NEWSLETTER
March 2021

J P Chawla & Co. LLP
Chartered Accountants

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

INDEX

The Indian economy is at upward trend despite the huge rise of covid cases in India, the near-term prospects have turned more favorable for India's economy and it is likely to grow by 12 percent in 2021 following a 7.1 percent contraction last year.

In the area of direct taxes, certain New Rule 3B for Calculation of Taxable Perquisites has been made in relation to perquisites of employees. The CBDT has also inserted certain transactions which will be required to be reported in the Statement of Financial Transactions. The CBDT has also inserted a new rule which specifies procedure for the Application for grant of certificate for determination of the appropriate proportion of sum (other than Salary), payable to non-resident, chargeable in case of the recipients.

In GST, earlier the government had introduced the e-invoicing system to be applicable on the taxpayers whose aggregate turnover exceeds one hundred crore rupees with effect from 1st January 2021. Now with effect from 01st April 2021 the said e-invoicing system shall be applicable to all those taxpayers having turnover exceeding fifty crore rupees.

Ministry of Company Affairs w.e.f. 01st day of April 2022, mandated every company which uses accounting software for maintaining its books of account to use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

A proviso has been added in the Companies Act 2013, stating that if a company has no profits or its profits are inadequate then an independent director or non-executive director may receive remuneration, exclusive of seating fees. This change will help companies to attract more talent.

We sincerely hope this volume of the 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

On International women's day, the Minister of finance stated that women bagged more than 81% of accounts under stand-up India scheme which empowered women to be an entrepreneur. Also, India is in the race of becoming the fastest growing industry for telecom advertising, with an annual growth rate of 11% between 2020 and 2023.

Economic and Trade highlights in March 2021:

- **20 states complete ease of doing business reforms -** Finance Minister stated that 20 states have successfully completed ease of doing business reform and eligible for additional borrowing of 0.25 percent of GSDP. The Department of Expenditure has granted permission to these 20 States to raise additional financial resources of Rs 39,521 crore through Open Market Borrowings. The ease of doing business is an important indicator of the investment-friendly business climate in the country.

- **India's FY21 goods exports likely to be 8-10% lower, to reach $1 trillion digital economies quickly: Piyush Goyal -** Commerce and industry minister Piyush Goyal said India's FY21 goods exports are likely to be just 8-10% lower than the previous fiscal when outbound shipments were $314 billion. Services exports, except hospitality and tourism, are likely to witness a 10% dip, he said. India's digital ecosystem is valued at around $200 billion and the country's ambition to grow five times to $1 trillion can be reached quickly given its comparative advantage said by Commerce Minister.

- **Telecom advertising in India leads to grow at 11% by 2023 -** According to a report, India will become the fastest-growing industry for telecom advertising, with an annual growth rate of 11% between 2020 and 2023. This is a much faster growth rate than global telecom advertising, which is expected to grow at an annual rate of 4.5% through 2023, according to the Business Intelligence Telecommunications report.

- **India govt IT spending to grow 9.4% in 2021-** According to a forecast, government IT expenditure in India is estimated at US$ 7.3 billion in 2021, an increase of 9.4% YoY. Digital census in 2021 is significant for the growth of government's IT spending in India. India's government will transition from being a cautious spender to opening the fiscal floodgates in 2021 said by Ms. Apeksha Kaushik, Principal Research Analyst at Gartner.

- **India's economy may grow at 12% in 2021-** As near-term prospects have turned more favourable, India's economy is likely to grow by 12 per cent in 2021 following a 7.1 per cent contraction last year. It is expected private consumption and nonresidential investment to materially pick up over the next few quarters and strengthen the domestic demand revival in 2021.

- **Over Rs. 1 lakh crore investments in Maha despite lockdown -** Maharashtra attracted > Rs. 1 lakh crore (US$ 13.59 billion) in domestic and foreign direct investments, despite industrial lockdown. He stated that even in the COVID-19 induced lockdowns, 66,000 permissions were granted online to initiate various industries.

