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# Important Circulars & Notifications

November'16

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# 1. Income Tax



Title	Category	Description	Section/ Chapter	Date
<b>Guidance Note on Transfer Pricing Report under Section 92E</b>	Guidance Note on Transfer Pricing	<ul style="list-style-type: none"><li>▪ The ICAI has released the 5<sup>th</sup> Edition(Revised Nov. 2016 Edition) of the Guidance Note on Report under Section 92E of the Income Tax Act, 1961 (Transfer Pricing) based on the law as amended by the Finance Act, 2016.</li><li>▪ This Guidance Note was last revised in August 2013, when Part C was inserted in Form 3CEB to report specified domestic transactions under Section 92BA.</li><li>▪ The revised version of the Guidance note contains safe harbor rules in respect of arm’s length price under Section 92C or Section 92CA, notification of provisions /rules for roll back mechanism.</li><li>▪ It also includes range concept and use of multiple year data for determination of arm’s length price, increased threshold limit for the applicability of the specified domestic transaction, etc.</li></ul> <p><a href="#">[Read More]</a></p>	Section 92E	2 <sup>nd</sup> Nov, 2016

Title	Category	Description	Section/ Chapter	Date
<p><b>Admissibility of expenditure incurred by a firm on Keyman Insurance Policy in case of a partner</b></p>	<p>Circular (F. No. 279/Misc./140/2015-ITJ)</p>	<ul style="list-style-type: none"> <li>▪ CBDT Circular No. 762/1998 dated 18.02.1998 clarifies that the premium paid on the Keyman Insurance Policy is allowable as business expenditure.</li> <li>▪ However, in case of a partner of a firm, the general approach of the assessing officers was to treat the expenditure as not incurred for the purpose of business and thus, disallow the same.</li> <li>▪ It is now clarified that such policy when obtained to secure the life of a partner to safeguard the firm against the disruption of the business is equally for the benefit of the partnership business.</li> <li>▪ Thus, the premium on the Insurance Policy of the partner of the firm is wholly and exclusively for the purpose of business and is allowable as business expenditure.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Section 37(1)</p>	<p>22<sup>nd</sup> Nov, 2016</p>

Title	Category	Description	Section/ Chapter	Date
<p><b>ICAI's FAQ on the presentation of Dividend Distribution Tax as per Ind AS</b></p>	<p>FAQs</p>	<ul style="list-style-type: none"> <li>▪ The Accounting Standards Board of ICAI has issued clarifications/FAQs on Dividend Distribution Tax(DDT) to clarify the requirements relating to the presentation of Dividend and DDT as per Ind AS.</li> <li>▪ As per paragraphs 35 and 36 of Ind AS 32, if a financial instrument is classified as debt, the dividend paid is charged to profit and loss.</li> <li>▪ Dividend paid on a financial instrument which is classified as equity, should be recognised in the Statement of changes in Equity.</li> <li>▪ In case of a compound financial instrument, dividend paid on debt portion shall be charged to profit &amp; loss and the dividend pertaining to equity shall be recognised in the Statement of changes in Equity.</li> </ul> <p style="text-align: right;">Contd...</p>	<p>Ind AS 12, Ind AS 32</p>	<p>03<sup>rd</sup> Nov, 2016</p>



Title	Category	Description	Section/ Chapter	Date
<p><b>...contd.</b> (ICAI's FAQ on the presentation of Dividend Distribution Tax as per Ind AS)</p>	<p>FAQs</p>	<ul style="list-style-type: none"> <li>▪ Paragraph 52B of Ind AS states that the income tax consequences of dividend are to be presented in Profit &amp; Loss where it is linked to past transactions.</li> <li>▪ In context of paragraph 65A of Ind AS 12, the portion of dividend paid to the taxation authorities by the Company or the withholding tax shall be charged to equity as a part of dividends.</li> <li>▪ As per paragraph 61A of Ind AS 12, the current tax and the deferred tax related to items that are recognised directly in equity, shall also be shown directly in equity.</li> <li>▪ Whereas, the current tax and the deferred tax related to items that are recognised in other comprehensive income, shall also be shown in other comprehensive income.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Ind AS 12, Ind AS 32</p>	<p>03<sup>rd</sup> Nov, 2016</p>

