

# NewsBites

Twenty-Eighth Edition

Greetings!

We are delighted to present our NewsBites for the month of July 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

## **CBDT further extends due date for filing of ITR for AY 2019-20 (FY-2018-19) till 30-09-2020:**

The CBDT has further extended the due date for furnishing of belated as well as revised Income-tax return for the Assessment Year 2019-20 from 31-07-2020 to 30-09-2020. Further, any tax paid by the senior citizens, who aren't required to pay advance tax as per provisions of Section 207(2), within original due date for filing ITR for AY 2020-21, shall be treated as advance tax for the purpose of computing interest u/s 234A.

## **Income Tax Return: Heavy penalties on late filing and misreporting income:**

**Last date for the filing of income tax return for financial year 2019-20 (AY 2020-21) is November 30:**

Last date for the filing of income tax return for financial year 2019-20 is November 30. The deadline was extended by the Finance Minister in May, as part of the Covid19 relief package. Generally, the last date to file ITR is July 31. And if you miss the deadline to file your ITR, or you make other mistakes like under-reporting or misreporting, you will have to pay a fine.

## **Late filing of Income Tax under Section 234F of Income Tax Act:**

- If a tax payer fails to furnish the income tax return before deadline, he will be imposed a penalty of five thousand rupees, if the return is furnished on or before December 31 of the assessment year.
- The fine amount increases to ₹10,000 if ITR is furnished after December 31 of the assessment year.
- If the tax payer falls in the income bracket of upto ₹ five lakh, the fine, he will have to pay a fine of ₹1,000.

## **Under-reporting and misreporting of income Section 270A(1) of Income Tax Act:**

If a tax payer is found to have under-reported his income, he will have to pay a fine of 50% of the tax payable on under-reported income. This penalty is in addition to the tax which the person will have to pay on the misreported income. However, if under-reported income is in consequence of any misreporting thereof, the penalty will be equal to 200% of the amount of tax payable on under-reported income.

Misreporting of income includes:

- A. Suppression of facts
- B. Not recording investments in books of account
- C. Claiming an expenditure not substantiated by any evidence
- D. Recording a false entry in the books
- E. Not recording receipts in the books having bearing on total income
- F. Failure to report an international transaction



### **Current year IT Refund cannot be adjusted against future years IT demands:**

The Supreme Court dismissed a petition filed by the income tax department challenging a lower court's order asking it to refund ₹833 crore to Vodafone Idea Ltd.

The Bombay High Court in June had ordered the tax department to refund the said amount to the telco for the 2014-15 assessment year, in which the income earned in the previous fiscal is assessed.

However, the income tax department withheld the refund claiming that massive outstanding dues for other assessment years were pending. This was challenged by Vodafone Idea at the Bombay High Court, which said refunds cannot be withheld against undetermined future demands.

### **REC reduces rate of interest on Section 54EC – Capital Gain Bonds from 5.75% to 5% from August, 2020:**

From August 01, 2020, Rural Electrification Corporation Ltd. reduces rate of interest on Section 54EC Capital Gain Bonds 5.75% to 5%.

Section 54EC Bonds are for availing tax exemptions on Long term Capital Gains.

These Capital Gain Bonds are offered by:

- A. REC (Rural Electrification Corporation Limited)
- B. NHAI (National Highways Authority of India)
- C. PFC (Power Finance Corporation Limited), and
- D. IRFC (Indian Railways Finance Corporation Limited)





# Goods & Services Tax

## Latest GST News

- The facility to file GSTR-4 (Annual Return) is now available on GST portal.
- The due date to file GSTR-4 (Annual Return) has been extended to 31st August 2020 from 15th July 2020.
- Taxpayers can now file a Nil GSTR-1 via SMS.

## E-Invoicing under GST regime

- Currently, businesses generate invoices through various softwares and the details of these invoices are manually uploaded in the GSTR-1 return. The invoice information is thereafter reflected in GSTR-2A for the recipients for viewing only. On the other hand, the consignor or transporters generate e-way bill again by importing the invoices in excel or JSON manually.
- Considering the above, the GST Council in its council meeting, had decided to implement a system of e-invoicing, which will be applicable to specified categories of persons.
- E-invoicing or electronic invoicing is a system to generate an electronic document containing transaction information between a buyer and a seller. The Invoice Registration Portal (IRP) gives an identification number to these electronic invoices. The Invoice Reference Number (IRN) generated by IRP will be used to transfer all the invoice information to the GST portal and the e-way bill portal.
- The GST e-invoicing system will be implemented from October 2020 for those taxpayers whose turnover is Rs. 500 crore or more. Earlier, it was planned to implement e-invoicing for businesses with turnover of Rs. 100 crore or more in a year.

