

A Monthly E-Newsletter

Vol 01 Issue 01

June 2020

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KEY METRICS

Indices

BSE SENSEX	32,424	-3.84% ▼
NSE NIFTY50	9,580	-2.84% ▼
NASDAQ Composite	9,489	6.75% ▲
NIKKEI 225	21,877	8.34% ▲

Currency

USD/INR	75.61	-0.70% ▼
EURO/INR	83.91	-2.00% ▼
GBP/INR	93.34	1.28% ▲
JPY/INR	0.70	-0.07% ▼

Note : The month-on-month movement as on May 29, 2020 is represented in percentages

Source: Yahoo Finance,
Investing.com

Direct Tax

Notifications/Circulars

Key features of new ITR Forms for AY 2020-21

New ITR Forms for different categories of taxpayers have been notified for AY 2020-21. The key features include:

- Disclosure of foreign travel/ electricity expenditure in excess of Rs. 2 lakhs/ Rs. 1 lakh respectively
- Person owning a property in joint-ownership can file return in ITR-1 or ITR-4 if they fulfill other conditions
- Details of investments permitted to be made for the financial year 2019-20 during the extended period till June 30, 2020 to be disclosed separately in the return
- Cash deposited exceeding Rs. 1 crore in bank account to be disclosed in ITR 4-Sugam.

Notification No. 31/2020-CBDT dated May 29, 2020

Additional details to be provided to taxpayers in Form 26AS

Form 26AS, which till now provided the TDS, TCS, tax paid and tax refund details, has now been revised. It will now additionally provide details of specified financial transactions, demands and pending/ completed proceedings during a financial year.

Notification No. 30/2020-CBDT dated May 28, 2020

Section 269SU not applicable to B2B transactions

Requirement of providing payment option through specified modes to

customers under section 269SU shall not be applicable to entities having only B2B transactions. The condition stipulated for this is that at least 95 per cent of aggregate receipts during the year are by any mode other than cash.

Circular No. 12/2020-CBDT dated May 20, 2020

Various relaxations due to COVID-19

- TDS/TCS rates reduced by 25 per cent in respect of specified payments/receipts effective from May 14, 2020 till March 31, 2021. However, such reduction shall not apply in the case of salaries, payments to non-resident taxpayer and cases where TDS is deducted at higher rate due to non-availability of PAN
- ITR filing due dates extended from July 31 and October 31 to November 30, 2020
- Tax Audit completion due date extended from September 30 to October 31, 2020
- Limitation period for assessments becoming time barred on September 30 extended to December 31, 2020 and to September 30, 2021 for those becoming time barred on March 31, 2021
- VSVS has been further extended till December 31, 2020 for making payment without any additional liability.

Announcement by Finance Minister dated May 13, 2020

CBDT relaxes residency rules for financial year 2019-20

The period of forced stay in India from March 22 to March 31, 2020 will be excluded for computing

residential status in India for financial year 2019-20.

Circular No. 11/2020-CBDT dated May 08, 2020

New ITR forms for AY 2020-21 notified, requiring disclosure of specified details

COVID-19 related relaxations and extension of timelines

Residency rules relaxed

Judicial Rulings

DTAA cannot override specific TDS obligation

TDS is required to be made on payments made to a non-resident sport association on income accrued or arisen in India u/s 194E. Court held that such obligation to deduct TDS is not affected by the DTAA.

PILCOM v. Commissioner of Income Tax (Supreme Court)

Right to re-open assessment is not unfettered

For reopening an assessment u/s 147 or 148, a mere bald assertion by the AO that the assessee has not disclosed fully and truly all the material facts is not sufficient. The AO must give details as to which fact or material was not disclosed by the assessee, leading to income escaping assessment.

Anand Developers v. Assistant Commissioner of Income Tax (Bombay High Court)

Indirect Tax

Notifications/Circulars

Inter-head transfer of balance in GST Electronic Cash Ledger

Taxpayers can now transfer, through Form GST-09, the excess tax reflecting in Electronic Cash Ledger in one head to another head to discharge the liability under that head viz. from IGST to SGST.

Notification No. 37/2020-Central Tax dated April 28, 2020

Various relaxations due to COVID-19

- **E-way bills** expiring between the period March 20 to April 15, 2020 shall be valid till May 31, 2020.

Notification No. 40/2020-Central Tax dated May 5, 2020

- **Annual Return GSTR-9** for financial year 2018-19 can be filed till September 30, 2020.

Notification No. 41/2020-Central Tax dated May 5, 2020

- **GSTR-3B** returns by corporate taxpayers may now be filed through EVC mode during April 21 to June 30, 2020. NIL returns permitted through OTP based SMS from the effective date yet to be notified.

