



# INSIGHT

July 2020

Strategy	Consulting	Outsourcing
Cloud	Mobile	Analytics



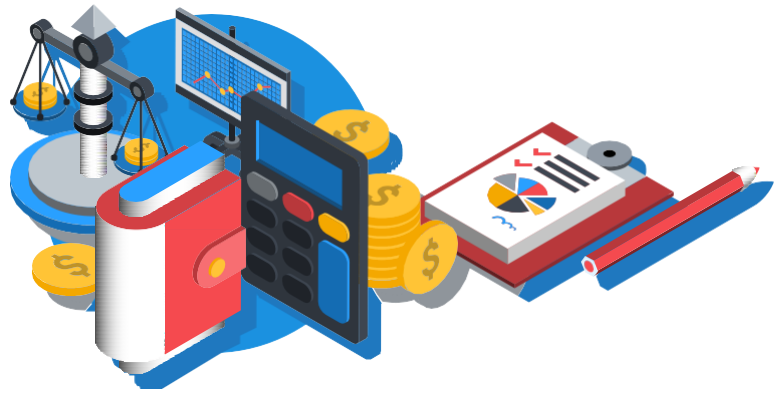
Simplify • Accelerate • Grow

# INDEX



1. DIRECT TAX.....	03
2. INDIRECT TAX .....	05
3. COMPANY LAW .....	09
4 RESERVE BANK OF INDIA .....	12

# TAXES



## Direct TAX

### **CBDT notifies Cost Inflation Index for FY 2020-21 at 301**

CBDT notifies Cost Inflation Index for FY 2020-21 at 301; This notification shall come into force with effect from April 1, 2021 and shall accordingly apply to the AY 2021-22 and subsequent years.

[Click here](#)

### **CBDT amends Rule 2BB and Rule 3 for employees opting for new tax regime**

- CBDT amends Rule 2BB [which prescribes allowances for the purposes of Sec. 10(14)], allows exemption claim u/s. 10(14) in respect of salaried employees opting for new tax regime u/s. 115BAC, in certain cases.

Clarifies that such an assessee can claim exemption u/s. 10(14) only in respect of –

- i. Tour / Transfer allowance,
  - ii. Daily travel allowance
  - iii. conveyance allowance and
  - iv. Transport allowance for handicapped, subject to the conditions mentioned therein.
- Also amends Rule 3 [dealing with perquisites valuation], states that “the exemption provided in the first proviso in respect of free food and non-alcoholic beverage provided by such employer through paid voucher shall not apply to an employee, being an assessee, who has exercised option under sub-section (5) of section 115BAC.”;

Amended Rule shall come into force from the 1st day of April 2021 and shall accordingly apply in relation to the assessment year 2021-22 and subsequent assessment years.

[Click here](#)

## **CBDT - NCLT approved 'oppression-mismanagement' related resolution plan out of Sec.50CA taxability**

CBDT notifies new rule 11UAD prescribing class of persons for the purpose of proviso to Sec.50CA. Provides that Sec.50CA shall not apply to receipt of unquoted shares by shareholders, received pursuant to resolution plan approved by NCLT u/s.241/242 of Companies Act 2013 (dealing with oppression and mismanagement); States that the rules "...shall come into force from the 1st day of April, 2020 and shall be applicable for assessment year 2020-21 and subsequent assessment years."

Note: Section 50CA provides that where consideration for transfer of unquoted equity share of a company is less than the FMV of such share determined in accordance with the prescribed manner, the FMV shall be deemed to be the full value of consideration for the purposes of computing income under the head "Capital gains". Proviso thereto provides for 'prescribed class' of persons to whom 50CA is not applicable.

