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February 2021

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Measures to combat COVID-19



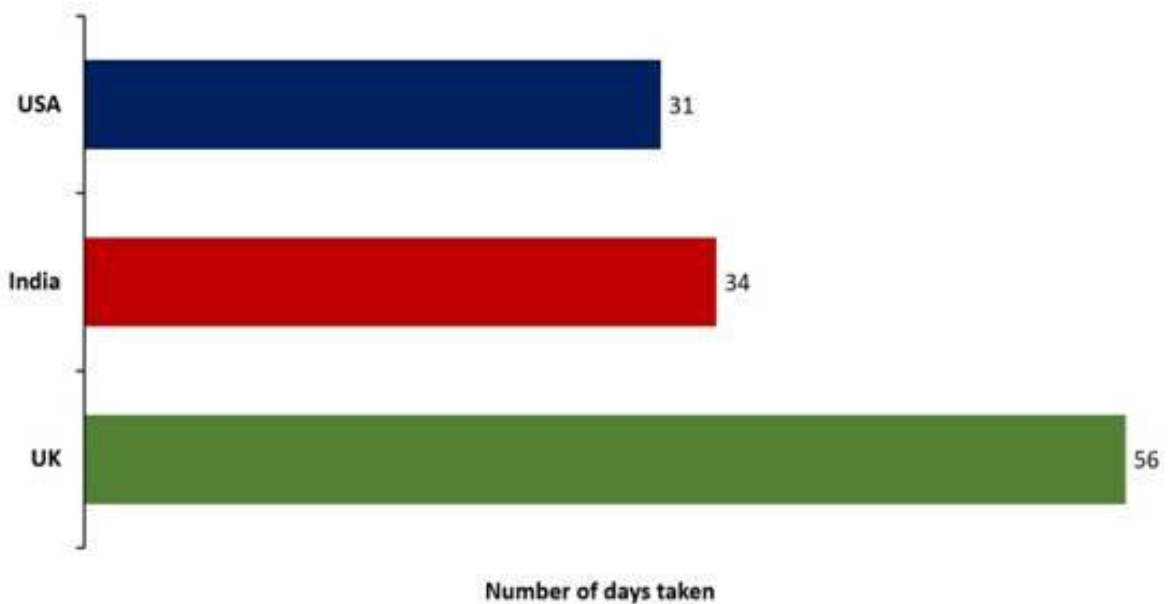
Measures to combat COVID-19

India crosses a landmark milestone of more than 1 crore vaccinations

India has crossed a significant milestone in the fight against the global pandemic. As on 19th February, 2021, till 8:00 AM, the cumulative vaccine doses administered to healthcare and frontline workers against COVID-19 in the country have surpassed 1 crore count.

India took 34 days to achieve the landmark feat of 1 crore vaccinations, the 2nd fastest globally.

Global Comparison: Countries that achieved 1 crore vaccinations



Source: Our World in Data and multiple news articles

A total of 1,01,88,007 vaccine doses have been administered through 2,11,462 sessions, as per the provisional report generated on 19th February 2021. The country is witnessing a progressive increase in the vaccination day by day. 8 States account for 57.47% of the total vaccine doses administered in India.

Please [Click Here](#) to read the Press Release dated 19th February 2020.

Measures to combat COVID-19

Prime Minister (PM) addresses a workshop on 'COVID-19 Management: Experience, Good Practices & Way Forward' with 10 neighbouring countries



PM addressed a workshop on 'COVID-19 Management: Experience, Good Practices and Way Forward' with health leaders, experts and officials of 10 Neighbouring Countries viz Afghanistan, Bangladesh, Bhutan, Maldives, Mauritius, Nepal, Pakistan, Seychelles, Sri Lanka along with Indian officials and experts on 18th February 2021.

PM lauded the way the health systems of the countries cooperated during the pandemic and for meeting the challenge in the most densely populated region with coordinated response.

PM recalled creation of COVID-19 Emergency Response Fund to meet the immediate costs of fighting the pandemic and sharing of resources - medicines, Personal protective equipment (PPE) and testing equipment.

He also noted sharing of experiences and learning from each other's best practices in testing, infection control and medical waste management. "This spirit of collaboration is a valuable take-away from this pandemic. Through our openness and determination, we have managed to achieve one of the lowest fatality rates in the world. This deserves to be applauded. Today, the hopes of our region and the world are focused on rapid deployment of vaccines. In this too, we must maintain the same cooperative and collaborative spirit" said the PM.

Asking the countries to raise the ambition further, PM suggested creating a special visa scheme for our doctors and nurses, so that they can travel quickly within our region during health emergencies, on the request of the receiving country. He also asked whether our Civil Aviation ministries can coordinate a regional Air Ambulance agreement for medical contingencies? He also suggested that we can create a regional platform for collating, compiling and studying data about the effectiveness of COVID-19 vaccines among our populations. Furthermore, he asked, can we similarly create a regional network for promoting technology-assisted epidemiology, for preventing future pandemics?

Beyond COVID-19, the PM suggested sharing of successful public health policies and schemes. He suggested, from India, Ayushman Bharat and Jan Arogya schemes may be useful case-studies for the region. "If the 21st Century is to be the Asian Century, it cannot be without greater integration among the countries of South Asia and the Indian Ocean island countries. The spirit of regional solidarity that you have shown during the pandemic has proven that such integration is possible".

Please [Click Here](#) to read the Press Release dated 18th February 2021.

