

SEPTEMBER
2020

LUNAWAT BULLETIN

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CHARTERED ACCOUNTANTS
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MARKET WATCH

Sensex : 31/08/2020 : **38628.29**
31/07/2020 : **37606.89**

Nifty : 31/08/2020 : **11387.50**
31/07/2020 : **11073.45**

AROUND THE GLOBE

RBI LIKELY TO PREFER CENTRE BORROWING ON STATES' BEHALF FOR GST COMPENSATION

The Reserve Bank of India (RBI) is likely to prefer that the Centre borrows and gives money to the states toward goods and services tax (GST) compensation, avoiding the proposed special mechanism for borrowing that would amount to monetisation. The Centre has proposed two mechanisms to meet the GST compensation shortfall, one of which is through a Rs 97,000 crore central bank window. The second option is that states borrow Rs 2.35 lakh crore — the total estimated GST revenue loss due to Covid-induced slowdown and the GST transition — from markets, facilitated by the Centre and the RBI. The Centre is yet to circulate a formal proposal on the borrowing plan to the states in GST Council meeting.

INDIA, ASEAN TRADE MINISTERS CALL FOR STARTING DISCUSSIONS TO DETERMINE FTA REVIEW SCOPE

Trade ministers of India and 10-member ASEAN countries have instructed their officials to start discussions for determining the scope of review of free trade agreement (FTA) at the earliest with a view to make the pact more user-friendly, simple, and trade facilitative for businesses. Commerce and Industry Minister Piyush Goyal stated that the review of FTA in goods has been "inordinately delayed", and requested to start the full review before the end of this year. "The ministers from India and ASEAN countries instructed the senior officials to start the discussions to determine the scope of the review at the earliest to, inter-alia, make the free trade agreement more user-friendly, simple, and trade facilitative for businesses," the statement said.

INDIA'S ECONOMY FACES WORST QUARTERLY SLUMP EVER AFTER LOCKDOWN

India's GDP data for 1st quarter to be out today. The growth is expected to witness the worst fall in 20 years. Coronavirus pandemic and subsequent lockdowns are believed to have played primary role in pulling down the growth numbers. So far, UK has reported the biggest slump in GDP among the world's top 20 economies with a 21.7% plunge in the June quarter, its deepest contraction on record. Some private economists said the fiscal year that began in April could see a contraction of nearly 10%, the worst performance since India won independence from British colonial rule in 1947. Forecasts for the expected contraction in the GDP range from 15 per cent to 25.9 per cent, with a median estimate of 19.2 per cent, according to news agency Bloomberg.

SINGLE-MEMBER BENCH CANNOT HEAR INSOLVENCY PLEA, RULES NCLAT

A single-member bench of the National Company Law Tribunal (NCLT) can't hear and decide on a company when the law requires a division bench, including both judicial and technical members, to constitute the adjudicating authority.

Indore-based Indison Agro Foods Ltd, which is facing insolvency resolution by Allahabad Bank in the Ahmedabad NCLT, had approached the National Company Law Appellate Tribunal (NCLAT), seeking appellate tribunal's intervention for referring the matter to a division bench.

