

# Nucleus ADVISORS

# RoundUp

March 2021 | F&A | Volume VII



Welcome to our  
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax and Companies Act during March 2021. We had tried to cover all important updates occurred during March 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](mailto: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 and Companies Act 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.





# DIRECT TAX UPDATES

## **CBDT issues notification on application for grant of certificate to determine appropriate proportion of sum chargeable to tax in case of payment made to non-residents**

The Finance (No.2) Act, 2019 amended Section 195 Income-tax Act, 1961 (the Act) in order to have a systematic and standard process for making an application by the deductor and to reduce human interface. The amendment empowered the Central Board of Direct Taxes (CBDT) to prescribe the form and manner of filing of application under Section 195 to the Assessing Officer (AO) to determine the appropriate proportion of sum chargeable.

CBDT had issued an Office Memorandum proposing an amendment in the Income-tax Rules 1962, to insert a new Rule 29BA and Form 15E, to give effect to the amendments in Section 195. The Memorandum invited suggestions from the stakeholders. Recently, CBDT issued a Notification to introduce Rule 29BA for making an application for grant of certificate determining appropriate proportion of sum (other than salary) chargeable to tax in case of payment made to non-residents under Section 195. Further Form No.15E has also been introduced for such application.

### **Details of the notification**

An application shall be made in Form 15E electronically, under digital signature; or through electronic verification code. AO shall examine whether the sum being paid or credited is chargeable to tax under the provisions of the Act read with the relevant tax treaty, if any, and if the sum is chargeable to tax, he shall proceed to determine the appropriate proportion of such sum chargeable to tax.

AO shall examine the application and on being satisfied that the whole of such sum would not be the income chargeable in case of the recipient, may issue a certificate determining appropriate proportion of such sum chargeable under the provision of this Act.

While examining the application, AO shall also take into consideration, the following information in relation to the recipient:

- tax payable on estimated income of the previous year relevant to the assessment year;
- tax payable on the assessed or returned or estimated income, as the case may be, of preceding four previous years;
- existing liability under the Act and Wealth-tax Act, 1957;
- advance tax payment, tax deducted at source and tax collected at source for the assessment year relevant to the previous year till the date of making application.

The certificate shall be valid only for the payment to non-resident named therein and for such period of the previous year as may be specified in the certificate, unless it is cancelled by the AO at any time before the expiry of the specified period.

An application for a fresh certificate may be made, if the taxpayer so desires, after the expiry of the period of validity of the earlier certificate or within three months before the expiry thereof.

The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents and the Systems shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the furnishing of Form No 15E and issuance of certificate.

Notification No. 18/2021

### **Computation of perquisite for annual accretion related to excess contribution made by employer to specified fund or scheme**

Prior to tax year 2020-21, the employer contribution to Provident Fund (PF) in excess of 12 per cent of specified salary, employer contribution to Superannuation Fund (SAF) in excess of INR 150,000 and employer contribution to National Pension Scheme (NPS) in excess of 10 per cent of specified salary was taxable as salary. As per Finance Act 2020, effective 01 April 2020, the aggregate of such employer contributions to PF, SAF and NPS exceeding INR 750,000 has been taxable as perquisite. Further, annual accretion (interest, dividend or other income) to the extent it relates to the taxable employer's contribution as above, is treated as a taxable perquisite.

The Central Board of Direct Taxes (CBDT), vide Notification No. 11 of 2021 dated March 5, 2021, has inserted a new Rule, wherein the method of computation of perquisites has been specified.

