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Members in Industry - Training & Placement
Institute of Cost Accountants of India



Behind every successful business decision, there is always a CMA

Institute of Cost Accountants of India

The Institute of Cost Accountants of India

(Statutory body under an Act of Parliament)



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (erstwhile The Institute of Cost and Works Accountants of India) was first established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.

On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.

It has since been continuously contributing to the growth of the industrial and economic climate of the country.

The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy

MISSION STATEMENT

The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.

VISION STATEMENT

The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally

IDEALS THE INSTITUTE STANDS FOR

- to develop the Cost and Management Accountancy profession
- to develop the body of members and properly equip them for functions
- to ensure sound professional ethics
- to keep abreast of new developments

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From the Editor's Desk

The New Year with hope and new beginning is seen all around and in the Institute and its stakeholders. Wish one and all Happy New Year and activities rich months ahead ensuring perform to excel.

The Institute is reaching through this e Bulletin the membership, the student fraternity and stakeholders with substance useful and creating a mark in its own way. We saw the announcement and organizing of Cost Consciousness Week followed by Cost Strategy Week, Career Counseling programs, visibility and branding activities reaching the Ministers at Centre and State Level, exclusive programs in Universities across the Country, discussion with Government authorities at Centre and State, signing of MoUs within and outside the Country for the CMAs and budding CMAs to reap the benefit in the long run.

The Institute witnessed the signing of the MoU with CIPFA London (Chartered Institute of Public Finance and Accountancy) at their office London on 25th January 2017. The President ICAI CMA Manas Kumar Thakur had ensured that the delegation interacted for future joint programs to benefit the youth of the Country including CMA fraternity. The leadership development program, personality development program and many technical hands on program are very much on the card. The members in industry and practicing CMAs are provided with additional courses for their enrichment and career building by the Institute Board of Advanced Studies which can be better made aware of from the institute website www.icmai.in

The team request all the members and supporters of this e Bulletin to feel free to write to us and if time permits contribute their article/s to the following email id membersinindustry@icmai.in and/or cmahp@icmai.in

Good wishes and Good health to you

Editor
E Bulletin Member In Industry – T & P



MESSAGE

Friends, I hope the Year 2017 has brought a lot of happiness and joy in your life as well as your family members and near dears. Professionally, I expect a lot of positivity for the Institute and CMA profession in 2017. I hereby request you to come up with constructive suggestions for growth of the profession and the Institute so that the same can be implemented suitably.

I am pleased to inform you that the Institute has planned to set up a state-of-the-art Cost & Management Accountants Labs (CMA Lab) to support members and students of the Institute. Objective of this concept is to provide one point support with regard to professional avenues, standards, law of land, tools and knowledge repositories through various modes of technical and applied knowledge, skill development, capacity building, knowledge up-gradation and innovation in an IT enabled platform in order to make the members and students professionally equipped and market ready. These Labs, to be set up at all the chapters in a phased manner, will also function as help desks for traders, MSME units, Government officials and other stakeholders. CMA Lab, apart from encouraging shared learning, will also provide opportunities for collaborative research, training, workshop, seminars, round table discussions on contemporary issues in finance, costing, taxation, corporate laws etc.

I believe that you, as member in service or industry, are the ambassador of CMA profession and Institute to the corporate world. You serve as a bridge between the two important stakeholders. I request you to share with us the response of Corporate World to various issues concerning the profession and the Institute. As you are aware that the Union Budget 2017 will be presented on 1st February 2017, I urge you to send your analysis and views on the Union Budget 2017 so as to enable us prepare a meaningful note of the same with the objective of presenting it to relevant ministries and Government departments for necessary inputs towards policy making and implementation. This will help us strengthen our resolve of giving wholehearted support to the Government in its endeavours.

I wish you flying success in all of your ventures and efforts whether personal or professional in 2017. Happy reading!

CMA Manas Kumar Thakur

23rd January 2017

Chairman's Communique



CMA P V BHATTAD

Chairman, Members in Industry –
Training and Placement, ICAI
Immediate Past President, ICAI

Dear Colleague,

I feel elated in reaching you once again through this E-Bulletin. Your support and guidance to take the deliberations of Members in Services & Training & Placement Committee have been very positive and encouraging. I would like to take forward the initiatives with your continued support and guidance.

The results of December 2016 Examinations is expected and we are gearing up to provide placement assistance to the final qualified. I once again request the support from you all to continue our initiatives with increased vigour in the coming year also.

Wishing you all a great future and together we will strive to take our profession to newer heights.

Jai Hind !

A handwritten signature in blue ink, appearing to read 'P V Bhattad', with a horizontal line underneath.

PERIODICITY OF CAS – 4 CERTIFICATES

CMA DR. M. GOVINDARAJAN



CMA Dr. M. GOVINDARAJAN

Objective of CAS – 4

The Institute of Cost Accountants of India released Cost Accounting Standard on Cost of Production for Captive Consumption (CAS - 4) on 3rd January 2003, with a view to bring uniformity in the principles and methods used for determining the cost of production of excisable goods used for captive consumption for the purposes of Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000. The Institute also issued FAQ clarifying various aspects in CAS – 4.

