

We have started a fortnightly update called 'Professional Update' that summarises significant changes in different laws applicable in India.

Link for source of information is also provided at the end.

This edition covers updates from 15th June, 2016 to 30th June, 2016.

We would be pleased to receive reader's feedback with any comments, questions or queries, if any at akashtyagi197@gmail.com. Mail us to receive this update via email on time or whatsapp id on 9811755904. Our website is 'coming soon'.

Professional Update -2

15.June.2016 to 30.June.2016

Beware ...Tax evaders take bath in this "kumbhmela" of income Declaration scheme 2016 or else ?

Tax evader

Tax officers



INCOME TAX

1. No TDS shall be made on the payments of the nature specified in clause (23DA) of section 10 received by any securitisation trust
2. No TDS shall be made on specified transactions in case such payment is made by a person to a bank excluding a foreign bank.
3. Income-tax (15th Amendment) Rules, 2016.
4. Amendment in section 206C of the Income Tax Act vide Finance Act, 2016- Clarification
5. Income-tax (16th Amendment) Rules, 2016
6. Relaxation from deduction of tax at higher rate under section 206AA - Income-tax (17th Amendment) Rules, 2016
7. Online filing of TDS/TCS returns
8. Clarification on the Income Declaration Scheme, 2016
9. CBDT notifies rules for Foreign Tax Credit- Income-tax (18th Amendment) Rules, 2016
10. TDS/TCS Rate chart with changes w.e.f 01 June 2016 highlighted.

1. No TDS shall be made on the payments of the nature specified in clause (23DA) of section 10 received by any securitisation trust (Notification No.46/2016 dated 17th June, 2016)

No TDS shall be made on any income of a securitization trust from the activity of securitisation. Securitisation trust is defined in clause (d) of the Explanation to section 115TC of the Income Tax Act, 1961. Securitisation means as assigned to it under Securities Contracts (Regulation) Act, 1956.

For notification .Click [here](#)

2. No TDS shall be made on specified transactions in case such payment is made by a person to a bank excluding a foreign bank (Notification No. 47/2016 dated 17th June, 2016)

No TDS shall be made on following payments made by any person to a bank listed in the Second Schedule to the Reserve Bank of India Act, 1934 excluding a foreign bank, or to any payment systems company authorized by the Reserve Bank of India under Sub-section (2) of Section 4 of the Payment and Settlement Systems Act, 2007. Payments :-

- bank guarantee commission
- cash management service charges
- depository charges on maintenance of DEMAT accounts
- charges for warehousing services for commodities
- underwriting service charges
- clearing charges (MICR charges) including interchange fee or any other similar charges by whatever name called charged at the time of settlement or for clearing activities under the Payment and Settlement Systems Act, 2007
- credit card or debit card commission for transaction between merchant establishment and acquirer bank

For notification Click [here](#)

3. Income-tax (15th Amendment) Rules, 2016.

CBDT vide notification dated 20th June, 2016 has amended Rule 114H of the Income Tax Rules, 1962. In order to provide sufficient time to the reporting Financial Institutions for completing the due diligence procedure in respect of other reportable account referred to in Rule 114H (3)(d)(ii), which is high value account as on 31st December, 2015, the timeline specified for review of pre-existing individual account has been extended from 30th June, 2016 to 31st December, 2016. The timeline in case of U.S. reportable account which is low value account as on the 30th June, 2014, shall continue to be 30th June, 2016.

Similarly, in respect of other reportable account referred to in Rule 114H(5)(e)(i), timeline specified for review of pre-existing entity account has been extended from 30th June, 2016 to 31st December, 2016. The timeline in case of a U.S. reportable account shall continue to be 30th June, 2016.

For notification Click [here](#)

Source of Language – TaxGuru

4. Amendment in section 206C of the Income Tax Act vide Finance Act, 2016-Clarification

CBDT vide Circular no. 23/2016 dated 24th June, 2016 clarified following regarding TCS u/s 206C:-

Q. Whether tax collection at source u/s 206C (1D) @ 1% will apply in cases where the sale consideration received is partly in cash and partly in cheque and the cash receipt is less than 2 lakhs.

