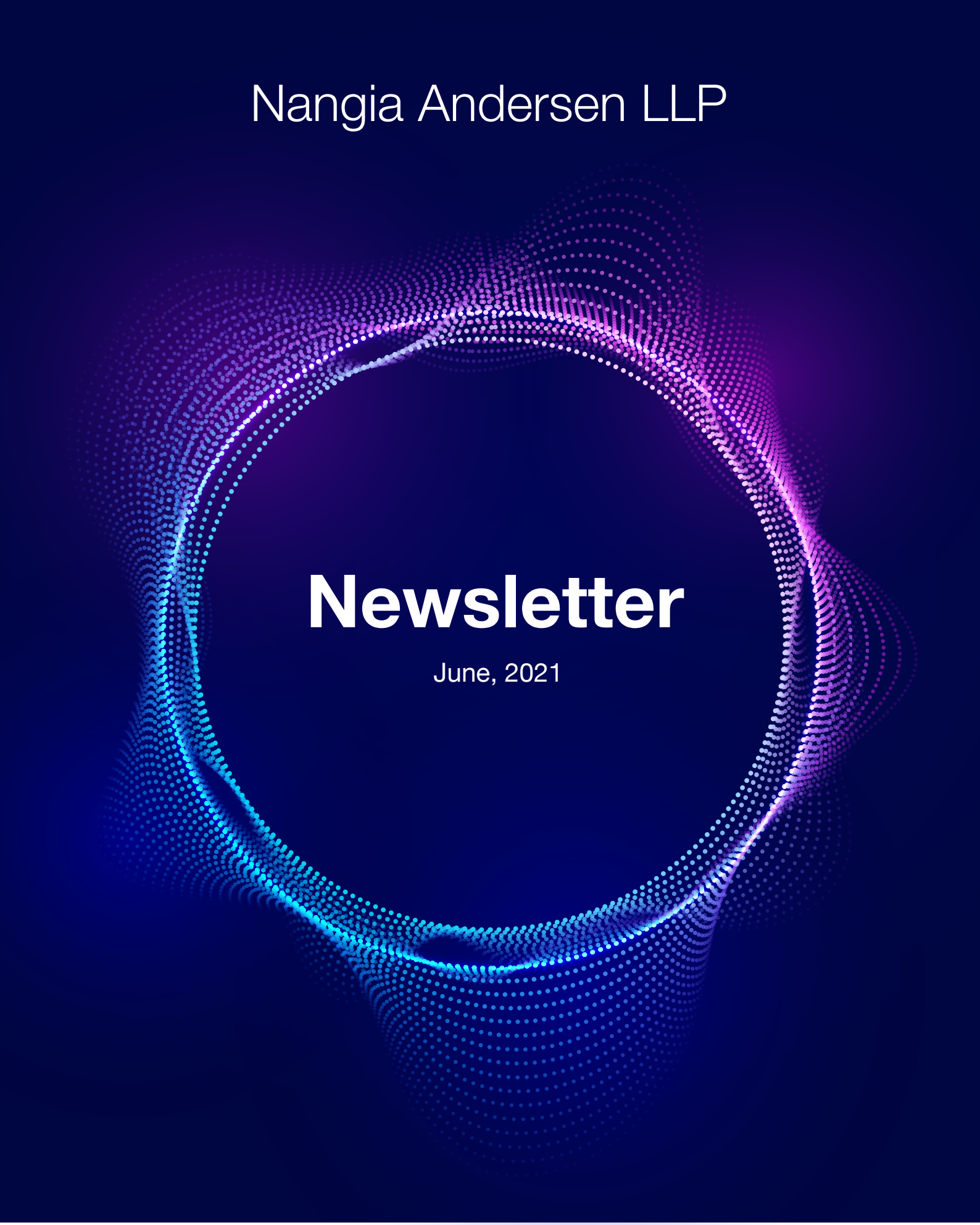
Nangia Andersen LLP



Newsletter

June, 2021

www.nangia-andersen.com

A member firm of ANDERSENGLOBAL

What's Inside?

01

Direct Tax

CBDT notifies rule 11UAE for calculation of FMV in case of slump sale

Background

- Finance Act 2021 had widened the scope of the term 'slump sale' under section 2(42C) of the Income Tax Act, 1961 (the Act) to include all types of transfers such as sale, exchange, relinquishment of asset within its ambit. Prior to the amendment, the definition of 'slump sale' involved only transfers effected by way of 'sale'.

- Section 50B of the Act was also amended vide Finance Act 2021, to provide that Fair Market Value (FMV) of the capital asset as on the date of transfer shall be deemed to be the full value of consideration received or accruing as a result of transfer. Notably, before the amendment, the full value of consideration was the actual consideration received or accruing as a result of transfer of undertaking.

- The widened definition and the revised computation mechanism shall come into force with effect from April 1, 2020 (i.e. AY 2021-22).

- In order to make the provision operative, the Central Board of Direct Taxes (CBDT) on 24 May, 2021, notified Rule 11UAE for calculation of FMV in case of slump sale under Section 50B of the Act.

- Accordingly, the FMV of capital asset shall be higher of the below:

  - FMV 1 - FMV of capital assets transferred by way of slump sale, or
  - FMV 2 - FMV of consideration received or accruing as a result of transfer by way of slump sale

  The valuation date for computing FMV shall be the date of slump sale

FMV 1 (FMV of capital assets transferred by way of slump sale)

Formula- A+B+C+D-L

A= Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale as reduced by the following amount which relate to such undertaking or the division:

i. any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and
ii. any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset

B= the price which ***jewellery and artistic work*** would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer.

C= FMV of ***shares and securities*** as determined in the manner provided in sub-rule (1) of rule 11UA[1]

D= the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the ***immovable property***

L= book value of liabilities as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale, but not including the following amounts which relates to such undertaking or division, namely:

i. the paid-up capital in respect of equity shares;
ii. the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;
iii. reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;
iv. any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;
v. any amount representing provisions made for meeting liabilities, other than ascertained liabilities;
vi. any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares

[1] Rule 11UA- Determination of the FMV of a property, other than immovable property (i.e. jewellery, archaeological collections, drawings, paintings, sculptures or any work of art, shares and securities)

FMV 2 (FMV of consideration received or accruing as a result of transfer by way of slump sale)

Formula: E+F+G+H

E= value of the monetary consideration received or accruing as a result of the transfer;

F= FMV of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;

G= the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;

H= the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property

Nangia Andersen LLP's Take

The rules have been introduced as a follow-up action, post the amendment introduced vide Finance Act 2021, to make the provisions operative. The new rules provide a hybrid formula, where all assets of the business undertaking other than five specific categories of assets (namely, immovable property, jewellery, shares, securities and artistic work) are valued, essentially based on book value. On the other hand, FMV of these five specified categories is determined as per existing valuation rules for these assets, assuming these assets are being transferred individually.

