

TAX EDGE

Monthly Tax & Regulatory
Updates



Audit



Tax



Regulatory

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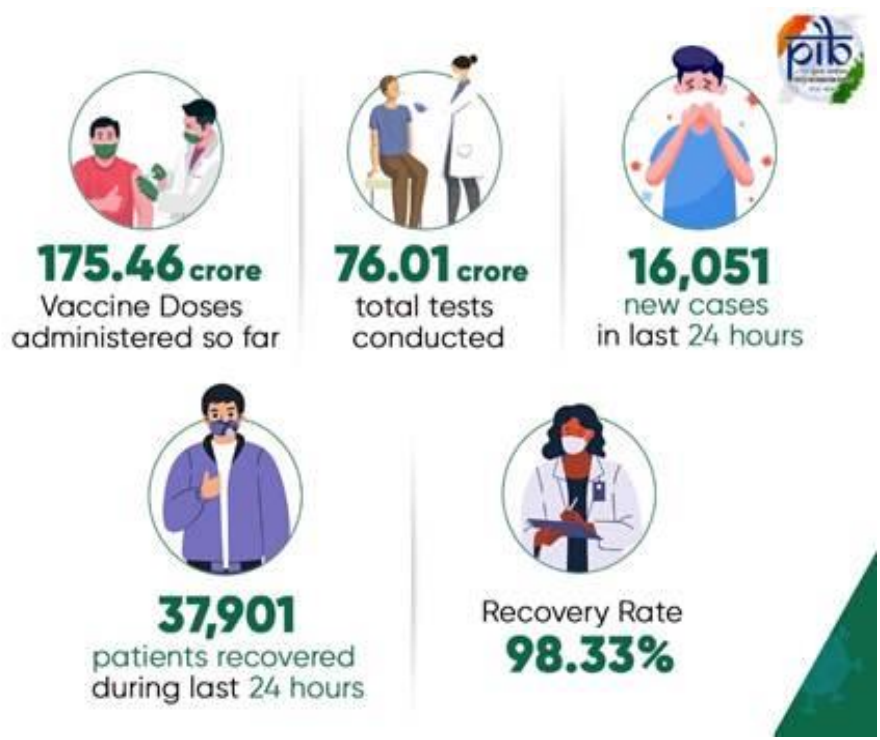
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Measures to combat COVID-19

Measures to combat COVID-19

India's cumulative COVID-19 Vaccination Coverage exceeds 1.75 billion doses



Ministry of Health and Family Welfare
Government of India

75 Azadi Ka Amrit Mahotsav

India's cumulative COVID-19 Vaccination coverage exceeds

175.46 CRORE

Cumulative Vaccine Dose Coverage

	Healthcare workers	Frontline workers	People Aged 15-18 years	People Aged 18-44 Years	People Aged ≥ 45 Years	People Aged ≥ 60 Years
1 st Dose	1,04,00,693	1,84,07,927	5,36,77,342	55,03,74,397	20,20,44,355	12,62,13,826
2 nd Dose	99,52,973	1,74,18,259	2,17,30,069	43,59,27,908	17,83,73,700	11,11,19,012
Precaution Dose	40,49,502	59,11,252	—	—	—	90,24,495

#Unite2FightCorona

As at 8 AM on 21st February, 2022

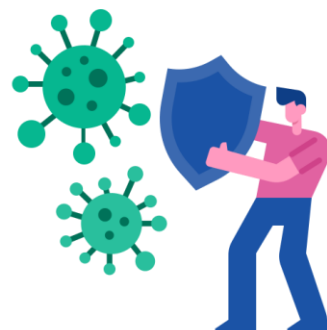
7 Lakh doses administered in last 24 hours

Measures to combat COVID-19

India's COVID-19 vaccination coverage has exceeded 1.75 billion doses, achieved through 1,98,99,635 sessions. The break-up of the cumulative figure as per the provisional report till 21st February 2022 include:

Cumulative Vaccine Dose Coverage

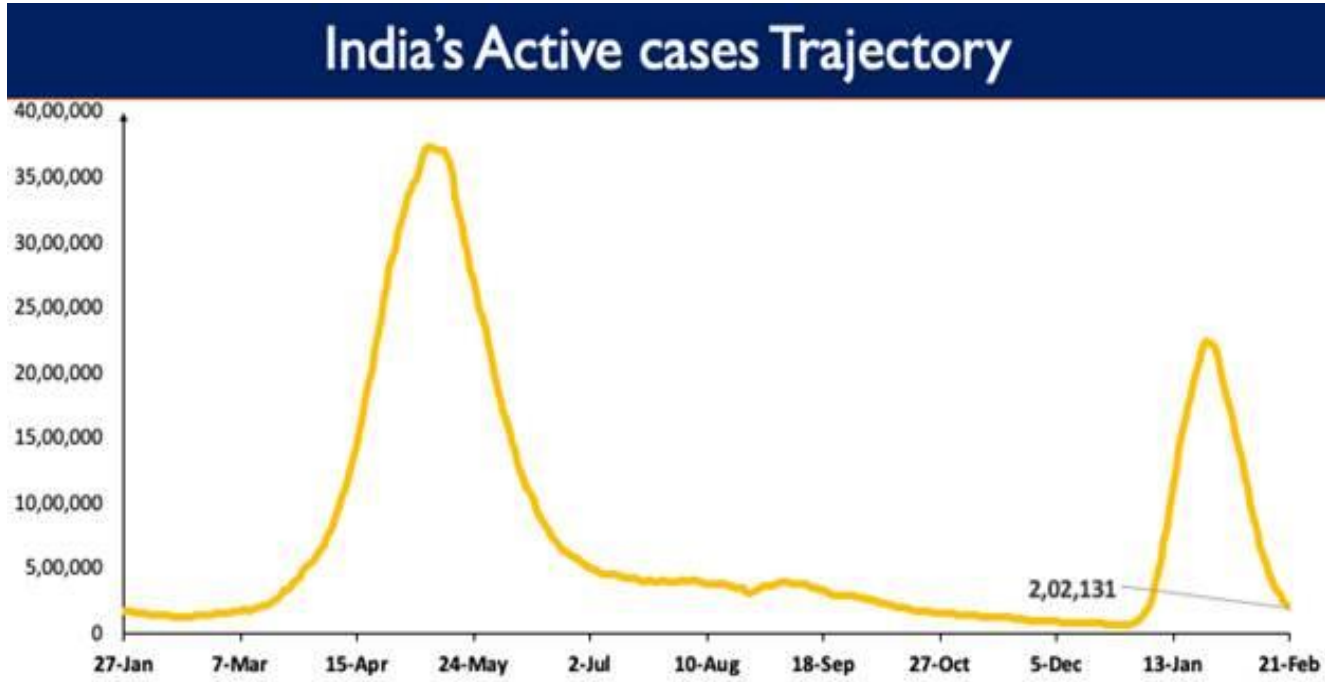
HCWs	1 st Dose	1,04,00,693
	2 nd Dose	99,52,973
	Precaution Dose	40,49,502
FLWs	1 st Dose	1,84,07,927
	2 nd Dose	1,74,18,259
	Precaution Dose	59,11,252
Age Group 15-18 years	1 st Dose	5,36,77,342
	2 nd Dose	2,17,30,069
Age Group 18-44 years	1 st Dose	55,03,74,397
	2 nd Dose	43,59,27,908
Age Group 45-59 years	1 st Dose	20,20,44,355
	2 nd Dose	17,83,73,700
Over 60 years	1 st Dose	12,62,13,826
	2 nd Dose	11,11,19,012
	Precaution Dose	90,24,495
Precaution Dose		1,89,85,249
Total		1,75,46,25,710



