

Weekly Insight

27th June, 2016

In this issue,

WHAT's been NEW in:

Taxes – Direct & Indirect

RBI,

Corporates,

Latest News

Regulatory Updates

Assembled & Edited by:

Vimal Saini (FCA, LCS, PGDBM – Finance & IB)

Neetu Saini (FCS, LL.M, M.Com, MBA - Finance)

Sonia Mittal (ACS, MBA - Finance)

Karuna Bajaj (ACA, B.Com)

Corporate Analyst & Consultant Private Limited

Chartered Accountants

(Delhi/Gurgaon/Chandigarh/Mumbai/Ahmedabad/
Bangalore/ Chennai/Neemrana)

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

Visit us on www.cac.net.in

For more info:

E-mail us info@cac.net.in

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



[Income Tax 15th Amendment Rules, 2016 \(vide CBDT Notification dated 20.06.2016\)!](#)

In exercise of the powers conferred by section 285BA read with section 295 of the Income Tax Act, 1961 (43 of 1961), the central government with respect to registration of persons, due diligence and maintenance of information, and the Central Board of Direct Taxes for matters relating to statement of reportable accounts, make the following rules further to amend the Income-Tax Rules, 1962.

[Income Tax Notification No. 47/2016 \(Dated 17.06.2016\)!](#)

No TDS under the Chapter XVII of the income-tax Act, 1961 on the payments of the nature specified in the notification by a person to a bank, excluding a foreign bank, or to a payment system company authorized by Reserve Bank of India.

[Income Tax Notification No. 46/2016 \(Dated 17.06.2016\)!](#)

No TDS under the Chapter XVII of the income-tax Act, 1961 on the payments of the nature specified in clause (23DA) of section 10 of the said Act received by any securitization trust as defined in clause (d) of the Explanation to section 115TC - 46/2016 - Dated 17-6-2016 - Income Tax.

Income Tax department to take steps to boost TDS collections! [\(Click here to read the news\)](#)

Buoyed by a steady growth in collections from tax deducted at source (TDS), the Income Tax department now plans to undertake multiple steps to "augment" revenue from this category and minimize tax avoidance. The department plans to undertake meetings with various stakeholders like company deductors and chartered accountants to ensure that due taxes under this category are deposited accurately and on time.

[Notification No. 40/2016 - Customs, Dated 21-06-2016!](#)

Seeks to further amend notification No. 53/2011-Customs dated 01st July, 2011 so as to provide deeper tariff concessions in respect of specified goods imported from Malaysia under the India-Malaysia Comprehensive Economic Cooperation Agreement (IMCECA) w.e.f. 30.06.2016.

[Notification No. 39/2016-Customs, Dated 21-06-2016!](#)

Seeks to further amend Notification No. 96/2008-Customs dated 13.08.2008 so as to include 'Republic of Togo' and 'Republic of Chad' in the list of countries eligible for preferential tariff under the said notification.

[Notification No. 38/2016-Customs, Dated 17-06-2016!](#)

Seeks to further amend notification No. 12/2012-Customs, dated the 17th March, 2012 so as to continue with the imposition of BCD of 25% on wheat beyond 30.06.2016 and without an end date.

[Notification No. 37/2016-Customs, Dated 16-06-2016!](#)

Seeks to further amend notification No. 27/2011-Customs, dated 01.03.2011 so as to impose export duty of 20% on raw sugar, white or refined sugar.

[Notification No. 36/2016-Service Tax Dated 23-06-2016!](#)

Seeks to exempt service tax on taxable services by way of transportation of goods by a vessel from outside India upto customs station in India with respect to which the invoice for the service has been issued on or before 31st May, 2016 subject to the condition of production of customs certified copy of the import manifest or import report required to be delivered under section 30 of the Customs Act, 1962.

[Notification No. 35/2016-Service Tax Dated 23-06-2016!](#)

Seeks to exempt taxable services from the whole of Krishi Kalyan Cess leviable thereon with respect to which the invoice for the service has been issued on or before 31st May, 2016 subject to the condition that the provision of the service has been completed on or before 31st May, 2016.



Reserve Bank of India (Financial Statements of All India Financial Institutions - Presentation, Disclosure and Reporting) Directions, 2016! ([vide RBI Master Directions dated 23.06.2016](#))

These Directions shall be applicable to the All India Financial Institutions (AIFIs) regulated by Reserve Bank of India viz. EXIM Bank, NABARD, NHB and SIDBI with effect from the quarter ended December 2016.

Format of Statutory Auditors' Certificate (SAC) to be submitted by NBFCs! ([vide RBI Notification dated 23.06.2016](#))

With a view to ensure consistency in the manner in which the information is received from the Auditors, it has been decided to introduce a uniform format of the SAC. The NBFC would need to fill in the information, as applicable, in COSMOS.

Reporting of Information on Investment in Commercial Papers and Unhedged Foreign Currency Exposures of the Borrowers to Credit Information Companies! ([vide RBI notification dated 23.06.2016](#))

The reporting requirements set out in aforesaid notification shall be effective from July 1, 2016 i.e. from the credit information reports showing the position for the month of June 2016.

Permitting writing of options against contracted exposures by Indian Residents! ([vide RBI Notification dated 23.06.2016](#))

As announced in the [Bi-Monthly Monetary Policy Statement on April 7, 2015](#), in order to encourage participation in the Over the Counter (OTC) currency options market and improve its liquidity, it has been decided to permit resident exporters and importers of goods and services to write (sell) standalone plain vanilla European call and put option contracts against their contracted exposure.

Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015! ([vide RBI Notification dated 23.06.2016](#))

In line with the Government of India's start-up initiative, it has been decided that an Indian start-up, having an overseas subsidiary, may open a foreign currency account with a bank outside India for the purpose of crediting to the account the foreign exchange earnings out of exports/sales made by the said start-up or its overseas subsidiary.

Implementation of Indian Accounting Standards (Ind AS)! ([vide RBI Notification dated 23.06.2016](#))

Please note that the submission of proforma Ind AS financial statements to the Reserve Bank shall not be construed as validation, in any form, of the financial statements, by the Reserve Bank.

Kindly click [here](#) to refer the FAQs for Name Reservation and Company Incorporation!

Annual filing forms for Companies Act, 1956 - 23AC, 23ACA, 23B, 20B, 21A are likely to be available on MCA21 portal by mid-August 2016!

Stakeholders are requested to plan accordingly.

Stakeholders are requested to select Type/category "CRC" while creating any new service complaint (Helpdesk ticket) for Name Reservation or Company Incorporation related problems!

SEBI eases trading norms for currency derivatives!

([Click here to read the news](#))

In order to ease trading in the currency derivatives segment, capital market regulator SEBI has clarified that while the position limit linked to open interest shall be applicable at the time of opening a position, it need not be unwound if there is a drop of total open interest in a currency pair at the stock exchange. For different types of clients in different currency pairs, exchanges have limits on their gross open positions.

SEBI issues consultation paper on OFM norms! ([Click here to read the news](#))

Capital markets regulator Securities and Exchange Board of India (SEBI) has issued a consultation paper proposing changes to regulations regarding portfolio managers to enable fund managers to handle foreign money from Indian shores. The amendments were approved by SEBI's board at a meeting held on June 17. Within the consultation paper, SEBI has proposed to insert offshore fund managers (OFMs) or eligible fund managers (EFMs) as a new chapter in the existing norms.

How Narendra Modi govt tailored labour reforms in textile policy garb! ([Click here to read the news](#))

The government on Wednesday announced a special package with an estimated annual outgo of R6, 000 crore for the garment industry, with a thrust on some radical changes to labour rules to help create 1 crore additional jobs over the next three years. To rid the employment-intensive sector of the cobweb of archaic labour rules that have stifled growth and ensured the rise of "militant unionism", the Cabinet decided to introduce fixed-term employment and bring in parity between the contractual and permanent labourers in terms of wages and all other incentives — an important step that can potentially be replicated in other industries (for instance, automobiles) that have witnessed protests over pay disparity among workers and are struggling under rigid rules for contractual employment.



Brexit brings out the bears!

Britain's surprise vote to exit the European Union (EU) sent shockwaves across markets and created uncertainty for the global economy. A 52:48 per cent referendum verdict in favour of leaving the EU bloc roiled global financial markets and wiped out billions of dollars of investor wealth. ([Click here to read more](#))

Increase in All Industry Rates (AIR) of Duty Drawback on gold jewellery and silver jewellery/articles- reg! (vide CBEC Circular dated 24.06.2016)

This amendment has raised, with effect from 24.06.2016, the specific AIRs of Drawback for export of gold jewellery, silver jewellery and silver articles under tariff item numbers 711301, 711302 and 711401, respectively, and specified additional conditions when the AIRs on these items shall not be applicable. Accordingly, it will be necessary for the exporter claiming these AIRs to make a declaration at the time of export.

Amendment in Section 206C of the Income tax Act vide Finance Act 2016!

([vide CBDT Circular dated 24.06.2016](#))

Taxmen told to ensure black money window's success!

The Income Tax Department has asked its officers to make "all out efforts" to attract potential declarants under the domestic black money window by assuring them of confidential and hassle- free disclosures. In order to give wide publicity, the Central Board of Direct Taxes (CBDT) has also suggested putting up posters about the Income Declaration Scheme 2016, at places frequented by potential declarants, such as club houses and posh markets. ([Click here to read more](#))

Penal action against defaulters whose names made public by I-T dept: Jaitley!

Finance minister Arun Jaitley on Wednesday said the income-tax department would take penal actions only against those wilful defaulters whose names have been made public by tax authorities. "The names of wilful tax defaulters have been published by the I-T department. There are about 63 names, subject to verification. These include persons who are not traceable. Action will be taken against them." ([Click here to read more](#))

Blocking of PAN, new bank loans likely!

In stricter measures on tax defaulters, the department of revenue has decided to block their Permanent Account Number (PAN), cancel their cooking gas subsidy and ensure non- sanction of loans by banks, among others. The measures are contained in the income tax department's Central Action Plan for 2016- 17, presented at the recent conference of tax officials. The department also aims at augmenting collection from tax deduction at source (TDS), by identifying focus areas such as large companies and the ecommerce segment. ([Click here to read more](#))

Do not Lose Tax Benefits!

During the tax filing season, many of our investments in property or instruments get tax exemption, leading to considerable savings. In fact, many investors rush to make investments at the end of the financial year only to get these exemptions. However, simply buying a property or investing does not ensure exemption. Other guidelines need to be followed lest the Income Tax Department comes back with queries or even withdraws the exemptions. ([Click here to read more](#))

Feedback/Queries can be sent to info@cac.net.in

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