A. No, Tax collection at source will not be levied if the cash receipt does not exceed two lakh rupees even if the sale consideration exceeds two lakhs rupees.

Q. Whether TCS u/s 206C(1D) will apply only to cash component of the sale consideration or in respect of whole of sale consideration.

A. Under 206C(1D), tax is required to be collected at source on cash component of the sales consideration and not on the whole of sales consideration.

For notification and Illustrations. Click [here](#)

5. Income-tax (16th Amendment) Rules, 2016

CBDT notifies dates for general anti avoidance rules implementation as 1st Day of April 2017. Notification No. 49/2016-Income Tax dated 22nd June, 2016.

Also, Provisions of General Anti-Avoidance Rule (GAAR) shall be applicable with effect from 1.4.2017.

For notification. Click [here](#)

6. Relaxation from deduction of tax at higher rate under section 206AA - Income-tax (17th Amendment) Rules, 2016

In the case of a non-resident, not being a company, or a foreign company (deductee) and not having permanent account number, the provisions of section 206AA shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, if the deductee furnishes the following details :-

- (i) name, e-mail id, contact number
- (ii) address in the country or specified territory outside India of which the deductee is a resident
- (iii) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate.

For notification. Click [here](#)

7. Online filing of TDS/TCS returns (Notification 11/2016 dated 22nd June 2016)

Income Tax Department has allowed the e-filing of TDS/TCS return on Income Tax e filing site free of cost. However only original return can be filed. Further Digital signature is must to avail this facility, but now procedure has been changed and now deductor may file return on e-filing site with EVC code.

For detailed procedure and notification. Click [here](#) .

8. Clarifications on the Income Declaration Scheme, 2016

The Income Declaration Scheme, 2016 provides an opportunity to persons who have not paid full taxes in the past to come forward and declare the undisclosed income and pay tax, surcharge and penalty totaling in all 45% of such undisclosed income declared.

In this regard, Circular No. 17 of 2016 dated 20th May, 2016 issued by the Board provided clarifications to 14 queries.

Now, CBDT vide Circular No. 24/2016 dated 27th June 2016 clarified 11 more queries received from public about various provisions of the Scheme.

For answers to queries and circular click [here](#)

9. CBDT notifies rules for Foreign Tax Credit- Income-tax (18th Amendment) Rules, 2016

To provide relief to corporates with income abroad, the tax department has notified 'Foreign Tax Credit' rules allowing companies to claim credit for taxes, surcharge and cess paid overseas. The rules, which come into effect from April 1, 2017, allow taxpayers to claim credit of foreign tax under dispute once it is finally settled.

Foreign tax credit (FTC) will be available against tax, surcharge and cess payable under the Act,

including minimum alternate tax (MAT) but not in respect of interest, fee or penalty.

The rules also provide that disputed foreign tax will be allowed as credit for the year in which the income is taxed in India, subject to certain conditions.

To avail of the credit, the taxpayer will have to furnish evidence of settlement of the dispute and evidence of payment of the foreign tax. The taxpayer is also required to provide an undertaking that no refund, directly or indirectly, will be claimed for this foreign tax.

Taxpayers claiming FTC shall now be required to file a Statement of Income from a foreign country with details of tax paid in the prescribed Form 67.

The Central Board of Direct Taxes (CBDT) has also allowed tax payers to give self-certified statement, giving the nature of income and the amount of foreign tax deducted or paid accompanied with the counterfoil or acknowledgment of taxes paid and/or proof of taxes having been deducted at source, for claiming FTC.

The tax credit, the rule said, "shall be the aggregate of the amounts of credit computed separately for each source of income arising from a particular country or specified territory outside India".