The new valuation rules for valuation of business undertaking in slump sale cases, now make tax planning in those cases more difficult, where businesses hold high-value immovable property, shares or other specified assets in their books at low historical cost. Further, in all such cases, now businesses will need to pay tax considering FMV of specified assets, irrespective of actual transaction price, if such transaction price is lower than FMV.

ITAT allows carry-forward of Short Term Capital Losses, although such gains 'exempt' under India- Singapore DTAA

Issue: Carry forward of losses
Outcome: In favor of the Assessee

Background

The Mumbai Bench of the Income-tax Appellate Tribunal (ITAT) in the case of Goldman Sachs India Investments (Singapore) Pte. Ltd (the assessee) dealt with the issue of allowability of carry forward of short term capital loss on sale of shares . The ITAT ruled in favor of the non-resident assessee and held that the short-term capital losses from transactions executed in the Indian capital markets shall be deemed as income accruing or arising in India under Section 5 of the Income-tax Act, 1961 (the Act). Consequently, such short term capital losses would be eligible to be carried forward to subsequent years, irrespective of whether the capital gains earned by the assessee are exempt under the provisions of the DTAA or not. The ITAT confirmed that the provisions of the Act being more beneficial to the assessee, shall apply to it.

Brief facts and contentions

- The assessee is a tax resident of Singapore. It is registered with the Securities and Exchange Board of India (SEBI) as a sub-account of Goldman Sachs & Co., which is registered with SEBI as a Foreign Institutional Investor (FII).
- During the Assessment Year 2012-13, the asses see suffered short term capital loss. The assessee contended that the provisions of the Act, to the extent more beneficial should apply in accor dance with the provisions of Section 90(2) of the Act and loss be allowed to be carried forward to the subsequent years.
- However, the Assessing Officer (AO) disagreed with assessee's contention and repudiated the carry-forward of such capital losses to subsequent years. The AO argued that since the capital gains earned by the assessee are not subject to taxes under the provisions of the India-Singapore tax treaty, the capital losses should be ignored and should not be allowed to be carried forward for set-off in subsequent years.
- The Dispute Resolution Panel (DRP) confirmed the order of the AO.
- Aggrieved, the assessee challenged the position in an appeal filed before the Mumbai Bench of ITAT.

ITAT's Judgement

- The ITAT noted that section 74 of the Act entitles an assessee to carry forward short-term capital losses for eight subsequent assessment years, if these cannot be wholly set-off. The carried forward loss is available for set off against taxable income of subsequent years.
- The ITAT pointed out that while determining the taxability of the income of an assessee, if the provisions of the Act are more beneficial as compared to the tax treaty then the beneficial provisions of the Act shall apply.
- ITAT remarked that the provisions of Section 74 of the Act entitle the assessee to carry forward capital losses to subsequent assessment years and are therefore more beneficial than the provisions of the India-Singapore tax-treaty. The non- resident assessee, in the instant case, had accordingly opted to be assessed under the provisions of the Act and had claimed carry forward of its short-term capital losses.
- Based on judicial jurisprudence, the ITAT upheld that the provisions of the treaty cannot be thrust upon the assessee on the grounds that the assessee is a tax resident of a country with which India has entered into a tax treaty or on account of the mere perception of the AO that the assessee may claim benefits under the tax treaty in subsequent years.
- Accordingly, the ITAT concluded that the short-term capital losses from transactions executed in the Indian capital markets shall be deemed as accruing or arising from transactions undertaken in India, falling within the scope of Section 5 of the Act and shall be eligible to be carried forward to the subsequent years in accordance with Section 74 of the Act.

Nangia Andersen LLP's Take

The decision of Mumbai ITAT establishes that in accordance with the provisions of Section 90 of the Act, the provisions of the Act shall apply to the extent more beneficial to the assessee. The ITAT highlighted that where there is no taxability under the Act, there is no requirement of resorting to the provisions of the tax treaty. Further, the provisions of the tax treaty cannot be thrust upon the assessee because the assessee may claim the benefit of applicable tax treaty in the subsequent years. The ruling reinforces the faith of the taxpayers in the Indian judiciary, as a legitimate benefit was duly accorded to the eligible taxpayer.

Past Precedents

In a similar case of Flagship Indian Investment Co. (Mauritius) Ltd[1], a tax resident of Mauritius, the AO held that since the capital gains were exempt under the India-Mauritius tax treaty, the capital losses would also be exempt and therefore, the assessee was not entitled to carry forward the capital losses of earlier years. The Mumbai Tribunal, however, ruled against the order of the AO and held that the assessee was fully justified in claiming the carry forward of losses of earlier years for set-off against the profits of subsequent years.

The Karnataka High Court in the case of R.M. Muthaiah[2] held that the effect of an 'Agreement' entered into by virtue of section 90 would be- *if no tax liability is imposed under this Act, the question of resorting to the agreement would not arise; no provision of the agreement can possibly fasten a tax liability where the liability is not imposed by the Act.*

[1] Flagship Indian Investment Co. (Mauritius) Ltd. v. ADIT [2010] 38 SOT 426 (Mum)
[2] [1993] 67 taxman 222 (KAR.)

AAR- Reimbursement of obligatory and committed payments for expatriates, not taxable as FTS

Issue: Fee for Technical Services (FTS)

Outcome: In favour of the assessee

Background

In the case pf CTBT Private Limited (the assessee) the Authority for Advance Rulings (AAR) held that the social security, insurance and relocation expenses of employees paid by the assessee to its group company were obligatory and committed payments, in the nature of reimbursements and accordingly could not be taxed as FTS.

Brief facts and contentions

- The assessee was a wholly owned subsidiary of M/s. PMK Switzerland (PMK) which was a part of the K Group. The assessee signed a memorandum of understanding with State Government of an Indian state for establishing a tyre manufacturing plant.
- To ensure consistent application of K Group's quality and safety standards, the assessee required experienced employees who were aware of K Group's methodology and processes, to be employed on local payroll in its new manufacturing facility in India.
- Accordingly, the assessee requested KRP, a wholly owned subsidiary of PMK for supply of experienced expatriate personnel and entered into an Intercompany Agreement, as per which, KRP acted as the payroll disbursement agency for depositing social security contribution, insurance and relocation expenses payable by the assessee to expatriate employees in their home countries.
- The assessee subsequently reimbursed such payments to KRP on cost-to-cost basis and KRP charged an administrative fee for managing the disbursements made on behalf of the assessee.
- The assessee withheld tax at source on the entire salary payment, including reimbursement of obligatory payments under section 192 of the Income Tax Act, 1961 (the Act) and on administration fees paid to KRP under section 195 of the Act.
- The assessee sought an advance ruling as to whether payments made to KRP towards a portion of the salary i.e. social security contributions, insurance, etc., would be taxable in India under the provisions of the Act read with the India-Switzerland Double Tax Avoidance Agreement (DTAA).
- Before the AAR, the assessee averred that the arrangement of KRP, making part payment of salary to the expatriate employees, on behalf of the assessee, was only facilitative in nature. Accordingly, no income accrued from such an arrangement.
- Placing reliance on a circular[1] issued by the Central Board of Direct Taxes (CBDT), assessee stated that no withholding tax was applicable on reimbursements as tax was already withheld on salary payments under section 192 of the Act. The payment made by the assessee to KRP for disbursement of salary and social security contribution to expatriate personnel had already suffered Indian tax in the hands of the expatriates and any subsequent tax on reimbursement of costs would tantamount to double taxation.
- Further, since employer-employee relationship existed between the expatriates and the assessee, it was contended that the payments were in the nature of salary and not FTS, the definition of which specifically excludes salary payments.
- It was also emphasized that payments made to KRP did not make 'available' any technical know-how, skill or experience, etc. to the asses see and therefore were not in the nature of FTS. KRP merely disbursed payments to expatriate employees on behalf of the assessee. Therefore, payments neither constituted FTS nor business income in the absence of a permanent establishment (PE) in India.
- The Revenue argued that the main intent behind the recruitment of expatriates was to ensure the quality and safety standards of the K group and equip Indian employees in delivering to these standards. Thus, their services were 'technical' in nature. The Revenue placed reliance on the ruling of the Bangalore ITAT[2] and the Delhi High Court's decision in the case of Centrica India Offshore (P.) Ltd.[3] to substantiate its claim that expatriate remuneration reimbursements made by an Indian company to a foreign company were taxable as FTS.

