Tax & Corporate law Bulletin

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CHARTERED ACCOUNTANTS

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October 2016

From the Editor's Desk...

Dear Reader,

Greetings for the season,

Release of Income Tax Return Statistics for AY 2013-14 & 2014-15 Supreme Court Section 28(1) Receipt of share capital for construction is not business income; Central Goods and Service Tax Acts (CGST) Notifications Prices of 4G smart phones likely to drop to as low as Rs 3,000 by year-and read many more…

We eagerly await your feedback on the bulletin.

Yours truly,

Rajput Jain & associates
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DIRECT TAX

- **Prohibition of Benaim Property Transactions Act, 1988.**

Press Release, dated- October, 2016

Benami Property Transactions Act, 1988 has been amended by the Benami Transactions (Prohibition) Amendment Act, 2016 (BTP Amendment Act). The rules and all the provisions of the BTP Amendment Act shall come into force on 1st November, 2016. After coming into effect of the BTP Amendment Act, the existing Benami Transactions (Prohibition) Act, 1988 shall be renamed as Prohibition of Benami Property Transactions Act, 1988 (PBPT Act).

The PBPT Act defines benami transactions, prohibits them and further provides that violation of the PBPT Act is punishable with imprisonment and fine. The PBPT Act prohibits recovery of the property held benami from benamidar by the real owner. Properties held benami are liable for confiscation by the Government without payment of compensation.

An appellate mechanism has been provided under the PBPT Act in the form of Adjudicating Authority and Appellate Tribunal. The Adjudicating Authority referred to in section 6(1) of the Prevention of Money Laundering Act, 2002 (PMLA) and the Appellate Tribunal referred to in section 25 of the PMLA have been notified as the Adjudicating Authority and Appellate Tribunal, respectively, for the purposes of the PBPT Act.

A Joint / Additional Commissioner of Income-tax, an Assistant / Deputy Commissioner of Income-tax and a Tax Recovery Officer in each Pr. CCIT Region have been notified to perform the functions and exercise the powers of the Approving Authority, Initiating Officer and Administrator, respectively under the PBPT Act.

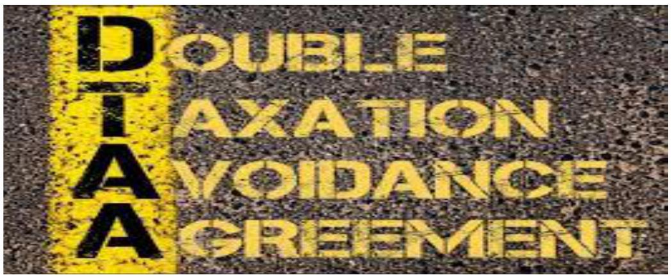
All notifications have been uploaded on the website of the Department at www.incometaxindia.gov.in.

- **Release of Income Tax Return Statistics for AY 2013-14 & 2014-15.**

Press Release, dated- October, 2016

Central Board of Direct Taxes had proactively released in April, 2016 time-series data relating to direct tax collections, number of taxpayers, cost of collection, etc., data of number of PAN allotted and data relating to distribution of income and tax payable in the returns for AY 2012-13.

- **Notification of Revised Double Taxation Avoidance Agreement (DTAA) between India and Republic of Korea**



The existing Double Taxation Avoidance Convention between India and Korea was signed on 19th July, 1985 and was notified on 26th September 1986. A revised DTAA between India and Korea for the Avoidance of Double Taxation and the Prevention of Fiscal evasion with respect to taxes on income which was signed on 18th May 2015 during the visit of Hon'ble PM to Seoul has entered into force on 12th September 2016, on completion of procedural requirements by both countries. Provisions of new DTAA will have effect in India in respect of income derived in fiscal years beginning on or after 1st April, 2017.

Some of the salient features of new DTAA are:

- The existing DTAA provided for residence based taxation of capital gains on shares. In line with India's policy of taxation of capital gains on shares, the revised DTAA provides for source based taxation of capital gains arising from alienation of shares comprising more than 5% of share capital.

- In order to promote cross border flow of investments and technology, the revised DTAA provides for reduction in withholding tax rates from 15% to 10% on royalties or fees for technical services and from 15% to 10% on interest income.

- The revised DTAA expands the scope of dependent agent Permanent Establishment provisions in line with India's policy of source based taxation.

- To facilitate movement of goods through shipping between two countries and in accordance with international principle of taxation of shipping income, the revised DTAA provides for exclusive residence based taxation of shipping income from international traffic under Article 8 of revised DTAA.

