

NEWSLETTER NO 21 (INCLUDING GST) – MAY 1, 2020 TO JULY 31, 2020

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I. Income tax: Updated upto July 31, 2020:

1. Noti SO 2512(E) [56/2020] dt Jul 29, 2020: Due date of filing ITR for FY 18-19 further extended to Sep 30, 2020.
2. Noti GSR 469(E) dt Jul 28, 2020: Income tax (18th amendment) Rules, 2020:
 - Amendment in Rule 12CB – not much related to us.
3. Noti GSR 464(E) dt Jul 24, 2020: Income tax (17th amendment) Rules, 2020:



- Amendment in Rule 31AA: New TCS provisions are introduced wef Oct 1, 2020 on amount collected by foreign exchange dealer/ overseas tour operator and seller of goods in excess of Rs 50 lacs from a single buyer. There are certain situations in which such TCS provisions would not be applicable. This amendment specifies that details of such cases where TCS is not collected also need to be reported.
4. Press release dt Jul 21, 2020: MOU signed between CBDT and CBIC.
 5. Cir 14/2020 dt Jul 20, 2020: Clarifications on TDS u/s 194N. Notifications issued earlier would not be affected by amendments vide Finance Act 2020.
 6. Press release dt Jul 20, 2020: A formal Memorandum of Understanding (MOU) signed between the Central Board of Direct Taxes (CBDT) and the Ministry of Micro, Small and Medium Enterprises, Government of India (MoMSME) for sharing of data by CBDT to MoMSME.
 7. Important Cir No 13/2020 or Cir F 225/59/2000/ITA-II dt Jul 13, 2020: One-time relaxation for Verification of tax-returns for the Assessment years 2015-16 To 2019-20 which were uploaded in time and which are pending due to non-filing of ITR-V form or verification with EVC, OTP etc. Such verification must be completed by Sep 30, 2020 and such returns would be processed by Dec 31, 2020.
 8. The Income-tax Department has facilitated a new functionality for Banks and Post offices through which they can ascertain the TDS applicability rates on cash withdrawal of above Rs. 20 lakh in case of a non-filer of Income-tax Return(ITR) and that of above Rs. 1 crore in case of a filer of the ITR. This functionality is available as "Verification of applicability u/s 194N" on www.incometaxindiaefiling.gov.in since 1st July, 2020 and has also been made available to the Banks through web-services.
 9. Important Cir F 225/98/2000/ITA-II dt Jul 10, 2020: Where otherwise valid returns upto AY 17-18 were not processed due to technical reasons and where refunds were due to the assessee would be processed by department till Dec 31, 2019.
 10. Noti GSR 421 (E) dt Jun 29, 2020: IT (14th amendment) Rules, 2020: Amends Rule 11UAC which relates to properties to which provisions of Sec 56(2)(x) are not applicable.
 11. Noti GSR 415 (E) dt Jun 26, 2020: IT (13th amendment) Rules, 2020:



- Rule 2BB(3) inserted to provide that in case of Employee who has opted for payment of tax u/s 115BAC(5) would be eligible for deductions under clauses (a) to (c) of Rule 2BB(1) (ie mainly expenses in relation to employment and allowances on transfer). Also, transport allowance of Rs 3200 pm for physically challenged persons would be available.
- Amendment in Rule 3(7)(iii): Provision of free food or beverages or coupons upto Rs 50 per day during working hours is not perquisite. Such benefit would not be available if it is given by way of coupons in case of employee has chosen to pay tax u/s 115BAC(5).

12. Noti SO 2033 (E) dt Jun 24, 2020: Covid 19 reliefs under Income tax:

- Due date for belated ITR for FY 18-19 further extended to Jul 31, 2020.
- Due date for ITR for FY 19-20 (both audit and non audit) extended to Nov 30, 2020.
- Due date of filing TCS returns u/s 206C(3A) and returns u/s 200(2A) (both these returns are filed by DDO or treasury officer) for the months of Feb, Mar 2020 and for quarter ended Mar 2020 extended to Jul 15, 2020.
- Due date for other regular TDS and TCS for the months of Feb, Mar 2020 and for quarter ended Mar 2020 extended to Jul 31, 2020.
- Due date for issuing TDS certificates for FY 19-20 extended to Aug 15, 2020.
- Due date for making investment/ deposit/ payment etc u/s 54 to 54GB of Income tax Act for FY 19-20 extended to **Sep 30, 2020**.
- **Due date for making investment/ deposit/ payment etc u/ch VIA of Income tax Act for FY 19-20 extended to Jul 31, 2020.**
- Due date for audit report under any provision of IT Act for FY 19-20 extended to Oct 31, 2020.
- Benefit of extended due date shall not be available for interest u/s 234A if net tax payable (after advance tax, TDS etc) is more than Rs 1 lac.
- Time limit for completion or compliances under Vivad se Vishwas Act extended to Dec 31, 2020.

