

# Important Circulars & Notifications

May'2016

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# 1. Income tax

Title	Category	Description	Section/ Chapter/ Rule	Date
<b>Clarifications on the Income Declaration Scheme, 2016</b>	Circular (F.No. 142/8/2016 -TPL)	Vide Circular No. 21 dated 20.05.2015, CBDT has considered certain queries and clarified the following points- <ul style="list-style-type: none"><li>▪ The declarant will be liable for capital gains on sale of such asset in future, whose undisclosed income was declared under the scheme.</li><li>▪ The person shall be ineligible from declaration for those AYs for which a notice under section 142(1)/143(2)/148/153A/153C is issued and the proceeding is pending before the Assessing Officer.</li><li>▪ No declaration be made of undisclosed income which has been assessed to tax and the case is pending before an Appellate Authority.</li><li>▪ The person is not eligible to make a declaration under the Scheme if a search operation has been initiated or a survey was conducted.</li></ul> <p style="text-align: right;"><b>contd...</b></p>	Chapter IX of the Finance Act, 2016	20 <sup>th</sup> May, 2016



# ...contd. [1. Income Tax]

Title	Category	Description	Section/ Chapter/ Rule	Date
<b>...contd.</b> (Clarifications on the Income Declaration Scheme, 2016)	Circular (F.No. 142/8/2016 -TPL)	<ul style="list-style-type: none"><li>▪ If case of part disclosure, immunity shall be provided only on the declared part of the undisclosed income.</li><li>▪ In respect of such undisclosed income which has been duly declared in good faith but not found eligible, shall be assessed under the normal provisions of the Income Tax Act,1961.</li><li>▪ This Scheme shall not apply to prosecution of any offence punishable under the Prevention of Corruption Act, 1988.</li><li>▪ Any information in respect of declaration made under this scheme is kept confidential.</li><li>▪ It is not mandatory to file the valuation report of the undisclosed income represented in the form of investment in asset along with the declaration. <a href="#">[Read more]</a></li></ul>	Chapter IX of the Finance Act, 2016	20 <sup>th</sup> May, 2016



# ...contd. [1. Income Tax]

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Title	Category	Description	Section/ Chapter/ Rule	Date
<b>Extension of time limit for the e-filing of appeals before Commissioners of Income Tax</b>	Circular (F.No.279/M-54/2016/ITJ)	<ul style="list-style-type: none"><li>▪ Rule 45 mandates compulsory e-filing of appeals with effect from 01.03.2016 in respect of persons who are required to furnish return of income electronically.</li><li>▪ CBDT noticed that the taxpayers who were required to e-file Form 35, failed to do so due to some technical issues in e-filing.</li><li>▪ Therefore, vide circular no. 20/2016, the time limit for filing such e-appeals was extended from 15.05.2016 to 15.06.2016.</li><li>▪ Accordingly, all e-appeals filed within this extended period would be treated as appeals filed in time.</li></ul> <a href="#">[Read more]</a>	Rule 45 45 of the Income Tax Rules, 1962	26 <sup>th</sup> May, 2016



# ...contd. [1. Income Tax]

Title	Category	Description	Section/ Chapter/ Rule	Date
<b>Grant of additional depreciation on Printing &amp; Publishing</b>	Circular(279 / Misc/ 140/2015/ ITJ)	<ul style="list-style-type: none"><li>▪ An assessee, engaged in the business of manufacture or production is eligible to claim additional depreciation.</li><li>▪ Whether printing &amp; publishing amounts to manufacture has been a contentious issue.</li><li>▪ CBDT has clarified vide Circular No 15/2016 that printing &amp; publishing is a manufacturing activity and therefore, assessee is eligible for grant of additional depreciation.</li><li>▪ Henceforth, appeals may not be filed on this ground by officers of the Department &amp; those already filed may be withdrawn.</li></ul> <p><a href="#">[Read more]</a></p>	Section 32(1)(iia)	19 <sup>th</sup> May, 2016