COMPLIANCE DUE DATES

Due Date	Related to	Particulars
07.09.2020 (Monday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> Due date for deposit of Tax deducted by an office of the government for the month of August 2020.
10.09.2020 (Thursday)	GST	<ul style="list-style-type: none"> Last date of filing GSTR-7 for the month of August, 2020 (TDS deductor). Last date of filing GSTR-8 for the month of August, 2020 (E-Commerce Operator).
11.09.2020 (Friday)	GST	<ul style="list-style-type: none"> Last date of filing GSTR-1 for August, 2020 (Person having aggregate turnover Rs 5 crore or more for all states).
13.09.2020 (Sunday)	GST	<ul style="list-style-type: none"> Last date of filing GSTR-6 for the month of August, 2020.
14.09.2020 (Monday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> Due date for TDS Certificate in respect of tax deducted under section 194-IA, 194-IB & 194M in the month of July, 2020.
15.09.2020 (Tuesday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> Due date for Second instalment of advance tax for the assessment year 2021-22. Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of August, 2020 has been paid without the production of a challan. Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of August, 2020.
15.09.2020 (Tuesday)	ESI/EPF	<ul style="list-style-type: none"> Due date for deposit of ESI/PF contribution for the month of August 2020.
12.09.2020 (Saturday) & 15.09.2020 (Tuesday)	GST	<ul style="list-style-type: none"> Last date of filing GSTR-3B for May 2020 (Person having aggregate turnover less than Rs 5 crore for Notified States/UTs)
20.09.2020 (Sunday)	GST	<ul style="list-style-type: none"> Last date of filing GSTR-3B for August, 2020 (Person having aggregate turnover Rs 5 crore or more for all states). Last date for filing GSTR-5A for the month of August 2020.
23.09.2020 (Wednesday) & 25.09.2020 (Friday)	GST	<ul style="list-style-type: none"> Last date of filing GSTR-3B for June 2020 (Person having aggregate turnover less than Rs 5 crore for Notified States/UTs)
27.09.2020 (Sunday) & 29.09.2020 (Tuesday)	GST/MCA	<ul style="list-style-type: none"> Last date of filing GSTR-3B for July 2020 (Person having aggregate turnover less than Rs 5 crore for Notified States/UTs). Due date of filing E-Form GNL-1 for seeking an extension of time in holding of AGM for the financial year ended on March 31, 2020, with the concerned Registrar of Companies on or before 29th September, 2020
30.09.2020 (Wednesday)	TDS/TCS (Income Tax)	<ul style="list-style-type: none"> Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB & 194M in the month of August, 2020. Due date for filing Belated as well as Revised Income Tax Return for the FY 2018-19.
30.09.2020 (Wednesday)	MCA	<ul style="list-style-type: none"> Due date for filing E-Form DIR-3KYC or web-form DIR-3KYC-WEB through the web service for FY 2019-20. Last date for reactivating DINs for the DIN holders of DINs marked as 'Deactivated' due to non-filing of DIR-3KYC/DIR-3 KYC-Web without any late fees. Due date of filing DPT-3 (Return of deposits) for FY 2019-20 and MSME Form for Quarter ended 31 March 2020. Due date of filing BEN-2 Return to the Registrar in respect of declaration under section 90 for Financial year ending 31st March 2020.
30.09.2020 (Wednesday)	GST	<ul style="list-style-type: none"> Due Date of filing of GSTR-9,9A and 9C (Annual Returns) for the Financial Year 2018-19.

INCOME TAX

CBDT AMENDS FACELESS ASSESSMENT SCHEME 2019 TO INCLUDE REASSESSMENT UNDER SECTION 147

The following amendments have been introduced to the E-assessment Scheme, 2019 (notified on 12.09.2019 vide Notification No. 61/2019) by Notification No. 60/2020 dated 13.08.2020 -

- The name of the Assessment Scheme has been changed from E-assessment Scheme, 2019 to Faceless Assessment Scheme 2019.
- 'Best Judgment Assessment' under section 144 is also covered under the definition of 'assessment' in the new Faceless Assessment Scheme 2019 in accordance with the amendments introduced by Finance Act, 2020.
- The Faceless Assessment Scheme 2019 has substituted the 'Procedure for assessment' under this scheme. It is now provided that where a notice of assessment is issued under section 143(2) for a return filed under section 139 or in response to a notice issued u/s 142(1) or u/s 148(1) is issued by the jurisdictional Assessing Officer, the National e-Assessment Centre shall intimate the assessee that assessment in his case shall be completed under this Faceless Assessment Scheme.
- The procedure to issue the show cause notice (SCN) for making the assessment under section 144 is prescribed in the new Faceless Assessment Scheme. The procedure to be followed by the assessee after the receipt of the SCN is also prescribed. The procedure to issue the draft assessment order u/s 144 by the 'assessment unit' and the final assessment order by the NeAC is also prescribed.
- The new Faceless Assessment Scheme provides for seeking adjournment or extension of time limit for filing his response by the assessee.
- The Faceless Assessment Scheme shall now cover a penalty order for the filing of an appeal against the assessment order/penalty order.
- The E-Assessment Scheme provided for the exchange of all the communication exclusively in electronic mode. The Faceless Assessment Scheme has provided an exception to this rule to the enquiry or verification conducted by the verification unit.
- For authentication of electronic records, apart from a digital signature, the Faceless Assessment Scheme also provides for authenticating the electronic records by 'electronic verification code' by the assessee as defined in Rule 12 of the Income Tax rules, 1962. NeAC shall be required to authenticate the electronic records by digital signature only.