- **India's exports during March 1-14 up 17 pc at US$ 14 billion -** According to preliminary data from the commerce ministry, compared to last year period, India's exports increased by 17.27% YoY to US$ 14.22 billion on March 1-14, 2021. Engineering, rice, gems and jewellery were among the key sectors that recorded healthy growth in exports.

Goods and Service Tax

Notification No. 05/2021 – Central Tax

E-invoicing applicable for taxpayer having turnover more than INR 50 Crore

Earlier the government had introduced the e-invoicing system to be applicable to the taxpayers whose aggregate turnover exceeds one hundred crore rupees with effect from 1st January 2021. Now with effect from 01st April 2021 the said e-invoicing system shall be applicable to all those taxpayers having turnover exceeds fifty crore rupees.

Notification No. 06/2021 – Central Tax

Waive Penalty payable for non-compliance of provisions of generating E-invoice for B2C transactions and printing Dynamic Quick Response code

Government vide this notification waive the penalty for non-compliance payable under section 125 of CGST Act, 2017 for not generation e-invoice and QR code till 30th June 2021.

Circular No. 147/03/2021 –GST

Clarification on refund related issues

Refund claimed by the recipient of Deemed Export Supply

Difficulties being faced by the recipients of the deemed export supplies in claiming refund of tax paid in respect of such supplies since the system is not allowing them to file refund claim under the aforesaid category unless the claimed amount is debited in the electronic credit ledger.

In this regard, it is submitted that in order to ensure that there is no dual benefit to the claimant, the portal allows refund of only Input Tax Credit (ITC) to the recipients which is required to be debited by the claimant while filing the application for refund claim. Therefore, whenever the recipient of deemed export supplies files an application for a refund, the portal requires debit of the equivalent amount from the electronic credit ledger of the claimant.

Since there is no restriction under 3rd proviso to Rule 89(1) of CGST Rules,2017 on the recipient of deemed export supply, claiming refund of tax paid on such deemed export supply, on availment of ITC on the tax paid on such supply. Accordingly, the para 41 of CircularNo. 125/44/2019-GST dated 18.11.2019 is modified to remove the restriction of non-availment of ITC by the recipient of deemed export supplies on the invoices, for which refund has been claimed by such recipient.

Extension of relaxation for filing refund claim in cases where zero-rated supplies has been wrongly declared in Table 3.1(a)

Circular 125/44/2019-GST provides relaxation for filling refund application by those taxpayers who had inadvertently entered the details of export of services or zero-rated supplies to a Special Economic Zone Unit/Developer in table 3.1(a)instead of table 3.1(b) of FORM GSTR-3B of the relevant period and were unable to claim refund of the integrated tax paid on the same through

FORM GST RFD-01A. The said Circular clarified that for the tax periods from 01.07.2017 to 30.06.2019, such registered persons shall be allowed to file the refund application in FORM GST RFD-01A on the common portal subject to the condition that the amount of refund of integrated tax/cess claimed shall not be more than the aggregate amount of integrated tax/cess mentioned in the tables 3.1(a), 3.1(b) and 3.1(c) of FORMGSTR-3B filed for the corresponding tax period.

Government vide this circular has clarified that and extend the time limit till 31.03.2021.

The manner of calculation of Adjusted Total Turnover under sub-rule (4) of Rule 89 of CGST Rules, 2017

Doubts have been raised as to whether the restriction on turnover of zero-rated supply of goods to 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, imposed by amendment in definition of the"Turnover of zero-rated supply of goods" vide Notification No. 16/2020-Central Tax dated23.03.2020, would also apply for computation of "Adjusted Total Turnover" in the formula given under Rule 89 (4) of CGST Rules, 2017 for calculation of admissible refund amount.

It is clarified that for the purpose of Rule 89(4), the value of export/zero-rated supply of goods to be included while calculating "adjusted total turnover" will be same as being determined as per the amended definition of "Turnover of zero-rated supply of goods" in the said sub-rule.

