



ICAI MANGALORE
INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

e- Bulletin



The **Bulletin Board**

Volume 06 | June 2016

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Thought for the Month:

When 'i' is
replaced By 'we'

Even
'illness'
Becomes
'Wellness'



Quality



Trust



Integrity

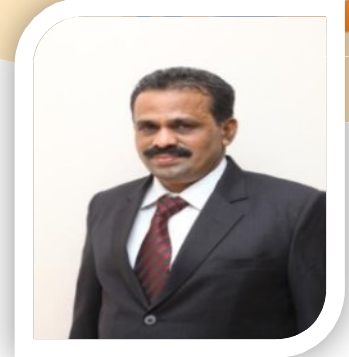
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Chairman's Message



CA Keshava Ballakuraya
Chairman
Mangalore Branch of SIRC of ICAI



Dear Members,

June is here and has brought with it the much awaited rains. Everyone enjoys the first rain of the season, the beautiful smell of the damp soil bringing a sense of happiness and joy. Who wouldn't relish having hot tea and spicy pakoras with their loved ones, watching the drizzle? For me, a stroll in the rain, experiencing the cold spatter of rain drops, is the best way to enjoy the gift of nature.

"The greatest threat to our planet is the belief that someone else will save it". - Robert Swan

Over the years people have stopped appreciating the importance of the environment. Environment is not just our right but also a responsibility. World Environment Day was celebrated on 5th June 2016. It is inevitable that each one of us have to contribute to environment conservation. We at the ICAI are also working in this direction by moving gradually to paperless digital mode.

The June rains remind us of our childhood days when we would go to school, all prepared to learn new things and take another step ahead in life. Learning is a continuous process for all of us. We must take inspiration from our childhood to keep learning new things and moving ahead.

Events during the month

After frequent revisions and discussions, and just in the wake of introduction of Ind-AS, CBDT has notified 10 Income Computation and Disclosure Standards, effective from the Previous Year 2015-16. Given that this is the first year of applicability, there are a lot of transitional concerns to be addressed, on income computation as well as disclosure under ICDS and current practices. The differences could have significant impact on cash and tax, issues of non-compliance, and consequent assessments and litigations. Sensing the need of the hour, a full day seminar for members was conducted on ICDS and key budget changes by CA George Victor and CA Ranganath Shenoy A. K on 4th June. I express my gratitude to the speakers for a very informative session. Live webcast on real estate transactions was held on 10th June.

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Chairman's Message



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Women's Empowerment Committee of Mangalore Branch conducted a CPE Study circle meeting on 13th June with a very interesting session on Corporate Etiquette for Professionals by Mrs. Matharani Mathias, Corporate Trainer in Hospitality, Professional Etiquette and Social Skills.

Webinar on "Overview of Standards on Auditing, Internal Control Risk & Fraud" organized by Committee for Professional Accountants in Business & Industry (CPABI) of ICAI on 17th June by and study circle meeting on Regulation and Supervision of NBFCs and related topics was on 18th June by N.C.Narasimhachatrya, DGM, Department of Non-Banking Supervision, Reserve Bank Of India, Bengaluru.

Live Webcast on Make in India, 'Startup India', 'Standup India', 'Mudra bank' was organised by Committee on Management Accounting of ICAI on 24th June.

The Institute is pleased to announce collaborative initiative with the Government of India to create awareness and maximize the potential of the Income Declaration Scheme, 2016. This agenda reflects a seamless alignment of ICAI vision with the existing National Priority of a "Swachh Bharat", i.e Cleanliness not just physically but holistically. In this regard, it is the endeavor of ICAI to conduct large number of knowledge dissemination programs amongst the society for the stakeholders. As a part of this initiative, Mangalore Branch of ICAI has conducted the Citizen and Member Awareness Programme on Income Declaration Scheme 2016, on 28th June, at Puttur, inviting Puttur Chambers of Commerce, Puttur Civil Engineers Association and Income Tax Department. The speakers were CA Aravinda Krishna, Managing Committee Member and Mr. Siddappaji, Deputy Commissioner of Income Tax, Puttur.

