



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

WESTERN INDIA CHARTERED ACCOUNTANTS NEWSLETTER

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Together
We Can...



Share



When we share, we show that we care

... Change the
World

**NATIONAL CONVENTION
FOR CA STUDENTS**

30th & 31st December, 2016

**FACULTY DEVELOPMENT
PROGRAMME ON CO-OPERATIVES**

27th & 28th January, 2017

**NEW MEMBERS MEET AND FELICITATION OF RANK HOLDERS &
S. VAIDYANATH AIYAR MEMORIAL LECTURE**



**LECTURE MEETING ON INQUIRY
US 83 AND SECTION 88 OF
MAHARASHTRA CO-OP SOC. ACT, 1960**



SEMINAR ON GST AT KANDIVALI



Dear Colleagues,

The adage 'to share is to care' is the foundation of personal, social and professional advancement. It is only when you care deeply for a person or an organisation that you will share your knowledge, expertise and time with them. If you look at the history of our Institution, at its core you will find this ethos of sharing which is now part of the whole Institution and inculcated across the Regions, Branches and Study Circles across the country. WIRC continues this proud tradition of furthering our profession by sharing through our activities, seminars and conferences which enable members and students to grow personally and professionally.

Demonetisation: This is a revolutionary step taken by PM Narendra Modi which we all need to support for the benefit of the economy. Though there might be teething issues in the transition, in the near future this step will ensure that we move from a developing economy to a developed economy. We support the Government in this enterprise and are ready to assist with our professional services to successfully navigate this transitory phase. A panel discussion on 'Demonetisation' was organised in the wake of the recent Government initiative, which gave relevant insights as to courses of action regarding the same.

New Reading Room: Vikhroli in Mumbai witnessed the inauguration of a new reading room at Agarwal Institute. With this Reading Room, WIRC is fulfilling its commitment to providing relevant infrastructure for our students living on the Central Line in Mumbai. Our esteemed Vice President of ICAI, CA. Nilesh Vikamsey inaugurated this reading room which is testimony to our intent of ensuring better facilities to our students.

Regional GST Conclave: The conclave was organised and hosted by the Pune Branch to ensure that members were geared up to take on the challenge of GST when it is implemented across the country by April 2017. Taking GST awareness and education to members has become an important initiative of WIRC. To that end, various seminars were held in Mumbai at Dadar, Borivali, Kandivali and Andheri to increase awareness and professional understanding of members regarding the imminent GST roll out.

Regional Banking Summit: CA. Kamlesh Vikamsey, Past President of ICAI, inaugurated this summit which saw eminent dignitaries of the profession in attendance whose expert perception was appreciated by members in attendance.

Rank Holder's Felicitations: The felicitation of the results of our hardworking students is a matter of pride to all professionals. This year the S. Vaidyanath Aiyar Memorial Lecture at our felicitation was graced by Mr. Nipun Mehta, Founder of ServiceSpace and President Obama nominated Member of President's Advisory Council on Faith-Based and Neighbourhood Partnerships. His inspiring words will be remembered by all present – students and seniors.

Debate Competition: A Regional Level Debate Competition for students organised last month saw the enthusiastic participation of students from across the region. The winner is Mr. Anis S. Sayani from Goa, first runner-up is Ms. Jinia Mukherjee from Ahmedabad, Gujarat and the second runner-up is Ms. Vidhi Rathi from Aurangabad, Maharashtra. In fact, our top winners are symbolic of how our Region believes in working together.

WICASA Shines: Our students, Sumit Pendse and Sanket Patil, WICASA Aurangabad, who are winners of Branch and Regional level quiz competitions have done us proud by representing WIRC at the National level quiz competition in Kochi and standing 2nd at the all India level.

Branch Visits: WIRC Office Bearers visited Bharuch, Navsari, Surat, Ahmednagar, Aurangabad, Solapur and Sangli. They have noted the issues faced by members and Branches and will definitely take them up with the higher authorities.

The recent demonetisation initiative by the Government caused some anxiety amongst the masses. While the general populace accepts this step positively, there are some pain points as well. We, as professionals, should ensure that our clients and society pass through this phase with as little pain as possible and that can only be possible by coming together, discussing issues and finding solutions together for the betterment of all. As we grow in our profession we realise that the more we share the more we grow. This growth is a positive growth which takes not only the individual but the whole organisation forward and hence we have to realise that it is a positive circle where we share to grow and grow to share together.

CA. SHRUTI SHAH

CHAIRPERSON'S COMMUNICATION



OFFICE BEARERS

CA. Shruti Shah, *Chairperson*
CA. Hardik Shah, *Vice Chairman*
CA. Kamlesh Saboo, *Secretary*
CA. Shilpa Shinagare, *Treasurer*

EDITORIAL BOARD

CA. Shruti Shah, *Editor*

MEMBERS

CA. Vishnu Agarwal
CA. Sarvesh Joshi
CA. Sandeep Jain
CA. Lalit Bajaj
CA. N. C. Hegde, *Ex-Officio*

Forthcoming Events Pg 4

Law Updates Pg 9

Recent Judgments Pg 13



Together
We Can...

AN APPEAL TO MEMBERS OF WIRC OF ICAI FOR CONTRIBUTION TO CABF

Chartered Accountants Benevolent Fund (CABF) established in 1962 by ICAI, is one of the largest bodies providing welfare and support to the Chartered Accountants fraternity. It provides financial assistance for medical treatment, education, maintenance or any other similar purpose to necessitous persons of the CA fraternity. Financial assistance in lump sum is also given to the widows/relatives of the deceased member in case of accidental/unnatural death at age below 55 years. A considerable number of members/family is already getting such assistance from CABF.

To continue this endeavour, CABF invites contribution from our CA members. The contribution can be made in the form of:

1. **Life Membership** – ₹ 2,500/-
2. **Ordinary Membership** – ₹ 500/- annually
3. **Voluntary Contribution** – An honourable amount up to any extent

All subscriptions and contributions made towards CABF is eligible for deduction under Section 80(G) of Income-tax Act, 1961.

Please contribute generously towards the Fund through at par cheque/DD favouring "Chartered Accountants Benevolent Fund" and send it to WIRC for onward submission to the said Fund.



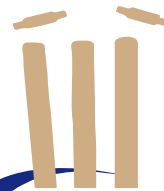
Annual INDOOR SPORTS 2017

DAY & DATE SATURDAY, 21ST JANUARY, 2017

Venue	Goregaon Sports Club, Link Road, Goregaon (W)	
Time	11.00 a.m. to 6.00 p.m. (Registration 10.00 a.m. to 11.00 a.m.)	
Fees	₹ 500/- for first game (including lunch) ₹ 100/- for every additional game	
Co-ordinators	CA. Ashok Manghnani	9820395195
	CA. Mahesh Chhabria	9867565118
	CA. M. Kalahasthi	9029006759
	CA. Mandar Date	9819487770

Members are invited to participate in Annual Indoor Sports Meet of 2017 of WIRC. Badminton (Singles & Doubles), Table Tennis (Singles & Doubles), Carrom (Singles & Doubles), Chess, will be played. Please send in your entries at the earliest.

