

Tax & Corporate News Bulletin

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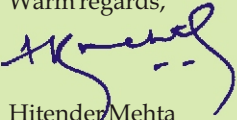
From the Editor's Desk...

Special Economic Zones (SEZs) have become the talk of the town. In a short span of one and a half year, the Government has notified 132-SEZs, granted formal approval to 341-SEZ proposals and in-principle approval to 171-SEZ proposals. Investment made in 132-notified SEZs is to the tune of Rs. 43,123-crores. The regulatory framework governing the SEZs is also coming of its age and gradually settling down. However, as regards the fiscal incentives are concerned, there exists certain inconsistencies in the SEZ Act and corresponding enactments under which such fiscal incentives have been provided (more particularly, under income tax and service tax laws), which needs to be addressed to clear the confusion amongst the investors. Some amendment/ notifications are understandably on the anvil to shed light on the same.

Service tax regulatory framework is being given new packaging. Based on the recommendations of T R Rustagi Committee, the Ministry of Finance (MoF) has issued two comprehensive draft Master Circulars with the objective to simplify the procedural and technical service tax issues. These developments speak of the ongoing thought process within the MoF to facilitate easy understanding and compliance of service tax.

As a big relief from the unwanted telephone calls from telemarketers, the Telecom Regulatory Authority of India (TRAI) has issued the Telecom Unsolicited Commercial Communication (UCC) Regulations, 2007, which envisage that telecom service providers would set up a mechanism to receive requests from the subscribers who do not want to receive UCC and for this purpose, they will maintain and operate a "Private Do Not Call List". The subscribers may now heave a sigh of relief from the nuisance of telemarketers of credit cards, loans, insurance policies and the likes.

Warm regards,



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For Private Circulation

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COMPLIANCE CHECKLIST

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INCOME TAX

International Taxation

Permanent Establishment and income attribution thereto

The Supreme Court of India recently, in the case of *DIT v. Morgan Stanley & Co. Inc.*, pronounced a landmark judgment touching on many aspects of international taxation; specifically the concept of Permanent Establishment ("PE") and attribution of income to the PE. The decision was rendered on appeal from a ruling given by the Authority for Advance Rulings ("AAR") in the case of *Morgan Stanley & Co. Inc, in Re: 284 ITR 260*.



Facts in brief

The assessee, a resident of U.S.A, was an investment bank engaged in the business of providing financial advisory services, corporate lending and securities underwriting. The assessee had a wholly owned subsidiary in India Morgan Stanley Advantage Services Pvt. Ltd. ("MSAS"). MSAS agreed to provide certain support services to the assessee for which MSAS was to be compensated at cost plus certain mark-up. The assessee proposed to (a) send some personnel to India for undertaking stewardship services to ensure that MSAS services meet the standards of the assessee; (b) depute its employees to MSAS at request of MSAS.

Decision

In the aforesaid facts, a number of issues were raised which were dealt by the Apex Court as under:

❖ Fixed place PE

The Revenue contended that MSAS constituted a fixed place of business of the assessee in India, since its support services tantamount to carrying on business activities of the assessee in India. Thus, according to the Revenue, MSAS was a fixed place PE of the assessee within the ambit of Article 5(1) of the Indo-U.S Double Taxation Avoidance Agreement (the "DTAA").

The Supreme Court upheld the AAR Ruling that activities of MSAS such as business research, IT support, account reconciliation etc. comprise back office functions and do not amount to carrying on business of the assessee and, therefore, Article 5(1) of the DTAA is not attracted.

The Supreme Court further held that the back office operations performed by MSAS were preparatory or auxiliary in character and, therefore, fell within clause (e) of Article 5(3) of the DTAA, which excludes certain activities from the ambit of the definition of fixed place PE. For this reason, too, MSAS did not constitute a fixed place PE under Article 5(1) of the DTAA as regards its back office operations.

❖ Agency PE

The Revenue contended that MSAS was an agency PE of the assessee since MSAS carries on activities on behalf of the assessee and is wholly and exclusively dependent on the assessee, both legally and economically. The AAR held that MSAS is not an agency PE in terms of the provisions of the DTAA since it does not have the authority to conclude contracts on behalf of the assessee and only the implementation of back office functions would be carried out in India.

