

NewsBites

Eighteenth Edition

Greetings!

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

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Income Tax

Income tax changes for corporates:

Finance Minister Nirmala Sitharaman announced big cuts in corporate tax rate, giving a ₹1.45 lakh crore stimulus aimed at reviving private investment and lifting growth from a six-year low.

The government also rolled back enhanced surcharge, announced in this year's Budget, on capital gains arising on sale of equity share in a company or a unit of an equity oriented mutual fund in the hands of an individual.

Changes announced in Income Tax Act:

1. Tax Rate:

Basic corporate rate tax to 22% from 30% for domestic companies that don't avail any exemption/incentive.

2. MAT:

The effective tax rate for these companies shall be 25.17% inclusive of surcharge and cess. Also, such companies shall not be required to pay Minimum Alternate Tax or MAT.

3. Incorporation on or after 1st October 2019:

To boost manufacturing and the 'Make-in-India' initiative, the government has slashed corporate tax rate to 15%, from 25%, for domestic companies incorporated on or after 1st October 2019 making fresh investment in manufacturing.

4. The option to pay income tax at the rate of 15% is available to companies which do not avail any exemption/incentive and commence their production on or before 31st March, 2023.

5. The effective tax rate for these companies shall be 17.01% inclusive of surcharge & cess. Also, such companies shall not be required to pay Minimum Alternate tax.

6. A company which does not opt for the concessional tax regime and avails the tax exemption/incentive can continue to pay tax at the pre-amended rate. After expiry of their tax holiday/exemption period, these companies can opt for the new concessional tax regime.

7. Reduced Surcharge:

To increase the flow of funds into capital markets, the government rolled back increased surcharge introduced in this year's Budget on capital gains arising on sale of equity share in a company or a unit of an equity oriented fund or a unit of a business trust liable for securities transaction tax, in the hands of an individual, HUF, AOP (Association of Persons), BOI (Body of Individuals) and AJP (Artificial Juridical Person).

8. The enhanced surcharge will also not apply to capital gains arising on sale of any security including derivatives, in the hands of Foreign Portfolio Investors (FPIs).

9. Buyback Tax:

To provide relief to listed companies that had announced share buyback before 5th July 2019, the government exempted such companies from buyback tax announced in the Budget.





Income tax - faceless e-assessment scheme:

With the launching of faceless e-assessment facility, all your income tax returns (ITR) would be assessed and scrutinised in complete electronic mode without any human interface.

The move will not only curb corruption, bring transparency but also make it easier for you to respond to any income tax notice as everything will be online. The income tax department has been running e-assessment as a pilot project in few major cities before expanding it all over India.

Things to know about faceless e-assessment of income tax:

1. It is now mandatory for the taxman to make all communication with you online. Tax notices will be issued by a centralised e-assessment centre requiring taxpayers to reply only through digital mode. Through mobile app, real time alerts would be sent to assessee's updating about progress in the case. However, in complicated matters the taxman may allocate a tax officer.
2. Faceless assessment and scrutiny of income tax returns eliminates the possibility of you knowing the tax officer dealing with your case. You might never get to know him as anonymity is maintained in processing your ITR.
3. Cases selected for scrutiny shall be allocated to assessment units in a random manner and notices shall be issued electronically by a Central Cell, without disclosing the name, designation or location of the assessing officer. The Central Cell shall be the single point of contact between the taxpayer and the Department. This new scheme of assessment will represent a paradigm shift in the functioning of the income tax department.

4. Moving to digital from the decades-old system of manual scrutiny, the tax department would use data analytics, artificial intelligence, machine learning and other latest tools to ascertain misreporting or evasion.
5. The idea of e-assessments is in principle, an outstanding one but the administrative systems and procedures need to be developed to ensure that it does not result in uncalled-for injustice to the taxpayers.



