Issue: January 2017 Vol. 1 No. 1

BMC Advisors

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MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 25th January, 2017

G.S.R.70 (E).—In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Incorporation) Rules, 2014, namely: -

1. (1) These rules may be called the Companies (Incorporation) Amendment Rules, 2017.

(2) They shall come into force on the **30th day of January, 2017**.

2. In the Companies (Incorporation) Rules, 2014 (hereinafter referred to as the principal rules) for rule 18, the following rule shall be substituted, namely:-

"18. The Certificate of Incorporation shall be issued by the Registrar in Form No.INC-11 and the Certificate of Incorporation shall mention permanent account number of the company where it is issued by the Income-tax Department".

3. In the principal rules Form No.INC-11 is substituted by new form.

For the new Form- Refer http://www.mca.gov.in/Ministry/pdf/IncorporatinRules_27012017.pdf

4. In the principal rules, for form No.INC-32, is substituted by new form

For the new Form- Refer http://www.mca.gov.in/Ministry/pdf/IncorporatinRules_27012017.pdf

[F. No. 1/13/2013 CL-V-Part-I –Vol.II]
AMARDEEP SINGH BHATIA, Jt. Secy.

Note: The principal rules was published in the Gazette of India, Extraordinary Part II, Section 3, Sub-section (i) vide number G.S.R. 250(E) dated 31st March, 2014 and subsequently amended vide the following notifications:-

Serial Number	Notification Number	Notification Date
1.	G.S.R. 349 (E)	01-05-2015
2.	G.S.R. 442 (E)	29-05-2015
3.	G.S.R. 99 (E)	22-01-2016
4.	G.S.R.336(E)	23-03-2016
5.	G.S.R.743(E)	27-07-2016
6.	G.R.R.936(E)	01-10-2016
7.	G.R.R.1184 (E)	29-12-2016

SEBI UPDATES

CIRCULAR

SEBI/HO/MRD/DSA/CIR/P/2017/9 **January27, 2017**

To
All Recognised Stock Exchanges,

Dear Sir / Madam,

Procedures for Exchange Listing Control Mechanism

1. Regulation 45 of the SECC Regulations provides for listing of stock exchanges on any recognised stock exchange, other than itself and its associated stock exchange. As per Regulation 45(2) of the SECC Regulations, the Board may specify such conditions as it may deem fit in the interest of the securities market.

2. In order to address any conflict arising out of aforesaid provisions of listing of a stock exchange on any recognised stock exchange, other than itself, and also to ensure effective compliance with the applicable laws, it has been decided that:

   I. The Listing Department of the listing stock exchange (i.e. a stock exchange on which the listing is done)shall be responsible for monitoring the compliance of the listed stock exchange(i.e. a stock exchange which is getting listed)as in the case of listed companies.

   II. The Independent Oversight Committee of the listing stock exchange shall exercise oversight at the second level to deal with the conflicts, if any. The listed stock exchange may appeal to the Independent Oversight Committee of the listing stock exchange, if aggrieved, with the decision on disclosure of the listing stock exchanges referred under para 2 (I).

   III. An independent Conflict Resolution Committee (CRC) constituted by SEBI, with an objective for independent oversight and review, shall monitor potential conflicts between listed and listing stock exchange on a regular basis. The listed stock exchange aggrieved by the decision of the Independent Oversight Committee of the listing exchange may appeal to the CRC.

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

4. This circular is also available on SEBI website at www.sebi.gov.in

Yours faithfully,

Manoj Kumar
Chief General Manager
Email: manojk@sebi.gov.in

RBI UPDATES

Prohibition on Indian Party from making direct investment in countries identified by the Financial Action Task Force (FATF) as "Non Co-operative countries and territories"

RBI/2016-17/216
A.P. (DIR Series) Circular No. 28

January 25, 2017

To

All Category- I Authorised Dealer Banks

Madam / Sir,

Prohibition on Indian Party from making direct investment in countries identified by the Financial Action Task Force (FATF) as "Non Co-operative countries and territories"

Attention of the Authorised Dealer Category - I (AD – Category I) banks is invited to Regulation 6 of FEMA Notification No. FEMA.120/RB-2004 dated July 07, 2004, as amended from time to time.

2. At present, there is no restriction on an Indian Party with regard to the countries, where it can undertake Overseas Direct Investment. In order to align, the instructions with the objectives of FATF, on a review, it has been decided to prohibit an Indian Party from making direct investment in an overseas entity (set up or acquired abroad directly as JV/ WOS or indirectly as step down subsidiary) located in the countries identified by the FATF as "non co-operative countries and territories" as per list available on FATF website www.fatf-gafi.org or as notified by the Reserve Bank of India from time to time.

3. Necessary amendments to the Notification ibid have been notified vide Notification No. FEMA 382/2016-RB dated January 02, 2017 c.f. G.S.R. No. 01(E) dated January 02, 2017.

4. AD- Category I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. Master Direction No.15/2015-16 dated January 01, 2016 is being updated to reflect the changes.

6. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Shekhar Bhatnagar)
Chief General Manager-In-Charge

INCOME TAX UPDATES

CIRCULAR NO. 5 /2017

FTS No. 279157/ITJ
Government of India
Ministry of Finance
Central Board of Direct Taxes
*****

New Delhi, Dated 23rd January, 2017

Subject: Measures for reducing litigation- Clarification on Circulars 21/2015 and 8/2016 reg.

Instructions were issued vide CBDT Circular No. 21/2015 dated 10.12.2015, to the effect that appeals/SLPs should not be filed in cases where tax effect does not exceed the monetary limits specified under para 3 of the said Circular. It was also clarified therein that an appeal should not be filed merely because the tax effect in a case exceeds the monetary limits prescribed in the said Circular.

2. In para 8 of the aforesaid Circular No. 21/2015, it has been unambiguously and expressly provided that adverse judgements relating to the following issues should be **contested on merits** notwithstanding that the tax effect entailed is less than the monetary limits specified in Circular or even if there is no tax effect:

a. Where the Constitutional validity of the provisions of an Act or Rule are under challenge, or
b. Where Board's order, Notification, Instruction or Circular has been held to be illegal or ultra vires, or
c. Where Revenue Audit Objection in the case has been accepted by the Department
d. Where the addition relates to undisclosed foreign assets/bank accounts.

