

# Lunawat Bulletin

## Market Watch

### Sensex

28.02.2017 : **28743.32**

31.12.2016 : **27655.96**

### Nifty

28.02.2017 : **8879.60**

31.01.2017 : **8561.30**

## Government to make all Ration Shops Aadhaar enabled by June

Government is planning to make all ration shops under the public distribution system in the country Aadhaar enabled by June 30 this year, We are in discussion with Food and Consumer Affairs Ministry for this. Our IT department will work with food and supply department to enable this. We will also request states to come on Aadhaar ecosystem," Prasad told reporters here. He said that the government is soon going to roll out 20 lakh Aadhaar enabled point of sales (PoS) machines for delivery of rations. He said that a Mission will be set up with a target of 2,500 crore digital transactions for 2017-18 through UPI, USSD, Aadhaar Pay, IMPS and debit cards. Banks have targeted to introduce additional 10 lakh new PoS terminals by March. The Minister said that government has plans to establish 1,000 'Digigaon' in one year under which telemedicine, tele health and wifi services will be provided to the villages identified under the scheme.

## LIC agents to go Digital; to get PoS for Premium Collection

The Life Insurance Corporation of India, the country's largest insurer, is working on a significant makeover that will include an overhaul of its lending operations, stronger corporate governance framework and a more modern sales force equipped to receive digital payments. The insurer will soon appoint a banker to oversee its lending operations. A standard operating procedure has also been worked out for repayment through onetime settlement scheme, or OTS. Bringing expertise from the banking sector is expected to strengthen the insurer's lending operations that involve offering loans to corporates. The Finance Minister has also nudged the insurer to give PoS machines to its 20 Lakh agents for premium collection. To start with, LIC is expected to give the machines to about 2 Lakh agents. "This is in sync with the government's aim of strengthening digital payment infrastructure. The insurer will also set up a cyber security cell to monitor any deviation," the official said. Around 90% of LIC's premium is collected through its agents.

## India Post Bank is likely to tap World War era tech to garner Business

India Post Payments Bank (IPPB) is tapping into World War era phone based technology and its vast network of postman to target a customer base of around 850 million, which either have no access to telephony or still depend on feature phones. We are targeting remittances and bill payments, "said an officer at the bank, which launched operations a month ago, offering 5.5% interest on deposits. A key focus area for IPPB is one billion bills that are paid every month, with the average ticket size being Rs 300. Apart from helping customers settle bills, a worker in a city can add his wife or mother as a beneficiary and transfer funds into their accounts by issuing instructions to a call centre. The wife or the mother will then use Aadhaar based authentication to withdraw funds either at a post office or ask a postman to deliver cash at home, for which a small fee may be levied. IPPB is also in talks with the rural development ministry for accessing details of NREGA beneficiaries and pensioners getting funds under the National Social Assistance Programme.

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Chartered Accountants  
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## Compliance Due Dates

Due Date	Related to	Particulars
06.03.2017 (Monday)	Service Tax	<b>E-payment of Service Tax</b> for month ending February 2017 for Corporates.
07.03.2017 (Tuesday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> <li>• <b>Deposit TDS</b> for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of February 2017.</li> <li>• <b>Deposit TCS</b> for collections made under section 206C during the month of February 2017.</li> </ul>
08.03.2017 (Wednesday)	<b>DVAT/CST</b>	File <b>DVAT &amp; CST quarterly return in Form 16, 17 &amp; 48</b> in electronic form for the quarter ended December 2016 and furnish hard copy of <b>return verification Form 56</b> of the same.
15.03.2017 (Wednesday)	EPF	<b>Deposit PF</b> under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of February 2017.
15.03.2017 (Wednesday)	DVAT/CST	<b>Deposit tax deducted at source</b> under DVAT Act for the month of February 2017.
15.03.2017 (Wednesday)	Income Tax	<ul style="list-style-type: none"> <li>• <b>Deposit Advance Tax</b> (For assesses covered by section 44AD) for AY 2017-18</li> <li>• <b>Deposit 4th installment</b> (For other assesses) of Advance Tax for AY 2017-18</li> </ul>
21.03.2017 (Tuesday)	ESI	<b>Deposit ESI</b> under Employees State Insurance Act, 1948 deducted for the month of February 2017.
21.03.2017 (Tuesday)	DVAT/CST	<b>Deposit DVAT and CST</b> for the month ended February 2017.
22.03.2017 (Wednesday)	DVAT	<b>Issue TDS certificate</b> under DVAT Act for tax deducted and deposited for the month of February 2017 in Form DVAT-43.
30.03.2017 (Thursday)	Income Tax	Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA in the month of February, 2017
31.03.2017 (Friday)	Income Tax	Submit Belated Income Tax Returns for the A Y 2016-17 and A Y 2015-16 for all Assessees.
31.03.2017 (Friday)	Service Tax	<b>E-payment of Service Tax</b> for month /quarter ending March 2017 for Corporate as well as Non-Corporate Assessees.

