

Tax & Corporate News Bulletin

Vol. II, No. 2, June-July 2006

From the Editor's Desk ...

Dear Reader,

The Indian economy is on a roll. So does the pace of statutory adjustments, more particularly in the field of taxation. The Taxation Laws (Amendment) Act, 2006 was enacted on 14th July 2006. There has been a flurry of service tax notifications issued by the Government in April 2006. We have discussed the highlights of these amendments in this edition.

On Service Tax, an extensive review exercise has been undertaken by the Government vide Public Notice dated 13th June 2006. The objective is to do away with the redundant notifications and to streamline the existing provisions to ensure better compliance of service tax provisions.

On VAT, the Empowered Committee has significantly brought down the deviations in VAT rates within 20-items. Further, it is expected that the process of phasing out Central Sales Tax (CST) will begin from 1st October 2006. The integration of the State VAT coupled with the phased elimination of CST would pave way for early integration of Goods and Service Tax (GST).

Given the present state of preparedness and the determination of the Government, the deadline of 1st April 2010 for introduction of GST looks to be within the achievable realm.

As always, we solicit your valued feedback to make this News Bulletin more relevant and informative.

Warm regards,



(Hitender Mehta)
hitender@vaishlaw.com

MAPPING NEW HORIZONS

Vaish Law Offices at Gurgaon

Vaish Associates traverse another milestone in its 35-years' illustrious history of providing legal and business advisory services by marking its presence at Gurgaon (Haryana), the fast growing global corporate hub. The office will be located at 803, Signature Towers, South City, Gurgaon, India and will be operational by end-August 2006. The team of professionals will be led by Hitender Mehta.



Vaish Associates, Advocates

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FEMA/ EXIM/ FOREIGN TRADE POLICY

On 1st July 2006, the Reserve Bank of India (RBI) has issued various Master Circulars consolidating all the instructions issued from time to time. These can be accessed at RBI official website www.rbi.org.in/scripts/NotificationUser.aspx

These Master Circulars have been issued with a sunset clause of one year. These circulars will stand withdrawn on 1st July 2007 and will be replaced by updated Master Circulars on the subject.

Master Circular on ECBs & Trade Credits

The Reserve Bank of India (RBI) vide Master Circular No. 07/2006-07 dated 1st July 2006, valid for a period of one year, has consolidated all existing instructions on *External Commercial Borrowings (ECBs) and Trade Credits*. The policy for ECB is also applicable to Foreign Currency Convertible Bonds (FCCBs).



ECB can be accessed under two routes, viz., (i) automatic route, which does not require approval of Government of India/ RBI, and (ii) approval route.

Automatic Route

Under the automatic route the following borrowers are eligible to raise ECB at the respective amount and maturity:

- (a) Corporates registered under the Companies Act, 1956 except financial intermediaries (such as banks, financial institutions, housing finance companies and non-banking financial companies)

Amount	Minimum Average Maturity
Upto USD 20 million or equivalent*	3 years
More than USD 20 million but less than USD 500 million or equivalent	5 years

*Call/Put Option can be availed for ECBs upto USD 20 million provided the minimum average maturity of 3-years is complied with before exercising the option.

- (b) Non-government Organizations (NGOs) engaged in micro finance activities provided they have

- a satisfactory borrowing relationship for at least 3 years with a scheduled commercial bank authorised to deal in foreign exchange, and
- a certificate of due diligence on 'fit and proper' status of the board/ committee of management of the borrowing entity from the designated Authorized Dealer (AD) Bank

The maximum amount of ECB that can be raised by NGOs is USD 5 million.

- (c) SEZ units

The ECB funds raised by SEZ are non-transferable and cannot be on-lent to sister concerns or any unit in the Domestic Tariff Area

However, individuals, trusts and non-profit making organizations are not eligible to raise ECB.

