

Ken &

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Advisory Solutions Pvt Ltd

Income Tax Consultancy

We provide the following services :-

Direct Tax consultancy services :-

1 Preparation of all types of Income Tax returns for **Individuals , Firms , Companies , HUF , AOP , BOI , Local Authorities and artificial persons :-**

- a. Self Assessment return (U/S 140A)
- b. Return of Loss (U/S 139 (3))
- c. Belated Return (U/S 139 (4))
- d. Revised return (U/S 139 (5))
- e. filing of return in electronic form (139 (1B))

2 Tax Planning – personal and corporate .

3 Tax Assistance

- a. Obtaining Permanent Account Number
- b. Tax Deduction Account Number
- c. Services related to TDS/ Withholding taxes
- d. Tax Planning - Personal and Corporate.
- e. Filing of e-Income tax and e-TDS returns

4 Taking PAN no (Permanent Account Number) , TAN No (Tax Deduction account number) for Individual , Firms , Companies , HUF , AOP , BOI , Local Authorities and artificial persons

5 Filing E-TDS returns (for this services call our executives at 9811734102 (this services is only for Delhi / NCR , in India)

6 Filing of Individual Income Tax Returns (for this services call our executives at 9811734102 (this services is only for Delhi / NCR, in India)

7 Tax Audit (U/S 44 AB)

8 Rectification, Revision or appeal of income tax orders

9 To get Income tax refund

10 Tax Planning through investments

11 Consultancy on TDS Matter

12 Filing of Income tax return of Individual (in Bulk) (This facility is for Indian as well as for foreign clients)

13 Advance tax computations

Direct Tax in Detail

Income earned in a financial year is liable to tax as per the rates prescribed for that year. A financial year runs from 1 April to 31 March of the following year. India follows a residence based taxation system. Broadly, taxpayers may be classified as residents or non-residents. Individual taxpayers may also be classified as 'residents but not ordinary residents'.

An Indian company is always an Indian resident. Additionally, any other company whose affairs are wholly controlled and managed from India is also a resident. Any other company would be a non-resident.

Residential Status

An individual is resident in India if he is in India in the tax year for:

- 182 days or more; or
- 60 days or more (the period of 60 days stands changed to 182 days or more for Indian citizens or persons of Indian origins on a visit to India; and also for citizens of India who leave India for employment abroad as member of a crew of an Indian ship) during the tax year, and an aggregate of 365 days or more during the four years preceding the tax year.
- An individual who does not satisfy the above conditions is a non-resident.
- A resident is "not ordinarily resident" in India in any tax year if he:
- has been "non-resident" in India in nine out of the 10 previous years preceding that year: or
- has during the previous seven years, preceding that year, been in India for a total period of 729 days or less.

Taxability based on status

Residential Status	Indian Sourced Income	Foreign Sourced Income
Resident	Taxable in India	Taxable in India
Resident but not ordinarily resident	Taxable in India	Not taxable in India
Non-resident	Taxable in India	Not taxable in India

Heads of Income

The income is categorized under five broad heads or classes of income. The taxable component of the income is ascertained according to the rules for a particular head/class of income and then aggregated to determine the total taxable income. However, losses under certain heads cannot be aggregated with income earned under other heads.

Salaries cover those that are received by an individual for services rendered by him and include wages, pension, fees, commission and the taxable value of perquisites. For this purpose, valuation rules for certain standard perquisites, typically provided by employers in India, have been issued. Tax on Salary received is to be calculated as the rules given in the Income Tax Act.

Income from house property includes income arising from use of residential and commercial property. Only two prescribed deductions are permitted while computing the income.

Profits and gains from business or profession covers income earned from business or profession net of permissible deductions, against the revenue earned. In addition, general non-specified revenue expenses, incurred for the business are also deductible.

Capital gains cover gains arising from transfer of capital assets. The period of holding determines the classification of the asset, which then determines the manner of taxation. Capital assets held for less than 36 months (12 months in case of shares/securities) are treated as short-term assets. Other capital assets are categorized as long-term capital assets. Long-term capital gains enjoy a lower rate of tax. This may further be reduced by making prescribed investments.

Sale of certain specified investments are subject to gross basis of taxation, under which tax is levied on value of transaction. Gain arising from transactions subject to gross basis of taxation is entitled to concessional tax treatment under income tax.

Income from other sources is the residuary head/class of income and covers any income not specifically dealt with under the other heads. A deduction in respect of expenses incurred for earning the income, is available.

