

Knowledge Round-up – 8th Nov 2016

Guidance note on report under Section 92E of the Income-tax Act, 1961 (Transfer Pricing) - 02 November 2016

The Committee on International Taxation of the ICAI has issued revised 'Guidance note on report under Section 92E of the Income-tax Act, 1961' ('guidance note'). The guidance note, inter alia, contains the developments in law since the guidance note was last revised in August 2013. The changes include notification of safe harbor rules in respect of arm's length price under Section 92C or Section 92CA, notification of provisions/rules for roll back mechanism, range concept and use of multiple year data for determination of arm's length price, increased threshold limit for the applicability of the specified domestic transaction etc. The guidance note, inter alia, provides guidance on the following:

- Responsibility of an enterprise and the accountant;
- Associated enterprise;
- International transaction;
- Specified domestic transactions;
- Arm's length price;
- Methods of its computation and Arm's length price;
- Scope of examination under Section 92E.

Click [here](#) for guidance note.

ASB of the ICAI has issued frequently asked questions - 03 November 2016

FAQ on Dividend Distribution Tax

The Accounting Standards Board ('ASB') of the ICAI has issued frequently asked question ('FAQ') on Dividend Distribution Tax. The FAQ provides clarification on the presentation requirements as per Ind AS for dividend and dividend distribution tax thereon where an entity has issued certain financial instruments which are classified as (a) debt or, (b) equity or (c) which are compound financial instruments and bifurcated into debt and equity.

Click [here](#) for FAQ.

FAQ on elaboration of terms 'infrequent number of sales' or 'insignificant in value' used in Ind AS 109

The ASB of the ICAI has issued FAQs on elaboration of terms 'infrequent number of sales' or 'insignificant in value' used in Ind AS 109, Financial Instruments. It provides clarification on the following from the perspective of Ind AS 109:

- Interpretation and determination of term 'infrequent number of sales' or 'insignificant in value';
- Relation between the terms 'immaterial' and 'insignificant'.

Click [here](#) for FAQ.

Micro, Small and Medium Enterprises Fund Rules, 2016 - 02 November 2016

The Central Government has established 'Micro, Small and Medium Enterprises Fund' ('the fund') to be utilised exclusively for the measures specified in Section 9(1) of the Micro, Small and Medium Enterprises Development Act, 2006.

Click [here](#) for notification.

The Central Government has also notified 'Micro, Small and Medium Enterprises Fund Rules, 2016' ('rules'). These rules, inter alia, relate to following:



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- Administration of Fund;
- Composition of Governing Council;
- Approval and release of money from Fund;
- Accounts and Audit.

These rules provide that the Governing Council will maintain proper accounts and other relevant records and prepare an annual statement of accounts including the profit and loss account and the balance sheet in such form as may be determined by the Central Government in consultation with the Comptroller and Auditor-General of India (CAG). The accounts of the Fund will be audited annually by the CAG.

Click [here](#) for rules.

Real Estate (Regulation and Development) Removal of Difficulties Order, 2016 - 28 October 2016

The Central Government had appointed 01 May 2016 as the date on which certain provisions of the Real Estate (Regulation and Development) Act ('the Act') came into force. The Central Government has now issued the Real Estate (Regulation and Development) Removal of Difficulties Order, 2016. In order to remove difficulties, the order has amended following sections of the Act:

- Section 4
- Section 6
- Section 17
- Section 31
- Section 84
- Section 85

This order is effective from 28 October 2016.

Click [here](#) for order.

Notification of provisions of the Insolvency and Bankruptcy Code, 2016 - 01 November 2016

The Central Government has appointed 01 November 2016 as the date on which the provisions of, inter alia, following sections of the Insolvency and Bankruptcy Code ('code') will come into force:

- Section 3 - clauses (2) to (4); (6) to (21); (23) to (25); (27); (29) to (36): Definitions;
- Section 196: Powers and functions of Insolvency and Bankruptcy Board of India ('Board');
- Section 197: Constitution of advisory committee, executive committee or other committee;
- Section 223: Accounts and audit;
- Section 239 (2) - clauses (ze) to (zh); (zl) to (zm): Powers of Central Government to make rules;
- Section 240 (2) - clauses (a) to (zm); (zu) to (zzzc): Power to make regulations;
- Section 244: Transitional provisions;
- Section 246 to 248 (Both inclusive), Section 250 and Section 252: Corresponding amendments in other Acts.

Click [here](#) for code.

Click [here](#) for notification.



EAC opinion on accounting treatment of unutilised spare parts to be used on renovation and modernisation (R&M) of power plant - November 2016

The Expert Advisory Committee (EAC) of the ICAI has issued opinion on 'Accounting treatment of unutilised spare parts to be used on renovation and modernisation (R&M) of power plant'. This opinion has been published in the ICAI Journal - November 2016.

Click [here](#) for opinion.

Exposure draft of amendments to Ind AS 7, Statement of Cash Flows - 03 November 2016

ASB of the ICAI has issued exposure draft of amendments proposed in Ind AS 7, Statement of Cash Flows. The exposure draft, inter alia, provides the following amendments:

- An entity should provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. An entity should disclose the following changes in liabilities arising from financial activities:
 - changes from financing cash flows;
 - changes arising from obtaining or losing control of subsidiaries or other businesses;
 - the effect of changes in foreign exchange rates;
 - changes in fair values; and
 - other changes.
- Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities;

The above disclosure requirement is also applicable to changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

It also provides that when the entity first applies these amendments, it is not required to provide comparative information for preceding periods.

The last date for submission of comments is 02 December 2016.

Click [here](#) for exposure draft.