Measures to combat COVID-19

Multimedia Exhibition Van travelling to create awareness on Vaccination for COVID-19 & Self-Reliant India is flagged off at Mumbai

A Multimedia Exhibition Van to create awareness on COVID-19 Vaccination and Self-Reliant India has been flagged off by the Principal Health Secretary, Government of Maharashtra (Dr. Pradeep Kumar Vyas) at the premises of Films Division in Mumbai yesterday. The Director General of Films Division (Ms. Smita Vats Sharma) and World Health Organisation's (WHO's) Surveillance Medical Officer (Dr. Vivek R. Pardeshi) were also present at the flagging-off ceremony. Under the campaign, 16 specially fabricated vans with a message will travel across 36 districts of Maharashtra to spread awareness among people. The vans will also display messages through LED screens and these vans will be live tracked through GPS through integrated dashboard which can be accessed at through scanning of QR Code.

A banner featuring logos of the Government of Maharashtra, Regional Directorate, WHO, and UNICEF. Below the logos are two QR codes. The text below the QR codes reads "कोविड - 19" and "आत्मनिर्भर भारत".

प्रदेशिक लोक संपर्क ब्यूरो, पुणे
महाराष्ट्र आणि मोठा राज्य
सशक्ति आणि प्रशासन संघटक, भारत सरकार

REGIONAL DIRECTORATE PUBLIC HEALTH

World Health Organization
India

unicef
for every child

कोविड - 19

आत्मनिर्भर भारत

Please [Click Here](#) read the Press Release dated 16th February 2021.

Measures to combat COVID-19

Use of Homoeopathy medicines in COVID-19 treatment discussed in Parliament



The Honourable Supreme Court has upheld the advisory of Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH) in its judgement dated 15th December 2020 and permitted use of homoeopathy medicine as add on to standard care in COVID-19 treatment. This was clarified by Kiren Rijiju, Minister of State (IC) of the Ministry of Youth Affairs and Sports and Additional Charge of Minister of State (IC) for the Ministry of AYUSH to the Lok Sabha on 12th February 2021.

The clarification was in reply to a question asked by E.T. Mohammed Basheer, Member of Parliament (M.P). The Minister added that while Homoeopathy treatment is not to be given in standalone mode for COVID-19 treatment, the Ministry of AYUSH through an advisory issued in March 2020 and the 'Guidelines for AYUSH practitioners for COVID-19' allowed AYUSH interventions including homoeopathy as add on to standard care.

He also informed the House that the Ministry of AYUSH has taken many steps with the help of AYUSH systems of Medicine including Homeopathy for COVID-19 related treatment, and cited the Ministry's advisory issued on 29th January 2021 on 'how to protect oneself from COVID-19 and how to stay healthy' (which received wide attention and was adopted by large sections of the population).

Please [Click Here](#) to read the Press Release dated 12th February 2021.

Goods & Services Tax (`GST`)

