



# TAX EDGE

Monthly Tax & Regulatory  
Updates



**Audit**



**Tax**



**Regulatory**

# CONTENTS

01



**Measures to combat COVID-19**

02



**Goods & Services Tax ('GST')**

03



**Direct Tax**

04



**Company Law**

05



**Reserve Bank of India ('RBI')**

06



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

07



**Compliance Calendar**

# Measures to combat COVID-19



# Measures to combat COVID-19

COVID-19 Vaccination Coverage exceeds 41.54 Crore people (about 30% of India's population): Less than 50,000 daily new cases being reported for the past 1 month



Ministry of Information and Broadcasting  
Government of India

New ITI

#IndiaFightsCorona

(As on 21<sup>st</sup> July, 2021)

India's **VACCINATION** drive crosses **41.54 CRORE** mark of administered doses.

#We4Vaccine  
#LargestVaccinationDrive

India's COVID-19 vaccination coverage has exceeded 41.54 Crores. Cumulatively, 41,54,72,455 vaccine doses have been administered through 51,36,590 sessions, as per the provisional report till 21<sup>st</sup> July 2021, as below.

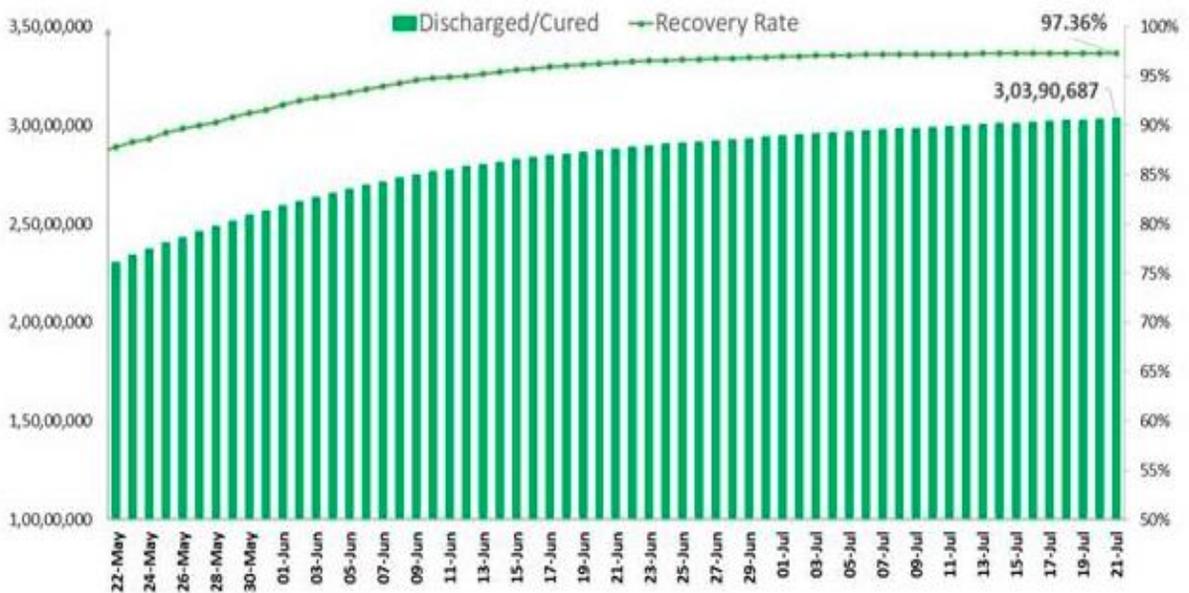
HCWs	1 <sup>st</sup> Dose	1,02,75,614
	2 <sup>nd</sup> Dose	75,96,053
FLWs	1 <sup>st</sup> Dose	1,78,16,402
	2 <sup>nd</sup> Dose	1,05,07,207
Age Group 18-44 years	1 <sup>st</sup> Dose	12,93,89,636
	2 <sup>nd</sup> Dose	52,18,414
Age Group 45-59 years	1 <sup>st</sup> Dose	9,86,55,036
	2 <sup>nd</sup> Dose	3,11,44,936
Over 60 years	1 <sup>st</sup> Dose	7,25,79,524
	2 <sup>nd</sup> Dose	3,22,89,633
<b>Total</b>		<b>41,54,72,455</b>

# Measures to combat COVID-19

The new phase of universalization of COVID-19 vaccination has commenced from 21st June, 2021. The Union Government is committed to accelerating the pace and expanding the scope of COVID-19 vaccination throughout the country.

Out of the people infected since the beginning of the pandemic, 3,03,90,687 people have already recovered from COVID-19. This constitutes an overall recovery rate of 97.36%, which is showing a sustained increasing trend. Less than 50,000 daily new cases are being reported for the past one month.

## Recovered cases nearly 3.04 Cr & Recovery rate at 97.36%



Please [Click Here](#) to read the Press Release dated 21<sup>st</sup> July 2021.



# Measures to combat COVID-19

## Indian Institute of Technology (IIT) Ropar develops first-of-its-kind Oxygen rationing device – AMLEX

### IIT Ropar

#### Develops first-of-its-kind Oxygen Rationing Device - AMLEX

- ◆ The device increases the life of medical oxygen cylinders.
- ◆ The device can operate on both portable power supply (battery) as well as line supply (220V-50Hz).



To increase the life of medical oxygen cylinders three fold, the IIT, Ropar has developed a first-of-its-kind Oxygen Rationing Device – AMLEX that supplies a required volume of oxygen to the patient during inhalation and trips when the patient exhales CO<sub>2</sub>. This process saves oxygen which otherwise unnecessarily get wasted.

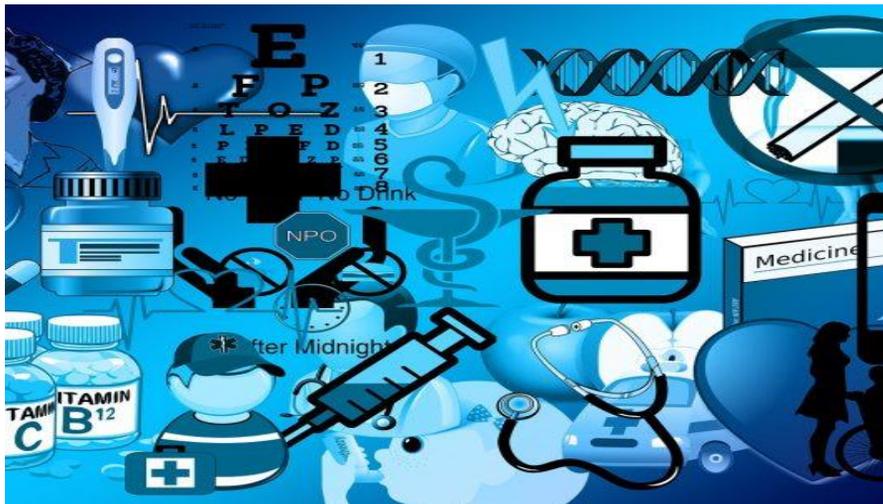
So far, during exhalation, the oxygen in the oxygen cylinder/pipe is pushed out along with the exhaled CO<sub>2</sub> by the user. This leads to wastage of a large volume of oxygen in long run. In addition to this, a large volume of oxygen escapes from the openings of the mask to the environment in the resting period (between inhalation and exhalation) due to continuous flow of life saving gas in the mask. As we have seen the demand of medical oxygen has jumped manifold amid the second wave of COVID-19, the device would help in stopping the unwanted wastage of the same. The device can operate on both portable power supply (battery) as well as line supply (220V-50Hz).

Made specifically for oxygen cylinders, AMLEX can be easily connected between oxygen supply line and the mask worn by the patient. It uses a sensor which senses and successfully detects inhalation and exhalation of the user in any environmental condition. AMLEX is a ready to use device and works with any commercially available oxygen therapy masks having multiple openings for air flow.

Please [Click Here](#) to read the Press Release dated 20<sup>th</sup> July 2021.

# Measures to combat COVID-19

## Government caps Trade Margin up to 70% on Price to Distributor level on 5 medical devices (Pulse Oximeter, Blood Pressure Monitoring Machine, Nebulizer, Digital Thermometer & Glucometer)



Keeping in view the evolving COVID-19 pandemic, and the continuing demand of the medical devices, Government has decided to regulate their prices for affordable healthcare and COVID-19 management. By invoking extraordinary powers under Para 19 of the Drugs (Prices Control) Order (DPCO), 2013 in larger public interest National Pharmaceutical Pricing Agency (NPPA) has vide its notification dated 13<sup>th</sup> July 2021, capped the Trade Margin up to 70% on Price to Distributor (PTD) level on (i) Pulse Oximeter, (ii) Blood Pressure Monitoring Machine, (iii) Nebulizer, (iv) Digital Thermometer, and (v) Glucometer.

Earlier, in February 2019 NPPA had previously capped the Trade Margin on Anti-Cancer Drugs and on 3<sup>rd</sup> June 2021 for Oxygen Concentrators. Based on the notified Trade Margin, NPPA has instructed the manufacturers / importers to report revised MRP within 7 days. Revised MRPs will be informed in public domain thereafter by NPPA. The revised prices will come into effect from 20<sup>th</sup> July 2021.

