MARCH 2019

NewsBites

Twelveth Edition

Greetings!

We are delighted to present our news bites for the month of March 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,
S A N & CO.
Chartered Accountants

Contents

Goods & Service Tax

Latest GST Updates effective from 1-4-2019

Threshold Limit for Registration (w.e.f. 01/04/2019)

Notification No. 10/2019-Central Tax dated 7th March, 2019:

- Threshold limit for registration (For those engaged in exclusive supply of goods) Enhanced to Rs. 40 lacs.
- Except persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand
- Except persons required to take compulsory registration u/s 24.
- Except suppliers of Ice cream & other edible ice, whether or not containing cocoa, Pan masala, Tobacco & manufactured tobacco substitutes.
- **The threshold for registration for service providers would continue to be Rs 20 lakhs and in case of Special category States Rs 10 lakhs.**

Due Date for GSTR 1

Notification No. 11/2019 – Central Tax dated 7th March, 2019

- Time Period for filing GSTR-1 for Registered persons having aggregate turnover of up to 1.5 crore rupees in the preceding financial year or the current financial year for the Period April-June, 2019 Due Date is 31st July, 2019.

Notification No. 12/2019 – Central Tax dated 7th March, 2019

- Time Period for filing GSTR-1, by such class of registered persons having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or the current financial year,
- For the months from April, 2019 to June, 2019 Due Date is till the 11th of the month succeeding such month

Due Date for GSTR 3B

Notification No. 13/2019 – Central Tax dated 7th March, 2019

- The return in FORM GSTR-3B of the CGST Rules, 2017 for each of the months from April, 2019 to June, 2019, shall be furnished.

On or before the 20th of the month succeeding such month.

- Liability towards tax, interest, penalty, fees or any other amount payable under the CGST Act also to be paid

On or before the 20th of the month succeeding such month.

Threshold Limit for Composition Scheme – w.e.f. 01/04/2019

Notification No. 14/2019 – Central Tax dated 7th March, 2019

Threshold Limit for the composition scheme enhanced to

- Rs. 1.5 crore, for all States except
- Rs. 75 lacs for (i) Arunachal Pradesh, (ii) Manipur, (iii) Meghalaya, Notification No. 14/2019 – Central Tax dated 7th March, 2019
- Threshold Limit for the composition scheme enhanced to
- Rs. 1.5 crore, for all States except • Rs. 75 lacs for (i) Arunachal Pradesh, (ii) Manipur, (iii) Meghalaya, (iv) Mizoram, (v) Nagaland, (vi) Sikkim, (vii) Tripura, (viii) Uttarakhand: (iv) Mizoram, (v) Nagaland, (vi) Sikkim, (vii) Tripura, (viii) Uttarakhand:

Composition Scheme for Services – w.e.f. 01/04/2019

Notification No. 2/2019-Central Tax (Rate) dated 7th March, 2019

- First supplies of goods or services or both up to an **aggregate turnover of fifty lakh rupees** made on or after the 1st day of April in any financial year, by a registered person and shall be liable to pay GST @ 6%.

Conditions:

- Aggregate T/o in the preceding FY was 50 Lakh or below
- Who is not eligible to pay tax u/s 10(1)
- Not engaged in making any supply which is not leviable under GST
- Not engaged in making any inter-State outward supply
- Neither a casual taxable person nor a non-resident taxable person
- Not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52.
- Shall not collect any tax nor shall he be entitled to any ITC.
- Not engaged in supply of Ice cream & other edible ice, whether or not containing cocoa, Pan masala, Tobacco & manufactured tobacco substitutes
- To pay under composition for all registered person having same PAN Shall issue, instead of tax invoice, a bill of supply
- The RTP shall mention at the top of the bill of supply, namely: - 'taxable person paying tax in terms of notification No. 2/2019-Central Tax (Rate) dated 07.03.2019, not eligible to collect tax on supplies'.
- Shall be liable to pay central tax on inward supplies on which he is liable to pay tax under Section 9(3) or 9(4) of CGST Act at the applicable rates.

Proposed New Return

- The proposed new return documents- All three types released on the GST Portal to enable various stakeholders in adapting their systems to make them compatible with the proposed return format and business processes
- The new forms would begin on pilot basis from 1st April, 2019 and would be mandated across the country from July, 2019
- The new return formats are named normal, sahaj and sugam
- The taxpayers opting to file quarterly return (Turnover up to Rs. 5 crore) can choose to file any of the quarterly return namely – Sahaj, Sugam or Quarterly (Normal).

