

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE FOR THE MONTH OF JANUARY 2017

(Circulars/ Notifications released during the
month of January 2017)

30th January 2017

[Income Tax](#)

[Service Tax](#)

[Customs Duty](#)

Lovi Mehrotra & Associates

21-22, II Floor, Krishna Nagar,

Safdarjung Enclave,

New Delhi – 110029

www.lma.co.in

I. INCOME TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBDT Notification No. 01/2017 dated 02.01.2017 <i>(effective from</i> <i>A.Y. 2016-17)</i>	Sec 35(1)(ii) of Income Tax Act, 1961 read with Rule 5C & 5D of Income Tax Rules,1962	CBDT has notified TATA Translation Cancer Research Centre (TTCRC), as a 'Scientific Research Association' in terms of provisions of Sec 35 of the Act. Notification
2.	CBDT Circular No. 01/2017 dated 02.01.2017 CORRIGENDUM	Deduction of Tax At Source- Income Tax Deduction from salaries under section 192 of the Income Tax Act, 1961	CBDT has prescribed the rate of deduction of income Tax from the payment of income chargeable under the head "Salaries" for the financial year 2016-17. Circular Corrigendum to Circular No. 1/2017 is issued to correct error therein. Corrigendum
3.	CBDT Notification No. 2/2017 dated 06.01.2017	Income Tax (1 st Amendment) Rules, 2017	Income Tax Rules have been amended to provide that a person who has not quoted PAN or furnished Form No. 60 at the time of opening of bank account, shall furnish the same on or before 28.02.2017. Notification Press Release
4.	Notification No. 3/2017 dated 10.01.2017	Avoidance of double taxation and prevention of fiscal evasion	Central Government has notified the provisions of Double Taxation agreement between Government of India and Government of Cyprus for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income. <i>(effective from 01.04.2017)</i> Notification

5.	CBDT (DIT - System) Notification No. 1/2017 dated 17.01.2017	Procedure for registration and submission of statement of financial transaction (SFT)	CBDT has prescribed procedure for registration and submission of Statement of Financial Transactions (SFT) by specified reporting persons as per section 285BA of the Act. Notification
6.	CBDT Circular No. 2/2017 dated 18/01/2017	Clarification on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY)	CBDT has issued clarification on Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY) in respect of undisclosed income in the form of cash or deposit in an account. Circular Press Release
7.	CBDT Notification No. 4/2017 dated 18.01.2017	Exemption- Income of Investor Protection Fund set up by Commodity Exchange	NCDEX Investor (Client) Protection Fund Trust has been specified as a commodity exchange for relief under Section 10(23EC) of the Act. Notification
8.	CBDT Circular No. 4/2017 dated 20.01.2017	Operation of Circular No. 41/2016 dated 21.12.2016 regarding Indirect transfer provision	CBDT had issued Circular No. 41/2016 with respect to clarification on the scope of Indirect transfer provisions contained in Sec 9(1)(i) of the Act in respect of income that shall be deemed to accrue or arise in India. Representations have been received from various FPIs, FIIs, VCFs and other stakeholders stating that circular does not address the issue of possible multiple taxation of the same income. Pending a decision in the matter, operation of Circular No. 41/2016 is kept in abeyance for the time being. Circular Press Release
9.	CBDT Circular No. 5/2017 dated 23.01.2017	Measures for reducing litigation- Clarification on Circulars 21/2015 & 8/2016	CBDT has instructed its officials not to file appeal against court and tribunal judgement mechanically. Clarification issued on instructions issued vide circular 21/2015 with respect to filing of appeals by the Department. It has been clarified that appeals against adverse judgements should only be filed on merits. Further appeals which may have been filed in violation of these instructions should be withdrawn.

