

WE ARE  
YOUR TEAM

A black and white photograph showing two hands holding two interlocking puzzle pieces. The puzzle pieces are white and have a human silhouette cutout in the center. The hands are positioned on either side of the pieces, as if about to fit them together. The background is a light gray with geometric shapes.

**HSCo**

## Business Support Services

- ▶ Accounting
- ▶ Tax & Regulatory
- ▶ Payroll
- ▶ Corporate Services

[www.hscollp.in](http://www.hscollp.in)

## Contents

**IncomeTax**

by:  
Manish Parekh



**GST (Goods &  
Service Tax)**

by:  
Anuya Sawant



**International  
Taxation**

by:  
Bhavesh Shah



**Company  
Law**

by:  
Mayura Niphadkar  
Pinkesh Jain



**Compliance  
Calender**

by:  
Pinkesh Jain



**Advance corporate tax mop-up drops 5.2% in Dec quarter to Rs 73,000 crore**

Advance tax paid by corporate fell by 5.2 per cent in the October-December 2019 quarter of this fiscal to Rs 73,000 crore. Corporates paid Rs 77,000 crore as advance tax a year ago in the same period. The drop in advance corporate tax has been attributed to the economic slowdown and a reduction of tax rates. In September, the government reduced corporate tax rates for existing and new companies to 25 per cent and 15 per cent respectively after the September 15 deadline for advance corporate tax. Advance tax is filed by assesseees by the 15th of the third month every quarter. Personal income tax mop-up saw a marginal growth.

Advance personal income tax collection rose to Rs 33,000 crore from Rs 24,000 crore in the same period last year, a report in Business Standard said. Advance tax collection after the third instalment stood at Rs 2.51 lakh crore, which is an increase from last year's Rs 2.47 lakh crore. Direct tax collection and net of refunds has seen a mere growth of 0.7 per cent till December 15. According to a source, gross direct tax collection has touched Rs 8.34 lakh crore as compared to Rs 7.96 lakh crore in the same period last year, as mentioned in the daily. Net tax collection has touched Rs 6.75 lakh crore as compared to Rs 6.7 lakh crore in the same period last year.

*Source: <https://pdicai.org>*

**Computer Aided Selection Of Cases For Scrutiny (CASS): CBDT Reconstitutes Committee**

The CBDT has vide Office Memorandum dated 03.01.2020 reconstituted the CASS Committee under the Chairmanship of Director General of Income Tax (Risk Assessment). The terms of reference for the CASS Committee are also stated and include analysis of suggestions received from field authorities, recommendation of modification or removal of existing rules, recommending changes in Income Tax Returns, Income Tax Forms, third Party information etc., to enable effective scrutiny selection.

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

**CBDT directs expeditious liquidation of pendency of CPGRAMS Grievances**

The CBDT has issued a directive to the Principal Chief Commissioners and Director Generals of Income Tax that all measures should be taken to get pending CPGRAMS grievances expeditiously disposed of and to ensure that there are no grievances pending for more than 90 days in their Region/ Charge.

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

**CBDT Circular Regarding Conduct Of Assessment Proceedings Through 'E-Proceeding' Facility During FY 2019-20**

The CBDT has vide Circular No 27/ 2019 issued directives regarding the conduct of assessment proceedings through 'E-Proceeding' facility during financial year 2019-20

▲ In all cases (other than the cases covered under the 'e-Assessment scheme, 2019' notified by the Board), where assessment is to be framed under section 143(3) of the Act during the financial year 2019-20, it is hereby directed that such assessment proceedings shall be conducted electronically subject to exceptions in para below.

Consequently, assesseees are required to produce/ cause to produce their response/ evidence to any notice/ communication/show-cause issued by the Assessing Officer electronically (unless specified otherwise) through their 'E-filing' account on the 'E-filing' portal. For smooth conduct of assessment proceedings through 'E-Proceeding', it is further directed that requisition of information in cases under 'E-Proceeding' should be sought after a careful scrutiny of case records.

