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Business Support Services

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

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



Equalization levy on e-commerce firms: Govt says tax in line with WTO rules

India has jumped to defend the imposition of Google Tax — a 2 per cent equalization levy on e-commerce operators — calling it non-discriminatory in nature.

In its comment on the Section 301 probe launched by the US last month, the government said it was fully consistent with World Trade Organization norms and international taxation agreements. It emphasized that the levy was applicable prospectively, and could not be said to have ‘extra-territorial’ application.

“The equalization levy does not discriminate against non-resident e-commerce operators. The underlying policy objective and application of India’s equalization levy is to ensure a neutral and equitable taxation is applicable to e-commerce operators that are resident in India, or have physical presence in India, and those not resident in India,” New Delhi said in its public comment.

Further, it said that far from targeting any US entity, the purpose was to ensure fairness, healthy competition, and to exercise the ability of governments to tax businesses having a nexus with the Indian market through digital operations.

“It does not discriminate against firms based in the US, as it applies equally to all non-resident e-commerce operators not having a permanent establishment in India, irrespective of the origin,” it added.

New Delhi highlighted that the threshold application for the levy — which is annual revenues in excess of Rs 20 million (which the USTR has noted to be approximately \$267,000) — is low, aimed at exempting very small e-commerce operators globally.

The deadline for filing the equalization levy, for the first quarter, was July 7.

(www.business-standard.com)

CBDT Extends Due Date For Filing Income Tax Returns For FY 2018-19 (AY 2019-20)

In view of the constraints due to the Covid pandemic & to further ease compliances for taxpayers, the CBDT has extended the due date for filing of Income Tax Returns for FY 2018-19 (AY 2019-20) from 31st July, 2020 to 30th September, 2020, vide Notification dated 29th July, 2020

(https://www.incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF_News/notification_for_date_ext_and_relief_to_sr_citizen.pdf)

No harassment: Govt to soon bring in taxpayers’ charter, says Nirmala Sitharaman

The government will soon introduce a taxpayers’ charter in the Income Tax Act with statutory backing, which will contain their rights as well as obligations, to ensure fairness for all assesseees, finance minister Nirmala Sitharaman said on Friday.

Highlighting several steps taken by the government to protect honest taxpayers from unnecessary harassment, the minister said only a very few countries, such as Australia and the US, currently have such charters in place. This is part of Prime Minister Narendra Modi’s broader Atmanirbhar Bharat initiatives.

Speaking at a webinar on the centenary celebrations of legendary jurist Nani Palkhivala, Sitharaman said the Modi government has taken care to reduce the incidence of scrutiny in recent years and cases involving only 0.25% of the number of filers are being scrutinised. The idea is to “trust the taxpayers, rather than asking them to prove their innocence first”.

The charter was proposed in the Budget for 2020-21 in a bid to assuage fears of overzealous taxmen clamping down on honest taxpayers in one pretext or the other

(<https://www.financialexpress.com>)

**Income Tax evaders
beware! Taxmen are
on prowl**

The Income Tax (I-T) department is ready to crack the whip on evaders, following the gradual lifting of the lockdown.

It will act on information received from whistle-blowers and informers for the first half of 2020 (H1CY20).

The move will help the department shore up revenue, clear backlogs, and resume probe in pending matters.

People in the know said the Central Board of Direct Taxes (CBDT), in a recent communication, directed officials to start scrutinising information from tax evasion petitions (TEPs), and take them up on a priority basis.

“Investigations in various tax evasion matters were kept on hold because of the outbreak.

“However, the department has resumed work on pending matters, which could lead to further inquiry in potential cases,” said a tax official.

(<https://www.rediff.com>)

**Withdrawing cash and
not filing ITR? Now pay
TDS on cash
withdrawals above Rs
20 lakh**

The Income Tax Department has facilitated a new functionality for banks and post offices through which they can ascertain the TDS applicability rates on cash withdrawals above Rs 20 lakh in case of a non-filer and above Rs 1 crore in case of a filer of the income tax return (ITR). So far, more than 53,000 verification requests have been executed successfully on this facility.

CBDT today said that this functionality available as “Verification of applicability u/s 194N” in since 1st July 2020 is also made available to the banks through web-services so that the entire process can be automated and be linked to the banks’ internal core banking solution.

Explaining the details of this facility, CBDT said that now banks/post offices have to only enter the PAN of the person who is withdrawing cash for ascertaining the applicable rate of TDS. On entering PAN, a message will be instantly displayed on the departmental utility:

“TDS is deductible at the rate of 2% if cash withdrawal exceeds Rs 1 crore” (if the person withdrawing cash is a filer of the income-tax return) and

“TDS is deductible at the rate 2% if cash withdrawal exceeds Rs 20 lakh and at the rate of 5% if it exceeds Rs 1 Crore” (if the person withdrawing cash is a non-filer of ITR).

CBDT said that the data on cash withdrawal indicated that a huge amount of cash is being withdrawn by the persons who have never filed ITRs.

(<https://www.financialexpress.com>)

E-invoicing under GST for turnover above Rs.500 Cr, SEZ Excluded

The government had earlier announced the introduction of electronic invoicing (**e-invoicing**), in a phased manner, for reporting of business-to-business (B2B) invoices. 'E-invoicing' or 'electronic invoicing' is a system in which B2B invoices are authenticated electronically by GSTN for further use on the common GST portal. The Goods and Services Tax Council, in its 39th meeting, decided to defer the dates for implementation of e-invoicing and quick response (QR) code to **October 1, 2020**.

