

Important Circulars & Notifications

March & April'2016



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1. Income tax

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Title	Category	Description	Section/ Rule	Date
Monetary limits for filing appeals before the Income Tax Appellate Tribunals and High Courts also applies to cross objections before ITAT and references to High Court	Circular (F.No.279/ Misc/ M-142/2007- ITJ(Part 1))	<ul style="list-style-type: none">▪ Vide Circular No. 21 dated 10.12.2015, CBDT had specified the monetary limits for filing of appeal before ITAT & High Court by the Department to reduce the litigation.▪ Now, CBDT has clarified that the same monetary would equally apply to cross objections filed by Department before ITAT under section 253(4) of Income tax Act and to references to high court under sections 256(1) and 256(2) of the Act.▪ Cross objections and references to High Court, already filed (below the specified monetary limit of Rs 10 Lakhs and Rs 20 Lakhs respectively) should be pursued for dismissal as withdrawn/ not pressed.▪ Similarly, references below the limits mentioned above should not be considered henceforth. <p>[Read more]</p>	Section 253(4) 256(1) 256(2)	08 th March, 2016



....contd. [Income tax]

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Title	Category	Description	Section/ Rule	Date
Payment of interest on refund under section 244A of excess TDS deposited under section 195 of Income Tax Act, 1961	Circular	<ul style="list-style-type: none">▪ The Hon'ble Supreme Court, in the matter of Tata Chemical Limited, has held that Government is bound to pay interest on the excess tax paid by the tax payer.▪ Still, payment of interest on refund of excess TDS by TDS deductor was being contested/disputed by the Department.▪ Now, CBDT has clarified vide Circular No 11/2016 that a tax deductor is entitled to be paid interest under Section 244A of the Act on the refund of excess TDS deposited by it.▪ Accordingly, no appeals will be filed under this ground by the officers of the department and appeals already filed on this issue not to be pressed upon. <p>[Read more]</p>	Section 244A	26 th April, 2016



Title	Category	Description	Section/ Rule	Date
Assessee is not obliged to deduct tax in respect of Voluntary amount paid (tips) by Customers to it's employees for the services provided to them	Case Law	ITC Limited vs. CIT (Supreme Court) Facts: <ul style="list-style-type: none">▪ Issue is related to the employer-employee relationship and profits in lieu of salary under section 15 and 17 & deductibility of tax under section 192.▪ ITC in its business of hotel chain, received tips from its customers which was disbursed among their employees (for the good service rendered to the customer.)▪ Assessee claimed that it doesn't fall under any obligation to deduct TDS on the aforementioned dispersion of voluntary amounts that may or may not be paid by customers for the service provided to them. Held: <ul style="list-style-type: none">▪ Supreme Court explained Concept of "salary" U/S 15 & 17(3) and held that as "tips" are paid to employees of the assessee from an outsider on a voluntary basis and the employees have no vested right to receive the same, the same is not "salary" and the assessee has no obligation to deduct TDS. [Read More]	Section 15 17 192	26 th April, 2016



Title	Category	Description	Section/ Rule	Date
Definition of "Technical service" for deduction of TDS	Case Law	CIT vs. Kotak Securities (Supreme Court) Facts: <ul style="list-style-type: none">▪ Kotak Securities paid transaction charges to Bombay Stock Exchange for the services used to sale and purchase shares through the platform of Stock Exchange.▪ High Court held that such transaction charges will come under the definition of "Technical Service" and would be disallowed under section 40(a)(ia) for not deducting TDS Held: <ul style="list-style-type: none">▪ Supreme Court held that "Technical Services" denotes services that cater to special and exclusive needs of the customer/user. A "Facility", even if termed as a service, which is available to all, does not come with in the ambit of "Technical services". [Read More]	Section 194J & 40(a)(ia)	31 st March, 2016

Title	Category	Description	Section/ Rule	Date
<p>No penalty for non-deduction of tax based on CA certificate</p>	<p>Case Law</p>	<p>Aishwarya Rai Bachchan vs. Additional CIT (ITAT,Mumbai)</p> <p>Facts:</p> <ul style="list-style-type: none"> ▪ Assessee made the payment to a non-resident Indian based on a CA certificate without deducting TDS. ▪ Later on, during assessment proceedings, it was held that Assessee was liable to deduct TDS and penalty proceedings were initiated along with demand of TDS. <p>Held:</p> <ul style="list-style-type: none"> ▪ It was held penalty u/s 271C (read with Section 273B) can not be applied as there was reasonable cause on the part of assessee for not deducting TDS. ▪ There was no malafide intention on the part of assessee and she has taken due care by talking the help of a professional in such a complex matter. [Read More] 	<p>Section 271C & 273B</p>	<p>31st March, 2016</p>



