

JULY 2017

Lunawat Bulletin

Market Watch

Sensex

30.06.2017 : 30921.61

31.05.2017 : 26667.96

Nifty

30.06.2017 : 9520.90

31.05.2017 : 8160.10

Taxman Notifies New Scrutiny Notices With E-Facility For Taxpayers

The CBDT has notified revised income tax scrutiny notices that will allow taxpayers to conduct their business with the taxman over the Internet without needing to visit the I-T office, hence reducing physical interface between them. The new format pertains to three types of notices that are issued by the taxman under section 143(2) of the Income Tax Act (scrutiny of tax return) .

Each of the three, one-page notices, will bear the name of the assessing officer, their designation, telephone and fax number and now, their email id too. A taxpayer can use their account on the official e-filing website of the department or their personal email id to conduct their scrutiny assessment dealings with the AO. The new notices will also carry a five-point explanation about the new changes being made for the taxpayer with the ushering in of the Internet-based e-proceeding regime in the Income Tax Department.

However, the AO will have discretionary powers to call for additional documents and records and seek personal appearance of the taxpayer if there is a reason for him to delve deeper into the case and such a thing is not possible over the e-proceeding communication link.

Effective from 1st July 2017



Government cuts PPF, NSC rate to 7.8 per cent

The government has reduced interest rates on small saving schemes, including the Public Provident Fund (PPF), NSCs and Kisan Vikas Patra by 10 basis points. PPF and NSCs will now earn 7.8%, while KVPs will fetch only 7.5%. Prior to this rate cut, PPF, NSC and KVP were offering 7.9 percent, 7.9 percent and 7.6 percent respectively.

The Senior Citizen's Savings Scheme and Sukanya Samriddhi Yojana will now offer 8.3%. Both Senior Citizen's Savings Scheme and Sukanya Samriddhi Yojana were earlier offering 8.4 percent.

Interest rates on small savings are linked to the benchmark 10-year government bond yields and are revised every three months. The last revision took place in March, when the rates for all schemes had been reduced by 10 basis points.

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Compliance Due Dates

Due Date	Related to	Particulars
06.07.2017 (Thursday)	Service Tax	Deposit Service Tax for the month of June 2017 for Corporate Assessee & for the quarter ended on 30.06.2017 for other assessee.
07.07.2017 (Friday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> • Deposit TDS/TCS for deductions/collections made during the month of June 2017. • Upload Form 15G/15H to CCIT/CIT for forms received during the quarter ended June 2017.
15.07.2017 (Saturday)	EPF	Deposit PF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of June 2017.
15.07.2017 (Saturday)	DVAT/CST	Deposit tax deducted at source under DVAT Act for the month of June 2017.
15.07.2017 (Saturday)	TDS/TCS (Income Tax)	Quarterly Statement of TCS i.e. TCS Returns for all deductor collection made during the quarter ended June 2017
21.07.2017 (Friday)	DVAT	Deposit DVAT and CST for the month ended June 2017.
22.07.2017 (Saturday)	DVAT	Issue TDS certificate under DVAT Act for tax deducted and deposited for the month of June 2017 in Form DVAT-43.
25.07.2017 (Tuesday)	DVAT	File DVAT & CST quarterly return in electronic form for the quarter ended June 2017.
28.07.2017 (Friday)	DVAT	<ul style="list-style-type: none"> • Furnish hard copy of return verification Form 56 for the quarter ended June 2017. • File online Quarterly TDS Return under DVAT Act in form DVAT –48 for the quarter ended June 2017. The TDS certificates are to be issued form online facility.
30.07.2017 (Sunday)	TDS/TCS (Income Tax)	Issue Form 27D Quarterly TCS certificate for the quarter ended June 2017 .
31.07.2017 (Monday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> • File TDS returns for June Quarter for Government deductor in return form Return No.24Q, 26Q, 27EQ & 27Q.
31.07.2017 (Monday)	Income Tax	<ul style="list-style-type: none"> • File Income Tax Return for all Assesses other than those who are required to file their returns by 30th September or by 30th November.

