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Info Capsule

VOLUNTARY REPORTING OF ESTIMATED CURRENT INCOME AND ADVANCE TAX LIABILITY[1]

A taxpayer who is liable to discharge part of its tax liability by way of advance tax has to bear additional burden of interest for default of advance tax, in case total advance tax paid for the year falls short of the assessed tax by ten percent or more. This interest is levied as per the provisions of section 234B of the Income-tax Act, 1961 *("the Act").* Such taxpayers are further liable to pay interest for deferment of advance tax, in case any quarterly instalment of advance tax paid falls short of the prescribed percentage of total advance tax paid. This interest is levied in accordance with the provisions of section 234C of the Act.

It is of utmost importance for such taxpayers to arrive at a reasonably accurate estimate of their current income and advance tax liability, so that the additional burden on account of interest for default/deferment of advance tax can be avoided.

Needless to say, a continuous flow of tax revenues throughout the year is critical for the Government so as to meet various budgetary allocations such as welfare schemes, infrastructure development, defence expenditure etc. A reliable and advance estimate of tax revenues for the year would also provide much needed perspective for planning and prioritizing the Government expenditure.

In order to address these concerns, it is proposed to create a mechanism for self-reporting of estimates of current income, tax payments and advance tax liability by certain taxpayers (*companies and tax audit cases*) on voluntary compliance basis. The proposed reporting mechanism is sought to be created by way of inserting a new Rule 39A and Form No. 28AA in the Income-tax Rules, 1962. The proposed draft notification has been placed in public domain on the website of Income Tax Department (www.incometaxindia.gov.in) for inviting comments from stakeholders and general public.

The comments and suggestions on the draft Rule and Form may be sent electronically at the email address dirtpl4@nic.in by September 29, 2017.

UNION HOME MINISTER REVIEWS MEASURES TO CHECK CYBERCRIME IN THE FINANCIAL SECTOR[2]

Union Home Minister Shri Rajnath Singh chaired a meeting of all concerned agencies and representatives of certain States to review the measures being taken to arrest the growing trend of cybercrime in the financial sector. He expressed concern over the disturbing rise in cyber frauds using cards and e-wallets in particular.

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[1] Available at: http://pib.nic.in/newsite/erelease.aspx
[2] Available at: http://pib.nic.in/newsite/erelease.aspx

The strategies being adopted to check financial cybercrimes were discussed in detail. Officers from various agencies made presentations and appraised the Home Minister of the current trends of financial cybercrimes in the country and the steps being taken by their agencies to address this challenge.

It has been noted that both legal and technological steps need to be taken to address this situation. Capacity Building of various stakeholders such as police officers, judicial officers, forensic scientists as well as officials in the banking sector has been identified as a key measure. It has been decided to expedite the implementation of cybercrime prevention initiatives in these agencies towards this end along with measures required to acquire critical cyber forensics equipment.

The Union Home Minister directed all concerned agencies to undertake required measures in a time bound manner and emphasized on coordination of all concerned agencies in this regard. It was decided that an inter-ministerial committee may be set up to identify action points and monitor the implementation.

The meeting was attended by Union Home Secretary, Secretary Department of Financial Services, Secretary MeitY, Director Intelligence Bureau, Commissioner of Police Delhi and National Cyber Security Coordinator.

AMENDMENTS TO THE SEBI (INFRASTRUCTURE INVESTMENT TRUSTS) REGULATIONS, 2014 AND SEBI (REAL ESTATE INVESTMENT TRUSTS) REGULATIONS, 2014[3]

The SEBI Board met in Mumbai on September 18, 2017 and took the decisions to being Amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014.

In order to facilitate growth of Infrastructure Investment Trusts (InvITs) and Real Estate investment Trust (REITs), SEBI Board, has approved certain changes in the captioned regulations, which, inter alia, include the following:

i. Allowing REITs and InvITs to raise debt capital by issuing debt securities

ii. Introducing the concept of Strategic Investor for REITs on similar lines of InvITs

iii. Allowing single asset REIT on similar lines of InvIT

iv. Allowing REITs to lend to underlying Holdco/SPV

v. Amending the definition of valuer for both REITs and InvITs

Further, the Board, after deliberations, decided to have further consultation with the stakeholders on a proposal of allowing REITs to invest at least 50% of the equity share capital or interest in the underlying Holdco/SPVs, and similarly allowing Holdco to invest with at least 50% of the equity share capital or interest in the underlying SPVs.

Team ICSI

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[3] Available at: http://www.sebi.gov.in/media/press-releases/sep-2017/sebi-board-meeting_35969.html