

Nucleus ADVISORS

RoundUp

June 2021 | F&A | Volume X



Welcome to our
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax, Companies Act and Audit & Assurance during June 2021. We had tried to cover all important updates occurred during June 2021 in this volume of newsletter. The sole purpose of this circulation is to update finance professionals and business owners on direct & indirect taxes and other compliances. Feedbacks are welcome at info@nucleusadvisors.in.



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Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax, MCA, Audit & Assurance notification, circulars and case laws which may directly or indirectly impact our readers. At Nucleus, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.



NEWSLETTER HIGHLIGHTS

DIRECT TAX

- Exemption on COVID-19 related payments and extension in timelines for different compliances- Notification 74 and 75 of 2021 and Circular No. 12/2021, dated June 25, 2021.
- Tax exemption in the hands of the employee for the amount received for medical treatment under Covid 19 & Ex-gratia payment received by the family member of deceased employee.
- TDS by the buyer of the goods- Introduction of TDS section 194Q with effect from July 01, 2021.
- TDS or TCS at a higher rate for non-filing of returns in the previous two financial years for certain notified taxpayers- Section 206AB and 206CCA are effective from July 01, 2021.

GST

- Clarification regarding applicability of GST on supply of food in Anganwadis and Schools -reg-Circular No. 149/05/2021-GST
- Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity)-reg.- Circular No. 150/06/2021-GST
- Clarification regarding GST on supply of various services by Central and State Board (such as National Board of Examination)- reg.- Circular No. 151/07/2021-GST-
- Clarification regarding rate of tax applicable on construction services provided to a Government Entity, in relation to construction such as of a Ropeway on turnkey basis-reg.- Circular No. 152/08/2021-GST
- GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS -reg- Circular No. 153/09/2021-GST
- GST on service supplied by State Govt. to their undertakings or PSUs by way of guaranteeing loans taken by them -reg.- Circular No. 154/10/2021-GST
- Clarification regarding GST rate on laterals/parts of Sprinklers or Drip Irrigation System-regarding- Circular No. 155/11/2021-GST
- Section 112 of Finance Act, 2021 made applicable w.e.f. June 1, 2021
- Clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C invoices and compliance of notification 14/2020- Central Tax dated March 21, 2020 - Reg- Circular No. 156/12/2021-GST
- Seeks to waive penalty payable for non-compliance of provisions of B2C dynamic QR code till Sept 30, 2021- Notification No. 28/2021 - Central
- GSTN Advisory on Table 12 Error in Form GSTR-1.
- Functionality to register complaint on misuse of PAN in GST Registration.
- Change in GST Rates on goods being used in Covid-19 relief and management.
- Upcoming functionalities to be deployed on GST Portal for the Taxpayers.

MCA

- List of forms providing waiver of additional fees as per circular no. 06/2021 and 07/2021.
- Companies (Incorporation) Fourth Amendments rules.
- Amendment in Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019.
- The Companies (Meetings of Board and its Powers) Amendment Rules, 2021.
- EGM can be hold through VC and other Visual modes till December 31,2021.

AUDIT & ASSURANCE

- Companies (Indian Accounting Standards) Amendment Rules, 2021.
 - IBOR Reforms.
 - Covid 19 related concessions beyond June 30, 2021 vis à vis Ind AS 116.
 - Changes in various headings and expressions used in various Ind AS.
 - Conceptual Framework to Ind AS issued in 2021.
 - Changes in Ind AS 114 on Regulatory Deferral Account.
 - Ind AS 38 - Appendix A dealing with Intangible Assets -Web Site Costs.
- Companies (Accounting Standards) Rules, 2021.



DIRECT TAX UPDATES

Notification 74 and 75 of 2021 and Circular No. 12/2021, dated June 25, 2021

CBDT further **extends certain timelines** to provide relief to taxpayers in view of COVID- 19 pandemic and CG announces tax exemption on COVID-19 related payments and extension in timelines for different compliances under ITL and other laws.

Sr. No	Particulars	Year/Period	Existing due date	Extension of due date vide CBDT Circular No. 9/2021	Current extension vide CBDT Circular No. 12/2021 and Press Release dated June 25, 2021
1.	Objections to Dispute Resolution Panel (DRP) and Assessing Officer under Section 144C of the Income- tax Act, 1961		June 1, 2021 or thereafter	-	Within the time provided in that Section or August 31, 2021 whichever is later
2.	Statement of Deduction of Tax at source	Last quarter of the Financial Year 2020-21	May 31, 2021	June 30, 2021	July 15, 2021
3.	The Certificate of Tax Deducted at Source in Form No.16	Financial Year 2020-21	June 15, 2021	July 15, 2021	July 31, 2021

5.	Furnishing of statement (in Form No. 64C) by Alternative Investment Fund (AIF) to units holders in respect of income distributed during the previous year 2020-21 ⁴	Financial Year 2020-21	June 30, 2021	July 15, 2021	July 31, 2021
6.	The application under Section 10(23C), 12AB, 35(1)(ii)/(iia)/(iii) and 80G in Form No. 10A/10AB, for registration/ provisional registration/intimation/ approval/provisional approval of Trusts/ Institutions/Research Associations, etc.		June 30, 2021	-	August 31, 2021
7.	The compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB		The last date for such compliance falls between 1 April 2021 to 29 September 2021 (Both days inclusive)	-	September 30, 2021
8.	Quarterly Statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending 30 June 2021	Financial Year 2020-21 (For the quarter ending on 30 June 2021)	July 15, 2021	-	July 31, 2021
9.	Equalisation Levy Statement in Form No. 1	Financial Year 2020-21	June 30, 2021	-	July 31, 2021
10.	Annual Statement under Section 9A(5) of the Act by eligible investment fund in Form No. 3CEK	Financial Year 2020-2021	June 29, 2021		July 31, 2021
11.	Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending 30 June 2021	Financial Year 2021-2022	July 15, 2021		August 31, 2021
12.	Exercising of option to withdraw pending application (filed before the erstwhile Income Tax Settlement Commission) under Section 245M(1) of the Act in Form No. 34BB		June 27, 2021	-	July 31, 2021
13.	Last date of Linkage of Aadhar with PAN under Section 139AA of the Act		June 30, 2021		September 30, 2021