# ...contd. [1. Income Tax]

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Title	Category	Description	Section/ Chapter/ Rule	Date
<b>Admissibility of claim of bad debt if written off as irrecoverable in books.</b>	Circular(F.No.279/Misc./140/2015-ITJ)	<ul style="list-style-type: none"><li>▪ Direct Tax Laws(Amendment) Act, 1987 amended the provisions of sections 36(1)(vii) &amp; 36(2) of the Income Tax, 1961 to rationalize the provisions regarding the allowability of bad debt.</li><li>▪ The Supreme Court has clarified vide its judgment in the matter of TRF Limited that it is not necessary for the assessee to establish in fact, that the debt has become irrecoverable rather it is enough to write off the bad debt as irrecoverable in the books of accounts.</li><li>▪ Accordingly, no appeals may henceforth be filed on this ground &amp; appeals already filed may be withdrawn/ not pressed upon.</li></ul> <p><a href="#">[Read More]</a></p>	Section 36(1)(vii)	30 <sup>th</sup> May, 2016



Title	Category	Description	Section/ Chapter/ Rule	Date
<b>Income Tax Computation and Disclosure Standards (ICDS)</b>	Notification No. 32/2015[ F. No. 134/48/201 0-TPL]	<ul style="list-style-type: none"><li>• ICDS is a new framework for computation of taxable income by <b>all assesses</b> in relation to their income under the heads "<b>Profit and gains of business or profession</b>" and "<b>Income from Other Sources</b>".</li><li>• CBDT has notified <b>10 ICDS</b> under Section 145(2) of the Income-tax Act, 1961, with a view to minimize tax related disputes by bringing greater consistency in the application of accounting principles governing the computation of income.</li><li>• <b>All assesses</b> following the <b>Mercantile System of Accounting</b> will be required to adopt these standards, <b>irrespective of:</b><ul style="list-style-type: none"><li>• Turnover</li><li>• Applicability of Tax Audit</li><li>• Residential Status</li></ul></li><li>• We have prepared a whitepaper on ICDS. To access your copy, <a href="#">please click here.</a></li></ul>	Section 145(2)	A.Y. 2016-17





Title	Category	Description	Section/ Chapter/ Rule	Date
<b>Retrospective insertion of Explanation 4 to section 9(1)(vi) to include "software" in the definition of "royalty" does not apply to DTAA's.</b>	Case Law	<b>DDIT vs. Reliance Industries Ltd.(ITAT,Mumbai)</b> <b>Facts:</b> <ul style="list-style-type: none"><li>Assessee paid the consideration for a license to use shelf/shrink wrapped software as per the clauses of DTAA i.e., Double Taxation Avoidance Agreements without deducting TDS.</li><li>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.</li></ul> <b>Held:</b> <ul style="list-style-type: none"><li>It was held that the retrospective insertion of Explanation 4 to section 9(1)(vi) to include "software" in the definition of "royalty" does not apply to DTAA's.</li><li>Hence, the consideration so paid is outside the scope of the definition of "royalty" and would be treated as business income of the recipient.</li><li>Thus, there was no obligation to deduct TDS because the assessee was under bonafide belief that no TDS was deductible and also as the payments for software were not "royalty" at the time of payment.</li></ul> <a href="#">[Read More]</a>	Section 195 & 9(i)(vi)	18 <sup>th</sup> May, 2016



## 2. Service Tax

Title	Category	Description	Section/ Rule	Date
<b>Applicability of Krishi Kalyan Cess (KKS) @ 0.5% resulting in effective rate of Service Tax @ 15%</b>	Circular [192/02/2016-ST]	<ul style="list-style-type: none"><li>• Krishi Kalyan Cess shall be levied and collected in accordance with the provisions of Chapter VI of the Finance Act, 2016 on all the taxable services at the rate of <b>0.5%</b> on the value of such services.</li><li>• The cess would be in addition to any cess or service tax resulting in the effective rate of Service Tax @15%.</li><li>• Credit of Krishi Kalyan Cess paid on input services shall be allowed to be used for payment of the proposed Cess on the service provided by a service provider.</li><li>• The Central Government clarifies that the Notification No. 30/2012 – Service Tax, dated the 20<sup>th</sup> June, 2012 and all the provision for the chargeability of the service tax shall be applicable mutatis mutandis for the purposes of Krishi Kalyan Cess.</li><li>• The cess will come into effect from 1st June 2016.</li></ul> <p><a href="#">[Read More]</a></p>	Section 161 of the Finance Act, 2016.	Effective from 1 <sup>st</sup> June, 2016