- ▲ In following cases, where assessment is to be framed during the financial year 2019-20, 'E Proceeding' shall not be mandatory:
  - a. Where assessment is to be framed under section(s) 153A, 153C and 144 of the Act. In respect of assessments to be framed under section 147 of the Act, any relaxation from e- proceeding due to the difficulties in migration of data from ITO to ITBA etc. shall be dealt as per clause (f) below;
  - b. In set-aside assessments;
  - c. Assessments being framed in non-PAN cases;
  - d. Cases where Income-tax return was filed in paper mode and the assessee concerned does not yet have an 'E-filing' account;
  - e. In all cases at stations connected through the VSAT or with limited capacity of bandwidth (list of such stations shall be specified by the Pr. DGIT (System));
  - f. In cases covered under para (l) above, the jurisdictional Pro CIT/CIT, in extraordinary circumstances such as complexities of the case or administrative difficulties in conduct of assessment through 'E-Proceeding', can permit conduct of assessment proceedings through the conventional mode.

It is hereby further directed that Pr. CIT/CIT is required to provide such relaxation only in extraordinary circumstances after examining the necessity for such relaxation and recording the reasons for providing such relaxations.

- ▲ However, it is clarified that issue of notices and departmental communications in such cases shall be strictly governed by the guidelines issued by CBDT vide its Circular No.19/ 2019 dated 14.08.2019 regarding generation /allotment/quoting of Document Identification Number (DIN).
- ▲ In cases where assessment proceedings are being carried out through the 'E Proceeding' as per para 1 (i) above, personal hearing/ attendance may take place in following situation(s):
  - a. Where books of accounts have to be examined;
  - b. Where Assessing Officer invokes provisions of section 131 of the Act;
  - c. Where examination of witness is required to be made by the assessee or the Department;
  - d. Where a show-cause notice contemplating any adverse view is issued by the Assessing Officer and assessee requests through their 'E-filing' account for personal hearing to explain the matter. However, the details pertaining to above shall be uploaded on ITBA subsequently.

*Source: ([https://www.incometaxindia.gov.in/communications/circular/circular\\_27\\_2019.pdf](https://www.incometaxindia.gov.in/communications/circular/circular_27_2019.pdf))*

**Income Tax** ►  
**Department conducts**  
**search & survey**  
**operations on Share**  
**Brokers/Traders across**  
**India – Press Release**  
**by CBDT**

On 3rd December 2019 Income Tax Department carried out search and survey operations on certain share-brokers/traders who were involved in facilitating accommodation of profits/loss through reversal trades in illiquid stock options in Equity Derivative Segment and also Currency Derivative Segment on Bombay Stock Exchange (BSE). Over 39 locations spread across Mumbai, Kolkata, Kanpur, Delhi, NOIDA, Gurugram, Hyderabad and Ghaziabad were covered.

The search/survey action has unravelled the entire modus-operandi which has been adopted by the share-brokers/traders to trade into the illiquid stock options in Equity Derivative Segment and thereby generate artificial losses/profit by executing reversal trades in a very short span of time. By this contrived methodology, the unscrupulous entities have secured desired profits/losses, which is estimated to be more than Rs. 3500 Crore. The search/survey action has also resulted into identification of the wrongful long-term capital gains taken in at least 3 penny stocks listed on the BSE, where the manipulated profits utilized by the beneficiaries aggregate to around Rs. 2000 Crore. The search action has resulted into seizure of unaccounted cash of Rs. 1.20 Crore.

The number of beneficiaries who have been benefitted by these manipulated transactions could be to the tune of a few thousand scattered across India and efforts are being made to identify them as also the corresponding quantum of income evaded. Incriminating evidence recovered during the course of actions is also being examined for determination of contravention of the various direct tax laws.

