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KONNECT

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Newsletter

Contents

Food for Thought

a. Will can now be registered/attested with Notary Public in Dubai subject to certain conditions.

b. Joint bank accounts / assets will be frozen if one of the holder dies and Court order will then be required to transfer same to legal heirs.

Past few years have been very turbulent and the major developed economies of the world passed through recessionary trends and financial crisis. It now appears that European debt crisis is engulfing not only European nations but is impacting other countries as well, as the world today is very interdependent. This coupled with rising oil and commodity prices pose a major challenge to the recovery in these countries. Even Asian giants like India and China show signs of slowing down and could have a major impact on the world economy. However inherently huge domestic demand and reasonably better fiscal position makes India & China in a better position to face the emerging crisis. Middle Eastern countries esp. UAE has also emerged from challenges posed by fiscal crisis and property & real estate led issues. Data of the past few quarters in UAE lead us to believe that recovery is on way and is very evident in certain sectors like hospitality, tourism and trade. Even real estate shows signs of movement and prices inching up, albeit slowly. We only hope that European debt contagion does not impact this region and in particular UAE and the growth of the economy continues.

Despite the positive signs, certain sectors are still at risk and cost as well as liquidity remains major challenge today. Managing costs & liquidity in coming quarters and the year ahead will be a major factor determining success or failure. Top management should hence focus on identifying major costs & monitor them continuously and also have appropriate liquidity management systems to tide over difficult times.

We at Kothari Auditors & Accountants would be more than glad to clarify & assist in all matters pertaining to budgeting, cost monitoring, liquidity monitoring & guidance, organizational restructuring and related matters.

Vipul R. Kothari
Managing Partner

Member of:

IN BRIEF

Dubai's non-oil trade growth surges to 23% in 9 months

According to initial data released by the Federal Customs Authority, or FCA, Dubai's non-oil total trade including direct trade, free zone trade, and customs warehouse trade, soared to Dh676.3 billion at the end of third quarter in 2011, which is a significant increase by 21 per cent compared to Dh556.1 billion recorded in the same period of 2010.

India topped the list of exporting to Dubai with 20.25% of all other countries. China came second at 11 %, followed by USA with 8.3%, Japan 3.95%, UK 4%. Other top exporters to UAE include Germany, South Korea, Italy, Switzerland, and France, with a total value of Dh266.3 billion, or 61% of UAE total imports.

Top importing countries from UAE include India, Switzerland, Saudi Arabia, Iran, Kuwait, South Africa, Iraq, Thailand, Turkey, and Hong Kong, respectively with Dh7.7 billion, or 74 % of the total UAE exports.

In terms of re-exports, India topped the list followed by Iran, Iraq, Belgium, Hong Kong, Saudi Arabia, Kuwait, Afghanistan, Bahrain, and Qatar, respectively bringing the total to Dh114.1 billion.

Saudi Arabia remained at the No.1 position within the GCC region's trading partners with the total value reaching Dh20.1 billion. Kuwait came second with Dh8.2 billion, followed by Oman (Dh6.4 billion), Bahrain (Dh6.3 billion) and Qatar (Dh5.9 billion).

The total value of UAE-GCC non-oil foreign trade reached Dh47 billion in the first three quarters of 2011.

IN BRIEF

RAKIA delegates visited South Africa to discuss investments opportunities in UAE

High-level officials from Ras Al Khaimah (RAK) emirate visited South Africa in early February to discuss investment opportunities for South African companies in the different lucrative free zones in United Arab Emirates (UAE).

The CEO of Ras Al Khaimah Investment Authority (RAKIA), Dr Khater Massad, met with top management officials from South African multinational corporations and SMEs for discussing possible investment opportunities in the Emirate.

