

The background features a light blue gradient with silhouettes of seven business professionals in suits. To the right, there are faint, semi-transparent images of a bar chart and a line graph with data points. The text 'POC CONNECT' is prominently displayed in white on a dark blue horizontal band.

POC CONNECT

MARCH EDITION 2016

Corporate News Round Up

Tax News Round Up

Direct Tax Case
Laws

Indirect Tax
Case Laws

Notifications,
Circulars &
Press
Releases

Corporate News Round Up

RBI has Revised the Threshold for Reporting of Frauds from Rs. 25 lakhs to Rs.1 Crore

RBI has revised the threshold for reporting of frauds and submission of quarterly progress reports on frauds to Central Fraud Monitoring Cell, Reserve Bank of India, Department of Banking Supervision, from Rs. 25 lakh as on date to Rs. 1 crore with immediate effect.

For more detail refer-

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT32774D9ACA7771141229A1F3B78057B0B67.PDF>

RBI extends swap arrangement with SAARC nations

In order to enhance economic cooperation and strengthen financial stability, RBI has extended the USD 2 billion currency swap arrangement to SAARC nations till mid-November 2017. The Reserve Bank has decided to extend the SAARC Currency Swap Arrangement till November 14, 2017.

Corporate News Round Up

RBI to buy back Rs 15,000 crore government bonds

The Reserve Bank of India will buy back Rs 15,000 crore worth of government bonds maturing next few months, a move that will help ease cash crunch in banking system, while creating fresh demand for securities."The repurchase by the Government of India will be undertaken to prematurely redeem the Government Stocks by utilizing its surplus cash balances," RBI said in a release "The above repurchase of the Government Stocks is purely ad hoc in nature."

RBI proposes easier access to foreign capital for start-ups

The Reserve Bank of India (RBI), in its sixth bi-monthly monetary policy statement, has proposed steps to improve ease of doing business for start-ups through easier access to foreign capital and by enabling smoother transfer of ownership. RBI Governor Raghuram Rajan said the central bank wants to simplify the process and will create an enabling framework for attracting foreign venture capital (VC).

Corporate News Round Up

Sebi notifies stricter Mutual Fund norms, reduces single issuer limit

To safeguard investor interest, capital markets regulator Sebi has notified a stricter set of norms for mutual funds, wherein it has capped the investment limit in bonds of a single company at 10 per cent. The move comes after JP Morgan Mutual Fund got into troubles due to its exposure to debt securities of Amtek Auto, while a few other fund houses have also faced similar problems with regard to corporate bonds of other distressed firms.

Sebi notifies exit route for dissenting investor at listed companies

Markets regulator Sebi has notified a new set of norms to provide an exit route to the dissenting shareholders in case a listed company diverts from its stated objective of raising funds from the public. The move is aimed at helping the shareholders make an exit if they feel dissatisfied with any change in business plan of the company concerned after raising funds through IPOs, FPOs or any other capital-raising exercise involving public investors.

Corporate News Round Up

Tax News Round Up

Direct Tax Case
Laws

Indirect Tax
Case Laws

Notifications,
Circulars &
Press
Releases

Tax News Round Up

Certificates for Lower or Nil TDS for Non Residents is Now Online

The CBDT has issued TDS instruction No. 51 dated 04.02.2016 in which important directions have been given with regard to the functionality for issue of online TDS certificates u/s 195(2) and 195(3) for lower/ no-deduction of tax at source.

For more detail refer-

<http://irsofficersonline.gov.in/Documents/OfficialCommunication/128201653826.pdf>



Tax News Round Up

CBDT Instruction for Passing Rectification Order in writing and within time limit of six month

CBDT vide Instruction No. 02/2016 dated 15-02-2016 issues direction that all rectification applications must be disposed of after passing an order in writing, to be duly served upon the taxpayer concerned and not by merely making necessary rectification on the AST System.

Further CBDT also directed to department officers vide Instruction No. 01/2016 dated 15-02-2016 that Prescribed time-limit of 6 months in passing order u/s 154(8) of Income-tax Act, 1961 to rectify any mistake apparent from record must be followed strictly.

For more detail refer-

http://www.incometaxindia.gov.in/communications/circular/instruction2_2016.pdf

Corporate News Round Up

Tax News Round Up

Direct Tax Case
Laws

Indirect Tax
Case Laws

Notifications,
Circulars &
Press
Releases

Notifications, Circulars & Press Releases

CENVAT Credit cannot be utilised for Swachh Bharat Cess payment

CBEC vide its notification no. 02/2016-Central Excise (N.T.) dated February 03, 2016 has provided that the CENVAT credit of any duty specified in rule 3(1) shall not be utilised for payment of the Swachh Bharat Cess. [proviso shall be inserted in rule 3(4) after the sixth proviso]

For more detail refer-

<http://www.cbec.gov.in/htdocs-cbec/excise/cx-act/notifications/notfns-2016/cx-nt2016/cent02-2016>

Notifications, Circulars & Press Releases

Refund of Swachh Bharat Cess to Exporters and SEZ units

CBEC vide Notification No. 03/2016-Service Tax dated February 03, 2016 allows refund/rebate of Swachh Bharat Cess to exporters and SEZ units. By this notification CBEC seeks to amend notification No. 39/2012- ST, dated the 20th June, 2012 so as to provide for rebate of Swachh Bharat Cess paid on all services, used in providing services exported in terms of rule 6A of the Service Tax Rules.