CBDT issues second round of Certificates of Appreciation to tax payers for their contribution towards Nation building.

Press Release, dated October, 2016

The Honorable Finance Minister Shri Arun Jaitley, had personally handed over certificates to a few individuals at North Block to commence the program of taxpayer appreciation on 19th September, 2016. The Central Board of Direct Taxes has sent out such certificates of appreciation to 8.43 Lakh individual tax payers by e-mail in the following categories on the basis of the taxes paid by them for the Assessment Year 2016-17 :

Taxpayers have lauded this new initiative and have reacted with pride and satisfaction that their contribution towards spending on various infrastructure developments, social sector & welfare schemes out of revenues mobilized through tax payments have been acknowledged.

i.	Platinum	:	Tax contributed Rs. 1 Crore and above
ii.	Gold	:	Tax contributed Rs. 50 Lakh to Rs. 1 Crore
iii.	Silver	:	Tax contributed Rs. 10 Lakh to Rs.50 Lakh
iv.	Bronze	:	Tax contributed Rs. 1 Lakh to Rs.10 Lakh

Processing of income-tax returns under section 143(1) of the Income-tax Act which were filed in Forms ITR-l to 6 & applicability of section 143(1)(a)(vi)

Sub-clause (vi) of clause (a) of sub-section (1) of section 143 of the Income-tax Act, 1961 ('Act') as introduced vide Finance Act, 2016, w.e.f. 01.04.2017, while processing the return of income, prescribes that the tota l income or loss shall be computed after making adjustment for addition of income appearing in Form 26AS or Form 16A or Form 16 (the three Forms) which has not been included in computing the tota l income in the return . In this regard, CBOT has issued Instruction No.(s) 9/2017 dated 11.lD. 2017 & 10/2017 dated 15.11.2017 for identification of instances in which section 143(1)(a)(vi) of the Act may be invoked by CPC-ITR, Bangalore on the basis of information contained in the ITR Form s 1 to 6.

As intimations proposing adjustments in identified returns under section 143(1)(a)(vi) of the Act would be shortly issued by the CPC-ITR, Bengaluru, the process to be followed by the taxpayers for filing the response is as under:

Since section 143(1)(a)(vi) of the Act is being applied for the first time while processing the returns, it has been decided that before issuing an intimation of the proposed adjustment, initially an awareness campaign would be carried out to draw the attention of the taxpayer to such differences.

This would be in form of an e-mail and SMS communication to the concerned taxpayer informing him about the variation in the tax-return vis-a-vis the information avai lable in the three Forms and requesting him to submit response to the variation within one month of receiving the communication electronically. In case the taxpayer does not respond within the available time-frame or the response is not satisfactory, a formal intimation ujs 143(1)(a)(vi) proposing adjustment to the returned income would be issued to him. As per the second proviso to sectio n 143(1)(a)(vi) of the Act, in a case where no response is received from the taxpayer within thirty days of issue of such an intimation, the proposed adjustment shall be made to the returned income. Therefore, it is of utmost necessity that the concerned taxpayer files a prompt, timely and satisfactory response to the awareness campaign or subsequent intimation proposing adjustment u/s 143(1)(a)(vi) of the Act.

2.2 The manner for furnishing re sponse by the taxpayer is as under: For furnishing the response electronically, taxpayer is required to login in his account in the e-filing site and choose the option (View-Returns/Forms). In a case where communication/intimation has been issued to the taxpayer u/s 143(1)(a)(vi) of the Act, the status will be displayed in the dashboard as 'Response to Communication u/s 143(1)(0) is pending'. The taxpayer can click on the same and submit his response.

2.3 The scenario(s) for furnishing response are as under:

I. Where upon receiving the awareness message or formal intimation u/s 143(1)(a)(vi) of the Act, if the taxpayer fully agrees with the proposed adjustment, he is required to file a revised return in response .

II. Where upon receiving the awareness message or formal intimation u/s 143(1)(a)(vi) of the Act, if the taxpayer partially agrees with the proposed adjustment, he is required to (i) file a revised return for the part of the proposed adjustment with which he is in agreement & (ii) file a reconciliation statement (in the format to be provided by CPC-ITR on the e-filing site) for the part of the proposed adjustment with which he is not in agreement.

III. Where upon receiving the awareness message or formal intimation u/s 143(1)(a)(vi) of the Act, the taxpayer disagrees with the proposed adjustment, he is required to file a reconciliation statement (in the format to be provided by CPC-ITR on the e-filing site) in support of his contention.

