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CELEBRATING 30 YEARS

A Monthly E-Newsletter

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March 2021

The Bottom Line

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KEY METRICS

Indices

BSE SENSEX	49,100	6.08%	▲
NSE NIFTY50	14,529	6.56%	▲
NASDAQ Composite	13,192	0.93%	▲
NIKKEI 225	28,966	4.71%	▲

Currency

USD/INR	73.92	-1.43%	▼
EURO/INR	89.25	-0.91%	▼
GBP/INR	102.99	-3.16%	▼
JPY/INR	0.694	0.34%	▲

Note: The month-on-month movement as on February 28, 2021 is represented in percentages
Source: Yahoo Finance, Investing.com



DIRECT TAX

Notifications/Circulars

Timelines extended

Due dates have been extended:

- for completing time barring assessment/reassessment from March 31, 2021 to April 30, 2021 and in other cases to September 30, 2021
- for passing penalty orders to June 30, 2021
- for filing declaration under Direct Tax Vivad se Vishwas Scheme to March 31, 2021.

Notification No. 10 and 09/2021-CBDT, dated February 27, 2021 and dated February 26, 2021

Amendment to Faceless Assessment Scheme, 2021 notified

Faceless Assessment Scheme amended to incorporate the procedure of filing objections before the DRP.

Notification No. 06 and 07/2021 - CBDT, dated February 17, 2021

BEPS Action 5 peer review process to improve transparency on tax rulings

A new process for BEPS Action 5 peer review (Harmful Tax Practices – Transparency Framework) approved for the years 2021-2025, to maintain and further improve transparency on tax rulings. The methodology sets out the procedural mechanics by which jurisdictions will complete the peer review.

<http://www.oecd.org/tax/beps/oecd-agrees-new-peer-review-process-to-foster-transparency-on-tax-rulings.htm>

Report towards white collar crimes

OECD has released a detailed report on how to tackle professionals, who enable tax and white-collar crimes.

<http://www.oecd.org/tax/crime/ending-the-shell-game-cracking-down-on-the-professionals-who-enable-tax-and-white-collar-crimes.htm>

Judicial Rulings

Deemed dividend provision not applicable on loan received, when lender was listed company

The Court held that provisions of deemed dividend u/s 2(22)(e) are to be applied on the date of taking the loan. In the instant case, the lender was a company listed on stock exchange, which made the transaction fall outside the purview of section 2(22)(e).

Eicher Motors Ltd [TS-47-ITAT-2021(DEL)]

Section 50C is not applicable on sale of 'rights in land'

The Court held that, section 50C is applicable only on sale of 'land or building' and not in case of sale of 'rights in land'. The Court also observed that section 50C uses the term 'land' instead of the term 'immovable property'.

V. S. Chandrashekar [TS-73-HC-2021(KAR)]



CBDT extends various due dates

BEPS Action 5 peer review process to improve transparency on tax rulings

Deemed dividend provision not applicable on loan received, when the lender was listed company

Section 50C is not applicable on sale of 'rights in land'

INDIRECT TAX

Notifications/Circulars

Extension in due date for filing GSTR-9 and GSTR-9C for FY 2019-20

Due date for filing annual return in Form GSTR-9 and reconciliation statement in Form GSTR-9C for the financial year 2019-20 has been further extended till March 31, 2021.

Notification No. 4/2021-Central Tax dated February 28, 2021

Clarification on QR code on B2C invoices

Clarifications have been issued in relation to various aspects of QR code on B2C invoices. These include:

- QR code shall not be required on export invoices.
- QR code shall contain various details including supplier GSTIN, supplier UPI ID, Payee's Bank A/c number, IFSC, invoice number, date and total value alongwith GST amount and breakup of type of tax.

Circular No. 146/02/2021-GST dated February 23, 2021

Cancellation of registration due to anomalies in GSTR-1

Intimation / Notice for cancellation of registration shall be made available to taxpayers on common portal in Form GST REG-17. Reply explaining reasons for such anomalies to be filed within thirty days of receipt of Notice.

Circular 145/01/2021-CGST dated February 02, 2021

Court Cases/Advance Rulings

No GST on activities of LO in India

The LO in India is only an extension of foreign company and has no separate identity in India. The inward remittance in foreign exchange received by it from its Head Office for maintaining the office in India cannot be termed as a consideration for the liaison activity. Hence, the LO is not required to obtain registration under GST for any taxable supply.

M/s Fraunhofer-Gesellschaft ZurForderung der angewandtenForschunge. V (AAAR Karnataka)

Valuation of taxable supply

Taxable value in case of supply of manpower services shall include actual wages of manpower supplied and corresponding services charges of the manpower service provider. Accordingly, GST shall be levied on the entire value as computed above and not only on service charges.

M/s KSF-9 Corporate Services Pvt Ltd (AAR Karnataka)

Sale of plot of land after development

The applicant is not selling the land in its original form and is undertaking construction and development activities to increase its sale value. Therefore, the said activity will not be covered under Schedule III of the CGST Act and is taxable as supply of services.

