

UNION
BUDGET
2017-18





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BUDGET SPLASH



TEC India

**TRANSFORM
ENERGIZE
CLEAN INDIA**

**Budget for better
INDIA
2017-18**

- Transform the quality of governance and quality of life of our people;
- Energise various sections of society, especially the youth and the vulnerable, and enable them to unleash their true potential; and
- Clean the country from the evils of corruption, black money and non-transparent political funding.

- ✚ Abolition of FIPB
- ✚ Affordable Housing given Infrastructure Status
- ✚ Electoral Funding through Electoral Bonds
- ✚ Prohibition of Cash transactions in excess of Rs. 3L
- ✚ Listing of Railway PSEs

- ✚ Political donations in Cash restricted to Rs. 2,000
- ✚ 100 % village electrification by 1st May 2018
- ✚ MAT Carried Forward period extended to 15 Years
- ✚ Make 50,000 gram panchayats poverty free by 2019
- ✚ Bring one crore households out of poverty
- ✚ No Scrutiny for the person who files return for the 1st time



ECONOMIC SURVEY

In the backdrop of robust macro-economic stability, the year was marked by two major domestic policy developments, the passage of the Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax (GST), and the action to demonetize the two highest denomination notes viz Rs. 500/- and Rs. 1,000/-



Outlook for 2017-18	Outlook for 2016-17
<ul style="list-style-type: none"> India's exports appear to be recovering The IMF's, World Economic Outlook forecast is projecting an increase in global growth from 3.1% in 2016 to 3.4% in 2017. Cheaper borrowing costs, which are likely to be lower in 2017 than 2016 by as much as 75 to 100 basis points Collating the information the expected real GDP growth to be 6¾ to 7½ percent range in Financial Year 2018. 	<ul style="list-style-type: none"> Reversal of WPI from -5.1% in August 2015 to 3.4% by December 2016. The WPI inflation is narrowed to 4.5% to 5% for the year so far. GDP projection was estimated at 7.0-7.75% for the year 2016-17. Consequently, the GDP growth in the first half of the year was 7.2% against 7.6 % in 2015-16.

Demonetization Effect



Sector	Effect through end-December	Likely longer-term effect
Money/Interest rates	Interest rates on deposits, loans, and government securities declined; implicit rate on cash increased	RBI's balance sheet will shrink, after the deadline for redeeming outstanding notes
Private Wealth	Private sector wealth declined, since some high denomination notes were not returned and real estate prices fell	Wealth could fall further, if real estate prices continue to decline
Real Estate	Prices declined, as wealth fell while cash shortages impeded transactions	Prices could fall further as investing undeclared income in real estate becomes more difficult; but tax could rise, especially if GST imposed on real estate
GDP	Growth slowed, as demonetization reduced demand, supply and increased uncertainty. Cash-intensive sectors (agriculture, real estate, jewellery) were affected more	Beneficial if corruption reduces Informal output could decline GDP would increase as the economy becomes more formalized
Tax Collection	Income taxes rose because of increased disclosure. Payments to local bodies and discoms increased because demonetized notes remained legal tender for tax payments/clearances of arrears	Indirect and corporate taxes could decline, to the extent growth slows over long run, taxes should increase as formalization expands and compliance improves



Universal Basic Income (UBI) as a radical new vision

The new vision mooted by Sri Arvind Subramanian, Finance Secretary a discussion on the effectiveness of achieving Mahatma Gandhi's objectives of "wiping every tear from every eye." contrasting the wedge between the number of poor in a district and the amount of funding it receives i.e., it will not necessarily be driven by take-up capability from below but given from above to all the deserving and by directly transferring money to bank accounts. This is not in addition to existing subsidies provided by the state/central government. It promotes liberty because it is anti-paternalistic, opens up the possibility of flexibility in labour markets. It promotes equality by reducing poverty.

Sector-wise Implication

➤ AGRICULTURE CREDIT

The agricultural credit target for 2016-17 is Rs. 9 lakh crore against Rs. 8.5 lakh crore for 2015-16. As against the target, the achievement for 2016-17 (up to September 2016), was 84%.

➤ INDUSTRIAL, CORPORATE AND INFRASTRUCTURE SECTORS - INDEX OF INDUSTRIAL PRODUCTION -BASED GROWTH RATES

The growth rate of the industrial sector is projected to decline from 7.4% in 2015-16 to 5.2% in 2016-17. The Service Sector growth rate is projected at 8.8% in 2016-17. Commercial services exports increased from US\$ 51.9 billion in 2005 to US\$ 155.3 billion in 2015.

Particulars	<i>(In percentage)</i>			
	2014-15	2015-16	April-Nov 2015-16	April-Nov 2016-17
General index	2.8	2.4	3.8	0.4
Mining	1.5	2.2	2.1	0.3
Manufacturing	2.3	2.0	3.9	-0.3
Electricity	8.4	5.7	4.6	5.0
Basic goods	7.0	3.6	3.9	4.1
Capital Goods	6.4	-2.9	4.7	-18.9
Intermediate goods	1.7	2.5	2.0	3.4
Consumer goods	-3.4	3.0	4.1	1.8
Durables	12.6	11.3	11.8	6.9
Non-durables	2.8	-1.8	-0.5	-1.8

➤ LABOUR LAWS

- Choice of opting for Employees' Provident Fund Organization (EPFO) and contribution towards Employee State Insurance (ESI) or an alternative medical insurance program
- Compliance with the central labour laws is made paperless, presence less, and cashless.

➤ EXTERNAL SECTOR

- The current account deficit has declined to reach about 0.3% of GDP in the first half of FY 2017. Foreign exchange reserves have risen from around US\$350 billion at end-January 2016 to US\$ 360 billion at end-December 2016.
- Surging net FDI inflows from 1.7% of GDP in FY2016 to 3.2% of GDP in the second quarter of FY-2017, helped the balance-of-payments.
- Bond yields in US rose sharply after 8th November, 2016 by as much as 58 basis points, where as in India, they had moved in the opposite direction by 32 basis points.

These actions would allow growth to return to trend in 2017-18, following a temporary decline in 2016-17.



DIRECT TAXES

RATES OF INCOME TAX

Assessee	Tax Rates
Individual(<60years)/HUF/AOP/BOI/Artificial Juridical person	2,50,001 to 5,00,000 – reduced to 5% from 10%, Other slabs remains same
Individual (60 years & more but < 80years)	3,00,001 to 5,00,000 – reduced to 5% from 10%, Other slabs remains same
Domestic Company	Rate of Tax – 25% (Turnover up to Rs.50 crore) Rate of Tax – 30% (Turnover exceeding Rs.50 crores)

SURCHARGE

Assessee		Income > Rs. 50 lakhs but < Rs. 1 cr	Income > Rs. 1 cr
Individual/HUF/AOP/BOI/Artificial person	Juridical	10%	15%

REBATE UNDER SECTION 87A

Proposed to limit the rebate to INR 2,500 for resident individuals whose total income does not exceed INR 3,50,000

EXEMPTION U/S 10

- Individual/HUF who transfer their land or building or land pooling ownership certificate or the reconstituted plot or land under the provisions of Land Pooling Scheme as per the provisions of Andhra Pradesh Capital Region Development Authority Act, 2014 is not chargeable to capital gains tax subject to certain conditions.
- The deduction u/s 10AA shall not exceed the Total Income computed under the Income Tax Act before allowing deduction under the said section.
- Payment to an employee out of National Pension System Trust on partial withdrawal as per terms and conditions to the extent of 25% of the amount contributed is exempt.



