

Tax & Corporate law Bulletin

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AUGUST 2010

From the Editor's Desk...

Dear Reader,

Greetings for the season,

May the Indian try color always fly high, may our nation bloom with happiness and prosperity, warm wishes of the month of Indian 63rd Independence Day to all our readers. Some updates of this month are as follows:

Extention of Due Date of filling ROI, Valuation of Goods cleared in DTA by EOU's, Introduction of smart order routing, Indian economy grows by 8.8% in Q1, Alcatel calls up telcos for gear-supply deal and read many more...

We eagerly await your feedback on the bulletin.

Yours truly,

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



DIRECT TAX

➤ **Deductions - Profits and Gains from industrial undertakings other than infrastructure development undertakings**

Notification No. 67/2010 [F.NO. 178 / 37 / 2006-IT (A-I)] /SO 1898(E), dated 3rd August 2010: The powers conferred by the proviso to clauses (a) and (b) of sub-section (10) of section 80-IB of the Income-tax Act, 1961 (43 of 1961), the Board hereby notifies the Scheme contained in Regulation 33(10) of Development Control Regulation for Greater Mumbai, 1991 read with the provisions of notification No. TPB-4391/4080(A)/UD-11(RDP), dated 3rd June, 1992, as a scheme for the purposes of the said section subject to the following conditions,-

- slum development falling in Category VII mentioned in notification No. TPB-4391/4080(A)/UD-11(RDP), dated 3rd June, 1992 shall be excluded from the Scheme;
- slum development falling within clause 7.7 of the Appendix IV of regulation 33(10) which provides for joint development of slum and non-slum areas shall be excluded from the Scheme;
- any amendment in the Scheme hereby notified shall be required to be re-notified by the Board.

➤ **Processing of returns of A.Y. 2009-10 - Steps to clear backlog**

Instruction No. 7/2010, dated 16th August 2010: In supersession and modification of Instruction No. 5/2010 dated 21-7-2010, CBDT has taken the following decisions:

- In all the returns filed in ITR-1 and ITR-2, for the assessment year 2009-10, where the aggregate TDS claim does not exceed Rs. Three lakh (3 lakhs) and where the refund computed does not exceed Rs. 25,000; the TDS claim of the taxpayer shall be accepted at the time of processing of the return provided that the TDS payment reported in AS-26 is more than Rs. Zero.
- In all the returns filed in forms other than ITR-1 and ITR-2, for the assessment year 2009-10, where the aggregate TDS claim does not exceed Rs. Three lakh (3 lakhs) and the refund computed does

not exceed Rs. 25,000 and there is at least 10 per cent matching of TDS amount claimed, the TDS claim shall be accepted at the time of processing of the return.

- In all remaining cases, TDS credit shall be given after due verification.
- **Due date for filing of income tax return extended till 04-Aug-2010**

The Central Board of Direct Taxes (CBDT) has decided to extend the due date of filing of income tax returns to 4th August 2010 for taxpayers for whom the due date ends today, which is 31st July 2010. All paper returns or e-returns filed on or before 4th August 2010 will be considered as filed within the due date. The decision was taken in view of some technical snags in the e-filing computer system, and inclement weather at various locations, due to which taxpayers have reported difficulties in filing or uploading income tax returns



Filing Tax Returns

RECENT JUDGEMENT

- **Section 50C is only a measure of tax and is constitutionally valid**

Bhatia Nagar Premises Co-op Soc vs. UOI (Bombay High Court)

Fact of the case

The assessee was the owner of land & building. It entered into a development agreement for the development & sale of the land. The consideration receivable by the assessee was Rs. 4.85 crores. For stamp duty purposes, the agreement was valued by the authorities at Rs. 15.50 crores and the duty on the same was paid by the developer. As the stamp duty valuation adversely affected the assessee for purposes of section 50C (which provides that the value adopted by the stamp valuation authority

shall be deemed to be the full value of the consideration received or accruing as a result of the transfer), the assessee filed a writ petition challenging the constitutional validity of section 50C.

