

# NewsBites

Thirty Ninth Edition

Greetings!

We are delighted to present our news bite for the month of June 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](mailto:info@sanca.in).

Best Regards,  
S A N & CO.  
Chartered Accountants

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# Income Tax

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## TDS under Section 194Q: - TDS on Purchase of Goods w.e.f. 01st July 2021:

### Applicability:

1. A Buyer purchasing any goods in value **exceeding Rs. 50,00,000/-** in a financial year.
2. Turnover from business or profession in **excess of Rs. 10 crores**, in immediately **preceding financial year** from a resident seller.
3. The **seller should be a resident of India**. In other words, import purchases are not covered in this new section.

### How much to Deduct:

Liable to deduct @ 0.1% but in case of non-furnishing of PAN by Seller, TDS Rate shall be 5% instead of 0.1%.

### When to Deduct:

The TDS has to be deducted at the time of credit or payment to the seller **whichever is earlier**.

### Consequences for non-compliance:

If the Buyer fails to deduct the applicable TDS u/s 194Q then in addition to penal interest, a disallowance of 30% of his/her purchases on which TDS was required to be deducted shall also get attracted u/s 40a(i).

## TDS Section 206AB: - TDS/TCS on non-filers of ITR at higher rates w.e.f. 01st July 2021:

### Applicability:

1. Transaction is done with person who has not filed Income Tax return for Previous two financial years and due date return u/s 139 (1) has expired and

2. Aggregate of Tax Deducted at source and Tax Collected at Source is Rs. 50000 and more in Previous 2 Financial Year.

### How much to deduct:

TDS/TCS shall be deducted at the highest of the followings:-

- (i) at twice the rate specified in the relevant provision of the Act or
- (ii) at twice the rate or rates in force; or
- (iii) at the rate of five percent.

### Exceptions:

For following TDS Sections these provisions are not applicable:

- |        |   |
|--------|---|
| 192    | : TDS on salary   |
| 192A   | : TDS on payment towards accumulated balance due to an employee participating in a recognized provident fund ('PF') |
| 194B   | : TDS on income from lottery or crossword puzzle.   |
| 194BB  | : TDS on income from horse races  |
| 194LBC | : TDS on income in respect of investment in securitization trust  |
| 194N   | : TDS on cash withdrawal in excess of INR 20 Lakhs  |

### How to identify the non-filers of Income Tax returns:

CBDT has launched new functionalities "compliance check for section 206AB & 206CCA", whereby taxpayer can identify list of specified persons for easy and effective implementation of above provisions.



## **CBDT issues guidelines for Taxing Partnership Firms on its Reconstitution:**

In accordance with Section 9B and Subsection (4) of Section 45 of the Income-tax Act of 1961, the Central Board of Direct Taxes (CBDT) established instructions for taxing partnership firms on their reconstitution.

After the Finance Act of 2021 added a new section 9B to the Income Tax Act and replaced another provision - 4 of section 45 - the recommendations aim to provide clarity on the techniques to be used when calculating tax liabilities. Section 9B taxed the firm's income on the transfer of capital assets and stock in trade, whereas Section 45(4) now taxes income in the hands of the firm, which is actually the income in the hands of the partner. The CBDT observed that the amount taxed under section 45(4) of the Act must be attributed to the specified entity's remaining capital assets, so that when such capital is transferred in the future, the amount attributed to such capital assets is subtracted from the value of the consideration, and the specified entity does not have to pay tax on the amount again.

## **Income Tax Return: Taxpayers Can Now File A Quarter-Wise Breakup of Dividend Income**

The income tax department has mandated the taxpayers to pay advance tax in the quarter in which they have received the dividend income.

In the income tax return for FY 2020-21, the taxpayers can now give a quarter-by-quarter breakdown of dividend income received in a financial year for the purpose of calculating interest for failure in settlement of the advance tax due.

For the periods 1st April 2020 to 15th June 2020, 16th June 2020 to 15th September 2020, 16th September 2020 to 15th December 2020, 16th December 2020 to 15th March 2021, and 16th March 2021 to 31st March 2021, the breakdown can be provided in the ITR. For calculating the interest due for failure to pay an advance tax due, which is levied under section 234C, these quarterly dividend breakups shall be a relief. If the company deducted tax when issuing dividends, you can claim TDS credit on your income tax return.

## **EPFO allows its members to avail second COVID-19 advance:**

To support its contributors during the second wave of COVID-19 pandemic, EPFO has now allowed its members to avail second non-refundable COVID-19 advance. The provision for special withdrawal to meet the financial need of members during pandemic was introduced in March 2020, under Pradhan Mantri Garib Kalyan Yojana (PMGKY).