Notification No. 38/2020-Central Tax dated May 5, 2020

- **Specified Export Performance Certificates** validity extended from March 31 to September 30, 2020 providing relief to exporters/importers.

Notification No. 23/2020-Customs dated May 14, 2020

- **General extension** till June 30, 2020 for all compliances falling

Various relaxations provided due to hardships faced by taxpayers in COVID-19 situation

Delhi High Court has adjudicated that error in GSTR-3B must be permitted in the return for the same month and not only in return of any future period

AAR has ruled that remuneration to Executive Director is in the nature of employee salary and out of the purview of GST

within March 20 to June 29, 2020. This includes extension for merchant exporters required to export within 90 days of date of purchase invoice, amongst others.

Circular No. 138/08/2020-GST dated May 6, 2020

- **Tax payable under SVLDRS** can be deposited till June 30, 2020.

Notification No. 01/2020-Central Excise (N.T.) dated May 14, 2020

- **Separate GST registration** required by IRP/RP where taxpayer in undergoing insolvency proceedings under IBC can be taken within thirty days of his appointment or by June 30, 2020, whichever is later. Also, no separate registration required if all returns have been filed prior to his appointment.

Notification No. 39/2020-Central Tax dated May 5, 2020

- **Transitional credit limitation:** Retrospective amendment made from July 1, 2017 to provide for limitation of transitional credit under the CGST Act.

Notification No. 43/2020-Central Tax dated May 16, 2020

Judicial Rulings

GST on Executive Directors remuneration

Such remuneration has been treated as in the nature of employee remuneration and excluded from purview of GST under Schedule III of the CGST Act. This is in direct contrast to the ruling of Rajasthan AAR in the case of M/s Clay Craft India Pvt Ltd wherein it was held to be taxable under reverse charge.

M/s Anil Kumar Agrawal (AAR Karnataka)

Rectification of GSTR-3B

Rectification of error in GSTR-3B must be permitted to be made in the return for the same period to which it relates and not only in return of such future period in which the error is noticed.

Bharti Airtel Limited v The Union of India & Others (Delhi High Court)

Eligibility of ITC

ITC shall be eligible on detachable glass partitions, fixed on the ground on nuts and bolts. It is not construction of immovable property as they can be dismantled without demolishing the civil structure.

M/s Wework India Management Private Limited (AAAR Karnataka)

CORPORATE & ALLIED LAWS

Relaxations under Companies Act, 2013

- AGM to be held in the calendar year 2020 is now permitted to be conducted through video conference or other audio-visual means subject to specified conditions.

General Circular No. 20/2020-MCA dated May 5, 2020

- Failure to dispatch notices through speed/registered post by listed companies to its shareholders notifying on rights issue openings shall not be treated as violation upto July 31, 2020.

General Circular No. 21/2020-MCA dated May 11, 2020

- Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund shall be a permitted activity under CSR.

Notification No. G.S.R. 313(E) - MCA dated May 26, 2020

- Violations in the nature of minor technical and procedural defaults shall be decriminalized and reduction in penalties for small companies, one person companies, producer companies including start-ups.

Atma Nirbhar Bharat Part 5-PIB dated May 17, 2020

MSME Sector changes

- Definition of MSME is revised effective from July 1, 2020. Unified criteria for both manufacturing and service sector. Turnover included as a determining

factor. Permissible maximum threshold of investment and turnover shall be Rs. 0.5 billion and Rs 2.5 billion respectively.

Notification No. S.O. 1702(E)-MSME dated June 1, 2020

- To help to resume business and fortify supply chains, MSME's shall be entitled to collateral free automatic loans and moratorium of 12 months on principal repayment. This scheme is valid till October 31, 2020.

Aatma Nirbhar Bharat Part -1 dated May 13, 2020

- Procurements up to Rs. 2 billion to now be only through local tenders to boost domestic participation.

Aatma Nirbhar Bharat Part 1- PIB dated May 13, 2020

Relaxations by RBI

- Timelines for repayment of pre-shipment and post-shipment export credit for disbursements till July 31, 2020 extended from 12 to 15 months.

Notification No. RBI/2019-20/246 dated May 23, 2020

- Extension of interest equalization scheme for pre-shipment and post-shipment rupee export credit upto March 31, 2021.

Notification No. RBI/2019-20/231 dated May 13, 2020

- Moratorium for payment of instalments of term loans is extended till August 31, 2020.

Notification No. RBI/2019-20/244 dated May 23, 2020

- Extension provided for settlement of specified import payments from six to twelve months for imports made on or before July 31, 2020.

