NEWSLETTER

AJAY RATTAN & CO.

CHARTERED ACCOUNTANTS

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IN THIS ISSUE:

"I need MBA for running my business, but CA to teach them how to run the business"
- Ratan Tata

ADVISORY BOARD

CA. Ajay Aggarwal
B.com. (Hons.), FCA, FCS, LLB
DISA, Dip. (International Taxation)
Email ID: ajay@ajayrattanco.com
Phone Number: 9810005583

CA. Varun Garg
B.com. (Hons.), FCA
Email ID: varun@ajayrattanco.com
Phone Number: 9023637000

EDITOR

C.A. Nidhi Gupta
Manager (Direct Taxation)

Shimona Agrawal
B.Com

Friends,

We are pleased to bring to you our latest edition of Newsletter highlighting the salient features of amendments/ notifications announced in the month of October, 2020.

International Tax updates:

Organisation for Economic Cooperation and Development (OECD) releases economic impact assessment of tax challenges arising from Digitalisation of economy.
It also released pillar 1 & 2 blueprints of tax challenges arising from digitalisation.

EXTENSIONS ANNOUNCED:

A. Direct Tax updates:
Extension of due dates for filing ITR and all reports including tax audit reports for FY 2019-20 to 31st December, 2020.

B. Indirect Tax updates:
Extension of Annual Return (GSTR-9) and Reconciliation Statement (GSTR-9C) for FY 2018-19 to 31st December, 2020.

C. MCA:
Extension of Companies Fresh Start Scheme, 2020 and LLP Settlement Scheme to 31stDecember, 2020.

Editor's comments:
It is a timely and welcome step. The industry and professional community is not working at full capacity due to Covid-19 and hence this relief was much required.

Hope you will find the reading insightful and informative.

Sincerely yours,

CA Ajay Aggarwal
B. Com. (Hons), FCA, FCS, LLB
Dip (Systems Audit), Dip (International Tax)

COMPLIANCE | NOVEMBER 2020

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7th November	October 2020	TDS/ TCS Deposit	Non-Government Deductors
10th November		Equalization Levy deposit	All Deductors
		a) GSTR – 7 (TDS return under GST) b) GSTR – 8 (TCS return under GST)	a) Person required to deduct TDS under GST b) Person required to deduct TCS under GST
11th November		GSTR – 1 (outward supply return)	Taxable person having turnover > Rs. 1.5 crore
13th November		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
15th October		Deposit of PF and ESI contribution	All deductors
20th November		a) GSTR – 5 (Return by Non-residents) b) GSTR – 5A (online information database access and retrieval services return)	a) Non-resident taxable person b) OIDAR service provider
22nd November		GSTR 3B (Summary return)	All taxable persons (except composition dealer) having annual turnover > Rs. 5 crore in FY 2019-20
			All taxable persons (except composition dealer) having annual turnover upto Rs. 5 crore and principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep
24th November			All taxable person (except composition dealer) having annual turnover upto Rs. 5 crore and principal place of business in any other state
30th November	FY 2018-19	Belated/ Revised Income Tax Return (ITR)	For All Taxpayers

One-time relaxation granted in case of non-issuance of E-invoice during October 2020

The Central Government vide notification no. 73/2020-Central Tax, dated 01.10.2020, has notified that the registered persons who are required to prepare E-Invoice as per Rule 48(4) of the CGST Rules, 2017 but have prepared tax invoice in a manner other than the said manner, shall during the period from 1st October, 2020 to 31st October, 2020, shall obtain an Invoice Reference Number (IRN) for such invoice by uploading specified particulars in FORM GST INV-01 on the Common Goods and Services Tax Electronic Portal, within 30 days from the date of such invoice, failing which the same shall not be treated as an invoice.

CBIC prescribes measures for smooth implementation of Faceless Assessment under Customs:

The Faceless Assessment under Customs on pan India basis is scheduled to be implemented by 31-10-2020. CBIC has identified the issues impacting the pace of assessment and clearances of consignments. To ensure timely assessment of bill of entry and clearance of imported assignments, CBIC vide its Circular No. 45/2020-Customs, dated 12.10.2020 has addressed the remedial measures of these issues.