# ....contd. [Service Tax]

Title	Category	Description	Section/ Rule	Date
<b>Reverse Charge Notification No. 30/2012-Service Tax, dated 20<sup>th</sup> June, 2012 shall be applicable for the purposes of Krishi Kalyan Cess</b>	Notification	<ul style="list-style-type: none"><li>• Vide notification no. 27/2016, it has been clarified that the Krishi Kalyan Cess would be leviable on the specified services under the reverse charge and partial reverse charge mechanism .</li><li>• The Central Government clarifies that the Notification No. 30/2012 – Service Tax, dated the 20<sup>th</sup> June, 2012 and all the provision for the chargeability of the service tax shall be applicable mutatis mutandis for the purposes of Krishi Kalyan Cess.</li><li>• The notification shall come into force from the 1<sup>st</sup> day of June, 2016. <a href="#">[Read More]</a></li></ul>	Notification No. 30/2012 – Service Tax dated 20 <sup>th</sup> June, 2012.	26 <sup>th</sup> May, 2016



## ....contd. [Service Tax]

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Title	Category	Description	Section/ Rule	Date
<b>Exemption of certain taxable services from the Krishi Kalyan Cess &amp; the applicability of the Abatement Notification</b>	Notification No. 28/2016	<ul style="list-style-type: none"><li>• CG notifies the services will be exempted from the Krishi Kalyan Cess.</li><li>• Such services are either exempt from the whole of Service tax by a notification or a special order.</li><li>• Services exempted, as specified under the Abatement Notification, shall be exempted from the Krishi Kalyan Cess as well.</li><li>• It has been further clarified that the value of taxable services for this purpose shall be valued in accordance with the Service Tax (Determination Of Values) Rules, 2006. <a href="#">[Read More]</a></li></ul>	Sub-section (1)&(2) of sec 93 and section 66B of the Finance Act, 1994.	26 <sup>th</sup> May, 2016



### 3. Others

Title	Category	Description	Section/ Rule	Date
<b>Relaxation of additional fees &amp; extension of due date of filing of various e-forms</b>	Companies Act, 2013	<ul style="list-style-type: none"><li>▪ MCA has extended the period for filing of all the e-forms by the companies between 25.03.2016 and 31.05.2016 to 10.06.2016.</li><li>▪ One-time waiver of additional fees on such e-forms can also now be availed upto 10.06.2016.</li></ul> <a href="#">[Read More]</a>	Circular	16 <sup>th</sup> May, 2016
<b>Goods imported/ purchased inter-state used in Works Contract , would be exempt from VAT</b>	Case Law	<b>Commissioner, Delhi Value Added Tax Vs. M/s. ABB Ltd. (Supreme Court)</b> <b>Facts:</b> <ul style="list-style-type: none"><li>▪ The Respondent imported goods from its parent company to further supply it to DMRC in India. The assessee was asked to pay VAT on such deemed sale.</li><li>▪ It was held that the importation of goods was in pursuance of the conditions of the contract and thus such imports would not be covered by the DVAT Act.</li><li>▪ Hence, such transaction was covered by section 3(a) and section 5(2) of the CST Act &amp; therefore exempt from VAT.</li></ul> <a href="#">[Read More]</a>	VAT (Delhi)	5 <sup>th</sup> May, 2016

