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Weekly Updates

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The Institute of Cost Accountants of India

(Statutory body under an Act of Parliament)

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The Institute of Cost Accountants of India

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Please send your feedback on the ***e* News Digest** at: **cma.ebulletin@icmai.in**

Weekly updates - upto April 08, 2015

TAXATION

➲ Govt. notifies income computation and disclosure standards for purpose of Sec. 145; effective from April 1, 2015

This Income Computation and Disclosure Standard is applicable for computation of income chargeable under the head "Profits and gains of business or profession" or "Income from other sources" and not for the purpose of maintenance of books of accounts. In the case of conflict between the provisions of the Income-tax Act, 1961 ('the Act') and this Income Computation and Disclosure Standard, the provisions of the Act shall prevail to that extent.

Read more at:
http://www.taxmann.com//topstories/222330000000005174/govt-notifies-income-computation-and-disclosure-standards-for-purpose-of-sec-145-effective-from-april-1-2015.aspx

➲ CBDT notifies 10 new standards for computation of taxable income

The Central Board of Direct Taxes (CBDT) has overhauled the way income needs to be computed by businesses to calculate the income tax to be deposited with the exchequer. The new framework for computation of taxable income has notified 10 income computation and disclosure standards (ICDS), with effect from April 1, 2015, which will bring greater consistency in the application of accounting principles, say accountancy and tax experts.

Read more at:
http://www.thehindubusinessline.com/todays-paper/tp-politics/cbdt-notifies-10-new-standards-for-computation-of-taxable-income/article7062713.ece

➲ CBEC to set up Directorate of Taxpayer Services

Seeking to improve its image as a customer friendly organisation, the Central Board of Excise and Customs (CBEC) has decided to set up a dedicated wing to have a better connect with taxpayers. The CBEC is celebrating 2015 as the Year of Taxpayer Services in "recognition of the need to have 'customer focus' in our day-to-day functioning".

Read more at:
http://economictimes.indiatimes.com/articleshow/46812679.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ Govt. revises conditions for excise duty exemption on capital goods supplied under SHIS duty credit scrip

"Provided further that the said scrip has not been issued in violation of the condition contained in the sub-paragraph (5) of paragraph 2 of notification No.101 of 2009 – Customs, dated the 11th September, 2009 or sub-paragraph (4) of paragraph 2 of notification No.102 of 2009 – Customs, dated the 11th September, 2009 or the second proviso to sub-paragraph (1) of paragraph 2 of notification No. 05 of 2013 – Customs, dated the 18th February, 2013 or sub- paragraph (3) of paragraph 2 of notification No. 22 of 2013 – Customs, dated the 18th April, 2013 or first proWviso to subparagraph (1) of paragraph 2 of notification No. 23 of 2013-Customs, dated the 18th April, 2013 or sub-paragraph (3) of paragraph 2 of notification No. 16 of 2015 – Customs, dated the 1st April, 2015 or first proviso to sub-paragraph (1) of paragraph 2 of notification No. 17 of 2015 - Customs, dated the 1st April, 2015, as the case may be,".

Read more at:
http://gst.taxmann.com/topstories/104010000000044668/govt-revises-conditions-for-excise-duty-exemption-on-capital-goods-supplied-under-shis-duty-credit-scrip.aspx

➲ Govt. exempts excise duty on goods cleared against Post Export EPCG duty credit scrip

The exemption shall be subject to the following conditions, namely:- (a) that the conditions (1) to (14) specified in paragraph 2 of the Notification No. 17/2015 – Customs, dated the 1st April, 2015 are complied and the said scrip has been registered by the Customs authority at the specified port of registration (hereinafter referred as the said Customs authority); (b) that the holder of the scrip, who may either be the person to whom the scrip was originally issued or a transferee-holder, presents the said scrip to the said Customs authority along with a letter or proforma invoice from the supplier or manufacturer indicating details of its jurisdictional Central Excise Officer (hereinafter referred as the said Officer) and the description, quantity.