[1] Circular no.720 dated August 30, 1995
[2] Flughafen Zurich, AG v. DDIT (International Taxation) [2017] 79 taxman.com 199 (Bangalore-ITAT)
[3] Centrica India Offshore (P.) Limited v. Commissioner of Income-tax (1) [2014] 364 ITR 336 (Delhi)

AAR's Judgement

- The AAR perused the key terms of the agreement and noted that there existed an employee-employer relationship between the assessee and expatriate personnel. Further, the assessee exercised full operational control and that the employees were required to abide by the guide lines of the assessee company.
- The assessee was solely responsible for all payments to the expatriate personnel and made no salary payments outside India. Furthermore, the entire salary including the reimbursed component had been offered for tax in India by the seconded employees.
- The AAR distinguished Delhi High Court's decision in the case of Centrica India Offshore[3] as in that case, money paid to overseas entity accrued to the overseas entity, which may or may not apply it for payment to secondees, whereas in the instant case payments never accrued to KRP and were specifically related to social security commitments and were mandatorily paid to the respective accounts.
- Similarly, it was noted that in the case of Flughafen Zurich, the parent company paid salary and other benefits in the home countries of its expatriates, whereas in the instant case, no payments were made outside India barring nominal obligated payments.
- KRP had no operational or functional control over the employees of the assessee. It merely facilitated statutory payment on behalf of the expatriates in their home country.
- The AAR acknowledged that the provision of services or provision of personnel could be camouflaged as seconded agreements. However, it was opined that in the current case, it did not appear so as the assessee paid only a small portion of obligated payments as reimbursements.
- Accordingly, the AAR held that the social security, insurance, relocation expenses, that were in the nature of committed and obligated payments, were mere reimbursements and not FTS. Further, as admitted by assessee-company itself, the administrative fee paid to KRP is liable for tax deduction under Section 195 as FTS.

Nangia Andersen LLP's Take

The classification of expenses as reimbursements is a matter that has always been prone to litigation. The AAR has gone into the depths of the matter to finally conclude that the group company (KRP) merely acted as a disbursement agency for the committed and obligated expenses that were payable by the assessee to the expatriates in their home country. Such payments that had already been subject to tax in India as salary, were therefore categorized as reimbursements. ITAT's reliance on inter-company agreement and appointment letters to conclude that provision of services/ personnel was not camouflaged as secondment agreements in the instant case, emphasizes the need for proper documentation and records.

Past Precedents

The Mumbai High Court in the case of Marks & Spencer Reliance India Pvt. Ltd[4], held that as there was no profit element in the payment made to the overseas entity and the entire amount of salary received by the employees had been subjected to tax in India, the cost reimbursement made by the assessee to the overseas entity under a secondment agreement was not chargeable to tax in India.

[Source: A.A.R. No. 1366 of 2012]

[4] Addl. Director of Income Tax v. M/s. Marks & Spencer Reliance India Pvt. Ltd. [TS-178-HC-2017 (Bom)]

02

Transfer Pricing

ITAT holds "Market Value" to be taken as ALP as per Section 80IA (8) and selection of tested party is pre-requisite for benchmarking under CUP method

Outcome: In favour of taxpayer
Category: Arm's Length price for inter unit transfer of power

Facts of the Case

- Balarampur Chini Mills Ltd ("the taxpayer") is engaged in manufacturing and sale of sugar, molasses, industrial alcohol, ethanol, and generation and distribution of power in the form of steam and electricity. The taxpayer's unit of generation and distribution of power is eligible for deduction u/s 80IA of the Income tax Act ("the Act").

- During AY 2016-17, the taxpayer entered into Specified Domestic Transaction ("SDT") viz. transfer of power by taxpayer's eligible unit to various non eligible manufacturing units. For the purpose of the same, the taxpayer considered the rate of Rs. 8.30 kwh which was as per tariffs notified by Uttar Pradesh Power Corporation Limited ("UPPCL") for sale of electricity in that area under 80A (6) and 80IA (8) of the Act for distribution.

- During the course of assessment proceedings, the Transfer Pricing Officer ("TPO") did not accept the taxpayer's contention that tariff rate of Rs. 8.30 per Kwh as laid out by UPPCL was the "market rate" as specified under sub-section 6 of section 80A and sub-section 8 of section 80IA of the Act.

- The TPO relied on *Hon'ble Calcutta High Court in the case of CIT Vs ITC Limited reported in 236 Taxman 612* and considered the average rate of Rs. 4.90 at which the generating companies can sell electricity to the distribution licensees as governed by sections 61 and 62 of the Electricity Act 2003 and the rate at which the taxpayer company had sold electricity under Power Purchase Agreement PPA for benchmarking. Based thereon, TPO carried out a downward adjustment of INR 41.65 Crores.

- Aggrieved by the same, the taxpayer filed objections before the Commissioner of Income Tax Appeals (CIT (A)). CIT(A) agreed with taxpayer's contention and granted relief by stating that the rate at which electricity was transferred by the CPP (Captive Power Plant) to the manufacturing unit was the rate charged by the SEB (State Electricity Board) of UPPCL to the other manufacturing units (i.e. was the "market rate"). CIT(A) further held that the case law relied upon by the TPO/AO are distinguishable.

- Aggrieved by the same, the revenue filed an appeal before Income Tax Appellate Tribunal ("ITAT")

ITAT's Ruling

ITAT remarked that the issue on hand is determination of the quantum of profit which could be claimed as deduction under Section 80IA of the Act for which we have to determine the price at which the electricity is transferred by the Captive Power Plant of the taxpayer company to the manufacturing unit of the taxpayer company. In this regard, ITAT made the following observations:

- ITAT observed the principles of Graphite India Ltd., Kanoria Chemicals & Industries Ltd, Gujarat Alkalies and Chemicals Ltd. Godawari Power & Ispat Ltd. wherein it has been determined that the market value should be the rate at which electricity is supplied by the State Electricity Boards to its industrial customers. Further, Based on Explanation to Sec 80IA (8) and the above cases, ITAT observed that the contention of the taxpayer that it can claim "Market Value" to be ALP as per limb (i) of the Explanation is justified.

