

Tax & Corporate News Bulletin

CONTENTS

UNION BUDGET 2006-07

INCOME TAX

- Highlights of amendments relating to Income Tax

CUSTOM DUTY

- Major proposals relating to Custom Duties

SERVICE TAX

- Major proposals relating to Service Tax

SALES TAX

- BSNL Judgment

SEZ RULES, 2006

- Salient Features

CORPORATE LAWS

- MCA21 (Project e-Governance)

COMPLIANCE CHECKLIST

- Your dates with Regulator(s)

Dear Reader,

It gives us immense pleasure to present the March 2006 issue of Tax & Corporate News Bulletin. In this issue, we have focused on important events/pronouncement, namely – (i) Union Budget 2006-07; (ii) Landmark judgment recently pronounced by Hon'ble Supreme Court in the matter of Bharat Sanchar Nigam Limited; (iii) Notification of Special Economic Zones Rules, 2006; and (iv) MCA-21, the e-governance project of Ministry of Company Affairs.

Please do revert with your thoughts and comments on this issue and how we can continue to serve you better.

With warm regards –Editor

UNION BUDGET 2006-07

INCOME TAX

Highlights of amendments to the Income tax Act, 1961:

(A) Personal taxation

- **Deduction under section 80C** –Qualifying amount to include amount invested under a term deposit of not less than 5 years with a scheduled bank.
- **Deduction under section 80CCC** –Present limit of Rs.10,000 regarding contribution to pension schemes of insurance companies enhanced to Rs.1,00,000.

(B) Fringe Benefit tax

- **Sales Promotion expenditure** –Exclusion of following expenses from the category 'sales promotion including publicity':
 - (a) Expenditure on distribution of free samples of medicines or of medical equipment to doctors
 - (b) Expenditure by way of payment to any person of repute for promoting the sales of goods or services
- **Conveyance** –Exemption of expenditure (including allowance) incurred on to and fro journeys from residence to office of the employees.
- **Tour and Travel** –Value of benefit in respect of expenditure on 'tour and travel' proposed at a concessional rate of 5%, as against the existing rate of 20%.



Spring
Conference
2006
New Delhi

*Vaish Associates, Advocates,
the host firm, extends a warm
welcome to the delegates and
accompanying persons to
World Law Group Spring
Conference 2006 being held
from 23rd to 26th March 2006
at Hotel ITC Maurya Sheraton,
New Delhi.*



- **Contribution to Approved Superannuation Fund** –Contribution by the employer to an approved superannuation fund up to Rs.1,00,000 for each employee is proposed to be exempted.
- **Employer engaged in the business of carriage of passengers or goods by aircraft or ship** – Value of benefit for the following items proposed to be 5% as against 20% in case of other employers:
 - provision for hospitality of every kind;
 - use of hotel, boarding and lodging facilities

(C) Taxation of anonymous donations

Tax to be levied at rate of 30% on 'anonymous donations' received on behalf of:

- specified charitable or religious trust/institution, university, educational institution and hospital, etc.

The expression "anonymous donation" has been defined to mean any voluntary contribution in respect of which record of the identity, indicating the name, address and other prescribed particulars, of the person making the contribution is not maintained by person receiving such contribution.

Exceptions: Anonymous donation' received by:

- any trust or institution created wholly for religious purposes;
- a trust or institution, created for religious as well as charitable purposes, other than anonymous donation made with a specific direction that such donation is for any university or educational institution or hospital or medical institution run by such trust or institution.

(D) Business income

- **Method for allocating expenditure in relation to exempt income** -Under the existing provisions of section 14A of the Income-tax Act, 1961 (the "Act") no deduction is allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income. However, the existing provisions do not contain any method for computing such expenditure. The proposed amendment stipulates that the assessing officer will determine the amount of such expenditure incurred in accordance with such method as may be prescribed, if having regard to the

accounts of the assessee, the assessing officer is not satisfied with the correctness of the claim of the assessee of such expenditure or the claim that no such expenditure has been incurred.