❖ Service PE

(a) Stewardship Services

The AAR had held that if the employees of the assessee were sent to India for a period not less than 90 days, whether as stewards or on deputation, then its service PE would come into existence in India by virtue of Article 5(2)(1) of the DTAA. The Supreme Court, however, noted that the object of stewardship activities was to protect the interest of the assessee by ensuring that the output given by MSAS meets its global standards. The Court held that such activities for protecting assessee's own interests cannot be said to be services rendered to MSAS. The Court, therefore, held that no service PE came into existence as regards the stewardship activities performed by the employees of the assessee.

(b) Deputation of Employees

It was held that a service PE comes into being, where the deputed employees continue to be on the payroll of the non-resident assessee and the assessee continued to have a lien

on their employment and the services of such employees is requisitioned by MSAS. The Court held that assessee renders services to MSAS through its employees, in such deputation, and a service PE comes into existence in India.

In view of aforesaid, the issue of deputation of employees by foreign companies to their India subsidiaries affiliates has assumed significance and such agreements shall have to be carefully structured to avoid any PE exposure.

✦ Attribution of Income

The Supreme Court observed that under Article 7 of the DTAA, the taxable entity is not the PE but the non-resident assessee and what is to be taxed is the income of such foreign entity attributable to its PE in India. Only those profits of the foreign entity which have economic nexus with PE in India can be taxed.

The Supreme Court approved the ruling of the AAR that if arm's length remuneration is paid to a PE in India as per transfer pricing analysis, i.e., functional and factual analysis, no further profits are attributable to the PE in India. The AAR had referred to the clarifications issued vide Circular No. 23 of 1969 and Circular No. 5 of 2004 issued by the Central Board of Direct Taxes ("CBDT"). The PE has to be treated as a separate profit centre for the purpose, the Court held.

This decision implicitly overrules the ratio of the Mumbai Bench of the Income Tax Appellate Tribunal in the case of *SET Satellite (Singapore) Pte Ltd: 108 TTJ 445*. In that case, it was held that tax liability of the non-resident assessee, in respect of its dependant agency PE in India was not extinguished by payments made to the dependent agent at arm's length basis, since dependent agency PE was distinct from the dependant agent.

The aforesaid decision of the Supreme Court sets at rest the controversy regarding the taxation of foreign companies in respect of captive BPOs in India.

✦ Transfer Pricing

(a) Transfer Pricing Method

The Supreme Court held that transactional net margin method ("TNMM") is the most appropriate method of determining arm's length price in the case of a service PE since it apportions the total operating profit arising from the transaction on the basis of sales, costs, assets, etc.

(b) FAR Analysis:

The Court held that the remuneration paid to a PE on an arm's length basis must take into account the functions performed, assets employed and risks undertaken by the enterprise.

Depreciation on Marketing Rights

Sarabhai Zydus Animal Health Ltd v. ACIT: 2007-TIOL-202-Del. ITAT

The Delhi Bench of the Income-Tax Appellate Tribunal ("ITAT"), in the aforementioned case, has held that marketing rights are depreciable as an intangible asset and acquisition of the same would entitle the purchaser to claim tax depreciation thereon.

Fringe Benefit Tax (FBT)

Extension of Time Limit for Payment of First Installment of FBT



CBDT has decided that the first installment of FBT, which was payable by 15th June 2007 in respect of transfer or allotment of specified security or sweat equity shares to its employees, may now be paid by

15th September 2007 (the date of second installment). This has been necessitated as the CBDT is still in the process of notifying the method for determination of the fair market value of the shares for purposes of FBT

Minimum Alternate Tax (MAT) on Deferred Tax Liability

The Kolkata Tribunal in its recent decision in the case of *ACIT vs Balarampur Chini Mills Ltd. 2007 14 SOT 372* has held the deferred tax liability is not covered by any of the specified adjustments prescribed under MAT and therefore, **would not be added back** in the computation of book profit for the purpose of section 115JB of the Income tax Act.

Interestingly, the Chennai Tribunal in another recent decision in the case of *M/s Prime Textiles Ltd. Vs the Asst Commissioner of Income Tax* **has taken a contrary view and held** that deferred tax liability is in nature of unascertained liability and accordingly, **would be added back** while computing book profit.

