



VAPI Branch of Western India Regional Council
The Institute of Chartered Accountant of India
(A Statutory Body Established Under an Act of Parliament)

ISSUE MARCH-2016

E-NEWSLETTER

Time to Celebrate

Happy Holi

"VAPI BRANCH OF WIRC AWARDED WITH
CERTIFICATE OF APPRECIATION under small category branch
FOR THE YEAR 2015 by WIRC of ICAI"



DESK OF IMM. PAST CHAIRMAN

It is indeed heartening for me to communicate with all of you through this column. At the outset, I thank you and my colleagues of the managing committee for giving me this opportunity to lead the branch for this year 2015-16. It was great experience & learning in working as a Chairman of Vapi Branch for F.Y.2014-15.

All the managing committee members of the branch attended the Orientation programme for members of regional councils and branches held at LONAVALA on the 13th & 14th March 2015. It was an opportunity for us to meet and interact with the Hon' ble President CA Manoj Fadnis of the Institute as well as WIRC CHAIRMAN CA SUNIL PATODIA and his team.

My special thanks to all Immediate past chairmen, Auditors, my committee members for kind support & advice from time to time, complete support from Staff of branch & my own staff. I would like to thanks every single person who have helped & supported me in completing my tenure.

You all have played important role in my 1 year of Chairmanship.

I think it is the best time to congratulate & wish new Chairperson & entire new team 2016-17.

I am sure new chairperson & new managing committee will take our branch to a greater height & set new target.

I enjoyed entire all 3 years as a Committee member of which 1 year is as Chairman, which was full of joy, responsibility, adventure & great learning.

I have thoroughly enjoyed each & every moment. The time I have spent here will be most memorable one.

I am pleased to inform honorable members that WIRC has awarded Certificate of Appreciation to our branch for the performance of the year 2015.

Your moral support & helping attitude enhanced my skill of working together. Now, I believe that working together works.

It is really hard to say Good Bye but the time has come to say so.

Its time to "GO GREEN" at work. Going green is a concept that includes doing what is necessary to save the environment.

Together we trek the journey to Empowering Excellence for a brighter future!

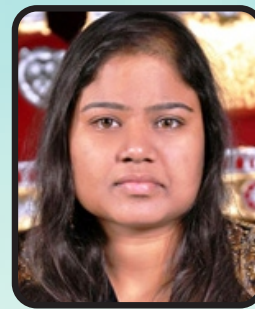
Swasth Raho, Vyast Raho, Khush Raho

Your's Sincerely,

CA. M D Prajapati

Past Chairman

FROM THE DESK OF CHAIRPERSON



RESPECTED MEMBERS

It is truly and sincerely honor and privileged for being elected as the chairperson of Vapi branch. I thank managing committee for reposing confidence and trust on my leadership and encouraging me for taking a lead for this year.

Before I proceed with presenting my vision and missions for the year, I behalf on Vapi Branch I congratulate CA Devaraja Reddy for being elected as President of ICAI. I also congratulate CA Shruti Shah, being elected as Chairperson of WIRC, CA Hardik Shah, Vice chairperson, & CA Pradeep Agarwal WICASA Chairperson. I wish all of them best of luck and I m confident that under their leadership the region will flourish.

I take this opportunity to thank Shri M D Prajapatiji, immediate past chairman for his praiseworthy performance during his tenure. I on behalf of the Vapi branch, sincerely Thank You Prajapatiji for playing valuable role as chairman of the Vapi Branch.

This is year, where we need to focus on the new avenue and exploring professional opportunity for our young chartered accountant members.

For, them we wish to conduct courses like ISA and certificate course like concurrent audit of banks, Indirect Tax, Wealth Management and financial Planning, valuations, Internal Audit, IFRS, forensic audit and others. The only hurdle in arranging the said courses is the nos of required participants for the courses. So, we had planned to have a portal on the website for these courses with all the details and as soon as we have minimum required nos of participants, will arrange for the same.

We also wish to arrange training programs and workshop for our young CA members like developing skill for practice, entrepreneurship programs, particulars on how to qualify for CPA, detailed descriptions of various tie ups and qualification requirements to have the membership of foreign CA institutions in additions to seminar on other technical topics.

