

NewsBites

Forty-First Edition

Greetings!

We are delighted to present our news bite for the month of August 2021. This News Bites intends to give an overview of what is happening in the sphere of direct and indirect taxation, company law, government incentives, FEMA and other regulatory laws.

We hope you find this useful. For any feedback you can reach to us at info@sanca.in.

Best Regards,
S A N & CO.
Chartered Accountants

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Income Tax



Extension of time lines for electronic filing of various Forms under the Income-tax Act, 1961:

On consideration of difficulties reported by the taxpayers and other stakeholders in electronic filing of certain Forms under the provisions of Income-tax Act, 1961 (Act), CBDT extends the due dates for electronic filing of such Forms as under.

- 1. The application for registration or intimation or approval under Section 10(23C), 12A, 35(1)(ii)(ia)/(iii) or 80G of the Act in Form No. 10A** required to be filed on or before **30 June, 2021**, as extended to 31st August, 2021 vide Circular No.12 of 2021 dated 25.06.2021, may be filed on or before **31st March, 2022**.
- 2. The application for registration or approval under Section 10(23C), 12A, or 80G of the Act in Form No. 10AB**, for which the last date for filing falls on or before 28 February, 2022 may be filed on or before **31st March, 2022**.
- 3. The Equalization Levy Statement in Form No.1 for the Financial Year 2020-21**, which was required to be filed on or before **30 June 2021**, as extended to **31st August 2021** vide Circular No. 15 of 2021 dated 03.08.2021, may be filed on or before **31st December, 2021**.
- 4. The Quarterly statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made** for the quarter ending on **30 June 2021**, required to be furnished on or before 15th July, 2021 as extended to 31st August, 2021 vide Circular No. 15 of 2021 dated 03.08.2021, may be furnished on or before **30th November, 2021**; under Rule 37BB of the Rules.
- 5. The Quarterly statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made** for the quarter ending on **30 September 2021**, required to be furnished on or before 15th October 2021 under **Rule 37BB** of the Rules, may be furnished on or before **31st December, 2021**;
- 6. Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending 30 June, 2021**, which was originally required to be uploaded on or before **15 July, 2021**, and subsequently by 31 August, 2021, as per Circular No. 12 of 2021 dated 25.06.2021, may be uploaded on or before **30th November, 2021**.
- 7. Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending 30th September 2021**, which is required to be uploaded on or before 15th October, 2021, may be uploaded on or before **31st December, 2021**.
- 8. Intimation to be made by a Pension Fund in respect of each investment made by it in India in Form No. 108BB for the quarter ending on 30th June, 2021**, required to be made on or before **31 July, 2021** under **Rule 2DB** of the Rules, as extended to 30th September 2021 vide Circular No. 15 of 2021 dated 03.08.2021, may be made on or before **30th November, 2021**.
- 9. Intimation to be made by a Pension Fund in respect of each investment made by it in India in Form No. 108BB for the quarter ending on 30 September 2021**, required to be made on or before **31 October, 2021** under **Rule 2DB** of the Rules, may be made on or before **31st December 2021**.
- 10. Intimation by a constituent entity, resident in India, of an international group, the parent entity of which is not resident in India, for the purposes of sub section (1) of section 286 of the Act, in Form No. 3CEAC**, required to be made on or before **30th November, 2021** under **Rule 10DB** of the Rules, may be made on or before **31st December, 2021**.



11. **Report by a parent entity or an alternate reporting entity or any other constituent entity, resident in India**, for the purposes of sub-section (2) or subsection (4) of section 286 of the Act, in **Form No. 3CEAD**, required to be furnished on or before **30th November, 2021** under Rule 10DB of the Rules, may be furnished on or before **31st December, 2021**.
 12. **Intimation on behalf of an international group for the purposes of the proviso to sub-section (4) of section 286** of the Act in **Form No. 3CEAE**, required to be made on or before **30th November, 2021** under **Rule 10DB** of the Rules, may be made on or before **31st December, 2021**.
- The new rule clarifies that the non-taxable contribution account will comprise of the closing balance in the PF account as on 31 March 2021 as well as any contribution made by the person in the account in 2021-2022 and in later years within the threshold specified and the interest accrued on these. The amount deposited above the specified threshold will be in the taxable contribution account and the interests paid on it will get taxed.
 - Employees' Provident Fund Organisation (EPFO) has over six crore subscribers.
 - The Rs 2.5 lakh limit covers around 93 per cent of the people who are EPFO subscribers, and they will continue to get assured tax-free interest. Hence, small, and medium taxpayers will not be impacted by the step.

