



NEWS CHRONICLE

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We will put our best foot forward to ensure maximum returns.

We care more than others think is wise....

We dream more than others think is practical....

We expect more than others think is possible....

Editor: Sunaina Jhingan

(Knowledge Manager with Acquisory)

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BUDGET

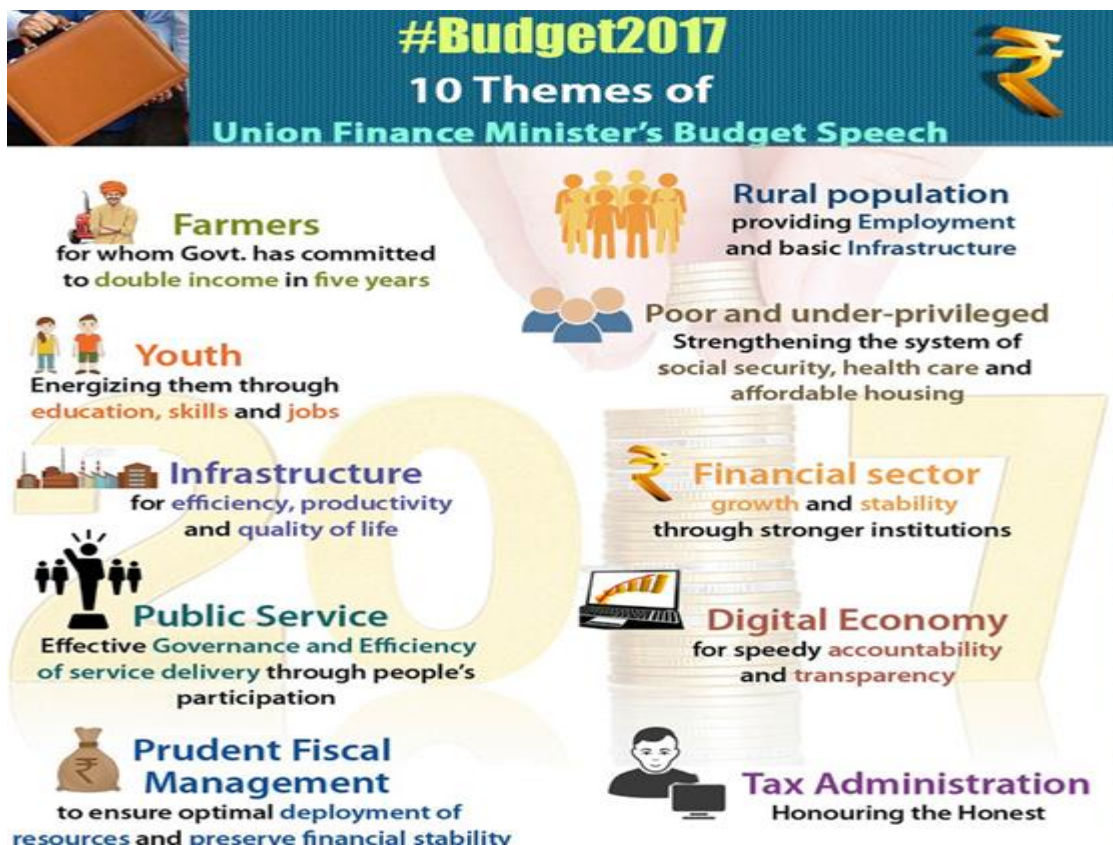
2017-2018

Overview

Budget 2017 - 18 was eagerly awaited after a 2 month period of serious stress in several sectors of the economy. While the statistics provided by the government has shown considerable remonetisation, several sectors remain under stress as on date. The stated purpose of Demonetisation was to streamline our mainly cash transaction based economy to a transparent digitized economy and also to reduce corruption. How much of a success that will be, only time will tell.

A budget should ideally be a non event as it is a statement of purpose of the Government. It is so in developed countries. The just presented budget is a document in that direction. The biggest positive of this budget is a clear road map to control the deficit through setting realistic revenue growth and controlling expenditure.

On the real estate sector, it has set the tone for aggressive development of affordable housing. The budget has also provided for rural infrastructure while keeping the emphasis intact on investments in enabling infrastructure e.g., roads, railways etc. and employment generation.



Source- <https://www.ayupp.com/finance/union-budget-2017-18-in-pictures-don-t-miss-important-highlights-14860.html>

Personal Income Tax

- Existing rate of taxation for individuals assesses between income of Rs. 2.5 lakhs to Rs. 5 lakhs reduced to 5% from the present rate of 10%.
- Surcharge of 10% of tax payable on categories of individuals whose annual taxable income is between Rs. 50 lakhs and Rs. 1 crore
- Simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income upto Rs. 5 lakhs other than business income

Taxable Income (Rs)	Tax Rates (%)*
0 – 2,50,000 #	Nil
2,50,001 – 5,00,000 ^	5.15
5,00,001 – 10,00,000	20.60
10,00,001 – 50,00,000	30.90
50,00,001 – 1,00,00,000	33.99 **
> 10,00,001	35.535 ***

*includes Education Cess of 2%, Secondary and Higher Education Cess of 1%

Rs. 3,00,000 for Senior Citizens (60years+) and Rs. 5,00,000 for very Senior Citizens, (80years+). Please note that there is no separate basic exemption limit for women

^ Rebate of tax payable or Rs. 2,500, whichever is less, for individuals whose total income does not exceed Rs. 3,50,000, ** Includes Surcharge of 10%, *** Includes Surcharge of 15%

Ease of Doing Business

- Threshold limit for audit of business entities who opt for presumptive income scheme increased from Rs. 1 crore to Rs. 2 crores.
- Threshold for maintenance of books for individuals and HUF increased from turnover of Rs. 10 lakhs to Rs. 25 lakhs or income from Rs. 1.2 lakhs to Rs. 2.5 lakhs.
- Scope of domestic transfer pricing restricted to only if one of the entities involved in related party transaction enjoys specified profit-linked deduction.
- Commission payable to individual insurance agents exempt from the requirement of TDS subject to their filing a self-declaration that their income is below taxable limit.
- Under scheme for presumptive taxation for professionals with receipt upto Rs. 50 lakhs p.a. advance tax can be paid in one instalment instead of four.
- Time period for revising a tax return is being reduced to 12 months from completion of financial year, at par with the time period for filing of return.
- Time for completion of scrutiny assessments is being compressed further from 21 months to 18 months for Assessment Year 2018-19 and further to 12 months for Assessment Year 2019-20 and thereafter

Financial Sector

- Foreign Investment Promotion Board to be abolished in 2017-18 and further liberalisation of FDI policy is under consideration
- A mechanism to streamline institutional arrangements for resolution of disputes in infrastructure related construction contracts, PPP and public utility contracts will be introduced as an amendment to the Arbitration and Conciliation Act 1996

- Government will put in place a revised mechanism and procedure to ensure time bound listing of identified CPSEs on stock exchanges. The shares of Railway PSEs like IRCTC, IRFC and IRCON will be listed in stock exchanges.

