

Indian Legal Updates

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

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Direct Tax Updates

[Amendment in rules relating to return of income](#)

The Central Board of Direct Taxes makes amendments in Rule 12 (Return of income and return of fringe benefits) of Income-tax Rules, 1962. Accordingly, a person required to furnish the return in Form ITR-5, shall furnish the return for the assessment year 2014-15 and subsequent assessment years electronically under digital signature or transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V.

[Expenditure incurred on roads under BOT agreement, to be amortised as business expenditure](#)

The Central Board of Direct Taxes clarifies that the cost of construction on development of infrastructure facility of roads/highways under BOT projects may be amortised and claimed as business expenditure over the period of concessionaire agreement.

[Revision in PAN forms, provide option to include mother's name](#)

The CBDT substitutes PAN application forms (Form 49A/49AA), providing option to get mother's name printed on PAN card. Both father's and mother's name can't be printed and applicant are required choose one option. In case no option is selected, PAN will be issued with father's name.

Indirect Tax Updates

[Aurangabad Airport appointed as Customs Airport for the state of Maharashtra](#)

The Central Government appoints Aurangabad Airport situated in the Maharashtra to be Customs Airport for unloading of imported goods

and loading of export goods or any class of such goods.

[Kiranpani port appointed as Customs Port for the state of Maharashtra](#)

The Central government appoints Kiranpani Port situated in Maharashtra as a Customs Port for unloading and loading of selected goods.

Foreign Exchange Regulation Updates

[Further delegation of powers to the Regional Offices of the RBI to compound the contraventions of FEMA.](#)

It has been decided to delegate further powers to compound the contraventions to the Regional Offices of Reserve Bank of India. The contraventions can be compounded by all Regional Offices (except Kochi and Panaji) without any limit on the amount of contravention.

[Foreign investment in India in Government Securities](#)

The present limit for investment in government securities by SEBI registered FIIs, QFIs, long term investors and FPIs registered stands at USD 30 billion. In order to encourage longer term flows, foreign investment by all eligible investors including RFPIs shall henceforth be permitted only in government securities having residual maturity of one year and above.

[Foreign Direct Investment in Limited Liability Partnership](#)

Limited Liability Partnership (LLP) formed and registered under the Limited Liability Partnership Act, 2008 shall now be eligible to accept Foreign Direct Investment (FDI). The LLP which have received foreign investment in terms of FIPB approval between May 20, 2011 to the date of this circular shall comply with the reporting requirement in respect of FDI within 30 or 60 days, as applicable, from the date of this circular.

[Creation of Deferred Tax Liability on Special Reserve by Banks](#)

As a matter of prudence, the Reserve bank of India advises all primary co-operative banks to create deferred tax liability (DTL) on Special Reserve. DTL for amounts transferred to Special Reserve from the year ended March 31, 2014

onwards should be charged to the Profit and Loss Account of that year.

[FC-TRS to be filed by Investee Company](#)

The onus of submission of the form FC-TRS within the timeframe of 60 days from the date of receipt of funds has now been shifted to Investee Company. Earlier, it was on the transferor / transferee, whoever was resident in India. Also, the AD Category – I bank may now approach Regional Office concerned of RBI, Foreign Exchange Department before certifying the form FC-TRS received by them beyond the prescribed period of 60 days.

[Non levy of pre-payment penalty on Floating Rate Term Loans](#)

It is advised that banks will not be permitted to charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.

[Non levy of penal charges on non-maintenance of minimum balances in inoperative Accounts](#)

It is advised that henceforth banks are not permitted to levy penal charges for non-maintenance of minimum balances in any inoperative account.

[Loans sanctioned by UCBs not to exceed 75 per cent of the value of gold ornaments and jewellery](#)

It has now been decided to prescribe a Loan to Value (LTV) Ratio of not exceeding 75 per cent for UCBs' lending against gold jewellery (including bullet repayment loans against pledge of gold jewellery). Gold jewellery accepted as security will be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewelers Association Ltd. Jewellery of lower purity of gold shall be valued proportionately.

