

# Nucleus ADVISORS RoundUp

August 2021 | F&A | Volume XII



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 August 2021. We had tried to cover all important updates occurred during August 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, 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 Updates

- ✓ CBDT notifies Pension Fund '2726247 Ontario Inc.' to be eligible for Sec 10(23FE) Income Tax Exemption
- ✓ CBDT notifies Tax Exemption to 'National Council of Science Museums', Kolkata, in respect of the specified income under section 10(46)
- ✓ CBDT notifies Tax Exemption to Real Estate Regulatory Authority, Himachal Pradesh, Shimla in respect of the specified income for Assessment Year 2020-2021 to 2024-2025
- ✓ CBDT Notifies Computation of Exempt Income and Determination of income of Specified Fund u/s 10(4D) and u/s 115AD || Rules 21AI, 21AJ, Forms 10IG, 10IH
- ✓ CBDT notifies the Rule 10RB and Form No 3CEEA under Income Tax Act, 1961
- ✓ CBDT notifies the New Income Tax Rule 12AA and Rule 51B under Income Tax Act, 1961
- ✓ CBDT notifies the Rule 9D for Calculating Taxable Interest relating to contribution in a Provident Fund
- ✓ Extension of time lines for E-Filing of various forms under Income Tax Act, 1961

## GST Updates

- ✓ Seeks to make seventh amendment (2021) to CGST Rules, 2017-Notification No. 32/2021 -Central Tax- dated Aug 29, 2021
- ✓ Seeks to extend FORM GSTR-3B late fee Amnesty Scheme from Aug 31,2021 up to Nov 30, 2021 -Notification No. 33/2021 - Central Tax- dated Aug 29, 2021
- ✓ Seeks to extend timelines for filing of application for revocation of cancellation of registration to Sept 30, 2021 - Notification No. 34/2021 -Central Tax- dated Aug 29, 2021
- ✓ Advisory for Taxpayers regarding Blocking of E-Way Bill (EWB) generation facility resume after August 15, 2021
- ✓ Implementation of Rule-59(6) on GST Portal
- ✓ Advisory on HSN and GSTR-1 Filing
- ✓ New Functionalities made available for Taxpayers on GST Portal

## MCA Updates

- ✓ MCA has introduced the Limited Liability Partnership (Amendment Bill), 2021
- ✓ MCA exemptions to Foreign Company
- ✓ Various Disclosures to be made by companies in their Financial Statements
- ✓ Companies (Appointment and Qualifications of Directors) Amendments rules, 2021
- ✓ FAQs of Corporate Social Responsibility released by MCA



# DIRECT TAX UPDATES

## Notification No. 84/2021: CBDT notifies Pension Fund 'Ontario Inc.' to be eligible under Section 10(23FE)

The Central Board of Direct Taxes (CBDT) notifies the pension fund '[2726247 Ontario Inc.](#)' as the specified person for the purposes of sub-clause (iv) of clause (c) of the Explanation 1 to Section 10(23FE) as the specified person in respect of the eligible investment made by it in India on or after August 3, 2021 but on or before the 31st day of March, 2024 subject to various conditions as specified in Notification. For various conditions [click here](#).

## Notification No. 85/2021: CBDT notifies Tax Exemption to 'National Council of Science Museums', Kolkata under Section 10(46)

The Central Board of Direct Taxes (CBDT) notifies Tax Exemption to '[National Council of Science Museums, Kolkata](#)' under section 10(46) of Income Tax Act, 1961 in respect of the following specified income arising to the Council, namely: -

- a) amount received in the form of grants-in-aid and subsidies from Government of India;
- b) fees or subscription by sale of tickets;
- c) charges for maintenance recovered for use of auditorium and other public facilities for scientific and educational purposes; and
- d) Income arising or derived by way of interest received from investment.

This notification shall be effective subject to the conditions that National Council of Science Museums, Kolkata,

- a) shall not engage in any commercial activity;
- b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.
- d) shall file the Audit report along with the Return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

This notification shall apply with respect to the financial years 2021-2022, 2022-2023, 2023-2024, 2024-2025 and 2025-2026.

## Notification No. 86/2021: CBDT notifies Tax Exemption to 'Real Estate Regulatory Authority', Shimla under Section 10(46)

The Central Board of Direct Taxes (CBDT) notifies Tax Exemption to 'Real Estate Regulatory Authority, Himachal Pradesh, Shimla,' in respect of the following specified income arising to that Authority, namely: -

- a) Amount received as Grants-in-aid or loan/advance from Government;
- b) Fee/penalty received from builders/developers, agents or any other stakeholders as per the provisions of the Real Estate (Regulation and Development) Act, 2016; and
- c) Interest earned on (a) and (b) above.

