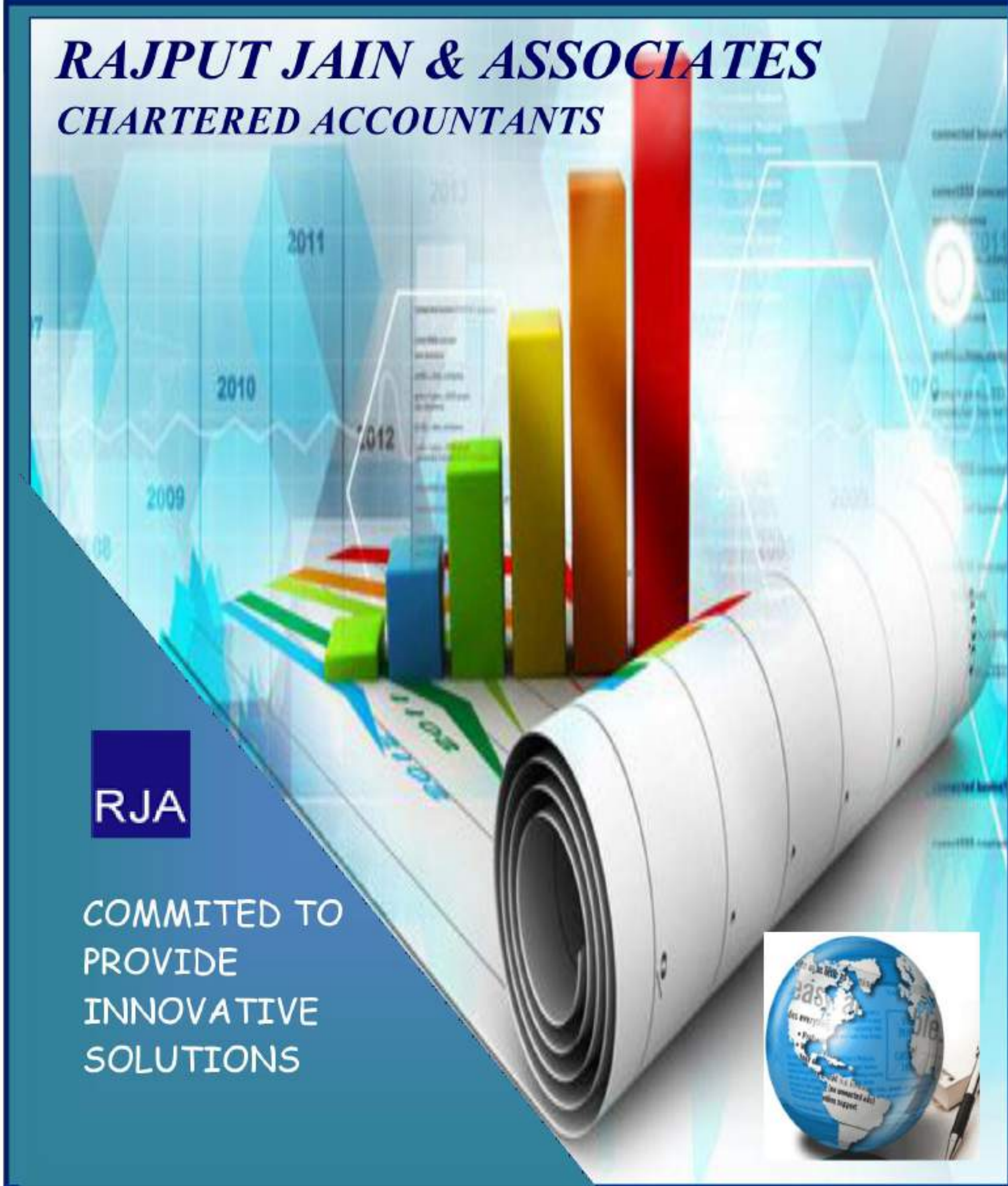
Tax & Corporate law Bulletin



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MARCH 2010

From the Editor's Desk...

Dear Reader,

Greetings for the season.

March is the month of colourful festival i.e. Holi. Holi is the time to forget all hate and develop understanding and love for each other. We wish a Happy Holi to all our readers. Now let us update regarding various circulars/Notifications issued by CBDT & CBEC like regarding procedure for electronic filling of CE and ST returns, recent significant judgements and read many more…

We eagerly await your feedback on the bulletin.

