

# *the* CMA e-BULLETIN

APRIL 2015 | VOL. 3 | NO. 4



The Institute of Cost Accountants of India

*(Statutory body under an Act of Parliament)*

[www.icmai.in](http://www.icmai.in)

# *the* CMA e-BULLETIN



[www.icmai.in](http://www.icmai.in)

## DIRECTORATE OF RESEARCH & JOURNAL

### The Institute of Cost Accountants of India

*(Statutory body under an Act of Parliament)*

President: CMA Dr A S Durga Prasad

Editor: CMA Dr Debaprosanna Nandy

**APRIL 2015 | VOL. 3 | NO. 4**

## CONTENTS

- 1**    *Industry*
- 2**    *Banking*
- 5**    *Customs*
- 6**    *Central Excise*
- 7**    *Service Tax*
- 7**    *Income Tax*

Please send your feedback on the CMA *e* -Bulletin  
at: [cma.ebulletin@icmai.in](mailto:cma.ebulletin@icmai.in)

*Updated upto March 31, 2015*

## INDUSTRY

### ➤ Companies can access all professional services from one source soon

In a move that could significantly alter the road map of corporate compliance, audit and consulting, three professional bodies are preparing a regulatory framework to allow a single entity to provide all such services to a company as early as this year. The Institute of Cost Accountants of India, The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India are finalising guidelines to make multi-disciplinary partnerships (MDPs) operational in India so that audit, accounting, tax, legal and business consulting services could become available under one roof.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46682260.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/46682260.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### ➤ Frequently asked Questions on Maintenance of Cost Accounting Records and Cost Audit under Companies Act, 2013

The Central Government issued Companies (Cost Records and Audit) Rules, 2014 on June 30, 2014. Subsequently, it issued Companies (Cost Records and Audit) Amendment Rules, 2014 on December 31, 2014. The Amendment Rules has introduced certain changes to the original Rules issued on June 30, 2014. The Companies (Cost Records and Audit) Rules, 2014 read with the Amendment Rules 2014 are now applicable and governs the maintenance of cost accounting records and cost audit as per Section 148 of the Companies Act, 2013.

Read more at:

<http://icmai.in/upload/pd/FAQ-1-19032015.pdf>

### ➤ Over 250 companies appoint women directors to meet norm on last day

Waking up at the last moment, over 250 companies including Adani Power, Adani Ports, Essar Oil and GVK Power appointed women directors to meet the SEBI deadline for having at least one female member on their boards.

Read more at: [http://economictimes.indiatimes.com/article-show/46761547.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/article-show/46761547.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### ➤ Emerging markets must prepare for U.S. rate hike - IMF's Lagarde

Emerging markets need to be prepared for the impact of a rise in U.S. interest rates which could still surprise in both timing and pace, the head of the International Monetary Fund, Christine Lagarde, said.

Source: Reuters, dated: 17 Mar 2015

### ➤ RBI chief Rajan says India prepared for impact of Fed policy shift

India is prepared to deal with the consequences of a U.S. Federal Reserve move towards an increase in interest rates, including heightened market volatility, Reserve Bank of India Governor Raghuram Rajan said in comments.

Source: Reuters, dated: 18 Mar 2015

### ➤ State banks may eye markets for cash if growth picks up

India's state-owned lenders may turn to equity markets and other alternative sources of capital in order to compensate for a smaller cash injection from the government this year, a senior official said.

Source: Reuters, dated: 11 Mar 2015

### ➤ India allows seven state-run banks to raise capital from market

India has allowed seven state-run banks to raise capital from market as part of efforts to help them comply with global Basel III banking rules, a finance ministry statement said.

Source: Reuters, dated: 11 Mar 2015

### ➤ India sets inflation target in monetary policy overhaul

India has formally adopted inflation targeting, a historic monetary policy overhaul that marks a victory for Reserve Bank of India Governor Raghuram Rajan, as the government makes subduing chronically volatile prices a priority.

