

### Online Upload of eTDS Returns

#### What is online upload

For filing of eTDS returns, one has to visit the Tin Facilitation Centres of NSDL with eTDS return file copied in a CD and a paper Form 27A. The alternate method of filing the same is thru the online upload facility provided by NSDL website. So you can file return without stepping out of your office, at your convenience and anytime you want.

#### What are the advantages

- Obvious advantage is convenience. You can do it sitting in your office, at the time available to you and without having to visit and stand in queue at NSDL TIN Centres. Now with quarterly returns becoming mandatory from 1<sup>st</sup> April 2005, the number of such visits will also increase four fold.
- Second most important advantage is confidentiality. The data travels securely from your system to the server of NSDL, hence no other person is privy to the confidential data contained in the eTDS file.

#### What are the disadvantages

- There is additional cost involved for getting Digital Signature Certificate.
- One digital signature is required for one TAN
- Keeping a deposit of Rs. 1000 with NSDL and keep replenishing it
- Learning time involved in setting up Digital Signature
- The result of upload can be known only after 24 hours hence returns being filed on the last day may face problems.

#### All about Digital Signature

A digital signature functions for electronic documents like a handwritten signature does for printed documents. The main functions of a Digital Signature are :

- authentication of digital messages
- integrity of the message.
- providing legal validity to the message hence it is supportable in courts of law

Currently TCS, IDRBT & Safescript are the licensed Certifying Authorities who can issue Digital Signatures.

These certifying authorities have set up a network of Sub Certifying Authorities (Sub-CA) and Registration Authorities ( RA) to carry out the task of issuing Digital Certificates.

#### Procedure

1. Pre-requisite
  - You must have a valid TAN
2. Apply for Digital Signature
  - You can visit web site of any of Registration Authorities and
    - a. Create Login and Password
    - b. Complete the form online
    - c. Submit prescribed documents and payment to the Registration Authority
3. Approval and download of Digital Certificate
  - Upon receipt of documents and their verification, the RA will approve allotment of digital signature and an email confirming the same will be sent to you with instructions to download the Digital Certificate
  - You can download the Digital Certificate. Once downloaded, it is advisable to keep a backup of the same, as it may get deleted accidentally, if the hard disk is formatted .
4. Payment of advance to NSDL
  - Sent advance payment of Rs. 1000 to NSDL by cheque/ DD.
5. Registration with NSDL
  - Visit tin-nsdl.com -> services -> e-TDS -> Direct Upload
  - Complete registration form
  - Upload Digital Signature Certificate.
  - If everything is correct and digital certificate is authentic, the registration process will be complete.
  - Upon receipt of advance payment, the unique user ID for online upload will be communicated and activated.
6. Online upload of return
  - Prepare the eTDS return and validate the same with the File Validation Utility (FVU), as is done in manual mode.
  - Log on to the online upload link by entering the User ID
  - Upload the eTDS file
  - The digital signature in the browser must be same as earlier uploaded at the time of registration.
  - If digital signature verification is valid, the eTDS file will be accepted and a file number reference will be issued .
  - The format level validation will be carried out and the result of file being accepted or rejected will be posted on the site within 24 hours. If accepted, the provisional receipt can be directly printed and kept for your record.

#### Remember these Dates

- |        |   |
|--------|---|
| Feb-07 | Deposit TDS/TCS deducted during Jan-05    |
| Feb-15 | Deposit PF/ESIC for Jan-05                |
| Feb-20 | Deposit Sales Tax Jan-05                  |
| Feb-25 | Deposit Service Tax Jan-05                |
| Feb-28 | Deposit Professional Tax Jan-05           |
| Feb-28 | Issue Monthly TDS Certificates for Jan-05 |

## Computation of Capital Gains for Financial Year 2004-05 : A. Y. 2005-06

- Haresh Kataria

1. Capital gains arise out of sale of capital assets. Most common form of such asset are shares, units, residential house, jewellery etc. The taxability of such transaction will depend on the period for which such asset was held resulting in asset being short term or long term. Table below will help you in determining the nature of asset

Nature of Asset	HOLDING PERIOD	
	Short Term Capital Asset	Long Term Capital Asset
Shares & Units	less than or equal to 12 months	more than 12 months
Other Assets	less than or equal to 36 months	more than 36 months

