

# Info Capsule

Monday  
February 07, 2022

President : CS Devendra V. Deshpande

Vice President : CS Manish Gupta

## ❖ Indirect Tax

### Goods and Services Tax

**GST Council to discuss ATF inclusion in next Meeting, Says Nirmala Sitharaman (February 06, 2022)**

Government will discuss inclusion of Aviation Turbine Fuel (ATF) under Goods and Services Tax (GST) regime in the next meeting of the council, Finance Minister Nirmala Sitharaman said on February 06, 2022, while saying that rising global fuel prices is a "concern".

For details:

<https://www.ndtv.com/business/centre-will-bring-atf-inclusion-in-gst-for-discussion-in-next-council-meet-fm-2752625>



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## ❖ Direct Tax

**Clarification regarding the Most-Favoured-Nation (MFN) clause in the Protocol to India's DTAA's with certain countries [Circular No. 3 Dated February 03, 2022]**

The Protocol to India's Double Taxation Avoidance Agreements (DTAAs) with some of the countries, especially the European States and OECD members contains a provision, referred to as the Most-Favoured-Nation (MFN) clause. Though each MFN clause in these DTAAs has a different formulation, the general underlying provision is that if after the signature/ entry into force of the DTAA with the first State, India enters into a DTAA with another OECD Member State, wherein India limits its source taxation rights in relation to certain items of income (such as dividends, interest income, royalties, Fees for Technical Services, etc.) to a lower rate or a scope more restricted than the scope provided for those items of income in the DTAA with the first State, such beneficial treatment should also be extended to the First State.

The Central Board of Direct Taxes (CBDT) has received representations seeking clarity on the applicability of the MFN clause (particularly to dividend withholding rates) available in the Protocol to some of the DTAAs with OECD member States. India's DTAAs with countries, namely Slovenia, Colombia, and Lithuania, provide for the lower rate of source taxation with respect to certain items of income. However, these States were not members of the OECD at the time of the conclusion of their DTAAs with India and have become members of the OECD thereafter.

On a plain reading of the MFN clauses in India's DTAAs especially with respect to the above-mentioned countries, it is clear that there is a requirement that the third State is to be a member of the OECD both at the time of conclusion of the treaty with India as well as at the time of applicability of MFN clause.

Therefore, it is clarified that for the applicability of the MFN clause, the third State has to be an OECD Member State on the date of the conclusion of DTAA with India.

It may also be pointed out that the MFN clause in these DTAA's clearly states that the reduced rate takes effect from the date of entry into force of Indian DTAA with the third State. Thus, the declaration in the decree/bulletin/publication of The Netherlands, France, and the Swiss Confederation to make the reduced rate effective from the date of the third State becoming member of OECD subsequent to the entry into force of a DTAA is not in accordance with the relevant provision of the MFN clause in the Protocol. In fact, these countries could not have made it effective from the date of entry into force of Indian DTAA with the third State as the third State was not a member of the OECD on such date of entry into force. This makes it clear that the intention of the MFN clause in the Protocol of the DTAA's is not to give the benefit of India's DTAA with the third State which was not a member of OECD when India entered into DTAA with it.

*For details:*

<https://incometaxindia.gov.in/communications/circular/circular-3-2022.pdf>

### ❖ ***Insolvency and Bankruptcy***

#### **IndusInd Bank moves NCLT to initiate insolvency proceedings against Zee Ent (February 05, 2022)**

Private sector lender IndusInd Bank has filed a plea before NCLT to initiate insolvency proceedings against Zee Entertainment Enterprises Ltd (ZEEL). An application has been filed by IndusInd Bank Ltd, claiming to be a Financial Creditor, before the NCLT, Mumbai for initiation of Corporate Insolvency Resolution Process (CIRP) against the company, claiming a default of Rs 83.08 crore. According to ZEEL, the issue of the company's alleged default under the Debt Service Reserve Account (DSRA) Guarantee Agreement, is sub-judice before the Delhi High Court in a suit filed by the company against IndusInd Bank.

On December 22 last year, ZEEL announced its merger with Sony Pictures Networks India Pvt Ltd (SPNI) after signing definitive agreements. As per the deal, Sony would invest USD 1.575 billion and hold 52.93 per cent stake in the merged entity and Zee will have the remaining 47.07 per cent.