#### **Method to compute the annual accretion**

Annual accretion by way of interest, dividend during the tax year to balance to the credit of the fund to the extent taxable as perquisites under Section 17(2)(vii) of the Act shall be the amount computed as per the below formula:

$$TP = (PC/2)*R + (PC1 + TP1)*R$$

wherein,

TP = Taxable perquisite<sub>2</sub> for the tax year;

TP1 = Aggregate of taxable perquisite<sub>2</sub> for the previous tax year or years commencing on or after April 1, 2020 other than the current tax year;

PC = Amount of principal contribution made by the employer in excess of INR 750,000 to the specified fund/ scheme during the tax year;

PC1 = Amount of principal contribution made by the employer in excess of INR 750,000 to the specified fund/ scheme for the previous tax year or years commencing on or after April 1, 2020 other than the current tax year;

R = I / Fav<sub>g</sub>;

I = Amount of income accrued during the current tax year in the specified fund/ scheme account;

Fav<sub>g</sub> = Half of (Amount of balance to the credit of the specified fund/ scheme on the first day of the current tax Year + Amount of balance to the credit of the specified fund/ scheme on the last day of the current tax year)

However, where the amount or aggregate of amounts of TP1 and PC1 exceeds the amount of balance to the credit of the specified fund/ scheme on the first day of the current tax year, then the amount in excess of the amount of the said balance shall be ignored for the purpose of computing the amount or aggregate of amounts of TP1 and PC1.

Notification No. 11 of 2021 dated March 5, 2021

The Central Board of Direct Taxes ('CBDT') has vide notification No. 19/ 2021 dated March 26, 2021 ('Notification') notified the procedures and forms for tax registrations by trusts/ institutions under the Income-tax Act, 1961 ('the Act'). The CBDT has also introduced the manner and format for reporting of donations received and issuance of donation certificates to the donors.

The key highlights of the Notification are as under:

-Prescribing the procedure and introducing forms for approvals under section 10(23C), section 12AB, section 35 and section 80G the Act effective from April 1, 2021.

- Existing registrants under section 10(23C), section 12A/12AA, section 35 and section 80G of the Act to apply for re-registration under the amended provisions latest by June 30, 2021.

- Inserting rules for furnishing annual statement for the donations received during a financial year by institutions registered under section 80G and section 35 of the Act.

- Introducing format for certificate of donation required to be furnished to the donor made during a financial year under section 80G and section 35 of the Act

Read the whole procedure here

[https://www.incometaxindia.gov.in/communications/notification/notification\\_19\\_2021.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_19_2021.pdf)

Central Board of Direct Taxes (CBDT) issues Circular No. 3/2021 dated March 4, 2021 which states that, where the Designated Authority (DA) passes an order to settle any direct tax dispute under Direct Tax Vivad Se Vishwas Act, 2020 (VSV), the tax authority shall pass consequential orders under the Income-tax Law (ITL).

Circular 03/2021

Clarifications on provisions of the Direct Tax Vivad se Vishwas Act, 2020

FAQ no.70 of circular 21/2020 clarified eligibility for search case under Vivad se Vishwas. It was clarified that if the assessment order has been framed in the case of a taxpayer under section 143(3) / 144 of the Income Tax Act based on the search executed in some other taxpayer's case, it is to be considered as a 'search case' under Vivad se Vishwas.

The matter has been examined. In order to remove any uncertainty in this regard, and in exercise of powers under section 10 and II of Vivad se Vishwas, it is clarified that a 'search case' means an assessment or reassessment made under sections 143(3)/ 144/ 147/ 153A/ 153C/ 158BC of the Income-tax Act in the case of a person referred

to in section 153A or section 153C or section 158BC or section 158BD of the Income-tax Act on the basis of search initiated under section 132, or requisition made under section 132A of the Income-tax Act.

Circular 04/2021

### **CBDT notifies additional classes of reportable persons to furnish investment returns of taxpayer for facilitating pre-filing of tax returns**

- Presently, the Income Tax Laws (ITL) cast an obligation upon specified taxpayers, including government agencies, banks and other institutions, to submit a "Statement of Financial Transactions" (SFT) to the tax authority containing information of certain financial transactions undertaken during the tax year, within two months from the end of the said tax year.
- These financial transactions include reporting of cash deposits more than INR1 Million in the current account by a banking company, acquisition of bonds or debentures of more than INR1m by an issuing company, receipt from share issue to a single taxpayer for more than INR1 Million by an issuing company, purchase or sale of immovable property of INR3 Million or more by registrar etc.
- This reporting acts as a valuable source of information for the tax authority so that the same can be utilized for widening the tax base and plugging revenue leakage. As a part of the e-governance drive, the Finance Minister, during her speech while presenting Finance Bill, 2021, announced that pre-filled tax returns will be made available to taxpayers, which will contain details of salary income (from Form 16), capital gains from securities, bank interests and dividends etc., and tax deductions.
- In furtherance, in order to facilitate pre-filing of tax returns, the CBDT has issued the present Notification.

