



A K G V G & Associates

Chartered Accountants

Delivering Excellence

AKGVG Weekly Insight-Vol I

02nd January, 2017

Coverage:

- Income Tax Updates
- Customs Updates
- Service Tax
- Weekly News
- RBI Updates

Regulatory Updates

Assembled & Edited by:

Team - AKGVG



AKGVG & Associates Chartered Accountants

(Delhi | Gurgaon | Mumbai | Ahmedabad | Bangalore | Chennai)

Head Office: 307, Pearls Corporate, Mangalam Palace, Sector -3, Rohini,
New Delhi - 110085

Visit us on www.akgvg.com

For more info:

E-mail us at info@akgvg.com

Ph: +91 9811118031, +91 9818330516, +91 9818314719



transactions in the financial year 2014-15 but did not file return of income for the relevant assessment year i.e. A.Y 2015-16.

[\(Click here to read more\)](#)

I-T department clarifies, retro tax ghost won't haunt foreign portfolio investors

Foreign portfolio investors (FPIs) don't have to worry that the income-tax department will open cases from previous years following a recent clarification on the controversial 2012 retrospective amendment of the I-T law that had spooked them.

[\(Click here to read more\)](#)

Report cash receipt over Rs 2 lakh in single transaction: CBDT

The Income Tax department has clarified that businesses and traders receiving cash exceeding Rs 2 lakh in any single transaction for sale of goods and services are required to report it to the authorities under Rule 114E of Income Tax Rules, 1962.

[\(Click here to read more\)](#)

Income tax notices to car dealers; seeks details of customers post Nov 8

The I-T notices call upon car dealers to provide details of customers along with their addresses, make and model numbers of the four-wheelers they've bought, invoiced cost, booking dates, among other details. The department also has asked car dealers to provide ledgers of all customers who have booked vehicles from November 1 till date, along with bank account details with statements during that period.[\(Click here to read more\)](#)

CBDT extends deadline for tax settlement scheme till January 31

Giving companies like Vodafone and Cairn Energy one more month to accept its offer to settle retro tax disputes, the government has extended till January 31 its one-time tax dispute resolution scheme. On May 26, the government had notified the scheme saying it would open on June 1 and close on December 31.

"In the said notification, the figures, letters and words December 31, 2016, the figures, letters and words January 31, 2017, shall be substituted," CBDT said via [Notification No. 124/2016, dtd 29.12.2016](#). The scheme provides for waiving interest and penalties if the principal amount involved in retrospective tax cases is paid. [\(Click here to read more\)](#)

CBDT issued explanatory notes on provisions of the taxation and investment regime for Pradhan Mantri Garib Kalyan Yojana, 2016

CBDT via [Circular no. 43/2016 dtd 27.12.2016](#), has provided explanatory notes on provisions of the **Taxation and Investment regime for Pradhan Mantri Garib Kalyan Yojana, 2016** as contained in the chapter IX-A of the Finance Act, 2016. The explanation included scope, tax, surcharge, penalty, deposit under the scheme, time limit for declaration and making payment, form for declaration, manner for filling declaration, ineligible declarations and effect of valid declarations.

CBDT issued clarifications on the Direct Tax Dispute Resolution Scheme, 2016

Considering the queries central government received from field authorities, CBDT vide [Circular no. 42/2016 dtd 23.12.2016](#), has come up with clarifications on Direct Tax Dispute Resolution Scheme, 2016. The Direct Tax Dispute Resolution Scheme, 2016 (hereinafter referred to as 'the Scheme') incorporated as Chapter X of the Finance Act, 2016 provides an opportunity to tax payers who are under litigation to come forward and settle the dispute in accordance with the provisions of the Scheme.

Income Tax Department Identifies 67.54 lakh Potential Non-Filers for F.Y. 2014-15

The Non-filers Monitoring System (NMS) was rolled out for identification of no filers with potential tax liabilities. Data analytics carried out by the Systems Directorate of Central Board of Direct Taxes (CBDT) identifies non-filers about whom specific information is available in the AIR, CIB and TDS/TCS databases. The Income Tax Department has conducted the fifth cycle of data matching which has identified an additional 67.54 lakh potential non-filers who have carried out high value

Customs Act

Exemption of BCD on import of Technitium-99m withdrawn

CBEC via [Notification no 61/2016-Cus, dtd. 27-12-2016](#), has withdrawn the exemption from Basic Customs Duty on import of Technitium-99m there by omitting serial number 163B and entries relating thereto from table given in notification No 12/2012-Customs dated 17.03.2012.

ADD on the imports of Soda Ash will continue to be levied:

Govt via notification no No.08/2013-Customs (ADD) dated 18.04.2013, had imposed anti-dumping duty (ADD) on imports of Soda Ash, originating in or exported from Russia and Turkey. Also, ADD had been imposed on the imports of Soda Ash, originating in or exported from China PR, EU, Kenya, Pakistan, Iran, Ukraine and USA via notification No.34/2012-Customs (ADD) dated 03.07.2012.

CBEC via [Notification no 56/2016-Cus \(ADD\), dt. 21-12-2016](#), and [Notification no 55/2016-Cus \(ADD\), dt. 21-12-2016](#) has rescinded notification No.08/2013-Customs (ADD) and notification No.34/2012-Customs (ADD) respectively. These notifications have been issued since the time limit of three months for issuing the notification is ending shortly. However, the operation of the said rescinding notifications shall remain in abeyance, till the final decision of the Honorable High Court of Gujarat. Therefore, in effect, anti-dumping duty on import of Soda ash will continued to be levied if originating or exported from aforesaid countries to India.



