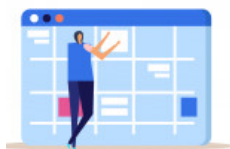


TAX EDGE

Monthly Tax & Regulatory
Updates



Audit



Tax



Regulatory

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Measures to combat COVID-19



Measures to combat COVID-19

COVID-19 Vaccination Update: More than 29.35 Crore vaccine doses provided to States / Union Territories (UTs)



#IndiaFightsCorona



Government of India has so far provided more than **29.35 crore** vaccine doses to States/UTs **Free of Cost**



More than **2.14 crore** doses are still available with the States/UTs to be administered



Nearly **33,80,590 doses**, in addition, will be received by the states/UTs in the next 3 days

(As on 22nd June, 2021, 08:00 am)

#We4Vaccine

#VaccinationForAll



The Union Government is committed to accelerating the pace and expanding the scope of COVID-19 vaccination throughout the country. The new phase of universalization of COVID-19 vaccination commenced from 21st June 2021. The vaccination drive has been ramped up through availability of more vaccines, advance visibility of vaccine availability to States and UTs for enabling better planning by them and streamlining the vaccine supply chain.

As part of the nationwide vaccination drive, Government of India has been supporting the States and UTs by providing them COVID-19 Vaccines free of cost. In the new phase of the universalisation of the COVID-19 vaccination drive, the Union Government will procure and supply (free of cost) 75% of the vaccines being produced by the vaccine manufacturers in the country to States and UTs.

More than 29.35 crore (29,35,04,820) vaccine doses have been provided to States/UTs so far, through Government of India (free of cost channel) and through direct state procurement category.

More than 2.14 crore (2,14,90,297) COVID-19 Vaccine doses are still available with the States/UTs to be administered.

Please [Click Here](#) to read the Press Release dated 22nd June 2021.

Measures to combat COVID-19

Indian Council of Medical Research (ICMR) approves SENSIT Rapid COVID-19 Ag kit



The entire world has been severely affected with the ongoing COVID-19 pandemic. The severity of symptoms that occur during the COVID-19 infection can range from undetectable to life-threatening. The quick testing procedure involves antigen testing which provides the result for hundreds of samples within a short span of time. The efforts of the Government of India have been commendable for making such rapid tests accessible and available to the citizens of our country. Several innovators and entrepreneurs have been working tirelessly for developing accurate, affordable and accessible testing kits for not only providing aid to the healthcare workers in such tough times for easy detection but also for boosting the biotechnology ecosystem in India.

Under the aegis of COVID-19 Research Consortium, 'SENSIT Rapid COVID-19 Ag kit' has been developed by Ubio Biotechnology Systems Pvt Ltd. for qualitative detection of SARS CoV-2 Nucleocapsid Protein with an assay time of 15 minutes, wherein the samples are collected using nasopharyngeal swabs from the suspected individual. This ICMR approved kit is a chromatographic immunoassay, which allows the healthcare personnel to visually read the test result. The test works on the principle of sandwich immunoassay and utilizes a pair of monoclonal antibodies which when bound to COVID-19 specific antigen, results in the appearance of a coloured line. The kit exhibits sensitivity and specificity of 86% and 100%, respectively and has a shelf life of 24 months. SENSIT Rapid COVID-19 Ag Kit has been successfully commercialised.

Such quick tests allow healthcare professionals to detect infected individuals quickly, saving their time and allowing them to provide better advice and treatment to the infected individual.

Please [Click Here](#) to read the Press Release dated 19th June 2021.

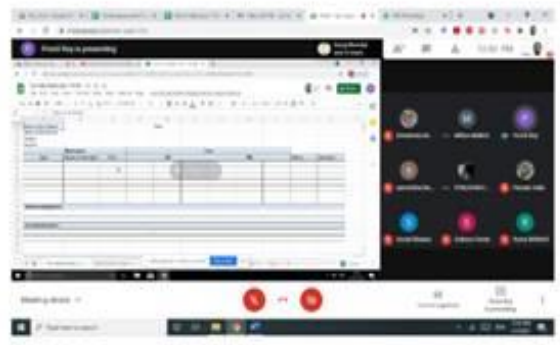
Measures to combat COVID-19

New Software developed to help identify patients likely to require ventilator support thus detecting emergency needs early

A new software has been developed that can now identify patients likely to require ventilator support in an Intensive Care Unit (ICU). The software called Covid Severity Score (CSS) Software consists of an algorithm that measures a set of parameters. It scores each against a pre-set dynamic algorithm multiple times for each patient and allocates a Covid Severity Score (CSS) mapping it in a graphical trend.

The technology is being used in 3 community Covid care centres at Kolkata and suburbs including a 100-bed government mandated Covid care centre at Barrackpore, Kolkata.

Sudden ICU and other emergency requirements during the pandemic have been a challenge for hospitals to manage. Timely information about such situations would help manage the health crisis better.

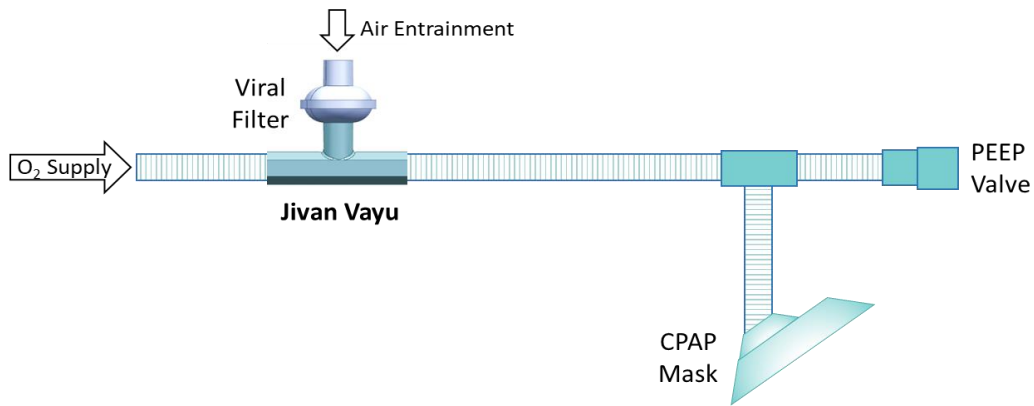


Please [Click Here](#) to read the Press Release dated 19th June 2021.

Measures to combat COVID-19

Indian Institutes of Technology (IIT) Ropar develops nation's first power-free Continuous Positive Airway Pressure (CPAP) device 'Jivan Vayu' aimed at saving lives in low resource areas & during transit

IIT Ropar has developed a device 'Jivan Vayu' which can be used as a substitute of CPAP machine. However, this is Nation's first such device which functions even without electricity and is adapted to both kinds of oxygen generation units like O₂ cylinders and oxygen pipelines in hospitals. These provisions are not available in otherwise existing CPAP machines.



Continuous Positive Airway Pressure (CPAP) is a treatment method for patients having breathing problems during sleep called sleep apnea. The machine uses mild air pressure to keep the airways open for easy breathing. It is also used to treat infants whose lungs have not fully developed. The machine blows air into the baby's nose to help inflate his or her lungs. The treatment is all the more necessary during early stages of the Covid-19 infection. It reduces lung damage and allow patients to recover from the inflammatory effects.

Fulfilling all the medically required parameters, this leak-proof, low-cost CPAP delivery system 'Jivan Vayu' is designed for a 22mm CPAP closed circuit tube. It can even be customized as per the size of the tube. Since it can run during power failures, this can be used to safely transport a patient.

'Jivan Vayu' can deliver high flow oxygen (20–60 LPM) while maintaining a continuous positive pressure of up to 20 cm H₂O. The device is designed to maintain an FiO₂ of above 40% with a Positive End-Expiratory Pressure (PEEP) of 5-20 cm H₂O.



The device is ready for medical testing and mass manufacturing.

Please [Click Here](#) to read the Press Release dated 14th June 2021.

Measures to combat COVID-19

Council of Scientific & Industrial Research (CSIR) initiates clinical trials of promising repurposed drug Niclosamide for treatment of COVID-19



CSIR in collaboration with Laxai Life Sciences Pvt Ltd., has initiated Phase-II clinical trial with anti-helminthic drug Niclosamide for treatment of Covid-19. The trial is a multi-centric, Phase-II, randomized, open label clinical study to evaluate efficacy, safety and tolerability of Niclosamide for the treatment of hospitalized COVID-19 patients. Niclosamide has been extensively used in past for treatment of tapeworm's infection in adults as well as children. The safety profile of this drug has been tested over time and has been found safe for human consumption at different dose levels.

