



EZYBIZ INDIA CONSULTING LLP

Redefining Consultancy

Monthly Newsletter

May, 2017

Content

1	Due Dates for month of June, 2017
2	Taxation News- Direct Tax
3	Taxation News- Indirect Tax
4	Regulatory News

DISCLAIMER: this newsletter provides information of general nature and is not meant to be a substitute for professional advice. No one should act on such information without appropriate professional advice. EzyBiz India. accepts no liability with regard to the information herein or any action that may be taken by readers of this newsletter without any professional advice.

Important Due Dates- June, 2017

6 th June, 2017	Excise Payment for the month ended 31 st May, 2017 .
6 th June, 2017	Service Tax Payment for the month ended 31 st May, 2017.
7 th June, 2017	TDS/TCS Payment for the month ended 31 st May, 2017.
10 th June, 2017	Excise Return for the month ended 31 st May, 2017.
15 th June, 2017	Provident Fund Payment for the month ended 31 st May, 2017.
15 th June, 2017	First installment of advance tax for the assessment year 2018-19.
21 st June, 2017	VAT Payment for the month ended 31 st May, 2017.
21 st June, 2017	ESI Payment and Return for the month ended 31 st May, 2017.
25 th June, 2017	Provided Fund Return for the month ended 31 st May, 2017.

Filing of Statement of Financial Transaction (SFT)

Background

Section 285BA of the Income-tax Act, 1961 requires furnishing of a Statement of Financial Transaction (SFT) for transactions prescribed under Rule 114E of the Income-tax Rules, 1962. The due date for filing such SFT in Form 61A is 30th June, 2017.

ITDREIN

In case there are reportable transactions for the year, the reporting person/entity is required to register with the Income Tax Department and generate Income Tax Department Reporting Entity Identification Number (ITDREIN).

Generation of ITDREIN

The ITDREIN can be generated by logging-in to the e-filing website (<https://incometaxindiaefiling.gov.in/>) with the login ID used for the purpose of filing the Income Tax Return of the reporting person / entity.

Entity having PAN can take only PAN based ITDREIN. Entity having TAN can generate an ITDREIN only when such TAN's Organizational PAN is not available.

When ITDREIN required to register

The registration of reporting person (ITDREIN registration) is mandatory only *when at least one of the Transaction Type is reportable*.

SFT Preliminary Response

A functionality "SFT Preliminary Response" has been provided on the e-Filing portal for the reporting persons to indicate that a specified transaction type is not reportable for the year.

Procedure of ITDREIN registration and upload of Form 61A

Detailed procedure of ITDREIN registration and upload of Form 61A is available under the "Help" section and Form 61A utility and Schema are available under the download section of <http://www.incometaxindiaefiling.gov.in> and <https://www.cleanmoney.gov.in>.

Online filing of form 61A requires a valid class 2 or 3 digital signature certificate of person responsible for filing the same. Please refer "DSC Management Utility" manual under help section on how to generate the signature file, attaching the XML with signature and uploading of XML with signature file in e-Filing portal.

Direct Taxation News

➤ **Adhaar & PAN Linking Possible Even in case of difference in name**

Adhaar card and Pan linking option now activated on income tax website whereby now, name as per Adhaar card also to be given. Both get linked even if there is difference in name.

➤ **It To Probe 300 Cases Under Benami Act**

Income-tax dept has begun a multi-city crackdown against owners of benami assets who parked their ill-gotten wealth in the name of other individuals. It has identified over 300 cases which could face action under the Benami Transactions Act.

➤ **Government notifies exemption from quoting Aadhaar / Enrolment ID to certain individuals**

Finance Ministry has exempted nonresident, non citizens, a person who is of the age of eighty years or more at any time during the year from Mandatory Quoting of Aadhaar for filing ITR and for allotment of PAN.

The Ministry also exempted person who is residing in the States of Assam, Jammu & Kashmir and Meghalaya. ([Click here](#))

➤ **SFT return filing due date extended to 30th June 2017**

CBDT has extended the due date of furnishing Statement of Financial Transactions for AY 2017-18 from 31st May 2017 to 30th June 2017.

