



CONNECT

DIRECT TAX

News

Income tax Norms changed: Name of Father not mandatory for PAN

Central Board of Direct Taxes vide Notification No. 82/2018 dated 19th of November, 2018 has amended the Income

Tax Rules allowing to quote the mother's name where the PAN applicant has a single parent. The PAN application form has



been revised with the following words, " Whether mother is a single parent and you wish to apply for PAN by furnishing the name of your mother only?", thus removing the provisions of mandatory mentioning the father's name in such cases. The notification has also made it mandatory for entities that have made financial transactions worth Rs 2.5 lakh or more in a financial year to apply for a PAN card. The above amendments shall come into force with effect from 5th of December, 2018. [Source: ET]

ITAT ruling on premium earned on preference shares may benefit start-ups

In what could benefit many start-ups in the country, the Mumbai Bench of the Income Tax Appellate Tribunal (ITAT) has ruled that premium earned on allotment of preference shares by a loss-making entity cannot be taxed. The tribunal said the valuation of shares is not relevant for determining the genuineness of the transaction. The ruling, pertaining to Section 68 of the Income Tax Act, stated that the assessing officer (AO) can only verify the nature and source and not question the genuineness of the premium on allotment of preference shares. [Source: Business Line]

Notifications

Notification No. 79/2018: In exercise of the powers conferred by section 7 of the Prohibition of Benami Property Transactions Act, 1988 (45 of 1988), the Central Government hereby appoints an Adjudicating Authority at New Delhi to exercise jurisdiction, powers and authority conferred by or under the said Act. [Source: CBDT]

Notification No. 81/2018: In exercise of powers conferred by section 30 of the Prohibition of Benami Property Transactions Act, 1988 (45 of 1988), the Central Government hereby establishes an Appellate Tribunal at New Delhi to hear appeals against the orders of the Adjudicating Authority under the said Act. [Source: CBDT]

Case Laws

Council of ICAI vs. Gurvinder Singh – Supreme Court [2018 (11) TMI 1163]

Professional Misconduct by CA

A Chartered Accountant can be held guilty of professional misconduct even when he is acting as an individual in commercial dealings and is not acting as a CA nor discharging any function in relation to his practice as a Chartered Accountant. Under the CA Act, any action which brings disrepute to the profession or the Institute is misconduct whether or not related to professional work.

Concept Communication Ltd vs. DCIT - ITAT Mumbai [2018 (12) TMI 110]

Addition cannot be made merely on the basis of statements recorded during search, without having corroborative evidence.

A statement recorded u/s 133A under fear/coercion cannot be relied upon by the AO if it is not corroborated by documentary evidence. The assessee is entitled to retract such statement. The AO is bound to give the assessee an opportunity to controvert evidence and cross examine the evidence on which the department places its reliance. A failure in providing the same can result in the order being a nullity.

Midas Polymer Compounds vs. ACIT - ITAT Cochin [2018 (6) TMI 1536]

Condonation of delay to meet the substantial justice cannot be regarded as excessive or inordinate.

Delay of 2819 days in filing the appeal caused by the fault of CA/ Counsel has to be condoned. the expression "sufficient cause" should be interpreted to advance substantial justice. If there is "sufficient cause", the period of delay cannot be regarded as excessive or inordinate.

Anubhav Jain vs. ITO - ITAT Delhi [2018 (11) TMI 1487]

Addition merely on the basis of statement of third party without giving opportunity to cross examine is against the natural justice.

Reliance by the AO on statements of third parties without giving the assessee an opportunity of cross-examination is a gross failure of the principles of natural justice and renders the assessment order a nullity.

DCIT vs. Piramal Realty Pvt. Ltd - ITAT Mumbai [ITA No. 2317/Mum/2017]

AO has no jurisdiction to determine whether the share premium is reasonable or not

If the evidence in the form of audited accounts, ROC Form 2 & ROC Form 20B shows the 'nature' of receipt to be share premium, it has to be taken to be so. If the Department wants to contend that what is apparent is not real, the onus is on it to prove that it was the assessee's own money which was routed through a third party. Section 68 does not (before & after the 2012 amendment) envisage the valuation of share premium. Consequently, the AO has no jurisdiction to determine whether the share premium is reasonable or not.

