

CORPORATE UPDATE

For Client Circulation Only

No. 03/2006

24th April, 2006

❖ INCOME TAX

1-19

❖ DATES TO REMEMBER

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INCOME TAX

I. New Form No. 16 Notified

Consequent to the introduction of Section 80C and other changes in Income Tax Act, CBDT has notified the changes in format of Form No. 16 vide notification no. 50/2006 dated 09/03/2006.

The said notification explaining the changes in Form 16 is reproduced below for your information.

S.O. 303 (E):- In exercise of the powers conferred by section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income-tax (First Amendment) Rules, 2006.
(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 1962, in Appendix II, in Form No. 16, -
 - (i) in item 4, -
 - (A) clause (a) shall be omitted;
 - (B) clause (b) shall be relettered as clause (a);
 - (C) clause (c) shall be relettered as clause (b);
 - (ii) in item 5, for the word, brackets and letter to (c), the word, brackets and letter and (b) shall be substituted;
 - (iii) for item 9, the following shall be substituted, namely:-
 9. Deductions under Chapter VIA
 - (A) sections 80C, 80CCC and 80 CCD

| | Gross Amount | Deductible Amount |
|-------------------|--------------|-------------------|
| (a) section 80C | | |
| (i) Rs | | |
| (ii) ... Rs | | |
| (iii) Rs | | |
| (iv) .. Rs | | |
| (v) ... Rs | | |
| (vi) Rs | Rs | Rs. |
| (b) section 80CCC | Rs | Rs. |
| (c) section 80CCD | Rs | Rs. |

Note:

1. aggregate amount deductible under section 80C shall not exceed one lakh rupees
2. aggregate amount deductible under the three sections, i.e., 80C, 80CCC and 80CCD, shall not exceed one lakh rupees

(B) Other sections (for e.g., 80E, 80G etc.) under Chapter VIA

| | Gross Amount | Qualifying Amount | Deductible Amount |
|---------------|--------------|-------------------|-------------------|
| (a) section . | Rs | Rs | Rs |
| (b) section . | Rs | Rs | Rs |
| (c) section . | Rs | Rs | Rs |
| (d) section . | Rs | Rs | Rs |
| (e) section . | Rs | Rs | Rs |

(iv) for items 13 to 15A, the following items shall be substituted, namely:-

| | |
|--|-----|
| 13. Surcharge (on tax computed at S. No. 12) | Rs |
| 14. Education Cess (on tax at S. No. 12 and surcharge at S. No.13) | Rs |
| 15. Tax payable (12+13+14) | Rs; |
| (v) For item 17, the following item shall be substituted, namely:- | |
| 17. Tax payable (15-16) | Rs. |

[Notification No. 50/2006/F.No.142/40/2005-TPL]

II. Instruction for selection of cases for "scrutiny"

The CBDT has issued instructions laying down the procedure for selection of returns/ cases of "Corporate" and "Non Corporate" assesses for scrutiny relating to financial year 2005-06. The copy of instructions are reproduced below :-

Instruction: procedure for selection of cases for "scrutiny" for corporate assesses

1. In suppression of earlier instructions on the above subject, the Board hereby lays down the following procedure for selection of returns/cases of corporate assesses for scrutiny during the current financial year, i.e. 2005-06.
2. The following categories of cases shall be compulsorily scrutinized: -
 - (a) All assessment pertaining to search & seizure cases.
 - (b) All assessment pertaining to survey conducted under section 133A of the Income tax Act.
 - (c) All returns where deduction claimed under chapter VI-A of the Income tax Act is Rs. 25 lakh or above in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad,

Bangalore and Ahmedabad; and Rs. 10 lakh or above in other places.

