

NEWSLETTER

JANUARY, 2017

J P Chawla & Co. LLP
Chartered Accountants

Taxation | Audit | Outsourcing | Regulatory | Transaction Advisory | Consultancy Services



FINEPRINT

January 2017

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February 2nd 2017,

CEO's Message

Budget 2017 has been announced with a new hope for a new India. These are exciting and challenging times in India, with fiscal and regulatory space changing at a quick pace to create a new word aligned India. The January 2017 started in shadow of demonetization, with winter chills being felt in the economy. There are signs of slowing down of sectors such as real estate and FMCG, with skepticism from business class vis-à-vis hope from the common man for corruption free India. Despite all the turbulence the World Bank predicts that the Indian economy shall grow by seven percent. Budget 2017 addresses the common man and poor of the society and has tried to do away with few adverse effects of demonetization. This January news letter contains the updates for January 2017 and also the highlights of Budget 2017 announced on 1st February 2017, our detailed analysis on budget shall follow soon in the coming days.

In January 2017 the business and economic space we saw few deals related to New York life insurance and Max; Everstone buying stake in Omni Active health, IFC Investing in HERO group, WNS buying Denali Services an US based BPO firm. This Month also saw launch of digital payment app BHIM and Airtel payment bank, enabling common man to access digital payment space with also SEBI allowing mutual fund buying through E-wallets.

The Tax Laws also saw lot of new developments with budget being announced on 1st February 2017, Place of Effective guidelines being notified, and clarification on GAAR being released by Central Board of Direct Taxes, Singapore DTAA being amended. The transfer pricing saw signing Bilateral Advance Pricing Agreement (BAPA) with Indian subsidiary of a Japanese trading company and Unilateral Advance Pricing Agreements. GST is the flavor of the season, with nationwide registration process at full steam. The service tax and DVAT also saw few amendments in January 2017.

The assurance and accounting space in January 2017 saw the Institute of Chartered Accountants of India issuing exposure draft Guidance note on Audit of banks, Exposure Draft of Ind AS Taxonomy, Exposure Draft of Revised SA-720 "Auditor's Responsibilities relating to Other Information". The Institute of Chartered Accountants of India also proposed amendments to Ind AS 12 – Income Taxes

The regulatory areas of company law saw changes in form of exemptions to specified IFSC public and private companies, changes in incorporation forms for enabling ease of doing business, notification of new sections of company's act 2013. The Foreign exchange management act saw notification of Indian parties prohibiting Overseas Direct Investment in FATF notified countries and issue of guidelines for issue Convertible notes for a startup company.

We sincerely hope this January news letter will update you regarding new developments in the area of Business, Tax, Assurance & Accounting and regulations such as company law and FEMA.

Happy Reading!!

Sincerely Yours,

Rajat Chawla

The Month That Was

- **New York Life Insurance** picks up 22.5% stake in Max Ventures for Rs 121 crore, the company plans to enter into education and real estate This marks re-entry of New York Life Insurance in Max group
- **Everstone private equity firm** has invested \$35 million in Mumbai-based OmniActive Health Technologies Ltd for a minority stake. The investment will help OmniActive in diversifying and expanding.
- **International Finance Corp.**, the investment arm of World Bank invested \$125 million in Hero Future Energies, the renewable energy arm of the Hero Group.The investment will help the Hero Future Energies expand its renewable energy capacity.
- **WNS** acquires procurement BPO firm Denali for \$40 mn
- Aadhaar-based mobile payment application called **BHIM** was launched to help people who have a bank account but either do not have debit or credit cards or are unable to use these.
- **Airtel payment bank** under the license of RBI has rolled out payment banking services , Airtel offers 7.25% interest and also offers personal accidental insurance of Rs1 lakh with every savings account and free talktime equaling the amount deposited in the payments bank-saving account, further this Payments Bank plans to develop a nationwide merchant network.
- **SEBI to allow MF buying through e-wallet**
Securities and Exchange Board of India (SEBI) is set to allow purchase of mutual fund (MF) units through digital wallets and electronic payment applications.
- **Vodafone India & Idea Cellular are in merger talks**

Vodafone is in talks to merge its India unit with Idea Cellular Ltd. This could create the country's biggest telecom operator.

