

**ProXcel Advisory Services Private Limited***Delivering Professional Excellence***TAX NEWSLETTER****Edition: July'2020****Volume 2, Issue 6**

Summary of Regulatory updates for June'2020



PROFICIENTLY ADVISING  
**GLOBAL BUSINESSES**  
FOR TRADE IN INDIA

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## 1. Direct Tax Updates

### Notifications, Circulars & Press Releases:-

#### 2.1 Cost Inflation Index for FY 2020-21:-

Central Government has specified the Cost Inflation Index for the Financial Year 2020-21 as **301**

*Notification No 32/2020 dated 12<sup>th</sup> June, 2020  
shall come into force with effect from 1<sup>st</sup> day of April, 2021*

#### 2.2 Extension in Due Dates under Direct taxes:-

In view of the challenges faced by taxpayers in meeting the statutory and regulatory compliance requirements across sectors due to the outbreak of Novel Corona Virus (COVID-19), the Government brought the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 [the Ordinance] on 31<sup>st</sup> March, 2020 which, inter alia, extended various time limits.

Central government, in exercise of powers conferred by sub-section (1) of section 3 of the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020, hereby made further revision in due dates under Income Tax:-

Income Tax Compliance	Period	Revised Due Date
Furnishing of Income Tax Return u/s 139	F.Y. 2018-19	31 <sup>st</sup> July'2020
	F.Y. 2019-20	30 <sup>th</sup> Nov'2020
Furnishing of TDS / TCS Statements (In case of Government Officials	For month of February or March' 2020	15 <sup>th</sup> July'2020
	Quarter ended 31 <sup>st</sup> March'2020	15 <sup>th</sup> July'2020
Furnishing of TDS / TCS Statements (In case of Government Officials	For month of February or March' 2020	31 <sup>st</sup> July'2020
	Quarter ended 31 <sup>st</sup> March'2020	31 <sup>st</sup> July'2020
Furnishing of TDS / TCS Certificates u/s 192 (Form 16)	F.Y. 2019-20	15 <sup>th</sup> August'2020
Due date for making investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under sections 54 to 54GB	F.Y. 2019-20	30 <sup>th</sup> Sept'2020

Date for making investments for claiming Deduction under Chapter VIA:	F.Y. 2019-20	31 <sup>st</sup> July'2020
Due date of furnishing declaration under Vivad se Viswas Scheme	F.Y. 2019-20	31 <sup>st</sup> December, 2020
Due date of Furnishing Tax audit report	FY 2019-20	31 <sup>st</sup> October, 2020

***Notification No 35/2020 dated 24<sup>th</sup> June, 2020 shall come into force from 30<sup>th</sup> June, 2020 and Notification No. 39/2020 dated 29<sup>th</sup> June, 2020***

### **2.3 Amendment in Rules subsequent to insertion of new slab rates under Section 115BAC:**

An employee, being an assessee, who has exercised option of new tax slabs under Section 115BAC shall be entitled to exemption only in respect of the specified allowances to the extent and subject to the conditions provided:

- Any allowance granted to meet the cost of travel on tour or on transfer;
- Any allowance, whether, granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty;
- Any allowance granted to meet the expenditure incurred on conveyance in performance of duties of an office or employment of profit. Provided that free conveyance is not provided by the employer;
- Transport allowance (Rs.3200/month) granted to an employee, who is blind [or deaf and dumb] or orthopedically handicapped with disability of lower extremities, to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty.

Further, free food and non-alcoholic beverages provided by the employer during working hours at office or business premises or through paid vouchers which are not transferable **will not be exempted and shall be included in perquisites for computing the income chargeable under the head “Salaries”** for the assessee as mentioned above.

