

NEWSLETTER

June 2020

J P Chawla & Co. LLP

Chartered Accountants

Taxation | Audit | Outsourcing | Regulatory | Transaction Advisory | Business Intelligence



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The current economic scenario is stabilizing, to the extent, that the economic activity in certain sectors have picked up and there is growing demand for various goods and services.

Rural India is leading resumption of demand as the monsoon season is here and IMD has predicted normal monsoons in India. Petrol & diesel consumption is also increasing with increase in power consumption and toll collections signifying revival of economic and commercial activity. GST collections have also improved vis-a-vis last month.

On the other hand, recent border standoff with China has led India to focus on localization and various make in India initiatives are being launched.

India plans to impose strict rules and tariffs on Chinese imports and to impose stringent quality control measures and higher tariffs on imports from China as a military standoff between the neighbors threaten economic ties. Also, the state-run Bureau of Indian Standards(BIS) is finalizing tougher norms for at least 370 products to ensure items that can be locally produced. The products include chemicals, steel, electronics, heavy machinery, furniture, paper, industrial machinery, rubber articles, glass, metal articles, pharma, fertilizer and plastic toys.

Continuing with last month, various Covid related relaxations have been introduced in the area of compliances related to Income tax, Goods and service tax and corporate laws.

We sincerely hope this volume of newsletter will update you regarding new developments in the area of Business, Tax, Assurance & Accounting and regulations.

Happy Reading!!

Sincerely Yours,

Rajat Chawla

Managing Partner & CEO
New Delhi

Indian companies have invested around US\$ 22 billion worth of foreign direct investment (FDI) into the United States (US) and created 125,000 jobs covering all 50 states, Washington DC and Puerto Rico, according to Confederation of Indian Industry (CII).

Economic highlights in June 2020:

- **India plans to impose strict rules and tariffs on Chinese imports:** People with the knowledge of matter said that India plans to impose stringent quality control measures and higher tariffs on imports from China as a military standoff between the neighbors threaten economic ties. Also, The state-run Bureau of Indian Standards(BIS) is finalizing tougher norms for at least 370 products to ensure items that can be locally produced aren't imported. The products include chemicals, steel, electronics, heavy machinery, furniture, paper, industrial machinery, rubber articles, glass, metal articles, pharma, fertilizer and plastic toys.
- **Global economy will take \$12tn hit from coronavirus, says IMF:** IMF has said the global economy will take a \$12tn (£9.6tn) hit from the Covid-19 pandemic after slashing its already gloomy growth projections for the UK and other developed countries in 2020.
- **Singapore top source of FDI in FY20 with investments worth US\$ 14.67 billion:** In 2019-20, Singapore was the top source of foreign direct investment into India for the second consecutive financial year, accounting for about 30 per cent of FDI inflows. It surpassed Mauritius in the past two financial years. According to DPIIT, In FY20 India attracted US\$ 14.67 billion in FDI from Singapore, while it was US\$ 8.24 billion from Mauritius.
- **Significant impact by Government Schemes for MSMEs & NBFCs:** Under the Emergency Credit Line backed by a Government guarantee, Banks from Public and Private Sectors have so far sanctioned loans worth over Rs 79,000 crore (US\$ 11.21 billion) as of June 20, 2020, of which more than Rs 35,000 crore (US\$ 4.97 billion) has already been disbursed.
- **India and Denmark sign MOU for developing cooperation in the power sector:** The MoU which provides for collaboration in areas like offshore wind, long term energy planning, forecasting, flexibility in the grid etc was signed on 5th June 2020 by Mr Sanjiv Nandan Sahai, Secretary (Power) from the Indian side and Mr Freddy Svane, Ambassador of Denmark to India from the Danish side.
- **India now has the fifth-largest hydropower capacity in the world:** India became the nation with the fifth-largest hydropower production capacity in the world surpassing Japan according to International Hydropower Association (IHA). Also, India has total installed base standing at over 50 Gigawatt (GW), behind Canada, US, Brazil and China.
- **COAI, 5G-ACIA sign MoU to shape 5G in India's manufacturing industry:** A memorandum of understanding (MoU) between the Cellular Operators Association of India (COAI) and global forum, 5G Alliance for Connected Industries and Automation, or 5G-ACIA, to give shape to India's 5G mobile communications in different industries, especially in the manufacturing and process sectors.
- **FICCI 5-point plan to push exports:** Federation of Indian Chambers of Commerce and Industry (FICCI) said Indian industry should begin exporting 5% of its production and exporters should double their volumes, while exploring new markets to take the country's share to 10% of global exports in an industry-wide five-point action plan.