- Eligible borrowers are permitted to raise ECB from (i) international banks, (ii) international capital markets, (iii) multilateral financial institutions (such as IFC, ADB, CDC, etc.), (iv) export credit agencies, (v) suppliers of equipment, (vi) foreign collaborators, and (vii) foreign equity holders

Clarification: A 'foreign equity holder' to be eligible as a recognized lender shall hold minimum equity in the borrower company as under:

ECB Limit	Conditions
Above USD 5 Million	Minimum direct equity holding of 25% and proposed equity should not exceed 4 times of the direct foreign equity holding
USD 5 million	Minimum direct equity holding of 25%

- The all-in-cost ceilings for ECB, as indicated from time to time, includes rate of interest, other fees and expenses in foreign currency except commitment fee, pre-payment fee, and fees payable in Indian Rupees. Moreover, the payment of withholding tax in Indian Rupees is excluded for calculating the all-in-cost. Presently, the ceilings are:

Average Maturity Period	All-in-cost ceilings over 6 months LIBOR
More than 5 years	350 basis points
3 years and up to 5 years	200 basis points

- Permitted Purpose of ECB:
 - (a) Investment, implementation of new projects, modernization/ expansion, and modernization/ expansion of existing production units in real sector (industrial sector including small & medium enterprises and infrastructure sector) in India.
 - (b) Overseas direct investment in joint venture/ wholly owned subsidiary overseas.
 - (c) Utilization of ECB proceeds is permitted in the first stage acquisition of shares and also in the mandatory second stage offer to the public in the disinvestment process of Public Sector Units.
 - (d) For lending to self-help groups or for micro-credit or for *bonafide* micro finance activity including capacity building by NGOs engaged in micro-finance activities.
- Refinancing of all the existing ECB is also allowed by raising fresh ECB at lower cost provided that the outstanding maturity of the original loan is maintained.
- ECB proceeds are not permitted for on-lending or investment in capital market or acquiring a company (or a part thereof) in India by a corporate or in real estate (excluding development of integrated township) or for working capital, general corporate purposes and repayment of existing rupee loans
- ECB proceeds have to be brought into India only at the time of actual requirement of the funds
- An eligible borrower shall obtain a Loan Registration Number from the RBI to raise ECB.

Approval Route

- Under the approval route, the following ECBs are considered:
 - (a) ECBs by the financial institutions dealing exclusively with infrastructure or export finance

- (b) ECBs by the banks and financial institutions that have participated in (the Government approved) textile or steel sector restructuring packages
 - (c) ECB with minimum average maturity of 5 years by non-banking financial companies from multilateral financial institutions, reputable regional financial institutions, official export credit agencies and international banks to finance import of infrastructure equipment for leasing to infrastructure projects
 - (d) ECBs by Special Purpose Vehicles, or any other entity notified by RBI, set up to finance infrastructure companies/ projects exclusively
 - (e) Cases falling outside the purview of the automatic route limits and maturity period highlighted above
- The guidelines with respect to recognized lenders, all-in-cost ceilings, security, parking of ECB proceeds, prepayment, refinance of existing ECB and debt servicing are similar as under the automatic route
 - The end uses are the same as under the automatic route, with the exception of lending to self-help groups or for micro-credit or for bonafide micro finance activity including capacity building by NGOs engaged in micro-finance activities
 - All the proposals under the approval route are considered by an Empowered Committee set up by the RBI

Conversion of ECB into Equity

Conversion of ECB into equity is permitted subject to the conditions that (i) the activity of the company is covered under Automatic Route or Government approval has been obtained (ii) the foreign equity holding after such conversion of debt into equity is within the sectoral limits, and (iii) pricing of shares is as per SEBI and erstwhile CCI Guidelines or Regulations in the case of listed and unlisted companies, respectively.



FDI in Telecom

Extended time limit for adherence to conditions relating to enhancement of FDI ceiling from 49% to 74% in Telecom Sector

The Government vide Press Note 5 (2005 Series) dated 3-11-2005 had notified the enhancement of Foreign Direct Investment (FDI) limits in the Telecom Sector subject to specified conditions. In terms of the para 4 of the said Press Note, an initial correction time of four months from the date of issue of the Press Note was allowed to the existing licensee companies for adherence of the conditions. The correction time was extended by another four months i.e., upto 2nd July 2006 vide Press Note 5 (2006 Series) dated 3-3-2006.