SEPARATE FACILITIES FOR LADIES & GENTS MEMBERS



INTER FIRM CA CRICKET TOURNAMENT

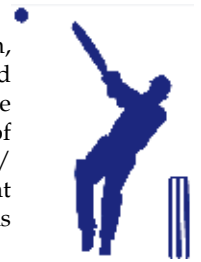
The Annual Inter Firm limited overs Cricket Tournament for Members, present article students and also students who have completed their articles and have appeared for November, 2016 CA exams.

Days & Dates : Saturday, 7th & 14th January, 2017

Venue : Oval Maidan, Churchgate, Mumbai

Fees : ₹ 12,000/- per team

Firms (2 or 3 firms can also form a team, minimum 5 CA Members) interested in participating in the tournament are requested to send in their entries by way of letter giving the names and membership/WRO Nos. of the participants. Enrolment will be restricted to twenty four teams strictly on first-come-first-serve basis.



Chief Co-ordinators

CA. Kamlesh Saboo, Secretary, WIRC	9819195333
CA. Vishnu Agarwal	9324544607
CA. Sandeep Jain (Regional Council Member)	9819788099

Co-ordinators

CA. Sagar Palnitkar	9967325000
CA. Shardul Sonawane	9619269941
CA. Vijay Vaidya	9869277833
CA. Vishesh Sangoi	9819281830
CA. Ankit Kothari	9699709490
CA. Deven Dhruva	9833373300

GRIEVANCE CELL

ANNOUNCEMENT FOR INFORMATION OF MEMBERS AND STUDENTS

WIRC is pleased to announce that the complaints/grievances of the Members and Students will be addressed/heard by holding personal hearing/meeting with the aggrieved member/student in addition to attending through grievances e-mail at wircgrievance@icai.in Under this mechanism, the designated Officer of the Institute will meet the concerned aggrieved student/ member once in a week on working Fridays between 3 p.m. to 5 p.m. after prior appointment. It may be noted that the matters will be handled in accordance with the laid down procedures and as per provisions of the Chartered Accountants Act/Regulations.

The contact details of the Officer are given below for this purpose.

Mr. Y. S. Rawat
Jt. Secretary, WIRC
E-mail : wircgrievance@icai.in
Contact No. 022-33671428

J. S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade, Mumbai

Date, Day & CPE Hrs	Time & Fees	Topic(s)	Speaker(s)	Chief Co-ordinators / Mobile Nos.	Co-ordinators / Mobile Nos.
17/12/2016 Saturday 3 CPE Hrs	10.00 a.m. to 1.00 p.m. ₹ 700/-	Seminar on Internal Audit • Overview of Internal audit – Manufacturing sector • Overview of Internal audit – Pharma sector	CA. Purav Gala Eminent Faculty	CA. Priti Savla 9321426883 CA. Priyam Shah 9824096112 CA. Purushottam Khandelwal 9825020844	CA. Sachin Holmukhe 9820561266 CA. Prajakta Patil 9819041003 CA. Ketan Sarage 9920761105
24/12/2016 Saturday 3 CPE Hrs	10.00 a.m. to 1.00 p.m. ₹ 700/-	Seminar on Arbitration & Competition Act • Arbitration – An emerging era for profession • Competition Act – Recent developments and case studies	Dr. CA. Rajkumar Adukia, Past CCM CA. Devarsh Patel	CA. Drushti Desai 9820335923 CA. Purushottam Khandelwal 9825020844 CA. Umesh Sharma 9822079900	CA. Susanna Cherian 7045144985 CA. Dhawal Acharya 9819411101 CA. Nitin Jaisinghani 9967539598
30/12/2016 Friday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Valuation • Valuation of equity shares – Concept, approaches, selection of methods, requirements under various laws & situations • DCF – A method of valuation – Overview, review of Financial projections, Determination of WACC & Computation of DCF value • Drafting Reports and Proposals • Case studies <i>* Subject to confirmation</i>	CA. Sujal Shah* CA. Pratik Singhi CA. Anagha Thatte CA. Pinkesh Billikmorla	CA. Priti Savla 9321426883 CA. Purushottam Khandelwal 9825020844 CA. Priyam Shah 9824096112	CA. Shrenik Doshi 7710077038 CA. Hrshikesh Wandekar 9892919239 CA. Likhith Dixit 9664189378
07/01/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Practical Aspects Relating to Standards on Auditing and Audit Documentation • Overview and General Approach to Auditing Standards • Reporting Standards • Internal Finance Control with special focus on particular areas & case studies • Documentation and other important Standards with SME perspective	CA. Rajkumar Adukia, Past CCM CA. Bipeen Mundade CA. Murtuza Kanchwala CA. Abhay Kamat	CA. Hardik Shah Vice Chairman, WIRC 9825510422 CA. Umesh Sharma 9822079900 CA. Manish Gadia 9820537986	CA. Nikhil Damle 9820170436 CA. Himanshu Chheda 9820676826 CA. Ajeet Taparia 9920710121
14/01/2017 Saturday 3 CPE Hrs	10.00 a.m. to 1.00 p.m. ₹ 700/-	Seminar on Audit & Taxation of Charitable Organisation • Audit & Taxation of Charitable Organisation	CA. Tushar Doctor	CA. Drushti Desai 9820335923 CA. Pradeep Agrawal 9898560967 CA. Balkishan Agarwal 9377110634	CA. Abhijit Totade 9819659151 CA. Sajjan Agrawal 9322281706 CA. Nehal Turakhia 9833991898
21/01/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on TDS – Law & Practice • TDS – Salary & TDS in respect of Residents • Consequences of default (including prosecution & compounding) • TDS on non-residents – Section 195 • Procedure under TRACES <i>* Subject to confirmation</i>	CA. Ankit Sanghavi CA. Mahendra Sanghavi* Eminent Faculty CA. Avinash Rawani	CA. Kamlesh Saboo Secretary, WIRC 9819195333 CA. Sarvesh Joshi 9822022292 CA. Lalit Bajaj 9867692321	CA. Gaurav Save 9969001607 CA. Vikram Joshi 9821733286 CA. Dhvani Karia 9819900489
28/01/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Government Subsidies • Maharashtra Package Scheme of Incentives, 2013 as applicable to SSI & MSI • Maharashtra Package Scheme of Incentives, 2013 as applicable to Large, Mega & Ultra Mega Project • Maharashtra Government Information & Technology Policy – 2015	CA. G. B. Modi CA. Milind Gujrathi CA. G. B. Modi	CA. Manish Gadia 9820537986 CA. Balkishan Agarwal 9377110634 CA. Rakesh Alshi 9819427242	CA. Amol Kamat 9823018763 CA. Rakesh Tulsian 9869765155 CA. Aumkar Gadgil 8007976830
04/02/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Ind AS Conversion: Issues, Challenges and Techniques • Issues and Challenges • Techniques	CA. Yagnesh Desai CA. Mayur Chokshi	CA. Priyam Shah 9824096112 CA. Aniket Talati 9825551448 CA. Pradeep Agrawal 9898560967	CA. Siddharth Gupta 8080443380 CA. Nikita Mall 9969873294 CA. Ayushy Seksharia 9699760923

