

India Budget



2017-18

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Foreword

The Finance Minister ('FM') presented Budget 2017-18 in an economic environment fraught with challenges of the recent demonetization exercise and weak investor sentiment, set amidst a VUCA world. Budget 2017-18 posed a daunting task for the FM requiring him to achieve an equilibrium between growth, job creation and fiscal prudence on one hand and popular expectations on the other.

Demonetization has caused short term disruption in the economy and has slowed down demand and consumption. The Gross Domestic Product ('GDP') growth forecast for FY 2016-17 is reduced to 7.1% as against the earlier estimate of 7.6%. The impact of demonetisation on the GDP is however, not expected to spill over to the next year and coupled with the roll out of GST, it is expected to give a fillip to the GDP growth in the long run. The Wholesale Price Index ('WPI') has reversed from negative 5.1% to 3.4% while the Consumer Price Inflation ('CPI') has declined from 6% in July 2016 to 3.4% in December 2016. The Current Account Deficit has declined from 1% of GDP in FY 2015-16 to 0.3% of GDP in the first half of FY 2016-17.

Overall, the Indian economy stands out as a beacon in the global economic scenario and is expected to be one of the fastest growing major economies in 2017.

Aside from the landmark event of demonetisation, the past year saw several measures aimed at countering the menace of black money and tax evasion such as amendments to DTAA's, signing of the Automatic Exchange of Information agreement with Switzerland, implementation of GST tentatively from 1 July 2017, implementation

of GAAR from 1 April 2017, introduction of the Real Estate Regulatory Act, 2016, the Benami Transactions (Prohibition) Amendment Act, 2016 and the Insolvency and Bankruptcy Code, 2016.

Budget 2017-18 focuses on infrastructure, agriculture, rural development and housing in order to bolster growth through job creation and elimination of black money, which in turn will 'change the colour of money'. The FM outlined the Budget proposals under 'Transform, Energise and Clean India' ('TEC India') agenda for the next year.

Some of the welcome proposals include greater transparency in electoral funding, policy proposals to incentivise digital transactions, financial sector reforms, labour law reforms, ease of doing business, reduction in the rate of tax for MSMEs, marginal reduction in the slab rates for lower income individuals and clarification relating to indirect transfer of assets by FII's.

In the FM's words, the Government now has its task cut out to improve upon the fiscal numbers by focusing on the quality of expenditure, higher tax realisation and effective implementation of the various Budget proposals.

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Key policy announcements



Key policy announcements

Budget 2017-18 is founded on 10 themes to foster the agenda of 'Transform, Energise and Clean' India ('TEC India'). This section summarizes significant policy proposals announced in the Budget.

➤ *Financial sector*

- In order to improve ease of doing business, the process of registration of financial market intermediaries such as mutual funds, brokers and portfolio managers will be made online.
- With a view to enhance operational flexibility and ease of access to Indian capital markets, a common application form will be introduced for registration, opening of bank accounts and demat accounts and issue of Permanent Account number ('PAN') for FIIs and FPIs.
- The commodities and securities derivative markets will be further integrated by integrating the participants, brokers and operational frameworks. An expert committee will be constituted to study and promote the creation of an operational and legal framework to integrate spot markets and derivatives markets for commodities trading.
- An amount of INR 100 billion (~USD 1,500 million) will be provided for recapitalisation of banks.
- Individual demat accounts will be linked with Aadhar.

- Systematically important NBFCs regulated by RBI and above a certain net worth will be categorised as Qualified Institutional Buyers, thereby making them eligible for participation in IPOs with specifically earmarked allocations. This will help to strengthen the Initial Public Offering ('IPO') market and channelize more investments.
- Listing and trading of security receipts issued by a securitisation company or a reconstruction company under the SARFAESI Act will be permitted in SEBI registered stock exchanges. This will enhance capital flow into the securitisation industry and will help to deal with bank NPAs.

➤ **Foreign investment**

- The Foreign Investment and Promotion Board ('FIPB') is to be abolished in FY 2017-18 and the roadmap in this regard to be announced in the next few months.
- Further liberalisation of the Foreign Direct Investment ('FDI') policy is under consideration and announcements in this regard will be made in due course.

➤ **Digital economy**

- Two new schemes viz. Referral Bonus scheme and Cashback scheme for merchants are to be launched to promote the usage of BHIM ('Bharat Interface for Money') app.

- Aadhar Pay, a merchant version of Aadhar Enabled Payment System is to be launched shortly.
- Digital payment infrastructure and grievance handling mechanisms will be strengthened.
- A proposal to mandate all Government receipts exceeding a certain amount through digital means is being considered.
- Amendment is to be made in the Negotiable Instruments Act, 1881 to ensure that the payees of dishonoured cheques are able to realise the payments.

➤ ***Labour law reforms***

- Legislative reforms are to be undertaken to simplify, rationalise and amalgamate the existing labour laws into four codes – wages, industrial relations, social security and welfare and safety and working conditions.

➤ ***Railways and infrastructure***

- For passenger safety, a Rashtriya Rail Sanraksha Kosh will be created with a corpus of INR 1 trillion (~USD 15 billion) over a period of 5 years.
- About 7,000 stations with solar power are to be created in the medium term.
- A single window interface, 'Coach Mitra' facility to register all coach related complaints and requirements will be introduced.

- A new Metro Rail Policy will be introduced with a focus on innovative models of implementation and financing, as well as standardisation and indigenisation of hardware and software. A new Metro Rail Act will be introduced for greater private participation and investment in construction and operation.
- Shares of Railway PSEs like Indian Railways Catering and Tourism Corporation ('IRCTC'), Indian Railway Finance Corporation ('IRFC') and IRCON International Ltd ('IRCON') will be listed on stock exchanges.
- Select airports in Tier 2 cities will be taken up for operation and maintenance in the PPP mode. Airport Authority of India Act will be amended to enable effective monetisation of land assets. The resources, so raised, will be utilised for airport upgradation.
- 100% electrification of villages is to be achieved by May 2018.

➤ **Housing**

- It is proposed to complete 10 million houses by 2019.
- To facilitate higher investment in affordable housing, the status of infrastructure will be given to housing projects subject to certain conditions, thereby enabling such projects to avail the associated benefits.

➤ ***Agriculture, farmers' welfare and rural development***

- State governments will consider amendments in the Agriculture Produce Market Committee ('APMC') Act to denotify perishable items.
- A model law on contract farming will be prepared and circulated among the States for eventual adoption.
- A target of INR 1 trillion (~USD 15 billion) has been fixed for agricultural credit.
- Additional amount of INR 200 billion (~USD 3 billion) will be earmarked for a Long Term Irrigation Fund set up in National Bank for Agriculture and Rural Development ('NABARD').
- A dedicated Micro Irrigation Fund with an initial corpus of INR 50 billion (~USD 750 million) will be set up in NABARD to achieve the goal, 'per drop more crop'.
- A Dairy Processing and Infrastructure Development Fund would be set up in NABARD to develop infrastructure for milk processing units.

