

TAX EDGE

Monthly Tax & Regulatory Updates



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MEASURES TO COMBAT COVID-19



Measures to combat COVID-19

Ministry of Home Affairs (MHA) issues guidelines for 'Unlock 5'



Union MHA has issued new guidelines on 30th September 2020 to open up more activities in areas outside the Containment Zones from 1st October 2020 onwards.

Activities permitted from 15th October 2020, in areas outside the Containment Zones

- Cinemas/ theatres/ multiplexes will be permitted to open with upto 50% of their seating capacity
- Business to Business (B2B) Exhibitions will be permitted to open
- Swimming pools being used for training of sportspersons will be permitted to open
- Entertainment parks and similar places will be permitted to open

Opening of Schools, colleges, education institutions and coaching institutions

- For re-opening of schools and coaching institutions, State/ Union Territories (UT) Governments have been given the flexibility to take a decision after 15th October 2020, in a graded manner. The decision shall be taken in consultation with the respective school/ institution management, based on their assessment of the situation, and subject to the following conditions:
 - ✓ Online/ distance learning shall continue to be the preferred mode of teaching and shall be encouraged.
 - ✓ Where schools are conducting online classes, and some students prefer to attend online classes rather than physically attend school, they may be permitted to do so.
 - ✓ Students may attend schools/ institutions only with the written consent of parents.
 - ✓ Attendance must not be enforced, and must depend entirely on parental consent.
- Department of Higher Education (DHE), Ministry of Education may take a decision on the timing of the opening of Colleges/ Higher Education Institutions, in consultation with MHA, based on the assessment of the situation. Online/ distance learning shall continue to be the preferred mode of teaching and shall be encouraged.
- However, Higher Education Institutions only for research scholars (Ph.D) and post-graduate students in science and technology stream requiring laboratory/ experimental works will be permitted to open from 15th October, 2020.

Measures to combat COVID-19

Regulation of gatherings

- Social/ academic/ sports/ entertainment/ cultural/ religious/ political functions and other congregations have already been permitted with a ceiling of 100 persons, outside Containment Zones only. Now State/ UT Governments have been given the flexibility to permit such gatherings beyond the limit of 100 persons, outside Containment Zones, after 15th October 2020, which will be subject to the following conditions:
 - ✓ In closed spaces, a maximum of 50% of the hall capacity will be allowed, with a ceiling of 200 persons. Wearing of face masks, maintaining social distancing, provision for thermal scanning and use of hand wash or sanitizer will be mandatory.
 - ✓ In open spaces, keeping the size of the ground/ space in view, and with strict observance of social distancing, mandatory wearing of face masks, provision for thermal scanning and hand wash or sanitizer.
- All activities, except the following, shall be permitted outside containment zones:
 - ✓ International air travel of passengers, except as permitted by MHA.
- Lockdown shall continue to be implemented strictly in the Containment Zones till 31st October, 2020.
- Containment Zones shall be demarcated by the District authorities at micro level after considering guidelines of Ministry of Health and Family Welfare (MoHFW) with the objective of effectively breaking the chain of transmission. Strict containment measures will be enforced in these containment zones and only essential activities will be allowed.
- Within the containment zones, strict perimeter control shall be maintained and only essential activities allowed.
- These Containment Zones will be notified on the websites of the respective District Collectors and by the States/ UTs and information will also be shared with MOHFW.

States not to impose any local lockdown outside Containment Zones

- State/ UT Governments shall not impose any local lockdown (State/ District/ sub-division/City/ village level), outside the containment zones, without prior consultation with the Central Government.

No restriction on Inter-State and intra-State movement

- There shall be no restriction on inter-State and intra-State movement of persons and goods. No separate permission/ approval/ e-permit will be required for such movements.

National Directives for COVID-19 management

- National Directives for COVID-19 management shall continue to be followed throughout the country, with a view to ensure social distancing. Shops will need to maintain adequate physical distancing among customers. MHA will monitor the effective implementation of National Directives.

Protection for vulnerable persons

- Vulnerable persons, i.e., persons above 65 years of age, persons with co-morbidities, pregnant women, and children below the age of 10 years, are advised to stay at home, except for meeting essential requirements and for health purposes.

Use of Aarogya Setu

- The use of Aarogya Setu mobile application will continue to be encouraged.

Please [Click Here](#) read the Press Release dated 30th September 2020.

Measures to combat COVID-19

Indian Institute of Technology (IIT) Kharagpur rolls out Telemedicine for corona care from home



**IIT Kharagpur has developed a
Telemedicine Technology for
Home-based Healthcare Facilitation
under COVID situation**

With the passage of time and vaccines still not available, the pressure on the healthcare system is only expected to go up while the healthcare workers continue to remain vulnerable to the infection. To address this issue, the researchers at IIT Kharagpur Department of Computer Science & Engineering have developed a telemedicine system, *iMediX*.

The system integrates homecare with healthcare services from the hospital. Considering the emergent needs due to the pandemic, the system facilitates critical health care support to the patients at their doorsteps through remote consultation by a physician. The system is accessible by any standard internet browser and also from a mobile device. In this system, a patient signs up to get an account by providing his/her Email ID or Mobile number. The hospital administration processes the request and assigns a doctor. The doctor after logging in sets an appointment date and time for the patient and the system communicates the information to the patient by Email and SMS (short message service). On the day of visit, the doctor consults the patient using video conferencing and advises the patient by writing a prescription, which is sent by Email to the patient. The patient can download the prescription from his or her account.

Please [Click Here](#) to read the Press Release dated 2nd October 2020.

Measures to combat COVID-19

Prime Minister (PM) launches public movement and appeals everyone to unite in fight against COVID-19



PM, Shri Narendra Modi launched a public movement and appealed everyone to unite in the fight against corona. In a tweet, the PM appealed everyone to unite in the fight against Corona. Reiterating the key message of wear a mask, wash hands and follow social distancing, he said together we will succeed and win against the Covid-19.

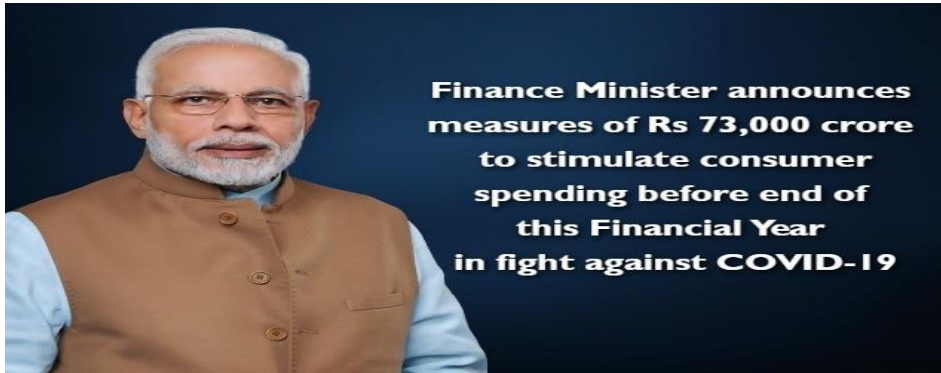
The campaign is being launched with the aim to encourage People's participation. Under the campaign, a Covid-19 Pledge will be taken by all. A Concerted Action Plan will be implemented by Central Government Ministries/ Departments and State Governments/ Union Territories which includes

- Region- specific targeted communication in high case-load districts,
- Simple and easily understandable messages to reach every citizen,
- Dissemination throughout the country using all media platforms,
- Banners and Posters at public places; involving Frontline workers and Targeting Beneficiaries of Government Schemes,
- Hoardings/ wall paintings/ electronic display boards in government premises,
- Involvement of Local and National influencers to drive home the message,
- Running mobile vans for regular awareness generation,
- Audio messages; pamphlets/ brochures on awareness,
- Seeking support of Local Cable Operators for running Covid-19 messages, and
- Coordinated media campaign across platforms for effective outreach and impact.

Please [Click Here](#) to read the Press Release dated 8th October 2020.

Measures to combat COVID-19

Finance Minister (FM) announces measures of Rs. 73,000 crore to stimulate consumer spending before end of Financial Year (FY) 2020-21 in fight against COVID-19



Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman announced measures of Rs. 73,000 crore to stimulate consumer spending in the economy in an effort to fight the slowdown due to COVID-19 pandemic following lockdown.

While announcing the demand stimulus package, Smt. Sitharaman said, “Indications are that savings of government and organised sector employees have increased and we want to incentivise such people to boost demand for the benefit of the less fortunate.”

The details of the stimulus measures announced are as follows:

A. Consumer Spending

a) Leave Travel Concession (LTC) Cash Voucher Scheme

Central Government employees get LTC in a block of 4 years in which air or rail fare, as per pay scale/entitlement, is reimbursed and in addition, Leave encashment of 10 days (pay + DA) is paid. But due to Covid-19, employees are not in a position to avail of LTC in the current block of 2018-21.

Therefore, the Government has decided to give cash payment in lieu of one LTC during 2018-21

An employee opting for this scheme will be required to buy goods / services worth 3 times the fare and 1 time the leave encashment before 31st March 2021.