Held

There is a distinction between the subject matter of a tax and the standard by which the amount of tax is measured. The subject matter of tax is capital gains and the manner in which it should be computed is provided by section 50C. Section 50C is only a measure of tax and not the subject matter of tax. The valuation rule of the Stamp Act is for the purpose of computation of income. It is only a standard of measure for imposing tax.

S. 50C was introduced with a view to prevent evasion of tax and under-valuation of the transaction and must be read in that context. The classification made by s. 50C is in respect of an identifiable group of assesseees and is not arbitrary, unreasonable or discriminatory.

- **Section 14A applies where shares are held as investment and the only benefit derived is dividend. Section 36(1)(iii) deduction allowable if shares held as stock-in-trade**

CIT vs. Leena Ramachandran (Kerala High Court)

Fact of the case

The assessee borrowed funds to acquire controlling interest shares in a company with which she claimed to have business dealings. The interest on the borrowings was claimed as a deduction u/s 36(1)(iii). The AO rejected the claim on the ground that the only benefit derived from the investment in shares was dividend and that the interest had to be disallowed u/s 14A. This was confirmed by the CIT (A). The Tribunal held that the deduction of interest was allowable u/s 36(1)(iii) in principle though a portion of the interest paid had to be regarded as attributable to the dividend and was disallowable u/s 14A.

Held

The only benefit derived by the assessee from the investment in shares was the dividend income and no other benefit was derived from the company for the business carried on by it. As dividend is exempt u/s 10(33), the disallowance u/s 14A would apply. The Tribunal was not correct in estimating the section 14A disallowance to a lesser figure than the interest paid on the borrowing when the whole of the borrowed funds were utilized by the assessee for purchase of shares.

Deduction of interest u/s 36(1)(iii) on borrowed funds utilized for the acquisition of shares is admissible only if shares are held as stock in trade and the assessee is engaged in trading in shares. So far as acquisition of shares in the form of investment is concerned and where the only benefit derived is dividend income which is not assessable under the Act, disallowance u/s 14A is squarely attracted.



- **Section 147 reopening for rectifying section 154 mistakes is invalid**

Hindustan Unilever vs. DCIT (Bombay High Court)

Fact of the case

The AO issued a notice u/s 148 to reopen the assessment within 4 years from the end of the assessment year. There were four recorded reasons and one of them was that the AO had committed a computational error in the assessment order by deducting the wrong figure instead of the right figure. The assessee filed a Writ Petition to challenge the reopening inter alia on the ground that as the mistake could be rectified u/s 154, the reopening was bad.

Held

While Explanation to section 147 deems income to have escaped assessment if excessive deduction is allowed, the reopening of an assessment u/s 147 has serious ramifications because the AO is empowered to reassess income even in respect of issues not set out in the notice. Therefore, if the power to rectify an order u/s 154(1) is adequate to meet a mistake or error in the order of assessment, the AO must take recourse to that power as opposed to the wider power to reopen the assessment. If the error can be rectified u/s 154, it would be arbitrary for the AO to reopen the entire assessment u/s 147. Further, the error in the order was not attributable to a fault or

omission on the part of the assessee and the assessee cannot be penalized for a fault of the AO.

When one or more modes of assessment or remedies are available to the taxing Authority, the Authority must adopt that remedy which causes least prejudice to the assessee.

- **Reopening beyond 4 years on basis of retrospective amendment not justified if assessee has not failed to disclose material facts**

Sadbhav Engineering vs. DCIT (Gujarat High Court)

Fact of the case

In respect of AY 2003-04, the assessee claimed deduction u/s 80IA (4) which was partly allowed by the AO vide assessment order passed u/s 143(3). Subsequently, a retrospective amendment was made to s. 80IA by the Finance (No. 2) Act, 2009 w.e.f 1.4.2000 to provide that section 80IA deduction would not be admissible to an assessee who carries on business which is in the nature of works contract. After the expiry of 4 years from the end of the assessment year, the AO reopened the assessment u/s 147 to deny the deduction u/s 80IA in view of the retrospective amendment. The assessee challenged the reopening by a Writ Petition. The department argued that the by virtue of the retrospective amendment, it had to be deemed that the assessee had submitted untrue facts at the relevant time and that section 147 was attracted.

