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AKGVG Weekly Insight-Vol V

30th April, 2018

Coverage:

- Income Tax Updates
- GST Updates
- RBI update
- SEBI News

Regulatory Updates

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Requirement for obtaining PAN card u/s 139A of IT Act, 1961 eased for corporate assessee

Finance Act, 2018 amended section 139A of the Income-tax Act, 1961 and removed the requirement of issuing PAN in the form of a laminated card. Hence, CBDT has clarified that PAN and TAN mentioned in the COI issued by MCA shall also be treated as sufficient proof of PAN and TAN for the said company assessee.

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Protocol amending the Double Taxation Avoidance Convention (DTAC) between India and Kazakhstan notified

With the completion of internal procedures required for entry into force of the Protocol, amending the convention between the Government of the Republic of India and the Government of the Republic of Kazakhstan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, the date of entry into force is 12.03.2018, being the date of receipt of such amendment, through diplomatic channels. The provisions of the said amending Protocol shall have effect in India in respect of income derived or capital held in any fiscal year beginning on or after the first day of April next following the date on which this Protocol enters into force. [Click here to read more](#)

CBDT issued clarification regarding applicability of standard deduction to pension received from former employer

The pension received by a taxpayer from his former employer is taxable under the head "Salaries". Accordingly, any taxpayer who is in receipt of pension from his former employer shall be entitled to claim a deduction of Rs 40,000/- or the amount of pension, whichever is less, under Section 16 of the Income Tax Act, 1961. [Click here to read more](#)

Mumbai ITAT allowed deduction u/s Sec. 80IC claimed through revised return as original return was filed within time

Monarch Innovative Tech [TS-67-ITAT-2018(Mum)]

Conclusion: Mumbai ITAT allows deduction u/s. 80IC to assessee-company (engaged in software/hardware business) for AY 2008-09. Mumbai ITAT held that since assessee claimed

Sec.80IC deduction in duly filed revised return u/s 139(5) and filed tax audit report along with prescribed Form no. 10CCB, "there was a sufficient compliance for claiming deduction" and rejected Revenue's re-opening of the concluded assessment on the ground that Sec.80IC deduction can be claimed only by filing return within the due date provided u/s 139(1). Mumbai ITAT observed that Sec. 80AC only contemplates that for allowing deduction u/s 80IC, the assessee is required to file return of income u/s 139(1), "it did not lay down condition that deduction u/s 80IC to be allowed must be claimed in the return of income filed u/s 139(1)". ITAT remarked that "It is not allowed to read words into taxing statute which are not mentioned therein by the legislature". ITAT observed that assessee did file return of income u/s 139(1) within stipulated time. ITAT further observed that filing of revised return of income u/s 139(5) was supported by bonafide reasons and was in fact extension of the original return of income. Mumbai ITAT relied on Ahmedabad ITAT ruling in Parmeshwar Cold Storage Private Limited and SC ruling in Goetze India Limited. Moreover, noting that AO [while framing assessment u/s. 143(3)] had duly deliberated on Sec. 80IC deduction claim made by assessee in the revised return of income, ITAT held it as a clear case of 'change of opinion' and quashes re-assessment.

Gujrat HC confirms addition u/s Sec. 68 considering ITAT's minute examination of genuineness of transaction

Pavankumar M Sanghvi [TS-71-HC-2018(GUJ)]

Conclusion: Gujarat HC upheld ITAT order thereby confirming unexplained cash credit addition u/s 68 in case of assessee (an individual), with respect to receipt of unsecured loan despite confirmation from lender rejecting assessee's stand that since the amount came through banking channel and the audited accounts of lenders were filed before the AO, the genuineness of the transaction, the capacity of the lender and the factum of lending stood established. Referring to lenders' bank statements, ITAT had noted the credit of Rs. 10 lakhs just before cheque payment to assessee and minimal bank balance before and after these two transactions, thus ITAT had concluded that this kind of the state of bank accounts and even the financial statements could not inspire any faith about genuineness of lenders' business. Further, on noting that the lender had incurred no travelling/ telephone expenses, ITAT had remarked that "in today's world where an average human being, much less a business organization, can live without telephones. All this is simply not representative of what a genuine business would typically be". Gujrat HC upheld ITAT order, ruled that "the Tribunal has minutely examined the position of the lenders, the circumstances under which, the amounts were allegedly loaned to come to the conclusion that the transactions were not genuine."



Govt. clarified applicability of GST on supply of food and drinks in educational institutions

With a view to remove any doubt or uncertainty regarding rate of GST applicable on supply of food and drinks in educational institutions, Government via [Press release dated 11.04.2018](#) has clarified that:-

- i. GST rate on supply of food and drinks in a mess or canteen in an educational institution attracts GST at 5% without INPUT Tax Credit (ITC).
- ii. If schools up to higher secondary level supply food directly to students, then the same are exempt from GST."

Canteen services to employees will attract GST: AAR

Caltech Polymers had recently approached AAR to seek clarity on its tax liability in case of charge deducted from employees in lieu of canteen running expenses at no profit. The company had submitted that the canteen facility was not carried out as a business activity.