Promoting Digital Economy

- Under scheme of presumptive income for small and medium tax payers whose turnover is upto Rs. 2 crores, the present, 8% of their turnover which is counted as presumptive income is reduced to 6% in respect of turnover which is by non-cash means
- No transaction above Rs. 3 lakh would be permitted in cash subject to certain exceptions
- Miniaturised POS card reader for m-POS (other than mobile phones or tablet computers), micro ATM standards version 1.5.1, Finger Print Readers / Scanners and Iris Scanners and on their parts and components for manufacture of such devices to be exempt from BCD, Excise/CV duty and SAD

Some Important Measure for Growth

- MAT credit is allowed to be carried forward up to a period of 15 years instead of 10 years at present
- In order to make MSME companies more viable, income tax for companies with annual turnover upto Rs. 50 crore is reduced to 25%
- Concessional withholding rate of 5% charged on interest earned by foreign entities in external commercial borrowings or in bonds and Government securities is extended to 30.6.2020. This benefit is also extended to Rupee Denominated (Masala) Bonds
- For the purpose of carry forward of losses in respect of start-ups, the condition of continuous holding of 51% of voting rights has been relaxed subject to the condition that the holding of the original promoter/promoters continues. Also the profit (linked deduction) exemption available to the start-ups for 3 years out of 5 years is changed to 3 years out of 7 years
- Allowable provision for Non-Performing Asset of Banks increased from 7.5% to 8.5%. Interest taxable on actual receipt instead of accrual basis in respect of NPA accounts of all non-scheduled cooperative banks also to be treated at par with scheduled banks
- Basic customs duty on LNG reduced from 5% to 2.5%

Real Estate Sector Measures

- Under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area of 30 and 60 Sq.mtr. will be counted.
- For builders for whom constructed buildings are stock-in-trade, tax on notional rental income will only apply after one year of the end of the year in which completion certificate is received.
- Reduction in the holding period for computing long term capital gains from transfer of immovable property from 3 years to 2 years. Also, the base year for indexation is proposed to be shifted from 1.4.1981 to 1.4.2001 for all classes of assets including immovable property
- Affordable housing to be given infrastructure status

Public Services

- To utilise the Head Post Offices as front offices for rendering passport services
- A Centralised Defence Travel System has been developed through which travel tickets can be booked online by our soldiers and officers
- Web based interactive Pension Disbursement System for Defence Pensioners will be established
- Aadhar Pay, a merchant version of Aadhar Enabled Payment System, will be launched shortly
- Proposed to create a Payments Regulatory Board in the Reserve Bank of India by replacing the existing Board for Regulation and Supervision of Payment and Settlement Systems

Goods and Service Tax

- The GST council has finalized its recommendations on almost all the issues based on consensus on the basis of 9 meetings held
- Preparation of IT system for GST is on Schedule
- The extensive reach out efforts to trade and industry for GST will start from 1st April, 2017 to make them aware of the new taxation system.

New concept of Electoral Funding

- Amendment to the Reserve Bank of India Act to enable the issuance of electoral bonds in accordance with a scheme that the Government of India would frame in this regard.
- Maximum amount of cash donation, a political party can receive, will be Rs. 2000/- from one person.
- Political parties will be entitled to receive donations by cheque or digital mode from their donors.

Welfare

- Mahila Shakti Kendra will be set up with an allocation of Rs. 500 crores in 14 lakh ICDS Anganwadi Centres. This will provide one stop convergent support services for empowering rural women with opportunities for skill development, employment, digital literacy, health and nutrition
- Under Maternity Benefit Scheme Rs. 6,000 each will be transferred directly to the bank accounts of pregnant women who undergo institutional delivery and vaccinate their children
- Two new All India Institutes of Medical Sciences to be set up in Jharkhand and Gujarat
- For senior citizens, Aadhar based Smart Cards containing their health details will be introduced
- Allocation for Pradhan Mantri Awaas Yojana – Gramin increased from ` 15,000 crores in BE 2016-17 to ` 23,000 crores in 2017-18 with a target to complete 1 crore houses by 2019 for the houseless and those living in kutch houses.
- Well on our way to achieving 100% village electrification by 1st May 2018.



ARTICLES

GST – A ROLLOUT PLAN

GST will strive to make India a One Tax Nation and will prove to be biggest reform to check misreporting or non-reporting of the transactions in the books of account. The right administration of the GST technology can make the manipulation of financial statements a very difficult exercise in the new tax regime.



“GST shall strive to make India a One Tax Nation proving to be biggest reform to check misreporting or non reporting of the transactions in the books of account. GST would be critical step to redefine the policy mechanism. Basic exemption threshold would be reduced to an annual turnover of INR 20 Lakhs.”

GST would be a critical step to redefine the policy mechanism. Under the GST setup differentiated tax policy would be removed and the basic exemption threshold would be reduced to an annual turnover of INR 20 Lakhs (INR 10 Lakhs for businesses in the North-Eastern states). Further, intensive use of technology in administering GST would raise the levels of enforcement and would block the concealed methods of tax evasion in the new regime.

Background

The current framework for tax structure permits restricted inter levy credits between excise and service tax. Further, no cross credits are available across the sales tax paid and these central taxes. It can be observed that the proposed GST regime shall facilitate seamless credit across the entire supply chain under a common tax base. The basic idea behind the

enormous exercise of introduction of GST is to provide for multi stage tax with tax credit at various stages of supply chain. Input Tax Credit (ITC) in form of CENVAT credit and VAT credit can be separately availed in the present tax structure. In the pre-GST set up, ITC of VAT is only available to the dealers. Manufacturers and service providers cannot claim VAT credit. ITC of Central Excise duty, Service Tax & CVD, on the other hand can be availed only by manufacturers and service providers and it is not admissible to dealers in goods. Input tax credit of CST, Entry Tax, Luxury Tax is not available in the present ITC regime. GST will try to remove that void. It is going to provide an uninterrupted and continuous chain of input tax credit.

About Input Tax Credit under GST Law

- Scheme of input tax credit in the Model GST Law (MGL) can be broadly divided into substantive provisions and procedures, where procedures are equally important because these are inter-twined into timing of taking input credit and quantum of input credit.
- The proposed GST comprise of following taxes-
- Central Goods & Service Tax (CGST) levied by Centre
- State Goods & Service Tax (SGST) levied by State
- Integrated Goods & Service Tax (IGST) – This tax will be attracted on inter-state supply of goods & services and will be levied and collected by the Central Government.

GST Input Tax Credit Explained

Accordingly, the term input tax has been defined under GST model law as the IGST, CGST, and SGST charged for any supply of goods or services used or intended to be used in the course of furtherance of business and also include tax paid under reverse charge mechanism. The 'input tax credit' means credit of input tax so defined. This definition of 'input tax' is to be read with the detailed scheme of input tax credit narrating the components on which credit would be available, exclusions, documents required for taking credit and various conditions of credit.

