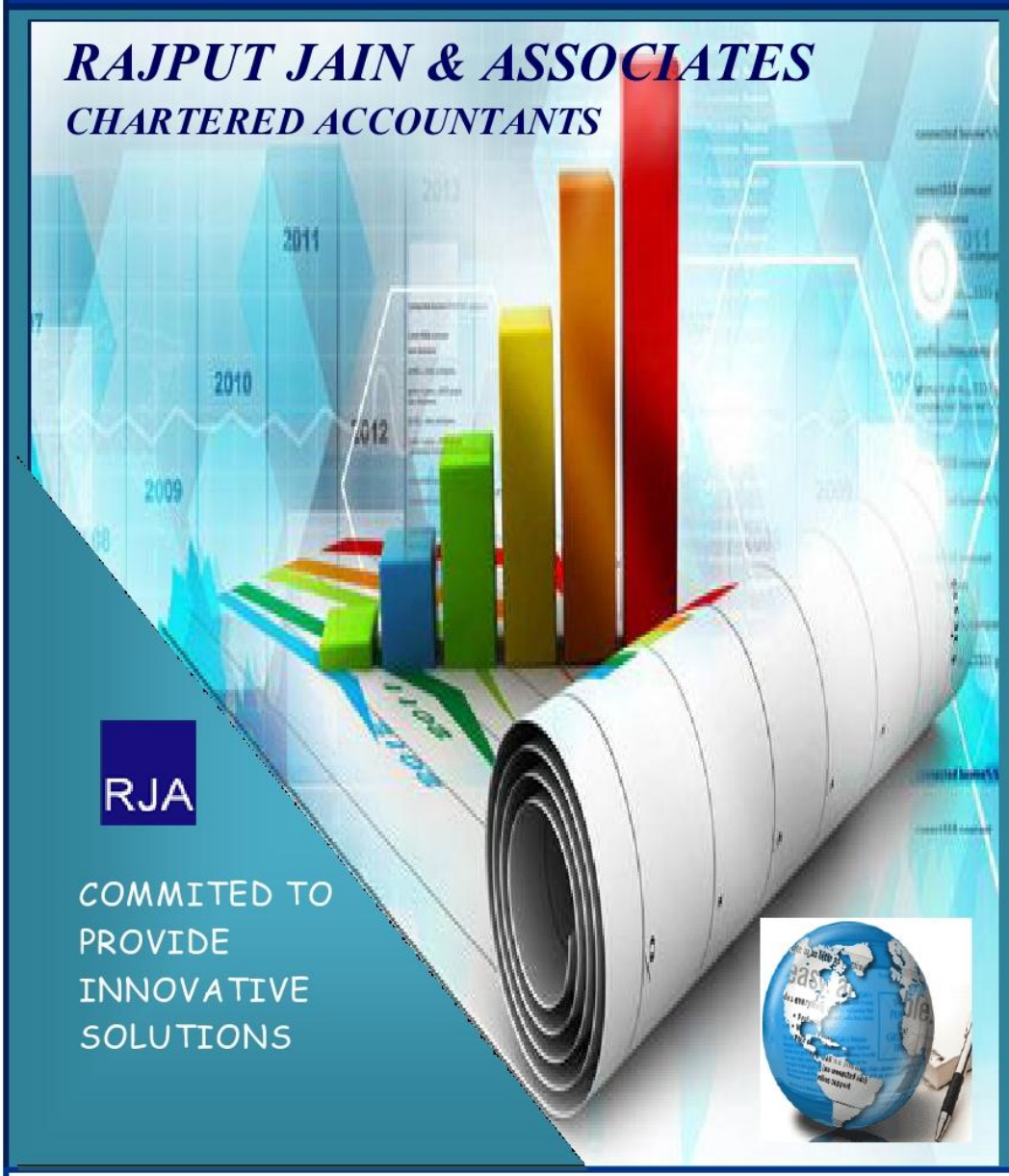
Tax & Corporate law Bulletin



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January 2013

From the Editor's Desk...

Dear Reader,

Greetings for the season.

As we bid farewell to 2012, may every day of this year glow with good cheer & happiness, we look with hope toward 2013 as a year in which we move towards a better India in every sense of the word.

Some updates related to our profession: Key Changes in the Final GAAR Report, Amendment to SEBI Fraudulent and Unfair Trade Practices Regulations, RBI to issue guidelines on mergers through IDR route and read many more…

We eagerly await your feedback on the bulletin.

Yours truly,

Rajput Jain & Associates

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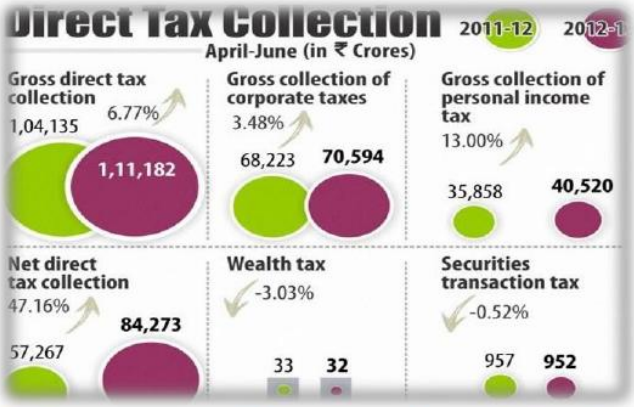
DIRECT TAX



➢ **Interest earned by a mutual association from placing deposits with member banks is not exempt under the principle of mutuality**

Facts

- Bangalore Club (taxpayer) was an unincorporated association of person. It sought tax exemption on the principle of mutuality in respect of interest income earned on fixed deposits with banks which were its members. However, interest earned on fixed deposits with non-member banks was considered as taxable income and tax was paid by the taxpayer on such interest.
- The Assessing Officer (AO) rejected the taxpayer's claim by holding that there was a lack of identity between the contributors and the participators to the fund and hence the interest income was taxable as business income.
- On appeal, the Appellate Commissioner reversed the AO's view which was upheld by the Tribunal.
- The High Court, on further appeal by the department, reversed the Tribunal's view and restored the AO's view.

Issue before the Supreme Court

- Whether interest earned by the taxpayer on surplus funds invested in fixed deposits with corporate member banks is exempt from income-tax on the principle of mutuality?

Observations and Ruling of the Supreme Court:-

- For a receipt to be exempt under the principle of mutuality, the following three conditions have to be satisfied:-

  a) There must be a complete identity between the contributors and participators, the particular label or form by which the mutual association is known is of no consequence;

  b) The actions of the participators and contributors must be in furtherance of the mandate of the association;

  c) There must be no scope of profiteering by the contributors from a fund made by them which could only be expended or returned to themselves.

- At what point mutuality ends and commerciality begins is a difficult question of fact.
- The arrangement lacks a complete identity between the contributors and participators. Till the stage of generation of surplus funds, the setup resembled that of mutuality. However, when the funds were placed in fixed deposits with banks, the flow of funds between the banks and the club suffered from deflections due to exposure to commercial banking operations. The member banks engaged in commercial operations with third parties from these funds thereby rupturing the privity of mutuality' and consequently violating the one to one identity between the contributors and the participators.
- The surplus funds were not used for any specific service, infrastructure, and maintenance or for any other direct benefit for the members of the club. These were taken out of mutuality when the member banks placed the same at the disposal of third parties, thus initiating an

independent contract between the bank and its clients, a third party, not privy to the mutuality.