This notification shall be effective subject to the conditions that Real Estate Regulatory Authority, Himachal Pradesh, Shimla:

- a) shall not engage in any commercial activity;
- b) activities and the nature of the specified income shall remain unchanged throughout the financial years;
- c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961; and
- d) shall file the Audit report along with the Return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

## Notification No. 90/2021: CBDT Notifies Computation of Exempt Income and Determination of Income of Specified Fund u/s 10(4D) and u/s 115AD | | Rules 21AI, 21AJ, Forms 10IG, 10IH

The CBDT (Central Board of Direct Taxes) has prescribed the method of computing exempt income of specified fund u/s 10(4D) and taxable income u/s 115AD of the Income-tax Act, 1961, attributable to non-residents. For this purpose, two new IT Rules i.e., Rule 21AI and Rule 21AJ are inserted in the Income-tax Rules, 1962 along with Form No. 10IG for furnishing Statement of Exempt income under clause (4D) of section 10 of the Act and Form No. 10IH for furnishing Statement of income of a Specified fund eligible for concessional taxation under section 115AD of the Act.

Rule 21AI provides for manner for computation of exempt income of the 'specified fund' for the purposes of section 10(4D); whereas Rule 21AJ deals with the determination of income of 'specified fund' attributable to units held by non-residents under section 115AD(1A). Specified funds mean Category III AIF, located in IFSC, and in which all units other than units held by a sponsor or manager are held by non-residents.

### Rule 21AI of the IT Rules

Income attributable to units held by non-resident [not being a Permanent Establishment (PE) of a non-resident in India] in a specified fund shall be computed using the following mentioned formula.

Exemption under section 10(4D) =  $A * C1 + B * C2 + D * F1 + E * F2$

Where,

- **A** - refers to income earned by a specified fund from transfer of capital assets specified under section 47(viiab), as mentioned above, the consideration for which is paid/payable in convertible foreign exchange;
- **B** - refers to any income earned by the specified fund as a result of transfer of securities, other than shares of a resident Indian Company;
- **C1** - Aggregate of daily Assets under Management (AUM) of the Specified fund held by non-resident unit holders (not being the PE of a non-resident in India)
- **C2** - Aggregate of daily total AUM of specified fund from date of acquisition to transfer of the security (other than shares in a company resident in India)
- **D** - refers to income accrued or arisen or received by specified fund from securities issued by a non-resident (not being a PE of a non-resident in India), where such income otherwise does not accrue or arise in India;
- **E** - refers to an income accrued or arisen to, or received by a specified fund from a securitization trust which is chargeable under the head of 'profits and gains of business or profession; and
- **F1** - Total AUM of the specified fund as on date of receipt of such income from securities issued by a non-resident (not being a PE of a non-resident in India) and where such income otherwise does not accrue or arise in India;

- **F2** - Total AUM of the specified fund as on date of receipt of such income from securitisation trust which is chargeable under the head 'profits and gains of business or profession'.

In order to claim the said exemption, the specified fund shall furnish an annual statement of exempt income in Form No. 10IG electronically, before due date of filing Return of Income, under digital signature verified in manner prescribed therein.

#### Rule 21AJ of the IT Rules

Income of a specified fund by way of short term or long-term gains, referred to in section 115AD(1)(b) of the IT Act, attributable to the units held by non-resident (not being the PE of a non-resident in India) shall be computed using the below mentioned formula.

**Formula for computing income attributable to units held by non-resident -  $A = B * C$**

Where,

- **A** - refers to income attributable to units held by a non-resident (not being the PE of a non-resident in India)
- **B** - refers to income arising from transfer of security
- **C** - Daily AUM of the specified fund held by the non-resident unit holders (not being the PE of a non-resident in India)

Similarly, the income by way of income received in respect of securities attributable to the units held by non-resident (not being the PE of a non-resident in India) shall be computed using the below mentioned formula.

**Formula for computing income attributable to units held by non-resident -  $X = Y * Z$**

Where,

- **X** - refers to income attributable to units held by non-resident (not being the PE of a non-resident in India);
- **Y** - refers to income received in respect of securities
- **Z** - AUM of the specified fund held by the non-resident unit holders (not being the PE of a non-resident in India)

The specified fund shall furnish an annual statement of income for concessional taxation in Form No. 10IH electronically before the due date of filing Return of Income, via digital signature.

### Notification No.92/2021: CBDT notifies Rule 10RB and Form 3CEEA under Income Tax Act, 1961

The CBDT (Central Board of Direct Taxes) has notified Income tax (23rd Amendment), Rules, 2021. A new Income tax Rule 10RB has been inserted to provide relief in tax payable under sub-section (1) of section 115JB due to operation of sub-section (2D) of section 115JB.

