MCA, CBDT Join Hands to Monitor Shell Companies

The ministry of corporate affairs (MCA) and the Central Board of Direct Taxes (CBDT) have teamed up to share data and information on companies to keep a check on activities of shell companies and curb money laundering. They have signed an agreement to share information such as tax returns, permanent account number (PAN) and financial statements of companies on an automatic and regular basis. According to the agreement, information related to both Indian and foreign companies operating in Indian will be shared, as will any information available in respective databases, if required for the purpose of scrutiny, inspection, investigation and prosecution. Financial statements filed by corporate entities with Registrar of Companies, returns of allotment of shares and statement of financial transactions received from banks will also be shared.

(***Source:*** *www.economictimes.com)*

Govt Rules Out Extension for Filing GSTR-3B Returns after December

The government has ruled out any further extension of deadline after December for filing GSTR-3B tax returns by businesses. GSTR 3B is a simple return form introduced by the CBEC for the month of July and August, following the roll out of the goods and services tax from July 1. *"We have already extended the period for GSTR-3B... People have to file their own self-assessed summary return till December, and there will not be any extension of time as far as GSTR-3B is concerned,"* revenue secretary Hasmukh Adhia said. Adhia was speaking to reporters after the first meeting of the group of ministers (GOM) formed to tackle the IT-related glitches in GST network.

(***Source:*** *Press Information Bureau)*

Advance Tax Calculation: Firms May Have to Furnish Apr-Sept Income Estimates

Under the present mechanism, taxpayers have to only pay advance tax to the CBDT on income tax payable for the whole financial year in four instalments, but they are not required to provide estimates of income to the I-T department. Companies and assessees who are required to get their accounts audited will soon have to submit estimates of income and tax liability for first six months of a financial year, as per the draft notification issued by the Central Board of Direct Taxes (CBDT) that seeks to insert a new Rule 39A in Income Tax Rules, 1962. The CBDT had placed the draft notification in public domain for comments by stakeholders by September 29. *"...a continuous flow of tax revenues throughout the year is critical for the government so as to meet various budgetary allocations such as welfare schemes, infrastructure development, defence expenditure etc. A reliable and advance estimate of tax revenues for the year would also provide much needed perspective for planning and prioritising the government expenditure. In order to address these concerns, it is proposed to create a mechanism for self-reporting of estimates of current income, tax payments and advance tax liability by certain taxpayers (companies and tax audit cases) on voluntary compliance basis. The proposed reporting mechanism is sought to be created by way of inserting a new Rule 39A and Form No. 28AA in the Income-tax Rules, 1962,"* a CBDT statement said. Also, businesses have to specify reason for any reduction in advance tax payment compared to the preceding financial year. In cases where the total income has declined by ₹5 lakh or 10 per cent, whichever is higher, compared to the preceding financial year, then the taxpayer will have to furnish a similar statement of income and tax liability for April-December period by January 31.

(***Source:*** *http://www.incometaxindia.gov.in)*

Indian Economy to Grow 6.7% in 2017: UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) expects India's economy to expand 6.7% in 2017, down from 7% in 2016, due to demonetisation and introduction of Goods and Services Tax (GST). The informal sector, which accounts for at least one-third of the country's GDP and more than four-fifths of employment was *"badly affected by the government's demonetisation move"* in November and it may be further affected by the roll-out of the GST from July 2017, the agency said in a recent report. With investment and consumption getting hit by low credit availability,

the agency reasoned that India's growth-performance depends to a large extent on reforms to its banking sector, which is burdened with large volumes of stressed and non-performing assets, and there are already signs of a reduction in the pace of credit creation.

(**Source:** *www.economictimes.com)*

Nothing Alarming about Massive Transitional GST Credit Claim, says Finance Ministry

The massive ₹65,000 crore tax credit claimed by businesses in July while shifting to the goods and services tax (GST) regime is not a cause for worry as it will only be utilised by firms over many months, finance ministry officials said. The ministry, which looked into the tax credit claims which accounted for two-thirds of the GST collection in the first month of the tax reform, has concluded that the claims were for credit that companies had accumulated over a period of time and they would not be in a position to utilise it in one go. "Credit for excise duty paid in the earlier regime can only be claimed against central GST (CGST). The accumulated credit is much more than what can be claimed on manufacturing output in one month. There is nothing to be alarmed about," said a finance ministry official, seeking anonymity. The ministry had asked taxpayers to calculate their July tax liability after adjusting for tax credits that they wanted to utilise for the month. Experts said the GST receipts of ₹95,000 crore collected by Union and state governments for July may go further up as nearly a third of registered GST payers are yet to file returns and pay taxes.

(***Source:*** *www.thehindubusinessline.com)*

New Rules to Cut Transfer Pricing Disputes

India has unveiled a new set of rules that aim to further provide certainty to multinationals and reducing transfer pricing disputes and litigation. The Central Board of Direct Taxes (CBDT) has revamped the norms called the safe harbour rules, unveiled in 2013, under which income tax authorities do not question pricing of dealing between multinational companies and a related party such as their subsidiaries. The rules were not much relied upon by the industry that wanted them further aligned with the prevailing sectoral standards. The new norms will benefit a host of sectors such as IT and ITeS, pharma and automobile. *"In order to reduce transfer pricing disputes, to provide certainty to taxpayers, to align safe harbour margins with industry standards and to enlarge the scope of safe harbour transactions, the CBDT has notified a new safe harbour regime based on the report of the Committee set up in this regard,"* the CBDT said in a statement recently. Tax experts say India has made changes in line with the Multilateral Convention of Base Erosion and Profit Shifting (BEPS).

(***Source:*** *http://www.incometaxindia.gov.in)*

IBBI Pitches for Market Driven Mechanism for Mergers, Acquisitions

Insolvency and Bankruptcy Board of India Chairperson M.S. Sahoo has pitched for a market driven institutional mechanism to facilitate and enable mergers and acquisitions with minimum regulations that can conveniently safeguard the legitimate interests of concerned stakeholders.

"A time has come for the state to consider setting up of a market driven institutional mechanism to address all the issues relating to mergers and acquisitions as these developments have begun to take off more often than not in the present and evolving corporate reality," Sahoo said without giving details of the suggested institutional mechanism. He was speaking at a conference on 'Mergers and Acquisitions – Growth Mechanism and The Regulatory Framework' organised by the PHD Chamber of Commerce and Industry. *"India has already moved towards creating conditions for exit of business in an equitable and friendly manner under current dispensation. India has now already entered into a regime in which exit of business is permitted with emphasis on ease of doing business,"* he added. He said that the Companies Act of 2013 gives fairly substantial power to professionals and business facilitators to make provisioning for mergers and acquisitions, though some scope of improvement on this front is still called for.

(***Source:*** *www.hindustantimes.com)*