The scheme also requires that money must be spent on goods attracting GST of 12% or more from a GST registered vendor through digital mode. The employee is required to produce GST invoice to avail the benefit.

b) Special Festival Advance Scheme

A Special Festival Advance Scheme for non-gazetted employees, as well as for gazetted employees too, is being revived as a one-time measure to stimulate demand. All Central Government employees can now get an interest-free advance of Rs. 10,000, to be spent by 31st March, 2021 on the choice of festival of the employee. The interest-free advance is recoverable from the employee in maximum 10 installments.

The one-time disbursement of Special Festival Advance Scheme is expected to amount to Rs. 4,000 crore; and if the SFAS given by all State Governments, another tranche of Rs. 8,000 crore is expected to be disbursed.

Measures to combat COVID-19

B. Capital Expenditure

a) Special Assistance to the States:

While announcing measures, Smt. Sitharaman said that money spent on infrastructure and asset creation has a multiplier effect on the economy. It not only improves current GDP but also future GDP. The Government wants to give a new thrust to Capital Expenditure of both States and Centre.

Smt. Sitharaman said that the Central Government is issuing a special interest-free 50-year loan to States of Rs. 12,000 crore for Capital Expenditure. The Scheme consists of 3 Parts.

Part - 1 of the scheme provides for:

- Rs. 200 crore each for 8 North East states (Rs. 1,600 crore)
- Rs. 450 crore each Uttarakhand, Himachal Pradesh (Rs. 900 crore)

Part - 2 of the scheme provides for:

- Rs. 7,500 crore for remaining states.

The FM said that both Part 1 and Part 2 of interest-free loans given to States are to be spent by 31st March, 2021 and 50% will be given initially, the remaining 50% will be given upon utilization of first 50%. Unutilised funds will be reallocated by the Central Government.

Part - 3 of the scheme provides for:

- Rs. 2,000 crore to those states which fulfill at least 3 out of 4 reforms spelled out in Aatma Nirbhar Bharat Package (Self Reliant India program / ANBP), which is over and above other borrowing ceilings.

Following are the features of this Scheme:

- It can be used for new or ongoing capital projects needing funds
- Capital expenditures (CAPEX) to be spent by 31st March 2021
- This funding will be over and above all other additional borrowing ceilings given to states
- Bullet repayment after 50 years, no servicing required for 50 years

b) Enhanced Budget Provisions:

The FM said that additional budget of Rs. 25,000 crore, in addition to Rs. 4.13 lakh crore given in Union Budget 2020, is being provided for Capital Expenditure on roads, defence, water supply, urban development and domestically produced capital equipment.

To allow smooth conducting of Government business, allocations will be made in forthcoming Revised Estimate discussions of Ministry of Finance with concerned ministries.

Please [Click Here](#) to read the Press Release dated 12th October 2020.

Measures to combat COVID-19

Health Ministry's telemedicine service, eSanjeevani, completes 5 lakh tele-consultations; eSanjeevani Outpatient Department (OPD) now hosts 216 online OPDs

eSanjeevani, Ministry of Health's telemedicine initiative, is rapidly gaining popularity amongst patients and doctors. It has recorded 5 lakh teleconsultations in a short span of time.

As a digital modality of healthcare services delivery, eSanjeevani is gradually shaping into a parallel stream for the Indian healthcare delivery system with the number of teleconsultations per day on the platform touching 8,000 mark in the last few days.

At present 26 States are using eSanjeevani's two variants of telemedicine namely - doctor to doctor (eSanjeevaniAB-HWC) and patient to doctor (eSanjeevaniOPD).

eSanjeevani AB-HWC was launched by Ministry of Health and Family Welfare in November 2019 and it is to be implemented at 155,000 Health and Wellness Centres in conjunction with identified Medical College hospitals under Government of India's Ayushman Bharat Scheme in 'Hub & Spoke' model by December 2022. eSanjeevaniAB-HWC is functional at around 4,000 Health and Wellness Centres and onboarding of an equal number of HWCs is underway.

At present, eSanjeevaniOPD is hosting 26 general OPDs and 190 speciality and super-speciality OPDs. Around 20,000 doctors and health-workers across the country have been trained on both the variants of eSanjeevani.



Please [Click Here](#) to read the Press Release dated 12th October 2020.

Measures to combat COVID-19

PM chairs review meeting of the research and vaccine deployment ecosystem against COVID-19

PM Shri Narendra Modi took a review meeting of the research and vaccine deployment ecosystem against the COVID-19 pandemic including testing technologies, contact tracing, drugs and therapeutics etc. The meeting was attended by Union Health Minister Shri Harsh Vardhan; Member (Health), NITI Aayog; Principal Scientific Advisor; senior scientists; and other officials.

PM appreciated the efforts made by Indian vaccine developers and manufacturers to rise to the Covid-19 challenge, and committed to continue government facilitation and support for all such efforts. He stated that regulatory reform was a dynamic process, and experts in every current and emerging domain should be used by the regulator proactively, as many new approaches have emerged.

PM took stock of Health Ministry's comprehensive distribution and delivery mechanism for vaccines. This includes mechanisms for adequate procurement, and technologies for bulk-stockpiling, filling vials for distribution and ensuring effective delivery.

PM reiterated the country's resolve to provide cost effective, easily available and scalable solutions for testing, vaccine and medication, not only for India but for the entire world.

Please [Click Here](#) to read the Press Release dated 15th October 2020.

PM addresses the Nation

In a televised address to the nation, the PM Shri Narendra Modi made a fervent appeal to all the citizens to not let their guard down and become complacent, in the country's ongoing fight against the Covid-19 Pandemic.

He said despite the lockdown having been lifted it does not mean that the Covid-19 is wiped out. He appreciated the improvement in the situation all over the country and that economic activity is returning to normal and that people started moving out of their houses to fulfill the responsibilities.

He noted that the recovery rate in the country has improved and the fatality rate is low. He stated that for every 10 Lakh Citizens about 5500 were infected with corona, while in countries like the US and Brazil the figure is nearly 25000. He said that the death rate in India is 83 for every 10 Lakh citizens, whereas in developed countries like the US, Brazil, Spain, Britain and many other countries it is about 600. He appreciated that in comparison to many developed nations, India is getting successful in protecting many lives of its citizens in the country.

He mentioned the improvement of the Covid-19 Infrastructure in the country. He said more than 90 Lakh beds are available for corona patients along with 12000 Quarantine centres across the country. He said over 2000 Corona Testing labs are functional all over the country, while the number of tests will soon cross 10 Crore.

He lauded the efforts of the doctors, nurses and health workers who are selflessly serving such a large population, following the mantra of 'Service is the prime religion'.

He said the work is going on various vaccines against corona and that some of these are in an advanced stage and Government is also preparing a detailed road map so that the vaccine reaches to every single citizen as soon as it is readily available.

Please [Click Here](#) to read the Press Release dated 20th October 2020.

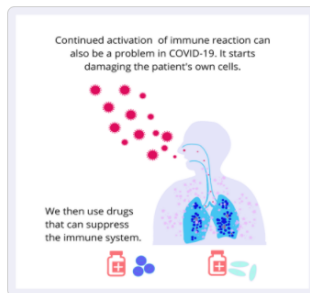
Measures to combat COVID-19

Minister of Health and Family Welfare launches clinical trials website 'CUREd' on Repurposed Drugs for COVID- 19



[Covid-19](#) ▾ [CSIR Partnered Clinical Trials](#) ▾ [Industry partners](#) ▾ [Associated Hospitals](#) ▾ [Contact Us](#)

CUREd: CSIR Ushered Repurposed Drugs - A website that provides information on CSIR Partnered Clinical Trials.



CSIR partnered clinical trials on COVID-19:

There are no specific drugs available against the coronavirus SARS-CoV-2 that has caused the ongoing COVID-19 pandemic. However, developing new drugs against this coronavirus and testing for their efficacy and safety will take several years. Hence, efforts are on globally to fast track and test the drugs approved or tested for other viral diseases such as HIV or Ebola (called as repurposing). India is also participating some of these global trials, and is also carrying out its own clinical trials. CSIR is exploring all possible options ranging from repurposed drugs to new drugs to AYUSH products and biological therapeutics including vaccines. Collectively, CSIR has partnered in many such trials including AQCH - the first ever phytopharmaceutical drug under trial.

[CSIR partnered clinical trials on COVID-19: details](#)

Dr. Harsh Vardhan, Minister of Science & Technology, Health and Family Welfare and Earth Sciences, has launched a website that gives comprehensive information about the numerous Covid-19 clinical trials that The Council of Scientific & Industrial Research (CSIR) is engaged in partnership with Industry, other government departments and ministries.

Called 'CuRED' or 'CSIR Ushered Repurposed Drugs', the website provides information about the drugs, diagnostics and devices including the current stage of the trials, partnering institutions and their role in the trials and other details.

The Minister lauded the efforts of CSIR for being at the forefront of the ongoing fight against Covid-19 and prioritizing clinical trials, generating data for their regulatory approval and helping launch drugs and diagnostics in the market. He commended the approach of using repurposed drugs and also, synthesizing Covid-19 drugs through new processes and transferring to Industry. CSIR is exploring multiple combination clinical trials of anti-virals with host-directed therapies for the potential treatment of Covid-19.

CSIR is also working with the Ministry of AYUSH (Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy) for clinical trials of AYUSH drugs and has undertaken safety and efficacy trials of AYUSH prophylactics and therapeutics based on individual plant-based compounds and in combination.

