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Income Tax

Income Tax Departments release list of major defaulters

As part of the 'name and shame' campaign, the Income Tax department has made public a third list of 18 tax defaulters including gold and diamond traders whose dues totaled around Rs 1,150 crore.

The department has directed the defaulters to "pay their arrears immediately".

It has also pleaded with the public to inform it if they have any knowledge of the defaulters. However, given that most of the defaulters are untraceable, the chances of recovery appear slim.
(http://www.itatonline.org/info/index.php/check-out-the-rogues-gallery-of-defaulters-who-owe-income-tax-dept-rs- 1150-crore)

Electronic Filing of Appeal before the Commissioner of Income Tax (Appeals)

The CBDT has issued a press release dated 30.12.2015 stating that as part of the endeavor off the Income tax Department to digitize various functions of the Department for providing efficient taxpayer services, electronic filing of appeal before CIT (Appeals) is being made mandatory for persons who are required to file the return of income electronically.

It is claimed that by this change "the burden of compliance on the taxpayers in appellate proceedings will be significantly reduced".
(http://www.itatonline.org/info/index.php/cbdt-makes-electronic-filing-of-appeal-to-cita-mandatory)

Additions on account of unexplained and unpaid creditors

Mumbai Tribunal in the case of Shri Moti Mani Singh Versus Income Tax Officer -19 (3)-3, Mumbai has held that the onus is on assessee to prove the genuineness of the creditors.

In case of any dispute with such creditors, the assessee needs to corroborate or substantiate the same and has to have some correspondence or communication to support.

In the event of non-payment & failure to prove the genuineness the amounts are liable to be taxed.
(Shri Moti Mani Singh v/s Income Tax Officer 19(3)-3 – ITAT Mumbai)

Relief to the small taxpayers

The CBDT has issued an Office Memorandum dated 14.01.2016 stating that in order to provide relief to the small taxpayers, refunds up to Rs.5,000 and refunds in cases where arrear demand is up to Rs.5,000 may be issued without any adjustment of outstanding arrears under section 245 of the Act during FY 2015-16.

It is stated that as on 09.01.2016, there are 64,938 cases of refunds below Rs.5,000 involving Rs.1,148.14 Crore in non-CASS cases for AYs 2013-14 and 2014-15 pending in AST.

The CBDT has directed the Assessing Officers to issue these refunds without any adjustment of arrears under Section 245. Similarly, the non-CASS cases for those assessment years where the refund amount is more than Rs.5,000 but the outstanding arrear is Rs. 6,000/- or less have been directed to be processed for issue of refund without any adjustment under Section 245.

It is further directed that the above exercise should be completed before 31st January, 2016 and a compliance report be sent to the Member (Revenue).
(http://www.itatonline.org/info/index.php/cbdt-directs-issue-of-refunds-of-rs-1148-cr-to-small-taxpayers-by-31-01- 2016)

Initiatives by BCDT in recent past to reduce avoidable litigations

The CBDT has issued a press release dated 15.01.2016 in which it is stated that reducing litigation with the taxpayers has been a key focus area for the Income Tax Department. It is pointed out that several initiatives have been taken by the Central Board of Direct Taxes in the last three months up to December 2015 to significantly reduce disputes and provide relief to taxpayers facing long standing litigation. A list of all those initiatives is set out in the press release including:

Withdrawing or not pressing of appeals on settled issues relating to the subjects listed below:

Non applicability of Rule 9A of the Income-tax Rules 1962 in case of abandoned feature films.

Reducing Monetary Limits for filing Appeals by the Department

Measurement of the distance for the purpose of section 2(14)(iii)(b) of the Income-tax Act for the period prior to assessment year 2014-15.

Interest from non-statutory liquidity ratio (non-SLR) securities.

Allowability of employer's contribution to funds for welfare of employees in terms of section 43(b) of the Income-Tax Act.

TDS under section 194Aof the Act on interest on fixed deposit made on the directions of the courts.

Recording of satisfaction note under section 158BD/153C of the Income-tax Act.

Non levy of penalty u/s 271(1) (c) wherein additions/disallowances were made under normal provisions of Income-tax Act 1961 but tax was levied under MAT provisions under section 115JB/115JC, for cases prior to A.Y. 2016-17.
(www.incometaxindia.gov.in)

Service Tax

Important Judgments:

Renting of Immovable Property

In this appeal the following issues were decided by the Tribunal –
• Long term leases will also fall within ambit of renting of immovable property service.
• Renting/leasing of vacant land for business or commercial purpose would fall within the ambit of service tax only w.e.f.0 1/07/2010
[New Okhla Industrial Development Auth. vs. CCE (2015) 39 STR 443 (Tri.-Del.)]

