

Lunawat Bulletin

Market Watch

Sensex

31.03.2017 : 29620.50

28.02.2017 : 28743.32

Nifty

31.03.2017 : 9173.75

28.02.2017 : 8879.60

Inside

Compliance Due	2
Income Tax	3-5
Service Tax and RBI	5
Corporate Matters, GST and Miscellaneous	6
Lunawat Updates	7

India falls short of original FY 17 divestment aim, but record Rs 46,247 Cr haul boosts confidence

The government raised Rs 46,247 crore through disinvestment in the financial year 2016-17, the highest ever amount earned by sale of equity stake in PSUs (public sector undertakings), though falling short of the original target, as expected.

Earlier last year, in Union Budget 2016, the government had set a target to raise Rs 56,500 crore by divesting stake in state-run companies in order to help fund expenses and bridge fiscal deficit. However, Finance Minister Arun Jaitley later revised the target down to Rs 45,500 crore in the Budget 2017.

The record money raised in FY2016-17, could boost the government confidence to meet its even more ambitious target of raising Rs 72,500 crore through disinvestment in the next financial year 2017-18.

Notably, India has repeatedly fallen short of realising its disinvestment targets in the past, even though the amount of money raised has constantly increased for the last six years. India raised Rs 42,132 crore in the last financial year 2015-16, and Rs 37,737 crore in the previous fiscal 2014-15.

Among the marquee disinvestment sales this year, the government raised Rs 8,500 crore through two follow-on offers of its CPSE ETF – the exchange-traded fund of the Central Public Sector Enterprises. The CPSE ETF, which mirrors the performance of the CPSE index, invests in 10 PSUs, namely, ONGC, Coal India, Indian Oil Corp, Gail India, Oil India, Power Finance Corp, Bharat Electronics, Rural Electrification Corp, Engineers India and Container Corporation of India.

SC: No Entry for BS-III Vehicles after March 31

The Supreme Court banned the sale and registration of vehicles that don't meet the Bharat Stage-IV emission standards or higher from April 1, dealing a major blow on an industry that is sitting on inventory worth an estimated 14,000 crore that they won't be able to sell.

Automakers claimed that they had 8.24 lakh units of mostly two wheelers, three-wheelers and commercial vehicles that conform to BS-III standards lying in their factories and dealerships.

The Society of Indian Automobile Manufacturers petitioned the Supreme Court seeking some leeway to clear the inventory citing the financial impact, but a bench led by Justice Madan B Lokur refused to extend the April 1 deadline to usher in the new standards.

The March 31 deadline resulted in offering of huge discounts by two wheelers. Long queues were witnessed outside many two wheeler dealers and few had even to resort to shutting the shop in afternoon itself.

Lunawat & Co.
Chartered Accountants
www.lunawat.com

Research is to see what everybody else has seen, and to think what nobody else has thought.

Compliance Due Dates

DUE DATE	RELATED TO	PARTICULARS
07.04.2017 (Friday)	TCS <i>(Income Tax)</i>	Deposit TCS for collections made under section 206C during the month of March 2017
15.04.2017 (Saturday)	Income Tax	Deposit quarterly statement in Form 15CC under rule 37BB(7) by an authorized dealer in respect of foreign remittances made during quarter ended 31st March 2017
15.04.2017 (Saturday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of March 2017.
15.04.2017 (Saturday)	DVAT/CST	Deposit tax deducted at source under DVAT Act for the month of March 2017.
21.04.2017 (Friday)	ESI	Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of March 2017.
21.04.2017 (Friday)	DVAT/CST	Deposit DVAT and CST for the month ended March 2017.
22.04.2017 (Saturday)	DVAT	Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of March 2017 in Form DVAT-43.
25.04.2017 (Tuesday)	Service Tax	File half-yearly return of service tax in Form ST-3 for the half year ended March 2017 .
28.04.2017 (Friday)	DVAT/CST	File DVAT & CST quarterly return in electronic form for the quarter ended March 2017 & File annexure 2A & 2B electronically
30.04.2017 (Sunday)	EPF	File Annual Return for Employee Provident Fund for the year ended March 2017.
30.04.2017 (Sunday)	Service Tax	Input Service Distributor to file half-yearly return of service tax credit received and distributed for the period 01.10.2016 to 31.03.2017 in Form ST-3.
30.04.2017 (Sunday)	Income Tax TDS/TCS	<ul style="list-style-type: none"> Deposit TDS for payments of Salary, Interest, Commission, Rent, Professional, etc. during month of March 2017. File copy of Form 15G/15H at the ITD e-filing Portal for forms received in the quarter ended March 2017. Upload declarations received in Form No. 60 during 01.10.2016 to 31.03.2017 in Form No. 61