14.	Last date of Payment of amount under Vivad se Vishwas (without additional amount)		June 30, 2021		August 31, 2021
15.	Last date of Payment of amount under Vivad se Vishwas (with additional amount)				October 31, 2021
16.	Time limit for passing assessment order		June 30, 2021		September 30, 2021
17.	Time limit for passing penalty order		June 30, 2021		September 30, 2021
18.	Time limit for processing Equalisation Levy Returns		June 30, 2021		September 30, 2021

Tax exemption

- Amounts paid to an employee by an employer or by any other person for **medical treatment** on account of Covid during the tax year 2019-20 and subsequent years, **not to be taxed in the hands of the individual.**
- Ex-gratia payment made by an employer to the family members of a deceased employee on account of Covid during the tax year 2019-20 and subsequent years, to be claimed as an exemption without any limit (on the amount received from the employer). Where such payment is received by family members from any other person, then exemption shall be limited to INR 10,00,000 in aggregate for the amount received from any other persons.

Introduction of TDS section 194Q with effect from July 01, 2021

A new TDS **section 194Q is going to be effective from July 01, 2021** onwards. Section 194Q coupled with Section 206C(1H) are aimed to cover the transactions above Rs. 50 lakhs on single PAN. Turnover of both buyer and supplier will also play the role in attracting levability.

Under the new section 194Q of Income Tax Act, buyer of goods is required to deduct **TDS at the rate of 0.1%** from the **payments made for the purchase of goods if his turnover exceeds 10 Crore rupees** during the financial year immediately preceding the financial year in which the purchase of goods is carried out. Moreover, this TDS is applicable if the purchase of goods by the buyer from the seller is of the value or aggregate of such value exceeding fifty lakh rupees in the previous year. Considering various representations, certain clarifications are issued vide circular No.13 of 2021. Highlights of the same are as follows:

- Section will not be applicable for securities and commodities traded through exchange
- Section will not be applicable for amount credited to ledger of party or payment made before July 1, 2021.
- For limit of 50 lakhs, purchase made or payment made in Q1 of 2021-22 will also be considered.
- TDS on GST component will be applicable if TDS is applicable on payment basis.
- TDS can be reversed on purchase return (unless goods are replaced).
- TDS on purchase of goods will be applicable in case of non resident buyer only if PE is established in India and purchase is connected to that PE.
- TDS on purchase of goods will not be applicable if seller's income is exempt u/s 10 or under any other act.
- TDS on purchase of goods will not be applicable if buyer is a company and transaction is done in the year of incorporation.
- While calculating limit of 10 crores of buyer's turnover, income from non-business activity will not be considered
- For any reason if seller has collected TCS, before buyer can deduct TDS; buyer is not required to deduct TDS

Section 206AB and 206CCA are effective from 1st July 2021

Section 206AB and Section 206CCA are non-obstante sections having **overriding effect** to any other provision/section contrary to this under the Income Tax Act.

Sub-section (1) of Section 206AB/206CCA states that, where tax is required to be deducted/collected at source on any sum or income or amount paid/received or payable or credited by any person to/from the specified person, then tax shall be deducted/collected at **higher of the following rates**:

For Section 206AB

- i. At Twice The Rates Specified In The Relevant Provisions Of The Act
- ii. At Twice The Rate Or Rates In Force
- iii. At The Rate Of 5%

For Section 206CCA

- i. At Twice The Rates Specified In The Relevant Provisions Of The Act
- ii. At The Rate Of 5%



GST UPDATES

➤ Circular No. 149/05/2021-GST- Clarification regarding applicability of GST on supply of food in Anganwadis and Schools - reg.

The circular provides the clarification regarding applicability of GST on the issues as to whether **servicing of food in schools under Mid-Day Meals Scheme** would be exempt if such supplies are funded by government grants and/or corporate donations. The issue was examined by GST Council in its 43rd meeting held on May 28, 2021.

- Entry 66 clause (b) (ii) of **notification No. 12/2017-Central Tax (Rate)** dated June 28, 2017, exempts Services provided to an educational institution, by way of catering, including any mid-day meals scheme sponsored by the CG, SG or Union territory. The exemption from levy of GST is irrespective of its funding from government grants or corporate donations.
- The scope of this entry is thus wide enough to **cover any servicing of any food to a school, including pre-school**. Further, anganwadi is covered by the definition of educational institution (as pre-school).
- Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

➤ Circular No. 150/06/2021-GST- Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity)-reg.

Clarification regarding applicability of **GST on annuities paid for construction of road** where certain portion of consideration is received upfront while remaining payment is made through deferred payment (annuity) spread over years.

1. This issue has been examined by the GST Council in its 43rd meeting held on May 28, 2021.

- It is clarified that entry at Sl. No 23A of Notification no. 12/2017-Central Tax (Rate) dated June 28, 2017 is applicable to service by way of access to a road or a bridge on payment of annuity falling under SAC No. 9967.
 - Whereas the Services by way of construction of road fall under SAC No.9954 and in the subject case consideration for construction of road service is (maybe) paid partially upfront and partially in deferred annual payments (annuity).
 - The entry at Sl.No. 23A does not apply to services falling under heading 9954 as said entry specifically covers heading 9967 only.
 - Therefore, plain reading of entry 23A makes it clear that it **does not cover construction of road services** (falling under heading 9954), even if deferred payment is made by way of instalments (annuities).
2. Accordingly, as recommended by the GST Council, it is hereby clarified that Entry 23A of notification No. 12/2017-CT(R) **does not exempt GST** on the annuity (deferred payments) paid for construction of roads.

