

Tax & Corporate law Bulletin

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**NOTES CEASE TO
BE LEGAL TENDER**

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SOLUTIONS

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November 2016

From the Editor's Desk...

Dear Reader,

Greetings for the season,

The central government demonetised existing currency notes of Rs 500 and Rs 1,000 on November 8, 2016.; The Central Bureau of Excise and Customs released the Model Central and State Goods and Services Tax (GST) Bills... and read more.;

We eagerly await your feedback on the bulletin.

Yours truly,

Rajput Jain & associates
Chartered accountants



Your partners
for success

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“Adapting swiftly to the
global business environment”



DIRECT TAX



➤ **Income Declaration Scheme, 2016 – Acceptance of Ids Declarations on basis of Acknowledgment Number of Pan Applications .**

There can be few cases where the assessee may not have PAN but would like to file declaration under the Scheme towards the date of closure of the Scheme. In such cases, the assessee may not get PAN by the date of closure of the Scheme i.e. 30/9/2016. It has been decided that in such cases a declaration under the Scheme can be filed manually before the jurisdictional Pr. Commissioner/Commissioner by quoting the date and acknowledgment number of PAN application form. However, the jurisdictional Pr. Commissioner/Commissioner shall issue Form-2 only after the allotment of PAN to the declarant. The time limit provided for issuance of Form-2 under sub-Rule (3) of Rule 4 of the Income Declaration Scheme Rules, 2016 in such cases shall apply from the date on which PAN has been allotted to the declarant. In case, PAN allotment could not be made due to non-compliance/non-furnishing of documents by the declarant, the declaration shall be treated as invalid.

➤ **Section 145 of The Income-tax Act, 1961 – Method of Accounting – Revised Income Computation and Disclosure Standards (Icds) Notified Under Section 145(2).**

The Central Government has notified the revised income computation and disclosure standards to be followed by all assessee (other than an individual or a Hindu undivided family who is not required to get his accounts of the previous year audited in

accordance with the provisions of section 44AB of the said Act) following the mercantile system of accounting, for the purposes of computation of income chargeable to income-tax under the head “Profits and gains of business or profession” or “Income from other sources”. The notification shall apply to the assessment year 2017-18 and subsequent assessment years.

➤ **Income-tax (Twenty Third Amendment) Rules, 2016 – Amendment in Form No. 3Cd – Notification No. So 3080(E)**

Form No 3CD has been amended to include the clauses on Income Computation and Disclosure Standards with effect from Assessment Year 2017-18.

➤ **Income-tax (Twenty Fifth Amendment) Rules, 2016 - Insertion of Rule 129 and Form No. 68 – Notification No. So 3150(E)**

Rule 129 has been inserted in Income Tax Rules which provides that an application to the Assessing Officer to grant immunity from imposition of penalty under section 270A and from initiation of proceedings under section 276C or section 276CC shall be made in Form No. 68. The said form no. 68 has been also notified.

RECENT JUDGEMENTS

➤ **Section 50B: Important law explained on what constitutes a “slump sale” and whether capital gains on liquidation of a firm are chargeable to tax.**

The assessee, however, are attempting the wriggle out from payment of capital gain tax on the ground that it was a “slump sale” within the meaning of Section 2(42C) of the Act and there was no mechanism at that time as to how the capital gain is to be computed in such circumstances, which was provided for the first time by Section 50B of the Act with effect from April 1, 2000. However, this argument fails in view of the fact that the assets were put to sale after their valuation. There was a specific and separate valuation for land as well as building and also machinery. Such valuation has to be treated as that of a partnership firm which had already stood dissolved.

➤ **Shreemati Devi vs. CIT (Allahabad High Court)**

Attitude of the Revenue in not returning seized assets despite assessee having succeeded in appeal is clearly arbitrary and shows an attitude of undue harassment to the assessee in the garb of public Revenue. Interest of public revenue does not authorise Revenue Authorities to work without any authority and create or cause all kinds of harassment to innocent people on the pretext of statutory authority:

Aforesaid attitude on the part of respondents is clearly arbitrary and shows an attitude of undue harassment to petitioner in the garb of public Revenue. Interest of public revenue does not authorise Revenue Authorities to work without any authority and create or cause all kinds of harassment to innocent people on the pretext of statutory authority, Revenue Authorities cannot claim liberty/privilege so as to deprive an individual, his property and that too in a manner, which has been found quite unreasonable and wholly without jurisdiction.

