

# **LOVI MEHROTRA & ASSOCIATES**

CHARTERED ACCOUNTANTS

## **MONTHLY UPDATE FOR THE MONTH OF APRIL 2017**

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

**29<sup>th</sup> April 2017**

[Income Tax](#)

[Service Tax](#)

[Customs Duty](#)

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## I. INCOME TAX


S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBDT (DIT-System) Notification No. 26/2017 dated <b>03.04.2017</b>	Income Tax (6 <sup>th</sup> Amendment) Rules, 2017	Form of report of an accountant for claiming deduction under section 80JJAA has been substituted.  Substituted Form No. 10DA notified.  <a href="#">Notification</a>
2.	CBDT Notification No. 27/2017 dated <b>05.04.2017</b>	Income Tax (Seventh Amendment) Rules, 2017	A person who has not quoted PAN or furnished Form No. 60 at the time of opening of bank account, can now furnish the same on or before 30.06.2017.  <a href="#">Notification</a>
3.	CBDT Notification No. 28/2017 dated <b>05.04.2017</b>	Cash transaction restriction u/s 269ST not applicable to cash withdrawals from Banks	CBDT has clarified that restriction on cash transaction shall not apply to withdrawal of cash from a Bank, co-operative bank or a post office saving bank.  <a href="#">Notification</a>
4.	CBDT Circular No. 13/2017 dated <b>11/04/2017</b>	Clarification regarding liability to income tax in India for a non-resident seafarer receiving remuneration in Non Resident External (NRE) account maintained with an Indian Bank	CBDT has clarified that salary accrued to a non-resident seafarer for services rendered outside India on a foreign ship shall not be included in the total income merely because the said salary has been credited in the NRE account maintained with an Indian bank by the seafarer.  <a href="#">Circular</a>
5.	CBDT Circular No. 14/2017 dated <b>21/04/2017</b>	Extension of time for filing declaration under the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojna (PMGKY), 2016	Date for making deposit under the Deposit Scheme has been extended till 30 <sup>th</sup> April, 2017 in respect of cases where tax, surcharge and penalty under PMGKY has been paid on or before 31.03.2017.  Therefore, CBDT has also extended the date of filing of declaration in respect of such cases to 10 <sup>th</sup> May, 2017.  <a href="#">Circular</a>

			<a href="#">Press Release</a>  <a href="#">Press Release</a>
6.	CBDT Circular No. 14/2017 dated <b>21/04/2017</b>	Clarification on removal of Cyprus from the list of notified jurisdictional areas under section 94A of the Income Tax, Act 1961	<p>CBDT has clarified that Cyprus has been removed from the list of 'Notified Jurisdictional Area' with effect from the date of issue of Notification No. 86/2013 i.e. with retrospective effect from 01.11.2013.</p> <p><a href="#">Circular</a></p>
7.	CBDT Press Release dated <b>05.04.2017</b>	Mandatory Quoting of Aadhaar for PAN Applications & filing Return of Income	<p>Quoting of Aadhaar / Enrollment ID of Aadhaar application form made mandatory for filing of return of income and for making an application for allotment of PAN with effect from 1<sup>st</sup> July, 2017.</p> <p><a href="#">Press Release</a></p>
8.	CBDT Press Release dated <b>11.04.2017</b>	Timelines for closure of financial accounts under Rule 114H(8) of the Income-tax Rules, 1962 under alternative procedure of Foreign Account Tax Compliance Act (FATCA)	<p>As per Rule 114H(8) of the Income-tax Rules, 1962, financial institutions need to obtain self- certification and carry out due diligence in respect of all individual and entity accounts opened from 1<sup>st</sup> July 2014 to 31<sup>st</sup> August 2015.</p> <p>Account holders are required to provide the self-certification till 30<sup>th</sup> April, 2017 failing which they would be prohibited to effect transactions with respect to such accounts.</p> <p><a href="#">Press Release</a></p>

## Amendments to The Finance Bill,2017

S.NO.	SECTION	Finance Bill,2017 ( proposed amendments)	Finance Act, 2017 (after receiving assent of President)
1.	<b>Section 56(2)(x)</b>	<p>A new clause (x) was proposed to be inserted to provide that receipt of any sum of money or any immovable property or any property (other than immovable property) by any person without consideration or for inadequate consideration in excess of Rs. 50,000 shall be chargeable to tax in the hands of the recipient under the head "Income from other sources".</p> <p>There were certain exemptions provided in the Act on which the above section is not applicable. The scope of existing exemptions (viz. sum of money or property received from relatives, on the occasion of marriage, etc.) was proposed to be widened by including the following:</p> <p>(a) receipt by certain specified trusts or institutions and</p> <p>(b) receipt by way of certain transfers not regarded as transfer under section 47</p>	<p>The scope of exemptions has further been widened (in addition to the exemptions proposed by Finance Bill 2017) to provide that the provisions of the new clause (x) shall not apply to any sum of money or property received:</p> <p>(a) from any trust or institution registered under section 12A of the Act</p> <p>(b) from an individual by a trust created or established solely for the benefit of relative of the individual.</p>
2.	<b>Insertion of new section 269ST: Restriction on cash receipts</b>	<p>A new section 269ST was proposed to be inserted to provide that <b>no person shall receive an amount of Rs. 3 Lakhs or more</b> otherwise than by an account payee cheque or</p>	<p>The proposed limit of Rs. 3 Lakh has been reduced to Rs. 2 Lakh. Accordingly, <b>no person shall receive an amount of <u>Rs. 2 Lakhs or more</u></b> otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing</p>