DCIT vs. Hemant Mansukhlal Pandya - ITAT Mumbai [2018 (11) TMI 949]

NRIs don't need to reveal details of foreign bank accounts, assets to Indian Tax Dept.

Non-residents are not required to disclose their foreign bank accounts and assets to Indian income-tax authorities.

- The assessee cannot be asked to prove the negative that the credits found in Bank is not sourced out of income derived from India.
- The Government never intended to tax foreign accounts of non residents.
- Mere holding of an account outside India does not have led to the conclusion that the amount is tax evaded

PCIT vs. Shodiman Investments Pvt. Ltd - Bombay High Court [2018 (4) TMI 1287]

Reopening of Assessment u/s 147 on borrowed satisfaction is invalid.

The AO can reopen the assessment for "whatever reason" is preposterous. The AO cannot reopen on the basis of info received from DIT(Investigation) that a particular entity has entered into suspicious transactions without linking it to the assessee having indulged in activity which could give rise to reason to believe that income has escaped assessment. Such reopening amounts to a fishing inquiry. The AO has to apply his mind to the information received by him from the DDIT (Inv.) and cannot act on on borrowed satisfaction.

GOODS AND SERVICE TAX

National Anti-Profitteering Authority Order amounting to Rs. 7.49 Cr.

National Anti-Profitteering Authority(NAA) issue orders against M/sHardcastle restaurants P Ltd (Mcdonald) for charging more than than he could have by issuing incorrect invoice post reduction of GST from 18% to 5%. Amount of profiteering determined at Rs.7.49 crore. Company directed to reduce the prices accordingly.[Source: CBIC]

Improvements in e-way bill generation

Checking of duplicate generation of e-way bills based on same invoice number. If the consignor/transporter/consignee has generated one e-way bill on the particular invoice, then any of them will not be allowed to generate one more e-way bill on the same invoice number.

[Source: CBIC]

TDS not applicable for supply from PSU to PSU

Notification No. 50/2018-Central Tax, dated the 13th September, 2018 amended; Following Proviso inserted. "Provided further that nothing in this notification shall apply to the supply of goods or services or both from a public sector undertaking to another public sector undertaking, whether or not a distinct person, with effect from the 1st day of October, 2018."

[Source: CBIC]

Goods can be impounded for lapses under GST, says Kerala High Court

Authorities impounded a car being sent by a dealer from Puducherry to Thiruvananthapuram for personal use of his customer without an e-way bill. It has to be generated if goods worth more than Rs 50,000 are transported, but is not applicable on goods for personal consumption. The matter went



to the Kerala high court. The court said the vehicle could be impounded for lapses under the GST laws. But,

the litigant is free to press for his arguments that it was for personal use through adjudication. However, he will have to prove the car being transported stand exempted from the rigours of the GST regime. [Source: Business Standard]

Toll reimbursements attract GST, says West Bengal AAR

Reimbursement of toll charges will attract Goods and Services Tax (GST), according to the West Bengal Authority for Advance Rulings (AAR). While there is no GST on toll, but when someone pays toll and recovers it from a company or dealer as a part of services, such reimbursement will be a part

of the value of supply and hence liable to GST, according to an order by West Bengal AAR in the matter involving applicant Premier Vigilance & Security Pvt Ltd. [Source: Business Line]

CUSTOMS

50 Indian items face heat as US revokes duty-free privileges on import of 90 products

The US revoked duty-free concessions on import of at least 50 Indian products, mostly from handloom and agriculture sectors. The federal register issued a notification, listing out 90 products which were so far subject to duty-free provisions under the Generalized System of Preferences (GSP). Some of them are dried pigeon pea seed; areca nuts, fresh or dried, in shell; turpentine gum; mangoes, prepared or preserved by vinegar or acetic acid; sandstone, merely cut into blocks or slabs of a rectangular (including square) shape; tin chlorides; barium chlorides; salts and esters of tartaric acid, neso; and trimethylphosphite. [Source: ET]

