

Editor's Pen

Hello JVRites!

We have witnessed yet another closing of the financial year and are facing the new audit season. And in light of this we hope for bigger, better and bolder efforts from each member of the JVR family.

January was a fun filled month for JVR. Our trip to Kodai hills was amazing and truly memorable. We were fortunate to attend the programme "Winner In You" by Mr. Shameem Rafeek at Hotel Mercy International. Our February also was no less eventful. This year, BBQ Nation was the chosen spot for our annual Fresher's Treat.

We have successfully completed GST migration of our clients during this month. We have also improved our audit programme in order to ensure better compliance and an effective and efficient audit. The Monday Seminars are being quite useful.

The 23rd Echo presents a brief discussion on the budget proposals for the FY 2017-18. Moving on, we provide you some important updates regarding amendment in Audit Report, progress of GST Bill and about Section 269ST of the Income Tax Act. It also recounts the tales of our trip.

Looking forward to the adventures that the new financial year has to offer. Happy new financial year everyone!

Congratulations for clearing CA Final



Rameez Rahman



Ajith Chandran



Team JVR with Mr. Shameem Rafeek,
Corporate Trainer and Motivational Speaker

MAJOR DIRECT TAX PROPOSALS IN UNION BUDGET 2017-18

The Union Budget for 2017-18 has been announced by Sri. Arun Jaitley, Union Minister for Finance, Government of India, in Parliament on February 1, 2017. Budget 2017-18 contains three major reforms: date of presentation advanced to 1st February to enable the ministries to operationalize all activities from the commencement of the financial year. Second, merger of railway budget with general budget and third, the budget had done away with age old practice of Plan and non-Plan expenditure. In long run, the budget proposals are expected to achieve reasonable tax rates, fairer tax administration and expanded tax base. **Major Direct Tax proposals in Union Budget 2017-18 are the following:**

Personal Taxation

- The existing rate of income tax applicable on income between Rs. 2.5 lakhs to Rs. 5 lakhs is reduced from 10% to 5% in case of individuals/HUFs or AOPs or BOIs.
- The rebate of Rs. 5,000 in case of an individual resident in India whose total income does not exceed Rs. 5,00,000, is reduced to Rs. 2,500, where the total income does not exceed Rs. 3,50,000/-
- Surcharge @10% of tax payable levied on individuals/HUFs or AOPs or BOIs whose total income exceeds Rs. 50 lakhs but does not exceeds Rs. 1 crore..
- Set off loss from house property for the second house/s 71 restricted to Rs. 2 Lakhs for an year and remaining can be carried forward for 8AY.
- No deduction shall be allowed under Sec 80G if, such amount exceeds Rs. 2000 and paid out in cash.

Business Taxation

- Threshold limit for tax audit u/s 44AB increased to Rs. 2 Cr. and threshold limit for Sec 44AA increased to Rs. 2.5 Lakhs and Rs. 25 Lakhs for gross receipts and sales turnover respectively.
- The threshold limit under sec 40A(3) for allow ability of revenue expenditure incurred in cash, reduced to Rs. 10,000/- and no depreciation expenditure shall be allowed for capital expenditure greater than Rs.10,000/- made in cash.
- To promote digital transactions, section 44AD reduce existing presumptive income rate of 8% to 6%, in respect of the amount of such total turnover or gross receipts received by an a/c payee cheque or bank draft or any other electronic mode from AY 17-18.

- Corporate tax rates got reduced to 25% for domestic companies having annual turnover upto Rs.50 Cr. during the PY 2015-16.

Capital Gain Taxation

- The base year for indexation is shifted from 1.4.1981 to 1.4.2001 for all classes of assets and also period for considering an asset as long term capital asset got reduced to 2 years.

TDS/TCS

- In order to widen the scope of tax deduction at source, new section 194-IB, inserted to provide for tax deduction at source @5% by an Individual or a HUF (other than those covered under 44AB), while making payment of rent to a resident of an amount exceeding R50,000 per month or part of month.
- Under TCS, higher rate of collection for default in furnishing PAN of collectee to the collector.

Assessment Procedure

- The time period for revising a tax return is reduced to 12 months from completion of FY, at par with the time period for filing of return.

Penal Provisions

- Late filing fee ranging from Rs. 1000/- to Rs. 10,000/- is levied on filing of return after the due date.
- Section 269ST is inserted to restrict maximum cash receipt from a party for a single transaction or on a single day or in relation to one event or occasion to Rs. 2 lakhs. 100% penalty over such receipt is levied in contravention of the same.
- Penalty of Rs. 10,000 would be levied, if an accountant or a merchant banker or a registered valuer furnishes incorrect information in his report or certificate under any provisions of the Act or the rules made thereunder.

