



The key amendments introduced in statutes, policies and procedures in respect of Direct Tax, Indirect Tax, Corporate Laws & Accounting Standards, Foreign Exchange Management Act / Export Import Policy & Securities and Exchange Board of India related matters are summarized hereunder.

CONTENTS AT A GLANCE

DIRECT TAX

Amendments, Notifications & Court Rulings

- » Amendments made in the Double Tax Avoidance Agreement ('DTAA') between India and Vietnam
- » TDS deducted on Interest on Deposits under Capital Gain Accounts Scheme, 1988 where the depositor has deceased
- » Voluntary reporting of estimated current income and advance tax liability

INDIRECT TAX

Amendments, Notifications & Court Rulings

- » Time limit for filing GSTR-3B and discharging tax liability for the months of August 2017 to December 2017
- » Job workers exempt from obtaining registration
- » Extension of time limit for filing GSTR-1, GSTR-2 and GSTR-3 for the month of July 2017
- » Extension of time limit for filing FORM GST TRANS-1

COMPANY LAW

Amendments, Notifications & Court Rulings

- » Notification of Companies (Restriction on number of layers) Rules, 2017

FEMA & OTHER LAWS

Amendments, Notifications & Court Rulings

- » Issuance of Masala Bonds under External Commercial Borrowings Policy

DIRECT TAX

1. Amendments made in the DTAA between India and Vietnam

Protocol amending the DTAA between India & Vietnam, which was signed on September 03, 2016, is come into force vide Notification No. 82/2017 dated August 30, 2017. Highlights of the amendment are as follows.

a) Article 27 of DTAA is replaced by the protocol.

As per the existing provision of DTAA, competent authorities of the Contracting States can exchange such information as is necessary for carrying out the provisions of DTAA or domestic laws concerning the taxes covered by the agreement. Further, Article 27(1) provides that, information which is originally regarded as secret shall be disclosed only to persons or authorities involved in the assessment or collection.

As per the amended provisions, information received from Contracting State may also be used for such other purposes by the Other Contracting State if such use is authorised by the competent authority of Contracting State supplying the information. Further, it is provided that, Contracting State cannot decline to supply the information solely on the ground that it has no domestic interest in such information.

b) New Article 27A – “Assistance in the Collection of Taxes” is inserted in the DTAA.

As per the said article, the Contracting States shall lend assistance to each other in the collection of revenue claims. The competent authorities of the Contracting States may by mutual agreement settle the mode of application of this Article.

Article 27A (2) defines the term "revenue claim" means an amount owed in respect of taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to this Agreement or any other instrument to which the Contracting States are parties, as well as interest, administrative penalties and costs of collection or conservancy related to such amount.

Further, this article also envisages the situations wherein, contracting state is not under obligation to provide assistance to the other contracting states.

Source: Notification No. 82/2017/F.No.503/5/2009-FTD-II dated August 30, 2017.

2. TDS deducted on Interest on Deposits under Capital Gain Accounts Scheme, 1988 where the depositor has deceased

It was observed and brought to the notice of the Central Board of Direct Taxes that in case of deceased depositors having made deposits under the Capital Gain Account Scheme, 1988, banks were deducting TDS on interest earned and were issuing TDS certificates in the name of the deceased depositors.

In exercise with the power delegated by the CBDT under rule 31A(5) of the income tax rules, 1962, the Principal Director General Of Income-tax hereby specifies that in case of deposits under the capital gains Account scheme, 1988 where the depositor has deceased-

- i) The interest income accrued upto the date of death of the depositor is required to be reported against PAN of the depositor and, TDS on interest income accrued for the period after death of the depositor is required to be deducted and deposited against PAN of legal heir.

Source: Notification No 08/2017 dated September 13, 2017.

3. Voluntary reporting of estimated current income and advance tax liability

It is crucial for tax payers to reasonably estimate their current income and tax liability on the same, so as to avoid bearing the interest burden on default. Such interest is payable due to shortfall in estimation by ten percent or more and if there is any deferment in payment of advance tax, under provisions of Section 234B & 234C respectively. Also, continuous flow of tax revenues is required by the government for planning and prioritizing its expenditure.

In order to address such issues, it is proposed to establish a mechanism for self-reporting estimates of current income, tax payments and advance tax liability on voluntary compliance basis. The same was to be created by inserting a new rule 39A and Form No 28AA in the Income Tax Rules, 1962. The proposed draft notification in this regard has been placed on the public domain for public comment till September 29, 2017.

