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TAX REVIEW INTERNATIONAL
(Weekly Tax Journal)

Editor-in-Chief
Dr. Ikramul Haq
Editor
Mrs. Huzaima Bukhari

Case Laws

Narath Mapila LP School
v.
1. Union of India
2. Central Board of Direct Taxes
3. Commissioner of Income Tax (TDS)
4. Commissioner of Income Tax, Aayakar Bhavan
5. Deputy Commissioner of Income Tax

This special email service from Monday to Friday, part of subscription package, is aimed at keeping you informed about tax and fiscal matters. It contains news, legislative changes, case-law, in-depth articles and analyses covering all areas of taxes at domestic and international level. On every Saturday evening, we email weekly compilation of the entire material. Every month, ***Taxation*** in printed form, is sent through post and digital version of ***Tax Review International*** is made available for download at www.huzaimaikram.com.

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Kind regards

Mrs. Huzaima Bukhari
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Jamaica

Jamaica introduces employment tax credit

In an effort to improve tax compliance and boost employment, the Jamaican government on January 01, 2014 started offering Employment Tax Credits (ETC) to unregulated companies and self-employed individuals when they compute their net income tax liability.

To qualify for the credit, eligible persons must file and pay their monthly payroll statutory deductions on time.

Director of Communications at Tax Administration Jamaica (TAJ), Meris Haughton, said the move targets entrepreneurs and business entities that are engaged in various trading or professional engagements and who may have had some difficulty in the past in filing taxes and paying on time.

She said that the amount of ETC that can be claimed for any one year of assessment will be equivalent to the total amount of payroll deductions and contributions for Education Tax, National Housing Trust (NHT), National Insurance Scheme (NIS) and Human, Employment and Resource Training (HEART), which have all been declared and paid on time for employees during that year.

The ETC will be restricted to 30 percent of the tax chargeable on the company's or trader's income. Additionally the ETC may not be claimed against any income tax chargeable on non-trading income, such as interest and dividend income. Such income will continue to be liable to tax at 25 percent.

The ETC is being introduced as part of the government's Fiscal Incentive regime. – *Courtesy tax-news.com*

Ireland

Irish SMEs set out 2014 wish list

Ireland needs a tax system that rewards work and entrepreneurship, the Small Firms Association (SFA) has said.

Publishing the SFA's end of year statement, chairman A.J. Noonan claimed that with the "right environment" small businesses could generate 20,000 Irish jobs in 2014.

There are currently around 200,000 small firms operating in the country. They employ 655,000 people, and an estimated 13,000 new businesses are set up each year.

According to Noonan: "Entrepreneurship is alive and well, but must be nurtured and developed with a renewed focus from both agencies and government."

This is where changes to the tax system should come in. Ireland has one of the highest marginal tax rates in the Organization for Economic Cooperation and Development (OECD), at 55 percent. The OECD average stands at just 36 percent.

For Noonan, such high rates present "an obstacle for entrepreneurs and business start ups." The social welfare system also creates problems, by failing to adequately incentivize a return to work before individuals lapse into long-term unemployment.

Noonan did not specify what tax reforms he wants to see implemented, but did propose a three point plan. It would make small firms and job creation the "leit motif" of Government policy, increase credit availability, and improve access to public procurement contracts.

He added: "If the Government puts the right policies in place, this vital sector will drive growth in the wider economy, more so than any other. The small business sector given the right economic conditions will generate the growth needed to create jobs and overcome our debt burden. Small businesses can lead the way in helping Ireland to recover faster and stronger."

Last month, the Government unveiled its medium term economic strategy, designed to "point the way to a stable and prosperous future" in the wake of Ireland's bailout exit. It hints that the Government may be able to achieve a combination of tax cuts and increased spending if revenue growth is reasonable. It will preserve the competitiveness of the tax regime, while continuing to fund tax incentives through the review and elimination or restriction of "overly generous, poorly targeted or otherwise unaffordable tax reliefs."