➤ **Section 2(47)(v): Entire law on whether entering into a “joint development agreement” (JDA) with the builder and handing over possession/power of attorney amounts to a “transfer” and gives rise to capital gains explained. Chaturbuj Dwarkadas Kapadia 260 ITR 491 (Bom.) explained/ distinguished**

ACIT vs. Jawaharlal Agicha (ITAT Mumbai)

It is generally seen that there may be several stages or events arising in a joint development arrangement made between owner of the land and the developer. For the purpose of determining the actual date of transfer of the land by the land owner, all these stages/events needs to be collectively analysed and after evaluating overall effect of the same the actual date of transfer is determined. These stages/events may be described as date of entering into JDA, date of executing power of attorney authorising the developer for taking various approvals/permissions etc., handing over the possession of the land to the developer for various purposes, receipt of part/full sale consideration from the developer, date of execution of power of attorney in favour of developer authorising him for the sale of developed units to the customers at his absolute discretion; and

transfer of developed units to the customers etc. There may be few more stages/events to complete the transaction. Though, one single event may trigger the process of transfer but may not necessarily complete it also. Whether the transfer has, in substance, taken place, can be determined by analysing the inter-play and effect of all these stages/events combined and put together. For example, possession may be given for various purposes, viz. possession given to a contractor, or to a tenant also, but such an event in itself cannot be regarded as “transfer” of land. Possession of land may also be handed over as licensee only for the purpose of development of real estate on land. Here again, it shall not give rise to “transfer”. Thus, when the possession is given along with other legal rights to the developer resulting into entitlement of the developer for full use and enjoyment of the property as well as its further sale after converting it into developed units at its full, own and sole discretion, then it may result into ‘transfer’ provided other conditions also suggest so. Thus, handing over of the possession has to be necessarily coupled with the intention of transferring the rights of ownership and enjoyment of the property to the developer. Handing over of the possession for the limited purpose of developing the land while still retaining the ownership and control of various legal rights upon the property by the land owner would not fall in clause (v) of section 2(47).

➤ **Section 69C Bogus purchases: The AO cannot treat purchases as bogus (accommodation entries) merely on the basis of information received from the Sales Tax department and without conducting independent inquiries especially when the assessee has discharged its primary onus of showing books of account, payment by way of account payee cheque and producing bills for purchase of goods**

DCIT vs. Shivshankar R. Sharma (ITAT Mumbai)

The AO has not conducted any independent enquiries for making the addition especially since the assessee has discharged its primary onus of showing books of account, payment by way of account payee cheque and producing bills for purchase of goods. (i) By relying on the official website of the Sales Tax Department, Government of Maharashtra regarding suspicion parties providing accommodation entries, the AO has made

an addition. In response to the show cause notice issued by the AO, the assessee has supplied copy of bills, copy of the bank statement to prove that payment made for purchases, and copy of ledger accounts of all eight parties. The assessee is an individual carrying on a proprietary business in the name of M/s Noble Construction Company, undertaking construction work of dams and canals on behalf of Government of Maharashtra in the interior part of the State. In the interior parts the goods are not available easily. The Government contracts are time barring contract and the work is required to be completed on time. Accordingly, when the material is required in emergency the telephonic orders are placed upon the parties who supply the materials at site. The corresponding consumption of materials in respect of which the purchases were effected by the assessee firm have not been doubted by learned. AO. Neither any document information has been provided by the AO nor he has given any opportunity to the assessee to cross examine the said party and AO has concluded that the purchases by assessee company from the said party is bogus merely on the basis of information from Sales Tax Department.

➤ **Section 234E: Entire law on whether fee for late filing of TDS returns can be levied prior to 1/6/2015 and whether the Intimation issued u/s. 200A is appealable explained**
Gajanan Constructions vs. DCIT (ITAT Pune)

It is clear that the prescribed authority has been vested with the power to charge fees under Section 234E of the Act only with regard to levy of fees by the substitution made by Finance (No. 2) Act, 2015 w.e.f. 1/6/2015. Once the power has been given, under which any levy has to be imposed upon taxpayer, then such power comes into effect from the date of substitution and cannot be applied retrospectively. The said exercise of power has been provided by the statute to be from 1/6/2015 and hence, is to be applied prospectively. There is no merit in the claim of Revenue that even without insertion of clause (c) under Section 200A(1) of the Act, it was incumbent upon the assessee to pay fees, in case there is default in furnishing the statement of tax deducted at source. Admittedly, the onus was upon the assessee to prepare statements and deliver the same within prescribed time before the prescribed authority, but the power to collect

the fees by the prescribed authority vested in such authority only by way of substitution of clause (c) to Section 200A(1) of the Act by the Finance Act, 2015 w.e.f. 1/6/2015. Prior to this, the Assessing Officer had no authority to charge the fees under Section 234E of the Act while issuing Intimation u/s. 200A of the Act.