The Government has vide Press Note 6 (2006 Series) dated 3rd July 2006 decided to further extend the time period for the telecom service provider companies to comply with the conditions set out in Press Note 5 (2005 Series) by three months from 3rd July 2006 to 2nd October 2006.

Press note 5 (2005 Series) dated 3-11-2005 stands modified to the above extent.

[F. No. 9(1)/ 2002 FC dt 03-7-2006 -DIPP, SIA]

Special Economic Zones (SEZs)

Migration Not Allowed To Existing Trading Units

Eyeing the enormous benefits available to Special Economic Zones (SEZs), the existing trading units have been exploring the possibility to migrate into SEZs. Owing to the concerns of substantial revenue loss in case such activity is allowed, the Ministry of Commerce and Industry has understandably issued instructions to Development Commissioners not to allow the existing trading units to enter into SEZs. It, thus, follows that only new investments are permitted to flow into SEZs. However, restriction on trading units will not cover companies carrying out imports purely for the purpose of exports from SEZs.

Labour Laws Reforms to attract investments in SEZs & 100% Export Units in Maharashtra

The Maharashtra Government, taking a step forward towards labour laws reforms, has recently amended Contract Labour (Regulation & Abolition) Act, 1970 as applicable to the State of Maharashtra.

A notification to this effect has been issued in the "Maharashtra State Gazette" on 2nd May 2006 allowing eligible employers in SEZ area or being 100% export units, to employ certain categories of services on a perpetual contract basis.

Accordingly, the work performed or carried out in the areas of SEZ, which is of ancillary nature such as canteen, gardening, cleaning, security, courier services, transport of raw material and finished products, or loading and unloading of goods within the premises of factory or establishment, and also the work in the factories and establishments which are 100% export units, shall be deemed to be of temporary and intermittent nature, irrespective of the period of performance of the work by the workers in such ancillary establishments.

In other words, the owners of such factories or establishments in SEZ areas or which are 100% export units can virtually have "Hire and Fire" policy relating to its contractual labour engaged for ancillary work and can employ such categories of workers on a perpetual contract basis.

SEBI & CORPORATE LAW

Unlisted Companies Allowed to Issue Sponsored ADR/ GDRs

In a step towards liberalisation of the scheme of issue of Foreign Currency Convertible Bonds (FCCBs) and Ordinary Shares (including ADRs/ GDRs), the Government has allowed unlisted Indian companies to sponsor issue of ADRs/ GDRs with an overseas depository against shares held by its shareholders provided such facility is available pari-passu to all categories of shareholders of the company whose shares are being offered in the ADR/ GDR issue.

Further, unlisted companies which had issued FCCBs/ ADRs/ GDRs prior to 31st August 2005 and are not making profit may also be permitted to sponsor issues against existing shares held by its shareholders and will be permitted to comply with listing conditions on the domestic stock exchanges within three years of having started making profit. Unlisted companies, which have not issued FCCBs/ ADRs/ GDRs prior to 31st August 2005 would require prior or simultaneous listing in the domestic stock exchanges for issuing FCCBs/ ADRs/ GDRs or sponsor such issues against existing shares under the scheme.

[PIB Press Release dated June 28, 2006]

SEBI Substantial Acquisition of Shares and Takeovers (Amendment) Regulations, 2006 ("SAST Regulations")

Securities and Exchange Board of India ("SEBI") has, vide its notification dated 26th May 2006, amended SAST Regulations. The important changes are:

- (i) Definition of '*Promoter*' in *clause (h) in Regulation 2(1)* has been amended and a new concept of '*Promoter Group*' has been introduced, whereas 'person acting in concert' which earlier formed part of 'Promoter' is removed from the definition.

The definition of 'Promoter Group' is on the same line as that provided in the SEBI (Disclosure of Investor Protection) Guidelines, 2000. Now, 'Promoter' shall also include a member of the 'Promoter Group'.