Held

Under the first proviso to section 147 where an assessment has been made u/s 143(3), the assessment cannot be reopened after expiry of four years from the end of the relevant assessment year unless if income has escaped assessment by reason of failure on the part of the assessee to disclose fully and truly all material facts necessary for his assessment. In the present case, there was no failure on the part of the assessee to make a full and true disclosure of the material facts. The argument that in view of the retrospective amendment of section 80IB, it is deemed that the petitioner has failed to disclose the correct facts is not acceptable. The question whether there is a failure to disclose all material facts is a matter of fact and there can be no deemed failure as contended by the department. Consequently, in the absence of any failure on the part of the assessee to make a full & true disclosure of material facts, the initiation of proceedings u/s 147 was vitiated and could not be sustained.

INDIRECT TAX

Service Tax

Synopsis of notifications and circulars on Service Tax

- **Service tax on commercial training and coaching - clarification whether 'donation' is 'consideration'**

Circular No.127/09/2010 – ST dated 16th August 2010

A representation has been received seeking clarification whether donations and grants-in-aid received from different sources by a charitable Foundation imparting free livelihood training to the poor and marginalized youth, will be treated as 'consideration' received for such training and subjected to service tax under 'commercial training or coaching service'.



It is a settled legal position that unless the link or nexus between the amount and the taxable activity can be established, the amount cannot be subjected to service tax. Donation or grant-in-aid is not specifically meant for a person receiving such training or to the specific activity, but is in general meant for the charitable cause championed by the registered Foundation. Between the provider of donation/grant and the trainee there is no relationship other than universal humanitarian interest. In such a situation, service tax is not leviable, since the donation or grant-in-aid is not linked to specific trainee or training.

- **Service tax on commission received by primary dealers dealing in government securities**

Circular No.126/08/2010 – ST dated 10th August 2010:

A representation has been received seeking clarification whether service tax is leviable on the underwriting

commission received by the Primary Dealers for the auction of Government Securities.

Underwriting service is taxable by virtue of section 65 (105) (z) of the Finance Act, 1994. "underwriter means a person who engages in the business of underwriting of an issue of securities of a body corporate"

It is thus clear that under the above definitions 'underwriter' or 'underwriting' is about dealing in securities of a body corporate.

The related issue requiring resolution is whether dealing in government securities amounts to dealing in securities of a body corporate, particularly since government securities are issued by the Reserve bank of India, which is a 'body corporate' in terms of section 3 (2) of the RBI Act, 1934.

Central Excise

➤ Valuation of Goods cleared in DTA by EOU's.

Circular No 933 /23 /2010-CX dated 16th August 2010: Board has received references seeking clarification with regard to the valuation of goods cleared from an EOU for sale in DTA, when actual sale transaction does not take place at the time of clearance but on a subsequent date. In such cases 100% of the goods are cleared from the EOU to depot from where the sale is affected through consignment agents. CBEC has earlier issued Circular No 268/85-CX.8 dated 29.09.1994, clarifying that valuation of goods in such situations will have to be done in accordance with the Rule 8 of the Customs Valuation Rule (Determination of Price of Imported Goods), 1988 as it existed then. As per the proviso to Section 3(1) of the Central Excise Act, 1944, the value of such goods need to be determined in terms of section 14 of the Customs Act, 1962, read with Customs Valuation Rules (Determination of Price of Imported Goods), 2007.

➤ Online Scheduling of factory stuffing inspection by Central Excise Officer

Circular No. 934/24/2010-CE dated 25th August 2010: It has been suggested to the Board that in order to reduce transaction cost involved in factory stuffing inspection by Central Excise officers scheduling factory stuffing permission should be provided on line by the department. This suggestion has been accepted by the department.