Every retailer, dealer, hospital and institution shall display price lists of these medical devices as furnished by the manufacturer, on a conspicuous part of the business premises in a manner so as to be easily accessible to any person wishing to consult the same. The manufacturers / importers not complying with the revised MRP after Trade Margin capping, shall be liable to deposit the overcharged amount along with interest @15% and penalty up to 100% under the provisions of the DPCO, 2013 read with Essential Commodities Act, 1955. State Drug Controllers (SDCs) shall monitor the compliance of the order to ensure that no manufacturer, distributor, retailer shall sell these medical devices to any consumer at a price exceeding the revised MRP, to prevent instances of black-marketing.

The Order shall be applicable up to 31<sup>st</sup> January 2022, subject to review.

Please [Click Here](#) to read the Press Release dated 14<sup>th</sup> July 2021 issued by Ministry of Chemicals and Fertilizers.

Further, please [Click Here](#) to read the Press Release dated 27<sup>th</sup> July 2021 issued by Ministry of Chemicals and Fertilizers, wherein NPPA has fixed ceiling prices of 355 medicines and 882 formulations for including Paracetamol, Dexamethasone, Methyl Prednisolone, IVIGs, Enoxaparin, Budesonide, Heparin and Amphotericin.

# Measures to combat COVID-19

## Cabinet approves increase in Dearness Allowance & Dearness Relief

The Cabinet Committee chaired by the Hon'ble Prime Minister (PM) Shri Narendra Modi on 14<sup>th</sup> July 2021 has approved increase in the Dearness Allowance to Central Government employees and Dearness Relief to pensioners with effect from 1<sup>st</sup> July 2021 to 28% representing an increase of 11% over the existing rate of 17% of the Basic Pay/Pension.

In view of the unprecedented situation which arose due to the COVID-19 pandemic, 3 additional instalments of Dearness Allowance to Central Government employees and Dearness Relief to pensioners, which were due from 1<sup>st</sup> January 2020, 1<sup>st</sup> July 2020 and 1<sup>st</sup> January 2021 had been frozen.

Now, the Government has decided to increase the Dearness Allowance to Central Government employees and Dearness Relief to pensioners with effect from 01<sup>st</sup> July 2021 to 28% representing an increase of 11% over the existing rate of 17% of the Basic Pay/Pension. The increase reflects the additional instalments arising on 1<sup>st</sup> January 2020, 1<sup>st</sup> July 2020 and 1<sup>st</sup> January 2021. The rate of Dearness Allowance/Dearness Relief for the period 1<sup>st</sup> January 2020 to 30<sup>th</sup> June 2021 shall remain at 17%.

Please [Click Here](#) to read the Press Release dated 14<sup>th</sup> July 2021.

## Cabinet approves 'India COVID 19 Emergency Response & Health Systems Preparedness Package: Phase II' at a cost of Rs 23,123 Crore

### Background

In March 2020, when the country was faced with the 1<sup>st</sup> wave of the COVID 19 pandemic, the PM announced a Central Sector Scheme of Rs. 15,000 Crore for the 'India COVID 19 Emergency Response and Health Systems Preparedness Package', providing a critical impetus to the efforts of Ministry of Health and Family Welfare (MoHFW) and States/ Union Territories (UTs), and catalysing health systems activities for pandemic management. Since mid-February 2021, the country is experiencing a 2<sup>nd</sup> wave with spread into rural, peri-urban and tribal areas.

### Approval of the new scheme for Financial Year (FY) 2021-22

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi on 8<sup>th</sup> July 2021 has approved a new scheme 'India COVID-19 Emergency Response & Health System Preparedness Package: Phase-II' amounting to Rs. 23,123 Crore for FY 2021-22 with central and state share as under:

- Central Share of the ECRP-II – Rs.15,000 Crore
- State Share of the ECRP-II – Rs.8,123 Crore

The scheme aims to accelerate health system preparedness for immediate responsiveness for early prevention, detection and management, with the focus on health infrastructure development including for Paediatric Care and with measurable outcomes. The scheme would be implemented from 1<sup>st</sup> July 2021 to 31<sup>st</sup> March 2022.

# Measures to combat COVID-19

## Components of the Phase-II Package

- *Central Sector (CS)*
  - ✓ Support would be provided to Central Hospitals, AIIMS, and other Institutions of National Importance under Department of Health and Family Welfare (DoHFW) and Safdarjung Hospital Delhi, LHMC & SSKH Delhi, RML Delhi, RIMS Imphal and NEIGRIMS Shillong, PGIMER Chandigarh, JIPMER Puducherry and AIIMS Delhi (existing AIIMSs) and new AIIMSs under PMSSY for repurposing 6,688 beds for COVID-19 management
  - ✓ National Centre for Disease Control (NCDC) would be strengthened by providing Genome Sequencing machines, besides sanctioning Scientific Control room, Epidemic Intelligence Services (EIS) and INSACOG Secretariat support
  - ✓ Support would be provided for implementation of Hospital Management Information System (HMIS) in all the District Hospitals of the Country (presently, it is implemented only in 310 District Hospitals). All district –hospitals would implement HMIS through NIC developed E-Hospital and CDAC developed E-Shushrut software's. This will be the biggest impetus for implementation of the National Digital Health Mission (NDHM) at the DHs. This support includes the support provided to the District Hospitals towards augmentation of the hardware capacity
  - ✓ Support would also be provided for expanding the National Architecture of eSanjeevani Tele-consultation platform to provide upto 5 lakhs tele-consultations per day from the present 50,000 Tele-consultations per day. This includes support to the States/UTs to enable tele-consultations with the COVID patients at the COVID Care Centres (CCCs) by strengthening Hubs for eSanjeevani Tele-consultation in all the districts of the country
  - ✓ Support would also be provided for IT interventions, including strengthening the Central War room at DoHFW, strengthening Country's COVID-19 Portal, 1075 COVID help lines and COWIN platform.



# Measures to combat COVID-19

- *Centrally Sponsored Schemes (CSS)*

The efforts are aimed at strengthening district and sub district capacity for an effective and rapid response to the pandemic. States/UTs would be supported to

- ✓ Create Paediatric units in all 736 districts and also, to establish Paediatric Centre of Excellence (Paediatric CoE) in each State/UT, (either in Medical Colleges, State Govt. Hospitals or Central Hospitals such as AIIMS, INIs, etc.) for providing Tele-ICU services, mentoring and technical hand-holding to the District Paediatric units
- ✓ Augment 20,000 ICU beds in public healthcare system out of which 20% will be Pediatric ICU beds
- ✓ Provide care closer to the community due to the ingress of COVID-19 in rural, peri-urban and tribal areas, by creating pre-fabricated structures for adding additional beds at the existing CHCs, PHCs and SHCs (6-20 bedded units) and support would also be provided to establish bigger field hospitals (50-100 bedded units) depending on the needs at tier-II or Tier-III cities and district HQs.
- ✓ Install 1050 numbers of Liquid Medical Oxygen Storage Tanks with Medical Gas Pipeline System (MGPS), with an aim to support at least one such unit per district.
- ✓ Augment the existing feet of ambulances - 8,800 ambulances will be added under the package.
- ✓ Engage Undergraduate and post graduate medical interns and final year MMBS, BSc, & GNM nursing students for effective COVID management.
- ✓ As “Test, Isolate and Treat” and following-up COVID-19 Appropriate Behaviour at all the times is the national strategy for effective COVID-19, support is provided to the States to maintain at least 21.5 lakhs per day
- ✓ Flexible support to the Districts for meeting the requirement of essential medicines for COVID-19 management, including creation of buffer stock.

Please [Click Here](#) to read the Press Release dated 8<sup>th</sup> July 2021.

# Measures to combat COVID-19

**‘eSanjeevani’, Government of India’s free Telemedicine service completes 70 lakh consultations: about 1.25 million patients benefitted within 30 days**

eSanjeevani Consultations				
SL No.	02-Jul-21	TOTAL	eSanjeevaniAB-HWC	eSanjeevaniOPD
	<b>INDIA</b>	<b>7003032</b>	<b>3209344</b>	<b>3793688</b>
1	Andhra Pradesh	1632377	1611584	20793
2	Tamil Nadu	1266667	89585	1177082
3	Karnataka	1219029	349465	869564
4	Uttar Pradesh	1033644	144109	889535
5	Gujarat	303426	44839	258587
6	Madhya Pradesh	282012	277376	4636
7	Maharashtra	225138	160330	64808
8	Bihar	223197	222482	715
9	Kerala	199339	3	199336
10	Uttarakhand	166827	662	166165
11	Assam	104666	86156	18510
12	Himachal Pradesh	90920	87714	3206
13	Chhattisgarh	78709	78298	411
14	Haryana	45472	5925	39547
15	Punjab	33602	30272	3330

Union Health Ministry's National Telemedicine Service – eSanjeevani has crossed another milestone by completing 7 million (70 lakh) consultations. Patients consult with doctors and specialists on a daily basis using this innovative digital medium to seek Health services. In another significant milestone, in June it served around 12.5 lakh patients, which is the highest since the services were launched last year in March. Currently, the National Telemedicine Service is operational in 31 States/Union Territories.

eSanjeevani, the doctor-to-doctor telemedicine platform has been implemented at around 21,000 Health and Wellness Centres as spokes and over 1900 hubs, which are located in District Hospitals and Medical Colleges in around 30 States. The doctor-to-doctor telemedicine platform has served over 32 lakh patients. The Ministry of Defence too has hosted a National OPD on eSanjeevaniOPD, where over 100 veteran doctors and specialists - roped in by the Ministry of Defence, serve patients across the country.