On 8th June, an interaction with Mrs. Nirmala Seetharaman, Minister of Commerce, Government of India was arranged, and a Representation was made to the Hon'ble Minister, on behalf of Mangalore branch of SIRC of ICAI, on issues relating to remedial measures for ease of trade and commerce in Direct Tax, Indirect Tax and Companies Act 2013.

International Day of Yoga

Our Hon'ble Indian Prime Minister, Mr. Narendra Modi during his address to UN General Assembly on September 27, 2014 stated: "*Yoga is an invaluable gift of India's ancient tradition. It embodies unity of mind and body; thought and action; restraint and fulfillment; harmony between man and nature; a holistic approach to health and well-being. It is not about exercise but to discover the sense of oneness with yourself, the world and the nature.*"

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Chairman's Message



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After this call by our Hon'ble Prime Minister, 21st of June is celebrated all over the world as International Day of Yoga. The ICAI recognizes Yoga as a part of India's glorious tradition and its greatest contribution to the world for promoting holistic lifestyle which is of great importance for all professionals including Chartered Accountants. In order to make the members & students aware about the health benefits of Yoga, ICAI celebrated 2nd International Day of Yoga by undertaking specified activities through its widespread network of Regional Councils & Branches. Accordingly, The Mangalore Branch of SIRC of ICAI organised a yoga session, led by Shri. K. N Shetty, the President of Shri Pathanjali Yoga Prathishtana, M.Sc. in Yogic Science.

Say Nope to Dope

International day against drug abuse and illicit trafficking is observed annually on 26th June against drug abuse and illegal drug trade, to strengthen action and cooperation to achieve the goal of an international society free of drug abuse. In support of this cause, we have included anti-drug theme also in our walkathon as a part of CA Day celebration on 01st of July.

Student activities

The branch has continued to conduct the batches of orientation, GMCS I and II and ITT with full swing. I would like to inform the students that the Board of Studies has dispensed with the General Management and Communication Skills (GMCS) – I Course and merged its syllabus with Orientation Programme. Henceforth, it will be Orientation Course for 15 days (90 hours) with effect from 1st July 2016.

It has been an active month for the students too. Students visited MRPL as part of industrial tour on 18th June. The two days residential seminar at the prestigious Alva's college, Moodbidri, Relive 2.0. –The Homecoming- was held on 25th and 26th June. It was a pleasure to have Dr. Mohan Alva Chairman of Alva's Education Foundation and Dr. Jayavantha Nayak as the chief guests. I am grateful to Dr. Alva, the Principal and the officials of Alva's institution for allowing us to have our residential seminar at the esteemed educational and cultural hub of Moodbidri. Kudos to the SICASA committee for making this event a huge success.

I appreciate SICASA for continuing with seminars and study circles on a regular basis, for sharing and enhancing the knowledge. Half day student seminar was conducted on 11th June and study circle was held on 23rd June.

Upcoming Events

CA day is round the corner. We will be celebrating this special day at the institute with various activities like, walkathon, blood donation, swachh bharath abhiyaan, planting saplings, visit to old age home, distribution of literacy kits to children, felicitation of senior members and cultural events. I am thankful to each one of you for your support in all activities of the institute and look forward to your continued support in the coming months too.