- Further, ITAT observed that if it is accepted that ALP is the market value, then there is no dispute that the most appropriate method ("MAM") is CUP. In this regard, ITAT noted revenue's contentions that there is no concept of a tested party when CUP is the MAM or if tested party is determined "then the power generating unit should be considered as a tested party and not the manufacturing unit." In this regard, ITAT relied on the guidance note issued by ICAI which clearly states the tested party needs to be identified when the CUP is selected as MAM.

- Furtherance to the above, ITAT noted that in the instant case, the taxpayer had taken that the tested party as the non-eligible unit and whereas the TPO had taken the tested party as the CPP i.e. the eligible unit. In this backdrop, ITAT opined that the profit of the non-eligible unit also had to be properly determined.

- The ITAT opined that only purpose for which the manufacturing unit was taken as the tested party was to determine the market value at which the manufacturing unit purchases power from unrelated third parties.

In view of the aforesaid observations ITAT opined that the manufacturing unit as tested party for the purpose of determination of ALP with MAM being CUP, cannot be found at fault and ITAT directed TPO/AO to delete the adjustment carried and allowed the deduction under 80IA to eligible unit.

Nangia Andersen LLP's Take

The ruling primarily emphasizes that a taxpayer can claim "Market Value" to be the arm's length price for the purpose of benchmarking of SDT of transfer of power from eligible unit to non-eligible unit. Furtherance to the same, ITAT by relying on the principles of Graphite India Ltd., Kanoria Chemicals & Industries Ltd, Gujarat Alkalies and Chemicals Ltd. Godawari Power & Ispat Ltd, clarified that the market value should be the rate at which electricity is supplied by the State Electricity Boards to its industrial customers.

The Ruling also deals with the issue of selection of tested party for benchmarking of SDTs. In relation thereof, it stresses upon the fact that selection of tested party is a mandatory step even when the CUP is selected as MAM. In this regard ITAT emphasized that not only the profits of eligible units but also of the non-eligible units needs to be checked. Henceforth, support the contention of taxpayer by adopting selection of non-eligible unit as tested party for the purpose of benchmarking the SDTs.

Balarampur Chini Mills Ltd [TS-200-ITAT-2021(Kol)-TP]

03 Regulatory

Updates Under Companies Act 2013 and LLP Act 2008

1. **Gap between two board meetings under Section 173 of The Companies Act, 2013 (CA, 2013)**

   Amid difficulties arising due to resurgence of Covid-19 cases, MCA vide General Circular No. 08/2021 dated 03 May 2021 has extended a timeframe for holding board meetings under the CA, 2013.

   According to Section 173 of the CA, 2013 every company is required to hold minimum 4 board meetings every year in such a manner **that not more than 120 days shall intervene between 2 consecutive meetings.**

   According to the General Circular, MCA has given a **one-time extension of 60 days** for holding board meetings required to be held during the Q1 (April 21 to June 21) and Q2 (July 21 to September 21) thereby increasing the gap to 180 days.

2. **Clarification on spending of CSR funds for 'Creating Health Infrastructure for Covid Care', 'Establishment of Medical Oxygen Generation and Storage Plants'**

   MCA in continuation to the General Circular No. 10/2020 dated 23.03.2020, has issued a clarification letter which states that any amount spent for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar activities shall be an eligible CSR activity under Schedule VII of the CA, 2013. The said activity shall be categorised as expenditure relating to promotion of health care, including preventive health care, and, disaster management respectively.

   Further, any contribution made to public funded universities and certain Organisations engaged in conducting research in science, technology, engineering, and medicine shall be construed as an eligible CSR spent under item no. (ix) of Schedule VII of the CA, 2013 which permits contribution to specified research and development projects.

3. **Clarification on offsetting the excess CSR spent for FY 2019-20**

   Ministry of Corporate Affairs ('MCA') *vide* Circular dated 20 May 2021, has issued a clarification on offsetting the excess CSR spent for the FY 2019-20.

   The circular clarifies that where a company has contributed any amount to 'PM CARES Fund' on 31 March 2020, which is over and above the minimum prescribed CSR spent for FY 2019-20, such excess amount, or part thereof, may now be offset against the requirement to spend for CSR for FY 2020-21 subject to following conditions:

   - **the amount offset as such shall have factored the unspent CSR amount for previous financial years, if any;**
   - the Chief Financial Officer shall certify that the contribution to 'PM-CARES Fund' was indeed made on **31st March 2020** in pursuance of the appeal and the same shall also be so **certified by the statutory auditor of the company**; and
   - the details of such contribution shall be disclosed separately in the Annual Report on CSR as well as in the Board's Report for FY 2020-21.

4. Relaxation on levy of additional fees on filings under the CA, 2013 and LLP Act, 2008 (LLP Act)

In view of the difficulties arising due to resurgence of Covid-19 cases, MCA *vide* General Circular No. 06/2021 and 07/2021 dated 03 May 2021 has provided a one-time relaxation on levy of additional fees relating to filing of e-Forms under the CA, 2013 and LLP Act.

According to the CA 2013 and LLP Act, different classes of entities are required to make certain filings to the regulator for a period starting **01 April 2021** till **31 May 2021** such as **Form LLP 11, FC-4** etc.

MCA vide issue of the said General Circular has granted a waiver of additional fee for filings the said e-forms which were due for filing between the period starting 01 April 2021 till 31 May 2021 (except CHG-1, CHG-4 and CHG-9) till 31 July 2021.

Further, MCA has provided the relaxation for charge related forms in the following manner:

Creation/modification of charge	Relaxation
Before 01.04.2021 Provided timeline for filing such form is not expired	**If filed up to May 31, 2021** - No Additional Fee. **If filed after May 31, 2021** - Period between 01.04.2021 and 31.05.2021 shall not be counted to compute delay and accordingly the additional fee.
Between 01.04.2021 and 31.05.2021	

Financial Sector Updates

1. Relaxation in timeline for compliance with various payment system requirements

Keeping in view the resurgence of the COVID-19 pandemic, Reserve bank of India ('RBI'), vide circular CO.DPSS.POLC No.S-106/02-14-003/2021-2022 dated 21 May 2021 has extended the timeline prescribed for compliance with various payment system requirements.

The extended timelines for compliances are as follows:

- All existing non-bank Prepaid Payment Instruments ('PPI') issuers are required to comply with the **minimum positive net-worth requirement of Rs.15 crores** for the financial position as on 31 March 2021 as per the audited balance sheet. **The timeline for complying with the said requirement has been extended till 30 September 2021.**

- Harmonisation of Turn Around Time ('TAT') and customer compensation for failed transactions using authorised Payment Systems which was proposed to be changed from "Calendar days" to "Working days" from December 31, 2020 have now been extended until 30 September 2021.

