

Latest updates On Company Law & Income Tax



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Shared at

Greater Noida CPE Study Circle of Honda Group Companies

22nd March 2021

CORPORATE LAWS

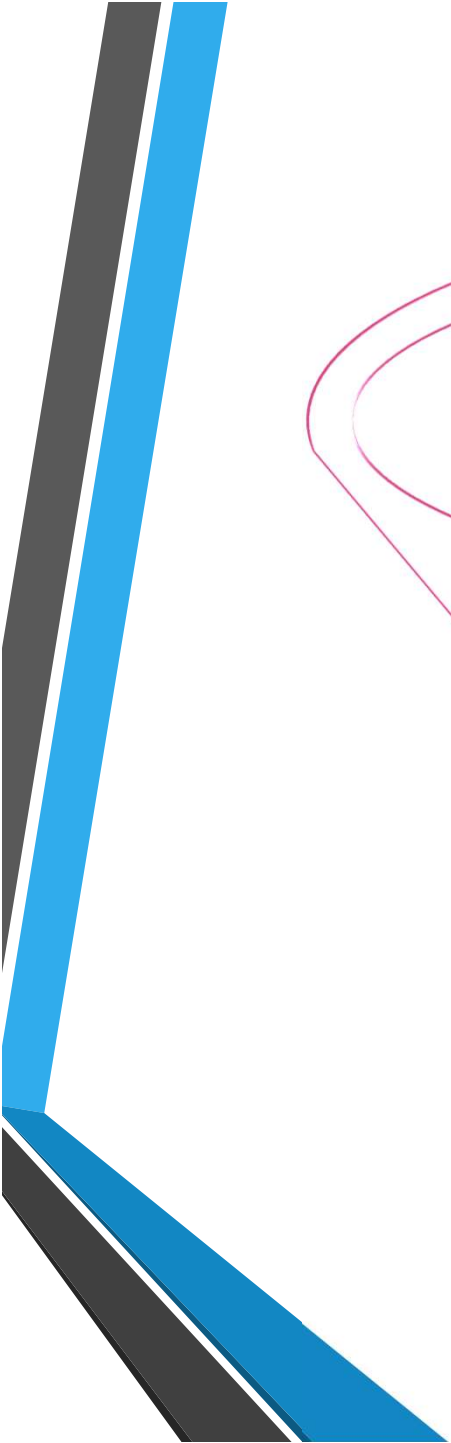
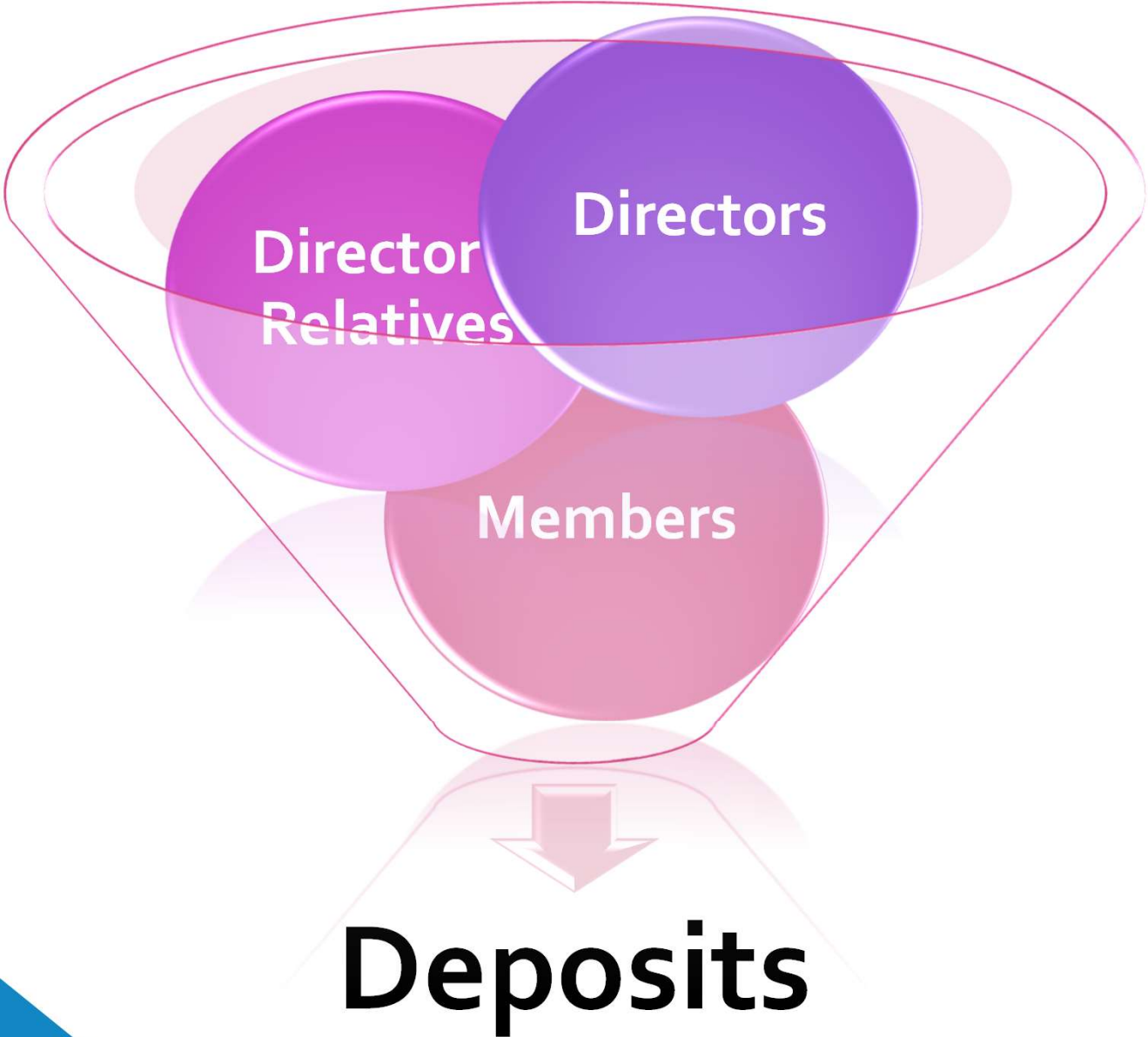
- ❖ **Small Co S. 2(85) definition changed w.e.f. 1.4.2021**
 - ❖ Paid up Capital from 50 L to 2 Cr
 - ❖ Turnover from 2 Cr to 20 Cr
- ❖ **OPC changes w.e.f. 1.4.2021**
 - ❖ Indian Citizen even if NR can form
 - ❖ Resident – to be in India for 120 days (earlier 182 days)
 - ❖ No limits for forced conversion
 - ❖ No limits for conversion of Pvt. Ltd. Co. into OPC
- ❖ **INC 6 amended for both way conversion**

