



Welcome to our
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax and Goods & Services Tax during January 2021 and budget highlights. We had tried to cover all important updates occurred during January 2021 and major updates of Budget 2021 in this volume of newsletter. Feedbacks are welcome at info@nucleusadvisors.in.



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Why this Volume of Newsletter is important for reader?

Like every year, Finance Minister presented India Budget 2021 on February 1, 2021. This budget was the first budget post COVID 19 and have seems to meet the expectations as evident from rise is stock market prices with upper circuit. We have tried to cover all important updates relating to direct tax and GST as proposed in this budget.





Budget Highlights

- 👍 Income **tax rates** (including surcharge, health and education cess) for companies (domestic and foreign), firms, Limited Liability Partnerships and individuals remain **unchanged** including rates for Minimum Alternate Tax and Alternate Minimum Tax.
- 👍 Scope of **Slump Sale** extended to cover all types of **transfer** undertaken by any means (including exchange).
- 👍 Minimum Alternate Tax provisions are to be relaxed for incomes taxed in the past years on account of Advance Pricing Agreement or secondary adjustment.
- 👍 TDS on payment of income on securities (interest, dividends, etc.) to FPIs at 20% or treaty rate, whichever is lower.
- 👍 Definition of zero coupon bond amended to include bond issued by infrastructure debt fund notified by Central Government.
- 👎 **Goodwill** excluded from definition of Intangible Assets and thus **no depreciation** to be allowed **on goodwill**.
- 👎 Distribution of cash/ asset on account of dissolution or reconstitution of a Partnership firm/Association of Person to be taxed in its hands and any revaluation of assets/value of self generated assets to be ignored.
- 👎 **Delays in depositing employees' contributions** to employee welfare funds are proposed to be **disallowed** permanently.
- 👎 It is proposed that the **presumptive taxation** regime which is applicable to **professionals** earning less than INR 50 lakhs and 50% thereof is treated as income, **not to be applicable on Limited Liability Partnerships**.
- 👎 No exemption u/s 10(10D) with respect to any unit linked insurance policy, issued on or after the 1st day of February, 2021, if the amount of premium payable for any of the previous year during the term of such policy exceeds two lakh and fifty thousand rupees.


Budget Highlights

- 👎 Exemption regarding provident fund interest shall not be available to the extent it relates to the amount or the aggregate of amounts of contribution made by that person exceeding two lakh and fifty thousand rupees in any previous year in that fund, on or after the 1st day of April, 2021
- 👍 Leave Travel Concession/ Assistance (LTC/ LTA) exemption provision is to be amended to give effect to the deemed LTC Scheme announced by the Government in October 2020. Rules are to be notified in due course.
- 👍 In order to make the advance ruling mechanism more effective and efficient, it is proposed to constitute one or more Boards for Advance Ruling.
- 👍 **No interest for late deposit of advance tax on dividend income** (other than deemed dividend) proposed, provided applicable taxes are paid in subsequent advance tax instalments subsequent to the date of payment/ declaration of dividend.
- 👍 A Dispute Resolution Committee is to be constituted to resolve disputes in a faceless manner for small taxpayers whose returned income is up to INR 50 lakhs and the disputed amount is up to INR 10 lakhs.
- 👍 It is proposed that consideration taxable as **royalty and FTS** will **not be subjected to Equalisation levy**.
- 👍 In context of the Equalisation levy, the expressions 'Online sale of goods' and 'online provision of services' are proposed to be defined to include various online activities namely acceptance of offers, placing and acceptance of purchase orders and payment of consideration. e-Commerce supply or services are to include consideration for sale of goods and provision of services, even where goods are not owned or services not provided by an e-Commerce operator.
- 👍 Additional interest deduction of INR 150,000 u/s 80EEE, available to first time residential home buyers, to be extended until March 31, 2022.
- 👍 To help home buyers and real estate developers, the safe harbour threshold (i.e., the **difference between the transaction value and the circle rate**) on residential property is proposed to be **increased from 10 percent to 20 percent**, subject to certain additional conditions.
- 👍 It is proposed to extend the outer limit for obtaining approval for claiming deduction for affordable housing projects to 31 March 2022. Furthermore, it is proposed to incentivise affordable housing rental projects notified by the Central Government.
- 👍 Extension of sunset clause for date of incorporation of an eligible start-up from 1 April 2021 to 1 April 2022 for claiming tax holiday deduction
- 👍 Extension of date of investment in eligible start-up from 31 March 2021 to 31 March 2022 for claiming exemption of capital gains from transfer of residential property.