In recent times, Ras Al Khaimah has achieved huge success in terms of establishing itself as one of Middle East's most dynamic and fastest-growing economies. The strong relationship between South Africa and the UAE is further underlined by the healthy economic and trade ties between the two countries. These activities receive continuous support from the authorities in the two countries which promote further growth for them. Both the UAE and South Africa are trade and distribution hubs for their respective regions.

South Africa continues to be UAE's key business and investment partner, with total bilateral trade going upto $2 billion, in addition to South Africa being one of the top 20 investors in the country.

UAE remains to be a top favourite destination for foreign investment. The main attraction to the UAE economy is that there is no corporate/income tax and 100% foreign ownership in the free zones. Additional benefits such as no restriction on capital repatriation and lower costs of doing business are also being offered in the highly developed and well connected country.

The Ras Al Khaimah Investment Authority (RAKIA) was established in 2005 to facilitate the government's goals of sustainable social and economic development. In recent years, RAKIA has been successful in driving the emirate's economy considerably and thereby establishing it as a regional hub for industrial manufacture trade and commerce. Today, its business registry contains more than 10,000 on-shore and off shore companies in a vast range of sectors extending from manufacturing and trading to services.

Ever since its inception 6 years ago, it has been RAKIA's mission to boost up the emirate's business and investment profile. By developing and tapping the potential and capabilities of local industries, attracted major global players such as Ashok Leyland, Dabur India, Becker Industries, Guardian Industries, Arc International, Duscholux, Beaufort International, Becker Paints, Kludi RAK, JBF RAK and Franke, etc. into the free zone.

RAKIA serves as a one-stop-shop for investors, providing a complete range of investment services and value-added offerings including processing of licenses for industrial, commercial, trading, consulting/ services and media-related businesses; employment, residence and visit visas; design approvals; and various types of permits. It also helps in the negotiation of land of different sizes and rates for important strategic projects and offers a wide range of ready-to-occupy warehouses.

Key products & services:

- Business Licenses
- Land for industrial activities
- Warehouses/Light Industrial Units
- Business towers/office space
- Labour accommodations
- Executive Residences
- Commercial Centre
- Visa Processing Services

RAKIA is known to have one of the best regulatory environments in the region, and it offers a highly attractive economic package for foreign investments. Its infrastructure and logistic support, competitive energy cost, easy access to GCC countries, zero corruption and minimum bureaucracy, stable government and investor-friendly policies have added to the emirate's global appeal. Many South African companies are benefitting from having already invested in RAK with many more coming to explore the potential offered by Ras Al Khaimah.

Dubai Airport Free zone plays host to Japan Ministry of Foreign Affairs

Recently, Dubai Airport Free zone's Director General, Dr Mohammed Al Zarooni, met with Mr. Kazuyuki Hamada, Japan's Parliamentary Vice-Minister for Foreign Affairs to discuss and improve the existing industry relations between the two countries. The meeting was also graced with the presence of Consul General of Japan, His Excellency Mr. Ashiki among various other senior officials from the Free zone.

The Ministry of Foreign Affairs intends to provide support, assistance and intelligence to Japanese companies which are considering launching themselves in the Middle East, and vice versa.

Mr. Kazuyuki said: "The Middle East represents an increasingly significant business opportunity for Japan and we believe that Dubai Airport Free zone is a likeminded partner for such future business relation".

He further stated that Japan wishes to improve the existing relations with UAE, especially in the investment sectors by way of strategic business partnerships to facilitate smooth interactions and experiences relating to the operations of the free zones in the country.

Dubai is a strategic location, which interests a large number of Japanese companies who are looking to boost their business investment opportunities along with providing a strong foothold to promote distribution in the Middle East.

Mr. Kazuyuki praised the flexibility of investment laws and legislation in the UAE, which not only encourages and supports foreign investment, but also assists in creating business partnerships between foreign and local investors.

Japan is one of the 10 most active countries in the Free zone. Through increased bilateral relations with the Japanese Ministry of Foreign Affairs, there are further plans to provide the valuable services of the Free zone to more businesses interested in investing in the UAE, and wider Middle East market.