Yours truly,
Rajput Jain &Associates
Chartered Accountants

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Table of contents

DIRECT TAX

➢ Press Note [F. No. 9/3/2009-ECB], Dated 15-3-2010

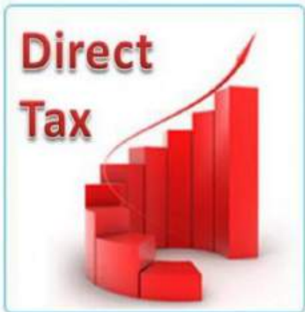
In continuation to the Press Note dated 15th February, 2010 regarding the amendment to the "**Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993,**" (the Scheme) permitting revision of conversion price of FCCBs, it is clarified that for the purpose of revision of conversion price in accordance with the conditions mentioned in Press Note dated 15th February, 2010, the 'relevant date' mentioned under the pricing norms in clause 5(4)(D) of the Scheme would mean the date of the meeting in which the Board of the company or the committee of Directors duly authorized by the Board of the company decides to revise the conversion price of the existing FCCBs.

➢ Section 35AC, read with Explanation (b) thereto, of the Income-tax Act, 1961 - Eligible projects or schemes, expenditure on - Notified eligible projects or schemes

Notification No. 12/2009 [F.NO. V-27015/5/2009 - SO (NAT.COM)]/ S.O. 645(E), dated 22nd March 2010: The Central Government, in exercise of the powers conferred by sub-section (1) read with clause (b) of the Explanation to section 35AC of the Income-tax Act, 1961 (43 of 1961), hereby *notifies* the scheme or project "Construction of dormitory-cum-library and running of rehabilitation/welfare programmes for disabled/blind persons at Bangalore, Karnataka and its surrounding places" being carried out by *Shri Ramana Maharishi Academy of the Blind, CA-1B, 3rd Cross, 3rd Phase, J.P. Nagar, Bangalore-560 078,* without any change in the approved cost of Rs. 197 lakh, as an eligible project or scheme for a further period of three years beginning with financial year 2010-11, i.e., 2010-11, 2011-12 and 2012-13.

➢ TDS on interest other than interest security

The CBDT vide **Circular No. 3/2010 dated 2nd March 2010** gives clarification regarding tax deduction at source u/s 194A on payment of interest on time deposits by bank following Core Branch Banking Solution (CBS) Software. In this regard, the board has clarified that explanation to section 194A was introduced with effect from 1-4-1987 by the Finance Act 1987 to plug the loophole of avoiding deduction of tax at source by crediting interest in the books of account under accounting heads 'interest payable account' / 'suspense account' instead of to the depositor's / payee's account. Therefore, the 'explanation' is not meant to apply in cases of banks where credit is made to provisioning account on daily / monthly basis for the purpose of macro monitoring only by the use of CBS software.



In view of the above position, it is clarified that since no constructive credit to the depositor's / Payee's account takes place while calculating interest on time deposits on daily or monthly basis in the CBS software used by banks, tax need not be deducted at source on such provisioning of interest by banks for the purpose of macro monitoring only. In such cases, tax shall be deducted at source on accrual of interest at the end of financial year or at periodic intervals as per practice of the bank or as per the depositor's / payee's requirement or on maturity or on encashment of time deposits; whichever event takes place earlier; whenever the aggregate of amounts of interest income credited or paid or likely to be credited or paid during the financial year by the bank exceeds the limits specified in section 194A.

RECENT JUDGEMENT

➢ Structures against department for disposing stay applications without proper reasons

Paramount Health Services vs. ACIT (Bombay High Court)

Fact of the case

Pursuant to orders u/s 201(1) & 201(1A), the assessee was liable to make payment of Rs. 59.06 crores for three years. The AO rejected the stay application and directed that 50% of the demand be paid. A part of the demand was paid by the assessee. The assessee filed a stay application before the CIT. of the three years, the CIT granted stay for two years and directed the AO to realize the demand for AY 2010-11 amounting to Rs. 7.69 crores. No reasons were given for the decision. Despite the stay granted by the CIT, the AO issued garnishee notices u/s 226 (3) for the entire amount of Rs. 59.06 crores. The assessee filed a writ petition to challenge the same.