		<p>account payee bank draft or use of electronic clearing system through a bank account:</p> <p>(a) in aggregate from a person in a day,  (b) in respect of a single transaction; or  (c) in respect of transactions relating to one event or occasion from a person.</p>	<p>system through a bank account:</p> <p>(a) in aggregate from a person in a day,  or  (b) in respect of a single transaction; or  (c) in respect of transactions relating to one event or occasion from a person.</p> <p>CBDT has clarified vide notification no 28/2017 dated 5.4.2017 that the provisions of this section will not apply to withdrawal of money from banks, cooperative banks and post office saving account.</p>
3.	<p><b>Section 206C - TCS on cash sale</b></p>	<p>Under the existing provisions of the Act, tax is required to be collected on any cash sale of goods &amp; services exceeding Rs. 2 Lakhs and cash sale of jewellery exceeding Rs. 5 Lakhs.</p> <p>The Finance Bill 2017 had proposed to omit TCS on cash sale of jewellery. After omission of such provision, the TCS liability would have been attracted on any cash transaction for goods or services above Rs. 2 lakhs.</p>	<p>Sub-section (1D) and (1E) of section 206C of the Act has been omitted. Accordingly, no tax shall be collected on cash sale of goods or services or jewellery.</p> <p>This amendment is in view of the restriction laid down in the new section 269ST (as explained above at S. No. 2) as per which no person shall receive an amount of Rs. 2 Lakhs or more in cash.</p>
4.	<p><b>Amendment to section 9 - Indirect Transfer Provisions</b></p>	<p>Finance Bill 2017 had proposed to amend section 9 of the Act w.e.f. assessment year 2012-13 by inserting an Explanation 5A so as to clarify that Explanation 5 (as per which an asset or capital asset, being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India) shall not apply to any asset or capital asset</p>	<p>Two provisos have been inserted to Explanation 5 of section 9(1) of the Act according to which, the provisions of indirect transfer shall not be applicable in respect of asset or capital asset, held by a non-resident by way of investment, directly or indirectly in:</p> <p>(a) FII for the assessment year 2012-13 to assessment year 2014-15, and</p> <p>(b) Category I or Category II FPI for the assessment year 2015-16 and onwards.</p> <p>The above amendment has been made in light of the change in the SEBI (FPI) Regulations 2014, as per which existing</p>

		<p>mentioned therein being investment held by non-resident, directly or indirectly, in a Foreign Institutional Investor (FII) and registered as Category-I or Category II Foreign Portfolio Investor (FPI) under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 as these entities are regulated and broad based.</p>	<p>FII and Qualified Foreign Investors have been merged into one category called FPI. Hence, post these regulations in 2014, there is only one category of foreign investors, known as FPI.</p>
5.	<p><b>Insertion of new section 139AA: Mandatory Quoting of Aadhar Number</b></p>		<p>A new section 139AA has been inserted to provide mandatory quoting of Aadhaar number by all persons (who are eligible to obtain the same) on the following w.e.f. 1<sup>st</sup> July 2017:</p> <ul style="list-style-type: none"> <li>(a) In the application form for allotment of PAN, and</li> <li>(b) In the return of income</li> </ul> <p>If however, such person does not possess Aadhaar number, then Enrollment ID shall be quoted.</p> <p>It has also been provided that every person, who has been allotted PAN as on 1<sup>st</sup> July 2017, shall intimate his Aadhaar number to such authority in the prescribed form and manner. If such intimation is not done, then the PAN will become invalid and the provisions of the Act shall apply as if the person has not applied for allotment of PAN.</p> <p>CBDT vide Press release dated 5.4.2017 has clarified that requirement to quote Aadhaar as per section 139AA of the Act shall not apply to an individual who is not a resident as per the Aadhaar Act, 2016. Resident as per Aadhaar Act, 2016 means an individual who has resided in India for a period or periods amounting in all to</p>