- While the funds were returned to the club, however, before that they are expended on non-members which are clients of the banks. Banks generate revenue by paying a lower rate of interest to the club which places deposits with them and loan out the deposited amounts at a higher rate of interest to third parties. The banks action of lending the club funds to third parties for commercial reasons shatters the link of mutuality.

- There is nothing on record which shows that banks made separate and special provisions for the funds received from the club or that they did not lend them. Therefore, the club did not give, or get, the treatment it gets from its members.

- The taxpayer is already availing the benefit under the principle of mutuality in respect of the surplus amount received as contributions for some of the facilities availed by its members before it is deposited with the bank. A façade of a club cannot be construed over commercial transactions to avoid tax liability. Such steps cannot be permitted to claim double benefit of mutuality.

Conclusion

The amount of interest earned by the club (taxpayer) from its member banks by placing their surplus at the disposal of member bank and where such banks have utilized such fund for commercial purposes, the interest income will not fall within the principle of mutuality. Accordingly, it will be eligible to income-tax. *Source: Bangalore Club v. CIT (Civil Appeal No. 124 of 2007) dated 14th January, 2013.*

INTERNATIONAL TAX ALERTS

➢ Final Report of Dr. Shome Committee on GAAR Backdrop

General Anti-Avoidance Rule ("GAAR") had been introduced by the Finance Act, 2012 to be effective from 1st April, 2014. A Committee had been constituted to provide recommendations for formulating the guidelines to be issued for proper implementation of GAAR provisions. The Committee released its recommendations on 28th June, 2012.

The recommendations of the Committee were perceived to be insufficient or confusing by stakeholders. Subsequently, an Expert Committee under the chairmanship of Dr. Parthasarathi Shome was constituted by the Prime Minister to undertake stakeholder consultations and to finalize the guidelines for GAAR after widespread consultations so that there is a greater clarity on GAAR issues. Based on the stakeholder feedback, the Expert Committee vetted and reworked the guidelines.

On 1st September, 2012 the Expert Committee published its draft report which contains various recommendations for amendment of GAAR provisions, for the guidelines to be prescribed and for clarifications and illustrations through circular. (Refer our International Tax Alert on the Draft report on GAAR dated 5th September, 2012). After examining the responses to the draft, the Expert Committee submitted its final report on 30th September 2012, which has been made publicly available on 14th January, 2013.

The Finance Minister has come out with a press statement dated 14th January, 2013 stating that the Government has carefully considered the report of the Expert Committee and accepted major recommendations of the Expert Committee with some modifications.

➢ Key Changes in the Final GAAR Report

Amendments in the Income-Tax Act, 1961 (ITA):-

- Tax on gains arising on transfer of securities, being equity shares or units of equity oriented mutual funds, which is subject to securities transaction tax (STT) (whether in the nature of capital gains or business income) should be abolished for both residents and non-residents. The recommendation in the draft report to

increase the rate of STT, to make the proposal tax neutral, has been dropped.

- In case the Approving Panel (AP) consists of officer who is also the jurisdictional officer of the taxpayer or is in the chain of command of the concerned assessing officer, he should be replaced by another officer of the same rank for the particular case.

- Appropriate mechanism may be provided to ensure confidentiality of information of the taxpayer becoming available to the members outside the Government.

- It has been now recommended to provide in the ITA itself that where anti-avoidance rules are provided in a tax treaty in the form of limitation of benefit clause etc., GAAR provisions should not apply to override the treaty. If there is evidence of violations of anti-avoidance provisions in the treaty, such treaty should be revisited, but GAAR should not override the treaty.

➢ Guidelines to be prescribed under Income Tax Rules

Whether an FII chooses or does not choose to take a treaty benefit, GAAR provisions should not be invoked in the case of a non-resident who has invested, directly or indirectly, in the FII i.e. where the investment of the non-resident has underlying assets as investments made by the FII in India. The restriction regarding this exemption applying only in respect of investment in listed securities made by the FII in India has been dropped. It has been clarified that non-residents referred to herein would include persons holding offshore derivative instruments (commonly known as Participatory Notes) issued by FII.

➢ Other Recommendations

A responsibility has been cast on the payer of any sum to a non-resident under Indian tax laws in the form of a withholding agent of the Revenue as well as „representative assessee" of the non-resident payee. The payer is required to undertake due diligence to ascertain the correct amount of tax payable in India and, in case of any default, it becomes the payer's liability to pay.

➢ Illustrative cases where GAAR provisions will be considered applicable or not applicable

a) Funding:-

Cases where GAAR would be invoked

- Foreign bank J"s Indian branch arranges loan for Indian borrower from its branch located in third country and the loan is later assigned to J"s subsidiary in F3 to take benefit of India-F3 tax treaty, which provides for no withholding tax on interest to a bank carrying out bona fide business.

- It has been clarified that unless there is a significant commercial purpose for assigning loan to the subsidiary in F3 country, the main purpose of the arrangement would be to avoid tax. Further, there is a tainted element being abuse of the treaty. Therefore, the arrangement may be treated as an impermissible avoidance arrangement. The Revenue may invoke GAAR with regard to this arrangement.

b) Other cases :-

Cases where GAAR would be invoked

- Payment for services/supplies provided by a foreign company to an Indian company for setting up a power plant in India split into offshore design (taxable @ 10% on gross basis), offshore supply (not taxable in absence of any role played by any PE in India), and local supplies/installation (taxable on net basis) such that design services were under invoiced and offshore supplies were over invoiced resulting in significant tax benefit to the foreign company.

- It has been clarified that the reallocation of prices should be based on arm's length price of

each part of the contract as determined as per transfer pricing regulations under the ITA. Further in such cases GAAR may be invoked only where there is an overall benefit in reallocation of prices to different parts of the overall contract. For instance, where import duty is levied on offshore supplies, it may not result in any net gain on reallocation of process; or where offshore designs are not taxable as per the relevant tax treaty.

- **Key Recommendations accepted by the Finance Minister as per the press statement**

An arrangement, the main purpose of which is to obtain a tax benefit, would be considered as an impermissible avoidance arrangement. The current provision prescribing that it should be "the main purpose or one of the main purposes" will be amended accordingly.

The assessing officer will be required to issue a show cause notice, containing reasons, to the taxpayer before invoking the provisions of GAAR. The taxpayer shall have an opportunity to prove that the arrangement is not an impermissible avoidance arrangement.

The two separate definitions in the current provisions, namely, "associated person" and "connected person" will be combined and there will be only one inclusive provision defining a "connected person".

The Approving Panel shall consist of a Chairperson who is or has been a Judge of a High Court; one Member of the Indian Revenue Service not below the rank of Chief Commissioner of Income-tax; and one Member who shall be an academic or scholar having special knowledge of matters such as direct taxes, business accounts and international trade practices. The current provision that the Approving Panel shall consist of not less than three members being Income-tax authorities or officers of the Indian Legal Service will be substituted.

