



**The Malad
Chamber of
Tax
Consultants**



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President's Communiqué



Dear Members,

Summers have started and schools are over. Happy faces with relaxed mind are found everywhere, be it mothers or kids. All do's and don'ts are over now and only merry times are to be enjoyed. But friends from our sides there are no vacations as such. As the Union Budget already tabled and State Budget also announced on 26th March, 2012 by the Deputy Chief Minister (Finance) Shri Ajit Pawar, it's time for us to update ourselves with it and work on it. But actually most of us must have just now finished with bank audits and tired out of those hectic days.

Referring about the last meeting held on Sunday, 25th March, 2012 and the topic was Budget Proposals on Direct Taxes wherein the speakers were CA Yatin Rangwala & CA Atul Ruparelia. The meeting was sponsored by our Past President Shri Dilip Parekh and we are very much thankful to him. It is a pleasure to say that we had an overwhelming response from the members and we sold out all the copies of Budget Publication, 2012.

Happy Akshay Tiritiya to all.

Thank you

With warm regards

Brijesh Cholera
President

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SALES TAX UPDATE

By CA Nitin D. Kenia and CA Bharat K. Gosar

Notifications issued by the State Government under the M.V.A.T. Act, 2002

(1) No. VAT-1512/CR-43/Taxation-1 dated 31st March, 2012

Vide this notification amendment is carried out to Rule 53(3) of Maharashtra Value Added Tax Rules, 2002.

As per the amendment, if there is an interstate transfer of goods to other branch from the State of Maharashtra branch, then set off is available in respect of tax paid on corresponding purchase of goods after reducing 4% of purchase value from the amount of set off. This amendment is effective from 1st April, 2012. Earlier, the rate of reduction was @ 2%.

(2) No. VAT.1512/C.R.40/Taxation-1 dated 31st March, 2012

Amendments to schedule entries with effect from 1-4-2012

Sr. No.	Name of commodity	New Schedule Entry	New Rate of tax	Old Schedule Entry	Old Rate of Tax	Comment
1	Paddy, rice, wheat and pulses in whole grain, split or tax is extended	A-9(A)(a)	Nil	A-9(A)(a)	Nil	Exemption from payment of sales broken form; by one more year up to 31-3-2013.
	The flour of wheat & rice including atta, maida, rawa and suji whether sold singly or in mixed form	A-9(A)(b)	Nil	A-9(A)(b)	Nil	
	The flour of pulses including besan when sold singly and not mixed with flour of other pulses or cereals, sold during the period from 1st May, 2006 to 31st March, 2012	A-9(A)(c)	Nil	A-9(A)(c)	Nil	
2	Papad except when served for consumption	A-51(i)	Nil	A-51	Nil	Exemption from payment of sales tax is extended by one more year up to 31-3-2013.
	Gur	A-51(ii)	Nil	A-51	Nil	
	Chillies, turmeric and tamarind whole, powdered or separated but excluding Chilly seed and tamarind seed when sold in separated form	A-51(iii)	Nil	A-51	Nil	



Sr. No.	Name of commodity	New Schedule Entry	New Rate of tax	Old Schedule Entry	Old Rate of Tax	Comment
	Coriander seeds, Fenugreek and Parsley (Suva) whole or powdered	A-51(iv)	Nil	A-51	Nil	
	Coconut in shell and separated kernel of coconut, other than copra	A-51(v)	Nil	A-51	Nil	
	Solapuri chaddars	A-51(vi)	Nil	A-51	Nil	
	Towels	A-51(vii)	Nil	A-51	Nil	
	Wet dates	A-51(viii)	Nil	A-51	Nil	
3	Cotton yarn but not including in cotton yarn waste	C-4(a)	2%	C-4(a)	5%	
4	Bamboo and Bamboo Products	C-10	5%	E-1	12.5%	“Bamboo” was already covered in Schedule C and was subject to tax @ 5%. Now, “Bamboo Products” are also covered in Schedule C along with “Bamboo”.
5	Plaster of Paris	E-1	12.5%	C-41	5%	The item is removed from Schedule C. Now, subject to 12.5% under residual entry.
6	Liquefied Petroleum Gas (LPG) for domestic use	C-58(b)	3%	A-21A	Nil	
7	Notified Poultry machinery and equipments	C-75A	5%	E-1	12.5%	This item is now covered under newly created Schedule entry.
8	Ribbon, Bow, Kajal	C-82A	5%	N.A	N.A	
9	Rock Salt	C-83A	5%	A-48	Nil	Previously, we were covering this item in Schedule A-48 and claiming exemption. Now, this item will be taxable @ 5%



Sr. No.	Name of commodity	New Schedule Entry	New Rate of tax	Old Schedule Entry	Old Rate of Tax	Comment
10	Safety Helmets	C-85A	5%	E-1	12.5%	This item is now covered under newly created Schedule entry.
11	Umbrella and Raincoats excluding garden umbrella	C-99(a)	5%	C-81	5%	The item Raincoat was treated as readymade garment under the Schedule entry C-81. Now. It is specially covered in C-99 along with Umbrella.
12	Writing boards or writing pads, drawing boards, black boards, green boards, white boards, examination pads, foot rulers, eraser, glitter pens, sketch pens, staplers, pencil leads, oil pastels, drawing charcoals and envelopes	C-104 (c)	5%	N.A	N.A	
13	Raw, semi cooked, semi processed, readymix and ready to cook preparations, sold in sealed containers excluding ready to eat food and those covered by clause (a) to clause (e) above	C-107(11)(f)	5%	N.A.	N.A.	
14	Tea in leaf or powder form including instant tea	C-108 (1) (b)	5%	C-108 (1) (b)	5%	Concessional rate of 5% tax is extended by one more year up to 31-3-2013.