The direction to 'contest on merits' negates the mechanical filing of appeals in these cases.

3. However, it has been noticed that para 8 (c) of Circular No. 21/2015, regarding cases where addition made on account of Revenue Audit Objection is deleted, is being erroneously interpreted and appeals are being mechanically filed by the Department without proper examination of the case on merits. This is contrary to the instructions contained in Circular No. 21/2015 and Circular No. 8/2016. It is, therefore, clarified that the import and intent of para 8 of the Circular No. 21/2015 is that even on issues mentioned in the said para, appeals against the adverse judgment should only be filed on merits.

4. Accordingly, henceforth, appeals should not be filed by the Department in violation of instructions mentioned above. Further, appeals

that may have been filed in violation of these instructions may be withdrawn.

5. The above may be brought to the notice of all concerned.

NBansal 23/1/2017
(Neetika Bansal)
DS (ITJ),
CBDT, New Delhi

Copy to:

1. The Chairman, Members and officers of the CBDT of the rank of Under Secretary and above.
2. OSD to Revenue Secretary.
3. All Pr. Chief Commissioners of Income-Tax & All Directors General of Income-Tax with a request to bring to the attention of all officers.
4. The Comptroller and Auditor General of India.
5. The Pr. Director General of Income-Tax NADT, Nagpur.
6. The Pr.DGIT (Systems), ARA Centre, Jhandewalan Extension, New Delhi.
7. The Pr. DGIT (Vigilance), New Delhi
8. The ADG (PR,PP & OL), Mayur Bhawan, New Delhi for printing in the quarterly tax bulletin and for circulation as per usual mailing list.
9. The ADG-4 (Systems) for uploading o ITD website.
10. Data base Cell for uploading on irsofficersonline.
11. Guard file.

NBansal 23/01/2017
(Neetika Bansal)
DS (ITJ),
CBDT, New Delhi

Circular No. 06 of 2017

F. No. 142/11/2015-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
******

Dated: 24th January, 2017

Subject: Guiding Principles for determination of Place of Effective Management (POEM) of a Company.

Section 6(3) of the Income-tax Act, 1961 (the Act), prior to its amendment by the Finance Act, 2015, provided that a company is said to be resident in India in any previous year, if it is an Indian company or if during that year, the control and management of its affairs is situated wholly in India. This allowed tax avoidance opportunities for companies to artificially escape the residential status under these provisions by shifting insignificant or isolated events related with control and management outside India. To address these concerns, the existing provisions of section 6(3) of the Act were amended vide Finance Act, 2015, with effect from 1st April, 2016 to provide that a company is said to be resident in India in any previous year, if-

(i) it is an Indian company; or
(ii) its place of effective management in that year is in India.

2. "Place of effective management" is defined in the Act to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made.

3. The Finance Act, 2016 has changed the effectivity of the said amendment to section 6(3) of the Act. Therefore, the amended provision would now be effective from 1st April 2017 and will apply to Assessment Year 2017-18 and subsequent assessment years.

4. 'Place of effective management' (POEM) is an internationally recognised test for determination of residence of a company incorporated in a foreign jurisdiction. Most of the tax treaties entered into by India recognises the concept of 'place of effective management' for determination of residence of a company as a tie-breaker rule for avoidance of double taxation. The guiding principles to be followed for determination of POEM are enumerated in the following paragraphs.

5. For the purposes of these guidelines, -

(a) A company shall be said to be engaged in "active business outside India" if the passive income is not more than 50% of its total income; and
(i) less than 50% of its total assets are situated in India; and
(ii) less than 50% of total number of employees are situated in India or are resident in India; and
(iii) the payroll expenses incurred on such employees is less than 50% of its total payroll expenditure.

Explanation: For the aforesaid purpose, -
(A) the income shall be, -
(a) as computed for tax purpose in accordance with the laws of the country of incorporation; or
(b) as per books of account, where the laws of the country of incorporation does not require such a computation.

(B) the value of assets, -

(a) In case of an individually depreciable asset, shall be the average of its value for tax purposes in the country of incorporation of the company at the beginning and at end of the previous year; and

(b) In case of pool of a fixed assets being treated as a block for depreciation, shall be the average of its value for tax purposes in the country of incorporation of the company at the beginning and at end of the year;

(c) In case of any other asset, shall be its value as per books of account;

(C) the number of employees shall be the average of the number of employees as at the beginning and at the end of the year and shall include persons, who though not employed directly by the company, perform tasks similar to those performed by the employees;

(D) the term "pay roll" shall include the cost of salaries, wages, bonus and all other employee compensation including related pension and social costs borne by the employer.

(b) "Head Office" of a company would be the place where the company's senior management and their direct support staff are located or, if they are located at more than one location, the place where they are primarily or predominantly located. A company's head office is not necessarily the same as the place where the majority of its employees work or where its board typically meets;

(c) "Passive income" of a company shall be aggregate of, -

(i) income from the transactions where both the purchase and sale of goods is from / to its associated enterprises; and
(ii) income by way of royalty, dividend, capital gains, interest or rental income;

However, any income by way of interest shall not be considered to be passive income in case of a company which is engaged in the business of banking or is a public financial institution, and its activities are regulated as such under the applicable laws of the country of incorporation.

(d) "Senior Management" in respect of a company means the person or persons who are generally responsible for developing and formulating key strategies and policies for the company and for ensuring or overseeing the execution and implementation of those strategies on a regular and on-going basis. While designation may vary, these persons may include:

(i) Managing Director or Chief Executive Officer;
(ii) Financial Director or Chief Financial Officer;
(iii) Chief Operating Officer; and
(iv) The heads of various divisions or departments (for example, Chief Information or Technology Officer, Director for Sales or Marketing).

6. Any determination of the POEM will depend upon the facts and circumstances of a given case. The POEM concept is one of substance over form. It may be noted that an entity may have more than one place of management, but it can have only one place of effective management at any point of time. Since "residence" is to be determined for each year, POEM will also be required to be determined on year to year basis. The process of determination of POEM would be primarily based on the fact as to whether or not the company is engaged in active business outside India.