Budget Highlights


Tax Incentives for IFSC (International Financial Service Centres)


- Exemption from capital gains taxation extended to investment division of Offshore Banking Units located in IFSC which:
 - has been granted Category III AIF registration by SEBI
 - has commenced operations on or before March 31, 2024
- Exemption from capital gains taxation arising to a specified Offshore Fund (Original Fund) and its investors/ shareholders, from transfer of assets to Resultant Fund in IFSC on account of relocation, before March 31, 2023:
 - Resultant Fund to be SEBI registered Category I, II or III AIF located in IFSC
 - Consideration for transfer of assets to be discharged by way of issue of proportionate shares or units or interest in the Resultant Fund
 - Subsequent capital gains arising to non-resident investors on account of sale of shares of an Indian company by Resultant Fund, also exempt, if such gains were not chargeable to tax but for relocation
 - Losses of underlying Indian company not to lapse on account of such relocation
- Income from transfer of aircraft or aircraft engine leased by an IFSC unit to a domestic company (engaged in aircraft operation business), prior to such transfer, eligible for profit linked tax holiday
 - IFSC Unit to have commenced operations on or before March 31, 2024
- Tax exemption provided to non-resident earning income from transfer of non-deliverable forward contracts entered with an Offshore Banking Unit of an IFSC


 A new procedure provided for reassessment proceedings. The new timelines will be as follows:


- Time limit to issue notice reduced to three years from four or six years (in cases other than that of serious tax evasion).
- In case of serious tax evasion: Up to 10 years if Assessing Officer is in possession of evidence/ documents/accounts that results in escapement of income of INR 50 lakhs or more.

 Due to the introduction of Faceless Assessment Scheme, 2019, the time limit for completing an assessment is proposed to be reduced from 12 months to 9 months.

 Faceless Appeals for Income-tax Appellate Tribunal proceedings are to be notified to bring in increased efficiency, transparency and accountability.

 The limit for tax audit is to be increased to INR 10 crores rupees in cases where receipts and payments (by way of cash) are not more than 5%.

 Pre-filled return form already in place will now cover expanded details such as capital gain, dividend income and interest from bank/ post office.

 Resident senior citizens (aged 75 years or more) with only pension and interest income from the same bank, are to be exempted from return filing subject to fulfilment of other prescribed condition.