## Benefits from implementing the system of GST E-Invoicing

- Today, a transaction is done without any proof of exchange between the buyer & seller. With e-invoicing, the moment an invoice is made, it will be uploaded to GSTN portal where pre-validation will be done and a unique number called IRN will be issued. Once IRN is issued, the tax invoice will be shared with the recipient also.
- With the real time tracking of invoices by the vendors and the government, it will result in a reduction of frauds and fake GST invoices.
- The system will boost the automation of GST return filing process. E-invoicing can bring ease, speed and accuracy to the return filing process.
- Since the input credit can be matched with output tax details, it becomes easier for GSTN to track fake tax credit claims.
- Updating GST Returns also saves lot of time, human errors for data entry and also avoids major reconciliation issues.

## Procedure for generation of E-Invoice under GST

- Businesses must generate the e-invoices in the standard format (JSON) prescribed by the GST Network.
- After the generation, the invoice (JSON format) will be updated on the Invoice Registration Portal (IRP) either directly or through third party provided apps.
- The IRP will assign an IRN to the invoice and digitally sign it.
- Following this, the IRP will generate a QR code containing the important information of the invoice.
- Finally, the e-invoice will be emailed to the seller and the recipient of the document.



## What is QR Code

- QR code will enable quick view, validation and access of the invoices from the GST system. It will be generated by IRP after uploading JSON of invoices. The QR code will consist of the following e-invoice parameters:
  - GSTIN of supplier
  - GSTIN of Recipient
  - Invoice number as given by Supplier
  - Date of generation of invoice
  - Invoice value (taxable value and gross tax)
  - Number of line items
  - HSN Code of main item (the line item having highest taxable value)
  - Unique Invoice Reference Number



## How will e-invoicing mechanism gets merged with the GST Return System?

- The invoices will get auto populated on the relevant GST return once they are signed and verified by the invoice registration system. Once document verification is done, the invoices will get directed to the recipient of supply for re-confirmation. The prime objective of the law is to auto-populate the taxpayer's invoice details to his GST returns and reduce the chances of errors while reconciliation.

## Other Important Points:

- E-invoice generated is not required to be signed again once it is digitally signed by the IRP after validation.
- Default currency of E-invoice will be INR.
- E-invoice can be printed. It is valid only if it has IRN.
- IRN shall be generated against a single invoice at a time and cannot be bulk generated.
- A maximum of 100 line items can be incorporated in each e-invoice.
- The e-invoice mechanism enables invoices to be cancelled. This will have to be reported within 24 hours, else it cannot be cancelled. However, one can manually cancel the same on GST portal before filing the returns.
- E-invoice will not replace E-way bill. For transportation of goods, the e-way bill will continue to be mandatory.

# The Companies Act, 2013

## Several relaxations in lieu of covid-19:

Ministry of Corporate Affairs has notified further relaxation in respect to the matters in which relaxation was earlier provided:

- Board Meetings: MCA earlier allowed conducting of Board Meeting for approving of financial statement through Video Conferencing or other Audio-Visual means till June 30, 2020. Now this relaxation has been extended till September 30, 2020.
- Extension in last date to file E-form NFRA-2: MCA has considered extension of the last date of filing of Form NFRA-2 from existing 150 days to 270 days from the date of deployment of the form on the website of National Financial Reporting Authority (NFRA).

## E-form pas-6 – reconciliation of share capital audit report (half-yearly):

Pursuant to sub-rule (8) of rule 9A Companies (Prospectus and Allotment of Securities) Rules, 2014:

- Every unlisted public company governed by this rule shall submit Form PAS-6 to the registrar with such fees as provided in Companies (Registration Offices and Fees) Rules, 2014 within sixty days from the conclusion of each half year duly certified by a company secretary in practice or chartered accountant in practice.
- All information shall be furnished for the half year ended 30th September and 31st March in every financial year for each ISIN separately.
- The E-form PAS-6 is now available for filing as E-form w.e.f. 15th July 2020.

## RBI announcement:

Foreign Liabilities and Assets Information Reporting (FLAIR): FLA return needs to be submitted by all Indian companies which have received Foreign Direct Investment or made any Foreign Direct Investment abroad in the previous year or who hold in the current financial year in their Balance Sheet.

Earlier the due date for filling the FLA return for FY 2019-20 was extended to July 31, 2020 which is now further extended to August 14, 2020.