CAPITAL GAINS

1. Long Term Capital Asset

To promote the real-estate sector and to make it more attractive for investment, the period of holding to consider a long term capital asset is reduced from the existing 36 months to 24 months in case of immovable property, being land or building.

2. Joint development

Capital Gains to land lord in a joint development agreement shall be chargeable to income tax in the previous year in which the certificate of completion for the whole or part of the project is issued by the *competent authority*.

Stamp duty value of the land lord share on the date of issue of said certificate and consideration received in cash if any shall be deemed to be the value of Consideration.

However if the land lord transfers his share in the project on or before the date of issue of said certificate of completion, and the capital gains shall be deemed to be the income of the previous year in which such transfer takes place.

3. Capital Gain Exemptions

No capital gains on;

- a) Transfer, made outside India, of a capital asset being rupee denominated bond of an Indian company issued outside India, by a non-resident to another non-resident
- b) Conversion of Preference Share into Equity Shares is not liable to capital gains tax.
- c) Exemption on transfer of equity shares listed in a recognized stock exchange in India is allowed only when acquisition of the equity shares acquired after 01/10/2004 has suffered security transaction tax.

4. Base year for computation of Long term capital gains

For the purpose of index cost & cost of improvement calculation, the base year is shifted from 1.4.1981 to 1.4.2001

5. Cost with reference to certain modes of acquisition

- Cost of shares of an Indian company held by foreign company as result of demerger, will be the cost incurred by the demerged foreign entity.
- Cost of equity share of a company acquired by way of conversion of preference share into an equity share of that company, shall be deemed to be the cost of such preference share.
- Cost of units of a mutual fund acquired by way of consolidation plan of mutual fund shall be deemed to be the cost incurred for the original units
- Cost of the asset acquired through the land pooling in Andhra Pradesh shall be the stamp duty value on the last day second financial year after the after the end of the financial year in which the possession of the said specified capital asset was handed over to the assessee.

6. Transfer of unquoted shares

- If the consideration received is less than the fair market value then the fair market value is considered as consideration received for the purpose of computation of Capital Gain

CHARITABLE TRUSTS

Voluntary Contribution with specific direction that they shall form part of the corpus of any trust or institution registered under section 12AA by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or (v) or (vi) or (via) of S. 10(23C) is not treated as application of Income. Similarly voluntary contribution with specific direction to form part of the corpus between two registered trusts under section 12AA is not considered as application of income.

The trust loses the exemption u/s 11 if the trust does not carry the amendments adopted by it within 30 days from the date of adoption and if the trust fails to file the return of income within the due date specified u/s 139 of the Act.



1. Electoral Reforms - Contribution to Political Parties:

Donations above Rs.2,000/- have to be made only through account payee cheque or an account payee bank draft or use of electronic clearing system or through electoral bonds and furnishing of return of income within the due date.

2. Restriction on giving Donations in Cash

Under Section 80G, no deduction is allowed in respect of donation of any sum exceeding Rs.2,000/- (presently the limit is Rs.10,000/-) unless such sum is paid by any mode other than cash.

HOUSE PROPERTY

1. Deemed Let out of Unsold Residential Units

Unsold residential units held as stock in trade by the Builders for a period of more than one year from the end of the financial year in which the certificate of completion is obtained are taxable under Income from House property as deemed to be let out.

2. Restriction on set off of loss from house property

Losses under the head “ Income from House Property” can be setoff against any other head of income. However, such set-off shall now be restricted to Rs.2 lacs.

Unadjusted loss can be carried forward and set off in the subsequent assessment years by virtue of Section 71B.

BUSINESS

1. Deduction for Bad and Doubtful Debts of Banks

The deduction of 7.5% allowed u/s 36 has been increased to 8.5% of total income.

2. Payments made to Specified Persons Section 40A (2)(b) and Specified Domestic Transaction

Payments made to related parties are out of the ambit of Domestic Transfer Pricing. However the same is subject to disallowance at the discretion of the Assessing officer if the expenditure happens to be excessive or unreasonable.

3. Payments in cash u/s 40A(3)

Cash expenditure in excess of Rs.10,000/- with respect to Revenue in nature is disallowed from the existing limit of Rs.20,000/-.

4. Payment in cash towards Capital Expenditure u/s 43

Cash expenditure in excess of Rs.10,000/- with respect to capital in nature will be ignored for the purpose for the determination of actual cost wherein depreciation cannot be claimed on the cash portion.

5. Non-payment of interest on loan – Disallowance u/s 43B

Disallowance of non-payment of interest on loan availed from Scheduled bank has been extended to co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank as referred in section 80P of the act.



6. Maintenance of Books of Account u/s 44AA

Particulars	Before 1-4-2018	On or after 1-4-2018
Income from Business and profession	Exceeds Rs.1,20,000	Exceeds Rs.2,50,000
Turnover /Gross Receipts (in any of the three years immediately preceding the previous year)	Exceeds Rs.10,00,000	Exceeds Rs.25,00,000

7. Applicability of Tax Audit

Tax Audit shall not apply to businesses having gross receipts up to 2 crores who have declared profit as per 44AD.

8. Reduction of tax on cashless transactions

Presumptive tax rate reduced to Six percent on turnover / gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account during the previous year or before the due date specified in subsection (1) of section 139 in respect of that previous year.

9. Taxation of Transactions for Inadequate / nil consideration

A new clause has been introduced to expand the scope of the provisions of the said section to all categories of assesseees so that transactions involving receipt of any sum of money, immovable property or any other property other than immovable property, by any person from any person, either without consideration or for inadequate consideration may be brought to tax.

DEDUCTION UNDER CHAPTER VIA**1. Increase in eligibility to contribute to Notified Pension Scheme**

This section proposed to allow deduction of the amount deposited under any pension scheme notified by Central Government up to 10% of his salary to an employee and up to 10% of Gross Total Income to an Individual other than employee. Now it has been proposed to increase the deduction to **20% of Gross Total Income** for Individual other than employee.

2. Amendment to Section 80-IBA

- Profits and Gains from the business of Developing and Building housing Projects shall be given a 100% deduction subject to the conditions in the section.
- One among the conditions is that the project should be completed within a period of three years from the date of approval of the Competent Authority. Now, as per the amendment the period has been extended to **Five Years**.
- Besides, the term **Built-up area** wherever used has been substituted by **Carpet Area**.