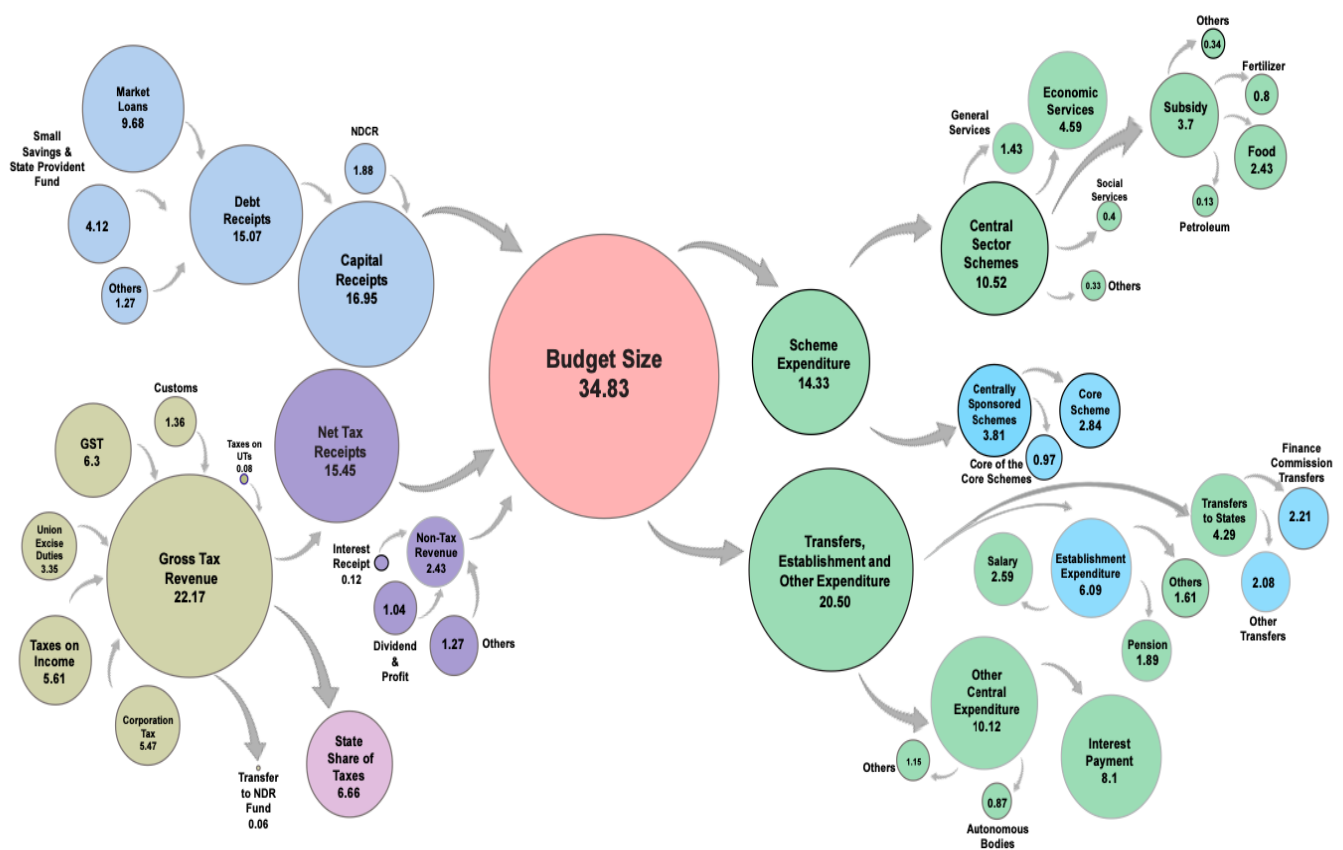
Budget Highlights

Minimum Alternate Tax

Adjustment to book profit under MAT provisions

- Where dividend income of foreign company is taxed at lower than MAT rate due to Tax Treaty, the dividend income and relatable expenditure are to be excluded while calculating the book profit of a foreign company
- If an APA or a Secondary adjustment results in increase in book profit of the current year, on filing of application by the taxpayer, the AO to recompute MAT liability for the past year(s)
- Time limit of 4 years to recompute the MAT liability would commence from the end of the financial year in which the said application is received by the AO

BUDGET PROFILE



In INR Lacs Crores, pics credit www.indiabudget.gov.in

Amendments w.r.t Financial Services Sector

Withholding tax

- Tax withholding on payments to FPIs to be restricted to Tax Treaty rates
- Dividend income received by REIT/ InvIT from specified SPVs not subjected to tax withholding. This amendment is slated to be effective retrospectively from April 1, 2020.

Zero Coupon Bonds

- Notified Infrastructure Debt Funds to be allowed to issue Zero Coupon Bonds

ADIA, SWF/ PF

- Tax exemption for ADIA/ SWF/ PFs extended to:
 - Investments made into a domestic holding company set up and registered after April 1, 2021 which in turn will have a minimum 75% investment in infrastructure entities
 - Investments in NBFC-IDF/ IFC provided it will have a minimum 90% lending to infrastructure entities
 - Investment in Category I/ II AIF with a minimum 50% (earlier 100%) investment in specified infrastructure entities or InvIT
- Exemption to be prorated if investment by AIF/ holding company/ lending by NBFC-IDF/ IFC to infrastructure entities/ InvIT is less than the aforesaid thresholds
- Government to prescribe rules for calculation of aforesaid thresholds
- Exemption not available if investments in India are made out of direct or indirect loans and borrowings. Loans and borrowings specifically defined
- Condition for not undertaking commercial activity replaced by non-participation in day-to-day operations of investee:
 - Relaxation provided with respect to monitoring mechanism for investment protection including right to appoint Directors or appointment of Executive Directors
- PF who may be 'liable to tax' but entitled to exemption in home country also eligible for tax exemption on qualifying investments

CBDT Notifies Faceless Penalty Scheme 2021

The Central Board of Direct Taxes (CBDT) has notified the Faceless Penalty Scheme, 2021. The Board may specified the persons, incomes, cases or class of penalties to which faceless penalty shall be imposed. The rules & procedures laid down by the Faceless Penalty Scheme, 2021 are on the similar lines with the Faceless Assessment Scheme, 2020 and Faceless Appeal Scheme, 2020.

The CBDT has directed units established under Faceless Assessment Scheme, 2019 to perform the functions of various units under FPS till separate National Faceless Penalty Centres (NFPC), Regional Faceless Penalty Centres (RFPC), Penalty Units (PU) and Penalty Review Units (PRU) are set up. In view thereof, National Faceless Assessment Centre will act as NFPC, Regional Faceless Assessment Centre will act as RFPC, Assessment Unit will act as PU and Review Unit will act as PRU. Consequently, the units established under Faceless Assessment Scheme, 2019 are required to also perform their functions for penalty matters and act accordingly.

