

Nucleus ADVISORS

RoundUp

July 2021 | F&A | Volume XI



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 July 2021. We had tried to cover all important updates occurred during July 2021 in this volume of newsletter. The sole purpose of this circulation is to update finance professionals and business owners on direct & indirect taxes and other compliances. Feedbacks are welcome at info@nucleusadvisors.in.



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Why this Volume of Newsletter is important for reader?

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



NEWSLETTER HIGHLIGHTS

DIRECT TAX

- ✓ Rule 8AC for computing STCG and WDV when depreciation on goodwill is claimed - Notification No. 77/2021
- ✓ Tax Exemption to 'Haryana Building and Other Construction Workers Welfare Board' (PAN AAATH6995H), a Board constituted by the State Government of Haryana, in respect of the specified income under section 10(46) of Income Tax Act, 1961 - Notification No. 78/2021
- ✓ CBDT Notifies Patanjali Research Foundation Trust, Haridwar as a Research Association u/s 35(1)(ii) - Notification No. 79/2021
- ✓ CBDT Notifies Haryana Labour Welfare Board for exemption under section 10(46) of Income tax Act - Notification No. 80/2021
- ✓ CBDT Notifies Himachal Pradesh Computerization of Police Society for Income-tax exemption u/s 10(46) - Notification No. 81/2021
- ✓ CBDT Amends Rule 12 to incorporate Return filing under new section 148 - Notification no. 82/2021
- ✓ New IT Rules notified for electronic furnishing of returns statements etc - Notification no. 83/2021
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GST

- ✓ Clarification regarding extension of limitation under GST Law in terms of Hon'ble Supreme Court's Order dated April 27, 2021- Circular No. 157/13/2021-GST dated July 20, 2021
- ✓ Seeks to notify section 110 and 111 of the Finance Act, 2021 w.e.f. Aug 1, 2021- Notification No. 29/2021 -Central Tax
- ✓ Seeks to amend Rule 80 of the CGST Rules, 2017 and notify Form GSTR 9 and 9C for FY 2020-21. Rule 80 provides for exemption from GSTR-9C to taxpayers having AATO up to Rs. 5 crores- Notification No. 30/2021 -Central Tax
- ✓ Seeks to exempt taxpayers having AATO up to Rs. 2 crores from the requirement of furnishing annual return for FY 2020-21- Notification No. 31/2021-Central Tax
- ✓ Now seek adjournment for personal hearing under GST by filing online application using the GSTN portal
- ✓ New functionality on Annual Aggregate Turnover (AATO) deployed on GST Portal for taxpayers
- ✓ Filing of Annual returns by composition taxpayers: - Negative Liability in GSTR-4
- ✓ Functionality to check and update bank account details
- ✓ Important changes related to QRMP Scheme implemented on the GST Portal for the taxpayers
- ✓ Upcoming functionalities to be deployed on GST Portal for the Taxpayers
- ✓ GST officials unearth tax evasion instances through radio frequency data

MCA

- ✓ Clarifications on spending CSR funds on COVID-19 Vaccination
- ✓ Extension of timeline for waiver of additional fee

AUDIT & ASSURANCE

- ✓ ICAI issues Exposure Draft of Disclosures of Accounting Policies:
 - Amendments to Ind AS 1, Presentation of Financial Statement
 - Amendments to Ind AS 107, Financial Instruments: Disclosures
 - Amendments to Ind AS 34, Interim Financial Reporting



DIRECT TAX UPDATES

CBDT notifies rule 8AC for computing STCG and WDV u/s 50 where depreciation on goodwill is claimed - Notification No. 77/2021

Finance Act, 2021 has amended the provisions of Income Tax Act, 1961 ("Act") to disallow depreciation on the goodwill of a business or a profession. Depreciation of self-generated goodwill is not allowed under the Income Tax Act. With this amendment, depreciation on acquired or purchased Goodwill of a business or profession cannot be claimed from February 01, 2021. Goodwill is expressly excluded from the block of 'Intangible Assets'. Further, a deduction for the amount paid for acquiring Goodwill shall be allowed on sale of Goodwill.

As per the amendments, depreciation will not be available on goodwill from AY 2021-22. On sale or transfer of Goodwill, Capital gain income will arise and the amount paid for acquiring the goodwill will be allowed as deduction. Further, the WDV as on April 01, 2020 will be the cost of acquisition of the goodwill in case depreciation is claimed thereon by the assessee. Hence, the depreciation already claimed and allowed on goodwill will not be reversed or requires any adjustment.

Thus, no depreciation on Goodwill shall be allowed. However, the deduction for the amount paid for acquiring Goodwill shall be allowed on sale of Goodwill.

Section 50 is amended to provide for a prescribed manner of calculating WDV of block of assets as on April 01, 2020 in case of goodwill of a business or profession where depreciation is claimed for computing short term capital gains on transfer of such goodwill.

Calculation of WDV of block of assets

Where the goodwill of the business or profession was the only asset or one of the assets in the block of intangible assets on which a taxpayer obtained depreciation in FY 2019-20, the WDV of the block of assets for FY 2020-21 is determined in accordance with the provisions of section 43(6)(c)(ii) of the ITA.