There has been an increasing trend of Japanese companies registering in Dubai Airport Free zone in the last few years with 100% growth recorded in 2010.

Sustaining Economic Growth in the British Virgin Islands

Due to the global recession in the last few years, the British Virgin Islands (BVI) has encountered numerous challenges in recovering and strengthening its economy.

Initiatives undertaken to accelerate the economy have achieved only moderate success as growth continues to be constrained by unfavourable global economic conditions. Particularly, the United States (US) and European economies to which their economy is closely linked continue to go through financial and economic turmoil and are forecasted by the International Monetary Fund (IMF) to grow at weak rates of 1.8 percent and 1.1 percent respectively in 2012.

So how can the territory recover its economy under the stifling global economic conditions?

BVI's economic recovery depends not only on external but also on its own efforts to develop the global competitiveness of its tourism and financial services industries.

Improving the tourism sector can be achieved by improving the overall quality of the BVI's tourism product. Some important measures are required in this regard. Primarily, it needs to improve the standard of customer service delivered to visitors, which would in turn help to encourage return visits and boost the BVI's image as an elite tourist destination. It also requires better hotel accommodations and facilities which will bolster BVI's global competitiveness and protect the future of the tourism industry. Their development would also generate much needed economic development in the construction sector and promote related retail businesses.

Like the tourism industry, the financial services sector needs a number of measures to increase its global competitiveness. BVI's overall attractiveness as a financial jurisdiction can be improved by widening the range of corporate and professional services offered to clients in an effort to begin moving the territory toward becoming a one-stop shop financial services centre. By doing so, special attention should be given to building up the capacity in the Accounting sector, which complements other sectors of the industry.

The above measures would go a long way in boosting the economy's growth on the short- and medium-term basis. However, from a long term perspective, additional measures will be necessary to achieve sustained economic growth. This will mean expanding and diversifying the tourism and financial services sectors and developing new economic sectors from which economic growth can be generated. By broadening the BVI's economic base, the economy's resilience will be strengthened and its vulnerability to external shocks (i.e. financial crisis and global recession) will be considerably reduced.

BVI cannot alter the dynamics of declining growth that has affected the entire world economy. Its main economic sectors are linked to the struggling economies of the US and Europe whose economic and financial problems have contributed to a global economic environment. However, inspite these difficulties, the BVI's economic recovery continues, led by financial services, and a return to respectable growth looks achievable. The key to reaching this objective rests in improving the global competitiveness of the tourism and financial services industries and investing in new sectors. By strengthening these areas, the BVI will ultimately see a return to the strong economic growth that has characterized its economy for the last three decades.

The territory will need an economic plan that lays out a policy framework for developing the economy, whose components would include, among other things, sectoral strategies for economic growth and a bona fide investment policy.

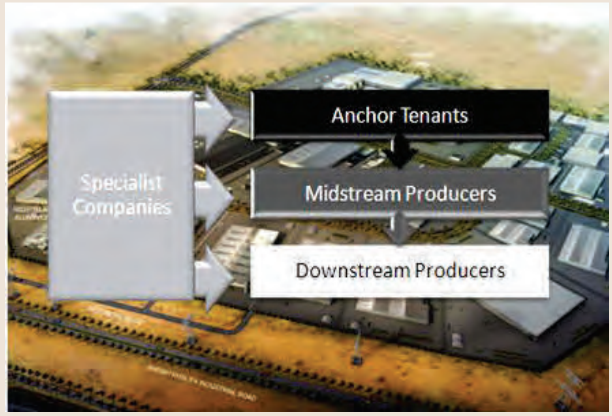
KIZAD

Within a short span of time, Abu Dhabi has created a name for itself from being a desert landscape that has developed into a flourishing business hub surrounded with lush residential communities. Home to many endowed and skilled professionals and Capital of the UAE, Abu Dhabi is a dynamic modern city full of impressive architecture. It is a frontrunner at various global green initiatives with plans for transforming the coming generation. With a varied mix of more than 150 nationalities residing in the UAE, attracted to the year-round sunshine along with the opportunity to benefit from the tax-free lifestyle in one of the world's most progressive cities.

