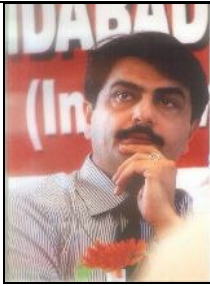


E-circular dt 11th-May-2008



Rajive Chawla
President, FSIA



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BUDGET 2008 - has now been passed

BUDGET
2008 - 09

Budget was presented on
29th Feb 2008

Yesterday,
it has been
passed
On 10-5-2008

But with a lot
of new
changes



The initial Budget had a lot of changes. The Excise Rates changed, Income Tax Rates changed, there were changes in Service Tax, FBT, TDS, Dividend Tax etc

Now some New (Bigger) Surprises Have come in by back-gate

**First : 100% EOU and units in SEZ's –
Income Tax Exemption extended by One more year**

This is a Surprise.

This section 10A has been modified, now this is extended till March 2010.

((Some FSIA members, are having 100% EOU units, and were enjoying 100% Tax free profits on their Export Turnover. They were worried that w.e.f. 31.3.2009, this was coming into a close. And this Financial year 2008-09 was the last year.

→ Now, this has been extended till 31.3.2010.

So, if your unit had a profit of about Rs. 1 Crore per annum in EOU, this small change in budget, means a saving of Rs. 30.90 lakh of tax for you. WOW. !!

→ Same for those members who had a unit in Noida SEZ.

Second: Major Relief in TDS laws

In case of non payment , expense was earlier disallowed.
Now this time extended till 31st July / 30th Sept, as applicable

This is a welcome Surprise again.

Background

As per the law, as it stood till a week ago, if somebody, did not deduct TDS, or did not deposit the TDS with the Government in time, the expense itself fully disallowed .

Example : Your Transporters bill of Rs. 30000 , Professionals bill of 50000, Commission of Rs. 20000 missed your sight, and you forgot to deposit the TDS in time.

Danger => The Dreaded happened -> Apart from the Intt and Penalty for late TDS, the whole expense used to be disallowed in your income tax return.

And infact you had to pay a full 35% tax + intt + Penalty on the whole Rs. 100000.

Congratulations --- Welcome Surprise Relief + Changes

a) Change is w.e.f. AY 2005-06 (for all the last 3 years , this law was made excessively stringent) -> Big Relief

b) New Last dates are as under

April to Feb 2008	Last date = 31 st March of the year
Month of March 2008	New Last date = Last date of your income tax return Individuals etc= 31 st July Audit cases/Company=30 th Sept

This is a very big change

The law as it stood earlier, was very stringent, in penalizing , even a “innocent oversight”.

In the sense, that we as FSIA consultant know of a case of a Faridabad industrialist, where a company became a loss making case, and went on to become “almost a NPA in the banks”, when their auditors disallowed about Rs. 1 crores of expenses, and recommended a tax liability of about Rs. 50 lakhs on them in their Tax Audit Report.

Third: Cash payments more than Rs. 20000 (now max per “DAY”)

Another small change.

& Earlier position : You cannot pay in Cash for more than Rs. 20000 per transaction

& New position : You cannot pay in Cash for more than Rs. 20000 per “DAY”

Law says, for nominal transactions, use cash.

But for large transactions, use Cheque / DD only.

Some people used to make a get-away from the law by making multiple receipts of less than Rs. 20000 in a single day.

Now that possibility is also gone.

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

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The ERP, that gives you the live news About your company, Latest Billing, latest PO's, Latest MRR, Latest Indents, Latest payments, Latest receipts etc

“Is Balance Sheet is being finalized ?”

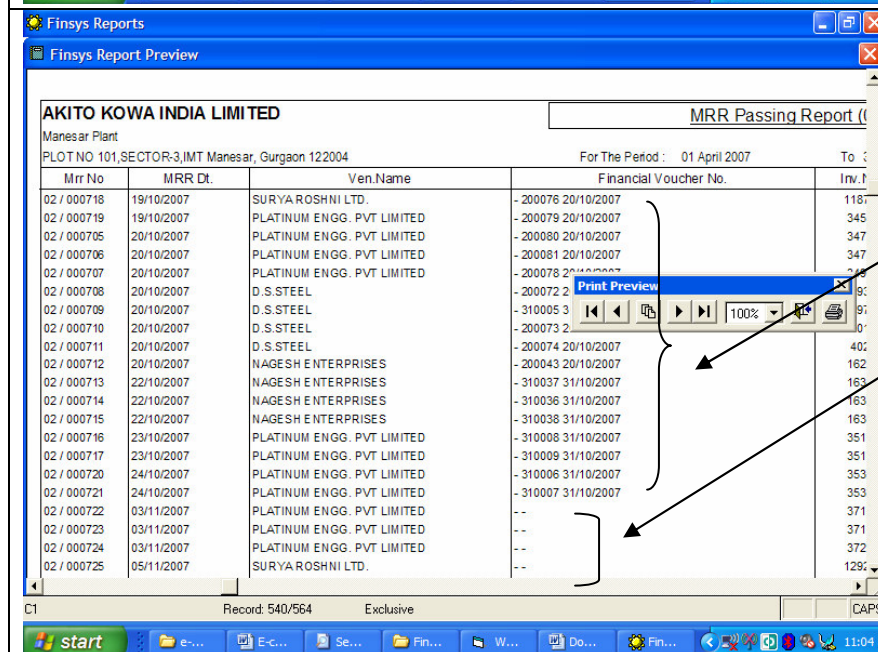
And you want to Cross Check that – no Material Inward is still pending in stores, or QC. ?



This report Gives Pending MRR's

Options :

- a) With Value, and without Value
- b) All MRR's and “Pending MRR only”.
- c) All series of MRR vs. selected MRR series only, example MRR for PO only, for cash only, for Customer rejection only



This report clearly shows

- a) Which MRR's have been passed, and against which voucher?
- b) Which MRR's are pending

& ERP can give you the approximate value of those pending MRR also. → based on QC ok and PO approved in ERP) ?

& ERP can also tell you , whether the customer rejections , received back inwards have been booked in accounts or not ?

& ERP can also help you to know, what is the account wise pending position, example “ERP can tell you Consumables Rs. 2.42 lakhs, Purchases Rs. 35.91 lakhs, and Stationery Rs. 0.82 lakhs are pending in Stores/QC”

For Trade Enquiries contact : Puneet Gupta 93500-18744, Dinesh Verma 9313136494 - MLG Infotech Pvt Ltd – the company that can give you both the full ERP and also modules , according to your need.