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Important Circulars & Notifications

September'16

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F&A Services,
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Doing common things, Uncommonly way.

Index



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Internal Audit | Taxation | F&A Outsourcing | Consulting

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1. Income Tax



Title	Category	Description	Section/ Chapter/ Rule	Date
No penalty for not declaring STCG due to bonafide mistake/clerical error	Case Law	<p>Shri Raj Dutta vs. JCIT (ITAT Delhi)</p> <p>Facts:</p> <ul style="list-style-type: none"> The assessee filed the return of Income for assessment year 2006-07 that was under-declared by the amount of Short-term Capital Gain which was subsequently offered for taxation when the assessment was completed under section 143 (3) of the Income-tax Act, 1961 vide order dated 29.12.2008. Assessee challenged the penalty order by way of an appeal before the CIT (A) who affirmed the penalty order by dismissing the appeal. <p>Held:</p> <ul style="list-style-type: none"> The assessee candidly admitted that certain amount of short term capital gain has not been declared because of the fact that sale price of the mutual funds attracting short term capital gain was wrongly booked due to pressure of work and it was stated to be a bonafide mistake. <p style="text-align: right;">Contd...</p>	Section 271(1)(c)	12 th August, 2016



Title	Category	Description	Section/ Chapter/ Rule	Date
<p>...contd (No penalty for not declaring STCG due to bonafide mistake/clerical error)</p>	<p>Case Law</p>	<ul style="list-style-type: none"> It was held that, in the given case, the mistake is bonafide and unmeant as to wrongly computing the short term capital gain and the assessee cannot be held guilty of concealment of particulars of income so as to attract penalty u/s 271(1)(c); [Read More] 	<p>Section 271(1)(c)</p>	<p>12th August, 2016</p>

Title	Category	Description	Section/ Chapter/ Rule	Date
<p>Seven districts in Andhra Pradesh notified for availing Tax incentives under section 32(1)(ia) and 32AD of the Income Tax Act</p>	<p>Notification Number 85/2016</p>	<ul style="list-style-type: none"> ▪ CBDT has notified that it is extending tax incentives under section 32(1)(ia) and section 32AD of the Income-tax Act for seven districts in Andhra Pradesh in order to boost industrial activity. ▪ Accordingly, any manufacturing undertaking set up during the period from April 1, 2015 to March 31, 2020 in these districts of Andhra Pradesh is eligible for 15 per cent of higher additional depreciation and 15 per cent of investment allowance on the cost of plant and machinery acquired by it during the said period. These incentives are in addition to other tax benefits available under the Income-tax Act. ▪ The seven districts of Andhra Pradesh notified as backward areas are — Anantapur, Chittoor, Cuddapah, Kurnool, Srikakulam, Vishakhapatnam and Vizianagaram. <p>[Read More]</p>	<p>Section 32(1)(ia) 32AD</p>	<p>28th Sep, 2016</p>

Title	Category	Description	Section/ Chapter/ Rule	Date
Tax Information Exchange Agreement (TIEA) with Seychelles operationalised	Notification Number 80/2016	<ul style="list-style-type: none"> ▪ In order to suppress tax evasion and avoidance, India has operationalised the Tax Information Exchange Agreement (TIEA) with Seychelles. ▪ The TIEA, which was notified on September 8, 2016, would allow authorities of both countries to seek information held by banks or financial institutions., which may be used to track fund flow. Also, information regarding the legal and beneficial ownership of companies and partnerships can be sought. ▪ Information received under the agreement shall be treated as confidential and may be disclosed only to persons or authorities concerned after assessment, collection, enforcement, prosecution or determination of appeals in relation to taxes covered under the agreement. <p>[Read More]</p>	Section 90	08 th Sep, 2016

