

# NewsBites

Fourteen Edition

Greetings!

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

Best Regards,  
S A N & CO.  
Chartered Accountants

## Contents

### GST

1. New Website for offline access of New GST Return Process .....	2
2. Free Accounting & Billing Software (Turnover under Rs 1.5 Cr) .....	2
3. No input tax credit if GST returns not filed .....	2
4. Clarifications on filing of Annual Return (FORM GSTR-9) .....	3
5. Bullet Points of May 2019 .....	4

### Income Tax

1. New direct tax code draft by July - end .....	5
2. New details required in income tax return forms for FY18-19 .....	6
3. Due date of filing TDS statement in Form 24Q extended .....	7

### Companies Act

1. Form INC-22 A (Active Company Tagging Identities and Verification (ACTIVE)) .....	8
2. Form PAS-6 (Reconciliation of Share Capital Audit Report) .....	8
3. Form ADT -1 (For Appointment of Auditor) .....	8
4. Companies (Incorporation) Fifth Amendment Rules, 2019 .....	9
5. Form DPT-3 (Return of deposits to be filed with the Registrar) .....	9

### Reserve Bank of India

1. Real Time Gross Settlement System (RTGS) .....	10
2. Mandatory appointment of Chief Risk Officer (CRO) .....	10



# Goods & Service Tax

Economic reforms, tax reforms and GST in particular may see a positive outlook and change with stability, ease of doing business and industrial growth being in focus.

GST may see an overall revamp with provisions, procedures and practices which are tax-payers friendly and aid to ease of doing business. GST Council is expected to consider setting up of National Appellate Authority for Advance Ruling to address issue of conflicting rulings from different states.

## Here are some of the latest developments for you:

### New Website for offline access of New GST Return Process

The Goods and Service Tax Network (GSTN) has released a new website namely <https://demoofflinetool.gst.gov.in> for offline demonstration of new GST return process for the taxpayers & they can also provide feedback for improvisation purpose.

- Provide “GSTIN”, “Financial Year” and “Tax Period” for which the return need to be filed.
- All the outward supplies will be detailed in GST ANX-1 while GST ANX-2 will contain details of inward supplies auto-populated mainly from the suppliers GST ANX-1.
- Taxpayers can match Annexure of Inward Supplies (GST ANX-2) with its Purchase Register.

### Free Accounting & Billing Software for Micro, Small and Medium Enterprises having annual turnover under Rs 1.5 Crores

As per directions of GST Council, GSTN has partnered with some Billing and Accounting software vendors for providing free software to the Micro, Small and Medium Enterprises, with annual turnover under Rs 1.5 Cr, in a financial year. This facility is made available to the active Normal taxpayers, SEZ Developers/SEZ Units and taxpayers who have opted for composition scheme under the GST regime.

There are eight products to choose from. These are available as a cloud based version as well as a downloadable version that installs on desktop or laptop. This software allows a taxpayer to run his daily business by providing day to day billing and accounting features, along with facility for return filing for their GST related compliances.

Some of the free features being made available by all the vendors are Sale/ Purchase/ Cash ledger, Inventory management, Supplier/ Customer Masters, Generation of Invoices, Preparation of GST Returns etc.

The software would be available free of cost to eligible taxpayers till 31.03.2021 or till the taxpayer’s annual turnover remains under Rs 1.5 Cr. in a financial year, after which the taxpayers may have to pay a fee to the vendor.

For using features other than free features listed or using the software beyond the initial free period, the taxpayer may visit respective vendor product site to ascertain fee payable, if any.

To download the accounting and billing software on the GST Portal, the taxpayer need to login to the GST Portal with valid credentials and navigate to Downloads > Accounting and Billing Software option.

### No input tax credit if GST returns not filed, says Telangana HC

The Telangana High Court has ruled that no input tax credit (ITC) is available unless GST returns are filed and a taxpayer is liable to pay penalty on the entire liability. The ruling is expected to have a significant impact on all businesses that use tax credits available on inputs and raw materials to reduce payment in cash.