Key tax proposals



Direct tax

Direct tax

This section summarises the significant direct tax proposals announced in Budget 2017-18. These proposals are subject to enactment of the Finance Bill, 2017. Further, the direct tax proposals in the Finance Bill, 2017 are effective from FY 2017-18 unless otherwise specifically stated. References to sections are to sections in the Income-tax Act, 1961 ('the I.T. Act') unless otherwise stated.

➤ **Tax rates**

- Education Cess ('EC') @ 2% & Secondary & Higher Education Cess ('SHEC') @ 1% remains unchanged. Surcharge @ 15% on Total Income exceeding INR 10 million in case of Individual/Hindu Undivided Family ('HUF')/Association of Persons ('AOP')/Body of Individuals ('BOI')/Artificial Juridical Person ('AJP') remains unchanged.
- The rate of tax for income in the slab of INR 250,001 (~USD 3,750) to INR 500,000 (~USD 7,500) is proposed to be reduced from 10% to 5%.
- It is proposed to levy a surcharge at 10% where the total income is between INR 5 million (~ USD 75,000) and INR 10 million (~ USD 150,000).

- The tax rate structure as proposed for FY 2017-18 is as under:
- Individual (below 60 years of age)/HUF/AOP/BOI/AJP

Existing Net Income Range (In INR)	Existing Tax Rate	Proposed Tax Rate	Proposed Surcharge
0 – 250,000 (*)	NIL	NIL	NIL
250,001 – 500,000	10%	5%	NIL
500,001 – 1,000,000	20%	20%	NIL
1,000,001 – 5,000,000	30%	30%	NIL
5,000,001 – 10,000,000	30%	30%	10%
> 10,000,000	30%	30%	15%

* For resident individuals whose age is 60 years or above but below 80 years, the basic exemption limit is INR 300,000 (~USD 4500) instead of INR 250,000 (~USD 3750). Similarly, for resident individuals whose age is 80 years or above, the basic exemption limit is INR 500,000 (~USD 7,500).

Rebate under Section 87A is proposed to be reduced from existing INR 5,000 (~USD 75) to INR 2,500 (~USD 37) and will be available only to resident individuals whose total income does not exceed INR 350,000(~USD 5200) instead of the earlier limit of INR 500,000(~USD 7,500).

- Firms including Limited Liability Partnership ('LLP')
 - No change proposed in the basic rates of tax, surcharge and EC.
- Domestic companies
 - The rates of tax will be as under:
 - If the total turnover or gross receipts of FY 2015-16 does not exceed INR 500 million (~ USD 7.5 million), the rate of tax shall be 25% and in other cases 30%.
 - No change proposed in the rates of surcharge and education cess.
- Foreign companies
 - No change proposed in the rates of tax, surcharge and education cess.

➤ ***Provisions relating to non-residents***

■ **Indirect transfer of assets [Section 9]**

- It is proposed to clarify that the provisions relating to indirect transfer of assets shall not apply to the transfer of an asset or a capital asset held by a non-resident, directly or indirectly in a Foreign Institutional Investor ('FII') notified by the Central Government and registered as a Category I or Category II Foreign Portfolio Investor ('FPI') with SEBI.
- This clarification will help to alleviate the concerns of investors in FIIs/FPIs and is welcome.
- The proposed amendment is effective from 1 April 2011 i.e. from the year in which the provisions relating to indirect transfer of assets were introduced.

■ **Special taxation regime for offshore funds [Section 9A]**

- Currently, eligible offshore investment funds carrying out fund management activities in India through an eligible fund manager are neither considered as resident in India nor constituting a business connection in India, subject to the fulfilment of certain conditions.
- One of the specified conditions in this regard is the requirement of maintaining the monthly average of the corpus of the fund at a minimum of INR 1 billion (~USD 15 million).

- It is proposed to do away with this requirement in the year in which the fund is wound up.
- The proposed amendment is effective from 1 April 2015 i.e. from the year in which the special taxation regime for offshore funds was introduced.
- **Interpretation of terms used in agreements entered into under section 90 and section 90A**
 - It is proposed to clarify that where any term used in an agreement entered into between the Government of India and the Government of any other country under section 90 or section 90A is defined in the said agreement, then the term shall be assigned the meaning as provided in the agreement.
 - If the term is not defined in the agreement under section 90 or section 90A, then the term shall be assigned the meaning as defined in the I.T. Act or in any other explanation issued by the Central Government.
 - This amendment seeks to reverse the ratio laid down by the Andhra Pradesh High Court in the case of Sanofi Pasteur Holding SA vs. Department of Revenue (354 ITR 316) wherein it was held by the Hon'ble High Court that unless the context otherwise requires, it would be impermissible to construe a particular expression which was not defined in the DTAA by ascribing to it the meaning drawn from the definition of the term in accordance with the domestic law.

➤ ***Provisions relating to Transfer pricing***

■ **Scope of Specified Domestic Transactions narrowed [Section 92BA]**

- In order to reduce the compliance burden on a taxpayer any expenditure in respect of which a payment has been made by the taxpayer to a person referred to in under section 40A(2)(b) is proposed to be excluded from the ambit of Specified Domestic Transactions and Transfer Pricing provisions.
- The proposed amendment is effective from 1 April 2016.

■ **Secondary adjustments in Transfer Pricing cases [Section 92CE]**

- In order to align Transfer Pricing provisions to OECD transfer pricing guidelines and international best practices, a new section 92CE is proposed, which provides that the taxpayer shall be required to carry out secondary adjustment where the primary adjustment has been made in any of the following cases:
 - suo motu by the taxpayer in his return of income;
 - made by the tax authority and has been accepted by the taxpayer;
 - is determined by an advance pricing agreement entered into by the taxpayer under section 92CC;

- is made as per the safe harbour rules framed under section 92CB.
- is arising from an assessment under a mutual agreement procedure under an agreement entered into under section 90 or 90A
- It is proposed that where due to a primary adjustment to the transfer price, there is an increase in total income or reduction in the loss, to the taxpayer, the excess funds which are available with its Associated Enterprise ('AE'), if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the taxpayer to such AE and the interest on such advance, shall be computed as the income of the taxpayer.
- Secondary adjustment would not be carried out if:
 - the amount of primary adjustment made in the case of a taxpayer in any FY does not exceed INR 10 million (~USD 150,000); and
 - the primary adjustment is made in respect of FYs prior to FY 2016-17.
- In the absence of such a provision earlier, a secondary adjustment has not been granted in the case of PMP Auto Components Pvt. Ltd. vs. DCIT (50 taxmann.com 272) (Mum ITAT).