Source: Vide Press Release dated September 19, 2017.

INDIRECT TAX

1. Time limit for filing GSTR-3B and discharging tax liability for the months of August 2017 to December 2017

The time limit for filing GSTR-3B i.e. summary of inward and outward supplies and payment of tax for the months of August 2017 to December 2017 has been notified as below:

Sl. No.	Month	Due Date of filing return
1.	August 2017	September 20, 2017
2.	September 2017	October 20, 2017
3.	October 2017	November 20, 2017
4.	November 2017	December 20, 2017
5.	December 2017	January 20, 2017

Source: Vide Notification No. 35/2017-Central Tax dated September 15, 2017

2. Job workers exempt from obtaining registration

The job workers engaged in making inter-state supply of services to a registered person are exempt from obtaining registration under the Act except for.

- Job-worker who is liable to be registered under this Act if his aggregate turnover in a financial year exceeds Rs. 20 Lakhs;
- Job-worker who has opted for voluntary registration;
- Job-worker who is involved in making supply of services in relation to Jewellery, goldsmiths' and silversmiths' wares and other articles.

Source: – Vide Notification No. 7/2017 – Integrated Tax dated September 14, 2017

3. Extension of time limit for filing GSTR-1, GSTR-2 and GSTR-3 for the month of July 2017

The time limit for filing GSTR-1, GSTR-2 and GSTR-3 for the month of July 2017 has been extended and notified as below:

Sl. No.	Return	Description	Due Date of filing return
1.	GSTR-1	Details of Outward Supplies	Turnover of more than Rs. 100 Crores – October 3, 2017
			Turnover of upto Rs. 100 Crores – October 10, 2017
2.	GSTR-2	Details of Inward Supplies	October 31, 2017
3.	GSTR-3	Monthly Return	November 10, 2017

Source: – Vide Notification No. 30/2017 – Central Tax dated September 11, 2017

4. Extension of time limit for filing FORM GST TRANS-1

The due to file GST TRANS-1 under Rule 120A and Rule 117 of the Central Goods and Services Tax Rules, 2017 is extended till October 31, 2017

Source: – Vide Order No. 02, 03/2017 dated September 18, 2017 and September 21, 2017

COMPANY LAW

1. Notification of Companies (Restriction on number of layers) Rules, 2017

The MCA vide Notification dated September 20, 2017 has notified Companies (Restriction on number of layers) Rules, 2017.

With this Notification, no Company other than a Company belonging to such classes specified in the sub-rule 2 (Banking, Insurance and Government companies) shall have more than two layers of subsidiaries.

Source: http://mca.gov.in/Ministry/pdf/Companies_Restriction_OnNumber_of_LayersRule_22092017.pdf.

FEMA & OTHER LAWS

1. Issuance of Masala Bonds under External Commercial Borrowings Policy

Foreign Portfolio Investor (FPI) is permitted to invest in Indian securities such as shares, government bonds, corporate bonds, convertible securities, infrastructure securities etc. The FPI can invest in India upto INR 2443 billion out of which INR 440 billion are permitted through issuing Masala bonds.

In order to harmonise norms applicable to Masala bonds, RBI has clarified that w.e.f October 3, 2017, Masala Bonds shall be subjected to External Commercial Borrowings ('ECBs') guidelines.

Way Forward:

- » The amount of INR 440 billion will be released for investment by FPI in corporate bonds which mean increased investments in corporate bonds by FPI.
- » Under ECB guidelines, Masala bonds shall have a minimum original maturity between 3-5 years for deals over USD 50 million per annum.

Source: https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=11127&fn=5&Mode=0 dated September 22, 2017.

ASA & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

www.asa.in

Head Office

Times Square, Fourth Floor, Block B Sushant Lok 1, Gurgaon 122 002 INDIA Tel : +91 124 4333 100
Fax: +91 124 4333 101

Offices: Ahmedabad, Bengaluru, Chennai, Gurgaon, Hyderabad, Kochi, Mumbai, New Delhi

This document is meant for circulation to internal staff and clients of ASA & Associates LLP. The technical contents herein are solely meant for information and not as professional advice. We do not take responsibility for accuracy or correctness or business decisions taken without seeking professional guidance