



## FSIA E-circular dt 13<sup>th</sup> October, 2007



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Dear Members,

### Part 1 of today's Circular

This is also the time to know the deadlines in the coming few weeks.

15 <sup>th</sup> October	E-TDS Returns and E-TCS Returns	
25 <sup>th</sup> October	Service Tax Returns- first Half Year	
28 <sup>th</sup> October	ROC return, if the AGM is dt 28.9.07	
31 <sup>st</sup> October	Balance Sheets and Income Tax Returns	
15 <sup>th</sup> December	Advance Tax	

### Part 2 of today's Circular

## TDS Returns : BIG NEWS

### As per Income Tax Dept – Press Release dt 25-9-2007,

Government has notified that :

- 1) If your 24Q (TDS-Salary Return) **has even 10% incomplete or wrong PAN numbers**; or
- 2) If your 26Q (TDS-Contractor/Professional/Rent Return ) **has 30% incomplete PAN numbers**; or
- 3) If your **27EQ (TCS-Scrap Return ) has 30% incomplete PAN numbers**; or

Then → Your **TDS Return will be REFUSED**

- Infact we have received Members complaints on this.
- Note → this is a fact, Govt has changed its software
- Now, w.e.f. Qtr ended 30-9-2007, such TDS returns will not be accepted by the Govt's TDS-ERP software

### So → What are the Precautions ?

- 4) First, always take the copy of PAN Card from your employee/ contractor etc.



- 5) Second , if taking PAN Card copy is not possible, go to [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in), → print challan section, → pre-filled challan → give the PAN no given to you by the employee/contractor.
- MUST do this check
  - We, as FSIA consultant have seen that at least 20% of PAN numbers being quoted in the returns are wrong, either a clerical mistake or actually that PAN no belongs to somebody else.
- 6) If he does not have it ,
- either convince him to apply for PAN ; or
  - Apply on his behalf and debit him for the expenses; or
  - Stop dealing with him.
- 7) Else
- Government will not accept your TDS return
  - And will also impose a penalty of Rs. 10000 u/s 272A.



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### Part 3 of today's Circular

## TDS Returns : Another BIG NEWS

### As per Income Tax Dept – Press Release dt 25-9-2007,

Government has also notified that :

- If your Returns are subject to Tax Audit ( u/s. 44AB), in the previous year, TDS return is compulsory to be filed electronically on-line only
- If the number of Deductee Records are more than 50 in a return – again you to have file it electronically only.

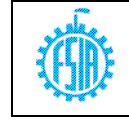
If you still file it manually → Your **TDS Return will be REFUSED**/ Notice may come later for non-compliance

### Part 4 of today's Circular

### Ques : Which form to file the Income Tax Return for Companies ?

Ans : We all know that returns have to be filed Electronically.

It is 100% compulsory. ( Same as last year )



**Ques : Which form to file the Income Tax Return for Partnerships ?**

Ans : This year, for the first time, even the Partnerships have to file return in Electronic Form only. And yes, It is 100% compulsory. And if you have digital signatures , and are using them for your Income Tax return, there is no problem, No physical paper return is required at all.

**Ques : I do not have digital signature . Can I avoid taking it ?**

Answer :

- a) If you have a company, You cannot avoid it. Since, no ROC document – whether a return or a Form 32, or anything can be submitted without them . So, better take them and file both electronically. Already 25,32,000 documents have been filed in ROC since last year with digital signatures.
- b) If you have a Firm, You can avoid it. But we recommend do not save these “small Rs. 1000 to Rs. 2500 only”. This has its advantages.

**Ques : Are their any advantages of filing electronic return ?**

However, remember, when the Govt person enters your data into the computer, he may do a wrong data entry. So, you better do it yourself. Then, filing electronically with signature, avoids the effort of filing the physical return at all. And you get a on-line information of your returns and refunds, forever.

**Ques : Are electronic returns – Income tax being filed successfully ?**

Yes. It is a good exercise. Lakhs of Returns were filed last year, and we getting good success in the same, this year also.

