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T D K & CO

NEWSLETTER AUGUST, 2016

34TH EDITION

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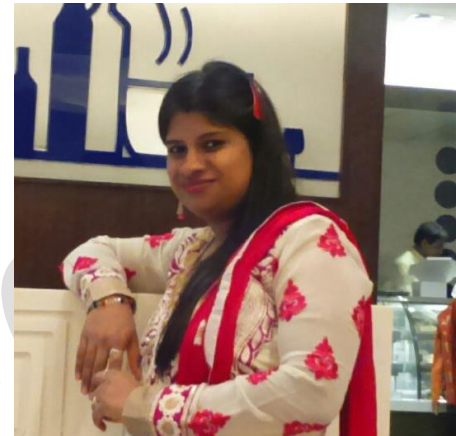
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PARTNER'S MESSAGE

Dear Friends,

"Meeting the deadline is not good enough, beating the deadline is my expectation. Success means having the courage, the determination and the will to become the person you believe you were meant to be. Success comes to person who beats the deadline. Success is focusing the full power of all you are on what you have a burning desire to achieve."



- **CA HARSHA KOTHARI**

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DUE DATES FOR THE MONTH



| | |
|-------------------------|--|
| 15 th August | PF payment for July 2016 (5 grace days are allowed). |
| 21 st August | MVAT and CST payment and return for the month of July 2016. |
| 21 st August | ESIC Payment and return for the month of July by all type of entities. |
| 25 th August | Provident Fund Return for the month of July 2016. |
| 31 st August | PTRC payment and return for the month of July 2016. |

UPDATES FOR THE MONTH

❖ INCOME TAX

✚ **New Provisions of Tax Collected at Source TCS 2016**



Section 206C of The Income Tax Act, 1961 was amended by the Finance Act, 2016. The Amendments brought in by the Finance Act, 2016 are applicable from 1st June, 2016. Earlier there was a clear statement that tax collected at source at the specified rate is to be collected at 1% on the sale of bullion exceeding Rs. Two lakhs and jewelry exceeding Rs. Five

Lakhs.

According to the amendment the seller has to collect TCS at the rate of one percent from the seller on the sale in cash of any goods or services exceeding rupees two lakh. In the case of bullions and jewelry, the provisions prior to the amendment shall be in existence.

In addition to this, seller who receives consideration for sale of a motor vehicle exceeding rupees 10 lakh, shall collect 1% of sale consideration as tax from the buyers.

✚ **Cost Inflation Index CII for F.Y. 2016 - 17**

The Government of India notifies cost inflation index for the financial year 2016-17. This is the tool of inflation year wise rise and it is very helpful in calculating long term capital gains. The cost inflation index for the financial year 2016-17 is 1125.

✚ **CBDT Allows to Pay Tax in 3 Installments up to September 2017 under Income Declaration Scheme**

The Income Declaration Scheme 2016 - Relaxation of time schedule for making payments under the Scheme:

- (1) a minimum amount of 25% of the tax, surcharge and penalty to be paid by 30.11.2016;
- (2) a further amount of 25% of the tax, surcharge and penalty to be paid by 31.03.2017;
- (3) the balance amount to be paid on or before 30.09.2017.



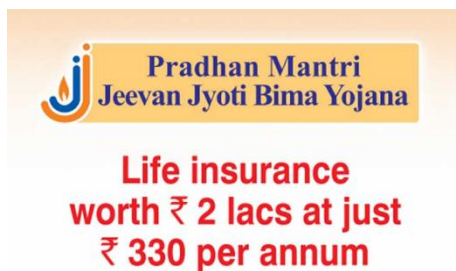
Paperless PAN and TAN Process and One Day Allotment

For fast tracking the allotment of PAN and TAN to company applicants, Digital Signature Certificate(DSC) based application procedure has been introduced. Under the new process PAN and TAN will be allotted within one day after completion of valid on-line application.

Similarly, a new Aadhaar e-Signature based application process for Individual PAN applicants has been made available.

GENERAL

No Claim of Death within 45 Days in PMJJBY



Reserve Bank of India issued a circular no. 20 dated June 30 2016 about no claim will be entertained in case of death within 45 days of issuing of policy of Pradhan Mantri Jeevan Jyoti Bima Yojana. However, deaths due to accidents will be exempt from the Lien Clause.

No KVP and NSC will be Issued in Physical Form from 1 July 2016

It may be noted that no physically pre-printed KVP and NSC certificates may be issued on or after 01.07.2016 by banks or Post Offices.