2. Service tax

Title	Category	Description	Section/ Rule	Date
POT for services provided by Govt or local authority to business entity	Notification	<ul style="list-style-type: none">• Rule 7 of Point Of Taxation Rules have been amended vide Notification No. 24/2016-Service Tax which come into force on the date of their publication in the Official Gazette.• In case of services provided by the Government or local authority to any business entity, the point of taxation shall be the earlier of the dates on which ;<ul style="list-style-type: none">• Any payment (part or full) in respect of such service becomes due, as specified in the invoice, bill, challan or any other document issued by the Government or local authority demanding such payment; or• Payment for such services is made <p>Read More</p>	Point of Taxation Rules, 2011	13 th April, 2016



....contd. [Service Tax]

Title	Category	Description	Section/ Rule	Date
Clarification regarding types of Government Services exempt from Service Tax	Notification	<ul style="list-style-type: none"> • CBEC has notified the types of government services exempt from vide Service Tax Notification No. 22/2016-Service Tax as listed below: <ul style="list-style-type: none"> • Services provided by Government or a local authority to another Government or local authority • Services provided by the way of issuance of passport, visa, driving licence, birth certificate or death certificate • Services provided where the gross amount charged for such services does not exceed Rs 5000/- • Services provided by Government or a local authority of tolerating non-performance of a contract for which penalty or liquidated damage is chargeable. • Services of registration required under any law for the time being in force • Services by way of assignment of right to use natural resources to an individual farmer for the purposes of agriculture • Services in relation to any function entrusted to a Panchayat • Services by the way of allowing a business entity to operate as a telecom service provider or use of radio frequency spectrum. <p>[Read More]</p>	Notification No. 25/2012-ST amended vide Notification No. 22/2016-ST	13 th April, 2016

3. Others



Title	Category	Description	Section/ Rule	Date
Interest Rate on PPF from 01.04.2016	Public Provident Fund Act, 1968	<ul style="list-style-type: none">▪ In pursuance of section 5 of the Public Provident Fund Act, 1968 (23 of 1968) the Central Government has notified in respect of the subscriptions made to the PPF on or after the 1st day of April, 2016, the balances at the credit of the subscriber shall bear interest at the rate of 8.1 per cent. per annum. [Read More]	G.S.R. 350(E)	29 th March, 2016
Reduction in interest rate on EPF	Employee Provident Fund	<ul style="list-style-type: none">▪ Government has reduced the interest rate on EPF from 8.75% to 8.70% for the Financial Year 2015-16.▪ In the last two Financial Years (2013-14 & 2014-15), Government paid the Interest @8.75%	Press release	26 th April, 2016

Title	Category	Description	Section/ Rule	Date
<p>Vehicles sales concludes at a place where the registration takes place</p>	<p>Case Law</p>	<p>Commisionner of Commercial taxes vs. M/s KTC Automobiles (Supreme Court)</p> <p>Facts:</p> <ul style="list-style-type: none"> ▪ It was held that in the case of motor vehicles, registration and sale is a co-terminus activity. ▪ Thus the place of registration is deemed as a place at which sale gets concluded. Accordingly, the sales tax has to be paid as per the law in force in the State/Union Territory at which sale so concludes. [Read More] 	<p>VAT (Kerala)</p>	<p>27th April, 2016</p>
<p>Clarification regading applicability of amended Accounting Standards</p>	<p>Companies Act</p>	<ul style="list-style-type: none"> ▪ Stakeholders have sought clarifications with regard to the accounting period for which the accounts would need to be prepared using the Accounting Standards, as amended through the Companies (Accounting Standards) Amendment Rules, 2016. ▪ MCA has clarified that the amended Accounting Standards should be used for preparation of accounts for accounting periods commencing on or after the date of notification. <p style="text-align: right;">[Read More]</p>	<p>Notification</p>	<p>27th April, 2016</p>



