interests of the originators and the investors, it was considered necessary to prescribe a minimum lock in-period and minimum retention criteria for securitized loans originated and purchased by banks and NBFCs.

Accordingly, a discussion paper and draft guidelines on securitization transactions were issued in April 2010 for public comments. After considering the feedback received and international developments during the intervening period, revised draft guidelines were issued for public comments in September 2011. Taking into account comments received from various stakeholders, the guidelines have now been finalized and are enclosed to the above circular. These guidelines also cover prudential treatment of transfer of assets through direct assignment of cash flows and the underlying securities, if any.

The guidelines are organized in three sections. Section A contains the provisions relating to securitization of assets. A separate circular would be issued in due course on reset of credit enhancements in case of securitization transactions. Section B contains stipulations regarding transfer of standard assets through direct assignment of cash flows. Section C enumerates the securitization transactions which are currently not permissible in India. It is clarified that all other guidelines on securitization of assets including those contained in RBI's 'Master Circular on New Capital Adequacy Frame work' dated 1st July, 2011 remain unchanged.

POLICY WATCH

➤ Government to Relax SEZ Land Norms:-



The ministry of commerce and industry would soon announce relaxed land-related norms for Special Economic Zones (SEZs). The government will change the minimum land requirement by reducing the threshold limit for each sector-specific SEZ.

Another significant amendment to the SEZ policy would be with regard to the 'contiguity' norms which would be applied only for the processing area where actual manufacturing and export take place and not in the non-processing areas that house residential colonies, hospitals and schools.

➤ RBI approves proposal to allow mobile phone companies mortgage airwaves:-

The Reserve Bank of India (RBI) has approved the proposal to allow mobile phone companies to mortgage airwaves. This approval will allow telecom companies to use spectrum as collateral and raise funds from banks for the upcoming auctions. The banks will also enjoy the rights to sell, transfer, assign, exchange and dispose the airwaves without any restraining conditions to protect their interests.

➤ No multiple taxes on software firms:-

THE finance ministry has provided relief to software industry by replacing a multi-level structure of Tax Deducted at Source (TDS) with a single TDS on distributors. This would be deducted by the first distributor, one who directly purchases packaged software from a developer. Currently, various distributors are involved in selling particular software. A software developer sells his product to a distributor, who sells it to another, and so on.

Currently, TDS of 10% is levied at each stage and every distributor has to deduct this. Therefore, once the new system is in place, TDS would only be levied on the software developer by the master distributor.

➤ SEBI makes it easier for promoters to dilute stake:-

The Securities and Exchange Board of India (SEBI) has made it easier for promoters of listed companies to dilute their stake and comply with public holding rules by 2013. Private sector companies as well as state-owned corporations must have a minimum public holding of 25% by August 2013. Till now, this could have been achieved through follow-on public offerings and institutional placement of stocks. The SEBI board has announced a simpler share auction mechanism that would help listed companies to attract investors.

➤ RBI increases FII limit:-

Reserve Bank of India (RBI) has increased FII limit in government bonds to \$20 billion. It has also



allowed borrowings up to \$10 billion from overseas for refinancing rupee loan. Long term investors like Sovereign Wealth Funds (SWFs), multilateral agencies, endowment funds, insurance funds, pension funds and foreign central banks would be allowed to invest in government debts up to \$20 billion. Further, the existing limit for investment by Foreign Institutional Investors (FIIs) in government securities has been enhanced by \$5 billion.

INDUSTRY WATCH & CORPORATE HIGHLIGHT

➤ Railways undertake Rs 400 million projects for creating GIS database:-

TO make the train operation system more efficient, Railways have undertaken a massive exercise of creating a database of its assets including track, station and signals through Geographic Information System (GIS) at an estimated cost of Rs 400 million. An inventory of the entire railway network including land will be created through GIS. The GIS-based data system would offer information about the life-cycle of a coach, wagon, locomotive, building, signaling system and other assets. The schedule of the repair or replacement of a particular asset like the signaling system or track on a particular route could also be tracked. The system would enable a faster decision making process during crisis situation like accidents.

➤ **Government sets up committee to decide MNCs stake in pharmacy companies:-**

THE government has formed an inter-ministerial panel for finalizing guidelines for allowing Multi-National Companies (MNCs) to buy equity stakes in Indian drug companies. The eight-member group, headed by an additional secretary in the finance ministry will lay down the guidelines by the end of June, 2012. It will also deal with the basic concerns expressed by various stakeholders.

➤ **Financial services sector's IT spend to grow 17% this year:-**

Indian financial services industry will spend Rs 377 billion on information technology products and services in 2012. This amount was Rs 321 billion in 2011. The telecommunications equipment and services represents the biggest spending category, and it is forecast to reach Rs 131 billion in 2012, up from Rs 113 billion in 2011. However, spending on software is expected to grow the fastest in 2012 to Rs 34 billion in 2012. This is being driven by high growth in enterprise software applications such as financial and administration packages and customer relationship management.

➤ **India invites Brazilian investment in infrastructure sector:-**

Recently launched National Infrastructure and Manufacturing Special Economic Zone as well as in the food processing industries. Infrastructure has

been identified as one area in which lot of opportunities exists on both sides. Also Brazil has expressed keen interest in collaboration with India in joint production of essential drugs for fighting HIV Aids, malaria, etc. It has also been decided to re-launch the India-Brazil CEOs Forum.

➤ **NTPC agrees to sign fuel supply agreement with CIL:-**

NTPC has signed the fuel supply agreement with Coal India at a minimum assured supply of 65%. The Prime Minister's Office (PMO) has accepted the demand of Coal India to lower the minimum supply level or trigger level to 65% from 80%, as proposed by the PMO earlier. Therefore, it has asked the CIL to increase the minimum supply level to 72% in four years and reach the 80% mark in five years. The PMO has also asked Coal India to go for coal imports through the state-owned agencies including STC and MMTC.