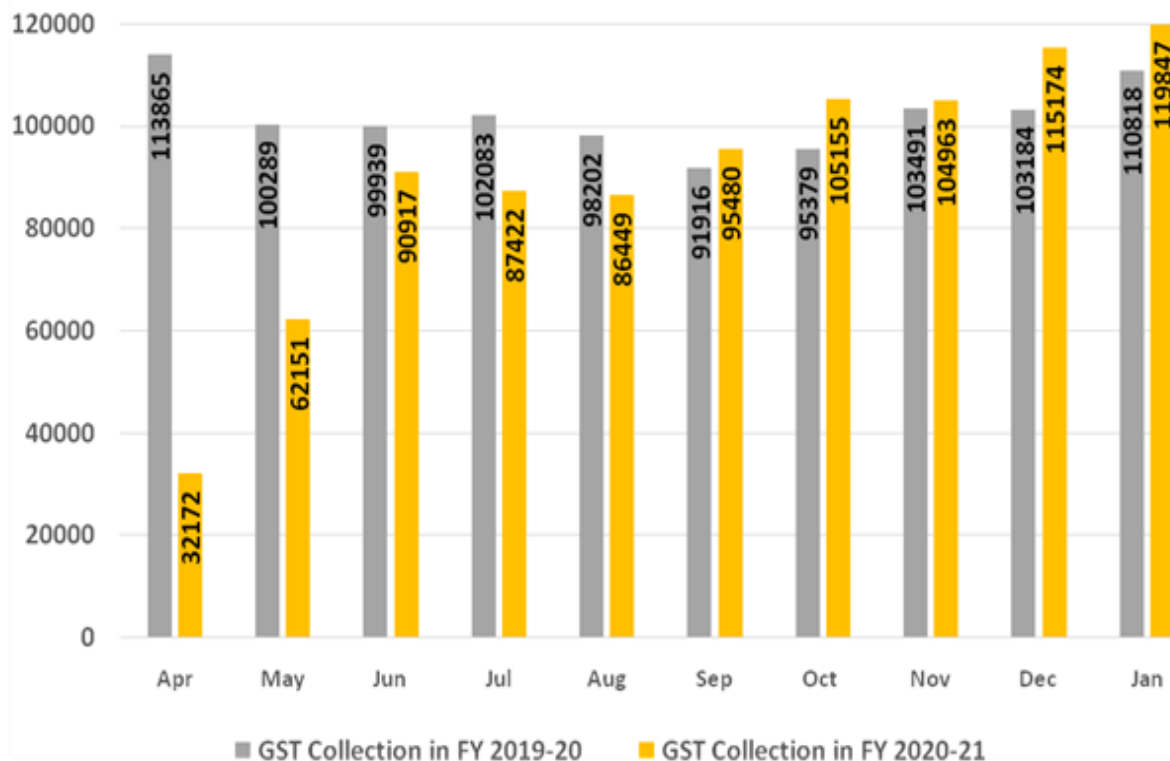


GST revenue collection for January 2021 almost touches Rs.1.20 lakh crore

The GST revenues during January 2021 have been the highest since the introduction of GST. Gross GST revenue collection for the month of January, 2021 is Rs. 119,847 crore (details given below). The revenues for the month are 8% higher than the GST revenues in the same month last year. During the month, revenues from import of goods was 16% higher and the revenues from domestic transaction (including import of services) are 6% higher than the revenues from these sources during the same month last year.

IGST (Integrated Goods and Services Tax)	Rs. 60,288 crore
CGST (Central Goods and Services Tax)	Rs. 21,923 crore
SGST (State Goods and Services Tax)	Rs. 29,014 crore
Compensation cess	Rs. 8,622 crore
Total	Rs. 119,847 crore

Trends in GST Collection in Rs. crore





Central Board of Indirect Taxes & Customs (CBIC) issues Standard Operating Procedure (SOP) for implementation of provision of suspension of GST registrations

CBIC has issued SOP for implementation of provisions relating to suspension of GST registrations under newly inserted Rule 21A of CGST Rules, 2017.

The rule provides for power to suspend GST registrations in cases where there are significant deviations/ anomalies between details of outward and inward supplies reported in Form GSTR-3B vis-à-vis Form GSTR-1 and inward supplies reported by suppliers, which are in contravention of GST law.

In the above cases, the GST authorities shall intimate deviations / anomalies in Form GST REG-31 electronically on the common portal (www.gst.gov.in). However, the functionality for Form REG-31 is not developed as of now. Thus the SOP provides that:

- Till the time functionality for Form REG-31 is made available on portal, such notice / intimation will be made available to taxpayer on their dashboard on common portal in Form GST REG-17. The taxpayers will be able to view the notice in 'View / Notice and Order' tab post login
- The taxpayers whose registrations are suspended would be required to reply to jurisdictional officer within 30 days from the receipt of such notice / intimation, explaining the discrepancies / anomalies, and shall furnish the details of compliances made and the reasons as to why their registration should not be cancelled
- In case the intimation for suspension and notice for cancellation of registration is issued on ground of non-filing of returns or other scenarios, the said person may file all the due returns or meet the requirements and submit the response
- Proper officer, post examination of the response received from the said person, may pass an order either for dropping the proceedings for suspension / cancellation of registration in Form GST REG-20 or for cancellation of registration in Form GST REG-19. Based on the action taken by the proper officer, the GSTIN status would be changed to 'Active' or 'Cancelled Suo-moto' as the case maybe
- Till the time independent functionality for Form GST REG-31 is fully ready, it is advised that if the proper officer considers it appropriate to drop a proceeding any time after issuance of Form GST REG-31, he may advise the said person to furnish his reply on the common portal in Form GST REG-18
- In case the proper officer is prima-facie satisfied with the reply of the said person, he may revoke suspension by passing an order in Form GST REG-20
- Post such revocation, if need be, the proper officer can continue with the detailed verification of the documents and recovery of short payment of tax, if any
- Further, in such cases, after detailed verification or otherwise, if the proper officer finds that the registration of the said person is liable for cancellation, he can again initiate the proceeding of cancellation of registration by issuing notice in Form GST REG-17

Please [Click Here](#) to read the Circular dated 11th February 2021.



Option to furnish Letter of Undertaking (LUT) online for export of goods / services without payment of GST for Financial Year (FY) 2021-22 is now live on GST Portal

LUT is a document that exporters are required to file annually to export goods / services without payment of taxes under the GST Law. The option to furnish LUT online in Form GST RFD-11 for FY 2021-22 is now live on GST Portal.

GST RFD - 11 : Furnishing of Letter of Undertaking for export of goods or services

GSTIN - Legal Name - Trade Name -

Address -

LUT Applied for financial year ^{*}

2021-22

Document Upload
Previous Letter of Undertaking (LUT)

Choose File No file chosen

^{*} Only PDF or JPEG file formats are allowed.
^{*} Maximum file size for upload is 2 MB.

Note: You can attach the Letter of undertaking already created for the FY, if any.

^{*} Indicates Mandatory Fields

Instructions to file LUT

1. Select the Financial Year for which you want to furnish the LUT
2. If you have already furnished LUT Offline, for previous period, please attach the same here and continue to file your application





CBIC issues instructions regarding procedures to be followed during search operation

CBIC vide Instruction No. 01/2020-21 dated 2nd February 2021 has issued instructions / guidelines regarding procedures to be followed during search operation.