- Authorised Payment System Operators ('PSOs') are required to furnish System Audit Report conducted by CERT-IN empanelled auditors or a Certified Information Systems Auditor registered with Information Systems Audit and Control Association or by a holder of a Diploma in Information System Audit qualification of the Institute of Chartered Accountants of India, on an annual basis within two months of close of their respective financial year i.e. May 31, 2021. The said timeline has been extended to 30 September 2021.

- Existing non-bank entities offering Payment Aggregation services were under an obligation to apply for authorisation on or before June 30, 2021. The said timelines have been extended to 30 September 2021.

2. RBI instructions for Payments System Operators

The RBI on 07 April 2021 issued a statement on Developmental and Regulatory Policies where it had proposed to issue instructions for payments systems on various aspects such as Interoperability of Prepaid Payment Instruments (PPIs), increasing the Limit to Rs. 2 lakhs for Full-KYC PPIs and Permitting Cash Withdrawal from Full-KYC PPIs of Non-Bank PPI Issuers.

Now the RBI, *vide* circular DPSS.CO.PD. No.S-99/02.14.006/2021-22 dated 10 May 2021 has issued the said instructions. According to the instructions:

- It shall be mandatory for PPI issuers to give the holders of full-KYC PPIs (KYC compliant PPIs) interoperability through authorised card networks (for PPIs in the form of cards) and UPI (for PPIs in the form of electronic wallets);

- Interoperability shall be mandatory on the acceptance side as well;

- The interoperability shall be enabled by March 31, 2022; and

- PPIs for Mass Transit Systems (PPI-MTS) shall remain exempted from interoperability while Gift PPI issuers have the option to offer interoperability

The maximum amount outstanding in respect of full-KYC PPIs (KYC-compliant PPIs) has been increased from Rs. 1 lakh to Rs. 2 lakhs.

The feature of cash withdrawal shall be permitted in respect of full-KYC PPIs issued by nonbank PPI issuers as well subject to following conditions:

- Maximum limit of Rs. 2,000 per transaction with an overall limit of Rs. 10,000 per month per PPI;

- All cash withdrawal transactions performed using a card / wallet, shall be authenticated by an Additional Factor of Authentication (AFA) / PIN;

- Any PPI issuer offering this facility shall put in place proper customer redressal mechanisms. Complaints in this regard shall fall under the ambit of the respective ombudsmen schemes and instructions on limiting liability of customers; and

- PPI issuers shall put in place suitable cooling period for cash withdrawal upon opening the PPIs or loading / re-loading of funds into PPIs to mitigate the risk of fraudulent use of PPIs.

The cash withdrawal limit from Points of Sale (PoS) terminals using debit cards and open system prepaid cards issued by banks in India has also been rationalised to Rs. 2,000 per transaction within an overall monthly limit of Rs. 10,000 across all locations and the requirement of submission of data to RBI has been dispensed with.

Securities and Exchange Board of India ('SEBI') Updates

1. SEBI (Listing and Obligations Requirements ('LODR')) Second Amendment Regulations 2021

SEBI has notified some major amendments in the SEBI LODR Regulations 2015 on 6 May 2021, which were earlier approved in the SEBI Board meeting dated 25 March 2021.

The objective of such amendments was to align the provisions of the Regulations with Companies Act 2013 and SEBI (Issue of Capital and Disclosure Requirements ('ICDR')) Regulations.

Further, the amendments also bring out changes in timeline of certain compliances and withdrawal of exemptions earlier granted to the listed Companies. Major highlights of the amendments are as follows:

S.No.	Regulation No.	Provisions	Amended Provisions
1	**Regulation 7(3)**	Compliance certificate signed by compliance officer and the Registrar and share transfer agent to Stock Exchange to be submitted within 1 month from the end of each half year.	Compliance certificate signed by compliance officer and the Registrar and share transfer agent to Stock Exchange now to be submitted once a year within 30 days of end of FY
2	**Regulation 21**	Formation of Risk Management Committee shall be applicable on Top 500 listed entities	Formation of Risk Management Committee shall be applicable on Top 1000 listed entities
3	**Regulation 27**	Corporate Governance Report shall be submitted to the stock exchange within 15 days from the end of quarter.	Corporate Governance Report shall be submitted to the stock exchange within 21 days from the end of quarter.
4	**Regulation 33**	Top 1000 listed entities shall be required to attach Business Responsibility Report ('BRR') with the Annual Report.	Business Responsibility and Sustainability Reporting ('BRSR') shall be applicable to top 1000 listed entities on a voluntary basis for FY 2021-22. Further, form 2022-23 new format of BRR & sustainability report shall be submitted with the stock exchange.
5	**Regulation 40(9)**	Certificate under this regulation shall be submitted with the stock exchange within 30 days from the end of each half year.	Certificate under this regulation shall be submitted with the stock exchange once a year, within 30 days from the end of financial year.
6	**Regulation 43(A)**	Dividend Distribution Policy shall be applicable to top 500 listed entities.	Dividend Distribution Policy shall now be applicable to top 1000 listed entities.

S.No.	Regulation No.	Provisions	Amended Provisions
7	**Regulation 30 & 46**	Presently, a listed entity is required to disclose the schedule of analyst / institutional investors meet and presentations made in such meetings, to the Stock Exchanges and on its website.	Schedule of analyst / Investor conference shall be provided to the stock exchange by way of Audio-Video Recording and the same shall be uploaded on the website of the Company with transcripts.
8	**Regulation 47**	The Listed Entity shall publish in the newspaper, the notice of Board Meeting simultaneously with the submission of the same to the stock exchange(s).	Requirement of publication of notice of Board Meeting in the newspaper has been removed.

2. SEBI cosultation paper on review of Regulatory Framework of Promoter, Promoter Group and Group Companies as per SEBI ICDR Regulations 2018

SEBI released a consultation paper on review of regulatory framework of Promoter, Promoter group, Group Companies on 11 May 2021, and invited public comments on the proposed changes mentioned therein.

The objective of this consultation paper is to seek comments / views from the public on the following aspects relating to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations):

- Reduction in lock-in periods for minimum promoter's contribution and other shareholders for public issuance on the Main Board.
- Rationalization of the definition of 'Promoter Group'
- Streamlining the disclosures of group companies and
- Shifting from concept of 'promoter' to concept of 'person in control'

3. Business Responsibility and Sustainability Reporting by Listed Entities

SEBI, *vide* Circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562, dated 10 May 2021 notified the format of the Business Responsibility and Sustainability Report ('BRSR') along with a guidance note to enable companies to interpret the scope of disclosures.

Further, it is to be noted that w.e.f. FY 2022-2023, filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) thereby replacing the existing Business Responsibility Report (BRR) which focussed on providing disclosure of adoption of responsible business practices by a listed company, to all its stakeholders.