[Click here](#)

**CBDT releases synthesised texts for MLI modified India's DTAs with Canada, Belgium and Slovenia**

[Click here](#)

**General due dates of compliance extended to 31.08.2020**[Click here](#)**Due date notified for filing the GSTR3B for the month of August 2020**

For Turnover up to Rs. 5 crores, GSTR 3B for month of August 2020 as under:

States	Due-Date
Whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	01st October 2020
Whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi	03rd October

[Click here](#)**Waiver of late fee for filing GSTR 3B**

The Govt. has extended the waiver of the late fees for the delayed filing of the GSTR 1 for the period from March 2020 to June 2020 for some more time. The late waiver shall apply only if the GSTR1 is filed within the stipulated time. The dates for the different class of persons are given below:

States	Due-Date
April to June 2020 (Quarterly Return)	03.08.2020
March 2020	10.07.2020
April 2020	24.07.2020
May 2020	28.07.2020
June 2020	05.08.2020

[Click here](#)

## Waiver of Late Filing Fees

The Govt. has provided the waiver of the late fees for the delayed filing of the GSTR 3B for the period from February 2020 to July 2020. The late waiver shall apply only if the GSTR3B is filed within the stipulated time. The dates for the different class of persons are given below:

Turnover	States	Tax Period	Due-Date
More than Rs. 5 crores	All States	February 2020, March 2020, April 2020	24 <sup>th</sup> June 2020
Up to Rs. 5 crores	Whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	February 2020	30 <sup>th</sup> June 2020
		March 2020	03 <sup>rd</sup> July 2020
		April 2020	06 <sup>th</sup> July 2020
		May 2020	12 <sup>th</sup> Sept2020
		June 2020	23 <sup>rd</sup> Sept2020
		July 2020	27 <sup>th</sup> Sept2020
Up to Rs. 5 crores	Whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi	February 2020	30 <sup>th</sup> June 2020
		March 2020	05 <sup>th</sup> July 2020
		April 2020	09 <sup>th</sup> July 2020
		May 2020	15 <sup>th</sup> Sept2020
		June 2020	25 <sup>th</sup> Sept2020
		July 2020	29 <sup>th</sup> Sept20020

The Govt. has also waived off the late fees in excess of Rs. 250 (under CGST – equal amount under SGST – total Rs. 500) for the persons who have failed to file the GSTR3B for the period July 2017 to January 2020 provided the GSTR3B for such period is filed during 01.07.2020 to 30.09.2020. It is also provided that if it is Nil return, then the entire late fee is waived off provided the returns if furnished during 01.07.2020 to 30.09.2020

[Click here](#)

## Relief by lowering the interest rate for a prescribed time for tax periods from February 2020 to July 2020

The Govt. has reduced the rate of interest applicable to the delay in the payment of GST for the following category of the taxpayers

Turnover	States	Tax Period	Nil Rate Interest Period	9% Rate of Interest
More than Rs. 5 crores	All States	February 2020, March 2020, April 2020	First 15 days from the due date	24 <sup>th</sup> June 2020
Up to Rs. 5 crores	Whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	February 2020	30 <sup>th</sup> June 2020	30 <sup>th</sup> Sept 2020
		March 2020	03 <sup>rd</sup> July 2020	30 <sup>th</sup> Sept 2020
		April 2020	06 <sup>th</sup> July 2020	30 <sup>th</sup> Sept 2020
		May 2020	12 <sup>th</sup> Sept2020	30 <sup>th</sup> Sept 2020
		June 2020	23 <sup>rd</sup> Sept2020	30 <sup>th</sup> Sept 2020
		July 2020	27 <sup>th</sup> Sept2020	30 <sup>th</sup> Sept 2020
Up to Rs. 5 crores	Whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi	February 2020	30 <sup>th</sup> June 2020	30 <sup>th</sup> Sept 2020
		March 2020	05 <sup>th</sup> July 2020	30 <sup>th</sup> Sept 2020
		April 2020	09 <sup>th</sup> July 2020	30 <sup>th</sup> Sept 2020
		May 2020	15 <sup>th</sup> Sept2020	30 <sup>th</sup> Sept 2020
		June 2020	25 <sup>th</sup> Sept2020	30 <sup>th</sup> Sept 2020
		July 2020	29 <sup>th</sup> Sept20020	30 <sup>th</sup> Sept 2020

[Click here](#)

### **Amendment to Rule 7**

The Govt. has amended Rule 7 to include the rate of composition tax for service provider in the Rules itself.

[Click here](#)

### **Amendment to E-filing Rules**

The Govt. has amended the GST Rules to enable even the companies also to file the GSTR3B during the 21st day of April 2020 to the 30th day of September 2020 through EVC.