➤ Circular No. 151/07/2021-GST- Clarification regarding GST on supply of various services by Central and State Board (such as National Board of Examination)-reg.

It is clarified by **GST Council in its 43rd meeting** held on May 28, 2021, that:

1. GST is exempt on **services provided by Central or State Boards** (including the boards such as NBE) by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution [under S. No. 66 (aa) of Notification no. 12/2017-Central Tax (Rate) dated June 28, 2017]. Therefore, **GST shall not apply to any fee or any amount charged by such Boards** for conduct of such examinations including entrance examinations.
2. GST is also exempt on **input services relating to admission to, or conduct of examination**, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc., when provided to such Boards [under S. No. 66 (b) (iv) of Notification no. 12/2017-Central Tax (Rate) dated June 28, 2017].
3. **GST at the rate of 18% applies to other services provided by such Boards**, namely of providing accreditation to an institution or to a professional (accreditation fee or registration fee such as fee for FMGE screening test) so as to authorize them to provide their respective services.



Circular No. 152/08/2021-GST- Clarification regarding rate of tax applicable on construction services provided to a Government Entity, in relation to construction such as of a Ropeway on turnkey basis-reg.

Clarification whether services supplied to a Government Entity by way of construction such as of “a ropeway” are eligible for concessional rate of 12% GST under entry No. 3 (vi) of Notification No. 11/2017- CT (R) dt. June 28, 2017. On the recommendation of the GST Council, this issue is clarified as below.

- The entry No 3 (vi) of notification No. 11/2017- Central Tax (Rate) dated June 28, 2017) does not apply to any works contract that is meant for the purposes of commerce, industry, business of profession, even if such service is provided to the Central Government, State Government, Union Territory, a local authority a Governmental Authority or a Government Entity.
- It is clarified that while road, bridge, terminal, or railways are covered by entry No. 3(iv) and 3(v) of said notification, structures like ropeway are not covered by these entries.
- Therefore, works contract service provided by way of construction such as of rope way shall fall under entry at sl. No. 3(xii) of notification 11/2017-(CTR) and attract GST at the rate of 18%.

Circular No. 153/09/2021-GST- GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS -reg.

Clarification on whether composite supply of service by way of milling of wheat into wheat flour, along with fortification, by any person to a State Government for distribution of such wheat flour under Public Distribution System is eligible for exemption under entry No. 3A of Notification No. 12/2017-Central Tax (Rate) dated June 28, 2017, and also as regards the rate of GST on such milling, if it does not fall in said entry No. 3A.

- In case the value of goods supply in such a composite supply exceeds 25%, then for supply of service by way of milling of wheat into flour or of paddy into rice, is not eligible for exemption under Sl. No. 3 A of Notification no. 12/2017-Central Tax (Rate) dated June 28, 2017 . The applicable GST rate would be 5% if such composite supply is provided to a registered person, being a job work service (entry No. 26 of notification No. 11/2017- Central Tax (Rate) dated June 28, 2017).

Circular No. 154/10/2021-GST- GST on service supplied by State Govt. to their undertakings or PSUs by way of guaranteeing loans taken by them -reg.

Certain representations have been received requesting for clarification regarding applicability of GST on supply of service by State Govt. to their undertakings or PSUs by way of guaranteeing loans.

- Entry No. 34A of Notification no. 12/2017-Central Tax (Rate) dated June 28, 2017 exempts “Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.”
- Therefore, as recommended by the Council, guaranteeing of loans by CG or SG for their undertaking or PSU is specifically exempt under said entry No. 34A.

Circular No. 155/11/2021-GST- Clarification regarding GST rate on laterals/parts of Sprinklers or Drip Irrigation System-regarding.

Clarification regarding GST rate on parts of Sprinklers or Drip Irrigation System, when they are supplied separately (i.e., not along with entire sprinklers or drip irrigation system).

- The intention of entry at Sl. No. 195B of Notification No. 1/2017- Central Tax (Rate) has been to cover laterals (pipes to be used solely with sprinklers/drip irrigation system) and such parts that are suitable for use solely or principally with ‘sprinklers or drip irrigation system’, as classifiable under heading 8424 as per Note 2 (b) to Section XVI to the HSN.
- Hence, laterals/parts to be used solely or principally with sprinklers or drip irrigation system, which is classifiable under heading 8424, would attract a GST of 12%, even if supplied separately. However, any part of general use, which gets classified in a heading other than 8424, in terms of Section Note and Chapter Notes to HSN, shall attract GST as applicable to the respective heading.

Section 112 of Finance Act, 2021 made applicable w.e.f. June 1, 2021

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with No. 16/2021- Central Tax on June 1, 2021. With this notification, the Central Government, seeks to appoint June 1, 2021, as the day from which the provisions of section 112 of Finance Act, 2021, relating to amendment of section 50 of the CGST Act, 2017, which amends the interest on delayed payment of GST shall come into force.

Circular No. 156/12/2021-GST- Clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C invoices and compliance of notification 14/2020- Central Tax dated March 21, 2020 - Reg.