Income Tax

CBDT mandates quoting of AADHAAR number in PAN application form 49A from July 1,



CBDT amends Form 3CED - application for Advance Pricing Agreements

Following details will be inserted in Form 3CED

- Particulars of the associated enterprises with whom the Advance Pricing Agreements is requested for
- Particulars of the parent company of the applicant

CBDT agrees that explanation 2 to sec 132B for advance tax not being an existing liability for adjustment with seized requisitioned asset is prospective

- Adjustment of seized assets/requisitioned assets against the amount of any existing liability and the amount of the liability determined on completion of the assessment under the Income Tax Act, 1961
- Insertion of Explanation 2 to section 1328 of the Act, is prospective in nature and not applicable to cases prior to 01.06.2013

CBDT inserts Rule 10 CB for computation of interest income pursuant to secondary adjustments under Transfer Pricing

Time limit for repatriation of excess money shall be on or before ninety days,—

- from the due date of filing of return u/s 139(1) of the Act where primary adjustments to transfer price has been made by the assessee in his return of income
- from the date of the order of Assessing Officer or the appellate authority, if the primary adjustments to transfer price as determined in the aforesaid order has been accepted by the assessee
- from the due date of filing of return u/s 139(1) of the Act in the case of agreement for advance pricing entered into by the assessee
- from the due date of filing of return u/s 139(1) of the Act in the case of option exercised by the assessee
- from the due date of filing of return u/s 139(1) of the Act in the case of an agreement made under the mutual agreement procedure under a Double Taxation Avoidance Agreement.
- The imputed per annum interest income on excess money which is not repatriated within the time limit:

- at the one year marginal cost of fund lending rate of State Bank of India as on 1st of April of the relevant previous year plus three hundred twenty five basis points in the cases where the international transaction is denominated in Indian rupee; or
- at six month LIBOR as on 30th September of the relevant previous year plus three hundred basis points in the cases where the international transaction is denominated in foreign currency.

CBDT clarifies applicability of TDS u/s 194 I on passenger service fee

Payment of Passenger Service Fees (PSF) by an Airline to an Airport Operator is not rent, hence no TDS is applicable on same.

CBDT clarifies provision of deemed dividend u/s 2(22)(e) on Trade advances in nature of commercial transaction

CBDT clarifies that trade advances in nature of commercial transaction would not fall within the ambit of the provisions of section 2 (22) (e) of the Act i.e. deemed dividend

CBDT notifies challan cum statement in Form 26QC and Form 16C for deposit of TDS and issue of certificate resp. for deduction on rent u/s 194IB effective from 01.06.2017

- any sum deducted under section 194-IB shall be paid to the credit of the Central Government within a period of thirty days from the end of the month in which the deduction is made and shall be accompanied by a **challan-cum-statement in Form No. 26QC**
- deducted amount shall be deposited by remitting it electronically within specified time into the Reserve Bank of India or the State Bank of India or any authorized bank
- every person responsible for deduction of tax u/s 194-IB shall furnish the certificate of deduction of tax at source **in Form No.16C** to the payee within fifteen days from the due date for furnishing the challan-cum-statement in Form No.26QC

CBDT amends Rule 114B that Form 60 can also be filed in electronic form



CBDT notifies variation limits for ALP for TP provisions for AY 2017-18 & 2018-19

If the variation between the arm's length price determined under section 92C of the Act and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed:

- one per cent in respect of wholesale trading and
- three per cent in all other cases,

the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for A.Y.(s) 2017-18 and 2018-19.



CBDT amends Rule 31 to provide due date of issue of salary TDS certificate in Form 16 **from 31st May to 15th June**

CBDT notifies bond of Power Finance Corporation u/s 54EC

CG notifies that any bond redeemable after three years and issued on or after the 15th day of June, 2017 by the Power Finance Corporation Limited, as 'long-term specified asset' for the purposes of the section 54EC.

CBDT amends Form 26QB to enable refund of TDS u/s 194IA by PAN holder too

Refund related to TDS on immovable property for which Form No. 26QB has been filed by the deductor can also be claimed by PAN holder by furnishing PAN in place of TAN.