For more detail refer-

<http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2016/st03-2016>

Notifications, Circulars & Press Releases

Refund of service tax on services used beyond the factory for the export

CBEC Notification No. 01/2016-Service Tax dated February 03, 2016 Seeks to amend notification No. 41/2012- ST, dated the 29th June, 2012 so as to allow refund of service tax on services used beyond the factory or any other place or premises of production or manufacture of the said goods for the export of the said goods and to increase the refund amount commensurate to the increased service tax rate.

For more detail refer-

<http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2016/st01-2016>

Notifications, Circulars & Press Releases

CBDT Clarification on nature of Share Buy Back Transactions

CBDT vide its Circular No. 03/2016 dated February 26, 2016 clarifies that consideration received on Share Buy Back between the period 01.04.2000 till 31.05.2013 would be taxed as capital gains in the hands of the recipient in accordance with section 46A of the Act and no such amount shall be treated as dividend in view of provisions of section 2(22)(iv).

It is also clarified that as a matter of general principle, no fresh notice for assessment/reassessment/non-deduction of TDS at source shall be issued where share buy back has taken place prior to 01.06.2013 and the case is covered under section 46A read with section 2(22)(iv) of the Act. In cases where notices have already been issued and assessment proceedings are pending, tax authorities shall complete the assessment keeping in view the above legal position.

For more detail refer-

<http://irsofficersonline.gov.in/Documents/OfficialCommunique/1226201635554.PDF>

Notifications, Circulars & Press Releases

No Service Tax on Services by Government or local authority to a small business entity

CBEC vide Notification No. 07/2016-Service Tax dated February 18, 2016 has exempted the services provided by Government or a local authority to a business entity with a turnover up to Rs.10 Lakh in the preceding financial year. The notification will be effective 1 April, 2016.

For more detail refer-

<http://www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2016/st07-2016>

Corporate News Round Up

Tax News Round Up

Direct Tax Case
Laws

Indirect Tax
Case Laws

Notifications,
Circulars &
Press
Releases

Standard Chartered Finance Ltd. v. Commissioner of Income-tax, Bangalore
[2016] 67 taxmann.com 54 (SC), Dated FEBRUARY 9, 2016

When no assessment order was passed, there could not be a notice for reassessment

Brief Facts:-

The return filed by the appellant/assessee for this Assessment Year, no assessment order was passed. However, much after the last date of the Assessment Year is over, the Assessing Officer sought to re-open the assessment by issuing notice under Section 10 of the Act and thereafter proceeded to re-assess the interest chargeable under the aforesaid Act.

SC Held That:-

Assessee-company filed its return for relevant assessment year but no assessment order was passed .When no assessment order was passed, there could not be a notice for reassessment . Thus Supreme Court of India allow this appeal and set aside the order passed by the High Court.

Vipin Walia v. Income-tax Officer
[2016] 67 taxmann.com 56 (Delhi), Dated FEBRUARY 15, 2016

Where department intended to proceed under section 147 against assessee when he was already dead, it could have been done so by issuing a notice to legal representative of assessee within period of limitation for issuance of notice.

Brief Facts:-

- Notice under section 148 for relevant assessment year was issued upon original assessee when he was already dead.
- However, department continued with proceedings under section 147 in name of petitioner, as a legal heir of original assessee.
- Petitioner contended that proceedings initiated were barred by limitation.

High Court Held That:-

- If department intended to proceed under section 147, it could have been done so prior to period of limitation by issuing a notice to legal representative of deceased assessee and beyond that date it could not have proceeded in matter even by issuing notice to Legal Representatives of assessee.
- Therefore, subsequent proceedings under section 147 against petitioner were wholly misconceived and were to be quashed

Corporate News Round Up

Tax News Round Up

Direct Tax Case
Laws

Indirect Tax
Case Laws

Notifications,
Circulars &
Press
Releases

Commissioner of Central Excise, Customs & Service Tax, Vapi v. S.V. Jiwani
[2016] 66 taxmann.com 329 (Bombay), Dated FEBRUARY 1, 2016

Where assessee has paid service tax on full contract price of a works contract and availed credit of inputs and services and there is no revenue loss to department, department cannot seek to deny credit relying upon valuation rule 2A.

Brief Facts:-

- Assessee paid service tax on entire contract/construction price and took credit of inputs and input service.
- Department argued that assessee had to apply rule 2A and accordingly, service tax was payable as per said rule and credit had to be disallowed.

High Court Held That:-

- When tax liability has been discharged on full contract price and credit has been taken, revenue was not put to loss.
- Hence, leaving question of law open, present appeals were disposed of, as there was no revenue loss. [In favour of assessee]

For any suggestions & Queries

CONTACT US



PUNKAJ OSWAL & CO.

Chartered Accountants

7A LGF, NRI Complex

Mandakini GK-IV

New Delhi-110019

Ph: +91-11-26277030, 41631242

Fax: +91-11-26272011

Email: oswalpunkaj@gmail.com, punkaj@capoc.in

Url: www.capoc.in