

ProXcel Advisory Services Private Limited

Delivering Professional Excellence

TAX NEWSLETTER

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Summary of Regulatory updates for Nov'2020



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1. Indirect Tax Updates

Notifications, Circulars & Press Releases:-

1.1 Enforcement of provisions of Advance Ruling:

Central government appoints the 10th day of November, 2020, as the date on which the provisions of section 97 (Application for advance ruling) of CGST act shall come into force.

—Notification No 81/2020 dated 10th November, 2020

1.2 Central Goods and Services tax (Thirteenth Amendment) Rules, 2020 have been notified:

- With effect from 01.01.2021, an option for quarterly filing of FORM GSTR-1 would be made available to the taxpayers.
- The registered persons required to furnish GSTR 3B return quarterly under proviso to sub-section (1) of section 39 may furnish the details of such outward supplies for the first and second months of a quarter, up to a cumulative value of fifty lakh rupees in each of the months,- using invoice furnishing facility (IFF) from the 1st day of the month succeeding such month till the 13th day of the said month.
- The details furnished using the IFF, shall not be furnished again in FORM GSTR-1 for that quarter.
- The details furnished through IFF shall include only B2B supplies along with relevant Debit Notes and Credit Notes.
- With effect from 01.01.2021, FORM GSTR-2A shall also include details furnished through IFF and also details of the integrated tax paid on the import of goods or goods brought in domestic Tariff Area from SEZ unit or a SEZ developer on a bill of entry.
- FORM GSTR-2B has been given legal backing.
- Rule 61 has been amended and FORM GSTR-3B has been notified as the monthly and quarterly return and FORM GSTR-3 has been done away with.
- The due dates for monthly GSTR-3B is the 20th of the succeeding month while that of the quarterly GSTR-3B is the 22nd or 24th of the month succeeding such quarter based on the principal place of business of the Registered Persons.
- Quarterly return filers shall pay tax for the first two months of the quarter by using PMT-06 by 25th day of the succeeding month.
- The amount paid as above shall be credited in the electronic cash ledger and has to be debited while filing GSTR-3B quarterly.
- Rule 61A has been inserted to provide for the manner of opting quarterly GSTR-3B. Such option has to be exercised from the 1st day of the second month of the preceding quarter till the last day of the first month of the quarter for which the option is being exercised. In simple words, quarterly option for Apr-Jun 2021 can be exercised from 01.02.2021 till 30.04.2021.
- A Registered person shall not be eligible to opt for furnishing quarterly return in case the last return due on the date of exercising such option has not been furnished.

- A registered person, whose aggregate turnover exceeds 5 crore rupees during the current financial year, shall opt for furnishing of return on a monthly basis, from the first month of the quarter, succeeding the quarter during which his aggregate turnover exceeds 5 crore rupees.
- HSN Codes have to be mandatorily specified in FORM GSTR-1 as per proviso to Rule 46.

_Notification No. 82/2020, dated 10th November, 2020

1.3 Extension of the due date for filing of GSTR-1:

- GSTR-1 is a monthly or quarterly return that should be filed by every registered dealer. It contains details of all outward supplies i.e sales.
- Businesses with sales of upto Rs 1.5 crore have an option to file quarterly returns. Other taxpayers with sales above Rs 1.5 crore have to file monthly.
- CBIC extended the time limit for furnishing the details of outward supplies in FORM GSTR-1 of the CGST Rules, 2017, for each of the tax periods, till the 11th of the month succeeding such tax period.
- The time limit for furnishing the details of outward supplies in FORM GSTR-1 of the CGST Rules for the class of registered persons required to furnish for every quarter under proviso to section 39(1), shall be extended till the 13th of the month succeeding such tax period.

_Notification No. 83/2020, dated 10th November, 2020

1.4 Seeks to notify class of persons who shall furnish a return for every quarter:

Registered persons having an aggregate turnover of upto Rs 5 crores in the preceding financial year and who have opted for quarterly return filing under Rule 61A as mentioned above can furnish quarterly GSTR-3B provided:

- The return for the preceding month, as due on the date of exercising such option, has been furnished;
- Once exercised, such option shall continue unless revised by the registered person.

