

# NEWSLETTER

October 2021

J P Chawla & Co. LLP

---

Chartered Accountants

---

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



1. Ceo's Message	3
2. The Month That Was	4
3. Goods And Service Tax	6
4. Direct Tax	9
5. Audit and Risk	10
6. Regulations	11
7. Tax Calender	12
8. About Us	13

With Diwali being the biggest Indian festival and October kickstarting the festive season it is expected that this quarter will be the most economically promising in covid effected year of 2021-22. The retail buying has already started from mid-October and is expected to continue till new year. India though needs to be very careful w.r.t global increase in covid numbers, as any more covid waves in India can be devastating for both populations as well economy.

Guidelines for the recently announced Production Linked Incentive (PLI) plan for speciality steel have been published by the government. According to the steel ministry, a company wishing to take advantage of the scheme's benefits must be incorporated under the Companies Act in India. The PLI plan also allows joint venture businesses to qualify for incentives.

India has partnered with Australia in industries such as agrifood, mining, infrastructure, healthcare, and education in order to promote industrial and manufacturing activities and drive economic growth. Leaders and ministers from India and Australia came together under the Australia-India Business Exchange (AIBX) 2021 Business Leaders Forum.

In direct taxes the CBDT has inserted new rules – Rule 11UE and 11UF. These rules specifies any income accruing through transfer of through or from the transfer of an asset or a capital asset situated in India in consequence of the transfer of a share or interest in a company or entity registered or incorporated outside India made before the 28th day of May, 2012 and the person in whose case such assessment or reassessment or order has been passed or made, as the case may be, fulfils the specified conditions, then, such assessment or reassessment or order, to the extent it relates to the said income, shall be deemed never to have been passed or made.

On indirect tax side various clarifications on doubts related to Services by cloud kitchens, Supply of ice cream by ice cream parlors, Coaching services supplied by coaching institutions and NGOs under the central sector scheme of 'Scholarships for students with Disabilities, Satellite launch services provided by NSIL, GST on overloading charges at toll plaza, Admission to indoor amusement parks having rides etc. have been issued in form of circular.

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**

From the launch of the health infrastructure programme to incentivizing telecom and networking manufacturing, there has been a lot going on in this month. The government is taking significant measures to ensure that citizens have access to essential living amenities.

## **Economic and Trade highlights in October 2021: PM launches PM Ayushman Bharat Health Infrastructure Mission**

Prime Minister of India, announced the PM Ayushman Bharat Health Infrastructure Mission. He also dedicated a number of development projects in Varanasi totalling roughly Rs. 5,200 crores. In the next 4-5 years, the goal is to improve the vital healthcare network from village to block to district to regional and national levels.

## **Government notifies PLI scheme guidelines for specialty steel**

Guidelines for the recently announced Production Linked Incentive (PLI) plan for speciality steel have been published by the government. According to the steel ministry, a company wishing to take advantage of the scheme's benefits must be incorporated under the Companies Act in India. The PLI plan also allows joint venture businesses to qualify for incentives.

## **Production Linked Incentive (PLI) Scheme for Promoting Telecom and Networking Products Manufacturing**

PLI Scheme in telecom sector has been launched with an objective to boost domestic manufacturing in the telecom and networking products by incentivising incremental investments and turnover with total outlay of Rs. 12,195 crore.

## **Cabinet approves the Atal Mission for Rejuvenation and Urban Transformation**

The cabinet approved the Atal Mission for Rejuvenation and Urban Transformation with an aim to provide functional tap connections to all households, undertaking water source conservation/ augmentation, rejuvenation of water bodies and wells, recycle/re-use of treated used water and rainwater harvesting. Total indicative outlay for AMRUT 2.0 is Rs. 2,77,000 crore including central share of Rs.76,760 crore for five years from FY 2021-22 to FY 2025-26.

## **Government has approved setting up of 7 Mega Integrated Textile Region and Apparel Parks**

Government has approved the setting up of 7 PM (MITRA) Mega Integrated Textile Region and Apparel parks. Maximum Development Capital Support (DCS) of Rs. 500 crore to all Greenfield PM MITRA and a maximum of Rs. 200 crore to Brownfield PM MITRA will be provided for development of Common Infrastructure (@30% of the Project Cost)

## **PM launched Clean India Mission-Urban 2.0 and AMRUT 2.0**

With an aspiration to make all our cities 'Garbage Free' and 'Water Secure' government has launched SBM-U 2.0 and AMRUT 2.0. It is a considerable step forward towards effectively addressing the challenges of rapidly urbanizing India and will also help contribute towards achievement of the Sustainable Development Goals 2030.

## **Australia, India partner to boost bilateral trade and investment**

India has partnered with Australia in industries such as agrifood, mining, infrastructure, healthcare, and education in order to promote industrial and manufacturing activities and drive economic growth. Leaders and ministers from India and Australia came together under the Australia-India Business Exchange (AIBX) 2021 Business Leaders Forum.