“...until a return is filed as self-assessed, no entitlement to credit and no actual entry in the electronic credit ledger takes place. As a consequence, no payment can be made from out of such a credit entry,” Justices V Ramasubramanian and P Keshava Rao said in a case involving Megha Engineering & Infrastructures and GST Authorities.

The company had delayed filing the GST returns from July 2017 to May 2018 when its tax liability added up to Rs. 1,014 crore. It had ITC of Rs. 968 crore and it claimed that the shortfall was to the tune of Rs 45 crore. While the tax authorities demanded 18% interest on the entire amount, Megha Engineering argued that interest should only be calculated on the net tax liability, after deducting ITC from the total liability. The court upheld the department's view.

"The ruling has very wide implication as almost all taxpayers, who delayed filing returns and have paid interest only on cash payment of tax and not on the GST amount set off by them through ITC. The issue will open floodgate of litigation and demands of interest by GST officials are imminent. Even CAs while auditing Annual GST Returns, which have to be filed by June 30, may be required to point out short payment of interest due to delayed set off," said tax lawyer RS Sharma.

### **Clarifications on filing of Annual Return for FY 2017-18 (FORM GSTR-9)**

The last date for filing of Annual return for FY 2017-18 in FORM GSTR-9 is 30th June 2019. The trade and industry have raised certain queries with respect to filing of this Annual return which are being clarified as follows:

- a) Information contained in FORM GSTR-2As on 01.05.2019 shall be auto-populated in Table 8A of FORM GSTR-9.
- b) Input tax credit on inward supplies shall be declared from April 2018 to March 2019 in Table 8C of FORM GSTR-9.
- c) Particulars of the transactions for FY 2017-18 declared in returns between April 2018 to March 2019 shall be declared in Pt. V of FORM GSTR-9. Such particulars may contain details of amendments furnished in Table 10 and Table 11 of FORM GSTR-1.
- d) It may be noted that irrespective of when supply was declared in FORM GSTR-1, the principle of declaring a supply in Pt. II or Pt. V is essentially driven by when tax was paid through FORM GSTR-3B in respect of such supplies. If the tax on such supply was paid through FORM GSTR-3B between July 2017 to March 2018 then

such supply shall be declared in Pt. II and if the tax was paid through FORM GSTR-3B between April 2018 to March 2019 then such supply shall be declared in Pt. V of FORM GSTR-9.

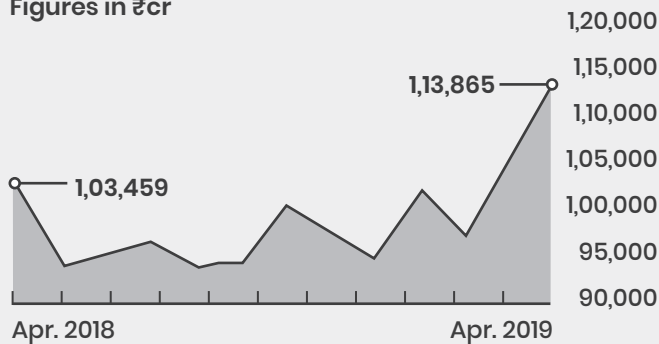
- e) Any additional outward supply which was not declared by the registered person in FORM GSTR-1 and FORM GSTR-3B shall be declared in Pt. II of the FORM GSTR-9. Such additional liability shall be computed in Pt. IV and the gap between the "tax payable" and "Paid through cash" column of FORM GSTR-9 shall be paid through FORM DRC-03.
- f) Many taxpayers have reported a mismatch between auto-populated data and the actual entry in their books of accounts or returns. One common challenge reported by taxpayer is in Table 4 of FORM GSTR-9 where details may have been missed in FORM GSTR-1 but tax was already paid in FORM GSTR-3B and therefore taxpayers see a mismatch between auto-populated data and data in FORM GSTR-3B. It may be noted that auto-population is a functionality provided to taxpayers for facilitation purposes, taxpayers shall report the data as per their books of account or returns filed during the financial year.
- g) Many taxpayers have represented that Table 8 has no row to fill in credit of IGST paid at the time of import of goods but availed in the return of April 2018 to March 2019. Due to this, there are apprehensions that credit which was availed between April 2018 to March 2019 but not reported in the annual return may lapse. For this particular entry, taxpayers are advised to fill in their entire credit availed on import of goods from July 2017 to March 2019 in Table 6(E) of FORM GSTR-9 itself.
- h) Payments made through FORM DRC-03 for any supplies relating to period between July 2017 to March 2018 will not be accounted for in FORM GSTR-9 but shall be reported during reconciliation in FORM GSTR-9C.