➤ **CBDT Circular on Applicability of section 195-I TDS to Payment of Lump Sum Lease Premium**

The CBDT has issued Circular No. 35/2016 dated 13/10/2016 in which it has been clarified that lump sum lease premium or one-time upfront lease charges, which are not adjustable against periodic rent, paid or payable for acquisition of long-term leasehold rights over land or any other property are not payments in the nature of rent within the meaning of Section 194-I of the act. Therefore, such payments are not liable for TDS under Section 194-I of the Act.

INDIRECT TAX



➤ **Central Government, vide Notification No. 41/2016-ST dated 22nd September, 2016,**

Central govt. has granted exemption to taxable service provided by State Government Industrial Development Corporations/Undertakings to industrial units by way of granting long term (30 years or more) lease of industrial plots from levy of Service Tax. The said exemption is applicable only to the one time upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for such lease.

In exercise of the powers conferred by Section 11C of the Central Excise Act, 1944 read with Section 83 of the Finance Act, 1994, Central Government, vide Notification No. 42/2016-ST dated 26th September, 2016, has granted

retrospective exemption to the services by way of advancement of Yoga provided by entities registered u/s. 12AA of Income-tax Act, 1961 during the period from 1st July, 2012 to 20th October, 2015.

➤ **Central Government, vide Notification No. 43/2016-ST dated 28th September, 2016,**

CG has amended Service Tax Return Form ST-3 in view of levy of Krishi Kalyan Cess (KKC), amendment to Rule 6(3) of the CENVAT Credit Rules, 2004 etc.

➤ **Management, maintenance & repairs**

MP. Audhyogik Kendra Vikas Nigam vs. CCE (2015) 40 STR 875(M.P).

Management, maintenance and repairs of roads carried out during the period 16/6/2005 to 25/7/2009 is retrospectively exempted from payment of service tax under Section 97(1) of the Finance Act, 2012 and hence service tax demand pertaining to the same period is not sustainable. Further the High Court observed that where the levy of duty was per se found illegal, writ jurisdiction of the High Court can be invoked for setting aside the demands

➤ **Abatement**

Punj Lloyd Ltd. vs. CCE (2015) 40 STR 1028(Tri-Del).

Where the appellant had inadvertently availed Cenvat Credit on input services and had also claimed the benefit of abatement under Notification No. 1/2006 but had subsequently reversed the cenvat credit during the appellate stage, the Tribunal held that by reversing the Cenvat Credit the appellant had complied with the conditions of Notification No. 1/2006 and hence the benefit of abatement under notification cannot be denied

➤ **Associated Enterprises**

General Motors (I) Pvt. Ltd. vs. CCE (2015) 40 STR 962 (Tri.-Mum.)

In case of payments made to overseas enterprises the book entry crediting/debiting the associated enterprise would be relevant for ascertaining the due date for payment of service tax even if as per

the mutual agreement the payment is to be made at a later date

➤ **Best Judgment Assessment**

Shubham Electricals vs. CST (2015) 40 STR 1034(Tri.-Del.)

Best Judgment Assessment under section 72 could be invoked only for ascertaining the quantum of liability where the actual tax liability cannot be determined with mathematical precision on account of non-availability of relevant documents or financial records. There cannot be best judgment assessment (guess work) with regard to taxable event, category of taxable services provided

➤ **Show Cause Notice**

Shubham Electricals vs. CCE (2015) 40 STR 1034(Tri.-Del.)

Where the SCN had failed to allege specific category of taxable services under which the appellant was liable to pay service tax, the Tribunal held that the SCN was vague and incoherent and hence liable to be set aside

➤ **Limitation**

Punj Llyod Ltd. vs. CCE (2015) 40 STR 1028(Tri-Del.)

Invoking of extended period of limitation on the ground that the appellant had not paid service tax and filed ST-3 returns without establishing wilful misstatement or separation of fact is incorrect.