Furthermore, the CBDT has directed that all ongoing, as also future, penalty proceeding under the ITL shall be conducted under FPS, except cases where:

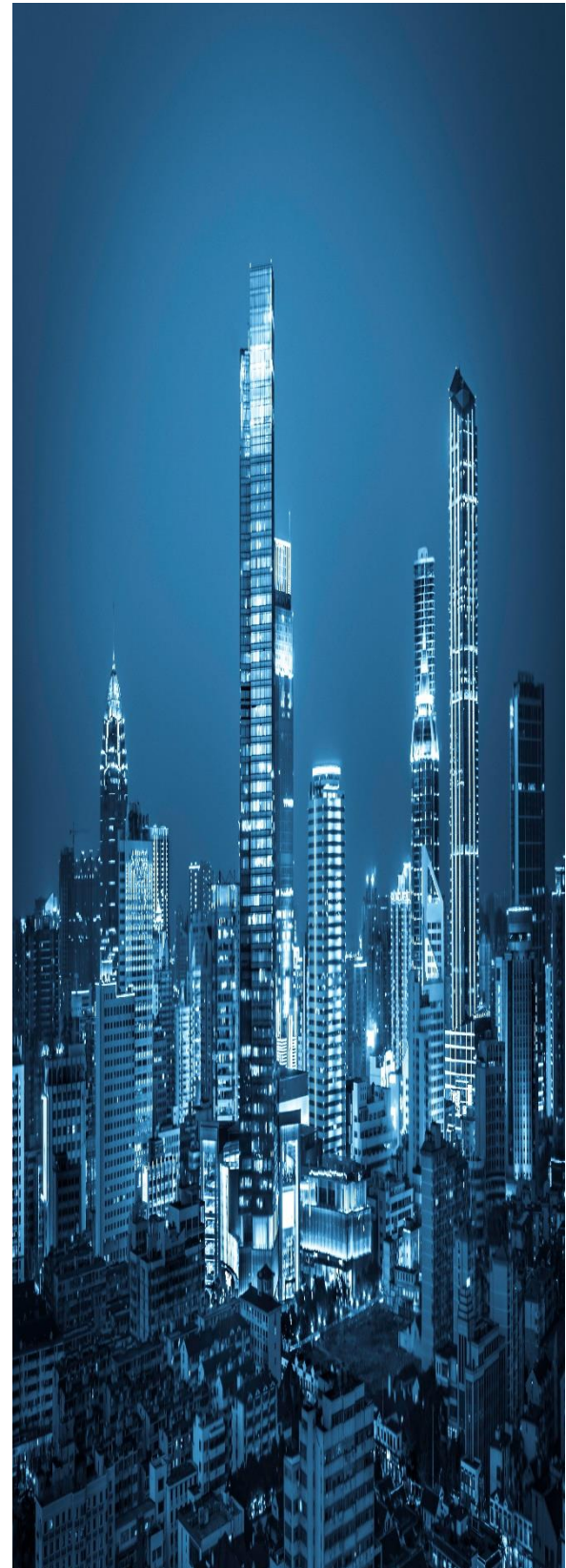
- Penalty proceedings are assigned to central charges.

- Penalty proceedings are assigned to international tax charges.
- Penalty proceedings arising in withholding cases

This is with immediate effect i.e., 20 January 2021

(Notification 02/2021)

CBDT further extends the date for filing of declarations under the Vivad Se Vishwas Act, 2020 to 28th February, 2021. Notification in S.O. 471(E) dated 31/01/2021 issued.



GST UPDATES

Notification No. 1/2021: - Central Goods & Service Tax(Amendment) Rules, 2021

- ❖ The Government has released Notification No. 1/2021- Central Tax dated January 1st, 2021 notifying the date of publication in the Official Gazette as the date on which CGST (Amendment) Rules, 2021 shall come into force.
- ❖ After sub-rule(5) of Rule 59, sub rule(6) is inserted: The following registered person shall not be allowed to furnish GSTR-1:
 - If he has not furnished the return in GSTR-3B for preceding two months;
 - If he is required to furnish return for every quarter under the proviso to sub-section (1) of section 39, if he has not furnished the return in GSTR-3B for preceding tax period;
 - If he is restricted from using the amount available in electronic credit ledger to discharge his liability towards tax in excess of ninety-nine per cent. of such tax liability under rule 86B, if he has not furnished the return in FORM GSTR-3B for preceding tax period.”

Notification No. 2/2021: - Amendments of Jurisdiction of Commissioner Appeals for New Delhi & Mumbai:

Jurisdiction of tax officers and their powers:

Table I

- (1) The jurisdiction of the Principal Chief Commissioner, Delhi vested over ‘Commissioner (Appeals II) Delhi and Additional Commissioner or Joint Commissioner (Appeals II) Delhi’ is now substituted by ‘Commissioner (Appeals I) Delhi and Additional Commissioner (Appeals II) Delhi’.
- (2) The jurisdiction of the Principal Chief Commissioner, Mumbai vested over ‘Commissioner (Appeals I) Mumbai and Additional Commissioner or Joint Commissioner (Appeals I) Mumbai’ is now substituted by ‘Commissioner (Appeals II) Mumbai and Additional Commissioner (Appeals I) Mumbai’.