Computation of STCG

Where the reduction under sub-item (B) to section 43(6)(c)(ii) for FY 2020-21 exceeds the aggregate of the following amounts, the excess is deemed to be the STCG:

The WDV of the block of assets at the beginning of FY 2020-21 before giving effect to the reduction under sub-item (B) to section 43(6)(c)(ii); and

The actual cost of any asset falling within the intangible asset block, other than goodwill, acquired during FY 2020-21.

The capital gain or loss on the transfer of goodwill during FY 2020-21 and subsequent FYs is determined in accordance with the provisions of sections 48, 49, and 55(2)(a) of the ITA.

CBDT notifies Tax Exemption to 'Haryana Building and Other Construction Workers Welfare Board' - Notification No. 78/2021

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government notifies for the purposes of the said clause, '**Haryana Building and Other Construction Workers Welfare Board**', a Board constituted by the State Government of Haryana, in respect of the following specified income arising to that Board, namely: –

- (a) Registration fees and yearly subscription collected from Construction Workers registered with the Haryana Building and Other Construction Workers Welfare Board as beneficiaries;
- (b) Proceeds of the cess collected under the Building & Other Construction Workers Welfare Cess Act, 1996 (28 of 1996) and rules there under; and
- (c) Interest income received from investment.

This notification shall be effective subject to the conditions that Haryana Building and Other Construction Workers Welfare Board, –

- (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 be deemed to be applied for the period from June 01, 2020 to March 31, 2021 in the financial year 2020-2021 and shall apply from the financial years 2021-2022, 2022-2023, 2023-2024 and 2024-2025.

CBDT Notifies Patanjali Research Foundation Trust, Haridwar as a Research Association u/s 35(1)(ii)- Notification No. 79/2021

Central Government hereby approves **M/s Patanjali Research Foundation Trust, Haridwar** under the category "**Research Association**" for Scientific Research for the purposes of clauses (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5D of the Income-tax Rules, 1962.

This Notification shall apply with effect from the date of publication in the Official Gazette (i.e from the Previous Year 2021-2022) and accordingly shall be applicable for Assessment Year(s) 2022-23 to 2027-28.

CBDT Notifies Haryana Labour Welfare Board for exemption under section 10(46) of Income tax Act- Notification No. 80/2021

Central Government hereby notifies for the purposes of the said clause, '**Haryana Labour Welfare Board**', a Board constituted by the State Government of Haryana, in respect of the following specified income arising to that Board, namely: -

- (a) Contribution to the Labour Welfare Fund by the Employers and Employees
- (b) Unpaid accumulation which were due to employees but not paid to them within a period of 2 years by the Employer;
- (c) Fine on delayed deposit of contribution and unpaid accumulation;
- (d) Interest on loans and advances given to staff of the board; and
- (e) Interest income received from investment.

This notification shall be effective subject to the conditions that Haryana Labour Welfare Board,-

- (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.

CBDT Notifies Himachal Pradesh Computerization of Police Society for Income-tax exemption u/s 10(46)- Notification No. 81/2021

Central Government hereby notifies for the purposes of the said clause, ‘Himachal Pradesh Computerization of Police Society’, a body established by the State Government of Himachal Pradesh, in respect of the following specified income arising to that body, namely: -

- (a) Amount received in the form of Grant-in-aid; and
- (b) Interest accrued on Grant-in Aid deposited in the account of Himachal Pradesh Computerization of Police Society.

CBDT Amends Rule 12 to incorporate Return filing under new section 148- Notification no. 82/2021

The amended Rule has substituted the requirement of filing of return under the erstwhile sub-section (1) of section 148 with the requirement of filing of return of income as per the new section 148 of the Income-tax Act, 1961 (“Act”).

As per the old provisions of section 148 which was in force till March 31, 2021, the return of income was required to be filed under section 148(1). Effective from April 1, 2021, the Finance Act, 2021 has amended the provisions of section 148 and a new section 148 is introduced and as per the new provisions, a return is required to be filed under section 148 of the Act. In the new provisions, there are no subsections to section 148.

It further amends Rule 12(5) to provide that the Rules for filing of return of income for AY 2020-21 or prior assessment years, then the ITR forms as applicable for the respective assessment years shall apply. Prior to the amendment, it covered AY 2019-20 and earlier assessment years.

New IT Rules notified for electronic furnishing of returns statements etc.- Notification no. 83/2021

The CBDT vide Notification No. 83/2021, dated July 29, 2021 has issued the Income Tax (21st Amendment) Rules, 2021 to further amend the Income-tax Rules, 1962. Through this amendment two new Rules viz Rule 130 and 131 have been inserted to the Income Tax Rules, 1961.