With warm regards,
Yours in Professional Service,
CA Keshava Ballakuraya

Branch Activities June 2016



Sl No	Date	Activities at Branch for the Members	CPE Hours/ Number of Participants
1	04.06.2016	One Day CPE Seminar on ICDS & Key Budget Changes in Direct Tax 2016-17 Topic: ICDS and Key Budget Changes in Direct Tax 2016-17 Speaker: CA. GEORGE VICTOR, BANGALORE Topic: ICDS Speaker: CA. RANGANATH SHENOY A.K	Members: 87 Students: 49 Others: 2 CPE Credit: 6 Hrs
2	08.06.2016	Interaction with Mrs. Nirmala Seetharaman, Minister of Commerce, Govt. of India and submission of representation on behalf of Mangalore branch of SIRC of ICAI	Managing Committee Members
3	10.06.2016	Live Webcast on Issues related to Real Estate transactions organised by Young Members Empowerment Committee (YMEC), ICAI Speaker: Dr. Ravi Gupta	Members: 11 CPE Credit: 2 hours
4	13.06.2016	Woman Empowerment committee Study Circle Meeting on Corporate Etiquette for Lady Professional Speaker: Mrs. Matharani Mathias Corporate Trainer in Hospitality, Professional Etiquette & Social Skills	Members: 12 Students: 3 CPE Credit: 2 hours
5	17.06.2016	Webinar on Overview of Standards on Auditing, Internal Control Risk & Fraud Speaker: CA. Munish Sarogi	Members: 6 CPE Credit: 2 hours
6	18.06.2016	Topic: Regulation and Supervision of NBFCs and related topics Speaker: Sri. N.C.Narasimhacharya, DGM, DNBS, Reserve Bank of India	Members: 14 CPE Credit: 2 hours
7	24.06.2016	Live Webcast on Make in India, 'Startup India', 'Standup India', 'Mudra bank' Topic: Key Initiatives by GOI to bolster growth – Start-up India, Standup India, Make in India and Mudra bank Speaker: Shri Mahaveer Singhvi ji, Director, Ministry of External Affairs, Government of India Topic: Professional opportunities emanating out of such key initiatives Speaker: CA. Roopin Patel	Members: 6 CPE Credit: 2 hours
8	28.06.2016	Citizen and Members Awareness Programs on Income Disclosure Scheme 2016, held at Puttur, Dakshina Kannada, inviting Puttur Chambers of Commerce, Puttur Civil Engineers Association and Income Tax Department. Speakers :1. CA Aravinda Krishna, Managing Committee Member 2. Siddappaji, Deputy Commissioner of Income Tax, Puttur. Presence: Krishnamoorthy, Rama Naik, Robert, Income Tax Officers.	Members : 7 Students : 14 Others : 125 CPE Credit: 2 Hours

Branch Activities June 2016



Sl No	Date	Activities at Branch for the Students	CPE Hours/ Number of Participants
	01.06.2016 to 15.06.2016	07th Batch of GMCS –II	Students: 39
	05.06.2016	CPT MOCK TEST Students appearing June 2016 Examination	Students: 182
	06.06.2016	50th Batch of Orientation Programme for IPCC students	Students: 45
	11.06.2016	Half Day Seminar for students Topic: Taxation of Charitable Trust Speaker - Miss Alvita Session Chairperson - CA Lavina Bankien Topic- Service Tax on Real Estate Busines Speaker- Mrs. Anusha Session Chairperson - CA Keshav Ballakuraya	Students: 43
	13.06.2016	ITT Batch started – 2 batches	Students: 61
	13.06.2016	26th Batch of GMCS-I	Students: 39
	20.06.2016	51st Batch of Orientation Programme for IPCC Students	Students: 55
	21.06.2016	International Yoga Day Celebration Instructor: Sri. K.N. Shetty, President, Sri Patanjali Yoga Prathistana (R) ,Mangalore MSc in Yogic Science, Convenor Patajanli Yoga Academy(R)	Members: 8 Students: 70
	23.06.2016	Study Circle meeting on Internal controls over Financial Reporting- new auditing responsibilities Speaker - Bharath Rao. Session Chairperson - CA Naveen	Students: 30
	25.06.2016 to 26.06.2016	RELIVE 2 : THE HOMECOMING CA STUDENTS' RESIDENTIAL WORKSHOP	Students: 93



Branch Activities Gallery June 2016



Study Circle Meeting on Corporate Etiquette for Lady Professional



Citizen and Members Awareness Programs on Income Disclosure Scheme 2016, held at Puttur, Dakshina Kannada



One Day CPE Seminar on ICDS & Key Budget Changes in Direct Tax 2016-17



**RELIVE 2 : THE HOMECOMING
CA STUDENTS' RESIDENTIAL WORKSHOP**



Interaction with Mrs. Nirmala Seetharaman, Minister of Commerce, Govt. of India and submission of representation on behalf of Mangalore branch



International Yoga Day Celebration at Mangalore Branch

Branch Activities Gallery June 2016



CA A K Ranganath Shenoy as a Session speaker during seminar on ICDS



Dr. Mohan Alva Chairman of Alva's Education Foundation during Student's residential Seminar



Seminar on NBFC held at Mangalore Branch

Professional Article



Legal Position of Nominee

-Article by CA C M kale
(cmkale@yahoo.com)

In this article, I have made an attempt to discuss legal provisions relating to nominee.