Tax

International Taxation

Budget Highlights¹

- **Indirect Transfer rules** : Foreign Portfolio Investor (FPI) Category I & II exempted from indirect transfer provision. Indirect transfer provision shall not apply in case of redemption of shares or interests outside India as a result of or arising out of redemption or sale of investment in India which is chargeable to tax in India
- **Masala Bonds**: Concessional withholding rate of 5% charged on interest earned by foreign entities in external commercial borrowings or in bonds and Government securities is extended to 30.6.2020. This benefit is also extended to Rupee Denominated (Masala) Bonds.

International Taxation January Updates

- **CBDT issues Guidelines to determine Company's Place of Effective Management (PoEM)**

Central Board of Direct Taxes has issued final guidelines for determining the Place of effective management (POEM) for residence of company under section 6 of Income Tax act vide Circular No. 06 of 2017 dated January 24, 2017. It is effective from Assessment year 2017-18 onwards. Here the CBDT seeks to address the practical issues which may arise in the application of POEM test.

- **CBDT notified an effective date of revised India- Cyprus DTAA**

The Ministry of finance has issued a Notification dated January 10, 2017 stating that all the provisions of revised DTAA/Protocol between India- Cyprus shall be given effect to in the Union of India with effect from 1st day of April 2017.

- **CBDT directs suspension of collection of taxes during Mutual Agreement Procedure (MAP) under India-Sweden DTAA**

Considering the hardship faced by the taxpayers during the pendency of MAP, the Competent Authorities of India and Sweden have signed a Memorandum of Understanding (MoU) under Instruction No. 1/2017 dated January 4, 2017 regarding suspension of collection of taxes during the pendency of MAP. According to MoU, the collection of outstanding taxes in case of a taxpayer whose case is pending before Competent Authorities of India and Sweden would be kept in abeyance for two years (extendable to a maximum period of five years through mutual agreement between the Competent Authorities of India and Sweden) subject to furnishing of a Bank guarantee of the disputed amount and interest accruing thereon as per the provisions of Income tax act.

¹ Our detailed Budget Analysis will be shared soon in the coming days.

- **General Anti Avoidance Rules(GAAR) clarifications issued by CBDT**

CBDT has issued clarifications in the form of Circular No. 7 of 2017 on the operations of GAAR which are to be made effective from fiscal year 2017-18.

- **India, Singapore amend tax treaty**

The government amended Double Taxation Avoidance agreement with Singapore in relation to taxation rights over capital gains, giving India more rights to tax capital gain.

- **Relief to foreign investors on taxation for alternative investment funds**

The Central Board of Direct Taxes (CBDT) has clarified that transfer of unlisted shares would not be taxed in the case of certain categories of Alternative Investment Funds (AIFs) registered with SEBI.

Transfer Pricing

Budget Highlights²

- **Domestic Transfer pricing:** Scope of domestic transfer pricing restricted to only if one of the entities involved in related party transaction enjoys specified profit-linked deduction.
- **BEPS action plan 4** introduced in Indian Income tax act , prescribes limit on interest deduction
- **Secondary adjustment** introduced in legislation for imputing interest , subject to certain conditions

Transfer pricing January Updates

- **CBDT signs three more Advance Pricing Agreements (APA)**

Central Board of Direct Taxes (CBDT) has started the year 2017 by entering into three Unilateral Advance Pricing Agreements (APAs). The three APAs signed pertain to the Engineering Goods and Shipping sectors of the economy. The international transactions covered in these agreements include Intra-group Services and Support Services.

- **CBDT enters into Bilateral Advance Pricing Agreement (BAPA) with Indian subsidiary of a Japanese trading company**

² Our detailed Budget Analysis will be shared soon in the coming days.

