

**February
2017**



BUDGET 2017

TRANSFORM, ENERGISE AND CLEAN INDIA

AT A GLANCE

CHOKSHI & CHOKSHI LLP

Keeping you ahead

INTRODUCTION: OUR ECONOMY

Finance Minister Arun Jaitley presented the Union Budget 2017, his fourth annual budget, on 1st February 2017

The world has been looking at the changes in our Economy driven for Growth and Stability, and stands out as a bright spot amid world economic gloom.

- ✦ Inflation, which was in double digits, has been controlled; sluggish growth has been replaced by high growth; and a massive war against black money has been launched.
- ✦ The advanced economies are expected to increase their growth from 1.6% to 1.9% and the emerging economies from 4.1% to 4.5%. Growth in a number of emerging economies is expected to recover in 2017, after relatively poor performance in 2016. These are positive signs and point to an optimistic outlook for the next year.
- ✦ CPI inflation declined from 6% in July 2016 to 3.4% in December, 2016 and is expected to remain within RBI's mandated range of 2% to 6%.
- ✦ India's Current Account Deficit declined from about 1% of GDP last year to 0.3% of GDP in the first half of 2016-17.
- ✦ Foreign Direct Investment (FDI) increased from Rs. 1,07,000 crores in the first half of last year to Rs. 1,45,000 crores in the first half of 2016-17.
- ✦ Foreign exchange reserves have reached 361 billion US Dollars as on 20th January, 2017, which represents a comfortable cover for about 12 months of imports.
- ✦ India has become the sixth largest manufacturing country in the world, up from ninth previously. We are seen as an engine of global growth.
- ✦ Demonetisation, which took the Nation by storm and made the people lose confidence in the Government, now seeks to create a new 'normal' wherein the GDP would be bigger, cleaner and real. Drop in economic activity, if any, on account of the currency squeeze during the remonetisation period is expected to have only a transient impact on the economy. The effects of demonetisation are not expected to spill over into the next year.
- ✦ IMF, even while revising India's GDP forecast for 2016 downwards, has projected a GDP growth of 7.2% and 7.7% in 2017 and 2018 respectively.

KEY HIGHLIGHTS: INDUSTRY - WISE

FARMERS

- ✚ The target for agricultural credit in 2017-18 has been fixed at a record level of Rs 10 lakh crores.
- ✚ The farmers will also benefit from 60 days' interest waiver announced by Honourable Prime Minister in respect of their loans from the cooperative credit structure.
- ✚ Increase in Earnings of Farmers through steps enabled to increase in production and productivity of agricultural produce.
- ✚ Issuance of Soil Health Cards to check the nutrient level of the agricultural land. A dedicated Micro Irrigation Fund will be set up in NABARD to achieve the goal, 'per drop more crop'.
- ✚ A model law on contract farming would be prepared and circulated among the States for adoption.
- ✚ A Dairy Processing and Infrastructure Development Fund would be set up in NABARD with a corpus of Rs. 8,000 crores over 3 years. Initially, the Fund will start with a corpus of Rs. 2,000 crores.

RURAL POPULATION

- ✚ The budget provision of Rs. 38,500 crores under MGNREGA in 2016-17 has been increased to Rs. 48,000 crores in 2017-18.
- ✚ Propose to complete 1 crore houses by 2019 for the houseless and those living in kutchha houses. Allocation to Pradhan Mantri Awaas Yojana – Gramin has increased from Rs. 15,000 crores in 2016-17 to Rs. 23,000 crores in 2017-18.
- ✚ To achieve a target of 100% Rural Electrification. Sanitation coverage in rural India has gone up from 42% in October 2014 to about 60%. Open Defecation Free villages are now being given priority for piped water supply.
- ✚ Safe drinking water to cover 28,000 arsenic and Fluoride – affected habitations in the next 4 years
- ✚ 133 km road per day constructed under Pradhan Mantri Gram Sadak Yojana as against 73 km road per day in 2011-14.

YOUTH

- ✚ Two new All India Institute of Medical Sciences to be set up in Jharkhand and Gujarat.
- ✚ Launch of Swayam Platform – with at least 350 virtual courses for students.
- ✚ Propose to establish a National Testing Agency as an autonomous and self-sustained premier testing organisation to conduct all entrance examinations for higher education institutions.
- ✚ Propose to launch various programmes for market relevant training improving the quality and market relevance of vocational training provided and strengthen the apprenticeship programmes through industry cluster approach.

THE POOR AND THE UNDERPRIVILEGED

- ✚ Propose to amend the Drugs and Cosmetics Rules to ensure availability of drugs at reasonable prices and promote use of generic medicines.
- ✚ For senior citizens, Aadhar based Smart Cards containing their health details will be introduced.
- ✚ LIC will implement a scheme for senior citizens to provide assured pension, with a guaranteed return of 8% per annum for 10 years.
- ✚ Government has prepared an action plan to eliminate Kala-Azar and Filariasis by 2017, Leprosy by 2018, Measles by 2020 and Tuberculosis by 2025 is also targeted.
- ✚ National Housing Bank will refinance individual housing loans of about Rs. 20,000 crore in 2017-18.

INFRASTRUCTURE

- ✚ For 2017-18, the total capital and development expenditure of Railways has been pegged at Rs. 1,31,000 crores. This includes Rs. 55,000 crores provided by the Government.
- ✚ The Railways to focus on four major areas which are – (i) Passenger Safety; (ii) Capital and Development work; (iii) Cleanliness; and (iv) Finance and accounting Reforms.
- ✚ Unmanned level crossings on Broad Gauge lines will be eliminated by 2020.
- ✚ In the next 3 years, the throughput is proposed to be enhanced by 10%. This will be done through modernisation and upgradation of identified corridors.
- ✚ Railway lines of 3,500 kms will be commissioned in 2017-18. During 2017-18, at least 25 stations are expected to be awarded for station redevelopment.
- ✚ 500 stations will be made differently abled friendly by providing lifts and escalators.
- ✚ It is proposed to feed about 7,000 stations with solar power in the medium term.
- ✚ SMS based Clean My Coach Service has been started.
- ✚ In the road sector, Budget allocation for highways increased from Rs. 57,976 crores in 2016-17 to Rs. 64,900 crores in 2017-18.
- ✚ 2,000 kms of coastal connectivity roads have been identified for construction and development.
- ✚ Proposed to set up strategic crude oil reserves at 2 more locations, namely, Chandikhole in Odisha and Bikaner in Rajasthan. This will take our strategic reserve capacity to 15.33 MMT.
- ✚ Second phase of Solar Park development to be taken up for additional 20,000 MW capacity.
- ✚ For creating an eco-system to make India a global hub for electronics manufacturing a provision of Rs. 745 crores in 2017-18 in incentive schemes like M-SIPS and EDF.