Source: Reuters, dated: 02 Mar 2015

### ➤ RBI revises priority sector lending norms

The Reserve Bank of India (RBI) revised guidelines for lending to



the priority sector on Monday, with loans to medium enterprises, sanitation and renewable energy sectors coming under the ambit of priority sector lending.

Source: Reuters, dated: 02 Mar 2015

### ➔ Govt to amend RBI Act to form monetary policy panel

The government will introduce amendments to the Reserve Bank of India Act that would allow for the creation of a monetary policy committee, Finance Secretary Rajiv Mehrishi said.

Source: Reuters, dated: 02 Mar 2015

### ➔ Factory activity growth slows to five-month low in February

Indian manufacturing activity expanded at its slowest pace in five months in February as a slowdown in new orders dragged on overall output, a business survey showed.

Source: Reuters, dated: 02 Mar 2015

### ➔ Food inflation on downtrend

Indian food-price inflation is on a downtrend due to a fall in global commodity prices and slower growth in rural wages, finance ministry's economic adviser Arvind Subramanian said.

Source: Reuters, dated: 02 Mar 2015

### ➔ Global stimulus swells as China eases, ECB to start soon on QE

Global stimulus is swelling, with China cutting interest rates ahead of disappointing factory data and the European Central Bank set to start government bond purchases just as data hints the euro zone economy may be picking up.

Source: Reuters, dated: 02 Mar 2015

### ➔ Sukanya Samriddhi scheme to earn at 9.2% interest, PPF 8.7% for FY'16

Investments in Sukanya Samriddhi Account, the special deposit scheme for girl child, will earn higher interest rate of 9.2 per cent, while the rate on popular tax saving Public Provident Fund has been retained at 8.7 per cent for 2015-16. "It has been decided to provide 9.2 per cent rate of interest on investments in the scheme for the next fiscal as compared to 9.1 per cent at the moment.

Read more at: [http://economictimes.indiatimes.com/article-show/46760312.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/article-show/46760312.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### Retro tax law not applicable on dividends by foreign firms

Dividends declared by a foreign company, having assets in India, to another overseas arm will not be taxable in India. The Central Board of Direct Taxes (CBDT) has issued a direction to income-tax officials to clear the air on three year-old controversial retrospective amendment to tax indirect transfers. This will also provide tax certainty to foreign investors. "Declaration of dividend by such a foreign company outside India does not have the effect of transfer of any underlying assets located in India," the CBDT said. It means that dividends declared and paid by a foreign company outside India in respect of shares which derive their value substantially from assets situated in India would not be deemed to be income accruing in India vide Circular No.4/2015 [F. No. 500/17/2015-FT&TR-IV], dated 26-3-2015.

Read more at: [http://economictimes.indiatimes.com/article-show/46709674.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/article-show/46709674.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

## BANKING

### ➔ External Commercial Borrowing (ECB) Policy — Review of all-in-cost ceiling

RBI has been decided that the all-in-cost ceiling as specified under paragraph 2 of A.P. (DIR Series) Circular No. 99 dated March 30, 2012 will continue to be applicable till March 31, 2015 and is subject to review thereafter. All other aspects of ECB policy remain unchanged vide *Notification No. RBI/2014-15/483 [A.P. (DIR Series) Circular No.80]* dated: Mar 03, 2015.

### ➔ Standing Liquidity Facilities for Banks and Primary Dealers

In reference to the Statement by Dr. Raghuram G Rajan, Governor on Monetary Policy dated March 4, 2015, in terms of which the repo rate under the Liquidity Adjustment Facility (LAF) has been reduced by 25 basis points from 7.75 per cent to 7.50 per cent with immediate effect.

Accordingly, the Standing Liquidity Facilities provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate, i.e., at 7.50 per cent with effect from March 4, 2015. As per the circular No. MPD.

BC. 376/07.01.279/2014-15 dated February 3, 2015, the Export Credit Refinance (ECR) facility was merged with the system level liquidity provision with effect from February 7, 2015, but refinancing availed up to February 6, 2015 may continue till its maturity. In consonance with the reduced LAF repo rate, the interest rate applicable to outstanding ECR will be at the revised rate of 7.50 per cent with effect from March 4, 2015.

