

the

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The Institute of Cost Accountants of India

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(Statutory body under an Act of Parliament)

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INDIAN ECONOMY

News

➤ **India's wholesale prices up 3.39% in December**

India's wholesale inflation firmed up in December led by higher inflation in non-food products. Data released by commerce and industry ministry showed WPI inflation at 3.39% in December compared with 3.15% in November.

WPI inflation in manufactured products, which has a 64.97% weight in the index, increased to 3.6% from 3.2% in the previous month. Food inflation turned negative as food prices fell 0.7% in December 2016 from a year ago against a 1.54% rise in the previous month.

Data released by the statistics office last week showed retail inflation easing to an over two year low of 3.4% in December. The low inflation has raised hopes of the central bank cutting rates in 2017 to boost demand. Primary articles inflation was 1.25% and fuels inflation rose to 8.65% from 7.07% in November.

Link: <http://economictimes.indiatimes.com/news/economy/indicators/indias-wholesale-prices-up-3-39-per-cent-y/y-in-december/articleshow/56589113.cms>

➤ **Retail inflation cools to 3.17% in January on lower food prices**

Retail inflation moderated to 3.17 per cent in January, the lowest since India started putting out consumer inflation numbers in January 2012. The decline was led by a marked fall in food inflation, data released by the Central Statistics Office showed. However, the closely watched core inflation rose further, suggesting that a decline in inflation is not likely to fetch a rate cut.

Link: <http://economictimes.indiatimes.com/news/economy/indicators/retail-inflation-cools-to-five-year-low-of-3-17-per-cent-in-january/articleshow/57128742.cms>

➤ **Trade deficit at \$10.4 bn on export, import rise**

Trade numbers for December provide more cheer for the economy a day after November industrial growth numbers surprised on the upside, suggesting economy may not have been hit as hard by demonetization as feared.

Exports were up fourth month running, rising 5.7% in December to \$23.8 billion, the highest since March 2015, commerce and industry ministry data showed. 18 of the 30 export sectors registered growth. Exports had declined 14.75% in December

2015, implying a low base effect to the growth. Imports were up 0.46% to \$34.25 billion leaving a trade deficit of \$10.4 billion. Non-oil, non-gold imports, seen as a measure of domestic demand and strength of the economy, rose 4.4%.

Read more at: http://economictimes.indiatimes.com/articleshow/56520773.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **India maintains 2016/17 fiscal deficit target at 3.5 pct of GDP**

India retained its fiscal deficit target of 3.5 percent of gross domestic product for fiscal year to March 2017, as against 3.2 percent mentioned incorrectly in the budget document, Economic Affairs Secretary Shaktikanta Das clarified. The government aims to bring down its fiscal deficit to 3.2 percent of GDP in the financial year starting April 1, Das said.

Read more at: <http://in.reuters.com/article/india-budget-deficit-idINKBN15G454>

➤ **FDI in manufacturing sector up 82 per cent in Apr-Nov period: Nirmala Sitharaman**

The government said the manufacturing sector has received FDI equity inflow worth USD 16.13 billion during April-November period of this financial year. "The FDI equity inflow received in manufacturing sector during 2016-17 (upto November, 2016) is USD 16.13 billion. It shows an increase of 82 per cent compared to corresponding period of previous financial year (USD 8.85 billion)," Commerce and Industry Minister Nirmala Sitharaman said in a written reply to the Rajya Sabha. She also said that FDI has increased by 48 per cent in November 2016 (USD 6.07 billion) compared to 4.10 billion in the same period last year.

Read more at: http://economictimes.indiatimes.com/articleshow/57040706.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **India's forex reserves rise \$1.6 billion**

India's foreign exchange reserves rose \$1.6 billion to reach \$363.1 billion as on February 3 said the Reserve Bank of India in a statement to the media. The Rupee having appreciated against the dollar over the past week, has caused the RBI to intervene heavily in the forex market and buy dollars in order to shore up its foreign reserves which had partially depleted heavily towards the end of last year, said market sources.

Read more at: http://economictimes.indiatimes.com/articleshow/57083602.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

CUSTOMS

Notifications/Circulars:

➤ Notification No. 02/2017-Cus,dt. 27-01-2017

CBEC seeks to further amend Notification No. 96/2008-Customs dated 13.08.2008 so as to prescribe a Margin of Preference of 60% for all goods falling under sub-heading [0802 80] under the Duty Free Tariff Preference (DFTP) scheme.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs02-2017.pdf>

➤ Circular No. 01/2017, dated: 04-01-2017 - Regarding extending the Single Window Interface for Facilitation of Trade (SWIFT) to Exports.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ01-2017cs.pdf>

➤ Circular No. 02/2017, dated: 13-01-2017 - Amendments effective from 15-01-2017 to the All Industry Rates of Duty Drawback.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ02-2017cs.pdf>

➤ Circular No. 03/2017, dated: 16-01-2017 - Import of Point of sale (PoS) terminal devices, its cells and batteries and labelling requirements thereof.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ03-2017cs.pdf>

➤ Notification No. 08/2017-Cus (NT),dt. 31-01-2017 - Tariff value Notification in respect of Fixation of tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt08-2017.pdf>

➤ Notification No. 07/2017-Cus (NT),dt. 24-01-2017 - CBEC seeks to notify the India-Japan Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt07-2017.pdf>

➤ Notification No. 65/2016-Cus,dt. 31-12-2016 - Seeks to amend notification No. 53/2011-Customs dated 01st July, 2011

so as to provide deeper tariff concessions in respect of specified goods imported from Malaysia under the India-Malaysia Comprehensive Economic Cooperation Agreement (IMCECA) w.e.f. 01.01.2016 and to carry out editorial changes as a result of HS 2017 changes.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs65-2016.pdf>

➤ Notification No. 64/2016-Cus, dt. 31-12-2016 - Seeks to further amend Notification No. 69/2011-Customs, dated 29th July, 2011 so as to provide a deepen the concessional rate of basic customs duty in respect of tariff item 8408 20 20 [engines of a kind used for the propulsion of specified motor vehicles – of cylinder capacity exceeding 250 cc] and 8708 40 00 [gear box and parts thereof, of specified motor vehicles], w.e.f. 1st of January, 2017, when imported under the India-Japan Comprehensive Economic Partnership Agreement (IJEPA) and to carry out editorial changes as a result of HS 2017 changes.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs64-2016.pdf>

➤ Notification No. 63/2016-Cus,dt. 31-12-2016 - CBEC amended Notification No. 46/2011-Customs dated 01.06.2011 so as to provide deeper tariff concessions in respect of specified goods when imported from ASEAN under the India-ASEAN Free Trade Agreement w.e.f. 01.01.2017 and to carry out editorial changes as a result of HS 2017 changes.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs63-2016.pdf>

➤ Notification No. 62/2016-Cus,dt. 31-12-2016 - Seeks to withdraw BCD exemption, available to specified fabrics, of value equivalent to 1% of the FOB value of exports in the preceding financial year, for manufacture of textile garments for exports, subject to the specified conditions [S. No. 284A of Notification No. 12/2012-Customs dated 01.03.2012 refers].

