2014 MAY

P. K. LUHARUKA & CO. CHARTERED ACCOUNTANTS
MONTHLY NEWSLETTER
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THIS ISSUE GIVES AN UPDATE ON ASPECTS ON WHICH THE CBDT, CBEC, RBI, MINISTRY OF CORPORATE AFFAIRS AND THE WEST BENGAL GOVERNMENT THINK NEED CHANGES OR CLARIFICATIONS, A FEW RELEVANT CASE LAWS RELATING TO INCOME TAX, AN ANNOUNCEMENT BY THE ICAI AND A DUE DATES CALENDAR FOR THE MONTH OF MAY.

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DIRECT TAXES

- a. Detailed instructions have been issued by the CBDT to all the assessing officers laying down a Standard Operating Procedure (SOP) for verification and correction of demand by the AOs. As per this SOP, the taxpayers can get their outstanding tax demand reduced/deleted by applying for rectification along with the requisite documentary evidence of tax/demand already paid. The SOP also makes special provisions for dealing with the tax demand up to Rs. 1,00,000/- in the case of Individuals and HUFs in order to accommodate certain extra ordinary situations. The SOP is expected to mitigate the long standing grievances of taxpayers by way of reduction/deletion of tax demands. (Attached Press Note dated 17th April, 2014)
- b. ITR 1 (SAHAJ) & ITR 4S (SUGAM) for AY 2014-15 are available in online and offline utility for e-Filing.

INDIRECT TAXES

CBEC hereby determines the rate of exchange, with effect from 2nd May, 2014, of conversion of each of the Foreign Currency into Indian Currency or vice-versa for the purpose of Valuation of goods, relating to imported and export goods. (Notification No. 38/2014 – Customs (N.T.), dated 1st May, 2014)

COMPANY LAW

- a. The ministry has hereby notified that that the financial statements (and documents required to be attached thereto), auditor's report and Board report in respect of financial years that commenced earlier than 1st April, 2014 shall be governed by the relevant provisions/ Schedules/ rules of the Companies Act, 1956 and that in respect of financial years commencing on or after 1st April, 2014, the provisions of the Companies Act, 2013 shall apply. (Attached General Circular 08/2014, dated 04/04/2014)
- b. The Central Government vide notification dated 31.03.2014 has made alteration in Part 'A', in Para 3 of the Schedule II of the Companies Act, 2013. By such alteration, the useful life of the asset shall not be longer than the specified life in this schedule and the residual life shall not be more than five percent of the original cost of the asset. In case where a company adopts an approach different than specified, it shall have to justify the difference in its financial statement. Further, for calculation of useful life of intangible assets provisions of applicable Accounting Standards shall apply, except in case of intangible assets (Toll Roads) created under 'Build, Operate and Transfer', 'Build, Own, Operate and transfer' or any other form of public private partnership route in case of road projects for which amortization calculation procedure has been prescribed. (Attached Notification for Amendment to Schedule II)

RESERVE BANK OF INDIA

The Reserve Bank of India (RBI) in its Press Release dated 02.04.2014 stated that it had decided to grant "in-principle" approval to two applicants viz., IDFC Limited and Bandhan Financial Services Private Limited, to set up banks under the Guidelines on Licensing of New Banks in the Private Sector issued on February 22, 2013 (Guidelines). These two applicants were also recommended as suitable for grant of "in-principle" approval by the High Level Advisory Committee (HLAC) set up by the RBI. The HLAC had also recommended that in the case of Department of Posts which has applied for licence, it would be desirable for the RBI to consider the application separately in consultation with the Government of India. The RBI had accepted the recommendation of the HLAC.

MEMBERS

The Institute has stated the manner of reporting to be done by the statutory auditors in respect of RBI's Circular on Deferred Tax Liability on Special Reserve created under Section 36(1) (viii) of the Income Tax Act, 1961. RBI in this particular circular had first noted that some banks were not creating DTL on special reserve as per AS-22 on the ground that they did not intend to withdraw from such reserve in the future. However, RBI vide this circular has now notified that, as a matter of prudence, banks should create DTL on such reserve. (Detailed explanation can be read in the attached Announcement)

WEST BENGAL STATE LAWS

a. According to section 25 of the West Bengal Value Added Tax Act, 2003, every trans porter, carrier or transporting agent, including those who are already in possession of a certificate of enrolment, operating his transporting business in West Bengal, shall mandatorily apply and obtain from Commissioner, a Certificate of Enrolment or a fresh Certificate of Enrolment, in Form 11, as the case may be. According to rule 17 of the West Bengal Value Added Tax Rules, 2005, the transporter, carrier or transporting agent shall apply in Form 10 for enrolment electronically.