This year we also wish to have a program on Women empowerment so as to inspire and motivate our female ca members as well as ca students on – various professional opportunities available to women chartered accountants, Programs on living and balancing work and family responsibilities, introduction of women flexi portal of ICAI, Seminars on how to set up home office, retainer ship opportunities, Art of public speaking and many such more.

Another aim of this council term is to acquire the additional floor for facilitating the need of reading room and libraries for the members and students. As per database available, on an average more than 50 students register every year for the CA-CPT courses. For, the constant increasing nos of students, the existing premises don't suffice the need for reading rooms as well the space for the publications. This year we will try our best for work out for acquiring an additional space on 2nd floor of the building and will require the support from all the members for same.

In addition to above, we seek to have seminars and workshop for the members in industries to re-connect them to branch. Formation of study groups on the topics GST, IND-AS, ICDS etc. and providing platform to \ members for developing art of giving presentations & lectures. We intend to have regular representations before authorities for various concerns and issues of members and other trade associations.

Friends, new financial year has started, we must plan for our profession as well as branch so as to have a meaningful year ahead. I expect immense support from you all.

Friends also I insist you all in participating and giving valuable suggestions and feed backs on all the initiatives being taken by ICAI, be its exposure drafts, Pre- Post memorandum on budget, Guidance notes or any other matter of professional interest to branch, so that members' views can be communicated in the better way. It will also create awareness amongst fraternity at large.

This year we are thoughtful for regularly updating our branch website and circulation of e-newsletter to keep u all informed about the activities of the branch. We also have plan to launch an android application of Vapi branch for regular updates on branch activities for the members and as well as students.

It is said health is wealth. This year we purpose to organize health check up camps for members, their families and staff and students.

This year WICASA is being headed by a very dynamic chairman, CA Shinoz Mathew. The year is being well planned with various activities for the benefit of students. Certainly, in the month of March we are planning with of arranging motivational lectures and seminar on how to present the CA exam. Moving next to arranging of group study on topics and presentation of paper at WIRC and ICAI, crash course, industrial visits, revisionary classes, Mock test and others.

We also plan to organize debate competition, quiz, elocution, talent hunt, sports and cultural programs in co-ordination with other branch.

With respect to fulfilling social responsibilities, social programs like blood donation camps, tree plantation programs, awareness programs related to investments, career planning and participating in swacch bharat abhiyan activities are being designed for the benefit for the society at large.

Coming to forthcoming events; a lecture meeting has been schedule on 4th March 2016, morning session where we will be having our CCM CA. Nihar Jambusaria and Sailesh Sheth for meeting on Impact of Finance bill 2016 on direct and indirect taxes.

At the end, to all my colleague and seniors in the profession, I seek your indeed support, suggestions and blessings in all our future endeavors.

Once again thank you all and I look forward for a great year ahead.

While concluding, I would like to reproduce famous lines from a poem by Robert Frost -

The woods are lovely, dark, and deep,
But I have promises to keep,
And miles to go before I sleep,
And miles to go before I sleep.

CA Chhaya M. Kothari

Chairperson

Vapi Branch of WIRC of ICAI

LIST OF MANAGING COMMITTEE 2016-2017

CA CHHAYA KOTHARI -CHAIRPERSON

CA NISHIT SHAH -VICE CHAIRPERSON

CA HARINDER KUMAR -SECRETARY

CA SUMIT DOSHI -TREASURER

CA SHINOZ MATHEW -WICASA CHAIRMAN

CA DEEPIKA GUTGUTIA -CO OPTED COMMITTEE MEMBER

CA GAGAN CHATURVEDI -CO OPTED COMMITTEE MEMBER

CA CHIRAG SHAH - COMMITTEE MEMBER

KEY FEATURES OF FINANCE BILL 2016-2017

-CA SAWAN SANTOKI

RELIEF TO SMALL TAX PAYERS



- Raise the ceiling of tax rebate under section 87A from `2000 to `5000 to lessen tax burden on individuals with income up to `5 lakhs.
- Increase the limit of deduction of rent paid under section 80GG from Rs. 24000 per annum to Rs. 60000, to provide relief to those who live in rented houses.

