

Lunawat Bulletin

Market Watch

Sensex

28.02.2018: **34184.04**

31.01.2018: **35965.02**

Nifty

28.02.2018: **10,492.85**

31.01.2018: **11027.70**

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Rot at PNB gets deeper, fraud is now worth Rs 12,700 crore

State run lender Punjab National Bank informed the exchanges late last night that the quantum of fraud in the Nirav Modi case could be more by Rs 1,300 crore than the current amount of Rs 11,400 crore which it disclosed on February 14. This new revelation takes the fraud amount to over Rs 12,700 crore.

In a filing to the BSE, the bank said the amount of unauthorised transactions could go up by more than Rs1,300 crore. “We have to inform that quantum of reported unauthorised transactions can increase by \$204.25 million (approximately),” the filing said.

Earlier this month PNB unearthed a Rs 11,400 -crore alleged fraud that has been going on since 2010 at the Brady House branch of the bank in Mumbai. It came to light after an employee who was rolling over the letter of undertakings retired.

PNB has blamed other banks for negligence, stating that there was connivance between group companies of Modi and Gitanjali BSE - 4.87 % with executives at its branch.

Oriental Bank of Commerce loan fraud: Delhi diamond exporter booked for Rs 389cr scam

After Nirav Modi and Mehul Choksi, the Central Bureau of Investigation (CBI) has registered a case against a Delhi-based diamond jewellery exporter for an alleged bank loan fraud to the tune of Rs389.85 crore towards Oriental Bank of Commerce.

The CBI has booked Dwarka Das Seth International Pvt Ltd for the alleged fraud.

Six months after the public sector bank filed a complaint with the CBI, the agency booked the company, and Sabhya Seth, Reeta Seth, Krishna Kumar Singh, Ravi Singh — all directors of the firm — and another company named Dwarka Das Seth SEZ Incorporation.

The company has availed various credit facilities from OBC between 2007-12, which swelled to Rs389 crore during the period.

It was found by the bank that the company was using letters of credit (LoCs) to pay off other creditors against the purchase of gold and other precious stone and transfer gold and funds outside the country using fictitious transactions, the bank complaint, now part of the CBI FIR, alleged.

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Compliance Due Dates

Due Date	Related to	Particulars
07.03.2018 (Wednesday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> • Deposit TDS Deducted during the month of February 2018.
10.03.2018 (Saturday)	GST	<ul style="list-style-type: none"> • Last date of filing of GSTR-1 for the month of January for assessee having turnover more than Rs. 1.50 Cr.
15.03.2018 (Thursday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> • Issue of TDS Certificate for tax deducted under Section 194-IA & 194-IB in the month of January, 2018.
15.03.2018 (Thursday)	EPF	<ul style="list-style-type: none"> • Deposit EPF under Employees Provident Fund & Misc. Provision Act, 1952 deducted for the month of February 2018.
15.03.2018 (Thursday)	Income Tax	<ul style="list-style-type: none"> • Deposit fourth installment of advance tax for the assessment year 2018-19. • Deposit Advance Tax (For assesses covered by section 44AD / 44ADA) for AY 2018-19
15.03.2018 (Thursday)	ESI	<ul style="list-style-type: none"> • Deposit ESI under Employees State Insurance Act, 1948 deducted for the month of February 2018.
20.03.2018 (Tuesday)	GST	<ul style="list-style-type: none"> • Deposit GST collected for the month of February 2018. • Last date of filing GSTR-3B For the month of February 2018.
30.03.2018 (Friday)	Income Tax	<ul style="list-style-type: none"> • Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA in the month of February, 2018
31.03.2018 (Saturday)	Income Tax	<ul style="list-style-type: none"> • Submit Belated Income Tax Returns for the A Y 2017-18 & AY 2016-17 for all Assessee's. • Invest in required savings LIC, PPF, NSC, etc. to claim deduction u/s 80C, etc
31.03.2018 (Saturday)	GST	<ul style="list-style-type: none"> • Filing GSTR- 6 for input service distributors for July 2017 to February 2018.

List of Holidays

DATE	DAY	REGARDING
02.03.2018	Friday	Holi

Income Tax

CBDT Directive Reg Determination of FMV Of 'Start Up' Companies' Shares u/s 56(2) (viib) and Rule 11UA(2)

CBDT has issued an important directive relating to the determination of fair market value of unquoted equity shares of 'Start Up' companies under section 56(2)(viib) of the Income-tax Act read with Rule 11UA(2) of Income-tax Rules



Explanatory Notes on Finance Act, 2017

CBDT has issued a circular providing explanatory notes to the provisions of the Finance Act, 2017. It contains detailed explanation on all amendments made in Income Tax Act, 1961 and applicable w.e.f 1st April, 2017.