13. Noti SO 1879(E) dt Jun 12, 2020: Cost inflation index for FY 20-21 is 301.

14. Important amendments in ITR for FY 2019-20:

- In union budget 2019, from FY 19-20, mandatory return filing is increased u/s 139(1).
- Details of tax saving investments for FY 19-20 which are made during extended period of April 2020 to June 2020 to be separately reported. The



- dates for making investment/construction/ purchase for claiming the benefit of capital gains, u/s 54 to sec 54F has also been extended to June 30.
- The benefit of simpler forms ITR-1, ITR-2, and ITR-4 would not be available to individuals who are either directors in a company or have invested in **unlisted equity shares**.
 - Taxpayers having taxable income as dividend from domestic companies, you are not eligible to file ITR-1 form.
 - Following questions need to be answered:

Question	Our analysis
Have you deposited an amount or aggregate of amounts exceeding Rs.1 Crore in one or the more current account during the previous year?	Answer should be in Yes or No. If Yes, then one has to mention the total amount. Deposits should include both – cash and other than cash.
Have you incurred an expenditure of an amount or aggregate of the amount exceeding Rs.2 lakhs for travel to a foreign country for yourself or for any other person?	Answer should be in Yes or No. If Yes, then one has to mention the total amount.
Have you incurred an expenditure of amount or aggregate of the amount exceeding Rs.1 lakh on electricity during the previous year?	Answer should be in Yes or No. If Yes, then one has to mention the total amount.

So, now in all cases, we will have to collect these three figures in addition to other details.

- One needs to disclose the **Passport number** if held by the taxpayer. This is to be furnished both in ITR 1-Sahaj and ITR 4-Sugam.
- If tax is deducted under section 194-IB (rent of Rs 50,000 or more per month received from Ind/ HUF not liable to audit), furnishing of PAN/Aadhaar No. of tenant is mandatory. If you have rented out a property, then you have to provide name and Aadhaar or PAN details of your tenant.
- In ITR Form 1 government employees have been bifurcated in State, Central Government and a new type as “NA” added to the list.



- In Form ITR-6 for companies, provides a new drop-down utility to opt for concessional tax regime of 22% offered to corporates or new companies, under section 115BAA or 115BAB.
- Details of Notice / Order DIN Number and date to be provided by Taxpayers who have replied or received notice in Section, including Date of such Notice or Order. Eg return filed in response to Sec 139(9), 142(1), 148, 153A, 153C or 119(2)(b).
- Assessee can choose multiple bank accounts for payment of the refund.
- In ITR 3, additional reporting whether cash receipt or payment exceeds 5% of total receipts where turnover of the assessee is between Rs. 1 crore to Rs. 5 crores.

Other less important amendments:

- In ITR-4, PAN number is made optional if Aadhar number is provided. In section 44AD, one new clause added as the electronic mode in addition to electronic clearance and reduced the presumptive income from 8% to 6%.
- In section 44AE for presumptive income from goods carriages, the ceiling of maximum row is removed and a new validation “Number of vehicles should not exceed 10 vehicles at any time during the year” is added.
- The Due dates for Filing of all ITRs for 2019-20 is extended from 31 July 2020 to November 30, 2020.
- Introducing Zip codes reporting in Schedule FA (foreign assets) for various fixed assets owned by the assessee.
- U/s 23(5), stock in trade held by builders, if not let out, is not taxable for two years from the end of FY in which completion certificate is received. Builders are now allowed to such properties (self occupied property) in ITR. However, I could not find appropriate place for the same in ITR.
- DIN (Document Identification Number) is required if the return is filed in response to a notice

15. Important amendments in Form 26AS:

- Form 26AS will now be a complete profile of the taxpayer w.e.f. 01.06.2020, CBDT vide Notification dated May 28, 2020 amended Form 26AS in Sec 285BB w.e.f. 01.06.2020.
- New form 26AS will also provide information in respect of “Specified financial transactions” which include transactions of purchase/ sale of goods,



