

TAX EDGE

Monthly Tax & Regulatory
Updates



Audit



Tax



Regulatory



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Measures to combat COVID-19

Measures to combat COVID-19

India's cumulative COVID-19 Vaccination Coverage exceeds 138 Crore people with recovery rate 98.39%



India's cumulative COVID-19 Vaccination Coverage has exceeded 138 crore people on 20th December 2021, achieved through 1,44,91,123 sessions as below. Consequently, India's recovery rate stands at 98.39%, highest since March 2020.

HCWs	1 st Dose	1,03,86,261
	2 nd Dose	96,45,996
FLWs	1 st Dose	1,83,83,973
	2 nd Dose	1,67,72,043
Age Group 18-44 years	1 st Dose	48,68,79,459
	2 nd Dose	29,37,59,017
Age Group 45-59 years	1 st Dose	19,15,95,978
	2 nd Dose	14,00,66,251
Over 60 years	1 st Dose	11,97,15,150
	2 nd Dose	8,95,16,231
Total		1,37,67,20,359

Measures to combat COVID-19



Cumulative Vaccine Dose Coverage					
	Healthcare workers	Frontline workers	People Aged 18-44 Years	People Aged ≥ 45 Years	People Aged ≥ 60 Years
1 st Dose	1,03,86,261	1,83,83,973	48,68,79,459	19,15,95,978	11,97,15,150
2 nd Dose	96,45,996	1,67,72,043	29,37,59,017	14,00,66,251	8,95,16,231

#Unite2FightCorona

As at 8 AM on 20th December, 2021

15.82 Lakh
doses administered
in last 24 hours

India's Active Case load stands at 82,267, lowest in 572 days. Active cases constitute 0.24% of the country's total Positive Cases, which is lowest since March 2020. The testing capacity across the country continues to expand. Weekly Positivity Rate at 0.60% remains less than 1% for the last 36 days.

Please [Click Here](#) to read the Press Release dated 20th December 2021.

Measures to combat COVID-19

More than 145.61 Crore Vaccine doses provided to States so far by Union Government, more than 17.99 Crore still available unutilized

As part of the nationwide vaccination drive, Government of India has been supporting the States and Union Territories (UTs) by providing them COVID-19 Vaccines free of cost. In the new phase of the universalization 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.

Vaccine Doses	As on 20 th December 2021
Supplied	1,45,61,51,715
Balance Available	17,99,80,556

More than 145.61 crore (1,45,61,51,715) vaccine doses have been provided to States/UTs so far through Government of India's free of cost channel and through direct state procurement category. More than 17.99 crore (17,99,80,556) balance and unutilized COVID Vaccine doses are still available with the States/UTs to be administered.

Please [Click Here](#) to read the Press Release dated 20th December 2021.

Update on COVID-19 Vaccine Manufacturing Capacity (a) Covishield 250-275 million doses per month, (b) Covaxin 50-60 million doses per month – Both companies have achieved close to 90% of present production capacity



Measures to combat COVID-19

Covishield [ChAdOx1 nCoV- 19 Corona Virus Vaccine (Recombinant)] is manufactured by M/s Serum Institute of India Private Limited, Pune. *Covaxin* (Whole Virion Inactivated Corona Virus Vaccine) is manufactured by M/s Bharat Biotech International Limited, Hyderabad.

As communicated by the M/s Serum Institute of India, the current monthly vaccine production capacity of Covishield is approx. 250-275 Million doses per month. As communicated by M/s Bharat Biotech International Limited, Hyderabad, the current monthly vaccine production capacity of Covaxin is approx. 50-60 Million doses/month. Both companies have achieved close to 90% of present production capacity.

As per the provisions of New Drugs and Clinical Trials Rules, 2019 under Drugs and Cosmetics Act, 1940 and in light of urgent need due to COVID-19 pandemic in the country, the Central Drugs Standard Control Organisation (CDSCO) has granted permissions to following COVID-19 vaccines other than Covishield and Covaxin for prevention of COVID-19 for restricted use in emergency situation:

Permission for Manufacture of COVID-19 vaccines:

- Gam-COVID-Vac Combined vector vaccine [Sputnik-V] manufactured by M/s Ra (biologicals), Panacea Biotec Ltd., New Delhi using imported Ready to Fill (RTF) bulk from M/s Generium JSC, Russia on 2nd July 2021
- Novel Corona Virus 2019-nCoV vaccine [ZyCoV-D] manufactured by M/s Cadila Healthcare Limited, Ahmedabad on 20th August 2021
- Ad26.COVS-2 (recombinant) COVID-19 Vaccine manufactured by M/s Biological E limited, Hyderabad using imported bulk of M/s Johnson & Johnson Pvt. Ltd. on 18th August 2021
- Gam-COVID-Vac Combined vector vaccine [Sputnik–V] manufactured under technology transfer from M/s RDIF, Russia by M/s Hetero Biopharma Limited, Hyderabad on 07th October 2021.