Goods & Services Tax

37th GST Council meet happened at Goa with GST rate cuts and the following key announcements were made:

- New return filing system from April 2020
- Soon, ITC claim to be restricted, unless GSTR-1 has been filed
- GSTR-9 filing for businesses with turnover upto Rs 2 crores optional for FY 2017-18 and FY 2018-19
- GSTR-9A waived for FY 2017-18 and FY 2018-19
- A Committee of Officers will review simplification of GSTR-9 and GSTR-9C
- Integrated refund system with refund disbursement by single authority to be introduced from 24th September, 2019
- Aadhaar mandatory for registration of taxpayers under GST and it may become mandatory for claiming refunds
- In principle decision to prescribe reasonable restrictions for passing of ITC by risky taxpayers including risky new taxpayers (likely be system driven based on their activity)

GST Bites of September, 2019

• GST collections

GST collection has dropped below Rs 1 lakh crore mark to Rs 91,916 crore for September, 2019. The September collection is believed to be the lowest in nineteen months

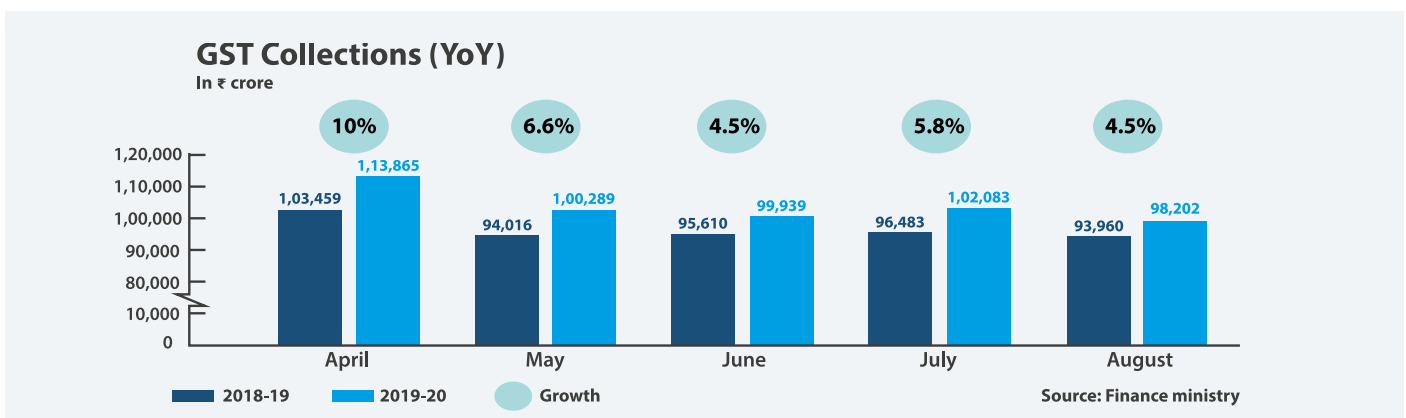
• Issue of new Notifications

CBIC has issued 14 notifications yesterday on 30.09.2019 the decisions taken in 37th GST Council meeting which was held on 22.09.2019 in Goa. The gist of new notifications is given below in this article

• GST Refunds

Online refund processing functionality shall be implemented from 24th September, 2019 enabling disbursement of refund through a Single Refund Sanctioning Authority under an Integrated Refund System. Earlier, the refund processing was done for both Centre and State GST by one authority to whom the taxpayer was assigned administratively but disbursement was done by accounting authority of Centre and State tax department separately. The new system has done away with this and after processing is completed by the tax officer, the sanctioned amount