- **Deduction for taxes paid on income earned outside India not allowable** – Proposed Explanation in section 40(a)(ii) of the Act to clarify that any tax paid outside India which is eligible for relief of tax under section 90/ 91 of the Act would not be allowable business deduction.
- **Deduction for interest under section 43B** - Interest payable to Financial Institutions and Banks converted into a loan or borrowing or advance, not to be treated as actual payment of interest allowed as deduction under that section. This amendment will be retrospective.
- **Minimum Alternate Tax ("MAT")**–It is proposed to increase the tax rate on 'book profit' from the existing 7.5% to 10% and also increase the period for carry forward of MAT credit to 7 assessment years immediately succeeding the assessment year in which the tax credit becomes allowable. Computation of 'book profit' under section 115JB will be modified so as to:
 - include long-term capital gains exempt under section 10(38) of the Act.
 - not allow additional depreciation relating to revaluation of assets.
 - allow deduction for the amount withdrawn from revaluation reserve and credited to the profit and loss account, to the extent it does not exceed the amount of depreciation on account of revaluation of assets.

(E) Assessment and re-assessment

- **Time limit for issuance of notice under section 142(1)** -It is proposed to amend section 142(1)(i) of the Act so as to provide that in case where a person has not filed return of income within the time allowed under section 139(1) or before the end of the assessment year, the notice served by the assessing officer after the end of the relevant assessment year under the said section requiring such person to furnish his return of income, shall not be considered to be invalid.
- **Time limit for issuance of notice under section 143(2) for the purpose of assessment or reassessment under section 147** -Proposed proviso to section 148(1), to provide that where a



return has been furnished during the period from 1st October, 1991 to 30th September, 2005, in response to a notice served under section 148, and a notice has been served under section 143(2) after the expiry of twelve months from the end of the month in which the return under section 148 is filed, but before the expiry of the time limit for making the assessment, reassessment or re-computation as specified in sub-section (2) of section 153, such notice shall be deemed to be a valid notice.

- **Time limit for completion of assessment and reassessment** – Revision of limits specified for completion of assessment or reassessment in section 153 and 153B of the Act and in section 17A of the Wealth-tax Act so as to reduce the time limit specified in those sections by three months.
- **Deduction under section 10B, 80IA, 80IAB, 80IB and 80IC not to be allowed in case return is not filed within the specified time limit** – No deduction under section 10B, 80IA, 80IAB, 80IB and 80IC shall be allowed unless the return of income of the assessee is furnished on or before the due date specified under section 139(1) of the Act.

(F) Tax deduction/ collection at source

- **Non-furnishing of TDS/TCS Certificate** - The existing provisions of sub-section (3) in section 199 provide for allowability of credit for the amount of tax deducted on or after 1st April 2006, without the production of certificate and on the basis of the statement referred to in section 203AA. It is proposed to amend sub-section (3) to defer the non- production of tax deduction certificate to tax deducted on or after 1st April 2008.
- **Annual TDS and TCS returns not required** – Withdrawal of requirement of furnishing of the annual return in respect of taxes deducted or collected on or after 1st April 2005.
- **Interest for default in deducting or collecting tax** - It is proposed to amend sub-section (1A) of section 201 to provide that the person, the principal officer and the company referred to in section 201(1) shall pay interest on default in deducting tax on self-assessment basis before furnishing the quarterly statement for each quarter in accordance with the provisions of section 200(3). Similar amendment is proposed in section 206C(7)

- **Penalty for failure to collect tax at source** – Insertion of section 271CA to provide for imposition of penalty for failure to collect tax at source equal to the amount of tax not collected at source. Further, penalty under section 221 for non-collection or non-payment after collection of tax without good and sufficient reasons is proposed to be levied.

