



A Monthly E-Newsletter

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The Bottom Line

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KEY METRICS

Indices

BSE SENSEX	58,569	4.13% ▲
NSE NIFTY50	17,465	3.99% ▲
NASDAQ Composite	14,221	3.41% ▲
NIKKEI 225	27,821	4.88% ▲

Currency

USD/INR	75.90	-0.54% ▼
EURO/INR	83.99	0.84% ▲
GBP/INR	99.69	1.59% ▲
JPY/INR	0.62	4.98% ▲

Note: The month-on-month movement as on March 31, 2022 is represented in percentages
Source: Yahoo Finance, Investing.com



DIRECT TAX

Notifications/Circulars

CBDT condones delay in filing of Form 10-IC for AY 2020-21

Condonation of delay has been provided in filing Form 10-IC required to avail concessional tax rate of 22% under section 115BAA for AY 2020-21. Form can now be filed till June 30, 2022, if the return was originally filed within due date and the option was opted in Form ITR 6.

Circular No. 6/2022 dated March 17, 2022

Circular issued for TDS on salary under section 192 for FY 2021-22

Circular issued for applicability of TDS on income chargeable under the head 'Salaries' during FY 2021-22 detailing the procedure to be followed by an employer for deducting tax from the salary income of their employees. It explains related provisions and the rules along with illustrations and various forms applicable for TDS compliance.

Circular No. 4/2022 dated March 15, 2022

Cases getting time-barred on March 31, 2022 excluded from the Faceless Assessment regime

Cases pending with jurisdictional assessing officers as on March 15, 2022 or thereafter, for which the time limit for completion expires on March 31, 2022, shall be out of the purview of faceless assessment under section 144B, if such cases cannot be completed within limitation period due to technical or procedural constraints.

Order dated March 17, 2022

E-Assessment of Income Escaping Assessment Scheme, 2022 notified

The Scheme covers assessment, reassessment or recomputation under section 147 and issuance of notice under section 148. It provides for automated allocation as per CBDT's risk management strategy for issuance of notice under section 148 in a faceless manner.

Notification No. 18/2022 dated March 29, 2022

Judicial Rulings

High Court Order quashed to decide Writ Petitions Afresh

The Hon'ble Apex Court sets aside the Bombay High Court's order on the writ petitions filed against assessment under section 148 citing the order as cryptic, non-speaking, non-reasoned and passed without going into the merits of the controversy. The Court observed that there was no discussion on any of the grounds raised by the assessee and writ petitions were disposed in a casual manner. The High Court is required to independently consider whether the question of reopening of the assessment could be raised in a writ petition and if so, whether it was justified or not.

Vishal Ashwin Patel v. ACIT (Supreme Court)

Refund cannot be withheld merely on reasons of probability of additions during assessment

Where assessing officer's order of withholding refund under section 241A was made without taking into

Cases getting time-barred on March 31, 2022 excluded from the Faceless Assessment regime

Circular issued for TDS on salary under section 192 for FY 2021-22

Refund cannot be withheld merely on reasons of probability of additions during assessment

account assessee's financial condition and was based on an estimate of assessee's tax liability which was not founded on rational and cogent grounds, order was set aside by Hon'ble High Court and refund directed to be made.

Ericsson India Pvt. Ltd. v. ACIT (Delhi High Court)

Penalty under section 272A(1) deleted for non-appearance due to digital notice in year of transition

The Hon'ble ITAT allowed assessee's appeal and deleted penalty under section 272A(1)(d) for non-compliance with notice issued under section 142(1). The basis taken was that assessee did not wilfully ignore the notice and his non-appearance was not deliberate as the notice was issued electronically for the first time when the department was shifting from physical to digital mode.

