



# Brahmayya Bulletin

June 2017

## Editorial

Mahatma Gandhi aptly quoted, “The future depends on what we do in the present”, which is note-worthy for the Indian accounting profession, particularly in the present days of all-out transition. It becomes imperative to stay updated on the changes. What we learn today is what we should practice tomorrow.

With high risk of non-performing assets and economic pressure due to sectoral issues, the Government is progressing steadily. Amendment of policies and major tax reforms are being dealt with utmost courage. With the change in law, GST journey has begun. While most of us were busy with the GST roll out, another major tax reforms has been concluded worldwide and nearly 100 Countries including India have signed treaties at the OECD multilateral convention held in Paris that aims to check cross border tax evasion by multinational companies.

The Reserve Bank of India, on the recommendation of Internal Advisory Committee, referred to the Insolvency and Bankruptcy Court, all accounts with total outstanding loans greater than INR 5,000 Crores, with at least 60% classified as non-performing by banks as on March 31, 2016 and identified 12 NPA accounts, totalling about 25 per cent of the current gross non-performing assets (GNPAs) of the banking system.

June has been eventful – major tax reforms and policy decisions have led to various notifications and circulars by regulatory authorities.

Readers are requested to check the “Our News” Section of our Website for more detailed updates on several rules and regulations.

Happy reading!

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  
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Update Circular

## Ministry of Corporate Affairs (MCA)

### Notification No. G.S.R. 582 (E) - Dated 13th June, 2017

Provisions relating to the rotation of directors under Section 152(6) and 152(7) has been amended and shall not be applicable to:

- Government company, which is not listed and in which 51% or more of the paid-up share capital is held by the Central Government or by any State Government(s) or by the Central Government and one or more State Governments jointly and;
- Subsidiary of a Government company, referred to above.

### Notification No. G.S.R. 583 (E) – Dated 13th June, 2017

MCA has provided certain exemptions to Private Limited Companies. Details related to the exemptions are elaborated in the “Our News” section of our website.

### Notification No. G.S.R. 584 (E) – Dated 13th June, 2017

MCA has provided certain exemptions to Section 8 Companies. Details related to the exemptions are elaborated in the “Our News” section of our website.

### Notification No. G.S.R. 621(E) - Dated 22nd June, 2017

MCA has amended the provisions relating to the rotation of auditors for Private Limited Companies. According to section 139, private companies having share capital of INR 20 Crores or more were required to mandatorily rotate auditors / audit firms. MCA has amended this section by enhancing the limit to INR 50 Crores. Consequently, the amended section shall not be applicable to Private Limited Companies having share capital of less than INR 50 Crores.

### Notification No. G.S.R. 732(E) - Dated 29th June 2017

Rules for transfer of pending proceedings called Companies (Transfer of Pending Proceedings) Second Amendment Rules, 2017 has been notified by MCA. After amendment, Rule 4 provides that all proceedings relating to winding up of a company where notice of the resolution has been given by advertisement under section 485(1) of Companies Act, 1956 but the company has not been dissolved before 1st April, 2017, such proceedings shall continue to be dealt with in accordance with provisions of the Companies Act 1956.

The new Rule 5 has been substituted with effect from 16th June, 2017. After amendment, Rule 5 provides that all petitions relating to winding up of a company under section 433(e) of the Companies Act, 1956 on the ground of inability to pay its debts pending before a High Court and where the petition has not been served on the respondent under Rule 26 of the Companies (Court) Rules, 1959 shall be transferred to the Bench of the Tribunal established under section 419(4) of the Companies Act, 2013.

Petitioner is also required to submit all information required for admission of the petition including details of the proposed insolvency professional to the Tribunal on or before 15th July, 2017, failing which the petition shall stand abated. After 15th July, 2017, any party or parties to the petitions shall be eligible to file fresh applications under sections 7, 8 or 9 of the Insolvency and Bankruptcy Code.

It further provides that where a petition relating to winding up of a company is not transferred to the Tribunal under the said rule and remains in the High Court and where another petition for winding up against the same company is pending as on 15th December, 2016 under section 433(e) of the old Act, then such other petition shall not be transferred to the Tribunal, even if the petition has not been served on the respondent.

### General Circular No. 07/2017 – Dated 5th June, 2017

This circular provides clarification regarding transmission of securities by operation of law. Section 126(6) of Companies Act, 2013 provides that all shares (in respect of which dividend has not been paid or claimed for seven consecutive years or more) shall be transferred by the company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed.

