## FinMin Lens on Mega Tax Dodgers

As slow growth taxes the economy, heavy hitters who have evaded taxes have come under the eagle eye of Finance Minister P Chidambaram. Following his instructions to income tax officials to address an estimated backlog of ₹4 lakh crore of corporate tax, a massive crackdown has been unleashed on all major tax evaders who owe the government upwards of ₹500 crore. The finance minister hopes to collect over ₹6,50,000 crore as direct taxes in the financial year 2013-14 including corporate tax. In May, Chidambaram hinted that the government is mining data to enable it to trap tax evaders in the finance ministry's net. For the first financial quarter of 2013, the government has mined the data of 41 private and public sector enterprises who have to pay ₹70,000 crore to the treasury—almost 17 per cent of the estimated corporate tax collection for 2013-14. With the impending general elections, governments cannot raise new taxes and the recovery of money from big tax evaders is the best hope to tackle the fiscal and current account deficit. The Finance Ministry is also addressing the challenges of meeting human resources, technology and time to improve tax collection in order to deal with tax evasion.

(***Source:*** *www.thehindubusinessline.com/)*

## Applicability of the Companies Act 2013

As many as 98 sections of The Companies Act 2013 vide Notification No. 1/15/2013-CL.V issued by MCA are applicable from 12th September, 2013 onwards. A notification for commencement of 98 sections of the new Act has been issued by the Ministry of Corporate Affairs (MCA) on 12th September, 2013 to become applicable from the date of notification. Further in this regard, MCA also came out with a clarification on 18.09.2013 clarifying that the relevant provisions of the companies Act, 1956, which correspond to provisions of 98 sections of the Companies Act, 2013 cease to have effect from that date. MCA has also recently released the draft rules relating to 16 chapters and the forms for these chapters have also been released recently. The draft rules as well as the forms can be accessed at the following link http://ncbfeedback.mca.gov.in.

(***Source:*** *http://www.business-standard.com/india/)*

## Direct Tax Deficit to be Offset: Parthasarathi Shome

The impending shortfall in direct tax collections could be partly offset by a likely increase in customs duty collection, spurred by a depreciation in rupee, said Parthasarathi Shome, advisor to the Union Finance Minister, who ruled out any plans by the government to consider a tax amnesty scheme. He said that such amnesty schemes do not improve behaviour of tax evaders and is unfair to honest tax payers. With the rupee depreciation, imports become costlier in rupee terms; hence the expectation of a rise in customs duty collection, Shome said. The amnesty scheme now underway for service tax will also bring in additional revenue, he added. Finance minister Chidambaram's target of limiting the fiscal deficit at the projected level of 4.8% of GDP will be achieved, Shome asserted. He said the objective behind setting up of Tax Administration Reforms Commission (TARC), of which he is the chairman, is to undertake major changes in the current tax administration structure and practices. For example, a huge amount of data are collected by the income tax and excise, customs and service tax authorities. The tax administration should be able to set up a machinery to analyse the data and use these effectively to improve tax administration and shape tax administration policy. But the system is not equipped enough at present to make full use of the data being collected. It will be addressed by TARC, he said.

(***Source:*** *Press Trust of India)*

## Cabinet Defers Direct Taxes Code Bill

The Union Cabinet has deffered a decision on the direct taxes code (DTC) bill that proposes to tax super rich at higher rates following some concerns that timing was not right for such a measure. The DTC Bill 2013, that proposes to re-write the over 50-year old income tax law, was expected to be moved for the consideration of the Parliament in the monsoon session. The bill proposes to tax incomes in excess of 10 crore at 35% rate against current rate of 30%. In the budget, Finance Minister P Chidambaram had imposed a surcharge of 10% on those with taxable income in excess of 1 crore, pegging the number of such taxpayers at 42,800. The code also proposed to impose 10% tax on dividend income in excess of 1 crore, aimed at bringing under the tax net high earners whose primary income is dividends. At present, dividends are tax free in the hands of investors but the entity distributing dividends has to pay a dividend distribution tax at the rate of 15%. The prime minster's office (PMO) also had some reservations on the crucial proposals.

