issue - april 2020

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M/s Pranjal Joshi & Co
Chartered Accountants

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Direct Tax Updates – Budget 2020

A. Alternative Income Tax Rates for Individuals, HUF's and Co-operative Society (w.e.f. 01.04.2020)

A.1 Individual and HUF Option 1 – Income tax slabs to remain the same. So no income tax for Income upto Rs 250,000 (Rs 300,000 for Sr Citizens and Rs 500,000 for Super Sr Citizens), then @ 5% till Rs. 500,000 (other than Super Sr Citizens), @ 20% from Rs. 500,001 to Rs. 10,00,000 and @ 30% beyond Rs. 10,00,000.

Individual and HUF Option 2 – The tax rate applicable, shall be as under, if an individual and HUF exercises an option to not to claim various exemptions or deductions under the Act:-

Total Income	Rate of Tax
Upto Rs.2,50,000	Nil
From Rs.2,50,001 to Rs.5,00,000	5%
From Rs.5,00,001 to Rs.7,50,000	10%
From Rs.7,50,001 to Rs.10,00,000	15%
From Rs.10,00,001 to Rs.12,50,000	20%
From Rs.12,50,001 to Rs.15,00,000	25%
Above Rs.15,00,000	30%

Any individual or HUF who exercises such option shall not be eligible to claim various exemptions or deductions available under the Act including the following:-

(I) Standard deduction of Rs.50,000

(ii) Leave Travel Allowance under Section 10(5)

(iii) House Rent Allowance under Section 10(13A)

(iv) Certain allowances under Section 10(14) as will be prescribed

(v) Deduction of interest in respect of self occupied property.

(vi) Deduction of 1/3rd of family pension allowable under Section 57(iia)

(vii) All deductions allowed under Chapter VI-A (except the deduction under Section 80 CCD (2) and Section 80 JJAA)

(viii) Allowance for Minor Child Income u/s 10(32) on clubbing of minor income

(ix) Exemption for SEZ Unit under Section 10AA

(x) Additional initial depreciation in respect of plant and machinery u/s 32(1)(iia)

(xi) Investment allowance in respect of new plant and machinery in notified backward areas u/s 32AD

(xii) Tea/Coffee/Rubber development benefit under Section 33AB

(xiii) Site restoration benefit under Section 33ABA

xiv) Various deductions for donation for expenditure on scientific research or social sciences research under section 35(1)(ii), section 35(1)(iia), section 35(1)(iiia) or under section 34(2AA)

(xv) Accelerated capital deduction for specified businesses under Section 35AD (xvi) Expenditure on agricultural extension project under Section 35CCC

A.2 Tax on income of certain resident co-operative societies at the option of such person, be computed @ 22%, if certain conditions are satisfied.

B. Budget 2020 – Change in Taxation Regime of Dividend Income

B.1 Dividend income to be taxed in the hands of the Shareholders (w.e.f. 01.04.2020)

Present Tax system	New Tax system
Co to pay Dividend Distribution Tax (DDT) @ 15% (effective tax rate of 20.56%) on the amount of dividend declared / distributed or paid by such company. Additionally, a resident in Indian (except for Domestic Co, Institution eligible for exemption under Section 10(23C) and 12A registered person) is required to pay a Tax on divided income exceeding Rs.10 lakh @10%.	No DDT by Co making payment of Dividend. Instead Co / Mutual Fund Co will now deduct TDS @ 10%. No TDS if Dividend paid to Individual is upto Rs. 5,000/-. Dividend received by any shareholder (or unit holder in case of Mutual Fund) will be considered as its ordinary income and will be taxable at the rate applicable to such person and no exemption shall be allowed in respect of such dividend income. **Restriction on deduction of expenditure against dividend income** No deduction shall be allowed from dividend income or income in respect of units of a mutual fund except for interest expenses which also will be upto maximum of 20% of the dividend income. **Section 80M has been inserted to avoid double taxation** If domestic company receives dividend from other domestic company and it further declares and pays dividend to its shareholders, one month prior to the date of furnishing its income tax return under Sec. 139(1), it can avail a deduction of the amount of dividend received or dividend paid whichever is lower.

C. Budget 2020 – Real Estate Transactions – Relaxation in Existing Tax Regime

C.1 Income from other sources – Relaxation in respect of circle rate increased from 5% to 10% on sale of immovable property (w.e.f. 01.04.2020)

Where the assessee receives any immovable property for a consideration and the stamp duty value of such property exceeds five per cent of the consideration or fifty thousand rupees, whichever is higher, the stamp duty value of such property as exceeds such consideration is charged to tax under the head “Income from other sources”.