M/s Abhishek Darak (AAAR Uttarakhand)

Due date for GSTR-9 and GSTR-9C further extended to March 31, 2021 for FY 2019-20

Appellate Authority rules LO's are not liable for GST registration

Sale of plots of land after development is taxable as supply of services

Forfeiture of advance towards sale of land

Irrespective of the fact that sale of land is not treated as supply as per Schedule III of the CGST Act, forfeiture of advance pertaining to sale of land shall be treated as supply as per clause 5(e) of Schedule II of the Act. Accordingly, the same shall be liable to GST.

M/s Fastrack Deal Comm Pvt Ltd (AAR Gujarat)

Clubbing of offences

As the petitioner is effectively running and controlling four firms, the wrong or excess credit availed by all four firms needs to be clubbed for calculating the limit of INR 50 million as mentioned under Section 132 of the CGST Act. Therefore, department cannot be prevented from exercising the power to arrest.

M/s Yogesh Jagdish Kanodia v The State of Maharashtra (Bombay High Court)

CORPORATE & ALLIED LAWS

Notifications

Relaxations provided to OPCs

Various relaxations have been provided to OPCs through the Companies (Incorporation) Second Amendment Rules, 2021. These are:

- Incorporation of OPC by a NRI is now permitted
- Residential criteria of a Resident Director reduced to 120 days from 182 days
- Incorporation of OPC's incentivized through ease in conversions into Private or Public companies

Notification No. G.S.R. – 91(E)/MCA/dated February 01, 2021

Threshold limits increased

Threshold limits for paid up capital for small companies increased from INR 5 million to 20 million and turnover from INR 20 million to 200 million. The revised limits shall come into effect from April 01, 2021.

Notification No. G.S.R. – 92(E)/MCA/dated February 01, 2021

Directions on Digital Payment Security Controls

RBI issued Master Direction on Digital Payment Security Controls for Scheduled Commercial Banks, Small Finance Banks, Payment Banks and Credit Card issuing NBFCs to set up a robust governance structure

Press Release: 1127/20-21/RBI/dated Feb 18, 2021

Relaxations for OPCs

Issuance of Master Direction on Digital Payment Security Controls



CFO WATCH

IASB proposes extension of Covid-19 related Rent Concessions

ICAI issues guidance notes on Accounting by E-commerce Entities and Accrual Basis of Accounting

Extension proposed for Covid-19 related Rent Concessions

IASB has proposed one year extension for Covid-19 related rent concessions under IFRS 16. Changes proposed in 'Exposure Draft of Covid-19 Related Rent Concessions beyond June 30, 2021' would amend IFRS 16 to now permit a lessee to apply the related rent concessions for any reduction in lease payments originally due on or before June 30, 2022 instead of June 30, 2021.

Guidance on Accounting by E-commerce Entities and Accrual Basis of Accounting

ICAI has issued following two Guidance Notes:

- Accounting by E-commerce entities: deals with accounting by e-commerce entities in respect of certain issues relating to revenue and expense recognition.
- Accrual Basis of Accounting: provides guidance in respect of transition from cash basis to accrual basis of accounting stating the benefits associated with accrual system of accounting.

Large NBFCs, UCBs to be brought under Risk Based Audit System

RBI has decided to bring large NBFCs, UCBs under the RBIA framework which shall be implemented by the end of March 31, 2022. The guidelines are intended to enhance the efficacy of Internal Audit Systems and processes followed by the NBFCs and UCBs.

MERGERS & ACQUISITIONS

Indian corporates exploring SPACs as a means to overseas listing

ReNew Power, India's major renewable energy independent power producer, recently announced a merger with RMG Acquisition Corp. II (RMG II), a Nasdaq-listed SPAC. This merger will mark first major overseas listing of an Indian company through SPAC.

SPAC is a shell company backed by sponsors to raise capital via an IPO to acquire a private business later. The private business thus goes public without going through the traditional route of IPO. These companies own and manage the funds that they raise in an IPO without having to recognize an acquisition target and are also called 'Blank Cheque Companies'.

SPACs have gained significant popularity as an alternative to IPO in the US markets. However, listing of a SPAC in India is not yet permitted. The momentum around SPAC in the Indian market is primarily on account of availability of attractive investment opportunities for SPACs with available funding or Indian companies looking to list themselves in the overseas market. In the Indian scenario, historically, Videocon D2H and Yatra have used SPACs to list overseas. Also, as per media reports, many Indian majors like Flipkart, Swiggy and Mytrah Energy are exploring SPAC as an instrument for listing.

Source: Mint, The Economic Times



IN THE NEWS

Webinars for clients

Union Budget, 2021 -

February 3, 2021

Speakers: K Venkatraman, National Head, Taxation, Sunil Arora, Partner Taxation, Himanshu Srivastava, Partner, Business Advisory Services and Sundeep Gupta, Partner, Accounting & Business Support, Indirect Tax.

