



INCOME TAX

1. Procedure for filing Form No. 15G & 15H have been simplified
2. New requirement for quoting PAN for certain transactions:
 - 2.1. Immovable property
 - 2.1.1. Sale/ purchase exceeding Rs.10 lakh;
 - 2.1.2. Properties valued by Stamp Valuation authority at an amount exceeding Rs.10 lakh
 - 2.2. Time deposit
 - 2.2.1. Deposits with Co-op banks, Post Office, Nidhi, NBFC companies
 - 2.2.2. Deposits aggregating to more than Rs.5 lakh during the year
 - 2.3. Deposit with Post Office Savings Bank
 - 2.3.1. There is now no need to submit / furnish PAN
 - 2.4. Opening an account (other than time deposit) with a bank
 - 2.4.1. Basic SB Account excluded
 - 2.4.2. Co-op. banks also to comply
 - 2.5.1. No need to provide PAN
 - 2.6. Hotel/restaurant bill(s)
 - 2.6.1. Cash payment exceeding Rs. 50,000
 - 2.7. Cash purchase of bank drafts/ pay orders/ banker's cheques
 - 2.7.1. Exceeding Rs.50,000/- on any one day.
 - 2.8. Foreign travel
 - 2.8.1. Cash payment in connection with foreign travel or purchase of foreign currency of an amount exceeding Rs.50,000/- at any one time (including fare, payment to travel agent)
 - 2.9. Credit Card
 - 2.9.1. Co-op banks also to comply
 - 2.10. Mutual fund units
 - 2.10.1. Payment exceeding Rs.50,000/- for purchase.
 - 2.11. Shares of company
 - 2.11.1. Opening a demat account;
 - 2.11.2. Purchase or sale of shares of an unlisted company for an amount exceeding Rs.1 lakh per transaction.
 - 2.12. Debentures/ bonds, RBI bonds
 - 2.12.1. Payment exceeding Rs.50,000/-.
 - 2.13. Life insurance premium
 - 2.13.1. Payment exceeding Rs.50,000/- in a year.
 - 2.14. Purchase of jewellery/bullion and Purchases or sales of goods or services
 - 2.14.1. Purchase/ sale of any goods or services exceeding Rs.2 lakh per transaction.
 - 2.15. Cash cards/ prepaid instruments issued under Payment & Settlement Act
 - 2.15.1. Cash payment aggregating to more than Rs.50,000 in a year.
3. Individuals having income exceeding INR Rs.50 Lakhs

These assesseees are required to disclose their net worth at the time of filing of their ITR for FY 2015-16 onwards.
4. Individuals who acquired any asset free of cost

Such assets should be reported at cost to the previous owner increased by the cost of any improvement of the asset by the previous owner or the individual, as the case may be.

Filing of Income Tax returns for the financial year 2015-16

As per the latest amendment to Section 244A regarding interest payable by Income Tax Department on income tax refund, interest is payable from 1st April of the following year till date of refund only if the Return is filed within due date i.e. 31st July for Individuals, HUFs and Firms, not subject to Tax Audit. If the Return is filed after Due Date, then interest will be paid only from the date of filing of Return and not from 1st April which means loss of interest for a minimum of 4 months. Therefore, it is advised to file the Returns in time before Due Date so that interest on the refund for the full period from 1st April is obtained. Interest on refund is 1/2 % pm or 6% pa.

EDITORS NOTE

We are happy to share with you the second issue of the SV Insight containing valuable information and action points for the month.

We do hope that you find the contents useful and informative.

We welcome suggestions from you for improving the scope and nature of content in order to make it more relevant and useful.