Valuation

Value of free supplies of materials received from recipient of services for incorporation into the works contract cannot be included in the value of taxable services in view of Larger Bench decision of Bhayana Builders (P) Ltd. vs. CST (2013) 32 STR 49 (Tri.-LB)
[Millennium Constructions Pvt. Ltd. vs. CST (2015) 39 STR 477 (Tri.-Del.) see also Capital Builders vs. CST (2015) 39 STR 478(Tri.-Del.)].

Revision of refund order – SCN necessary

Where the Commissioner had, u/s. 84 of the Act revised the order of granting refund passed by the adjudicating authority without issuing any show cause notice to the assessee, the Tribunal held that the same was not permissible since u/s. 73, issuing of SCN even for recovery of erroneously granted refund was necessary.
[Balaji Edibles Pvt. Ltd. vs. CCE&ST (2015) 39 STR 270 (Tri.-Del.)].

CENVAT Credit

In this case the following issues were decided –
• CENVAT Credit in respect of unregistered branches allowed.
• Availment of credit by company's head office at Bangalore in respect of branches credit allowed even without centralised registration since there is substantive adherence of law as service tax paid based on centralised registration.
• Credit of service tax paid on renting of premises from where services are provided would be admissible since without the premises the services cannot be rendered.
[Nuance Transcription Services India Pvt. Ltd. vs. CST (2015) 39 STR 241 (Tri.-Bang.)]

CENVAT credit cannot be denied to the service recipient if the service provider has not paid service tax
[Memories Photography Studio vs. CCE&ST, Vadodara (2015) 39 S.T.R. 331(Tri.-Ahmd.)]

CENVAT Credit allowed on debit notes: Where the debit notes raised by input service provider mentions all the information required to be mentioned in the invoice u/s. 4A of Service Tax Rules, 1994, the Tribunal held that availment of credit on such debit notes was permissible.
[Jaguar & Co. Ltd vs. CST (2015) 39 STR 273 (Tri.-Del.)].

VAT AND PROFESSION TAX MAHARASHTRA

e-Returns for Dealers registered under the Maharashtra Tax on Luxuries Act, 1987
The Sales Tax Department has made available facility to make payment through GRAS (Government Receipt Accounting System) for Luxury Tax payers from 18/ 09/ 2014.

As a further step towards e-services, the facility to file e-returns for the Dealer has been made available through Department's web-site www.mahavat.gov.in from 01/ 01/ 2016

Filling of e-return is optional at present. It may be made mandatory soon.

Prerequisites for filling of e-returns are:
• The Dealer must have luxury Tax Identification Number (TIN) starting with 27 and ending with 'I'
• e-enrollment: Every Dealer willing to file an electronic return is required to enroll online on the Department's website www.mahavat.gov. in. Enrolment for e-services is a one-time activity. A Dealer, who is already enrolled for MVAT / CST eservices, is not required to enroll again for luxury Tax e-services.

Procedure of enrolment for e-services and Procedure for filling e-return is explained in the Trade Circular.
(Trade Circular no. 1T of 2016, Dated 1st January, 2016)

Registration under the Maharashtra Tax on luxuries Act, 1987 and The Maharashtra Tax on the Entry of Goods into local Areas Act, 2002
The applications for obtaining registration under The Maharashtra Tax on luxuries Act, 1987 and The Maharashtra Tax on the Entry of Goods into local Areas Act, 2002 have to be submitted manually before the registration authority.

The applicants are also required to produce the documents mentioned in the Annexure "A" attached to this circular.
(Trade Circular no. 2T of 2016, Dated 21st January, 2016)

Restructuring of Maharashtra Sales Tax Department:
With reference to the communication made earlier on the restructuring of the Maharashtra Sales Tax Department, the Department of Sales Tax has uploaded the list of allocation of cases to respective officers on its website.