Computation of cost of production

CAS-4 stipulates that Cost of Production of captively consumed goods shall consist of material consumed, direct wages and salaries, direct expenses, works overheads, quality control cost, research and development cost, packing cost, administrative overheads relating to production and to arrive at the cost of production for captive consumption, adjustment for stock of work-in-progress, finished goods, recoveries for sales of scrap, wastage etc. are to be carried out. It further stipulates that the fixed production overheads and other similar item of fixed costs such as quality control cost, research and development costs, administrative overheads relating to manufacturing shall be absorbed in the production cost on the basis of the normal capacity or actual capacity utilization of the plant, whichever is higher. The cost accounts for this purpose shall be reconciled with the audited financial accounts. (FAQ 3)

Periodicity of CAS – 4 certification

Cost determination of a product is always for a period and computed on the basis of actual accounts of the company. The CBEC circular no. M.F.(D.R.) F.No. 354/81/2000-TRU, dated 30-6-2000 also envisages to value goods which are captively consumed on cost construction method. Further, costs so determined should be actual cost reconciled with the audited accounts of the company to ensure correctness. In any case, the actual cost for a period can only be available after the accounts for the period is audited. Consequently, it is contemplated that the cost of production certification under CAS-4 be done half-yearly and goods cleared. The company would be provisionally assessed under rule 7 of Central Excise Rules, 2002. After the end of the year and annual certification under CAS-4 on the basis of audited annual accounts, differential duty, if any, shall be paid by the company. (FAQ – 4)

The periodicity of CAS – 4 certification as discussed above is confirmed by the Tribunal in **‘Essar Steel India Limited V. Commissioner of Central Excise, Raipur’ – 2017 (345) ELT 139 (Tri. Del)** The fact of the case is the appellants are engaged in the manufacture of Iron Ore Concentrate which is liable to central excise duty. The said material is cleared to its sister unit on payment of central excise duty. The sister unit uses the said concentrate for further manufacture of excisable goods. As such the excise duty on the iron ore concentrate is discharged in terms of Rule 8 of Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 considering the use for captive consumption.

The records of the appellant were audited. The Revenue raised the objection of short payment of duty during the periods 2007 – 08 and 2008 – 09. It was alleged that during the periods April 2007 to August 2007, November 2007, December 2007, January 2009 to March 2009, the

appellants have cleared the goods with the value of less than 110% of cost of production. The Revenue initiated proceedings against the appellant to demand and recover duty to the tune of Rs.27.07 crores on this ground. The Adjudicating Authority confirmed the demand imposed equal amount of penalty in terms of Section 11AC of the Central Excise Act.

Against the order of Adjudicating Authority the appellants filed appeal before the Tribunal. The appellants contended the following-

- The original authority erred in adopting 'average cost of production' during the financial year as the basis for valuing inter-unit clearances under Rule 8. The actual cost of production prevailing at the time of removal of goods should have been accepted in terms of CAS – 4 certificates;
- The methodology of computation of value should be consistent with overall statutory provisions of Section 4 of the Central Excise Act and Central Excise Rules, 2002. The duty is self assessed, invoice prepared for payment at the time of clearance of goods;
- The assessable value of manufactured goods are to be determined at the time of removal;
- Events or factors that are unknown to the assessee at the time of removal of goods are irrelevant for determination of assessable value;
- Cost of production of goods can be determined at any given point of time and does not have to wait till the end of the financial year. Depreciation etc., are allocable on a *pro-rata* basis;
- The pricing policy determines cost of iron ore fines and slimes. The revision of costing of iron ore concentrate is necessitated due to the revision in pricing policy;
- Every time there was a revision, the appellant intimated the department about the revised cost along with CAS – 4 certificate;
- Even if the Revenue intends to adopt average cost method, the demand cannot be made on selective basis, ignoring the months when there were actually excess

payments;

- If the value has to be determined on annual cost calculation the duty payments for the whole period have to be considered for correct quantification;
- The demand is clearly time barred since there is no case for suppression of fact, etc.,
- The entire exercise is Revenue neutral since the duty paid by the appellant is eligible fully for credit by their sister unit.

The Revenue contended that the appellants have chosen different periods of duration for cost calculation whereas as per accepted standards annual costing correlated with accounting year of the assessee is the correct procedure.

The Tribunal considered the arguments put forth by both sides. The admitted facts of this case are that there is no sale of iron ore concentrate by the appellant and clearance to sister unit for further use subjected to excise duty and valuation for such duty has to be worked out in terms of Rule 8 of Valuation Rules, 2000. The issue to be decided is the frequency or periodicity of costing in terms of CAS – 4. The appellants followed different value during the same financial year based on revision of costing within the year more than once. The contention of the Revenue is that the costing should be annual basis and hence, during whichever month the value happens to be less the average annual cost, duty was confirmed.

The Tribunal observed that it is an admitted fact that the appellants themselves did not follow costing to arrive at deemed transaction value for each clearance. They have considered a period of many months and worked out the costing in terms of CAS – 4 for that period and paid duty. Thereafter the appellants revised the costing when there are changes in raw material cost. The Tribunal found that the reliance placed by the appellant on the principle that time of removal is relevant and hence annual costing is not tenable, is unsustainable. The Tribunal held that the fact remains that while the duty liability has to be discharged at the time of removal of excisable goods in a situation where there is no sale transaction and known value, the deemed transaction value has to be constructed based on costing method which necessarily will involve an

averaging of cost for a period, considering all the parameters. It is neither the case of the appellant nor there is such an approved standard for arriving at cost of excisable goods for each individual clearance.

At the time of clearance of excisable goods for captive consumption the exact transaction value could not be arrived at the relevant time the duty has to be paid on a provisional basis and upon arriving at the cost applying CAS – 4 and the assessable value in terms of Rule 8 of Valuation Rules final determination of duty liability has to be made. The Tribunal observed in the present case, there is no provisional assessment was resorted to by the appellant. Therefore the determination of actual cost much later on the clearance resulted in certain adjustments and payments by the appellant.

The appellants referred to the guidelines issued by the Institute of Cost Accountants of India on CAS – 4. Para 8 of the guidelines deals with periodicity of CAS -4 certificates which states that the frequency of revising the certificate of cost of production will depend upon the significance in the changes in the cost due to various factors like input cost fluctuation, changes in the employee cost and other expenses. Where goods are cleared on cost of production worked out as per the audited accounts of the previous audited period, it is advisable to prepare a fresh certificate of cost of production based on the audited accounts of the period for which the goods are cleared. The differential duty is paid or taken credit of as the case may be. The FAQ on CAS – 4 clarified that cost determination of a product is always for a period and computed on the basis of actual accounts of the company. The cost so determined should be actual cost reconciled with the audited accounts of the company after the accounts for the period is audited.

