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CBDT extends timeline to process refunds

The Central Board of Direct Taxes has extended the time for processing refunds in non-scrutiny cases for assessment year 2017-18 up to September 30, 2021.

In an order issued on July 5, the Board said cases had been brought to its attention where due to technical reasons, returns for various assessment years up to the assessment year 2017-18 that were filed validly could not be processed, and intimation was not provided to the taxpayer. This had led to a situation where the taxpayer was unable to get a legitimate refund.

"To mitigate genuine hardship being faced by taxpayers due to this issue, the Board hereby relaxes the time-frame prescribed and directs that all validly filed returns up to assessment year 2017-18 with refund claims, which could not be processed and have become time-barred, subject to exceptions, can be processed now with prior approval of principal chief commissioner or chief commissioner of income tax," the Board said in the order.

<https://economictimes.indiatimes.com>

CBDT issues guidelines related to TDS u/s 194Q – TDS on Purchases

Finance Act, 2021 inserted a new section 194Q which takes effect from 01-07-2021. It provides for deduction of tax at source on payment made for the purchase of goods (subject to fulfilment of prescribed conditions). CBDT issued a circular dated 30th June 2021 laying down the guidelines for TDS deduction under section 194Q. These guidelines are given to remove this section's difficulties and related sections 194-O and 206(1H).

Guidelines covers the following:

- Applicability on transactions carried through various Exchanges
- Calculation of threshold for the FY 2021-22.
- Adjustment for GST and purchase returns
- Whether non-resident can be buyer under section 194Q of the Act?
- Whether tax is to be deducted when the seller is a person whose income is exempt?
- Whether tax is to be deducted on advance payment?
- Whether provisions of section 194Q of the Act shall apply to buyer in the year of incorporation?
- Whether provisions of section 194Q of the Act shall apply to buyer if the turnover from business is 10 crore or less?
- Cross application of section 194-O, sub-section (1H) of section 206C and section 194Q of the Act.

For detailed guidelines, please follow below link.

https://incometaxindia.gov.in/communications/circular/circular_13_2021.pdf

CBDT issues guidelines related to TDS u/s 9B and 45(4) – Capital Gains on receipt by partners on reconstitution of partnership firm

Prior to enactment of Finance Bill 2021, Gains on distribution of capital asset to a Partner of firm on dissolution or otherwise was subject to Capital Gains tax in hands of such firm under Section 45(4) of the Income Tax Act, 1961. Since the provisions referred only to dissolution and there was no mention of Retirement of partner, past years saw a lot of litigations and contrary rulings were pronounced by various courts on the point whether the term "Otherwise" included retirement of partner from the firm. Further, the provision referred to Capital Asset distribution and did not mention about any cash receipts by partner in excess of capital balance and hence in such cases too, there was no taxability in hands of firm.

To put an end to the controversies, the Finance Act 2021, revamped the section to provide that where a partner receives any money or capital asset or both from a firm in connection with the reconstitution of such firm, then any profits or gains arising from such receipt shall be chargeable to income-tax as income of such firm under the head "Capital gains" and such profits or gains shall be determined in accordance with the formula prescribed in the amended provisions.

The CBDT has recently issued guidelines vide Circular No. 14/2021 dated 2 July 2021 addressing the difficulties arising in giving effect to these provisions. The Circular also provides some examples for better understanding and application of the prescribed mechanism. The CBDT has also issued Notification No. 76/2021 dated 2 July 2021 laying down the rules for attributing capital gains chargeable in hands of the firm to its remaining capital assets.

These guidelines and rules are certainly a welcome move from the Government to help resolve the operational challenges faced by the taxpayers in implementation of the new provisions for taxing receipts of cash or any assets by partners at the time of dissolution or reconstitution of the firm.

https://incometaxindia.gov.in/communications/circular/circular_14_2021.pdf

CBDT notifies rules related to capital gain or loss on transfer of goodwill

(1) For the purposes of proviso to section 50, the WDV of the block of the asset and short term capital gains, if any, for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 shall be determined in accordance with this rule.