The CBDT has signed Bilateral Advance Pricing Agreement (BAPA) with Indian subsidiary of a Japanese trading company on January 13, 2017. The total number of BAPAs entered into by the CBDT now stands at eight.

- **CBDT enters into Unilateral APA with IT/ITES provider with startup considerations**

The CBDT has signed Unilateral Advance Pricing Agreement with Information Technology/ Information Technology Enabled Service (IT/ITES) provider which factors start up consideration for captive service providers.

- **Ut Starcom Inc (India Branch)**

In the given case ITAT excluded comparable companies on the ground of functional dissimilarity , outsourcing of work, turnover, ownership of intangibles, unreliable financials etc..Further remits computation of Working capital adjustment to TPO.

- **FCI OEN Connectors Ltd**

In the said case, Cochin ITAT upholds TPO's rejection of internal Transactional net margin Method (TNMM) based on fact that sales to Non AE sales were insignificant as compared to AE sales. Also, uphold TPO's rejection of working capital adjustment considering inadequate details in Transfer pricing study report, however, considers sale of scrap and export entitlement as operating income being closely linked to export.

Direct Tax

Budget Highlights³

- **Affordable housing:** Under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area of 30 and 60 Sq.mtr. will be counted. The 30 Sq.mtr. limit will apply only in case of municipal limits of 4 metropolitan cities while for the rest of the country including in the peripheral areas of metros, limit of 60 Sq.mtr. will apply
- **Taxation on Builders :** For builders for whom constructed buildings are stock-in-trade, tax on notional rental income will only apply after one year of the end of the year in which completion certificate is received

³ Our detailed Budget Analysis will be shared soon in the coming days.

- **Change in capital gain holding period:** Reduction in the holding period for computing long term capital gains from transfer of immovable property from 3 years to 2 years. Also, the base year for indexation is proposed to be shifted from 1.4.1981 to 1.4.2001 for all classes of assets including immovable property
- **Joint Development agreements :** For Joint Development Agreement signed for development of property, the liability to pay capital gain tax will arise in the year the project is completed
- **Exemption for capital gain on Land :**Exemption from capital gain tax for persons holding land on 2.6.2014, the date on which the State of Andhra Pradesh was re-organised, and whose land is being pooled for creation of capital city of Andhra Pradesh under the Government scheme
- **Startup taxation relief:** For the purpose of carry forward of losses in respect of start-ups, the condition of continuous holding of 51% of voting rights has been relaxed subject to the condition that the holding of the original promoter/promoters continues. Also the profit (linked deduction) exemption available to the start-ups for 3 years out of 5 years is changed to 3 years out of 7 years
- **MAT Credit :** MAT credit is allowed to be carried forward up to a period of 15 years instead of 10 years at present
- **Personal Income-Tax changes :** Existing rate of taxation for individual assesses between income of `2.5 lakhs to 5 lakhs reduced to 5% from the present rate of 10% ; Surcharge of 10% of tax payable on categories of individuals whose annual taxable income is between 50 lakhs and 1 crore; Simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income upto ` 5 lakhs other than business income
- **Reduction in Tax Rates for MSME :** In order to make MSME companies more viable, income tax for companies with annual turnover upto 50 crore is reduced to 25%
- **Presumptive Income :** Under scheme of presumptive income for small and medium tax payers whose turnover is upto 2 crores, the present, 8% of their turnover which is counted as presumptive income is reduced to 6% in respect of turnover which is by non-cash means
- **Cash Transactions :** No transaction above ` 3 lakh would be permitted in cash subject to certain exceptions
- **Transparency in Electoral Funding:** Maximum amount of cash donation, a political party can receive, will be 2000/- from one person, Political parties will be entitled to receive donations by cheque or digital mode from their donors. Every political party would have to file its return

within the time prescribed in accordance with the provision of the Income-tax Act Existing exemption to the political parties from payment of income-tax would be available only subject to the fulfilment of these conditions