The SFA criticised the plan at the time for failing to place small businesses at the heart of economic policy. – *Courtesy tax-news.com*

Uzbekistan

Uzbekistan increases vehicle fuel taxes

Uzbekistan has raised the tax on the consumption of gasoline and diesel fuel for motor vehicles by UZS25 (USD0.01) to UZS265 per liter, effective from January 01, 2014.

The official price of one liter of AI-80 gasoline is now UZS1,670 (up from UZS1,645), while one liter of AI-91 gasoline costs UZS1,835 (up from UZS1,810), and one liter of AI-95 gasoline costs UZS2,020 (up from UZS1,995).

In addition the consumption tax for liquefied natural gas for motor vehicles was hiked from UZS165 to UZS180 per liter and the rate for compressed natural gas was lifted from UZS200 to UZS220 per cubic meter.

The country has been suffering from a shortage of fuel for vehicles due to problems affecting refinery capacities.

In 2013 the government raised the tax on fuel consumption by UZS40. – *Courtesy tax-news.com*

Italy

Italian tax burden rises to record 44.3 percent in 2013

From an analysis by Confcommercio, the federation representing small and medium-sized enterprises, professionals and sole traders, it has emerged that the tax burden in Italy reached a record 44.3 percent in 2013, and will remain above 44 percent this year.

Last year therefore saw a record tax burden level that was some 0.3 percent above the then-highest 44 percent seen in 2012, with tax and social security collections increasing by EUR1.6bn (USD2.2bn) during 2013 and Italian gross domestic product (GDP) decreasing by EUR8.7bn.

Confindustria commented that, in fact, 2013 did not mark a beginning to the Government's hoped-for journey towards a reduction in tax burdens, but only a modification in the mix of revenue between the various tax types. Total indirect and financial revenues rose to EUR235.2bn and EUR3.2bn, from EUR233.5bn and EUR1.4bn, respectively, while direct tax collections fell from EUR237.2bn to EUR233.8bn.

Unfortunately, it added, a tax burden reduction will also be largely illusory in 2014, as it will remain just above 44.2 percent. Tax and social security collections will actually increase by just over EUR19bn this year, as GDP grows by around 1 percent. With a full year of the 1 percent value added tax rate rise, indirect taxes alone will gather a further EUR10.9bn in revenue.

While Confcommercio stressed that tax reduction should remain a priority for the Government in the near future, so as to provide the basis for real economic growth in Italy, it has previously pointed out that, with the underground economy taking more than EUR270bn – or more than 17 percent – out of Italian GDP in 2013, and with the fiscal burden therefore falling on fewer taxpayers, the real tax burden now stands at an unsustainable 54 percent, the highest amongst advanced economies and an increase of 3 percent since 2002.

It noted that the high tax rates in Italy also seem to be producing one of the "top incentives to evade, " as, in the current economic recession, taxpayers are already finding it difficult to keep their financial heads above water on their lower earnings, without having to pay taxes as well. – *Courtesy tax-news.com*

Ireland

Irish tourism industry benefits from tax breaks

Generous tax breaks helped the Irish tourism industry to its best year since 2009.

In its 2013 Year End Review, the Irish Tourist Industry Confederation (ITIC) reveals that revenue rose by 13 percent on 2012. Almost 7m overseas visitors injected over EUR4bn (USD5.45bn) into the economy in 2013, and hospitality businesses have been able to create 15,000 new jobs since 2011.

According to ITIC Chairman Paul Carty, "2013 was a year of solid achievement for the tourism industry. " He welcomed "very positive " support from the Government, which has continued to maintain a special 9 percent rate of value-added tax (VAT) for the hospitality sector, and recently announced the suspension of the air travel tax.

The ITIC says that it is "quietly confident that conditions are right for further growth in 2014. " However, ensuring Ireland's competitiveness in relation to other European destinations remains its greatest challenge.