Abu Dhabi is increasingly being known as the prime location to do business. Due to the Government initiatives and investments worth billions of dollars in diversification and infrastructure, the Emirate is quickly progressing to become one of the world's primary hubs for economic, commercial and corporate activity.

Further development in key industrial sectors such as Transport, Manufacturing, Tourism and Healthcare is underway to attract leading regional and multinational companies. The objective is to strengthen Abu Dhabi's position as an international center, with these sectors expected to grow at a rate of more than 7.5% annually.

In keeping with Abu Dhabi's 2030 vision to harness industrial diversification, Khalifa Industrial Zone Abu Dhabi (Kizad) is situated at a 417 sq.km Greenfield site which is chosen to be a prominent gateway to regional industrial development. Kizad benefits from its close proximity to the state-of-the-art Khalifa Port, being strategically located between Abu Dhabi and Dubai with extended frontage along the E11 Highway connecting the two cities. In addition, another arterial roadway is planned which will directly connect Kizad to Al Ain, UAE's largest inland city. Its world-class transport infrastructure via sea, air, roads and rail, gives businesses easy and efficient access to over 4.5 Billion consumers within four time zones.



Abu Dhabi offers gas, water and electrical power at some of the lowest rates in the world, thereby greatly reducing the overall operating costs for industrial companies. Moreover, Kizad also provides economically priced infrastructure solutions personalized to deal with the specific utilities and logistics needs of major manufacturing projects.

Companies setting up in Kizad can enjoy the benefits arising from the design of the Master plan. Kizad is incorporated with a variety of innovative features designed to create business and operational efficiencies. One such important feature is the concept of vertically integrated clusters.

Vertically integrated clustering offers a range of noteworthy benefits. Each cluster focuses on a key primary industry, with a number of related midstream and downstream processes located nearby Other suppliers and service companies that serve each stage of the value chain will also be encouraged to establish their operations within the cluster. Value is created throughout the industry value chain as follows:

- Anchor tenants produce basic materials
- These basic materials are taken as feedstock by the close by mid-stream producers, who then process it and produce value-added products
- Downstream producers which are also close by in the cluster use these value added products to manufacture finished goods
- Specialist companies offering goods and services to support the companies in the value chain are located close by.

Clustering encourages the productivity and profitable synergy between supplier and customer businesses. The collective expertise thereby formed, creates a business environment which promotes Research and Development and the development of skills and talent. Vertically integrated clustering is also vital in creating economies of proximity by ensuring efficient supply lines and encouraging easy availability of components and process materials in a timely manner.

Kizad includes a huge range industry clusters such as Aluminium, Steel, Petrochemicals, Paper, Pharmaceuticals, Food, Trade and Logistics, Engineered Metal Products and more. These clusters are expected to attract not only suppliers of specialist industry products but also supporting industries, which will further broaden the industry base.

With its highly reasonable leasing cost, these industries will find Kizad's land very attractive. It has been extensively researched and benchmarked against regional industrial zones to be highly competitive. Besides, individuals and most companies in Abu Dhabi are not subject to tax on their income.

At Kizad, foreign companies can decide on the ownership approach that best suits their business needs.

- Companies that are involved in industrial manufacturing activities, can choose a joint venture with a local company (taking up to 49% ownership) which will allow them to claim exemption from import duties on raw materials; Goods manufactured in this case will be exempt from customs duties when exported to most GCC countries.
- 100% foreign- owned companies can avoid duties on imported goods kept in bonded status in the Industrial Zone and re-exported from the UAE.

Taking all these factors into account, we can easily say that the businesses at Kizad are well positioned to be competitive in their industries and to drive economic and market growth in Abu Dhabi for the long term.

