

CORPORATE UPDATE

FOR CLIENT CIRCULATION ONLY

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INCOME TAX

I. Extension of date of filing of Income Tax Return for Assessment Year 2004-05

The Central Board of Direct Taxes (CBDT) has ordered that the due date for filing of returns of income for assessment year 2004-05, within the meaning of Explanation 2(c) to section 139(1) of the Income-tax Act, 1961, i.e. in respect of assesseees required to file return of income on or before 31st July, 2004 shall stand extended from 31st day of July, 2004 to 31st day of October, 2004. Accordingly, all categories of assesseees may now file the returns of income for the assessment year 2004-05 on or before 31st October, 2004.

(ORDER F.NO. 220/1/2004-IT(A-II), DATED 22.07.2004)

II. Cost Inflation Index

The CBDT has notified Cost Inflation Index of 480 for the financial year commencing from the 1st day of April, 2004 and ending on the 31st day of March, 2005, for the purposes of computation of income under "Capital Gains".

(Notification No. 179/2004 dated 29.06.04).

III. Amendments in Forms for Filing Return of Income

The following forms have been amended vide notification no. 198/2004 dated 14.07.2004:

- (a) Form 1 -Form of return of income for companies other than those claiming exemption u/s 11.
- (b) Form 2 -Form of return of income for non-corporate assesseees not

claiming exemption u/s 11 and having income from business or profession.

- (c) Form 2D -Income Tax Return Form for non-corporate assessees not claiming exemption u/s 11 and not having income from business or profession.
- (d) Form 2E (Naya Saral)- Income Tax Return form for resident individual/HUF not having income from business or profession or capital gains or agricultural income.
- (e) Form 3- Form of return of income for non-corporate assessees not claiming exemption u/s 11 & not having income from business or profession
- (f) Form 3A -Form of return of income for assessees including companies claiming exemption u/s 10 or 11.
- (g) Form 16AA-Certificate for tax deducted a from income chargeable under the "Salaries" – cum – Return of income.

The amended forms may be used for filing return of income by assessees, in respect of financial year 2003-04 onwards.

IV. Expanding PAN Services

In order to further enhance PAN services, the Income-tax Department has associated National Securities Depository Limited (NSDL) in addition to UTISL. Now TIN Facilitation Centers (TIN FC's), established by NSDL in 145 cities across the country, shall also provide PAN related services. Very soon, the Income tax department will

also offer facility for web filing of PAN applications. Further, application form (Form 49A) for PAN and forms for "Request for new PAN card or/and changes or correction in PAN data" can now be downloaded from www.Incometaxindia.gov.in or tin.nsd.com or from www.utiisl.co.in Photocopies of these forms will also be accepted as also forms printed by private printer or stationers or from any other source.

V. Aaykar Sampark Kendra (0124-2438000) for Taxpayer Information and Services

As another step in its ongoing process of deploying technology in service of taxpayers, the Income Tax Department has set up an 'Aaykar Sampark Kendra' (ASK), a dedicated phone-in-service, to provide information and service to taxpayers. For instance, by just dialing 0124-2438000 it should be possible to ASK for information on PAN, obtain application form for PAN or ascertain status of PAN application made to UTISL or NSDL. The 'Aaykar Sampark Kendra' (ASK) will also receive and process grievances arising out of PAN applications made to UTISL or NSDL. Taxpayer could now simply request for commonly required forms, say return form 2C, 2D or 2E, application form for PAN or form

for requesting for changes in PAN data. Similarly at the time of making payments of taxes, taxpayers could just ASK for challans. Forms and challans so asked for will be sent through fax or email. In due course more information and services will become available through ASK.

VI. Online PAN Application

Income Tax Department has introduced one more convenience for taxpayers: PAN applications can now be submitted online. Required details are available at <http://tin.nsd.com> . The process of the online application is as follows:

- Enter data online.
- Print Acknowledgment Form with unique Acknowledgment No.
- Affix 'signature' within the box provided on this Acknowledgement Form. (In cases of applications by other than 'Individuals' the authorized signatory shall sign the Acknowledgment Form and affix appropriate seal or stamp.
- 'Individual' applicants would be required to paste (and not staple or clip) a recent colour photograph (size 3.5 cm x 2.5 cm) in space

provided on the Acknowledgement Form.