Goods and Service Tax

Notification No. 46/2020 – Central Tax

In view of global pandemic of Covid-19 the government on recommendation of GST council have extended the due date of passing order of Refund under section 54(7) in case where the notice of rejection has been issued and time limit of the same has been falls during the period 20th March 2020 to 29th June 2020, in all such cases the time limit of issuance of order shall be 15 days from the receipt of reply to the notice or the 30th day of June 2020, whichever is later.

Earlier the time limit has been extended till 30th June 2020.

Notification No. 47/2020 – Central Tax

Earlier due to extension of lockdown period all over the country the government vide notification had extended the validity of all those e-way bill which are generated before 24th March 2020 and period of validity expires during the period 20th March 2020 to 15th April 2020 till 31st day of May 2020.

Now the government made amendment in such notification and provide that all those e-way bill which are generated before 24th March 2020 and validity has been expired on or before 20th March 2020, the validity of such e-way bill has been extended till 30th June 2020.

Notification No. 48/2020 – Central Tax

Earlier the government vide notification inserted a proviso to provide that the Form GSTR-3B of a company which are filled during the period 21st Day of April 2020 to 30th June 2020 shall be allowed to verify through electronic verification code (EVC).

Now the amendment has been made in such notification to provide that the Form GSTR 3B shall be verified through electronic verification code (EVC) till 30th September 2020.

Further the companies can verify Form GSTR-1 filed during the period 27th May 2020 to 30th September 2020 through electronic verification code (EVC).

Notification No. 50/2020 – Central Tax

The rate of tax under composition levy has been amended as mentioned in below table.

S. No.	Category of registered person	Rate of Tax
1.	Manufacturers, other than manufacturers of such goods as may be notified by the Government	half per cent. of the turnover in the State or Union territory
2.	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	two and a half per cent. of the turnover in the State or Union territory
3.	Any other supplier eligible for composition levy under sub-sections (1) and (2) of section 10	half per cent. of the turnover of goods and services in the State or Union territory
4.	Registered persons not eligible under the composition levy under subsections (1) and (2), but eligible to opt to pay tax under sub-section (2A), of section 10	three per cent. of the turnover of goods and services in the State or Union territory.

Notification No. 51/2020 – Central Tax

Notification No. 52/2020 – Central Tax

Notification No. 53/2020 – Central Tax

Notification No. 54/2020 – Central Tax

The government vide above notification extend the due dates of filling GSTR 3B and GSTR 1 without payment of late filling fees and interest liability or reduced interest liability of 9% p.a. The month wise due dates of different category of registered person are as follows:

	Turnover in preceding Financial Year		
	Turnover less than 5Cr		Turnover More than 5Cr
	Category A	Category B	
Date for filling GSTR 1 without late Fees			
March , 2020	10 July, 2020	10 July, 2020	10 July, 2020
April, 2020	24 July, 2020	24 July, 2020	24 July, 2020
May, 2020	28 July, 2020	28 July, 2020	28 July, 2020
June, 2020	5 August, 2020	5 August, 2020	5 August, 2020
Qtr. ending 31 March 2020	17 July, 2020	17 July, 2020	17 July, 2020
Qtr. ending 30 June 2020	3 August, 2020	3 August, 2020	3 August, 2020
Date for filling GSTR 3B without late Fees			
Feb, 2020	30 June, 2020	30 June, 2020	24 June, 2020
March, 2020	3 July, 2020	5 July, 2020	24 June, 2020
April, 2020	6 July, 2020	9 July, 2020	24 June, 2020
May, 2020	12 September, 2020	15 September, 2020	27 June, 2020
June, 2020	23 September, 2020	25 September, 2020	20 July, 2020
July, 2020	27 September, 2020	29 September, 2020	20 August, 2020
August, 2020	1 October, 2020	3 October, 2020	20 September 2020