For text of notification. Click [here](#)

10. TDS/TCS RATE CHART – (changes w.e.f. 01.06.2016 highlighted)

Sec No.	Nature of Payments	Threshold Limit (Rs.)	Company / Firm / Co-operative Society / Local Authority	Individual / HUF	If No / Invalid PAN
				Rate (%)	
192	Salaries	-	NA	Avg rates	20
192	Premature withdrawal from EPF (w.e.f 01.06.2015)	50,000	NA	10	34.608
193	Interest on securities	5,000/ 10,000	10	10	20
194	Dividends	2,500	10	10	20
194A	Interest other than interest on securities - Others	5,000	10	10	20
194A	Banks(Time deposits)	10,000	10	10	20
194A	Banks (Recurring deposit)(01.06.15)	10,000	10	10	20
194A	Deposit in Co-op Banks(01.06.15)	10,000	10	10	20
194B	Winning from Lotteries	10,000	30	30	30
194BB	Winnings from Horse Race	10,000	30	30	30
194C	Payment to Contractor - Single Transaction	30,000	2	1	20
194C	Payment to Contractor - Aggregate During the F.Y.	1,00,000	2	1	20
194C	Transporter not covered under 44AE (wef 01.06.2015)	30000 / 100000	2	1	20
194C	Transporter covered under 44AE & submit declaration on prescribed form with PAN (wef 01.06.2015)	-	-	-	20
194D	Insurance Commission	15,000	5	5	20
194DA	Payment in respect of life insurance policy(applicable from 01.1.2014)	1,00,000	1	1	20
194E	Payment to Non-Resident Sportsmen or Sports Association	-	20	20	20
194EE	Payments out of deposits under NSS	2,500	10	-	20
194F	Repurchase Units by MFs	-	20	20	20
194G	Commission – Lottery	15,000	5	5	20

194H	Commission / Brokerage	15,000	5	5	20
194I	Rent - Land and Building - furniture - fittings	1,80,000	10	10	20
194I	Rent - Plant / Machinery / equipment	1,80,000	2	2	20
194IA	Transfer of certain immovable property other than agriculture land(w.e.f 1-6-2013)	50,00,000	1	1	20
194J	Professional Fees	30,000	10	10	20
194LA	Payment of compensation on acquisition of certain immovable property	2,50,000	10	10	20
194LB	Income by way of interest from infrastructure debt fund (non-resident)	-	5	5	20
194LB	Income by way of interest from infrastructure debt fund (non-resident)	-	5	5	20
194 LC	Income by way of interest by an Indian specified company to a non-resident / foreign company on foreign currency approved loan / long-term infrastructure bonds from outside India (applicable from July 1, 2012)	-	5	5	20
194LD	Interest on certain bonds and govt. Securities(from 01-06-2013)	-	5	5	20
196B	Income from units	-	10	10	20
196C	Income from foreign currency bonds or GDR (including long-term capital gains on transfer of such bonds) (not being dividend)	-	10	10	20
196D	Income of FIIs from securities	-	20	20	20
206C	Sale of Motor Vehicles	10,00,000	1	1	
206C	Sale of Goods/Services in cash other than payments on which TDS made	2,00,000	1	1	20(Not specified)
206C	Sale of Bullion	2,00,000	1	1	20
206C	Sale of Jewellery	5,00,000	1	1	20



SERVICE TAX

1. No Krishi Kalyan Cess on services for which invoice was issued prior to 31.05.2016.
2. Taxable services by way of transportation of goods by a vessel from outside India up to the customs station in India, for which invoice has been issued before the 31st May, 2016 are exempt from Service Tax.
3. Speedy disbursal of pending refund claims of exporters of services under rule 5 of the CENVAT Credit Rules, 2004 – Additional documents to be filed.

1. No Krishi Kalyan Cess on services for which invoice was issued prior to 31.05.2016.

The Central Government vide Notification No. 35/2016 - ST dated June 23, 2016 has exempted taxable services for which the invoice for the service has been issued on or before the 31st May, 2016, from the whole of Krishi Kalyan Cess (KKC) provided that provision of service has been completed on or before the 31st May, 2016.