- property, services, works contract, investment, expenditure, taking/ accepting any loan/ deposits of such value not less than Rs 50,000.
- Information about income tax demand, refund, proceedings pending, and proceedings completed which may include assessment, reassessment under section 148, 153A, 153C, revision, an appeal will also, be shared in this form 26AS.
 - Information on this form 26AS will not be a one-time affair at year-end. This will be a live 26AS, as this will be updated regularly within 3 months from the end of the month in which such information is received.
16. Noti GSR 338(E) dt May 29, 2020: Income tax (twelfth amendment) Rules, 2020: New income tax return forms notified. However, currently utility for e-filing available only for ITR-1 and ITR-4.
17. Cir 12/ 2020 dt May 20, 2020: Sec. 269SU not applicable on person engaged in only B2B deals & having 95% or more non-cash receipts
18. Press release dt May 13, 2020: Relief and credit support related to businesses, especially MSMEs to support Indian Economy's fight against COVID-19.
- The due date of all Income Tax Returns for Assessment Year 2020-21 will be extended to 30 November, 2020. Similarly, tax audit due date will be extended to 31 October 2020.
 - The date for making payment without additional amount under the "Vivad Se Vishwas" scheme will be extended to 31 December, 2020.
 - Various measures to enhance liquidity in market, eg, emergency working capital loan, reduction in PF rates, infusion of capital etc.
 - New definition of MSME and some other reliefs as per press release.
19. Press release dt May 13, 2020: TDS and TCS rates reduced by 25% for the period May 14, 2020 to Mar 31, 2021. However, it **does not include** TDS u/s 194N (cash withdrawal from bank, society etc) and TCS on liquor. Rates of these two remain same – Sec 194N (2%) and TCS on liquor (1%).
20. Important: Press release by Ministry of Finance dt May 9, 2020: The Finance Act, 2020 rationalized the procedure relating to approval/ registration/ notification of certain entities referred to in sections 10(23C), 12AA, 35 and 80G of the Act, with effect from 1st June, 2020. As per the new procedure, the entities already approved/ registered/ notified under these sections would be required to file intimation within three months, i.e, by 31st August, 2020. Further, the procedure



for approval/ registration/ notification of new entities has also been rationalized with effect from 1st June, 2020.

Above procedure is proposed to be postponed to Oct 1, 2020 and entities already registered may apply within 3 months, ie, Dec 31, 2020.

21. Noti SO 1434(E) dt May 8, 2020: CBDT notifies Shri Ram Janmabhoomi Teerth Kshetra (PAN AAZTS6197B) u/s 80G(2)(b) of IT Act from FY 2020-21.
22. Cir 11 of 2020 dt May 8, 2020: CBDT relaxes residency norms u/s 6 who could not leave India due to lockdown due to Covid.
23. Vide Noti GSR 285(E) dt May 5, 2020, interest rate on National Savings Recurring Deposit also reduced.
24. Noti GSR 284(E) dt May 5, 2020: Wef Apr 1, 2020, for Rs 1000 invested, maturity amount of National Savings Certificates (VIII Issue) (NSC) reduced from Rs 1462.53 to Rs 1389.49. Period of maturity remains same as 5 years, thus ROI reduced from 7.90% to 6.80% compounded annually. New table for amounts to be received on premature closure is released.
25. Noti GSR 283(E) dt May 5, 2020: Maturity period of Kisan Vikas Patra (KVP) changed from 9 years 5 months to 10 years 4 months. Amount gets double on maturity. New table for amounts to be received on premature closure is released.

II. Central Tax ('CT') Notifications: Updated upto Jul 31, 2020

1. Noti 61/2020 CT dt Jul 30, 2020: Amendment to Noti 13/2020 CT. E-invoice would now be applicable for persons having turnover more than Rs 500 crore instead of Rs 100 crore earlier. Also, e-invoicing would not be applicable to SEZ units.
2. Noti 60/2020 CT dt Jul 30, 2020: CGST (9th amendment) Rules: Schema for e-invoice in Form INV 1 substituted.
3. Noti 59/2020 CT dt Jul 13, 2020: GSTR-4 due date for FY 2019-20 extended till 31/08/2020 from 15/07/2020.
4. Noti 58/2020 CT dt Jul 1, 2020: CGST (8th amendment) Rules, 2020 wef Jul 1, 2020: Rule 67A amended to provide for facility of filing Nil GSTR 1 also by SMS.
5. Noti 57/2020 CT dt Jun 30, 2020: Amends principal Noti 76/2018 CT. Relates to waiver/ concession in **late fees in respect of 3B**. This notification is effective Jun 25, 2020. Updated chart works out as below:



Turnover	Month of Year 2020	Nil Late fee if return filed upto	Max late fee Rs 500 (C+S)/ Nil late fee if tax payable is Nil, if return filed upto
> 5Cr	Feb, Mar and Apr	Jun 24	Sep 30
	May	Jun 27	Sep 30
	Jun	Jul 20	Sep 30
	Jul	Aug 20	Sep 30
< 5 Cr	Feb	Jun 30	Sep 30
	Mar	Jul 3	Sep 30
	Apr	Jul 6	Sep 30
	May	Sep 12	Sep 30
	Jun	Sep 23	Sep 30
	Jul	Sep 27	Sep 30

6. Noti 56/2020 CT dt Jun 27, 2020: Seeks to amend notification no. 46/2020-Central Tax in order to further extend period to pass order under Section 54(7) of CGST Act till 31.08.2020 or in some cases upto fifteen days thereafter.
7. Noti 55/2020 CT dt Jun 27, 2020: Seeks to amend notification no. 35/2020-Central Tax in order to extend due date of compliance which falls during the period from "20.03.2020 to 30.08.2020" till 31.08.2020.
8. Noti 54/2020 CT dt Jun 24, 2020: For taxpayers having an aggregate turnover of upto rupees 5 crores in the preceding financial year, **due date** for filing 3B for Aug 2020 extended to Oct 1, 2020.
9. Noti 53/2020 CT dt Jun 24, 2020: Seeks to give waiver of **late fee** in respect of **GSTR 1**. Amends original Noti 4/2018 CT and overrides Noti 33/2020 CT. Fresh summary is as below:

Month	Quarter	Nil late fee if GSTR 1 is filed by -
Mar 2020		Jul 10, 2020
Apr 2020		Jul 24, 2020
May 2020		Jul 28, 2020
Jun 2020		Aug 5, 2020
	Jan – Mar 2020	Jul 17, 2020
	Apr – Jun 2020	Aug 3, 2020

Issue: If return is filed beyond this date, it is clarified vide Cir 141/11/2020-GST that late fee would be applicable right from original due date.



10. Noti 52/2020 CT dt Jun 24, 2020: Seeks to waiver or give relief in **late fees in respect of GSTR 3B**. It overrides earlier Noti 32/2020 CT. Fresh summary is as below:

Taxpayers having an aggregate turnover of **more than rupees 5 crores** in the preceding financial year:

Tax period	Condition for waiver of late fees	Issue
Feb, Mar and Apr 2020	Nil late fee if 3B is filed upto Jun 24, 2020	If return is filed beyond this date, it is clarified vide Cir 141/11/2020-GST that late fee would be applicable right from original due date.

Taxpayers (of Maharashtra and 9 other states and 5UTs) having an aggregate turnover of **upto rupees 5 crores** in the preceding financial year:

Tax period	Nil late fees if 3B is filed by	Issue
Feb 2020	Jun 30, 2020.	If return is filed beyond this date, it is clarified vide Cir 141/11/2020-GST that late fee would be applicable right from original due date.
Mar 2020	Jul 3, 2020.	
Apr 2020	Jul 6, 2020.	
May 2020	Sep 12, 2020.	
Jun 2020	Sep 23, 2020.	
Jul 2020	Sep 27, 2020.	

Further, late fee in respect of **3B** returns is waived/ reduced for earlier periods from **Jul 2017 to Jan 2020** (for all turnover persons) as below:

Particulars	Late fee	Condition
Where gross tax liability is Nil. (It appears that in case there are taxable purchases and exempt supply but no tax liability, would be eligible here)	Nil	Pending returns are filed during Jul 1, 2020 to Sep 30, 2020.



Other than above (ie where there is gross tax liability)	Maximum of Rs 250 under CGST and Rs 250 under SGST	
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Issues:

- What is meant by tax liability – whether net or gross? And what if there is no gross tax liability but there is ITC.
- What about ITC. Deadline for claiming ITC u/s 16(4) is already lapsed.
- Return for periods upto Jan 2020 should be filed after Jul 1, 2020 if benefit to be claimed. However, due date for following is before June 30, 2020.

Category	Month	Due date
Taxpayers having turnover of upto Rs 5 crore in the previous financial year	Feb 2020	Jun 30, 2020
Taxpayers having turnover of more than Rs 5 crore in the previous financial year	Feb 2020	Jun 24, 2020
	Mar 2020	Jun 24, 2020
	Apr 2020	Jun 24, 2020
	May 2020	Jun 27, 2020

So, it seems both benefits cannot be claimed for above periods as returns upto Jan 2020 would have to be filed before filing returns for subsequent periods.

11. Noti 51/2020 CT dt Jun 24, 2020: Seeks to provide relief by lowering of interest rate for a prescribed time for tax periods from February, 2020 to July, 2020. Accordingly, updated chart is as follows:

Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year:

Period	Rate of interest	Condition
Feb, Mar and Apr 2020	Nil for first 15 days from due date and then 9% upto June 24, 2020.	No condition. Earlier, there was condition vide Noti 31/2020 CT that 3B should be filed on or before Jun 24, 2020. This condition is now removed.