SERVICETAX

CBEC issues draft Master Circulars: Technical and Procedural issues

- ✧ Based on the recommendations of T R Rustagi Committee, the Ministry of Finance has issued two comprehensive draft Circulars, which are aimed to simplify the procedural and technical service tax issues.



- ✧ After notification, these circulars will supersede all the existing circulars, instructions and communications issued by Central Board of Excise and Customs ("CBEC") and Director General Service Tax issued since 1994.

Effective date of the 7-new services

- ✧ The Government has introduced seven new services and expanded the scope of a number of existing services by the Finance Act, 2007 on which, service tax shall be applicable from 1st June, 2007. **The new services are as follows-**

- a) Telecommunication service
- b) Mining service
- c) Renting of immovable property service
- d) Service involved in the execution of a works contract
- e) Development and supply of content service
- f) Asset management including portfolio management and all forms of fund management service
- g) Design service

- ✧ **Further, the scope of following services has been expanded:**

- a) Sale of space or time for advertisement
- b) Rent-a-cab service
- c) Mandap keeper service
- d) Pandal or shamiana service

- e) Manpower recruitment or supply service
- f) Banking and other financial service
- g) Management consultant's service

[Source: Notification No. 23/2007- Service Tax dated 22nd May, 2007]

Renting of Immovable property: Value of Taxable services

- ✧ With effect from 1st June, 2007, service tax is applicable on the rent of immovable property under section 65 clause (105) sub-clause (zzzz).
- ✧ Deduction of property tax actually paid in respect of such rented properties is allowed. For the purpose of service tax, the rent of immovable property shall be calculated on the value of gross amount charged for renting such immovable property as reduced by taxes on such property, namely property tax levied and collected by local bodies.
- ✧ Assessee can claim self adjustment of excess service tax paid on account on non-availment of benefit of deduction of property tax, if the same has not been paid before the payment of service tax. However, such benefit can be taken within one year from the payment of property tax (vide Notification No. 28/2007).

[Source: Notification No. 24 and 28/ 2007- Service Tax dated 22nd May, 2007]

Works Contract

Valuation Rules- Service Tax (Determination of Value) (Amendment) Rules, 2007

- ✧ The Central Government has introduced the Service Tax (Determination of Value) (Amendment) Rules, 2007 (the "Valuation Rules") effective from 1st June 2007 for determining the value of taxable service in relation to services involved in the execution of a works contract ("works contract service") under section 65 (105) (zzzza) by introducing rule 2A.
- ✧ Rule 2A provide that the value of taxable services in relation to works contract services shall be equivalent to the gross amount charged for the works contract less the value of transfer of property in goods involved in the execution of the said works contract.

- ✧ For the purpose of the rule 2A, the gross amount charged for the works contract shall not include Value Added Tax (“VAT”) or sales tax, as the case may be, paid, if any, on transfer of property in goods involved in the execution of the said works contract.
- ✧ It is further provided that in case where the VAT or sales tax has been paid on the actual value of transfer of property in goods involved in the execution of the works contract, then such value adopted for the purposes of payment of VAT or sales tax shall be taken as the value of transfer of property in goods involved in the execution of the said works contract for determining the value of works contract service.

[Source: Notification No. 29/2007- Service Tax dated 22nd May, 2007]

Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007

- ✧ The Central Government has introduced the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007 (“**Composition Rules**”) effective from the 1st June, 2007, which provides a mechanism to discharge the service tax liability in respect of the services covered under the category of Works Contract.
- ✧ The Composition Rules have an overriding effect over Section 67 and the Valuation Rules, which provides that a person liable to pay service tax in relation to Works Contract services, has an option to pay service tax at an amount equal to 2% of the gross amount charged for the Works Contract, instead of paying service tax at a normal rate.
- ✧ Further, the Composition Rules provide that gross amount on which the service tax shall be payable under the Composition Scheme shall not include the VAT/Sales Tax paid on the goods involved in the execution of Works Contract.
- ✧ Also, an assessee opting for the Composition Scheme shall not be eligible to take the credit of excise duty and education cess paid on any input used in the execution of such works contract.