Ireland exited its European Union/International Monetary Fund bailout last month, when the Government also unveiled its economic plans for 2014-20. For the tourism industry to benefit from this, it requires "a fully functioning banking sector to facilitate the investments necessary to deliver innovation, a refreshed tourism experience and expanded capacity to cater to new demand."

The ITIC has stressed its willingness to work with the Government in the development of a new whole-of-Government approach to tourism. – *Courtesy tax-news.com*

Scale of Irish LPT operation revealed

Ireland's Revenue agency went through records dating back to the 1880s as it prepared to implement its controversial property tax, according to new research.

A Freedom of Information request submitted by the Irish Independent led to the paper obtaining copies of more than 180 emails sent and received by Revenue officials. It claims that the documents in question highlight the "enormous level of planning " undertaken.

They also revealed that the Revenue Commissioners even considered deducting the Local Property Tax (LPT) from the Children's Allowance benefit. The Department for Social and Family Affairs apparently blocked the move. The levy is now deducted from a small number of other welfare payments, such as the old age pension.

A spokesperson for the Department told the Irish Independent that it had been opposed to the Commissioners' proposals, stressing that "child benefit is paid for the benefit of the child. "

The Revenue Agency is expected to launch a major compliance campaign early this year, aimed at settling Household Charge and LPT arrears. Finance Minister Michael Noonan confirmed last month that Revenue intends to make property owners aware of the campaign on its website, in press releases, through local and national media, and, if necessary, via formal media advertising. His Department will also contact potentially non-compliant householders directly. – *Courtesy tax-news.com*

Hong Kong

PwC recommends tax changes in Hong Kong's 2014/15 budget

With Hong Kong expected to achieve a budget surplus in the current fiscal year, PwC suggests that the implementation of further tax measures to ensure the city's international competitiveness, and to strengthen Hong Kong's leading position as an international financial center, should now be investigated.

PwC forecasts that Hong Kong's Government will record a HKD22.3bn (USD2.9bn) budget surplus in the 2013/14 fiscal year, against the small deficit of HKD4.9bn originally forecasted by the Government.

Total revenue from profits tax and salaries tax should be around HKD180.9bn, while revenue from stamp duties will drop from HKD42.9bn in 2012/13 to HKD36.1bn in 2013/14 following the success of the stamp duty hikes introduced by the Government to restrict property speculation. Revenue from land sales is forecast to reach HKD79.6bn, HKD10.5bn higher than the Government's original estimates, and expenditure is expected to be lower than the Government's target of HKD44.4bn, at around HKD41.5bn.

However, KK So, PwC Hong Kong Tax Partner, added that: "given the source of revenue of the Hong Kong Government is relatively confined, it should adhere to the prudent fiscal discipline of keeping expenditure within the limits of revenues and committing resources only where justified and needed."

Within those limits, Jeremy Choi, PwC Hong Kong Tax Partner, said that: "the Government should undertake a review of its tax system to ensure Hong Kong stays competitive and continue to attract more business."

"To provide a sustainable business environment, especially for Hong Kong manufacturing companies," he recommended that the Government should "relax the restriction imposed by Section 39E of the Inland Revenue Ordinance on depreciation allowance for plant and machinery used outside of Hong Kong. To help the business sector, PwC also suggests to introduce a group tax loss relief measure."

PwC proposes, as a timely relief for small and medium-sized enterprises, a reduction in profits tax from 16.5 percent to 10 percent for companies with taxable profits below HKD500,000, while it also recommends that salaries tax bands be widened from HKD40,000 to HKD48,000 and, to alleviate the tax burden on the middle class, the mortgage interest deduction period should be extended from 15 years to 20 years, with a rise in the maximum interest deductible from HKD100,000 to HKD150,000 per annum.

With regard to Hong Kong's position as a leading international financial center, Peter Yu, PwC Southern China and Hong Kong Tax Leader, pointed out that: "Hong Kong is facing arising challenges as well as opportunities from the continuing internationalization of the renminbi; new offshore RMB businesses operating in Taiwan and Singapore; and the development of the financial industry in the free trade pilot zones in Mainland China."