Permission for Import of COVID-19 Vaccines:

- Gam-COVID-Vac Combined vector vaccine [Sputnik-V] to M/s Dr. Reddy's Laboratories Ltd, Hyderabad on 12th April 2021
- mRNA-1273 COVID-19 vaccine (Moderna) to M/s Cipla Limited, Mumbai on 29th June 2021
- Ad26.COVS-2 (recombinant) COVID-19 Vaccine to M/s Johnson & Johnson Pvt. Ltd., Mumbai on 7th August 2021

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

Measures to combat COVID-19

Steps undertaken for well-being of COVID-19 workers

Ministry of Health & Family Welfare (MoHFW) has taken a number of steps to improve wellbeing of healthcare workers managing COVID-19. Few of the actions include:

- At the launch of COVID-19 vaccination initiative on 16th January 2021, Healthcare workers were identified as one of the 1st priority group. State Governments/ UT administrations have been repeatedly urged to ensure that the medical professionals engaged in COVID-19 related work are suitably vaccinated
- MoHFW provided guidelines on Infection Prevention and Control practices to the State Governments to minimize the risk of infection to healthcare workers
- For high-risk exposures, healthcare workers are provided with a quarantine period initially for 1 week and thereafter considering the profile of the health worker, a decision to be taken for further period of 1 week. An advisory to this effect for managing health care workers working in COVID-19 and non-COVID-19 areas of the hospital was issued by MoHFW on 18th June 2020
- MoHFW on 18th June 2020, as per directions issued by Hon'ble Supreme Court in a batch of writ petitions and in exercise of powers delegated under section 10(2) of the Disaster Management Act, 2005, States/UTs have been directed to ensure that salaries of doctors and healthcare workers during COVID-19 related duties shall be released on time
- MoHFW in consultation with Department of Personnel Training has also directed State Governments to consider quarantine period of healthcare workers as 'on duty'
- MoHFW has also issued direction to the Chief Secretary of the States / UTs on provision for accommodation facilities for quarantine of healthcare workers. States/UTs were also advised to explore various rostering options
- In the context of COVID-19, the Epidemic Diseases (Amendment) Ordinance, 2020 was promulgated on 22nd April 2020. The ordinance has been passed and notified on 29th September 2020. The amendment provides for safety and security of Health care Service Personnel (HSPs) from acts of violence
- Life insurance benefits (Rs. 50 lakh to 22.12 lakh healthcare providers) are provided under Pradhan Mantri Garib Kalyan Package (PMGKP): Insurance Scheme for Health Workers Fighting COVID-19. The benefits under the said scheme have been extended with effect from 21st October 2021 for a further period of 180 days

Please [Click Here](#) to read the Press Release dated 10th December 2021.

Measures to combat COVID-19

Special training to Doctors & Para-Medical Staff in handling various types of Epidemics

The Government has taken several measures to enable training and capacity building in COVID-19. Training, including virtual training, has been provided to doctors, nurses and allied healthcare professionals and volunteers regarding the relevant aspects of COVID-19. The Government of India has utilized the iGOT (Integrated Government Online Training) platform to train various personnel. Since the beginning of COVID-19, close to 14 lakh unique users across the country have registered on this platform, recording enrollment of 29.29 lakh for different course. Additionally, more than 80 lakh health workforces have been trained in COVID-19 related topics through the State Governments. Webinars and tutorials on various COVID-19 related subjects were also uploaded by the MoHFW and reputed institutes like AIIMS (New Delhi), NIMHANS, PGIMER, JIPMER, etc. that recorded a viewership of 2.23 crore.

As informed by National Medical Commission (NMC), a competency-based module was introduced by the erstwhile Board of Governors, Medical Council of India (BoG-MCI) on management of pandemics in the MBBS curriculum in August, 2020.

Please [Click Here](#) to read the Press Release dated 7th December 2021.



Goods & Services Tax (‘GST’)

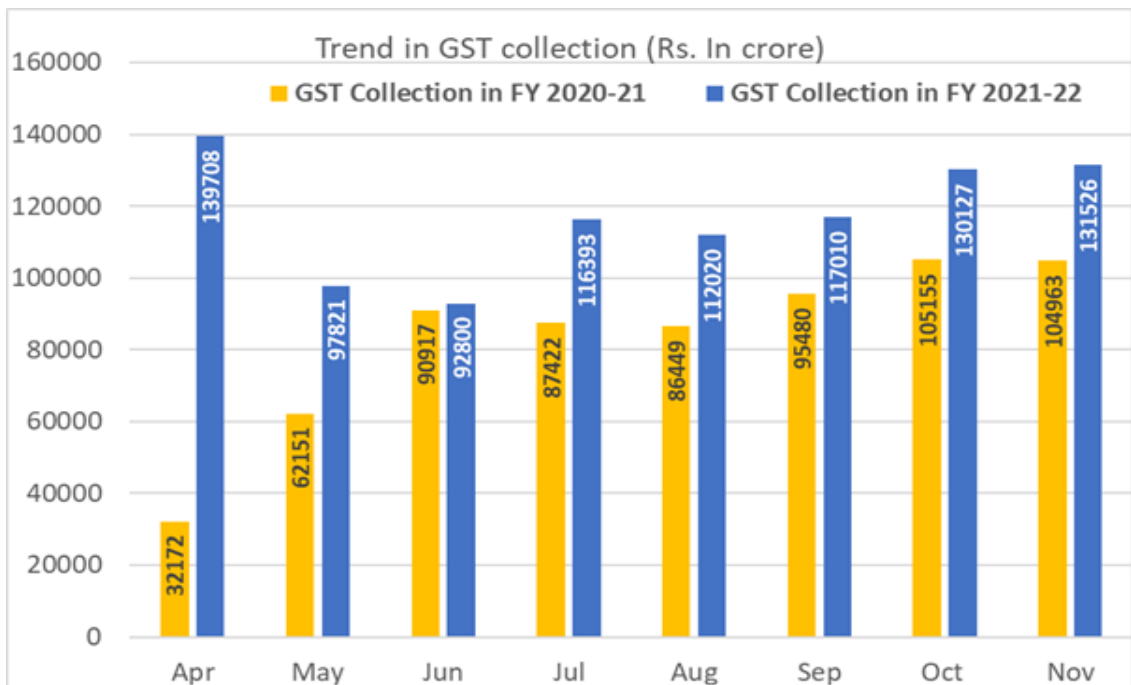
GST

GST revenue collection for November 2021 Rs. 131,526 Crore (25% higher than GST revenue collection in November 2020)

The gross GST revenue collected in the month of November 2021 is Rs. 131,526 crore (details given below).

