

Important Circulars & Notifications

December'2015

Index



Blue Consulting Pvt. Ltd.

A Finance & Accounts Outsourcing Company

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1. Income tax

Title	Category	Description	Section/ Rule	Date
Monetary limit of Rs 10 Lacs in tax liability has been fixed for appeals to be filled by Income Tax department before ITAT, High court and Supreme Court	Circular	<ul style="list-style-type: none">▪ No appeal by Department, if tax liability in dispute does not exceed Rs 10 Lacs, have to be dismissed as a legal Nullity.▪ All pending appeals of the department where monetary limit of tax liability does not exceed 10 Lacs shall be WITHDRAWN or NOT PRESSED. [Read More]	No. 21/2015	10 th December, 2015
Employer contribution to Employee welfare fund is allowed, even if it is deposited before filing of return of Income but after due date of return under the respective Statutory Act	Circular	<ul style="list-style-type: none">▪ Section 43B of the Act allows deduction of statutory dues only on payment basis.▪ If payment towards PF or Gratuity Fund or any other fund for the welfare of Employees is made before due date then it is an admissible deduction.▪ So far, there was an ambiguity regarding the meaning of "due date" whether it pertains to specific Statutory Act or it pertains to due date of return of Income under the Income Tax Act.▪ Now, it has been clarified through this circular that "due date" means due date as per Income Tax Act and not as per the respective Statutory Act. [Read more]	No. 22 /2015 & Section 43B	17 th December, 2015



....Contd. [Income tax]

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Title	Category	Description	Section/ Rule	Date
Cost of Employees Stock Option (ESOP) debited to P&L A/c is an allowable business expenditure	Case Law	CIT vs. Lemon Tree Hotels Ltd (Delhi High Court) Facts: <ul style="list-style-type: none">▪ AO disallowed expenses amounted to Rs 1,28,19,169/- debited in Profit & loss as a cost of Employee stock option (ESOP) and ITAT deleted above addition. Held: <ul style="list-style-type: none">▪ The Court followed a decision dated 19th June 2012 given by Madras High court in CIT-III Chennai v. PVP Venture LTD where a similar question was answered in favour of the assessee by holding that the cost of ESOP could be debited to the Profit & Loss account of the assessee.▪ Accordingly, the impugned order of the ITAT answering the question in favour of assessee has been affirmed. <p style="text-align: right;">[Read More]</p>	Section 37(1)	18 th November, 2015
CBDT allows service of Notice, Summons, Requisition, Order etc. by e-mail	Notification	<ul style="list-style-type: none">• Now e-mail has also been included as one of the valid method and addresses for delivery.• Accordingly, any notice or summon or requisition or order or any other communication under the Income Tax Act can be delivered or transmitted through e-mail. [Read More]	No. 89/2015	2 nd December, 2015



....Contd. [Income tax]

Title	Category	Description	Section/ Rule	Date
Transfer pricing ('TP') adjustment in relation to incurring of advertisement, marketing and sales promotion ('AMP') expenses by the Indian subsidiary	Case Law	Commissioner of Income Tax Vs. Whirlpool of India Ltd (Delhi High court) Facts: <ul style="list-style-type: none">Assessing officer referred to Transfer Pricing officer (TPO) for making Transfer Pricing adjustment regarding AMP expenses of Whirlpool of India Ltd (WOIL) on the basis that it's parents company Whirlpool USA is also getting benefited <u>by brand promotion.</u>Transfer pricing officer (TPO) attributed some part of the AMP expenses incurred by WOIL as having been incurred for the foreign Associate Enterprise (Whirlpool USA) for which the Assessee should have been compensated or reimbursed by the foreign Associated Enterprise. Held: <ul style="list-style-type: none">Court held that the Revenue has been unable to demonstrate by some tangible material that there is an international transaction involving AMP expenses between WOIL and Whirlpool USA. In the absence of that first step, the question of determining the ALP of such a transaction does not arise. <p style="text-align: right;">[Read More]</p>	Section 37 & 92B read with 92F(v)	22 nd December, 2015



....Contd. [Income tax]

Title	Category	Description	Section/ Rule	Date
CBDT relaxes condition for furnishing of Form 15CA and 15 CB	Notification	<ul style="list-style-type: none">▪ No Form 15CA and 15CB will be required to be furnished by an individual for remittance which does not requires RBI approval under its Liberalized Remittance Scheme .▪ Further the list of payments of specified nature mentioned in Rule 37 BB which do not require submission of Forms 15CA and 15CB has been expanded from 28 to 33 including payments for imports. Following are the 5 new exempted payment types :-<ol style="list-style-type: none">1. Advance payment against imports2. Payment towards imports-settlement of invoice3. Imports by diplomatic missions4. Intermediary trade5. Imports below Rs 5,00,000-(For use by ECD offices)▪ The amended Rules will become applicable from 01.04.2016	No. G.S.R. 978(E)	16th December, 2015