## Period/days of extension for names reserved and resubmission of forms:

Ministry of Corporate Affairs has further allowed additional period on following secretarial activities:

- Name reservation, for incorporation of new company or LLP or in case of change of name of existing LLP, expiring between 15th March, 2020 to 31st July, 2020 will be given additional 20 days after July 31, 2020.
- Any SRN expiring between 15th March, 2020 to 31st July, 2020 will be given additional 15 days after July 31, 2020.
- Name reservation, for change of name of existing company, expiring between 15th March, 2020 to 31st July, 2020 will be given additional 60 days after July 31, 2020.

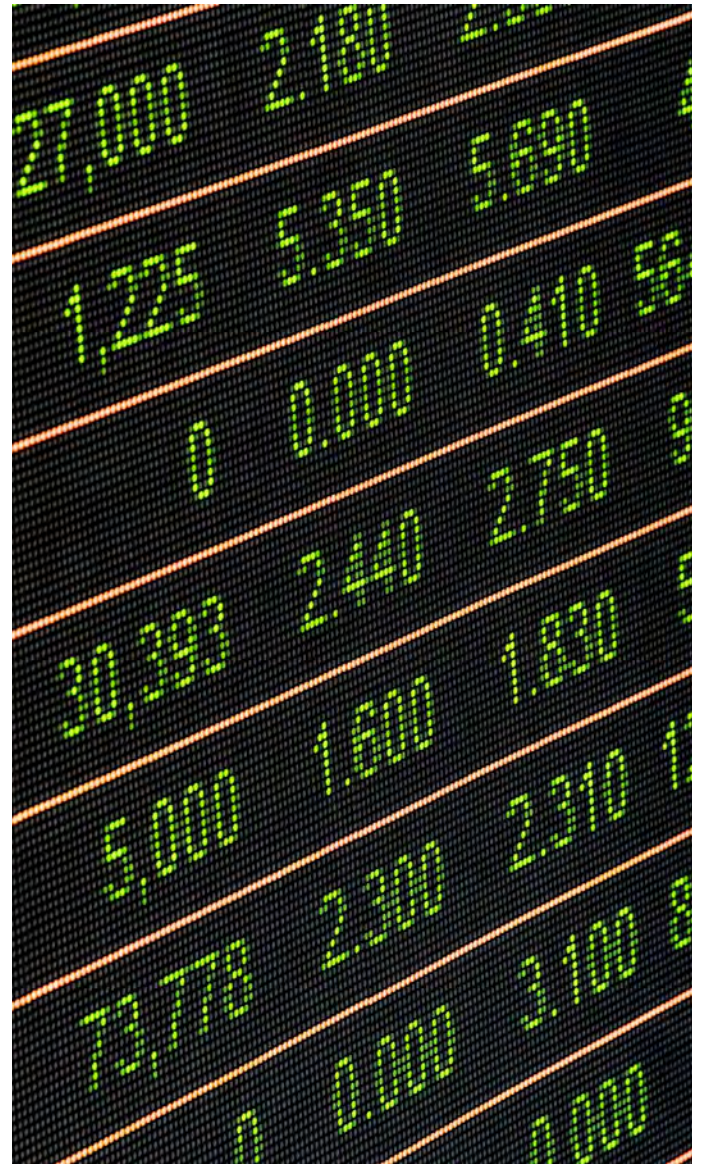


# Securities and Exchange Board of India

## Securities and exchange board of India

The Securities Exchange Board of India has introduced a new scheme vide Public Notice dated 27th July, 2020 called Settlement Scheme (“the Scheme”) in terms of Regulation 26 of SEBI (Settlement Proceedings) Regulations 2018.

- 1. What is Settlement Scheme (“the Scheme”):** It is a onetime settlement opportunity to the entities that have executed trade reversals in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.
- 2. Tenure of the Scheme:** It is one-time settlement period as per the Scheme, shall commence on August 01, 2020 and end on October 31, 2020 (both days inclusive).
- 3. Eligibly criterion for availing the Scheme:** The Scheme shall be applicable in respect of the entities who have executed trade reversals on the stock options segment of BSE during the period beginning from April 1, 2014 to September 30, 2015 against whom any proceedings are pending.
- 4. How to apply for this Scheme:** any entity which desires of making an application for one-time settlement under the Scheme can do so in the specified format, available on the SEBI website and also on the BSE website.
- 5. Fees applicable:** An entity which is interested in availing the Scheme shall along with the Settlement application, also submit an application fee of Rs. 15,000 in case of individuals and Rs. 25,000 in case of body corporates.



# NewsBites

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