➤ **Refund**

SRF Ltd. vs. CCE (2015) 40 STR 980 (Tri.-Del.)

Where the appellant, an exporter of goods, claimed refund of service tax on terminal handling charges, bill of lading charges availed for export of goods which was sought to be denied by the department on the grounds that the input service provider had paid service tax on these input service under the category of business auxiliary services and not under the category of port services, the Tribunal held that for granting of refund under Notification No. 41/2007 the exporter is not required to verify the registration certificates of the input service provider and hence refund of service tax paid on any services used in relation to export of goods is admissible .

➤ **Recovery of Service Tax**

Gopal Builders vs. DGCEI (2015) 40 STR 888(Guj.)

Recovery of tax u/s. 87 can be resorted to only after the amount is adjudicated to be due to the Government after hearing SCN issued to the assessee demanding such tax

➤ **Cenvat Credit**
Adecco Flexione Workforce Solutions Ltd. vs. CCE&ST (2015) 40 STR 288 (Tri.-Bang.)

Where the assessee has paid service tax to the service provider, he is entitled to avail the credit of the same without finding out whether the service provider has further deposited the said amount with the Government since it is neither possible nor practical for the service recipient to verify this fact. If Revenue is of the view that the service provider has not deposited the tax with the Government, the remedy lies at the end of the service provider and denial of cenvat credit to the service recipient is incorrect.

EXCISE DUTY



➤ **Duty exemption under Central Excise (Removal of goods at concessional rate of duty for Mfg. of excisable & other goods) Rules, 2016 can be opted on furnishing of security.**

Vide Union Budget 2016-17, Central Excise (Removal of goods at concessional rate of duty for Mfg. of excisable & other goods) Rules, 2016 had been notified to simplify removal of goods at concessional rate of duty whereby duty exemption shall be granted based on self-declaration without having any approval from the Central Excise Department. Now, amendment seeks to re-allow

submission of security for availing the benefit under these rules.

➤ **Reduction of Government litigation – withdrawal of appeals by the Department before HC/CESTAT**

In order to reduce litigation, monetary limit for filing of appeal by department has been enhanced by CBEC vide instruction dated 17/12/2015 and similarly instruction was issued by CBEC for withdrawal of cases pending before HC/CESTAT on 18/12/2015. Examination of reports received from various zones revealed that many cases have still not been withdrawn. Once again, CBEC has issued an instruction to report the latest position of withdrawal of cases and also the reasons for non-withdrawal.

CORPORATE LAWS



FEMA

➤ **A.P. (DIR Series) Circular No. 8 dated October 20, 2016 and Notification No. FEMA.375 / 2016-RB dated September 9, 2016**

Presently, foreign investment in Non-Banking Finance Companies (NBFCs) engaged in the 18 specified activities is permitted up to 100%, under the automatic route subject to certain specified conditions, including minimum capitalisation norms.

Consequent to the approval of Union Cabinet chaired by the Prime Minister Shri Narendra Modi has on August 10, 2016 to allow foreign investments in "Other Financial Services", the RBI has not allowed foreign Investments under

automatic route in "Other Financial Services" regulated by any financial sector regulators such as Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority, National Housing Bank or any other financial sector regulator as may be notified by the Government of India in this regard. Such foreign investment shall be subject to conditionalities, including minimum capitalisation norms, as specified by the concerned Regulator/Government Agency.

Other salient features of the revised regulatory framework are as under:

In financial services activities which are not regulated or partly regulated by any financial sector regulator or where there is lack of clarity regarding regulatory oversight, foreign investment will be allowed up to 100% under the Government approval route.

Foreign investment in an activity which is specifically regulated by an Act, will be restricted to foreign investment levels/limits, if any, specified in that Act.

Downstream investment by any entity engaged in "Other Financial Services" will be subject to extant sectoral regulations and provisions of Principal Regulations.

To give effect to the above decision, the RBI has issued Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Thirteenth Amendment) Regulations, 2016 vide Notification No. FEMA.375/2016-RB dated September 9, 2016 to amend the Foreign Exchange Management (Transfer of Issue of security by the Person Resident outside India) Regulation, 2000.

➤ **A.P. (DIR Series) Circular No. 4 dated September 30, 2016.**

The limits for investment by FPI in Government securities were last increased in terms of the Medium Term Framework (MTF) announced vide

A.P. (DIR Series) Circular No. 55 dated March 29, 2016.