***Notification No. 38/2020 dated 26<sup>th</sup> June, 2020 shall come into force with effect from 1<sup>st</sup> April, 2021 (AY)***

### **2.4 Growth Trajectory of Direct Tax Collection & Recent Direct Tax Reforms:-**

There are reports in a certain section of media that the growth of direct taxes collection for the FY 2019-20 has fallen drastically and buoyancy of the direct tax collection as compared to the GDP growth has reached negative. These reports do not portray the correct picture regarding the growth of direct taxes. It is a fact that the net direct tax collection for the FY 2019-20 was less than the net direct tax collection for the FY 2018-19. But this fall in the collection of direct taxes is on expected lines and is temporary in nature due to the historic tax reforms undertaken and much higher refunds issued during the FY 2019-20. **It may be**

noted that in FY 2019-20, amount of total refunds given was Rs.1.84 lakh crore as compared to Rs.1.61 lakh crore in FY 2018-19 which is a 14% increase year-on-year.

**Historic tax Reforms undertaken are as follows:**

**Reduction in corporate tax rate for all existing domestic companies-**

In order to promote growth and investment, the Government has provided a concessional tax regime of 22% for all existing domestic companies from FY 2019-20 if they do not avail any specified exemption or incentive. Such companies are also been exempted from payment of Minimum Alternate Tax (MAT)

**Incentive for new manufacturing domestic companies-**

In order to attract investment in manufacturing sector, drastic reduction has been provided in tax rate to 15% for new manufacturing domestic company if such company does not avail any specified exemption or incentive. These companies have also been exempted from payment of Minimum Alternate Tax (MAT).

**Reduction in MAT rate-**

In order to provide relief to the companies which continue to avail exemption/deduction and pay tax under MAT, the rate of MAT has also been reduced from 18.5% to 15%.

**Exemption from income-tax to individuals earning income up to Rs.5 lakh and increase in standard deduction-**

- To provide complete relief from payment of income-tax to individuals earning taxable income up to Rs. 5 lakh, the Finance Act, 2019 exempted an individual taxpayer with taxable income up to Rs. 5 lakh by providing 100% tax rebate. Also, to provide relief to the salaried taxpayers, the Finance Act, 2019 enhanced the standard deduction from Rs.40,000 to Rs.50,000.
- The revenue impact of these reforms have been estimated at Rs. 1.45 lakh crore for Corporate Tax and at Rs.23,200 crore for the Personal Income Tax (PIT). By removing the effect of the extraordinary and historic tax reform measures and higher issuance of refunds during the FY 2019-20, the buoyancy of total gross direct tax collection comes to 1.12 and almost 1 for Corporate Tax and 1.32 for Personal Income Tax. These buoyancies indicate that the growth trajectories of both the arms of direct taxes, i.e., Corporate Tax and PIT are intact and are rising steadily.

*The higher growth rate in direct taxes as compared to growth rate in the GDP even in these challenging times proves that recent efforts for the widening of the tax base undertaken by the Government are yielding results.*

- Furthermore, assertion that inspite of the tax reforms, the investment has not been picking up is not correct. The setting up of new manufacturing facilities requires various preliminary steps like acquisition of land, construction of factory sheds, setting up of offices and other infrastructures, etc. These activities cannot be completed in just a few months and the manufacturing plants cannot start manufacturing goods from the next day of the announcement of reforms. The tax reforms were announced in September, 2019 and the results are expected to be visible in the next few months and in years to come. **The outbreak of COVID-19, may further delay this process but the growth in production due to these tax reforms is bound to happen and cannot be stopped.**

The Government is committed to provide a hassle free direct tax environment with moderate tax rate and ease of compliance to the taxpayers and also to stimulate the growth by reforming the direct taxes system. Some of the recent steps taken in this direction are as under:

### **Personal Income Tax –**

In order to reform Personal Income Tax, the Finance Act, 2020 has provided an option to individuals and co-operatives for paying income-tax at concessional rates if they do not avail specified exemption and incentive.

### **Abolition of Dividend Distribution Tax (DDT) –**

In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors, Finance Act, 2020 removed the Dividend Distribution Tax with effect from 01.04.2020. The dividend income shall be taxed only in the hands of the recipients at their applicable rate.

