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Important Circulars & Notifications

October'16

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1. Income Tax



Title	Category	Description	Section/ Chapter	Date
CBDT's Revised Income Computation & Disclosure Standards (ICDS) applicable from the AY 2017-18	Notification Number 80/2016	<ul style="list-style-type: none">Central Board of Direct Taxes (CBDT) had earlier notified ICDS effective from tax year 2015-16 but in the view of concerns raised by stakeholders on challenges arising from implementation of ICDS and pending revision of tax audit form to capture disclosures required in terms of ICDS, CBDT had announced deferment of the effective date of ICDS by one year vide Press Release in July 2016.Now in regard to this, CBDT has rescinded the old ICDS and notified amended ICDS to be effective from AY 2017-18 and onwards. These amended ICDS also are for compliance by the taxpayers following the mercantile system of accounting, for the purposes of computation of income chargeable to income tax under the Business head or Other Sources head.The amendments aim to bring the amended ICDS closer to Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). <p>[Read More]</p>	ICDS	29 th Sep, 2016

Title	Category	Description	Section/ Chapter	Date
<p>Section 234E Fee cannot be levied on TDS deducted prior to 01.06.2015</p>	<p>Case Law</p>	<p>Sri Fatheraj Singhvi & Ors Vs. Union of India & Ors (Karnataka HC)</p> <p>Facts:</p> <ul style="list-style-type: none"> ▪ During the financial year 2012-13, the taxpayer filed delayed TDS returns. While processing the TDS return, the AO raised a demand in an intimation issued under section 200A of the act. The AO held that taxpayer is liable to pay fees under Section 234E of Act for delayed filing of the TDS statement. <p>Held:</p> <ul style="list-style-type: none"> ▪ As the amendment to section 200A, in respect of fee for the default in furnishing of statements under the provisions of Section 234E has come into effect on 1.6.2015 and has prospective effect, no computation of fee for the demand or the intimation for the fee u/s 234E can be made for TDS deducted prior to 1.6.2015. Hence, it was held that the demand notices u/s 200A for payment of fee u/s 234E is without authority of law. <p>[Read More]</p>	<p>Section 200A 234E</p>	<p>26th August, 2016</p>

Title	Category	Description	Section/ Chapter	Date
<p>Section 14A cannot be invoked if there is no regular activity in respect of Investment</p>	<p>Case Law</p>	<p>M/s Power Grid Corporation of India Ltd. Vs DCIT (ITAT Delhi)</p> <p>Facts:</p> <ul style="list-style-type: none"> The assessee has suo motu disallowed the expenses in respect of exempted income. However, the AO made the disallowance of the expenditure attributable to the income not forming part of the total income as per the provisions of Section 14A of the Income Tax Act, 1961 read with rule 8D. On making an appeal to the CIT(A), the orders of the AO were upheld aggrieved by which, the assessee is in appeal before the ITAT <p>Held:</p> <ul style="list-style-type: none"> ITAT Delhi Held that Section 14A of Income Tax Act,1961 cannot be invoked, where no regular activities were undertaken by the Assessee in respect of the investments to earn exempt income and where there had been no change in the investments during the year. <p>[Read More]</p>	<p>Section 14A</p>	<p>06th Oct, 2016</p>

Title	Category	Description	Section/ Chapter	Date
<p>Machines containing Computer & Computer Software not eligible for depreciation @ 60% alike Computer & Computer Software</p>	<p>Case Law</p>	<p>M/s. Dinamalar Tirunelveli Vs The Income-Tax Officer (Madras High Court)</p> <p>Facts:</p> <ul style="list-style-type: none"> The assessee company is engaged in the business of publication of daily newspaper and claimed 60% depreciation on computerised machines. The AO disallowed the claim of higher depreciation at 60% on the ground that only computers including computer software is eligible for depreciation at 60%. The above said machineries are computerized machines and are not computers classified in the depreciation table. Hence they are eligible for depreciation @ 15% only. <p>Held:</p> <ul style="list-style-type: none"> It was held that Machines containing computer & computer software cannot be termed as 'computer & computer software' itself, eligible for depreciation @ 60%. However 'computer and computer software' in this category itself is eligible for depreciation @60%. <p style="text-align: right;">[Read More]</p>	<p>Section 32</p>	<p>02nd Sep, 2016</p>

