

OFFSHORE ACCOUNTING AND TAXATION SERVICES PVT. LTD. (OATS)

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Contents

1. Corporate laws update
2. Note on circular regarding PF contribution
3. Direct taxes
4. Contact details

Corporate laws update

Recently various notifications have been issued by Ministry of Corporate Affairs (MCA) relaxing some of the provisions/ restrictions under the Companies Act, 1956.

Highlights:

- The **Limits of disclosure of salary paid to Employees** to be published in the Annual Accounts by way of annexure to Directors Report has been increased. If an employee is paid Rs. 5 Lacs or more per month or is paid Rs. 60 Lacs or more in a year then **disclosure under section 217(2A)** is required.

- The Limit of payment of **salary in the Company to the relative of the Director, without Central Government approval**, is increased from present Rs. 50,000 per month to Rs. 2,50,000 per month.

- Service of notice/documents by e mode**
 - By giving an advance opportunity to every shareholder / member of the company to register their e-mail address and changes therein from time to time with the company, service of documents and notices can be done through electronic mode.

- Green Initiative in the Corporate Governance- Participation by directors in meetings of Board/ Committee of directors under the Companies Act, 1956 through electronic mode

- Payment of salary/remuneration to Working Directors in case of Public Limited Companies having inadequate profits - Provisions in Schedule XIII of the Companies Act, 1956 relaxed.

Text of all these notifications is available on <http://www.mca21gov.in>

Provident Fund contributions: Note on Circular dated 23 May 2011 - [Advocate Jayant Shaligram](#)

Employees' Provident Fund Organization, New Delhi has issued a Circular in the name of all Zones and Regional Provident Fund Commissioners, In-Charge of Regions and Sub Regions on 23rd May 2011.

By this Circular it is clarified that the Provident Fund contributions must be deposited on the applicable minimum wages in the respective areas for the respective industries as provided under the provisions of the Minimum Wages Act. If any payment of contribution is made on less amount of wages which is lesser than the minimum wages applicable, it will be not legal. This Circular is subject to outcome of the pending litigations in the case of Group 4 Security V/s Regional Provident Fund Commissioner before Supreme Court of India.

Although I am personally of the view that this Circular is not correct and in contravention with the provisions of Employees' Provident Fund Act but since the directions are issued it is obligatory on the part of the employer to deposit provident fund contribution on the minimum wages applicable to the Industry. As per the provisions of the Minimum Wages Act, minimum wages consists of both Basic Wage Component and Special Allowance declared by the respective State Government from time to time. Circular also mentions that all those which are earlier closed cases, the directions given in this Circular need to be reassessed.

Direct Taxes update

The Government of India has got the approval of President of India for the creation of Directorate of Income tax (Criminal Investigation) (“**DCI**”) in the Central Board of Direct Taxes. The DCI will perform functions in respect of criminal matters having any financial implication punishable as an offence under any direct tax law.

This has been notified vide NOTIFICATION NO. 29/2011 [F.NO. 286/179/2008-IT(INV.II)], DATED 30-5-2011

Authentication of TDS certificates using digital signatures-

Currently , a deductor has an option to authenticate TDS certificate in Form 16 by using a digital signature. However no such option of using digital signature is available to a deductor issuing form 16A and it needs to be authenticated by a manual signature. This process of manual authentication is very time consuming. The Central Board of Direct Taxes has received several representations to allow the option of using digital signature for authentication of TDS certificate in form 16A. The Central Board of Direct Taxes vide its circular number F.No. 275/34/2011-(IT-B) dated 13th May 2011 has given the necessary process and steps for such authentication.

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