Held

The action of the AO in issuing garnishee notices for the entire demand despite the partial stay by the CIT shows defiance and non-application of mind.

There is no reasoning in the CIT's order for refusing to stay the demand for AY 2010-11 despite KEC International v. B.R. Balakrishnan 251 ITR 158 where parameters have been laid down to govern the manner in which applications for stay should be dealt with. Either the CIT is ignorant of the law laid down by the Court or has acted in breach of the principles enunciated in the judgment. In either view of the matter, the entire approach of the CIT (TDS) is thoroughly misconceived. In KEC International it was noted that in a large number of matters orders are passed perfunctorily by the department only with an idea of effecting recovery before March 31, though such orders could have been passed earlier in detail and after recording proper reasons. The law laid down by the Division Bench has not led the authorities to act in compliance.

➢ Section 271 (1) (c) penalty cannot be imposed even for making unsustainable claims

CIT vs. Reliance Petro products (Supreme Court)

Fact of the case

The assessee claimed deduction u/s 36(1)(iii) for interest paid on loan taken for purchase of shares. The AO disallowed the interest u/s 14A and levied penalty u/s 271 (1) (c) on the ground that the claim was unsustainable. The penalty was deleted by the appellate authorities.

Held

Section 271(1)(c) applies where the assessee "has concealed the particulars of his income or furnished inaccurate particulars of such income". The present was not a case of concealment of the income. As regards the furnishing of inaccurate particulars, no information given in the Return was found to be incorrect or inaccurate. In the absence of a finding by the AO that any details supplied by the assessee in its Return were found to be incorrect or erroneous or false, there would be no question of inviting penalty u/s 271(1)(c).

The argument of the revenue that "submitting an incorrect claim for expenditure would amount to giving inaccurate particulars of such income" is not correct. By no stretch of imagination can the making of an incorrect claim in law tantamount to furnishing inaccurate particulars. A mere making of the claim, which is not sustainable in law, by itself, will not amount to furnishing inaccurate particulars regarding the income of the assessee. If the contention of the Revenue is accepted then in case of every Return where the claim made is not accepted by the AO for any reason, the assessee will invite penalty u/s 271(1)(c). That is clearly not the intendment of the Legislature.

➢ Delayed payment of employees' PF contribution allowable u/s 43B

Pik Pen Pvt Ltd vs. ITO (ITAT Mumbai)

Fact of the case

The assessee paid the employees' contribution to PF and ESIC after the grace period but before the due date for filing the return. The AO disallowed the payment u/s 36(1) (v) and held that section 43B had no application. This was confirmed by the CIT (A)

Held

In *Alom Extrusion Ltd (SC)*, the Supreme Court held that the omission of the second proviso to section 43B by the Finance Act 2003 operated retrospectively w.e.f. 1.4.1988. The Court held that the contribution payable by the employer to the P.F/Superannuation Fund or any other Fund of welfare of the employees was allowable if paid before the due date of filing the return. Consequently, the issue is covered in favour of the assessee and the deduction is allowable u/s 43B.

➢ Speculation loss can be set off against delivery based profits

CIT vs. Lokmat Newspapers (Bombay High Court)

Fact of the case

The assessee earned a profit on sale of shares held as stock-in-trade. This profit was offered as profit from a 'speculation business' and was set off against a 'speculation loss' brought forward from an earlier assessment year. The AO took the view that the profit from sale of shares was not from a 'speculation business on the ground that the assessee had settled its transaction of sale and purchase of shares through physical delivery. Consequently, the claim for set off against the speculation loss was denied. This was confirmed by the CIT (A) though reversed by the Tribunal on the ground that the profit earned from sale of shares fell within the purview of the Explanation to section 73 and could be set off against speculation losses.

Held

The Explanation to section 73 creates a deeming fiction that where the assessee is a company and any part of its business consists of the purchase and sale of shares of other companies, the assessee is deemed to be carrying on a speculation business, to the extent to which the business consists of the purchase and sale of shares. A business postulates a systematic course of activity or dealing. Unless the business of a Company consists of the sale and purchase of shares, the deeming fiction would not apply. However, once the requirements of the Explanation are satisfied the assessee is deemed to be carrying on a "speculation business";

The argument of the Revenue that the term "speculative transaction" in section 43(5) must be read into the provisions of section 73 and that a business which involves actual delivery of shares would not constitute a speculation business cannot be accepted having regard to the deeming fiction created by the Explanation to section 73. There is no justification to exclude a business involving actual delivery of shares. Once an assessee is deemed to be carrying on a speculation business for the purpose of section 73, any loss computed in respect of that speculation business, can be set off only against the profits and gains of another speculation business.