Taxpayers (of Maharashtra and 9 other states and 5UTs) having an aggregate turnover of upto rupees 5 crores in the preceding financial year:



Period	Nil Int upto	Afterwards 9% int upto	Condition
Feb 2020	Jun 30, 2020	Sep 30, 2020.	No condition. Earlier, there was condition vide Noti 31/2020 CT that 3B should be filed on or before the given date. This condition is now removed.
Mar 2020	Jul 3, 2020	Sep 30, 2020.	
Apr 2020	Jul 6, 2020	Sep 30, 2020.	
May 2020	Sep 12, 2020	Sep 30, 2020.	
Jun 2020	Sep 23, 2020	Sep 30, 2020.	
Jul 2020	Sep 27, 2020	Sep 30, 2020.	

12. Noti 50/2020 CT dt Jun 24, 2020: CGST (Seventh Amendment) Rules, 2020 and shall be effective from Apr 1, 2020. Table of tax in case of composition persons given in Rule 7 amended to provide for CGST @ 3% for providers of service. It is important to note that service provider would have to pay 6% GST on his entire supply of goods and services (including exempt supply).
13. Noti 49/2020 CT dt Jun 24, 2020: Few sections of Finance Act 2020 made effective from June 30, 2020. These are as follows:

Sec No of Finance Act	Sec No of CGST Act	Particulars
118	2(114)	Dadra and Nagar Haveli, Daman and Diu and Ladakh added in list of Union Territories.
125	109(6)	Technical amendment related to J&K.
129	168	Procedural amendment.
130	172	Time limit for removal of difficulty order has been increased from 3 years to 5 years. So, we will keep having such orders till Jun 30, 2022.

14. Noti 48/2020 CT dt Jun 19, 2020: CGST (Sixth Amendment) Rules, 2020 and shall be effective from May 27, 2020: Companies may continue to file their GSTR 1 and 3B returns by EVC upto Sep 30, 2020.
15. Noti 47/2020 CT dt Jun 9, 2020: Seeks to amend earlier noti nos 35 and 40/2020 CT related to validity of e-way bills. If e-way bill is generated on or before Mar 24, 2020 and its validity is expiring after Mar 20, 2020, then its validity has been extended till Jun 30, 2020.



16. Noti 46/2020 CT dt Jun 9, 2020: If limit for issuance of order u/s 54(5) read with Sec 54(7) [related to refund] falls within Mar 20, 2020 to Jun 29, 2020, then it is extended to 15 days after receipt of reply from registered person or Jun 30, 2020 whichever is later.
17. Noti 45/2020 CT dt Jun 9, 2020: Extension of dates for Daman Diu etc.
18. Noti 44/2020 CT dt June 8, 2020: Rule 67A: Facility to e-file Nil return in Form 3B by SMS is implemented with effect from Jun 8, 2020.
19. Noti 43/2020 CT dt May 16, 2020: An amendment was proposed in Sec 140 of CGST Act vide Sec 128 of Finance Act 2020 in which provision for time limit was added for claiming transitional ITC. This amendment is made retrospective from Jul 1, 2017. This seems to be for nullifying effect of judgement in case of Delhi HC judgement in case of Brand Equity Treaties Ltd.
20. Noti 42/2020 CT dt May 5, 2020: Seeks to extend the due date for furnishing FORM GSTR-3B, Jan-March, 2020 returns for the taxpayers registered in Ladakh.
21. Noti 41/2020 CT dt May 5, 2020: Seeks to extend the due date for furnishing of FORM GSTR 9/9C for FY 2018-19 till 30th September, 2020.
22. Noti 40/2020 CT dt May 5, 2020: Seeks to extend the validity of e-way bills till 31.05.2020 for those e-way bills which expire during the period from 20.03.2020 to 15.04.2020 and generated till 24.03.2020.
23. Noti 39/2020 CT dt May 5, 2020: Amendment to Noti 11/2020 CT dt Mar 21, 2020:
 - As per Noti 11/2020 CT, IRP/ RP is to be treated as distinct person of corporate debtor and has to obtain separate registration. However, it has now been provided that in case where all earlier returns u/s 37 (GSTR 1) and u/s 39 (GSTR 3B) have been filed prior to date of appointment of IRP/ RP, then such person would not be required to obtain separate registration as the continuity of filing returns is maintained.
 - In view of Covid pandemic, time limit to obtain registration in case where interim resolution professional (IRP) or resolution professional (RP) is appointed for corporate debtor is extended from 30 days to June 30, 2020 or 30 days whichever is later.
24. Noti 38/2020 CT dt May 5, 2020: CGST (Fifth Amendment) Rules, 2020:



- Rule 26: During Apr 21, 2020 to Jun 30, 2020, companies allowed to submit 3B with EVC also (otherwise only DSC is allowed).
- Rule 67A inserted: From a date to be notified later, a Nil return in Form 3B may be filed by SMS also.



