

# NewsBites

Thirty Eighth Edition

Greetings!

We are delighted to present our news bite for the month of May 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

## Contents

### Income Tax

- |   |   |
|---|---|
| 1. Extension of Income Tax Return Filing Due date for the FY 2020-21.....                               | 2 |
| 2. New e-filing website ( <a href="http://www.incometax.gov.in">www.incometax.gov.in</a> ) launch ..... | 2 |
| 3. DSC to be re-registered afresh 7th June onwards on the new portal.....                               | 3 |

### Goods & Service Tax

- |  |   |
|--|---|
| 1. Highlights of the 43rd GST Council Meet ..... | 4 |
| 2. Measures for Trade Facilitation .....         | 4 |
| 3. COVID-19 Relief Measures for Taxpayers .....  | 5 |

### Foreign Exchange Management Act (FEMA)

- |  |   |
|--|---|
| 1. Finance Ministry Amends Indian Insurance Companies Foreign Investment Rules, To Increase FDI to 74% ..... | 6 |
|--|---|

### Reserve Bank of India

- |   |   |
|---|---|
| 1. RBI issues guidelines for amalgamation of District Central Co-Operative Banks with State Co-Operative Banks..... | 7 |
| 2. RBI orders Full KYC PPIS to enable interoperability by March 31, 2022.....                                       | 7 |

# Income Tax

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## Extension of Income Tax Return Filing Due date for the FY 2020-21 (AY 2021-22):

The CBDT vide Circular No. 9/2021, dated 20th May, 2021 has extended the due dates for filing of return of income which are as follow:

| Situations   | Original due date | Extended Due date |
|--|-------------------|-------------------|
| Individual / HUF/ AOP/ BOI<br>(Salaried person/ Businesses where books of accounts not required to be audited) | 31-07-2021        | 30-09-2021        |
| Businesses (Requiring Tax Audit)   | 31-10-2021        | 30-11-2021        |
| Partner in a firm (Firm Requiring Tax Audit)   | 31-10-2021        | 30-11-2021        |
| Businesses (Requiring any other Audit under Income Tax Act or Other Law)                                       | 31-10-2021        | 30-11-2021        |
| Businesses (Requiring Transfer Pricing Audit)  | 30-11-2021        | 31-12-2021        |
| Partner in a firm (Firm Requiring Transfer Pricing Audit)  | 30-11-2021        | 31-12-2021        |
| Belated and Revised Return   | 31-12-2021        | 31-01-2022        |

### Notes:

- Though the due date for filing of Income-tax Return for the Assessment Year 2021-22 has been extended, but no relief shall be provided for the interest chargeable under section 234A if the tax liability exceeds Rs. 1 lakh. Thus, if self-assessment tax liability of a taxpayer exceeds Rs. 1 lakh, he would be liable to pay interest under section 234A from the expiry of original due dates.

- A resident senior citizen who does not have any income from business or profession is not required to pay advance tax and he can pay the entire tax by way of self assessment tax. For computing the limit of Rs. 1 lakh (as specified above), the self assessment tax paid by a senior citizen on or before 31-07-2021 shall be deemed to be the advance tax. Thus, same shall be reduced while computing the tax liability of Rs. 1 lakh.

## New e-filing website ([www.incometax.gov.in](http://www.incometax.gov.in)) launch:

Income Tax Department launched its new e-filing portal [www.incometax.gov.in](http://www.incometax.gov.in) on 7th June, 2021. It will provide convenience and a "modern, seamless experience" to taxpayers.

New e-filing portal's features and benefits are as follows:

- Immediate processing of Income Tax Returns (ITRs) to issue quick refunds to taxpayers.
- Single dashboard to display all interactions and uploads or pending actions for follow-up action by taxpayer.
- Free of cost ITR preparation software available with interactive questions to help taxpayers for ITRs 1, 4 (online and offline) and ITR 2 (offline) to begin with; Facility for preparation of ITRs 3, 5, 6, 7 will be made available shortly.
- Taxpayers can proactively update their profile to provide details of income including salary, house property, business/profession which will be used in pre-filing their ITR.
- The detailed enablement of pre-filing with salary income, interest, dividend, and capital gains will be available after TDS and SFT statements are uploaded (due date is June 30th, 2021).



6. New call center for taxpayer assistance for prompt response to taxpayer queries.
7. Detailed FAQs, User Manuals, Videos, and chatbot/live agent also provided.
8. Functionalities for filing Income Tax Forms, add tax professionals, submit responses to Notices in Faceless Scrutiny or Appeals would be available.

Further Finance Ministry has said that new tax payment system will be launched on June 18th, 2021 after the advance tax instalment date to avoid any taxpayer inconvenience. The mobile app will also be released subsequent to the initial launch of the portal, to enable taxpayers to get familiar with the various features.