INDIRECT TAX

Service Tax

Synopsis of Notifications and Circulars on Service Tax

➢ Amends Notification No. 07/2010-Service Tax, dated 27th February, 2010

Notification No. 20/2010-Service Tax dated 30th March 2010: In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.07/2010-Service Tax, dated the 27th February, 2010, published in the Gazette of India, Extraordinary, vide number G.S.R. 151 (E), dated the 27th February, 2010, namely:-

- In Para 2 of the said Notification, for the word 'April', the word 'July' shall be substituted.

➢ Amends Notification No. 09/2010-Service Tax, dated 27th February, 2010

Notification No. 22/2010-Service Tax dated 30th March 2010: In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.09/2010-Service Tax, dated the 27th February, 2010, published in the Gazette of India, Extraordinary, vide number G.S.R. 153 (E), dated the 27th February, 2010, namely:-

- In Para 3 of the said Notification, for the word 'April', the word 'July' shall be substituted.

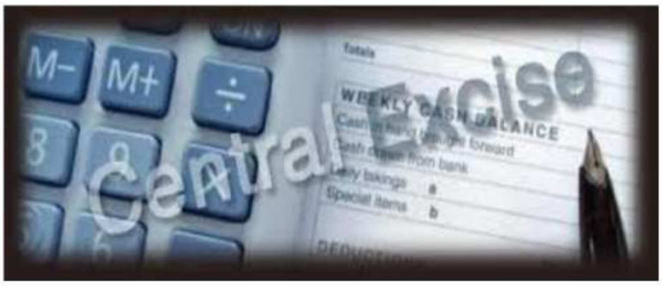
Central Excise

➢ Levy of cess on tractors under Tractor Cess Rules, 1992

Circular No. 916/06/2010-CX dated 4thMarch 2010: It has been brought to the notice of the Board that the High Court of Himachal Pradesh in the case of *Indo Farm Tractors & Motors Ltd. V/s UOI* [2008(222) ELT184 (HP)], has held that Automobile Cess Rules are not applicable for imposition of cess on tractors. The said judgment was upheld by the Hon'ble Supreme Court in CWP No. 895/2005. Subsequent to the said judgment, some of the manufacturers have stopped paying cess on the tractors manufactured by them.

A reference was made to the Ministry of Heavy Industry &Public Enterprises, the administrative ministry responsible for Automobile cess, to take suitable action consequent to the Court judgment. The Ministry of Heavy Industry & Public Enterprises has informed that cess on tractors is leviable under the Tractor Cess Rules, 1992 and related notifications issued by the administrative ministry.

However, existence of these rules was not brought to the notice of the Hon'ble Courts and the Hon'ble Court has passed the order without having any occasion to consider these rules. In view of the said situation, the opinion of the Law Ministry was sought. Law Ministry has clarified that since the decision of the Hon'ble High Court was not rendered in the context of Tractor Cess Rules, 1992, therefore, it is legally correct to collect the tractor cess as per the law. Further, the Hon'ble High Court has also held that the cess on tractors can be recovered if the rules are framed by the Government.



➢ Extension of facility at Gautam Budh Nagar in the state of Uttar Pradesh and Nagpur in the state of Maharashtra

Circular No. 917/07/2010-CX dated 4thMarch 2010: Board's Circular No. 581/18/2001-CX dated 29th June, 2001 which inter-alia, specifies conditions, procedures, class of exporters and places under sub-rule (2) of rule 20 of Central Excise Rules, 2002 for warehousing of excisable goods for the purpose of export. In paragraph 2(2) of the said Circular, the Board has specified places where warehouses may be established. The Board has received representations from the trade as well as field formations to include Gautam Budh Nagar in the state of Utter Pradesh and Nagpur in the state of Maharashtra in the list of places mentioned in the said Circular.

