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PARTNER'S MESSAGE
CA. TILAKCHAND SHAH

Take up one idea. Make that one idea your life – think of it, dream of it, live on that idea. Let the brain, muscles, nerves, every part of your body, be full of that idea, and just leave every other idea alone.

This is the way to success.

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DUE DATES FOR THE MONTH

20th September	To pay GST liability for August and file self-declaration form i.e. GSTR-3B
21st September	ESIC Payment and return and PT payment for the month of August for all type of entities.
30th September	Deposit of TDS deducted u/s 194IA for the month of August 2017.
30th September	PTRC return for the month of August 2017.

ARTICLE OF THE COMMON INTEREST

CHOOSE DIGNITY CHOOSE JEEVAN UMANG- A *RETIREMENT PENSION PLAN*!!!

India is undergoing a major demographic change over the years. In the past two decades, we have seen a widespread break-up of the joint family system and an increase in the nuclear family structure. This impacts the social fabric of the country as much as the ageing population, who are suddenly made to live on their own after retirement. Children may or may not support their parents financially and it becomes difficult to make a living with bare pensions received from the source of employment. Medical care becomes a necessity post retirement and it is not getting any cheaper.

India is going to be the most populous country of the world by 2030. The growth rate of the elderly population is currently much higher at 1.76% (approx. in 2011) than the overall growth rate of the population. The proportion of the elderly (aged 60+) in the population, which was 8.2% in 2008, is expected to go up to 10.7% in 2021 and further to 21% in 2050. People over 80+ in 2050 would be about 15% of the total population.

Studies have shown that more than 52% of Indians depend on others for their survival and more than 72% are fully dependent on others to survive. It is unfortunate that a large number of Indians are not aware of the emerging crisis due to ageing population. Ageing is becoming a challenging issue, which needs to be tackled through well designed institutional mechanism.

The best way to face such mounting challenges when income drops and expense rise is the pension plans that offer a regular stream of income.

Reasons for investing in pension plans:

- **Increased Life Span:** With advancement of science and technology, the average life span is increasing. Obviously, this requires better medical care, but it comes at a cost. With a pension plan and regular income coming in, you can plan your post retirement life and meet the necessary expenses.

- **Limited Pension from employer:** The pension plan offered by the employers doesn't look at your individual requirements and hence fall short of the actual needs of old age. Investing in separate pension plans when you are young can help to build a corpus that can help you in a massive way during old age.

- **No old age support system:** Unlike in many Western countries, the concept of social security system does not exist in India. This means each one is expected to meet his individual needs.

- **Family Responsibilities:** For some people liabilities and responsibilities towards their family go beyond their retirement age. While some have to take additional responsibilities of their grand-children and children post retirement, the pension plans offer you sufficient financial independence.

- **Ambition:** If you have spent your life discharging responsibilities and post retirement you want to fulfil some of your goals or dreams, pension plan can support you with monetary help without having to ask for it.

- **Relaxed Life:** After working nonstop for 30-35 years, one would like to spend the rest of life in a relaxed manner. Whether you want to travel in your old age or take up some charity work or just want to pursue a hobby, pension plans can help in each of these endeavors.

  The solution to all the above can be found in one plan;

<u>JEEVAN UMANG!!!</u>

Life Insurance Corporation of India recently launched “Jeevan Umang”, a plan that offers cover up to the age of 100. The policy offers annual survival benefits from the end of premium paying term till the age of 99 and a lump sum payment at the time of maturity, or on the policyholder’s death.

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A guaranteed survival benefit is payable on the life insured surviving to the end of the premium paying term, provided all due premiums have been paid or the paid-up value is 2 lakhs or more.

The survival benefit will be equal to 8% of basic sum assured. The first survival benefit payment is payable at the end of the premium paying term and thereafter on completion of each subsequent year till the life assured survives or till the policy anniversary prior to the date of maturity, whichever is earlier.

Jeevan Umang is available from 90 days to 55 years. There is no upper limit to the basic sum assured but it must be in multiples of Rs. 25,000 with premium paying term options of 15, 20, 25 and 30 years.

