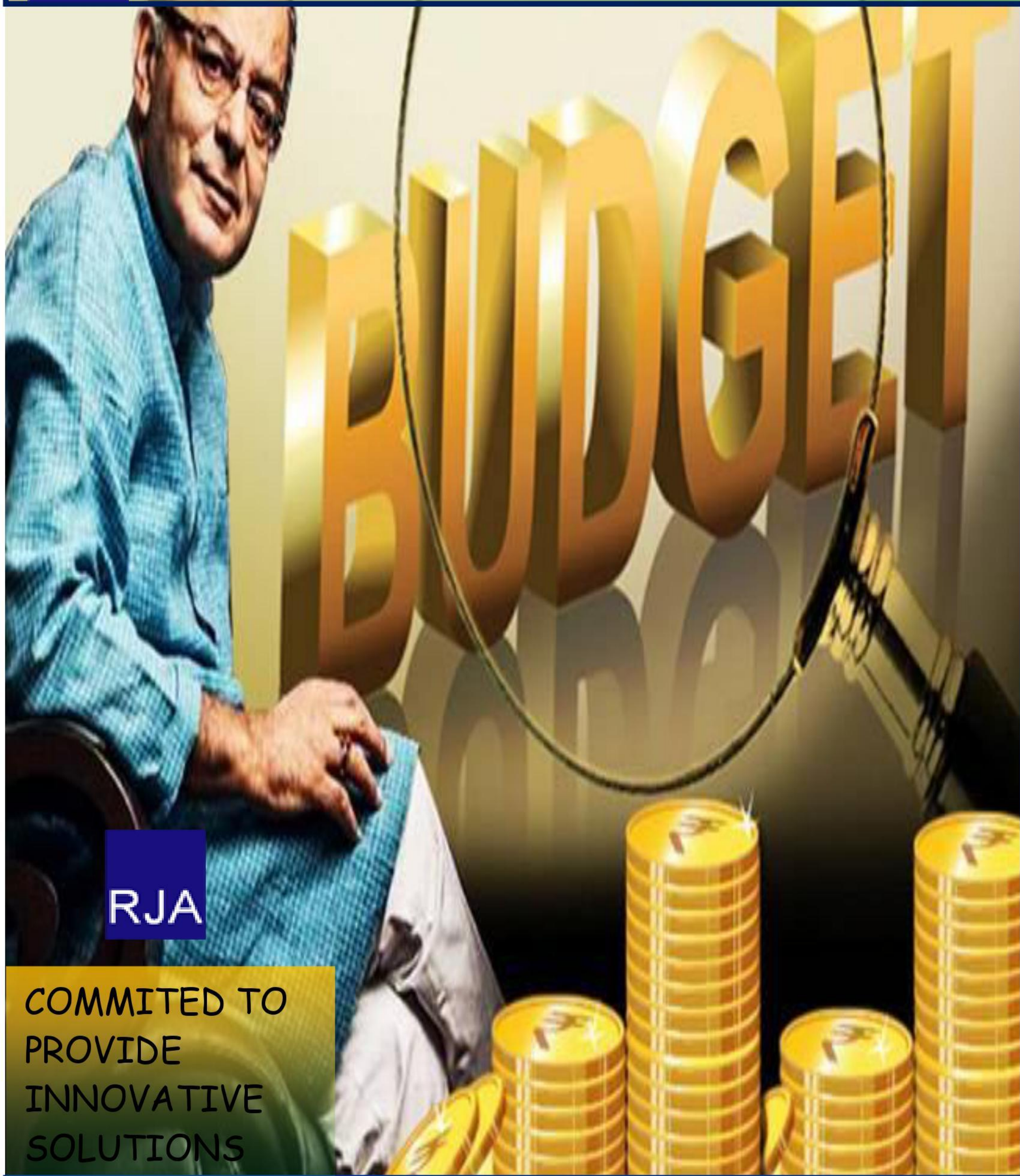
Tax & Corporate law Bulletin

RAJPUT JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS



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FEBRUARY 2018

From the Editor's Desk...

Dear Reader,

Greetings for the season,

- Highlights of union budget 2018-2019; gst settlement of funds (amendment) rules, 2018; companies (registered valuers and valuation) amendment rules, 2018 notified; faq on gst (relating to hotel industry) *and read many more…*

We eagerly await your feedback on the bulletin.

Yours truly,

Rajput Jain & associates

Chartered accountants

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Individually, we are one Drop; Together we are an Ocean

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DIRECT TAX

- **Section 139AA, read with Section 139A of the Income-Tax Act, 1961 – Aadhaar Number – Quoting of – Extension of deadline till 31/3/2018 for submission of Aadhaar Number, and Permanent Account Number or Form 60 by client to reporting entity**

After considering various representations received and inputs received from Banks, it has been decided to notify 31st March, 2018 or six months from the date of commencement of account based relationship by the client, whichever is later, as the date of submission of the Aadhaar number, and Permanent Account Number or Form 60 by the clients to the reporting entity. Necessary notification in this regard has been issued.