Title	Category	Description	Section/ Chapter	Date
Section 54 Exemption to be allowed despite non completion of new Property Purchase deal	Case Law	<p>CIT Vs Mrs. Shakuntala Devi (Karnataka High Court)</p> <p>Facts:</p> <ul style="list-style-type: none"> AO disallowed the exemption from LTCG u/s 54 of the Act on the grounds that the sale transaction of new property had not been concluded, no registration of sale deed had taken place and balance consideration amount was yet to be paid even after 2 years of sale of the flat. <p>Held:</p> <ul style="list-style-type: none"> It was held that the intention of legislature was to encourage the investment in the acquisition of residential house or construction thereof. Hence, sale consideration received by the assessee is entitled to benefit under Section 54 of the Act, even though the transaction for purchase of new property was not completed and possession was also not handed over to the assessee within 2 years. <p>Read More</p>	Section 54	28 th Sep, 2016

Title	Category	Description	Section/ Chapter	Date
<p>Addition for mere appearing of TDS credit in form 26AS not justified</p>	<p>Case Law</p>	<p>P.K. Rajasekar vs. ITO (ITAT Chennai)</p> <p>Facts:</p> <ul style="list-style-type: none"> ▪ The assessee company is engaged in the business of laying cables. During the year under consideration, the assessee had received certain amount from Tulip Telecom Pvt Ltd and the assessee had offered the same amount for taxation. However, while filing the TDS return, Tulip Telecom P. Ltd mentioned a higher amount credited to assessee, by mistake. ▪ The AO is of the contention that assessee shall be fully liable for tax in respect of all the credit appearing in 26AS. <p>Held:</p> <ul style="list-style-type: none"> ▪ It was held that Addition for mere appearing of TDS credit in form 26AS not justified. The AO should examine the differences and find the real nature of transactions and cannot take advantage of the ignorance or handicap of the assessee or say that there was undisclosed receipt by the assessee. <p style="text-align: right;">Read More</p>	<p>26AS Tax Credit</p>	<p>15th Sep, 2016</p>



...contd. [Income Tax]

Title	Category	Description	Section/ Chapter	Date
CBDT signs 5 Unilateral Advance Pricing Agreements (APAs) with Indian taxpayers today raising the total number of APAs to 108	News	<ul style="list-style-type: none">▪ CBDT on 27th October, has entered into five Unilateral Advance Pricing Agreements (APAs) with Indian taxpayers here today which cover a range of international transactions, including sale of finished goods, purchase of raw materials, software development services, IT enabled services, exports and interest payment pertaining to different industrial sectors like manufacturing, IT services, etc.▪ The agreements provide certainty to the taxpayers for 5 years with regard to the covered international transactions. With this signing, the total number of APAs signed so far has reached 108. Read More	Press Release	27 th Oct, 2016

Title	Category	Description	Section/ Chapter	Date
<p>TDS provisions are not applicable in case of lump sum lease premium paid for acquisition of long-term lease</p>	<p>Circular No 35/2016</p>	<ul style="list-style-type: none"> ▪ CBDT vide circular 35/2016 issued on 13th October, clarified that TDS provisions under section 194I of the Income Tax Act, 1961 is not applicable in case of lump sum lease premium paid for acquisition of long-term lease. ▪ Section 194I of the Income Tax Act mandates tax deduction at source at the prescribed rates from payment of any income by way of rent. The Circular was issued as a result of representations received by the CBDT regarding clarification on the applicability of section 194I of the Income Tax Act on 'lump sum lease premium' or 'one-time upfront lease charges'. ▪ Earlier, the Delhi and Chennai High Courts were expressed a view that these payments constitutes capital expenses and hence, TDS provisions are not applicable. Henceforth, the Board issued the present circular in order to give effect to the above decisions. <p>Read More</p>	<p>194I</p>	<p>13th Oct, 2016</p>

Title	Category	Description	Section/ Chapter	Date
<p>Allowance of Chapter VI-A Deduction on enhanced Profits</p>	<p>Circular No 37/2016</p>	<ul style="list-style-type: none"> ▪ CBDT vide circular 37/2016 issued on 13th October, clarified that the deduction under Chapter VI-A is admissible on the enhanced profits due to disallowance made under sections 32, 40(a)(ia), 40A(3), 43B, etc. ▪ Chapter VI-A of the Income-tax Act, 1961 ("the Act"), provides for deductions in respect of certain incomes. In computing the profits and gains of a business activity, the Assessing Officer may make certain disallowances, such as disallowances pertaining to sections 32, 40(a)(ia), 40A(3), 43B etc., of the Act or disallowance out of specific expenditure claimed. The effect of such disallowances is an increase in the profits. ▪ Hence , in order to clarify doubts as to whether such higher profits would also result in claim for a higher profit-linked deduction under Chapter VI-A, CBDT has confirmed allowance of Chapter VI-A Deduction on enhanced profits. <p>Read More</p>	<p>Chapter VI-A</p>	<p>02nd Nov, 2016</p>