TRANSFER PRICING & INTERNATIONAL TRANSACTION

1. Secondary Adjustment

Provision for secondary adjustment where a primary adjustment is made to Transfer Price:

- either *suo motu* by the assessee OR;
- by the Assessing Officer which has been accepted by the assessee OR
- by way of Advance Pricing Agreement OR
- by virtue of Safe Harbor Rules OR
- by way of a resolution arising from mutual agreement

Primary Adjustment is an adjustment to Transfer Price in accordance with Arm's Length Principle which results in increase in income or decrease in losses.

Secondary Adjustment is an adjustment in the books of accounts of the assessee and its associated enterprise to ensure that allocation of profits between the associated enterprise and the assessee are consistent with the transfer price determined on account of the primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee

The assessee shall make a secondary adjustment only, if:

- The amount of primary adjustment made in any previous year exceeds one crore rupees AND
- The primary adjustment is made in respect of an assessment year *r* before the 1st day of April, 2016.

It is further proposed to recognize notional interest on the amount of additional income or losses reduced by virtue of the primary adjustment, if such amount has not been repatriated into India within the prescribed time, as the same shall be deemed to be an advance .

2. Limitation on claim of interest expenditure in certain cases

Applicable to:	Indian Company or Foreign Company 's Permanent Establishment in India , paying interest in excess of Rs.1 Crore on overseas borrowings from an associated enterprise being a non-resident, and such interest is deductible expenditure while computing profits and gains from business and profession of such assessee.
Limitation imposed on Interest deductible as expenditure	Where the interest exceeds 30% of EBITDA such excess will not be deductible.
Carry forward Benefit	Interest disallowed in a year can be carried forward for 8 immediately succeeding assessment years and shall be allowed as deduction against profits and gains from business or profession of such succeeding assessment years, to the extent not allowed, subject to limit as introduced in this section.
Interest paid on debt issued by a lender which is not an Associated Enterprise	Such interest will also be subject to the provisions of this section if the debt is explicitly or implicitly guaranteed by an Associated Enterprise.



3. Restriction on Minimum Alternate Tax credit /Alternate Minimum Tax

The foreign tax credit that can be adjusted against Minimum Alternate Tax /Alternate Minimum Tax payable shall be restricted to an amount equal to the regular income tax payable on such Income earned outside India under section 90 or section 90A or section 91.

It is further proposed to permit carry forward of the tax credit for a period of 15 assessment years as against the present 10 assessment years.

4. Deemed Income u/s 9

Non Residents invest in India through FPI's the value of which is derived from the assets of the company's in which the FPI's have invested. It is proposed to exempt from taxation in India the profits / gains that the NR's earn from investment and disinvestment in the FPI's that are registered as category 1 and category 2 under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

OTHERS

1. Disallowance of expenses for non-deduction of tax:

Provisions of section 40(a)(ia) is now made applicable to expenses that are deductible while computing Income from Other Sources in the same manner as is applicable to computing Income chargeable under the head Profits and Gains from Business or Profession. Failure to withhold or deposit tax on stated expenses will result in disallowance of 30% of such expenditure in computing the income from other sources.

2. Operation Clean Money

Income tax department has initiated operation claim money. Initial phase of this operation involves e-verification of large cash deposits made during 9th November, 2016 to 30th December, 2016. Data analytics has been used and around 18 lakh persons have been identified. The Income tax department will send e-mail and sms to this persons for submitting their responses.

3. Taxation of Dividends received from Domestic Companies

Under the existing provisions of section 115BBDA, in case of an assessee, being an individual, Hindu undivided family or a firm, resident in India, tax is charged at the rate of ten per cent on income by way of dividend exceeding Rs.10 lacs.

It is now proposed to substitute the words "an assessee, being an individual, a HUF or a firm" with the term "Specified Assessee" with the intention **to cover all resident persons other than:**

- i. a domestic company or
- ii. a trust or institution registered under section 12AA.
- iii. a fund or institution or trust or any university or other educational institution or hospital or medical institution as referred to in section 10(23C)

4. Tax on income from Transfer of Carbon Credits

Any income by way of transfer of carbon credits shall be taxable at the rate of 10%. Further no deduction of expenditure shall be allowed to the assessee under the provisions of the Act while computing the income from transfer of carbon credits.

5. Minimum Alternate Tax

Alignment of the provisions of section 115JB for the company preparing financial statements in accordance with the provisions of Indian Accounting Standards and to update the provisions of the Companies Act, 1956 referred in the said section in accordance with the provisions of the new Companies Act



6. Search and seizure

Reason to believe or suspect by the income tax authorities shall not be disclosed to any person or any authority or the Appellate Tribunal.

Within 60 days from the date of authorizations for search was executed, if the authorized officer may attach any property of belonging to the assessee for protecting the interest of revenue which shall cease to have effect after 6 months from the date of order

During the course of search & seizure or within 60 days from the date of authorization for search was executed, authorized officer may refer to valuation officer who shall estimate the value of property and submit a report to the aid officer within 60 days of reference

7. Centralized scheme to issue notice:

The Board may make scheme **for centralized** issuance of notice and for processing of information or documents and making available the outcome of such processing

8. Filing of Return of income-

Institutions/ persons specified u/s clause 23AAA, 23EC, 23ED, 23EE, 29A of section 10 shall furnish return of Income.

9. Limit on Cash Transaction:

No person shall receive an amount of Rs.3 Lakhs or more in cash

(a) in aggregate from a person in a day; or

(b) in respect of a single transaction; or

(c) in respect of transactions relating to one event or occasion from a person,

Exceptions: any receipt by (a) government; (b) any banking company, post office savings bank or co-operative bank;



10. Time Period for Completion of Assessment, Reassessment and Recomputation

Section	W.E.F Assessment Year	Particulars	Existing	Proposed
153(1)	2018-19	Sec. 143 – Assessment Sec. 144 – Best Judgment Assessment	Before expiry of 21 months	Before expiry of 18 months
	2019-20		Before expiry of 21 months	Before expiry of 12 months
153(2)	2019-20	Sec. 147 – Income Escaping Assessment Sec. 148 – Issue of notice where income has escaped assessment	Before expiry of 9 months	Before the expiry of 12 months
153(3)	2019-20	Sec. 254 – Orders of Appellate Tribunal Sec. 263 – Revision of orders prejudicial to revenue Sec. 264 – Revision of Other orders	Before expiry of 9 months	Before expiry of 12 months
153(5)	1st June, 2016	Sec. 250 – Procedure in Appeal Sec. 254 – Orders of Appellate Tribunal Sec. 260 – Decision of High Court or Supreme Court on the case stated Sec. 262 – Hearing before Supreme Court	Before expiry of 3 months	Before expiry of 12 months
153B & 153C	2018-19	Sec. 153B - Time limit for completion of assessment under section 153A. Sec. 153A - Assessment in case of Search or Requisition Sec. 153C - Assessment of income of any other person.	6 Assessment years from the Previous year	May exceed 6 Assessment years but not beyond 10 Assessment years
155	2018-19	If there is any dispute in regarding to the credit of tax paid u/s 90 or 90A or 91. Upon settlement of dispute the assessee must furnish relevant evidence of settlement of dispute and evidence of payment of taxes along with undertaking that credit of such tax amount has not been claimed in any other Assessment Year. The Assessing officer shall amend u/s 154	-	-