Media & Events

Media

1. Publication: The Economic Times - 29-May-14

[Quote in The Economic Times on Finance Ministry's demand to the I-T department to share the details of defaulters' wealth tax returns with PSBs](#)

The article talks about Finance Ministry's demand to the I-T department to share the details of defaulters' wealth tax returns with PSBs, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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2. Publication: Money Today - 25-May-14

[Quote in The Economic Times on What to do as a part of preparations for moving to another country](#)

The article talks about the preparations for moving to another country, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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3. Publication: Business Standard - 23-April-14

[Quote in Business Standard on India to provide info on US tax evaders](#)

The article talks about India's agreement to help the US tackle tax evasion by providing it information available with Indian financial institutions on offshore accounts or assets of Americans or their entities, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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4. The Economic Times - 22-April-14

[Quote in the Economic Times on conclusion of pact between India and US on tax evasion under FATCA](#)

The article talks about conclusion of India's "in-substance" agreement with the US to combat possible tax evasion by Americans through Indian financial entities, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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5. The Financial Express - 22-April-14

[Quote in The Financial Express on Conclusion of pact between India and US on tax evasion under FATCA](#)

The article talks about conclusion of India's "in-substance" agreement with the US to combat possible tax evasion by Americans through Indian financial entities, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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6. Publication: Business Standard - 17-April-14

[Quote in the Business Standard on CBDT ask officials to ensure M&As do not defraud revenue.](#)

The article Talks about concerns raised by CBDT officials to ensure M&As do not defraud revenue, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates

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7. The Financial Express - 11-April-14

[Quote in the Financial Express on India to scrap rs 15-cr threshold for auditing MNC deals.](#)

The article talks about the proposal to scrap the INR 15 crore limit for transfer pricing audit and replace it with risk based audit selection, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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8. The Economic Times - 08-April-14

[Quote in the Economic Times on increase in APA applications from MNCs](#)

The article talks about increase in APA applications from MNCs to obtain advance ruling over pricing arrangement for transactions within group and the ensuing tax liability, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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Events: Investing in US Program in May

Ashok Maheshwary & Associates along with Indo American Chamber of Commerce organized a series of seminars on “Investing in US” in Delhi, Mumbai, Ahemdabad and Bengaluru in May 2014. The event focused on the Indian companies considering expanding in US. It was addressed by Mr. Thiru Govender, Elliott Davis, a leading Southeast accounting, tax and consulting services firm. He discussed about the opportunity and possible hurdles for expansion into US including reasons to expand in US, entry routes for investors, emerging business trends, exit strategy etc.



Elliott Davis and Ashok Maheshwary & Associates formed a gateway to support and facilitate U.S.-India bilateral business opportunities. The early 2014 collaboration has already begun helping U.S. companies entering the Indian market as well as Indian businesses entering the U.S.

Expert's Comments

We believe in sharing knowledge and therefore, we have introduced this new section in our Newsletter. Please send us your queries related to international taxation and transfer pricing and our subject matter expert will provide you insight on the questions. This month we will deal with the queries related to International Taxation.

About Us

[Ashok Maheshwary & Associates](#) is an accounting firm in India with International presence. Our core practice areas include: Joint Ventures & Restructuring, International Tax, Dispute Resolution, Transaction Advisory, Entry Strategy for Foreign Investors, Transfer Pricing study & documentation.

Some of the Specifics are:

1. **Headquartered in Gurgaon** with branch offices in New Delhi and Mumbai and a well spun net of local associates. Over **33 years** of experience across varied industries
2. Specialize in **advising clients** on complex transaction from a **legal, tax and regulatory perspective** integrated with industry expertise.
3. Our partner, Amit Maheshwari, is a part of taxation committee **Federation of Indian Chambers of Commerce and Industry** and also co-chairs the trade and development committee of **Indian American Chamber of Commerce**
4. High level of service quality and focus on skill development, with partners regularly invited as speakers at national and international forums
5. Long term personalised client relationships with the ability to assist them right from devising strategies to enter in the Indian market to managing their compliances and supporting them in complex tax litigation.
6. Our Financial Advisory firm, **Financial Pundits LLP** 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.
7. Extended **presence in US** after setting up an **India US corridor** with Elliott Davis, to develop, support and facilitate US-India bilateral business opportunities– both for Indian businesses entering the US market as well as US businesses establishing a business presence in India. Elliott Davis is one of the largest accounting, tax and consulting services firms in the southeast U.S. which ranks among the top 50 U.S. CPA.
8. An **independent member** of **Leading Edge Alliance**, the second largest global association of accounting firms in the world (**#9** in worldwide ranking of networks, associations and alliances).
9. **Strategic alliance** with **TPA Global Group**, an independent and specialist provider of expert transfer pricing, tax valuation and customs services to provide transfer pricing and valuation services to their clients globally.
10. **Clients** include **Fortune 1000, Fortune 500 companies, Listed Multinationals, Listed Companies, exciting startups and Large domestic corporate houses.**

Initiatives

We also contribute stories/articles for the media (electronic/ press like **Worldwide Tax by Tax Analysts.com** of the US, **The Economic Times, Business Standard, Live Mint & The Wall Street Journal, The Financial Express, Daily News & Analysis, The Hindu Business Line, Moneycontrol, Business Today, Press Trust of India, CCH, etc**) on the International tax and Transfer Pricing matters (including latest developments) providing our views as to their impact on business environment in India.

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.

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

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