4. Interesting facts

- If a downloaded "PDF" file ends in ".exe" its a virus.
- People who enjoy sweets like chocolate tend to be more generous, happier, selfless and open minded.
- If we email a big company and tell them our recent purchase was unsatisfactory, they'll most likely send us free stuff.
- Penguins sleep in flowing water.
- Women speak 20,000 words a day which is 13,000 more than average man.
- Bill Gates aimed to become 'Millionaire' by the age of 30. However, he became 'Billionaire' at 31.
- Mark Zuckerberg cannot be blocked on Facebook.
- Intelligent people have more zinc and copper in their hair.

5. About us

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Served more than
70 clients in past
10years



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100+ energetic
people



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office of **6,250 sqft**



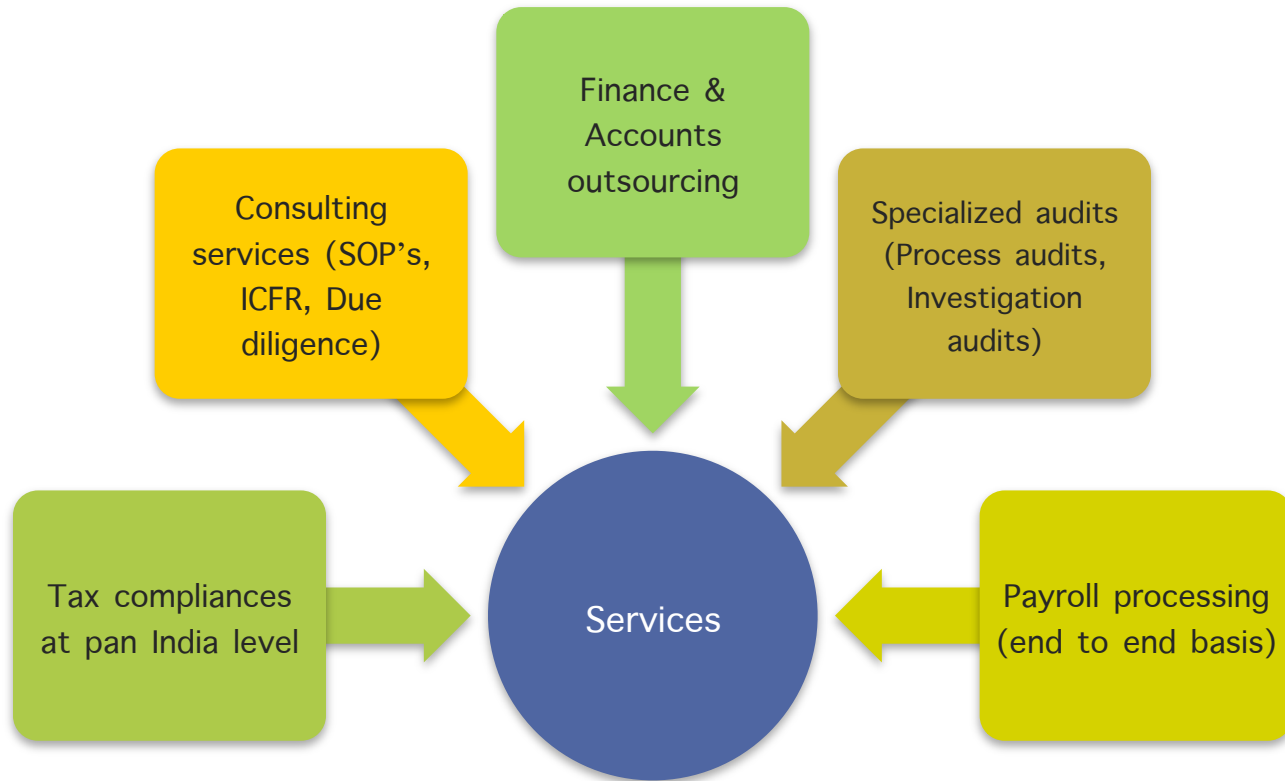
Impressive client
retention
period : **>7 years**



Client's turnover :
INR 50 cr
to Rs.1,500 cr



99.87% adherence
to SLA's



6. Contact us

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*“A dream is not that
which you see in sleep
A dream is that
which does not let you sleep”*