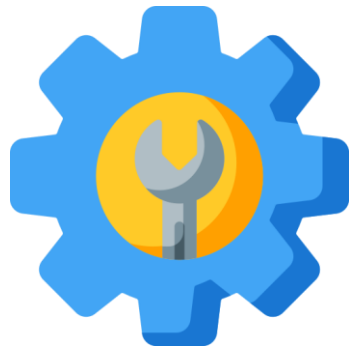
Measures to combat COVID-19

India's recovery rate stands at 98.33%. The total Active Caseload is 2,02,131. Active cases constitute 0.47% of the country's total Positive Cases. The testing capacity across the country continues to expand. 21st February 2022 saw a total of 8,31,087 tests being conducted. India has so far conducted over 76,01,46,333 cumulative tests.

While testing capacity has been enhanced across the country, Weekly Positivity Rate in the country currently stands at 2.12% and the Daily Positivity rate also reported to be 1.93%.



Please [Click Here](#) to read the Press Release dated 21st February 2022.



Measures to combat COVID-19

Union Government has provided more than 1.58 billion vaccine doses to States / Union Territories (UTs)

The Union Government is committed to accelerating the pace and expanding the scope of COVID-19 vaccination throughout the country. The nationwide COVID-19 vaccination started on 16th January 2021. 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 Vaccines free of cost. In the new phase of the universalization of the COVID19 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 1.72 billion vaccine doses have been provided to States/UTs so far through Union Government's free of cost channel and direct state procurement category. More than 11,18,38,427 balance and unutilized COVID-19 Vaccine doses are still available with the States/UTs to be administered.

Please [Click Here](#) to read the Press Release dated 21st February 2022.

Employees' State Insurance Corporation (ESIC) working towards accelerating coverage of COVID-19 vaccination to the unvaccinated population

ESIC has instructed for activation of COVID-19 vaccination sites at all ESIC/ESIS hospitals/dispensaries/special camps to accelerate the coverage of unvaccinated population.

The Corporation under Ministry of Labour and Employment started COVID-19 Relief Scheme to provide help and succour to the family of the Insured Persons who died due to corona virus.

Under this Scheme, 90% of average wages of deceased Insured Persons (IP) is distributed among the eligible dependent of the deceased Insured Persons. Spouse of the deceased IP are also eligible for medical care on depositing Rs. 120 in lump-sum for 1 year. The beneficiaries are getting monthly pension as per their entitlement.

The Scheme is currently operational till 23rd March 2022, but all existing beneficiaries will continue to receive benefits. The scheme will be reviewed after evaluating certain additional aspects including feedback from field units. So far, ESIC has settled a total of 5,141 claims under the COVID-19 Relief Scheme. Relief amounting to Rs. 34.15 Crore have been distributed to 12,309 dependent beneficiaries.

Measures to combat COVID-19

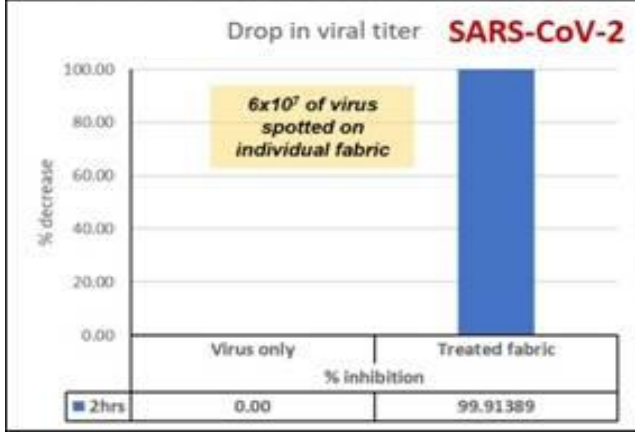
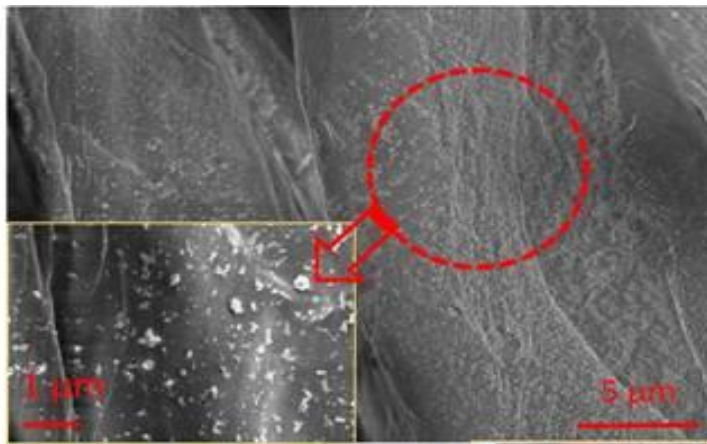
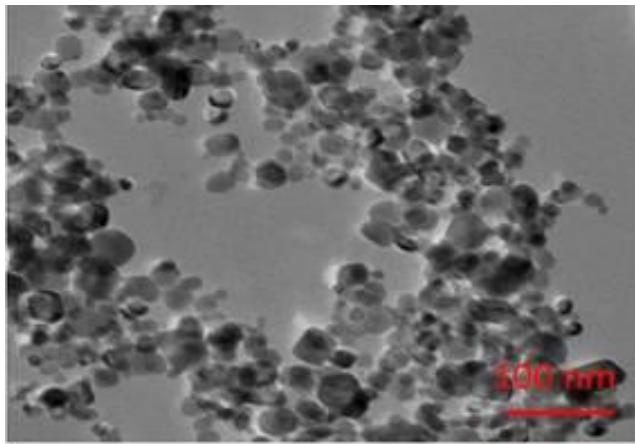
Apart from this, ESIC has taken several measures to deal with challenging situation of COVID-19 pandemic resurgence to cater its stakeholders as well as general public. 20% of bed capacity of each ESIC Hospital has been designated as dedicated COVID-19 beds which may swiftly be enhanced as per prevailing local needs.