*Source: <https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/816/Press-Release-IT-Department-conducts-search-survey-operations-dated-07-12-2019.pdf>*

### **Waiver of Interest for TDS deducted under section 194M**

Considering the fact that the utility for payment of tax deducted at source under section 194M of the Income-tax Act, 1961 (the Act) was deployed on 17.12.2019, the Central Board of Direct Taxes, in exercise of the powers conferred under 119 of the Act, hereby extends the due date for payment of tax deducted at source under section 194M during the month of September, 2019 and October, 2019 and the due date for furnishing the challan-cum-statement in Form 26QD for the same, from 31.10.2019 and 30.11.2019 respectively to 31.12.2019. Consequently, the due date of furnishing of the certificate of deduction of tax in Form 16D has also been extended for the tax deducted during the month of September, 2019 and October, 2019 to 15.01.2020

*Source: ([https://www.incometaxindia.gov.in/communications/circular/circular\\_31\\_2019.pdf](https://www.incometaxindia.gov.in/communications/circular/circular_31_2019.pdf))*

### **CBDT prescribes modes of electronic payment for section 269SU of the Income-tax Act, 1961 w.e.f. 01.01.2020**

In furtherance to the declared policy objective of the Government to encourage digital economy and move towards a less-cash economy, a new provision namely Section 269SU was inserted in the Income-tax Act, 1961 ("the Act"), vide the Finance (No. 2) Act 2019 ("the Finance Act"), which provides that every person having a business turnover of more than Rs 50 Crore ("specified person") shall mandatorily provide facilities for accepting payments through prescribed electronic modes. The said electronic modes have been prescribed vide notification no. 105/2019 dated 30.12.2019 ("prescribed electronic modes"). Therefore, with effect from 01 st January, 2020, the specified person must provide the facilities for accepting payment through the prescribed electronic modes. Further, Section 10A of the Payment and Settlement Systems Act 2007, inserted by the Finance Act, provides that no Bank or system provider shall impose any charge on a payer making payment, or a beneficiary receiving payment, through electronic modes prescribed under Section 269SU of the Act. Consequently, any charge including the MDR (Merchant Discount Rate) shall not be applicable on or after 01 st January, 2020 on payment made through prescribed electronic modes.

In this connection, it may be noted that the Finance Act has also inserted section 271DB in the Act, which provides for levy of penalty of Rs 5,000/- per day in case of failure by the specified person to comply with the provisions of section 269SU. In order to allow sufficient time to the specified person to install and operationalise the facility for accepting payment through the prescribed electronic modes, it is hereby clarified that the penalty under section 271DB of the Act shall not be levied if the specified person installs and operationalises the facilities on or before 31 st January, 2020. However, if the specified person fails to do so, he shall be liable to pay a penalty of Rs 5,000/- from 01 st February, 2020 under section 271DB of the Act for such failure.

*Source: [https://www.incometaxindia.gov.in/communications/circular/circular\\_32\\_2019.pdf](https://www.incometaxindia.gov.in/communications/circular/circular_32_2019.pdf)*

**Relaxation of time-  
Compounding of  
Offences under Direct  
Tax Laws-One-time  
measure-Extension  
of Timeline**

Reference is invited to the Circular No. 25/2019 F. No. 285/08/2014-IT(Inv. V)/350 dated 09.09.2019, whereby, the condition for filing of applications for compounding of offences under the Income-tax Act, 1961 (the Act), to be filed within 12 months from filing of complaint in the court, was relaxed by CBDT till 31.12.2019, as a one-time measure.

The CBDT has received references from the field formation, including requests made by the ICAI chapters, wherein, it has been brought to the notice of CBDT that the taxpayers could not avail the benefit of the one-time relaxation window due to genuine hardships.