Read more at:
http://gst.taxmann.com/topstories/104010000000044665/govt-exempts-excise-duty-on-goods-cleared-against-post-export-epcg-duty-credit-scrip.aspx

➲ I-T department issues fresh MAT notices to foreign investors

The Income Tax (I-T) authorities issued fresh retrospective minimum alternate tax (MAT) demands on about 50 foreign portfolio investors (FPIs) for the financial years 2009-10 and 2010-11, citing regulations that allow them to claw back unpaid tax, going back seven years. At the end of last month the revenue authorities had demanded FIIs pay MAT for FY 2011-12. Industry experts say the tax authorities are well within their rights to demand MAT from financial year 2007-08 financial year 2013-14, and the total tax potentially payable could exceed Rs 50,000 crore.

Read more at:
http://economictimes.indiatimes.com/news/economy/finance/it-department-issues-fresh-mat-notices-to-foreign-investors/articleshow/46831004.cms

FOREIGN TRADE

➲ **Government unveils new foreign trade policy; aims to raise exports to $900 billion by 2020**

The government unveiled a five-year plan for lifting India's exports in a policy that seeks to make the country a bigger player in global trade by doubling overseas sales to $900 billion by 2019-20 while giving a boost to the Make in India initiative.
The simplified Foreign Trade Policy (FTP) for 2015-20 collapses five earlier schemes for promotion of merchandise goods into one single programme and revamps one for promotion of services It focuses on reducing transaction costs for exports besides extending incentives to special economic zones (SEZs) and e-commerce. The new trade policy will boost exports and create jobs while supporting Make in India and Digital India," said commerce and industry minister Nirmala Sitharaman while announcing the FTP.

"It will promote defence, pharma, environment-friendly products and value-added exports." Industry welcomed the policy that has been delayed by a year. "The new policy recognises the global challenges faced by the export sector and also identifies the potential sectors which could emerge as winners in the next five years," said SC Ralhan, president of the Federation of Indian Export Organisations (FIEO). He described the policy as "pathbreaking".

Read more at:
http://economictimes.indiatimes.com/articleshow/46771317.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Highlights: Foreign Trade Policy 2015 -2020

A. SIMPLIFICATION & MERGER OF REWARD SCHEMES
Export from India Schemes:

1. Merchandise Exports from India Scheme (MEIS)

(a) Earlier there were 5 different schemes (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip, VKGUY) for rewarding merchandise exports with different kinds of duty scrips with varying conditions (sector specific or actual user only) attached to their use. Now all these schemes have been merged into a single scheme, namely Merchandise Export from India Scheme (MEIS) and there would be no conditionality attached to the scrips issued under the scheme.

(b) Rewards for export of notified goods to notified markets under 'Merchandise Exports from India Scheme (MEIS) shall be payable as percentage of realized FOB value (in free foreign exchange). The debits towards basic customs duty in the transferable reward duty credit scrips would also be allowed adjustment as duty drawback. At present, only the additional duty of customs / excise duty / service tax is allowed adjustment as CENVAT credit or drawback, as per Department of Revenue rules.

2. **Service Exports from India Scheme (SEIS)**

(a) Served From India Scheme (SFIS) has been replaced with Service Exports from India Scheme (SEIS). SEIS shall apply to 'Service Providers located in India' instead of 'Indian Service Providers'. Thus SEIS provides for rewards to all Service providers of notified services, who are providing services from India, regardless of the constitution or profile of the service provider.

(b) The rate of reward under SEIS would be based on net foreign exchange earned. The reward issued as duty credit scrip, would no longer be with actual user condition and will no longer be restricted to usage for specified types of goods but be freely transferable and usable for all types of goods and service tax debits on procurement of services / goods. Debits would be eligible for CENVAT credit or drawback.

3. **Incentives (MEIS & SEIS) to be available for SEZs**

It is now proposed to extend Chapter -3 Incentives (MEIS & SEIS) to units located in SEZs also.

4. **Duty credit scrips to be freely transferable and usable for payment of custom duty, excise duty and service tax**

(a) All scrips issued under MEIS and SEIS and the goods imported against these scrips would be fully transferable.
(b) Scrips issued under Exports from India Schemes can be used

for the following:-

(i) Payment of customs duty for import of inputs / goods including capital goods, except items listed in Appendix 3A.
(ii) Payment of excise duty on domestic procurement of inputs or goods, including capital goods as per DoR notification.

(iii) Payment of service tax on procurement of services as per DoR notification.

(c) Basic Customs Duty paid in cash or through debit under Duty Credit Scrip can be taken back as Duty Drawback as per DoR Rules, if inputs so imported are used for exports.