### **Vivad se Vishwas –**

Currently, a large number of disputes related to direct taxes are pending at various levels of adjudication from Commissioner (Appeals) level to Supreme Court. These tax disputes consume a large part of resources both on the part of the Government as well as taxpayers. To provide for the resolution of pending tax disputes, Direct Tax Vivad se Vishwas Act, 2020 was enacted on 17th March, 2020 under which the declarations for settling disputes are currently being filed.

### **Faceless E-assessment Scheme –**

The E-assessment Scheme, 2019 has been notified on 12th September, 2019 which provides for a new scheme for making assessment by eliminating the interface between the Assessing Officer and the assessee, optimizing use of resources through functional specialization and introducing the team-based assessment.

### **Faceless appeals –**

In order to take the reforms to the next level and to eliminate human interface, the Finance Act, 2020 empowered the Central Government to notify Faceless Appeal Scheme in the appellate function of the department between the appellant and the Commissioner of Income tax (Appeals).

### **Document Identification Number (DIN) –**

In order to bring efficiency and transparency in the functioning of the Income Tax Department, every communication of the Department whether it is related to assessment, appeals, investigation, penalty and rectification, among other things, issued from 1st October, 2019 onwards are mandatorily having a computer-generated unique document identification number (DIN).

### **Pre-filing of Income-tax Returns –**

In order to make tax compliance more convenient, pre-filled Income Tax Returns (ITR) have been provided to individual taxpayers. The ITR form now contains pre-filled details of certain incomes such as salary income. The scope of information for prefilling is being continuously expanded by pre-filling more transactions in the ITR.

### **Encouraging digital transactions –**

In order to facilitate the digitalization of the economy and reduce unaccounted transactions, various measures have been taken which include reduction in rate of presumptive profit on digital turnover, removal of MDR charges on prescribed modes of transactions, reducing the threshold for cash transactions, prohibition of certain cash transactions, etc.

### **Simplification of compliance norms for Start-ups –**

Start-ups have been provided hassle-free tax environment which includes simplification of assessment procedure, exemptions from Angel-tax, constitution of dedicated start-up cell etc.

### **Relaxation in the norms for Prosecution-**

The threshold for launching prosecution has been substantially increased. A system of collegium of senior officers for sanction of prosecution has been introduced. The norms for compounding have also been relaxed.

### **Raising of monetary limit for filing of appeal –**

To effectively reduce taxpayer grievances/ litigation and help the Income Tax Department focus on litigation involving complex legal issues and high tax effect, the monetary thresholds for filing of departmental appeals have been raised from Rs.20 lakh to Rs.50 lakh for appeal before ITAT, from Rs.50 lakh to Rs.1 crore for appeal before the High Court and from Rs.1 crore to Rs.2 crore for appeal before the Supreme Court.

### **Expansion of scope of TDS/TCS –**

For widening the tax base, several new transactions were brought into the ambit of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS). These transactions include huge cash withdrawal, foreign remittance, purchase of luxury car, ecommerce participants, sale of goods, acquisition of immovable property, etc.

***\_Press Release dated 7<sup>th</sup> June'2020***

## **2.5 Extension of various time limits under Direct Tax and Benami laws:**

- Date for commencement of operation for the SEZ units for claiming deduction under section 10AA of the IT Act for the units which received necessary approval by 31st March, 2020 has been extended to 30<sup>th</sup> September'2020
- Date for passing an order or issuance of notice by authorities under various Direct Taxes & Benami Law which were required to be made by 31st December, 2020 has been extended to 31<sup>st</sup> March'2021
- Date for linking of Aadhaar with PAN has been extended to 31<sup>st</sup> March'2021
- Reduced rate of interest of 9% for delayed payment of taxes, levies etc shall not be applicable for the payment made after 30<sup>th</sup> June'2020
- Due date for payment of self-assessment tax in the case of a taxpayer, whose self-assessment tax liability is upto Rs.1 lakh has been extended to 30<sup>th</sup> Nov'2020. It is also clarified that there will no extension of date for the payment of self-assessment tax having liability more than Rs. 1 lakh.