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs62-2016.pdf>

➤ Notification No. 61/2016-Cus, dt. 27-12-2016 - Seeks to further amend notification No 12/2012-Customs dated 17.03.2012, so as to withdraw the exemption from Basic Customs Duty on import of Technitium-99m. – Notification No. 61/2016-Cus, dt. 27-12-2016.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs61-2016.pdf>

➤ Notification No. 60/2016-Cus, dt. 08-12-2016 - Seeks to

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs60-2016.pdf>

➔ **Notification No. 59/2016-Cus, dt. 01-12-2016** - Seeks to further amend notification No. 12/2012-Customs dated 17th March, 2012, so as to withdraw CVD exemption on gold coins having gold content not below 99.5%, and gold findings.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs59-2016.pdf>

➔ Rate of exchange of conversion of the foreign currency with effect from 20th January, 2017 vide *Notification No. 05/2017-Cus (NT), dt. 19-01-2017*.

Read more at: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt05-2017.pdf>

➔ **Antidumping duty:**

CBEC seeks to levy definitive anti-dumping duty on import of 'Jute Products' viz. Jute Yarn/Twine (multiple folded/cabled and single), Hessian fabric and Jute sacking bags from Bangladesh or Nepal for a period of five years (unless revoked, superseded or amended earlier).

Source: *Notification No. 01/2017-Cus (ADD), dt. 05-01-2017*

➔ **Antidumping duty:** CBEC seeks to levy provisional anti-dumping duty on 'Colour coated/pre-painted flat products of alloy or non-alloy steel' originating in or exported from People's Republic of China and European Union for a period of six months (unless revoked, superseded or amended earlier).

Source: *Notification No. 02/2017-Cus (ADD), dt. 11-01-2017*

➔ **Antidumping duty:**

CBEC seeks to extend the levy of anti-dumping duty, imposed on Saccharine originating in or exported from China PR under notification No. 07/2012-Customs (ADD), dated the 13.01.2012, for a further period of one year. - Notification No. 03/2017-Cus (ADD), dt. 19-01-2017.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-add2017/csadd03-2017.pdf>

➔ **Antidumping duty:** CBEC seeks to extend the levy of anti-dumping duty, imposed on Nylon Filament yarn originating in or exported from China PR, Chinese Taipei, Malaysia, Indonesia, Thailand and Korea R.P under notification No. 03/2012-Customs (ADD), dated the 13.01.2012, for a further period of one year i.e. upto and inclusive of the 12.01.2018. – Notification No. 04/2017-Cus (ADD), dt. 19-01-2017.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-add2017/csadd04-2017.pdf>

➔ Amendment of Notification No. 12/2012-Customs dated 17th March, 2012, so as to withdraw CVD exemption on gold coins having gold content not below 99.5%, and gold findings vide Notification No. 59/2016-Cus, dt. 01-12-2016.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs59-2016.pdf>

➔ **Notification No. 150/2016 – Cus (NT), dt.31.12.2016** - Amendments in the First Schedule to the Customs Tariff Act, 1975.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt150new-2016.pdf>

➔ Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver – **Notification No. 149/2016-Cus (NT), dt. 30-12-2016**.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt149-2016.pdf>

➔ **Notification No. 148/2016 – Cus (NT), dated 15.12.2016** - Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt148-2016.pdf>

➔ **Notification No. 147/2016-Cus (NT), dt. 15-12-2016** - Rate of exchange of conversion of the foreign currency with effect from 16th December, 2016.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt147-2016.pdf>

➔ **Notification No. 146/2016-Cus (NT), dt. 14-12-2016** - Notification of Raiganj Railway Station in the district of Uttar Dinajpur, West Bengal as a Land Customs Station.

Link: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt146-2016.pdf>

➔ **Anti-dumping duty:**

CBEC seeks to rescind notification No.34/2012-Customs (ADD) dated 03.07.2012. This notification has been issued since the time limit of three months for issuing the notification is ending shortly. However, the operation of the said rescinding notification shall remain in abeyance, till the final decision of the Hon'ble High Court

of Gujarat in Special Civil Applications 16426 and 16428 of 2016.

Therefore, in effect, anti-dumping duty under notification-No.34/2012-Customs (ADD) dated 03.07.2012 [imposing anti-dumping duty on the imports of Soda Ash, originating in or exported from China PR, EU, Kenya, Pakistan, Iran, Ukraine and USA] will continue to be levied till the final decision of the Hon'ble High Court of Gujarat in the matter.

Source: Notification No. 55/2016-Cus (ADD), dt. 21-12-2016

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-add2016/csadd55-2016.pdf>

➤ Anti-dumping duty:

CBEC seeks to rescind notification No.08/2013-Customs (ADD) dated 18.04.2013. This notification has been issued since the time limit of three months for issuing the notification is ending shortly. However, the operation of the said rescinding notification shall remain in abeyance, till the final decision of the Hon'ble High Court of Gujarat in Special Civil Applications 16427 and 16429 of 2016. Therefore, in effect, anti-dumping duty under notification No.08/2013-Customs (ADD) dated 18.04.2013 [imposing anti-dumping duty on the imports of Soda Ash, originating in or exported from Russia and Turkey] will continue to be levied till the final decision of the Hon'ble High Court of Gujarat in the matter.

Source: Notification No. 56/2016-Cus (ADD), dt. 21-12-2016

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-add2016/csadd56-2016.pdf>

➤ Circular No. 57/2016 - Customs, dated: 01-12-2016 - Guidelines for the sale of seized/ confiscated gold.

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2016/circ57-2016cs.pdf;jsessionid=E-114AB9572DC507B0E9345FF6830A183>

➤ Notification No. 58/2016 - Customs- IV, dated: 02-12-2016 - Regarding Roll out of Express Cargo Clearance System (ECCS) at Courier Terminal, Sahar, Mumbai.

