

Adding value



Newsletter India

Latest news on compliance, tax and business in India

Issue: April 2018 www.roedl.de/indien | www.roedl.com/india

Read in this Issue:

Compliance News

- > MCA provides Extension of CODS till 30th April, 2018
- > MCA notifies new web service for application of reservation of name during incorporation of company name.
- > MCA announces effective date for certain sections of the Companies (Amendment) Act, 2017.
- > Amendments to the Consolidated Foreign Direct Investment Policy
- > Discontinuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits
- > Amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2018
- > 2018 Budget: Proposed Amendment in Provident Fund Provisions
- > Fixed Term Employment Allowed in All Sectors
- > Maximum Limit of Gratuity Increased from INR 10 Lakhs to INR 20 Lakhs (INR 1 Million to 2 Million)

Tax News

- > Transfer Pricing

Direct and International Taxation

- > CBDT revises format for 142(1) notices to implement e-assessment
- > CBDT mandates electronic processing of Income tax Returns from Assessment Year 2017-18 onwards
- > CBDT invites suggestion on proposed direct tax law
- > Finance Bill, 2018 receives presidential assent
- > Multilateral Convention (MLI) to enter into force
- > OECD's Interim Report on "Tax Challenges arising from Digitalisation"
- > New DTAA's and protocols to existing DTAA's signed

Indirect Taxes

Accounting/Audit News

- > Company's Documentation on Closure of March 2018
- > Compliances chart for the closure of books of accounts for FY 2017-18

Compliance News

> MCA provides Extension of CODS till 30th April, 2018

- The MCA (Ministry of Corporate Affairs) in September, 2017 identified 309,614 directors associated with companies that had failed to file financial statements or annual returns in the MCA online registry for a continuous period of 3 years (FY 2013-14 to 2015-16) and in terms of provisions of section 164(2) r/ w 167(1)(a) of the Companies Act, 2013 these directors were "disqualified" and barred from accessing the online registry.
- As a result of above action, there had been a spate of representations from industry, defaulting companies and their directors seeking an opportunity for the defaulting companies to become compliant and normalize operations. With a view to giving an opportunity for the non-compliant, defaulting companies to rectify the default the Central Government had decided to introduce a Scheme namely "Condonation of Delay Scheme 2018" [CODS-2018] which would come into force with effect from January 1st 2018 and would remain in force up to 31st March 2018.
- The MCA, on consideration of various stakeholders has decided to extend the CODS, 2018 up to 30th April, 2018. Thus, all such defaulting directors and companies will be able to normalize their operations and become compliant if all previous filings related to annual returns and financial statements are completed till 30th April, 2018.

> MCA notifies new web service for application of reservation of name during incorporation of company name

- The application for reservation of name shall be made through a new web service available at www.mca.gov.in by using Reserve Unique Name (RUN) along with fees as provided.

- Application for reserving name of new company or for changing the name of an existing company can now directly be submitted online on this portal. Hence, the Amendment Rule has done away with the requirement of downloading E-form like INC-1, attaching DSC and uploading of the same in efforts to make the incorporation process speedy, smooth and reducing number of procedures for starting a business or even for changing name of an existing company.
- The option of re-submission of application is no longer available in case of reservation of a name through web-service – RUN.

> MCA announces effective date for certain sections of the Companies (Amendment) Act, 2017.

Some relevant highlights are as follows:

- *Members falling below the minimum requirement:* A new section 3-A is inserted and provides that if during any time number of member of a company falls below the statutory requirement (2 members in case of private company) and the company carries on business for more than 6 months while the number of members are so reduced, then in that case every member of such a company will be liable for the payment of the whole debts of the company contracted during that period.
- *Ratification of Auditors appointment* at every Annual General Meeting is not required. Auditor will continue to hold office for 5 years.
- *The Annual General Meeting ('AGM') of an unlisted company (includes private companies)* may be held at any place in India if consent is given in writing or in electronic mode by all the members in advance. Prior it was only possible to hold the meeting at the place of the registered office of the company. Extraordinary General Meeting (EGM) of wholly owned subsidiary of a company incorporated outside India can be held outside India.
- *Resident Director requirements:* Currently under the Act the requirement related to resident director i.e. "stay in India" for a total period not less than 182 days during the previous calendar year. As per the Amendment Act every company shall have at least 1 director who stays in India for a total period of not less than 182 days during the financial year.

