

# NewsBites

Thirty Second Edition

Greetings!

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

## Contents

### Income Tax

1. Consequences of delay in filing of Income Tax Return ..... 2
2. Income tax relief for homebuyers and real estate developers... 3

### Goods & Service Tax

1. Quarterly Return Monthly payment (QRMP) Scheme – Effective from January 01, 2020..... 4

### The Companies Act, 2013

1. Several relaxations in lieu of Covid-19..... 6

### Reserve Bank of India & Foreign Exchange Management Act

1. Delegation of Powers for Compounding of Contraventions under FEMA..... 7
2. Department of Industrial Policy & Promotion (DIPP) sets Standard Operating Procedure (SOP) for processing FDI proposals ..... 7

### Government Scheme Updates

1. Subsidy available for manufacturing units & food processing units located in C zone under package scheme of incentive – 2019 ..... 8



# Income Tax

## Consequences of Late Filing of Your Income Tax Return:

The due date for filing of the Income Tax Return (ITR) for the financial year 2019-2020 i.e. assessment year 2020-2021 for general category (Non Audit Cases) of taxpayers and which covers all salaried was 31st July 2020 and has since been extended till 31st December 2020 as of now. Following are the consequences of filing of ITR after 31st December, 2020 for the assessment year 2020-2021:

1. In case there are some taxes yet to be paid, filing of income tax return after the due date will attract **interest @ 1% per month** and part thereof up to the date of filing of the return, on such unpaid tax amount. This interest will be charged only if there is any tax payable by you.
2. You will not be allowed to carry forward certain losses if you are filing your income tax return after the deadline.
3. You may lose interest on refund u/s 244A as delay in filing is attributable to you for the period by which you have filed late return.
4. If a person fails to furnish return before due date, the assessing officer may levy a **penalty u/s 271F** as follows:

Date of Filing	Fees Leviable
If the return is furnished after the due date of filing but on or before the 31st day of December.	<b>Five thousand rupees</b>
In any other case	<b>Ten thousand rupees</b>

Note: If the total income of the person does **not exceed five lakh rupees**, the fee payable under this section shall not exceed **one thousand rupees**.



image: Freepik.com

## Income tax relief for homebuyers and real estate developers:

There are certain sections in Income Tax Act 1961 like 50C, 43CA, 56(2)(x) etc. provides a deeming fiction under which sale consideration received as a result of sale / transfer of an immovable property is less than the value adopted by the Stamp Valuation Authority (SVA) for the purpose of payment of stamp duty in respect of such sale/transfer, the value so adopted shall be deemed to be the full value of the consideration for the purpose of computing profits and gain or capital gains or income from such transfer.

However such deeming fiction is not applied where the value adopted by the stamp valuation authority does not exceed one hundred and ten per cent of the sale consideration received as a result of such sale/transfer i.e. 10% variance between sale consideration of property & value adopted for stamp duty valuation does not attracts deeming fiction.

To boost demand amid festive season & reduce the practical hardship of the taxpayer, the finance minister in November 2020 announced income tax relief for primary residential real estate sales of up to ₹2 crore, the differential between value adopted by SVA and agreement value increased to 20% from 10% earlier. The offer will be applicable till 30 June, 2021.

The move will benefit both developers and homebuyers. It will help reduce the high inventory, reduce the cost of acquisition for homebuyers. Real estate prices in many pockets of India have either remained stable or declined in some cases, a higher difference will help address this issue.



image: Freepik.com



# GOODS & SERVICES TAX

image: Freepik.com

## Quarterly Return Monthly Payment (QRMP) Scheme: Effective from January 01, 2020

### 1. QRMP Scheme

Currently the periodicity of filing GSTR-3B return along with payment of GST is monthly. Under QRMP Scheme, in order to facilitate small taxpayers they will be allowed to file GSTR-3B return on quarterly basis, however payment of GST will be required to be made on monthly basis.

This new Scheme will be effective from 01.01.2021 and it is an optional scheme. The eligible tax payers can opt for the scheme or may also not opt it and continue with the normal monthly filing of GSTR-3B.

### 2. Eligibility for QRMP Scheme

A registered person who is required to furnish a return in FORM GSTR-3B, and who has an aggregate turnover of up to 5 crore rupees in the preceding financial year, is eligible for the QRMP Scheme.

The aggregate annual turnover for the preceding financial year shall be calculated in the common portal taking into account the details furnished in the returns by the taxpayer for the tax periods in the preceding financial year.

In case the aggregate turnover exceeds 5 crore rupees during any quarter in the current financial year, the registered person shall not be eligible for the Scheme from the next quarter.