A web-link for such application has been provided under the link 'e-Enrolment of Transporters' under 'e-Services' in Directorate's website www.wbcomtax.gov.in. (Attached Trade Circular No. 7 of 2014 dated 16/04/2014)

b. Considering the entire situation and representations made, the last date of online reconciliation of the Purchase/Sale mismatch for 2011-12 is decided to be extended for the second time upto 30.05.2014 and is extended. No further extension would be made. Defaulters would be liable for special audit on this ground. (Attached Second addendum to Trade Circular No. 3/2014 dtd. 18.02.2014 Dated: 16.04.2014)

CASE LAWS

a.	High Court grants ad-interim stay against operation of notices levying fee u/s 234E for failure to file TDS statement- Rashmikant Kundalia vs. UOI (Bombay High Court)
b.	Non-claiming of SEC. 80-IB deduction in return is no bar for claiming it before CIT(A)- CIT vs. Mitesh Impex (Gujarat High Court)

c. Section 194H does not apply to all sales promotional expenditure. It applies only if relationship between

payer & payee is that of principal & agent.- CIT vs. Intervet India (P) Ltd. (Bombay High Court)

P. K. Luharuka & Co., Chartered Accountants Calendar

01 May 2014 - 31 May 2014

May 2014

Mo Tu We Th Fr Sa Su

1 2 3 4
5 6 7 8 9 10 11
12 13 14 15 16 17 18
19 20 21 22 23 24 25
26 27 28 29 30 31

Details

01 May 2014

A

Subject May Day

05 May 2014



Subject Due Date of payment of Central Excise Duties for the previous month - For non SSI Units - GAR-7 Challan

À

Subject Due Date of payment of Service Tax for services deemed to be provided as per rules in the month of April in case of assessees, other than individual or proprietorship firm or partnership firm (if not paid electronically) (GAR 7 Challan)

06 May 2014



Subject Due Date of payment (latest by 8 P.M.) of Service Tax for services deemed to be provided as per rules in the month of April in case of assessees, other than individual or proprietorship firm or partnership firm (if paid electronically) GAR 7 Challan

C. . l- i

Subject Due Date of payment of Central Excise Duties for the previous month - For non SSI Units (if paid electronically) - GAR-7 Challan

07 May 2014

Subject Due Date of deposit of TDS where income or amount is paid or credited in the month of April (Challan No./ ITNS. 281)

Subject Due Date of Monthly payment of TCS in April u/s 206C

Subject Submission of copy of declaration forms (Form 15G and form 15H) received for non deduction of TDS under section 197A before the Chief Commissioner or Commissioner

10 May 2014

Subject Due Date of ER-1 for Non-SSI assessees and ER-2 for EOU units for the month of April

12 May 2014

Subject Due Date for Half Yearly Return of ESI for Contribution Period October to March

15 May 2014

Subject Due Date for filing TDS Quarterly Statement for Quarter 4 of previous financial year (Form 24Q & 26Q)

Subject Due Date of Payment of PF for the month of April (plus grace period of 5 days)

21 May 2014

Subject Due Date of Payment of ESI for the month of April



No.402/92/2006-MC
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

PRESS NOTE

17th April, 2014

Detailed instructions have been issued by the CBDT to all the assessing officers laying down a Standard Operating Procedure (SOP) for verification and correction of demand by the AOs. As per this SOP, the taxpayers can get their outstanding tax demand reduced/deleted by applying for rectification along with the requisite documentary evidence of tax/demand already paid. The SOP also makes special provisions for dealing with the tax demand upto Rs. 1,00,000/- in the case of Individuals and HUFs in order to accommodate certain extra ordinary situations. The SOP is expected to mitigate the long standing grievances of taxpayers by way of reduction/deletion of tax demands.