CBDT NOTIFIES RULES FOR NON-FURNISHING OF PAN BY NON-RESIDENT

Central Board of Direct Taxes (CBDT) announced the Income-tax (19th Amendment) Rules, 2020 with regard to non-furnishing of PAN by non-resident including FORM No. 49BA.

In rule 37BC, after sub-rule (2), "the provisions of section 206AA shall not apply in respect of payments made to a person being a non-resident, not being a company, or a foreign company if the provisions of section 139A do not apply to such person on account of rule 114AAB," sub-rule (3) shall be inserted.

Section 139A of the Income Tax Act provides that every person specified therein, who has not been allotted a PAN, shall apply to the Assessing Officer for allotment of PAN. However, the amendment in the Principle Rule inserted Rule 114AAB wherein class or classes of person are specified to whom provisions of section 139A shall not apply.

Rule 114AAB says, "section 139A shall not apply to a non-resident, not being a company, or a foreign company, (hereinafter referred to as the non-resident) who has, during a previous year, made an investment in a specified fund.

SOME MORE UPDATES:

Amendment of Income-tax Rules, 1962 rules for providing conditions and guidelines for Pension Funds u/s 10(23FE) of the Income-tax Act, 1961.

Bombay High Court to Resume Hearing of Tax Matters through Video Conferencing w.e.f. 31.08.2020 To 30.09.2020

CBDT issues Guidance on Mutual Agreement Procedure (MAP) for the benefit of CAs, Taxpayers, Tax Authorities, Tax Practitioners and Treaty Partners.

CORPORATE LAWS

MCA PROVIDES CLARIFICATION ON EXTENSION OF ANNUAL GENERAL MEETING (AGM) FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

Due to the widespread of COVID-19 and social distancing norms and consequential restrictions linked thereto, MCA has received several representations to allow companies to hold their Annual General Meeting for the financial year ended on 31st March, 2020 beyond the statutory period provided in section 96 of the Companies Act, 2013.

The Ministry once again reiterated that the companies which are unable to hold their AGM for the financial year ended on March 31, 2020, despite availing the relaxations provided in MCA General Circular No. 20/2020 ought to file their applications in **E-Form GNL-1** for seeking an extension of time in holding of AGM for the financial year ended on March 31, 2020, with the concerned Registrar of Companies on or **before 29th September, 2020**.

Also the Ministry has directed Registrars of Companies to consider all such applications (Filed in E-Form GNL-1) liberally in view of the hardships faced by the stakeholders and to grant an extension for the period as applied for (up to three months i.e. 31st December) in such applications.

MCA ISSUED CLARIFICATION ON DISPATCH OF NOTICE UNDER SECTION 62(2) COMPANIES ACT, 2013 BY LISTED COMPANIES FOR RIGHTS ISSUES OPENING UPTO 31ST DECEMBER, 2020.

Reference is drawn to this Ministry's General Circular Number 21/2020 dated 11th May, 2020 regarding clarification on dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for rights issue opening upto 31st July, 2020.

