

# NewsBites

Seventeenth Edition

Greetings!

We are delighted to present our news bites for the month of August 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

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# Income Income Tax

## Changes in income tax laws that come into effect from Sept 1, 2019

Income tax related changes announced in the Budget usually come into effect from April 1. However, since the full Budget for FY 2019-20 was presented in July this year after the general elections, there are certain tax changes that will come into effect from September 1, 2019.

### 1. TDS on additional payments made when purchasing immovable property

From September 1, while buying a property, you will have to include the payment made for other services or amenities such as club membership fee, car parking fee, electricity and water facility fee and so on when computing the amount paid for the property for the purpose of deducting TDS.

### 2. TDS on cash withdrawals from bank account

Cash withdrawals exceeding Rs. 1 crore on aggregate basis during the year from an account held with a bank, cooperative bank or post office will invite levy of TDS from September 1. The move is aimed at discouraging large cash transactions and also to promote a less cash economy.

### 3. TDS on payments made by individuals and HUFs to contractors and professionals

From September 1, individuals and HUFs making a payment to contractors and professionals exceeding Rs. 50 lakh in aggregate per annum will also be required to deduct TDS at the rate of 5 per cent.

### 4. TDS on non-exempt portion of life insurance

If life insurance maturity proceeds received by you are taxable in your hands, then TDS will be deducted at the rate of five per cent on the net income portion. The net income portion is defined as the total sum received less of total amount of insurance premium paid.

### 5. Banks and FIS can be asked to report even small transactions

Till now banks and other financial institutions are required to report specified financial transactions if the amount exceeded the threshold limit. In most of the reportable transactions, the limit has been Rs. 50,000 or more. These transactions were to be reported to the income tax department through a Statement of Financial Transactions (SFT) required to be filed by all banks and FIS.

### 6. If PAN is not linked with Aadhaar

As per rules existing prior to changes announced in July Budget 2019 PAN would have become invalid if not linked with Aadhaar by a specified deadline. This would have meant that in case of a person's PAN becoming invalid, it would be treated as if the person never had a PAN.



### Angel tax relief extended to startups facing tax demands

- Earlier, the Central Board of Direct Taxes (CBDT) had exempted registered startups from the purview of the angel tax provision except for those that have already received tax demand notices with the intent of granting them relief at the appeals stage.
- The government has now extended the exemption to all registered startups that have received tax demand notices for selling shares at a premium from an anti-evasion provision in the Income Tax Act known as 'angel tax'.
- The move seeks to ensure that genuine entrepreneurs are not affected by the provision that allows the government to demand tax on share premium, treating it as income.

### Start-ups with turnover of up to Rs. 25 crores eligible for tax holiday

- Seeking to allay concerns on tax holiday for startups, CBDT considered following criteria:
  - Small startups with a turnover of up to Rs. 25 crore Turnover
  - Fulfilling certain conditions specified in the DPIIT notification
- Startups broadly under Section 80 IAC of the Income Tax Act are allowed 100% deduction of income for three years out of seven years from the year of its incorporation.
- **Note:** CBDT further stated that all start-ups recognized by DPIIT which fulfilled the conditions specified in the DPIIT notification, did not automatically become eligible for deduction under Section 80-IAC of the Act.