FINANCIAL SECTOR

- ✚ It is decided to abolish Foreign Investment Promotion Board (FIPB) in the Financial Year 2017-18.
- ✚ To reforms for the benefit of farmers, an expert committee will be constituted to study and promote creation of an operational and legal framework to integrate spot market and derivatives market for commodities trading. e-NAM would be an integral part of such framework.
- ✚ The shares of Railway Public Sector Enterprises like IRCTC, IRFC and IRCON will be listed in stock exchanges.
- ✚ In line with the 'Indradhanush' roadmap, 10,000 crores provided for recapitalisation of Banks in 2017-18
- ✚ Listing and trading of Security Receipts issued by a securitization company or a reconstruction company under the SARFAESI Act will be permitted in SEBI registered stock exchanges

DIGITAL ECONOMY

- ✚ Aadhar Pay, a merchant version of Aadhar Enabled Payment System, will be launched shortly. This will be specifically beneficial for those who do not have debit cards, mobile wallets and mobile phones. A Mission will be set up with a target of 2,500 crore digital transactions for 2017-18 through UPI, USSD, Aadhar Pay, IMPS and debit cards.
- ✚ TheBHIM app has been launched. It will unleash the power of mobile phones for digital payments and financial inclusion. 125 lakh people have adopted the BHIM app so far. The Government will launch two new schemes to promote the usage of BHIM; these are, Referral Bonus Scheme for individuals and a Cashback Scheme for merchants.

PUBLIC SERVICE

- ✚ Head Post Offices now to be utilised as front offices for rendering passport services in far flung areas of the country for ease of passport related matters.
- ✚ A comprehensive web based interactive Pension Disbursement System for Defence Pensioners will be established.
- ✚ A Centralised Defence Travel System has been developed through which travel tickets can be booked online by our soldiers and officers.

PRUDENT FISCAL MANAGEMENT

- ✚ Stepped up allocation for Capital expenditure by 25.4% over the previous year.
- ✚ Total resources being transferred to the States and the Union Territories with Legislatures is ` 4.11 lakh crores, against ` 3.60 lakh crores in 2016-17.
- ✚ Net market borrowing of Government restricted to Rs. 3.48 lakh crores after buyback in 2017-18, much lower than ` 4.25 lakh crores of the previous year.
- ✚ Revenue Deficit of 2.3% in 2016-17 stands reduced to 2.1% in the Revised Estimates. The Revenue Deficit for next year is pegged at 1.9%, against 2% mandated by the FRBM Act.

DIRECT TAX

✚ Rate of Tax

A) Individuals

a) In case of Individuals less than 60 years of age

Income	Rate of Tax
Upto Rs. 2,50,000/-	NIL
Rs. 2,50,000/- to Rs. 5,00,000/-	5%
Rs. 5,00,000/- to 10,00,000/-	20%
Above Rs. 10,00,000/-	30%

b) In case of Individuals who are 60 years or more but less than 80 years

Income	Rate of Tax
Upto Rs. 3,00,000/-	NIL
Rs. 3,00,000/- to Rs. 5,00,000/-	5%
Rs. 5,00,000/- to 10,00,000/-	20%
Above Rs. 10,00,000/-	30%

c) In case of Individuals who are 80 years or more

Income	Rate of Tax
Upto Rs. 5,00,000/-	NIL
Rs. 5,00,000/- to 10,00,000/-	20%
Above Rs. 10,00,000/-	30%

B) Domestic Companies

Rate of Income Tax shall be 25% if the total Turnover/Gross Receipts of the previous year 2015-16 does not exceed Rs. 50 Cr. and in all other cases rate of Income Tax shall be 30%

- ✚ In case of Individuals - Surcharge @ 10% would be applicable on Income between Rs. 50 Lakhs to 1 Cr and @ 15% on income exceeding Rs. 1 Cr.
- ✚ Deduction u/s 87A reduced from Rs. 5,000/- to Rs. 2,500/-.
- ✚ Limit of Income for claiming deduction u/s 87A reduced from Rs. 5 Lakhs to Rs. 3.5 Lakhs
- ✚ One Page Income Tax Form for Individuals having income less than Rs. 5 Lakhs and not having income from business.
- ✚ Dividend in excess of Rs. 10 Lakhs is chargeable to tax @ 10% to all resident assesseees except Domestic Companies, certain funds, trusts, Institutions, etc.

- ✚ All Individuals or a HUF (other than those covered u/s. 44AB) responsible for paying to a resident any rent exceeding fifty thousand rupees for a month or part of the month during the previous year, shall deduct @ 5% as withholding taxes w.e.f. 01/06/2017.
- ✚ Period of holding for immovable property being land or building or both reduced from 36 Months to 24 Months for considering as a Long Term Capital Asset
- ✚ Section 80-IBA has been amended to take into account “build-up area” instead of “Carpet area” as defined in Real Estate (Regulation and Development) Act, 2016.

Further the restriction of 30 Sq. Mtr. on the size of the Residential units shall not apply to the place located within 25 Kms. from the municipal limits of Chennai, Delhi, Kolkata or Mumbai.

The Condition for period of Completion of the Project shall be increased from 3 years to 5 years.