Notification No. 14/2020-Central Tax, dated March 21, 2020 had been issued which requires **Dynamic QR Code on B2C invoice** issued by taxpayers **having aggregate turnover more than 500 crore rupees**, w.e.f. Dec 1, 2020. Further, vide **notification No. 06/2021-Central Tax**, dated March 30, 2021, penalty has been waived for non-compliance of the provisions of **notification No.14/2020 - Central Tax** for the period from December 1, 2020 to June 30, 2021, subject to the condition that the said person complies with the provisions of the said notification from July 1, 2021.

Various references have been received from trade and industry seeking **clarification on applicability of Dynamic Quick Response (QR) Code** on B2C (Registered person to Customer) invoices and compliance of notification 14/2020-Central Tax, dated March 21, 2020 as amended.

The issues have been examined and in order to ensure uniformity in the implementation of the provisions of the law across the field formations, the Board, in exercise of its powers conferred **under section 168(1) of the CGST Act, 2017**, hereby clarifies the issues in the table below:

Issue 1	Whether Dynamic QR Code is to be provided on an invoice, issued to a person, who has obtained a Unique Identity Number as per the provisions of Sub-Section 9 of Section 25 of CGST Act 2017?
Clarification	<ul style="list-style-type: none"> Any person, who has obtained a Unique Identity Number (UIN) as per the provisions of Sub-Section 9 of Section 25 of CGST Act 2017, is not a “registered person” as per the definition of registered person provided in section 2(94) of the CGST Act 2017. Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.
Issue 2	UPI ID is linked to the bank account of the payee/ person collecting money. Whether bank account and IFSC details also need to be provided separately in the Dynamic QR Code along with UPI ID?
Clarification	Given that UPI ID is linked to a specific bank account of the payee/ person collecting money, separate details of bank account and IFSC may not be provided in the Dynamic QR Code .
Issue 3	In cases where the payment is collected by some person other than the supplier (ECO or any other person authorized by the supplier on his/ her behalf), whether in such cases, in place of UPI ID of the supplier, the UPI ID of such person, who is authorized to collect the payment on behalf of the supplier, may be provided?
Clarification	Yes . In such cases where the payment is collected by some person, authorized by the supplier on his/ her behalf, the UPI ID of such person may be provided in the Dynamic QR Code, instead of UPI ID of the supplier.
Issue 4	In cases, where receiver of services is located outside India , and payment is being received by the supplier of services in foreign exchange, through RBI approved modes of payment, but as per provisions of the IGST Act 2017, the place of supply of such services is in India, then such supply of services is not considered as export of services as per the IGST Act 2017; whether in such cases, the Dynamic QR Code is required on the invoice issued, for such supply of services, to such recipient located outside India?
Clarification	No . Wherever an invoice is issued to a recipient located outside India, for supply of services, for which the place of supply is in India, as per the provisions of IGST Act 2017, and the payment is received by the supplier in foreign currency, through RBI approved mediums, such invoice may be issued without having a Dynamic QR Code, as such dynamic QR code cannot be used by the recipient located outside India for making payment to the supplier.
Issue 5	When part-payment has already been received by the merchant/ supplier, either in advance or by adjustment (e.g., using a voucher, discount coupon etc.), before the dynamic QR Code is generated, what amount should be provided in the Dynamic QR Code for “invoice value”?
Clarification	The purpose of dynamic QR Code is to enable the recipient/ customer to scan and pay the amount to be paid to the merchant/ supplier in respect of the said supply. When the part-payment for any supply has already been received from the customer/ recipient, in form of either advance or adjustment through voucher/ discount coupon etc., then the dynamic QR code may provide only the remaining amount payable by the customer/ recipient against “invoice value”. The details of total invoice value, along with details/ cross reference of the part-payment/ advance/ adjustment done, and the remaining amount to be paid, should be provided on the invoice.

Issue 6	In some instances of retail sales over the counter , the payment from the customer is received on the payment counter by displaying dynamic QR code on digital display, whereas the invoice, along with invoice number, is generated on the processing system being used by supplier/ merchant after receiving the payment. In such cases, it may not be possible for the merchant/ supplier to provide details of invoice number in the dynamic QR code displayed to the customer on payment counter. However, each transaction i.e., receipt of payment from a customer is having a unique Order ID/ sales reference number, which is linked with the invoice for the said transaction. Whether in such cases, the order ID/ reference number of such transaction can be provided in the dynamic QR code displayed digitally, instead of invoice number.
Clarification	In such cases, where the invoice number is not available at the time of digital display of dynamic QR code in case of over the counter sales and the invoice number and invoices are generated after receipt of payment, the unique order ID/ unique sales reference number , which is uniquely linked to the invoice issued for the said transaction, may be provided in the Dynamic QR Code for digital display, as long as the details of such unique order ID/ sales reference number linkage with the invoice are available on the processing system of the merchant/ supplier and the cross reference of such payment along with unique order ID/ sales reference number are also provided on the invoice.

Notification No. 28/2021 - Central- Seeks to waive penalty payable for non-compliance of provisions of B2C dynamic QR code till Sept 30, 2021

The Central Board of Indirect Taxes and Customs (CBIC) released a **notification with No. 28/2021- Central Tax on June 30, 2021**.

- With this notification, the Central Government, on the recommendations of the council, hereby **waives the amount of penalty payable by any registered person** under section 125 of the said Act for non-compliance of the provisions of **notification No.14/2020 - Central Tax**, dated the March 21, 2020, published in the Gazette of India, between the period from the 1st day of December, 2020 to the 30th day of September, 2021.
- The Central Board of Indirect Taxes and Customs (CBIC) notified the waiver of the amount of penalty for non-compliance to Goods and Service Tax (GST) Invoice QR code provisions between the periods from December 1, 2020 to the September 30, 2021. In other words, the **applicability of B2C dynamic QR code provisions extended to September 30, 2021** instead of applicable from July 1, 2021.