The matter has been examined. Board is of the view that extension of the facility of export warehousing to Gautam Budh Nagar district in the state of Uttar Pradesh and Nagpur district in the state of Maharashtra would facilitate the trade and industry. Accordingly, it is decided to amend paragraph 2(2) of the said Circular dated 29.6.2001 to include Gautam Budh Nagar district in the state of Uttar Pradesh and Nagpur district in the state of Maharashtra.

➢ Regarding procedure for electronic filing of Central Excise and Service Tax returns and for electronic payment of excise duty and service tax.

Circular No. 919 / 09 / 2010 – CX dated 23rd March 2010: This notification provides for mandatory electronic filing of Excise and Service Tax returns and payment of excise duty and service tax by all the assessees who have paid central excise duty or service tax of Rs. 10 Lakh or more (including payment by utilisation of Cenvat credit) in the previous financial year.

In continuation of its efforts for trade facilitation, CBEC has rolled-out a new centralized, web-based and workflow-based software application called Automation of Central Excise and Service Tax (ACES) in all 104 Commissionerate of Central Excise, service Tax and large Tax Payer Units (LTUs) as on 23rd December, 2009. ACES is a Mission Mode project (MMP) of the Govt. of India under the national e-governance plan and it aims at improving tax-payer services, transparency, accountability and efficiency in the indirect tax administration in India.

FEMA

➢ Buyback / Prepayment of Foreign Currency Convertible Bonds (FCCBs)

RBI/2009-10/367 A.P. (DIR Series) Circular No. 44 dated 29th March 2010: Indian companies were allowed to buy back their Foreign Currency Convertible Bonds (FCCBs) both under the automatic route and approval route until December 31, 2009. The Scheme was discontinued with effect from January 1, 2010.

In view of the representations made by the issuers of FCCBs, it has been decided to consider applications, under the approval route, for buyback of FCCBs until June 30, 2010, subject to issuers complying with all the terms and conditions of buyback/prepayment of FCCBs, as mentioned in A.P. (DIR Series) Circular No.39 dated December 08, 2008 and A.P. (DIR Series) Circular No.65 dated April 28, 2009. Accordingly, applications complying with the conditions may be submitted, together with the supporting documents, through the designated AD Category - I bank to the Chief General Manager-in-Charge, Reserve Bank of India.

➢ Deferred Payment Protocols dated April 30, 1981 and December 23th, 1985 between Government of India and erstwhile USSR.

RBI/2009-10/366 A.P. (DIR Series) Circular No.43 dated 29th March 2010: AD Category-I banks are advised that a further revision has taken place on January 06, 2010 and accordingly, the Rupee value of the special currency basket has been fixed at Rs.65.29 with effect from January 11, 2010.

- AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.

- The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

➢ Exim Bank's Line of Credit of USD 50 million to the Government of the Republic of Zambia

RBI/2009-10/358 A.P. (DIR Series) Circular No. 42 dated 25th March 2010: Export-Import Bank of India (Exim Bank) has concluded an Agreement dated January 6, 2010 with the Government of the Republic of Zambia making available to the latter, a Line of Credit (LOC) of USD 50 million (USD fifty million) for financing eligible goods and services including consultancy services from India for Itezhi-Tezhi hydro power project in Zambia. The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement.

Out of the total credit by Exim Bank under this Agreement, the goods and services of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

➢ External Commercial Borrowings (ECB) Policy– Structured Obligations

RBI/2009-10/335 A.P. (DIR Series) Circular No. 40 dated 2nd March 2010: Borrowing and lending of Indian Rupees between two persons resident in India does not attract the provisions of the Foreign Exchange Management Act, 1999. In case where a Rupee loan is granted against the guarantee provided by a person resident outside India, there is no transaction involving foreign exchange until the guarantee is invoked and the non-resident guarantor is required to meet the liability under the guarantee.

The Reserve Bank vide Notification No. FEMA 29/2000-RB dated September 26, 2000 has granted general permission to a person resident in India, being a principal debtor, to make payment to a person resident outside India, who has met the liability under a guarantee.

As per the extant policy, domestic Rupee denominated structured obligations has been permitted to be credit enhanced by non-resident entities under the approval route. In view of the growing needs of funds in the infrastructure sector, the existing norms have been reviewed and it has been decided to put in place a comprehensive policy framework on credit enhancement to domestic debt.