The policyholder has an option for utilising riders-accidental death and disability benefit, term assurance and critical illness benefit. Loan facility is also available to policyholders. This policy combines the feature of endowment, whole life and annuities.

Jeevan Umang helps you to "***Create Your Future***". It helps you to live with dignity. It is better to have a clear vision of the future and plan your own financial independence. The way we plan our children's' education/marriage/settlement, it is important to plan our own future too. As it is said, "***YOU CAN BE YOUNG WITHOUT MONEY BUT CAN'T BE OLD WITHOUT IT"***.

For further enquiry please call - ***Vaishali Neelanj Shah***, an expert advisor in handling Insurance portfolios for the past 10 years.

Contact details : 022- 25293841/25281296
Email : investandrest@gmail.com

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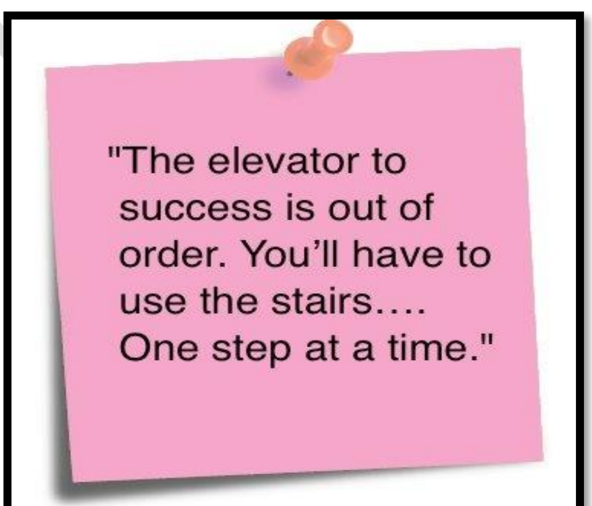
QUOTE OF THE MONTH



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KNOWLEDGE BANK

WHEN IS THE RIGHT TIME TO EXIT FROM A FUND?

Investing in mutual funds is a decision each investor undertakes after thorough research and comparison. From checking the fund manager to the past performance of the fund, its core objectives, and how it is offering returns compared to other funds in its asset class, there are many parameters that one should check before choosing the right fund. But what about the right time to exit from a fund? Many investors either dump the fund when the markets start to fall or when they need money. On the other hand, an equally large number of investors stay amid the bear phase hoping for markets to reverse soon and often ending up losing substantial amount of money.

So, what are the parameters one must focus on to get the exit timing spot on? The obvious answer to the question is that there is one single parameter. Depending on the investment perspective of each individual investor, it is always a summation of number of factors that must give a go ahead to exit the fund mid-way.

Let us look at five such intrinsic parameters that must be monitored and can be a yardstick to follow to get the exit timing right in case of mutual fund investments.

It's time to exit once you reach the specific investment target:

Every investor has his or her own investment goal. While some investors may be investing in mutual funds for their child's marriage someone else may be investing to buy a house or a car. If your investment has reached a point where it has already fulfilled its investment objectives, then it is a good reason to exit the fund. Remember some people try and overplay their investment horizon to make some more gains but in a volatile market, this may not be the best investment strategy as any bear phase can jeopardize the gains of the fund leaving you with no option but to stay invested for a substantial period of time of exit without reaching your investment goals.

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Fund is a consistent underperformer:

The best way to judge the results of a fund is by tracking its performance. If any mutual fund is consistently underperforming, maybe it is time to say good bye to the fund. It is however imperative to note that a temporary dip in fortunes of a fund can happen to the best of funds and should not be a yardstick to exit the fund. Only if the fund has been consistently underperforming compared to its peers invested in the same category class should one consider exiting the fund. A common mistake a lot of investors commit while checking the performance of the fund commit is comparing the fund with an entirely unrelated fund and conclude the performance yardstick. Do remember always compare each mutual fund with its peers in the same category class only.

Fund objectives shift courses midway:

Another good reason to exit from a fund is when the fund deviates from its initial objectives. The change in objectives can be either though change in the fund's investment objectives or a sudden change in investment profile. It is essential to know that fund managers often take investment calls which may not be in sync with the overall investment objectives for the fund temporarily.

