QUARTERLY BUZZ

FOREWORD

This year saw global M&A surpass the level of USD 5 trillion for the first time ever. This was primarily driven by about 70 megadeals (those valued USD 1 billion or more), the highest ever. In the fourth quarter of 2015, big deals announcement kept pouring in with Pfizer's acquisition of Allergan for USD 160 bn, AB InBev's acquistion of SABMiller for USD 107 bn, Dow Chemical's acquisition of DuPont for USD 68 bn, etc.

In India, the year 2015 saw a tremendous revival for M&A with highest levels since 2010. The trend continued in private equity investments also which witnessed a record high this year. The fourth quarter saw the announcement of the year's second-largest M&A (with respect to India) in ATC's acquisition of 51% stake in Viom Ltd for USD 1.2 billion.

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On the regulatory side, there have been several changes to the existing foreign investment policy to simplify and liberalize it. Besides this, a consolidated framework for external commercial borrowing was also issued introducing new eligible borrowers and lenders and decreasing maturity period of general corporate purpose. However, the revised ECB framework would be made applicable at a later date.

In corporate laws, Securities and Exchange Board of India (SEBI) has now permitted Alternative Investment Funds to make overseas investments. Further, consolidated regulations have been rolled out to cover all listing obligations by listed entities. Listing agreement across stock exchanges have been made uniform and simple. For the benefit of investors, SEBI has also issued specific guidelines for issuance of abridged prospectus which would not exceed ten pages with effect from 1st December, 2015.

On the Direct Taxes front, CBDT has introduced range concept for computation of arm's length price for international transactions and specified domestic transactions. Besides this, CBDT has also issued certain clarifications on settled cases to prevent unnecessary litigations, also providing clarifications for the taxpayers alongside. A number of other measures have also been taken like 'e-sahyog' (e-support) project, revision in limits for filing of appeals by revenue department, conclusion of several Advanced Pricing Agreements, setting up of committee for simplification of provisions, etc.

On the Indirect Taxes side, Swachh Bharat Cess has been introduced with effect from 15th Nov, 2015 payable in addition to service tax. Following the lines of CBDT, the CBEC has also issued clarifications on certain settled cases, increased limits for prosecution & arrest and provided for a scheme for speedy disbursal of pending service tax refunds in the case of exporters. In another move, effective 1st January, 2016 digital signature certificates have been mandatory for filing all documents for imports & exports, except in few cases.

In other buzz, we have highlighted procedural changes in Foreign Contribution Regulation Act, changes made for mandatory quoting of PAN and how the year 2015 went for startups.

This newsletter aims to captures the key M&A of Q4 of 2015 as well as the major tax & regulatory developments of this quarter. We hope you find the same an interesting read.

GM Corporate Solutions

M&A Trends

Indian companies sealed M&A deals worth of USD 62.3 billion in 2015, the highest since 2010. Many of these involved highly leveraged companies seeking to cut debt.

Domestic deals remained subdued compared to last year. However, cross-border deals increased significantly with outbound deals increasing at almost double the rate of increase in inbound deals.

The industrial sector lead the deal charts with about 16% followed by energy & power, financials and retail sector. Some deals were also driven by policy changes, noticeably, the increase in foreign investment limit in insurance sector.

Few M&A deals of Q4 - 2015

American Towers Corporation has acquired a 51% stake in telecom tower firm Viom Networks Ltd for USD 1.2 billion in cash. Viom owns & operates about 42,200 wireless communication towers across India.

Nippon Life Insurance has raised its stake in Reliance Life Insurance from 26% to 49% for USD 341 million. In another transaction, it has raised its stake in Reliance Capital Asset Management from 35% to 49% for USD 184 million.

Idea Cellular has acquired right to use spectrum in two service areas from Videocon Telecommunications for USD 500 million. The move comes after the Government had, in October 2015, changed rules to allow buying & selling of spectrum.

Reliance Communications has acquired Sistema Shyam Teleservices which operates its telecom services under the MTS brand in an all-stock deal. The deal is valued at around USD 317 million and awaits government clearance.