Section 115JB of the Income-Tax Act, 1961 – Minimum Alternate Tax (Mat) – Relaxation in provisions relating to levy of Minimum Alternate Tax (Mat) in case of companies against whom an application for Corporate Insolvency Resolution Process has been admitted under Insolvency and Bankruptcy Code, 2016

The existing provisions of section 115JB of the Income-tax Act, 1961 ('the Act'), inter alia, provide, that, for the purposes of levy of Minimum Alternate Tax (MAT) in case of a company, the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account shall be reduced from the book profit.

In this regard, representations have been received from various stakeholders that the companies against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the Insolvency and Bankruptcy Code, 2016 ('the IBC'), are facing hardship due to restriction in allowance of brought forward loss for computation of book profit under sec 115JB of the Act.

With a view to minimize the genuine hardship faced by such companies, it has been decided, that, with effect from Assessment Year 2018-19 (i.e. Financial Year 2017-18), in case of a company, against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the IBC, the amount of total loss brought forward (including unabsorbed depreciation) shall be allowed to be reduced from the book profit for the purposes of levy of MAT under section 115JB of the Act.

- **HIGHLIGHTS OF UNION BUDGET 2018-2019**

Union Budget 2018

- Slab rates kept same.
- Education Cess and SHEC rates increased to 4% from existing 3%.
- Charitable / Religious Trusts claiming exemption under section 11 & 12 or under section 10(23C) for a business conducted by them will be needed to follow the provisions of section 40(a)(ia), 40A and 40A(3) i.e. TDS compliance to be ensured, Cash payments to restrict within limits of Rs. 10,000 only.
- Salaried assessee to avail a standard deduction of Rs. 40,000/-
- Payment received on termination or modification of terms and conditions of a contract relating to business now to attract taxation.

- A businessman converting stock in trade into capital asset has to pay the tax on the appreciation.

- Number of amendments made in the Income Tax Act to give sanctity to the ICDS applicability like:

    - Marked to market losses as per ICDS to be permissible under section 36.

    - Foreign exchange difference in revenue items arising as per ICDS applicability to be recognised as profit or loss.

    - Insertion of section 43CB proposed to provide validity to the applicability of percentage completion method on construction contracts.

- Immovable property relating stamp duty valuations having impact under section 43CA, 50CA and 56(2)(x) relaxed to the extent of 5% difference of the consideration received or accruing as a result of transfer.

- Changes in income computation formula in case of truck and loading tempo operators under section 44AE for heavy goods vechile Rs. 1000 per ton of gross vehicle weight formula on per month basis to be adopted and for other vehicle Rs. 7500/- as old provision to continue.

- Reduction in scope of exemption claimable under section 54EC from any long term capital asset to the long term capital arising on account transfer of land or building or both only. Further the redemption period of bonds also proposed to be increased to 5 years.

- An employee leaving the job may be in receipt of any compensation or other payment from any person in connection with such termination or for the modification of terms and conditions of such employment shall be taxable for the same as income by way of other sources, amendment proposed under section 56.

- Certain amendments made under section 79, 115JB and 140 to acknowledge and provide relief in cases covered under the Insolvency and Bankruptcy Code 2016.

- Health insurance premium contribution in case of senior and very senior citizens extended to Rs. 50,000/- : amendment under section 80D

- Quantum of deduction under section 80DDB for medical treatment in case of a senior citizen and very senior citizen increase from Rs. 60,000 and Rs.80,000 respectively to Rs. 1,00,000/-

- Increase in scope of section 80IAC by modifying the definition of 'eligible business' as to include even start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment or wealth creation. Further last dated of incorporation of business extended from 31.3.2019 to 31.03.2021.

- Relation of minimum number for days of employment of an employee to 240 days also relaxed to just 150 days in case of footwear or leather products even.

- New deduction section 80PA proposed to be inserted to provide 100% deduction to Producer Companies from eligible business being marketing of agricultural produce grown by the members or purchase of agricultural implements, seeds, livestock or other articles intended for agriculture or processing the agricultural produce of the members.

- Section 80TTB to be inserted to provide relief to senior citizens in respect of income arising in form of interest from banking company, cooperative society and post office to the extent of Rs. 50,000 for a financial year. However in such case the benefit of section 80TTA shall not be available.
- Proposed insertion of section 112A to tax long term capital gain arising on account of transfer of listed shares and units of equity oriented mutual fund units @ 10% on an amount exceeding Rs. 1 lakh. However cost for such purposes prima-facie to take color from fair market value as on 31.01.2018.
- Dividend in the nature of section 2(22)(e) also to attract dividend distribution tax on company @ 30%.
- Alignment of dividend distribution tax rates on dividends distributed by various kinds of mutual funds under section 115R.
- Prima-facie adjustment under section 143(1) on account of mismatch between form 26AS and form 16 or 16A not to take place wef AY 2019-2020.
- New sub-section (3A) proposed to be inserted under section 143 to bring up an e-assessment procedure as per Budget Speech of Hon'ble Finance Minister.
- ICDS further strengthened by making necessary amendment in section 145A.
- New section 145B proposed to provide certain exceptions of taxation in certain special cases.
- No TDS from senior citizen resident payees for payment of interest on time and recurring deposits upto Rs. 50,000 during a financial year.
- No substantial amendments in assessment, TDS, TCS, remedies and penalty procedures