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2016/circ58-2016cs.pdf>

➤ Notification No. 59/2016 - Customs, dated: 02-12-2016 - Regarding Outsourcing by an authorized courier - Notification No. 59/2016, dated: 02-12-2016.

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2016/circ59-2016cs.pdf>

CENTRAL EXCISE

Notifications/Circulars:

➤ **Notification No. 02/2017-CE, dt. 11-01-2017** - Amendment of Notification No. 12/2012-Central Excise dated 17.03.2012 to prescribe an effective rate of excise duty of 12.5% on Motor Vehicles falling under heading 8702 90 21, 8702 90 22, 8702 90 28 and 8702 90 29 of the First Schedule of the Central Excise Tariff Act, 1985.

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2017/cx-tarr2017/ce02-2017.pdf>

➤ **Notification No. 01/2017-CENT dt. 11-01-2017** - Notification under Section 11C of the Central Excise Act on Plain (un-modified) Tamarind Kernel Powder falling under heading 1302.

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2017/cx-nt2017/cent01-2017.pdf>

➤ **Notification No. 36/2016-CE, dt. 01-12-2016** - CBEC seeks to further amend Notification No. 12/2012-Central Excise dated 17th March, 2012, in respect to the excise duty exemption on branded gold coins of purity 99.5% and above.

Link: <http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2016/cx-tarr2016/ce36-2016.pdf>

SERVICE TAX

Notifications/Circulars:

➤ Notification No. 06/2017-Service Tax dt. 30-01-2017

CBEC seeks to amend Service Tax Rules, 1994 so that in case of online information and database access or retrieval services provided or agreed to be provided by any person located in a non-taxable territory and received by non-assesse online recipient, the service tax payable for the month of December, 2016 and January, 2017, shall be paid to the credit of the Central Government by the 6th day of March, 2017.

Link: <http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st06-2017.pdf>

➤ Notification No. 05/2017-Service Tax dt. 30-01-2017

CBEC seeks to amend notification No. 25/2012-ST dated 20.06.2012 so as to withdraw the exemption from service tax for

online information and database access or retrieval services provided by a person located in non-taxable territory to an entity in India registered under section 12AA of the Income Tax Act, 1961 (43 of 1961).

Link: <http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st05-2017.pdf>

➔ **Notification No. 04/2017-Service Tax dt. 12-01-2017** - Seeks to amend notification No. 26/2012-ST dated 20.06.2012 so as to rationalize the abatement for tour operator services.

Link: <http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st04-2017.pdf>

➔ **Notification No. 03/2017-Service Tax dt. 12-01-2017** - Seeks to amend notification No. 30/2012-ST dated 20.06.2012 so as to specify the person complying with the sections 29, 30 or 38 read with section 148 of the Customs Act, 1962 (52 of 1962) as the person liable for paying service tax in case of services provided or agreed to be 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 customs station of clearance in India.

Link: <http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st03-2017.pdf>

➔ **Notification No. 02/2017-Service Tax, dt. 12-01-2017** - Seeks to amend Service Tax Rules, 1994 so as to, (i) exclude such persons from the definition of aggregator 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 fulfillment of certain conditions; (ii) Specify the person complying with the sections 29, 30 or 38 read with section 148 of the Customs Act, 1962 (52 of 1962) as the person liable for paying service tax in case of services provided or agreed to be 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 customs station of clearance in India.

Link: <http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st02-2017.pdf>

➔ Amendment of notification No. 25/2012-ST dated 20.06.2012 so as to (i) withdraw the exemption from service tax for services provided or agreed to be 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 customs station of clearance in India; (ii) exempt services provided by a business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch.

Source: Notification No. 01/2017-Service Tax dt. 12-01-2017 Corrigendum, dt. 18-01-2017

Link: <http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st02-2017.pdf>

<http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2017/st01-2017-corrigndm.pdf>

INCOME TAX

Notifications/Circulars:

➔ **Notification No. 1/2017, dt. 17 January 2017:** Procedure for registration and submission of statement of financial transactions (SFT) as per section 285BA of Income-tax Act, 1961 read with Rule 114E of Income-tax Rules, 1962 .

Link: http://www.incometaxindia.gov.in/communications/notification/systemnotification1_2017.pdf

➔ **Notification No. 2/2017/F. No. 370142/32/2016-TPL, dated: 6 January 2017: Income-tax (1st Amendment) Rules, 2017**

In exercise of the powers conferred by section 139A and section 285BA, read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes makes the rules further to amend the Income-tax Rules, 1962, namely the Income-tax (1st Amendment) Rules, 2017.

Read in details at: http://www.incometaxindia.gov.in/communications/notification/notification_2_2017.pdf

➔ **Notification No. 4/2017/F.No. 173/51/2013-ITA-I, dated: 18.01.2017**

In exercise of the powers conferred by sub-section (23EC) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government specifies the NCDEX Investor (Client) Protection Fund Trust (PAN: AABTN7481R) set up by the National Commodity and Derivatives Exchange Limited, Mumbai a commodity exchange, for the purposes of the said clause for the assessment year 2013-14 and subsequent assessment years.

Read more at: http://www.incometaxindia.gov.in/communications/notification/notificaton4_2017.pdf

➔ **Notification No. 3/2017 [F. No. 504/05/2003-FTD-I] / SO 64(E), dated: 10 January 2017**

In exercise of the powers conferred by section 90 of the Income-tax Act, 1961 (43 of 1961), the Central Government notifies that

all the provisions of the said Agreement and Protocol between the Government of Republic of India and the Government of Republic of Cyprus for the avoidance of double taxation and the Prevention of Fiscal evasion with respect to taxes on income as set out in the annexure hereto, shall be given effect to in the Union of India with effect from the 1st day of April, 2017 being the First day of Fiscal year next following the year in which the said Agreement and Protocol entered into force.

Link: http://www.incometaxindia.gov.in/communications/notification/notification3_2017.pdf

➤ **Notification No. 109/2016/F. No.196/17/2015-ITA.I, dated: 1st December, 2016**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961) the Central Government hereby notifies for the purposes of the said clause, the 'Chandigarh Building and Other Construction Workers Welfare Board', a board constituted by the Administrator, Union Territory, Chandigarh in respect of the following specified income arising to the said board, as follows:-

(i) Proceeds of the Cess collected under the Building & Other Construction Workers Welfare Cess Act, 1996 (28 of 1996) and rules there under; (ii) Interest income received from investment.

This notification shall be applicable for the above specified income of the Chandigarh Building and Other Construction Workers Welfare Board for the financial year 2015-16 to 2019-20.