(G) Miscellaneous provisions

- **Tax paid by an Indian company engaged in business of operation of aircraft under lease agreement**
 - It is proposed to extend the exemption under clause (15A) of section 10A, relating to lease payment made by an Indian company engaged in operation of aircraft. The exemption will be available if the lease agreement is entered with a foreign enterprise, upto 31.03.2007.
 - It is proposed to extend the exemption under clause (6BB) of section 10, relating to tax paid on the lease payments referred to in clause (15A) of that section. The exemption will be available if the lease agreement is entered with a foreign enterprise upto 1.04.2007.
- **Withdrawal of exemption for eligible business under section 10(23G)** - Income of an infrastructure capital company/fund from existing and future investment in the eligible business will be chargeable to tax w.e.f 1.4.2007.
- **Credit for payment of MAT and tax paid in a country outside India for computation of interest under section 234A, 234B and 234C** –It is proposed to amend sections 234A, 234B and 234C, to provide credit also for the following, while computing the qualifying amount for levy of interest under the aforesaid section:
 - Any relief of tax allowed under section 90 on account of tax paid in country outside India.
 - Any relief of tax allowed under section 90A on account of tax paid in any specified territory outside India referred to in that section.
 - Any deduction, from income-tax payable, allowed under section 91, on account of tax paid in a country outside India.



- Any credit claimed to be set off in accordance with the provisions of section 115JAA.

Similar amendment is proposed in section 140A of the Act.

- **Omission of one-by-six scheme** – Deletion of proviso to section 139(1) with effect from 01.04.2006.
- New scheme to facilitate submission of return through **Tax Return Preparers** to be notified.
- **Extension of tax benefits under section 80IA**
 - Power sector –up to 31.03.2010
 - Industrial Parks –up to 31.3.2009
- **Recognition of provident funds** –It is proposed to insert clause (ea) in rule 4 of part A of the Fourth Schedule to the Act, to provide that only those provident funds, to which the provisions of Employees Provident Fund Act apply and which have been exempted under section 17 of that Act, would be entitled for recognition under the Income-tax Act.
- **Increase in rate of Securities Transaction Tax (“STT”) by 25%** -It is proposed to increase STT across the board by 25% for all taxable transactions.

CUSTOM DUTY

Major proposals relating to custom duties are as under:

Peak rate of Custom Duty reduced

- Peak rate of custom duty on non-agricultural products has been reduced from 15% to 12.5% with a few exceptions.

Additional Duty of Customs

- The additional duty of customs of 4% has now been extended to cover all imported goods (with some exceptions). This will apply to all agricultural as well as non-agricultural imports. Jewellery will, however, attract a lower rate of additional duty of customs at 1%. Full credit of this duty is allowed to the manufacturers of exciseable goods.

SERVICE TAX

The Finance Minister in his budget speech this year has laid down the road map for moving towards a National Goods and Service Tax (“GST”) regime by April 2010. While aiming to have a uniform rate of duty for services and goods the existing rate of service tax has been increased from the existing 10% to 12% of value of taxable services (to be effective from date of enactment of Finance Bill, 2006).

It is proposed to include following new taxable service categories:

New Services (w.e.f. date to be notified)

- Services provided by a Registrar to an Issue;
- Share Transfer Agent’s services;
- ATM operation, maintenance or management services;
- Services by Recovery Agents;
- Sale of space or time for advertisements, other than in print media;
- Sponsorship services;
- Transport of passengers embarking on international journey by air;
- Transport of goods in containers by rail;
- Business support services;
- Auctioneer’s services;
- Public Relation Services;
- Ship Management Services;
- Internet Telephony Services;
- Transport of persons by Cruise Ship;
- Credit Card, Debit Card, Charge Card or other payment cards related services.

Enlargement of scope of certain services

It is proposed to enlarge the scope of certain existing service categories. ‘Banking and other financial services’ has been expanded to include transfer of money through various modes such as telegraphic transfer, mail transfer, electronic transfer. Services provided by a ‘banker to an issue’ shall also become liable to service tax.

The scope of ‘Management Consultancy services’ is also being widened to include consultancy provided in areas of financial management, HR management, Marketing management, Production management and Logistics management.



Under the General Insurance, Life Insurance, Insurance Auxiliary Services, services provided by a re-insurer to a policyholder or any other person are proposed to be included.

The scope of the 'Business Auxiliary Services' has been widened to include computerized data processing.