The CBDT has further noted that many taxpayers are committing mistakes while furnishing their tax credit claims in the return of income. Such mistakes include quoting of invalid/incorrect TAN; quoting of only one TAN against more than one TAN tax credit; furnishing information in wrong TDS Schedules in the Return Form; furnishing wrong challan particulars in respect of Advance tax, Self-assessment tax payments etc. As a result of these mistakes, the tax credit cannot be allowed to the taxpayers while processing returns despite the tax credit being there in 26 AS statement. The CBDT, therefore, desires the taxpayers to verify if the demand in their case is due to tax credit mismatch on account of such incorrect particulars and submit rectification requests with correct particulars of TDS/tax claims for correction of these demands. The rectification requests have to be submitted to the jurisdictional assessing officer in case the return was processed by such officer, or the taxpayer is informed by CPC, Bangalore that such rectification is to be carried out by Jurisdictional assessing officer. In all other cases of processing by CPC, Bangalore, an online rectification request can be made by logging in to e-filling website http://incometaxindiaefiling.gov.in as per the procedure given in detail in its Help Menu.

(Rekha Shukla)
Commissioner of Income Tax
(Media & Technical Policy)
Official Spokesperson, CBDT

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, PART-II, SECTION 3, SUB-SECTION (ii), EXTRAORDINARY]

GOVERNMENT OF INDIA MINISTRY OF FINANCE DEPARTMENT OF REVENUE CENTRAL BOARD OF EXCISE AND CUSTOMS

NOTIFICATION NO.38/2014-CUSTOMS (N.T.)

DATED THE 1st May, 2014 11 Vaisakha, 1936(SAKA)

S.O. (E). – In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in super session of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.32/2014-CUSTOMS (N.T.), dated the 17th April, 2014 *vide* number S.O.1105 (E), dated the 17th April, 2014, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currency specified in column (2) of each of Schedule I and Schedule II annexed hereto into Indian currency or *vice versa* shall, with effect from 2nd May, 2014 be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

S.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees		
(1) (2)			(3)	
		(a)	(b)	
		(For Imported	(For Export	
		Goods)	Goods)	
1.	Australian Dollar	56.75	55.35	
2.	Bahrain Dinar	164.70	155.65	
3.	Canadian Dollar	55.70	54.40	
4.	Danish Kroner	11.35	11.00	
5.	EURO	84.30	82.30	
6.	Hong Kong Dollar	7.85	7.70	
7.	Kuwait Dinar	220.85	208.40	

8.	New Zealand Dollar	52.35	51.05
9.	Norwegian Kroner	10.20	9.90
10.	Pound Sterling	102.70	100.40

Contd...2/....

-:2:-

11.	Singapore Dollar	48.60	47.50
12.	South African Rand	5.90	5.55
13.	Saudi Arabian Riyal	16.55	15.65
14.	Swedish Kroner	9.35	9.05
15.	Swiss Franc	69.15	67.45
16.	UAE Dirham	16.90	16.00
17.	US Dollar	60.85	59.85

SCHEDULE-II

S.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees		
(1)	(2)	J 1	(3)	
		(a)	(b)	
		(For Imported	(For Export Goods)	
		Goods)		
1.	Japanese Yen	59.70	58.25	
	tapanese ren	67.70	0 0.20	

[F.No.468/01/2014-Cus.V]

(SATYAJIT MOHANTY) DIRECTOR (ICD) TELE: 2309 3380

General Circular 08/2014

No. 1/19/2013-CL-V Government of India Ministry of Corporate Affairs

5th Floor, 'A' Wing, Shastri Bhavan, Dr. R P Road, New Delhi- 110 001.

Dated 04.04.2014

To

All Regional Directors, All Registrar of Companies, All Stakeholders.

Subject:

Commencement of provisions of the Companies Act, 2013 with regard to maintenance of books of accounts and preparations/adoption/filing of financial statements, auditors report, Board's report and attachments to such statements and reports— Applicability with regard to relevant financial year.

Sir,

A number of provisions of the Companies Act, 2013 including those relating to maintenance of books of account, preparation, adoption & filing of financial statements (and documents required to be attached thereto), Auditors reports and the Board of Directors report (Board's report) have been brought into force with effect from 1st April, 2014. Provisions of Schedule II (Useful lives to compute depreciation) and Schedule III (Format of financial statements) have also been brought into force from that date. The relevant Rules pertaining to these provisions have also been notified, placed on the website of the Ministry and have come into force from the same date.