Under this provision, non-refundable withdrawal to the extent of the basic wages and dearness allowances for three months or up to 75% of the amount standing to member's credit in the EPF account, whichever is less, is provided. Members can apply for lesser amount also.

EPFO has deployed a system driven auto-claim settlement process in respect of all such members whose KYC requirements is complete in all respects. Auto-mode of settlement enables EPFO to reduce the claim settlement cycle to just 3 days as against the statutory requirement to settle the claims within 20 days.



# Income Tax

## Extension of time limits of following compliances for providing relief to taxpayers:

Ministry of Finance vide Circular 12 of 2021 dated June 25, 2021 provided relaxation in following compliances:

- **Objections to Dispute Resolution Panel (DRP)** and Assessing Officer u/s 144C, for which the last date of filing under that section is June 01, 2021, may now be filed within the time provided in that Section or by August 31, 2021, whichever is later;
- The **Statement of Deduction of Tax** for the last quarter of the FY 2020-21, required to be furnished on or before May 31, 2021 under Rule 31A, may be furnished on or before July 15, 2021.
- **Certificate of Tax Deducted at Source** in Form 16, required to be furnished to the employee by June 15, 2021 under Rule 31, may now be furnished on or before July 31, 2021.
- **Statement of income paid or credited by an investment fund** to its unit holder in Form No. 64D of the Previous Year 2020-21 required to be furnished on or before June 15, 2021 under Rule 12CB, may be furnished on or before July 15, 2021.
- **Statement of income paid or credited by an investment fund** to its unit holder in Form No. 64C of the Previous Year 2020-21 required to be furnished on or before June 30, 2021 under Rule 12CB, may be furnished on or before July 31, 2021.
- The **application under Section 10(23C), 12AB, 35(1)(ii)/(iia)/(iii) and 80G** of the Act in Form No. 10A/Form No. 10AB, for registration/provisional registration/intimation / approval / provisional approval of Trusts/ Institutions/Research Associations etc. required to be made on or before June 30, 2021, may now be made on or before August 31, 2021.
- The **compliances to be made by all the taxpayers** such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB of the Act, for which the last date of such compliance falls between April 01, 2021 to September 29, 201 (both days inclusive), may now be completed on or before September 30, 2021.
- The **Quarterly Statement in Form No. 15CC** to be furnished by authorized dealer in respect of remittances made for the quarter ending on June 30, 2021, required to be furnished on or before July 15, 2021 under Rule 37 BB of the Rules, may now be furnished on or before July 31, 2021.
- The **Equalization Levy Statement in Form No. 1** for the FY 2020-21, which is required to be filed on or before June 30, 2021, may be furnished on or before July 31, 2021.
- The **annual statement required to be furnished** under sub-section (5) of the Section 9A of the Act by the eligible investment fund under Form No. 3CEK for the FY 2020-21, which is required to be file on or before June 29, 2021, may now be furnished on or before July 31, 2021.
- **Uploading of the declarations** received from recipients in Form No. 15G/15H during the quarter ending on June 30, 2021, which is required to be uploaded on or before July 15, 2021, may now be uploaded by August 31, 2021
- **Exercising of option under sub-section (1) of Section 245M** of the Act in Form No. 34BB which is required to be exercised on or before June 27, 2021, may now be exercised on or before July 31, 2021.

# Goods & Services Tax

## **HC admits petition against notice issued to reverse ITC on account of non-payment of tax by seller, demand stayed: (HIGH COURT OF CHHATTISGARH)**

GST authority issued notice to reverse input tax credit claimed by assessee-buyer on account of non-payment of tax by seller, writ petition was admitted for hearing and revenue was directed to file reply; demand was stayed subject to deposit of 5 per cent amount of tax.

## **Services by way of facilitating sales of goods for various overseas suppliers is not export of services being intermediary services: (AUTHORITY FOR ADVANCE RULINGS, WEST BENGAL)**

An applicant is supplier of services by way of arranging or facilitating sales of goods for various overseas suppliers, same not being done on his own account, all conditions necessary to be an intermediary as defined in section 2(13) of IGST Act are satisfied and since condition of place of supply being outside India is not satisfied, services of applicant by way of arranging sales of goods shall not be considered as 'export of service' as defined under clause (6) of section 2 of the IGST Act, 2017.

## **Kerala HC directs GST Council to forward representation of petitioner to Govt. for inclusion of petrol and diesel under GST regime**

Where petitioner has submitted representation to concerned authorities to recommend inclusion of petrol and diesel under GST, GST Council to be directed to forward said representation to Union of India, represented by Finance Secretary, New Delhi, to take an appropriate decision within a period of six weeks from date of receipt of a copy of representation.