The Approving Panel may have regard to the period of time for which the arrangement had existed; the fact of payment of taxes by the taxpayer; and the fact that an exit route was provided by the arrangement. Such factors may be relevant but not sufficient to determine whether the arrangement is an impermissible avoidance arrangement.

The directions issued by the Approving Panel shall be binding on the taxpayer as well as the Income-tax authorities. The current provision that it shall be binding only on the Income-tax authorities will be modified accordingly. While determining whether an arrangement is an impermissible avoidance arrangement, it will be ensured that the same income is not taxed twice in the hands of the same tax payer in the same year or in different assessment years.

Investments made before 30th August, 2010, the date of introduction of the Direct Taxes Code, Bill, 2010, will be grandfathered. GAAR will not apply to such FIIs that choose not to take any benefit under the Treaty. GAAR will also not apply to non-resident investors in FIIs. A monetary threshold of Rs. 3 crore of tax benefits in the arrangement will be provided.

Where a part of the arrangement is an impermissible avoidance arrangement, GAAR will be restricted to the tax consequence of that part which is impermissible and not to the whole arrangement. Where GAAR and Specific Anti Avoidance Rules are both in force, only one of them will apply to a given case, and guidelines will be made regarding the applicability of one or the other.

Statutory forms will be prescribed for the different authorities to exercise their powers under GAAR. Time limits will be provided for action by the various authorities under GAAR. An advance ruling by the Authority for Advance Rulings (AAR) on whether an arrangement is an impermissible avoidance arrangement will be retained and the administration of the AAR will be strengthened.

The tax auditor will be required to report any tax avoidance arrangement. Further, having considered all the circumstances and relevant factors,

Government has also decided that the provisions of GAAR will come into force with effect from April 1, 2016 (as against the current provision of 1st April, 2014).

➢ **Conclusion**

The Finance Minister statement on accepting the major recommendations of the Report of Expert Committee on GAAR is a welcome movement in diluting the GAAR provisions and providing additional safeguards to protect taxpayers against the arbitrary use of GAAR by tax officers. It appears that the upcoming budget for the year 2013 would bring more changes in the ITA relating to the GAAR provisions.

Source: Report on GAAR in Income-tax Act, 1961 published on 14th January, 2013
Finance Minister Statement on 14th January, 2013 on GAAR.

INDIRECT TAX

➢ **Directions for recovery of excise duty demands**

In supersession of earlier Circulars issued in this regard, the Central Board of Excise and Customs has issued a Circular dealing with recovery of confirmed demand of excise duty in various situations, as detailed below.

➢ **Demand confirmed in Order-in-Original appealable to Commissioner (Appeals)**

No.	Situation	Directions for Recovery
1.	No appeal filed against the Order-in-Original	
2.	Appeal filed before Commissioner (Appeals), without an application for stay on recovery	Recovery proceedings to be initiated upon filing of the appeal
3.	Appeal filed before Commissioner (Appeals) along with an application for stay on recovery	Recovery proceedings to be initiated on earlier of • 30 days after filing appeal, if no stay is granted and • Disposal of the application for stay in accordance with the conditions, if any, of stay

➢ **Demand confirmed in Order-in-Original appealable to Tribunal:-**

No.	Situation	Directions for Recovery
1.	No appeal filed against the Order-in-Original issued by Commissioner	Recovery proceedings to be initiated on expiry of statutory period of 90 days for filing an appeal from the date of communication of the Oder-in-Original
2.	Appeal filed against an Order-in-Original issued by Commissioner, without an application for stay	Recovery proceedings to be initiated upon filing of the appeal

	on recovery	
3.	Appeal filed against an Order-in-Original issued by Commissioner, along with an application for stay on recovery	Recovery proceedings to be initiated on earlier of: • 30 days after filing of appeal, if no stay is granted and • Disposal of the application for stay in accordance with the conditions, if any, of stay

➢ **Demand confirmed by Commissioner (Appeals) for the first time**

No.	Situation	Directions for Recovery
1.	No appeal filed against an Order-in-Appeal issued by Commissioner (Appeals) confirming the demand for the first time	Recovery proceedings to be initiated after expiry of statutory period of 90 days for filing an appeal from the date of communication of the Oder-in-Appeal
2.	Appeal filed against an Order-in-Appeal issued by Commissioner (Appeals), without an application for stay on recovery	Recovery proceedings to be initiated upon filing of the appeal
3.	Appeal filed against an Order-in-Appeal issued by Commissioner (Appeals), along with an application for stay on recovery	Recovery proceedings to be initiated on earlier of:- • 30 Days after filing appeal, if no stay is granted and • Disposal of the application for stay in accordance with the conditions, if any, of stay

➢ **In other situations**

No.	Situation	Directions of Recovery
1.	All cases where Commissioner (Appeals) confirms demand in the Order-in-Original	Recovery proceedings to be initiated immediately on issue of Order-in-Appeal
2.	Cases where the Tribunal or the High Court confirms the demand	Recovery to be initiated immediately on issuance of the Order by the Tribunal or the High Court, if no stay on recovery is in operation

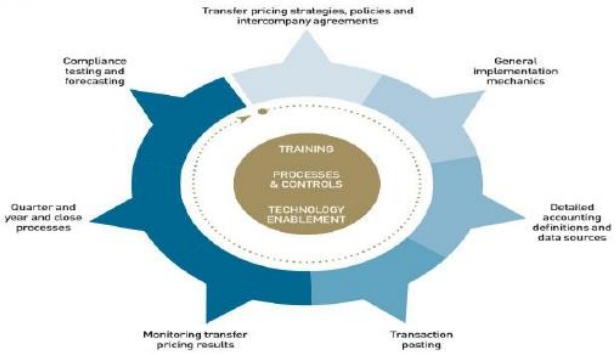
Circular No. 967/01/2013CX dated 1st January 2013.

➢ **VAT / GST: The Commissioner, Commercial Tax Vs. S/s U.P Petrochemicals Complex**

The dispute before High Court of Allahabad was whether refund of amount which was not deposited by dealer himself but by his agent with return is permissible under Section 42(4) of the Uttar Pradesh Value Added Tax Act, 2008 (the UP VAT Act). High Court observed that for the purpose of Section 42(4) of the UP VAT Act payment of tax is relevant and not by whom it is actually paid or deposited. Accordingly, it has been held that if net tax has been deposited on behalf of industrial unit that has been granted exemption under the Utter Pradesh Trade Tax Act, 1948 or the Central Sales Tax Act, 1956, refund of the same is admissible.

TRANSFER PRICING

Fig.1 TRANSFER PRICING LIFE CYCLE
ACHIEVING ACCOUNTING INTEGRITY IN INTERCOMPANY TRANSACTIONS



➢ **Export incentive cannot, but the rebate received can be reduced from cost of goods sold for computing gross profit margin for determining the arm's length price**

a) Executive Summary

The Delhi Bench of the Income Tax Appellate Tribunal (the Tribunal) recently held that while export incentives cannot be reduced from the cost of goods sold for computing gross profit margin for determining the arm's length price, deduction of rebate received upon purchase of goods can be allowed. Further, that claim not made initially cannot act as estoppels against the proper and valid claim.

b) Facts

- Goodyear India Limited (the taxpayer), a subsidiary of Goodyear Tyre and Rubber Company USA, is engaged in the business of manufacture and sale of automobile tyres, tubes and flaps in the brand name of 'Goodyear'.