The proposed tax rates for the next financial year 2018-19

Tax Rate* for an individual for the A.Y. 2019-20

Income	Rates of Income-tax		
	Individual (Age less than 60 Years)	Senior Citizen (Age above 60 Years)	Super Senior Citizen (Age above 80 Years)
1 Up to Rs. 2,50,000	Nil	Nil	Nil
2 Rs. 2,50,000 to Rs. 3,00,000	5%	Nil	Nil
3 Rs. 3,00,000 to Rs. 5,00,000	5%	5%	Nil
4 Rs. 5,00,000 to Rs. 10,00,000	20%	20%	20%
5 Above Rs. 10,00,000	30%	30%	30%

*The above rates are exclusive of surcharge and cess.

A resident individual, whose taxable income does not exceed Rs. 3, 50,000, can claim a tax rebate under section 87A. The amount of rebate shall be lower of 100% of income-tax or Rs. 2,500.

Tax Rates* for Corporate Assessee for the A.Y. 2019-20

Status of Taxpayer		Rates of income-tax
1	Firms/Local Authority	30%
2	Domestic Company	30%/25%#
3	Foreign Company	40%

Tax rate is 25% if turnover or gross receipts of the domestic company in the previous year 2016-17 doesn't exceed Rs. 250 crore

*The above rates are exclusive of surcharge and cess.

Tax Rates* for Co-operatives Societies for the A.Y. 2019-20

Income		Rates of income-tax
1	Up to Rs. 10,000	10%
2	Rs.10,000 – Rs.20,000	20%
3	Above Rs. 20,000	30%

*The above rates are exclusive of surcharge and cess.

*Rates of Surcharge

Particulars	Taxable Income		
	50 Lacs to 1 Crore	1 Crore to 10 Crores	Exceeding 10 Crores
Individuals/HUF	10%	15%	15%
Firm/ Local Authority/ Co-operative Society	Nil	12%	12%
Domestic Company	Nil	7%	12%
Foreign Company	Nil	2%	5%
Co-operative Societies	Nil	12%	12%

*The health &education cess at the rate of 4% shall be computed on aggregate of Income-Tax and Surcharge.

RECENT JUDGEMENTS

- **S. 11 Depreciation claim by charitable / religious organisation**

The charitable trust is entitled to claim depreciation on capital expenditure. Amendment to section 11(6) disallowing depreciation is applicable from AY 2015-16. It was also observed that once assessee is allowed depreciation, it shall be entitled to carry forward the depreciation as well - CIT v. Rajasthan and Gujarati Charitable Foundation C.A. No 7186 of 2014 (SC).

S. 28 Receipt of Subsidy is capital receipt

If the object of the subsidy was to industrialize the State and to generate employment in the State, the fact that the subsidy took a particular form and the fact that it was granted only after commencement of production would make no difference. It was held that receipt of subsidy is capital receipt – CIT v. Chaphalkar Brothers C.A. No. 6513-6514 OF 2012 (SC)

- **Stay of Demand**

It was observed by the High Court it is very clearly seen that the entire demand raised by the tax officer is prima facie not sustainable when once the controversy was apparently covered by the decision of the High Court and also of the ITAT, in favour of assessee. Therefore, the grant of absolute stay against the recovery would have been more appropriate in the circumstances, rather than calling upon the assessee to deposit a further sum.

ITAT asked assessee to pay part of sum against a prima facie unsustainable demand. The High Court observed that the Revenue did not feel satisfied with payment of part demand and instead of pursuing hearing of the appeal before the ITAT, chose to file the present writ petition before this Court which is absolutely misconceived remedy availed by them.

The High Court questions that were these officials trying to prove their superior wisdom over the wisdom of Tribunal and already rendered precedent or overawe the Tribunal by the intervention of the courts, even on a misconceived petition?

The High Court also observes that revenue seeking adjournments from the ITAT on the dates fixed by it for hearing the appeal itself which was apparently covered in favour of the respondent-assessee by the Departmental counsel adds insult to the injury. The irresponsible and uncoordinated manner in which authorities of the petitioner-Income Tax Department have displayed their dealing of the serious matters like invoking the constitutional remedy has prompted this Court to take up this matter to deprecate strongly such tendency on the part of the Revenue authorities and other Government Departments, who choose to avail constitutional remedies for not so good reasons at all, wasting the public money and court's time taken even to hear and reject such frivolous writ petitions. The High Court awarded cost of Rs. 50,000 to each of the Pr. CIT and the person who signed affidavit - ACIT vs. Epson India Pvt. Ltd. W.P. No 12913/2017 (T-IT) (Kar. HC)

INDIRECT TAX

GOODS AND SERVICES TAX

- **GST Settlement of Funds (Amendment) Rules, 2018**

In exercise of the powers conferred by section 53 read with section 17 of the Central Goods and Services Tax Act, 2017 (12 of 2017), sections 17 and 18 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) and section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017), the Central Government hereby makes the following amendments in the Goods and Services Tax Settlement of Funds Rules, 2017, namely:—

1.(1) These rules may be called the Goods and Services Tax Settlement of Funds (Amendment) Rules, 2018.