The Notification shall be effective subject to the following conditions, namely:-

- (a) the 'Chandigarh Building and Other Construction Workers Welfare Board' does not engage in any commercial activity;
- (b) the activities and the nature of the specified income of 'Chandigarh Building and Other Construction Workers Welfare Board' remain unchanged throughout the financial year; and
- (c) the 'Chandigarh Building and Other Construction Workers Welfare Board' files return of income in accordance with the provision of clause (g) of sub section (4C) of section 139 of the said Act.

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1092016.pdf>

➤ **Notification No. 114/2016 [F.No. 500/02/2015-FT&TR-III] / S.O. 4033(E), dated: 14 December 2016**

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1142016.pdf>

➤ **Notification 12/2016, dated: 8 December 2016:** Procedure for the purposes of furnishing and verification of Form 27BA for removing of default of Short Collection and / or Non Collection of Tax at Source.

Read detail at: http://www.incometaxindia.gov.in/communications/notification/notification_12_16_.pdf

➤ **Notification No. 110/2016/F. No.196/38/2015-ITA-I, dated: 1st December, 2016**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, the 'Maharashtra Electricity Regulatory Commission', a Commission constituted by the State Government of Maharashtra, in respect of the following specified income arising to that Commission, namely:-

1. Fees for Annual Licence;
2. Interest on Fixed Deposit and Savings Account;
3. Fees for Application / Petition filed;
4. Grants from Government of Maharashtra;
5. Fees for Documents;
6. Penalty for delayed payment of Annual Licence Fees;
7. Fees for RTI;
8. Sale of scrap.

This notification shall be applicable for the above specified income of the Maharashtra Electricity Regulatory Commission for the financial years 2015-16 to 2019-20. This Notification shall be effective subject to the following conditions, namely:-

- (a) the 'Maharashtra Electricity Regulatory Commission' does not engage in any commercial activity;
- (b) the activities and the nature of the specified income of 'Maharashtra Electricity Regulatory Commission' remain unchanged throughout the financial years; and
- (c) the 'Maharashtra Electricity Regulatory Commission' files returns of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Act, Income-tax Act, 1961.

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1102016.pdf>

➤ **Notification No. 111/2016/F. No.196/23/2015-ITA-I, dated: 1st December, 2016**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961) the Central Government hereby notifies for the purposes of the said clause, the Bureau of Indian Standards (BIS), set up by the Bureau of Indian Standards Act, 1986 (63 of 1986) in respect of the following specified income arising to that Bureau, namely:-

- (i) Certification fee;
- (ii) Sale of standards, provided there is no profit involved; and
- (iii) Income from interest.

This notification shall be applicable for the Assessment years 2017-18, 2018-19, 2019-20, 2020-21 and 2021 - 22.

The notification shall be effective subject to the following conditions:-

This notification shall be applicable for the Assessment years 2017-18, 2018-19, 2019-20, 2020-21 and 2021 - 22.

The notification shall be effective subject to the following conditions, namely:-

(a) the Bureau of Indian Standards (BIS) does not engage in any commercial activity;

(b) the activities and the nature of the specified income of the Bureau of Indian Standards (BIS) remain unchanged throughout the financial year; and

(c) the Bureau of Indian Standards (BIS) files return of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1112016.pdf>

➔ **Notification No. 115/2016, F.No.142/33/2016-TPL, dated: 16th December, 2016**

In exercise of the powers conferred by sub-section (2) of section 199A and sub-section (1) of section 199C of the Finance Act, 2016 (28 of 2016), the Central Government appoints,—

(i) the 17th day December, 2016, as the date on which the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 comes into force; and

(ii) the 31st day of March, 2017 as the date on or before which a person may make a declaration under sub-section (1) of the said section 199C.

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1152016.pdf>

➔ **Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana Rules, 2016 - Notification No. 116/2016, dated 16.12.2016**

In exercise of the powers conferred by sub-section (1) and sub-section (2) of section 199R of the Finance Act, 2016 (28 of 2016), the Central Board of Direct Taxes, subject to the control of the Central Government hereby makes the following rules, namely the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana Rules, 2016.

Declaration of income in the form of cash or deposit in an account - (1) A declaration of income in the form of cash or deposit in an account maintained with a specified entity, under sub-section (1) of section 199C shall be made in Form-1.

(2) The declaration shall be furnished to the Principal Commissioner or the Commissioner, as the case may be, notified under sub-section (1) of section 199G,-

(a) electronically under digital signature; or

(b) through transmission of data electronically under electronic verification code; or

(c) in print form.

(3) If any person, having furnished a declaration under sub-rule (2), discovers any omission or any wrong statement therein, he may furnish a revised declaration on or before the date notified for filing declaration under sub-section (1) of section 199C.

(4) The Principal Commissioner or the Commissioner, as the case may be, shall issue a certificate in Form-2 to the declarant within thirty days from the end of the month in which a valid declaration under sub-section (1) of section 199C has been furnished.

(5) The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the form in the manner specified in sub-rule (2) or sub-rule (3).

Explanation — For the purposes of this rule “electronic verification code” means a code generated for the purpose of electronic verification of the person furnishing the return of income as per the data structure and standards specified by Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1162016.pdf>

➔ **Notification No. 117/2016, dated 16.12.2016 – Jurisdiction of Income tax authorities - the Central Government hereby:**

(i) notifies the Principal Commissioner or the Commissioner, as the case may be, who exercises the jurisdiction under section 120 of the Income-tax Act, 1961 (43 of 1961), as the Principal Commissioner or the Commissioner for the purposes of declaration filed manually or electronically under electronic verification code under sub-section (1) of section 199C of the Finance Act, 2016 (28 of 2016); and

(ii) notifies the Principal Commissioner or the Commissioner, as the case may be, who exercises the jurisdiction under section 120 of the Income-tax Act, 1961(43 of 1961) or the Commissioner of Income-tax, Centralized Processing Centre, Bengaluru, as the Principal Commissioner or Commissioner, for the purposes of declaration filed electronically with digital signature under sub-section (1) of section 199C of the Finance Act, 2016 (28 of 2016).

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1172016.pdf>

➔ **Notification No. 118/2016, dated 16.12.2016 - Section 138(1)((a)(ii) specifies the Joint Secretary (Marketing), Ministry of Petroleum and Natural Gas, Government of India.**

Link: <http://www.incometaxindia.gov.in/communications/notification/notification1182016.pdf>

➔ **Notification No. 120/2016, dated 21.12.2016** - Income-tax (35th Amendment) Rules, 2016 with effect from 07.08.2015 - It is certified that by giving retrospective effect to the present notification, no one will be adversely effected in this regard.

