WAKOKU VOICE

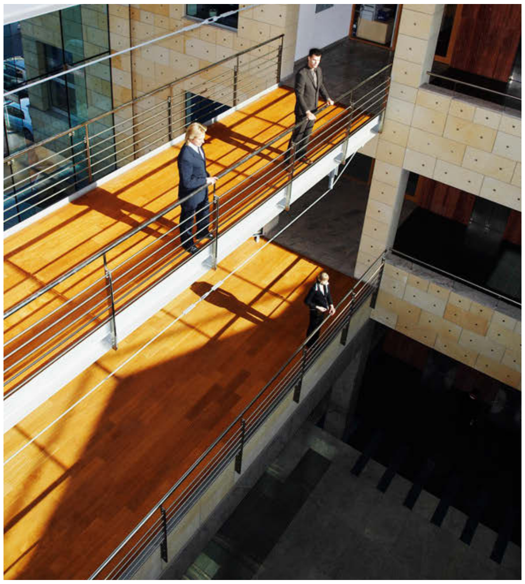
AUGUST 2014

"A person, who no matter how desperate the situation, gives others hope, is a true leader."

Content

Editor: Mr. Sumit Gururani, Director , Wakoku Consulting Group,

s.gururani@wakokuconsulting.com



1. Overview of laws in India

Constitution of India is the mother of all laws in India, Whether it may be taxation, Civil or criminal laws.

Parliament of India basically passes the laws in both houses and then the president of India signed it

Central Acts are applicable for all over India. While State acts(like Vat/sales tax) are applicable for states only.

1. Companies Act, 2013(earlier Companies act, 1956)

   (This law basically deals with the matters concerning with all the areas of the company, whether Private or public company. Some of the prime areas are directors meetings, shareholders meetings, management and administration)

2. Income Tax act, 1961

(This law basically deals with the Income tax , both for company and Individuals)

(Main Areas are Transfer pricing, Tax Audit, Foreign Remittance, ITRs)

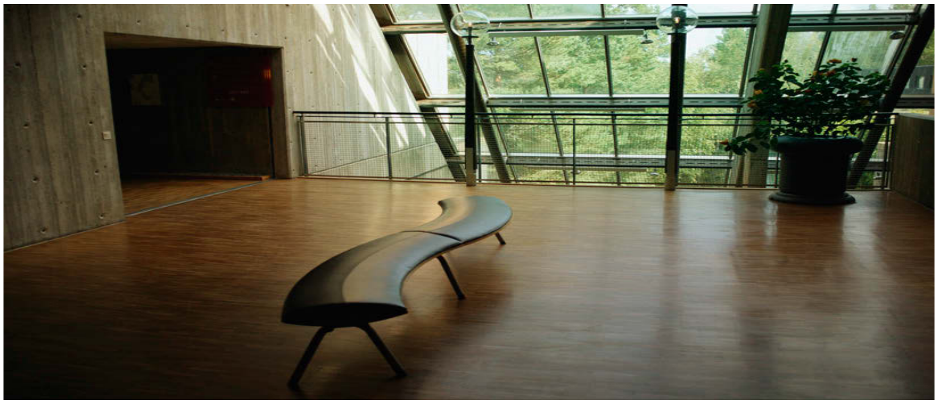
3.Service tax(Finance act,94)

This act basically deals with the laws and procedures related with the service providers)

4. Central Excise act,1944
This act basically deals with the law and procedure related with the producers, Manufacuturerer

5. Custom act, 1962
This act basically deals with the law and procedure related with custom(like import, exports)

Above are only major laws, It has to be supplemented With certain state acts and Other labor laws/Social Security laws



2. Internal Audit

Introduction

It's like a regular service to your automobile. Without regular service your automobile may die or cheat you at the middle of the road. Regular services saves you.

In internal audit your company will be saved from any mishap due to fraud, mistakes , notices or any other reasons. It gives you an alarm in your hands.

Legal basis

I) CARO,2003(Companies auditors report order) basically needs a comment on the internal control and system of the organization from the Auditor. Internal audit provide the basis for such opinion.

II) Section 138 of the companies act 2013 prescribe internal audit by a chartered accountant or cost accountant or any other prescribed by board of directors. However this prescription should be validity justified.

(continued)

>This article explains the basis for internal audit and it's Importance for foreign companies.

>Rule 13 of the Companies (accounts) Rule 2014 prescribes Listed companies or Unlisted companies having paid up capital of rs. 5o crore or turnover of 200 crore.

>Internal audit is regular health checkup while statutory audit is only post mortem.