Procedure to download Digitally Signed VAT/CST/PTRC Registration Certificate:

With reference to the communication made earlier about the Downloading of Digitally Signed Registration Certificate, the department has provided with the procedure to download the same:
Enroll yourself on the website www.mahavat.gov.in by using your TIN (for the on/after 21st December 2015).
Click the button New User register here- appearing on "My Tax Portal" or Enter the URLhttp://mahavat.gov.in/Mahavat/registration.jsp
Click on the Dealer Enrollment- link
Fill all the details in the form and submit the form
Login with 11 digit TIN and password created during enrollment.
Click the link -Registration Certificates' Click the corresponding application number/s appearing on the screen to download the Registration Certificate/s

FEMA

RBI announces Regulatory Relaxations for Startups

In paragraph 14 of the Sixth Bi-monthly Monetary Policy Statement for 2015-16, the Governor highlighted the steps being taken by the Reserve Bank of India, in keeping with the Government's initiatives to promote the ease of doing business and contribute to an eco-system conducive for growth of entrepreneurship, particularly in respect of the start-up enterprises. The details are:

The following regulatory changes for easing the cross-border transactions, particularly relating to the operations of the start-up enterprises are proposed to be made, in consultation with the Government of India.

Enabling start-up enterprises, irrespective of the sector in which they are engaged, to receive foreign venture capital investment and also explicitly enabling transfer of shares from Foreign Venture Capital Investors to other residents or nonresidents;

Permitting, in case of transfer of ownership of a start-up enterprises, receipt of the consideration amount on a deferred basis as also enabling escrow arrangement or indemnity arrangement up to a period of 18 months;

Enabling online submission of A2 forms for outward remittances on the basis of the form alone or with document(s) upload/submission, depending on the nature of remittance; and

Simplifying the process for dealing with delayed reporting of Foreign Direct Investment (FDI) related transaction by building a penalty structure into the regulations itself.

The notifications/circulars under Foreign Exchange Management Act (FEMA), wherever necessary, will be issued shortly.

In addition, the following proposals are under consideration, in consultation with the Government of India

Permitting start-up enterprises to access rupee loans under External Commercial Borrowing (ECB) framework with relaxations in respect of eligible lenders, etc.;

Issuance of innovative FDI instruments like convertible notes by start-up enterprises; and

Streamlining of overseas investment operations for the start-up enterprises.

Certain other issues that are permissible under the existing regime shall be clarified

Issue of shares without cash payment through sweat equity or against any legitimate payment owed by the company remittance of which does not require any permission under FEMA; and

Collection of payments by start-up enterprises on behalf of their subsidiaries abroad

The Reserve Bank has already created a dedicated mailbox to provide assistance and guidance to the start-up sector. Further, electronic reporting of investment and subsequent transactions will be made on e-Biz platform only. Submission of physical forms will be discontinued with effect from February 8, 2016.
(RBI Press Release: 2015-2016/1809 dated February 2, 2016)

Foreign Direct Investment – Reporting under FDI Scheme, Mandatory filing of form ARF, FCGPR and FCTRS on e-Biz platform and discontinuation of physical filing from February 8, 2016

With a view to promoting the ease of reporting of transactions related to Foreign Direct Investment (FDI), the Reserve Bank of India, under the aegis of the e-Biz project of the Government of India has enabled online filing of the following returns with the Reserve Bank of India viz.

Advance Remittance Form (ARF) which is used by the companies to report the FDI inflows to RBI;

FCGPR Form which a company submits to RBI for reporting the issue of eligible instruments to the overseas investor against the above mentioned FDI inflow; and

FCTRS Form which is submitted to RBI for transfer of securities between resident and person outside India.

At present both the options, i.e. online filing and physical filing of abovementioned forms, are available to the users.

Based on the experience it has been decided by the RBI that beginning February 8, 2016 the physical filing of forms ARF, FCGPR and FC-TRS will be discontinued and forms submitted in online mode only through e-Biz portal will be accepted.
(RBI/2015-16/303 A.P. (DIR Series) Circular No. 40 dated February 1, 2016)

Export of Goods and Services – Project Exports related

In terms of the existing regulations, export of goods or services on deferred payment terms or in execution of a turnkey project or a civil construction contract requires prior approval of the approving authority, which shall consider the proposal in accordance with the guidelines issued by the Reserve Bank from time to time.