2. Service Tax



Title	Category	Description	Section/ Rule	Date
Judgment of Delhi high court quashing rule 5A(2) of service tax rules, 1994 and holding service tax audits as invalid, has been stayed by Supreme Court	Stay Order	<ul style="list-style-type: none">Supreme Court on September 26, 2016, has stayed the Delhi High Court final order and judgment dated June 3, 2016 in the case of Mega Cabs Pvt. Ltd. New Delhi.The said Delhi High Court order had held the Rule 5A(2) of Service Tax Rules, 1994 as ultra vires the Finance Act, 1994 to the extent it authorised service tax audit by departmental officers or audit party deputed by the CAG. It was made clear that the officers of the Department as well as the CAG officers also have no power to conduct audit of the assessee records.In the wake of the Delhi High Court order dated 03.06.2016, the audit of the service tax units was stopped by the service tax authorities. Now the authorities can resume the audit of service tax entities. <p>Read More</p>	Rule 5A(2) of Service Tax Rules, 1994	26 th Sep, 2016

Title	Category	Description	Section/ Chapter	Date
<p>Revised Guidelines for arrest in relation to offences punishable under the Finance Act, 1994</p>	<p>Circular No 201/11/2016-ST</p>	<ul style="list-style-type: none"> ▪ Presently, the power of arrest in Service Tax is available only if a person collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government beyond the period of 6 months from the date on which such payment becomes due and the amount exceeds Rs. 2 crores. ▪ In furtherance to above, CBEC vide Circular No. 201/11/2016 has provided various factors which must invariably be kept in mind before arresting a person like the collection of an amount exceeding 2 Crore as service tax should be clear and self evident from the invoices, bills, contracts, etc., the ST3 return filed by the assessee for the relevant period should be available in file, failure should be beyond the period of 6 months from the date on which such payment becomes due etc. ▪ The arrest proceedings may also be carried further if the alleged offender is likely to hamper the course of further investigation or tamper with evidence or intimidate or influence witnesses. <p style="text-align: right;">Contd...</p>	<p>Section 89,90,91 of the Finance Act, 1994.</p>	<p>30th Sep, 2016</p>



Title	Category	Description	Section/ Chapter	Date
<p>...contd (Revised Guidelines for arrest in relation to offences punishable under the Finance Act, 1994)</p>	<p>Circular No 201/11/20 16-ST</p>	<ul style="list-style-type: none"> ▪ It is directed that henceforth arrest and prosecution of a person may be considered only in cases where evasion of Central Excise duty or misuse of CENVAT Credit is equal to or more than Rs. 2 crores as against earlier limit of Rs. 1 crore in order to maintain uniformity of practice in Central Excise and Service Tax. ▪ It has further been reiterated that arrest and prosecution need not be resorted to in cases of technical nature i.e. where the additional demand of duty/tax is based totally on a difference of opinion regarding interpretation of law. <p>Read More</p>	<p>Section 89,90,91 of the Finance Act, 1994.</p>	<p>30th Sep, 2016</p>

3. GST – Goods & Service Tax



Title	Description
GST Rates Decided, 4 Slabs Ranging From 5 To 28%	<ul style="list-style-type: none">▪ The GST council has decided a four-tier GST tax structure of 5, 12, 18 and 28 per cent, with lower rates for essential items and the highest for luxury and de-merits goods that would also attract an additional cess.▪ With a view to keeping inflation under check, essential items including food, which presently constitute roughly half of the consumer inflation basket, will be taxed at zero rate.▪ The lowest rate of 5 per cent would be for common use items while there would be two standard rates of 12 and 18 per cent under the GST. Luxury cars, tobacco and aerated drinks would also be levied with an additional cess on top of the highest tax rate.
Govt plans overhaul of tax administration for smooth GST rollout	<ul style="list-style-type: none">▪ The government has readied plans for a major change in India’s tax administration structure, including overhauling the Central Board of Excise and Customs (CBEC) to ensure a hassle-free roll-out of a nation-wide goods and services tax (GST).▪ For the purposes of administration, the country will be divided into 24 zones and 107 GST commissionerates. Besides, there will be one audit and one appeal commissioner for every GST commissionerate.▪ A Directorate General of Dispute Resolution (DGDR) will also be set up, to deal with possible Centre-state and inter-state rows that may arise after the new tax system kicks in.