It is, now proposed to increase the limit from 5% to 10% giving more relief to the taxpayer.

C.2 The business income under section 43CA (w.e.f. AY 2020-21 i.e. applicable for FY 2019-20)

It shall be computed on the basis of the actual consideration received in case the stamp duty valuation does not exceed 110% of such consideration. It is to be noted that such amount of 10% is to be computed on actual consideration received and not on the stamp duty valuation.

D. Budget 2020 – Changes in Deductions and Exemptions

D.1 **Deduction of interest on acquiring first home -** extension by 1 year (w.e.f. 01.04.2020)

Accordingly, exemption up to Rs.1,50,000/- under section 80EEA in respect of interest on loan taken shall be available if such loan is sanctioned up to 31st March, 2021.

D.2 Exemptions in respect of contribution by employer to Provident Fund, Superannuation Fund and National Pension Fund restricted to Rs.7,50,000 (w.e.f. 01.04.2020)

The Finance Bill, 2020 has proposed to tax the aggregate contribution by the employer to a recognized provident fund, to an approved superannuation fund and

contribution to pension scheme, in case the same exceeds Rs.7,50,000, as perquisites.

D.3 Extension of time limit for approval of affordable housing project for availing deduction under section 80-IBA by 1 year (w.e.f. AY 2020-21 i.e. applicable for FY 2019-20)

The Finance Bill, 2020 has proposed to further extend the period of approval of the project by the competent authority to 31st March, 2021.

D.4 Tenure for claiming deduction by Start-ups increased from 7 to 10 years and turnover threshold increased from Rs. 25 crore to 100 crore (w.e.f. AY 2020-21 i.e. applicable for FY 2019-20)

Section 80-IAC is now proposed to be amended so as to provide that the deduction under the said section 80-IAC shall be available to an eligible start-up for a period of 3 consecutive assessment years out of 10 years beginning from the year in which it is incorporated as against the period of 7 years. It has also proposed to enhance the threshold limit of turnover of Rs. 25 crore to Rs. 100 crore. The implication of this amendment will be that the assessee can now claim an enhanced deduction on account of increase in such threshold limit of turnover.

D.5 80GGA – Donation for scientific research in cash not to exceed Rs.2,000 (w.e.f. 01.06.2020)

No deduction shall be allowed in respect of any amount exceeding Rs.2,000/- under the section in respect of donation for scientific research unless such sum is paid by any mode other than cash.

E Budget 2020 – Tax Audit Applicability, Due Dates for IT Return Filing and Audit Report filing

E.1 Threshold for Tax Audit under Section 44AB increased from Rs.1 crore to Rs.5 crore (w.e.f. AY 2020-21 i.e. applicable for FY 2019-20)

It has been proposed to increase the threshold limit for tax audit only in respect of the person carrying on the business from Rs.1 crore to Rs.5 crore if aggregate of all receipts in cash during the year does not exceed 5% of total receipts and also aggregate of all payments made in cash during the year does not exceed 5% of total payments.

In other cases, the threshold for tax audit shall be Rs.1 crore and not Rs.5 crore.

E.2 Due date of filing return where audit is applicable being extended to 31st October (w.e.f. AY 2020-21 i.e. applicable for FY 2019-20)

As per existing provisions, the due date for filing return in the case of a company, a person whose accounts are required to be audited and the working partner of the firm whose accounts are required to be audited is 30th September of the assessment year. Now it has been extended to 31st October of the assessment year.

E.3 Audit Reports under various sections to be filed one month before filing of Return of Income (w.e.f. AY 2020-21 i.e. applicable for FY 2019-20)

To enable pre-filling of returns in case of persons having income from business or profession, it is required that the tax audit report (and all other reports required to be filed under Income Tax Act) to be furnished by the said assessees at least one month prior to the due date of filing of return of income. Thus as per the amendment proposed, the Audit Report has to be filed one month before the due date of filing the return.

E.4 Return Can be verified by Authorised Personnel also (w.e.f. AY 2020-21 i.e. applicable for FY 2019-20)

In case of company or LLP now company or such LLP can designate any other person for signing the return who is not required to Director (in case of Co) or Designated Partner (in case of LLP).