Please [Click Here](#) to read the Press Release dated 20th October 2020.

GOODS & SERVICES TAX

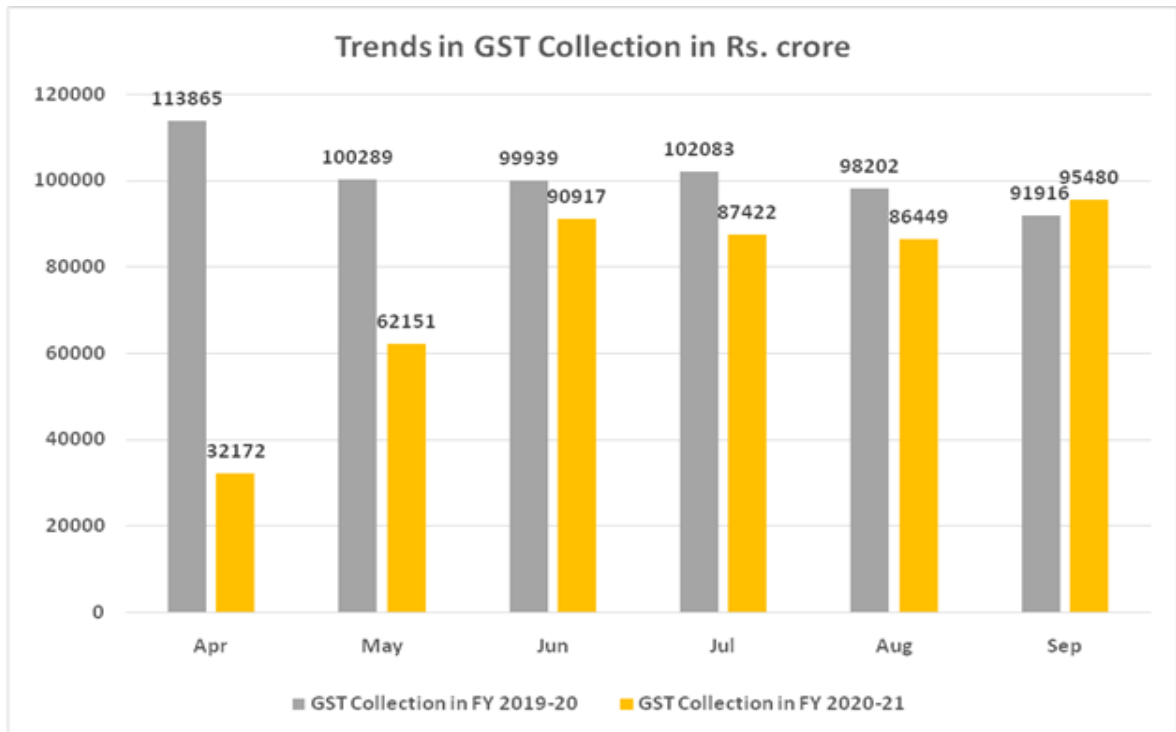


Goods & Services Tax

GST revenue collection for September 2020, Rs. 95,480 crore (4% higher than GST revenue collection in September 2019)

Gross GST revenue collection for the month of September, 2020 is Rs. 95,480 crore (details given below). The revenues for the month are 4% higher than the GST revenues in the same month last year. During the month, the revenues from import of goods were 102% and the revenues from domestic transaction (including import of services) were 105 % of the revenues from these sources during the same month last year.

IGST (Integrated Goods and Services Tax)	Rs. 47,484 crore
CGST (Central Goods and Services Tax)	Rs. 17,741 crore
SGST (State Goods and Services Tax)	Rs. 23,131 crore
Compensation cess	Rs. 7,124 crore
Total	Rs. 95,480 crore



Please [Click Here](#) to read press release dated 1st October, 2020.

Goods & Services Tax

Central Board of Indirect Taxes and Customs (CBIC) further extends due date for furnishing Form GSTR-9 (Annual Return) / GSTR-9C (Reconciliation Statement) for Financial Year (FY) 2018-19

CBIC has further extended due date for furnishing GST annual return / reconciliation Statement (GSTR-9/GSTR 9C) for FY 2018-2019 from 31st October 2020 to 31st December 2020.

Please [Click Here](#) to read the Press Release dated 24th October 2020.

CBIC amends E-invoicing provisions for Business to Business (B2B) and Business to Customer (B2C) supplies

A. B2B supplies

CBIC vide notification No. 13/2020 amended on 30th July 2020 has appointed 1st October, 2020, as the date on which the provisions of e-invoicing in respect of B2B supplies are applicable to the registered persons having aggregate turnover in a FY > Rs. 500 crore, other than SEZ (Special Economic Zone) unit, a banking company, NBFC (Non-Banking Financial Company), goods transport agency, supplier of passenger transportation service and cinemas in multiplex screens.

CBIC has now amended the above requirement vide notification no. 70/2020 dated 30th September 2020 as below:

- ✓ The turnover of Rs. 500 crore should be considered for any preceding FY from 2017-18 onwards; and
- ✓ The e-invoice would now also have to be generated for exports.

Please [Click Here](#) to read the notification no.70 dated 30th September 2020.

B. B2C supplies

CBIC vide notification No. 14/2020 dated 21st March 2020 has appointed 1st October, 2020, as the date on which the provisions of e-invoicing in respect of B2C supplies are applicable to the registered persons having an aggregate turnover in a FY > Rs.500 crore, other than a banking company, NBFC, goods transport agency, supplier of passenger transportation service and cinemas in multiplex screens. Further, such B2C invoices should also have a dynamic Quick Response (QR) code.

CBIC has now amended the above requirement vide notification no. 71/2020 dated 30th September 2020 as below:

- ✓ The turnover of Rs. 500 crore should be considered for any preceding financial year from 2017-18 onwards; and
- ✓ The said notification should become applicable from 1st December 2020.

Please [Click Here](#) to read notification no.71 dated 30th September 2020.

Goods & Services Tax

CBIC amends CGST Rules, 2017 relating to E-invoicing provisions

CBIC vide notification No. 72/2020 dated 30th September 2020 has made following amendments to the CGST Rules, 2017 related to e-invoicing

- ✓ An invoice issued under Rule 48(4) of the CGST Rules, i.e., an e-invoice, should contain a Quick Reference (QR) code with embedded IRN (Invoice Reference Number)
- ✓ Rule 138A of the CGST Rules are amended to provide that an e-invoice having QR code embedded with IRN can be produced electronically for verification to the proper officer in lieu of a physical copy of the tax invoice (during movement of goods).

Please [Click Here](#) to read notification no.72 dated 30th September 2020.

CBIC further extends exemption for export freights by a year

CBIC extends the exemption on services provided by way of transportation of goods by air or by sea from customs station of clearance in India to a place outside India by 1 year i.e. from 30th September 2020 to 30th September 2021.

Please [Click Here](#) to read the notification dated 30th September 2020.

CBIC issues clarification on Form GSTR-9 and GSTR-9C

Various representations were filed to seek clarification as to whether transactions pertaining to FY 2017-18 which have already been reported in GSTR 9 for FY 2017-18 are to be reported for FY 2018-19 as well, considering the fact that the auto populated Form GSTR-9 for the FY 2018-19 includes the data for FY 2017-18.

It has been clarified that the taxpayers are required to report *only the values pertaining to FY 2018-19* and the values pertaining to FY 2017-18 which may have already been reported or adjusted are to be ignored.

No adverse action will be taken against taxpayers who have already filed their Form GSTR-9 for the FY 2018-19 capturing details of supply and input tax credit pertaining to FY 2017- 18.

Please [Click Here](#) to read press release dated 9th October, 2020.

Goods & Services Tax

Due date prescribed for furnishing Form GSTR-1 (Outward supply return) and Form GSTR-3B (Summary Return) for the period October 2020 to March 2021

- [Return in Form GSTR-1 \(Outward supply return\):](#)

Class of Taxpayers	Period	Due date
Taxable person having aggregate annual turnover > Rs. 1.5 Crore (monthly return)	October 2020 to March 2021	11 th day of succeeding month
Taxable person having aggregate annual turnover < Rs. 1.5 Crore (quarterly return)	October to December 2020	13 th January 2021
	January to March 2021	13 th April 2021

Please [Click Here](#) to read notification dated 15th October 2020 in relation to due date of filing Form GSTR-1 (monthly return)

Please [Click Here](#) to read notification dated 15th October 2020 in relation to due date of filing Form GSTR-1 (quarterly return)

- [Return in Form GSTR-3B \(Summary Return\)](#)

Class of Taxpayers	States covered	Due Dates
Aggregate Turnover > Rs. 5 crore in the FY 2019-20	All States	20 th day of succeeding month
Aggregate Turnover ≤ Rs. 5 crore in the FY 2019-20	14 States / Union Territories: Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep	22 nd day of succeeding month
	22 States / Union Territories: Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh, Delhi	24 th day of succeeding month

Please [Click Here](#) to read notification dated 15th October 2020 in relation to due date of filing Form GSTR-3B

Goods & Services Tax

CBIC makes filing of Form GSTR-9 for the FY 2019-20 optional for small taxpayers

CBIC vide notification No. 47/2019 dated 9th October 2019 had notified that registered persons whose aggregate turnover did not exceed Rs. 2 crore in the FYs 2017-18 and 2018-19 had the option not to furnish their annual return (GSTR- 9). Also, if the returns are not furnished before the due date then it would be deemed that the same has been furnished on the due date.