- The taxpayer purchased certain finished goods, from Good Year South Asia Tyres Pvt. Ltd. (GSATL) for export to the associated enterprises (AEs). While computing the arm's length price of the export sale, the taxpayer applied 5% mark up on the purchase price of goods after deducting export incentives and rebate/discount, and adding freight cost.

- Relying on the Global Transfer Pricing Policy of Goodyear Group, as per which, inter-company selling price was to be decided by considering 5% mark-up on inventory and all applicable costs as well as on the OECD Guidelines in this respect the Transfer Pricing Officer rejected the claim of deduction of export incentive and rebate/discount received.

- The TPO also held that rebate received from GSATL could not be reduced from cost base as it was not reflected in the financials accompanying the TP report.

- The Dispute Resolution Panel confirmed the addition and the taxpayer was in appeal before the Tribunal.

c) Issues before the Delhi Tribunal

Whether export incentive and rebate received can be reduced from the cost of goods sold for computing gross profit margin for determining the arm's length price?

d) Observations & Ruling of the Delhi Tribunal:-

- The Tribunal observed that the export benefits are given to the taxpayers to promote and stimulate the growth of exports of goods and services and to earn valuable foreign exchange for the country. The approach of the taxpayer would tantamount to the economic and tax incentives being offered to Indian entities, being passed on to entities in foreign jurisdiction.

- As export incentive does not form part of the invoice price of goods sold and as it does not form part of the books of account it cannot be adjusted against cost of goods sold for the purpose of transfer pricing.

- The Tribunal rejected the reliance on Accounting Standard 2 issued by the Institute of Chartered Accountants of India by holding that it was not in the context of arm's length price in transfer pricing.

- With regard to the claim of rebate / discount received, which was disregarded by the TPO on the ground that it did not find a place in the financials accompanying the TP report or included in the reference received; the Tribunal

held that these cannot act as an estoppels against the proper and valid claim. The Tribunal accepted that the taxpayer is entitled for deduction of rebate received upon purchase of goods from the value of goods sold. However, the issue regarding verification of netting off of rebate from cost of purchase was remitted to the file of Assessing Officer.

e) Conclusion

The economic and tax incentives offered to Indian entities are not meant to subsidize the entity in foreign jurisdiction. However, at the same time, this ruling reiterates the principle that a claim made by the taxpayer during the course of assessment proceedings cannot be rejected on the ground that it is was not made initially.

➢ **Taxpayer's business model cannot be rejected merely on assumptions, presumptions, inadequate analysis and without concrete evidence that the taxpayer is shifting profits to it Associated Enterprise**

a) Facts

- Celetronix India Pvt. Ltd. (the taxpayer), a step down subsidiary of an ultimate holding company based in Bermuda, is engaged in the business of manufacturing of electronics.
- The taxpayer imported most of its raw material from associated enterprises (AEs) and exported majority of finished goods to AEs. Based on functions and risk analysis, the taxpayer characterized itself as risk insulated manufacturer and its AE in Bermuda as an entrepreneur. In the transfer pricing study, the international transactions were benchmarked under Transactional Net Margin Method (TNMM) on an aggregate basis selecting taxpayer as the tested party.
- During the assessment proceedings, the Transfer Pricing Officer (TPO) observed that the AE in Bermuda is not an entrepreneur, but merely a billing entity which does not perform significant functions and does not have its own employees. Based on certain third party sales invoices of AE, the TPO determined arm's length gross profit margin to be retained by AE at 1% of sales. The excess margin earned by AE was considered as shifting of profit by the taxpayer and consequently, transfer pricing adjustment was made in the hands of the taxpayer.
- As the CIT (A) upheld the actions of the TPO, the taxpayer filed an appeal before the Income Tax Appellate Tribunal (Tribunal).

b) Observations & Ruling of the Mumbai Tribunal:-

- There is no dispute that the taxpayer declared itself as low risk manufacturer. On this, the approach of the TPO to re-compute the profitability based upon a limited number of invoices is not justified. The working was also rejected on the ground that it did not take into account several costs.
- Unless there is concrete evidence that the taxpayer is passing on profits to its AE, the so called analysis of few transactions does not confirm that taxpayer's business model is not to be accepted.
- For several subsequent years, the business model was accepted by the TPO and also that the taxpayer's own TNMM study had indicated that its profit margins are more than the comparable cases.
- Shifting of profit by taxpayer has to be justified with concrete evidences.
- Transfer pricing adjustment based on various presumptions and assumptions without any proper study is not appropriate and hence cannot be sustained.

c) Conclusion

The above ruling emphasizes that transfer pricing adjustment on the basis of assumptions and presumptions without a thorough analysis and not supported by concrete evidences cannot be sustained.

Tax authorities should not presume shifting of profits in the absence of concrete evidences.

- **Transactions between two domestic related parties cannot be covered under the extended definition of International Transaction.**

a) Facts

- Swarnandhra IJMII Integrated Township Development Company Pvt. Ltd. ('the taxpayer') is a joint venture between Andhra Pradesh Housing Board (APHB) and IJM (India) Infrastructure Limited (IJMII). IJMII an Indian company is a subsidiary of IJM Corporation, Berhad (Associated Enterprise or AE). The taxpayer is engaged in the business of development of integrated township and sale of flats.
- The taxpayer had made payments towards technical services as well as reimbursement of bank guarantee to the AE. The Transfer Pricing Officer (TPO) valued both at NIL; the former on the ground that the assessee did not receive any benefit, while the latter was on the basis that the taxpayer did not produce documents to justify the payment.
- During the year, apart from the transactions with the AE, the taxpayer entered in to transactions with IJMII for payment towards project execution, project management and reimbursement of expenses. The TPO held that these transactions are in the nature of 'deemed international transaction' to which transfer pricing regulations apply. Applying Transactional Net Margin Method, the TPO determined a margin of 20.35% by selecting 25 comparable companies and proposed an adjustment of Rs. 34,86,00,000
- The Dispute Resolution Panel (DRP) confirmed the addition and the taxpayer was in appeal before the Tribunal. On the deeming provision, the DRP agreed with the taxpayer, but to keep the matter alive declined to intervene.

b) Issues of Transfer Pricing before the Hyderabad Tribunal :-

- Whether a transaction between two resident companies can be treated as an international transaction by applying the provisions of Section 92B (2) of the Income-tax Act. 1961 (the Act)?

c) Observations & Ruling of the Hyderabad Tribunal

- Section 92B (2) of the Act applies to cases where two AE's intend to have an international transaction but want to avoid transfer pricing provisions by interposing a third party as an intermediary. Here the legal form of the transaction is ignored and the substance of the transaction is given effect by deeming the transaction with the intermediary itself to be one with an AE.
- This deeming provision needs at least one of the parties to the transaction to be non-resident. As in the present case both the taxpayer and IJMII are residents the provisions would not be applicable. Further the transaction in question does not involve transfer of goods or services either directly or indirectly from the taxpayer to its AE or any other non-resident using IJMII as an intermediary;

d) Conclusion:-

The ruling makes it clear that transactions between two resident Indian companies cannot be covered under the ambit of international transaction. Further, the Tribunal observed that the Finance Act, 2012 has specifically made transfer pricing regulations applicable to transactions between two domestic related entities; as such transactions will not meet the definition of international transaction as provided under the transfer pricing provisions.