Direct Tax

New Rule 3B for Calculation of Taxable Perquisite u/s 17(2)(viia)

The CBDT has prescribed the method calculation of taxable perquisite u/s 17(2)(viia). As per Section 17(2)(viia), the annual accretion by way of interest, dividend or any other amount during the previous year to the balance at the credit of the recognized provident fund or scheme referred to in sub-section (1) of section 80CCD or approved superannuation fund, to the extent it relates to the contribution made by the employer during the current year which exceeds INR 7,50,000 is included in total income.

The calculation of perquisite is as follows:

TP= (PC/2)*R + (PC1+ TP1)*R

Where, TP= Taxable perquisite under section 17(2)(viia) for the current year.

TP1 = Aggregate of taxable perquisite under perquisite Section 17(2)(viia) of the Act for the previous year or years commencing on or after 1st day April, 2020 other than the current previous year (Refer Note below).

PC= Amount or aggregate of amounts of principal contribution made by the employer in excess ofINR 7,50,000 to the specified fund or scheme during the previous year.

PC1 = Amount or aggregate of amounts of principal contribution made by the employer in excess of INR 7,50,000 to the specified fund or scheme for the previous year or years commencing on or after 1st day April, 2020 other than the current previous year (Refer Note below).

R= I/ Favg

I=Amount or aggregate of amounts of income accrued during the current previous year in the specified fund or scheme account

Favg = (Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous Year + Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the last day of the current previous year)/2.

Explanation. — For the purposes of this rule, “specified fund or scheme” shall mean recognized provident fund or scheme referred to in sub-section (1) of section 80CCD or approved superannuation fund.

Note: Where the amount or aggregate of amounts of TP1 and PC1 exceeds the amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous year, then the amount in excess of the amount or aggregate of amounts of the said balance shall be ignored for the purpose of computing the amount or aggregate of amounts of TP1 and PC1.”.

-[Notification 11 of 2021]

Amendment In Form 24Q, Form 16 (Part-B) and Form 12BA

The CBDT has amended the Form 24Q (i.e. TDS Return for Salary), Form 16 (Part -B) (i.e TDS Certificate issued by employer to employee providing TDS deduction and salary details) and Form 12BA(i.e Certificate provided with Form 16 describing the details of perquisites provided by employer to employee). These Forms are amended to incorporate the provisions of Section 17(2)(viia) and Section 115BAC (Option available to employee for opting new taxation regime).
-[Notification 15/2021]

Inserted New Transactions in Section 285BA.

The CBDT has amended Section 285BA and inserted the following transactions which will be required to be reported in the Statement of Financial Transactions.

S.no.	Nature of Transaction	Class of Persons (Reporting)
1	Capital gains on transfer of listed securities or units of Mutual Funds	Recognised Stock Exchange Depository as defined in Section 2(1)(e) of the Depositories Act, 1996 (22 of 1996). Recognised Clearing Corporation. Registrar to an issue and share transfer agent registered under section 12(1) of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
2	Dividend income	A company
3	Interest income	A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) . Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898). Non-banking financial company which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934), to hold or accept deposit from public.

-[Notification 16/2021]

Insert New Rule 29BA for Section 195(2) or 195(7)

The CBDT has inserted a new rule 29BA which specifies procedure for "Application for grant of certificate for determination of appropriate proportion of sum (other than Salary), payable to non-resident, chargeable in case of the recipients". The applicant is required to submit an application in Form 15E to Assessing Officer for determination of appropriate proportion of sum payable to non-resident.
-[Notification 18/2021]

Clarification regarding Vivad se Vishwas Scheme

The CBDT had issued FAQs for Vivad se Vishwas scheme to provide clarity to taxpayers. The FAQ no. 70 clarified eligibility of search case under Vivad se Vishwas Scheme. It means if an assessment order has been framed u/s 143(3) and 144 of Income Tax Act based on the search executed in some other taxpayers case.