Consequently, the said circular brings clarity among stakeholders that similar procedure is to be followed while transferring the shares to IEPF as mentioned in section 126(6) relating to transmission of shares.

## Central Board of Direct Taxes (CBDT)

### Notification No. 42/2017 - Dated 2nd June, 2017

Every employer is required to provide the certificate of deduction of tax at source to employee under the provisions of Chapter XVII-B of Income Tax Act. The date for providing Form 16 to employee has been extended to from 31st May to 15th June of a financial year.

### Notification No. 43/2017 - Dated 5th June 2017

To curb gross misuse of provisions relating to Section 10(38), Central Government has notified few transactions which shall be exempt along with few exceptions, relating to acquisition of equity shares where STT was not paid. Details related to the exceptions are elaborated in the “Our News” section of our website.

**Notification No. 44/2017 - Dated 5th June 2017**

CBDT has notified new Cost Inflation Index considering FY 2001-02 as the base year and Cost Inflation Index for Financial Year 2017-18 being 272, which shall be effective from 01.04.2018 i.e. Assessment Year 2018-19 and onwards.

**Notification No. 46/2017 - Dated 7th June 2017**

CBDT has notified amended Safe Harbour Rules, which shall come into effect from 1st April, 2017 and shall continue to remain in force from AY 2017-18 to AY 2019-20. The objective behind the amendment in Safe Harbour Rules is to restrict the applicability of Safe Harbour Rules to smaller entities by capping threshold limits & extension of the scope of Safe Harbour Transactions to the low value intra-group services.

**Notification No. 47/2017 - Dated 8th June 2017**

Any bond issued by Power Finance Corporation Limited on or after 15th June 2017 with redemption period more than 3 years is eligible for investment under section 54EC for claiming exemption.

**Notification No. 48/2017 - Dated 8th June, 2017**

CBDT has amended the Income Tax Rules, 1962, by inserting following sub-rules:

- *Sub-rule 2B to Rule 30* - Any sum deducted under section 194-IB shall be paid to the Central Government within 30 days from the end of the month of deduction along with challan-cum-statement in Form No. 26QC.
- *Sub-rule 6B to Rule 30* - Tax deducted is to be remitted electronically within prescribed time.

- *Sub-rule 3B to Rule 31* - Every deductor under section 194-IB is required to furnish certificate of deduction of tax at source in Form 16C to the payee within 15 days from due date of furnishing challan-cum-statement in Form 26QC.
- *Sub-rule 4B to Rule 31A* - Every deductor under section 194-IB is required to furnish challan-cum-statement in Form No. 26QC electronically within 30 days from the end of the month of deduction.

**Notification No. 52/2017 - Dated 15th June 2017**

In order to make actual allocation of funds consistent with that of the primary transfer pricing adjustment, Finance Act, 2017 inserted section 92CE w.e.f. 1st April, 2018 to provide for secondary adjustment by attributing income to the excess money lying in the hands of the associated enterprise. The provision shall be applicable to primary adjustments exceeding INR 1 Crore made in respect of Assessment Year 2017-18 & onwards. CBDT has inserted Rule 10(CB) which provides time limit for repatriation of excess money and the rate of interest to be charged.

**Notification No. 56/2017 - Dated 27th June, 2017**

Every person who has been allotted permanent account number as on 1st July, 2017 who is required to intimate his Aadhar Number, shall intimate his Aadhar Number to the Principal Director General of Income-Tax (Systems), Director General of Income-Tax (Systems) or any other authorized person in prescribed formats.

**Circular No. 19/2017 - Dated 12th June, 2017**

CBDT has clarified that trade advances in the ordinary course of business provided to a shareholder holding not less than 10% of voting power or to any concern in which shareholder is a member would be excluded from the ambit of deemed dividend under Section 2(22)(e).

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

**Notification No. 15/2017 (NT)– Dated 12th June 2017**

Cenvat Credit (Third Amendment) Rules, 2017 has been notified, amending the existing Cenvat Credit Rules 2004. The rules specifies that Cenvat Credit unavailed in respect of any services provided by Government, local authority or any other person for giving right to use natural resource, can be availed in full from the date when provision of Central Goods and Service Tax Act shall come into force.

**Notification No. 19/2017 & 20/2017 (NT) – Dated 30th June 2017**

Central Excise Rules, 2017 has been notified, which shall come into force on 1st July 2017. Details related to the rules are elaborated in “Our News” section of our website.