- ✚ Section 10(37A) is proposed to be inserted with a view to give relief to an individual or HUF who was the owner of the such Land as on 2nd June, 2014 and has transferred such land under the land pooling scheme notified under the provisions of Andhra Pradesh for formation of new capital city of Amravati.
- ✚ Section 45(5A) is proposed to be inserted w.e.f 01.04.2018 so as to provide that in case of an assessee being individual or HUF, who enters into a specified agreement for development of a project, the capital gains shall be chargeable to tax in the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority.
- ✚ TDS @ 10% to be deducted on any monetary consideration paid under the specified agreement.
- ✚ The base year for indexation changed from 01.04.1981 to 01.04.2001 for all assets.
- ✚ Investment in any Bonds redeemable after three years are eligible for exemption u/s. 54EC.
- ✚ Tax on Notional Rent will not apply to Builders for whom constructed buildings are Stock-in-trade for a period of 1 year from the end of financial year in which completion certificate is received.
- ✚ TDS @ 5% on Interest earned on External Commercial Borrowings or in Bonds and Government Securities by Foreign Entities is extended upto 30.06.2020. This benefit is also extended to Rupee Denominated (Masala) Bonds.
- ✚ In case of a company eligible for start-up, the loss shall be allowed to be carried forward and set off against the income of the previous year if all the shareholders of such company which held shares on the last day of the year in which loss was incurred, being the loss incurred during the period of 7 years beginning from the year in which such company is incorporated continue to hold those shares on the last day of such previous year.
- ✚ Period of Profit Linked Incentive on startups increased from 3 out of 5 year to 3 years out of 7 years.
- ✚ Carry forward of Mat Credit/Alternate Minimum Tax Credit increased from 10 years to 15 years.

- ✚ Section 43D of Income Tax Act, 1961 has been amended to include co-operative banks other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank.
- ✚ Section 36(1)(vii)(a) is proposed to be amended to enhance the present limit for claiming Bad and Doubtful Debts by a Scheduled Bank (not being a bank incorporated by or under the laws of a country outside India) or a non-scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development from 7.5% to 8.5% of the amount of total Income (computed before making any deduction under that clause and Chapter VI-A)
- ✚ Cash Donation limit eligible u/s. 80G reduced from Rs. 10000/- to Rs. 2000/-.
- ✚ Cash Expenditure Allow-ability reduced from Rs. 20,000/- to Rs. 10,000/-.
- ✚ In case of additions to Fixed Assets acquired in Cash exceeding Rs. 10000/- such expenditure would be ignored for the purpose of determination of actual cost of such asset for computing depreciation.
- ✚ No deduction u/s 35AD will be allowed in case where the capital expenditure exceeds Rs. 10,000/-
- ✚ Presumptive Taxation on Turnover / Gross Receipts upto Rs. 2 Cr is reduced from 8% to 6% in case of Non-Cash Transactions only.
- ✚ No cash transaction allowed exceeding Rs. 3 Lakhs in aggregate from a person in a day, in respect of a single transaction or in respect of transaction relating to one event or occasion from a person. This provision is not applicable to Government, any banking Company. Post Office Savings Bank, Co-operative Bank and transactions covered u/s. 269SS of the Act.
- ✚ No TCS on Sale of Jewelry exceeding Rs. 5 Lakhs.
- ✚ In order to avail the benefit of Section 13A, Political Parties are required to satisfy the following additional conditions
 - a) No Cash Donations of Rs. 2,000/- or more.
 - b) The Political Party furnishes the return of Income on or before the due date.
- ✚ The Political Party is not required to disclose the name and address of the donors who contribute by way of electoral bond.
- ✚ Indirect Transfer Provisions not to apply to Foreign Portfolio Investors registered as Category I or Category II under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 made under the SEBI Act.
- ✚ Condition to maintain the corpus of the Offshore fund at the monthly average of Rs. 100 Cr has been withdrawn in the previous year in which the Offshore fund is being wound up.
- ✚ Any income arising to a Foreign Company on account of sale of leftover stock of crude oil, if any from a facility in India after expiry of an agreement or an arrangement shall be exempt subject to such conditions as may be notified by the Central Government.

- ✚ No TDS on Insurance Commission to Individuals and HUFs upon them giving declaration in Form 15G/15H.
- ✚ Limit maintaining Books of Accounts is increased as under
 - a) Turnover / Gross Receipts increased from Rs. 10 Lakhs to Rs. 25 Lakhs
 - b) Income from Business or Profession increased from 1.20 Lakhs to 2.5 Lakhs.
- ✚ No Tax Audit to an eligible person whose turnover does not exceed Rs. 2 Cr and who opts for Presumptive Taxation.
- ✚ No TDS on any payment made in respect of any award or agreement which has been exempted from levy of Income Tax u/s 96 of the Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013.
- ✚ Central Government, a State Government, an embassy, High Commission, Legation, Commission, consulate and the trade representation of a Foreign State; local authority, a public sector Company which is engaged in the business of carrying passengers are exempted from the applicability of TCS on the purchase of Motor Vehicles.
- ✚ TDS on Professional Fees in case call centers reduced from 10% to 2%
- ✚ In case of demerger of a Demerged Foreign Company into a resulting Foreign Company, the cost of acquisition of the shares of the Indian Company shall be the same as it was in the hands of the demerged Company.
- ✚ Transfer of Carbon Credit shall be taxable @ 10% + applicable Surcharge and Education Cess on the gross Total amount of such Income. No expenditure or allowance in respect of such income shall be allowed under the Act.
- ✚ Where a Refund is due to the assessee u/s 143(1) of the Income Tax Act, 1961 and the Assessing Officer is of the opinion that grant of refund may adversely affect the recovery of revenue, he may for reasons recorded in writing and with previous approval of the Principal Commissioner or Commissioner, withhold the refund upto the date on which the assessment is made.
- ✚ The assessee who opts for presumptive taxation is required to pay Advance Tax only in one installment i.e. on or before 15th March. Interest u/s 234C will be levied only if there is a shortfall in payment of advance tax by 15th March.
- ✚ Where refund becomes due to the deductor, such person shall be entitled to receive 0.5% p.m. of simple interest in addition the refund amount from the date on which the claim for refund is made or in case of an order is passed in appeal from the date on which the tax is paid, to the date on which refund is granted. No interest is allowed if there is a delay in proceeding of refund due to deductor
- ✚ Transfer of Rupee Denominated Bond of an Indian Company issued outside India from one Non-Resident to another Non-Resident shall not be regarded as a transfer.