The Ministry has received requests for clarification with regard to the relevant financial year with effect from which such provisions of the new Act relating to maintenance of books of account, preparation, adoption and filing of financial statements (and attachments thereto), auditors report and Board's report will be applicable.

Page no.2 contd.,

Although the position in this behalf is quite clear, to make things absolutely clear it is hereby notified that the financial statements (and documents required to be attached thereto), auditors report and Board's report in respect of financial years that commenced earlier than 1st April, 2014 shall be governed by the relevant provisions/ Schedules/ rules of the Companies Act, 1956 and that in respect of financial years commencing on or after 1st April, 2014, the provisions of the new Act shall apply.

Yours faithfully,

(KMS Narayanan)

Assistant Director (Policy)

Ph: 23387263

Copy to:

- (i) e-governance section and web contents officer to place this circular on the website
- (ii) Guard File



असाधारण

EXTRAORDINARY

भाग II - खण्ड 3 - उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

पाधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 169]

नर्ड दिल्ली, सोमवार, मार्च 31, 2014/चैत्र 10, 1936

No. 169]

NEW DELHI, MONDAY, MARCH 31, 2014/CHAITRA 10, 1936

कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 31 मार्च, 2014

सा.का.नि. 237 (अ). —केंद्रीय सरकार, कंपनी अधिनियम, 2013 (2013 का 18) की धारा 467 की उप-धारा (1) के साथ पठित धारा 123 की उप-धारा (2) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए उक्त अधिनियम की अनुसूची-2 में निम्नलिखित परिवर्तन करती है, अर्थात्:—

- 1. अनसूची 2 में
- (1) भाग 'क' में पैरा 3 में, उप-पैरा (i) से (iii), के स्थान पर निम्नलिखित उप-पैरा रखे जाएंगे, अर्थात्: —
- "(i) किसी आस्ति का उपयोग जीवन भाग 'ग' में विनिर्दिष्ट उपयोग जीवन से अधिक नहीं होगा और किसी आस्ति का अविशष्ट मूल्य आस्ति के मूल लागत के पांच प्रतिशत से अधिक नहीं होगाः

परंतु यह कि जहां कोई कंपनी किसी आस्ति के उपयोग जीवन या अवशिष्ट मूल्य, जो उपर्युक्त सीमाओं से भिन्न है, तो उसे भिन्न होने का न्यायोचित्व अपने वित्तीय विवरण में प्रकट करना होगा।

(ii) अमूर्त आस्तियों के लिए, तत्समय प्रवृत्त लेखा मानकों के उपबंध लागू होंगे, सिवाय सडक परियोजनाओं की दशा में 'निर्माण, प्रचालन और अंतरण', 'निर्माण, स्वामित्व, प्रचालन और अंतरण' अथवा सार्वजनिक-निजी भागीदारी रास्ते के किसी अन्य रूप के अधीन अमूर्त आस्तियों (पथकर सडकें) के मामलों के—

ऐसे मामलों में क्रमिक अपाकरण निम्नलिखित रूप से किया जा सकेगा:-

(क) क्रमिक अपाकरण की रीति

क्रमिक अपाकरण

क्रमिक अपाकरण की दर =

- × 100

अमूर्त आस्तियों की लागत (क)

क्रमिक अपाकरण की राशि

वर्ष हेतु वास्तविक राजस्व (ख)

= अमूर्त आस्तियों की लागत (क) ×

अमूर्त आस्तियों से प्रक्षिप्त राजस्व (रियायत अवधि के अंत तक) (ग)

(ख) विशिष्टियों के अर्थ निम्नलिखित हैं:-

अमूर्त आस्तियों की लागत (क)

= लेखा मानकों के अनुसार कंपनी द्वारा उपगत लागत

वर्ष हेत् वास्तविक राजस्व (ख)

लेखा वर्ष के दौरान प्राप्त वास्तविक राजस्व (पथकर प्रभार)

अमूर्त आस्तियों से प्रक्षिप्त राजस्व (ग)

वित्तीय समाप्ति/सहमित के समय परियोजना के ऋणदाता को यथा उपलब्ध अमूर्त आस्तियों से प्राप्त कुल प्रक्षिप्त राजस्व