- Practical difficulties in carrying out such secondary adjustments by AE, due to time lags in primary adjustments, different accounting periods of AE and imposition of secondary adjustment on the AE by the taxpayer are envisaged and the proposals are silent on these aspects.
- **Limitation of interest deduction in certain cases [Section 94B]**
 - A new section 94B, in line with the recommendations of OECD BEPS Action Plan 4, is proposed to be introduced to provide that interest expenses claimed by an entity to its AEs shall be restricted to 30% of its Earnings Before Interest, Taxes, Depreciation and Amortization ('EBITDA') or interest paid or payable to associated enterprise, whichever is less.
 - The above section will be applicable to an Indian company or a Permanent Establishment ('PE') of a foreign company which pays interest exceeding INR 10 million (~ USD 150,000) in respect of any form of debt issued to a non-resident or to a PE of a non-resident and which is an 'AE' of the borrower.
 - Further, the debt shall be deemed to be issued by an AE where it provides an implicit or explicit guarantee to the lender or deposits a corresponding and matching amount of funds with the lender.
 - Carry forward of such disallowed interest expense for eight FYs immediately succeeding the FY for which the disallowance was first made and deduction against the income computed under the head 'Profits and Gains of Business or Profession' to the extent of maximum allowable interest expenditure will be permitted.

- Banking and Insurance business is proposed to be excluded from the ambit of the said provisions.
- Considering that section 94B starts with the term 'non-obstante', it will override the provisions of section 72 dealing with carry forward of losses.
- In absence of such a provision earlier, there has been no limitation of interest deduction in case of DIT vs. Besix Kier Dabhol SA (ITA No. 776 of 2011) (Mum ITAT).

➤ ***MAT and AMT credit [Section 115JAA/115JD]***

- MAT/AMT credit is now proposed to be carried forward for 15 years instead of the present limit of 10 years.
- No MAT/AMT credit will be allowed if it relates to the difference between Foreign Tax Credit ('FTC') allowed against MAT/AMT and FTC allowable against the tax computed under regular provisions of the Act.

➤ ***Rationalisation of MAT calculation in line with first time adoption of Ind AS [Section 115JB]***

- As Indian Accounting Standards ('Ind AS') are required to be adopted by certain companies for financial year 2016-17 mandatorily, it is proposed to introduce, the provisions for computation of book profit for the purpose of minimum alternate tax in case of Ind AS compliant financial statements and in the case of companies adopting Ind AS regime for the first time.
- The transition from Indian Generally Accepted Accounting Principles ('GAAP') to Ind AS would take effect from 1 April 2016.
- The proposed amendment will be effective from 1 April 2016.

➤ ***Increase in deduction in respect of provision for bad and doubtful debts [Section 36(1)(viiia)]***

- Specified banks (other than NBFCs) are allowed to claim deduction upto 7.5% of total income. (apart from 10% of aggregate average advance made by rural branches) of such banks. The aforesaid limit of 7.5% is proposed to be increased to 8.5% of total income.

➤ ***Disincentives for cash transactions***

In order to promote digital transactions with a view to transition towards a 'less cash' economy and to tackle the issue of growing black money, several amendments are proposed.

- **Restrictions on deduction for capital expenditure incurred in cash [Section 35AD]**
 - It is proposed that the deduction under section 35AD for capital expenditure incurred in a specified business shall not be available for cash payment(s) made to a person in one day exceeding INR 10,000 (~USD 150) in the aggregate.
- **Exclusion of cash expenditure in determining cost of assets [Section 43]**
 - It is proposed to amend the definition of cost of an asset under section 43 to exclude any cash payments made to a person in one day exceeding INR 10,000 (~USD 150) in the aggregate.
 - This amendment would result in non-availability of depreciation in respect of assets purchased in cash exceeding the specified limit.
- **Expenses or payments not deductible in certain circumstances [Section 40A(3)]**
 - At present, any expenditure exceeding INR 20,000 (~USD 300) incurred in cash is disallowed. It is proposed to lower this limit to INR 10,000 (~USD 150) and also to permit payments made electronically.

■ **Reduction in the amount of cash donations eligible for deduction [Section 80G]**

- It is proposed that a deduction shall be allowed for cash donations only upto an amount of INR 2,000 (~USD 30) as against the existing limit of INR 10,000 (~USD 150).

■ **Restrictions on accepting cash payments [New section 269ST]**

- It is proposed to introduce a new section to prohibit the receipt of amount (s) in cash of INR 300,000 (~USD 4,500) or more from a person in one day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person.
- The above restriction will not be applicable to amounts received by the Government or a bank or a post office savings bank or a co-operative bank.
- Further, the above provision will also not apply to loans or deposits, since the provisions in that respect are already covered in section 269SS, where the threshold is INR 20,000 (~USD 300).
- Consequently, the provisions of section 206C(1D) relating to collection of tax at source on cash consideration exceeding INR 500,000 (~USD 7,400) for the sale of jewellery shall be deleted.
- The proposed amendment is effective from 1 April 2016.

- **Penalty for cash transactions [New section 271DA]**

- It is proposed to levy a 100% penalty of the amount received in contravention of the provisions of new section 269ST [i.e. cash receipts INR 300,000 (~USD 4,500) or more in the aggregate from a person in one day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person).
- No penalty shall be levied if the taxpayer is able to prove that there were good and sufficient reasons for the contravention.
- The proposed amendment is effective from 1 April 2016.

➤ ***Capital Gains***

- **Definition of Long term capital asset [Section 2(42A)]**

- To make the real estate sector more attractive for investments, it is proposed to reduce the holding period to qualify as long term capital asset, for land or buildings, from 36 months to 24 months.

■ **Shifting of base year for computation of capital gains [Section 55 and 48]**

- The year beginning on 1 April 2001 is proposed to be considered as the base year for arriving the indexed cost of acquisition for the purpose of computation of capital gains.
- The cost of acquisition in relation to any capital asset acquired before 1 April 2001 shall be the cost of acquisition of the asset to the taxpayer or the fair market value of such asset as on 1 April 2001 at the option of the taxpayer. Thereafter the actual cost of improvement incurred after 1 April 2001 only shall be considered for arriving at the indexed cost of acquisition.