The basic scheme of input tax credit as provided under Model GST law is that every registered taxable person is entitled to take credit of input tax admissible to him and the said amount shall be credited to the electronic credit ledger of such person to be maintained in the manner as may be prescribed. The amount available in the electronic credit ledger may be used for making any payment towards tax payable by him subject to such conditions and within such time as may be prescribed. This amount cannot be used for payment of interest, fee or penalty.

It is seen in the Model GST law, the components of input tax credit are the same as

in the existing law, that is, inputs, input service and capital goods. The definition of input as provided under Section 2 (57) of the Model GST law defines input tax to mean the (IGST/CGST) / (IGST and SGST) charged on supply of goods and/or services to a registered taxable person which are used or intended to be used in the course or furtherance of his business and includes the tax payable under the reverse charge mechanism as per Section 7(3) of the MGL. Further MGL provides that "input" means any goods other than capital goods, subject to exceptions as may be provided under this act or rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business. The definition of "input service" is almost on the similar lines as definition of "inputs". In this context, Section 2(55) of the Model GST Law says that "input service" means any service, subject to exceptions as may be provided under this Act or the rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business.

Section 16 of the MGL describes the manner under which input tax credit can be availed under GST.

Input Tax Credit Is Available Only If The Following Conditions Are Fulfilled

- The input tax credit should be taken within one year from the date of issue of tax invoice
- The buyer must have received the goods/services
- The buyer is in possession of the tax invoice, supplementary invoice, credit note or debit note or any other tax paying document as specified.
- In case the goods are received in installments, the input credit is allowed only on receipt of the last lot or installment.

Input tax credit is available when the seller pays the taxes, the electronic credit ledger for the buyer will be credited. If a registered tax payer uses input of goods or services for taxable and non taxable purposes, the amount of input tax is allowed only on the portion of the input used supply of taxable goods or services including zero rated supplies. Further, if there is change in the constitution of the taxable person on account of merger, sale, demerger, amalgamation, lease or transfer of business, the input tax credit is allowed to be transferred.

Section 16A of MGL describes the manner under which input tax credit can be availed when goods are sent out for job work. Job work or sub-contracting is allowed under GST also. Section 43A of the MGL prescribes the provisions for job work. Special permission has to be taken from the commissioner. Goods can be sent directly to sub contractor and also allows back to back sub-contracting.

Input Tax Credit In Case Of Job Work

➤ Inputs

- In case of inputs, the credit is allowed/eligible only if the goods are received back from the job worker within 180 days for those goods which are shipped to job workers place directly. For computing 180 days, from the date on which the inputs have been received at the job workers place will be considered.
- Credit can be availed only if the supplier pays the tax

➤ Capital Goods

- The input credit for capital goods can be taken if the goods capital goods is used by the job worker and the same is returned within 2 years from the date on which it is sent out to job worker.
- In case if the goods are not received within 180 days, the amount of input tax credit availed on inputs or capital goods should be paid.

Cross Utilization Of Input Tax Credit

- ▶ CGST – CGST then with IGST
- ▶ SGST – SGST then with IGST
- ▶ IGST – IGST then CGST and then SGST

Conclusion

It can be observed that, a liberal and elaborate scheme for allowing Input Tax Credit has been provided in the MGL. An effort has been made to permit Input Tax Credit in respect of all taxes paid in respect of business expenditure except some of the small list of items on which Input Tax Credit shall not be permitted. The Input Tax Credit would be initially allowed on provisional basis for a period of two months. The said Input Tax Credit would be reversed in the hands of the recipient in case of mismatch between the outward supply details submitted by the supplier and inward supply details submitted by the recipient whether on account of non-payment of self-assessed tax by the supplier or due to non filing of returns by the supplier. The recipient can avail the Input Tax Credit by filing a return but he cannot utilize the same unless he has filed the valid return. The recipient can re-claim the reversed Input Tax Credit after the supplier has paid the taxes due from him.

In other words, filing of valid return both by the supplier and recipient is an absolute must before the Input Tax Credit chain (from eligibility, availment on confirmed basis and utilization thereof) can be said to be complete. It is hoped that the proposed GST regime would simplify the provisions regarding availability of input tax credit.

In a recent move, the Reserve Bank of India (RBI) vide Notification dated 10th January, 2017 introduced a new instrument for Start up companies named as 'Convertible Notes' by amending the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (Regulations) through issue of Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) (Fifteenth Amendment) Regulations, 2016 (Amendment). It is an instrument issued as debt and convertible into equity of a startup at the option of the holder.



Source- <https://yourstory.com/2017/01/convertible-notes-finally-reality-indian-startups>

Background

A convertible note is one of the most preferred instruments for early stage funding of start ups in Silicon valley and other 'advanced startup ecosystems'- represents a debt which converts into equity only upon the occurrence of a contingent event (for instance, the issuing startup receiving the next round of funding). If such an event does not take place, the Note continues to represent the debt, which is repayable by the issuing startup. Under the Regulations, until now, foreign direct investment (FDI) in Indian startup companies could only be made by persons resident outside India (Foreign Investors) by subscribing to

equity instruments and other instruments that were considered on par with equity instruments (such as mandatorily and fully convertible debentures / preference shares and warrants) of such investee companies.

The amendment came into effect post the Ministry of Corporate Affairs (MCA) exempted the convertible notes from the ambit of deposits, and thereby allowing companies to issue convertible notes in tranches exceeding Rs 25 lakhs to prospective investors, without having to comply with the slew of requirements mandated by the Rules.

Key changes

The Amendment permits Indian startups to raise funds from Foreign Investors by issuing Notes, with the following key features:

Definition

A 'Convertible Note' has been defined as an instrument issued by a startup evidencing receipt of money initially as debt, which is either: (a) repayable at the option of the holder; or (b) convertible into equity shares (within a period of 5 years from the date of issue) upon occurrence of specified events according to the terms of the Note.

‘Start up’ – this notification is only applicable to entities defined as startups. Startup companies includes the following –

- A company wherein 5 years have not elapsed from the date of its incorporation;
- Its turnover for any of those years does not exceed Rs. 25 Crores; and
- The company is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
- Therefore, entities that fall outside this definition would be unable to avail the benefits of the notification of being able to issue convertible notes.

Persons Eligible To Purchase Convertible Notes

- Individuals / Entities resident outside India may purchase convertible notes issued by an Indian startup, for an amount of Rs. 25 lakhs or more in a single tranche. However, where the startup company is involved in the sector where foreign investment requires Government approval can issue convertible note to non-residents only with the approval of the Government.
- Citizens of Pakistan or Bangladesh or entities registered in/incorporated in these countries cannot purchase convertible notes in Indian entities.



Source- <https://linkedstarsblog.com/2014/03/16/convertible-debt-what-how-plus-minus/>

Minimum purchase amount:

Foreign Investors are required to invest at least Rs. 25,00,000/- or more in a single tranche to subscribe to the Notes, and issuance of equity shares against such Notes needs to comply with the Regulations. In addition, non-resident Indians are permitted to acquire Notes on non-repatriation basis in accordance with the Regulations.