ICAI Tower, Near Standard Chartered Bank, BKC, Mumbai

Date, Day & CPE Hrs	Time & Fees	Topic(s)	Speaker(s)	Chief Co-ordinators / Mobile Nos.	Co-ordinators / Mobile Nos.
17/12/2016 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Co-operative Credit Society • Formation of Co-op. Credit Society incl. Multi State Co-op. Cr. Society • Audit of Co-op. Credit Societies • IRAC norms and Audit Classification • Accounting and Auditing Standards applicable to Co-op. Credit Societies <i>* Subject to confirmation</i>	Eminent Faculty CA. D. A. Chougule CA. D. A. Chougule CA. Sandeep Welling*	CA. Shilpa Shinagare <i>Treasurer, WIRC</i> 9820053395 CA. Vikrant Kulkarni 9881880073 CA. Satyanarayan Mundada 9422080814	CA. Sunil Sharma 9769949829 CA. Devang Doshi 9967923276 CA. Neha Patel 9833678901
24/12/2016 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Elections in Co-operatives • Overview of SCEA – Its Role & Function • Election to Committee Rule 2014 & Various Circulars • Practical Aspects to Co-operative Election, Co-operative Society Election • Role & Opportunities for CAs • Q & A	Shri Madhukar Choudhari Shri Anand Jogdand Adv. S. B. Patil CA. Ramesh Prabhu Panel Discussion	CA. Shilpa Shinagare <i>Treasurer, WIRC</i> 9820053395 CA. Abhijit Kelkar 9422126890 CA. Balkishan Agarwal 9377110634	CA. Ami Dabhalia 9819004021 CA. Dhruv Gaglani 9619796967 CA. Arun Prithwani 9820917280
30/12/2016 Friday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Post Assessment Issues under IT Act • Appeals before CIT (Appeals) – Appealable orders, Procedure in appeal, Additional evidence, powers of CIT • Concealment Penalties – Proceedings and issues relating to representation in Penalty Proceedings • Mock Tribunal	CA. Sanjeev Lalan Eminent Faculty Eminent Faculty	CA. Rakesh Alshi 9819427242 CA. Vikrant Kulkarni 9881880073 CA. Satyanarayan Mundada 9422080814	CA. Mayur Momaya 9867952010 CA. Vidhyut Jain 9892414386 CA. Jayesh Vora 9820274272
07/01/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on International Taxation for Beginners • History & Model Treaties/ Treaty Abuse Concept/Orientation, Overview of DTAA Scope, Taxes Covered & Definitions • Person and Residency under Tax Treaties • Employment Income • Transfer Pricing In India • Dividends, Interest and Capital Gains • Royalties and Fees for Technical Services • Permanent Establishment, Business Profits & PE Attribution	CA. Jimit Devani CA. Mousami Nagarsenkar CA. Kavita Sethia Gambhir Eminent Faculty CA. Pankaj Bagri CA. Harsha Rawal	CA. Kamlesh Saboo <i>Secretary, WIRC</i> 9819195333 CA. Rakesh Alshi 9819427242 CA. Umesh Sharma 9822079900	CA. Aniket Kulkarni 9821690599 CA. Meera Joiser 9819354164 CA. Arpit Kabra 9819007027
14/01/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Redevelopment of Co-op. Hsg. including Conveyance / Deemed Conveyance • Overview of Real Estate Laws, MOFA Act, 1963, Maharashtra Apartment Ownership Act, 1970, Conveyance & Deemed Conveyance • Conveyance through Consumer Court, Formalities w.r.t. Changes in Revenue Records • Reading of Approved Building Plan, Survey of Land etc • DCR Rules and Concepts like FSI, Fungible FSI, TDR, Stamp Duty & Registration Provisions wrt Transfer of Flat & Conveyance incl various Circulars on Deemed Conveyance	CA. Ramesh Prabhu Eminent Faculty Eminent Faculty Eminent Faculty	CA. Shilpa Shinagare <i>Treasurer, WIRC</i> 9820053395 CA. Vikrant Kulkarni 9881880073 CA. S. G. Mundada 9422080814	CA. Kalpesh Kothari 9029371777 CA. Falguni Padiya 8237442806 CA. Ashish Bakliwal 9821968858
21/01/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Real Estate Financing • Stress assets funding (Restructuring & alternative fund raising) • Working capital finance (Understanding the Need of WCL, Taking Decision on most appropriate source) • Equity Fund Raising for SME (Understanding the Issues in SME listing, Negotiation and Documentation)	Eminent Faculty CA. B. L. Maheshwari CA. Ashish Goyal	CA. Hardik Shah <i>Vice Chairman, WIRC</i> 9825510422 CA. Sandeep Jain 9819788099 CA. Drushti Desai 9820335923	CA. Bhushan Ramani 9819666708 CA. Mukund Mall 9322224142 CA. Aditi Chaturvedi 9768350383
27/01 & 28/01/2017 Friday & Saturday 12 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 2,400/-	Faculty Development programme on Co-operatives • Soft Skill Training • Technical Presentation on the topic	Eminent Personalities Eminent Personalities	CA. Shilpa Shinagare <i>Treasurer, WIRC</i> 9820053395 CA. Vishnu Agarwal 9324544607 CA. Abhijit Kelkar 9422126890	CA. Kamal Naulakha 9869431440 CA. Prachi Kulkarni 9819179198 CA. Ameet Chheda 9967564433

ICAI Tower, Near Standard Chartered Bank, BKC, Mumbai

Date, Day & CPE Hrs	Time & Fees	Topic(s)	Speaker(s)	Chief Co-ordinators / Mobile Nos.	Co-ordinators / Mobile Nos.
04/02/2017 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Taxation and Online Compliances of Co-operatives Society • Service Tax, VAT, Income Tax, Interactive session on Controversial issues in section 80P CHS • Online Compliances of Co-operative Societies • Formation of Co-operative Society	CA. Ramesh Prabhu Eminent Faculty Eminent Faculty	CA. Shilpa Shinagare <i>Treasurer, WIRC</i> 9820053395 CA. Sarvesh Joshi 9822022292 CA. Lalit Bajaj 9867692321	CA. Milind Joshi 9930033939 CA. Mamta Parsekar 9820613536 CA. Rajesh Jain 9930331272

National Convention for CA Students at Mumbai

Days & Dates	Friday, 30th & Saturday, 31st December, 2016	Time	10.00 a.m. to 6.00 p.m.
Venue	Bhaidas Hall, Vile Parle (West), Mumbai	Fees	₹ 600/-