Withdrawal of certain exemptions with effect from 1st March 2006

- Exemption provided in relation to general insurance services, where premium is received from re-insurance service (both domestic and overseas) and where premium is booked outside India, has been withdrawn.
- Exemption provided in relation to services other than accounting, auditing and statutory certification services provided by Chartered Accountants, Company Secretaries or Cost Accountants in their professional capacity, has been withdrawn.
- Exemption to call centres and medical transcription centres has been withdrawn.
- Exemption to management consultants in relation to ERP software systems has been withdrawn with effect from 1st March 2006.
- Exemption to services provided by an outdoor caterer to railway train has been withdrawn.
- Exemption to catering services provided within the premises of an academic institution or medical establishment has been withdrawn.

Change in definition of taxable services for certain service categories

In order to widen the scope of service tax, the definition of taxable services in relation to certain existing service categories is proposed to be modified whereby it is proposed to substitute the word 'person', in the place of 'commercial concern'.

Earlier, when services were rendered by a person as an individual, a view was being taken that since the services were not being provided by a commercial concern but by an individual, the same were not liable to service tax. However, with the substitution of the term 'person' in place of "commercial concern" the scope of the specified services shall be enlarged to also cover the individuals into service tax net.

Service tax on services received from abroad

It is proposed to introduce section 66A to levy service tax on taxable services provided or to be provided by a person, who has established a business or has a fixed establishment from which the service is provided or to be provided or who has his permanent address or usual place of residence, in a country other than India, and received by a person who has his place of business, fixed establishment, permanent address or usual place of residence, in India.

Valuation of services for charging service tax

It is proposed to substitute existing section 67 (dealing with valuation of taxable services for charging service tax) with new section 67 which provides for valuation of taxable service in cases where the consideration for the provision of service is in money, or where the consideration is not wholly or partly consisting of money or where the consideration is not ascertainable.

Provisional attachment of property to protect revenue in certain cases

A new section 73C is proposed to be introduced which provides for provisional attachment of property belonging to the person on whom the notice is serviced under section 73(1) or section 73A(3), as the case may be by the Central Excise Officer during pendency of any proceedings under section 73 or 73A.

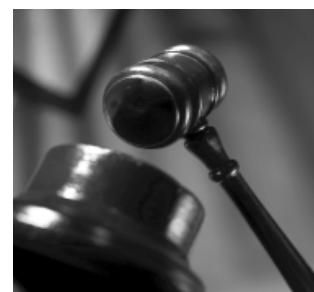
Authority for Advance Rulings

Under section 96C of the Finance Act, the Authority for Advance Ruling (AAR) is proposed to be empowered to determine the liability to pay service tax. Earlier, the AAR was empowered to determine the issues relating to classification, valuation and exemption.

SALES TAX

Analysis of Supreme Court landmark judgment in Bharat Sanchar Nigam Limited case

On 2nd March 2006, three judges bench of Supreme Court delivered judgment in Bharat Sanchar Nigam Limited & Anr. v. Union of India & Ors. case.





The principal question to be decided in the case was *'what is the nature of the transaction by which mobile connections are enjoyed. Is it a sale or is it a service or is it both?'*

The petitioner Bharat Sanchar Nigam Limited ("BSNL") is a licensee under the Indian Telegraph Act, 1885.

The petitioners contended that the service providers were licensees under section 4 of the Telegraph Act and were providing 'telecommunication services' as provided under section 2(k) under the Telecom Regulatory Authority of India Act, 1997. Service tax is imposed on them under the Finance Act, 1994 on the basis of the tariff realized from the subscribers.

The respondents contended that the transaction was 'deemed sale' under Article 366 (29A)(d) of the Constitution read with the charging sections in their various sales tax enactments and therefore, they are competent to levy sales tax on the transactions.

On the basis of the respective contentions, Ruma Pal, J. identified the following issues namely:



1. What are the "goods" in telecommunication for the purpose for Article 366 (29A)(d)?
2. Is the nature of the transaction involved in providing telephone connection a composite contract of service and sale? If so, is it possible for the States to tax the sale element?
3. If the providing of a telephone connection involves sale, is such sale an inter-State one?