Accordingly, it has been decided by the Board to provide online scheduling for factory stuffing examination by Central Excise Officer. The respective Central Excise Commissionerate would make necessary arrangement in this respect by specifying the Range-wise official e-mail id on which the trade can forward their request for such factory stuffing inspection. The range would intimate by e-mail to the concerned assessee/ party about time for examination. The concerned Central Excise Commissionerate would also make further arrangement for monitoring of each such request and timely response. All other conditions will remain the same.

All the arrangement so made may also be brought to the notice of all concerned by way of issuance of suitable Public Notice / Standing Order for proper facilitation to the trade & industry.

FEMA

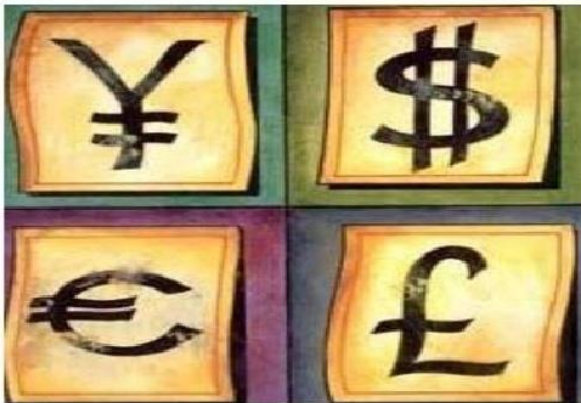
➤ Establishment of Branch Offices (BO) / Liaison Offices (LO) in India

RBI/2010-11/ 154 A.P. (DIR Series) Circular No. 06 dated 9th August 2010: In view of the difficulties expressed by some Liaison Offices / Branch Offices in submitting the Annual Activity Certificates (AACs) within the prescribed period i.e. on or before April 30 every year, it has been decided to review the current calendar for the same. Accordingly, the AACs from the Auditors, as at end of March 31, along with the audited Balance Sheet may be submitted on or before September 30 of that year. In case the annual accounts of the LO/ BO are finalized with reference to a date other than March 31, the AAC along with the audited Balance Sheet may be submitted within six months from the due date of the Balance Sheet.

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

RBI/2010-11/ 158 A.P. (DIR Series) Circular No.07 dated 9th August 2010: On a review of the policy and in view of the representations received from the issuers of FCCBs, the due date for considering the applications, under the approval route, for buyback of FCCBs, has been extended from June 30, 2010 to June 30, 2011, provided the issuers comply with all the terms and conditions of buyback/ prepayment of FCCBs, as prescribed.

Foreign Currency Convertible Bonds



➤ **Exim Bank's Line of Credit of USD 5.763 million to the Government of Suriname**

RBI/2010-11/181 A.P. (DIR Series) Circular No.09 dated 25th August 2010 Export-Import Bank of India (Exim Bank) has concluded an Agreement with the Government of Suriname making available to the latter, a Line of Credit (LOC) of USD 5.763 million (USD five million seven hundred sixty three thousand) for financing eligible goods and services, including consultancy services, from India for the purpose of purchase of helicopters from Hindustan Aeronautics Limited. 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.

CORPORATE LAW

➤ **Sale of investments held under held-to-maturity category**

Circular No. DBOD.FID.FIC. 5/01.02.00/2010-11 dated 18th August 2010: The RBI has issued circular stating that in terms of the 'Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Financial Institutions ("FIs")', securities acquired by FIs with the intention to hold them up to maturity may be classified under Held-to-Maturity ("HTM") category, however, FIs are allowed to shift investments to/from HTM with the approval of the Board of Directors once a year and that such shifting is normally allowed at the beginning of the accounting year and no further shifting to/from HTM is allowed during the remaining part of that accounting year. The RBI, having observed that many banks are resorting to sale of securities held under HTM category, that too frequently, to take advantage of favorable market conditions and to book profits, has reiterated that securities under HTM category are intended to be held till maturity and accordingly are not required to be marked to market.

Hence, in order to discourage any such practice among FIs and for sake of uniformity, it has been decided with immediate effect that if the value of sales and transfers of securities to/from HTM category exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year, FIs should disclose the market value of the investments held in the HTM category and indicate the excess of book value over market value for which provision is not made. This disclosure is required to be made in 'Notes to Accounts' in FIs' audited Annual Financial Statements.

