CORPORATE CATALYST INDIA
(In joint venture with SCS Global)

technical update

January 2020 / Volume I / CCI

The key amendments introduced in statutes, policies, and procedures in respect of Direct Tax, Indirect Tax, Corporate Laws & Accounting Standards, Foreign Exchange Management Act/ Export-Import Policy & Securities and Exchange Board of India and RBI notifications related matters are summarized hereunder.

DIRECT TAX

Amendments, Notifications & Court Rulings

- Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961
- CBDT grants relaxation in eligibility conditions for filing of income tax return Form-1 (Sahaj) and Form-4 (Sugam) for the assessment year 2020-21
- CBDT directs Commissioner of Income-tax (Appeals) to speedily dispose of old appeals

INDIRECT TAX

Amendments, Notifications & Circulars

- Notification No. 75/2019 - Central Tax dated December 26, 2019
- Notification No. 29/2019 - Central Tax (Rate) dated December 31, 20
- Press Release by Finance Ministry dated January 22, 2020
- Notification No. 01/2020 - Central Tax dated January 1, 2020
- Notification No. 27/2019 - Central Tax (Rates) dated December 30, 2019

MCA NOTIFICATIONS

MCA Rules

- Rule 8A: Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020

MCA Circulars:

- Relaxation for the additional fee

RBI NOTIFIACTIONS

- Voluntary Retention Route' ('VRR') for Foreign Portfolio Investors ('FPIs') investment in debt – relaxations
- Investment by Foreign Portfolio Investors (FPI) in Debt

DIRECT TAX

Amendments, Notifications & Court Rulings

- ### Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961

As per the latest rules, all businesses with an annual turnover of over INR 50 crores during the previous financial year should offer the facility of accepting payments through electronic modes. The offered payment modes should include Rupay Debit Cards, Unified Payments Interface (UPI) (BHIM-UPI), and Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code). The guidelines further state that the banks or system providers will not impose any additional charge on payment through the above mentioned electronic modes, including the merchant discount rate. If the business fails to comply with the guidelines, a daily penalty of INR 5,000 will be charged with effect from 1st February 2020.

Source: CBDT Circular No. 32/2019 and CBDT Notification No.105/2019 [F.No.370142/35/2019-TPL] dated December 30. 2019

- ### CBDT grants relaxation in eligibility conditions for filing of income tax return Form-1 (Sahaj) and Form-4 (Sugam) for the assessment year 2020-21

As per the notification dated 3rd January 2020, the Income-tax Return (ITR) Forms ITR-1 (Sahaj) and ITR-4 (Sugam) for AY 2020-21 have now been notified. This has been done with the aim to ensure that as of 1st April 2020, the e-filing utility for filing of return for assessment year (AY) 2020-21 is available. In order to make the ITR-1 and ITR-4 Forms short and simple, necessary modifications in the eligibility conditions have been incorporated. Now, these forms are available with just a bare minimum number of schedules. Therefore, now a person who jointly owns property or who is required to file a return only due to fulfilment of one or more conditions in the seventh proviso to section 139(1) of the Income-tax Act, 1961, was not eligible to file the ITR-1 or ITR-4 Forms. In the past, concerns had been raised that the changes will lead to more trouble for individual taxpayers. After conducting the due examination, it has now been decided that the individuals who fell within the purview, will now be able to file their returns throaty ITR-1 or ITR-4 Form, subject to fulfilment of other conditions.

Source: CBDT press release dated January 9, 2020

- ### CBDT directs Commissioner of Income-tax (Appeals) to speedily dispose of old appeals

As per the latest directive issued by the CBDT, the appeals that are pending before the Commissioner of Income Tax (Appeals) for more than five years, must be disposed of latest by 31st March 2020. This directive has been issued due to a large number of appeals pending before the office of the Commissioner of Income Tax (Appeals).

Source: CBDT directive bearing F. No. 279/M-118/2013-ITJ(Pt.)(Vol.II) dated December 27, 2019

INDIRECT TAX

Notifications

- **Restriction on Input Tax Credit (ITC) in respect of unmatched invoices and balance in Electronic Credit Ledger (ECL):**

  As of 1st January 2020, the ITC pertaining to the invoices that have not been reflected in the Form GSTR-2A has been restricted to 10 percent. Previously, this ITC had been restricted to 20 percent as per Rule 36(4) of the CGST Rules.

  If the concerned officer has sufficient reasons to believe that a credit has been obtained fraudulently or is ineligible, then the officer has the power to disallow any debts from the ECL balance. This would restrict the usage of the ECL balance for discharging any outward liability or claiming any refund from the unused amount.

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

- **RCM in case of renting of motor vehicles:**

  If a non-corporate supplier does not issue an invoice to a body corporate charging central tax at the rate of 6 percent, in lieu of the supply of services of renting of motor vehicles including the cost of the fuel), then the same shall be covered under RCM.