LEGAL VIIEWPOINT

Focus on UAE Free Zones – Ajman Free Zone

Ajman Free Zone (AFZA) was established in 1988 with the vision of becoming the Free Zone investors' first choice in the UAE. In doing so it encourages capital investment by having a framework of conducive policies and providing up-to-date information. Preparation of feasibility studies, execution of projects and organizing expositions and conferences aid economic growth welfare of Ajman and of the United Arab Emirates as a whole.

It was granted autonomous status under the Amiri decree no.3 of 1996 issued by H.H. Sheikh Humaid Bin Rashid Al Nuaimi, Ruler of Ajman. It has since been the sole regulatory agency for Free Zone in Ajman. Ever since the formation of the Free Zone Authority in 1996.

Industrial activity in the Free Zone has received a tremendous boost which is evidenced by the an increase of over 300% in the number of companies in last few years. A multi-million Dirhams investment in the development plan means that it would be able to accommodate 4000 additional companies soon.

Geographically Ajman is at the entrance of the Arabian Gulf, Ajman Free Zone is well placed to serve the eastern and western markets. Its proximity to the Emirates of Sharjah (2 km) and Dubai (12 km) means that it is within less than an hour's drive of international airports as well as four sea ports of Ajman, Sharjah's Khorfakkan Port, Port Khalid and Dubai 's Port Rashid. As such Ajman Port with its 12 berths and serving over 1000 vessels in a year, has emerged as an important maritime epicentre. Development plan for Ajman Ports will ensure that soon it too would feature world-class facilities. Internationally too, it is well connected by road to Oman, Qatar, Bahrain, Saudi Arabia, Iran, Kuwait in the GCC and beyond to Europe.

The lowest tariffs within the Region coupled with an economical wage structure and relatively easy access to a vast work force make AFZA an attractive zone for capital investment. In addition to these, the world class infrastructure and attractive corporate benefits with regard to ownership, repatriation and taxes give AFZA a distinct advantage over its contemporaries. The economic climate is liberal in and tailor-made to attract foreign investment thereby encouraging production, incentivizing trade and international commerce, and providing the necessary fillip to all industrial activity. Need of small to mid-sized businesses are given due importance and attention and it is no surprise that Ajman Free Zone is widely recognised as an entrepreneurs' haven today.

The expansion of DIFC Courts Jurisdiction welcomed by small and medium enterprises

Until recently, The Dubai International Financial Center (DIFC) Courts was a court primarily designed for cases occurring in the offshore financial hub DIFC.

However, earlier this year, it was announced that the DIFC Courts has extended the jurisdiction of its Small Claims Tribunal (SCT) to include entities based outside the free zone and will be open to SMEs in the entire emirate of Dubai. It also means that the DIFC Courts will hire more lawyers and judges.

The SCT hears cases with a dispute value of less than AED 500,000. Lawyers are not allowed to represent parties before the SCT and the time taken for judgments to be handed down is also considerably reduced. Usually, such cases are resolved in less than a month.

The SCT which started in 2009 initially provided its services mainly to DIFC registered companies. As per Mr. Amnah Sultan Al Owais, deputy registrar of the Courts, the DIFC jurisdiction area covers a broad extent of retail sectors from which the courts have resolved various employment issues which will now almost double due to this new jurisdiction. Furthermore, the filing fees for an SCT claim will be lower than the Court of First Instance. Also, in cases when the claimants are unable to afford such fees, the registrar will also has the authority to waive the fees.

According to Shamlan Al Sawalehi, an SCT judge, there has been a trend of claimants decreasing the claim amounts so it is within the SCT jurisdiction. It is turning out to be a good facility for SMEs who can now save a considerable amount of time when it comes to litigation and legal representation. SCT is the best place to come to for settling problems without getting into the company-catered environment of litigation as proper contractual disputes would normally have.