*Source: Notification No. RBI/2014-15/485 [REF.No.MPD.BC.377/07.01.279/2014-15] dated: Mar 04, 2015*

### ➡ **Change in Bank Rate**

As announced in the Press Release 2014-2015/1847 dated March 04, 2015, the Bank Rate stands adjusted by 25 basis points from 8.75 per cent to 8.50 per cent with effect from March 04, 2015. All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised vide *Notification No. RBI/2014-15/486 [DBR.No.Ret.BC.73/12.01.001/2014-15] dated: Mar 04, 2015.*

### ➡ **Marginal Standing Facility**

RBI has been decided to reduce the Repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 7.75 per cent to 7.50 per cent with immediate effect. Consequent to the change in the Repo rate, the Marginal Standing Facility (MSF) rate will stand adjusted to 8.50 per cent with immediate effect.

*Source: Notification No. RBI/2014-2015/488 [FMOD.MAOG.No.107/01.18.001/2014-15] dated: Mar 04, 2015.*

### ➡ **Liquidity Adjustment Facility – Repo and Reverse Repo Rates**

RBI has been decided to reduce the Repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 7.75 per cent to 7.50 per cent with immediate effect. Consequent to the change in the Repo rate, the Reverse Repo rate under the LAF will stand adjusted to 6.50 per cent with immediate effect vide *Notification No. RBI/2014-2015/487 [FMOD.MAOG.No.106/01.01.001/2014-15] dated: Mar 04, 2015.*

### ➡ **Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks**

As per circular DBOD.No.BP40/21.04.158/2014-15 dated November 3, 2006 forwarding the final guidelines on managing risks as applicable in outsourcing of financial services. In view of concerns raised that these instructions are not being adhered to, we reiterate

that outsourcing of any activity by the bank does not diminish its obligations, and those of its Board and senior management, who have the ultimate responsibility for the outsourced activity. Banks have been advised to take steps to ensure that the service provider employs the same high standard of care in performing the services as would be employed by the banks, if the activities were conducted within the banks and not outsourced. Further, banks should not engage in outsourcing that would result in their internal control, business conduct or reputation being compromised or weakened.

Instances of non adherence with the aforementioned guidelines have been observed with regard to subcontracting by the primary outsourced vendors and the engagement of subcontractors by the outsourced service providers without the prior consent of the bank. It is clarified that the Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks apply mutatis mutandis to subcontracted activities, as well. Attention is invited to paragraph 5.5.1 of the guidelines, wherein banks have inter-alia been advised that the outsourcing contract should provide for prior approval/ consent by the bank of the use of subcontractors by the service provider for all or part of an outsourced activity. Before giving their consent, banks should review the subcontracting arrangements and ensure that these arrangements are compliant with the extant guidelines on outsourcing.

Certain cases, like outsourcing of cash management, might involve reconciliation of transactions between the bank, the service provider and its sub-contractors. In such cases, banks should ensure that reconciliation of transactions between the bank and the service provider (and/ or its subcontractor), are carried out in a timely manner. An ageing analysis of entries pending reconciliation with outsourced vendors should be placed before the Audit Committee of the Board (ACB) and banks should make efforts to reduce the old outstanding items therein at the earliest.

*Source: Notification No. RBI/2014-15/497 [DBR.No.BP.BC.76/21.04.158/2014-15] dated: Mar 11, 2015*

### ➡ **Know your Customer (KYC) guidelines - accounts of proprietary concerns**

In reference to paragraph 2.5(h) of our Master Circular no. DBOD.AML.BC.No.22/14.01.001/2014-15 dated July 1, 2014 on KYC norms and our circular DBOD.AML.BC.No. 80/14.01.001/2009-10 dated March 26, 2010, prescribing norms for opening a bank account in respect of a sole proprietary firm and subsequent circulars dated August 31, 2010 and April 17, 2012 further relaxing the documents required for the same. Reserve Bank has been receiving representations pointing out difficulties in complying with the

requirement of furnishing two documents as activity proof while opening accounts of sole proprietary firms in certain cases. It is possible that in some types of activities there is genuine difficulty in procuring two such documents. The matter has, therefore, been reviewed with a view to ease the process of opening bank accounts of proprietary concerns in such cases. The default rule is that any two documents, out of those listed in paragraph 2.5 (h) of the Master Circular, should be provided as activity proof by a proprietary concern.