## **South Korea expresses interest in investing in Assam**

A high-level South Korean delegation led by the Embassy of the Republic of Korea, and Korean Trade-Investment Promotion Agency visited Secretary, Commerce and Industry Department, Assam. They expressed interest in investing in healthcare, food processing, infrastructure, and tourism sectors in Assam, and bringing Korean companies to Assam.

## Indirect Tax

### Goods and Service Tax

Circular No. 164/20/2021-GST

Clarifications regarding applicable GST rates & exemptions on certain services

S. No.	Nature of Services	Clarification
1.	Services by cloud kitchens/central	It is clarified that takeaway services and door delivery services for consumption of food are also considered as restaurant service and, accordingly, service by an entity, by way of cooking and supply of food, even if it is exclusively by way of takeaway or door delivery or through or from any restaurant would be covered by restaurant service. This would thus cover services provided by cloud kitchens/central kitchens. Accordingly, as recommended by the Council, it is clarified that service provided by way of cooking and supply of food, by cloud kitchens/central kitchens are covered under „restaurant service“, as defined in notification No. 11/2017- Central Tax (Rate) and attract 5% GST [without ITC].
2.	Supply of ice cream by ice cream parlours	Ice cream parlours sell already manufactured ice- cream and they do not have a character of a restaurant. Ice-cream parlours do not engage in any form of cooking at any stage, whereas restaurant service involves the aspect of cooking/preparing during the course of providing service. Thus, supply of ice-cream parlour stands on a different footing than restaurant service. Their activity entails supply of ice cream as goods (a manufactured item) and not as a service, even if certain ingredients of service are present. Accordingly, as recommended by the Council, it is clarified that where ice cream parlours sell already manufactured ice- cream and do not cook/pre-prepare ice-cream for consumption like a restaurant, it is supply of ice cream as goods and not as a service, even if the supply has certain ingredients of service. Accordingly, it is clarified that ice cream sold by a parlour or any similar outlet would attract GST at the rate of 18%
3.	Coaching services supplied by coaching institutions and NGOs under the central sector scheme of ‘Scholarships for students with Disabilities’	The scope of entry no. 72 of notification no. 12/2017-Central Tax (Rate) is wide enough to cover coaching services provided by coaching institutions and NGOs under the central scheme of “Scholarships for students with Disabilities” where total expenditure is borne by the Government by way of funding to institute providing such coaching. Accordingly, as recommended by the GST Council, it is clarified that services provided by any institutions/ NGOs under the central scheme of “Scholarships for students with Disabilities” where total expenditure is borne by the Government is covered under entry 72 of notification No. 12/2017-Central Tax (Rate) dated 28th June 2017 and hence exempt from GST.

S. No.	Nature of Services	Clarification
4.	Satellite launch services provided by NSIL	It has been clarified vide Circular No. 2/1/2017-IGST dated 27.09.2017 that Place of Supply (PoS) of satellite launch services supplied by ANTRIX Corporation Ltd to customers located outside India is outside India and such supply which meets the requirements of section 2(6) of IGST Act, constitutes export of service and shall be zero rated. If the service recipient is located in India, the satellite launch services would be taxable. As recommended by the Council, it is clarified that as the satellite launch services supplied by NSIL are similar to those supplied by ANTRIX Corporation Ltd, the said circular No. 2/1/2017-IGST dated 27.09.2017, is applicable to them
5.	GST on overloading charges at toll plaza	Entry 23 of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017, exempts Service by way of access to a road or a bridge on payment of toll charges. Vide notification dated 25th Sep. 2018, issued by Ministry of Road Transport And Highways, overloaded vehicles were allowed to ply on the national highways after payment of fees with multiplying factor of 2/4/6/8/10 times the base rate of toll. Therefore, it essence overloading fees are effectively higher toll charges. As recommended by the GST Council, it is clarified that overloading charges at toll plazas would get the same treatment as given to toll charges.
6.	Renting of vehicles to State Transport Undertakings and Local Authorities	Schedule II of CGST Act, 2017 declares supply of any goods without transfer of title as supply of service even if right to use is transferred. Transfer of right to use has been declared as a supply of service. As recommended by the GST Council, it is clarified that the expression "giving on hire" in Sl. No. 22 of the Notification No. 12/2017-CT (Rate) includes renting of vehicles. Accordingly, services where the said vehicles are rented or given on hire to State Transport Undertakings or Local Authorities are eligible for the said exemption irrespective of whether such vehicles are run on routes, timings as decided by the State Transport Undertakings or Local Authorities and under effective control of State Transport Undertakings or Local Authorities which determines the rules of operation or plying of vehicles.
7.	Services by way of grant of mineral exploration and mining rights	It is clarified that even if the rate schedule did not specifically mention the service by way of grant of mining rights, during the period 1.7.2017 to 31.12.2018, it was taxable at 18% in view of principle laid down in the 14th meeting of the Council for residuary GST rate. Post, 1st January, 2019 no dispute remains as stated above.