CBDT Notifies Centralised Communication Scheme, 2018 for E-Assessment

Form 10A for Application of Trust for Registration u/s 12A amended

CBDT has amended Rule 17A of Income Tax Rules, 1962 for application for registration of charitable or religious trusts, etc. An application for registration of a charitable or religious trust or institution is to be made in Form No. 10A, the said form has been amended.

CBDT has notified the Centralized Communication Scheme 2018. The Centralized Communication Scheme 2018 contains provisions for the electronic issuance of notices to taxpayers and prescribes the format in which the information and documents have to be furnished.

The notices to taxpayers will be issued by the centralized communication Centre u/s 133C of Act through email or by placing a copy in the registered account on the portal, followed by intimation by short messaging service (SMS), As per this scheme –



Issue and service of notice- The Centralised Communication Centre shall issue notice to any person requiring him to furnish information or documents for the purpose of verification of information in his possession.

Response to notice- The Centralised Communication Centre may prescribe a machine readable structured format for furnishing the information or documents by the person in response to the notice

No personal appearance- No person shall be required to appear personally or through authorised representative before the designated authority at the Centralised Communication Centre in connection with any proceedings.

Power to specify procedure and processes- The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify from time to time, procedures and processes for effective functioning of the Centralised Communication Centre.

Income Tax

CBDT issues FAQs on tax on LTCG proposed in Finance Bill, 2018

Since the introduction of the Finance Bill, 2018 several queries were raised in different fora on various issues relating to the proposed new tax regime for taxation of long-term capital gains. So, the CBDT issued Frequently Asked Questions (FAQs) regarding taxation of long-term capital gains proposed in Finance Bill, 2018.

CBDT issued instructions for conduct of assessment proceedings in scrutiny cases electronically

Instructions issued by CBDT for e-assessments through E-proceeding functionality in ITBA/E-filing are as under-

- Revised format of notice u/s 143(2) has to be issued provided the assessment proceedings would be conducted electronically.
- Electronically proceedings would not be done for search related assessment proceedings.
- For enquiries, notice u/s 142(1) of the Act shall be issued electronically and delivered upon the assessee in his E-filing account.
- AO has to sign digitally all departmental orders, communications and notices issued to assessee.
- Online submissions may be filed till the office hours on the date stipulated for compliance.
- In case of time barring situation, facility for electronic submission of documents shall be automatically closed before time barring date. In exceptional circumstances AO may allow further filing submissions electronically under intimation to range head ITBA.
- Proceeding may take manually in following cases-
 - a) If manual books of accounts or original documents have to be examined.
 - b) If AO issue notice for third party enquiries/ investigations.
 - c) If assessee or department required to examine the witness.
 - d) If assessee requests for personal hearing in case of adverse view issued by AO in show cause notice.
- Case records as well as order sheet shall be maintained electronically.



GST Highlights

- CENVAT credit pertaining to which a show cause notice was issued which has been adjudicated and where in the last adjudication order, it was held that such CENVAT credit is not admissible, then such CENVAT credit (herein and after referred to as “disputed credit”), credited to the electronic credit ledger shall not be utilized by a registered taxable person to discharge his tax liability.
- A registered person shall not take in his electronic credit ledger, amount of CENVAT credit as is carried forward in the return relating to the period ending 30th June 2017 which is not eligible under the Act in terms of sub-section (5) of section 17 (hereinafter referred to as „blocked credit“), such as, telecommunication towers and pipelines laid outside the factory premises. If the said blocked credit is credited to the electronic credit ledger, it shall not be utilized and if utilized, shall be recovered from the tax payer with interest and penalty as per the provisions of the Act. .
- All officers up to the rank of Additional/Joint Commissioner of Central Tax are assigned as the proper officer for issuance of show cause notices and orders & also the monetary limits for different levels of officers of central tax have been prescribed.
- Hostel accommodation provided by Trusts to students do not fall within the ambit of charitable activities. Accommodation service in hostels including by Trusts having declared tariff below one thousand rupees per day is exempt.
- Elephant/ camel joy rides cannot be classified as transportation services. These services will attract GST @ 18% with threshold exemption being available to small service providers.
- Leasing or rental services, with or without operator, for any purpose are taxed at the same rate of GST as applicable on supply of like goods involving transfer of title in goods
- Services provided by senior doctors/ consultants/ technicians hired by the hospitals, whether employees or not, are healthcare services which are exempt.