➤ **Norms for investment and disclosure by mutual funds in derivatives**

Circular No. IMD/DF/11/2010 dated 18th August 2010: The SEBI has issued circular to bring in certain modifications in the prudential limits for derivative investments by mutual funds and to bring in transparency and clarity in the disclosure of the same to investors. In relation to Exposure Limits, it is decided that the cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.



Mutual Funds shall not write options or purchase instruments with embedded written options, the total exposure related to option premium paid must not exceed 20% of the net assets of the scheme, cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure and few other restrictions. The above Circular also gives definition of exposure in case of derivative positions, disclosure requirements for derivatives in half-yearly portfolios.

➤ Transferability of mutual fund units

Circular No. CIR/IMD/DF/10/2010 dated 18th August 2010: The SEBI has issued circular stating that Regulation 37(1) of SEBI (Mutual Fund) Regulations, 1996 states that “a unit unless otherwise restricted or prohibited under the scheme, shall be freely transferable by act of parties or by operation of law.” The spirit and intention of this regulation is not to prohibit transferability of units as a general rule or practice. However, it is noticed that mutual fund schemes prohibit transfer on a regular basis instead of on an exceptional basis. Hence in order to facilitate transferability of units of mutual funds held in one demat account to another demat account, it has been decided that all AMCs shall clarify by way of an addendum that units of all mutual fund schemes held in demat form shall be freely transferable from the date of the issue of said addendum which shall be not later than 1st October, 2010; however, restrictions on transfer of units of ELSS schemes during the lock-in period shall continue to be applicable as per the ELSS Guidelines.

➤ Clarification on introduction of call auction in pre-open session

Circular No. CIR / MRD / DP / 27 / 2010 dated 27th August 2010: The SEBI has issued circular in relation to existing guidelines issued earlier on introduction of call auction in pre-open session for which it is now clarified that,

- In case the equilibrium price is not discovered in the pre-open session, wherein, there are only market

orders, the market orders shall be matched at last traded price and all unmatched orders shall be shifted to the order book of the normal market at last traded price following time priority and last traded price shall be the opening price,

- In case the equilibrium price is not discovered in the pre-open session and there are no market orders to be matched at last traded price, all unmatched orders shall be shifted to the order book of the normal market following price time priority and the price of the first trade in the normal market shall be the opening price. SEBI has stated that the stock exchanges should bring this out clearly in their communication to brokers, who in turn shall disseminate the information to their clients desirous of placing call auction orders in pre-open session.

➤ Introduction of smart order routing

Circular No. CIR/MRD/DP/26/2010 dated. 27th August 2010: The SEBI has issued circular in relation to the above subject for which SEBI had received proposal from the stock exchanges and market participants for introducing Smart Order Routing which allows the brokers trading engines to systematically choose the execution destination based on factors viz. price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

Upon examination of the proposal, feedback of the stock exchanges and based on the recommendations of the Technical Advisory Committee, it has been decided to permit Smart Order Routing in Indian Securities Market. SEBI has provided a list of conditions with regard to the Smart Order Routing facility for Stock Exchanges to ensure.

➤ Securities trading using wireless technology

Circular No. CIR/MRD/DP/ 25/2010 dated 27th August 2010: The SEBI has issued circular whereby it has decided that SEBI registered brokers who provide internet based trading shall be eligible to provide securities trading using wireless technology and that all relevant requirements applicable to internet based trading shall also be applicable to securities trading using wireless technology. It is clarified that securities trading using wireless technology shall include devices such as mobile phone, laptop with data card, etc, that use Internet

Protocol (IP). In addition, the stock exchange shall ensure that the broker complies with these conditions,

- There shall be secure access, encryption and security of communication for internet based trading and securities trading using wireless technology. DOT policy and regulation shall govern the level of encryption,
- Adequate measures should be taken for user identification, authentication and access control using means such as user-id, passwords, smart cards, biometric devices or other reliable means, to prevent misuse of facility by unauthorized persons,
- Unique identification number as given in case of internet based trading shall be made applicable for securities trading using wireless technology,
- In case of failure of the wireless network, alternative means of communication for placing orders should be available. There are some more conditions also provided by the above Circular. SEBI has also stated that Stock exchanges may take such other measures and implement such other safeguards as they deem fit to ensure security and integrity of transactions conducted using wireless technology.