S. No.	Nature of Services	Clarification
8.	Admission to indoor amusement parks having rides etc.	On the recommendations of the Council, it is clarified that 28% rate [entry 34 (iiia)] applies on admission to a place having casino or race club [even if it provides certain other activities] or admission to a sporting event like IPL. On the other hand, Entry 34 (iii), having a rate of 18%, covers all other cases of admission to amusement parks, or theme park etc or any place having joy rides, merry- go rounds, go- carting etc, whether indoor or outdoor, so long as no access is provided to a casino or race club. This clarification will also apply to Entries 34(iii) and 34(iiia) as they existed prior to their amendment w.e.f 01.10.2021. The entries in question have been suitably amended vide notification No. 6/2021-Central Tax(Rate) dated 30.09.2021 to make them clearer.
9.	Services supplied by contract manufacturers to brand owners for manufacture of alcoholic liquor for human consumption	It is clarified that the expression “food and food products” in the said entry excludes alcoholic beverages for human consumption. As such, in common parlance also alcoholic liquor is not considered as food. Accordingly, services by way of job work in relation to manufacture of alcoholic liquor for human consumption are not eligible for the GST rate of 5% prescribed under the said entry. GST Council recommended that such job work would attract GST at the rate of 18%.



## Direct Tax

### Insert of new Income Tax Rules – Rule 11UE and 11UF

The CBDT has inserted new rules – Rule 11UE and 11UF. These rules are inserted in reference to the Explanation to fifth and sixth proviso to Explanation 5 of Section 9(1)(i) which specifies any income accruing through transfer of through or from the transfer of an asset or a capital asset situate in India in consequence of the transfer of a share or interest in a company or entity registered or incorporated outside India made before the 28th day of May, 2012 and the person in whose case such assessment or reassessment or order has been passed or made, as the case may be, fulfils the specified conditions, then, such assessment or reassessment or order, to the extent it relates to the said income, shall be deemed never to have been passed or made. Rule 11UE specifies the conditions for the Explanation to fifth and sixth proviso to Explanation 5 of Section 9(1)(i) which requires the declarant shall furnish an undertaking in Form No. 1 and shall append the undertakings from all the interested parties in Part M of the Annexure to the undertaking in Form No. 1 and furnish all the attachments required to be furnished under any clause or Part thereof.

Rule 11UF specifies the manner and the procedure for the purpose of Rule 11UE.

-[ Notification No. 118 /2021]

### Exemption from filing of Income Tax Return

The Central Government has exempted the following persons from the filing of Income Tax Return subject to specific conditions

- a) A Non-Resident not being a Company or foreign company having income only from investment in specified fund referred in Section 10(4D)
- b) A non-resident being an eligible investor

-[ Notification No. 119/2021]

### Clarification regarding Section 36(1)(xvii) of Income Tax Act, 1961

Section 36(1)(xvii) provides deduction to the co-operative societies which are engaged in the manufacture of the sugar. The deduction is provided for purchase of sugarcane at the price fixed by the Government. The CBDT has clarified that “the price fixed by the Government” includes price fixation by the state governments through State-Level Acts/Orders or other legal instruments that regulate the purchase price of sugarcane, including State Advised Price, which may be higher than the Statutory Minimum Price/Fair and Remunerative Price fixed by the Central Government.

-[ Circular No. 18/2021]

## Audit and Risk

### Standards on Auditing

#### Exposure Drafts of Amendments to various Engagement and Quality Control Standards and Other Documents

The Institute of Chartered Accountants of India (ICAI) has issued various Engagement and Quality Control Standards over the period of years. These standards contain provisions/references of relevant Acts, Rules, Regulations, Accounting Standards, and other Pronouncements issued by ICAI which were prevailing at the time of issuance of these standards.

Further, the Auditing and Assurance Standards Board (AASB) of ICAI has decided that in the present scenario, these standards require some amendments in the light of current prevailing provisions/references of relevant Acts, Rules, Regulations, Accounting Standards, and other Pronouncements issued by ICAI. Accordingly, AASB has made some amendments to these standards and has finalised the Exposure Drafts of these standards.

Consequently, it has also been observed by AASB that some amendments are required in other documents (i.e. Preface to the Standards on Quality Control, Auditing, Review, Other Assurance and Related Services, Glossary of Terms and Framework for Assurance Engagements) as well. Accordingly, AASB has made some amendments in the abovementioned documents.

The Exposure Drafts of Amendments to various Engagement and Quality Control Standards and Other Documents have been issued for public comments.