- (ii) Some other SAST Regulations have also been amended, allowing the 'Acquirer' together with the 'person acting in concert' to acquire more than 55% of the equity shares with voting rights after making public announcement to acquire shares in accordance with the SAST regulations and subject to minimum public holding requirement of 10% or 25% as the case may be prescribed under the Listing Agreement. The Public offer can now be for 20% or such other lesser percentage of voting capital which is consistent with the target company meeting the requirement of minimum public shareholding.

SEBI Guidelines for Qualified Institutional Placements

Chapter XIII A containing Guidelines for Qualified Institutional Placement ("QIP Guidelines") has been introduced in SEBI (Disclosure and Investor Protection) Guidelines, 2000.

In terms of the new QIP Guidelines, the listed companies can raise funds from the domestic market by way of QIPs by issuing specified securities provided that such specified securities constitute a class of equity shares of the company already listed on a stock exchange having nationwide trading terminals and the placement is in compliance with the prescribed minimum public shareholding requirements of the listing agreement.

[Circular No. SEBI/CFD/DIL/DIP/22/2006/8/5 dated 08-05-2006]

SEBI makes PAN mandatory for Securities Transactions in Cash Market

To further strengthen the Know Your Client (KYC) norms in the Cash market with a view to facilitate sound audit trail, SEBI has decided that Permanent Account Number (PAN) will be mandatory for all the entities/ persons who are desirous of transacting in the cash market w.e.f. 1st October 2006.

PAN has already been made mandatory for transacting in the Futures and Options market as well as for operating a Beneficiary Owner (BO) Account in the Depository system.

SEBI has advised the stock exchanges vide Circular MRD/DoP/SE/Cir-8 /2006 dated 13th July 2006 to ensure that the members of their exchanges shall collect copies of PAN cards issued to their clients by the Income Tax Department and maintain the same in their record. Further, the members of the exchanges shall cross-check the aforesaid details collected from their clients with the details on the website of the Income Tax Department and upload details of PAN so collected to the Exchanges as part of unique client Code.

The stock exchanges shall ensure that with effect from 1st October 2006 transactions in the Cash market are executed only in respect of clients whose PAN details have been collected and uploaded to the exchange by the members.

BSE tightens Listing Norms for IPOs / FPOs

The Bombay Stock Exchange (BSE) has decided to tighten norms for listing shares of Initial Public offering (IPO) and Follow on public issue (FPO) w.e.f. August 1, 2006.

Under the revised eligibility criteria for listing on BSE, the companies are classified as large cap companies and small cap companies. A large cap company is a company with a minimum issue size of Rs.10-crore and market capitalization of not less than Rs.25-crore. A small cap company is a company other than a large cap company.



The Salient features of the revised eligibility criteria for listing of IPO/ FPO at BSE are:

Large Cap Companies

- (i) The minimum post-issue paid-up capital of the applicant company (hereinafter referred to as "the Company") shall be Rs.3-crores; and
- (ii) The minimum issue size shall be Rs.10-crores; and
- (iii) The minimum market capitalization of the Company shall be Rs.25-crores (market capitalization shall be calculated by multiplying the post-issue paid-up number of equity shares with the issue price).

Small Cap Companies

- (i) The minimum post-issue paid-up capital of the Company shall be Rs.3-crores; and
- (ii) The minimum issue size shall be Rs.3-crores; and
- (iii) The minimum market capitalization of the Company shall be Rs.5-crores (market capitalization shall be calculated by multiplying the post-issue paid-up number of equity shares with the issue price); and
- (iv) The minimum income/turnover of the Company should be Rs.3-crores in each of the preceding three 12-months period; and
- (v) The minimum number of public shareholders after the issue shall be 1000.

Compliance by all Companies:

- (i) In respect of the requirement of paid-up capital and market capitalization, the issuers shall be required to include in the disclaimer clause forming a part of the offer document that in the event of the market capitalization (product of issue price and the post issue number of shares) requirement of the Exchange not being met, the securities of the issuer would not be listed on the Exchange.

- (ii) The applicant, promoters and/ or group companies, should not be in default in compliance of the listing agreement.

The above eligibility criteria would be in addition to the conditions prescribed under SEBI (Disclosure and Investor Protection) Guidelines, 2000.

