

NewsBites

Tenth Edition

Greetings!

We are delighted to present our news bites for the month of January 2019.

This News Bites intends to give an overview of what is happening in the sphere of direct and indirect taxation, audit and assurance and also in the industry.

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

Best Regards,
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Chartered Accountants

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Union Budget 2019

Budget 2019 Highlights

Finance Minister Piyush Goyal presented the Interim Budget for 2019 at the Parliament on Friday, 1st Feb 2019. An Interim Budget usually doesn't list out new schemes or doesn't unveil any policy measures. A full-fledged Budget will be presented after the House reassembles after the General Elections.

Here are the highlights from the speech:

- Individual taxpayers with annual income up to 5 lakh rupees to get full tax rebate.
- Individuals with gross income of up to Rs.6.5 lakh will not need to pay any tax if they make investments in provident funds and prescribed equities.
- Standard tax deduction for salaried persons raised from Rs. 40,000 to Rs. 50,000.
- TDS threshold on interest on bank and post office deposits raised from Rs. 10,000 to Rs. 40,000.
- TDS threshold on rental income increased from Rs. 1.8 lakh to Rs. 2.4 lakh.
- Gratuity limit increased from 10 lakh to 20 lakh rupees.
- Tax on notional rent on second house property removed.
- Benefit of rollover of capital tax gains to be increased from investment in one residential house to that in two residential houses, for a taxpayer having capital gains up to 2 crore rupees; can be exercised once in a lifetime.
- I-T processing of returns to be done in 24 hours.
- Businesses with less than Rs. 5 crore annual turnover, comprising over 90% of GST payers, will be allowed to return quarterly returns.
- Within next 2 years all verification of tax returns will be done electronically without any interface with the tax payer.
- Package of Rs. 6000 per annum for farmers with less than 2 hectares of land. Scheme will be called Pradhan Mantri Kisan Samman Nidhi.
- Vande Bharat Express, an indigenously developed semi high speed train, to be launched.
- One lakh digital villages planned in the next five years.
- Fund allocation to Northeast region increased to Rs. 58,166 crore in this year, a 21% rise over last year for infrastructure development.
- Anti-camcord regulations to be introduced in the Indian Cinematograph Act to prevent piracy and contact theft of Bollywood films. Single window clearance for Indian filmmakers will be introduced.
- 25 per cent of sourcing for government projects will be from MSME, of which three per cent will be from women entrepreneurs.
- National Artificial Intelligence portal to be developed soon.
- The ESI cover limit has been increased to Rs. 21,000. Minimum pension was also increased to Rs. 1000.
- Mega pension scheme for workers from the organised sector with income of less than Rs.15,000. They will be able to earn Rs. 3000 after the age of 60 years. The scheme will be called PM Shramyogi Maan Dhan Yojana.
- 2% interest subvention for farmers pursuing animal husbandry.
- 2% interest subvention on loan of 1 crore for GST registered MSME units.
- All farmers affected by severe natural calamities will be given interest subvention for the entire period of three per cent of loans.
- The 22nd AIIMS will come up in Haryana.

Goods & Service Tax

32nd GST Council Meeting – Highlights (Held on 10th January 2019)

The key takeaways of the 32nd GST Council meeting are as follows:

- Increase in GST registration limit from Rs 20 lakhs up to Rs. 40 lakhs for suppliers of goods.
- Changes in the existing composition scheme made by increasing the turnover limit to join the scheme up to Rs. 1.5 crores, tax payments to be made quarterly and returns to be filed annually starting 1st April 2019.
- New composition scheme is introduced for service providers and those who supply services along with goods; the Turnover limit set is Rs. 50 lakhs and the Tax rate is fixed at 6%.
- No rate cuts were announced this time. GoMs were formed to study taxation of under-construction properties & lotteries.
- Calamity cess up to 1% for up to 2 years will be charged for supplies made within the State of Kerala.
- Till the date neither class of registered persons nor specified categories of goods prescribed by the Govt. so until and unless notified RCM will not applicable.
- Taxpayers may opt for multiple registrations within a State/U.T in respect of multiple places of business located within the same State/U.T on the same PAN.
- Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.
- Registration shall be remain temporarily suspended while cancellation of registration is under process, so that the taxpayer could get relief of further continued compliance under the law. (i.e Taxpayers will not be required to file returns).
- Registered persons may issue consolidated credit/debit notes to a party in respect of multiple invoices issued in a Financial Year to that party.

Major GST Amendments applicable w.e.f. 01-02-2019

- Upper limit of turnover for opting of composition scheme shall be raised from Rs. 1 Cr to Rs. 1.5 Cr.
- The threshold limit of Turnover for exemption from registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand shall be increased to Rs. Twenty Lakh from Rs. Ten Lakh.
- In case of purchase of notified goods from unregistered suppliers, Reverse charge mechanism shall be applicable to notified registered persons.
- RCM applicable without any exemption limit wef 01-02-2019 for a class of registered persons in respect of supply of specified categories of goods or services or both received from an unregistered supplier as per Notification No.01/2019 – Central Tax (Rate) and amended section 9(4) of CGST Act.
- Commissioner may extend the time limit for return of inputs and capital sent on job work, upto a period of 1 year and 2 years, respectively.
- Place of supply shall be outside India, where job work or any treatment or process has been done on goods temporarily imported into India and then exported out of India without putting them to any other use in India except the uses which were necessary for the purpose of such job work or treatment or process.