For the purposes of sub-section (2D) of section 115JB, the tax payable by the assessee company under sub-section (1) of section 115JB, for the previous year referred to in that section, shall be reduced by the following amount, namely: -

**(A-B) -(D-C)**, where,

- A** = tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of the previous year including the past income;
- B** = tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of the previous year after reducing the book profit with the past income
- C** = Aggregate of tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of those past year or years to which the past income belongs;
- D** = Aggregate of tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of past year or years, referred to in item C, after increasing the book profit with the relevant past income of such year or years:

Provided that if the value of (A-B)-(D-C) in the formula is negative, its value shall be deemed to be zero.

For claiming such relief, the assessee company shall have to make a claim for relief under sub-section (2D) of section 115JB in Form No. 3CEEA electronically.

### Notification No. 93/2021: CBDT notifies the New Income Tax Rule 12AA and Rule 51B under Income

The Central Board of Direct Taxes (CBDT) has issued the Income-tax (24th Amendment) Rules, 2021 to further amend the Income-tax Rules, 1962.

In the Income-tax Rules, 1962 (hereinafter referred to as principal rules), after rule 12A, the following rule shall be inserted, namely: -

• **Rule 12AA, which specifies, Prescribed person has been Inserted, namely:**

“12AA - For the purpose of clause (c) or clause (cd), as the case may be, of section 140, any other person shall be the person, appointed by the Adjudicating Authority for discharging the duties and functions of an interim resolution professional, a resolution professional, or a liquidator, as the case may be, under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and the rules and regulations made thereunder.

Explanation- For the purposes of this rule, “Adjudicating Authority” shall have the same meaning as assigned to it in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).”

• **Rule 51B, which specifies, Appearance by Authorised Representative in certain cases, has been Inserted, namely:**

“51B. - For the purposes of clause (viii) of sub-section (2) of section 288, any other person, in respect of a company or a limited liability partnership, as the case may be, shall be the person appointed by the Adjudicating Authority for discharging the duties and functions of an interim resolution professional, a resolution professional, or a liquidator, as the case may be, under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and the rules and regulations made thereunder.

Explanation--For the purposes of this rule “Adjudicating Authority” shall have the same meaning as assigned to it in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).”

### Notification No. 95/2021: CBDT notifies the Rule 9D for Calculating Taxable Interest relating to contribution in a Provident Fund

The Finance Act, 2021 has amended Section 10(11) and Section 10(12) to provide that exemption shall not be available for the interest income accrued during the previous year on the recognised and statutory provident fund in the account of the person to the extent it relates to the contribution made by the employees in excess of Rs. 2,50,000 in the previous year. However, if such person has contributed to a fund in which there is no contribution by the employer, a limit of Rs. 2,50,000 shall be increased to Rs. 5,00,000. The amount of such interest income shall be computed as per the prescribed rules.

Rule 9D to calculate the taxable portion of interest pertaining to the contribution made to a statutory or a recognized provident fund in excess of the threshold limit of Rs. 2.5 lakh or 5 lakhs as the case may be. It provides that separate accounts within the provident fund account shall be maintained during the previous year 2021-22 and onwards for the taxable and non-taxable contribution made by the person.

**Circular No. 16/2021: Extension of time lines for E-Filing of various forms under Income Tax Act, 1961**

S.No.	Nature of Extension	Provisions / Forms of IT Act 1961	Original Due Date	Extended Due Date
1	The application in Form No. 10A/ Form No.10AB, for registration/ provisional registration /intimation/ approval/ provisional approval of Trusts/ Institutions/ Research Associations etc.,	Under Section 10 (23C), 12AB, 35 (1) (ii) / (iia) / (iii) and 80G of the Act	June 30, 2021	March 31, 2022
2	The Quarterly Statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on 30th June, 2021	Form No. 15CC	June 30, 2021	December 31, 2021
3	The Quarterly statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on 30 September, 2021		October 15, 2021	December 31, 2021
4	The Equalization Levy Statement in Form No. 1 for the Financial Year 2020-21	Form No. 1	June 30, 2021	December 31, 2021
5	Intimation by a constituent entity, resident in India, of an international group, the parent entity of which is not resident in India for the purposes of section 286 (1)	Form No.3CEAC	November 30, 2021	December 31, 2021
6	Report by a parent entity or an alternate reporting entity or any other constituent entity, resident in India, for the purposes of section 286 (2) / 286 (4)	Form No.3CEAD	November 30, 2021	December 31, 2021
7	Intimation on behalf of an international group for the purposes of the proviso to sub-section (4) of section 286 of the Act	Form No.3CEAE	November 30, 2021	December 31, 2021
8	Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending 30th June, 2021	Form No. 15G/15H	July 15, 2021	November 30, 2021
9	Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending 30th September, 2021	Form No. 15G/15H	October 15, 2021	December 31, 2021
10	Intimation to be made by Sovereign Wealth Fund in respect of investments made by it in India in Form II SWF for the quarter ending on 30th June, 2021	Form II SWF	July 31, 2021	November 30, 2021
11	Intimation to be made by Sovereign Wealth Fund in respect of investments made by it in India in Form II SWF for the quarter ending on 30th September, 2021	Form II SWF	October 31, 2021	December 31, 2021
12	Intimation to be made by a Pension Fund in respect of each investment) made by it in India in Form No. 10BBB for the quarter ending on 30th June, 2021	Form No. 10BBB	July 31, 2021	November 30, 2021
13	Intimation to be made by a Pension Fund in respect of each investment (11) made by it in India in Form No. 10BBB for the quarter ending on 30 September, 2021	Form No. 10BBB	October 31, 2021	December 31, 2021
14	The Central Board of Direct Taxes (CBDT) has further extended the deadline for the Direct Tax Vivad Se Vishwas scheme (DTVSV) for payment of tax arrears without any additional amount.	Direct Tax Vivad Se Vishwas scheme (DTVSV)	August 31, 2021	September 30, 2021