CBIC extended due date to file GSTR-9 and GSTR-9C to 31st Dec, 2020:

CBIC extended due dates for furnishing annual return and reconciliation statement in form GSTR-9 and GSTR-9C audit report for the Financial Year 2018-19 vide Press Release dated 24.10.2020 confirmed by notification No. 80/2020, dated 28.10.2020. The new due date for furnishing of these forms is now 31-12-2020.

CBIC prescribes due dates for furnishing FORM GSTR-1 for quarterly filers for the period October 2020 to March 2021:

CBIC vide notification No. 74/2020- Central Tax, dated 15.10.2020, prescribed new due dates for furnishing FORM GSTR-1 for registered persons having aggregate turnover of up to 1.5 crore rupees in the preceding financial year or the current financial year as below:

S.No.	Quarters for which details in Form GSTR – 1 are furnished	Time period for furnishing details in Form GSTR – 1
1	October 2020 to December 2020	13th January 2021
2	January 2021 to March 2021	13th April 2021

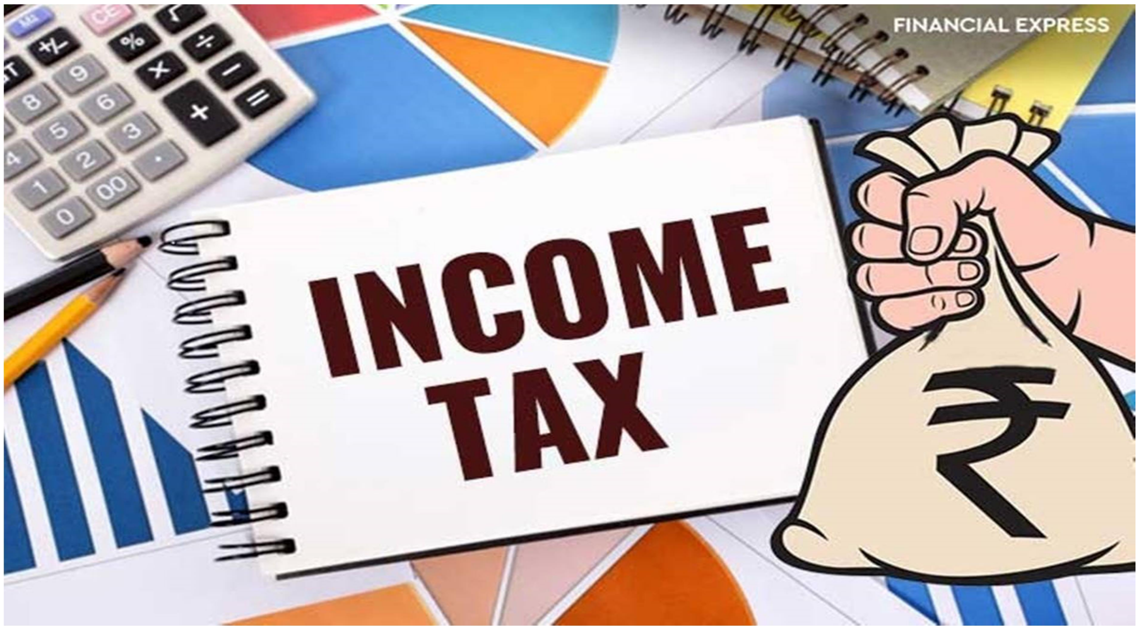
CBIC prescribes due dates for furnishing FORM GSTR – 1 for Monthly filers for the period October 2020 to March 2021:

CBIC vide notification no. 75/2020-Central Tax, dated 15.10.2020, prescribed the due dates for furnishing FORM GSTR-1 for registered persons having aggregate turnover more than 1.5 crore rupees in the preceding financial year or the current financial year as 11th of the next succeeding month.