GSTN Advisory on Table 12 Error in Form GSTR-1

- Recently GSTN has given an advisory on **Error related to Table 12** of Faced by Taxpayers filing GSTR-1 for the month of May 2021.
- Table-12 of GSTR-1 pertains to the data related to the wise supplies of goods & services declared in the aforesaid GSTR-1. The Error being Faced by Taxpayers was that the **'Total Invoice value' field in the preview PDF is displaying a value as '0' (zero) instead of N.A**, in the cases where the taxpayer has not reported any value in the concerned Table-12 of GSTR-1.
- GSTN has clarified that this is a technical issue being resolved. Meanwhile, taxpayers are requested to kindly proceed with their filing of GSTR-1 & **ignore this error for the time being**, till it is being fixed.

Functionality to register complaint on misuse of PAN in GST Registration

- To address the complaint related to misuse of PAN for obtaining GST registration, a functionality to register such complaints on GST Portal has been introduced. It will check the misuses, control the frauds and help officers in enquiry and cancellation of such registration.
- Once complaint is registered, it will be sent to the concerned jurisdictional authority where the registration is claimed to be fraudulently taken, for necessary enquiry and suitable action.

Change in GST Rates on goods being used in Covid-19 relief and management

The **44th GST Council** met under the Chairmanship of Union Finance & Corporate Affairs Minister **Smt Nirmala Sitharaman** through video conferencing on 12 Jun'21. The Council in its meeting has decided to reduce the GST rates on the specified items being used in Covid-19 relief and management **till September 30, 2021**.

The meeting was also attended by **Union Minister of State for Finance & Corporate Affairs** Shri Anurag Thakur besides Finance Ministers of States & UTs and senior officers of the Ministry of Finance & States/ UTs.

The details of recommendations are given below:

S. No.	Description	Present GST Rate	GST Rate recommended by GST Council
A. Medicines			
1.	Tocilizumab	5%	Nil
2.	Amphotericin B	5%	Nil
3.	Anti-Coagulants like Heparin	12%	5%
4.	Remdesivir	12%	5%
5.	Any other drug recommended by Ministry of Health and Family Welfare (MoHFW) and Dept. of Pharma (DoP) for Covid treatment	Applicable Rate	5%
B. Oxygen, Oxygen generation equipment and related medical devices			
1.	Medical Grade Oxygen	12%	5%
2.	Oxygen Concentrator/ Generator, including personal imports thereof	12%	5%
3.	Ventilators	12%	5%
4.	Ventilator masks / canula / helmet	12%	5%
5.	BiPAP Machine	12%	5%
6.	High flow nasal canula (HFNC) device	12%	5%
C. Testing Kits and Machines			
1.	Covid Testing Kits	12%	5%
2.	Specified Inflammatory Diagnostic Kits, namely D-Dimer, IL-6, Ferritin and LDH	12%	5%
D. Other Covid-19 related relief material			
1.	Pulse Oximeters, incl personal imports thereof	12%	5%
2.	Hand Sanitizer	18%	5%
3.	Temperature check equipment	18%	5%
4.	Gas/Electric/other furnaces for crematorium, including their installation, etc.	18%	5%
5.	Ambulances	28%	12%

➤ These rate reductions/exemptions shall remain in force up to **September 30, 2021**.

Upcoming functionalities to be deployed on GST Portal for the Taxpayers

Following functionalities are recently deployed or are being deployed on the portal shortly:

S. No.	Module	Form/Functionality	Functionality released/ to be released for Taxpayers
1.	Ledgers	Negative liability statement made available to composition taxpayers	<ul style="list-style-type: none"> ➤ In case of a negative liability in any tax period of a composition taxpayer (and if no amount is required to be paid by the taxpayer (during that period)), the said negative liability will be maintained in Negative liability statement. This negative balance lying in the negative liability statement will be automatically adjusted against the liabilities of subsequent tax period(s). ➤ The statement would be accessible to them, post-login, by navigating to Services > Ledgers > Negative Liability Statement.
2.	Returns	Download of Form GSTR-4A in excel and auto-population of its details in Form GSTR-4 of the composition taxpayer	<ul style="list-style-type: none"> ➤ Form GSTR-4A is an auto-drafted statement generated for Taxpayers opting for Composition levy, containing details reported by their registered suppliers in their Form GSTR-1/ GSTR-5 and by their TDS deductors in their Form GSTR-7. ➤ A facility to download the details of Form GSTR-4A, in an Excel file would be made available to the taxpayers, soon. ➤ This Excel file would contain consolidated summary of the supplies at GSTIN level, for the complete financial year, which are required to be reported in Annual Return filed by them in Form GSTR-4. ➤ This summary will also be auto-populated in Table 4A and 4B of their Form GSTR-4.
3.	Front Office	Inclusion of common names in the HSN Directory and its download in excel format by the taxpayers	<ul style="list-style-type: none"> ➤ The currently available HSN Master has been updated on the GST Portal and it now includes product names commonly used in Trade corresponding to a particular HSN code. ➤ A download facility for the entire HSN directory in Excel Format has also been provided to the taxpayers under the link "Download HSN in Excel Format". This facility is available as a part of the 'Search HSN' functionality, available both in Pre and Post Login, on the GST Portal.



MCA UPDATES

List of forms providing waiver of additional fees as per circular no. 06/2021 and 07/2021

The MCA has revised the list of forms for which additional **fee waiver** is made as per circular no 06/2021 and 07/2021 due to Pandemic till July 31, 2021.

Further 13 new forms to the list have been added namely Form BEN-2, IEPF-1, IEPF 7, AOC 5, SH-7, CRA 2, Form 15, Form 4, Form 5, Form 12, Form 22, Form 29 LLP and Form 27 LLP.