# GST UPDATES

## ➤ Seeks to make seventh amendment (2021) to CGST Rules, 2017-Notification No. 32/2021 -Central Tax- dated Aug 29, 2021

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with **No. 32/2021- Central Tax** on Aug 29, 2021. With this notification, the Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017, namely: –

1. Short title and commencement-
  - These rules may be called the **CGST (Seventh Amendment) Rules, 2021**.
  - Save as otherwise provided in these rules, they shall come into force on the date of their publication in the Official Gazette.
2. In the CGST Rules, 2017,-
  - i. In rule 26(1), in the fourth proviso, for the figures, letters and words “31st day of August, 2021”, the figures, letters and words “31st day of October, 2021” shall be substituted;  
  
i.e., the **filing of FORM GSTR-3B and FORM GSTR-1/ IFF by companies using electronic verification code (EVC)**, instead of Digital Signature certificate (DSC) has already been enabled for the period from April 27, 2021 to Aug 31, 2021. This has **been further extended to October 31, 2021**.
    - W.e.f. the November 1, 2021, **all the provisos shall be omitted**;
  - ii. with effect from the May 1, 2021, in rule 138E, after the fourth proviso, the **following proviso shall be inserted**, namely: -  
“Provided also that the said restriction shall not apply during the period from the May 1, 2021 till the August 18, 2021, in case where the return in FORM GSTR-3B or the statement of outward supplies in FORM GSTR-1 or the statement in FORM GST CMP-08, as the case may be, has not been furnished for the period March, 2021 to May, 2021.

## iii. in FORM GST ASMT-14 (Show Cause Notice for assessment u/s - 63), -

- After the words, “with effect from -----”, the words, “vide Order Reference No. -----, dated -----” shall be inserted;
- the words, “for conducting business without registration despite being liable for registration” shall be omitted;
- at the end after “Designation”, the word “Address” shall be inserted

## ➤ Seeks to extend FORM GSTR-3B late fee Amnesty Scheme from Aug 31, 2021 up to Nov 30, 2021 -Notification No. 33/2021 -Central Tax- dated Aug 29, 2021

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with **No. 33/2021-Central Tax** on Aug 29, 2021. With this notification, the last date to avail benefit of the late fee amnesty scheme, has now been **extended from existing Aug 31, 2021 to Nov 30, 2021**.

Government, vide Notification No. 19/2021- Central Tax, dated June 1, 2021, had provided relief to the taxpayers by reducing / waiving late fee for non-furnishing FORM GSTR-3B for the tax periods from July, 2017 to April, 2021, if the returns for these tax periods are furnished between June 1, 2021 to Aug 31, 2021.

## ➤ Seeks to extend timelines for filing of application for revocation of cancellation of registration to Sept 30, 2021 -Notification No. 34/2021 -Central Tax- dated Aug 29, 2021

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with **No. 34/2021-Central Tax** on Aug 29, 2021.

Based on the multiple representations received, Government has also extended the **timelines for filing of application for revocation of cancellation of registration to Sept 30, 2021**, where the due date of filing of application for revocation of cancellation of registration falls between March 1, 2020 to Aug 31, 2021. The extension would be applicable only in those cases where registrations have been **cancelled under clause (b) or clause (c) of sub-section (2) of section 29 of the CGST Act**.



The extension of the closing date of late fee amnesty scheme and extension of time limit for filing of application for revocation of cancellation of registration **will benefit a large number of taxpayers, especially small taxpayers**, who could not file their returns in time due to various reasons, mainly because of difficulties caused by COVID-19 pandemic, and whose registrations were cancelled due to the same. Taxpayers are requested to avail the benefit of these extensions at the earliest to avoid last minute rush.