ARTICLE OF THE COMMON INTEREST

NEW TAX RULE TO HIT 40% JEWELLERY SALES



Around 40 per cent of India's jewelry sales are likely to get affected with the implementation of Tax Collection at Source (TCS) effective June 1 along with requirement to submit Income Tax Permanent Account Number (PAN). Earlier this year, the government had levied a one per cent of TCS on cash transaction worth ₹2 lakh and above in all financial instruments including luxury items such as jewelry, to curb black money from the system.

The guidelines include part- payment of the entire transaction as cash. This means, if a customer buys precious ornaments worth ₹5 lakhs and pays ₹4.5 lakh through cheque and ₹50,000 by cash, he would have to pay one per cent TCS on the entire transaction. TCS is also levied on jewelry and bullion sales of ₹2 lakhs and above.

Feeling the heat, jewelers have almost stopped stocking high- end jewelry worth ₹2 lakhs and above with gold content of 70 - 80 grams. Sale of such ornaments would be executed only through advance orders. In case of diamond jewelry, the sale of ornaments with gold content of 20 - 30 grams would be difficult. Customized niche jewelry such as Jadau, Awadhi etc., would face huge problems to find buyers.

"TCS alone would reduce the entire segment of business with jewelry worth ₹2 lakhs. This segment consists of nearly 40 per cent of the entire jewelry sales, which would get affected badly," said a senior official with the India Bullion and Jeweler's Association.

The worst part of the TCS is the fear, which the government has tried to create among jewelry buyers. The government has directed jewelers and bullion dealers to pay TCS on a monthly basis and compile the data base along with the PAN of customers who buy jewelry worth ₹2 lakhs and above. This data base is to be submitted to tax authorities on an annual basis. "Jewelers' sales volume would be impacted badly on switching of customers to light- weight jewelry to avoid tax glare," said Mehul Choksi, managing director of Gitanjali Gems, for which jewelry worth ₹2 lakhs and above constitutes 30 per cent of its total sales.

"Sentiment is very weak for the entire jewelry sector with so much of negative publicity.

With this new levy, customers would think twice before buying jewelry worth ₹2 lakhs,” said Dilip Lagu, director, Lagu Bandhu Jewelers.

According to World Gold Council (WGC), India's gold demand declined 39 per cent to 116.5 tonnes during the January- March 2016 quarter against 191.7 tonnes in the year- ago period.

Source – TaxAlertIndia

QUOTE OF THE MONTH

**DO SOMETHING
TODAY THAT
YOUR FUTURE
SELF WILL
THANK YOU FOR.**

BLOG.ZERO-DEAN.COM

DID YOU KNOW??????

GOOGLE TAX

➤ **Meaning:**

According to the Budget announcement, any person or entity that makes a payment exceeding ₹1 lakh in a financial year to a non-resident technology company will now need to withhold 6% tax on the gross amount being paid as an equalization levy. The said rule is applicable when the payment is made to companies that don't have a permanent establishment in India. This tax, however, is only applicable when the payment has been made to avail certain B2B services from these technology companies.



➤ **What are the services that fall under this rule?**

1. Online and Digital advertising
2. Any other services for using digital advertising space.

➤ **Example:**

Assume that A runs a company and is liable to pay ₹5 lakhs to a foreign company to advertise with them. With the new tax in place, A will have to withhold 6% of the amount – i.e. ₹30,000 – and pay the balance ₹4.7 lakh to the foreign company for its services. The withheld amount will be paid to the government. It remains to be seen whether the foreign company will stand to bear the loss by simply accepting lower margins because of the new tax or will they hike the advertising rate taking the new tax into account? If the latter happens, which is most likely, the Indian business owner, in this case, A, will bear the loss. A's overall billing will likely shoot up by about 6%, which means he will have to pay ₹5 lakhs plus taxes. So his total payout may go up to ₹5.3 lakh.

➤ **Why has the tax been introduced?**

The tax has been aimed at technology companies that make money via online advertisements. Their revenue is mostly routed to a tax haven country. This tax will help bring the said companies under the tax radar in India.

➤ **Consequences of default:**

The amount collected as equalization levy shall be paid to the credit of the Central Government before the 7th day of the succeeding month. If the

Indian Company fails to collect the 6% equalization levy from International Companies, that expense will be disallowed while calculating taxable profit of the Indian Company. Delayed payment would attract interest at 1% of the outstanding levy for every month or part thereof for the period of delay.

