



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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In this Issue

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

Direct Tax Updates

[Distributed Income of Domestic Company for Buy Back of Shares](#)

The CBDT has issued a notification clarifying special provision regarding the determination of the cost of acquisition of shares received in different cases which are subject matter of buy-back. Such as shares received through employee stock option or sweat equity shares, shares in case of amalgamation & demerger. It also clarifies that if shares being bought back are held in DEMAT form, FIFO method is applied to calculate the amount received on those shares.

[Draft for method of valuation of fair Market Value in respect of Trust & other Institutions](#)

The CBDT has issued a notification for draft rules specifying the method of valuation of fair market value of shares & other securities in respect of trust & other institutions for the purpose of calculation of accreted income.

[Prohibition of Benami Property Transactions Rules, 2016](#)

Central Government has notified Prohibition of Benami Property Transactions Rules, 2016 which clarify certain aspects of the Act. These rules provides clarification for determination of prices in certain cases, furnishing of information, confiscation of Property, management of confiscated property, disposal of confiscated property. Further, it has also laid down the procedure for appeals to the appellate tribunal.

Indirect Tax Updates

[Exemption to specified goods imported for display or use at any specified event such as meetings, exhibitions, fairs or similar show or display](#)

The Central government has made amendments to Notification no. 157/1990-Customs, which makes the federation and the importer equally liable to pay the duties of custom leviable on the goods as on the date of import, along with applicable interest for the goods not exported within the period of six months. It further limits the liability of the federation to 10% of the duties of customs.

Foreign Exchange Regulation Updates

[Extension and conversion of External Commercial Borrowings](#)

The Reserve bank of India has simplified the process of dealing with matured but unpaid ECB by designing new guidelines for extension and conversion of ECB. AD Category-I banks have been delegated with the power to approve requests from borrowers for extension of matured but unpaid ECB subject to the conditions that lender's consent is available, reporting requirements are fulfilled and no such additional cost is incurred as may be prescribed. They have also been authorized to approve cases of conversion of matured but unpaid ECB into equity.

[Foreign investment in Other Financial Services](#)

As per Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, Foreign investment up to 100% has been allowed in 'Other Financial Sectors' under the automatic route.

“Other Financial Services specified therein includes, activities which are regulated by any financial sector regulator viz. RBI, SEBI, IRDA, PFRDA, NHB or any other financial sector regulator as may be notified by the Government of India in this regard.

The financial activities which are not regulated or partly regulated by any financial sector regulator or where there is lack of clarity; foreign investment will be allowed up to 100% under the Government approval route.

[External Commercial Borrowings \(ECB\) by Startups](#)

AD Category-I Banks are provided with the power to allow the startups to raise ECB subject to certain conditions as provide below:

1. An entity shall be recognised as a Startup by the Central Government as on date of raising ECB;
2. Minimum average maturity period will be 3 years; and
3. Lender/Investor shall be resident of a country who is either a member of Financial Action Task Force (FATF) or a FATF-Style Regional Bodies.

The borrowing can be in the form of loans or non-convertible, optionally convertible or partially convertible preference shares and it can be denominated in any freely convertible currency or in Indian Rupees (INR) or a combination thereof. In case of borrowing in INR, the foreign currency - INR conversion will be at the market rate as on the date of agreement

Media

1. Publication: The Business Standard – October 26, 2016

[Quote in The Business Standard on India's Revised double-tax pact with Korea](#)

The article talks about India's revised double taxation avoidance agreement (DTAA) with South Korea, giving New Delhi the right to tax capital gains made from investment here subject to a threshold, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP.

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2. Publication: The Hindu BusinessLine – October 26, 2016

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3. Publication: The Economic Times – October 12, 2016

[Quote in The Economic Times on IDS provision used by Tax officials to question transactions beyond six-year-limit](#)

The article talks about the enquiries by Income tax officials about transactions older than the six-year statute of limitations by invoking a provision that was put in place as part of the just-concluded Income Disclosure Scheme (IDS), throwing assesseees into turmoil, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP.

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4. Publication: NDTV Profit – October 12, 2016

[Quote in NDTV Profit on claiming both HRA and Home Loan for tax exemption](#)

The article talks about the tax exemption taken on both HRA and home loan, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP.

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5. Publication: Moneycontrol – October 04, 2016

[Quote in Moneycontrol on the ineffective Tax drive to coax tax evaders to declare hidden income & assets](#)

The article talks about the ineffective and low yield tax drive by the government in which 700,000 notices to suspected tax evaders to coax them to declare hidden income and assets, promising they won't be pursued by the authorities if they pay a penalty now to clear their name, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP.

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6. Publication: Business Standard – October 04, 2016

[Quote in The Business Standard on Income Tax collections](#)

The article talks about the finance ministry's confidence that income-tax (I-T) collections will not fall in 2017-18 year-on-year due to expected bump in the mop-up this year following black money disclosure scheme, unlike the pattern seen in the previous voluntary disclosure of income scheme (VDIS) of 1997-98, with a quote by Mr. Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP.

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About Us

[Ashok Maheshwary & Associates LLP](#) 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, New Delhi, Mumbai, Pune, Bangalore and Singapore and a well spun net of local and international associates. Over **35 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. Ranked as a [Tier 3 firm](#) in India in **World Tax Guide 2017**, International Tax Review's directory to the leading tax advisory practices, including law firms, around the world.
7. Ranked as a [Tier 2 firm](#) for **Transfer Pricing** services in India in **World Transfer Pricing Guide 2017**. Published by International Tax Review, World Transfer Pricing Guide is the comprehensive guide to the world's leading Transfer Pricing firms in each jurisdiction.
8. **Nominated** by International Tax review for [Asia Tax Award 2016](#) in “**National Transfer Pricing Firm**” and “**Best Newcomer Asia**” categories.

9. **Clients include Fortune 1000, Fortune 500 companies, Listed Multinationals, Listed Companies, exciting startups and Large domestic corporate houses.**

Initiatives

The partners in the firm contribute stories/articles for the media (electronic/ press like Worldwide Tax by TaxAnalysts.com of the US, The Economic Times, Live Mint & The Wall Street Journal, The Financial Express, Press Trust of India, CCH, etc) on the International tax and Transfer Pricing matters (including latest developments) providing their views as to their impact on business environment in India.

Amit Maheshwari, managing partner at Ashok Maheshwary & Associates LLP has written a book titled "Expatriate Taxation - Decoding the Complexity" published by Wolters Kluwer (CCH) and currently in its second edition. The partners are now authoring all transfer pricing judgment summaries for CCH in their portal Direct tax online.

His second book, titled "India Transfer Pricing Manual" has been published by Lexis Nexis, one of the largest publishers in the legal arena in the world. The book aims to provide additional content and depth on Indian transfer pricing landscape that shapes many large MNCs. His latest book titled "NRI Regulations – Decoding the complexity" which focuses on Indian legislative requirements applicable to NRIs has been published again by Wolters Kluwer (CCH).

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

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