CSR COMPLIANCE

- Co. to constitute CSR Committee consisting of 3 or more directors, out of which at least one director shall be independent director & spend at least 2% of average net profits of company made during 3 immediately preceding FYs, if during immediately preceding FY:
 - Net worth of Rs. 500 Cr. or more, or
 - Turnover of Rs. 1000 Cr. or more, or
 - Net profit of rupees Rs. 5 Cr or more
- If not spent:
 - Ongoing Project – trf within 30 days to special A/c – spend within 3 years. If not trf to Sch. VII fund in 30 days
 - Not a ongoing project - trf to Sch. VII fund in 6 months

CSR COMPLIANCE

- If not complied, penalty On:
 - Company - twice the amount required to be transferred by company to the Fund specified in Schedule VII or Unspent CSR Account, as the case may be, or Rs. 1 Cr, whichever is less
 - Officer in default - $\frac{1}{10}$ th of the amount required to be transferred by company to such Fund specified in Schedule VII, or Unspent CSR Account, as the case may be, or Rs. 2 L, whichever is less

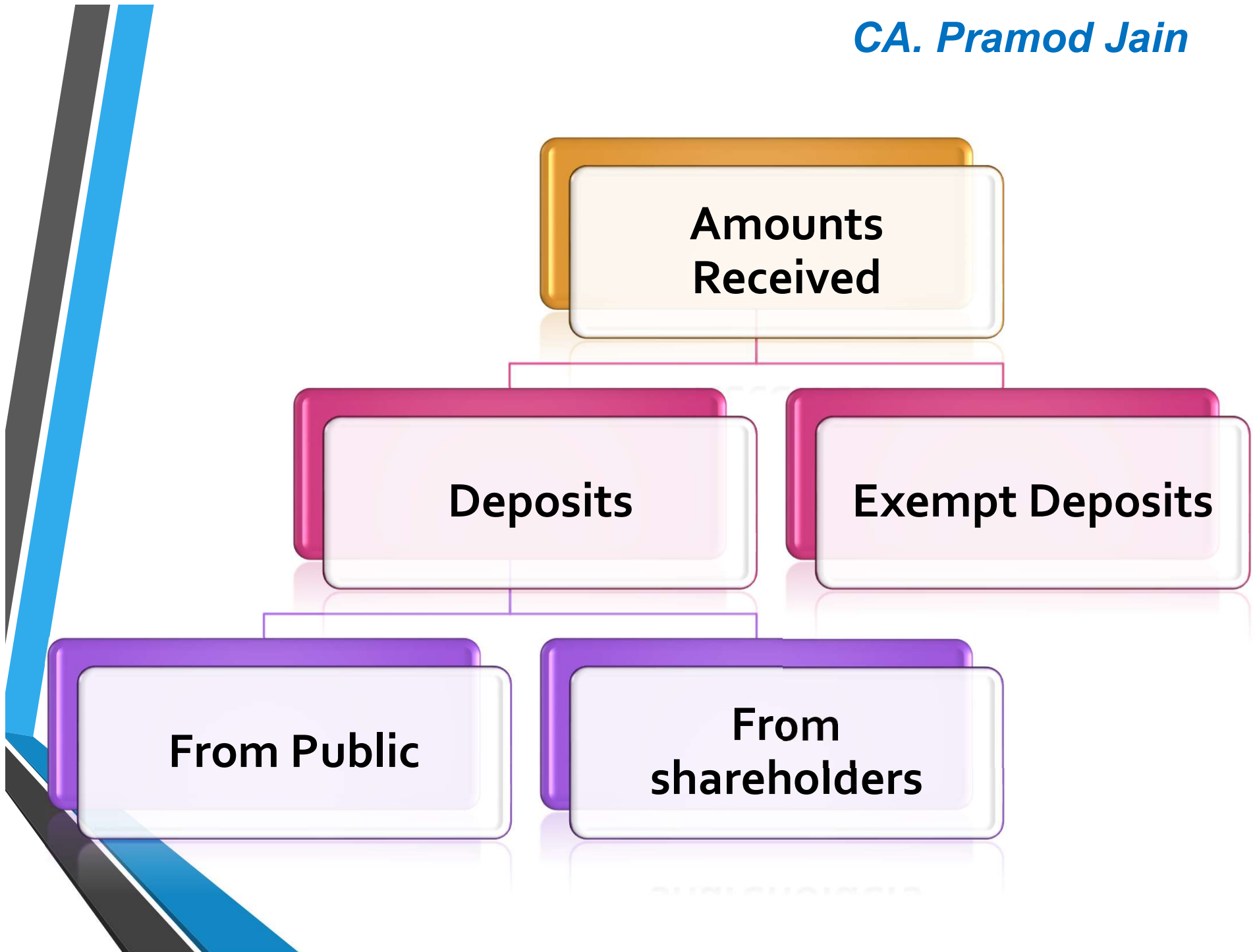


DPT-3

- To be filed annually by 30th June and furnish information as on 31st March of that year **duly audited by auditor of the company.**
- Was to be filed only by cos. accepting deposits
- Later companies accepting deposits from shareholders also covered w.e.f. **19th September 2017**
- Insertions made to Rule 16 and 16A of the Deposit Rules vide notification dated 22nd January 2019
- Form DPT-3 also amended.