However, in cases where the banks are satisfied that it is not possible to furnish two such documents, they would have the discretion to accept only one of those documents as activity proof. In such cases, the banks, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.

It is also clarified here that the list of registering authorities indicated in paragraph 2.5 (h) of the Master circular is only illustrative and therefore includes license/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute, as one of the documents to prove the activity of the proprietary concern.

*Source: Notification No. RBI/2014-15/498 [DBR.AML.BC. No.77/14.01.001/2014-15] dated: Mar 13, 2015*

#### ➡ **Refund of overpayment of pension to the Government Account – Recovery of excess/ wrong pension payments made to the pensioners**

As per circular DGBA.GAD.No.H-10450/45.03.001/2008-09 dated June 1, 2009 on the above subject advising that whenever any excess payment of government pension is detected, the entire amount should be credited to the government account immediately.

It is clarified that the above instructions contained therein presume an act of omission on the part of the agency bank. On the other hand, if the agency bank is of the view that the excess/wrong payment to the pensioner is due to errors committed by the government, they may take up the matter with full particulars of the cases with respective Government Department for a quick resolution of the matter. However, this must be a time bound exercise, and the government authority's acknowledgement to this effect must be kept on the bank's record. The banks may take up such cases with government departments without reference to the Reserve Bank of India.

In all other cases, where the excess payment has arisen on account of mistakes committed by the bank, the amount paid in excess should be credited back to government account in lump sum immediately, as advised in the circular referred to above.

*Source: Notification No. RBI/2014-2015/500 [Ref.DGBA.GAD. No.H4054/45.03.001/2014-15] dated: Mar 13, 2015*

#### ➡ **Non-Resident Deposits - Stat 5 and Stat 8 Returns – Discontinuation**

Banks maintaining Non-Resident Deposits (NRD) Accounts is invited to A.P. (DIR Series) Circular No. 4 dated July 12, 2012 and A.P. (DIR Series) Circular No. 19 dated August 7, 2013 regarding submission of Stat 5 and Stat 8 Returns and moving the NRD-CSR reporting to XBRL platform. As banks' submission of NRD-CSR data in XBRL platform has stabilised, it has been decided to discontinue the submission of Stat 5 and Stat 8 Returns from March 2015. Accordingly banks, dealing in foreign exchange may stop sending Stat 5 and Stat 8 Returns (both hard and soft copies) to the Department of Statistics and Information Management, Reserve Bank of India.

*Source: Notification No. RBI/2014-15/504 [A.P (DIR Series) Circular No.85] dated: Mar 18, 2015*

#### ➡ **Annual Closing of Government Accounts – Transactions of Central/State Governments – Special Measures for the Current Financial Year (2014-15)**

The Government of India has desired that all government transactions with banks must be accounted for within the same financial year and has requested that certain special arrangements be made for the purpose, as in previous years. Accordingly, it has been decided that all agency banks shall keep the counters of their designated branches conducting government business open for full day on March 30, 2015, and till 8.00 p.m. on March 31, 2015. All electronic transactions would, however, continue till midnight of March 31, 2015. Banks may give adequate publicity to the special arrangements made. As regards conduct of extended clearing sessions / operations on these two dates, separate guidelines are being issued by our Department of Payment and Settlement Systems, Central Office, Mumbai.