In the common parlance, nominee is understood as the person who is entitled to receive payment in the event of the death of the person to whom the money belongs. The most common situations where a nominee is appointed are 1) deposits with bank, 2) Insurance policy, 3) Shares / Debentures / Bonds 4) Govt. Savings certificates etc.



Legal Provisions in respect of nomination

The provisions of Sec. 45ZA of the Banking Regulation Act, 1949 are briefly summarized as follows –

- 1) a depositor may nominate a person to receive the amount of deposit in the event of his death.
- 2) Where a nomination is made, the nominee will become entitled to the rights of the depositor in relation to such deposit
- 3) Payment by a banking company to the nominee shall constitute a full discharge to its liability in respect of the deposit. However, it will not affect the right of any person against the person to whom the deposit is made.

Section 39 of the Insurance Act, 1938 provides as follows –

- 1) The holder of a life insurance policy may nominate a person/ persons to whom the money secured by the policy shall be paid in the event of his death.
- 2) The nomination, in order to be effectual must be incorporated in the policy or made by endorsement on the policy. Such nomination may be cancelled or changed by endorsement or further endorsement, before the policy matures for payment.
- 3) Any transfer or assignment of the policy automatically cancels a nomination.
- 4) Where the policy matures for payment during the lifetime of the person whose life is insured or if the nominee or nominees die before the maturity of the policy, the amount secured by the policy shall be payable to the policy holder or his heirs or legal representatives or the holder of a succession certificate, as the case may be.
- 5) If the nominee/nominees survives the person whose life is insured, the amount secured by the policy shall be payable to such survivor/survivors.

NOTE : As per the Insurance (Amendment) Act, 2015, Where an assignment is made in consideration for loan granted to the policyholder by the assignee, such assignment shall affect the rights of the nominee only to the extent of the interest of the assignee.

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Professional Article

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Other provisions made by the Amendment Act are –

- a) The Nominee shall be entitled to the maturity proceeds of the policy in a situation where the policyholder dies after the maturity of the policy but before payment of maturity proceeds.
- b) Where the policyholder nominates his parents, or his spouse, or his children, or his spouse, and children, such nominee shall be beneficially entitled to the amount payable by the insurer.

Section 6 of the Government Savings Certificates Act, 1959 provides as follows –

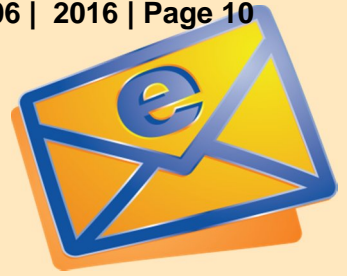
- 1) Notwithstanding anything contained in any law for the time being in force, or in any disposition, testamentary or otherwise in respect of any savings certificate, where a nomination made, the nominee shall, on the death of the holder of the savings certificate, become entitled to the savings certificate and to be paid the sum due thereon to the exclusion of all others
- 2) Such nomination shall become void if the nominee predeceases or all the nominees predecease the holder of the savings certificates.

Section 109 A of the Companies Act, 1956 provided -

- 1) Every holder of shares in, or holder of debentures of, a company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the company shall vest in the event of his death.
- 2) Where the shares in, or debentures of, a company are held by more than one person jointly, the joint-holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint- holders.
- 3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of, the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the company, the nominee shall, on the death of the shareholder or holder of debentures of, the company or, as the case may be, on the death of the joint-holders become entitled to all the rights in the shares or debentures of the company or, as the case may be, all the joint-holders, in relation to such shares in, or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

Note : Section 72 of the Companies Act, 2013 contains similar provisions regarding nomination.

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Professional Article

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What is the Right of the Nominee

The question arises whether the nominee becomes the legal owner of the money / shares etc.

It is a well settled principle of law that the nominee has a right to receive the proceeds in the event of the death of the depositor / life assured etc. But the nominee does not become the owner of the money.

The nominee does not become the owner of the property but he holds it in trust for the legal heirs. The law of succession will prevail over nomination. The purpose of nomination is to enable good discharge to the bank/insurance co. etc. The nominee will have to hand over the proceeds to the legal heirs. Nomination can not override succession.