■ **Computation of Capital Gains in case of joint development agreement [Section 45, 49 and 194IC]**

- New sub-section (5A) introduced in section 45 to minimise the ambiguity in the interpretation of meaning of 'transfer' as mentioned in section 2(47)(v) which has been a subject matter of litigation in the past before the Bombay High Court in case of Chaturbhuji Dwarkadas Kapadia vs. CIT (180 CTR 107).
- As per the amendment, in case of individual and HUFs entering into specified agreement for development of a project, capital gains arising from transfer of a capital asset being land or building or both will be taxable in the year in which certificate of completion for the whole or part of the project is issued by competent authority.

- The full value of consideration for the purpose of computation of such capital gains shall be total of the stamp duty value of the share of the taxpayer in the project being land or building or both on the date of issue of certificate of completion and the monetary consideration received, if any.
 - The benefit of the proposed regime shall not apply to a taxpayer if he transfers his share in the project to any other person on or before the date of issue of certificate of completion, in which case the taxpayer shall be liable to capital gains in the year in which such transfer takes place.
 - The cost of acquisition of share in the developed project in the hands of such taxpayer shall be the amount which is deemed as the full value of consideration.
 - It is proposed to insert section 194IC whereby tax at the rate of 10% shall be withheld from the monetary consideration payable under the specified agreement.
- **Conversion of preference shares to equity shares [Section 47, 49 and 2(42A)]**
- To provide tax neutrality on conversion of preference shares of a company into equity shares of that company, a new clause (xb) is proposed to be inserted in section 47 wherein the transfer by way of conversion shall not be regarded as ‘transfer’ for the purpose of capital gains.
 - The cost of acquisition of such converted equity shares shall be that part of the cost of preference shares in relation to which the equity shares are acquired by the taxpayer.

- The period of holding of the preference shares before conversion is to be included in the total period of holding of such converted equity shares.
- **Fair market value to be full value of consideration in certain cases [Section 50CA]**
 - In cases where the full value of consideration for transfer of shares of a company (other than quoted shares) is less than the Fair Market value ('FMV'), the FMV shall be deemed to be full value of consideration.
 - This may impact private equity investors who often sell stocks of closely held companies to other financial investors.
- **Expanding the scope of investment to claim exemption [Section 54EC]**
 - The scope of investment in certain specified bonds to claim exemption from long term capital gains up to INR 5 million (~USD 75,000) is proposed to be expanded to investment in any other bond notified by the Central Government which is redeemable after three years.

■ **Tax on certain long term equity shares or units [Section 10(38)]**

- At present, any income arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust is exempt from tax provided that such transaction is subject to Securities Transaction Tax ('STT').
- It is proposed that the above exemption shall not be granted in the case of equity shares in a company if the transaction of acquisition of such equity shares is entered into on or after 1 October 2004 without payment of STT.
- However, to protect the exemption for genuine cases where the STT could not have been paid, like acquisition of shares in IPO, Follow On Public Offering ('FPO'), bonus or right issue by a listed company, acquisition by non-residents in accordance with the FDI policy of the Government, etc., it is proposed to notify certain transfers for which the condition of chargeability to STT on acquisition of shares shall not be applicable.

➤ ***Tax on income from transfer of Carbon credits [Section 115BBG]***

- The matter relating to taxability of carbon credits has been litigated in many cases. Various High Courts and Tribunals have taken a view that the same is a capital receipt. However, the Ahmedabad Tribunal has held the sale of carbon credits to be revenue in nature. The matter is pending with the Supreme Court.

- It is now proposed to insert a new section for taxation of income from transfer of carbon credits at a concessional rate of 10% (plus surcharge and education cess) on the gross income.
- No expenditure or allowance in respect of such income shall be allowable as deduction.

➤ ***Consolidation of plans within a scheme of mutual fund [Section 2(42) and 49]***

- In the case of transfer of units in the consolidating plan of mutual fund:
 - the cost of acquisition of the units shall be deemed to be the cost of acquisition in the consolidated plan.
 - the period of holding shall include the period for which the units were held by the taxpayer in the consolidating plan.

➤ ***Extension of capital gains exemption to Rupee denominated Bonds [Section 47(viia)]***

- Transfer of a rupee-denominated bonds (issued by an Indian company outside India) held by a non-resident to another non-resident shall be exempt from capital gains.
- Any gains arising on account of forex appreciation of rupee-denominated bonds in the capital gains computation at the time of redemption, shall also be extended to secondary holders of such bonds.

➤ ***No notional income from House Property to be computed where the property is held as stock in trade [Section 23]***

- In case of real estate developers, where the house property consisting of any land and building is held as stock-in-trade, and is not let out during the whole or any part of the previous year, the annual value of such property is notionally taxable as 'Income from House Property'. The controversial judgements taxpayers have claimed that as the property has been held as stock in trade, it would be taxable under the head 'Business Income' at nil value.
- It is now proposed to provide relief from such notional taxability for the period upto 1 year from the end of the FY in which the certificate of completion of construction of the property is obtained.
- The proposed amendment partly overrules the decision of Delhi High Court in the case of CIT vs. Ansal Housing Finance and Leasing Co. Ltd. (354 ITR 180) where it has been held that the notional Annual Value of closing stock of flats/apartments is liable to be assessed as "income from house property" because the real estate developer is owner of such flats/apartments.

➤ ***Restriction on set off of loss under the head 'Income from House Property' [Section 71]***

- It is proposed that any loss under the head 'Income from House Property' shall be set off against any other head of income as per section 71 only to the extent of INR 200,000 (~USD 3000) in the same FY.

- Resultant unabsorbed loss, if any, shall be allowed to be carried forward for set off in subsequent 8 FYs.

➤ ***Widening the scope of ‘Income from other sources’ [Section 56(2)(vii) and 56(2)(viia)]***

- It is proposed to insert a new clause (x) in section 56(2) to extend the provisions of section 56(2)(vii) relating to taxability of receipt of any sum of money exceeding INR 50,000 (~USD 750) or any movable or immovable property without consideration or for inadequate consideration (as defined) to all taxpayers; currently this provision is applicable only to individuals and HUFs, and to firms and companies only in respect of shares.
- It is also proposed to make a corresponding amendment in section 49 in determining cost of acquisition of an asset. Accordingly, where the value of any movable or immovable property has been subject to tax in accordance with the above amendment, the amount so offered to tax under section 56(2)(x) shall be considered as the cost of acquisition of the relevant asset.

➤ ***Amounts not deductible in computing Income from Other Sources [Section 58]***

- Currently, in computing income under the head ‘Income from Other Sources, no deduction is available for any payments to non-residents where tax was required to be deducted at source and has not been so deducted or after deduction has not been paid.

- It is proposed to extend a similar disallowance to payments made to residents as well, where tax as required has not been deducted or after deduction has not been paid.