Title	Category	Description	Section/ Chapter	Date
<p><b>Disallowance by AO is justified even without formally recording his dissatisfaction with assessee's working</b></p>	<p>Case Law</p>	<p><b>Indiabulls Financial Services Ltd vs. DCIT (Delhi High Court)</b></p> <p><b>Facts:</b></p> <ul style="list-style-type: none"> <li>▪ AO, in this case, made a disallowance without expressly recording his dissatisfaction with the assessee's working.</li> <li>▪ It was argued that AO has to adduce some reasons if he is not satisfied with the amount offered by way of disallowance by the assessee.</li> </ul> <p><b>Held:</b></p> <ul style="list-style-type: none"> <li>▪ It was held that since elaborate analysis was carried out by the AO, therefore to insist that he should pay lip service regardless of the substantial compliance with the provisions would, in fact, destroy the mandate of Section 14A.</li> <li>▪ Hence, the AO is not bound to formally record dissatisfaction, it is sufficient if the order shows due application of mind in all aspects.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Section 14A &amp; Rule D</p>	<p>21<sup>st</sup> Nov, 2016</p>

## 2. Service Tax



Title	Category	Description	Section/ Rule	Date
<b>CBEC excludes online information services from definition of telecommunication services</b>	Notification No. 51/2016	<ul style="list-style-type: none"><li>▪ The Place of Provision of Services (Second Amendment) Rules, 2016 shall come into force on the 1<sup>st</sup> day of December, 2016.</li><li>▪ CBEC vide its notification dated 30.11.2016 has amended Rule 2 of The Place of provision of Services, 2012.</li><li>▪ In clause (g) of Rule 2, after the words "does not include broadcasting", the words "and online information and database access or retrieval" shall be inserted, thereby excluding online information and database access or retrieval from the meaning of telecommunication services.</li></ul> <a href="#">[Read More]</a>	Place of Provision of Services (Second Amendment) Rules, 2016	30 <sup>th</sup> Nov, 2016



Title	Category	Description	Section/ Chapter	Date
<p><b>Service Tax on cross-border B2C Online services</b></p>	<p>Circular No 202/12/2016-ST</p>	<ul style="list-style-type: none"> <li>▪ CBEC has withdrawn exemption from service tax on cross border Business to consumer (B2C) online information and database access or retrieval (OIDAR) services provided online/electronically from a non-taxable territory to the consumers in any taxable territory in India.</li> <li>▪ Thus, from 1<sup>st</sup> December, 2016 service tax would be chargeable on such OIDAR services provided by any person located in non-taxable territory and received by Government, local authority, or an individual in relation to any person other than commerce, industry or any other business or profession.</li> <li>▪ In this context, CBEC has also issued Notifications 46 to 49 clarifying the scope of service tax on these OIDAR online services.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Place of Provision of Services (Second Amendment) Rules, 2016</p>	<p>09<sup>th</sup> Nov, 2016</p>

# 3. GST – Goods & Service Tax



Title	Description
<b>Revised Model GST Law released</b>	<ul style="list-style-type: none"><li>▪ The government released the revised <a href="#">Draft Model GST Law</a>, <a href="#">Draft IGST Law</a> and <a href="#">Draft GST Compensation Law</a> for public consideration on 26<sup>th</sup> Nov, 2016.</li><li>▪ The draft GST law has proposed an anti-profiteering mechanism to ensure benefit of lower taxes is shared with consumers, and indicates no tax on securities and subsidies provided by the government as also free of cost supplies.</li><li>▪ The provision of credit of excise duty paid on stock lying with the distribution chain has also been incorporated in the revised draft.</li><li>▪ The new draft excludes securities from the definition of goods thus keeping securities out of GST ambit.</li><li>▪ Rate cap of 28% has been prescribed in the revised Model IGST Law.</li><li>▪ New comprehensive transition provisions have been laid down that addresses the concerns of the industry.</li></ul> <p><a href="#">[Read More]</a></p>
<b>GSTN to borrow Rs. 800 cr to fund GST infra building cost</b>	<ul style="list-style-type: none"><li>▪ The Goods and Services Tax Network(GSTN) will borrow Rs. 800 crore from banks to fund infrastructure costs to support GST rollout from April 1 next year.</li><li>▪ The Company shall be borrowing Rs. 250 crore for working capital needs and another Rs. 550 crore as long-term loan from domestic lenders.</li></ul>