III. Central Tax (Rate) ('CTR') Notifications: Updated upto July 31, 2020

1. Nil

IV. Integrated GST ('IT') Imp Notifications: Updated upto July 31, 2020

Subject matter of many of the notifications is already covered under Central Tax notifications. Also, some notifications are administrative or not related to our practice. Therefore, only important notifications as considered by us are covered here.

1. There are no such important notifications during May 1, 2020 to July 31, 2020.

V. Integrated GST – Rate ('ITR') Imp Notifications: Updated upto July 31, 2020

Most of the rate notifications are replica of Central Tax Rate notifications which we have enumerated above. Effort has been to exclude such duplicate notifications and cover only those notifications which are relevant for us as independent IGST Rate notifications.

1. There are no such important notifications during May 1, 2020 to July 31, 2020.



VI. Compensation Cess ('CS') Notifications: Updated upto July 31, 2020

1. Nil.

VII. Compensation Cess Rate ('CSR') Notifications: Updated upto July 31, 2020

1. Nil.

VIII. Circulars (clarifications) under CGST: Updated upto July 31, 2020

1. Cir 141/11/2020 GST dt Jun 27, 2020: Clarification in respect of various measures announced by the Government for providing relief to the taxpayers in view of spread COVID-19. Noti 51, 52 and 53/2020 dt Jun 24, 2020 are issued to give effect to 40th GST council meeting dt Jun 12, 2020. Amends clarifications given in earlier Cir 136/06/2020 GST dt Apr 3, 2020.

Manner of calculation of interest explained. Even if 3B is filed after specified benefit date, benefit of concessional rate of interest for given periods would be available.

However, in case of late fee, it would be applicable right from original due date if 3B or GSTR 1 is not filed within given extended dates.

2. Important: Cir 140/10/2020 GST dt Jun 10, 2020: Clarification in respect of levy of GST on Director's Remuneration:
 - Employer employee relationship between company and director to be ascertained.
 - Part of Director's remuneration which are declared as "Salaries" in the books of a company and subjected to TDS under Section 192 of the IT Act, are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.
 - Part of employee Director's remuneration which is declared separately other than "salaries" in the Company's accounts and subjected to TDS under Section 194J of the IT Act as Fees for professional or Technical Services shall be treated as consideration for providing services which are outside the scope of Schedule III of the CGST Act, and is therefore, taxable. Further, in terms of notification No. 13/2017 – Central Tax (Rate) dated 28.06.2017, the recipient of the said services i.e. the Company, is liable to discharge the applicable GST on it on reverse charge basis.



3. **Important:** Cir 139/9/2020 GST dt Jun 10, 2020: Department has swiftly brought in this circular which would have far reaching effects. It is related to refund of ITC on invoices which are not reflected in GSTR 2A of applicant.

- In terms of para 36 of circular No. 125/44/2019-GST dated 18.11.2019, the refund of ITC availed in respect of invoices not reflected in FORM GSTR-2A was also admissible and copies of such invoices were required to be uploaded.
- However, in wake of insertion of sub-rule (4) to rule 36 of the CGST Rules, 2017 vide notification No. 49/2019-CT dated 09.10.2019, it has been decided that the refund of accumulated ITC shall be restricted to the ITC as per those invoices, the details of which are uploaded by the supplier in FORM GSTR-1 and are reflected in the FORM GSTR-2A of the applicant. Accordingly, para 36 of the circular No. 125/44/2019-GST, dated 18.11.2019 stands modified to that extent.
- It is hereby clarified that the treatment of refund of ITC relating to imports, ISD invoices and the inward supplies liable to Reverse Charge (RCM supplies) will continue to be same as it was before the issuance of Circular No. 135/05/2020- GST dated 31st March, 2020.

It is important here to note that margin of 20% or 10% allowed u/r 36(4) is also not allowed for refund.

Since claim of refund is restricted to invoices appearing in 2A, it is needless to state that Government is planning to restrict such ITC for assessment also.