- ✚ Appreciation of Rupee Denominated Bond of an Indian Company shall be ignored for the purpose of computation of full value of consideration at the time of computing capital gains by Secondary Holders.
- ✚ Claim of Credit for foreign taxes paid is not given on the ground that the payment of such foreign tax is in dispute, then the same shall be given within six months from the end of the month in which the dispute is settled, if the assessee submits evidence of the same
- ✚ Authority of Advance Rulings for Income Tax, Central Excise, Customs Duty and Service Tax shall be merged
- ✚ Any Order passed by the Commissioner of Income Tax (Exemptions) in relation to any fund or institution established for charitable purposes and any trust (including any other legal obligation) or institution wholly for public religious purposes or wholly for public religious and charitable purposes shall be appealable before the Appellate Tribunal
- ✚ The Central Board of Direct Taxes shall be empowered to issue directions or instructions to be followed by subordinate authorities in respect of penalty to be levied on persons for deduction and collection of taxes at source.
- ✚ Time limit for Scrutiny Assessments reduced from 21 months to 18 months for A Y 2018-19 and from A Y 2019-20, the time limit is reduced from 18 months to 12 months from the end of the assessment year in which the income was first assessable.
- ✚ Time Limit for completion of assessment, re-assessment and re-computation u/s. 147 of the Income Tax Act, 1961 is 12 months from the end of the financial year in which notice u/s 148 of the Income Tax Act, 1961 is served
- ✚ Time Limit for making an order of fresh assessment in pursuant to any order passed or received in the Financial Year 2019-20 onwards u/s. 254 or 263 or 264 shall be 12 months from the end of Financial Year in which the order u/s. 254 is received or order u/s. 263 or 264 is passed
- ✚ Time limit for filing revised returns reduced from 24 months to 12 months from the end of the financial year. Hence for A Y 2017-18, the time limit for filing revised return would be 31.03.2018
- ✚ Time Limit for completion of assessment u/s. 153A of the Income Tax Act, 1961 in case of Search and Seizure for Assessment Year 2018-19 shall be 18 months from the end of the Financial Year in which the last authorizations for search was executed and Assessment Year 2019-20 onwards it shall be 12 months from the end of Financial Year in which the last authorizations for search was executed
- ✚ Time Limit for completion of assessment u/s. 153C of the Income Tax Act, 1961 in case of Other person shall be the period available to make the assessment or reassessment in case of person on whom search is conducted or 12 months from the end of Financial Year in which the books of accounts or documents or assets seized or requisitioned are handed over to the assessing officer having jurisdiction of the such other person whichever is later

- ✚ Where a proceeding before the Settlement Commission abates u/s 245HA the period of limitation for assessment or re-assessment shall not be less than a period of one year after exclusion u/s 245HA(4) and where the period is less than one year it is deemed to be one year.
- ✚ Exemption under Section 10(38) of the Income Tax Act, 1961 for the income arising from a transfer of equity share shall be allowed only if Securities Transaction Tax is charged on acquisition of such shares. In case of shares acquired through IPO, FPO, bonus or right issue by a listed company acquisition by non-resident in accordance with FDI policy of the Government etc., it is also proposed to notify transfers for which the condition of chargeability to Securities Transactions Tax on acquisition shall not be applicable.
- ✚ To rationalize the provisions relating to deeming of full value of consideration for computation of income under the head "capital gains", it is proposed to insert a new section 50CA to provide that where consideration for transfer of share of a company (other than quoted share) is less than the Fair Market Value (FMV) of such share determined in accordance with the prescribed manner, the FMV shall be deemed to be the full value of consideration for the purposes of computing income under the head "Capital gains".
- ✚ Any sum of money or immovable property or any property other than immovable property received by **any person** without consideration or for inadequate consideration in excess of Rs. 50,000 shall be chargeable to tax in the hands of the recipient under the head "Income from other sources" with certain exceptions.
- ✚ Any contribution given by a trust to another trust with a specific direction that they shall form part of the corpus shall not be treated as application of income of the trust
- ✚ Any person referred in clause 23(AAA), Investor Protection Fund referred in clause 23(EC) or clause 23(ED), Core Settlement Guarantee Fund referred in clause 23(EE) and any board or authority referred in clause (29A) of Section 10 shall mandatorily furnish a return of income.
- ✚ In case Income Tax Return is not filed within the due date then
 - a) A fee of Rs.5,000/- shall be payable if the return is filed upto 31st December
 - b) A fee of Rs.10,000/- shall be payable if filed after 31st December
 However, in a case where the total income does not exceed five lakh rupees, it is proposed that the fee amount shall not exceed Rs. 1000/-.
- ✚ Penalty of Rs. 10000/- to the Professional for furnishing incorrect information in the certificate or report.
- ✚ The provision of section 112(1)(c)(iii) i.e. taxation of ten percent for long term capital gain arising from the transfer of unlisted securities in case of non-resident will be applicable w.e.f. 01/04/2013.
- ✚ Deduction u/s. 10AA of the Income Tax Act, 1961 shall be allowed from the total income of the assessee and not from the total income of the undertaking.
- ✚ In case of consolidation of Mutual Funds the cost and period of holding of the original investments would be the cost and the period of holding of the mutual fund scheme which is consolidated.

- ✚ In the case of furnishing of information relating to payment to a non-resident, not being a Company or to a Foreign Company of any sum whether or not chargeable under the provisions of this Act, the “person responsible for paying” shall include the payer himself, or if the payer is a company, the company itself including the principal officer thereof.
- ✚ Interpretation of the terms used in DTAA shall be assigned the meaning as provided in the said agreement and where the term is not defined in the Agreement but is defined in the Act it shall be assigned the meaning as defined in the Act or any explanation issued by the Central Government.
- ✚ Where the Capital Expenditure claimed by the assessee u/s 35AD of the Income Tax Act, 1961 is deemed to be the income of the assessee, the cost of assets to the assessee shall be the actual cost as reduced by the amount of depreciation calculated at the rates in force that would have been allowable had the asset been used for the purpose of business since the date of its acquisition.
- ✚ If the trust has been granted registration or has obtained registration and subsequently the trust has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, it shall require to obtain fresh registration by making an application within 30 days from the date of such adoption or modifications of the object in the prescribed form.

Clarification in regard to return filing of trust claiming exemption u/s 11 & 12 of the Income Tax Act, 1961 – Return to be filed within the time allowed under section 139 of the Act.