...contd. [GST – Goods & Service Tax]

Title	Description
Treatment of Cesses & Compensation to States	<ul style="list-style-type: none">▪ While the proposed GST regime shall subsume certain taxes – both Central and of States, it is not certain as to what would be the fate of cesses such as Swachh Bharat Cess (SBC) and Krishi Kalyan Cess (KKC).▪ The GST Council has decided that luxury and de-merits goods would also attract an additional cess, lapsable after 5 years, and also the clean energy cess would be used for compensating states for any loss of revenue during the first five years of implementation of GST.
GST to lend more weight to India's 8% growth projection	<ul style="list-style-type: none">▪ GST passage, unarguably being one of the major structural tax reforms is expected to improve efficiency, cross-state trade and tax buoyancy, thus giving boost to the conviction of around 8% GDP growth forecast over next few years.
Existing 80 Lakhs Assesseees To Transfer on GSTN w.e.f 8th November 2016	<ul style="list-style-type: none">▪ Approximately, 80 lakhs of the existing assesseees of Excise, Customs , Service Tax and VAT will start shifting to GSTN Portal on 8th November 2016. This is going to be one of the biggest moves for GST implementation ever taken in India.▪ GSTN back-end for 19 states will be ready by December 2016 .These are made by GSTN itself for such 19 states.▪ New registration will commence from 1st April 2017 the projected notified date.

4. Others



Title	Category	Description	Section/ Rule	Date
MCA has introduced SPICE (Simplified Proforma for incorporating company electronically) in e-form INC-32	Notification	<ul style="list-style-type: none"> ▪ In keeping with international practices, the Ministry of Corporate Affairs (MCA) has come up with a new scheme for filing an incorporation application with the Registrar of Companies under the Companies Act 2013 called the Simplified Proforma for Incorporating Company Electronically (SPICE). ▪ The new integrated process of incorporation of a company introduced in e-form INC-32 with Memorandum of Association (e-MOA) and Articles of Association (e-AOA) in e-form INC-33 and INC-34 respectively. ▪ This form can be file even after approval of INC-1. This facility was not provided in INC-29. <p style="text-align: right;">....contd.</p>	The Gazette Of India	01 st Oct, 2016



...contd. [Others]

Title	Category	Description	Section/ Rule	Date
...contd. (MCA has introduced SPICE (Simplified Performa for incorporating company electronically) in e-form INC-32)	Notification	<ul style="list-style-type: none">With new e-MOA and e-AOA, there is no need of the traditionally used subscriber sheet. Digital signature of subscribers will be required instead.Witness to the subscriber to the company must also sign digitally.Information in the form is increased in comparison of INC-29. [Read More]	The Gazette Of India	01 st Oct, 2016
Issuance and subsequent withdrawal of circular regarding speedy disposal of all refund claims	Circular	<ul style="list-style-type: none">DVAT issued a circular regarding speedy disposal of all refund claims u/s section 38 of the DVAT Vide circular No. 15-2016/17 dated 03/10/2016. DVAT vide further circular no. 16 dated 04/10/2016 withdrew the above circular no. 15 regarding speedy disposal [Read More]	Section 38 of DVAT	3 rd & 4 th Oct, 2016

Title	Category	Description	Section/ Rule	Date
CBEC launched 'Mission Zero' to reduce pendency	News	<ul style="list-style-type: none"> ▪ Mission Zero has been launched there with the objective of sharply reducing the Pendency of adjudications, refunds, rebates and drawback in a time bound manner. These items of work were picked as they most directly impact the ease of doing business. ▪ This is expected to reduce the burden of pending work load in order to be in ideal position to handle a transformational reform like GST. [Read More] 	CBEC	19 th Oct, 2016
Salaried taxpayers to get SMS alerts on TDS deductions	News	<ul style="list-style-type: none"> ▪ As many as 2.5 crore salaried tax payers will now receive SMS alerts from the Income Tax department regarding their quarterly TDS deductions through a facility launched by Finance Minister Arun Jaitley on 24th October, 2016. ▪ CBDT will soon offer this facility on a monthly basis. Tax payers can match the office salary slip and the SMS and at the end of the fiscal and be clear about any possible tax dues. [Read More] 	Press Release	24 th Oct, 2016



....contd. [Others]

Title	Category	Description	Section/ Rule	Date
RBI allows Start-ups to raise upto 3 Million via External Commercial Borrowings (ECB) annually	Circular RBI/2016-17/103	<ul style="list-style-type: none">▪ The RBI permitted start-ups recognized by the Central Government as on date of raising ECB to raise ECBs of up to USD 3 million in a financial year. Under this, Funds can be raised with a minimum maturity of 3 years.▪ The move is aimed at boosting innovation and promoting job creation. The RBI also stated that while issuing norms for ECB route for start-ups, the borrowing should be denominated in any freely convertible currency or in Indian Rupees (INR) or a combination thereof. <p>[Read More]</p>	RBI	27 th Oct, 2016