The CBDT has clarified that now a "Search Case" means an assessment or reassessment made under section 143(3)/ 144/147/153A/153C/158BC of the Income Tax Act in the case of a person referred to in Section 153A or Section 153C or Section 158BC or Section 158BD of Income Tax Acton the basis of search initiated under Section 132 or requisition made under Section 132A of the Income Tax Act.
-[Circular04/2021]

In Vivad se Vishwas Scheme, the order passed by the Designated authority is having a consequential effect. However, there is no such provision to provide to the Assessing Officer to give the effect of the order passed by DA. Therefore, CBDT has clarified that the Assessing Officer shall pass a consequential order to give effect of the order passed by DA.
-[Circular 03/2021]

Clarification regarding Residential Status

The CBDT has issued a Form - NR which is to be issued by those persons who are getting double taxation after considering the DTAA. This form is to be submitted by March 31, 2021.
The CBDT after obtaining the information will examine
1. whether any relaxation is required to be provided in this matter.
2. if required, then whether general relaxation can be provided for a class of individuals or specific relaxation is required to be provided in individual cases.

-[Circular 02/2021]

Deferment of Clause 30C and 44 of Tax Audit Report

The CBDT vide its order u/s 119 has decided that the reporting under clause 30C (GAAR provisions) and clause 44 (reporting of Break-up of total expenditure of entities registered or not registered under the GST) of the Tax Audit Report shall be kept in abeyance till March 31, 2022.
-[Circular 05/2021]

Assurance and Accounting

Companies (Audit and Auditors) Amendment Rules 2021

Central Government, by exercising of the powers conferred by the section 139, 143, 147 and 148 read with sub-sections (1) and (2) of section 469 of Companies Act, 2013, has amended the Companies (Audit and Auditors) Rules, 2014 through Companies (Accounts) Amendment Rules, 2021. Following amendments have been made in Rule 11:

Clause (d) Omitted

"whether the company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and if so, whether these are in accordance with the books of accounts maintained by the company."

Clause (e) inserted

"(i) Whether the management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) Whether the management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement."

Clause (f) inserted

"Whether the dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013."

Clause (g) inserted

"Whether the company has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention."

These rules shall be effective from 1st April 2021.

Technical Guide on Audit of Internal Financial Controls in Case of Public Sector Banks

Auditing and Assurance Standard Board (AASB) of the Institute of Chartered Accountants of India (ICAI) has issued a specific Technical Guide on Audit of Internal Financial Controls in Case of Public Sector Banks to provide appropriate guidance to auditors on this new reporting requirement prescribed by RBI.

Section 143(3)(i) of the Companies Act, 2013 requires auditors of companies (other than exempted class of companies) to report in their auditor's report whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. In 2015, the Auditing and Assurance Standards Board (AASB) of ICAI issued the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" to provide detailed guidance to auditors on this reporting requirement. Such reporting on internal financial controls was not required in case of public sector banks till financial year 2018-19. The RBI has made reporting on internal financial controls mandatory for statutory auditors of public sector banks from financial year 2020-21 (such reporting was recommendatory for financial year 2019-20).

The RBI vide its letter no. DOS. ARG No.6270/08.91.001/2019-20 dated 17th March 2020 has directed the PSBs to advise their Statutory Central Auditors ("SCAs") to report in their independent auditor's report, inter alia, whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls [Refer paragraphs 108 and 109 and IG 11 and IG 12 of the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the ICAI in September 2015 ("the Guidance Note") for testing the design of a control and paragraphs 110 and 111 and IG 13 of the Guidance Note for testing operating effectiveness of controls]. Subsequently, the RBI in May 2020 clarified that the reporting on internal financial controls system is with reference to financial statements.

The document of this technical guide is available at https://resource.cdn.icai.org/63820aasb51350.pdf

Guidance Note on Audit of Banks (2021 Edition)

Auditing and Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI) has issued Guidance Note on Audit of Banks (2021 Edition). This document has contained 2 sections:

- Section A – Statutory Central Audit
- Section B – Bank Branch Audit

This guidance note is available at https://resource.cdn.icai.org/63830aasb-gnab2021-b.pdf

Technical Guide on Revised Formats of Long Form Audit Report

In September 2020, the Reserve Bank of India has issued the revised formats of Long Form Audit Report (LFAR) which would be applicable for audits of the financial year 2020-21 and onwards. The revised formats of LFAR have made several significant changes including many new reporting requirements as compared to the earlier formats of LFAR. Therefore, a need was felt for providing appropriate guidance to auditors of banks on the revised formats of LFAR so that they can discharge their reporting obligation more efficiently and effectively.

