

## Highlights of the Companies Bill,2012

- The Bill has 470 clauses as against 658 sections in the existing Companies Act,1956. The entire bill has been divided into 29 chapters.
- The concept of One Person Company has been introduced. It will be a private limited company.
- Maximum number of members in a private company has been raised to 200 as against existing limit of 50 members.
- Every company shall, at the 1<sup>st</sup> A.G.M. appoint an auditor who shall hold office till the conclusion of the 6<sup>th</sup> AGM
- The bill provides compulsory rotation of individual auditors every 5 years and of firm of auditors every 10 years in listed companies and certain classes of companies as may be prescribed.
- A company's auditor shall not provide, directly or indirectly, the specified services to the company, its holding and subsidiary company.
- Prescribed class or classes of companies are required to appoint at least one woman director.
- At least one director should be a person who has stayed in India for a total period of not less than 182 days in the previous calendar year.
- A person can hold directorship of up to 20 companies, of which not more than 10 can be public companies
- National Advisory Committee on Accounting Standards (NACAS) proposed to be renamed as National Financial Reporting Authority (NFRA) with a mandate to ensure monitoring and compliance of accounting and auditing standards and to oversee quality of service of professionals (CAs) associated with compliance.

Ann Rose Mathew

## Kodaikanal Trip

The annual trip from office was held in the month of February and this year the destination was the 'Princess of Hill stations', Kodaikanal. 'Kodaikanal' literally means, 'the gift of the forest'. Cradled in the southern crest of the upper Palani Hills, in the Western Ghats, 120 kms from Madurai, Kodaikanal is located 2133 m above sea level.

The adventure began on 7<sup>th</sup> Feb. when we started out for Kodai our trip in the evening. The bus was filled with sounds of joy and excitement as everyone danced and sang songs during 'anthakshari' which went on through most of the night. We reached kodaikanal in the morning hours of the next day. We checked into Hotel Kodai International, a deluxe hotel and after breakfast started off to enjoy the beauty of Kodai.

The itinerary was spread out for two days and on the first day, we visited the Coakers Walk and the Guna Cave. The scenery from these locales was a mesmerizing sight and everybody admired the beauty of the place. We also went to The Kodai Lake, which is 24 hectares in area and is skirted by a 6-kilometre tar road. Everybody had loads of fun going cycling and horse riding, which are the main activities along the Kodai lake. The second day of the tour included visiting the Pine Forest, where all of us went trekking, and the spectacular Pillar rocks. Throughout the trip, everyone indulged in a lot of local delicacies, like the homemade chocolates, and also encountered many of the local animals of the place like the monkeys and a wild bison.

Another highlight of the Tour was the bonfire that was set up in the night where all bonded around the warmth of the fire in the otherwise cold weather. All sang, danced and laughed till the late hours of the night making it one of the memorable moments of the trip.

After two days of complete enjoyment, we left Kodaikanal on 9<sup>th</sup> February in the evening with a lot of memories from the entire trip and its beauty etched in our minds. Kodaikanal with its mesmerizing natural beauty and a host of sights and attractions, contribute to its magneticism, making this hill town a hotspot for nature lovers and other vacationers.

Joan Jojo

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# Echo

Quarterly Newsletter - 7

March 2013

## Editors Speak

It gives us immense joy and pride to introduce to you the seventh edition of ECHO. We thank the partners of JVR for giving us the opportunity to bring out the quarterly newsletter on our own.

We wish all the students appearing for their IPCC/ Final exams in May all the very best.

We also take this opportunity to welcome the six new faces to the JVR family. We hope that the three year articleship period be the best learning experience in their lives and we advise them to promote the JVR culture by working hard and showing utmost sincerity to the work they are entrusted with.

In the first quarter of 2013 we had our annual tour to Kodaikanal, live telecast of the budget session, budget analysis by Shawn sir and regular Monday discussions on various topics of importance. The Partners and students have geared up for stock verifications, bank audits, CAG audits in the coming months.

In this edition, we have come up with a review of Union Budget 2013 and the major highlights of The Companies Bill 2012. Also are glimpses into the annual tour to Kodai.

As Confucius rightly said "No matter how busy you may think you are, you must find time for reading, or surrender yourself to self-chosen ignorance"

We wish you all a great reading experience..

## Kodaikanal Trip



## UNION BUDGET 2013

### Direct Tax Proposals

#### Individual Taxation

##### Tax Rates

- No change in Tax Rates.
- Tax credit of Rs.2000/- allowed to resident individuals having income upto Rs.5 lakhs.
- Surcharge of 10% for Individuals/HUF having income exceeding Rs.1 Crore.