During 2nd wave, 33 ESIC Hospitals with 4500 dedicated COVID-19 beds having 400 ventilators were converted into dedicated COVID-19 Hospital. The Corporation is prepared to convert any of its 50 directly run Hospital to Dedicated COVID-19 Hospital for general public, if needed by State/local health authority.

The Indian Council of Medical Research (ICMR) approved RT-PCR Labs are functional at 7 ESIC hospitals. Further, ESIC Hospitals are adopting all the updated guidelines being issued by Union Health Ministry on a regular basis for delivering better and prompt medical services. Implementation of all such measures is being regularly monitored at ESIC Headquarters through video conference with the hospitals across the country.

Please [Click Here](#) to read the detailed Press Release dated 15th February 2022.

Scientists develop self-disinfecting, biodegradable face masks to combat COVID-19



Measures to combat COVID-19

A team of Indian scientists in collaboration with industry have developed a self-disinfecting copper-based nanoparticle-coated Antiviral Face Mask to fight against the COVID-19 pandemic. The mask exhibits high performance against the COVID-19 virus as well as several other viral and bacterial infections. It is biodegradable, highly breathable and washable.

Public mask wearing is most effective in reducing the spread of the virus COVID-19, an enveloped positive sense single-stranded RNA virus, where the mode of transmission is via respiratory particles that are mainly airborne.

With the science around the use of masks to impede transmission is advancing rapidly, the Indian market is selling expensive masks that neither exhibit antiviral nor antibacterial properties. Hence, it is very difficult to control the transmission by wearing the conventional mask particularly in densely populated places like hospitals, airports, stations, shopping malls and so on where the virus load is very high. In the present scenario, where mutations in coronavirus causing the COVID-19 pandemic are fast emerging, it is an urgent necessity to develop a low-cost antiviral mask.

To this end, Scientists at International Advanced Research Centre for Powder Metallurgy and New Materials (ARCI), an autonomous R&D Centre of Department of Science and Technology (DST), Government of India, in collaboration with the Centre for Cellular & Molecular Biology (CSIR-CCMB) and Resil Chemicals, a Bengaluru based company have developed the self-disinfecting 'Copper-based Nanoparticle-coated Antiviral Face Masks'.

ARCI developed copper-based nanoparticles of around 20 nanometres by a Flame Spray Pyrolysis (FSP) processing facility. FSP process involves conversion of solution precursors into nano-powders by high temperature pyrolytic decomposition. Stable nanoparticle suspension were obtained by optimizing the solid loading and pH. A uniform layer of this nano-coating on the cotton fabric with good adhesion was achieved using a suitable binder. The coated fabric exhibited an efficacy of more than 99.9% against bacteria. CSIR-CCMB tested the efficacy of this fabric against SARS-CoV-2 for their disinfection properties and reported 99.9% disinfection, as evident from the standard results. Prototype masks having different designs such as single layer and triple layers with nanoparticle coated fabric as outer layer have been demonstrated. A single layer mask is especially useful as a protective antiviral outer mask over a regular mask.

Their Industrial partner Resil Chemicals Bengaluru is now producing such double layer masks on large scale. The present-day face masks only retain the viruses by filtering and do not kill them and hence, are prone to transmission if the masks are not properly worn or disposed. Simple multi-layer cloth masks present a pragmatic solution for use by the public in reducing COVID-19 transmission in the community and wearing these self-disinfecting cloth masks is definitely one of them.

Additionally, a huge concern is expressed around the globe regarding the disposal of used masks. Most of the conventional masks effective against COVID-19 are for single-use and are not biodegradable, creating serious environmental concerns and waste-management issues. The present antiviral mask which is made from cotton fabric that is biodegradable would eliminate that problem too besides making it highly breathable and washable.

Please [Click Here](#) to read the Press Release dated 4th February 2022.



Goods & Services Tax (`GST`)