*Source: Notification No. RBI/2014-15/515 [DGBA.GAD.No. 4318/42.01.029/2014-15] dated: Mar 25, 2015*

#### ➡ **Risk Management and Inter-bank Dealings: Revised Position Limits for Foreign Portfolio Investors (FPIs) in the Ex-**

## change Traded Currency Derivatives (ETCD) market

Presently, FPIs can take position – both long (bought) as well as short(sold) – in foreign currency up to USD 10 million or equivalent per exchange. As a measure of further liberalization, it has now been decided to increase the limit (long as well as short) for FPIs in USD-INR pair up to USD 15 million per exchange. In addition, FPIs shall be allowed to take long (bought) as well as short (sold) positions in EUR-INR, GBP-INR and JPY-INR pairs, all put together, up to USD 5 million equivalent per exchange. These limits shall be monitored by the exchanges and breaches, if any, may be reported. For the convenience of monitoring, exchanges may prescribe fixed limits for the contracts in currencies other than USD such that these limits are within the equivalent of USD 5 million.

Source: Circular No. 91 dated: March 31, 2015

## CUSTOMS

### ➔ Increase of Additional Duty of Customs (commonly known as Road Cess) levied on motor spirit (petrol)

Central Government exempts motor spirit commonly known as petrol, falling under heading 2710 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), when imported into India, from so much of the additional duty of customs leviable thereon under section 103 read with the Second Schedule to the said Finance (No.2) Act, 1998, as is in excess of the amount calculated at the rate of rupees six per litre vide Notification No. 06/2015-Cus, dt. 01-03-2015.

### ➔ Increase the Additional Duty of Customs (commonly known as Road Cess) levied on High Speed Diesel Oil

Central Government exempts high speed diesel oil, falling under heading 2710 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), when imported into India, from so much of the additional duty of customs leviable thereon under section 116 read with the Second Schedule to the said Finance Act, 1999, as is in excess of the amount calculated at the rate of rupees six per litre Notification No. 07/2015-Cus, dt. 01-03-2015.

### ➔ Reduction of the export duty leviable on ilmenite, upgraded from 5% to 2.5%

Amend notification No. 27/2011 Customs, dated the 01st March, 2011 so as to reduce the export duty leviable on ilmenite, upgraded

from 5% to 2.5% vide Notification No. No. 8/2015-Customs dated: 1st March 2015.

### ➔ CBEC seeks to notify “resident firm” as class of persons for the purposes of section 28E of the Customs Act, 1962 so as to extend the scheme of Advance Ruling to Resident Firm

In exercise of the powers conferred by sub-clause (iii) of clause (c) of section 28E of the Customs Act, 1962 (52 of 1962), the Central Government hereby specifies “resident firm” as class of persons for the purposes of the said sub-clause.

Explanation. - For the purposes of this notification,-

(a) “firm” shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932), and includes-

(i) the limited liability partnership as defined in clause (n) of sub-section (1) of the section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or

(ii) limited liability partnership which has no company as its partner; or

(iii) the sole proprietorship; or

(iv) One Person Company.

(b) (i) “sole proprietorship” means an individual who engages himself in an activity as defined in sub-clause (a) of section 28E of the Customs Act, 1962.

(ii) “One Person Company” means as defined in clause (62) of section 2 of the Companies Act, 2013 (18 of 2013).

(c) “resident” shall have the meaning assigned to it in clause (42) of section 2 of the Income-tax Act, 1961 (43 of 1961) in so far as it applies to a resident firm.

Source: Notification No. 27/2015-Cus(NT), dt. 01-03-2015

➔ Customs Tariff (Determination of Origin of Products under the Duty Free Tariff Preference Scheme for Least Developed Countries) Rules, 2015 vide Notification No. 29/2015-Cus(NT), dt. 10-03-2015 .

Read more at: <http://www.cbec.gov.in/customs/cs-act/notifications/notfns-2015/cs-nt2015/cstnt29-2015.pdf>

### ➔ Anti - Dumping duty

CBEC seeks to impose definitive anti-dumping duty on imports of Sheet Glass, falling under tariff item 7004 20 11 or 7004 20 19 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in or exported from China PR for a period of five years (unless revoked, superseded or amended earlier) vide Notification No. 07/2015-Cus (ADD), dt. 13-03-2015.