**Notification No. 12/2017 (NT)- Dated 30th June 2017**

Central Government exempts all excisable goods (except Petroleum, Crude, High Speed Diesel, Motor Spirit (Commonly known as Petrol), Natural Gas, Aviation Turbine Fuel, Tobacco and Tobacco Products) from excise duty, provided:

- Such goods are manufactured on or before 30th June 2017 and not cleared from factory of production before 1st July 2017.
- Appropriate Tax under GST Regime shall be payable if cleared on or after 1st July 2017.

The Notification comes into force from 1st July 2017.

## Central Board of Excise and Customs (CBEC) – Service Tax

### Notification No. 18/2017 - Dated 22nd June 2017

A proviso has been added to Rule 7, specifying the due date for filing of Service Tax Return for the period 1st April 2017 to 30th June 2017 as 15th August 2017 and is to be filed in Form ST-3 or ST-3C. Another proviso is also added to Rule 7B to facilitate submission of revised return for the said period within 45 days from the date of filing of original return.

## Security Exchange Board of India (SEBI)

### CIR/CFD/DIL/56/2017 - Dated 14th June, 2017

SEBI (Substantial Acquisition of Shares and Takeover) Regulations 2011 require promoters to disclose the details of their encumbered shares including NDU which are covered under the scope of 'Encumbrances'. This circular enables the shareholder to record the NDU in the depository system and permit the depositories to offer system for capturing and recording the NDUs. In order to implement the provision of this circular, the depositories are advised to make necessary changes in the Depository System.

## Reserve Bank of India (RBI)

### RBI/DNBS/2016-17/53/Master Direction DNBS.PPD. No.04 /66. 15. 001/2016-17 - Dated 8th June, 2017

RBI has issued master direction for Information Technology Framework for the NBFC Sector to regulate the credit system of the country. NBFCs may place these directions before their Board, together with the gap-analysis vis-à-vis the master direction and proposed action by September 2017. NBFCs with asset size more than INR 500 Crores shall comply with the master direction by June 30, 2018 and others shall comply by September 30, 2018.

### RBI/2016-17/321/DBR.No.BP.BC.74 /21.06.009/2016-17 - Dated 13<sup>th</sup> June, 2017

Six domestic credit rating agencies viz CARE, CRISIL, FITCH India, ICRA, Brickwork Ratings and SMERA have been accredited for the purpose of risk weighting the bank's claims for capital adequacy purposes. Risk weights applicable as per Standardized Approach is mapped with the long term and short-term ratings issued by these credit rating agencies.

### RBI/2016-17/326/DBR.No. Leg.BC.76 /09.07.005/2016-17 - Dated 22nd June, 2017

Reserve Bank of India has instructed banks to avoid inscrutable entries in passbooks/statements of account and ensure that brief, intelligible particulars are entered to avoid inconvenience to depositors.

### RBI/2016-17/318/DBR.No. Ret.BC.71 /12.02.001/2016-17 - Dated 7th June, 2017

Reserve Bank of India has decided to reduce the Statutory Liquidity Ratio of Commercial Bank, Primary (urban) Co-Operative Banks, State Co-Operative Banks and Central Co-operative Banks from 20.5% to 20% of their Net Demand and Time Liabilities with effect from 24th June, 2017.

## Goods and Service Tax (GST)

### Notification No. 03/2017 – Dated 19th June 2017

Central Government has notified CGST Rules 2017 effective from 22nd June 2017. The Rules are divided into 19 Chapters and spell out the respective rules and forms for Composition levy, Registration, Determination of Value of Supply, ITC, Invoice/Credit and Debit Notes, Accounts and Records, Returns, Payment of Tax, Refund, Assessment and Audit, Advance Ruling, Appeals and Revision, Transitional Provisions, Anti-Profitteering, E-way, Inspection/Search & Seizure, Demands and Recovery, and Offences and Penalties.

### Notification No. 04/2017 – Dated 19th June 2017

Central Govt has notified "www.gst.gov.in" as the electronic portal for facilitating registration, payment of tax, furnishing of returns, computation and settlement of integrated tax and electronic way bill.

### Notification No. 05/2017 – Dated 19th June 2017

Central Government has exempted persons from obtaining registration under CGST Act 2017, who are engaged solely in making supplies of taxable goods or services on which total tax is liable to be paid by service recipient under reverse charge basis.

### Notification No. 06/2017 – Dated 19th June 2017

CBEC has notified Aadhar based Electronic Verification Code and Bank A/c based One Time Password as modes of verification for submitting any application, return, appeals apart from using DSC and e-signature.