CORPORATE LAWS

➢ Master Circular On Oversight Of Members

The SEBI has issued Circular No. SEBI/MIRSD/Master Circular 04/2010 dated 17thMarch 2010which is a master circular consolidating and updating the requirements / obligations with regard to oversight of members (Inspection by Stock Exchanges / Clearing Corporations, Internal Audit and Default) prescribed by the various past circulars. The circular lists out in detail the common irregularities observed in the stock brokers / trading members books which comprise and are, (a) Relating to KYC, (b) relating to contract notes, (c) relating to investor services, (d) relating to funds and securities, and (e) relating to terminals. The master circular consolidates the requirements of seven past circulars which were

scattered and issued between 1993 till 2008.

➢ SEBI Board Meeting – Public Issues Decisions

Press Release No. 59/2010 dated 6th March 2010: In relation to decisions taken at the SEBI Board meeting which inter alia relates to,

- Margin requirement in public issues in relation to which it has been decided that with effect from 1st May 2010, all types of investors would be required to bring in 100% of the application money as margin along with the application for securities in public issues so as to avoid inflated demand in public issues and provide level playing field to all investors subscribing for securities,
- Reservation for employees in public / rights issues in relation to which the SEBI has decided that the reservation for employees in public / rights issues would be available to employees of subsidiaries and material associates of the issuer whose financial statements are consolidated with the issuer's financial statements,
- On reforms in derivatives market, the SEBI has decided to allow the Stock Exchanges to introduce equity derivatives contracts with tenures upto 5 years, derivative contracts on volatility indexes which have suitable track record and physical settlement of equity derivatives

➢ Guidelines On Licensing Of Corporate Agents

The RBI has issued **Circular No. IRDA-CAGTS-CIR-LCE-48-03- 2010 dated 10thMarch 2010** in order to streamline the system of licensing of corporate agents in groups already engaged in insurance business, the IRDA has, in addition to the Regulations and Guidelines already in force, decided to issue the following instructions for compliance by the insurance companies while issuing license to the corporate agents and that the applications for corporate agency license from such a person or group of persons who is / are already engaged in any insurance business shall be dealt with specifically as stated hereafter:

- All such applications and renewal applications shall be referred to IRDA by the designated person concerned and the licenses shall be issued by designated persons, only after approval by the Authority,
- Persons from any group which is having a broking license shall not be eligible for corporate agency,

- Any of the persons which are regulated by RBI within the group may apply and obtain a corporate agency license provided they have "substantial client base of their own or access to data which would facilitate identification of prospects", and,

- Persons who are not regulated by RBI, shall not be eligible for corporate agency license, unless they have "a substantial client base of their own or access to data to identify the prospective policyholders" and have a turnover, assets or income of at least Rs. 15 crores.

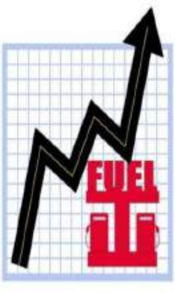
➢ No Proposal For Any Upper Cap On The Number of Independent Directors

The Ministry of Corporate Affairs has issued Press Release dated 10th March 2010: In relation to there being no proposal for any upper cap on the number of independent directors in the Companies Bill, 2009 and there is no proposal of any upper cap on the number of independent directors, but clause 132(3) of the Companies Bill, 2009 provides that at least one-third of total directors shall be independent directors to be appointed in every listed company having certain amount of paid up capital to be prescribed by the Central Government. Giving this information in written reply to a question in the Lok Sabha, Shri Salman Khurshid, Minister of Corporate Affairs, informed the House that clause 132 further provides that the Central Government may also prescribe the minimum number of independent directors in case of other public companies and subsidiary(s) of a public company.

POLICY WATCH

➢ Govt to talk to allies on fuel price hike

Finance Minister Pranab Mukherjee said that the government would talk to its allies on the issue of fuel price hike but gave enough hints that a rollback would be difficult.



Party sources said that Mukherjee briefed the Congress MPs about the salient features of the budget in the backdrop of the demands for a rollback in fuel prices and explained why reduction in the excise duty on petroleum products was difficult.

The Finance Minister informed the Congress MPs about the challenges before the government in the current economic scenario.