Default migration has been prescribed for registered persons who have furnished the return for the tax period October, 2020 on or before 30th November, 2020. Such default option can be changed from 5th December, 2020 to 31st January, 2021.

_Notification No. 84/2020, dated 10th November, 2020

1.5 Special procedure for making payment of 35% as tax liability in first two month:

Two options are prescribed for monthly payment of taxes in case of quarterly return filers.

Fixed Sum Method: A facility is being made available on the portal for generating a pre-filled challan in FORM GST PMT-06 for an amount equal to 35% of the tax paid in cash in the preceding quarter where the return was furnished quarterly; or equal to the tax paid in cash in the last month of the immediately preceding quarter where the return was furnished monthly.

Self-Assessment Method: The said persons, in any case, can pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available, in FORM GST PMT-06.

In case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the tax due for the first month of the quarter or where there is nil tax liability, the registered person may not deposit any amount for the said month. Similarly, for the second month of the quarter, in case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the cumulative tax due for the first and the second month of the quarter or where there is nil tax liability, the registered person may not deposit any amount.

_Notification No. 85/2020, dated 10th November, 2020

1.6 Seeks to rescind Notification 76/2020:

Notification No 76/2020 notifying due dates for FORM GSTR-3B for the months from Oct, 2020 till March, 2021 has been rescinded.

_Notification No. 86/2020, dated 10th November, 2020

1.7 Extension of the due date for furnishing of FORM ITC-04:

The time limit for furnishing the declaration in FORM GST ITC-04, in respect of goods dispatched to a job worker or received from a job worker, during the period from July, 2020 to September, 2020 has been extended till the 30th day of November, 2020.

_Notification No. 87/2020, dated 10th November, 2020

1.8 Implementation of e-invoicing from 1st January 2021:

With effect from 01.01.2021, the provisions of e-invoicing shall be applicable to registered persons having turnover exceeding 100 crore rupees instead of current limit of 500 crore rupees.

_Notification No. 88/2020, dated 10th November, 2020

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2 Companies Act Updates

2.1 Exemption of LLP Settlement scheme, 2020:

The Ministry of corporate Affairs vide its circular no. 37/2020 dated November 09, 2020 has extended the date on applicability to defaulting LLP in continuation to the circular dated march 30, 2020 and therefore the belated documents due for filing till November 30, 2020. Also , if the Statement of accounts and solvency for the financial year 2019-2020 has been signed beyond the period of Six months from the end of Financial year but not later than 30th November, 2020, the same shall not be deemed as non-compliance.

Source: - http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.37_09112020.pdf

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3 SEBI Updates

3.1 Non-compliance with provisions related to continuous disclosures:

SEBI vide its circular SEBI/HO/DDHS/CIR/P/2020/231 dated November 13, 2020 has provided continuous disclosure norms for the issuers of listed Non-convertible Debt Securities, Non-convertible preference share and Commercial papers and to ensure effective enforcement of continuous disclosure obligations by the issuer laid down a uniform structure for imposing fine for non-compliance. An uniform action would be taken by the stock exchange in case entity is registered in more than one stock exchange. The fine realized shall be credited to the “Investor Education and protection fund” of the concerned recognized stock exchange.

Source:- https://www.sebi.gov.in/legal/circulars/nov-2020/non-compliance-with_provisions-related-to-continuous-disclosures_48171.html

Relaxation in timeline for compliance with the regulatory requirements:

SEBI vide its notification no- SEBI/HO/MIRSD/DOP/CIR/P/2020/235 dated December 01, 2020 has been decided to extend timeline for the compliance with the following regulatory requirement by trading members/ clearing Members due to the prevailing pandemic:-

S. no	Compliance requirement for which timelines are extended	Extended Timeline
1.	Internal Audit for half year ended on September 30, 2020	December 31, 2020
2.	System Audit for half year ended on September 30, 2020	December 31, 2020
3.	Half yearly net worth certificate as on September 30, 2020	December 31, 2020
4.	Cyber security and cyber resilience Audit for half yearly ended on September 30, 2020	January 31, 2020

The timeline for the compliance requirement with the following regulatory requirement by the Depository Participants is also extended:-