➤ ***Tax on dividends [Section 115BBDA]***

- It is proposed to expand the scope of tax on dividends which was inserted by the Finance Act, 2016 and which was applicable only to resident individuals, HUFs and firms (including LLPs).
- Accordingly, it is proposed to tax dividends exceeding INR 1 million (~USD 15,000) in the aggregate, in the hands of all resident taxpayers except the following:
 - domestic companies
 - certain approved trusts, funds or institutions established for charitable or religious purposes
- Non-resident taxpayers continue to remain out of the ambit of this provision.
- The proposed amendment eliminates any scope for tax planning by corporates and their promoters by way of setting up an intermediary trust or AOPs.

➤ ***Withdrawal from National Pension Scheme ('NPS') [Section 10(12A)]***

- Currently, on closure of account or on opting out of the NPS, 40% of the total amount payable to the employee is exempt from tax.
- In order to provide further relief to employee it is proposed to exempt the withdrawal up to 25% of the contribution made by an employee in the case of partial withdrawal.

➤ ***Deduction for units established in Special Economic Zones [Section 10AA]***

- It is proposed to clarify that the deduction under section 10AA shall be allowed from the total income of the taxpayer (and not the total income of the undertaking) computed before giving effect to the provisions of section 10AA and shall not exceed the said total income.
- This amendment seeks to reverse the ratio of the Supreme Court in the decision of CIT vs. Yokogawa India Ltd (Civil Appeal No. 8498 of 2013) wherein the Hon'ble Supreme Court had held in the context of section 10A that the deduction should be allowed in the computation of total income of the undertaking.

➤ ***No deduction in respect of investment made under an equity savings scheme [Section 80CCG]***

- No deduction will be available in respect of new investment made in listed equity shares or units of equity oriented mutual funds as per the scheme from FY 2017-18.
- A taxpayer who had claimed deduction under this section for FY 2016-17 and earlier FYs will continue to be eligible to avail deduction under existing section 80CCG till FY 2018-19.

➤ ***Extending the period of claiming tax deduction and carry forward of loss for start-ups [Section 80IAC and 79]***

- 100% deduction of the profits is available to an eligible start-up, which has been incorporated after 31 March 2016 and before 1 April 2019 and is engaged in the business of innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property.
- The deduction is available for any 3 consecutive FYs out of 5 years post the date of incorporation of the start-up. In view the fact that start-ups may take time to derive profit from their business, it is now proposed to increase the period of 5 years to 7 years.
- It is proposed that in case of change in shareholding of an eligible start-up company in a FY, the loss incurred during the period of 7 years beginning from the year in which such company is incorporated,

shall be carried forward and set off against the income of that FY, if all the shareholders of such company which held shares carrying voting power on the last day of the year in which the loss was incurred, continue to hold those shares on the last day of FY in loss is set off.

➤ ***Income from housing project [Section 80IBA]***

- The Finance Act, 2016 had introduced a 100% deduction of profits for taxpayers engaged in developing and building affordable housing projects, if the housing project is approved by the competent authority after 1 June 2016 but before 1 April 2019 and if the project is completed within 3 years from the date of approval, subject to certain conditions.
- The aforesaid period of 3 years is proposed to be increased to 5 years.
- It is proposed to provide relaxation in terms of size of residential units by taking into account the 'carpet area' instead of the 'built up area'.
- The restriction of 30 sq. metres on the size of residential units shall not apply to a project located outside municipal limits of the metro cities i.e. Chennai, Delhi, Kolkata and Mumbai.

➤ ***Increased deduction for self-employed individuals for contribution to pension scheme of Central Government [Section 80CCD]***

- A deduction under section 80CCD is allowed to a salaried employee or other individuals for amounts deposited in the NPS. The deduction is restricted to
 - 10% of the salary in the case of an employee; or
 - 10% of gross total income in case of other individuals.
- A further deduction of 10% of salary is allowed to an employee in respect of contribution made by his employer.
 - It is proposed to increase the deduction in the case of self-employed persons to 20% thereby bringing the deduction for all the individuals at par.

➤ ***Transparency in electoral funding [Section 13A]***

- It is proposed that income received by political party will be exempt subject to following conditions:
 - No donations exceeding INR 2,000 (~USD 30) to be received in cash.

- All political parties are required to file a return of income as per section 139(4B), on or before the prescribed due date.
- An amendment is proposed in the Reserve Bank of India Act, 1934 to provide for issuance of electoral bonds (to facilitate funding of political parties via banking channels). The political parties will not be required to furnish the name and address of the donors who contribute by way of electoral bond.
- **Restriction on application by way of corpus donations [Section 12AA]**
 - Any contribution by a trust out of its income to another charitable trust or institution with a specific direction that it shall form part of the corpus of the recipient trust or institution shall not be treated as an application of income towards its objects.
 - To cover the reverse situation, a similar amendment is proposed in respect of contributions made by an institution covered by section 10(23C) for such contributions to a charitable trust or institution for denying application of income.

➤ **Withholding taxes**

■ **Tax Deducted at Source ('TDS') under Section 194-IB (New section)**

- An Individual or HUF (not presently covered under tax audit provisions under Section 44AB), shall deduct 5% on the rent payable to a resident, exceeding INR 50,000 (~USD 750) per month or part of the month at the time of credit of rent for the last month of the previous year or the last month of tenancy, if the property is vacated during the year as the case may be to the account of payee or at the time of payment.
- Payer need not have a Tax Deduction Account Number ('TAN').
- If the payee does not have a PAN, then TDS as per section 206AA would be capped to the last month's rent payable or last month of the tenancy if the property is vacated during the year.
- The proposed amendment will be effective from 1 June 2017.

■ **TDS under Section 194J**

- In case of payments made to a person engaged in business of operation of call centre, TDS at 2% instead of 10% will be applicable.

- The proposed amendment will be effective from 1 June 2017.

■ **TDS under Section 194LC**

- TDS on interest on borrowing made under a loan agreement or by way of any long-term bond including long-term infrastructure bond at a concessional rate of 5% applicable until 1 July 2017 is proposed to be extended to 1 July 2020.
- Further such benefit of lower rate of TDS at 5% is also proposed to be extended to rupee denominated bond issued outside India before 1 July 2020.
- The proposed amendment will be effective from 1 April 2015.

■ **TDS under Section 194LD**

- The concessional rate of TDS at 5% which is applicable on interest payment to FIIs & QFIs in respect of investments in Government securities and rupee denominated corporate bonds upto 1 July 2017 is now proposed to be extended upto 1 July 2020.

- **Tax Collected at Source ('TCS') under Section 206C**

- TCS at 1% of sale consideration on cash sale of jewellery exceeding INR 500,000 (~USD 7500) is proposed to be omitted.
- The proposed amendment will be effective from 1 April 2016.