BOOST EMPLOYMENT AND GROWTH



- Increase the turnover limit under Presumptive taxation scheme under section 44AD of the Income Tax Act to Rs. 2 crore to bring big relief to a large number of assessee in the MSME category.
- Extend the presumptive taxation scheme with profit deemed to be 50%, to professionals with gross receipts up to Rs. 50 lakh.

PHASING OUT DEDUCTION UNDER INCOME TAX :



- Accelerated depreciation wherever provided in IT Act will be limited to maximum 40% from 1.4.2017
- Benefit of deductions for Research would be limited to 150% from 1.4.2017 and 100% from 1.4.2020
- Benefit of section 10AA to new SEZ units will be available to those units which commence activity before 31.3.2020.
- The weighted deduction under section 35CCD for skill development will continue up to 1.4.2020.

CORPORATE TAX RATE PROPOSALS:



- New manufacturing companies incorporated on or after 1.3.2016 to be given an option to be taxed at 25% + surcharge and cess provided they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation.
- Lower the corporate tax rate for the next financial year for relatively small enterprises i.e companies with turnover not exceeding Rs. 5 crore (in the financial year ending March 2015), to 29% plus surcharge and cess.
- 100% deduction of profits for 3 out of 5 years for startups setup during April, 2016 to March, 2019. MAT will apply in such cases.
- 10% rate of tax on income from worldwide exploitation of patents developed and registered in India by a resident.
- Complete pass through of income-tax to securitization trusts including trusts of ARCs. Securitization trusts required to deduct tax at source.



- Period for getting benefit of long term capital gain regime in case of unlisted companies is proposed to be reduced from three to two years.
- Non-banking financial companies shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts.
- Determination of residency of foreign company on the basis of Place of Effective Management (POEM) is proposed to be deferred by one year.
- Commitment to implement General Anti Avoidance Rules (GAAR) from 1.4.2017.
- Exemption of service tax on services provided under Deen Dayal Upadhyay Grameen Kaushalya Yojana and services provided by Assessing Bodies empaneled by Ministry of Skill Development & Entrepreneurship.
- Exemption of Service tax on general insurance services provided under 'Niramaya' Health Insurance Scheme launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability.
- Basic custom and excise duty on refrigerated containers reduced to 5% and 6%.

PROMOTING AFFORDABLE HOUSING



- 100% deduction for profits to an undertaking in housing project for flats up to 30 sq. meters in four metro cities and 60 sq. meters in other cities, approved during June 2016 to March 2019 and completed in three years. MAT to apply.
- Deduction for additional interest of Rs. 50,000 per annum for loans up to Rs. 35 lakh sanctioned in 2016-17 for first time home buyers, where house cost does not exceed Rs. 50 lakh.
- Distribution made out of income of SPV to the REITs and INVITs having specified shareholding will not be subjected to Dividend Distribution Tax, in respect of dividend distributed after the specified date.
- Exemption from service tax on construction of affordable houses up to 60 square meters under any scheme of the Central or State Government including PPP Schemes.
- Extend excise duty exemption, presently available to Concrete Mix manufactured at site for use in construction work to Ready Mix Concrete.

RESOURCE MOBILIZATION FOR AGRICULTURE, RURAL ECONOMY AND CLEAN ENVIRONMENT



- Additional tax at the rate of 10% of gross amount of dividend will be payable by the recipients receiving dividend in excess of Rs 10 lakh per annum.
- Surcharge to be raised from 12% to 15% on persons, other than companies, firms and cooperative societies having income above Rs 1 crore.
- Tax to be deducted at source at the rate of 1 % on purchase of luxury cars exceeding value of Rs ten lakh and purchase of goods and services in cash exceeding Rs two lakh.
- Securities Transaction tax in case of 'Options' is proposed to be increased from .017% to .05%.
- Equalization levy of 6% of gross amount for payment made to non-residents exceeding Rs 1 lakh a year in case of B2B transactions.