CBIC has re-iterated the instructions contained in the Central Excise Intelligence and Investigation Manual (2004) for conducting search proceedings under GST. Reportedly, specific instances have come to the notice of CBIC and Central Vigilance Commission wherein proper procedures have not been followed during the search proceedings / panchnamas / recording of statements, which could weaken the case during judicial scrutiny at a later stage. The instructions are summarised as under:

- Departmental officer issuing authorization for search should have valid and justifiable reasons for authorizing a search, which shall be duly recorded in the file. Instructions related to generation of Document Identification Number (DIN) should be scrupulously followed
- The premises of a person cannot be searched if the search warrant is issued for the premises of some other person
- In case of search of a residence, a lady officer shall necessarily be part of the search team
- The search shall be made in the presence of 2 or more independent witnesses who would preferably be respectable inhabitants of the locality to maintain transparency and credibility
- The officers conducting the search shall 1st identify themselves by showing their identity cards to the person in-charge of the premises. Also, the said officers and the witnesses shall offer their personal search before the start and after conclusion of search
- The search authorization shall be executed before the start of the search and it shall be shown to the person in charge of the premises and his/her signature with date and time shall be obtained on the body of the search authorization. The signatures of the witnesses with date and time should also be obtained on the body of the search authorization
- A panchnama should contain truthful account of the proceedings, list of documents / goods recovered, date and time of start and conclusion of the search. Also, the fact of offering personal search of the search officers and witnesses should be recorded in the panchnama
- In sensitive premises videography of the search proceedings may also be considered and the same may be recorded in panchnama
- While conducting search the officers must be sensitive towards the taxpayers, social and religious sentiments of the persons
- Special care should be given to elderly women and children present in the premises under search. Children should be allowed to go to school, after examining of their bags
- The person in charge of documents to be seized may be allowed to make copies or take extracts unless it would prejudicially affect the investigation
- The search officers must sign each page of panchnama and annexures. Furthermore, a copy must be given to the person-in-charge of premises being searched
- After the search is over, the search authorization duly executed should be returned to the officer who had issued the said search authorization with a report regarding the outcome of the search
- The officers should leave the premises immediately after completion of proceedings
- Precautionary measures should be taken considering the COVID-19 pandemic such as social distancing, use of face masks and hand sanitizers

Please [Click Here](#) to read the Instructions issued by CBIC dated 2nd February 2021.

Direct Tax



Direct Tax



Union Budget 2021 presented by Finance Minister in Parliament

Hon'ble Finance Minister Nirmala Sitharaman presented Union Budget for the Financial Year 2021-22 on February 1, 2021 which is the first Budget of this new decade and also a digital one in the backdrop of COVID-19 crisis. This year's Budget rests on the 6 Pillars of:

- Health and Wellbeing
- Physical and Financial Capital & Infrastructure
- Inclusive Development for Aspirational India
- Reinvigorating Human Capital
- Innovation and Research and Development (R&D)
- Minimum Government and Maximum Governance

The Government announced a series of reforms aiming to foster the overall growth of the economy. Laying a vision for Aatma Nirbhar Bharat (Self Reliant India), the Budget reforms and proposals are likely to further strengthen the pledge of Nation first, Doubling Farmer's income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for Youth, Education for all, Women Empowerment and Inclusive Development among others.

On Direct Taxes front, relief given to senior citizens above 75 years of age holding pension and interest income from filing Income-tax returns, reduced time limit for completion of Income-tax proceedings including setting up of Dispute Resolution Committee, faceless proceedings before second appellate authority (Tribunal), relaxation to Non-Resident Indians (NRIs), increase in exemption limit for tax audit and relief for dividend income, steps to attract foreign investment into infrastructure, relief to affordable housing and rental housing projects, tax incentives to International Financial Services Centre (IFSC), relief to small charitable trusts and steps for incentivizing startups in the country, are some of the key proposals.

From an Indirect Taxes perspective, the CGST Act is amended to remove anomalies such as inverted duty structure, revised custom duty rates have been prescribed for certain items, Agriculture Infrastructure and Development Cess (AIDC) has been newly imposed on petrol and diesel, exemption on import of leather has been withdrawn as it is domestically produced, new initiative called 'Turant Customs' has been introduced for faceless, paperless & contactless customs measures.

In a nutshell, Government has smartly balanced expectations from the industry in the wake of economic recovery post the pandemic while maintaining public confidence viz-a-viz. its socio-economic-political responsibility.

Please [Click Here](#) to read our analysis on the India Union Budget 2021.

Please [Click Here](#) to access detailed documents relating to the Budget such as Budget Speech, Highlights, Finance Bill and Memorandum explaining provisions of the Finance Bill.

Direct Tax

Amendment of Faceless Assessment Scheme, 2019 to integrate Dispute Resolution Panel (DRP) proceedings

Background

Government is swiftly migrating various proceedings under the Income-tax law to be conducted electronically and facelessly, to eradicate human interaction with the tax officials. This includes proceedings for assessment, appeal and penalty. One of the objectives is to curb malpractices and encourage transparency in the system. Various amendments have been made in the Income-tax law to enable the Central Board of Direct Taxes (CBDT) frame schemes for efficient conduct of the proceedings facelessly.

Ambiguity in existing Faceless Assessment Scheme, 2019

In the existing Faceless Assessment Scheme, 2019, there was ambiguity as to whether cases where the option to approach DRP is available [i.e., cases relating to (a) Transfer Pricing, and (b) Non-resident taxpayers] are covered or not. This is because no mechanism was prescribed in the Scheme to approach DRP. In practice, proceedings in Transfer Pricing cases were conducted by the jurisdictional tax authority through e-proceedings. Such cases were yet to be migrated to the Scheme.