Title	Category	Description	Section/ Rule	Date
<p><b>No TDS for Provident Fund withdrawals of up to INR 50,000</b></p>	<p>Employee Provident Fund</p>	<ul style="list-style-type: none"> <li>▪ Section 192A of the Income Tax Act, 1961 has been amended to raise the threshold limit of provident fund withdrawal from INR 30,000 to INR 50,000 for TDS</li> <li>▪ This provision shall come into effect from the 1<sup>st</sup> day of June, 2016.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Circular</p>	<p>30<sup>th</sup> May, 2016</p>
<p><b>Applicability of TCS @1% on cash sale of goods and services.</b></p>	<p>Income Tax</p>	<ul style="list-style-type: none"> <li>▪ The new Sub Section (1D) of Section 206C states that a seller shall collect from the buyer a sum equal to 1% of sale consideration as Income Tax, on the sale of goods and services, if such consideration in cash-                             <ul style="list-style-type: none"> <li>• For bullion, exceeds Rs. 2,00,000</li> <li>• For jewellery, exceeds Rs. 5,00,000</li> <li>• For any other goods &amp; services, exceeds Rs. 2,00,000</li> </ul> </li> <li>▪ This rate for TCS shall be applicable from the 1<sup>st</sup> day of June, 2016.</li> </ul> <p><a href="#">[Read More]</a></p>	<p>Press Release</p>	<p>16<sup>th</sup> May, 2016</p>

Title	Category	Description	Section/ Rule	Date
<p><b>New/Revised Standards on Auditing issued by ICAI</b></p>	<p>Companies Act, 2013</p>	<ul style="list-style-type: none"> <li>▪ ICAI has released 5 Revised Standards on Auditing and a new Standard on Auditing i.e., SA 701: Communicating Key Audit Matters in the Independent Auditor’s Report.</li> <li>▪ Following are revised Standards-                             <ul style="list-style-type: none"> <li>• Revised SA 700:Forming an opinion and Reporting on Financial Statements.</li> <li>• Revised SA 705: Modifications to the opinion in the Independent Auditor’s Report.</li> <li>• Revised SA 706: Emphasis of Matter Paragraphs &amp; Other Matter Paragraphs in the Independent Auditor’s Report.</li> <li>• Revised SA 260: Communication with those charged with governance.</li> <li>• Revised SA 570: Going Concern.</li> </ul> </li> </ul> <p><a href="#">[Read More]</a></p>	<p>Press release</p>	<p>18<sup>th</sup> May, 2016</p>



## 4. Interesting facts

- China has more US dollars than the US.
- Neil Armstrong had to fill an immigration form while coming back to the earth from the moon
- If Microsoft Windows' users can claim US\$1 for every time their computers hang because of Microsoft Windows, Bill Gates will be bankrupt in 3 days!
- 99% of Warren Buffet's wealth was earned after his 50<sup>th</sup> birthday.
- Every day, 16% of the searches that occur are ones that Google has never seen before.
- Smoking near an Apple Computer voids the warranty.
- The most productive day of the workweek is Tuesday.