Triumph International Finance India Ltd. v. DCIT (Mumbai ITAT)

INDIRECT TAX

Circulars / Notifications

Recovery proceedings for difference in GSTR-1 and GSTR-3B

SOPs have been issued by CBIC as interim measure till such time a Scrutiny Module for online scrutiny of returns is made available. The key features are:

- Where the return filed by a registered person is selected for scrutiny, the officer shall scrutinize the same and in case of any discrepancy, he shall issue a notice in Form GST ASMT-10.
- The registered person may accept the discrepancy and pay the tax, interest arising out of such discrepancy or furnish an explanation in Form GST ASMT-11.
- Where the explanation furnished by the registered person is found to be acceptable, the officer shall conclude the case in Form GST ASMT-12. Otherwise, the officer can start proceeding against the registered person under Section 73 or 74 of the CGST Act, 2017.

Instruction No. 02/2022-GST dated March 22, 2022

Judicial Rulings

Speaking Order to consider issues raised by taxpayer

In the present case, the officer has passed the impugned Order without considering the judgement relied on and issues raised by the petitioner in its reply filed against the SCN. The Order is just a copy-paste of the reason recorded in the SCN and it is not sustainable under law.

M/s Diksha Greens Ltd (Calcutta High Court)

Opportunity of being heard

When an adverse decision is contemplated against any person, it becomes mandatory to provide an opportunity of being heard to such person, even though the said person has not requested for the same.

M/s Bharat Mint and Allied Chemicals (Allahabad High Court)

Issuance of SCN

Before passing an Order of demand under Section 74 of the CGST Act, it is mandatory to provide the SCN under Form DRC-01. However, in the present case, the Order of demand has been issued without issuing the said Notice. Consequently, the impugned Order has been quashed.

M/s V.R.S. Traders (Madras High Court)

ITC on demo cars

In the very first run, the demo cars lose the character of a new motor vehicle. These vehicles are not meant for 'further supply as such' but are first put to specified uses and then disposed off after prolonged use. Therefore, the ITC in relation to these vehicle remains restricted under Section 17(5) of the CGST Act.

M/s BMW India Pvt Ltd (AAAR Haryana)

Taxability of related party transactions

The applicant is a partner in a firm and he has provided his personal property to the partnership firm on free of cost basis for carrying on

SOPs issued for scrutiny of returns for FY 2017-18 and 2018-19

Speaking Order cannot be a mere copy-paste of SCN

ITC on demo cars not permitted

the business. In terms of Schedule I of the CGST Act, the property of the partner being rented out to the partnership firm is a supply under GST even if provided without consideration and consequently, it shall be subject to tax under GST.

M/s Shanmuga Durai (AAR Tamil Nadu)



CORPORATE & ALLIED LAWS

Circulars / Notifications

Limited Liability Partnership (Amendment) Rules, 2022

Limited Liability Partnership (Second Amendment) Rules, 2022 were notified amending the Limited Liability Partnership Rules, 2009. Key amendments are:

- In form FiLLip (incorporation form), application for allotment of DPIN can be made for five individuals. Earlier it was allowed for two individuals only.
- The certificate of incorporation of LLP issued by Registrar, shall also mention PAN and TAN issued by Income Tax Department.
- In general, the statement of accounts and solvency shall be signed by designated partners. However, in case where the corporate insolvency resolution process or liquidation has been initiated against the LLP, it may be signed by interim resolution professional or resolution professional or liquidator or LLP administrator.
- The annual return of LLP (having turnover upto 5 crores rupees and contribution upto 50 lakh rupees), against whom corporate insolvency resolution process or liquidation has been initiated, may be signed by interim resolution professional or resolution professional or liquidator or LLP administrator and no certification shall be required by a designated partner.