CBIC prescribes due dates for furnishing FORM GSTR – 3B for the period October 2020 to March 2021:

CBIC vide notification no. 76/2020-Central Tax, dated 15.10.2020 prescribed the due dates for furnishing FORM GSTR-3B for registered persons and the same are as below:

S. No.	Turnover	States	Due date for furnishing FORM GSTR – 3B
1	More than 5 crores	Any state	20th of the month succeeding such month
2	Upto 5 crores	Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	22nd of the month succeeding such month
3	Upto 5 crores	Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi	24th of the month succeeding such month



NOTIFICATION AND UPDATES:

- **Due date for filing Income Tax Returns (ITRs) and Tax Audit Reports further extended by CBDT:**

CBDT vide order dated 30th September 2020 has extended the due date for furnishing belated and revised returns for the Assessment Year (AY) 2019-20 from 30th September 2020 to 30th November 2020.

The new dates are as follows now:

<table>
<tr><th>Particulars</th><th>Previous Due Date</th><th>Extended Due Date</th></tr>
<tr><td colspan="3">Income Tax Returns for taxpayers:</td></tr>
<tr><td>i) Who are required to get their accounts audited (including partners of partnership firm)</td><td>31st October 2020</td><td rowspan="2">31st January 2021</td></tr>
<tr><td>ii) Who are required to furnish Transfer Pricing Report in Form 3CEB</td><td>30th November 2020</td></tr>
<tr><td>iii) Other taxpayers</td><td>31st July 2020</td><td>31st December 2020</td></tr>
</table>

Income tax reports:			
i)	Tax Audit Report in Form 3CA/ 3CB – 3CD	31st October 2020	31st December 2020
ii)	Transfer Pricing Report in Form 3CEB		

➢ Due date for payment under Vivad Se Vishwas (Dispute to Trust) Scheme extended till 31st March 2021:

In order to provide further relief to the taxpayers desirous of settling disputes under *Vivad se Vishwas* Scheme, the Government further extended the date for making payment without additional amount from 31st December 2020 to 31st March 2021, vide notification no. S.O. 38479(E) [No. 85/2020, F. No. IT(A)/1/2020-TPL], dated 27.10.2020. The last date for making declaration under the Scheme has also been notified as 31st December 2020. As per the notification issued, the declaration under the Vivad se Vishwas Scheme shall be required to be furnished latest by 31st December 2020, however, only in respect of said declarations made by 31st December 2020 the payment without additional amount can now be made up to 31st March 2021.

➢ CBDT clarifies no requirement of scrip wise reporting for trading and short – term sale/ purchase of listed shares:

Vide press release dated 26.09.2020, CBDT clarified that there is no requirement of scrip wise reporting of trading and short term sale purchase of listed shares.
There was a report in certain section of media that stock traders/day traders are required to furnish scrip wise details in the return of income for AY 2020-21. The gain from share trading in case of stock traders or day traders is generally categorised as short-term capital gains or business income. This is because their holding period of shares/units in most of the cases is less than one year which is a prerequisite for the gains to be categorised as long-term capital gains. As there is no requirement in the return of income for scrip wise reporting in case of short-term/business income arising from share transactions, these reports are distorted and misleading.

The Finance Act, 2018 allowed exemption to the gains made on the listed shares/specified units up to 31-1-2018 by introducing grandfathering mechanism for computation of long-term capital gains for these shares. The scrip wise details in the return of income for AY 2020-21 is required to be filled up only for the reporting of the long-term capital gains for these shares/units which are eligible for the benefit of grandfathering.

As the grandfathering is to be allowed by comparing different values (such as cost, sale price and market price as on 31-1-2018) for each shares/units, there is a need to capture the scrip wise details for computing capital gains of these shares/units. The scrip wise details are not required in income tax return forms for AY 2020-21 for computation of capital gains/business income from shares/units which are not eligible for grandfathering.

Without this reporting requirement, there may be situations where taxpayer may not claim or wrongly claim the benefit of grandfathering due to lack of understanding of the provisions. Also, if the above calculation is not made scrip wise and taxpayer is allowed to enter the total figures only, there will be no way for the income tax authorities to check the correctness of the claim and therefore many returns will require to be audited, which may lead to unnecessary grievances/rectifications at a later stage. If scrip wise long-term gain is available, it can be cross verified by the Department electronically with stock exchange, brokerage companies, etc and there will be no need to subject these income tax returns to further audits or scrutiny.