##### Interest on Housing Loan – Sec 80EE

- Additional deduction of interest of Rs.1 lakh available for first time home buyer for loan sanctioned in FY 2013-14.
- Loan amount should not exceed Rs.25 lakhs
- Value of property should not exceed Rs.40 lakhs.
- Unexhausted portion can be carried forward to AY 2015-16.

#### Corporate Taxation

##### Surcharge

Surcharge on Dividend Distribution Tax on Domestic companies increased from 5 % to 10%.  
Surcharge (if taxable income exceeds Rs.10 Crores)

- ✓ Domestic companies increased from 5% to 10%.
- ✓ Foreign companies increased from 2% to 5%

##### Investment Allowance @15% –Sec32AC

- Applicable for AY 2014-15 & 2015-16.
- Company engaged in the business of manufacture or production.
- New P & M acquired and installed after 31.03.2013 but before 01.04.2015 .
- Aggregate amount of actual cost of such new asset should exceed Rs.100 crores.
- Book Profit unaffected – MAT Leviable.

#### Buy Back of Shares

- Buyback of shares by unlisted companies to be taxed @ 20% u/s 115QA.
- Gains exempt in the hands of the recipient.

### Immovable Property

#### Sec 2(1A) & (14)

- Agricultural Income and Capital Asset
- Distance from Municipality Limits relaxed for

##### Agricultural Land:

- 2 kms for population upto 1,00,000
- 6 kms for population upto 10,00,000
- 8 kms for population above 10,00,000
- Aerial Distance to be considered.
- Land situated inside specified limits to be Capital Assets.
- Income from building on agricultural land – not Agricultural Income.

#### Sec 194IA

- TDS on Immovable property, introduction w.e.f 01.06.2013
- TDS @ 1% on consideration paid/credited by buyer on transfer of immovable property if consideration exceeds Rs.50 Lakhs.
- Seller should be a resident assessee and the buyer, any assessee.
- Agricultural Land and 194LA cases excluded.

#### Sec 43CA

- If the consideration is less than Stamp Duty Value (SDV), SDV shall be deemed to be the value for the purpose of computing profits and gains from transfer of such asset.
- Applicable for property other than a capital asset.
- Where the date of agreement fixing the value of consideration for transfer and the date of registration is different, SDV as on the date of agreement shall be considered.

#### Sec 56 (2)

- Where any immovable property is received by an individual or HUF without consideration, the SDV of which exceeds RS.50,000/-, the SDV of such property would be charged to tax as Income from Other Sources.
- Where any immovable property is received by an individual or HUF for a consideration which is less than the SDV of the property by an amount exceeding Rs.50,000/-, the SDV as it exceeds the consideration would be charged to tax as Income from Other Sources.
- Date of agreement to be considered.

### Non - Residents

#### Sec 90(2A)

- Tax Residency Certificate (TRC) shall be necessary but not a sufficient condition for claiming any relief under the DTAA.
- Applicable retrospectively from AY 2013-14.

#### Sec 115 BBD

- Receipt of dividend by Indian Company from a Foreign subsidiary to be taxed @ 15% for one more year.

#### Sec 115 O

- Relief from cascading effect.
- No DDT on that portion of the dividend received by an Indian Company from Foreign subsidiary, which subject to sec 115BBD.

### Other Proposals

- ❖ Commodity Transaction Tax  
Has been introduced on the sale of commodity derivatives other than agricultural commodities (@ 0.01 % to be collected by the seller).
- ❖ Securities Transaction Tax on sale of certain securities reduced.
- ❖ Contribution to Political Parties will not be eligible for deduction if payment is made in cash.
- ❖ Return of income filed without payment of tax will be treated as defective.

Varun Abharam Kurian

## STATE BUDGET HIGHLIGHTS

- ❖ Two times the stamp duty paid in the previous conveyance to be paid on conveyance of whole or portion of property executed within three months of previous conveyance.
- ❖ One and a half times the stamp duty paid in the previous conveyance to be paid on conveyance of whole or portion of property executed after three months but before six months of previous conveyance.
- ❖ Stamp Duty for Articles of Association of a company increased to Rs.10,000/- from Rs.1,000/-
- ❖ KVAT Rate of 13.5% increased to 14.5%.
- ❖ Limit for registration of KVAT for local dealers enhanced to Rs.10 lakhs.
- ❖ Due date of furnishing Audit Report has been extended to December 31<sup>st</sup> for non corporate and January 31<sup>st</sup> for companies.