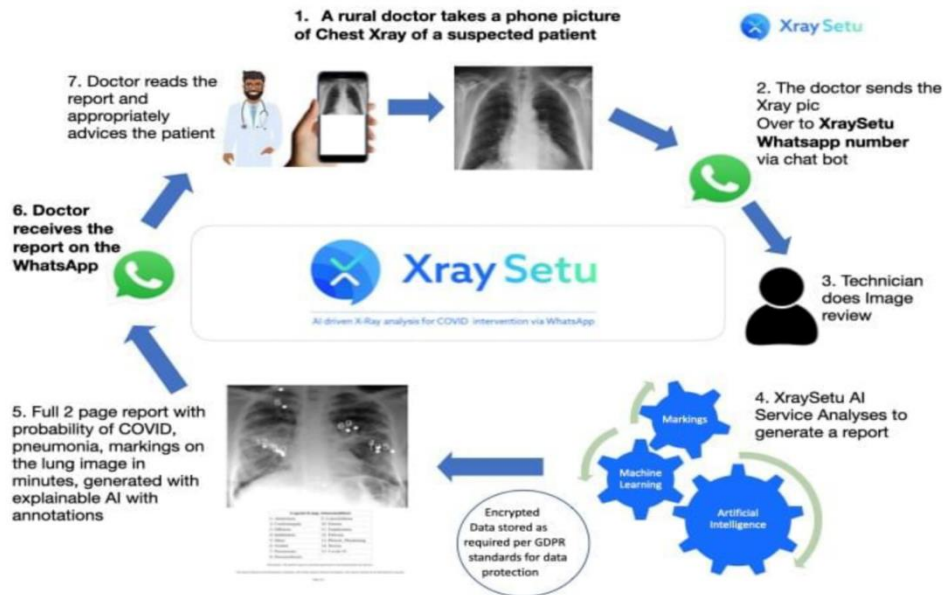
Dr Shekhar C Mande, Director General, CSIR expressed his happiness over the SEC recommendations to conduct this Phase II clinical trial using Niclosamide, which is generic, affordable drug and easily available in India and therefore can be made available to our population.

Please [Click Here](#) to read the Press Release dated 6th June 2021.



Measures to combat COVID-19

A new Artificial Intelligence (AI)-driven platform will facilitate early-COVID interventions over WhatsApp



A new AI-driven platform will now help early intervention through rapid screening of COVID-19 with the help of Chest X-ray interpretation over WhatsApp for doctors who have access to X-ray machines. The solution called XraySetu can work with low-resolution images sent via mobiles, is quick and easy to use, and can facilitate detection in rural areas.

As COVID-19 continues to wreak havoc across the rural heartlands of India, it has become critical to drive rapid testing, contact tracing and create dedicated containment zones. At a time when such tests are taking more than a week across some cities, the challenge is even more for rural areas. Easy alternative tests are necessary as RT-PCR tests also give a 'false negative' for some variants.

ARTPARK (AI & Robotics Technology Park), a not-for-profit foundation established by the Indian Institute of Science (IISc), Bengaluru, with support from the Department of Science & Technology (DST), Govt. of India, in collaboration with Bangalore based HealthTech startup Niramai and the Indian Institute of Science (IISc), has developed XraySetu specifically designed to identify COVID-19 positive patients even from low-resolution Chest X-Ray images sent over WhatsApp.

Besides COVID-19, the platform can also detect 14 additional lung-related ailments, including tuberculosis and pneumonia, alongside others. It can further be used for both analog and digital X-rays and has been successfully piloted by more than 300 doctors in rural areas over the last 10 months.

Technologies like XraySetu can enable cutting-edge AI-driven systems powering mobile Primary Health-Care (PHCs), which can make healthcare more accessible even across rural India at a fraction of the cost.

Please [Click Here](#) to read the Press Release dated 2nd June 2021.

Goods & Services Tax (`GST`)

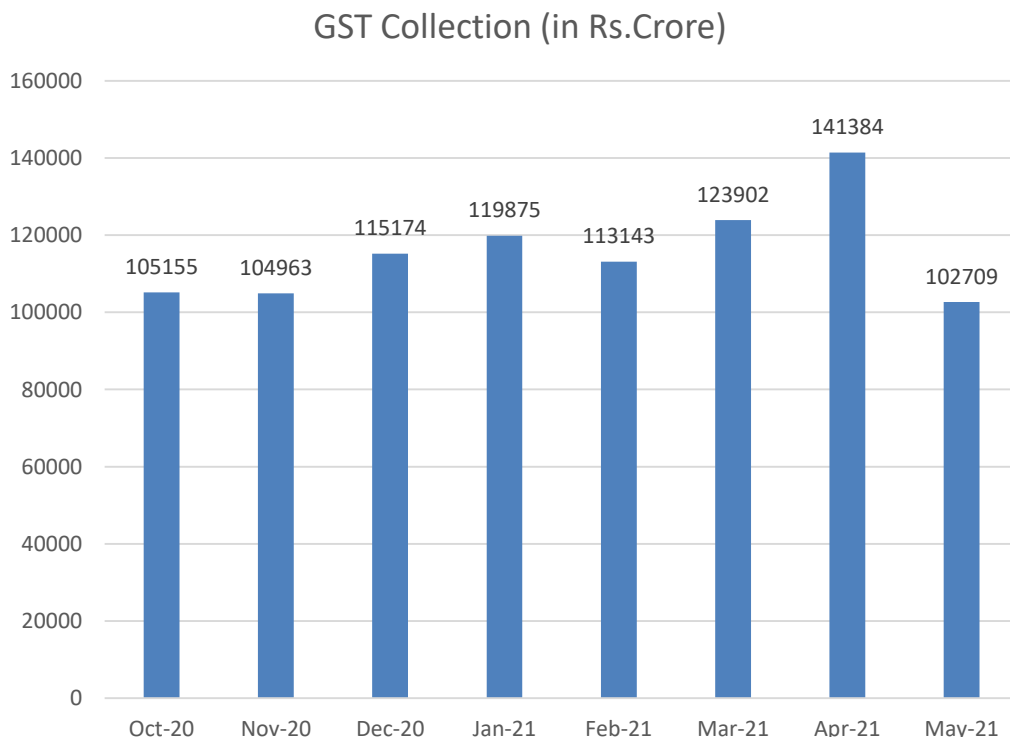


GST revenue collection for May 2021, Rs. 102,709 crore (65% higher than GST revenue collection in May 2020)

The gross GST revenue collected in the month of May 2021 is Rs. 102,709 crore (details given below). This would be 8th month in a row that GST revenues have crossed Rs. 1 lakh crore mark. This is despite the fact that most of the States have been under strict lockdown due to the pandemic.

IGST (Integrated Goods and Services Tax)	Rs. 53,199 crore
CGST (Central Goods and Services Tax)	Rs. 17,592 crore
SGST (State Goods and Services Tax)	Rs. 22,653 crore
Compensation cess	Rs. 9,265 crore
Total	Rs. 102,709 crore

The revenues for the month of May 2021 are 65% higher than the GST revenues in the same month last year. During the month, revenues from import of goods was 56% higher and the revenues from domestic transaction (including import of services) are 69% higher than the revenues from these sources during the same month last year.



Central Board of Indirect Taxes & Customs (CBIC) issues clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C (Registered person to Customer) invoices

CBIC has issued circular no. 156/12/2021-GST dated 21st June 2021 to clarify as below regarding applicability of Dynamic QR Code:

- Person having a Unique Identity Number (UIN) are not regarded as "registered persons". Hence, any invoice issued to person having a Unique Identity Number (UIN) shall be considered as B2C invoice and the supplier is required to comply with the requirement of QR Code
- UPI ID is linked to a specific bank account of the payee / person collecting money, details of bank account and IFSC may not be provided in the QR code
- In cases where the payment is collected by a third party, authorized by the supplier on his / her behalf, the UPI ID of such person may be provided in the QR Code, instead of UPI ID of the supplier
- Wherever an invoice is issued to a recipient located outside India, for supply of services not amounting to exports, such an invoice may be issued without QR code
- In case the payment is made through digital display of QR code and the invoice number/ invoice is generated after such payment, the QR code may contain the unique order ID/ sales reference number which is linked to the invoice issued for the said transaction
- When part-payment for any supply has already been received from the customer in the form of either advance or adjustment through voucher / discount coupon, etc., then the QR code may provide only the remaining amount payable by the customer against the "invoice value". The details of total invoice value, along with details / cross reference of the part-payment / advance / adjustment made, and the remaining amount to be paid, should be provided on the invoice.

Please [Click Here](#) to read circular no.156/12 dated 21st June 2021.



44th GST Council meeting decides to reduce GST rates on COVID-19 relief items

The GST Council has decided to reduce GST rates on the following items being used in COVID-19 relief and management. The said reduction shall remain in force till 30th September 2021.

SI	Description of Goods	Existing	Proposed	
1	Medical Grade Oxygen	12%	5%	
2	Tocilizumab	5%	NIL	
3	Amphotericin B			
4	Remdesvir	12%	5%	
5	Heparin (anti-coagulant)			
6	Covid-19 testing kits			
7	Inflammatory Diagnostic (marker) kits, namely- IL6, DDimer, CRP (C-Reactive Protein), LDH (Lactate DeHydrogenase), Ferritin, Pro Calcitonin (PCT) and blood gas reagents.			
8	Hand Sanitizer	18%		
9	Helmets for use with non-invasive ventilation	12%		
10	Gas/Electric/other furnaces for crematorium	18%		
11	Pulse Oximeter	12%		
12	High flow nasal canula device			
13	Oxygen Concentrator/ generator			
14	Ventilators			
15	BiPAP Machine			
16	a) Non-invasive ventilation nasal or oronasal masks for ICU ventilators b) Canula for use with ventilators	18%		
17	Temperature check equipment			
18	Ambulance	28%		12%

Please [Click Here](#) to read notification dated 14th June 2021.