(2) They shall come into force on the date of their publication in the Official Gazette.

2 In the Goods and Services Tax Settlement of Funds Rules, 2017, in rule 11, after sub-rule (2), the following sub-rule shall be inserted, namely:—

3 At any point of time in any particular financial year, the Central Government may, on the recommendations of the Goods and Services Tax Council, provisionally settle any sum of integrated goods and services tax collected in that particular financial year which has not been settled so far."

- **FAQ ON GST (RELATING TO HOTEL INDUSTRY)**

Q1-Will GST be charged on actual tariff or declared tariff for accommodation services?

A1-Declared or published tariff is relevant only for determination of the tax rate slab. GST will be payable on the actual amount charged (transaction value).

Q2-What will be GST rate if cost goes up (more than declared tariff) owing to additional bed?

A2-GST rate would be determined according to declared tariff for the room, and GST at the rate so determined would be levied on the entire amount charged from the customer. For example, if the declared tariff is Rs. 7000 per unit per day but the amount charged from the customer on account of extra bed is Rs. 8000, GST shall be charged at 18% on Rs. 8000.

Q3-Where will the declared tariff be published?

A3-Tariff declared anywhere, say on the websites through which business is being procured or printed on tariff card or displayed at the reception will be the declared tariff. In case different tariff is declared at different places, highest of such declared tariffs shall be the declared tariff for the purpose of levy of GST

Q4-Same room may have different tariff at different times depending on season or flow of tourists as per dynamic pricing. Which rate to be used then?

A4-. In case different tariff is declared for different seasons or periods of the year, the tariff declared for the season in which the service of accommodation is provided shall apply

Q5-If tariff changes between booking and actual usage, which rate will be used?

A5-Declared tariff at the time of supply would apply.

Q6-. GST at what rate would be levied if an upgrade is provided to the customer at a lower rate?

A6-If declared tariff of the accommodation provided by way of upgrade is Rs 10000, but amount charged is Rs 7000, then GST would be levied @ 28% on Rs 7000/-.

- **E-Way Bill: In view of difficulties faced by the trade in generating e-way bill due to initial tech glitches, it has been decided to extend the trial phase for generation of e-way bill, both for inter and intra-State movement of goods.**

E-way bill is an electronic way bill for movement of goods which can be generated on GSTN portal. E-way bill contains the details of transported goods besides the name of consignor and consignee of such goods. It is the evidence of genuineness of supply of goods from one place to another.

E-way bill is required to be generated for consignment of goods of value exceeding Rs 50000. (Generating an e-way bill for consignments valuing less than Rs 50000 is optional)

Who can Generate GST E-Way Bill?

- If a taxable person is registered under GST wants to transport goods using own vehicle or hired vehicle as a supplier or to be received in the course of business as a recipient, the taxable person can generate a E-Way Bill in Form GST INS-1 electronically on the GST Common Portal by providing information requested in Part B of FORM GST INS-01.
- If a transporter is involved in the transfer of Goods, then the taxable person registered under GST must furnish information about the consignment in Part B of FORM GST INS-01 on the GST Common Portal. Using this information, the transporter would then generate a E-Way Bill on the basis of the information provided by the taxable person in Part A of FORM GST INS-01. Transporters are allowed to generate and carry E-Way bill even if the value of the consignment is less than Rs.50, 000.
- Finally, any unregistered person transferring goods to a taxable person under GST can also generate e-way bill in FORM GST INS-01 on the GST Common Portal

Validity of E-Way Bill

Distance	Valid for
Upto 100 km	1 day
100 km or more but less than 300 km	3 day
300 km or more but less than 500 km	5 day

500 km or more but less than 1000 km	10 day
More than 1000 km	15 day

CANCELLING OF GST E-WAY BILL

Once a GST E-Way Bill is generated but goods were not transported or are not being transported, then the GST e-way bill can be cancelled through the GST portal or through a GST Facilitation Centre within 24 hours of generation of the e-way bill.

Exceptions to E-way bill requirement

No e-way bill is required to be generated in the following cases

- Transport of goods as specified in Annexure to Rule 138 of the CGST Rules, 2017
- goods being transported by a non-motorized conveyance;
- goods being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs
- in respect of movement of goods within such areas as are notified under rule 138(14) (d) of the SGST Rules, 2017 of the concerned State;
- Consignment value less than Rs. 50,000/

Goods worth more than Rs.50, 000 are transported from one place to another an e-way bill is required. In case goods are transported without an e-way bill, the goods can be seized by a GST officer and penalty could be levied.

MISTAKE AND WRONG ENTRY IN E-WAY BILL

If there is mistake, incorrect or wrong entry in the e-way bill, then it cannot be edited or corrected.