The Notification casts a reporting obligation on specified taxpayers in relation to specified transactions, as summarized below:

Sr. N	Nature of transaction	Reporting obligation cast on
1	Capital gains on transfer of listed securities or units of mutual funds	- Recognized stock exchange - Depositories - Recognized clearing corporation - Registrar to an issue and share transfer agent
2	Dividend Income	Corporate taxpayer
3	Interest Income	A banking company or a co-operative bank Postmaster General Non-banking financial company

The form, due date and manner of furnishing the said statement will be prescribed by the tax authority with prior approval of the CBDT.

Read the whole notification

[https://www.incometaxindia.gov.in/communications/notification/notification\\_16\\_2021.pdf](https://www.incometaxindia.gov.in/communications/notification/notification_16_2021.pdf)

In view of the prevailing situation due to COVID-19 pandemic across the country, it has been decided by the Board that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till 31st March, 2022.

Circular 05/2021

CBDT substituted Form No. 12BA Statement of particulars of perquisites, Form 16 and TDS Form 24Q Income-tax (3rd Amendment) Rules 2021 vide notification 14/2021.

[Click here to see new formats](#)



# GST UPDATES

**Notification No. 05/2021 Central Tax (Dated March 8, 2021) :- GST E-Invoicing turnover limit reduced to Rs 50 crores from Rs 100 crore with effect from April 1, 2021**

In the said notification, in the first paragraph, with effect from the 1st day of April, 2021, for the words “one hundred crore rupees”, the words “fifty crore rupees” shall be substituted.

Now taxpayers having turnover exceeding Rs 50 Crores will have to generate e Invoices with effect from April 1, 2021.

**Circular No. 147/03/2021: - Clarification on Refund related Issues**

## Background:

Various representations were made by trade and industry seeking clarification on some of the issues relating to GST refunds. In order to ensure uniformity in implementation of the provisions of the Goods and Services Tax (GST) law, Central Board of Indirect Taxes and Customs (CBIC) has issued a Circular<sup>3</sup> in this regard.

## Summary:

- ❖ Para 41 of Circular No. 1252 is modified to remove the restriction of non-availment of input tax credit (ITC) by the recipient of deemed export supplies on the invoices, for which refund has been claimed.
- ❖ Taxpayers who had inadvertently entered details of zero-rated supplies in table 3.1(a) instead of table 3.1(b) of Form GSTR-3B, can now file refund applications for the tax periods up to March 31, 2021. Earlier, the same was allowed till June 2019
- ❖ For the purpose of rule 89(4) of the Central Goods and Services Tax Rules, 2017 (CGST Rules), the restriction of 150% of the value of like goods domestically supplied, as applicable for “Turnover of zero-rated supply of goods”, would also apply while computing “Adjusted Total Turnover”.

## Clarification in respect of refund claim by recipient of Deemed Export Supply:

- ❖ For obtaining refund of tax paid by the recipient of deemed export supplies, para 41 of Circular No. 125/44/2019 - GST dated November 18, 2019 has placed a condition that such person should submit an undertaking that it has not availed input tax credit (ITC) on invoices in respect of which refund is claimed.
- ❖ However, when the said person proceeds to file refund application on the portal, system requires debit of the amount so claimed from the electronic credit ledger.
- ❖ Third proviso to Rule 89(1) of the Central Goods and Services Tax Rules, 2017 (CGST Rules) does not impose any such restriction on recipient of deemed export supplies while claiming refund of tax.
- ❖ In order to ensure that there is no dual benefit to the claimant, the portal requires recipient to debit equivalent amount from electronic credit ledger.
- ❖ Accordingly, para 41 of Circular No. 125/44/2019 - GST dated November 18, 2019 is modified to remove the restriction of non-availment of Input Tax Credit by the recipient of deemed export supplies on the invoices for which refund has been claimed.