Similarly, the filing of GSTR1 during the 27th day of May 2020 to the 30th day of September 2020 is allowed to file through EVC.

[Click here](#)

The Govt. has notified 67A of the CGST Rules, which allows the taxpayers to file the Nil GSTR 3B SMS. The Nil return can be filed by using the registered mobile number.

[Click here](#)

### **Clarification in respect of levy of GST on Directors Remuneration**

The CBIC has issued a clarification regarding the taxability of the remuneration paid to the Directors. The summary of the clarification is given below:

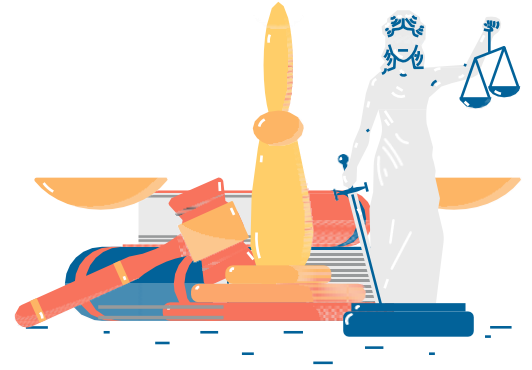
- Leviability of GST on remuneration paid by companies to the independent directors or those directors who are not the employee of the said company: It is clarified that the remuneration paid to such independent directors, or those directors, who are not employees of the said company, is taxable in hands of the company, on reverse charge basis.
- Leviability of GST on remuneration paid by companies to the directors, who are also an employee of the said company: It is clarified that the part of Director's remuneration which is declared as "Salaries" in the books of a company and subjected to TDS under Section 192 of the IT Act is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

It is further clarified that the part of employee Director's remuneration which is declared separately other than "salaries" in the Company's accounts and subjected to TDS under Section 194J of the IT Act as Fees for professional or Technical Services shall be treated as consideration for providing services which are outside the scope of Schedule III of the CGST Act, and is, therefore, taxable, in respect of which the Company, is liable to discharge the applicable GST on it on reverse charge basis.

[Click here](#)



# COMPANY LAW



**MCA: Allows Companies to conduct Members Meeting via Video Conferencing till 30<sup>th</sup> September**

[Click Here](#)

**MCA: Allows Start-up Companies / Companies to issue sweat equity for upto 10 years from incorporation**

- MCA amends the Companies (Share Capital and Debentures) Rules, 2014 inter alia allowing a startup company to issue sweat equity shares not exceeding 50% of its paid up capital upto 10 years (earlier, 5 years) from the date of its incorporation or registration;
- Further removes the requirement with regard to Debenture Redemption Reserve (DRR) and investment or deposit of sum in respect of debentures maturing during the year, for NBFCs and listed companies issuing privately placed debentures

[Click Here](#)

**MCA: Further extends period for name reservation by LLPs and Companies**

- MCA further extends the period for names reserved and resubmission of forms by Companies and LLPs;
- Provides 20 additional days beyond June 30, 2020 for filing SPICe+ Part B (to be filed within 20 days of name reservation);
- Further grants 60 more days beyond June 30, for filing INC-24 for change of name of a company, for names expiring between March 15 and June 30;
- Similarly, for LLPs, extends name reservation in case of new incorporation/change of name (for which FiLLiP/Form 5 needs to be filed), by 20 days, beyond June 30; For Resubmission ('RSUB') validity for companies as well as LLPs, allows additional 15 days beyond June 30, for SRNs where last date of Resubmission (RSUB) falls between March 15 to June 30;
- Lastly, providing extension for marking Form IEPF-5 SRNs to 'Pending for Rejection u/r 7(3)' and 'Pending for Rejection u/r 7(7)' of the IEPF Rules, states that SRNs where last date of filing eVerification Report (for both Normal as well as Re-submission filing) falls between March 15 to June 30, filing would be allowed till September 30, 2020: MCA

[Click Here](#)