The Tribunal held that while arriving at costing based on CAS – 4 the correct method will be to determine the same based on actual audited data as per the accounting year of the company. The Tribunal held that the procedure adopted by the Revenue is correct.

The Tribunal further held that when CAS – 4 based annual costing formed basis for arriving transaction value, the overall duty liability/short payment should be arrived at after considering the duty already paid during that year on such goods. The original authority is against the adjustment towards differential duty which is not clear. The Original Authority has not fully examined the issue of time bar raised by the appellant. Intimations of price revision followed by CAS – 4 certificates have been filed. The same is in the knowledge of the Department. Hence the question of time bar requires closer scrutiny. The Tribunal remanded the matter to the original authority for a fresh finding on time bar and quantification of short payment by the appellant.

China to create Credit Default Market (CDS Market)

CMA Rahul Magan, Chief Executive Officer, Treasury Consulting



CMA Rahul Magan

China has given the go-ahead to the use of financial products that can protect investors against bond or loan defaults, signaling an increased willingness to let market forces deal with the rising number of companies that are not paying back debt. In that regards third biggest Interbank Bond Market in the world which is CIBM would get a great push from the Government to develop CDS Market. This would also having positive impact on the CNY especially when CNY is heading towards SDR Currency effective Oct 2016.

The move means that Chinese investors will for the first time be able to buy products such as credit default swaps, known as CDS, and over the period we may expect better products like First name CDS, Second name CDS, First Tigger CDS, Second Trigger CDS , Total Return Swaps (TRS), Overnight Index Swaps (OIS).

The National Association of Financial Market Institutional Investors, an industry body backed by China's central bank, announced the rollout of four different types of so-called "credit risk mitigation tools" and released guidelines for each of them Friday.

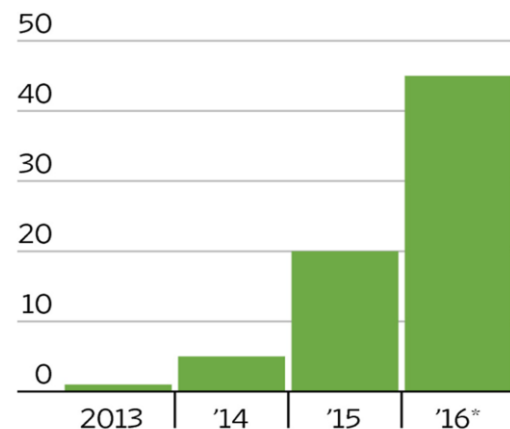
Take an Example: - An Investor is having shares of Lenovo having valuation of \$ 100 Million sitting today and day after you are getting an announcement from Lenovo is willing to sell PC Business to Microsoft. With this Lenovo shares fell by 80% and reaching towards default. Had Investor taken CDS on Lenovo he would have saved his investments. Every CDS would have 2 parts which is Reference Obligation and Payments Obligation. In this example Reference Obligation is Lenovo Equity while Payment Obligation is Cash amounting \$ 100 Million.

Following years of rapid buildup of public- and private-sector debt, China's financial system is coming under increased strain. There have been 45 defaults totaling around 26.81 billion yuan (\$4.02 billion) in China's domestic bond market this year, already exceeding the 20 defaults worth 12 billion yuan in all of 2015.

With the permission of having CDS Chinese Investors would be able to save their Investments from Defaults or Situations like Default. Across the Globe countries like United States, Japan, United Kingdom, Singapore who also acts an Offshore Treasury Centers are having developed CDS Markets so if China who is also promoting Shanghai as a Regional Treasury Center (RTC) have to have develop a great Default Swaps Markets in the Country.

Dumped

The number of defaulted bonds in China has surged in recent years.



*Year to date

Source: Wind Info

THE WALL STREET JOURNAL.

As per Research available more than 40 Defaults happened in China during 2016. In the absence of a right sized CDS markets all of the investors must have lost their money.

As per Treasury Consulting LLP CDS market is also very important because it is also linked with Fixed Income Markets of the Country. As we understand that China is having 3rd largest Bond Market in the Globe known as China Interbank Bond Market (CIBM) having size of ~\$ 4 Trillion and growing.

If China to move towards size of Tokyo markets which is \$ 10 Trillion, US which is of \$ 15 Trillion then CDS Market is must for China.

Pricing Strategy and ethical Business attitude.

CMA.R.Veeraraghavan FCMA

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CMA.R.Veeraraghavan

Price Philosophy:

One of the important measure of goods and services in an economy whether as a part of business or governance is the price that sustains the business and governance . Even charity with a purpose is not free for anything that is free has no life longer than the time it took to originate.

Thus Price the right price is what it makes the economy or economies run . Shall we say that price is the essential driver for Exploitation , Consumption and dispersion of wealth through governance.

A simplistic view is that price is a reflection of effort translated into cost and a margin encouraging entrepreneurship, a variation to this is the total cost incurrence concept for recovery in governance.

Many feel price is market driven and social price or administered price are policy driven. Cost concept to pricing is well established norm for many businesses and governance yet at times a question arises what is cost and what is exact cost and what if cost cannot be absorbed in the market.

Price, many define simply as what market can absorb and that takes away relevance of cost in determination and discovery of price.

We are not mooted here various opportunity price concept such as predatory and luring price concept. Total cost concept life cycle cost recovery concept are familiar contemporary views.

Price is more recognized as a exchange value for goods and services that satisfies sustenance,

promotes enterprise, survives competition, enthuses buyers, improves consumption ,and satisfies ethical norms to do business .