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 financial year 2016-17
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TAX DUE DATES FOR THE MONTH OF JULY 2016

Sl. No	Particulars	Due Dates
1	IT Filing (non corporate and non tax audit)	31 July 2016
2	TDS/TCS Returns	15 July 2016
3	TDS / TCS Payment/Remittance	07 July 2016
4	VAT Monthly Payment (Form 100)	20 July 2016
5	CST Payment	20 July 2016
6	Service Tax payment	05 July 2016 06 July 2016
7	Central Excise Payment	05 July 2016 06 July 2016
8	Central Excise Monthly Return	10 July 2016
9	STPI Monthly Returns	10 July 2016
10	PT Payment - Employees	20 July 2016
11	ESIC Payment	21 July 2016
12	PF Payment	25 July 2016





Food Processing Industries - Relief from Indirect taxes

Central Excise

- Subject to certain conditions, Central Excise is exempt to specified goods intended to be used for the installation of a cold storage, cold room or refrigerated vehicle for the presentation, storage or transport of agricultural, apiary, agricultural, dairy, poultry, aquatic and marine produce and meat.
- Nil excise duty on milk, milk products, vegetables, nuts & fruits, fresh & dried
- As against standard excise duty of 12%, processed fruits & vegetables carries a merit rate of 2% without CENVAT or 6% with CENVAT
- Soya Milk Drinks, flavored Milk of Animal origin also carry a duty of 2% without CENVAT or 6% with CENVAT

Service Tax

- Service provided in relation to Loading, unloading, packing, storage or warehousing of agricultural produce is not taxable at all.
- Services by way of construction, erection, commissioning or infrastructure of original works pertaining to post-harvest storage infrastructure for agricultural produce including a cold storages for such purposes or mechanised food grain handling system, machinery or equipment, for units processing agricultural produce as food staff excluding alcoholic beverages.
- Services by way of transportation by rail or vessel from one place in India to another & by a Goods Transport Agency of Agricultural Produce, Milk, Salt & food grain including flours, pulses & nice.

SERVICE TAX

1. Exporters claiming service tax refund to file additional documents – Circular dated 15th June, 2016 on speedy disbursement of pending refund claims of exporters of services under rule 5 of the CENVAT Credit Rules, 2004

Applicable only to service tax registrants who are exporters of services, where refund claims have been filed on or before 31-3-2015, and which have not been disposed of as on 10-11-2015. It has been clarified what are the additional documents to be submitted (i.e. in addition to those which were filed along with the claim)

2. Service Tax on Senior Advocates under reverse charge (Effective date: June 6, 2016)

It has now been provided that services provided by senior advocate to a business entity with a turnover of more than Rs. 10 lacs are taxable under reverse charge mechanism i.e. Whole of the tax is to be paid by the client of senior advocate.

3. Exclusion of some services provided by Government to business entity from Mega Exemption Notification:
Certain services provided by Government or a local authority to a business entity with a turnover up to Rs. 10 lacs in the preceding financial year would be liable to service tax.

4. Cenvat credit of Krishi Kalyan Cess (KKC) to service providers:

Central Government has amended CENVAT Credit Rules, 2004 to allow Cenvat credit of KKC to a service provider.

Smart things to know about Income Declaration Scheme 2016

1 Income Declaration Scheme 2016 came into effect from 1 June, 2016. It's an opportunity for those who didn't disclose income or pay taxes thereon in the past.

2 Under this scheme, such persons can declare the undisclosed income and pay tax, surcharge and penalty on the declared undisclosed income.

3 Declaration of undisclosed income or asset should have been chargeable to tax for any assessment year prior to the assessment year 2017-18.

4 The person making a declaration under the scheme will have to pay income tax at the rate of 30% of the value of undisclosed income plus a surcharge of 25% thereon.

Additionally, the person will be liable to pay a penalty at the rate of 25% of the tax, which would make the total payment 45% of the undisclosed income.

5 The Centre has declared 30 September as the last date for making a declaration and 30 November as the date by which the tax, surcharge and penalty may be paid.

(The content on this page is courtesy Centre for Investment Education and Learning (CIEL). Contributions by Girija Gadre, Arti Bhargava and Labdhi Mehta.)