(2) Where the goodwill of the business or profession was the only asset or one of the assets in the block of asset “intangible” for which depreciation was obtained by the assessee in the assessment year beginning on the 1st day of April, 2020, the written down value of this block of asset for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 shall be determined in accordance with the provisions of item (ii) of sub-clause (c) of clause (6) of section 43.

(3) Where the reduction under sub-item (B) of item (ii) of sub-clause (c) of clause (6) of section 43, for the previous year relevant to the assessment year commencing on the 1st day of April, 2021, exceeds the aggregate of the following amounts, namely:-

(i) the WDV of the block of assets at the beginning of the previous year relevant to the assessment year commencing on the 1st day of April, 2021 without giving effect to reduction under sub-item (B) of item (ii) of sub-clause (c) of clause (6) of section 43; and

(ii) the actual cost of any asset falling within the block of assets “intangible”, other than goodwill, acquired during the previous year relevant to the assessment year commencing on the 1st day of April, 2021, such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

(4) Without prejudice to the provisions of sub-rule (3) and section 55, where the goodwill of the business or profession was the only asset in the block of asset “intangible” for which depreciation was obtained by the assessee in the assessment year beginning on the 1st day of April, 2020, and the block of asset ceases to exist on account of there being no further asset acquired during the previous year relevant to the assessment year commencing on the 1st day of April, 2021 in that block, there will not be any capital gains or loss on account of the block of asset having ceased to exist.

(5) The capital gains or loss on transfer of goodwill, during the previous years relevant to the assessment year 2021-22 or subsequent assessment years, shall be determined in accordance with the provisions of section 48, section 49 and clause (a) of sub-section (2) of section 55.

https://www.incometaxindia.gov.in/communications/notification/notification_77_2021.pdf

Reduction in GST Rates on several items crucial in the fight of COVID-19 pandemic

The GST Council, in its meeting on June 12, 2021 slashed the GST rates on several items crucial in the fight against the COVID-19 pandemic. These reduced rates are applicable till September 30, 2021.

These items mainly include essential medicines, medical-grade oxygen, oxygen generator, ventilators, masks, COVID testing kits, oximeters, hand sanitizers, cremation furnaces, ambulances, temperature-checking devices etc. In majority of these items the GST rate, is reduced from 12% or existing rate to 5%

[Notification No. 04 and 05/2021-Central Tax (Rates) dated June 14, 2021]

Penalty for non-compliance of QR code for B2C transactions waived till September 30, 2021

Based on the recommendations of the GST Council, the CBIC had earlier waived the penalty payable for businesses with turnover exceeding Rs.500 cr on non-implementation of dynamic Quick Response (QR) Code till June 30, 2021. The said waiver was subject to the condition that the person complies with the aforesaid provisions from July 1, 2021.

The CBIC has now further waived the penalty for non-compliance of the provisions in B2C invoices till **September 30, 2021**.

[Notification No.28/2021-Central Tax dated June 30, 2021]

Place of supply notified in case of supply for services of maintenance, repair or overhaul in respect of ships and other vessels

In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, it has been notified that, the place of supply of services shall be the "location of the recipient of service" in case of "Supply of maintenance, repair or overhaul service in respect of ships and other vessels, their engines and other components or parts supplied to a person for use in the course or furtherance of business". It is applicable from June 2, 2021.

[Notification No.03/2021-Integrated Tax dated June 2, 2021]

Changes relating to Incorporation of Companies

- **Original Rule:** The Companies (Incorporation) Rules, 2014.
- **Date of Notification:** 7th June, 2021.
- **Effective date of Amendment:** 7th June, 2021.
- **Amendment:** To amend The Companies (Incorporation) Rules, 2014 to substitute Rule 38A [Application for registration of Goods and Service Tax Identification Number (GSTIN), Employee State Insurance Corporation (ESIC) registration, Employees' Provident Fund organisation (EPFO) Registration and profession Tax Registration and Opening of Bank Account] as follows:
 - (i) In the marginal heading, for the words, "and Opening of Bank Account", the words, "Opening of Bank Account and Shops and Establishment Registration", shall be substituted;
 - (ii) For the Form "AGILE-PRO", the form "AGILE-PRO-S" shall be substituted;
 - (iii) For clauses "(d) and (e)" relating to "Profession Tax Registration and Opening of Bank Account", the following clauses shall be substituted, namely:-
 - "(d) Profession Tax Registration with effect from the 23rd February, 2020;
 - (e) Opening Bank Account with effect from the 23rd February, 2020;
 - (f) Shops and Establishment Registration."