Price generates capital addition or capacity , price creates wealth , price induces consumption , price promotes exploitation of resources that in turn drives economy, price encourages redistribution of wealth for it has tax component, saving component , investment component and resource engagement specially human resources down the supply chain that runs families and societies and prices impact governance such as money supply and public spending.

Price strategy:

Pricing as a business strategy varies from nature and purpose of business and governance at the hind sight of all strategies is recovery of incurrence during exploitation of resources in the short medium and long run business cycle.

Pricing manager always looks into three avenues before he takes a call 1.market condition and competition, 2.Internal resources and cost absorbability over a period 3.Externalities other than market such as government and global policies, input requirements, innovation or product / service life cycle.

Prices are often reviewed frequently and as short as a day or as short as the next order from customer or next sale. Complex iteration often go into pricing of products which involves process and formulations.

Ethical Pricing:

Markets often said subsume ethics and pricing is no exception however good businesses are transparent about pricing with the customers and test of ethics is reasonability, affordability and willingness to mend overcharge.

CMAs are pricing experts, that is what the law brands us to be with the necessary CBOK, skills, and orientation CMAs need to minutely watch the shop floor processes , market dynamics and policy perspectives for prescriptive pricing and right factoring.

Emphasis of CMAs working inside organization is foremost to success to move up the echelons of management.

ECONOMY UPDATES

January - 2017

CMA Dr. M. GOVINDARAJAN



UPDATES

UPDATES
(16.12.2016 TO 15.01.2017)

INCOME TAX

Notification No. 115/2016, dated 16.12.2016 - Central Government appoints the 17th day December, 2016, as the date on which the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 comes into force

Notification No. 116/2016, dated 16.12.2016 - Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana Rules, 2016

Notification No. 117/2016, dated 16.12.2016 – Jurisdiction of Income tax authorities - the Central Government hereby-

- (i) notifies the Principal Commissioner or the Commissioner, as the case may be, who exercises the jurisdiction under [section 120](#) of the [Income-tax Act, 1961 \(43 of 1961\)](#), as the Principal Commissioner or the Commissioner for the purposes of declaration filed manually or electronically under electronic verification code under sub-section (1) of section 199C of the [Finance Act, 2016 \(28 of 2016\)](#); and
- (ii) notifies the Principal Commissioner or the Commissioner, as the case may be, who exercises the jurisdiction under [section 120](#) of the [Income-tax Act, 1961\(43 of 1961\)](#) or the Commissioner of Income-tax, Centralized Processing Centre, Bengaluru, as the

Principal Commissioner or Commissioner, for the purposes of declaration filed electronically with digital signature under sub-section (1) of section 199C of the [Finance Act, 2016 \(28 of 2016\)](#).

Notification No. 118/2016, dated 16.12.2016 - Section 138(1)((a)(ii) specifies the Joint Secretary (Marketing), Ministry of Petroleum and Natural Gas, Government of India

Notification No. 119/2016, dated 16.12.2016 - CORRIGENDUM - NOTIFICATION No. 114 /2016

Notification No. 120/2016, dated 21.12.2016 - Income-tax (35th Amendment) Rules, 2016 with effect from 07.08.2015 - It is certified that by giving retrospective effect to the present notification, no one will be adversely effected in this regard.

Notification No. F.No. 3(1)-W&M/2016-SO 4061(E), dated 16.12.2016 - Pradhan Mantri Garib Kalyan Deposit Scheme, 2016 – came into force with effect from 17.12.2016 and closed on 31.03.2017.

Notification No. 121/2016, dated 26.12.2016 - M/s. Devraj Infrastructures Ltd. Notified as an industrial park for the purposes of Section 80-IA(4)

Notification No. 122/2016, dated 27.12.2016 - Income-tax (36th Amendment) Rules, 2016 - Investment of Provident fund moneys - INVESTMENT PATTERN

Notification No. 123/2016, dated 28.12.2016 - Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax (Amendment) Rules, 2016.

Notification NO. 124/2016, dated 29.12.2016 - Seeks to Amend Notification Number S.O. 1902(E) dated the 26th May, 2016 – appoints 31.01.2017 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 Dispute Resolution Scheme, 2016.

Notification No. 13/2016 – DGIT (S)-ADG(S)-2/e-Filing Notification /106/2016, dated 30.12.2016 - Procedure for registration for statement of financial transactions (SFT) as per section 285BA of Income-tax Act 1961 read with Rule 114E of Income-tax Rules, 1962

Notification No. 14/2016 – DGIT (S)-ADG(S)-2/e-Filing Notification /106/2016, dated 30.12.2016 - Procedure for Registration and Submission of Form V for Reporting under Pradhan Mantri Garib Kalyan Deposit Scheme (PMGK), 2016

Notification No.1/2017, dated 02.01.2017 - U/s 35(1) (ii) Of IT Act 1961 Central Government approved TATA Translational Cancer Research Centre

Notification No. 2/2017, dated 06.01.2017 - the Income-tax (1st Amendment) Rules, 2017- provides for

- Insertion of third proviso in Rule 114B;
- Insertion of Rule 114 C (3);
- Insertion of proviso to Rule 114D(2);
- Insertion of Sl. No. 13 in the Table – Rule 114E(2);

- Form 61A – Part C – C3 is substituted.

Notification No. 3/2017, dated 10.01.2017 - Agreement between the Government of the Republic of India and the Government of Republic of Cyprus for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes.

Circular No. 41/2016, dated 21.12.2016 - Clarifications on Indirect Transfer provisions under the Income Tax Act, 1961.

Circular No. 42/2016, dated 23.12.2016 - Clarifications on the Direct Tax Dispute Resolution Scheme, 2016.