- *Loans to directors:* Loan can be given to companies in which directors are interested by passing a special resolution and on the condition that loan shall be used by the borrower companies for the purpose of their principal business activities.
- *Disqualification of Directors:* If a Director becomes disqualified due to non-filing of Financial Statements/Annual Return for 3 continuous years of any company, he will vacate the office of director in all other companies except for a company for which disqualification is incurred.
- *Issue of Sweat Equity Shares:* Sweat equity shares can now be issued any time after incorporation of company. Earlier, sweat equity shares could be issued after completion of 1 year from date of incorporation of company.

> Amendments to the Consolidated Foreign Direct Investment Policy

- The Department of Industrial Policy & Promotion (DIPP) has notified certain amendments to the Consolidated Foreign Investment Policy (FDI Policy). Some of the relevant amendments are as follows:
 - *No Government approval is required for FDI in Single Brand Retail Trading (SBRT):*
The government has decided to permit 100 % FDI under automatic route for SBRT. This amendment will make it easier for foreign brand owners to incorporate wholly owned subsidiaries in India to undertake SBRT, without tying up with any local Indian partner. As a result of the amendment, an entity undertaking SBRT does not need to meet the 30 % local sourcing requirement through its Indian units for the first five years, if the requirement is met through sourcing from India for its global operations, either directly or through its group companies.
 - *Issue of equity shares against non-cash consideration* – Earlier issue of equity shares against non-cash considerations like pre-incorporation expenses, import machinery etc. is permitted under Government approval route. It has now been decided that issue of shares against non-cash considerations like pre-incorporation expenses, import of machinery etc. shall be permitted under automatic route in case of sectors under automatic route. This is subject to compliance with certain conditions including approval of the shareholders by way of a special resolution and customary reporting requirements under the FDI Policy.

It has now been decided that issue of shares against non-cash considerations like pre incorporation expenses, import of machinery etc. shall be permitted under automatic route in case of sectors under automatic route. This is subject to compliance with certain conditions including approval of the shareholders by way of a special resolution and customary reporting requirements under the FDI Policy.

> Discontinuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits

Reserve Bank of India (RBI) has discontinued Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits by the banks with immediate effect. Letters of Credit and Bank Guarantees for Trade Credits for imports into India may continue to be issued subject to compliance with the provisions contained in Department of Banking Regulation, Master Circular on "Guarantees and Co-acceptances", as amended from time to time.

> Amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India Amendment) Regulations, 2018

The New Regulations consolidates all the amendments at 1 place and also incorporates certain new concepts with respect to the issue or transfer of securities of an Indian company by a person resident outside India. Some highlights of the new regulations are as follows:

- *Employee Stock Option Plan (ESOP) to Directors:* expressly allows an Indian company to issue employees' stock option to its directors or directors of its holding company/joint venture/wholly owned overseas subsidiary/subsidiaries who are resident outside India. Such company shall have to submit Form-ESOP to the Regional Office concerned of the Reserve Bank under whose jurisdiction the registered office of the company operates, within 30 days from the date of issue of employees' stock option.
- *Time Limit for Issue of Capital Instruments:* The time limit for issuance of Capital Instruments has been aligned with the Companies Act, 2013. Therefore, Capital Instrument will have to be issued within 60 days of the receipt of considerations as compared to 180 days earlier.

Delayed reporting of FDI can be made with payment of late submission fee: The Old Regulations required compounding in the case of filing documents beyond the designated time. However, the New Regulations allows delayed reporting subject to payment of late submission fees.

> 2018 Budget: Proposed Amendment in Provident Fund Provisions

- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPF Act") is applicable to the establishments employing 20 or more persons and to the employees whose basic pay is not exceeding INR 15,000 per month. Both employer and the employee contribute 12 % of the salary to the fund.
- The Finance Minister in 2018 Budget proposed the amendments in the EPF Act, according to which, the Government will make provident fund contributions of 12 % of wages for new employees for a period of 3 years and reduce the mandatory contribution limit from existing 12 % to 8 % for women employees (with no change in employer's contribution) for the first 3 years of employment. However, the enforcement and implementation of the said amendments is still awaited.