PROVISIONS w.r.t TDS Rates

Section	W.E.F Assessment Year	Particulars	Existing	Proposed
194IB	2018-19	In case of Individual or HUF whose turnover does not exceed Rs.1 crore in case of business or Rs.25 lakhs in case of profession and is responsible for paying rent exceeding Rs. 50,000 per month shall deduct TDS. Not required to obtain TAN number.	0%	5%
194 IC	2018-19	The developer shall deduct tax on the cash portion of the consideration in a development agreement entered into with the land owner	0%	10%
194J	2018-19	Professional Charges - Any sum paid to a person who is engaged in the business of operation of call centre shall be liable to TDS	0%	2%
194LA	2018-19	Payment of compensation on acquisition of certain immovable property which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013	10%	Nil

OTHER PROVISIONS

Section	Particulars	Amendments
194LD	Interest payable to FII/QIF on Rupee Denominated Bonds/Government Securities	Interest payable covered upto 01/07/2020 as against earlier 01/07/2017
197 A	No deduction of TDS on submission of declarations	Insurance Commission effective from 1 st June 2017.
204	Any person responsible for paying TDS under Chapter XVII and Section 285	Inserted - "(iib) in the case of furnishing of information relating to payment to a non-resident, not being a company, or to a foreign company, of any sum, whether or not chargeable under the provisions of this Act, the payer himself, or, if the payer is a company, the company itself including the principal officer thereof;"
206C	TCS on sale of Jewellery in Cash	If sale consideration exceeds Rs.2,00,000/- as against earlier limit of Rs.5,00,000/-



Section	Particulars	Amendments
206CC	Non Collection of Permanent Account Number	Failure to collect PAN will attract higher TCS at double the rate prescribed or 5% which ever is higher. Not applicable to Non Residents if there is no Permanent Establishment in India
211	Payment of Advance Tax in Installments	Professional declaring income under presumptive basis needs to pay in 1 Installment on or before 15th March
234C	Interest for Deferment of Advance Tax	1% interest needs to be paid by assessee declaring income under presumptive basis if they fail to pay advance tax on or before 15th March
234F	Fee for default in furnishing the return of income within the due date	(a) five thousand rupees, if the return is furnished on or before the 31st day of December of the Assessment year (b) ten thousand rupees in any other case [Provided that if the total income of the person does not exceed five lakh rupees, the fee payable under this section shall not exceed one thousand rupees.]
241A	Withholding of refund in certain cases	If the Assessing Officer is of the opinion, having regard to the fact that a notice has been issued u/s 143 (2), may withhold the refund up to the date on which the assessment is made.

PENALTY:

Contravention of the above, penalty is equal to the amount of receipt.

Penalty for late filing of return

Penalty of Rs.5000/- for late filing return has been waived of from AY 2018-19 and a late fee has been introduced which has to be paid along with the return.

Penalty for misstatement /certificate

A Penalty of Rs.10000/- on accountant or merchant banker or registered valuer can be levied by Assessing Officer or the Commissioner (Appeals), in the course of any proceedings under this Act, for furnishing incorrect information in any report or certificate.



Service Tax - Amendments

Changes To Be Effective From The Date Of Presidential Assent

- 1) The activity involving “*services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption*” is moved from Negative list to mega exemption notification. Relevant definition of “*Process amounting to manufacture*” would be deleted from the provisions of Finance Act and inserted in mega exemption notification.
- 2) Research and Development Cess Act, 1986 (32 of 1986), levying R & D Cess on import of technology, is proposed to be repealed.
- 3) Any amount collected as premium, salami, cost, price, development charges or by any other name by State Government industrial development corporations / undertakings from industrial units for leasing plots for 30 years, to be retrospectively exempt from service tax.
- 4) Valuation rule of Service Tax is retrospectively amended to clarify exclusion of land/undivided share land value for the purpose of calculating service tax on 40% value of contract.
- 5) Valuation rule of Service Tax is retrospectively amended to clarify inclusion of land/undivided share land value for the purpose of calculating service tax on 25% / 30% value of contract, which is currently under notification 26/2012-ST dealing with abatement.

Changes under Service Tax w.e.f 02-02-2017

- 6) Service tax exemption to services of life insurance provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force with retrospective effect.
- 7) Earlier exemption provided to IIM vide entry no 9B of mega exemption notification for residential Post Graduation Programmes (PGP) is now extended even to non-residential Post Graduation Programmes (PGP) courses as well.
- 8) Exemption from service tax is being provided in respect of the amount of viability gap funding (VGF) payable to the selected airline operator for the services of transport of passengers, embarking from or terminating in a Regional Connectivity Scheme (RCS) airport.
- 9) Banks and NBFCs should now consider the amount representing interest or discount as “exempted value” for calculating reversal of common credits.
- 10) Central Excise officer shall transfer the balance of credit, within 3 months or extended period of 6 months on approval of Principal Commissioner, based on the application of transferor of the factory.
- 11) Central Excise officer shall decide on application for remission of duty within 3 months or extended period of 6 months on approval of next higher authority.



CENTRAL EXCISE

CHANGES TO BE EFFECTIVE FROM THE DATE OF PRESIDENTIAL ASSENT

ADVANCE RULING (COMMON AMENDMENTS)

1. "Authority" to mean the Authority for Advance Ruling as constituted under section 245-O of the Income-tax Act, 1961.
2. Application fee for seeking advance ruling increased from Rs 2,500 to Rs 10,000.
3. Existing time limit of 90 days has been extended to six months for Authority to pronounce its ruling.
4. All pending cases to be transferred to the Authority constituted under Income-tax Act.
5. The Authority has to be a member of Indian Revenue Service (Customs & Central Excise)

CHANGES WITH IMMEDIATE EFFECT

The excise duty payable per machine per month under the Compounded Levy Scheme applicable to these products is being modified accordingly

Commodity	CETH	Present Health Cess(%)	Proposed Health Cess(%)
Pan Masala	2106 90 20	6	9
Gutkha	2403 99 90	6	12
Unmanufactured Tobacco	2401	4.2	8.3
Chewing Tobacco	2403 99 10	6	12
Zarda Scented Tobacco	2403 99 30	6	12