POLICY WATCH

➤ **Govt sets up community welfare fund for Diaspora**

The Government has set up a community welfare fund in 42 Indian missions abroad to facilitate extending help to Diaspora community in times of difficulty.



The Indian Community Welfare Fund has been set up to offer various assistance, including legal and financial help to distressed Indians, a top official of the Overseas Indian Affairs Ministry said.

The fund has been made available in all the Gulf countries where a substantial number of Indians are living. An

estimated five million workers are currently staying in the Gulf region.

The fund will particularly be used to help women migrants who become victims of unscrupulous intermediaries in foreign soil.

The official said the fund will equip the missions better in ensuring protection and welfare of overseas Indian workers. Asked about financial allocation made available to each of the embassies under the fund, the official refused to give details saying it varies from mission to mission.

➤ **Railway minister gives green signal to GPS-based project**

Rail passengers can look forward to on board infotainment services and enhanced safety with Railway Minister Mamata Banerjee giving the green signal for a GPS-based project.

The Satellite Imaging for Rail Navigation, which went through some exhaustive trials could also reduce accidents at unmanned level crossings, besides avoiding collision.

The project, which uses a satellite imaging software along with the global positioning system, was developed as part of the Railway Safety Technology Mission to provide correct train information to passengers.

A train locator unit installed in a train identifies its latitudinal and longitudinal values and speed by receiving information through GPS satellites, Railway sources familiar with the project said.

LCD screen installed within coaches will inform passengers about speed, current location, next destination, outside temperature etc, thanks to the real time tracking mechanism, sources said, adding actual train position would also be displayed in station's enquiry display board.

Display board inside coaches can also be used for entertainment as well as for selective advertisement, which can be an avenue for revenue generation by Railways, sources said.

➤ **Govt may cut down size of SBI's rights issue proposal**

The government may cut the size of rights issue sought by country's largest lender SBI for raising Rs 20,000 crore to

fund its business growth as there are huge demands from social sector on its resources.

The Finance Ministry is looking into the request of SBI for rights issue and would take a view on the quantum after going through all the details, sources said. There are various possibilities, sources said, adding the government may cut down the size depending on availability of resources.

The government has recently got approval for spending an additional Rs 54,588.63 crore this fiscal to meet the requirements arising from the Commonwealth Games, anti-Naxal operations and compensating the oil marketing firms.

➤ **Indian economy grows by 8.8% in Q1**



Economy grew by an impressive 8.8 per cent during the quarter ended June on the back of robust manufacturing growth.

Certain sectors like financial services restrained the growth in economy, which had recorded 6 per cent growth rate in April-June 2009-10.

- Agriculture and allied activities grew by 2.8 per cent, higher than 1.9 per cent in the year-ago per period, but it is nowhere between the target of four per cent pegged by the government in the medium term.
- Manufacturing expanded by strong 12.4 per cent in April-June, 2010 against a mere 3.8 per cent growth rate in the same period last year.
- Construction too grew by 7.5 per cent compared to 4.6 per cent.
- Financial, insurance and real estate services expanded by just 8 per cent, against a growth rate of 11.8 per

cent in the year-ago quarter, while community social and personal services growth slowed down to 6.7 per cent, against 7.6 per cent a year ago.

- Trade, hotels and communication services rose by 12.2 per cent, against 5.5 per cent during April-June 2009.
- The government expects economy to grow by 8.5 per cent this fiscal. Though the GDP numbers for the April-June quarter are higher than that of 8.6 per cent in the previous quarter, they lag expectations of 8.9-9.4 per cent forecast by various experts.

INDUSTRY WATCH & CORPORATE HIGHLIGHT

➤ **Godrej to invest Rs 300 crore in chemical business**

On back of a healthy growth in the first quarter of the current fiscal, Godrej Industries Limited (GIL) is planning a major expansion in its agri and chemical businesses at an investment of around Rs 300-crore, a top company official said.