Auditing and Assurance Standards Board of the Institute of Chartered Accountants of India has brought out this "Technical Guide on Revised Formats of Long Form Audit Report" for the benefit of the members. The Technical Guide provides detailed guidance on all the reporting requirements prescribed in the revised formats of LFAR.

The document of this technical guide is available at https://resource.cdn.icai.org/63901aasb-tg-lfar.pdf

Financials Statements/Books of Accounts

Amendments in Schedule-III of the Companies Act, 2013

Central Government, by exercising of the powers conferred by the sub-section (1) of section 467 of Companies Act, 2013, has amended the Schedule-III of the Companies Act, 2013. Following amendments have been made in Schedule-III:

Part/Heading	Division-I	Divsion-II	Division-III
General instructions for preparation of Balance Sheet and statement of Profit and Loss of a company			
for the word "may" the word "shall" and for the word "Turnover", at both the places where it occurs, the words "Total Income" shall be substituted.	Yes	-	-
Part-I Balance Sheet			
Under sub-heading "Non-current assets", after the words "Property, Plant and Equipment", the words "and Intangible assets" shall be inserted and for the words "Tangible Assets", the words "Property, Plant and Equipment" shall be substituted.	Yes	-	-
Disclosure of Shareholding of Promoters with details of changes during the year.	Yes	Yes	Yes
Trade Payables ageing schedule with amount disputed with MSME and amount disputed with other than MSME.	Yes	Yes	Yes
Under heading "Other current liabilities" Subheading of "Current maturities of long-term debt" and "Current maturities of finance lease obligations" is Omitted.	Yes	Yes	Yes
Under the heading "Tangible Assets" Words "Tangible Assets", the words "Property, Plant and Equipment" shall be substituted; Item (iii), is now "A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) and other adjustments and the related depreciation and impairment losses/reversals shall be disclosed separately"	Yes	Yes	Yes

Part/Heading	Division-I	Divsion-II	Division-III
Under the heading "Intangible assets", for item (ii), is now "A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of intangible assets) and other adjustments and the related depreciation and impairment losses or reversals shall be disclosed separately."	Yes	Yes	Yes
Trade Receivables ageing schedule with disputed and non-disputed.	Yes	Yes	Yes
Details of Title deeds of Immovable Property not held in name of the Company.	Yes	Yes	Yes
Disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017, in case where the Company has revalued its Property, Plant and Equipment/ Investment Property/Intangible assets.	Yes	Yes	Yes
Disclosures of Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties.	Yes	Yes	Yes
CWIP aging schedule with CWIP completion schedule for capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.	Yes	Yes	Yes
Intangible assets under development aging schedule with Intangible assets under development completion schedule for Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.	Yes	Yes	Yes
Details of Benami Property held	Yes	Yes	Yes
Details of Wilful Defaulter (Where a company is a declared wilful defaulter by any bank or financial Institution or other lender)	Yes	Yes	Yes
Disclosure of Relationship with Struck off Companies	Yes	Yes	Yes
Disclosure of Registration of charges or satisfaction with Registrar of Companies	Yes	Yes	Yes
Where the company has not complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, the name and CIN of the companies beyond the specified layers and the relationship/extent of holding of the company in such downstream companies shall be disclosed.	Yes	Yes	Yes
Disclosure of ratios	Yes	Yes	Yes
Where any Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, the Company shall disclose that the effect of such Scheme of Arrangements have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards' and deviation in this regard shall be explained.	Yes	Yes	Yes
Disclosure of Utilisation of Borrowed funds and share premium.	Yes	Yes	Yes
Details of Changes in Equity Share Capital due to prior period errors in statement of Changes in Equity".	-	Yes	Yes