CBDT notifies revised list of 'eligible international transactions' for TP Safe Harbour Rules by amending Rule 10TA

- The CBDT has issued Notification No. 46/2017/ F. No. 370142/6/2017-TPL dated 07.06.2017 by which it has amended the Safe Harbour Rules specified in the Income-tax Rules relating to transfer pricing for international transactions.
- The "safe harbours" stipulate circumstances in which the Transfer Pricing Officer (TPO) will accept the transfer price declared by the assessee. The Notification has added a category of international transaction being receipts of "low value-adding intra-group services". The prevalent safe harbour margins have also been revised. The new Rules will go a long way to avoid disputes between the income-tax department and the assesseees. All taxpayers and tax professionals are required to be well-versed with the terms of the safe harbour rules

CBDT notifies new cost inflation index with base year as FY 2001-02



Cost Inflation Index For the purpose of computing Long Term Capital gain w.e.f. AY 2018-19

Financial Year	Cost Inflation Index
2001-02	100
2002-03	105
2003-04	109
2004-05	113
2005-06	117
2006-07	122
2007-08	129
2008-09	137
2009-10	148
2010-11	167
2011-12	184
2012-13	200
2013-14	220
2014-15	240
2015-16	254
2016-17	264
2017-18	272

GST Updates

CG notifies the CGST Rules 2017 on registration and composition levy to be effective from 22nd June 2017.

- It has been decided by MOF for the first two months of GST implementation, the tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies which will be submitted before 20th of the succeeding month. However, the invoice-wise details in regular GSTR – 1 would have to be filed for the month of July and August, 2017 as per the timelines given
*Facility for uploading of outward supplies for

Month	GSTR-3B	GSTR-1	GSTR-2 (auto populated from GSTR - 1)
July 2017	20th Aug	1-5 Sep	6-10 Sep
Aug, 2017	20th Sep	16-20 Sep	21-25 Sep

July, 2017 will be available from 15th July, 2017

- Exempt from registration the persons who are only engaged in making taxable supplies, total tax on which is liable to be paid on reverse charge basis
- The provisions of Tax Deduction at Source (Section 51 of the CGST / SGST Act 2017) and Tax Collection at Source (Section 52 of the CGST/SGST Act, 2017) will be brought into force from a date which will be communicated later.
- CGST notifies exempt intra – state supply of Goods u/s 11(1).

- The provisions of Tax Deduction at Source (Section 51 of the CGST / SGST Act 2017) and Tax Collection at Source (Section 52 of the CGST/SGST Act, 2017) will be brought into force from a date which will be communicated later.
- MOF notifies the turnover limits for composition Levy for CGST to 75Lacs and for North Eastern States and Himachal Pradesh to 50 Lacs.
- CBEC amends Central Goods and Services Tax Rules 2017 to insert various other rules including determination of value, invoices, credit/debit notes, assessment, audit, appeal etc
- CBEC notifies the number of HSN digits required on tax invoice
- This will be applicable from 1st day of July 2017

- CBEC prescribes rate of interest for late or non

S. No	Annual Turnover in the pre-ceeding Financial Year	Number of Digits of HSN Code
1	Upto rupees one crore fifty lakhs	NIL
2	more than rupees one crore fifty lakhs and upto rupees five crores	2
3	more than rupees five crores	4

compliance under CGST Act 2017.

- CBEC notifies reverse charge on certain specified supplies of goods u/s 5 (3) of IGST Act.
- Notifies Supplies of goods in respect of which no refund of unutilized Input Tax Credit shall be allowed.
- Notifies refund of 50% of IGST on supplies to Canteen Stores Department u/s 20
- CBEC exempts IGST supplies by CSD to Unit Run Canteens and Supplies by CSD /Unit run authorized customers u/s 6(1)
- MOF notifies 2.5 % concessional CGST rate for intra state supplies to Exploration and Production u/s 11 (1)
- CBEC notifies reverse charge on certain specified Intra State Supplies of goods u/s 9 (3) of CGST Act.