### LIST OF HOLIDAYS

<i>DATE</i>	<i>DAY</i>	<i>HOLIDAY</i>
<b>13.03.2017</b>	<b>Monday</b>	<b>Holi</b>

## Income Tax



### CBDT amends PMGKDS 2016 to accept deposit more than once

Under this scheme any person who declared undisclosed income under Pradhan Mantri Garib Kalyan Yojana, 2016. The deposit sum, which shall not be less than twenty-five per cent of the declared undisclosed income, can be deposited at the authorized banks upto March 31, 2017.

### CBDT amends IT Rules for instant allotment of PAN & TAN

An applicant may apply for allotment of permanent account number and tax deduction and collection account number through a common application form notified by the Central Government in the Official Gazette, and the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the classes of persons, forms and formats along with procedure for safe and secure transmission of such forms and formats in relation to furnishing of PAN and TAN.

### CBDT issues clarification on Place of Effective Management (POEM)

- A company is said to be resident in India in any previous year if the control and management of its affairs is situated wholly in India.
- This provision applies from AY 2017-18 and subsequent years
- POEM guidelines shall not apply to a company having turnover or *receipts of Rs.50 Crores or less* in a financial year.

### Punitive actions against Shell Companies including invocation of Prohibition of Benami Transactions Act by CBDT

- There are about 15 lakh registered companies in India; and only 6 lakh companies file their Annual Return. This means that large number of these companies may be indulging in financial irregularities.
- In the analysis, it has been found that Rs.1,238 crore cash has been deposited in these entities during November-December period. 559 beneficiaries have laundered money to the extent of Rs.3900 Crore with the help of 54 Professionals who have been identified.
- Income Tax Department has reopened completed assessment in these cases and Enforcement Directorate has initiated action under Prevention of Money Laundering Act (PMLA), 2002. ICAI has also initiated disciplinary proceedings against its members. Winding up process has been initiated in respect of 49 Shell Companies.
- Harsh punitive actions will be taken against the deviant shell companies which will include freezing of Bank Accounts, striking off the names of dormant companies, invocation of Benami Transactions (Prohibition) Amendment Act, 2016.

### CBDT instructs Standard Operating Procedure for AOs for verification of Cash Transactions relating to Demonetization

- ITD has enabled *online verification* of cash deposit transaction to reduce compliance cost of persons under verification while optimizing its resources.
- Cases meeting the low risk criteria will be closed centrally. Remaining will be transfer to AO for verification.
- The process should be completed within 7 days of availability of information on the portal.
- In case of deposits out of earlier income or savings not exceeding Rs. 2.50 Lakhs no verification to be carried out. In case of persons aged 70 years and above, the limit would be Rs. 5 Lakhs.
- Deposits from unidentified persons including cash sales / donations to be probed further.
- The AO is required to verify the record and has been marked either as 'Acceptable' or 'Non Acceptable'.
- Person would required to take approval for closure of verification from prescribed authority.
- In case of transaction being loan received/ repaid in cash above the permissible threshold comes to notice, the AO may initiate penal proceedings.

