



CHAMBER OF SMALL INDUSTRY ASSOCIATIONS

ESTD.YEAR 1990

Member, National Board for MSMEs [2010-2012]

REGD.NO.11-67185

Silver Jubilee Year

COSIA/016/04/14/006

29th April 2014

Dear Sir,

Subject: Direct Taxes Code, 2013

The Chamber of Small Industry Associations, in short COISA, represents the Micro, Small and Medium Enterprises as a National Chamber since the year 1990. COSIA offers following suggestions on the Draft DTC, 2013 for your consideration for the cause of MSMEs.

[1] Accounts keeping –Section 87:

It has been provided that any person carrying on business has to keep Account Books and all other relevant records compulsorily if the income from business exceeds Rs. Two lakh or Turnover exceeds Rs. 20 Lakh. Thus the daily income comes to Rs. 548 only. The Micro and Small Enterprise is always a one man show. It will be a hard task itself for them to keep such record. Therefore, the limit may be enhanced to Rs. Four lakh /40 lakh respectively. In fact all Micro Enterprises as per the Definition in the MSMED Act, 2006 be exempted from this provision.

[2] Tax Deducted at Source –Section 219:

It has been provided that no Tax will be deducted at source in case of Time Deposits in Banks when the interest amount in case of persons other than senior citizen, is upto Rs. Ten Thousand. Normal interest rate in banks is eight percent. Thus a person keeping FD of Rs. 125000 will be exempted from TDS which is a very small amount. We suggest that no TDS be enforced on Time Deposits upto Rs. Five lakhs; both senior citizens & others.

It has been provided that no TDS is applicable in case of Works/Service Contract if during the financial year amount does not exceed Rs. 30,000/- only. For more than one Works/Service contracts, the limit provided is Rs. 75,000/- only. We suggest to raise these limits to Rs. One lakh & Rs. Five lakhs respectively.

[3] Too Harsh Penalty –Section 255:

Section 255 covers a to z [26] cases in which penalty will be levied by the officers. This also covers minor or technical mistakes. Penalty provided is too harsh. For example for not keeping accounts or for non-audit of accounts, minimum penalty is Rs. 50,000 & maximum is Rs. two lakh. In case of Micro/Small enterprises, this may not be even total income of the year. In most of other cases the minimum penalty is Rs. 5000 and the maximum is Rs. One lakh. In no case the penalty amount be exceeded Rs. 50,000/-, we suggest.



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[4]Tax on NPO –First Schedule:

It has been provided that in case of Non Profit Organisations [NPOs] no Income Tax will be payable upto Rs. One lakh. Thereafter, it will pay 15 percent Income Tax on excess income. In case of Individuals, HUF or other artificial judicial person, the exemption is upto Rs. Two lakh. We suggest that considering the role of NPOs, their exemption limit be also be raised upto Rs. Two lakhs.

Kindly acknowledge the receipt of this letter.

Thanking you,

With regards,

D.M. Salvekar

Dilip Salvekar,

Secretary General