India to impose anti-dumping duty on uncoated paper import from 3 countries



India may impose anti-dumping duty on certain kinds of uncoated paper from Indonesia, Thailand and Singapore for three years to protect

interest of domestic companies against cheap shipments. The commerce ministry's investigation arm directorate general of trade remedies (DGTR) has recommended the duty after establishing in its probe that the dumping of uncoated paper from these countries are having impact on domestic players. The West Coast Paper Mills, Tamil Nadu Newsprint, Papers Ltd, Ballarpur Industries and JK Paper had filed an application before the directorate for initiation of the anti-dumping investigation. [Source: Millennium Post]

REAL ESTATE REGULATION & DEVELOPMENT ACT

Complainant: M/s Investors Home Solutions Pvt. Ltd. V/s

Respondent: M/s Emaar MGF Land Ltd.

Penalty Proceedings under Section 59 of RERA in case the Occupancy Certificate is incomplete.

The Haryana Real Estate Regulatory Authority pronounced a Judgment on 20.11.2018 with reference to Occupancy Certificate issued by DTCP, Haryana. The application filed by the respondent for seeking Occupancy Certificate was incomplete and accordingly the registration branch was directed to initiate penalty proceedings under

Section 59 of Real Estate (Regulation and Development) Act, 2016, for violation of Section 3(1) of the Act. The respondent is also directed to pay prescribed rate of interest @ 10.75% to the complainant on account of delayed possession charges till the actual possession is handed over to the complainant within a period of 90 days of the order. [Source: Haryana RERA]

UP RERA issues show-cause notices to 12 Noida builders for fund diversion

The Uttar Pradesh Real Estate Regulatory Authority (UP-Rera) issued show-cause notices to as many as 12 developers who have been found to have diverted homebuyer's money meant for completion of their housing projects in Noida and Greater Noida. The notices were slapped on these developers on the basis of a forensic audit by Currie and Brown (C&B). The Authority has asked for full financial disclosure from these 12 builders. [Source: UP RERA]

FINANCE AND MONEY MARKETS

FPIs infuse Rs 4,800 crore in just five trading sessions on cooling crude prices

Foreign investors have pumped in nearly Rs 4,800 crore into the Indian capital markets in the last five trading sessions, after pulling out hefty funds in October, amid cooling global crude oil prices and rising rupee. [Source: business today]

BANKING

HSBC executes India's first blockchain pay

In a first for India, British banking major HSBC has executed a trade finance transaction involving an export by Reliance Industries (RIL) to an American client using block chain, which massively reduced the time taken for processing the documents. The blockchain - enabled letter of credit (LoC) transaction facilitated a shipment between Reliance and US-based Tricon Energy, a joint statement issued by HSBC India and RIL said. [Source: TOI]

SBI hikes FD rates by 5-10 bps

Just a week before the central bank's monetary policy review, the State Bank of India (SBI) increased fixed deposits (FD) rates by 5-10 basis points (bps) for various tenors. The new rates will be applicable from November 28, 2018 and for FDs below Rs 1 crore. Post this hike, FDs with a tenor of one year but less than two years will fetch 6.8 per cent up from 6.7 per cent - a hike of 10 bps. Similarly, the interest rate on 2-3 year FDs has been increased by 5 bps to 6.80 per cent from 6.80 per cent from 6.75 per cent. In all cases, senior citizens will earn 50 bps higher. [Source: ET]

RBI eases liquidity squeeze for NBFCs, small businesses; relaxes ECB hedging guidelines

Amid persisting concerns in the government over a liquidity squeeze in the non-bank lenders (NBFC) segment and its adverse effect on the financing of

small businesses, the Reserve Bank of India announced further easing of the hedging norms for



external commercial borrowings (ECBs). According to a circular issued by the central bank, for ECBs of maturity period between three-five years, the mandatory hedging requirement will now be 70%, instead of 100%. Also, for such ECBs already raised, the existing hedges would be required to be rolled over only to the extent of 70% of the outstanding amount.

