



Brahmayya Bulletin

July 2016

Editorial

The past few weeks have been very eventful, Britain's exit from the European Union (BREXIT) and Raguraman Rajan's exit from RBI (Rexit!!). Sensex evidenced a deep fall while the debt market reacted negatively. The biggest worry about the Brexit vote is that it has opened a Pandora's Box. The immediate impact of Brexit is an increase in risk aversion when it comes to investing. Brexit will have an impact on India's GDP.

MCA has amended the Companies (Accounts) Rules to facilitate preparation of Consolidated Financial Statements. CBDT has clarified that complete confidentiality would be maintained in respect of the information related to declarations made.

Anticipating higher inflows, the time limits prescribed for payment of tax has also been relaxed. Further, FAQ's have also been issued by the CBDT. ICDS has created considerable deliberations and consequent to various representations received, CBDT has postponed its applicability to FY 2016-17.

India is evidencing a sea change in the financial reporting process and its related compliance. The Ind AS has finally become a reality, as specified companies are required to prepare their quarterly financial results under the Ind AS framework. SEBI has clarified certain aspects regarding the format for presentation and its related comparative disclosure.

While India seeks to converge with the International Practices, professionals and stakeholders await eagerly to understand its impact to the economy.

Policy Directive Order Instruction Update Clarification
Ministry of Corporate Affairs Circular
Rule Enactment Notification Guideline
Framework Update Policy Instruction
Central Board of Direct Taxes
Order Notification Regulation Instruction
Notice Circular Update Notification
Central Board of Excise and Customs
Directive Order Notification Enactment
Pronouncement Announcement Framework Rule
Foreign Exchange Management Act
Instruction Order Clarification Directive Interpretation
Institute of Chartered Accountants of India
Circular Order Clarification Directive Framework
Reserve Bank of India Notification
Announcement Framework Clarification
Notification Order Rule
Instruction Order
Framework Circular
Update

Ministry of Corporate Affairs (MCA)

G.S.R. 742(E) – Dated 19th July 2016

Through this notification MCA has amended Companies (Share Capital and Debentures) Rules, 2014 to allow:

- Companies to issue shares with differential rights if the default in respect of preference dividend, repayment of term loan and interest, statutory employee dues, credit to IEF, has been made good and 5 years have elapsed since the default was made good.
- Start-up Companies to issue sweat equity not exceeding 50% of its paid up capital upto five years from the date of its incorporation or registration. The CAP originally provided by the rules was 25%.

For further insights on major changes, kindly refer the “Our News” Section of our Website.

G.S.R. 742(E) - Dated 27th July, 2016

Through this notification MCA has amended Companies (Accounts) Rules, 2014 to allow certain companies not to prepare Consolidated Financial Statements (CFS) if

- (i) it is a wholly-owned subsidiary, or is a partially-owned subsidiary of another company and all its other members, including those not otherwise entitled to vote, having been intimated in writing and for which the proof of delivery of such intimation is available with the company, do not object to the company not presenting consolidated financial statements;
- (ii) it is a company whose securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India; and

- (iii) Its ultimate or any intermediate holding company files consolidated financial statements with the Registrar which are in compliance with the applicable Accounting Standards.

MCA has also clarified that in AOC-1 only the highlights of performance of subsidiaries or associate companies or joint ventures need to be given against the earlier requirement on report on performance of financial position.

G.S.R. 695(E) – Dated 14th July 2016

MCA has amended the Companies (Cost Records and Audit) Rules, 2014 dealing with aspects like definition of cost audit report, certifications before appointment of cost auditor, provisions for removal of cost auditor, filing of returns with ROC. The amendments also deals with applicability of cost records and audit to certain industries.

Circular No. 08/2016 - Dated 29th July, 2016

MCA revised Form AOC-4 which would be available shortly and also Form AOC-4 (XBRL) and Form AOC-4 (CFS) are also under revision and may be available for deployment by end of August, 2016. Keeping in view the same and requirement of time companies required to get familiarised with new e-filing forms, due date of filing of form for financial statement and Annual return extended upto 29th October, 2016 where due date for holding of AGM is on or after 1 April, 2016, without payment of additional filing fees.