# ...contd. [GST – Goods & Service Tax]

Title	Description
<b>System Requirements for Accessing GST Common Portal &amp; using DSC</b>	<ul style="list-style-type: none"><li>▪ The GST desktop browser should be Internet Explorer 10/Chrome 49/Firefox 45 or higher versions, for accessing GST common portal <a href="http://www.gst.gov.in">www.gst.gov.in</a></li><li>▪ Cascading Style Sheet (CSS), JavaScript, Cookie should not be disabled on the desktop browser accessing the portal.</li><li>▪ A valid Class 2 or Class 3 Digital Signature Certificate (DSC) is mandatory to be obtained from a DSC provider.</li><li>▪ GST portals supports only Crypto Tokens installed in Hard Tokens for DSC Registration.</li><li>▪ Signing using DSC is not supported on mobile devices and browsers.</li><li>▪ Web Socket Installer should be downloaded and installed.</li><li>▪ Windows 32/64 bit OS, Java 1.6, JRE 1.6.0_38+, Java 1.7, Java 1.8 are pre-requisites for the installation of Web Socket Installer.</li></ul> <p><a href="#">[Read More]</a></p>
<b>GSTN signs MoU with DGFT to share Foreign Exchange realisation data</b>	<ul style="list-style-type: none"><li>▪ The Goods and Services Tax Network(GSTN) has signed a Memorandum of Understanding(MoU) with Director General of Foreign Trade for sharing of foreign exchange realisation and Import Export code data.</li><li>▪ It shall strengthen processing of export transactions of taxpayers under GST, increase transparency and reduce human interference.</li></ul>

# ...contd. [GST – Goods & Service Tax]



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Title	States	Start Date	End Date
<b>State-wise GST Enrolment Plan</b>	▪ Puducherry, Sikkim	08/11/2016	23/11/2016
	▪ Maharashtra, Goa, Daman & Diu, Dadra & Nagar Haveli, Chhattisgarh	14/11/2016	30/11/2016
	▪ Gujarat	15/11/2016	30/11/2016
	▪ Odisha, Jharkhand, Bihar, West Bengal, Madhya Pradesh, Assam, Tripura, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram	30/11/2016	15/12/2016
	▪ Uttar Pradesh, Jammu and Kashmir, Delhi, Chandigarh, Haryana, Punjab, Uttarakhand, Himachal Pradesh, Rajasthan	16/12/2016	31/12/2016
	▪ Kerala, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh	01/01/2017	15/01/2017
	▪ Enrolment of Taxpayers who are registered under Central Excise Act/ Service Tax Act but not registered under State VAT	01/01/2017	31/01/2017
	▪ Delta All Registrants(All Groups)	01/02/2017	20/03/2017



## 4. Others

Title	Category	Description	Section/ Rule	Date
<b>India-Japan amended treaty comes into force</b>	News	<ul style="list-style-type: none"><li>▪ The amended bilateral tax treaty between India and Japan provides for strengthened exchange of information to help reduce tax evasion.</li><li>▪ This treaty shall come into force from 29<sup>th</sup> Oct, 2016.</li></ul> <a href="#">[Read More]</a>	Press Release	29 <sup>th</sup> Oct, 2016
<b>Amendment in Issue of capital and Disclosure Requirements by SEBI</b>	SEBI Regulations, 2016	<ul style="list-style-type: none"><li>▪ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)(Fourth Amendment) Regulations, 2016 shall come into force on the date of their publication in the Official Gazette.</li><li>▪ It provides that in case of under-subscription in the employee reservation portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of 2 lakhs, subject to the total allotment to an employee not exceeding five lakh rupees.</li></ul> <a href="#">[Read More]</a>	SEBI	30 <sup>th</sup> Nov, 2016