He noted that "the Financial Services Development Council (FSDC) has already recognized in its earlier report that Hong Kong's leading position as an international financial center needs to be further strengthened."

PwC urges the Government to adopt the initiatives proposed by the FSDC, including its proposals for tax exemptions and anti-avoidance measures on private equity funds, and to promote Hong Kong's bond market by introducing a profits tax exemption for all short and medium bonds. – *Courtesy tax-news.com*

United States

IRS reviews its efforts to combat identity theft and refund fraud

In a review of its work in 2013, and measures it will take this year, the United States Internal Revenue Service (IRS) has professed that stopping identity theft and refund fraud is one of its top priorities.

The agency's work on identity theft and refund fraud has continued to grow, and will also be expanded for the 2014 filing season. The IRS has assigned more than 3,000 employees to work on identity theft-related issues – to prevent refund fraud, investigate identity theft-related crimes and help taxpayers who have been victimized by identity thieves – and, in addition, has provided appropriate training to more than 35,000 employees.

The IRS has seen a significant increase in refund fraud that involves identity thieves who file false claims for refunds by stealing and using someone's Social Security number. For 2014, the IRS will continue to increase both the number and efficiency of the identity theft filters that are used to identify potentially fraudulent returns due to identity theft prior to the processing of the return and release of any refund.

As a result of its efforts to combat identity theft from 2011 through November 2013, the IRS confirmed that it has stopped 14.6m suspicious returns, and protected over USD50bn in fraudulent refunds.

Direct investigative time applied to identity theft related investigations has increased 216 percent over the last two years.

In Fiscal Year (FY) 2013, the IRS initiated almost 1,500 identity theft related criminal investigations, an increase of 66 percent over investigations initiated in FY 2012, while indictments and sentencing doubled in FY 2013.

In January 2013, the IRS conducted a coordinated and highly successful identity theft enforcement sweep, while the Law Enforcement Assistance Program, which provides for the disclosure of federal tax return information associated with the accounts of known and suspected victims of identity theft with the express written consent of those victims, has been expanded nationwide.

The Identity Theft Clearinghouse (ITC) has also continued to develop and refer identity theft refund fraud schemes to the IRS Criminal Investigation Field Offices for investigation. For FY 2013, the ITC received over 1,400 identity theft related leads, relating to more than 391,000 tax returns claiming in excess of USD1.3bn in potentially fraudulent federal income tax refunds.

However, while the agency said that it has made considerable progress in fighting identity theft, it acknowledged that more work remains. Fighting identity theft is seen as an ongoing battle as identity thieves continue to create new ways of stealing personal information, and the IRS is continually reviewing processes and policies to minimize the incidence of identity theft and to help those who find themselves victimized.

Among the steps underway to help victims, the IRS pointed to the expansion of Identity Protection PIN (IP PIN) numbers that are assigned annually to victims of identity theft for use when filing their federal tax return and show that a particular taxpayer is the rightful filer of the return. The IP PIN will allow these individuals to avoid delays in filing returns and receiving refunds.

Furthermore, the IRS continues to dedicate more employees to resolution of victim cases that are usually extremely complex to resolve, frequently involving multiple issues and multiple tax years. The IRS is working hard to streamline its internal process, but a typical case can take 180 days to resolve, and the IRS is working to reduce that time period. – *Courtesy tax-news.com*

Czech Republic

Czech politicians reach coalition government agreement

Politicians in the Czech Republic have agreed to form a new center-left coalition Government that will include Andrej Babis, leader of a party committed to low taxation and efficient tax collection as its Finance Minister.

Babis, who is the country's second-richest man, created the ANO (YES) party in 2011, which went on to win 18.6 percent of the vote in elections in October. The agreement, which has yet to be approved by President Miloš Zeman, will see Social Democrat leader Bohuslav Sobotka become the new Prime Minister. Some other ministerial positions will go to the Christian Democrats.