Table III

- (1) The Commissioner of Central Tax (Appeals I) Delhi, will have jurisdiction as Principal Commissioner over Delhi I and Delhi II.
- (2) The Commissioner (Appeals II) Mumbai, will have jurisdiction as Principal Commissioner over Mumbai I and Mumbai II.



Budget Highlights:

Central Goods and Service Tax

Amendment in section 7

In section 7, in sub-section (1), after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely: -

“(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration.

Change in the Provision: -

- ❖ The person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions shall be deemed to take place from one such person to another.
- ❖ An Explanation is proposed to be inserted to the aforesaid sub-section to clarify that the person and its members/constituents shall be deemed to be two separate persons.

Amendment in section 16

The following clause shall be inserted after clause(a), subsection 2 of Section 16 of CGST Act.

“(aa) The details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;”.

Change in the Provision: - Input tax credit on invoice or debit note may be availed only when the details of such invoice or debit note have been furnished by the supplier in GSTR -1.

Amendment in section 35 and 44

- ❖ In section 35 of the Central Goods and Services Tax Act, sub-section (5) shall be omitted.
- ❖ For section 44 of the Central Goods and Services Tax Act, the following section shall be substituted, namely: --

“44. Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed:

Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section:

Provided further that nothing contained in this section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor- General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.”.

Change in the provision: -

It is proposed to omit the section 35 (5) of CGST Act, 2017 to remove the mandatory requirement of getting annual accounts audited and reconciliation statement submitted by specified professional.

Corresponding amendments are proposed to be made in Section 44 of the CGST Act to remove the mandatory requirement for filing GSTR-9C with an option to file self-certified reconciliation statement.

Further, Section 44 of the CGST Act is proposed to be amended to grant powers to the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return.

This amendment will take effect from such date as Central Government may prescribe by notification in the Official Gazette.

Amendment in Section 50

In section 50 of the Central Goods and Services Tax Act, in sub-section (1), for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017, namely: --

“Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger.”.

Change in the Provision: - Proviso to Section 50 of the CGST Act, 2017 is proposed to be amended retrospectively **w.e.f 1st July 2017**, stating that interest shall be charged on net cash liability Proviso to Section 50 of the CGST Act, 2017 is proposed to be amended retrospectively **w.e.f 1st July 2017**, stating that interest shall be charged on net cash liability.

Amendment in Section 83

In section 83 of the Central Goods and Services Tax Act, for sub-section (1), the following sub-section shall be substituted, namely: -

“(1) Where, after the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue it is necessary so to do, he may, by order in writing, attach provisionally, any property, including bank account, belonging to the taxable person or any person specified in sub-section (1A) of section 122, in such manner as may be prescribed.”.

Change in the Provision: -

- ❖ Section 83(1) of the CGST Act is proposed to be substituted in order to expand the powers of Authorities to provisionally attach property/ bank accounts in case of assessments, inspection, search and seizure and all demand/ recovery proceedings.
- ❖ Further, the provisional attachment shall remain valid for the entire period starting from initiation of any proceedings till the expiry of one year from the date of order.

Amendment in Section 107

In section 107 of the Central Goods and Services Tax Act, in sub-section (6), the following proviso shall be inserted, namely: --

“Provided that no appeal shall be filed against an order under sub-section (3) of section 129, unless a sum equal to twenty-five per cent. of the penalty has been paid by the appellant.”.

Change in the provision: - A proviso is proposed to be inserted to Section 107(6) of the CGST Act which requires an assessee to pay an amount equal to 25% of the penalty before filing an appeal against the order passed under Section 129(3) of the CGST Act (i.e. order for detention/seizure of goods and conveyances in transit).

Amendment in Section 129

In section 129 of the Central Goods and Services Tax Act, --

(i) in sub-section (1), for clauses (a) and (b), the following clauses shall be substituted, namely: --

- a) on payment of penalty equal to two hundred per cent. of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such penalty;
- b) on payment of penalty equal to fifty per cent. Of the value of the goods or two hundred per cent. of the tax payable on such goods, whichever is higher, and in case of exempted goods, on payment of an amount equal to five per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such penalty;”

(ii) sub-section (2) shall be omitted;

(iii) for sub-section (3), the following sub-section shall be substituted, namely: --

“(3) The proper officer detaining or seizing goods or conveyance shall issue a notice within seven days of such detention or seizure, specifying the penalty payable, and thereafter, pass an order within a period of seven days from the date of service of such notice, for payment of penalty under clause (a) or clause (b) of sub-section (1).”;

(iv) in sub-section (4), for the words “No tax, interest or penalty”, the words “No penalty” shall be substituted;

(v) for sub-section (6), the following sub-section shall be substituted, namely: --

“(6) Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) within fifteen days from the date of receipt of the copy of the order passed under sub-section (3), the goods or conveyance so detained or seized shall be liable to be sold or disposed of otherwise, in such manner and within such time as may be prescribed, to recover the penalty payable under sub-section (3):

Provided that the conveyance shall be released on payment by the transporter of penalty under sub-section (3) or one lakh rupees, whichever is less:

Provided further that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer.”.