## Advisory for Taxpayers regarding Blocking of E-Way Bill (EWB) generation facility resume after August 15, 2021

1. As you might be aware that the **facility of blocking E way bill generation had been temporarily suspended due to pandemic**, in terms of Rule 138 E (a) and (b) of the CGST Rules, 2017, the E Way Bill generation facility of a person is liable to be restricted, in case the person fails to file their return in Form GSTR-3B / statement in CMP-08, for a consecutive period of two months / Quarters or more.
2. The government has **now decided to resume the blocking of EWB generation facility on the EWB portal**, for all the taxpayers in terms of Rule 138 E (a) and (b) of the CGST Rules, 2017, **from August 15, 2021 onwards**.
3. Thus, after August 15, 2021, the System will **check the status of returns filed in Form GSTR-3B or the statements filed in Form GST CMP-08**, and restrict the generation of EWB in case of:
  - **Non filing of two or more returns in Form GSTR-3B** for the months up to June, 2021 and
  - **Non filing of 02 or more statements in Form GST CMP-08** for the quarters up to April to June, 2021
4. To avail continuous EWB generation facility on EWB Portal, you are therefore advised to **file your pending GSTR 3B returns/ CMP-08 Statement immediately**.
5. For details of blocking and unblocking EWB Click on below links  
[https://tutorial.gst.gov.in/userguide/returns/index.htm#t=FAQs\\_unblockingewaybill.htm](https://tutorial.gst.gov.in/userguide/returns/index.htm#t=FAQs_unblockingewaybill.htm)

Note: Please ignore this update if you are not registered on the EWB portal.

## Implementation of Rule-59(6) on GST Portal

1. **Rule-59(6)** of CGST Rules, 2017; inserted vide Notification No. 1/2021 dated January 1, 2021, **provides for restriction in filing of GSTR-1** in certain cases :
  - a) a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 **in FORM GSTR-1**, if he **has not furnished the return in FORM GSTR-3B for preceding two months**;
  - b) a registered person, required to furnish return for every quarter under the proviso to **sub-section (1) of section 39**, shall **not be allowed to furnish** the details of outward supplies of goods or services or both **under section 37 in FORM GSTR-1** or using the IFF, **if he has not furnished the return in FORM GSTR-3B for preceding tax period**;
2. This Rule will be **implemented on GST Portal from September 1, 2021**. On implementation of the said Rule, the system will check that whether before the filing of GSTR-1/IFF of a tax-period, the following has been filed or not:
  - a) **GSTR-3B for the previous two monthly tax-periods** (for monthly filers),  
OR
  - b) **GSTR-3B for the previous quarterly tax period** (for quarterly filers), as the case may be. The system will restrict filing of GSTR-1/IFF till Rule-59(6) is complied with.
3. This check will operate on **clicking the SUBMIT button of GSTR-1 and the system will give an error message** if the condition of Rule-59(6) is not met. It may be noted that records which have been saved in GSTR-1 will remain saved and filing of such records will be permitted after Rule-59(6) is complied with.
4. Implementation of Rule-59(6) on the **GST Portal will be completely automated, similar to the blocking & un-blocking of e-way bill as per Rule-138E** and facility for filing of GSTR-1 will be restored immediately after filing of relevant GSTR-3B. **No separate approval would be needed** from the tax-officer to restore the facility for filing of GSTR-1.
5. To ensure no disruption in filing GSTR-1/IFF, taxpayers who have not filed their pending GSTR-3B, especially from period November 2020 and afterwards may do so at the earliest.

## Advisory on HSN and GSTR-1 Filing

- a) In accordance with **Notification No. 78/2020 - Central Tax, dated October 15, 2020**, taxpayers need to declare Harmonized System of Nomenclature (HSN) Code of Goods and Services supplied by them on raising of tax invoices, with effect from April 1, 2021 on the below mentioned lines.

S.No	Aggregate turnover in the preceeding FY	Number of digits of HSN code to be reported under GSTR1
1	Upto 5 Cr	4
2	Above 5 Cr	6

- b) It has been **reported by few taxpayers that HSN used by them for reporting in GSTR-1 is not available** in the Table 12 HSN drop-down. They have further stated that they are facing issues in adding the required HSN details in Table 12 and filing of statement of outward supplies in form GSTR-1 of July 2021. Further, in some JSON files, the HSN field is coming as blank from the offline tool, along with other errors as mentioned below:-
- Processed with Error,
  - In Progress or Received but pending,
  - Duplicate Invoice Number found in payload, please correct.
- c) **HSN related issues leading to error messages** - 'Processed with error', 'In progress', 'Received but pending':

### **Issue & Resolution:**

- Taxpayers should check their HSN code in Search HSN functionality provided by GSTN on GST portal and with the directory of HSN codes provided in a downloadable excel format at the following link :

