



# 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.

19<sup>th</sup> May, 2016

© Ashok Maheshwary & Associates

The paper is a copyright of Ashok Maheshwary & Associates. No reader should act on the basis of any statement contained herein without seeking professional advice. The authors and the firm expressly disclaim all and any liability to any person who has read this paper, or otherwise, in respect of anything, and of consequences of anything done, or omitted to be done by any such person in reliance upon the content of this paper.

## In this Issue

1. [Direct Tax Updates](#)
2. [Indirect Tax Updates](#)
3. [Foreign Exchange Regulation Updates](#)
4. [Media](#)
5. [About Us](#)
6. [Disclaimer](#)

## Direct Tax Updates

### [Insertion of Rule 26 C-Furnishing of evidence of claim by employee for deduction of tax under section 192](#)

As per Income tax rules 1962, after the rule 26B which talks about Statement of particulars of income under the head "income other than salaries", for deduction of tax at source, a new rule 26 C will be inserted. In Rule 26 C, the assessee shall furnish to the person responsible for making payments (under section 192-Tax on salary), the evidence or the particulars of the claim in Form 12BB for the purpose of estimating his total income or computing tax deduction at source. For example-Name, address and PAN of landlord for House Rent Allowance, Evidence of expenditure for leave travel concession etc. In addition to this, in rule 31(A)[Statement of deduction of tax] for sub-rule (2), a new sub-rule (2) has been substituted as follows-

Date of Ending of Financial Year:

- 30th June; Due date : 31st July
- 30th September; Due date : 31st October
- 31st December; Due date : 31st January
- 31st March; Due date : 31st May

### [Electronic Verification Code \(EVC\) for electronically filed Form of Appeal to Commissioner \(Appeals\)](#)

Form No. 35 which is the form of appeal to the Commissioner has been substituted by a new Form No. 35. Sub rule (5) of rule 45 of Income Tax Rules, 1962. This empowers the Principal Director General of Income Tax to specify the procedure for electronic filing, specify the data structure, standard and manner of generation of electronic verification code and be responsible for formulating and implementing appropriate security. The Electronic Verification Code (EVC)

would verify the identity of the person furnishing the form.

### [Specified income as per clause \(46\) of section 10 of the Income Tax Act, 1961 arising for Sikkim State Electricity Regulatory Commission is now being exempted](#)

The powers conferred by clause (46) of section 10 of the Income Tax Act, 1961 which talks about tax exemption of any specified income arising to a body or authority or Board or Trust or Commission has been extended to the Sikkim State Electricity Regulatory Commission. The following specified income arising to that Commission is exempted- (a) Grants and aid received from the government; (b) Amount received in the form of Petition fees; Amount received in the form of license fees; and (c) Interest earned on investment or deposit. The above holds if It does not engage in any commercial activity, the activities and nature of the specified income remains unchanged throughout the financial years and the return of income is filed as per section 139 of the Income Tax Act, 1961.

## Indirect Tax Updates

### [Relaxation of Know Your Customer \(KYC\) norms](#)

Earlier, two documents, one for proof of identity and other for proof of address, were required for KYC verification by authorized courier companies but now in case of an individual if any one document contains both proof of identity and proof of address, the same shall suffice. Usually individuals possess proof of identity in the form of prescribed documents but the address mentioned in the document is not the present address. In response to this, the board has decided that where the proof of present address is not

available with the individual, the proof of identity collected at the time of delivery along with the address recorded for the delivery purpose by the courier companies would suffice for KYC verification. The above dispensation for proof of address would be available only in respect of individuals for import of documents, gifts/samples/low value dutiable consignments up to the maximum CIF value limit of Rs. 50000/-.

### Amendment in Rule 7 of- The Point of Taxation Rules, 2011

In the Point of Taxation Rules 2011, in rule 7, "Determination of Point of taxation in case of specified services or persons" after the third provision, the following provision shall be inserted namely:- "Provided also that in case of services provided by the Government or local authority to any business entity, the point of taxation shall be the earlier of the dates on which:

- any payment, part or full, in respect of such service becomes due, as specified in the invoice, bill, challan or any other document issued by the Government or local authority demanding such payment; or
- payment for such services is made."

## Foreign Exchange Regulation Updates

### Guidelines on Investment Advisory Services offered by Banks

As per this notification, Investment Advisory service is defined and regulated by Security and Exchange Board of India under the SEBI (Investment Advisors) Regulations, 2013, and entities offering these activities need to be registered with SEBI. As per the IAS Guidelines, banks cannot undertake IAS departmentally but banks desirous of offering these services may do so either through a separate subsidiary set up for the purpose or one of the existing subsidiaries

after ensuring that there is an arm's length relationship between the bank and the subsidiary. IAS provided by the Bank sponsored subsidiaries should only be for the product and services in which Banks are permitted to deal in as per Banking Regulation Act, 1949.