- (d) (i) All returns where refund claimed is Rs. 50 lakh or above in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad; and Rs. 20 lakh or above in other places.
- (d) (ii) In cases of foreign companies, the refund limit for selecting a case for scrutiny shall be decided by the DGIT (international Taxation).
- (e) All cases wherein addition/Disallowance sustained by the CIT (Appeals) in the appeals decided during the financial year 2004-05 amount to Rs.10 lakh or above in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad; and Rs. 5 lakh or above in other places.
- (f) All banks and public sector undertakings.
- (g) All NSE-500 companies & BSE-A group companies listed on Bombay stock exchange as on 31.3.2005.
- (h) All cases of companies liable to pay tax under section 115JB with book profit exceeding Rs. 50 lakh.
- (i) Cases of universities, educational institution, hospitals, nursing homes and other institutions for rehabilitation of patients (other than those, which are substantially financed by government), the aggregate annual receipts of which exceed Rs. 10 crore or above in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad; and Rs. 5 crore or above in other places. [Ref. se. 10(23C) & Rule 2BC]
- (j) Cases where total value of international transaction (as defined under section 92B of the income -tax Act.) exceeds Rs. 5 crore.
- (k) All non-banking financial corporation (NBFCs)/investment companies having paid-up capital of more than Rs. 10 crore.
- (l) All cases of stockbrokers (including sub-brokers) where brokerage received is disclosed at Rs. 1 crore or above and income declared is less than 10% of such brokerage.
- (m) All cases of amalgamated companies claiming set off of loss under section 72A of the income tax Act.
- (n) Cases of amalgamated companies claiming set off loss under section 72A of the income tax Act.
- (o) All cases of deduction under sections 10A and/or 10B of the income –tax Act with export turnover exceeding Rs. 10 crore.
- (p) All cases of contractors whose gross contractual receipts exceed Rs. 5 crore and net income declared is less than 5% of gross contractual receipts

3. Where a case does not fall in the categories specified at Para 2 above but the CCIT/DGIT (international taxation)/DGIT (Exemptions), for reasons to be recorded in writing, may direct the Assessing Officer to take up the case for scrutiny.
4. The CCIT/DGIT (international taxation)/DGIT (Exemptions), may issue suitable guidelines for reducing/increasing the number of cases selected under specific clauses of Para 2, for proper management of the workload as well as to avoid large scale transfer of cases from one jurisdiction to another.
5. All return filed in response to notice issued under section 148 of the income tax Act shall be selected for scrutiny.
6. In addition to above, selection of cases out of returns processed on AST will be made through a computer Assisted scrutiny System (CASS). The selection will be made centrally at RCCs on the basis of selection criteria determined by the board. Separate instructions in this regard will be issued by the DIT (Systems).
7. Lists of cases picked up for scrutiny during each month shall be submitted by the assessing officer to the CIT and ADDI. CIT, range by 15th of the following month. Selection of cases under these criteria [paras. 2(c) and (d)] shall not be done manually in 60 cities on computer network but through Computer Assisted Scrutiny System (CASS), for which, necessary being issued by directorate of income tax (Systems)

Instruction: procedure for selection of cases for “scrutiny” for non-corporate assesses

1. In suppression of earlier instructions of the above subject, the board hereby lays down the following procedure for selection of returns/cases of Non-Corporate Assesses for Scrutiny during the current financial year, i.e., 2005-06
2. The following categories of cases shall be compulsorily scrutinized:-
 - (a) All assessments pertaining to search & Seizure cases.
 - (b) All assessments pertaining to surveys conducted under section 133A of the Income tax Act.
 - (c) * All returns where deduction claimed under Chapter VI-A of the income tax Act is Rs. 10 lakh or above in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad; and Rs. 5 Lakh or above in other places