AMENDMENTS IN THE FIRST SCHEDULE TO THE CENTRAL EXCISE TARIFF ACT, 1985

Sl. No.	Amendments involving change in the rate of Basic Excise Duty Commodity	Rate of Duty	
		From	To
1	Cigar and cheroots, Cigarillos, Cigarillos of tobacco substitutes & Others of tobacco substitutes	12.5% Ad valorem or Rs.3755 per thousand Whichever is higher	12.5% Ad valorem or Rs.4006 per thousand Whichever is higher
2	Cigarettes of tobacco substitutes	Rs.3755 per thousand	Rs.4006 per thousand
3	Paper rolled biris – handmade	Rs.21	Rs.28
4	Paper rolled biris – machine made	Rs.21	Rs.78
5	Solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	Nil	6%
6	Parts/raw materials for manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	12.50%	6%
7	Resin and catalyst for manufacture of cast components for Wind Operated Energy Generators [WOEG], subject to actual user condition	12.50%	Nil
8	All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes	12.50%	6%
9	All items of machinery required for balance of systems operating on biogas/ bio-methane/ by-product hydrogen	12.50%	6%



Sl. No.	Amendments involving change in the rate of Basic Excise Duty Commodity	Rate of Duty	
		From	To
10	Membrane Sheet and Tricot / Spacer for use in manufacture of RO membrane element for household type filters, subject to actual user condition	12.50%	6%
11	All parts for manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	12.5%/6% (without condition)	6% (With a condition)
12	Miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner	12.5%/6% (without condition)	Nil (With Condition)
13	Parts and components for manufacture of miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner, subject to actual user condition	12.5%/6% (without condition)	Nil (With Condition)
14	a. Waste and scrap of precious metals or metals clad with precious metals arising in course of manufacture of goods falling in Chapter 71 b. Strips, wires, sheets, plates and foils of silver c. Articles of silver jewellery, other than those studded with diamond, ruby, emerald or sapphire d. Silver coin of purity 99.9% and above, bearing a brand name when manufactured from silver on which appropriate duty of customs or excise has been paid	NIL	Nil, subject to the condition that no credit of duty paid on inputs or input services or capital goods has been availed by manufacturer of such Goods
15	Items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including those required for testing and quality control) and components/parts, required for initial setting up of fuel cell based system for generation of power or for demonstration	12.50%	6% (With Condition)

AMENDMENTS INVOLVING CHANGE IN RATE OF ADDITIONAL EXCISE DUTY UNDER FINANCE ACT, 2005

Sl. No.	Commodity	From	To
1.	Pan Masala	6%	9%
2.	Unmanufactured tobacco	4.2%	8.3%

RETROSPECTIVE AMENDMENT

Sl. No.	Amendment	Clause of the Finance Bill, 2016
1.	To retrospectively [that is with effect from 01.01.2017] specify a tariff rate of excise duty of 12.5% [as against present tariff rate of 27%] on motor vehicles for transport of more than 13 persons falling under tariff items 8702 90 21 to 8702 90 29 of the First Schedule to the Central Excise Tariff Act, 1985.	[119]



AMENDMENTS IN THE SEVENTH SCHEDULE TO THE FINANCE ACT, 2005

Sl. No.	Particulars	Additional Duty of Excise (Rs. Per 1000 sticks)	
		From	To
	Commodity		
A.	Tobacco and Tobacco Products		
1	Non-filter Cigarettes of length not exceeding 65mm	215	311
2	Non-filter Cigarettes of length exceeding 65mm but not exceeding 70mm	370	541
3	Filter Cigarettes of length not exceeding 65mm	215	311
4	Filter Cigarettes of length exceeding 65mm but not exceeding 70mm	260	386
5	Filter Cigarettes of length exceeding 70mm but not exceeding 75mm	370	541
6	Other Cigarettes	560	811
7	Chewing tobacco (including filter khaini)	10%	12%
8	Jarda scented tobacco	10%	12%
9	Pan Masala containing Tobacco (Gutkha)	10%	12%



CUSTOMS



I. AMENDMENTS TO BE EFFECTIVE FROM THE DATE OF PRESIDENTIAL ASSENT

1. Changes in definition
 - a. Beneficial owner has been defined as any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported.
 - b. The scope of words “customs airports” has been widened to include foreign post office and international courier terminal.
2. The board is authorized to notify foreign post office and international courier terminal.
3. Documentation for self-assessment has been rationalised wherein importer, exporter or any other person can furnish any documents or information in his possession, unlike earlier provision where specified documents like contract, broker’s note, insurance policy, catalogue or other document were prescribed.
4. Additional situation when refund can be claimed is where excess duty is paid by the importer before an order permitting clearance of goods for home consumption, when
 - a. Such excess payment is evident from the bill of entry in the case of self- assessed bill of entry or
 - b. The duty actually payable is reflected in the reassessed bill of entry in the case of reassessment.
5. The Person in charge of conveyance that enters India must file prescribed documents with the proper officer before arrival of the aircraft, vessel, or vehicle in case of imports. Late filing is liable for penalty which shall not exceed Rupees Fifty Thousand.
6. The Person in charge of conveyance that departs India must file the prescribed documents with the proper officer before departure of aircraft, vessel, or vehicle from custom station in case of exports. Late filing is liable for penalty not exceeding Rupees fifty thousand.
7. Time-limit prescribed for filing of bill of entry for importation-
 - a. To be filed before the end of the next day following the day (excluding holidays) on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing.
 Besides, it is also proposed to impose such charges as may be prescribed, for late presentation of the bill of entry.
8. In case of settlement commission enables any person, other than applicant referred to in section 127B (1), to make an application.
9. Now, the Settlement Commission may amend or rectify the order passed by it, to rectify any error apparent on the face of record, either suo motu or when such error is notified by the jurisdictional officer.

II. AMENDMENTS WITH IMMEDIATE EFFECT

Sl. No	Amendments affecting rates of BCD Commodity	Rate of Duty	
		From	To
1.	Cashew nut, roasted, salted or roasted and salted	30%	45%
2.	RO membrane element for household type filters	7.5%	10%



AMENDMENT IN THE SECOND SCHEDULE TO THE CUSTOMS TARIFF ACT

Sl. No.	Amendments affecting rates of Export duty	Rate of Duty	
		From	To
	Ores and concentrates		
1.	Other aluminium ores and concentrates	Nil	30%