In a short span of time, Government of India’s National Telemedicine Service has started aiding the Indian healthcare delivery system by plugging the digital health divide that exists in urban and rural India. It is also addressing the shortage of doctors and specialists at ground level while reducing the burden on secondary and tertiary level hospitals. In line with the National Digital Health Mission, eSanjeevani is also boosting the digital health ecosystem in the country.

Please [Click Here](#) to read the Press Release dated 3<sup>rd</sup> July 2021 issued by Ministry of Health and Family Welfare.

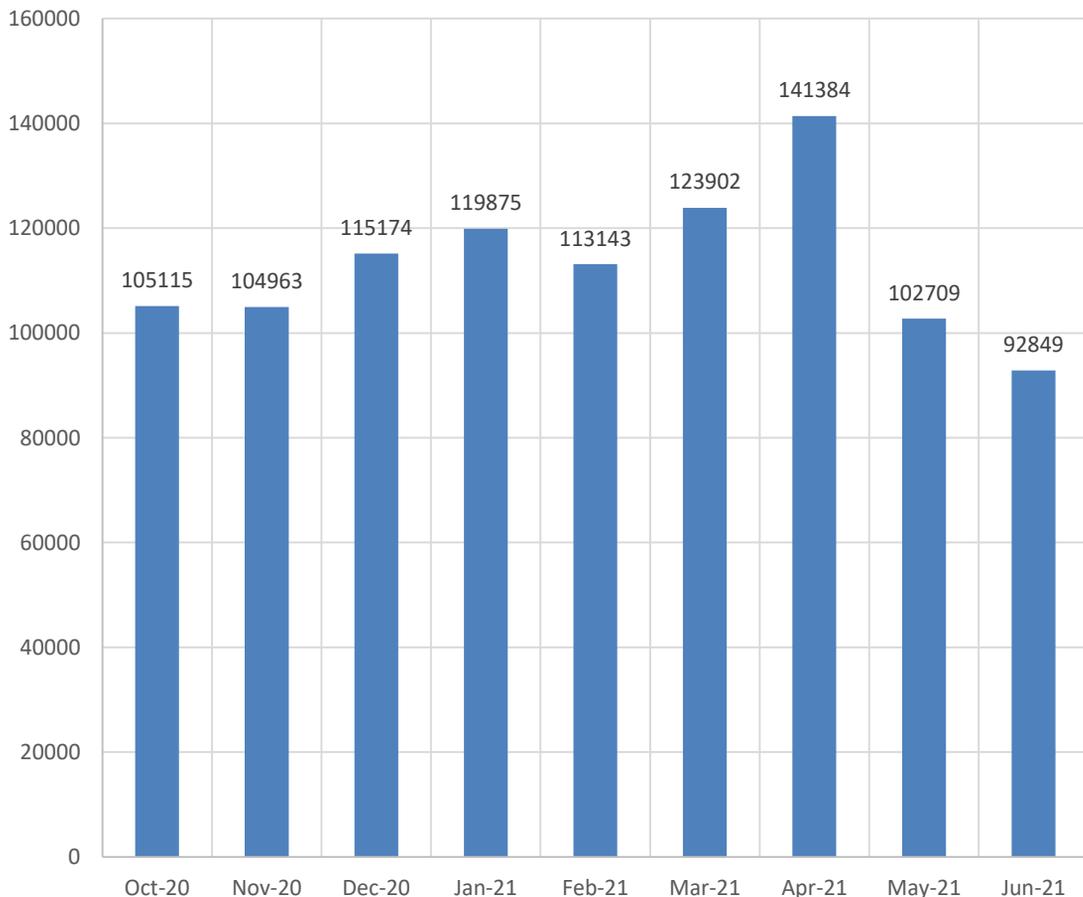
# Goods & Services Tax (`GST`)



## GST revenue collection for June 2021, Rs. 92,849 Crore (2% higher than GST revenue collection in June 2020)

The gross GST revenue collected in the month of June 2021 is Rs.92,849 Crore (details given below). The GST collection for June 2021 is related to the business transactions made during May 2021. During May 2021, most of the States/UTs were under either complete or partial lock down due to COVID-19.

IGST (Integrated Goods and Services Tax)	Rs. 49,079 Crore
CGST (Central Goods and Services Tax)	Rs. 16,424 Crore
SGST (State Goods and Services Tax)	Rs. 20,397 Crore
Compensation cess	Rs. 6,949 Crore
<b>Total</b>	<b>Rs. 92,849 Crore</b>



## GST Portal releases functionality to check misuse of Permanent Account No. (PAN) in GST Registration

Recently GST Portal has issued a functionality to check misuse of PAN in GST registration. There are few instances where PAN of a person is being misused by applying for GST registration without the PAN holder's knowledge or authority. Hence, to tackle this issue, the GST portal allows such PAN holders to register complaints to check the misuses, control fraud, and help GST officers inquire and cancel such unauthorised registrations.

Once the complaint is registered, it will be sent to the concerned jurisdictional authority where the registration is claimed to be fraudulently taken, for necessary enquiry and suitable action.

### Process of registering the complaint

- A search functionality is given at the GST Common Portal to find out whether any GSTIN is issued on a particular PAN or not, under Search taxpayer > Search by PAN. The System displays details of the GST registration available on that PAN. In case no registration is available on that PAN then the message is shown as "No records found".

Search Taxpayer

Permanent Account Number (PAN) \*

Type the characters you see in the image below \*

Enter Characters shown below

SEARCH

Search Result based on PAN - [redacted]

No records found.

- Any person aggrieved of having his PAN misused, may register a complaint at GST Portal. He may search the GSTIN based on PAN, and the registration(s) which are not taken by him, may be selected and reported to the jurisdictional officer.

Search Taxpayer

Permanent Account Number (PAN) \*

SEARCH

Kindly Select the GSTIN which you want to report on the GST Portal

Search Result based on PAN : BEFPC0077R

S. No.	GSTIN/UID	GSTIN/UID status	State	Select to Report
1.	07AJIPA1572E4ZK	Active	Maharashtra	<input type="checkbox"/>
2.	07AJIPA1572E2ZM	Suspended	Delhi	<input type="checkbox"/>
3.	07AJIPA1572EK3X	Active	Jammu & Kashmir	<input type="checkbox"/>
4.	07AJIPA1572EN6O	Cancelled	Delhi	<input type="checkbox"/>

REPORT

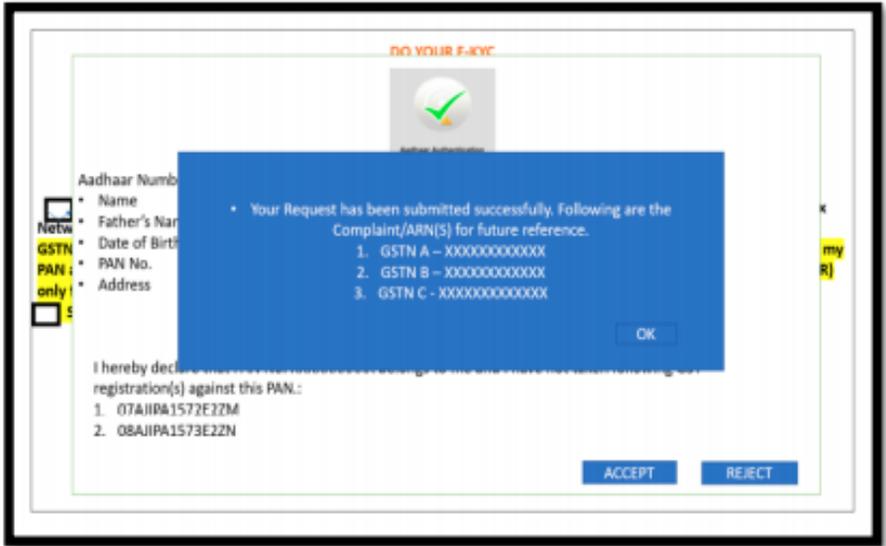
- On clicking of 'Report' button, a pop-up will be displayed, and the 'Legal name as per PAN' will be auto-populated in case of individual PAN. The complainant has to provide the email and mobile number for validation and other information like date of birth, address, etc., mandatorily while registering the complaint.

The screenshot shows a web interface for a GST portal. At the top, there are navigation links: 'Home', 'Search Taxpayer', and 'Search by PAN'. Below this is a 'Search Taxpayer' section with a 'Permanent Account Number (PAN)\*' label and a text input field. A red asterisk indicates a mandatory field. A sidebar on the left contains a list of options: 'SEARCH', 'Kindly Select', 'Search PAN', 'S. No.', '1.', '2.', '3.', and '4.'. The main content area is a pop-up form titled 'Kindly validate your email and mobile number.' It contains the following text: 'Legal Name as per PAN\* - Mancy Arora (In case of individual PAN it will be auto populated and non editable)'. Below this are four numbered steps: '1. Your Date of Birth\* Enter your own D.O.B', '2. Your Address\* Enter your own Address', '3. Email\* - Mobile Number\*', and '4. Separate OTP will be sent to this mobile number'. At the bottom of the form are 'PROCEED' and 'CANCEL' buttons. A 'REPORT' button is visible at the bottom right of the page.