Link: http://www.incometaxindia.gov.in/communications/notification/notification120_2016.pdf

➔ **Notification No. 121/2016, dated 26.12.2016** - M/s. Devraj Infrastructures Ltd. Notified as an industrial park for the purposes of Section 80-IA(4).

Link: http://www.incometaxindia.gov.in/communications/notification/notification121_2016.pdf

➔ **Notification No. 122/2016, dated 27.12.2016** - Income-tax (36th Amendment) Rules, 2016 - Investment of Provident fund moneys - Investment Pattern.

Link: http://www.incometaxindia.gov.in/communications/notification/notification122_2016.pdf

➔ **Notification No. 123/2016, dated 28.12.2016** - Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax (Amendment) Rules, 2016.

Link: http://www.incometaxindia.gov.in/communications/notification/notification123_2016.pdf

➔ **Notification No. 124/2016, dated 29.12.2016** - Seeks to amend Notification Number S.O. 1902(E) dated the 26th May, 2016 – appoints 31.01.2017 as the date on or before which a person may make a declaration to the designated authority in respect of tax arrears or specified tax under the Direct Tax Dispute Resolution Scheme, 2016.

Link: http://www.incometaxindia.gov.in/communications/notification/notification124_2016.pdf

➔ **Notification No. 13/2016 – DGIT (S)-ADG(S)-2/e-Filing Notification /106/2016, dated 30.12.2016**

Procedure for registration for statement of financial transactions (SFT) as per section 285BA of Income-tax Act 1961 read with Rule 114E of Income-tax Rules, 1962 .

Link: http://www.incometaxindia.gov.in/communications/notification/systemnotification13_2016.pdf

➔ **Notification No. 14/2016, dated: 30 December 2016**

Procedure for registration and submission of Form V for reporting under Pradhan Mantri Garib Deposit Scheme (PMGK), 2016.

Link: http://www.incometaxindia.gov.in/communications/notification/systemnotification14_2016.pdf

➔ **Notification No. 5 /2017/F. No. 300196/3/2016--ITA-I, dated: 24th January, 2017**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government notifies for the purposes for the said clause, the Punjab State Electricity Regulatory Commission, constituted by the Government of Punjab, in respect of the following specified income arising to that Commission, namely:-

- (a) amount received in the form of processing fee for determination of tariff;
- (b) amount received in the form of licence fee;
- (c) amount received in the form of petition fee; and
- (d) amount of interest income earned on bank deposits.

This notification shall be effective subject to the conditions that Punjab State Electricity Regulatory Commission,-

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income remain unchanged throughout the financial years; and
- (c) shall file returns of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

Link: http://www.incometaxindia.gov.in/communications/notification/notification5_2017.pdf

➔ **Notification No. 6/2017/F. No. 300196/20/2016-ITA-I], dated: 24th January, 2017**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes for the said clause, Punjab Building & Other Construction Workers Welfare Board, constituted by the Government of Punjab, in respect of the following specified income arising to that Board, namely:—

- (a) labour cess collection; and
- (b) interest income on deposits.

This notification shall be effective subject to the conditions that Punjab Building & Other Construction Workers Welfare Board,-

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income remain unchanged throughout the financial years; and
- (c) shall file returns of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

This notification shall be applicable for the financial year 2016-17 to 2020-21.

Link: http://www.incometaxindia.gov.in/communications/notification/notificaton6_2017.pdf

➔ Circular No. 7/2017, dated: 27 January 2017: Clarification on implementation of GAAR provisions under the Income Tax Act, 1961.

Link: http://www.incometaxindia.gov.in/communications/circular/circular7_2017.pdf

➔ Corrigendum 01/2017, dated: 24 January 2017: Corrigendum to Circular No. 1/2017 dated 02.01.2017 on TDS under section 192 of Income-tax Act, 1961

Link: http://www.incometaxindia.gov.in/communications/circular/corrigendum01_2017.pdf

➔ Circular No. 6/2017, dated: 24 January 2017 : Guiding Principles for determination of Place of Effective Management (POEM) of a Company.

Link: http://www.incometaxindia.gov.in/communications/circular/circular06_2017.pdf

➔ Circular No. 5/2017, dated: 23 January 2017 : Measures for reducing litigation - Clarification on Circulars 21/2015 and 8/2016.

Link: http://www.incometaxindia.gov.in/communications/circular/circular5_2017.pdf

➔ Circular No. 3/2017, dated: 20 January 2017: Explanatory Notes to the Provisions of the Finance Act, 2016

Link: http://www.incometaxindia.gov.in/communications/circular/circular03_2017.pdf

➔ Circular No. 2/2017, dated: 18 January 2017: Clarifications on the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016

Link: http://www.incometaxindia.gov.in/communications/circular/circular02_2017.pdf

➔ Circular No. 1/2017, dated: 2 January 2017 : Deduction of tax at source Income-tax deduction from salaries under section 192 of the Income-tax Act, 1961.

Link: <http://www.incometaxindia.gov.in/communications/circular/tds%202017.pdf>

➔ **Circular No. 43/2016, dated 27.12.2016** – Explanatory notes

on provisions of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 as contained in Chapter IA-A of the Finance Act, 2016.

Link: <http://www.incometaxindia.gov.in/communications/circular/circular432016.pdf>

➔ **Circular No. 42/2016, dated 23.12.2016** - Clarifications on the Direct Tax Dispute Resolution Scheme, 2016.

Link: http://www.incometaxindia.gov.in/communications/circular/circular42_2016.pdf

➔ **Circular No. 41/2016, dated 21.12.2016** - Clarifications on Indirect Transfer provisions under the Income Tax Act, 1961.

Link: http://www.incometaxindia.gov.in/communications/circular/circular41_2016.pdf

BANKING

Notifications/Circulars:

➔ **Financing of Infrastructure – ‘Definition of ‘Infrastructure Lending’**

Reference: Circular DBOD.BP.BC.No.66/08.12.014/2013-14 November 25, 2013 on ‘Definition of Infrastructure Lending’ harmonising the RBI definition of Infrastructure Lending with that of the ‘Master List of Infrastructure sub-sectors’ notified by the Government of India on October 7, 2013. The Government of India has further updated the Harmonised Master List of Infrastructure sub-sectors vide Gazette Notifications dated October 13, 2014, April 8, 2016 and August 1, 2016. In this regard it is advised that for the purpose of definition of ‘Infrastructure Lending’, banks and select All India Term-Lending and Refinancing Institutions may henceforth be guided by the Gazette Notifications issued by the Department of Economic Affairs, Ministry of Finance, Government of India, from time to time.

