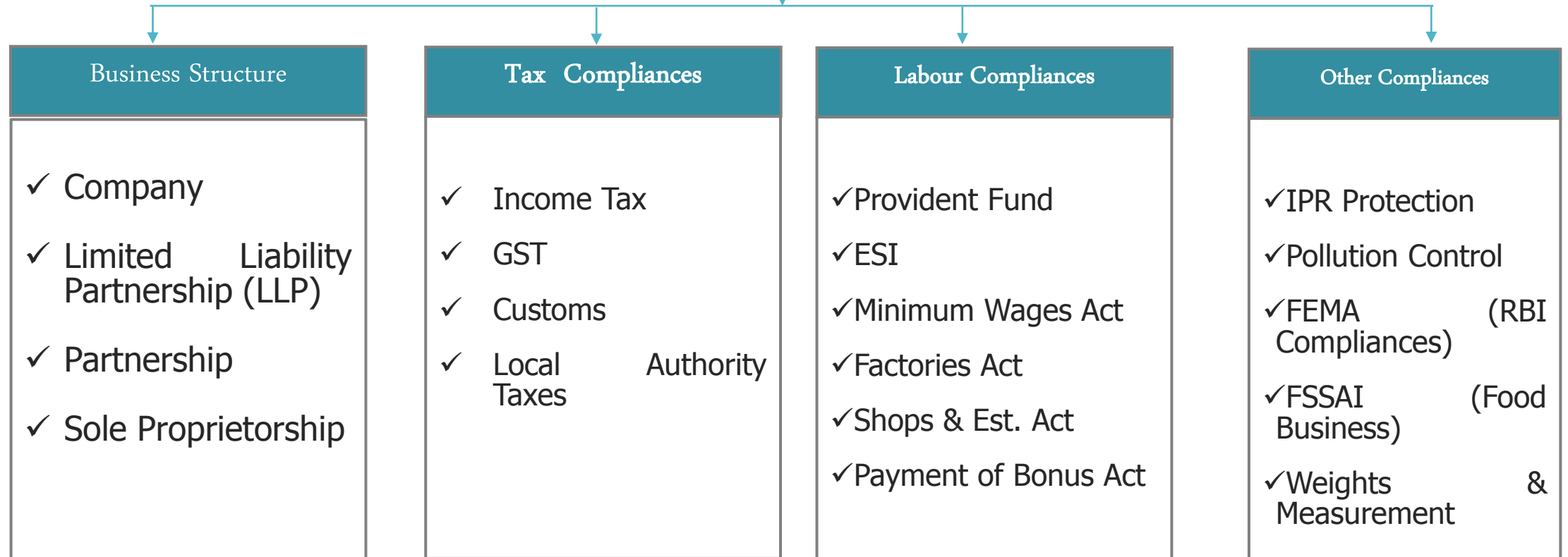


Economical And Financial Compliances

Compliance Structure in India



Compliance Management

Regular Compliances

- ▶ A Compliance Calendar should be prepared and monitored regularly for routine compliances.
- ▶ The regular compliances depend on the type of Business Structure and also the nature of business and other factors.

Event Specific Compliances

- ▶ Certain Compliances are event based and hence can not be controlled with routine compliance calendar.
- ▶ A Complete checklist and timelines should be prepared for those event specific compliances.

Business Specific Compliances

- ▶ Certain Business require specific compliances which are not applicable for other type of business.
 - ▶ For example a Food business need FSSAI registration, a service provider needs Service Tax registration and a manufacturer need to register under Central Excise.
-

Tax Regulations in India

Prior to GST

Direct Taxes

- ❖ Income Tax

Indirect Taxes

- ❖ Excise Duty
- ❖ Customs Duty
- ❖ Service Tax
- ❖ VAT/CST
- ❖ Octroi
- ❖ Luxury Tax

- ❖ Stamp Duty
- ❖ Cess

Current

Direct Taxes

- ❖ Income Tax

Indirect Taxes

GST
Custom Duty

- ❖ Stamp Duty
- ❖ Cess

Income Tax

Who is liable

- ▶ Every Resident Assessee liable to pay Income Tax in India for its global Income.
- ▶ Every Non-Resident Assessee liable to pay Income Tax in India for its income accrued/received in India.
- ▶ Some Incomes are exempt and some attract different rate of tax, liability is calculated as per Income Tax Act, 1961 and applicable rules thereunder.

