

Newsletter-April, 2018

APRIL, 2018



Dear All,

Democracy is a great system where everyone gets a voice to be heard and involved in the governance of the country. However, as the world gets more polarized it has led to situations where there are more extreme views and the louder the voice of one group, the more the other group gets suppressed.

The institution of democracy is getting tested as the opinions of people are getting formulated not on the basis of understanding, information and taking a sympathetic view to counter points, but through fake news that is spread through social media in an uncontrolled manner and makes these opinions more polarized and leaves the people very convinced about their point of view - which unfortunately gets based on untrue facts and fictions conjured up by nefarious players.

The Facebook leak and the role of firms in trying to manipulate the opinion of people during the US elections has just come to fore and we don't know how much more of these have gone by unnoticed.

While the views get more polarized and extreme, they are increasing short lived bursts of emotion. Every week we seem to move from one outrage to the next, almost forgetting the outrage of the week gone by.

Education and access to democratized information has yielded some very good and some poor outcomes. The focus on new age education should now be on analytical thinking that can make people question what they read and make some really educated opinions. Without this, the masses risk getting influenced by incorrect 'news' and 'information'.

Here's hoping that we use our intelligence to sift through our information wisely and make opinions that are less based on belief and hearsay and more based on data and evidence. The Facebook leak should hopefully get people more sensitized to this and also get some stricter regulations for safeguarding against fake news and private information leaks.

Regards,

DINESH D. GHALLA

NRI COLUMN

Since the advent of globalization, there has been increased proximity among the countries due to the ease of access. Many Indians move abroad to foreign nations for various purposes such as education, employment, etc. and also settle there. When a person travels abroad, his/her residential status may change from Resident to Non-Resident under Foreign Exchange Management Act (FEMA) depending upon the number of days he/she resides outside India as well as intention of such person to stay outside India for uncertain period. When the residential status changes, along with the provisions of Income Tax Act, 1961, he/she also has to adhere to the provisions of FEMA.

We, at GBCA, are introducing a separate column on NRIs to focus on various topics that will affect them. This month we have mentioned certain FAQs related to Aadhaar and PPF for NRIs.

To view the FAQs, [Click here](#).

DIRECT TAX

REQUIREMENT FOR OBTAINING PAN CARD IS EASED FOR CORPORATE ASSESSEES

The requirement of issuance of PAN in the form of laminated card has been removed by Finance Act 2018 through amendment of Section 139A. It has now been clarified that in case of a company, the PAN and TAN mentioned in the Certificate of Incorporation issued by MCA shall also be treated as a sufficient proof of PAN and TAN for the said company assessee. Thus, there is no need of obtaining PAN in the form of laminated card from NSDL in case of a company.

To view full notification, [Click here](#).

STATEMENT OF FINANCIAL TRANSACTION FOR FY 2017-18 TO BE FILED ON OR BEFORE 31ST MAY 2018

Rule 114E prescribes the reporting of high value financial transactions in Statement of Financial Transactions (SFT). SFT is to be filed in Form 61A on or before the 31st May following the end of financial year. For specified transactions undertaken in FY 2017-18, the due date is 31st May 2018.

Initially, Form 61A was to be uploaded through the income tax e-filing website. Vide notification no. 3 of 2018 dated 5th April, 2018; a new Reporting Portal (<https://report.insight.gov.in/>) has been launched for this purpose.

To view the notification, [Click here](#).

To view detailed note, [Click here](#).

STANDARD DEDUCTION AVAILABLE FROM PENSION RECEIVED FROM FORMER EMPLOYER

From AY 2019-20 onwards, a standard deduction of Rs. 40,000/- is available to an employee in lieu of travelling and medical allowance. There was ambiguity whether taxpayer who receives pension from his former employer shall also be eligible to claim this deduction. The pension received by a taxpayer from his former employer is taxable under the head "Salaries". It has been clarified that if the assessee is in receipt of Pension from his former employee, he shall be eligible to claim a deduction of Rs 40,000/- or the amount of pension, whichever is less.

To view full note, [Click here.](#)

CONSEQUENCES OF LATE PAYMENT OF TDS AND LATE FILING OF TDS RETURN

Financial year 18-19 has begun and it's time to complete the previous years' pending tasks! The due date of payment of TDS of March 2018 and filing of TDS return of quarter ending March 2018 are due on 30th April and 31st May respectively.

There are penal consequences for non-payment of TDS or delay in payment of TDS and delay or non-filing of TDS return. This would include interest, penalty, late filing fees, disallowance of expenditure and last but not the least, prosecution.

To view the full note, [Click here.](#)

INDIRECT TAX

LLP'S NOW LIABLE TO PAY PROFESSION TAX FROM FY 2018-19 ONWARDS

There is an amendment in Maharashtra Profession Tax Act with effect from 01.04.2018, amending the definition of person. Earlier, there was no specific rule for LLP separately and hence only the partners were liable to pay Profession tax as in the case of Partnership Firm and LLP. Now, there are specific provisions for LLP which say that LLP as well as its all partners shall be liable to Profession Tax.

Ex: XYZ LLP has 3 partners.

Earlier, PT was payable only by 3 partners INR 2500 p.a. *3 = INR 7500

Now, PT shall be payable by 3 partners as well as LLP. INR 2500 p.a. *4 = INR 10000

To view full notification, [Click here](#).

AUDIT & ACCOUNTING

INCREASE IN LIMIT OF GRATUITY – ACCOUNTING IMPLICATIONS

Recently, Ministry of Labour and Employment vide Notification No. 1420 dated 29th March, 2018 has increased the upper limit of gratuity payable to an employee to Rs.20 Lakhs from existing limit of Rs.10 Lakhs.

To view the accounting implications, [Click here](#).

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