BRSR is an initiative towards ensuring that investors have access to standardized disclosures on ESG (Environment, Social and Governance) parameters and shall enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

Foreign Direct Investment ('FDI') & Overseas Direct Investment ('ODI') Updates

1. **Sponsor contribution to an Alternative Investment Fund (AIF) set up in overseas jurisdiction, including International Financial Services Centres (IFSC) to be considered as Overseas Direct Investment**

   The RBI *vide* A.P.(DIR Series) Circular No. 04, dated 12 May 2021, has amended provisions pertaining to Indian Party making investment/ financial commitment in an entity outside India, engaged in the financial services sector.

   According to the amendment, any sponsor contribution from an Indian Party to an AIF set up in an overseas jurisdiction, including IFSCs in India, as per the laws of the host jurisdiction, will be treated as Overseas Direct Investment.

   Therefore, now an Indian party can set up AIF in overseas jurisdictions, including IFSCs, under the automatic route provided it complies with the conditions specified under ODI Regulations.

Insurance Sector Updates

1. **Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021.**

   Ministry of finance ('MoF') notified final rules for foreign investment limit of 74 % in the insurance sector, which came into effect on 19 May 2021, thereby amending the Indian Insurance Companies (Foreign Investment) Rules, 2015

   The highlights of the amendments include the following:

   - The Indian insurance companies with foreign investment will now need to ensure that: (i) a majority of their directors; (ii) a majority of their key management persons (KMPs); and (iii) at least one among the board chairperson, the managing director and the CEO, are "resident Indian citizens".
   - Indian insurance companies with more than 49% foreign investment will now need to retain at least 50% of their net profit, as part of their general reserves if, in the relevant financial year, they have paid a dividend on their equity shares and their solvency margin is lower than 1.2 times of the control level of solvency.
   - Indian insurance companies with more than 49% foreign investment will now need to satisfy the following governance requirements:

     a. At least half of the board will need to comprise independent directors (if the board chairperson is not independent); or

     b. At least one-third of the board will need to comprise independent directors (if the board chairperson is independent).

Amendments under The Foreign Contribution Regulation Act, 2010 ('FCRA')

1. **Extension of validity of registration certificates issued under FCRA**

   Keeping in view the exigencies arising out of Covid-19, the Ministry of Home Affairs (MHA) extended the validity of registration certificates issued under the Foreign Contribution (Regulation) Act, 2010 till 30 September 2021 that have expired or are expiring during the period between 29 September 2020 and 30 September 2021.

Important Updates under Production-Linked ('PLI') Incentive Scheme

1. **Operational guidelines for PLI Scheme for Food Processing Industries Released**

   The Ministry of Food Processing Industries ('MoFPI') released the final guidelines for Production Linked Incentive for Food Processing Industries ('PLIFPI') on 2 May 2021.

   The MoFPI also released a circular on 'expression of interest' for availing incentives under the scheme, wherein, an open house session was scheduled through Video Conference for the applicants who registered category-wise on the online application portal.

   The last date for submission of application is 17 June 2021.

2. **Extension of last date for applying under PLI Scheme for medical devices and bulk drugs**

   The Department of Pharmaceuticals ('DOP') *vide* circular dated 30 April 2021 invited further applications to fill 'left over slots' in medical devices and bulk drugs segments, respectively.

   The eligible applicants under the specified categories may apply online by 28 July 2021.

3. **Approval of PLI Scheme for National Programme on Advanced Chemistry Cell ('ACC') Storage by the Union Cabinet**

   The Union cabinet approved the proposal of Department of Heavy Industries ('DHI') for implementation of PLI Scheme for ACC Batteries Storage on 12 May 2021 with a total outlay of INR 18,100 crore.

   The National Programme on Advanced Chemistry Cell (ACC) Battery Storage will reduce import dependence. It will also support the Atmanirbhar Bharat initiative.

   Further, the ACC program will be a key contributing factor to reduce India's Green House Gas (GHG) emissions, which will be in line with India's commitment to combat climate change.

   The highlights of the scheme are as follows:

   - **Objective: 50,000 MW capacity building**
   - Investment envisaged under the Scheme: INR 45,000 crore
   - Incentive to be linked to sale, energy efficiency, and localisation

4. **PLI Scheme for high efficiency Solar PV Modules**

   Indian Renewable Energy Development Agency Limited ('IREDA') on 25 May 2021, released a notification inviting applications under the 'PLI Scheme for High efficiency Solar PV Modules' which was approved by the Union Cabinet on 7 April 2021 and the guidelines for the same were released by the Ministry of New and Renewable Energy ('MNRE') on 28 April 2021.

   Out of the 4 manufacturing processes (Polysilicon, ingot-wafer, cells and modules), the Scheme is open for applications from Companies engaged in at lease cell and module manufacturing.

   Additionally, solar panels with efficiency of less than 19.5% or co-efficient of temperature variation of more than -0.4% per 1-degree Celsius rise in temperature shall not be eligible under the Scheme.

   Further, the last date for applications has been decided as 30 June 2021.

04 Indirect Tax

GST Clarifications and Updates

The Government of India, in view of the spread of COVID-19 pandemic, has proposed several relaxations in Goods and Services Tax ('GST') interest rate and waiver of late fees for delay in furnishing returns in Form GSTR-3B for May 2021 vide Notification No. 18/2021 – Central Tax dated 1 June 2021 an Notification No. 19/2021 – Central Tax dated 1 June 2021 as given below:

S.No.	Class of Registered persons	Interest	Late Fee	Tax Period
1	Taxpayers having an aggregate turnover of more than INR 5 crores in preceding Financial Year	• 9% for first 15 days from the due date; • 18% if return is filed after 15 days	Late fee would not be applicable in case return is furnished within 15 days from the due date of furnishing of return	May 2021
2	Taxpayers having an aggregate turnover of up to INR 5 crores in the preceding Financial Year	• NIL for the first 15 days from the due date; • 9% for the next 15 days, after initial 15 days from the due date; and • 18% after 30 days	Late fee would not be applicable in case return is furnished within 30 days from the due date of furnishing of return	May 2021

- **Input Tax Credit ('ITC') availment in terms of Rule 36 (4) of Central Goods and Services Tax ('CGST') Rules**

  (Notification No. 27/2021 – Central Tax dated 1 June 2021)

  Condition of restricted availment of ITC up to 5 % of eligible credit details of which have not been furnished by the supplier in GSTR 1 or Invoice furnishing facility would apply cumulatively for the period April, May and June 2021. Form GSTR-3B for the tax period June 2021 shall be furnished with the cumulative adjustment of ITC for the said months in accordance with the said condition.

- **GST Returns filing through Electronic Verification Code ('EVC')**

  (Notification No. 27/2021 – Central Tax dated 1 June 2021)

  Filing of returns by companies using EVC, instead of Digital Signature Certificate till 31 August 2021.