## **MCA: Introduces scheme for relaxation of time in filing charge creation/ modification forms**

- MCA notifies a scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013 for the purpose of condoning the delay in filing certain forms related to creation/ modification of charges in view of the representations received in this regard due to the COVID-19 pandemic;
- States that the scheme will be applicable for filling of Form No. CHG-1 and CHG-9 by a company or a charge holder, where the date of creation / modification of charge –
  - is before March 1, 2020 but the timeline for filing such form had not expired u/s 77 of the Act as on March 1, 2020 or
  - falls on any date between March 1 to September 30, 2020;
- Specifies that the period from March 1 to September 30, 2020 shall not be reckoned for the purpose of counting the number of days u/s 77 or 78 of the Act and in case, the form is not filed within such period, the first day after February 29, 2020 will be taken as October 1, 2020 for counting such timeline;
- Lastly clarifies that the scheme will inter alia not apply:
  - to forms already filed before the Circular date,
  - where timeline for filing the form has already expired prior to March 1, 2020
  - to filing of Form CHG-4 for satisfaction of charges

[Click here](#)

## **MCA: Allows Companies to conduct board meetings on 'restricted matters' via VC till September 30**

- MCA notifies amendment to the Companies (Meetings of Board and its Powers) Rules, 2014 allowing companies to conduct meeting through VC or OAVM till September 30, 2020 (earlier June 30) on the 'restricted matters' referred in Rule 4 for approval of annual financial statement, board's report, prospectus, matters relating to amalgamation, merger, demerger, acquisition, take over and audit committee meetings
- Separately, allows 3 more months i.e. till September 30, 2020, to independent directors appointed in a company to apply for inclusion of their name in the data bank as required under the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019: MCA

[Click here](#)

## The Government floats consolidated guidelines for MSME classification and registration

- Ministry of MSMEs floats a detailed, consolidated Notification in the form of guidelines for classification and registration of an MSME, which shall be called as “Udyam” now on, accordingly, registration process to be known as “Udyam Registration”;
- Laying down the detailed criteria for classification of MSMEs and the procedure for registration and the arrangements made for facilitation in this process, Ministry states that henceforth, entrepreneurs, enterprises and MSMEs will have to refer only to this consolidated Notification for matters relating to classification or registration;
- Notifies that Udyam Registration can be filed online based only on the Aadhaar number, and on self-declaration with no requirement to upload documents, papers, certificates or proof, which is possible because the Udyam Registration process has been fully integrated with the Systems of Income Tax and GST;
- Further, states that the Udyam Registration process can be done online through the portal which will be made known to the public before July 1, 2020, i.e. the date from which this new arrangement is going to be effective;
- Ministry also notifies establishment of a facilitation and grievance redressal system for easing the registration process and further handholding of MSMEs in all possible manner, and states that, “...this is one more step towards fulfillment of Ministry’s commitment of making Indian MSMEs National and International Champions and to enable them to break their barriers and capture global markets.”: Ministry of MSMEs

[Click here](#)

# RESERVE BANK OF INDIA



## Increasing instances of payment frauds - enhancing public awareness campaigns through multiple channels

- As you are aware, safety and security of digital transactions are of paramount importance. Reserve Bank has been taking measures to improve awareness through its e-BAAT programmes and organising campaigns on safe use of digital payment modes, to avoid sharing critical personal information like PIN, OTP, passwords, etc.
- 2. In spite of these initiatives, incidence of frauds continue to bedevil digital users, often using the same modus operandi users were cautioned about, such as luring them to disclose vital payment information, swapping sim cards, opening links received in messages and mails, etc. There are also cases of users being tricked into downloading spurious apps that access critical information stored on devices. It is, therefore, essential that all payment systems operators and participants - banks and non-banks - continue and reinforce efforts to spread awareness about digital safety.
- 3. All authorised payment systems operators and participants are hereby advised to undertake targeted multi-lingual campaigns by way of SMSs, advertisements in print and visual media, etc., to educate their users on safe and secure use of digital payments.

[Click here](#)

### Head Office

Pierian Services Pvt. Ltd.  
# 979, 19th Main, 13th Cross  
B.S.K.2nd Stage, Bangalore - 560 070  
P+91 80 4242 4747 | F+91 80 2211 7523  
**E** [info@pierianservices.com](mailto:info@pierianservices.com)  
**W** [www.pierianservices.com](http://www.pierianservices.com)

**pie**  
PIERIAN SERVICES