([Click here](#) to view order)

➤ **IT Department Launches Operation Clean Money Portal**

The Operation Clean Money' portal has been designed by the Central Board of Direct Taxes (CBDT). Initial phase of the operation involves identification of around 18 lakh persons who have made large deposits or purchases between 9th November to 30th December 2016, which do not appear to be in line with the tax payer's profile. The provision of online verification of these transactions is aimed at reducing the compliance cost for the taxpayers while optimizing the resources of the Income Tax department.

➤ **IT dept launches online facility to correct errors in PAN and Aadhaar**

The department has put two separate hyperlinks on its e-filing website — one to update changes in existing PAN data or for application of new PAN. The second hyperlink is for individuals who want to update Aadhaar details by logging into 'Aadhaar Self Service Update Portal' using the unique identity number. The individual can then upload scanned documents as proof for data update request.

➤ **Income Tax Department Names Defaulters Owing Over Rs. 10 Crore**

Income Tax department published names of five entities owing over Rs 10 crore in taxes, as part of its strategy to name and shame big defaulters.

Indirect Taxation News

Service Tax/Excise/Custom

➤ **No need for 24/7 I-T duty at cigar plants**

Round-the-clock presence of Central Excise officers in the cigarette factories is not mandatory but directory. [Click here](#) (Circular No. 1055/04/2017-CX dated 1st May, 2017)

➤ **Commissioner (Appeals) cannot insist upon pre-deposit requirement as a condition for filing an appeal**

Excise & Custom: Commissioner (Appeals) cannot entertain an appeal, namely, hear and decide it unless pre-deposit is made, he cannot insist upon payment of pre-deposit as a condition precedent for filing an appeal

➤ **CBEC gets a makeover ahead of GST rollout**

A month before the Goods and Services Tax (GST) rolls out nationwide on July 1, the Central Board of Excise and Customs will be rechristened the **Central Board of Indirect Taxes and Customs (CBIC)**.

It is not just the nomenclature that is undergoing change; the CBEC has nearly completed the reorganisation of its field offices, including the allocation of officers, provision of funds for new office spaces and training of staff.

To be headquartered at North Block, the new Board will continue in its current form but will have a Member for GST and Central Excise, and a separate Member in charge of IT, Legal and Compliance Verification.

GST

➤ **Registration Under GST**

No need for Traders dealing only in petrol, diesel & other exempt or zero-rated goods to register under GST. Register if deal in other goods also.

➤ **Credit paid on inward supplies to be claimed only within 1 year**

Credit of GST paid on inward supplies of goods and services can be claimed only within 1 year from date of relevant tax invoice.

➤ **IGST on imports**

IGST on imports to be paid at time of import, separately for each import, as against monthly payment in case of IGST on domestic transactions.

➤ **Inter-state supplies to Consumers**

Under GST Inter-state supplies to Consumers up to Rs. 2.50 lacs made directly & through e-commerce portal to be shown separately in GSTR-1

➤ **Registration for GST enrolment to reopen on June 1**

Registration for GST enrolment to reopen on June 1 for 15 days as 6.05 million entities have enrolled them with the GSTN system

➤ **In the goods and services tax (GST) era, movement of goods worth more than Rs50,000 within or outside a state will require securing an e-way bill by prior online registration of the consignment.**

Case Laws: Domestic Taxation

Direct Tax

- **Time Limit for Initiation of Penalty starts from the date on which the AO writes letter to the ACIT recommending the issuance of SCN**

The division bench of the *Delhi High Court in Principal CIT v. Mahesh Wood Products Pvt Ltd*, held that the time limitation for “initiation” of penalty proceedings under section 275(1)(c) of the Income Tax Act, starts from the date on which the AO wrote a letter recommending the issuance of the Show Cause Notice, and not from the date mentioned in the Show Cause Notice.

[\(Click here to view judgment\)](#)

- **Charitable Society Earning Profits from Publishing and Selling of School Text Books is Eligible for Exemption**

Generating profits out of publishing and selling of school text books can be treated as “Charitable purpose” and therefore, exemption under sections 11 and 12 of the Income Tax Act cannot be denied to the assessee-society. (*Delhi Bureau Of Text Books v. DIT(E), Delhi HC*)

[\(Click here to view judgment\)](#)

- **Disallowance us 40(a)(ia) applies to amounts paid also-SC**

The Hon’ble Apex Court held that section 40(a)(ia) of the Act covers not only those cases where the amount is payable but also when it is paid.