GLOBAL EMPLOYER SERVICES

- **Bombay High Court rules on deductibility of employees' overseas allowance and on foreign tax credit**

a) Facts

- Petroleum India International (PII) is an Association of Persons with nine public sector oil companies as its members. PII is engaged in carrying on business overseas and seconds the trained manpower to foreign companies at a contracted rate. The seconded individuals continue to be employees of the member companies and receive compensation from them.
- PII claimed the overseas compensation paid to seconded employees of Rs. 3.93 crores as a deductible expenditure;
- The Assessing Officer (AO) disallowed the claim stating the payment was hit by Section 40(a)(iii) of the Income-Tax Act, 1961 (Act) as there was a failure to withhold tax under section 192 of the Act.
- Both the Commissioner of Income-Tax Appeals [CIT (A)] and Tribunal upheld the claim of PII based on the finding that the seconded individuals continued to be employees on the rolls of the member oil companies for the duration of secondment and deleted the additions made by the AO.
- PII had paid taxes in Kuwait on the income earned in that country and claimed such taxes as relief under section 91(1) of the Act. The AO denied relief under Section 91(1) of the Act as taxes were not paid in Kuwait in the relevant tax year;
- The appellate authorities allowed the claim of PII.

b) Issues before the Bombay High Court

- Whether the Tribunal was correct in allowing the deduction for overseas allowance paid to the seconded employees?
- Whether the Tribunal was right in upholding that PII is entitled to relief for the taxes paid in Kuwait in a different tax year?

c) Decision of the Bombay High Court

- The seconded employees continue to be employees on the rolls of member oil companies during the secondment period. They received salary from their employer entities. PII is liable to deduct taxes under section 192 on payments made to its employees. Since the seconded individuals were not its employees, there was no obligation on PII to deduct tax on the overseas allowances paid to them. Disallowance under section 40(a) (iii) will apply only if there is a failure to deduct taxes. Since there is no requirement for PII to withhold tax, the occasion to apply section 40(a) (iii) does not arise. In effect, overseas allowance claimed by PII is not to be disallowed.
- The object of section 91(1) is to give relief from taxation in India to the extent taxes have been paid abroad. This relief is not dependent upon the payment also being made in the same tax year. The tax payments on the income earned in Kuwait have been verified with original documents by the CIT (A) and found to be correct. Hence, PII is entitled to relief under section 91(1) of the Act.

d) Conclusion

Indian residents are entitled to relief under section 91 for taxes paid in countries with which India has no Double Taxation Avoidance Agreement (DTAA). India's DTAA with Kuwait is in force from 1st April, 2008 and the above case relates to an earlier period when the treaty was not in force. Though the above decision is not on DTAA, the decision of High Court that relief must be provided regardless of when the tax is paid is in line with the commentary of organization for Economic Co-operation and Development on bilateral tax relief.

CORPORATE LAWS

➢ **Amendment to SEBI Fraudulent and Unfair Trade Practices Regulations**

The SEBI has issued Notification No. LAD-NRO/GN/2012-13/25/5455 dated 11th December,

2012 amending the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 inserting the clause relating to mis-selling of units of a mutual fund scheme treating as covered by the regulations. The amendment defines "mis-selling" to mean sale of units of a mutual fund scheme by any person, directly or indirectly, by making a false or misleading statement, or concealing or omitting material facts of the scheme, or concealing the associated risk factors of the scheme, or not taking reasonable care to ensure suitability of the scheme to the buyer. One may refer to the above citation for further details.

- **Filing of balance sheet and profit & loss account in XBRL format – date extended**

The MCA has issued General Circular No. 39/2012 on 12th December, 2012 stating that the time limit to file financial statements in the XBRL mode without any additional fee/penalty has been extended up to January 2013 or within 30 days from the date of Annual General Meeting of the company whichever is later. One may refer to the above citation for further details.

- **Oversight Inspection of Market intermediaries**

The SEBI has issued Circular No. CIR/ MIRSD /13/2012 dated 7th December, 2012 stating that after consultation with stock exchanges and the associations of stock brokers, a policy would be formulated for annual inspection of members in various segments and follow-up action thereon. The policy shall also cover various kinds of risks posed to the investors and market at large on account of the activities/business conduct of their members. The stock exchange or the clearing corporation, as the case may be, shall conduct inspection of their members in various segments in terms of the above policy and in case of members who hold multiple memberships of the exchanges, the stock exchanges shall establish an information sharing mechanism with one another on the important outcome of inspection in order to improve the effectiveness of supervision. One may refer to the above citation for further details.

- **Harmonization of definition of 'Infrastructure Loan' of NBFCs**

The RBI has issued Circular No. DNBS.PD.CC.No. 317/03.10.001/2012-13 dated 28th December, 2012 stating that the definition of 'infrastructure lending' in terms of which the definition of 'infrastructure lending' for the purpose of financing of infrastructure by banks and financial institutions has been harmonized with that of the Master List of Infrastructure sub-sectors notified by the Government of India on March 27, 2012. It has been decided to\ harmonies the definition of infrastructure lending for NBFCs with that of banks. Hence, the extant definition of infrastructure loan given in the NBFC Prudential Norms Directions, 2007 stands amended with immediate effect. The revised definition of 'infrastructure loan' now means a credit facility extended by NBFCs to a borrower for exposure in the infrastructure subsectors listed in the annexure to the above circular. The exposure of NBFCs to projects under sub-sectors which were included under the previous definition of infrastructure, but not included under the revised definition, will continue to get the benefits under 'infrastructure lending' for such exposures till the completion of the projects. However, any fresh lending to those sub-sectors from the date of this circular will not qualify as 'infrastructure lending'. One may refer to the above citation for further details.

- **Checklist for NBFCs, NBFC-MFIs, NBFC-Factors and CICs**

The RBI has issued Circular No. DNBS.CC.PD.No. 312/03.10.01/2012-13 dated 7th December, 2012 releasing the checklist for NBFCs, Non Banking Financial Company-Micro Finance Institutions (NBFC-MFIs), Non Banking Financial Company-Factoring Institutions (NBFC-Factors) and Core Investment Companies (CICs). These are in relation to the applications for seeking certificate of registration (COR) from the RBI and the list of documents mentioned therein that is required to be submitted. In order to expedite the process of obtaining registration from the RBI as NBFCs, the

checklist of documents to be submitted along with the application form have been reviewed by the RBI and made more exhaustive. The RBI has stated that as the businesses of the various types of NBFCs vary, the documentation required for registration will also vary. The RBI has provided the following requirements to be taken care of: -

- The application forms will remain the same for all NBFCs until changed in the online COSMOS application, except in the case of CIC-ND-SIs where a separate application form has been prescribed.
- Five checklists have been uploaded onto the RBI website, namely,
  a) Documents required for registration as NBFCs.
  b) Documents required for registration of NBFC-MFI – New Companies and,
  c) Documents required for registration of NBFC-MFI (Existing NBFCs).
  d) Documents required for registration of NBFC – Factors and.
  e) Documents required for registration as CIC-ND-SI.
- While converting from an already registered NBFC to that of NBFCMFI or NBFC-Factors, for the present, the concerned NBFC need not fill out the application form as provided in the RBI website. The application for conversion may be made on company's letterhead accompanied by the original COR and all the documents as given in the checklist. The Bank will after scrutiny of the documents convert the status to NBFC-MFI or NBFC-Factors, as the case may be, by making a suitable remark on the COR. As stated above, this arrangement will be in place until the application form for NBFCMFI and NBFC-Factors is changed in the COSMOS online application.