Scope under Internal audit

1. Checking of the Accounts
2. Checking of stock
3. Checking of your operations
4. Suggesting SOPs
5. Online checking of various government departments
6. Checking of Human resource functions
7. Review of Labor laws.
8. Cost compliance checking

Format and guild lines

Internal audit basically doses not have any fixed format and frequency .

Internal audit can be done on six month basis , Quarterly or on monthly basis.

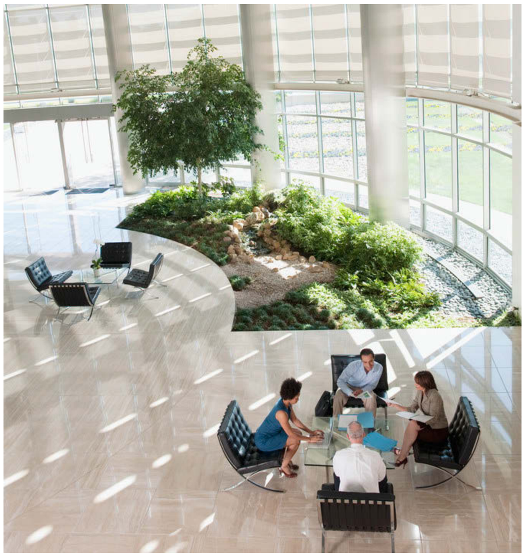
It basically needs past experience and expertise of Internal Auditor.

>Director can have all the control in their hands as they can see and check the content of internal audit and take actions.

>Director can see the defaults and problems through internal audit reports.

>Directors can ask managers to comply the rules and regulations on timely basis.

>Directors can legally save himself for the things he/she might not known to him/her.



3. TAX ALERTS

INDIVIDUAL TAXATION

In India, every person who earns income in India is required to pay Income Tax. By having good knowledge of beneficial provisions one can reduce his income tax liability legally.

As a Director ,one should ensure that his and other person's proper income tax is being deducted and submitted on time by the company.

Basic tax saving points one should know:

1. Income tax exemption limit raised from 2 lacs to 2.5 lacs for people below 60 yrs of age for financial year 2014-15.
2. Deductions under section 80C is raised from 1 lac to 1.5 lacs.
3. Interest unto Rs. 10,000/- on saving bank account is exempt under section 80TTA.
4. Make choice between Rent Free Residential Accomodation or House Rent Allowance for reducing your tax liability.
5. Transport Allowance is exempt of Rs. 800/per month.
6. Children Education Allowance is exempt of Rs. 1000/per month/per child upto a maximum 2 children.
7. Helper Allowance is fully exempt.
8. Uniform allowance is fully exempt.
9. Travel Allowance for official purpose is fully exempt.
10. Daily Allowance is fully exempt if person is away from his normal place of duty.

CORPORATE TAXATION MATTERS

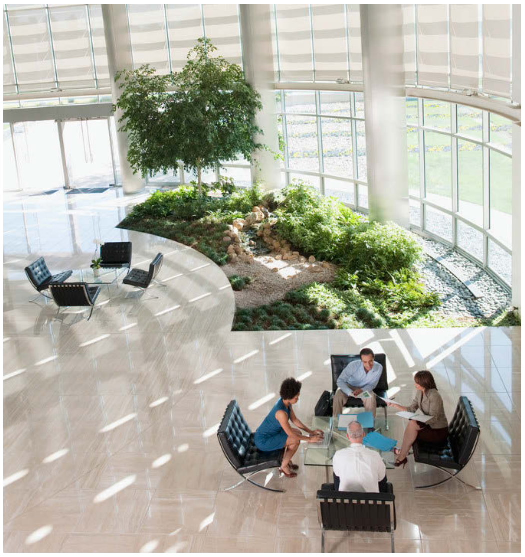
Prime matters of Directors worry are:

1) Tax deduction at source/Tax collection at source(TDS/TCS) on monthly basis. Basically the returns and defaults should be regularly resolved.

2) TRANSFER PRICING : This areas is very much crucial .proper documentation and the report

3) Income tax return of the company:(ITR) of the company should be done properly to claim right deductions and other benefits.

4) Tax audit : All the companies whose turnover is over 10 million are required to do tax audit from a chartered accountant.



Deadlines –September 2014

Note:

*Due dates for payment of monthly VAT liability and VAT returns will vary from State to State thus they are not mentioned in above list.