*For details:*

[https://www.business-standard.com/article/pti-stories/indusind-bank-moves-nclt-to-initiate-insolvency-proceedings-against-zee-entertainment-122020500737\\_1.html](https://www.business-standard.com/article/pti-stories/indusind-bank-moves-nclt-to-initiate-insolvency-proceedings-against-zee-entertainment-122020500737_1.html)

## ❖ **Banking and Insurance**

### • **Covid hits foreign ops: Branches, staff, income of Indian banks fall (February 05, 2022)**

Foreign banks expanded their branch network and employee base in India marginally whereas overseas staff strength and number of branches of Indian banks and their subsidiaries recorded a decline during 2020-21, according to a Reserve Bank of India (RBI) survey. According to the RBI, the number of foreign branches of Indian banks declined from 137 in 2019-20 to 121 in 2020-21 and foreign subsidiaries fell from 381 to 377. The decline coincided with the Covid-19 pandemic which hit most parts of the world in 2020.

*For details:*

<https://indianexpress.com/article/business/banking-and-finance/covid-hits-foreign-ops-branches-staff-income-of-indian-banks-fall-7757818/>

### • **SBI lines up 6 NPA accounts for sale to ARCs to recover dues of Rs. 406 crore (February 05, 2022)**

Country's largest lender State Bank of India (SBI) has lined up six Non-Performing Assets (NPAs) for sale to Asset Reconstruction Companies (ARCs) to recover dues of nearly Rs. 406 crore. The six NPA accounts put up for sale to the ARCs are — Patna Bakthiyarpur Tollway with outstanding of Rs. 230.66 crore; Steelco Gujarat Ltd. Rs. 68.31 crore; GOL Offshore Ltd. Rs. 50.75 crore; Andhra Ferro Alloys Ltd. Rs. 26.73 crore; Guru Ashish Taxfab Rs. 17.07 crore and Genix Automations Pvt. Ltd. Rs. 12.23 crore.

*For details:*

<https://www.financialexpress.com/industry/banking-finance/sbi-lines-up-6-npa-accounts-for-sale-to-arcs-to-recover-dues-of-rs-406-cr/2426841/>

## ❖ **Market Watch**

### **Stock Market Indices as on 07.02.2022**

S & P BSE Sensex	57621.19 (-1,023.63)
Nifty 50	17213.60 (-302.70)

### **Foreign Exchange Rates as on 04.02.2022**

*(<https://www.geojit.com/currency-futures>)*

<b>INR / 1 USD</b>	<b>INR / 1 EUR</b>	<b>INR / 1 GBP</b>	<b>INR/ 1 JPY</b>
74.60	85.44	101.17	0.65

## ❖ **Business and Economic News**

### **The Aadhaar (Authentication and Offline Verification) (First Amendment) Regulations, 2022 (February 04, 2022)**

The Unique Identification Authority of India has notified the Aadhaar (Authentication and Offline Verification) (First Amendment) Regulations, 2022. Regulations 16B and 16C are newly inserted regulations which *inter-alia* contains provisions pertaining to manner of voluntary use of Aadhaar number viz; Acceptance of Aadhaar (in form of- physical/Aadhaar Letter/printed e-Aadhaar/ Aadhaar PVC card/m-Aadhaar) as proof of Identity; Offline Verification Seeking Entity shall verify the details with digitally signed Aadhaar Secure QR code; Aadhaar number in electronic form may be used by aadhaar holder for establishing his identity by way of offline verification and the Offline Verification Seeking Entity shall verify the digital signature; Yes/No or eKYC authentication facility for electronic Aadhaar to be provided by an authorized requesting entity.

Further, as per new regulation 16C, for acceptance for Aadhaar-Offline Verification Seeking Entity shall verify the digital signatures through Aadhaar secure QR Code and every requesting entity shall ensure informed consent of Aadhaar number holder beforehand of acceptance as proof of identity.

New definitions such as Aadhaar letter, Aadhaar Polyvinyl Chloride Card (PVC), e-Aadhaar, m-Aadhaar are introduced.

For details:

<https://egazette.nic.in/WriteReadData/2022/233160.pdf>

## ❖ **Terminology for today**

### **Boil the Ocean**

Boil the ocean is an idiomatic phrase that means to undertake an impossible task or project or to make a job or project unnecessarily difficult. The phrase appears in business and among startup companies, as well as in other group settings, and is considered to be a negative phrase in relation to how one approaches a task.

**Prepared by Directorate of Academics**

For any suggestions, please write to [academics@icsi.edu](mailto:academics@icsi.edu)

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