[Source: Financial Express]

RBI creates room for banks to lend more to NBFCs

In a move aimed at easing a liquidity crunch faced by non-bank lenders, the Reserve Bank of India (RBI) allowed banks to offer partial credit enhancement (PCE) to bonds issued by non-banking financial companies (NBFCs) and housing finance companies (HFCs), subject to certain conditions. The PCE enables an NBFC/HFC to improve its creditworthiness by securing a backing from a higher-rated entity (a bank, in this case). Though the RBI move is aimed at helping these firms to raise more resources from the market at lower rates, some banks remained skeptical of the scheme as it could increase their capital needs further.

[Source: Financial Express]

STARTUP FUNDING

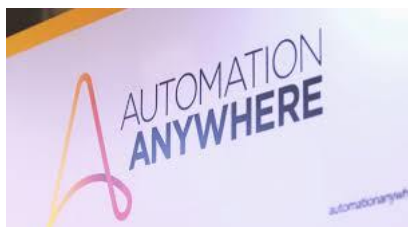
Verloop raises \$3 million from IDFC Parampara Fund, others

Verloop, a SaaS (software as a service) startup for customer engagement, raised \$3 million in Series A funding round led by IDFC Parampara Fund, according to a statement released by the company. The money will be used to enhance technology, which will leverage more customer engagement and expand the team, said company. Infosys co-founder Kris Gopalakrishnan, and Ranjan Pai, chairman, Manipal Education and Medical Group, also participated in the funding round.

[Source: Livemint]

Automation Anywhere raises \$300 million from SoftBank Vision Fund

Automation Anywhere, a provider of robotic process automation (RPA), said it has raised \$300 million (about Rs 2,154 crore) from the SoftBank Vision Fund. The funding is subject to regulatory approvals and satisfaction of other customary closing conditions and is an expansion to the company's series A



round announced in July. In July, Automation Anywhere had said it had raised \$250 million in funding, led by New Enterprise Associates and Goldman Sachs Growth Equity.

[Source: ET]

1,500 start-ups in Kerala bag \$38 million in 2017-18, thanks to government aid

Kerala start-ups have received funding of \$38 million in 2017-18, according to the Kerala Startup Ecosystem Report 2018. The report stated that the institutional funding, which stood at \$9.5 million in 2014, was increased to \$19.6 million in 2015. Since 2016, there has been a steady increase in the fund flow that came to \$15.72 million from the first six months.

[Source: Business Standard]

INSOLVENCY

Insolvency law help address Rs 3 lakh cr stressed assets in 2 years, says official

The insolvency law has helped in directly and indirectly addressing stressed assets worth Rs 3 lakh crore in the last two years, a senior government official said. More than 9,000 cases have come for redressal under the Insolvency and Bankruptcy Code (IBC), which became fully operational in December 2016. Corporate Affairs Secretary Injeti Srinivas said there has been a direct and indirect impact of the Code on stressed assets worth close to Rs 3 lakh crore.

[Source: Financial Express]

ABOUT SRNG

We provide vast variety of Business Advisory Services that are tailor made to suit each specific customer. What we do at SRNG is not unique but the way we do it, that's unique. Our services are similar to many other advisory firms, but our method and process of providing these services differentiates us from others. We work with the motto "Securing Sustainable Future by Working Together".

SERVICES WE OFFER

- Mergers & Acquisitions
- Capital & Stock Market
- Valuation Business Modeling
- ESOP & Sweat Equity
- Registration & Compliance Services
- Corporate Law Advisory

FOR SUBSCRIPTION OF NEWSLETTER AND REGULAR UPDATES, CONTACT:

📍: C-94, Lalkothi Scheme, Jaipur -15 (Raj.)

☎ : +91-9829555874

✉: info@srngadvisors.com

🌐: www.srngadvisors.com

DISCLAIMER: SRNG cannot guarantee that there will be no errors. SRNG makes no claims, promises or guarantees about the accuracy, completeness, or adequacy of the contents of the newsletter and expressly disclaims liability for errors and omissions in the contents of this newsletter. This newsletter is purely based on the public news and the same is not use as professional advice.