IMPORTANT DATES FROM COMPLIANCE ANGLE FOR THE MONTH OF SEPTEMBER 2014

5th September – Payment of monthly service tax liability (other than online)

6th September- Payment of monthly service tax liability (online method)

6th September- Payment of monthly excise duty liability (for all assessees including SSI units)

7th September- Payment of monthly TDS and TCS liability

10th September- Excise Return ER-1 for all assesses (non-SSI)

Excise Return ER-2 (for EOUs)

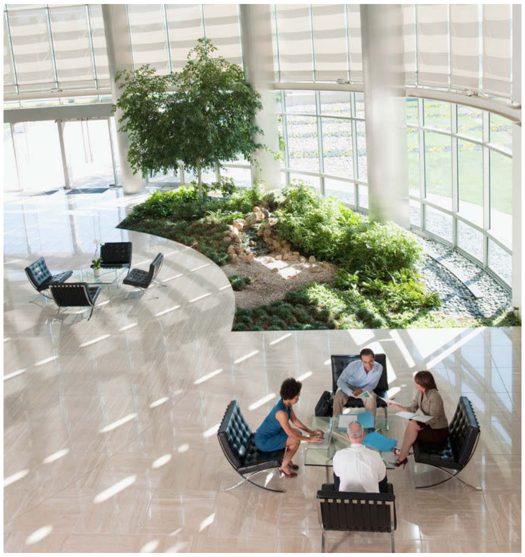
Excise Return ER-6 (for units paying more than 1 crore duty)

15th September- Payment of Advance Tax liability for Quarter 2

15th September- Payment of monthly Provident Fund liability

15th September- Payment of monthly Provident Fund liability

30th September- This is last date on which Annual General Meeting of the Company can be held for Financial Year 2013-14. Kindly check whether your AGM is already done by this date.



5. Indian Culture/festivals

Rakhi/ Raksha Bandhan

10 August 2014

On Raksha Bandhan, sisters tie a Rakhi (a beautifully crafted and decorated thread) on the right wrist of their brothers as a reminder of love and protection.

The brother vows to take care of his sister and in return offers her gifts and sweets. The festival is a wonderful way of bringing the family closer together.

Many women also tie Rakhis on their close friends and neighbors as a sign of caring and harmony in their social lives.

Govinda/Krishna Janmashtami

18 August 2014

The festival of Krishna Janmashtami, also known as Govind. It is the birthday of Lord Krishna.

An extremely fun part of the festival involves people climbing on each other and forming a human pyramid to try and reach and break open clay pots filled with curd, which have been strung up high from buildings.

Internal Audit services

Accounting services

Compliance services

Wakoku Consulting Group India-japan

Taxation services

Japanese help desk

Team comprises of chartered accountants, company secretaries, cost accountants, lawyers

Disclaimer: Wakoku consulting group does not hold any responsibility of misuse any information contained in the newsletter.

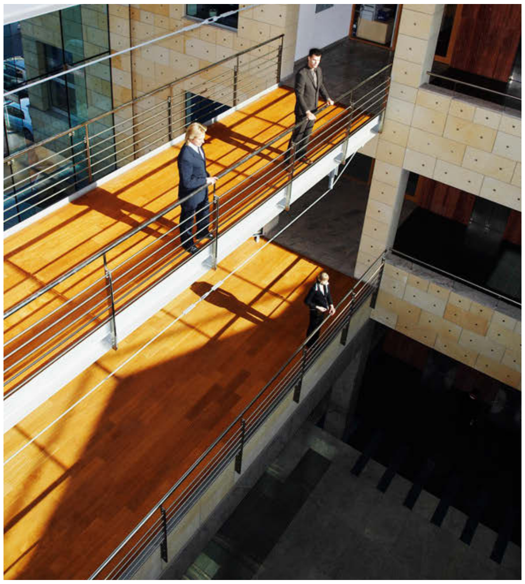
This Newsletter is for internal Circulation & Discussion only

Please Contact.

Mr. Katsutoshi Ishikawa(CPA-Japan)
K.Ishikawa@wakokuconsulting.com

Mr. Sumit Gururani, (Mcom, FCS, LLB)
S.gururani@wakokuconsulting.com

Delhi corporate office: G-14, Gaurav Appartments, SFS flats, Saket, New Delhi-110017 Ph- 011-41062006



WHAT 'S IN NEXT ISSUES

TAX AUDIT AND RELEVANCE

DIRECTORS RESPONSIBLITES

TRANSFER PRICING ISSUES.

FILINGS UNDER INCOME TAX , RBI , COMPANIES ACT.

EXPAT TAXATION

COMPANY MEETINGS

PENALITIES AND PROSECUTION

LABOR LAW MANAGEMNT

Please Contact.

Mr. Katsutoshi Ishikawa(CPA-Japan)
K.Ishikawa@wakokuconsulting.com

Mr. Sumit Gururani, (Mcom, FCS, LLB)
S.gururani@wakokuconsulting.com

Delhi corporate office: G-14, Gaurav Appartments, SFS flats, Saket, New Delhi-110017 Ph- 011-41062006