[\(Click here to view judgment\)](#)

- **Section 14A is applicable to dividend income irrespective of DDT payment**

The SC held in case of *Godrej & Boyce Manufacturing Company Limited* that the provisions of Section 14A of the Act would apply to dividend income on which tax is payable under Section 115-O of the Act.

[\(Click here to view judgment\)](#)

- **SC confirms Income Tax Deduction of Interest on Loans taken for Setting up the Industry**

In *CIT v. Shri Multi Tech Ltd*, the two-judge bench of the Supreme Court held that interest on loans taken for setting up the industry is allowable as expenditure under the Income Tax Act.

The Assessee, a public limited Company had incurred an expenditure of Rs.3,37,84,348/- towards payment of interest on loans taken and other items for setting up the industry.

[\(Click here to view judgement\)](#)

Indirect Tax

- **Delhi HC rules on VATability of trademark licenses**

In a major relief to Mc Donalds, the division bench of the Delhi High Court held that royalty received by the assessee-Company, under Franchise Agreements for the transferring the use of trademark, logo, service marks, brand name etc are not subject to tax under the provisions of the Delhi Value Added Tax (DVAT) Act.

[\(Click here to view judgment\)](#)

International Taxation

➤ **International tax wing of IT Dept seeks end beneficiary details of P-notes**

The international taxation arm of the income tax (I-T) department has sought details of end-beneficiary subscribers of participatory notes (P-notes) from some leading offshore derivative instrument (ODI) issuers in the country. According to a senior official, the I-T department suspects that these instruments are being used to legalise unaccounted money. The issue came up when taxmen found certain discrepancies in the disclosures made by ODI issuers. Nearly half a dozen P-note issuers could come under scrutiny. “Details mentioned in the Know Your Customer (KYC) disclosures were not tallying with the tax authority’s database. We need more information from the issuers to ascertain if any law has been violated. We will get the data in the next few weeks,” the official said.

➤ **Cabinet approves signing of BEPS Convention**

The Union Cabinet led by the Prime Minister Narendra Modi has given its approval for the Multilateral Convention to implement Tax Treaty related measures to prevent **base erosion and profit shifting (BEPS)**, said an official release by the GoI.

The convention basically would implement two minimum standards relating to the prevention of treaty abuse and dispute resolution through the “mutual agreement procedure.

([Click here](#) to view press release)

➤ **Modi government mulls allowing 100% FDI in retail, with caveats**

The proposal for 100% FDI in retail won’t allow imported item to be sold by multinational supermarket chains, in an attempt to further the Make in India drive. To promote its flagship Make In India scheme with job creation at its core, the Narendra Modi government is considering allowing 100% foreign direct investment (FDI) in multi-brand retail—as long as the products are made in India.

➤ **WTO's call for a review meet might be a backdoor attempt to push e-commerce**

The World Trade Organization has called a review meeting to promote connectivity through digital trade in developing countries, particularly least developed countries, amid strong opposition by India owing to apprehensions among experts that this may be a back door attempt to push e-commerce.

The aim of the evaluation, which will take place, in July is development of e-commerce, infrastructure investment, services markets and investment in climate reforms.

Regulatory News

Company Law

➤ **MCA Upload Defaulting Status of All Companies**

- MCA has updated all the master data by adding defaulting status. If any co. is in default for annual filing for the year 2015-16 than mca mark it as a defaulting

➤ **NCLT**

Company petition filed by authorized signatory is maintainable where the source of authorization letter is the shareholders' resolution and the authorized signatory is competent to file company petition.

(Buhari Abdul Khader Khalid Vs. Emirates Trading Llc. Chennai Bench.)

➤ **Voluntary liquidation under the Insolvency and Bankruptcy Code**

Govt. has notified regulations for voluntary liquidation under the Insolvency and Bankruptcy Code. Companies, limited liability partnerships and any other persons incorporated with limited liability can opt for voluntary liquidation. The new regulation has become effective from April 1.

FEMA

➤ **SAT impose penalty on Rajasthan Royals for FEMA violation**

SAT impose penalty on Rajasthan Royals (IPL TEAM) for violation of section 3 of FEMA, 1999 as payments had been made by non-residents and there was no general or special approval of Reserve Bank of India.