The aforesaid issues were disposed off as under:

1. Goods do not include electromagnetic waves or radio frequencies for the purpose of Article 366 (29A)(d).
2. The nature of the transaction involved in providing the telephone connection may be a composite contract of service and sale. It is possible for the State to tax the sale element provided there is a discernible sale and only to the extent relatable to such sale.
3. This issue was left unanswered.

It was held that no goods element was involved, the transaction is purely one of service and nothing else. There is no transfer of right to use the goods at all. The transaction is not liable to sales tax.

SPECIAL ECONOMIC ZONES RULES, 2006

On 10th day of February 2006, with the notification of SEZ Rules, 2006, the special legislation for the 'Special Economic Zones' (SEZs) came into force.

Hitherto SEZs in India have been functioning under the provisions of the Foreign Trade Policy and are eligible for fiscal incentives as provided under the relevant statutes.

In furtherance of the Government's commitment to a stable SEZ policy regime and to instill confidence in investors, a comprehensive SEZ Act, 2005 was passed by Parliament in May 2005 and received Presidential assent on the 23rd of June 2005. The drafting of Statutory Rules to effectively implement the provisions of the SEZ Act, 2005, had been in process since June 2005. Extensive consultations have been held with developers, potential investors, exporters, manufacturers, service providers, Ministries/ Departments of the Government of India and the State Governments. Progressive versions of the draft SEZ Rules were also placed on the website of Ministry of Commerce & Industry for wide dissemination and to elicit greater response from all concerned. Finally, the SEZ Rules have been notified to be effective from 10th February 2006.

With the SEZ Act and Rules now in place, the Government expects that many large format multi-product SEZs that have so far been unable to achieve financial closure will now quickly move towards such closure. It is anticipated that this will trigger a greater flow of foreign and domestic investment in SEZs, in infrastructure and productive capacity, leading to generation of additional economic activity and creation of employment opportunities.

SALIENT FEATURES OF SEZ RULES

The recently notified SEZ Rules, inter-alia, provide for drastic simplification of procedures and for single window clearance on matters relating to central as well as state governments. The salient features of the SEZ Rules are as under:

- Simplification of procedures for development, operation and maintenance of the SEZs;
- Simplified compliance procedures with an emphasis on self certification;



- Single window clearance for setting up of SEZ as well as SEZ units;
- Single Window clearance on matters relating to Central as well as State Governments;
- No requirement for providing bank guarantees, thereby reducing transaction cost;
- Contract manufacturing for foreign principals allowed;
- Option to obtain sub-contracting permission at the initial approval stage;
- No licensing requirement for the Unit to import capital goods, raw materials, consumables, spares, packing materials, office equipment, DG sets, etc.; and
- Import-Export of all items, through personal baggage has been allowed subject however to fulfillment of prescribed conditions.
- Tax benefits viz., exemptions from income tax, central sales tax and service tax, etc.

Minimum Area Requirements

Minimum area requirements for various categories of SEZs are as under:

- Multi-product SEZs to have an area of 1000 hectares¹ or more.
- Services sector SEZs to have an area of 100 hectares or more. However, areas where India has a competitive advantage viz., bio-technology, non-conventional energy, including solar energy equipments/cell, or gem and jewellery sectors, Sector-Specific SEZs in these areas can be set up an area of 10 hectares or more.
- For all other sectors, the area must be at least 100 hectares.

The area requirement for multi-product SEZs has been relaxed to 200 hectares and for Sector Specific SEZs to 50 hectares, for certain States and Union Territories, keeping in view the difficulty in finding large tracts of contiguous land in such States/Union Territories.

State Governments' Obligations

Before recommending any proposal for setting up of a SEZ, the State Government shall endeavor that

the following are made available in the State to the proposed SEZ Units and Developer, namely: -