If, however the change in objectives becomes a regular feature exiting the fund may be considered as a serious option. For example, in case a value oriented fund scheme starts investing in growth options stocks or a fund which specializes in investing in mid cap stocks starts investing in a different portfolio of say large cap stocks suddenly time and again, the fund would have deviated from its core objectives.

Leaving of The Star Fund Manager

One of the biggest dilemmas faced by a lot of fun holders is what to do in case the fund manager exits the fund. Should be follow the fund manager and quit the fund even if the fund is offering substantial returns or stay invested in the fund as the core of the fund is its good investment portfolio irrespective of the manager. The answer to this question is difficult to fathom in black and white but if the fund manager leaves, the fund must be on your radar to keep an active lookout.

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Keep a watchful eye on the fund and its performance after a star fund manager leaves the fund. This time period will also allow the investor to understand the investment strategy adopted by the new fund manager in terms of stock selection, asset allocation and an overall investment cycle. If you find the new fund manager doing justice to the fund with the new investment strategy, exiting the fund may not be necessary. On the other hand, if you feel the new fund manager is not doing justice to the fund in terms of his or her investment approach, it is better to exit the fund while the gains are substantially higher.

Portfolio rebalancing:

Any investment portfolio is always work in progress depending on the financial situation and the expected returns and risk bearing capacity. A portfolio with a higher percentage in equity and lower in debt investment vehicles may offer greater returns but is a high-risk investment. In case you are rebalancing your overall investment portfolio by exiting from some funds and stocks based on the equity markets, it is a good decision to exit the fund and invest in a secure debt fund or other safe investment vehicles like government bonds.

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SOCIAL MESSAGE

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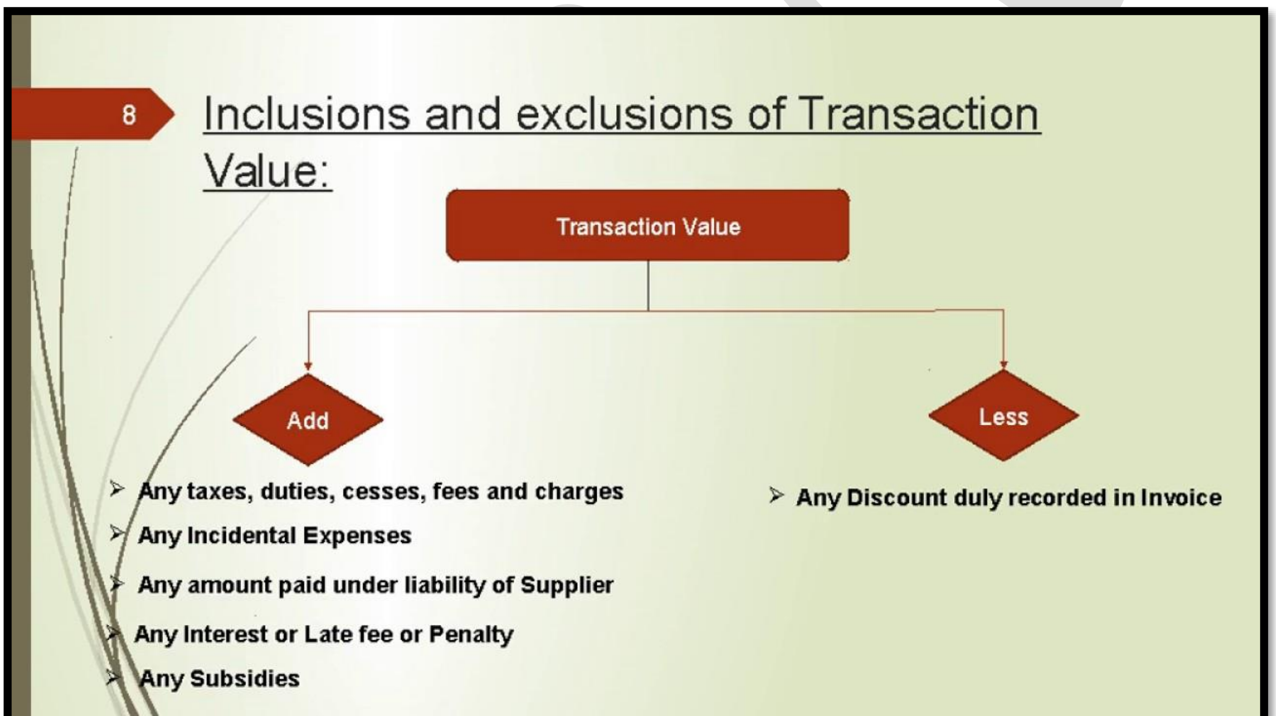
DID YOU KNOW??????