IGST (Integrated Goods and Services Tax)	Rs. 66,815 crore
CGST (Central Goods and Services Tax)	Rs. 23,978 crore
SGST (State Goods and Services Tax)	Rs. 31,127 crore
Compensation cess	Rs. 9,606 crore
Total	Rs. 131,526 crore

For the 2nd straight month, gross GST collection crossed Rs. 1.30 lakh crore. The revenues for the month of November 2021 are 25% higher than the GST revenues in the same month last year and 27% over 2019-20. During the month, revenues from import of goods was 43% higher and the revenues from domestic transaction (including import of services) are 20% higher than the revenues from these sources during the same month last year.



Please [Click Here](#) to read Press Release dated 1st December 2021.

Mandatory Aadhaar authentication for registered persons

The Central Board of Indirect Taxes & Customs vide Notification No. 38/2021-CT dated 21st December 2021 has notified 1st January 2022 as the date of implementation for Rule 10B of CGST Rules, 2017. As per the said rule, it is mandatory for a registered person to undergo Aadhaar authentication for the below purposes:

- Filing of application for revocation of cancellation of registration in Form GST REG-21 under Rule 23 of CGST Rules, 2017
- Filing of refund application in Form RFD-01 under Rule 89 of CGST Rules, 2017
- Refund of the IGST paid on goods exported out of India under Rule 96 of CGST Rules, 2017

A taxable person who has not yet authenticated his / her Aadhaar, may like to go through the authentication process before filing the above applications and enabling GST system to validate and transmit the IGST refund data from GST system to ICEGATE system.

If Aadhaar number has not been assigned to the concerned person, he / she may undergo e-KYC verification by furnishing the following:

- Feeding Aadhaar Enrolment ID and uploading the acknowledgement; and
- Uploading any of the following documents:
 - ✓ Bank passbook with photograph; or
 - ✓ Voter identity card issued by the Election Commission of India; or
 - ✓ Passport; or
 - ✓ Driving license

Such person must undergo the Aadhaar authentication process within 30 days from allotment of the Aadhaar number

Aadhaar authentication or e-KYC verification before filing of refund may be completed by navigating to "Dashboard > My Profile > Aadhaar Authentication Status" on the portal.

Please [Click Here](#) to read Notification no 38/2021–Central Tax dated 21st December 2021.

Module-wise new functionalities deployed on the GST Portal

Various new functionalities have been implemented on the GST Portal as below.

Relating to	Form / Functionality	Detail
Registration	Withdrawal of application for cancellation of registration in Form REG-16 by tax payers	A functionality has been introduced for taxpayers to withdraw their application for cancellation of registration, filled in Form REG-16, provided no action has been initiated by the tax officer against their application
	Providing effective date of Suspension in Taxpayers Profile	Effective date of Suspension will be displayed on GST Portal when person's profile is accessed using "Search Taxpayer" functionality
Refunds, Registration, Returns and Payments	Enabling Electronic Verification Code (EVC)	Earlier, companies were mandatorily required to use Digital Signature Certificate (DSC) on the GST Portal. Now, the facility of using EVC has been extended to such taxpayers
Refunds	Change in the undertaking to be submitted by taxpayer for issuance of Form PMT 03 by tax officer.	To enable tax officer issue PMT03, an understanding has to be filed by the taxpayers. The text in the undertaking form to be submitted by the taxpayer has been altered to include both credit and cash ledger for enabling re-credit of inadmissible refund amount to respective ledger
Appeals	Removal of validation for all minor head except Tax/Cess in Forms GST APL-01, for Refund Module	To allow taxpayer to file appeal for interest on delayed grant of refund, the earlier validation on value of the interest and penalty amounts to not exceed the claimed amount/amounts in the original order, has been removed from the Appeal form APL-01

Relating to	Form / Functionality	Detail
Enforcement	Updating the description in Ledgers for MOV-11, rectified MOV-09/MOV-11	In case an order/rectification order is issued in Form GST MOV09/11, the description in the liability ledger has now been updated to indicate the demand type
	Rectification of Order (DRC-08) functionality in Enforcement Module (for MOV-09/11 orders)	<p>For cases where the Tax Officer rectifies the demand order (FORM GST DRC-07) or issues Rectification/Withdrawal order (Form GST DRC-08) in transit cases, following functionality has been enabled for the Tax-payers:</p> <p>Orders in Forms MOV-09/11 have been provided with a hyperlink 'Request for rectification' by clicking which, the details of relevant order will get auto populated and taxpayer will be able to choose the reason for rectification and upload attachments, if needed, verify and submit the same.</p>
Recovery	Filing of Application in Form GST DRC-20 by Taxpayer for payment of recovery amount in instalments or seeking extension of time	<ul style="list-style-type: none"> Registered person to file an application in Form GST DRC-20, seeking extension of time for payment of taxes or any amount due or for allowing payment of such taxes or amount in instalments in accordance with the provisions of section 80 Commissioner can issue an order in form GST DRC-21 allowing the taxable person further time to make payment or to pay in instalments, not exceeding 24 instalments The taxpayer will now be able to file an application seeking extension of time for payment or request for allowing payments in instalments provided the demand is not less than Rs.25,000.