- (d) * (i) All returns where refund claimed is RS. 10 lakh or above in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad and Rs. 5 lakh or above in other places.
- (ii) In cases of non-residents, the refund limit for selecting a case for scrutiny shall be decided by the DGIT (International Taxation)
- (e) All cases wherein addition/disallowance sustained by the CIT (Appeals) in the appeals decided during the financial year 2004-05 amounts to Rs. 5 lakh or above in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad and Rs. 1 lakh or above in other places.
- (f) * All returns filed by a local authorities assessable to income tax.
- (g) All cases of banks and Non banking financial institutions with deposits of Rs. 5 crore and above.
- (h) Cases of universities, educational institutions, hospitals, nursing homes and other institutions for rehabilitation of patients (other than those, which are substantially financed by the Government), the aggregate annual receipts of which exceeds Rs. 10 crore in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad and Rs. 5 crore in other places. [Ref.S. 10(23C) & Rule 2BC].
- (i) All cases where exemption is claimed under section 11 of income tax Act and the gross receipts exceed by Rs. 5 crore.
- (j) All cases where total value of International Transactions (as defined under section 92B of the Income Tax Act) exceeds Rs. 5 crore
- (k) All cases of stockbrokers (including sub brokers) where brokerage received is disclosed at Rs. 50 lakh or above and income declared is less than 10% of such brokerage.
- (l) All cases of stockbrokers (including sub brokers) where there are claims of bad debts of Rs. 5 lakh or more.
- (m) All cases of professionals with gross receipts of Rs 50 lakh or more and income declared is less than 20% of gross professional receipts.
- (n) All cases of deduction under sections 10A and/or 10B of the Income tax Act with export turnover exceeding Rs. 5 crore.
- (o) All cases of contractors where gross contractual receipts exceed Rs. 2 crore and net income declared is less than 5% of gross contractual receipts.

3. Where a case does not fall in the categories specified at para 2 above but the CIT/DGIT (International Taxation)/ DGIT (Exemptions), of his own motion or on the matter having been brought to his notice by an authority below, is satisfied that the case needs to be taken up for scrutiny, the CCIT/DGIT (International Taxation)/ DGIT (Exemptions), for reasons to be recorded in writing, may direct the Assessing Officer to take up the case for scrutiny.
4. The CCIT/DGIT (International Taxation)/ DGIT (Exemptions), may issue suitable guidelines for reducing/increasing the number of cases selected under specified clauses of para 2, for proper management of the workload as well as to avoid large scale transfer of cases from one jurisdiction to another.
5. All returns filed in response to notice issued under section 148 of the Income Tax Act shall be selected for scrutiny.
6. In addition to above, selection of cases out of returns processed on AST will be made through a Computer Assisted Scrutiny System (CASS). The Board will make the selection centrally at RCCs on the basis of selection criteria determined. Separate instructions in this regard will be issued by the DIT (Systems).
7. Lists of cases picked up for scrutiny during each month shall be submitted by the Assessing Officer to the CIT and Addl. CIT, Range by 15th of the following month.

** Selection of cases under these criteria [para 2(c), (d) and (f)] shall not be done manually in 60 cities on computer network but through Computer Assisted Scrutiny System (CASS), for which, necessary provisions have been made in the CASS software being issued by Directorate of Income -tax (Systems).*

III. FAQ's on Form 26AS

New rule 31AB was introduced in March, 2005 prescribing Form 26AS, a consolidated tax statement, to be issued by an Income Tax authority, to every person who has deducted tax or deposited tax or to the buyer, license/lessee who has collected tax. The said Form 26AS also called Annual tax Statement can now be viewed online at www.tin.nsdil.com. It contains the details of

- Tax deducted/ collected on behalf of the taxpayer by deductors/ collectors.
- Advance tax/ self assessment tax, regular assessment tax etc., deposited by the tax payer (PAN holder)

A press release has been issued in March 2006 dealing with various FAQ's on Form 26AS. These FAQs are available at www.tin.nsd.com

IV. Large Taxpayer Units (LTUs)

The Government has decided to set up Large Taxpayer Units (LTUs), which would act as a single window facilitation center for all large entities paying excise duty, corporate tax/income tax and service tax.

LTUs would be established initially in five large cities of the country, viz. Bangalore, Chennai, Delhi, Kolkata and Mumbai and will be made operational from early financial year 2006-07.