Extent of Liability

- ▶ For Company: Turnover upto 250 Cr. – 25%, more than 250 Cr. – 30% Plus Surcharge and Cess
- ▶ LLP/Partnership firm – Fixed rate of 30% without any exemption Limit.
- ▶ For Individual resident/NRI/HUF – Exempt up to INR 2.5 Lacs, thereafter slab rates applicable.
- ▶ Cess @4% applicable on Income Tax.
- ▶ Surcharge applicable for Individual/Company having Income >1 Cr.

Compliances

- ▶ Every Assessee has to file its Income Tax Return Annually.
- ▶ Income Tax has to be deposited before Due date of Filing of ITR or before the Advance Tax Due Dates, as applicable.
- ▶ Assessee liable to deduct TDS has to deposit TDS monthly before 7th of Next Month and File Quarterly TDS Return.
- ▶ Assessee liable for Tax Audit are required to submit Tax Audit Report along with the return of income before the due date of filing of ITR.

Customs Duty

Who is liable

- ▶ All goods to be imported to and exported from India must pass through authorized points, be reported to customs and the importers/exporters must fulfil the procedural requirements.

Extent of Liability

- ▶ The Import Duty consists of **Basic Duty, Anti Dumping Duty and IGST.**
- ▶ Input Credit of IGST on Import is available if the goods are further sold in India.
- ▶ The extent of Custom duty depends on the Tariff heading of the goods and the country of origin for preferential rate/Antidumping Duty.

Compliances

- ▶ Every Importer has to obtain Import-Export Code (**IEC Code**) from DGFT before making any import or Export.
- ▶ Every Importer is liable to file bill of entry/Cargo declaration before customs and pay Import Duty on goods imported in India.
- ▶ Every Exporter is liable to file shipping bill before customs before exporting goods from India.

Labour Laws

Provident Fund

- ▶ Compulsory for More than 20 Employees, others may opt voluntarily.
- ▶ Compulsory for Basic Salary upto 15000.
- ▶ Contribution 12% each by employer and employee.
- ▶ Monthly Payment and return to be filed.

ESI

- ▶ Compulsory for more than 10 employees.
- ▶ Mandatory for Gross Salary upto 21,000
- ▶ Employer has to contribute 4.75% and Employee has to contribute 1.75% of Gross Salary
- ▶ Employee gets the Medical Cards and can get the treatment in ESI Dispensary.

Factories Act/Shops & Est.

- ▶ Factory Act registration is required for Factories and Other establishments require registration under Shops & Establishment Act.
- ▶ Provisions in respect of working conditions, working hours, leaves etc. are required to be complied.



Audit

Auditing refers to a systematic and independent examination of books, accounts, documents and vouchers of an organization to ascertain how far the financial statements present a true and fair view of the concern

Regulatory Audits

Regulatory Audits are conducted as per the specific requirements of any law. For Example: Statutory Audit and Cost Audit is conducted under Companies Act, Tax Audit is conducted under Income Tax Act, VAT Audit is conducted under State VAT laws.

Internal Audit/ Management Audit

Internal Audit is conducted to help organization improve their systems/controls and operations and to bring more efficiency into the system.

Management Audit review the managerial aspects of the organization and the efficiency and performance of the Management.

Special Audit

Special Audits are conducted for some special purpose for example: Quality Audit, Environmental Audit, Energy Audit etc.

Disclaimer

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