Title	Category	Description	Section/ Rule	Date
<p>Relaxation of Additional Fees/ Extension of Last Date/ Due Date by MCA for Filing of Form AOC-4, AOC-4 (XBRL), AOC-4 (CFS) and MGT-7</p>	<p>General Circular 12/2016</p>	<ul style="list-style-type: none"> In continuation to General Circular No. 08/2016 dt. 29.07.2016 and keeping in view the requests received from ICSI and various other stakeholders, MCA has decided to further extend the last date for filing of financial statements and annual returns using e-forms AOC-4, AOC-4(XBRL), AOC 4(CFS) or MGT 7, as the case may be, without payment of additional fee, wherever applicable, till 29 Nov. 2016. <p>[Read More]</p>	<p>MCA</p>	<p>27th Oct, 2016</p>



5. Interesting facts

- Google has been acquiring, on average, more than one company per week since 2010.
- 16% to 20% of the searches Google gets each day have never been Googled before.
- China has treatment camps for Internet addicts.
- 19% of married couple meet on the internet .
- Excite (the running number two "search engine" company then) turned Google down in 1999 when they were willing to sell the company for \$1,000,000.
- 1/3 of all the U.K. divorce filings included the word 'Facebook'.
- People generally read 25% slower from a computer screen compared to paper.
- J K Rowling is the first person to earn a 1 billion dollars (INR 6700 crores) by writing books.

6. 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**



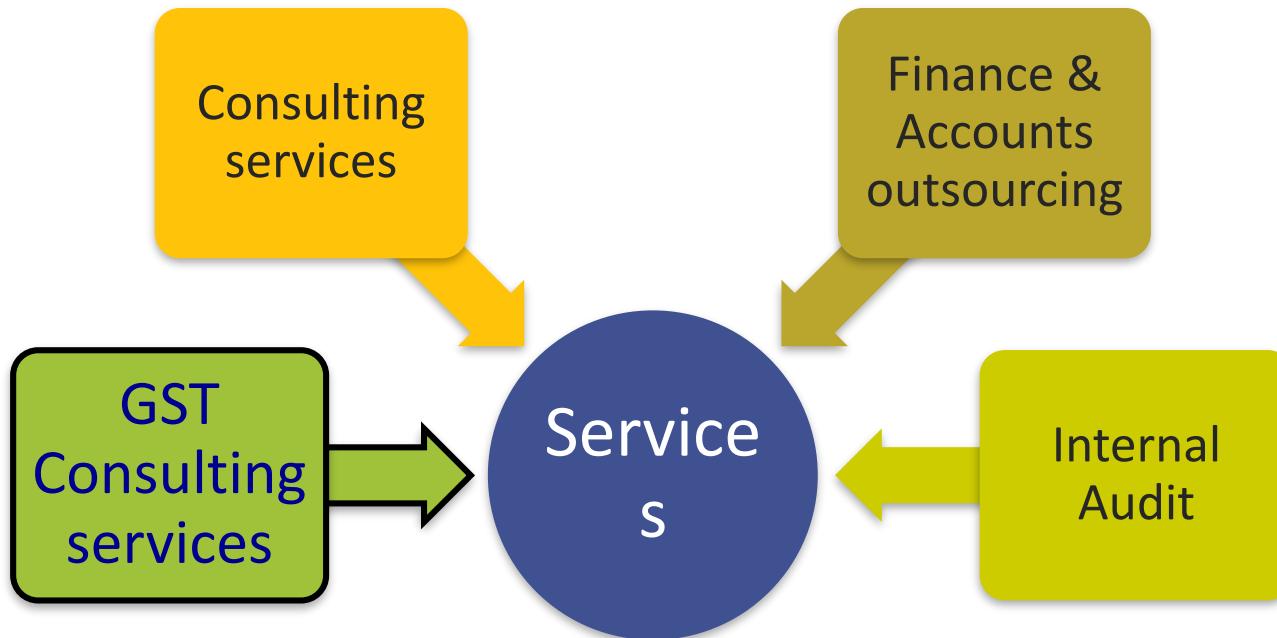
Impressive client
retention
period : **>7 years**



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



99.87% adherence
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Blue Consulting Pvt. Ltd.

Chandan Goyal

Chief Executive Officer

Mobile : +91 98104 10421

Ph : +91 120 4113 075

chandan.goyal@blueconsulting.co.in

G-1, 3rd Floor, Sector-6
Noida-201301

www.blueconsulting.co.in

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