The Supreme Court has in the case of Smt. Sarbati Devi vs. Smt. Usha Devi held that the nominee does not become legal owner of the money. This was a case involving sec. 39 of the Insurance Act. The Court held that a mere nomination made under section 39 of the Insurance Act, does not have the effect of conferring on the nominee any beneficial interest in the amount payable under the life insurance policy on the death of the assured. The nomination only indicates the hand which is authorised to receive the amount, on the payment of which the insurer gets a valid discharge of its liability under the policy, The amount; however, can be claimed by the heirs of the assured in accordance with the law of succession governing them.

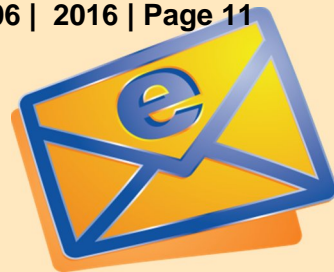
The decision in Sarbati Devi was followed in another case Vishin N. Khanchandani & Anr. v. Vidya Lachman Das Khanchandani & Anr. This case related to Govt. Savings Certificates. The Court held that the nominee is only entitled to receive sum due on savings certificates. However he retains the said amount for the benefit of the persons who are entitled to it under the law of succession. In this case, the Court also elaborated the "Notwithstanding" clause of section 6 of the Govt. Certificates Act.

Earlier the Bombay High Court had, in the case of Harsha Nitin Kokate v. The Saraswat Co-op. Bank Ltd. & Others, ruled that the nominee would be entitled to the shares and not the legal heirs. In this case, the Court relied upon provisions of the section 109A of the Companies Act, 1956 which expressly provides "Notwithstanding ... " clause. Therefore, It was held that in case of shares, the nominee would become the legal owner of the same on the death of the shareholder.

Last year, the Bombay High Court has once again dealt with this question relating to the rights of nominee. The judgment was given in two separate cases known as "Salgaonkar - Ghatalia Case". The issue involved was whether the nominee was entitled to the rights to the shares, mutual funds etc. or these would pass to the legal heirs of the deceased.

The Court has discussed upon various Supreme Court and Bombay High Court Judgements. The Court also observed that the fundamental focus of Sec. 109A and Sec. 109 B of the Companies Act and Bye Law of the Depositories Act is not the law of succession. The sole intention is to afford the company or depository a legally valid quittance so that it does not remain answerable to succession litigations. The Company or Depository gets valid discharge, but the nominee continues to hold the shares in a fiduciary capacity and is answerable to all claimants under succession law.

To conclude, the Salgaonkar – Ghatalia judgement has once again upheld a settled legal position the nomination is a mechanism to provide good discharge to the bank/insurance company/company etc. and the nominee would hold the proceeds as a trustee for the legal heirs of the deceased. Nomination does not override succession. The Nominee does not become the owner of the property.



Professional Updates: Direct Taxes

Amendment relating to Advance Tax (The Change is effective from the FY 2016-17 Onwards)

The schedule for payment of Advance Tax by an Individual and other non-corporate assesseees has been amended with effect from 1st of June, 2016 as under

Due Date of Installment	Amount Payable
On or before 15th June	15% of Advance Tax
On or before 15th September	45% of Advance Tax
On or before 15th December	75% of Advance Tax
On or before 15th March	100% of Advance Tax

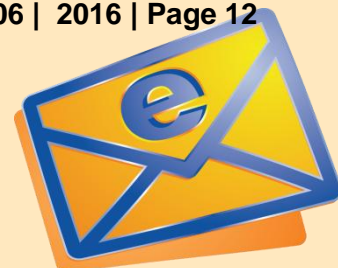
Earlier, there was no requirement of paying advance tax in respect of assesseees' who opted for non maintenance of books of accounts and declared profit @8% of gross receipts subject to a maximum of Rs. 1 crore which limit has been enhanced to Rs. 2 crores w.e.f. financial year 2016-17.

In case of such assesseees' (whose businesses are eligible for applying tax @8% on gross receipt) under section 44AD of the Act are also now required to pay 100% of the tax due on such income before 15th March, from financial year 2016-17 onwards.