Income Income Tax

Here are some of the important financial deadlines you need to know about in 2019. Not meeting some of these could lead to substantial financial hardships

1. PAN-Aadhaar linking deadline

Post the Supreme Court judgement on Aadhaar, it is now mandatory for every PAN card holder to link his/her PAN with Aadhaar. The Central Board of Direct Taxes (CBDT) in its order under section 119, dated June 30, 2018, had earlier extended the deadline to link PAN with Aadhaar to March 31, 2019. If an individual's PAN is not linked with Aadhaar by March 31, then post the deadline, the PAN will be considered invalid, as per Section 139AA of the Income Tax Act.

2. Pradhan Mantri Awas Yojana Deadline

If you are planning to buy a house and want to avail of the benefits under the Pradhan Mantri Awas Yojana (PMAY), then you must hurry up. If you are first time home buyer and satisfy all the other conditions, you could be eligible for credit linked subsidy under the government's scheme. Currently, the last date to avail the subsidy under this scheme is March 31, 2019.



Here are some of the important (Cont...)

3. Transfer of physical shares

If you are holding physical shares of a company, then you must dematerialise them before April 1, 2019. If you miss this deadline, you will not be able to sell your shares in physical certificate format until you have dematerialised them and hold them in a demat account. The earlier deadline to comply with this order was December 5, 2018, which was extended.

4. Deadline to file ITR for FY 2017-18

If you are one of those taxpayers who have still not filed their income tax return (ITR), then you must file your belated ITR on or before March 31, 2019. Once this deadline is missed, you will not be able to file it unless tax department sends you a notice."

Remember, you will have to pay a penalty if you are filing your belated ITR. As per the current income tax laws, if you file your belated ITR on or before December 31, 2018 you will pay a fee of Rs. 5,000. If the belated ITR is filed between January 1, 2019 and March 31, 2019, then you will pay a late filing fees of Rs. 10,000.

As a relief to small taxpayers, whose income does not exceed Rs. 5 lakh, the maximum fee has been limited to Rs. 1,000.

5. Complete your tax-savings and claim allowances

March 31, 2019 is the last date to complete all your tax-savings and claim reimbursements/allowances from your employer for FY2018-19. Remember that tax benefits such as Leave Travel Allowance (LTA) can be claimed via your employer only. Also, reimbursements you are entitled to may lapse or be added to your taxable salary unless claimed by the end of the financial year. Often employers offer reimbursement of certain expenditure such as conveyance, communication and so on. Depending on your

employer's internal policies, these reimbursement entitlements may lapse or be added to your taxable salary if unclaimed till the end of the FY. Normally, your employer will ask you to submit bills to claim these reimbursements.

Also, remember to submit all the required documents such as rent receipts and other tax-savings related documents to your employer before the deadline set by your employer to avoid higher TDS deduction from your salary income.

6. Deadline to revise your ITR for FY 2017-18

If you have discovered any mistake in the ITR you filed for FY2017-18 (AY 2018-19), then you must rectify your return by filing a revised ITR. According to current income tax laws, the last date to file your revised ITR for FY2017-18 is March 31, 2019. If you are filing a belated ITR, remember that if you file ITR on March 31, 2019, then you would lose out the chance to file a revised return in case any mistake is made while filing ITR.

7. Deadline to apply for PAN for non-individual entities

With effect from FY 2018-19, non-individuals who do not have PAN but have conducted transactions above Rs. 2.5 lakh in a single financial year will now have to apply for a PAN on or before May 31 of the following year.

Companies Act, 2013

Companies Act, 2013

Recent Notification

- On 22nd January, 2019 MCA came up with a new sub-rule under Companies (Acceptance of Deposits), Rules, 2014 which says that every company (other than government company) shall file an **onetime return of outstanding receipt of money or Loan** by a Company but not considered as deposits in e form DPT-3.

Let's cover few FAQs with respect to this rule.

1. What is the Last date for filing this form?

Law says '90 days from the date of its publication' means 90 days from 22nd Jan, 2019, i.e. 21st April, 2019.

2. If a company does not accept any loan or does not having any outstanding loan, then also company need to comply with the provisions of this rule?

If company does not accept loan or does not having any outstanding loan, there is no need to comply with the provisions of this rule.

- MCA vide **Notification dated 18th December, 2018** has amended the provisions of the Companies (Incorporation) Rules, 2014 to provide new rules in connection with declaration of commencement of business, manner of obtaining approval in case of change in financial:

- The declaration under **section 10A** (as inserted by the Companies (Amendment) Ordinance, 2018) by a director shall be in **Form INC-20A**;

The contents of the said form shall be verified by a Company Secretary or a Chartered Accountant or a Cost Accountant, in practice.

However, in case of a company pursuing objects requiring registration or approval from any sectoral regulators such as RBI, SEBI etc., the registration or approval, as the case may be, from such regulator shall also be obtained and attached with the declaration.

- Application under **section 2(41)** for change in financial year:

The application for approval of concerned Regional Director (RD) under section 2(41), shall be filed in **e-Form No.RD-1** along with the fee and shall be accompanied by the following documents:

- Grounds and reasons for the application;
- A copy of the minutes of the Board meeting at which the resolution authorising such change was passed, giving details of the number of votes cast in favour and or against the resolution;
- Power of Attorney or Memorandum of Appearance, as the case may be;
- Details of any previous application made within last 5 years for change in financial year and outcome thereof along with copy of order.



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