"Recovery of food expenses from the employees for canteen services provided by company would come under the definition of 'outward supply' as defined in the Section 2(83) of the Act, 2017, and therefore, taxable as a supply of service under GST," the authority ruled recently on a plea filed by Caltech Polymers, a Kerala-based footwear manufacturer. [Click here to read more](#)

CBIC clarifies queries regarding processing of refund applications for UIN agencies

CBIC has clarified the queries regarding processing of refund applications for UIN agencies via Circular No. 43/17/2018-GST dated 13th April, 2018

The Board has clarified that till the system generated FORM GSTR-11 does not have invoice-level details, UIN agencies are requested to manually furnish a statement containing the details of all the invoices on which refund has been claimed, along with refund application. It further advised the officers not to request for the original or hard copy of the invoices unless necessary. [Click here to read more](#)

Govt notified amended rules relating to GST refund

CBIC has notified CGST Rules (fourth amendment) rules thereby amending rules 89(5) and 97 relating to refund under the GST. The amendment also inserted one new form, namely FORM GSTR-10 and substituting FORM GST DRC-07. [Click here to read more](#)

CBIC issued clarifying the procedure for recovery and reversal of ITC

CBIC issued circular No. 42/16/2018-GST dated 13th April, 2018 relating to recovery of arrears of central excise duty /service tax and CENVAT credit carried forward erroneously and related interest, penalty or late fee payable arising as a result of the proceedings of assessment, adjudication, appeal etc. initiated before, on or after the appointed date under the provisions of the GST law has been explained by the Government. It further clarified that in case where any proceeding of appeal, review or reference relating to a claim for CENVAT credit had been initiated, whether before, on or after the appointed day, under the existing law, any amount of such credit becomes recoverable, the same shall, unless recovered under the existing law, be recovered as an arrear of tax under the CGST Act. [Click here to read more](#)

CBIC laid out procedure for interception, detention of goods under e-way bill rule

CBIC has prescribed via Circular No. 41/15/2018-GST dated 13th April, 2018 a detailed procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyance under the GST laws. [Click here to read more](#)



AD Category-I banks to upload daily transaction wise information

RBI has issued a notification w.r.t Liberalised Remittance Scheme (LRS) for Resident Individuals and daily reporting of transactions. Currently, transactions under Liberalised Remittance Scheme (LRS) are being permitted by AD banks based on the declaration made by the remitter. The monitoring of adherence to the limit is confined to obtaining such a declaration without independent verification, in the absence of a reliable source of information. In order to improve monitoring and also to ensure compliance with the LRS limits, RBI has decided to put in place a daily reporting system by AD banks of transactions undertaken by individuals under LRS, which will be accessible to all the other ADs. Accordingly, from the date of issue of this circular, all AD Category-I banks are required to upload daily transaction-wise information undertaken by them under LRS at the close of business of the next working day. In case no data is to be furnished, AD banks shall upload a 'Nil' report. [Click here to read more](#)

RBI tightens reporting norms of outward remittances to improve monitoring

RBI has tightened reporting norms for the Liberalised Remittance Scheme (LRS) under which an individual can transfer up to USD 2,50,000 abroad in a year. Currently, transactions under LRS are being permitted by AD banks based on the declaration made by the remitter. The monitoring of adherence to the limit is confined to obtaining such a declaration without independent verification, in the absence of a reliable source of information. Now, banks will be required to upload daily transaction-wise information undertaken by them under LRS. [Click here to read more](#)

RBI mandated linking of Aadhaar card to bank accounts

RBI has made linking of national biometric ID Aadhaar to bank accounts mandatory as part of its updated KYC guidelines. [Click here to read more](#)

SEBI issued circular w.r.t. Performance disclosure post consolidation / Merger of Schemes under the provisions of SEBI (Mutual Funds) Regulations, 1996

Currently, there are no specific guidelines governing the depiction of performance of the surviving scheme, pursuant to merger of schemes. Further, it is observed that Mutual Funds adopt varied practices, such as disclosing the weighted average performance or performance of surviving schemes, while making such disclosures. It has been decided to disclose the performance, post-merger of schemes two schemes, having the same features, the weighted average performance of both the schemes needs to be disclosed. [Click here to read more](#)

Consultation paper for reduction in timelines for public issue of debt securities issued

SEBI has issued **Consultation Paper for Reduction in timelines for public issue of Debt Securities under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008** and proposed the timeline for listing of debt securities to Six (6) days from Twelve (12) days at present. The Board has proposed to make ASBA (Application Supported by Blocked Amount) mandatory for all the investors applying in a public issue of debt securities which would reduce the time taken for collecting banks to commence clearing of payment instruments, forwarding application forms along with bank schedules to registrar and undertaking of technical rejection test. Further, the Board has invited public comments/ suggestion on the proposal by **14th May, 2018**. [Click here to read more](#)

SEBI has issued guidelines for issuance of Debt Securities by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

The Board had notified that REITs and InvITs can issue debt securities in December, 2017. According to circular, REITs/InvITs shall follow provisions of SEBI (Issue and Listing of Debt Securities Regulations), 2008 for issuance of debt securities and REITs/InvITs shall appoint one or more debenture trustee registered with SEBI under Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. [Click here to read more](#)

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