Amendments relating to TDS

a) Increase in threshold limit of deduction of tax at source on various payments mentioned in the relevant sections of the Act

Section	Threshold Limit upto 31st May 2016 (Rs.)	Threshold Limit from 1st June 2016 (Rs.)
192A Payment of accumulated balance due to an employee by the trustees of the Employees Provident Fund Scheme , 1952	30,000	50,000
194BB Winnings from Horse Race	5,000	10,000
194C Payments to Contractors	Aggregate annual limit of 75000	Aggregate annual limit of 100000
194LA Payment of Compensation on acquisition of certain Immovable Property	2,00,000	2,50,000
194D Insurance commission	20,000	15000
194G Commission on sale of lottery tickets	1,000	15000
194H Commission or brokerage	5,000	15000



Professional Updates: Direct Taxes

Revision in rates of deduction of tax at source on various payments mentioned in the relevant sections of the Act :-

Section	TDS Rates up to 31 st May 2016 TDS (%)	TDS Rate w.e.f. 1 st June 2016 (%)
194DA Payment in respect of Life Insurance Policy	2%	1%
194EE Payments in respect of NSS Deposits	20%	10%
194D Insurance commission	10%	5%
194G Commission on sale of lottery tickets	10%	5%
194H Commission or brokerage	10%	5%

Expenses incurred by the assessee towards specified services to be covered under section 40(a)(ib) [W.e.f. 1-6-2016]

A new levy @ 6% (referred to as Equalization levy) has been made applicable to payment of online advertisements, provision for digital advertising space or any other facility or service for the purpose of online advertisements or any other notified services to a non-resident (who does not have a Permanent Establishment (PE) in India) provided to:

- a resident in India or
- a non-resident having a Permanent Establishment (PE) in India

Equalization levy is to be deducted by the payer from the amount paid/ payable to the non-resident service provider.

Any consideration paid or payable (to non-resident for a specified service on which equalization levy is applicable) will be disallowed from June 1, 2016 (i.e. this assessment year 2017-18) in the following cases –

- Equalization levy is deductible but such levy has not been deducted
- Equalization levy is deductible (and it is so deducted) but it is not deposited [on or before the due date of submission of return of income under section 139(1)].

If, however, equalization levy is deducted / deposited in a subsequent year, the aforesaid consideration shall be allowed as a deduction in computing the income of the previous year in which such levy has been paid.

Enabling of Filing of Form 15G/15H for rental payments [Section 197A] [1-6- 2016]

At present form 15G can be filled up by a resident assessee requesting for non-deduction of tax at source from certain payments made to him if his income is below the tax exemption limit, similarly, form 15H can be submitted by senior citizen (above 60 years of age and very senior citizen above 80 years of age). The scope of income that can be included in the above forms is as under:

- Amount received from withdrawal from Employees Provident Fund Scheme
- Dividend Income
- Interest other than Interest on Securities
- Sum received from Life Insurance Policy
- Sum received from National Savings Scheme
- Rental income has also been allowed to be included in the declarations



Professional Updates: Direct Taxes

Admissibility of claim of Deduction of Bad Debt under Section 36(1)(vii) read with 36(2) **Circular No. 12/2016, dt. 30-05-2016**

Direct Tax Laws (Amendment) Act, 1987 amended the provisions of Section 36(1)(vii) and 36(2) of the Income Tax Act, 1961, to rationalize the provisions regarding allowability of bad debt with effect from 1st April, 1989 with an intention of eliminating litigations on its allowability. This amendment removed the requirement for the assessee to establish that a debt has in fact, become irrecoverable. Despite this amendment, disputes on the issue of allowability continue.

The Supreme Court in case of TRF Ltd. has stated that the position of law in the above case is well settled. In view of this, claim for any debt or part thereof in any previous year shall be admissible under Sec. 36(1)(viii) of the Act, if it is written off as irrecoverable in the books and conditions stipulated in Sub Section (2) of Section 36 is fulfilled.

In view of the above, the circular has stated that no appeals are to be filed on the aforesaid ground and any appeals already filed to be withdrawn/ not pressed upon.