With a view to give a final opportunity to such taxpayers, and to reduce the pendency of existing prosecution cases before the courts, the CBDT in exercise of powers u/s 119 of the Act, read with explanation below sub-section (3) of section 279 of the Act, issues this Circular, whereby para 4.1 I) of the Circular No. 25/2019 F. No. 285/08/2014-IT(Inv. V)/350 dated 09.09.2019 stands modified as under:

*“Such application shall be filed before the Competent Authority i.e. the Pr. CCIT/CCIT/Pr. DGIT/DGIT concerned, on or before 31.01.2020.”*

*It is clarified that all other prescriptions/conditions of the Circular No. 25/2019 shall remain unchanged and shall apply to all such applications.*

*Source: [https://www.incometaxindia.gov.in/communications/circular/circular\\_1\\_2020.pdf](https://www.incometaxindia.gov.in/communications/circular/circular_1_2020.pdf)*

**Extension of time limit  
for filing of response to  
notices issued under  
section 142(1) of the  
Income-tax Act, 1961  
under E-assessment  
Scheme-2019**

With a view to provide relief to the taxpayers and tax professionals and to facilitate the compliance with respect to e-Assessment proceedings under E-assessment Scheme, 2019, the time limit for filing of response to notices under section 142(1) of the Income-tax Act issued up to 24.12.2019 by the National e-Assessment Centre is extended up to 10.01.2020 or time given in such notices, whichever is later.

*Source: ([https://www.incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF\\_News/Extension\\_of\\_time\\_limit\\_for\\_filing\\_response\\_24\\_12\\_19.pdf](https://www.incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF_News/Extension_of_time_limit_for_filing_response_24_12_19.pdf))*

**CBDT further extends  
the timeline for Linking  
PAN with Aadhaar  
from 31st December,  
2019 to 31st  
March, 2020**

In exercise of the powers conferred under sub-section (2) of section 139AA of the Income-tax Act, 1961 ('Act') (43 of 1961), the Central Government hereby amends the notification of the Ministry of Finance (Department of Revenue), dated 28th September, 2019 published in the Gazette of India, Extraordinary, Part-II, Section 3, sub-section (ii) vide S.O. number 3539(E):—

In the said notification:— 31st December, 2019 shall be substituted by 31st March, 2020.

*Source: [https://www.incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF\\_News/notification\\_107\\_2019.pdf](https://www.incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF_News/notification_107_2019.pdf)*

***CBDT Notifies ITR-1 (Sahaj) & ITR-4 (Sugam) for AY 2020-21 with additional disclosures***

The Central Board of Direct Taxes (CBDT) has notified the ITR forms – ITR-1 and ITR-4 for the assessment year (AY) 2020-21. These forms were notified on the 3rd of January 2020. This time the board has been very prompt in releasing the forms. It will help the taxpayers to be ready with all the requisite information and file their income tax returns with ease for FY 2019-20.

Additional disclosures required are mentioned below:

- Mention Passport Number, in case you have Valid Indian Passport - Whether you went abroad or not during the assessment year.
- Individual cannot file ITR-1 if he/she has deposited **Rs 1 Crore in Bank Account** or incurred **Rs 2 lakhs on Foreign Travel** or **Rs 1 lakh on Electricity**.

Disclosure of Bank Accounts with the amount deposited if Total Cash Deposit in all bank account exceeds Rs 1 Crore.

- Cash and Bank Transaction in the below format:

Particulars	Cash	Bank (aggregate amount of all bank accounts)
Opening Balance		
Receipts during the previous year (drop down to be provided in e-filing utility)		
Payments / Withdrawals during the previous year (drop down to be provided in e-filing utility)		
Closing Balance		

*Source: (<https://www.incometaxindia.gov.in/Pages/downloads/income-tax-return.aspx>)*

## **E-invoice and QR Code** ▶

- ▶ The GST Council has approved the introduction of e-invoicing in phases for reporting of business-to-business (B2B) invoices to the GST System. This will be introduced on a voluntary basis to begin with.
- ▶ Taxpayers with a turnover of over Rs.500 crore can implement it (on voluntary trial basis) from January 1 st 2020 while those with a turnover of over Rs.100 crore can adopt it (on voluntary trial basis) from February 1 st 2020.
- ▶ It shall be made mandatory for all taxpayers with a turnover of over Rs.100 crore from April 1, 2020.
- ▶ The e-invoice schema and template, as approved by the GST Council, are available on the GSTN website
- ▶ An invoice issued by a registered person, whose aggregate turnover in a financial year exceeds Rs.500 crores, to an unregistered person (B2C), shall have Quick Response (QR) code.