> Fixed Term Employment Allowed in All Sectors

The Industrial Employment (Standing Orders) Central (Amendment) Rules, 2018 ("Rules") amending the Industrial Employment (Standing Orders) Central Rules, 1946 were notified by the Ministry of Labour and Employment by notification dated March 16th, 2018 ("Notification"). The change brought in by the Rules is that it allows fixed term employment across all sectors.

Highlights of the Notification:

- Earlier, fixed term employment was allowed only in the apparel manufacturing sector. However, now the Rules permit fixed term employment across all sectors.

- The Notification is prospective, therefore, the employer of an industrial establishment cannot convert the posts of the permanent workmen existing in his industrial establishment to a fixed term employment.
- The Rules define the term "fixed term employment workman" as "a workman who has been engaged on the basis of a written contract of employment for a fixed period": provided that, (i) his hours of work, wages, allowances, and other benefits shall not be less than that of a permanent workman; and (ii) he shall be eligible for all statutory benefits available to a permanent workman proportionately according to the period of service rendered by him even if his period of employment does not extend to the qualifying period of employment required in the statute.
- As per the Notification, no fixed term workman is entitled to any termination notice or pay in lieu thereof, if such termination is due to non-renewal of contract.

> Maximum Limit of Gratuity Increased from INR 10 Lakhs to INR 20 Lakhs (1 Million to 2 Million)

Payment of Gratuity Act

- The Payment of Gratuity Act, 1972 ("Act") is a social security legislation which provides post-retirement defined benefit arrangements for employees engaged in various industries, factories and establishments.
- Gratuity is a tax-free benefit that is payable when the employee exits due to resignation, superannuation, or physical disablement, etc.
- The Act entitles every employee to payment of gratuity, (a) who has been in continuous service for 5 years or more, and (b) is employed in an establishment with 10 or more employees.

Amendment

- The Act has been recently amended by the Payment of Gratuity (Amendment) Bill, 2018 ("Bill"). The Bill was earlier passed by the Lok Sabha on March 15th, 2018 and by the Rajya Sabha on March 22nd, 2018. The Bill came into force by receiving assent of the President on March 29th, 2018.

Pursuant to the enforcement of the Bill:

- The upper ceiling of payment of gratuity of INR 10,00,000 (1 Million) as prescribed under the Act, has now been increased to INR 20,00,000.
- In addition to enhancement of the upper ceiling of gratuity, the ceiling of 12 weeks of maternity leave has also been increased to 26 weeks for the purpose of counting number of days actually worked by a female employee on maternity leave for calculation of gratuity entitlement.

Tax News**> Transfer Pricing**

Press Release dated February 7th, 2018:

India signs 5 Unilateral Advance Pricing Agreements (UAPA) and 2 Bilateral Advance Pricing Agreement (BAPA) in the month of January 2018

Out of the 2 bilateral agreements signed during the month of January 2018, 1 pertains to first ever bilateral agreement signed with the USA. This APA involved the determination of an appropriate mark-up on cost for information technology (IT)/IT-enabled services transactions undertaken by an Indian captive centre to support the US operations of the company.

The 7 APAs signed by India pertain to various industries like banking, insurance, investment advisory, IT, chemical and engineering covering international transactions relating to provision of IT enabled services, provision of software development services, payment of royalty, contract manufacturing, sale of goods etc.

Therefore, Central Board of Direct Taxes ("CBDT") in its press release states that "the progress of the APA scheme strengthens the Government's resolve of fostering a non-adversarial tax regime. The Indian APA programme has been appreciated nationally and internationally for being able to address complex transfer pricing issues in a fair and transparent manner."

APA Statistics:

Indian APA regime moves forward –
Total number of APA touches 219

The CBDT has signed total 67 APAs (9 bilateral and 58 unilateral) in the FY 2017-18.

With this, the total number of APAs entered into by CBDT has gone up to 219, which includes 20 bilateral APAs and 199 unilateral APAs.

> Direct and International Taxation**CBDT revises format for 142(1) notices to implement e-assessment**

The concept of electronic assessment proceeding ("E-proceedings") was introduced by CBDT last year and it was directed that except for search related assessments and exceptional circumstances, all other pending scrutiny assessment cases shall be conducted only through E-Proceedings functionality.

