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**Tax Officials who  
harass honest  
Taxpayers will be  
dismissed from service:  
PM Modi**

Prime Minister Narendra Modi has sent a chilling warning to all unscrupulous tax officials who harass honest taxpayers with a view to extorting money from them that their shenanigans will no longer be tolerated but they will instead be summarily sacked from service.

“It is a fact that some black sheep in the tax administration may have misused their powers and harassed taxpayers, either by targeting honest assesses or by taking excessive action for minor or procedural violations,” the Hon’ble Prime Minister noted, acknowledging the fact that the tax department is in fact a den of corruption.

“We have recently taken the bold step of compulsorily retiring a significant number of tax officials, and we will not tolerate this type of behaviour,” the Hon’ble Prime Minister declared.

*(Source: <http://itatonline.org>)*

**Mere issue of 148  
notice is not sufficient  
but has to be served  
on the assessee**

Mumbai High Court in a recent decision in case of Harjeet Surajprakash Girotra vs. UOI (Bombay High Court) has held that

Mere issue of reassessment notice u/s 148 notice is not sufficient. Service is essential. If the postal authorities return the notice unserved, the Income Tax Department has to serve under Rule 127(2) using one of the four sources of address (such as PAN address, Bank address etc). The failure to do so renders the reassessment proceedings invalid.

*(Source: <http://itatonline.org>)*

**Measures to reduce  
litigations**

CBDT has enhanced of Monetary limits for filing of appeals by the Department before Income Tax Appellate Tribunal. High Courts and SLPs / Appeals before Supreme Court.

As a step towards further management of litigation, it has been decided by the Board that monetary limits for filing of appeals in income-tax cases be enhanced further through amendment in Para 3 of the Circular and accordingly, the table for monetary limits specified in Para 3 of the Circular shall read as follows:

Sr No	Appeals/SLPs in Income-tax matters	Monetary Limit (Rs.)
1.	Before Appellate Tribunal	50,00,000
2.	Before High Court	1,00,00,000
3.	Before Supreme Court	2,00,00,000

*(Source: <http://itatonline.org>)*

**CBDT issues  
clarification on  
eligibility of small  
Start-ups to avail  
tax holiday**

The Central Board of Direct Taxes (CBDT) has clarified today that small start-ups with turnover upto Rs. 25 crore will continue to get the promised tax holiday as specified in Section 80-IAC of the Income Tax Act, 1961 (the ‘Act’), which provides deduction for 100 per cent of income of an eligible start-up for 3 years out of 7 years from the year of its incorporation.

CBDT further clarified that all the start-ups recognised 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. A start-up has to fulfil the conditions specified in Section 80-IAC for claiming this deduction. Therefore, the turnover limit for small start-ups claiming deduction is to be determined by the provisions of Section 80-IAC of the Act and not from the DPIIT notification.

CBDT dispelled the confusion created by some media report claiming discrepancy that the I-T law was yet to reflect DPIIT's higher turnover threshold of Rs. 100 crore. CBDT said that there was no contradiction in DPIIT's notification dated 19.02.2019 and Section 80-IAC of the I.T. Act, 1961 because in para 3 of the said notification, it has clearly been mentioned that a start-up shall be eligible to apply for the certificate from the Inter-Ministerial Board of Certification for claiming deduction under Section 80-IAC of the Act, only if the start-up fulfils the conditions specified in sub-clause (i) and sub-clause (ii) of the Explanation of Section 80-IAC. Therefore, the turnover limit for eligibility for deduction under section 80-IAC of the Act, as per the DPIIT's notification is also Rs. 25 crore.

It is further stated that Section 80-IAC contains a detailed definition of the eligible start-up which, inter alia, provides that a start-up which is engaged in the eligible business shall be eligible for deduction, if (i) it is incorporated on or after 1st April 2016, (ii) its turnover does not exceed Rs. 25 crore in the year of deduction, and (iii) it holds a certificate from the Inter-Ministerial Board of Certification

*(Source: [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in))*

### **Clarification on applicability of Tax Deduction at Source on Cash Withdrawals**

In a press release dated 30th August 2019, CBDT, having considered the concerns of the people, hereby clarifies that section 194N inserted in the Act, is to come into effect from 1st September, 2019. Hence, any cash withdrawal prior to 1st September, 2019 will not be subjected to the TDS under section 194N of the Act.

However, since the threshold of Rs. 1 crore is with respect to the previous year, calculation of amount of cash withdrawal for triggering deduction under section 194N of the Act shall be counted from 1st April, 2019. Hence, if a person has already withdrawn Rs.1 crore or more in cash upto 31st August, 2019 from one or more accounts maintained with a banking company or a cooperative bank or a post office, the two per cent TDS shall apply on all subsequent cash withdrawals.