GST

Central Board of Indirect Taxes & Customs (CBIC) issues clarification on supply of restaurant services through E-commerce operators (ECO) under GST

CBIC has issued circular no. 167/23/2021-GST dated 17th December 2021 to address various issues relating to the liability of E-commerce operator (ECO) to pay GST on supply of restaurant services made through it with effect from 1st January 2022 onwards.

Background

The GST Council in its 45th meeting held on 17th September, 2021 recommended to notify 'Restaurant Service' u/s 9(5) of the CGST Act, 2017. Accordingly, the tax on supplies of restaurant service supplied through ECO shall be paid by the ECO.

Clarifications issued by CBIC

Sl.	Issue	Clarification
1.	Would ECOs have to still collect TCS in compliance with section 52 of the CGST Act, 2017?	As 'restaurant service' has been notified u/s 9(5) of the CGST Act, 2017, the ECO shall be liable to pay GST on restaurant services provided, with effect from the 1 st January, 2022, through ECO. Accordingly, the ECOs will no longer be required to collect TCS and in respect of restaurant services on which it pays tax in terms of section 9(5). On other goods or services supplied through ECO, which are not notified u/s 9(5), ECOs will continue to pay TCS in the same manner at present.
2.	Would ECOs have to mandatorily take a separate registration with respect to supply of restaurant service [notified u/s 9(5)] through them even though they are registered to pay GST on services on their own account?	As ECOs are already registered as supplier of goods or services, there is no requirement to obtain separate registration for payment of tax on restaurant service u/s 9(5) of the CGST Act, 2017.
3.	Would the ECOs be liable to pay tax on supply of restaurant service made by unregistered business entities?	Yes. ECOs will be liable to pay GST on any restaurant service supplied through them including by an unregistered person.
4.	What would be the aggregate turnover of person supplying 'restaurant service' through ECOs?	Aggregate turnover of person supplying restaurant service through ECOs shall be computed as defined in section 2(6) of the CGST Act, 2017 and shall include value of supply made through ECOs for threshold consideration or any other purpose.
5.	Can the supplies of restaurant service made through ECOs be recorded as inward supply of ECOs (liable to reverse charge) in GSTR 3B?	No. ECOs are not the recipient of restaurant service supplied through them. Since these are not input services to ECO, these are not to be reported as inward supply (liable to reverse charge).

Sl.	Issue	Clarification
6.	Would ECOs be liable to reverse proportional input tax credit on his input goods and services for the reason that input tax credit is not admissible on 'restaurant service'?	<p>ECOs shall not be required to reverse input tax credit on account of restaurant services on which it pays tax in terms of section 9(5) of the Act.</p> <p>Further, ECO shall pay the entire GST liability in cash (No ITC could be utilised for payment of GST on restaurant service supplied through ECO)</p>
7.	Can ECO utilize its Input Tax Credit to pay tax with respect to 'restaurant service' supplied through the ECO?	No. As stated above, the tax liability needs to be discharged in cash only.
8.	Would supply of goods or services other than 'restaurant service' through ECOs be taxed at 5% without ITC?	<p>ECOs are required to pay GST on restaurant services notified u/s 9(5).</p> <p>On any supply other than restaurant service, the liability to pay GST continues on the supplier and ECO shall continue to collect tax at source on such supplies.</p>
9.	Would 'restaurant service' and goods or services other than restaurant service sold by a restaurant to a customer under the same order be billed differently? Who shall be liable for raising invoices in such cases?	Considering that liability to pay GST on supplies other than 'restaurant service' through the ECO, and other compliances under the Act, including issuance of invoice to customer, continues to lie with the respective suppliers (and ECOs being liable only to collect tax at source (TCS) on such supplies), it is advisable that ECO raises separate bill on restaurant service in such cases where ECO provides other supplies to a customer under the same order.
10.	Who will issue invoice in respect of restaurant service supplied through ECO - whether by the restaurant or by the ECO?	The invoice in respect of restaurant service supplied through ECO u/s 9(5) will be issued by ECO.
11.	Clarification may be issued as regard reporting of restaurant services, value and tax liability etc. in the GST return.	<p>A number of other services are already notified u/s 9(5). In respect of such services, ECO operators are presently paying GST by furnishing details in GSTR 3B.</p> <p>The ECO may, on services notified u/s 9(5) of the CGST Act, 2017, including on restaurant service provided through ECO, continue to pay GST by furnishing the details in GSTR 3B, reporting them as outward taxable supplies for the time being.</p> <p>Besides, ECO may also, for the time being, furnish the details of restaurant supplies in Table 4A (registered customers) or Table 7A (1) (unregistered customers) of GSTR-1.</p> <p>On the other hand, restaurant will report such supplies in Table 8 of GSTR-1 and Table 3.1(c) of GSTR-3B, for the time being. The said tables deal with nil rated and exempt supply.</p>

GST

Amendment in Form GST DRC-03 (voluntary tax payment) & extension of tenure of National Anti-Profiteering Authority (NAPA)

CBIC has issued notification no. 37/2021-Central Tax dated 1st December 2021 to make the following amendments:

- Extension of tenure of NAPA to 5 years (from 4 years) with effect from 30th November 2021 onwards. NAPA is the statutory authority under GST law to check and curb the unfair profiteering activities by the registered suppliers under GST law. NAPA's core function is to ensure that the benefits of the reduction in GST rates on goods and services done by the GST Council and of the Input tax credit are passed on to the recipients by way of proportionate reduction in the prices by the suppliers
- Form GST DRC-03 shall be used to intimate the tax ascertained through Form GST DRC-01A. Form GST DRC-01A is used to communicate details of tax, interest and penalty ascertained by GST officer on scrutiny assessment.
- Form DRC-03 shall also be used to pay mismatches between
 - ✓ Form GSTR-1 (outward supplies) and Form GSTR-3B (summary return), and
 - ✓ Form GSTR-2B (auto drafted input tax credit statement) and Form GSTR-3B

Please [Click Here](#) to read Notification no. 37/2021–Central Tax dated 1st December 2021.