[BSE Media release dated July 10, 2006]

Companies (Amendment) Act, 2006

The Companies (Amendment) Act, 2006 has been notified on the 29th May 2006.

Sections 266A, 266B, 266C, 266D, 266E, 266F and 266G have been inserted after section 266 of the Companies Act, 1956 ("the Companies Act") which provide mechanism for allotment of a unique Director Identification Number to any individual, intending to be appointed as a director in a company or to any existing director of a company, for the purpose of his identification as such, through electronic or other form and to provide for penalty for any violation.

New sections 610B, 610C, 610D, and 610E have been inserted after section 610A in the Companies Act to make provision for electronic filing system and for payment of fees through electronic form under the said Act which are essential for successful implementation of the MCA-21 Project for records of the company in electronic form.

Deletion of certain items from the list of Small Scale Industry (SSI)

Over the years, the Government has been gradually pruning the list of items reserved for exclusive manufacture by the small scale industries. The total number of items reserved for small scale sector as on April, 2006 was 506.

The Government has recently further pruned the list of items reserved for SSI by deleting certain items such as organic chemicals, drugs and drug intermediates, other chemicals and chemical products, mechanical engineering products excluding transport equipment.

[Notification number SO 722 (E) dated 16-5-2006]

INCOME TAX

Amendments to Income tax Act, 1961: Highlights

The Taxation Laws (Amendment) Act, 2006, amending the provisions of the Income tax Act, 1961 ("the Act"), came in to force on 14th July 2006. Major provisions of the said Act are as under:



- **Gift [Section 56]** - A new clause (vi) has been added to section 56 of the Act to provide that with effect from 1st April 2007 if the aggregate amount of gift(s) received by a person from sources (not being from person(s) specified in the proviso) exceeds Rs.50,000, the amount will be chargeable to tax as income of the recipient

Presently, if amounts were received in excess of Rs.25,000/- from each person only then the same was liable to tax. Further, list of persons, gifts from whom are exempt has been extended to specified charitable organizations and local authorities

- **Foreign exchange receipt for deduction under section 10A/ 10B/ 10BA [Section 155]**- A new mitigating provision has been introduced to the effect that where deduction under section 10A/ 10B/ 10BA of the Act, had been originally denied on ground that condition regarding receipt of convertible foreign exchange had not been fulfilled, and such amount is subsequently received, then the assessment order can be rectified within 4 years from the end of the previous year in which such convertible foreign exchange is received
- **Definition of rent [Section 194-I]**- The existing definition of 'rent' for deduction of tax has been amended to include payment made separately for use of machinery, plant, equipment, furniture and fittings. Presently payment for such use was included only if it was payable together with consideration for use of land or building
- **TDS for royalty and anti-compete fee [Section 194-J]** -Tax shall now be required to be deducted from payments made to Indian resident as royalty or sum mentioned in clause (va) of section 28 of the Act, where the aggregate of such amount paid/ likely to be

paid during the financial year exceeds Rs.20,000

It is pertinent to note that the definition of 'royalty', includes consideration for use of any industrial, commercial or scientific equipment. There is, thus, an overlap to this extent between section 194-I and 194-J of Act. However, section 194-I being specific to rent, tax on payment for use of equipment may be deductible under section 194-I and not 194-J of the Act

- **TDS on rent, royalty for claiming expenditure [Section 40(a)(ia)]** -A new provision has been inserted in section 40 (a) of the Act to provide that with effect from 1st April 2006 rent or royalty payable to an Indian resident shall not be permissible deduction unless tax is deducted at source in accordance with Section 194 I/ 194 J of the Act
- **Conditions for imposing/ modifying/ deleting penalty for matter under appeal [Section 275]** - The newly inserted sub-section (1A) provides that where an order is the subject matter of appeal to higher authorities or Courts and an order imposing/ enhancing/ reducing/ cancelling penalty or dropping penalty proceedings is passed before receiving the order of higher authorities or courts, the penalty may be levied/ revised on the basis of assessment as revised by the higher authorities or Courts provided the following conditions have been met:
 - ❖ Assessee has been given a reasonable opportunity of being heard
 - ❖ Not more than 6 months have expired from the end of the month in which the appellate order was passed