# Goods & Service Tax

## Bullet Points of May 2019:

### IN THE KITTY

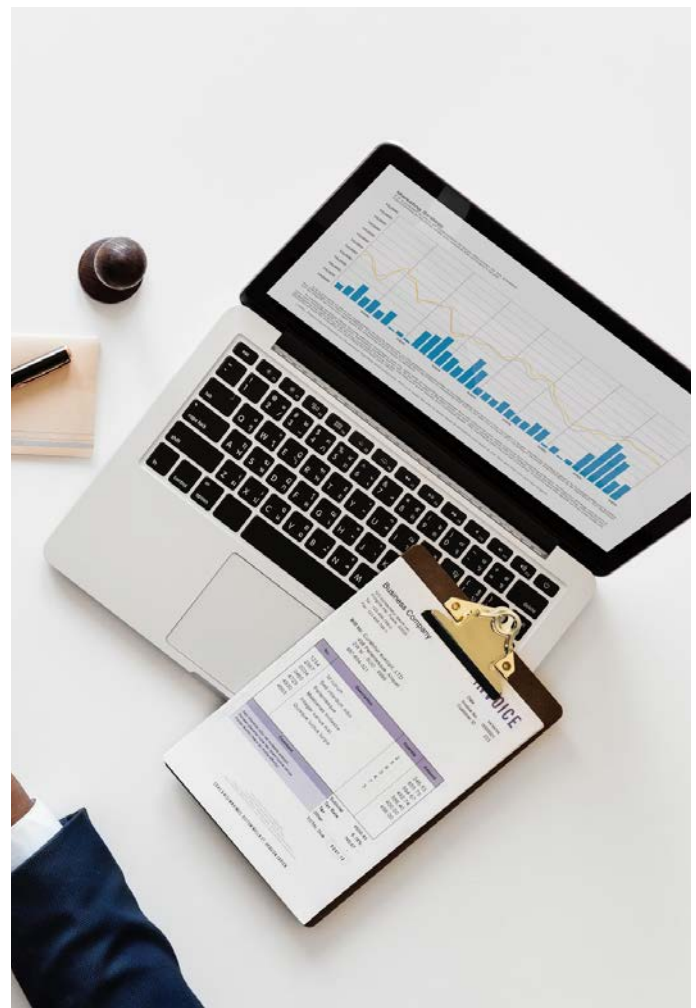
Figures in ₹cr



Source: Ministry of Finance

- April GST collections Rs 1.13 trillion, with 10% growth over a year, at new high despite rate rationalisation in December 2019. The total number of GSTR-3B or summary returns filed for March up to April 30 was 7.2 million.
- B2B invoices by entities beyond specified turnover (yet to be notified) will have to be generated on a centralised government portal by September 2019
- There will be examination for confirmation of enrollment of GST Practitioners to be conducted by NACIN.
- GST is a destination-based consumption tax, So mentioning of place of supply with the name of the State in GST invoice is must in case of inter- State supply. Contravention attracts penal action. (Circular No. 90/09/2019-GST)
- One time opportunity for taxpayer whose GST number has been cancelled by authority, they can apply for revocation of cancellation of GSTIN given up to 22nd July, 2019 (Circular No. 99/18/2019-GST dated 23rd April 2019)