Whether HUF can be a partner in a partnership concern.

The Ministry of Corporate Affairs has announced that HUF cannot be a partner but its Karta or any individual of HUF can be a partner in a partnership concern in individual capacity and not the HUF.

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FEMA

1. Review of Foreign Direct Investment (FDI) policy on various sectors

Certain amendments have been made by Press Note dated 24-Jun-16

2. Permitting writing of options against contracted exposures by Indian Residents

Exporters and importers of goods and services are permitted to write (sell) standalone plain vanilla European call and put option contracts against their contracted exposure, i.e. covered call and covered put respectively, to any AD Cat-I bank in India subject to operational guidelines, terms and conditions as enumerated in circular dated 23-Jun-16.

3. Opening of a FC a/c by an Indian startup

An Indian startup, having an overseas subsidiary, may open a foreign currency account with a bank outside India for the purpose of crediting to the account the foreign exchange earnings out of exports/sales made by the said startup or its overseas subsidiary. The balances held in such accounts, to the extent they represent exports from India, shall be repatriated to India within the period prescribed for realization of exports.

4. FDI Policy

Consolidated FDI Policy was announced by the Ministry of Commerce & Industry by circular dated 7-Jun-16

5. Transfer of shares between a resident buyer and a non-resident seller or vice-versa

- Not more than twenty five per cent of the total consideration can be paid by the buyer on a deferred basis within a period not exceeding eighteen months from the date of the transfer agreement.
- If so agreed, an escrow arrangement may be made between the buyer and the seller for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the transfer agreement or
- If the total consideration is paid by the buyer to the seller, the seller may furnish an indemnity for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the payment of the full consideration:

Provided the total consideration finally paid for the shares must be compliant with the applicable pricing guidelines.

THE DIRECT TAX DISPUTE RESOLUTION SCHEME, 2016

APPLICABILITY

All assessee's whose case is pending before Commissioner of Income Tax Appeals [1st Appeal] can avail this window to resolve the income tax disputes.

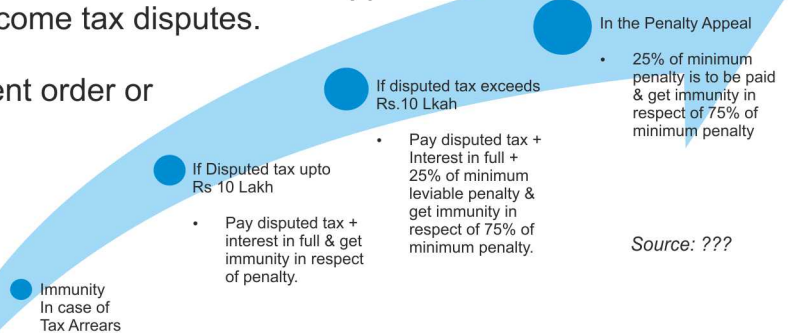
The pending appeal could be against an assessment order or a penalty order as on 29-02-2016.

IMMUNITY

Immunity from prosecution is available

SCHEME SHALL NOT APPLY IN FOLLOWING CASES

1. Cases where prosecution has been initiated before 29.02.2016.
2. Search or survey cases where the declaration is in respect of tax arrears
3. Cases relating to undisclosed foreign income and assets
4. Cases based on information received under DTAA u/s 90 or 90A where the declaration is in respect of tax arrears
5. Person notified under Special Courts Act, 1992
6. Cases covered under Narcotic Drugs and Psychotropic Substances Act, Indian Penal Code, Prevention of Corruption Act or Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974





TDS & TCS DEDUCTION RATE CHART FINANCIAL YEAR 2016-17 (ASSESSMENT YEAR 2017-2018)

TDS is to be deducted on payment made as prescribed by Income Tax Act by persons who are liable to deduct TDS. It is the duty of the deductor to deduct TDS as given in Income Tax Act Following are the revised rate of TDS applicable for Financial Year 2016-2017 Assessment Year 2017-18