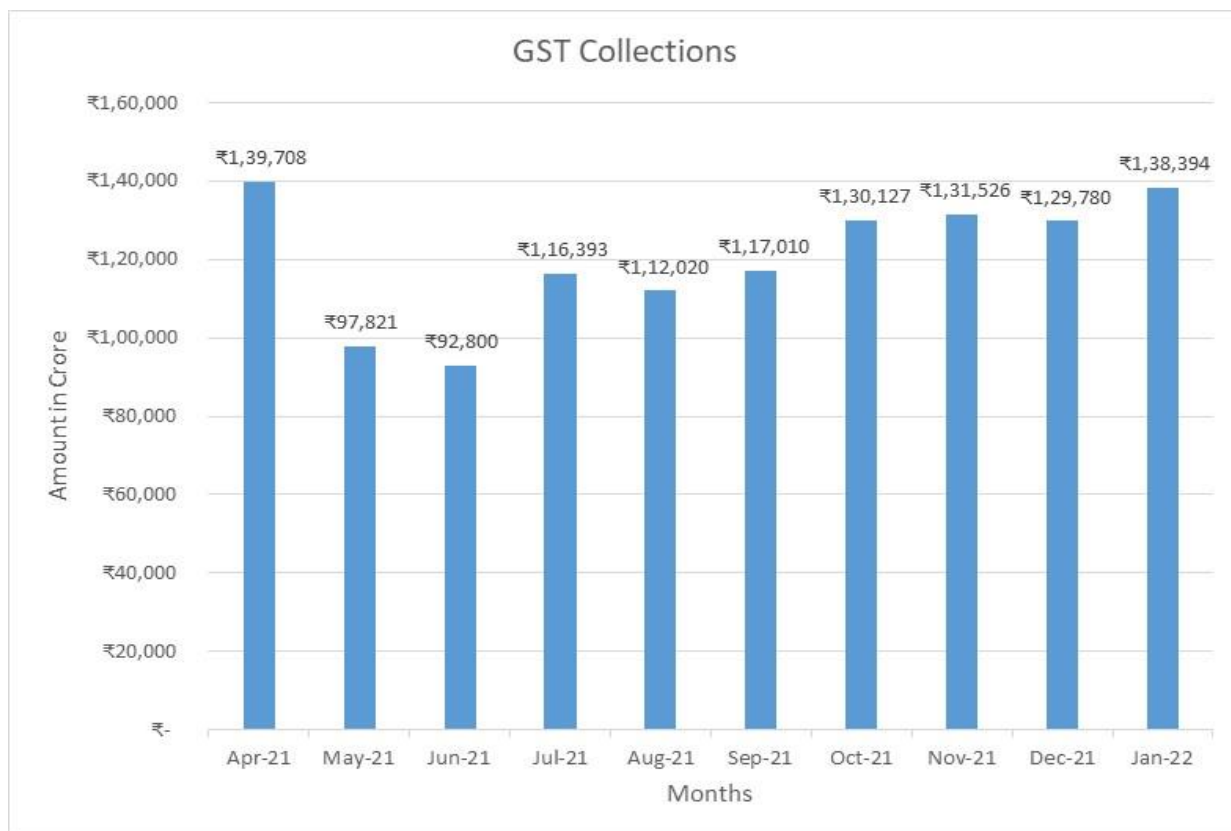
GST

GST revenue collection for January 2022 Rs. 138,394 Crore (15% higher than GST revenue collection in January 2021)

The gross GST revenue collected in the month of January 2022 is Rs. 138,394 Crore (details given below).

IGST (Integrated Goods and Services Tax)	Rs. 72,030 Crore
CGST (Central Goods and Services Tax)	Rs. 24,674 Crore
SGST (State Goods and Services Tax)	Rs. 32,016 Crore
Compensation cess	Rs. 9,674 Crore
Total	Rs. 138,394 Crore

The revenues for the month of January 2022 are 15% higher than the GST revenues in the same month last year and 25% higher than the GST revenues in January 2020. During the month, revenues from import of goods was 26% higher and the revenues from domestic transaction (including import of services) are 12% higher than the revenues from these sources during the same month last year.



Please [Click Here](#) to read Press Release dated 31st January 2021.

E-invoicing applicable for taxpayers having annual turnover > INR 20 Crore

The Central Board of Indirect Taxes & Customs (CBIC) vide notification no. 1/2022 dated 24th February 2022 has notified that with effect from 1st April 2022 onwards, e-invoicing provisions shall be applicable to taxpayers having aggregate turnover > Rs. 20 Crore (the said limit was previously reduced from Rs. 100 Crore to Rs.50 Crore with effect from 1st April 2021).

Please [Click Here](#) to read Notification no. 1/2022 dated 24th February 2022.

Furnishing of Letter of Undertaking (LUT) for Financial Year (FY) 2022-23 live on GST Portal

LUT is a document that exporters are required to file annually to export goods / services without payment of taxes under the GST Law. The option to furnish LUT online in Form GST RFD-11 for FY 2022-23 is now live on GST Portal. Facility for the same is available under the tab *Services > User Services > Furnish LUT*. The validity of LUT for FY 2021-22 will end on 31st March 2022.

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

GSTIN -	Legal Name -	Trade Name
	LIMITED	LIMITED

Address - House No. A-18, Ansal Town, Sector 19, Rewari, Rewari, Haryana, 123401

* Indicates Mandatory Fields

LUT Applied for financial year *

2022-23

Document Upload

Previous Letter of Undertaking (LUT)

Choose File No file chosen

Only PDF or JPEG file formats are allowed.

Maximum file size for upload is 2 MB.

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

Instructions to file LUT

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

Setup of 'GST Refund Help Desk' by the Government

CBIC has setup 'GST Refund Help Desk' in the office of Principal Chief Controller of Accounts (Pr. CCA) to address payment related problems faced by the taxpayers. Contact details of the Help Desk are as below:

Name of Nodal Officer - Ms Anita Rawat, Accounts Officer

Toll Free Helpline Number - 1800-11-1424

Email ID - gstrefunds-helpdesk@gov.in

Please [Click Here](#) to read the update dated 17th February 2022.

Module-wise new functionalities deployed on the GST Portal

Various new functionalities are implemented time-to-time on the GST Portal for the benefit of stakeholders. The following new functionalities have been introduced:

Relating to	Form / Functionality	Detail
Registration	Aadhaar authentication made mandatory for filing of Revocation application in Form REG-21 by Regular Taxpayers [i.e., taxpayers others than categories such as Casual Taxable Person, Non-Resident Taxable Person, Composite Suppliers, Online Information Data Base Access and Retrieval (OIDAR), etc.]	Regular taxpayers will now not be able to file Revocation application in Form REG-21 if they have not got their Aadhaar authentication done/e-KYC verified with Aadhaar enrolment ID
	Submission of Aadhaar enrolment ID for e- KYC verification for Existing and New registrations	Existing taxpayers as well as persons/entities applying for new registration, are now mandatorily required to provide Aadhaar enrolment ID no. for e-KYC verification.
	Triggering of alerts to Returns Module in case of change in status/ category of Taxpayer	Now, an appropriate alert will be displayed in the Returns Module to the taxpayers whenever the status of the taxpayer or taxpayer category is changed due to following actions by tax officer at back-office in Registration Module: <ul style="list-style-type: none">Registration restoration happens through 'Restoration of Registration' functionality in back-office portal for registration applications, revocation applications and cancellation applicationsCompulsory withdrawal from composition Levy