2. Work out the capital gain amount as follows:

Capital gain = Sales Value - Purchase Cost - Expenses directly incurred for such sale

3. In certain cases, you can take Indexed Cost instead of actual cost . The Indexed Cost is to be worked out as follows

$$\frac{\text{Purchase Cost} \times \text{Cost Inflation Index in the year of sale}}{\text{Cost Inflation Index in the year of Purchase}}$$

### Cost Inflation Index is

F.Y.	INDEX	F.Y.	INDEX	F.Y.	INDEX	F.Y.	INDEX
1981-82	100	1987-88	150	1993-94	244	1999-00	389
1982-83	109	1988-89	161	1994-95	259	2000-01	406
1983-84	116	1989-90	172	1995-96	281	2001-02	426
1984-85	125	1990-91	182	1996-97	305	2002-03	447
1985-86	133	1991-92	199	1997-98	331	2003-04	463
1986-87	140	1992-93	223	1998-99	351	2004-05	480

4. Capital Gains on Assets other than shares & equity oriented units of MF

Short Term Capital Asset	Long Term Capital Asset
Add to Gross Total Income	20%

5. Capital Gains on shares & equity oriented units of MF

	Short Term Capital Asset	Long Term Capital Asset
Sale on or before 30-09-2004	Add to Gross Total Income --	10% if indexation benefit is not taken 20% if indexation benefit is taken
Sale on or after 01-10-2004 if STT is paid	10%	NIL

6. Securities Transaction Tax and its effect on capital gains

- With the Introduction of Securities Transaction Tax (STT) with effect from 1-10-2004, taxation of capital gains on listed shares and units of equity oriented Mutual Funds has undergone a change.
- Purchase and sale of shares on a recognised stock exchange and units of equity oriented mutual funds are liable for Securities Transaction Tax (STT). STT is collected by the Stock Brokers on behalf of the Stock Exchange and by the Mutual Funds on the purchase and sale of shares and units.
- Short Term Capital Gains on above shares and units are liable for tax at the rate of 10%.
- Long Term Capital Gains on above shares and units are not liable for any income tax.
- However the above concessional rates of tax are not available on buy back of shares as these transactions do not take place on a recognised stock exchange and STT is not paid on these transactions. The said concessional rates are also not available in respect of long term capital gains on units of debt funds, liquid funds, gilt funds, floating rate funds i.e. funds other than equity oriented funds.

### Example of Capital Gain working on shares

	Date of Purchase	Cost Price	Date of Sale	Sale Price	CAPITAL GAINS	Period		Tax
200 Shares of ABC	01-01-2003	10000	31-05-2004	21000	11000	> 1 Yr	LT	10%
200 Shares of ABC	01-01-2003	10000	31-10-2004	26000	16000	> 1 Yr	LT	NIL
500 Shares of XYZ	01-05-2004	25000	30-09-2004	34000	9000	< 1 Yr	ST	add to income
500 Shares of XYZ	01-05-2004	25000	31-10-2004	40000	15000	< 1 Yr	ST	10%
5000 Units of equity fund	01-01-2003	50000	31-08-2004	60000	10000	> 1 Yr	LT	10%
6000 Units of equity fund	01-01-2004	60000	30-11-2004	80000	20000	< 1 Yr	ST	10%

## Example of Capital Gain working on Immovable property

Flat Purchased on	30-06-1992	12,00,000
Flat Sold on	30-09-2004	30,00,000
Indexed Cost of Flat	$\frac{12,00,000 \times 480}{223}$ (Cost Inflation Index of 2004-05) 223 (Cost Inflation Index of 1992-93)	25,82,960
Capital Gains		4,17,040
Capital Gain Tax @ 20%		83,408

Some exemptions from capital gain tax:

An individual/ HUF can save long term capital gain tax on sale of a house property by investing the capital gain amount

- in purchasing a new residential house within one year before the transfer or within 2 years after the transfer OR
- in constructing a new residential house property within 3 years from the date of transfer

If the amount cannot be so invested till the due date of filing Income Tax Return, then it must be deposited in Capital Gain Account Scheme to avail the exemption.