Representations have been received for extending the validity of such clarification. The Circular (Number SEBI/HO/CFD/DIL1/CIR/P/2020/ 136) issued by SEBI on 24th July, 2020 has also been considered. In view of this, it has been decided that clarification given under para 2 of General Circular 21/2020 dated 11th May, 2020, would continue to be applicable for rights issues, in case of listed companies, opening **upto 31st December, 2020**. Accordingly, in case of listed companies, which comply with relevant circulars issued by SEBI, inability to dispatch the relevant notice to shareholders through registered post or speed post or courier would not be viewed as violation of section 62(2) of the Act for rights issues opening upto 31st December, 2020.

COMPANIES (MANAGEMENT AND ADMINISTRATION) AMENDMENT RULES, 2020

The Central Govt. makes the rules further to amend in the Companies (Management and Administration) Rules, 2014, in rule 12, in sub-rule (1), the following proviso shall be inserted, namely:-

a company shall not be required to attach the extract of the annual return with the Board's report in Form No. MGT.9, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of section 92 of the Companies Act, 2013.

According to section 92(3) of the Companies Act, 2013, Every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report. Ministry of Corporate Affairs (MCA) vide notification dated 28/08/2020 has notified that the Extract of Annual Return (in Form MGT 9) is not required to be enclosed with the Board Report, the Company is only required to disclose the web link in the Board Report where the annual return referred to in sub-section (3) of section 92 is placed for the Financial Year ended 31st March, 2020 & onwards

MCA amends Schedule VII (ix) to expand CSR Activities ambit

MCA amends CSR Policy Rules to allow Research & Development Activities by Companies in ordinary Course of business as CSR Activities.

"Money is a terrible master but an excellent servant"

GOODS & SERVICES TAX

PROVISION FOR AADHAR AUTHENTICATION IN GST REGISTRATION

As per the latest notification, every applicant for GST registration can opt for the Aadhaar authentication.

The revised rule will be effective for applications made on or after 21st August 2020. From 1st April 2020 upto 20th August 2020, all the applicants submitting registration application under GST had to mandatorily undergo Aadhaar authentication for obtaining registration. The applicants who opt for it must submit an Aadhaar Card along with the application for registration under GST. After this, they need to e-verify the same on the GST portal. An OTP will be sent on the mobile number and email ID linked to the Aadhaar card. Only upon entering this OTP, the Aadhaar will get e-validated.

After this, whenever a taxpayer files his returns or uses any services on the GST portal, an OTP will be sent on the mobile number and email ID, which is linked to its Aadhaar number. Only after entering this OTP, a taxpayer can proceed to file the return. If a person fails to do an Aadhaar authentication when opted or has not opted for it, the registration will be granted after a physical verification is done of the principal place of business. The officers can instead verify the documents on obtaining a permission from the officer not below the rank of Joint Commissioner and in writing.

The Central Board of Indirect Taxes and Customs (CBIC) in a tweet said, "Last date GSTR 4 for FY 2019-20 extended to 31st October 2020.

The original deadline for filing the return was July 15, which was earlier extended till August 31.

DELAYED GST PAYMENT: INTEREST TO BE CHARGED ON NET TAX LIABILITY FROM SEPTEMBER 1

The government has said that interest on delayed payment of goods and services tax (GST) will be charged on net tax liability with effect from September 1. The industry had earlier this year raised concern over the directive of recovery of about Rs 46,000 crore of unpaid interest on delayed GST payment. The interest was charged on gross tax liability. The GST Council, comprising centre and state finance ministers, in its 39th meeting in March had decided that interest for delay in payment of GST to be charged on net tax liability with effect from July 1, 2017, and law would be amended retrospectively. However, the Central Board of Indirect Taxes and Customs (CBIC) on August 25, notified September 1, 2020, as the date from which interest would be charged on net tax liability.