***\_Press Release dated 24<sup>th</sup> June'2020***

## **2.6 ITR Forms:-**

New forms ITR 1, 2 & 4 are available for e-Filing for the assessment year 2020-21.

***\_Press Release dated 26<sup>th</sup> June'2020***



## 1a. Income Tax Case laws

### **Director of Income-tax vs ST. Ann's Education Society\*- Karnataka High Court**

Registration under section 12A should be deemed to have taken effect after six months from date of presentation of application

### **Paiva Manufacturing Co. vs Income Tax Officer\*- Kerala High Court**

Where during pendency of rectification application filed by assessee seeking set off of brought forward loss against taxable profits computed for relevant years, department raised tax demand, matter was to be remanded back with a direction to revenue authorities to dispose of rectification application first and till then impugned tax demand would remain in abeyance.

### **Marble Centre International (P.) Ltd. vs ACIT - Karnataka High Court**

Advance tax liability can be adjusted against cash lying in account of revenue, which was seized from assessee.

### **CIT vs NCR Corporation (P) Ltd. - Karnataka High Court**

Where assessee took a premise on lease for a period of three years and incurred expenditure on improvement of said premises such as improvement of interiors and electrical works, ceiling work for networking of computers in connection with set up of office etc., expenditure so incurred was to be allowed as revenue expenditure

### **Income Tax Officer vs Sri Vasavi Polymers (P.) Ltd.\*- Visakhapatnam- ITAT**

Where in terms of one time settlement, creditor bank waived off principal amount of loan payable by assessee, said amount could not be brought to tax under section 41(1) because assessee never claimed same as deductible expenditure in earlier assessment years.

### **Vodafone Idea Ltd. vs ACIT –TDS- Cuttack – ITAT**

Assessee, engaged in business of telecommunication services,

- Offered discount on pre-paid sim cards to distributors, it did not qualify as commission and, thus, assessee was not required to deduct tax at source under section 194-H on amount of discount.
- Entered into roaming arrangements with other telecom operators, according to which, they could enjoy service facilities outside territory, since roaming charges were not paid for rendering any managerial technical or consultancy services, said charges would not fall under category of "fee for technical services" and, thus, assessee was not required to deduct tax on such roaming charges under section 194J.

### **DCIT vs Sahara India Financial Corporation Ltd\*- Delhi –ITAT**

Where assessee-company made provision of interest not on individual basis but made on lump-sum basis on total amount of deposit collected under GFDA scheme floated by it, since interest payable to individual account holder did not exceed Rs.2,500 in a financial year, assessee was not required to deduct tax at source.

**ACIT vs Sudesh Kumar Gupta- ITAT Jaipur**

Where Assessing Officer did not invoke provisions of section 69 at first place while completing assessment under section 143(3), in such a case, provisions of section 115BBE which were contingent on satisfaction of requirements of section 69, could not be independently applied by invoking provisions of section 154

**Linde Global Support Services Private Limited vs DCIT – Kolkata – ITAT**

In cases, where additional evidences were not admitted, determination of correct ALP adjustments as well as correct determination of tax liability was not be possible, additional evidences were to be admitted

**North Eastern Constructions vs ITO - Guwahati - ITAT**

Where in penalty notice, Assessing Officer had not spelt out what was fault for which assessee was being proceeded against for levy of penalty, notice was vague; hence, penalty order was also bad

**DCIT vs Repco Home Finance (P.) Ltd - Chennai – ITAT**

Where employees contribution to PF was deposited late beyond due date prescribed under relevant statute governing PF, but before due date for filing of return of income as prescribed under section 139(1), deduction under section 36(1)(va) was to be allowed.

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## 2. Indirect Tax Updates

### Notifications, Circulars and Orders:-

#### 2.1 Extension of time period to pass order against refund application

In cases where notice has been issued for rejection of refund claim, in full or in part and the time limit falls during the period from the March 20, 2020 to August 30, 2020, in such cases time limit for issuance of the said order shall be extended to fifteen days after the receipt of reply to the notice from the registered person or the 30<sup>th</sup> day of August, 2020, whichever is later.