F Budget 2020 – Changes in Assessment and Penal Provisions

F.1 Penalty for fake invoice (w.e.f. 01.04.2020) - it is proposed to introduce a new provision in the Act to provide for a levy of penalty on a person, if it is found during any proceeding under the Act that in the books of accounts maintained by him there is a (i) false entry or (ii) any entry relevant for computation of total income of such person has been omitted to evade tax liability. The penalty payable by such person shall be equal to the aggregate amount of false entries or omitted entry.

The false entries is proposed to include use or intention to use –

(a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or

(b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or

(c) invoice in respect of supply or receipt of goods or services or both to or from a person who do not exist.

F.2 Scope of e-assessment proceedings expanded to cover best judgment assessment under section 144. E-appeal and E-penalty introduced. (w.e.f. 01.04.2020)

G Budget 2020 – Changes in Provisions for Capital Gains –

G.1 Capital Gain - Relaxation in respect of circle rate increased from 5% to 10% (w.e.f. 01.04.2020)

The capital gain under Section 50C shall be computed on the basis of the actual consideration received in case the stamp duty valuation does not exceed 110% of such consideration. It is to be noted that such amount of 10% is to be computed on actual consideration received and not on the stamp duty valuation.

G.2 Fair market value for substituted cost of acquisition as on 1st April 2001 to be on the basis of stamp duty valuation (w.e.f. 01.04.2020)

The Finance Bill, 2020 has inserted a proviso in Section 55 to the effect that in respect of land or building or both, the fair market value as on 01.04.2001 shall not exceed the stamp duty value, wherever available, of such asset as on 01.04.2001.

H Budget 2020 – Changes in TDS and TCS provisions –

H.1 Individuals and HUF's (Requirement to deduct tax is based on turnover and NOT whether Tax Audit is applicable or not) (w.e.f. 01.04.2020)

It has been proposed to amend the provision of section 194A, 194C, 194H, 194I, 194J and 206C to provide that Individuals or HUF's shall be required to deduct or collect tax at source if their turnover of sales or gross receipts exceed Rs. 1 crore in case of business and Rs. 50 lakhs in case of profession.

H.2 Tax deduction at source (TDS) on dividend income on shares/units of mutual funds (w.e.f. 01.04.2020)

Co / Mutual Fund Co will now deduct TDS @ 10%. No TDS if Dividend paid to Individual is upto Rs. 5,000/-.

H.3 Amendment to Section 194A (TDS on Interest) Person responsible for deduction (w.e.f. 01.04.2020)

If the total sales, gross receipt or turnover of the Cooperative Society exceeds Rs.50 crore during the preceding financial year, then in nest financial year, it shall deduct TDS @ 10% if interest credited or paid during the year is more than Rs. 50,000 for Sr Citizens and Rs 40,000 in other cases.

H.4 Scope of TDS extended for 194C in case of contract manufacturing (w.e.f. 01.04.2020)

The Finance Bill, 2020 has proposed an amendment to the definition of the “work” to provide that contract manufacturing shall include material not only supplied by the customer but also its associate i.e. a person who is related to such person under the provision of Section 40A(2)(b) of the Act.

H.5 Rate of TDS in respect of Fee for Technical Services (FTS) u/s 194J reduced to 2% (w.e.f. 01.04.2020)

It has proposed to reduce the rate to 2% in respect of the payment to a resident for fee for technical services.

H.6 TDS in respect of payment by E-commerce company (w.e.f. 01.04.2020)

Where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of 1% of the gross amount of such sales or services or both.

H.7 TDS on Income by way of interest from Indian company (w.e.f. 01.04.2020)

Under section 194LC TDS rate has been reduced from 5% to 4% while its applicability has been extended for all loan agreements entered till 1st day of July, 2023.

H.8 Payment of Dividend to non residents to attract TDS (w.e.f. 01.04.2020)

Sec.195 has been amended which will enable to deduct TDS on dividends declared by domestic companies which will be taxable in the hands of non-resident shareholder.

H.9 Tax collection at source (TCS) on sale of goods (w.e.f. 01.10.2020)

Every seller whose total turnover in the business carried on exceed Rs.10 crore in the preceding financial year to collect tax at source at the rate of 0.1% of the sale consideration exceeding Rs.50 lakhs in respect of sale of any goods.

H.10 Tax Collection at Source (TCS) on Overseas Tour Package (w.e.f. 01.10.2020)

Every seller of an overseas tour program package at the time of receiving the amount from a buyer of such package shall collect 5% TCS. “overseas tour program package” means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.