			182 days or more in the 12 months immediately preceding the date of application for enrolment.
6.	<p><b>Insertion of new section 94B: Limitation on interest deduction in certain cases</b></p>	<p>A new section 94B was proposed to be inserted vide Finance Bill 2017 as per which the interest expenses claimed by an entity in respect of payment to its associated enterprises shall be restricted to 30% of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise, whichever is less.</p> <p>Sub-section (1) of the said section 94B provided as under:</p> <p>'Notwithstanding anything contained in this Act, where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, <u>pays interest or similar consideration</u> exceeding one crore rupees.....'</p>	<p>The language of the section has been amended by replacing the words 'pays interest or similar consideration' by '<u>incurs any expenditure by way of interest or of similar nature</u>'.</p>
7.	<p><b>Amendment in section 115BBDA</b></p>	<p>Under the existing provisions of section 115BBDA of the Act, income by way of dividend in excess of Rs. 10 lakhs is chargeable to tax at the rate of 10% on gross basis in case of a resident individual, Hindu undivided family or firm.</p> <p>Finance Bill 2017 had proposed to provide that the provisions of said section shall be applicable to all resident assesses</p>	<p>It has now been provided that even trusts registered under section 12A of the Act are outside the purview of the said section.</p>

		except domestic company and certain funds, trusts and institution, etc. registered under section 10(23C) and section 12AA of the Act.	
8.	<b>Amendment in section 115JB</b>	<p>Finance Bill 2017 had proposed to amend section 115JB to provide the framework for computation of book profit in case of Indian Accounting Standards (Ind AS) compliant companies in the year of adoption and thereafter.</p> <p>The term 'transition amount' was proposed to mean "the amount or the aggregate of the amounts adjusted in the other equity (excluding <u>equity component of compound financial instruments</u>, capital reserve and securities premium reserve) on the convergence date but not including the following....."</p>	<p>In the Finance Act 2017, the words '<u>equity component of compound financial instruments</u>' have been omitted.</p>