A synopsis of the key direct tax, indirect tax and policy changes announced in the Union budget 2021 along with their impact on corporates in India.

Charting a recovery -

February 5, 2021

Speakers: Ajay Sethi, Managing Partner, ASA, Jayant Krishna, Group Chief Executive UKIBC, Georg Graf, Freudenberg Regional Representative India & Immediate Past President, IGCC and Mathieu Jouve-Villard, MEDEF India Representative and Managing Partner Wedge Consulting. Moderated by Sumeet Anand, President IFCCI & Founder IndSight Growth Partners.

The panelists discussed options and strategies for foreign companies in India to chart their own recovery building on the reforms announced by the Government of India, culminating with the Union Budget 2021.

Union Budget with MUFG Bank -

February 9, 2021

Speakers: Ajay Sethi, Managing Partner, ASA, Tatsundo Maki CPA(Japan), Partner, Director, SCS Global Consulting, Satoshi Noguchi, CPA(Japan), Senior Manager, SCS Global Consulting, Teppei Ino, Senior Analyst, Global Market Research, MUFG Bank

This webinar was organised with MUFG Bank, for Japanese corporate representatives and covered the major announcements in the Union budget and their implications for Japanese corporates in India

Labour Code 2020, Summary -

February 24, 2021

Speaker: Himanshu Srivastava, Partner, Business Advisory Services

A webinar in Nihongo on the recent labour reforms with a deep dive into the impact of the for codes, namely Wages Code, The Occupational Wealth & Working Conditions Code, Industrial Relation Code and Social Security Code.

Other Webinars

Consumer Goods Industry in the

Digital Age - February 9, 2021

Vinay KS, Executive Partner Assurance, was invited by the Indo-French Chamber of Commerce and Industry (IFCCI) to moderate their webinar on adapting technology with changing consumer sentiments & preferences.

Labour Codes 2020 -

February 3, 2021

Himanshu Srivastava Director Business Advisory Services, was invited by CII to address the members of their MSME Council about the labour law reforms and their impact on MSMEs in India.

Bristol & West UK – India Business Gateway (IBG)–

February 19, 2021

Kim Collaço, Associate Director was invited by FICCI UK and Sabre Capital to speak about the realities of doing business in India and to

give an overview of the Indian opportunity at the virtual launch of the Bristol & West UK – India Business Gateway

Access India Programme - II Workshop –

February 23, 2021

Ajay Sethi, Managing Partner, ASA, was invited by the UKIBC and FICCI UK to speak at the Access India UK workshop where he, along with the rest of the panel, spoke about recent policy initiatives taken by the Government of India along with the government and industry perspectives of major opportunities in India.

GST & e-invoicing – changes, implications and solutions -

February 26, 2021

Sundeep Gupta, Partner, Accounting & Business Support, Indirect Tax, was invited to be on the panel discussion jointly organized by Federation of Indian Chamber of Commerce and Industry (FICCI) and Clear Tax. The discussion focussed on the issues arising out of recent changes in GST relating to input tax credit and e-invoicing.

Articles

Is the Automobile industry on a path to recovery – Post covid lockdown -

February 2021

Author: G Vishwanathan, Director, Accounting & Business Support

This article published in Sixth Sense, Motoring Trends Magazine for their anniversary edition, focused on factors affecting the Indian automotive sector and factors that could lead to a sustained recovery in the sector.

GLOSSARY



ARC

Asset Reconstruction Company Limited

AAAR

Appellate Authority for Advance Ruling

AAR

Authority for Advance Ruling

BEPS

Base Erosion and Profit Shifting

B2C

Business to Consumer

CBDT

Central Board of Direct Taxes

CGST Act

Central Goods and Services Tax Act, 2017

CGST Rules

Central Goods and Services Tax Rules, 2017

DRP

Dispute Resolution Panel

GST

Goods and Services Tax

HC

High Court

ITAT

Income Tax Appellate Authority

IPO

Initial Public Offer

ICAI

Institute of Chartered Accountants of India

IASB

International Accounting Standards Board

IFRS

International Financial Reporting Standards

LO

Liaison Office

NBFC

Non-Banking Financial Company

NRI

Non-Resident Indian

OPC

One Person Company

OECD

Organisation for Economic Co-operation and Development

QR Code

Quick Response Code

RBI

Reserve Bank of India

RBIA

Risk-Based Internal Audit

SPAC

Special purpose acquisition company

u/s

Under section

UCB

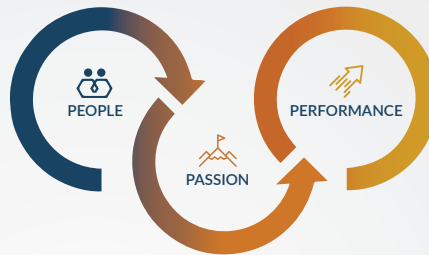
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