H.11 TCS on overseas remittances under LRS (w.e.f.01.04.2020)

Every authorised dealer, who receives an amount or an aggregate of amounts of Rs. 7 lakh or more in a financial year for remittance out of India from a buyer under the Liberalised Remittance Scheme (LRS) of the Reserve Bank of India shall be required to collect tax at source at the rate of 5% at the time of debiting the amount to the buyers or at the time of receipt of such amount from the buyer by any mode whichever is earlier.

I Budget 2020 – Changes in Provisions for Charitable Trusts and NGO's –

I.1 All existing charitable trusts/institutions to apply for re-registration of 12A (w.e.f. 1st June 2020)

It has been proposed in the Budget that all existing trusts or institutions which are registered under Section 12A or under Section 12AA of the Income Tax Act, shall be COMPULSORILY required to make new application and such trust or institution should obtain registration under section 12AB.

Such application is to be made within three months from 1st June 2020. Registration shall be granted by the Principal Commissioner by passing an order within a period of three months from the end of the month in which the application was received and such registration shall be valid for a period of 5 years.

If such application is not made, then, by implication, the registration shall stand cancelled on the expiry of three months i.e. 31st August, 2020. If the registration gets cancelled then, such trust or institution shall not be eligible for claiming exemption in respect of its income under section 11 of the Act.

Further, as per section 115TD of the Act, such trust or institution shall be required to pay tax on the aggregate fair market value of the total assets of the trust or the institution as on 31st August, 2020 which exceeds the total liability of such trust on that date. The tax payable on such value shall be at the maximum marginal rate.

Further, now onwards a trust or institution will be required to apply for re-registration at least six months prior to the expiry of the period of registration of 5 years.

I.2 Provisional registration to be granted to a new trust or institution (w.e.f. 1st June 2020)

The application for such registration has to be made at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought. On making such

application, an order shall be made granting provisional registration for a period of three years from the assessment year from which the registration is sought.

This order shall be passed by the Commissioner within a period of one month from the end of the month in which the application was received. The trust or institution which has been provisionally registered, need to apply for regular registration at least six months prior to the expiry of the provisional registration or within six months of commencement of its activities whichever is earlier.

I.3 Application for re-registration to be made within 30 days in the case of modification of the object (w.e.f. 1st June 2020)

Where the trust or institution has adopted or undertaken modification of its objects which do not conform to the conditions on the basis of which registration was granted earlier, then such trust or institution need to apply afresh for registration within a period of 30 days from the date of said adoption or modification.

I.4 Powers given to the Commissioner to cancel the registration (w.e.f. 1st June 2020)

Where the activities of the trust are not genuine or not being carried out in accordance with the objects of the trust or where the trust is not eligible for exemption under section 11 or section 12 in view of the violation of section 13(1) of the Income Tax Act or the trust or institution has not complied with the requirement of any other law for the time being enforced, then commissioner can cancel the registration of the trust.

I.5 Approval under Section 80G also to be obtained again (w.e.f. 1st June 2020)

It has been proposed in the Budget that all existing trusts or institutions which have obtained approval u/s 80G of the Income Tax Act, shall be COMPULSORILY required to make new application and such trust or institution should obtain approval u/s 80G afresh. Such application is to be made within three months from 1st June 2020. Such new approval u/s 80G shall be for a period of 5 years and has to be applied again at least 6 months prior to the expiry of the period of registration.

I.6 Obligation on Trust or Institution to file Annual Statement of Donation (w.e.f. 1st June 2020)

Every trust or institution approved under section 80G to file statement of donation received and also to issue the certificate to the donor. Deduction to Donor u/s 80G shall be allowed only on the basis of the statement filed by the donee trust or institution (similar like TDS appearing in 26AS). In case of delay in filing such statement a late fee of Rs.200 per day shall be applicable along with Penalty of Rs. 10,000 to Rs 100,000/-

J. Budget 2020 – Changes in Provisions for Non residents are as follows –

J.1 Reduction in Period of Stay in India to retain Non resident status by an Individual (w.e.f. 01.04.2020)