<https://services.gst.gov.in/services/searchhsnsac>

Kindly also refer to the advisory issued by GSTN on April 12, 2021 as "Clarification on reporting 4 digit/6-digit HSNs", available at the following link:

<https://www.gst.gov.in/newsandupdates/read/463>

- On examination of the HSN codes reported as missing, it has been observed that few **taxpayers are trying to report truncated first 6-digits** out of an otherwise valid 8-digit HSN. These truncated HSN codes are actually not available in GST Tariff at 6-digit level, with no corresponding description of goods. Therefore, these truncated 6-digit HSN are invalid. Taxpayers are therefore advised not to create 6-digit HSN code by truncating/removing the last two digits (including "00") of a valid 8-digit HSN code. However, there are **no validations at present in the system**.
- It may be noted that **presently GSTN has relaxed these validations in GSTR-1** due to the pandemic situation in the country and if taxpayers do not find a valid HSN code from the search drop down, then the **system is presently accepting the user entries and they can add the HSN & description in the system** and proceed to file the GSTR-1.
- However, it may be noted that **these validations are not relaxed on IRP portal for reporting e-invoices** & also the e-way bill portal for issuing e-way bills.
- It may kindly be noted that in some cases, the **taxpayers are facing rejection at the time of filling the data in Table 12 of GSTR-1** at the GST portal, where the taxpayers are trying to proceed only after entering the HSN code, without entering any other data. It may be noted that without entering any data in "Description" text box or any other field, other fields will not be enabled. Thereafter, **all the mandatory fields have to be filled before Submission of the data**.
- **Filing of GSTR-1** is to be done using the following steps:
  - a. Log-on to GST portal and click on Return dashboard.
  - b. On the return dashboard select Financial Year, Quarter and Period.
  - c. Select Prepare Online button on GSTR-1 Tile (Box).
  - d. Select 'Table 12 -HSN wise summary of outward supplies' to add HSN details.
  - e. Enter minimum two digits of HSN in the HSN box and the system will provide the drop down list of related valid HSN codes.
  - f. Select the applicable HSN from the drop-down and the description will be auto-populated in the "Description" field.

- g. In case the desired HSN is not appearing in drop-down menu then you can manually enter the desired/applicable HSNs as mandated by law in HSN filed; the system shall accept manually entered HSN as of now.
  - h. After entering manual HSN, mandatorily fill the description of HSN in "Description" field.
  - i. Fill the all other mandatory fields i.e. UQC, Rate, Total taxable value, IGST/CGST/SGST and click on "Add" button.
  - j. This shall move the added records to "Added/Edited invoices to be Saved" section.
  - k. Continue to add remaining records, if any by following step 5 to 9.
  - l. After adding all records, click "SAVE" button under "Added/Edited invoices to be saved" section to save all added records.
  - m. This will move all added records to "Processed Records" section.
  - n. Enter records in other applicable Tables of GSTR-1 and proceed filing GSTR-1.
4. Error messages - 'Processed with error', 'In progress', 'Received but pending':

**Issue & Resolution:** It has been noticed in a few cases that the taxpayers have not used the latest version of Offline Tool while uploading their GSTR-1 return through Offline mode on the GST portal. In some instances, it was observed that HSN Code and Tax rate fields were left blank in Table 12 of GSTR-1 and hence the system has not processed the said GSTR-1. The taxpayers are advised to download the latest version of Offline Tool (version 3.0.4) provided on the GST portal, instead of any older version. In case the taxpayer is using any third party GSTR-1 offline tool, then the service provider of the third party offline tool should be contacted & requested that the tool be updated.

5. Error message reported as - "Duplicate Invoice Number found in payload please correct":

**Issue & Resolution:** GST law requires an invoice, credit/debit note to be unique across a Financial Year, and the same record number should not be repeated in the same Financial Year. If the same record number is reported again in the same Financial Year, the same is treated as a duplicate record, and rejected by the system. It has been noticed that taxpayers were reporting duplicate records, and the same were being rejected by the system, causing inconvenience to other genuine filers. It is requested this kind of check may be exercised by the taxpayer or by the offline tool used by the taxpayer.