Reserve Bank of India

RBI has released “Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022” on March 14, 2022 with effect from April 01, 2022, in

order to regulate the framework of Microfinance Loans. Key provisions under the new directions are:

- These directions will be applicable to all following entities (“hereafter referred to as REs”):
 - All Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) excluding Payments Banks;
 - All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Co-operative Banks; and
 - All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).
- A microfinance loan has been defined as a collateral-free loan given to a household having annual household income up to ₹3,00,000.
- Each REs shall have a board-approved policy for:
 - the pricing of microfinance loans;
 - the assessment of household income;
 - the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income. This shall be subject to a limit of maximum 50 per cent of the monthly household income.
- Each RE shall mandatorily submit information regarding household income to the CICs.
- Interest rates and other charges/ fees on microfinance loans should

MCA amends LLP Rules, 2009

RBI issues directions for regulatory framework in respect of microfinance loans

not be usurious. These shall be subjected to supervisory scrutiny by the Reserve Bank.

- Each RE shall disclose pricing related information to a prospective borrower in a standardized simplified factsheet.
- The definition of ‘qualifying assets’ of NBFC-MFIs is now being aligned with the definition of ‘microfinance loans’. The minimum requirement of microfinance loans for NBFC-MFIs also stands revised to 75 per cent of the total assets.

Notification No. RBI/DOR/2021-22/89 dated March 14, 2022



CFO WATCH

MCA defers timeline for Audit Trail Requirement and CSR-2 form filing

SEBI issues clarification regarding new norms for RPTs

MCA defers timelines for Audit Trail Requirement and CSR-2 filing

MCA has notified deferment of date of applicability for the requirement of mandatory Audit Trail feature in the accounting software by one year i.e. from April 01, 2022 to April 01, 2023. Further, timeline for filing of Form CSR-2 for FY 2020-21 has been extended by two months i.e. from March 31, 2022 to May 31, 2022.

Clarification from SEBI for new norms on RPTs

SEBI has provided certain clarifications and guidance for smooth implementation of the amended Regulation 23 of the Listing Regulations. The clarifications are as follows:

- In case of RPT that has been approved by the audit committee and shareholders prior to April 01, 2022, there would be no requirement to seek fresh approval from the shareholders.
- All existing material related party contracts or arrangements entered into prior to the date of notification and which may continue beyond such date should be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.
- An RPT that has been approved by the audit committee prior to April 01, 2022 and becomes material as per the revised materiality threshold, should be placed before the shareholders in the first General Meeting held after April 01, 2022.

MERGERS & ACQUISITIONS

Russia-Ukraine war stalls global M&A; limited impact seen in India

As the world recovers from the COVID-19 pandemic, global macroeconomic uncertainties have increased due to the war between Russia and Ukraine and the global M&A does not remain untouched. As per a Bloomberg report, at least 100 companies worldwide have postponed or pulled out of financing deals including IPOs, bonds, loans, and M&A aggregating more than USD 45 billion.

Though the impact on global M&A may not be as large scale, it has prompted buyers/investors to be more cautious leading to additional due diligence and extensive assessment with regard to legal and financial risks associated with the transaction. The acquirers in deals currently at early stages also remain patient as they assess the impact of energy price volatility, its impact on supply chain and product costs along with additional fact-finding about the target and its connection with Russia in any way. In the case of transactions involving companies with significant operations in Russia/ targets in Russia, buyers, especially those headquartered in NATO countries, find it difficult to go ahead with even the planned/announced acquisitions, given the sanctions on Russia.

M&A deals in India are also taking longer as investors demand in-depth scrutiny of the targets to understand any connection with Russia in terms of the supply chain, operations, expansion plans, finance, etc. A similar risk assessment is also being carried out by various existing PE/VC investors based in US and Europe to ensure sanctions compliance and assess exposure to potential risks.



IN THE NEWS



Seminars

Asian Confluence Indo-Japan Second Intellectual Dialogue

March 3, 2022

Speaker: Ajay Sethi, Managing Partner

Ajay was invited to be a panelist by the Asian Confluence for their discussion titled “Development of North Eastern Indian Region: Indo-Japan Collaboration for Fostering Entrepreneurship and People Connectivity”. The event focused on the Japan-North Eastern Indian relationship and cooperation, aimed at promoting the intellectual interactions between Japan and the North East of India.