➤ Source – TaxAlertIndia

- **DIVYA RAGHU**

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ON THE LIGHTER SIDE OF LIFE



KNOWLEDGE BANK

TAXABILITY ON GIFTS RECEIVED ON MARRIAGE

Sometime there is a confusion about taxability of gifts on the occasion of marriage as in India there is always a culture of giving gifts on marriage. But what income tax law says is also an important issue.

So these are the points which should remember before receiving gifts on marriage.



- Gifts with a monetary value of over ₹50,000, received from anyone other than a defined relative, is subject to tax in the hands of the recipient.
- However, gifts received by the bride and the groom, on the occasion of their wedding, are exempt from tax.
- Deposit cash received as gifts into the bank account as close to the wedding date as possible.
- High value gifts especially a car or a house, should be supported by a gift deed, dated close to the date of the wedding.
- Maintain a record of gifts received at the wedding as part of the normal documentation of assets you hold, especially precious jewelry.

SELF INSPIRATIONAL OR MOTIVATIONAL

GET YOUR WORK NOTICED

With appraised round the corner, it's time to sit up and give your boss a gentle reminder about your hard work and professional contribution over the past year. For the shy ones and those who find it difficult to talk about their achievements, ET's Brinda Dasgupta has some tips on how to bring your work to the attention of senior management.

➤ **Build Credibility**

Don't take for granted that your manager or senior leader know the good work you're doing as most people tend to focus on their own deliverables. "Build credibility by getting more people to vouch for you and your skills –this will reduce the chances of your work being glossed over" says Anju Sethi, Head of recruitment at Teso Bengaluru.

➤ **Clear Goal – Setting**

Put down certain goals you hope to achieve and the timeframe "As a goal setting is an objective and number-driven process, it will ensure that you are noticed when you meet your targets", says Shilpi Pandey, Vice President of HR at Common floor.



➤ **Be an Entrepreneur**

Have an entrepreneurial mindset at work. "Revamp outdated ways of doing things, find ways to improve your efficiency and empower yourself to make a difference within your current designation", says Sethi.

➤ **Be Expressive**

While it's important to put in your best at work, it's equally crucial to make sure that the work is noticed "Be expressive and put forward your opinions to the team in a non-offending manner "says Debasis Chatterji, CEO, Netxcell.

➤ **Feedback**

Employee town halls are great, but not if you want to tell senior management your work isn't being appreciated enough "it's better idea to have a structured conversation with your HR Department, for your managers to get a clear idea of your contribution", says Pandey.

EDITORS' CHOICE

SAVINGS VS. INVESTMENTS



➤ **What is saving?**

The difference between your monthly income and expenses is referred to as 'savings'. Include all the expenses like food, leisure activities, and school fees, salaries to the maid, driver, rent, bills, maintenance and everything. The balance you have is what you save.

➤ **What is investing?**

The investing is nothing but growing your savings by means of various processes like fixed deposits, stock market, mutual funds and buying various investment instruments and products.

Still feeling confused?? Let me explain it with a simple example.

Have you seen the women who make small scale homemade pickle businesses? They save a little from their day jobs, buy seasonable fruits and vegetables in bulk and make pickles and Jam. If they keep the money as is, it is not going to grow. Even these small scale businesses include processes and procedures to follow to keep the products carefully and achieve a decent return. Likewise, instead of keeping your savings as is, investing them appropriately will yield huge return.

Let me put it more clearly now. Consider your savings as raw materials and investing as a process with which you will grow your money.

➤ **Why should one give too much importance to investing?**

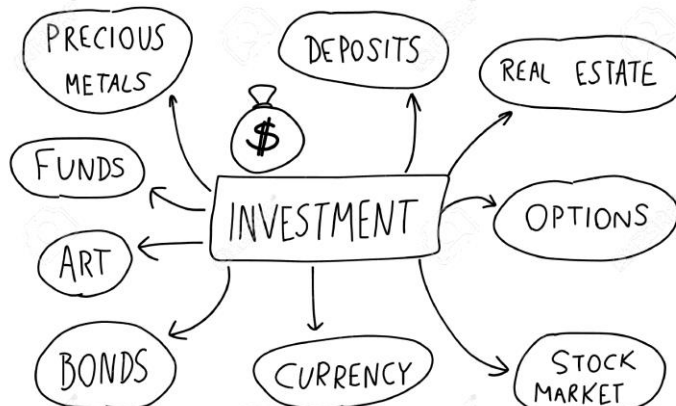
Is this the question still running in your mind? Consider you have a son who wants to become a doctor in 15 years down the lane. You would need approximately 50-60 lakhs to complete the basic medical education in today's scenario. So, you will need to save approximately 4 lakhs every year in order to accomplish your son's ambition. Fine, you do save the said amount now sincerely. Did you know how much money you would 'really' need for your son to complete medical education in 15 years down the lane? It will be around 1 crore. You must always add the inflation of about 6% which will determine the right value of money at any given time. Merely with saving 'X' amount every month or every year, you won't be able to achieve your long term goals.