LIST OF HOLIDAYS

DATE	DAY	HOLIDAY
04.04.2017	Tuesday	Ram Navami
09.04.2017	Sunday	Mahavir Jayanti

Income Tax



Procedure for PAN application through Simplified Proforma for Incorporating Company Electronically, (SPICe)(Form No. INC -32)of Ministry of Corporate Affairs

- An applicant may apply for allotment of permanent account number through a common application form notified the Central Government
- A common application form in the limn of Simplified Proforma for Incorporating Company Electronically (SPICe)(Form No. INC-32) has been notified by the Ministry of Corporate Affairs
- CBDT prescribed the classes of persons, forms, format and procedure for Permanent Account Number (PAN)

ITD identifies 17.92 Lakh persons whose tax profiles were not in line with cash deposits made by them during Demonetization

- More than 12 lakh responses have been received from 8.38 lakh distinct PANs/persons which are under verification. In case explanation of source of cash is found justified, the verification is closed. The verification is also closed if the cash deposit is declared under Pradhan Mantri Garib Kalyan Yojna (PMGKY).
- Appropriate action in non-compliant cases is taken as per law, which includes searches, surveys, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable.

CBDT issues clarification on existence of undisclosed bank deposits cash on date of making payment in PMGKY

- Where the undisclosed income is represented in the form of deposits in an account maintained with a specified entity, it is not necessary that the said deposits should exist on the date of making payments under the scheme or furnishing a declaration under the scheme.
- Where the undisclosed income is represented in the form of cash, it is clarified that such cash should exist on the date of making payment of tax, surcharge and penalty under the scheme or on the date of making deposit under the scheme, whichever is earlier.

CBDT issues guidelines for waiver of interest charged (including refund thereof if paid) u/s 201(1A)(i) of Income Tax Act

Following are the class of cases in which the reduction or waiver of interest u/s 201(1A)(i):

- Where the assessee was not able to deduct TDS within specified time due to course of proceedings for search and seizure.
- Where any sum paid or payable was not liable for deduction of TDS as per any order passed, he did not deduct TDS and in consequence to retrospective amendment of law, tax to be held for deduction or in case of lower deduction.
- Non deduction or lower deduction in respect of payment made to NRI and where:
 1. Dispute regarding the tax payable in India
 2. Reference had been received by competent authority in India within period of two years from date of demand notice received by person in default
 3. The person in default has given his acceptance to the resolution within the period of one month from date on which resolution is communicated.

CBDT relaxes time limit to file form under PMGKY 2016 by 10th April 2017

As representations have been received from various stakeholders regarding difficulties in uploading of Form No. 1, CBDT has decided that if the assessee has made payment of tax, surcharge, penalty & deposit under the scheme, in the banks by the closing hours of 31st March, 2017 he shall be allowed to file declaration in Form No. 1 under the scheme by 10th April 2017.

CBDT amends Rule 12 to make changes and notify ITRs for AY 2017-18

- Simplified Single page ITR Form for those with income upto Rs 50L
- Old ITR-2, ITR-2A and ITR-3 have been done away with and merged to New ITR-2
- Old ITR-4S(Sugam) is now New ITR-4 (Sugam), as income under the head “*Profits or gains of business or profession*” and such income is computed in accordance with special provisions referred to in **section 44AD, 44ADA and 44AE** of the Act for computation of such income, be in Form SUG-AM (ITR-4)’
- Old ITR-4 is now New ITR-3
- Mentioning Aadhaar number or Aadhaar enrollment id is mandatory
- New section added in ITR-1 for mentioning exempt long term capital gains. Mandatory to e-file tax returns for those with LTCG of Rs 2.5L or more, even though their total taxable income may be below Rs 2.5L.
- Paper returns can only be filed by those
 - ⇒ who are above 80 years of age, or
 - ⇒ an individual or HUF whose income does not exceed Rs. 5 lakhs and who has not claimed any refund in the return of income
- Schedule AL has been taken off from ITR-1
- As per Section 115BBDA the dividend received from domestic company is taxable at rate of 10% if aggregate amount of such dividend exceeds Rs. 10 lakh. New column has been inserted in ITR Forms to declare such dividend income in 'Schedule OS'.
- It may be noted that any taxpayer having dividend income above Rs 10 lakhs and covered under Section 115BBDA cannot opt for 'ITR-1 Sahaj'.

