



Newsletter

June 2020

Income Tax

FM launches facility of Instant PAN through Aadhaar based e-KYC

Union Minister for Finance & Corporate Affairs formally launched the facility for instant allotment of PAN (on near to real time basis). This facility is now available for those PAN applicants who possess a valid Aadhaar number and have a mobile number registered with Aadhaar. The allotment process is paperless and an electronic PAN (e-PAN) is issued to the applicants free of cost.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1627434>

New procedure for registration, approval, etc. of certain entities deferred to 1st October, 2020

In view of the unprecedented humanitarian and economic crisis, the CBDT has decided that the implementation of new procedure for approval/ registration/notification of certain entities shall be deferred to 1st October, 2020.

Accordingly, the entities approved/ registered/ notified under section 10(23C) (university or educational institution existing solely for educational purpose), 12AA (trusts or institution), 35 (social science or statistical research associations or institutions) and 80G (specified relief funds and charitable institutions) of the Income-tax Act, 1961 (the Act) would be required to file intimation within three months from 1st October, 2020, i.e. by 31st December, 2020.

Further, the amended procedure for approval/ registration/ notification of new entities shall also apply from 1st October 2020.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1622387>

Clarification in respect of residency under section 6 of the Income-tax Act, 1961

Section 6 of the Income-tax Act, 1961 (the Act) contains provisions relating to residency of a person. The status of an individual as to whether he is resident in India or a non-resident or not ordinarily resident, is dependent, inter-alia, on the period for which the person is in India

during a year.

Various representations have been received stating that there are number of individuals who had come on a visit to India during the previous year 2019-20 for a particular duration and intended to leave India before the end of the previous year for maintaining their status as non-resident or not ordinary resident in India. However due to declaration of the lockdown and suspension of international flights owing to outbreak of Novel Corona Virus (COVID-19), they are required to prolong their stay in India. Concerns have been expressed that they may involuntarily end up becoming Indian residents without any intention to do so.

In order to avoid genuine hardship in such cases, the CBDT has decided vide circular no 11 dated May 8, 2020, that for the purposes of determining the residential status under section 6 of the Act during the previous year 2019-20 in respect of an individual who has come to India on a visit before 22nd March, 2020 and:

- has been unable to leave India on or before 31st March 2020, his period of stay in India from 22nd March, 2020 to 31st March, 2020 shall not be taken into account; or
- has been quarantined in India on account of Novel Corona Virus (Covid-19) on or after 1st March, 2020 and has departed on an evacuation flight on or before 31st March, 2020 or has been unable to leave India on or before 31st March, 2020, his period of stay from the beginning of his quarantine to his date of departure or 31st March, 2020, as the case may be, shall not be taken into account; or
- has departed on an evacuation flight on or before 31st March, 2020, his period of stay in India from 22nd March, 2020 to his date of departure shall not be taken into account.

Further, as the lockdown continues during the Financial Year 2020-21 and it is not yet clear as to when international flight operations would resume, a circular excluding the period of stay of these individuals up to the date of normalisation of international flight operations, for determination of the residential status for the previous year 2020-21 shall be issued after the said normalisation.

Source: https://www.incometaxindia.gov.in/communications/circular/circular_no_11_2020.pdf

Reduction in rate of Tax Deduction at Source (TDS) & Tax Collection at Source (TCS)

In order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, the rates of Tax Deduction at Source (TDS) for the following non-salaried specified payments made to residents has been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021. The revised rates are as follows:

S. No	Section of the In-come-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
1	193	Interest on Securities	10%	7.5%
2	194	Dividend	10%	7.5%
3	194A	Interest other than interest on securities	10%	7.5%