As indicated by the Dubai Chamber of Commerce, the number of small and medium enterprises has been constantly growing with the vast majority of the over 100,000 registered companies being SMEs and family businesses. Apart from cases of conflicts, whenever an entrepreneur establishes a new entity, he or she has more financing options than in the past. In the first half of 2011, government departments in Dubai have supported SMEs with AED 40 million according to the Department of Economic Development (DED).

SMEs that need to resolve their disputes can also choose to settle it through the mediation centres at the Dubai Chamber of Commerce or lodge their complaint at the Dubai Courts. Besides the news about the extension of SCT's mandate, the Ministry of Economy is also expected to release the much-anticipated SME laws, aiming to streamline the process of setting up small businesses in the UAE by way of cutting back on red tape and reducing start-up costs. The laws are expected to roll out sometime around April to July this year.

LEGAL VIIEWPOINT

Banks in UAE now exempt from transaction errors

The Dubai Court of Cassation, a superior degree of litigation in the judicial system of the emirate, has ruled in favour of banks operating in the UAE, wherein they can be exempted from liability unless they are responsible for committing serious error or fraud.

The banks can be exempt from transactions mistakes such as delays in collecting cheques, securities or bills of exchange as per terms of the contract with customers. Thus, the client can only sue the bank if it has committed a grave mistake and there is conclusive evidence of the error.

The ruling came in wake of a customer's appeal demanding that the bank pay him 4,150,000 Saudi riyals. He had previously handed over four cheques to the bank, drawn in favour of him, for collection from a Saudi bank. However, he was later informed that he won't be able to collect the cheques as the bank had misplaced them.

The Court of Cassation ruled in favour of the bank due to a clause present in the contract signed between the bank and the client that exempted the bank from any responsibility for loss of cheques.

India Realty Show at Dubai gathers serious NRI interest

Recently, the Maharashtra Chamber of Housing Industry (MCHI) organized the three-day India Realty Show 2012 at Dubai. It stirred up an enthusiastic response from property buyers with more than 8,500 NRIs attending the mega exhibition. The event was hosted by MCHI which is the representative body of Indian developers and builders from Mumbai, suburbs and the Mumbai Metropolitan Region (MMR).

Being one of the chief associations of real estate developers, MCHI has always been on the forefront of things that are innovative and look optimistic. It believes in self regulation in form of the Ethical Code of Conduct. Mr. Paras Gundecha - President, MCHI said: "The logical next step after this for MCHI was setting up a Consumer Grievance Redressal Forum, with the aim of attending to property buyers' complaints, specific to properties bought from its members at an MCHI Property Show.

This is a step which is truly unique: MCHI has looked at home buyers' problems and has taken this initiative that will add to the safety and security factor for property buyers, be they resident Indians or NRIs.

MCHI's property events look forward to potential buyers of Indian property being able to buy Indian property in a safe and secure environment, with the safe and secure factor, given the Consumer Grievance Redressal Forum, an initiative that effectively takes the 'safe and secure factor' to a different level".

MCHI received an overwhelming response from NRIs in Dubai and the UAE who participated in the event. The non-resident Indians (NRIs) in the UAE and Gulf who bought property in India last December already profited after the Indian rupee slipped to a new low early this year. However, this does not denote that the investors who hesitated till now have missed the boat.

In addition to the currency advantage, some developers even give discounts in price, not to mention the list of amenities offered to sweeten the deal. According to market experts, it is still a good time to look around for a good investment opportunity. Interested investors should look from a long term perspective, at least three to five years, considering the Indian economy which is expanding at a good rate with further economic development expected in the country.

In the coming months, if the rupee becomes weaker, and interest rates remain unchanged, NRIs will have a higher advantage as they will receive a better conversion rate.

All you need to know about taxation on NRI accounts

There is a vast range of bank account options Non Resident Indians (NRI) with the two most common ones being the Non Resident Ordinary (NRO) and the Non Resident External (NRE) bank account.