New 'Sarl Form' for Income Tax

The Ministry of Finance vide Notification No.128 of 2006/SO 848(E) dated 1.6.2006 has introduced a new Saral Form 2F which is applicable for non-corporate resident assessee who do not:

- have any income from 'business or profession' or 'agricultural income' or capital gains (except long-term capital gains from transactions on which securities transaction tax is paid)
- have any claim of relief for arrears or advance salary under section 89 of the Income tax Act
- own more than one house property

Form 2F is optional for assessment year 2006-07. Existing Form 2E, however, cannot be used after 31.7.2006.

The controversial feature of Form 2F is the requirement to fill in the cash flow statement, including details of gifts, loans and exempt income received during the year and the payments made out of such receipts.

TDS for Senior Citizens

The Finance Ministry, vide clarification dated 23-6-2006 has announced that on furnishing of declaration in Form 15H or 15G as the case may be, to the bank/ post office, no deduction of tax shall be made on interest accruing under the Senior Citizens Savings Scheme provided the income of the Senior citizen does not exceed the maximum amount not chargeable to tax.

SERVICE TAX

Exemption to CA/ CS/ CWA



The Government vide Notification No. 25/2006-Service Tax dated 13-7-2006 has exempted from levy of service tax the representational services provided by a practicing Chartered Accountant/ Cost Accountant/ Company Secretary, to a client, in his/ her

professional capacity, to appear before a statutory authority in the course of proceedings initiated under any law for the time being in force, by way of issue of notice.

Except for the representational services falling under sub-clauses (s), (t) and (u) of clause (105) of Section 65 of the Finance Act, 1994, service tax is leviable on all the services provided by a practicing Chartered Accountant/ Cost Accountant/ Company Secretary, to a client with effect from 01.03.2006.

Determination of Value Rules, 2006

Determination of Value Rules, 2006 ("Valuation Rules") have been introduced vide Notification No.12/2006-ST dated 19-4-2006. These Valuation Rules prescribe the methodology by which value of taxable services is to be determined with regard to

both, services received within India as well as services imported in India.

Provisions of section 67 of the Finance Act containing provisions with regard to 'valuation of taxable services' have been substantially modified w.e.f. 18-4-2006. As per the amended section 67, the value of taxable service shall be "the gross amount charged by the service provider for such service provided". Section 67 further prescribes that in case, the provision of service is for consideration not wholly consisting of money, then it shall be such amount as is in money and in case where the consideration for provision of services is not ascertainable, the value of taxable service shall be determined in accordance with the Valuation Rules.

The Valuation Rules prescribe that where the consideration for providing taxable services does not wholly consist of money, the value shall be equivalent to the gross amount charged from any other recipient of services, where the amount so charged for the services rendered, is the sole consideration. In case this is not possible, an equivalent value of such consideration must be computed, which shall not be less than the cost of provision of that taxable service.

Rule 5(1) of the Valuation Rules prescribes that all expenditure or costs incurred by the service provider in the course of providing taxable service, shall be included in the value of taxable service for the purpose of charging service tax. Even if certain costs and expenses have been indicated separately by the service provider in the bill raised on the recipient of services, the same are not excludible from value of taxable service unless such costs and expenses are incurred by the service provider in the capacity of a 'pure agent' of the recipient of services.

Explanation 1 to Rule 5(2) defines a 'pure agent' to mean a person who incurs costs or expenses in the course of providing services to the service recipient but neither intends nor holds any title to the goods or services so procured or provided as pure agent of the recipient of services, nor uses such goods or services so procured. Further the pure agent receives from the recipient only the actual amount incurred to procure such goods or services. In case the service provider satisfies all requirements required under the definition of a 'pure agent' then, those payments that are made by the 'pure agent' on behalf of the recipient of service and indicated

separately in the invoice issued to the recipient, shall be excludable from the value of taxable services.