- **Extension of due dates**

  (Notification No. 24/2021 – Central Tax dated 1 June 2021)

  Where, any time limit for completion or compliance of any action, by any authority or by any person, has been specified in, or prescribed or notified under the said Act, which falls during the period from the 15 April, 2021 to 29 June 2021, and where completion or compliance of such action has not been made within such time, then, the time limit for completion or compliance of such action, shall be extended up to the 30 June 2021. The same is subject to certain specific exceptions but will include the following:

  - Due dates for issuance 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 15 April 2021 to 29 June 2021 is extended to 30 June 2021.
  - Due date for verification and approval of application for registration by Proper Officer where the time limit is expiring between 1 May 2021 to 30 June 2021 is extended to 15 July 2021.
  - Further, time limit for issuance of orders in relation to rejection of refund claim under section 54 falling during the period from the 15 April 2021 to 29 June 2021 has been extended to fifteen days after the receipt of reply to the notice from the registered person or 30 June 2021, whichever is later.

- **Amnesty Scheme to provide relief to taxpayers by capping of the late fee for filing of Form GSTR 3B for the tax periods from July 2017 to April 2021**

  (Notification No. 19/2021 – Central Tax dated 1 June 2021)

  Late fee capped to a maximum of INR 500 (INR 250 each for CGST & State GST) per return for taxpayers, who did not have any tax liability for the said tax periods.

  Late fee capped to a maximum of INR 1000 (INR 500 each for CGST & State GST) per return for other taxpayers.

  The aforesaid reduced rate of late fee would applicable in case the Form GSTR-3B would be furnished by the taxpayers between 1 June 2021 to 31 August 2021.

- **Capped the maximum levy of late fee in case taxpayer fails to furnish the details in FORM GSTR-1 and in Form GSTR-3B by the due date from June 2021 onwards or quarter ending June 2021 onward**

  (Notification No. 19/2021 – Central Tax dated 1 June 2021 and Notification No. 20/2021 – Central Tax dated 1 June 2021)

  The late fee is waived which is in excess of an amount as specified in column (3), the class of registered persons mentioned in the corresponding entry in column (2) of the below Table, who fails to furnish the details in Form GSTR-1 and GSTR-3B by the due date, namely:-

S.No.	Class of registered persons	Amount
1	**GSTR-3B** - In case total amount of central tax or State tax is payable in the tax period is Nil	INR 250 each for CGST & State GST
	GSTR-1 – In case of nil outward supplies in the tax period	
2	**GSTR-1/ GSTR-3B:** Registered persons having an aggregate turnover of up to rupees 1.5 crores in the preceding financial year, other than those covered under S. No. 1	INR 500 each for CGST & State GST
3	**GSTR-1/ GSTR-3B:** Taxpayers having an aggregate turnover of more than rupees 1.5 crores and up to rupees 5 crores in the preceding financial year, other than those covered under S. No. 1	INR 2500 each for CGST & State GST

- **Extension of benefit as provided to MRO (Maintenance, Repair, Overhaul) units of aviation sector to MRO units of ships/ vessels**

  (Press release dated 28 May 2021)

  GST rate on MRO services in respect of ships/vessels shall be reduced to 5% from 18%.

  Place of supply of B2B supply of MRO Services in respect of ships/ vessels would be location of recipient of service.

  (The same is subject to issuance of Notification)

- **Simplification in filing of Annual Return and Reconciliation Statement for FY 2020-21**

  (Press release dated 28 May 2021)

  Filing of Annual Return in Form GSTR-9/ 9A for FY 2020-21 to be optional for taxpayers having aggregate annual turnover upto INR 2 Crore;

  Reconciliation statement in Form GSTR-9C ('Audit Report') for the FY 2020-21 would require to be filed by taxpayers with annual aggregate turnover above INR 5 Crore. Further, Audit Report would require to be self-certified, instead of getting it certified by chartered accountants.

  (The same is subject to issuance of Notification)

- **Amendment relating to revocation of cancellation of GST registration**

  (Notification no. 15/2021– Central Tax dated 18 May 2021)

  Registered person, whose registration is cancelled by the proper officer on his own motion, may submit an application for revocation of cancellation of registration, in Form GST REG-21, to such proper officer, within a period of thirty days or, within such extended period by the Additional Commissioner or Joint Commissioner or the Commissioner from the date of the service of the order of cancellation of registration at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

- **In case of refund application the time period from date of filing the refund till communication of deficiency would be excluded from Relevant Period as specified in Section 54(1)**

  (Notification no. 15/2021– Central Tax dated 18 May 2021)

  The time period from the date of filing of the refund claim in Form GST RFD-01 till the date of communication of the deficiencies in Form GST RFD-03 by the proper officer, would be excluded from the period of two years.

- **Refund application filed in Form RFD-01 may be withdraw by the taxpayer**

  (Notification no. 15/2021– Central Tax dated 18 May 2021)

  Under Rule 90(5), allowed registered person to withdraw the application of refund claim, by filing application in Form GST RFD-01W before issuance of provisional refund sanction order in Form GST RFD-04 or final refund sanction order in Form GST RFD-06 or payment order in Form GST RFD-05 or refund withhold order in Form GST RFD-07 or notice in Form GST RFD-08.

  Under Rule 90(6), on submission of application in Form GST RFD-01W, any amount debited from electronic credit ledger or electronic cash ledger, would be credited back to the ledger from which such debit was made.

- **Extension of Integrated Goods and Services Tax ('IGST') Exemption to Covid-19 related items**

  (Notification No. 31/2021–Customs dated 31 May 2021)

  Amphotericin-B, when imported into India, would be exempted from the whole of the duty of customs leviable thereon under the said First Schedule to the Customs Tariff Act, 1975 and the whole of health cess leviable thereon.

  The effective date of exemptions from customs duty and health cess provided to medical oxygen and Covid vaccines has been extended till 31 August 2021.

Advance Rulings & Judgements

- **Maharashtra Authorities for Advance Ruling ('AAR') rules that Liaison office connecting business in India with Dubai HO liable to register and discharge GST as an 'Intermediary'**

  - The Maharashtra AAR in the matter of Dubai Chamber of Commerce and Industry-Liaison Office ('Applicant') observed, DCCI Head Office ('HO') situated in Dubai, that Applicant is not a non-profit organization and provides various services for which fees are charged from the HO;

  - AAR further, observed that the applicant is receiving consideration from its HO in excess of the expenses incurred by it. The applicant is not a non-profit organization and the activities undertaken by the applicant are covered under the scope of supply;

  - AAR held that the applicant is undertaking activities in relation to connecting business in India with the business partners in Dubai and is acting as an intermediary. The applicant acts as a conduit between some business partners in Dubai and certain businesses in India, thereby satisfying all the conditions of an intermediary;

  - AAR further held that the applicant is required to obtain GST registration and is liable to discharge GST on the services provided to the HO.