TRANSACTION VALUE OF GOODS & SERVICES UNDER GST (VALUATION RULE)

1. "Transaction Value – Section 15(1)" - is the basis for valuation for supply of goods and/or services under the GST Regime. For the levy of tax i.e. GST, first we have to determine the transaction value. 'Transaction Value' is the price actually paid or payable for supply of goods and/or services but is subject to dual condition as mentioned below:

• Supplier and recipient of the supply are not related; and

• Price is the sole consideration for the supply.



2. Inclusions in the Transaction Value [Section 15(2)]

The transaction value shall include the following:

a) Taxes under other Statue -Any taxes, duties, cess, fees and charges levied under any statute other than GST Act/IGST Act, if charged separately by the supplier to the recipient.

b) Any amount for which Supplier is Liable to Pay - Any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods and/or services.

c) Incidental Expenses - Incidental expenses, such as commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods and/or services at the time of, or before delivery of the goods or, as the case may be, supply of the services;

d) Interest or Late Fees - Interest/late fee/penalty for delay in payment of consideration for supply will form part of value.

e) Subsidies -Subsidies directly linked to the price. (Except subsidies provided by the Central and State Governments).

Example 1 – Mr. X goes to an outlet and buys dry fruit worth Rs. 2,000. Mr. X asks for the special packing for which Rs. 500 is charged for packing. Here, the transaction value will be Rs. 2,500. The amount for special packing is separately payable.

3. Exclusions in the Transaction Value [Section 15(3)]

The value of the supply shall not include any discount that is given:

a) Discount given before or at the time of the supply provided such discount has been duly recorded in the invoice issued in respect of such supply and
b) Discount given after the supply has been effected but:
    1. such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoice; and
    2. Input tax credit has been reversed by the recipient of the supply as is attributable to the discount issued by the supplies.

Example 1 - In many cases company offers trade discount to dealers depending upon the volume of supply. Such discount is reflected on the face of invoice and therefore, transaction value will be the price after discount. Say, for instance, price of a car is Rs. 5,00,000 and a discount of 5% is given being the year end sale. Here, the transaction value will be Rs. 4,75,000 i.e. after discount which will not be included in transaction value.

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4. The value of supply of goods or services or both which cannot be valued as per Section 15 (1), shall be determined as per rules notified u/s 15(4)].

A) Value of supply of goods or services where the consideration is not wholly in money (Rule 27)

Where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall,

a. Be the open market value of such supply;
b. If open market value is not available, be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply;

c. If the value of supply is not determinable underclause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;
d. If value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by application of Rule 30 or Rule 31 in that order.

Example 1 - Where a laptop is supplied for Rs. 40,000 along with a barter of printer that is manufactured by the recipient and the value of the printer known at the time of supply is Rs. 4,000 but the open market value of the laptop is not known, the value of the supply of laptop is Rs. 44,000.

B) Value of supply of goods made or received through an agent (Rule 29)

The value of supply of goods between the principal and his agent shall, -

a) be the open market value of the goods being supplied, or at the option of the supplier, be 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient;
b) Where the value of a supply is not determinable under clause (a), the same shall be determined by application of Rule 30 or Rule 31 in that order.

Example - Where a principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs. 5,000 per quintal on the day of supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at a price of Rs. 4,550 per quintal.

The value of the supply made by the principal shall be Rs. 4,550 per quintal or where he exercises the option, the value shall be 90% of the Rs. 5,000 i.e. is Rs. 4,500 per quintal.

C) Value of supply of goods or services or both based on cost (Rule 30)
Where the value of a supply of goods or services or both is not determinable by any of the preceding rules, the value shall be 110% of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services.