CBIC has now issued notification no. 77/2020-Central Tax dated 15th October 2020 to extend such facility for the FY 2019-20 as well.

Please [Click Here](#) to read the notification dated 15th October 2020.

CBIC issues notification to amend the number of HSN digits required on tax invoice

CBIC vide notification No. 12/2017 dated 28th June 2017, had notified the number of HSN digits to be mentioned on the invoice.

CBIC has now amended the above vide notification no. 78/2020 dated 15th October 2020 as below:

- ✓ 6-digit HSN code for suppliers having aggregate annual turnover > Rs. 5 crore
- ✓ 4-digit HSN code for suppliers having aggregate annual turnover < Rs. 5 crore
- ✓ Furthermore, if the aggregate turnover did not exceed Rs. 5 crore in the preceding FY and the supplies are made to unregistered persons then such taxpayer may not mention the HSN digits on such invoices.

Please [Click Here](#) to read the notification dated 15th October 2020.

DIRECT TAX



Direct Tax

Central Board of Direct Taxes (CBDT) further extends due date for filing Income-tax Returns (ITRs) and Tax Audit Reports

CBDT vide order dated 30th September 2020 has extended the due date for furnishing belated and revised returns for the Assessment Year (AY) 2019-20 from 30th September 2020 to 30th November 2020.

Please [Click Here](#) to read the order.

Further CBDT vide press release dated 24th October 2020 has further extended the due dates for furnishing ITR forms and Tax Audit Reports for AY 2020-21 as follows:

Particulars	Earlier Due Date	Extended Due Date
A) Income tax returns for taxpayers:		
a) Who are required to get their accounts audited (including partners of partnership firms)	31 st October 2020	31 st January 2021
b) Who are required to furnish Transfer Pricing Report in Form 3CEB	30 th November 2020	
c) Other Taxpayers	31 st July 2020	31 st December 2020
B) Income tax reports:		
a) Tax audit report in Form 3CA/3CB-3CD	31 st October 2020	31 st December 2020
b) Transfer Pricing Report in Form 3CEB		

Please [Click Here](#) to read the Press Release.

Due date for payment under Vivad se Vishwas (Dispute to Trust) Scheme extended till 31st March 2021

Background

The Direct Tax Vivad se Vishwas Act, 2020 was enacted on 17th March, 2020 with the objective to reduce pending income tax litigation, generate timely revenue for the Government and to benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process.

In order to provide more time to taxpayers to settle disputes, earlier the due date for filing declaration and making payment without additional amount was extended from 31st March 2020 to 30th June, 2020. Later again, this date was extended further to 31st December, 2020. Therefore, earlier both the declaration and the payment without additional amount were required to be made by 31st December, 2020.

Extension of due date for payment without additional amount

Government has extended the due date for payment without additional amount from 31st December till 31st March 2021 in cases where the declarations are filed timely (i.e., till 31st December 2020).

Please [Click Here](#) to read the Press Release dated 27th October 2020.

Direct Tax

Government notifies Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020

Government has notified the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 after it received President's assent on 29 September 2020. The Bill was passed by the Parliament in September 2020. Initially, the Ordinance was disseminated on 31st March 2020 which, amongst others, relaxed certain provisions relating to direct taxes, indirect taxes and prohibition of benami property transactions. The Act provides for extension of time limits for compliance of certain actions and reduction in interest, waiver of penalty and prosecution for delay in payment of certain taxes. Please refer our Bulletins for previous months for the history of the Ordinance.

Please [Click Here](#) to read the notification dated 29th September 2020.

Income-tax department releases instructions on preparation, filing of ITRs 1 to 7 for Assessment Year (AY) 2020-21

Tax return form	Applicable on	Link for reading instructions
ITR – 1 Sahaj	Resident taxpayers (ordinarily residents – ROR) having: <ul style="list-style-type: none">• Total income < INR 50 Lakh;• Income from salaries;• Income from 1 house property;• Income from other sources;• Agriculture income < INR 5,000	Click here
ITR – 2	Taxpayers (being Individuals and Hindu Undivided Families (HUFs) having: <ul style="list-style-type: none">• Income from salary or family pension;• Income from house property (1 or more house property);• Income from capital gain;• Income from other source (Including lottery, horse races);• Agriculture income > INR 5,000;• Foreign assets/ Foreign income;• Director in a company;• Any unlisted equity shares at any time during the financial year;• RNOR and NR;• Who has dividend income > INR 10 Lakh subject to tax u/s 115BBDA	Click here

Direct Tax

Tax return form	Applicable on	Link for reading instructions
ITR – 3	Taxpayers [being individuals, HUFs and partner in a partnership/ limited liability partnership (LLP) firm] having: <ul style="list-style-type: none"> • Income from business or profession; • Return may include income from salary/pension, house property, capital gain and income from other source 	Click here
ITR – 4 Sugam	Resident taxpayers (being individuals, HUFs and firms other than LLP) having: <ul style="list-style-type: none"> • Total income from business and/or profession < INR 50 Lakh computed u/s 44AD or 44ADA or 44AE relating to presumptive taxation; • Income from salary; • Income from one house property; • Income from other sources 	Click here
ITR – 5	Following taxpayers: <ul style="list-style-type: none"> • Partnership firms; • LLPs; • AOPs (Association of persons) & BOIs (Body of Individuals); • Artificial judicial person; • Co-operative society; • Local authority 	Click here
ITR – 6	Companies	Click here
ITR – 7	Applicable on return to be filed: <ul style="list-style-type: none"> • u/s 139(4A) of the Income-tax Act (Act) by charitable or religious trust • u/s 139(4B) by political party • u/s 139(4C) of the Act by scientific research association/ news agency/hospitals etc. • u/s 139(4D) of the Act by university, college, other institute which is not required to furnish return under any other provision of the Act • u/s 139(4E) of the Act by every business trust which is not required to furnish return under any other provision of this act • u/s 139(4F) of the Act by investment fund which is not required to furnish return under any other provision of the Act 	Click here

Direct Tax

Government notifies Faceless Appeal Scheme, 2020



A. Background

Last year, the Finance Ministry had proposed introduction of a scheme of faceless assessment. On 13th August 2020, the Government has amended the E-assessment scheme of 2019 to Faceless assessment scheme which aims at eliminating human interface between the taxpayer and the Income-tax department and lays down the procedure to carry out a faceless assessment through electronic mode.

On similar lines, the Finance Act 2020 introduced a new provision to enable the Central Government frame a scheme for conducting appeal proceedings before Commissioner of Income Tax (Appeal) [CIT(A)] in a more efficient, transparent and accountable manner by eliminating human during appeal proceedings to the extent technologically feasible.

The Faceless appeal scheme is applicable from 25th September 2020 onwards to disposal of appeal proceedings before CIT(A) in respect of such territorial area, or persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by CBDT.

Direct Tax

B. The Framework

CBDT to set up below centres / units and specify their jurisdiction:

- National Faceless Appeal Centre (NFAC): To facilitate conduct of appeal proceedings in a centralized manner and have jurisdiction to dispose appeals in accordance with the Scheme
- Regional Faceless Appeal Centre (RFAC): To facilitate conduct of appeal proceedings and have jurisdiction to dispose appeals in accordance with the Scheme
- Appeal Units (AU): They will include one or more CIT(A) and such other tax authority or staff as considered necessary by the CBDT to facilitate the conduct of appeal proceedings, to perform functions of disposing of appeals, including admission of additional grounds of appeal and to seek information/clarification, to make further inquiry or to direct NFAC or tax authority to do so, to provide opportunity of being heard to the taxpayer, to analyze material/evidence furnished by the taxpayer, to review draft appeal order and such other functions as may be prescribed

All communication between the AU and the appellant or any other person or the National e-Assessment Centre (NEC) or the Assessing Officer (AO) with respect to the information or documents or evidence or any other details, as may be necessary, under this Scheme shall be through the NFAC.