The Press release issued, explaining the functions, structure and procedure of LTUs is reproduced below for your understanding:

I Preface

A number of tax administrations in the world have established special systems to administer their large taxpayers. In the 1950s and 1960s, several OECD countries introduced special tax audit operations for large operations. A more recent trend, especially in developing and transitional countries, has been to set up full-fledged large taxpayer units that are responsible for most tax administration functions relating to such taxpayers, including collection, enforcement of tax arrears and audit. Some developed countries (such as Australia, the Netherlands, New Zealand, the United Kingdom, the United States of America) have reorganized their tax administrations around different types of taxpayers, or taxpayer segments.

In Asia, 13 countries have established LTUs at different points of time, including our neighbors Pakistan, Sri Lanka, Bangladesh and Nepal. The LTUs functioning in these countries have achieved a fair deal of success in meeting their objectives and have universally led to increased satisfaction amongst taxpayers by reducing their compliance and transaction costs and in bringing more efficiency in tax administration.

Following the international practice, the Hon'ble Finance Minister in his Budget Speech 2005-06 announced the proposal to set up Large Taxpayer Units (LTUs), which would act as a single window facilitation center for all large entities paying excise duty, corporate tax/income tax and service tax.

The proposal has since been worked upon in the Government and wide-ranging discussions have also been held with the trade and industry bodies/associations. It has been decided to establish LTUs in India in a phased manner. LTUs would be established initially in five large cities of the country, viz. Bangalore, Chennai, Delhi, Kolkata and Mumbai and will be made operational from early financial year 2006-07.

II Definition and Eligibility

What is an LTU: LTUs will be self-contained tax administration offices under the Department of Revenue acting as a single window clearance point for all matters relating to central excise, income tax/corporate tax and service tax. Entities would be able to file their excise return, direct taxes returns and service tax return at such LTUs and for all practical purposes will be assessed to all these taxes at these LTUs. Such units would be equipped with modern facilities and trained manpower to assist the tax payers in all matters relating direct and indirect tax / duty payments, filing of documents and returns, claim of rebates/refunds, settlement of disputes etc. The scheme aims at reducing tax compliance cost and delays, and bringing out uniformity in the matters of tax/duty determination. An eligible taxpayer can opt to avail of the facility of LTU scheme. It is expected that large taxpayers, especially those having multi-locational units/factories, would take the benefit of the scheme by opting for it.

Eligible Taxpayers: Every taxpayer (single PAN-based entity)

- (a) who is presently assessed to income tax/corporation tax under the Income-tax Act, 1961 in any of the five cities (Bangalore, Chennai, Delhi, Kolkata or Mumbai), and
- (b) who has paid during financial year 2004-05
 - (i) excise duty in cash (account current) of Rs 5 crore or more; or
 - (ii) service tax in cash (account current) of Rs 5 crore or more; or
 - (iii) advance (income) tax/corporation tax of Rs 10 crore or more

is an **eligible taxpayer** for the purposes of being served by the LTU.

III Benefit/ Facilities offered

- (i) A large taxpayer (single PAN-based entity) can file all his direct taxes, excise and service tax returns at a single place, irrespective of the geographical location of their units.
- (ii) All other documents, correspondence, intimations such as export / import related central excise documents, bonds, proof of exports, etc. pertaining to all these establishment can be filed with LTUs.
- (iii) To begin with, the returns of the company and its units can be filed electronically and the payment of tax/duty can be made electronically. Gradually, these units would be provided with required software and infrastructure so that other documentations, such as filing of rebate/ refund claims, filing of intimations or permission, reply to notices can also be done electronically.