## ➤ Import of Steel and Steel Products

The Steel and Steel Products (Quality Control) (Amendment) Order, 2014 and Steel and Steel Products (Quality Control) Second (2nd Amendment) Order, 2014 insert the following explanation in Steel and Steel Products (Quality Control) Order, 2012 and Steel and Steel Products (Quality Control) Second Order, 2012 respectively:

“Explanation 1.- The provisions of this Order shall apply to the products described under column (2) of the schedule covered under the relevant Indian Standard number mentioned under column (1).

Explanation 2.- ITC (HS) Codes mentioned under column (3) are generic and indicative in nature.”

The Board desires that the import of Steel and Steel Products in contravention of the Steel and Steel Products (Quality Control) Order, 2012 and Steel and Steel Products (Quality Control) Second Order, 2012 as amended should not be allowed. Chief Commissioners of Customs / Customs and Central Excise are advised to suitably instruct officers and staff in their jurisdiction that provisions of the Steel and Steel Products (Quality Control) Order 2012 and Steel and Steel Products (Quality control) Second Order 2012 as amended are strictly complied with and import of sub standard and steel products in contravention of aforementioned Orders are not permitted.

Source: Circular No. 8/2015- Customs dated: 24th March, 2015

## ➤ Usage of Digital Signature Certificate in Remote EDI filing (RES) of Customs Documents

Board has decided that with effect from 01.04.2015 importers, exporters, customs brokers, shipping lines, airlines or their agents shall be given the facility to use Digital Signature Certificate for filing Customs process documents viz. Bills of Entry, Shipping Bills, IGM (General Declaration and Cargo Declaration), EGM (General Declaration), CGM through Remote EDI System (RES). For the present, the facility of using digital signatures is optional for all users.

In this context it is be noted that CBEC's Circular No.42/2005-Cus., dated 24.11.2005 mandates that the importers, who are recognized under the Accredited Client Programme (ACP), shall file Bills of Entries using digital signatures. However, this requirement has not been enforced so far. With the introduction of the general facility of electronic filing of digitally signed Customs process documents, the ACP importers shall be required to mandatorily file Bills of Entry with digital signature w.e.f. 01.05.2015. They

would obtain the Digital Signature Certificate, as indicated in the following paragraph.

To operationalize the facility to use Digital Signature Certificate for filing the aforementioned Customs process documents, the following process would be followed:

(i) A web-based Common Signer utility is provided free of cost through the ICEGATE website (<https://www.icegate.gov.in>) for digitally signing the said Customs process documents.

(ii) Importers, exporters, customs brokers, shipping lines, airlines and their agents are expected to use a Class III Digital Signature Certificate obtained from any of the Certifying Authorities, as notified by Controller of Certifying Authorities (<http://www.cca.gov.in>), following the due process.

(iii) Importers, exporters, customs brokers, shipping lines, airlines and their agents shall use the Digital Signature Certificate and the web based Common Signer utility to digitally sign the electronic documents generated by remote EDI package and then subsequently send the digitally signed documents for processing via email/web upload, as is being done currently.

(iv) On receiving the digitally signed documents the ICEGATE server side verifier shall verify the user's credentials, validity of certificate, Certifying Authorities credentials, Public Key, Certificate Revocation List (CRL) status and the result of authentication and integrate the data into ICES database. The data so integrated will also have a flag to indicate that the submitted document was digitally signed.

(v) The Customs officers will be able to identify on the system whether a particular electronic document has been filed after signing with Digital Signature Certificate or not.

The Board has also decided that whenever the said Customs process documents are digitally signed, the Customs will not insist on the user physical signing the said documents as well. The reliance on digitally signed Customs process documents shall also result in the reduction of hard copies of these documents.

Source: Circular No. 10/2015-Customs dated: 31st March, 2015

## CENTRAL EXCISE

➤ Amendment of Notification No. 16/2010-CE, dated the 27th February, 2010 so as to prescribe new rate of duty to unmanufac-



tured tobacco and chewing tobacco vide *Notification No. 05/2015-CE, dt. 01-03-2015*.

➤ Amendment of Notification No. 42/2008-CE, dated the 1st July, 2008 so as to prescribe new rate of duty to Pan Masala and Gutkha vide *Notification No. 06/2015-CE, dt. 01-03-2015*.

