

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE

FEBRUARY 2017

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

[Income Tax](#)

[Service Tax](#)

[Customs Duty](#)

28th February 2017

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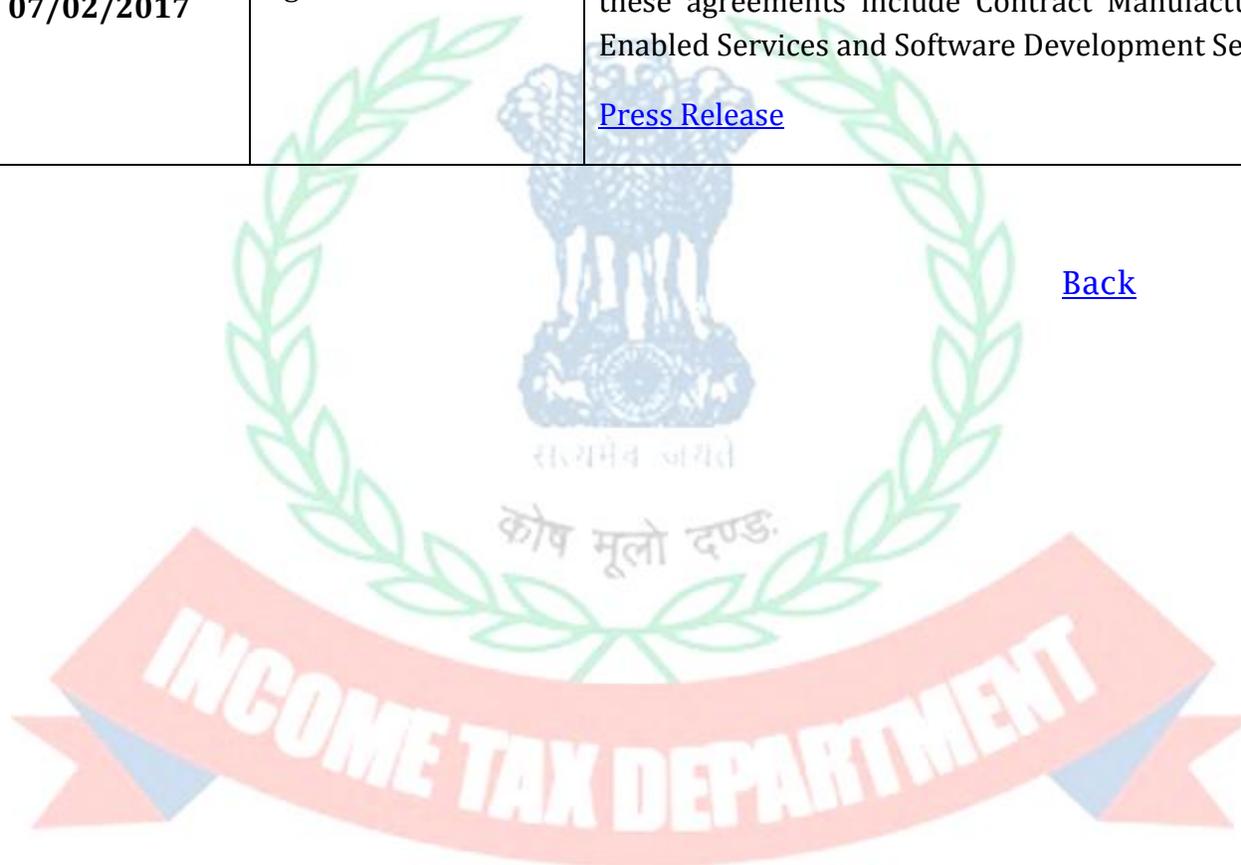
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I. INCOME TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBDT Notification No. 09/2017 dated 09.02.2017	Income Tax (2 nd Amendment) Rules, 2017	Income Tax Rules have been amended to provide for allotment of PAN/TDS/TCS number through a common application form notified by the Central Government in the official Gazette Notification
2.	CBDT Notification No. 11/2017 dated 17.02.2017 <i>(Effective from AY 2016-17)</i>	Section 35(1) (ii) of Income Tax Act, 1961	Jawaharlal Institute of Postgraduate Medical Education And Research (JIPMER), Puducherry has been approved for the purpose of Section 35(1)(ii) of the Act in the category of 'University, College or other Institution', engaged in research activity. Notification
3.	CBDT Notification No. 12/2017 dated 21.02.2017	Amendment in notification S.O. 576(E) dated 23 rd May, 2003	Partial amendment in Notification dated 23-05-2003 to harmonise it with the provisions of Sec 138 of the Act in respect of disclosure of information by the Income Tax Authorities to any person or authority in terms of the provisions of the said section. Notification
4.	CBDT Circular No. 08/2017 dated 23/02/2017	Clarification for determination of Place of Effective Management (POEM) of a company, other than an Indian company	The concept of POEM for determining residential status of a company other than an Indian company was introduced in Finance Act 2015 and applies to A.Y. 2017-18 onwards As per Section 6(3)(ii) of the Act , a company is said to be resident in India in any previous year, if its " place of effective management ", in that year, is in India. CBDT has now clarified that existing provision of Section 6(3)(ii) of the Act , shall not apply to a company having turnover or gross receipts of Rs. 50 crores or less in a financial year. Circular