- GST rule has been amended for separate GST registration for multiple places of business instead of business verticals but subject to certain conditions. (Rule 11 of CGST Rules, 2017)
- If the place of supply i.e. destination of Goods is outside India, the goods transportation services too may qualify for export even if location of supplier and recipient is in India. (Newly added proviso to IGST section 12(8))



# Income Tax

## **New direct tax code draft by July-end**

### **Excerpts from Mint Dt. 24-05-2019**

- Finance minister extends deadline till 31 July for a task force to come up with a new draft direct tax code
- The proposed new direct tax code will replace the Income Tax Act of 1961

The government on Friday gave two months extra time to a task force comprising tax officials and outside experts to come up with a new draft direct tax code.

The proposed new direct tax code will replace the Income Tax Act of 1961. The existing direct tax law, which deals with personal income tax, corporate tax and other levies such as the capital gains tax, has undergone numerous changes over the years. The government wants to rewrite it in line with the economic needs of the country and to keep pace with evolving global best practices. One key consideration in the exercise is to improve tax compliance. It will seek to bring more assesseees into the tax net and make the system more equitable for different classes of taxpayers. It may also try to make businesses more competitive by lowering the corporate tax rate and phase out the remaining tax exemptions that lead to litigation.

# Income Tax

## New details required in income tax return forms for FY18-19

The Central Board of Direct Taxes (CBDT) kick started the annual income tax return filing ritual recently. The new income tax return (ITR) forms for the assessment year 2019-20 come with a set of changes, essentially more detailed disclosures taxpayers have to contend with.

While the last date for filing returns is 31 July, the changes and penal clauses for late filing mean one should start the process as soon as possible. Read on to understand the revisions in ITR 1 and 2 – the forms most relevant for individual, salaried taxpayers as well as pensioners.

### • New look ITR 1

The forms take into account announcements made during the Union Budget 2018-19. A field for standard deduction has been introduced—you can claim a flat deduction of Rs 40,000. Likewise, senior citizens can claim exemption of up to Rs 50,000 on interest from savings, fixed deposits as well as post office deposits. This apart, the form asks taxpayers to specify the nature of income from other sources. Until last year, you only needed to mention the figure. You will also have to furnish details of any exempt income and the clause under which the tax benefit is allowed. This includes HRA claimed during the year.

### • More disclosures

ITR 2 now requires detailed information on the number of days spent in India while declaring the residential status. Until 2018-19, you had to simply choose between resident, resident but not ordinarily resident and non-resident options.

Non-resident taxpayers will have to report their overseas residency information along with taxpayer identification number. “Overseas Citizens of India (OCI) or Persons of Indian Origin (PIO) selecting residential status as ‘non-resident’ in India are required to report the actual number of days in the relevant financial year and also in the last four financial years immediately preceding the year,”

### • House buyer’s information

If you have sold an immovable property, be prepared

for tighter scrutiny. “You will have to mention the buyer’s name, PAN, transaction price and the address of the property.” In case of multiple buyers, the seller will have to share details of each, along with share in ownership and amount. “The objective is to corroborate information provided by the seller and minimise scope for misreporting.”

### • Changes in ITR forms relevant to salaried taxpayers

#### ITR 1 (Sahaj)

- Use if you are an ordinarily resident individual with income from salary, pension and interest of up to Rs 50 lakh, agricultural income of up to Rs 5,000, and own one house.
- Do not use if you are a director in a company or have invested in unlisted shares; or have capital gains/losses to declare.

#### ITR 2

- Use if you are a salaried individual or a pensioner who cannot use ITR 1.
- Do not use if you draw income from any business or profession.

### • Restrictions on use of ITR 1

If you have invested in unlisted shares, you cannot use ITR 1 this year. It cannot be used by an individual who is a director in a company either. The form is relevant if your agriculture income is less than Rs 5,000. If it crosses this threshold, use ITR 2.