Comments: This Notification provides an answer to long awaited question of KKC being payable on services provided and invoices issued prior to 1st June 2016 and payment received after the said date. Now if only payment is received after 31st May 2016 KKC will not be required to be paid on that account.

Refer professional update – 1 for more understanding

For notification click [here](#)

2. Taxable services by way of transportation of goods by a vessel from outside India up to the customs station in India, for which the invoice has been issued before the 31st May, 2016 are exempt from Service Tax.

The Central Government vide Notification No. 36/2016 - ST dated June 23, 2016 has exempted from service tax the taxable services by way of transportation of goods by a vessel from outside India upto the customs station in India for which the invoice has been issued on or before the 31st May, 2016, provided that the import manifest or import report required to be delivered under section 30 of the Customs Act, 1962 has been delivered on or before the 31st May, 2016 and the service provider or recipient produces Customs certified copy of such import manifest or import report.

For notification. Click [here](#)

3. Speedy disbursal of pending refund claims of exporters of services under rule 5 of the CENVAT Credit Rules, 2004 – Additional documents to be filed.

CBEC vide Circular No. 195/05/2016 dated 15th June 2016 and also referring to Circular no. 187/6/2015 dated 10th November 2015 specified a scheme.

A certificate has to be furnished by the statutory auditor in the case of companies, and from a chartered accountant in the case of assessee who are not companies, in the prescribed format. The phrase “statutory auditor” will refer to the auditor who prepares the financial statements under the Companies Act 2013. The certificate cannot be furnished by a Cost and Management Accountant or a Company Secretary. In the case of companies, it cannot be furnished by a Chartered Accountant who is not the statutory auditor.

It is not a substitute for verification by the refund sanctioning authority. It will ensure diligence on the part of the claimant and the statutory auditor, which will make him eligible for a provisional payment of 80% of the claimed amount.

For text of notification. Click [here](#)



EXCISE & CUSTOMS

1. Circular No. 28/2016
Single Window Project - Simplification of procedure in SWIFT for clearance of consignments related to drugs & cosmetics reg.
2. Circular No. 30/2016
Increase in All Industry Rates (AIR) of Duty Drawback on gold jewellery and silver jewellery/articles- reg.
3. Notification No. 90/2016
Drawback rates in relation to goods manufactured or exported availing CENVAT facility.
4. Notification No. 29/2016 - CX
Indirect Tax Dispute Resolution Scheme Rules, 2016.
5. Notification No. 30/2016 & Circular No. 1032/20/2016
Assesse acting in dual capacity of importer & first stage dealer may have common registration & return.
6. Circular No. 1031/19/2016
Levy of excise duty on readymade garments and made articles of textiles bearing a brand name.

1. Single Window Project - Simplification of procedure in SWIFT for clearance of consignments related to drugs & cosmetics

CBEC has operationalized the 'Indian Customs Single Window Project' to facilitate trade from 1st April, 2016. Reports on several problems were received from trade regarding import of drugs, cosmetics and medical equipment. CBEC in consultation with Partner Government Agencies have simplified the procedure in relation to 'items that are chemical but not drugs', 'dual use items & excipients', 'risk based testing & procedure for drawing of samples'. Essence for the effectiveness of above changes lies on the correct declaration of the product details & its intended end-use, especially since their declaration will determine how the consignments are handled in respect of regulatory clearances.

Click [here](#) to read circular.

2. Increase in All Industry Rates (AIR) of Duty Drawback on gold jewellery and silver jewellery/articles- reg.

CBEC has recently issued circular on the All Industry Rates (AIR). The amendment has raised w.e.f. 24.06.2016 the specific AIRs of Drawback and specified additional conditions when the AIRs on these items shall not be applicable.

Click [here](#) to read circular.