- Krishi Kalyan Cess, @ 0.5% on all taxable services, w.e.f. 1 June 2016. Proceeds would be exclusively used for financing initiatives for improvement of agriculture and welfare of farmers. Input tax credit of this cess will be available for payment of this cess.
- Infrastructure cess, of 1% on small petrol, LPG, CNG cars, 2.5% on diesel cars of certain capacity and 4% on other higher engine capacity vehicles and SUVs. No credit of this cess will be available nor credit of any other tax or duty be utilized for paying this cess.



- Excise duty of '1% without input tax credit or 12.5% with input tax credit' on articles of jewellery [excluding silver jewellery, other than studded with diamonds and some other precious stones], with a higher exemption and eligibility limits of Rs 6 crore and Rs 12 crore respectively.
- Excise on ready made garments with retail price of Rs 1000 or more raised to 2% without input tax credit or 12.5% with input tax credit.
- Clean Energy Cess' levied on coal, lignite and peat renamed to 'Clean Environment Cess' and rate increased from Rs 200 per tonne to Rs 400 per tonne.
- Excise duties on various tobacco products other than beedi raised by about 10 to 15%.
- Assignment of right to use the spectrum and its transfers has been deducted as a service liveable to service tax and not sale of intangible goods.

PROVIDING CERTAINTY IN TAXATION



- Committed to providing a stable and predictable taxation regime and reduce black money.
- Domestic taxpayers can declare undisclosed income or such income represented in the form of any asset by paying tax at 30%, and surcharge at 7.5% and penalty at 7.5%, which is a total of 45% of the undisclosed income. Declarants will have immunity from prosecution.
- Surcharge levied at 7.5% of undisclosed income will be called Krishi Kalyan surcharge to be used for agriculture and rural economy.
- New Dispute Resolution Scheme to be introduced. No penalty in respect of cases with disputed tax up to Rs 10 lakh. Cases with disputed tax exceeding Rs 10 lakh to be subjected to 25% of the minimum of the impossible penalty. Any pending appeal against a penalty order can also be settled by paying 25% of the minimum of the impossible penalty and tax interest on quantum addition.



- High Level Committee chaired by Revenue Secretary to oversee fresh cases where assessing officer applies the retrospective amendment.
- One-time scheme of Dispute Resolution for ongoing cases under retrospective amendment.
- Penalty rates to be 50% of tax in case of under reporting of income and 200% of tax where there is misreporting of facts.
- Disallowance will be limited to 1% of the average monthly value of investments yielding exempt income, but not exceeding the actual expenditure claimed under rule 8D of Section 14A of Income Tax Act.
- Time limit of one year for disposing petitions of the tax payers seeking waiver of interest and penalty.

- Mandatory for the assessing officer to grant stay of demand once the assessee pays 15% of the disputed demand, while the appeal is pending before Commissioner of Income-tax (Appeals).
- Monetary limit for deciding an appeal by a single member Bench of ITAT enhanced from ` 15 lakhs to ` 50 lakhs.
- 11 new benches of Customs, Excise and Service Tax Appellate Tribunal (CESTAT).

SIMPLIFICATION AND RATIONALIZATION OF TAXES



- 13 cesses, levied by various Ministries in which revenue collection is less than Rs 50 crore in a year to be abolished.
- For non-residents providing alternative documents to PAN card, higher TDS not to apply.
- Revision of return extended to Central Excise assesses.
- Additional options to banking companies and financial institutions, including NBFCs, for reversal of input tax credits with respect to non-taxable services.
- Customs Act to provide for deferred payment of customs duties for importers and exporters with proven track record.
- Customs Single Window Project to be implemented at major ports and airports starting from beginning of next financial year.
- Increase in free baggage allowance for international passengers. Filing of baggage only for those carrying dutiable goods.

TECHNOLOGY FOR ACCOUNTABILITY



- Expansion in the scope of e-assessments to all assesseees in 7 mega cities in the coming years.
- Interest at the rate of 9% p.a against normal rate of 6% p.a for delay in giving effect to Appellate order beyond ninety days.
- E-Sahyog' to be expanded to reduce compliance cost, especially for small taxpayers.