He also gave a comparative chart of the fuel price hike done under the UPA and the NDA respectively in which he explained that the rise in prices of petroleum products was far less during the UPA rule as compared to that of the NDA.

➢ GST rate likely to be over 12%: Finance Ministry

The Finance Ministry today said that the proposed Goods and Services Tax rate is likely to be higher than 12 per cent, which was suggested by the task force set up by the 13 Finance Commission.

The Finance Commission (task force) had recommended an overall GST rate of 12 per cent "but it is likely to be higher than that", Revenue Secretary Sunil Mitra said at a CII seminar here.

He, however, clarified that he is not talking about the Central GST but the combined tax at the Union and state governments' level.

The task force had recommended five per cent GST rate at the Central level and seven per cent at the state level.

➢ India Incorporation set to hike pay by 10.6% this year

Double-digit salary hikes are likely to be back this year in India with employees expecting an average hike of 10.6% in 2010, the highest in the Asia Pacific, according to a survey conducted by HR consulting firm Hewitt Associates.

The average salary increments had shrunk to just around 6% last year (from around 15% in 2007) as the economic slowdown hit India Inc's bottom lines.

According to the survey, while the overall average in India will be around 10.6%, Indian-owned companies are expected to outperform multinationals this year, offering better salary hikes. Indian companies are expected to give an average salary hike of about 11.4%, compared to MNCs, which are likely to give hikes of around 10.2%.

➢ RBI to issue polymer notes of Rs 10

The Reserve Bank of India will soon issue 100-crore polymer notes of Rs 10 denomination to improve their longevity and to thwart counterfeiters.

These notes will initially be introduced by RBI in five cities. This was disclosed by RBI governor D Subbarao while speaking at the Foundation Stone laying function for the Bank Note Paper Mill at Mysore. Globally, currency authorities in many advanced economies such as Canada and Australia have already tried their hands in polymer currencies.

The governor said polymer notes were more environments friendly. "Considering the relatively long life of polymer notes and their amenability to re-cycling, the 'carbon footprint' of polymer notes vis-a-vis paper banknotes is likely to be on the plus side. Regardless, this is one of the issues that we will study during the pilot phase, and will embark on polymer notes on a long-term basis only if the cost-benefit calculus is decidedly positive in all dimensions," he added.

➢ Banks pull out Rs 50,000 Cr from MFs after March 15

Banks have liquidated mutual fund investments of over Rs 50,000 crore in the second half of March to improve their balance sheet. Some banks need money to lend to corporates while others are liquidating MF investments to avoid pressure on capital requirements.

Speaking on condition of anonymity, fund managers said banks have pulled out over Rs 50,000 crore from mutual funds since mid-March. Data over the last two years show that banks have in both years exited mutual fund investments towards the end of a quarter only to reinvest them when the new quarter begins.

This year, banks are also under pressure to shore up loans as most of them are falling short of the credit targets set by RBI. As on March 12, banks had Rs 1,08,000 crore in mutual funds. This was five months after RBI asked them to contain such investments. The central bank in its October policy said such investments had a circular nature where banks invested in MFs, who in turn lent to banks in the money markets. Such circular investments are profitable to banks as no tax is deducted on investments in mutual funds. To break this circularity, RBI imposed a cash reserve requirement for bank borrowings through collateralized markets.

INDUSTRY WATCH & CORPORATE HIGHLIGHT

➢ General Motors to recall 1.3 million cars to fix steering

GM

General Motors Co. plans to recall 1.3 million Chevrolet and Pontiac vehicles in North America to fix power-steering systems after US regulators received more than 1,100 consumer complaints about failures.

GM will replace a motor in the power-steering systems of Chevrolet Cobalt small cars and three Pontiac models, the Detroit-based carmaker said in an e-mailed statement. The National Highway Traffic Safety Administration began an investigation following complaints, which included 14 crashes and one injury, GM said.

➢ Ford to launch more global products in India

Automobile major, Ford India, plans to launch more global products in the Indian market, a top company official said.

"We are going to bring more global products into the Indian market. We will look at options for Indian customers' needs out of our global stable," Ford India's Managing Director and President, Michael Boneham, told PTI here today.

"We plan to launch a new car every 12-18 months, which would include small and medium-sized cars in India" Boneham said.