Advisory to Taxpayers on Improved GSTR-3B Return Filing Process

- Filing of GSTR 3B Return made easier and user friendly.
- Optimum utilization of ITC is displayed by System, which however can be edited.
- The amount to be paid in cash after taking into account ITC, gets displayed.
- One click Challan preparation to avoid payment of tax under wrong heads. Details
- FAQs and User Manual are provided alongwith pop ups, to guide taxpayers while filling Form GSTR 3B.
- Fill either CGST or SGST/UGST amount, other tax will get auto filled.
- Form GSTR 3B can be previewed or downloaded, for cross verifying saved details in any table(s), by Clicking PREVIEW DRAFT GSTR-3B button. The draft Summary page of your GSTR-3B can be downloaded for review.
- Once taxpayer proceeds to payment, the details of balances as available in cash and credit ledgers can be seen (refer Table 6.1 – Payments Table) at one place.
- Tax liabilities as declared in the return along with the credits gets updated in the ledgers and displayed in the "Tax payable" column of the payment section and can be seen while hovering on the said headings of credit in the payment section.
- System auto-populates "Tax to be paid through ITC" fields with optimum utilization amounts based on provisions of the law relating to credit utilisation. It is suggestive and taxpayer may edit the ITC utilization. In case ITC utilization is changed, the cash to be paid also gets changed accordingly.
- If available cash balance in Electronic cash ledger is insufficient to offset the liabilities, additional cash required for paying liability is displayed in the last column of the Table (Additional cash required). Taxpayer may

create challan for that amount directly by clicking on the CREATE CHALLAN button. Once online payment is made, system will navigate back to Payments Table.

- ❖ Click the MAKE PAYMENT/POST CREDIT TO LEDGER button to pay off the liabilities or to claim credit in case of no liabilities.
- ❖ Click "Proceed to file" and File GSTR-3B with EVC or File GSTR-3B with DSC. ("Submit" button has been removed).

CORPORATE LAWS

➢ Government introduces 'RUN' service and Zero fee incorporation services with authorized capital up to Rs. 10 Lakhs

In line with the vision of „Ease of Doing Business", the Government has come up with simple and cost effective procedure for incorporation of companies with authorized capital up to Rs. 10 Lakh. A new web service "RUN" (Reserve Unique Name) for reserving name of proposed company and for changing name of existing company has been launched with effect from 26 Jan 2018. Government of India is committed to achieve a position in the top 50 countries for "Doing Business" as per the rankings published annually by the World Bank. During the past 3 years, the Ministry of Corporate Affairs has contributed significantly towards improvement of ranking in Ease of Doing Business in the country, especially with respect to starting a business. Major initiatives include establishing the "Central Registration Centre (CRC)" for delivering speedy incorporation related services and near real time issuance of PAN & TAN through a single online process through Simplified Proforma for Incorporating Company Electronically (SPICE).

➢ Companies (Appointment and Qualification of Directors) Amendment Rules, 2018 notified on 22 January 2018

The Government has revised the procedure to obtain Director Identification Number (DIN) vide Amendment rules notified on 26 Jan 2018. Earlier any individual could apply in Form DIR-3, with requisite documents and fee, to obtain DIN. Obtaining DIN is mandatory for all those individuals who intend to become director/ designated partner in any company/ Limited Liability Partnership.

However, now the provisions have been revised as below:-

• Application for allotment of DIN before appointment in existing Companies: Any person intended to become Director in an existing company, shall apply to Central Government in Form DIR-3, along with the requisite fee and documents, to obtain DIN.

• Certified true copy of board resolution for proposing the appointment of Director in an existing company shall also be required.

• Application for allotment of DIN for appointment in proposed Companies: DIN can be applied for a maximum of 3 proposed directors in a new company, through Form INC- 32 (eSpice).

➢ Companies (Registered Valuers and Valuation) Amendment Rules, 2018 notified.

Companies (Registered Valuers and Valuation) Rules, 2017 came into effect in October 2017. These rules provides for the qualifications, eligibility criteria and experience of persons who can act as registered valuers. Different professionals have been specified for the different class of assets. A transition period up to March 31, 2018 had been provided to the valuers to get themselves registered with the Registered Valuers Organizations. Until then, the valuers could continue doing valuation without registration. The transition period mentioned above has been extended till 30 Sep 2018 vide Companies (Registered Valuers and Valuation) Amendment Rules, 2018

➢ Ministry of Corporate Affairs (MCA) issues Companies (Removal of Difficulties) Order, 2018

At present, an independent director shall hold office for a term up to 5 consecutive years on the Board of a company. He/ She shall be eligible for re-appointment by passing of a special resolution by the company and disclosure of such appointment in the Board's report. However, a company may remove a director, before the expiry of the period of his office after giving him a reasonable opportunity of being heard, by ordinary resolution.

In order to strengthen corporate governance process and on suggestion of stakeholders, the Government has amended the provisions dealing with removal of Independent Directors. Now, an independent director re-appointed for second term shall be removed by the company only by passing a special resolution and after giving him a reasonable opportunity of being heard

FEMA

- **Refinancing of External Commercial Borrowings (ECBs)**

In terms of the extant ECB Guidelines, Indian corporates are permitted to refinance their existing ECBs at a lower all-in-cost. However, the overseas branches/subsidiaries of Indian banks are not permitted to extend such refinance.

In order to provide a level playing field, RBI has now decided, in consultation with the Government of India, to permit the overseas branches/subsidiaries of Indian banks to refinance ECBs of highly rated (AAA) corporates as well as Navratna and Maharatna PSUs, provided the outstanding maturity of the original borrowing is not reduced and all-in-cost of fresh ECB is lower than the existing ECB. Partial refinance of existing ECBs will also be permitted subject to same conditions.