Notifications dated 17 February 2021 issued by CBDT

To align the Faceless Assessment Scheme, 2019, in line with the amendments introduced vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, and to address the above ambiguity, CBDT has issued Notification nos. 6 and 7 dated 17 February, 2021 to integrate faceless assessment proceedings under the Scheme with DRP proceedings. The revised procedure provides an option for eligible taxpayers to approach the DRP after passing of draft assessment order under Faceless Assessment Scheme, 2019. A step-wise procedure has been provided for granting an opportunity to eligible taxpayers to file objections before the DRP and to pass final assessment order facelessly through National Faceless Assessment Centre (NFAC) after completion of the DRP proceedings. The amendment is effective from 17 February 2021 onwards.

Please [Click Here](#) to read Notification no.6 dated 17th February 2021.

Please [Click Here](#) to read Notification no.7 dated 17th February 2021.

Direct Tax

Vivad (Dispute) se (to) Vishwas (Trust) Scheme – Due date for filing declaration by taxpayer extended from 31st December 2020 to 28th February 2021

The Vivad Se Vishwas Scheme was introduced to provide opportunity to taxpayers to settle their direct tax disputes pending as on 31st January 2020, by filing a declaration in the prescribed form with a designated authority and by paying the prescribed amount before a notified date. As per the Scheme, taxpayers can settle their dispute by paying 100% of disputed tax on or before 31st March 2021. Payment made after 31st March 2021 would require payment of an additional amount of 10% of the disputed tax.

In the past, CBDT had notified due date as 31st December 2020 for filing declaration under the Scheme, which was extended to 31st January 2021. The said date has again been extended to 28th February 2021.

Please [Click Here](#) to read Notification no. 4 dated 31st January 2021.



Company Law



Company Law

Ministry of Corporate Affairs (MCA) notifies definition of Unlisted companies

MCA vide notification dated 19th February 2021 has notified definition of Unlisted companies by introducing new Rule 2A in the Companies (Specification of definition details) Rules, 2014. Accordingly, the following classes of companies shall be considered as unlisted companies.

- Public companies which have not listed their equity shares on a recognized stock exchange but have listed the below mentioned securities:
 - ✓ non-convertible debt securities issued on private placement basis under SEBI (Issue and Listing of Debt Securities) Regulations, 2008; and / or
 - ✓ non-convertible redeemable preference shares issued on private placement basis under SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013
- Private companies which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange under SEBI (Issue and Listing of Debt Securities) Regulations, 2008
- Public companies which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on permitted stock exchange(s) in permissible foreign jurisdictions or such other jurisdictions as may be prescribed

Please [Click Here](#) to read notification dated 19th February 2021.



Company Law

Applicability of certain provisions of Companies Act, 2013 to Limited Liability Partnerships (LLPs)

Ministry of Corporate Affairs has notified that it plans to extend certain provisions of the Companies Act to LLPs and has accordingly advised Partners and Designated Partners of LLPs to note the same.

Accordingly, following provisions of the Companies Act will be adopted and applicable to LLPs as well.

Section as per Companies Act, 2013	Particulars
Section 90(1) - 90(11)	Compliance relating to Significant Beneficial Ownership (SBO), requirement to maintain SBO register and filing requisite forms with Registrar of Companies (ROC)
Section 164(1), 164(2)	Disqualification of Directors
Section 165(1), 165(3), 165(4), 165(5), 165(6)	Limit on number of Directorships
Section 167(1), 167(2), 167(3)	Vacation of office of Director
Section 206(5)	Power to call for information, inspect books and conduct inquiries
Section 207(3)	Conduct of inspection and inquiry
Section 252(1), 252(2), 252(3)	Appeal to Tribunal
Section 439(1), 439(2), 439(3), 439(4)	Non-cognizable offences under the Act

Please [Click Here](#) to read the notification displayed on MCA website.

Company Law

Ministry of Corporate Affairs (MCA) relaxes minimum offer period under right issue of shares

Pursuant to section 62(1)(a) of the Companies Act, 2013, a window of minimum 15 days and maximum 30 days offer period is prescribed for shareholders to accept the offer of shares made under right issue.

MCA vide notification dated 11th February 2021 has notified Companies (Share Capital and Debentures) Amendment Rules, 2021 wherein the minimum offer period for accepting the shares made under right issue has been relaxed from 15 days to 7 days. The amendment is effective from 1st April 2021 onwards.

Please [Click Here](#) to read the notification dated 11th February 2021.

MCA notifies Producer Companies Rules, 2021

MCA vide notification dated 11th February 2021 has notified Producer Companies Rules, 2021 which shall be applicable to all Producer companies incorporated under the Companies Act.

What is a Producer company?

Producer company means a legally recognized body of farmers / agriculturists registered under the Companies Act, 2013 (or previous Companies Act, 1956) with the aim to improve the standard of their living and ensure a good status of their available support, incomes and profitability.

