

Important Circulars & Notifications

May'2015

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Blue Consulting Pvt. Ltd.

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1. Income tax

Title	Category	Description	Section/ Rule	Date
Conversion of outstanding interest into a loan does not amount to an actual payment	Case Law	CIT VS M.M.Aqua Technologies Ltd (Delhi High Court) Fact: The assessee was heavily indebted to its institutional creditors.He was unable to discharge the interest liability due to his financial hardship and then he converted interest payable into a loan or borrowings. Now, he is claiming deduction under section 43B. Held: High court held that conversion of outstanding interest into a loan does not amount to an actual payment of the interest and so deduction for the interest cannot be claimed under section 43B of The Income Tax Act,1961. [Read More]	Section 43B	18 th May 2015
TDS on payment to transporters with effect from 1 st June 2015	Amendment	<ul style="list-style-type: none">As per new provision of Section 194C, if the transporter is having more than 10 Goods carriage at any time during the previous year, then Payer is liable to deduct TDS at the time of payment at the rate of 1% in case of Individual/HUF or 2% in case of company, as the case may be.Prior to the amendment, there was no requirement of deduction of tax if the transporter provide PAN to the payer. [Read More]	Section 194C	1 st June 2015



....Contd. (Income tax)

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Title	Category	Description	Section/ Rule	Date
Depreciation to be set off prior to unabsorbed carried forward investment allowance	Case Law	Seshasayee Paper & Board Ltd VS CIT (Supreme Court) Fact: In the given case, Assessee had unabsorbed depreciation of the earlier years and unabsorbed investment allowance of previous year. But assessee chose to carry forward investment allowance over unabsorbed depreciation to set off against the income of the current year. Held: The Supreme Court clarified that as per Section 32(2), the unabsorbed depreciation had become part of the current year depreciation, the entire depreciation shall be given preference over and above the investment allowance & should be set off against the profit of current year firstly. [Read More]	Section 32	15 th May 2015
Assessing officer have no power to doubt certificate granted to charitable Trust	Case Law	DIT VS Ram Kishan Kulwant Rai Charitable Trust (Delhi High Court) Fact: Assessee was registered as Trust and certificate of a charitable trust was granted under section 12A .The Assessing officer held that assessee is not in fact carrying on charitable activities and therefore not entitled to the benefit of Section 12A of the Income Tax Act 1961. Held: The Income Tax Appellate Tribunal granted relief to the assessee that the Assessing officer was not empowered to comment on the correctness of certificate which had been granted under section 12A. [Read More]	Section 12A	14 th May 2015



....Contd. (Income tax)

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Title	Category	Description	Section/ Rule	Date
Introduction of ITR-2A and simplification of ITR 1,2 and 4S	Press release	<ul style="list-style-type: none">• At present, Individual/HUF having income from more than one house property and capital gains are required to file ITR-2.• But majority of Individual/HUF who file form ITR-2, do not have capital gains.• With a view to simplify form for these Individual/HUF, a new form ITR 2A has been proposed which can be filed by an Individual/HUF who does not have capital gains, income from business/profession or foreign asset/foreign income.• Income tax return form ITR1,2 and 4S have been further simplified for convenience of the tax payers.• Notification is awaited. <p style="text-align: right;">[Read More]</p>	Section 139(1)	31 st May 2015

2. Service tax



Title	Category	Description	Section/ Rule	Date
Changes in rate of service tax from 01/06/2015	Notification	<p>Notification No. 14/2015</p> <ul style="list-style-type: none"> •The Union Budget 2015 has proposed an increase in the rate of service tax from 12.36% to flat 14% with abolishment of Education cess and Secondary & Higher secondary education cess. • It will be effective from 1st June 2015. • A new chapter VI has been inserted in Finance Bill 2015 that has proposed a new levy of cess called the "Swachh Bharat Cess" levied on taxable services at the rate of 2% of the value of such services. • With Swachh Bharat Cess, service tax rate may further increase from present 14% to 16%. <p style="text-align: right;">[Read More]</p>		19 th May 2015
Service tax refund claim can not be rejected merely on ground of mentioning wrong notification number	Case Law	<p>Monarch Catalyst VS Commissioner of Central Excise</p> <p>Fact : In this case, while filing the refund claim, the assessee mentioned a wrong notification number by mistake. The Department rejected refund claim on ground of wrong notification no. and did not issue any show cause notice for the same.</p> <p>Held : The Hon'ble CESTAT held that the refund claim could not have been rejected because of wrong Notification number and assessee is entitled to claim refund.</p> <p style="text-align: right;">[Read More]</p>		4 th June 2015