The above exemption is also available on capital gains arising out of sale of long term asset other than house property, if the person does not own more than one residential house on the date of transfer

Any person can save long term capital gain tax by investing the amount in capital gain units of NABARD, NHAI, SIDBI etc within six months of the sale.

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## IN BRIEF

### MAPIN- UIN

Market Participants and Investors' Integrated Database (MAPIN), is being created by SEBI to enhance investor protection.

A Unique Identification Number (UIN) is required for the following securities transactions

- To buy /sell shares in secondary market
- To buy /sell units of mutual fund
- To buy /sell / apply for IPOs / Bonds etc.

The UIN is mandatory for

- For all companies w.e.f 01-01-2005
- For individuals w.e.f. 01-04-2005, if the value of one such transactions is going to exceed Rs 1 Lac

visit [tin-nsdl.com](http://tin-nsdl.com); <https://mapin.nsdl.com>

### New exit scheme for defunct companies

A new exit scheme for easy exit of defunct companies has been announced. The scheme will be operational from Feb 1, 2005 to July 31, 2005. Companies against prosecution for any non-compoundable offence is pending are not eligible for the scheme

- The applicant will have to file an affidavit sworn before magistrate that there are no assets and liabilities and also furnish an indemnity bond.
- Companies having operations for more than a year will have to provide audited statements for the completed year and a statement of account for the remaining period.
- A fees of Rs, 3000 is payable under the scheme

### Tsunami contributions deduction U/S 80 G

Donations made by employees through their employers to the following funds will be entitled to deduction U/S 80G:

- Prime Ministers National Relief Fund
- Chief Minister's Relief Fund
- Lieutenant Governor's Relief Fund

This can be done based on the certificate issued by the employer and there is no need to get a certificate from the respective fund

Circular No 2/ 2005 dated 12-01-2005

# eTdsWizard

## Electronic TDS Return in just four clicks

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📞 Bangalore : 98450-20165

📞 Lucknow : 94150-46444

📞 Chennai : 93804-84818

📞 Pune : 98230-42617

📞 Delhi : 98102-65151

📞 Surat : 0261-2471979

## Service tax on Goods Transport Agency

What is service tax on goods transport agency	This is applicable to services in respect of <ul style="list-style-type: none"> <li>• transportation of goods</li> <li>• by road</li> <li>• provided by goods transport agencies, which issues consignment notes for such transportation services.</li> </ul>
Applicable From	01-01-2005
Rate of service tax	10.2%
On what amount	On 25% of Gross Freight
No service tax chargeable	<ul style="list-style-type: none"> <li>• If goods being transported are fruits, vegetables, eggs or milk</li> <li>• If gross freight for the whole truck is upto Rs. 1500</li> <li>• If gross freight for an individual consignment is upto Rs. 750</li> </ul>
Who pays service tax	<p>A. The consignor or consignee, which must be clearly mentioned in the consignment note if the service is being availed by any of the following seven categories of entities:</p> <ul style="list-style-type: none"> <li>• Factory</li> <li>• Private and public limited company</li> <li>• Corporation established under any law</li> <li>• Society registered under Societies Registration Act</li> <li>• Co-operative society</li> <li>• Dealer registered under Central Excise Laws</li> <li>• Body corporate or partnership firm</li> </ul> <p>B. In all other cases by the Goods transport agency</p>
What makes it different	Generally the service tax is billed, collected and paid by the service provider. But in this case, the seven specified categories of the receivers of services are liable to pay the service tax

### If you are in Goods Transport business

- You are covered only if you transport goods by road. If the transportation is by any other mode e.g air, rail you are not covered
- You are covered if you are Goods Transport Booking Agency. So if you are truck owner or transport operator, you are not covered.
- If covered, you must
  - o Get registered
  - o Issue Consignment Note for service provided which must have a serial number, and must categorically mention who will pay the service tax i.e. Consignor / consignee or Goods Transport Agency
  - o Keep separate series of Consignment Notes for Taxfree and Taxable service

### If you are availing services of Goods Transport Agency

- If you are covered under one of the seven specified categories
- Get registered
  - Make sure that the Consignment Note clearly mentions the onus of the service tax
  - Pay monthly service tax

### If you are NOT covered under one of the seven specified categories

- No need to get registered
- Make sure that the Consignment Note clearly mentions that the service tax will be paid by the Goods Transport Agency

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