### Notification No. 11/2017 – Dated 28th June 2017

CBEC amends erstwhile Notification No. 6 issued on 19th June 2017 and replaces OTP mode of verification with EVC generated through net banking login on the common portal and EVC code generated on the common portal with effect from 22nd June 2017.

### Notification No. 07/2017 – Dated 27th June 2017

Central Government has notified CGST (Amendment) Rules, 2017 incorporating certain changes in CGST Rules 2017. One important change is with regard to migration of existing taxpayer. Under Rule 24, a new Sub-Rule 3A has been inserted to provide for deemed registration to the applicant in case certificate of registration is not provided within 15 days from date of furnishing information and no notice has been issued for cancelling provisional registration.

**Notification No. 08/2017– Dated 27th June 2017**

Central Government on recommendation of the Council has prescribed that an eligible registered person whose aggregate turnover in a financial year does not exceed INR 75 Lakhs may opt to pay, in lieu of the central tax payable by him, an amount calculated at the rate of 1% of turnover in State in case of manufacturer, 2.5% in case of persons engaged in supply of food or other article for human consumption or any drink and 0.5% of turnover in State in case of any other Supplier. Same has been made applicable for UTGST vide Notification No. 02/2017-Union Territory Tax dated 27th June 2017.

**Notification No. 09/2017 – Dated 27th June 2017**

Central Government has appointed 1st July 2017 as the date from which certain sections of the CGST Act 2017 shall become applicable like Section 6 to 9, 11 to 21, 31 to 41, 42 except proviso to 42(9), 43, except proviso to 43(9), 44 to 50, 53 to 138, 140 to 145, 147 to 163, 165 to 174.

**Notification No. 10/2017 – Dated 28th June 2017**

Central Government notified CGST (Second Amendment) Rules, 2017 amending CGST Rules, 2017.

**Notification No. 12/2017 – Dated 28th June 2017**

CBEC has notified that a registered person having specified annual turnover in preceding financial year should mention HSN code in tax invoices issued by him.

**Notification No. 13/2017 – Dated 28th June 2017**

Central Government has fixed interest rate under section 50, 54(12) and 56 of CGST Act 2017.

- Rate of interest in case of delayed payment has been fixed at 18%, whereas in case of undue or excess claim of ITC or undue or excess reduction in output tax liability, interest rate has been fixed at 24%.
- In case of refund withheld in interest of revenue under section 54(12) and delayed refund under section 56 pursuant to order passed by proper officer, rate has been fixed at 6% and in case of delayed refund pursuant to order by adjudicating authority/court which has attained finality, interest rate has been kept at 9%.

Same is applicable under integrated tax by way of Notification No. 06/2017 – Integrated Tax dated 28th June 2017.

**Notification No. 01/2017 - Integrated Tax – Dated 19th June 2017**

Central Government appointed 22nd June 2017 as the date from which provisions of sections 1,2,3,14,20 and 22 of IGST Act, 2017 comes into force.

**Notification No. 03/2017- Integrated Tax – Dated 28th June 2017**

Central Government appointed 1st July 2017 as the date from which provisions of sections 4 to 13, 16 to 19, 21, 23 to 25 of IGST Act, 2017 comes into force.

**Notification No. 04/2017- Integrated Tax – Dated 28th June 2017**

Central Government has notified IGST Rules, 2017 wherein it is specified that CGST Rules, 2017 shall apply in relation to integrated tax as they apply to central tax.

**Notification No. 01/2017- Goods and Service Tax Compensation – Dated 28th June 2017**

Central Government has appointed 1st July 2017 as the date on which all provisions of GST (Compensation to States) Act 2017 shall come into force.

**Ministry of Consumer Affairs, Food and Public Distribution**

**WM-10 (31)/2017 - Dated 4th July 2017**

Central Government in exercise of Powers under Rule 33 (1) of Legal Metrology (Packaged Commodities) Rules, 2011, hereby permits the manufacturers, importers, packers of pre-packaged commodities to change the retail sale price for 3 months w.e.f. 1st July 2017 on unsold stock, manufactured/imported/packed prior to 1st July, 2017. The change in retail sale price is permitted on following conditions:

- Difference between original retail sale price and revised sale price shall not be higher than the extent of increase in tax rate or fresh tax rate (if levied).
- Original MRP should be displayed separately.
- Manufacturers/Packers/Importers should provide atleast 2 advertisements in one or more newspaper along with circulation of notices to all dealers and Director of Legal Metrology in Central Government and Controllers of Legal Metrology in states and union Territories.

It is also clarified that packing material or wrapper, which is not exhausted prior to 1st July 2017 can be used for packing till 30th September 2017

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