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# POC CONNECT

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# Corporate News Round Up

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# Corporate News Round Up

## **Sebi offers clarity on voluntary delisting norms**

According to SEBI companies cannot apply for voluntary delisting of their shares unless they have been listed in a recognised stock exchange for at least three years. Besides, the capital markets regulator said no recognised stock exchange will permit such delisting until three years have passed since the listing of the shares of that company.

## **Sebi enhances disclosure rules for credit rating agencies**

India's capital market regulator, Sebi tightened disclosure norms for credit rating agencies in a bid to boost transparency and accountability after a number of sudden sharp rating changes created concern among investors. Credit rating agencies (CRAs) will be required to publicly provide more details of the criteria and process behind rating changes and review each criteria periodically.

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## Sebi bars 8 companies from market

The Securities and Exchange Board of India (Sebi) barred as many as eight “vanishing” companies and 40 directors from accessing the capital market for the next five years for violating listing agreement. Vanishing companies are those that failed to file statutory returns with the Registrar of Companies and stock exchanges for two years. Besides, the companies and their directors are not traceable.

## Gold savings schemes under Sebi scanner

The Securities and Exchange Board of India (Sebi) is examining gold savings schemes offered by jewellers to check whether such offerings are flouting regulations on collective investment schemes. Sebi is gathering brochures and pamphlets from at least a dozen jewellers, including Tanishq (Titan Company), Gitanjali Gems and PC Jeweller, which operate gold deposit schemes.

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## RBI issues guidelines for forex hedging by foreign companies

Reserve Bank of India (RBI) issued draft guidelines on how Indian subsidiaries of multinational companies can hedge their currency exposure risk in the country. RBI said that subsidiaries looking to hedge their exposure outside of exports and imports could do so through all foreign currency-rupee derivatives, over-the-counter, and exchange-traded products. It also said profits and losses arising from hedging transactions in India must be reflected in the books of the domestic subsidiaries of multinational companies, among other guidelines.

## Phasing out Rs 500, Rs 1,000 notes won't affect market liquidity: Patel

On the day of the dramatic announcement by Prime Minister Narendra Modi to immediately phase out Rs 500 and Rs 1,000 notes, Reserve Bank of India (RBI) governor Urjit Patel said the move would put 23.2 billion banknotes out of circulation but would not affect liquidity in financial markets. Soon after Modi's address to the nation, Patel addressed a press conference with deputy governor R Gandhi and the government's Economic Affairs Secretary Shaktikanta Das to explain the move and soothe the nerves of common people as well as investors.

# Corporate News Round Up

## Benami Property Act to be effective from Nov 1

The new law to prohibit benami transactions, which also provides for up to 7 years imprisonment and penalty for those indulging in such activities, will come into effect from November 1. With a view to curb the menace of black money, Parliament in August had passed the Benami Transactions (Prohibition) Act, after assurance from Finance Minister Arun Jaitley that genuine religious trusts will be kept out of the purview of the legislation.



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## **Salaries taxpayers to get SMS alerts on TDS deductions**

As many as 2.5 crore salaried taxpayers will now receive SMS alerts from the Income Tax department regarding their quarterly TDS deductions. Finance Minister Arun Jaitley launched the SMS alert service for TDS for salaried class. So they can match the office salary slip and the SMS and at the end of the fiscal he will be clear about any possible tax dues.

## **CBDT unveils norms for computing FMV of trust assets**

The tax department came out with draft rules for valuation of assets of charitable institutions for the taxation purpose after they convert into non-charitable entities. The draft norms, on which the CBDT has sought comments by October 31, prescribe different methods for computing the aggregate fair market value (FMV) of total assets of trusts and charitable institutions.



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## Tax dept emails appellants on resolution plan

With over Rs 5.16 lakh crore locked up in tax disputes before commissioners, the revenue department has started sending emails and SMSes to assesseees, asking them to avail of the ongoing one-time dispute scheme which will close by December-end. About 259,000 cases were pending as of February involving disputed tax worth over Rs 5.16 lakh. It is estimated that each commissioner would have 400 cases pending.