Further, the goods and services so procured by the 'pure agent' should be in addition to the services that he provides on his own account to the service recipient, i.e. the goods and services purchased by 'pure agent' should not be utilized by the 'pure agent' in the course of providing services to the recipient of services.

Rule 6(2) of the Valuation Rules provides that the following is not includible in the value of taxable service –

- (i) Initial deposits made by the subscriber for telephone connection or pager or fax or telegraph, etc.;
- (ii) The air fare collected by the air travel agent;
- (iii) The railway fare collected by the rail travel agent;
- (iv) Interest on loans

Rule 7 of Valuation Rules prescribes the value of taxable service with regard to services received from outside India shall be equal to the actual consideration received from outside India. In case, if the services are partly performed in India the value of taxable service shall be the total consideration paid by the recipient of such services including the value of service paid with regard to services partly performed outside India.

ACCOLADES

Conference on "India -The New Asian Tiger" at Texas, USA



Bomi F. Daruwala, Managing Partner, Vaish Associates was invited by The Center for American and International Law, Plano, Texas, U.S.A. at a two day conference on 13-14 June, 2006 on "India -The New Asian Tiger" at Plano. The conference was

attended by about 150 participants comprising General Counsels and Attorneys representing law firms throughout the world. Mr. Daruwala spoke on 'The Tax issues in respect of setting up and running a Company in India' and 'Investing in India by Acquisitions or Joint Ventures -Legal Due Diligence'.

Seminar on "Asia Tax Series: India Tax" at Singapore



Hitender Mehta, Sr. Associate, Vaish Associates was invited by 'Singapore Business Federation' (SBF)¹ to give a presentation on "Taxation of Services in India" at a seminar on "Asia Tax Series: India Tax" organized by the SBF at Singapore. The seminar was

attended by about 60 participants comprising CEOs, Directors, Business Managers and General Counsels from the Companies in Singapore. Mr. Mehta spoke on various issues, such as levy of service tax, taxable services, persons liable to pay service tax, exemption to small service providers, compliance under service tax, CENVAT credit, export and import of services, etc.

Nominations on Chambers

- ✧ Hitender Mehta, Sr. Associate, Vaish Associates has been nominated as a Member of 'Japan Desk' of PHD Chamber of Commerce & Industry.

Sincerely yours ...

I was very happy to go through the contents. This truly reflects the strength, length and breadth of the organization not merely in physical sense but also in its internal quality.

.....R K Saboo Chairman
Kamla Dials & Devices Ltd

My compliments to the editor and the team for producing such fine quality of Newsletter month on month. It seems to have become a habit for me to carefully go through them and benefit from host of information that the Firm brings out together with balanced perspective.

.....Ajit Yadav, PepsiCo

Your news Bulletin is very informative.

.....Arvind Dang, Group Head
Technical & Operational Audits, Eicher Group

¹ SBF is the National Chapter in Singapore of the ICC (International Chamber of Commerce), the world business organization based in Paris. SBF promotes the interests of the business community in Singapore in trade, investment and industrial relations.

FOOTPRINTS...

CORPORATE SOCIAL RESPONSIBILITY

Community Thanksgiving –Building Attitudes of Gratitude in Civil Society

To consciously cultivate thankfulness and build attitudes of gratitude in civil society, **Vaish Associates Public Welfare Trust** brought together



Lighting of lamp: Shiela Dixit, Chief Minister, NCT of Delhi. Other (L to R): Sudarshan Agarwal, Governor, State of Uttranchal, O.P. Vaish, Dr. Bharat Ram

ASSOCHAM, Rotary International and Centre for Civil Society to initiate a project for 'Community Thanksgiving' and 'Building Attitudes of Gratitude' in civil society. The program was held on 2nd July 2006 at Chinmaya Mission Auditorium, Lodhi Road, New Delhi.