Carnival Group has acquired commercial real estate projects of engineering & construction firm Larsen & Toubro in Chandigarh for USD 267 mn. The deal includes Elante Mall, Hyatt Luxury hotel and office space with a central courtyard

Joining the bandwagon, Canada's Sun Life Financial Inc has inked a deal to increase its stake in its insurance JV with Aditya Birla Group from current 26% to 49% for about USD 250 mn. Similarly, German Insurer Ergo International would invest USD 168 mn to buy additional 22.9% stake in its insurance JV with HDFC. Japan's Mitsui Sumitomo Insurance Co. Ltd. would invest USD 133.5 mn in its insurance JV with Murgappa group to buy additional 14% stake.

US-based SunEdison Inc has sold its 425 MW of solar projects in India to its Terraform Global Inc Unit for USD 231 mn, excluding debt. This comes after SunEdison scrapped a proposed deal to buy India assets of Continuum Wind Energy Ltd.

Global pharmaceutical major Abbott has bought 435 thousand sq ft space in Godrej BKC, Mumbai for USD 225 million making it one of the biggest transactions in real estate office space. The project is expected to be complete by mid-2016.

US IT consulting firm Virtusa Corporation has agreed to buy a 53% stake in Polaris Consulting & Services Ltd for USD 178 million. Virtusa has also made an open offer to buy another 26% stake as part of the takeover code.

HCL Technologies has agreed to take over Swedish automobile maker Volvo's external IT business for USD 138 million. The transaction would close in second quarter of 2016.

E2 Energy services, a unit of India-focused energy firm Intelligent Energy Ltd has agreed to buy operations, maintenance and energy management business of debt-laden GTL Ltd for USD 130 mn. GTL Ltd provides telecom related infrastructure services and is undergoing corporate debt restructuring.

PE Trends

The fourth quarter witnessed 376 deals of USD 4.8 billion bringing closure to this year's tally of a total 1,444 deals valued USD 23 billion for PE deals.

Sector-wise, software & services attracted the highest investment accounting for one-fifth of all deals. Retail sector attracted the second highest investments followed by real estate, capital goods and diversified financials .

Big-ticket deals (USD 100 million and above) constituted more than 65% of total PE capital invested across 50 transactions. Though investments remained upbeat, PE exits slowed in 2015. While the first half of the year was vibrant for exits reaching new highs, the momentum could not continue in the second half. Overall, the number of exit deals were lesser compared to last year but exit deal value saw a rise.

Few PE deals of Q4 - 2015

Ola, the cab hailing app, has raised USD 500 million in Series F funding round from Scottish investment firm Baillie Gifford and China's Didi Kuaidi besides existing investors Falcon Edge Capital, Tiger Global, SoftBank Corp and DST Global

Premji Invest, the private investment arm of Azim Premji, and Temasek Holdings have agreed to acquire 4% and 2% stake respectively in ICICI Prudential Life Insurance Co.for a total of USD 297 million subject to govt. & regulatory approvals

Aditya Birla Group has entered into a definitive agreement to sell 49% stake for undisclosed amount in its wholly-owned subsidiary to The Abraaj Group to build a renewable energy platform focused on developing solar power plants in India.

Renewable energy producer ReNew Power Ventures has raised USD 265 million from Abu Dhabi Investment Authority and existing investors Goldman Sachs and Global Environment fund.

Fairfax Holdings Ltd has agreed to acquire additional 9% stake in ICICI Lombard General Insurance Company Ltd, the largest private-sector general insurer in India, from ICICI Bank for USD 237 million taking its total stake to 35%.

Global PE firm Warburg Pincus and real estate developer Embassy Group have formed a joint venture to develop industrial and logistics parks across India, committing USD 175 million and USD 75 million respectively for the JV.

Global PE firm General Atlantic has acquired a 21.6% stake in wealth management unit of IIFL Holdings Ltd (formerly India Infoline) for USD 173 million in its biggest India-related investment since 2004.

Global PE firm Blackstone has agreed to buy a minority stake in IBS Software from General Atlantic and other unnamed investors for USD 170 million. IBS provides software products to global travel, transportation and logistics companies.

Apax Partners acquired 23% stake Zensar Technologies, a mid-cap software services firm and part of Harsh Goenka-led RPG Enterprises. It has bought the stake from PE investor Electra Partners for USD 128.6 million.