Some of the primary objects of Producer companies are as follows:

- Production, harvesting, procurement, pooling, marketing, selling, export of primary produce of the members or import of goods or services for their benefit
- Processing including preserving, drying, distilling, brewing, canning and packaging of produce of its members
- Manufacture, sale or supply of machinery, equipment or consumables mainly to its members
- Rendering technical services, consultancy services, training, research and development and all other activities for promoting the interest of its members

Company Law



Highlights of the newly notified Rules

The following Rules under Companies (Incorporation) Rules, 2014 (including the prescribed forms) shall also apply for the purpose of shifting of Registered office of the Producer companies from one state to another

- Rule 27 – Filing of notice and verification of change of situation of the Registered office of the company with ROC in form INC-22
- Rule 30 – Shifting of Registered office of the company from one State or Union Territory to another State
- Rule 31 – Filing of the order issued by Central Government approving the shifting of Registered office of the company from one State to another in form INC-28

Producer companies shall make investments from and out of its general reserves in any one or in combination of the following, namely:

- ✓ In approved securities, fixed deposits, units and bonds issued by Government / co-operative societies / scheduled banks
- ✓ In state / central co-operative bank and co-operative land development bank
- ✓ With any other scheduled banks
- ✓ In any of the securities specified u/s 20 of the Indian Trusts Act, 1882
- ✓ In the shares or securities of any other inter-state co-operative society
- ✓ In the shares, securities or assets of public financial institutions specified u/s 2(72) of the Companies Act

Please [Click Here](#) to read the notification dated 11th February 2021.

Company Law

MCA notifies certain provisions of Companies (Amendment) Act, 2020

MCA vide notification dated 11th February 2021 has notified following provisions of Companies (Amendment) Act, 2020.

Notified sections	Particulars
Section 52	Incorporation, Management, General Meetings, Share Capital and Members Rights, Finance, Accounts and Audit, Loans and Investments, Penalties, Mergers, Amalgamations and resolution of disputes and other miscellaneous provisions of Producer companies
Section 66	Repeal of certain enactments and savings

Please [Click Here](#) to read the notification dated 11th February 2021.

One Person Companies (OPCs) - MCA notifies Companies (Incorporation) 2nd Amendment Rules, 2021 to give effect to changes proposed by Union Budget, 2021

History of OPCs

The United Kingdom was the 1st country to introduce the concept of **One Man Company** through the Soloman V. Soloman & Co. (1897). More and more countries began to adopt this model of company type. For example,

- United States of America allows formation of a single-member Limited Liability Company (LLC)
- Singapore allows formation of OPC under the Companies Amendment Act, 2004
- China introduced the concept of OPC in the year 2005
- United Arab Emirates recognizes this form of business entity
- Under the Turkish Commercial Code since 2012, a joint-stock company or limited liability company may be formed with one or more members in Turkey,
- Pakistan provides for formation of single member company under the Single Member Companies Rules, 2003.

In India, the concept of OPC was mooted in the report of Dr J.J. Irani Committee in 2005. Thereafter, the Irani Committee briefly referred to the OPCs in its report.

Company Law



Advantages of OPCs

- OPCs have limited liability to the extent of capital investment
- OPCs do not have proprietorship concerns; i.e., they give a dual entity to the company as well as the individual, guarding the individual against any pitfalls of liabilities
- Businesses currently running under the proprietorship model can get converted into OPCs without difficulty
- Mandatory rotation of auditor after the expiry of a maximum term is not applicable. Also, the annual return of an OPC has to be signed by a company secretary, or where there is no company secretary, by the director of the company
- Sections 98, 100 to 111 (both inclusive), relating to holding of general meetings, do not apply on OPC
- OPC needs to have a minimum of 1 director only. For holding board meetings in such case, it is adequate compliance if all resolutions required to be passed by such a company at a board meeting are entered in the minutes-book, signed and dated by the member, and such date is considered as the date of the board meeting for all the purposes under the law
- For other OPCs, at least 1 board meeting should be held in each half of the year. Gap between 2 meetings must not be < 90 days.
- Financial statements of an OPC have to be signed by the single director of the company. Cash flow statement is not mandatory part of financial statements
- No quorum is required to be fulfilled for meetings as only 1 member is there.
- OPCs can easily convert into private company and vice versa without restriction of capital and turnover

Disadvantages of OPCs

- Only natural persons can incorporate OPCs in India
- Foreign Direct Investment (FDI) not allowed
- Prohibition on undertaking non-banking financial activities (including inter corporate security investment)
- Since the firm is treated in the same way as a private company, the tax slab applicable is the same. That would mean an OPC would have to pay 30% tax on all profits. There are no exemptions (like slab rates in case of individuals)
- Minor not allowed to be member / nominee of OPC
- A person cannot incorporate more than 1 OPC i.e. be a member or nominee in more than 1 OPC
- Prohibition on conversion into section 8 company

Company Law



Amendments proposed in Union Budget 2021

In the Union Budget 2021 presented by Finance Minister in the lower house of Parliament on 1st February 2021, the Government has sought to incentivise incorporation of OPCs with following relaxations.

- No restriction on paid up capital and turnover of OPCs
- Conversion of OPC into other form of company allowed
- Residency limit reduced from 182 days to 120 days for Indian citizens to set up OPCs
- Non Resident Indians allowed to set up OPCs

To give effect to the above changes, MCA vide notification dated 1st February 2021 has notified Companies (Incorporation) Second Amendment Rules, 2021 (effective from 1st April 2021 onwards) amending the following rules under the Companies Act, 2013.

- Rule 3 - Eligibility of incorporating OPC
- Rule 6 - Conversion of OPC into public company or private company
- Rule 7 - Conversion of private company into OPC

Please [Click Here](#) to read the notification dated 1st February 2021.

MCA notifies revised definition of 'Small Company' vide Companies (Specification of Definitions details) Amendment Rules, 2021

As per the recently announced Union Budget 2021, definition of *Small Company* has been revised with respect to paid up share capital and turnover. In order to give effect to the same, MCA vide notification dated 1st February 2021 has notified Companies (Specification of Definition details) Amendment Rules, 2021.