4	194C	Payment of Contractors and sub-contractors	1% (individual /HUF) 2% (others)	0.75% (individual /HUF) 1.5% (others)
5	194D	Insurance Commission	5%	3.75%
6	194DA	Payment in respect of life insurance policy	5%	3.75%
7	194EE	Payments in respect of deposits under National Savings Scheme	10%	7.5%
8	194F	Payments on account of re-purchase of Units by Mutual Funds or UTI	20%	15%
9	194G	Commission, prize etc., on sale of lottery tickets	5%	3.75%
10	194H	Commission or brokerage	5%	3.75%
11	194-I(a)	Rent for plant and machinery	2%	1.5%
12	194-I(b)	Rent for immovable property	10%	7.5%
13	194-IA	Payment for acquisition of immovable property	1%	0.75%
14	194-IB	Payment of rent by individual or HUF	5%	3.75%
15	194-IC	Payment for Joint Development Agreements	10%	7.5%
16	194J	Fee for Professional or Technical Services (FTS), certain royalties and call centers	2%	1.5%
		Others	10%	7.5%
17	194K	Payment of dividend by Mutual Funds	10%	7.5%
18	194LA	Payment of Compensation on acquisition of immovable property	10%	7.5%
19	194LBA(1)	Payment of income by Business trust	10%	7.5%
20	194LBB(i)	Payment of income by Investment fund	10%	7.5%
21	194LBC(1)	Income by securitisation trust	25% (Individual/HUF) 30% (Others)	18.75% (Individual /HUF) 22.5% (Others)
22	194M	Payment to commission, brokerage etc. by Individual and HUF	5%	3.75%
23	194-O	TDS on e-commerce participants	1% (w.e.f. 1.10.2020)	0.75%

Further, the rate of Tax Collection at Source (TCS) for the following specified receipts has also been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021 as follows:

S. No	Section of the Income-tax Act	Nature of Receipts	Existing Rate of TCS	Reduced rate from 14/05/2020 to 31/03/2021
1	206C(1)	Sale of		
		(a) Tendu Leaves	5%	3.75%
		(b) Timber obtained under a forest lease	2.5%	1.875%
		(c) timber obtained by any other mode	2.5%	1.875%
		(d) Any other forest produce not being timber/tendu leaves	2.5%	1.875%
		(e) scrap	1%	0.75%
2	206C(1C)	Grant of license, lease, etc. of		
		(a) Parking lot	2%	1.5%
		(b) Toll Plaza	2%	1.5%
		(c) Mining and quarrying	2%	1.5%
3	206C(1F)	Sale of motor vehicle above 10 lakhs	1%	0.75%
4	206C(1H)	Sale of any other goods	0.1% (w . e . f 01.10.2020)	0.75%

There shall be no reduction in rates of TDS or TCS, where the tax is required to be deducted or collected at higher rate due to non-furnishing of PAN/ Aadhaar.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1623745>

CBDT orders tax officials to not issue scrutiny notices to taxpayers

After rejecting “ill-conceived” suggestions by a group of Indian Revenue Services (IRS) officers, the Central Board of Direct Taxes (CBDT) directed officials not to keep any communication with assesseees or issue scrutiny notices to them without the board’s approval. According to it, any such notice would have an “adverse effect” on the assesseees amid the coronavirus (Covid-19) pandemic.

The move comes at a time when the tax department faced widespread criticism on a report prepared by a group of IRS officers. It had created panic and tax policy uncertainty at a time when India is already going through a difficult economic situation.