# Goods & Service Tax

## GST Quick Bites of August 2019

- Due date for GSTR-9, GSTR-9C and GSTR-9A for FY 2017-18 is further extended till 30th November 2019.
- Due date for GSTR-3B for the month of July 2019 is extended till 20th September 2019 for taxpayers having a principal place of business in Jammu and Kashmir and certain districts of Bihar, Gujarat, Karnataka, Kerala, Maharashtra, Odisha, and Uttarakhand.
- Due date for GSTR-7 for the month of July 2019 is extended till 20th September 2019 for taxpayers having a principal place of business in J&K and certain districts of Bihar, Gujarat, Karnataka, Kerala, Maharashtra, Odisha, and Uttarakhand.
- Filing of the form ITC-04 for the quarters between July 2017 to March 2019 has been waived off. However, those challans goods dispatched to a job worker in the period July 2017 to March 2019 but not received from a job worker or not supplied from the place of business of the job worker as on the 31st March 2019 would have already been part of serial number 4 of ITC-04 for the quarter April-June 2019.
- The late fees for July 2019's GSTR-1 (filed monthly) and GSTR-6 have been waived off for the taxpayers having a principal place of business in certain districts of the flood-affected States of Bihar, Gujarat, Karnataka, Kerala, Maharashtra, Odisha, and Uttarakhand and all districts of J&K.
- Time limit to opt for Composition Scheme by service providers (CMP-02) extended to 30 Sept 2019.

## Reverse Charge Mechanism under GST

In the normal course of taxability in GST, liability to pay GST is on supplier on supply of Goods or services but in cases like transport services, security services etc. recipient of goods or services are liable to pay GST.

- **Payment of Reverse Charge Tax**

Tax under reverse charge cannot be paid using Input tax credit. So Reverse charge tax is required to be paid only through Cash.

However after payment of reverse charge tax, it will be available as input tax credit.

## Simplified New GST Returns

- ITR Sahaj is ITR-1 and ITR Sugam is ITR-4, now GST will have Sahaj and Sugam forms. Regular taxpayers with a turnover of up to Rs 5 crores can now file GST returns on a quarterly basis against the earlier limit of Rs 1.5 crores, either in 'SAHAJ' or 'SUGAM'.
- Small taxpayers making only B2C supplies can file Sahaj returns. Taxpayers making B2B supplies or making B2C and B2B supplies, but having turnover of Rs 5 crore or less, have been given an option to file 'Sugam' Returns on quarterly basis.
- The taxes have to be self-assessed and paid on a monthly basis even for small taxpayers opting for the quarterly return scheme.
- The monthly returns are compulsory to be filed for taxpayers having turnover above Rs. 5 crores. Their returns too has been simplified and now contain only two main tables – One to report outward supplies and another for availing ITC based on invoices uploaded by the supplier. For availing ITC, invoices uploaded by the seller can be viewed and accepted or rejected by the buyer on a continuous basis.
- Taxpayers can create their profiles based on the nature of supplies made and received by them. The return would show only those information fields that are relevant to the taxpayer's profile. Also, taxpayers without any purchase or sale in a period can file NIL returns through an SMS.
- The new returns also provide taxpayers the facility to amend their invoices and other details filed in the return by filing an amended return. Taxpayers can also make payment through the amendment returns and save on their interest liability. All taxpayers other than small taxpayers have to compulsorily file monthly GST returns.

## Highlights of Proposed Return Filing

### 1. Monthly GSTR: due on 20th of next month

- a. Not applicable to composition dealers, ISD, NR, persons liable to collect tax at source or deduct tax at source.
- b. Return filing dates shall be staggered based on the turnover of the Taxpayer which shall be calculated based on the reported turnover in the last year i.e. 2017-18, annualized for the full year based on self-declaration of the estimated turnover. A questionnaire will be available on GST portal for a taxpayer to conclude his category.

### 2. Quarterly GST returns

- a. For NIL Filers – NIL filers are those with no output tax liability and No Input tax credit both satisfied. But have to report by SMS, the NIL transaction statement/declaration the first and second month of that Quarter.
- b. For taxpayers having the turnover of up to 5 crores in preferring Financial Year-Tax payment is monthly.

### 3. Continuous uploading and viewing of Invoices

- a. Invoices uploaded by 10th of the next month auto-populated in the liability table of the main return of relevant tax month.
- b. Uploading of invoices by the supplier anytime - Viewable by recipients.

### 4. Invoice uploaded but return not filed

Will be treated as a self-admitted liability by the supplier and proceedings will be initiated against him after a reasonable show cause.