5.	Press Release dated 01/02/2017	Salient Direct Tax Proposals in Union Budget 2017	Salient features of Direct tax proposals made in Union Budget 2017 have been summarized by way of a Press Release. Press Release
6.	Press Release dated 07/02/2017	Advance Pricing Agreements	CBDT has signed four Unilateral Advance Pricing Agreements pertaining to the Manufacturing, Financial and Information technology sectors of the economy in terms of the APA Scheme that was introduced in the Act in 2012. The international transactions covered in these agreements include Contract Manufacturing, IT Enabled Services and Software Development Services. Press Release

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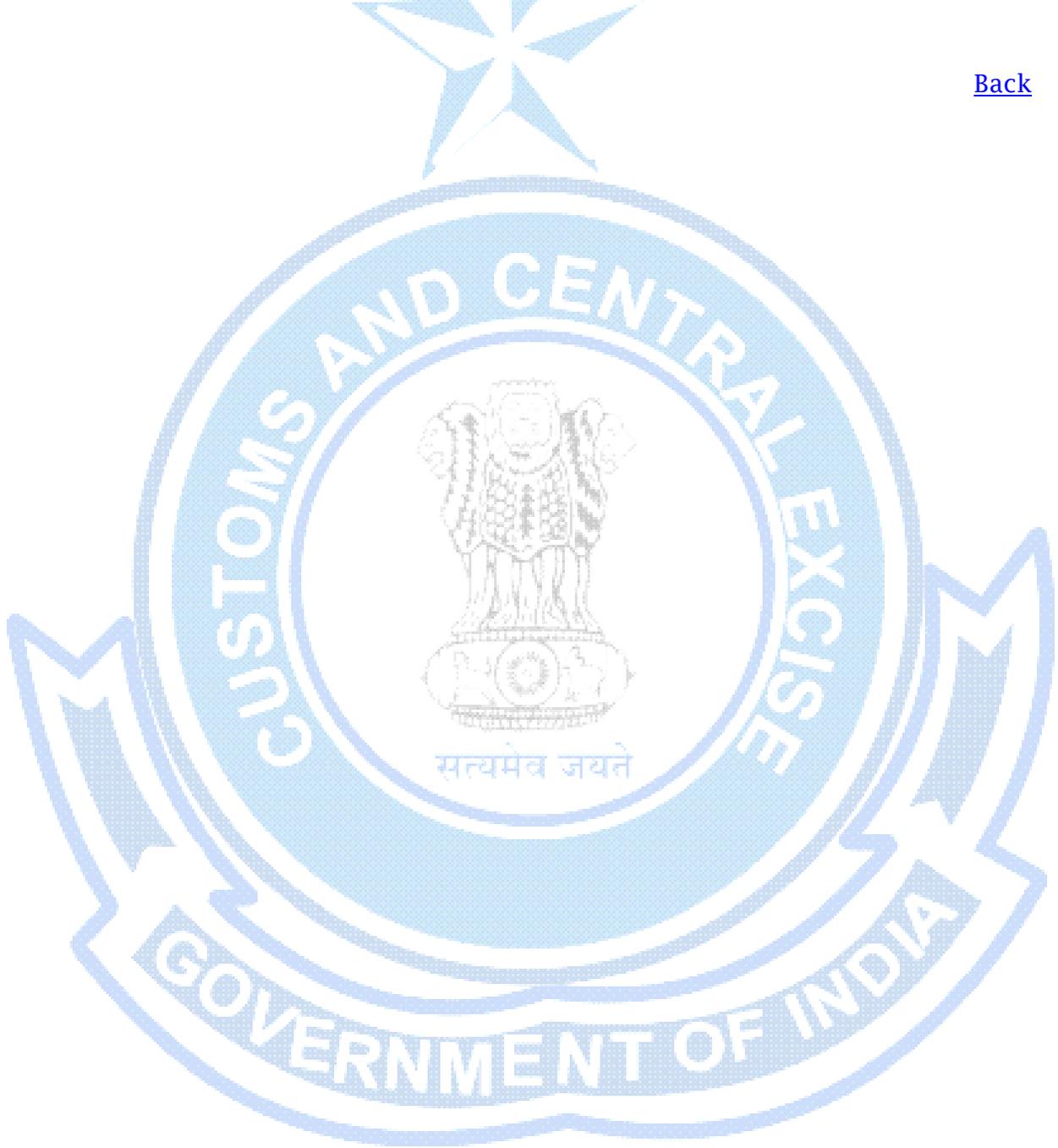