Example -Suppose Peacock Limited is manufacturing office chairs and the cost of manufacturing is Rs. 4,000 per chair. Similar chair in the open market is valued at Rs. 4,500. These chairs are supplied to a furniture showroom at the rate Rs. 3,000 and balance in non-monetary consideration. Now since the open market value is available, Rs. 4,500 will be considered for valuation of supply. However, in case if Open Market Value is not available, the value of supply as per cost method will be followed which as per the rule will be110% of the cost of manufacturing i.e. Rs. 4,000*110%= Rs. 4,400. Thus, GST will be charged on Rs. 4,400 in this case.

D) Residual method for determination of value of supply of goods or services or both (Rule 31)
Where the value of supply of goods or services or both cannot be determined under above rules, the same shall be determined using reasonable means consistent with the principles and general provisions of Section 15 and these rules, provided that in case of supply of services, the supplier may opt for this rule, disregarding Rule 30.

EDITORS' CHOICE

ARE YOU PAYING RENT MORE THAN 50,000?

The Government of India regularized the Income Tax Act to cover all the income earned by Residents through their business activities and properties under the Tax purview and it also put efforts to eliminate the possible ways of Tax avoidance by amending the respective sections of Income Tax Act according to the present requirements.

On the process of curbing the black money since 2016, the Indian Government tries to sort out the issues arising from undisclosed income in many ways. It also steps forward to figure out a solution for the undisclosed rental income earned through the immovable properties by introducing the section 194-IB of Income Tax Act which clearly mentions about the provisions of Tax deduction related to the Rental Income earned by the resident.

- **What is amended u/s 194 IB of the Income Tax Act, 1961?**
  As per the new amendment under section 194-IB of the Income Tax Act, 1961 with effect from 1st June 2017, the Individual or HUF should deduct tax on the rent what they are paying to the resident persons if it is more than Rs. 50,000 per month or part of a month during the previous year.

- **Whether this provision covered those person's u/s 194 I?**
  No, according to the section 194-IB, it's not applicable to those people who were covered u/s 194I and they can follow the existing process of Tax deduction.

- **What is the meaning for Rent under this section 194 IB?**
  Under this section, the term 'Rent' means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.

- **Who is responsible to deduct Tax on Rent?**
  The person who is using the property for his own purpose on rent and agreed to pay a sum which is more than Rs. 50,000 per month or part of a month at any time during the previous year is responsible to deduct tax on their rental payment.

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- **When the tenant should deduct tax?**
  The Income-Tax Act referred to in sub-section (1) shall be deducted on such rental income at the time of credit, for the last month of the previous year or the last month of tenancy if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.

- **What is the rate of TDS to be deducted on the rental amount?**
  As per the Income Tax Act, at present it is an amount equal to 5% of such income as income tax in normal cases and it may vary if the lessor of the property has not provided PAN.

- **Whether TAN is mandatory to deduct TDS?**
  No need to obtain TAN for this purpose. The provisions of section 203A shall not apply to a person required to deduct Tax u/s 194-IB. So, the person who deducts tax on rent should mention their PAN instead of TAN for the further process.

- **What the tenant should do if landlord not provide the PAN?**
  In absence of PAN from the lessor of the property, tax is required to be deducted as per the provisions of section 206AA which is 20% of that income but such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.

- **What is the procedure to remit that deducted Tax to the department?**
  The tenant should deposit the deducted tax within 30 days from the end of relevant month, i.e. either the last month of the previous year or last month of occupancy, by filing form 26QC.

- **What is the certificate he needs to provide to the lessor of the property?**
  Tenant as a deductor of tax, should provide the Tax Deduction Certificate in form 16C within 15 days from the date of filing.

- **Can the lessor of the properties take the refund of that deducted Tax?**
  Yes, the deductee can take the refund by filing Income Tax returns as per the Income Tax or he can set off the excess tax deducted on his other taxable income.

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- **What is the benefit for tenant through the above process?**
  Tenant can take the complete expenses if he used the premises for business purpose or he can take maximum deductions u/s 80GG or House Rental allowances exemption u/s 10(13A) of the Income Tax Act for salaried employees.