➤ **Financial plan to achieve your long term goals:**

You must remember the following points to make financial plans which will help in achieving long term goals.

➤ **Disciplined Investment Model:**

You need to be extremely patient while investing regularly and religiously to retrieve huge returns. Remember, savings and investing are the two sides of the coin. Savings will help in creating your future goals confidently, but remember, investing is what will take you to achieve these goals. Merely saving a percentage from your income will not yield any results. Create a disciplined investment model and follow it religiously.



➤ **Control Expenses to Generate Savings:**

Monitor and control your expenses. You can control expenses by limiting the usage of credit cards, paying bills on time and using the resources appropriately. Cut down unnecessary expenditure which will generate more revenue to your savings. Further when you invest more from your savings, you will be able to grow and achieve huge returns.

➤ **Save regularly and keep investing for a long period of time:**

It is very important for you to save regularly, that too, for a long period of time. For example, decide about buying a house in 5 years down the lane as soon you start earning. Invest wisely during the interim period to yield the money you want at the end of five years. Remember to consider the inflation and invest wisely. Once the house is bought, set a goal for the next big investment and continue with saving and investing in order to achieve your goal.

Source – NDTV

- **PRAKASH BALAKUMAR**

SOCIAL MESSAGE



EMPLOYEE OF THE MONTH

BUT SOMEHOW, WE LOST

Nokia CEO ended his speech saying this “we didn’t do anything wrong, but somehow, we lost”.

During the press conference to announce NOKIA being acquired by Microsoft, Nokia CEO ended his speech saying this “we didn’t do anything wrong, but somehow, we lost”. Upon saying that, all his management team, himself included, teared sadly.



Nokia has been a respectable company. They didn’t do anything wrong in their business, however, the world changed too fast. Their opponents were too powerful.

They missed out on learning, they missed out on changing, and thus they lost the opportunity at hand to make it big. Not only did they miss the opportunity to earn big money, they lost their chance of survival.

The message of this story is, if you don’t change, you shall be removed from the competition.

It’s not wrong if you don’t want to learn new things. However, if your thoughts and mindset cannot catch up with time, you will be eliminated.

Conclusion:

The advantage you have yesterday will be replaced by the trends of tomorrow. You don’t have to do anything wrong, as long as your competitors catch the wave and do it RIGHT, you can lose out and fail.

To change and improve yourself a second chance. To be forced by others to change, is like being discarded. Those who refuse to learn & improve will definitely one day become redundant & not relevant to the industry. They will learn the lesson in a hard & expensive way!

- KINISHA TANK

STUDENT'S CORNER

THE LEARNING PYRAMID

The Learning Pyramid was researched and created by the National Training Laboratories in Betel, Maine. It is one of the revolutionary researches ever done on studies. The learning pyramid depicts different study styles and their corresponding effectiveness.

This research depicts the percentage of information retained in mind for each approach of study.

➤ **Lecture – 5%:**

If you think merely listening to the teacher in the class is sufficient then you are wrong. You forget 95% of what the teacher teaches in class within no time.