## RBI

### RESERVE BANK OF INDIA



#### Merchant Discount Rate (MDR)

- Government of India has decided to eliminate Merchant Discount Rate (MDR) charges in respect of debit card transactions while making payments to Government of India.
- RBI will reimburse the MDR Charges with effect from 01<sup>st</sup> January 2017. Agency banks are advised to forward their claim for reimbursement of MDR along with statutory auditor's certificate, as in the case of agency commission claims, to CAS Nagpur on a quarterly basis. The claims may be signed by the Officer-in-Charge of the Government Banking Division of the bank. He should also certify that MDR charges for transaction amounts upto ₹ 1.00 lakh have not been collected from the payer. The first such claim may be made by April 30, 2017 for the quarter ending March 31, 2017.

#### Limit of cash withdrawals from Saving Bank Accounts

RBI has decided to remove the restrictions on cash withdrawals from Saving Bank accounts (including accounts opened under PMJDY) in a two step process as under:

- Effective February 20, 2017, the limits on cash withdrawals from the Savings Bank accounts will be enhanced to Rs. 50,000 per week (from the current limit of Rs. 24,000 per week); and
- Effective March 13, 2017, there will be no limits on cash withdrawals from Savings Bank accounts.

#### Hedging of Rupee Currency by NRIs

Currently NRIs are permitted to hedge their Rupee currency risk through OTC transactions with AD banks. With a view to enable additional hedging products for NRIs to hedge their investments in India, it has been decided to allow them access to the exchange traded currency derivatives market to hedge the currency risk arising out of their investments in India under FEMA, 1999

#### Grant of Gold loan by Regional Rural Bank

Earlier Regional Rural Bank (RRBs) were allowed to grant gold loan upto Rs. 1.00 Lakhs with bullet repayment option. Now it has been decided to increase the quantum of loan to Rs. 2.00 Lakhs subject to following conditions:

- Loan Period shall not exceed 12 months
- Interest will be charged to the account at monthly rests but will become due for payment along with principal only at the end of 12 months from the date of sanction
- RRBs should maintain a Loan to Value (LTV) ratio of 75% on the outstanding amount of loan including the interest on an ongoing basis, failing which the loan will be treated as a Non Performing Asset (NPA).
- The valuation of gold jewellery accepted as a security would be as follows:
  - At the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. If the gold is of purity less than 22 carats, the bank should translate the collateral into 22 carat and value the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately.

#### Limit of cash withdrawals from Saving Bank accounts

If there is delay in filing the Annual Return on Foreign Liabilities and Assets (FLA return), by all Indian companies which have received Foreign Direct Investment in the previous years including the current year then all the regional offices (except Kochi and Panaji) can compound the amount of contravention without any limit of contravention. Kochi and Panaji can compound the contravention of amount below Rs. 100 Lakh. The contraventions of Rupees One hundred lakh (Rs.1,00,00,000/) or more under the jurisdiction of Kochi and Panaji Regional Offices will continue to be compounded at Central Office as hitherto

### Issuance of Rupee denominated bonds overseas

In order to provide more choices of investors to Indian entities issuing Rupee denominated bonds abroad, it has been decided to also permit Multilateral and Regional Financial Institutions where India is a member country, to invest in these Rupee denominated bonds.



### Notification in Mega Exemption List

## Companies Act



### MCA issues clarification on closure of place of business by a foreign company

- Section 391(2) of companies act, 2013, states that the provisions of chapter XX (Winding up) shall apply mutatis mutandis for closure of place of business of a foreign company in India as if it were a company incorporated in India.
- The matter has been examined by the ministry. Accordingly, it is clarified that provisions of 391(2) of the companies Act, 2013 would apply only in case of foreign company which has issued prospectus or IDRs pursuant to provisions of chapter XXII of companies act, 2013.