क्रमिक अपाकरण की राशि अथवा दर से यह सुनिश्चित होना चाहिए कि अमूर्त आस्ति की सम्पूर्ण लागत का रियायत अवधि में क्रमिक अपाकरण हो गया है।

प्रत्येक वित्तीय वर्ष के अंत में राजस्व का पुनर्विलोकन किया जाएगा और प्रक्षिप्त अनुमानित राजस्व को अनुमानों में ऐसे परिवर्तनों, यदि कोई हो, को प्रतिबिंबत करने के लिए समायोजित किया जाएगा, जिससे रियायत अवधि के अंत में वास्तविक संग्रहण किया जाएगा।

(ग) उदाहरण:-

अमूर्त आस्तियों के सृजन की लागत

500/- करोड़ रुपए

करार की कुल अवधि

20 वर्ष

अमूर्त आस्तियों के सृजन में लगा समय

2 वर्ष

अमूर्त आस्तियों के क्रमिक अपाकरण हेत् समय

18 वर्ष

इसके लिए यह माना जाए कि पूरी अवधि में अमूर्त <mark>आस्तियों से उत्पन्न कुल राजस्व निम्नलिखित रीति से 600 करोड़</mark> रुपए होगाः—

वर्ष संख्या	राजस्व (करोड़ रुपए में)	टिप्पणी
वर्ष 1	5	वास्तविक
वर्ष 2	7.5	अनुमानित*
वर्ष 3	10	अनुमानित*
वर्ष 4	12.5	अनुमानित*
वर्ष 5	17.5	अनुमानित*
वर्ष 6	20	अनुमानित*
वर्ष 7	23	अनुमानित*
वर्ष 8	27	अनुमानित*
वर्ष 9	31	अनुमानित*
वर्ष 10	34	अनुमानित*
वर्ष 11	38	अनुमानित*
वर्ष 12	41	अनुमानित*

वर्ष 13	46	अनुमानित*
वर्ष 14	50	अनुमानित*
वर्ष 15	53	अनुमानित*
वर्ष 16	57	अनुमानित*
वर्ष 17	60	अनुमानित*
वर्ष 18	67.5	अनुमानित*
योग	600	

'*' वित्त वर्ष के अंत में वास्तविक होगाः

इसके आधार पर प्रथम वर्ष के लिए प्रभार 4.16 करोड़ रुपए (लगभग) (अर्थात् 5/- रुपए/600 रुपए × 500 करोड़ रुपए) जो लाभ और हानि पर प्रभारित किया जाएगा तथा प्रथम वर्ष के लिए क्रमिक अपाकरण की दर 0.83% (अर्थात 4.16 करोड़ रुपए/500 रुपए × 100) हैं।

जहां कोई कंपनी लागू लेखा मानकों के अनुसार किसी रीति से उक्त अमूर्त आस्तियों के संबंध में क्रमिक अपाकरण राशि की गणना करती है, वहां वह उसे प्रकट करेगी।"

- (2) भाग 'ग' में, पैरा 5 की, मद IV की, उप-मद (i) में, खंड (ख) के स्थान पर, निम्नलिखित खंड रखा जाएगा, अर्थात:-
- "(ख) लगातार प्रक्रिया संयत्र जिसके लिए नीचे (ii) के अधीन

कोई विशेष दर विहित नहीं की गई है [एनईएसडी]

25 वर्ष"।

- (3) भाग 'ग' के पश्चात् आने वाली 'टिप्पणी' शीर्षक के अधीन पैरा 5 का लोप किया जाएगा।
- 2. यह अधिसूचना 01 अप्रैल, 2014 से प्रवृत्त होगी।

[फा. सं. 17/60/2012-सीएल-V] रेणुका कुमार, संयुक्त सचिव

MINISTRY OF CORPORATE AFFAIRS NOTIFICATION

New Delhi, the 31st March, 2014

G.S.R. 237 (E).—In exercise of the powers conferred by sub-section (2) of Section 123 read with sub-sections (1) of Section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following alterations to Schedule II to the said Act, namely:—

- 1. In Schedule II,---
- (1) in Part 'A', in para 3, for sub-paragraphs (i) to (iii), the following sub-paragraphs shall be substituted, namely:-
 - "(i) The useful life of an asset shall not be longer than the useful life specified in Part 'C' and the residual value of an asset shall not be more than five per cent of the original cost of the asset:

Provided that where a company uses a useful life or residual value of the asset which is different from the above limits, justification for the difference shall be disclosed in its financial statement.