Link:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjAxMzc=&docCategory=NotificationsAndCirculars&type=download>

The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2021

- **Original Rule:** The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
- **Date of Notification:** 9th June, 2021.
- **Effective date of Amendment:** 9th June, 2021.
- **Amendment:** To amend The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 to insert in its rule 3 (Fund) and insert new Rule 6A (Manner of transfer of shares under sub-section (9) of section 90 of the Act to the Fund) as follows:
 - Rule 3(2)(fa):** all shares held by the Authority in accordance with proviso of sub-section (9) of section 90 of the Act and all the resultant benefits arising out of such shares, without any restrictions;"
 - Rule 6A:** Manner of transfer of shares under sub-section (9) of section 90 [Register of significant beneficial owners in a company] of the Act to the Fund:

This is the new rule inserted after Rule 6 [Manner of transfer of shares under sub-section (6) of section 124 (Unpaid Dividend Account) to the Fund] of The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. It has 13 sub-rules.

This Rule also substituted Forms IEPF-4 (Statement of shares transferred to the Investor Education and Protection Fund) and IEPF-7 (Statement of amounts credited to IEPF on account of shares transferred to the fund).

Link:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTkxMzQ=&docCategory=NotificationsAndCirculars&type=download>

Meeting through Video Conferencing or Other Audio Visual Means

- **Original Rule:** The Companies (Meetings of Board and its Powers) Rules, 2014.
- **Date of Notification:** 15th June, 2021.
- **Effective date of Amendment:** 15th June, 2021.
- **Amendment:** To amend The Companies (Meetings of Board and its Powers) Rules, 2014 to delete its rule 4 (Matters Not to be Dealt With in a Meeting through Video Conferencing or Other Audio Visual Means) from the existing Rule.

Link:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTkxMzU=&docCategory=NotificationsAndCirculars&type=download>

The Companies (Indian Accounting Standards) Amendment Rules, 2021

- **Original Rule:** The Companies (Indian Accounting Standards) Rules, 2015.
- **Date of Notification:** 18th June, 2021.
- **Effective date of Amendment:** 18th June, 2021.
- **Amendment:** The notification states that these rules shall be applicable with immediate effect from the date of the notification. This means that the amendments are effective for the financial year ended 31 March 2022 onwards and also for interim financial periods i.e. quarters ending 30 June 2021, 30 September 2021, 31 December 2021.

The amendments are intended to keep the Ind ASs aligned with the amendments made in IFRS. While, largely, the amendments are clarificatory or editorial in nature, there are significant amendments relating to the extension of COVID 19 related to practical expedient under Ind AS 116 for lease concessions and practical expedient due to the interbank offered rate (IBOR) interest rates for financial instruments.

The amendments to Ind ASs are in terms of insertion of certain paragraphs, substituting the definition of certain terms used in the standard along with aligning the bare text of Standards with Conceptual Framework of Financial reporting under Ind Ass.

Major amendments notified in the Companies (Ind AS) Amendment Rules, 2021 are provided below:-

(a) **Ind AS 116 | Leases** – The amendments extend the benefits of the COVID 19 related rent concession that were introduced last year (which allowed lessees to recognize COVID 19 related rent concessions as income rather than as lease modification) from 30 June 2021 to 30 June 2022.

(b) **Ind AS 109 | Financial Instruments** – The amendment provides a practical expedient for assessment of contractual cash flow test, which is one of the criteria for being eligible to measure a financial asset at amortized cost, for the changes in the financial assets that may arise as a result of Interest Rate Benchmark Reform along. An additional temporary exception from applying hedge accounting is also added for Interest Rate Benchmark Reform.