IMPORTANT UPDATES

Disclosure of holding and dealings of specified bank notes in auditor's report

The notification issued by Ministry of Corporate Affairs on 30.03.2017 regarding amendment in Schedule III to the Companies Act 2013 mentions that every company shall disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016. Further, the Ministry of Corporate Affairs has amended the Rules pertaining to Chapter X of the Companies Act, 2013, wherein it has been provided that the auditor of a company is required to disclose in the Auditor's Report "whether the company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and if so, whether these are in accordance with the books of accounts maintained by the company."

Parliament passes GST bills; Government looking at July 1st rollout

The introduction of Goods and Services Tax (GST) would be a very significant step in the field of indirect tax reforms in India. It has been long pending issue to streamline all the different types of indirect taxes and implement a "single taxation" system. By amalgamating a large number of Central and State taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. Introduction of GST would also make Indian products competitive in the domestic and international markets. Studies show that this would have a boosting

impact on economic growth. Last but not the least, this tax, because of its transparent and self-policing character, would be easier to administer. The Parliament passed the following four bills - Central GST bill, Integrated GST bill, Union-Territories GST bill and the compensation law on April 07th and has been sent for President's Assent.

Way Forward

- ✓ Receiving President's assent to become Act.
- ✓ Passage of SGST Act by States.
- ✓ Recommendation of Model GST Rules
- ✓ Notification of GST rules
- ✓ Recommendation of Tax rates

Meeting the deadline of July 01.2017 with required knowledge, infrastructure, coordination and readiness to change is the biggest challenge before the nation.

AADHAAR is mandatory for ITR from July 1st

The Finance Act 2017 make AADHAAR Number (UID) mandatory for tax returns and PAN applications beginning July 1st. In previous years AADHAAR was optional. AADHAAR enrolment application number is also accepted while filing ITR. Failing to declare AADHAAR may lead to PAN being deemed invalid. The new initiative from Central Government is expected to reduce tax evasion and curb the undue flow of government subsidies to the hands of undeserved people.

Section 269ST-Restriction on Cash Receipts above Rs. 2 Lakhs

Section 269ST inserted by Finance Act 2017 restricts acceptance of Rs.2,00,000/- and above in cash. No person shall receive an amount of two lakh rupees or more (a) in aggregate from a person in a day; or (b) in respect of a single transaction; or (c) in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system. Government, Banking Company and other notified entities are exempted. The contravention attracts penalty of 100% of amount of transaction. Provided that no penalty shall be imposed if such person proves that there were good and sufficient reasons for the contravention.

KODAI, KODAI, KODAI!!!!

The moment all of us were waiting for had finally arrived. After days of putting our heads together, this year's annual tour of JVR and Associates was all set to take off to Kodaikanal. The trip started with everyone gathering at office on the eve of 12th Jan. All we knew for sure was that, the next two days would be filled with excitement, joy and a lot of fun, unlike the usual weekends.

We reached Kodai at almost six in the morning, and nobody expected it to be freezing cold. Many scattered to buy jackets and gloves as fast as they could. We proceeded to the resort we were to stay in, which provided us cozy huts and exceptionally good food. We then Freshened up, energized ourselves and headed back to the bus for that day's adventure.

Pine forest with its blinding mist and vast expanse to explore has thrilled us for half a day and the other half was spent in and around the lake in boats and cycles. The night was lit with a beautiful campfire and the traditional JVR ice breaking session, which was actually the highlight of the day. The silhouetted images sung, danced and went upside down around the fire. Those moments would be really hard to forget. Everyone went off to bed after the hauntingly beautiful rendition of "Hotel California" with a captivating cover by guitar strings.

The next day was Coakers walk, Suicide point, Guna Caves and all the whooping and screaming in between. Some were crazy enough to shop out entire kodai into their back packs, while others were busy filling their memory sticks with selfies and groupies...

The drive back home was amazing- the witty songs, the crazy music, dance and howling. I guess a tiny part of everyone didn't want it all to end.

To us it wasn't the places we visited or the sights we saw that stood out. It was the feeling of being with everyone. Jomon sir's impromptu speeches, Anish sir's mind boggling magic tricks, Shawn sir's vocal skills, Augustine sir's dance moves, the endless photos, ice-creams in the cold, laughter, joke crackers.....

Liya Jolly