To facilitate conduct of E-proceedings, CBDT had earlier issued revised format of notices under section 143(2) of the Income-Tax Act ("ITA"), 1961 which deals with initiating of scrutiny assessment proceedings in case of an assessee for a particular assessment year. However, the notice under section 142(1) ITA was not amended in conformity with the e-assessment procedures and old format was still being continued.

The format of notice under section 142(1) (ii) & (iii) ITA has now been revised. The revised format now incorporates similar language as in section 143(2) notice to facilitate the taxpayer to submit the documents and respond electronically.

CBDT mandates electronic processing of Income tax Returns from Assessment Year 2017-18 onwards

In a recent ruling of Tata Project Ltd., the Hon'ble Bombay High Court ("HC") had directed the CBDT to formulate a "fair" policy on the Income tax Returns ("ITR") and refunds processing. In the said matter, the taxpayers' ITRs and refunds processing was delayed from the Income-Tax departments end due to technical software glitches and other legal reasons.

Therefore the Hon'ble HC had held that whenever ITRs are transferred by the Centralized Processing Centre ("CPC") to the jurisdictional Income tax Officers ("ITO") for processing, if the returns could not be processed immediately due to lack of availability of proper software or technical difficulties in functioning of the software, the ITRs must be permitted to be processed manually. The Court further directed the Income-Tax Department to ensure that proper software is always available and functional for processing the ITRs which are pushed to the ITOs by the CPC.

Pursuant to the above decision, the CBDT has issued letter F.No.225/53/2018/ITA.II dated 28th March 2018, which requires that the ITRs from Assessment Year 2017-18 (relevant to Financial Year 2016-17) onwards being pushed by the CPC to the ITOs for processing, must be processed electronically on the Income Tax Business Application (ITBA) software. However, in exceptional circumstances, whenever ITRs cannot be processed because of technical difficulties in ITBA etc., in order to provide uninterrupted taxpayer service, the ITOs can also manually process the ITRs with prior approval of the Principal Commissioner of Income-Tax concerned.

CBDT invites suggestion on proposed direct tax law

Last year the government had announced the formation of a task force to draft a new direct tax law to replace the existing ITA in consonance of the economic needs of the country. In furtherance of this initiative, the government had released a questionnaire inviting suggestions and feedbacks from stakeholders and general public on various matters like filing of return of income, processing/scrutiny of return, litigation and recovery of disputed tax demand, penalty etc. The responses were to be submitted by April 2nd, 2018.

Finance Bill, 2018 receives presidential assent

The government of India presented the Finance Bill, 2018 before the parliament on February 1st, 2018 which was subsequently passed by both the houses of parliament with certain amendments. The Finance Bill, 2018 received the presidential assent on March 29th, 2018, post which the ITA now stands amended vide Finance Act, 2018.

Some key changes effective from April 1st, 2018 post enactment of Finance Act, 2018 are as under:

- Standard deduction of INR 40,000 (0.40 Million) in lieu of transport and medical reimbursement for salaried employees
- 25 % tax rate for companies with turnover of less than INR 2500 million
- Long Term Capital Gain tax to apply on gains in equity shares or equity oriented funds on which STT is paid @ 10 % if gains exceeds INR 100,000. (0.1 Million)
- Increase in cess on income-tax from 3 % to 4 %.

For detailed analysis of the Finance Bill, 2018, please refer our budget publication dated February 7th 2018 available on our website (www.roedl.com/india).

Multilateral Convention (MLI) to enter into force

In a significant milestone in the Base Erosion Profit Shifting ('BEPS') implementation project of the Organisation for Economic Co-operation Development (OECD), the MLI will enter into force on 1st July 2018. Until now, the MLI, although signed by countries, was not to be applied in any country. The entry into force follows from the deposit of the fifth instrument of ratification by Slovenia on 22nd March 2018. Earlier, the Republic of Austria (22nd September 2017), the Isle of Man (19th October 2017), Jersey (15th December 2017), and Poland (23rd January 2018) deposited their instruments with the OECD. Ratification by five countries was a pre-condition for the MLI to enter into force.