### 5. Missing invoice reporting

What if the supplier does not upload the Invoices/ Documents? Then, reporting of missing invoices by the recipient can be delayed up to two tax periods to allow the recipient to follow up and get the missing invoice uploaded from the supplier.

### 6. Amendment of Invoices

- a. Once an invoice is locked by the recipient, no amendment of the same shall be allowed.

- b. So, Amendment of an invoice may be carried out by the supplier where input tax credit has not been availed and the invoice has not been reported as locked by the recipient.

### 7. Amendment Returns

- a. Wrong entries being made in the return, there would be a facility for filing this return.
- b. Facility to file two amendment returns for each tax period.
- c. Payment would be allowed to be made through the amendment return as it will help save interest liability.

### 8. Tax Payment

- a. Monthly Returns filers: Liability declared in the return shall be discharged in full at the time of filing of the main return by the supplier as is being done at present in the present return FORM GSTR 3B.
- b. Quarterly Returns filers: In the first and second month of every quarter, they would use a payment declaration form. In this, self-assessed liability and input tax credit on self-declared basis shall be declared. But this will be full payment of the liability arising out of uploaded invoices only.

### 9. Declaration of Exports

- a. Table for export of goods in return would contain details of the Shipping Bill also.
- b. A registered person can either fill this information at the time of filing the return or after filing the return.
- c. Filing the details of the Shipping bill in the return at a later date shall not be considered as the filing of an amendment return.

### 10. Declare the Purchase of Ineligible ITC in Annual Returns only

Filing the details of the Shipping bill in the return at a later date shall not be considered as the filing of an amendment return.

# Companies Act, 2013

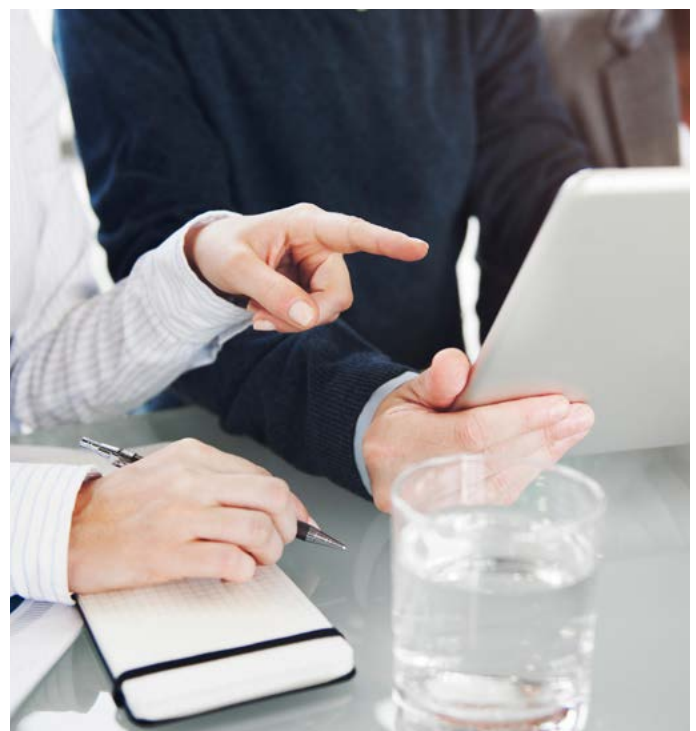
## **The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2019**

- The IEPF Authority has introduced/ revised the e-forms available for filling the IEPF.
- Any amount required to be credited by the companies to the Fund shall be remitted online along with a Statement in Form No. IEPF 1 containing details of such transfer to the Authority within a period of thirty days of such amounts becoming due to be credited to the Fund.
- Every company shall within a period of sixty days after the holding of Annual General Meeting and every year thereafter till completion of the seven years period, identify the unclaimed amounts, as on the date of closure of financial year the account of which are to be adopted in the Annual General Meeting separately furnish and upload on its own website and also on website of Authority or any other website as may be specified by the Government, a statement or information of unclaimed and unpaid amounts separately for each of the previous seven financial years through Form No. IEPF-2.
- Every company which is required to credit amounts or shares to the fund or has deposited the amount or transferred the shares to the Fund shall nominate a Nodal Officer, who shall either be a Director or Chief Financial Officer or Company Secretary of the company, for the purposes of verification of claims and coordination with Investor Education and Protection Fund Authority.