SERVICE TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Notification No. 07/2017 - Service Tax dated 02.02.2017	Amendment in Notification No. 25/2012-ST dated 20 th June, 2012 (Exempt Services)	<p>Notification No. 25/2012 in respect of Exempt services has been amended as follows;</p> <ul style="list-style-type: none"> - in respect of services provided by Indian Institutes of Management, the word "Residential" dropped in entry no 9B(a) dealing with Post Graduate programs of the Institute - <i>new entries inserted after entry no 23</i> <p>Services provided to the Government by way of transport of passengers, , by air, embarking from or terminating at a Regional Connectivity Scheme Airport(RCSA), against consideration in the form of Viability Gap Funding (VGF) for a period of one year from the date of commencement of operations of the RCSA</p> <p>Services of life insurance business provided by the Army, Naval and Air Force Group Insurance Funds to their members under the Group Insurance Scheme of the CG</p> <ul style="list-style-type: none"> - Modification in Entry no 30 in respect of intermediate production service as job work <p>Notification</p>
2.	Circular No. 204/2/2017 - Service Tax dated 16.02.2017	Clarification on levy of service tax on the services by way of transportation of goods by a vessel from a place outside India to the customs station in India with respect to goods	<p>As per the rule 10 of the Place of Provision of Services Rules, 2012, the place of provision of services of transportation of goods by air/sea, other than by mail or courier, is the destination of the goods.</p> <p>Thus, for goods imported into a customs station in India intended for transshipment to any country outside India, the destination of goods is not a place in taxable territory in India but a country other than India if the same is mentioned in the import manifest or the import</p>

	intended for transshipment to any country outside India.	report Hence, with respect to such goods, services are not taxable in India as the destination of such goods is a country other than India. Circular
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III. CUSTOMS DUTY

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBEC Notification No. 05/2017 dated 02.02.2017	Reduction in Basic Custom Duty	Basic Custom Duty has been reduced from 10/7.5% to 5% on all items of machinery required for a) Initial setting up of fuel cell based system for generation of power or for demonstration purposes and b) for balance of systems operating on biogas or bio-methane or by-product hydrogen. Notification
2.	CBEC Notification No. 12/2017 dated 16.02.2017	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 17th February, 2017. Notification
3.	CBEC Circular No. 4/2017- Custom dated 16.02.2017	Expansion of 24*7 Clearance and clarification of levy of Merchant Overtime (MOT) charges in CFSs attached to 24*7 ports	CBDT has decided to extend 24*7 customs clearance to all bills of entry and not just facilitated bills of entry. Also, it has been clarified that no Merchant Overtime Fee (MOT) charges would be collected at Container Freight Stations attached <i>exclusively</i> to 24*7 ports in lieu of services rendered within the CFS. 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