## Refund claim in cases of incorrect declaration of zero-rated supplies in GSTR-3B:

- ❖ Validation check is placed on the common portal to prevent the value of integrated tax (IGST)/cess in Form GST RFD-01A from being more than that declared in table 3.1(b) of Form GSTR-3B i.e., details of zero-rated supplies.
- ❖ There were cases where taxpayers had inadvertently entered the details of zero-rated supplies in table 3.1(a) instead of 3.1(b) of the said Form.
- ❖ Para 26 of Circular No. 125/44/2019 - GST dated November 18, 2019 clarified that for the tax periods 1 July 2017 to 30 June 2019, such registered persons shall be allowed to file refund application in GST RFD-01A subject to the condition that the amount of refund of IGST/Cess claimed shall not be more than the aggregate amount of IGST/Cess mentioned in the tables 3.1(a), 3.1(b) and 3.1(c) of GSTR-3B.



- ❖ Since the clarification was valid only for the period up to 30 June 2019, taxpayers who had committed these errors in subsequent tax periods were not able to file the refund application.
- ❖ Circular now extends the above relaxation till March 31, 2021. Accordingly, necessary modification in para 26 of Circular No. 125/44/2019 - GST dated November 18, 2019 has been carried out.

### Calculation of “Adjusted Total Turnover” under rule 89(4)

- ❖ Definition of “Turnover of zero-rated supply of goods” under rule 89(4) was amended to restrict it to 1.5 times the value of like goods domestically supplied by the same or similarly placed supplier, as declared by the supplier.
- ❖ Doubts had been raised whether the same would also apply for computation of “Adjusted Total Turnover” for the purpose of calculating refund.
- ❖ The above expression has been defined to include the value of turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services.
- ❖ As per section 2(112) of the Central Goods and Services Tax Act, 2017 (CGST Act), “Turnover in a State or Union Territory” includes zero-rated supplies of goods.
- ❖ In view of the above, the value, calculated as per amended definition of “Turnover of zero-rated supply of goods”, need to be taken into consideration while calculating “turnover in a state or a union territory” and accordingly, the “adjusted total turnover” for the purpose of rule 89(4).
- ❖ Thus, the restriction of 150% of the value of like goods domestically supplied, as applied in “Turnover of zero-rated supply of goods”, would also apply to the value of “Adjusted Total Turnover”.

### The same is explained by way of illustration:

Illustration: Suppose a supplier is manufacturing only one type of goods and is supplying the same goods in both domestic market and overseas. During the relevant period of refund, it has net admissible ITC of INR 270. The details of outward supply are shown in the table below:

Outward Supply	Turnover	Turnover as per amended definition
Local	1000	1000
Export	1750	1500 (1.5*1000)

The formula for calculation of refund as per rule 89(4) is:

- Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover
- Turnover of zero-rated supply of goods (as per amended definition) = INR 1500
- Adjusted Total Turnover = INR 1000 + INR 1500 = INR 2500 [and not INR 1000 + INR 1750]  
Net ITC = INR 270
- Refund Amount = INR (1500\*270)/2500 = INR 162

### Notification No. 06/2021 Central Tax (Dated March 30, 2021) - Waiver of penalty payable for non-compliance of provisions of Notification No. 14/2020 dated 21st March 2020.

Taxpayers, having aggregate turnover of more than INR 500 crores, are required to provide dynamic QR code on invoices issued to unregistered customers (B2C invoices) w.e.f. December 1, 2020.

However, CBIC vide Notification no. 89/2020-CT dated November 29, 2020, waived the amount of penalty leviable for not providing dynamic QR code on B2C invoices during the period December 2020 to March 2021, subject to the condition that the taxpayer complies with the QR code requirement from April 1, 2021 onwards.

Vide the recent notification, CBIC has **extended the waiver of penalty by three months** till June 30, 2021 subject to the condition that the taxpayer complies with the provisions from July 1, 2021.