## Service Tax

### Exemption to operator of Common Effluent treatment Plant by way of treatment of Effluent

- Whereas the central govt. is satisfied that in the period commencing from the 1<sup>st</sup> july 2012 and ending with the 31<sup>st</sup> of march 2015 according to a practice that was generally prevalent, there was non levy of service tax, on the service by the operators of Common Effluent Treatment Plant by way of treatment of effluent and this was liable to service tax, in the said period, which was not being paid according to the said practice.
- Now, therefore, the central govt. hereby directs that the service tax payable on the said service by the operators of common effluent treatment plant under sec 66b of the fin. Act 1994 but for the said practice, during the said period, shall not required to be paid.

- Section 23A has been inserted stating "Services provided to the Government by way of transport of passengers, with or without accompanied belongings, by air, embarking from or terminating at a Regional Connectivity Scheme Airport, against consideration in the form of Viability Gap Funding (VGF) "Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the Regional Connectivity Scheme Airport as notified by the Ministry of Civil Aviation."
- Section 26D has been inserted stating "Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government"
- **Section 30 shall be substituted with :** Services by way of carrying out,-
  - a. Any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption; or
  - b. any intermediate production process as job work not amounting to manufacture or production in relation to –agriculture, printing or textile processing;
- cut and polished diamonds and gemstones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 of the Central Excise Tariff Act, 1985;
- any goods excluding alcoholic liquors for human consumption, on which appropriate duty is payable by the principal manufacturer; or processes of electrolating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of Rs. 150 lakh in a FY subject to the condition that such aggregate value had not exceeded Rs. 150 Lakhs during the preceeding FY.



## SEBI

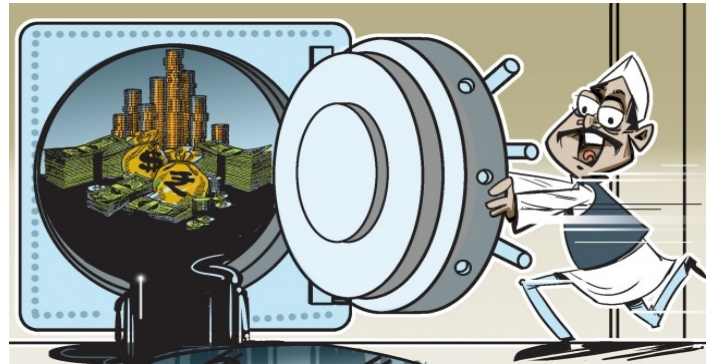
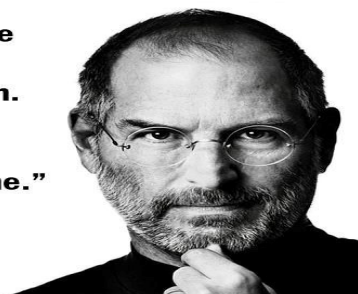


### SEBI Budget FY 2017-18

- Reducing the listing time gap by bringing down the issue timing from the existing requirement of T+ 6.
- Allowing, in consultation with Stakeholders and Regulators, institutional participation in commodity derivatives markets in phased manner.
- Facilitating integration between Commodity Spot markets and Derivatives markets, SEBI to initiate consultation with various stakeholders.
- Designing a system of Risk Based Supervision for commodity brokers.
- Setting up a Cyber Security Lab for the securities market.
- Allowing listing and trading of securitisation receipts issued by Assets Reconstruction Companies (ARC) etc.
- Facilitating the objective of “Ease of doing Business”, introduction of common application form for registration, opening of bank and demat accounts, and issue of PAN for Foreign Portfolio Investors (FPIs).
- Setting up a facility for online registration of intermediaries.
- Strengthening the research initiatives in SEBI with special focus on research on commodity market, inter-linkages of various markets such as Equity, Forex, and Commodity etc.
- Increasing its efforts in the areas of investor education / financial education and ensure that it covers all the districts in the country.