7. The place of effective management in case of a company engaged in active business outside India shall be presumed to be outside India if the majority meetings of the board of directors of the company are held outside India.

7.1 However, if on the basis of facts and circumstances it is established that the Board of directors of the company are standing aside and not exercising their powers of management and such powers are being exercised by either the holding company or any other person (s) resident in India, then the place of

effective management shall be considered to be in India. For this purpose, merely because the Board of Directors (BOD) follows general and objective principles of global policy of the group laid down by the parent entity which may be in the field of Pay roll functions, Accounting, Human resource (HR) functions, IT infrastructure and network platforms, Supply chain functions, Routine banking operational procedures, and not being specific to any entity or group of entities per se; would not constitute a case of BoD of companies standing aside.

7.2 For the purpose of determining whether the company is engaged in active business outside India, the average of the data of the previous year and two years prior to that shall be taken into account. In case the company has been in existence for a shorter period, then data of such period shall be considered. Where the accounting year for tax purposes, in accordance with laws of country of incorporation of the company, is different from the previous year, then, data of the accounting year that ends during the relevant previous year and two accounting years preceding it shall be considered.

8. In cases of companies other than those that are engaged in active business outside India referred to in para 7, the determination of POEM would be a two stage process, namely:-

(i) First stage would be identification or ascertaining the person or persons who actually make the key management and commercial decision for conduct of the company's business as a whole.
(ii) Second stage would be determination of place where these decisions are in fact being made.

8.1 The place where these management decisions are taken would be more important than the place where such decisions are implemented. For the purpose of determination of POEM it is the substance which would be conclusive rather than the form.

8.2 Some of the guiding principles which may be taken into account for determining the POEM are as follows:

(a) The location where a company's Board regularly meets and makes decisions may be the company's place of effective management provided, the Board-
(i) retains and exercises its authority to govern the company; and
(ii) does, in substance, make the key management and commercial decisions necessary for the conduct of the company's business as a whole.

It may be mentioned that mere formal holding of board meetings at a place would by itself not be conclusive for determination of POEM being located at that place. If the key decisions by the directors are in fact being taken in a place other than the place where the formal meetings are held then such other place would be relevant for POEM. As an example this may be the case where the board meetings are held in a location distinct from the place where head office of the company is located or such location is unconnected with the place where the predominant activity of the company is being carried out.

If a board has de facto delegated the authority to make the key management and commercial decisions for the company to the senior management or any other person including a shareholder, promoter, strategic or legal or financial advisor etc. and does nothing more than routinely ratifying the decisions that have been made, the company's place of effective management will ordinarily be the place where these senior managers or the other person make those decisions.

(b) A company's board may delegate some or all of its authority to one or more committees such as an executive committee consisting of key members of senior management. In these situations, the location where the members of the executive committee are based and where that committee develops and formulates the key strategies and policies for mere formal approval by the full board will often be considered to be the company's place of effective management.

The delegation of authority may be either de jure (by means of a formal resolution or Shareholder Agreement) or de facto (based upon the actual conduct of the board and the executive committee).

(c) The location of a company's head office will be a very important factor in the determination of the company's place of effective management because it often represents the place where key company decisions are made. The following points need to be considered for determining the location of the head office of the company:-

- If the company's senior management and their support staff are based in a single location and that location is held out to the public as the company's principal place of business or headquarters then that location is the place where head office is located.
- If the company is more decentralized (for example where various members of senior management may operate, from time to time, at offices located in the various countries) then the company's head office would be the location where these senior managers,-

  (i) are primarily or predominantly based; or
  (ii) normally return to following travel to other locations; or
  (iii) meet when formulating or deciding key strategies and policies for the company as a whole.

- Members of the senior management may operate from different locations on a more or less permanent basis and the members may participate in various meetings via telephone or video conferencing rather than by being physically present at meetings in a particular location. In such situation the head office would normally be the location, if any, where the highest level of management (for example, the Managing Director and Financial Director) and their direct support staff are located.
- In situations where the senior management is so decentralised that it is not possible to determine the company's head office with a reasonable degree of certainty, the location of a company's head office would not be of much relevance in determining that company's place of effective management.

(d) The use of modern technology impacts the place of effective management in many ways. It is no longer necessary for the persons taking decision to be physically present at a particular location. Therefore physical location of board meeting or executive committee meeting or meeting of senior management may not be where the key decisions are in substance being made. In such cases the place where the directors or the persons taking the decisions or majority of them usually reside may also be a relevant factor.

(e) In case of circular resolution or round robin voting the factors like, the frequency with which it is used, the type of decisions made in that manner and where the parties involved in those decisions are located etc. are to be considered. It cannot be said that proposer of decision alone would be relevant but based on past practices and general conduct; it would be required to determine the person who has the authority and who exercises the authority to take decisions. The place of location of such person would be more important

(f) The decisions made by shareholder on matters which are reserved for shareholder decision under the company laws are not relevant for determination of a company's place of effective management. Such decisions may include sale of all or substantially all of the company's assets, the dissolution, liquidation or deregistration of the company, the modification of the rights attaching to various classes of shares or the issue of a new class of shares etc. These decisions typically affect the existence of the company itself or the rights of the shareholders as such, rather than the conduct of the company's business from a management or commercial perspective and are therefore, generally not relevant for the determination of a company's place of effective management.

However, the shareholder's involvement can, in certain situations, turn into that of effective management. This may happen through a formal arrangement by way of shareholder agreement etc. or may also happen by way of actual conduct. As an example if the shareholders limit the authority of board and senior managers of a company and thereby remove the company's real authority to make decision then the shareholder guidance transforms into usurpation and such undue influence may result in effective management being exercised by the shareholder.

Therefore, whether the shareholder involvement is crossing the line into that of effective management is one of fact and has to be determined on case-to case basis only.

(g) It may be clarified that day to day routine operational decisions undertaken by junior and middle management shall not be relevant for the purpose of determination of POEM. The operational decisions relate to the oversight of the day-to-day business operations and activities of a company whereas the key management and commercial decision are concerned with broader strategic and policy decision. For example, a decision to open a major new manufacturing facility or to discontinue a major product line would be examples of key commercial decisions affecting the company's business as a whole. By contrast, decisions by the plant manager appointed by senior management to run that facility, concerning repairs and maintenance, the implementation of companywide quality controls and human resources policies, would be examples of routine operational decisions. In certain situations it may happen that person responsible for operational decision is the same person who is responsible for the key management and commercial decision. In such cases it will be necessary to distinguish the two type of decisions and thereafter assess the location where the key management and commercial decisions are taken.