Master Direction on Foreign Investment in India

Consequent to the issue of Foreign Exchange Management (Transfer or Issue of a Security by a Person resident Outside India) Regulations, 2017 by RBI vide Notification No. FEMA 20(R)/ 2017-RB dated November 7, 2017 the RBI has now issued Master Direction on Foreign Investment in India compiling instructions issued on Foreign Investment in India and its related aspects under the FEMA.

This Master Direction can be accessed at RBI website

Further liberalisation of FDI Policy in Key Sectors – Union Cabinet approves amendments in FDI policy

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi approved a number of amendments in the FDI Policy to further liberalise and simplify the FDI policy so as to provide ease of doing business in the country. The Government has decided to introduce amendments in the FDI Policy.

Single Brand Retail (SBRT)

It has now been decided to permit 100% FDI in SBRT under automatic route. SBRT entity will be permitted to set off its incremental sourcing of goods from India for global operations during initial 5 years, beginning 1 April of the year of the opening of first store against the mandatory sourcing requirement of 30% of purchases from India. For this purpose, incremental sourcing will mean the increase in terms of value of such global sourcing from India for that single brand (in INR terms) in a particular financial year over the preceding financial year, by the non-resident entities undertaking single brand retail trading entity, either directly or through their group companies. After completion of this 5 year period, the SBRT entity shall be required to meet the 30% sourcing norms directly towards its India's operation, on an annual basis.

A non-resident entity or entities, whether owner of the brand or otherwise, is permitted to undertake 'single brand' product retail trading in the country for the specific brand, either directly by the brand owner or through a legally tenable agreement executed between the Indian entity undertaking single brand retail trading and the brand owner.

POLICY WATCH

- **Insolvency and Bankruptcy Code (Amendment) Bill passed by Parliament**

The Insolvency and Bankruptcy Code (Amendment) Bill, 2017 was passed by Parliament. The Bill amends the Insolvency and Bankruptcy Code, 2016 and replaces an Ordinance promulgated in November 2017.10,11,12 The Code provides a time-bound process for resolving insolvency of companies and individuals. Insolvency is a situation where a company is unable to repay its outstanding debt.

Key features of the Bill include:

Resolution applicant: The Code defines a resolution applicant as a person who submits a resolution plan to an insolvency professional. A resolution plan specifies the details of how the debt of a defaulting debtor can be restructured. The Bill amends this provision to define an applicant as a person who submits a resolution plan after receiving an invitation by the insolvency professional to do so.

Ineligibility to be a resolution applicant: The Bill inserts a provision prohibiting certain persons from submitting a resolution plan.

These include: (i) undischarged insolvents (individuals unable to repay their debt), (ii) wilful defaulters, (iii) a person whose account has been classified as a nonperforming asset for more than a year and he has not repaid the outstanding amount before submitting a plan, (iv) a person convicted of an offence punishable with two or more years of imprisonment, (v) a person disqualified as a director under the Companies Act, 2013, or (vi) anyone connected to a person mentioned above (including promoters, management, or any related person).

Liquidation: The Bill prohibits the insolvency professional from selling the property of the defaulter to any such ineligible persons during liquidation.

- **ONGC acquires 51% equity shareholding in HPCL**

The government of India sold its 51.11% shareholding of Hindustan Petroleum Company Limited (HPCL) to the Oil and Natural Gas Corporation (ONGC) for a total price of Rs 36,915 crore.

- **Scheme of electoral bonds notified**

The Ministry of Finance notified the scheme of electoral bonds.16,17 .Under the scheme, a new instrument called an electoral bond will be issued to make donations to political parties.

Key features include:

Eligible buyers: Any Indian citizen or an incorporated body (such as a company) will be eligible to purchase an electoral bond. The purchaser will have to make the payment from his bank account, and comply with the Know Your Customer norms of the bank.

The bonds will not carry the name of the purchaser. Denomination of bonds: These bonds will be issued by certain branches of the State Bank of India in multiples of: (i) Rs 1,000, (ii) Rs 10,000, (iii) Rs one lakh, (iv) Rs ten lakh, and (v) Rs one crore. Eligible parties:

Electoral bonds may only be used to make donations to registered political parties which secured at least 1% of the votes in the last Lok Sabha or state assembly election. These bonds can be encashed by parties only through a designated account with an authorised bank.

Legislative Research - Electoral bonds will be available for 10 days each in January, April, July and October. Bonds will be available for purchase for another 30 days in the year of the Lok Sabha elections. The bonds will have to be encashed within 15 days of issue, and will not be eligible for trading

INDUSTRY WATCH & CORPORATE HIGHLIGHT

- **Standing Committee submits report on educational schemes for tribals**

The Standing Committee on Social Justice and Empowerment (Chairperson: Mr. Ramesh Bais) submitted its report on 'Educational Schemes for Tribals'.