Direct Tax

Direct Tax

Central Board of Direct Taxes (CBDT) releases latest data on direct tax collection so far for Financial Year (FY) 2021-22

The latest statistics of direct tax collection for FY 2021-22 released by Government of India shows an increase of 60.8% over the corresponding period of the preceding FY, i.e., 2020-21. The net collection (as on 16th December 2021) in FY 2021-22 has registered a growth of 40% over the corresponding period of FY 2019-20 and a growth of 40.93% over the corresponding period of FY 2018-19.

Direct tax collection	FY 2021-22 (1 Apr to 16 Dec 2021)	FY 2020-21 (1 Apr to 16 Dec 2020)	FY 2019-20 (1 Apr to 16 Dec 2019)	FY 2018-19 (1 Apr to 16 Dec 2018)
Gross Collections (before adjusting refunds) (Rs. Crore)	10,80,370.2*	7,33,715.2	8,34,398	7,96,342
Net Collections (Rs. Crore)	9,45,276.6**	5,87,702.9	6,79,409.5	6,70,739.1
Advance Tax Collections (Rs. Crore)	4,59,917.1***	2,99,620.5	3,18,929.4	3,07,096.3

* The Gross collection of Rs.10,80,370.2 Crore includes Corporation tax Rs.6,05,652.6 Crore and Personal Income-tax including Security Transaction Tax (STT) Rs.4,74,717.6 Crore. Minor head wise collection comprises Advance tax Rs. 4,59,917.1 Crore, Tax Deducted at Source of Rs.4,93,171.7 Crore, Self-Assessment tax Rs.74,336.2 Crore; Regular Assessment Tax Rs.44,028.7 Crore; Dividend Distribution Tax Rs.6,525.9 Crore and Tax under other minor heads Rs.2390.6 Crore.

** The Net direct tax collection of Rs.9,45,276.6 Crore includes Corporation tax Rs.5,15,870.5 Crore and Personal Income-tax including STT Rs.4,29,406.1 Crore.

*** The Advance tax of Rs 4,59,917.1 Crore comprises Corporation tax Rs. 3,49,045.4 Crore and Personal Income-tax Rs. 1,10,871.7 Crore. This amount is expected to increase as further information is awaited from Banks.

Refunds amounting to Rs.1,35,093.6 Crore have also been issued in the FY 2021-22 so far.

Please [Click Here](#) to read the Press Release dated 17th December 2021.

Direct Tax

CBDT notifies E-Verification Scheme, 2021 for faceless collection of information

Background

Last month, Government had notified the E-Settlement Scheme, 2021 for pending applications before Income-tax Settlement Scheme. This month, on 13th December 2021, Government has issued the E-Verification Scheme, 2021 for faceless collection of information under the Income-tax Act, 1961. The Government's objective is to make the tax system 'seamless, painless and faceless'.

Scope of the E-Verification Scheme, 2021

The Scheme is applicable on:

- Calling for information u/s 133 of the Income-tax Act;
- Collecting certain information u/s 133B of the Income-tax Act;
- Calling for information by the prescribed Income-tax authority u/s 133C of the Income-tax Act;
- Exercise of power to inspect registers of companies u/s 134 of the Income-tax Act; and
- Exercise of power of Assessing Officer under section 135 of the Act.

Applicability

The Scheme is applicable to exercise the above functions for processing / utilization of the information which is

- In possession of the Principal Director General of Income-tax (Pr. DGIT) (Systems) or Director General of Income-tax (Systems) or
- Made available to the Pr. DGIT (Systems) or DGIT(Systems), by-
 - ✓ the DGIT (Intelligence and Criminal Investigation)
 - ✓ the Commissioner of Income-tax in charge of the Centralised Processing Centre for processing of returns
 - ✓ the Commissioner of Income-tax in charge of the Centralised Processing Centre (TDS) for processing of statement of tax deducted at source or
 - ✓ any other authority, body or person