Change in the Provision: -

- ❖ Section 129(1) of the CGST Act is proposed to be amended to increase the penalty quantum where any person transports/stores goods in contravention of the CGST Act while they are in transit and such goods/ conveyances are liable to detention or seizure. Proposed penalty is as under:

S. No	Particulars	Existing Penalty	Proposed Penalty
1	The owner of the goods comes forward for payment of such penalty	<ul style="list-style-type: none"> ➤ Exempted goods: 2% of value of goods or INR 25,000 whichever is less ➤ Goods other than above: tax and penalty equal to 100% of tax payable on such goods 	<ul style="list-style-type: none"> ➤ Exempted goods: 2% of value of goods or INR 25,000 whichever is less ➤ Goods other than above: penalty equal to 200% of tax payable on such goods
2	The owner of the goods does not come forward for payment of such penalty	<ul style="list-style-type: none"> ➤ Exempted goods: 5% of value of goods or INR 25,000 whichever is less ➤ Goods other than above: Tax and penalty equal to 50% of the value of goods reduced by tax paid thereon 	<ul style="list-style-type: none"> ➤ Exempted goods: 5% of value of goods or INR 25,000 whichever is less ➤ Goods other than above: Penalty equal to 50% of the value of goods or 200% of tax payable on such goods, whichever is higher

- ❖ Section 129(2) is proposed to be omitted which allows the assessee to release the seized goods under provisional basis upon execution of bond and furnishing of security.
- ❖ Section 129(3) is proposed to be amended to specify the duration of 7 days for issuance of notice for such detention and seizure and a duration of 7 days thereafter for passing an order.
- ❖ Section 129(6) of the CGST Act is proposed to be amended wherein the powers have been given to the Authorities to sale/ dispose off the seized goods/ conveyances in the prescribed manner, where the penalty has not been paid within a period of 15 days from the date of receipt of order. An option has been given to the transporter to pay the penalty as determined above or INR 1 lakh, whichever is less, for release of conveyance.

Amendment in Section 130

In section 130 of the Central Goods and Services Tax Act, --

- in sub-section (1), for the words “Notwithstanding anything contained in this Act, if ”, the word “Where” shall be substituted;
- in sub-section (2), in the second proviso, for the words, brackets and figures “amount of penalty leviable under sub-section (1) of section 129”, the words “penalty equal to hundred per cent. of the tax payable on such goods” shall be substituted;
- sub-section (3) shall be omitted.

Change in the Provision: -

- The phrase ‘Notwithstanding anything contained in this Act’ is proposed to be removed from Section 130(1) of the CGST Act to remove superseding effect *qua* confiscation provisions.
- Lower limit of aggregate of fine and penalty leviable for confiscation of the goods is proposed to be increased to 100% of tax payable on such goods which was earlier limited to penalty leviable under Section 129 of the CGST Act.

Amendment in Section 151

For section 151 of the Central Goods and Services Tax Act, the following section shall be substituted, namely: --

“151. The Commissioner or an officer authorized by him may, by an order, direct any person to furnish information relating to any matter dealt with in connection with this Act, within such time, in such form, and in such manner, as may be specified therein.”.

Change in the Provision:-

It is proposed to substitute Section 151 of the CGST Act, 2017 to empower the jurisdictional commissioner to call for information from any person relating to any matter dealt with in connection with the Act.

Amendment in Section 152

In section 152 of the Central Goods and Services Tax Act, --

(a) in sub-section (1),--

- (i) the words “of any individual return or part thereof” shall be omitted;
- (ii) after the words “any proceedings under this Act”, the words “without giving an opportunity of being heard to the person concerned” shall be inserted;

(b) sub-section (2) shall be omitted.

Change in the Provision: -

Section 152 of the CGST Act is proposed to be amended to mandatorily provide an opportunity of personal hearing (which was not there earlier) to the persons required to furnish information return before disclosing such information.

Amendment in Section 168

In section 168 of the Central Goods and Services Tax Act, in sub-section (2), --

- (i) for the words, brackets and figures “sub-section (1) of section 44”, the word and figures “section 44” shall be substituted;
- (ii) the words, brackets and figures “sub-section (1) of section 151,” shall be omitted.