- ✚ Where the capital gain arises from the transfer of an asset, being the asset held by a trust or an institution in respect of which accreted income has been computed, and the tax has been paid thereon, the cost of acquisition of such asset shall be deemed to be the fair market value of the asset which has been taken into account for computation of accreted income as on the specified date
- ✚ Process for allotment of PAN is made simple and robust. PAN application can be made online and PAN is expected to get allotted in less than a week.
- ✚ Deduction under section 80CCG is withdrawn in case of investment made in listed equity shares or listed units of equity oriented fund with effect from 01/04/2018.
- ✚ Set off of loss under the head ‘Income from House Property’ against any other head of income shall be restricted to Rs. 2 Lakhs for any assessment year. However, the unabsorbed loss shall be carried forward for set off in subsequent years.
- ✚ The ‘reasons to believe’ or ‘reason to suspect’ while conducting search u/s. 132 or to make requisition u/s. 132A as recorded by the Income Tax Authority, shall not be disclosed to any person or any authority or the Appellate Tribunal by inserting Explanation 1 to Section 132 and Section 132A.
- ✚ In order to protect the interest of revenue and safeguard recovery in search cases, the Assessing Officer may make a provisional attachment of the property within 60 days from the date of last authorization after taking necessary approvals. However the said attachment shall cease to exist after a period of 6 months.

- ✚ In order to enable correct estimation and quantification of undisclosed income held in the form of investment or property by the assessee, the authorized officer may make a reference to the valuation officer for the purpose of estimation of Fair market value. The valuation Report shall be furnished within a period of 60 days from the date of reference.
- ✚ The power to call for information can also be exercised by Joint Director or Deputy Director or Assistant Director along with Principal Director or Director or Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner
- ✚ In order to widen the scope of section 133A, the Income Tax Authority may enter the place at which an activity for charitable purpose is carried on.
- ✚ In order to expedite verification and analysis of information in possession of Income Tax Authority, a Centralized System for issuance of Notice and processing of documents or information and making available the outcome of the processing to the Assessing Officer.
- ✚ In case of Search & Seizure notice can be issued for a period beyond the sixth assessment year upto tenth assessment year if –
 - a. Income which has escaped assessment, amounts to or is likely to amount to Rs. 50 Lakhs or more in one year or in aggregate 4 years (falling beyond the sixth year);
 - b. Such income escaping assessment is represented in the form of assets;
 - c. The income escaping assessment or part thereof relates to such year or years
- ✚ The benefit of section 10(23C) extends to The Chief Minister's Relief Fund or the Lieutenant Governor's Relief as referred at sub-clauses (iii) of clause (a) of sub-section (2) of section 80G with retrospective effect from 01/04/1998
- ✚ Clarification in respect of definition of person resident outside India for the purpose of section 10(4)(ii) is defined under clause (w) of section 2 of Foreign Exchange Management Act, 1999.
- ✚ Exemption in case partial withdrawal from National Pension System (NPS) not exceeding 25% of the contribution made by the employee in accordance with the terms and conditions specified under pension Fund Regulatory and Development Authority Act, 2013 and regulations made there under.
- ✚ Deduction in respect of contribution to pension scheme of Central Government u/s. 80CCD shall not exceed 20% of gross total income in case of an individual other than employee.
- ✚ No Scrutiny Assessments for persons filing Income Tax Returns for the first year unless any crucial information received by the Income Tax Department.

INDIRECT TAX : SERVICE TAX

NO CHANGES IN CURRENT EXCISE, CUSTOM AND SERVICE TAX RATES, AS GST TO BE SET IN SOON.

GOODS AND SERVICE TAX (GST)

- ✚ GST council held 9 meetings to discuss various issues relating to GST, including broad contours of the GST rate structure, threshold exemption and parameters for composition scheme, details for compensation to States due to implementation of GST, examination of draft model GST law, draft IGST law and the Compensation Law and administrative mechanism for GST
- ✚ GST council has finalized its recommendations on all the issues based on consensus.
- ✚ The preparation of IT system is on schedule.
- ✚ The extensive reach-out efforts to trade and industry for GST will start from 1 April, 2017 to make them aware of the new taxation system.
- ✚ CBEC to facilitate implementation on time.

SERVICE TAX

- ✚ Service charges on IRCTC e-ticket will be withdrawn.
- ✚ Legislative changes :

Sr No	Particulars	Existing	Proposed
1	Services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government is being made effective from 10th September, 2004 (the date when the services of life insurance became taxable).	14%	NIL
2	Notification No. 41/2016-ST dated 22.09.2016 which has exempted from service tax, one time up front amount (called as premium, salami, cost price, development charges or by whatever name) payable for grant of long-term lease of industrial plots (30 years or more) by State Government industrial development corporations/undertaking to industrial units, is proposed to be made effective from 1.6.2007 (the date when the services of renting of immovable property became taxable).	14%	NIL

3	Rule 2A of the Service Tax (Determination of Value) Rules, 2006 is proposed to be amended from 01.07.2010 so as to make it clear that value of service portion in execution of works contract involving transfer of goods and land or undivided share of land, as the case may be, shall not include value of property in such land or undivided share of land.	4.2%	4.2%
4	Under the Regional Connectivity Scheme (RCS), exemption from service tax is being provided in respect of the amount of viability gap funding (VGF) payable to the airline operator for providing the services of transport of passengers by air, embarking from or terminating in a Regional Connectivity Scheme (RCS) airport, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) airport as notified by Ministry of Civil Aviation	14%	NIL
5	The exemption in respect of services provided by Indian Institutes of Management (IIMs) by way of two year full time residential Post Graduate Programmes (PGP) in Management for the Post Graduate Diploma in Management (PGDM), to which admissions are made on the basis of the Common Admission Test (CAT), conducted by IIMs is being extended to include non-residential programmes.	14%	NIL
6	The Negative List entry in respect of “services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption”, in the Finance Act, 1994, is proposed to be omitted and instead placed in the exemption notification.	NIL	NIL

- ✚ Fees for application for advance ruling is proposed to be increase from Rs.2500/- to Rs.10,000/- (Sec 96C).
- ✚ Rule 6 (3) and (3A) of CENVAT Credit Rules, 2004 is being amended so as to exclude banks and financial institutions including NBFC engaged in providing services by way of extending deposits, loans or advances from its ambit. It has been provided in the CENVAT Credit Rules,2004 that value for the purpose of reversal of common input tax credit on inputs and input services used in providing taxable services and exempted services, shall not include the value of service by way of extending deposits, loans or advances against consideration in the form of interest or discount.