Relating to	Form / Functionality	Detail
Registration	Filing of application for revocation of cancellation of registration in Form REG-21 by taxpayers	<ul style="list-style-type: none"> • Taxpayers can file an application for revocation of cancellation of registration done by the tax official suo-moto, within 30 calendar days from the date on which cancellation order was passed • Vide Notification No. 15/2021- Central Tax, dated 18.05.2021, Rule 23 of the CGST Act, 2017, was amended. The amended provisions provide for extension of time limit for applying for revocation of cancellation of registration on sufficient cause being shown • Taxpayers will now be able to file revocation application even after 30 calendar days (but within 90 calendar days) from the date on which cancellation order was passed. To do so they will be required to fill additional fields such as Reason for Condonation for delay and can also add supporting documents • In such cases their application will be forwarded to the competent authority for condonation of delay and post approval of the competent authority will get assigned to respective jurisdictional authority for processing after condonation of delay
Returns	Reduction in the frequency of filing of statement in Form ITC-04, based on aggregate turnover	<ul style="list-style-type: none"> • Earlier, the taxpayers sending the goods for job work were required to file details of goods, sent and received back or disposed of from the business place of the job worker, in Form GST ITC-04 on a quarterly basis. • The Law Committee, in its meeting held on 30th June 2021, decided to make the frequency of filing Form GST ITC-04 either half yearly or annual, based on aggregate turnover of preceding financial year. • Now the taxpayers having aggregate turnover exceeding Rs. 5 Crore in the preceding year will be required to file Form ITC-04 on a half yearly basis whereas all other taxpayers would be required to file it on annual basis

Relating to	Form / Functionality	Detail
Returns	Enhancements in Search HSN functionality	<ul style="list-style-type: none"> To help taxpayers search for HSN Code for Goods or Services, the Search HSN facility has now been enhanced where the taxpayer can search the HSN code and the applicable technical description through common parlance / trade description of the goods/ services as they are known in the Trade. It helps the taxpayers to search HSN Code by providing description or even a part of the description. This facility is available at both pre-login and post-login. The users can now navigate <i>Services > User Services > Search HSN > Search by Description ></i> and search under Goods or Services by selecting the appropriate radio button and entering the Captcha
	Blocking filing of statement of outward supplies in Form GSTR1 in case of non-filing of returns in Form GSTR-3B for the preceding tax period	<ul style="list-style-type: none"> Changes have been implemented on the portal in terms of Notification No 35/2021-CT, dated 24th September, 2021, amending rule 59 (6) (a) & (b) of the CGST Act. Consequently, with effect from 1st January 2022 onwards, GSTR-1 / Invoice Furnishing Facility (IFF) filing for a particular period will now be allowed for regular taxpayers (including monthly and quarterly filers) only if the taxpayers have filed the return in Form GSTR-3B for the preceding tax period

Relating to	Form / Functionality	Detail
Refunds	Changes in the messages displayed to taxpayer after applying for Refund Form RFD-01	<p>Several messages displayed to the taxpayer in the 'Track Application Status' utility for Refund applications have been modified. The important changes are summarized below:</p> <ul style="list-style-type: none">• For Nil refund filers, the new message reads 'No Further processing is required since as it is Nil refund application'• Once taxpayer has updated bank account details, the update bank account button is disabled. If the user tries to click on update bank account again, he/she receives an error message 'The bank account has already been updated by you. Kindly wait till it is validated'• Now, under basic details, the tax period is also shown in pre-login (after Category row), depending on category of refund.• Under basic details, the GSTIN will also be displayed in both pre and post login (just before ARN).• The transmission date on track page will now show along with timestamp, both in pre login and post login.• The status of refund order issued in Form RFD-06 will also give below statuses, both in pre login and post login.<ul style="list-style-type: none">✓ Refund Sanctioned in RFD-06✓ Refund Partially Sanctioned in RFD-06✓ RFD-06 issued, Refund rejected

Relating to	Form / Functionality	Detail
Refunds	Aadhaar authentication made mandatory for filing of refund of IGST paid on export of goods and filing of refund application in Form RFD-01 in other cases	<ul style="list-style-type: none"> Now, GST System will transmit the export invoice details of the taxpayer to ICEGATE for processing the IGST refund only if the Aadhaar authentication or uploading of e-KYC documents have been successfully done. Therefore, the system will not transmit export invoice details to the ICEGATE if the taxpayer has not undergone Aadhaar authentication or uploaded e-KYC documents (to mandatorily include Aadhaar enrolment ID) Similarly, the taxpayer will now not be able to file applications for refund in Form RFD-01, in case they have not undergone Aadhaar authentication or uploaded e-KYC documents (to mandatorily include Aadhaar enrolment ID). In case such taxpayers initiate an application for refund, they will be displayed suitable error messages
Payments	Removal of names of merged Banks from GST Portal	Out of the erstwhile 25 banks authorized for GST payments, 8 banks i.e. Allahabad Bank, Andhra Bank, Corporation Bank, Dena Bank, Oriental Bank of Commerce, Syndicate Bank, Vijaya Bank and United Bank of India have merged with other banks, and, therefore, deleted from payment gateway of GST portal. Only the remaining 17 Agency banks are now available to the taxpayers for making GST related payments
Front Office (FO)	Changes made in FO menu on the portal	<p>The changes made in FO menu are summarized below:</p> <ul style="list-style-type: none"> Press release section has relocated from 'Home' page to 'Help and Taxpayer Facilities' page under 'Help Items' of GST portal, as a separate tile 'Help Items' have been re-arranged uniformly on the page for better user experience
	Upgrade of emsigner tool from version 2.6 to version 2.8	Upgraded version 2.8 (in place of version 2.6) has been made available on the GST portal for download and installation for the MAC systems, for FO

Upcoming improvements in Form GSTR-1 (Outward supply return)

The CBIC has issued an update on 23rd February 2022 regarding upcoming enhancements and improvements in Form GSTR-1.

Background

The statement of outward supplies in Form GSTR-1 is to be furnished by all regular taxpayers on a monthly or quarterly basis, as applicable. Quarterly GSTR-1 filers have also been provided with an optional IFF for reporting their outward supplies to registered persons (B2B supplies) in the first 2 months of the quarter.

The previous phase of GSTR-1/IFF enhancement was deployed on the GST Portal in November 2021. In that phase, new features like the revamped dashboard, enhanced B2B tables and information regarding table/tile documents count were provided. In continuation to the same, the next Phase of the GSTR-1/IFF improvements would be implemented shortly on the Portal.