6. Further, if the HSN of any Goods/Service is otherwise valid but not accepted on GST Portal/ e-invoice Portal / e-way Bill portal, please raise a ticket on GST Self-Service Portal: <https://selfservice.gstsystem.in/> > Report Issue > Type 'HSN' in 'Type of Issue/Concern' search box > Select relevant sub-category, e.g. 'e-Invoice - IRP - HSN Code related'

## New Functionalities made available for Taxpayers on GST Portal

### 1. Registration:

S. No.	Functionality	Functionality made available for taxpayers
1.	Restricting taxpayers to opt for Composition Scheme, through Form CMP-02 and Form GST REG-01, based on their AATO & sending an alert on crossing the threshold limit	<ul style="list-style-type: none"> <li>➤ Applicant Taxpayer will be <b>blocked from applying for Composition Scheme for a PAN</b>, using new registration application (REG-01), if the threshold of the said PAN based 'Aggregate Annual Turnover', computed for the already registered GSTINs (with same PAN) for the previous financial year is above the threshold limit.</li> <li>➤ This restriction <b>will also be applicable to the taxpayers, at the time of filing of Form GST CMP-02</b>, to opt in for composition scheme, at the beginning of any financial year.</li> <li>➤ As and <b>when the threshold for composition scheme is exceeded</b> (as per the specified quantum of Rs 1.5 Crore/ 75 Lakh, as notified for the respective States/UTs) for a taxpayer, <b>alerts would be send to them</b>, for information and necessary action at their end. Thereafter the Taxpayer can apply to opt out of Composition Scheme.</li> <li>➤ Note: PAN based annual aggregate turnover are computed on the basis of the turnover declared in Form GST CMP-08 and return filed in Form GSTR-3B, by the Composition or Normal Taxpayers in their immediately preceding financial year and also for the current financial year.</li> </ul>

## 2. Returns:

S. No.	Functionality	Functionality made available for taxpayers
1.	Download of Form GSTR-4A in excel for the composition taxpayers	<ul style="list-style-type: none"> <li>➤ 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).</li> <li>➤ A facility to download the details of Form GSTR-4A, in an Excel file, has now been made available to such taxpayers. 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.</li> </ul>
2.	Reduction in the late fee payable, for delay in filing of Form GSTR-7, implemented on GST Portal	<ul style="list-style-type: none"> <li>➤ Earlier late fee amounting to Rs. 200/- per day was payable, subject to a maximum amount of Rs. 10,000/-, in case of filing the return Form GSTR-7, after due date.</li> <li>➤ Now the late fee payable per day has been reduced on the GST Portal to Rs 50/- and maximum late fee is capped at Rs 2,000/-, in case of delay in filing of Form GSTR-7, as per the changes in the Act.</li> <li>➤ These changes in late fee amount would be applicable for returns for the tax period of June, 2021, onwards.</li> </ul>

## 3. Refunds:

S. No.	Functionality	Functionality made available for taxpayers
1.	Seeking adjournment of dates in a SCN proceedings and submitting undertaking for not filing of appeal against order of Rejection	<ul style="list-style-type: none"> <li>➤ Taxpayers have now been provided with a facility on the GST Portal, to request for extending the due date for filing of reply or for adjourning the personal hearing, after a SCN has been issued by the tax officer in a refund case and date of personal hearing has been fixed. To access the same, they can navigate to <b>Services &gt; User Services &gt; My Applications &gt; Case Detail &gt; Notice/Acknowledgement tab-GST RFD-08.</b></li> <li>➤ Taxpayers have also been provided with a facility on the portal, to submit an undertaking that they shall not appeal against the order passed by Tax Officer, in Form GST RFD-06, rejecting the refund amount claimed, either partly or fully. For this they can navigate to <b>Services &gt; User Services &gt; My Applications &gt; Case Details &gt; Orders tab-GST RFD-06.</b></li> </ul>



# MCA UPDATES

## MCA has introduced the Limited Liability Partnership (Amendment Bill), 2021

- The Bill seeks to facilitate greater ease of living to law-abiding corporates and to decriminalize certain provisions of the Act.
- Through the Limited Liability Partnership (Amendment) Bill, 2021, MCA has introduced the concept of “**small limited liability partnership**” in line with the concept of “small company” under the Companies Act, 2013.
- **Small LLP:** Small LLPs would be subject to lesser compliances, lesser fee or additional fee and lesser penalties in the event of default. Thus, lower cost of compliance would incentivize unincorporated micro and small partnerships to convert into the organized structure of an LLP and derive its benefits.

Earlier: LLPs with contribution less than or equal to ₹25 lakh and turnover less than ₹40 lakh are treated as small LLPs

Proposed Amendment: ₹25 lakhs will go over to ₹5 crores and the turnover size will be treated as ₹50 crores.

- It is proposed to amend certain sections of the Act so as to **convert offenses into civil defaults** and to convert the nature of punishment provided in the said sections from fines to monetary penalties.
- A new section 34A has been inserted to empower the **Central Government to prescribe** the “**Accounting Standards**” or “**Auditing Standards**” for a class or classes of **limited liability partnerships**.
- Further, powers under section 39 of the Act relating to “compounding of offenses” is granted to the Regional Director to compound any offense under this Act which is punishable with **fine only**.
- A new section 67A empowering the Central Government to establish or designate as many “Special Courts” as may be necessary for the purpose of providing speedy trial of offenses under the Act, has been inserted.