INDIRECT TAX: EXCISE

EXCISE

Proposed amendments in the Central Excise Tariff Act, 1985 :

Sr No	Commodity	From	To
1	Cigar and cheroots	12.5% or Rs.3755 per thousand, whichever is higher	12.5% or Rs.4006 per thousand, whichever is higher
2	Cigarillos	12.5% or Rs.3755 per thousand, whichever is higher	12.5% or Rs.4006 per thousand, whichever is higher
3	Cigarettes of tobacco substitutes	Rs.3755 per thousand	Rs.4006 per thousand
4	Cigarillos of tobacco substitutes	12.5% or Rs.3755 per thousand, whichever is higher	12.5% or Rs.4006 per thousand, whichever is higher
5	Others of tobacco substitutes	12.5% or Rs.3755 per thousand, whichever is higher	12.5% or Rs.4006 per thousand, whichever is higher
6	Paper rolled biris – handmade	Rs.21 per thousand	Rs.28 per thousand
7	Paper rolled biris – machine made	Rs.21 per thousand	Rs.78 per thousand
8	All items of machinery required for balance of systems operating on biogas/ bio methane/ by-product hydrogen	12.5%	6%

9	Membrane Sheet and Tricot/Spacer for use in the manufacture of RO membrane element for household type filters, subject to actual user condition	12.5%	6%
10	All parts for use in the manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable duty	6%
11	<p>a. Waste and scrap of precious metals or metals clad with precious metals arising in course of manufacture of goods falling in Chapter 71</p> <p>b. Strips, wires, sheets, plates and foils of silver</p> <p>c. Articles of silver jewellery, other than those studded with diamond, ruby, emerald or sapphire</p> <p>d. Silver coin of purity, 99.9% and above, bearing a brand name when manufactured from silver on which appropriate duty of customs or excise has been paid</p>	Nil	<p>Nil, subject to the condition that no credit of duty paid on inputs or input services or capital goods has been availed by manufacturer of such goods</p>
12	<p>a) Miniaturized POS card reader for m-POS (not including mobile phones or tablet computers),</p> <p>b) micro ATM as per standards version</p>	Applicable duty	Nil

	1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner		
13	Parts and components for manufacture of: a) Miniaturized POS card reader for m-POS (not including mobile phones or tablet computers), b) Micro ATM as per standards version 1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner	Applicable duty	Nil
14	Pan Masala	6%	9%
15	Unmanufactured tobacco	4.2%	8.3%
16	Non-filter Cigarettes of length not exceeding 65mm	Rs.215 per Thousand	Rs.311 per thousand
17	Non-filter Cigarettes of length exceeding 65mm but not exceeding 70mm	Rs.370 per Thousand	Rs.541 per thousand
18	Filter Cigarettes of length not exceeding 65mm	Rs.215 per thousand	Rs.311 per thousand
19	Filter Cigarettes of length exceeding 65mm but not exceeding 70mm	Rs.260 per thousand	Rs.386 per thousand
20	Filter Cigarettes of length exceeding 70mm but not exceeding 75mm	Rs.370 per thousand	Rs.541 per thousand

21	Other Cigarettes	Rs.560 per thousand	Rs.811 per thousand
22	Chewing tobacco (including filter khaini)	6%	12%
23	Jarda scented tobacco	6%	12%
24	Pan Masala containing Tobacco (Gutkha)	6%	12%
25	Solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	Nil	6%
26	Parts/raw materials for manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	12.5%	6%
27	Resin and catalyst for manufacture of cast components for Wind Operated Energy Generators [WOG], subject to actual user condition	12.5%	Nil
28	All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes	12.5%	6%

✚ Fees for application for advance ruling is proposed to be increase from Rs.2500/- to Rs.10,000/- (Sec. 23C (3)).

✚ w.e.f. 01/01/2017, a tariff rate of excise duty of 12.5% on motor vehicles for transport of more than 13 persons.

INDIRECT TAX : CUSTOMS

CUSTOMS

Proposed Changes in BCD/CVD/SAD and Export Duty Rates:

Sr No	Commodity	From	To
1	Liquefied Natural Gas	BCD - 5%	BCD - 2.5%
2	Medium Quality Terephthalic Acid (MTA) & Qualified Terephthalic Acid (QTA)	BCD-7.5%	BCD - 5%
3	Nickel	BCD-2.5%	BCD-NIL
4	Vegetable tanning extracts, namely, Wattle extract and Myrobalan fruit extract	BCD-7.5%	BCD -2.5%
5	Ball screws, linear motion guides and CNC systems for use in the manufacture of CNC machine tools, subject to actual user condition	Ball screws and liner motion guides BCD – 7.5% CNC systems BCD – 10%	BCD-2.5%
6	All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes, subject to certain specified conditions	BCD – 10% /7.5% CVD – 12.5%	BCD – 5% CVD – 6%
7	All items of machinery required for balance of systems operating on biogas/ bio-methane/by-product hydrogen, subject to certain specified conditions	BCD – 10% /7.5% CVD – 12.5%	BCD – 5% CVD – 6%
8	All parts for use in the manufacture of LED lights or fixtures, including LED lamps,	Applicable	BCD – 5%

	subject to actual user condition	BCD, CVD	CVD – 6%
9	All inputs for use in the manufacture of LED Driver and MCPCB for LED lights or fixtures, including LED lamps, subject to actual user	Applicable BCD	5%
10	o-Xylene	BCD- 2.5%	BCD -NIL
11	2-Ethyl Anthraquinone [2914 69 90] for use in manufacture of hydrogen peroxide, subject to actual user condition	BCD-7.5%	BCD-2.5%
12	Vinyl Polyethylene Glycol (VPEG) for use in manufacture of Poly Carboxylate Ether, subject to actual user condition	BCD-10%	BCD-7.5%
13	Nylon mono filament yarn for use in monofilament long line system for Tuna fishing, subject to certain specified conditions	BCD-7. 5%	BCD-5%
14	Co-polymer coated MS tapes / stainless steel tapes for manufacture of specified telecommunication grade optical fibres or optical fibre cables, subject to actual user condition	BCD-NIL	BCD-10%
15	MgO coated cold rolled steel coils [7225 1990] for use in the manufacture of CRGO steel, subject to actual user condition	BCD-10%	BCD-5%
16	Hot Rolled Coils [7208] for use in the manufacture of welded tubes and pipe falling under heading 7305 or 7306, subject to actual user condition	BCD-12.5%	BCD-10%
17	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors, subject to actual user condition.	BCD-7.5%	BCD-5%
18	Solar tempered glass for use in the manufacture of solar cells /panels/ modules	BCD-5%	BCD-NIL