Upcoming changes in Form GSTR-1/IFF:

- *Removal of 'Submit' button before filing* - The present 2-step filing of GSTR-1 / IFF involving 'Submit' and 'File' buttons will be replaced with a simpler single-step filing process. The upcoming 'File Statement' button will replace the present 2-step filing process and will provide taxpayers with the flexibility to add or modify records till the filing is completed by pressing the 'File Statement' button
- *Consolidated Summary*: Taxpayers will now be shown a table-wise consolidated summary before actual filing of Form GSTR-1/IFF. This consolidated summary will have a detailed and table-wise summary of the records added by the taxpayers. This will provide a complete overview of the records added in Form GSTR-1 / IFF before actual filing.
- *Recipient wise summary*: The consolidated summary page will also provide recipient-wise summary, containing the total value of the supplies and the total tax involved in such supplies for each recipient. The recipient-wise summary will be made available with respect to the following tables of GSTR-1/IFF, which have counter-party recipients:
 - ✓ Table 4A: B2B supplies
 - ✓ Table 4B: Supplies attracting reverse charge
 - ✓ Table 6B: SEZ supplies
 - ✓ Table 6C: Deemed exports
 - ✓ Table 9B: Credit/Debit notes

Please [Click Here](#) to read the detailed advisory and sample screenshots of the upcoming improvements & enhancements in Form GSTR-1 / IFF.

Deployment of Interest Calculator in GSTR-3B (Summary return)

The new functionality of interest calculator in GSTR-3B is now live on the GST Portal. The functionality is likely to improve ease of filing return under GST and is, therefore, in the direction of further reducing the compliance burden for taxpayers

5.1 Interest and Late fee for previous tax period

View your Turnover

Help ?

Declare interest payable on tax liabilities on supplies attracting reverse charge as well as other than reverse charge

Late fee for the month includes late fee charged due to delay in filing of previous month's GSTR-3B. The computation is based on the formula: [Date of Filing – Due date of Filing] * ₹25/day (in case of any liability) or ₹10/day (in case of nil liability)] per Act (CGST/SGST).

Please select the check box if you wish to declare any Interest liabilities. Please note Interest amounts declared here under respective heads need to be paid in cash in addition to tax liabilities for the month. GSTR 3B can be filed only after complete payment of all liabilities.

Description	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)
Interest	19,617.18	36,976.12	36,976.12	0.00
Late Fees		400.00	400.00	

SYSTEM GENERATED GSTR-3B

CANCEL

CONFIRM





Direct Tax

Direct Tax

Union Budget 2022 presented by Finance Minister in Parliament

The Finance Minister Nirmala Sitharaman presented Union Budget for FY 2022-23 on 1st February 2022 which lays the foundation to steer the economy over the next 25 years – from India at 75 years of independence to 100 years.

This year's Union Budget rests on the following priorities:

- *Prime Minister (PM) Gatishakti* a transformative approach for economic growth and sustainable development, driven by 7 engines namely Roads, Railways, Airports, Ports, Mass Transport, Waterways and Logistics infrastructure
- *Inclusive Development* for sectors like Agriculture, Food Processing, Micro, Small & Medium Enterprises (MSME), Skill Development, Education, Mental Health, Women Empowerment, Water & Housing for All, Villages, North-Eastern India, Mobilization of Savings and Digital Banking
- *Productivity Enhancement and Investment* including Ease of Doing Business & Living, Green Clearances, e-Passports, Urban Development, Use of Public Transport, Information Technology based management of Land Records, Cross Border Insolvency resolution under IBC, Government Procurement, Animation, Gaming, Telecom, Export Promotion and Self-dependence in Defence matters
- *Sunrise Opportunities* such as Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy and Clean Mobility Systems
- *Energy Transition and Climate Action* such as Solar Power and Transition to Carbon Neutral Economy
- *Financing of Investments* including Public Capital investments, Effective Capital Expenditure, Green bonds, Impetus to GIFT city, Venture Capital and Private Equity Investment, Blended Finance, introduction of Digital Currency and Financial Assistance to States for Capital Investment

Direct Tax

On *Direct Taxes* front, opportunity to taxpayers to file updated tax return for rectifying errors, tax relief to persons with disability, reduction in alternate minimum tax rate and surcharge for cooperative societies, extension of allowable period for incorporation for eligible startups by 1 more year to avail tax benefit, increase in tax-deduction limit on employer's contribution to National Pension Scheme account of State Government employees, newly incorporated manufacturing entities to be incentivized under concessional tax regime, income from transfer of virtual assets to be taxed at 30% and proposing better litigation management to avoid repetitive appeals, are some of the key proposals.

From an *Indirect Taxes* perspective, customs administration in Special Economic Zones to be fully technology driven, tariff rate @ 7.5% on capital goods and project imports, review of custom exemptions and tariff simplification with more than 350 exemptions to be provided, custom duty rates to be calibrated to provide a graded structure to facilitate domestic electronics manufacturing, rationalization of exemptions on implements and tools for agriculture sector, extension of custom duty exemption on steel scrap and additional excise duty to be levied on fuel to promote fuel blending, are some of the key proposals.

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

Please [Click Here](#) to read our detailed analysis on the India Union Budget 2022.





International Tax

International Tax

Most-Favored-Nation (MFN) clause of India's Double Taxation Avoidance Agreement (DTAA) with other countries – Clarification issued by Central Board of Direct Taxes (CBDT)

What is an MFN clause?

'MFN' is a clause in the Protocol of India's DTAA with other countries which provides that if after signature / entry into force of the DTAA with 1st country (original treaty), India enters into a DTAA on a later date with a 3rd country (India being the 2nd country) which is an Organisation for Economic Co-operation & Development (OECD) member providing a beneficial tax rate or restrictive scope for taxation of dividend, interest, royalty, etc., a similar benefit should be accorded to 1st country.