*(Source: [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in))*

### **Prime Minister's Office (PMO) demands information from CBDT on withdrawal of Low-Tax Effect Appeals by Income Tax Department**

The Prime Minister's Office (PMO) is personally monitoring whether the Department is complying with the directive to withdraw low-tax effect appeals as set out in CBDT's Circular no. 17 of 2019 dated 08.08.2019. This is revealed by the letter dated 29th August 2019 addressed by the CBDT to the Principle Chief Commissioners of Income-tax. The CBDT has also stipulated vide letter dated 20th August, 2019 that all appeals below the monetary limit should be withdrawn by 31st October 2019.

*(Source: <http://itatonline.org>)*

**CBIC extends effective date restricting GST return filing defaulters from generating e-way bills to 21st November 2019**

The Central Goods and Services Tax Rules, 2017 were amended in December 2018 to provide that registered taxpayers who have not filed GST returns for two consecutive tax periods shall not be allowed to generate e-way bill. The Central Board of Indirect Taxes and Customs (CBIC) notified 21st June 2019 as the date on which the amended provisions shall come into force. This date was extended by 2 months to 21st August 2019.

On the recommendation of the GST council, the CBIC has now further extended the effective date by 3 months to 21st November 2019.

[Notification No.36/2019 - Central Tax dated 20th August, 2019]

**Due date for filing GST Annual Return and Reconciliation Statement extended till 30th November 2019**

Pursuant to the GST Council's recommendations in its 35th meeting held on 21st June 2019, the Central Board of Indirect Taxes and Customs (CBIC) had extended the due date for filing the annual returns and reconciliation statement till 31st August 2019.

In view of various representations from trade and industry, the CBIC has further extended the due date for filing the annual returns and reconciliation statement till 30th November 2019.

[Order No.7/2019 - Central Tax dated 26th August, 2019]

**CBIC notifies 1st September 2019 as the effective date of the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019**

The government in Finance (No.2) Act, 2019 announced a legacy dispute resolution scheme called the "Sabka Vishwas (Legacy Dispute Resolution Scheme). 2019", to clear the backlog of pending litigations from the pre-GST regime, particularly under the Central Excise and Service Tax laws. The Scheme is a dispute resolution-cum-amnesty scheme for resolution/settlement of legacy cases. The Central Board of Indirect Taxes and Customs (CSIC) has notified 1st September 2019 as the date on which the said scheme shall come into force.

## **FDI norms eased by Government to boost the Indian economy**

Foreign Direct Investment (FDI) is a major driver of economic growth and a source of non-debt finance for the economic development of the country. Government has put in place an investor friendly policy on FDI, under which FDI up to 100% is permitted on the automatic route in most sectors/activities. FDI policy provisions have been progressively liberalized across various sectors in recent years to make India an attractive investment destination.

These reforms have contributed to India attracting record FDI inflows in the last 5 years. Despite the dim global picture, India continues to remain a preferred and attractive destination for global FDI flows. It is felt by the Government that the country has the potential to attract far more foreign investment which can be achieved inter-alia by further liberalizing and simplifying the FDI policy regime.

In Union Budget 2019-20, Finance Minister proposed to further consolidate the gains under FDI in order to make India a more attractive FDI destination. Accordingly, the Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the proposal for Review of Foreign Direct Investment on various sectors.

Major Announcements and its impact and benefits:

- ▲ 100% FDI under automatic route announced for sale of coal, for coal mining activities including associated processing infrastructure in the coal sector. This will attract international players to create an efficient and competitive coal market.
- ▲ 100% FDI under automatic route announced for contract manufacturing as manufacturing through contract contributes equally to the objective of Make in India
- ▲ Local sourcing norms for FDI in Single Brand Retail Trading (SBRT) have been eased. This will lead to greater flexibility and ease of operations for SBRT entities, besides creating a level playing field for companies with higher exports in a base year. In addition, online sales prior to opening of brick and mortar stores will now be permitted, subject to the condition that the entity opens brick and mortar stores within 2 years from date of start of online retail. This brings the policy in sync with current market practices. Online sales will also lead to creation of jobs in logistics, digital payments, customer care, training and product skilling
- ▲ In case of Digital Media, it has been decided to permit 26% FDI under government route for uploading/streaming of News & Current Affairs through Digital Media, on the lines of print media

The above amendments to the FDI Policy are meant to liberalize and simplify the FDI policy to provide ease of doing business in the country, leading to larger FDI inflows and thereby contributing to growth of investment, income and employment.

*(Press Release posted on pib.gov.in on August 28, 2019 by Press Information Bureau, Delhi)*

## ***Payments to foreign entities for training of pilots and crews are not taxable in India***

Based on the facts and in the circumstances of the case, recently, the Bangalore Bench of the Income-tax Appellate Tribunal (the Tribunal) in the case of Kingfisher Airlines Ltd (the taxpayer) held that payments made by an Indian airline company to foreign entities for training of its pilots and cockpit crews outside India are not taxable as royalty under the Income-tax Act, 1961 (the Act) or under various tax treaties.