CBDT issues clarification on Income Computation & Declaration Standards (ICDS)

- The accounting policies mentioned in ICDS-1 being Fundamental in nature shall be applicable for computing income under the heads “Profits & gains of Business or Profession” OR “Income from Other Sources”. {ICDS not meant for Maintenance of Books of Accounts or preparation of Financial Statements.}
- The Provisions of ICDS shall be applicable to the transactional issues dealt therein relation to A.Y.2017-18 and subsequent assessment years.
- ICDS also apply to the persons computing income under the relevant Presumptive Taxation Scheme.

- In case of conflict between provisions of Income tax Rules , 1962 and ICDS ; the provisions of rules shall prevail.
- ICDS shall apply to companies irrespective of accounting standards adopted by it(either AS or IND-AS).
- ICDS shall not apply to MAT (Minimum Alternate Tax) u/s 115JB as it is computed on Book Profits i.e.Net Profit as shown in P&L a/c prepared under Co. Act.
- ICDS shall apply to AMT (Minimum Alternate Tax) u/s 115JC as it is computed on Adjusted Total Income which is derived by making special adjustments to total income.
- ICDS shall apply to all persons Banks , Non –Banking Financial Institutions , Insurance Cos, Power Sector (unless there are specific provisions contained in ICDS).
- ICDS-1 provides that Market to Market (MTM) loss or expected loss ; gain or expected gain shall not be recognized unless the recognition is in accordance with the provisions of any other ICDS.
- ICDS-1 provides that Accounting Policies shall not be changed without ‘Reasonable cause’
- Retention Money being part of overall contract revenue shall be recognized as revenue subject to reasonable certainty of its ultimate collection condition contained in para-9 of ICDS-III of Construction Contracts.
- No specific ICDS notified for Real Estate Developers , BOT Projects & Leases. Therefore ICDS shall apply to these transactions as case may be applicable.
- As a principle , Interest accrues on Time basis & royalty accrues on the basis of Contractual terms .Subsequent Non-Recoveries in either cases can be claimed as deduction in view of Amendment to S.36(1) (VII). Further provisions of the act (eg. Section 43D) shall prevail over the provisions of ICDS.
- Expenditure incurred till the plant has begun commercial production i.e. production intended for sale or captive consumption , shall be treated as Capital Expenditure.
- FCTR (Foreign Currency Translation Reserve) bal as on 1 April, 2016 pertaining to exchange differences on monetary items for Non-Integral operations shall be recognized in the P.Y relevant for A.Y. 2017-18 to the extent not recognized in the income computation in the past.
- Borrowing Costs to be considered for capitalization under ICDS-IX shall exclude those borrowing costs which are disallowed under different provisions of the act.
- The capitalization of General Borrowing Cost should be done on asset-by-asset basis.
- Provision for Employee benefit covered by AS-15 shall continue to be governed by specific provisions of act and are not dealt with by ICDS-X.
- Net effect on the Income due to application of ICDS is to be disclosed in the Return of income. The disclosures required under ICDS shall be made in the Tax Audit Report in Form-3CD. However, there shall not be any separate disclosure requirement of persons who are not liable to Tax Audit.

Authentication of Notices and other Documents by Income Tax Department

Every notice or other document communicated in electronic form by an income-tax authority under the Act shall be deemed to be authenticated

- (a) In case of electronic mail or electronic mail message (hereinafter referred to as the e-mail), if the name and office of such income-tax authority-
 - is printed on the e-mail body, if the notice or other document is in the email body itself; or
 - is printed on the attachment to the e-mail, if the notice or other document is in the attachment, and the e-mail is issued from the designated e-mail address of such income-tax authority;
- (b) In case of an electronic record, if the name and office of the income-tax authority-
 - is displayed as a part of the electronic record, if the notice or other document is contained as text or remark in the electronic record itself; or
 - is printed on the attachment in the electronic record, if the notice or other document is in the attachment, and such electronic record is displayed on the designated website

Service Tax



Withdrawal of exemption of service tax on educational institute other than pre-school education and upto higher secondary school

Exemption given for services of renting of immovable property provided to school has now been restricted to Pre Primary and Higher secondary schools only. For Schools other than these schools such services would be liable for charging service tax. This Notification comes into effect from 01/04/2017.