This implies that the MLI will be legally existent in these five jurisdictions with effect from 1st July 2018. This marks an important step in international efforts to update the existing network of bilateral tax treaties and reduce opportunities for tax avoidance by multinational enterprises.

From an India perspective, however, the MLI is still not in force, i.e. not until the internal procedures for ratification are complete. The existing bilateral treaties will therefore continue to apply in case of India.

OECD's Interim Report on "Tax Challenges arising from Digitalisation "

The challenges of digitalization of the economy were identified as one of the main focuses of the BEPS Project leading to the BEPS Action Plan 1 Report (2015). This report recognized that digitalization and the new and emerging models of doing businesses posed challenges in the domain of International Taxation, particularly on how taxing rights on income generated from cross border activities in the digital age should be allocated amongst countries

Taking forward the work on tax and digitalization since 2015, a 218 page Interim Report is published by the OECD on the "Tax Challenges arising from Digitalization" on 16th March 2018. This Report is agreed by more than 110 member countries.

The Interim Report 2018 provides an in-depth analysis of the main features frequently observed in highly digitalized business models, describes complexities involved and identifies newer areas of work that need to be undertaken in this domain.

The Interim Report has also briefly commented upon recent amendments made by member countries to tackle the digital economy including those introduced in India, such as Equalization Levy, introduction of the concept of "Significant Economic Presence" etc.

It is agreed to closely monitor developments in the context of the Digital Economy with a Final Report to be published by 2020.

New DTAs and protocols to existing DTAs signed

India has finally entered into a Double Taxation Avoidance Agreement (DTAA) with Hong Kong in March 2018 covering 30 articles providing for source based taxation of capital gains, 10 % tax on gross basis on royalty / fee for technical services, etc.

India has also recently entered into protocols with Kenya, Brazil and China to rationalise the royalty/fee for technical service taxation rates to 10 %, strengthen exchange of information including banking information for tax purposes, implement minimum standards under BEPS project, etc.

Indirect Taxes

- **Introduction of E – Way Bills for movement of goods:** As per *Notification 15/2018 – Central Tax dated 23rd March 2018*, registered persons who intend to carry out inter-state movement of goods and wherein the consignment value exceeds INR 50,000 shall be required to be furnish information of such movement by generating an e-way bill on the GST E-Way Bill System with effect from 1st April 2018. As per Notifications issued by respective states, generation of E Way Bills where the movement of goods commences and terminates within sates or Union Territory has been deferred (notable exception being Karnataka).
- **Exemption on Goods and Services Tax (GST) in case of purchase of goods or services from unregistered dealers:** Notifications under relevant GST Acts has further deferred the GST liability on purchase of goods or services by a registered person from an unregistered person till 30 June 2018 (earlier, the exemption was till 31st March 2018 only).
- **Furnishing of Form GSTR 3B: As per Notification 16/2018-Central Tax dated 23rd March 2018, filing of GSTR – 3B by every registered person has been extended for the tax period April 2018 to June 2018.** The due date for furnishing the said return would be 20th of the following month. It has also been notified that any default in discharge of taxes, delay in payment and filing shall be liable to penalties, interest and late filing fees, under the provisions of the GST laws.
- **Revised periodicity for filing GSTR – 1 for outward Supply:** As per *Notification 17/2018 – Central Tax dated 28 March 2018*, any registered person having a turnover of less than INR 1.5 crores (15 million) shall be required to furnish the details of outward supplies, on a quarterly basis in GSTR-1. Due date for the period April 2018 to June 2018 is 31st July 2018.

Also, as per *Notification 18/2018 – Central Tax dated 28th March 2018*, for registered person having a turnover of more than INR 1.5 crores (15 million) the due dates of filing GSTR-1 on a monthly basis have been notified.