2. Service Tax



Title	Category	Description	Section/ Chapter/ Rule	Date
Exemption of Service Tax on upfront amount on Lease of Industrial Plots	N/N. 41/2016-ST	<ul style="list-style-type: none"> The CBEC, vide N/N. 41/2016-ST, has exempted taxable service provided by State Government Industrial Development Corporations/ Undertakings by way of granting long term (thirty years, or more) lease of industrial plots to industrial units from so much of service tax which is leviable on the one time upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for such lease. Read More 	Section 66B of the Finance Act, 1994.	22 nd Sep, 2016
Service Tax Return to be filed in Amended Form ST 3 by 25th October, 2016	N/N. 43/2016-ST	<ul style="list-style-type: none"> The CBEC has amended/revised Form ST 3–Half Yearly Service Tax Return vide Notification No. 43/2016-Service Tax dt. 28/09/2016 on 'Service Tax Rules, 2016' to facilitate changes in Tables relating to the details of Krishi Kalyan Cess (CENVAT, Payment and Liability) and detailed disclosure of reversal under Cenvat Credit Rule 6(3A). [Read More] 	Section 70 of Finance Act, 1994 Rule 7 of ST Rules	28 th Sep, 2016



...contd. [Service Tax]

Title	Category	Description	Section/ Chapter /Rule	Date
Services by way of advancement of Yoga ousted from Service Tax ambit, retrospectively	N/N. 42/2016-ST	<ul style="list-style-type: none">▪ The services by way of advancement of yoga are now out of the scope of service tax. The CBEC, vide N/N. 42/2016-ST, has removed the service tax liability upon such services provided by an entity registered under section 12AA of the Income Tax Act retrospectively.▪ Yoga has been exempted from Service Tax, in Finance Act , 2015. Hence, this notification exempts Yoga from service tax for services rendered during the period 1.07.2012 to 20.10.2015. Read More	Section 66B of the Finance Act, 1994.	26 th Sep, 2016
Retrospective Service Tax Exemption on transportation to educational institutions	N/N. 45/2016-ST	<ul style="list-style-type: none">▪ The CBEC, vide N/N. 45/2016-ST, has removed the service tax liability upon service of transportation, by educational institutions to students, faculty and staff retrospectively.▪ This notification exempts aforementioned service from service tax for services rendered during the period 1.04.2013 to 10.07.2014. Read More	Section 66B of the Finance Act, 1994.	30 th Sep, 2016



3. GST – Goods & Service Tax

Title	Description
Formation & Functioning of GST Council	<ul style="list-style-type: none">▪ The cabinet has cleared the formation and functioning of GST Council, that is to be chaired by Union Finance Minister, and comprising of Minister of State for Finance and all state finance ministers.▪ The council will decide on the tax rate, exemptions and threshold limits in the new indirect tax regime, which is expected to kick from April 1, 2017.
Apex Indirect tax body 'CBEC' to be renamed as 'Central Board of Indirect Taxes'(CBIT)	<ul style="list-style-type: none">▪ As per the draft dealing in GST organisational structure, once the new national indirect tax framework kicks in from April 1, 2017, the apex indirect tax body 'Central Board of Excise & Customs' (CBEC) will be renamed as 'Central Board of Indirect Taxes' (CBIT).▪ The organisational structure of GST is also being worked out. There will be changes in the composition of the Board to make it more comprehensive in respect of new indirect tax regime.
Ratification of GST bill by another Congress-ruled State	<ul style="list-style-type: none">▪ Meghalaya became the 17th and the second Congress-ruled state after Himachal Pradesh to ratify GST bill.

Title	Description
RBI gives thumbs up to 18 per cent GST rate	<ul style="list-style-type: none">▪ While GST Council is yet to decide on a GST Rate the RBI has stated that the dual rate structure with a Standard rate of 18 per cent and low rate of 12 per cent is likely to have a minimal impact on inflation.▪ However, the RBI report states that if the rate is increased to 22 per cent, the impact on aggregate inflation would be in the range of 0.3-0.7 per cent
GST council sets exemption threshold for tax at Rs.20 lakh	<ul style="list-style-type: none">▪ The Goods & Services Tax (GST) Council has decided that businesses in the North-eastern and hill states with annual turnover below Rs.10 lakh would be out of the GST net, while the threshold for the exemption in the rest of India would be an annual turnover of Rs.20 lakh.▪ Those who have annual turnover of less than 1.5 Crore are said to be assessed by the State authorities.
GST Council approves five sets of draft rules	<ul style="list-style-type: none">▪ GST Council has approved draft rules on registration for GST, payment, refund, returns & invoices debit & credit note.▪ With this, 5 sets of draft rules - registration, payment, refund, returns and invoices have been approved by GST Council.