## **The Companies (Share Capital and Debentures) Amendment Rules, 2019**

MCA vide its notification dated August 16, 2019 has notified The Companies (Share Capital and debentures) Amendment Rules, 2019 key highlights of the amendment rules are as follows:

- Voting power in respect of shares with differential rights of the company shall not exceed seventy-four per cent of total voting power including voting power in respect of equity shares with differential rights issued at any point of time.
- The company shall comply with the requirements with regard to Debenture Redemption Reserve (DRR) and investment or deposit of sum in respect of debentures maturing during the year ending on the 31st day of March of next year, in accordance with the conditions specified therein.





### Simplification of Process of Incorporation of Section 8 Companies

- With a view to simplify the process for incorporating Section 8 Companies, requirement of prior filing of INC-12 for new section-8 companies is being dispensed with vide the Companies (Incorporation) Sixth Amendment Rules, 2019 dated 7th June, 2019.
- Henceforth, Section 8 Companies can be incorporated by either reserving names through Run and filing SPICe thereafter or by directly filing SPICe. License No. for a section 8 company shall henceforth be allotted at the time of incorporation itself.
- In view of the above, all pending INC-12 SRNs for new Companies pending at respective ROCs would be marked as 'Rejected' on 15th August 2019. Such applicants may thereafter directly file SPICe for obtaining License Number and for incorporation of Section 8 Companies.
- Stakeholders who have already obtained License Numbers and are yet to file SPICe form for incorporating Sec 8 companies may do so at their convenience but may please note that the forms shall be processed only after a certain time lag to allow for work flow changes to take effect.
- Those stakeholders who have already filed SPICe forms which are pending at CRC may kindly await processing of these forms after the work flow changes take effect.

### Statutory Compliance required to be adhered to:

SR. No	Form	Due date	Description
1	E-Form DIR-3 KYC or DIR-3 KYC WEB	September 30, 2019	Application for KYC of Director
2	E-Form INC-20A	Within 6 months of Incorporation	Declaration for commencement of business
3	E-Form BEN-2	September 30, 2019	Declaration regarding Beneficial Owners
4	MSME return	October 31, 2019	MSME Half year return for April, 2019 to September, 2019
5	E-Form AOC-4	October 30, 2019	Filing Financial Statement & other Documents with the Registrar
6	E-Form MGT-7	November 30, 2019	Annual Return



### Government announces mega merger of public sector banks

The Finance minister Nirmala Sitharaman on Friday announced a mega plan to merge 10 state-run lenders into four large entities.

- Punjab National Bank, Oriental Bank of Commerce and United Bank will be merged to create a business of Rs. 7.95 trillion.
- The other merger will be between Canara Bank and Syndicate Bank, which will make the fourth-largest bank, with Rs. 15.2 trillion business.
- Indian Bank will be merged with Allahabad Bank to make India's seventh-largest PSB with a business of Rs. 8.08 trillion.