Individuals

Individuals are liable to tax in India at different rates of tax as under:

Taxable income slabs (In Rupees)	Rates of Tax
0 - 150000*	Nil
150001 - 300000	10.3 per cent (total Income minus 150000)
300001 - 500000	15000+20.6 per cent (total income minus 300000)
500001 - 1000000	55000+30.9 per cent (total income minus 500000)
1000000 and above	205000 + 33.99 per cent (total income minus 1000000)

- Basic exemption limit in case of women is INR 180, 000 and in case of senior citizen INR 225, 000
- Special rates/ exemptions apply in case of long-term/ short-term capital assets. Individuals are also liable to surcharge as discussed subsequently.
- Non-resident individuals may also be liable to tax in India on a gross basis depending upon the type of income received.

Resident Companies

Indian resident companies are liable to tax at 30.9 per cent on net basis. Surcharge is 10% of income tax if net income exceeds Rs 1 Crore (no Surcharge if net income does not exceed Rs 1Crore) , companies are also liable to dividend distribution tax (DDT) at 16.995 per cent on the amount of profits distributed to shareholders.

Kinds of Taxes

Minimum Alternate Tax (MAT)

The domestic tax law also requires companies to pay MAT in lieu of the regular corporate tax, in a case where the regular corporate tax is lower than the MAT. MAT is computed on the book profits; subject to certain prescribed adjustments at the rate of 10.3 per cent in the case of domestic companies and 10.3 per cent in case of non-resident companies; MAT paid in any year is now available as credit in any subsequent year. (Surcharge on domestic company is 10% and for non residents is 2.5%)

Dividend Distribution Tax (DDT)

Dividends are currently exempt from taxes in India. However the company paying the dividends is required to pay DDT on the amount of dividends declared, at the rate of 16.995 per cent. DDT is a tax payable on the dividend declared, distributed or paid.

PAN / TAN / eTDS

National Securities Depository Limited (NSDL) dispenses PAN services through a chain of TIN-Facilitation Centres (TIN-FCs) established by NSDL across the country.

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Applicants can obtain the application form for PAN (Form 49A) and 'Request for New PAN Card or/and Changes or Correction in PAN data' in the format prescribed by Income Tax Department (ITD) from TIN-FCs. Applicants may go through the instructions and guidelines mentioned along with the forms before filling and submit the duly filled and signed form to any TIN-FC. NSDL will upload the digitised PAN application data to ITD. ITD will allot PANs for which NSDL will make PAN cards and dispatch the same along with PAN allotment letter to the respective applicants. Applicants specifying their valid e-mail ID in the application form will receive their PAN through e-mail in addition to the PAN allotment letter sent by NSDL. Applicants may track the status of their PAN application on www.tin.nsdli.com based on the Acknowledgment Number after three days of application.

Fringe Benefit Tax

We provide the following services in Fringe Benefit Tax (FBT):-

- 1 Calculation of Fringe Benefit Tax (Sections 115W to 115WL)
- 2 Filing of return of Fringe benefit Tax
- 3 Guidance on advance payment of FBT
- 4 Consultancies on Fringe Benefit Tax Return

Fringe Benefit Tax in detail

Finance Act, 2005 has introduced a new tax in the form of Fringe Benefit Tax (FBT). FBT is a tax payable by the employer on benefits (provided/ deemed) that employees (past or present) receive as a consideration of their employment. FBT is leviable on every employer excluding individuals/ Hindu Undivided Family and certain institutions enjoying certain exemptions.

Certain expenses are directly covered within the ambit of FBT. In respect of expenditure such as entertainment expenditure, conferences, etc. certain percentages of these expenses have been deemed as fringe benefits, upon which FBT is leviable. FBT will be leviable at the rate of 30 per cent plus applicable surcharge of 2.5 per cent or 10 per cent and education cess of 2 per cent on the tax including surcharge.

The due dates for the payment of FBT in the case of a company or a person whose accounts are required to be audited under the Act, is the 31st of September following the end of the financial year. In any other case, the due date is the 31st of July following the end of the financial year.

The manner of payment of FBT is similar to that of advance tax, FBT being paid or payable in each quarter, on or before the 15th day of the month following such quarter, except for the quarter ending on 31 March, in case of which the FBT will be payable on or before 15 March of the relevant financial year.

Surcharge

Surcharge is a temporary charge levied by the central government. It is typically levied to meet unplanned government expenditure or to fund some budgetary deficit.

In case of companies surcharge is applicable only if net income exceeds 1 Crore.

Surcharge is normally computed as a percentage of the tax liability. All domestic companies are liable to pay surcharge of 10 per cent. Surcharge is also applicable on MAT and DDT. Individuals are liable to pay surcharge of 10 per cent where their taxable income exceeds INR 1,000,000 in a financial year. All foreign companies liable to pay surcharge @ 2.5%. Changes to the surcharge are generally announced annually.