3. Drawback rates in relation to goods manufactured or exported availing CENVAT facility.

CBEC vide notification No.90/2016 made amendments to the notification No. 110/2015 inserting a paragraph in relation to the drawback rates for the goods manufactured or exported availing CENVAT facility for any of the inputs or input services used in their manufacture or availing the rebate of duty paid on materials used in their manufacture or processing in terms of rule 18 of the Central Excise Rules, 2002 or manufactured or exported in terms of sub-rule (2) of rule 19 of the said Central Excise Rules, and the exporter claiming the drawback rate against

said tariff items shall make appropriate declaration at the time of export.

Click [here](#) to read circular.

4. Indirect Tax Dispute Resolution Scheme Rules, 2016

CBEC vide notification No. 29/2016 notified Indirect Tax Dispute Resolution Scheme Rules, 2016. These rules shall come into force on the 1st day of June, 2016.

Click [here](#) to read notification.

5. Assessee acting in dual capacity of importer and First Stage Dealer may have common registration & return

A person who is registered as a first stage dealer shall not be required to take registration as an importer. Also, a person who is registered as an importer shall not be required to take registration as a first stage dealer. Also, an assessee who conducts business both as first stage dealer and importer shall also have the option of filing a single quarterly return giving the details in the same table of return. All transaction of FSD shall be followed by all transactions as an importer during the same return period.

Click [here](#) to read notification & [here](#) to read circular.

6. Levy of excise duty on readymade garments and made articles of textiles bearing a brand name or sold under a brand name and having a retail sale price of Rs. 1000 or more

CBEC vide circular No. 1031/19/2016-CX dated 14th June, 2016 clarified that no excise duty on readymade garments and made articles of textiles bearing a brand name or sold under a brand name shall be levied if:

- the retail sale price of such readymade garments or made up articles of textiles is less than Rs. 1000, or
- the aggregate value of clearances for home consumption by such person is less than Rs. 1.5 crore in a year [provided aggregate value of clearances during previous financial year was less than Rs. 4 crore].

Click [here](#) to read notification

भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA

OTHER LAWS (RBI, MCA,ICAI etc)

1. Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances –Spread Over of Shortfall on Sale of NPAs to SCs/RCs
2. Scheme for Sustainable Structuring of Stressed Assets
3. Credit Information Reporting in respect of Self Help Group (SHG) members
4. Included in the Second Schedule to the Reserve Bank of India Act, 1934 – Rajarambapu Sahakari Bank Ltd., Peth, Sangli
5. Simplification and Rationalisation of process of Registration for new NBFCs
6. Format of Statutory Auditors' Certificate (SAC) to be submitted by NBFCs
7. Master Direction - Reserve Bank of India (Financial Statements of All India Financial Institutions - Presentation, Disclosure and Reporting) Directions, 2016
8. Review of Reporting Requirements under Basel III Capital Regulations
9. Reporting of Information on Investment in Commercial Papers and Unhedged Foreign Currency Exposures of the Borrowers to Credit Information Companies
10. Implementation of Indian Accounting Standards (Ind AS) by Banks
11. Frequently Asked Questions (FAQs) regarding requirements to prepare Consolidated Financial Statements – ICAI
12. FAQ on deemed cost of Property, Plant and Equipment under Ind AS 101, First-time Adoption of Indian Accounting Standards -ICAI

1. Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances –Spread Over of Shortfall on Sale of NPAs to SCs/RCs