Friday, 30th December, 2016	Saturday, 31st December, 2016
Topics & Speakers	Topics & Speakers
Chief Guest CA. Niranjan Hiranandani, <i>(CEO & Founder of Hiranandani Group, Mumbai)</i>	Special Session III – Global Dimension
Guests of Honour CA. M. Devaraja Reddy, <i>President, ICAI</i> CA. Nilesh S. Vikamesy, <i>Vice-President, ICAI</i> CA. Babu Abraham K, <i>Chairman, BOS-ICAI</i> CA. Dhiraj Kumar Khandelwal, <i>Vice-Chairman, BOS-ICAI</i>	Dimension Guide – CA. Kamlesh Vikamesy, <i>Past President, ICAI</i> Global Opportunities for an Indian Chartered Accountant
Technical Session I- Societal Dimension	Technical Session III – Foresighted Cum Techno – Savvy Dimension
Dimension Guide – Padmashri CA. T. N. Manoharan, <i>Past President, ICAI & CMD, Canara Bank</i>	Dimension Guide – CA. Anil Bhandari, <i>CCM, ICAI</i>
(any three topics will be presented by student speakers)	(any three topics will be presented by student speakers)
• Due Diligence • Professional Ethics – A Professional Requisite • Corporate Social Responsibility • CA as a Complete Business Solution Provider • CA as a Professional Director • CA as an Arbitrator	• Cyber Laws– A Professional Opportunity • System Control Audit • E-Commerce Audit • Forensic Accounting & Audit • Carbon Credit • Energy Audit • Environmental Audit • Knowledge Process Outsourcing • Mystery Audit • Shadow Accounting
Special Session I – Professional Brotherhood Dimension	Special Session IV – Self Introspection
CA. Babu Abraham K, <i>Chairman, BOS-ICAI & CA. Dhiraj Kumar Khandelwal, Vice-Chairman, BOS-ICAI</i>	Dimension Guide – Dr. Pawan Agrawal, <i>International Motivational Speaker & Management Guru, Mumbai</i> Being Human....
Special Session II – Motivational Dimension	Technical Session IV – Traditional Dimention
Dimension Guide – Prof. Himanshu Rai, <i>Dean MISB, Bocconi, Italy – Exploring Possibilities.....</i>	Dimension Guide – CA. Nihar Jambusaria, <i>CCM, ICAI</i>
Technical Session II – Taxation Dimension	(any three topics will be presented by student speakers)
Dimension Guide – CA. Harish Motiwalla, <i>Past CCM, ICAI</i>	• Internal Financial Controls- Issues & Challenges • Indian Accounting Standards (Ind AS)- Challenges • Case Studies in Business Re-Structuring Techniques
(any three topics will be presented by student speakers)	What after CA ? – Panel Moderator CA. Jay Chhaira, CCM, ICAI
• Double Taxation Avoidance Agreement (DTAA)–Interpretation Techniques • Representation Techniques before Statutory Authorities – Direct Taxes • ICDS Scheme • Goods & Services Tax (GST) – Issues & Challenges	CA. Monika Gupta, <i>Sr. Manager, Business Strategy, MIS & Internal Control at B4U Television Networks</i> , CA. Sandhya Upadhyay, <i>AVP, Birla Sunlife Insurance Co. Ltd.</i> , CA. Rohit Agrawal, <i>Vice President, HDFC, National Process Manager</i> , CA. Abhijit Sanzagiri, <i>Practicing CA</i> , CA. Rahul Singhania, <i>IRS, Deputy Commissioner of Income Tax</i> , CA. Surojit Ray, <i>CEO Pristine Corporate Training Solutions – Management Trainer</i>
	Valedictory Session –
	Distribution of Awards to Best Paper writers

Convention Chairman	CA. Babu Abraham Kallivayalil, <i>Chairman, Board of Studies, ICAI</i>
Convention Co-Chairman	CA. Dhiraj Kumar Khandelwal, <i>Vice-Chairman, Board of Studies, ICAI</i>
Convention Convenor	CA Shruti Shah, <i>Chairperson, WIRC of ICAI</i>
Convention Co-ordinator	CA Pradeep K Agrawal, <i>Chairman, WICASA of WIRC</i>
Students Co-ordinators	All WICASA Members

Organised by Board of Studies of ICAI • Hosted by WIRC of ICAI & WICASA

For Registrations Contact

Convenors of Registration Committee	CA. Hardik Shah, <i>Vice Chairman, WIRC of ICAI</i> CA. Kamlesh Saboo, <i>Secretary, WIRC of ICAI</i> CA. Shilpa Shinagare, <i>Treasurer, WIRC of ICAI</i>	9825510422 9819195333 9820053395
Co-Convenors of Registration Committee	Mr. Mohit Agrawal, <i>Vice-Chairman, WICASA of WIRC</i> Mr. Sahil Goyal, <i>Member, WICASA of WIRC</i>	7877498939 9460152668
Students Co-ordinators	All WICASA Members	
Last Date for Submission of Papers	5th December, 2016	

ICAI Tower, Near Standard Chartered Bank, BKC, Mumbai (Classroom)

Date, Day & CPE Hrs	Time & Fees	Topic(s)	Speaker(s)	Chief Co-ordinators / Mobile Nos.	Co-ordinators / Mobile Nos.
16/12/2016 Friday 2 CPE Hrs	6.00 p.m. to 8.00 p.m. ₹ 200/-	Lecture Meeting on Manage your Image, Create a Professional Presence for an Impact	Shri Suunil Kini	CA. Sushrut Chitale 9821112904 CA. Priti Savla 9321426883	CA. Subhash Chhajer 9820107179 CA. Shantesh Warty 9819947969
17/12/2016 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on MVAT Act • Various Issues under MVAT Act	CA. Rajat Talati & Other Eminent Faculty	CA. Rakesh Alshi 9819427242 CA. Lalit Bajaj 9867692321 CA. Aniket Talati 9825551448	CA. Leena Talathi 9820923371 CA. Akshay Tambe 9892701496 CA. Viral Chheda 9833594045
24/12/2016 Saturday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Seminar on Package Scheme Incentives, 2013 • Make India – The journey so far and professional opportunities for CA's • Startup Wave and opportunities for CA's • MSME and the provisions related to it • Package scheme and other Incentives in Maharashtra • Accounting issues ,treatment and recent judicial pronouncements on Incentives and Grants	CA. Bhavesh Thakkar CA. Yeshwant Kasar CA. Maheshwar Marathe CA. Bhavesh Thakkar CA. Kusai Goawala	CA. Sushrut Chitale 9821112904 CA. Sarvesh Joshi 9822022292 CA. Abhijit Kelkar 9422126890	CA. Y. R. Desai 9820448365 CA. Viral Mehta 9819030563 CA. Bipeen Mundade 9223290561
30/12/2016 Friday 6 CPE Hrs	10.00 a.m. to 6.00 p.m. ₹ 1,200/-	Workshop on Practice Skills • Practice of the future - global perspective & Indian scenario (serving industry size, skills etc) • Moving towards specialization in practice • Use of technology in practice developments • Journey towards professional excellence * Subject to confirmation	CA. Anand Bathiya CA. Bhavesh Vora CA. Maitri Chheda* Shri Bashesh Gala	CA. Sushrut Chitale 9821112904 CA. Priyam Shah 9824096112 CA. Aniket Talati 9825551448	CA. Ritesh Hibare 9773418343 CA. Swati Bhatkar 9967537989 CA. Neeti Mishra 9324679343

Information Technology Update Corner

CA. Ajay Dave

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DIRECT TAX

(Contributed by CA. Haresh P. Kenia & CA. Deepak Lala)

Prohibition of Benami Property Transactions Rules, 2016 [242 Taxman (st.) 73]

The Central Government *vide* Notification No. GSR 1004(E) dated 25/10/2016 gives Prohibition of Benami Property Transactions Rules, 2016. It came into force from 1st November, 2016. It provides for determination of price in certain cases, furnishing of information, provisional attachment, confiscation of property under second proviso to Section 27(1), management of confiscated property u/s. 28(1), disposal of the confiscated property u/s. 28(3) of Prohibition of Benami Property Transactions Act. It also provides for appeals to the Appellate Tribunal. One may refer to the above citation for detailed rules.