(c) **Ind AS 101 | Presentation of Financial Statements** – The amendment substitutes the item (d) mentioned in paragraph BI as 'Classification and measurement of financial instruments'. The term 'financial asset' has been replaced with 'financial instruments'.

(d) **Ind AS 102 | Share-Based Payment** – The amendments to this standard are made in reference to the Conceptual Framework of Financial Reporting under Ind AS in terms of defining the term 'Equity Instrument' which shall be applicable for the annual reporting periods beginning on or after 1 April 2021.

(e) **Ind AS 103 | Business Combinations** – The amendment substitutes the definition of 'assets' and 'liabilities' in accordance with the definition given in the framework for the Preparation and Presentation of Financial Statements in accordance with Ind AS for qualifying the recognition criteria as per acquisition method.

(f) **Ind AS 104 | Insurance Contracts** – The amendment covers the insertion of certain paragraphs in the standard in order to maintain consistency with IFRS 4 and also incorporates the guidance on accounting treatment for amendments due to Interest Rate Benchmark Reform.

(g) **Ind AS 105 | Non-current assets held for sale and discontinued operations** – The amendment substitutes the definition of – “fair value less costs to sell” with “fair value less costs of disposal”

(h) **Ind AS 106 | Exploration for and evaluation of mineral resources** – The amendment has been made in reference to the Conceptual Framework for Financial Reporting under Indian Accounting Standards in respect of expenditures that shall not be recognized as exploration and evaluation assets.

(i) **Ind AS 107 | Financial Instruments: Recognition, Presentation and Disclosure** – The amendment clarifies the certain additional disclosures to be made on account of Interest Rate Benchmark Reform like

- (i) the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform;
- (ii) the entity’s progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.

(j) **Ind AS | 111 Joint Arrangements** – In order to maintain consistency with the amendments made in Ind AS 103, respective changes have been made in Ind AS 111.

(k) **Ind AS 114 | Regulatory Deferral Accounts** – The amendment clarifies that an entity may only change its accounting policies for the recognition, measurement, and impairment & derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable.

(l) **Ind AS 115 | Revenue from Contracts with Customers** – Certain amendments have been made in order to maintain consistency with number of paragraphs of IFRS 15.

(m) **Ind AS 8 | Accounting Policies, Changes in Accounting Estimates and Errors** – In order to maintain consistency with the amendments made in Ind AS 114 and to substitute the word ‘Framework’ with the ‘Conceptual Framework of Financial Reporting in Ind AS’, respective changes have been made in the standard.

(n) **Ind AS 16 | Property, Plant and Equipment** – The amendment has been made by substituting the words “Recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use” with “Recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use”.

(o) **Ind AS 34 | Interim Financial Reporting** – The amendments to this standard are made in reference to the conceptual framework of Financial Reporting in Ind AS.

(p) **Ind AS 37 | Provisions, Contingent Liabilities and Contingent Assets** – The amendment substitutes the definition of the term ‘Liability’ as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.

(q) **Ind AS 38 | Intangible Assets** – The amendment substitutes the definition of the term ‘Asset’ as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mids=ltGIPzL9Zdszuby4p%252Bvmbw%253D%253D&type=open>

**The Companies
(Accounting Standards)
Rules, 2021**

- **Date of insertion on New Rule:** 23rd June, 2021.
- **Date of Notification:** 23rd June, 2021.
- **Effective date of Rule:** 23rd June, 2021.
- **Highlights of The Companies(Accounting Standards) Rules, 2021:** There are 5 sub-rules in said rule which includes short title and commencement, definitions, details of accounting standards recommended by Institute of Chartered Accountants of India, obligations to comply with Accounting Standards, qualification for exemption or relaxation in respect of a Small and Medium sized Company (SMC) etc.