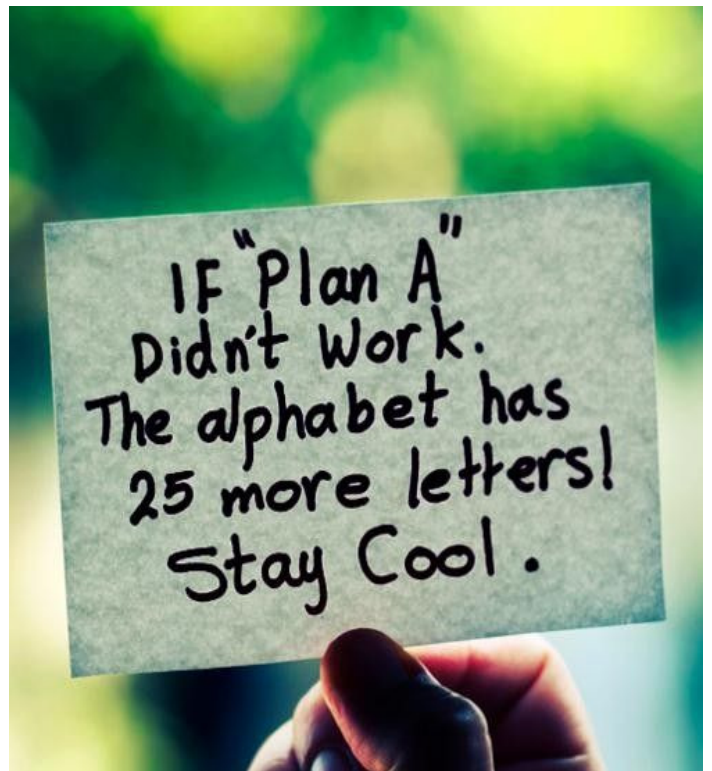
**“Have the courage to follow your heart and intuition. They somehow know what you truly want to become.”**

- Steve Jobs



### Integrated Reporting by Listed Entities

- SEBI has mandated the requirement of submission of Business Responsibility Report (‘BRR’) for top 500 listed entities under Regulation 34(2)(f) of SEBI
- The purpose of integrated reporting is to provide shareholders and interested stakeholders with relevant information that is useful for making investment decisions.
- IOSCO Principle 16 states “there should be full, accurate and timely disclosure of financial results, risks and other information that is material to investors’ decisions.”
- The International Integrated Reporting Council (‘IIRC’) has prescribed specific Guiding Principles which underpin the preparation of an integrated report, specifying the content of the report and how information is to be presented.



## Lunawat Update

### Presentations

During February 2017, our partner **CA. Pramod Jain** gave following presentations:

- “Critical issues in Company Law for Private Companies” organised by Kanpur CA Society at Nanital.
- “Few Income Tax Proposals under Union Budget 2017” organized by West Delhi Study Circle of NIRC of ICAI.
- “Responding to Cash Transactions Notices” organized by West Delhi Study Circle of NIRC of ICAI.
- “Income Tax Proposals in Union Budget 2017” organized by Bhiwani Branch of NIRC of ICAI
- “Income Tax Proposals in Union Budget 2017” organized by Terapanth Professional Forum.
- “Prohibition of Benami Property Transactions Act” organized by South Delhi CA Study Circle of NIRC of ICAI.

- “Critical issues in Income Tax Proposals in Union Budget 2017 & Taxation Laws 2nd (Amendment) Act 2016” organized by Laxmi Nagar CPE Study Circle of NIRC of ICAI.

During February 2017, our partner **CA. Rajesh Saluja** gave following presentations:

- “Training on finance at VJTP” , at Mumbai.
- “Training on GST at NERIST” at Arunanchal Pradesh.
- “Training on Finance at NERIST” at Arunanchal Pradesh.
- “Training on personal Planning at NERSIT” at Arunanchal Pradesh.
- “Finance for Non Finance Executives for MSIL” at Gurgaon & Indore.
- “Finance for Non Finance Executives for Panasonic India Pvt. Ltd.” at Gurgaon.

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## Our Services

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- Limited Liability Partnership (LLP)
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