OTHER PROPOSALS INVOLVING CHANGES IN BCD, CVD, SAD AND EXPORT DUTY RATES

Sl. No.	Commodity	BCD/Excise/CV duty/SAD/Export Duty	
		From	To
A.	Ores and Concentrates		
1.	Other aluminium ores, including laterite	Export Duty - Nil	Export Duty - 15%
B.	Mineral fuels and Mineral oils		
2.	Liquefied Natural Gas	BCD - 5%	BCD - 2.5%
C.	Chemicals & Petrochemicals		
3.	O-Xylene	BCD - 2.5%	BCD - Nil
4.	Medium Quality Terephthalic Acid (MTA) & Qualified Terephthalic Acid (QTA)	BCD - 7.5%	BCD - 5%
5.	2-Ethyl Anthraquinone [29146990] for use in manufacture of hydrogen peroxide, subject to actual user condition	BCD - 7.5%	BCD - 2.5%
6.	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors, subject to actual user condition	BCD - 7.5%	BCD - 5%
7.	Vinyl Polyethylene Glycol (VPEG) for use in manufacture of Poly Carboxylate Ether, subject to actual user condition	BCD - 10%	BCD - 7.5%
D.	Textiles		
8.	Nylon mono filament yarn for use in monofilament long line system for Tuna fishing, subject to certain specified conditions	BCD - 7.5%	BCD - 5%
E.	Finished Leather, Footwear and Other Leather Products		
9.	Vegetable tanning extracts, namely Wattle extract and Myrobalan fruit extract	BCD - 7.5%	BCD - 2.5%
10.	Limit of duty free import of eligible items for manufacture of leather footwear or synthetic footwear or other leather products for use in the manufacture of said goods for export	3% of FOB value of said goods exported during the preceding financial year	5% of FOB value of said goods exported during the preceding financial year
F.	Metals		
11.	Co-polymer coated MS tapes / stainless steel tapes for manufacture of telecommunication grade optical fibres or optical fibre cables, subject to actual user condition	BCD - Nil	BCD - 10%
12.	Nickel	BCD - 2.5%	BCD - Nil
13.	MgO coated cold rolled steel coils [7225 19 90] for use in manufacture of CRGO steel, subject to actual user condition	BCD - 10%	BCD - 5%
14.	Hot Rolled Coils [7208], when imported for use in manufacture of welded tubes and pipes falling under heading 7305 or 7306, subject to actual user condition	BCD - 12.5%	BCD - 10%



Sl. No.	Commodity	BCD/Excise/CV duty/SAD/Export Duty	
		From	To
G.	Capital Goods		
15.	Ball screws, linear motion guides and CNC systems for use in manufacture of all CNC machine tools, subject to actual user condition	Ball screws and liner motion guides BCD – 7.5% CNC systems BCD – 10%	BCD – 2.5%
H.	Electronics / Hardware		
16.	Populated Printed Circuit Boards (PCBs) for the manufacture of mobile phones, subject to actual user condition	SAD – Nil	SAD – 2%
I.	Renewable Energy		
17.	Solar tempered glass for use in the manufacture of solar cells/panels/modules subject to actual user condition	BCD – 5%	BCD – Nil
18.	Parts/raw materials for manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	CVD – 12.5%	CVD – 6%
19.	Resin and catalyst for manufacture of cast components for Wind Operated Energy Generators [WOEG], subject to actual user condition	BCD – 7.5% CVD – 12.5% SAD – 4%	BCD – 5% CVD – Nil SAD – Nil
20.	All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes, subject to certain specified conditions	BCD – 10% / 7.5% CVD – 12.5%	BCD – 5% CVD – 6%
21.	All items of machinery required for balance of systems operating on biogas/ bio-methane/ by-product hydrogen, subject to certain specified conditions	BCD – 10% / 7.5% CVD – 12.5%	BCD – 5% CVD – 6%
J.	Miscellaneous		
22.	Membrane Sheet and Tricot / Spacer for use in manufacture of RO membrane element for household type filters, subject to actual user condition	CVD – 12.5%	CVD – 6%
23.	All parts for manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD, CVD	BCD – 5% CVD – 6%
24.	All inputs for use in the manufacture of LED Driver and MCPCB for LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD	5%
25.	De-minimis customs duties exemption limit for goods imported through parcels, packets and letters	Duty payable not exceeding Rs.100 per consignment	CIF value not exceeding Rs.1000 per consignment
26.	Miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner	Applicable BCD, CVD SAD	BCD – Nil CVD – Nil SAD – Nil
27.	Parts and components for manufacture of miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner, subject to actual user condition	Applicable BCD, CVD SAD	BCD – Nil CVD – Nil SAD – Nil
28.	Silver medallion, silver coins having silver content not below 99.9%, semi-manufactured form of silver and articles of silver	CVD - Nil	CVD – 12.5%
29.	Goods imported for petroleum and coal bed methane operations by availing of the benefit of notification No.12/2012- Customs, dated 17.03.2012 [S. No.357A] no longer required for the said purpose are being allowed to be disposed of on payment of applicable customs duties or excise duty, on the depreciated value calculated as per straight line method (subject to depreciated value not being less than 30% of the original value) of such goods.		



RBI's Fifth Bi-monthly Monetary Policy Statement 2016-17

December 2016



❖ Assessment

- World trade is beginning to emerge out of a trough that bottomed out in July-August and shows signs of stabilizing.
- International financial markets were strongly impacted by the result of the US presidential election.
- The contribution of net exports to aggregate demand remained positive.
- The steady expansion in acreage under Rabi sowing across major crops compared to a year ago should build on the robust performance of agriculture in Q2.
- By contrast, industrial activity remains weak. Among the core industries in the index of industrial production (IIP), the output of coal contracted in October due to subdued demand, while the production of crude oil and natural gas shrank under the binding constraint of structural impediments.
- Retail inflation measured by the headline consumer price index (CPI) eased more than expected for the third consecutive month in October.
- Inflation eased with the decline in LPG prices on an annual basis and a fall in electricity prices from a month ago.
- Surplus conditions in October and early November were overwhelmed by the impact of the withdrawal of Specified Bank Notes from November 9.
- Currency in circulation plunged by 7.4 trillion up to December 2.
- There have been three issuances of cash management bills under MSS for 1.4 trillion by December 6, 2016.
- Portfolio investment outflows of the order of US \$ 7.3 billion occurred in October-November from both debt and equity markets.
- The level of foreign exchange reserves was US\$ 364 billion on December 2, 2016.

❖ Outlook

- Despite some supply disruptions, the abrupt compression of demand in November due to the withdrawal of SBNs could push down the prices of perishables in the reading that becomes available in December.
- With the OPEC's agreement to cut production, crude prices may firm up in the coming months.
- The withdrawal of SBNs could result in a possible temporary reduction in inflation of the order of 10-15 basis points in Q3.
- Downside risks in the near term could travel through two major channels:
 - i) Short-run disruptions in economic activity in cash-intensive sectors such as retail trade, hotels & restaurants and transportation, and in the unorganized sector.
 - ii) Aggregate demand compression associated with adverse wealth effects.
- Short-term developments that influence the outlook disproportionately warrant caution with respect to setting the monetary policy stance. If the impact is transient as widely expected, growth should rebound strongly.
- Volatility in crude prices and the surge in financial market turbulence could put the inflation target for Q4 of 2016-17 at some risk.