	Turnover in preceding Financial Year		
	Turnover less than 5Cr		Turnover More than 5Cr
	Category A	Category B	
Date of Filling GSTR 3B without interest			
Feb, 2020	30 June, 2020	30 June, 2020	4 April, 2020
March, 2020	3 July, 2020	5 July, 2020	5 May, 2020
April, 2020	6 July, 2020	9 July, 2020	4 June, 2020
May, 2020	12 September, 2020	15 September, 2020	27 June, 2020
June, 2020	23 September, 2020	25 September, 2020	20 July, 2020
July, 2020	27 September, 2020	29 September, 2020	20 August, 2020
August, 2020	1 October, 2020	3 October, 2020	20 September 2020
Date of Filling GSTR 3B with 9% of interest			
Feb, 2020	30 September, 2020	30 September, 2020	24 June, 2020
March, 2020	30 September, 2020	30 September, 2020	24 June, 2020
April, 2020	30 September, 2020	30 September, 2020	24 June, 2020
May, 2020	30 September, 2020	30 September, 2020	-
June , 2020	30 September, 2020	30 September, 2020	-
July, 2020	30 September, 2020	30 September, 2020	-
** Interest will be charged at 18% for the full period if GSTR 3B filed after above due dates.			

Category A: Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep

Category B: Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi

Circular No. 139/09/2020-Central Tax

Government in Circular 135/05/2020-Central Tax, provided that the refund of accumulated ITC shall be restricted to the ITC of those invoices which are reflected in GSTR-2A of the applicant on the common portal. Due to above clarification some of the refund sanctioning authorities had rejected the refund claim of input tax credit availed on import documents and on reverse charge paid during the period, as the same was not reflected in GSTR-2A on the common portal.

The government vide this circular clarified that the refund of input tax credit in relation to import and reverse charge liability are available and the restriction of refund shall be imposed on only those invoices which are required to be uploaded by the supplier in Form GSTR-1 and are reflected in the Form GSTR-2 of the applicant.

Circular No. 140/09/2020-Central Tax

One debating issue has been raised since last few months when one of the bench of AARhas imposed reverse charge liability on director's remuneration. In the application filed before the Rajasthan bench of the AAR, Clay Craft India had sought a clarification if salaries paid to the on the roll would attract reverse charge liability. The AAR said the director is the supplier of services and the company is the recipient of the services and hence attract reverse charge liability.

Type of Director	Employment relationship	TDS Deducted	Leviability
Whole-time Director	Not and employee of the company		Reverse Charge Applicable
	Employee of the company	U/s 192 of I T Act	Reverse Charge Not Applicable
	Employee of the company	U/s 194J of I T Act	Reverse Charge Applicable
Independent Director	Not and employee of the company		Reverse Charge Applicable
Any other Director	Employee of the company	U/s 192 of I T Act	Reverse Charge Not Applicable
	Employee of the company	U/s 194J of I T Act	Reverse Charge Applicable

Direct Tax

Rule 10V amended to give new parameters to determine remuneration of fund manager for the purpose of section 9A of the Income Tax Act

With the 10th amendment in rules, sub-rule 5 to sub-rule of rule 10V have been made inapplicable w.e.f 1st April, 2019 and new sub-rule 12 gives rates for remuneration of fund manager. Notified new form 3CEJA and form 3CEK. **[Notification No. 29/2020/F. No. 142/15/2015-TPL]**

W.e.f. 1st June, 2020, form 26AS will give additional information under a new rule 114-I introduced through 11th amendment in Income Tax Rules, 2020

Under rule 114-I, form 26AS will give information on tax deducted or collected at source, specified financial transactions, payment of taxes, demand and refund, pending proceedings, completed proceedings, any other information in relation to sub-rule (2) of rule 114-I within three months from the end of the month in which the information is received. Rule 31AB which was applicable earlier has been omitted. **[Notification No. 30/2020/F. No. 370142/20/2020-TPL]**

CBDT notifies forms for filing Income Tax Return for AY 2019-20

The Government has made certain changes and has brought in certain additional disclosure requirements through the new forms. Majorly changes include interchangeability of PAN and Aadhar, the introduction of schedules DI and TPSA, additional audit information on cash receipts, details in relation to high spenders and others.

Rule 12 has been amended which restores entitlement to following categories of person to avail the SAHAJ/SUGAM forms (i.e., ITR 1 and ITR 4):

- a) an individual who owns a house property in joint ownership with two or more persons, and
- b) high spenders [in view of 7th proviso to Sec. 139(1)]

[Notification No. 31/2020/F. No. 370142/32/2019-TPL]

Cost Inflation Index(CII) for the financial year 2020-21 released by CBDT.

CII for the financial year 2020-21 stands at 301, made effective from 1st April 2021. **[Notification No. 32/2020/F.No. 370142/17/2020-TPL]**

Govt extended due date for filing return, reports and other compliances under the Income Tax Act and Benami Property Act.