C. Procedure for Appeal

- NFAC shall assign an appeal filed before CIT(A) to any AU through automated allocation system
- Where the appeal is filed beyond the time limit or where assessee has applied for exemption u/s 249(4)(b), AU may admit the appeal or reject the same under intimation to the NFAC, who in turn shall intimate it to the taxpayer about the admission or rejection of appeal
- Where the appeal is admitted, AU may request the NFAC –
 - ✓ To obtain such further information, document or evidence from the taxpayer or any other person, as it may specify
 - ✓ To obtain a report of the NEC or the AO, as the case may be, on grounds of appeal or information, document or evidence filed by the taxpayer
 - ✓ To direct the NEC or the AO, for making further inquiry u/s 250(4) and submit a report thereof

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- The NFAC shall serve a notice upon the taxpayer or any other person, or the NEC or the AO, to submit such information, document or evidence or report, as may be specified by AU. The assessee shall file a response to the notice within the specified date and time with the NFAC
- The NEC or AO shall furnish a report in response to the notice within the specified date and time as may be allowed on the basis of an application made in this behalf, to the NFAC
- Where response is filed by the taxpayer or any other person, or a report is furnished by the NEC or the AO, the NFAC shall send such response or report to the AU, and where no such response or report is filed, inform the AU
- The assessee may file additional ground of appeal in such form, as may be specified by the NFAC, specifying therein the reason for omission of such ground in the appeal filed by him
- Where the additional ground of appeal is filed-
 - ✓ The NFAC shall send the additional ground of appeal to the NEC or the AO, for providing comments, if any, and to the AU
 - ✓ The NEC or the AO, shall furnish their comments, within the date and time specified or such extended date and time as may be allowed
 - ✓ Where comments are filed by the NEC or the AO, the NFAC shall send such comments to the AU
 - ✓ The AU shall, after taking into consideration the comments, if any, received from the NEC or the AO admit such ground or if not satisfied with the additional ground reject the same with the reasons to be recorded in writing

The NFAC shall intimate the admission or rejection of the additional ground to the assessee

- Similarly, the assessee may file additional evidence, other than the evidence produced by him during the course of proceedings before the NEC or the AO, in such form, as may be specified by the NFAC
- Where the additional evidence is filed, NFAC shall send the additional evidence to the NEC or the AO, for furnishing a report within the specified date and time on the admissibility of additional evidence under Rule 46A. On receipt of such report from NEC or AO, the NFAC shall forward the report to the AU. The AU may, after considering the additional evidence and the report, admit or reject the additional evidence, for reasons to be recorded in writing and thereafter intimate the NFAC. Subsequently, NFAC shall intimate the assessee and the NEC or the AO

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- Where the additional evidence is admitted, AU shall, before taking such evidence into account, prepare a notice to provide an opportunity to the NEC or the AO within the date and time specified in order to examine such evidence or to cross-examine such witness. The NEC or the AO, as the case may be, shall furnish the report, within the specified date and time. The NFAC shall send the report furnished by the NEC or AO, as the case may be, to the AU or where no such report is furnished, inform the AU
- The NEC or the AO, may request the NFAC to direct the production of any document or evidence by the assessee, or the examination of any witness, as may be relevant to the appellate proceedings. Where the request is received-
 - ✓ The NFAC shall send such request to the AU and it shall consider such request and may, if it deems fit, prepare a notice directing the taxpayer to produce such document or evidence, as it may specify; or for examination of a witness and send such notice to the NFAC
 - ✓ The NFAC shall serve the notice upon the taxpayer or any other person, being a witness
 - ✓ The taxpayer shall file his response to the notice within the date and time to the NFAC. Subsequently, the NFAC shall send such response to the AU
- Where the AU intends to enhance an assessment or a penalty or reduce the amount of refund,
 - ✓ AU shall prepare a show-cause notice containing the reasons for such enhancement or reduction as the case may be and send such notice to the NFAC which in turn shall serve the notice to the taxpayer
 - ✓ The assessee shall, within the specified date and time file his response to the NFAC
 - ✓ NFAC shall send such response to the AU, or where no such response is filed, inform the AU
- AU shall, after taking into account all the relevant material on record prepare in writing, a draft order in accordance with section 251 and send such order to the NFAC along with the details of the penalty proceedings, if any, to be initiated therein
- NFAC upon receipt of the draft order shall-
 - ✓ In case the aggregate amount of tax, penalty, interest or fee, including surcharge and cess, payable in respect of issues disputed in appeal, is more than a specified amount, send the draft order to an AU, other than the AU which prepared such order, in any one RFAC through an automated allocation system, for conducting review of such order
 - ✓ In any other case, examine the draft order in accordance with the risk management strategy specified by the CBDT, including by way of an automated examination tool, whereupon it may decide to finalise the appeal as per the draft order; or send the draft order to an appeal unit, other than the unit which prepared such order, in any one RFAC through an automated allocation system, for conducting review of such order

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- AU shall review the draft order and may decide to concur with the draft order and intimate the NFAC about such concurrence, or, suggest such variation as it may think fit and send its suggestions to the NFAC
- NFAC shall, upon receiving concurrence of the appeal unit, finalise the appeal as per the draft order
- NFAC shall, upon receiving suggestion for variation from the AU, assign the appeal to an AU, other than the AU which prepared or reviewed the draft order, in any one RFAC through an automated allocation system
- The AU, to whom appeal is assigned, shall, after considering the suggestions for variation
 - ✓ Where such suggestions intend to enhance an assessment or a penalty or reduce the amount of refund, follow the prescribed procedure and prepare a revised draft order; or
 - ✓ In any other case, prepare a revised draft order as per the prescribed procedure,

and send the such order to NFAC along with the details of the penalty proceedings, if any, to be initiated therein

- The NFAC shall after finalising the appeal or upon receipt of revised draft order pass the appeal order and
 - ✓ Communicate such order to the assessee
 - ✓ Communicate such order to the Principal Chief Commissioner (Pr. CCIT) or Chief Commissioner (CCIT) or Principal Commissioner (Pr. CIT) or Commissioner (CIT)
 - ✓ Communicate such order to the NEC or AO, as the case may be
 - ✓ Where initiation of penalty has been recommended in the order, serve a show cause notice on the taxpayer
- The Pr. CCIT or the Principal Director General, in charge of NFAC, may at any stage of the appellate proceedings, if considered necessary, transfer the appeal with the such CIT(A) as may be specified in the order

Direct Tax

D. Procedure for Penalty

- AU may, in the course of appeal proceedings, for non-compliance of any notice, direction or order issued under this Scheme on the part of the taxpayer or any other person send recommendation for initiation of any penalty proceedings to NFAC
- NFAC shall, upon receipt of recommendation, serve a show cause notice to the assessee or any other person. Subsequently, the assessee shall file a response to the show-cause notice within the specified date and time to NFAC
- NFAC shall assign the recommendation for initiation of penalty proceedings, to a specific AU in any one RFAC through an automated allocation system
- AU shall, after considering relevant material on the record (including response filed by the assessee or any other person) prepare a draft order and send a copy of such order to NFAC; or drop the penalty after recording reasons, under intimation to NFAC
- Where AU has dropped the penalty, NFAC shall send an intimation thereof or where the AU sends a draft order, NFAC shall pass the order for imposition of penalty as per such draft, and communicate such order to the taxpayer or any other person, and the NEC or the AO for such action as may be required under the Act

E. Procedure for Rectification

- NFAC may rectify any mistake apparent from record. An application for rectification of may be filed with the NFAC by the
 - ✓ Assessee or any other person
 - ✓ AU preparing or reviewing or revising the draft order
 - ✓ NEC or the AO
- On receipt of application, the NFAC shall assign such application to a specific AU in any one RFAC through an automated allocation system. Subsequently, the AU shall examine the application and prepare a notice for granting an opportunity to the respective persons and send the notice to the NFAC
- NFAC shall serve the show cause notice upon the taxpayer or any other person, or the NEC or the AO. Response to the said notice shall be filed by the respective persons within the specified date and time specified to NFAC
- On receipt of responses, NFAC shall send such response to the AU, or where no such response is filed, inform AU
- The AU shall, after considering the application and response prepare a draft order for rectification of mistake or for rejection of application for rectification, citing reasons thereof and send the order to NFAC
- NFAC shall upon receipt of draft order, pass an order as per such draft and communicate such order to the assessee or any other person, and to the NEC or the AO for such action

Direct Tax

F. Procedure for Appeal

- An appeal against an order passed by the NFAC shall lie before the Income-tax Appellate Tribunal (Tribunal) having jurisdiction over the jurisdictional AO
- Where any order passed by NFAC or CIT(A) is set aside and remanded back to NFAC or CIT(A) by the Tribunal or High Court or Supreme Court, the NFAC shall pass the order in accordance with the provisions of this Scheme

G. Exchange of communication exclusively by electronic mode

All communications between NFAC and assessee as also the internal communications between the units shall be exchanged exclusively by electronic mode

H. Power to specify format, mode, procedure and processes

The Principal Chief Commissioner or the Principal Director General, in charge of NFAC shall, with the prior approval of CBDT, lay down the standards, procedures and processes for effective functioning of the NFAC, RFAC and AU set-up under this Scheme, in an automated and mechanised environment, including format, mode, procedure and processes

I. No personal appearance in the centers or units

- A person shall not be required to appear either personally or through authorised representative in connection with any proceedings under the Scheme before the Income-tax authority at the NFAC or RFAC or AU
- The assessee or his authorised representative, may request for personal hearing so as to make his oral submissions or present his case before the AU
- The CCIT or the DGIT, in charge of the RFAC, under which the concerned AU is set up, may approve the request for personal hearing if he is of the opinion that the request is covered by the circumstances
- Where the request for personal hearing has been approved, such hearing shall be conducted exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony
- Any examination or recording of the statement of the assessee or any other person shall be conducted by CIT(A) in any AU, exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony

Please [Click Here](#) to read notification no.76/2020/F.No. 370142/33/2020-TPL dated 25th September 2020.

Direct Tax

CBDT clarifies no requirement of scrip wise reporting for day trading and short-term sale / purchase of listed shares

Background

There was a report in certain section of media that stock traders / day traders are required to furnish scrip wise details in the return of income for AY 2020-21. The gain from share trading in case of stock traders or day traders is generally categorised as short-term capital gains or business income. This is because their holding period of shares/units in most of the cases is less than 1 year which is a prerequisite for the gains to be categorised as long-term capital gains. As there is no requirement in the return of income for scrip wise reporting in case of short-term/business income arising from share transactions, these reports are distorted and misleading.