4. Cir 138/8/2020 GST dt May 6, 2020:

- In case there is change in IRP/ RP, such person would not have to obtain fresh registration again and it would be treated as change in authorized signatory which is a non-core change.
- As per Noti 40/2017 CTR dt Oct 23, 2017, a registered supplier is allowed to supply the goods to a registered recipient (merchant exporter) at 0.1% provided, inter-alia, that the merchant exporter exports the goods within a period of ninety days from the date of issue of a tax invoice by the registered supplier. Request has been made to clarify the provision vis-à-vis the exemption provided vide notification no. 35/2020-Central Tax dated 03.04.2020. It is clarified that the said requirement of exporting the goods by the merchant exporter within 90 days from the date of issue of tax invoice



by the registered supplier gets extended to 30th June, 2020, provided the completion of such 90 days period falls within 20.03.2020 to 29.06.2020.

- Due date for filing ITC 04 (in case of job worker) for quarter ending Mar 31, 2020 is Apr 25, 2020. In view of Noti 35/2020 CT, it is also extended to Jun 30, 2020.

IX. Circulars (clarifications) under IGST and Comp Cess: Updated till July 31, 2020

1. Nil

X. Orders under GST: Updated till July 31, 2020

1. Nil.

XI. Removal of Difficulty Orders under GST: Updated till July 31, 2020

1. Order 1/2020 CT dt Jun 25, 2020: Seeks to extend the time limit for filing an application for revocation of cancellation of registration for specified taxpayers upto Aug 31, 2020. The registration should have been cancelled upto Jun 12, 2020.

XII. Mah State Govt Imp GST Notifications/ Amdmts: Updated upto July 31, 2020

1. Nil

XIII. Press Releases: Updated upto July 31, 2020

1. Press release dt Jul 1, 2020: On occasion of GST day, Finance Minister Strives to make GST Tax Administration simple ensuring Ease of Doing Business.

XIV. Other GST related Update: Updated upto July 31, 2020

1. Some strange AAR judgements: Sale of developed plots would be liable to GST. In our opinion, it would not be so unless separate money is charged for it or there is some special facility like club house etc.



XV. Important Circular updates in MVAT, CST and Profession tax: Updated upto July 31, 2020

1. Cir 11T of 2020 dt Jul 29, 2020: Very good circular on e-submission and e-hearing in first appeals in case of state administered acts like VAT, CST, PT etc (except GST). Now, there is also option of sending data on e-mail and there can also be e-hearing on Microsoft Teams. However, initial e-filing of appeal as per Cir 55T of 2019 shall be mandatory.
2. Cir 10T of 2020 dt Jul 29, 2020: Date of application for refund application of security deposit is already extended from Mar 31, 2019 to Mar 31, 2021. The officer should not ask for proof of payment of challan and if prescribed conditions that returns are filed and taxes are paid as per returns are fulfilled, then the officer should release the refund.
3. Cir 9T of 2020 dt May 26, 2020 read with corrigendum: Clarification in respect of appeal in regard to non-constitution of Appellate Tribunal. Vide Cir 132/2/2020 GST dt Mar 18, 2020, it was stated that because appellate tribunal is not constituted, time limit of 3 months for filing appeal with appellate tribunal would be accordingly extended.

However, an additional twist is added by Maharashtra Govt by stating that after disposal of pending appeal u/s 107 (first appeal), if any demand is confirmed or appellate authority has created the additional demand then in such cases tax payer shall submit a declaration in **Annexure-I** before the jurisdictional tax officer stating that he is proposing to file an appeal u/s 112(1) (ie appeal with tribunal) against the appeal order. If such declaration is not submitted within **fifteen days** from the communication of the said order, then it will be presumed that tax payer is not willing to file appeal against the order and recovery proceedings may be initiated as per the provisions of law. Format of Annexure I is given in this circular.

4. Cir 8T of 2020 dt May 25, 2020: Guidelines for delay condonation in appeal, acceptance of form 314 and rectification of assessment order by the nodal officer under the MVAT Act 2002.
5. Cir 7T of 2020 dt May 15, 2020: Guidelines for filing Appeal against assessment orders Passed manually (outside the SAP system).



XVI. Important Notifications updates in MVAT, CST and Prof tax: Updated upto July 31, 2020

1. Noti VAT 1520/CR 57/ Taxation 1 dt Jul 8, 2020: MVAT (2nd Amendment) Rules, 2020:

Rule 17(4B) – due dates for filing VAT returns extended as follows:

Period	Benefit applicable to persons:	Original due date	Extended due date
Annual return for FY 19-20	Tax liability upto Rs 25,000 in the previous year	Apr 21, 2020	Jul 21, 2020
Quarter ended Mar 31, 2020	Tax liability upto Rs 1,00,000 in the previous year	Apr 21, 2020	Jul 21, 2020
Month of March 2020	Tax liability upto Rs 1,00,000 in the previous year	Apr 21, 2020	Jul 21, 2020

It is strange and important to note that due date for monthly/ quarterly return for Mar 2020 is not extended for taxpayers having tax liability of more than Rs 1 lakh.