8.3 If the above factors do not lead to clear identification of POEM then the following secondary factors can be considered :-
(i) Place where main and substantial activity of the company is carried out; or
(ii) Place where the accounting records of the company are kept.

9. It needs to be emphasized that the determination of POEM is to be based on all relevant facts related to the management and control of the company, and is not to be determined on the basis of isolated facts that by itself do not establish effective management, as illustrated by the following examples:

(i) The fact that a foreign company is completely owned by an Indian company will not be conclusive evidence that the conditions for establishing POEM in India have been satisfied.

(ii) The fact that there exists a Permanent Establishment of a foreign entity in India would itself not be conclusive evidence that the conditions for establishing POEM in India have been satisfied.

(iii) The fact that one or some of the Directors of a foreign company reside in India will not be conclusive evidence that the conditions for establishing POEM in India have been satisfied.

(iv) The fact of, local management being situated in India in respect of activities carried out by a foreign company in India will not , by itself, be conclusive evidence that the conditions for establishing POEM have been satisfied.

(v) The existence in India of support functions that are preparatory and auxiliary in character will not be conclusive evidence that the conditions for establishing POEM in India have been satisfied.

10. It is reiterated that the above principles for determining the POEM are for guidance only. No single principle will be decisive in itself. The above principles are not to be seen with reference to any particular moment in time rather activities performed over a period of time, during the previous year, need to be considered. In other words a "snapshot" approach is not to be adopted. Further, based on the facts and circumstances if it is determined that during the previous year the POEM is in India and also outside India then POEM shall be presumed to be in India if it has been mainly /predominantly in India

11. The Assessing Officer (AO) shall, before initiating any proceedings for holding a company incorporated outside India, on the basis of its POEM, as being resident in India, seek prior approval of the Principal Commissioner or the Commissioner, as the case may be.

11.1 Further, in case the AO proposes to hold a company incorporated outside India, on the basis of its POEM, as being resident in India then any such finding shall be given by the AO after seeking prior approval of the collegium of three members consisting of the Principal Commissioners or the Commissioners, as the case may be, to be constituted by the Principal Chief Commissioner of the region concerned, in this regard. The collegium so constituted shall provide an opportunity of being heard to the company before issuing any directions in the matter.

12. Illustrations:

The following are certain illustrations intended to highlight applicability of certain principles enumerated in the foregoing paragraphs of the guidelines. The facts assumed have been simplified to highlight the principle. Actual determination of POEM of a company shall depend on all relevant facts.

Example 1: Company A Co. is a sourcing entity, for an Indian multinational group, incorporated in country X and is 100% subsidiary of Indian company (B Co.). The warehouses and stock in them are the only assets of the company and are located in country X. All the employees of the company are also in country X. The average income wise breakup of the company's total income for three years is, -

(i) 30% of income is from transaction where purchases are made from parties which are non-associated enterprises and sold to associated enterprises;
(ii) 30% of income is from transaction where purchases are made from associated enterprises and sold to associated enterprises;
(iii) 30% of income is from transaction where purchases are made from associated enterprises and sold to non-associated enterprises; and
(iv) 10% of the income is by way of interest.

Interpretation: In this case passive income is 40% of the total income of the company. The passive income consists of, -
(i). 30% income from the transaction where both purchase and sale is from/to associated enterprises; and
(ii). 10% income from interest.
The A Co. satisfies the first requirement of the test of active business outside India. Since no assets or employees of A Co. are in India the other requirements of the test is also satisfied. Therefore company is engaged in active business outside India.

Example 2: The other facts remain same as that in Example 1 with the variation that A Co. has a total of 50 employees. 47 employees, managing the warehouse, storekeeping and accounts of the company, are located in country X. The Managing Director (MD), Chief Executive Officer (CEO) and sales head are resident in India. The total annual payroll expenditure on these 50 employees is of Rs. 5 crore. The annual payroll expenditure in respect of MD, CEO and sales head is of Rs. 3 crore.

Interpretation: Although the first limb of active business test is satisfied by A Co. as only 40% of its total income is passive in nature. Further, more than 50% of the employees are also situated outside India. All the assets are situated outside India. However, the payroll expenditure in respect of the MD, the CEO and the sales head being employees resident in India exceeds 50% of the total payroll expenditure. Therefore, A Co. is not engaged in active business outside India.

Example 3: The basic facts are same as in Example 1. Further facts are that all the directors of the A Co. are Indian residents. During the relevant previous year 5 meetings of the Board of Directors is held of which two were held in India and 3 outside India with two in country X and one in country Y.

Interpretation: The A Co. is engaged in active business outside India as the facts indicated in Example 1 establish. The majority of board meetings have been held outside India. Therefore, the POEM of A Co. shall be presumed to be outside India.

Example 4: The facts are same as in Example 3 but it is established by the Assessing Officer that although A Co.'s senior management team signs all the contracts, for all the contracts above Rs. 10 lakh the A Co. must

submit its recommendation to B Co. and B Co. makes the decision whether or not the contract may be accepted. It is also seen that during the previous year more than 99% of the contracts are above Rs. 10 lakh and over past years also the same trend in respect of value contribution of contracts above Rs. 10 lakh is seen.

Interpretation: These facts suggest that the effective management of the A Co. may have been usurped by the parent company B Co. Therefore, POEM of A Co. may in such cases be not presumed to be outside India even though A Co. is engaged in active business outside India and majority of board meeting are held outside India.

Example 5: An Indian multinational group has a local holding company A Co. in country X. The A Co. also has 100% downstream subsidiaries B Co. and C Co. in country X and D Co. in country Y. The A Co. has income only by way of dividend and interest from investments made in its subsidiaries. The Place of Effective Management of A Co. is in India and is exercised by ultimate parent company of the group. The subsidiaries B, C and D are engaged in active business outside India. The meetings of Board of Director of B Co., C Co. and D Co. are held in country X and Y respectively.