# MCA UPDATES

## 1. Companies (Management and Administration) Amendment Rules, 2021 - MCA notifies FORM NO. MGT-7 - Annual Return (other than OPCs and Small Companies and FORM NO. MGT-7A - Abridged Annual Return for OPCs and Small Companies for Financial Year 2020-21.

MCA notification **G.S.R. 159(E)**, w.e.f. March 5, 2021 every company, except OPC and small company, shall file its annual return in Form No- MGT-7 whereas OPC and small company shall file their annual return from FY 2020-21 in Form no- MGT-7A.

Further, the requirement of attaching the extract of the annual return with the Board's Report shall be in Form No. MGT.9. has been omitted in Rule 12 of the said rules.

### Comparative Analysis between MGT-7 & MGT-7A

Changes	MGT-7	MGT-7A for OPC & Small Company
Point No. 1(vi)	Whether shares listed on recognized stock exchange	Whether form is filed for OPC or Small Company
Point No. IV(ii)	Details of stock split/consolidation during the year	Removed
Indebtness details including Debentures	Applicable	Details of Secured & Unsecured loans removed.
List of Shareholders and Debenture holders as attachment	Company have to click on radio button Yes or No	Removed
MGT-8 Certification of Annual Return by practicing	Applicable	Not Applicable
Remuneration Details	Company needs to enter the details of remuneration paid to CEO, CFO, Company Secretary.	Not Applicable on Small Company & OPC
Details of changes in Directors & KMP during the year.	It is essential to provide the changes in Directors & KMP during the year	Not required.

## 2. Introduction of Aadhar authentication facility for GSTIN Registration in Form INC-35 AGILE-PRO

Ministry of Corporate Affairs has issued a notification **G.S.R.158(E)** on March 5, 2021 stating that in the Form INC-35 AGILE-PRO, part of SPICE+, in serial no-12 at the end of table (A) the following shall be inserted:

“Do you wish to perform Aadhar authentication for GSTIN Registration

- Yes
- No”

## 3. Amendments in the Part II of the Schedule V of the Companies Act, 2013.

MCA vide Notification number **S.O. 1256(E)**. the Central Government hereby makes the following amendments to Schedule V of the Companies Act, 2013, in PART II, under the heading “**REMUNERATION**”-

In Section I of Schedule V of the Companies Act, 2013 after the words “**Managerial person or persons**”, the words “**or other director or directors**” shall be inserted.

In Section II-

- I. After the words “**managerial person**”, wherever occurred, the words “**or other director**” shall be inserted.
- II. For Table (A) the following shall be substituted, namely

Sr. No.	Effective Capital (in Rupees)	Limit of yearly remuneration payable shall not exceed in case of Managerial Person	Limit of yearly remuneration payable shall not exceed in case of Director
1	Negative or less than 5 Cr.	60 Lakhs	12 Lakhs
2	5 Cr. and above but less than 100 Cr.	84 Lakh	17 Lakhs
3	100 Cr. and above but less than 250 Cr.	120 Lakhs	24 Lakhs
4	250 Cr. and above	120 lakhs plus 0.01% of the effective capital in excess of Rs.250 crores.	24 Lakhs plus 0.01% of the effective capital in excess of Rs.250 crore.

c. In Section III as well after the words “managerial person”, whenever occurred, except in clause (i) of the words “or other director’ shall be inserted.

Explanation: for the purpose of the abovementioned sections of schedule V of the Companies Act, 2013 the term “or other director” shall mean a non-executive director or Independent Director.”

**4. The Government notified the Companies (Accounts) Amendment Rules, 2021 which seeks to amend Companies (Accounts) Rules, 2014.**

In rule 3, in sub-rule (1), the following proviso shall be inserted, namely -

“Provided that for the financial year commencing on or after the 1st day of April 2021, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.”

In rule 8, in sub-rule (5), after clause (x), the two clauses shall be inserted, namely-

“(xi) the details of an application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.

(xii) the details of difference between the amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.”