➤ ***Assessment/Appellate Proceedings [Section 132(9B), (9C) and (9D) and 132A]***

- It is proposed that any Income Tax Authority shall not disclose any 'reason to believe' or 'reason to suspect' for carrying out search or seizure against any person to any adjudicating authority including Income Tax Appellate Tribunal ('ITAT').
- The proposed amendment will take effect retrospectively from 1 April 1961.
- Similarly, any Income tax authority shall not disclose 'reason to believe' for making requisition to any adjudicating authority including the ITAT.
- The proposed amendment will take effect retrospectively from 1 October 1975.
- During the course of search or seizure or within a period of 60 days from the date of which the last authorisation for which the search was executed, the Income Tax Authority may, for the purpose of protecting the interest of the revenue

- provisionally attach any property belonging to the taxpayer. Such provisional attachment shall be effective up to 6 months from the date of order of attachment.
- make a reference to the valuation officer for estimation of fair market value of the property. Valuation officer shall furnish report within sixty days of receipt of such reference.
- The proposed amendment will take effect from 1 April 2016.

➤ ***Structural change in Authority for Advance Rulings ('AAR')***

- With a view to promote ease of doing business, it is proposed to merge AAR for income-tax, Central excise, Customs duty and Service tax.
- Accordingly, the definition of applicant in section 245N shall include applications for Advance Ruling made under the Customs Act, 1962, the Central Excise Act, 1944 and the Finance Act, 1994 (which makes provisions in respect of Service Tax matters). A similar amendment has been proposed to section 245Q which relates to application for advance ruling.
- It is proposed to amend the qualifications for appointment of Chairman and revenue member of the AAR.
- The proposed amendment will be effective from 1 April 2016.

➤ ***Revision of time limits for assessment***

- Existing time limits for regular assessments, reassessments, reviews, notices and post-search assessments have been rationalised. These come into effect from different dates.

➤ ***Other amendments***

- It is proposed that a revised return can be filed only within 1 year from the relevant FY or before completion of the assessment whichever is earlier.
- A new section 234F is proposed where a fee for delay in furnishing return will be levied from 1 April 2017. A fee of INR 5,000 (~USD 75) will be leviable if return is furnished after due date but on or before 31 December and in all other cases INR 10,000 (~USD 150) shall be leviable. However, in a case where total income does not exceed INR 500,000 (~USD 7500), the fees leviable will not exceed INR 1,000 (~USD 15). The existing penalty under Section 271F for a delay in filing return is proposed to be omitted from 1 April 2017 since it now becomes redundant.
- A new section 206CC is proposed wherein the payer needs to provide the PAN to the collector of TCS failing which tax would be deducted at twice the rate specified in the Act or 5% whichever is higher. Non-residents which do not have a PE in India are exempt from the compliance with this provision.

- Interest on refund arising out of excess payment of TDS under section 244A is proposed to be issued at 0.5% for every month or part of the month from the date of refund claim or order passed in appeal to the date on which refund is granted. No refund will be provided due to delay attributable to the deductor.
- The proposed amendment will be effective from 1 April 2016.

➤ ***Penalty on professionals for furnishing incorrect information in statutory report or certificate [Sections 271J and 273B]***

- To ensure that any authorised professional furnishing a report or a certificate under the I.T. Act and Rules undertakes due diligence before making such certification, it is proposed to insert a new section 271J to levy penalty on an accountant or a merchant banker or a registered valuer for a sum of INR 10,000 (~USD 150) for each such incorrect report or certificate.
- However, if such a professional proves that there was reasonable cause for such failure, penalty shall not be imposable.
- The amendment shall take effect from 1 April 2016.

Indirect taxes

Indirect taxes

This section summarises the significant indirect tax proposals announced in Budget 2017-18. The indirect tax proposals are effective from the dates mentioned therein.

The FM emphasized in his Budget speech that the tax proposals are based on seven thrust areas, of which, promoting the digital economy stands out as the only prominent one so far as proposals on customs, excise and service tax are concerned.

Given the impending introduction of Goods and Services Tax by 1 July 2017 or thereabout, there are very few noteworthy amendments or proposals in the current indirect tax laws in this budget. Nevertheless, the FM has tried to address issues like inverted duty structure in the chemicals sector, disincentivising the drain of vital mineral resources from India and boosting the renewable (solar and biogas) energy sector in the present budget.

Goods and Services Tax ('GST')

The FM asserted in his budget speech that GST, by far the biggest tax reform since India's independence, is on schedule and that preparation of the Information Technology ('IT') system for GST is progressing well. He assured the business community at large that extensive reach-out efforts to trade and industry for GST will start from 1 April 2017.

Service tax

- The effective rate of Service tax remains unchanged at 15% (Service tax 14%, Swachh Bharat Cess 0.5% and Krishi Kalyan Cess 0.5%).
- Exemptions are given to the following services:
 - The exemption, which was hitherto available only to residential Post Graduate Programme in Management ('PGPM') for the Post Graduate Diploma ('PGD') conducted by Indian Institute of Management ('IIM') on the basis of the Common Admission Test ('CAT') is proposed to be extended with effect from 2 February 2017 to all two year PGPMs for PGD conducted by IIM on the basis of CAT.
 - Services provided by selected airline operators to the Government, by way of transportation of passengers by air, embarking from or terminating at Regional Connectivity Scheme ('RCS') Airport, against consideration in the form of Viability Gap Funding ('VGF') are proposed to be exempt from service tax with effect from 2 February 2017. The said exemption shall not be available after one year from the date of commencement of operations of RCS Airport, as notified by the Ministry of Civil Aviation.
 - Services by way of carrying out any process amounting to manufacture or production of goods or any jobwork in relation to specified industries/sectors excluding alcoholic liquor for human consumption is

proposed to be exempted. Simultaneously, such services are proposed to be omitted from the negative list of services (with effect from the date of assent of the Finance Bill 2017).