- **Disclosure of unlisted shares**

In ITR 2, you have to provide details of all unlisted shares you hold. You will have to furnish the companies' names, PAN, number of shares held by you, cost of subscription or purchase, issue/purchase price per share, shares transferred during the year and closing balance. "This could mean that unlisted companies' employees, who have exercised their employee stock options (ESOPs), will also have to declare their holdings."

#### Other changes

##### ITR 1 (Sahaj)

- Furnish details of exempt income like HRA and specify nature of income from other sources.
- Field for standard deduction and exemption on interest from bank and post office deposits under Section 80TTB introduced.

##### ITR 2

- Detailed information on number of days spent in and out of India to determine residential status.
- Disclosure of information on unlisted shares.
- Disclosure of house buyers, details in case you have sold a property.
- Furnish details related to agricultural income including ownership, size, location and address and status on irrigation.

- **Agricultural income**

Income from agriculture is another focus area in the forms this year. "Agricultural income exceeding Rs 5 lakh is now to be reported separately along with additional details such as name of the district with pin code, measurement of land, whether owned or leased and whether irrigated or rain-fed under the 'exempt income schedule'."

### **Extending the due date of filing TDS statement in Form 24Q and issue of TDS certificate!**

#### **ORDER UNDER SECTION 119 OF THE INCOME-TAX ACT, 1961**

With a view to redress genuine hardship of deductors in timely filing of TDS statement in Form 24Q on account of revision of its format and consequent updating of the File Validation Utility for its online filing, the Central Board of Direct Taxes, in exercise of its powers under section 119 of the Income Tax Act, 1961, hereby.

- extends the due date of filing of TDS statement in Form 24Q for financial year 2018-19 from 31st of May, 2019 to 30th of June, 2019 and
- extends the due date for issue of TDS certificate in Form 16 for financial year 2018-19 from 15th of June, 2019 to 10th of July, 2019



# Companies Act, 2013

## Form INC-22A (Active Company Tagging Identities and Verification (ACTIVE))

- Every company incorporated on or before the 31st December, 2017 shall file the particulars of the company and its registered office, in e-Form ACTIVE (Active Company Tagging Identities and Verification).
- Earlier the last date to file this form was April 25, 2019. Later it was extended to June 15, 2019.
- MCA has further clarified that no further extension will be granted for filling of this form.
- In case ACTIVE is not filed on or before the said date, the compliance status for such companies shall be marked as 'ACTIVE Non-compliant' and Directors of such 'ACTIVE non-compliant' companies shall be marked as 'Director of ACTIVE non-compliant company'.
- Penalty of Rs. 10,000/- shall be paid if Form Active is filled after due date i.e. June 15, 2019.

## Form PAS-6 (Reconciliation of Share Capital Audit Report)

- Form PAS-6 for reconciliation of share capital held in depositories and in physical form with the issued capital.
- MCA has notified new Form PAS-6 for reconciliation of Share Capital Audit Report with effect from 30-09-2019 which shall be filled for every half year ended on 30th September and 31st March.
- Every unlisted public company shall file Form PAS-6 to the Registrar with such fee as may be prescribed within 60 days from the date of conclusion of each half year.
- Such form should be certified by Company Secretary in practice or Chartered Accountant in practice.

## Form ADT-1 (For Appointment of Auditor)

- During the period from April 01, 2014 to October 20, 2014, Form GNL-2 was filled for appointment of Auditor as separate Form ADT-1 was not available.
- Now while filling Form INC-22A, auditor detail cannot be prefilled for auditors who were appointed between period April 01, 2014 to October 20, 2014 through Form GNL-2.
- MCA has finally cleared the pending issue of Form ADT-1 filed through Form GNL - 2 in the year 2014.
- Therefore companies who have filled GNL-2 (by attaching ADT-1) for appointment of Auditor for the period from April 01, 2014 to March 31, 2019 shall now file Form ADT-1 without any fees till June 15, 2019.
- Thereafter additional fees shall be applicable as per Companies (Registration of Office and Fees) Rules, 2014.