In order to incentivize the early sale of NPAs to the Securitisation Companies (SCs)/Reconstruction Companies (RCs), RBI vide an earlier circular, allowed the banks to spread over the shortfall, arising in case where the sale value was less than the Net Book Value (NBV), over a period of two years for the NPAs sold upto 31st March, 2015, subject to necessary disclosures being made in the Notes to Account in Annual Financial Statements of the banks. This facility was extended by RBI through another circular for NPAs sold upto 31st March, 2016. Now vide Circular No. RBI/2105-16/423 dated 13th June, 2016, the RBI has further extended this facility of amortising the shortfall for NPAs sold to SCs/RCs upto 31st March, 2017. However, in respect of NPAs sold from April 1, 2016 to March 31, 2017, banks will be allowed to amortise the shortfall over a period of only four quarters from the quarter in which the sale took place. Banks shall have to make suitable disclosures in Notes to Accounts with regard to the quantum of provision made during the year to meet the shortfall in sale of NPAs to SCs/RCs and the quantum of unamortised provision debited to other reserves (in case where a bank chooses to make the necessary provisions over more than one quarter and this results in the full provisioning remaining to be made as on the close of a financial year) as at the end of the year.

For notification Click [here](#)

2. Scheme for Sustainable Structuring of Stressed Assets

RBI vide Circular No. RBI/2015-16/422 dated 13th June, 2016, in order to ensure that adequate deep financial restructuring is done to give projects a chance of sustained revival, the RBI, after due consultation with banks, has decided to facilitate the resolution of large accounts, provided the following conditions are satisfied:

- It should be an eligible account as per the conditions specified in this circular and
- The resolution plan may involve any one of the options in regard to the post-resolution ownership of the borrowing entity, i.e. ,there may or may not be a change in the promoter or the lenders may have acquired majority shareholding in the entity through conversion of debt into equity

After an independent techno-economic viability (TEV) of the debt by the JLF (Joint Lenders' Forum)/consortium/bank the current dues of the borrower are bifurcated into Part A and Part B

An advisory body called as the Overseeing Committee (OC) shall be constituted that will review the procedures involved in the preparation of resolution plan. The expenses of OC will be met from the corpus fund created from the fees received from the lenders as a prescribed percentage of the outstanding debt of the borrowal entity to the consortium/JLF/consortium/bank. Once the resolution plan prepared/presented by the lenders is ratified by the OC, it will be binding on all lenders but they have the option to exit as per extant guidelines of JLF and CAP (Corrective Action Plan).

For notification click [here](#)

For Related Press Release click [here](#)

3. Credit Information Reporting in respect of Self Help Group (SHG) members

RBI vide Circular No. RBI/2015-16/424 dated 16th June, 2016 has decided to incorporate the SHG member level data into the existing Microfinance data sharing file format issued vide an earlier circular dated 27th June, 2014 and this modified modified view of Microfinance Data file format is to be submitted to all the four CICs from July 1, 2016 in the format as prescribed by RBI.

For notification click [here](#)

4. Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – Rajarambapu Sahakari Bank Ltd., Peth, Sangli

RBI vide Circular No. RBI/2015-16/426 dated 16th June, 2016 has included the name of 'Rajarambapu Sahakari Bank Ltd., Peth, Sangli' in the Second Schedule to the Reserve Bank of India Act, 1934.

For notification click [here](#)

5. Simplification and Rationalisation of process of Registration for new NBFCs

RBI has simplified the process of registration of new NBFCs by reducing the number of documents from existing set of 45 documents to 7-8 in the revised process. Further there will be two different types of application for non-deposit taking NBFCs depending upon source of funds and customer interface.

For press release click [here](#)

6. Format of Statutory Auditors' Certificate (SAC) to be submitted by NBFCs

As per the RBI instructions all NBFCs are required to submit a certificate from their Statutory Auditors every year to the effect that they continue to engage in the business of NBFI requiring it to hold a CoR under Section 45-IA of the RBI Act. RBI vide Circular No. RBI/2015-16/433 dated 23rd June, 2016 has decided to introduce a uniform format of the SAC in order to ensure uniformity in the manner the information is received from the auditors.