3. Based upon response of the taxpayer as indicated in para 2.3 above and the information so available with the CPC-ITR, thereafter, such returns shall be taken up for processing by CPC-ITR as per provisions of section(s) 143(1), 143(1)(a)(vi) read with Instruction No.s 9 & 10/2017 of CBDT.

4. Hindi version to follow

RECENT JUDGEMENTS

- **Supreme Court(Section 50C)**

No question arises for referring valuation to valuation officer where agreement value is higher than value adopted for stamp duty purposes

Sale value of immovable property being land and building was more than value adopted for the purpose of stamp duty. However Assessing Officer has referred matter to Valuation Officer. SLP dismissed on the ground that there was no question of referring valuation of plot to Valuation Officer – PCIT vs. Shanubhai M. Patel [2016] 73 taxmann.com 151 (SC).

- **Supreme Court Section 28(1) Receipt of share capital for construction is not business income**

Assessee developed a complex for the benefit of shareholders. It received share sapital received from various shareholders towards the construction. It was held that such receipts are not taxable as business receipts G. S. Homes & Hotels (P.) Ltd. vs. DCIT [2016] (SC).

- **High Courts Section 145A**

Provisions of Section have no application in cases where assessed provides service

Section 145A covers cases where the amount of tax, duty, cess or fee is actually paid or incurred by the assessed to bring the goods to the place of its location and condition as on the date of valuation. Thus, on the plain reading of Section145A(a)(ii) of the Act, it is self-evident that the same would not apply to the service tax billed on rendering of services – CIT vs. Knight Frank (India) (P.) Ltd. [2016] (Mumbai).

- **High Courts Section 147 On receipt of information from investigation wing, Assessing Officer is not required to establish escapement of income for issue of reassessment notice**

It was observed that when the tax officer authority is armed with the tangible material in the form of specific information received by the Investigation Wing, is justified in issuing a notice for reassessment. The additional material available on hand can a that income of the assessee has escaped assessment and therefore, once the reasonable belief is formulated by the authority on the basis of cogent tangible material, the function of the assessing authority at this stage is to administer the statute and what is required at this stage is a reason to believe and not establish fact of escapement of income – Peass Industrial Engineers (P.) Ltd. vs. DCIT [2016] 73 taxmann.com 185 (Gujarat).

- **ITATSection 2(14) Call option to buy share is not a capital asset**

Usually no right in the shares is given away by way of 'call option', albeit only right to buy the shares at a strike price within a stipulated time period is given which may not be termed as "capital asset" under Section 2(14), because, without exercising the option no actual asset is created – Praful Chandaria vs. ADIT [2016] 73 taxmann.com 14 (Mumbai-Trib.)

- **ITAT Section 45 Receipt of corpus fund from builder or developer is capital receipts**

It was held that the receipt of corpus fund is towards hardship caused to assessee on redevelopment, and hence it was held as capital receipt not liable to be taxed. However it held that corpus receipt shall be reduced from the cost of flat. In respect of rent received by the flat owner during the period of relocation, it had held that actual rent paid is allowed as deduction against receipt of such rent from builder/developer – *Jitendra Kumar Soneja vs. ITO TS-459-ITAT-2016(Mum)*.

- **S. 54 Eligibility for deduction need to be reckoned from date of grant of possession of new flat flat and not from the date of agreement in case of flat is under construction**

In the instant case assessee sold flat on 24/2/2010 and agreement for the purchase of under-construction flat was entered on 28/2/2008 and possession of the said flat was received on 11/9/2009. It was held that the assessee's claim of deduction u/s. 54 of the Act is to be reckoned from the date of handing over of the possession of the new flat i.e. 11/9/2009 to the assessee and not from the date of agreement – Bastimal K. Jain vs. ITO, ITA No. 2896/Mum/2014, date of pronouncement of order 8/6/2016.

INDIRECT TAX

GST

- **Central Goods and Service Tax Acts (CGST) Notifications**

Turnover Limit for Composition Levy for CGST is notified

Central Government on the recommendation of the GST Council has prescribed the aggregate turnover limit of Rs. 75 Lakhs for eligible registered person for Composition Levy. The central tax payable by such persons shall be 1 % in case of manufacturer, 2.5% in case of food/restaurant services and 0.5% in case of other suppliers like traders and agents. The above limit is Rs. 50 Lakhs for taxpayers registered in some special category states i.e. Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand. Further, Manufactures of ice cream, pan masala and tobacco are kept out of the list of eligible manufacturer who can opt for composition scheme.