2. Service Tax

Title	Category	Description	Section/ Rule	Date
Payments for social security benefits given by Parents (MNCs) to expats working in India not liable for Service Tax when reimbursed by the Indian subsidiary	Authority of Advance Ruling (AAR)	In a request submitted by North American Coal Corp. India, which is the local subsidiary of US-based North American Coal Corp <ul style="list-style-type: none">• Department argue that payments for social security benefits given by Parents (MNCs) to expats working in India liable for Service Tax when reimbursed by the Indian subsidiary as it is in the nature of manpower supply.• The Authority of Advance Ruling said that liability to pay service tax on the salary and other allowances does not arise because of dual employment agreement and salary not eligible for levy of service tax as per the provision of the Finance Act.• Accordingly, AAR has said that expats who work in India for local arms of International companies won't attract service tax from now onwards.		6 th November, 2015



....Contd. [Service tax]

Title	Category	Description	Section/ Rule	Date									
Applicability of service tax on the services received by apparel exporters in relation to fabrication of garments	Notification	<ul style="list-style-type: none"> It has come to the notice of the Board that certain field formations are taking a view that service tax is payable on services received by the apparel exporters from third party for job work. Apparently they are taking a view that the services received by apparel exporters is of manpower supply, which neither falls under the negative list nor is specifically exempt. However, Board's view is that the services received by them is of job work involving a process amounting to manufacture or production of goods, and fall under negative list [section 66D (f)] and hence would not attract service tax. <p style="text-align: right;">[Read More]</p>	Notification No. 190/9/2015-ST	15 th December, 2015									
Increase in monetary limits for filling of appeals by the department before CESTAT/High Court and Supreme Court	Instruction	<p>CBEC has increased the monetary limits of tax liabilities /duty (including penalty & interest) for filling of appeal as below –</p> <table border="0"> <tr> <td>1.</td> <td>CESTAT</td> <td>10 Lacs</td> </tr> <tr> <td>2.</td> <td>High Court</td> <td>15 Lacs</td> </tr> <tr> <td>3.</td> <td>Supreme Court</td> <td>25 Lacs</td> </tr> </table> <p style="text-align: right;">[Read More]</p>	1.	CESTAT	10 Lacs	2.	High Court	15 Lacs	3.	Supreme Court	25 Lacs	F.No.390/Misc./2010-JC	17 th December, 2015
1.	CESTAT	10 Lacs											
2.	High Court	15 Lacs											
3.	Supreme Court	25 Lacs											

3. Others



Title	Category	Description	Section/ Rule	Date
Bonus Bill passed by Lok Sabha (Lower house)	Labour Law	<ul style="list-style-type: none"> ▪ Bill provides for enhancing monthly Bonus calculation ceiling to Rs 7000 Per Month from the existing 3500 Rs per month for establishments with 20 or more workers. ▪ Benefits applicable retrospectively from 01 April 2014. 	Bonus Bill 2015	22 nd December, 2015
Applicability of EPF & MP Act 1952, to non Government Organization and Charitable Trust also	Labour Law	<ul style="list-style-type: none"> ▪ Earlier, Central Government had exempted certain establishments (i.e. NGO's, Charitable trusts etc.) from the operation of EPF & MP Act, 1952. ▪ Now, Central Government has decided not to extend the exemption to the above category of establishment. ▪ Consequently, all such establishment shall come under the purview of the EPF & MP Act 1952. [Read More] 	Notifications u/s 16(2)/24366	7 th September, 2015
Section 13 and 14 of Companies (Amendment) Act, 2015 has been made applicable	Companies (Amendment) Act, 2015	<ul style="list-style-type: none"> • Section 13 (Reporting on fraud) and Section 14 (Approval by Audit Committee) of Companies Amendment Act, 2015 has been made applicable from 14th December, 2015. [Read More] 	Notification No. S.O 3388(E)	14 th December, 2015