Central Board of Direct Taxes (CBDT)

Notification No. 56/2016 - Dated 6th July, 2016

The government in order to keep its commitment to ensure confidentiality of declaration by the person declaring undisclosed income under the Income Declaration Scheme, 2016 has issued an Order through this notification that no public servant shall produce before any person or authority any such document or record or any information or computerised data or part thereof as comes into his possession during the discharge of official duties in respect of a valid declaration made under ‘the Income Declaration Scheme, 2016’.

Notification No. 59/2016 - Dated 20th July, 2016

Government has relaxed the time schedule for making payment tax and penalty under Income Declaration Scheme, 2016, which originally required payment before November 2016. Revised timelines are:

- a minimum amount of 25% of the tax, surcharge and penalty to be paid by 30th November 2016,
- a further amount of 25% of the tax, surcharge and penalty to be paid by 31st March 2017; and
- the balance amount to be paid on or before 30th September 2017

Circular No.27/2016 - Dated 4th July, 2016

The Income Declaration Scheme, 2016 provides an opportunity to persons who have not paid full taxes in the past to come forward and declare their undisclosed income and assets. The Board has issued three sets of clarifications in the form of FAQs.

The fourth set of Frequently Asked Questions (FAQs) providing clarification on various issues is issued through this Circular

Circular No.28/2016 - Dated 4th July, 2016

Higher tax exemption limits have been prescribed under the past Finance Acts for resident senior citizen taxpayers who have attained the age of sixty years. Even in such cases, the exemption limit is still higher for very senior citizens who have attained the age of eighty years. A doubt has been raised about the attainment of the aforesaid qualifying ages for availing higher exemption in cases of the persons whose date of birth falls on 1st April of calendar year. In other words, the broader question under consideration is whether a person born on 1st April of a particular year can be said to have completed a particular age on 31st March, on the preceding day of his/her birthday, or on 1st April itself of that year.

The Hon'ble Supreme Court had an occasion to consider a similar issue in the case of Prabhu Dayal Sesma vs. State of Rajasthan &, another 1986, AIR, 1948 wherein it has dealt with on the general rules to be followed for calculating the age of the person. In this judgment, Apex Court observed that while counting the age of the person, whole of the day should be reckoned and it starts from 12 o'clock in the midnight and he attains the specified age on the date preceding, the anniversary of his birthday.

Press Release on Applicability of Income Computation and Disclosure Standards (ICDS) notified under section 145(2) of the Income-tax Act, 1961 dated 6th July, 2016

Vide Notification No. SO 892 (E) dated 31st March, 2015,

Central Government notified 10 Income Computation and Disclosure Standards (ICDS). These ICDS are applicable from 1.4.2015 i.e. previous year 2015-16 (Assessment Year 2016-17). Subsequent to notification of the ICDS, a number of representations were received which were examined by an Expert Committee. The Committee has recommended amendments to the notified ICDS and also issuance of clarification in respect of certain points raised by the stakeholders. The revision of ICDS/issue of clarifications as recommended by the Committee, is under consideration. The revision of the Tax Audit Report is also being made for ensuring the compliance with the provisions of ICDS and for capturing the disclosures mandated by the ICDS. Some of the tax payers might have filed their return of income and obtained Tax Audit Report without incorporating the compliance with the ICDS and related disclosures in the absence of the revised Tax Audit Report. Considering these facts, it has been decided that the ICDS shall be applicable from 1.4.2016 i.e. previous year 2016-17 (Assessment Year 2017- 18).

Central Board of Excise and Customs (CBEC) – Central Excise

Circular No. 1033/21/2016- CX - Dated 1st July, 2016

Central Government has extended the time limit for taking central excise registration of an establishment by a jeweller upto 31st July 2016. Further, the central excise duty is liable to be paid from 1st March 2016, however jewellers may make the payment of excise duty for the months of March, 2016; April, 2016 and May, 2016 along with the payment of excise duty for the month of June, 2016.