Existing Provisions for Residential Status	New Tax system
An Individual shall be Indian non resident in a year, if he, (I) has been in India for an overall period of less than 365 days within four years preceding that year, and (ii) is in India for an overall period of less than 60 days or more in that year. But in case of an Indian citizen or a person of Indian origin he / she shall be Indian non resident if he is in India for less than 182 days instead of 60 days in that year. This provision provides relaxation to an Indian citizen or a person of Indian origin allowing them to visit India for longer duration without becoming resident of India.	An Individual shall be Indian non resident in a year, if he,- (I) has been in India for an overall period of less than 365 days within four years preceding that year, and (ii) is in India for an overall period of less than 60 days or more in that year. But in case of an Indian citizen or a person of Indian origin he / she shall be Indian non resident if he is in India for less than 120 days instead of 60 days in that year. The relaxation provided earlier to an Indian citizen or a person of Indian Origin is now restricted to 120 days visit in India only else they will become resident and may attract tax on Global Income.

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It may be noted that –

1. The period of 182 days has been reduced to 120 days in the case of the citizen of India or PIO who having been outside India comes on a visit to India.
2. The period of 182 days shall continue to apply in respect of citizen of India in the first year when they leave India as a member of the crew of the ship or for the purposes of employment outside India.
3. Thus, the benefit of 182 days will still be available in the first year.
4. After first year the period of stay in India has to be less than 120 days for Indian citizens and persons of Indian origin if they want to continue the status of non-resident and tax benefits attached to it.

J.2 Indian Citizens to be considered as deemed resident of India in certain situations (w.e.f. 01.04.2020)

The Finance Bill, 2020 has proposed that –

- An Individual who is citizen of India,
- If not liable to tax in any other country by reason of his domicile or residence or any other criteria of similar nature, then
- Irrespective of his/her period of stay in India (i.e. even though an Indian citizen was not in India for more than 182 days during the year) still he / she
- Shall be deemed to be resident in India (i.e. automatically considered as Resident in India) and thus

J.3 Period of Not Ordinarily Resident being extended to four years (w.e.f. 01.04.2020)

Existing Provisions for NoR Status	New Provisions for NoR Status
An Individual is "Not Ordinarily resident" if - (a) He is an individual who has been non-resident in nine out of the ten previous years preceding that year, or (b) He has been in India for an overall period of 729 days or less during the seven preceding years	An Individual is "Not Ordinarily Resident" if- (a) He is non-resident in India in seven out of the ten preceding years

This amendment may be beneficial to many individuals who comes to India for employment / final settlement as they will be able to enjoy the status of resident but not ordinary resident for a period of 4 years from the year they become resident in India.

As such, they will not be required to pay tax on their global income during this period of 4 years of resident but not ordinary resident.

We always have a choice to select

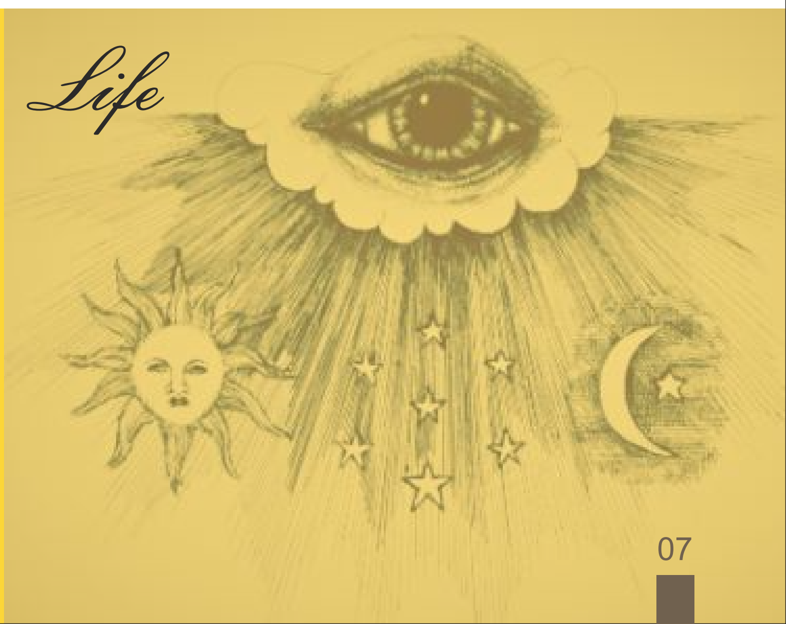
'POSITIVITY'

It is believed that we all came from one source called as 'Adwait' (अद्‌वैत).