SEBI

➤ **Instant Access Facility and Use of e-wallet for investment in Mutual Funds**

SEBI has issued Circular and has directed all the Mutual Fund Companies to provide Instant Access Facility and e-wallet facility for investment in Mutual Funds.

(Cir. No . : SEBI/HO/IMD/DF2/CIR/P/2017/39)

([Click here](#) to view circular)

➤ **SEBI issues framework for mutual funds, portfolio managers at IFSC**

SEBI today allowed mutual funds, alternative investment funds and portfolio managers, operating in international financial services centres (IFSC), to invest in securities listed in such centres. Besides, they are permitted to invest in securities issued by companies incorporated in IFSC, Securities and Exchange Board of India (Sebi) said in a circular.

Further, they can also invest in securities issued by firms incorporated in India or companies belonging to foreign jurisdiction, it added.

([Click here](#) to view circular)

RBI

➤ **Guidelines on Merchant Acquisition for Card Transactions**

RBI has issued Guidelines on Merchant Acquisition for Card Transactions. Co-operative banks have been permitted to install both onsite/offsite ATM networks and can issue debit cards. *([Click here](#) to view Notification)*

Other News

➤ **Aadhaar for PAN to check terror finance, black money: Government to Supreme Court**

Govt. asserted in the Supreme Court that Aadhaar was made mandatory for PAN card to weed out fake PAN cards which were used for terror financing and circulation of black money, while terming the concerns over privacy as "bogus".

➤ **Disclosure of Cancelled Notes Post-Demonetization: ICAI**

ICAI has asked its members to ensure that companies have made adequate disclosures about transactions involving cancelled notes post demonetization till December 30, 2016.

➤ **Delhi HC refuses to stay tax case against Young Indian**

Delhi High Court refused to stay the income tax proceedings against Young Indian Ltd in the case of alleged misappropriation of assets of National Herald newspaper involving Congress leaders Sonia Gandhi and Rahul Gandhi.

➤ **CA held guilty of misconduct for forging income tax challan**

Allahabad High Court confirmed punishment of a CA for presenting forged copies of Challans on behalf of the assessee to the Income Tax dept. The Court enhanced the punishment to Five years against two years suggested by the DC of ICAI.

➤ **FDI inflows into country rise by 9 percent in FY 2016-17**

Foreign direct investment (FDI) equity inflows into India rose 9% to a record \$43.5 billion during fiscal year 2016-17, at a time when global FDI inflows are falling.

➤ **MHA Offers One-Time Exemption to NGOs to File Returns under FCRA**

The Ministry of Home Affairs has offered a one-time exemption to Non-Government Organizations to file 'missing' returns as mandated by the Foreign Contribution (Regulation) Act without being levied any fine.

About Us

EZYBIZ India is a Consulting and business outsourcing firm founded by alumni of EY in order to provide one window solution to Taxation, Regulatory, Transaction advisory and Accounting need of clients in India and abroad.

We have team of Chartered Accountants, Company Secretaries and finance professionals and provide services to proud mix of Indian and multinational clients like Corporates, LLPs, Firms, subsidiaries of Foreign Companies, Branch office, Liaison Office, HNIs, NRIs and Expatriates.

Some of our foreign clients are from Netherland, USA, Turkey, UAE and Japan.

OUR SERVICES

- *Business set up and Regithrations [BO, LO, WOS, Public/Pvt. Ltd Co., LLPs, Gth etc]*
- *Direct Tax Advisory and compliance*
- *Indirect Tax Advisory and compliance*
- *Business Rethructuring (M&A, Slump sale, Amalgamation etc)*
- *Regulatory advisory and compliance (ROC, FEMA, RBI & SEBI)*
- *Tax Assessment and Litigation service*
- *Auditing & Assurance services*
- *Valuation services*
- *Secretarial Compliance & Corporate Governance*
- *Corporate Finance*
- *Accounting & Payroll*

Contact us:

306, 3rd Floor, Vishwasadan Tower, Dithrict Centre, Janakpuri, New Delhi-110058
M: +91-9899217778, T: 011-64992010, W: ezybizindia.in
E: anil@ezybizindia.in; ezybizconsulting@gmail.com