## Companies (Incorporation) Fifth Amendment Rules, 2019

- MCA has elaborated original Rule 8 which is for the names of the proposed companies which resemble too nearly with name of existing company.
- Ministry has elaborated various illustrations under this rule while determining the name of the company and has divided the Rule in 2 parts:

**Rule 8A** is for undesirable names.

**Rule 8B** is for the word of expression which can be used only after obtaining previous approval of Central Government.

- The amendment aim at better clarity while determining the availability of the name for the proposed company.
- Under the illustrations, emphasis has also been given on the plural or singular form of words in one or both names or type and case of letters, spacing between letters, punctuation marks and special characters used in one or both names etc.

## Form DPT-3 (Return of deposits to be filed with the Registrar)

- Form DPT-3 shall be used for filing return of deposit or particulars of transaction not considered as deposit or both by every company other than Government Company.
- Stakeholders are now required to capture the data in the Form DPT – 3 up to the date of 31-03-2019 instead of 22-01-2019, as notified earlier.
- Further, the form is also required to be filed within 90 days of 31-03-2019 which means the stakeholders have time to file the said Form upto 29-06-2019 instead of earlier notified date of 30-05-2019.

Statutory Compliance required to be adhered to:

SR. No	Form	Due date	Description
1	E-Form DIR-3 KYC	June 30, 2019	Application for KYC of Director
3	E-Form INC-22A	June 15, 2019	Active Company Tagging Identities and Verification (ACTIVE)
4	E-Form INC-20A	Within 6 months of Incorporation	Declaration for commencement of business
5	Form DTP-3	June 29, 2019	Return of Deposit



# Reserve Bank of India

## 1. Real Time Gross Settlement System (RTGS)

- The Reserve Bank of India on Tuesday announced that from 1 June, 2019 the time-window for using the Real Time Gross Settlement System (RTGS) for customer transactions will be extended from 4:30 pm to 6 pm.
- The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is Rs. 2 lakh with no upper or maximum ceiling. RTGS is considered to be fastest payment method mandated for high value interbank transactions by the central bank.
- While Immediate Payment Service (IMPS), which is also an instant money transfer service, has a maximum limit of Rs.2 lakh per transaction, a customer can transact above a minimum limit of Rs.2 lakh to an upper limit of Rs. 10 lakh instantly availing the RTGS service.

## 2. Mandatory appointment of Chief Risk Officer (CRO)

- The Reserve Bank of India told non-banking finance companies with assets size of over Rs. 5,000 crores to appoint a Chief Risk Officer (CRO) to improve the standards of their risk management.
- RBI is of the view that with the increasing role of NBFCs in direct credit intermediation, there is a need for NBFCs to augment risk management practices. Boards of NBFCs should strive to follow best practices in risk management.
- The CRO is required to function independently so as to ensure the highest standards of risk management. NBFCs to ensure the independence of their CRO.
- The CRO shall be a senior official in the hierarchy of an NBFC and shall have professional qualification / experience in the area of risk management. The CRO shall not have any reporting relationship with the business verticals of the NBFC and shall not be given any business targets.
- The CRO shall be appointed for a fixed tenure with the approval of the board. The CRO can be transferred or removed from his post before completion of the tenure only with the approval of the board and such premature transfer or removal shall be reported to the department of non-banking supervision of the regional office of RBI under whose jurisdiction the NBFC is registered.



# NewsBites

## SAN & CO.

CHARTERED ACCOUNTANTS

We are professional firm of chartered accountants having significant experience across varied industries and business segments, and are best placed to be your trusted advisor. We operate in a completely digital ecosystem to deliver end to end client solutions.

Our services begin with company incorporation and statutory registrations of the entity in India throughout the business cycle until audits and compliances year on year. Our clients are businesses with foreign as well as Indian origins.

As chartered accountants, our endeavor is to be repositories of shareholder's trust. We take due care to respect confidentiality of the information obtained in the conduct of our services. We create value by helping organizations become more transparent, efficient and optimize their capabilities.

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
CA Swapnil Palod	+91 98606 57808	swapnil.palod@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.