In order to provide further relief to the taxpayers for making various compliances, govt. extended following time limits:

Particulars	Revised Due Date
Original/Revised ITR for the FY 2018-19 (AY 2019-20)	31st July, 2020.
Filing ITR for the FY 2019-20 (AY 2020-21)	30th November, 2020.
furnishing tax audit report	31st October, 2020.
Payment of self-assessment tax in the case of a taxpayer whose self-assessment tax liability is upto Rs. 1 lakh*	30th November, 2020
Date for making various investment/ payment for claiming deduction under Chapter-VIA- heading B for claiming the deduction under these sections for FY 2019-20	31st July, 2020
Date for making investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under sections 54 to 54GB	30th September, 2020
Date for commencement of operation for the SEZ units for claiming deduction under section 10AA	30th September, 2020 for the units which received necessary approval by 31st March, 2020.
Furnishing of the TDS/ TCS statements by other than govt dept	31st July, 2020
Furnishing of the TDS/ TCS statements by govt dept	15th July, 2020
Issuance of TDS/ TCS certificates	15th August, 2020
Date of furnishing of declaration, making payment without additional amount, passing of order etc under the Scheme "Vivad Se Vishwas"	31st December, 2020
Implementation of new procedure for approval/ registration/ notification of certain entities u/s 10(23C), 12AA, 35 and 80G**	effective from 1st October, 2020

*it is clarified that there will be no extension of date for the payment of self-assessment tax for the taxpayers having self-assessment tax liability exceeding Rs. 1 lakh. In this case, the whole of the self-assessment tax shall be payable by the due dates specified in the Income-tax Act, 1961 (IT Act) and delayed payment would attract interest under section 234A of the IT Act.

**It is clarified that the old procedure i.e. pre-amended procedure shall continue to apply during the period from 1st June, 2020 to 30th September, 2020

The reduced rate of interest of 9% for delayed payments of taxes, levies etc. specified in the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 shall not be applicable for the payments made after 30th June, 2020.

The date for passing of order or issuance of notice by the authorities and various compliances under various Direct Taxes & Benami Law which are required to be passed/issued/ made by 31st December, 2020 has been extended to 31st March, 2021. Consequently, the date for linking of Aadhaar with PAN would also be extended to 31st March, 2021.

[Notification No.35 /2020/ F. No. 370142/23/2020-TPL and press release dated 24th June, 2020]

CBDT allows salaried employees opting for new tax regime u/s. 115BAC to claim exemption u/s. 10(14)
Rule 2BB, which prescribes allowances for the purposes of Sec. 10(14), has been amended to allow salaried employees opting for new tax regime u/s. 115BAC to claim exemption u/s. 10(14), subject to the conditions mentioned therein,

1. Conveyance Allowance for Performance of Office Duties,
2. Any Allowance for the Cost of Travel/ Tour/ Transfer,
3. Daily Allowance given to Employees under Certain Conditions and
4. Transport allowance for handicapped.

Also amends Rule 3, dealing with perquisites valuation, to exclude an assessee, who has opted for new tax regime u/s. 115BAC, from the exemption provided in the first proviso in respect of free food and nonalcoholic beverage provided by such employer through paid voucher.

Amended Rule shall come into force from the 1st day of April, 2021 and shall accordingly apply in relation to the assessment year 2021-22 and subsequent assessment years. [Notification No. 38/2020/F. No.370142/15/2020-TPL].

Late fee u/s 234E is mandatory & consequential, having a 'reasonable cause' is no ground for deleting levy

The assessee has made delays in the submission of the quarterly TDS statements. ITAT held that the intimation issued u/s 200A is an appealable order, however, the said order can be challenged only on the ground that the adjustment made by the A.O. or intimation issued u/s 200A is not in accordance with the provisions of Section 234E or Section 200A. **[Block Development Officer [TS-303-ITAT-2020(JPR)]]**

ITAT accepts the claim assessee has set-up its business during the year, considers substantial activities, investment

Assessee-company (engaged in real estate business) has undertaken raising loans, making investment in purchase of land, which was reflected as stock in trade and also advancing loans to associate concerns for purchasing different pieces of land, to develop the townships and that assessee entered into development agreement during the year. ITAT accepts that the assessee have set up and also commenced its business.