- **Thresholds increased:** Threshold limit for audit of business entities who opt for presumptive income scheme increased from ` 1 crore to ` 2 crores. Similarly, the threshold for maintenance of books for individuals and HUF increased from turnover of 10 lakhs to 25 lakhs or income from 1.2 lakhs to 2.5 lakhs
- **TDS on Insurance Commission :** Commission payable to individual insurance agents exempt from the requirement of TDS subject to their filing a self-declaration that their income is below taxable limit
- **Advance tax for professionals:** Under scheme for presumptive taxation for professionals with receipt upto 50 lakhs p.a. advance tax can be paid in one instalment instead of four
- **Revision of Return:** Time period for revising a tax return is being reduced to 12 months from completion of financial year, at par with the time period for filing of return.
- **Time Period for assessment:** the time for completion of scrutiny assessments is being compressed further from 21 months to 18 months for Assessment Year 2018-19 and further to 12 months for Assessment Year 2019-20 and thereafter

Direct Tax January Updates

- **CBDT issued guidelines for TDS on salary Assessment Year 2017-18**

CBDT vide its Circular No : 01/2017 dated 02-01-2017 (F.No. 275/192/2016-IT(B)) issued complete guidelines for TDS on Salary AY 2017-18. This Circular contains the rates of deduction of income-tax from the payment of income chargeable under the head "Salaries" during the financial year 2016-17 and explains certain related provisions of the Act and Income-tax Rules, 1962 with illustrations.

- **CBDT issues 12 FAQs on Pradhan Mantri Garib Kalyan Yojana,2016 ('PMGKY'):**

The Central Board of Direct Taxes (CBDT) has issued a circular comprising 12 FAQs relating to PMGKY to clarify certain provisions of the scheme.

- **CBDT issues clarification on 'mechanical' filing of appeals involving 'Revenue audit objections'**

CBDT issues clarification for reducing tax litigation by giving interpretation on circulars 21/2015 and 8/2016. It has been noticed that para 8(c) of circular 21/2015, regarding cases where addition made on account of Revenue Audit Objection, is being erroneously interpreted and appeals are mechanically filed by department without proper examination of the case on Merits. Directs Department that no appeal shall be filed in violation of these instructions, further appeals already filed may be withdrawn.

- **Deduction of Brand promotion expenditure, despite brand is owned by parent company (Seagram Manufacturing Private Limited)**

As per Delhi HC judgment, expenditure incurred on promotion and enhancement of brand value owned by its foreign parent company shall be allowed as business expenditure.

- **Grants Sec.10B benefit despite assessee's Forex receipt not direct, but through sister-concern (Earth Stone Group)**

As per Delhi HC, the benefit of section 10B shall be provided to assessee on exports made through its sister concerns. Further, the condition of Section 10B(3) cannot be limited to actual receipts by the assessee.

- **Income Tax Department (ITD) has initiated Operation Clean Money**

Initial phase of the operation involves e-verification of large cash deposits made during 9th November to 30th December 2016. Data analytics has been used for comparing the demonetisation data with information in ITD databases. In the first batch, around 18 lakh persons have been identified in whose case, cash transactions do not appear to be in line with the tax payer's profile. ITD has enabled online verification of these transactions to reduce compliance cost for the taxpayers while optimising its resources. The information in respect of these cases is being made available in the e-filing window of the PAN holder (after log in) at the portal <https://incometaxindiaefiling.gov.in>. The PAN holder can view the information using the link "Cash Transactions 2016" under "Compliance" section of the portal. The taxpayer will be able to submit online explanation without any need to visit Income Tax office. Email and SMS will also be sent to the taxpayers for submitting online response on the e-filing portal. Taxpayers who are not yet registered on the e-filing portal (at <https://incometaxindiaefiling.gov.in>) should register by clicking on the 'Register Yourself' link. Registered taxpayers should verify and update their email address and mobile number on the e-filing portal to receive electronic communication.

