

CIRCULARS

TAXATION :-

Tax Audit Report Form Amended

The Central Board of Direct Taxes has amended Form 3CD by adding an annexure thereto and consequently, the Forms 3CA and 3CB have also been amended vide *Notification No.280/2004(F.No.142/24/2004-TPL)*, dated 16.11.2004.

The new rules made by the CBDT further amend the Income-tax Rules 1962. These rules may be called the Income-tax (14th Amendment) Rules, 2004 and these (revised forms) shall come into force from the 1st Day of December 2004 onwards.

The new revised forms are applicable to both corporate and non-corporate assesseees. The Annexure to Form 3CD must be filled up, failing which the form will be considered as incomplete.

The newly notified annexure to Form 3CD is in two parts, viz., Part-A and Part-B. Part-A of the annexure contains Clauses 1 to 6 which are exactly the same as are present in Part-A of Form 3CD.

(The details of the notification, along with the annexures are available at CBDT website.

(<http://www.incometaxindia.gov.in/Notifications/Incometaxact/2004/28020041116.asp>)

Mandatory quoting of PAN/
TAN on Challans

With a view to ensuring correct and prompt credit to taxpayers, Central Board of Direct Taxes (CBDT), Government of India has decided to implement the provisions for mandatory quoting of PAN/TAN on Challans from **January 1, 2005**. Accordingly, no payment of taxes will be accepted by bank branches unless the PAN of the tax payers is quoted on Challans ITNS 280 & 282 or TAN of the deductor on Challan ITNS 281, as the case may be. (*RBI/2004/300 circular no.DGBA.GAD.NO.H-2532-65/42.01.034/2004-05 dated Dec 14,2004*)

Tatkal scheme – PAN

Income Tax Department has also introduced ‘Tatkal’ Service for allotment of PAN, in which PAN applications can be filed on internet and service charges can be paid through credit card. Those taxpayers who still do not have PAN may avail the facility for ‘Tatkal’ allotment. Particulars in this regard are available on website of the Income Tax Department. The availability of PAN/TAN on challans, will expedite and ensure correct credit of taxes to the taxpayers. In order to obviate any difficulty in this regard, it has been decided to enforce implementation of the provisions for mandatory quoting of PAN and TAN on challans from 1st January, 2005. Accordingly, no payment of tax will be received in the banks unless the challan carries the PAN of the taxpayer or TAN of the deductor, as the case may be.

A facility to download the challan forms No.280 and 281 with pre-printed PAN/TAN and name of the taxpayer/deductor is available on the website of the Income Tax Department

Revised scheme for e-filing of returns

The CBDT has proposed ‘Electronic Furnishing of Return of Income Scheme, 2004’ which is applicable for assessment year 2004-05 and onwards. ‘It applies to any person who is assessed or assessable to tax at any of the cities specified in schedule ‘A’ of this scheme (44 Cities) and who has been allotted a permanent account number.

Through whom: An authorised e-return intermediary.

Qualifications of an e-Return Intermediary includes: (a) A firm of CA or Advocates which has, for at least last three years been in practice in the matters relating to direct taxes;

(b) A Chartered Accountant or Advocate who has, for at least ten years been in practice in the matters relating to direct taxes and has returned total income of two lakh rupees or more in the last two years; for further details visit: www.finmin.nic.in.

Certificate of TDS from Salary cum Return of Income

Individuals having income from salaries not exceeding Rs. 1,50,000 but not having income from 'business or profession' or 'capital gains' or 'agriculture' and who are not in receipt of any other income from which TDS has been deducted, now have the option of filling return in Form 16AA. This form 16AA is essentially a two in one: a TDS certificate that will be issued by the deductor - employer that will become a return of income when signed by deductee - employee and deposited in original with concerned Assessing Officer. In such cases, neither the TDS certificate in form 16A nor return of income in any form will be required.

(Source: *Incometaxindia.gov.in*)

Some features of new OLTAS for payment of taxes

Some of the features of the new **Online Tax Accounting System (OLTAS)** that has already been introduced by Income Tax Department are as follows: As present there are seven different types of challans for depositing direct taxes into the government account. These will be replaced by three types of challans : (i) A common single copy **challan No. ITNS 280** for payment of Income tax, Corporation tax and Wealth tax ;(ii) A common single copy **challan No. ITNS 281** for depositing Tax Deducted at Source from corporates or non-corporates; (iii) A common single copy **challan No. ITNS 282** for payment of Gift-tax, Estate Duty, Expenditure Tax and Other direct taxes
Detailed information about the new OLTAS is available at <http://www.finvarsity.com/incometax/default.html> on Income Tax Department's website.

Salaried taxpayers can get refunds directly in bank accounts

The Income Tax Department has introduced Electronic Clearance Scheme (ECS) for refunds upto Rs. 25,000/- in cases of salaried taxpayers filing returns in Form 2E (Naya Saral). This Scheme is available to taxpayers in 12 cities, namely, **New Delhi, Mumbai, Chennai, Ahmedabad, Bhubaneshwar, Nagpur, Kanpur, Bangalore, Hyderabad, Patna, Kolkata** and

Thiruvanthapuram. Once the return is processed the refund (if any) will be credited directly to the bank account indicated in the return of income. Taxpayers wishing to avail of this Scheme should indicate required bank details on the return of income. To this end, the Central Board of Direct Taxes has recently notified modified form 2E for salary returns that contains columns for providing details of bank accounts. Modified Form 2E may be downloaded from the website or obtained on fax or email from Aaykar Sampark Kendra (ASK) by calling 0124-2438000.

Corporate law:-

Expert Committee to advise Govt. on new Company Law

Concept Paper on Company Law :- It is proposed to synchronize the company Law to make it more meaningful and useful. For details visit: www.icai.org

The Government has decided to constitute an Expert Committee to advise the Government in the ongoing exercise to revise the Companies Act, 1956 to enable evolution of a simplified compact law that will be able to address the changes taking place in the national and International scenario and enable adoption of internationally accepted best practices as well as to provide adequate flexibility for timely evolution of new arrangements as warranted.

The Committee will submit its report to the Ministry within 3 months from the date of its constitution.

The committee, chaired by Dr. JJ Irani include Sh. ZS Negi (Addl. Secy, M/o Law), Sh. K N Memani (FICCI), Sh. Anil Aggarwal (ASSOCHAM), Sh. R. Seshasayee (CII), Sh. RS Adukia (ICAI), Ms. P Malhotra (ICSI), Sh. TP Ghosh (ICWAI), Ms Kalpana Morparia (Representatives of Banks), Sh. R Parthasarthy (Representative of FIs), Sh. O.P Vaish (Sr. Advocate), Sh. Shardul Shroff (Sr. Advocate), Sh. Jitesh Khosla (Member-Convener). The special invites to the Committee include Sh. M.M. Sardana (MRTPC), Sh. Bhagwat Swarup (ITSC), Sh. RS Loona (Dir, SEBI), Sh. S. Batra (Insolvency Expert) and Representative of D/o Banking, DEA, RBI and others as may be decided from time to time.

(Circular No. F NO. 1/5/2004/RC December 2, 2004)