5. **Status Holders**
Business leaders who have excelled in international trade and have successfully contributed to country's foreign trade are proposed to be recognized as Status Holders and given special treatment and privileges to facilitate their trade transactions, in order to reduce their transaction costs and time.

B. BOOST TO "MAKE IN INDIA"

6. **Reduced Export Obligation (EO) for domestic procurement under EPCG scheme:**

Specific Export Obligation under EPCG scheme, in case capital goods are procured from indigenous manufacturers, which is currently 90% of the normal export obligation (6 times at the duty saved amount) has been reduced to 75%, in order to promote domestic capital goods manufacturing industry.

7. Higher level of rewards under MEIS for export items with high domestic content and value addition. It is proposed to give higher level of rewards to products with high domestic content and value addition, as compared to products with high import content and less value addition.

8. **Online filing of documents/ applications and Paperless trade in 24x7 environment:**

(a) DGFT already provides facility of Online filing of various applications under FTP by the exporters/importers. However, certain documents like Certificates issued by Cost Accountants/ Chartered Accountants/ Company Secretary etc. have to be filed in physical forms only. In order to move further towards paperless processing of reward schemes, it has been decided to develop an online procedure to upload digitally signed documents by ***Cost Accountants/Chartered Accountant / Company Secretary***. In the new system, it will be possible to upload online documents like annexure attached to ANF 3B, ANF 3C and ANF 3D, which are at present signed by these signatories and submitted physically.

Read more at:
http://dgft.gov.in/exim/2000/highlight2015.pdf

Two Andhra cities as towns of export excellence will boost trade: TDP leader

Bhimavaram in Andhra Pradesh's West Godavari district and Visakhapatnam have been recognised as 'towns of export excellence' under the seafood category. "Visakhapatnam and Bhimavaram have been recognised as towns of export excellence under the seafood category and it is for the first time that the cities from Andhra Pradesh have entered the list," TDP leader and Rajya Sabha member Seetha Rama Lakshmi told reporters here.

Read more at:
http://economictimes.indiatimes.com/articleshow/46794396.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

India-Australia FTA will create immense business opportunities: Amitabh Mattoo

The free trade agreement between India and Australia that is expected to be signed by end of this year may not be the most robust but would create mechanisms to harvest immense business opportunities, the head of a think-tank here said.

"The agreement could be later improved upon and that would signal huge opportunities that exist between the two nations," Amitabh Mattoo, CEO and foundation director of Australia India Institute said. "It would also create the mechanisms to harvest immense business opportunities," he said.

Read more at:
http://economictimes.indiatimes.com/articleshow/46782191.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

SEBI

Women directors: 32 PSU firms non-compliant with SEBI norms

As many as 32 public sector firms including GAIL, ONGC, NTPC, SAIL and Punjab National Bank have failed to comply with regulator Sebi's norms to appoint at least one woman director on their respective boards. Bharat Electronics, Bharat Petroleum Corporation, Container Corporation of India, Power Finance Corporation, Rural Electrification Corporation, are among other PSUs that have been non-compliant with Sebi directive, Prime Database said.

Read more at:
http://www.business-standard.com/article/pti-stories/women-directors-32-psu-firms-non-compliant-with-sebi-norms-115040600586_1.html

➲ Fine structure for non-compliance with the requirement of Clause 49(II)(A)(1) of Listing Agreement

The Stock Exchanges are advised to impose the following fine on listed entities for noncompliance with the requirement of Clause 49(II)(A)(1) of Listing Agreement:

Compliance Status	Fine Structure
Listed entities complying between April 1, 2015 and June 30, 2015	Rs 50,000
Listed entities complying between July 1, 2015 and September 30, 2015	Rs 50,000 + Rs 1000/- per day w.e.f. July 1, 2015 till the date of compliance
Listed entities complying on or after October 1, 2015	Rs 1,42,000/- + Rs 5000/- per day from October 1, 2015 till the date of compliance

Source: Circular CIR/CFD/CMD/1/2015 April 08, 2015

COMPANIES ACT

➲ Delegation of powers to RDs u/s 94(5) read with section 458 of CA, 2013

In exercise of the powers conferred by section 458 of the Companies Act, 2013 (18 of 2013), the Central Government hereby delegates to the Regional Directors at Mumbai, Kolkata' Chennai' Noida' Ahmedabad' Hyderabad and Shillong, the powers and functions vested in it under sub-section (5) of section 94 of the Companies Act,2O13, subject to the condition that the Central Government may revoke such delegation of powers or may itself exercise the powers under the said sub-section, if in its opinion such a course of action is necessary in the public interest.