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

Highlights of the 43rd GST Council Meeting

The 43rd GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman, on 28th May 2021 through video conferencing. Recommendations made by the Council are summarised below:

A. COVID-19 Relief Measures

- IGST exemption on import of COVID-19 relief goods free-of-cost, for donation to the Government or specified relief agency, even if imported on payment basis, till 31st August 2021
- The relief material includes medical oxygen, oxygen concentrators and other oxygen storage & transportation equipment, diagnostic markers test kits, vaccines etc. Further, in view of rising Black Fungus cases, the above exemption has been extended to Amphotericin B also
- GST Council constituted a Group of Ministers to submit a report by 8th June 2021 on the need for further relief to COVID-19 related items

B. Changes in GST Rates

SI	Goods / Services	Existing	Proposed
1	Diethylcarbamazine (DEC) tablets relating to the LymphahticFilarisis (an endemic) elimination programme being conducted in collaboration with World Health Organization	12%	5%
2	Maintenance, Repair and Overhaul (MRO) service in respect of ships / vessels Place of supply for B2B MRO services will be the location of the recipient	18%	5%

C. Key Clarificatory Amendments

SI	Goods / Services	Clarification on GST applicability / rate
1	Repair value of goods re-imported after repairs	IGST leviable
2	Parts of sprinklers / drip irrigation systems falling under tariff heading 8424 (nozzle / laterals) even if these goods are sold separately	12%
3	Serving food / mid-day meals to an educational institution (including Anganwadi) sponsored by Government	Exempt irrespective of funding from Government grants or corporate donations
4	Examination Services Fee charged by National Board of Examination (NBE) or similar Central or State Educational Boards and input services relating thereto	Exempt
5	Services by way of milling of wheat / paddy into flour / rice provided to Government / local authority for distribution under Public Distribution System	Exempt if the value of goods in composite supply does not exceed 25% Otherwise, GST @ 5% if supplied to any person registered in GST including a person registered for payment of TDS
6	Services supplied to a Government Entity by way of construction of a rope-way	18%
7	Services supplied by Government to Public Sector Undertaking by way of guaranteeing loans taken by such entity from banks and financial institutions	Exempt

SI	Goods / Services	Clarification on GST applicability / rate
8	Annuity payments received as deferred payment for construction of road Annuities which are paid for the service by way of access to a road or a bridge	GST applicable Benefit of exemption available
9	GST charged by Developer Promoters to Land Owner Promoters in respect of apartments that are subsequently sold by the Land Owner Promoters on which GST is paid	The Developer Promotor can pay GST relating to such apartments any time before or at the time of issuance of Completion Certificate Input Tax Credit shall be available to the Land Owner Promoters

Please [Click Here](#) to read circular no.149/05 dated 17th June 2021

Please [Click Here](#) to read circular no.150/05 dated 17th June 2021

Please [Click Here](#) to read circular no.151/05 dated 17th June 2021

Please [Click Here](#) to read circular no.152/05 dated 17th June 2021

Please [Click Here](#) to read circular no.153/05 dated 17th June 2021

Please [Click Here](#) to read circular no.154/05 dated 17th June 2021

Please [Click Here](#) to read circular no.155/05 dated 17th June 2021



D. Relief in GST Compliances

1. Extension of Due Dates:

i. *Further Relaxation to taxpayers in addition to relaxations already provided vide notification dated 1st May 2021*

Taxpayer / Annual Turnover in previous FY	Tax Period	Due date of filing Form GSTR-3B	Relief announced					Late Fee Waiver Up to (from the due date of GSTR 3B)
			Interest					
			First 15 days from due date	Next 15 days	Next 15 days	Next 15 days	From 60 th day onwards	
Small Taxpayer Annual Turnover up to Rs 5 crores	March 2021	20 th April 2021	Nil	9%			18%	60 days (19 th June 2021)
	April 2021	20 th May 2021		9%		18%		45 days (4 th July 2021)
	May 2021	20 th June 2021		9%	18%			30 days (20 th July, 2021)
Large Taxpayer having aggregate turnover > Rs 5 crores	May 2021	20 th June 2021	9%	18%			15 days (July 5, 2021)	

ii. Relaxation in filing of Quarterly Form GSTR-3B by taxpayers under Quarterly Return Monthly Payment Scheme (QRMP) Scheme

Particulars	Period	Due dates	Relief announced					Late Fee Waiver Up to (from the due date of GSTR 3B)
			Interest				From 60 th day onwards	
			First 15 days from due date	Next 15 days	Next 15 days	Next 15 days		
Form GSTR-3B (Quarterly)	March 2021	22 nd / 24 th April 2021	Nil	9%			18%	60 days (21 st / 23 rd June 2021)
GST PMT-06 Challan	April 2021	25 th May 2021		9%		18%		NA
	May 2021	25 th June 2021		9%	18%			

iii. Relaxations for Composition Taxpayers in filing Quarterly Return in Form CMP-08

Tax Period	Existing Due Date	Relief on Interest		
		First 15 days from due date	Next 45 days	From 60 th day onwards
Jan - March 2021	18 th April 2021	NIL (till 3 rd May 2021)	9% (till 17 th June 2021)	18% (from 18 th June onwards)

iv. Relaxations in filing of Form GSTR-1 / Invoice Furnishing Facility (IFF) by regular taxpayers

Particulars	Tax Period	Due date	Extended due date
Form GSTR-1 (Monthly)	May 2021	11 th June, 2021	15 days (26 th June 2021)
Form IFF (Invoice Furnishing Facility)		13 th June, 2021	15 days (28 th June 2021)

v. Relaxations in other GST Compliances

Particulars	Tax Period	Due date	Extended due date
Form GSTR-4 (Annual Return for Composition Taxpayers)	FY 2020-21	30 th April 2021	31 st July 2021
Form ITC-04 (to be filed by Principal / Manufacturer, for goods sent / received / supplied from Job Worker)	Jan-March, 2021	25 th April 2021	30 th June 2021

2. Permitting filing of returns by companies using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) till 31st August 2021
3. Cumulative application of provisional credit rules (restriction of unmatched credits) for availing Input Tax Credit for tax periods April, May and June, 2021 to be applied in the Return for the tax period June, 2021
4. Time limit for completion of various actions, by any authority or by any person, under the GST Act, which falls during the period from 15th April 2021 to 29th June 2021 to be extended up to 30th June 2021 subject to exceptions.

Please [Click Here](#) to read the notification no. 17 dated 1st June 2021

Please [Click Here](#) to read the notification no. 18 dated 1st June 2021

Please [Click Here](#) to read the notification no. 24 dated 1st June 2021

Please [Click Here](#) to read the notification no. 25 dated 1st June 2021

Please [Click Here](#) to read the notification no. 26 dated 1st June 2021

Please [Click Here](#) to read the notification no. 27 dated 1st June 2021

E. Simplification of Annual Return for the FY:

Amendments made through Finance Act, 2021 to be notified to give effect to the following:

- Filing of Annual Return in Forms GSTR-9 / 9A for FY 2020-21 continues to be optional for taxpayers having aggregate annual turnover up to Rs 2 crore
- The Reconciliation Statement in Form GSTR-9C for the FY 2020-21 will be required to be filed by taxpayers with annual aggregate turnover above Rs 5 crore
- Reconciliation Statement in Form GSTR-9C to be self-certified by the taxpayer from FY 2020-21 instead of getting it certified by Chartered Accountants

F. Measures for Trade Facilitation

1. Amnesty Scheme on late fee for non-furnishing of Form GSTR-3B for the tax period from July, 2017 to April, 2021

Tax liability	Maximum late fee	Condition
NIL	Rs 500/- per Return	GSTR-3B Returns to be furnished between 1 st June 2021 to 31 st August 2021
Exists	Rs 1000/- per Return	

2. Rationalization of late fee imposed under GST Act for small tax payers

- i. For taxpayers having NIL tax liability in Form GSTR-3B or NIL outward supplies in GSTR-1

Delay in filing Forms	Existing (Maximum Amount)	Proposed (Maximum Amount)
Form GSTR-1	Rs 10,000/- per Return	Rs 500/- per Return
Form GSTR-3B		

- ii. For other taxpayers

Delay in filing Forms	Taxpayers Annual Aggregate Turnover in the preceding year	Existing (Maximum Amount)	Proposed (Maximum Amount)
Form GSTR-3B & Form GSTR-1	Up to Rs 1.5 crores	Rs 10,000/- per Return	Rs 2,000/- per Return
	Between Rs 1.5 crore to Rs 5 crores		Rs 5,000/- per Return
	Above Rs 5 crores		Rs 10,000/- per Return

- iii. For composition taxpayers

Delay in filing Forms	Tax liability	Existing (Maximum Amount)	Proposed (Maximum Amount)
Form GSTR-4	NIL	Rs 10,000/- per Return	Rs 500/- per Return
	Exists		Rs 2,000/- per Return

iv. For taxpayers deducting TDS under GST

Delay in filing Forms	Existing (Maximum Amount)	Proposed (Maximum Amount)
Form GSTR-7	Rs 100/- per day	Rs 50/- per day
	Rs 10,000/- per Return	Rs 2,000/- per Return

The above proposals to be made applicable for prospective tax periods

Please [Click Here](#) to read the notification no. 19 dated 1st June 2021.

Please [Click Here](#) to read the notification no. 20 dated 1st June 2021.

Please [Click Here](#) to read the notification no. 21 dated 1st June 2021.

Please [Click Here](#) to read the notification no. 22 dated 1st June 2021.

G. Other Measures:

- Retrospective amendment with effect from 1st July 2017 for levy of interest in case of late payment of tax on net cash liability as against gross tax liability
- Make the present system of GSTR-1/3B return filing as the default return filing system in GST

Please [Click Here](#) to read the notification no.16 dated 1st June 2021

Please [Click Here](#) to read the Press Release dated 28th May 2021.



Direct Tax



Direct Tax

Central Board of Direct Taxes (CBDT) further extends due dates for direct tax compliances

In view of ongoing COVID-19 pandemic, taxpayers and tax authorities are facing difficulties in meeting the due dates prescribed. To ease the burden, CBDT has provided relaxation in various timelines as below.