Interpretation: Merely because the Place of Effective Management of an intermediate holding company is in India the POEM of its subsidiaries shall not be taken to be in India. Each subsidiary has to be examined separately. As indicated in the facts since companies B Co., C Co., and D Co. are independently engaged in active business outside India and majority of Board Meetings of these companies are also held outside India. The POEM of B Co., C Co., and D Co. shall be presumed to be outside India.

(**Rajesh Kumar Kedia)**
Director (Tax Policy & Legislation)

F.No. 275/192/2016-IT (B)
Government of India/ भारत सरकार
Ministry of Finance/ **वित्त मंत्रालय**
Department of Revenue/ **(राजस्व विभाग)**
Central Board of Direct Taxes/ (केन्द्रीय प्रत्यक्ष कर बोर्ड)
******

North Block, New Delhi
24th January, 2017

CORRIGENDUM

Sub: Corrigendum to Circular No. 1/2017 dated 02.01.2017 on TDS under section 192 of Income-tax Act, 1961.

***

In **para 3.6.1 in clause (a) below the table at page 4** of the captioned Circular, the words "3 years" appearing in line 1 may be read as "5 years".

2. The table in **para 4.9.1 on page 9** of the captioned Circular may be read as under:

TABLE: Due dates of filing Quarterly Statements in Form 24Q

Sl. No.	Date of ending of quarter of financial year	Due date
1	30th June	31st July of the financial year
2	30th September	31st October of the financial year
3	31st December	31st January of the financial year
4	31st March	31st May of the financial year immediately following the financial year in which the deduction is made

[Refer to Notification No. 30/ 2016 dated 29.4.2016]

3. In **para 5.5.10 in clause (d) at page 26** of the captioned Circular, the words "Rs.2000/-" appearing in line 2 may be read as "Rs. 5000/-".

(Sandeep Singh)
Under Secretary to the Govt. of India

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)
NOTIFICATION
New Delhi, the 24th January, 2017

S.O. 246(E).—In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes for the said clause, the Punjab State Electricity Regulatory Commission, constituted by the Government of Punjab, in respect of the following specified income arising to that Commission, namely:-

(a) amount received in the form of processing fee for determination of tariff;
(b) amount received in the form of licence fee;
(c) amount received in the form of petition fee; and
(d) amount of interest income earned on bank deposits.

2. This notification shall be effective subject to the conditions that Punjab State Electricity Regulatory Commission,-

(a) shall not engage in any commercial activity;
(b) activities and the nature of the specified income remain unchanged throughout the financial years; and
(c) shall file returns of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

3. This notification shall be applicable for the financial years 2016-17 to 2020-21.

[Notification No. 5 /2017/F. No. 300196/3/2016-ITA-I]
DEEPSHIKHA SHARMA, Director

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)
NOTIFICATION
New Delhi, the 24th January, 2017

S.O. 245(E).—In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes for the said clause, Punjab Building & Other Construction Workers Welfare Board, constituted by the Government of Punjab, in respect of the following specified income arising to that Board, namely:—

(a) labour cess collection; and
(b) interest income on deposits.

2. This notification shall be effective subject to the conditions that Punjab Building & Other Construction Workers Welfare Board,-

(a) shall not engage in any commercial activity;
(b) activities and the nature of the specified income remain unchanged throughout the financial years; and
(c) shall file returns of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

3. This notification shall be applicable for the financial year 2016-17 to 2020-21.

[Notification No. 6/2017/F. No. 300196/20/2016-ITA-I]
DEEPSHIKHA SHARMA, Director

CUSTOM UPDATES

TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (I)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification
No. 02/2017-Customs

New Delhi, dated the 27th January, 2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 96/2008-Customs, dated the 13th August, 2008 published vide number G.S.R. 590 (E), dated the 13th August, 2008, namely:-

In the said notification, in APPENDIX - I, in the TABLE, for serial number 14 and the entries relating thereto, the following serial number and entries shall be substituted namely:-

(1)	(2)	(3)	(4)
14	080280	All goods	60%

F. No. 354/189/2005-TRU (Vol-II)]

(Anurag Sehgal)
Under Secretary to the Government of India

Note: The principal notification no. 96/2008-Customs, dated the 13th August, 2008 was published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) vide number G.S.R. 590(E), dated the 13th August, 2008 and was last amended by notification No. 67/2016-Customs, dated the 31st December, 2016, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) vide number G.S.R. 1198 (E) dated the 31st December, 2016.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)
(CENTRAL BOARD OF EXCISE AND CUSTOMS)

Notification - No. 7/2017 - Customs (N. T.)

New Delhi, the 24th January, 2017

G.S.R._____. - In exercise of the powers conferred by sub-section (1) of section 5 of the Customs Tariff Act, 1975 (51 of 1975), read with sub-section (1) of section 25 and section 156 of the Customs Act, 1962 (52 of 1962), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement. - (1) These rules may be called the India-Japan Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions. - (1) In these rules, unless the context otherwise requires,-

(a) "critical circumstances" means circumstances in which there is clear evidence that increased imports of an originating good have caused or are threatening to cause serious injury to the domestic industry and where delay in imposition of provisional bilateral safeguard measure would cause damage to the domestic industry which would be difficult to repair;

(b) "Director General" means the Director General (Safeguard) appointed by the Central Government under sub-rule (1) of rule 3 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997; (c) "domestic industry" means the producers,- (i) as a whole of the like or directly competitive good in India; or

(c) "Domestic industry" means the producers,-

(i) as a whole of the like or directly competitive good in India; or

(ii) whose collective output of the like good or a directly competitive good in India constitutes a major proportion of the total production of the said good in India;

(d) "good" means any merchandise, product, article or material;

(e) "increased imports" means increase in imports from Japan whether in absolute terms or relative to domestic production;

(f) "interested party" includes, -

(i) any exporter or producer from Japan or importer of the good subjected to investigation for purposes of taking bilateral safeguard measure or a trade or business association, majority of the members of which are producers, exporters or importers of such a good,

(ii) the Government of Japan; and

(iii) a producer of the like good or directly competitive good in India or a trade or business association, a majority of members of which produce or trade the like good or directly competitive good in India;

(g) "originating good" means a good which qualifies as an originating good under the provisions of the Customs Tariff (Determination of Origin of Goods under the Comprehensive Economic Partnership Agreement between the Republic of India and Japan) Rules, 2011 notified vide notification of the Government of India, Ministry of Finance, Department of Revenue, No. 55/2011 – Customs (N.T.), dated the 1st August, 2011, published vide number G.S.R. 594 (E), dated the 1st August, 2011;

(h) "serious injury" means a significant overall impairment in the position of the domestic industry;

(i) "threat of serious injury" means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent;

(j) "Trade Agreement" means the „Comprehensive Economic Partnership Agreement between the Republic of India and Japan".