			Circular
10.	CBDT Circular No. 06/2017 dated 24.01.2017	Guiding principles for determination of Place of Effective Management (POEM) of a company	<p>CBDT lays down Guiding principles to be followed for determination of "POEM"- Place of Effective Management in terms of the amended provisions of Sec 6(3) of the Act.</p> <p>(Applicable from 1st April, 2017).</p> <p>Circular</p> <p>Press Release</p>
11.	CBDT Circular No. 7/2017 dated 27.01.2017	Clarifications on implementation of GAAR provisions under the Income Tax Act, 1961	<p>CBDT has issued clarification in respect of queries received about implementation of GAAR provisions.</p> <p>Circular</p> <p>Press Release</p>
12.	CBDT Press Release dated 04.01.2017	Advance Pricing Agreements	<p>CBDT has signed three Unilateral Advance Pricing Agreements pertaining to the Engineering Goods and Shipping sectors of the economy in terms of the APA Scheme that was introduced in the Act in 2012</p> <p>Press Release</p>

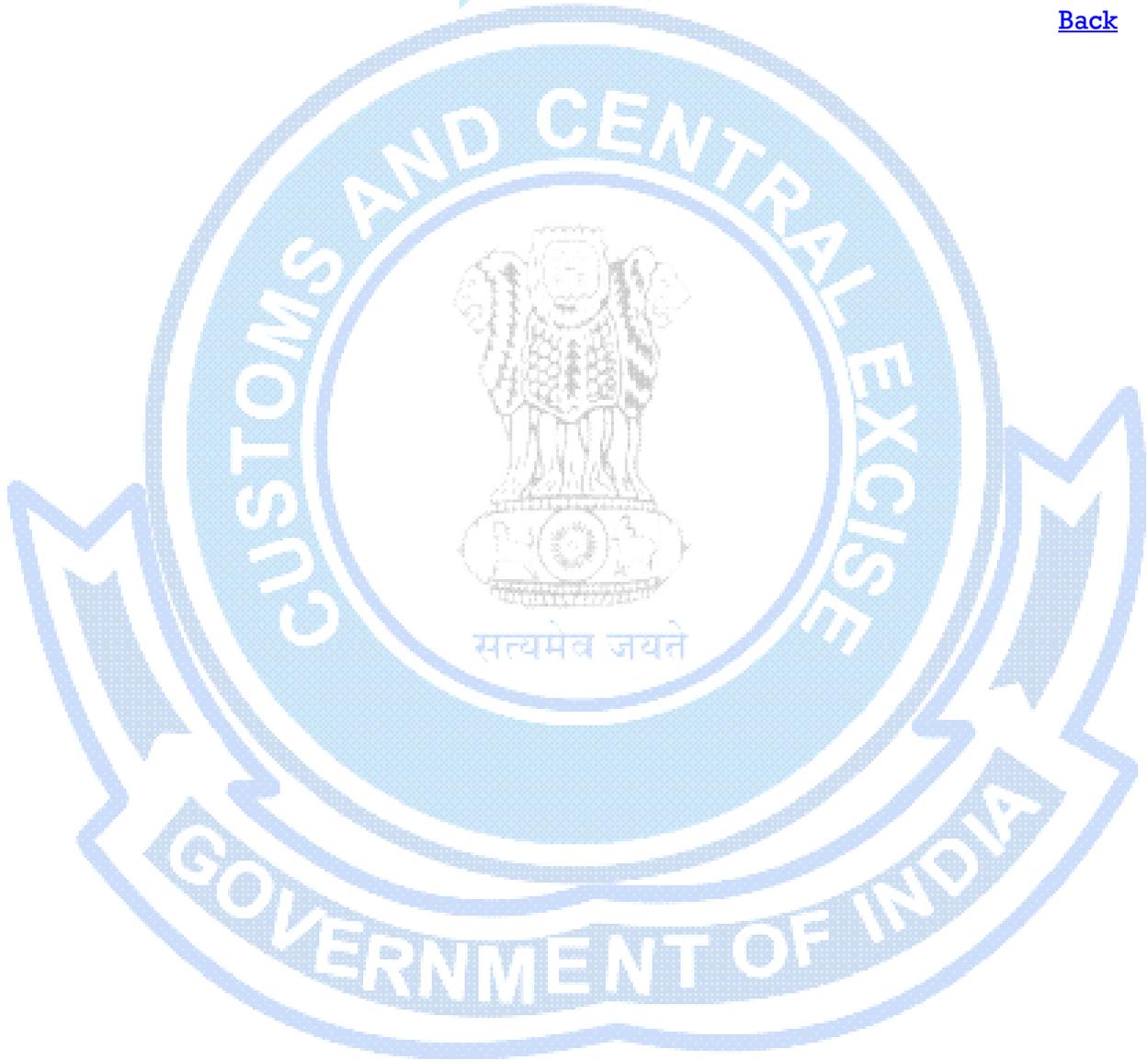
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SERVICE TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Notification No. 01/2017 - Service Tax dated 12.01.2017 <i>(effective date-22.01.2017)</i>	Amendment in Notification No. 25/2012-ST dated 20 th June, 2016 (Exempt Services)	Exemption from Service Tax provided vide Mega Notification 25/2012 shall not apply to following services- i) Online information and database access or retrieval services received by specified persons ii) Services by way of transportation of goods by a vessel from a place outside India up to the custom station of clearance in India. Notification
2.	Notification No. 02/2017 - Service Tax dated 12.01.2017 <i>(effective date-22.01.2017)</i>	Amendment in Service Tax Rules, 1994	Service Tax Rules, 1994 have been amended so as to exclude from the definition of aggregator such persons who enable a potential customer to connect with persons providing services by way of renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, subject to certain conditions. Notification
3.	Notification No. 03/2017 - Service Tax dated 12.01.2017 <i>(effective date-22.01.2017)</i>	Amendment in Notification No. 30/2012-ST dated 20 th June, 2016 (Reverse Charge)	Notification No. 30/2012 amended to include the following service within the ambit of Reverse Charge <i>"provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the custom station of clearance in India"</i> (100% payable by Service Receiver) Further by way of Explanation it has been provided that in respect of the above services, person liable for paying service tax other than the service provider shall be the person in India who complies with section 29, 30 or 38 read with section 148 of the Custom Act, 1962