➤ Amendment of notification No. 6/2005-CE, dated the 1st March, 2005 so as to exempt Additional Excise Duty of 5% leviable on waters including mineral waters and aerated waters containing added sugar vide *Notification No. 09/2015-CE, dt. 01-03-2015*.

➤ Increase of the Additional Duty of Excise (commonly known as Road Cess) levied on imported motor spirit (petrol) vide Notification No. 10/2015-CE, dt. 01-03-2015.

➤ Increases of the Additional Duty of Excise (commonly known as Road Cess) levied on imported High Speed Diesel Oil vide Notification No. 11/2015-CE, dt. 01-03-2015.

## SERVICE TAX

➤ **Exemption of services provided for transportation of export goods by road from the place of removal to a land customs station (LCS)**

Amendment of notification No. 31/2012-Service Tax, dated 20th June, 2012, so as to exempt services provided for transportation of export goods by road from the place of removal to a land customs station (LCS) vide *Notification No. 04/2015-ST dt. 01-03-2015*.

➤ **Amendment of Service Tax Rules, 1994:**

- (i) definition of an 'aggregator' and the 'brand name or trade name'
- (ii) the person liable to pay service tax for certain specified services;
- (iii) for issuing digitally signed invoices and their authentication by means of digital signatures.
- (iv) for preserving records in electronic form by bay of authenticating by digital signatures.
- (v) To revise the alternative rates of service tax at which certain categories of service providers have an option to pay service tax.

Source: *Notification No. 05/2015-ST dt. 01-03-2015*

➤ **CBEC seeks to notify the "resident firm" as the class of persons for the purpose of sub-clause (iii) of clause (b) of section 96A of the Finance Act, 1994**

In exercise of the powers conferred by sub-clause (iii) of clause (b) of section 96A of the Finance Act, 1994 (32 of 1994), the Central Government hereby specifies "resident firm" as class of persons for the purposes of the said sub-clause.

Explanation. - For the purposes of this notification,-

(a) "firm" shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932), and includes-

- (i) the limited liability partnership as defined in clause (n) of sub-section (1) of the section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or
- (ii) limited liability partnership which has no company as its partner; or
- (iii) the sole proprietorship; or
- (iv) One Person Company.

(b) (i) "sole proprietorship" means an individual who engages himself in an activity as defined in sub-clause (a) of section 96A of the Finance Act, 1994.

(ii) "One Person Company" means as defined in clause (62) of section 2 of the Companies Act, 2013 (18 of 2013).

(c) "resident" shall have the meaning assigned to it in clause (42) of section 2 of the Income-tax Act, 1961 (43 of 1961) in so far as it applies to a resident firm.

Source: *Notification No. 9/2015 - Service Tax dated: 1st March, 2015*

## INCOME TAX

➤ **Section 35(1)(ii) of The Income-Tax Act, 1961 - Scientific Research Expenditure - Approved Scientific Research Associations/Institutions - Indian Institute Of Technology (Bhu), Varanasi**

Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), from Assessment year 2014-2015 and onwards in the category of "University College and other Institution", engaged in research activities subject to the following conditions, namely:—

- (i) The sums paid to the approved organization shall be utilized for scientific research;
- (ii) The approved organization shall carry out scientific research through its faculty members or its enrolled students;

(iii) The approved organization shall maintain separate books of accounts in respect of the sums received by it for scientific research, reflect therein the amounts used for carrying out research, get such books audited by an accountant as defined in the explanation to sub-section (2) of section 288 of the said Act and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under sub-section (1) of section 139 of the said Act;

(iv) The approved organization shall maintain a separate statement of donations received and amounts applied for scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.

