

# NewsBites

Twenty-Ninth Edition

Greetings!

We are delighted to present our news bite for the month of August 2020. This News Bites intends to give an overview of what is happening in the sphere of direct and indirect taxation, audit and assurance, GST and secretarial compliances in the industry.

We hope you find this useful. For any feedback you can reach to us at [info@sanca.in](mailto:info@sanca.in).

Best Regards,  
S A N & CO.  
Chartered Accountants

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# Income Tax

## Taxpayers' Charter: "Transparent Taxation-Honoring the Honest"

The Taxpayers' Charter was announced by the Finance Minister Nirmala Sitharaman in her Budget 2020 speech. The aim of introducing the charter is to build a trust between a tax payer and the tax administration and reduce harassment.

On August 13, 2020, the Taxpayers' Charter was launched by Prime Minister Narendra Modi. It promises to maintain the privacy and confidentiality of income taxpayers and to reduce the cost of compliance with tax laws. The charter lists out the income tax department's commitments to the income taxpayer as well as what the department expects from the taxpayers.

### Following are the **commitment to taxpayers** which taxpayer charter says

- Provide fair, courteous, and reasonable treatment
- Treat taxpayer as honest
- Provide fair and impartial mechanism for appeal and review
- Provide complete and accurate information.
- Provide timely decisions
- Collect the correct amount of tax
- Respect privacy of taxpayer
- Maintain confidentiality.
- Hold its authorities accountable
- Enable representative of choice
- Provide mechanism to lodge complaint
- Provide a fair & just system
- Publish service standards and report periodically
- Reduce cost of compliance

Following are the **expectation from taxpayers** which are cited in Tax charter.

- **Be honest and compliant**  
Taxpayer is expected to honestly disclose full information and fulfil his compliance obligations.
- **Be informed**  
Taxpayer is expected to be aware of his compliance obligations under tax law and seek help of department if needed.
- **Keep accurate records**  
Taxpayer is expected to keep accurate records required as per law.
- **Know what the representative does on his behalf**  
Taxpayer is expected to know what information and submissions are made by his authorised representative
- **Respond in time**  
Taxpayer is expected to make submissions as per tax law in timely manner.
- **Pay the in time**  
Taxpayer is expected to pay amount due as per law in a timely manner.

Taxpayers can approach the Taxpayers' Charter Cell under Principal Chief Commissioner of Income tax in each Zone for compliance to this charter.

## **CBDT directs to Banks: Do Not impose fees on digital transactions; refund charges collected from January 2020:**

Central Board of Direct Taxes (CBDT) on 30th August 2020 has advised banks to refund charges collected by them on electronic transactions. "Banks are advised to immediately refund the charges collected, if any, on or after January 1, 2020, on transactions carried out using the electronic modes prescribed under section 269SU of the IT Act," a circular by the board signed by Secretary to the Government of India read.

According to the circular, representations have been received that some banks are imposing and collecting charges on transactions carried out through UPI. A certain number of transactions are allowed free of charge beyond which every transaction bears a charge. "Such practice on part of banks is a breach of section 10A of the Payment and Settlement Systems (PSS) Act as well as section 269SU of the IT Act.

The circular also asked banks to not impose charges on any future transactions as well **"carried through the said prescribed modes" such as debit card powered by RuPay, BHIM-UPI, and UPI QR Code.**

The Income Tax provided businesses with a turnover of over Rs 50 crore in the immediately preceding year shall "mandatorily provide facilities for accepting payments through electronic modes". The government later had also inserted a new provision called section 10A in the PSS Act according to which banks should not impose any charge on a payer making a payment or a beneficiary receiving payment through electronic modes prescribed under Section 269SU of IT Act. The board had on December 30, 2019, clarified that based on section 10A of the PSS Act any charge including merchant discount rate (MDR) should not be applicable on or after January 1, 2020, on payment through prescribed digital modes.

Multiple banks charge Rs 2.5 for UPI transactions up to Rs 1,000 and Rs 5 for transactions above Rs 1,000 excluding GST.