➤ **Reading – 10%:**

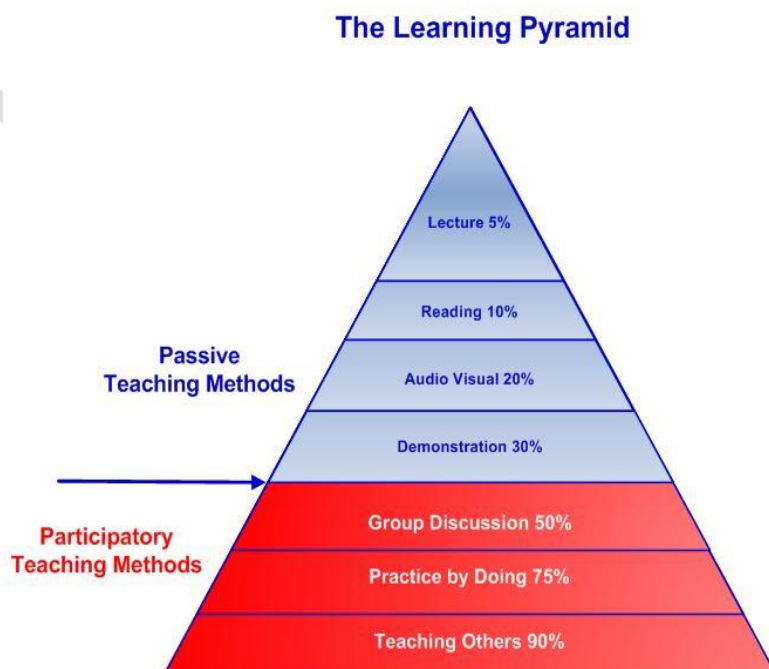
How much information do you retain out of an entire newspaper that you read daily? Merely reading a material doesn't solve the purpose as you forget 90% of what you read over time.

➤ **Audio/Visual – 20%:**

Audio visuals are very effective because they appeal to your senses. This is the reason why movies, television programmes are so popular ever since.

➤ **Demonstration – 30%:**

When something is demonstrated practically, you retain better. Therefore, whatever you read, if you get a chance to practice the learning practically, do not think twice. Practically applying the theoretical learning increases your chances of remembering the information for a long period of time.



➤ **Group Discussion – 50%:**

GD has always been a very effective approach to retain information. When people actively discuss something their chances of remembering the point of discussion tremendously increases. If possible, include some part of group discussion in your study routine. This will enrich your learning experience but be very careful because this is also a time tested way of wasting time.

➤ **Practice by doing – 75%:**

The reason why most students are better in practical subjects like Accountancy, mathematics etc., is because it involves practicing questions by doing them practically.

➤ **Teach others – 90%:**



This is the most effective way to ensure that you retain 90% of the information that you study. And this is the reason why you find your teachers to be the expert of their subjects. The act of teaching strengthens the information storage in the mind. So the conclusion is simple – if you want to retain 90% of what you study – teach others.

Now you'd be thinking 'I am a student not a teacher, how can I teach others when there is nobody to teach?' Answer to this question is simple. What is it that a teacher normally does? A teacher normally explains the concept and then resolves the queries of the student. A teacher does it with students; can you not do it with yourself? Yes, yourself! Actually you don't have to 'teach others'; you have to 'teach yourself'.

Explain the topic to yourself and then resolve your own questions. For this become both a teacher and a student yourself and then resolve the questions. Teaching yourself is one of the best ways to retain almost entire stuff that you study.

Source – Super Power Student by CA Nitin Soni

CLIENT'S CORNER

SUSTAINABLE CHOICES

A Jackal and a cat met in the middle of the forest. The Jackal asked the cat how would he get away from a tiger. The cat said "I know one way and that is to climb the tree as fast as possible" Then it asked the jackal what his solution would be. The jackal replied "Brother, I know 101 ways of getting away for. Ex. I can go into the bush, can climb up the rocks, can hide behind the tree. Can go into the Hole.....

Suddenly, a tiger appeared. The cat immediately climbs the tree while the Jackal Pandered: which solution they should adopt? Meanwhile the tiger pounced on the jackal and killed it. Too many choice sometimes create convicts and problems and to unhappiness.

Recent scientist and sociological studies done on a large number of subject show that there seems to be a direct correlation between unhappiness and the number of choices available. Increased choices have put a tremendous demand on us to make the correct decision. Information overload results in short attention span and makes it difficult for people to think deeply about choices. The fear of "missing out" on Something is high and this creates internal insecurity, producing a lingering feeling of not having made the right decision it produces regret and unhappiness, and some time leads to impassive choice making. Often, increased choice drive greed. In the craze to satiate their spiraling wants, people being to give beyond their means.