			(52 of 1962) with respect to such goods. Notification
4.	Notification No. 04/2017 - Service Tax dated 12.01.2017 (effective date- 22.01.2017)	Amendment in Notification No. 26/2012-ST dated 20 th June, 2016 (Exempt Services)	Notification No. 26/2012 has been amended so as to rationalize the abatement for tour operator services (increased from 25% to 60%) Notification

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III. CUSTOMS DUTY

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBEC Notification No. 1/2017 dated 20.01.2017	Amendment in Notification No. 153/93 - Custom dated 13.08.1993	Amendment made in the conditions specified for exemption of telematic infrastructural equipments under the Software Technology Parks 100% Export Oriented Scheme from the whole of custom duty leviable thereon. Notification
2.	CBEC Notification No. 5/2017 dated 19.01.2017	Rate of Exchange	CBEC has notified the rate of exchange of conversion of foreign currency for import and export of goods for 20 currencies specified in Schedule I & Schedule II effective from 20th January, 2017. Notification
3.	CBEC Circular No. 1/2017- Custom dated 04.01.2017	Extending the Single Window Interface for Facilitation of Trade (SWIFT) to exports	Customs Single Window Interface for Facilitation of Trade (SWIFT) which has been successfully implemented for Imports has now been extended for export from 05.01.2017 as a pilot project at Chennai, Delhi and Mumbai Air cargo complexes for CITES / wildlife items. Circular
4.	CBEC Circular No. 03/2017- Custom dated 16.01.2017	Import of point of sale (PoS) terminal devices, its cells & batteries and labelling requirements	Ministry of Electronics and Information Technology (MeitY) have relaxed the import conditions of Point of Sale (PoS) terminal devices and cells/ batteries used in portable applications to certain extent. Circular

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Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.

Instead it is only a listing of some of the circulars/notifications that we considered important