- **What is the Interest or Penalty related to non-deposit of deducted tax on time?**
  The tenant should pay interest at 1.5% per month on deducted tax amount from the last month of occupancy or the last month of previous year till the date of deposit.

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EMPLOYEE OF THE MONTH

POWERFUL THOUGHT FOR THE DAY: -

This is such a powerful thought. Just look back in your past and remember the challenging times which were so painful to deal with and may have caused tensions, heartburns and strained relationships at that point in time…. Maybe you spent a couple of days … weeks or months carrying burden in your hearts…. affecting and straining your lifestyle and that of near and dear ones…. And then zoom back to the present, how did you react in the past. Could you have responded better? In almost all the cases you will realize that, today when those challenging times do not exist anymore, you could have responded with the challenging times in a much better way ……Remember the above quote — and recognizing that 'This too shall pass away' you can deal with your present challenges in a much much better way.

- KAJAL THORAT

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STUDENT'S CORNER

ENTHUSIASM

Starting a Project Enthusiastically, but Losing Enthusiasm?

Do you start a project enthusiastically, but lose your enthusiasm after a few days? This is something that happens to everyone, and could be quite frustrating.

It seems, as if there is a subconscious resistance to do things that require that you to leave your comfort zone. Something might fire your enthusiasm, but you lose it, when you see how much work or changes you need to make.

This happens to everyone, and in all walks of life.

1. You see a friend who lost weight and you want to lose weight too. You have a strong desire, but it disappears after your first meal.
2. A friend suggests you read a certain book and you go and buy the book. You don't find the time to read it and you forget about the book.
3. You go to a workshop, seminar or a lecture, and return enthusiastic about what you learnt. However, after a few days, due to work, chores and other interests, you forget about it, and about your desire to implement what you learnt.

   This list can go on and on.

We forget why we started to do something, or lose our interest. Our subconscious habits, our day-to-day tasks and our circumstances stand in the way, and we lose our interest. This is something that happens all the time.

Enthusiasm is like fire. Water can extinguish it, and the wind can divert it in any direction. Lack of interest is like water, and other interests, other attractions, and other ideas are like the wind, diverting the attention to other matters.

It is not easy to keep your interest and enthusiasm strong and alive, if you allow yourself to be distracted and attracted by every whim, desire or new idea. It is also not the way to success.

If your imagination is fired by some idea, this fire might be extinguished, unless you are determined not to let this happen, and apply willpower, self-discipline and persistence.

You cannot depend on temporary enthusiasm, excitement and desire to accomplish anything. The mind gets excited by various things, but is often fickle and is quickly distracted.

What can help you go on with something that excited you? What can you do to go on after enthusiasm wanes down?

- Use reason, common sense and clear thinking before starting anything.
- Realize that quite often, you will need to study, work, sacrifice certain things, and do things that you don't like doing.
- Be sure you really want to accomplish what fired your enthusiasm.
- You need to develop persistence.
- You need to use willpower and self-discipline.
- You need to learn to focus your mind on what you want to accomplish.

Like fire, which needs constant feeding, care and direction, so is enthusiasm, it can easily wane. It can help you start a new project or a plan, but to keep going you need some inner power and stamina, and you need to do some work, which sometimes, could be boring or need effort and time.

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CONTACT INFORMATION

For further information, please contact

T D K & CO.

102, Lotus Heights,
15th Road, Opp. Gandhi Maidan,
Chembur,
Mumbai – 400 071
T: (91-22) 2528 1296
F: (91-22) 2529 3841

info@tdk.net.in
www.tdk.net.in

Branch Office at:

Pune Branch Office
A-15, Windmill Village,
61-75, Shiv-Shailam Developers,
Bhavdhan Budruk,
Pune - 411 021

Ahmedabad Branch Office

13, Dipavali,
Narayan Nagar Road,
Vishwakunj Cross Road,
Paldi, Ahmedabad – 380 007.

Vapi Branch Office

105, Sunrise Complex,
Behind Indian Bank,
Telephone Exchange Road,
GIDC Char Rasta,
Vapi – 396195.

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COMPILED & EDITED BY : DIVYA RAGHU
: SANKET SHAH
APPROVED BY : SHRADDHA MOTA