Taxability of Compensation received by Land Owners for land acquired under Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act) – Section 4 r.w.s. 10(37) of the Income-tax Act & Section 96 of RFCTLARR Act [242 Taxman (st.) 92].

The CBDT *vide* Circular No. 36/2016 dated 25/10/2016 clarified that the RFCTLARR Act which came into force from 1/1/2014, in which u/s. 96 provides that Income-tax shall not be levied on any award or agreement made under RFCTLARR Act. Therefore, compensation received from compulsory acquisition of land under the RFCTLARR Act is exempt from the levy of the Income-tax Act.

Under the existing provision of Income-tax u/s. 10(37) w.e.f. 1/4/2005 provides for specific exemption to Capital Gains arising to an individual or HUF from compulsory acquisition of agriculture land situated in specified urban limit, subject to fulfilment of certain conditions. Therefore, the compensation received from compulsory acquisition of agriculture land is not taxable under the act with respect to specified urban land and subject to fulfilment of certain conditions.

There is no distinction between compensation received for compulsory acquisition of agricultural land and non agricultural land in the matter of providing exemption from Income-tax under the RFCTLARR Act, the exemption provided u/s. 96 of RFCTLARR Act is wider in scope than the tax exemption provided under the existing provisions of Income-tax Act, 1961.

This has created uncertainty in the matter of taxability of compensation received on compulsory acquisition of land, especially those relating to acquisition of non-agricultural land. The matter was examined by the board and clarified that compensation received in respect of award or agreement which has been exempted from levy of income tax *vide* section 96 of the RFCTLARR Act shall also not be taxable under the provision of Income-tax Act, 1961 even if there is no specific provision of exemption for such compensation in the Income-tax Act.

Section 115TD of the Income-tax Act, 1961 – Accreted Income-tax on – Draft Rules for prescribing method of valuation of Fair Market Value in respect of trust or institution. [242 Taxman (st.) 94].

The Finance Act, 2016 inserted a new chapter XII – EB consisting of sections 115TD, 115TE & 115TF in the Income-tax Act. This chapter contains specific provisions relating to levy of additional income tax where the charitable institution exempt under the Act ceases to exist as charitable organisation or converts into a non charitable organisation. Section 115TD(2) provides that the accreted income would mean the amount by which the aggregate fair market value of the total assets of the trust or the institution, as on the specified date, exceeds the total liability of

such trust or institution computed in accordance with method of valuation as may be prescribed. Therefore, the method of valuation of fair market value in respect of trust or institution as on the specified date for determination of accreted income need to be prescribed in the rules.

Accordingly, it is proposed to insert Rule 17CB in the Income-tax Rules. Accordingly, *vide* letter Reference No. 370142/21/2016 – TPL, dated 24/10/2016, the comments and suggestions of stakeholders and general public are invited on draft Rule 17CB which may be sent electronically by 31/10/2016 at the email address dirtpl1@nic.in. One may refer to the above citation for detailed draft Rule 17CB which prescribed method of valuation for the purpose of section 115TD(2) of the Act.

Authority for Advance Rulings (Procedure for Appointment as Chairman and Vice Chairman) (Amendment) Rules, 2016 [242 Taxman (st.) 93]

The Board *vide* Notification No. GSR 1001 (E) dated 24/10/2016 gives Authority for Advance Rulings (Procedure for Appointment as Chairman and Vice-Chairman) (Amendment) Rules, 2016. It substitutes Rules 3 & 4 as regards selection committee and manner of selection of panels of names for Chairman. It inserts Rules 5 & 6 regarding manner of selection of panels of names for vice-chairman & medical fitness.

Income Declaration Scheme, 2016 – Clarification on method of arriving at undisclosed income when capital asset acquired out of undisclosed income is sold before June 1, 2016 and sale of proceeds held in cash [242 Taxman (st.) 35]

The CBDT *vide* Instruction No. 9 of 2016 dated 27/9/2016 clarified the provisions contained in section 183(2) of the Scheme that where the income chargeable to tax is represented in the form of investment in any asset, the fair market value of such assets as on 1/6/2016 shall be deemed to be undisclosed income for the purpose of scheme.

Board in view of the instance brought to the notice that some taxpayers are of the view that if a capital assets acquired out of undisclosed income is sold before 1/6/2016 and sale proceeds so received are held in cash, then the amount of undisclosed income required to be declared under the scheme shall be the amount of undisclosed income invested in the such capital assets as increased by the capital gain arising of the sale of such assets determined in accordance with the provision of the Income-tax Act.

The CBDT in this regard clarified that the above method for arriving at the amount of undisclosed income for declaration under the scheme is not in accordance with the provisions of the scheme and clarificatory circulars issued by the board from time to time. Accordingly, the board has clarified that in such cases the cash in hand is an asset for the purpose of the scheme.

MAHARASHTRA VAT (Contributed by CA. C. B. Thakar)

Maharashtra Value Added Tax Act, 2002

Notification

- The Government of Maharashtra has issued Notification u/s. 41(4) dated 21/10/2016 by which the exemption is granted from making payment of tax to specified oil company u/s. 41(4).
- The Government of Maharashtra has issued Notification u/s. 83(4) dated 12/11/2016 by which amendment is made in rule to allow acceptance of cash payment for making sales tax payment like tax, interest and penalty.

- c) The Government of Maharashtra has issued Notification u/s. 6(3) of the Profession Tax Act dated 21/10/2016 by which date for filing return without penalty for educational institution is extended till 30/11/2016.

Circulars

1. The Commissioner of Sales Tax has issued Circular bearing No. 32T of 2016 dated 27/10/2016 by which new procedure for making e-payment under SAP-TRM new automation process under MVAT and CST is clarified on Government website.
2. The Commissioner of Sales Tax has issued Circular bearing No. 33T of 2016 dated 27/10/2016 by which e>Returns for dealers registered under the Maharashtra Tax on the Entry of Goods into Local Areas Act, 2002 is explained.
3. The Commissioner of Sales Tax has issued Circular bearing No. 34T of 2016 dated 2/11/2016 by which the extension of due date for filing monthly returns for the period April, 2016 to September, 2016 is given.
4. The Commissioner of Sales Tax has issued Circular bearing No. 35T of 2016 dated 12/11/2016 by which process about provisional registration on GST Network is explained.

GUJARAT VAT

(Contributed by CA. Kishor R. Gheewala)

Time Limit Extended

Vide Public Circular No : GUJKA/ VAT-15/ 16-17/ o.t.w.188/ 163 dated 21/11/2016, time limit for filing Monthly/ Quarterly Return is extended from 14/11/2016 to 14/12/2016.

Single Login ID

Vide G.R. No : GST-1016-1068-GST Cell dated 1st September, 2016, a single common login ID is made effective in the State from 1/9/2016, for the GVAT Act, 2013, the CST Act, 1956, Entry Tax Act, 2001, Profession Tax Act, 1976, Entertainment Tax Act, 1977 & the Luxury Tax Act, 1977.