New Rule 130 inserted to the Income Tax Rules:

This new Rule has omitted certain Rules and Forms of Income-tax which are as follows:

Rules 5A, 5AB, 6ABB, 12B, 12BA, 16D, 16DD, 16E, 16F, 18B, 18BB, 18BBA, 18DD, 18DDA, 20AB, 29AA, 29D, 37, 37E, 37F, 44A, 48, 123 and rule 124

Forms ITR-8, 2B, 2C, 2E, 3AA, 3AAA, 3BA, 4, 5, 5A, 10AA, 10C, 10CC, 10CCA, 10CCAA, 10CCAB, 10CCABA, 10CCAC, 10CCAD, 10CCAE, 10CCAF, 10CCAG, 10CCAH, 10CCAI, 10CCBA, 10CCBB, 10CCBBA, 10CCBC, 10CCBD, 10DB, 10DC, 10G, 10HA, 11, 11A, 12, 12A, 15I, 15J, 16AA, 22, 24, 26, 27E, 30, 34A, 34B, 34BA, 37, 37EE, 37F, 37G, 37H, 37-I, 54, 55, 56A, 56AA, 56B, 56BA, 56C, 56CA, 56E, 56F, 56FF, 56G, 56H, 58A, 58B, 63, 63A and Form 63AA

It has however been clarified that, any proceeding pending before any Income-Tax Authority/Appellate Tribunal/Court, by way of appeal, reference or revision, shall be continued and disposed of as if such Rules and Forms have not been omitted.

New Rule 131 inserted to Income Tax Rules:

The new rule is in regard to electronic furnishing of Income-tax Forms, Returns, Statements, Reports, and orders etc. (“Documents”) under digital signature or through electronic verification code. An Electronic Verification code (EVC) is a 10-digit alphanumeric code which is sent on your registered mobile to verify an item electronically, login to the e-Filing portal or used to reset password.

It further provides that, the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall with the approval of the Board, specify such Documents and lay down the data structure, standards and procedure of furnishing and verification of such Documents.

In the Income-tax Rules, 1962, (hereinafter referred to as the principal rules) in rule 8AA, after sub-rule (4), the following sub-rule shall be inserted, namely:-

In case of the amount which is chargeable to income-tax as income of specified entity under subsection (4) of section 45 under the head Capital gains

(i) the amount or a part of it shall be deemed to be from transfer of short term capital asset, if it is attributed to, -

(a) capital asset which is short term capital asset at the time of taxation of amount under subsection (4) of section 45; or

(b) capital asset forming part of block of asset; or

(c) capital asset being self-generated asset and self-generated goodwill as defined in clause (ii) of Explanation 1 to subsection (4) of section 45; and

(ii) the amount or a part of it shall be deemed to be from transfer of long term capital asset or assets, if it is attributed to capital asset which is not covered by clause (i) and is long term capital asset at the time of taxation of amount under subsection (4) of section 45.



GST UPDATES

➤ Clarification regarding extension of limitation under GST Law in terms of Hon'ble Supreme Court's Order dated April 27, 2021- Circular No. 157/13/2021-GST dated July 20, 2021

The Government has issued notifications under Section 168A of the CGST Act, 2017, wherein the **time limit for completion of various actions, by any authority or by any person**, under the CGST Act, which falls during the specified period, **has been extended up to a specific date, subject to some exceptions** as specified in the said notifications.

In this context, **various representations have been received seeking clarification** regarding the cognizance for extension of limitation in terms of Hon'ble Supreme Court Order dated April 27, 2021 in Miscellaneous Application No. 665/2021 in SMW(C) No. 3/2020 under the GST law.

The Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act"), **hereby clarifies the issues** detailed hereunder:

1. **The extract of the Hon'ble Supreme order dated April 27, 2021** is reproduced below for reference:

"We, therefore, restore the order dated March 23, 2020 and in continuation of the order dated March 8, 2021 direct that the period(s) of limitation, as prescribed under any general or special laws in respect of all judicial or quasi-judicial proceedings, whether condonable or not, shall stand extended till further orders. It is further clarified that the period from March 14, 2021 till further orders shall also stand excluded in computing the periods prescribed under Sections 23 (4) and 29A of the Arbitration and Conciliation Act, 1996, Section 12A of the Commercial Courts Act, 2015 and provisos (b) and (c) of Section 138 of the Negotiable Instruments Act, 1881 and any other laws, which prescribe period(s) of limitation for instituting proceedings, outer limits (within which the court or tribunal can condone delay) and termination of proceedings. We have passed this order in exercise of our powers under Article 142 read with Article 141 of the Constitution of India. Hence it shall be a binding order within the meaning of Article 141 on all Courts/Tribunals and Authorities."



- The matter of extension of period of limitation under Section 168A of the CGST Act, 2017 was deliberated in the 43rd Meeting of GST Council. Council, while providing various relaxations in the compliances for taxpayers, also recommended that wherever the timelines for actions have been extended by the Hon'ble Supreme Court, the same would apply.
- 2. Accordingly, **legal opinion was solicited regarding applicability of the order of the Hon'ble SC to the limitations of time lines under GST Law**. The following is observed as per the legal opinion: -
 - i. The extension granted by Hon'ble SC order applies **only to quasi-judicial and judicial matters** relating to **petitions/ applications/ suits/ appeals/ all other proceedings**.
 - ii. Hon'ble SC has stepped into to grant extensions only with reference to judicial and quasi-judicial proceedings in the nature of appeals/ suits/ petitions etc. and **has not extended it to every action or proceeding under the CGST Act**.
 - iii. For the purpose of counting the period(s) of limitation for filing of appeals, the **limitation stands extended till further orders as ordered by the Hon'ble SC** in Suo Motu Writ Petition (Civil) 3 of 2020 vide order dated April 27, 2021. Thus, as on date, the Orders of the Hon'ble SC **apply to appeals, reviews, revisions etc.**, and **not to original adjudication**.
 - iv. Even under this category, Hon'ble SC Order, applies only to a lis which needs to be pursued within a time frame fixed by the respective statutes.
 - v. **Wherever proceedings are pending**, judicial or quasi-judicial which requires to be heard and disposed off, **cannot come to a standstill by virtue of these extension orders**. Those cases need to be adjudicated or disposed off either physically or through the virtual mode based on the prevailing policies and practices besides instructions if any.
 - vi. The **following actions** such as scrutiny of returns, issuance of summons, search, enquiry or investigations and even consequential arrest in accordance **with GST law would not be covered by the judgment** of the Hon'ble SC.
 - vii. As regards **issuance of show cause notice, granting time for replies and passing orders**, the present Orders of the Hon'ble SC **may not cover** them even though they are quasi-judicial proceedings as the same has only been made applicable to matters relating to petitions/applications/suits, etc.