The decision of the MPC is consistent with an accommodative stance of monetary policy in consonance with the objective of achieving consumer price index (CPI) inflation at 5% by Q4 of 2016-17 and the medium-term target of 4% within a band of +/- 2%.

❖ Monetary and Liquidity Measures

On the basis of an assessment of the current and evolving macroeconomic situation the Monetary Policy Committee (MPC) decided to keep:

- Policy repo rate under the liquidity adjustment facility (LAF) unchanged at **6.25%**
- Reverse repo rate under the liquidity adjustment facility (LAF) unchanged at **5.75%**
- Marginal standing facility (MSF) rate at **6.75%**
- Bank Rate at **6.75%**



Pradhan Mantri Garib Kalyan Yojana (PMGKY)

On 8th November, 2016 the Government of India announced the demonetisation of all Rs. 500 and Rs.1000 banknotes. This step has been declared as a master stroke for the Indian economy. Government's steps for Initiation of curbing the black money, includes demonetization. In the process of demonetization, assesseees are given another chance for declaring their undisclosed income.

Salient features of the scheme

Date of Commencement	17th December, 2016
Date of Closure	31 st March , 2017
Declaration under scheme	Declaration under it can be made by any person in respect of undisclosed income in the form of cash or deposits in an account with <i>bank</i> or <i>post office</i> or <i>specified entity</i>
Taxation	<p>a) The rates are as follows,</p> <ul style="list-style-type: none"> • Tax - 30% • Penalty - 10% • PMGK cess - 10% <p style="text-align: center;">Total - 50%</p> <p>b) Declarant must make mandatory deposit of 25% of undisclosed income in the zero-interest Pradhan Mantri Garib Kalyan Deposit Scheme, 2016 with lock-in period of 4 years</p>
Effect of Declaration	<p>a) The income declared under it will not be included in the total income of the declarant under the Income-tax Act for any Assessment Year.</p> <p>b) Declarations made under it will be kept confidential and shall not be admissible as evidence under any Act (ex. Wealth-tax Act, Central Excise Act, Companies Act etc.).</p>
Immunity	Declarant will have no immunity under Criminal Acts mentioned in section 199-O of the Scheme
Effects of Non Opting of Scheme	<p>Non declaration of undisclosed cash or deposit in accounts under this Scheme will results in</p> <ul style="list-style-type: none"> • Tax - 77.25% of such income • Penalty - 07.72% (10% of Tax) <p style="text-align: center;">Total - 84.97%</p>



BENAMI TRANSACTIONS PROHIBITION ACT, 1988 (As Amended by the Benami Transactions (Prohibition) Amendment Act, 2016)

Background:

The Benami Transactions Prohibition Act, 1988 was introduced in the year 1988 and came into force on 19th May 1988. Due to various deficiencies in the Act, the rules required for operationalizing the Act were not framed. The Current Government of India took the initiative and introduced Benami Transactions (Prohibition) Amendment Act, 2016.

Applicability:

This Act extends to whole of India except the State of Jammu and Kashmir

Persons Covered:

1. An Individual;
2. A Hindu Undivided Family;
3. A Company;
4. A Firm;
5. An Association of Persons or a Body of Individuals;
6. Every Artificial Judicial Person, not covered under (i) to (v) above

Introduction:

Benami Transactions:

- Property is transferred to one person for the consideration and the benefit of the another person
- Property carried out or made in a fictitious name
- Owner of the property is not known or denies knowledge of such ownership
- The person providing the consideration is not traceable or is fictitious

Property Covered:

Assets of any kind

- Movable / Immovable
- Tangible / Intangible
- Corporeal / Incorporeal
- Legal documents or instruments evidencing title to or interest in the property
- Converted form of a property where such property is capable of conversion into some other form
- Proceeds from a property



Attachment happen in the form of:

1. Prohibition of Transfer
2. Disposition or Movement of Property



Transactions not considered as Benami transactions:

Held By	Purpose
A Karta, or a member of HUF	For the benefit of himself or of other members in such HUF
A Person in Fiduciary Capacity	For the benefit of a person for which he stands in such capacity and includes a trustee, executor, partner, director of a company, a depository or a participant as an agent of a depository and any other person as may be notified by the Central Government
An Individual (in the name of his spouse or any child of such individual)	For the personal benefit of the individual
Any Person (in the name of his brother or sister or lineal ascendant or descendant)	The names of such said mentioned person and the individual appear as joint-owners in any document

Penalty:

1. Defeating the provisions of any law
 - Imprisonment – 1 year to 7 years
 - Fine – Upto 25% of Fair Market Value of the property
2. Furnishing any false document or information
 - Imprisonment – 6 months to 5 years
 - Fine – Upto 10% of Fair Market Value of the property

Authorities covered under the Act:

Administration of the Act vests with the Income tax authorities as mentioned in section 117 of the Income Tax Act, 1961. The Following shall be the authorities for the purpose of this Act, namely :

1. Initiating Officer: Assistant Commissioner or a Deputy Commissioner of Income Tax
2. Administrator: An Income Tax Officer
3. Approving Authority: Assistant Commissioner or a Joint Commissioner of Income Tax
4. Adjudicating Authority: As appointed by the Central Government

Preferring an Appeal:

Any person, including the initiating officer, aggrieved by an order of the Adjudicating Authority may prefer an appeal to the Appellate Tribunal within a period of forty five days from the date of order.





FEMA

Subject	Particulars
Grant of Export Declaration Form Waiver for Export of Goods Free of Cost	Status Holders are entitled to export freely exportable items on free of cost basis for export promotion subject to higher of an annual limit of Rs 10 lakh or 2% of average annual export realization during preceding three licensing years.
Foreign Direct Investment (FDI) in India –Insurance sector	The limit of foreign investment in insurance sector has been increased from 26 to 49 percent under the automatic route subject to certain terms and conditions stated vide Notification No. FEMA. 366/2016-RB dated March 30, 2016.
Establishment of a branch office or a liaison office or a project office or any other place of business in India by a person resident outside India	A person resident outside India can establish a branch office or a liaison office in India if it meets the following criterion: <ul style="list-style-type: none"> ▪ For Branch Office - a profit making track record during the immediately preceding five financial years in the home country and net worth of not less than USD 100,000 or its equivalent. ▪ For Liaison Office - a profit making track record during the immediately preceding three financial years in the home country and net worth of not less than USD 50,000 or its equivalent.
External Commercial Borrowings (ECB) – Extension and conversion	AD Category-I banks are allowed to approve requests from borrowers for extension of matured but unpaid ECB, subject to the following conditions: <ol style="list-style-type: none"> i. No additional cost is incurred; ii. Lender’s consent is available; iii. Reporting requirements are fulfilled.
Acceptance of deposits by Indian companies from a person resident outside India for nominating him as a Director.	Specific approval from RBI is not required in the case of keeping deposits with an Indian company by a person resident outside India for the purpose of nominating himself or any other person as a director in the company as per section 160 of the Companies Act 2013.
Submission of APR in case of Overseas Direct Investment (ODI)	<ol style="list-style-type: none"> i. Due date for submission of APR extended to 31st December of each year in the case of Indian Parties/ Resident Individuals who made ODI ii. Self-certification of APR’s by Resident Individuals is sufficient.