Industrial Incentive Scheme

Vide G.R. No : INC-102015-645918-I dated 25th July, 2016, Scheme for Incentive to Industries (General) 2016-2021, has been announced.

Gujarat HC Important Judgment

In case of M/s. Kataria Automobiles Ltd., Tax Appeal No. 535 of 2010, dated 18/7/2016, the Hon'ble Gujarat High Court has held that the power granted to State Government is not affected by amendment dated 11/5/2002 in CST Act, 1956 and the notifications issued u/s. 8(2) of CST Act, u/s. 8(5) of CST Act are valid and operative till notifications are cancelled on 31/3/2006.

CORPORATE LAWS

(Contributed by CA. Rahul Joglekar)

MCA (www.mca.gov.in)

MCA Circular No. 12/2016 dated 27th October 2016 – Relaxation of additional fees and extension in last date of filing e-Forms

MCA has extended the due date of filing of e-forms AOC-4, AOC-4 (XBRL), AOC-4 (CFS) and MGT-7 till 29th November 2016. No additional fees would be payable for such extended filing. For complete text of the circular, please refer the link: http://www.mca.gov.in/Ministry/pdf/Generalcircular12_28102016.pdf.

SEBI (www.sebi.gov.in)

SEBI Circular No. CIR/CFD/DIL/115/2016 dated 24th October 2016 – Disclosures in case of listed insurance companies

In view of listing of insurance companies, SEBI has prescribed that insurance companies (life and non-life) shall submit the disclosures of quarterly financial results and Reporting of Segment wise Revenue, Results and Capital Employed along with the quarterly results for quarters ending 30th September, 2016 and 31st December, 2016 in the format as specified by IRDAI. For complete text of the circular, please refer the link: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1477287349972.pdf.

CENTRAL EXCISE

(Contributed by CA. Jayesh Gogri)

Circular

No need to file Annual Return for the FY 2015-16

Vide Union Budget 2016-17, Rule 12 of Central Excise Rules, 2002 and Rule 9A of CENVAT Credit Rules, 2004 were amended to replace Central Excise Forms ER-4 to ER-7 with an Annual Return for Central Excise assesseees. Also, Rule 7 of Service Tax Rules, 1994 was amended to prescribe Annual Return for Service tax assesseees. Accordingly, every assessee registered under Central Excise and Service tax is required to submit an annual return by 30th November of succeeding financial year in a format to be notified by the Board.

In view of impending implementation of Goods and Services Tax (GST), Board has decided that annual return for Financial Year 2015-16 due by 30th November, 2016, shall not be filed.

Further, after implementation of GST, annual return for non-GST goods only may be required. However, final view on the same would be taken after due consultation with the trade.

(Circular No. 1050/38/2016-CX dated 8th November, 2016)

SERVICE TAX

(Contributed by CA. Rajiv Luthia)

SYNOPSIS OF NOTIFICATIONS, CIRCULARS & LETTERS

Central Government, vide Notification No. 46/2016-ST dated 9th November, 2016, has amended Rule 3 of the Place of Provision of Service Rules, 2012 whereby the place of provision of Online Information & Database Access or Retrieval Services (hereinafter referred to as "OIDARS") shall be the location of the service recipient. Consequently, Rule 9(b) specifying the place of provision of such service as location of service provider is omitted.

Central Government, vide Notification No. 7/2016-ST dated 9th November, 2016, has amended Entry No. 34 of Mega Exemption Notification No. 25/2012-ST dated 20th June, 2012 whereby the erstwhile exemption granted to services received by Government, a local authority, a Governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession ("non-assessee online recipient") from a provider of service located in non-taxable territory shall not apply to OIDARS.

Central Government, vide Notification No. 48/2016-ST dated 9th November, 2016, has amended the Service Tax Rules, 1994 whereby following persons are notified as "person liable to pay Service Tax" in respect of OIDARS provided by a person located in non-taxable territory:

Situation	Service Tax to be paid by
Services of OIDARS received by any person in taxable territory other than non-assessee online recipient	Service recipient
Services of OIDARS received by non-assessee online recipient	Service provider located in non-taxable territory
Services of OIDARS received by non-assessee online recipient, where such services are arranged/facilitated by an intermediary located in non-taxable territory	Such intermediary located in non-taxable territory
Services of OIDARS received by non-assessee online recipient, where such services are arranged/facilitated by an intermediary located in non-taxable territory where intermediary satisfies all the prescribed conditions	Service provider located in non-taxable territory
Services of OIDARS received by non-assessee online recipient where service provider is represented by any person located in taxable territory	Such representative located in taxable territory

Consequently, Notification No. 30/2012-ST dated 20th June, 2012 is amended suitably by **Notification No. 49/2016-ST dated 9th November, 2016.**

- The terms "non-assessee online recipient" & "OIDARS" are defined in Rule 2(1)(ccba) & Rule 2(1)(ccd) of the Service Tax Rules, 1994 respectively
- The person liable to pay Service Tax in respect of OIDARS to make an application for registration in ST-1A within 30 days from the date on which
 - The Service tax on such services is levied; or
 - The person located in non-taxable territory has commenced supply of taxable services in taxable territory in India
- Registration Certificate shall be deemed to be granted in Form ST-2A from the date of receipt of application.
- In case of OIDARS provided in taxable territory by a person located in non-taxable territory, an invoice/bill/challan shall include any document by whatever name called, whether or not serially numbered, but containing name & address of person receiving taxable services, to the extent available, and other information as required in Rule 4A(1).
- Person liable to pay Service tax in respect of OIDARS to file half yearly Service tax return in Form No. ST-3C by 25th of the month following the particular half year.

All the above said Notifications shall come into force from 1st December, 2016.

For more details visit www.wirc-icai.org

FEMA

(Contributed by CA. Manoj Shah, CA. Sudha G. Bhushan & CA. Mitesh Majithia)

Investment by a Foreign Venture Capital Investor (FVCI) registered under SEBI (FVCI) Regulations, 2000

A.P. (DIR Series) Circular No. 7 dated October 30, 2016

In order to further liberalise and rationalise the investment regime for FVCIs and to give a fillip to foreign investment in the startups, the RBI in consultation with the Government of India reviewed the extant regulatory provisions and accordingly amended Schedule 6 of Foreign Exchange

Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, through Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Third Amendment) Regulations, 2016 issued *vide* Notification No. FEMA.363/2016-RB dated April 28, 2016. RBI has not issued aforesaid circular to this effect.

Rupee Drawing Arrangement (RDAs) – Trade related remittance limit

A.P. (DIR Series) Circular No. 9 dated October 20, 2016

On review and in consultation with the Government of India, it has been decided that the permitted trade transaction, under the RDAs shall not exceed fifteen lakh rupees per transaction. All the other instructions issued *vide* A.P. (DIR Series) Circular No. 28 dated February 6, 2008 will remain unchanged.

Accordingly the RBI has since amended the regulations through Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016 notified *vide* Notification No. FEMA 14(R)/2016-RB dated May 2, 2016.