They shall come into force with effect from the April 1, 2022 (Amendment on April 1, 2021)

**5. MCA has vide its Notification G.S.R. 206(E) Dated 24th March 2021 notified Companies (Audit and Auditors) Amendment Rules, 2021 and omitted clause (d) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 and added clause (e), (f) and (g).**

Existing Provisions

(d) whether the company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and if so, whether these are in accordance with the books of accounts maintained by the company.

Amended Provisions

(d) Omitted

(e) (i) Whether the management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) Whether the management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

(f) Whether the dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

(g) Whether the company, in respect of financial years commencing on or after the 1<sup>st</sup> April, 2022, has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.



# AUDIT & ASSURANCE UPDATES

The Ministry of Corporate Affairs (“MCA”) has brought some significant changes in Board’s Report and Financial Statements of the Companies. The summary of these changes are as follows:

- ✓ Board’s Report to have following additional matters in companies other than Small Company & OPC:
  - Details and status of applications made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year.
  - Details and reason of amount saved by the company in case of One time Settlement.
  
- ✓ Financials Statements to have following changed/additional disclosures as per Schedule III.
  - Rounding off to be mandatory and total income to be criteria for it.
  - Change of nomenclature ‘Property Plant & Equipment’ and ‘Tangible Assets’.
  - Shareholding of Promoters to be disclosed.
  - Current maturities of Long-term borrowings to be disclosed separately under “Short Term Borrowings”.
  - **Trade payables due for payment to be disclosed and ageing schedule shall be given.**
  - Reconciliation to be given of the gross and net carrying amounts of Property, Plant and Equipment and Intangible Assets for amount of change due to revaluation.
  - Security Deposits to be disclosed as non-current assets.
  - **Trade Receivables ageing schedule shall be given for Trade Receivables outstanding.**
  - Disclosure of actual use of borrowed funds if not used for specific purpose.
  - “Long term maturities of finance lease obligations” omitted from “Borrowings” under “Non-Current Liabilities” and “Current maturities of Long term borrowings” to be disclosed separately in “Borrowings” under “Current Liabilities”.
  - Lease Liabilities to be disclosed.
  - Format of Statement of Changes in Equity is revised.
  - Title deeds of Immovable Property not held in name of the Company to be disclosed.
  - Disclose whether Fair Value of Investment Property is done by Registered Valuer.
  - Disclose whether Revaluation of PPE and Intangible Assets is done by Registered Valuer.
  - Disclosures to be made in regards to Loans or Advances in the nature of loans granted to promoters, directors, KMPs and the related parties.
  - Ageing schedule and completion schedule to be disclosed for CWIP and Intangible assets under Development.
  - **Details of Benami Property held to be disclosed.**
  - Disclosures to be made in regards to borrowings from banks or financial institutions on the basis of security of current assets.
  - Disclosures to be made if company is declared wilful defaulter.
  - Disclosures to be made if company has transactions with Struck off Companies.
  - Pending registration of Charge or Satisfaction with ROC to be disclosed.
  - Disclosures to be made if company has not complied with the number of layers prescribed under clause (87) of section 2 of Companies Act, 2013.
  - Certain ratios to be disclosed including explanation for numerator and denominator & change in ratio by more than 25%.
  - Disclosure to be made whether effect of any Scheme of Arrangements approved have been accounted.
  - Disclosures to be made in regards to Utilisation of Borrowed funds and share premium.
  - In P&L, in place of “Total Revenue”, Total Income to be used.
  - Grants or donations received shall be disclosed under Revenue from Operations in case of Section 8 company.
  - Disclosures to be made in regards to Undisclosed Income.
  - Disclosures to be made in regards to CSR, if company covered under section 135 of Companies Act, 2013.
  - **Certain Disclosures to be made if company has traded or invested in Crypto currency or Virtual Currency.**

➤ *For detailed updates, please refer previous update shared by us.*

## Technical Guide on Audit of Internal Financial Controls in Case of Public Sector Banks (PSBs)

Assessment of internal financial controls over financial reporting is a vital responsibility of the auditor, cast by Standards on Auditing (SAs). Reporting on internal financial controls by auditor is also not a new requirement in India. The Companies Act, 2013 introduced Section 143(3)(i) which requires statutory auditors of companies (other than exempted class of companies) to report on the internal financial controls of companies. The Auditing and Assurance Standards Board of ICAI issued the “Guidance Note on Audit of Internal Financial Controls Over Financial Reporting” in 2015 to provide guidance to auditors on this reporting requirement.