SI	Related to	Existing Due Date	Extended Due Date
Circular No. 12/2021 dated 25 th June 2021 – Please Click Here to read			
1.	Objections to Dispute Resolution Panel and Assessing Officer	1 st June 2021	31 st August 2021
2.	Filing of Quarterly statement of TDS for the quarter Jan-Mar 2021	30 th June 2021	15 th July 2021
3.	Furnishing of annual TDS certificate in Form No. 16 to employee	15 th July 2021	31 st July 2021
4.	Furnishing of Statement of Income paid or credited by an investment fund to its unit holder for FY 2020-21: <ul style="list-style-type: none">In Form No. 64D (to the income-tax authority)In Form No. 64C (to the unit holder)	30 th June 2021 15 th July 2021	15 th July 2021 31 st July 2021
5.	Submission of Registration of Trusts, Institutions, Research Associations	30 th June 2021	31 st August 2021
6.	Capital gains exemption u/s 54 to 54GB of the Income-tax Act, 1961: Compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction etc. for which the last date of compliance falls between 1 st April, 2021 to 29 th September, 2021 (both days inclusive)	Between 1 st April 2021 to 29 th September 2021	On or before 30 th September 2021

Direct Tax

SI	Related to	Existing Due Date	Extended Due Date
7.	Filing of Quarterly statement in Form 15CC by authorized dealer in respect of foreign remittances made for the quarter Apr-Jun 2021	15 th July 2021	31 st July 2021
8.	Filing of Equalization Levy Statement in Form No. 1 for the Financial Year 2020-21	30 th June 2021	
9.	Filing of Annual Statement u/s 9A(5) by the eligible investment fund in Form No. 3CEK for the Financial Year 2020-21	29 th June 2021	
10.	Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter Apr-Jun 2021	15 th July 2021	31 st August 2021
11.	Submitting option to withdraw cases from settlement cases	27 th June 2021	31 st July 2021
Notification No. 74/2021 dated 25 th June 2021 – Please Click Here to read.			
12.	Linkage of Aadhaar with PAN	30 th June 2021	30 th September 2021
13.	Passing Assessment Order by Assessing Officer		
14.	Passing Penalty Order by Assessing Officer		
15.	Processing Equalization Levy Statements in Form No. 1 for the FY 2020-21		
Notification No. 75/2021 dated 25 th June 2021 – Please Click Here to read.			
16.	Payment under Vivad se Vishwas Scheme without additional amount	30 th June 2021	31 st August 2021
17.	Payment under Vivad se Vishwas Scheme with additional amount	1 st July 2021	1 st September 2021
18.	Last date u/s 2(1)(l) of Vivad se Vishwas Act	-	31 st October 2021

Please [Click Here](#) to read the Press Release dated 25th June 2021.

Direct Tax

Changes in withholding tax (TDS) obligation from 1st July 2021 onwards – TDS on purchase of goods (section 194Q) & higher rate of TDS on payments to non-filers of Income-tax returns (ITRs) (sections 206AB, 206CCA)

A. Section 194Q - TDS on purchase of goods from a Resident Indian seller

Background

Nowadays, purchase or sale of goods exceeding Rs. 50 lakh in value a year from a single vendor is no big deal, especially in case of a trading or manufacturing enterprise. Till now, there was no requirement to deduct / withhold tax at source (TDS / WHT) on purchase of goods from an Indian resident seller. However, in the Union Budget 2021, Government has introduced a new section 194Q in the Income-tax Act, 1961, applicable from 1st July 2021 onwards which makes it mandatory to deduct / withhold tax at source on purchase of goods from an Indian resident seller, subject to certain conditions.

The Requirement

Section 194Q applicable from 1st July 2021 onwards says that:

- Any Buyer
- Whose sales / turnover from business exceeded Rs. 10 crore in preceding financial year (FY 2020-21), and
- Who is responsible for paying any sum to an Indian Resident Seller
- For Purchase of any goods
- Of aggregate value exceeding Rs. 50 lakh in any financial year (FY 2021-22), shall
- At the time of payment or credit to such Seller, whichever is earlier
- Deduct / Withhold tax at source @ 0.1% of the sum exceeding Rs. 50 lakh, and
- Deposit the same with Government treasury on or before the 7th day of succeeding month

If the Seller fails to provide his / her Permanent Account No. (PAN) to the Buyer, the above TDS / WHT rate would be increased to 5% (instead of 0.1%).

Direct Tax

Why was it required

Last year, the Government introduced similar obligation in case of a Seller by way of TCS u/s 206C(1H). As per the said provision, a Seller [whose sales / turnover from business exceeded Rs. 10 crore (Rs.100 million) in preceding financial year] on receipt of consideration after 1st October 2020 exceeding Rs. 50 lakh a year for sale of goods, is required to collect tax at source @ 0.1% of the amount exceeding Rs. 50 lakh from the Buyer and deposit the same with the Government treasury. If the Buyer fails to provide his / her Permanent Account No. (PAN) to the Seller, the TCS rate would be 1% (instead of 0.1%).

Government noticed that there were instances where Seller's sales / turnover in preceding financial year did not exceed Rs. 10 crore, however his / her receipt from a particular Buyer exceeded Rs. 50 lakh a year. In such cases, there was no liability to collect tax at source by the Seller. Hence, to fill the gap and bring such instances within the purview of withholding tax net, Government has introduced section 194Q applicable on Buyers by way of TDS. This is because the Government wants to bring as many transactions as possible under the ambit of withholding tax.

What happens in case both Buyer's as well as Seller's preceding year's sale / turnover exceeds Rs. 10 crore

Will both the obligations of TDS and TCS arise? The answer is 'No'. In that case, it will be the liability of the Buyer to withhold TDS u/s 194Q. This has been possible because the Government has specifically carved out an exception in case both Buyer's as well as Seller's preceding year's sale / turnover exceeds Rs. 10 crore.

Illustration

Seller's Sales / Turnover in preceding year (Rs.in crore)	Buyer's Sales / Turnover in preceding year (Rs.in crore)	Aggregate value of Purchase / Sale of Goods during the relevant year (Rs. in lakh)	Taxable Amount (Rs. in lakh)	Whether PAN is available	TDS or TCS	Rate of TDS / TCS	Liability on
12	8	60	10	Buyer's PAN available	TCS	0.1%	Seller
12	8	60	10	Buyer's PAN not available	TCS	1%	Seller
8	12	60	10	Seller's PAN available	TDS	0.1%	Buyer
8	12	60	10	Seller's PAN not available	TDS	5%	Buyer
12	12	60	10	Seller's PAN available	TDS	0.1%	Buyer
12	12	60	10	Seller's PAN not available	TDS	5%	Buyer

Direct Tax

Action required to be undertaken if you are a Buyer of Goods:

- Check your volume of sales / turnover for FY 2020-21 (a)
- If (a) exceeds Rs. 10 crore, check volume of purchase of goods from each resident Seller for FY 2021-22 (b)
- If (b) exceeds (or is expected to exceed) Rs. 50 lakh, deduct tax at source u/s 194Q from 1st July 2021 onwards
- Obtain PAN from the Seller. In case Seller fails to furnish PAN, deduct tax at higher rate
- Inform Seller that no tax should be collected at source by him / her if you are deducting tax on the same transaction

B. Sections 206AB & 206CCA - Higher rate of TDS / TCS in case of Non-Filers

Section 206AB applicable from 1st July 2021 onwards provides for a higher rate of TDS (twice the prescribed rate or 5%, whichever is higher) on payments to non-filers of Income-tax return. In other words, from 1st July 2021 onwards, a higher rate of TDS is required to be withheld at source by a Buyer for most of the payments (and not just purchase of goods) if any Vendor:

- Has not filed Income-tax Return for preceding 2 financial years for which the due date of filing the return has expired, and
- The aggregate TDS / TCS in case of such Vendor is Rs. 50,000 or more in each of these 2 years, and
- The Vendor is not a non-resident having no Permanent Establishment (PE or taxable presence) in India. In other words, the higher rate of TDS shall apply only in case of payment to an Indian Vendor or a foreign Vendor who has a taxable presence in India

Similar change has been made in TCS regulations by inserting section 206CCA in the Income-tax Act.

The provisions are similar to exiting sections 206AA / 206CC which call for a higher rate of TDS / TCS in case a Seller / Buyer does not provide his / her PAN to the other party. Section 206AB is not applicable in case of payment of salaries.

Direct Tax

Action required to be completed before 30th June 2021 if you are a Buyer of Goods or Services:

- Every tax deductor / collector is required to satisfy himself if each deductee / collectee to whom he is making / receiving payment, is a defaulter ('specified person') or not, using the new online functionality 'Compliance Check for Sections 206AB and 206CCA' on the reporting portal of the Income-tax department. The detailed procedure to use the functionality is explained below.
- The tax deductor / collector can feed a single PAN or multiple PANs (in case of bulk search) of the deductee / collectee and get a response from the functionality if such deductees / collectees are a defaulter or not
- The list of defaulters is drawn afresh at the start of each financial year. As a result of the new functionality, the tax deductor / collector is not required to obtain declaration manually from each vendor
- For the vendors who are non-defaulters and have also furnished their PAN, deduct tax at regular rates. Otherwise, deduct tax at higher rate u/s 206AA or 206AB as the case may be

Guidelines / Standard Operating Procedure (SOP) to use the 'Compliance Check for Section 206AB & 206CCA' functionality on the reporting portal of the Income-tax department

a. Registration of TAN on Reporting Portal of Income-tax department

First of all, tax deductors / collectors need to register through their Tax Deduction Account No. (TAN) on the Reporting Portal of Income-tax Department.

Step 1: Go to Reporting Portal at URL <https://report.insight.gov.in>.