Extension of time limit for Online Reporting of Declarations in Form No. 61 for Quarter Ending March, 2016

Circular No. 14/2016, dt. 18-05-2016

In view of the hardship being faced by various stakeholders in complying with online submission of statement in Form No. 61, containing particulars of declaration made in Form 60, it is decided that filling of all the fields in Form No. 60 shall be considered to be mandatory in respect of transactions entered on or after 01.04.2016. It is also decided that online reporting in Form No. 61 for quarter ending March, 2016 may be done with report for quarter ending September, 2016.

Additional Depreciation to Publishing Houses

Circular No. 15/2016, dt. 19-05-2016

CBDT has clarified that businesses of printing or printing and publishing amounts to “manufacture” or “production of an article or thing” and are eligible for additional depreciation under the Income Tax law.

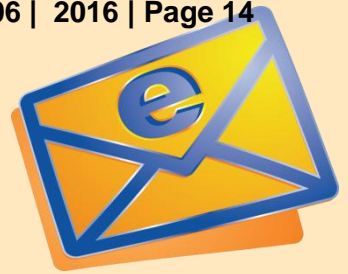
CBDT arrived at this position by accepting a Kerala High Court ruling and a Delhi High Court ruling in this regard. Further, the circular also directs the officers of the Department to not file any appeals on this ground and to withdraw the ones that are already filed in Courts/ Tribunals.

Income Declaration Scheme, 2016

Circular No. 16/2016, dt. 20-05-2016

The above circular is Explanatory Notes on Provisions of The Income Declaration Scheme, 2016 as Provided in Chapter IX of The Finance Act, 2016.

The circular talks about Scope of the Scheme; Rate of Tax, surcharge and Penalty; Time limit for declaration and making payment; Form for declaration; Cases where declaration is not eligible; Circumstances where declaration becomes invalid and Effect of valid declaration.



Professional Updates: Direct Taxes

Income Declaration Scheme, 2016

Circular No. 17/2016, dt. 20-05-2016

The above circular is Clarifications on The Income Declaration Scheme, 2016.

CBDT has considered queries that have been received from the public with regard to the scheme and has decided to clarify the same in the form of questions and answers by way of the above circular.

The circular has a total of fourteen questions and answers in relation to the scheme.

Relaxation for Furnishing of UID in case of Form 15G/15H for certain Quarters

Circular No. 18/2016, dt. 23-05-2016

Sub rule (3) of Rule 29C provides for allotment of Unique Identification Number to each declaration received in Form 15G/ 15H by the deductor. Sub rule (5) of the aforesaid rule requires the furnishing of UIN along with the details of the transactions covered by the declarations in the quarterly TDS statements.

Due to the representations received on operational constraints in this regard, CBDT vide the above circular, relaxed the condition of furnishing the UIN allotted by the deductor for the quarter ending 31-12-2015 and 31-03-2016.

Extension of Time Limit for e- Filing of Appeals

Circular No. 20/2016, dt. 26-05-2016

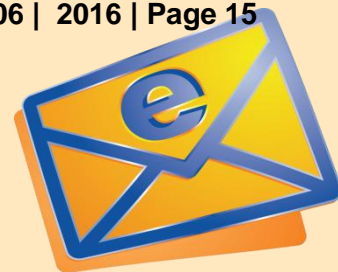
Rule 45 of the Income Tax Rules, 1962, mandates compulsory e-filing of appeals before Commissioners of Income Tax (Appeals) from 01-03-2016 in respect of persons who are required to furnish their Return of Income electronically.

CBDT noted lack of knowledge about the e-filing procedures in some cases of the taxpayers. In order to mitigate any inconvenience caused to the taxpayers on account of the new requirement of mandatory e-filing appeals, it has been decided to extend the time limit for filing of such appeals. The appeals which were due to be filed by 15-05-2016 can be filed up to 15-06-2016. All e-appeals filed within this extended period would be treated as appeals filed in time.

Clarification regarding cancellation of Registration under Section 12AA of the Income Tax Act, 1961 in certain cases.