Companies (Incorporation) Fourth Amendments rules

The Ministry of Corporate Affairs (MCA) has made **changes in Form No. INC 35**(Incorporation form) where in place of “AGILE PRO”, the letters “AGILE-PRO-S” has been substituted.

MCA further amended the Companies (Incorporation) Rules, 2014, whereby the facility of obtaining Shops & Establishments registration has been included.

Amendment in Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019

The MCA has notified the much awaited amendment and eased the requirement for aspiring as well as serving **independent directors on the board of companies to get their names included in an official database of eligible professionals.**

As per a rule change notified by the ministry on June 18, 2021, in spite of any delay, a professional could get her name empanelled in the official database of independent directors maintained by the **Indian Institute of Corporate Affairs (IICA) by paying INR 1,000/.**

This is expected to give relief to those who have missed their deadline. Aspiring independent directors were expected to get their names included in the database before they took up the assignment.

The Companies (Meetings of Board and its Powers) Amendment Rules, 2021

The MCA vide Notification dated June 15, 2021 has **omitted Rule 4 of the Companies** (Meetings of Board and its Powers) Rules, 2014 which was related to the matters not to be dealt with in a meeting through video conferencing or other audio-visual means.

Accordingly, with the said amendment, now the following items can be considered in a Board Meeting held through video conferencing or other audio-visual means, namely: -

- approval of the annual financial statements;
- approval of the Board's report;
- approval of the prospectus;
- Audit Committee Meetings for consideration of financial statement including consolidated financial statement if any, to be approved by the board; and
- approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.

EGM can be hold through VC and other Visual modes till December 31,2021

The MCA has earlier issued circular after due examination, it has been decided to allow companies for **holding EGM through Video Conferencing and other audio-visual means** or transact items through postal ballot up to December 31, 2021.

All other requirement and conditions provided in the earlier circulars shall remain unchanged.

AUDIT & ASSURANCE UPDATES

Companies (Indian Accounting Standards) Amendment Rules, 2021

The Ministry of Corporate Affairs (“MCA”) in consultation with National Financial Reporting Authority (“NFRA”) has brought some significant changes in Indian Accounting Standards (Ind AS) through [Companies \(Indian Accounting Standards\) Rules, 2015](#).

The changes have been discussed in details further:

IBOR Reforms

IBOR

- Interbank Offered Rates (IBORs) are commonly used in benchmark/reference rates used in the financial markets globally.
- These rates are quoted on a daily basis by different banks, the adjusted average becoming the quoted rate which represents the unsecured borrowing/lending rates amongst banks.
- Two of the most frequently referenced rates used are London Interbank Offered Rate (LIBOR) and Euro Inter-Bank Offered Rate (EURIBOR)

Future of IBOR

- In July 2017, UK Financial Conduct Authority (FCA) reported that LIBOR will be phased out as the interest rate index used in calculating floating or adjustable rates for loans, bonds, derivatives and other financial contracts by the end of 2021 and that GBP LIBOR should be replaced by the Sterling Overnight Index Average (SONIA).
- In US, the Alternative Reference Rates Committee (ARRC) announced in June 2017 that US-LIBOR will also be phased out and replaced by Secured Overnight Funding Rate (SOFR).

Why are IBORs being replaced

- In UK, confidence in LIBOR has been eroded by alleged ‘rigging’. More generally, the widening gap between the risk-free rate and LIBOR resulted in the need for an alternate rate which is more reliable and proxies the risk-free rate.
- Further, because of the declining transaction volumes in the market LIBOR quote was increasingly based on the expert judgement of the banks rather than actual trades

Implications

- There are wide-ranging impacts on the business - where transition away from IBORs are set to have a significant impact on accounting, particularly on applying hedge accounting.
- A change in benchmark will in many cases result in the need for contractual modification of bilateral arrangements including an adjustment of the fixed spread reflecting the pricing differential of old and new rates.
- Replacement of IBORs will also drive a need to visit existing and future state operations/processes.

Amendments

Area	Amendment
Modification of a financial asset or a financial liability	<ul style="list-style-type: none">• IBOR reform will generally result in a change in the basis for determining the contractual cash flows of that financial asset or financial liability;• As a practical expedient the entity may simply update the effective interest rate of the financial asset or financial liability provided that:<ol style="list-style-type: none">1. The change is necessary as a direct consequence of the reform and2. The new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e., the basis immediately before the change);• If there are other changes to the basis for determining the contractual cash flows, then a company first applies the practical expedient to the changes required by IBOR reform and then other applicable requirements of Ind AS 109;
Modification of a lease	<ul style="list-style-type: none">• A lessee will apply paragraph 42 of Ind AS 116 as a practical expedient to account for a lease modification that is required by IBOR reform - i.e., when remeasuring the lease liability, it will use a revised discount rate that reflects the change in interest rate.• A lessee shall determine the revised lease payments for the remainder of the lease term based on the revised contractual payments.