Digital-payment: CMs' panel for continuance of service tax waivers

A high-level NITI Aayog Committee of Chief Ministers has favored continuance of service tax exemptions on digital payments beyond December 31, in order to make India a less-cash economy. NITI Aayog, along with Nasscom and telecom

operators, will also be launching a dedicated helpline for all digital payments-related queries soon.

“We want to recommend this (service tax exemptions) to government of India to continue not only beyond December 31, even beyond March 31, and for the future also. If digital currency will be costlier than physical currency, then people will go to physical currency,” Andhra Pradesh Chief Minister Chandrababu Naidu said. [\(Click here to read more\)](#)

Weekly News

Employees' State Insurance Corporation raises wage threshold to Rs 21,000

At present, the wage ceiling for coverage under the Employees' State Insurance Act, 1948 is Rs.15,000/- per month. Now, the Ministry of Labour & Employment, Government of India has, vide **Notification no. F. No. S-38012/02/2013-SS-I dated 22 December 2016**, enhanced the wage ceiling for coverage under the Employees' State Insurance Act, 1948 from Rs.15,000/- per month to Rs.21,000/- per month w.e.f. 1st January 2017.

[\(Click here to read more\)](#)

Penalty for failure to return old notes

If after March 31 next year, you still have a lot of the old series Rs 500 and Rs 1,000 notes, you might have to pay a hefty fine. According to an Ordinance, cleared by the Union Cabinet on 28.12.2016, people possessing more than 10 old notes — irrespective of their value — would be committing an offence. But there was no clarity on when this would come into effect.

If those depositing old notes between January 1 and March 31 with the Reserve Bank of India (RBI) give wrong information, they would have to cough up a fine of Rs 5,000, or five times the amount with them. Those not submitting the banned currency even after March 31 would have to pay a fine of Rs 10,000 or five times the amount, whichever is higher.

[\(Click here to read more\)](#)



RBI plans to boost payments system

The Reserve Bank of India on 29.12.2016 said it intended to boost the overall payment system in the country to improve its coverage, convenience, confidence, convergence and cost. In its Annual Trends and Progress Report, RBI also said that it planned to address customer service-related concerns in the non-banking segment with the regulator planning to design an ombudsman scheme for nonbank finance companies (NBFCs), which have become major players in the system, especially in segments such as home loans. [\(Click here to read more\)](#)

RBI introduces Interest Rate Option, effective from New Year

In the new year, traders will have a new toy to play with as the Reserve Bank of India has introduced Interest Rate Option (IRO) effective from January 31 amid a bit of uncertainty over rate cuts in coming months. With this banks, bond houses should be able to manage their interest rate risk better than earlier. Traders can also gain from it by speculating on interest rates.

RBI said via [Notification No. FMRD.DIRD. 11/2016 dated December 28, 2016](#), "Eligible market participants are permitted to take positions in Interest Rate Options for their own balance sheet management and for market making purposes," "Banks and Primary Dealers (PDs) may act as market makers. Other regulated institutional entities can participate as market makers subject to the approval of their respective regulators."

[\(Click here to read more\)](#)

RBI to issue Rs 20 banknotes without inset letter, with numerals in ascending size in number panels and without intaglio printing

RBI via [Press Release: 2016-2017/1700 dtd 29.12.2016](#), stated it will shortly issue Rs 20 denomination banknotes in the Mahatma Gandhi Series-2005, without inset letter in both the number panels, bearing signature of Dr. Urjit R. Patel, Governor,

Reserve Bank of India, and the year of printing '2016' printed on the reverse of the banknote.

The design and security features of these banknotes to be issued now are similar to the Rs. 20 banknotes in Mahatma Gandhi Series- 2005 issued recently with the ascending size of numerals in both the number panels, without intaglio printing issued through the Press Release No.2016-2017/1402 dated December 4, 2016. All the banknotes in the denomination of Rs. 20 issued by the Bank in the past will continue to be legal tender.

RBI asks banks to enhance working capital limit for MSMEs

In a relief to small and medium enterprises hit by demonetisation, Reserve Bank said banks may provide 'additional working capital limit' to MSME borrowers. "Banks are hereby advised that they may use the facility of providing above 'additional working capital limit' (approved by their boards) to their MSE borrowers, to overcome the difficulties arising out of such cash flow mismatches also," RBI said in [Notification: RBI/2016-17/200 dtd 29.12.2016](#). This would be a one-time measure up to March 31, and should thereafter be normalised in fresh working capital assessment cycle, it said.

[\(Click here to read more\)](#)

RBI extends loan repayment window to 90 days

In further relief to people hit by demonetisation, the Reserve Bank of India (RBI) on 28.12.2016 gave borrowers another 30 days over and above 60 days for repayment of housing, car, farm and other loans worth up to Rs1 crore.

"On a review, it has been decided to provide 30 days, in addition to the 60 days earlier provided " the RBI said in a [notification: RBI/2016-17/198 dtd 28.12.2016](#). So, borrowers together get 90 days breather from getting the account classified under non-performing asset (NPA) category. The above dispensation will apply to dues payable between 1 November and 31 December 2016, the notification said.

[\(Click here to read more\)](#)

[Feedback/Queries can be sent to info@akvg.com](mailto:info@akvg.com)

Disclaimer: This insight is meant for informational purpose only and should not be considered as an advice or opinion, or otherwise, whatsoever. AKGVG & Associates does not intend to advertise its services through this insight. AKGVG & Associates is not responsible for any error or omission in this insight or for any action taken based on its contents.

“HAPPY NEW YEAR!”

**MAY THE FORTUNE &
RENEWED CREATIVITY**

HELP YOU

TO MAKE RIGHT DECISIONS

IN YOUR PROFESSIONAL

AND

PERSONAL LIFE!