

Recommendations of High Level Committee - accepted and implemented by Central Board of Direct Taxes

I. First Interim Report dated 16th January, 2015:

S. No.	Recomm endation No.	Recommendations	Status
1.	2.	<p>Denial of exemption under Sections 10(23C) (vi) and 10(23C) (via) charitable educational or medical institutions existing <u>solely</u> for educational or philanthropic purposes.</p> <ol style="list-style-type: none"> Guidelines to be issued for clarifying certain issues relating to exemption under Sections 10(23C)(vi) &(via) of the Income Tax Act. Make the Order of CCIT under Sections 10(23C)(vi) &(via) of the Income Tax Act appealable before ITAT. 	<ol style="list-style-type: none"> Circular No. 14/2015 issued on 17th August, 2015 clarifying five issues. Amendment carried out by Finance Act, 2015 for making the orders under 10(23C)(vi) & (via) of the Income Tax Act appealable before ITAT.
2.	3.	<p>Section 12AA: Registration of charitable trust under Section 12AA of the Income Tax Act.</p> <p>Clarification should be issued that if application is not disposed of within the specified time limit of six months, the charitable trust shall be deemed to have been denied the right to be registered and shall be eligible for appeal before the Tribunal.</p>	<p>Administrative Instruction No. 16/2015 has been issued on 6th November, 2015 to process the applications under Section 12AA within the prescribed time limit of six months failing which suitable administrative action may be initiated.</p>
3.	7.	<p>Rectification of mistake under Section 154(8) of the Act:</p> <p>Amend the Income Tax Act to treat rectification application under Section 154 not disposed of within the prescribed time limit as 'deemed rejected' and hence appealable.</p>	<p>CBDT has issued administrative instructions dated 5th June, 2015 reiterating the maintenance of Rectification Registers by the Assessing Officers and disposal of rectification applications adhering to the timelines prescribed . Pr. CCsIT have been asked to monitor this aspect of work on a regular basis and</p>

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			send reports to their respective Zonal Members. Another Instruction No.01/2016 dated 15 th February 2016 has been issued for strict adherence to the time limit prescribed u/s 154(8) of the Act while disposing applications filed by the taxpayers/tax deductors. The supervisory officers have been directed to monitor the adherence to the prescribed time limit failing which suitable administrative action may be initiated.
4.	8.	<p>Section 234A: Charging of interest for late filing of return:</p> <p>Clarification should be issued that no interest is to be charged under Section 234A in cases where entire tax has been paid before the due date of filing return.</p>	Circular No.2/2015 dated 10/02/2015 has already been issued by CBDT.
5.	9.	<p>Amendment to Section 255(3) - Increase Single Member Bench's jurisdiction :</p> <p>Amend Section 255(3) of the Income Tax Act to increase the jurisdiction of the Single Member Bench of ITAT up to disputed addition of Rs. 25 lakh.</p>	Amendment has been carried out by the Finance Act 2015 increasing the limit of the Single Member Bench up to assessed income of Rs.15 lakh.
6.	10.	<p>Appeals before CIT(A):</p> <p>Amend the Income Tax Act to insert a provision that appeals shall be heard and decided within a period of two years unless this period is extended by Pr. CCIT.</p>	CBDT has issued administrative instructions on 19 th June 2015 reiterating the contents of Instruction No. 20/2003 which makes it mandatory to issue appellate orders within 15 days of the last hearing conducted by the CIT(Appeals).

II. Half-yearly Report dated 28th August 2015 :

S. No.	Recommendation No.	Recommendations	Status
7.	II	<p>Denial of tax treaty benefits in India to some transparent UK entities</p> <p>In the United Kingdom (UK), the profits earned by partnership firms are taxable in the hands of the partners, as per their share in the firm. Partnership firms are treated as 'pass through entities' or 'fiscally transparent' for the purpose of taxation. UK Partnership firms were not in a position to unequivocally claim treaty benefits as they were not considered 'resident' under the India-UK DTAA. Even after amendment of the India-UK DTAA through a Protocol between India and UK dated October 30, 2012, (notified vide Notification No 20/2014 dated February 10, 2014, with retrospective effect from December 27, 2013), the definition of person under Article 3(1)(f) still does not specifically include partnership firms. Therefore,</p> <ul style="list-style-type: none"> i) a circular may be issued by CBDT to clarify that UK partnership firms, including LLPs, are eligible for the treaty benefits to the extent that the partners are taxable in UK; or ii) another protocol may be entered into with UK to specifically include partnership firms and LLPs within the term 'person' as defined in Article 3 (similar to the India-USA Treaty) 	<p>Circular No.02/2016 dated 25th February 2016 has been issued on the lines as recommended by the HLC.</p>

Recommendations of High Level Committee - accepted and implemented by Central Board of Customs and Central Excise

I. First Interim Report dated 16th January, 2015:

S. No.	Recomm endation No.	Recommendations	Status
1.	3	Simplification of the input credit scheme. There are disputes over eligibility to credit. A scheme may be formulated to make determination of eligibility to credit dependant on factual verification rather than interpretation.	Amendments have been made in the Cenvat Credit Rules, 2004 in the 2016 Budget .
2.	4	It should be clarified that the place of removal for export goods, for credit purposes, is the port or airport where the goods are finally exported.	Circular F.No 999/6/2015- CX dated 28-2-2015 has been issued
3.	5	It should be made clear that all exports should be entitled to refund of input tax credit irrespective of whether the goods are exported in bond or otherwise exempt from duty.	Amendments have been made in the Cenvat Credit Rules, 2004 in the 2016 Budget
4.	6	It should be clarified at what point of time it will be determined that capital goods are not going to be used for dutiable goods or services.	Amendments have been made in the Cenvat Credit Rules, 2004 in the 2016 Budget
5.	7	Central excise notifications which provide for a lower rate of duty if Cenvat credit is not availed should be amended so that the operating portion provides that “ if goods are manufactured from inputs on which appropriate (including nil duty) of excise /CVD has been availed of ”	Necessary amendments in the notifications have been carried out.

II. Half-yearly Report dated 28th August 2015 :

S. No.	Recommendation No.	Recommendations	Status
6.	1	There are two views given in the Education Guide and Circular 151/2/2012-Service Tax dated 10-2-2012 issued by TRU regarding Development agreements and value of the flats handed over to landowners for the purpose of service tax. The views need to be reconciled. The Committee's view is that the circular dated 10-2-2012 is more appropriate	Circular 354/311/2015-TRU dated 20-1-2016 has been issued.
7.	2	Amendment of notification 12/2012 –Customs dated 17-3-2012 so that the exemption covers fertiliser of grade 13:05:26 instead of 13:25: 26	Notification 6/2016-Customs dated 28-1-2016 has been issued
8.	4	A circular should be issued so that credit is allowed on a courier bill of entry.	Notification 27/2015-Central Excise (NT) dated 31-12-2015 has been issued.
9.	6	In the present exemption (at serial no 187B in notification 12/2014-Customs dated 11-7-2014) for crude palm stearin /RBD palm stearin for manufacture of oleo chemicals, the scope of the term “oleo chemicals” should be clarified	Circular 528/22/2015 dated 11-12-2015 has been issued.
10.	7	In the Customs tariff, sub heading 58013711 and 58013720 deal with warp pile fabrics, epingle (uncut) and cut respectively and have different rates of duty. This leads to divergence in classification practices and disputes and hence the rates of duty in both the subheadings should be made equal.	Necessary changes have been made in the 2016 Budget.