

# CORPORATE UPDATE

*For Client Circulation Only*

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## INCOME TAX

### I. New Income Tax Return Form notified

The Central Government has vide notification no. S.O. 848(E) dated 1<sup>st</sup> June 2006 introduced a new income tax return form "Form 2F" for A.Y. 2006-07. The main features of the new form are as under:-

- a) This form can be used by resident individual and HUF not having business/profession income, capital gains, agriculture income, more than one house property and any claim for relief u/s 89 in respect of arrears or advance of salary.
- b) It is a four-page form, wherein no annexures are required to be attached.
- c) Detailed explanatory instructions have been provided for assistance in filling the form.

- d) Cash flow statement for the year for which income is reported is also to be given. However, for A.Y. 2006-07, this requirement is not mandatory.
- e) The Form is applicable with immediate effect. However, to allow sufficient time to taxpayers to familiarize with this return form, the existing one page Saral form 2E can also be used upto 31.07.2006

A copy of the 2F Form is attached herewith.

## II. Clarification on deduction u/s 80HHC

The first proviso to Section 80HHC (3) stipulates that the profits computed under sub section (3) of section 80HHC shall be further increased by a proportionate amount of the sums of export benefits referred to in section 28(iia), 28(iib) and 28(iic). Clause (iic) to section 28 refers to any duty of customs or excise re- paid or repayable as drawback to any person against exports under the Customs and Central Excise Duties Drawback Rules, 1971.

Customs and Central Excise Duties Drawback Rules, 1971 were replaced by Customs and Central Excise Duties Drawback Rules, 1995. However, no corresponding changes were made in Income tax Act, 1961. Due to this, the assessing officers have been denying the claim of deduction on account of duty drawback granted in accordance with Customs and Central Excise Duties Drawback Rules, 1995.

It has now been clarified by CBDT that benefit of deduction u/s 80HHC cannot be denied to an assessee claiming refund of duty drawback under Central Excise Duties Drawback Rules, 1995. This clarification will apply to assessment Year 1996-97 and subsequent assessment years.

### **III Date of Filing of Form 24Q Extended**

The due date for filing of e-TDS return of Salary under Form 24Q for the quarter ending 31.03.2006 has been extended to 31<sup>st</sup> July 2006 from 15<sup>th</sup> June 2006 vide CBDT order dated 8<sup>th</sup> June 2006. The due date for filing of the abovementioned paper format form, however remains as 15<sup>th</sup> June 2006.

### **IV Clarification on Form 24Q**

Income Tax Department has issued certain clarifications for filling Form NO. 24Q (amended). The particulars of said clarifications are enclosed on Page no. 7 and can also be viewed at site [www.tin.nsd.com](http://www.tin.nsd.com).

### **V Help Centers setup to assist taxpayers**

Income Tax Department is setting up help centers to assist the tax payers in preparing return of income, challans and filing PAN application. The help centers will also assist tax payers in computing taxable income and income tax payable.

They will open on working days and will start working from 15<sup>th</sup> June , 2006 till 14<sup>th</sup> August , 2006.

## COMPANIES ACT

### Companies (Amendment) Act, 2006

The requirement that every person to be appointed a Director or an existing Director of a company must have a Director Identification Number (DIN) was so far enforced through Rules and Forms introduced under the Companies Act as part of e-governance by the Ministry of Company Affairs under the Project MCA-21.

Under these e-forms, if a director does not have a DIN, he cannot sign certain documents. Similarly a person cannot become a Director of a company, unless he has been allotted DIN.

The Government has now decided to incorporate appropriate provisions in the Companies Act itself.

Accordingly, the Companies (Amendment) Act, 2006 has been passed by Rajya Sabha and Lok Sabha but awaiting presidential assent. After the presidential assent is obtained, the date of coming into force of this Amendment Act will be notified by the Government, along with relevant rules. A copy of the Amendment Act as passed by the Parliament is attached.

The salient features of the Amending Act are given below:

- 1) No Company shall appoint or re-appoint any individual as a director unless he has been allotted Director Identification Number (DIN).
- 2) The person functioning as a director before the commencement of this Amending Act, shall make an application for allotment of DIN within 60 days of the commencement of the said Act. However, after making the application he may continue to hold the office of directorship.
- 3) Every director of a company within one month of receipt of DIN is required to intimate the company or all companies wherein he is a director, of his DIN.