- (iv) Digital signature certificates can be issued on request by the Department, free-of-charge, to facilitate electronic transaction. There would be no requirement for filing a parallel paper document.
- (v) Upon joining the LTU, an officer of the level of Assistant / Deputy / Joint / Additional Commissioner would be appointed as '**client executive**' for each taxpayer. The taxpayer can remain in touch with the client executive for assistance in any/all tax matters (for example for returns filing, classification issues, intimation matters relating to refund/rebate, exports, other claims, etc). This would ensure that the taxpayer need not interact with different section / officers of the LTU.
- (vi) Once a taxpayer opts for the scheme, the erstwhile jurisdictional field officers (including preventive units of the erstwhile Excise Commissionerates) would not *suo motu* visit its units or interact with them for any issues arising. However certain procedures under the Central Excise Rules, requiring physical control, and verification of premises or documents, would be carried out by the local Commissionerates under the express directions of the LTU. Further, in respect of excise and service tax matters, on-going investigation, appeals, provisional assessments that had commenced prior to the large taxpayer opting for LTU would continue to be with the erstwhile jurisdictional Commissionerate.
- (vii) Cases, where show cause / demand notices have been issued by the erstwhile jurisdictional officers but not adjudicated, would stand transferred to LTU and the same would be adjudicated by officers posted at LTU. All pending matters with the jurisdictional Commissionerates of Income-tax, other than those with CIT(Appeals) would stand transferred to the LTU.
- (viii) The taxpayer would have the option to transfer any excess CENVAT credit (of central excise duty or service tax) accumulated in one manufacturing unit or service providing unit to any other eligible unit of his choice through a simple mechanism. Necessary changes in the CENVAT Credit Rule, 2004 are being made.

- (ix) The taxpayer would have the facility of removing capital goods and inputs from one unit to any other unit of its choice, without payment of duty / reversal of credit through a simple method. Similarly the finished product of one unit can be transferred to another unit, without payment of duty, provided the second unit uses the products as inputs and pays excise duty on the finished goods manufactured using such inputs.
- (x) The taxpayers would not be subjected to mandatory audit. The selection of a taxpayer for audit would be based on 'risk assessment'. The Department would ensure that audit schedules are drawn in consultation with the taxpayers so as to cause minimum inconvenience.
- (xi) The taxpayers would do self-sealing in case of all exports. In order to ensure that there is no delay in examination and sealing by the officer, the requirement of examination / sealing by the officers at the units of taxpayer is dispensed with.
- (xii) It would be ensured that there is uniformity in the practice as regards classification, valuation, credit availment and similar other issues, for various units of a taxpayer. Trade notices will be issued centrally by the LTU.
- (xiii) The rebate / refund claims would be disposed off within 30 days of their filing, if the claims filed are in order.
- (xiv) With respect to income-tax specifically, facilities would be provided for on-line submission of returns, e-payment of taxes, electronic credit of income-tax refunds, and on-line filing of grievances and appeals.

IV Functions

The LTU will perform all the statutory functions presently mandated under the Income Tax Act, 1961, Wealth Tax Act and Rules made there under (in respect of direct tax matters), under the Central Excise Act, 1944 and Rules made there under (in respect of central excise matters), Customs Act/Rules (in respect of functions handled by excise authorities) and under the Finance Act, 1994 and Service Tax Rules (in respect of service tax matters).

V Organisational Structure

Each LTU will be manned by officers and officials drawn from the Customs and Central Excise Department and the Income Tax Department. The LTU will be headed by a Chief Commissioner drawn from either of the two Departments who will be the overall in-charge of the LTU for all matters pertaining to its functioning. Under the Chief Commissioner would be Commissioners who would perform the administrative and statutory functions in respect of the three taxes. Under each administrative/executive Commissioner, officers of the rank of Additional/Joint Commissioners would be placed as Range heads who, in turn, would be supported by Deputy/Assistant Commissioners and other supervisory and managerial staff.

VI Procedure

i) Application

An eligible large taxpayer would submit 'Consent Form' (**as per Annexure enclosed**) while opting for LTU. The Consent Form may be sent to the Dy. Secretary, Central Board of Direct Taxes, Ministry of Finance, Room No. 243-F, North Block, New Delhi or faxed at 011-2309 3902. The Form can also be e-mailed at ltu@incometaxindia.gov.in. On acceptance of the Consent Form, the taxpayer shall be issued a LTU membership number by the concerned LTU.

ii) Registration

No new registration would be required. However, in case a new factory/service provider/registered dealer comes up after the taxpayer has opted for LTU scheme, new registration has to be taken from the LTU.