[Notification No. 68, 69, 70, 71 and 72/2019 – Central Tax dated December 13, 2019]

---

## **Late fee waiver on GSTR-1 through amnesty scheme** ▶

The amount of late fee payable under section 47 of the GST Act shall stand waived for the registered persons who failed to furnish the details of outward supplies in **FORM GSTR-1** for the months/quarters from July, 2017 to November, 2019 by the due date but furnishes the said details in **FORM GSTR-1** between the period from December 19 th 2019 to January 10 th 2020.

[Notification No.74/2019 – Central Tax dated December 26, 2019]

---

## **Provisional Input Tax Credit (ITC) claim in GSTR-3B further restricted** ▶

The amount of ITC availed on a provisional basis restricted to 10% from the earlier 20%, where invoices or debit notes are not reflected in GSTR-2A.

[Notification No.75/2019 – Central Tax dated December 26, 2019]

---

## **Extension of due date for filing Form GSTR-9 and Form GSTR-9C for FY 2017-18** ▶

The due date of GSTR-9 and GSTR-9C are extended further till January 31st 2020 from the earlier date of December 31st 2019. It was done to allow more time for taxpayers to use the new offline tool of GSTR-9C.

[As decided in 38 th GST Council Meeting held on dated December 18, 2019]



***When a particular term is defined under the treaty, the meaning of any specific word under such definition cannot be imported from the Income Tax Act.***

Based on the facts and in the circumstances of the case, recently the Mumbai bench of Income Tax Appellate Tribunal in the case of Reliance Jio Infocomm Ltd., the tax payer, held that payment of provision of bandwidth services to a non-resident company cannot be classified as royalty under the India-Singapore tax treaty (tax treaty). The Tribunal observed that the definition of term 'process' in the Income Tax Act, 1961 (the Act) is not a standalone definition which can be imported in the tax treaty under the Article 3(2) of the tax treaty. The expression 'process' is used in the treaty in a limited context and does not have an independent existence.

The Tribunal observed that when the term 'royalty' is defined, Article 3(2) cannot be invoked for further dissecting the issue and explore the domestic law meaning of each expression used in this definition for coming at the conclusions about connotations of 'royalty'.

*(ACIT v. Reliance Jio Infocomm Ltd. (TS-710-ITAT-2019(Mum))*

**General Circular** ►  
**regarding relaxation of**  
**additional fees and**  
**extension of the last**  
**date of filing of Form**  
**CRA-4 (Cost Audit**  
**Report) for F.Y. 2018-**  
**2019 under the**  
**Companies Act, 2013**

The Ministry of Corporate Affairs vide its Circular No.17 dated 30th December, 2019 informed that, in continuation with earlier General Circular No.12 dated 24.10.2019 (Relaxation of additional fees and extension of last date of filing of Form CRA-4) the time limit for filing of the Form CRA-4 is extended upto 29.02.2020 without levy of additional fees.

[Link: http://www.mca.gov.in/Ministry/pdf/Circular17\\_30122019.pdf](http://www.mca.gov.in/Ministry/pdf/Circular17_30122019.pdf)

**Amendment in** ►  
**notification dated 18**  
**th May, 2016 [exercise**  
**of power conferred**  
**under Section 435(1) of**  
**the Companies Act,**  
**2013(Establishment of**  
**Special Courts)]**

an amendment in the notification of the Government of India, Ministry of Corporate Affairs, number S.O. 1796 (E), dated 18 th May, 2016 to designate following Courts mentioned in tables as special Courts: -

Sl. No.	Existing Court	Jurisdiction as Special Court
1.	Courts of Additional Sessions Judges Anticorruption, Jammu and Srinagar	Union territory of Jammu and Kashmir