Further such payment to Dubai entity will fall under the business income article in the absence of Fees for Technical Services (FTS) Article in the India-UAE tax treaty. Since, Dubai entity had no Permanent Establishment in India; such payments were not taxable in India. With respect to payments to German and Singapore entities, the Commissioner of Income-tax (Appeal) held that such payments were FTS and were taxable in India because of the retrospective amendment to Act. The Tribunal observed that for the year under consideration, such amended provisions did not exist and it was not possible for the taxpayer to foresee an obligation to deduct tax at source by a retrospective amendment to the Act. Accordingly, the taxpayer was not treated as an 'assessee in default' under Section 201(1) of the Act to the extent of the payment relating to FTS and consequent liability towards interest under Section 201(1A) of the Act was deleted.

(Kingfisher Airlines Ltd v. DDIT (ITA No. 86 & 87/Bang/2011) – Taxsutra.com)

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

### ▲ Original Rules:

Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016

### ▲ Effective Date of Amendment:

14th August, 2019

### ▲ Amendment-

In Rule 5- **Statement to be furnished to the Fund** for sub-rule (1), any amount required to be credited by the Companies to the Fund as provided under clauses (a) to (n) of sub-section (2) of section 125 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 30 days of such amount becoming due to be credited to the Fund

For sub-rule 8- **Power to direct payment of amount due to the Fund**- Every Company shall within 60 days after holding AGM and every year thereafter till completion of the seven years period, identify the unclaimed amount and upload on its website and also on the website of the Authority, a statement or information of unclaimed and unpaid amounts, separately for each of the previous seven financial years through Form No. IEPF-2

Rule 6- **Manner of transfer of shares**, in sub-rule (5), while effecting such transfer, the Company shall send a statement to the Authority in Form No. IEPF-4 within 30 days of the corporate action taken under clause (c)- **transfer of shares with depository** and the company shall also attach a copy of the public notice published under clause (a) of sub-rule (3) of rule 6 in Form No. IEPF-4

In rule 7- **Refund to claimants from Fund**, in sub-rule (2), upon submission, Form No. IEPF-5- **{Person whose shares, unclaimed dividend, matured deposits, matured debentures, application money due for refund etc.}**, shall be transmitted online to the Nodal Officer of the Company for verification of claim

[http://www.mca.gov.in/Ministry/pdf/Investor Education and Protection Fund Authority \(Accounting, Audit, Transfer and Refund\) Second Amendment Rules,2019.pdf](http://www.mca.gov.in/Ministry/pdf/Investor%20Education%20and%20Protection%20Fund%20Authority%20(Accounting,%20Audit,%20Transfer%20and%20Refund)%20Second%20Amendment%20Rules,%202019.pdf)

## The Companies (Incorporation) Seventh Amendment Rules, 2019

### ▲ Original Rules:

The Companies (Incorporation) Rules, 2014

### ▲ Effective Date of Amendment:

28th August, 2019

### ▲ Amendment-

The Ministry of Corporate Affairs (MCA) has come out with the various new forms such as:

**Form RD-1**- Form for filing application to the Regional Director

**Form RD GNL-5**- Form for filing addendum for rectification of defects or incompleteness

[http://www.mca.gov.in/Ministry/pdf/Companies \(Incorporation\) SeventhAmendment Rules, 2019.pdf](http://www.mca.gov.in/Ministry/pdf/Companies%20(Incorporation)%20SeventhAmendment%20Rules,%202019.pdf)



**Circular in respect of  
Clarification under  
Section 232 (6) in  
respect of Merger and  
Amalgamation of  
Companies under the  
Companies Act, 2013**

The Ministry vide its Circular No. 09/2019 dated 21st August, 2019 informed that:

- ▲ Several queries have been received in the Ministry with respect to interpretation of the provisions of Section 232(6) of the Companies Act, 2013. Clarification has been sought on whether it is mandatory to indicate a specific calendar date as “appointed date” in the schemes referred to in this section. Requests have also been received to confirm whether the “acquisition date” for the purpose of Ind AS 103 (Business Combinations) would be the “appointed date” referred to in section 232(6).

Considering the above queries, it has been now clarified as below:

- a) The provision of section 232(6) of the Act enables the companies in question to choose and state in the scheme an ‘appointed date’. This date may be a specific calendar date or may be tied to the occurrence of an event such as grant of license by a competent authority or fulfilment of any preconditions agreed upon by the parties, or meeting any other requirement as agreed upon between the parties, etc., which are relevant to the scheme.
- b) The ‘appointed date’ identified under the scheme shall also be deemed to be the ‘acquisition date’ and date of transfer of control for the purpose of conforming to accounting standards (including Ind-AS 103 Business Combinations);.