Press Release issued by CBDT on 26th September 2020

The Finance Act, 2018 allowed exemption to the gains made on the listed shares/specified units up to 31st January 2018 by introducing grandfathering mechanism for computation of long-term capital gains for these shares. The scrip wise details in the return of income for AY 2020-21 is required to be filled up only for the reporting of the long-term capital gains for these shares/units which are eligible for the benefit of grandfathering. As the grandfathering is to be allowed by comparing different values (such as cost, sale price and market price) for each shares/units, there is a need to capture the scrip wise details for computing capital gains of these shares/units. The scrip wise details are not required in income tax return forms for AY 2020-21 for computation of capital gains/business income from shares/units which are not eligible for grandfathering.

Without this reporting requirement, there may be situations where taxpayer may not claim or wrongly claim the benefit of grandfathering due to lack of understanding of the provisions. Also, if the above calculation is not made scrip wise and taxpayer is allowed to enter the total figures only, there will be no way for the income tax authorities to check the correctness of the claim and therefore many returns will require to be audited, which may lead to unnecessary grievances/rectifications at a later stage. If scrip wise long-term gain is available, it can be cross verified by the Department electronically with stock exchange, brokerage companies, etc and there will be no need to subject these income tax returns to further audits or scrutiny.

Thus, the main intent behind requiring scrip wise detail is to facilitate the taxpayer in correctly computing the long-term capital gains on these shares/units. Requirement to provide scrip wise information in the income tax return is not unique to India. Internationally also, the taxpayer is required to provide scrip wise information for reporting capital gains. For example in USA, a taxpayer having capital gains from transfer of shares is required to fill scrip wise details in Schedule-D of Form 1040 – income tax return form in USA.

Please [Click Here](#) to read press release dated 26th September 2020.

Direct Tax

CBDT issues guidelines regarding newly introduced requirements for tax deduction (TDS) on e-commerce operator and tax collection (TCS) on sale of goods

Background

With effect from 1st October 2020, Finance Act 2020 introduced tax deduction/collection on the below mentioned transactions:

- Section 194-O - E-commerce operators to deduct / withhold tax @ of 1% on gross amount of sale or services paid to a resident e-commerce participant if the sale is facilitated by an e-commerce operator through its digital or electronic facility or platform.
- Section 206C(1H) - Every seller whose total sales or turnover or gross receipts exceeded Rs.10 crore in the preceding FY, is required to collect tax @ 0.1% (0.075% till 31st March 2021) from the buyer on receipt of consideration for sale of goods of value exceeding Rs. 50 lakh during the year. The requirement is not applicable on export of goods out of India or specified goods which are liable to TCS under other provisions of the Act. It is also not applicable on import of goods

Guidelines / Clarifications issued by CBDT on 29th September 2020

- Transactions of securities or commodities traded on a recognized stock exchange or cleared and settled on a recognized clearing corporation and transactions of trading in electricity, renewable energy certificates and energy certificates on regulated power exchanges, shall remain outside the ambit of TDS and TCS provisions
- Payment gateways are not liable to deduct tax if an e-commerce operator which facilitates sale of goods or services or both, has deducted TDS on the same transaction. To facilitate proper implementation, payment gateways may obtain an undertaking from the e-commerce operator in this regard
 - ✓ *Illustration* - A buyer buys goods worth Rs.1 lakh on e-commerce website "XYZ". He makes payment through digital platform of "ABC". On these facts liability to deduct tax u/s 194-O may fall on both "XYZ" and "ABC" i.e. once on e-main commerce operator who is facilitating sell of goods or provision of services or both and once on payment gateway who also happen to qualify as e-commerce operator for facilitating service. Now, as per the guideline if "XYZ" has deducted tax on Rs.1 lakh, "ABC" will not be required to deduct tax u/s 194-O on the same transaction.
- Where insurance agents or aggregators are not involved in a transaction between the insurance company and the buyer of the insurance policy after 1st first year, such insurance agents or aggregators would not be liable to apply TDS in subsequent years

Direct Tax

- Calculation of threshold for FY 2020-21
 - ✓ In case of TDS u/s 194-O, if the gross amount of sale or services or both facilitated during FY 2020-21 (including period up to 30th September 2020) exceeds Rs.5 lakh, TDS shall apply on any amount credited or paid on or after 1st October 2020. In other words, the sale or services facilitated during April 2020 to September 2020 needs to be included for computing the threshold of Rs.5 lakh
 - ✓ In case of TCS u/s 206C(1H), TCS applies on receipt of sale consideration. Therefore, it will not apply for any receipt prior to 1st October 2020. Consequently, it would apply on all sale consideration (including advance received for sale) received on or after 1st October 2020 even if the sale was carried out before 1st October 2020
 - ✓ Furthermore, in case of TCS, since the threshold of Rs.50 lakh is with respect to receipts during a FY, calculation of receipt for triggering TCS for FY 2020-21 shall be computed from 1st April 2020. Hence, if the seller has already received Rs.50 lakh or more up to 30th September 2020 from a buyer, TCS shall apply on all receipts on or after 1st October 2020 till 31st March 2021
- The new TCS u/s 206C(1H) on sale of goods (@0.1%) and existing TCS u/s 206C(1F) on sale of motor vehicles (@1%) are distinct in scope and ambit, with different thresholds.
 - ✓ It has been clarified that TCS on sale of goods will apply on sale of motor vehicles by manufacturers to dealers where the threshold of Rs.50 lakh on aggregate basis is crossed. Further it will also apply on sale to consumers where the threshold Rs.50 lakh for TCS on sale of goods is crossed on aggregate basis, although threshold of Rs.10 lakh on individual sale for TCS at 1% is not crossed.
- Since TCS is applicable on receipt of amount of sale consideration, no adjustment on account of sales return, discounts and indirect taxes, including GST, is required to be made for the purposes of TCS on sale of goods
- TCS shall not apply in case of sale of fuel to non-resident airlines at airports in India

Please [Click Here](#) to read circular no.17 dated 29th September 2020.



Direct Tax

CBDT issues further clarifications on newly introduced TCS provisions

- *TCS shall be applicable only on the amount received on or after 1st October 2020*

For example, a seller who has received Rs.1 crore before 1st October 2020 from a particular buyer and receives Rs.5 lakh after 1st October 2020 would be required to collect tax on Rs.5 lakh only and not on Rs.55 lakh [i.e. Rs.1.05 crore - Rs. 50 lakh (threshold)] by including the amount received before 1st October 2020

- *TCS applies only in cases where receipt of sale consideration exceeds Rs.50 lakh in a FY*

As the threshold is based on the yearly receipt, it may be noted that only for the purpose of calculation of this threshold of Rs.50 lakh, the receipt from the beginning of the FY i.e. from 1st April 2020 shall be taken into account. For example, in the above illustration, the seller has to collect tax on receipt of Rs.5 lakh after 1st October 2020 because the receipts from 1st April 2020 i.e. Rs.1.05 crore exceeded the specified threshold of Rs.50 lakh

- *TCS provision shall be applicable on the amount of all sale consideration received on or after 1st October 2020 without making any adjustment for the amount received in respect of sales made before 1st October 2020*

Mandating the collector to identify and exclude the amount in respect of sales made up to 30th September 2020 from the amount received on or after the 1st of October 2020 would have resulted into undue compliance burden for the collector and also litigation

- *TCS is not an additional tax*

Instead, TCS in the nature of advance income-tax/TDS for which the buyer would get the credit against his actual income tax liability and if the amount of TCS is more than his tax liability, the buyer would be entitled for refund of the excess amount along with interest

- *TCS shall be applicable only on the receipt exceeding Rs.50 lakh by a seller from a particular buyer*

Therefore, on payment of Rs.1 crore made by a buyer to a particular seller only Rs.5,000 (Rs.3,750 this year) i.e. [0.1% of (Rs.1 crore - Rs. 50 lakh)] shall be collected. Hence, in case of a person making payment of Rs.1 crore each to 10 different sellers, the total tax collected shall be only Rs.50,000 (Rs. 37,500 this year) i.e 10 x [0.1% of (Rs. 1 crore- Rs. 50 lakh)] on the total payment made for purchase of Rs.10 crore to 10 different sellers. Assuming a net profit of 8% on sales, his business income in respect of this payment of Rs.10 crore made for purchase would be around Rs.87 lakh. The income tax liability on the income of Rs.87 lakh for an individual in the new taxation regime would be around Rs.27 lakh. Hence, the amount of TCS collected i.e. Rs.50,000 (Rs.37,500 this year) would be a miniscule part of his actual tax liability and would be easily adjusted against his tax liability. In a rare case, if his tax liability is less than even Rs.50,000 (Rs.37,500 this year), he shall be entitled for refund of excess TCS with interest.

Direct Tax

- TCS is not applicable on all sellers, rather only those sellers whose business turnover exceeds Rs.10 crore

In other words, those having turnover of less than Rs.10 crore will not be required to collect TCS. There are only around 3.5 lakh persons who have disclosed business turnover of more than Rs.10 crore in FY 2018-19. There are around 18 lakh entities which already deal with TDS/TCS. Therefore, requirement for the new TCS provision would be applicable only on those persons who, in most of the cases, would already be complying with the other provisions of TDS/TCS.