- **Rules for Chapters IV to XVI are notified**

Central Government vide notification No. 10 has notified rules for Determination of value of supply, Input tax credit rules, Tax Invoice, debit and credit notes rules , Accounts and Records, Returns, Payment of Taxes, Refund, Assessment and Audit, Advance Ruling, Appeals and Revision, Transition Provisions, Anti-profiteering and E-way Rules. To further amend these rules, separate notification No. 15/2017 has also been issued.

- **Notification on number of HSN digits required on tax invoice**

Central Board of Excise and Customs has held that registered person having aggregate turnover in the previous year upto Rs. 1.5 crore is not required to mention HSN code on the tax invoice. If the aggregate turnover is between Rs. 1.5 crore to 5 crore, then only 2 digits of HSN Code shall be mentioned and further, if aggregate turnover in previous year exceeds 5 crore then, only 4 digits of HSN code shall be mentioned in the tax invoice.

- **Interest rates for delayed payments under GST**

Central Government has notified the rate of interest of 18% p.a on delayed payment of taxes under GST, rate of 24% p.a in case undue and excess claim of input tax credit or undue and excess reduction in output tax liability. Where refund is withheld, taxpayer shall be entitled to rate of interest of 6% p.a and in case of further delay of 60 days in release in refund, taxpayer shall be paid additional interest of 6% p.a

Notification issued for conditions and safeguards for the registered person who intends to supply goods or services for export without payment of integrated tax

The CBEC has notified categories of registered taxpayers who shall be eligible for furnishing letter of undertaking instead of bond and also specified that such persons shall be free from any prosecution or offence under CGST or under any existing law.

- **Bond/ Letter of Undertaking allowed to be furnished manually with Jurisdictional Deputy/Assistant Commissioner**

To ease out the difficulty faced in filing online Form GST RFD – 11 for furnishing information on Bond/Letter of Undertaking for export of goods or services without payment of Integrated Tax, Central Board of Excise & Customs („CBEC") vide its circular has allowed the filing of such forms manually till the module for furnishing of Form RFD – 11 is available on the common portal. For this CBEC has stated that the acceptance of the Bond/Letter of Undertaking required to be furnished by the exporter shall be done by the jurisdictional Deputy/Assistant Commissioner.

- **Clarification on multiple issues related to Bond/Letter of Undertaking for exports without payment of integrated tax**

CBEC has clarified vide circular dated July 7, 2017 that bond to be furnished for exports shall be running bond as consignment-wise bond would be a significant compliance burden on the exporters. For clarity on the amount of bank guarantee as a security for the bond, it is directed that the jurisdictional Commissioner may decide about the amount of bank guarantee depending upon the track record of the exporter. If Commissioner is satisfied with the track record of an exporter then furnishing of bond without bank guarantee would suffice. In any case the bank guarantee should normally not exceed 15% of the bond amount. Exporters can furnish the bond/Letter of Undertaking to Central Tax Authority or State Tax Authority till the administrative mechanism for acceptance of these documents by Jurisdictional Deputy/Assistant Commissioner is implemented.

- **Relaxation in filing returns for July and August 2017**

The GST Council has now proposed a relaxation in return filing for the month of July and August. It has been decided that, for the first two months of GST implementation, tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies which will be submitted before the 20th of the succeeding month.

- **Applicability of Representational Services provided by advocates to be covered under Reverse Charge**

The CBEC has clarified vide press release that legal service has been defined to mean any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority. Legal Services provided either by individual advocate including a senior advocate or a firm of advocates are liable for payment of GST under Reverse Charge by the business entity.

- **Clarification on services provided by Educational Institute**

The CBEC has clarified vide press release that education upto Higher Secondary School level does not suffer GST on output services and also on most of the important input services. Some of the input services like transport, canteen etc. provided by private players to educational institutions were subject to service tax in pre-GST era and the same is continued in GST regime.

- **Meaning of Registered Brand Name for chargeability of appropriate GST rate**

As the press release dated July 5, 2017 CGST rate of 5% will not be applicable on the supply of goods unless the brand name or trade name is actually on the Register of Trade Marks and is in force under the Trade Marks Act, 1999.

- **Goods and Services Tax (GST) rate for specified items for Physically Challenged Persons**

As per the press release issued by the Government of India, Assistive devices and rehabilitation aids for physically challenged persons have been kept at the concessional 5% GST rate. Council has released the list of 22 items where GST rate of 5% shall be charged. Though the raw material used for manufacturing these devices and equipment's is 18%, the domestic manufacturer shall be entitled to claim refund of the accumulated input tax credit.