On Monday, Babis confirmed that he would use his position to push for improved tax collection, to combat fraud, and to improve the way that the Czech Republic absorbs funds from the European Union.

Unlike the Social Democrats, ANO is opposed to a rise in corporation tax. Babis argues that instead spending should be slashed through measures such as a unified procurement process for government agencies.

However, Babis is also battling an accusation that he was an informant during the Communist era, which would exclude him from holding office. In November, he told the *Financial Times* that the Secret Police had kept a file about him of which he had been unaware, and that he was now in the process of suing the Nation's Memory Institute in neighboring Slovakia over the claim. – *Courtesy tax-news.com*

Russia

Russia adjusts law on car recycling tax

Russia has changed the law on its vehicle recycling fee following complaints made to the World Trade Organization (WTO) by the European Union (EU) and others.

The amendment, which was enacted on January 01, 2014, requires domestic automakers to pay the same recycling fee as foreign manufacturers, as requested by Japan in WTO dispute settlement consultations.

The recycling fee, introduced on September 01, 2012, is levied on imported cars, trucks, buses and other motor vehicles at rates ranging from EUR420 (USD571) to EUR147,700. Although the fee also applies to domestic manufacturers, exemption was granted to vehicles from Russia's Customs Union partners Kazakhstan and

Belarus, as well as domestic manufacturers which agreed to handle waste safely.

The fee was disputed by the EU, Japan and the United States on the grounds that it appeared to conflict with Article III of the General Agreement on Tariffs and Trade 1994 by giving preferential treatment to Russian and Customs Union car makers.

The amendment removes the exemptions for vehicles produced in Russia, Kazakhstan and Belarus. – *Courtesy tax-news.com*

Austria

Austria submits "provisional" budget for approval

Austrian Vice Chancellor and Finance Minister Michael Spindelegger has finally submitted the Government's provisional budget for 2014 for examination, providing for a raft of tax increases totaling approximately EUR1bn.

Agreed within the framework of the coalition accord between the Social Democrats (SPÖ) and the Austrian People's Party (ÖVP), the provisional budget is due to be approved by the Austrian National Council by the end of the month.

Austria's provisional budget for this year provides for a reform and tightening of the country's group tax regime. In addition, the bill introduces a new model for the standard consumption tax (*Normverbrauchsabgabe*), and modifies the profit allowance for self-employed workers in Austria.

Furthermore, the draft legislation provides for a rise in the motor vehicle insurance tax, for an increase in the tax levied on alcohol and tobacco, as well as for the reintroduction of a sparkling wine tax in Austria.

Finally, the provisional budget for 2014 abolishes the tax break accorded for so-called "golden handshakes," amends the bank levy, and raises the special contribution to the stability levy to 45 percent.

Commenting, Finance Minister Michael Spindelegger confirmed that the provisional budget is to be supplemented by a "regular" budget for 2014, which will be finalized by the spring. Insisting that a solid budget is the basis for the next few years, Spindelegger concluded by announcing that the medium-term financial plan to 2018, as well as the 2015 Budget, will also be in place by the spring.

The Austrian Government remains committed to achieving a structural "zero deficit" in 2016. – *Courtesy tax-news.com*

South Korea

South Korea expands tax breaks for foreign companies

In support of President Park Geun-hye's message, during a meeting with executives of foreign companies operating in the country, that South Korea as an ideal home for their businesses, the Ministry of Trade, Industry and Energy has announced further tax incentives for foreign investors.

In particular, rather than simply increasing the amount of foreign direct investment in the country, the Government would like to encourage more foreign multinational companies to site their regional headquarters or research and development centers in South Korea.

The range of incentives to be provided will include a permanent income tax reduction for foreign employees working in foreign companies that have operations in South Korea. Such employees will continue to pay a 17 percent income tax rate, regardless of their salary levels.