Other Procedures to be followed:

Escrow for remittance of consideration:

In addition to the usual permitted modes of remittance, escrow arrangements have also been permitted for making remittance of consideration for subscription to Notes. Such escrow account needs to be closed upon the earlier of: (a) the allotment of the Note and the remittance of consideration to the issuing startup; and (b) the expiry of 6 months from the account opening date.

Transferability

Investors are also permitted to acquire / transfer the Notes by way of sale, so long as the sale takes place in accordance with the pricing guidelines prescribed by the RBI.

Government Approval

Where startups are engaged in sectors requiring government approval for foreign investment, government approval needs to be obtained before issue / transfer of the Notes to Foreign Investors.

Compliances

Startups issuing Notes are required to furnish reports as prescribed by the RBI.

Observations

The Amendment opens up an important avenue of fund raising for Indian startups and is likely to make them more attractive to early stage Foreign Investors who are accustomed to invest by way of Notes. The redemption feature of the Note is also expected to make startups more accountable. In a way, the Amendment permits a certain minimum guaranteed return to Foreign Investors, which the Regulations do not otherwise permit. Though the definition seems reasonable but 'start ups' have to keep the five year period in mind. Once this period lapses, the money received against the note will continue to be a debt and have to be re-paid. Thus, this point needs to be clarified by RBI whether the investor and investee can mutually determine the interest rate at which the convertible note may be repayable. Also, the present Foreign Direct Investment (FDI) policy in force restricts and regulates issuance of debt instruments to foreign investors. Thus, in order to put this notification in force the Department of Industrial Promotion & Policy (DIPP) need to amend the FDI policy accordingly.

it is applicable only to entities defined as 'startups' by the Department of Industrial Policy and Promotion (i.e., an entity which is not more than 5 years old and the turnover of which has not exceeded INR 25,00,00,000 for any financial year). Despite the uncertainties in the Amendment, the positive impact of the Amendment on the overall foreign investment sentiment and India's image as a progressive ecosystem for startups cannot be undermined.

Despite the major features set out above, the Amendment is expected to have limited impact on the overall foreign investment into India, as



LEGAL UPDATES



1. Exchange facility to foreign citizens

Reserve Bank of India (RBI) vide Circular no. RBI/2016-17/208 A.P. (DIR Series) Circular No. 24 dated 3rd January, 2017 has increased the time limit for foreign citizens to exchange foreign exchange for Indian currency notes up to a limit of Rs. 5000/- per week till January 31, 2017.

<https://www.rbi.org.in/Scripts/NotificationUse.aspx?Id=10815&Mode=0>

2. Allocation of cash for rural areas

Reserve Bank of India (RBI) vide Notification No. RBI/2016-17/207 DCM (Plg) No.2200/10.27.00/2016-17 dated 3rd January, 2017 has issued certain guidelines with regard to Allocation of cash for rural areas such as Distribution channels and Proportion of cash flow, Reporting for monitoring, Denominated mix.

<https://www.rbi.org.in/Scripts/NotificationUse.aspx?Id=10814&Mode=0>

3. Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fifteenth Amendment) Regulations, 2016

Reserve Bank of India (RB) vide Notification No. FEMA.377/2016-RB dated 10th January, 2017 has issued Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fifteenth

Amendment) Regulations, 2016. The amendment has been made in Regulation 2 wherein a new sub clause has been inserted with regard to convertible note. “(iiA) ‘convertible note’ means an instrument issued by a startup company evidencing receipt of money initially as debt, which is repayable at the option of the holder; or which is convertible into such number of equity shares of such startup company, within a period not exceeding five years from the date of issue of the convertible note, upon occurrence of specified events as per the other terms and conditions agreed to and indicated in the instrument;”

<https://www.rbi.org.in/Scripts/NotificationUse.aspx?Id=10825&Mode=0>

4. Evidence of Import under Import Data Processing and Monitoring System (IDPMS)

Reserve Bank of India (RBI) vide Circular No. 27 dated 12th January, 2017 has outlined the obligation of purchaser of Foreign Exchange and submission of document as Evidence of Import. In order to enhance ease of doing business and reduce transaction costs, it has been decided to discontinue submission of hardcopy of Evidence of Import documents i.e. BoE, with effect from December 01, 2016, as it is available in IDPMS.

<https://www.rbi.org.in/Scripts/NotificationUse.aspx?Id=10824&Mode=0>

5. Enhancement of withdrawal limits from ATMs and Current Accounts

Reserve Bank of India (RB) vide Notification No. RBI/2016-17/213 DCM (Plg) No.2559/10.27.00/2016-17 dated 16th January, 2017 has enhanced the limit on withdrawals from ATMs from the current limit of Rs. 4,500/- to Rs. 10,000/- per day per card (It will be operative within the existing overall weekly limit).

The limit on withdrawal from current accounts has also been enhanced from the current limit of Rs. 50,000/- per week to Rs. 1,00,000/- per week and it extends to overdraft and cash credit accounts also.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10826&Mode=0>

6. Master Directions on Access Criteria for Payment Systems

Reserve Bank of India (RBI) vide Notification No. RBI/DPSS/2016-17/51 Master Direction DPSS.CO.OD.No.1846/04.04.009/2016-17 dated 17th January, 2017 has issued Master Directions on Access Criteria for Payment systems.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10833&Mode=0>

7. Prohibition on Indian Party from making direct investment in countries identified by the Financial Action Task Force (FATF) as “Non Co-operative countries and territories”

Reserve Bank of India (RBI) vide Circular No. RBI/2016-17/216 A.P. (DIR Series) Circular No. 28 dated 25th January, 2017 has issued Circular on Prohibition on Indian Party from making direct investment in countries identified by the Financial Action Task Force (FATF) as “Non Co-operative countries and territories”.