- a) Exemption from the State and local taxes, levies and duties, including stamp duty, and taxes levied by local bodies on goods required for authorized operations by a Unit or Developer, and the goods sold by a Unit in the DTA (except where the goods are procured from DTA and are sold as it is);
- b) Exemption from electricity duty or taxes on sale, of self generated or purchased electric power for use in the processing area of a SEZ;
- c) To allow generation, transmission and distribution of power within a SEZ subject to the provisions of the Electricity Act, 2003;
- d) To provide water, electricity and such other services, as may be required by the developer be provided or caused to be provided;
- e) To delegate power to the Development Commissioner under the Industrial Disputes Act, 1947 and other related Acts in relation to the SEZ Unit;
- f) Delegation of power to the Development Commissioner under the Industrial Disputes Act, 1947 in relation to the workmen employed by the developer;
- g) Declaration of the Special Economic Zone as a Public Utility Service under the Industrial Disputes Act, 1947;
- h) Providing single point clearance system to the Developer and unit under the State Acts and rules

The State Government(s) shall, while recommending a proposal, indicate whether the proposed area falls under reserved or ecologically fragile area as may be specified by the concerned authority.

Applicability of Labour Laws to SEZs

Normal Labour Laws are applicable to SEZs, which are enforced by the respective State Governments. The State Governments have been requested to simplify the procedures/returns and for introduction of a single window clearance mechanism by delegating appropriate powers to Development Commissioners of SEZs.

¹ 1 Hectare = 2.47 Acres



CORPORATE LAWS

MCA21

Project e-Governance of Ministry of Company Affairs ("MCA") turns into reality

On 18th March 2006, the prestigious and ambitious e-governance project MCA-21 was launched in Delhi by Dr. Manmohan Singh, Hon'ble Prime Minister of India in the presence of Mr. Prem Chand Gupta, Hon'ble Minister of Company Affairs, who led this project from the front with great deal of commitment with the able and timely support of the MCA officials led by Mrs. Komal Anand, Secretary, MCA.

With this landmark accomplishment, the office of Registrar of Companies at New Delhi goes online. Henceforth, all the statutory forms stipulated under Companies Act 1956 may be filed in electronic form

The MCA has vide Notification no. G.S.R.56 (E) dated 10th February 2006 notified Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2006, effective from the date of their publication in the Official Gazette.

These Rules, inter alia, provides that the Forms prescribed in Annexure 'A' to these Rules may be filed through electronic media or through any other computer readable media as referred under section 610A of the Companies Act, 1956. Further, it is provided that the electronic form shall be authenticated by the authorized signatories using digital signatures, as defined under the Information Technology Act, 2000. However, it may be noted that the Forms prescribed in Annexure 'A', when filed in physical form, may be authenticated by authorized signatory by affixing his signature manually.

About MCA-21

MCA21 is an ambitious e-Governance initiative that builds on the Government's vision to introduce a service-oriented approach in the design and delivery of Government services. As part of the Government's focus on governance reforms to meet the expectations arising from globalization, the MCA21 project has been launched as a flagship initiative of Government of India by the MCA.

With this initiative, MCA will move from the traditional paper-based operation to a near paperless environment. Consequently, the conventional Forms prescribed for various transactions are proposed to be adapted for use through electronic medium. The processes and

forms of MCA have been simplified and standardized for electronic filing (e-filing) in this exercise. Further details can be had from www.dca.nic.in.

The portal www.mca21.gov.in will facilitate e-filing, inspection of company documents and requisition of certified copies.

This initiative will not only ensure speed and certainty in the delivery of MCA services but is also expected to lead to introduction of more value based services to stakeholders.

Scope of MCA-21

The present scope of this initiative includes services provided by the Secretariat at New Delhi, the four Regional Directorates (RDs) and the twenty offices of the Registrar of Companies (RoC) located all over the country. The e-filing facility includes incorporation of new companies, filing annual and other statutory returns, registration and verification of charges and applying for various approvals / clearances. Besides, inspection of company documents, request for certified copies and reporting investor grievances can be carried out through the MCA21 portal. However, it does not cover the business liquidation functions (winding-up and liquidation of Companies), which is expected to be taken up at a subsequent stage.