There are distinctive ways in which the money can be managed in these accounts with respect to the repatriation of the amounts. Additionally, there is a tax factor that will have to be considered for the individual non resident in terms of income earned from these account.

Keeping in mind the recent changes regarding these accounts, it is vital to take a closer look at the options available.

Type of account

The NRO savings bank account is a rupee account which comprises of money earned in India before or after becoming a NRI. A specific amount is repatriable abroad from this account for specific purposes. Most of the money earned in India can be deposited in this account.

The NRE savings bank account is meant for funds that would be repatriated and thus, the amount of the contribution to the bank account comes from outside earnings in foreign exchange.

NRI SCAN

Both the principal and interest on the account is repatriable. This account is denominated in rupees which means that there is a currency risk that exists at the time of transfer of money. There are two types of accounts where the amounts can be invested, the first one being the savings account mentioned above. Additionally, the investor can also make sure that there are fixed deposits that can be kept with the bank so that an additional investment opportunity for the individual Non Resident Indian is offered.

Changes in the interest rate

In recent times, the interest rate on the NRE fixed deposits has been decontrolled which means that the banks are free to price the deposits as they deem fit.

The direct impact of this has been that the rates increased to more than 9% in nearly all cases. This is a considerable rise for the investor who can now ensure that they receive good return on their investment which is tax free.

Tax free

Non resident investors can rejoice the fact that the income earned in the form of interest from the NRE accounts is completely tax free. The interest earned here is not taxed and as a result, there will also not be any Tax Deducted at Source (TDS) on the income earned. The individuals will be free to invest what they want into the deposits with no tax component to worry about.

This also reduces the situation where one has to claim back money from the government as refunds after filing the tax return. The interest earned on fixed deposit NRE account as well as the savings bank NRE account, will be tax free for the investor.

However, the amount earned in the NRO account is taxable. An important aspect that the NRI has to plan for is whether any income from such accounts will have to be included in the tax working. However, in most situations, the fact that the income is taxable might not be such a major point because the total income earned by the NRI and taxable in India may not be very high so they may not be required to pay tax.

Nevertheless, there will be a Tax Deducted at Source (TDS) done on the income earned in India. This may thus result in a situation where the NRI might have to apply for a refund from the government. This can be done when they file a return with the required details and the amount will be refunded to the extent of excess TDS if their taxable income is less than the TDS.

Economy Overview

- GDP Growth 2011-12 estimated at 6.9% in real terms vis-a-viz 8.4% in preceding 2 years. GDP Growth Rate is pegged to be 7.6% for 2012-13.
- Current A/c Deficit at 3.6% of GDP for 2011-12.
- Inflation expected to moderate further in next few months and remain stable thereafter.
- Deterioration in fiscal balance in 2011-12 .

Budget Proposals

- To protect the financial health of Public Sector Banks and Financial Institutions, Rs. 15,888 crore proposed to be provided for capitalization.
- For 2012-12, Rs 30, 000 crore to be raised through disinvestment.
- Foreign Direct Investment—FDI in multi-brand retail up to 51 per cent has been held in abeyance.
- Rajiv Gandhi Equity Saving Scheme to allow income tax deduction of 50% to new investors who invest up to Rs. 50,000 directly in equity, whose annual income is below 10Lacs. (Lock In of 3 Years)
- Allowing Qualified Foreign Investors (QFI's) to access Indian Corporate Bond Market
- Endeavour to keep central subsidies under 2 per cent of GDP in 2012-13.
- Direct Tax Code (DTC Bill) to be enacted at the earliest after expeditious examination of the report of the Parliamentary Standing Committee.
- Drafting of model legislation for the Centre and State GST in concert with States is under progress.
- A General Anti-Avoidance Rule (GAAR) to be introduced to counter aggressive Tax Avoidance.