Private Limited company	Paid up share capital	Annual Turnover
Earlier criteria	< Rs. 50 Lakh	< Rs. 2 crore
Revised criteria	< Rs. 2 crore	< Rs. 20 crore

Please [Click Here](#) to read the notification dated 1st February 2021.

Company Law



MCA allows merger of start-up companies under Companies (Compromise, Arrangements and Amalgamations) Amendment Rules, 2021

For boosting ease of doing business particularly for start-up companies, MCA has notified Companies (Compromise, Arrangements and Amalgamation) Amendment Rules, 2021. As per the said rules, a scheme of merger or amalgamation u/s 233 of the Companies Act, 2013 may be entered into between the following class of companies:

- 2 or more start-up companies; or
- 1 or more start-up company with 1 or more small company

‘Start-up company’ for this purpose means a private company incorporated under the Companies Act and recognised by the Department for Promotion of Industry and Internal Trade.

Please [Click Here](#) to read the notification dated 1st February 2021.

Introduction of New Extend functionality in SPICe + Part A form

MCA has introduced the New Extend functionality in SPICe + Part A form (prescribed form for filing name approval application with ROC) with effect from 26th January 2021 onwards in line with Rule 9A of Companies (Incorporation) Third Amendment Rules, 2020 which deals with extension of reservation of name in certain cases.

Please [Click Here](#) to read the notice as displayed on MCA website.

Reserve Bank of India (‘RBI’)





Remittance to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)

To deepen the financial markets in IFSCs and provide an opportunity to resident individuals to diversify their portfolio, it has been decided to allow resident individuals to make remittances under LRS to IFSCs set up in India under the Special Economic Zone Act, 2005.

Accordingly, AD Banks may allow resident individuals to make remittances under LRS to IFSCs in India, subject to the following conditions:

- The remittance shall be made only for making investments in IFSCs in securities, other than those issued by entities / companies resident (outside IFSC) in India
- Resident individuals may also open a non interest bearing Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS. Any funds lying idle in the account for upto 15 days from the date of its receipt into the account shall be immediately repatriated to domestic INR account of the investor in India
- Resident individuals shall not settle any domestic transactions with other residents through these FCAs held in IFSC
- AD Banks, while allowing such remittances, shall ensure compliance with all other terms and conditions, including reporting requirements prescribed under the LRS
- Any person resident in India (outside IFSC) entering into any transaction with a person/entity in IFSC shall only be governed by regulations / directions and rules notified by the RBI and the Government of India respectively under Foreign Exchange Management Act (FEMA), 1999
- Compounding of any contravention of FEMA provision by resident individuals shall be dealt by the RBI in accordance with the instructions / provisions on compounding of contraventions under FEMA

Please [Click Here](#) to read the notification dated 16th February 2021.



Credit to Micro, Small and Medium Enterprises (MSME) Entrepreneurs

RBI vide notification dated 5th February 2021 has allowed Scheduled Commercial Banks to deduct the amount equal to the credit given by the banks to 'New MSME borrowers' from their Net Demand and Time Liabilities (NDTL) for calculation of Cash Reserve Ratio (CRR). For this purpose, 'New MSME borrowers' shall be defined as those MSME borrowers who have not availed any credit facilities from the banking system as on 1st January 2021.

The exemption shall be available only upto Rs. 25 lakh per borrower disbursed up to the fortnight ending 1st October 2021 for a period of 1 year from the date of origination of the loan or tenure of the loan, whichever is earlier.

Banks are required to report and maintain proper records of credit disbursed to new MSME borrowers / CRR exemption claimed which should be duly certified by Chief Financial Officer (CFO) or an equivalent level officer for all future references and records.

Please [Click Here](#) to read the notification dated 5th February 2021.

RBI releases framework for strengthening Grievance Redress Mechanism in Banks

With an intent to strengthen and improve the efficacy of the grievance redress mechanism in Banks and to provide better customer service it has been decided to introduce and implement a comprehensive framework comprising certain measures.

The framework intends to provide greater insight into the volume and nature of complaints received by the Banks along with the quality and turnaround time of complaint redressal, promote satisfactory customer outcomes and improved customer confidence and identify remedial steps to be taken by the Banks having persisting issues in grievance redress mechanism.

Accordingly, a framework comprising of the following key factors has been introduced:



- *Enhanced disclosure on complaints*

Enhanced disclosures to be made by Banks on customer complaints received by them. Appropriate disclosures relating to the number and nature of customer complaints and their redress facilitate customers and interested market participants to better differentiate among banks to take an informed decision in availing their products and services

- *Recovery of cost of redress of complaints from Banks*

At present, redress of complaints under BO Scheme, 2006 (BOS) is cost-free for Banks as well as their customers. Given that the banker-customer relationship is the primary relationship, the main responsibility of customer grievance redress lies with Banks.

With a view to ensure that Banks discharge this responsibility effectively, the cost of redress of complaints will be recovered from those Banks against whom the maintainable complaints in the Offices of Banking Ombudsman (OBOs) exceed their peer group average. However, grievance redress under BOS for customers will continue to remain cost-free.

- *Undertaking intensive review of the grievance redress mechanism of Banks*

RBI will undertake as a part of its supervisory mechanism, annual assessments of customer service and grievance redress in Banks based on the data and information available through the Complaint Management System, and other sources and interactions.