A detailed user guide and quick reference guide is available on the portal to assist the taxpayer in submitting online response. In case of any difficulty in submitting on line response, help desk at 1800 4250 0025 may be contacted.

Service Tax

Budget Highlights⁴

- **GST** : The GST Council has finalised its recommendations on almost all the issues based on consensus on the basis of 9 meetings held .Preparation of IT system for GST is also on schedule.

The extensive reach-out efforts to trade and industry for GST will start from 1st April, 2017 to make them aware of the new taxation system.

Service Tax January Updates

- **Amendment in Mega Exemption vide Notification 1/2017- Service Tax, effective 22nd Jan, 2017** Services provided by the business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch are included in, and services provided or agreed to be provided by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India by a service provider located in a non-taxable territory to a person located in a non-taxable territory are now excluded from the mega exemption.
- **Amendment in definition of “Aggregator” vide Notification 2/2017- Service Tax, effective 22nd Jan, 2017;** The aggregator shall **exclude** a person who enables a potential customer to connect with persons providing services by way of renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes subject to the **conditions** that the person providing the said services has a service tax registration and whole of the consideration for services is received directly by such service provider and no amount, which forms part of the consideration of services received by the aggregator directly from either recipient of the service or his representative.”
- **Amendment in Reverse Charge Notification No. 30/2012 vide Notification No. 3/2017- Service Tax, effective 22nd Jan, 2017;** Services provided or agreed to be provided by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India are now covered under the Reverse Charge Mechanism. The person-in-charge in respect of such goods **is liable to pay** entire service tax payable for the said service.
- **Abatement to Tour rationalised vide Notification No. 4/2017- Service Tax, effective 22nd Jan, 2017);** There shall be the abatement of **40%** of the gross amount charged for **any tour operator service**. Further tour operator can avail the CENVAT credit of **input services**; however the CENVAT credit of inputs and capital goods used for providing taxable services shall not be available to him.

⁴ Our detailed Budget Analysis will be shared soon in the coming days.

Value Added Tax

VAT January Updates

Delhi VAT

- **Delhi Govt. eases the procedure for grant of registration under DVAT & CST Act**

Applicant dealer applying through DVAT M Sewa would be granted registration preferably within 1 day, for which no VATI verification would be required; Provision of providing bank account details at the time of applying for registration in Form DVAT 04 shall be optional, however, bank account details of the business shall be provided on or before filing the first Return; Dispenses with 'Provisional Certificate' and digitally signed Registration Certificate (downloadable at Dealer's end) shall be granted within 1 day

Maharashtra VAT

- **Full/Partial exemption of late fee unde MVAT Act, for late return**

A Registered MVAT Dealer, who uploads the pending returns for any period upto 31st March, 2016, shall be eligible to take benefit of waiver of late fee, depending on the phase, in which he uploads his MVAT returns.

The said scheme of full/partial exemption of the late fee will be operative in two phase as follows:-

S.No.	Phase	Return filed during the period	Late fee payable
1	Phase I	1 st January 2017 to 31 st January 2017	No Late fee payable
2	Phase II	1 st February 2017 to 28 th February 2017	Rs. 2,000/- payable per return

- **Filing of the VAT Audit Report in Form 704 for the year 2015-16**

Due date of e-filing of VAT Audit Report in form 704 for the year 2015-16 is 15th January 2017. After the examined the representations received from Trade and Association, Government of Maharashtra has been decided to allow uploading of the Audit Report in Form e-704 for the year 2015-16 upto 9th February, 2017 and Physical Copy of the acknowledgement and the statement of submission of Audit Report shall be submitted upto 20th February, 2017 to the concerned Nodal Officers. It is clarified that the liability to pay interest, if any, as per the provisions of the said Act shall remain unchanged.