Normal Return - FORM GST RET-1
(Shall be able to declare all types of outward supplies, inward supplies and take credit on missing invoices)

- Monthly Normal
- Quarterly Normal

Sahaj Return – FORM GST RET-2 (Quarterly)

- Outward supply under B2C category and inward supplies attracting reverse charge only

Sugam Return – FORM GST RET-3 (Quarterly)

- Outward supply under B2C and B2B category and inward supplies attracting reverse charge only
- Shall not take credit on missing invoices and shall not be allowed to make any other type of inward or outward supplies.

Income Tax

CBDT notifies exemption for start-ups from "angel tax" as per relaxations notified by DPIIT:

- On 19 February 2019, the Department for Promotion of Industries and Internal Trade (DPIIT) [2] issued a Notification [3] (2019 DPIIT Notification) which substantially relaxed the conditions and procedure for exemption from "angel tax" for start -up companies by adopting a "green channel" process in place of the earlier approval -based process.
- In order to claim exemption, the "start -up company" which fulfils the modified conditions [4]has to merely file a self -declaration stating that the eligible start -up has not invested in non -qualifying assets [5] which shall be transmitted by the DPIIT to the CBDT.
- In the light of new exemption regime prescribed by the 2019 DPIIT Notification, the present CBDT Notification, as a consequential step, supersedes the earlier CBDT Notification[6] and grants exemption to start -ups from "angel tax" provision if the start -up company complies with the conditions specified in the 2019 DPIIT Notification.
- The present CBDT Notification comes into force retrospectively from 19 February 2019, being the date of the 2019 DPIIT Notification.

3 Important Tax benefits of buying a House jointly:

The government has provided various tax benefits to individuals to encourage them to buy a house property under the 'housing for all' initiative. One of the important things to note is that if the property is held jointly, individuals can receive additional tax benefits for the same cost. Highlighted below are the possible tax benefits if the house property is held jointly:

1. Self-occupied house property loss benefit to each owner:

As per provisions of the Income Tax Act, 1961 (Act), it is possible to claim a deduction for the interest paid on the housing loan under the head "Income from house property". In case the house property is self-occupied, an individual can claim a deduction of interest paid on housing loan, up to Rs 2 lakh per financial year (FY). However, in case the house property is jointly held, then both the house property owners will be able to claim a deduction for interest up to Rs 2 lakh each per FY. Similar to the above, holding property in joint names will provide a tax benefit to individuals who receive rental income as well.

2. Benefit of exemption under section 54 (Investment in house property):

Capital gains derived from the sale of house property are taxable. As per section 54 of the Act, if an individual purchase another residential house property within stipulated timelines, the amount invested in the new house can be reduced from the taxable capital gains. Section 54 explicitly states that the amount invested in one residential house property (two properties in certain cases as introduced by Budget 2019) can be reduced from the capital gains. In case the house property is jointly held, then the capital gains will be calculated for each owner separately and each co-owner can gain the benefit of this provision and restrict the taxable capital gain. Each co-owner can use some/all of his portion of the first house sale proceeds to buy another house (within stipulated time) and thereby reduce his/her taxable capital gain. Consequently, the total taxable capital gain would reduce.

3. Benefit of exemption under section 54EC (Investment in specified bonds):

As per section 54EC of the Income Tax Act, if individuals invest in specified bonds, they can claim a deduction up to Rs 50 lakh on the capital gains derived from the sale of house property. Considering the real estate prices in India, especially in metro cities, deduction of Rs 50 lakh may not be sufficient to cover the capital gains and individuals will have to pay the tax on capital gains earned in excess of Rs 50 lakh. However, if the property is jointly held, each co-owner can invest separately in specified bonds and separately get a deduction of Rs 50 lakh each on the investment so made. The popular section 54EC bonds are offered by National Highways Authority of India (NHAI) and Rural Electrification Corporation (REC).

Income Tax

Supreme Court of India ruling on coverage of allowances under basic wages for calculation of Provident Fund contributions :

The Supreme Court of India ruling pronounced on 28 February 2019 on whether various allowances such as conveyance allowance, special allowance, education allowance, medical allowance, etc. paid by an employer to its employees fall under the definition of 'basic wages' for calculation of Provident Fund contributions.