RBI



All payment systems to remain closed on April 1, 2017

All payment systems, including RTGS and NEFT would operate, as on a normal working day, during the period March 25 to April 1, 2017 (including Saturday, Sunday and all holidays). However, on reconsideration, it has been decided that all payment systems **will remain closed on April 1, 2017**.

Risk Management and Inter-bank Dealings: Operational flexibility for Indian subsidiaries of Non-resident Companies

With a view to providing operational flexibility to multinational entities and their Indian subsidiaries exposed to currency risk arising out of current account transactions emanating in India, the extant hedging guidelines have been amended as per the terms and conditions. An announcement to this effect was made in the Statement on Developmental and Regulatory Policies of Reserve Bank of India dated October 4th, 2016.

Reporting and Accounting of Central Government Transactions of March 2017

The Government of India has decided that the date of closure of residual transactions for the month of March 2017 be fixed as April 10, 2017 for the Financial Year 2016-17. In view of the ensuing closing of government accounts for the financial year 2016-17, receiving branches including those not situated locally, should adopt special arrangements such as courier service etc., for passing on challans/scrolls etc., to the Nodal/Focal Point branches so that all payments and collections made on behalf of government towards the end of March are accounted for in the same financial year. These instructions regarding special messenger arrangements may please be informed to all branches concerned.

Companies Act

MCA amends Ind AS 102 (Share Based payments)

MCA amends the classification and measurement of Share-based Payment Transactions under Ind AS 102 under the Companies Indian Accounting Standards Amendment Rules 2017

Amendment in Schedule III of Companies Act. 2013 for disclosure of SBN during Demonetization

MCA has amended Schedule III of Companies Act. i.e format for preparing Financial Statements, with effect from 30th March 2017. According to the said amendment every company shall disclose the details of Specified Bank Notes (1000 and 500 notes) held and transacted during the period from 8th November 2016 to 30th December 2016.

Further, auditors have also to report on the said compliance in their Independent Auditors' Report after due verification.

MCA issues advisory to all companies to furnish SFT in Form 61A in respect of certain specified transactions as per Rule 114E of Income tax Act

Nature and Value of transaction	Reporting Companies
Receipt from any person for an amount or value aggregating to ten lakh rupees or more in a financial year for:	
•Acquiring Bonds or Debentures issued by the company or institution (Other than receipt of renewal amount of bonds & debentures issued by the company)	A company or institution issuing the bonds & debentures.
•Acquiring Shares (including Shares Application money) issued by the company	A company issuing Shares.
•Buyback of shares from any person (other than the shares bought in the open market)	A company listed under recognized stock exchange purchasing its own securities.

GST

The Lok Sabha passed the much-awaited Central Goods and Services Tax (GST) Bill, Integrated GST Bill, Compensation GST Bill and Union Ter- ritory GST Bill 2017.

Goods may become "slightly cheaper" after implementation of the Goods and Service Tax . All other taxes like entry tax in states will be removed once the GST is in place. Once all other taxes are removed, goods will become slightly cheaper. Noting that both the central and state governments are pooling their sovereignty to have this tax regime, India, despite being one political entity, remained different economic entities with states having different taxes. Trucks could be seen waiting outside state border, there was no free flow of goods . Commodities like food items will have zero tax.

The GST Council, comprising Finance Ministers of Union and states, had agreed to take a decision on bringing real estate within the ambit of the new tax regime within a year of its rollout.

The reason for different tax rates was justified by FM saying "One rate would be highly regressive". Currently food articles are not taxed and those will continue to be zero rated under the GST

The GST Council has recommended a four-tier tax structure — 5, 12, 18 and 28 per cent. On top of the highest slab, a cess will be imposed on luxury and demerit goods to compensate the states for revenue loss in the first five years of GST implementation.

However, the Central GST (CGST) law has pegged the peak rate at 20 per cent and a similar rate has been prescribed in the State GST (SGST) law, which takes the peak rate to 40 per cent which will come into force only in financial exigencies. the cess would be transient for a period of 5 years so that the proceeds can be utilised to compensate the states.

GST is expected to boost GDP growth by about 2 per cent and check tax evasion.