Direct Tax

Electronic collection & verification

- The Commissioner of Income-tax (e-Verification) shall collect the information in accordance with the procedure laid down by the Pr. DGIT (Systems) or DGIT (Systems)
- The Pr. DGIT (Systems) or DGIT (Systems), shall make available the prescribed information to the Commissioner of Income-tax (e-Verification)-
 - ✓ which was uploaded to the registered account or sent on the registered mobile number of the assessee and not accepted by him or in a case where no response has been received from the assessee, within 90 days
 - ✓ in respect of which no registered e - mail account or mobile number is on record
- The Commissioner of Income-tax (e-Verification) shall process the information made available to it for initial e-verification
- The initial e-verification by the Commissioner of Income-tax (e-verification) shall be through an automated issuance of communication to the source from where the information is received and the Pr. DGIT (Systems) or DGIT (Systems), shall enable such automated communication
- In cases where the mismatch between the amount accepted by the assessee and the amount reported by the reporting entity persists, the information after such initial e-verification shall be run through a risk management strategy laid down by the Board and the information found to be no or low risk on such risk criteria, where no further action is required, shall be processed for closure
- The remaining information shall be transferred electronically by the Pr. DGIT (Systems) or DGIT (Systems), as the case may be, to the Prescribed Authority through a process of automated allocation system
- The verification of the information so allocated, shall be completed by the Prescribed Authority in the manner as per the procedure laid down in this regard by the Director General of Income-tax (Intelligence and Criminal Investigation), with the prior approval of the Board
- The information verified above shall be sent back electronically in the form of a preliminary verification report for verification to the Commissioner of Income-tax (e-Verification)
- The Commissioner of Income-tax (e-Verification) shall match the preliminary verification report with the information in the return of income of the respective assessee, where such return is available electronically and prepare a final verification report
- Based on the final verification report, the information found to be low risk in accordance with the criteria approved by the Board shall be considered for closure
- The remaining information in the form of final verification report shall be processed as below:
 - ✓ If the information pertains to a pending scrutiny assessment, it shall be made available electronically to the Faceless Assessing Officer or Jurisdictional Assessing Officer
 - ✓ If it does not pertain to a pending scrutiny assessment, it shall be utilised for further necessary action in accordance with the provisions of the Income-tax Act

Direct Tax

Random allocation of information

Pr. DGIT or DGIT shall, with the approval of the Board, devise a process to randomly allocate or transfer the prescribed information, to the prescribed authority

Issue and service of notice

- For the purpose of verification of information, the prescribed authority shall issue notice to a person requiring him to furnish information or documents as necessary for such verification
- The notice shall be issued under digital signature of the prescribed authority
- The information or documents as may be called, shall be furnished on or before the date specified in the notice or as extended by the prescribed authority on the request made by the person

Response to notice

DGIT (Systems) shall in consultation with the DGIT (Intelligence and Criminal Investigation)

- Specify the procedure, formats and standards for furnishing response to the notices, and
- May specify a machine-readable structured format for furnishing the information / documents by the person in response to the notice issued

Elimination of human interface

- No person shall be required to appear personally or through authorised representative before the prescribed authority in connection with any proceedings
- In exceptional cases, where personal appearance is requested by such person, the prescribed authority may allow personal appearance through video conferencing or video telephony, to the extent technologically feasible
- All communications including issue of notice and filing of response shall be in electronic mode



Direct Tax

Power to specify procedure & processes

- DGIT (Intelligence and Criminal Investigation) shall, with the approval of the Board, specify from time to time, procedures and processes for effective implementation of the Scheme including:
 - ✓ Standard Operating Procedures and techniques of verification to be followed, by the prescribed authorities while verifying such information
 - ✓ managing administration functions such as receipt, scanning, data entry, storage and retrieval of information and documents in a centralised manner
 - ✓ grievance redressal mechanism for handling grievances under the Directorate of Income-tax (Intelligence and Criminal Investigation)
- The Director General of Income-tax (Systems) shall, with the approval of the Board, specify from time to time, procedures and processes for effective implementation of the Scheme including:
 - ✓ mode and format for issue of acknowledgment of the response furnished by the addressee
 - ✓ provision of web portal facility including login facility, tracking status of verification, display of relevant details, and facility of download
 - ✓ call centre to answer queries and provide support services, including outbound calls and inbound calls seeking information or clarification

Please [Click Here](#) to read Notification No. 137 / 2021 dated 13th December 2021.

Directorate of Income-tax (Systems) issues instructions regarding functionality in Rectification Module of Income-tax Business Application (ITBA) to pass online rectification order

Background

The Director General of Income-tax (Systems) has intimated that the functionality of passing of online (web service) rectification order in Rectification Module of ITBA on Orders u/s 143(3) (scrutiny assessment), 144 (best judgment assessment), 147 (income escaping assessment), 153A (assessment in case of search or requisition) and 153C (assessment of income of any other person) of the Income-tax Act, 1961 uploaded through Manual Order Upload (MOU) functionality for Assessment Years (AYs) 2013-14 to 2019-20 is made available from 26th November 2021 onwards.

Direct Tax

Highlights

- In ITBA passing of online rectification order on orders u/s 143(3), 144, 147, 153A and 153C for AY 2014-15 to AY 2019-20 is already live. Same steps and scenarios will work for passing of online rectification orders on MOU Orders u/s 143(3), 144, 147, 153A & 153C for A.Y.2013-14 to AY 2019-20 also. For detailed steps and scenarios, please refer ITBA – Rectification Module Instruction No. 3 dated 19th April 2018
- To recompute income and tax thereon, computation is to be initiated on Latest Return (and not on Latest Order) on Recompute Income Screen for passing of rectification order on orders u/s 143(3), 144, 147, 153A and 153C uploaded through MOU functionality in ITBA. Error message will populate if computation is done on latest order “You Cannot select order type to initiate computation as previous order has been passed through Manual Order Upload”
- User must do the modification manually in different schedules / fields as per requirement while passing online (web service) rectification order on earlier manual order because computation will be initiated on latest return. There is no change in other existing process/steps
- Functionality for modification of interest u/s 234A / 234B / 234C has also been provided to the users in case users are not satisfied with the interest calculated by system. There is no change in existing process/steps in this regard. Approval from range head has to be taken offline and then details need to be entered in system manually. There is no change in remaining process/steps for passing of rectification order in ITBA
- Training material including user manual, help content and frequently asked questions (FAQs) are available on the ITBA Portal – ITBA Help Guide Rectification. Users can refer these in case any issue arises

Please [Click Here](#) to read the Instructions dated 13th December 2021 issued by Director General of Income-tax (Systems).