....Contd. (Service tax)

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Title	Category	Description	Section/ Rule	Date
Changes in rate of service tax on air travel, life insurance, money changing & lotteries services	Notification	<p>Notification No. 15/2015</p> <ul style="list-style-type: none">• Service Tax rate has been revised in respect of certain services that will come into effect from 1st June 2015.• The services and their revised rate of tax are : Booking of Air Ticket: New service tax rate is 0.70% of basic fare on domestic booking and 1.4% of basic fare on international booking, which was 0.60% and 1.20% earlier. Life Insurance Business: New service tax rate is 3.5% of premium charged in 1st year and 1.75% in the subsequent years, which was 3% and 1.5% earlier. Sale/Purchase of Foreign Exchange: New service tax rate is 0.14% of gross amount of currency exchanged of amount not exceeding 1 Lakh and ₹140 plus 0.07% of gross amount exceeding 1 Lakh but upto 10 Lakh, which was 0.12% and 0.06% earlier. If amount exceeds 10 Lakh, then ₹ 770 plus 0.014% of gross amount exceeding 10 Lakh (Maximum ₹7000), which was 0.012% (Maximum ₹6000) earlier. <p style="text-align: right;">[Read More]</p>		19 th May 2015

3. Others



Title	Category	Description	Section /Rule	Date
The Companies (Amendment) Act, 2015 received the assent of the President	Act	<ul style="list-style-type: none"> The Companies (Amendment) Act 2015 received the assent of the President on the 25th May 2015 and published in Official Gazette of India on 26th May 2015. The major amendments are related to : <ul style="list-style-type: none"> • Related party transactions • Fraud reporting by auditors • Public inspection of board resolution • Responsibilities of audit committee • Making common seal optional • Requirement for minimum paid-up share capital • Strength of benches for hearing winding up cases • Jurisdiction of special courts to try offences and restriction on bail. <p style="text-align: right;">[Read More]</p>	Section 3(ii)	26 th May 2015
Reserve Bank of India liberalises remittance scheme and rationalises current account transactions	Circular	<p>RBI/2013-14/620 Circular No. 106</p> <ul style="list-style-type: none"> The Reserve bank of India liberalised remittance scheme for resident individual and increased the limit from USD 1,25,000 to USD 2,50,000. Now, Banks may allow remittance by a resident individual up to USD 2,50,000 per financial year for any permitted current or capital account transaction or a combination of both. <p style="text-align: right;">[Read More]</p>		1 st June 2015



4. Interesting facts

- Flatbush National Bank of Brooklyn, New York was the first bank to issue a credit card in 1946.
- China produces approximately 270 tonnes gold in a year that is highest in the world.
- If you add up annual profits of the entire airline industry going back to 1948, you will get loss of apprx. \$32 billion.
- In the first quarter of 2012, the number of iphones Apple sold per day surpassed the number of babies born per day worldwide (4,02,000 Vs 3,00,000).
- Only 8% of the world's currency is actual physical money and rest is digital money that exists only on computers.
- The Romans were the first to stamp the image of a living person (Julius Caesar) on a coin after winning in a War.
- Early Romans used salt as a form of money. In fact, the word "Salary" comes from word "Sal" which means Salt in Latin.
- Berkshire Hathaway's class A stock is trading at over \$2,00,000 per share that is highest price of a share in the world.
- The Total Assets under supervision of JP Morgan is \$2.2 Trillion that is more than the GDP of India.
- The World's first Bank, "Monte Dei Paschi di Siena", was founded in 1472 in Italy and it is still operates today.



5. About us

- Blue Consulting or 'BC' provides value added and high quality **Finance & Accounts Outsourcing Services to Companies in India.**
- Our services include **Taxation Compliances** on pan India level, **across 29 States and 7 Union territories.**
- We work as an extension of CFO's team and our services result in **increase of managerial bandwidth of CFO's.**
- We invest great deal of time and efforts in understanding our client's business which ensures that we **provide customized solutions** to their specific needs and requirements.
- We are a strong and stable of team of more than **75 people.**
- We are comfortable working on any ERP platforms i.e. SAP, Oracle, Navision, Baan, PeopleSoft, Xero, Tally.



6. Contact us

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Disclaimer


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Blue Consulting, or BC, has its roots in a well established, four decade old chartered accountants firm. Utilizing forty years of industry experience and functional expertise, BC looks innovatively beyond standard solutions to develop new insights, drive tangible results, and empower clients to achieve greater results.

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*“A dream is not that
which you see in sleep
A dream is that
which does not let you sleep”*