Illustration

- In India's DTAA with Netherlands (1st country), dividend payable by an Indian entity to a resident of Netherlands is taxable upto @ 15%
- However, DTAA's signed subsequently by India with countries like Slovenia, Colombia, Lithuania (3rd countries) provides for lower tax rate @ 5% for dividend, subject to certain conditions. Accordingly, if MFN clause were to be applicable, the tax rate under India-Netherlands DTAA may be claimed to be reduced to 5%

The issue

- In this context, these 3rd countries *were not OECD members when their respective DTAA's were entered into with India*. Instead, these countries became OECD members only at a later date. Accordingly, issue arose whether the beneficial tax rate agreed under DTAA's with 3rd countries could be applied to original tax treaties (Netherlands in this case) with the MFN clause
- The issue has been a matter of litigation in India. Courts have adopted position which is favourable for the taxpayer. Further, countries like Netherlands, France, Switzerland have issued unilateral clarifications which also are favourable for the taxpayer

International Tax

Clarification issued by CBDT vide Circular No. 3/2022 dated 3rd February 2022

To the dismay of taxpayers, CBDT has adopted a restrictive interpretation of the MFN clause as below:

- A plain reading of the MFN clause clearly provides that the 3rd country has to be a member of OECD both at the time of conclusion of the DTAA with India as well as at the time of applicability of MFN clause
- Unilateral decree / notification / clarification given by the DTAA-partner without consultation with India does not represent common understanding with India on applicability of the MFN clause. Selective invocation and application of MFN clause as reflected in unilateral instruments issued by Netherlands / France / Switzerland is not allowable as per the rules of interpretation of international tax treaties
- Concessional tax rate or restricted scope of taxability to apply from the date of entry into force of the DTAA with the 3rd country and not from the date on which such 3rd country becomes an OECD member
- The benefit of lower tax rate and restricted scope of taxability under MFN clause is allowable only when *all* the below conditions are satisfied cumulatively:
 - ✓ DTAA with 3rd country is entered into after the signature / entry into force (depending on language of MFN clause) of India's DTAA
 - ✓ 3rd country has to be an OECD member at the time of signing its DTAA with India
 - ✓ India limits its rights in relation to tax rate or scope of taxation in its DTAA with the 3rd country, &
 - ✓ India issues a separate notification under the Income-tax Act for importing the favorable benefits of a 3rd country DTAA into the original DTAA
- The Circular will not be applicable to those taxpayers in whose case there is a favorable decision by any court on this issue

Conclusion

The CBDT has adopted a narrow interpretation of the MFN clause, which is bit disappointing for the taxpayers' community. At the same time, however, a circular issued by CBDT binds taxpayer only if it is favourable to him. In the light of this new circular, taxpayers availing the benefit of MFN clause under DTAA may like to revisit the positions being taken by them.

Please [Click Here](#) to read the Circular No. 3/2022 dated 3rd February 2022.



Company Law

Company Law

Waiver of late filing fees on financial statements & annual return filed till 15th March 2022 & 31st March 2022 respectively for FY 2020-21

Ministry of Corporate Affairs (MCA) vide circular dated 14th February 2022 has notified that no late filing fees shall be levied upto 15th March 2022 for filing financial statements for FY 2020-21 with the Registrar of Companies (ROC) in the prescribed e-forms such as AOC-4, AOC-4(CFS), AOC-4 XBRL and AOC-4 Non-XBRL.

Further no late filing fees shall be levied upto 31st March 2022 for filing annual return for FY 2020-21 with the ROC in the prescribed e-forms MGT-7 and MGT-7A.

Please [Click Here](#) to read the Circular dated 14th February 2022.

Companies undertaking Corporate Social Responsibility (CSR) activities to submit annual CSR report with ROC

MCA vide notification dated 11th February 2022 has introduced Companies (Accounts) Amendment Rules, 2022 which mandates every company undertaking CSR activities u/s 135 of Companies Act, 2013 to submit an annual report on CSR with ROC for the preceding FY 2020-21 and onwards. The annual CSR report shall be filed in prescribed form CSR-2 as an addendum to form(s) AOC-4 / AOC-4 XBRL / AOC-4 NBFC (prescribed forms for filing financial statements) with ROC.

However, for preceding FY 2020-21, annual CSR report in form CSR-2 shall be filed separately on or before 31st March 2022 post the filing of form(s) AOC-4 / AOC-4 XBRL / AOC-4 NBFC with ROC.

Please [Click Here](#) to read Notification no. 1/19/2013-CL-V-Part III dated 11th February 2022.

Central Government delegates power to Regional Directors (RDs) to direct Limited Liability Partnerships (LLPs) to change its existing name in certain cases

Pursuant to the provisions of section 17 of LLP Act, 2008 in case any LLP is registered with such a name that is:

- Undesirable in the opinion of Central Government;
- Identical / nearly resembles to the name of any existing Partnership firm / LLP / body corporate / registered trade mark;

In such cases, Central Government has the power to direct the said LLP to change its name and the LLP is obliged to comply with the said direction within 3 months of the issue of such direction.

In connection with the above provision, MCA vide notification dated 11th February 2022 has notified that Central Government shall delegate its powers u/s 17 of LLP Act, 2008 to RDs at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad & Guwahati with effect from 1st April 2022 onwards subject to the condition that Central Government may revoke such delegation of powers or may itself exercise the powers in special circumstances.

Please [Click Here](#) to read Notification no.01/03/2021-CL.V-Part III dated 11th February 2022.

Company Law

Certain provisions of the Companies Act, 2013 to also apply to LLPs

MCA had notified in the past that it plans to extend some provisions of the Companies Act, 2013 to LLPs. Accordingly, MCA has notified that following provisions of the Companies Act, 2013 shall also apply to LLPs with effect from 11th February 2022 onwards.

Relevant section of the Companies Act, 2013	Provisions dealing with
90	Filing of Significant Beneficial Owner (SBO) interest with ROC and maintaining prescribed registers and records of the same
164	Grounds of disqualification for appointment as Directors in company and Designated Partners in LLP
165	<ul style="list-style-type: none">• Maximum number of companies in which a Director holds directorships shall not exceed 20;• Maximum number of LLPs in which a Designated Partner is appointed shall not exceed 20;
167	Grounds for vacation of office by a Director in company / Designated Partner in LLP
206(5)	Inspection of books and papers of a company / LLP in the event of special circumstances by an Inspector appointed by the Central Government
207(3)	Conduct of inspection and enquiry by Registrar / Inspector of books of accounts and other books and papers of company / LLP
252	Appeal filed with National Company Law Tribunal against order of the Registrar to dissolve a company / LLP
439	Offences to be considered non-cognizable

Please [Click Here](#) to read the notification No. 17/30/2018-CL-V dated 11th February 2022.