S. no	Compliance requirement for which timelines are extended	Extended Timeline
1.	Submission of half yearly internal Audit report by DP for the half year ended on September 30, 2020	December 31, 2020
2.	KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days	Period of exclusion shall be from March 23, 2020 till 31st December, 2020 A 15 day time period after December 31, 2020 is allowed to Depository/DPs to clear the back log
3.	System Audit on annual basis for the financial year ended March 31, 2020	December 31, 2020

Source:- https://www.sebi.gov.in/legal/circulars/dec-2020/relaxation-in-timelines-for-compliance-with-regulatory-requirements_48324.html

4 RBI Updates

4.1 Discontinuation of Returns/Reports under Foreign Exchange Management Act, 1999:

RBI vide its notification no. RBI/2020-21/66 dated November 13, 2020 have decided to reduce the cost of compliance, the existing forms and reports prescribed under FEMA, 1999, were reviewed by the Reserve Bank. Accordingly, it has been decided to discontinue the 17 returns/reports as listed below with immediate effect to ease the doing of business:-

S. NO	Name of the Report	Reporting entity	Frequency
1.	Category-wise transaction where the amount exceeds USD 5000 per transaction	AD Category-II	Monthly
2	Category-wise, transaction-wise statement where the amount exceeds USD 25,000 per transaction	AD Category- II	Monthly
3	Statement of Purchase transactions of USD 10,000 and above (including transactions of their franchisees)	FFMCs and AD Category- II	Monthly
4	Extension of Liaison Offices (LOs)	AD Category-I banks	As and when extension is granted
5	Extension of Project Offices (POs)	AD Category-I banks	As and when extension is granted
6	FII/FPI daily: Daily inflow/outflow of foreign fund on account of investment by FPIs	AD banks	Daily
7	FII/FPI Return (Monthly): Data relating to actual inflow /outflow of remittances on account of investments by Foreign Institutional Investors (FIIs) in the Indian Capital market	AD Category-I banks	Monthly
8	FVCI reporting: Inflows/outflows of remittances on account of investments by Foreign Venture Capital Investor (FVCIs) and Market value of Investments made by FVCIs	AD Category-I banks/Custodian banks	Monthly
9	Reporting of Inflow/Outflow details in respect of Mutual Fund by Asset Management Companies	Asset Management Companies	Quarterly
10	Market value of FII Investment in India on fortnightly basis	AD Category-I banks	Fortnightly
11	Market value of FII Investment in India on Monthly basis	AD Category-I banks	Monthly
12	FII holdings as percentage of floating stock	AD Category-I banks	Monthly

13	Form DRR for Issue/transfer of sponsored/unsponsored Depository Receipts (DRs)-Hardcopy@	Custodian	At the time of issue/transfer of depository receipts
14	ADR/GDR Movement Report- two way fungibility	AD Category-I banks	Monthly
15	Repatriation of Sales proceeds of underlying shares represented by FCCBs/GDRs/ ADRs	Custodian	Monthly
16	GDR/ADR underlying shares issued, re deposited and released monthly reporting	Custodian	Monthly
17	Monitoring of disinvestments by Overseas Corporate Bodies	AD banks	Monthly
15	Repatriation of Sales proceeds of underlying shares represented by FCCBs/GDRs/ ADRs	Custodian	Monthly

The hard copy filling of form DRR that has been discontinued. The domestic custodian may continue to report the form DRR on FIRMS application in terms of Regulation 4 (5) of FEM (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019.

Source: - <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11994&Mode=0>

4.2 Establishment of Branch Office (BO) / Liaison Office (LO) / Project Office (PO) or any other place of business in India by foreign law firms:

RBI vide its notification RBI/2020-21/69 dated November 23, 2020 have decided that no fresh permissions/ renewal of permission shall be granted by the Reserve Bank/AD Category-I banks to any foreign law firm for opening of Liaison Office in India, till the policy is reviewed based on, among others, final disposal of the matter by the Hon'ble Supreme Court.