An additional cess of 2 per cent and secondary and higher education cess of 1 per cent in the form of education cess has also been levied on tax including surcharge (i.e., the basic tax plus surcharge are both increased by the additional surcharge.) For instance, resident companies are liable to pay tax at 30 per cent plus 10 per cent surcharge plus education cess of 2 per cent and secondary and higher education cess of 1 per cent which amounts to a total tax percentage of 33.99 per cent.

Tax Incentives

Indian tax laws provide various tax incentives, for e.g.:

- An undertaking established in Special Economic Zones and deriving profit and gains from the export of articles or things or computer software
- A 100 per cent Export Oriented Undertaking
- An enterprise carrying on the business of developing, operating and maintaining infrastructure facilities such as a road, highway project, telecommunications services, etc
- An industrial undertaking engaged in the generation and / or the distribution of electricity
- An undertaking established in backward areas/ states
- An enterprise engaged in business of building, owning and operating multiplex theatre
- An enterprise engaged in building approved housing projects
- An undertaking engaged in business of operating and maintaining hospital in rural areas

- The tax holiday period varies in each case and is available on satisfying certain conditions as well as on complying with specified procedural formalities.

Note : Unless otherwise stated the rates indicated are the effective rates for the financial year 2005-06. The effective rates include the basic rate, increased by applicable surcharge, both increased by additional surcharge/ education cess of 2 percent

Transfer Pricing

We Provide the following Services :-

Transfer Pricing Solutions

We at Ken & yare advisory solutions Private Limited have skilled team of tax practitioners, economists and financial analysts who are masters in their fields. They focus on reducing threats and increasing opportunities to enhance corporate performance through proactive transfer pricing planning.

The **integration of tax and economics** is one of the most important attributes of our transfer pricing capabilities. This unified approach enables us to develop and implement transfer pricing methodologies that are analytically sound, flexible to deal with "real world" situations and fully compliant with the transfer pricing regulations. Further, this approach also ensures a creative and dynamic tax planning process for our clients.

As part of our transfer pricing service, we offer advice and assistance in the following areas:

- **Transfer Pricing Planning**
Our team helps in evaluation of alternative business structures from a transfer pricing planning perspective in order to optimize allocation of revenues between group entities.
- **Compliance and Documentation**
We provide assistance in various aspects of transfer pricing documentation preparation and compliance. A transfer pricing study prepared and supported by sound technical positions significantly reduces the risk of a possible tax contingency.
- **Controversy Resolution**
As revenue authorities become more aggressive in applying transfer pricing regulations, disputes are likely to arise Ken & yare provides a range of services such as transfer pricing audit management and assistance in handling competent authority negotiations.
- **Managing Risk**
Ken & yare assists companies in preparing a defense against possible future inquiries from revenue authorities by assessing the current transfer pricing policies. The potential risks can then be evaluated and if required, appropriate corrective actions can be implemented. Our global controversy solutions and resources enable our clients to confidently address this dynamic issue with confidence.
- **Integrated Tax Planning**
Ken & yare specializes in solutions that provide international businesses with an opportunity to comprehensively assess tax position and drive benefits upwards through the company structure. We combine planning, coordination and execution of tax strategies in order to devise flexible solutions that effectively address business changes.

and complex issues emerging from transactions entered into between two or more enterprises belonging to the same multi-national group. With a view to provide a detailed statutory framework which can lead to computation of reasonable, fair and equitable profits and tax in India, government has incorporated various acts keeping in mind various aspects in Increasing participation of multi-national groups in economic activities in the country has given rise to new this relation.

In the case of multinational enterprises, the Finance Act, 2001 substituted section 92 with a new section and introduced new sections 92A to 92F in the Income-tax Act, relating to computation of income from an international transaction in relation to the arm's length price, meaning of associated enterprise, meaning of information and documents by persons entering into international transactions and definitions of certain expressions occurring in the said section.

Ask yourself?

- Is your company involved in any international transactions with any of its group companies?
- Does your company engage in any inter-company transactions affecting the operating results?
- Does your company render services to/receive services from affiliates free of charge?
- Does your company pay or/ receive charges pertaining to intangibles or cost allocations?
- Has your company been incurring operating losses over the past few years?
- Are you a multinational corporation currently structuring your business plan?
- Are you restructuring global operations as a result of changing global conditions?

If your answer is **"yes"** to one or more of the above questions, your company will in all probability require a **transfer pricing** review.