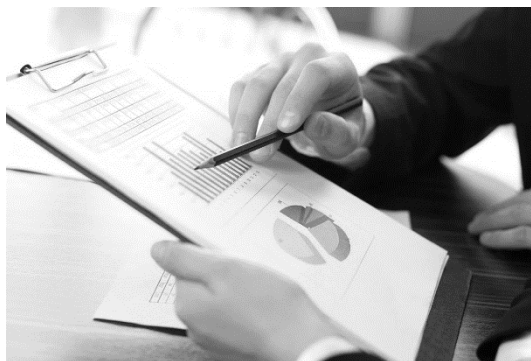
At present, there is no restriction on an Indian Party with regard to the countries, where it can undertake Overseas Direct Investment. In order to align, the instructions with the objectives of FATF, on a review, it has been decided to prohibit an Indian Party from making direct investment in an overseas entity (set up or acquired abroad directly as JV/ WOS or indirectly as step down subsidiary) located in the countries identified by the FATF as “non co-operative countries and territories” as per list available on FATF website www.fatf-gafi.org or as notified by the Reserve Bank of India from time to time.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10839&Mode=0>

8. Limits on Cash withdrawals from Bank accounts and ATMs - Restoration of status quo ante

Reserve Bank of India (RBI) vide Notification No. RBI/2016-17/217 DCM (Plg) No. 2905/10.27.00/2016-17 dated 30th January, 2017 it has been decided to withdraw all the limits placed on cash withdrawals from Current accounts/Cash credit accounts/Overdrafts accounts has been withdrawn with immediate effect. The limits on Savings Bank accounts will continue for the present and are under consideration for withdrawal in the near future. Limits placed on cash withdrawals from ATMs stand withdrawn from February 01, 2017.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10840&Mode=0>



1. Exemption to Specified IFSC Private company –under section 462 of the Companies Act, 2013

Ministry of Corporate Affairs (MCA) has issued Notification No G.S.R.(E) on 04.01.2017 regarding Exemption to Specified IFSC Private company –under section 462 of the Companies Act, 2013.

Central Government (MCA), directs that certain provisions of the Companies Act, 2013, as specified in the notification shall be applicable to an private company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi-services Special Economic Zone set-up under the Special Economic Zones Act. 2005 read with the Special Economic Zones 2006 (hereinafter referred to as “Specified IFSC private company”).

2. Exemption to Specified IFSC Public company –under section 462 of the Companies Act, 2013

Ministry of Corporate Affairs (MCA) has issued Notification No G.S.R.(E) on 04.01.2017 regarding Exemption to Specified IFSC Public company –under section 462 of the Companies Act, 2013.

Central Government (MCA), directs that

certain provisions of the Companies Act, 2013, as specified in the notification shall be applicable to an unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi-services Special Economic Zone set-up under the Special Economic Zones Act. 2005 read with the Special Economic Zones 2006 (hereinafter referred to as “Specified IFSC public company”).

3. Revision of E-Form

As part of the Ministry’s efforts towards providing greater Ease of Doing Business to stakeholders, Form SPICe (INC-32) will be revised w.e.f 21 January 2017 so as to include the functionality of applying for Company PAN and first TAN (allotted by Income Tax Deptt) in the Incorporation form itself. Applying for PAN / TAN will be compulsory for all fresh incorporation applications filed in the new version of the SPICe form on or after 23 January 2017.

Stakeholders are advised to download new version of SPICe form for all fresh applications from this date. For cases marked for resubmission prior to 23 January 2017, stakeholders are required to download older version of SPICe form for resubmission.

4. Updation of Forms

Ministry of Corporate Affairs (MCA) has provided that revised version of Form SPICe (INC-32) will mandatorily require application for both PAN and TAN also. MCA21 system will auto generate the pre-filled application forms 49A (PAN) and 49B (TAN) after submission of SPICe,

which the stakeholders will be required to download, affix digital signature and then upload both signed forms on MCA21 system as linked forms. New version of SPICe incorporation applications will be processed only after Forms 49A & 49B are duly signed, uploaded and payment is confirmed by MCA. PAN (as allotted by Income Tax Deptt) will be printed in the Certification of Incorporation, and TAN will be separately communicated to the stakeholders by email.

Further, it is also noted that filing of SPICe forms (including resubmissions) will NOT be permitted temporarily w.e.f from 1 PM on 20th January until 8 AM on 23rd January, 2017. Thereafter, MCA21 system will accept new version of SPICe for fresh filings, as well as old version of SPICe for filing of previously marked resubmission cases. No PAN or TAN will be allotted for cases which were marked for resubmission prior to 23 January 2017.

5. Companies (Incorporation) Amendment Rules, 2017

Ministry of Corporate Affairs has notified amendment to the Companies (Incorporation) Rules, 2014, which may be called the Companies (Incorporation) Amendment Rules, 2017 and shall come into force on the 30th day of January, 2017. The amendments in the principal rules are made to substitute Rule 18 to provide that the Certificate of Incorporation shall be issued by the Registrar in Form No.INC-11 and the Certificate of Incorporation shall mention permanent account number of the company where if it is issued by the Income-tax Department. Further, revised version of Form No. INC-11 and Form No. INC-32 have also been introduced through the said notification.

http://mca.gov.in/Ministry/pdf/IncorporatinRules_27012017.pdf

6. Applying for PAN / TAN will be compulsory for all fresh incorporation applications filed in the new version of the SPICe form.

As part of the Ministry's efforts towards

promoting greater Ease of Doing Business to stakeholders, new version of Form SPICe (INC-32) with date of effect as 30th January 2017 will be notified soon, so as to include the functionality of applying for Company PAN and first TAN (allotted by Income Tax Deptt) in the SPICe form itself. Applying for PAN / TAN will be compulsory for all fresh incorporation applications filed in the new version of the SPICe form. Stakeholders will be allowed to download new version of SPICe form for all fresh incorporation applications w.e.f 01 Feb 2017. For resubmitting SPICe forms filed before 30th January 2017, stakeholders are required to use older version of the SPICe form for resubmission, if needed. The old version can be used only for resubmissions. Further, Stakeholders may, therefore, kindly note that filing of SPICe forms (including resubmissions) will Not be permitted temporarily w.e.f Saturday, 28th January until Tuesday 31st January, 2017.



1. Reference to Circular no. FITTC/FII/02/2002 dated May 15, 2002- In regard to credit of proceeds due to write off of securities held by Foreign Portfolio Investors/deemed Foreign Portfolio Investors.

SEBI vide Circular No. IMD/HO/FPIC/CIR/P/ 2017/ 001 dated 2nd January 2017 has made modification to Circular no. FITTC/FII/02/2002 dated May 15, 2002-, SEBI has established its own Investor Protection and Education Fund. It has been provided that in case of Disinvestment custodian is unable to deliver the securities or ascertain the claimant for the securities that are received subsequent to write off due to any unforeseen circumstances viz. deemed Foreign Portfolio Investor/Foreign Portfolio Investor no longer existing/operating or expiry of SEBI registration/FEMA approval, etc., the sale of these securities through stock exchange and proceeds thereof net of expenses shall be credited to the Investors Protection and Education Fund of SEBI not later than 7 days from the date of receipt thereof.

Further, in case of receipt of corporate benefits in the form of securities arising out of shares written off, the same shall be reported to SEBI in the normal manner. Similarly, corporate benefits received in the form of cash viz. dividend shall be credited to the Investors Protection and Education Fund of SEBI not later than 7 days from the date of receipt of the same.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1483359407472.pdf

2. Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in International Financial Services Centre (IFSC).