Interestingly, Rule 17(4C) inserted to provide that in case of dealers required to file monthly returns, if their tax liability is less than Rs 10,000 for Apr 2020 and May 2020, then such dealers may file their returns for Apr and May upto July 21, 2020.

2. Noti VAT 1520/CR 64/ Taxation 1 dt Jul 1, 2020: Last date for applying refund of security deposit of Rs 25,000 related to voluntary registration is extended from Mar 31, 2019 to Mar 31, 2021.
3. Noti PFT 1220/ CR 13/ Taxation 3 dt Jun 22, 2020: Late fee in filing PTRC returns upto the month of Jun 2020 waived if such returns could not filed due to Covid pandemic. Condition is taxes along with interest should be paid before filing of returns and such returns should be filed upto July 31, 2020.
4. Noti VAT 1520/ CR 45/ Taxation 1 dt Jun 9, 2020: Amendment in Maharashtra Criteria for Selection (on the basis of probable revenue earnings) of the cases for Assessment Scheme, 2018: While selecting cases for assessment, such cases where probable revenue loss is Rs 2.50 lacs or more would be selected for the period Apr 1, 17 to Jun 30, 17 whose registration is cancelled u/s 16(6A) (ie deemed cancellation due to migration to GST).



5. Noti VAT 1520/ CR 55/ Taxation 1 dt May 29, 2020: VAT rate on High Speed Diesel Oil (petrol and diesel) and all kinds of motor spirits revised wef Jun 1, 2020:

High Speed Diesel Oil (petrol and diesel)	Upto May 31, 2020	From Jun 1, 2020
When sold in Mumbai, Thane or Navi Mumbai	24% plus Re 1 per litre	24% plus Re 3 per litre
When sold in other areas	21% plus Rs 1 per litre	21% plus Rs 3 per litre

All kinds of motor spirits	Upto May 31, 2020	From Jun 1, 2020
When sold in Mumbai, Thane or Navi Mumbai	26% plus Rs 8.12 per litre	26% plus Rs 10.12 per litre
When sold in other areas	25% plus Rs 8.12 per litre	25% plus Rs 10.12 per litre

6. Two notifications relating to profession tax were left while updating earlier newsletter:

- a. Noti PFT 2019/CR 8/ Taxation 3 dt Jun 6, 2019:
Rule 11: Limit of tax liability for filing annual PTRC returns increased from Rs 50,000 to Rs 1,00,000.
Rule 28: Scanned copy of notice may also be sent by e-mail. Earlier only physical copy was to be sent.
- b. Noti PFT 1218/CR 52/ Taxation 3 dt Sep 18, 2019: One Time Payment of Tax Scheme, 2019 is introduced for payment of PTEC. It can be paid for minimum of 3 years and maximum of 35 years. However, option of maximum period of 35 years is available only for persons having tax liability of Rs 2,500 per annum. For others, it is maximum of 5 years. Discounting rate works out to be 10% pa. Scheme applicable from July 9, 2019 and is applicable to existing PTEC holders also who have already paid under lump sum scheme by paying differential amount.

XVII. Companies Act and LLP: Updated upto July 31, 2020:

Covered only those amendments which are considered as important for our practice.

1. NOTIFICATION NO. G.S.R. 463(E) [F.NO.01/01/2009-CL-V (PT.VIII)], DATED 24-7-2020 – Amendment in some Ind AS.



2. Noti SO 2119(E) dt Jun 26, 2020: Criteria for classifying enterprise into Micro, Small or Medium (MSME) revised:

	Inv in P&M and Equipment (Rs Crore)	Turnover (Rs Crore)
Micro	1	5
Small	10	50
Medium	50	250

Both above criteria should be fulfilled. Otherwise in upper category.

Manner of calculation of investment in plant & machinery and turnover are given in the notification. Registration can be done at udyamregistration.gov.in.

3. Noti GSR 313 (E) dt May 26, 2020: Donation to PM care fund is allowed as CSR activity.

Disclaimer:

All efforts have been made to ensure correctness and completeness of data. However, readers are advised to confirm from their own sources also. Further, interpretations given above are our personal opinions at M/s Umesh Agrawal and Associates. We are not responsible for any loss arising due to the above information.