**Table 1:**

Sl. No.	Court	Jurisdiction as Special Court
1.	Court of IV Additional District and Session Judge, Dehradun	State of Uttarakhand
2.	Principal Sessions Judge, Leh	Union territory of Ladakh

**Table 2:**

Sl. No.	Court	Jurisdiction as Special Court
1.	Court of II Additional Chief Judicial Magistrate, Dehradun	State of Uttarakhand
2.	Sub-Judge/Special Mobile Magistrates, Jammu and Srinagar	Union territory of Jammu and Kashmir
3.	Chief Judicial Magistrate, Leh	Union territory of Ladakh

[http://www.mca.gov.in/Ministry/pdf/SpecialCourtNotification\\_23122019.pdf](http://www.mca.gov.in/Ministry/pdf/SpecialCourtNotification_23122019.pdf)

[http://www.mca.gov.in/Ministry/pdf/NotificationOrder\\_19052016\\_2.pdf](http://www.mca.gov.in/Ministry/pdf/NotificationOrder_19052016_2.pdf)

## Due dates for the Month of Feb, 2020\*

Regulation	Due Date	Compliance	Description
<b>Employees' State Insurance Act, 1948 - (ESIC)</b>	15-Feb-20	ESIC Payment	ESIC Payment for the month of Jan, 2020.
<b>Goods and Service Tax (GST)</b>	10-Feb-20	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of Jan, 2020
	10-Feb-20	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of Jan, 2020
	11-Feb-20	GSTR 1 (Monthly)	Return of outward supplies of taxable goods and/or services for the Month of Jan, 2020 (for Assessee having turnover exceeding 1.5 Cr.)
	13-Feb-20	GSTR 6	Return for Input Service Distributors for the month of Jan, 2020
	20-Feb-20	GSTR 3B	Summary Return for the month of Jan, 2020
<b>Income Tax Act, 1961</b>	7-Feb-20	TDS/TCS	Due date for deposit of Tax deducted/collected for the month of Jan, 2020.
	14-Feb-20	TDS/TCS	Due date for issue of TDS Certificate for tax deducted under section 194-IA / 194-IB in the month of Dec, 2019
	15-Feb-20	TDS/TCS	Due date for issue of TDS Certificate for tax deducted (Oct-Dec, 2019)
<b>Employees' Provident Funds &amp; Miscellaneous Provisions Act, 1952</b>	15-Feb-20	PF Payment	Due date for issue of TDS Certificate for tax deducted (Oct-Dec, 2019)
<b>Maharashtra Profession Tax Act</b>	28-Feb-20	PT	Monthly Return (covering salary paid for the preceding month) (Tax Rs. 50,000 or more)

\* 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.

# HSCo

[www.hscollp.in](http://www.hscollp.in)

## Head Office (Mumbai)

409 - 410, Dalamal Chambers,  
New Marine Lines,  
Mumbai - 400 020, India.

E: [hs@hscollp.in](mailto:hs@hscollp.in)

## Delhi Office

531, Somdutt Chambers II,  
Bhikaji Cama Place,  
New Delhi – 110066.

E: [delhi@hscollp.in](mailto:delhi@hscollp.in)

## Bangalore Office

Brigade IRV, 9th floor  
Nallurahalli, Whitefield,  
Bangalore - 560 066

E: [bangalore@hscollp.in](mailto:bangalore@hscollp.in)

## Pune Office

1A, 2nd Floor, City Vista,  
Fountain Road, Off.  
Victorious Kids School,  
Kharadi, Pune - 411 014.

E: [pune@hscollp.in](mailto:pune@hscollp.in)

### Disclaimer:

The material in this newsletter is only for private circulation and is not intended to constitute any advice. It may be noted that nothing contained in this publication should be regarded as our opinion. HSCo makes no representations or warranties express or implied with respect to information provided in this newsletter or for its completeness or accuracy. HSCo disclaims all responsibilities and accepts no liability for consequences of any person acting or refraining from acting on such information.