

Indian Legal Updates

The purpose of this document is to highlight the key changes introduced in Indian legal era by way of Notifications and Circular in various tax and regulatory laws.

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Direct Tax Updates

[Procedure of Registration and Submission of Report through online transmission of electronic data](#)

As per Rule 114G (information to be maintained and reported by financial institutions) statement shall be furnished through online transmission of electronic data to server designated under digital signature as specified by Income Director General of income tax as specified in rule 9(a) of rule 114 and rule 9(b) specifying secure transmission of data and implementing appropriate security including registration by logging into e-filing website with user id and submission of form 61B which shall be submitted through digital signature or shall submit NIL statement.

[Amendment in income tax rules 1962](#)

As per section 295 (power to make Income Tax Rules), The Central Board of Direct Taxes makes the following rules to amend the income tax rules 1962, to income tax rules 2015 and shall come into force from 1st October, 2015. Further in rule 2BB the table against serial no 11 the entry in column (2) (containing transport allowance granted to employees) "name of allowance" after the word "who is blind" the word "deaf and dumb" shall be inserted.

Indirect Tax Updates

[Clarifications regarding binding nature of circulars and notifications](#)

Circulars and Notification are no doubt binding in law on authorities but when the board gives any circular or notification contrary to the judgment of Supreme Court or High Court it would not be appropriate for the board that circular should be

given effect to. Clarifications and circulars are merely for the statutory understanding but not binding on the law. Ultimately the court's decision will be taken into consideration and not the executive.

Foreign Exchange Regulation Updates

[Transfer or issue of security by a person resident outside India](#)

In the foreign exchange management regulation 2000, the following clause shall be inserted in schedule 9, for the transfer of security by the person resident outside India: All LLP's who have received foreign direct investments in previous years as well as current year shall submit to RBI before 15th day of July, a report titled 'Annual Return on Foreign Liabilities and Assets'.

[Change in Bank Rate](#)

The Bank Rate stands adjusted by 50 basis points as announced in four bimonthly monetary policy statement from 8.25 to 7.75 per cent. All penal rates on shortfall linked to bank rate needs to be revised.

[Equity Investments by Banks](#)

According to this notification it is advised that banks which have CRAR of 10 per cent or more and have also made net profit as of March 31 of the previous year need not approach RBI for prior approval for equity investments (which was needed earlier) in cases where after such investment, the holding of the bank remains less than 10 per cent of the investee company's paid up capital, and the holding of the bank, along with its subsidiaries or joint ventures or entities continues to remain less than 20 per cent of the investee company's paid up capital.

[Regulations for the Asset held abroad by the person resident in India under Foreign Exchange Management Act 1999](#)

Black Money and imposition of Act 2015 has been introduced to curb the foreign undisclosed income but it is hereby clarified that no proceedings shall lie against the declarant if he has paid all taxes and penalties. In case the declarant wishes to hold asset he may apply to RBI within 180 days from date of declaration if such permission is required. In case such permission is not granted asset will be disposed within 180 days from the date of communication with or RBI within such extended date as may be permitted.

[External commercial borrowing policy \(ECB\) – Issuance of Rupee denominated bond overseas](#)

In order to facilitate Rupee denominated borrowing from overseas, it has been decided to put in place a framework for issuance of Rupee denominated bonds overseas within the overarching ECB policy. Eligible Borrowers are

corporate or body corporate as well as Real Estate investment trusts (REIT's) and Infrastructure Investment Trusts. Its minimum maturity period is 5 years and there are no end use restrictions except negative list.

[Opening of the foreign currency account in India by ship-manning/crew management agencies](#)

General Permission is available to ship manning /crew managing agencies that are rendering services to shipping /airlines companies incorporated outside India to maintain a non-interest bearing foreign currency account with an AD- category 1 bank by foreign shipping or airline companies. Credit to such account would be only by way of freight or passage fare collection or inward remittance through normal banking channels from overseas principal. No credit facility shall be granted against security of funds held in such accounts. This foreign currency account will be maintained only during the validity period of the agreement.