Company Law

Provisions of the LLP Amendment Act, 2021 dealing with the concept of small LLPs & relaxing residential period requirements for Designated Partners shall come into effect from 1st April 2022 onwards

MCA vide notification dated 11th February 2022 has notified certain provisions of the LLP Amendment Act, 2021 which shall come into effect from 1st April 2022 onwards. Some of the key sections notified are mentioned below:

Notified section	Provisions dealing with
1	Commencement of the LLP Amendment Act, 2021
2	Replacement of the term 'Companies Act, 1956' by 'Companies Act, 2013' at all places in the principal LLP Act, 2008
3	<p>Introduction of the concept of Small LLPs:</p> <ul style="list-style-type: none">• Similar to the concept of 'Small Companies' under Companies Act, 2013, the concept of 'Small LLPs' is introduced in the LLP Amendment Act, 2021• Small LLP means an LLP whose:<ul style="list-style-type: none">✓ Contribution < Rs 25 Lakh subject to the maximum cap of Rs. 5 Crore; and✓ Turnover as per the statement of accounts and solvency of the immediately preceding FY < Rs 40 Lakh subject to maximum cap of Rs. 50 Crore; or✓ which fulfils such other terms and conditions as may be prescribed by MCA in the near future
4	<p>Relaxation in the residential period threshold for Designated Partners.</p> <p>As per LLP Act, 2008, every LLP is mandatorily required to appoint atleast 1 Designated Partner who should be a resident in India for at least 182 days during the immediately preceding FY. The LLP Amendment Act, 2021, has reduced the said requirement from 182 days to 20 days during the FY, a welcome move by the MCA especially for foreign companies wishing to set up LLP in India</p>
5, 6, 10, 11, 13, 15, 16, 17, 18 & 24	<ul style="list-style-type: none">• Decriminalization of a total of 12 offences;• Total number of penal provisions reduced to 22;• Overall compoundable offences (i.e., those offences which can be condoned by payment of prescribed monetary penalty) and non-compoundable offences to be reduced to 7 and 3 respectively

Please [Click Here](#) to read Notification no. 01/03/2021-CL.V-Part I dated 11th February 2022.

Company Law

All LLP filings on MCA portal to be web-based from 6th March 2022 onwards

MCA vide notice dated 1st February 2022 has clarified that all LLP filings on MCA portal shall be web-based from 6th March 2022 onwards. To facilitate its implementation, the industry has been advised to note the below:

- All LLP filings on the MCA portal will be disabled from 25th February 2022 at 12:00 AM (IST) onwards. Therefore, stakeholders should ensure that there are no form filings under 'pending payment status' category on MCA portal
- Offline payments for LLP using Bank Challan and Pay later option would be disabled from 19th February 2022 at 12:00 AM (IST) onwards. Please note that from 19th February 2022 to 25th February 2022, payments for LLP will be accepted only through online mode, i.e., Credit / Debit Card and Net Banking
- Digital Signature Certificate (DSC) association and new user registration on the MCA portal will be disabled from 25th February 2022 at 12:00 AM (IST) onwards. These services will resume in a new application with web-based LLP filings
- There will not be any interruption in company form filings on MCA portal during the said period

Please [Click Here](#) to read the notice dated 1st February 2022.





Securities Exchange Board of India ('SEBI')

Issue of securities in dematerialized form only in case of specific investor service requests

As an ongoing measure to enhance ease of dealing in securities markets by investors, SEBI has decided that listed companies shall henceforth issue securities in dematerialized form only while processing the following service requests:

- Issue of duplicate securities certificate
- Claim from unclaimed suspense account
- Renewal / exchange of securities certificate
- Endorsement
- Subdivision / splitting of securities certificate
- Consolidation of securities certificates / folios
- Transmission
- Transposition

Procedure of service request for issue of securities in dematerialized form

- Securities holder / claimant shall submit duly filled service request form 'ISR-4' to Registrar and Share Transfer Agent (RTA) / issuer company
- The RTA / issuer company shall obtain the original securities certificates from the securities holder / claimant for processing of service requests
- Further, the RTA / issuer company shall verify and process the service requests and thereafter issue a 'letter of confirmation' in lieu of physical securities certificates to the securities holder / claimant within 30 days
- The letter of confirmation shall be valid for upto 120 days from the date of its issue. RTA / issuer company shall issue a reminder after 90 days from the date of issue of letter of confirmation, informing the securities holder / claimant to submit the Demat request
- SEBI has also issued the operational guidelines for dematerialization of securities received for processing investor's service requests

Please [Click Here](#) to read circular dated 25th January 2022.

SEBI launches 'Saarthi' mobile application on investor education

SEBI vide Press Release no. 3/2022 has launched 'Saaॠthi', a mobile application on investor education. The SEBI Mobile App 'Saaॠthi' aims to create awareness among the investors about the basic concepts of securities market, KYC process, trading and settlement, mutual funds, recent market developments, investor grievances redressal mechanism, etc. The app is available in Hindi and English.

Please [Click Here](#) to read the Press Release dated 19th January 2022.

Compliance Calendar

Compliance calendar for the month of March 2022

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7 th March	February 2022	TDC/TCS deposit	Non-government Deductors
		Equalization Levy deposit	All Deductors
10 th March		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 March		GSTR-1 (Outward supply return)	Taxable persons having turnover > Rs. 5 crore
13 th March		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
		Invoice Furnishing Facility - IFF (Details of outward supplies of goods or services)	Taxable persons having turnover < Rs. 5 crore
15 th March	January-March 2022	Deposit of PF & ESI contribution	All Deductors
		4th instalment of advance tax for the AY 2022-23	Taxpayers liable to pay advance tax
	FY 2020-21	Income-tax Return (ITR)	<ul style="list-style-type: none"> Taxpayers required to furnish Transfer Pricing (TP) report in Form 3CEB (including partner of a partnership firm / LLP) Taxpayers required to get their accounts audited (including partner of a partnership firm / LLP) and not covered above
		Form AOC-4 (Annual accounts)	All Companies are required to file Annual accounts with ROC
20 th March	February 2022	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
25 th March		Form GST PMT-06 (Payment of tax for Quarterly filers)	All taxable persons (except composition dealer) having annual turnover < Rs. 5 crore in FY 2020-21
30 th March	-	Last date for Linking Aadhaar with PAN	Individuals (except senior citizens > 80 years of age, foreign citizens, non-residents)
31 st March	FY 2020-21	Belated / Revised ITR	Taxpayers willing to file belated / revised return
		Form MGT-7 (Annual return)	All Companies are required to file Annual return with ROC

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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