The limits for investment by FPIs in Central Government Securities for the next half year, as announced in the MTF, are proposed to be increased in two tranches, each of '100 billion from October 3, 2016 and January 2, 2017 respectively. Further, as in the previous half-year, the limits for State Development Loans (SDL) are proposed to be increased in two tranches, each of '35 billion, from October 3, 2016 and January 2, 2017 respectively.

POLICY WATCH



➤ **Government demonetises currency notes of Rs 500 and Rs 1,000**

The central government demonetised existing currency notes of Rs 500 and Rs 1,000 on November 8, 2016. This decision came into force from November 9, 2016. Demonetisation means that these notes are no longer legal tender, and will not be accepted as payments. Prior to demonetisation, 86% of the value of currency in circulation consisted of Rs 500 and Rs 1,000 notes. According to the government, demonetisation was undertaken to check: (i) circulation of counterfeit currency, and (ii) storage of unaccounted wealth (black money).

The government allowed old currency notes to be used for payments at a few places, such as petrol pumps, government hospitals, and toll plazas. These places were allowed to accept old notes till November 11, 2016 (this date was subsequently revised a few times). Subsequently, the government also allowed withdrawals of: (i) Rs 2.5 lakh for weddings, and (ii) Rs 25,000 for farmers, among others. The government also provided a window up to December 30, 2016 to deposit or exchange old currency notes at banks and post offices. The notification specified that an individual would be eligible to exchange Rs 4,000 in old notes and any amount above it would be deposited in his bank

account.4,8 Cash withdrawals were restricted to Rs 10,000 per day and Rs 20,000 per week.8 Both these limits were subsequently revised multiple times, and ultimately the exchange of old notes was discontinued.

The government also announced that new notes with denominations of Rs 500 and Rs 2,000 will be released. To oversee and expedite this process, a Task Force was created by the Reserve Bank of India (RBI).

➤ **Regulations under the Insolvency and Bankruptcy Code notified.**

The Insolvency and Bankruptcy Board of India (IBBI) notified three Regulations under the Insolvency and Bankruptcy Code, 2016.

These relate to (i) registration of insolvency professionals (IPs), (ii) registration of insolvency professional agencies (IPAs), and (iii) Model bye-laws for governing IPAs.19,20,21 In October 2016, draft Regulations were released for public comments. Key features of the notified Regulations include: Registration of IPs:

The IBBI or an agency will conduct examinations to certify persons as IPs. Following this, the person may obtain a certificate of registration from the IBBI based on certain criteria. For example, individuals with an experience of 10 years as: (i) a chartered accountant, (ii) a company secretary, (iii) a cost accountant, or (iv) an advocate, may obtain registration valid for a limited period of six months. Partnership companies, subject to conditions, may also be recognised as IP entities.

The regulation provides the code of conduct to be followed by IPs and the manner in which disciplinary action will be taken against them. Registration of IPAs: To establish an IPA, a person will have to get an in-principle approval from the IBBI, which will be valid for a year.

A person fulfilling eligibility criteria, such as having a net worth of 10 crore rupees, may then approach the IBBI to obtain a certificate of registration. This certificate will be valid for five years. Model Bye-Laws of an IPA: IPAs will be required to formulate bye-laws that are consistent with the notified Model ByeLaws.

These Bye-Laws look at aspects such as, (i) composition of an IPA's governing board, (ii) duties of an IPA, (iii) committees that will have to be formed, and (iv) registration of member IPs.

➤ **Committee of Chief Ministers on digital payments constituted**

The NITI Aayog constituted a Committee of Chief Ministers to examine measures for implementing digital payment systems.22 The Committee will be chaired by Mr. Chandrababu -7- Naidu, Chief Minister of Andhra Pradesh. Other members of the Committee will include: (i) Chief Ministers of Odisha, Madhya Pradesh, Sikkim, Puducherry and Maharashtra, (ii) ViceChairman, NITI Aayog, and (iii) CEO, NITI Aayog (as member secretary). Special invitees to the Committee include Mr. Nandan Nilekani, former Chairman, UIDAI.

Terms of reference of the Committee include: Identifying best practices for implementing an economy based on digital payments;

Indicating a one-year road map to expand the use of digital payment methods such as cards, internet banking, and e-wallets;

Evolving an action plan to create public awareness regarding digital payments;

Identifying bottlenecks and providing solutions to move towards digital payments;

Examining any other associated issues.