Part/Heading	Division-I	Divsion-II	Division-III
Part-II Statement of profit and loss			
Details of any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.	Yes	Yes	Yes
Disclosure for amount spent for Corporate Social Responsibility (CSR) with reason for shortfall in amount to be spent.	Yes	Yes	Yes
Details of Crypto Currency or Virtual Currency.	Yes	Yes	Yes

Companies (Accounts) Amendment Rules, 2021

Central Government, by exercising of the powers conferred by section 134 read with section 469 of Companies Act, 2013 has amended the Companies (Accounts) Rules, 2014 through Companies (Accounts) Amendment Rules, 2021. Following proviso has been inserted to rules:

"Provided that for the financial year commencing on or after the 1st day of April, 2021, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled"

From 1st April 2021, every company will have to configure its existing accounting software or use any new accounting software which has the feature of maintaining an audit trail for each transaction entry any change to such transaction entry.

ICAI Announcements

Extension of Condonation Scheme to regularize UDINs

UDIN Directorate of the Institute of Chartered Accountants of India (ICAI) has extended the Condonation Scheme to regularize UDINs announced by the ICAI vide its announcement dated 12th March 2021. Earlier as per the previous extension, the documents signed between 1st February 2019 till 31st December 2020 the UDINs could have been generated up to 28th February 2021.

But after this extension, all the missed UDINs between the period 1st February 2019 till 10th March 2021 can now be generated up to 31st March 2021. However, it may be noted that for all the documents signed from 11th March 2021 onwards, the original guidance for generation of UDIN i.e. on the same day or within 15 days will have to be followed.

Regulations

Company/LLP Law Updates

A. Amendment to Section 92 of Companies Act, 2013

Amendment to Section 92 (1) was made effective w.e.f. 05th March 2021 as stated in the Companies Amendment Act 2017, pursuant to which indebtedness, specific details of Foreign institutional investors as was earlier provided are not required to be stated in Annual return. Further, a new proviso was inserted which mentions that the Central Government may prescribe the abridged form of annual return for “One Person Company, small company and such other class or classes of companies as may be prescribed.

B. New Functionality added in AGILE PRO

MCA vide notification dated 05th March 2021 added new functionality in Form INC-35 AGILE-PRO, part of SPICe+, i.e. “Do you wish to perform Aadhar authentication for GSTIN registration”. This got effective from 08th March, 2021.

C. Amendment in Companies (Management and Administration) Rules, 2014

Following amendments were brought in-

a. Modification in the filing of annual return- Every company shall file its annual return in Form No.MGT-7 except One Person Company (OPC) and Small Company. One Person Company and Small Company shall file annual return from the financial year 2020-2021 onwards in Form No.MGT-7A.
b. No requirement to attach the extract of the annual return with the Board’s report in Form No. MGT-9.
c. In Rule 20 (Voting through electronic means), the definitions provided in the explanations were briefly amended to give a better understanding to the terms.
d. New draft formats of form MGT-7 & MGT-7A were also issued.

D. Amendments related to “remuneration to director”

Below amendments were brought in w.r.t director remuneration-

a. In Section 149, a proviso was added stating that if a company has no profits or its profits are inadequate then an independent director or non-executive director may receive remuneration, exclusive of seating fees.
b. Majorly the provisions of Schedule V applicable to “managerial person” is extended to “or other director”. Further, the yearly remuneration limits by way of effective capital are also included exclusively for “other director” category.

E. Other Updates

1. The MCA establishes a Central Scrutiny Centre (CSC) for carrying out scrutiny of Straight Through Processes (STP) e-forms filed by the companies under the Act, who shall forward their findings to the concerned jurisdictional Registrar of Companies for further necessary action. This shall come into force w.e.f. 23rd March, 2021.
2. Fine provision related to non-compliance of provisions of registered valuers and unpaid dividend account were replaced by penalty provisions.