(2) Words and expressions used herein and not defined, but defined in the Customs Tariff Act, 1975 (51 of 1975) and the Customs Act, 1962 (52 of 1962) shall have the meanings respectively assigned to them in those Acts.

3. Duties of Director General.- Subject to the provisions of these rules, it shall be the duty of the Director General, -

(a) to investigate whether increased imports of an originating good into India, have caused or are threatening to cause serious injury to the domestic industry as a result of elimination or reduction of a customs duty under the Trade Agreement;

(b) to evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry, in particular, the rate and amount of the increase in imports of originating good in absolute and relative terms, the share of the domestic market taken by the increased imports of the originating good, changes in the level of sales, production, productivity, capacity utilisation, profits and losses and employment;

(c) to submit his findings, provisional or otherwise, to the Central Government as to the serious injury or threat of serious injury to the domestic industry caused by increased imports of an originating good from Japan as a result of elimination or reduction of a customs duty under the Trade Agreement;

(d) to recommend bilateral safeguard measure which if adopted would be adequate to prevent or remedy the serious injury;

(e) to recommend the duration of the bilateral safeguard measure and where the period so recommended is more than a year, to recommend progressive liberalisation necessary to facilitate adjustment;

(f) to review the need for continuation of a bilateral safeguard measure.

4. Initiation of investigation. - (1) Except as provided in sub-rule (4), the Director General shall, on receipt of a written application by or on behalf of the domestic producer of like good or directly competitive good, initiate an investigation to determine the existence of serious injury or threat of serious injury to the domestic industry, caused by increased imports of an originating good as a result of the elimination or reduction of customs duty under the Trade Agreement.

(2) An application under sub-rule (1) shall be made in the form as may be specified by the Director General in this behalf and such application shall be supported by,-

(a) evidence of –

(i) increased imports of the originating good;
(ii) serious injury or threat of serious injury to the domestic industry;
(iii) a causal link between imports of the originating good and the alleged serious injury or threat of serious injury; and
(iv) the reduction or elimination of a customs duty under the Trade Agreement being a cause which contributes significantly to the increase in imports of the originating good and such increase in imports constitutes a substantial cause of serious injury to domestic industry:

Provided that the cause of reduction or elimination of a customs duty under the Trade Agreement need not be equal to or greater than any other cause; and

(b) a statement on the efforts being made, or planned to be made, or both, to make an adjustment to import competition.

(3) The Director General shall not initiate an investigation pursuant to an application made under sub-rule (1) unless he examines the accuracy and adequacy of the evidence provided in the application and satisfies himself that there is sufficient evidence regarding-

(a) increased imports of the originating good;

(b) serious injury or threat of serious injury;

(c) a causal link between imports of the originating good and the alleged serious injury or threat of serious injury; and

(d)the reduction or elimination of a customs duty under the Trade Agreement, contributing significantly to the increase in imports of the originating good and such increase in imports constitutes a substantial cause of serious injury or threat thereof to domestic industry:

Provided that the cause of reduction or elimination of a customs duty under the Trade Agreement need not be equal to or greater than any other cause.

(4) Notwithstanding anything contained in sub-rule (1), the Director General may initiate an investigation suo moto if he is satisfied with the information received from any Commissioner of Customs appointed under the Customs Act, 1962 (52 of 1962) or any other source that sufficient evidence exists as referred to in clause (a), clause (b), clause (c) and clause (d) of sub-rule (3).

5. **Principles governing investigation**.- (1) Once the decision is taken by the Director General to initiate investigation to determine the serious injury or threat of serious injury to domestic industry, consequent upon the increased imports of an originating good into India as a result of the elimination or reduction of a customs duty under the Trade Agreement, the Director General shall issue a public notice on initiation of investigation and the public notice shall, inter alia, contain adequate information on the following, namely:-

(a) a precise description of the originating good subject to the investigation and its classification under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);

(b) the period subject to the investigation;

(c) the date of initiation of the investigation;

(d) a summary statement of the facts on which the allegation of serious injury or threat of serious injury is based;

(e) reason for initiation of the investigation;

(f) the address to which representations by interested parties should be directed; and

(g) the time-limits allowed to interested parties for providing their views through appropriate representation.

(2) The Director General shall forward a copy of the public notice to –

(a) the Central Government in the Ministry of Commerce and Industry and other Ministries concerned, as he deems fit;

(b) the concerned trade associations or known exporters of the originating good, the increased imports of which have been alleged to cause or threaten to cause serious injury to the domestic industry;

(c) the Government of Japan; and

(d) other interested parties, as he deems fit.

(3) The Director General shall also provide a copy of the application referred to in sub-rule (1) of rule 4 to –

(a) the Central Government in the Ministry of Commerce and Industry;

(b) the known exporters of the originating good, or the concerned trade associations; and

(c) the Government of Japan:

Provided that the Director General shall also make available a copy of the application, upon request in writing, to any other interested party.

(4) The Director General may issue a notice, calling for any information in such form as may be specified by him from the exporters, foreign producers and Government of Japan and such information shall be furnished by them and the Government of Japan in writing to the Director General within thirty days from the date of receipt of the notice or within such extended period as the Director General may allow on sufficient cause being shown.

Explanation. - For the purpose of this rule, the public notice and other documents shall be deemed to have been received one week after the date on which these documents were sent by the Director General by registered post or transmitted to the appropriate diplomatic representative of the Government of Japan.

(5) The Director General may also provide opportunity to the industrial users of the originating good under investigation and to representative consumer organisations in cases where the originating good is commonly sold at retail level to furnish information which is relevant to the investigation.