As it has been advised by the Government of India that i) the ‘Overseas Construction Council of India’ (OCCI) has been renamed as ‘Project Export Promotion Council’ (PEPC) and ii) civil construction contracts may include turnkey engineering contracts, process and engineering consultancy services and Project construction items (excluding steel & Cement) along with civil construction contracts, the RBI has decided to make necessary changes in Memorandum of Instructions on Project and Service Exports (PEM) accordingly.
(RBI/2015-16/287 A.P. (DIR Series) Circular No. 39 dated January 14, 2016)

International Tax

Income attributable to the taxpayer's foreign branches having a PE outside India is not taxable in India

Based on the facts and in the circumstances of the case, recently the Bombay High Court in the case of Bank of India (the taxpayer) held that income attributable to the taxpayer's foreign branches having a Permanent Establishment (PE) outside India is not taxable in India. If the taxpayer has a PE abroad, then, the taxpayer would be required to produce evidence regarding payment of taxes pertaining to the income of these establishments abroad. On production of such evidence, the taxpayer would be entitled to the tax treaty benefit.

(CIT v. Bank of India (2015) 64 taxmann.com 215 (Bom))

Capital gains arising to a foreign company on transfer of shares held in an Indian company under the court approved buy-back scheme is taxable in India under India-Netherlands tax treaty

Based on the facts and in the circumstances of the case, recently, the Mumbai Bench of the Income-tax Appellate Tribunal (the Tribunal) in the case of Accordis Beheer B V (the taxpayer) held that capital gains arising to a foreign company on transfer of shares held in an Indian company, under the court approved buy-back scheme, is taxable in India under the India Netherlands tax treaty. The arrangement entered by the taxpayer in selling part of its shareholding to the company in the scheme of buy-back does not fall under the definition of 'reorganization'. The Tribunal also held that the taxpayer is entitled to a concessional rate of tax at 10 per cent on the said capital gains.

(Accordis Beheer B V v. DIT (ITA No. 4688/Mum/2010)- Taxsutra.com)

Transfer of shares of an Indian company by a Mauritius based company to a Singapore based company under group reorganization is not taxable under the India-Mauritius tax treaty and it is not a tax avoidant transaction

Based on the facts and in the circumstances of the case, recently, the Authority for Advance Rulings in the case of Dow Agro Sciences Agricultural Products Limited held that the proposed transfer of shares of an Indian company by a Mauritius based company to a Singapore based company under group reorganization is not taxable under the India-Mauritius tax treaty. The proposed transfer of shares did not amount to a scheme to avoid payment of taxes in India.

(Dow Agro Sciences Agricultural Products Limited (2015) 65 taxmann.com 245 (AAR))

Fees for supply management services are neither taxable as royalty nor as fees for technical services under the India-U.K. tax treaty

Based on the facts and in the circumstances of the case, recently, the Authority for Advance Rulings (AAR) in the case of Cummins Limited held that fees received by a foreign company for rendering supply management services to its Indian group company cannot be treated as Fees for Technical Services under the India-U.K. tax treaty (the tax treaty) since the foreign company does not make available any technical knowledge, experience, know-how, etc. The AAR also held that payment for supply management services cannot qualify as royalty under Article 13 of the tax treaty since it is not related to the use of, or the right to use any copyright, patent, trademark, design or model, plan, secret formula or process, etc.

(Cummins Limited (AAR No. 1152 of 2011) –Taxsutra.com)

Company Law

The Central government issued Companies (Incorporation) Amendment Rules, 2016 to further amend the Companies (Incorporation) Rules, 2014. These rules are made effective from 26/01/2016. Major amendments are as follows:

The name of the company need not be in the same line with the principal objects of the company. Company names which are not in line with its scope or scale of activities would be allowed.

Company can change its activities and continue to operate with the old name, even if the activities of the company are not in line with the name of the company.

Companies can have name in abbreviated form or having no meaning or significance.

NOC is not required from any person for using the name of a person in a company name.

An application for the reservation of a name shall be made in Form No. INC-1 along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014 which may be approved or rejected, as the case may be, by the Registrar, Central Registration Centre.

The resubmissions will be allowed for three times for correction of mistakes in the incorporation application within a period of thirty days from first submission. (MCA Notification dated 22/01/2016)

Constitution of Investor Education and Protection Fund Authority:
The Ministry of Corporate Affairs notified sub-section (5), sub-section (6) (except with respect to the manner of administration of the Investor Education and Protection Fund) and sub-section (7) of section 125 of the Companies Act, 2013 w.e.f. 13.01.2016.