Please [Click Here](#) to read the press release dated 30th September 2020.

CBDT amends ITR form for corporates (ITR-6), tax audit report (Form 3CD) and transfer pricing report (Form 3CEB)

CBDT has issued a notification on 1st October 2020 making necessary amendments pursuant to

- Introduction of concessional tax rate regime for domestic companies by the Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) effective from FY 2019-20, and
- For individuals, Hindu undivided families (HUFs) and co-operative societies by the Finance Act 2020 effective from FY 2020-21

Key Amendments

Particulars	Amendment
<i>Depreciation</i>	<ul style="list-style-type: none">• Manner of claiming depreciation by assessee availing concessional tax regime had been prescribed• Rules have been introduced to cap rate of depreciation at 40% where the depreciation rate prescribed on a block of assets is higher than 40%, while retaining rates of depreciation on other assets as per existing rules for such assessee
<i>Brought-forward unabsorbed additional depreciation</i>	<ul style="list-style-type: none">• Brought-forward unabsorbed additional depreciation allowance as on 1st April 2019 (or 1 April 2020 as applicable in case of individuals, HUFs and co-operative societies) has been enabled to be adjusted to the tax written down value (WDV) of block of assets existing as on 1st April 2019 (or 1st April 2020 as applicable in case of individuals, HUFs and co-operative societies)
<i>Disclosure of brought forward losses</i>	<ul style="list-style-type: none">• Changes have been made in ITR 6 and Form 3CD to enable disclosure of brought forward losses which are forfeited due to availing concessional tax regime by the assessee domestic company
<i>Rules for electronic filing by individuals and HUFs</i>	<ul style="list-style-type: none">• Rules have been prescribed for electronic filing using digital signature / e-verification code for exercise of concessional tax regime by individuals and HUFs (Form 10-IE) and resident co-operative societies (Form 10-IF)
<i>Disclosures pertaining to specified domestic transactions resulting in extra-ordinary profits</i>	<ul style="list-style-type: none">• Form 3CEB has been revised to enable disclosure relating to specified domestic transactions resulting in extra-ordinary profits to newly set-up domestic manufacturing companies availing concessional tax regime

Please [Click Here](#) to read notification no.82/2020/F. No. 370142/30/2020-TPL dated 1st October 2020.

Direct Tax

Transfer Pricing – Tolerance limit for variation of 1% for wholesale trading and 3% in other cases notified by Government

Government has notified that where the variation between arm's length price and the actual price at which the international transaction or specified domestic transaction has taken place, does not exceed 1% of the latter in respect of wholesale trading and 3% in other cases, the actual price at which the transaction has taken place shall be considered as arm's length price for AY 2020-21

For this purpose, 'wholesale trading' means transaction of trading in goods which fulfils the following criteria, namely

- Purchase cost of finished goods is 80% or more of the total cost relating to trading activities, and
- Average monthly closing inventory of such goods is 10% or less of sales relating to trading activities

Please [Click Here](#) to read notification no.83/2020/F. No. 500/1/2014-APA-II dated 19th October 2020



COMPANY LAW



Company Law

Extension of timeline till 31st December 2020 for companies to conduct Extraordinary General Meeting (EGM) or Board Meeting through video conferencing (VC) or other audio visual means (OAVM) or transact items through postal ballot

Ministry of Corporate Affairs (MCA) has issued circular no. 14/2020 on 8th April 2020 and circular no.17/2020 on 13th April 2020 for providing clarifications on passing of ordinary and special resolutions by companies holding EGMs through VC or OAVM or passing of certain items only through postal ballot without convening general meeting.

The framework provided in above circulars allowed companies to hold relevant EGMs or transact relevant business through postal ballots, as per procedure specified therein, up to 30th June 2020. The said date was further extended till 30th September 2020 vide circular dated 15th June, 2020.

MCA has further extended the due date from 30th September 2020 to 31st December 2020.

Please [Click Here](#) to read circular no. 33 dated 28th September 2020.

Similarly, the due date for Board Meetings through VC or OAVM (instead of physical presence of Directors) has also been extended from 30th September 2020 to 31st December 2020.

Please [Click Here](#) to read notification F. No. 1/32/2013-CL-V-Part- I dated 28th September 2020.

Extension of time limit for filing forms related to creation or modification of charges

Background

Companies are required to file Forms related to creation / modification of charges within timelines prescribed u/s 77 of the Companies Act, i.e., within 120 days of creation / modification of charge. In case the company fails to register the charge within 30 days as per section 77(1), the charge holder may file the form related to creation / modification of charges u/s 78 of the Act, within the overall timelines for filing of such form u/s 77.



Company Law

Relaxation in time limit

Due to COVID -19, MCA has further relaxed the time limits as below.

Date of Creation of Charge	Relaxation in timeline	Applicable fee
<p>Before 1st March, 2020, but the due date for filing form CHG-1 / CHG-9 had not expired u/s 77 as on 1st March, 2020.</p>	<p>Period from 1st March 2020 to 31st December 2020 shall not be reckoned for counting number of days u/s 77 or 78 of the Act.</p> <p>If the form is not filed within such period, the first day after 29th February 2020 shall be reckoned as 1st January 2021 for the purpose of counting number of days u/s 77 or 78 of the Act.</p>	<p>If the form is filed on or before 31st December 2020, the fees payable as on 29th February 2020 under the Fees Rules for the said form shall be charged.</p> <p>If the form is filed thereafter, the applicable fees shall be charged after adding the number of days beginning from 1st January 2021 and ending on the date of filing + the time period lapsed from the date of the creation of charge till 29th February 2020.</p>
<p>Falls between 1st March 2020 to 31st December 2020 (both dates inclusive)</p>	<p>Period beginning from the date of creation / modification of charge to 31st December, 2020 shall not be reckoned for counting number of days u/s 77 or 78 of the Act.</p> <p>If the form is not filed within such period, the first day after date of creation / modification of charge shall be reckoned as 1st January 2021 for the purpose of counting the number of days within which the form is required to be filed u/s 77 or 78.</p>	<p>If the form is filed before 31st December 2020, normal fees shall be payable under the Fees Rules.</p> <p>If the form is filed thereafter, the first day after the date of creation/ modification of charge shall be reckoned as 1st January 2021 and the number of days till the date of filing of the form shall be counted accordingly for the purposes of payment of fees under the Fees Rules.</p>

Please [Click Here](#) to read the circular dated 28th September, 2020.

Company Law

Extension of time limit for online enrolment as eligible Independent Directors with data bank of Indian Institute of Corporate Affairs (IICA)

MCA had notified the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 on 22nd October 2019. Independent directors perform functions that are critical to good corporate governance. Having qualified and upright independent directors on company's board are crucial for the development of capital markets.

As per rules published in October 2019, IICA was given the task to create and maintain databank of persons willing and eligible to be appointed as independent directors. Such databank would be an online depository to be placed on the website of the Institute. The idea was to ensure that independent directors, who are expected to protect the interests of minority shareholders and keep an eye on the governance of the company, are qualified for the task.

The time limit for online enrolment with data bank of IICA initially was February 2020, which was extended from time to time till September 2020. The said time limit has now been extended till *December 2020*.

Please [Click Here](#) to read the notification dated 28th September 2020.

Relaxation in timelines for Companies Fresh Start Scheme, 2020 and LLP Settlement Scheme – An opportunity to complete pending filings without higher additional fee

Background

The law requires all companies, Limited Liability Partnerships (LLPs) to file annual return, financial statements and other documents with MCA within the prescribed time limits. Statutory fee needs to be paid on filing of said documents, which increases progressively in case of delay(s) depending on tenure of delay(s) and / or nature of form to be filed.

Schemes introduced by MCA as opportunity to regularize delays by companies and LLPs

Early this year, MCA had introduced the 'Companies Fresh Start Scheme, 2020' and revised the 'LLP Settlement Scheme, 2020' to provide a one-time opportunity to both companies and LLPs to make good any filing related defaults, irrespective of duration of default, and make a fresh start as a fully compliant entity. The attraction of both the schemes was a one-time waiver of additional filing fees for delayed filings by companies or LLPs during 1st April 2020 to 30th September 2020.

Due to prolonged impact of COVID-19, MCA has extended the sunset date of 30th September 2020 to 31st *December 2020* for both the schemes.

Please [Click Here](#) to read the circular dated 28th September 2020 for extension of time limit in case of companies.

Please [Click Here](#) to read the circular dated 28th September 2020 for extension of time limit in case of LLPs.

Company Law

Notification of Companies (Amendment) Act, 2020 from 28th September 2020 onwards

The Companies (Amendment) Act, 2020 received President's assent on 28th September, 2020 and came into effect to amend certain sections of the Companies Act, 2013. Certain provisions of the Amendment Act shall, however, be notified on such date(s) as may be published by the MCA in this regard.