TDS RATES FOR THE FY 2016-17

Nature of Payment	Basic Cutoff (Rs.)	Individuals and HUF	Company / Firm / LLP / Cop Society / Local Authority	If No Pan or Invalid PAN	Nature of Payment	Basic Cutoff (Rs.)	Individuals and HUF	Company / Firm / LLP / Cop Society / Local Authority	If No Pan or Invalid PAN
192 – Salaries	Slab Rate	Slab Rates	Slab Rates	30	194EE – Payments out of deposits under NSS (New Percentage w.e.f. 01 June 2016)	2500	10 (New)	10 (New)	20
192A – Premature withdrawal from Employee Provident Fund (New Limit wef 01 June 2016)	50000 (New)				194F – Repurchase Units by MFs	–	20 (Old)	20(Old)	20
	30000 (old)	NA	10	20	194G – Commission – Lottery (New Percentage and Limit w.e.f. 01 June 2016)	15000 (New)	20	20	20
193 – Interest on securities	–	10	10	20		1000 (old)	5 (New)	5 (New)	20
194 – Dividend other than the dividend as referred to in Section 115-O	2500	10	10	20	194H – Commission / Brokerage (New Percentage and Limit w.e.f. 01 June 2016)	5000	10 (old)	10 (old)	20
194A – Interest other than interest on securities – Others	5000	10	10	20			5 (New)	5 (New)	20
194A – Banks (Time deposits)	10000	10	10	20	194I – Rent – Land and Building – furniture – fittings	180000	10 (old)	10 (old)	20
194A – Banks (Recurring deposit)	10000	10	10	20			10	10	20
194A – Deposit in Co-op Banks	10000	10	10	20	194I – Rent – Plant / Machinery / equipment	180000	2	2	20
194B – Winning from Lotteries	10000	30	30	30	194IA – Transfer of certain immovable property other than agriculture land	5000000	1	1	20
194BB – Winnings from Horse Race (New Limit wef 01 June 2016)	10000(New)	30	30	30	194J – Professional Fees	30000	10	10	20
	5000 (old)	30	30	30	194LA – Immovable Property (New Percentage and Limit w.e.f. 01 June 2016)	250000(New)	10	10	20
194C – Payment to Contractor – Single Transaction	30000	1	2	20		200000 (old)	10	10	20
194C – Payment to Contractor – Aggregate During the Financial year (New Limit wef 01 June 2016)	100000(New)	1	2	20	194LB – Income by way of interest from infrastructure debt fund (non-resident)	–	5	5	20
	75000 (old)	1	2	20	194LBB – Income in respect of investment in Securitisation trust. (New Section)	–	25	30	20
194C – Contract – Transporter not covered under 44AE (wef 01 June 2015)	30000 / 75000	1	2	20	Sec 194 LC – Income by way of interest by an Indian specified company to a non-resident / foreign company on foreign currency approved loan / long-term infrastructure bonds from outside India	–	5	5	20
194C – Contract – Transporter covered under 44AE & submit declaration on prescribed form with PAN (wef 01 June 2015)	–	–	–	20	194LD – Interest on certain bonds and govt. Securities	–	5	5	20
194D – Insurance Commission	20000	10	10	20	196B – Income from units	–	10	10	20
194DA – Payment in respect of life insurance policy (New Percentage w.e.f. 01 June 2016)	100000	1 (New)	1 (New)	20	196C – Income from foreign currency bonds or GDR (including long-term capital gains on transfer of such bonds) (not being dividend)	–	10	10	20
		2 (old)	2 (old)	20	196D – Income of FIIs from securities	–	20	20	20
194E – Payment to Non-Resident Sportsmen or Sports Association	–	20	20	20					

Continued in the next table

Source: Taxdose.com

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