

Info Capsule

CBDT ISSUED THE GUIDELINES FOR WAIVER OF INTEREST CHARGED UNDER SECTION 201(1A) (i) OF THE INCOME TAX ACT, 1961¹

- The Central Board of Direct Taxes (CBDT) on March 24, 2017 issued a circular [vide CNO-11/2017] for waiver of interest in disputed tax demand in different scenarios.
- In cases where tax liability arose because of retrospective amendment to the law or a court ruling, the interest payable on the demand will be waived.
- CBDT under the guidelines to the Chief Commissioner of Income Tax and Director General of Income Tax stated that no reduction or waiver of such interest shall be ordered unless the principal demand stands fully paid or satisfactory arrangements for payment of the principal demand have been made.
- Cabinet approves amendment in the Customs and Excise Act to facilitate implementation of GST.

CABINET APPROVES AMENDMENT IN THE CUSTOMS AND EXCISE ACT TO FACILITATE IMPLEMENTATION OF GST²

Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the following proposals -

- (i) Amendment to the Customs Act, 1962;
- (ii) Amendments to the Customs Tariff Act, 1975
- (iii) Amendment to the Central Excise Act, 1944
- (iv) Repeal of the Central Excise Tariff Act, 1985; and
- (v) Amendment or repeal of the provisions relating to Acts under which cesses are levied.

The above proposals will result in the following benefits:

- (i) Insertion of Sections 108A and 108B in the Customs Act, 1962 seeks to provide for furnishing of information relating to import/export of goods by specified persons to enable analysis and detection of cases of under/over-valuation in imports and exports, misuse of export promotion schemes including the Drawback Scheme and violations of the provisions of the Customs Act and various other laws under which Customs officials have been authorized to effectively implement these laws; and
- (ii) Amendments or repeal of various provisions of other Acts which will no longer be relevant consequent upon roll out of GST will result in cleansing of the irrelevant portions from the Statute Book and reduce multiplicity of taxes.

¹Available at : http://www.incometaxindia.gov.in/communications/circular/circular11_2017.pdf

² Available at : http://www.pmindia.gov.in/en/news_updates/cabinet-approves-amendment-in-the-customs-and-excise-act-to-facilitate-implementation-of-gst/?comment=disable

CABINET APPROVES PROPOSAL FOR AMENDMENTS TO THE NABARD ACT, 1981³

Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the following proposals:

- (a) Amendments to National Bank for Agriculture and Rural Development Act, 1981 as proposed in the draft Bill with such changes of drafting and of consequential nature, as may be considered necessary by Legislative Department. The Amendments include provisions that enable Central Government to increase the authorized capital of NABARD from Rs. 5,000 crore to Rs. 30,000 crore and to increase it beyond Rs. 30,000 crore in consultation with RBI, as deemed necessary from time to time.
- (b) Transfer of 0.4 per cent equity of RBI in NABARD amounting to Rs. 20 crores to the Government of India.

The proposed amendments in NABARD Act, include, certain other amendments including changes in long title and certain Sections to bring Medium Enterprises and Handlooms in NABARD's mandate.

The proposed increase in the authorized capital would enable NABARD to respond to the commitments it has undertaken, particularly in respect of the Long Term Irrigation Fund and the recent Cabinet decision regarding on-lending to cooperative banks. Further, it will enable NABARD to augment its business and enhance its activities which would facilitate promotion of integrated rural development and securing prosperity of rural areas including generation of more employment.

The transfer of entire shareholding in NABARD held by RBI to the Central Government will remove the conflict in RBI's role as banking regulator and shareholder in NABARD.

SCHEMES OF ARRANGEMENT BY LISTED ENTITIES AND RELAXATION UNDER SUB-RULE (7) OF RULE 19 OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957⁴

- SEBI has made clarification on revised detailed requirements to be complied by listed entities while undertaking schemes of arrangements under Section 11 of the SEBI Act, 1992 and regulations 11, 37 and 94 read with regulation 101(2) of SEBI (LODR), 2015.
- SEBI has clarified that **the 'relevant date' for the purpose of computing pricing shall be the date of Board meeting in which the scheme is approved** in respect to the issuance of shares under schemes of arrangement in case of allotment of shares only to a selected group of shareholders or shareholders of unlisted companies shall follow the pricing provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

³ Available at : http://www.pmindia.gov.in/en/news_updates/cabinet-approves-proposal-for-amendments-to-the-nabard-act-1981/?comment=disable

⁴ Available at: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1490268460576.pdf

SUBMISSION OF ACCOUNTS FOR DEBT SECURITIES ISSUED UNDER THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES BY MUNICIPALITIES) REGULATIONS, 2015⁵

SEBI has issued circular regarding Submission of accounts for debt securities issued under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 on March 22, 2017.

Regulation 15 (1) (b) of the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 requires that an issuer proposing to issue of debt securities on a private placement basis, shall submit its accounts prepared in accordance with National Municipal Accounts Manual or in accordance with similar Municipal Accounts Manual adopted by the respective State Government for at least three immediately preceding financial years.

It is decided that **any issuer proposing to issue debt securities on private placement basis** under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015, **in the FY 2017-18**, shall submit the following documents:

- a) Audited accounts for the financial years 2013-14, 2014-15 and 2015-16 in the information memorandum to the stock exchanges.
- b) For the immediately preceding FY i.e. FY 2016-17, the issuers shall submit the half yearly financial statements, as available (audited or unaudited) as on September 2016.

Although, the audited accounts for 2016-17 would have to be submitted within one year from the end of March 31, 2018 to stock exchanges where the debt securities have been listed. Such audited accounts would have to be displayed on the website of the recognised stock exchanges and the issuer. In addition, the issuers would be required to provide, on request, a copy (physical or electronic) of such audited accounts to its investors.

GOODS AND SERVICES TAX⁶

Finance minister Arun Jaitley ruled out a centralised registration for banks under the goods and services tax (GST) at a meeting with top bankers on Sunday.

At the same time, Jaitley agreed to allow banks to submit a single invoice per state per month instead of multiple invoices for each transaction, according to a banker familiar with the matter.

Currently, banks create a challan as an adequate invoice for claiming credit.

The government had recently announced setting up of industry-specific working groups to address concerns expressed by companies. These working groups, including one on banking and insurance, will work on procedural simplification and possible rate structures.

Team ICSI

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⁵ Available at: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1490187298628.pdf

⁶ Available at: <http://www.livemint.com/Politics/AmyTKIlgM39vUF2ynyrnsL/FM-Arun-Jaitley-rules-out-centralized-registration-for-banks.html>