SEBI

- **Limits modified for investment by Foreign Portfolio Investors (FPI) in Government securities**

SEBI issued notification regarding allocation and monitoring of FPI debt investment limits in Government securities Limits for FPIs in

Government securities has been revised for July-September 2017 quarter as follows:- • Limit for FPIs in Central Government securities enhanced to INR 187,700 crore • Limit for Long Term FPIs (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks) in Central Government securities revised to INR 54,300 crore

The debt limit category of State Development Loans (SDL) to have two sub-categories, namely, SDL- General and SDL- Long Term. SDL - General shall be available for investment on tap for all categories of FPIs while SDL- Long Term shall be available for investment on tap for only Long Term FPIs. • The limit for investment by all FPIs in SD General shall be INR 28,500 crore while that for SDL-Long Term shall be INR 4,600 crore Transferring unutilized limits of the Long term category of FPIs to the general category has been done away with. Future increases in State Development Loans, limit for FPIs investing in Government securities have been modified.

- **Acceptance of e-PAN card for KYC purposes by Foreign Portfolio Investors (FPI)**

Central Board of Direct Taxes (CBDT) has recently introduced facility of e-PAN (Electronic PAN card). It is now clarified by SEBI that e-PAN issued by CBDT can be produced by FPI for KYC compliances

- **Filings for Foreign Venture Capital Investors (FVCI) made online**

SEBI, vide its circular dated 6 July 2017, decided to introduce online system for registration, reporting and other compliances for FVCI. The online system shall facilitate ease of operations and ensure greater accuracy. It is made functional from 1 July 2017 Activation email has been sent to existing FVCI to activate online accounts

It has now been decided that all the banks having currency chests should ensure conducting of fire audits bi-annually (once in two years) by the officials from the District Fire Department. The banks may also ensure that the working condition of the Hotline and other security related gadgets, viz. access control, CCTV, etc. are checked once in a fortnight by the CC officials.

POLICY WATCH

- **Delhi HC stays 14% service tax on senior advocates**

The Delhi High Court stayed the government's decision to impose a 14% service tax on senior lawyers, who are so designated by either the high courts or the Supreme Court because of their stature or knowledge of law.

The union budget had withdrawn the service tax exemption given to services offered by these senior advocates to an advocate or partnership firm of advocates providing legal service; and people represented on arbitral tribunals.

The tax had been objected by lawyers who argued that it would leave them at the mercy of the inspector raj in the tax department. The levy would lead to an increase in fees charged by them from clients, they claimed.

- **Government would require Rs 6 lakh crore to train 300 million people**

Skills development minister Rajiv Pratap Rudy urged industry to partner with the government to achieve the robust target of imparting skills to 400 million workforces over the next four years

Rudy said estimate suggests that government would require Rs 6 lakh crore to train 300 million people at an average cost of training at Rs 20000. The newly created skills development ministry by the BJP-led NDA government at the Centre has been allocated Rs 1700 crore for 2016-17.

Budget 2016-17 had announced government setting up of 1500 multi-skill training institutes in the country to impart skills training to 400 million people over the next few years.

- **Government to use 'buying power' to procure goods at cheaper rates**

Government, the largest consumer of goods and services in the country, proposes to use its "buying power" to negotiate competitive rates from suppliers and service providers.

Finance Minister Arun Jaitley in his Budget speech had said to bring more transparency and efficiency the Director General of Supplies and Disposal (DGS&D) will establish a technology driven platform to facilitate procurement of goods and services.

The Commerce Ministry has proposed to transfer DGS&D into Gem for procurement of goods and services by government and its agencies. In 2015-16, different government departments and agencies had floated about 5.7 lakh e-tenders valued at Rs 4.04 lakh crore.

- **Government rolls back restrictions on withdrawal of provident fund**

This is the second major step back by the government on provident fund in less than two months and comes close on the heels of it withdrawing the budget announcement of imposing tax on withdrawal from Employee Provident Fund (EPF) account.

"The withdrawal restriction imposed under the EPF scheme was at behest of trade unions but now since they don't want it we have withdrawn the notification dated February 10," labour secretary Shankar Agarwal said. The complete rollback comes in the midst of protests by labour unions in several parts of the country against the bar on withdrawing employer's contribution.

The February 10 notification had restricted the withdrawal of employers' contribution of 3.67% and interest earned on it under the EPF scheme till retirement or 58 years instead of 54 years earlier.

Under the existing rule, employees can withdraw the full PF balance if he or she is out of employment for continuous 60 days. That includes 12% employees' contribution, 3.67% contribution from the employer and interest earned on this in any given year.