UP VAT

- Sales Tax applicability on under construction flats at the time of booking (M/s Supertech Ltd. Vs Commissioner of Commercial Tax, UP (Allahabad High Court)

Assurance & Accounting

- **ICAI issues Exposure Draft of Guidance note on Audit of banks**
ICAI has issued a draft Guidance Note to include guidance on audit of advances in agriculture sector. Classifications of advances, eligible activities, NPA norms & audit approach to be followed have been notified. Detailed guidelines on Asset Classification (post demonetisation), Income Recognition & Provisioning included in Exposure Draft; Guidelines for Audit of Service Tax Liability on Banking Services have also been included.
- **ICAI proposes amendments to Ind AS 12 – Income Taxes**
ICAI proposes amendment to Ind AS 12 - Income Taxes; Companies to evaluate tax law restrictions while assessing temporary differences; For Future taxable profits, companies can estimate recovery of higher than carrying amount for assets valued at fair values, if there is suitable evidence to prove the same.
- **ICAI issues Exposure Draft of Ind AS Taxonomy**
XBRL Taxonomy updated to include Ind AS disclosures; Phase I Companies applying Ind AS to use updated Taxonomy to file Financial Statements with Registrar.
- **Guidance Note for Oil and Gas Producing Activities (Ind AS)**
The ICAI has issued Guidance Note on Accounting for Oil and Gas Producing Activities (Ind AS), to provide guidance on the accounting principles contained in Ind ASs to accounting for costs incurred on activities relating to acquisition for costs incurred on activities relating to acquisition of mineral interests in properties, exploration, development and production of oil and gas activities i.e. upstream operations, for entities to whom Ind ASs are applicable. This GN comes into effect in respect of accounting periods commencing on or after 1 April, 2017.
- **ICAI issue Exposure Draft of Revised SA-720 Auditor's Responsibilities relating to Other Information**
The ICAI came out with an exposure draft, proposing revision to SA 720 - 'Other Information.' The Standard deals with auditor's responsibilities relating to 'other financial information', both financial as well as non-financial, that is included in an entity's annual report. An entity's annual report may be a single document or a combination of documents that serve the same purpose. Other information may include amounts or other items that are intended to be the same as, to summarize, or to provide greater detail, about amounts or other items in the financial statements, and other amounts or other items about which the auditor has obtained knowledge in the audit Other information may also include other matters.

Regulation

Foreign Exchange Management Act

- **Prohibition on ODI to FATF countries**

Indian Party shall make:

- No direct investment in an overseas entity
- Located in the countries identified by the Financial Action Task Force (FATF)
- As “non co-operative countries and territories”

- **Option to issue Convertible note by a startup company**

Convertible note means

An instrument issued by a startup company evidencing receipt of money initially as debt, which is repayable at the option of the holder, or which is convertible into such number of equity shares, within a period not exceeding five years from the date of issue of the convertible note, upon occurrence of specified events as per the other terms and conditions agreed to and indicated in the instrument

Note:- startup company' means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognized as such in accordance with notification number G.S.R. 180(E) dated February 17, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.

Other conditions for Issue of Convertible Notes by startup companies

- A person resident outside India may purchase convertible notes issued by an Indian startup company for an amount of twenty five lakhs rupees or more in a single tranche

Exception: - Individual who is citizen of Pakistan or Bangladesh or an entity which is registered / incorporated in Pakistan or Bangladesh.

- A startup company engaged in a sector where foreign investment requires Government approval may issue convertible notes to a non-resident only with approval of the Government

- A startup company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to the NRE / FCNR (B) / Escrow account maintained by the person concerned in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.

Provided that an escrow account for the above purpose shall be closed immediately after the requirements are completed or within a period of six months, whichever is earlier. However, in no case continuance of such escrow account shall be permitted beyond a period of six months.

- NRIs may acquire convertible notes on non-repatriation basis in accordance with Schedule 4 of the Principal Regulations.
- A person resident outside India may acquire or transfer, by way of sale, convertible notes, from or to, a person resident in or outside India, provided the transfer takes place in accordance with the pricing guidelines as prescribed by RBI. Prior approval from the Government shall be obtained for such transfers in case the startup company is engaged in a sector which requires Government approval.
- The startup company issuing convertible notes shall be required to furnish reports as prescribed by Reserve Bank.