4. Others

Title	Category	Description	Section/ Rule	Date
ESIC hikes wage ceiling from Rs. 15000 to Rs.21000 w.e.f 1st Oct 2016	ESI	<ul style="list-style-type: none">ESIC has raised the threshold wage limit from Rs 15,000 to Rs 21,000 to be implemented w.e.f. 01/10/2016.ESIC Board has also decided to give an option to existing insured persons to continue membership even if their wage breaches the ceiling of Rs 21,000 per month. [Read More]		06 th Sep, 2016
Income Tax ITR filing extension of due date from 30-9-2016 to 17-10-2016	CBDT Order	<ul style="list-style-type: none">Date has been extended to 17th Oct'2016.Accordingly, tax audit date also stands extended to 17th Oct'2016.This has been done to avoid clash with the last date of making declaration under Income Declaration Scheme, 2016.	Section 119	09 th Sep, 2016

Title	Category	Description	Section/ Rule	Date
<p>ICAI creates support desk for implementation of Indian AS.</p>	<p>News</p>	<ul style="list-style-type: none"> ▪ The era of implementation of Indian AS has begun in India with the beginning of financial year 2016-17. In this regard, a number of issues are constantly being faced by the Small and Medium Practitioners (SMPs) and companies in the implementation of Indian AS. ▪ So in order to address the difficulties faced by the members and stakeholders as early as possible, ICAI has decided to launch a "Support-desk for Implementation of Indian AS" wherein queries, questions, suggestions can be submitted online through the link. [Read More] 	<p>ICAI</p>	<p>16th Sep, 2016</p>



...contd. [Others]

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Title	Category	Description	Section/ Rule	Date
Cabinet approves to advancing Union Budget Date to February 1	News	<ul style="list-style-type: none">▪ The Cabinet, chaired by Prime Minister, has approved advancing the Union Budget date most likely to first date of February, as against the traditional practise of the last day of the month of February.▪ This is largely being done to remediate the practice of a separate railway budget. Another purpose also being ensuring implementation of the Budget proposals from April 1, the start of a financial year. [Read More]	Press Release	21 st Sep, 2016
Railway Budget presented separately for 92 Years now to be merged With Union Budget	News	<ul style="list-style-type: none">▪ The Rail budget will be merged with the Union Budget starting from Budget Session 2017 breaking the 92 year old tradition of presenting Railway Budget separately.▪ Finance Ministry has described this merger as "top priority" after the cabinet gave its approval for the same. [Read More]	Press Release	21 st Sep, 2016



5. Interesting facts

- China has more US dollars than the US.
- One share of Coca-Cola purchased for \$40 at the company's IPO is now worth over \$10,000,000.
- One in ten Icelanders will become a published author in their lifetime where more books are written, published and sold per person per year than anywhere else on the planet.
- Lamborghini used to build Tractors before it started making Sports cars
- The Apple logo was designed with a bite so that it would not be confused with a cherry.
- The creators of archrivals Adidas and Puma were brothers.
- 70% of mobile phones are manufactured in China
- Around 80% of the world's population has a mobile phone