Now, the Central Board of Indirect Taxes and Customs (CBIC) has notified the following:

1. A new refined format of e-invoice has been notified by CBIC adding 20 new fields and removing 13 fields. Certain fields have undergone changes in character length as well.
2. e-Invoicing system shall apply to those taxpayers with annual turnover exceeding Rs.500 crore instead of Rs.100 crore.
3. Special Economic Zones (SEZ) units shall be exempted from issuing e-invoices.

[Notification No 61/2020– Central Tax dated July 30, 2020]

Extension of due date for filing Form GSTR-4 for FY 2019-20

The due date for filing Form GSTR-4 – Return for Composition Dealers, for FY 2019-20 has been extended from July 15, 2020 to August 31, 2020

[Notification No.59/2020 – Central Tax dated July 13, 2020]

Payment for database access and market research report is not taxable as 'royalty' under the India-Switzerland tax treaty

Based on the facts and in the circumstances of the case, recently the Mumbai Bench of the Income-tax Appellate Tribunal in the case of IMS AG held that consideration received for non-exclusive and non-transferable access to the database and market research report is not taxable as 'royalty' under the India-Switzerland tax treaty.

The issue of taxability of payment of subscription charges for access to online databases has always been a subject matter of debate before the Tribunal and Courts. In the present case, the Tribunal, relying on the Bombay High Court judgment in the case of Dun & Bradstreet Information Services India P. Ltd., held that such payments do not fall within the term 'royalties' in the context of India-Switzerland tax treaty and the addition made as royalty was to be deleted in the hands of the tax payer.

(IMS AG v. DCIT (ITA No. 6445/Mum/2016) – Taxsutra.com)

Annual return to be filed by Auditor with the National Financial Reporting Authority (Form NFRA – 2)

The Ministry of Corporate Affairs vide its General Circular No.26 dated 6th July, 2020 in continuation of earlier circular no. 19 dated 30th April, 2020 (General Circular regarding extension of the last date of filing of Form NFRA-2] decided the time- limit for filing Form NFRA-2 for the reporting period FY 2018-19 of 270 days from the date of deployment of this form on the website of National Financial Reporting Authority (NFRA) (instead of 210 days as per earlier circular).

Link:

http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.26_06072020.pdf

http://www.mca.gov.in/Ministry/pdf/Circular19_30042020.pdf

Amendment to Indian Accounting Standards under the Companies Act, 2013:

The Companies (Indian Accounting Standards) Rules, 2015 have been amended to insert/substitute various paragraphs in following Indian Accounting Standards (Ind AS)

- Ind AS 103- Business Combinations
- Ind AS 107- Financial Instruments: Disclosures
- Ind AS 109- Financial Instruments
- Ind AS 116- Leases
- Ind AS 1- presentation of Financial Statements
- Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 10- Events after the Reporting Period
- Ind AS 34- Interim Financial Reporting
- Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets

Link:

http://www.mca.gov.in/Ministry/pdf/Rule_24072020.pdf

Due dates for the Month of August, 2020*

Regulation	Due Date	Compliance	Description
Employees' State Insurance Act, 1948- (ESIC)	15-Sep-20	ESIC Payment	ESIC Payment for the month of Aug, 2020.
The Companies Act, 2013	30-Sep-20	Form DPT-3	Details of outstanding Loan / Receipt of Money as on 31.03.2020
	30-Sep-20	Form DIR-3 KYC and Form DIR-3 KYC WEB	KYC of every Person holding DIN as on 31.03.2020
	30-Sep-20	Form MSME I	Furnishing of half yearly return with the registrar in respect of outstanding payments to Micro or Small Enterprise for the period from October, 2019 to March, 2020.
Goods and Service Tax (GST)	10-Sep-20	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of Aug 2020
	10-Sep-20	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of Aug 2020
	11-Sep-20	GSTR 1 (Monthly)	Return of outward supplies of taxable goods and/or services for the Month of Aug 2020 (for Assesses having turnover exceeding 1.5 Cr.)
	13-Sep-20	GSTR 6	Return for Input Service Distributors for the month of Aug 2020.
	20-Sep-2020 or 22-Sep-2020 or 24-Sep-2020	GSTR 3B	Simple GSTR return for the Month of Aug 2020 (based on category of taxpayer)
Income Tax Act, 1961	7-Sep-20	TDS/TCS	Due date for deposit of Tax deducted/collected for the month of Aug, 2020
	14-Sep-20	TDS/TCS	Due date for issue of TDS Certificate for tax deducted under section 194 M, 194-IA & 194-IB in the month of Aug, 2020
	15-Sep-20	Advance Tax	Second instalment of advance tax for the assessment year 2021-22
	30-Sep-20	Tax Audit	Due date for filing of audit report under section 44AB for the assessment year 2020-21 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2020). The due date for filing of audit report has been extended from September 30, 2020 to October 31, 2020 vide the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 read with Notification No.35 /2020, dated 24-06-2020.
	30-Sep-20	TDS/TCS	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB and 194-M in the month of August, 2020*
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	15-Sep-20	PF Payment	PF Payment for the month of Aug, 2020

* 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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