Income Tax Slab (Rs.)	Tax
Upto 2,00,000	No Tax
Rs. 2.00,001 to Rs. 5,00,000	10%
Rs. 5,00, 001 to Rs. 10,00,000	20%
Above 10, 00,0000	30%

- Interest from Savings Bank Account deductible upto Rs. 10,000.
- Deduction of upto Rs. 5,000 for preventive health check up is allowed.
- Turnover limit of compulsory Tax Audit for SME's raised from Rs. 60 Lakhs to Rs. 1 Crore (For Professional Rs. 15 Lkhs to Rs. 25 Lakhs)
- STT reduced from 0.125% to 0.1% on Delivery Transaction
- Baggage allowances have been rose from Rs. 25,000 to Rs. 35,000
- Customs duty on non-standard gold rose to 10% from 5% and on standard from 2% to 4%.
- Services Tax rate raised from 10% to 12%.
- Dividend from Foreign Subsidiary to be Taxed at 15%. TDS on Transfer of Immovable Property (Other than agriculture land, above specified threshold).
- Tax @30% on unexplained Credit or Investment (Slab Rate benefit not available)

Lecture on Offshore & Overseas companies

- Opportunities & Challenges

by Vipul R. Kothari at C.A. Association

in Ahmedabad — India

On a Lighter Note

A young accountant spends a week at his new office with the retiring accountant he is replacing. Each and every morning as the more experienced accountant begins the day, he opens his desk drawer, takes out a worn envelope, removes a yellowing sheet of paper, reads it, nods his head, looks around the room with renewed vigor, returns the envelope to the drawer, and then begins his day's work.

After he retires, the new accountant can hardly wait to read for himself the message contained in the envelope in the drawer, particularly since he feels so inadequate in replacing the far wiser and more highly esteemed accountant. Surely, he thinks to himself, it must contain the great secret to his success, a wondrous treasure of inspiration and motivation. His fingers tremble anxiously as he removes the mysterious envelope from the drawer and reads the following message:

"Debits in the column toward the file cabinet, Credits in the column toward the window."

Global Business Services (GBS), an associate of Kothari Auditors & Accountants, was established to offer company incorporation services in various onshore and offshore jurisdiction around the world.

GBS is dedicated to provide advisory on corporate formation, legal structuring, double tax avoidance treaties and assistance for formation of companies in various jurisdiction.

GBS has associated with various service providers across major jurisdiction worldwide and endeavors to provide every solution in identifying the right destination suitable to clients needs and to present expert insights & assistance with respect to setting up a business entity.

Our team of professionals include experts in the international business structuring, tax consultants, finance & law.

OUR SERVICES:

- Company Formation (Offshore & Onshore) in UAE
- Company formation in major offshore jurisdictions
- Company Management and Administration
- Corporate Structuring and Re-Structuring
- Branch Registration of Foreign Corporations
- Establishments of Trusts and Foundations
- Trusteeship and provision of Foundation Councils
- Corporate Tax Planning
- Accounting

Kothari Auditors and Accountants is a professionally managed accounting, auditing, management and financial consulting firm established in October 1992.

The firm is registered with the UAE Ministry of Economy & Commerce having offices in Dubai and Sharjah.

The firm excels in offering accounting, audit services that include: statutory, internal and management audit and a host of consultancy services. It offers professional guidance that leverages formalities needed to set up businesses in the industrial, trade or services sector either offshore, local, or in any of the free zones in the UAE.

The fact that the firm in enlisted on the panel of approved auditors of many local and international banks as well as free zones authorities in the UAE has made Kothari Auditors and Accountants a reputed audit firm in the UAE.

OUR SERVICES:

- Audit
- Accounting
- System Designing & Implementation
- Computerisation of Systems
- Management Consultancy
- Project Report & Feasibility Studies
- Cost Audits & Cost Analysis
- Business Restructuring
- Valuation of Business
- Guidance on UAE Commercial Laws

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