CENVAT CREDIT ON SALES COMMISSION

-CA GAGAN CHATURVEDI

Notification 2/2016-CE(NT) released does the following -

In the CENVAT Credit Rules, 2004, in rule 2, in clause (I), after sub-clause ©, the following Explanation is inserted:-

Explanation. - For the purpose of this clause, sales promotion includes services by way of sale of dutiable goods on commission basis."

It seems that the Board had realized that its Circular No.943/04/2011-CX dated 29.04.2011 which was released with an intention to give relief to assesses all over India was not applicable in Gujarat since as per the judgement of the Gujarat High Court decision in Cadila Healthcare Ltd. - 2013-TIOL-12-HC-AHM-ST.

This is what the Circular clarified -

Sr.No	Issue	Clarification
5	Is the credit of Business Auxiliary Service (BAS) on account of sales commission now disallowed after the deletion of expression "activities related to business"?	The definition of input services allows all credit on services used for clearance of final products up to the place of removal. Moreover activity of sale promotion is specifically allowed and on many occasions the remuneration for same is linked to actual sale. Reading the provisions harmoniously it is clarified that credit is admissible on the services of sale of dutiable goods on commission basis.

The High Court had in paragraph 5.2 of its order held -

"...The term input service as defined in the rules means any service used by a provider of taxable service for providing an output service or used by the manufacturer whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products from the place of removal and includes services used in relation to various activities .of the description provided therein including advertisement or sales promotion. Thus, the portion of the definition of input service insofar as the same is relevant for the present purpose refers to any service used by the manufacturer directly or indirectly in relation to the manufacture of final products and clearance of final products from the place of removal. Obviously, commission paid to the various agents would not be covered in this expression since it cannot be stated to be a service used directly or indirectly in or in relation to the manufacture of final products or clearance of final products from the place of removal... Under the circumstances, the adjudicating authority was justified in holding that the commission agent is directly concerned with the sales rather than sales promotion and as such the services provided by such commission agent would not fall within the purview of the main or inclusive part of the definition of input service as laid down in rule 2(l) of the Rules."

So, the ground reality was that after the pronouncement of the judgement of Gujarat High Court in Cadila Healthcare, the position was that Cenvat credit on sales commission agent's service was being denied in Gujarat; whereas in other parts of country it was being allowed based on the P&H High Court's Judgement in Ambica Overseas 2011-TIOL-951-HC-P&H-ST and Board's Circular dated 29.04.2011.

To remove the sufferings of the assesses who were deprived of the benefit, the Board has clarified the matter by extending it to assesses all over India by amending the CCR, 2004 itself.

GLIMPSE OF PAST EVENTS

CA Sudha Prajapati for Seminar on Professional Oppournities



Post Budget Panel Discussion With Senior Ca Members



Feliciation of Newly Qualified ISA Members



Feliciation of Past Chairman CA M D Prajapati



Members At Live Budget Telecast



STATUTORY DUE DATES FOR MONTH OF MARCH 2016

Important for the business entities who are required to follow various statutory compliance as stated below with the due date:

DUE DATE	CATEGORY	DESCRIPTION
05-March-2016	Central Excise	Payment of Excise Duty for all Assesses (including SSI Units)
05-March-2016	Service Tax	Service Tax Payment for Month February (Companies)
07-March-2016	TDS/TCS	TDS/TCS payment for Tax Deducted in February
10-March-2016	Central Excise	Filing of Excise Return
15-March-2016	Provident Fund	PF Payment for February
15-March-2016	Income Tax	Advance Tax payment 3rd Installment for Corporate Assessed & 4th Installment for Non corporate Assessed.
21-March-2016	ESIC	ESIC Payment and Return for February
25-March-2016	Provident Fund	PF Return filing for February Month
31- March 2016	Service Tax	Service Tax Payment for the Month of March 2016
31- March 2016	Income Tax	Belated Return for A.Y.2014-15 u/s 139(4) of Income Tax Act,1961



NEW MANAGING COMMITTEE 2016 - 2017

← L-R CA Gagan Chaturvedi,
← CA Chirag Shah,
← CA Shinoz Methew,
← CA Sumit Doshi,

← CA Chhaya Kothari,
← CA Nishit Shah,
← CA Harinder Kumar,
← CA Deepika Gutgutia

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To,