DPT-3 - Annually

- Explanation to Rule 16 added – to clarify that DPT-3 is to be filed **annually** by every company other than Government company for :
 - Deposit or
 - Particulars of transaction not considered as deposit or
 - Both
- Auditor's Report /Certificate



Exempt deposits

- Amount received from CG, SG, L Auth., Stat. Auth.
- Amount from Foreign Govt, Bank, etc as per FEMA
- Amount received from Banks, PFIs, CPs
- ICD
- From director out of his own funds – to report in D.R. w.e.f. 15.9.15 – FS – 29.6.16
- From relative of director for Pvt. Co. out of his own funds – to report in D.R. w.e.f. 15.9.15 – FS – 29.6.16
- Convertible bond / debenture – shares within 5 years 10 from 29.6.16. & Listed unsecured NCD
- Interest free security deposit – employee – 1 yr salary

Exempt Deposits

- Share appl. money, except not allotted / refunded
- Non-Interest bearing amt received & held in Trust
- Business advances:
 - Supply of goods / services – within 365 days
 - Against Immovable property – if adjusted as per agreement
 - Security deposit for performance of contract for supply of goods or provision of services
 - Under long term project-supply of capital goods

Exempt Deposits

- Advance for providing future services in form of warranty or maintenance contract (written) upto 5 years – 29.6.2016
- Advance received and as allowed by sectoral regulator as per CG or SG – 29.6.2016
- Advance for subscription towards publication – 29.6.2016
- If Co. accepting money does not have necessary permission or approval to deal in goods or properties or services - Deposit
- Subscription to chit under Chit Fund Act– 29.6.16