The RBI has also stated that one may note that the checklists mentioned are indicative and not exhaustive. The RBI can, if necessary, call for any further documents to satisfy themselves on the eligibility for obtaining registration as NBFC. In the event of the RBI calling for further documents in addition to those mentioned in the checklist, the applicant company must respond within a stipulated time of one month failing which the application/request for conversion along with all the documents will be returned to the company for submission afresh with the required information/documents. One may refer to the above citation for further details.

➢ Core Investment Companies – Overseas Investment (Reserve Bank) Directions, 2012

The RBI has issued Circular No. DNBS (PD) CC.No. 311/03.10.001/2012- 13 dated 6th December, 2012 releasing the above directions and referred to the NBFC (Opening of Branch/Subsidiary/Joint Venture/Representative Office or Undertaking Investment Abroad by NBFCs) Directions, 2011 which have specified general and specific conditions for overseas investment by NBFCs. The applicability of these Directions for Core Investment Companies (CICs) has been examined and in view of their unique nature of business (investment only for holding purpose), certain modifications have been found necessary to be made in the Directions. The RBI observes that CICs invest primarily in group companies, in different sectors of the economy. Being holding companies they need to invest in both financial and non-financial activities. It has therefore been decided to issue a separate set of Directions to CICs with regard to their overseas investments.

All CICs investing in joint ventures / subsidiaries / representative offices overseas in financial sector will require prior approval from the Bank. The approval will be subject to the CIC fulfilling the conditions enumerated in the enclosed Directions issued by Reserve Bank in exercise of powers under Sections 45JA, 45K and 45L of the RBI Act, 1934. Should CICs currently exempted from registration, desire to make overseas investments in financial sector, they would require a COR from the RBI and shall have to comply with all the regulations applicable to registered CICs. However, exempted CICs do not

require to be registered with RBI for making investment in non-financial sector. One may refer to the above citation for further details.

- **Amendment to Companies (DIN) Rules, 2006**

The MCA has issued Notification No. F. No. 5/80/2012-CLV dated 24th December, 2012 issuing the revised new Form DIN-1 (Application for allotment of Directors Identification Number DIN). Also, in Form DIN-4, the verification portion is replaced with a new version. Both these amendments are effective from 25th December, 2012. One may refer to the above citation for further details.

- **Filing of Form 68 for rectification of mistakes in Form 1, Form 1A and Form 44**

The MCA has issued General Circular No. 42/2012 dated 21st December, 2012 stating that under Rule 20G(1) of Companies (Central Government's) General Rules and Forms (Second Amendment), 2010, filing of an application for rectification of mistakes can be made while filing Form No.1, Form No. 1A and Form No. 44 electronically, on the Ministry's website. Such applications are to be made to the Registrar of Companies in Form No. 68 and are required to be accompanied by a fee of ` 1000 in case of Forms No.1, Form 1A and ` 10,000 for Form 44. Rule 20G (2) permits filing of an application in Form No. 68 to be filed with the Registrar within a period of three hundred and sixty five days from the date of approval of the aforesaid forms by the Registrar concerned.

Based on requests received from time to time by the MCA to extend the facilities for rectification of mistakes as above companies incorporated prior to the year 2009 and to other companies which could not avail of this facility earlier, it has been decided to allow such companies to rectify mistakes in Forms 1, 1A and 44 by filing Form 68 on payment of fee stipulated above. Form 68 (electronic mode) may be filed for rectification of mistakes in the forms referred above within a period of 180 days from the effective date. One may refer to the above citation for further details.

FEMA

- **Trade Credits for Import into India A.P. (DIR Series) Circular No. 58 dated 14th December, 2012**

RBI had revised the all-in-cost ceiling for trade credits for imports into India vide A. P. (DIR Series) Circular No. 44 dated 15th November, 2011 which was applicable up to 31st March, 2012. This said limit was further extended till 30th September, 2012 vide A.P. (DIR Series) Circular No. 100 dated 30th March, 2012. It has now been decided to continue the said all-in- cost ceiling till 31st March, 2013 subject to review thereafter.

- **A.P. (DIR Series) Circular No. 59 dated 14th December, 2012**

Presently, the companies in the infrastructure sector are allowed to avail of trade credit up to a maximum period of 5 years for import of capital goods as classified by Director General of Foreign Trade (DGFT) subject to following:-

- The trade credit shall be ab-initio contracted for a period not less than 15 months and should not be in the nature of short-term roll overs; and
- AD banks are not permitted to issue Letters of Credit / guarantees / Letter of Undertaking / Letter of Comfort in favour of overseas supplier, bank and financial institution for the extended period beyond 3 years.

On review, it has been decided to further relax the condition of 'ab initio' buyers' credit for 15 months to 6 months for existing trade credits only. However, the condition regarding 'ab initio' buyers' credit for 15 months shall continue for future trade credit.

➢ **External Commercial Borrowings (ECB) Policy Review of all-in-cost ceiling A.P. (DIR Series) Circular No. 60 dated 14th December, 2012**

RBI had revised the all-in-cost ceiling for ECBs vide A.P. (DIR Series) Circular No. 51 dated 23rd November, 2011 which was applicable up to 31st March, 2012. This said limit was further extended till 31st September, 2012 vide A.P. (DIR Series) Circular No. 99 dated 30th March, 2012. It has now been decided to continue the said all-in-cost ceiling till 31st March, 2013 subject to review thereafter.

➢ **Foreign Direct Investment (FDI) in Assets Reconstruction Companies (ARCs) Press Release dated 31st December, 2012**

Presently, FDI in ARCs is allowed up to 49% and investment by the Foreign Institutional Investors (FIIs) in Security Receipts (SRs) issued by ARCs is allowed up to 49% of each tranche of scheme of SRs. The Government of India has now, in consultation with the stakeholders and the sector regulators reviewed the ceilings of FDI and the Foreign Institutional Investors (FII) as under:-

- The ceiling for FDI in ARCs has been increased from 49% to 74% subject to the condition that no sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing through an FII. The foreign investment in ARCs would need to comply with the FDI policy in terms of entry route conditionality and sectoral caps.
- The foreign investment limit of 74% in ARC would be a combined limit of FDI and FII. Hence, the prohibition on investment by FII in ARCs will be removed. The total shareholding of an individual FII shall not exceed 10% of the total paid-up capital.
- The limit of FII investment in SRs may be enhanced from 49% to 74%. Further, the individual limit of 10% for investment of a single FII in each tranche of SRs issued by ARCs may be dispensed with. Such investment should be within the FII limit on corporate bonds prescribed from time to time, and sectoral caps under the extant FDI regulations should be complied with.