## I-T Dept to keep record of deposits over Rs 2 lakh

With demonetisation of Rs 500 and Rs 1,000 currency notes, the government has directed Income-Tax Department to coordinate with all banks and furnish details of individuals who exchange cash amount of Rs 2 lakh and above. "A key reason for scrapping these two currency denominations is to curb the huge menace of fake currency, tackle black money and make India a cashless economy.

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# Notifications, Circulars & Press Releases

## CBDT NOTIFIES REPORTING OF CASH DEPOSIT BETWEEN 09.11.2016 TO 30.12.2016

CBDT vide Notification No. 104/2016 dated 15th Novemebr, 2016 has amendment in Rule 114B for compulsory quoting of pan in case of cash deposit exceeding Rs. 50000 in a single day or aggregating to more then Rs. 2.5 lakh during the period from 09.11.2016 till 30.12.2016.

Amendment in Rule 114E for filing AIR report as required under section 285BA of Income Tax Act, 1961 wrt reporting by banking company and a cooperative bank on account of aggregate cash deposits in one or more current account of a person in excess of Rs. 12.5 lakhs or Rs. 2.5 lakh or more (other than current a/c) in one or more account of a person during 09.11.2016 till 30.12.2016.

**For more detail refer-**

[http://www.incometaxindia.gov.in/communications/notification/notification104\\_2016.pdf](http://www.incometaxindia.gov.in/communications/notification/notification104_2016.pdf)

# Notifications, Circulars & Press Releases

## DIRECT TAX COLLECTIONS UP TO OCTOBER, 2016 SHOW AN INCREASE OF 10.6%

CBDT vide Press Release dated 9th November, 2016 has issued figures of Direct Tax Collections up to October, 2016 which is Rs. 3.77 lakh crore, 10.6% higher than the net collections for the corresponding period last year. Till October, 2016, 44.5% of the Budget Estimates of direct taxes for FY 2016-17 has been achieved.

As regards the growth rates for Corporate Income Tax (CIT) is 11.6% and while that under Personal Income Tax (PIT) (including STT etc.) is 18.6%.

### **For more detail refer-**

[http://incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF\\_News/Direct%20Tax%20Collections%20up%20to%20October-2016.pdf](http://incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF_News/Direct%20Tax%20Collections%20up%20to%20October-2016.pdf)

# Notifications, Circulars & Press Releases

## ONLINE SERVICES FROM OUTSIDE INDIA TO NON-BUSINESS ENTITY SHALL BE TAXABLE W.E.F. 01-12-2016

With a view to provide a level playing field to ‘Indian Service Providers’ providing taxable ‘online information and database access or retrieval [OIDAR] services’ including electronic services in India, the service tax exemption has been withdrawn w.e.f. 1 Dec. 2016 for such services ‘provided in India’ by service providers located outside India or in foreign territory. Thus cross border ‘business to consumer [B2C]’ OIDAR services provided by a foreign service provider to a person in India will become taxable from 1 Dec. 2016 onwards.

### **For more detail refer-**

<http://www.cbec.gov.in/htdocs-servicetax/st-circulars/st-circulars-2016/st-circ-202-2016>

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**Humayun Suleman Merchant v. Chief Commissioner of Income-tax (X), Mumbai**  
**[2016] 75 taxmann.com 157 ( High Court of Bombay), Dated- OCTOBER 25, 2016**

AO rightly levied Sec. 234A/B/C interest when assessee failed to establish his entitlement for interest waiver

**Facts:**

- The assessee filed return of income declaring total income of Rs. 44.85 lakhs. In its return the assessee had claimed exemption from capital gains under section 54F in respect of sale of land for consideration of Rs. 85.33 lakhs. Despite agreeing to purchase a flat for a consideration of Rs. 69.60 lakhs, part payments of only Rs. 35 lakhs were made till the date of filing return. The balance ought to have been deposited by the assessee in a specified account, however, he failed to do so.
- Upon return being filed after the due date and the assessee not having paid advance tax the Assessing Officer levied interest under sections 234A, 234B and 234C.