Step 2: On the left sidebar of the Reporting Portal homepage, click on 'Register' button.



Direct Tax

Step 3: User is redirected to the e-filing login page. Or

Step 4: Directly navigated to e-filing portal through <http://www.incometax.gov.in/>

Step 5: Log in to e-filing using e-filing login credential of TAN.

e-Filing *Assam Aayam*
Income Tax Department, Government of India

Call Us | English | A A | Do not have an account? Register

Home Individual/HUF Company Non-Company Tax Professionals & Others Downloads Help

* Indicates mandatory fields

Login

Enter your User ID *

Continue >

< Back

Know about your User ID

PAN (Permanent Account Number)
For Individuals (Salaried employee, Senior citizen, Self-employed, NRI)
For Other Than Individuals (Company, Trust, AOP, AJR, BOI, Firm, Local Authority)

Aadhaar Number
For Individuals (Salaried employee, Senior citizen, Self-employed, NRI)

Step 6: Under 'Pending Actions', select 'Reporting Portal'.

e-Filing *Assam Aayam*
Income Tax Department, Government of India

Call Us | A A | TDS

Dashboard e-File Authorised Partners Services Pending Actions Grievances Help Session Time 3 : 9 : 3 7

E-Proceedings

Reporting Portal

Feedback | Website Policies | Accessibility Statement | Site Map | Browser Support | Last reviewed and updated on : 15-Jun-2021
This site is best viewed in 1024 * 768 resolution with latest version of Chrome, Firefox, Safari and Internet Explorer.
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Reporting Portal

On click of 'Proceed' button, you will be redirected to Reporting Portal

Cancel Proceed

Direct Tax

Step 7: After being redirected to the Reporting portal, select 'New Registration' option and click 'Continue'.

Reporting Portal

Insight

Please select from the following options

- New Registration
- SFT Preliminary Response
- Preliminary Response (Form 618)
- Manage Principal Officer

Continue

Step 8: On the next screen, select the Form type as 'Compliance Check (Tax Deductor & Collector)'. Click 'Next' to navigate to entity details page.

Form Type and Category

Form Type* Compliance Check (Tax Deductor & Collector) ▼

Entity Category* Company ▼

Next

Step 9: Enter relevant entity details on entity details page and click on 'Add Principal Officer' button to add Principal Officer.

Enter Entity Details

Entity Name* Test Nam

Entity PAN* ASDWE1234A

Flat/Door/Building* Enter Flat/Door/Building

Road/Street Enter Road/Street

Area/Locality* Enter Area/Locality

Town/City/District* Enter Town/City/District

Pin Code* Enter Pin Code

State* Select State ▼

Country* Select Country ▼

Back Add Principal Officer

Fields with * mark are mandatory

Direct Tax

Step 10: Enter Principal Officer details on the Principal Officer Details page.

Principal Officer Details - Compliance Check (Tax Deductor & Collector) (Who is Principal Officer?)	
Authorized Person Type	<input type="text" value="Principal Officer"/>
PAN*	<input type="text" value="Enter PAN"/>
Person First Name*	<input type="text" value="Enter First Name"/>
Middle Name	<input type="text" value="Enter Middle Name"/>
Last Name*	<input type="text" value="Enter Last Name"/>
Designation*	<input type="text" value="Enter Designation"/>
Access Type*	<input type="text" value="Operational"/> ▼
Date Of Birth(DD-MM-YYYY)	<input type="text" value="Enter Date Of Birth"/>
Mobile Number*	+91 <input type="text" value="Enter Mobile No"/>
Email ID*	<input type="text" value="Enter Email Id"/>
Alternate Email ID	<input type="text" value="Enter Alternate Email Id"/>
Flat/Door/Building*	<input type="text" value="Enter Flat/Door/Building"/>
Road/Street	<input type="text" value="Enter Road/Street"/>
Area/Locality*	<input type="text" value="Enter Area/Locality"/>
Town/City/District*	<input type="text" value="Enter Town/City/District"/>
Pin Code*	<input type="text" value="Enter Pin Code"/>
State*	<input type="text" value="Select State"/> ▼
Country*	<input type="text" value="Select Country"/> ▼
<input type="button" value="Back"/> <input type="button" value="Add Nodal Officer"/> <input type="button" value="Preview"/> <input type="button" value="Submit"/>	

Step 11: If more users such as Nodal Officer, Alternate Nodal Officer and other users are to be registered, adding the details of such users can be continued, otherwise the same can be done after registration also.

Step 12: Click on 'Preview' button to view the entered entity and principal officer details.

Step 13: Click on 'Submit' button to submit the registration request.

	Reporting Portal	Insight 
<p>Your details have been successfully submitted. Please find registration Request Number : REC0000000262. An email has been sent to registered email id.</p> <p><input type="button" value="Download Acknowledgement PDF"/></p> <p><input type="button" value="Continue to Login"/></p>		

Direct Tax

Step 14: Acknowledgement receipt of registration request is provided through portal and the same will also be shared through an email notification to the Principal Officer.

Step 15: Once the registration request is approved by Income tax Department, email notification will be shared with the Principal Officer along with ITDREIN (Income Tax Department Reporting Entity Identification Number) details and login credentials

b. Accessing the functionality on Reporting Portal by Principal Officer

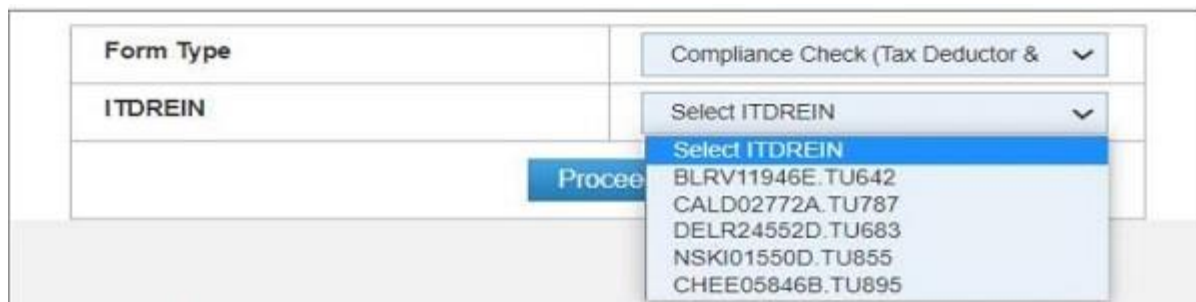
Step 1: Go to Reporting Portal at URL <https://report.insight.gov.in>.

Step 2: On the left sidebar of the Reporting Portal homepage, click the Login button.

Step 3: Enter the required details of Principal Officer (not tax deductor / collector) in the respective fields (PAN and Password as received in the email or updated password) and click Login to continue.

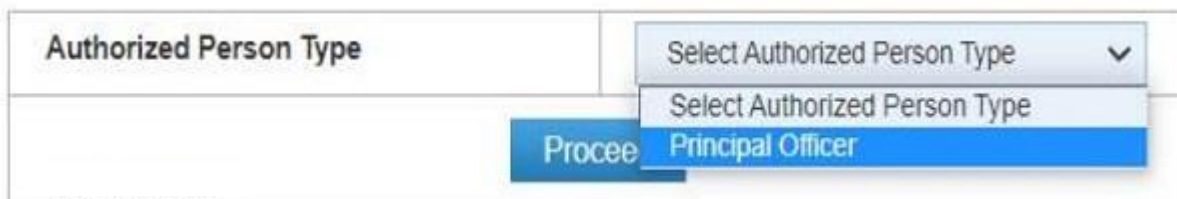


Step 4: If Principal Officer's PAN is registered for multiple Forms & ITDREIN, he/she needs to select Form type as Compliance Check (Tax Deductor & Collector) and associated ITDREINs from the drop-down.



Select Authorised Person Type as Principal Officer and click on Proceed.

Direct Tax



Authorized Person Type

Select Authorized Person Type

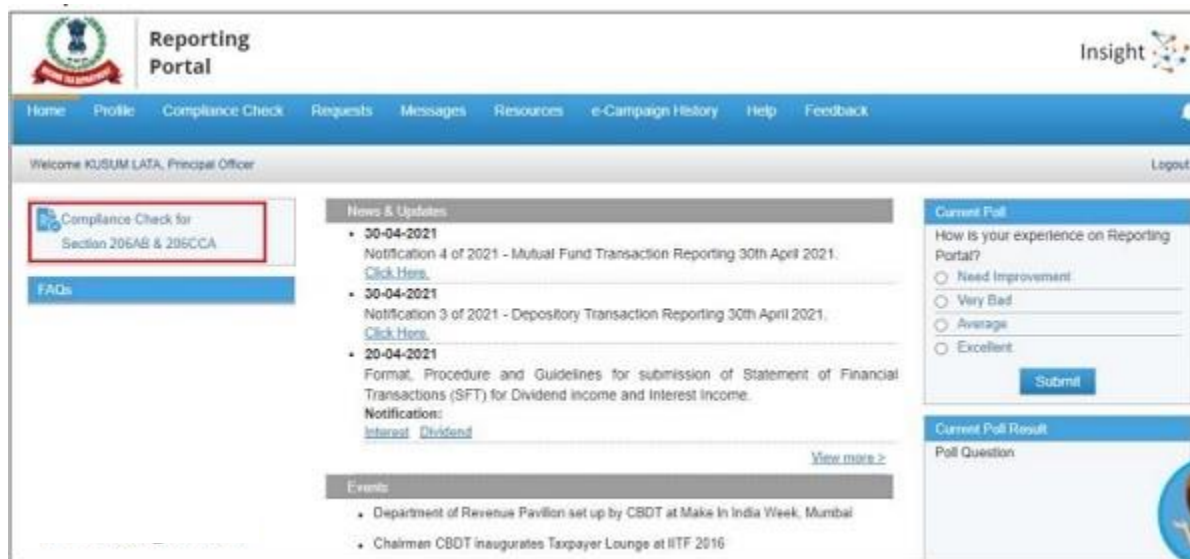
Select Authorized Person Type

Principal Officer

Proceed

Step 5: After successfully logging in, the home page of Reporting Portal appears.