CBDT notifies rules to compute taxable interest in PF account:

- The Central Board of Direct Taxes (CBDT) notified recently the manner in which interest income accrued in the provident fund of a person above a specified limit will be taxed.
- The Income-tax (25th Amendment) Rules, 2021 says that for the sake of calculation, separate accounts within the provident fund account shall be maintained from 2021-22 for taxable and non-taxable contribution made by a person.
- The government had in the Finance Act of 2021 introduced a new provision that makes interest accrued in the PF account on contribution above ₹2.5 lakh a year taxable. This only applies to contribution made from 1 April 2021. In cases, where there is no employer contribution, the threshold is rupees five lakh. The idea is to rationalize tax exemption for the income earned by high income employees.



Goods & Services Tax

Recent Amendments under GST – Analysis of Notifications:

The CBIC has issued three notifications on 29th August, 2021 to provide relief to taxpayers due to COVID-19 vide Notification No. 32/2021 –Central Tax to Notification No. 34/2021 –Central tax such as extension of the last date of the amnesty scheme, extension of time limit for filing of application for revocation of cancellation of registration etc. The relief provided to the taxpayers has been discussed here under:

1. Filing of returns by Companies through electronic verification code:

The filing of FORM GSTR-3B and FORM GSTR-1/ IFF by companies using electronic verification code (EVC), instead of Digital Signature certificate (DSC) has been further extended till 31st October which was earlier available till 31st August, 2021. This facility was already enabled from 27th April, 2021 on the common portal.

2. Extension of Amnesty Scheme:

The CBIC had earlier provided relief to the taxpayers by reducing / waiving late fee for non-furnishing FORM GSTR-3B for the tax periods from July, 2017 to April, 2021. This relief was provided vide Notification No. 19/2021–Central Tax with a condition that the returns for these tax periods would be furnished between 1st June, 2021 to 31st August, 2021. Now, the last date to avail benefit of the late fee amnesty scheme, has now been extended from 31st August, 2021 to 30th November, 2021.

3. Extension to file revocation application:

The CBIC has extended the timelines for filing of application for revocation of cancellation of registration to 30th September, 2021, where the due date of filing of application for revocation of cancellation of registration falls between 1st March, 2020 to 31st August, 2021. The extension would be applicable only in those cases where registrations have been cancelled due to non-filing of returns under GST as per clause (b) or clause (c) of sub-section (2) of section 29 of the CGST Act.



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Companies Act

Companies Act

Exemption for Independent Directors to give online proficiency self-assessment test:

MCA vide notification dated August 19, 2021, further amends the Companies (Appointment and Qualification of Directors) 2014 which shall come into force **with effect from August 19, 2021** which is as follows:

These rules will be called as **Companies (Appointment and Qualification of Directors) Amendment Rules, 2021**.

The **following Individuals** having experience of at least 10 years shall not be required to pass the online proficiency self-assessment test:

- i. an advocate of a court; or
- ii. in practice as a chartered accountant; or
- iii. in practice as a cost accountant; or
- iv. in practice as a company secretary.

Annual Report on the Capacity Building of Independent Director:

MCA vide notification dated August 19, 2021, further amends the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 which shall come into force **with effect from August 19, 2021**, which is as follows:

These rules will be called the **Companies (Creation and Maintenance of databank of Independent Directors) Second Amendment Rules, 2021**.

“Indian Institute of Corporate Affairs” at Manesar (Harayana), maintaining the data bank of eligible Independent Director, shall send within **60 days** from the end of every Financial Year to every Independent Director whose name is included in the Data Bank and also to every Company in which they are appointed as Independent Director in the format prescribed by MCA.