Key observations and recommendations of the Committee include: Performance of existing schemes: The Committee noted that despite many educational schemes for tribals in the country, the literacy rate of tribals (59%) is far below the national literacy rate (74%). Reasons for it include: (i) poverty and poor economic conditions of Scheduled Tribes (ST), (ii) considerable distance between home and school (especially for secondary education and above), and (iii) lack of awareness and understanding of the longterm value of formal education.

The Committee observed that efforts made by the Ministry of Tribal Affairs through Ashram Schools, Pre-Matric Scholarships, and Post-Matric Scholarships for ST students have not yielded the desired results in improving their education status. It noted that the schemes being implemented lack conviction, dedication, and supervision.

The Committee recommended a more committed approach by the Ministry for the implementation of the schemes. Development of bilingual primers:

Bilingual primers are meant to contain text in regional and tribal languages to facilitate learning (reading and writing) in schools in tribal areas. The Committee observed the slow development of bilingual primers and recommended that the Ministry must pursue the matter with states.

Status of hostels: The Committee observed that there are 1,470 hostels in the country for ST students which are functional. Such hostels seek to provide accommodation to ST students who would otherwise have been unable to continue their education due to economic reasons.

The Committee noted that these hostels have poor building structure and sub-standard quality of food. It also noted that since substantial amount of the Ministry's money has gone into building these hostels and other infrastructure, they must be properly monitored.

- **TRAI releases Telecommunication Interconnection Regulations, 2018**

The Telecom Regulatory Authority of India (TRAI) released the Telecommunication Interconnection Regulations, 2018.37 Interconnection refers to an arrangement under which a service provider connects their network and services to let their customers access customers of other service providers.

Key features of the regulations are:

Interconnection agreement: A service provider who intends to enter into an interconnection agreement with another service provider must make a request for the same. The service provider receiving such request must enter into an interconnection agreement within thirty days, following procedures as per the regulations.

Interconnection charges: Interconnection charges such as set-up charges and infrastructure charges can be mutually negotiated between the service providers. These are subject to regulations or directions issued by TRAI.

Point of interconnection (POI): POI is a point where traffic is exchanged between service providers as decided by them. The service provider seeking the agreement can request the other service provider for ports at such POIs for a period of three months.

Penalty: If any service provider violates the regulations, it will be liable to pay an amount upto one lakh per day per a licensed service area

- **The Maharaja's jewels: How much are Air India's businesses worth?**

Air India's descent began after an ill-timed merger with Indian Airlines in 2007. Both were making losses, while oil prices—it accounts for 50 percent of an airline's cost—were at their peak, of more than $100 a barrel. Despite these factors, AI agreed to buy 68 Boeing aircrafts in 2006, mostly through debt. As of 2018, it is weighed down with debt of over ₹50,000 crore, while its share in the domestic market (worth over $16 billion) has fallen from 19 percent in 2014 to 13.3 percent at present. India is expected to be one of the world's top three markets by 2022; it's now the ninth-largest.

As the government plans to carve up the national carrier's businesses into four components to sell them, we take a look at how valuable they are.

- **Voltas' limited ' management and came back confident about the medium/long-term opportunities for the company**

Voltas continued to sustain its No. 1 position in the Room AC market (at Multi- Brand outlets) with a market share of 23.7% (was 23% in Q2). Management is confident that the AC business can grow at 12- 15% CAGR in volume terms over the next few years. Share of invertors stands at 17% of Room AC sales (5% ~12 months back). Voltas continued to maintain that while inverter market is a growing market and Voltas will have a fair share of inverters, it will continue to equally focus on Window and Fixed speed ACs, which still are 75% of Room AC market.

- **BOI-Q3FY18 Result Update - Continues to disappoint – Retain Reduce**

BOI reported a massive Rs23.4bn of loss in Q3FY18 on back of substantially high slippages of Rs183bn of which Rs140.6bn were on divergence with RBI leading to high provisions and interest reversals. Lower treasury also impacted overall profitability. Management mentioned that of the divergence, Rs94.0bn were Standby LCs issued by other banks & discounted by BOI of which Rs47.5bn has been already invoked & realized and balance is expected to be realized in Q4FY18. Excluding the SBLC, Rs46.6bn still remained high along with normal slippages which continues to worry us that provision requirement will remain high in FY19 and continuous infusion of capital will be a necessity to keep the CET- I above the threshold.retain Reduce with revised TP of Rs110 (revised from Rs156) based on 0.9x Sep- 19 ABV.