Step 6: Click on Compliance Check for Section 206AB & 206CCA link provided as shortcut on left panel.



Reporting Portal

Home Profile Compliance Check Requests Messages Resources e-Campaign History Help Feedback

Welcome KJ/SUM LATA, Principal Officer

Logout

Compliance Check for Section 206AB & 206CCA

FAQs

News & Updates

- 30-04-2021 Notification 4 of 2021 - Mutual Fund Transaction Reporting 30th April 2021. [Click Here](#)
- 30-04-2021 Notification 3 of 2021 - Depository Transaction Reporting 30th April 2021. [Click Here](#)
- 20-04-2021 Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend Income and Interest Income. Notification: [Interest](#) [Dividend](#) [View more >](#)

Events

- Department of Revenue Pavilion set up by CBDT at Make In India Week, Mumbai
- Chairman CBDT inaugurates Taxpayer Lounge at IITF 2016

Current Poll

How is your experience on Reporting Portal?

Need Improvement

Very Bad

Average

Excellent

Submit

Current Poll Result

Poll Question

c. Compliance Check for Section 206AB & 206CCA

Upon clicking Compliance Check for Section 206AB & 206CCA at home page, the compliance check functionality page appears. Through the functionality, tax deductors or collectors can verify if any person (PAN) is a 'Specified Person' as defined in Section 206AB & 206CCA.

The same can be done in 2 modes:

- PAN Search: To verify for single PAN
- Bulk Search: To verify for PANs in bulk

d. Single PAN Search

Step 1: Select 'PAN Search' tab under 'Compliance Check for Section 206AB & 206CCA' functionality.

Step 2: Enter valid PAN & captcha code and click 'Search'.

Direct Tax

Following Output result will be displayed upon entering a valid [PAN](#) & captcha code. Output result will not be shown if Invalid PAN is entered.

- Financial Year: Current Financial Year
- PAN: As provided in the input
- Name: Masked name of the Person (as per PAN)
- PAN Allotment date: Date of allotment of PAN
- PAN-Aadhaar Link Status: Status of PAN-Aadhaar linking for individual PAN holders as on date. The response options are
 - ✓ Linked (PAN and Aadhaar are linked), or
 - ✓ Not Linked (PAN & Aadhaar are not linked), or
 - ✓ Exempt (PAN is exempted from PAN-Aadhaar linking requirements), or
 - ✓ Not-Applicable (PAN belongs to non-individual person).
- Specified Person u/s 206AB & 206CCA: The response options are
 - ✓ Yes (PAN is a specified person as per section 206AB/206CCA as on date), or
 - ✓ No (PAN is not a specified person as per section 206AB/206CCA as on date)

Output will also provide the date on which the 'Specified Person' status as per section 206AB and 206CCA is determined.



Direct Tax

Welcome KUSUM LATA, Principal Officer Logout

Compliance Check for Section 206AB & 206CCA

Compliance Check for Section 206AB & 206CCA

PAN Search Bulk Search

PAN *	AQYPD2469N
Captcha Code	8 6 1 4 9
Enter Captcha Code *	ENTER
<input type="button" value="Search"/>	

Search Result of PAN : AQYPD2469N on 18-06-2021 (Financial Year 2021-22)

Name	PAN Allotment Date	PAN-Aadhaar Link Status	Specified Person u/s 206AB & 206CCA
SXXXXXP DXXXXA	07-06-2021	Linked	No

Step 3: Click PDF icon to download the details in PDF format.

e. Bulk PAN Search

Step 1: Select 'Bulk Search' tab.

Step 2: Download the CSV Template by clicking on 'Download CSV template' button.

Compliance Check for Section 206AB & 206CCA

Compliance Check for Section 206AB & 206CCA

PAN Search Bulk Search

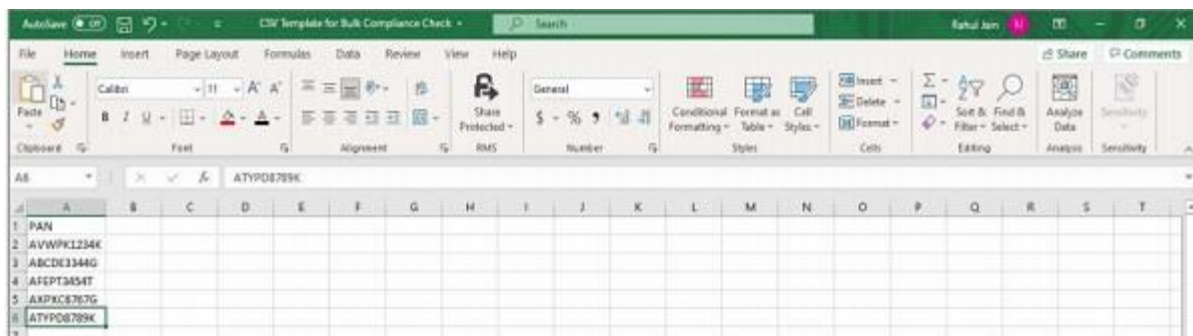
	Upload Date	Financial Year	Request ID	Records	User Name	Status	Last Activity Date
1	14-06-2021	2021-22	1385	7	KUSUM LATA	Downloaded	14-06-2021
2	14-06-2021	2021-22	1385	7	KUSUM LATA	Downloaded	14-06-2021
3	14-06-2021	2021-22	1384	7	KUSUM LATA	Downloaded	14-06-2021

Page 1 of 1 of 1

View 1 - 10 of 26

Step 3: Fill the CSV with PANs for which 'Specified Person' status is required. (Provided PANs should be valid PANs and count of PANs should not exceed 10,000).

Direct Tax



Step 4: Upload the CSV by clicking on 'Upload CSV' button.

Step 5: Uploaded file will start reflecting with Uploaded status. The status will be as follows:

- ✓ Uploaded – The CSV has been uploaded and pending for processing.
- ✓ Available – Uploaded CSV has been processed and results are ready for download.
- ✓ Downloaded – The user has downloaded the output results CSV.
- ✓ Link Expired – Download link has been expired.

	Upload Date	Financial Year	Request ID	Records	User Name	Status	Last Activity Date
1	14-06-2021	2021-22	1366	7	KUSUM LATA	Downloaded	14-06-2021
2	14-06-2021	2021-22	1365	7	KUSUM LATA	Downloaded	14-06-2021
3	14-06-2021	2021-22	1364	7	KUSUM LATA	Available	14-06-2021

Step 6: Download the output result CSV once status is available by clicking on Available link.

Step 7: After downloading the file, the status will change to 'Downloaded' and after 24 hours of availability of the file, download link will expire and status will change to 'Link Expired'.

Output result CSV file will have following details:

- Financial Year: Current Financial Year
- PAN: As provided in the input. Status shall be 'Invalid PAN' if provided PAN does not exist
- Name: Masked name of the Person (as per PAN)
- PAN Allotment date: Date of allotment of PAN
- PAN-Aadhaar Link Status: Status of PAN-Aadhaar linking for individual PAN holders as on date. The response options are
 - ✓ Linked (PAN and Aadhaar are linked), or
 - ✓ Not Linked (PAN & Aadhaar are not linked), or
 - ✓ Exempt (PAN is exempted from PAN-Aadhaar linking requirements), or
 - ✓ Not-Applicable (PAN belongs to non-individual person).
- Specified Person u/s 206AB & 206CCA: The response options are
 - ✓ Yes (PAN is a specified person as per section 206AB/206CCA as on date), or
 - ✓ No (PAN is not a specified person as per section 206AB/206CCA as on date)

Direct Tax

Output will also provide the date on which the 'Specified Person' status as per section 206AB and 206CCA is determined.

Compliance Check for Section 206AB & 206CCA					
Search Result on 18-06-2021 (Financial Year 2021-22)					
#	PAN	Name	PAN Allotment Date	PAN-Aadhaar Link Status	Specified Person u/s 206AB & 206CCA
1	AAAPA1234A	SXXXL AXXXV	18-08-2001	Not Linked	No
2	BBBPB1234B	Invalid PAN	-	-	-
3	CCCCC1234C	CXXXXA PXXXXR LTD	12-06-1982	Not-Applicable	Yes
4	DDDFD1234D	DXXXXXXXXXO KXXXU LLP	10-12-2002	Not-Applicable	No
5	EEEPE1234E	NXXXXJ KXXXR EXXXX	08-10-1935	Exempt	No
6	FFFPF1234F	LXXA CXXXXXXXXXT FXXXXK	06-08-1996	Linked	Yes
7	GGGPG1234G	AXXXXID KXXXR GXXXV	13-02-1995	Linked	No

Please [Click Here](#) to read the Notification no. 1 of 2021 dated 22nd June 2021.

Please [Click Here](#) to read Circular no. 11 dated 21st June 2021 issued by CBDT in this regard.

Long term Capital Gains - CBDT notifies '317' as Cost Inflation Index (CII) for FY 2021-22

CBDT vide Notification no. 73 dated 15 June 2021 has notified 317 as CII for FY 2021-22. If a long-term capital asset is transferred, the capital gains is computed after deducting the *indexed* cost of acquisition (instead of just cost of acquisition) to give the benefit of inflation to a taxpayer. Such indexation of cost of acquisition is done on the basis of CII. The base year for which CII is 100 is FY 2001-02.