Title	Category	Description	Section/ Rule	Date
<p><b>External Commercial Borrowings (ECB) of up to \$3 million allowed to start-ups</b></p>	<p>RBI Notification</p>	<ul style="list-style-type: none"> <li>▪ RBI vide Notification dated 27<sup>th</sup> October, 2016 has allowed start-ups to raise up to \$3 million each via external Commercial borrowings (ECB) route.</li> <li>▪ Overseas branches or subsidiaries of Indian banks will not be allowed to lend to start-ups via the ECB framework.</li> <li>▪ The RBI did not specify the maximum cost at which start-ups can raise money via ECB and clarified that it will be mutually agreed between the borrower and the lender.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Corporate Update</p>	<p>27<sup>th</sup> Oct, 2016</p>
<p><b>Payment of PF and Pension on the date of retirement to EPF and EPS Members</b></p>	<p>Web Circulation</p>	<ul style="list-style-type: none"> <li>▪ The Government of India has confirmed that the Provident Fund and the Pension payments to the members of EPF Scheme 1952 and EPS 1995 are made on the date of retirement itself.</li> </ul> <p style="text-align: right;">Contd...</p>	<p>Employees Provident Fund Organization</p>	<p>01<sup>st</sup> Nov, 2016</p>

Title	Category	Description	Section/ Rule	Date
...contd. (Payment of PF and Pension on the date of retirement to EPF and EPS Members)	Web Circulation	<ul style="list-style-type: none"> <li>The decision to this effect has been taken by EPFO and the instructions have been issued by the Central Provident Fund Commissioner.</li> </ul> <a href="#">[Read More]</a>	Employees Provident Fund Organization	01 <sup>st</sup> Nov, 2016
<b>Revised Duty Drawback Rates</b>	Notification No. 131/2016-Customs (N.T)	<ul style="list-style-type: none"> <li>The Central Government has revised the Duty Drawback Rates for 2016-17, i.e. All Industry Rates (AIRs) of Drawback vide Notification No. 131/2016-Customs (Non-Tariff) dated 31<sup>st</sup> Oct, 2016.</li> <li>These revised rates shall come into force from 15<sup>th</sup> November, 2016.</li> </ul> <a href="#">[Read More]</a>	Customs, Central Excise Duties and Service Tax Drawback Rules, 1995	31 <sup>st</sup> Oct, 2016

Title	Category	Description	Section/ Rule	Date
<p><b>IND AS to apply for Amortization of Intangible Assets</b></p>	<p>MCA Notification</p>	<ul style="list-style-type: none"> <li>▪ MCA vide its Notification dated 17<sup>th</sup> November, 2016 has amended Schedule II to The Companies Act, 2013 to clarify that the relevant Ind AS shall apply for the computation of amortization amount over the useful life of the intangible assets.</li> <li>▪ Where a company is not required to comply with the Indian Accounting Standards (Ind AS), it shall comply with the relevant Accounting Standards under Companies (Accounting Standard) Rules, 2006.</li> <li>▪ This notification shall be applicable for the accounting period commencing on or after 1<sup>st</sup> April 2016.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Schedule II to The Companies Act, 2013</p>	<p>17<sup>th</sup> Nov, 2016</p>

Title	Category	Description	Section/ Rule	Date
<p><b>The Taxation Laws (Second Amendment) Bill, 2016 passed in Lok Sabha</b></p>	<p>The Taxation Laws (2<sup>nd</sup> Amendment) Bill)</p>	<ul style="list-style-type: none"> <li>▪ The Taxation Laws (Second Amendment ) Bill, 2016, proposed by the Finance Minister in the Lok Sabha, got passed on 29<sup>th</sup> November 2016.</li> <li>▪ As per the amendment proposed, those caught illegally converting money shall have to pay 60% tax plus the penalties, which will come up to 85%.</li> <li>▪ Further, those who disclose black money to the banks, shall have to pay 50% tax, including surcharge and the penalty. While they get 25% of such undisclosed income immediately, the rest 25% of the declared income will be deposited in an interest-free deposit scheme with a lock-in of 4 years.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Bill No. 299 of 2016</p>	<p>29<sup>th</sup> Nov, 2016</p>