19	Parts/raw materials for use in the manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to user condition	CVD – 12.5%	CVD – 6%
20	Resin and catalyst for use in the manufacture of cast components for Wind Operated Energy Generators [WOEG], subject to actual user condition	BCD – 7.5% CVD – 12.5% SAD – 4%	BCD – 5% CVD – Nil SAD – Nil
21	Membrane Sheet and Tricot / Spacer for use in the manufacture of RO membrane element for household type filters, subject to actual user condition	CVD – 12.5%	CVD – 6%
22	Cashew nut, roasted, salted or roasted and salted	BCD – 30%	BCD – 45%
23	Populated Printed Circuit Boards (PCBs) for use in the manufacture of mobile phones, subject to actual user condition	SAD – Nil	SAD – 2%
24	RO membrane element for household type filters	BCD – 7.5%	BCD – 10%
25	a) Miniaturized POS card reader for m-POS (not including mobile phones or tablet computer), b) Micro ATM as per standards version 1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner	Applicable BCD, CVD SAD	BCD – Nil CVD – Nil SAD – Nil

26	Parts and components for manufacture of: a) miniaturized POS card reader for m-POS (not including mobile phones or tablet computer), b) micro ATM as per standards version 1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner	Applicable BCD, CVD SAD	BCD – Nil CVD – Nil SAD – Nil
27	Other aluminum ores, including laterite	Export Duty - Nil	Export Duty -15%
28	De-minimis customs duties exemption limit for goods imported through parcels, packets and letters	Duty payable not exceeding Rs.100 per consignment	CIF value not exceeding Rs.1000 per Consignment
29	Limit of duty free import of eligible items for manufacture of leather footwear or synthetic footwear or other leather products for use in the manufacture of said goods for export	3% of FOB value of said goods exported during the preceding financial year	5% of FOB financial year value of said Goods exported during the preceding financial year
30	Silver medallion, silver coins, having silver content not below 99.9%, semi manufactured form of silver and articles of silver	CVD- NIL	CVD – 12.5%
31	Other aluminum ores and concentrates	Rate of Duty – Nil	Rate of Duty – 30%

- ✚ To define a beneficial owner as any person on whose behalf the goods are being imported or exported or who exercise effective control over the goods being imported or exported.
- ✚ Fees for application for advance ruling is proposed to be increase from Rs.2500/- to Rs.10,000/- (Sec. 28H (3))
- ✚ It mandatory to file the bill of entry before the end of the next day following the day on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing.

The facility of storage under section 49 is extending to imported goods entered for warehousing before their removal.

INDIAN ACCOUNTING STANDARDS

Adjustment in book profit for computation of MAT other than adjustment already specified u/s 115 JB, in case of first time adoption of IND-AS and Account Prepared under IND As are as under;

Sr. No.	Items	Adjustments arising on account of transition to Ind AS recorded directly in other equity in case of First time adoption	Account Prepared under IND As
1	Adjustments recorded in other comprehensive income and subsequently reclassified to the profit & Loss.	included in book profits in the year in which these are reclassified to the profit and loss	Not Applicable
2	Adjustments recorded in other comprehensive income and which would never be subsequently reclassified to the profit and loss.		
A	Changes in revaluation surplus of Property, Plant & Equipment and Intangible assets (Ind AS 16 and Ind AS 38)	To be included in book profits at the time of realisation/ disposal/ retirement or otherwise transferred.	
B	Gains and losses from investments in equity instruments designated at fair value through other comprehensive income (Ind AS 109)	To be included in book profits at the time of realisation/ disposal/ retirement or otherwise transferred.	
C	Re-measurements of defined benefit plans (Ind AS 19)	To be included in book profits equally over a period of five years starting from the year of first time adoption of Ind AS.	To be included in book profit every year as the re-measurements gains and losses arise.
D	Any other item	To be included in book profits equally over a period of five years starting from the year of first time adoption of Ind AS.	To be included in book profit every year as the gains and losses arise.
3	All other adjustments recorded in Reserves and Surplus (excluding Capital Reserve and Securities Premium Reserve)		
A	Never subsequently be reclassified to the profit and loss account	Included in the book profits, equally over a period of five years starting from the year of first time adoption of Ind AS	Not Applicable
B	Fair value in its opening Ind AS Balance sheet as deemed cost for an item of PPE or an intangible asset	In case of revaluation of assets, any impact on account of such revaluation shall be ignored for	Not Applicable

Sr. No.	Items	Adjustments arising on account of transition to Ind AS recorded directly in other equity in case of First time adoption	Account Prepared under IND As
		the purposes of computation of book profits.	
C	Adjustments in retained earnings on first time adoption with respect to items of PPE and Intangible assets	<ul style="list-style-type: none"> ➤ Ignored for the purposes of computation of book profits. ➤ Depreciation shall be computed ignoring the amount of aforesaid retained earnings adjustment. ➤ Similarly, gain/loss on realization / disposal/retirement of such assets computed ignoring the aforesaid retained earnings adjustment. 	Not Applicable
D	fair value in its opening Ind AS Balance Sheet as deemed cost for investment in a subsidiary, joint venture or associate in its separate financial statements	Adjustment shall be included in the book profit at the time of realisation of such investment.	Not Applicable
E	Cumulative translation differences on the date of transition which have been transferred to retained earnings	included in the book profits at the time of disposal of foreign operations	Not Applicable
4	Other adjustments to retained earnings at the time of transition	included in book profits, equally over a period of five years starting from the year of first time adoption of Ind AS.	Not Applicable

Note : The period of five years proposed above shall be previous years 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21.

Base Erosion Profit Sharing (BEPS)

The Introduction of the BEPS and restricted interest payments (30% of EBIDTA) to associated enterprise being allowable vide section 94B is aimed at addressing thin capitalization and shift of profits.

The exclusion of payments made by Companies to specified persons listed u/s 40(A)(2)(b) from the rigours of Specified Domestic Transfer Pricing will go a long way in reducing unnecessary paperwork.