### 3. When can opt for QRMP Scheme

Facility to avail the Scheme on the common portal would be available throughout the year. In terms of rule 61A of the CGST Rules, 2017, a registered person can opt in for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter.

In order to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such option.

### 4. IFF facility under QRMP scheme

For each of the first and second months of a quarter, the registered person who has opted for QRMP scheme will have the facility IFF ('Invoice Furnishing Facility') to furnish the details of such outward supplies to a registered person, as he may consider necessary, between the 1st day of the succeeding month till the 13th day of the succeeding month.

The said details of outward supplies shall, however, not exceed the value of Rs 50 lakhs in each month. It may be noted that after 13th of the month, this facility for furnishing IFF for previous month would not be available. As a facilitation measure, continuous upload of invoices would also be provided for the registered persons wherein they can save the invoices in IFF from the 1st day of the month till 13th day of the succeeding month.

The facility of furnishing details of invoices in IFF has been provided so as to allow details of such supplies to be duly reflected in the FORM GSTR-2A and FORM GSTR-2B of the concerned recipient.

### 5. Payment of GST under QRMP scheme?

The registered person under the QRMP Scheme would be required to pay the tax due in each of the first two months of the quarter by depositing the due amount in FORM GST PMT-06, by 25th of the succeeding month.



image: Freepik.com

While generating the challan, taxpayers should select “Monthly payment for quarterly taxpayer” as reason for generating the challan.

There are two options viz fixed sum method and self-assessment method, for monthly payment of tax during the first two months of a quarter.

**(a) Fixed Sum Method:** A facility is being made available on the portal for generating a pre-filled challan in FORM GST PMT-06. The challan will be generated for following amount:

Situation	Tax required to be paid in first two months of the quarter
Where tax payer had filed GSTR-3B of previous quarter on quarterly basis.	35% of tax paid (CGST / SGST/ IGST/ UTGST/ Cess) in cash.
Where tax payer had filed GSTR-3B of previous quarter on monthly basis.	Equal to the tax paid in cash in the last month of the immediately preceding quarter.

It may be noted here that the quarter Jan – March, 2021 will be first quarter of the scheme and as GSTR-3B for the period till December, 2020 will have been filed on monthly basis, thus the taxpayer opting for fixed sum method will be governed under Situation II above and he will have to pay the amount of tax equal to tax paid in December, 2020.

It may be noted that monthly tax payment through this method would not be available to those registered persons who have not furnished the return for a complete tax period preceding such month. A complete tax period means a tax period in which the person is registered from the first day of the tax period till the last day of the tax period.

**(b) Self-Assessment Method:** The persons can also pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available, in FORM GST PMT-06.

In order to facilitate ascertainment of the ITC available for the month, an auto-drafted input tax credit statement has been made available in FORM GSTR2B, for every month.

The registered person is free to avail either of the two tax payment methods in any of the two months of the quarter.

## 6. How and when file GSTR-3B returns

The registered persons opting for QRMP scheme would be required to furnish FORM GSTR-3B, for each quarter, on or before 22nd / 24th day of the month succeeding such quarter (based on State / UT where its place of business is located).

In FORM GSTR-3B, they shall declare the supplies made during the quarter, ITC availed during the quarter and all other details required to be furnished therein. The amount deposited by the registered person in the first two months shall be debited solely for the purposes of offsetting the liability furnished in that quarter’s FORM GSTR-3B. However, any amount left after filing of that quarter’s FORM GSTR-3B may either be claimed as refund or may be used for any other purpose in subsequent quarters.

# THE COMPANIES ACT, 2013

## Several relaxations in lieu of Covid 19:

- 1. Relaxation of additional fees and extension of last date to file Cost Audit Report:** MCA vide General Circular 38/2020 dated December 01, 2020, has extended the date for filling E-form CRA-4 for FY 2019-20 till December 31, 2020 instead of November 30, 2020.

Therefore if cost auditor submits the cost audit report for the financial year 2019-20 in front of the Board of Directors of the companies by **31st December 2020** then it will not be considered as a violation of rule 6(5) of Companies (cost records and audit) Rules, 2014.

- 2. Extension of LLP Settlement Scheme, 2020:** MCA has decided to extend the date of applicability of the Scheme for defaulting LLP's. Therefore, all belated documents due for filling till 30th November can now be filled **till 31st December, 2020**.