Source: Notification No. RBI/2016-17/168 [DBR.BP.BC.No.42/08.12.014/2016-17] dated: December 1, 2016

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10756&Mode=0>

➔ **Large Exposures Framework**

In reference to the paragraph 3 of the Statement on Developmental and Regulatory Policies issued by RBI on October 4, 2016. It was indicated therein that RBI will issue final guidelines on Large Exposures Framework (LEF) by end-October, 2016. The LEF will

be effective from April 1, 2019.

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10757&Mode=0>

➤ Requirement of customer due diligence and need for maintenance of records

It has been reported that, of late, a lot of customers are approaching banks for re-activation of dormant accounts. In this regard, we invite attention to paragraph 24.2 (ix) of the Master Circular on 'Customer Services in Banks' dated July 1, 2015, requiring that operation in dormant accounts with banks may be allowed after due diligence as per risk category of the customer. As stated therein, 'due diligence' would mean ensuring genuineness of the transaction, verification of the signature and identity etc. Attention is also invited to Chapters VI and VII of our Master Direction on KYC dated February 25, 2016, addressed to all Regulated Entities (REs) in terms of which:

a. as part of the Customer Due Diligence Procedure, certified copies of officially valid documents for proof of identity and address are to be obtained while establishing an account based relationship;

b. REs shall, among others, take steps for preserving the customer account information including preservation of records pertaining to the identification of the customers and their addresses obtained while opening the account, for at least five years after the business relationship is ended.

Source: Notification No. RBI/2016-17/173 [DBR.AML.BC. No.44/14.01.001/2016-17] dated: December 06, 2016

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10767&Mode=0>

➤ Reserve Bank of India Act, 1934 – Section 42(1A), Withdrawal of the Incremental CRR

In reference to Circular DBR.No.Ret.BC.41/12.01.001/2016-17 dated November 26, 2016 whereby all scheduled banks were required to maintain, under Section 42(1A), incremental cash reserve ratio (CRR) of 100 per cent of the increase in NDTL between September 16, 2016 and November 11, 2016, effective the fortnight beginning November 26, 2016. On a review, it has been decided to withdraw the requirement of incremental CRR, effective the fortnight beginning December 10, 2016.

Notification No. RBI/2016-17/DBR.No.Ret.BC.45/12.01.001/2016-17 dated: December 7, 2016

In exercise of the powers conferred by sub-section (1A) of Section 42 of the Reserve Bank of India Act, 1934, and in supersession

of its Notification DBR.No.Ret.BC.40/12.01.001/2016-17 dated November 26, 2016, the Reserve Bank of India hereby withdraws with effect from fortnight beginning December 10, 2016 the requirement by all Scheduled Commercial Banks/ Regional Rural Banks / all Scheduled Primary (Urban) Co-operative Banks / all Scheduled State Co-operative Banks, to maintain an incremental cash reserve ratio (CRR) of 100 per cent on increase in net demand and time liabilities (NDTL) between September 16, 2016 and November 11, 2016.

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10768&Mode=0>

➤ Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Eighteenth Amendment) Regulations, 2016

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No.FEMA.20/2000-RB dated 3rd May 2000) (hereinafter referred to as 'the Principal Regulations'), namely the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Eighteenth Amendment) Regulations, 2016 vide Notification No.FEMA.381/2016-RB dated: December 07, 2016.

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10778&Mode=0>

➤ Amendment to Master Direction on Know Your Customer

In exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, it has been decided to make certain amendments to the Master Direction on Know Your Customer (KYC). The two major changes being notified are as under:

i. It has been decided to allow One Time Pin (OTP) based e-KYC subject to certain restrictions.

ii. All Scheduled Commercial Banks (SCBs) are required to invariably upload the KYC data pertaining to all new individual accounts opened on or after January 1, 2017, with Central KYC Records Registry. SCBs are, however, allowed time upto February 1, 2017 for uploading date in respect of accounts opened during January 2017. REs other than SCBs are to upload the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017, with CKYCR.

Apart from the above, certain other modifications/clarifications to the existing instructions have also been included in the notification as per the Notification No. DBR.AML.BC. No. 18/14.01.001/2016-17 dated December 8, 2016.

Source: Notification No. RBI/2016-17/177 [DBR.AML. BC.47/14.01.01/2016-17] dated: December 8, 2016

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=10771&Mode=0>

➤ Distribution of Relief/Savings Bonds

A reference is invited to Para A.1 of the Master Direction on Relief/Savings Bonds dated July 1, 2016 under which agency banks can enrol/register brokers for distribution of Relief/Savings bonds. A reference is also invited to the Para 12 of (Master Direction) Standalone Primary Dealers (Reserve Bank) Directions, 2016 giving a list of permitted activity for the Standalone Primary Dealers.

On a review, it has been decided to allow Standalone PDs to distribute Relief/Savings bonds under non-core activities, as brokers of authorized entities, subject to adherence to terms and conditions listed in Master Direction on Relief/Savings Bonds.

Source: Notification No. RBI/2016-17/182 [IDMD.PDRD. No.08/03.64.00/2016-17] dated: December 13, 2016

Link: https://www.rbi.org.in/scripts/FS_Notification.aspx?id=10776&fn=2757&Mode=0

➤ Exchange facility to foreign citizens

Attention of Authorized Persons is invited to the A.P. (DIR Series) Circular No. 20 dated November 25, 2016 permitting foreign citizens to exchange foreign exchange for Indian currency notes up to a limit of Rs. 5000/- per week till December 15, 2016. On a review it has been decided that the instructions contained in the A.P. (DIR Series) Circular No. 20 dated November 25, 2016 shall continue to be in force till December 31, 2016 vide Notification No. RBI/2016-17/186, A.P. (DIR Series) Circular No. 22, dated: December 16, 2016.

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=10781&Mode=0>

➤ Pradhan Mantri Garib Kalyan Deposit Scheme (PMGKDS), 2016

The Government of India has vide the notification no. S.O. 4061 (E) dated December 16, 2016 announced the “Pradhan Mantri Garib Kalyan Deposit Scheme (PMGKDS)”. This Scheme shall be applicable to every declarant under the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016.

The terms and conditions of the scheme are as under:

Eligibility for Deposits:

The deposits under this Scheme shall be made from the 17th day of December, 2016 till 31st day of March, 2017, by any person who declared undisclosed income under sub-section (1) of section 199C of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016.