Blackstone Capital has bought two malls of Alpha G:Corp in Amritsar and Ahmedabad, totalling 1.2 million square feet, for an undisclosed sum. Media reports peg the amount at USD 123 million. Industry sources had indicated a complete buyout of developer but the deal didn't work out that way.

India's largest micro-irrigation firm, Jain Irrigation Systems Ltd, is raising about USD 120 million from Mandala Capital marking one of the single-biggest investments in the country's food and agriculture sector.

Key Regulatory Highlights

FEMA & FDI – Key Updates

- ***Foreign Investment in AIF, REITs and InvITs:*** Government has now permitted Alternative Investment Funds (AIFs), Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) to receive foreign investments under automatic route i.e. without FIPB approval.

  Further, downstream investments by them shall be considered domestic if any of the Sponsor, Manager or Investment Manager is Indian owned and controlled. In such case, however, the Sponsor, Manager or Investment Manager should not be an LLP.
- ***Liberalization of FDI Policy:*** Effective 24th November, 2015, following key changes have been made to the extant FDI policy:
  - It has been provided that subject to the policy, FDI in manufacturing is under automatic route. Also, manufacturers can sell products manufactured in India through wholesale/retail including through e-commerce
  - **FDI in LLPs**
    - As per extant policy, FDI in LLPs was being permitted under Government route for those sectors where 100% FDI is allowed under automatic route and there are no performance-linked conditions. Now, the same has been permitted under Automatic Route.
    - Various restrictions related to LLPs with foreign investment have been dispensed with
    - LLPs can now make downstream investments in Indian companies/LLPs
  - Earlier, Government approval was required for foreign investment in companies which did not have any operations and also did not have any downstream investments. This condition has now been synced – i.e. Government. approval required only if sectoral conditions mandate it.
  - Similarly, in case of investment by way of swap of shares, Government approval would only be required in case of sectors covered under Government Route.
  - **NRIs**: Companies, trusts & partnership firms owned and controlled by NRIs shall have same privileges as are enjoyed by NRIs in their individual capacity while making investment in to Indian entities. Investments by NRIs, as per FEMA regulations, shall be treated as domestic investments.
  - FIPB would now consider proposals with total foreign equity inflow of INR 50 billion or less (earlier INR 20 billion). Beyond this, proposals would be considered by CCEA.
  - Earlier, Government approval was required where:
    - Indian company is being established with foreign investment with foreign control / ownership; or
    - Ownership / control of existing Indian company would lie with non-resident after foreign investment

    This was in case of all sectors with caps on foreign investment– whether covered under automatic route or not. Now, this has been changed to cover only those sectors where foreign investment is under government route.

  Besides this, conditions in some sectors like defense, construction development have been simplified and removed. Also, in various sectors, FDI limits have been increased like broadcasting services, plantations, air transport services, etc.
- ***LLPs to file FLA Return:*** Limited Liability Partnerships receiving foreign investment in current / previous year(s) would henceforth file annual return on Foreign Liabilities and Assets (FLA return) by 15 July every year.
- ***NRIs can invest in NPS:*** Non Resident Indians have now been permitted to invest in National Pension System with no restriction on repatriation.
- ***Revision in ECB Framework:*** RBI released revised ECB framework on 30th November, 2015 bringing in various measures, some of which are:
  - ECBs are classified under three 'tracks':
    - Track I: ECB in foreign currency (FCY) with 3/5 years' minimum average maturity (MAM)
    - Track II: ECB in FCY with more than 10 years' MAM
    - Track III: ECB in INR with 3/5 years' MAM
  - **New eligible borrowers:** REITs/InvITs (track II and III); logistics services (track III)
  - **New recognized lender:** Overseas long term investors
  - Several new end uses for ECB under Track I
  - MAM of general corporate purpose (including working capital) decreased from seven years to five years
  - Individual limits under automatic and approval routes have been particularly specified for: infrastructure & manufacturing, software development and micro finance activities

  This revised framework would become effective at a later date. For now, entities raising ECB under extant regulations can do so latest by 31st Mar, 2016.
- ***Foreign Law Firms not allowed to open Liaison Office:*** Entry of foreign law firms has been a matter subjudice, in Supreme Court since 2012. Supreme Court has passed another interim order directing RBI to not grant any new permission to foreign law firms for opening an LO in India till further notice in this regard. Further, no renewal shall be granted to existing LOs of foreign law firms.