Due date for the period April 2018 to June 2018 are as under:

Tax Period	Due Date
April 2018	31 st May
May 2018	10 th June
June 2018	10 th July

- **Revised periodicity for filing GSTR – 6 for Input Service Distributor:** As per *Notification 19/2018 – Central Tax dated 28th March 2018*, due date for filing GSTR 6 for the period July 2017 to April 2018 has been extended till 31st May 2018.
- **Reduction of Late Fee in case of delayed filling of GSTR-1:** As per *Notification 04/ 2018 – Central Tax dated 23rd January 2018*, late fee payable by any registered person for failure of GSTR-1 has been waived in excess of twenty-five rupees per day. Further where there is no outward supply, late fees in excess of ten rupees per day has been waived.
- **Exemption to royalty and license fee from IGST in case the same is included in Customs Value:** As per *Notification 06/2018 Integrated Tax (Rate) dated 25th January 2018*, royalty and license fee has been exempted from IGST to the extent GST is paid on the amount included in transaction value under Rule 10(1)(c) of Customs Valuation (Determination of Value of imported goods) Rules, 2007.
- **Changes in overall GST rate structure:** The Central Government as its measure to effectively implement GST laws, has further amended GST rates on various items / goods.
- **Refund of Integrated Tax paid on exports:** Table 6A has been provided on GSTN portal to furnish the details pertaining to exports to avail export related benefits. Further on account of mismatches between the details of GSTR-1 & GSTR-3B, where refund claims were not processed the taxpayer has been allowed to rectify the mismatches in Table 9 of Form GSTR -1.
- **Clarifications related to Exports:** A registered person can exports goods or services without payment of Integrated Tax by furnishing Bond or Letter of Undertaking. It has been clarified vide Circular No 37/11/2018-GST dated 15th March 2018 that in some cases where such zero rated supplies have been made before filing the LUT, delay in furnishing of LUT may be condoned and the facility for export under LUT may be allowed on ex post facto basis subject to facts and circumstances of case.
- Further, several state Governments have issued circulars prescribing manual filing and processing of refund claims on account of inverted duty structure and deemed exports
- **Clarification on issues related to Job Work:** Several issues relating to job work transactions have been clarified vide Circular No. 38/12/2018-GST dated 26th march 2018, such as:

 1. Apart from the goods sent by the principal, Job worker is allowed to use his own goods under the procedure
 2. Job worker required to obtain registration only in cases where his aggregate turnover on all India basis exceeds the prescribed threshold limits of INR 20 lacs/INR 10 lacs. (INR 2 million/1 million)
 3. E Way Bill shall be generated either by principal or by the registered job worker, irrespective of consignment value where goods are sent by principal located in State/Union Territory to a job worker located in any other State/Union Territory.
 4. The principal can supply goods from the place of business or premises of job worker (only if principal declares job worker's place of business as his additional place of business) to third party or the job worker is registered. In this case time, value and place of supply would have to be determined in the hands of the principal and not based on parameters of the job worker.

- **Clarification on non-inclusion of transitional credit in "Net ITC" for sanction of refund under Rule 89 of CGST Rules and other issues:**
 Vide Circular No 332/6/2016-GST dated 15th January 2018, it has been clarified that credit flowing on account of transitional provisions cannot be included in 'Net ITC' and therefore, would not be allowed as a refund for zero rated supplies such as exports.
- Additionally, it has also been clarified that disputed credits against which Show Cause Notice have been issued and has been held as non-admissible cannot be utilized by the assessee.
- **Due date for filing TRANS-2 extended:**
 Vide Order No.1/ 2018- Central Tax dated 28th March 2018, the due date for submitting the statement in Form TRANS-2 for transition of credits has been extended till 30th June 2018.
- **Setting up of IT Grievance Redressal Mechanism:**
 The Central Government, as its measure to effectively implement GST, has set up an IT Grievance Redressal Mechanism to address the grievances of taxpayers due to technical glitches on GST Portal.
- Taxable person who have obtained voluntary registration will be permitted to apply for cancellation of registration even before the expiry of one year from the effective date of registration.
- **Issue to draft GST Audit Report formats by ICAI:**
 The Institute of Chartered Accountants of India has issued the draft formats of Form GST 9C and 9D which contain the formats of GST Audit Report for comments. Central Government, as its measure to effectively implement GST, has set up an IT Grievance Redressal Mechanism to address the grievances of taxpayers due to technical glitches on GST Portal.

> Accounting/Audit

Company's Documentation on Closure of March 2018

March 2018 (i.e. April 2017 to March 2018) is the statutory as well tax closing time/year in India. With the year-end closing activities, company should not overlook the audit basic requirement in respect of documentation for the closure of financials. The role and responsibility of auditors and outsource accounting consultants is secondary for smooth and fast closer of the audit. Therefore, we have summarized the basic documentation requirement/checklist/actions for closure of audit which needs to be tackle pro-actively by all the companies at their end:.