Form of the deposits:

The deposits shall be held at the credit of the declarant in Bonds Ledger Account maintained with Reserve Bank of India. A certificate of holding shall be issued to declarant in Form I. The Reserve Bank of India shall transfer the deposit received under this Scheme into the designated Reserve Fund in the Public account of the Government of India.

Authorised banks:

(a) Application for the deposit in the form of Bonds Ledger Account shall be received by any banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (hereinafter referred to as Authorised Banks).

(b) The Authorised Bank shall electronically furnish the details of deposit made in Form V to the Department of Revenue, Ministry of Finance, Government of India not later than next working day to enable the Department to verify the information of the deposit before accepting the declaration.

(c) The authorised bank shall upload the details of deposit into Reserve Bank of India’s Core Banking Solution ‘e-Kuber’.

(d) The Reserve Bank of India and Authorised Bank shall maintain the confidentiality of the data received in this regard.

Subscription and Mode of investment in the Bonds Ledger Account:

(a) The deposits shall be accepted at all the Authorised Banks.

(b) The deposits shall be made in multiples of rupees one hundred.

(c) The deposit by a declarant shall not be less than twenty-five per cent of the undisclosed income declared under sub-section (1) of section 199C of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016.

(d) The entire deposit shall be made, in a single payment, before filing declaration under sub-section (1) of section 199C *ibid*.

(e) The deposit shall be made in the form of cash or draft or cheque drawn in favour of the authorised bank accepting such deposit or by electronic transfer.

Effective date of deposit:

The effective date of opening of the Bonds Ledger Account shall be the date of tender of cash or the date of realisation of draft or cheque or transfer through electronic transfer.

Applications:

(a) An application for the deposit under this Scheme shall be made in Form II clearly indicating the amount, full name, Permanent Ac-

count Number (hereinafter referred to as “PAN”), Bank Account details (for receiving redemption proceeds), and address of the declarant. Provided that if the declarant does not hold a PAN, he shall apply for a PAN and provide the details of such PAN application along with acknowledgement number.

(b) The application under sub-paragraph (a) shall be accompanied by an amount which shall not be less than twenty-five per cent. of the undisclosed income in the form of cash or draft or cheque or through electronic transfer as provided under sub-paragraphs (c) and (d) of paragraph 5.

Nomination:

(a) A sole holder or a sole surviving holder of a Bonds Ledger Account, being an individual, may nominate in Form III, one or more persons who shall be entitled to the Bonds Ledger Account and the payment thereon in the event of his death.

(b) Where any amount is payable to two or more nominees and either or any of them dies before such payment becomes due, the title to the Bonds Ledger Account shall vest in the surviving nominee or nominees and the amount being due thereon shall be paid accordingly. In the event of the nominee or nominees predeceasing the holder, the holder may make a fresh nomination.

(c) A nomination made by a holder of Bond Ledger Account may be varied by a fresh nomination, or may be cancelled by giving notice in writing to the Authorised Bank in Form IV.

(d) Every nomination and every cancellation or variation shall be registered at the Reserve Bank of India through the authorised bank and shall be effective from the date of such registration.

(e) If the nominee is a minor, the holder of Bonds Ledger Account may appoint any person to receive the Bonds Ledger Account or the amount due in the event of his death.

Transferability — The transferability of the Bonds Ledger Account shall be limited to nominee or to the legal heir of an individual holder, in the event of his death.

Interest — The deposits shall not bear any interest.

Tradability against Bonds — The Bonds Ledger Account shall not be tradable.

Repayment — The Bond Ledger Account shall be repayable on the expiration of four years from the date of deposit and redemption of such Bond Ledger Account before its maturity date shall not be allowed.

Interpretation: The words and expressions used but not defined in this notification but defined in the Income-tax Act, 1961 (43 of 1961), the Government Securities Act, 2006 (38 of 2006) or the Fi-

nance Act, 2016 (28 of 2016) shall have the meanings respectively assigned to them in those Acts.

Source: Notification No. RBI/2016-17/187 [IDMD.CDD.No.1453/14.04.050/2016-17] dated: December 16, 2016

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10782&Mode=0>

➤ Procedural Guidelines for Servicing the Sovereign Gold Bonds

The Sovereign Gold Bond Scheme was launched by Government of India (GOI) on October 30, 2015. The Sovereign Gold Bonds (henceforth referred to as bonds) are issued by GOI in the form of Government of India Stock in accordance with Section 3 of the Government Securities Act, 2006 (GS Act 2006) and administered by the Reserve Bank of India. So far, six tranches of the Sovereign Gold Bond Scheme have been issued. Following notification of each tranche by GOI, operational instructions are issued by the Reserve Bank of India to the “Receiving Offices”, for processing the applications.

From the experience of issuance of the bonds so far, and in the interest of operational flexibility and ease in servicing the customers, it has been decided to issue Procedural Guidelines to the “Receiving Offices” (in case of bonds held in the form of stock certificates in RBI’s books) and Depositories/Depository Participants (in case of dematerialized bonds), in addition to entrusting them with the responsibility of performing certain functions relating to servicing of the bonds.

The Procedural Guidelines are given in Annex I. The Guidelines are issued in exercise of the powers conferred under Section 29(2) of the GS Act 2006, to the Receiving Offices, Depositories/Depository Participants, as directions to persons dealing in government securities, to facilitate servicing of the bonds issued under the various Sovereign Gold Bond schemes. Any non-compliance shall invite penal provisions under Section 30 of the Act.

See the Annex I at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10792&Mode=0>

➤ Interest Subvention Scheme for Short Term Crop Loans during the year 2016-17- Grant of grace period of 60 days beyond due date

Government of India (GoI) has been implementing the Interest Subvention Scheme (the Scheme) since 2006-07. In terms of the extant Scheme for the year 2016-17 besides subvention of 2% per annum, an additional interest subvention of 3% is also provided to prompt payee farmers from the date of disbursement of the crop loan upto the actual date of repayment by farmers or upto the due

date fixed by banks for repayment of crop loans whichever is earlier subject to a maximum period of one year from the date of disbursement. This benefit does not accrue to those farmers who repay after one year of availing such loans.

In view of the constraints faced by farmers for timely repayment of loan dues on account of withdrawal of legal tender status of Specified Bank Notes (SBNs) and the subsequent notification No. DBR. No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 issued by RBI, it has been decided by the GoI to provide an additional grace period of 60 days for prompt repayment incentive of 3% to those farmers whose crop loan dues are falling due between 1st November, 2016 and 31st December, 2016 if such farmers repay the same within 60 days from the above period. As regards asset classification and other prudential norms are concerned, the extant RBI guidelines, including the circular dated November 21, 2016 will continue to apply.