Key Regulatory Highlights

Companies Act 2013 key updates

- ***Extension of filing date for Annual Filings*** – MCA had extended the date of filing forms for submission of annual return and financial statements with ROC till 30th Nov, 2015 and later on till 30th Dec, 2015.
- ***Section 13 & 14 of Companies (Amendment) Act, 2015 effective*** – Section 13 and 14 of the amendment act have been made effective from 14th December, 2015 onwards. These provide for the following:
  - Auditors to report only those frauds to Central Government. which individually involve amounts equal to or greater than those specified (INR 10 million); remaining frauds to be reported to audit committee / board of directors.
  - Audit committee of a company is empowered to grant one-time approval (omnibus approval) for related party transactions for one financial year considering repetitiveness of such transactions. The committee shall specify parameters such as aggregate maximum value of all transactions for year and maximum value per transaction covered under this approval.
- ***Periodical disclosures for IDR and two-way fungibility*** – SEBI has specified the format of quarterly reporting of distribution of Indian Depository Receipt (IDR) holders by listed entities issuing IDR. Further, listed entities shall also disclose no. of underlying equity shares represented by IDRs and their proportion in total equity share capital. This reporting shall be done within 15 days at the end of every quarter.

  SEBI has also specified procedure of partial two-way fungibility for existing as well as future IDR issuances. Partial two-way fungibility means conversion of IDRs into underlying equity shares and vice versa within the available headroom. Fungibility shall be provided quarterly and only after one year of issuance of IDRs. Further, at the time of conversion, 20% would be reserved for retail investors.
- ***Abridged Prospectus –*** SEBI has specified a ten-pager abridged prospectus to cut down on the voluminous abridged prospectuses being issued in the past.

  The new prospectus provides for a separate General Information Document which would contain processes & procedures applicable to public issues. Such information is of generic nature and not specific to issuer. The abridged prospectus also specifies format and printing requirements. The new specifications have become effective from 1st December, 2015.
- ***Overseas Investments by VCFs/AIFs*** – Venture Capital Funds (VCFs) can now invest up to 25% (earlier 10%) of their investible funds in offshore undertakings which have an Indian connection. Further, Alternative Investment Funds (AIFs) have now been permitted to make overseas investments, up to 25% of their investible funds. However, VCFs and AIFs shall not invest in Joint Venture / Wholly Owned Subsidiary while making overseas investment.

  Further, all Indian VCFs and AIFs would be covered by an overall investment limit of USD 500 million. Each VCF/AIF would have to apply to SEBI for allocation of its respective investment limit, done on first-come-first-serve basis.
- ***New formats for furnishing financial results*** – SEBI has issued formats for furnishing periodical financial information to stock exchanges. A new condensed format has been specified for publishing the results in newspapers. Also, disclosure requirements in respect of shareholding pattern and investor complaints received/addressed have been dispensed with.
- ***SEBI's new listing regulations*** – SEBI has issued new regulations for listed entities effective from 1st December, 2015 onwards. These regulations consolidate and streamline provisions of existing listing agreements for different segments of capital markets. These are divided into two parts – one containing substantive provisions and the other containing procedural requirements in the form of Schedules. Some highlights:
  - Contains broad principles for periodic disclosures in line with International Organization of Security Commissions (IOSCO)
  - Has incorporated provisions of corporate governance in line with OECD principles
  - Provides common obligations for all listed entities and particular obligations applicable to specific types of securities
  - Stock exchanges have been made responsible for monitoring compliance and adequacy thereof
  - Wherever necessary, provisions have been aligned with Companies Act, 2013
  - A shortened version of listing agreement, which is uniform across all stock exchanges has been prescribed