Circular No. 21/2016 dt. 27-05-2016

It is clarified vide the above circular that it shall not be mandatory to cancel the registration granted u/s 12AA to a charitable institution merely on the ground that the cut-off specified for the commercial activity of a trust having its objective in the nature of advancement of any other object of general public utility is exceeded. If in any particular year, the specified cut off is exceeded, the tax exemption would be denied to the institution in that particular year and cancellation of registration would not be mandatory unless such cancellation becomes necessary under the grounds prescribed under the Income Tax Act.



Professional Updates: Direct/Indirect Taxes

Income Declaration Scheme, 2016 Appointed dates

Notification No. 32/2016, dt. 19-05-2016

As per the above notification, the following dates have been appointed for the following purposes:

- a) 30th day of September 2016 as the date on or before which a person may make a declaration under sub section (1) of Section 183
- b) 30th day of November 2016 as the date on or before which the tax and surcharge is payable under section 184, and the penalty is payable under section 185 in respect of the undisclosed income.
- c) 30th day of September 2017 as the date on or before which the benamidar shall transfer to the declarant, being the person who provides consideration for such asset, or his legal representative.

Direct Tax Dispute Resolution Scheme, 2016- Appointed Dates

Notification No. 34/2016 dt. 26-05-2016

The Central Government has appointed the 31st day of December, 2016 as the date on or before which a person may make a declaration to the designated authority in respect of tax arrears or specified tax under the Direct Tax Resolution Scheme, 2016.

Section 48- Cost Inflation Index for the Financial Year 2016-17

Notification No. 42/2016, dt. 02-06-2016

Central Government has amended the Notification of Government of India in relation to Cost Inflation Index by inserting the Cost Inflation Index for the Financial Year 2016-17 which is “1125”.

Krishi Kalyan Cess on Invoice raised on or before 31st May, 2016

Notification No. 35/2016- Service Tax dt. 23rd June, 2016

The Central Government has exempted the taxable services with respect to which the invoices for the service has been issued on or before 31st of May, 2016, from the whole of Krishi Kalyan Cess leviable thereon, subject to the condition that the provision of service has been completed on or before the 31st of May, 2016.

Service Tax on transportation of goods by a vessel from Outside India upto Custom Station in India

Notification No. 36/2016- Service Tax dt. 23rd June, 2016

Central Government has exempted the taxable services by way of transportation of goods by vessel from outside India upto the customs station in India with respect to which the invoice for the service has been issued on or before 31st of May, 2016, from the whole of service tax leviable thereon, subject to the condition that the import manifest or import report required to be delivered has been delivered on or before 31st of May, 2016 and the service provider or recipient produces Customs Certified copy of such import manifest or import report.



Professional Updates: Service Tax

Applicability of Krishi Kalyan Cess on Service Tax payable on Reverse Charge

Notification No. 27/2016- Service Tax dt. 26th May, 2016

Central Government being satisfied that it is necessary in the public interest so to do, has provided that Notification No. 30/2012- Service Tax, dated 20th June, 2012 shall be applicable mutatis mutandis for the purposes of Krishi Kalyan Cess.

Service Tax Implications on Senior Advocates

Notification No. 32/2016-ST, Notification No. 33/2016-ST and Notification No. 34/2016-ST dated June 06th, 2016

a) Notification No. 32/2016-ST

The Notification amends Entry No. 6 of Notification No. 25/2012-ST by firstly bifurcating the advocates into Senior Advocates and Normal Advocates. This bifurcation is done since services by Senior Advocates is taxable when provided to persons carrying out any activity of commerce, trade, industry or any other business or profession vide Notification No. 09/2016. The Notification further exempts the services provided by Senior Advocates to Non- Business entities and Small Business entities (Turnover < 10 lacs) but services provided by them to advocates and firm of advocates become taxable.

b) Notification No. 33/2016- ST

The Notification has amended Service Tax Rules, 1994 by including Representational services provided by Senior Advocates under the ambit of reverse charge. Also if these services are provided to advocates/advocate firms, these services get taxed under reverse charge mechanism and business entity for which they are litigating case in court are liable to pay service tax under reverse charge.

c) Notification No. 34/2016- ST

The Notification has amended Notification No. 30/2012- ST. According to this notification, service tax is paid at full rate under Reverse Charge Mechanism (RCM) on the representational services provided by senior advocates as provided in Notification No. 33/2016- ST.



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