- Notified supplies of goods in respect of which no refund of unutilized input tax credit shall be allowed u/s 54(3) of CGST Act
- MOF notifies refund of 50% of CGST on supplies to CSD u/s 55 of CGST Act.
- MOF exempts from CGST supplies by CSD to unit Run Canteens and Supplies by CSD /unit run canteens to authorized customers notified u/s 11 (1) of CGST Act.
- CGST exempts from reverse charge intra state supply upto Rs 5000 per day u/s 9(4) under CGST Act.
- CBEC Exempts intra state supplies to a TDS deductor by a supplier who is not registered under CGST Act.
- CBEC exempts tax on reverse charge u/s 9(4) on Intra – state supplies of second hand goods received by a registered person dealing in such goods.
- CBEC notifies rates for supply of services and rates for supply of services under IGST Act.
- CBEC has exempted, from payment of Central Tax under Reverse Charge, such supplies from an unregistered supplier to any registered person where aggregate value of such supplies in a day does not exceed Rs. 5000/-.

Contents of an Invoice under GST

A. The Tax Invoice issued by the supplier shall contain the following details:

- Type of Invoice (Tax Invoice, Revised Invoice or Supplementary Invoice).
- Name, address and GSTIN of the supplier.
- A consecutive serial number unique for a financial year (can have alphabets and/or numerals or “-“ and “/” and any combination thereof).
- Date of issue of Invoice.
- Name, address and GSTIN/ Unique ID Number, if registered, of the recipient.
- Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is unregistered and where the taxable value of supply is fifty thousand rupees or more.
- HSN code of goods or Accounting Code of services (Council may issue notification to specify number of digits to be mentioned by each class of persons).
- Description of goods or services.
- Quantity in case of goods and unit or Unique Quantity Code thereof.
- Total value of goods or services.
- Taxable value of goods or services taking into account discount or abatement, if any.
- Rate of tax (CGST, SGST/UTGST, Cess or IGST).
- Amount of tax charged in respect of taxable goods or services (CGST, SGST/UTGST, Cess or IGST).
- Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce.
- Place of delivery where the same is different from the place of supply.
- Whether the tax is payable on reverse charge.
- Signature or digital signature of the supplier or his authorized representative.



B. When tax invoice is issued by an exporter then invoice should have the additional information :

- An endorsement “supply meant for export on payment of IGST” or “supply meant for export under bond or letter of undertaking without payment of IGST”, as the case may be.
- Name of the country of destination; and
- Number and date of application for removal of goods for export.

C. When tax invoice is issued by an Input Service Distributor (ISD) then invoice should have the information:

- Name, address and GSTIN of the ISD.
- A consecutive serial no. containing only alphabets & numerals, unique for a financial year*.
- Date of issue.
- Name, address and GSTIN of the supplier of service, along with serial no. & date of invoice issued by such supplier, the credit in respect of which is being distributed .
- Name, address and GSTIN of the recipient of credit.
- Amount of credit distributed.
- Signature or digital signature of the supplier (ISD) or his authorized signatory.

D. When tax invoice is issued by a Banking company / NBFC / financial institution then following information is not essential :

- Invoice serial number.
- Address of the recipient.

E. When tax invoice is issued by a Goods transport agency then invoice should have the following additional information:

- Gross weight of the consignment.
- Name of the consignor & the consignee.
- Registered no. of goods carriage, used for transportation.
- Details of goods transported.
- Details of place of origin & destination.
- GSTIN of person liable for paying tax.

F. When tax invoice is issued by a supplier of passenger transport service address of the recipient is not essential.

MCA

Clarification regarding transfer of shares to IEPF

It has been clarified that transfer of shares to Investor Education Protection Fund in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred according to the procedure followed for transmission of share and duplicate share need not be issued in such case.

Companies (Audit & Auditors) Rules , 2014 amended

MCA amends Auditors Rules to relax rotation of auditor's limit for Private Companies from paid-up capital of Rs. 20 Crores to Rs. 50 Crores
Explanation for class of companies as mentioned in sub section 2 of section 139 for appointment or reappointment of auditors amended to increase the limit for private ,limited companies.

Applicability of certain sections and exemptions notified for companies

in the nature of charitable trusts

- In previous notification regarding the above mentioned subject matter it has now been made applicable for companies under section 8 i.e companies having charitable objective to have a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company
- Provided further that such class or classes of companies as may be prescribed, shall have at least one woman director.