3. MCA w.e.f. 01st day of April, 2021, mandated every company which uses accounting software for maintaining its books of account to use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.
4. MCA vide notification dated 24th March, 2021, comes up with the additional reporting items to be included to the board report w.e.f. 01st day of April 2021-
    - the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.
    - the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking a loan from the Banks or Financial Institutions along with the reasons thereof.
5. Amendment has been brought in Schedule III with respect to preparation of balance sheet and statement of Profit and Loss of the Company.

Insolvency and Bankruptcy Board Of India Updates

A. Amendment in Regulation 31

To improve transparency and enable stakeholders to ascertain the details of their claims at a central platform, the below amendment was brought in with respect to Regulation 31:

i. The liquidator shall file the list of stakeholders with the Adjudicating Authority within forty-five days from the last date for receipt of the claims.

ii. It mandates the liquidator to file the list of stakeholders on the electronic platform of the Board for dissemination on its website.

B. Insertion of Regulation 12A "Updation of Claim"

It obliges the creditor to update its claim as and when the claim is satisfied, partly or fully, from any source in any manner, after the insolvency commencement date.

TAX CALENDER

April-2021

Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30

Date	Regulation	Obligation	Form/Challan No.
7	FEMA	- Last date of reporting of actual transactions of External Commercial Borrowings (ECB) through AD Bank under FEMA	ECB-2
10	GST	- Last date of filing Form GSTR 7 for the month of March-2021 (to be filed by the e-commerce operators required to deduct TDS under GST)	GSTR-7
10	GST	- Last date of filing Form GSTR 8 for the month of March-2021 (to be filed by the person required to deduct TDS under GST)	GSTR-8
11	GST	- Last date of filing Form GSTR 1 for the month of March-2021 for the taxpayer for taxpayer not in QRMP scheme	GSTR-1
13	GST	- Last date of filing Form GSTR 1 for the quarter ended March-2021 (tax payer under QRMP scheme)	IFF
13	GST	- Last date of filing Form GSTR 6 for the month of March-2021 (to be filed by input service distributor)	GSTR-6
14	Income Tax	- Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB and 194-IM in the month of February-2021	Form 16B & 16C
15	Provident Fund	- Last date of online payment of provident fund for the month of March-2021	PF Challan
15	ESI	- Last date of online payment of ESI fund for the month of March-2021	ESI Challan
20	GST	- Last date of payment of GST and filing of GSTR 3B for the month of March-2021 for taxpayer not in QRMP scheme	Form GSTR-3B and Form GST PMT -06, in case of payment of GST
20	GST	- Last date of filing Form GSTR 5 & 5A and payment of GST for the month of March-2021 (to be filed by non-resident person)	GSTR-5 & 5A
25	Provident Fund	- Provident Fund return filing for March-2021 (including pension and insurance scheme form)	
30	Income Tax	- Last date of online payment of Tax deducted at source/Tax collected at source for the month of March-2021	Challan 281
30	Income Tax	- Due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March, 2021	Form 15G/15H

About JPC

JPC is a professional services firm based in New Delhi & Noida, India. We were established in the year 1974 with the aim to create value for our clients by delivering quality, comprehensive, timely, practical and innovative services. We offer a comprehensive range of services, including taxation services, regulatory services, transaction advisory services, financial & management consultancy services, assurance & risk services, and outsourcing services. Over the past several decades, we have established significant competitive presence in the country. Our vast and diversified client base includes Multinational enterprises, domestic companies, high net worth individuals, government companies and institutions in all leading industry verticals. We are a team of distinguished Chartered Accountants, Management Accountants, Corporate Financial Advisors and Tax Consultants. Our team has the requisite skills and experience to provide complex business, financial, assurance, tax and regulatory services to our clients. Our strength lies in our timely performance-based, industry-tailored and technology-enabled services which are delivered by some of the most talented professionals in the country. For more information about JPC's service offerings, visit www.jpc.co.in

In this document, "JPC" refers to J P Chawla & Co. LLP Chartered Accountants (a limited liability partnership firm regulated by the Institute of Chartered Accountants of India, FRN : 001875N/ N500025).

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