Key Tax Highlights

Direct Tax

- ***Recent initiatives*** – CBDT has taken various steps this quarter, some of which are:
  - Setting up of a Committee to revamp Income Tax Act and simplify its provisions
  - Simplification of format & procedure for submitting Form 15G & 15H for self-declaration or lower deduction or no deduction of tax w.e.f 1st Oct, 2015
  - Launching of 'e-sahyog' pilot project for online facility to resolve mismatch of prepaid taxes in ITRs
  - Monetary limits for filing appeal by Income Tax Department before ITAT and High courts increased to INR 1 million and INR 2 million respectively from the present limits of INR 0.4 million & INR 1 million
  - Off-shore rupee denominated bonds: only withholding tax of 5% applicable for NRIs and capital gains exempt
  - Conclusion of 22 Advanced Pricing Agreements for transfer pricing by 27th November, 2015 and many more in pipeline

- ***Clarifications on settled cases*** – CBDT has through various circulars clarified legal position on following:
  - Expenditure on abandoned films (where certificate of Board of Film Censors is not received) is to be treated as revenue expenditure and is deductible
  - For period prior to AY 2014-15, for measuring proximity of agricultural land to nearest municipality or cantonment board, the distance is to be measured having regard to the shortest road distance.
  - Expenses relatable to investment in non-SLR securities by Banks are not disallowable. This is because interest income on non-SLR securities is attributable to the business of banking. Hence, the same is chargeable under head PGBP and not 'income from other sources'.
  - It has been clarified that w.e.f. 1st Apr, 1988 the settled position is that employer's contribution to funds for welfare of employees is an allowable expense in case such contribution has been paid before due date of filing Income Tax Return even if paid after due date (as per acts governing such funds)

- ***Intimation for payment made to Non-Residents*** – Effective 1st Apr, 2016, no form 15CA / 15CB shall be required for remittance made under Liberalized Remittance Scheme. Further following payments have been exempt from such requirement:
  - Advance payment against imports, payment towards import for settlement of invoices, imports by diplomatic mission and imports below INR 0.5 million
  - Intermediary trade

  Also, certificate of Chartered Accountant in Form 15CB is required only in case of payments in excess of INR 0.5 million and which are chargeable to tax.

- ***Range Concept in Computing ALP*** – CBDT has amended income tax rules introducing range concept for computation of Arm's Length Price (ALP) for international transactions and specified domestic transactions undertaken on or after 1st April, 2014. Key highlights are:

- **Applicability:** Where Most Appropriate Method (MAM) results in more than one ALP. For this:
  - Where MAM is CUP, profit split or other specified method, only current year data can be taken
  - Where MAM is RPM, CPM or TNMM, if data of current year is not available, data of preceding one Financial Year (FY) can be taken
- **How Applied:** In case of more than one ALP, a dataset in ascending order shall be construed. Where MAM is:
  - *RPM, CPM or TNMM*
    - Weighted average of available data of (current year) and preceding two FYs shall be taken if enterprises identified for dataset undertook requisite transaction in any of preceding two FYs
    - Weighted average shall be computed as follows

      RPM: based on sales
      CPM: based on costs
      TNMM: based no costs / sales / assets employed / any other base
- **Acceptable Range:** Where MAM is
  - *RPM, CPM, TNMM or CUP:*
    - *And dataset has six or more entries*: Acceptable range shall be between 35th and 65th percentile of dataset. If transaction price lies in the range, it shall be considered ALP. Otherwise, ALP shall be median of the dataset.
    - *Dataset has less than six entries*: ALP shall be arithmetical mean of dataset. However, if difference between ALP and transaction price is up to 3% of transaction price (1% in case of wholesale trading), then transaction price shall be ALP
  - *Profit split or other specified method:* ALP shall be arithmetical mean of data set. Difference between ALP and transaction price of up to 3% (1% in case of wholesale trading) is acceptable.
- **Other Points:**
  - Financial year (FY) in which requisite transaction has taken place has been termed as current year for clarity
  - During the course of assessment proceedings, if current year data about any of the enterprises is available, it shall be used. Further, if an enterprise, selected on basis of preceding year's transaction, has not undertaken same / similar transaction or the uncontrolled transaction undertaken by it in current year is not comparable, then data of such enterprise shall be ignored

Key Tax Highlights

Indirect Tax

- ***Swachh Bharat Cess*** – This cess has been introduced by Finance Act, 2015 and been made effective from 15th Nov, 2015. Rate of SBC is 0.5%.