Godrej Industries has earmarked Rs 230-crore for setting up a new chemical manufacturing unit at Ambarnath, near Mumbai. Another Rs 75-crore will be invested in its animal-feeds arm for expansion, he said.

➤ **Hyundai to raise prices from September, Toyota in October**



Come September, South Korean auto maker Hyundai will increase car prices in India by around 1.2% due to rising input costs, said a senior company official. While the price of its popular small cars- Santro and i10 would go up Rs 3,500 for the entry-level variants, Sonata would become dearer by Rs 10,000.

"We have tried to absorb as much of the cost as we can, but there has been consistent increase in the commodity prices that forced us to pass some of it to the customers," Hyundai Motor India's director (Marketing & Sales), Arvind Saxena, said.

Hyundai price hike comes after Maruti raised prices by around 1.5% from August 1. It had hiked the price of all its models by up to Rs 7,500, except its entry-level product Alto. Auto makers had been grappling with rising commodity prices like steel and rubber, which had been firming up in the domestic market.

"Input cost pressure is very high and the fluctuation in Yen is also affecting us. We will review the prices of our products in October," Toyota Kirloskar Motors deputy MD (marketing) Sandeep Singh said. He, however, declined to say by how much more the cars will cost after the proposed hike. Other carmakers have not ruled out price hike though no specific announcements were made.



➤ **Alcatel calls up telcos for gear-supply deal**



Alcatel-Lucent

European telecom equipment maker Alcatel-Lucent is in talks with operators, including Reliance Industries-led Infotel and Tikona, to supply broadband equipment, a senior company official said.





"The talks are in preliminary stage. We are in talks with almost all the operators which have won BWA spectrum," Alcatel-Lucent's newly-appointed country head for its Indian operations, Munish Seth, said. Mr Seth will take over from Vivek Mohan, who will now head the company's global services business.

The company expects orders for broadband rollout by early 2011. India closed the auction of third generation (3G) and broadband wireless access (BWA) spectrum last month. Infotel, in which Mukesh Ambani-led Reliance Industries has the majority stake, emerged as the only pan-India winner while Tikona has BWA spectrum in five circles.

Alcatel-Lucent, which has announced that it will focus on long term evolution (LTE) technology instead of WiMax, said it expects a big market for LTE deployment in India, specially for rural areas. Infotel has already announced plans to invest about \$5 billion in the venture over the next two years.

COMPLIANCE CALENDAR

Statutory compliance calendar for the month of August 2010

Due date	Statutory compliance under Act	Particulars	Governing Authority
			
06/08/2010	Service Tax	Payment of monthly service tax for the month of July by all tax payers electronically	Central Board of Excise and Custom
	Central Excise	Payment of monthly central excise duty for the month of July on goods by assesses other than SSI units electronically	Central Board of Excise and Custom
07/08/2010	Income Tax	Deposit of Income Tax TCS and TDS deducted in July	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.
10/08/2010	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-ALM I	Reserve Bank of India.
15/08/2010	Provident Fund	(a) Payment of <i>monthly dues</i> of Provident Fund for the month of July (b) Monthly return in form 5 for employees joining Provident Fund during July 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 July	The Central Board of Trustees, The Employees' Provident Fund Scheme, 1952
21/08/2010	ESIC	Payment of ESIC contribution for the month of July	The employees' state insurance Act-1948. Ministry of labour and employment.
25/08/2010	Provident Fund	Monthly contribution <i>statement</i> (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

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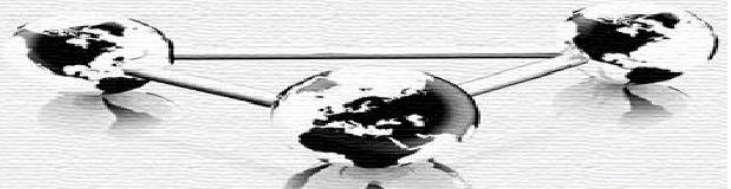
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