"(ii) For intangible assets, the provisions of the accounting standards applicable for the time being in force shall apply, except in case of intangible assets (Toll Roads) created under 'Build, Operate and Transfer', 'Build, Own, Operate and Transfer' or any other form of public private partnership route in case of road projects. Amortisation in such cases may be done as follows:

(a) Mode of amortization

	Amortisation Amount
Amortisation Rate =	× 100
,	Cost of Intangiole Assets (A)
Amortisation Amount	••.
	Actual Revenue for the year (B)
= Cost of Intangible Assets (A)	×
	Projected Revenue from Intangible Asset
	(till the end of the concession period) (C)

(b) Meaning of particulars are as follows:—

Cost of Intangible Assets (A)

Cost incurred by the company in accordance with the

accounting standards.

Actual Revenue for the year (B)

Actual revenue (Toll Charges) received during the

accounting year.

Projected Revenue from Intangible

Asset (C)

Total projected revenue from the Intangible Assets as provided to the project lender at the time of financial

closure /agreement.

The amortisation amount or rate should ensure that the whole of the cost of the intangible asset is amortised over the concession period.

Revenue shall be reviewed at the end of each financial year and projected revenue shall be adjusted to reflect such changes, if any, in the estimates as will lead to the actual collection at the end of the concession period.

(c) Example:--

Cost of creation of Intangible Assets

Rs. 500 Crores

Total period of Agreement

20 Years

Time used for creation of Intangible Assets

2 Years

Intangible Assets to be amortised in

18 Years

Assuming that the Total revenue to be generated out of Intangible Assets over the period would be Rs. 600 Crores, in the following manner:—

Year No.	Revenue (In Rs. Crores)	Remarks
Year 1	5	Actual
Year 2	7.5	Estimate *
Year 3	10	Estimate *
Year 4	12.5	Estimate *
Year 5	17.5	Estimate *
Year 6	20	Estimate *
Year 7	23	Estimate *
Year 8	27	Estimate *
Year 9	31	Estimate *
Year 10	. 34	Estimate *
Year 11	38	Estimate *
Year 12	41	Estimate *
Year 13	46	Estimate *
Year 14	50	Estimate *
Year 15	53	Estimate *
Year 16	57	Estimate *

Year 17	60	Estimate *
Year 18	67.5	Estimate *
Total	600	

'*' will be actual at the end of financial year.

Based on this the charge for first year would be Rs. 4.16 Crore (approximately) (i.e. Rs. 5/Rs. 600 x Rs. 500 Crores) which would be charged to profit and loss and 0.83% (i.e. Rs. 4.16 Crore/ Rs. 500 Crore x 100) is the amortisation rate for the first year.

Where a company arrives at the amortisation amount in respect of the said Intangible Assets in accordance with any method as per the applicable Accounting Standards, it shall disclose the same.".

(2) in Part 'C', in para 5, in item IV, in sub-item (i), for clause (b), the following clause shall be substituted, namely:—

"(b) continuous process plant for which no special rate has been prescribed under (ii) below [NESD]

25 years".

- (3) under the heading 'Notes', appearing after Part 'C', paragraph 5 shall be omitted.
- 2. This notification shall come into force with effect from 01 April, 2014.

[F. No. 17/60/2012-CL-V]

RENUKA KUMAR, Jt. Secy.

The following Announcement is being issued by the Auditing & Assurance Standards Board under the Authority of the Council of ICAI.