Also rejects the claim of revenue that the income from FDRs out of surplus money is taxable as income from other sources and expenses incurred by assessee for the purpose of setting up its business could not be allowed as deduction nor could it be adjusted against any other income under any other head. **[Jindal Realty Pvt Ltd(TS-298-ITAT-2020(DEL))]**

Assurance and Accounting

International Accounting Standards/Indian Accounting Standards

Exposure Draft on Covid-19-Related Rent Concessions (Proposed amendment to Ind AS 116, Leases)

Recently, the International Accounting Standards Board (IASB) has issued an amendment on Covid-19-Related Rent Concessions (Proposed amendment to IFRS 16, Leases).

As a result of the deadly Covid-19 pandemic, there would be many instances of lessors giving rent concessions to lessees as a result of the pandemic. The lessees could find it challenging to assess whether a potentially large volume of covid-19-related rent concessions are lease modifications and, for those that are, to apply the required accounting in IFRS 16, especially in the light of the many challenges lessees face during the pandemic. Further, those challenges arising during the pandemic add to the work undertaken by lessees in implementing the new lessee accounting model in IFRS 16. The amendments to IFRS 16 provides the practical expedient to provide relief to lessees, while enabling lessees to continue providing useful information about their leases to users of financial statements. The amendment aims to address issues affecting the application of IFRS 16 requirements to large volumes of rent concessions granted as a direct consequence of the covid-19 pandemic during 2020. The amendment to IFRS 16 are as follows:

- permits lessees, as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.
- require a lessee applying the practical expedient to disclose the amount recognised in profit or loss to reflect changes in lease payments that arise from covid-19-related rent concessions.
- specify that in the reporting period in which a lessee first applies the amendment, the lessee is not required to disclose the information required by paragraph 28(f) of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IFRS 16 does not specify any change in the requirements for lessors.

The Accounting Standards Board (ASB) noted that Indian entities preparing Ind AS based financial statements could be facing similar challenges and situations like the International scenario. In addition, there is a need to remain converged with IFRS standards. Accordingly, the ASB of ICAI has issued the Exposure Draft of proposed amendments to Ind AS 116, Leases.

These documents (exposure drafts) can be accessed at <https://resource.cdn.icai.org/59845asb48675.pdf> and comments can be offered on such documents by 10th June 2020.

Regulations

In the era of COVID-19 pandemic, this month can be said as the month of extension of deadlines since various extensions were provided by the ministry of corporate affairs for stabilizing the economic situation and regulating the businesses in a sustainable manner.

COMPANY/LLP LAW RELATED CHANGES

A. Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013

Under the Companies Fresh Start Scheme, 2020 "CFSS", the benefit of waiver of additional fees was not extended to the charge related documents. Therefore, on account of representations by the stakeholders, it has been suggested that some dispensation should be provided for filing of charge related documents as well. Accordingly, the Central Government decided to introduce a Scheme, i.e. "Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013" for the purpose of condoning the delay in filing certain forms related to creation/ modification of charges.

The Scheme is applicable where the date of creation/modification of charge is:

Applicability	Relaxation of time	Applicable fees
Before 01.03.2020, but the timeline for filing such form had not expired under section 77 of the Act as on 01.03.2020	The number of days shall not be calculated from 01.03.2020 to 30.09.2020. 01.10.2020 shall be counted as the first day after 29.02.2020 for calculating the days.	If filed on or before 30.09.2020, then fees payable shall be same as filed on 29.02.2020 If filed after 30.09.2020, the fees shall be levied by taking into account the number of days calculated from 01.10.2020.
Falls on any date between 01.03.2020 to 30.09.2020 (both dates inclusive)	The number of days shall not be calculated from 01.03.2020 to 30.09.2020. 01.10.2020 shall be counted as the first day after 29.02.2020 for calculating the days.	If filed on or before 30.09.2020, then normal fees shall be payable. If filed after 30.09.2020, the fees shall be levied by taking into account the number of days calculated from 01.10.2020.

This scheme is not applicable in the following cases:

- i. The forms i.e. CHG-1 and CHG-9 had already been filed before the date of issue of this Circular.
- ii. The timeline for filing the form has already expired under section 77 or section 78 of the Act prior to 01.03.2020.
- iii. The timeline for filing the form expires at a future date, despite exclusion of the time provided in the scheme.
- iv. Filing of Form CHG-4 for satisfaction of charges.

B. Enhancement of time limit to register for updation of detail in independent director databank

The Central Government amends the Companies (Appointment and Qualification of Directors) Rules, 2014, to provide comfort to the independent directors for inclusion of their name in the data bank institute. Consequent to this amendment, they can now apply online to the institute for inclusion of their name in the data bank within a period of ten months instead of seven months from the respective criteria as described under the Companies Act.