GST collection at a glance in 2019-20





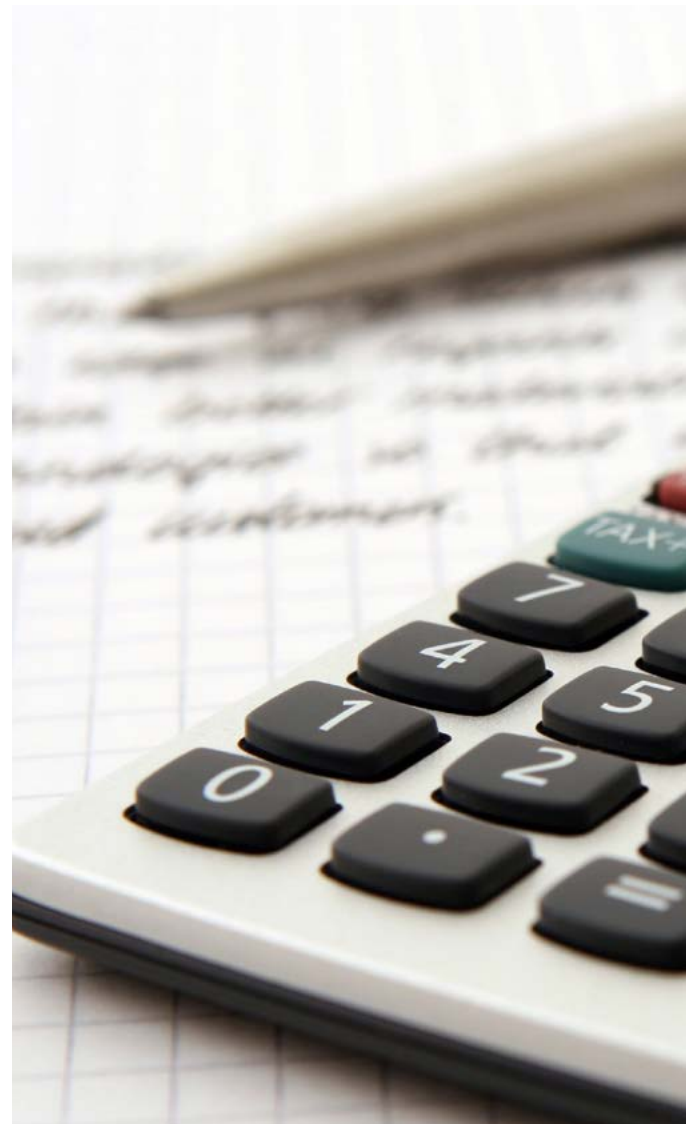
will get credited to the bank account of the taxpayers through PFMS System

The Council also approved that the procedure to be followed and other issues be clarified in relation to refund in following situations:

- a. Procedure to claim refund in FORM GST RFD-01A subsequent to favourable order in appeal or any other forum;
- b. Eligibility to file a refund application in FORM GST RFD-01A for a period and category under which a NIL refund application has already been filed

- **Extension of last date for filing appeal before GSTAT**

In the wake of non-functionality of GST Appellate Tribunal in the States/UTs, the Council has also decided to extend the last date for filing of appeal before the GSTAT by three months from the date of order or three months from the date on which the President or the State President of the Tribunal enter office, whichever is later



The Companies Act, 2013

Form DIR-3 KYC / DIR-3 KYC Web: Companies (Appointment and Qualification of Director) Fourth Amendment Rules, 2019:

- MCA vide its notification dated September 30, 2019 has extended the due date for filing the KYC of all individual holding DIN either through e-form DIR-3 KYC or DIR-3 KYC Web to October 14, 2019
- Therefore, all individual holding DIN shall submit e-form DIR-3 KYC or DIR-3 KYC Web, as the case may be, on or before October 14, 2019
- Penalty of Rs. 5000/- will be charged if there is any failure in submitting KYC on or before October 14, 2019

Form BEN-2 (Ultimate Individual Holder of the company):

- Ministry of Corporate Affairs has again extended the last date of filing e-form BEN -2 without additional fees on account of certain new aspects that require further examination and clarification
- The time limit for filing e-form BEN-2 is extended up to December 31, 2019

National Financial Reporting Authority (Amendment) Rules, 2019:

- Ministry of Corporate Affairs has revised the due date for filing eForm NFRA-2 to 30th November of every year instead of 30th April as prescribed earlier
- Further, Auditor has to provide a statement of the quality control policies and procedures of the Auditor for its auditing practice during the reporting period while filing the Form NFRA - 2





Statutory Compliance required to be adhered to:

SR. No	Form	Due Date	Description
1	E-Form DIR-3 KYC or DIR-3 KYC WEB	October 14, 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	December 31, 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

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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

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