Where the ‘appointed date’ is chosen as a specific calendar date, it may precede the date of filing of the application for scheme of merger/amalgamation in NCLT. However, if the ‘appointed date’ is significantly antedated beyond a year from the date of filing, the justification for the same would have to be specifically brought out in the scheme and it should not be against public interest.

The scheme may identify the ‘appointed date’ based on the occurrence of a trigger event which is key to the proposed scheme and agreed upon by the parties to the scheme. This event would have to be indicated in the scheme itself upon occurrence of which the scheme would become effective. However in case of such event based date being a date subsequent to the date of filing the order with the Registrar under section 232(5), the company shall file an intimation of the same with the Registrar within 30 days of such scheme coming into force.

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

▲ **Original Rules:**

The Companies (Share Capital and Debentures) Rules, 2014

▲ **Effective Date of Amendment:**

16th August, 2019

▲ **Amendment-**

Rule 4 (c) (1): voting rights in respect of shares with differential rights was earlier 26% of the total post-issue paid up equity share capital, including equity shares with differential rights issued at any point of time. It has been now amended to 74% of the total post-issue paid up equity share capital, including equity shares with differential rights issued at any point of time.

In rule 4 (d)- The rules relating to company having consistent track record of distributable profits for the last three years is omitted

Rule 5 (3)- Every Certificate shall specify the shares to which it relates and the amount paid up thereon and shall be signed by two directors or by a director and the company secretary, wherever the company has appointed company secretary. In this amendment the word “director”, has been amended by “director or company secretary”.

Rule 12 (1), for startup Company, “G.S.R. 180(E), dated 17 th February, 2016 issued by the Department of Industrial Policy and Promotion” shall be substituted by “G.S.R. 127(E) dated 19 th February, 2019 and the conditions mentioned in sub clause as below shall not apply upto 10 years from the date of its incorporation or registration

- ▲ an employee who is a promoter or a person belonging to the promoter group and
- ▲ a director who either himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company

In rule 18, in sub-rule (7), a company is required to 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 ended 31 st March of next year in accordance with the various conditions

[http://www.mca.gov.in/Companies\(ShareCapitalandDebentures\)\(Amendment\)Rules,2019.pdf](http://www.mca.gov.in/Companies(ShareCapitalandDebentures)(Amendment)Rules,2019.pdf)

## Due dates for the Month of Oct, 2019\*

Regulation	Due Date	Compliance	Description
<b>Employees' Provident Funds &amp; Miscellaneous Provisions Act, 1952</b>	15-Oct-19	PF Payment	PF Payment for the month of Sept, 2019.
<b>Employees' State Insurance Act, 1948 - (ESIC)</b>	15-Oct-19	ESIC Payment	ESIC Payment for the month of Sept, 2019.
<b>Goods and Service Tax (GST)</b>	10-Oct-19	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of Sept, 2019
	10-Oct-19	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of Sept, 2019
	11-Oct-19	GSTR 1	Return of outward supplies of taxable goods and/or services for the Month of Sept, 2019 (for Assesses having turnover exceeding 1.5 Cr.)
	13-Oct-19	GSTR 6	Return for Input Service Distributors for the month of Sept, 2019
	20-Oct-19	GSTR 3B	Summary Return for the month of Sept, 2019
	31-Oct-19	GSTR-1	Quarterly return of outward supplies of taxable goods and/or services for registered persons with aggregate turnover up to Rs. 1.50 Crores for the quarter July to September 2019
<b>Income Tax Act, 1961</b>	7-Oct-19	TDS/TCS	Due date for deposit of Tax deducted/collected for the month of Sep, 2019.
	15-Oct-19	TDS/TCS	Due date for issue of TDS Certificate for tax deducted under section 194-IA / 194-IB in the month of Aug, 2019
	15-Oct-19	TDS/TCS	Quarterly statement of TCS deposited for the quarter ending September 30, 2019
	30-Oct-19	TDS/TCS	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA / 194-IB for the month of Sept, 2019
	30-Oct-19	TDS/TCS	Quarterly TCS certificate (in respect of tax collected by any person) for the quarter ending September 30, 2019
	31-Oct-19	TDS/TCS	Quarterly statement of TDS deposited for the quarter ending September 30, 2019
	31-Oct-19	Form 61	Reporting of copies of declaration received in Form No. 60 during April 1, 2019 to September 30, 2019 to the concerned Director/Joint Director

\* The above due date calender contains compliances generally applicable to taxpayers and this calender has been compiled by HSCo on basis of data available on various portals and other sources. One should always check applicable compliances based on their business needs and should also check updated due dates, if any, on the government portal before making the compliance.

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