C. Temporary relaxation to matters which were not allowed through video conferencing or other audio visual means

To smoothen the functioning of Companies and for benefit of stakeholders, the Ministry of Corporate Affairs had earlier issued the circular providing temporary relaxation in respect of restricted matters which are generally not allowed to be dealt in the meeting held through video conferencing means or audio visual means. This relaxation was allowed from the issuance of circular till 30th June, 2020.

This relaxation has now been extended till 30th September, 2020 vide circular dated 23rd June, 2020.

D. Period/Days of extension for names reserved and resubmission of forms

The Ministry of Corporate Affairs issued a further update providing extension for names reserved and for resubmission of forms.

Extensions are provided as below:

New company incorporation	Names expiring any day between 15th March 2020 to 30th June would be extended by 20 days beyond 30th June 2020.
Change of name of the company	Names expiring any day between 15th March 2020 to 30th June May would be extended by 60 days beyond 30th June 2020.
Names reserved for 90 days for new LLP incorporation/change of name	Names expiring any day between 15th March 2020 to 30th June would be extended by 20 days beyond 30th June 2020.
Extension of RSUB validity for companies/ LLP's	SRNs where the last date of Resubmission (RSUB) falls between 15th March 2020 to 30th June 2020, an additional 15 days beyond 30th June 2020 would be allowed.
Extension for marking IEPF-5 SRNs to 'Pending for Rejection u/r 7(3)' and 'Pending for Rejection u/r 7(7)'	SRNs where the last date of filing e-verification Report (for both Normal as well as Resubmission filing) falls between 15th March 2020 to 30th June 2020, would be allowed to file the form till 30th Sep 2020.

E. Other Changes

1. The Ministry vide circular dated 19th June, 2020 has provided extension of time from 30th June, 2020 to 30th September, 2020 with respect to creation of deposit repayment reserve of 20% u/s 73 (2) (c) of the Companies Act 2013 and to invest or deposit 15% of amount of debentures u/r 18 of Companies (Share capital and Debtures) Rules 2014.
2. This Ministry had issued circular dated 08th April, 2020 and 12th April, 2020 providing clarifications on passing of ordinary and special resolutions by holding Extra-Ordinary General Meetings through video conferencing or other audio visual means upto 30th June, 2020 or till further orders, whichever is earlier. Now, this timeline has been extended by Ministry upto 30th September, 2020.

3. The Ministry vide its notification dated 29th June, 2020 has inserted proviso to Rule 4 sub rule 3 of Companies (Removal of Names of Companies from Registrar of Companies) Rules, 2016. This proviso is for Government Companies in which the entire paid up capital is held by the Central Government/ State Government/ Governments or where a Company is a subsidiary of a Government Company in which the entire paid up share capital is held by that Government Company.

Duly notarized indemnity bond in Form STK-3A has been prescribed to be given by an authorized representative, not below the rank of Under Secretary.

THE INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) ORDINANCE, 2020

On account of such pandemic situation, the amendment through ordinance were brought in forward to facilitate suspension and prevention of corporate persons which are experiencing distress.

1. No application under sections 7, 8 and 9 of the IBC Code, 2016 shall be filed for initiation of corporate insolvency resolution process, for any defaults arising on or after 25th March, 2020 for a period of six months or such further period not exceeding one year from such date, as may be notified.
2. It was also clarified that no application shall be filed for initiation of corporate insolvency resolution process for any defaults occurring during said period.

RBI RELATED CHANGES

Proposed changes in regulations applicable to Housing Finance Companies (HFCs) for public comment

Earlier, Reserve Bank announced that it will carry out a review of the extant regulatory framework applicable to Housing Finance Companies (HFCs). After reviewing the regulations, it has come up with following changes:

- i. Defining principal business and qualifying assets for HFCs
- ii. Defining the phrase 'providing finance for housing' or 'housing finance'
- iii. Classifying HFCs as systemically important (asset size of ₹500 crore & above) and non-systemically important (asset size less than ₹500 crore)
- iv. Reserve Bank's directions on Liquidity Risk framework &, LCR, securitization, etc., for NBFCs, to be made applicable to HFCs.

The Reserve Bank of India has therefore sought public comments on the draft framework for consideration before issuing the final guidelines. The comments shall be sent the latest by 15th July, 2020 over email.

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