There were several interpretation issues arising between the Double Tax avoidance Agreements and the India Income Tax Act on certain terms used. The amendments to Section 90 and 90A clarifying that the DTAA would prevail is an affirmative stand and will go a long way in enhancing credibility amongst foreign investors.

The point and chargeability of taxation in case of Joint development agreements being moved to certificate of completion by the competent authority will ease the cash flow burden arising from taxation to realtors. Corresponding clarifications in Rule 2A of Service Tax Rules 2006 about exclusion of certain land and asset values from the "value of service" in SRA and development projects has cleared another matter which has been litigated by realtor developers.

The Authority for Advance Rulings being merged between Income Tax, Central Excise, Customs and Service tax will ensure that there will be certainty to foreign investors about all tax (direct and indirect) liabilities on transactions for which these have been sought. A unique and maiden approach for ensuring that Customs and Income tax will try to arrive at common valuations for Transfer pricing and international transactions.

What one would have liked to see more would have been some more incentives for start ups and zero tax for first 3 years both under direct and indirect taxes, as these would have given a boost to the entrepreneurs and alike.

What one would not have liked to see are certain discretionary powers being granted under search cases like reasons not to be disclosed or certain powers of provisional attachments of assets of assesses which can be used as extremities.

All in all the comprehensive approach from foreign investors to realtors to start ups, to businesses with lesser than 50 crores of sales top salaried class being addressed is a reflection of a more defined fiscal regime in times to come and fewer litigations.

Transfer Pricing

Scope of section 92BA of the Income-tax Act relating to Specified Domestic Transactions

“CEOs, CMDs drawing more than 20 crores of Emoluments are no longer covered under the ambit of Specified Domestic Transfer Pricing Provisions”

With effect from 1st April, 2017, as a result of the amendment of section 92BA, all corporate CEOs who were drawing emoluments in excess 20 crores are now excluded from being reported as Specified Domestic Transactions as per the provisions u/s 92BA

As per the existing provisions of section 92BA, payments to “Specified persons” as referred to in section 40A(2)(b) are required to be disclosed as a Specified Domestic Transaction. A justification of the arms length was required to be undertaken by way of FAR Analysis. With the proposal in the Finance Bill 2017, the same shall not be covered u/s 92BA and hence not required to be disclosed in the Form 3CEB.

Finance Bill 2017, in order to reduce the compliance burden on domestic companies, has proposed to restrict the scope of Domestic Transfer Pricing whereby only if one of the entities involved in the Related Party Transaction enjoys Profit Linked Deduction, the transaction shall be covered under the scope of section 92BA. As a result, expenditure in respect of which payment has been made by the assessee to a person referred to under section 40A(2)(b) are to be excluded from the scope of section 92BA of the Act, thereby liberalizing the scope of Domestic Transfer Pricing.

Limitation of Interest Deduction

“Interest claimed by entities to its Associated Enterprise shall be restricted to 30% of its EBITDA or interest paid/payable whichever is lower”. In line with the recommendation of OECD BEPS Action Plan 4, to address the issue of base erosion and profit shifting by way of excess interest deductions by MNE’s, the Finance Bill 2017 proposes with effect from 1st April, 2018, to insert new section 94B, which restricts deduction towards interest paid to non- resident AE, provided the interest expenditure exceeds Rs. 1crore. The said disallowance shall be allowed to be carried forward for a period of 8 Assessment Years immediately succeeding the Assessment year in which the disallowance was first made. The provisions of the section 94B as proposed by the Finance Bill, 2017 shall be applicable to the Indian company, Indian PE of foreign entity or PE of a Non Resident whereas Banks and Insurance business, considering the nature for special nature of the business do not fall under the ambit of provisions of the proposed section.

Secondary Adjustment

“Where as a result of primary adjustment to the transfer price, excess money if not repatriated to India within the prescribed time, shall be deemed to be an Advance made to AE and interest shall be considered as income for the entity. ”

In order to align the transfer pricing provisions in line with OECD transfer pricing guidelines and international best practices, Finance Act, 2017 has proposed to insert a new section 92CE with effect from 1st April, 2018, to provide that the assessee shall be required to carry out secondary adjustment where the primary adjustment to transfer price, has been made, provided the amount of primary adjustment exceeds 1crore in certain cases as mentioned below:

- Suo motu adjustment by the assessee in his return of income;
- Adjustment made by the Assessing Officer has been accepted by the assessee;
- As determined by an advance pricing agreement;
- As per the safe harbour rules framed under section 92CB;
- Arising as a result of resolution of an assessment by way of the mutual agreement procedure

GST UPDATES

GST Updates:-

- ✚ The entire taxation base will be shared between the assessment and machinery of the Centre and the states.
- ✚ Those above turnover 1.5 crore would be assessed in the ratio of 50:50 between Centre and state.
- ✚ All assesses with GST turnover of Rs 1.5 crore or less, 90 per cent of them will be assessed by States & 10 per cent by administrative machinery of Centre.
- ✚ States will also be cross empowered on the ratio mentioned earlier.
- ✚ States will be empowered to collect tax in any economic activity in this decision.
- ✚ As far as the area of 12 nautical miles into the territorial waters is concerned, it is a part of the Union government territory but as per convention, the states will be empowered to collect tax on any economic activity in this territory.
- ✚ An alternative proposal made by a minister from Tamil Nadu. It was debated upon, improved and finally agreed upon.
- ✚ All the minister present agreed to the proposal except the West Bengal minister, who said that the division of assets to 90:10 to 100:10.
- ✚ The SGST and the CGST, the draft of those laws tentatively by the officers and will come up before the GST council by the 18th Feb.
- ✚ There was a broad view that the 1st of July appears to be more realistic since its transactional tax it can be introduced any time.

For further information please contact Chokshi & Chokshi LLP at:

Mumbai Corporate Office:

15/17 Raghavji 'B' Building, Ground Floor,
Raghavji Road, Gowalia Tank,
Off. Kemps Corner,
Mumbai – 400 036
Maharashtra, India.

BRANCHE

**PUNE
DELHI
BANGALORE
CHENNAI
KOLKATA**

**T: +91 (022) 2383 6900
F: +91 (022) 2383 6901
E: contact@chokshiandchokshi.com**

THANK YOU

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