By taking birth, we separate ourselves from that source - and so become 'Dwait' (द्‌वैत)

*Literally, Dwait (द्‌वैत) means 'Two' and Two always means -
Two possibilities or two choices*

Remember, we always have two choices in life, and one of them is selecting 'Positivity'



GST – RELIEF UNDER COVID 19 TURMOIL 24 MAR 2020

1. Extension of monthly GSTR3B for three months (For MSEM Sector Only) - Last date for filing GSTR-3B in March, April and May 2020 will be extended till the last week of 30th June, 2020 for those having aggregate annual turnover less than Rs. 5 Crore.

2. No interest, late fee, and penalty will be charged.

3. For Others - Concession in Interest on late payment. For any delayed payment made between 20th March 2020 and 30th June 2020 reduced rate of interest @9 % per annum (current interest rate is 18 % per annum) will be charged.

4. No late fee and penalty to be charged, if complied before till 30th June 2020.

5. Composition Scheme Relief - The last date for making payments for the quarter ending 31st March, 2020 and filing of return for 2019-20 by the composition dealers will be extended till the last week of June, 2020.

6. Date extension for New Optees under Composition Scheme FY 20-21 - Date for opting for composition scheme is extended till the last week of June, 2020.

7. Assessment & Other filing related due dates stand extended till 30th June, 2020 - Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance under the GST laws where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020.

Please note that – Necessary legal circulars and legislative amendments for above matters shall be issued with the approval of GST Council. However, same are not yet issued.

AADHAR AUTHENTICATION WHILE OBTAINING THE REGISTRATION

WEF 01 Apr 2020 –

1st April has been notified as a date from which Aadhar authentication shall be mandatory for authorised signatory of all types, Managing and Authorised partners of a partnership firm, Karta of an Hindu undivided family and individual proprietors in order to obtain GST registration.

If Aadhaar number is not assigned to the said persons, he shall be offered alternate and viable means of identification which shall include physical verification of the principal place of business within 60 days from the date of application.

However, Aadhar authentication shall not apply to a person who is not a citizen of India.

GST Updates !!

39th GST Council meeting Bullet Points 14 March 2020

1. **GST Annual Audit FY 2018-19 -** The GSTR-9 & 9C deadline is extended to 30 June 2020 for FY 2018-19.

2. **GST AUDIT 9C turnover limit -** It is increased from Rs 2 crore to Rs 5 crore for mandatory annual return filing. Hence, filing GSTR-9C is optional for the taxpayers having the turnover less than Rs 5 crore.

3. **Late Fee in filing GSTR9 Waived for first two years -** The taxpayers with an aggregate annual turnover of less than Rs 2 crore in FY 2017-18 and FY 2018-19 will not pay any late fee for delayed filing of GSTR-9.

4. **GST Interest On Net Tax Liability –** Relief From Retrospective Effect - Now, the interest for delayed GST payment will be calculated on the net tax liability.

5. **Most Importantly -** This amendment will apply retrospectively from 1st July 2017.BIGGEST RELIEF

6. **NEW GST RETURN UTILITIES & E-Invoicing postponed till 01 Oct 2020 -** Till the new mechanism is operational i.e. 30Sep 2020 - Existing mechanism "GSTR_1-2A-3B" shall continue. E Invoicing has been postponed till 01 Oct 2020.

GST Updates !!

38th GST Council meeting Imp Bullet points 19 Dec 2019

1. **Blocking of e-way bill on non-furnishing of GSTR-1 -** Currently e-way bill facility is blocked for non-filing of GSTR-3B for the last two successive months which became operational from November, 2019. Further enforce filing compliance e-way bill shall also be blocked on account of non-filing of GSTR-1 for two tax periods.

2. **ITC restriction of invoices not reflected in GSTR-2A reduced to 10% -** Restriction of Input tax credit to the recipient for invoices or debit notes that are not reflected in his Form GSTR-2A reduced to 10% from earlier 20% imposed vide Rule 36(4), of the eligible credit available in respect of invoices or debit notes reflected in his Form GSTR-2A.

Fallouts of above Provisions- Big Challenge for Accountants & Consultants

Issue 1.	Issue 2.
There is no clarity as to GSTR2A mismatch arising in first two months of any quarter on account of dealers having quarterly due date for GSTR1	Businesses need to take practical call on 10% ITC scheme wherein monthly reconciliation of 10% ITC availed supplier wise & bill wise shall be inevitable & cumbersome.