For notification click [here](#)

7. Master Direction - Reserve Bank of India (Financial Statements of All India Financial Institutions - Presentation, Disclosure and Reporting) Directions, 2016

These guidelines apply to All India Financial Institutions(AIFIs) with effect from quarter ending December, 2016. It requires them to

- Prepare the Balance Sheet and Profit and Loss Account as per the prescribed format
- Prepare Consolidated Financial Statements in addition to solo level financial statements
- Disclose the information as specified in these directions in the notes to accounts
- Prepare Consolidated Prudential Reports(CPRs) as prescribed in these directions on a half yearly basis (In case of AIFIs having subsidiaries, joint ventures or associates)

With the issue of the directions,the instructions contained in various circulars(as mentioned in these directions) issued earlier by RBI stand repealed

For notification click [here](#)

8. Review of Reporting Requirements under Basel III Capital Regulations

As per the Basel III Capital Regulations issued by RBI, the banks are required to submit a report to the Chief General Manager-In-Charge, Department of Banking Regulation, Reserve Bank of India, Mumbai giving the details of the debt raised (in the form of Perpetual Non-Cumulative Preference Shares (PNCPS) and Perpetual Debt Instruments (PDI) for inclusion in Additional Tier 1 capital and perpetual cumulative preference shares (PCPS) / redeemable non-cumulative preference shares (RNCPS) / redeemable cumulative preference shares (RCPS) for inclusion in Tier 2 capital) including the terms of the issue with a copy of the offer document. RBI vide RBI/2015-16/428 dated 23rd June, 2016 has reviewed the regulations and decided that banks need not submit a

copy of the offer document to Reserve Bank of India but they are required to report to the Principal Chief General Manager, Department of Banking Regulation, Reserve Bank of India, Mumbai, the details of the debt raised as per the format prescribed and duly certified by the compliance officer of the bank.

For notification click [here](#)

9. Reporting of Information on Investment in Commercial Papers and Unhedged Foreign Currency Exposures of the Borrowers to Credit Information Companies

A. RBI requires the Banks and All India Financial Institutions (AIFIs) to report information relating to the following:

- Investments in Commercial Papers (CPs)
- Unhedged Foreign Currency Exposures (UFCE) of their borrowers

B. RBI vide Circular No. RBI/2015-16/432 dated 23rd June, 2016 has decided to capture the information on CPs and UFCE in the following manner:

1. CPs- Banks to report to all the four credit information companies (CICs) and in case of multiple IPAs for a single CP issue, they shall report to the CICs the details pertaining to the portion of the issue which is with them on a monthly basis

2. UFCE (of individual borrowers)- The lending bank (in the case of solo lenders) /consortium leader (in the case of consortium arrangements)/largest lender (in the case of multiple lending arrangements) has to report to all four CICs on quarterly basis

C. The reporting requirements set out above shall be effective from July 1, 2016.

For notification click [here](#)

10. Implementation of Indian Accounting Standards (Ind AS) by Banks

RBI vide Circular No. RBI/2015-16/429 dated 23rd June, 2016 requires banks to submit Proforma Ind AS Financial Statements, for the half year ended September 30, 2016 latest by November 30, 2016 to the Principal Chief General Manager, Department of Banking Regulation, Central Office, Reserve Bank of India, Mumbai. Banks shall be guided by the Ind ASs notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard. Banks shall also refer to the Report of the Working Group on “Implementation of Ind AS by Banks in India” placed on the RBI website on October 20, 2015. The Proforma Ind AS Financial Statements shall include the Balance Sheet including Statement of Changes in Equity, Profit and Loss Account and Notes.

For notification click [here](#)

11. Frequently Asked Questions (FAQs) regarding requirements to prepare Consolidated Financial Statements - ICAI

These FAQs on Consolidated Financial Statements have been issued by the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI). The purpose of these FAQs is to illustrate and to assist in clarifying the requirements regarding preparation of Consolidated Financial Statements

A. (i) Whether a company H Ltd is required to consolidate its subsidiary which is a Limited Liability Partnership (LLP) or a partnership firm?

(ii) Would the answer be different if LLP is an associate or joint venture of H Ltd?