# GOODS & SERVICES TAX

## Latest GST News

- CBIC has notified 1st September 2020 as the date from when interest will be calculated on net tax liability basis, on the amount left after adjusting the eligible ITC.
- 41st GST Council meeting was held on 27th August 2020 via VC with the key item on agenda being the ways to compensate for the GST revenue shortfall to the states.
- For obtaining GST registration, an option is given for an aadhaar authentication. The rules are amended with effect from 21st August 2020 as follows:
  - i) In case aadhaar authentication is opted for, it must be completed while submitting application. The date of application is earlier of the date of aadhaar authentication, or fifteen days from the submission of the application in Part B of Form GST REG-01.
  - ii) For the rest of the applicants, physical verification of place of business will be carried out, including document verification, as the case may be, with permission.
  - iii) Cases of deemed approval have also been listed.
- There's a new facility on the GST portal for tax filers to get the invoice-wise details of input tax credit that has been auto-populated in Table 8A of the GSTR-9 annual return. The same can be obtained by clicking on the 'Download Table 8A Document Details' button appearing under the instructions, at the top of the GSTR-9 return form.
- The offline tool (Excel utility) for filing Form GSTR-4 by Composition Scheme taxpayers is available for download on the GST portal.
- Taxpayers are now allowed to file another application for Revocation of Cancellation of Registration, if their previous application has been rejected.

## GST Compliances for September 2020

- Form GSTR-3B: Taxpayers with Turnover more than Rs. 5 crores: Late fees has been reduced to maximum of Rs. 500 and Nil for Nil Returns, if the returns are filed till 30th September 2020.
- Forms GSTR-3B: Taxpayers having turnover less than Rs. 5 crores in previous Financial Year

Month	Original Due Date	No Late Fees/ Interest if filed by	Interest @9% for period till date 30th September 2020 (post 30th Sep-18%)	Late Fees
May 2020	22nd June, 2020	12th September, 2020	w.e.f 13th September, 2020	Maximum Rs. 500 and NIL for NIL Returns if returns filed till 30th September, 2020
June, 2020	22nd July, 2020	23rd September, 2020	w.e.f 24th September, 2020	
July, 2020	22nd August, 2020	27th September, 2020	w.e.f 28th September, 2020	
August, 2020	22nd September, 2020	1st October, 2020	No Relief	

### GST Audit for the FY 2018-19

The due date of furnishing GSTR-9 & GSTR-9C is as follows:

#### GSTR-9

Turnover up to Rs. 2 Crore	Optional to file
Turnover Above Rs. 2 Crore	Mandatory to File by 30th September, 2020

#### GSTR-9C

Turnover up to Rs. 5 Crore	Optional to file
Turnover Above Rs. 5 Crore	Mandatory to File by 30th September, 2020

### Reconciliation of Outward Supplies made during the FY 2019-20 as per Books of Account with the Returns filed and adjusting/modifying the same:

Under GST, the last date to add any missing outward sales is the due date of filing return for the period of September'2020. Hence, the registered person shall undertake the reconciliation in order to find out any missing invoices which were left out during the period.

### GSTR-2A Reconciliation for FY 2019-20

Under GST Act, reconciliation means recording every transaction that took place during a period while also ensuring that the data filed by the supplier matches with those of the recipients. This enables one to make sure that no sales or purchases are missing or wrongly reported in the GST returns. So, it is compulsory for every taxpayer to reconcile their Input Tax Credit (ITC) with Form GSTR-2A at the end of every month/quarter of the Financial Year and avail the missed-out credit or reverse the excess ITC claimed earlier. Any left-out ITC for the FY 2019-20 may be loss to the registered person if not claimed within the due date of filing GSTR-3B.

In the course of pandemic, the Government vide a notification has provided a condition that GSTR-2A reconciliation for the period February'2020 to September'2020 has to be undertaken cumulatively and total ITC availed in the GSTR-3B from February 2020 to September 2020 cannot exceed more than 10% of eligible credit available in GSTR-2A.

### Reversal of ITC on account of Non-Payment of Consideration within 180 Days (Rule 37)

This rule implies that when a registered person who has availed ITC could not pay the full value of inward supply along with the tax amount to the supplier within the time period of 180 days then the ITC claimed on such inward supply needs to be reversed and if a part of invoice amount is paid then ITC will be reversed on proportionate basis.