ANNOUNCEMENT

Manner of Reporting by the Auditors In Respect of RBI's Circular on

Deferred Tax Liability on Special Reserve created under Section 36(1) (viii) of the

Income Tax Act, 1961

- **1.** The Reserve Bank of India, on 20th December 2013, issued Circular No. DBOD. No.BP.BC.77/21.04.018/2013-14 for all commercial banks (excluding Regional Rural Banks) in respect of Deferred Tax Liability on Special Reserve created under Section 36(1) (viii) of the Income Tax Act, 1961.
- 2. RBI, in its aforesaid Circular has noted that some banks were not creating deferred tax liability (DTL) on Special Reserve as per Accounting Standard 22, 'Accounting for taxes on Income' (AS 22) on the grounds that they do not intend to withdraw from such Reserve in the future. In many cases banks have formalised such intent by having resolutions passed by their Boards or Committees to this effect.
- **3.** RBI, *vide* its aforesaid Circular, has required that as a matter of prudence, banks should create DTL on such Special Reserve. Further, for this purpose, banks may take the following course of action:
- a) If the expenditure due to the creation of DTL on Special Reserve as at March 31, 2013 has not been fully charged to the Profit and Loss account, banks may adjust the same directly from Reserves. The amount so adjusted may be appropriately disclosed in the Notes to Accounts of the financial statements for the financial year 2013-14.
- b) DTL for amounts transferred to Special Reserve from the year ending March 31, 2014 onwards should be charged to the Profit and Loss Account of that year.
- **4.** RBI Circular also states that in view of the requirement to create DTL on Special Reserve, banks may reckon the entire Special Reserve for the purpose of computing Tier-I Capital.
- 5. The Council of ICAI has considered the impact of the accounting dispensation prescribed by RBI with respect to treatment of expenditure on creation of DTL as at 31st March 2013 (as referred to in paragraph 3.a above) on the report of the banks' statutory auditors.
- 6. On a consideration of the matter, the Council is of the view that any specific accounting treatment prescribed by a regulator, even if at variance with the Accounting Standard/s, was an integral part of the financial reporting framework applicable to the entity falling under the jurisdiction of such regulator and the entity would be required to follow such prescribed accounting treatment. Accordingly, the statutory auditors need not modify their audit opinion in respect of such prescribed accounting treatment. However, the fact may be brought out by the statutory auditors in their audit report by way of an "Emphasis of Matter" paragraph in accordance with the Standard on Audit (SA) 706, "Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report",

issued by ICAI, provided the matter of departure from the requirements of the Accounting Standard/s pursuant to the aforesaid regulatory requirement is appropriately disclosed, with quantification, by the entity by way of the notes to the accounts in the financial statements.

7. An illustrative "Emphasis of Matter" paragraph is as follows:

"Emphasis of Matter

We draw attention to Note X to the financial statements, which describes the accounting treatment of the expenditure on creation of Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at 31st March 2013, pursuant to RBI's Circular No. DBOD. No.BP.BC.77/21.04.018/2013-14 dated 20th December 2013. Our opinion is not qualified in respect of this matter."

- **8.** The aforesaid disclosure in the Notes to the Accounts would normally include the following information in respect of creation of Deferred Tax Liability (DTL) on Special Reserve for the following:
 - Amount of expenditure due to the creation of DTL on Special Reserve as at March 31, 2013 not fully charged to the Profit and Loss Account as adjusted directly against Reserves
 - Impact on Profit & Loss Account had the amount of hitherto unprovided DTL been charged to the Profit and Loss Account instead of Reserves directly as required by the RBI Circular.
- **9.** An illustrative Note to Accounts in this regard is as follows:

"Pursuant οf India's Circular No. DBOD. to Reserve Bank (RBI's) No.BP.BC.77/21.04.018/2013-14 dated 20th December 2013, the Bank has created Deferred Tax Liability on the Special Reserve under section 36(1)(viii) of the Income-tax Act, 1961. As required by the said RBI Circular, the expenditure, amounting to Rs. XXXX due to the creation of DTL on Special Reserve as at March 31, 2013, not previously charged to the Profit and Loss Account, has now been adjusted directly from the Reserves. Had this amount been charged to the Profit & Loss Account in accordance with the generally accepted accounting principles in India, the amount of Profit for year had been lower/amount of Loss for the year higher1 by such amount."

¹ As the case may be.

Government of West Bengal

Directorate of Commercial Taxes

14, Beliaghata Road, Kolkata-700015

Trade Circular No. 7 of 2014 dated 16/04/2014

Sub: Electronic Enrolment of Transporters in West Bengal under WBVAT Act, 2003

According to section 25 of the West Bengal Value Added Tax Act, 2003, every transporter, carrier or transporting agent, including those who are already in possession of a certificate of enrolment, operating his transporting business in West Bengal, shall mandatorily apply and obtain from Commissioner, a Certificate of Enrolment or a fresh Certificate of Enrolment, in Form 11, as the case may be. According to rule 17 of the West Bengal Value Added Tax Rules, 2005, the transporter, carrier or transporting agent shall apply in Form 10 for enrolment electronically.