iii) Filing of returns

The taxpayer would be required to file the direct taxes returns in the LTUs while in respect of excise matters, individual returns would be filed for all units (as is being done presently). However, all the unit returns would be filed with LTU office. Option would be given to the taxpayer for e-filing the returns.

iv) Payment of Taxes

Facility for payment of the three taxes through the internet would be provided in the LTUs. The excise duty/service tax payable would be paid by the taxpayer separately for individual units. The taxpayer would, however, have the option to transfer any excess CENVAT credit (of central excise duty or service tax) accumulated in one manufacturing unit or service providing unit to any other eligible unit of his choice under cover of a transfer voucher. The credit balances at both the units would have to be suitably adjusted by the respective unit. In case duty/service tax is paid in excess of the amount due, the taxpayer can adjust it against his future tax / duty payments. For this purpose he shall take credit of the excess tax / duty, as if the same was tax / duty paid on his inputs, capital goods or input services. However, these adjustments would be allowed only under the same accounting head. In case a taxpayer wants to transfer inputs, capital goods or finished goods from one of his units to another, the same can be done without payment of duty on a challan. Both the units would have to maintain records showing receipt and dispatch.

v) Refunds

The rebate / refund claims would be disposed off within 30 days of their filing, if the claims filed are in order. In respect of income-tax, facility for direct credit of refunds to the bank account of taxpayers would be made available.

vi) Audit and Scrutiny

The unit-wise audit shall be conducted by the LTU. While there would be no 'mandatory' audit, case selection for audit would be based on 'risk assessment' and attempt would be made to ensure that audit schedules are made in consultation with the taxpayers so as to cause minimum inconvenience. Cases for scrutiny under the Income-tax Act will be similarly picked up on the basis of scientific risk management procedure.

vii) Adjudication/ Appeals

In respect of direct taxes, all appeals presently pending with the CIT(Appeals) would be heard and disposed by them. All future appeals would be lie with the CIT(Appeals) in the LTUs. Facilities for on-line filing of appeals will also be provided.

In respect of central excise/service tax matters, in cases where show cause/demand notices have been issued by the erstwhile jurisdictional officers, but not adjudicated, would stand transferred to LTU and the same would be adjudicated by officers posted at LTU. The process of adjudication would be completed within 3 months of the issuance of the notice, wherever possible. The erstwhile jurisdictional Commissioner (Appeals) would adjudicate the appeals pending with them. However, all future appeals would be filed with Commissioner (Appeals), LTU. In case any duty/tax has been short paid and a notice has to be issued for its recovery, the LTU would first inform the tax payer about his liability before issuance of any demand notice. In case the taxpayer pays up the duty/tax/interest within a period of 15 days from such intimation, no notice would be issued.

viii) Export

All other documents, correspondence intimations such as export / import related central excise documents, bonds, proof of exports etc pertaining to all these establishment can be filed with LTUs. The taxpayers would be eligible for self-sealing in case of exports. In order to ensure that there is no delay in examination and sealing by the officer, the requirement of examination / sealing by the officers at the units of taxpayer is dispensed with.

ix) TDS Returns

All companies are presently filing the quarterly TDS statements and the annual TDS returns electronically through the designated intermediary. The same system would continue after they join the LTU. However, jurisdiction over the TDS returns would shift from the local Commissionerates to the LTU.

ix) General Procedure

In case of any procedure or difficulties which do not have revenue implications, the Chief Commissioner in-charge of LTU can prescribe procedures, methods or relaxations to facilitate tax compliance by the taxpayer.

VII Interactive Forum

A website is being developed enabling taxpayers to access all information relating to functioning of LTUs, avail e-services being offered in respect of the three taxes, submit miscellaneous applications and post their view/suggestions. At present, taxpayers can e-mail their views at ltu@incometaxindia.gov.in.

CONSENT FORM FOR COMPANIES PARTICIPATING IN LTUs

M/s _____, hereby gives consent to be administered as a large taxpayer under the Large Taxpayer Unit situated at _____ (Bangalore/Chennai/Delhi/Kolkata/Mumbai). Following information regarding the company is furnished.