Read more at:
http://www.mca.gov.in/Ministry/pdf/Delegation_Powers_Notification_01042015.pdf

IRDA

➲ IRDAI hikes motor third party premiums for FY 2015-16

Vehicle insurance premiums will increase upwards of 30 per cent, depending on type of vehicle owned, from Wednesday. The Insurance Regulatory and Development Authority of India (IRDAI) on Tuesday notified the revised motor third party insurance premium rates which will come into effect from April 1, 2015. Reconsideration of increase Though the authority had proposed a steep hike in the mandatory motor third party premium rate up to over 100 per cent in its exposure draft released earlier, there has been moderation in the hike in rates for most common classes for vehicles.

Read more at:
http://www.thehindubusinessline.com/todays-paper/tp-money-banking/irdai-hikes-motor-third-party-premiums-for-fy-201516/article7055029.ece

➲ IRDA grants 3 months extension to insurers for filing 'Board Approved Policy' for appointment of agents

The guidelines for appointment of Insurance Agents 2015 came into effect from 01.04.2015 empowers Insurers to appoint agents w.e.f. 01.04.2015. In this regard upon consideration of request of insurers following instructions are issued.

Read more at:
http://corporatelaws.taxmann.com/topstories/104010000000044370/irda-grants-3-months-extension-to-insurers-for-filing-board-approved-policy-for-appointment-of-agents.aspx

BANKING

➲ RBI adopts Basel III standards for capital, liquidity

Reserve Bank of India announced amendments to regulations on capital adequacy and liquidity for lenders operating in the country, in order to more closely align them with the standards set by Basel III rules.

Read more at:

http://economictimes.indiatimes.com/articleshow/46765639.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

PM Narendra Modi moots roadmap for financial inclusion, suggests 'milestones'

Prime Minister Narendra Modi asked the Reserve Bank of India (RBI) to draw up a 20-year roadmap aiming for full financial inclusion by 2035. Addressing a gathering of bankers and top officials on the occasion of the 80th anniversary of the RBI, Modi said that by then every household in the country should have access to at least some financial services, adding, "In the entire country, be it cooperative banks, microfinance institutions or nationalized banks, every institution must go ahead in one direction."

Read more at:
http://www.financialexpress.com/article/industry/banking-finance/pm-narendra-modi-moots-roadmap-for-financial-inclusion-suggests-milestones/60026/

RBI liberalizes norms for taking position in exchange-traded currency derivatives

The Reserve Bank of India (RBI) has liberalized the norms for taking position in exchange-traded CURRENCY derivatives. It raised the ceiling on domestic INVESTORS as well as foreign portfolio INVESTORS for rupee/dollar pair to $15 million from $10 million.RBI has also permitted domestic and foreign investors to take short and long positions in the pound/rupee, euro/rupee and yen/rupee pairs, with an overall ceiling of $ 5 million.

Read more at:
http://www.business-standard.com/article/finance/rbi-liberalises-norms-for-taking-position-in-exchange-traded-currency-derivatives-115040100052_1.html

RBI tightens rules for export credit to repay rupee loans

The Reserve Bank of India (RBI) has tightened the rules for granting long-term export advances to curb the practice of using trade finance to retire old rupee loans. The facility for long-term export advances was primarily being utilized for refinancing rupee loans of borrowers, instead of using it to execute long-term supply contracts for export of goods. The foreign currency borrowing and export advances or support obtained from lenders (part of Indian banking system) for refinancing will be treated as restructuring. This is applicable to a borrower who is under financial difficulty and involves concessions that the bank would otherwise not consider, RBI said.

Read more at:
http://www.business-standard.com/article/finance/rbi-tightens-rules-for-export-credit-to-repay-rupee-loans-115040601297_1.html

Large NBFCs to maintain 50% LTV ratio for loan against shares

The Reserve Bank today said NBFCs with asset size of over Rs 100 crore will have to maintain a loan-to-value (LTV) ratio of 50 per cent in case of lending against collateral of listed shares. But the condition of maintaining 50 per cent LTV ratio does not apply in case of lending against unlisted shares, it added. LTV refers to the proportion of loan that can be given against the market value of shares.
The RBI said LTV ratio of 50 per cent has to be maintained at all times by the NBFCs with an asset size of Rs 100 crore and above. "Any shortfall in the maintenance of the 50 per cent LTV occurring on account of movement in the share prices shall be made good within 7 working days," it said.