ITC STATEMENT FORM GSTR-2B, MADE AVAILABLE ON GST PORTAL FOR TAXPAYERS

- GSTR-2B is an auto-drafted Input Tax Credit (ITC) statement generated for every recipient, on the basis of the information furnished by their suppliers, in their respective Form GSTR-1 & 5 and Form GSTR-6 filed by ISD.
- Taxpayers can now reconcile data generated in Form GSTR-2B, with their own records and books of accounts. Using this reconciliation, they can now file their Form GSTR 3B and they can ensure that
 1. no credit is taken twice,
 2. credit is reversed as per law, &
 3. tax on reverse charge basis is paid.
- Generated Form GSTR-2B consists of a summary of ITC available as on the date of its generation and is divided into credit that can be availed and credit that is to be reversed (Table 3) and A summary of ITC not available and is divided into ITC not available and ITC reversal (Table 4)
- It is a static statement, generated once on 12th of following month

DOWNLOADING DOCUMENT-WISE DETAILS OF TABLE 8A OF FORM GSTR-9

A facility has been provided to the taxpayers to download document wise details of Table 8A of Form GSTR-9, from the portal in excel format. This can be done by using a new option of 'Document wise Details of Table 8A' given on the GSTR-9 dashboard, from Financial Year 2018-19 onwards. This will help the taxpayer in reconciling the values appearing in Table 8A of Form GSTR 9, thus facilitate filling the Form GSTR 9.

USING OFFLINE TOOL TO PREPARE FORM GSTR-4 ANNUAL RETURN BY COMPOSITION TAXPAYERS

An EXCEL based offline tool has been provided on GST portal for composition taxpayers to prepare their GSTR-4 Annual Return.

Users can enter details in various Tables like Table 3 (a) (Aggregate turnover for previous FY), 4A (Inward supplies from registered suppliers), 4B & 4C (Inward supplies received from a registered/ unregistered supplier on RCM basis), 4D (Import of services) & 6 (only Row 12 to 16: Tax rate wise details of outward supplies during the year (Net of advances, credit/debit notes/adjustments)).

Details in Table 5 (Summary of self-assessed liability as per FORM GST CMP-08), 6 (Row 1 to 11: Tax liability on RCM basis auto-populated from Table 4B, 4C & 4D) & 7 (TDS/TCS Credit received) are non-editable.

LUNAWAT UPDATE

PRESENTATIONS

During August 2020 , CA Pramod Jain gave following presentations:

- "Latest Critical issues in Company Law Including Deposits " made during Webinar organised by Shalimar Bagh CPE Study Circle of NIRC of ICAI.
- "Practical issues in Tax Audit" made during Webinar organised by SIRC of ICAI.
- "Appeals for Demonetization cases" made during Webinar organised by Dehradun Branch of CIRC and Sivakasi Branch of SIRC of ICAI.
- "Latest Changes in Income Tax,Dates changes and ITR changes " through Webinar organised by Anuvrat Dwar CPE Circle of Pune Branch of WIRC of ICAI.
- "Basic Practical Issues on Tax Audit" made during Webinar organised by various Branches of NIRC and CIRC of ICAI.
- "General Non-Compliances in Tax Audit" made during Webinar organised by TQARB & DTC of ICAI.
- "Practical issues in Tax audit & Few Clauses" made during Webinar jointly organised by Kurushetra, Yamunanagar & Ambala Branches of NIRC of ICAI.
- "Faceless Assessment" made during Webinar organised by Gurugram Branch of NIRC of ICAI and Centre for Excellence, ICAI, Jaipur.

During August 2020 , CA Rajesh Saluja gave following presentations:

- Webinar on "Finance for Non-finance" for HSPPL.



OUR SERVICES

- Audit and Assurance
- International Taxation
- Indian Direct Tax Laws
- Goods and Service tax (GST)
- Corporate Laws
- Limited Liability Partnership (LLP)
- NGOs/Societies and Trusts
- Insolvency Professionals
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- Investigations
- Outsourcing Services
- Setting up Business in India
- Consulting Services
- Trainings
- Valuations
- XBRL
- Trade Marks

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Information in this document is intended to provide only a general outline of the subjects covered. We recommend that you seek professional advice prior to initiating action on specific issues. Lunawat & Co. does not take any responsibility for any loss arising from any action taken or not taken by anyone using this material.

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