(6) The Director General may allow an interested party or its representative to present the information relevant to investigation orally but such oral information shall be taken into consideration by the Director General only when it is subsequently submitted in writing, within the time frame specified by the Director General.

(7) The Director General shall make available the evidence presented to him by one interested party to the other interested parties, participating in the investigation.

(8) In case where an interested party refuses access to or otherwise does not provide necessary information within the period specified by the Director General or significantly impedes the investigation, the Director General may record his findings on the basis of the facts available to him and make such recommendations to the Central Government as he deems fit under such circumstances.

6. Confidential information.- (1) Notwithstanding anything contained in sub-rules (1), (3) and (7) of rule 5, sub-rule (2) of rule 8 and sub-rule (5) of rule 10, any information which is by nature confidential or which is provided on a confidential basis shall, upon cause being shown, be treated as such by the Director General and shall not be disclosed without specific authorisation of the party providing such information.

(2) The Director General may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of the party providing such information, the same cannot be summarised, such party may submit to the Director General a statement of reasons why summarisation is not possible.

(3) Notwithstanding anything contained in sub-rule (2), if the Director General is satisfied that the request for confidentiality is not warranted or the supplier of the information is unwilling either to make the information public or to authorise its disclosure in a generalised or summary form, he may disregard such information unless it is demonstrated to his satisfaction from appropriate sources that such information is correct.

7. Determination of serious injury or threat of serious injury.- The Director General shall determine serious injury or threat of serious injury to the domestic industry taking into account, inter alia, the following principles, namely:-

(a) the Director General shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry, in particular, the rate and amount of the increase in imports of the originating good in absolute and relative terms, the share of the domestic market taken by increased imports of the originating good, changes in the level of sales, production, productivity, capacity utilisation, profits and losses and employment; and

(b) the determination referred under this rule, shall not be made unless the investigation demonstrates, on the basis of objective evidence, the existence of the causal link between increased imports of the originating good and serious injury or threat thereof and when factors other than increased imports of the originating good are causing injury to the domestic industry at the same time, such injury shall not be attributed to the increased imports of the originating good.

8. Preliminary findings.- (1) The Director General shall proceed expeditiously with the conduct of the investigation and in critical circumstances, may record a preliminary finding regarding serious injury or threat of serious injury to the domestic industry as a result of increased imports of an originating good.

(2) The Director General shall issue a public notice regarding such preliminary findings and send a copy of the public notice to –

(a) the Central Government, in the Ministry of Commerce and Industry and in the Ministry of Finance;

(b) the Government of Japan.

9. Application of provisional bilateral safeguard measure. - (1) The Central Government, on the basis of the preliminary findings of the Director General, may –

(a) suspend further reduction of any rate of customs duty on the originating good provided for under the Trade Agreement; or

(b) increase the rate of customs duty on the originating good to a level not to exceed the lesser of:

(i) the Most Favoured Nation applied rate of customs duty on the originating good in effect on the day when the bilateral safeguard measure is taken; or

(ii) the Most Favoured Nation applied rate of customs duty on the originating good in effect on the day immediately preceding the date of entry into force of the Trade Agreement.

(2) The bilateral safeguard measure under sub-rule (1) shall remain in force only for a period not exceeding two hundred days from the date on which it was imposed.

10. Final findings.- (1) The Director General shall, within eight months from the date of initiation of the investigation, or within an extended period not exceeding one year from the date of initiation of the investigation, as the Central Government may allow, determine whether,-

(a) the increased imports of the originating good under investigation has caused or threatened to cause serious injury to the domestic industry; and

(b) a causal link exists between the increased imports of the originating good due to the elimination or reduction of a customs duty under the Trade Agreement and serious injury or threat of serious injury.

(2) The Director General shall also give his recommendation regarding bilateral safeguard measure which would be adequate to prevent or remedy the serious injury and to facilitate adjustment.

(3) The Director General shall also make his recommendations regarding the duration of the bilateral safeguard measure:

Provided that where the period recommended is more than one year, the Director General shall also recommend progressive liberalisation of the bilateral safeguard measure at regular intervals during the period of application as necessary to facilitate adjustment.

(4) The final findings, if affirmative, shall contain all information on the matter of facts and law and reasons which have led to the conclusion.

(5) The Director General shall issue a public notice recording his final findings.

(6) The Director General shall send a copy of the public notice regarding his final findings to -

(a) the Central Government, in the Ministry of Commerce and Industry and in the Ministry of Finance;

(b) the Government of Japan.

11. **Application of bilateral safeguard measure**.- (1) On receipt of the recommendation of the Director General, in order to prevent or remedy the serious injury and to facilitate adjustment in respect of the originating good covered under the final findings, the Central Government may suitably amend the notification, issued under sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) to give effect to the provisions of the Trade Agreement, so as to –

(a) suspend further reduction of any rate of customs duty on the originating good provided for under the Trade Agreement; or

(b) increase the rate of customs duty on the originating good to a level not to exceed the lesser of:

(i) the Most Favoured Nation applied rate of customs duty on the originating good in effect on the day when the bilateral safeguard measure is taken; or

(ii) the Most Favoured Nation applied rate of customs duty on the originating good in effect on the day immediately preceding the date of entry into force of the Trade Agreement.

(2) In case, the final findings of the Director General is contrary to the prima facie evidence on the basis of which the investigation was initiated and the final findings do not have recommendation for applying bilateral safeguard measure, the Central Government shall within thirty days of the publication of final findings by the Director General under rule 10, withdraw the provisional bilateral safeguard measure imposed, if any.

(3) Upon termination of a bilateral safeguard measure, whether provisional or final, the rate of customs duty for an originating good subject to the measure shall be the rate which would have been in effect but for the bilateral safeguard measure.

12. Date of commencement of bilateral safeguard measure.- (1) The bilateral safeguard measure applied under rule 9 and rule 11 shall take effect from the date of publication of the notification, in the Official Gazette, imposing such bilateral safeguard measure.