Proposed Unique Approach

- A new set of electronic forms (**e-Forms**) has been evolved to suit e-filing. The paper-based forms have been revamped leading to a reduction in the total number of forms besides elimination of repetitive data in each of the e-forms.
- Electronic Payment mechanisms are envisaged to provide ethos to e-filing, while the traditional payment facility at the Bank counter will also continue to be available.
- Five Banks, including two private banks, with 200 branches nationwide have been authorized to accept all MCA payments.
- Digital Signatures Certificates are mandatory to ensure authenticity and maximum security of documents that are filed electronically.
- Facilitation Centers (Physical Front Offices or PFO) have been established in all major cities including the RoC office locations and 8 Special Economic Zones (SEZs) to support those needing assistance in e-filing and there is no extra charge.



- Digitization of about six crore sheets of documents including Memorandum and Articles of Association, other permanent documents, subsisting charge documents and annual statutory filing of the previous two years have been carried out for easy access over the Internet.
- Stamp Duty is proposed to be collected for all relevant transactions along with other MCA payments in due course of time, subject to authorizations from the respective State Governments, eliminating the use of physical stamp papers in future.

HAPPENINGS AT VAISH

INTERNATIONAL TAX CONFERENCE ON CROSS BORDER TRANSACTIONS

India and USA branches of the International Fiscal Association (“IFA”) jointly held an International Tax Conference focusing on taxation issues relating to cross-border transactions on 23rd to 25th January 2006 at New Delhi. The high profile panel of speakers included, amongst others, Dr P Shome – Advisor to the Finance Minister, Justice Quadri – Authority for Advance Rulings and Mr. B M Singh – Director General of International Taxation, Mr. O P Vaish, Sr. Advocate and Mr. Ajay Vohra, Tax Expert. The event was well attended by over 250-delegates which included representation from the industry (both India and abroad), tax attorneys, consultants and members of the Revenue Services of India and USA.



(Mr. O P Vaish speaking at IFA Conference)

Vaish Associates, Advocates took active part in organizing this important international event.

VAISH SEMINAR ON UNION BUDGET, 2006-07

Taking its custom forward, on 2nd March 2006, Vaish Associates organized a seminar on Union Budget, 2006-07 at PHD Chamber of Commerce & Industry. Mr. O P Vaish, Sr. Advocate chaired the proceedings of the seminar. To begin with, noted economist Mr.D. H. Pai Panandikar dealt with the impact of the budget proposals on the economy at large. The budget proposals relating to tax, both direct and indirect, were discussed clause-by-clause by Mr.Ajay Vohra, Mr. Rupesh Jain, Mr. V S Wahi, Mr.Hitender Mehta and Ms. Ruchira Chaudhary. The seminar was attended by over 100-delegates.

MR. V. S. WAHI JOINS VAISH

Vaish Associates welcomes **Mr. V S Wahi**, Advocate, who has joined Vaish on retirement from the Indian Revenue Services (IRS) after serving as Chief Commissioner of Income tax and later as Member, Company Law Board (CLB). Mr. Wahi carries with him rich experience of over three decades in dealing with the entire gamut of International Taxation. Mr. Wahi has also authored a book titled “Transfer Pricing –Law, Procedure and Documentation”, which has been widely acclaimed and well received in the industry, government departments and professional community.

NOMINATIONS FROM VAISH FOR THE YEAR 2006

Mr. Ajay Vohra, Managing Partner

- Chairman, Direct Taxes Committee, PHD Chamber of Commerce & Industry

Mr. Satwinder Singh, Sr. Associate

- Member, Corporate Laws & Legal Affairs Committee, FICCI
- Member, Company Law & Corporate Affairs Committee, ASSOCHAM
- Member, Corporate Affairs Committee, PHD Chamber of Commerce & Industry

Mr. Hitender Mehta, Sr. Associate

- Member, FDI Committee, FICCI
- Member, Capital Market Committee, ASSOCHAM
- Member, Corporate Affairs Committee, PHD Chamber of Commerce & Industry



COMPLIANCE CHECKLIST
YOUR DATES WITH REGULATOR (S)

APRIL 2006

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 the previous month ²	Section 192	Income-tax Act, 1961	7th April	Income-tax Authorities
2	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 April	Income-tax Authorities
3	Deposit TDS on Rent paid during the previous month	Section 194I	Income-tax Act, 1961	7th April	Income-tax Authorities
4	Issue certificate in prescribed form for tax deducted at source during the previous month for payments made to/for contractor's/rent/adv ertising/ professional service ³		Income-tax Act, 1961 and Income-tax Rules, 1962	31st March	Payee in respect of whom tax has been deducted
B	EXCISE & SERVICE TAX				
5	Submission of monthly CENVAT Return	Rule 9(7)	CENVAT Rules, 2004	10th April	Excise Authorities

² For amount credited as on the date up to which accounts are made, the payment can be made within two months following such date.