- For sub section 7 of section 186 stating that No loan shall be given under this section at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan. a proviso is inserted for such class of companies as that nothing contained in this sub section shall apply to a company in which 26 % or more of the paid up share capital is held by the Central government or one or more State Governments or both , in respect of loans provided by such company for funding industrial Research and Development projects in furtherance of its objects as stated in its memorandum of association

Government company

- To have annual general meeting within the city , town or village in which the registered office of the company is situated or such other places as the Central Government may approve in this behalf.
- Sub sections 6 & 7 to section 152 ie Appointment of directors shall not be applicable to Government companies which is not listed and in which not less than 51 % of the paid up share capital is held by the Central government or by any state government or governments or by any state Government or subsidiary of such Company .

Private Limited Company

- Cash Flow statement not required to be made for Startup company in case of Private Limited Company. Start up Company would mean a company incorporated under the Act and recognised as startup in accordance with the notification issued by the Department of Industrial Policy and Promotion , Ministry of Commerce and Industry.
- Section 73 sub section 2 clause (a) to (e) regarding . Prohibition on acceptance of deposits from public shall not apply to a
 - ⇒ private company which accepts from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account; or
 - ⇒ which is a start-up, for five years from the date of its incorporation; or
 - ⇒ which fulfills all of the following conditions, namely:-

- ◇ which is not an associate or a subsidiary company of any other company
- ◇ if the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is lower; and
- ◇ such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under this section:

- The above mentioned companies) shall file the details of monies accepted to the Registrar in such manner as may be specified.
- In the Annual return of companies regarding remuneration to Directors shall apply to Private Companies which are small companies aggregate amount of remuneration drawn by directors.
- The annual return would be signed by company secretary, or where there is no company secretary, by the director of the company in case of One Person Company, small company and private company (if such private company is a start-up)
- Sub section 5 of section 173 regarding Board meeting in case of one person company , small company and Dormant company to now include private company also which is a startup company.
- Section 174 regarding Quorum of meeting such section will apply with the exception that the interested director may also be counted towards quorum in such meeting after disclosure of his interest pursuant to section 184.

All the above mentioned Exemptions, Modifications & Adaptions would only be applicable to company that has not defaulted in filing its annual return.

Lunawat Update

Presentations

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

- “Financial Literacy for Directors ” at Indian Institute of Banking & Finance, Delhi
- “Driving Financial Performance “at Indian Institute of Banking & Finance, Delhi
- “Practical Implications of ICDS” at Ludhiana Branch & South Delhi CA Study Circle of NIRC of ICAI
- “ICDS, Cash Restrictions, AS & Schedule III amendments” at Mayur Vihar & Shastri Nagar CPE Study Circle, Faridabad & Karnal Branch of NIRC of ICAI,
- “ICDS, Cash Restrictions, AS & Schedule III amendments” at Muzaffarnagar Branch & Bulandshahr CPE Study Circle of CIRC of ICAI
- “Apart from GST” at Maharaja Palace ,Punjabi Bagh,, New Delhi for the clients of Lunawat & Co.

During June 2017, **CA. Rajesh Saluja** gave following transactions:

- “GST the Road Ahead” at Duncan Engineers Ltd, Pune
- “Finance for Non-Finance” at Maruti Suzuki India Ltd , Vasant Kunj
- “Finance for Non-Finance” at Mitsubishi Electric Pvt Ltd , Pune
- “Meeting on Finance For Non-Finance” at Serendipity, Defense Colony
- “Meeting on Financial Planning” at HMCL, Gurgaon
- “Costing & Negotiation Level-1” at MSIL, Gurgaon
- “Meeting on GST” at Hartcastle Petrofer Pvt Ltd, Lajpat Nagar.
- “Costing & Negotiation Level-2” at MSIL, Gurgaon.
- “Meeting on GST” at Adani Enterprises, Gurgaon.
- “GST Refreshers Program” at OCCL, Noida.
- “Get Ready for GST” at Maharaja Palace ,Punjabi Bagh,, New Delhi for the clients of Lunawat & Co.
- “Input Tax Credit & Transitional Provisions” under GST at Shastri Nagar CPE Study Circle of NIRC of ICAI.

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We also have ASSOCIATES at :

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