Circular No. 43/2016, dated 27.12.2016 – Explanatory notes on provisions of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 as contained in Chapter IA-A of the Finance Act, 2016.

IDS Instruction No. 3, dated 27.12.2016 - Viewing of MIS relating to Tax payments made under IDS 2016 and tax payment and TDS claim matching before issue of Form 4 – enhancements of functionalities - Income Disclosure Scheme, 2016.

Circular No. 1/2017, dated 02.01.2017 - DEDUCTION OF TAX AT SOURCE INCOME-TAX DEDUCTION FROM SALARIES UNDER SECTION 192 OF THE INCOME-TAX ACT, 1961.

Instruction No.1/2017, dated 04.01.2017 - Double Taxation Agreement - India-Sweden Convention For Avoidable Of Double Taxation And Prevention Of Fiscal Evasion - Suspension Of Collection Of Taxes During Mutual Agreement Procedure (Map)

SERVICE TAX

Notification No. 53/2016 – ST, dated 19.12.2016 - Seeks to amend Service Tax Rules, 1994 so as to allow a person located in non taxable territory providing online information and database access or retrieval services to a non-assesse online recipient to issue online invoices not authenticated by means of a digital signature for a period upto 31st January, 2017.

Notification No. 01/2017-ST, dated 01.01.2017 - Seeks to amend notification No. 25/2012-ST dated 20.06.2012 so as to (i) withdraw the exemption from service tax for services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India; (ii) exempt services provided by a business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch

Notification No. 02/2017 – ST, dated 12.01.2017 - Seeks to amend Service Tax Rules, 1994 so as to, (i) exclude such persons from the definition of aggregator who enable a potential customer to connect with persons providing services by way of renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes subject to fulfillment of certain conditions; (ii) Specify the person complying with the sections 29, 30 or 38

read with section 148 of the Customs Act, 1962 (52 of 1962) as the person liable for paying service tax in case of services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India

Notification No. 03/2017 – ST, dated 12.01.2017 - Seeks to amend notification No. 30/2012-ST dated 20.06.2012 so as to specify the person complying with the sections 29, 30 or 38 read with section 148 of the Customs Act, 1962 (52 of 1962) as the person liable for paying service tax in case of services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India

Notification No. 04/2017 – ST, dated 12.01.2017 - Seeks to amend notification No. 26/2012-ST dated 20.06.2012 so as to rationalize the abatement for tour operator services.

CENTRAL EXCISE

Notification No. 37/2016, dated 31.12.2016 – make amendments in the following notifications-

- 74/93-CE, dated 28.02.1993;
- 10/96-CE, dated 23.07.1996;
- 49/2003-CE, dated 10.06.2003;
- 50/2003-CE, dated 10.06.2003;
- 30/2004-CE, dated 09.07.2014;
- 01/2011-CE, dated -01.03.2011;
- 2/2011-CE, dated 01.03.2011;
- 07/2012-CE, dated 17.03.2012;
- 12/2012-CE, dated 17.03.2012

with effect from 01.01.2017.

Notification No. 49/2016 – CE (NT), dated 31.12.2016 - Amendments in the First Schedule to the Central Excise Tariff Act, 1985;

Notification No.50/2017-CE (NT), dated 31.12.2016 - Seeks to Amend Notification No. 49/2008-Central Excise (N.T.), dated the 24th December, 2008;

Notification No.01/2017-CE, dated 05.01.2017 - Amendment Notification No. 2/2011-Central Excise, dated the 1st March, 2011;

Notification No. 02/2017- CE (NT), dated 11.01.2017 - Notification under Section 11C of the Central Excise Act on Plain (un-modified) Tamarind Kernel Powder falling under heading 1302;

Notification No. 02/2017 – CE, dated 11.01.2017 - Seeks to further amend Notification No. 12/2012-Central Excise dated 17.03.2012 to prescribe an effective rate of excise duty of 12.5% on Motor Vehicles falling under heading 8702 90 21, 8702 90 22, 8702 90 28 and 8702 90 29 of the First Schedule of the Central Excise Tariff Act, 1985

Circular No. F.No. 276/104/2016-CX.8A (PT), dated 28.12.2016 - inclusion of Show Cause Notice issued in relation to sub-section (11) of Section 28 of the Customs Act, 1962 on the competency of officers of DGDRI, DGCEI and Customs (Prev.) in the Call Book; Issuing Clarifications-reg.

Circular No. F.No. 276/104/2016-CX.8A (PT), dated 03.01.2017 - Inclusion of Show Cause Notice issued in relation to sub-section (11) of Section 28 of the Customs Act, 1962 on the competency of officers of DGDRI, DGCEI and Customs (Prev.) in the Call Book

CUSTOMS

Notification No. 147/2016-Cus (NT), dated 15.12.2016 - Rate of exchange of conversion of the foreign currency with effect from 16th December, 2016.

Notification No. 148/2016 – Cus (NT), dated 15.12.2016 - Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

Notification No. 55/2016 (ADD), dated 21.12.2016 - Seeks to rescind notification No.34/2012-Customs (ADD) dated 03.07.2012. This notification has been issued since the time limit of three months for issuing the notification is ending shortly. However, the operation of the said rescinding notification shall remain in abeyance, till the final decision of the Hon'ble High Court of Gujarat in Special Civil Applications 16426 and 16428 of 2016. Therefore, in effect, anti-dumping duty under notification No.34/2012-Customs (ADD) dated 03.07.2012 [imposing anti-dumping duty on the imports of Soda Ash, originating in or exported from China PR, EU, Kenya, Pakistan, Iran, Ukraine and USA] will continue to be levied till the final decision of the Hon'ble High Court of Gujarat in the matter.