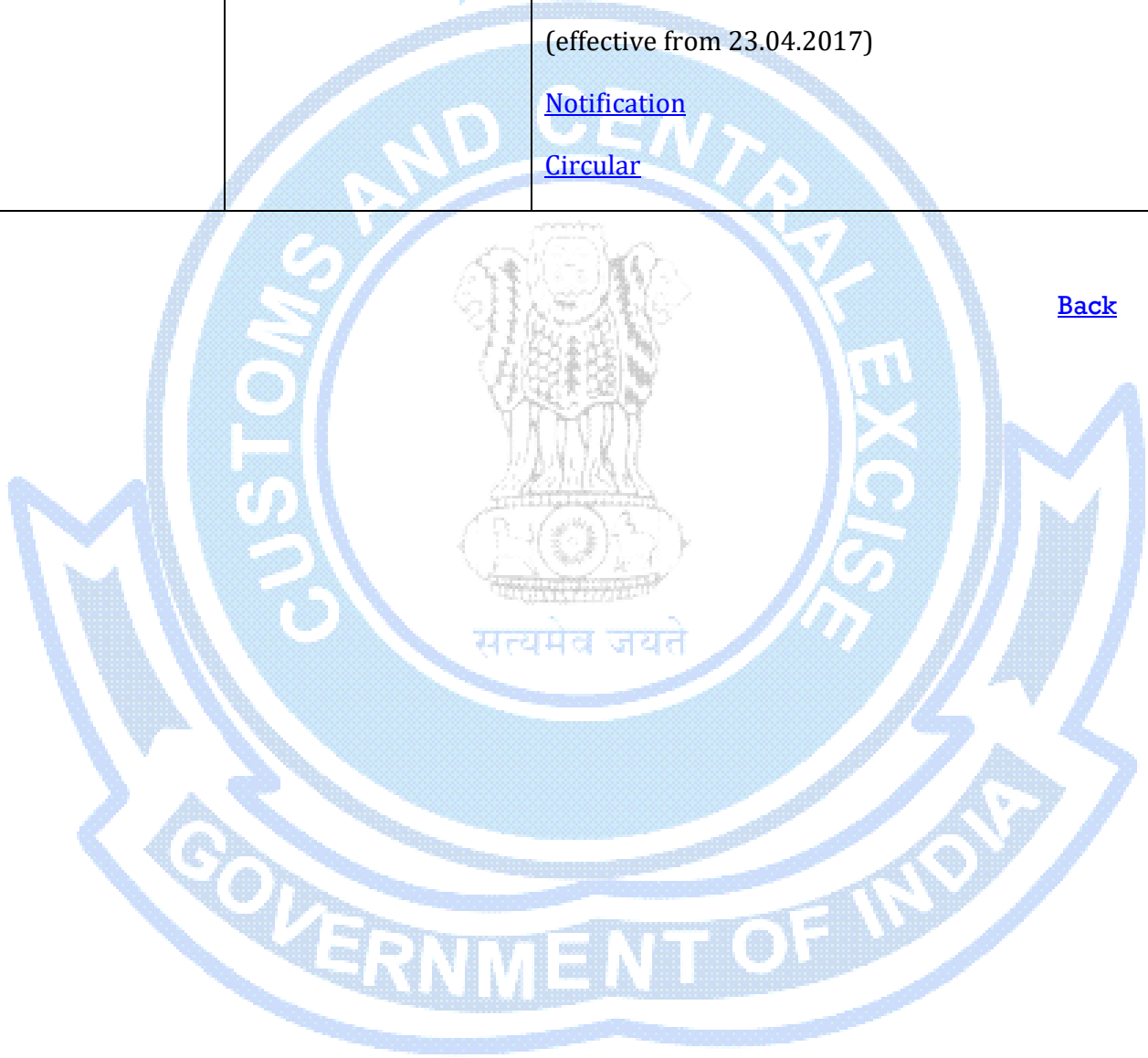


## II. SERVICE TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Notification No. 13/2017 - Service Tax <b>dated</b> <b>12.04.2017</b>	Service Tax (Settlement of Cases) Amendment Rules, 2017	<p>Central Government amends the Service Tax (Settlement of Cases) Rules, 2012 Form SC(ST)-2 prescribed for making an application under sub section (5) of section 32E of Excise Act, made applicable to service tax vide section 83 of the Finance Act, 1994,</p> <p>Rules include procedure for disclosure of information in the application for settlement of cases.</p> <p><a href="#">Notification</a></p>
2.	Notification No. 14/2017 - Service Tax <b>dated</b> <b>13.04.2017</b>	Point of Taxation (Amendment) Rules, 2017	<p>A new rule 8B has been inserted to provide that, the point of taxation in case of service provided by a person located in non-taxable territory to a person in non-taxable territory by way of transportation of goods by vessel from a place outside India upto the Customs station of clearance in India shall be the <b>date of bill of lading</b> of such goods in the vessel at the port of export.</p> <p>(effective from 22.01.2017)</p> <p><a href="#">Notification</a></p>
	Notification No. 15/2017 - Service Tax <b>dated</b> <b>13.04.2017</b>	Amendment in Notification No. 30/2012	<p>Central Government makes amendments in the Service Tax notification No. 30/2012 dated 20<sup>th</sup> June 2012 by substitution of Explanation III IV &amp; V</p> <p>Explanation III The business entity located in the taxable territory who is litigant, applicant or petitioner, as the case may be, shall be treated as the person who receives the legal services.</p> <p>Explanation IV “Non assessee online recipient” has the same meaning as assigned to it in clause (ccba) of sub rule 1 of rule 2 of Service Tax Rules, 1994.</p> <p>Explanation V Importer of goods as defined under clause (26) of section 2 of the Customs Act, 1962 (52 of 1962) is</p>

	<p>Notification No. 16/2017 - Service Tax <b>dated 13.04.2017</b></p>	<p>Service Tax (Third Amendment) Rules, 2017</p>	<p>the person liable for paying service tax other than the service provider.</p> <p><a href="#">Notification</a></p> <p>The person liable to pay service tax for the taxable services provided or agreed to be provided by a person located in non-taxable territory to a person in non-taxable territory by way of transportation of goods by vessel from a place outside India up to the custom station of clearance in India, shall have the option to pay an amount calculated at the rate of 1.4% of the sum of cost, insurance and freight (CIF) value of such imported goods.</p> <p>(effective from 23.04.2017)</p> <p><a href="#">Notification</a> <a href="#">Circular</a></p>
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[Back](#)



### **III. CUSTOMS DUTY**

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBEC Notification No. 40/2017 <b>dated</b> <b>20.04.2017</b>	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 <b>effective from 21st April, 2017.</b>  <a href="#">Notification</a>
2.	CBEC Notification No. 36/2017 - Customs (N.T.) <b>dated</b> <b>11.04.2017</b>	Levy of Fees (Customs Documents) Amendment Regulations, 2017	Fees for carrying out amendment in particulars of a shipping bill, port clearance application, Outwards Entry Application etc. or for cancellation of any document has been revised.  <a href="#">Notification</a>
3.	CBEC Notification No. 37/2017 - Customs (N.T.) <b>dated</b> <b>12.04.2017</b>	Customs (Settlement of Cases) Amendment Rules, 2017	Form No. SC (C) -2 has been prescribed as form of application for settlement of a case of a person under sub-section (5) of section 127B of Custom Act, 1962  <a href="#">Notification</a>
4.	CBEC Circular No. 14/2017 - Customs <b>dated</b> <b>12.04.2017</b>	Delayed, incomplete or incorrect filing of Income Manifest or Import Report	Format for Application by Shipping Line for 'Amendment in the Import General Manifest' has been prescribed along with details of documents required for each type of amendment.  <a href="#">Circular</a>

[Back](#)

**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