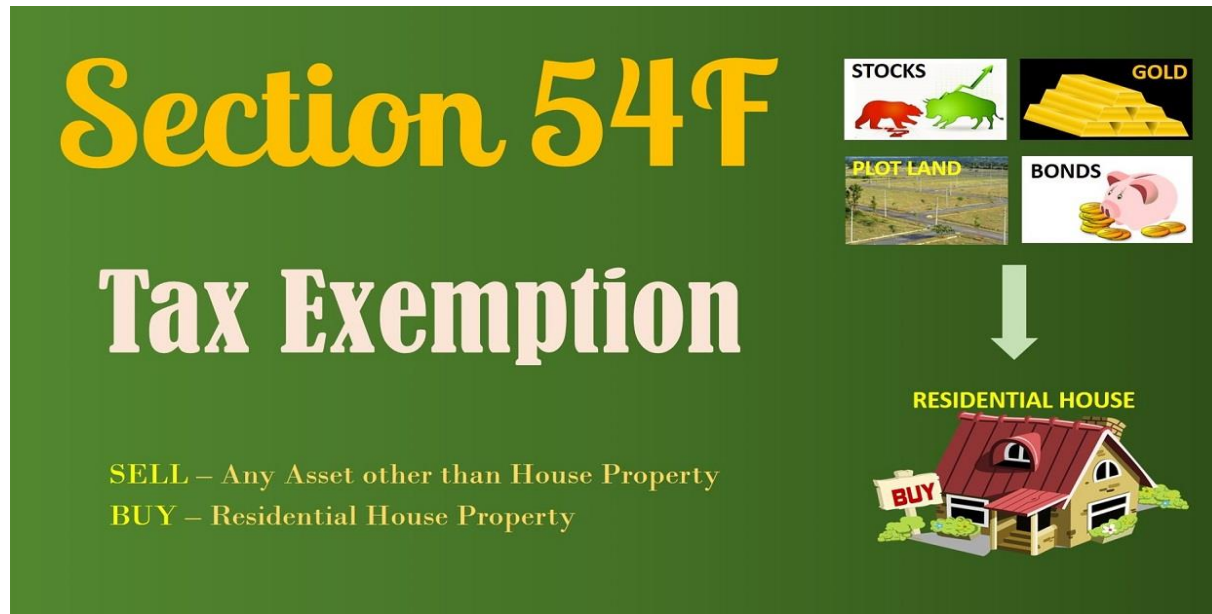
All of this produces an unsustainable life style.

Source- Jadhguru Jaggi Vasudev

-A N DAMODAR RAO

CASE STUDY

SECTION 54F RELIEF CAN BE CLAIMED EVEN WITHOUT POSSESSION OF FLAT IF IT IS BUILDER'S FAULT



Section 54F relief cannot be denied to assessee when he has invested entire sales consideration in purchase of residential house but he is unable to get possession of flat, which is under construction, due to fault of builder

➤ **The issue before the ITAT was:**

Whether Section 54F relief could be denied when assessee is not able to get the title of the flat or unable to get possession of the flat, which is under construction, due to fault of the Builder?

➤ **The ITAT held as under:**

- (1) It is a fact that the assessee has invested amount in purchase of residential house within the stipulated period prescribed u/s 54F of the Act. But, it is not in the assessee's hand to get the flat completed or to get the flat registered in his name, because it was incomplete.
- (2) The intention of the assessee is very clear that he has invested almost the entire sale consideration of land in purchase of this residential flat. It is another issue that the flat could not be completed and the matter is pending before the Hon'ble Bombay High Court seeking relief by the assessee by filing suit for direction to the Builder to complete the flat,
- (3) It is impossible for the assessee to complete other formalities, i.e., taking over possession for getting the flat registered in his name and this cannot be the reason for denying the claim of the assessee for deduction u/s 54 of the Act. Thus, assessee is entitled for deduction under Section 54F.

EVENTS

Congratulations



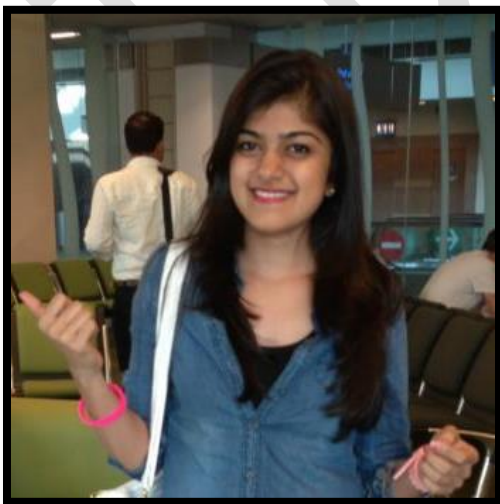
CA FINAL BOTH GROUPS



CA ANANT VORA



CA UJMA SAYYAD



CA KHUSBOO NANDU



CA VARUN THAKKAR

CA FINAL ONE GROUP



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