- Processing fee of Rs. 60 plus 8% service tax, i.e. Rs. 65, will have to be sent through demand draft or by cheque in favour of 'NSDL-PAN'. Demand drafts should be made payable at Mumbai whereas payments through cheque can be made through a local cheque drawn on any bank, with any HDFC Bank branch across the country (except Dahej). Deposit slip for cheque should mention 'NSDL – PAN' as the 'account name' and '5422320001523' as the 'account number' of NSDL to which such payment will be credited. The fact that the draft or cheque is towards a PAN application could also be indicated by writing 'PAN Application' on reverse of the demand draft or cheque as the case may be and 'Acknowledgment Number' should also be mentioned.
- Arrange for proof of 'identity' and 'address'.
- Acknowledgement Form duly signed, affixed with photograph (only in case of 'Individuals') along with demand draft or cheque as the case may be, and required proof of 'identity' and 'address' should be sent to NSDL at 'National Securities Depository Limited, 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Senapati Bapat Marg,

Lower Parel, Mumbai-400 013'. Envelope should be superscribed with 'APPLICATION FOR PAN-Acknowledgement Number' (e.g. APPLICATION FOR PAN – 88101010000097).

COMPANY LAW

Deferment of the Applicability of AS 22 To Non-Corporate Enterprises

Non-corporate enterprises, such as sole proprietors, partnership firms, trusts, Hindu Undivided Families, association of persons and co-operative societies will now be required to follow Accounting Standards (AS) 22, Accounting for Taxes on Income, in respect of accounting periods commencing on or after 01.04.2006 instead of from 01.04.2003. The decision has been taken with a view to provide some more time to such enterprise for effective implementation of AS-22.

INDIRECT TAXES

Countervailing duty (CVD) on Computers

The Govt. had announced in the Budget 2004,

exemption from excise duty for computers and their parts, under chapter heading 84.71. As a result, Additional Duty of Customs and Countervailing Duty (CVD) which is linked to excise duty also became exempt.

However, the Govt. has on 26.07.2004 notified, 'Computers (Additional Duty) Rules, 2004' [vide customs notification no. 76]. The Rules lay down levy of Additional duty of 6% ad valorem on Central Processing Units (CPU) and 7% ad valorem on CPU with monitor, mouse and keyboard, when imported into India.

It may be noted that such Additional Duty Rules on Computer have been notified for the first time. The Govt. intends to impose additional customs on imported computers, with a view to promoting indigenously manufactured computers. The relevant notification is reproduced on page no. 5 for reference.

DATE TO REMEMBER

The next date for deposit of advance tax for the financial year 2004-05 is 15th September, 2004.

Notification No. 76 /2004-Customs

In exercise of the powers conferred by sub-section (3) read with sub-section (4) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.-

- (a) These rules may be called the Computers (Additional Duty) Rules, 2004.
- (b) They shall come into force on the date of their publication in the Official Gazette.

2. Levy of additional duty.- The Central Government, having regard to the average quantum of duty of excise leviable under the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), on monitor, motherboard, key board, mouse, and other parts and components used in the manufacture of the computers which are exempt from whole of the duty of excise leviable thereon under the First Schedule to the said Central Excise Tariff Act, specifies that the additional duty leviable under sub-section (3) of section 3 of the said Customs Tariff Act shall be equal to the rates specified in column (3) of the Table below in respect of the goods, when imported into India, specified in corresponding entry in column (2) of the said Table and falling within heading 8471 of the First Schedule to the said Customs Tariff Act, namely:-

Table

S.No.	Description of goods	Additional duty rate
(1)	(2)	(3)
1.	Central processing unit (CPU)	6% <i>ad valorem</i>
2.	CPU with monitor, mouse and key board, imported together as a set; but not including CPU imported separately and input or output devices or accessories such as monitor, key board, mouse, modem, uninterrupted power supply system or web camera imported separately.	7% <i>ad valorem</i>

Explanation .- For the purpose of this notification, “computer” shall include central processing unit (CPU) imported separately; or CPU with monitor, mouse and key board, imported together as a set; but shall not include input or output devices or accessories such as monitor, key board, mouse, modem, uninterrupted power supply system or web camera imported separately.

F.No. B-6/1/2004-TRU

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