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**Part 5 of today's Circular**

**Some Points to remember for Electronic Returns :**

6. Following clarifications are hereby issued in respect of certain issues arising from furnishing the returns in above mentioned forms:—

(i)The Tax Audit Report under section 44AB is not to be attached with the return. However, an assessee should get the report of audit from a CA before the due date of the furnishing of the return and should fill out the relevant columns of these forms on the basis of such report. The assessee should retain the report with himself.

**FSIA comments** :..... point to remember for the FSIA members → Sometimes, it is seen that you and your CA, may sign the Balance Sheet , without the date. So, please please do mention the date. And mark it on all copies of the balance sheets and Audit Reports.

(ii)While processing the return under section 143(1), the credit for Tax deducted at source (TDS)/ Tax collected at sources (TCS) shall be allowed on the basis of details furnished in the relevant schedules of these returns as if the TDS/ TCS certificates have been filed.



**FSIA comments** :..... If you get registered with the Govt for the 26AS facility, you can on-line know, who has deducted what amount of your TDS. Meanwhile this year, the govt is saying, we will allow you a TDS credit on whatever you fill up in that E-filing form. And Govt's computer software will cross check your claim of TDS with the TDS return of your customers ( who have deducted your TDS ) .... If they reconcile, then , you win, and if they do not, then, you lose.

**Another moral of the story = do continuously, check in the 26AS form → whether your customers are giving your PAN and name correctly ? on their TDS returns .**

(iii) The report as required under section 92E of the Income-tax Act shall continue to be furnished before the date specified in rule 10E.

**FSIA members = BIG point here. Very very few people are agile about this law.**

**This is the law ( section 92E – international transactions ) . If your company has “any export-import-royalty pymt”etc with any “related” party ,** example : you import 90% of your raw material from a particular entity abroad, or you have a entity in Mauritius, or USA or Singapore or Dubai / Australia . And suppose, you are routing your sales via that entity, then, you have to compulsorily, file the CA certificate in Form #3EB. Who shall help certify the “fair value of the transaction”. You have to send this to ITO. This is not digital.

(vi) In case, a return is furnished under digital signature, the date of such furnishing shall be the date of furnishing the return-. In case, a return is furnished under two- step procedure as explained in para 2 or in accordance with the Scheme mentioned at para 3(i), the date of furnishing the e-return will be the date of furnishing the return only if—

(a) paper return has been filed within fifteen days from the date of filing the e-return or within one month from the date of issue of this Circular, whichever is later; and

(b) paper return tallies with the e-return.

In case condition in (a) or (b) above is not satisfied, the paper return shall be taken to be the return and date of filing the paper return shall be taken as the date of filing the return.

**FSIA members = Suppose the return was filed without digital signatures .... Then file the physical copy within 15 days. Prefer a digital sign only.**

(viii) It has been brought to the notice of the Board that some taxpayers have filed the returns in the old forms (other than Form No.2D) even after the notification of the new forms. Since, old return forms are invalid returns after the date of notification of new forms, the taxpayers should resubmit the return in new forms in accordance with the new procedure.

**FSIA members = Many of the Companies, had actually filed the return “early” , and on the old return format. Now, please re-submit.**

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### Part 6 of today's Circular

#### **After you file your TDS return ( yourself or via some Consultant )→ Do this**

- then, please note the following
- You must print and file the following, ( it is advisable, since the TDS-scrutiny, may come months, or years later , and there is a possibility that by that time, your computer / your hard disk / your software / your concerned staff, might have changed )
  - Summaries of challans,
  - Summaries of deductees,
  - challan wise reconciliation,
  - Reconciliation of TDS details in this software with the TDS payable ledger accounts in your ERP like SAP, Peoplesoft, Finsys-ERP, Tally, Tata-EX and so on.
  - Form 24Q / 26Q , in printable form.
- Please note that interest on delayed payment, must also be paid , at the time of filing of the ETDS return.
- Also see the Govt site later, to see whether your return was accepted by the System.