A web-link for such application has been provided under the link 'e-Enrolment of Transporters' under 'e-Services' in Directorate's website www.wbcomtax.gov.in. Through this link, any eligible transporter, carrier or transporting agent can (a) apply for electronic enrolment, (b) reprint the acknowledgement slip against successful submission of application, (c) view the status of any submitted application, (d) generate user id & password necessary for downloading Certificate of Enrolment and (e) download & print the Certificate of Enrolment in Form 11. A user manual has also been provided alongside for ready reference.

Brief process of the enrolment is as under:-

- 1. Applicant shall make electronic application in **Form 10** through the given link and submit the application by first selecting the appropriate Charge Office under whose jurisdiction the place of business falls and then filling up some vital information regarding the transport business including valid PAN.
- 2. On successful submission of the application, a system-generated **Acknowledgement Slip** will be displayed which will contain the address of the selected Charge.
- 3. The print copy of the Acknowledgement Slip should be submitted along with necessary documents as instructed thereon at the respective Charge along with payment document of **enrolment fee of Rs.100/-**, paid through challan under VAT Act.
- 4. The Acknowledgement Slip Number shall have to be **received electronically** at the Charge Office through an internal application in IMPACT.
- 5. The disposing Officer shall then dispose the application, both in file as well as electronically, after necessary scrutiny and verification of the related documents, by way of accepting or rejecting it. He/she may also adjourn the disposal for specific reasons.
- 6. When the application is accepted, it will be automatically communicated to the applicant via e-mail and/or sms. When the application is rejected/ adjourned, similar communication will be made giving reasons for such action.
- 7. Once the applicant is confirmed that the application is accepted, he shall generate user id & password and then shall sign in to download the **Certificate of Enrolment in Form 11** electronically and get it printed.

By introduction of such process, the existing manual process is henceforth done away with. Already enrolled transporters, carriers, transporting agents who are in possession of manual Certificate in Form 11, shall have to apply afresh for New Enrolment Number electronically. The changes shall take effect immediately.

sd/-

(Binod Kumar)

Commissioner, Commercial Taxes

West Bengal

Memo. No<u>. 306 /CT/PRO</u> 3C/PRO/2012 Date: 16.04.2014

Copy forwarded to Addl. CCT/ ISD for information and for uploading it in the official website of the Directorate for information of all concerned.

Sd/-

K.C.Chowdhury Addl.CCT/WB

GOVERNMENT OF WEST BENGAL DIRECTORATE OF COMMERCIAL TAXES 14, BELIAGHATA ROAD, KOLKATA -15

Second addendum to Trade Circular No. 3/2014 dtd 18.02.2014

Dated: 16.04.2014

Sub: Extension of date to the "Sale/ Purchase Mismatch Application" for 2011-12

By issue of first addendum to Trade Circular No. 3/2014 dtd. 18.02.2014 on 26.03.2014, last date for online reconciliation of "Sale/Purchase mismatch for 2011-12" was extended upto 16.04.2014.

Now the Chambers of Commerce/Trade Bodies/individual dealers have again requested for extension of the date on the ground of year end pressure etc. Thus dealers who are ready and willing to comply have failed to upload their mismatch details within the period so extended.

Though it is the second year for which dealers are requested to reconcile "Purchase-Sale mismatches", it is important that the assessment for 2011-12 will be time barred by 30th June, 2014. Hence, there is limitation on time extension.

Considering the entire situation and representations made, the last date of online reconciliation of the Purchase/Sale mismatch for 2011-12 is decided to be extended for the second time upto 30.05.2014 and is extended. No further extension would be made. Defaulters would be liable for special audit on this ground.

Therefore, dealers are requested to positively reconcile mismatches by 30th May, 2014.

Binod Kumar Commissioner, Sales Tax, West Bengal

Date: 16.04.2014

Memo. No<u>. 303 /CT/PRO</u> 3C/PRO/2012

Copy forwarded to Addl. CCT/ ISD for information and for uploading it in the official website of the Directorate for information of all concerned.

K.C.Chowdhury Addl.CCT/WB