Statuary compliance calendar for the month of feb-2017

Due Date	Statuary Compliance Under Act	Particulars	Governing Authority
			
07/02/2018	TDS	TDS Payment for January	CENTRAL BOARD OF DIRECT TAX
	GST1	Details of outward supplies of taxable goods and/or services effected - GST1 for January	GOODS AND SERVICES TAX
10/02/2018	GSTR 7	Return for authorities deducting tax at source - GSTR 7 for January	GOODS AND SERVICES TAX
	GSTR 8	Details of supplies effected through e-commerce operator and the amount of tax collected - GSTR 8 for January	GOODS AND SERVICES TAX
13/02/2018	GSTR 6	Return for Input Service Distributor - GSTR 6 for January	GOODS AND SERVICES TAX
	PF	PF Payment for January	CENTRAL BOARD OF DIRECT TAX
15/02/2018	ESIC	ESIC Payment for January	THE EMPLOYEES' STATE INSURANCE ACT-1948. MINISTRY OF LABOUR AND EMPLOYMENT.
	GSTR 2	Details of inward supplies of taxable goods and/or services effected claiming input tax credit - GSTR 2 for January	GOODS AND SERVCES TAX
15/02/2018	Form No. 16A	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2017	CENTRAL BOARD OF DIRECT TAX
	GSTR 3	Monthly return on the basis of finalisation of details of outward supplies and inward supplies along with the payment of amount of tax - GSTR 3 for January	GOODS AND SERVICES TAX
20/02/2018	GSTR 5	Return for Non-Resident foreign taxable person - GSTR 5 for January	GOODS AND SERVICES TAX
28/02/2018	PROFESSIONAL TAX	Monthly Return (covering salary paid for the preceding month) (Tax Rs. 50,000 or more)	CENTRAL BOARD OF DIRECT TAX.

Glossary

AAR	Authority of Advance Rulings
ADR	American Depository Receipt
ALP	Arm's Length Price
AO	Assessing Officer
AP	Association of Persons
APA	Advance Pricing Agreement
ATM	Automated Teller Machine
AY	Assessment Year
BCD	Basic Customs Duty
BI	Body of Individuals
BP	Balance of Payments
CA	Chartered accountant
CAD	Current Account Deficit
CBDT	Central Board of Direct Taxes
CBEC	Central Board of Excise & Customs
CENVAT	Central Value Added Tax
Customs Act	Customs Act, 1962
CIT	Commissioner of Income Tax
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CD	Countervailing Duty
DDT	Dividend Distribution Tax
DTA	Domestic Tariff Area
ECB	External Commercial Borrowings
ESI	Employee's state insurance
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FERA	Foreign Exchange Regulation Act
FII	Foreign Institutional Investors
FIPB	Foreign Investment Promotion Board
FPI	Foreign Portfolio Investment
FTS	Fees for Technical Services
FY	Financial Year
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GI	GOVERNMENT OF INDIA
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	Institute of chartered accountant
IFRS	International Financial Reporting Standard
IDR	Indian Depository Receipt
IIP	Index of Industrial Production
IRDA	Insurance Regulatory Development Authority
ITR	Income tax return

LCD	Liquid-crystal Display
MP	Madhya Pradesh
MP	Market price
MF	Mutual fund
MSME	Micro Small and Medium Enterprises
NBFC	Non Banking Finance Company
NHAI	National Highway Authority of India
NPS	National Pension Scheme
NRI	Nonresident in India
NABARD	National Bank for Agriculture and Rural Development
OEM	Original Equipment Manufacturer
OET Act	Odessa Entry Tax Act, 1999
PSU	Public Service Undertakings
P&L	Profit & loss
PF	Provident fund
POTR	Point of Taxation Rules
QE	Quantitative Easing
QFI	Qualified Foreign Investor
RBI	Reserve Bank of India
REF	Renewable Energy Fund
REIT	Real Estate Investment Trust
Rules	Income-tax Rules, 1962
SA	Standard on Auditing
SAD	Special Additional Duty
SC	Scheduled Caste
SC	Supreme Court
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
ST	Scheduled Tribes
ST	Service Tax
STP	Software Technology Park
STR	Service Tax Rules
STCG	Short Term Capital Gain
TIN	Transaction identification number
TNNM	Transactional Net Margin Method
Tribunal	Income tax Appellate Tribunal
TDS	Tax Deducted at Source
TPO	Transfer Pricing Officer
TED	Terminal Excise Duty
VAT	Value Added Tax
VCC	Venture Capital Companies
VCF	Venture Capital Fund
WPI	Wholesale Price Index
WT	Wealth tax
WB	World bank

BUSINESS ADVISORY

- Growth Planning
- Succession Planning.
- Strategic Decision Appraisal
- Risk, Uncertainty and Change Management Services
- Strategic Decision Implementation – National and Global Platform
- Wealth Management Services.

AUDIT & ASSURANCE

- Statutory Audit including Tax Audit &VAT Audit
- Internal Audit and Concurrent Audit
- Management Audit and Operational Audit
- Cost Audit/Reviews
- System and process control reviews.
- Secretarial Audit.

RBI, FEMA, SEBI Services

- Setting up Liaison Office, Branch Office and Project Office.
- RBI Consulting
- Private Equity Finding Advisory.
- Project Financing.
- Credit Rating.
- Business Asset Valuation.
- Due Diligence.

TAXATION SERVICES

- Direct Taxation Advisory
- Service Tax, Excise duty, VAT Registration Services
- Tax Planning Strategy– Optimum use of Corporate Tax Incentives.
- Implementing and Operating in the tax consolidation regime
- Preparation of return of Income Tax, Service Tax, Excise Dutv and VAT.

OUTSOURCING ACCOUNTANTS

- Annual financial report preparation
- Preparation of general and special purpose statutory accounts
- Processing Payroll
- Cash management reporting
- Accounting system reviews
- Financial analysis
- General Accounting Support, as required by client.

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