- 4) The companies, in return, within one week of receipt of such intimation from the director, furnish the particulars of DIN of all its directors to the Registrar of Companies or any other authority as may be prescribed by the Central Government. Every such intimation received by every company shall be furnished in such form and manner as may be prescribed under rules to be notified.
- 5) If any person fails to comply with the requirement of obtaining DIN or giving intimation to the company thereof, he shall be punishable with fine which may extend to Rs. 5000/- and where the contravention is a continuing one, with a further fine which may extend to Rs.500/- for every day of contravention.
- 6) The Act also provides for filing of balance sheet, prospectus, return, registration documents etc. in the electronic form. The Government will be publishing a scheme to carry out the provisions of filing through electronic form.

The above provisions are brought to your notice for compliance at the appropriate time as and when the Amending Act is enforced by the Central Government.

## DATES TO REMEMBER

1. The due date for filing TDS/TCS statements (for salary and other than salary) for the quarter ending 30<sup>th</sup> June, 2006 is 15<sup>th</sup> July, 2006.
2. The due date for deposit of FBT for the quarter ending 30<sup>th</sup> June, 2006 is 15<sup>th</sup> July, 2006.
3. The due date for filing e-TDS statements for salary for the quarter ending 31<sup>st</sup> March, 2006, is 31<sup>st</sup> July, 06.
4. The due date for filing of income tax return for Financial Year 2005-06 by all non-corporate assesses who are not required to get their accounts audited is 31<sup>st</sup> July, 2006.
5. The due date for deposit of service tax for non-corporate assessees for the quarter ending 30<sup>th</sup> June, 2006 is 5<sup>th</sup> July, 2006.
6. The due date for deposit of Service tax for corporate assessees for month ending 30<sup>th</sup> June, 2006 is 5<sup>th</sup> July, 2006.

**Clarifications issued by Income Tax Department on Form No. 24Q-Contd.  
From page no. 3**

1. **Particulars to be filled in Annexures I, II and III:**
  - (i) In Annexure I, actual figures for the relevant quarter should be reported.
  - (ii) In Annexures II & III, estimated/actual figures for the whole financial year should be given. However, Annexures II & III are optional for statement for the 1st, 2nd and 3rd quarters. Statement for the last quarter should have actual figures for the whole financial year in Annexures II & III.
  
2. **Particulars of employees whose income is below the threshold limit / the income after giving deductions for savings etc. is below the threshold limit:**
  - (i) Particulars of only those employees are to be reported in whose case the estimated income for the whole year is above the threshold limit.
  - (ii) In case the estimated income for the whole year of an employee, after allowing deduction for various savings like PPF, GPF, NSC etc., comes below the taxable limit, his particulars need not be included in Form No. 24Q.
  - (iii) In case due to some reason, estimated annual income of an employee exceeds the exemption limit during the course of the year, tax should be deducted in that quarter and his particulars be reported from that quarter onwards.
  
3. **Particulars of those employees, who are with the employer for a part of the year:**
  - (i) Where an employee has worked with a deductor for part of the financial year only, the deductor should deduct tax at source from his salary and report the same in the quarterly statement of the respective quarter(s) up to the date of employment with him. Further, while submitting Form No. 24Q for the last quarter, the deductor should include particulars of that employee in Annexures II & III irrespective of the fact that the employee was not under his employment on the last day of the year.
  - (ii) Similarly, where an employee joins employment with deductor during the course of the financial year, his particulars should be reported by the current deductor in Form No. 24Q of the relevant quarter. Further, while submitting Form No. 24Q for the last quarter, the deductor should include particulars of such employee for the actual period of employment under him in Annexures II & III.

**4. Deduction under section 80C:**

While filling up Form No. 24Q, the columns pertaining to sections 88, 88B, 88C and 88D may be left blank. As regards to deduction under section 80C, the same can be shown in the column 342 pertaining to "Amount deductible under any other provision of Chapter VI-A".

**5. Explanation for lower/no deduction of tax:**

Certificate for lower or no deduction of tax from salary is given by the Assessing Officer on the basis of an application made by the deductee. In cases where the Assessing Officer has issued such a certificate to a deductee, deductor has to mention whether no tax has been deducted or tax has been deducted at lower rate on the basis of such a certificate in column 326.