*\_Notification No 56/2020 – Central Tax dated 27<sup>th</sup> June, 2020*

#### 2.2 Extension of validity of E-Way bills

The Government on the recommendation of GST council has extended the validity of E-way bills upto June 30, 2020 for the e-way bills generated under rule 138 of CGST Rules, 2017, on or before March 24, 2020 and its period of validity expires on or after March 20, 2020

*\_Notification No 47/2020 – Central Tax dated 9<sup>th</sup> June, 2020*

#### 2.3 GST Returns allowed to file through EVC

Registered persons registered under Companies Act, 2013 can file the **Form GSTR-3B** through Electronic Verification Code (EVC) for the period **April 21, 2020 to September 30, 2020**.

Registered persons registered under Companies Act, 2013 can file the **Form GSTR-1** through Electronic Verification Code (EVC) for the period **May 27, 2020 to September 30, 2020**.

*\_Notification No 48/2020 – GST dated 19<sup>th</sup> June, 2020*

#### 2.4 Relief provided by lowering interest rate and waiving of late fees for tax periods from February, 2020 to July, 2020

<u>S. No.</u>	<u>Class of taxpayers</u>	<u>Rate of Interest and waiver of late fees</u>	<u>Tax period</u>
<u>1</u>	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	Nil for first 15 days from the due date, and 9 per cent thereafter till 24th day of June, 2020	February, 2020, March 2020, April, 2020
<u>2</u>	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli,	Nil till the 30th day of June, 2020, and 9 per cent thereafter till the 30th day of September, 2020	February, 2020
		Nil till the 3rd day of July, 2020, and 9 per cent thereafter till the 30th day of September, 2020	March, 2020
		Nil till the 6th day of July, 2020, and 9 per cent thereafter	April, 2020

	Puducherry, Andaman and Nicobar Islands and Lakshadweep	till the 30th day of September, 2020	
		Nil till the 12th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	May, 2020
		Nil till the 23rd day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	June, 2020
		Nil till the 27th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	July, 2020
<b>3</b>	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi	Nil till the 30th day of June, 2020, and 9 per cent thereafter till the 30th day of September, 2020	February, 2020
		Nil till the 5th day of July, 2020, and 9 per cent thereafter till the 30th day of September, 2020	March, 2020
		Nil till the 9th day of July, 2020, and 9 per cent thereafter till the 30th day of September, 2020	April, 2020
		Nil till the 15th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	May, 2020
		Nil till the 25th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	June, 2020
		Nil till the 29th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	July, 2020

Late fees will stand waived for the return under Form GSTR-3B for the months July'2017 to January'20 in excess of amount of Rs. 250/- , if the said returns are furnished between July 1, 2020 to September 30, 2020.

If the total amount of central tax payable in the return is nil, the total amount of late fees stands waived for the return under Form GSTR-3B for the months July'2017 to January'20 if the said returns are furnished between July 1, 2020 to September 30, 2020.

*\_Notification No 51/52/2020 – GST dated 24<sup>th</sup> June, 2020*

## 2.5 Late fees waived for the tax periods March, 2020 to June, 2020

GST Council has waived late fees for delay in furnishing outward statement in Form GSTR-1 for the months or quarter during the period March, 2020 to June, 2020

<u>S.no.</u>	<u>Month/Quarter</u>	<u>Late fees waived if filed before:</u>
<u>1.</u>	March, 2020	10th day of July, 2020
<u>2</u>	April, 2020	24th day of July, 2020
<u>3</u>	May, 2020	28th day of July, 2020
<u>4</u>	June, 2020	05th day of August, 2020
<u>5</u>	January to March, 2020	17th day of July, 2020
<u>6</u>	April to June, 2020	03rd day of August, 2020