Since Public Sector Banks (“PSBs”) are not companies under the Companies Act, 2013, auditor’s reporting on internal financial controls with reference to financial statements was hitherto not applicable to PSBs.

The Reserve Bank of India vide its communication to public sector banks in March 2020 (followed by communication in May 2020) has made reporting on internal financial controls in public sector banks mandatory for statutory auditors from the financial year 2020-21 onwards. Therefore, a need was felt for providing appropriate guidance to auditors on this new reporting requirement in case of public sector banks so that they can discharge their reporting obligation with efficacy.

Auditing and Assurance Standards Board of ICAI has brought out this “Technical Guide on Audit of Internal Financial Controls in Case of Public Sector Banks”. The objective of bringing out this Technical Guide is to provide a supplementary resource to auditors on the “Guidance Note on Audit of Internal Financial Controls Over Financial Reporting” while carrying out audit of internal financial controls in case of public sector banks. The Technical Guide has been written in easy to understand language.

The aforesaid reporting on internal financial controls with reference to financial statements was recommendatory for the financial year ended March 31, 2020 and is mandatory with effect from the financial year ended March 31, 2021. Extract of the RBI advice and the subsequent clarification are given as Appendix I and II to this Technical Guide respectively.

<https://resource.cdn.icai.org/63820aasb51350.pdf>

## Technical Guide on Revised Formats of Long Form Audit Report

The Reserve Bank of India has issued revised formats of Long Form Audit Report (LFAR) for banks and their branches vide its circular dated September 5, 2020 which are applicable for audits for financial year 2020-21 and onwards. Revised formats of LFAR contain several significant changes and several new reporting requirements vis-à-vis earlier formats of LFAR. The Auditing and Assurance Standards Board of ICAI undertook the task of developing a specific Technical Guide to provide appropriate guidance to the auditors of banks on revised formats of LFAR.

“Technical Guide on Revised Formats of Long Form Audit Report” issued by the Board provides detailed guidance on various reporting requirements contained in revised formats of LFAR.

<https://resource.cdn.icai.org/63901aasb-tg-lfar.pdf>



# COMPLIANCE CALENDAR

## Indirect Taxes

### April 10, 2021

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

### April 11, 2021

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

### April 13, 2021

Due date for filing of GSTR 6 (ISD).  
Due date for filing of GSTR 1 QRMP Scheme (Jan - Mar 2021)

### April 18, 2021

Due date CMP-08 (Jan - Mar 2021)

### April 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).

### April 22, 2021\*

Due date for filing of GSTR 3B

### April 24, 2021\*\*

Due date for filing of GSTR 3B

\* 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

### April 7, 2021

Due date for deposit of Tax deducted by an office of the government for the month of March, 2021.

### April 14, 2021

Due date for issue of TDS Certificate for tax deducted under section 194-IA, IB, M in the month of February, 2021.

### April 15, 2021

Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending March, 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 March, 2021.

### April 30, 2021

Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of March, 2021 has been paid without the production of a challan

Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, IB, M in the month of March, 2021

Due date for e-filing of a declaration in Form No. 61 containing particulars of Form No. 60 received during the period October 1, 2020 to March 31, 2021

Due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March, 2021

Due date for deposit of TDS for the period January 2021 to March 2021 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H



### Do You Know?

GST collection during March 2021 crossed above INR 1 lakh crore mark at a stretch for the last six months and a steep increasing trend over this period. These are clear indicators of rapid economic recovery post pandemic. Closer monitoring against fake billing, deep data analytics using data from multiple sources including GST, income-tax and customs IT systems and effective tax administration have also contributed to the steady increase in tax revenue over last few months.



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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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