Income Tax Due Date Calendar for June 2020

Date	Applicable Form	Obligation
07/06/2020	Challan No. ITNS-281	Payment of TDS/TCS deducted/collected in May. (Can be filed upto specified date with interest @ 0.75% pm.)
15/06/2020	Challan No.280	Deposit of First Instalment of Advance Tax (15%) by all assesses (other than 44AD & 44ADAD cases).
30/06/2020	–	Payment of disputed amount of tax & Waiver of interest & penalty under Vivad se Vishwas Scheme.
30/06/2020	Online form	Uploading declarations received in Form. 15G/15H during quarter ending March.
30/06/2020	Form 61A	Furnishing of Statement of Financial Transactions as required to be furnished u/s 285BA(1) for 2019-20. (For tax audit assesses also receiving cash of more than 2 lacs against sales).
30/06/2020	ITR- 1 to 7	Last date for filing Original & Revised ITR for AY 2019-20.
30/06/2020	–	Payment of life insurance premium, deposit of PPF etc. for saving tax of FY 19-20.
30/06/2020	–	Investment etc for Capital Gains exemption in FY 19-20.
30/06/2020	–	Linking of PAN with Aadhaar.
30/06/2020	Challan No. ITNS-281	Payment of TDS Deducted in March (both Salary & non-salary) with interest @ 0.75% pm.
30/06/2020	Challan No. ITNS-281	Payment of TCS collected in March with interest @ 0.75% pm.
30/06/2020	Challan No. ITNS-281	Payment of TDS/TCS deducted/collected in April & May with interest @ 0.75% pm.
30/06/2020	Challan No.280	Payment of balance Advance Income Tax by ALL. (for Sec 234B & 234C) with interest @ 0.75% pm.
30/06/2020	Form 26QB	Deposit of TDS on payment made for purchase of property in May.
30/06/2020	Form 26QB	Deposit of TDS on payment made for purchase of property in February, March & April with interest @ 0.75% pm.
30/06/2020	Form 26QC	Deposit of TDS @ 5% on total payment of Rent more than 50,000 pm by individual of HUF (not liable to tax audit) during last FY, with interest @ 0.75% pm.
30/06/2020	Form 24Q, 26Q, 27Q	TDS Statements for Q4 of 19-20.
30/06/2020	Form 27EQ	TCS Statements for Q4 of 19-20.
30/06/2020	Form 26QAA	Quarterly return of non-deduction of tax at source by a bank from interest on fixed deposits for quarter ending March.
30/06/2020	Form 16	Issue of Salary TDS Certificates for 19-20.
30/06/2020	Form 16A	Issue of non-salary TDS Certificates for Q4 of 19-20.
30/06/2020	Form 16B	Issue of TDS Certificate for tax deducted u/s. 194IA on purchase of property for payment made in Feb.
30/06/2020	Form 16B	Issue of TDS Certificate for tax deducted u/s. 194IA on purchase of property for payment made in March.
30/06/2020	Form 16B	Issue of TDS Certificate for tax deducted u/s. 194IA on purchase of property for payment made in April.
30/06/2020	Form 16C	Issue of TDS Certificate by tenant for tax deducted u/s. 194IB in March for full year.
30/06/2020	Form 27D	Issue of TCS Certificate for March quarter.

Indirect Tax

Govt gives relaxations to taxpayers for GST compliance for filing annual returns and audits

The government gave further relaxations to taxpayers for goods and services tax (GST) compliance for filing annual returns and audits, increasing the time duration for some, meanwhile extending the validity of e-way bills till the month end.

The Central Board of Indirect Taxes and Customs (CBIC) has allowed registered persons to furnish GSTR-3B verified through electronic verification code between April 21 and June 30. Further, a registered person can furnish a nil GSTR-3B through text messages, using their registered mobile number, which will be verified through a one-time password facility.

The Board has also extended by a quarter the time limited for furnishing of the annual return and GST audit for the financial year 2018-2019, till 30 September, 2020.

Date of filing GSTR 3B has been extended from November 2019 to March 2020, for the state of Jammu & Kashmir.

The Board also made changes to the Insolvency and Bankruptcy Code (IBC), clarifying that the resolution professional shall be liable to take a new registration in each of the states or Union territories where the corporate debtor was registered earlier, within thirty days of its appointment or by June 30, 2020, whichever is later.

Source: <https://cbic-gst.gov.in/central-tax-notifications.html>

Goods and Services Tax Due Date Calendar for June 2020

Date	Applicable Form	Obligation
04/06/2020	GSTR-3B	Summary Return cum Payment of Tax for April by taxpayers having an aggregate turnover of more than Rs. 5 cr in previous financial year.(without interest)(Can be filed upto specified date with interest @ 0.75% pm.)
24/06/2020	GSTR-3B	Summary Return cum Payment of Tax for Feb, March & April by taxpayers having an aggregate turnover of more than Rs. 5 cr in previous financial year WITH INTEREST @ 9%PA.
27/06/2020	GSTR-3B	Summary Return cum Payment of Tax for May by taxpayers having an aggregate turnover of more than Rs. 5 cr in previous financial year.
29/06/2020	GSTR-3B	Summary Return cum Payment of Tax for February by taxpayer with turnover between 1.5-5 cr.
29/06/2020	GSTR-3B	Summary Return cum Payment of Tax for March by taxpayer with turnover between 1.5-5 cr.
30/06/2020	GST CMP-02	Opt for Composition Scheme for FY 20-21. Existing ones are not required to apply again.
30/06/2020	GST RFD-11	Online Application for Letter of Undertaking (LUT) for Exports & Supplies to SEZ without payment of tax in 2020-21.
30/06/2020	ITC-04	Return for March quarter of Goods sent to or received from job-worker.