[Source: Notification No. 32/2007- Service Tax dated 22nd May, 2007]

Amendments to Export of Services Rules, 2005 and Import of Services (Provided from outside India) Rules, 2006

- ✧ With the introduction of seven new services by the Finance Act, 2007, the Government has made the consequential changes in the corresponding rule(s) of export and import of services to incorporate the new services introduced by the Finance Act, 2007.
- ✧ The Government has made a significant change by omitting the words “**provided outside India**” in clause (b) to sub-rule (2) of rule 3 of Export of Services Rules, 2005 whereby it is now mandatory for every taxable service which is exported, receipt has to be only in convertible foreign exchange.
- ✧ Whereas, prior to the said amendment, the receipt in convertible foreign exchange was mandatory only for those services, which are provided outside India. In other words, the services which were provided in India but treated as export of services, there was no mandatory requirement that the receipt should be in convertible foreign exchange.

[Source: Notification No. 30 & 31/2007- Service Tax dated 22nd May, 2007]

SEBI/CAPITAL MARKETS

Amendment to SEBI (Disclosure and Investor Protection) Guidelines, 2000



In order to facilitate government companies/corporations, statutory authorities/corporations or any special purpose vehicle set up by any of them, (Government Companies) which are engaged in infrastructure sector, to raise funds in the Indian primary market through Initial Public Offerings (“IPOs”), SEBI has amended provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, (DIP Guidelines).

As per the definition provided in the circular, the infrastructure sector includes in its ambit, sectors such as transportation, agriculture, water management,

telecommunication, industrial, commercial and social development and maintenance, power, petroleum and natural gas, housing and other facilities/ services which in the opinion of SEBI constitutes infrastructure sector.

The Circular seeks to make amendments with regard to (i) determination of the Nominal Value of the Shares, (ii) promoters contribution, (iii) offer for sale, and (iv) net offer to the Public

For details please visit www.sebi.gov.in

[Source: Circular No SEBI/CFD/DIL/DIP/27/2007/10/7 dated 10th July, 2007]

SEBI amends Clause 41 of the Listing Agreement

SEBI has directed all stock exchanges to replace the existing clause 41 of the Equity Listing Agreement with a revised clause which aims to rationalize, modify and simplify the process and formats for submission of financial results to the stock exchanges.

The following are the areas simplified in the revised clause 41:

- i. Wherever possible, repeated requirements in the existing clause have been removed and similar requirements have been consolidated.
- ii. Formats have also been consolidated wherever possible and given in one place as Annexures to clause 41.
- iii. Since the Notes to various formats were common across formats, the same have been rationalized and consolidated in one place under the clause itself.
- iv. Certain additional information such as other provisions, miscellaneous expenditure and exceptional / extraordinary items has been included.
- v. Based on feed back from the companies, clauses have been interpreted and clarified wherever necessary.

This circular is available on SEBI website at www.sebi.gov.in

[Source: Circular no. SEBI/CFD/DIL/LA/3/2007/10/07 dated 10th July 2007]

CORPORATE LAWS

Amendment to Companies (Issue of Indian Depository Receipts) Rules, 2004



The Ministry of Corporate Affairs (MCA) in exercise of powers under section 642 read with section 605A of the Companies Act, 1956 had prescribed the Companies (Issue of Indian Depository Receipts) Rules, 2004 ("IDR Rules") which allowed issue of IDRs by foreign companies. After due consultations, the MCA has made necessary changes in IDR Rules vide Notification No. GSR 480(E) dated 11th July, 2007.

Details available at www.mca.gov.in

Role Check by MCA

An initiative of role check has been taken by MCA for the purpose of ensuring and improving the e-governance. The role check has been made mandatory and implemented from 1st July 2007. This implies that at the time of filing of e-forms, if it is not digitally signed by authorised person, then it shall not be accepted on MCA21 portal. The check shall be performed for Directors, Authorised Signatories (Manager/ Secretary) and Practicing Professionals.

For detail, please visit: <http://www.mca.gov.in/>

Concept Paper on regulation of Valuation Professionals

The MCA has come out with the concept paper on Council on Valuation Professionals of India Bill which seeks to make provisions for regulation of the Valuation Professionals. The Concept Paper is available on website of MCA for comments and suggestions. Any suggestion on the same may be sent at umesh.jindal@mca.gov.in or lalit.grover@mca.gov.in by 16th August, 2007.