INDUSTRY WATCH & CORPORATE HIGHLIGHT



Industry Watch

➤ **DGCA releases proposed regulations on flight duty assignments and leasing of foreign aircraft**

The Directorate General of Civil Aviation (DGCA) released proposed regulations regarding: (i) pilots adhering to flight duty assignments, and (ii) leasing of foreign registered aircrafts by Indian operators. 32,33 The proposed regulations are as follows: Flight duty assignments: Actions of pilots that result

in last minute flight disruptions and may endanger the safety of aircraft operations will be treated as acts against public interest.

Such actions may include: (i) falsely reporting illness to escape flight duty, (ii) reporting late to the aircraft, (iii) not undertaking the flight even after reporting for flight duty, etc. In such cases, the pilots will be liable for enforcement action against them. This regulation is being proposed under the Aircraft Rules, 1937. Leasing of foreign aircraft by Indian operators: Before leasing any foreign registered aircraft, both the state of operator (where the aircraft will operate) and the state of registry (where the aircraft is registered) will be required to sign a Memorandum of Understanding on oversight responsibility. This oversight would lay emphasis on aspects such as airworthiness, training, operation, and safety oversight.

➤ **Model Goods and Services Tax (Compensation to States for Loss of Revenue) Bill, 2016 released**



The Central Bureau of Excise and Customs released the Model Goods and Services Tax (Compensation to the States for Loss of Revenue) Bill, 2016. 14 Key features of the Bill include:

The Bill provides compensation to the states for loss of revenue, following the implementation of Goods and Services Tax (GST). Such compensation will be provided to a state for a period of five years from the date on which the state brings its State GST Act into force. Projected growth rate and base year:

The growth rate of revenue for a state during the five-year period is assumed be 14% per annum. For the purpose of calculating the compensation amount

in any financial year, year 2015-16 will be assumed to be the base year, from which revenue will be projected.

Base year revenue: The base year tax revenue consists of the states' tax revenues from: (i) state Value Added Tax (VAT), (ii) central sales tax, (iii) entry tax, octroi, local body tax, (iv) taxes on luxuries, (v) taxes on advertisements, etc. However, any revenue among these taxes related to supply of: (i) alcohol for human consumption, or (ii) certain petroleum products, will not be accounted as the base year revenue.

Calculation and release of compensation: The compensation payable to a state has to be provisionally calculated and released at the end of every quarter. Further, an annual calculation of the total revenue has to be performed, which will be audited by the Comptroller and Auditor General of India.

Levy and compensation of GST compensation cess: A cess known as the GST compensation cess may be levied on the supply of certain goods and services, as recommended by the GST Council. The receipts from the cess will be deposited in a GST Compensation Fund. The receipts from the cess will be used for the purpose of providing compensation to the states for loss of revenue due to implementation of GST.

Any unutilised money in the Compensation Fund at the end of the period of compensation will be distributed among the states in the following manner: (i) 50% of the fund to be shared between the states in proportion to revenues of the states, and (ii) the remaining 50% will be part of the centre's divisible pool of taxes.

➤ **FSSAI launches scheme to strengthen food testing infrastructure**

The Food Safety and Standards Authority of India has rolled out a scheme for strengthening of food testing infrastructure in the country. 27 This is following the observations of the Bombay High Court regarding the urgent need to upgrade Food

Testing Laboratories in India. The estimated cost of the scheme is Rs 482 crore.

Key features of the scheme include:

Food testing labs: Under this scheme, State Food Testing labs (at least one in each state/UT with a provision of two labs in larger states) and 14 Referral Food Testing labs will be upgraded to enable them to obtain accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL). NABL is an autonomous body under the Department of Science and Technology.

Mobile testing labs: 62 mobile testing labs will be established across all states/UTs. Currently, there are four mobile food testing labs in Punjab, Gujarat, Kerala and Tamil Nadu, which will serve as a model for these new mobile testing labs. Capacity building of the Food Testing labs is also an important component of this scheme.

School Food and Hygiene Programme: A School Food and Hygiene Programme has been envisaged. Under the programme, basic Food Testing labs will be set up in 1,500 schools/colleges across the country to promote safe and wholesome food. Proposals from seven states/UTs, namely, Goa, Delhi, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu and Punjab were considered for strengthening their food testing infrastructure. Two proposals, from Chandigarh (Punjab) and Calicut (Kerala), were approved in principle with the rest being advised to revise and resubmit their proposals.