Thus, the main intent behind requiring scrip wise detail is to facilitate the taxpayer in correctly computing the long-term capital gains on these shares/units.

➢ CBDT amended ITR Form for corporate (ITR-6), tax audit report (Form 3CD) and transfer pricing report (Form 3CEB)

Vide notification no. 82/2020/ F. No. 370142/30/2020-TPL, dated 01.10.2020, CBDT made necessary amendments pursuant to:

- Introduction of concessional tax rate regime for domestic companies by the Taxation Laws (Amendment) Ordinance, 2019, effective from FY 2019-20, and
- For individuals, Hindu Undivided Family (HUF), and Co-operative Societies by the Finance Act, 2020, effective from FY 2020-21.

➢ Income-Tax exemption for payment of deemed LTC fare for Non-Central Government employees

In the view of COVID-19 pandemic and resultant nationwide lockdown as well as disruption of transport and hospitality sector, as also the need for observing social distancing, a number of employees are not able to avail benefit of Leave Travel Concession (LTC) in the current block of 2018-21.

With a view to compensate Central Government employees and incentivise consumption, thereby giving a boost to consumption expenditure, the Government of India allowed payment of cash allowance equivalent to LTC fare to Central Government employees subject to fulfilment of certain conditions vide OM No F. No 12(2)/2020-EII (A), dated 12th October 2020. It has also been provided that since the cash allowance of LTC fare is in lieu of deemed actual travel, the same shall be eligible for income-tax exemption on the lines of existing income-tax exemption available for LTC fare.

In order to provide the benefits to other employees (i.e. non-Central Government employees) who are not covered by the above mentioned OM, it has been decided to provide similar income-tax exemption for the payment of cash equivalent of LTC fare to the non-Central Government employees also. Accordingly, the payment of cash allowance, subject to maximum of Rs 36,000 per person as Deemed LTC fare per person (Round Trip) to non-Central Government employees, shall be allowed income-tax exemption subject to fulfilment of certain conditions.

The income-tax exemption to receipt of deemed LTC fare by a non-Central Government employee ('the employee') shall be allowed subject to fulfilment of the following conditions:

a) The employee exercises an option for the deemed LTC fare in lieu of the applicable LTC in the Block year 2018-21.
b) The employee spends a sum equals to three times of the value of the deemed LTC fare on purchase of goods / services which carry a GST rate of not less than 12% from GST registered vendors / service providers ('the specified expenditure') through digital mode during the period from the 12th of October, 2020 to 31st of March, 2021 ('specified period') and obtains a voucher indicating the GST number and the amount of GST paid.
c) An employee who spends less than three times of the deemed LTC fare on specified expenditure during the specified period shall not be entitled to receive full amount of deemed LTC fare and the related income tax exemption and the amount of both shall be reduced proportionately as explained in Example-A below.

The DDOs shall allow income-tax exemption subject to fulfilment of the above conditions after obtaining copies of invoices of specified expenditure incurred during the specified period. Further, as this exemption is in lieu of the exemption provided for LTC fare, an employee who has exercised an option to pay income tax under concessional tax regime under section 115BAC of the Income-tax Act, 1961 shall not be entitled for this exemption.

The clarifications issued by the Department of Expenditure, Ministry of Finance for the Central Government employees vide OM F. No 12(2)/2020-EII (A) Dated 20th October, 2020 and subsequent clarification, if any, issued in this regard shall apply mutatis mutandis to Non-Central Government employees also subject to fulfilment of conditions specified above.

The legislative amendment to the provisions of the Income-tax Act, 1961 for this purpose shall be proposed in due course

Example-A

Deemed LTC Fare : Rs. 20,000 x 4 = Rs. 80,000
Amount to be spent : Rs. 80,000 x 3 = Rs. 2,40,000

Thus, if an employee spends Rs. 2,40,000 or above on specified expenditure, he shall be entitled for full deemed LTC fare and the related income-tax exemption.