  Notification No. 29/2019 – Central Tax (Rate) and Notification No. 28/2019 – Integrated Tax (Rate) and Circular No. 130/49/2019- GST all dated December 31, 2019

- **Revised due date for furnishing of return in Form GSTR- 3B:**

  As per the latest press note released by the Ministry of Finance, following classes of taxpayers can now file GSTR 3B in a staggered manner, based on their annual turnover in the previous financial year: -

Category of taxpayer	Due Date for GSTR 3B
Annual Turnover of INR 50 Million and above in the previous financial year	20th of each subsequent month
Annual Turnover below INR 50 Million in the previous financial year and registered in the 15 States/UTs namely Chhattisgarh, Madhya Pradesh, Gujarat, Daman and Diu, Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh	22nd of each subsequent month

Annual Turnover below INR 50 Million in previous financial year and registered in the 22 States/UTs namely Jammu and Kashmir, Ladakh, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha	24th of each subsequent month

Press release dated January 22, 2020

- **Certain provisions of Finance (No. 2) Act, 2019 amending CGST Act, 2017 made effective from January 01, 2020:**

As of 1st January 2020, various provisions have been made effective. These provisions pertain to the registration procedure, including Aadhaar authentication, composition scheme, facility of digital payments to recipients, and inter-head transfer of amount available in cash ledger.

Notification No. 01/2020 – Central Tax dated January 1, 2020

- **Changes in the GST rate of certain goods:**

Following goods that were previously charged at the rate of 12 percent will now be charged at 18 percent: -

- Woven and Non-Woven Bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated, used for the packing of goods; and,
- Flexible Intermediate Bulk Containers (FIBC)

Notification No. 27/2019 – Central Tax (Rate) dated December 30, 2019

MCA NOTIFICATIONS & CIRCULARS:

MCA Rules:

With effect from 1st April 2020, the MCA has revised the rules for the appointment of a whole-time Company Secretary. From now on, a company with the paid-up capital of INR 10 crores or more need to appoint a whole-time company secretary. Previously, this threshold was INR 5 crores.

Additionally, from 1st April 2020 onwards, the requirement of a Secretarial Audit has been revised for the following companies by the MCA: -

- Every public company having a paid-up share capital of 50 crore rupees or more; or
- Every public company having a turnover of 250 crore rupees or more; or
- Every company having outstanding loans or borrowings from banks or public financial institutions of 100 crore rupees or more.

Source: http://www.mca.gov.in/Ministry/pdf/AmdtRules_06012020.pdf dated January 6, 2020.

MCA Circulars:

Relaxation of an additional fee

According to the latest circular issued by the MCA, the last date for filing of E-Form CRA-4, i.e. the Cost Audit Report for the FY 2018-19, can now be filed up to 29th February 2020.

The circular further adds that it is essential for every cost auditor to submit the cost audit report to the company in Form CRA-3, within 180 days of closure of the current financial year. Thereafter, the company must submit the cost audit report to the central government in Form CRA-4, within 30 days of receipt of the report from the auditor.

Source: http://www.mca.gov.in/Ministry/pdf/Circular17_30122019.pdf dated December 30, 2019.

Every Company shall file a return of Significant Beneficial Owners (SBO) of the company and changes therein with the Registrar of Companies, in e-Form BEN-2. MCA has extended the last date of filing of E-Form BEN-2 upto March 31, 2020.

The last date for filing if the E-Form BEN-2 has now been extended up to 31st March 2020 by the MCA. It is essential for every company to file E-Form BEN-2 with the Registrar of Companies. The BEN-2 comprises of the details pertaining to the Significant Beneficial Owners (SBO) of the companies and any changes therein.

Source: http://www.mca.gov.in/Ministry/pdf/Circular1_01012020.pdf dated January 1, 2020.

RBI Notifications

Voluntary Retention Route' ('VRR') for Foreign Portfolio Investors ('FPIs') investment in debt – relaxations

In a move that is seen as an attempt to attract more foreign investors towards the country, The Reserve Bank of India (RBI) has enhanced the investment limit for FPIs in government and corporate bonds.

Following changes to the FPI VRR investment route have been announced by the RBI through the latest FPI VRR Circular: -

- The cap on investment under VRR has now been enhanced to INR 1,50,000 crores from INR 75,000 crores.
- FPIs that have been allotted investment limits under VRR may, at their discretion, transfer their investments made under the General Investment Limit available to FPI to VRR.
- FPIs can now also invest in Exchange Traded Funds that solely invest in debt instruments.

Source: https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=11798&fn=5&Mode=0 dated January 23, 2020

Investment by Foreign Portfolio Investors (FPI) in Debt

In a bid to attract more funds from foreign investors, the Reserve Bank of India (RBI) has enhanced the investment limit for government and corporate bonds. The short-term investment limit has now been increased to 30 percent than the previous limit of 20 percent. This increase will be applicable to an investment in Central Government Securities, including treasury bills, by the FPIs or corporate bonds or state development loans.

Source: https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=11797&fn=5&Mode=0 dated January 23, 2020

CORPORATE CATALYST INDIA PVT LTD
www.cci.in

Head Office
Times Square, Fourth Floor, Block B Sushant Lok 1, Gurgaon 122 002 INDIA Tel : +91 124 4333 100
Fax: +91 124 4333 101

National Offices: Ahmedabad, Bengaluru, Chennai, Gurgaon, Hyderabad, Kochi, Mumbai, New Delhi

National Affiliates: Chandigarh, Jaipur, Jammu, Kolkata, Lucknow, Ludhiana and Pune

International Affiliates: Australia, Austria, Belgium, Canada, China, Denmark, Egypt, France, Finland, Germany, Hongkong, Hungary, Indonesia, Ireland, Israel, Italy, Japan, Luxembourg, Malaysia, Mauritius, Myanmar, Netherlands, Norway, Philippines, Poland, Portugal, Russia, South Korea, Singapore, Slovenia, Spain, Switzerland, Sweden, Thailand, Turkey, UAE, UK, USA, Vietnam

CIN: U74140DL1996PTC078668