- 3) On the basis of the legal opinion, it is hereby clarified that various actions/compliances under GST can be broadly categorized as follows: -
- a) **Proceedings that need to be initiated or compliances that need to be done by the taxpayers:** - These actions would continue to be governed only by the statutory mechanism and time limit provided/ extensions granted under the statute itself. Various Orders of the Hon'ble SC would not apply to the said proceedings/ compliances on part of the taxpayers.
 - b) **Quasi-Judicial proceedings by tax authorities:** - The tax authorities can continue to hear and dispose of proceedings where they are performing the functions as quasi-judicial authority. This may interalia include disposal of application for refund, application for revocation of cancellation of registration, adjudication proceedings of demand notices, etc. Similarly, appeals which are filed and are pending, can continue to be heard and disposed off and the same will be governed by those extensions of time granted by the statutes or notifications, if any.
 - c) **Appeals by taxpayers/ tax authorities against any quasi- judicial order:** - Wherever any appeal is required to be filed before Joint/ Additional Commissioner (Appeals), Commissioner (Appeals), Appellate Authority for Advance Ruling, Tribunal and various courts against any quasi-judicial order or where a proceeding for revision or rectification of any order is required to be undertaken, the time line for the same would stand extended as per the Hon'ble Supreme Court's order.
- 4) In other words, the extension of timelines granted by Hon'ble Supreme Court vide its Order dated April 4, 2021 is applicable in respect of any appeal which is required to be filed before Joint/ Additional Commissioner (Appeals), Commissioner (Appeals), Appellate Authority for Advance Ruling, Tribunal and various courts against any quasi-judicial order or where proceeding for revision or rectification of any order is required to be undertaken, and is not applicable to any other proceedings under GST Laws.

Seeks to notify section 110 and 111 of the Finance Act, 2021 w.e.f. Aug 1, 2021- Notification No. 29/2021 - Central Tax

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with No. 29/2021- Central Tax on July 30, 2021. With this notification, the Central Government hereby appointed the August 1, 2021, as the date on which the provisions of sections 110 and 111 of the said Act has come into force.

The Central Board of Indirect Taxes and Customs (CBIC) notified no GST Audit will be required from August 1, 2021. Section 110 of the Finance Act, 2021 omitted section 35 of the Central Goods and Services Tax Act, sub-section (5). Section 111 of the Finance Act, 2021 seeks to amend section 44 of the Central Goods and Services Tax Act.

Seeks to amend Rule 80 of the CGST Rules, 2017 and notify Form GSTR 9 and 9C for FY 2020-21. Rule 80 provides for exemption from GSTR-9C to taxpayers having AATO up to Rs. 5 crores- Notification No. 30/2021 -Central Tax

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with No. 30/2021- Central Tax on July 30, 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. These rules may be called the Central Goods and Services Tax (Sixth Amendment) Rules, 2021. They have come into force from August 1, 2021.

➤Rule 80-Annual return:

(1) Every registered person, other than those referred to in the second proviso to section 44, an Input Service Distributor, a person paying tax under section 51 or section 52(Tax collection at Source), a casual taxable person and a non-resident taxable person, shall furnish an annual return for every financial year as specified under section 44 electronically in FORM GSTR-9 on or before the thirty-first day of December following the end of such financial year through the common portal either directly or through a Facilitation Centre notified by the Commissioner:

•Provided that a person paying tax under section 10 shall furnish the annual return in FORM GSTR-9A.

(2) Every electronic commerce operator required to collect tax at source u/s-52 shall furnish annual statement referred to in sub-section (5) of the said section in FORM GSTR -9B.

3) Every registered person, other than those referred to in the second proviso to section 44, an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, whose aggregate turnover during a **financial year exceeds five crore rupees**, shall also **furnish a self-certified reconciliation statement as specified under section 44 in FORM GSTR-9C** along with the annual return referred to in sub-rule (1), **on or before the thirty-first day of December following the end of such financial year**, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.”

Seeks to exempt taxpayers having AATO up to Rs. 2 crores from the requirement of furnishing annual return for FY 2020-21- Notification No. 31/2021-Central Tax

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with **No. 31/2021- Central Tax on July 30, 2021**. With this notification, the Commissioner, on the recommendations of the Council, hereby **exempts the registered person whose aggregate turnover** in the financial year **2020-21 is up to two crore rupees**, from filing annual return for the said financial year.

This notification has come into force **from August 1, 2021**.