The Concept Paper is available at:

<http://www.mca.gov.in/>

FEMA/RBI

External Commercial Borrowings (ECB)

“End-use” requirements and “all-in-cost” ceilings revised

The RBI has modified the end-use and all-in-cost ceilings under the ECB guidelines as under:

2. (a) **End-use**– As per the extant ECB policy, utilisation of ECB proceeds is not permitted in real estate. The term “real estate” excludes development of integrated township as defined by Press Note 3 (2002 Series) dated 4th January, 2002. RBI has now decided to withdraw the exemption accorded to the “development of integrated township” as a permissible end-use of ECB. Accordingly, utilisation of ECB proceeds is not permissible in real estate, without any exemption.

2. (b) **All-in-cost ceilings**– With the sovereign credit ratings of India enhanced to investment grade, the all-in-cost ceilings for ECB has been modified as follows:

Average Maturity Period	All-in-Cost ceilings over 6 Months LIBOR*	
	Existing	Revised
Three years and up to five years	200 basis points	150 basis points
More than five years	350 basis points	250 basis points

* for the respective currency of borrowing or applicable benchmark

Note: The above changes are applicable to ECB both under the automatic route as well as approval route with immediate effect and are subject to review. Further, the above changes have also been incorporated in the RBI Master Circular dated 2nd July 2007 on “*External Commercial Borrowings and Trade Credits*”.

[Source: RBI/2006-2007/409 A. P. (DIR Series) Circular No. 60 dated 21st May 2007]

Foreign Investment in Preference Shares - Revised Guidelines

In the background of the revised guidelines for foreign investment in preference shares issued by the



Government of India (GOI), Ministry of Finance (vide Press Note dated 30th April, 2007), the RBI has clarified as under (effective from 1st May, 2007):

- ❖ *Only preference shares which are fully and mandatorily convertible into equity within a specified time would be reckoned as part of share capital and eligible to be issued to persons resident outside India under the Foreign Direct Investment Scheme in terms of Regulation 5 (1) of Foreign Exchange Management (Transfer and Issue of shares by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000.*
- ❖ *Foreign investments in other types of preference shares (i.e. non-convertible, optionally convertible or partially convertible) for issue of which, funds have been received on or after 1st May 2007 would be considered as debt and shall conform to ECB guidelines/ caps i.e. all the norms applicable for ECBs, viz. eligible borrowers, recognised lenders, amount and maturity, end use stipulations, etc. would apply. Since these instruments would be denominated in rupees, the rupee interest rate will be based on the swap equivalent of LIBOR plus the spread as permissible for ECBs of corresponding maturity.*
- ❖ Companies which have received funds from outside India for issue of partially/optionally convertible or redeemable preference shares *on or up to 30th April 2007* may issue such instruments.
- ❖ The *existing investments in such preference shares* which are not fully convertible may continue till their current maturity.

For details please visit www.rbi.gov.in

[Source: RBI/2006-2007/434 A.P. (DIR Series) Circular No. 73 dated 8th June, 2007]

Foreign Investment in Debentures – Revised Guidelines

RBI has issued the following revised Guidelines for foreign investment in debentures:

- ❖ *Only instruments which are fully and mandatorily convertible into equity, within a specified time would be reckoned as part of equity under the FDI Policy* and eligible to be issued to persons resident outside India under the Foreign Direct Investment Scheme in terms of Regulation 5 (1) of Foreign Exchange Management (Transfer and Issue of shares by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated 3rd May 2000.
- ❖ *FIIIs, registered with SEBI, would be eligible to invest as hitherto in listed non-convertible debentures/ bonds issued by Indian companies* in terms of RBI/SEBI norms on investment in rupee debt instruments, including the ceilings prescribed from time to time.
- ❖ Companies which have already received funds from outside India for issue of partially/optionally convertible instruments *on or before 7th June 2007* may issue such instruments.
- ❖ The existing investments in instruments which are not fully and mandatorily convertible into equity may continue till their current maturity.