- In cases other than individuals, complainants must enter their personal details, followed by Aadhaar authentication.

The screenshot shows a web interface for a GST portal, similar to the first one. It features the same navigation and search options. The sidebar on the left is identical. The main content area is a pop-up form titled 'Kindly validate your email and mobile number.' It contains the following text: 'Legal Name as per PAN -- (will be auto populated and non editable)'. Below this is a red note: 'Your Name\* - It will be only in case other than individual PAN .it will be user entry. User has to provide.' This is followed by four numbered steps: '1. Enter Your own Name', '2. Your D.O.B\* Enter your own D.O.B', '3. Your Address\* Enter your own address', '4. Email\* - OTP will be sent to this email address', and '5. Mobile Number\* - Separate OTP will be sent to this mobile number'. At the bottom of the form are 'PROCEED' and 'CANCEL' buttons. A 'REPORT' button is visible at the bottom right of the page.

- The system will generate an Application Reference Number (ARN) once the request is submitted. If multiple GSTNs are selected for such complaints, ARN for each GSTIN shall be generated separately and assigned to their respective jurisdictional officers on their dashboard for further action.



- The complaints so registered, shall be made available to the competent authorities at their dashboard under –Application for Reporting Fake GSTIN’s for further necessary action. The officers shall have a new Role of ‘PAN Vigilance officer’ in the Back Office for this purpose.
- The Complainant can further track the status of application through track ARN at GST Portal pre-login.



### Detailed Status : Show Case History of Report the PAN ARN

**STAGE-1** **STAGE-2**

ARN Generated - Pending for Processing

Action Taken- Accepted/ Rejected

Basic Details	
ARN	AA0704190000381
Date	04/04/2019
Application assigned to	STATE
Current Status	Rejected
Application Type	Report the PAN

Case History			
Stage	Status of the Application	Action Date	Remarks
1	ARN Generated - Pending for Processing	04/04/2019	Details submitted to Jurisdictional officer for appropriate action.
2	Current status	29/09/2020	Your Complaint is rejected after the examination / Based on your Complaint appropriate action has been initiated

**CLOSE**

## New functionality on Annual Aggregate Turnover (AATO) deployed on GST Portal for taxpayers

GST Portal has deployed a new functionality on taxpayers' dashboards with the following features:

- Taxpayers can now see the exact AATO for the previous FY, instead of just the two slabs of Above or Upto Rs. 5 Crore
- Taxpayers can also see the AATO of the current FY based on the returns filed till date
- Taxpayers have also now been provided with the facility of turnover update in case taxpayers feel that the system calculated turnover displayed on their dashboard varies from the turnover as per their records
- The facility of turnover update shall be provided to all GSTINs registered on a common PAN. All the changes by any of the GSTINs in their turnover shall be summed up for computation of AATO for each of the GSTINs
- Taxpayer can amend the turnover twice within a period of 1 month from the date of roll out of this functionality. Thereafter, the figures will be sent for review of the jurisdictional tax officer who then can amend the values furnished by the taxpayer

Note: For details, taxpayers may check out the 'Advisory' section of the aforementioned functionality on their respective dashboards.

Financial Year

(Amount in ₹)

	Estimated	Based on Returns Filed
Turnover	0.00 <a href="#">View/Update</a>	0.00
Aggregate Turnover (PAN Based)	6,36,27,748.60	6,36,27,748.60

[Click here](#) to know Turnover Calculation Methodology

In case of any discrepancy in the turnover displayed, please lodge your grievance at <https://selfservice.gstsystem.in/>

**Note: The values displayed above are as 27/06/2021. Turnover value is updated dynamically as per filing of Returns. Aggregate Turnover is updated dynamically based upon the filings done by all GSTINs under the PAN. Final Turnover & Aggregate Turnover will be made available post tax-officer's verification 11/10/2021.**

Please [Click Here](#) to read the GSTN Update dated 27<sup>th</sup> July 2021.

## Other upcoming functionalities to be deployed on GST Portal for taxpayers

The GST Portal on 9th July 2021 has made available the upcoming functionalities to be deployed on GST Portal for the taxpayers, as below.

Sl. no.	Module	Form/ Functionality	Functionality released/ to be released for Taxpayers	Current status of deployment
1	Registration	Timelines for filing of Application for Revocation of Cancellation of Registration in Form GST REG-21	<ul style="list-style-type: none"><li>In view of the spread of pandemic COVID-19 across many parts of India, vide Notification No 14/2021-CT, dated 1st May, 2021, read with vide Notification No 24/2021-CT, dated 1st June, 2021, the Government had extended the date for filing of various applications falling during the period from the 15th April, 2021 to 29th June, 2021, till 30th June, 2021.</li><li>In addition to this, timeline for filing of Application for Revocation of Cancellation of Registration, which were due on 15th of April 2021, had also been extended till 30th June 2021 on the GST Portal.</li><li>Accordingly, these extensions have now ceased to be effective with effect from 1st July, 2021, and timelines for filing of application for revocation of cancellation is now changed to 90 days (as was earlier) on the GST Portal, from date of Order of Cancellation of Registration in Form GST REG-19.</li></ul>	Deployed on 1st July 2021

Sl. no.	Module	Form/ Functionality	Functionality released/ to be released for Taxpayers	Current status of deployment
2	Returns	Information regarding late fee payable provided in Form GSTR-10	<ul style="list-style-type: none"> <li>• Taxpayers whose registration is cancelled, at the time of filing of last return in Form GSTR-10, will now be provided with details of late fee payable by them, for the delayed filing of any of the previous returns/ statements in a table, for their assistance in filing of said return by them.</li> <li>• This information can be viewed by clicking on a hyperlink provided under the column 'Late Fee Payable' in the online Form GSTR- 10.</li> </ul>	--
3	Returns	Auto-population of data in Form GSTR-11 on basis of Forms GSTR-1 / 5 filed by their suppliers	<ul style="list-style-type: none"> <li>• The UIN holders file details of their inward supplies in Form GSTR-11 on a quarterly basis. They can subsequently file for refund (if required) in Form GST RFD- 10, for the quarter, in which summary of the documents is auto-populated from their Form GSTR-11, in an editable mode</li> <li>• Form GSTR-11 of the UIN holder would be generated with details of their inward supplies, on basis of Forms GSTR-1 / 5 filed by their suppliers, which will subsequently help them in filing their refund claims</li> </ul>	--

Please [Click Here](#) to read the GSTN Update dated 9<sup>th</sup> July 2021.

## Extension of due date upto 30th September 2021 for implementation of QR Code for Business-to-Consumer (B2C) invoices

### Background

QR Code provisions were made applicable in respect of B2C supplies by registered persons whose aggregate turnover in any preceding FY from 2017-18 onwards exceeds Rs. 500 Crore.

### Extension in due date till 30<sup>th</sup> September 2021

Central Board of Excise & Customs (CBIC) has issued Notification No. 28/2021- Central Tax dated 30<sup>th</sup> June 2021 extending the due date for implementation of QR Code in B2C invoices till 30<sup>th</sup> September 2021. The notification is likely to provide relief to businesses and facilitate tax compliance.

Please [Click Here](#) to read notification dated 30<sup>th</sup> June 2021.



**Direct Tax**



# Direct Tax

## Central Board of Direct Taxes (CBDT) grants further relaxation in electronic filing of Forms 15CA / 15CB for overseas remittance

### Background

A person responsible for making a payment to a non-resident or to a foreign company has to provide such details by filing Forms 15CA and or 15CB electronically with the Income-tax department. Presently, taxpayers upload the Form 15CA, along with the Chartered Accountant's Certificate in Form 15CB, wherever applicable, on the e-filing portal, before submitting the copy to the authorized dealer for any foreign remittance.

In view of difficulty reported by taxpayers in electronic filing of the forms on the new income tax portal, it had earlier been decided by CBDT that taxpayers could submit Form 15CA / 15CB in manual format to the authorised dealer bank till 15<sup>th</sup> July 2021.

The said date has now been extended to *15<sup>th</sup> August 2021*. Taxpayers can now submit the said Forms in manual format to the authorized dealers till 15<sup>th</sup> August 2021. A facility will be provided on the new e-filing portal to upload these forms at a later date for the purpose of generation of the document identification number.

Please [Click Here](#) to read the Press Release dated 20<sup>th</sup> July 2021.