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
to SLA's



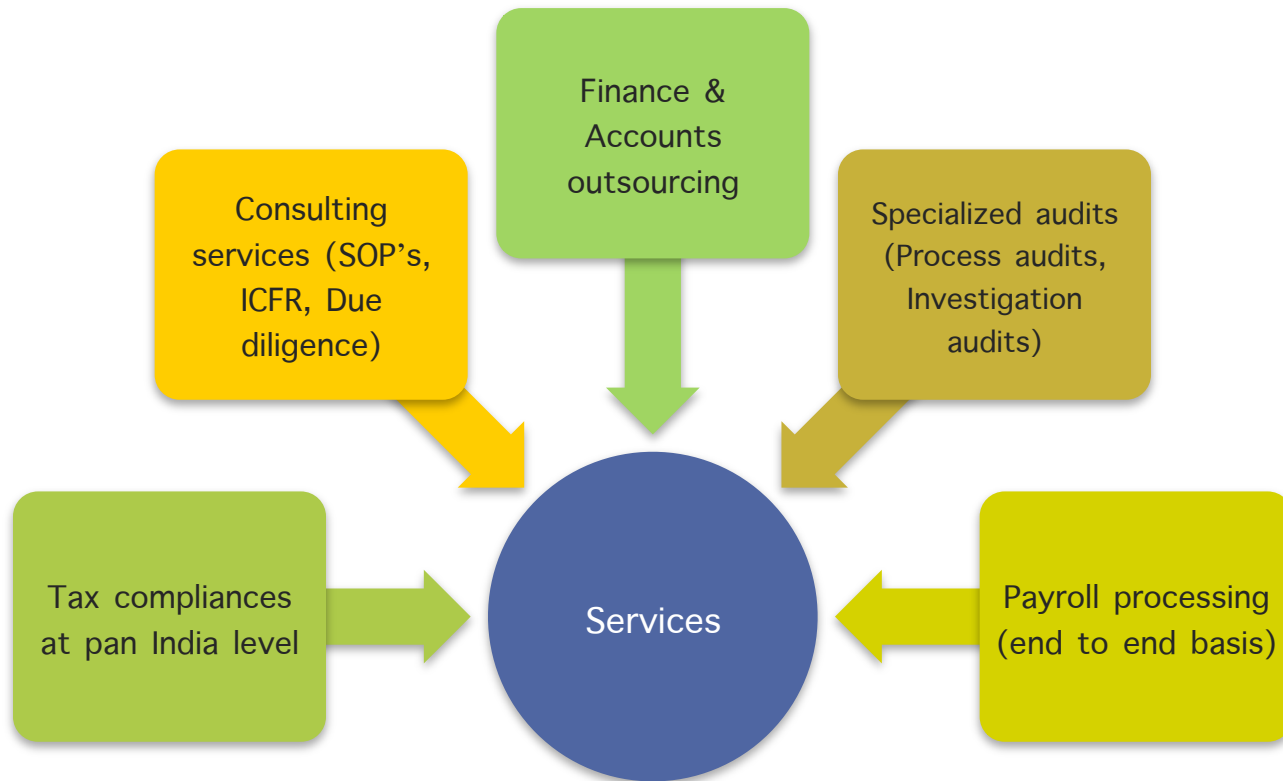
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GST Consulting and Implementation

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Good and Service Tax is the largest Indirect tax reform in India which is going to impact the way business is carried out at pan India level. It's going to replace almost all the existing Indirect tax or levies like Excise Duty, Service Tax , VAT, Entry Tax etc. It's impact will vary across the different kind of businesses.

At BC, we have a dedicated team for GST consulting and implementation support which consists of Indirect Tax experts who has extensive experience across the diverse industries. We offer following services under GST:

- **Impact Analysis**

Our team of experts will understand your business and carry out an impact analysis covering all the important aspects i.e. working capital requirement, logistic issues, job work vs. In-house, procurement, Maximum Retail Price

- **Tansition support**

For existing registered entities under various Indirect tax laws, there would be an automatic transition to GST regime. The transition process will require assessment of situation and positions of taxation liability under existing laws. We'll work out the strategy for transition to GST and it's likely impact on the closing balance of tax obligations and benefits.

- **Regular GST compliances**

Once GST is made applicable and transition process is complete, our next role would be to support you in regular compliances under GST which includes but not limited to new registrations, amendments in existing registration, calculation of periodical tax liability, preparation and filing of tax return, tax assessment etc.



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Disclaimer

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