## **DSC to be re-registered afresh 7th June onwards on the new portal:**

Finance Ministry stated that the earlier DSC registered on the old portal cannot be migrated due to security and technical reasons.

Therefore, taxpayers are required to re-register their current valid DSC on the new e-filing portal <https://www.incometax.gov.in> from June 7th onwards.



image: Freepik.com

# Goods & Services Tax

## Highlights of the 43rd GST Council Meet:

1. The Council decided to keep the GST rate of 5% as it is on COVID vaccines.
2. On import of all COVID relief materials and medicines GST exemption has been provided till 31st August 2021. It Include the medicine for Black fungus – Amphotericin B.
3. The due dates for IFF and GSTR-1 filing for May 2021 are extended by 15 days. Also, the due date for GSTR-4 for FY 2020-21 and ITC-04 for Jan-Mar 2021 is extended up to 31st July 2021 and 30th June 2021, respectively.
4. The late fee waiver and interest reduction have been announced for GSTR-3B or PMT-06 filing for March, April and May 2021 and CMP-08 submission for Jan-Mar 2021 for taxpayers.
5. GST Annual Return (GSTR-9) filing is rationalized and continues to be optional for 2020-21 for small taxpayers with turnover up to Rs.2 crore. Also, GSTR-9C (Reconciliation statement) to be still applicable for taxpayers with an annual turnover of equal to or more than Rs.5 crore, allowing self-certification.
6. Companies can continue filing GST returns using EVC instead of digital signature till 31st August 2021.

## Measures for Trade Facilitation:

### 1. Amnesty Scheme to grant relief to taxpayers by reducing late fees:

| Return Type          | Criteria                                      | Maximum late fees per return                 |
|----------------------|---|--|
| Nil return           | If filed between 1st June to 31st August 2021 | Rs. 500<br>(Rs. 250 each for CGST and SGST)  |
| Having tax liability | If filed between 1st June to 31st August 2021 | Rs. 1000<br>(Rs. 500 each for CGST and SGST) |

### 2. Rationalization of late fees for all upcoming tax periods

| Return type (GSTR 1& 3B)   | Maximum late fees cap per return   |
|--|--|
| Nil Return   | Rs. 500 (Rs. 250 each for CGST and SGST)   |
| Annual Aggregate Turnover (AATO) in preceding year more than Rs 1.5 Cr       | Rs. 2000 (Rs. 1000 each for CGST and SGST)   |
| Annual Aggregate Turnover (AATO) in preceding year from Rs 1.5 Cr – Rs. 5 Cr | Rs. 5000 (Rs. 2500 each for CGST and SGST)   |
| Annual Aggregate Turnover (AATO) in preceding year more than Rs. 5 Cr        | Rs. 10000 (Rs. 5000 each for CGST and SGST)  |
| Return type (GSTR 4)   | Maximum late fees cap per return   |
| Nil Return   | Rs. 500 (Rs. 250 each for CGST and SGST)   |
| Other than nil Return  | Rs. 2000 (Rs. 1000 each for CGST and SGST)   |
| Return type (GSTR 7)   | Maximum late fees cap per return   |
|  | Rs. 50 per day (Rs. 25 each for CGST and SGST) and to be capped to a maximum of Rs 2000/- (Rs. 1,000 CGST + Rs 1,000 SGST) |



## COVID 19 Relief Measures for Taxpayers:

### 1. Lower Interest Rate and waiver of Late Fees GSTR 3 B

| Criteria                                    | Tax period               | Original due date | If filed until                             | Benefit available  |
|---|--------------------------|-------------------|--|--|
| Turnover is up to Rs. 5 Cr                  | March 21                 | 20 April 2021     | 5 May 2021<br>6 May to 19 June 2021        | Nil interest<br>Interest at a reduced rate of 9%<br>No late fees till 19 June 2021   |
|   | April 21                 | 20 May 2021       | 4 June 2021<br>5 June to 4 July 2021       | Nil interest<br>Interest at a reduced rate of 9%<br>No late fees till 4 July 2021    |
|   | May 21                   | 20 June 2021      | 5 July 2021<br>6 July to 20 July 2021      | Nil interest<br>Interest at a reduced rate of 9%<br>No late fees till 5 July 2021    |
| Quarterly filers in Category A states/ UT's | Quarter Jan – March 2021 | 22nd April 2021   | 7 May 2021<br>8 May 2021 to 21st June 2021 | Nil interest<br>Interest at a reduced rate of 9%<br>No late fees till 21st June 2021 |

| Criteria                                    | Tax period               | Original due date | If filed until                | Benefit available  |
|---|--------------------------|-------------------|-------------------------------|--|
| Quarterly filers in Category B states/ UT's | Quarter Jan – March 2021 | 24 Apr 2021       | 9 May 2021                    | Nil interest   |
|   |                          |                   | 10 May 2021 to 21st June 2021 | Interest at a reduced rate of 9%<br>No late fees till 21st June 2021 |