Other GST Update and Suggestions

1. Compliance for FY 2020-21- LUT filing for Exporters & Suppliers to SEZ Units

If you have the following type of Sales billing

a) Export Outside India/ Service Billing to clients outside India or

b) Sales/ Service billing to client situated in SEZ (Sp Eco Zone)

Then YOU NEED to file Letter of Undertaking (referred to as "LUT") for FY 2020-21 on or before 31st Mar 2020 (Date now stands extended)

PL confirm- if you or falling into either of the above categories - Pl inform us so that we can file LUT within due date.

2. New Invoice Series from 01 Apr 2020

Ensure creation of a new/unique invoice series of invoices to be raised from 01 April 2020.

Example of invoice numbering system given below may be looked into for Apr'2020 to Mar'2021.

20-21/Month/Sr No i.e.

20-21/01/001 for first invoice in Apr 2020

3. Reversal of ITC for unpaid creditors beyond 180 days

Wherein business has not paid the consideration to the Supplier within 180 days from the date of supplier's invoice. As per Creditors reconciliation keep your records audited for the above 180 days Invoices.

4. Material received & sent for Job work:

Ensure that the material sent out for job work is received back within one year. Material delivered directly to Job work premises, or Direct supply from Job work etc., needs to be looked into. Job work material delivered directly to Customer, after process, needs to be looked into.

5. Invoices generation for GST paid under Reverse Charge(RCM):

Currently its not mandatory to raise an Invoice for RCM transaction, we have been paying RCM based on our workings.

From 01.10.2020 each RCM transaction RCM Invoice is mandatory to create liability and avail ITC. Which includes, Debit/Credit Notes.

6. **Excess / wrong GST paid (either through ITC/ Cash Ledger)**

   WEF 23.03.2020,as per Rule 86 (4A) to provide for refund of any amount paid as tax wrongly paid or paid in excess from the electronic credit ledger.

   Said refund amount shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03.

7. **Refund Of Accumulated ITC On Account Of Zero-Rated Supplies- New Ceiling on Zero Rated Turnover**

   The definition of "Turnover of zero-rated supply of goods" has been amended for ITC refund processing as follows

   Now the Turnover of export (&/ or SEZ) for "ITC Refund Processing"=

   Actual transaction value of zero-rated supplies made under LUT

   OR

   The value which is 1.5 times the value of like goods domestically supplied, WHICHEVER IS LESS.

8. **Recovery Of IGST ITC Refund Paid On Export Of Goods Where Export Proceeds Are Not collected within 180 days**

   Wherein the sale proceeds in respect of export of goods have not been received within the period of 180 days under the Foreign Exchange Management Act, 1999 (42 of 1999), the refund claimed shall be deposited back to the Government to the extent of non-realization of sale proceeds, along with applicable interest within thirty days of the expiry of the said period. Fewer relaxations granted if RBI has granted concession, if any under FEMA Law.

9. **Clarification in respect of apportionment of input tax credit (ITC) in cases of business reorganization**

   Circular No.133/03/2020-GST dated 23.03.2020 has been issued to clarify certain aspects related to the calculation and the manner for apportionment and transfer of ITC on account of business reorganization in the nature of de-merger or transfer of business.

Extension of Due Date for PTRC return

Maharashtra State Professional Tax (PTRC) Original due date of 31St Mar 2020 for Annual (FY 2019-20)/ Monthly (March 2020)- stands extended to 30th Apr 2020

CARO 2020

Major changes in reporting requirements under CARO 2020 as notified on 25th February 2020 are as follows –

1. Reporting on maintenance of proper records to cover Property, Plant, Equipment as well as Intangible Assets.
2. Reporting on Revaluation of Property, Plant, Equipment and Intangible Assets, if any, and also specifying the change if more than 10%.
3. Disclosure if the title deeds of all the immovable properties are NOT held in the name of the company to be reported in the specified format.
4. Reporting on Disclosure of any Proceedings of Benami Property under Benami Transactions (Prohibition) Act, 1988.
5. Reporting on Physical verification of Inventory, its coverage and procedure, its disclosure if discrepancy is 10% or more in aggregate for each class of inventory.
6. Whether the quarterly returns or statements filed by the company with the banks or financial institutions (where working capital Loan based on current assets exceed Rs 5 crore) are in agreement with the books of account of the Company, if not, give details;
7. Detailed reporting on loans, advances as well as Investments to subsidiaries, joint ventures and associates as well as other than to subsidiaries, joint ventures and associates –
   a. The aggregate amount during the year, Balance outstanding at the balance sheet date, overdue for more than ninety days (incl comments on reasonableness of recovery steps),
   b. Renewed or extended or fresh loans to settle the overdues of existing loans to the same parties, specifying the aggregate amount of such dues renewed or extended or settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
   c. Terms and conditions of the grant of all loans and advances if prejudicial to the company's interest,
   d. Whether the schedule of repayment has been stipulated and whether the repayments or receipts are regular; any loans or advances repayable on demand or without specifying any terms or period of repayment specifying the aggregate amount, percentage thereof to the total loans granted,