Ministry Of Corporate Affairs

MCA amends various Forms

- MCA amends Companies (Management & Administration) Rules to substitute Form MGT 6 (beneficial holder declaration u/s 89) & MGT 15 (Report on AGM)
- MCA amends Companies (Audit & Auditors) Rules to substitute Form ADT -1 (Appointment of auditor) & Form ADT -2 (Removal of Auditor)
- MCA amends Companies (Authorised to Register) Rules to replace Form URC -1 for conversion of firm into company
- MCA introduces Form AOC-3A for companies who need to comply with Accounting Standards as per Ind AS

Designation as Special Court

The Central Government hereby designates the following Courts below as Special Courts for the purposes of providing speedy trial of offences punishable with imprisonment of two years or more under the said sub-section, namely:-

S.N.	Courts (2)	Jurisdiction as Special Courts (3)
1.	Additional District and Sessions Court VII, Ernakulam	State of Kerala
2.	District and Sessions Court, Kavaratti	Union territory of Lakshadweep
3.	District and Sessions Judge, Cuttack	State of Odisha
4.	Additional District and Sessions Judge, No.1, Kamrup (M), Guwahati	State of Assam



Other Notifications

- MCA has issued a notification to provide that the provisions of Accounting Standard 22 or Ind AS 12 shall not apply, for 7 years with effect from the 1st April, 2017, to a Government company which:—
 - a) is a public financial institution u/s 2(72)(iv) of the Companies Act, 2013;
 - b) is a Non-Banking Financial Company registered with the Reserve Bank of India under section 45-IA of the Reserve bank of India Act, 1934; and
 - c) is engaged in the business of infrastructure finance leasing with not less than 75% of its total revenue being generated from such business with Government companies or other entities owned or controlled by Government .
- MCA has issued a Companies (Removal of Difficulties) Order, 2018 to provide that: an independent director re-appointed for second term shall be removed by the company only by passing a special resolution and after giving him a reasonable opportunity of being heard.
- MCA amends Valuation Rules to allow valuation by existing valuers till 30th September 2018
- MCA notifies 43 sections of Companies (Amendment) Act 2017 w.e.f. 9th February 2018 including those related to auditors
- MCA exempts companies engaged in Defence Production from application of Accounting Standard on Segment Reporting

Customs Highlights

- Basic Custom Duty on **mobile phones and other electronic goods** relating thereto increases from 10% to **15%**.
- Anti-dumping duty on “Ceramic Tableware and Kitchenware, excluding knives and toilet items” originating in, or exported from the China PR.
- Central Government exempts motor spirit commonly known as petrol and high speed diesel oil when imported into India, from so much of the additional duty of customs leviable as is equivalent to the additional duty of excise (Road and Infrastructure Cess).

Lunawat Update

Presentations

During February 2018, our partner **CA. Pramod Jain** gave following presentations:

- “*Union Budget 2018*” at Laxmi Nagar CPE Study Circle of NIRC of ICAI.
- “*Driving Financial Performance*” at Institute of Directors.
- “*Financial Literacy for Directors*” at Institute of Directors.
- “*Taxation of Gifts & Shell Companies*” at FTAP.
- “*Union Budget 2018*” at Nehru Place Study Circle of NIRC of ICAI
- “*Union Budget 2018*” at Manglam CA Study Group, Rohini & Shri Balaji CA Forum, Karol Bagh
- “*Financial Statements from Banker's perspective*” at Indian Institute of Banking & Finance, Delhi.
- “*Union Budget 2018*” at Professional Forum.
- “*Few issues in Union Budget 2018*” made at West Delhi Study Circle (WDSC) of NIRC of ICAI.

Presentations

During February 2018, our partner **CA. Rajesh Saluja** gave following presentations:

- “*Costing I*” at MSIL, Gurgaon
- “*Finance for Non-finance*” at MSIL, Cochin
- “*Finance for Non-finance*” at Aricent Technologies, Chennai
- “*Costing II*” at MSIL, Gurgaon
- “*Finance for Non-finance*” at MSIL, Gurgaon
- “*Finance for Non-finance*” at class India Corp. Office, Faridabad
- “*Finance for Non-finance*” at Adani, Gurgaon
- “*Finance for Non-finance*” at MSIL, Gurgaon
- “*GST, Financial and Planning Training*” at VNIT, Nagpur
- “*Finance for Non-finance*” at HMCL, Dharuhera
- “*Investment and financial Planning*” at HMCL, Dharuhera

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We also have ASSOCIATES at :

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Our Services

- **Audit and Assurance**
- **International Taxation**
- **Indian Direct Tax Laws**
- **Goods and Service tax (GST)**
- **Corporate Laws**
- **Limited Liability Partnership (LLP)**
- **NGOs/Societies and Trusts**
- **Insolvency Professionals**
- **Compliance Audits**
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- **Trade Marks**

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