Now seek adjournment for personal hearing under GST by filing online application using the GSTN portal

- The GST portal has now enabled the service to **Request for an adjournment for Personal Hearing** under the Goods and Service Tax (GST).
- It will help filing Adjournment for personal hearing already fixed and enables the next personal hearing. The **officer has to select the date and time and issue a personal hearing notice**.
- Adjournments are **limited to a maximum of three times**. The request can be filed by logging in the GST portal and filling up the details namely date of hearing and time of hearing for personal hearing, request for an adjournment for personal hearing, the **due date to reply to the Show Cause Notice**, **request for extension of the due date for replying to the Show cause notice** and upload the supporting documents.
- A wonderful functionality has been introduced by GSTN on the common portal through which both adjournment and extension of time for furnishing replies can be sought for. It should be available to everyone soon.

Request for Adjudgment of Personal Hearing and/or extension of due date for replying to the show cause notice

Personal Hearing

Date of Hearing: DD/MM/YYYY

Time of Hearing: HH MM

Request for Adjudgment of Personal Hearing

Date of Hearing: DD/MM/YYYY

Time of Hearing: HH MM

Due Date of reply to SCN

27-07-2021

Request for extension of due date for replying to SCN*

DD/MM/YYYY

Upload Supporting Documents

New functionality on Annual Aggregate Turnover (AATO) deployed on GST Portal for taxpayers

GSTN has implemented a new functionality on taxpayers' dashboards with the following features:

- The taxpayers can now see the exact Annual Aggregate Turnover (AATO) for the previous FY, instead of just the two slabs of above or Up to Rs. 5 Cr.
- The taxpayers can also see the Aggregate Turnover of the current FY based on the returns filed till date.
- The taxpayers have also now been provided with the facility of turnover update in case taxpayers feel that the system calculated turnover displayed on their dashboard varies from the turnover as per their records.
- This facility of turnover update shall be provided to all the GSTINs registered on a common PAN. All the changes by any of the GSTINs in their turnover shall be summed up for computation of Annual Aggregate Turnover for each of the GSTINs
- The taxpayer can amend the turnover twice within a period of one month from the date of roll out of this functionality. Thereafter, the figures will be sent for review of the Jurisdictional Tax Officer who then can amend the values furnished by the taxpayer.

Filing of Annual returns by composition taxpayers: - Negative Liability in GSTR-4

- **Filing of Annual returns by composition taxpayers.** - Negative Liability in GSTR-4 Instances have come to notice where taxpayers are reporting negative liability appearing in their GSTR-4
- **Background:** Since FY 2019-20, composition taxpayers has to pay the liability through Form GST CMP-08 on quarterly basis while GSTR-4 Return is required to be filed on annual basis after end of a financial year.
- **Reason of Negative Liability in GSTR4:** The liability of the complete year is required to be declared in GSTR-4 under applicable tax rates. Taxpayers should fill up table 6 of GSTR-4 mandatorily. In case, there is no liability, the said table may be filled up with '0' value. If no liability is declared in table 6, it is presumed that no liability is required to be paid, even though, taxpayer may have paid the liability through Form GST CMP-08. In such cases, liability paid through GST CMP-08 becomes excess tax paid and moves to Negative Liability Statement for utilization of same for subsequent tax period's liability.
- **What the taxpayer did wrongly:** Liability paid through Form GST CMP-08 is auto-populated in table 5 of the GSTR-4 for convenience of the taxpayers. Taxpayers who do not fill up table 6 of GSTR-4 i.e. no liability is declared, even though, taxpayer may have paid the liability through Form GST CMP-08; since the 'Tax payable' in GSTR-4 is computed after reducing the liability declared in GST CMP-08 and then auto-populated in table 5. Thus, if nothing is declared in table 6, then the negative liability entry appears in GSTR-4.
- **How to proceed in case of negative liability:** If table 6 of GSTR-4 has not been filled due to oversight, a ticket may be raised to nullify the amount available in negative liability statement. If there is no liability to be paid during the year, the liability paid through Form GST CMP-08 shall move to negative liability statement and the same excess amount can be utilized to pay the liability of future tax periods.

Functionality to check and update bank account details

How to add bank account in GST registration details:

- A functionality to check status of bank account details update for the taxpayers who have taken new registration at GST Portal but have not yet furnished the same, has been introduced, in view of Rule 10A of the CGST Rules 2017. Such taxpayers are required to update their Bank Account Details within 45 days of the first login henceforth.
- In case the taxpayers who had not updated bank account after registration and are also failed to update within 45 days of their first login henceforth, the system will prompt and force them to comply with the requirements.

➤ **Steps to update Bank Account details:**

- Login to the taxpayer portal
- Go to 'Services'
- Click on 'Registration'
- Click on the tab 'Amendment of Registration Non-Core Fields'
- Select tab 'Bank Accounts'
- Add details of Bank Account (Account No., IFSC, Address, Bank Account type)
- Click on the verification tab, select authorized signatory, enter a place
- Sign application using DSC, E-sign or EVC

➤ **Note:** After completion of Bank Account update, a success message will appear on the screen, and the acknowledgment will be sent at the registered email and mobile phone.