  Thus, effective rate of service tax w.e.f 15th Nov, 2015 is 14.5% (14% + 0.5%).

  SBC is applicable in all cases except in case of exempt services. It has further been clarified that SBC is not covered under CENVAT regime.

- ***Revised monetary limits for prosecution and arrest*** – As per extant provisions, assessees who have committed evasion of service tax / excise duty or misuse of CENVAT credit and where the amount involved is INR 5 million or more are liable for prosecution and can be arrested. This limit of INR 5 million has now been raised to INR 10 million.

- ***Credit of education cess and SHEC post change in service tax rate*** – Service tax rate was changed from 12.36% to 14% w.e.f. 1st June, 2015 vide Finance Act, 2015. Further, education cess (EC) and SHEC were subsumed in the revised rate. Transitional provisions for utilization of balance credit of erstwhile EC and SHEC were also introduced but only for manufacturers and not for service providers.

  CBEC has, vide notification dated 29th Oct 2015, provided that for service providers, input EC and SHEC in following cases can be utilized for payment of service tax:

  - EC and SHEC in respect of inputs / capital goods received in premises of output service provider on or after 1st June, 2015
  - Balance 50% EC and SHEC paid on capital goods received in premises of output service provider in FY 2014-15 (as per extant provisions, usually 50% credit is available in the year of receiving capital goods and balance in next year)
  - EC and SHEC paid on input service for which invoice/bill, etc is received on or after 1st June, 2015

- ***DSC mandatory for import/export*** – Effective 1st Jan, 2016, it is mandatory for all importers/ exporters using services of Customs Brokers for formalities, shipping lines and airlines to file customs documents under Digital Signature Certificate (DSC).

  Importers / exporters desirous of filing Bill of Entry / Shipping Bill individually would have the option of filing declarations/ documents physically.

- ***Speedy disbursal of Refunds*** – CBEC has issued a scheme on 10th Nov, 2015 for speedy disbursals of pending refunds to service exporters which had been filed on or before 31st Mar, 2015.

  However, this scheme is not applicable to the refunds which had been finalized earlier by issuance of an adjudication order but have been remanded back to the original sanctioning authority.

  The scheme provides for submission of CA certificate and an undertaking by the exporter. Thereafter, 80% of the amount claimed as refund would be issued as provisional refund within 5 working days of receipt of documents.

- ***Clarifications on certain cases*** – CBEC has through various circulars clarified legal position on certain matters. These are:

  - **Apparel Exporters:** Services received by apparel exporters from third parties are typically job work rather than manpower supply services. Further, every such job work might not be exempt from service tax (covered under negative list). Applicability of service tax would therefore vary on case to case basis depending upon the nature of agreement / contract and the services being provided.
  - **Goods Transport Agency:** Services like loading / unloading, packing / unpacking, transshipment, etc. provided in the course of transportation of goods by road are ancillary to the service provided by a Goods Transport Agency (GTA). If charges for such ancillary services are included in invoice issued by GTA, such services would form part of GTA and be eligible for abatement of 70%.
    Also, even in cases where GTA undertakes to deliver goods within a stipulated time, the only conditions to be checked for eligibility for abatement are: a) entire transportation by road and b) issuance of consignment note by GTA
  - **Agency Services to MTSO:** Service tax was made applicable on all services from 1st July, 2012 except for a small negative list.
    It was clarified that service tax is leviable on agency / representation service provided by Indian bank/ entity to a Money Transfer Service Operator (MTSO) for remittance from outside India to beneficiary in India. *(Circular no. 108/06/2014 dated 14th Oct, 2014)*
    As per prevalent practice from 1st June, 2012 to 13th Oct, 2014 no service tax was being charged on such agency services to MTSO. CBEC has now clarified that such service tax, not paid then due to prevalent practice, shall not be required to be paid now.