## MCA exemptions to Foreign Company

- MCA has exempted the foreign companies and companies incorporated or to be incorporated outside India, whether the company has or has not established, or when formed may or may not establish, a place of business in India, in so far as they relate to the offering for subscription in the securities, requirements related to the prospectus, and all matters incidental thereto in the **International Financial Services Centre set up under section 18** of the Special Economic Zones Act, 2005.
- Further, Section 387 to 392 of the Companies Act, 2013 deals with the dating of prospectus and provisions as to experts’ consent and allotment, the registration of the prospectus, the offer of India depository receipts, and the **punishment for contravention**.

## Various Disclosures to be made by companies in their Financial Statements

- The new disclosures with respect to the virtual **currency/cryptocurrency transactions and CSR spending** was undertaken by companies during a financial year are to be provided in detail.
- Where the Company has traded or invested in Cryptocurrency or Virtual Currency during the year, the profit or loss on transactions involving Cryptocurrency or Virtual Currency, amount of currency held as at the reporting date, deposits or advances from any person for the purpose of trading or investing in Crypto Currency/virtual currency is required to be disclosed.
- Further, where the company covered **under section 135 of the Companies Act**, disclosures with regard to the amount required to be spent by the company during the year, amount of expenditure incurred, shortfall at the end of the year, a total of previous years shortfall, reason for the shortfall, nature of CSR activities, details of related party transactions, e-contribution to a trust controlled by the company in relation to CSR expenditure as per relevant

Accounting Standard, where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.

### Companies (Appointment and Qualifications of Directors) Amendments rules, 2021

- MCA has notified the companies (Appointment and Qualifications of Directors) amendments rules, 2021 which shall come into force on the date of their publication in the Official Gazette i.e., **August 19, 2021**.
- The Amendment provides that an **individual shall not be required to pass the online proficiency self-assessment test** to be included in independent directors databank when he has served for a total period of not less than three years as on the date of inclusion of his name in the data bank in the pay scale of Director or equivalent or above in any Ministry or Department, of the Central Government or any State Government, and having experience in handling matters relating to commerce, corporate affairs, finance, industry or public enterprises; or the affairs related to Government companies or statutory corporations set up under an Act of Parliament or any State Act and carrying on commercial activities.
- It is further provided that an individual who are or have been, for at least ten years either as an advocate of a court or in practice as **a chartered accountant or in practice as a cost accountant or in practice as a company secretary**, shall not be required to pass the online proficiency self-assessment test.

### FAQs of Corporate Social Responsibility released by MCA

- The broad framework of CSR has been provided in Section 135 of the Companies Act, 2013, Schedule VII of the Act and Companies (CSR Policy) Rules, 2014.
- MCA had also issued **clarifications including FAQs from time to time on various issues concerning CSR** and also notified the amendments in Section 135 of the Act with an aim to strengthen the CSR ecosystem, by improving disclosures and by simplifying compliances. In response to such amendments, Ministry has received several references and representations from stakeholders seeking clarifications on the various issues related to CSR.
- Through these FAQs, MCA has clarified issues relating to the Applicability of CSR, CSR Framework, CSR Expenditure, CSR Activities, CSR Implementation, Ongoing Project, Treatment of Unspent CSR Amount, CSR Enforcement, Impact Assessment and CSR Reporting & Disclosure.



# COMPLIANCE CALENDAR

## Direct Taxes

### September 07, 2021

- Due date for deposit of Tax deducted/collected for the month of August, 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

### September 14, 2021

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

### September 15, 2021

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of August, 2021 has been paid without the production of a challan
- Due date for second instalment of advance tax for the assessment year 2022-23
- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of August, 2021 has been paid without the production of a challan

### September 30, 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 August, 2021
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB & 194M in the month of August, 2021
- Due date for filing of audit report under section 44AB for the assessment year 2021-22 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2021
- Return of income for the assessment year 2021-22 for all assessee other than (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies or (d) an assessee who is required to furnish a report under section 92E.

- Due date for linking of Aadhaar number with PAN

## Indirect Taxes

### September 10, 2021

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

### September 11, 2021

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

### September 13, 2021

- Due date for filing of GSTR 6 (ISD)
- Due date for GSTR-1 IFF(Optional) for QRMP

### September 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).

### September 25, 2021

- Due date for PMT-06 GST Challan Payment if no sufficient ITC for Aug (for all Quarterly Filers)





### Do You Know?

The last date to avail benefit of the late fee amnesty scheme, has now been extended from existing August 31, 2021 to November 30, 2021. Government has also extended the timelines for filing of application for revocation of cancellation of registration to September 30, 2021. The filing of FORM GSTR-3B and FORM GSTR-1/ IFF by companies using Electronic Verification Code (EVC) has been further extended to October 31, 2021.



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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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