

MAY 2016 MONTHLY UPDATE

CIRCULARS / NOTIFICATIONS ISSUED BY INCOME TAX, SERVICE TAX AND CUSTOMS

May 30, 2016

I. INCOME TAX

S. NO.	DATE	CIRCULAR/N NOTIFICATI ON NO.	PARTICULARS	SHORT SUMMARY	ATTACHMENT /LINK
1.	04-05-16	Notification 6/2016	Procedure for online submission of statement of deduction of tax under sec 200(3) and Sec 206C (3) read with Rule 31 A (5) /31 AA(5)	Procedure laid down for registration, manner of preparation of e-TDS/TCS returns and its submission on the e-filing portal.	Notification 6/2016
2.	04-05-16	Notification 7/2016	Procedure for submission of declaration by person claiming receipt of income without deduction of tax at source under Sec 197 A of the Act read with Rule 29 C	Person responsible for paying any income as specified in the subsection (1) or (1A) of Sec 197 shall allot a Unique identification number to each declaration received by him in Form 15G/15H and shall furnish the particulars received in respect of such declarations in a statement to be filed on a quarterly basis	Notification 7/2016
3.	04-05-16	Notification 8/2016	Procedure for submission of Form 15CC by authorized dealers in respect of remittances made sub Sec 195(6) read with Rule 37BB	Principal Director General of Income Tax (Systems) lays down the procedure for submission of Form 15CC. Authorised Dealers are required to furnish a quarterly statement of Form 15CC as per procedure, format and standards specified.	Notification 8/2016

4.	19-05-16	Notification 33/2016	Income Declaration Rules 2016	CBDT notifies Rules in respect of the Income Declaration Scheme, 2016	Notification 33/2016
5.	06-05-16	Circular 13/2016	Verification of Tax Returns filed u/s139 for A.Y 2009-10 to 2014-15 through Electronic verification code (EVC) pending to be processed.	CBDT permits the verification of such returns which have remained pending due to non-submission of ITR-V to be processed through EVC till 31-08-2016. In such cases CBDT relaxes the time frame for issuing the intimation u/s 143 (1).	Circular 13/2016
6.	18-05-16	Circular 14/2016	Digital reporting of Form 60 (Rule 114B, 114C & 114D)	W.e.f. 01.04.16 filling of all fields in form 60 shall be mandatory Online reporting of declarations in form 61 for quarter ended March 2016 can be done along with reporting for quarter ending Sept. 2016.	Circular 14/2016
7.	19-05-16	Circular 15/2016	Additional Depreciation u/s 32(1)(iia) of the Act	CBDT issues circular accepting the position that printing or printing and publishing amounts to manufacture or production of article or thing. Assessee engaged in the business of printing or printing and publishing are eligible to claim additional depreciation u/s 32 of the Act.	Circular 15/2016
8.	27-05-16	Circular 21/2016	Clarification regarding cancellation of Registration u/s 112AA	Cancellation of registration of a charitable institution shall not be mandatory merely on the grounds that the cut-off specified in proviso to section 2(15) of the Act is exceeded in a particular year without there being any change in the nature of activities of the institution. In such years where the cut off is	Circular 21/2016

				exceeded, the tax exemption will however be denied.	
9.	26-05-16	Clarifications	Clarifications for Implementation of FATCA & CRS	CBDT has issued clarifications with regard to implementation of FATCA & CRS guidelines	Clarifications for Implementation of FATCA & CRS



Income Tax Department
Government of India

II. SERVICE TAX

S. NO	DATE	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY	ATTACHMENT /LINK
1	20-5-2016	Notification No 26/2016	Amendment in the notification no 25/2015	Services provided by Government or a local authority to a business entity with a turnover up to Rs.10 lakhs in the preceding financial year, shall be exempt from service tax in case of services specified in sub-clauses (i),(ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994 and renting of immovable property.	Notification No 26/2016
2	26-5-2016	Circular No 194/04/2016-ST	Accounting code for payment of Krishi Kalyan cess	Accounting codes for KKC applicable at the rate of 0.5% from 01.06.2016 have been notified.	Circular No 194/04/2016-ST

3. Applicability of Krishi Kalyan Cess (KKC) w.e.f 01.06.2016

As per the announcement made in the Budget 2016, Krishi Kalyan Cess will be applicable from 01.06.2016.

KKC is levied @ 0.5% on all services on which Service Tax is applicable. On 01.03.2016 the service tax department issued notification no. 10/2016 extending the scope of Rule 5 of Point of Taxation (POT) Rules 2011.

Rule 5 of POT rules "Payment of tax in case of new Services" reads as under:

"Where a service is taxed for the first time, then,

(a no tax shall be payable to the extent the invoice has been issued and the payment received against such invoice before such service became taxable;

(b no tax shall be payable if the payment has been received before the service becomes taxable and invoice has been issued within 14 days of the date when the service is taxed for the first time."

The notification added following 02 explanations after clause (b) of the Rule:

"Explanation 1. - This rule shall apply mutatis mutandis in case of **new levy on services**.

Explanation 2. - New levy or tax shall be payable on all the cases other than specified above."

Treatment of KKC consequent upon the insertion of Explanation 1:

- a. The following chart shows the applicability of KKC in various situations:

	Services provided before 01.06	Invoice raised before 01.06	Payment is made before 01.06	Applicability of KKC
Case 1	?	?	?	No
Case 2	?	x*	?	No
Case 3	?	?	x	Yes
Case 4	?	x	x	Yes

*Invoice has to be raised within 14 days of receipt of payment otherwise KKC would be applicable.

The above table shall also be applicable if part payment has been received or invoice has been raised for the part amount.

- a. Cenvat credit of KKC is allowed only against payment of KKC.

III. CUSTOMS

S. NO	DATE	CIRCULAR / NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY	ATTACHMENT / LINK
1	19-05-2016	Notification No 77/2016	Rate of Exchange	CBEC has notified the rate of exchange of conversion of foreign currency for import and export of goods for 20 currencies effective 20 th May 2016.	Notification No 77/2016
2	14-05-2016	Notification No 66/2016	Class of goods that shall be deposited in the special warehouse licenced under section 58 (1) of the customs Act 1962	CBEC specifies the class of goods which shall be deposited in a special warehouse licensed under Sec 58(A) (1) of the Customs Act	Notification No 66/2016
3	26-05-2016	Notification No 35/2016	Removal of exemption, when goods are exported out of India vide Notification No 27/2011 dated 01 st March 2011.	Exemption of custom duty on Serial no 24BA heading no 2610 (Chromium ores and concentrates, all sorts) when exported out of India vide notification no 15/2016 dated 01st march 2016 is omitted.	Notification No 35/2016

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.