

IT PAYS TO KNOW

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INCOME TAX

ACTION ON AIR INFORMATION

- Transactions with PAN where returns are filed.

Case may be selected for scrutiny under CASS. Depending upon feedback on scrutiny, notice u/s 148 may be issued for earlier years.

- Transactions with PAN where there is no information of return filed & Transactions without PAN

Jurisdictional AO to issue letters. If the letter is returned unserved, case to be referred to CIT (CIB). If the return has already been filed before the issuance of letter the case shall be dealt at par with the transactions with PAN where return is filed. If return is filed after issuance of letter/notice, the return shall be taken up for compulsory scrutiny. If return is not filed or there is no response to served letter notice to be issued u/s 142/148 and case to be assessed u/s 143/144/147.

(Source: Instruction No 1/2009 dated 12.02.09)

CLARIFICATION ON EOU UNITS CLAIMING EXEMPTION U/S 10B

The Central Board of Direct Taxes (CBDT) has decided that an approval granted by the development commissioner in the case of

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Type of arrangement	Charging of service tax
Distributor leases out the theatre for screening of films and pays a fixed rent to the owner.	Chargeable to tax under the heading "Renting of immovable property for furtherance of business or commerce"
Contract between distributor and theatre owner is on revenue sharing basis i.e %age of revenue is shared by both the parties.	Parties' acting on principal to principal basis and one does not provide any service to another. Not chargeable.
Theatre owner buys the print/CD of the film on payment basis and thereafter screens in the theatre.	This being in the nature of sale of goods not chargeable to service tax.

(Source: Circular No 109/03/2009-ST dated 23.02.2009)

an export-oriented unit set up in an export processing zone will be considered valid, once such an approval is ratified by the board of approvals (BoA) for EOU scheme.

CREDIT FOR TDS WHEN INCOME IS ASSESSABLE IN THE HANDS OF OTHER THAN DEDUCTEE - NEW RULE 37BA

New Rule 37BA has been inserted prescribing the procedure for getting credit for TDS when the income is assessable in the hands of other than the deductee. It has been prescribed that the deductee shall file a declaration with the deductor and the deductor report the tax deduction in the name of other person in TDS returns. The declaration shall contain the name, address, PAN of the person to whom credit is to be given and the reasons for giving credit to such other person. The deductor on receipt of such a declaration shall issue the certificate in the name of the other person and shall keep the declaration in his custody.

This new rule is effective from 01.04.2009

SERVICE TAX

SERVICE TAX ON MOVIE THEATRES

Issue of charging of service tax on the activity of screening of films (by theatre owners) supplied by the distributor of films has been analyzed by CBEC in detail and the following clarification has been issued. H