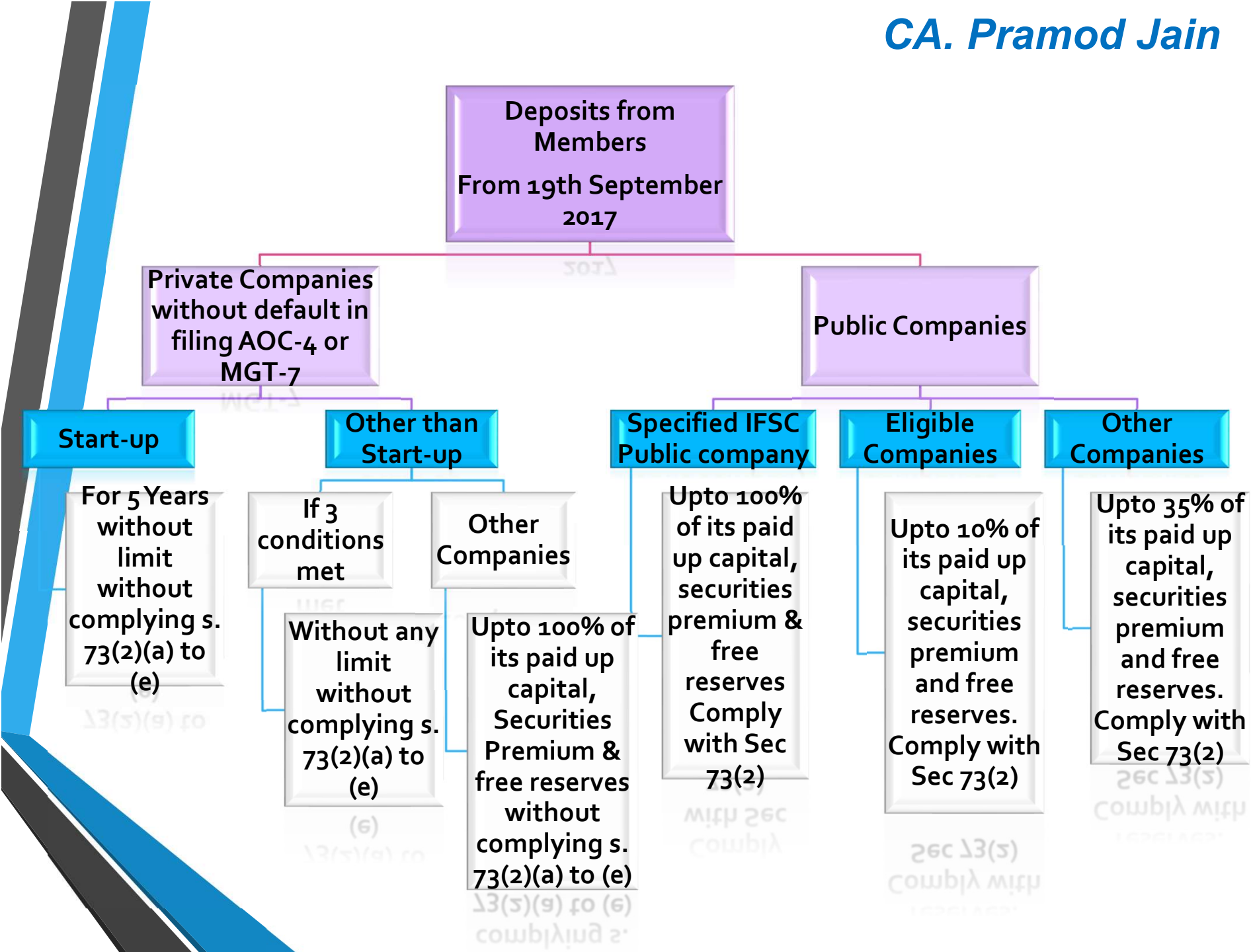
Exempt Deposits

- Rs. 25 Lakh or more by start up company in single tranche by convertible note (in equity or repayable within 10 years) – 29.6.16
- Promoters - stipulation of any FI or a banks:-
 - Loan is brought in pursuance of stipulation imposed by lending institutions on promoters to contribute such finance; and
 - Loan is provided by the promoters themselves and/or by their relatives.

Exemption available only till loans are repaid

Exempt deposits

- From Nidhi Companies
- Amount received by the company under any collective investment scheme in compliance with regulations framed by SEBI (29.6.2016)
- Amount received by a company from Alternate Investment Funds, Domestic Venture Capital Funds & Mutual Funds reg. with SEBI (29.6.16)
- From Infrastructure Investment Trusts (11.5.2017)
- From Real Estate Investment Trusts (22.01.2019)



INCOME TAX -ESI / PF

❖ S. 36(1)(va) / 43B

❖ Explanation added for employee contribution

❖ To clarify that the provision of s. 43B does not apply and deemed to never have been applied for the purposes of determining the —due date

TDS – 194Q

- ❖ W.e.f. 1.7.2021. Similar to 206C(1H) !!
- ❖ Exception - Tax is collectible u/s. 206C other than a transaction to which s. 206C(1H) applies
- ❖ Memorandum - If on a transaction TCS u/s 206C(1H) is required as well as TDS u/s 194Q, then on that transaction only TDS shall be carried out.
- ❖ Cases, where 50L condition is met:
 - ❖ Seller Turnover – 25 Cr, Buyer 5 Cr
 - ❖ Seller Turnover - 5 Cr, Buyer 25 Cr
 - ❖ Seller Turnover - 25 Cr, Buyer 25 Cr

TDS – 194Q

FY ending	Seller			Buyer			Bal.
	Sales	Receipts	TCS	Purchases	Payment	TDS	
2021	80	40	Nil	80	40	NA	40
2022	50	60	On 10	50	60	Nil	30
2023	80	50	Nil	80	50	On 30	60
2024	80	140	On 90?? 30?? 60??	80	140	On 30	Nil

TDS / TCS ON NON-ITR FILERS

- ❖ S. 206AB (TDS) / 206CCA (TCS)
- ❖ Higher rate of TDS u/s 206AA / TCS u/s 206CC or new sections (except for non-residents not having a PE in India, and where TDS is u/ss 192, 192A, 194B, 194BB, 194LBC or 194N) for non-filers of ITR:
 - ❖ For 2 consecutive years **AND**
 - ❖ TDS & TCS exceeding Rs. 50000/- or more in **each** of the year.
 - ❖ TDS would be at higher of
 - ❖ Twice the rate specified in the relevant provisions of the Act
 - ❖ Twice the rate or rate in force or

5%

ITR DATES

- ❖ Revised Return – 31st December
- ❖ Belated Return – 31st December
- ❖ S. 234F late Fee??
- ❖ S. 139(9) – cases to be prescribed

ULIP

- ❖ **ULIP defined u/s 10(10D) – Expl. 3**
- ❖ **Premium paid exceeding 2.5L in PY either single ULIP or multiple – No 10(10D) benefit except death case**
- ❖ **To be treated as capital asset u/s 2(14) and CG applicable u/s 45(1B)**
- ❖ **To be treated as Equity oriented fund u/s 111A and 112A**
- ❖ **STT to be applicable on such sale / redemption**

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THANKS



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