Sr. No	Particulars
Audit Plan	<ul style="list-style-type: none"> ✓ Ask auditor for the audit plan dates and contact person. ✓ Ask for the checklist of list of documents required as per their norms ✓ Set 1-2 mid and 1 final audit status meeting date based on audit plan at inception only
Inventories	<ul style="list-style-type: none"> ✓ Reconcile the list of inventories physically verified by the auditors and list as per the ERP. ✓ Obtain confirmation of possession of inventories from employee or third party as on date of physical verification, if any
Advances (Employee/ Vendor/Customer)	<ul style="list-style-type: none"> ✓ Request all the employees to submit the reimbursement claim till March 2018. ✓ Follow –up for all pending invoice from the vendors/ to the customer to us.
Provision	<ul style="list-style-type: none"> ✓ Provide us the list of all provision for expenses for the year FY 2017-18 e.g. Audit Fees, Electricity, Security Expenses etc. ✓ Check whether provision for doubtful debt or provision for obsolete stock is required or not.
Fixed Assets	<ul style="list-style-type: none"> ✓ Physically verify the list of fixed assets ✓ Mark all the fixed assets with unique No.

Revenue/Purchase Recognition	✓	Apply the condition of transfer of risk and rewards based on Incoterms for booking last 15 days of Import/Export
Payroll	✓ ✓	Check the attendance register Form 12B and actual investment proof of all employees should be available in Office
Balance Confirmation – Inter Company	✓ ✓	Obtain the balance confirmation from all the associated enterprises before the auditor's sent the request. Reconcile the balance confirmation received from the books of accounts
Third Party Balance Confirmation	✓ ✓	Obtain the balance confirmation from atleast Top 10 Vendor/Customer before the auditor's sent the request. Reconcile the balance confirmation received from the books of accounts
Others	✓ ✓	All agreements (employments contract, third party, auditor's engagement letter, HR and travel policy etc.) should be signed and kept in one file for record purpose. Keep Control on movement of last year accounting file (At times, documents are lost when required during audit)

If company take abovementioned pro-active actions for audit closure; it will save the needless time consumption during audit period.

Compliances chart for the closure of books of accounts for FY 2017-18

January to March 2018 being the last quarter for FY 2017-18, below is the summary of the compliances which needs to be adhere for the closure of financial year ending March 2018 relating to companies:

Sr. No	Particulars	Due Date (2018)
A Tax Deducted at Source (TDS)		
i	Payment of TDS for the month of March 2018	30 th April
ii	Filing of TDS return for the quarter of January 2018 to March 2018	31 st May
iii	Issuance of Form 16 Certificate to employees for FY 2017-18	15 th June
iv	Issuance of Form 16A Certificate to vendors for January 2018 to March 2018	15 th June
B Direct Tax		
i	Filing of Income Tax Return for FY 2017-18	30 th September/ 30 th November
ii	Tax Audit, if no Transfer Pricing (TP) applicable	30 th September
iii	Tax Audit, if TP applicable (including TP audit report)	30 th November
C Company Secretarial		
i	Annual General meeting for FY 2017-18	30 th September
ii	Filing of AOC-4, MGT-9 and AOC-2	30 th October
iii	Annual Return (Form MGT-7)	30 th November

*GST due dates has not been considered in the above chart.

Upcoming Events/Publications

Here you will find a selection of our events, where you will get our first-hand expertise:

- > **Praxisseminar Indien**
Bilanzierung, Besteuerung und Recht
 Speakers: Tillmann Ruppert
 Martin Wörlein
 Prof. Dr. Gerhard Girlich
 Dirk Matter
 Organiser: Forum Institut für Management GmbH
 Place/ Date: Köln, 15 Mai 2018

- > **Praxisseminar Indien**
Quellensteuer und Betriebsstätten
 Speakers: Tillmann Ruppert
 Martin Wörlein
 Prof. Dr. Gerhard Girlich
 Dirk Matter
 Organiser: Forum Institut für Management GmbH
 Place/ Date: Köln, 16 Mai 2018