## CBDT issues rules for computation of short-term capital gains & written down value (WDV) for block of intangible assets comprising goodwill

### Background

- The Finance Act 2021 amended the definition of intangible asset to exclude goodwill of business or profession thereby making goodwill ineligible for depreciation from FY 2020-21 onwards – both for:
  - ✓ Existing goodwill forming part of block of intangible asset as on 31<sup>st</sup> March 2020, and
  - ✓ New goodwill acquired on or after 1<sup>st</sup> April 2020.
- The Finance Act also amended the definition of WDV to provide for reduction of WDV of goodwill from the WDV of intangible block of asset as on 31<sup>st</sup> March 2020.
- In respect of goodwill on which depreciation has been claimed up to 31<sup>st</sup> March 2020, Finance Act 2021 amended the capital gains provisions to authorize CBDT to prescribe manner of computation of capital gain and WDV of block of intangible asset comprising of goodwill.

# Direct Tax

## New Rule 8AC inserted by CBDT in Income-tax Rules, 1962

- CBDT has now prescribed new Rule 8AC which provides the methodology to reduce the WDV of goodwill from WDV of block of intangible asset and also mechanism to compute short term capital gains for block of intangible assets comprising goodwill on which depreciation has been claimed up to 31<sup>st</sup> March 2020
- The Rule provides that where goodwill is the only asset in block of intangible asset on which depreciation is claimed up to 31<sup>st</sup> March 2020, then WDV of such block of intangible asset will need to be reduced by the quantum of actual cost of goodwill less depreciation allowable on such goodwill. This will result in WDV of such block of intangible asset becoming Nil
- Where goodwill is one of the assets in block of intangible asset then the WDV of intangible block of asset as on 1<sup>st</sup> April 2020 needs to be reduced by standalone WDV of goodwill i.e. the difference between actual cost of goodwill and depreciation allowable on such goodwill up to 31<sup>st</sup> March 2020
- Where the standalone WDV of goodwill is higher than aggregate of opening WDV of entire intangible block of asset and actual cost of any intangible asset acquired in FY 2020-21 then the excess shall be deemed to be capital gain of FY 2020-21 arising from the transfer of short-term capital asset
- However, the Rule clarifies that there will not be any capital gains or loss where the goodwill was the only asset forming part of intangible block of asset as on 31<sup>st</sup> March 2020 and such block of asset ceases to exist due to reduction of WDV of goodwill
- Since goodwill would cease to be part of block of intangible assets from FY 2020-21 and no depreciation would be allowable, the capital gains or loss on transfer of such goodwill shall be determined in the manner as if the transfer is of non-depreciable capital asset. However, depreciation obtained by the taxpayer before FY 2020-21 on such goodwill will be reduced from cost of acquisition while computing such capital gains. Furthermore, the cost of acquisition of self-generated / acquired goodwill shall be taken at NIL.

Please [Click Here](#) to read the Notification No. 77 / 2021 dated 7<sup>th</sup> July 2021.



# Direct Tax

## CBDT issues guidelines for taxability of receipt of cash or specified assets by partner / member on dissolution or reconstitution of partnership firm / limited liability partnership / association of persons

### Section 9B of the Income-tax Act, 1961 – Deeming provision inserted by the Finance Act, 2021

- The Finance Act 2021 introduced a new deeming provision by way of section 9B in the Income-tax Act effective from FY 2020-21 onwards which provides that whenever a 'specified person' (i.e., partner or member), receives any capital asset or stock in trade or both from a 'specified entity' (i.e., partnership firm or limited liability partnership or association of persons or body of individuals), in connection with the dissolution or reconstitution of such specified entity, then it shall be deemed that the specified entity has transferred such capital asset or stock in trade or both to the specified person
- Any profits and gains arising from such transfer is deemed to be the income of such specified entity and taxable as 'business income' or 'capital gain' in the year in which capital asset or stock in trade or both are received by the specified person
- Fair Market Value (FMV) of the capital asset or stock in trade or both, on the date of its receipt by the specified person, shall be deemed to be the full value of the consideration received as a result of such deemed transfer on which tax shall be calculated

### Section 45(4) of the Income-tax Act, 1961, as substituted by the Finance Act, 2021

- The Finance Act 2021 substituted section 45(4) to provide that where a specified person receives any money or capital asset or both from a specified entity, in connection with the reconstitution of such specified entity, then any profits or gains arising from such receipt shall be taxable in the hands of the specified entity as 'Capital gains' in the year in which such money or capital asset or both were received by the specified person. A formula to calculate such profits and gains (i.e. realisation by the specified person in excess of his/her capital account balance in the specified entity) has also been provided under section 45(4)
- It has been clarified that when a capital asset is received by a specified person from a specified entity in connection with the reconstitution, section 45(4) shall operate in addition to section 9B. Taxation under both the provisions shall be worked out independently
- Further, once such appreciation (gain) is taxed at the stage of reconstitution, the provisions of section 48(iii) of the Act provides for attributing such gain to remaining capital assets of the specified entity, as and when such remaining capital assets are transferred by the specified entity, as a reduction from the sale consideration.

# Direct Tax

## Amendment in Income-tax Rules and Guidelines issued by CBDT

- CBDT has issued Circular no. 14 dated 2<sup>nd</sup> July 2021 prescribing guidelines regarding taxability on distribution of assets by a partnership firm to its partners on its dissolution or reconstitution
- CBDT has issued Notification no.76 dated 2<sup>nd</sup> July 2021 amending rules regarding method of determination of period of holding capital assets in certain cases
- Similarly, CBDT has introduced a rule regarding attribution of income taxable under section 45(4) to the capital assets remaining with the specified entity, under section 48.

## Amendment of Rule 8AA - Method of determining period of holding capital assets in certain cases

It has been provided that in the case of the amount which is chargeable to income-tax as income of specified entity under section 45(4):

- The amount or a part of it shall be deemed to be from transfer of short-term capital asset, if it is attributed to –
  - ✓ Capital asset which is a short term capital asset at the time of taxation of amount under section 45(4) or
  - ✓ Capital asset forming part of block of asset or
  - ✓ Capital asset being self-generated asset and self-generated goodwill as defined in clause (ii) of Explanation 1 to Section 45(4)
- The amount (or a part of it) shall be deemed to be from transfer of long-term capital asset(s), if it is attributed to capital asset not covered by above provision

## Insertion of new Rule 8AB - Attribution of income taxable under section 45(4) to the capital assets remaining with the specified entity, under section 48

- For the purposes of section 48(iii)<sup>1</sup>, where the amount is taxable as income of specified entity under section 45(4), the specified entity shall attribute such amount to capital asset remaining with the specified entity in a manner provided in this rule

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<sup>1</sup> In case of value of any money or capital asset received by a specified person from a specified entity referred to in section 45(4), the taxable amount of such specified entity under that sub-section which is attributable to the capital asset being transferred by the specified entity, calculated in the prescribed manner

# Direct Tax

- Where the aggregate of the value of money and the FMV of the capital asset received by the specified person from the specified entity, in excess of the balance in his capital account, taxable under section 45(4), relates to revaluation of any capital asset or valuation of self-generated asset or self-generated goodwill, of the specified entity, such amount should be attributed to the capital asset remaining with the specified entity for purpose of section 48(iii) in the same proportion as the increase in, or recognition of, value of that asset because of revaluation or valuation bears to the aggregate of increase
- Where the aggregate of the value of money and the FMV of the capital asset received by the specified person, in excess of the balance in his capital account, taxable under section 45(4) does not relate to revaluation of any capital asset or valuation of self-generated asset or self-generated goodwill, of the specified entity, the amount so charged to tax shall not be attributed to any capital asset for the purposes of section 48(iii)
- Notwithstanding anything contained in the above rules, where the aggregate of the value of money and the FMV of the capital asset received by the specified person, in excess of the balance in his capital account, charged to tax under section 45(4) relate only to the capital asset received by the specified person from the specified entity, the amount so charged to tax shall not be attributed to any capital asset for the purposes of section 48(iii)
- The specified entity shall furnish the details of amount attributed to capital asset remaining with the specified entity in Form No. 5C. Form No. 5C shall be furnished electronically either under digital signature or through electronic verification mode

## Guidelines issued by CBDT

*Issue* - It was noticed that the amount taxed under section 45(4) is required to be attributed to the remaining capital assets of the specified entity, so that when such capital assets get transferred in future, the amount attributed to such capital assets gets reduced from the full value of consideration and to that extent the specified entity does not pay tax again on the same amount. It is further noticed that this attribution is given in the Act only for the purposes of section 48.

It is seen that section 48 applies only to capital assets which are not forming block of assets. For capital assets forming block of assets, section 43(6)(c) exists to determine WDV of the block of asset and section 50 to determine capital gains arising on transfer of such assets. However, it was not clear that amount taxed under section 45(4) can also be attributed to capital assets forming part of block of assets.

*Guidelines* - CBDT clarified that Rule 8AB also applies to capital assets forming part of block of assets. It has been further clarified that in case the capital asset remaining with the specified entity is forming part of a block of asset, the amount attributed to such capital asset under Rule 8AB shall be reduced from the full value of consideration received as a result of subsequent transfer of such asset by the specified entity, and the net value of such consideration shall be considered for reduction from the WDV of such block under section 43(6)(c) or for calculation of capital gains under section 50.