## **Period of modification of Import Export Code is extended for the year 2021-22 till 31.07.2021**

An Import Export Code holder must ensure that details in its Import Export Code is updated electronically every year, during April-June period. However, for the current year 2021-22, this period is extended till 31st July 2021.

# Companies Act

## Relaxation on levy of additional fees in filing of certain forms under the Companies Act, 2013 and LLP Act, 2008:

In continuation of MCA general circular no. 06/2021 dated 03.05.2021, MCA has issued general circular no. 11/2021 dated June 30, 2021 to grant additional time up to August 31, 2021 to companies/LLP's to file forms under Companies Act, 2013 / LLP Act, 2008 (Other than E-form CHG-1, CHG-4 and CHG-9) which were or are due for filing during April 01, 2021 to July 31, 2021 **without any additional fees.**

Accordingly, **only normal fees will be levied up to August 31, 2021 for forms required to be filed during April 01, 2021 to July 31, 2021.**

## Shop Act registration facility is also available with incorporation of company:

MCA vide notification dated June 07, 2021 notified **Companies (Incorporation) Fourth Amendment Rules, 2021** which shall come into **effect from June 07, 2021.**

Along with all other registration, new proposed companies can now apply for Shop Act registration also at the time of incorporation through **"E-form AGILE PRO-S"**.

## E-voting facility for EGM:

The MCA has earlier issued General Circular no 14/2020 (first circular) and 17/2020 (second circular) dated 13th April 2020 for providing relaxations and clarifying various difficulties in following the procedure detailed in the first circular.

Further as per the new circular, companies can now conduct EGM through video conferencing or other audio visual means and provide e-voting facilities **till December 31, 2021.**

## Companies (Accounting Standards) Rules, 2021 came into effect from June 23, 2021:

Through these Rules, MCA has notified the Accounting Standards for small and medium companies that revise the turnover and borrowing limits as well as help in making disclosure requirements less onerous.

The definition of Small and Medium-Sized Companies (SMCs) under the standards has been revised and accordingly turnover limit has been increased from Rs 50 crore to not exceeding Rs 250 crore and with enhanced borrowing limits. This is in addition to the requirements that such entities should be unlisted companies, which are not banks, financial institutions, or insurance companies.

The Accounting Standards 1 to 5, 7, and 9 to 29 as recommended by the Institute of Chartered Accountants of India shall be applicable on SMC and shall come into effect in respect of accounting periods commencing on or after 01-04-2021.

Every company, other than companies on which Indian Accounting Standards as notified under Companies (Indian Accounting Standards) Rules, 2015 are applicable, and its auditor(s) shall comply with the Accounting Standards at the time of preparation of Financial Statements. Further, an existing Company which has subsequently become SMC can only claim the benefits of SMC under these Rules after two years.

## Meeting of Board and its power:

MCA wide notification dated 15-06-2021 notified the **Companies (Meetings of Board and its Power) Amendment Rules, 2021** which shall come into force on the date of their publication in the Official Gazette i.e. 15-06-2021.

- Through this Amendment, Rule 4 related to the matters not to be dealt with in a meeting through video conferencing or other audio-visual means has been omitted.
- Accordingly, now all companies are free to discuss and approve the matters related to the approval of the annual financial statements; the approval of the Board's report; the approval of the prospectus; the Audit Committee Meetings and the approval of the matter relating to amalgamation, merger, demerger, acquisition, and takeover, in any meeting held through video conferencing or other audio visual means.
- Earlier, MCA has provided relaxation in this regard up to 30th June 2021.



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# Government Government Scheme Updates Updates

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## Industry News:

Subsidy for unit located at Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule:

The Subsidy available for manufacturing units & food processing units located in Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule under package scheme of incentive – 2019 is 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 MSME's

Taluka / Area Classification	Maximum ceiling of basket of incentives as % of FCI	Eligibility Period (Years)
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule	80%	10

### 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 MSMEs units located in Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule.

- Industrial Promotion Subsidy – 100% SGST refund for new/expansion units.
- Stamp Duty Exemption for Land & Term Loan – applicable only Biotechnology & IT manufacturing units for new / expansion units.
- Interest subsidy for new unit – Interest rate @ 5% P.A. or electricity paid during the year whichever is low.
- Electricity duty exemption for new unit – eligible new unit will be exempted from payment of Electricity Duty during applicable eligibility period.
- Power tariff subsidy – Rs. 1 or Rs. 0.50 per unit for 3 years only for new unit.



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# NewsBites

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