*Notification No 53/2020 – GST dated 24<sup>th</sup> June, 2020*

## 2.6 Extension of due dates of GSTR-3B for the month August, 2020

<u>S.No</u>	<u>Class</u>	<u>Due Date</u>
1	Taxpayers having an aggregate turnover of up to rupees five crore rupees in the previous financial year, whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	October 1, 2020
2	Taxpayers having an aggregate turnover of up to rupees five crore rupees in the previous financial year, whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi	October 3, 2020

*Notification No 54/2020 – GST dated 24<sup>th</sup> June, 2020*

## 2.7 CBIC amends GST rates under GST composition scheme

CBIC notifies new entry for composition tax payers who are providing services will be taxed at the rate of 6% (CGST-3% and SGST/UTGST-3%)

<u>S.No</u>	<u>Section under which composition levy is opted</u>	<u>Category of registered persons</u>	<u>Rate of Tax</u>
1	Sub-sections (1) and (2) of section 10	Manufacturers, other than manufacturers of such goods as may be notified by the Government	Half per cent. of the turnover in the State or Union territory
2	Sub-sections (1) and (2) of section 10	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	Two and a half per cent. of the turnover in the State or Union territory

3	Sub-sections (1) and (2) of section 10	Any other supplier eligible for composition levy under subsections (1) and (2) of section 10	Half per cent. of the turnover of taxable supplies of goods and services in the State or Union territory
4	Sub-section (2A) of section 10	Registered persons not eligible under the composition levy under sub-sections (1) and (2), but eligible to opt to pay tax under sub-section (2A), of section 10	Three per cent of the turnover of taxable supplies of goods and services in the State or Union territory.’

*—Notification No 50/2020 – GST dated 24<sup>th</sup> June, 2020*

## **2.8 Clarification on levy of GST on Director’s remuneration**

The issue of remuneration to directors has been examined under following two different categories:

- Leviability of GST on remuneration paid by companies to the independent directors defined in terms of section 149(6) of the Companies Act, 2013 or those directors who are not the employees of the said company
- Leviability of GST on remuneration paid by companies to the whole-time directors including managing director who are employees of the said company

It has been clarified that in respect of such directors who are not the employees of the said company, the services provided by them to the Company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. The recipient of the said services i.e. the Company, is liable to discharge the applicable GST on it on reverse charge basis.

In respect of Directors those who are employee of the company under a Contract of Service, it is pertinent to examine whether all the activities performed by them are in the course of his employment or not. The issue has been deliberated by various courts and it has been held that a director who has also taken an employment in the company may be functioning in dual capacities, namely, one as a director of the company and the other on the basis of the contractual relationship of master and servant with the company, i.e. under a contract of service (employment) entered into with the company.

*—Circular No 140/10/2020 – GST dated 10<sup>th</sup> June, 2020*

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### 3 Companies Act Updates

#### 3.1 Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013

In continuation to the circulars dated April 8, 2020 and April 13, 2020, MCA has further issued a clarification on June 15, 2020, for passing of ordinary and special resolutions by companies under the Companies Act, 2013 on account of Covid-19 – Extension of time- regarding. Vide this clarification, it has been decided to allow companies an extension to conduct extraordinary general meetings through video conferencing (VC) or other audio-visual means (OAVM) or transact items only through postal ballot without convening general meeting upto September 30, 2020 instead of June 30, 2020 with the said requirement as specified in circular dated April 13<sup>th</sup> 2020.

Source: [http://www.mca.gov.in/Ministry/pdf/Circular22\\_15062020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular22_15062020.pdf)

#### 3.2 Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013

MCA vide its Circular dated June 17, 2020 has issued a scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013. Below mentioned followings are the details of the scheme:

S.No.	Basis	Requirement
(i)	Effective Date of the Scheme	From the issue of this circular i.e., June 17 <sup>th</sup> 2020.
(ii)	Applicability of the Scheme	Scheme shall be applicable for filing of Form No. CHG-1 and CHG-9 by a company or a charge holder, where the date of creation/ modification of charge: <ul style="list-style-type: none"> <li>a) Is before March 1<sup>st</sup> 2020, but the timeline for filing such form had not expired under section 77 of the Act as on March 1<sup>st</sup> 2020, <b>or</b></li> <li>b) Falls on any date between March 1<sup>st</sup> 2020 to September 30<sup>th</sup> 2020 (both date inclusive)</li> </ul>
(iii)	Relaxation of Time	<ul style="list-style-type: none"> <li>a) If form is filed as prescribed in sub-para (ii)(a) above, the period of March 1<sup>st</sup> 2020 to September 30<sup>th</sup> 2020 for beginning and ending respectively shall not be reckoned for the purpose of counting no. of days under section 77 or 78 of the Act. If form is not filed within such period, the 1<sup>st</sup> day after February 29<sup>th</sup> 2020 shall be reckoned as October 1<sup>st</sup> 2020 for the purpose of counting no. of days within which the form is required to be filed under section 77 or 78 of the Act.</li> <li>b) If form is filed as specified in sub-para (ii)(b) above, the beginning period from the date of creation/ modification of charge to September 30<sup>th</sup> 2020 shall not be reckoned for the purpose of counting no. of days under section 77</li> </ul>

		or 78 of the Act. If form is not filed within such period, the 1 <sup>st</sup> day after the date of creation/ modification of charge shall be reckoned as October 1 <sup>st</sup> 2020 for the purpose of counting no. of days within which the form is required to be filed under section 77 or 78 of the Act.
(iv)	Applicable Fees	<p>a) In regard to sub- para (iii)(a) above, if form is filed on or before September 30<sup>th</sup> 2020, the fees payable as on February 29<sup>th</sup> 2020 under the Fees Rules for the said form shall be charged. If form is filed thereafter, the applicable fees shall be charges under Fees Rules after adding the number of days beginning from October 1<sup>st</sup> 2020 and ending on the date of filing of plus the time period lapsed from the date of the creation of charge till February 29<sup>th</sup> 2020.</p> <p>b) In regard to sub- para (iii)(b) above, if the form is filed before September 30<sup>th</sup> 2020, the normal fees shall be payable the Fees Rules. If form is filed thereafter, the 1<sup>st</sup> day after the date creation/ modification of charge shall be reckoned as October 1<sup>st</sup> 2020 and the no. of days till the date of filing of the form shall be counted accordingly for the purpose of payment of fees under the Fees Rules.</p>
(v)	Scheme shall not apply, in case:	<p>a) The form CHG-1 and CHG-9 has already been filed before the date of issue of this circular.</p> <p>b) The timeline for filing the form has already expired under section 77 or 78 of the Act prior to March 1<sup>st</sup> 2020.</p> <p>c) The timeline for filing the form expires at a future date, despite exclusion of the time provided in sub-para (iii) above.</p> <p>d) Filing of form CHG-4 for satisfaction of charges.</p>

Source: [http://www.mca.gov.in/Ministry/pdf/Circular23\\_17062020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular23_17062020.pdf)

### **3.3 Clarification with regard to creation of deposit repayment reserve of 20 percent under section 73(2)(c) of the Companies Act, 2013 and to invest or deposit 15 percent of amount of debentures under rule 18 of companies (share capital and debentures) rules, 2014 – Extension of time**

In continuation of the MCA circular dated March 24<sup>th</sup> 2020, an extension has been allowed to companies with regard to creation of deposit repayment reserve of 20 percent under section 73(2)(c) of the Companies Act, 2013 and to invest or deposit 15 percent of amount of debentures under rule 18 of companies (share capital and debentures) rules, 2014 from June 30, 2020 to September 30, 2020 with no change in other requirements.

Source: [http://www.mca.gov.in/Ministry/pdf/Circular24\\_20062020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular24_20062020.pdf)

## 4 SEBI Updates

### 4.1 Further extension of time for submission of financial results for the quarter/half year/financial year ending 31st March 2020 due to the continuing impact of the COVID-19 pandemic

In continuation to the SEBI vide circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 and circular No. SEBI/HO/DDHS/ON/P/2020/41 dated March 23, 2020, an extension has been allowed in submission of financial results under regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations') to June 30, 2020 (extension of one month) due to the impact of the COVID.