Merger 1	Merger 2	Merger 3	Merger 4
Punjab National Bank	Canara Bank	Union Bank of India	Indian Bank
+	+	+	+
Oriental Bank of Commerce	Syndicate Bank	Andhra Bank	Allahabad Bank
+		+	
United Bank of India		Corporation Bank	

### Processing of e-mandate on Cards for Recurring Transactions

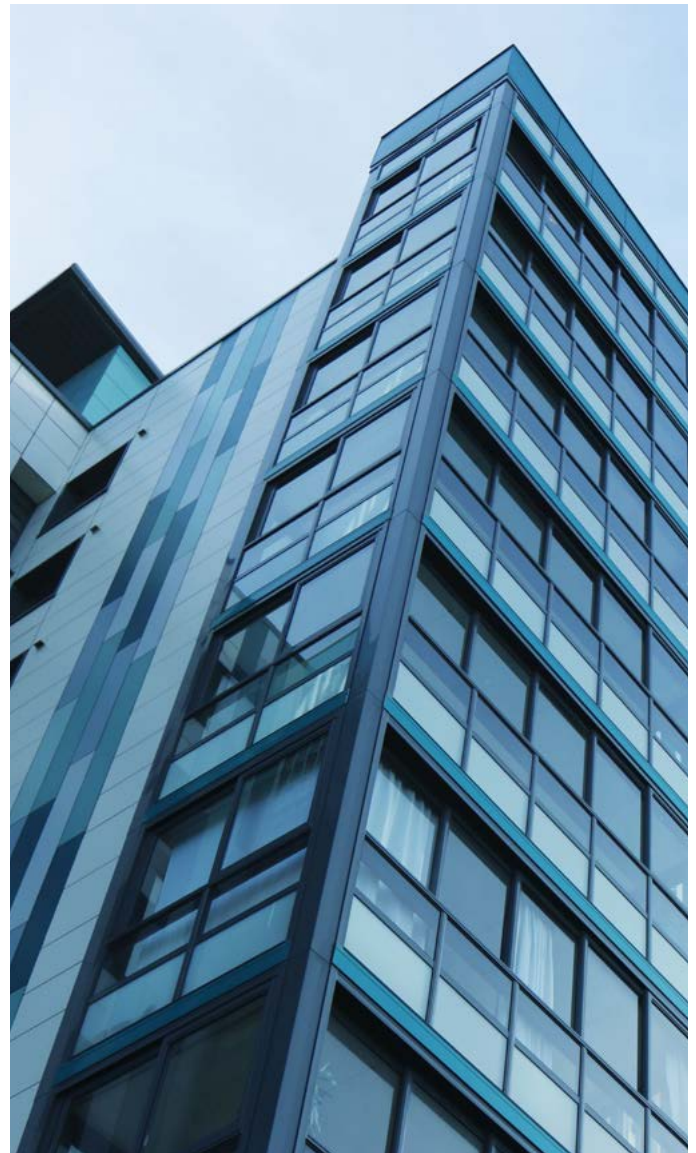
- RBI vide its circular dated August 21, 2019 has decided to permit processing of e-mandate on cards for recurring transactions (merchant payments) with AFA during e-mandate registration, modification and revocation, as also for the first transaction, and simple / automatic subsequent successive transactions, subject to conditions listed in the Annex provide in the circular.
- This circular is applicable for transactions performed using all types of cards – debit, credit and Prepaid Payment Instruments (PPIs), including wallets.
- The maximum permissible limit for a transaction under this arrangement shall be Rs. 2,000/-.
- All other instructions related to card transactions shall be applicable on these e-mandate based recurring card transactions.



# Insolvency & Bankruptcy Code

## Appointment of Registered Valuer for Valuation under the Insolvency and Bankruptcy Code, 2016

- IBBI vide its circular dated August 13, 2019 has clarified that every valuation required under the Code or any of the regulations made thereunder is required to be conducted by a 'Registered Valuer', i.e. a valuer registered with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017.
- It further clarified that appointment of any person, other than a 'Registered Valuer', on or after 1st February, 2019, to conduct any valuation required under the Insolvency and Bankruptcy Code, 2016, or any regulations made thereunder, is illegal and amounts to violation of the applicable provisions and payment, whether as fee or otherwise, to any person, other than a 'Registered Valuer' for any valuation shall not form part of the insolvency resolution process costs or liquidation cost.



# NewsBites

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