The image shows a cover page for a document titled "International Tax". The background is primarily a solid orange color. In the top-left and bottom-left corners, there are teal-colored triangular shapes that point towards the center. The title "International Tax" is centered in the middle of the orange area in a bold, white, sans-serif font.

International Tax

International Tax

CBDT prescribes conditions for exemption of income u/s 10(4E) of the Income-tax Act arising to a non-resident on transfer of non-deliverable forward contracts with an offshore banking unit of an International Financial Services Centre (IFSC)

As per section 10(4E) of the Income-tax Act, any income arising to a non-resident as a result of transfer of 'non-deliverable forward contracts' entered into with an 'offshore banking unit' of an IFSC *which fulfils certain conditions*, is exempt from tax.

CBDT has inserted Rule 21AK in the Income-tax Rules, 1962 specifying the following conditions to be fulfilled to avail the said tax exemption.

- The 'non-deliverable forward contract' is entered into by the non-resident with an 'offshore banking unit' of an IFSC which holds a valid certificate of registration granted under IFSC Authority (Banking) Regulations, 2020 by the IFSC Authority, and
- Such contract is not entered into by the non-resident through or on behalf of its permanent establishment (taxable presence) in India

A 'non-deliverable forward contract' means a contract for the difference between an exchange rate agreed before and the actual spot rate at maturity, with the spot rate being taken as the domestic rate or a market determined rate and such contract being settled with a single payment in a foreign currency.

An 'offshore banking unit' means a banking branch unit located in an IFSC, as referred to in section 80LA(1A) of the Act.

Please [Click Here](#) to read Notification no. 136 / 2021 dated 10th December 2021.





Company Law

Company Law

Ministry of Corporate Affairs (MCA) & Financial Intelligence Unit (FIU)-India sign Memorandum of Understanding (MoU) for data exchange

A formal MoU was signed on 15th December 2021 between MCA & FIU-India for data exchange between the 2 organizations. The MoU is effective from 15th December 2021 and is an ongoing initiative of MCA & FIU-India, both of which are already collaborating through various existing mechanisms. A Data Exchange Steering Group has also been constituted for the initiative, which will meet periodically to review the data exchange status and take steps to further improve the effectiveness of the data sharing mechanism.

Highlights

- The MoU is in line with the vision of MCA & FIU-India to harness data capabilities to ensure effective enforcement. The data sharing arrangement gains significance in the light of development of MCA's revamped website 'MCA21 Version 3' and FIU-India's website 'FINNET 2.0' which will utilize state of the art technology for improving their regulatory and facilitating functions;
- The MoU will facilitate the sharing of data and information between MCA & FIU-India on an automatic and regular basis. It will enable sharing of specific information such as information relating to suspicious transactions, KYC related details and consolidated financial statements of Indian companies;
- The MoU will ensure that both MCA & FIU-India have seamless linkage for regulatory purposes. In addition to regular exchange of data, MCA & FIU-India will also exchange with each other, on request, any information available in their respective databases, for the purpose of carrying out scrutiny, inspection, investigation and prosecution;
- Technology and data will play a critical role going forward in fulfilling the Government's vision of minimum government, maximum governance and both MCA & FIU-India are well placed to fulfil this vision.

Please [Click Here](#) to read Press Release dated 15th December 2021.

Company Law

Extension of timeline till 30th June 2022 for companies to conduct Annual General Meeting (AGM) & Extraordinary General Meeting (EGM) through video conferencing (VC) or other audio visual means (OAVM)

Annual General Meeting (AGM)

Due to COVID-19, MCA vide circular dated 13th January 2021 had allowed companies to conduct their AGM during the calendar year 2020 through VC or OAVM.

However due to the continued pandemic situation, MCA vide circular no(s) 19/2021 & 21/2021 dated 8th December 2021 and 14th December 2021 respectively has further allowed companies whose AGMs are due to be held in the year 2021 and 2022, to conduct their AGMs on or before 30th June 2022 through VC or OAVM.

MCA has further clarified that the above extension is limited to holding of AGM through VC or OAVM and in no way provides extension of time period for holding AGMs by companies under the Companies Act, 2013. Thus, companies which have not adhered to the relevant timelines of holding AGM for the FY 2020-21 shall remain subject to legal action under the Act.

Please [Click Here](#) to read Circular no. 21/2021 dated 14th December 2021.

Please [Click Here](#) to read Circular no. 19/2021 dated 8th December 2021.

Extraordinary General Meeting (EGM)

MCA vide circular no(s) 14/2020 & 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 31st December 2021. However, in view of the hardships caused by the COVID-19 pandemic, MCA has once again extended the said timeline from 31st December 2021 to 30th June 2022.

Please [Click Here](#) to read Circular no. 20/2021 dated 8th December 2021.

The background of the image is a solid orange color. In the top-left and bottom-left corners, there are triangular shapes in a teal or blue color, pointing towards the center. The text is centered in the middle of the orange area.

Reserve Bank of India (‘RBI’)

Introduction of Legal Entity Identifier (LEI) for cross-border transactions of Rs. 50 crore & above per transaction

What is LEI?