Securities Exchange Board of India (SEBI) vide Circular No. IMD/HO/FPIC/CIR/P/ 2017/ 003 dated 4th January 2017 has 2 dated May 15, 2002-, SEBI has modified Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in International Financial Services (IFSC). It has been decided, SEBI registered FPIs (FPIs), proposing to operate in IFSC, shall be permitted, without undergoing any additional documentation and/or prior approval process.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1483509795386.pdf

3. Guidance Note on Board Evaluation

Securities Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017 has issued Guidance Note on Board Evaluation. SEBI together with the Board Evaluation process prevalent in India and in analysis with the global practices in various jurisdictions like regulatory requirements, best practices, internal versus external evaluation, disclosure requirements

4. SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2016

Securities Exchange Board of India (SEBI) vide Notification dated 4th January, 2017 has issued SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2016. The amendment has been made in Regulation 26 wherein the Regulation now titled as “Obligations with respect to employees including senior management, key managerial persons, directors and promoters”.

A new sub regulation (6) has been inserted which says - No employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1483605829638.pdf

5. SEBI (Alternative Investment Funds) (Amendment) Regulations, 2016

Securities Exchange Board of India (SEBI) vide Notification dated 4th January, 2017 has issued SEBI (Alternative Investment Funds) (Amendment) Regulations, 2016.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1483605567029.pdf

6. Amendments to the SEBI (Portfolio Managers) Regulations, 1993 to provide a framework for registration of fund managers for overseas funds, pursuant to introduction of Section 9A in the Income Tax Act, 1961

Securities Exchange Board of India (SEBI) vide Press Release dated 6th January, 2017 has made amendment to the SEBI (Portfolio Managers) Regulations, 1993 to provide a framework for registration of fund managers for overseas funds, pursuant to introduction of Section 9A in the Income Tax Act, 1961.

<http://www.sebi.gov.in/sebiweb/home/detail/35523/yes/PR-Amendments-to-the-SEBI-Portfolio-Managers-Regulations-1993-to-provide-a-framework-for-registration-of-fund-managers-for-overseas-funds-pursuant-to-introduction-of-Section-9A-in-the-Income-Tax-Act-1961>

7. Securities and Exchange Board of India (Foreign Portfolio Investors) (Amendment) Regulations, 2017

Securities Exchange Board of India (SEBI) vide Notification dated 12th January, 2017 has issued Securities Exchange Board of India (Foreign Portfolio Investors) (Amendment) Regulations, 2017.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1484304556024.pdf

8. SEBI Board Meeting

Securities Exchange Board of India (SEBI) vide Press Release No. 5/2017 dated 14th January, 2017 has taken the following decisions –

Reduction of Fees payable by brokers by 25% and Calibration of other fees - SEBI for the next three financial years, the Board decided to reduce the fees payable by broker by 25%, i.e. from Rs.20/- per crore of turnover to Rs.15/- per crore of turnover. This will result in reduction of overall cost of transactions and will benefit the investors and promote the development of securities market. Review of advertisement guidelines for Mutual Funds - the Board has decided that: While publishing performance related information in advertisement of Mutual Fund schemes, Performance of Mutual Fund schemes shall be advertised in terms of CAGR for the past 1 year, 3 years, 5 years and since inception; in place of current requirement to publish scheme's returns for as many twelve month periods as possible for the past 3 years. Investment by Mutual Funds in Hybrid Instruments - the Board decided that the following investment restrictions will be applicable: (i) A Mutual Fund scheme shall not invest more than 5% of its NAV in units of a single issuer of REITs and InvITs. Such limit of 5% shall not be applicable for investments in case of index fund or sector or industry specific scheme pertaining to REITs and InvITs. Regulatory Framework on Schemes of Arrangements – Mergers and Demergers Empowerment of Stock Exchanges for

effective regulation of Listed Entities SEBI (Issue and listing of Debt Securities by Municipalities) Regulations, 2015 to provide for a criteria alternative to “Net Worth” for municipalities making public issue of debt securities under these regulations SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 Enabling Payment by Digital Mode - The Board approved the proposal to amend various Regulations to enable the market participants to make payments to SEBI through digital mode (such as NEFT/RTGS).

<http://www.sebi.gov.in/sebiweb/home/detail/35602/yes/PR-SEBI-Board-Meeting>

9. Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2017

Securities Exchange Board of India (SEBI) vide Notification dated 12th January, 2017 has issued Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2017.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1484304686250.pdf

10. Criteria for Eligibility, Retention and re-introduction of derivative contracts on Commodities

Securities Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CDMRD/DMP/CIR/P/2017/6 dated 20th January, 2017 it has been decided to prescribe the criteria for eligibility, retention and reintroduction of derivative contracts on commodities shall be followed by all national commodity derivatives exchanges ('exchange').

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1484906990008.pdf

11. Fair and transparent access to data feeds of the stock exchanges

Securities Exchange Board of India (SEBI) vide Circular No. SEBI/HO/MRD/DP/CIR/P/2017/08 dated 20th January, 2017 it has been decided that stock

exchanges shall formulate a comprehensive policy document for providing stock market related data to the market participants in a fair and transparent manner, irrespective of the type of mechanism used by the stock exchanges for broadcasting of data.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1484915770520.pdf

10. Procedures for Exchange Listing Control Mechanism

Securities Exchange Board of India (SEBI) vide Circular No. SEBI/HO/MRD/DSA/CIR/P/2017/9 dated 27th January, 2017 Regulation 45 of the SECC Regulations provides for listing of stock exchanges on any recognised stock exchange, other than itself and its associated stock exchange. It has been decided that the Listing Department of the listing stock exchange (i.e. a stock exchange on which the listing is done) shall be responsible for monitoring the compliance of the listed stock exchange (i.e. a stock exchange which is getting listed) as in the case of listed companies. The Independent Oversight Committee of the listing stock exchange shall exercise oversight at the second level to deal with the conflicts, if any. An independent Conflict Resolution Committee (CRC) constituted by SEBI, with an objective for independent oversight and review, shall monitor potential conflicts between listed and listing stock exchange on a regular basis. The listed stock exchange aggrieved by the decision of the Independent Oversight Committee of the listing exchange may appeal to the CRC.

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1485515472109.pdf

TAXATION UPDATE



1. Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax (Amendment) Rules, 2016

Ministry of Finance (Department of Revenue) has issued Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax (Amendment) Rules, 2016 which shall come into force on the date of their publication in the Official Gazette. Amendment is made to insert Rule 13 regarding Payment of sum under sub-sections (2) or (5) of section 32 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, Rule 14 regarding Service of notice, summons, requisition, order or any other communication under section 74, Rule 15 regarding Application for Approved valuer under section 77. The Rules also provide Form 8 for Application for registration as an approved valuer under sub-section (1) of section 77 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 http://www.incometaxindia.gov.in/communications/notification/notification123_2016.pdf 6.Pdf

2. Central Board of Direct Taxes signs three more Advance Pricing Agreements pertaining to the Engineering Goods and Shipping sectors.

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Press Release dated 4th January, 2017 has entered into three unilateral Advance Pricing Agreements (APAs). The

three APAs signed today pertain to the Engineering Goods and Shipping sectors of the economy. The international transactions covered in these agreements include Intra-group Services and Support Services.