³ If the amount is credited to the payee's account as on the date up to which the accounts are made, then the certificate may be issued within one week after the expiry of two months from the end of the month in which such amount is credited.



6	Pay Service Tax in Form TR-6 collected during the previous month [other than individuals proprietary firms, or partnership firms]	Rule 6	Service Tax Rules, 1994	5th April	Excise Authorities
C	SEBI & CORPORATE LAWS				
7	File un-audited financial results	Clause 41	Listing Agreement	Within one month from end of the quarter	Stock Exchange(s)
8	Certificate from a practicing company secretary in case of in-house share transfer facility, certifying compliance with requirements of transfer, sub-division, consolidation renewal, etc. of shares.	Clause 47 C	Listing Agreement	Within one month from end of each half of the financial year	Stock Exchange
9	Quarterly report on corporate governance signed by Compliance officer or chief executive officer	Clause 49	Listing Agreement	Within 15 days of end of the quarter	Stock Exchange(s)
D	LABOUR LAWS				
10	Monthly payment of Provident Fund ("PF") dues	Paragraph 38 of Employees' Provident Funds Scheme, 1952	Employees' Provident Funds and Misc. Provisions Act, 1952	15th April	PF Authorities
11	Filing of declaration in Form 2 and monthly return in Form 5 for qualifying employees joining during the previous month	Paragraph 36(2)(a) of Employees' Provident Funds Scheme, 1952	Employees' Provident Funds and Misc. Provisions Act, 1952	15th April	PF Authorities
12	Return in Form. 10 for qualified employees leaving the service during the previous month	Paragraph 36(2) (b) of Employees' Provident Funds Scheme, 1952	Employees' Provident Funds and Misc. Provisions Act, 1952	15th April	PF Authorities



13	Nil return in case no qualified employee is joining or leaving the service of the employer during the previous month	Proviso to Paragraph 36(2) of Employees' Provident Funds Scheme, 1952	Employees' Provident Funds and Misc. Provisions Act, 1952	15th April	PF Authorities
14	Submission of contribution card of the employee who left the organisation along with a statement in Form 6	Paragraph 43	Employees' Provident Funds and Misc. Provisions Act, 1952	20th April	PF Authorities
15	Payment of ESI contribution for the previous month (Form S-III cash challans & S-IV cheque challans)	Regulation 31	Employees' State Insurance Act, 1948 Employees' State Insurance (Gen) Regulations, 1950	21st April	ESIC Authorities
16	Submit Return Form 3 in duplicate along with the declaration Form1.	Regulation 14 Regulation 15-A	Employees' State Insurance Act, 1948 Employees' State Insurance (Gen.) Regulations, 1950	Within 10 days from the date of receiving the relevant papers	ESIC Authorities
17	Return of contributions Form. 6 in quadruplicate along with challans of deposit of contribution. [Nil Return in case no employees in contribution period]	Regulation 26	Employees' State Insurance Act, 1948 Employees' State Insurance (Gen) Regulations, 1950	Within 42 days of termination of the contribution period	ESIC Authorities

DISCLAIMER

While every care has been taken in the preparation of this News Bulletin to ensure its accuracy at the time of publication, Vaish Associates, assumes no responsibility for any errors which, despite all precautions, may be found herein. Neither this Bulletin nor the information contained herein constitutes a contract or will form the basis of a contract. The material contained in this document does not constitute/substitute professional advice that may be required before acting on any matter.

© Vaish Associates, 2006

Editor: Hitender Mehta

Editorial Team (alphabetically): Amisha Singal, Anurag Jain, Bhavna Kalia, Bomi F. Daruwala, Rinku Bhiwandkar, Rupesh Jain