- **Government considering proposal to liquidate some loss-making PSUs**

The government is considering a proposal to liquidate some loss-making PSUs while protecting the interest of their employees who may be offered "lucrative" payouts. In line with recommendations of Expenditure Management Commission, a proposal for liquidating some loss-making PSUs is being examined, sources said.

Liquidation should be done in a manner that it does not hurt interest of employees and is a win-win for both government and the staff, sources added.

Some of the companies include, Bharat Gold Mines, Tannery and Footwear Corporation of India, Cycle Corporation of India, Mining and Allied Machinery Corporation, National Bicycle Corporation of India, Bharat Process and Mechanical Engineers, Weighbridge India and Bharat Brakes & Valves.

The government aims to collect Rs 56,500 crore through disinvestment in PSUs this fiscal, as per Budget 2016-17. Of the total budgeted proceeds, Rs 36,000 crore is estimated to come from minority stake sale in PSUs and the remaining Rs 20,500 crore from strategic sale in both profitable and loss-making companies.

- **Government's model bill on water to stress on storage creation**

The Centre is drafting a model bill that would lay stress on creating large-scale rainwater storage facilities, efficient allocation of the valuable resource to states and involvement of the local populace in conservation efforts.

The bill, guidelines of which will not be binding on states, will also suggest governments to adopt a cropping pattern based on rainfall received there.

The Union government is to come up with the bill at a time when parts of 10 states, especially Maharashtra, Karnataka, Telangana, Chhattisgarh and Jharkhand, are facing drought-like conditions. According to Central Water Commission, water level in 91 major reservoirs across the country has dipped to 22 per cent of their total capacity.

States like Punjab, Haryana, Rajasthan and Delhi are staring at a serious threat due to decline in groundwater levels. Among southern states, 374 units in Tamil Nadu were in "extreme" category.

- **Government works to encourage homestays, promote tourism**

The government is working on relaxing rules to encourage people to offer homestays to tourists, help make up for the massive shortage of 1.9 lakh hotel rooms in the country and get gainfully employed in the true spirit of its 'Start-Up India' programme.

At present, a homestay has to be licensed by the state government, the license needs an annual or bi-annual renewal and the facility is required to pay service tax and other levies at commercial rates.

The Centre's move follows a presentation by a group of eight secretaries including Zutshi to Prime Minister Modi in January, a copy of which was accessed by ET. The group proposed a big push to homestays as "tourism sector specific interventions".

The group proposed that homestays not be charged service tax or commercial levies and that their licensing process be made online.

- **Government refuses recall of 1% excise duty on jewellery**

Government in Rajya Sabha today refused to budge from its stance on levying one per cent excise duty on non-silver jewellery saying luxury items cannot be kept out of tax ambit for perpetuity, prompting a walk-out by members of the Congress and SP.

Tearing into the opposition charge that imposition of the levy was killing the trade; Finance Minister Arun Jaitley refuted the allegations saying when items of common use were being taxed, how luxury items could be kept out.

"Clearances up to Rs 6 crore in a financial year (if clearances during preceding year were less than Rs 12 crore), are exempt from this duty," Jaitley said, adding "thus small jewelers and artisans are not covered within the ambit of this levy."Dismissing charges that excise duty has hit hard small artisans, the Minister said the trade has not developed such that annual turnovers of small jewelers has crossed Rs 6 crore and stressed that "this is implemented on big chains."

INDUSTRY WATCH & CORPORATE HIGHLIGHT

- **L&T wins Rs 2,125-crore contracts including major Karnataka highway project**

Infrastructure major Larsen & Toubro (L&T) has won contracts worth Rs 2,125 crore, including a major highway project in Karnataka. The transportation infrastructure business has bagged a new engineering, procurement and construction order worth Rs 821 crore from the National Highways Authority of India (NHAI)," the company said in a statement.

The contract is for four-laning of the Addahole (Gundya) to Bantwal cross of NH-75 (old NH no. 48) in Karnataka. The project is scheduled be completed in 30 months and involves construction of 63 kms of four-lane dual carriage way with concrete pavement in addition to the construction of 14.5 km of service roads, two flyovers, two major bridges, 14 minor bridges, nine underpasses and a toll plaza. Larsen & Toubro is an Indian multinational engaged in technology, engineering, construction, manufacturing and financial services with over USD 15 billion in revenue.

- **Expectations of strong Q4 show lift airline stocks**

The recent decline in crude oil prices is rekindling investor interest in aviation stocks. Shares of Jet Airways , Interglobe Aviation and SpiceJet rose 3-6% as companies are expected to post strong earnings in the March quarter aided by weaker crude prices and a surge in passenger traffic.