Notification No. 56/2016 (ADD), dated 21.12.2016 - Seeks to rescind notification No.08/2013-Customs (ADD) dated 18.04.2013. This notification has been issued since the time limit of three months for issuing the notification is ending shortly. However, the operation of the said rescinding notification shall remain in abeyance, till the final decision of the Hon'ble High Court of Gujarat in Special Civil Applications 16427 and 16429 of 2016. Therefore, in effect, anti-dumping duty under notification No.08/2013-Customs (ADD) dated 18.04.2013 [imposing anti-dumping duty on the imports of Soda Ash, originating in or exported from Russia and Turkey] will continue to be levied till the final decision of the Hon'ble High Court of Gujarat in the matter.

Notification No.61/2016-Cus, dated 27.12.2016 - Seeks to further amend notification No 12/2012-Customs dated 17.03.2012, so as to withdraw the exemption from Basic Customs Duty on import of Technitium – 99m.

Notification No. 62/2016 – Cus, dated 31.12.2016 - Seeks to withdraw BCD exemption, available to specified fabrics, of value equivalent to 1% of the FOB value of exports in the preceding financial year, for manufacture of textile garments for exports, subject to the specified conditions [S. No. 284A of Notification No. 12/2012-Customs dated 01.03.2012 refers].

Notification No. 63/2016 – Cus, dated 31.12.2016 - Seeks to amend notification No. 46/2011-Customs dated 01.06.2011 so as to provide deeper tariff concessions in respect of specified

goods when imported from ASEAN under the India-ASEAN Free Trade Agreement w.e.f. 01.01.2017 and to carry out editorial changes as a result of HS 2017 changes

Notification No. 64/2016 – Cus, dated 31.12.2016 - Seeks to further amend Notification No. 69/2011-Customs, dated 29th July, 2011 so as to provide a deepen the concessional rate of basic customs duty in respect of tariff item 8408 20 20 [engines of a kind used for the propulsion of specified motor vehicles – of cylinder capacity exceeding 250 cc] and 8708 40 00 [gear box and parts thereof, of specified motor vehicles], w.e.f. 1st of January, 2017, when imported under the India-Japan Comprehensive Economic Partnership Agreement (IJEPA) and to carry out editorial changes as a result of HS 2017 changes.

Notification No. 65/2016 – Cus, dated 31.12.2016 - Seeks to amend notification No. 53/2011-Customs dated 01st July, 2011 so as to provide deeper tariff concessions in respect of specified goods imported from Malaysia under the India-Malaysia Comprehensive Economic Cooperation Agreement (IMECA) w.e.f. 01.01.2016 and to carry out editorial changes as a result of HS 2017 changes

Notification No. 66/2016- Cus, dated 31.12.2016 - Seeks to amend notification No. 152/2009-Customs dated 31.12.2009 so as to provide deeper tariff concessions in respect of specified goods imported from Korea RP under the India-Korea Comprehensive Economic Partnership Agreement (CEPA) w.e.f. 01.01.2017 and to carry out editorial changes as a result of HS 2017 changes.

Notification No. 67/2016-Cus, dated 31.12.2016 - Amendments in various Notifications (nearly 18 notifications were amended).

Notification No. 68/2016 – Cus, dated 31.12.2016 - Seeks to Amend Notification No. 69/2004-Customs, dated the 9th July, 2004

Notification No. 149/2016 – Cus (NT), dated 30.12.2016 - Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver

Notification No. 150/2016 – Cus (NT), dated 31.12.2016 - Amendments in the First Schedule to the Customs Tariff Act, 1975

Notification No. 01/2017 – Cus (NT), dated 05.01.2017 - Rate of exchange of conversion of the foreign currency with effect from 6th January, 2017

Notification No. 02/2017 – Cus (NT), dated 06.01.2017 - Seeks to further amend notification 63/94 dated 21st November 1994

Notification No. 03/2017 – Cus (NT), dated 12.01.2017 - Amendment in Notification No. 131/2016-Customs (N.T.) dated 31.10.2016 relating to AIR of duty drawback

Notification No. 04/2017 – Cus (NT), dated 13.01.2017 - Tariff value Notification in respect of Fixation of tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

Notification No. 2/2017 – Cus (N.T./CAA/DRI (Cus – NT), dated 13.01.2017 - Appointment of Common Adjudicating Authority by DGRI

Notification No. 3/2017 – Cus (N.T./CAA/DRI (Cus – NT), dated 13.01.2017 - Appointment of Common Adjudicating Authority by DGRI.

Notification No.57/2016 (ADD), dated 31.12.2016 - Amendments in various notifications – 67/2011-Cus, dated 28.07.2011; 98/2011-Cus, dated 20.10.2011; 7/2012-Cus, dated 13.01.2012; 51/2012-Cus, dated 03.12.2012; 21/2013-Cus (ADD), dated 06.09.2013.

Notification No. 01/2017 (ADD), dated 05.01.2017 - Seeks to levy definitive anti-dumping duty on import of 'Jute Products' viz. Jute Yarn/Twine (multiple folded/cabled and single), Hessian fabric and Jute sacking bags from Bangladesh or Nepal for a period of five years (unless revoked, superseded or amended earlier).

Notification No. 02/2017 (ADD), dated 11.01.2017 - Seeks to levy provisional anti-dumping duty on 'Colour coated/pre-painted flat products of alloy or non-alloy steel' originating in or exported from People's Republic of China and European Union for a period of six months (unless revoked, superseded or amended earlier).

Circular No. 166/2016, dated 05.12.2016 - Simplified procedure for the obtaining Rotation Number reg.

Circular No. 167/2016, dated 05.12.2016 - Issue of SMTPs in respect of cargo destined to ICDs by Rail– Reg.

Circular No. 168/2016, dated 05.12.2016 - Computation and publishing of average dwell time by CFS on their website and communication to Customs, instruction issued under “Handling of Cargo in Customs Areas Regulations, 2009”: reg.