With this, the total number of APAs entered into by the CBDT has reached 120 which includes 7 bilateral APAs and 113 Unilateral APAs. A total of 56 APAs (4 bilateral APAs and 52 unilateral APAs) have been entered into in the current financial year till date. The CBDT expects more APAs to be concluded and signed in the near future.

3. Cabinet approves Agreement between India and Uruguay regarding Cooperation and Mutual Assistance in Customs Matters

Ministry of Finance vide Press Release dated 4th January, 2017 as approved signing and ratifying an Agreement between India and Uruguay regarding Cooperation and Mutual Assistance in Customs Matters.

The Agreement will help in the availability of relevant information for the prevention and investigation of Customs offences. The Agreement is also expected to facilitate trade and ensure efficient clearance of goods traded between the countries.

The draft Agreement takes care of Indian Customs' concerns and requirements, particularly in the area of exchange of information on the correctness of the Customs value declared, the authenticity of certificates of origin of goods and the description of the goods traded between the two countries.

4. Income-tax Rules amended to provide that bank shall obtain and link PAN or Form No. 60 (where PAN is not available) in all existing bank accounts (other than BSBDA) by 28.02.2017.

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Press Release dated 8th

January, 2017 has amended Income Tax Rules to provide that bank shall obtain and link PAN or Form No. 60 (where PAN is not available) in all existing bank accounts (other than BSBD) by 28.02.2017, if not already done. In this connection, it may be mentioned that RBI vide circular dated 15.12.2016 has mandated that no withdrawal shall be allowed from the accounts having substantial credit balance/deposits if PAN or Form No.60 is not provided in respect of such accounts. Therefore, persons who are having bank account but have not submitted PAN or Form No.60 are advised to submit the PAN or Form No. 60 to the bank by 28.2.2017. The banks and post offices have also been mandated to submit information in respect of cash deposits from 1.4.2016 to 8.11.2016 in accounts where the cash deposits during the period 9.11.2016 to 30.12.2016 exceeds the specified limits.

It has also been provided that person who is required to obtain PAN or Form No.60 shall record the PAN/Form.No.60 in all the documents and quote the same in all the reports submitted to the Income-tax Department.

http://www.incometaxindia.gov.in/communications/notification/notification_2_2017.pdf

5. India and Kazakhstan sign Protocol to amend the Double Taxation Avoidance Convention (DTAC)

Ministry of Finance vide Press Release dated 6th January, 2017 has signed a Protocol to amend the existing Double Taxation Avoidance Convention (DTAC) between the two countries which was earlier signed on 9th December, 1996 for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income.

Salient features of the Protocol are as under:

(i) The Protocol provides internationally accepted standards for effective exchange of information on tax matters. Further, the information received from Kazakhstan for tax purposes can be shared with other law enforcement agencies with authorisation of the competent authority of Kazakhstan and vice

versa.

(ii) The Protocol inserts a Limitation of Benefits Article, to provide a main purpose test to prevent misuse of the DTAC and to allow application of domestic law and measures against tax avoidance or evasion.

(iii) The Protocol inserts specific provisions to facilitate relieving of economic double taxation in transfer pricing cases. This is a taxpayer friendly measure and is in line with India's commitment under Base Erosion and Profit Shifting (BEPS) Action Plan to meet the minimum standard of providing Mutual Agreement Procedure (MAP) access in transfer pricing cases.

(iv) The Protocol inserts service PE provisions with a threshold and also provides that the profits to be attributed to PE will be determined on the basis of apportionment of total profits of the enterprise.

(v) The Protocol replaces existing Article on Assistance in Collection of Taxes with a new Article to align it with international standards.

6. New design of PAN card with effect from January 1, 2017

NSDL e-Governance Infrastructure Limited PAN Services vide Circular No. NSDL/TIN/12017/001 dated 10th January, 2017 has informed that Income Tax Department has prescribed certain changes in the existing design of the PAN cards. Accordingly, with effect from January 1, 2017, PAN cards are being printed as per the new design specifications approved by ITD.

New features:

(i) Quick Response (QR) code having details of the PAN applicant is printed on PAN card for enabling verification of the PAN Card;

(ii) Legends have been incorporated for particulars Name, father's, and date of birth fields. Position of PAN & signature has been changed.

(iii) Position of PAN & signature has been changed.

7. Migration of existing Central Excise/Service Tax Assessee to GST

Ministry of Finance, Central Board of Excise and Customs vide Instruction No. F.No.IV(33)16/2016 dated 6th January, 2017 it has been instructed that .As per Sec 166 of the draft CGST Act read with relevant rules, every Central Excise / Service Tax assessee having a valid PAN shall be granted registration under GST regime on a provisional basis. For such assessee, GSTN shall generate provisional IDs and communicate the same to the assessee through CBEC for migration to the GST regime. The Directorate General of Systems, CBEC has made necessary arrangement of communicating the provisional IDs along with passwords to the respective assessee in a secured manner through the ACES portal (aces.gov.in).

8. CBDT issues Circular on Deduction of Tax at Source income-Tax Deduction From Salaries Under Section 192 of The Income-Tax Act, 1961 during The Financial Year 2016-17

The CBDT has issued a Circular which contains the rates of deduction of Income Tax from the payment of income chargeable under the head "Salaries" during the financial year 2016-17 and explains certain related provisions of the Act and Income-tax Rules, 1962. The relevant Acts, Rules, Forms and Notifications are also available at the website of the Income Tax Department. Further the circular has broad scheme of tax deduction at source from "Salaries", Persons responsible for deduction tax & their duties and method of computation of income under the head "Salaries".

<http://www.incometaxindia.gov.in/communications/circular/tds%202017.pdf>

9. India and Kazakhstan sign Protocol to amend the Double Taxation Avoidance Convention (DTAC)

Ministry of Finance had issued a press release on signing of a Protocol to amend the Double Taxation Avoidance Convention (DTAC)

between India and Kazakhstan. The existing Double Taxation Avoidance Convention (DTAC) was made between the two countries on 9th December, 1996 for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income. This Protocol provides internationally accepted standards for effective exchange of information on tax matters. The Protocol inserts a Limitation of Benefits Article, to provide a main purpose test to prevent misuse of the DTAC and to allow application of domestic law and measures against tax avoidance or evasion. The Protocol inserts specific provisions to facilitate relieving of economic double taxation in transfer pricing cases which is a taxpayer friendly measure. Further, the Protocol replaces existing Article on Assistance in Collection of Taxes with a new Article to align it with international standards.

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=156176>

10. Clarifications on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Circular No. 2/2017 dated 17th January, 2017 has issued a set of twelve FAQs with regard to Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY) commenced on 17th December, 2016 and is open for declarations up to 31st March, 2017.

The Circular inter alia provides clarifications on issues such as the deposits eligible for being declared under the Scheme, eligibility for making a declaration under the Scheme, adjustment of seized cash against the payment of tax, surcharge and penalty under the Scheme etc.