### Part 7 of today's Circular

#### **1. Get a Digital Signature Certificate**

- a. Digital Signature Certificate is mandatory for all ROC E-filing in future. And recommended for Income Tax.
- b. If you took a DSC last year, it might have expired by now.
  - i. Renew it now.
  - ii. In last days, it may take days / weeks.
- c. **How to apply for a DSC ?**
  - i. Option 1
    1. Go to the site [www.mca.gov.in](http://www.mca.gov.in)
    2. Go to "Get digital signature certificates - DSC"
    3. Follow the instructions ...
  - ii. Option 2
    1. Go to the professionals bodies in your own city. Like M/s. CPC services Pvt Ltd( M.D. =Mr C P Chugh : 9810071783) . These people who can give you the same, with free home delivery. He had contacted our FSIA for special service offers for the FSIA members. You may contact him directly for the services.
    2. There are many others too. Most of the Chartered Accountants / CS etc have some connection and can get the same for you quickly.

**For queries, suggestions and feedback , you can e-mail us at :**

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### Notes & disclaimer

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Advt.

Some screens from the Finsys ERP - the Largest selling and "successful" ERP , in Faridabad.

Welcome to Finsys : [ ] (01/04/2007 To 31/03/2008) User : SANGEET ...

### Set Up Targets

Target No. 000001 Date 16/09/2007

This Sheet is To be used to Feed Budget Vs Actual **16/09/2007**

S.No	Month.No.	Month Name	Target Basic.Val	Actual Basic.Val	Variance
1	04	APRIL	20000000	19453462.99	546537.0100000C
2	05	MAY	30000000	23693861.7	6306138.3
3	06	JUNE	20000000	17240432.42	2759567.58
4	07	JULY	20000000	11562697.86	8437302.14
5	08	AUGUST	25000000		
6	09	SEPTEMBER	0		
7	10	OCTOBER	0		
8	11	NOVEMBER	0		
9	12	DECEMBER	0		
10	01	JANUARY	0		
11	02	FEBRUARY	0		
12	03	MARCH	0		

Remarks

New Edit Save Print Delete Cancel

### Sales Charts – Target v/s Actual

The above shown is the Actual Data of Sales...and helps monitor the trends,

( 100% Automatically made,  
Can be e-mailed  
and  
Can be SMS'ed  
to your Mobile's too).

Welcome to Finsys : [ ] (31/03/2008) User : SANGEET ...

### Expense Target vs Actual

Report No. 000002 Date 01/04/2007

This Sheet is To be used to Feed Budget Vs Actual **30/04/2007**

S.No	Account	Account Name	Budget Amt	Actual	Variance
1	430012	PRINTING & STATIONARY	10000	10837	-837
2	400003	SALARY A/C	29999	436029	-406030
3	440001	DIRECTORS SALARY	20000	0	20000
4	490004	RENT	200000	0	200000
5	360001	REPAIR & MAINT.	40000	81231.4	-41231.4
6	360002	REPAIR & MAINT. (COMPUTER)	20000	0	20000
7	360003	REPAIR & MAINT. -FACTORY BUILDING	10000	58908.5	-48908.5
8	360004	REPAIR & MAINT. -MACH.	68000	8874	59126
9	360005	REPAIR & MAINT. -VEHICLE	15000	0	15000
10	360006	REPAIR & MAINTAINENCE	27000	189475.31	-162475.31
11	350001	RESEARCH & DEVELOPMENT EXPENSES	30000	16060	13940

Remarks

New Edit Save Print Delete Cancel

### Expenses Charts – Target v/s Actual

These are the hidden overheads, which sometimes you do not forsee, and the customer does not pay for, when he approves your costing. ....

So, if you do this Budget based planning ... maybe **You might save a few Lakhs per month.**

**With Finsys ERP, you have the "CONTROL" .**

For Trade Enquiries contact : Puneet Gupta 93500-18744, Dinesh Verma 9313136494 -  
MLG Infotech Pvt Ltd.