Further, the timelines for submission of financial results under regulation 33 of the LODR Regulations, and submission of half yearly and/or annual financial results for the period ending March 31, 2020 under regulation 52 has been extended by a month, to July 31, 2020, for the quarter and the year ending March 31, 2020. Similarly, the timeline is also extended to July 31, 2020.

**SOURCE:** [https://www.sebi.gov.in/legal/circulars/jun-2020/further-extension-of-time-for-submission-of-financial-results-for-the-quarter-half-year-financial-year-ending-31st-march-2020-due-to-the-continuing-impact-of-the-covid-19-pandemic\\_46924.html](https://www.sebi.gov.in/legal/circulars/jun-2020/further-extension-of-time-for-submission-of-financial-results-for-the-quarter-half-year-financial-year-ending-31st-march-2020-due-to-the-continuing-impact-of-the-covid-19-pandemic_46924.html)

### 4.2 Further extension of time for submission of Annual Secretaries Compliance Report by listed entities due to the continuing impact of the CoVID-19 pandemic

SEBI vide circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/109 dated June 25, 2020 has further extended the timeline for submission of the Annual Secretarial Compliance (ASC) Report for the year 2019-2020, for listed entities by another month i.e. from June 30, 2020 to July 31, 2020.

**SOURCE:** [https://www.sebi.gov.in/legal/circulars/jun-2020/further-extension-of-time-for-submission-of-annual-secretarial-compliance-report-by-listed-entities-due-to-the-continuing-impact-of-the-covid-19-pandemic\\_46933.html](https://www.sebi.gov.in/legal/circulars/jun-2020/further-extension-of-time-for-submission-of-annual-secretarial-compliance-report-by-listed-entities-due-to-the-continuing-impact-of-the-covid-19-pandemic_46933.html)

### 4.3 Relaxation of time gap between two board/ Audit Committee meetings of listed entities owing to the COVID

SEBI, has after due consideration, further relaxed the maximum time gap between two board/Audit Committee meetings vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/110 till July 31, 2020. However, it has been clarified that the board of directors and audit committees of listed entities shall ensure that they meet atleast four times a year, as stipulated under Regulations 17(2) and 18(2)(a) of the LODR Regulations.

**SOURCE:** [https://www.sebi.gov.in/legal/circulars/jun-2020/relaxation-of-time-gap-between-two-board-audit-committee-meetings-of-listed-entities-owing-to-the-covid-19-pandemic\\_46945.html](https://www.sebi.gov.in/legal/circulars/jun-2020/relaxation-of-time-gap-between-two-board-audit-committee-meetings-of-listed-entities-owing-to-the-covid-19-pandemic_46945.html)



## 6 Monthly Compliance Calendar July'2020

<p>July 7, 2020 Due Date of payment of TDS/TCS/Equalization levy for the month of June'2020</p>	<p>July 10, 2020 Due date of filing GSTR-1 for the taxpayers having turnover more than 5 Crores in the preceding financial year</p>	<p>July 15, 2020 Extended due date of filing of TDS/TCS Return in case of government officials</p>
<p>July 20, 2020 Due date of filing GSTR-3B for the taxpayers having turnover more the 5 crores in the preceding financial year</p>	<p>July 22, 2020 Due date of filing GSTR-3B for the taxpayers having upto 5 crores and having principal place of business in the states Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union Territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep</p>	<p>July 24, 2020 Due date of filing GSTR-3B for the taxpayers having upto 5 crores and having principal place of business in the states Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi</p>
<p>July 31, 2020 Due date of filing Quarterly GSTR-1 for the quarter ending on June 30, 2020 for the taxpayers having turnover less than 5 crores.</p>	<p>July 31, 2020 Extended due date of filing of TDS/TCS Return in case of non-government officials</p>	<p>July 31, 2020 Extended due date for filing of revised/belated Income Tax Return for FY 2018-19</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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