LEI is a 20-digit number used to uniquely identify parties to financial transactions worldwide to improve the quality and accuracy of financial data systems. LEI has been introduced by RBI in a phased manner for participants in the over the counter (OTC) derivative, non-derivative markets, large corporate borrowers and large value transactions in centralized payment systems.

Introduction of LEI for cross-border transactions

- RBI vide notification dated 10th December 2021 has notified that with effect from 1st October 2022 onwards, all resident non-individual entities in India undertaking capital or current account transactions of Rs. 50 crore and above (per transaction) under Foreign Exchange Management Act (FEMA) shall be required to obtain LEI number;
- Banks may encourage concerned entities to voluntarily furnish LEI while undertaking transactions even before 1st October 2022. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity, irrespective of transaction size;
- Banks shall have the required systems in place to capture the LEI information and ensure that any LEI captured is validated against the global LEI database available on the website of the Global Legal Entity Identifier Foundation (GLEIF);
- Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the GLEIF, the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL) (<https://www.ccilindia-lei.co.in>), which is also recognized as an issuer of LEI by RBI under the Payment and Settlement Systems Act, 2007.

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

Replacement of London Interbank Offered Rate (LIBOR) by Overnight Alternative Reference Rate (ARR) as a new benchmark interest rate for Foreign Currency (FCY) External Commercial Borrowings (ECBs) & Trade Credits (TCs)

In view of the discontinuance of LIBOR as a benchmark rate for deposits, RBI vide notification dated 8th December 2021 has permitted Banks to offer interest rates on FCY ECBs & TCs using ARR as new benchmark interest rate in place of previously used LIBOR. However, there is no change in the all in cost benchmark interest rate & ceiling for Indian Rupees (INR) ECBs & TCs.

Accordingly, the interest rates on FCY ECBs & TCs are amended as below:

Existing Provisions		Amended Provisions	
6 months 'LIBOR' rate of different currencies or any other 6 month interbank interest rate applicable to the currency of borrowing, for example, 'EURIBOR' shall be used as benchmark rate for FCY ECBs & TCs		6 months 'ARR' of different currencies or any other 6 month widely accepted interbank interest rate shall be used as benchmark rate for FCY ECBs & TCs	
The all in cost ceiling on FCY ECBs & TCs shall be as below:		The all in cost ceiling on FCY ECBs & TCs shall be as below:	
Particulars	Ceiling rate	Particulars	Ceiling rate
FCY ECBs	LIBOR+450basispoints	FCY ECBs	ARR+500 basis point
FCY TCs	LIBOR+250basispoints	FCY TCs	ARR+300 basis point

Please [Click Here](#) to read the notification dated 8th December 2021.



Securities Exchange Board of India ('SEBI')

Disclosure of Investor Complaints & publication of Investor Charter by Mutual funds on their website

SEBI vide notification dated 10th December 2021 has provided that with effect from 1st January 2022 onwards, all Mutual Funds, Asset Management Companies (AMCs) & Association of Mutual Funds in India (AMFI) shall disclose the details of investor complaints on their respective website as well as on AMFI website on a monthly basis as per the format prescribed by SEBI. The said information should be disclosed on the websites by 7th day of the succeeding month.

Further, in order to facilitate awareness about the various activities which an investor deals with, SEBI has prepared an Investor Charter for Mutual Funds containing following information:

- Detailed services provided to Investors;
- Rights of Investors;
- Various activities of Mutual Funds with respective timelines;
- DOs and DON'Ts for Investors and;
- Grievance Redressal Mechanism.

Accordingly, Mutual Funds are advised to bring the said Investor Charter to the notice of their investors by publishing it on their website and also making it available at prominent places in the office.

Further, Mutual Funds are advised to display link / option for investors to lodge their complaints directly on Mutual Funds website and mobile app. Additionally, link to SEBI Complaints Redress System (SCORES) website / link to download SCORES mobile app shall also be provided on Mutual Funds website.

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

Compliance Calendar

Compliance calendar for the month of January 2022

Due Date	Reporting Period	Compliance	Applicable To
7 th January	December 2021	TDC/TCS deposit	Non-government Deductors
		Equalization Levy deposit	All Deductors
10 th January		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 January		GSTR-1 (Outward supply return)	Taxable persons having turnover > Rs. 5 crore
13 th January		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
	October-December 2021	GSTR-1 (Outward supply return)	Taxable persons having turnover < Rs. 5 crore
15 th January	December 2021	Deposit of PF & ESI contribution	All Deductors
	October-December 2021	Quarterly statement of TCS deposited	All Collectors
	FY 2020-21	Filing of Tax Audit Report u/s 44AB of Income-tax Act	Applicable in case annual turnover during FY 2020-21 exceeds threshold limit as below: <ul style="list-style-type: none"> For businesses – (a) Rs.1 crore, (b) Rs.10 crore in case cash receipts / cash payments does not exceed 5% of aggregate receipts / payments during the year For profession – Rs.50 lakh
20 th January	December 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 2020-21
22 nd January			All taxable persons (except composition dealer) having annual turnover upto Rs. 5 crore and having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep
24 th January			All taxable person (except composition dealer) having annual turnover upto Rs. 5 crore and having principal place of business in any other state.
29 th January	FY 2020-21	Form MGT-7 (Annual return)	All Companies are required to file Annual return with ROC within 60 days from conclusion of AGM
30 th January	October-December 2021	TCS certificate in Form 27D.	All Collectors
31 st January		Quarterly statement of TDS deposited	All Deductors
	FY 2020-21	Transfer Pricing Report in Form 3CEB	Applicable in case of international transactions with associated enterprises / specified domestic transactions

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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