➤ **Pradhan Mantri Yuva Yojana launched for entrepreneurship education and training.**

The Ministry of Skill Development and Entrepreneurship launched the Pradhan Mantri Yuva Yojana. 37 The scheme relates to entrepreneurship education and training.

Key features of the scheme are as follows:

Target group: The scheme will provide entrepreneurship education and training to over seven lakh students over five years through 3,050 institutes.

It will also include easy access to information and mentor network, credit, incubators and accelerators and advocacy for the youth covered under the scheme.

Duration and cost: The scheme will span over five years (2016-17 to 2020-21) with a project cost of Rs 500 crore. **Institutes covered under the Scheme:** The scheme includes 2,200 institutes of higher learning (colleges, universities, and premier institutes), 300 schools, 500 Industrial Training Institutes and 50 Entrepreneurship Development Centres, through Massive Open Online Courses (MOOCs).

➤ **India signs 10 agreements with Japan including on civil nuclear cooperation**





Prime Minister Narendra Modi visited Japan from November 11-12, 2016.⁴¹ During the visit, 10 agreements were signed between India and Japan on various issues, including nuclear cooperation, infrastructure investment, skilling, agriculture, outer space and cooperation between Gujarat and Hyogo (a province in Japan) on overall development.⁴² Key agreements include:

Nuclear cooperation: The agreement provides for the development of civil nuclear projects in India. It also allows for participation of the Japanese industry in India's civil nuclear programme.

Infrastructure investment: The agreement provides for cooperation between India's National Investment and Infrastructure Fund Limited and Japan's Overseas Infrastructure Investment Cooperation for Transport and Urban Development. It seeks to promote investment in infrastructure projects including railways and transportation, port terminals and urban development.

Skilling cooperation: The agreement creates a framework for skilling 30,000 Indian youth in Japanese manufacturing over a 10-year period. This initiative will be called the Manufacturing Skill Transfer Promotion Programme.

Statutory compliance calendar for the month NOVEMBER 2016

Due Date	Statutory Compliance Under Act	Particulars	Governing Authority
			
05/11/2016	SERVICES TAX	Service Tax** - Service Tax payments by Companies for October ** If Service Tax Payment is done online, then the due date of payment of service tax is 6th.	CENTRAL BOARD OF EXCISE AND CUSTOM
	CENTRAL EXCISE	Central Excise** - Duty Payment for all Assesseees other than SSI Units for October ** If Excise Duty, Payment is done online, then the due date of payment of Excise Duty is 6th.	CENTRAL BOARD OF EXCISE AND CUSTOM
07/11/2016	TDS	TDS Payment for October	CENTRAL BOARD OF DIRECT TAX
10/11/2016	CENTRAL EXCISE	Monthly Return in Form ER-1 (Ann-12) for other than units availing SSI exemption for October - Monthly Return in Form ER-2 (Ann-13) by 100% EOUs for October -.	CENTRAL BOARD OF EXCISE AND CUSTOM
	CENTRAL EXCISE	Montly information relating to principal units in Form ER-6 (Ann - 13AC) for specified assesseees for December	CENTRAL BOARD OF EXCISE AND CUSTOM
	FORM ANN-17B	Exports - Procurement of specified goods from EOU for use in manufacture of Export goods in Form Ann-17B for DTA units, procuring specified goods from EOU for manufacture of export goods.	CENTRAL BOARD OF EXCISE AND CUSTOM
	FORM ANN. -46	Removal of excisable goods at concessional rate in Form Ann. -46 for Manufacturers receiving the excisable goods for specified use at concessional rate of duty in terms of Rules described in Col. 4.	CENTRAL BOARD OF EXCISE AND CUSTOM
15/11/2016	INCOME TAX	Provident Fund - PF Payment for October	PROVIDENT FUND
21/11/2016	MVAT	- MVAT Monthly Return for October (TAX>1000000/-). If paid in time additional 10 days for uploading e-return.	VALUE ADDED TAX
	ESIC	Payment of ESIC contribution for the month of OCTUBER	THE EMPLOYEES' STATE INSURANCE ACT-1948. MINISTRY OF LABOUR AND EMPLOYMENT.
30/11/2016	INCOME TAX	Return of Income and Wealth of all assesseees covered under Transfer Pricing Regulations	CENTRAL BOARD OF DIRECT TAX.
30/11/2016	PROFESSIONAL TAX	Monthly Return (covering salary paid for the preceding month) (Tax Rs. 50,000 or more)	CENTRAL BOARD OF DIRECT TAX.
30/11/2016	FORM ER-4	Annual Financial Information in Form ER-4 (Ann. 13AA) for assesseees who paid/availed credit of Rs. 1 crore or more in a year..	CENTRAL BOARD OF EXCISE AND CUSTOM
30/11/2016	FORM ANN.-4	- Particulars relating to clearances, electricity load etc., in Form Ann.-4 exceeding the limit of Rs. 90 lakhs of exempted clearances for small scale units availing exemption and whose turnover exceeds or has exceeded Rs. 90 lakhs in a financial year, as the case may be	CENTRAL BOARD OF EXCISE AND CUSTOM