(i) As per rule 6 of Companies (Accounts) Rules, 2014, under the heading ‘Manner of consolidation of accounts’ it is provided that consolidation of financial statements of a company shall be done in accordance with the provisions of Schedule III to the Companies Act, 2013 and the applicable Accounting Standards.

It is noted that relevant Indian Accounting Standard i.e., Ind AS 110, Consolidated Financial Statements provides that where an entity has control on one or more other entities, the controlling entity is required to consolidate all the controlled entities. Since, the word 'entity' includes a company as well as any other form of entity, therefore, LLPs and partnership firms are required to be consolidated. Similarly, under Accounting Standard (AS) 21, as per the definition of subsidiary, an enterprise controlled by the parent is required to be consolidated. The term 'enterprise' includes a company and any enterprise other than a company. Therefore, under AS also, LLPs and partnership firms are required to be consolidated.

Accordingly, in the given case, H Ltd is required to consolidate its subsidiary which is an LLP or a partnership firm.

(ii) If LLP or a partnership firm is an associate or joint venture of H Ltd, even then the LLP and the partnership firm need to be consolidated in accordance with the requirements of applicable Accounting Standards.

B. A Company H Ltd has no subsidiaries, but has investment in an associate and a joint venture. Whether H Ltd. is required to prepare consolidated financial statements for the year ending March 31, 2016, in the context of Companies (Accounting Standards) Rules, 2006

Section 129 (3) of the Companies Act, 2013 provides that where a company has one or more subsidiaries, it shall prepare a consolidated financial statement of the company and of all the subsidiaries. Further, an Explanation to this sub section provides that the word "subsidiary" shall include associate company and joint venture.

In view of the above, in the given case, though H Ltd does not have any subsidiary, it is required to prepare consolidated financial statements for its associate and joint venture in accordance with the applicable Accounting Standards, viz, AS 23,

Accounting for Investments in Associates in Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Ventures, respectively.

12. FAQ on deemed cost of Property, Plant and Equipment under Ind AS 101, First-time Adoption of Indian Accounting Standards -ICAI

Issue: Ind AS 101 provides that the net carrying amounts of all of its Property, Plant and Equipment as per previous GAAP can be used as deemed cost on the date of transition to Ind AS. In that case, whether the accumulated depreciation and provision for impairment under previous GAAP would be treated as nil on the date of transition. In case the response is in the affirmative, then how the provision for impairment provided before the date of transition as per previous GAAP would be reversed in later years if there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized?

Response: In the context of the issue, the following paragraphs of Ind AS 101, First-time Adoption of Indian Accounting Standards, and the definition of 'deemed cost' contained in the Standard may be noted:

"D5 An entity may elect to measure an item of property, plant and equipment at the date of transition to Ind ASs at its fair value and use that fair value as its deemed cost at that date."

"D7AA Where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with paragraph D21 and D21A, of this Ind AS....."

Definition of Deemed Cost

“An amount used as a surrogate for cost or depreciated cost at a given date. Subsequent depreciation or amortisation assumes that the entity had initially recognised the asset or liability at the given date and that its cost was equal to the deemed cost.”

In view of the above, with regard to deemed cost, Ind AS 101, inter alia, provides an option to continue with the carrying value for all of its property, plant and equipment measured as per previous GAAP and use that as deemed cost on the date of transition. As per the definition of deemed cost, it is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, deemed cost becomes the cost as the starting point. Accordingly, from the date of transition, the deemed cost, i.e., carrying values of PPE as per the previous GAAP in the given case, is the cost and any accumulated depreciation and provision for impairment under previous GAAP have no relevance as would be the case if fair value were to be taken as deemed cost as per paragraph D5 above. Accordingly, provision for impairment provided before the date of transition as per previous GAAP cannot be reversed in later years.

However, information regarding gross block of assets, accumulated depreciation and provision for impairment under previous GAAP can be disclosed by way of note forming part of the financial statements. This information can be disclosed only as additional disclosures and the same cannot be considered for subsequent recognition and/or measurement purposes.

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