External Commercial Borrowings (ECB) – Extension and Conversion

A.P. (DIR Series) Circular No. 10 dated October 20, 2016

In order to simplify the procedure relating to ECB RBI has delegated following powers to designated AD Category-I Banks.

- To approve requests from borrowers for extension of matured but unpaid ECB, subject to the following conditions:
 - No additional cost is incurred;
 - Lender's consent is available;
 - Reporting Requirements are fulfilled.
- To approve conversion of matured but unpaid ECB into equity subject to the above-mentioned conditions while ensuring that the same is in terms with para C.14 of Annex to A.P. (DIR Series) Circular No. 32 dated November 30, 2015.

External Commercial Borrowings (ECB) by Startups

A.P. (DIR Series) Circular No. 13 dated October 27, 2016

RBI has decided, in consultation with the Government of India to permit AD Category-I banks to allow Startups to raise ECB. The detailed framework for raising of ECB by Startups is laid down in this circular. For detail of the said framework please refer the circular available at RBI website at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10667&Mode=0>.

Issuance of Rupee denominated bonds overseas by Indian banks

A.P. (DIR Series) Circular No. 14 dated November 3, 2016

With a view to developing the market of Rupee Denominated Bonds overseas, as also providing an additional avenue for Indian banks to raise capital/long-term funds, RBI has decided, after consultation with the Government, to allow Indian banks, within the limit set for foreign investment in corporate bonds (INR 244323 crore at present), to issue:

- Perpetual Debt Instrument (PDI) qualifying for inclusion as Additional Tier 1 capital and debt capital instruments qualifying for inclusion as Tier 2 capital, by way of Rupee Denominated Bonds overseas; and
- Long-term Rupee Denominated Bonds overseas for financing infrastructure and affordable housing.

Provisions contained in A.P. (DIR Series) Circular No. 17 dated September 29, 2015 and A.P. (DIR Series) Circular No. 60 dated April 13, 2016 on Issuance of Rupee Denominated Bonds Overseas read with paragraph Nos. 3.3.2 and 3.3.3 of Master Direction No. 5 dated January 1, 2016, which allow Indian banks to participate in the space of Rupee Denominated Bonds Overseas only as arrangers and underwriters but not as issuers, accordingly, stand modified for the limited purpose of treating Indian banks as eligible borrowers under this route.

The instruments (PDI and debt capital instruments) and long-term bonds as mentioned above should conform to the provisions contained in the Master Circular DBR.No. BP.BC.1/21.06.201/2015-16 dated July 1, 2015 and Circular DBOD.BP.BC.No.25/08.12.014/2014-15 dated July 15, 2014 issued by the RBI and as amended from time-to-time. Further, underwriting by overseas branches/subsidiaries of Indian banks for such issuances will not be allowed.

External Commercial Borrowings (ECB) – Clarifications on hedging

A.P. (DIR Series) Circular No. 15 dated November 7, 2016

With a view to provide clarity on the provisions of hedging in the ECB framework and bring uniformity in hedging practices in the market so as to effectively address currency risk at a systemic level, the RBI has issued certain clarifications. Please refer to aforesaid circular for detail of such clarifications. The circular is available at RBI website at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10682&Mode=0>.

Investment by Foreign Portfolio Investors (FPI) in corporate debt securities

A.P. (DIR Series) Circular No. 19 dated November 17, 2016

RBI has expanded the investment basket of eligible instruments for investment by FPIs under the corporate bond route to include the following:

- Unlisted corporate debt securities in the form of non-convertible debentures/bonds issued by public or private companies subject to minimum residual maturity of three years and end use-restriction on investment in real estate business, capital market and purchase of land.
- Securitised debt instruments as under:
 - Any certificate or instrument issued by a special purpose vehicle (SPV) set up for securitisation of asset/s where banks, FIs or NBFCs are originators; and/or
 - Any certificate or instrument issued and listed in terms of the SEBI Regulations on Public Offer and Listing of Securitised Debt Instruments, 2008.
- Investment by FPIs in the unlisted corporate debt securities and securitised debt instruments shall not exceed ₹ 35,000 crore within the extant investment limits prescribed for corporate bond from time-to-time which currently is

Personal Column

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₹ 2,44,323 crore. Further, investment by FPIs in securitised debt instruments shall not be subject to the minimum 3-year residual maturity requirement.

For more details visit www.wirc-icai.org

CO-OPERATIVE SECTION (Contributed by CA. Ramesh Prabhu)

Celebration of 63rd National Co-operative Week

WIRC of ICAI has for the first time celebrated 63rd National Co-operative Week from 14th November to 20th November, 2016. National Co-operative Union of India, provides the guidelines for celebration of co-operative week from 14th-20th November. The theme of this year is "Role of Co-operatives for Sustainable Development and Growth". WIRC Co-operative Study group meeting was held on 16th November on the eve of National Co-operative Week. 17th November. Lecture meeting on Co-operative Governance, annual compliance was held by Thane branch jointly with WIRC. A full day programme on 19th November- Co-operative Enterprise- A new Dimension was held. Banners on the celebration of the same were displayed throughout the week at WIRC and also few branches.

Demonetisation of Indian Currency of ₹ 500/- and ₹ 1000/-

- (a) Government of India vide their Notification No. 2652 dated November 8, 2016 has withdrawn the Legal Tender status of ₹ 500 and ₹ 1,000 denominations of bank notes of the Mahatma Gandhi Series issued by the Reserve Bank of India till November 8, 2016.
- (b) The said notes can be used for purchases at consumer co-operative stores operated under authorisation of Central or State Governments;
- (c) Vide RBI/2016-17/130/DCM(Plg) No. 1273/10.27.00/2016-17 dated 14th November 2016, nearly 371 District Central Co-operative Banks have been prohibited from accepting such demonetised notes for deposit in the account or for exchange. This certainly affects number of farmers and the Primarily Agricultural Co-operative Societies and other societies who have accounts with them. Now all such co-operative societies will have to open the account in the Nationalised bank as permitted under G.R dated 5th December, 2013 issued under section 70(d) of the Maharashtra Co-operative Societies Act, 1960.
- (d) Similarly, co-operative credit societies are not allowed to accept the old notes of ₹ 500 and ₹ 1,000/- as a deposit or repayment of the loan.

New TDR Policy based on Road Width : No. TPS-1813/3067/CR-122/MCORP/12/UD-13 dated : 16th November, 2016 issued by Urban Development Department of Govt. of Maharashtra

The new Transfer of Development Rights (TDR) policy linking Floor Space Index (FSI) to the width of the roads will impact the redevelopment projects in the suburbs of Mumbai. Under the new policy, any project on the road along the site less than 9 metres will get no TDR benefit while all projects abutting roads over 30 metres wide will get a bonanza of 2.5 FSI The new proposal has 1.5 FSI for plots where the road is in the range of 9-12 metres wide, while for roads in the range of 12-18 metres, the FSI is 1.75. The move benefits plots, the adjoining road to which is in the range of 24-30 metres, where he gets an FSI of 2.25 and for all plots above 30 metres road width, builder gets 2.5 FSI. The said notification is uploaded on the website of WIRC in the Co-operative Section.