Glossary

AAR	Authority of Advance Rulings	LCD	Liquid-crystal Display
ADR	American Depository Receipt	MP	Madhya Pradesh
ALP	Arm's Length Price	MP	Market price
AO	Assessing Officer	MF	Mutual fund
AP	Association of Persons	MSME	Micro Small and Medium Enterprises
APA	Advance Pricing Agreement	NBFC	Non Banking Finance Company
ATM	Automated Teller Machine	NHAI	National Highway Authority of India
AY	Assessment Year	NPS	National Pension Scheme
BCD	Basic Customs Duty	NRI	Nonresident in India
BI	Body of Individuals	NABARD	National Bank for Agriculture and Rural Development
BP	Balance of Payments	OEM	Original Equipment Manufacturer
CA	Chartered accountant	OET Act	Odessa Entry Tax Act, 1999
CAD	Current Account Deficit	PSU	Public Service Undertakings
CBDT	Central Board of Direct Taxes	P&L	Profit & loss
CBEC	Central Board of Excise & Customs	PF	Provident fund
CENVAT	Central Value Added Tax	POTR	Point of Taxation Rules
Customs Act	Customs Act, 1962	QE	Quantitative Easing
CIT	Commissioner of Income Tax	QFI	Qualified Foreign Investor
CPI	Consumer Price Index	RBI	Reserve Bank of India
CSR	Corporate Social Responsibility	REF	Renewable Energy Fund
CD	Countervailing Duty	REIT	Real Estate Investment Trust
DDT	Dividend Distribution Tax	Rules	Income-tax Rules, 1962
DTA	Domestic Tariff Area	SA	Standard on Auditing
ECB	External Commercial Borrowings	SAD	Special Additional Duty
ESI	Employee's state insurance	SC	Scheduled Caste
FDI	Foreign Direct Investment	SC	Supreme Court
FEMA	Foreign Exchange Management Act	SEBI	Securities and Exchange Board of India
FERA	Foreign Exchange Regulation Act	SEZ	Special Economic Zone
FII	Foreign Institutional Investors	ST	Scheduled Tribes
FIPB	Foreign Investment Promotion Board	ST	Service Tax
FPI	Foreign Portfolio Investment	STP	Software Technology Park
FTS	Fees for Technical Services	STR	Service Tax Rules
FY	Financial Year	STCG	Short Term Capital Gain
GDP	Gross Domestic Product	TIN	Transaction identification number
GDR	Global Depository Receipt	TNNM	Transactional Net Margin Method
GI	GOVERNMENT OF INDIA	Tribunal	Income tax Appellate Tribunal
GST	Goods and Services Tax	TDS	Tax Deducted at Source
HUF	Hindu Undivided Family	TPO	Transfer Pricing Officer
ICAI	Institute of chartered accountant	TED	Terminal Excise Duty
IFRS	International Financial Reporting Standard	VAT	Value Added Tax
IDR	Indian Depository Receipt	VCC	Venture Capital Companies
IIP	Index of Industrial Production	VCF	Venture Capital Fund
IRDA	Insurance Regulatory Development Authority	WPI	Wholesale Price Index
ITR	Income tax return	WT	Wealth tax
		WB	World bank

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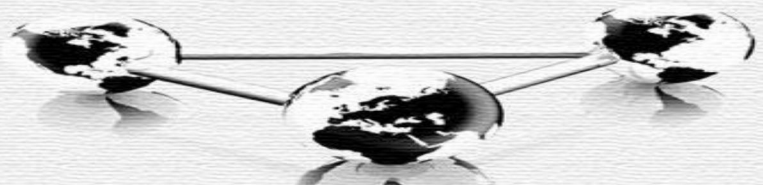
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