Other Buzz

FCRA changes

Ministry of Home Affairs, Government of India on 14th December, 2015 has rolled out Foreign Contribution Regulation Rules, 2015 to make all the services of FCRA online along with simplification of the forms. Key highlights of the rules are

- Applications for registration, prior permission and renewal of registration under FCRA will be accepted online
- Number of application/intimation forms has been reduced from 10 to 6
- Condition of renewal application of FCRA license one year before the expiry of existing registration for associations implementing multi-year project has been disposed off.
- NGOs not receiving any foreign contribution for entire year will not be required to submit CA certificate along with annual return
- Banks shall report to Government within 48 hours of any transaction in respect of receipt of any foreign contribution
- NGOs will be required to publish details of foreign contributions received on a quarterly basis (within 15 days of the end of quarter) on their websites or as specified by government. Report shall include details of donors, amount received and date of receipt.
- NGO which has been granted a certificate of registration or prior permission shall intimate online to authorities about any changes in name, address, objectives, bank details or key member of the association. Such intimation shall be done within 15 days from the date of changes made.

In view of launch of online services and new website, the last date for filing annual return in Form FC-4 for FY 2014-15 has been extended to 15th March 2016.

Quoting of PAN

With an objective to check and curb generation of black money, Government has issued a notification which mandates quoting of PAN against certain transactions along with revision in certain limits. Persons who do not hold PAN are required to fill a form and furnish one of the specified documents to establish their identity.

However, to bring balance between burden of compliance on legitimate transactions and the need to capture information of higher value transactions, Government has enhanced monetary limits of certain transactions to quote PAN. For example, the monetary limit for sale or purchase of immovable property has been doubled to INR 1 million (earlier INR 0.5 million); for hotels and restaurant bills to INR 50,000 (earlier INR 25,000); for purchase or sale of shares of unlisted company to INR 100,000 (earlier 50,000).

Purchase or sale of any goods or services has been specifically added in the list – transaction exceeding INR 200,000 would require PAN to be quoted with effect from 1st January, 2016.

Start-up Activity

Currently, India is home to 18,000 startups valued at USD 75 billion and employing 300 thousand people. This makes it the second largest startup ecosystem in the world with growth rate estimated to be the highest.

2015 has been a year of startups which saw investments of about USD 8.4 billion vis-à-vis USD 5 billion in 2014. Sector-wise, e-commerce took more than half of the funding just like in 2014. However, verticals like furniture, fashion, eyewear and e-commerce enablers like logistics & payments saw substantial funding.

The year witnessed a spike in angel funding and VC funding with new milestones of USD 300 million and USD 5.4 billion being reached respectively. Valuations became more grounded in second half of the year.

On the regulatory front, SEBI eased several policies providing for easier norms and relaxation for IPOs by technological startups. Government's initiatives like Digital India, easing of taxation & labor laws and simplifications in company law have provided cohesive support for startups to bloom.

The year 2016 is expected to be more promising and see further maturity in the startup activity. Sectors to watch out for include financial technology, healthcare and enterprise technology, among others.

Glossary

Abbreviation	Description	Abbreviation	Description
ALP	Arm's Length Price	JV	Joint Venture
AY	Assessment Year	LLP	Limited Liability Partnerships
CBDT	Central Board of Direct Taxes	LO	Liaison Office
CBEC	Central Board of Excise & Customs	MAT	Minimum Alternate Tax
CENVAT	Central Valued Added Tax	MCA	Ministry of Corporate Affairs, Government of India
DIPP	Department of Industrial Policy & Promotion, Government. of India	NGO	Non-Governmental Organizations
DSC	Digital Signature Certificate	OECD	The Organization for Economic Co-operation & Development
ECB	External Commercial Borrowings	PAN	Permanent Account Number
FCRA	Foreign Contribution Regulation Act	PE	Private Equity
FIPB	Foreign Investment Promotion Board	PGBP	Profits & Gains from Business or Profession
FDI	Foreign Direct Investment	RBI	Reserve Bank of India
HNI	High Net-worth Individual	SEBI	Securities Exchange Board of India
IPO	Initial Public Offer	SHEC	Secondary & Higher Education Cess
IT	Information Technology	SLR	Statutory Liquidity Ratio
ITAT	Income Tax Appellate Tribunal	VC	Venture Capital

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