The aviation sector has been the biggest beneficiary of the slump in crude oil prices as it makes up for almost 50% of their operating costs. Airline companies saw a huge surge in share prices last year when crude oil consistently fell.

- **BHEL commissions record generation capacity of 15 GW in FY16**

State-run Bharat Heavy Electronics Limited (BHEL) has commissioned an all-time high power generation capacity of over 15,000 MW and booked new orders worth Rs 43,727 crore in 2015-16, the largest in five years.

With the commissioning of 15 GW (1000 MW is equals 1 GW) capacity last fiscal, the worldwide installed base of power generating equipment supplied by BHEL has exceeded 170 GW. This 15 GW includes the highest-ever power generation capacity addition of 13,061 MW to the Indian utility segment, a quantum jump of 59 per cent over the previous year.

In the export market, BHEL commissioned Sudan's largest thermal power plant, Kosti TPS (4x125 MW) on EPC basis. The company continues to rank among the highest R&D spenders in the country in the engineering and manufacturing segment with R&D expenditure at 3.34 per cent of its turnover. During 2015-16, BHEL recorded a turnover of Rs 26,702 crore (Provisional). With a net profit of Rs 396 crore during Q4 of the fiscal, the company reported net loss of Rs 877 crore. The company said that while operating in a difficult business environment, the company enhanced its market share to a significant 74 per cent, thereby retaining its market leadership position during 2015-16.

- **Unitech plans to raise Rs 500 crore from private equity firms**

Realty firm Unitech is looking to raise about Rs 500 crore from private equity firms for the development of housing project in Noida and repay LIC's debt.

Unitech would use the amount raised to clear the dues of Life Insurance Corporation of India (LIC) and development of a new housing project in Noida, they added. Unitech had last year raised about Rs 70 crore from Piramal group to complete construction of its joint venture housing project in Chennai. Unitech had last year raised about Rs 70 crore from Piramal group to complete construction of its joint venture housing project in Chennai.

- **Cairn India has indemnity from Cairn Energy on Rs 20,000 crore tax**

Cairn India has full indemnity from its former promoter Cairn Energy of UK against levy of any tax for past deeds, including the two-year old Rs 20,495 crore retrospective tax demand, its new owner Anil Agarwal has said. Cairn India was in April 2014 slapped with a tax demand of Rs 20,495 crore for failing to deduct withholding tax on alleged capital gains made by its erstwhile parent company, Cairn Energy in 2006-07 when it reorganized India business.

The tax notice on Cairn India came three months after Income Tax Department using retrospective tax legislation slapped Rs 10,247 crore tax notices on

Cairn Energy in January 2014. In February this year, the department issued a final assessment order seeking over Rs 29,000 crore in tax from Cairn Energy including Rs 18,800 crore in interest.

The tax demand was in respect of Cairn UK Holdings Ltd, a subsidiary of Cairn Energy Plc, transferring shares of Cairn India Holdings Ltd to Cairn India as part of an internal group reorganization in 2006-07, resulting in Rs 24,503.50 crore of capital gains, preceding an initial public offering (IPO) of shares by Cairn India.

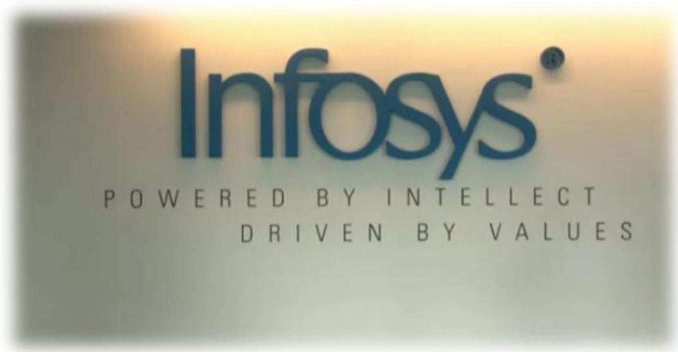
- **Prices of 4G smartphones likely to drop to as low as Rs 3,000 by year-end**

Prices of 4G smartphones are likely to drop to as low as Rs 3,000 by the year end, making high-speed broadband accessible to more consumers on their handsets and providing the backdrop for the next battle among India's biggest telecom operators. The rapid reduction in handset prices is being accompanied by speedy 4G rollouts by market leader Bharti Airtel, followed by rivals Vodafone India and Idea Cellular, in anticipation of a commercial launch of similar services by Mukesh Ambani-owned Reliance Jio Infocomm.