Change in the provision: -

Section 168 of the CGST Act is proposed to be amended to allow Jurisdictional Commissioner to exercise powers to call for information under Section 151.

Amendment in Schedule II

In Schedule II of the Central Goods and Services Tax Act, paragraph 7 shall be omitted and shall be deemed to have been omitted with effect from the 1st day of July, 2017.

Change in the provision: -

Paragraph 7 of Schedule II is proposed to be omitted retrospectively i.e. from July 1, 2017. The said Entry provided that supply of goods between unincorporated association/ body of persons to its members for a consideration would be liable to GST.

Amendment in Section 74

In section 74 of the Central Goods and Services Tax Act, in Explanation 1, in clause (ii), for the words and figures “sections 122, 125, 129 and 130”, the words and figures “sections 122 and 125” shall be substituted.

Change in the provision:

Clause (ii) to Explanation 1 of Section 74 of the CGST Act is proposed to be amended so as make detention, seizure, confiscation of goods and conveyances in transit a separate proceeding from recovery of tax.

Amendment in Section 75

In section 75 of the Central Goods and Services Tax Act, in sub-section (12), the following Explanation shall be inserted, namely: --
‘Explanation. --For the purposes of this sub-section, the expression “self-assessed tax” shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39.’.

Change in the Provision:

An Explanation is proposed to be included to Section 75(12) of the CGST Act [which deals with recovery of self -assessed tax] to include tax payable on outward supplies reflected in return filed under Section 37 (i.e. through GSTR-1) but not paid while filing return under Section 39 (i.e. GSTR-3B).

Amendment in section 16

In the Integrated Goods and Services Tax Act, 2017, in section 16, --

- (a) in sub-section (1), in clause (b), after the words “supply of goods or services or both”, the words “for authorized operations” shall be inserted;
- (b) for sub-section (3), the following sub-sections shall be substituted, namely: --

“(3) A registered person making zero rated supply shall be eligible to claim refund of unutilized input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed:

Provided that the registered person making zero rated supply of goods shall, in case of non-realization of sale proceeds, be liable to deposit the refund so received under this sub-section along with the applicable interest under section 50 of the Central Goods and Services Tax Act within thirty days after the expiry of the time limit prescribed under the Foreign Exchange Management Act, 1999 for receipt of foreign exchange remittances, in such manner as may be prescribed.

(4) The Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify--

- (i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;
- (ii) a class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid.”.

Change in the Provision: -

- ❖ Section 16(1)(b) of the IGST Act is proposed to be amended to restrict the scope of “zero-rated supply” to the extent of such goods or services which are used for authorized operations in the context of supplies made to Special Economic Zone developer or a Special Economic Zone unit.
- ❖ Section 16(3) of the IGST Act is proposed to be substituted wherein the option of export on payment of IGST has been omitted. Consequentially, Section 16(4) is proposed to be inserted which restricts the option of zero-rated supply on payment of IGST to notified class of persons or notified supplies of goods/services.
- ❖ Further, a proviso is proposed to be inserted which provides that in case of non-realization of sale proceeds on account of export of goods, the exporter shall deposit the refund received on account of export under LUT along with applicable interest within 30 days from the date of expiry of time limit for collection of foreign exchange remittance as prescribed under FEMA.

*CBIC latest tweet on section 35 and 44



CBIC ✓

@cbic_india

Replying to @CACHirag and @nsitharaman

Please note Section 35 and 44 of CGST Act are proposed to be amended in Finance Bill 2021. However, these proposals will come into effect from a date to be notified later.

Compliance Calender

Indirect Taxes

February 10th, 2021

Due date for filing of GSTR 7 (Tax C) and GSTR 8 (Tax Collector).

February 11th, 2021

Due date for filing of GSTR 1 (Regular Tax Payer)

February 13th, 2021

Due date for filing of GSTR 6 (ISD).

February 20th, 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).

February 22nd, 2021*

Due date for filing of GSTR 3B

February 24th, 2021**

Due date for filing of GSTR 3B

February 25th, 2021

Due date for PMT 06 QRMP scheme (Jan 2021)

February 28th, 2021

Due Date for Filing of GSTR 9/9C for F.Y 2019-20

* Due date for filing of GSTR 3B for Taxpayer having turnover upto ₹5 crores in previous financial year (monthly return) in the state of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Daman & Diu, and Dadra & Nagar Haveli, Puducherry, Andaman, and Nicobar Islands, Lakshadweep.