Further if a statement of accounts & solvency for the financial year 2019-20 has been signed beyond the period of six months from the end of the financial year but not later than 30th November, 2020, then the same shall not be deemed as non-compliance.



image: Freepik.com

# RESERVE BANK OF INDIA & FOREIGN EXCHANGE MANAGEMENT ACT

image: Freepik.com

## **Delegation of Powers for Compounding of Contraventions under FEMA:**

1. RBI has issued a circular wherein the powers to compound certain contraventions have been delegated to the Regional Offices/Sub-Offices of the Reserve Bank.
2. Further, with respect to the classification of a contravention under FEMA by the Reserve Bank as 'technical' or 'material' or 'sensitive/serious in nature', RBI has decided to discontinue the classification of a contravention as 'technical' that was dealt with by way of an administrative/ cautionary advice and regularize such contraventions by imposing minimal compounding amount as per the compounding matrix as contained in the 'Master Direction – Compounding of Contraventions under FEMA, 1999' dated January 01, 2016.

## **Department of Industrial Policy & Promotion (DIPP) sets Standard Operating Procedure (SOP) for processing FDI proposals:**

1. All Proposals for foreign investment in sectors/ activities requiring Government approval as per the Consolidated FDI Policy dated 15.10.2020, and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019 dated 17.10.2019, would be filed online through the Foreign Investment Facilitation Portal (FIFP).
2. The applicant would be required to submit the proposal for foreign investment in terms of the guidelines and requirements under the FDI Policy, Standard Operating Procedure for processing FDI proposals, as amended from time to time (SOP) and FIFP.
3. The SOP for FDI proposals has detailed outlines for Online Filing of Application; Competent Authorities for Approval of Foreign Investment; Procedure for Processing of Applications Seeking Approval for Foreign Investment; Time Limits for submission of various documents; Monitoring & Review.



image: Freepik.com

# GOVERNMENT SCHEME UPDATES

image: Freepik.com

## Industry News:

Subsidy available for manufacturing units & food processing units located in C zone under package scheme of incentive – 2019:

### Coverage under the PSI – 2019:

1. Manufacturing Enterprises
2. IT Manufacturing Units registered with DIC/MIDC/STPI
3. Bio-Technology Manufacturing Units
4. 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)
C	40%	7

### Additional Subsidy for Food / Agro Processing units:

1. 20% over and above the limits mentioned above
2. Two more years of eligibility to avail the incentives

### Basket of Incentives for MSMEs in "C" Zone:

1. Industrial Promotion Subsidy – 100% SGST refund for new/expansion units.
2. Stamp Duty Exemption for Land & Term Loan – applicable only Biotechnology & IT manufacturing units for new / expansion units.
3. Interest subsidy for new unit – Interest rate @ 5% P.A. or electricity paid during the year whichever is low.

4. Electricity duty exemption for new unit – eligible new unit will be exempted from payment of Electricity Duty during applicable eligibility period.
5. Power tariff subsidy –Rs. 1 or Rs. 0.50 per unit for 3 years only for new unit.

### Areas covered under "C" Zone:

District	Location
Pune	Shirur \$ Daund \$ Bhor \$ Khed \$ Indapur Baramati Purandar\$
Thane	Bhivandi \$ Shahapur
Raigad	Karjat \$ Mahad Mangaon Murud
Ratnagiri	Ratnagiri Chiplun
Nasik	Niphad Sinnar

Classification of PMR / Outside PMR as on 1st April, 2019 and shall be valid for 2019 Policy Period.

\$: Outside Pune Metropolitan Region (PMR)



# NewsBites

## SAN & CO.

CHARTERED ACCOUNTANTS

We are professional firm of Chartered Accountants having significant experience across varied industries and business segments.

We specialize in providing the following services:

1. India Set up
2. Corporate Compliance Management
3. Audit & Assurance
4. Government Incentives & Bank Finance

You may use any of the following means to connect with us:

CA Sachin Shinde	+91 98906 49497	sachin.shinde@sanca.in
CA Anil Shinde	+91 97660 37816	anil.shinde@sanca.in
CS Manisha Lalwani	+91 89595 05955	manisha.lalwani@sanca.in

### Office Address:

### SAN & CO. Chartered Accountants

B/38, 3rd Floor, Aamod Apartments,  
Opp. Police Ground, Behind Hotel Shravan,  
F.C. Road, Shivajinagar, Pune 411016  
Maharashtra, India  
+91 80870 70205 | +91 80870 70476 | +91 80877 00477  
Web: [www.sanca.in](http://www.sanca.in)

#### Disclaimer:

The contents of this brochure are for private circulation only and are intended for general marketing and informative purposes only and should not be construed to be complete. This brochure may contain information other than our services and credentials. Such information should neither be considered as an opinion or advice nor be relied upon as being comprehensive and accurate. We accept no liability or responsibility to any person for any loss or damage incurred by relying on such information. This brochure may contain proprietary, confidential or legally privileged information and any unauthorized reproduction, misuse or disclosure of its contents is strictly prohibited and will be unlawful. This document has been designed using resources from Freepik.com