Please [Click Here](#) to read the Notification no. 73 dated 15th June 2021.

CBDT prescribes additional disclosures required to be made in quarterly withholding tax statements

Background

Rule 31A of the Income-tax Rules, 1962 ('Rules'), amongst others, prescribes the forms required for filing of quarterly statements of TDS, disclosures required to be made, etc. CBDT has amended existing Rule 31A for filing of quarterly statements vide notification no. 71 dated 8th June 2021 specifying the additional disclosures required to be made. CBDT has also prescribed new Annexures by way of Forms 26Q, 27EQ, 27Q for filing the withholding tax statements.

Direct Tax

Additional disclosures required to be made

While filing quarterly statements of TDS, the following particulars of amount on which tax is not deducted will also need to be furnished:

- Amount paid or credited by an infrastructure capital company or infrastructure capital fund or infrastructure debt fund or a public sector company or scheduled bank
- Amount paid or credited to a business trust
- Amount paid or credited to a specified fund or a foreign institutional investor
- Amount paid or credited to any resident by a buyer for purchase of any goods of value exceeding Rs. 50 lakh a year

Further, CBDT has also prescribed new Annexures by way of Forms 26Q, 27EQ, 27Q (for filing withholding tax statements) incorporating the amendments brought in Rule 31A of the Rules.

The notification is likely to help tax deductors collate relevant information required for filing quarterly withholding tax statements.

Please [Click Here](#) to read Notification no. 71/2021 dated 8th June 2021.

CBDT issues clarification regarding time limit for filing of appeal with Commissioner of Income-tax (Appeals)

Background

CBDT had issued circular no. 8 on 30th April 2021 providing various relaxations till 31st May 2021 including extending time limit for filing of appeal before CIT(Appeals). At the same time, the Hon'ble Supreme Court vide order dated 27th April 2021 directed that the period of limitation, as prescribed under any General or Special Laws in respect of all judicial or quasi-judicial proceedings, shall stand extended till further orders.

Clarification issued by CBDT

CBDT has clarified that if different relaxations are available to the taxpayers for a particular compliance, the taxpayer is entitled to the relaxation which is more beneficial to him. Thus, for the purpose of calculating the period of limitation for filing appeal before CIT(Appeals), the taxpayer is entitled to a relaxation which is more beneficial to him and hence the said limitation stands extended till further orders as ordered by the Hon'ble Supreme Court vide order dated 27th April 2021.

Please [Click Here](#) to read the Circular No. 10/2021 dated 25th May 2021.

Direct Tax

Slump Sale - CBDT prescribes methodology for computation of Fair Market Value (FMV) on transfer of undertaking

Background

Section 50B of the Income-tax Act contains special provisions for computation of capital gains in case of slump sale. The Finance Act, 2021 introduced some significant changes to the provisions relating to slump sale. Earlier, in case of slump sale transactions u/s 50B, the actual consideration of the transaction was considered as the full value of consideration for computing capital gains. In other words, there was no need for arriving at Fair Market Value ('FMV') or the requirement for a valuation exercise.

An amendment has been made in the Finance Act, 2021 to provide that FMV of the undertaking / division on the date of transfer (to be determined based on the rules, which may be prescribed later) shall be regarded as full value of consideration. Accordingly, FMV will have to be considered irrespective of the transaction value actually received by the seller. The amendment is applicable from Assessment Year 2021-22 and hence, any slump sale transaction done during FY 2020-21 would be impacted.

Notification issued by CBDT on 24th May 2021

A new Rule 11UAE has been inserted in the Income-tax Rules as per which the FMV of the undertaking transferred shall be the higher of FMV1 or FMV2 computed as below on the date of slump sale.

FMV1

FMV1 (fair market value of the capital assets transferred by way of slump sale) = A + B + C + D – L, where

- I. A = book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts as reduced by the following amount which relate to such undertaking —
 - a. any amount of income-tax paid less the amount of income-tax refund claimed, if any; and
 - b. any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset
- II. The components B, C and D represent values of various assets to be taken, as excluded in A, which appear in books of account of the undertaking transferred as follows:

Component	Asset	Valuation
B	Jewellery and Artistic Work	Price it would fetch if sold in open market based upon the valuation report obtained from a registered valuer
C	Shares and Securities	FMV as determined under Rule 11UA
D	Immovable Property	Circle Rate / Stamp duty value adopted or assessed or assessable by any authority of government, for purpose of payment of stamp duty

Direct Tax

- III. L = book value of liabilities as appearing in the books of accounts of the undertaking transferred by way of slump sale, but not including the following amounts related to such undertaking: —
- the paid-up capital in respect of equity shares
 - the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company
 - reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation
 - any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto
 - any amount representing provisions made for meeting liabilities, other than ascertained liabilities
 - any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares

FMV2

FMV2 (fair market value of the consideration received or accruing as a result of transfer) = E + F + G + H, where

- E = Monetary consideration received or accruing as a result of transfer
- The components F, G and H relate to values of non-monetary consideration received or accruing pursuant to transfer of undertaking to be determined as under:

Component	Asset	Valuation
F	<ul style="list-style-type: none">JewelleryArtistic WorkShares and Securities	FMV as determined under Rule 11UA
G	Immovable Property	Circle Rate / Stamp duty value adopted or assessed or assessable by any authority of government, for purpose of payment of stamp duty
H	Any other	Price it would fetch if sold in open market based upon the valuation report obtained from a registered valuer

Please [Click Here](#) to read the Notification no. 68/2021 dated 24th May 2021.

Company Law



Company Law

Extension of timeline till 31st December 2021 for companies to conduct Extraordinary General Meeting (EGM) through Video conferencing (VC) or Other Audio Visual Means (OAVM) or transact items through postal ballot

Ministry of Corporate Affairs (MCA) vide circular no(s) 14/2020 and 17/2020 dated 8th April 2020 and 13th April 2020 respectively had provided 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.

The framework provided in the above circulars allowed companies to hold their EGMs through VC or OAVM or transact relevant business through postal ballots, as per the procedure specified therein, up to 30th June 2020. The said timeline was further extended from time to time up to 30th June 2021.

However, in view of the hardships caused by the COVID-19 pandemic, MCA has once again extended the said timeline from 30th June 2021 to 31st December 2021.

Please [Click Here](#) to read the circular dated 23rd June 2021.

Highlights of the new Companies (Indian Accounting Standard) Amendment Rules, 2021

MCA vide notification dated 18th June 2021 has prescribed new Companies (Indian Accounting Standard) Amendment Rules, 2021 which shall be applicable from FY 2021-22 onwards. The purpose of the Amendment Rules is to keep the Indian Accounting Standards (Ind AS) aligned with the changes made in International Financial Reporting Standards (IFRS) and are in terms of insertion of some new provisions, substituting few definitions along with aligning the text of Ind AS with conceptual framework of Financial Reporting.



Company Law

Some of the key changes made in the Ind AS are as below:

Ind AS	Provisions dealing with	Amendment
101	Presentation of Financial Statements	Under the category 'Classification and Measurement of Financial Asset', the term 'Financial Asset' has been replaced with 'Financial Instrument'
102	Share based payment	Changes made in reference to the conceptual framework of financial reporting under Ind AS in terms of defining the term 'Equity Instrument' which shall be applicable for the annual reporting periods beginning on or after 1 st April 2021
107	Financial Instruments: Recognition, Presentation and Disclosure	Requirement of additional disclosures to be made in the financial statements on account of interest rate benchmark reform, such as: <ul style="list-style-type: none">• The nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform;• The entity's progress in completing the transition to alternative benchmark rates and how the entity is managing the transition
109	Financial Instruments	Introduction of practical method for assessment of contractual cash flow test, which is one of the eligibility criteria to measure a financial asset at amortised cost for the changes in the financial assets that may arise due to interest rate benchmark reform
116	Leases	Due to the COVID-19 pandemic, benefit related to rent concession was introduced in 2020, which allowed lessees to recognize COVID-19 related rent concessions as income rather than as lease modification till 30 th June 2021. However, in view of the current situation, the aforesaid benefit has been extended from 30 th June 2021 till 30 th June 2022

Please [Click Here](#) to read the notification dated 18th June 2021.

Company Law

MCA notifies relaxations regarding Independent Director's appointment

Who is an Independent Director?

Pursuant to the provisions of section 149 of the Companies Act, 2013 (Act), an Independent Director means a Director (other than a Managing Director or Whole time Director or Nominee Director):

- Who, in the opinion of the Board of Directors, is a person of integrity and possesses relevant expertise, experience and prescribed qualifications
- Who is or was not a Promoter / related to Promoters or Directors of the company or its Holding, Subsidiary or Associate company
- Who has no pecuniary relationship, other than remuneration or having transaction not exceeding 10% of his total income or such amount as may be prescribed with the company, its Holding, Subsidiary or Associate company or their Promoters or Directors, during the 2 immediately preceding FY or during the current FY
- Who, neither himself nor through any of his relatives holds or has held the position of a key managerial personnel or is or has been employee of the company or its Holding, Subsidiary or Associate company in any of the 3 immediately preceding FYs
- Who together with his relatives fulfil such other conditions and criteria as prescribed u/s 149 of the Act

Relaxations notified by MCA

MCA vide notification dated 18th June 2021 has notified Companies (Creation and Maintenance of databank of Independent Directors) Amendment Rules, 2021 under which following relaxations have been provided:

Existing provision	Relaxation provided
An individual can be appointed as an Independent Director in a company only after inclusion of his / her name in the databank of Independent Directors maintained by the Ministry	An individual can be appointed as an Independent Director in a company before inclusion of his / her name in the databank of Independent Directors maintained by the Ministry, on the payment of fee of Rs. 1000.
If an existing Independent Director fails to renew his / her registration within 30 days from the date of expiry of registration, then name of the defaulting Independent Director is removed from the databank of Independent Directors maintained by the Ministry	In case of any delay to renew the registration by an Independent Director, then the same can be renewed even after the lapse of 30 days on the payment of late fees of Rs. 1000.