- It is proposed that one time upfront amount collected by the State Government Industrial Development Corporation/Undertaking from industrial units for grant of long term lease of industrial plots for 30 years or more shall not be liable to service tax retrospectively from 1 June 2007 i.e. when the services of 'Renting of Immovable Property' were made exigible to Service tax.
- It is proposed that Life insurance services provided by Army, Naval and Air Force Group Insurance Funds to members of Army, Naval and Air Force under the Group Insurance Scheme of the Central Government shall be fully exempt from service tax, retrospectively from 10 September 2004 i.e. when the services of life insurance business became liable to Service tax.
- In case of works contract service, it is clarified that the value of land or undivided share in land as also the value of property in goods transferred in the execution of works contract shall be deductible for determining the value of works contract service under Rule 2A of the Service tax (Determination of Value) Rules 2006. Further, sub-rule 2 has been deemed to be inserted retrospectively with effect from 1 July 2010 in Rule 2A of the said rules to determine the value of works contract service where the value of such services could not be determined under sub-rule 1 (which deals with works contract with identifiable value of goods and property in land). The option for valuation of service portion in the works contract service under sub-rule 2 and consequent quantification of Service tax liability during different time periods from 1 July 2010 onwards is tabulated below:

Period	Service tax payable
1 July 2010 to 30 June 2012	<ul style="list-style-type: none"> ▪ On 25% of the gross amount charged (including the value of goods as well as land or undivided share in land) subject to the condition that - ▪ No CENVAT credit has been availed of duty paid on inputs or capital goods and service tax paid on input services; ▪ the service provider has not availed the abatement as prescribed under Notification No. 12/2003-ST dated 2003.
1 July 2012 to 28 February 2013	On 25% of the total amount charged (including the value of goods as well as land or undivided share in land)
1 March 2013 to 7 May 2013	<ul style="list-style-type: none"> ▪ On 30% of the amount charged for the works contract service other than those specified below. ▪ On 25% of the total amount charged for construction of residential units having carpet area upto 2,000 sq ft or the amount charged per residential unit is less than INR 10 million (~USD 150,000).

Period	Service tax payable
8 May 2013 to 31 March 2016	<ul style="list-style-type: none"> ■ On 30% of the amount charged for the works contract service other than those specified below. ■ On 25% of the total amount charged for construction of residential units having carpet area upto 2,000 sq ft and the amount charged per residential unit is less than INR 10 million (~USD 150,000).
1 April 2016 onwards	On 30% of the amount charged for the works contract service.

- It is proposed that for the purpose of reversal of CENVAT credit on common input services under Rule 6(3) or 6(3A) of the CENVAT Credit Rules, 2004 ('CCR, 2004') by banks and financial institutions, including NBFCs, the value of services provided by way of extending deposits, loans or advances, in so far as the consideration is represented by interest or discount, shall form part of the value of exempted services (with effect from 2 February 2017).

Customs duty

The key amendments in Customs are as follows:

- Standard ad valorem rate of Basic Customs Duty ('BCD') remains unchanged at 10% [EC and SC will also continue to apply on BCD)].
- Following proposals shall be effective from the date of assent of the Finance Bill, 2017
 - One day grace period has been granted to the importer to present Bill of Entry ('BoE') for home consumption or warehousing from the date of actual arrival of aircraft or vessel or vehicle carrying the goods at customs stations, subject to the BoE being presented only within 30 days of the expected date of arrival of aircraft or vessel or vehicle into India.
 - Grace period available for payment of import duty has been proposed to be curtailed in cases of self assessed BoEs or where assessment, reassessment or provisional assessment of BoEs is done by the appropriate Customs officer.
 - For verification of self assessed import duty, it is proposed that the appropriate Customs officer may require the importer or exporter or any other person to provide any document or information whereby the duty leviable on the imported or exported goods can be ascertained.

- The provisions relating to unjust enrichment shall not apply to cases where the refund is in relation to excess duty paid by the importer prior to the order permitting clearance of goods for home consumption and the same is evident from the BoE filed.
 - Obligation has been imposed on the person-in-charge of conveyance that enters into/departs from India to submit relevant details to the appropriate Customs officer within such time as may be prescribed otherwise such person shall be liable for penalty upto INR 50,000 (~USD 750).
 - Facility for storage of imported goods in public warehouse upto 30 days has been extended to imported goods entered for warehousing which cannot be removed for warehousing within a reasonable time.
- Changes in import duty rates on following goods effective from 2 February 2017:
- SAD on Catalyst and Resin for use in the manufacture of cast components of Wind Operated Electricity Generator has been exempted upto 30 June 2017.
 - Concessional SAD of 2% to be levied on import of Populated Printed Circuit Boards ('PCBs') for use in the manufacture of mobile phones. The exemption shall be available upto 30 June 2017.

Items	Existing rate			Proposed rate		
	BCD	CVD	SAD	BCD	CVD	SAD
Liquefied Natural Gas	5%	-	4%	2.5%	-	4%
Catalyst and Resin for use in the manufacture of cast components of Wind Operated Electricity Generator	7.5%	12.5%	4%	5%*	NIL	NIL
Solar tempered glass/Solar tempered (anti-reflective coated) glass for use in manufacture of solar cells/panels/modules	5%	NIL	4%	NIL*	6%	4%
Hot Rolled Coils for use in manufacture of welded tubes and pipes	12.5%	12.5%	4%	10%*	12.5%	4%
Micro ATMs as per standards version 1.5.1., Fingerprint reader/scanner, Iris Scanner and parts and components thereof	Various applicable rates			NIL*	NIL	NIL
All parts for use in the manufacture of LED lights or fixtures including LED lamps	Various applicable rates			5%	6%	4%#

*Subject to actual user condition

NIL in case of LEDs

- Export duty at 15% to be levied on export of 'other aluminium ores including laterite' (Tariff Item 2606 00 90).
- Goods having Cost Insurance and Freight ('CIF') value of not more than INR 1,000 (~USD 15) imported through postal parcels, packets and letters exempted from levy of Special Additional Duty ('SAD').
- Manufacturer of leather footwear or synthetic footwear or other leather products has been permitted to import at NIL rate of BCD, 'Buckles', "D" Rings and "O" Rings eyelets, hooks and eyes, rivets, studs, decorative fittings, metal trimmings, etc., of value upto 5% (presently 3%) of the Free On Board ('FOB') value of leather footwear or synthetic footwear or other leather products exported during the preceding financial year.
- Subject to fulfilment of conditions mentioned hereunder, BCD to be reduced from 10% to 5% on all items of machinery imported for:
 - initial setting up of fuel cell based system for generation of power or for demonstration purposes; or
 - balance of systems operating on bio-gas or bio-methane or by-product hydrogen.

Conditions:

- A certificate is obtained from an officer not below the rank of Deputy Secretary to the Government of India in the Ministry of New and Renewable Energy;

- An undertaking is furnished to the Deputy/Assistant Commissioner of Customs to use such goods for the said purpose only.

Excise duty

The key amendments in Central Excise are as follows:

- Standard ad valorem rate of excise duty remains unchanged at 12.5%.
- Following proposals shall be effective from the date of assent of the Finance Bill, 2017
 - An order passed by the Settlement Commission may be rectified within three months from the date of passing of order.
 - In case of transfer of business undertakings or change in ownership, a time frame of three months has been prescribed for grant of permission to transfer accumulated CENVAT credit under Rule 10 of CCR, 2004. This period could be further extended by six months by the Principal Commissioner/Commissioner of Central Excise.