(***Source:*** *http://www.economictimes.com)*

## Finance Ministry May Form New Anti-Evasion, Intel Unit for Service Tax

Expecting an increase in revenue from service tax, the Finance Ministry may set-up a new anti-evasion and intelligence unit to check leakage of any indirect tax. The issue of creating such a separate unit had come up for discussion during a recent meeting of Chief Commissioners and Directors General of Customs, Central Excise and Service Tax. It was recommended during the meet that the mandate of Directorate General (service tax), based in Mumbai, should be enhanced and it should be assigned the work relating to intelligence and anti-evasion, according to the minutes of the meeting. A proposal in this regard has already been submitted to the Finance Ministry. The Directorate General of Service Tax coordinates between the Central Board of Excise and Customs (CBEC) and central excise commissionerates. It also monitors the collection and the assessment of service tax. During the two-day meet, a group on 'Way Forward; Service Tax' had suggested creation of a separate service tax intelligence organisation and also creation of specialised groups under service tax commissionerates. Recommendations on administrative side include creation of four new service tax zones and 15 new service tax commissionerate and also audit and appeal commissionerate.

(***Source:*** *http://www.economictimes.com)*

## Q2 Advance Tax Payout of Top 100 Companies Sees Muted Growth

In line with macro environment, the advance tax collections from the top-100 corporates from the financial capital showed a muted growth for the September quarter, with the outgoes increasing by only up to 8%, a senior official said. "For the top-100 companies, the advance tax payments have increased by 7-8%," the official said. Cumulatively for the first two quarters till now, the advance tax collections from the Mumbai zone, which contributes over a third of the income tax collections nationally, have grown 11%, the official said. Leading the pack in the financial capital was Mukesh Ambani-led Reliance Industries which paid ₹1,670 crore as against the ₹1,534 crore in the same period year ago, the official said.

(***Source:*** *http://www.expressindia.com)*

## Now, Finance Ministry to Oversee Forward Markets Commission

Amid the ongoing payment crisis in the National Spot Exchange Ltd (NSEL), the Finance Ministry is taking over regulation of commodity futures markets from the Consumers Affairs Ministry. A notification to bring commodity markets regulator Forward Markets Commission (FMC) under the ambit of the Finance Ministry was issued by the government on September 6. The Consumer Affairs Ministry had earlier agreed to shifting FMC to the Finance Ministry as it did not have the adequate manpower and expertise to regulate the complex commodity futures markets. The Consumer Affairs Ministry had been overseeing the functioning of the FMC, which regulates futures trading on 21 commodity bourses, including MCX and NCDEX.

(***Source:*** *http://www.business-standard.com/)*

## 'Funding for Lending' Scheme in Works

Waiting for the Reserve Bank of India (RBI) to cut interest rates before deciding on buying that home or a car? You may not need to! According to ET Now the RBI is planning a 'funding for lending' scheme, under which the central bank may lend money to banks at a 1-2% cheaper rate. This in turn will allow banks to lend to potential consumers at a lower rate. "The special window allows banks the option of cheaper refinancing from the RBI. This cheaper refinancing can be anywhere to the tune of 1% to 2% lower than market rates." This window was first used in order to boost consumption during former RBI governor YV Reddy's tenure. With less elbowroom with the RBI to cut key policy rates, this move is an attempt by the government to bring down effective rates for home and auto loans.

(***Source:*** *http://economictimes.indiatimes.com/news/economy/)*

## Reserve Bank of India Tightens Rules for Lending Against Gold

The Reserve Bank of India has tightened rules for finance companies which lend against gold, a fast-growing business in the country, in line with the recommendations of an internal panel. The RBI said lenders need to value the pledged gold at the average closing price of 22-carat gold for the preceding 30 days as quoted by the Bombay Bullion Association Ltd, to arrive at the loan-to-value ratio. The ratio would remain at 60 per cent for loans against jewellery. "Currently, there is no standard method for arriving at the value of gold accepted as collateral and valuation is arbitrary and opaque," the central bank said in a notification.

(***Source:*** *http://www.business-standard.com/)*