30/06/2020	GSTR-1	Monthly return of Outward Supplies for March (Turnover exceeding 1.5 Cr.in previous year)
30/06/2020	GSTR-1	Monthly return of Outward Supplies for April (Turnover exceeding 1.5 Cr.in previous year)
30/06/2020	GSTR-1	Monthly return of Outward Supplies for May (Turnover exceeding 1.5 Cr.in previous year)
30/06/2020	GSTR-1	Quarterly return for January to March for quarterly filers.
30/06/2020	GSTR-3B	Summary Return cum Payment of Tax for April by taxpayer with turnover between 1.5-5 cr.
30/06/2020	GSTR-3B	Summary Return cum Payment of Tax for February by taxpayer with turnover upto 1.5 cr.
30/06/2020	GSTR-5 & 5A	Monthly Return by Non-resident taxable person for Feb, Mar, April & May.
30/06/2020	GSTR-6	Monthly Return of Input Service Distributor for March, April & May.
30/06/2020	GSTR-7	Monthly Return by Tax Deductors for March, April, May.
30/06/2020	GSTR-8	Monthly Return by e-commerce operators for March, April & May.

Finance:

Govt notifies Rs 3 lakh crore MSME credit guarantee scheme

The government on May 26 notified the Rs 3 lakh crore Emergency Credit Line Guarantee Scheme for Medium, Small and Micro Enterprises (MSMEs) under the Atma Nirbhar Bharat Abhiyan to help them tide over the economic distress being faced due to the COVID-19 pandemic.

- Under this scheme, MSMEs borrowers with up to Rs 25 crores of total borrowing can avail an additional 20 percent of the loan outstanding from banks, NBFCs, and other financial institutions (FI).
- This incremental lending by banks and financial institutions of up to Rs 3 lakh crore in total will be 100 percent guaranteed by the Government of India. Borrowers will have a one-year moratorium of repayment, and the interest rate charged by banks/ FIs will be capped 9.25 percent, and at 14 percent in the case of NBFCs.
- The scheme is also aimed at helping stressed borrowers who are not in default, therefore borrowers with standard accounts (with timely repayment), SMA-0 (with overdue of up to 30 days) and SMA-1 (with overdubs of up to 60 days) are eligible to take these loans.
- The government will set up a Rs 41,600 crore fund under National Credit Guarantee Trustee Company Limited (NCGTC) for this scheme.

Retailers, small businesses not registered as MSMEs eligible for emergency credit

The Rs 3 lakh crore emergency credit borrowing scheme for Micro, Small and Medium Enterprises (MSMEs) will also cover retailers and other businesses. Retail businesses devastated by the 62-day lockdown have been declared eligible for the scheme, although they are not recognised or registered as MSMEs.

It has been clarified that MSMEs/business enterprises constituted as proprietorships, partnerships, registered companies, trusts and limited liability partnerships (LLPs), and also interested borrowers under Pradhan Mantri Mudra Yojna would be eligible for the scheme.

The assistance under this scheme will come in the form of additional working capital through a term loan facility for eligible MSMEs and other businesses.

Cabinet approves “Scheme for formalisation of Micro Food Processing Enterprises (FME)”

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its approval to a new Centrally Sponsored Scheme - “Scheme for Formalisation of Micro food processing Enterprises (FME)” for the Unorganized Sector on All India basis with an outlay of Rs.10,000 crore.

IBA wants to house Rs 75,000 crore bad loans via ‘Bad Bank’

The Indian Banks Association (IBA) has firmed up a proposal to house approximately Rs 70,000-75,000 crore of bad loans at book value in its proposed ‘bad bank’. As per IBA’s estimates, the Bad Bank would require approximately Rs 10,000 crore of capital initially, which it proposes be fully provided by the Government of India.