➤ **Odisha government to approve tripartite agreement for Posco:-**

THE Odisha state government is all set to approve a tripartite agreement with South Korean steelmaker and its subsidiary Posco India. The Memorandum of Understanding (MOU) with Posco had lapsed since June 2010. Since then there have been talks between the two parties on renewal of MOU with some changed conditions related to swapping of iron ore and inclusion of a clause on priority to local employment and setting up of ancillary and downstream park. Posco is ready to start the construction activity for its eight m tap plant on receipt of 2,700 acres of land from the state government and subsequently raise the capacity to 12 m tap after getting the remainder land.

➤ **Jaguar Land Rover begins market feasibility study in India:-**

TATA Motors owned Jaguar Land Rover (JLR) has begun a feasibility study to manufacture its



vehicles in India. JLR is considering setting up a plant either in Pune (Maharashtra) or Sanand Gujarat to produce the next generation Defender. This site will also be a separate facility from the existing assembly plant that JLR has at Chikhale near Pune, where Freelander, its Sports Utility Vehicles (SUV) is assembled currently. The factory is also likely to house an engine plant. Presently the study is at an initial stage. However, if the result is positive, the plant is likely to come up by the middle of 2015.

➤ **Fortis Healthcare to list non-core business on Singapore Exchange:-**

India's largest healthcare chain Fortis Healthcare Ltd has restructured its non-core business and related assets into a separate company. This will be listed as a business trust on the Singapore Exchange (SGX) with the aim to raise Rs 20 billion. Fortis will hold one-third of the trust and the remaining with overseas investors. The listing proposal for Religare Health Trust was approved by Singapore Exchange on 25 May, 2012. The hived off business was valued at Rs 30 billion approximately. By selling two-thirds of its units to investors the trust will raise about Rs 20 billion. This would enable the healthcare company to retire debt focus on future growth opportunities.

➤ **Stemcor's iron ore project in Odisha gets Rs 9 billion funding:-**

A consortium of lenders led by IL&FS have agreed to provide Rs 9 billion to an iron ore project in Odisha promoted by UK-based trading major Stemcor. This is one of Stemcor's largest projects in India and includes a beneficiation plant, a 230-km pipeline and a four-million-tonne pellet plant that would partially feed the ore requirements of Greenfield companies such as Tata Steel Odisha, Jindal Stainless, Mesco and Neelachal Ispat. As part of the project, about 5 million tonnes of iron ore fines will be beneficiated



to produce about 4 million tonnes of concentrate. The pipeline is on track which will be ready in three months.

➤ **Nalco gets approval for Rs 120 billion investment to set up JV plants with GMDC:-**



GUJARAT government has approved the Rs 120 billion investment plan by National Aluminum Company (NALCO) in Gujarat to set up an alumina and smelter plant. The approval has cleared the way for Nalco and state-owned Gujarat Mineral Development Corporation (GMDC) to set up a Joint Venture (JV). In the first phase, Nalco will invest Rs 44 billion in an alumina plant and the remaining investment will come in the second phase in which a 500,000 per annum capacity smelter plant will be set up.

➤ **Air Works buys stake in Dubai Company**

AIR Works India Engineering Ltd, an Indian Maintenance Repair Overhaul (MRO) company, has bought a stake in Dubai-based Empire Aviation Group (EAG) for Rs 1.20 billion. The deal has been funded through a mix of internal accruals and structured debt finance. EAG offers aircraft sales, management, charter, finance and insurance. After this deal, EAG plans to launch its services in India in about eight weeks, first in Bangalore and then to other cities. This partnership with Air Works will also help to broaden the business base and service offering in West Asia and India.



Statutory compliance calendar for the month of June 2012

Due date	Statutory compliance under Act	particulars	Governing Authority
			
06/06/2012	Service Tax	Payment of monthly service tax for the month of May by all tax payers electronically	Central Board of Excise and Custom
	Central Excise	Payment of monthly central excise duty for the month of May on goods by assesses other than SSI units electronically	Central Board of Excise and Custom
07/06/2012	Income Tax	Deposit of Income Tax TCS and TDS deducted in May	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.
10/06/2012	Central Excise	Monthly central excise return in form ER-1/ER-2 by other that 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-ALMI	Reserve Bank of India.
15/06/2012	Income Tax	Advance income tax under section 211 of Income Tax Act by corporate (first installment)	Central Board of Direct Tax.
	Provident Fund	(a) Payment of monthly dues of Provident Fund for the month of May (b) Monthly return in form 5 for employees joining Provident Fund during May 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 May	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952
21/06/2012	ESIC	Payment of ESIC contribution for the month of May	The employees' state insurance Act-1948. Ministry of labour and employment.
25/06/2012	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

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

OUTSOURCING ACCOUNTANTS

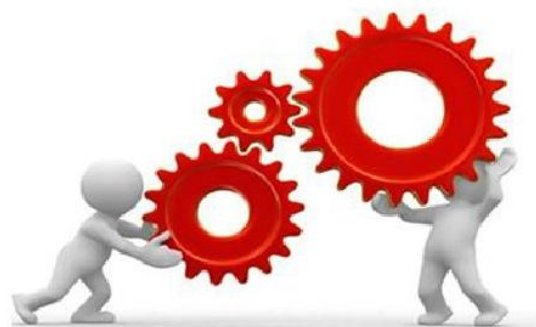
- Annual financial report preparation
- Preparation of general and special purpose statutory accounts
- Processing Payroll
- Cash management reporting
- Accounting system reviews
- Financial analysis
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