Media

1. Publication: The Hindu BusinessLine – September 30, 2015

[Quote in The Hindu BusinessLine on Government's recent move on Minimum Alternate Tax on FIIs](#)

[Foreign firms to breathe easy as Govt stands by MAT promise](#)

The article talks about Centre's decision that it stood by its circular exempting foreign investors from paying minimum alternate tax (MAT) if they didn't have a permanent place of business in India, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates

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2. Publication: Taxanalysts – September 28, 2015

[Quote in Taxanalysts on exemption given to foreign firms from MAT](#)

[Foreign Firms Exempt From Minimum Alternate Tax](#)

The article talks about Government's decision to not levy minimum alternate tax (MAT) on foreign investors, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates

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3. Publication: The Financial Express – September 15, 2015

[Article in The Financial Express on importance of reporting of foreign assets and income](#)

[Tax: Why it is important to report your foreign assets and income](#)

The article written by Amit Maheshwari talks about importance of reporting of foreign assets and income.

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4. Publication: DNA – September 02, 2015

[Quote in DNA on exemption given to foreign firms from MAT](#)

[Foreign investors not to be put on MAT](#)

The article talks about Government's decision to accept the AP Shah panel recommendation to not retrospectively levy minimum alternate tax (MAT) on foreign financial investors (FIIs) and foreign portfolio investors (FPIs), with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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About Us

[Ashok Maheshwary & Associates](#) is an international accounting firm with offices in Gurgaon, New Delhi, Mumbai and Singapore. We specialize in advising our clients on complex transaction from a legal, tax and regulatory perspective integrated with industry expertise. We are a full service accounting firm with the ability to assist our client's right from devising strategies to enter in the Indian market to managing their compliances and supporting them in complex tax litigation.

Our Financial Advisory firm, has inter-alia, been into large and complex Debt Syndication, Trade Finance, Private Equity Advisory, Merger & Acquisitions, Financial Restructuring Deals. We also assist our clients in making a road map for potential fund raising via IPO and Private Placements.

Core practice areas include International Tax, International Tax Litigation, Dispute Resolution, Transaction Advisory, Auditing and Assurance, Entry Strategy for Foreign Investors, Transfer Pricing Documentation, Debt Syndication, Private Equity, Mergers & Acquisitions and Joint Ventures & Restructuring.

Our key clients include Multinationals, Listed Companies and large domestic corporate houses.

To further enhance our global servicing capabilities, we have become an independent member of [Leading Edge Alliance](#), the second largest global association of accounting firms in the world (#11 in worldwide ranking of networks, associations and alliances). LEA Global firms operate from more than 450 offices in 100 countries, giving clients of LEA Global firms access to the knowledge, skills and experience of more than 1,600 partners and 23,518 staff members. LEA Global firms' combined annual revenue totals more than USD 2.6 billion.

Recently, [TPA Global Group](#) has made our firm, Ashok Maheshwary & Associates, an alliance partner. TPA Global is an independent and specialist provider of expert transfer pricing, tax valuation and customs services, headquartered in Amsterdam. TPA Global through its own offices has coverage in over 50 countries around the world. TPA Global has also been recognized as one of the leading transfer pricing firms in Asia and Europe in the prestigious International Tax Review survey. TPA Global's expert services in the Transfer Pricing domain will help us in providing high quality transfer pricing and valuation advice to our clients all across the globe.

We believe in constant knowledge expansion and have developed comprehensive Knowledge Management and Continuing Education programs which are conducted both in-house and outside. These programs cover key events, global and national trends as they unfold and examine case studies', debate and analyze emerging legal, regulatory and tax issues.

Several of our partners contribute stories/articles for the media (electronic/ press) on the tax, regulatory matters and Corporate Finance (including latest developments) providing our views as to their impact on business environment in India.

In case you need any further information/clarifications please contact us:

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