After being a marginal player in India for well over a decade, US car major Ford has made a serious pitch for a larger share by launching Ford Figo, its first true B-segment hatch in India.

➢ Bharti to launch 3G services by year-end

Country's leading telecom service provider Bharti Airtel will launch the 3G services by the year-end.

"Our core network is 3G ready, billing, application and content ready. Once bids are through services will take six to eight months after that," Bharti Airtel CEO (India and South Asia) Sanjay Kapoor said while launching a HTC Smartphone exclusively on Airtel network.

The auction for 3G spectrum is scheduled to take place on April 9, 2010. But as per the Department of Telecom (DoT) guidelines, operators can only start commercial launch post September 1, 2010. By this consideration, Bharti should be able to start services from October onwards. Bharti Airtel had put in bids for both 3G and BWA spectrum.

➢ Air India risks turbulence as it seeks to cut costs

State-run carrier Air India is set for dramatic cost-cutting

in the months ahead as part of a government bailout that will test the willingness of workers to accept painful restructuring.

Last month, the Indian government approved an injection of 173 million dollars for the ailing company and Civil Aviation Minister Praful Patel has told the airline it must "shape up" to receive the funds.

The money is part of a phased planned government injection of 50 billion rupees (1.1 billion dollars) over three years for the carrier, which has reported massive losses in recent years.

But the government has insisted the money will only be handed over if the airline reduces costs -- partly by reducing its bloated fleet size by some 30 percent to 105 aircraft by March 2011, and also by cutting wages.

➢ Budget 2010-11 Major Financial Highlights

Financial Inclusion

- Appropriate Banking facilities to be provided to habitations having population in excess of 2000 by March, 2012.
- Insurance and other services to be provided using the Business Correspondent model. By this arrangement, it is proposed to cover 60,000 habitations.
- Augmentation of Rs.100 crore each for the Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund, which shall be contributed by Government of India, RBI and NABARD.

Statuary compliance calendar for the month of March 2010			
Statuary compliance under Act	**Particulars**	**Due date**	**Governing authority**
			
Service Tax	Payment of monthly service tax by all tax payers other than individuals, proprietors and partnership firms.	31/03/2010	Central Board of Excise and Custom
Central Excise	Payment of monthly central excise duty on goods by assessee other than SSI units.	31/03/2010	Central Board of Excise and Custom
Income Tax Act -1961	Deposit of Income Tax TCS and TDS deducted in previous month.	07/03/2010	Central Board of Direct Tax.
NBFC-D	Monthly return of exposure to capital market in form NBS-6 by NBFC having total assets of ` 100 crore and above.	07/03/2010	Reserve Bank of India.
NBFC-ND-SI	Monthly return of source and application of fund profit and loss account, asset classification.	07/03/2010	Reserve Bank of India
Central Excise	Monthly central excise return in form ER-1/ER-2 by other that SSI.	10/03/2010	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.	10/03/2010	Central Board of Excise and Custom
SEBI	Un-audited quarterly financial results and Limited Review Report from auditors for previous quarter to stock exchange as per clause 41 of Listing Agreement.	10/03/2010	The securities and exchange board of India Act-1992
Income tax Act -1961	Quarterly TDS certificate by Government in form 16A.	15/03/2010	Central Board of Direct Tax.
Provident Fund	(a) Payment of monthly dues of Provident fund. (b) Monthly return in form 5 for employees joining Provident fund during previous month along with declaration in form 2 furnished by the employees. (c) Monthly return of PF in form 10 of employees leaving the service during preceding month.	15/03/2010	The Central Board of Trustees , The Employees' Provident Fund Scheme,1952
The employees' state insurance Act-1948.	Payment of ESIC contribution of previous month	21/03/2010	The employees' state insurance Act-1948. Ministry of labour and employment.
Provident fund	Monthly contribution statement (abstract) in form 12A, along with copy of receipted challans regarding payment of contribution.	25/03/2010	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952
Income Tax Act -1961	Annual information return under section 285BA in form 61A.	31/03/2010	Central Board of Direct Tax.

Glossary

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

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

BUSINESS ADVISORY

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

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.

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- Implementing and Operating in the tax consolidation regime
- Preparation of return of Income Tax, Service Tax, Excise Dutv and VAT.

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- 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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