(2) Notwithstanding anything contained in sub-rule (1), where a provisional bilateral safeguard measure has been imposed and where the Director General has recorded a finding that increased imports have caused or threaten to cause serious injury to domestic industry, it shall be specified in the notification issued under rule 11 that such bilateral safeguard measure shall take effect from the date of imposition of the provisional bilateral safeguard measure.

13. Refund of duty.- If the bilateral safeguard measure taken after the conclusion of the investigation results in a rate of duty which is lower than the rate of duty resulting from a provisional bilateral safeguard measure already taken, the differential duty collected shall be refunded to the importer.

14. Duration.- (1) The bilateral safeguard measure applied under rule 11 shall be only to the extent and for such period of time as may be necessary to prevent or remedy the serious injury and to facilitate adjustment.

(2) Notwithstanding anything contained in sub-rule (1) of this rule, the bilateral safeguard measure applied under rule 11 shall not exceed a period of three years from the date of its imposition:

Provided that in highly exceptional circumstances, the Central Government may extend the period of bilateral safeguard imposition, on receipt of the recommendation of the Director General under sub-rule (1) of rule 16:

Provided further that the total duration of the bilateral safeguard measure, including such extensions, shall not exceed five years.

(3) No bilateral safeguard measure under these rules shall be applied again to the import of a particular originating good which has been subject to such a bilateral safeguard measure, for a period of time

equal to that during which such measure had been previously applied, provided that the period of non-application is at least one year.

15. Liberalisation of bilateral safeguard measure.- If the duration of the bilateral safeguard measure applied under rule 11 exceeds one year, the bilateral safeguard measure shall be progressively liberalised at regular intervals during the period of its application.

16. Review.- (1) The Director General may review the need for continued application of the bilateral safeguard measure in terms of sub-rule (2) of rule 14 and, if he is satisfied on the basis of information received by him that –

(a) the bilateral safeguard measure is necessary to prevent or remedy the serious injury and there is evidence that the domestic industry is adjusting positively, he may recommend to the Central Government for the continued imposition of bilateral safeguard measure;

(b) there is no justification for the continued imposition of such measure, recommend to the Central Government for its withdrawal.

(2) The provisions of rules 4, 5, 6 and 10 shall, mutatis mutandis apply in the case of review.

[File No.528/23/2013-STO (TU)]

(Satyajit Mohanty),
Director

DGFT UPDATES

(To be Published in the Gazette of India Extraordinary Part II Section 3, Sub Section (ii))
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhawan

Notification No. 37 /2015-2020
New Delhi, dated the 27th January, 2017

Subject: Export Policy of Sandalwood.

S.O.(E) In exercise of the powers conferred by Section 3 of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992), as amended, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy (FTP), 2015-2020, the Central Government hereby makes the following amendments with immediate effect in export policy of sandalwood under Chapter 44 of ITC(HS) Classification - Schedule 2 (Export Policy):

EXISTING ENTRIES:

Chapter 44
Wood and Articles of Wood; Wood Charcol

S.No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
182	1211 90 50 4403 99 22	M3	Sandalwood in any form, but excluding finished handicraft products of sandalwood, machine finished sandalwood products, sandalwood oil:	Prohibited	Not permitted to be exported
183	4414 00 00 4415 00 00 4419 00 00 4420 00 00 4421 90 60 4421 90 90	Kg	"Finished Handicraft products of (a) Sandalwood (b) Other species	 Free Free	 Subject to provisions of CITES Subject to provisions of CITES
184	4409 00 00	Kg	Machine finished sandalwood products	Free	
185	3301 29 37	Kg	Sandalwood Oil	Free	Subject to Quantitative ceilings and conditionalities as may be notified by the Director General of Foreign Trade from time to time
186	1211 90 50 4401 30 00	Kg	Sandalwood De-oiled Spent Dust	Restricted	Export permitted under licence subject to conditionalities as may be notified by the Director General of Foreign Trade from time to time.
187	1211 90 50 4403 99 22	Kg	Other forms of sandalwood as specified	Restricted	Export permitted under licence subject to conditionalities as may be notified by the Director General of Foreign Trade from time to time

....2/-

AMENDED ENTRIES:

Chapter 44
Wood and Articles of Wood; Wood Charcol

S. No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
182	1211 90 50 4403 99 22	M3	Sandalwood in any form, except at Sl. No. 183 to 187 below	Prohibited	Not permitted to be exported
183	4414 00 00 4415 00 00 4419 00 00 4420 00 00 4421 90 60 4421 90 90	Kg	Finished Handicraft products of (a) Sandalwood (b) Other species	 Free Free	
184	4409 00 00	Kg	Machine finished sandalwood products	Free	
185	3301 29 37	Kg	Sandalwood Oil	Free	Subject to Quantitative ceilings and conditionalities as may be notified by the Director General of Foreign Trade from time to time
186	1211 90 50 4401 30 00	Kg	Sandalwood De-oiled Spent Dust	Restricted	Export permitted under licence subject to conditionalities as may be notified by the Director General of Foreign Trade from time to time.
187	1211 90 50 4403 99 22 4409 00 00	Kg	Other forms of sandal wood, namely, (a) dust/ flakes obtained as wood scrap / waste after the manufacturing process by manufacturer exporter of value added sandalwood handicraft products and machine finished sandalwood products (b) machine finished chips manufactured from cracked portions of sandalwood billets (each finished chips not exceeding 50 gms per piece) (c) powder obtained from wood scrap / waste after the manufacturing of handicraft products and machine finished goods of sandalwood	Restricted	Export permitted under licence subject to conditionalities as may be notified by the Director General of Foreign Trade from time to time

			(d) small pieces of sandalwood(each piece not exceeding 20 gms) obtained from wood scrap / waste after manufacturing of handicraft / machine finished sandalwood products. (e) sandalwood powder produced from sandalwood wood scrap/waste (f) any other item of sandalwood as may be specified by DGFT in consultation with MOEF&CC.		

2. Effect of this notification:

Export Policy of sandalwood against Sl. No. 182 to 187, Chapter 44 of Schedule 2 of ITC(HS) Classification of Export & Import Item has been amended to bring clarity for export of specified categories.

(A.K. Bhalla)
Director General of Foreign Trade
E-mail: dgft@nic.in

(Issued from F.No. 01/91/171/17/AM-06/PC-III/Export Cell)

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