With this Notification, an authority is being constituted, to administer the Investor Education and Protection Fund, maintenance of accounts and other relevant records of the Investor Education and Protection Fund. Further, MCA has also notified the Investor Education and Protection Fund Authority (Appointment of Chairperson and Members, holding of meetings and provision for offices and officers) Rules, 2016.

These rules contain the composition of the authority, eligibility for becoming a Member of the Authority, the terms of office of members and functions of the Authority.
(MCA Notification dated 13/01/2016)

MCA has issued Frequently Asked Questions (FAQs) along with its response with regards to the Corporate Social Responsibility (CSR)
Section 135 of the Companies Act, 2013, Schedule VII of the Act and Companies CSR Policy Rules, 2014 read with General Circular dated 18.06,2014 issued by the Ministry of Corporate Affairs, provide the broad contour within which eligible Companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. While complying with the Corporate Social

Responsibility (CSR) provisions of the Act, Board of the eligible companies are empowered to appraise and approve their CSR policy including CSR projects or programmes or activities to be undertaken, In this connection. Ministry had received several queries and references seeking further clarifications on various issues relating to CSR provision of the Act.

In continuation to the General Circular dated 18th June, 2014 and 17th September, 2014, MCA has issued a set of FAQs along with response for facilitating effective implementation of CSR:

Whether CSR provisions of the Companies Act, 2013 is applicable to all companies?

CSR provisions of Companies Act 2013, is applicable to every company registered under the Companies Act 2013 and any other previous Companies law which have during any financial year:

- net worth of rupees five hundred crore or more, or
- turnover of rupees one thousand crore or more or
- a net profit of rupees five crore or more;

What is meaning of 'any financial year' mentioned above?

"Any Financial year" referred under Sub- Section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies any of the three preceding financial years (refer General Circular No. 21/2014, dated: 18.06.2014)

Whether CSR expenditure of a company can be claimed as business expenditure?

The amount spent by a company towards CSR cannot be claimed as business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

Whether the criteria of 'average net profit' for section 135(5) is Net profit before tax or Net profit after tax?

Computation of net profit for section 135 is as per section 198 of the Companies Act, 2013 which is primarily PROFIT BEFORE TAX (PBT).

Can the CSR expenditure be spent on the activities beyond Schedule VII?

General Circular No. 21/2014 dated June 18, 2014 of MCA has clarified that the statutory provision and provisions of CSR Rules, 2014, is to ensure that activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act, 2013. The entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities. The General Circular also provides an illustrative list of activities that can be covered under CSR. In a similar way many more can be covered. It is for the Board of the company to take a call on this.

What tax benefits can be availed under CSR?

No specific tax exemptions have been extended to CSR expenditure per se. The finance Act, 2014 also clarifies that expenditure on CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like contributions to Prime Ministers Relief Fund, scientific research, rural development projects, skill development projects, agricultural extension projects, etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.

Which activities would not qualify as CSR?

The CSR projects or programs or activities that benefit only the employees of the company and their families.

• One-off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programmes etc.

• Expenses incurred by companies for the fulfillment of any other Act. Statute of regulations (such as labour laws, land Acquisition Act, 2013, Apprentice Act, 1961 etc.)

• Contribution of any amount directly or indirectly to any political party. • Activities undertaken by the company in pursuance of its normal course of business.

• The project or programmes or activities undertaken outside India.

Whether a holding or subsidiary of a company which fulfils the criteria under section 135(1) has to comply with section 135, even if the holding and subsidiary itself does not fulfill the criteria.

Holding or subsidiary of a company does not have to comply with section 135(1) unless the holding or subsidiary itself fulfills the criteria.

Whether provisions of CSR are applicable on Section 8 Company, if it fulfills the criteria of section 135(1) of the Act.

Section 135 of the Act reads" Every company…", i.e. no specific exemption is given to section 8 companies with regard to applicability of section 135, hence section 8 companies are required to follow CSR provisions.

Can contribution of money to a trust/Society/Section 8 Companies by a company be treated as CSR expenditure of the company?

General Circular No. 21/2014 of MCA dated June 18, 2014 clarifies that Contribution to Corpus of a Trust / Society / Section 8 companies etc. will qualify as CSR expenditure as long as:

• The Trust/ Society/ Section 8 company etc. is created exclusively for undertaking CSR activities or

• Where the corpus is created exclusively for a purpose directly relatable to a subject covered in-Schedule VII of the Act.