Miscellaneous

Mandatory filling of Financial results in XBRL with BSE

From 1st April 2017 onwards, all entities listed with BSE, would be required to make their filings in respect of financial results in XBRL mode within 24 Hours of submission of results in PDF mode (this requirement not apply to insurance companies). Financial results are required to be submitted along with the Limited Review Report/ Audit Report first, in PDF mode through the Listing Centre website- Corporate announcement filing system (CAFS) within 30 minutes of the conclusion of the Board Meeting this is required to be followed by filing of the result in XBRL mode within 24 hours from the conclusion of the Meeting.

Lunawat Update

Presentations

During March 2017, our partner **CA. Pramod Jain** gave following presentations and uploaded videos on YouTube:

- “Cash Restrictions in Union Budget 2017 & AIR Reporting” at Alwar Branch of CIRC of ICAI.
- “Critical issues in Presumptive Taxation & Tax Audit” made at Alwar Branch of CIRC of ICAI.
- Video on “Tax Collected at Source (TCS) amendments” at https://youtu.be/gww9UzB_U5o
- Video on “Presentation on AIR filing” at <https://youtu.be/IFXsUigC4U4>
- Video on “Presentation on Mandatory PAN quoting requirement” at <https://youtu.be/NcscCqb4VIY>

During March 2017, our partner **CA. Rajesh Saluja** gave following trainings:

- “Financial Accumen at Bharti Infratel Ltd.”, at Lucknow.
- “Negotiation skills at Maruti Suzuki India Ltd.” at Gurgaon.
- “Delibrated on Input Tax Credit under GST ” at Kanpur, CA Study Circle.
- “Financial knowledge in Negotiation at MSIL” at Gurgaon.
- “Indian economy, GST, Individual Financial Planning at Sardar Patel Clg. of Engineering” at Mumbai.
- “Finance for Non Finance Executives for MSIL” at Gurgaon.
- “Indian economy, GST, Individual Financial Planning at Bharti Vidhyapeeth” at Pune.

We may be contacted at:

Daryaganj, New Delhi

54, Daryaganj,
New Delhi – 110 002
Tel: +91 11 23270624
+ 91 11 23279414
Email: dgoffice@Lunawat.com

Paschim Vihar, New Delhi

A-2/132, Prateek Apartments,
Paschim Vihar,
New Delhi – 110 063
Tel: + 91 11 25278405
+ 91 11 25278406
+ 91 11 45581263
+ 91 11 45581264
Email: pvoffice@Lunawat.com

Karampura, New Delhi

109, Magnum House-1,
Karampura Complex,
New Delhi-110 015
Tel: + 91 11 41427356
+ 91 11 42068101
Email: karampura@Lunawat.com

Mumbai

Office No. 9, First Floor. Star Trade
Centre, Chamunda Circle, Near Station,
Borivali (W), Mumbai - 400 092
Tel: + 91 22 28954451
Email: mumbai@Lunawat.com

Keshopur, New Delhi

WZ-339, 2nd Floor, Street No. 19,
Santgarh, Keshopur, Outer Ring Road,
New Delhi - 110 018
Tel: +91 11 28333914
Fax: + 91 11 28331602
Email: keshopur@Lunawat.com

We also have ASSOCIATES at :

Chennai, Kolkatta, Ludhiana, Pune,
Chandigarh, Udaipur, Vadodara,
Bangalore, Cochin, Indore, Jodhpur,
Jaipur, Bharatpur, Hyderabad,
Jharsuguda, Panipat, Ranchi & Ghaziabad.

Our Services

- **Audit and Assurance**
- **International Taxation**
- **Indian Direct Tax Laws**
- **Goods & Services Tax (GST)**
- **Service Tax**
- **Corporate Laws**
- **Limited Liability Partnership (LLP)**
- **NGOs/Societies and Trusts**
- **Compliance Audits**
- **Insolvency Professionals**
- **Investigations**
- **Outsourcing Services**
- **Setting up Business in India**
- **Consulting Services**
- **Trainings**
- **Valuations**
- **XBRL**

Disclaimer

© 2017 Lunawat & Co. All Rights Reserved

Information in this document is intended to provide only a general outline of the subjects covered. We recommend that you seek professional advice prior to initiating action on specific issues. Lunawat & Co. does not take any responsibility for any loss arising from any action taken or not taken by anyone

Editorial Team: CA. Vikas Yadav, Leena Kapoor, Diksha Gupta, and Dishanka