Circular No. 1038/21/2016- CX - Dated 19th July, 2016

Through Notification No.18/2015 – Central Excise (NT), CBEC specified certain conditions, safeguards and procedures for issue of invoices, preserving records in electronic form and authentication of records and invoices by digital signatures. Further it is clarified that manufacturer or a service provider who opts to issue invoices authenticated by digital signature may also print a copy of such invoice and sign them manually for the customers who are unable to accept or receive the digitally signed invoices due to lack of Information Technology infrastructure. Thus, such invoices, authenticated by digital signature as well as manual signature, will be valid document to avail CENVAT credit

Central Board of Excise and Customs (CBEC) – Customs

Circular No.31/ 2016 - Customs - Dated 6th July, 2016

Passengers are now permitted to purchase goods at duty free shops in Indian rupees up to an amount not exceeding Rs. 25,000 per person as against earlier limit of Rs. 5,000. Further, the Duty Free Shops are requested to display prices in Indian Rupees along with the rate of exchange as published by the commercial banks for conversion of foreign currency or the rate of exchange notified by the CBEC on a fortnightly basis for import and export of goods.

Notification No.100/2016 - Dated 14th July, 2016

CBEC has amended Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 to provide that these rules will apply mutatis mutandis

to a service provider and any reference to the expressions manufacture, manufacturer, excise duty and factory in these rules will be construed as service, service provider, service tax and registered premises respectively of a service provider referred to in chapter V of the Finance Act, 1994 and the rules made thereunder. Further, the time limit for re-export or clearance of unutilised or defective goods under Rule 7 has been increased to 6 months from the existing limit of 3 months.

Security Exchange Board of India (SEBI)

**CIRCULAR –
CIR/MRD/DRMNP/62/2016 – 5th
July 2016**

SEBI prescribed the Revised format for Financial result and implementation of Ind AS by listed entities. For the implementation for first year, Comparatives should be filed along with the quarterly / annual financial results which are also required to be Ind AS compliant. However, for smooth transaction, relaxations are being given to the listed entities to which Ind AS Rules are applicable from the accounting period beginning on or after April, 1, 2016 as mention in circular. Clarification on issues with regarding to Ind AS implementation has also been provided.

Further insights on this circular has been provided in the “Our News” Section of the Website.

CHENNAI

48, Masilamani Road,
Balaji Nagar, Royapettah,
Chennai - 600014.
Phone: +91- 044 - 28131128/38/48
Fax: +91 - 28131158

BENGALURU

Khivraj Mansions, 10/2 Kasturba Road,
Bangalore - 560001.
Phone: +91 - 080 - 22274551/52
Fax: +91 - 22212437

VISAKHAPATNAM

1-88-19, Plot No: 135/4,
Sector 4, MVP Colony,
Visakhapatnam 530 017
Phone: (0891) 2755821 & 2755848,
Fax: (0891) 2755848

GUNTUR

10-3-21, 3rd Lane,
Sambasivapet, Guntur - 522001.
Phone: +91- 863 - 2220347/2224924
Fax: +91 - 2220347

TANUKU

22-29/5 Gubbalavari Street,
Society Road, Tanuku - 534211.
Phone: +91 - 8819 - 221234/224 911

HYDERABAD

No 403&404, Golden
Green Apartments,
Erra Manzil Colony,
Hyderabad - 500082.
Phone: +91- 040 - 23370002/04
Fax: 23379 988

GURGAON (New Delhi)

404, DLF City Court,
Sikandarpur, Mehrauli_Gurgaon Road
(MG Road), Gurgaon,
Haryana - 122002
Phone : +91 - 0124 - 4235 522

VIJAYAWADA

No 33-25-33/3, Govinda
Rajulu Naidu Street,
Surya Rao Pet,
Vijayawada - 520010.
Phone: +91 - 866 - 2444592/93/94

KAKINADA

3-16C-40/1, 8th Road, Santhi Nagar,
Kakinada - 5330003.
Phone: +91 - 884 - 2374402/04
Fax: +91 - 2374402, 2363 656

ADONI

142/6, Sri Krishnadevaraya Colony,
Adoni - 518301.
Phone: +91 - 8512 - 253 447/222 377
Fax: +91 - 253 447

Brahmayya&co.

www.brahmayya.com