Amendments to LLP Act 2008:

Limited Liability Partnership (Amendment) Act, 2021 shall come into force with effect from August 13, 2021, which is as follows:

1. “**Small Limited Liability Partnership**” means a limited liability Partnership:
 - i) The contribution of which, **does not exceed 25 Lakhs** or such higher amount as may be prescribed, **and**
 - ii) The turnover of which, as per the Statement of Accounts and Solvency for the immediately preceding financial year, **does not exceed 40 Lakh rupees** or such higher amount as may be prescribed.

Further where the offence has been committed under Section 76 of the LLP Act, 2008 by the Small Limited Liability Partnership or Start up Limited Liability Partnership or by its partners or designated partners or such other persons, then they shall be liable to a penalty which shall be **one half of the penalty** specified subject to a maximum of one lakh rupees for LLP and fifty thousand rupees for every partner or designated partner or such other person, as the case may be.



Companies Act

Companies Act

2. Auditing & accounting standards prescribed:

The Central Government may, in consultation with the National Financial Reporting Authority constituted under section 132 of the Companies Act, 2013:

- (a) prescribe the standards of accounting; and
- (b) prescribe the standards of auditing,

as recommended by the Institute of Chartered Accountants of India constituted under section 3 of the Chartered Accountants Act, 1949, for a class or classes of limited liability partnerships.”.

3. Penalty on non-filing of Annual Return:

If any limited liability partnership fails to file its annual return i.e. E-form – 11, before the expiry of the period specified therein i.e. within 60 days from the end of Financial Year, such limited liability partnership and its designated partners shall be liable to a penalty of **one hundred rupees for each day** during which such failure continues, subject to a **maximum of one lakh rupees for the limited liability partnership and fifty thousand rupees for designated partners”.**

Spending on vaccination considered as eligible CSR activity:

MCA, in continuation of its General Circular No. 10/2020 dated March 23, 2020, has clarified that spending of CSR funds for COVID-19 vaccination for persons other than the employees and their families, is an eligible CSR activity under item no. (i) of Schedule VII of the Companies Act, 2013 relating to promotion of health care including preventive health care and item no. (xii) of the aforesaid Schedule, relating to disaster management.



Government Government Scheme Updates

Industry News:

Subsidy for Large Scale Industries:

The Subsidy available for manufacturing units & food processing units for Large Scale Industries under package scheme of incentive – 2019 are as follows:

Coverage under the PSI – 2019

- Manufacturing Enterprises
- IT Manufacturing Units registered with DIC/MIDC/STPI
- Bio-Technology Manufacturing Units
- Mechanized Food / Agro Processing Industries

Quantum of Incentives for LSI Projects

Taluka / Area Classification	Minimum Qualifying Fixed Capital Investment (INR crore)	Minimum Direct Employment (Number of people)	Maximum Ceiling of basket as % of FCI	Incentive period in years
A & B	750	1000	25%	7

- Large Scale projects based on employment criteria shall be required to maintain the qualifying direct employment (on the roll and in premises of the eligible Unit) throughout the year and 80% of such employees should be local persons.
- If the employment criteria are not maintained in any month of the year for which Industrial Promotion Subsidy is claimed, then Industrial Promotion Subsidy shall not be admissible for such year.
- Minimum Direct Employment should be created within a period of two years from the date of commencement of commercial production.

Additional subsidy for food / Agro processing units:

- 20% over and above the limits mentioned above
- two more years of eligibility to avail the incentives

Basket of Incentives for LSI Projects.

- Industrial Promotion Subsidy – 50% of Gross SGST refund for new/expansion units.
- Stamp Duty Exemption for Land & Term Loan: 100% for Bio-Technology Manufacturing and IT Manufacturing Units in Public IT / BT Parks & 75% for Units in Private IT / BT Parks.
- Electricity duty exemption for new unit – only eligible 100% Export Oriented Units (EOUs), Information Technology Manufacturing Units and Bio-Technology Manufacturing units will be exempted from payment of Electricity Duty for a period of 7 Years.

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