Shiela Dixit, Chief Minister, NCT of Delhi, Sudarshan Agarwal, Governor, State of Uttranchal, Dr. Bharat Ram, Chairman, Sir Ganga Ram Trust Society, Dr. Abhishek M. Singhvi, Member, Parliament, H K Dua, Editor-in-Chief, The Tribune, O P Vaish, Sr. Advocate, Anil Agarwal, President, ASSOCHAM, Damanjit Singh, District Governor – Rotary, Dr. B K Rao, Chairman (Board of Management), Sir Ganga Ram Hospital were the speakers on the occasion. Presence of Justice R.C. Lahoti, Former Chief Justice of India lent grace to the occasion.

The program began with the lighting the traditional lamp and invoking the blessings of God.

The speakers observed that most of the citizens have the tendency of complaining and expressing frustration about the state of public utility and other services viz., medical, education, public health, etc.

The speakers emphasized the need to build positive attitudes and learning to live with less grit and more grace. Thanksgiving is a powerful antidote to moral apathy and spiritual indifference.

Sir Ganga Ram Hospital, New Delhi was picked up for thanksgiving for its long stint of humanitarian services to mankind since 1921 starting in Lahore, Pakistan and post partition, in New Delhi, India.



Dr. Bharat Ram receiving the Plaque from Shiela Dixit, Other (L to R): Abhishek M. Singhvi, Anil Agarwal and Sudarshan Agarwal

Dr. Bharat Ram, Chairman, Sir Ganga Ram Trust Society received the plaque on behalf of SGRH from Shiela Dixit, Chief Minister of NCT Delhi.

SGRH past Chairmen (Board of Management), namely –Dr. K C Mahajan, Dr. B K Vohra, Dr. S K Bhandari, Dr. K P Jain, Dr. S K Sama and Dr. B K Rao (present Chairman) were also honoured on the occasion for their illustrious services to the civil society.

YOUR DATES WITH REGULATOR (S)

COMPLIANCE CHECKLIST

July-August 2006

Sr. No	PARTICULARS	Sections/ Rules/ Clauses, etc.	Acts/ Regulations, etc.	Compliance Due Date	To whom to be submitted
A. COMPANY LAW AND SEBI REGULATION(S)					
1.	Filing of Balance sheet and Profit & loss a/c together with Directors' and Auditors' Report	Section 220	The Companies Act, 1956	Within 30 days from the date of when the same are laid before the AGM	Registrar of Companies
2.	Secretarial compliance certificate for companies having paid-up capital of more than INR 1-Mn and less than INR 20-Mn	Section 383A	The Companies Act, 1956 read with Companies (Compliance Certificate) Rules, 2001	Within 30 days from the date on which its annual general meeting was held	Registrar of Companies
3.	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
4.	Statement of Shareholdings 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
5.	Quarterly submission of Shareholding pattern	Clause 35 of the Listing Agreement	Listing Agreement with Stock Exchange	Within 15 days from the end of quarter	Stock Exchange(s) where the Company is listed
6.	Quarterly Corporate Governance Compliance Certificate	Clause 49	Listing Agreement with Stock Exchange	Within 15 days from the end of quarter	Stock Exchange(s) where the Company is listed

B. INCOME TAX					
7.	Deposit TDS on Salaries paid for the previous month	Section 192	Income-tax Act, 1961	7th August	Income-tax Authorities
8.	Deposit TDS on payments made to/ for Contractor's / Advertising/ Professional service [TDS collected in the previous month]	Section 194C Section 194J	Income-tax Act, 1961	7th August	Income-tax Authorities
9.	Deposit TDS on Rent paid during the previous month	Section 194I	Income-tax Act, 1961	7th August	Income-tax Authorities
C. EXCISE & SERVICE TAX					
10.	Payment of Excise duty through TR-6 Challan	Rule 8	Central Excise Rules, 2002	5th day of the following month	Excise Authorities
11.	Submission of monthly CENVAT Return for July 2006	Rule 9(7)	CENVAT Credit Rules, 2004	10th August	Excise Authorities
12.	Deposit Service Tax in Form TR-6, collected during July 2006	Rule 6	Service Tax Rules, 1994	5th August	Excise Authorities
13.	Half yearly return in Form ST-3/3A	Rule 7	Service Tax Rules, 1994	By 25th day of the end of the Half year	Excise Authorities

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