In addition, the KRW10m (USD9,400) corporate income tax deduction that foreign firms can currently take each local worker employed is to be increased to KRW20m.

Other incentives will include an extension from three to five years in the maximum visa duration for foreign employees of a corporate headquarters in South Korea, while a foreigners' investment promotion bill has already been passed by the National Assembly that allows the setting up of joint ventures with foreign businesses with a minimum South Korean ownership of 50 percent, rather than the current 100 percent.

Finally, President Park pointed to the fact that South Korea can also offer benefits arising from its wide range of free trade agreements, including those with the United States and the European Union. However, South Korea needs to improve the present situation where, while foreign businesses account for around one-fifth of South Korea's export volume, employment in those companies account for only 6 percent of total jobs. – *Courtesy tax-news.com*

Australia

Double-Digit growth in online sales to Australia

Online sales of goods and services to the Australian market have increased 10.7 percent year-on-year, according to National Australia Bank's latest Online Retail Sales Index. The statistics, which show lower sales growth for local bricks and mortar establishments, support lobbying groups' calls for a lower Goods and Services Tax (GST)-exempt threshold for imports valued below AUD1,000 (USD890).

According to the NAB index, online spending totalled AUD14.6bn during the twelve months to November, representative of 6.4 percent of Australian purchases. Online retailers experienced monthly sales growth exceeding one percent on average, while local retailers saw stagnant growth averaging less than one percent.

Online sales of media increased by 28 percent, groceries and liquor by 16 percent, and toys and electronic games by 13 percent. Personal and recreational goods was the only category of online goods to see a decline during the year.

The statistics come amid increasing pressure on Tony Abott's Government to reduce the tax-exempt threshold for online purchases. Many Australian states have already voiced support for a review. In November, John Brumby, the Chairman of a Government panel on policy at federal, state and territorial level, joined calls for a lower GST exemption for imported goods. He suggested that the AUD1,000 threshold is acting as a "reverse tariff" on Australian businesses. A lower threshold, of AUD20, he suggested, would substantially reduce GST avoidance and fraud, and level the playing field with foreign exporters of goods to Australia, as well as generate revenues worth up to AUD1bn each year.

The Australia Bureau of Statistics has estimated that Australia's Low Value Threshold, which exempts goods valued below AUD1,000 from GST, impacted imports worth AUD6.22bn in 2011/12, up from AUD5.375bn in 2010/11. The loss to the treasury therefore can be estimated at AUD622m per year, at 2011/12 levels, lobbying groups have pointed out. – *Courtesy tax-news.com*

United States

US taxpayer advocate delivers annual report to congress

The United States National Taxpayer Advocate Nina E. Olson has released her 2013 annual report to Congress, in which one of her recommendations is for the Internal Revenue Service (IRS) to adopt a comprehensive Taxpayer Bill of Rights (TBOR).

While she urges the adoption of a TBOR so as to increase trust in the IRS, and, more generally, to strengthen its ability to serve taxpayers and collect tax, Olson also expresses deep concern that the agency is not adequately funded to serve taxpayers, pointing out that, in fiscal year 2013, it could only answer 61 percent of calls from taxpayers seeking to speak with an IRS customer service representative.

“FY 2013 was a very challenging one for the IRS,” she said. “Because of sequestration, the IRS’s funding was substantially cut, which translated into a reduction in taxpayer service … (while) public trust in its fairness and impartiality was called into question because of reports the IRS subjected certain applicants for tax-exempt status to greater review based on political-sounding names.”

In addition, she added, “because of the 16-day government shutdown, the agency could not complete preparations for the upcoming tax filing season on time, delaying the date on which taxpayers can first file returns and claim refunds.”

The report reiterates the Advocate’s longstanding recommendation that the IRS adopt a TBOR. “Taxpayer rights are central to voluntary compliance,” the report says, and argues that knowledge of taxpayer rights would promote such compliance. It cites a survey of US taxpayers in 2012 that found less than half of respondents believed they have rights before the IRS and only 11 percent said they knew what those rights are.