Subject	Particulars
Overseas Direct Investment (ODI) – Rationalization and reporting of ODI Forms	<p>The rationalized and revised Form ODI will now comprise the following parts:</p> <ol style="list-style-type: none"> i. Part I – Application for allotment of Unique Identification Number (UIN) and reporting of Remittances / Transactions: ii. Part II - Annual Performance Report (APR) iii. Part III – Report on Disinvestment by way of <ol style="list-style-type: none"> a) Closure / Voluntary Liquidation / Winding up/ Merger/ Amalgamation of overseas JV / WOS; b) Sale/ Transfer of the shares of the overseas JV/ WOS to another eligible resident or non-resident; c) Closure / Voluntary Liquidation / Winding up/ Merger/ Amalgamation of Indian Party; and d) Buy back of shares by the overseas JV/ WOS of the IP / RI.
Foreign Investment in units of Investment Vehicles	<p>FDI is allowed for investment in the units of Investment Vehicles registered and regulated by SEBI such as</p> <ol style="list-style-type: none"> a. Real Estate Investment Trusts(REITs) b. Infrastructure Investment Trusts(InvITs) c. Alternative Investment Funds(AIFs)
Foreign investment in Other Financial Services	<p>Foreign investment up to 100% under the automatic route in ‘Other Financial Services’ is allowed..</p> <p>‘Other Financial Services’ includes activities regulated by any financial sector regulator such as RBI, SEBI, IRDA, Pension Fund Regulatory and Development Authority, National Housing Bank or any other financial sector regulator notified by the Government of India.</p>
External Commercial Borrowings (ECB) by Startups	<p>Startups are allowed to raise funds through ECB upto USD 3 million or equivalent per financial year either in INR or any convertible foreign currency or a combination of both with minimum average maturity period of 3 years. The borrowings will be in the form of loans or non-convertible, optionally convertible or partially convertible preference shares.</p>





Subject	Particulars
SPICe - Simplified Proforma for Incorporating Companies Electronically	<p>MCA has introduced new incorporation scheme – SPICe (Simplified Proforma for Incorporating Companies Electronically) for incorporating a company with a single application Form INC 32 for reservation of name, incorporation of a new company and application for allotment of DIN.</p> <p>Key Points of SPICe :</p> <ul style="list-style-type: none"> • No need to reserve Companies Name prior to Incorporation • Can apply for Permanent Account Number (PAN) , Tax Deduction Account Number (TAN) and Employee State Insurance Corporation(ESIC) registration by form INC 32 • E-filing of Memorandum of Association and Articles of Association through forms INC-33 and INC-34. • Digital Signatures of subscribers and witness of MOA and AOA will be affixed • Application for allotment of Director Identification Number upto 3 directors only. • Additional Fee of Rs.500/- to be paid along with registration fee specified • Proposal of only one name to the proposed company
Companies (Mediation and Conciliation) Rules, 2016	<p>The Central Government has notified the Mediation and Conciliation Panel ('Panel') rules to enable settlement of disputes through 'alternate dispute resolution'. It gives parties the option to refer proceedings pending before the Central Government, Tribunal or Appellate Tribunal, at any stage, to mediation conducted by the Mediation and Conciliation Panel ('Panel').</p>
Amendment of Accounting Standards	<p>MCA has amended the following Accounting Standards with effect from 01.04.2016:</p> <ul style="list-style-type: none"> • AS 2 - Valuation of Inventories • AS 4 - Contingencies and Events Occurring After the Balance Sheet Date • AS 10 - Property, Plant and Equipment • AS 13 - Accounting for Investments • AS 14 - Accounting for Amalgamations • AS 21- Consolidated Financial Statements • AS 29 - Provisions, Contingent Liabilities and Contingent Assets <p>and <i>omitted</i> the AS 6 - Depreciation Accounting, since merged with AS 10</p>
Issue of Secured Debentures	<p>Charge can be created on the properties or assets of the company or its subsidiaries or its holding company or its associates companies.</p> <p><i>Earlier allowed only on assets of the company.</i></p>
Preparation of consolidated financial statements	<p>Conditions for exemption in preparation of consolidated financial statements:</p> <ol style="list-style-type: none"> i. it is a wholly owned subsidiary or partially owned subsidiary of another company where all its other members (including not entitled to vote) do not object for non presentation of consolidated financial statements; ii. unlisted or not in the process of listing in India or outside India; and iii. its ultimate or any intermediate holding company files consolidated financial statements with the Registrar in compliance with Accounting Standards



Subject	Particulars	
Appointment of Internal Auditor	A body corporate can also be appointed as internal auditors viz Limited Liabilities Partnerships.	
Acceptance of Deposits – Relaxation	<ol style="list-style-type: none"> 1. Time limit for compulsory conversion of secured bond or debenture into shares is increased from 5 years to 10 years. 2. Startup Company can receive Rs.25 lakhs or more in single tranche from a person by issuing convertible note (i.e convertible into equity or repayable within 5 years). 3. Receipt of amount from Alternate Investment Funds, Domestic Venture Capital Funds and Mutual Funds registered with SEBI. 	
Disclosure in financial statements in notes forming part of accounts	Private Company – Amount received from directors or relatives of director Any other companies – amount received from directors	
Power of Registrar to Remove Name of Company from Register of Companies	Rules have been notified for removal of the name of a company from the register of companies by ROC and have prescribed Form STK-2 in supersession of Section 560 of Companies Act, 1956 and Easy Exit Scheme.	
Filing of Documents and forms in Extensible Business Reporting Language (XBRL)	Filing of financial statements in XBRL form is exempted to banking, insurance, power sector, non banking financial companies and housing finance companies	
Transfer of pending proceedings	Pending proceedings under the Companies Act – with some exceptions – shall be transferred from the district and high courts to benches of the National Company Law Tribunal, with effect from 15 th December 2016.	
Commencement of Important Sections of Companies Act, 2013	Subject	Relevant Sections
	<i>Effective from 15.12.2016</i>	
	Reduction of Share Capital	Section 66
	Compromise, Arrangements & Amalgamations	Sec 230 (except sub-sec 11&12), Sec 231 to 233, 235 to 240
	Winding up of companies	Sec 270 to 288, 290 to 303, 324, 326 to 365
	Winding up of unregistered companies	Sec 375 to 378
	Transfer of certain pending proceeding	Sec 434
	<i>Effective from 26.12.2016</i>	
Removal of names of Companies from Register of companies	Sec 248 to 252	





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