## 5. Interesting facts

- Burj Khalifa, world's tallest building was built by Samsung's construction division.
- "Facebook Addiction Disorder" is a mental disorder identified by Psychologists.
- Over half of NASA employees are dyslexic, hired for their superior problem-solving and spatial-awareness skills.
- You can't create a folder named "~con" in Windows.
- The Volkswagen group owns Bentley, Bugatti, Lamborghini, Audi, Ducati, and Porsche.
- The words written on twitter everyday would fill a 10 million page book.
- You cannot snore and dream at the same time.
- For every Dollar spent in US, 8 cents are spent at Walmart.
- With a fleet of over 750 watercraft, Disney has the 5<sup>th</sup> largest navy in the world.

## 6. About us



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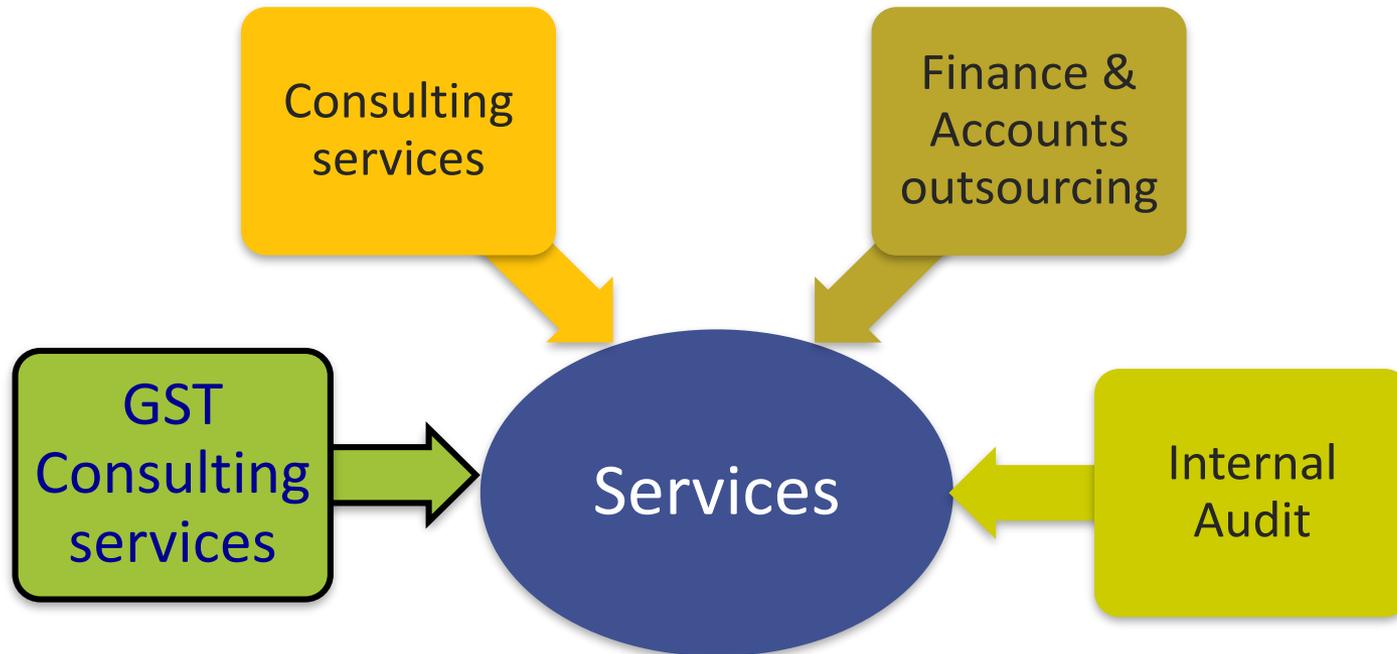
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