aggregate amount of loans granted to Promoters, related parties

8. Reporting on disclosure of transactions that not recorded in the books but have been surrendered or disclosed as income in tax assessments.

9. Reporting on default in repayment of loans or borrowings in specified format for the amount and period of default to be reported along with reporting on

   a. whether the company is a declared wilful defaulter

   b. details of term loans applied for the purpose other than for which the loans were obtained - amounts diverted and purpose

   c. Details of funds raised on short term basis if utilised for long term purposes incl nature and amount

   d. Details of any funds taken by co from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures

   e. Details of loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies incl defaults in such loans, if any

   f. Reporting on preferential allotment or private placement of shares or convertible debentures and compliance under section 42 and section 62

10. Whether reports of Internal Auditors were considered by the Statutory Auditor

11. Whether the company has incurred any cash losses in the F.Y., if yes, then its amount.

12. Whether there has been any resignation of statutory auditors during the year, if any, whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors.

13. The company has transferred unspent CSR amount in respect of other than ongoing projects and ongoing projects to specified funds/accounts as per sec 135(5) and (6) respectively.

14. Whether On the basis of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities. Whether the auditor is of the opinion that no material uncertainty exists as on the date of audit report that the company is capable of meeting its liabilities existing at the balance sheet date as and when they fall due within a period of 1 year from the balance sheet date.

15. Whether there have been any qualifications or adverse remarks by the auditors in the CARO reports of the companies included in the CFS, if yes, indicate the details of the companies and the para nos. of the CARO report.

RBI Measures for Covid 2019

Moratorium on Term Loans - All Banks, Financial Institutions and NBFCs are permitted to allow a moratorium of 3 months on payment of all term loans instalments.

Deferment of Interest on Working Capital Facilities – On all cash credit/overdrafts, deferment of 3 months allowed on payment of interest.

Easing of Working Capital Financing - Lending institutions may recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. This will not result in asset classification downgrade.

Due Date Diary – April to June 2020

Due Date	Category	Description
07-04-2020	Income Tax	Payment of TDS
11-04-2020 *	GST	Monthly return for registered persons with aggregate turnover of more than Rs.1.50 crores for the month of March 2020 (GSTR-1).
20-04-2020 *	GST	GST monthly return for the month of March 2020(GSTR 3B).
30-04-2020 *	GST	Quarterly return for registered persons with aggregate turnover of more than Rs.1.50 crore for the Quarter ending March 20 (GSTR-1).
30-04-2020	Profession tax	Extended date for Annual PTRC return for FY 2019-20
07-05-2020	Income Tax	Payment of TDS
11-05-2020 *	GST	Monthly return for registered persons with aggregate turnover of more than Rs.1.50 crores for the month of April 2020 (GSTR-1).
20-05-2020 *	GST	GST monthly return for the month of April 2020(GSTR 3B).
31-05-2020	Income Tax	TDS return filing for Q4 FY 2019-20
07-06-2020	Income Tax	Payment of TDS
11-06-2020 *	GST	Monthly return for registered persons with aggregate turnover of more than Rs.1.50 crores for the month of May 2020 (GSTR-1).
15-06-2020	Income Tax	Payment of Advance Income Tax
20-06-2020 *	GST	GST monthly return for the month of May 2020(GSTR 3B).
30-06-2020	GST	GST Annual Audit Report for FY 2018-19
30-06-2020	Income Tax	Extend last date for income tax returns for (FY 18-19) Aadhaar-PAN linking date

* Last date for filing GSTR-3B in March, April and May 2020 will be extended till the last week of 30th June, 2020 for those having aggregate annual turnover less than Rs. 5 Crore.

M/s Pranjal Joshi & Co
Chartered Accountants

Audit - Consulting - Tax - IFRS - Valuation

Able – Ethical – Reliable

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