# Direct Tax

## Examples

### *Illustration 1:*

A firm consists of three equal partners (A, B and C). Balance sheet of the firm prior to reconstitution is as follows:

Liabilities	Amount (Rs.)	Assets (Long term capital assets)	Amount (Rs.)
Partner's Capital (A: Rs.10, B: Rs.10, C: Rs.10)	30	Land S (FMV = Rs.70)	10
		Land T (FMV = Rs.70)	10
		Land U (FMV = Rs.50)	10
Total	30	Total	30

Partner A wishes to retire from the firm. Partner A's account is proposed to be settled in the form of payment of cash of 11 and distribution of land U.

*Tax implications as per section 9B* - Receipt by partner A of any capital asset from the firm, in connection with his/her retirement, is deemed to be transfer in the hands of the firm, capital gains in hands of the firm computed as below:

Sale Consideration = FMV of Land U = Rs.50

Less: Indexed cost of acquisition of Land U in hands of firm (assumed) = Rs.15

Long term capital gain under section 9B in hands of firm = Rs.35

Long term capital gain tax in hands of firm @ 20% (excluding surcharge, cess) = Rs.7

For A, cost of acquisition of Land U shall be Rs. 50.

The guidelines also specify the accounting treatment in the books of the firm, upon distribution of land U to partner A. As per the guidelines, the firm shall recognize profits on distribution of land U to partner A in the same manner as firm would have transferred such land to an external person. The firm shall recognize before-tax profit of Rs.40 (FMV of Rs.50 less book value of Rs.10) in the profit and loss account (P&L) and credit after-tax profit of Rs.33 (Rs.40 less Rs.7 of tax charged under section 9B) to capital account of all the 3 partners, including retiring partner A. Thus, partner A's capital account balance is credited by after-tax profit of Rs.11, resulting into net credit balance in his/her capital account of Rs.21 (Rs.10 plus Rs.11).

# Direct Tax

*Tax implications as per section 45(4)* – Section 45(4) provides for taxation in the hands of the firm of money and capital asset received by partner A from the firm in connection with his/her retirement, as per the following formula:

Particulars	Elements in formula	Description	Amount (Rs.)
Sale consideration	B	Value of any money received by partner from firm on the date of such receipt	11
	C	FMV of the capital asset received by partner from firm on the date of such receipt	50
Cost of acquisition	D	Balance in the capital account of partner in the books of account of the firm at the time of reconstitution	21
Capital gains	A = B + C – D		40

Thus, in the hands of the firm, capital gain of Rs.40 shall be taxable under section 45(4), in addition to Rs.35 which is taxable under section 9B.

*Attributing capital gains under section 45(4) to remaining capital assets of firm* - As per attribution rules, capital gains taxable under section 45(4) is to be attributed to remaining capital assets of the firm on the basis of increase in their values due to revaluation, based on valuation report of registered valuer. In the present case, such attribution is as follows:

Particulars	Cost (Rs.)	FMV (Rs.)	Increase (Rs.)	Proportion (%)	Attribution of capital gain taxable under section 45(4) Amount (Rs.)
Land S	10	70	60	50%	20
Land T	10	70	60	50%	20
Total			120		40

Thus, Rs.20 each shall be attributed to land S and land T. When either of such land gets sold by the firm in the future, Rs.20 as attributed at the time of taxation under section 45(4), shall be reduced from sale consideration while computing capital gains on sale of such land.

*Whether capital gain under section 45(4) is short-term or long-term:* Since capital gain of Rs.40 gets attributed to long-term capital assets retained by the firm, such capital gain of Rs.40 shall be chargeable as long-term capital gain.

# Direct Tax

## Illustration 2:

Illustration 2 in the guidelines contemplates situation where, instead of allotment of land U to the retiring partner, the specified entity sells land U to an external person at FMV and settles retiring partner's capital account by paying only cash of Rs.61. In Illustration 1, the deeming fiction of section 9B operates by treating the allotment of land U to the retiring partner as a deemed transfer by the specified entity, while in Illustration 2, section 9B is not applicable but the normal capital gains taxation provisions in the Income-tax law are applicable at the time of sale of capital asset by the specified entity in favor of an external person. The net result of capital gain tax incidence in Illustration 2 is the same as Illustration 1.

## Illustration 3:

A firm consists of three equal partners (A, B and C). Balance sheet of the firm prior to reconstitution is as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Partner's capital (A: Rs.100, B: Rs.100, C: Rs.100)	300	Land S (FMV is Rs.45)	30
		Patent T (FMV is Rs.60)	45
		Cash	225
		Self-generated goodwill (FMV is Rs.30)	0
Total	300	Total	300

Land S is a long-term capital asset. Patent T was acquired/developed/registered one year back, and hence, is a short-term capital asset.

Partner A wishes to retire from the firm. His/her account is proposed to be settled in the form of payment of cash of Rs.75 and distribution of land S.

### Tax implications as per section 9B:

Sale Consideration = FMV of Land S = Rs.45

Less: Indexed cost of acquisition of Land S in hands of firm (assumed) = Rs.45

Long term capital gain under section 9B in hands of firm = Nil

Long term capital gain tax in hands of firm @ 20% (excluding surcharge, cess) = Nil

For partner A, the cost of acquisition of such land S shall be Rs.45.

As stated in Illustration 1, the guidelines also specify the accounting treatment in the books of the firm, upon distribution of land S to partner A. As per the guidelines, the firm shall recognize before-tax profit of Rs.15 (FMV of Rs.45 less book value of Rs.30) in the P&L and credit after-tax profit of Rs.15 (Rs.15 less Nil being tax charged under section 9B) to capital account of all the 3 partners, including retiring partner A. Thus, partner A's capital account balance is credited by after-tax profit of Rs.5, resulting into net credit balance in his/her capital account of Rs.105.

# Direct Tax

*Tax implications as per section 45(4):*

Particulars	Elements in formula	Description	Amount (Rs.)
Sale consideration	B	Value of any money received by partner from firm on the date of such receipt	75
	C	FMV of the capital asset received by partner from firm on the date of such receipt	45
Cost of acquisition	D	Balance in the capital account of partner in the books of account of the firm at the time of reconstitution	105
Capital gains	$A = B + C - D$		15

Thus, in the hands of the firm, capital gain of Rs.15 shall be chargeable under section 45(4).

*Attributing capital gains under section 45(4) to remaining capital assets of firm:*

Particulars	Cost (Rs.)	FMV (Rs.)	Increase (Rs.)	Proportion (%)	Attribution of capital gain taxable under section 45(4) Amount (Rs.)
Patent T	45	60	15	33.33%	5
Self-generated goodwill	-	30	30	66.66%	10
Total			45		15

Thus, Rs.5 shall be attributed to Patent T and Rs.10 shall be attributed to self-generated goodwill.

# Direct Tax

No depreciation shall be available on Rs.5 which is attributed to Patent T and on Rs.10 which is attributed to self-generated goodwill. When Patent T gets sold subsequently, Rs.5 shall be reduced from moneys payable and net consideration shall be reduced from WDV of block of intangible assets. Assuming Patent T is sold for Rs.25, Rs.5 shall be reduced from Rs.25 and only net consideration of Rs.20 shall be reduced from WDV of block of intangible assets. Similarly, when goodwill gets sold subsequently, Rs.10 shall be reduced from sale consideration and only such reduced consideration shall be chargeable to capital gains tax.

*Whether capital gains under section 45(4) is short-term or long-term:* Since capital gain of Rs.15 gets attributed as Rs.5 to asset forming part of block of assets (Patent T) and Rs.10 to self-generated goodwill, such capital gain of Rs.15 shall be chargeable as short-term capital gain.

Overall, the guidelines / rules issued by CBDT are a welcome move and seek to address difficulties relating to operation of the newly introduced provisions namely sections 9B and (substituted) 45(4). However, there are certain issues which still need clarity.

Please [Click Here](#) to read the Circular No. 14 / 2021 dated 2<sup>nd</sup> July 2021.

Please [Click Here](#) to read the Notification No. 76 / 2021 dated 2<sup>nd</sup> July 2021.

## CBDT issues clarifications regarding withholding tax (WHT) requirement under section 194Q on purchase of goods from resident seller

### Background – Section 194Q of the Income-tax Act, 1961

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

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

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

If the Seller fails to provide his / her PAN to the Buyer, the above TDS / WHT rate would be increased to 5% (instead of 0.1%).

# Direct Tax

## Clarifications issued by CBDT on 30th June 2021

In a series of clarifications issued by CBDT, it has yet issued another circular on 30<sup>th</sup> June 2021 answering the following questions in connection with TDS liability under section 194Q.

- *Exemption to certain categories of transactions*

Section 194Q shall not apply to:

- ✓ Transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by recognized clearing corporation (including those located in International Financial Service Centre)
- ✓ Transactions in electricity, renewable energy certificates and energy saving certificates traded through registered power exchanges
- *Calculation of threshold limit of Rs.50 lakh for FY 2021-22*
  - ✓ Section 194Q shall not apply on any sum credited or paid before 1<sup>st</sup> July 2021, i.e, if either of the 2 events had happened before 1<sup>st</sup> July 2021 that transaction would not be subjected to section 194Q
  - ✓ If a buyer has already credited or paid Rs.50 lakh or more up to 30<sup>th</sup> June 2021 to a seller, then TDS under section 194Q shall apply on all credit or payment during FY 2021-22 on or after 1st July 2021, to such seller
- *Adjustment of GST, Purchase Returns*
  - ✓ When tax is deducted at the time of credit, the base amount on which TDS is calculated shall exclude GST
  - ✓ However, if tax is deducted on payment basis before credit (such as advance), GST shall be included in the base amount as it is not possible to identify that payment with GST component of the amount to be invoiced in future
  - ✓ With respect to purchase return, tax deducted may be adjusted against the next purchase from the same seller. No adjustment is required if the purchase return is replaced by the goods.
- *Whether non-resident can be buyer under section 194Q?*
  - ✓ No, unless the purchase of goods from Indian resident seller is effectively connected with the permanent establishment (taxable presence) of such non-resident in India.

