

# 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

### [Central government lays down conditions for bonds issues U/S 194LC](#)

To enjoy lower withholding of tax @ 5% on the interest payments by Indian companies on borrowings made in foreign currency by such companies from a source outside India, bonds issued should satisfy following conditions:

1. Bond issue on or after 1st day of October, 2014 but before the 1st day of July, 2017.
2. Comply with FEMA Regulations
3. Bond should have a loan registration no. issued by RBI.
4. Long term i.e. 3 or more years of maturity.
5. Interest rate should be any rate of interest which is within the All-in-cost ceilings specified by the RBI under ECB regulations

### [Clarification for claiming deduction U/S 10A/10AA on transfer of technical manpower to SEZ](#)

As per circular 14/2014 , it has now been decided that the transfer or re-deployment of technical manpower from existing unit(s) to a new unit located in SEZ in the first year of commencement of business shall not be construed as splitting up or reconstruction of an existing business, provided the number of technical manpower so transferred as at the end of the financial year does not exceed 50 percent of the total technical manpower ( Earlier it was 20%) actually engaged in development of software or IT enabled products in the new unit.

## Indirect Tax Updates: Custom

### [Levy of Service Tax on activities involved in relation to inward remittances](#)

The foreign money transfer service operator (MTSO), conducts remittances to beneficiaries in India by appointing Indian Banks/financial entities as their agents in India who provide agency/representation service to MTSO's for providing their service to a beneficiary in India.

The commission or fee is paid by the MTSO to agents for their services. The agents in India can also appoint sub agents to reach the beneficiary and all such agents & their sub agents fall under the category of intermediary service provider and hence liable to service tax.

## Indirect Tax Updates: Service Tax

### [Extension of due date of filing Service Tax Return](#)

The Central Board of Excise & Customs extended the date of submission of the Form ST-3 for the period from 1st April 2014 to 30th September 2014, from 25th October,2014 to 14th November, 2014. Reason for extension of time is "natural calamities in certain part of the country".

## Foreign Exchange Regulation Updates

### [Fourth Bi-monthly Monetary Policy Statement 2014-15](#)

For developing the government securities market and enhance liquidity, it has been decided to bring down the ceiling on SLR securities under the HTM category from 24 percent of NDTL to 22 percent in a graduated manner i.e. 23.5 per cent with effect from the fortnight beginning January 10, 2015, 23.0 per cent with effect from the fortnight beginning April 4, 2015, 22.5 per cent with effect from the fortnight beginning July 11,

2015 and 22.0 per cent with effect from the fortnight beginning September 19, 2015.

**Remittances to the Prime Minister's National Relief Fund through the Exchange Houses**

It has been decided to permit remittances to the Prime Minister's National Relief Fund through the Exchange Houses subject to the condition that the remittances are directly credited to the Fund by the banks and the banks maintain full details of the remitters.

## Media

### Media

#### 1. Publication: The Financial Express – 27-October-14

[Quote in The Financial Express on Govt's consideration of change in tax law after Vodafone's victory](#)

##### **Narendra Modi govt mulls prospective change in tax law after Vodafone's court victory**

The article talks about Govt's consideration of change in tax law after Vodafone's victory, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

[read more](#)

#### 2. Publication: Tax Analysts – 14-October-14

[Quote in Tax Analysts on India High Court's Sides with Vodafone in Transfer Pricing Dispute](#)

##### **High Court Sides With Vodafone in Transfer Pricing Dispute**

The article talks about India High Court's Sides With Vodafone in Transfer Pricing Dispute, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

[read more](#)

#### 3. Publication: Mint – 12-October-14

[Quote in Mint on Bombay high court's rules in favour of Vodafone \(Transfer Pricing Case\)](#)

##### **Bombay high court's rules in favour of Vodafone**

The article talks about Bombay high court's rules in favour of Vodafone (Transfer Pricing Case), with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

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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.

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.

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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:**

**Ashok Maheshwary & Associates**

344, Tower B2, Spaze I-Tech Park,

Sector -49, Sohna Road,

Gurgaon-122018, India

Tel: + 91 124 4637530

Fax: + 91 124 4148180

Email: [info@akmglobal.com](mailto:info@akmglobal.com)

Website: [www.akmglobal.com](http://www.akmglobal.com)

Blog: [akmglobal.wordpress.com](http://akmglobal.wordpress.com)

Branches at Delhi and Mumbai

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