Important changes related to QRMP Scheme implemented on the GST Portal for the taxpayers

Few important changes related to QRMP Scheme implemented on the GST Portal for the taxpayers are as given below:

S. No.	Functionality	Functionality released/ to be released for Taxpayers
1.	Auto population of GSTR-3B liability from IFF and Form GSTR 1	<ul style="list-style-type: none"> ➤ A taxpayer under QRMP Scheme can declare their liability through optional IFF for first 2 month of a quarter & Form GSTR-1 for Month 3 of that quarter. ➤ Declaration of liability in these forms would now be auto-populated in their Form GSTR-3B (Quarterly) for that quarter, based on their filed Form GSTR-1 and IFF. ➤ These fields are editable and in case their values are revised upwards or downwards, the edited field(s) would be highlighted in red colour and a warning message will be displayed to the taxpayer. ➤ However, the system would not prevent taxpayer from filing of Form GSTR-3B with edited values.
2.	Nil filing of Form GSTR-1 (Quarterly) through SMS	<ul style="list-style-type: none"> ➤ Taxpayers under QRMP Scheme can file their nil return of GSTR-1 (Quarterly) through SMS, by sending a message in specified format to 14409. ➤ The format of the message is < NIL > space < Return Type (R1) > space < GSTIN > space < Return Period (mmyyyy) >. ➤ Example: NIL R1 07XXXXX1234H8Z6 062020 (where return period must be last month of the quarter) ➤ However, NIL filing through SMS can't be done in following scenarios: <ul style="list-style-type: none"> • If IFF for Month 1 or 2 of a quarter is in Submitted stage, but not filed. • If invoices are saved in IFF for Month 1 or 2 of a quarter, which was not submitted or filed by due date.
3.	Impact of cancellation of registration on liability to file Form GSTR-1	<ul style="list-style-type: none"> ➤ In case registration of a taxpayer under QRMP Scheme is cancelled, with effective date of cancellation being any date after 1st day of Month 1 of a quarter, they would be required to file Form GSTR-1 for the complete quarter, as the last applicable return. ➤ For example if the taxpayer's registration is cancelled w.e.f. 1st of April, he/she is not required to file Form GSTR-1 for Apr-June quarter and Form GSTR-1 for Jan-Mar Quarter shall become the last applicable return. ➤ However, if the registration is cancelled on a later date during the quarter, the taxpayer would be required to file Form GSTR-1 for Apr-June quarter. ➤ In such cases the filing will become open on 1st of month following the month with cancellation date i.e. if cancellation has taken place on 20th May, Form GSTR-1 for Quarter Apr-June can be filed anytime on or after 1st of June.

Upcoming functionalities to be deployed on GST Portal for the Taxpayers

Following changes were recently deployed/ would be deployed shortly, on the GST portal:

S.No.	Module	Functionality	Functionality released/ to be released for Taxpayers
1.	Registration	Timelines for filing of Application for Revocation of Cancellation of Registration in Form GST REG-21	<ul style="list-style-type: none"> ➤ Timeline for filing of Application for Revocation of Cancellation of Registration, which were due on April 15, 2021, had been extended till June 30, 2021 on the GST Portal. ➤ Accordingly, these extensions have now ceased to be effective w.e.f. July 1, 2021, and timelines for filing of application for revocation of cancellation is now changed to 90 days (as was earlier) on the GST Portal, from date of Order of Cancellation of Registration in Form GST REG-19.
2.	Returns	Information regarding late fee payable provided in Form GSTR-1	<ul style="list-style-type: none"> ➤ Taxpayers whose registration is cancelled, at the time of filing of last return in Form GSTR-10, will now be provided with details of late fee payable by them, for the delayed filing of any of the previous returns/ statements in a table, for their assistance in filing of said return by them. ➤ This information can be viewed by clicking on a hyperlink provided under the column “Late Fee Payable” in the online Form GSTR- 10. ➤ the said functionality is still awaited to be available on GST Common Portal
3.	Returns	Auto-population of data in Form GSTR-11 on basis of Forms GSTR-1 / 5 filed by their suppliers	<ul style="list-style-type: none"> ➤ The UIN holders file details of their inward supplies in Form GSTR-11 on a quarterly basis. They can subsequently file for refund (if required) in Form GST RFD- 10, for the quarter, in which summary of the documents is auto-populated from their Form GSTR-11, in an editable mode ➤ Form GSTR-11 of the UIN holder would be generated with details of their inward supplies, on basis of Forms GSTR-1 / 5 filed by their suppliers, which will subsequently help them in filing their refund claims ➤ The said functionality is still awaited to be available on GST Common Portal.

GST officials unearth tax evasion instances through radio frequency data

- The Goods and Services Tax (GST) department has begun to identify instances of tax evasion and frauds by **identifying mismatches between E-way bills and the radio frequency tags used to cross toll plazas**.
- GST authorities are now **comparing the data which was given at the time of generating e-way bills for goods movement with the actual movement of vehicles captured at toll plazas** and identifying revenue leakages.
- According to the report, the **officials have busted a racket of unregistered firms transporting iron scraps under invoices of bogus and non-existing firms**, the CBIC said in a communication to field officers. Furthermore, authorities recovered fake invoices along with **bogus tax credits of around Rs 14.5 crore**.
- E-way bills are needed for **transportation of goods worth more than ₹50,000 by a GST-registered person** within and across states. These bills are mapped to a **Radio Frequency Identification Device (RFID)** embedded onto the conveyance. This helps in cross verification of details of the goods transported in the bill to the physical movement and detect any mismatches.
- This allows authorities to easily identify any revenue leakage points and check tax evasion and also helps genuine goods transporters as officials tend to focus on cases flagged in their IT system instead of suspecting all taxpayers.
- **Technology and data analytics have been playing a greater role in tax administration** lately, one of the factors that helped in greater GST revenue collections in recent months.
- CBIC has been on a drive against tax evasion, which has led to detection of fake input tax credit and tax evasion of over ₹29,000 crore since November, minister of state for finance and corporate affairs Anurag Thakur said on July 1, the fourth anniversary of rolling out GST.