Notification No. RBI/2019-20/242 dated May 22, 2020

Measures under IBC

- No new insolvency cases to be initiated upto one-year to prevent the triggering of defaults due to COVID-19.
- Debt arising due to COVID-19 situation to be excluded from definition of "default" in wake of the ongoing pandemic.

Aatma Nirbhar Bharat Part 5-PIB dated May 17, 2020

Various relaxations provided due to hardships faced in COVID-19 situation

Government support to boost MSME sector

Temporary relaxations under import export norms



CFO WATCH

Key audit considerations on Physical verification and Going Concern

COVID-19 related lockdown poses significant challenges for companies to conduct, and for auditors to attend, inventory counts. Strategies for physical verification and reconcile stock movement post March 31, 2020 need to be devised. For Going Concern assessment, management has to assess the impact of current events and conditions on their operations and forecasted cash flows to determine sufficient liquidity to continue to meet its obligations as they fall due. Reference may be drawn from ICAI publications on “Key Audit Considerations amid COVID-19 on Physical Inventory Verification and Going Concern”.

Listed entities to make suitable disclosures regarding financial impact of COVID-19 on their operations

Amendment to IFRS 16-Leases

The IASB has published “Covid-19 -Related Rent Concessions (Amendment to IFRS 16)” to provide relief to lessees by way of exemption from assessing whether a COVID-19-related rent concession is a lease modification. Relief applies to lessees only and lessors are required to apply the existing requirements of IFRS 16. The amendment is effective for annual reporting periods beginning on or after June 1, 2020.

Disclosure of material impact of COVID-19 pandemic on listed entities in India

SEBI has issued advisory for listed companies to make disclosure about the financial impact of COVID-19 pandemic on their business to investors and stakeholders.

Illustrative list of information to be disclosed includes steps taken to ensure smooth functioning, schedule for restarting operations, ability to maintain operations in factories/units/office spaces and estimation of the future impact of pandemic on company's operations.

MERGERS & ACQUISITIONS

M&A Scenario in the COVID-19 Era

The COVID-19 outbreak has put the global economy in a crisis. Countries are in various stages of lock-downs causing disruptions in trade, business operations and many considering pay-cuts if not layoffs. Given the unusual times, regulators in most countries have also tightened rules for foreign investments to protect national interests. These developments have severely impacted the M&A environment as well. With subdued deal activity, there is also a fundamental shift in deal strategy and evaluation. While stakeholders assess the impact of the pandemic, some industries like digital streaming, gaming, healthcare, telemedicine, cloud computing, SaaS thrive and continue to attract investments. Active interest and confidence in digital media is evidenced by the recent investments of more than USD 10 billion in Jio Platforms by Facebook and host of other marquee private equity funds.

The unique crisis has not only affected ongoing and future deals but also has a bearing on already executed deals. Buyers are reassessing valuations and potential risks for ongoing deals. In already closed transactions, we foresee significant issues around price adjustment, earn-out structures and future call/put options.

As the world grapples with understanding the impact of the pandemic, the deal making landscape too is changing, with all stakeholders refocusing their priorities. A short-term dip in M&A activity is expected with companies focusing on keeping the businesses afloat, thereby conserving cash in the process. However, in medium to long term there will be a rise in M&A activity on account of consolidation deals by strategic players, divestments by companies as they restructure their portfolio to focus on core competencies besides the acquisitions of distressed assets by cash-rich investors.

Not only is the deal activity subdued, there is a fundamental shift in deal strategy and evaluation

IN THE NEWS

Over the last few weeks, we held several webinars for our clients as well as with trade chambers that we are associated with.

Webinars for Clients

Liquidity Management in Times of COVID-19 - April 27, 2020

Speakers: Ajay Sethi, Managing Partner, Sandeep Khanna, Director Strategy, Sundeep Gupta, Partner, Accounting and Business Support and Indirect Tax, ASA & Associates LLP

Contractual Arrangement & Company Law in Times of COVID-19 - April 28, 2020

Speakers: Himanshu Srivastava, Partner, Business Advisory Services, Ms. Aparna Ravi, Partner, Samvad Partners, Ms. Junaira Rahman, Partner, Samvad Partners

Financial Reporting Challenges in Times of COVID-19 - April 29, 2020

Speakers: Parveen Kumar, National Head, Assurance and D K Giridharan, Practice Head Chennai, ASA & Associates LLP

Corporate Tax Risks in Times of COVID-19 - April 30, 2020

Speakers: Sunil Arora, Partner, Taxation and Sundeep Gupta, Partner, Accounting and Business Support and Indirect Tax, ASA & Associates LLP