** Due date for filing of GSTR 3B for Taxpayer having turnover upto ₹5 crores in previous financial year (monthly return) in the state of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi

Direct Taxes

February 15th, 2021

Extended Due Date for Filing ITR for AY 2020-21 for taxpayers requiring audit

Quarterly TDS certificate (other than salary) for the quarter ending December 31, 2020

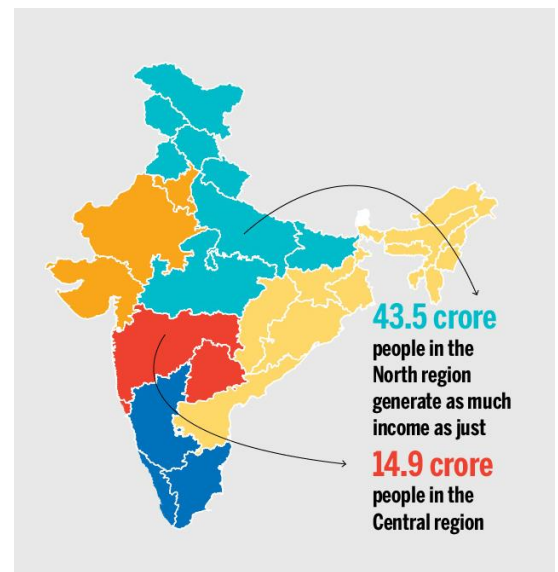
DO YOU KNOW?

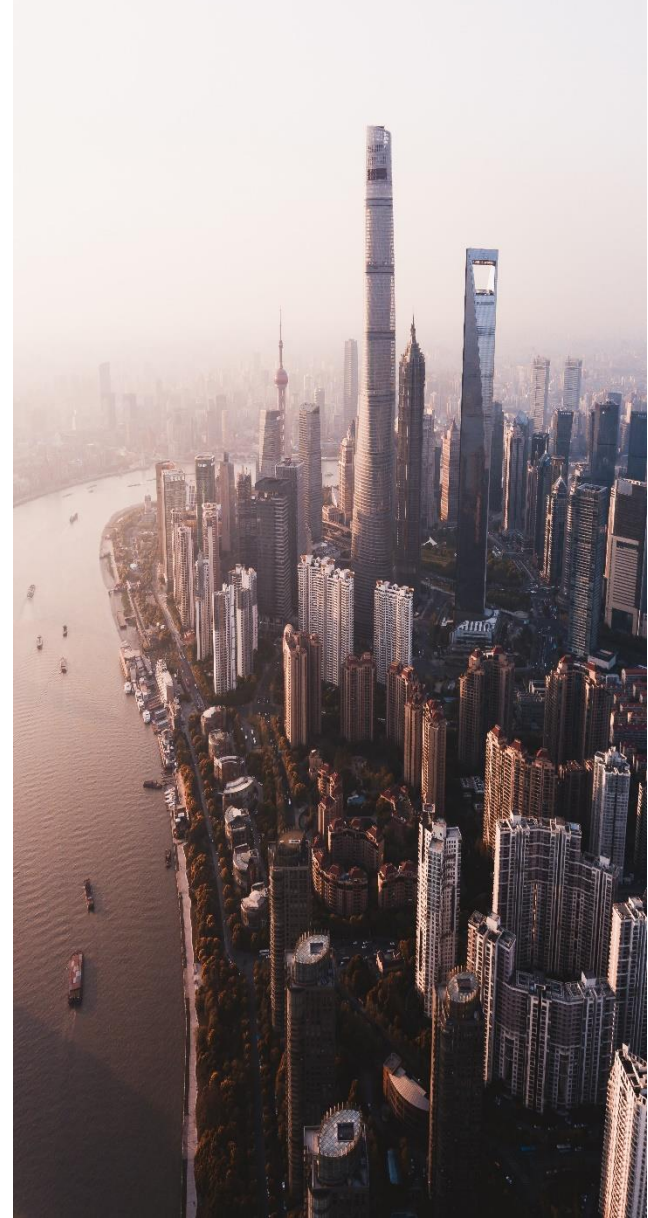
FACT-I:

Total Assets under Supervision for JP Morgan is more than GDP of India

FACT-II:

Credit: Times of India





In her speech, Sitharaman announced that India's fiscal deficit is set to jump to 9.5 per cent of Gross Domestic Product in 2020-21 as per Revised Estimates. This is sharply higher than 3.5 per cent of GDP that was projected in the Budget Estimates. A slump in government revenues amid the Covid-19 pandemic has led to a sharp rise in deficit and market borrowing. In health care spending, Sitharaman announced a total spend of around Rs 2 lakh crore on healthcare with Rs 35,000 crore on Covid-19 vaccine development and inoculation.



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ABOUT US

Nucleus AAR Advisors LLP is an Investment Banking and Risk Advisory Firm providing specialised 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 customised 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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