Title	Category	Description	Section/ Rule	Date
Date for filing of reconciliation return under Delhi VAT further extended to 15.01.2016	Circular DVAT	<ul style="list-style-type: none"> ▪ Due date for filing of reconciliation return for FY 14 -15 has been further extended till 15 January 2016. ▪ The return is to be filed by the dealers who have made interstate sale at concessional rates against statutory forms 'C' or stock transferred against 'F' forms or sold against forms 'H' to dealers (other than Delhi) or claimed deduction from taxable turnover against E-I/ E-II forms or I/J forms etc. 	Circular No. 28 of 2015- 16	15 th December, 2015
Preparedness for ICFR compliance	The Companies Act, 2013	<ul style="list-style-type: none"> ▪ It's a high time for companies to prepare themselves for the ICFR compliance readiness as it's mandatorily to be complied from the current Financial Year 2015-16. ▪ To know about ICFR implementaton approach, click here to access a detailed whitepaper on ICFR. 		
Now a Cheque bounce case has to be filed at the place where a cheque is presented for clearance and not at the place of issue, a bill has been passed	Negotiable Instruments (Amendment) Bill 2015	<ul style="list-style-type: none"> ▪ Earlier, victims of cheque-bouncing cases had to make endless trips to the city or town of the bank branch, where the cheque got dishonoured. ▪ Now, with this amendments, one can file a case of cheque-bouncing at a location where cheque has been presented for clearance. 		11 th December, 2015



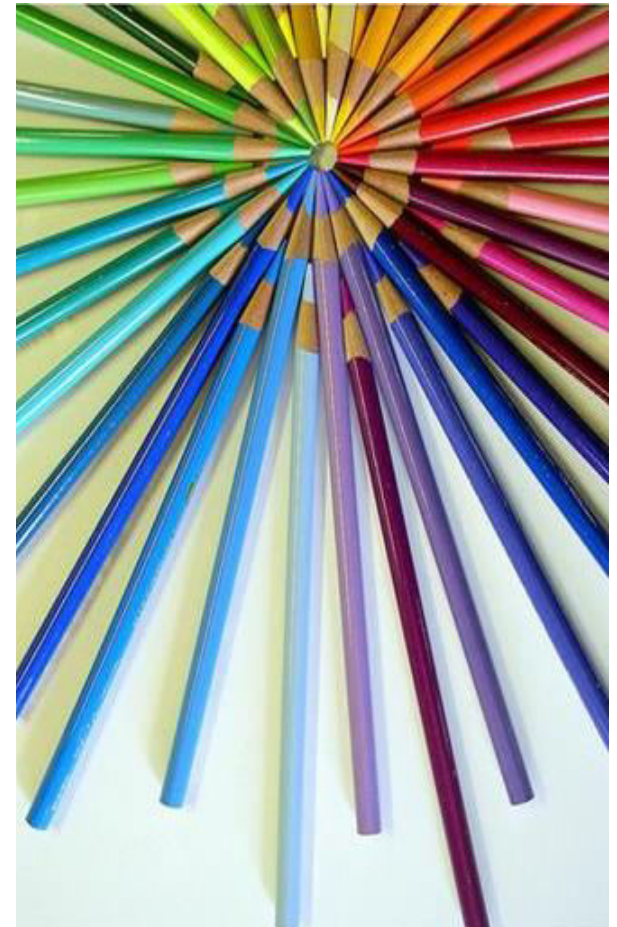
4. Interesting facts

- The Dutch East India Company, which was involved in the spice trade, was among the first companies to offer shares.
- The earliest book about stock trading was written in 1688 by Joseph de la Vega titled Confusions of Confusions.
- First known selfie was taken by Robert Cornelius in 1839, although selfie got the popularity from 2012 only.
- A sneeze generates a wind of 166 Km/ hr.
- We exercise at least 36 muscles when we smile.
- Even if you spent your whole life watching You Tube videos, you would not even be scratching the surface of the content that has been uploaded.
- Ice cream debuted in China 4000 years ago among the nobility in the form of a milk and rice concoction packed in snow.
- Until the 1500s, sugar was so expensive that it was used in small amounts as medicine and to sweeten wine, but not in food.



5. About us

- Blue Consulting or 'BC' provides value added and high quality **Finance & Accounts Outsourcing Services to Companies in India.**
- Our services include **Taxation Compliances** on pan India level, **across 29 States and 7 Union territories.**
- We work as an extension of CFO's team and our services result in **increase of managerial bandwidth of CFO's.**
- We invest great deal of time and efforts in understanding our client's business which ensures that we **provide customized solutions** to their specific needs and requirements.
- We have a separate division for **ICFR** and **Ind AS** implementation.
- We are a strong and stable team of **100+ people.**
- We are comfortable working on any ERP platforms i.e. SAP, Oracle, Navision, Baan, PeopleSoft, Xero, Tally.



6. Contact us

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Disclaimer


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Blue Consulting provides value added and high quality Finance & Accounts Outsourcing Services through its contemporary onsite and offsite service delivery model. Our goal is to be a trusted partner in your business by bringing value and serving as an integral part of your set up.

Blue Consulting, or BC, has its roots in a well established, four decade old chartered accountants firm. Utilizing forty years of industry experience and functional expertise, BC looks innovatively beyond standard solutions to develop new insights, drive tangible results, and empower clients to achieve greater results.

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