Link:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjAONzM=&docCategory=NotificationsAndCirculars&type=download>

**General Circular
regarding clarification
on passing of ordinary
and special resolutions
by Companies under
the Companies Act,
2013**

The Ministry of Corporate Affairs vide its General Circular No.10 dated 23rd June, 2021 in continuation with the earlier General Circular No.14 dated 8th April, 2020, General Circular No.17 dated 13th April, 2020, General Circular No.22 dated 15th June, 2020, General Circular No.33 dated 28th September, 2020 and General Circular No.39 dated 31st December, 2020 allows companies to conduct their EGMs through Video Conferencing (VC) or Other Audio Visual Means (OAVM) or transact items through postal ballot in accordance with the framework provided in the aforesaid circulars upto 31st December, 2021.

Link:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjA1NTg=&docCategory=NotificationsAndCirculars&type=download>

**General Circular
regarding relaxation on
levy of additional fees
in filing of certain
forms under the
Companies Act, 2013
and LLP Act, 2008**

The Ministry of Corporate Affairs vide its Circular No.11 dated 30th June, 2021 in continuation with earlier General Circular No.6 dated 3rd May, 2021 has decided to grant additional time upto 31st August, 2021 for Companies/LLPs to file such forms (other than a Form CHG – 1, Form CHG – 4 and Form CHG- 9) which were/are due for filing during 1st April, 2021 to 31st July, 2021 without any additional fees.

Link:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjE2OTA=&docCategory=NotificationsAndCirculars&type=download>

**General Circular
regarding relaxation of
time for filing forms
related to creation or
modification of charges
under the Companies
Act, 2013**

The Ministry of Corporate Affairs vide its Circular No.12 dated 30th June, 2021 in continuation with earlier General Circular No.7 dated 3rd May, 2021 decided to allow further relaxation of time and condone the delay in filing forms related to creation/modification of charges (Form CHG – 1 and Form CHG- 9) as a special measure during COVID – 19 pandemic.

Link:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjE2ODk=&docCategory=NotificationsAndCirculars&type=download>

Due dates for the Month of August, 2021#

Regulation	Due Date	Compliance	Description
Employees' State Insurance Act, 1948- (ESIC)	15-Aug-21	ESIC Payment	ESIC Payment for the month of July, 2021.
Goods and Service Tax (GST)	10-Aug-21	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of July 2021
	10-Aug-21	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of July 2021
	11-Aug-21	GSTR-1	Return of outward supplies of taxable goods and/or services for the Month of July 2021 (for Assesses having turnover exceeding 1.5 Cr.)
	13-Aug-21	GSTR 6	Return for Input Service Distributors for the month of July 2021.
	13-Aug-21	IFF-QRMP	Option of uploading Invoices for July 2021 using Invoice Furnishing Facility (IFF) applicable to tax payers opted for Quarterly Return Monthly Payment (QRMP) Scheme
	20-Aug-2021 or 22-Aug-2021 or 24-Aug-2021	GSTR-3B	Simple GSTR return for the Month of July 2021 (based on category of taxpayer)
Income Tax Act, 1961	07-Aug-21	TDS/TCS	Due date for deposit of Tax deducted/collected for the month of July, 2021. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
	14-Aug-21	TDS/TCS	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB & 194-M in the month of June, 2021
	15-Aug-21	TDS/TCS	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending June 30, 2021
	30-Aug-21	TDS/TCS	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA,194-IB and 194-M for the month of July, 2021
	31-Aug-21	VSV Payment	Payment of tax under the Direct Tax Vivad se Vishwas Act, 2020 without additional charge The due date for payment of tax under the Direct Tax Vivad se Vishwas Act, 2020 without additional charge has been extended to June 30, 2021 vide Notification S.O. 1704 (E), dated 27-04-2021 The due date for payment of tax under the Direct Tax Vivad se Vishwas Act, 2020 without additional charge has been further extended from June 30, 2021 to August 31, 2021 vide Circular no. 12/2021, dated 25-06-2021
PT Act 1975 (Employee)	21-Aug-21	PT Employees	Monthly payment of Profession Tax for Employees for the month of July, 2021
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	15-Aug-21	PF Payment	PF Payment for the month of July, 2021.

The above due date calendar contains compliances generally applicable to taxpayers and this calendar 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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