For details please visit www.rbi.gov.in

[Source: RBI/2006-2007/435 A.P. (DIR Series)
Circular No. 74 dated 8th June 2007]

Remittance on winding up of companies

- ❖ As per the existing provisions, remittance of out of the assets of Indian companies under liquidation requires prior approval of the RBI. As a measure of simplification of procedure, it has been decided to delegate powers to AD Category I banks (Authorised dealers) to permit remittance out of assets of Indian companies under liquidation under the provisions of the Companies Act, 1956. However, such remittance would be allowed subject to any order issued by the court winding up the company or the official liquidator

or the liquidator in case of voluntary winding up and also subject to tax compliance.

- ❖ No remittance shall be allowed unless the applicant submits :-
 - No objection or tax clearance certificate from income tax authority.
 - Auditor's certificate confirming that all liabilities in India have been either fully paid or adequately provided for.
 - Auditor's certificate to the effect that the winding up is in accordance with the provisions of the Companies Act, 1956.
 - In case of winding up otherwise than by a court, an Auditor's certificate to the effect that there is no legal proceedings pending in any court in India against the applicant or the company under liquidation and there is no legal impediment in permitting the remittance.

For details please visit www.rbi.gov.in

[Source: RBI/2006-2007/422 A.P. (DIR Series)
Circular No. 65 dated 31st May 2007]

Liberalisation of Overseas Direct Investment (ODI) Regulations

Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 governing the overseas investments have further been liberalised by the RBI as under:

1. Enhancement of limit for ODI

Earlier Position	Current Position
The total overseas investment of an Indian party in all its Joint Ventures ("JVs") and / or Wholly Owned Subsidiaries ("WOSs") abroad engaged in any bonafide business activity should not exceed 200 per cent of its net worth.	The existing limit of 200 per cent of the net worth of the Indian party has been enhanced to 300 per cent of the net worth. The limit applicable to registered partnership firms for overseas investment will continue to be 200 per cent of their net worth

2. Financial Commitment for overseas investment guarantees issued by an Indian Party to or on behalf of the JV/WOS

Earlier Position	Current Position
<i>"financial commitment"</i> means the amount of direct investment by way of contribution to equity, loan and 50 per cent of the amount of guarantees issued by an Indian party to or on behalf of its overseas Joint Venture Company (JV) or Wholly Owned Subsidiary (WOS).	100 per cent of the amount of guarantees issued by an Indian party would be reckoned for determining the <i>"financial commitment"</i> for overseas investment by an Indian party. The revised norms will be applicable, with immediate effect, for both new and existing investments.

3. Portfolio Investment by Listed Indian Companies

Earlier Position	Current Position
Indian companies are permitted to invest up to 25 per cent of their net worth in the equity of listed foreign companies, which are listed on a recognised stock exchange and having shareholding of at least 10 per cent in Indian companies listed on a recognised stock exchange in India and rated bonds / fixed income securities issued by overseas companies, under the portfolio investment scheme.	The existing limit of 25 per cent has been enhanced to 35 per cent of the net worth of the investing company as on the date of its last audited balance sheet.

For details please visit www.rbi.gov.in

[Source: RBI/2006-2007/437 A. P. (DIR Series)
Circular No. 75 dated 14th June, 2007]

Hedging of ODI by Residents - Liberalisation

For providing greater flexibility to residents with ODI (in equity and loan), the RBI has made the following liberalization:

Earlier Position	Current Position
Residents with overseas direct investments in equity and debt are permitted to hedge their exchange risk arising out of such investments, <i>provided the forward contracts are completed by delivery or rolled over on the due date and not cancelled.</i>	The forward contracts entered into for hedging overseas direct investments may, henceforth, be allowed to be cancelled and rebooked.

For details please visit www.rbi.gov.in

[Source: RBI/2006-2007/439 A. P. (DIR Series)
Circular No. 76 dated 19th June, 2007]

Unsolicited Commercial Communications - 'National Do Not Call Registry'



The Telecom Unsolicited Commercial Communications ("UCC") Regulations, 2007 has been notified in the Gazette on 6th June, 2007 which envisages that all the telecom service providers would set up a mechanism to receive requests from subscribers

who do not want to receive UCC and for this purpose they will maintain and operate a Private Do Not Call List.