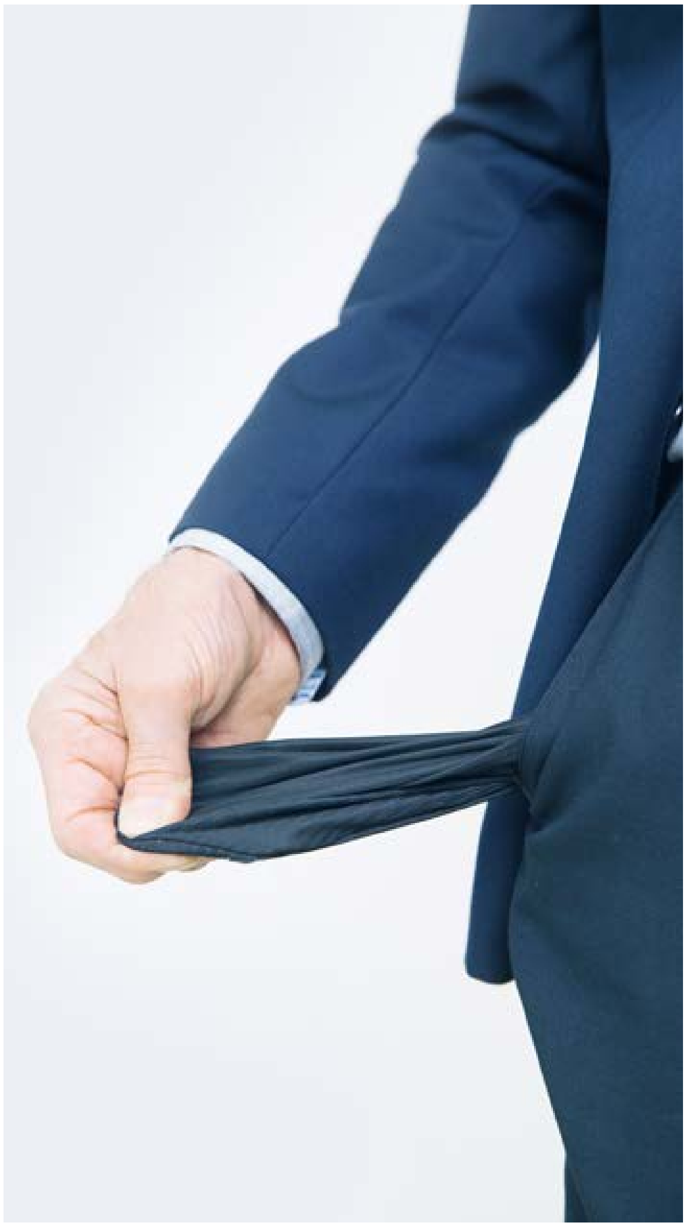
The Supreme Court has ruled that allowances of the following nature are excluded from 'basic wages' and are not subject to Provident Fund contributions:

- Allowances which are variable in nature; or
- Allowances which are linked to any incentive for production resulting in greater output by an employee; or
- Allowances which are not paid across the board to all employees in a particular category; or
- Allowance which are paid especially to those who avail the opportunity.

In the case before the Supreme Court, based on data available on record and factual conclusion of the Provident Fund Authorities, it was held that various allowances paid by the employer to its employees as part of salary structure are covered under the definition of 'basic wages' for calculation of Provident Fund contributions.

The Supreme Court in its decision has not dealt with the proviso to Para 26A of the Provident Fund Scheme, as applicable for domestic workers, which requires Provident Fund contributions to be limited on INR 15,000 per month where employee's monthly pay exceeds INR 15,000.

Employers will need to review the impact of this ruling if any on the Provident Fund contributions made for its employees.



Companies Act, 2013

Companies Act, 2013

INTRODUCTION

Companies (Incorporation) Third Amendment Rules, 2019

Form AGILE (INC-35)

As per the notification issued by the Ministry of Corporate Affairs dated 29th March 2019, companies are required to file Form AGILE (INC-35) as a linked form with incorporation forms. They shall come into force with effect from 31th March, 2019.

A. Applicability:

The application (SPICE) for incorporation of a company shall be accompanied by a linked e-form AGILE (Application for registration of Goods and Service Tax Identification Number (GSTIN), Employee's State Insurance Corporation (ESIC) registration pLus Employee's Provident Fund Organisation (EPFO) registration) with effect from March 31, 2019 as notified vide the Companies (Incorporation) Third Amendment Rules, 2019 dated March 29, 2019.

The application for incorporation of a company under Rule 38 shall be accompanied with following numbers with effect from:

1. GSTIN with effect from March 31, 2019
2. EPFO with effect from April 08, 2019
3. ESIC with effect from April 15, 2019

Statutory Compliance required to be adhered to in the month of April 2019

Sr. No.	Form	Due Date	Description
1	E-Form DIR-3KYC	April 30, 2019	Application for KYC of Director whose DIN is alloted in FY 2018-19
2	E-Form INC-22A	April 25, 2019	Active Company Tagging Identities and Verification (ACTIVE)
3	E-Form INC-20A	Within 6 months of Incorporation	Declaration for commencement of business

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CHARTERED ACCOUNTANTS

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