Circular No. 169/2016, dated 08.12.2016 - Registration of Shipping Lines, Freight Forwarders and Non vessel operating common carrier (NVOCC) under “Handling of Cargo in Customs Areas Regulations, 2009”; clarification about Public Notice No 158/2016-17, dated 25.11.2016; with a objective to reduce the dwell time for clearance of imported/export goods: reg.

Circular No. 36/2016, dated 05.12.2016 - Administrative control over the Public and Private Warehouses consequent to closure of erstwhile Customs Division, Bangalore

Circular No.50/2016, dated 09.12.2016 - Export Heavy And Bonded Cargo Terminal

Circular No. 60/2016, dated 31.12.2016 - Declaration in respect of Specified Bank Notes

Circular No. 174/2016, dated 15.12.2016 - Standard Operating Procedure consequent to commencement of “Document Processing Area” in the Parking Plaza and Gate Automation for Export & Import through NSICT/NSIGT, GTI & JNPCT;

Circular No. 181/2016, dated 20.12.2016 - Mandatory filing of Advance Filing of Bill of Entry in case of LCL cargo also – Reg.

Circular No. 182/2016, dated 23.12.2016 - Procedure in respect of clearance of import FCL (Full Container Load) containers involving Participating Government Agencies (PGAs)-reg.

Circular No. 183/2016, dated 29.12.2016 - Intimation of updation of WCO Harmonized System of Nomenclature & Steps taken for its smooth implementation – Reg.

Circular No. 01/2017, dated 04.01.2017 - Extending the Single Window Interface for Facilitation of Trade (SWIFT) to Exports

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FOREIGN TRADE POLICY

Notification No. 32/2015-2020, dated 27.12.2016 - Export Policy of Potato — Removal of Minimum Export Price (MEP) on export of potatoes regarding

Notification No. 33/2015-2020, dated 03.01.2017 - Amendment in import policy of items classified under Chapter 41 & 43 of ITC (HS), 2012-Schedule-1 (Import Policy)

Notification No. 34/2015-2020, dated 13.01.2017 - Export Policy of Animal By-Products

Public Policy 48/2015-2020, dated 29.12.2016 - Procedure for claiming Duty Credit Scrips under Chapter 3 of FTP -14 for shipments where LEO date is up to 31.03.2015 but date of export is on or after 01.04.2015

Public Policy 49/2015-2020, dated 30.12.2016 - Extending Merchandise Exports from India Scheme (MEIS) benefit for 'Onions Fresh or Chilled' under ITC (HS) code 07031010 up to 31.03.2017.

Public Policy 50/2015-2020, dated 30.12.2016 - Enlistment of one PSIA in terms of para 2.55 (d) of HBP 2015-20 in Appendix 2G.

Public Policy 51/2015-2020, dated 30.12.2016 - Certification of Origin of Goods for European Union Generalized System of Preferences (EU-GSP) - Modification of the system as of 1 January 2017

Public Policy 52/2015-2020, dated 30.12.2016 - Allocation of quantity for export of preferential quota sugar to USA under TRQ quota

Public Policy 53(RE: 2016)/2015-2020, dated 09.01.2017 - Corrections in SION C172, C244, C248, C270, C271, C272, C472, C473, C1834, C1835, C1836, C1855, C1856, C1939, C1983, C1984, C2034, C2035, C2036 and C2037 of Engineering Products in the Hand Book Procedures Vol.-II - reg.

Public Policy 54/2015-2020, dated 11.01.2017 - Amendment in Chapter 2 of the Handbook of Procedure (2015-20)

SPECIAL ECONOMIC ZONE

Notification No. F.2/7/2016-SEZ, dated 19.12.2016 - Proposals for setting up of new SEZs and MHA clearance

Notification No. S.O. 4160(E), dated 20.12.2016 - Central Government de-notifies an area of 65.7775 hectares, thereby making resultant area as 86.7105 hectares - sector specific Special Economic Zone for High Tech Engineering sector at Kittampalayam and Karumathampatti Village, Palladam Taluk, Coimbatore District in the State of Tamil Nadu

Notification No. GSR 2(E) , dated 26.12.2016 - Special Economic Zones (Amendment) Rules, 2016 – Rule 5A has been substituted by a new Rule.

Notification No. S.O. 4270(E), dated 26.12.2016 - Central Government notified M/s.Madhya Pradesh Audyogik Kendra Vikas (Jabalpur) Limited has now proposed for full de-notification of 101.21 hectares area at the above Special Economic Zone

Notification No. GSR 12(E), dated 03.01.2017 - Special Economic Zones (Amendment) Rules, 2017 – Rule 76 has been amended.

Circular No. F.2/7/2016-SEZ, dated 19.12.2016 - Proposals for setting up of new SEZs and MHA clearance – Regarding

Instruction 87, dated 20.12.2016 - Clarification regarding import of non-prime mills left over, scrap and spurious CRGO material in SEZs.

FOREIGN EXCHANGE MANAGEMENT

Notification No.382/2016-RB, dated 02.01.2017 - Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2016

Notification No. 377/2016- RB, dated 10.01.2017 - Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fifteenth Amendment) Regulations, 2016

Notification No. 383/2017-RB, dated 10.01.2017 - Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2017

A.P. (Dir Series) Circular No. 22, dated 16.12.2016 – Exchange facilities to foreign citizens. It has been decided that the instructions contained in the [A.P. \(DIR Series\) Circular No. 20 dated November 25, 2016](#) shall continue to be in force till December 31, 2016.