Keeping in view this aspect, banks are advised to implement the instructions issued by the RBI. In case banks require any further clarifications in this regard, they may contact TRAI at 011-23222084 or e-mail address - smkchandra@gmail.com.

[Source: RBI/2007-2008/78 DBOD.FSD.BC. 19/24.01.011
dated 3rd July, 2007]

IMPORTANT DATES WITH REGULATOR (S)

COMPLIANCE CHECKLIST

July - August 2007

Sr. No	PARTICULARS	Sections/ Rules Clauses, etc	Acts/Regulations, etc.	Compliance Due Date	To whom to be submitted
A. INCOME TAX					
1	Deposit TDS on Salaries paid for July 2007	Section 192	Income-tax Act, 1961	7th August	Income-tax Authorities
2	Deposit TDS on payments made to/ for Contractor's / Advertising/ Professional service [TDS collected in July 2007]	Section 194C Section 194J	Income-tax Act, 1961	7th August	Income-tax Authorities
3	Deposit TDS on Rent paid during July 2007	Section 194I	Income-tax Act, 1961	7th August	Income-tax Authorities
B. EXCISE & SERVICE TAX					
4	Submission of monthly CENVAT Return for July 2007	Rule 9(7)	CENVAT Credit Rules, 2004	10th August	Excise Authorities
5	Payment of excise duty through TR-6 Challan for July 2007	Rule 8	Central Excise Rules, 2002	5th August	Excise Authorities
6	Pay service tax in Form TR-6 realised during July 2007	Rule 6	Service Tax Rules, 1994	5th August	Excise Authorities
C. COMPANY LAW AND SEBI REGULATION(S)					
7	Filing of Balance sheet and Profit & Loss Account together with Directors' Report and Auditors' Report	Section 220	Companies Act, 1956	Within 30 days from the date of when the same were laid before the AGM	Registrar of Companies
8	Secretarial compliance certificate for companies having paid-up capital of more than INR 1-Mn and less than INR 20-Mn	Section 383A	Companies Act, 1956 read with Companies (Compliance Certificate) Rules, 2001	Within 30 days from the date on which its AGM was held	Registrar of Companies
9	Declaration by promoters or every person having control over the company, of the number and percentage of shares or voting rights held by them.	Regulation 8(2)	SEBI (Substantial Acquisition of shares Takeovers) Regulation, 1997	Within 21 days of the record date for the purpose of declaration of dividend	To the Company
10	Statement of shareholding of person holding more than 15% shares of voting rights and Promoters holdings and person having Control	Regulation 8(3)	SEBI (Substantial Acquisition of shares Takeovers) Regulation, 1997	With 30 days of the record date for the purpose of declaration of dividend	Stock Exchange(s) where the Company is listed

ACCOLADES

NFCG National Conclave on Corporate Governance in India at New Delhi

OP Vaish, Senior Advocate and Founder, Vaish Associates was invited to address on *"Emerging Trends in Regulatory Framework"* at the National Conclave of National Foundation for Corporate Governance (NFCG) on Corporate Governance in India on the theme "Transforming Business Environment" held at New Delhi on 30th July 2007. The discussion was focused on MCA's recent innovations in regulatory design to address this challenge and offer an improved understanding of the impact of regulation and implementation of regulatory strategies.

CCH India Executive Seminars at New Delhi

Ajay Vohra was invited to address on the topic of *"Tax withholding in relation to Interest, Royalties and Fees for Technical Services"* at the Executive Seminars on "Cross-Border Transactions and Withholding Taxes" organized by CCH INDIA (a Wolters Kluwer business) in New Delhi on 28th July 2007.

The discussion was focused on tax aspects relating to Interest, Royalty, Fee for Technical Services paid by resident/ non-resident and implication of Double Taxation Avoidance Agreement in the case of non-resident assesseees.

IFA International Conference on "International Business & Tax perspective" at Chennai

Ajay Vohra was invited to address at the Brain Trust Session at the International Conference on *"International Business & Tax perspective"* organized by International Fiscal Association, India Branch, Southern Regional

Chapter on 20th-21st July 2007 at Chennai. Deliberations were held on various issues including scope of TDS, attribution of profits to a Permanent Establishment (PE), taxability of intra-group transactions payment/ receipt of Interest to/ by a branch of foreign bank to/ from Head Office/ other overseas branches, existence or absence of PE in India, payments to foreign shipping companies, etc.