➢ **ECB for Micro Finance Institutions (MFIs) and Non-Government Organizations (NGOs) – engaged in micro finance activities under Automatic Route A.P. (DIR Series) Circular No. 63 dated 20th December, 2012**

RBI had, vide A. P. (DIR Series) Circular No. 59 dated 19th December, 2011 allowed MFIs and NGOs engaged in micro finance activities to raise ECB up to USD 10 million or equivalent during a financial year for permitted end-uses, under the Automatic Route, subject to review after one year.It has now been decided that the extant guidelines as specified in above referred circular will continue to be applicable until further review. Furthermore, ECB by MFIs/NGOs should be fully hedged and designated AD has to ensure at the time of drawdown that the forex exposure of the borrower is fully hedged.

POLICY WATCH

➢ **Bihar cabinet approves two key power sector proposals**

The Bihar state government has given approval for the creation of Bihar Grid Company Ltd. (BGC). This new company would function on a build, own and operate basis for strengthening the power transmission system in the state. The cabinet also approved a proposal to sign a memorandum of understanding with Sutlej Hydro Power Corporation, a joint venture of Himachal Pradesh government and the Union government, for transfer of Buxar thermal power project to it from the Buxar Electricity Company Private Ltd.

➢ **Government approves FDI proposals**

Government has approved 12 Foreign Direct Investment (FDI) proposals totaling over Rs8.02 billion. Among the proposals approved are Taqa Jyoti Energy Ventures which has received an approval to bring in foreign investment of Rs 2.52 billion while Hyderabad-based Mylan Laboratories will be able to

go ahead with its Rs 1.73billion proposal to acquire an existing pharmaceutical manufacturing facility. Other approved proposals include one from OCS Group Singapore Pte Ltd for acquisition of equity shares of an India company engaged in business of detective and protective services.

- **Government unveils new policy to raise R&D spend**

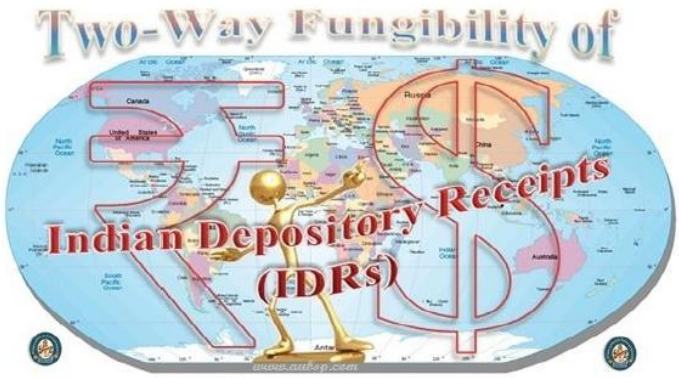
Government has unveiled a new Science, Technology, and Innovation (STI) Policy 2013. The policy plans to catalyze innovative abilities and achieve gender parity in science, technology and innovation activities. It also aims to raise the gross expenditure in research and development to 2% from the present 1% of the GDP in this decade by encouraging enhanced private sector contribution. It will seek to increase the number of full time research and development personnel in India by at least 66 per cent of the present strength in five years.

- **Maharashtra Cabinet clears industrial policy**

The Maharashtra cabinet has approved a new industrial policy christened Magnetic Maharashtra and Brand Maharashtra that allows exit to Special Economic Zones (SEZs) through Integrated Industrial Areas (IIAs) and grants additional concessions to revive small- and medium sector industries. The new policy has retained the sops for mega projects, but it is now more focused to generate investments from the micro and the small and medium enterprises (MSME) sector. In a boost to small and medium industries, the policy offers stamp and electricity duty exemption and 5% interest subsidy on capital investment.

- **RBI to issue guidelines on mergers through IDR route**

Government has allowed Indian companies to merge with firms overseas through the issue of Indian Depositary Receipts (IDRs). Reserve Bank of India has been asked to issue detailed guidelines on the process. The move would facilitate cross border listing of entities with Indian assets and exits or liquidity to shareholders and investors. The Companies Bill 2012, which was passed in the Indian parliament last month, has permitted local firms to merge with foreign companies in select jurisdictions. The shareholders of the merging company can be paid in cash or in IDRs or partly in cash or partly in IDRs.



INDUSTRY WATCH & CORPORATE HIGHLIGHT

- **Cement industry to add 30-40 mt p.a. capacity in 2013**

The cement industry is planning to add a capacity of 30-40 million tonnes per annum (mt p.a.) in 2013. Currently, the industry has a capacity of 324 mt pa and operates at 75%-80% utilization, due to weak cement demand from realty and infrastructure sectors. The capacity addition next year will be more than the expected levels as some of the projects that were slated for completion in 2012 got delayed and will now go on stream in 2013. The prospects of cement companies will depend on the revival in demand. The southern and central region will witness much of the capacity addition.

- **Government imposes 35% safeguard duty on Chinese electrical insulators**

The government has imposed a 35% safeguard duty on electrical insulators which are being imported from China. The safeguard duty would be for a period of two years. For the first year it would be 35% and 25% in the subsequent year. This would help domestic players including Aditya Birla Nuvo, BHEL and others to fight cheap imports. The move will also follow the recommendations for the imposition of the duty by the Directorate General of Safeguards (DGS).

- **Aurobindo gets USFDA nod for migraine drug**

Aurobindo Pharma Ltd has received the final approval from the US Food and Drug Administration (USFDA) to manufacture and market Rizatriptan Benzoate Tablets used in the treatment of migraine. Rizatriptan Benzoate Tablets 5mg (base) and 10mg (base) is the generic equivalent of Merck and Co.'s Maxalt Tablets of equivalent dose and is indicated for the acute treatment of migraine. The annual sale of the product was approximately $300 million for 12 months ending March 2012.

- **Essel group enters financial services sector**

Essel Group has entered into financial services sector in the country by launching an investment banking and private equity business unit Essel Financial Services. Under the holding company Essel Financial Services, it has further launched two businesses including private equity and investment banking. The private equity business unit will focus on infrastructure, real-estate and financial services sectors. The company will also concentrate on Mergers and Acquisitions (M&A), pre-IPO deals, qualified institutional placement and portfolio management services. After gaining a strong foothold in the domestic market, the company is also planning to enter into overseas market by launching offices in Singapore and London by 2013.

- **Steel consumption to grow at 5% in 2013**

The World Steel Association (WSA) has forecast that steel consumption in India to grow at 5% in 2013. This is slightly lower than the 6% growth in 2011. According to the Ministry of Steel, domestic real steel consumption grew 6.8% year-on-year to 70.92 million tonnes. The growth in consumption of steel has been impacted by lower demand from steel using industries from automobiles and infrastructure to white goods and capital goods, which is likely to remain modest through 2013 as well. However, the government's $1 trillion infrastructure investment plan, if executed in a timely manner, could drive growth for the steel industry.