MCA UPDATES

Clarifications on spending CSR funds on COVID-19 Vaccination

The Ministry of Corporate Affairs (MCA) issued the [clarification on Spending of Corporate Social Responsibility \(CSR\) Fund for COVID-19 Vaccination](#) for person other than Employees and their families is eligible CSR activity.

“MCA notification dated July 30, 2021 clarified that spending of CSR funds for COVID-19 is an eligible CSR activity. In continuation to the said circular, it is further clarified that spending of CSR funds for COVID-19 vaccination for persons other than the employees and their families, is an eligible CSR activity relating to the promotion of health care.”

Extension of timeline for waiver of additional fee

In line with the extension provided in General Circular 11/2021 issued by the Ministry of Corporate Affairs, allowed to [file various forms](#) due for filing between April 01, 2021 to July 31, 2021 under the Companies Act 2013 or LLP Act, 2008 [without payment of additional fees up to August 31, 2021](#).

List of forms providing waiver of additional fee till August 31, 2021

S.NO.	E-FORMS	FORM DESCRIPTION
1	Form CHG-1	Application for registration of creation, modification of charge (other than those related to debentures).
2	Form CHG-9	Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures.
3	Form ADT- 1	Information to the Registrar by company for appointment of auditor.
4	Form INC - 22	Notice of Situation or Change of situation of Registered Office of the Company.
5	Form NDH-3	Return of Nidhi Company for the half year ended.
6	Form FC-4	Annual Return of a Foreign Company.
7	Form MSC-3	Return of dormant companies.
8	Form INC - 27	Conversion of public company into private company or private company into public company.
9	Form NDH-2	Application for extension of time.
10	Form IEPF-3	Statement of shares and unclaimed or unpaid dividend not transferred to the Investor Education and Protection Fund.
11	Form AOC-4	Form for filing financial statement and other documents with the Registrar.
12	Form AOC - 4 NBFC	Form for filing financial statement and other documents with the Registrar for NBFCs.
13	Form AOC - 4 XBRL	Form for filing XBRL document in respect of financial statement and other documents with the Registrar.
14	Form MGT - 7	Form for filing annual return by a company.
15	LLP Form - 3	Information with regard to limited liability partnership agreement and changes, if any, made therein.
16	LLP Form - 11	Annual Return of Limited Liability Partnership (LLP)
17	Form DIR - 11	Notice of resignation of a director to the Registrar.
18	Form MGT - 14	Filing of Resolutions and agreements to the Registrar.
19	Form INC - 20A	Declaration for commencement of business.
20	Form MGT - 15	Form for filing Report on Annual General Meeting.
21	Form PAS - 6	Reconciliation of Share Capital Audit Report (Half-yearly)

S.NO.	E-FORMS	FORM DESCRIPTION
22	Form AOC-4 CFS NPFC	Form for filing consolidated financial statements and other documents with the Registrar for NBFCs.
23	Form AOC-4 CFS	Form for filing consolidated financial statements and other documents with the Registrar.
24	Form FC-1	Information to be filed by foreign company.
25	Form FC-2	Return of alteration in the documents filed for registration by foreign company.
26	Form PAS - 3	Return of allotment.
27	Form MR - 1	Return of appointment of MD/WTD/Manager.
28	Form INC - 4	One Person Company- Change in Member/Nominee.
29	Form INC - 6	One Person Company- Application for Conversion.
30	Form IEPF-5	Company e Verification Report.
31	Form INC - 20	Intimation to Registrar of revocation/surrender of license issued under section 8.
32	Form NDH-4	Application for declaration as Nidhi Company and for updation of status by Nidhis.
33	Form IEPF-4	Statement of shares transferred to the Investor Education and Protection Fund.
34	Form GNL-3	Details of persons/directors/charged/specified.
35	Form MGT-6	Persons not holding beneficial interest in shares.
36	Form GNL-2	Form for submission of documents with the Registrar.
37	Form ADT- 3	Notice of Resignation by the Auditor.
38	Form DIR - 12	Particulars of appointment of Directors and the key managerial personnel and the changes among them.
39	Form SH - 11	Return in respect of buy-back of securities.
40	Form CRA - 4	Form for filing Cost Audit Report with the Central Government.
41	FORM BEN-2	Return to the Registrar in respect of declaration under section 90
42	Form IEPF-1	Statement of amounts credited to Investor Education and Protection Fund
43	Form IEPF-7	Statement of amounts credited to IEPF on account of shares transferred to the fund
44	FORM AOC-5	Notice of address at which books of account are maintained
45	FORM SH - 7	Notice to Registrar of any alteration of share capital
46	FORM CRA - 2	Form of intimation of appointment of cost auditor by the company to Central Government.
47	FORM - 15	Notice for change of place of registered office
48	FORM - 4	Notice of appointment, cessation, change in name/ address/designation of a designated partner or partner. and consent to become a partner/designated partner
49	FORM - 5	Notice for change of name
50	FORM - 12	Form for intimating other address for service of documents
51	FORM - 22	Notice of intimation of Order of Court/ Tribunal/CLB/ Central Government to the Registrar
52	FORM - 29 LLP	Notice of (A) alteration in the certificate of incorporation or registration; (B) alteration in names and addresses of any of the persons authorised to accept service on behalf of a foreign limited liability partnership (FLLP) (C) alteration in the principal place of business in India of FLLP (D) cessation to have a place of business in India
53	FORM - 27 LLP	Form for registration of particulars by Foreign Limited Liability Partnership (FLLP)
54	DPT-3	Returns of Deposits
55	FC-3	Return of Statutory compliances
56	IEPF-2	Statement of unclaimed or unpaid amounts
57	NDH-1	Annual accounts along with the list of all principal places of business in India established by foreign company