It is concluded that “a TBOR would serve as an organizing principle for tax administrators in establishing agency goals and performance measures, provide foundational principles to guide IRS employees in their dealings with taxpayers, and provide information to taxpayers to assist them in their dealings with the IRS.”

Olson said the IRS is open to publishing a proposed TBOR, and she will continue to work with the IRS leadership to refine and publish it during the coming year.

Olson has also made clear that she primarily attributed deficiencies in taxpayer service to a lack of IRS resources. The report states that “it is a sad state of affairs when the Government writes tax laws as complex as ours – and then is unable to answer any questions beyond ‘basic’ ones from baffled citizens who are doing their best to comply.” It concludes that “the logic behind budget cuts simply does not apply to the funding of the IRS. The IRS collected USD255 for each dollar it received in appropriated funds in FY 2013.”

Among the “most serious problems” addressed in the report, Olson reinforces her call for increased tax return preparer oversight. Given the legal problems being encountered in the US courts, which have, so far, invalidated regulations governing the IRS’s testing and continuing education requirements, the Advocate recommends that Congress should enact legislation to clarify that the IRS may directly regulate paid return preparers.

The report also recommends that the IRS should issue guidance to assist users of digital currency, such as bitcoin. It is noted that, in the four months between July and December 2013, bitcoin usage has increased by over 75 percent – from about 1,700 transactions per hour to over 3,000, and, over the same period, the market value of bitcoins in circulation increased more than ten-fold from about USD1.1bn to USD12.6bn.

However, it is pointed out that the IRS has yet to issue specific guidance addressing the tax treatment or reporting requirements applicable to digital currency transactions, and taxpayers are unsure of the rules to which they should comply. It is concluded therefore that the provision of such guidance would promote tax compliance, particularly among those who want to report digital currency transactions properly, and it would reduce the risk that users of digital currencies will face tax consequences that they did not anticipate. – *Courtesy tax-news.com*

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The amendment removes the exemptions for vehicles produced in Russia, Kazakhstan and Belarus. – *Courtesy tax-news.com*

2014 TRI 45 (H.C. Ker.)

HIGH COURT OF KERALA AT ERNAKULAM

V. Chitambaresh, J.

Narath Mapila LP School
v.
1. Union of India
2. Central Board of Direct Taxes
3. Commissioner of Income Tax (TDS)
4. Commissioner of Income Tax, Aayakar Bhavan
5. Deputy Commissioner of Income Tax

FACTS/HELD

Section 234E: High Court grants interim stay on levy of fee for failure to file TDS statement

1. S. 234E of the Income-tax Act, 1961 inserted by the Finance Act, 2012 provides for levy of a fee of Rs. 200/- for each day's delay in filing the statement of Tax Deducted at Source (TDS) or Tax Collected at Source (TCS). The constitutional validity of s. 234E has been challenged in the Kerala High Court. Vide an interim order dated 18.12.2013, the High Court has admitted the Petition and granted a stay of proceedings for a period of two months

Order accordingly.

Writ Petition(C) No. 31498/2013(J).

Decided on: 18th December, 2013.

Present at hearing: S. Arun Raj, for Petitioner.

Writ Petition (civil) praying inter alia that in the circumstances stated in the affidavit filed along with the WP(C) the High Court be pleased to stay all the proceedings initiated against the petitioner by the 5th respondent under section 234E of the Income Tax Act pending final disposal of the Writ Petition and render justice.

This petition coming on for admission upon perusing the petition and the affidavit filed in support of WP(C) and upon hearing the arguments of Sri. S. Arun Raj, Advocate for the petitioner, Standing Counsel for respondents, the court passed the following.

JUDGMENT

V. Chitambaresh, J.–

Standing Counsel takes notice for the respondents.

There will be an interim order as prayed to enure for a period of 2 monhts.