National Highways for EV Working Group - March 4, 2022

Speakers: Kim Collaco, Executive Director, Enterprise Strategy

Kim was invited to speak at the NHEV Working Group on the way forward for E-Mobility in India and recommendations for the development of E-Highways. She gave an overview on Ease of Doing Business to facilitate India’s energy transition starting from mobility and further reducing Oil-Import bills to eventually achieve NET Zero COP26 targets for a strong Circular Economy.

Masterclass on Good Governance Practice for Not-For-Profit Organisations - March 21, 2022

Speaker: Parveen Kumar, National Head, Assurance

Parveen was invited by the

Confederation of Indian Industry ASCON in association with the National Foundation for Corporate Governance to conduct a virtual masterclass on ‘Good Governance Practices for Not-for-Profit Organisations.’ He gave an overview on how good governance improves the overall performance of the organisation and also promotes trust among the shareholders and other stakeholders.

Key Changes - Amendments to Schedule III and CARO 2020 – March 23, 2022

Speakers: D Ramprasad, Practice Head, Bengaluru and Vinay KS, Partner, Assurance

Ramprasad and Vinay were invited by Kia Park to conduct a Technical Session on Key Changes - Amendments to Schedule III and Companies Auditors Report Order (CARO) 2020. The discussion covered new disclosures under the amendments to Schedule III to the Companies Act, new reporting requirements under CARO 2020, and the challenges and action points to meet the new compliances.

‘The Race to Zero Emissions’ Panel Discussion – March 24, 2022

Speaker: Gaurav Bhatia, Associate Director, Assurance

Gaurav was invited by the Confederation of British Industry to be a part of their panel on ‘The

Race to Zero Emissions.’ Jointly held with the British Business Group Delhi, the discussion covered decarbonisation initiatives by corporates and initiatives from the two countries to move towards their COP26 pledges. Also discussed were the implications for businesses in India and the compliance framework for businesses in the Environment, Sustainability and Governance (ESG) space.

International Regulatory Strategy Group (IRSG) Roundtable by City of London Corporation –

March 25, 2022

Speaker: Kim Collaco, Executive Director, Enterprise Strategy

Kim was invited by the City of London Corporation to be a part of the IRSG Roundtable to gain feedback from firms on equivalence measures that the UK could make to facilitate access for Indian financial institutions doing business in the UK.

Virtual CPE Meeting on Global Trends in Internal Audit

March 26, 2022

Speaker: Parveen Kumar, National Head, Assurance

Parveen highlighted the key challenges in Internal Audit at a virtual meeting organized by the Institute of Chartered Accountants of India on the Global Trends in Internal Audit.

GLOSSARY

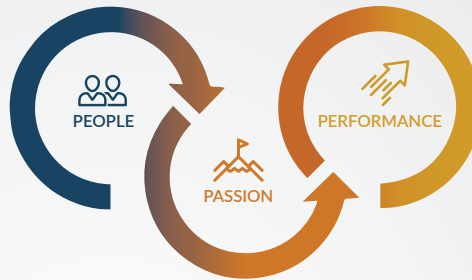


AY Assessment Year	EV Electric Vehicle	MCA Ministry of Corporate Affairs	RE Regulated Entities	SOP Standard Operating Procedures
CBDT Central Board of Direct Taxes	FY Financial Year	NATO North Atlantic Treaty Organization	RPT Related Party Transaction	TAN Tax Deduction Account Number
CBIC Central Board of Indirect Taxes and Customs	IPO Initial Public Offering	NBFC-MFI Non-Banking Financial Company - Microfinance Institution	SCN Show Cause Notice	TDS Tax Deducted at Source
CICs Credit Information Companies	ITAT Income Tax Appellate Tribunal	PAN Permanent Account Number	SEBI Securities and Exchange Board of India	VC Venture Capital
CSR Corporate Social Responsibility	ITC Input Tax Credit	PE Private Equity		
DPIN Designated Partner Identification Number	LLP Limited Liability Partnership	RBI Reserve Bank of India		
	M&A Mergers and Acquisitions			

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



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