AUDIT & ASSURANCE UPDATES

ICAI issues Exposure Draft of Disclosures of Accounting Policies: Amendments to Ind AS 1, Presentation of Financial Statement

“Paragraphs 7, 10, 114, 117 and 122 are amended. Paragraphs 117A-117E and 139U-139V are added. Paragraphs 118, 119 and 121 are deleted”

The amendments to Ind AS 1 require companies to disclose their ‘material accounting policy information’ rather than their ‘significant accounting policies’. To assist an entity in determining whether accounting policy information is material to its financial statements the following paragraphs proposed to be added to Ind AS 1:

Paragraph 117A: Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Paragraph 117B: Accounting policy information is expected to be material if users of an entity’s financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:

- the entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- the entity chose the accounting policy from one or more options permitted by Ind ASs— such a situation could arise if the entity choose to measure investment property at historical cost rather than fair value;
- the accounting policy was developed in accordance with Ind AS 8 in the absence of an Ind AS that specifically applies;
- the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in accordance with paragraphs 122 and 125; or
- the accounting required for them is complex and users of the entity’s financial statements would otherwise not understand those material transactions, other events or conditions—such a situation could arise if an entity applies more than one Ind AS to a class of material transactions.

Paragraph 117C: Accounting policy information that focuses on how an entity has applied the requirements of the Ind ASs to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardized information, or information that only duplicates or summarizes the requirements of the Ind ASs.

Paragraph 117D: If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Paragraph 117E: An entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other Ind ASs.

Paragraph 118-121: Paragraph 118-121 is **deleted** in IAS 1. In order to maintain consistency with paragraph numbers of IAS 1, the paragraph numbers are retained in Ind AS 1.

Paragraph 122: An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Paragraph 139U: Paragraph 139U of IAS 1 related to effective date of Amendments to IAS 1: Classification of Liabilities as Current or Non-current has not been included in Ind AS 1 as the corresponding amendments to Ind AS 1 has not been issued/notified. However, in order to maintain consistency with paragraph numbers of IAS 1, the paragraph number is retained in Ind AS 1.

Paragraph 139V: An entity shall apply the above mentioned amendments to Ind AS 1 for annual reporting periods beginning on or after April 1, 2023.

ICAI issues Exposure Draft of Disclosures of Accounting Policies: Amendments to Ind AS 107, Financial Instruments: Disclosures

“Paragraphs 21 and B5 are amended. Paragraph 44II is added”

Paragraph 21: In accordance with paragraph 117 of Ind AS 1, Presentation of Financial Statements, an entity discloses material accounting policy information. Information about the measurement basis (or bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information.

Paragraph B5: Paragraph 21 requires disclosure of material accounting policy information, which is expected to include information about the measurement basis (or bases) for financial instruments used in preparing the financial statements.

Paragraph 44II: An entity shall apply above mentioned amendment for annual reporting periods beginning on or after April 1, 2023.

ICAI issues Exposure Draft of Disclosures of Accounting Policies: Amendments to Ind AS 34, Interim Financial Reporting

“Paragraph 5 is amended and paragraph 60 is added”

Paragraph 5: Ind AS 1 defines a complete set of financial statements as including the following components:

...

(e) notes, material accounting policy information and other explanatory information;

...

Paragraph 60: An entity shall apply the above mentioned amendment for annual reporting periods beginning on or after April 1, 2023.



COMPLIANCE CALENDAR

Direct Taxes

August 7, 2021

- Due date for deposit of Tax deducted/collected for the month of July 2021.

August 14, 2021

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

August 15, 2021

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of July, 2021 has been paid without the production of a challan.
- Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending June, 2021.

August 30, 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 July, 2021.

August 31, 2021

- Payment of tax under the Direct Tax Vivad se Vishwas Act, 2020 without additional charge
- Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending 30th June, 2021

Indirect Taxes

August 10, 2021

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

August 11, 2021

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

August 13, 2021

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

August 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).

August 25, 2021

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





Do You Know?

Now seek adjournment for personal hearing under GST by filing online application using the GSTN portal. New functionality on Annual Aggregate Turnover (AATO) deployed on GST Portal for taxpayers. Important changes related to QRMP Scheme implemented on the GST Portal for the taxpayers



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ABOUT US

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