### Constitution of Import data processing and monitoring system (IDPMS) for import of goods

Reserve Bank of India has constituted IDPM committee consisting of representative of custom, Directorate general of Foreign Trade, special economic zone and Authorised dealers Bank to facilitate efficient processing of import transactions. For tracking import transactions customs will modify Bill of Entry and display AD code of Bank concerned as specified by importers. Depending upon the AD code import transactions from customs will first flow to RBI's secured server and then will be shared by respective banks for taking transaction forward. AD Bank shall enter every subsequent activity in IDPMS to update RBI database on real time bases.

### Acceptance of deposits by Indian companies from a person resident outside India for nomination as Director

As per the Foreign Exchange Management (Deposit), Regulations 2000, no person resident in India shall accept any deposit from a person resident outside India. But as per Section 160 of Companies Act, 2013, A Person who intends to nominate himself or any other person as a director in an Indian company is required to place a deposit with the said company. Keeping deposit with an Indian company by persons resident outside India, in accordance with section 160 of the Companies Act, 2013, is a current account (payment) transaction and therefore it doesn't require approval of Reserve Bank.

## Media

### **1. Publication: Reuters – April 19, 2016**

#### [Quote in Reuters on Government's chase for \\$117 billion in elusive back taxes](#)

The article talks about \$117 billion in elusive back taxes that the The finance ministry is chasing and the reports it is asking for regular progress from tax collectors, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

[read more](#)

### **2. Publication: The Hindu Business Line – April 18, 2016**

#### [Quote in The Hindu Business Line on blacklisting Panama](#)

The article talks about whether India should blacklist 'Panama' as a 'non co-operative jurisdiction' on the lines of the action it took against Cyprus in November 2013, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

[read more](#)

### **3. Publication: The Business Standard – April 13, 2016**

#### [Quote in Business Standard on Filing income-tax returns](#)

The article talks about filing income tax returns which has become complicated, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

[read more](#)

### **4. Publication: The Hindu BusinessLine – April 12, 2016**

#### [Quote in The Hindu Business Line on special meeting called by OECD on 'Panama Papers'](#)

The article talks about The Organisation for Economic Cooperation and Development's (OECD) call for a special meeting of tax administrators from leading economies in Paris to coordinate international responses to the Mossack Fonseca files, popularly known as 'Panama Papers', with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

[read more](#)

## **5. Publication: The Economic Times – April 05, 2016**

### [Quote in The Economic Times on on ITR Form](#)

The article talks about The new ITR, notified by the Central Board of Direct Taxes (CBDT) that requires people with high income to declare cost of land, building, jewellery, etc. in addition to cash, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates.

[read more](#)

## About Us

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

### Quick Look

1. Headquartered in Gurgaon with offices in New Delhi, Mumbai and Singapore 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. **Close association** with a number of renowned **Accounting** and **Auditing** firms (which are part of top 100 CPA Firms) in the US 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.
4. **Member** of reputed international alliances, [Leading Edge Alliance](#), the second largest global association of accounting firms in the world(#9 in worldwide ranking of networks, associations and alliances), [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.
5. **Secondment** agreement in place with [TMI Associates](#) (the fifth-largest law firm in Japan) to make inroads in the **Japanese market**.
6. **Nominated** by International Tax review for [Asia Tax Award 2016](#) in “**National Transfer Pricing Firm**” and “**Best Newcomer Asia**” categories.
7. **Clients** include **Fortune 1000, Fortune 500 companies, Listed Multinationals, Listed Companies, exciting startups and Large domestic corporate houses**.

### Initiatives

Our partners 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.

**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)

To track regular updates follow us on [Facebook](#)  or [Twitter](#)  or [LinkedIn](#) 



## Disclaimer

These materials and the information contained herein are provided by Ashok Maheshwary and Associates (firm) and are intended to provide general information on a particular subject or subjects and are not an exhaustive treatment of such subject(s).

Accordingly, the information in these materials is not intended to constitute accounting, tax, legal, investment, consulting, or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

These materials and the information contained therein are provided as is, firm makes no express or implied representations or warranties regarding these materials or the information contained therein. Without limiting the foregoing, Firm does not warrant that the materials or information contained therein will be error-free or will meet any particular criteria of performance or quality.

Firm expressly disclaims all implied warranties, including, without limitation, warranties of merchantability, title, fitness for a particular purpose, no infringement, compatibility, security, and accuracy.

Your use of these materials and information contained therein is at your own risk, and you assume full responsibility and risk of loss resulting from the use thereof. Firm will not be liable for any special, indirect, incidental, consequential, or punitive damages or any other damages whatsoever, whether in an action of contract, statute, tort (including, without limitation, negligence), or otherwise, relating to the use of these materials or the information contained therein.