- **Switzerland Tourism expects 8% growth from India**

Switzerland Tourism is aiming 8% growth in tourist arrivals from India in 2013 after a year of low growth. India is the 12th biggest source market for Switzerland but Indians are number two behind Gulf states when it comes to average per person spend. Indian market is important and it is growing. Indians on average spend 350 Swiss francs per person a day which is next only to Gulf States. The department is also showcasing Swiss traditions to attract more tourists from India. The tourism board is also stepping up its marketing campaign and creating India specific account on social networking websites.

- **GMDC sign MOU with South Korean firm**

Gujarat Mineral Development Corporation (GMDC) has signed a Memorandum of Understanding (MOU) with South Korea's KEPCO Plant Services and Engineering Company Limited for long-term operation & maintenance of GMDC's Akrimota Thermal Power Station. The MOU is for an amount of Rs 5 billion for long-term operation and maintenance contract for 250-megawatt Akrimota Thermal Power Station.

- **Green Infra to raise $150 million for renewable energy projects**

Renewable energy producer Green Infra Ltd is planning to raise $150 million from local and global investment firms. The funding will be separate from the $50 million debt facility that IDFC Private Equity-backed Green Infra recently received from International Finance Corporation (IFC). Green Infra's future plans include becoming a 5,000MW renewable energy company by 2015 with operating assets of 3,000MW plus 2,000MW in development. It will largely be through wind energy, followed by hydro, solar and biomass.

- **Foreign operators show interest in a tie-up with AAI**

भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

The Airport Authority of India (AAI) has initiated the process to rope in foreign operators like Changi and Zurich for operations and maintenance of Kolkata and Chennai airports, in line with the recommendations of the Planning Commission task force. Currently the Public Private Partnership (PPP) model is a kind of policy that AAI is working on, which is planned to be implemented starting with Kolkata and Chennai airports.

- **Hotel sector can now tap external commercial borrowings**

Indian companies in the hotel sector with a total project cost of Rs 2.50 billion or more, Irrespective of their geographical location, have been allowed to tap the External Commercial Borrowing (ECB) route. The ECBs will be for repayment of outstanding rupee loans or for fresh rupee capital expenditure. In September 2012, the RBI had enhanced the maximum permissible limit of ECB for an individual company. The limit was set at 75% of the average foreign exchange earnings realized during the immediate past three financial years or 50% of the highest foreign exchange earnings realized in any of the immediate past three financial years, whichever was higher.

- **FIBP clears IKEA to open cafeterias**

The Foreign Investment Promotion Board (FIPB) has approved Swedish furniture retailer IKEA's proposal to set up signature cafeterias at its outlets in India. IKEA plans to invest Rs 105 billion in 25 single-brand retail stores through its 100% subsidiary and has got FIPB's approval to invest Rs 42 billion.

- **Havells to raise Baddi plant capacity**

HAVELLS

Havells India would double its production capacity of Baddi plant in Himachal Pradesh to 1 million Stock-Keeping Units (SKUs) per day in the next 6-9 months. The manufacturing facility manufactures the switches and domestic switchgear for Havells and Crabtree brands. The company has also rolled out a new category of switches from the Baddi plant under 'REO' brand, targeting mainly the Tier II & III cities and rural mark.

Statuary compliance calendar for the month of January 2013			
Due date	**Statuary compliance under Act**	**Particulars**	**Governing authority**
WHEN			
06/01/2013	Service Tax	Payment of monthly service tax for the month of December by all tax payers electronically	Central Board of Excise and Custom
	Central Excise	Payment of monthly central excise duty for the month of December on goods by assesses other than SSI units and quarterly payment of excise by SSI electronically	Central Board of Excise and Custom
07/01/2013	Income Tax	Deposit of Income Tax TCS and TDS deducted in December	Central Board of Direct Tax.
	SEBI	Quarterly report for grievances of beneficial owners related to depository services to depositories	The securities and exchange board of India Act-1992
	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.
	SEBI	Quarterly certificate on demat/remit shares to depositories	The securities and exchange board of India Act-1992
10/01/2013	Central Excise	(a) Monthly central excise return in form ER-1/ER-2 by other that SSI. (b) Quarterly return by SSI in form ER-3 (c) Quarterly return by assesses paying 1% / 2% excise duty and not manufacturing any other goods in form ER-8.	Central Board of Excise and Custom
	Central Excise	Monthly return of receipts and consumption of Principal Inputs by specified manufacturers of excisable goods in form ER-6	Central Board of Excise and Custom
	NBFC-ND-SI	Monthly statement of short term dynamic liquidity in form NBS-ALM1	Reserve Bank of India.

	NBFC-D	Quarterly submission of Monetary and Supervisory return in form NBS-5 by NBFC having public deposits of ` 20 crore and above as per last audited balance sheet	Reserve Bank of India.
15/01/2013	Income Tax	(a) Quarterly Income Tax TDS/TCS statement in form 24Q/26Q/27EQ (Other than Government) (b) Quarterly return in form 27Q in respect of TDS from interest, dividend or any other sum payable to non-residents	Central Board of Direct Tax.
	Provident Fund	(a) Payment of monthly dues of Provident Fund for the month of December (b) Monthly return in form 5 for employees joining Provident Fund during December 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 December	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952
	SEBI	Quarterly Corporate Governance Compliance Certificate by listed companies to stock exchanges under clause 49(VI) (ii) of Listing Agreement.	The securities and exchange board of India Act-1992
	Central Excise – Dealers	First stage dealer and second stage dealer to submit quarterly return	Central Board of Excise and Custom
	NBFC-D	(a) Quarterly Return of Statutory Liquid Assets in form NBS-3 by NBFC (NBS-3A by RNBF C) only if they are accepting public deposits (b) Quarterly report of frauds involving ` one lakh or more in form FMR-3 and frauds outstanding in form FMR-2.	Reserve Bank of India.
21/01/2013	SEBI	Payment of ESIC contribution for the month of December	The securities and exchange board of India Act-1992
	ESIC	Monthly contribution statement (abstract) in form 12A, along with copy of receipted challans regarding payment of contribution.	The employees' state insurance Act-1948. Ministry of labour and employment.
25/01/2013	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

BUSINESS ADVISORY

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

AUDIT & ASSURANCE

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

RBI, FEMA, SEBI Services

- Setting up Liaison Office, Branch Office and Project Office.
- RBI Consulting
- Private Equity Finding Advisory.
- Project Financing.
- Credit Rating.
- Business Asset Valuation.
- Due Diligence.

TAXATION SERVICES

- Direct Taxation Advisory
- Service Tax, Excise duty, VAT Registration Services
- Tax Planning Strategy– Optimum use of Corporate Tax Incentives.
- Implementing and Operating in the tax consolidation regime
- Preparation of return of Income Tax, Service Tax, Excise Duty and VAT.

OUTSOURCING ACCOUNTANTS

- Annual financial report preparation
- Preparation of general and special purpose statutory accounts
- Processing Payroll
- Cash management reporting
- Accounting system reviews
- Financial analysis
- General Accounting Support, as required by client.

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BRANCHES / AFFILIATES:-

The head quarter of Rajput Jain & Associates, Chartered Accountant is located in Delhi, India. Beside this Rajput Jain & associates has presence all over India, with Nepal, and United States of America, Australia, through its associates / affiliates.

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