# GOODS & SERVICES TAX

## GSTR 2B, a new era of Reconciliation of Input Tax Credit

- GSTN has enabled Form GSTR 2B in the GST Portal. The Taxpayer can log in with their login credentials then go to F.Y 20-21 for July 2020, the Form GSTR-2B is available on the Portal.
- Key features in GSTR-2B which would assist taxpayers in return filing are as under:
  1. It contains information on the import of goods from the ICEGATE system including inward supplies of goods received from Special Economic Zones Units/Developers. This is not available with the release of GSTR-2B for the month of July and will be made available shortly.
  2. A summary statement that shows all the ITC available and non-available under each section. The advisory given against each section clarifies the action to be taken by the taxpayers in their respective section of GSTR-3B;
  3. Document-level details of all invoices, credit notes; debit notes etc. are also provided both for viewing and download;





# THE COMPANIES ACT, 2013

## **CLARIFICATION ON EXTENSION OF ANNUAL GENERAL MEETING (AGM) FOR THE FINANCIAL YEAR ENDED AS AT 31/03/2020:**

1. Ministry of Corporate Affairs has provided several relaxations to allow companies to hold AGM for financial year ending on March 31, 2020 through video conferencing or other audio visual means vide General Circular No. 20/2020 dated May 05, 2020.
2. Ministry of Corporate Affairs have further clarified that the companies which are unable to hold their AGM by September 30, 2020 are advised to file application for extension of AGM at a suitable point of time before the concerned ROC under section 96 of the Companies Act, 2013.
3. Companies have to file E-Form GNL-1 for seeking extension of time in holding AGM beyond September 30, 2020 with the concerned ROC on or before September 29, 2020.
4. ROC can grant extension of upto three months after September 30, 2020 for conducting AGM.

## **AMENDMENT IN SCHEDULE VII OF THE COMPANIES ACT – CSR ACTIVITIES:**

Ministry of Corporate Affairs vide notification dated August 24th, 2020 have included more entities like Ministry of Ayush etc., engaged in research and development to whom contribution shall be treated as contribution in Corporate Social Responsibility (CSR) Activities as required under Section 135 of the Companies Act, 2013.

## **THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) AMENDMENT RULES, 2020:**

Ministry of Corporate Affairs has issued the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 dated August 24, 2020 by which they have notified that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drug and medical devices related to Covid 19 for FY 2020-21, 2021-22 and 2022-23 subject to the conditions prescribed.

## **THE COMPANIES (MANAGEMENT AND ADMINISTRATION) AMENDMENT RULES, 2014:**

Ministry of Corporate Affairs vide notification dated August 28, 2020, notified that 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 report in accordance with provisions of the Companies Act, 2013.

# GOVERNMENT ANNOUNCEMENT

## Udyam Registration:

1. Udyam Registration certificate: All micro, small & medium enterprises are required to register online and obtain “Udyam Registration Certificate”.
    - On Registration, an enterprise will be assigned a permanent identification number to be known as “Udyam Registration number”
    - All existing enterprises registered under Udyog Aadhar shall register again on the Udyam Registration portal on or after the 1st day of July 2020.
- Existing Udyog Aadhar will be valid only till 31st March 2021.
  - “Udyam Registration Certificate” issued on self-declaration basis for enterprises exempted from filing GSTR and/or ITR returns will be valid for the time being, up to March 31, 2021.
  - Revised definition of MSME is as follows:

## Revised MSME Classification applicable w. e. f. 1st July 2020

Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover; not more than Rs. 5 Crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover; not more than Rs. 50 Crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore, and Annual Turnover; not more than Rs. 250 Crore





**Calculation of investment in plant and machinery or equipment:**

- The calculation of investment in plant and machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.
- In case of a new enterprise, where no prior ITR is available, the investment will be based on self-declaration of the promoter of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR.
- The expression “plant and machinery or equipment” of the enterprises shall include all tangible assets (other than land and building, furniture, and fittings).

**Calculation of turnover**

- Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.
- Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- PAN and GSTIN shall be mandatory for Udyam Registration application.

**Stamp duty rates slashed by Maharashtra Government:**

- To boost the stagnant real estate market hit by COVID-19, the Maharashtra Government on August 26 decided to temporarily reduce stamp duty on housing units.
- The stamp duty reduced on property registration by 3% from 1st September to 31st December 2020, and by 2% from 1st January 2021 to 31st March 2021
- Earlier, stamp duty charges were 5% in key cities such as Mumbai, Pune, Nagpur, and Nashik, while 6% in others.

Existing and revised stamp duty rates are as follows:

	Existing Rates		New Rates up to 31st December 2020		New rates up to 31st March 2021	
	Rural	Urban	Rural	Urban	Rural	Urban
Stamp Duty	4%	5%	1%	2%	2%	3%
ZP Cess	1%	-	1%	-	1%	-
Urban LBT	-	1%	-	1%	-	1%
Total	5%	6%	2%	3%	3%	4%

# NewsBites

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