However, if the employee spends Rs. 1,80,000 only, then he shall be entitled for 75% (i.e. Rs. 60,000) of deemed LTC fare and the related income-tax exemption.

In case the employee already received Rs. 80,000 from employer in advance, he has to refund Rs. 20,000 to the employer as he could spend only 75% of the required amount.

➢ Relaxation in timelines for Companies Fresh Start Scheme, 2020 and LLP Settlement Scheme – An opportunity to complete pending filings without higher additional fee

The law requires all companies and Limited Liability Partnerships (LLPs) to file annual return, financial statements and other documents with MCA within the prescribed time limits. Statutory fee needs to be paid on filing of said documents, which increases progressively in case of delay(s) depending on tenure of delay(s) and / or nature of form to be filed.

Initially this year, MCA had introduced the 'Companies Fresh Start Scheme, 2020' and revised the 'LLP Settlement Scheme, 2020' to provide a one-time opportunity to both companies and LLPs to make good any filing related defaults, irrespective of duration of default, and make a fresh start as a fully compliant entity. The attraction of both the schemes was a one-time waiver of additional filing fees for delayed filings by companies or LLPs during 1st April 2020 to 30th September 2020.

Due to prolonged impact of COVID-19, MCA has extended the sunset date of 30th September 2020 to 31st December 2020 vide circular no. F. No. 02/01/2020-CL-V, dated 28.09.2020 for Companies and vide circular no. F. No. 17/61/2016-CL-V-Pt.I, dated 28.09.2020.

➢ Extension of time limit till 31st December 2020 for companies to conduct Extraordinary General Meeting (EGM) or Board Meeting through video conferencing (VC) or other audio visual means (OAVM) or transact items through postal ballot

MCA has extended the due date from 30th September 2020 to 31st December 2020, vide circular no. F. No. 2/6/2020-CL-V, dated 28.09.2020 for holding Extraordinary General Meeting (EGM) and vide circular no. F. No. 1/32/2013-CL-V—Part-I, dated

28.09.2020 for holding Board Meeting through video conferencing or other audio visual means or transact items through postal ballot.

- **Relaxation in residency requirement for stay in India for minimum 182 days by at least 1 director, for FY 2020-21**

As per the Companies Act, every company should have at least 1 Resident Director who should have stayed in India for minimum 182 days during each FY.
In view of COVID-19, MCA vide circular dated 24th March 2020 had exempted the said requirement for FY 2019-20. Now, MCA has extended the said exemption to FY 2020-21 as well, vide circular no. F. No. 02/01/2020-CL-V, dated 20.10.2020.

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HEAD OFFICE:E – 115, 11TH FLOOR, HIMALAYA HOUSE,

KASTURBA GANDHI MARG, NEW DELHI – 110001

BRANCH OFFICE: 1113, 11TH FLOOR,ARUNACHAL BUILDING,

BARAKHAMBA ROAD, NEW DELHI - 110001

BRANCH OFFICES:

MCBZ-4,01716, BHATTI ROAD,
BATHINDA 151001, PUNJAB
EMAIL: BATHINDA@AJAYRATTANCO.COM

FLAT NO. 1622, HANNA TOWER, GAUR SAUNDARYAM, GAUTAM BUDHHA NAGAR, UTTAR PRADESH - 201009
EMAIL:ARC@AJAYRATTANCO.COM

754, SECTOR 38, SUBHASH CHAWK
GURUGRAM, HARYANA- 122001
EMAIL: PIYUSHJINDA_CA@YAHOO.COM

FLAT NO. S – 3, YASH APPARTMENT,
37 – B, PATEL NAGAR, BHOPAL - 462021
EMAIL: CA.PRAKHARSRIVASTAVA@GMAIL.COM

SCO-10, SECOND FLOOR, INDUSTRIAL AREA, PHASE 2, CHANDIGARH-160002
EMAIL:SAHIL.GARG@GSTCONNECT.IN