Companies Act

▪ Exemptions to specified IFSC public and private companies.

The corporate affairs ministry has now come with notifications on exemptions to specified IFSC public and private companies. Separate notifications have been issued for private and public firms set up in the IFSC.

Under the Companies Act, 2013, public companies are those having a paid-up share capital of at least Rs 5 lakh while private ones are those with a minimum paid-up share capital of Rs 1 lakh.

According to officials, IFSC is considered as a foreign territory and the relaxations have been extended to attract more companies into the centre.

According to the Act, certain class of profitable companies are required to shell out at least two per cent of their three-year annual average net profit towards CSR activities.

The ministry said Section 135, which pertains to CSR, would not be applicable to specified IFSC public company for five years.

The entities should have the suffix of 'IFSC' or 'International Financial Service Company' as part of their name.

Certain class of companies established in the IFSC would not require to seek approval from the National Company Law Tribunal (NCLT) for following a different financial year than the April-March period.

In case of a specified IFSC public company, which is a subsidiary of a foreign company, the financial year of the subsidiary may be same as the financial year of its holding company and approval of the tribunal shall not be required.

- **New Fast track scheme**

This Ministry has commenced provisions of sections 248 to 252 of the Companies Act, 2013 w.r.t. removal of names of companies from the Register of Companies and notified relevant rules simultaneously. However, e-Form STK —2 prescribed under the said rules, for making application to the Registrar of Companies for removal of name of the company from the register of companies, is under development and would be deployed in some time.

- **New Fast Track Incorporation forms notified**

INC-2 is deprecated and INC-7 shall be used for incorporating Part I Companies and companies with more than seven subscribers only. The revised INC-7 shall be made available on the portal for filing purposes w.e.f 15th January 2017. For incorporating OPCs and Companies (with up to seven subscribers), only SPICe (INC-32) should be used henceforth. The filing fee for SPICe has also been reduced from Rs.2000 to Rs.500 and number of resubmissions from three to two. Existing INC-2 and INC-7 eforms are likely to be withdrawn from the MCA portal shortly. Stakeholders will then have to use only SPICe (Simplified Proforma for Incorporating a Company electronically) forms viz. SPICe (INC-32), SPICe eMoA (INC-33) and SPICe eAoA (INC-34) for incorporation of all companies including Section 8 Companies (except Part I companies, a company having more than 7 subscribers/promoters, or foreign national subscribers not having a valid DIN). A revised version of INC-7 shall be made available a few days after the discontinuation of the existing version of INC-7 which shall be applicable only for Part I companies, a company having more than 7 subscribers/promoters, or foreign national subscribers not having a valid DIN. During the intervening period a separate process will be specified for incorporation of such companies.

Dear Valuable Client / Colleague,

In case you require any further detailed analysis on above mentioned news letter, please do get back to us and we shall be happy to provide you the same.

With Best Regards,

Team J P Chawla & Co . LLP

About J P Chawla & Co. LLP

J P Chawla & Co. LLP is a professional services firm based in New Delhi, India. We were established in the year 1974 with the aim to create value for our clients by delivering quality, comprehensive, timely, practical and innovative services. We offer a comprehensive range of services, including taxation services, regulatory services, transaction advisory services, financial & management consultancy services, assurance & risk services, and outsourcing services. Over the past several decades, we have established significant competitive presence in the country. Our vast and diversified client base includes Multinational enterprises, domestic companies, high net worth individuals, government companies and institutions in all leading industry verticals. We are a team of distinguished Chartered Accountants, Management Accountants, Corporate Financial Advisors and Tax Consultants. Our team has the requisite skills and experience to provide complex business, financial, assurance, tax and regulatory services to our clients. Our strength lies in our timely performance-based, industry-tailored and technology-enabled services which are delivered by some of the most talented professionals in the country. For more information about J P Chawla & Co.LLP's service offerings, visit www.jpc.co.in

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