## 5. About us



Served more than  
**70 clients** in past  
**10years**



Strong team of  
**100+ energetic**  
people



State of the art  
office of **6,250 sqft**



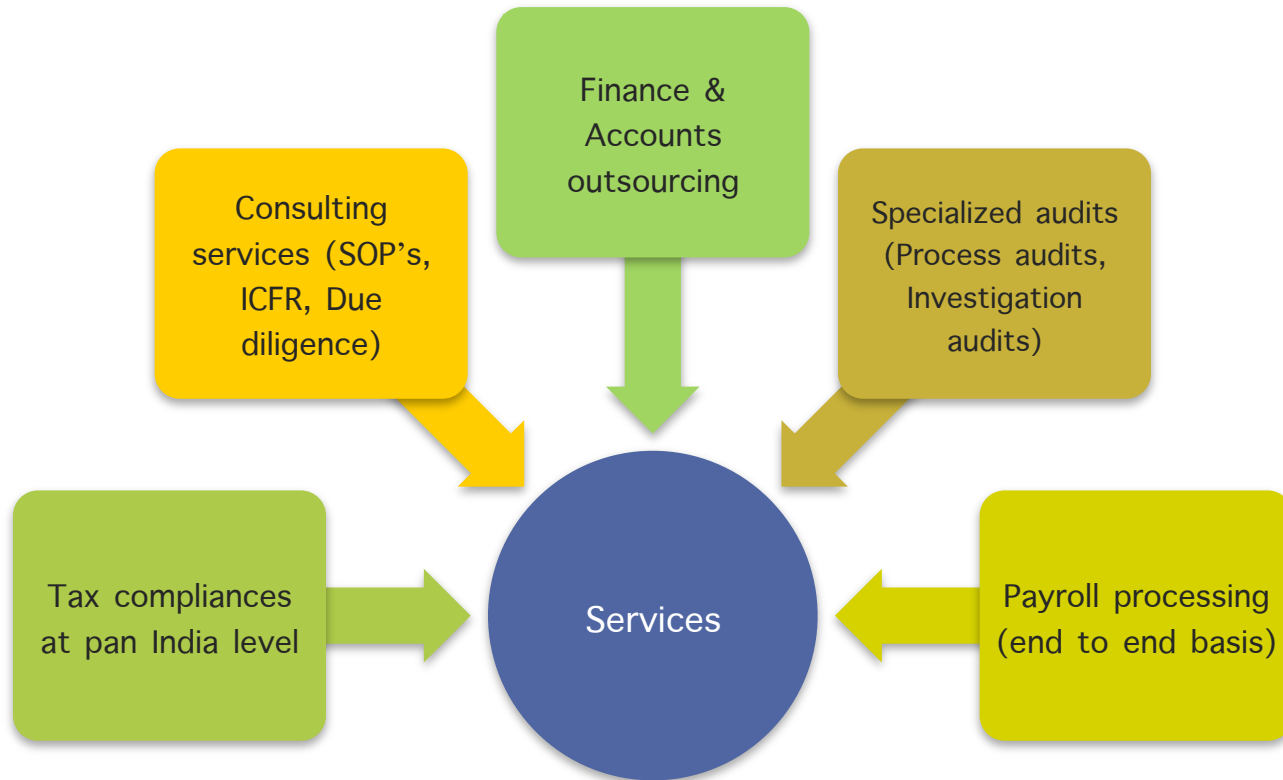
Impressive client  
retention  
period : **>7 years**



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



**99.87%** adherence  
to SLA's



# 6. Contact us

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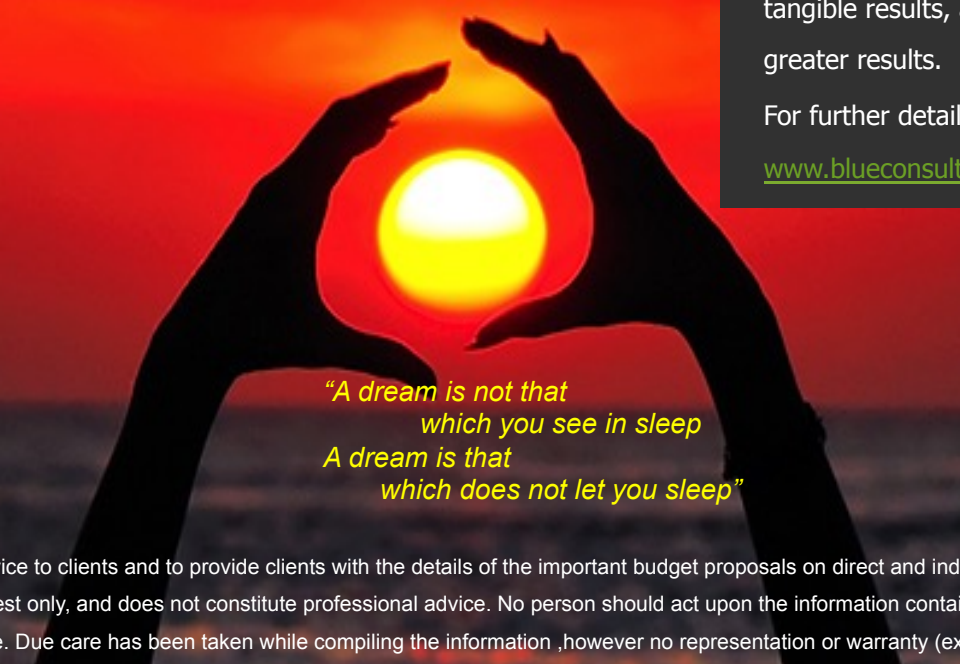
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*"A dream is not that  
which you see in sleep  
A dream is that  
which does not let you sleep"*