Circular No. 23, dated 27.12.2016 - Purchase and sale of securities other than shares or convertible debentures of an Indian company by a person resident outside India

Circular No. 24, dated 03.01.2017 - Exchange facility to foreign citizens

Circular No. 25, dated 05.01.2017 - Exim Bank's GoI supported Line of Credit of USD 4.22 million to the Government of the Republic of Burundi

Circular No.26, dated 12.01.2017 - Exim Bank's GoI supported Line of Credit of USD 0.17 million to the Government of the Republic of Burundi

Circular No. 27, dated 12.01.2017 - Evidence of Import under Import Data Processing and Monitoring System (IDPMS)

COMPANY LAW

Notification No. F.No. 1/30/2013/CL/V, dated 15.12.2016 - National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016

Notification No. 2/31/CAA/2013/CL/V, dated 19.12.2016 - Delegations of Powers to Regional Directors under section 458 of CA, 2013

Notification No. File No. 1/30/2013-CL-V, dated 20.12.2016 - National Company Law Tribunal (Amendment) Rules, 2016 – New sections inserted –

- Rule 23A – Presentation of Joint petition;
- Rule 38A – Multiple remedies;
- Rule 68A – Application to cancel variation of rights under Section 48(2);

- Rule 76A – Application under Section 130;
- Rule 83A – Application under Section 244;
- Form NCLT – 3 has been substituted.

Notification No. File. No. 1/28/2013/CL/V, dated 26.12.2016 - Central Government appoints 26th December, 2016 as the date on which the provisions of section 248 to 252 of the Companies Act, 2013 (18 of 2013) shall come into force.

Notification No. File. No. 1/28/2013/CL/V, dated 26.12.2016 - Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016

Notification No. 1/13/2013/CL/V, dated 29.12.2016 - Companies (Incorporation) Fifth Amendment Rules, 2016

Notification No. 3/1/2015-CL1(Part 4), dated 04.01.2017 - Exemption to Specified IFSC Private company –under section 462 of the Companies Act, 2016

Notification No. File .No.3/1/2015-CL-1, dated 04.01.2017 - Exemption to Specified IFSC Public company –under section 462 of the Companies Act, 2016

Circular No. 16/2016, dated 26.12.2016 - Removal of names of companies from the Register of Companies - clarification regarding availability of Form STK on MCA-21 portal- reg.

GOODS AND SERVICES TAX

Seventh meeting of GST council on 22.12.2016 and 23.12.2016

Primary draft of CGST and SGST bills were cleared;

Redrafting of one clause in the draft compensation bill. Compensation is to be paid to States on a bi-monthly basis instead of on quarterly basis as in the draft bill.

Eighth meeting of GST Council – 03.01.2017 – 04.01.2017

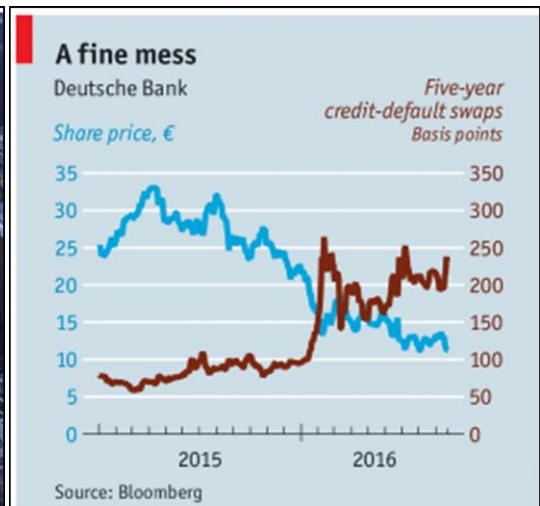
The deadlock over the GST continued in this meeting with the Centre and State refusing to budge from their respective positions on issues like control of tax payers and taxing high sea trade, a stalemate that threatens to delay the roll out till September.

Deutsche Bank is in a Mess and still cooking Derivatives??

CMA Rahul Magan, Chief Executive Officer, Treasury Consulting LLP



CMA Rahul Magan



Deutsche Bank is under deep mess as it has been asked by Department of Justice (DoJ) to pay \$14 billion to settle possible claims connected with the underwriting and sale of residential mortgage-backed securities (RMBSs) between 2005 and 2007. This is much bigger than Deutsche is expecting to pay to US Authorities.

American banks have settled with the DoJ for amounts between \$3.2 billion (Morgan Stanley) and \$16.7 billion (Bank of America), as well as agreeing on smaller sums with the Federal Housing Finance Agency (FHFA), another regulator. Deutsche, which settled with the FHFA for \$1.9 billion in 2013, insists that it will not pay anything near to what the DoJ has asked for, and it surely won't. Citigroup, which reached an RMBS deal with the department in 2014, reportedly haggled its way from \$12 billion to \$7 billion.

John Cryan, the chief executive for the past 14 months, scrapped the dividend and has told shareholders to expect nothing (and no profits) in 2016. After the shares' latest tumble, Deutsche trades at around a quarter of the net book value of its assets. The price of five-year credit-default swaps (a form of insurance against default) on its senior debt is well above that paid by Europe's other leading banks.

Deutsche's ratio of equity to risk-weighted assets, an important measure of a bank's resilience, was 10.8% at the end of June, weaker than its peers'. Mr Cryan intends to raise it to 12.5% by 2018. With risk-weighted assets of around €400 billion, that 1.7% gap works out at nearly €7 Billion.

Deutsche Bank's notional derivatives book had huge swings in notional value between its year-end 2014 report and its "passion to perform" year-end 2015 report. Deutsche Bank did not list the notional value of its derivatives book in its 2016 Quarterly Report.

The bank would like us to take it on faith, that the positive value of its derivatives book is €615 billion while the *net* positive value of its book is around €18 billion. There is a great possibility that Deutsche Bank is cooking Notional Valuation of Derivatives using Hedge Accounting. The biggest point to understand here is How Deutsche Bank using respective Accounting Standards like US GAAP, IFRS.

It seems that Auditors are also playing key role in that regards??

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