DIRECT TAX

(Contributed by CA. Paras K. Savla & CA. Hemant Shah)

Supreme Court

S. 50B Distribution of net assets upon dissolution of firm not slump sale

Sale could be treated as slump sale only if there was no value assigned to the individual assets and liabilities during sale. In the instant case partnership firm was dissolved and other partners carried business as AOP. Subsequently assets were taken over. During the course of takeover it was observed that not only value was assigned to individual assets, even the liabilities were taken care of when the amount of sale was apportioned among the outgoing partners. The Official Liquidator has distributed the amount among the nine partners, including the assessee after deducting the liability of each of the partners and hence it was observed that the amount received by them is the value of net asset of the firm which would attract capital gain and such transaction is not slump sale – *Vatsala Shenoy vs. JCIT* [2016] 74 *taxmann.com* 143 (SC).

S. 119 Condonation of delay on filing of return of Income

For the Assessment Year 2010-11, the assessee has uploaded its return of income sometime immediately past midnight of 15/10/2010, that was treated as belated filing beyond the permissible time. When once an authority has been conferred discretion to condone the delay, application seeking condonation of delay of one day cannot be rejected for such reasons as are assigned by the Board in its order dated 5/5/2014. Accordingly it was held that the Board has not exercised its discretion properly in the matter and in keeping with the legal principles relevant for such consideration – *CBDT vs. Regen Infrastructure & Services (P.) Ltd.* [2016] 75 *taxmann.com* 135 (Madras).

S. 148 r.w.s. 142(2) Reassessment proceedings invalid in case notice u/s. 143(2) not issue

Reassessment proceeding without issue of notice u/s. 143(2), is invalid. Defect of non-issuance of notice u/s. 143(2) cannot be cured under section 292BB – *Travancore Diagnostics (P.) Ltd. vs. ACIT* [2016] 74 *taxmann.com* 239 (Kerala).

S. 245C – Case is said to be pending till the date of passage of order by Assessing Officer

For the purpose of application under section 245C(1) of the Act, a case would be pending only as long as the order of assessment is not passed. Once the assessment is made by the Assessing Officer by passing the order of assessment, the case can no longer be stated to be pending. Application for settlement would be maintainable only if filed before the said date. Date of dispatch of service of the order on the assessee would not be material for such purpose – *Shalibhadra Developers vs. Secretary* [2016] 74 *taxmann.com* 152 (Gujarat).

For more details visit www.wirc-icai.org

INTERNATIONAL TAXATION

(Contributed by CA. Hinesh Doshi & CA. Ronak Soni)

Iveco SPA vs. ADIT International Taxation [TS-45-ITAT-2016 (DEL)] dated 29th July, 2016

Facts of the case

The assessee, Iveco SPA Italy, has set up an Indian Branch Office ('IBO'), after due permission of the Reserve Bank of India which is engaged in liaising and support activities in India. IBO does not undertake local buying & selling and retail trading in India.

Assessee had entered into an agreement with New Holland Tractors India Private Limited ('New Holland Tractors') for technical collaboration and licence agreement for providing right to assemble diesel engines and its parts in India. Under that agreement, it has received royalty income in India.

Assessee had received a sum from New Holland Tractors which was offered to tax as royalty under Article 13 of India-Italy Double Taxation Avoidance Agreement ('DTAA'). Assessee claimed to have received this income by the Head Office directly.

The AO *vide* draft assessment order held that royalty income was effectively connected to the permanent establishment of the assessee in India and therefore same is not chargeable to tax as royalty income @ 20% on gross basis but as "business income to be taxed @ 41.82%".

Assessee filed objection before the DRP, which ruled against the assessee.

Aggrieved assessee filed an appeal before Delhi ITAT.

Issue

Whether income earned by an Italian company under technical collaboration and licence agreement ('TCA') with an Indian company is taxable as royalty or Business Income?

Held

ITAT noted that the Revenue had not succeeded to prove that services were provided by the employees of the IBO. No presumption could have been drawn by Revenue regarding the involvement of the PE in earning royalty income.

ITAT further observed that to effectively connect this royalty income with the PE the following were to be established:

1. PE should be engaged in the performance of technical services or should be involved in actual rendering of such services, or
2. It should arise as a result of the activities of the PE, or
3. The PE should, at least, facilitate, assist or aid in the performance of such services irrespective of the other activities PE performs.

ITAT remarks that "merely having some staff with its BO, that are technically qualified, it cannot be inferred that they have provided services for performance of the impugned contract". Income of royalty has arisen out of the direct dealing of the New Holland Tractors with the assessee without the aid or support from IBO.

ITAT thus ruled in assessee's favour.

For more details visit www.wirc-icai.org

SERVICE TAX

(Contributed by CA. A. R. Krishnan & CA. Girish Raman)

Advertising Agency services

Where the appellant an advertising agency undertaking outdoor advertising campaign outside India for Ministry of Tourism, Govt. of India, service tax was not leviable on the media cost under the category of 'advertising agency services' since the same was incurred beyond the territorial waters of India [*Grey Worldwide (India) Pvt. Ltd. vs. CST* (2015) 40 STR 1104 (Tri-Mum.)].

Banking and Other Financial Services

Interest not payable for extended period if no intention to evade tax even if tax paid and not contested on ground of limitation. [*Bank of Baroda vs. Commissioner of Service Tax, Mumbai* (40) STR 1069 (Tri-Mum.)].

Consulting or engineering services

Where the revenue had sought to demand service tax on the projects undertaken by the appellant relating to Environmental Biotechnology, Environment Impact Assessment, Environmental Monitoring, Environmental Policy Analysis, Hazardous waste Management under the category 'Consulting Engineer' service

the Tribunal held that determining the tax liability by linking the title of the project with the description as appearing in Wikipedia (unauthenticated source) without examining specifics of the project is inappropriate and on facts the appellant's services in respect of the said projects are not in the nature of consulting engineering services [National Environment Engg. Research Inst. vs. CCE & CST (2015) 40 STR 1115].

Passenger Transportation Services

Carrying of passenger baggages by appellant airline is liable for service tax under the category of transportation of passenger by air services since the same is an integral part of transportation of passenger by air services in view of section

65A of the Act. Further on facts there was no separate contract for transportation of excess baggage. Hence demand of service tax under the category of transportation of goods by air service was not sustainable [Kingfisher Airlines Ltd vs. Commissioner of Service Tax, Mumbai-1 (40) STR 1159 (Tri-Mum.)].

Valuation

Whether on facts the assessee and his brothers had jointly rented out an immovable property and the lease agreements entered into by them were in their individual capacity, the Tribunal held co-owners of the property cannot be considered as association of persons liable for service tax jointly or severally and the denial of benefit of threshold exemption under notification no 6/2005 to each individual was held to be incorrect [CCE vs. Deoram Vishrambhai Patel (2015) 40 STR 1146].

Limitation/Refund

The question of refund application being barred by limitation would arise only if there is a conclusion to the fact that services rendered by the appellant are amenable to service tax. Consequently, if the services are not liable for service tax, rejection of refund claims on the grounds of being barred by limitation is incorrect [Alar Infrastructures Pvt. Ltd. vs. CCE 2015(40) STR 1066 (Del.)].

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