Whether display of CSR policy of a company on website of the company is mandatory or not?

As per section 135(4) the Board of Directors of the company shall, after taking into account the recommendations of CSR committee approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any (refer Rule 8 & 9 of CSR Policy, Rules 2014).

Whether reporting of CSR is mandatory in Board's Report?

The Board's Report of a company qualifying under section 135(1) pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure. (Refer Rule 9 of CSR Policy Rules 2014).

Whether it is mandatory for Foreign Company to give report on CSR activity?
In case of a foreign company, the balance sheet filed under sub-clause (b) of subsection (1) of section 381 shall contain an Annexure regarding report on CSR.

Whether contribution "in kind can be monetized to be shown as CSR expenditure?
Section 135 prescribes ".... shall ensure that company spends ...."The company has to spend the amount.

If a company spends in excess of 2% of its average net profit of three preceding years on CSR in a particular year, can the excess amount spent be carried forward to the next year and be offset against the required 2% CSR expenditure of the next year?
Any excess amount spent (i.e., more than 2% as specified in Section 135) cannot be carried forward to the subsequent years and adjusted against that year's CSR expenditure.

Can the unspent amount from out of the minimum required CSR expenditure be carried forward to the next year?
The Board is free to decide whether any unspent amount from out of the minimum required CSR expenditure is to be carried forward to the next year. However, the carried forward amount should be over and above the next year's CSR allocation equivalent to at least 2% of the average net profit of the company of the immediately preceding three years.

What is the role of Government in monitoring implementation of CSR by companies under the provision of the Companies Act, 2013?
The main thrust and spirit of the law is not to monitor but to generate conducive environment, for enabling the corporates to conduct themselves in a socially responsible manner, while contributing towards human development goals of the country.
The existing legal provisions like mandatory disclosures, accountability of the CSR Committee and the Board, provisions for audit of the accounts of the company etc., provide sufficient safeguards in this regard. Government has no role to play in monitoring implementation of CSR by companies.

Whether government is proposing to establish any mechanism for third parties to monitor the quality and efficacy of CSR expenditure as well as to have an impact assessment of CSR by Companies?
Government has no role to play in engaging external experts for monitoring the quality and efficacy of CSR expenditure of companies. Boards / CSR Committees are fully competent to engage third parties to have an impact assessment of its CSR programme to validate compliance of the CSR provisions of the law.

Can CSR funds be utilized to fund Government Scheme?

The objective of this provision is indeed to involve the corporates in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes. Therefore, CSR should not be interpreted as a source of financing the resource gaps in Government Scheme. Use of corporate innovations and management skills in the delivery of 'public goods' is at the core of CSR implementation by the companies. In-principle, CSR fund of companies should not be used as a source of funding Government Schemes. CSR projects should have a larger multiplier effect than that under the Government schemes.
However, under CSR provision of the Act and rules made there under, the Board of the eligible company is competent to take decision on supplementing any Government Scheme provided the scheme permits corporates participation and all provisions of Section 135 of the Act and rules there under are compiled by the company

Who is the appropriate authority for approving and implementation of the CSR programmes /projects of a Company? What is Government's role in this regard?
Government has no role to play in this regard. Section 135 of the Act, Schedule VII and Companies CSR Policy Rules, 2014 read with General Circular dated 18.06.2014 issued by the Ministry of Corporate Affairs, provide the broad contour within which eligible companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. Therefore, all CSR programmes I projects should be approved by the Boards on the recommendations of their CSR Committees. Changes, if any, in the programme / project should also be undertaken only with the approval of the Committee / Board.

How can companies with small CSR funds take up CSR activities in a project / programme mode?
A well designed CSR project or programme can be managed with even small fund. Further, there is a provision in the CSR Policy Rules, 2014 that such companies can combine their CSR programs with other similar companies by way of pooling their CSR resources. (Refer rule 4 in Companies (CSR Policy) Rules, 2014).

Whether involvement of employees of the company in CSR project / programmes of a company can be monetized and accounted for under the head of 'CSR expenditure'?
Contribution and involvement of employees in CSR activities of the company will no doubt generate interest / pride in CSR work and promote transformation from Corporate Social Responsibility (CSR) as an obligation to Socially Responsible Corporate (SRC) in all aspects of their functioning. Companies therefore, should be encouraged to involve their employees in CSR activities. However monetization of pro bono services of employees would not be counted towards CSR expenditure.