The Central Government shall withdraw the approval if the approved organization:—

- (a) fails to maintain separate books of accounts as referred to in sub-paragraph (iii) of paragraph 1; or
- (b) fails to furnish its audit report as referred to in sub-paragraph (iii) of paragraph 1; or
- (c) fails to furnish its statement of the donations received and sums applied for scientific research as referred to in sub-paragraph (iv) of paragraph 1; or
- (d) ceases to carry on its research activities or its research activities are not found to be genuine; or
- (e) ceases to conform to and comply with the provisions of clause (ii) of sub-section (1) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

Source: Notification No. 22/2015 [F. NO. 203/07/2014/ITA-II], dated: 13-3-2015

### ➡ Income Computation and Disclosure Standards under section 145(2) of the Income-Tax Act, 1961

Central Government notifies the income computation and disclosure standards to be followed by all assesseees, following the mercantile system of accounting, for the purposes of computation of income chargeable to income-tax under the head “Profit and gains of business or profession” or “Income from other sources”. This notification shall come into force with effect from 1st day of April, 2015, and shall accordingly apply to the assessment year 2016-17 and subsequent assessment years vide Notification No. 32/2015 [F. No. 134/48/2010-TPL] / SO 892(E) dated: 31 March 2015.

Read more at: [http://www.incometaxindia.gov.in/communications/notification/notification33\\_2015.pdf](http://www.incometaxindia.gov.in/communications/notification/notification33_2015.pdf)

### ➡ IT department to send One Time Passwords and include Aadhar to ease taxpayer e-filing

Taxpayers will soon get relief from sending a paper acknowledgement of their e-filed return as Income Tax department is set to introduce a new customer verification system for the task by sending One Time Passwords, validating net banking identity and enrolling Aadhaar number in the returns form. The I-T department, through its policy making body Central Board of Direct Taxes (CBDT), has decided to completely do away with the “cumbersome” procedure undertaken currently by a taxpayer to send his ITR-V (Verification) form to the department’s Central Processing Centre (CPC) based here through post.

Read more at: [http://economictimes.indiatimes.com/article-show/46678597.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/article-show/46678597.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### ➡ Now, companies can apply for PAN online through e-Biz portal

Entrepreneurs can apply for PAN card number online through the e-Biz portal, a move that will improve ease of doing business in the country by providing one-stop clearance platform for investment proposals. “PAN integration with the e-Biz portal has been completed,” a senior official in the Income Tax Department said.

Read more at: [http://www.businessstandard.com/article/pti-stories/cos-can-apply-for-pan-card-number-online-through-e-biz-portal-115032400620\\_1.html](http://www.businessstandard.com/article/pti-stories/cos-can-apply-for-pan-card-number-online-through-e-biz-portal-115032400620_1.html)

### ➡ Rollback mechanism enforced into Advance Pricing Agreements – An insight into

Section 92CC of the Act empowers the CBDT to enter into an Advance Pricing Agreement (APA) with any person for determining the Arm’s Length Price (ALP) or specifying the manner in which ALP is to be determined in relation to an international transaction to be entered into by such person. The agreement entered into is valid for a period, not exceeding 5 previous years, as may be mentioned in the agreement. Once the agreement is entered into, the ALP of the international transaction, which is subject matter of the APA, would be determined in accordance with such an APA.

Read more at: <http://www.taxmann.com/topstories/22233000000005014/rollback-mechanism-enforced-into-advance-pricing-agreements-%E2%80%93-an-insight-into.aspx>



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

*(Statutory body under an Act of Parliament)*

### HEADQUARTERS

CMA Bhawan

12, Sudder Street, Kolkata 700 016

Tel: +91 33 2252 1031/1034/1035/1492

Fax: +91 33 2252 7993/1026/1723

Email Id: [cma.ebulletin@icmai.in](mailto:cma.ebulletin@icmai.in)

### DELHI OFFICE

CMA Bhawan

3, Institutional Area, Lodhi Road,  
New Delhi – 110 003

Tel: +91-11-24622156/57/58, 24618645

Fax: +91-11-43583642

### OFFICE OF RESEARCH & JOURNAL

CMA Bhawan, 4th floor

84, Harish Mukherjee Road

Kolkata 700 025, India

Board: +91-33-2454 0086/87/0184

Fax: +91-33-2454 0063

*Behind every successful business decision there is always a CMA*