The sharp drop in prices is being driven by two factors. First, the prospects of intense competition among operators are prompting handset makers to drop prices to make the most of anticipated demand. Second, wider adoption of 4G technology and devices in China, Taiwan, Korea, Japan, and other markets offer massive scale for chip manufacturers to produce components at much lower costs, thereby driving down production costs of the handsets.

- **Reliance Industrial Infrastructure's Q4FY16 net profit Rs 2.79 crore, down 51%**

Reliance Industrial Infrastructure (RIIL), a part of the Mukesh Ambani led Reliance group, reported a net profit of Rs 2.79 crore in the fourth quarter of 2015-16, down 51% on year, the company said in a



release.

RIIL reported total revenue of Rs 25.2 crore in the quarter ended March, down 1.3% on year. "RIL continues to provide infrastructure support services namely transportation of petroleum products and water through pipelines, construction machinery on hire and other support services to Reliance Industries group, with a substantial portion provided to Reliance Industries," the statement said.

- **Infosys stock hits 52-week high on robust guidance**

Shares of Infosys were on a high, surging over 8% in trade after company posted a strong guidance for FY2017 and delivered a strong set of numbers in March quarter earnings. The IT giant posted a net profit growth of 3.9% in QoQ terms and 4.1% sequential revenue growth. Its net profits for the quarter under review stood at Rs 3,597 crore compared with Rs 3,465 crore. Reacting to the earnings, the scrip gained 8.17% to hit its fresh 52-week high of Rs 1,267 on the BSE. The stock had rallied up to 10% till April 13. "Overall, the trend of the stock is bullish. The company has guided for revenue growth in constant currency terms at 11.5-13.5% for the financial year ending March 31, 2017. Its dollar revenue guidance came in at 11.8-13.8%. Both guidance numbers were above most analysts' expectations.

Statuary compliance calendar for the month of October 2016

Due Date	Statuary Compliance Under Act	Particular
05/10/2016	Service Tax	-Service Tax payments by Companies for September – Service Tax payments by other than companies for July to September If Service Tax Payment is done online, then the due date of payment of service tax is 6th.
	Central Excise	-Duty Payment for all Assesses other than SSI Units for September – Duty Payment for SSI Units in respect of goods cleared during July to September If Excise Duty, Payment is done online, then the due date of payment of Excise Duty is 6th.
07/10/2016	Income Tax	- TDS Payment for September
10/10/2016	Central Excise	- Monthly Return in Form ER-1 (Ann-12) for other than units availing SSI exemption for September – Monthly Return in Form ER-2 (Ann-13) by 100% EOUs for September – Quarterly Return in Form ER-3 (Ann-13A) for small scale manufacturers availing SSI exemption for July to September – Monthly information relating to principal units in Form ER-6 (Ann – 13AC) for specified assesses for November. – 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. – Proof of Exports in Form Ann.-19, once in a month for all exporters, exporting goods under Bond – Export details in Form Ann.-20, for Manufacturing following simplified export procedure. – 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. – Particulars in Form no. ER-8(Ann-13AE) for specified assesses paying 2% duty for July to September
15/10/2016	Provident Fund	- PF Payment for September
	Central Excise	- Convert credit return in form 13B for registered dealers and importers for July to September
21/10/2016	ESIC	- ESIC Payment for September
	MVAT	– MVAT Monthly Return for September (TAX>1000000/-). If paid in time additional 10 days for uploading e-return. – MVAT Quarterly Return for July to September (TAX>100000/- and <=1000000). If paid in time additional 10 days for uploading e-return.
25/10/2016	Service Tax	- Service Tax Returns for April to September for All Assesses
30/10/2016	MVAT	- MVAT half yearly return for April to September (Tax up to 100000/-) If paid in time additional 10 days for uploading e-return.
31/10/2016	Income Tax	- TDS Quarterly Statements for July to September
	Profession Tax	- Monthly Return (covering salary paid for the preceding month) (Tax Rs. 50,000 or more)
	Central Excise	– 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.

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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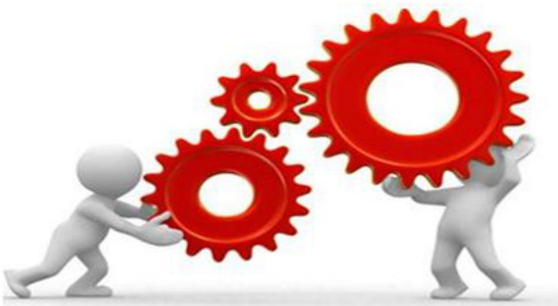

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