### 2. PMT-06 (for taxpayers opted for QRMP) and CMP 08 (composite taxpayers)

| Return type | Tax period           | Original due date | Benefit available till      | Benefit available  |
|-------------|----------------------|-------------------|-----------------------------|--|
| PMT 06      | April 2021           | 25 May 2021       | 9 June 2021                 | Nil interest   |
| PMT 06      | April 2021           | 25 May 2021       | 10 June 2021– 9 July 2021   | Interest at a reduced rate of 9%                                   |
| PMT 06      | May 2021             | 25 June 2021      | 10 June 2021                | Nil interest   |
| PMT 06      | May 2021             | 25 June 2021      | 11 June 2021 – 25 July 2021 | Interest at a reduced rate of 9%                                   |
| CMP 08      | Quarter – March 2021 | 18 Apr 2021       | 3rd May 2021                | Nil interest   |
| CMP 08      | Quarter – March 2021 | 18 Apr 2021       | 4 May – 17 June 2021        | Interest at a reduced rate of 9%<br>No late fees till 17 July 2021 |

# Foreign Exchange Management Act (FEMA)

image: Freepik.com

## Finance ministry amends Indian insurance companies foreign investment rules, to increase FDI to 74%

Finance Ministry notifies amendments to Indian Insurance Companies (Foreign Investment) Rules, 2015 to inter alia enhance the foreign direct investment limit in the insurance sector to 74% from the existing 49%.

Accordingly, amends Rule 3 to provide that no Indian insurance company shall allow the aggregate holdings by way of Total Foreign Investment in its equity shares by Foreign Investors, including portfolio investors, to exceed 75% of the paid up equity capital of such Indian Insurance Company;

“Total Foreign Investment” in an Indian Insurance Company, which shall mean the sum total of direct and indirect foreign investment by Foreign Investors in such company, calculated in such manner as is specified in regulations made by the Authority with regard to registration of Indian Insurance Companies;

Rule 4 specify that 4 in an Indian Insurance Company having foreign investment - (a) a majority of its directors, (b) a majority of its Key Management Persons, and (c) at least one among the chairperson of its Board, its managing director and its Chief Executive Officer, shall be Resident Indian Citizens;

Further is states that in an Indian Insurance Company having foreign investment exceeding 49% - (i) for a FY for which dividend is paid on equity shares and for which at any time the solvency margin is less than 1.2 times the control level of solvency, not less than 50% of the net profit for the FY shall be retained in general reserve, and (ii) not less than 50% of its directors shall be independent directors, unless the chairperson of its Board is an independent director, in which case at least one-third of its Board shall comprise of independent directors.



image: Freepik.com



# Reserve Bank of India (RBI)

image: Freepik.com

## RBI issues guidelines for amalgamation of district central co-operative banks with state co-operative banks

- I. RBI issues guidelines to bring the requirements and indicative benchmarks for amalgamation of District Central Co-operative Banks ('DCCBs') with the State Co-operative Banks ('StCBs') with a view to help the States contemplating delayering their Short-term Co-operative Credit Structure (STCCS).
- II. RBI further states that these guidelines will also apply for amalgamation of one or more DCCBs in a State with the StCB or amalgamation of one DCCB with another.
- III. Conditions that need to be fulfilled for RBI to consider proposals for amalgamation, includes –
  - (i) when the State Govt. makes a proposal to amalgamate one or more DCCB/s in the State with the StCB after conducting a detailed study of the legal framework,
  - (ii) when such proposal of the State Government has been examined and recommended by NABARD;
- iv. Further the proposal for amalgamation of DCCBs with the StCB will be examined by RBI in consultation with NABARD and the sanction/approval will be a two-stage process, wherein, in the first stage, an 'in-principle' approval will be accorded subject to fulfilment of certain conditions, following which the processes for amalgamation may be initiated by all concerned, and after completion of the above processes, NABARD and RBI may be approached for final approval along with compliance report.

- v. The Guidelines also specify the basic regulatory criteria for amalgamation, general considerations governing the in-principle approval as well as the post- amalgamation requirements and disclosures.

## Full KYC PPIS to enable interoperability by March 31, 2022: RBI

The Reserve Bank of India (RBI) states full KYC (know your customer)-compliant prepaid payment instruments (PPIs) shall be offered to their holders interoperability through card networks and UPI (Unified Payments Interface) mandatorily by March 31, 2022.

Also, customers of full KYC-compliant PPIs issued by non-bank PPI issuers can withdraw a maximum of Rs 2,000 per transaction and Rs 10,000 per month per PPI.

# NewsBites

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