# Direct Tax

- *Whether tax is to be deducted when the seller is a tax-exempt person?*
  - ✓ No, provided seller's whole income is tax-exempt (not just a part).
- *Whether tax is to be deducted on advance payment?*
  - ✓ Yes, as the provision applies at the time of payment or credit whichever is earlier.
- *Whether section 194Q shall apply to buyer in the year of incorporation?*
  - ✓ No, because the pre-requisite of buyer having minimum sales / gross receipts of Rs.10 Crore in the preceding year would not be satisfied.
- *Whether turnover / gross receipts of preceding year from non-business activity is to be counted for calculating the threshold of Rs. 10 Crore?*
  - ✓ No. Only the turnover / gross receipts from business activity shall be counted.
- *Cross application of Sections 194O and 194Q .*

Section 194O calls for TDS @ 1% on payment or credit of sales amount by an e-commerce operator to e-commerce participant.

- ✓ If tax has been deducted by an e-commerce operator on a transaction under section 194O, that transaction shall not be subjected to tax deduction under section 194Q
- ✓ If a transaction is within the purview of both section 194O as well as section 194Q, tax is required to be deducted under section 194O and not section 194Q.

Please [Click Here](#) to read the Circular No. 13/2021 dated 30<sup>th</sup> June 2021.



# Company Law



# Company Law

## Ministry of Corporate Affairs (MCA) notifies section 4 of Companies (Amendment) Act, 2020 which mandates a company to file name rectification application pursuant to the Directions issued by Regional Director (RD)

MCA vide notification dated 22<sup>nd</sup> July 2021 has notified section 4 of the Companies (Amendment) Act, 2020, the provisions of which shall come into force with effect from 1<sup>st</sup> September 2021.

Pursuant to the provisions of section 4 of the Companies (Amendment) Act, 2020:

- If any company inadvertently or otherwise, is registered by a name which is identical with or nearly resembles to a registered trade mark, then on an application made by the registered proprietor / owner of the said trade mark to the RD, the RD if it deems fit, may direct the said company to change its name within a period of 3 months from the date of issue of such Directions by the RD;
- If the company defaults in complying with any such Directions issued by the RD in this regard, then the RD shall allot a new name to the company and the Registrar of Companies (ROC) shall enter this new name in the register of companies in place of the old name and issue a fresh Certificate of Incorporation (COI) with the new name, which the company shall use thereafter

Please [Click Here](#) to read notification dated 22<sup>nd</sup> July 2021.

## MCA clarifies consequences for failure by companies to apply for rectified names under section 16 of the Companies Act, 2013 (Act)

### Background

Pursuant to the provisions of section 16 of the Companies Act, if any company inadvertently or otherwise, is registered by a name which is identical with or nearly resembles the name of an existing company or a registered trade mark, then RD in all such cases may direct the company to change / rectify its name within a period of 3 months from the date of issue of such Directions by the RD.

However, it is observed by MCA, that many companies fail to comply with the Direction of the RD and default in filing rectified name application in form INC-24, within a period of 3 months from the date of issue of RD Order / Directions.

In order to curb the aforesaid default, MCA vide notification dated 22<sup>nd</sup> July 2021 has notified Companies (Incorporation) 5<sup>th</sup> Amendment Rules, 2021.

# Company Law

## Consequences notified by MCA under Companies (Incorporation) 5<sup>th</sup> Amendment Rules, 2021

- In case the company fails to comply with the Directions of the RD and defaults in filing rectified name application in form INC-24 within 3 months from the date of issue of RD Order / Directions, then 'Order of Regional Director Not Complied' (ORDNC), year of passing of the Direction / Order by the RD, serial number and existing Corporate Identity Number (CIN) of the company shall automatically become the new name of the company without any further act or deed by the company, and ROC shall accordingly enter this new name of the company in the register of companies and issue a fresh COI in prescribed form INC – 11C;
- The aforesaid defaulting company shall ensure that post the issuance of fresh COI with new name registered by MCA, the statement 'Order of Regional Director Not Complied under section 16 of the Companies Act, 2013' shall be mentioned in brackets below the name of the company, wherever its name is printed, affixed or engraved;
- MCA further clarifies that aforesaid provision(s) shall not apply in cases where rectified name application in form INC-24 filed by the company is pending to be processed by ROC at the expiry of 3 months from the date of issue of RD Order / Directions

Please [Click Here](#) to read notification dated 22<sup>nd</sup> July 2021.

## Insolvency & Bankruptcy Board of India (IBBI) notifies Insolvency Resolution Process (IRP) for corporate persons (2nd Amendment) Regulations 2021

IBBI vide notification dated 14<sup>th</sup> July 2021 has notified IRP for corporate persons (2<sup>nd</sup> Amendment) Regulations 2021.



# Company Law

## Key changes in the Amendment Regulations:

Regulation	Provisions dealing with	Amendment
3(1) & 3(2)	Eligibility criteria for appointment of an Insolvency Professional (IP) as a 'Resolution Professional'	The term 'Resolution Professional' has been replaced with 'an Interim Resolution Professional / Resolution Professional, as the case may be'
4B	Disclosure of change in name and address of Corporate Debtor	After regulation 4A, a new regulation 4B has been inserted which provides that where a Corporate Debtor has changed its name or registered office address during last 2 years preceding the insolvency commencement date, then Interim Resolution Professional or Resolution Professional, as the case may be, shall disclose all the former name(s) and registered office addresses along with the current name and registered office address of the Corporate Debtor, in every communication, record, proceeding or any other document
19(1)	Convening of Creditors Committee Meeting by giving at least 5 days' notice in writing to every participant, at the address provided to the Resolution Professional	The term 'Resolution Professional' has been replaced with 'an Interim Resolution Professional / Resolution Professional, as the case may be'
27	Appointment of Professional to assist Interim Resolution Professional / Resolution Professional, in discharging his duties during the conduct of the Corporate Insolvency Resolution Process (CIRP)	<ul style="list-style-type: none"> <li>• Interim Resolution Professional or Resolution Professional, as the case may be, may appoint any Professional to assist him in discharging his duties during the conduct of the CIRP, if he is of the opinion that the services of such Professional are required and these services are not available with the Corporate Debtor</li> <li>• The aforesaid Professional shall be appointed on an arm's length basis, following an objective and transparent process</li> <li>• Following persons shall not be eligible to be appointed as Professional:               <ul style="list-style-type: none"> <li>✓ Relative of the Resolution Professional;</li> <li>✓ Related party of the Corporate Debtor;</li> <li>✓ Auditor of the Corporate Debtor at any time during last 5 years preceding the insolvency commencement date;</li> <li>✓ Partner or Director of the Insolvency Professional Entity of which the Resolution Professional is a Partner or Director</li> </ul> </li> <li>• The invoice for fee and other expenses incurred by the Professional appointed under this Regulation shall be raised in the name of the Professional and be paid directly into his bank account</li> </ul>

Please [Click Here](#) to read notification dated 14<sup>th</sup> July 2021.

# Company Law

## Relaxation from additional late filing fee on forms due for filing during April – July 2021

In view of the COVID-19 related restrictions and disruptions, MCA vide circular dated 30<sup>th</sup> June 2021 provides that all forms due for filing under Companies Act, 2013 and Limited Liability Partnership Act, 2008 (LLP Act) during 1<sup>st</sup> April 2021 - 31<sup>st</sup> July 2021 can be filed till 31<sup>st</sup> August 2021 with normal statutory fees and accordingly no late filing fees shall be charged on filing of such forms.

However, MCA has clarified that above relaxation shall not apply to charge related forms such as:

- CHG-1 (charge creation / modification form);
- CHG-4 (charge satisfaction form) and;
- CHG-9 (charge creation / modification form for Debentures)

Please [Click Here](#) to read circular dated 30<sup>th</sup> June 2021.

## Relaxation of timeline for filing charge related forms

### Background

Pursuant to section 77 of the Companies Act, companies are required to file forms related to creation and modification of charges in form CHG-1 and CHG-9 respectively within 30 days from the date of creation / modification of charge.

Given the COVID -19 situation, MCA vide circular dated 30<sup>th</sup> June 2021 has provided relaxation, that is, period from 1<sup>st</sup> April 2021 - 31<sup>st</sup> July 2021 shall not be included for the purpose of calculation of time period for filing form CHG-1 / CHG-9 with MCA.