Source: Notification No. RBI/2016-17/194 [FIDD.No.FSD.BC.19/05.04.02/2016-17] dated: December 26, 2016

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=10793&Mode=0>

FOREIGN TRADE

➔ Notification No. 31/2015-2020, dated: 03.12.2016

Continuation of Minimum Import Price (MIP) on 19 HS Codes of Iron and Steel under Chapter 72 of ITC (HS), 2012 - Schedule -1 (Import Policy): amendment in import Policy Conditions.

See more at: [http://dgft.gov.in/Exim/2000/NOT/NOT16/Notification%20No.31\(E\).pdf](http://dgft.gov.in/Exim/2000/NOT/NOT16/Notification%20No.31(E).pdf)

➔ Notification No. 32/2015/2020, dated 27.12.2016

Export Policy of Potato — Removal of Minimum Export Price (MEP) on export of potatoes.

Read more at: <http://dgft.gov.in/Exim/2000/NOT/NOT16/Noti%20No.32ENGLISH.pdf>

➔ Notification No. 33/2015-2020, dated 03.01.2017 - Amendment in import policy of items classified under Chapter 41 & 43 of ITC (HS), 2012-Schedule-1 (Import Policy).

See more at: <http://dgft.gov.in/Exim/2000/NOT/NOT16/NOTI3316.pdf>

➔ Notification No. 34/2015-2020, dated 13.01.2017 - Export Policy of Animal By-Products.

Read in details at: <http://dgft.gov.in/Exim/2000/NOT/NOT16/NOTI3417.pdf>

➔ Notification No. 35/2015-2020, dt. 17.01.2017 - The minimum price for import of Areca Nuts is enhanced from existing Rs. 162/- to Rs.251/- per Kilogram.

Link: <http://dgft.gov.in/Exim/2000/NOT/NOT16/noti3517.pdf>

➔ Notification of ITC (HS), 2017 - Schedule-1 (Import Policy) - Notification No. 36/2015-2020, dated: 17.01.2017

In exercise of powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (as amended from time to time) read with paragraph 2.01 of the Foreign Trade Policy, 2015 - 2020, the Central Government notifies 'Indian Trade Classification (Harmonised System) of Import Items, 2017 [ITC (HS), 2017] as enclosed in the Annexure to this Notification. ITC (HS), 2017 contains "Schedule 1 – Import Policy". Against each item of this schedule, the current import policy has been indicated along with policy conditions to be fulfilled, if any. The same is available in the DGFT's website: www.dgft.gov.in. This shall come into force with immediate effect.

Effect of this Notification: ITC (HS) 2017 Schedule -1 Import Policy is notified.

Link: <http://dgft.gov.in/Exim/2000/NOT/NOT16/Noti3617.pdf>

➔ Notification No.382/2016-RB, dated 02.01.2017 - Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2016

In exercise of the powers conferred by clause (a) of sub-section (3) of Section 6 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes amendments in the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 (Notification No. FEMA.120/RB-2004 dated July 7, 2004) namely the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Second Amendment) Regulations, 2016. They shall be deemed to have come into force from the date of publishing in the Gazette.

Amendment of Regulation:

In the Principal Regulations, in Regulation 6, in sub-regulation (2), after the existing clause (vi), the following shall be inserted, namely:

“(vii) Indian Party shall make no direct investment in an overseas entity [set up or acquired abroad directly as JV/WOS or indirectly as Step Down Subsidiary] located in the countries identified by the Financial Action Task Force (FATF) as “non co-operative coun-

tries and territories” as per list available on FATF website www.fatf-gafi.org or as notified by the Reserve Bank of India from time to time.”

Read full notification at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10822&Mode=0>

➔ Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fifteenth Amendment) Regulations, 2016

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA. 20/2000-RB dated 3rd May 2000) namely the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fifteenth Amendment) Regulations, 2016.

Amendment to Regulation 2:

In the Principal Regulations, in Regulation 2, after clause (ii), a new clause shall be inserted namely:-

“(iiA) ‘convertible note’ means an instrument issued by a startup company evidencing receipt of money initially as debt, which is repayable at the option of the holder, or which is convertible into such number of equity shares of such startup company, within a period not exceeding five years from the date of issue of the convertible note, upon occurrence of specified events as per the other terms and conditions agreed to and indicated in the instrument;”

Insertion of a new Regulation: After the existing Regulation 6C, the following shall be inserted, namely:-

“6D. Issue of Convertible Notes by startup companies:

(1) A person resident outside India (other than an individual who is citizen of Pakistan or Bangladesh or an entity which is registered / incorporated in Pakistan or Bangladesh), may purchase convertible notes issued by an Indian startup company for an amount of twenty five lakh rupees or more in a single tranche.

Explanation: For the purpose of this Regulation, a ‘startup company’ means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognised as such in accordance with notification number G.S.R. 180(E) dated February 17, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.

(2) A startup company engaged in a sector where foreign investment requires Government approval may issue convertible notes to a non-resident only with approval of the Government.

Explanation: For the purpose of this regulation, the issue of shares against such convertible notes shall have to be in accordance with the Schedule 1 of the Principal Regulations.

(3) A startup company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to the NRE / FCNR (B) / Escrow account maintained by the person concerned in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

Provided that an escrow account for the above purpose shall be closed immediately after the requirements are completed or within a period of six months, whichever is earlier. However, in no case continuance of such escrow account shall be permitted beyond a period of six months.

(4) NRIs may acquire convertible notes on non-repatriation basis in accordance with Schedule 4 of the Principal Regulations.

(5) A person resident outside India may acquire or transfer, by way of sale, convertible notes, from or to, a person resident in or outside India, provided the transfer takes place in accordance with the pricing guidelines as prescribed by RBI. Prior approval from the Government shall be obtained for such transfers in case the startup company is engaged in a sector which requires Government approval.

(6) The startup company issuing convertible notes shall be required to furnish reports as prescribed by Reserve Bank.

Source: Notification No. 377/2016- RB, dated 10.01.2017

Read more at: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=10825&Mode=0>

➔ Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2017 - Notification No. 383/2017-RB, dated 10.01.2017

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No.FEMA.20/2000-RB dated 3rd May 2000) (hereinafter referred to as ‘the Principal Regulations’), namely the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2017.

Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=10832&Mode=0>



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