Additional reliefs for hedging relationships	<ul style="list-style-type: none"> • The company will amend the formal designation of a hedging relationship to reflect the changes that are required by the reform. This change needs to be made by the end of the reporting period and will not result in a discontinuation of the hedge or designation of a new hedging relationship. • When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined. A similar exception is also provided for a discontinued cash flow hedging relationship. • When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, a company will allocate the hedged items to sub groups based on the benchmark rate being hedged, and designate the benchmark rate for each sub group as the hedged risk. A company will assess each sub group separately to determine whether the sub group is eligible to be a hedged item. If any sub group is not eligible to be a hedged item, the hedging relationship is discontinued prospectively in its entirety. In addition, all other hedge requirements - including the requirements for hedge ineffectiveness - are applied to the hedging relationship in its entirety. • If a company reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it can designate the rate as a non contractually specified risk component even if it is not separately identifiable at the designation date This is applied on a rate by rate basis and also applicable to a new hedging relationship
New disclosures	<p>To enable users of financial statements to understand the effect of IBOR reform on a company's financial instruments and risk management strategy, a company will need to provide additional disclosures on:</p> <ul style="list-style-type: none"> • how it is managing its transition to alternative benchmark rates, including information on the risks to which it is exposed arising from financial instruments because of the transition and its transition progress at the reporting date; • quantitative information about financial instruments indexed to rates yet to transition due to benchmark reform at the end of the reporting period, disaggregated by significant interest rate benchmark and showing non derivative financial assets, non-derivative liabilities and derivatives separately; and • the extent to which changes to a company's risk management strategy have occurred due to the risks identified in the transition
Effective date and transition	<ul style="list-style-type: none"> • The amendments are applied for annual periods beginning on or after April 1, 2021 with earlier application permitted. • A company applies the amendments retrospectively, except that it will reinstate a discontinued hedging relationship if the following conditions are met: <ol style="list-style-type: none"> 1. The hedging relationship was discontinued solely due to changes required by IBOR reform and if the amendments had been applied at that time it would not have been required to discontinue that hedging relationship 2. At the beginning of the reporting period in which the company first applies these amendments, that discontinued hedging relationship continues to meet all qualifying criteria for hedge accounting (taking into account the amendments). • In addition, a company is not required to restate prior periods to reflect the application of the amendments. However, the company may restate prior periods if it is possible without the use of hindsight.

Covid 19 related concessions beyond June 30, 2021 vis à vis Ind AS 116

- As a practical expedient, **a lessee may elect not to assess whether a rent concession that meets the conditions in paragraph 46 B is a lease modification.** A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification Para 46 A of Ind AS 116 (July 2020).
- Para 46 B (July 2020 states that the practical expedient in paragraph 46 A applies only to rent concessions occurring as a direct consequence of the covid 19 pandemic and only if all of the following conditions are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before the 30 th June, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30th June, 2021 and increased lease payments that extend beyond the 30th June, 2021; and
 - there is no substantive change to other terms and conditions of the lease.

Due to Covid 19 second wave, the above date in Clause (b) i.e., June 30, 2021 has been now amended to be the date as June 30, 2022 vide Amendment Rules, 2021.

Changes in various headings and expressions used in various Ind AS

- The expression 'cost of disposal' has been substituted for 'cost to sell' in the following Standards:
 - **Ind AS 16 and Ind AS 105** - while defining Recoverable Amount - higher of [FV - Cost to Sell] or VIU now after substitution shall be higher of [FV - Cost of Disposal] or VIU;
 - **Ind AS 28** the entire carrying amount of the investment is tested for impairment in accordance with Ind AS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less **costs to sell** with its carrying amount now after substitution shall be the entire carrying amount of the investment is tested for impairment in accordance with Ind AS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal with its carrying amount
- In Ind AS 101 in paras B 8 B 8 C dealing with exceptions to the retrospective application, for the heading "Classification and measurement of financial assets now the substituted heading shall be "Classification and measurement of financial instruments".
- In Appendix A of Ind AS 109 the expression "**effective interest method**" has been defined by the Amendment Rules, 2021 as follows:
 - "The method that is used in calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period."
 - **The erstwhile heading 'effective interest method' now is being substituted by 'effective interest rate'**

Conceptual Framework to Ind AS issued in 2021

- ✓ References have been made to "Conceptual Framework to Ind AS" issued in 2021 by substituting the same for Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards (the Framework)"
- ✓ Such Ind AS where we need to refer the aforesaid 2021 Framework" are as follows:
 - **Ind AS 102** while defining 'equity instrument' and 'liability';
 - **Ind AS 103** while defining 'assets and liabilities' for the purposes of 'identifiable assets acquired and liabilities assumed';
 - **Ind AS 106** while guiding on recognition of assets arising from development;
 - **Ind AS 37** while defining 'liability' - Ind AS 37 definition has been retained without considering the 2021 Framework;
 - **Ind AS 38** while defining 'asset' - Ind AS 38 definition has been retained without considering the 2021 Framework;
 - **Ind AS 34** while dealing with elements of F.S. - definition of such elements for recognition purposes
 - **Ind AS 1 and 8** - at every place in these Standards, references have been made to "Conceptual Framework to Ind AS" issued in 2021 by substituting the same for "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards (the Framework)"

Changes in Ind AS 114 on Regulatory Deferral Account

Para 5 (Pre-Amendment)	Para 5 (Post-Amendment)
An entity shall not change its accounting policies in order to start to recognise regulatory deferral account balances. An entity may only change its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs. An entity shall judge relevance and reliability using the criteria in paragraph 10 of Ind AS 8.	An entity shall not change its accounting policies in order to start to recognise regulatory deferral account balances. An entity may only change its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable*, or more reliable and no less relevant to those needs. An entity shall judge relevance and reliability using the criteria in paragraph 10 of Ind AS 8.

*The term "faithful representation", which is used in Conceptual Framework for Financial Reporting under Ind AS issued by the Institute of Chartered Accountants of India, encompasses the main characteristics that the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards called "reliability". The requirement in paragraph 13 of this Standard is based on the requirements of Ind AS, which retains the term 'reliable'.