**This document of exposure draft is available at:**

Content	Link
Various Engagement and Quality Control Standards	<a href="https://www.icai.org/post/ed-of-amendments-to-various-engagement-and-quality-control-standards">https://www.icai.org/post/ed-of-amendments-to-various-engagement-and-quality-control-standards</a>
Preface to the Standards on Quality Control, Auditing, Review, Other Assurance and Related Services	<a href="https://resource.cdn.icai.org/67138aasb54081-b.pdf">https://resource.cdn.icai.org/67138aasb54081-b.pdf</a>
Glossary of Terms	<a href="https://resource.cdn.icai.org/67139aasb54081-c.pdf">https://resource.cdn.icai.org/67139aasb54081-c.pdf</a>
Framework for Assurance Engagements	<a href="https://resource.cdn.icai.org/67140aasb54081-d.pdf">https://resource.cdn.icai.org/67140aasb54081-d.pdf</a>

Comments on above can be offered by **07th December 2021.**

## Regulations

### Company/LLP Law Updates

#### **Relaxations in paying additional fees in case of delay in filing Form 8 (the Statement of Account and Solvency) by Limited Liability Partnership upto 30th December 2021**

In view of the disruption caused by the COVID- 19 pandemic, the Ministry of Corporate Affairs (“MCA”) vide its General Circular No. 16/2021 dated 26th October, 2021 has extended the timeline for filing the Statement of Account and Solvency without paying additional fees by Limited Liability Partnership (“LLP”).

This decision has been made as part of the Government’s effort to promote ease of living and compliances for Micro, Medium and small Enterprises doing business through the vehicle LLP and decided to allow LLPs to file Form 8 ( the Statement of Account and Solvency) for the Financial Year 2020-21 without paying additional fees Rs. 100/- (Rupees Hundred Only) per day upto 30th December 2021.

#### **Relaxation on levy of additional fees in filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL and MGT-7/MGT-7A for the Financial Year ended on 31st March 2021 under the Companies Act, 2013.**

In view of the disruption caused by the COVID- 19 pandemic, the Ministry of Corporate Affairs (“MCA”) vide its General Circular No. 17/2021 dated 29th October, 2021 has decided that no additional fees shall be levied upto 31st December 2021 for filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL and MGT-7/MGT-7A for the Financial Year ended 31st March 2021.

#### **Extension of last date of filing of Cost Audit Report to the Board of Directors under Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014.**

On account of COVID-19 pandemic the MCA vide General circular no. 18/2021 dated 29th October 2021 further extended the last date of filing of Cost Audit Report to the Board of Directors under Rule 6(5) of Companies (cost records and audit) Rules, 2014 to 30th November 2021.

TAX CALENDER																													
November-2021																													
Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Sun	Mon	Tue											
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
<b>Date</b>	<b>Regulation</b>		<b>Obligation</b>																										<b>Form/Challan No.</b>
7	FEMA																												ECB-2
7	Income Tax																												Challan 281
10	GST																												GSTR-7
10	GST																												GSTR-8
11	GST																												GSTR-1
13	GST																												GSTR-6
14	Income Tax																												Form 16B & 16C
15	Income Tax																												Form 16A
15	Provident Fund																												PF Challan
15	ESI																												ESI Challan
20	GST																												Form GSTR-3B and Form GST case of payment of GST
20	GST																												GSTR-5 & 5A
25	Provident Fund																												
30	Income Tax																												Form 26QB & 26QC

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](http://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).

## **Disclaimer:**

*This booklet & its content are provided on the basis of secondary research and J P Chawla & Co. LLP does not make any representation or warranty of any kind with respect to its contents. J P Chawla & Co. LLP does not warrant or represent that this booklet or its content are timely, complete or accurate and in no manner constitutes a professional advice.*

# J P Chawla & Co. LLP

Chartered Accountants

---

**New Delhi office:**

43, Darya Ganj,  
New Delhi - 110002  
INDIA

**Noida office:**

B-151, 3rd Floor, Sector 6,  
Noida - 201 301 (U.P.), INDIA  
Phone: +91-120-4573207  
General Email: [info@jpc.co.in](mailto:info@jpc.co.in)

***Main Partners Hand Phone & Email***

Rajat Chawla

+91-9871494499 | [rajatchawla@jpc.co.in](mailto:rajatchawla@jpc.co.in)

J.P. Chawla

+91-9811028918 | [jpchawla@jpc.co.in](mailto:jpchawla@jpc.co.in)

Richa Chawla

+91-9990509709 | [richajuneja@jpc.co.in](mailto:richajuneja@jpc.co.in)

*For further information, please email your details to [rajatchawla@jpc.co.in](mailto:rajatchawla@jpc.co.in) or call +91-9871494499.*