Key Amendments

- Decriminalization of certain offences under the Companies Act which lack element of fraud or do not pose any threat to public interest at large
- Empowerment to Central Government to exclude, in consultation with the Securities Exchange Board of India (SEBI), certain class of companies from the definition of 'listed company', mainly for listing of debt securities
- Clarification on the jurisdiction of trial court on the basis of place of commission of offence u/s 452 of the Companies Act for wrongful withholding of property of a company by its officers or employees, as the case may be
- To incorporate a new Chapter XXIA in the Companies Act relating to Producer Companies
- To make provisions for allowing payment of adequate remuneration to non-executive directors in case of inadequacy of profits
- To exempt any class of persons from complying with the requirements of section 89 relating to declaration of beneficial interest in shares
- To reduce time limit for applying for rights issues u/s 62 of Companies Act
- To exempt certain classes of non-banking financial companies and housing finance companies from filing resolutions pertaining to grant of loan, guarantee or security in respect of such loans u/s 117 of the Act
- To provide that the companies which have Corporate Social Responsibility (CSR) spending obligation up to Rs.50 lakh shall not be required to constitute the CSR Committee and to allow eligible companies u/s 135 to set off any amount spent in excess of their CSR spending obligation in a particular FY towards such obligation in subsequent FYs
- To allow direct listing of securities by Indian companies in permissible foreign jurisdictions as per rules to be prescribed
- To provide for specified classes of unlisted companies to prepare and file their periodical financial results

Please [Click Here](#) to read the Companies (Amendment) Act, 2020 dated 28th September 2020.

Company Law

Extension of timeline till 31st December 2020 for creation of deposit repayment reserve (20%) and investment / deposit of 15% of amount of debentures

Due to COVID-19, requirement u/s 73(2)(c) of Companies Act, 2013 to create deposit repayment reserve of 20% of deposits maturing during FY 2020-21 before 30th April 2020 shall be allowed to be complied with till 31st December 2020. Similarly, requirement u/r 18 of Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020, may be complied with till *31st December 2020*.

(The above timelines were initially extended till 30th September 2020 in June).

Please [Click Here](#) to read the circular dated 29th September 2020.

Single window clearance for company incorporation and professional tax registration in the state of Karnataka

As a part of Government's Ease of Doing Business (EODB) initiatives, MCA has integrated with Profession Tax [PT] – Karnataka. Under the said collaboration, incorporation applications filed in Form SPICe+ for the State of Karnataka from 8th October 2020 onwards shall mandatorily be issued Profession Tax Registration also by the MCA, thereby providing a single window clearance for both company formation and professional tax registration for Karnataka based companies.

Please [Click Here](#) to refer notification issued by MCA.

Amendment in rules relating to private placement of securities to Qualified Institutional Buyers (QIBs)

MCA has amended the Companies (Prospectus and allotment of securities) Rules vide notification dated 16th October 2020 wherein in case of any offer or invitation of any securities to QIBs by way of private placement shall only require a single special resolution passed by the shareholders of the issuer company once in a year and such a resolution shall be valid for all the allotments to such QIBs during the said year. This is in contrast to private placement of securities made to investors other than QIBs wherein a separate special resolution is required every time new allotment of securities is made by the issuer company.

Please [Click Here](#) to read the notification dated 16th October 2020.

Relaxation in residency requirement for stay in India for minimum 182 days by at least 1 director, for FY 2020-21

As per the Companies Act, every company should have at least 1 Resident Director who should have stayed in India for minimum 182 days during each FY.

In view of COVID-19, MCA vide circular dated 24th March 2020 had exempted the said requirement for FY 2019-20. Now, MCA has extended the said exemption to FY 2020-21 as well.

Please [Click Here](#) to read the circular dated 20th October 2020.

RESERVE BANK OF INDIA (RBI)



RBI releases Frequently Asked Questions (FAQs) on resolution framework for COVID-19 related stress pertaining to one-time loan restructuring scheme

RBI has issued FAQs on resolution framework for COVID-19 related stress pertaining to one-time loan restructuring scheme. These FAQs have been issued subsequent to the recommendations of KV Kamath led committee on the issue. The scheme allows banks to restructure loans of borrowers that were regular in their repayments and did not have more than 30 days overdue as on 1st March 2020, without downgrading their asset classification to non-performing asset.

Please [Click Here](#) to read the FAQs issued by RBI.



SECURITIES EXCHANGE BOARD OF INDIA (SEBI)



SEBI announces uniform timeline for listing of securities issued on private placement basis, to come into force from 1st December 2020 onwards

SEBI has been receiving requests from market participants for clarification on the time period within which securities issued on private placement basis under various SEBI Regulations need to be listed after completion of allotment. Consequently, the following timelines have been issued relating to the day of closure of issue.

Activities	Due Date
Closure of issue	T day
Receipt of funds	To be completed by T+2 trading day
Allotment of securities	
Issuer to make listing application to Stock Exchange(s)	To be completed by T+4 trading day
Listing permission from Stock Exchange(s)	

In case of delay, issuer is liable to pay penal interest @ 1% per annum over the coupon rate for the period of delay to the investor (i.e. from date of allotment till the date of listing).

Please [Click Here](#) to read notification dated 5th October 2020.

SEBI issues Listing Obligations and Disclosure Requirements (LODR) (3rd Amendment) Regulations, 2020

SEBI has issued LODR amendment Regulations, 2020 on 8th October, 2020, key highlights given below.

- In a bid to improve transparency in sharing information, SEBI has mandated all listed companies to make disclosures about their forensic audit reports to stock exchanges. The companies will be required to disclose their final forensic audit report, other than the forensic audit initiated by regulatory or enforcement agencies, on receipt by the listed entity, along with comments of the management, if any.
- All listed entities will now have to maintain 100% asset cover or asset cover as per the terms of the offer document, sufficient to discharge the principal amount at all times for the non-convertible debt securities issued. SEBI has removed the framework that said maintenance of 100% asset cover will not be applicable in case of unsecured debt securities issued by regulated financial sector entities eligible for meeting capital requirements as specified by respective regulators.
- Furthermore, the listed entities will have to promptly forward to debenture trustees a half-yearly certificate regarding maintenance of 100% asset cover, or asset cover as per the terms of the offer document, in respect of listed non-convertible debt securities, by the statutory auditor along with the half-yearly financial results. The submission of half-yearly certificates will be exempted only where bonds are secured by a government guarantee.

Please [Click Here](#) to read the notification dated 8th October 2020.

SEBI issues Debenture Trustees Amendment Regulations, 2020

SEBI has issued the Debenture Trustee Amendment Regulations, 2020 on 8th October, 2020, key highlights given below.

- Every Debenture Trustee shall amongst other matters, accept the trust deeds which shall contain the matters as specified in section 71 of Companies Act, 2013, and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014
- Such a trust deed shall consist of 2 parts, Part A containing statutory/standard information pertaining to the debt issue, and Part B containing details specific to the particular debt issue
- The amended regulation now provides that before creating a charge on the security for the debentures, the debenture trustee shall exercise independent due diligence to ensure that such security is free from any encumbrance or that it has obtained the necessary consent from other charge-holders if the security has an existing charge, in the manner as may be specified by the Board from time to time.

Please [Click Here](#) to read the notification dated 8th October 2020.

Compliance Calendar

Compliance calendar for the month of November 2020

Compliance Due Date:	Concerned (Reporting) Period:	Compliance Detail:	Applicable To:
7 th November	October 2020	TDC/TCS deposit	Non-government Deductors
		Equalization Levy deposit	All Deductors
10 th November		a) GSTR-7 (TDS return under GST)	a) Person required to deduct TDS under GST
		b) GSTR-8 (TCS return under GST)	b) Person required to deduct TCS under GST
11 th November		GSTR-1 (Outward supply return)	Taxable persons having turnover > Rs. 1.5 crore
13 th November		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
15 th November		Deposit of PF & ESI contribution	All Deductors
20 th November		a) GSTR-5 (Return by Non-resident)	a) Non-resident taxable person
		b)GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	b) OIDAR services provider
		GSTR-3B (Summary return)	All taxable persons (except composition dealer) having annual turnover > Rs. 5 crore in FY 2019-20
22 nd November		All taxable persons (except composition dealer)having annual turnover upto Rs. 5 crore and having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep	
24 th November		All taxable person (except composition dealer) having annual turnover upto Rs. 5 crore and having principal place of business in any other state	
30 th November	FY 2018-19	Belated / Revised Income Tax Return (ITR)	For All Taxpayers

About KrayMan

KrayMan Consultants LLP is an Accounting and multi-disciplinary Advisory Firm founded in 2012 by professionals with Big-4 Consulting and Industry experience. Our forte lies in handholding foreign companies establishing presence in India by demystifying the complex Indian regulatory environment making it easy for them to do business in India. Since inception, we have been delivering value to a mix of multinational Clients from across the globe

The Leadership team comes with rich experience and is supported by a capable & efficient team of professionals including Chartered Accountants, Company Secretaries, Cost Accountants, Advocates and MBAs who are committed in providing timely, professional and quality services to our Clients

We believe that in today's dynamic and ever changing business environment, it is important for accounting, tax & legal professionals to operate with a global approach and mind set. In pursuit of extending global footprints, we have a Japan Desk and an EU Desk to support investments from these countries into India.

In addition, we are members of various associations and forums both at national as well as international levels viz. JCCII, IICCI, IFCCI, CBA, PAN, CII and TIE Delhi

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