Deal Making in the COVID-19 Era - May 15, 2020

Speakers: Nitin Arora, Partner Transaction Advisory, ASA & Associates LLP & Arunabh Chaudhry, Partner M&A and Corporate Commercial, Juris Corp

Re-Tax : Navigating Tax Provisions and Litigations in Times of COVID-19 - May 20, 2020

Speakers: Venkatraman K, National Head, Taxation, Sunil Arora, Partner, Taxation, and N. Krishna, Executive Partner, Taxation, ASA & Associates LLP

Webinars with Trade Chambers

Himanshu Srivastava, our Partner Business Advisory Services was invited to speak on Contractual Arrangement & Company Law at webinars organized separately by the **Belgium Luxembourg Business Association (BLBA)** and **The Indian Valve and Actuator Manufacturers Association (IVAMA)**

Himanshu was also a speaker at the **Mechanical Engineering Industry Association's (VDMA) CEO Panel** where he spoke about the Atma Nirbhar Bharat stimulus package and its impact on German companies in India

Our partners Himanshu Srivastava, Sundeep Gupta and Sunil Arora, were invited by the **Federation of Indian Chambers of Commerce & Industry (FICCI)** to speak at an interactive webinar organized for their MSME members to discuss the impact of the Atma Nirbhar Bharat package on MSMEs and direct and indirect tax relaxations and measures announced in India



Our Practice Head, Bengaluru, D Ramprasad and Executive Partner, Assurance, Vinay KS were invited to speak at a webinar organized by the **Bangalore Chamber of Industry and Commerce (BCIC)** on "Considerations During Audit Process Due to COVID-19"

To access recordings of each of these webinars please click on the link or visit our website www.asa.in

Published articles by our Partners

Equalization levy extended to E-commerce activities - April 25, 2020

Author: Sunil Arora, Partner, Taxation & Ameet Baid Senior Manager, Taxation

Valuation under Transfer Pricing & Customs - will they ever converge - May 30, 2020

Author: Sunil Arora Partner, Taxation & Isha Mahawar, Deputy Manager, Taxation

GLOSSARY

AAAR

Appellate Authority for Advance Ruling

AAR

Authority for Advance Ruling

AGM

Annual General Meeting

AO

Assessing Officer

AY

Assessment Year

B2B

Business to Business

CBDT

Central Board of Direct Taxes

CGST

Central Goods and Service Tax

CGST Act

Central Goods and Service Tax Act, 2017

CSR

Corporate Social Responsibility

DTAA

Double Taxation Avoidance Agreement

EVC

Electronic Verification Code

GST

Goods and Services Tax

HC

High Court

IASB

International Accounting Standard Board

IBC

Insolvency and Bankruptcy Code, 2016

ICAI

Institute of Chartered Accountants of India

IFRS

International Financial Reporting Standards

IGST

Integrated Goods and Service Tax

IRP

Interim Resolution Professional

IT Act

Income Tax Act, 1961

ITAT

Income Tax Appellate Tribunal

ITC

Input Tax Credit

ITR

Income Tax Return

M & A

Mergers and Acquisitions

MCA

Ministry of Corporate Affairs

MSME

Micro, Small and Medium Enterprises

NR

Non-Resident

OTP

One Time Password

PAN

Permanent Account Number

RBI

Reserve Bank of India

RP

Resolution Professional

SaaS

Software as a Service

SC

Supreme Court

SEBI

Securities and Exchange Board of India

SGST

State Goods and Services Tax

SMS

Short Messaging Service

SVLDRS

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

TCS

Tax Collected at Source

TDS

Tax Deducted at Source

VSVS

Direct Tax Vivad Se Vishwas Act, 2020



ABOUT US

A full services firm of corporate strategists, auditors, tax advisory experts and financial and marketing analysts.

SERVICES

- Accounting and Business Support
- Assurance
- Business Advisory
- Taxation
- Transaction Advisory

Well structured teams with domain specialization are guided by leaders who possess expertise and experience and are present PAN India to ensure excellent client service.

Our strengths are our **people, processes and professionalism.**



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www.asa.in

700 in-house
PROFESSIONALS

6000
CLIENTS

60 +
LOCATIONS

32 PARTNERS
& DIRECTORS

29 YEARS
OF EXPERIENCE

PARTNER LED OFFICES IN 8 KEY LOCATIONS ACROSS INDIA

18 INDIAN LOCATIONS AND 6 FOREIGN DESKS COMBINED WITH INTERNATIONAL AFFILIATIONS ENSURES GLOBAL STANDARDS WITH REGIONAL EXPERTISE



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