Ministry of Corporate Affairs (MCA)

MCA allows CSR Contributions towards PM CARES Fund

The government has made the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) eligible to receive contributions from corporate social responsibility (CSR) corporates of corporates. The Ministry of Corporate Affairs (MCA) has allowed the CSR contributions by making changes to the Companies Act via notification dated May 26. According to the notification issued on Tuesday, the change came into effect retrospectively from March 28. Post this notification, Schedule 7 of the Companies Act specifically mentioned that contributions to the PM CARES Fund would count towards a company's CSR obligation.

Corporate Affairs Ministry allows companies to hold Annual General Meetings through Video Conferencing

Ministry of Corporate Affairs has allowed companies to hold Annual General Meetings (AGMs) through Video Conference or other audio-visual means. The decision has been taken on account of need for continuous adherence to the social distancing norms and restrictions placed on movement of persons in the wake of COVID - 19.

Govt allows Indian public companies to directly list shares overseas

To improve ease of doing business, the government announced allowing Indian public companies to directly list their shares overseas. Also, private companies that list their debentures on stock exchanges will now not be regarded as listed firms.

The move will help Indian companies get access to multiple jurisdictions for raising capital, with differing costs and listing conditions, said experts. Besides, clarification with respect to listing of non-convertible debenture (NCDs) will ease compliance issues faced by private firms.

Necessary regulations allowing direct overseas listing by the Indian entity is expected soon after amendments to the Company Act and Foreign Exchange Management Act (FEMA) regulations are passed.

Securities and Exchange Board of India (SEBI)

Disclosure of qualitative and quantitative material impact of COVID-19 by listed entities.

With a view to encourage listed entities in making timely and transparent disclosures of the impact of the COVID-19 pandemic, SEBI has issued an advisory to listed entities to disclose, to the stock exchange(s) under Regulation 30 of the SEBI LODR Regulations, the impact of COVID-19 pandemic on their businesses, performance and financials both qualitatively and quantitatively, to the extent possible.

Such disclosures shall be made by applying the materiality policy of the Company including details on closing down and resumption of operations of factories/units/offices, impact on capital and financial resources, liquidity position, profitability, ability to service debts, supply chain, demand for goods/services etc. Further, listed entities have been advised to disclose the impact of COVID-19 on their financial statements while submitting the same under Regulation 33 of the SEBI LODR Regulations.

Source: https://www.sebi.gov.in/legal/circulars/may-2020/advisory-on-disclosure-of-material-impact-of-covid-19-pandemic-on-listed-entities-under-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_46688.html

Others

NCLAT sets aside NCLT order on making MCA party in all IBC cases

In a relief to the Ministry of Corporate Affairs (MCA), the National Company Law Appellate Tribunal (NCLAT) set aside an order of the Principal Bench of the National Company Law Tribunal (NCLT) which had directed that the MCA be made a party in all cases filed under the Section 7, 9, and 10 of the Insolvency and Bankruptcy Code (IBC).

A three-member Bench of the NCLAT held that the NCLT order asking the Ministry to be made a party in all IBC cases, without giving the MCA a chance to present its side would have resulted in “serious miscarriage of justice, besides causing undue hardship”.

Govt plans pre-packaged IBC deals to ease caseload

The pause in bankruptcy resolutions because of the covid-19 pandemic has prompted the government to legislate changes to the insolvency code to fast-track processing of cases where a restructuring plan has been agreed in advance between the company and its creditors.

The pre-packaged insolvency procedure, or pre-pack, will also help ease the burden on bankruptcy courts, once the changes to the Insolvency and Bankruptcy Code are approved by Parliament.

A huge backlog of cases at National Company Law Tribunal (NCLT) benches have stretched resources and led to delays in resolution of cases. The current covid-19 crisis has only added to the delays. A pre-pack resolution will help shorten the long-winded court process.

Other Statutory Compliances- Due Date Calendar June 2020

Date	Act	Applicable Form	Obligation
15/06/2020	Provident Fund	Electronic Challan cum Return (ECR)	E-Payment of PF for May 2020.
15/06/2020	ESI	ESI Challan	ESI payment for May 2020.
30/06/2020	Equalisation Levy	Form 1	Efiling of Annual Statement of Equalisation Levy (Google Tax/Tax on Digital Ads) for 2019-20.



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