

Monetary Limit for Filing Appeals in Tax Cases Raised

Seeking to reduce tax litigation by about 50 per cent, the finance ministry has raised the monetary limit for filing appeals to ₹10 lakh in appellate tribunal, and ₹20 lakh in high courts (HCs). It has been decided to withdraw appeals filed by the income tax (I-T) department in Income Tax Appellate Tribunal (ITAT) and high courts for cases involving tax effect of below the new monetary limit. There are 75,000 cases pending in ITAT and HC. Tax effect refers to the difference between what the I-T department's assessment of tax liability and assessee's assumption. However, the cases involving substantive question of law would be pursued irrespective of the monetary limit. The government and the Central Board of Direct Taxes (CBDT) have also decided to set up a collegium of two chief commissioners to decide on withdrawal of appeals filed by the department.

(Source: www.thehindubusinessline.com/)

FPI's Tax Returns without Balance Sheet Not to be Treated as Defective: CBDT



Income tax returns filed by foreign portfolio investors without balance sheet or profit and loss account will not be treated as defective, the Central Board of Direct Taxes has said. The clarification brings relief to foreign portfolio investors (FPIs) and puts to rest the controversy over imposition of minimum alternate tax (MAT) on them. Foreign institutional investors or portfolio investors that are registered with Sebi and have no permanent establishment or place of business in India or have provided requisite information will benefit from this move. This will put to rest a matter which has been a concern for corporate FPIs filing tax returns in India. The government accepted the A P Shah panel's recommendation that MAT will not apply to foreign companies that do not have a permanent establishment or a place of business in India and decided to amend the income tax law retrospectively from April 1, 2001.

(Source: <http://www.business-standard.com/>)

CBDT Orders I-T Offices to Set Up Grievance Cells

In a bid to tackle high-pitched and unreasonable tax assessment orders, which result in heavy income tax (I-T) demands, the Central Board of Direct Taxes (CBDT) has issued a notification requiring setting up of local grievance committees across I-T offices in India. The CBDT, in its notification, acknowledges that: "The tendency to frame high-pitched and unreasonable I-T assessment orders is still persisting due to which grievances are being raised by the taxpayers. Such grievances not only reflect harassment of taxpayers but also lead to generation of unproductive work for the I-T department." Such unreasonable I-T orders, especially in the realm of international taxation and transfer pricing, have been a cause of concern for the finance ministry.

(Source: www.financialexpress.com)

CBDT Switching to Computer-Assisted Tax Scrutiny



The process of selecting tax cases for scrutiny on a random basis is being replaced by a system-based centralised approach, the government has said. "It may be clarified that for the past several years, the process of selection of cases for scrutiny on a random basis has been dispensed away with," Finance Minister Arun Jaitley informed the Rajya Sabha. Instead, CBDT has devised a system-based method in a centralised manner through CASS (Computer Assisted Scrutiny Selection) whereby the selection is made on the basis of detailed analysis of risk parameters and 360 degree data profiling of taxpayers." Jaitley added: "This has substantially reduced the manual intervention in the selection process."

(Source: <http://www.expressindia.com>)

FinMin Says Govt. Open to Scrapping 1% Additional Tax

The government would consider doing away with the proposed one per cent additional tax on inter-state sale under the goods and services regime, a senior finance

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ministry official has said. "If after consultation with various industry and political parties, it is felt that we should drop one per cent additional tax, then we are open to it," said Rashmi Verma, special secretary, department of revenue, in her address to an event organised by industry body Assocham. "I also agree with one per cent additional tax going (away), GST structure will improve considerably, because even if it is going to be there for only two years, there will be some amount of cascading effect," she added. Verma, however, pointed out that the government has already made changes in the constitution amendment Bill on GST, to minimise cascading effects of one per cent additional tax on inter-state movement of goods.

(Source: <http://www.economictimes.com>)

Govt. Inks 11 Pacts to Sort Transfer-Pricing Issues



The government has concluded 11 agreements to tax multi-national companies via the transfer-pricing mode. Of these, one advance pricing agreement (APA) has a 'rollback provision', which means those relating to previous years. The government has signed 22 APAs so far in the current financial year and 30 more are expected to be inked in FY16, providing a climate of certainty and non-adversarial tax regime to foreign companies. The APAs were signed with companies in sectors ranging from investment advisory, contract research & development, and shipping services. The conclusion of APAs will facilitate the clearance of the large backlog of around 550 applications with the authorities, and ensure the lowering of tax litigations in the country.

(Source: Press Information Bureau)

Expedite Refunds Below ₹50,000: CBDT to Tax Dept

The Central Board of Direct Taxes (CBDT) has directed the Income Tax Department to expedite issuance of pending refunds which are below ₹50,000 in all cases except those selected for scrutiny. The initiative is expected to significantly reduce taxpayer grievances and enhance the taxpayer satisfaction, the CBDT said. "The status of outstanding refunds

was reviewed recently. Following the review, the CBDT has issued directions to its field formations to expedite the issue of pending refunds below ₹50,000 for assessment years 2013-14 and 2014-15 in all such cases which have not been selected for scrutiny," a CBDT statement said. According to the government data, ₹5,496 crore is locked in pending refunds for these two AYs.

(Source: <http://www.business-standard.com/>)

Govt. Exempts Shipbuilding Inputs from Customs, Excise Duties

To promote indigenous shipbuilding industry as part of the 'Make in India' initiative, inputs used in ship manufacturing and repair have been exempted from customs and central excise duties, the government has said. "Inputs used in ship manufacturing and repair have been exempted from Customs and Central Excise Duties with effect from November 24, 2015," an official statement said. Prior to this exemption, while ships could be imported at almost negligible rates of Basic Customs Duty (BCD) and nil rates of Countervailing Duty (CVD), the inputs used in ship manufacturing and repair attracted normal rates of BCD and CVD.

(Source: www.thehindubusinessline.com/)

Direct, Indirect Tax Wings to be Merged under Revenue Dept?



India has begun to merge its tax departments. For the upcoming Budget, the departments of direct and indirect tax will operate under a single financial authority - department of revenue. The orders were issued over the weekend after top-level consultations within the government. Finance minister Arun Jaitley has given the go-ahead for the step, which is being seen as a major reform of India's tax administration by the investors. However, a government official said it would be too early to say the two boards will be merged. But the developments are in sync with an evolving trend to create synergy in their functioning.

(Source: www.financialexpress.com)