**Held that:**

The assessee's have not been able to establish that non payment of the tax and/or non investment in the specified bank account in terms of section 54F was on account of unavoidable circumstances or circumstances beyond control of the assessee. Thus, there is no fault with the impugned order. The assessee has not been able to establish that he is entitled to benefit of the order dated 23rd May, 1996 for waiver of interest.

## **Vatsala Shenoy Vs. JCIT**

**Civil Appeal No. 1234 to 1245 of 2012 (Supreme Court of India), Dated- October 18, 2016**

### **Issue:**

Whether the capital gain tax will be paid by the partners of the dissolved partnership firm on the sale of its assets?

### **Brief of the case:**

All the assesseees in the present case were partners in the partnership concern known as M/S Mangalore Ganesh Beedi Works, which was sold to three partners as a going concern after the dissolution of the partnership firm. The receipts from the same was treated as capital gain by the Assessing Officer and the same order was confirmed by the CIT(A), ITAT and thereafter also by the Hon'ble High Court of Karnataka. Aggrieved by which, the assesseees are in appeal before the Apex Court.

### **Held that:**

It was held that the argument of the assessee regarding that the firm is sold as slump sale can not be treated as a valid argument since all the assets have been separately identified and valued.. Secondly, the income of the firm in the Assessment Year 1995-96 would not be taxable in the hands of the assessee and would be assessed in the hands of AOP-3. The Thirdly, the order of the Assessing Officer is upheld regarding the payment of the capital gain tax by the assessee.



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If refund claim filed originally by assessee is complete in all respects and refund is not granted within 3 months therefrom, then, assessee is entitled to interest on belated refund; revised calculation submitted by assessee on insistence of department cannot amount to filing of fresh 'refund claim'.

**Facts:**

- Assessee-manufacturer applied for refund of cenvat credit pertaining to inputs and input services used for export goods. Department denied credit and consequent refund on ground that activity did not amount to manufacturing.
- On assessee's appeal, Tribunal held that activity was manufacturing and directed department to allow refund . Assessee filed revised claim of refund on insistence of department.
- Department allowed refund but did not grant interest on ground that refund was granted within 3 months of revised claim.
- Assessee argued that 3 months should be counted from date of filing of original claim and, accordingly, interest on belated refund must be allowed

**Held that:**

Since refund claims filed during 2012 to 2014 were complete in all respects, and refund was rejected only on merits, hence, 3 months would be counted from date of filing of original refund claim and not from date of revised claim. Even otherwise, revised claim was only a calculation submitted on insistence of department. Since refund was not granted within 3 months from filing of refund claim, assessee is entitled to interest. [In favour of assessee]

Where Rajasthan Police had filed statutory appeal against demand of service tax on providing additional police forces at various Banks/Institutions/Events, etc., then, Rajasthan Police cannot file civil suit in same matter challenging service tax

**Facts:**

- Rajasthan Police was providing/deploying additional police force at various Banks/Institutions/Organisations and at various events and was also doing work of character verification and providing security. Service Tax Department demanded service tax thereon.
- Rajasthan Police filed appeal before Commissioner (Appeals) and filed further appeal before CESTAT .
- Meanwhile, State of Rajasthan filed civil suit against Centre, before Supreme Court arguing that activities in question are sovereign function and not taxable. Department argued that suit was not maintainable, as State of Rajasthan was availing appeal remedy under service tax law .

**Held that:**

Even if suit was maintainable, at same time State of Rajasthan also had remedy of filing statutory appeals etc. under service tax law and it chose to avail said remedy. Hence, Doctrine of Election would become applicable in this case and after choosing one particular remedy, State of Rajasthan cannot avail other remedy as well, in respect of same relief founded on same cause of action . Hence, suit was rejected .[In favour of revenue].



*Thank You*

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