Read more at:
http://economictimes.indiatimes.com/articleshow/46879563.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

INFRASTRUCTURE

Government to make plans to increase investment on developing roadways

Roads and Shipping Minister Nitin Gadkari has said the government is considering a road project exit mechanism a long-standing demand of highway developers—to spur investment in the sector. Such a move could help unlock capital in the road sector, which has witnessed a slump for the last five-six years. "They (companies) are asking me to give them moksha (salvation)," Gadkari said at a Confederation of Indian Industry conference.

Read more at:
http://economictimes.indiatimes.com/news/economy/infrastructure/government-to-make-plans-to-increase-investment-on-developing-roadways/articleshow/46843872.cms

Government withdraws duty benefits for power plants within SEZs

The government withdrew duty benefits extended to operation and maintenance of power plants set up by developers within special economic zones (SEZs). The Commerce Ministry in a notification on guidelines for power generation in SEZs said the directive issued in March 2012 was being withdrawn and the position of February 2009 was being restored.

Read more at:
http://economictimes.indiatimes.com/articleshow/46829012.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ **Reliance Industries signs PSC with Myanmar Oil & Gas Enterprise for two offshore blocks**

Reliance Industries has signed a production-sharing contract (PSC) with Myanmar's state-owned Myanmar Oil & Gas Enterprise for two offshore blocks that it bagged through competitive bidding in 2013, the Indian energy major said. Billionaire Mukesh Ambani-led Reliance Industries will be the operator of the blocks with a 96% participating interest. The blocks are located offshore in the Tanintharyi basin of Myanmar in water depths up to 3000 ft. and together encompass total area of 27,600 sq kms.

"RIL's participation is in line with its strategy to expand its international asset base by investing in internationally attractive oil and gas destinations. The company in this way will leverage its organizational capabilities and expertise to create value for the E&P segment," the company said in the statement. A company spokesperson said with the production sharing contract in place now, the company will work out the schedule for starting work on the blocks.

Read more at:
http://economictimes.indiatimes.com/articleshow/46764679.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ **L&T bags Rs 5,580-crore order from NTPC for thermal power project**

Infrastructure firm Larsen & Toubro has bagged a Rs 5,580-crore contract from state-run NTPC for setting up a thermal power project at Khargone in Madhya Pradesh. "Larsen & Toubro (L&T) has secured a turnkey order from NTPC for setting up a 2x660 MW greenfield thermal power plant in Khargone district of Madhya Pradesh on EPC (engineering, procurement and construction) basis, " the company said in a statement.

"Valued at over Rs 5,580 crore, the project entails design, engineering, manufacture, supply, erection and commissioning of two coal-fired thermal units of 660 MW each with ultra-supercritical (energy efficient) parameters," the statement added.
Earlier, L&T, through its joint venture company L&T-MHPS Boilers Private Limited, had secured an order worth Rs 1,885 crore from NTPC, in September 2014, for setting up two units of 660 MW each supercritical steam generators for Tanda thermal power plant in Uttar Pradesh.
Read more at:
http://economictimes.indiatimes.com/articleshow/46768077.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

MISCELLANEOUS

➲ **Modi government working on five-year plan to deepen SAARC connection**

The commerce department is working on a five-year plan towards regional integration, in line with Prime Minister Narendra Modi's efforts of building close ties with South Asian countries.
The plan is to focus on sectors relevant to the region, such as textiles, leather, tourism, auto components, chemicals and health care, the government said in its foreign trade policy statement released by Commerce and Industry Minister Nirmala Sitharaman this week.

Read more at:
http://economictimes.indiatimes.com/articleshow/46801323.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ **TRAI starts review of operators' accounting systems**

The Telecom Regulatory Authority of India (TRAI) has started a review of accounting reporting systems of operators on concerns over products and network licences, among others, raised by the industry. The Accounting Separation Regulations, 2012, are intended to collect such financial data from telecom operators that would enable a meaningful analysis of the financial performance of different telecom products and services, costs, returns and capital employed.

Read more at:
http://www.business-standard.com/article/companies/trai-starts-review-of-operators-accounting-systems-115040700026_1.html

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