  Dubai Chamber of Commerce and Industry
  (Order no. GST-ARA-35/2019-20/B-14 dated 24 May 2021)

- **Karnataka AAR rules that supply of books from non-taxable territory to a person located in non-taxable territory without the books entering in India is outside the purview of supply under GST**

  - M/s. Guitar Head Publishing LLP ('Applicant') is supplying books to his customers who are located in USA, UK & Canada (Non-Taxable Territory). The Customers places the order on Applicant's website by paying the price of the book as well as shipping charges in foreign currency. Applicant places a bulk order with the printer who is located in USA & the printer ships the books to warehousing facility in US. After the Applicant receives an order from the customer, he passes on the order details to warehousing facility who in turn delivers the goods to customer. The Applicant pays printing, warehousing & shipping charges to respective service providers

  - Karnataka AAR observed that when there is supply of Books from warehouse located in USA (Non-Taxable Territory) to customers located in USA, UK & Canada (Non-Taxable Territory) without such books entering India does not amount to supply under GST as it falls under clause 7 of Schedule III (Negative List). Since this transaction doesn't constitute supply therefore no Input Tax Credit on goods or services with respect to this transaction can be availed

  - Authority observed that the Applicant collects the shipping charges from the customer and the actual shipping of the books is happening outside India in a non-taxable territory by the agent of the applicant. For this transaction, as the POS is outside India, AAR ruled out that the shipping charges collected by the Applicant from the customers are not eligible to GST

  - It is also observed that the applicant is arranging the shipping through his agent outside India. Thus the applicant is in receipt of the service of shipping the books from the warehousing agent outside India. As the applicant is located within India and the place of supply is also in India in terms of section 13 of IGST Act, 2017. It would be construed as an Import of Service and IGST shall be levied on reverse charge basis on the said transaction

  - For the printing charges charged by the printer located in USA, the Authority referred to Para 4 of the Circular No. 11/11/2017-GST which states that in case of printing of books where only the content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing of the content supplied by the recipient of supply is the principal supply and therefore such supplies would constitute supply of service. Basis on the same, Authority concluded that as the recipient of service is located in India, POS is in India as per section 13 of IGST Act, 2017 and hence the transaction would be construed as an Import of Service and IGST shall be levied on reverse charge basis on the same.

  - For the Warehousing services received by the Applicant, it was observed that the warehousing of books does not fall under the criteria of Import of Service as the POS for the service is outside India in terms of Section 13 of IGST Act, 2017. Therefore, the service is not chargeable to GST.

  M/s. Guitar Head Publishing LLP
  (Advance Ruling no: KAR ADRG 23/2021, dated 16 April 2021)

05 Compliance Calendar

Direct Tax

Due Date	Particulars
7th June 2021	Payment of TDS - For the period 1st May 2021 to 31st May 2021
	Payment of TCS - For the period 1st May 2021 to 31st May 2021
	Payment of Equalisation Levy on online advertisement and other specified services, to be discharged by Indian payers, referred to in Section 165 of Finance Act, 2016 - For the period 1st May 2021 to 31st May 2021
14th June 2021	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of April, 2021
	Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of April, 2021
	Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of April, 2021
15th June 2021	First instalment of advance tax for the assessment year 2022-23
	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of March, 2021
	Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of March, 2021
	Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of March, 2021
30th June 2021	Return in respect of securities transaction tax for the FY 2020-21
	Due date for filing of statement under sub-section (1) or sub-section (2) of section 167 of the Act in Form No. 1 (Equalisation Levy) for FY 2020-21
	Extended due date for payment of tax under the Direct Tax Vivad se Vishwas Act, 2020 without additional charge
	Extended due date for linking of Aadhaar number with PAN
	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of May, 2021
	Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IB in the month of May, 2021
	Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194M in the month of May, 2021

Due Date	Particulars
Extension of due date in statutory and regulatory compliance matters (Vide Circular No. 9 of 2021 dated 20th May, 2021)	
30th June 2021	Extended due date for furnishing of statement of TDS deposited for the quarter ending March 31, 2021
	Extended due date for furnishing of statement of financial transaction (in Form No. 61A) as required to be furnished under sub-section (1) of section 285BA of the Act in respect of FY 2020-21
	Extended due date for e-filing of annual statement of reportable accounts as required to be furnished under section 285BA(1)(k) (in Form No. 61B) for calendar year 2020 by reporting financial institutions
	Extended due date for furnishing TDS/TCS detail in Form 24G by an office of Government pertaining to the month of May 2021
	Extended due date for furnishing return of tax deduction from contributions paid by the trustees of an approved superannuation fund for the FY 2020-21
	Extended due date of furnishing statement of income credited by an investment fund to its unit holder in Form No. 64D for FY 2020-21

Indirect Tax

Compliance Category	Compliance Description	Frequency	Due date for Tax Period - May 2021
Form GSTR-1	Details of outward supplies filed by registered person	Monthly	26 June 2021 *(Notification No. 17/2021 – Central Tax dated 1 June 2021)*
Form GSTR-3B (Monthly return)	Registered person having turnover more than INR 5 crores	Monthly	20 June 2021*
GST Invoice furnishing facility	Optional facility to furnish the details of outward supplies under QRMP Scheme (Optional)	Monthly	28 June 2021 *(Notification No. 27/2021 - Central Tax dated 1 June 2021)*
Form GSTR-04	Return by Composition dealers for FY 2020-21	Annual	31 July 2021 *(Notification No. 25/2021 - Central Tax dated 1 June 2021)*
Form GST ITC-04	Furnishing declaration for goods dispatched to a job worker or received from a job worker	Quarter	30 June, 2021 *(Notification No. 26/2021 - Central Tax dated 1 June 2021)*

* Relaxation in GST interest rate and waiver of late fees for delay in furnishing returns in Form GSTR-3B for May 2021. The same have been provided in the subsequent slide.

Regulatory

Segment	Particulars	Due Dates
Monthly ECB Return	ECB-2 (Monthly Return of ECBs for the month of May)	June 07, 2021
Return of deposits	Form DPT-3	June 30, 2021
Application for issue of immunity certificate under the Companies Fresh Start Scheme (CFSS) 2020	Form CFSS-2020	June 30, 2021

www.nangia-andersen.com
query@nangia-andersen.com

NOIDA
(Delhi NCR - Corporate Office) A-109, Sector 136, Noida - 201304
T: +91 120 5123000

DELHI
(Registered Office) B-27, Soami Nagar, New Delhi-110017, India
T: +91 120 5123000

GURUGRAM
812-814, Tower B, Emaar Digital Greens Sector 61, Gurugram, Haryana, 122102
T: +0124-4301551/1552/1554

MUMBAI
11th Floor, B Wing, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013, India | T: +91 22 61737000

CHENNAI
Prestige Palladium Bayan, Level 5, 129-140, Greams Road, Thousand Lights, Chennai 600006
T: +91 44 46549201

BENGALURU
Embassy Square, #306, 3rd Floor, 148 Infantry Road Bengaluru, Karnataka 560001
T: +91 80 2228 0999

PUNE
3rd Floor, Park Plaza, CTS 1085, Ganeshkhind Road, Next to Pune Central Mall, Shivajinagar, Pune - 411005

DEHRADUN
First Floor, "IDA" 46 E. C. Road, Dehradun – 248001, Uttarakhand
T: +91 135 271 6300/301/302/303

Follow us at :

A member firm of ANDERSENGLOBAL