Indo-German Business Forum, Stuttgart, Germany

Bomi Daruwala was invited by the Indo-German Business Forum on 12th July 2007 to address at Stuttgart, Germany on the legal issues pertaining to JVs and outsourcing projects in India at the workshop on *"Important legal issues for German-Indian joint ventures and outsourcing projects: The Indian legal system negotiations - structure of contracts disputes and methods of resolution"*.

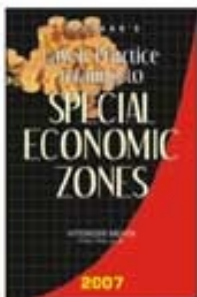
ASSOCHAM International Conference on "New SEZ Policy Creating Islands of Economic Excellence" at New Delhi

Hitender Mehta was invited by ASSOCHAM to address International Conference on *"New SEZ Policy Creating Islands of Economic Excellence"* held on 6th July 2007 on the topic *"Practical aspects of setting up of SEZ Units"*. His article titled *"SEZ-FEMA Perspective"* was also published in the conference backgrounder.

The World Law Group Spring Conference 2007, Oslo, Norway

Vinay Vaish and Hemant Puthran represented the Firm at the World Law Group Spring Conference 2007 at Oslo, Norway during 30th May - 2nd June 2007. A joint presentation was made by them at the Asian Regional Meeting on 2nd June 2007 on *"Real Estate Market in India- Investment Opportunities"*.

Taxmann's Latest Book Release: "Law & Practice relating to Special Economic Zones"



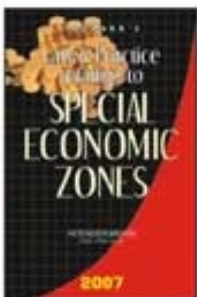
TAXMANN'S
Law & Practice relating to
SPECIAL ECONOMIC ZONES
HITENDER MEHTA
2007

You'll wonder how you managed without it

Have you ever wished there was one up-to-date source covering the essential information relating to Special Economic Zones in India? Taxmann's brand new publication titled "Law & Practice relating to Special Economic Zones" contains comprehensive coverage of practical aspects and related legal issues on (i) Setting up SEZ; (ii) Setting up Units (iii) Fiscal and other incentives to Developers and Entrepreneurs. Besides, it dwells light on the ideology behind Special Economic Zones in India and salient features of the scheme of SEZ in a crisp and pointed manner followed by comprehensive section-by-section commentary on SEZ Act, 2005 read with SEZ Rules 2006. Flow charts have been used at places to make it fairly easy to understand for the readers.

In addition, the book contains special write-ups on—

- Organic perspective
- FEMA perspective
- Direct-tax related issues
- Indirect tax related issues
- Stamp duty issues
- Petroleum, Chemicals and Petrochemical Investment Regions (Super SEZs!!!)



TAXMANN'S
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HITENDER MEHTA
2007


Have Your Own Counsel

This book is an ideal reference and practical user manual for the companies (desirous of setting up SEZs or Units therein), business managers, legal and management consultants, Chartered Accountants, Company Secretaries, Cost & Works Accountants and students pursuing related professional courses. In the book, the complicated issues have been explained with an analytical approach.

Besides clearing doubts on various issues, this book will help the Developers and the Entrepreneurs as a guide navigating them right from business structure planning, agreements, filing of applications, appearance before the Authorities to compliance management under various applicable laws as well as statutory requirements relating to quarterly/ annual filing of information with the Authorities and other post setting-up issues.

Using this book will certainly prove to be a time and cost saving effort. This book gives you the complete picture of the SEZ Act and the corresponding statutory enactments in India and comprehensive analysis of the relevant legal provisions at one place.

The carefully done index allows rapid and accurate access to precise information.



Hitender Mehta,
FCA, FCS, LL.B.
Head,
Vaish Associates-Gurgaon
Corporate, Tax & Business
Advisory Law Firm

Releasing soon



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