Banks identified as having persisting issues in grievance redress will be subjected to an intensive review of their grievance redress mechanism to better identify the underlying systemic issues and initiate corrective measures. The intensive review shall include, but will not be limited to, the following areas:

- ✓ Adequacy of the customer service and customer grievance redress related policies
- ✓ Functioning of the Customer Service Committee of the Board
- ✓ Level of involvement of the top management in customer service and customer grievance related issues
- ✓ Effectiveness of the grievance redress mechanism of Banks

Please [Click Here](#) to read notification dated 27th January 2021.

Securities Exchange Board of India ('SEBI')



SEBI issues revised framework for Innovation Sandbox to promote innovation in securities market

Background

Capital market participants in India have been early adopters of technology. SEBI believes that encouraging adoption and use of financial technology ('FinTech') would have a profound impact on the development of the securities market. FinTech can act as a catalyst to further develop and maintain an efficient, fair, and transparent securities market ecosystem. To create an ecosystem which promotes innovation in the securities market, SEBI is of the opinion that FinTech firms should have access to market-related data which is otherwise not readily available to them, as well as to a test environment to enable them to test their innovations effectively before the introduction of such innovations in a live environment.

What is Innovation Sandbox?

With a view to operationalize the above endeavor, SEBI had proposed a concept of 'Innovation Sandbox' vide circular dated 20th May 2019. 'Innovation Sandbox' facilitates access to an environment (testing facilities and test data) provided by enabling organizations like Stock Exchanges, Depositories and Qualified Registrar and Share Transfer Agents (QRTAs) wherein innovators ('Sandbox Applicants') would be testing their innovations in isolation from the live market and would be used for offline testing of the proposed solution of the applicant.

Need for revised framework

On review of the existing framework in order to encourage innovation and make it even more convenient for participation in the Innovation Sandbox, the objective of the Innovation Sandbox has been revised with graded entry norms. The revised objectives of Innovation Sandbox are as below.

- To promote innovation both in terms of new products and services as well as new ways of delivering existing products and services so as to create new opportunities in the securities market
- To make existing services more efficient / investor friendly / inclusive

This would be achieved by giving access to both test data and test environment to Financial Institutions, FinTech firms, startups including entities not regulated by SEBI including individuals.



Stages of Innovation Sandbox and Eligibility criteria

Stage	Description	Eligibility Criteria
1	Limited access to the test environment shall be provided. There shall be cap on the utilization of resources in terms of processing power, memory, storage etc.	Applicant must be an Indian Citizen or entities registered in India. The Know Your Customers (KYC) norms must be in line with the Central Know Your Customers Registry (CKYCR) and KYC Registration Agency (KRA)
2	Cap on the utilization of resources shall be removed, subject to availability of resources at that point of time	<ul style="list-style-type: none"> • Purpose of the project should be aligned with the objective of the innovation sandbox • Applicant should demonstrate that they have achieved adequate progress and are on track with their testing plan • Applicant should present their post-testing plan • Solution should offer identifiable benefits (direct or indirect) to investors and / or to the capital market and financial sector as a whole

Supervision

In order to drive the Innovation Sandbox, a Steering Committee comprising representatives from enabling organizations has been formed. The Steering Committee shall supervise the operations of the Innovation Sandbox and shall process the applications submitted by Sandbox applicants.

Please [Click Here](#) to read the notification dated 2nd February 2021.

Compliance Calendar

Compliance calendar for the month of March 2021

Compliance Due Date:	Concerned (Reporting) Period:	Compliance Detail:	Applicable To:
7 th March	February 2021	TDC/TCS deposit	Non-government Deductors
		Equalization Levy deposit	All Deductors
10 th March		a) GSTR-7 (TDS return under GST) b) GSTR-8 (TCS return under GST)	a) Person required to deduct TDS under GST b) Person required to deduct TCS under GST
11 th March		GSTR-1 (Outward supply return)	Taxable persons having turnover > Rs. 1.5 crore
13 th March		GSTR-6 [Return by input service distributor (ISD)] Invoice Furnishing Facility - IFF (Details of outward supplies of goods or services)	Person registered as ISD Taxable persons having turnover < Rs. 5 crore
15 th March	January-March 2021	Deposit of PF & ESI contribution	All Deductors
		4 th installment of advance tax for the AY 2021-22	Taxpayers liable to pay advance tax
20 th March	February 2021	a) GSTR-5 (Return by Non-resident) b)GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	a) Non-resident taxable person b) OIDAR services provider
		GSTR-3B (Summary return)	All taxable persons (except composition dealer) having annual turnover > Rs. 5 crore in FY 2019-20
25 nd March		Form GST PMT-06 (Payment of tax for Quarterly filers)	All taxable persons (except composition dealer) having annual turnover < Rs. 5 crore in FY 2019-20
31 st March	FY 2019-20	Income-tax Return for AY 2020-21	Taxpayers willing to file belated / revised return
	April-June 2020	Quarterly statement of TDS/TCS deposited	All Deductors / Collectors
	July-September 2020	Quarterly statement of TDS/TCS deposited	All Deductors / Collectors
	-	Last date for payment under Vivad Se Vishwas scheme (VSVS) without additional levy Last date for Linking Aadhaar with PAN	Taxpayers who have filed VSVS declaration upto 28th February 2021 Individuals (except senior citizens > 80 years of age, foreign citizens, non-residents)

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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