1. PAN :
2. Address as in last income-tax return filed :
3. Jurisdiction of Assessing Officer before whom income-tax return is filed :
4. Details of registrations (under central excise and service tax Rules):

| Name and address of the Unit | Excise Registration No. and particulars of present jurisdiction | Dealer Registration No. and particulars of present jurisdiction | EOU Registration and particulars of present jurisdiction | Service tax Registration No. and particulars of present jurisdiction | Input Service Distribution Registration No. (ISDN) and particulars of present jurisdiction | Others* (please specify) including particulars of present jurisdiction |
|------------------------------|---|---|--|--|--|--|
| | | | | | | |

(* including exempted units)

5. Details of TAN allotted and TDS returns filed in the following format

| S. No. | Name and address of the Deductor | TAN | TDS effected under section(s) _____ of the IT Act, 1961 | Jurisdiction of CIT before whom TDS return filed |
|--------|----------------------------------|-----|---|--|
| 1 | | | | |
| 2 | | | | |

6. Details of total taxes paid by the company during financial year 2004-05

- (i) Excise duty through cash (account current)
- (ii) Service tax through cash (account current)
- (iii) Advance tax (income tax/corporation tax)

7. Name, designation, phone and fax numbers and e-mail address of the contact person(s) of the company (to be authorized by the company)

(Signature)

(Name and Designation of the person authorised u/s 140 of the IT Act, 1961)

V. Meaning of the term “the producer of animal husbandry” used in Rule 6DD read with Section 40(A)(3)

Rule 6DD of the Income Tax Rules, 1962 lays down various exceptions to the applicability of the provisions of Section 40A(3) of the Income Tax Act, 1961, which disallows payment exceeding Rs. 20,000/- made otherwise than by a crossed cheque /bank draft.

One such exception is in the case of payment made to a producer for the purchase of the produce of animal husbandry (including hides & skins). The CBDT has clarified vide circular no. 4 dated 29.03.2006 that ‘produce of animal husbandry’ would include ‘livestock and meat’ purchased from a producer. It is further clarified that payment made for purchase of these goods to a trader, broker or any other middleman by whatever name called, would not qualify for exception laid down in Rule 6DD.

VI. Clarification regarding deduction u/s 10A

Section 10A of the Income Tax Act provides for 100% deduction of profits & gains derived by an undertaking from export of articles or things or computer software manufactured or produced by it. This deduction is subject to certain conditions. One of the conditions is that the undertaking should be approved by Inter- Ministerial Standing Committee of the Department of electronics.

However, instances have been brought to the notice of the Board that large number of units approved/registered by the Directors of the Software Technology Parks of India (STPI) only are claiming deduction. Accordingly, the cases of such claimants have been re-opened by the Income Tax Department. In view of the ambiguity in the legal status of the approval of Director of STPIs, the Inter Ministerial Standing Committee is considering the issue.

Meanwhile, it has been decided that claim of deduction u/s 10A of the Income Tax Act shall not be denied to units only on the ground that the approval /registration to such units has been granted by the Directors of STPI.

Further, where assessment have already been completed, the demand raised on disallowance of deduction u/s 10A on the ground as mentioned above, should be kept in abeyance until further orders.

DATES TO REMEMBER

1. The due date for filing TDS & TCS Statements (whether in computer media or in paper format) for the quarter ending 31.03.2006 is 15th June, 2006.
2. TDS certificates to employees in respect of salary paid for F.Y. 2005-06 are to be issued by 30th April, 2006.
3. Consolidated TDS certificates (other than salary) for F.Y. 2005-06 are to be issued by 30th April, 2006.
4. Consolidated TCS certificates for tax collected during the half year ended 31st March, 2006 for are to be issued by 30th April, 2006.
5. The due date for filing income tax return for Financial Year 2005-06 by all non-corporate assesses who are not required to get their accounts audited is 31st July, 2006.
6. The due date for filing half yearly service tax return for the period ending 31.03.2006 is 25th April, 2006.