- Following proposals shall be effective from 2 February 2017
- Condition of non-availment of Cenvat credit on inputs or input services or capital goods has been introduced for entitlement to full exemption from excise duty on clearance of -
 - Waste or scrap of precious metals or metals clad with precious metals arising in course of manufacture of goods.
 - Strips, wires, sheets, plates and foils of silver.
 - Article of silver jewellery, other than those studded with diamond, ruby, emerald or sapphire.
 - Branded silver coin of purity of 99.9% or more.
 - Catalysts and Resin for use in the manufacture of cast components of Wind Operated Electricity Generators are fully exempted from excise duty upto 30 June 2017.
 - Micro ATMs as per standard version 1.5.1, Fingerprint reader/scanner, Iris scanner, miniature Point of Sales ('POS') devices and parts and components in aforesaid goods fully exempted from excise duty upto 30 June 2017 (earlier attracting excise duty at 10% for use in aforesaid goods).

- Concessional excise duty at 6% has been levied upto 30 June 2017 on following items:

Items	Existing rate	Proposed rate
Solar tempered glass for use in the manufacture of - <ul style="list-style-type: none"> Solar photovoltaic cells or modules Solar power generating equipment or systems Flat plate solar collectors Solar photovoltaic module and panel for water pumping and other applications 	NIL	6%
Parts/Raw Materials for use in the manufacture of Solar tempered glass for use in - <ul style="list-style-type: none"> Solar photovoltaic cells or modules Solar power generating equipment or systems Flat plate solar collectors Solar photovoltaic module and panel for water pumping and other applications 	12.5%	6%

- Subject to the conditions prescribed hereunder, excise duty at concessional rate of 6% *ad valorem* will be levied on all items of machinery, including instruments, apparatus and appliances, transmission equipment and auxiliary equipment, parts, etc. required for:

- initial setting up of fuel cell based system for generation of power or for demonstration purposes
- balance of systems operating on biogas/bio-methane/by-product hydrogen

Conditions:

- A certificate is obtained from an officer not below the rank of Deputy Secretary to the Government of India in the Ministry of New and Renewable Energy;
 - An undertaking is furnished to the Deputy/Assistant Commissioner of Central Excise to use said goods for the said purpose only;
 - The proposed concessional rate of 6% will be applicable till 30 June 2017.
- All parts for use in the manufacture of LED lights or fixtures including LED lamps will attract excise duty at concessional rate of 6%. The proposed concessional rate will be available upto 30 June 2017.
- Excise duty on motor vehicles for transportation of more than 13 persons including driver, has been reduced from 27% to 12.5% with retrospective effect from 1 January 2017.

Research & Development Cess

The Research & Development Cess Act, 1986 is proposed to be repealed with effect from 1 April 2017. Accordingly, Research & Development Cess of 5%, hitherto levied on import of technology into India, shall cease to be levied from 1 April 2017.

Abbreviations

AAR	: Authority for Advance Rulings	DDT	: Dividend Distribution Tax
AE	: Associated Enterprise	DTAA	: Double Taxation Avoidance Agreement
AIF	: Accredited Investment Fiduciary	EBITDA	: Earnings Before Interest, Taxes, Depreciation and Amortization
AJP	: Artificial Juridical Person	EC	: Education Cess
AMT	: Alternate Minimum Tax	FDI	: Foreign Direct Investment
AOP	: Association of Persons	FII	: Foreign Institutional Investor
ATM	: Automated Teller Machine	FIPB	: Foreign Investment Promotion Board
BCD	: Basic Customs Duty	FM	: Finance Minister
BEPS	: Base Erosion and Profit Shifting	FMV	: Fair Market Value
BHIM	: Bharat Interface for Money	FOB	: Free on Board
BoE	: Bill of Entry	FPI	: Foreign Portfolio Investment
BOI	: Body of Individuals	FPO	: Follow on Public Offer
CAT	: Common Admission Test	FTC	: Foreign Tax Credit
CBDT	: Central Board of Direct Taxes	FY	: Financial Year
CCR, 2004	: Cenvat Credit Rules, 2004	GAAP	: Generally Accepted Accounting Principles
CIF	: Cost Insurance and Freight	GAAR	: General Anti-Avoidance Rules
CPI	: Consumer Price Inflation	GDP	: Gross Domestic Product
CSR	: Corporate Social Responsibility	GST	: Goods and Services Tax
CVD	: Additional Duty of Customs equivalent to the Excise Duty leviable on like goods, manufactured in India	HUF	: Hindu Undivided Family

IFSC : International Financial Services Centre
 IIM : Indian Institute of Management
 IMF : International Monetary Fund
 IND AS : Indian Accounting Standards
 IPO : Initial Public Offer
 IRCON : IRCON International Limited
 IRCTC : Indian Railways Catering and Tourism Corporation
 IRFC : Indian Railways Finance Corporation
 IT : Information Technology
 ITAT : Income Tax Appellate Tribunal
 KVK : Krishi Vigyan Kendras
 LED : Light Emitting Diode
 LLP : Limited Liability Partnership
 MAT : Minimum Alternate Tax
 NBFC : Non Banking Finance Company
 NABARD : National Bank for Agriculture and Rural Development
 NPA : Non Performing Asset
 NPS : National Pension Scheme
 NR : Non Resident

OECD : Organisation for Economic Co-operation and development
 PAN : Permanent Account Number
 PCB : Populated Printed Circuit Board
 PE : Permanent Establishment
 PGD : Post Graduate Diploma
 PGPM : Post Graduate Programme in Management
 PMKK : Pradhan Mantri Kaushal Kendra
 POEM : Place of Effective Management
 POS : Point of Sale
 PPP : Public Private Partnership
 PSE : Public Sector Enterprise
 QFI : Qualified Foreign Investor
 RBI : Reserve Bank of India
 RCS : Regional Connectivity Scheme
 SAD : Additional Duty of Customs leviable to Counter balance levy of State taxes on like Goods if sold/purchased in India
 SANKALP : Skill Acquisition and Knowledge Awareness for Livelihood Promotion Programme

SARFAESI	: Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002	TAN	: Tax Deduction Account Number
SEBI	: Securities and Exchange Board of India	TCS	: Tax Collected at Source
SHEC	: Secondary & Higher Education Cess	TDS	: Tax Deducted at source
STRIVE	: Skill Strengthening for Industrial Value Enhancement Scheme	TEC India	: Transform, Energise and Clean India
STT	: Securities Transaction Tax	VGF	: Viability Gap Funding
		VUCA	: Volatile, Uncertain, Complex and Ambiguous
		WPI	: Wholesale Price Index

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