While disposing the case by the Hon'ble Supreme Court held that advocates enrolled under the Advocates Act, 1961 alone are entitled to practice law in India and that foreign law firms/companies or foreign lawyers cannot practice profession of law in India. As such, foreign law firms/companies or foreign lawyers or any other person resident outside India, are not permitted to establish any branch office, project office, liaison office or other place of business in India for the purpose of practicing legal profession. Accordingly, AD Category – I banks are directed not to grant any approval to any branch office, project office, liaison office or other place of business in India under FEMA for the purpose of practicing legal profession in India. Further, they shall bring to the notice of the Reserve Bank in case any such violation of the provisions of the Advocates Act comes to their notice.

Source: - <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11997&Mode=0>

5 Monthly Compliance Calendar December'2020

<p>December 7, 2020</p> <p>Depositing of TDS/ TCS/ Equalisation Levy for the month of November, 2020</p>	<p>December 10, 2020</p> <p>Due date of filing GSTR-7 and GSTR-8</p>	<p>December 11, 2020</p> <p>Due date of filing of GSTR-1 for October month by the taxpayers having an aggregate turnover of more than 1.50 crores in preceding financial year or current year.</p>
<p>December 13, 2020</p> <p>Due Date for filing GSTR-6 by Input Service Distributors for November, 2020</p>	<p>December 15, 2020</p> <p>Due Date for payment of Provident fund/ESI for the month of November, 2020</p>	<p>December 15, 2020</p> <p>Due date for payment of 3rd instalment of advance tax for the AY 2021-2022</p>
<p>December 20, 2020</p> <p>Due date for filing of Form GSTR-5 & 5A that needs to be filed by NRTP/OIDAR</p>	<p>December 20, 2020</p> <p>Due date for filing of GSTR-3B by Tax-payers having Annual Turnover of more than 5 Crores for November, 2020</p>	<p>December 22, 2020</p> <p>Due Date for filing GSTR of 3B by taxpayer having Annual Turnover up to 5 Crores for November, 2020 (Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Daman & Diu, and Dadra & Nagar Haveli, Puducherry, Andaman, and Nicobar Islands, Lakshadweep)</p>
<p>December 24, 2020</p> <p>Due Date for filing GSTR – 3B by taxpayer having Annual Turnover up to 5 Crore for November, 2020 (Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi)</p>	<p>December 31, 2020</p> <p>Due date for filing of Annual GST Return by composition taxpayers.</p>	<p>December 31, 2020</p> <p>Due date of filing of tax audit report/filing of report of international/specified domestic transactions under Income tax act.</p> <p>Due date for filing of Income tax Return for individual and non-corporate assessee [who are not subject to tax audit]</p>

About Us

Proxcel Advisory Services Private Limited is a specialized financial, tax and management consulting company based in India. Proxcel offers range of integrated professional services to help entrepreneurs set up businesses and constantly grow by leveraging all opportunities smoothly through advising them on the right financial and legal strategies for expansion.

Our Services include business set up services in India and outside India, business valuations for merger & acquisitions and in line with global regulatory compliance, financial re- porting, corporate law advisory, international taxation, direct and indirect tax advisory, internal and external audit etc.

Our Expert Team while sharing a common vision, belong to diverse technical, business and legal backgrounds and comprise of Chartered accountants, Chartered financial Analysts (US), Company Secretaries, Cost Accountants, Lawyers and Engineers. We deploy specialized and multidisciplinary teams to serve assignments requiring specific skills. This enables us to work proactively and closely with clients and respond effectively to their needs in a highly focused manner, which in today's fast changing business environment is quite crucial to a client's success.

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Contact Details

Proxcel Advisory Services Private Limited

26, GF, JMD Megapolis,
Sector-48, Sohna Road,
Gurgaon-122018

Suite No 307 SG Mall DC
Chowk Rohini Sector -09 New
Delhi-110085

Kocreate, 3rd Floor, Tapasya
Corp Heights, Tower A,
Noida-Greater Noida Expy,
Sector 126, Noida, Uttar
Pradesh 201303

Phone: 0124-421-9460

Web: www.proxcel.in

E-mail: contact@proxcel.in

Naveen Goyal

M: +9911095297

E: naveen.goyal@proxcel.in

Ajay Jain

M: +9899987124

E: ajay.jain@proxcel.in



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