# Company Law

## Relaxation in timeline

Date of creation / modification of charge	Relaxation in timeline	Applicable fee
Before 1 <sup>st</sup> April 2021 but the due date for filing form CHG-1 / CHG-9 had not expired as on 1 <sup>st</sup> April 2021	Period from 1 <sup>st</sup> April 2021 - 31 <sup>st</sup> July 2021 shall not be included in calculation of time period for filing form CHG-1 / CHG-9 with MCA	<ul style="list-style-type: none"><li>• If the form is filed on or before 31<sup>st</sup> July 2021, then fees payable as on 31<sup>st</sup> March 2021 shall be levied under the Fees Rules</li><li>• If the form is filed after 31<sup>st</sup> July 2021 then additional fees shall be charged beginning from 1<sup>st</sup> August 2021 till the date of filing plus the time period lapsed from the date charge creation / modification till 31<sup>st</sup> March 2021</li></ul>
Falls between 1 <sup>st</sup> April 2021 - 31 <sup>st</sup> July 2021 (both dates inclusive).	Period from date of charge creation / modification till 31 <sup>st</sup> July 2021 shall not be included for purpose of calculation of time period for filing form CHG-1 / CHG-9 with MCA.	<ul style="list-style-type: none"><li>• If the form is filed on or before 31<sup>st</sup> July 2021, normal fees shall be levied under the Fees Rules</li><li>• If the form is filed after 31<sup>st</sup> July 2021, the 1<sup>st</sup> day after the date of charge creation / modification shall be reckoned as 1<sup>st</sup> August 2021 and the additional fee shall be calculated accordingly under the Fees Rules</li></ul>

## Events not covered under the relaxation

- Forms CHG-1 and CHG-9 filed before MCA circular dated 3<sup>rd</sup> May 2021;
- Cases where the timeline for filing forms CHG-1 and CHG-9 had already expired before 1<sup>st</sup> April 2021;
- Cases where the timeline for filing forms CHG-1 and CHG-9 expire at a future date;
- Form CHG-4 filed towards satisfaction / payment of charges

Please [Click Here](#) to read circular dated 30<sup>th</sup> June 2021.

# **Reserve Bank of India (‘RBI’)**



## Extension of due date till 31st July 2021 for filing Annual Return on Foreign Liabilities & Assets (FLA) for the FY 2020-21

Every Company / LLP having Foreign Direct Investment (FDI) or Overseas Direct Investment (ODI) is required to submit FLA return annually on the web based portal of RBI on or before 15<sup>th</sup> July of each FY. After considering concerns of the stakeholders, RBI has extended the said date to 31<sup>st</sup> July 2021 for the FY 2020-21.

Please [Click Here](#) to read the notice dated 14<sup>th</sup> July 2021.

## Inclusion of Retail & Wholesale Trade businesses within the ambit of Micro, Small & Medium Enterprises (MSMEs)

Ministry of MSMEs vide its Office Memorandum dated 2<sup>nd</sup> July 2021 has decided to include Retail and Wholesale Trade as MSMEs. However, benefits to Retail and Wholesale Trade MSMEs are to be restricted to Priority Sector Lending only.

Hence Retail and Wholesale Trade MSMEs are now allowed to be registered on Udyam Registration Portal of the Government (online registration portal for MSMEs) for the following National Industrial Classification (NIC) Codes and activities mentioned against them:

NIC Code	Description of activities
45	Wholesale & Retail trade & repair of motor vehicles & motorcycles
46	Wholesale trade except of motor vehicles & motorcycles
47	Retail trade except of motor vehicles & motorcycles

Accordingly, Enterprises having Udyog Aadhaar Memorandum (UAM) under above 3 NIC Codes are now allowed to migrate to Udyam Registration Portal or file Udyam Registration afresh.

Please [Click Here](#) to read RBI notification dated 7<sup>th</sup> July 2021.

Please [Click Here](#) to read MSME Office Memorandum dated 2<sup>nd</sup> July 2021.

## Review of interest payable on Overdue Term Deposits maintained with banks

RBI vide notification dated 2<sup>nd</sup> July 2021 has reviewed and amended rate of interest payable on overdue Term Deposits maintained with banks pursuant to RBI (Interest rate on Deposits) Directions, 2016.

Existing provision	Amended provision
If a Term Deposit matures and proceeds are unpaid, then the amount left unclaimed with the bank shall attract rate of interest as applicable to savings deposits	If a Term Deposit matures and proceeds are unpaid, then the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured Term Deposit, whichever is lower

Please [Click Here](#) to read notification dated 02<sup>nd</sup> July 2021.



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



## Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees

Considering the COVID situation, SEBI vide circular dated 20<sup>th</sup> July 2021 has extended the timelines for following regulatory compliances to be undertaken by Debenture Trustees for FY 2020-21:

Compliance requirements	Current timeline	Extended timeline
Submission of below reports / certifications to Stock Exchanges: <ul style="list-style-type: none"> <li>Asset cover certificate</li> <li>Statement of value of pledged securities</li> <li>Statement of value for Debt Service Reserve Account (DSRA) or any other form of security offered</li> </ul>	15 <sup>th</sup> July 2021	31 <sup>st</sup> August 2021
Following website disclosures by Debenture Trustees: <ul style="list-style-type: none"> <li>Monitoring of asset cover certificate and quarterly compliance report of the listed entity</li> <li>Monitoring of utilization certificate</li> <li>Status of information regarding breach of covenants / terms of the issue, if any action taken by Debenture Trustee</li> <li>Status regarding maintenance of accounts maintained under the supervision of Debenture Trustee</li> </ul>		
Submission of below reports / certifications to Stock Exchanges: <ul style="list-style-type: none"> <li>Net worth certificate of guarantor (secured by way of personal guarantee)</li> <li>Financials / value of guarantor prepared on basis of audited financial statement of the guarantor (secured by way of corporate guarantee)</li> <li>Valuation report and title search report for the immovable / movable assets, as applicable</li> </ul>		31 <sup>st</sup> October 2021

Please [Click Here](#) to read circular dated 20<sup>th</sup> July 2021.

## SEBI notifies Block Mechanism in demat account of clients undertaking sale of securities

### Background

SEBI has received representations from the clients undertaking sale of securities, wherein the clients give Early Pay-In (EPI) for sale trades which are yet to be executed. If the sale trade is executed, then the securities get adjusted against EPI, however, if securities remain unsold, then the securities are required to be returned to client's demat account, which is time consuming and costly.

In view of the above, SEBI had extensive consultations with Depositories, Clearing Corporations and Stock Exchanges to provide Block Mechanism in the demat account of clients undertaking sale of securities transactions, which would be implemented from 1<sup>st</sup> August 2021.

Under the said Block Mechanism, whenever client intends to make a sale transaction, shares will be blocked in the client's demat account in favour of Clearing Corporation. If sale transaction is not executed, shares shall continue to remain in the client's demat account and will be unblocked at the end of the Trading day. Thus, this mechanism will eliminate the movement of shares from client's demat account for EPI and back to client's demat account if trade is not executed. Thereby saving time and cost involved in the said process.

### Process flow for Block Mechanism

The Block Mechanism shall operate in the below stated manner:

- The securities lying in client's demat account will be blocked either by the client himself using Depository's online system or Electronic Delivery Instruction Slip (eDIS) mandate or through Depository Participant based on physical Delivery Instruction Slip (DIS) given by the client or Power of Attorney (POA) holder;
- Depositories may keep block on the securities in client's demat account in respect of Intra or Inter Depository transfer instruction till pay-in day. The blocked securities will be transferred only after checking against the client level net delivery obligation received from Clearing Corporations;
- Depositories will provide the details of transfer instructions to Clearing Corporations for clients to avail EPI benefit;
- Clearing Corporations will match the client level net obligations with the block details provided by Depositories and will provide EPI benefit to client if the client level net obligation exists for that particular client
- The proposed facility of Block Mechanism can be availed by clients on optional basis and they may also avail existing EPI mechanism, as per their discretion and feasibility

Please [Click Here](#) to read circular dated 16<sup>th</sup> July 2021

# Compliance Calendar

## Compliance calendar for the month of August 2021

Compliance Due Date:	Concerned (Reporting) Period:	Compliance Detail:	Applicable To:
7 <sup>th</sup> August	July 2021	TDC/TCS deposit	Non-government Deductors
		Equalization Levy deposit	All Deductors
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	
10 <sup>th</sup> August		GSTR-1 (Outward supply return)	Taxable persons having turnover > Rs. 5 crore
11 <sup>th</sup> August	13 <sup>th</sup> August	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 <sup>th</sup> August	July 2021	Deposit of PF & ESI contribution	All Deductors
	April-June 2021	TDS certificate in Form 16A (non-salary)	
20 <sup>th</sup> August	July 2021	a) GSTR-5 (Return by Non-resident)	a) Non-resident taxable person
		b)GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	b) OIDAR services provider
		GSTR-3B (Summary return)	All taxable persons (except composition dealer) having annual turnover > Rs. 5 crore in FY 2020-21
25 <sup>th</sup> August		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
31 <sup>st</sup> August	-	Last date for payment under Vivad Se Vishwas scheme (VSVS) without additional levy	Taxpayers who have filed VSVS declaration upto 31 <sup>st</sup> March 2021

# 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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