- > **Praxisseminar Indien**
Bilanzierung, Besteuerung und Recht
 Speakers: Seema Bhardwaj
 Organiser: ICC Austria
 Place/ Date: Wien, 16 Oktober 2018

For more information on our events please visit our website:

<http://www.roedl.de/indien>

Please read more about the following topics on our Rödl & Partner Website:

Abschließende Bestimmungen für das Masterfile und CbC Reporting

<http://www.roedl.de/themen/verrechnungspreise/masterfile-cbc-reporting-oecd-indien>

Final Rules on Master File and Country-by-Country Report

http://www.roedl.de/de-de/themen/documents/indien_16_tp_update.pdf

For additional information on Mergers & Acquisitions, Market Entry, Investment, GST and many more current India topics please read our publications on the Rödl & Partner website:

<http://www.roedl.de/unternehmen/standorte/indien/>
<http://www.roedl.com/about-us/locations/india/>

Rödl & Partner Contact in India – We are glad to support you:



Martin Wörlein
Partner
Head of India Advisory

Rödl & Partner Nürnberg
Äußere Sulzbacher Straße 100
90491 Nürnberg

Phone: +49 (911) 91 93 – 30 10
E-Mail: martin.woerlein@roedl.com



Rahul Oza
Partner
Head of Pune Office
Head of Mumbai Office

Rödl & Partner Pune
308, Lunkad Sky Vista
New Airport Road
Pune – 411 014

Phone: +91 (20) 66 25 71 00
E-Mail: rahul.oza@roedl.com



Michael Wekezer
Associate Partner
Head of Delhi Office

Rödl & Partner Delhi
#007, 12th Floor, Palm Spring Plaza
Gold Course Road
DLF Phase 5, Sector 54
Gurugram – 122 003
Haryana

Phone: +91 (124) 674 9701
E-Mail: michael.wekezer@roedl.com

Adding value

„India is one of the strongest worldwide growth economies. Seize the opportunity that this enormous market offers. We advise you from a single source on all legal, tax and economic issues relating to your contemplated project or investment.“

Rödl & Partner

„The formation of our towers always starts with a solid base; then we move on to building the stable middle and top levels. Only united and with a collaborative effort, are we, people of varied characters, able at all to complete our artistic formations. Once the tower is built, we dare to take a look into what lies ahead.“

Castellers de Barcelona



Each and every person counts* – to the Castellers and to us.

Human towers symbolise in a unique way the Rödl & Partner corporate culture. They personify our philosophy of solidarity, balance, courage and team spirit. They stand for the growth that is based on own resources, the growth which has made Rödl & Partner the company we are today.

„Força, Equilibri, Valor i Seny“ (strength, equilibrium, valour and common sense) is the Catalan motto of all Castellers, describing their fundamental values very accurately. It is to our liking and also reflects our mentality. Therefore Rödl & Partner embarked on a collaborative journey with the representatives of this long-standing tradition of human towers – Castellers de Barcelona – in May 2011. The association from Barcelona stands, among many other things, for this intangible cultural heritage.

Imprint: Newsletter India, Issue April 2018

Publisher: **Roedl & Partner Consulting Pvt. Ltd.**
308, Lunkad Sky Vista
New Airport Road
Viman Nagar
Pune – 411 014
Phone: +91 (0) 20 66 25 71 00 | www.roedl.de/indien

Responsible for the content:
Martin Wörlein – martin.woerlein@roedl.com

Editing: **Karuna Advani** –
Karuna.Advani@roedl.pro

This Newsletter offers non-binding information and is intended for general information purposes only. It is not intended as legal, tax or business administration advice and cannot be relied upon as individual advice. When compiling this Newsletter and the information included herein, Rödl & Partner used every endeavour to observe due diligence as best as possible, nevertheless Rödl & Partner cannot be held liable for the correctness, up-to-date content or completeness of the presented information.

The information included herein does not relate to any specific case of an individual or a legal entity, therefore, it is advised that professional advice on individual cases is always sought. Rödl & Partner assumes no responsibility for decisions made by the reader based on this Newsletter. Should you have further questions please contact Rödl & Partner contact persons.

All articles in this Newsletter have been written by Indian licenced Professionals.