<http://www.incometaxindia.gov.in/pages/communications/index.aspx>

11. Procedure for registration and submission of statement of financial transactions (SFT) as per section 285BA of Income-tax Act, 1961 read with Rule 114E of Income-tax Rules, 1962

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Notification No. 1 of 2017 dated 17th January, 2017 has laid down the procedure for registration and submission of statement of financial transactions (SFT) as per Section 285BA of Income Tax Act, 1961 read with Rule 114E of Income Tax Rules, 1962.

http://www.incometaxindia.gov.in/communications/notification/systemnotification1_2017.pdf

12. Cabinet approves Listing of Government owned General Insurance Companies at the stock exchanges

Ministry of Finance vide Press Release dated 18th January, 2017 has given its 'in principle' approval for listing the following five Government owned General Insurance Companies in the stock exchanges. These are:

- (i) The New India Assurance Company Ltd.
- (ii) United India Insurance Company Ltd.,
- (iii) Oriental Insurance Company Ltd.,
- (iv) National Insurance Company Ltd. and
- (v) General Insurance Corporation of India.

The shareholding of these Public Sector General Insurance Companies (PSGICs) will be divested from 100 percent to 75 percent in one or more tranches over a period of time. During the process of disinvestment, existing rules and regulations of Securities and Exchange Board of India (SEBI) and Insurance Regulatory and Development Authority of India (IRDAI) will be followed.

Listing of (PSGICs) is likely to yield the following benefits:

- a. Listing on the Stock Exchange necessitates compliance with a number of disclosures and accounting requirements of SEBI, which acts as an additional oversight mechanism. The disclosures bring about transparency and equity

in the companies functioning.

b. Listing is expected to lead to improved corporate governance and risk management practices leading to improved efficiency. A greater focus on growth and earnings can also be expected.

c. Listing will open the way for the companies to raise resources from the capital market to meet their fund requirements to expand their businesses, instead of being dependent on the Government for capital infusion.

13. Clarifications on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Circular No. 2/2017 dated 18th January, 2017 has issued Clarifications on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016. The Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 provides an opportunity to persons having undisclosed income in the form of cash or deposit in an account maintained with a specified entity to declare such income and pay tax, surcharge and penalty totaling in all to 49.9 per cent of such declared income and make a mandatory deposit of not less than 25% of such income in the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016. The Scheme has commenced on 17.12.2016 and shall remain open for declarations/deposit upto 31.03.2017. The Central Government has considered the queries and decided to clarify the same in the form of questions and answers.

http://www.incometaxindia.gov.in/communications/circular/circular02_2017.pdf

14. CBDT kept Indirect Transfer Provision circular in abeyance

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Circular No. 4 of 2017 dated 20th January, 2017 has kept the Circular

No. 41/2016 dated 21st December, 2016 regarding Indirect Transfer Provisions under the Income Tax Act, 1961 under abeyance.'

http://www.incometaxindia.gov.in/communications/circular/circular4_2017.pdf

15. CBDT clarification on filing of SLPs / appeals

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Circular No. 5 of 2017 dated 23rd January, 2017 has provided clarification with regard to Instructions issued vide CBDT Circular No. 21/2015 dated 10.12.2015, to the effect that appeals/SLPs should not be filed in cases where tax effect does not exceed the monetary limits specified under para 3 of the said Circular.

http://www.incometaxindia.gov.in/communications/circular/circular5_2017.pdf

16. Clarifications on implementation of GAAR provisions under the Income Tax Act, 1961

Ministry of Finance, Central Board of Direct Taxes (CBDT) vide Circular No. 7 of 2017 dated 27th January, 2017 it has been clarified that if the jurisdiction of FPI is finalized based on non-tax commercial considerations and the main purpose of the arrangement is not to obtain tax benefit, GAAR will not apply. GAAR will not interplay with the right of the taxpayer to select or choose method of implementing a transaction. Further, grandfathering as per IT Rules will be available to compulsorily convertible instruments, bonus issuances or split / consolidation of holdings in respect of investments made prior to 1st April 2017 in the hands of same investor. It has also been clarified that adoption of anti-abuse rules in tax treaties may not be sufficient to address all tax avoidance strategies and the same are required to be tackled through domestic anti-avoidance rules. However, if a case of avoidance is sufficiently addressed by Limitation of Benefits (LoB) provisions in the tax treaty, there shall not be an occasion to invoke GAAR.

http://www.incometaxindia.gov.in/communications/circular/circular7_2017.pdf

17. Department of Trade and Taxes Extension for filing of online return for 3rd Quarter of 2016-17

Department of Trade and Taxes has allowed extension for filing of online return for 3rd Quarter of 2016-17. Thereby, the last date of filing of online/hard copy of third quarter return for the year 2016-17 in form DVAT-16, DVAT-17 and DVAT-48 has been extended to 13/02/2017. However, the tax due shall continue to be paid in the usual manner as per the provisions of Section 3(4) of the Delhi Value Added Tax Act, 2004. The dealers filing the returns through digital signature need not be required to file hard copy of the return/ Form DVAT-56.

<http://dvatonline.gov.in/Docs/Circulars/1624506.pdf>

1. Cabinet approves signing of MoU between India and Portugal in the field of agriculture and allied sectors

Ministry of Agriculture vide Press Release dated 4th January, 2017 has given its approval for signing of an Agreement for cooperation in the field of Agriculture and allied sectors between India and Portugal.

The Agreement covers various activities in these fields which include exchange of scientific and technical information, trade in plants and plant products, exchange of information in phytosanitary issues, training programmes, seminars and visits of experts and consultants.

2. Cabinet approves MoU between India and Kenya on bilateral cooperation in the field of agriculture and allied sectors

Ministry of Agriculture vide Press Release dated 4th January, 2017 has approved signing of a Memorandum of Understanding (MoU) between India and Kenya on bilateral cooperation in the field of agriculture and allied sectors.

The MoU covers various activities in these fields which include agricultural research, animal husbandry and dairy, livestock and fisheries horticulture, natural resource management, post-harvest management and marketing, soil and conservation, water management, irrigation farming systems development and integrated watershed development integrated pest management, agricultural plant, machinery and implements, sanitary and phytosanitary issues.

3. EPF Statutory dues for the month of December can be paid by 20th January 2017

Ministry of Labour & Employment vide Press Release dated 13th January, 2017 it has been decided that the issues arising out of stabilisation of the Unified Portal for employers with UAN Based simplified

Electronic Challan cum Return filing system the remittance for the month of December 2016 can be paid by 20th January 2017.

The Portal was launched by EPFO on 23.12.2016, which helps in submission of UAN based returns and challans. It has been noticed that due to increased traffic on the portal, many employers have faced some difficulty in upfront allotment of UAN, connectivity/login issues, website slowing down and also unfamiliarity of the new processes. The Statutory dues are to be paid by 15th of every month.

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- Direct & Indirect Tax Consulting; Compliances
- Transfer Pricing
- International Tax
- Structuring and Advisory

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