Please [Click Here](#) to read the notification dated 18th June 2021.

Company Law

Mandatory requirement to hold physical Board meeting for approval of annual financial statements, Directors' report, etc., done away with

Pursuant to Rule 4 of Companies (Meetings of Board and its Powers) Rules, 2014, following matters were required to be discussed and approved only in the physical meeting of Board of Directors of the company.

- Approval of the annual financial statements;
- Approval of the Board of Director's report;
- Approval of the Prospectus;
- Approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover;
- Audit Committee Meetings for consideration of financial statements, to be subsequently approved by the Board of Directors

However, MCA vide notification dated 15th June 2021 has omitted the aforesaid Rule 4 and accordingly now Board of Directors can discuss and approve the above stated matters through video conferencing or other audio-visual means.

In the light of the current pandemic scenario, where social distancing and travel restrictions have been heightened, this relaxation introduced by MCA is likely to go a long way in helping companies meet their day to day operations in an easy and hassle free manner.

Please [Click Here](#) to read the notification dated 15th June 2021.

MCA substitutes form INC-35 AGILE PRO with form INC-35 AGILE PRO-S filed with SPICe+

Every company proposed to be incorporated in India is required to file its incorporation application in the prescribed form SPICe+ with Registrar of Companies (ROC). Under the umbrella of form SPICe+, proposed companies can also avail the option of applying for GST Identification Number (GSTIN), Employees State Insurance Corporation (ESIC) registration, Employees Provident Fund Organization (EPFO) registration, Profession Tax registration and Bank account opening, by filing a linked form INC-35 AGILE PRO along with form SPICe+ with ROC.

However MCA vide notification dated 7th June 2021 has substituted form INC-35 AGILE PRO with form INC-35 AGILE PRO-S. Under the new form INC-35 AGILE PRO-S, apart from the aforesaid registrations, Shops & Establishment registration can also be taken by any proposed company filing incorporation application with ROC.

Please [Click Here](#) to read the notification dated 7th June 2021.

Company Law

MCA launches its new website 'MCA21 V3 version'

MCA has revamped its existing website with new functions and easy to use layout. The objective of the new modified V3 version website is:

- Enable the business community to register a company and file statutory documents quickly and easily;
- Provide easy access to public documents;
- Provide faster and effective resolution of public grievances;
- Provide registration and verification of charges easily;
- Ensure proactive and effective compliance with relevant laws and corporate governance;
- Enable the MCA employees to deliver best-of-breed services

Some of the key features of the new website are:

- MCA's website <http://www.mca.gov.in/> serves as a gateway to provide all information, guidance, and services related to corporate affairs;
- The top navigation bar of the home page provides options to change the visual appearance of the website and sign up or sign in to the website;
- The menu navigation bar contains most of the functions of the MCA's website;
- The My Workspace menu allows the users to access notices, circulars, upload E-Forms, annual E-Filing and make payments;
- The Notifications & Updates section provides information and documents related to the latest news, notices, reports, and circulars

Please [Click Here](#) to navigate features of the new website.



Reserve Bank of India (‘RBI’)



Change in Liberalised Remittance Scheme (LRS) reporting for resident individuals

What is LRS for resident individuals?

- Under LRS, all resident individuals (including minors) are allowed to freely remit up to USD 250,000 per FY for any permissible current or capital account transaction or a combination of both;
- In case of remitter being a minor, the LRS declaration form must be countersigned by the minor's natural guardian;
- LRS is not available to Corporates, Partnership Firms, Hindu Undivided Family (HUF) and Trusts

Change in LRS reporting introduced by RBI

Authorised dealer (AD) banks were required to upload the data in respect of number of applications received and the total amount remitted under LRS on Online Return Filing System (ORFS). However, RBI vide notification dated 17th June 2021 has decided to collect this information through eXtensible Business Reporting Language (XBRL) system instead of the ORFS.

Accordingly, AD banks shall upload the requisite information on XBRL system on or before the 5th day of every succeeding month from 1st July 2021 onwards. The XBRL site can be accessed through URL <https://xbml.rbi.org.in/orfsxbml>. In case no data is to be furnished, AD banks shall upload NIL figures.

Please [Click Here](#) to read the notification dated 17th June 2021.



Review of interchange fees & customer charges for Automated Teller Machines (ATM) transactions

RBI in June 2019 had constituted a Committee under the Chairmanship of the Chief Executive, Indian Banks' Association to review the entire gamut of ATM charges and fees with particular focus on interchange fees structure for ATM transactions. Accordingly, given the increasing cost of ATM deployment and expenses towards ATM maintenance incurred by banks / ATM operators, as well as considering the need to balance expectations of stakeholder entities and customer convenience, RBI vide notification dated 10th June 2021 has notified the following instructions:

- Banks are allowed to increase the interchange fee per transaction from Rs. 15 to Rs. 17 (for financial transactions) and from Rs. 5 to Rs. 6 (for non-financial transactions) in all centres. This shall be effective from 01st August 2021 onwards.
- As per existing RBI guidelines, customers are eligible for 5 free transactions per month from their own bank ATMs and 3 transactions (in metro cities) and 5 transactions (in non-metro cities) per month from other bank ATMs. Beyond these free transactions, banks levy customer charges up to Rs 20 per transaction.
- However, to compensate the banks for the higher interchange fee and given the general escalation in costs, banks are allowed to levy customer charges up to Rs. 21 per transaction. This increase shall be effective from 1st January 2022 onwards
- Applicable taxes, if any, shall be additionally payable;
- These instructions shall also apply to the transactions done at Cash Recycler Machines (other than for cash deposit transactions)

Please [Click Here](#) to read the notification dated 10th June 2021.



**Securities Exchange
Board of India ('SEBI')**



Relaxation from requirement of minimum vesting period in case of death of employee under SEBI (Share Based Employee Benefit) Regulations, 2014 (SBEB Regulations)

Pursuant to regulation(s) 18(1) and 24(1) of SBEB Regulations, there shall be a minimum vesting period of 1 year in case of Employee Stock Options (ESOPs) and Stock Appreciation Rights (SAR) granted to employees of Listed companies and in the event of death of any employee while in employment, all the ESOPs, SAR or any other benefit granted to him / her under a scheme shall vest in the deceased employee's legal heirs or nominees.

However, in view of the COVID-19 pandemic situation, to provide relief to the families of the deceased employees of Listed companies, SEBI vide circular dated 15th June 2021 has provided the following relaxations:

- The provision relating to minimum vesting period of 1 year shall not apply in case of death (for any reason) of any employee of Listed companies and in such cases, all the ESOPs, SAR or any other benefit granted to such deceased employee, shall vest with his / her legal heir or nominee on the date of death of the employee; and
- This relaxation shall be available to all such employees who have deceased on or after 1st April 2020

Please [Click Here](#) to read the circular dated 15th June 2021.

Enhancement of overseas investment limits for Mutual Funds

SEBI vide circular dated 3rd June 2021 has revised the maximum overseas investment limits for Mutual funds as below:

Particulars	Existing limit	Enhanced limit
Maximum overseas investment limit by Mutual funds	USD 600 million per Mutual fund (within the overall industry limit of USD 7 billion)	USD 1 billion per mutual fund (within the overall industry limit of USD 7 billion)
Maximum overseas investment limit by Mutual funds in Exchange Traded Funds (ETFs)	USD 200 million per Mutual fund (within the overall industry limit of USD 1 billion)	USD 300 million per Mutual fund (within the overall industry limit of USD 1 billion)

Please [Click Here](#) to read the circular dated 3rd June 2021

Compliance Calendar

Compliance calendar for the month of July 2021

Compliance Due Date:	Concerned (Reporting) Period:	Compliance Detail:	Applicable To:
7 th July	June 2021	TDC/TCS deposit	Non-government Deductors
		Equalization Levy deposit	All Deductors
10 th July		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 July		GSTR-1 (Outward supply return)	Taxable persons having turnover > Rs. 5 crore
13 th July		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
	April-June 2021	GSTR-1 (Outward supply return)	Taxable persons having turnover < Rs. 5 crore
15 th July	June 2021	Deposit of PF & ESI contribution	All Deductors
	FY 2020-21	Annual Return on Foreign Assets & Liabilities (FLA)	All Taxpayers
	January-March 2021	Quarterly statement of TDS deposited	All Deductors
	April-June 2021	Quarterly statement of TCS deposited	All Collectors
20 th July	June 2021	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 2020-21
22 nd July	April-June 2021		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
			All taxable person (except composition dealer) having annual turnover upto Rs. 5 crore and having principal place of business in any other state.
24 th July			
30 th July		TCS certificate in Form 27D	All Collectors
31 st July		Quarterly statement of TDS deposited	All Deductors
	FY 2020-21	GSTR 4 (Annual Return for composition dealer)	Composition dealer
		Filing of Equalisation Levy Statement (Form-1)	All Deductors
		Annual TDS certificate in Form 16 (salary)	
	January-March 2021	TDS certificate in Form 16A (non-salary)	

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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