Ind AS 38 - Appendix A dealing with Intangible Assets -Web Site Costs

Para 5 (Pre-Amendment)	Para 5 (Post Amendment)
<p>This Appendix does not apply to expenditure on purchasing, developing, and operating hardware (e.g., web servers, staging servers, production servers and Internet connections) of a web site. Such expenditure is accounted for under Ind AS 16. Additionally, when an entity incurs expenditure on an Internet service provider hosting the entity's web site, the expenditure is recognised as an expense under paragraph 88 of Ind AS 1 and the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by The Institute of Chartered Accountants of India when the services are received.</p>	<p>This Appendix does not apply to expenditure on purchasing, developing, and operating hardware (e.g., web servers, staging servers, production servers and Internet connections) of a web site. Such expenditure is accounted for under Ind AS 16. Additionally, when an entity incurs expenditure on an Internet service provider hosting the entity's web site, the expenditure is recognised as an expense under paragraph 88 of Ind AS 1 and the Conceptual Framework for Financial Reporting under Indian Accounting Standards issued by The Institute of Chartered Accountants of India when the services are received.</p>

Companies (Accounting Standards) Rules, 2021

Through these Rules, MCA has notified the Accounting Standards for small and medium companies that revise the turnover and borrowing limits as well as help in making disclosure requirements less onerous.

The [definition of Small and Medium-Sized Companies \(SMCs\)](#) under the standards has been revised and accordingly turnover limit has been [increased from INR 50 crore to not exceeding INR 250 crore and borrowing limits from INR 10 crores to not exceeding INR 50 crore](#) at any during the immediately preceding accounting year. This is in addition to the requirements that such entities should be unlisted companies, which are not banks, financial institutions, or insurance companies.

The Accounting Standards 1 to 5, 7, and 9 to 29 as recommended by the Institute of Chartered Accountants of India shall be applicable on SMC and shall come into effect in respect of accounting periods commencing on or after April 01,2021.

Every company, other than companies on which Indian Accounting Standards as notified under Companies (Indian Accounting Standards) Rules, 2015 are applicable, and its auditor(s) shall comply with the Accounting Standards at the time of preparation of Financial Statements.

Further, an existing Company which has subsequently become SMC can only claim the benefits of SMC under these Rules after two years.

COMPLIANCE CALENDAR

Direct Taxes

July 7, 2021

- Due date for deposit of Tax deducted/collected for the month of June, 2021. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.
- Due date for deposit of TDS for the period April 2021 to June 2021 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H.

July 15, 2021

- Due date for issue of TDS Certificate for tax deducted under section 194-IA, IB, M in the month of May, 2021
- Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending June, 2021
- Quarterly statement of TCS deposited for the quarter ending 30 June, 2021
- Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2021
- Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of June, 2021
- Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during Financial Year 2020-21
- The due date for issue of certificate of TDS in respect tax deducted from the salary paid during the Financial Year 2020-21 has been extended from June 15, 2021 to July 15, 2021 vide Circular no. 9/2021, dated 20-05-2021
- Statement to be furnished (in Form No. 64C) by Alternative Investment Fund (AIF) to units holders in respect of income distributed during the previous year 2020-21
- The due date for furnishing of statement in Form no. 64C has been extended from June 30, 2021 to July 15, 2021 vide Circular no. 9/2021, dated 20-05-2021

30 July 2021 -

- Quarterly TCS certificate in respect of tax collected by any C for the quarter ending June 30, 2021
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, IB and M for the month of June, 2021

31 July 2021 -

- Quarterly statement of TDS deposited for the quarter ending June 30, 2021

- Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending June 30, 2021.
- Statement by scientific research association, university, college or other association or Indian scientific research company as required by rules 5D, 5E and 5F (if due date of submission of return of income is July 31, 2021)
- Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on or before July 31, 2021)
- Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or 11(1) (if the assessee is required to submit return of income on or before July 31, 2021)
- Due date for claiming foreign tax credit, upload statement of foreign income offered for tax for the previous year 2020-21 and of foreign tax deducted or paid on such income in Form no. 67. (If the assessee is required to submit return of income on or before July 31, 2021.)

Indirect Taxes

July 10, 2021

- Due date for filing of GSTR 7 (Tax Deductor) and GSTR 8 (Tax Collector)

July 11, 2021

- Due date for filing of GSTR 1 for Regular Taxpayers.

July 13, 2021

- Due date for filing of GSTR 1(April-June, 2021) for QRMP Scheme
- Due date for filing of GSTR 6 (ISD).

July 18, 2021

- Due date for filing of CMP-08(April-June, 2021) for Composition Taxpayers

July 20, 2021

- Due date for filing of GSTR 3B (Regular Tax Payer)
- Due date for filing of GSTR 5 (Non-Resident Taxable Person).
- Due date for filing of GSTR 5A (Non-Resident OIDAR Service Provider).

July 22/24, 2021

- Due date for filing of GSTR 3B Opting for QRMP scheme (Specified States-I)/(Specified States-II)

July 31, 2021

- Due date for filing of GSTR- 4 for Composition Taxpayers(Annual Return for FY 20-21)



Do You Know?

The 44th GST Council has decided to reduce the GST rates on the specified items being used in Covid-19 relief and management till September 30, 2021.

Serving of food in schools under Mid-Day Meals Scheme would be exempt even if such supplies are funded by government grants and/or corporate donations.

Guaranteeing of loans by CG or SG for their undertaking or PSU is specifically exempt.



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ABOUT US

Nucleus AAR Advisors LLP is an Investment Banking and Risk Advisory Firm providing specialized services in the field of Startup Advisory, M&A Advisory, International Taxation, Audit & Assurance. We partner with entrepreneurs in their critical decision making by providing them various analysis customized as per their requirement. We also help in the effective implementation of decisions and its subsequent monitoring as well.

Team Nucleus is comprised of people from Big4s and reputed consulting firms with combined experience of 30+ years. Team is distinguished by their functional and technical expertise combined with their hands-on experience, thereby ensuring that our clients receive the most professional



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