Sr. No.	Name of commodity	New Schedule Entry	New Rate of tax	Old Schedule Entry	Old Rate of Tax	Comment
15	Dry fruits excluding raisins and currants	C-108A	5%	E-1	12.5%	Cashewnut was specially excluded from this entry. Now, once again cashewnut will be covered under Schedule C and will be taxable @ 5%.
16	Adult diapers and Sanitary napkins	C-116	5%	N.A.	N.A.	This item is now covered under newly created Schedule entry.
17	Aviation Turbine Fuel	D-11	5%	D-11	4%	
18	Beedi	D-12	12.5%	A-45(A)(b)	Nil	

DIRECT TAXES – LAW UPDATE

By CA Haresh P. Kenia

□ Exemption from requirement of furnishing a return of income {205 TAXMANN (st.) 3}

The Central Government in exercise of the powers u/s 139(IC) of the Income Tax Act, *vide* notification No. 9/2012 dated 17-2-2012 exempts the following class of persons from the requirement of the furnishing the return of Income u/s 139(IC) of the Income Tax Act, for the Assessment Year 2012-13. The exemption is subject to certain condition as listed below:

- 1) **Class of persons** – An individual whose total income for the relevant assessment year does not exceed five lakh rupees and consists of only income chargeable to income-tax under the following head,—
 - (A) “Salary”;
 - (B) “Income from other sources”, by way of interest from a saving account in a bank, not exceeding ten thousand rupees.
- 2) **Conditions** – The individual referred to in para 1,—
 - (i) has reported to his employer his Permanent Account Number (PAN),
 - (ii) has reported to his employer, the incomes mentioned in sub-para (B) of para 1 and the employer has deducted the tax thereon;
 - (iii) has received a certificate of tax deduction in Form 16 from his employer which mentions the PAN, details of income and the tax deducted at source and deposited to the credit of the Central Government;
 - (iv) has discharged his total tax liability for the assessment year through tax deduction at source and its deposit by the employer to the Central Government;
 - (v) has no claim of refund of taxes due to him for the income of the assessment year, and
 - (vi) has received salary from only one employer for the assessment year.

The exemption from the requirement of furnishing a return of income will not applicable where a notice under the following sections has been issued for filing a return of income for the relevant assessment year.

- (A) 142(1) or (B) 148 or (C) 153A or (D) 153C

□ Furnishing of Annual Statement by a non-resident having Liaison Office in India {205 TAXMANN (st.) 4}

The CBDT *vide* Notification No. 5/2012 dated 6-2-2012 gives income tax (Second Amendment) Rules, 2012. It inserts new rule 114DA which prescribes the requirement of furnishing of annual statement by Non-resident having liaison





office in India. The annual statement is required to be furnished in Form No. 49C for every financial year. Such annual statement is required to be verified by the Chartered Accountant or the authorized signatory as authorized by Non-resident person.

□ Condonation of delay in filing return of income by applicants who has made investment in 8% Savings (Taxable) Bonds, 2003 issued by Government of India {205 TAXMANN (st.) 7}

The CBDT *vide* instruction No. 2/2012 dated 22-2-2012 issued a instruction to subordinate authorities u/s 119(2)(b) for the condonation of delay in filing return of Income by applicants who have made investment in 8% Saving (Taxable) Bonds, 2003 issued by the Government of India and opted for scheme of cumulative interest.

The CBDT has made the clarification with regard to the matter of allowance of return on the above subject. The board has decided that the time limit prescribed in clause 4 of CBDT Instruction No. 13/2006, dated 22-12-2006 for entertaining application u/s 119(2)(b) of the Act shall not apply if:

- (i) the applicant has made investment in 8% Savings (Taxable) Bonds, 2003 issued by the Government of India opting for cumulative interest on maturity but has accounted interest earned on mercantile basis, and
- (ii) the intermediary bank at the time of maturity has made deduction of tax at source (TDS) on the entire amount of interest paid without apportioning the accrued interest/TDS for various financial years involved.

However, other conditions prescribed in CBDT Instruction No. 13/2006 shall continue to apply.

□ Income Tax (Appellate Tribunal) Amendment Rules, 2012 (205 TAXMANN {S.T.} 25)

The appellate tribunal in exercise of the power u/s 255(5) of the Income Tax Act *vide* notification No. F.71-AD/2012 dated 7-2-2012 amends the Income Tax (Appellate Tribunal) Rules, 1963.

It amends the following rules.

- Rule 2 – relating to Definition.
- Rule 4A – relating to Powers and Function of the Registrar.
- Rule 9 – regarding, what to accompany memorandum of appeal? It also inserts Rule 9A for the procedure to be followed in the event of change of address of the parties to the appeal.
- Rule 26 – relating to continuation of proceedings after the death or insolvency to the party in the appeal.
- Rule 34A – relating to procedure for dealing with applications u/s 254(2).
- Rule 35A – procedure of filing and disposal of stay petition.



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